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Foreword

Tradition and Innovation – International Scientific Conference of (Agricultural) Economists
Szent István University, Gödöllő, 3-4 December, 2007

Tradition and Innovation – International Scientific Conference was held on December 3-6, 2007, in the frames of the anniversary programme series organized by the School of Economics and Social Sciences of the Szent István University. The aim of the conference was to celebrate the 50th anniversary of introduction of agricultural economist training in Gödöllő, and the 20th anniversary of the School of Economics and Social Sciences, which was founded in 1987.
The articles published in the special edition of Bulletin 2008 of the Szent István University were selected from the 143 presentations held in 17 sections of the conference and 30 presentations held at the poster section. The presentations give a very good review of questions of national and international agricultural economics, rural development, sustainability and competitiveness, as well as the main fields of sales, innovation, knowledge management and finance. The chairmen of the sections were Hungarian and foreign researchers of high reputation. The conference was a worthy sequel of conference series started at the School of Economics and Social Sciences in the 1990s.

Előszó

Tradíció és Innováció – Nemzetközi Tudományos (Agrár)közgazdász Konferencia
Szent István Egyetem, Gödöllő, 2007. december 3-4.

2007. december 3-6. között a Szent István Egyetem Gazdaság- és Társadalomtudományi Kara (SZIE GTK) által szervezett jubileumi rendezvénysorozat keretében került megrendezésre a Tradíció és Innováció – Nemzetközi Tudományos Konferencia, amelynek célja volt, hogy méltón megünnepelje a gödöllői agrárközgazdász képzés fél évszázada történt elindítását, s ugyanakkor a Gazdaság- és Társadalomtudományi Kar 1987-ben történt megalapításának 20. évfordulóját.
A Szent István Egyetem által kiadott Bulletin 2008 évi különszámában megjelentetett cikkek a konferencián 17 szekcióban elhangzott 143 előadásból, illetve a poszter szekcióban bemutatott 30 előadásból kerültek kiválasztásra. Az előadások jó áttekintést adtak a hazai és nemzetközi agrárközgazdaság, vidékfejlesztés, a fenntarthatóság és versenyképesség kérdései mellett az értékesítés, innováció, tudásmenedzsment, pénzügy fontosabb területeiről is. Az egyes szekciók elnöki tisztjét elismert hazai és külföldi kutatók töltötték be. A konferencia a Gazdaság- és Társadalomtudományi Karon az 1990-es években elkezdett konferencia sorozat méltó folytatása volt.

Dr. László Villányi
Dean / dékán

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POLISH LAND MARKET BEFORE AND AFTER TRANSITION

SADOWSKI, ADAM

Abstract

Land market, in Poland was rebuilt in the beginning of the 90's and in the last years the dynamic on this market get a rate. The land prices in the first years of the transformation were very low. But now we can observe a rapid tempo of the land prices increase. The land starts to become treated as a place of a long term capital investment. In Poland the traditional family farms were not destroyed in the time of socialism and now the land prices are larger then in the other postsocialist countries. It can be stated that we can still observe the large land prices differentiation in various regions of Poland. In the regions were the traditional family farms have large share the land prices are higher. But in the regions where the state-owned companies farm on the large areas land prices are smaller for 3-4 times.

Keywords: differences in land prices, land as capital investment, difficulties for family farms

Introduction

The process of ownership restoration in Poland gives the opportunity to observe the mechanisms, which influence on functioning of the land market. The first period of transformation, was completely liberalized and the owner of lands could become each Polish citizen (with the exception of foreigner). But in the face of integration processes this situation were changed. In Poland appeared a fear of attempts of speculation on land market, mainly caused by large disproportions of land prices between "old" and "new" UE members. To counteract some law limits were introduced. They obstructed the accession the speculation capital to the land market. Now we have the mechanisms which regulate the land market. Through the last fifteen years in Poland we observed changes in the land prices. In the first years of the transformation the land prices were very low. But the dynamic of the land market got a rate. Now we can observe a rapid tempo of the land prices increase. The land starts to become treated both, as a factor of industrial development and a place of a long term capital investment. In this research it is made an attempt, to bring closer action, in the issue of regulation of agricultural land market and changes of land prices, in the face of the integration processes.

Material and methods

This research compares the land market in Poland before and after transition. Mainly the process of the deliberalization of land market and land prices increase is shown. The paper is based on statistical data, professional literature, reports of research institutes, statistical yearbooks as well as on other sources available on the Internet.

Results

Territory of Poland occupies 31269 thousand ha. From that agricultural land represents 18208 thousand ha (58,2%), forest land represents 9200 thousand ha (29,4%), built-up areas water areas and other areas represent together 3861 thousand ha (12,4%). Before the agricultural reforms in Poland the private sector possesses 78,6% area of arable land. The rest lands were in cooperatives and state farms.

The institution, which leads the privatization action was AWRSP (Agency of Farm Property of the Ministry of Treasury) which in 2003 was transformed in Agricultural Property Agency (APA). During the transformation the Agency took over into Agricultural Property Stock of the State treasury properties of total area 3761,8 thousand hectares from state farms and 601,9 thousand hectares of the National Land Fund. Total, from the beginning to the end of December 2006 the Agency took over 4717,9 thousand hectares. These lands are located mainly in the north and west part of Poland and this leads to many difficulties in settle the lands. Moreover it leads to the differentiation of land prices.

After taking over and transformation state farms, the Agency distributed these possessions mainly through selling and leasing. From the beginning, the Agency offers in 600 thousand auctions about 2,8 mln hectares for sale and over 7,1 mln hectares for lease (some of lands were offered several times). Reaching over than 305,1 thousand contracts to the end of 2006 the Agency leased 4526,5 thousand hectares. Some of them were passed and in the end of 2006 there were 134,2 thousand active leasing contracts for 1892,1 thousand hectares. From the beginning to the end of 2006 the Agency sold 1694,0 thousand ha (35,9% of all lands) for about 190 thousand buyers. It contributed to form larger individual farms (average was about 4 hectares for a contract) and create about 5 thousand farms and enterprises. But we must state that over 88,1 thousand buying contracts (46,4% from all selling contracts) concern plots bellow 1 hectare and about 74,5 thousand selling contracts (39,2% from all selling contracts) concern plots from 1 to 10 hectares. That means that Agency sales mainly small plots. For the future distribution 386 thousand hectares of land is left, the main part of which possesses little agricultural usefulness. The rest of the land were developed mainly trough transferring the lands to: the local governments, the State Forests, churches and other institutions. Despite of the big activity of the Agency on the land development, for the end of 2006 more than 386 thousand hectares were not developed.

Table 1. Numbers of farms over 1 ha by area groups and users in Poland (in thousand)

Agricultural land area in ha	1996	2002		2006	
	Total	Total	Private sector	Total	Private sector
	2046.8	1956,1	1954,9	1810,4	1806,4
1 – 5	1130.4	1146,8	1146,7	1030,1	1029,8
5 – 10	521.2	426,8	426,8	415,3	415,0
10 – 15	217.4	182,7	182,7	169,7	169,5
15 – 20	89.5	83,9	83,9	78,1	78,0
20 – 30	55.9	64,3	64,2	61,7	61,6
30 – 50	19.8	31,7	31,6	33,1	32,8
50 – and more	12.6	19,9	19,0	22,4	19,8

Source: Own calculation based on data from National Agricultural Census 2002 and data from http://www.stat.gov.pl/bdr/wybrane_cechy.nts 27.10.2007.

Poland possesses large resources of agricultural land, but the area structure of farms demonstrates a great variety. In the structure of farms dominate numerically small farms of area 1-5 hectares, which represents over a half (56,9%) of the total number of farms and use about 18% arable land. Moreover we must state that over 788 thousand farms having less than one hectare exist in Poland. In the structure of the farm we can observed two processes: decrease the number of the small farms and increase the number of the big farms. An especially intensive process of losing farms was situated in the range of 5-20 hectares. For only ten years their number decreased about 19,9%. In the group of area 20-30 hectares a significant rise both the number of farms and the total area of arable land is noted. To the group of farms over than 30 hectares belongs 3,1% farms, and this is the group which increase more over (71,3%).

In Poland still exists the process of polarization of farms' structure exist because it follows the getting bigger the number of the biggest farms and getting smaller central groups but the big group of small and very small farms still exist. The average size of farms in Poland in 2006 was 9,6 hectares and it shows considerable regional variety. The biggest distribution of individual farms appears in the southern provinces (the average area about 3-5 hectares) particularly the biggest average area characterized farms in the north and west provinces (over 14 hectares). An average it was about 0,48 ha of agricultural land per 1 citizen (for example in Benelux countries it is about 0,18 ha).

Table 2. Average size of the farm in regions

	Average size of agricultural land in ha
Dolnośląskie	14,6
Kujawsko-pomorskie	14,5
Lubelskie	7,2
Lubuskie	18,9
Łódzkie	7,2
Małopolskie	3,6
Mazowieckie	8,2
Opolskie	16,7
Podkarpackie	4,2
Podlaskie	11,7
Pomorskie	18,0
Śląskie	6,2
Świętokrzyskie	5,2
Warmińsko-mazurskie	22,5
Wielkopolskie	13,2
Zachodniopomorskie	28,4
Poland	9,6

Source: Data from http://www.arimr.gov.pl/index.php?id=38&id1=0&id2=1, 25.10.2007.

Table 3. Land use by agricultural holdings (over then 1 ESU) in Poland in 2005

	Agricultural area in ha				
	< 5	5 - < 20	20 - < 50	50=<	All farms
Total area of agricultural holdings (1000)	1433,1	6582,0	3062,8	3881,8	14959,8
Agricultural area (1000)	1148,1	5732,9	2781,9	3469,4	13132,3
Arable land (1000)	795,9	4309,9	2174,1	3010,6	10290,5
Number of holdings (1000)	382,1	583,4	96,5	20,7	1082,7
Agricultural area per holding (ha)	3,0	9,8	28,8	167,8	12,1
Agricultural area own farmed (%)	92,4	90,0	78,1	47,9	76,6

Source: Based on Benoist G., Marquer P., *Statistics in focus. Agriculture and fisheries*. Eurostat 10/2006.

Typical for polish agriculture is the fact of existing a great number of very small farms which give very low production. So only about 1083 thousand farms had an economic size of at least

1 ESU. 35% of them use less than 5 hectares and only 2% use more than 50 hectares. It is important that about 21% of them produce mainly for their own consumption. The farms over 1 ESU give the employment for 2,7 mln people.
In the face of integration processes in Poland from 16 July 2003 the new regulations on land market were started. Norms make possible to the Agency to create the intervention on the private agricultural land market in the direction of supporting family farms and to oppose excessive land concentration. In order to this, two new instruments could be used: the preemption right (in the case of selling contracts) and the law of repurchasing (in the case of other contracts for example: donation, bringing possessions to the company).
According to main determinants of Polish agricultural politics a family farm was creating as a central point. The family farm is leading by an individual farmer, in which the total area of arable land is not over 300 ha (100 ha from 2007 year). An individual farmer is a physical person who: owns or leases agricultural properties, brings in by himself, has agricultural qualifications, lives in the borough which includes his properties and land. The Agency will be able to realize the preemption or repurchase law in situations when a physical person buys the lands (over 1 ha) and one of above criteria is not fulfilled. The legislator provides some exceptions from using these treaties and so the preemption right can be executed if: there was transferring agricultural properties as a result of enlarging the family farm (to 100 ha), turnover is made within the family, the property is bought by a leaser (a 3-year leasing is obligatory). In agreement with the law the Agency, during transactions, should be informed by sellers or notaries and it has one month for examination the case. Essential limitations in the issue of acquirement of land were introduced in relation to foreigners. EU inhabitants are allowed to acquire land after 3 or 7 years lease depending on provinces in which these lands are situated. Citizens of other countries will be allowed to acquire lands not until 12 years from the day of Polish accession to EU.

Table 4. Land prices (EUR/ha) in some European countries

Country	Land type	2000	2001	2002	2003	2004
Belgium	arable land	14145	15895	16681	15653	17038
Denmark	agricultural land	11001	12882	13727	15516	16000
Germany	agricultural land	9081	9416	9465	9184	9233
Spain	arable land	8786	8979	9520	10180	10757
France	arable land	3590	3710	3860	4490	n.a.
Ireland	agricultural land	12683	13870	13486	14385	16261
Italy	agricultural land	13654	14266	n.a.	n.a.	n.a.
Luxembourg	agricultural land	97410	100970	112270	n.a.	n.a.
Norway	arable land	36439	37500	35500	31750	29300
Finland	agricultural land	3933	4039	4246	4700	5197
Sweden	agricultural land	1989	1988	2019	2127	2455
England	agricultural land	11669	11824	11017	10247	11424

n.a. = not available
Sources: Own calculation based on data from http://www.anr.gov.pl/pl/article/51366 and Eurostat http://europa.eu.int/comm/agriculture/agrista/2004/table_en/338.pdf
http://europa.eu.int/comm/agriculture/agrista/2005/table_en/338.pdf, 25.10.2007.

In Poland the land prices in private transaction were higher than state lands. It can be stated that in Poland the traditional family farms weren't destroyed, land prices are larger than in other countries. Now we can observe the fast increase of the land prices and probably the fastest increase will take place after seven-year transitional period. Because the land start to become treated as a place of a long term capital investment.

Table 5. Prices of lands in 1992-2007

Years	Average price of state land			Average price of private land		
	(zł/ha)	(EUR/ha)	Previous year = 100%	(zł/ha)	(EUR/ha)	Previous year = 100%
1992-1993	1100	264	100,0	-	-	-
1994	1370	329	124,5	-	-	-
1995	1491	356	108,8	-	-	-
1996	1874	450	125,7	-	-	-
1997	2444	587	130,4	-	-	-
1998	3048	731	124,7	-	-	-
1999	3696	888	121,3	4390	1098	100,0
2000	3738	897	101,1	4786	1197	109,0
2001	3341	802	89,4	5197	1299	108,6
2002	3438	825	102,9	5042	1261	97,0
2003	3766	942	109,5	5753	1438	114,1
2004	4481	1120	119,0	6634	1659	115,3
2005	5687	1422	126,9	8244	2061	124,3
2006	7262	1816	127,7	9290	2323	112,7
2007*	9076	2269	125,0	11968	2992	128,8

* - first half of the year
Source: Own calculation based on data from APA and data from http://www.stat.gov.pl/bdr/bdrap.strona.indeks, 27.10.2007.

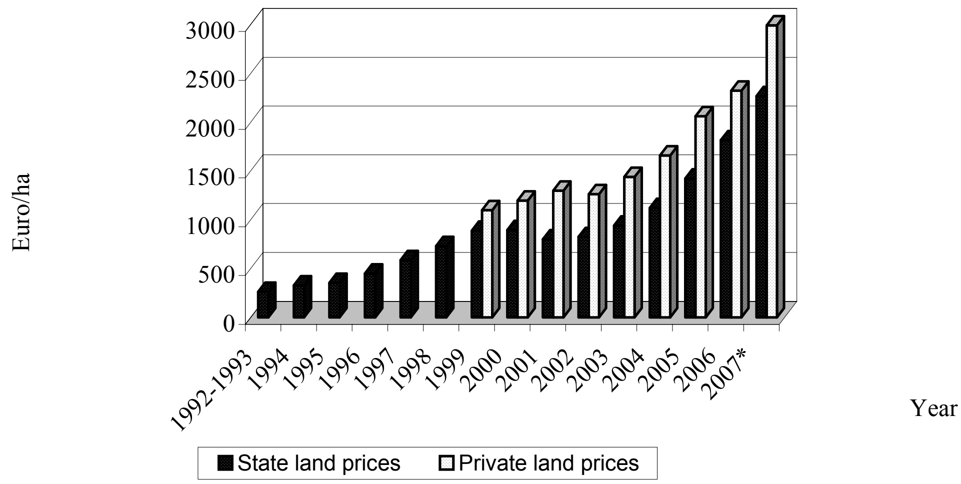

Figure 1. Dynamic of land prices changes.
* - first half of the year
Source: Own calculation based on data from APA and statistic data.

The level of interests for state land expresses by the average price which was paid before the integration process does not show high demand and high interests. In the beginning years the price of land increased about 20% a year, reached its top in the years 1999-2000 on the level of about 1000 euro per hectare. For three years the prices are on the same lavel. The rise of land prices appeared in 2003 and still exists and it is connected with the integration processes, and first of all with the system of direct surcharges. In the last years the state land prices increase about 25% for a year. The same process was observed in the case of the private transaction. But we must state that differences between state land prices and private land prices are getting closer.

Table 6. Prices of good and poor private lands in 1999-2006 (in Euro).

Provinces	Lands	1999	2000	2001	2002	2003	2004	2005	2006
Warmińsko-Mazurskie	good	1094	1144	1223	1096	1159	1542	1894	2241
	weak	400	469	509	507	529	726	1167	1460
Pomorskie	good	975	1103	1294	1499	1708	2231	2844	3257
	weak	613	688	798	942	957	1129	1829	1920
Kujawsko-Pomorskie	good	1862	1937	2065	2002	2366	2808	3938	4464
	weak	628	702	751	772	940	1089	2139	2695
Opolskie	good	1969	2055	2049	1813	1856	2098	2351	2482
	weak	902	969	1012	935	865	1015	1264	1392
Dolnośląskie	good	1125	1246	1400	1327	1489	1643	2290	2618
	weak	684	697	745	722	872	799	1150	1302
Zachodniopomorskie	good	947	1097	1286	1190	1254	1609	1685	2009
	weak	501	562	659	638	727	799	896	1230
Wielkopolskie	good	1822	2021	2177	2276	2633	2976	4563	5523
	weak	727	808	886	922	1078	1330	2190	2657
Lubuskie	good	880	974	1043	959	1039	1183	1452	1485
	weak	412	486	519	507	511	590	771	884
Świętokrzyskie	good	1695	1829	2007	1761	1865	2058	2172	2180
	weak	671	742	812	685	773	950	925	1050
Podlaskie	good	1577	1723	1822	1837	1997	2317	3236	3760
	weak	486	559	607	701	816	996	1737	2158
Podkarpackie	good	1148	1245	1388	1369	1468	1479	1336	1393
	weak	423	469	541	521	644	773	738	890
Lubelskie	good	1418	1510	1612	1505	1723	1908	2176	2418
	weak	525	576	627	589	753	809	1054	1291
Śląskie	good	1332	1496	1715	1770	2440	2651	2718	3085
	weak	525	602	692	755	1207	1465	1537	1706
Małopolskie	good	2094	2226	2419	2230	2307	2595	2666	2821
	weak	1020	1095	1209	1151	1190	1541	1620	1728
Mazowieckie	good	1685	1869	2103	2160	2492	2789	3418	3656
	weak	535	617	685	712	941	1163	1611	1912
Łódzkie	good	1378	1505	1704	1720	1893	2366	3063	3227
	weak	505	578	632	673	771	996	1545	1799
Poland	good	1546	1678	1827	1778	1990	2260	2750	3032
	weak	615	681	742	746	874	1049	1461	1729

* - good lands (wheat-beet)

** - weak lands (sandy)

Source: Own calculation based on data from http://www.stat.gov.pl/bdr/bdrap.strona.indeks, 27.10.2007.

The main result of the state land location is the differences of land prices. In the region where the traditional family farms were not destroyed in the time of the socialism land prices are very high. They cross the level of the prices in Sweden and reach the level of the prices in France and Finland. This concerns mainly provinces: wielkopolskie, kujawsko-pomorskie, mazowieckie, podlaskie, pomorskie, łódzkie and śląskie. In the provinces where there were a lot of state lands (lubuskie, opolskie, zachodniopomorskie, warmińsko-mazurskie), private land prices reached the level only 2000-2500 euro/ha because there was a big supply of cheaper state lands. The interesting situation we can observe in the south part of Poland (podkarpackie province) where the land prices in comparison to the average prices are very low in spite of a great number of private farms. The reason of that is probably the weakness of very small farms, crumbling of parcels and difficulties concerned with farming in mountain's regions.

Conclusions

From the beginning of the transformation till the integration process in Poland started the land market was completely liberalized. The owner of the agricultural land can stay each polish citizen. But in the in the face of integration and fear of speculation on land market the government took the action. The new norms, which gave the opportunity to Agency to take the intervention on private land market, were established. Through that, the government supports family farms and oppose land concentration.

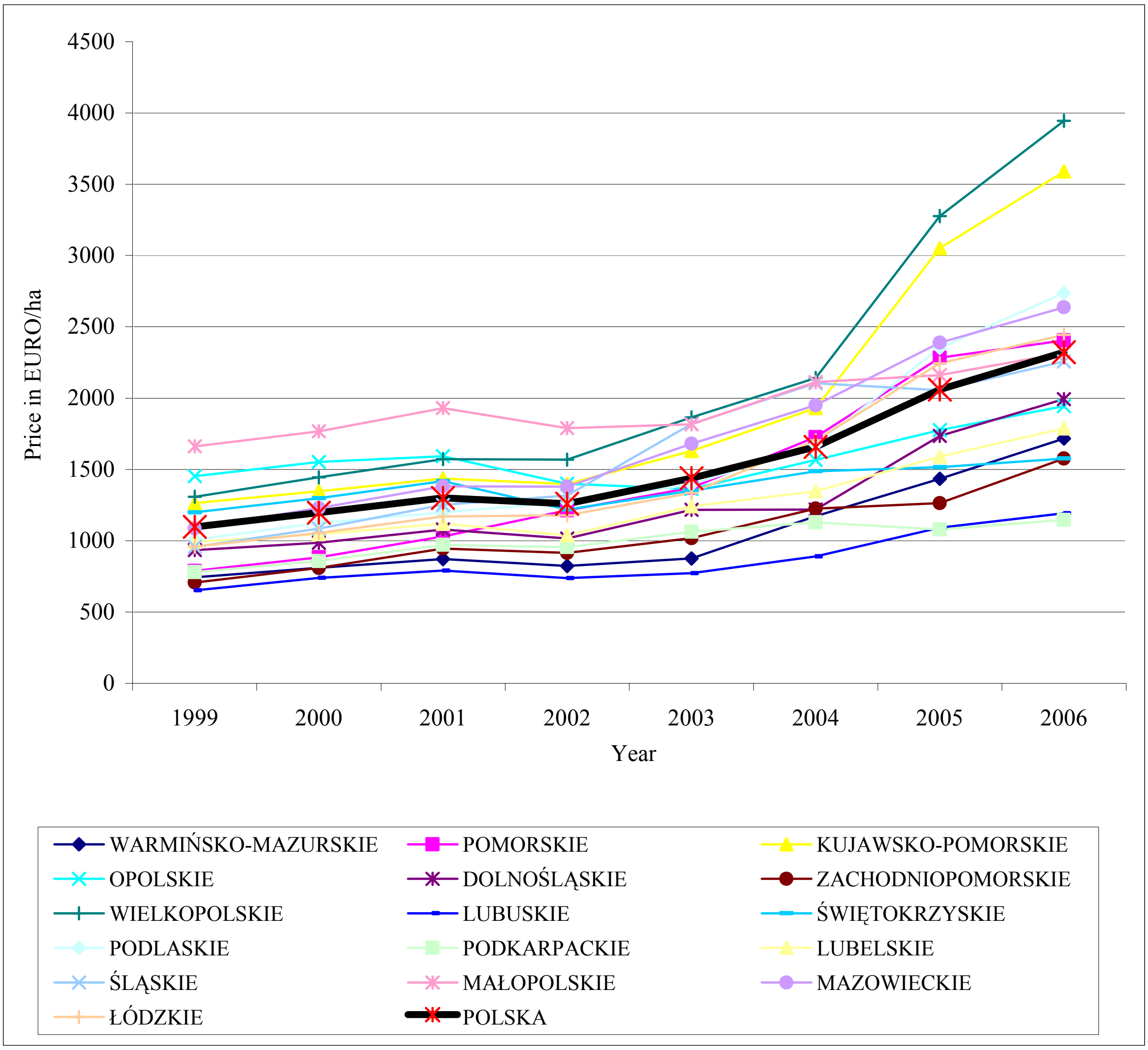

Figure 2. Dynamic of private land prices changes in regions of Poland.
Source: Own calculation based on http://www.stat.gov.pl/bdr/bdrap.strona.indeks, 27.10.2007

The land prices in Poland to the moment of integration have been increasing but it can be stated that it was not rapid rise. From the moment of integration the prices of the land suddenly started to increase. But till now we can observe differentiation between private land prices and state land prices and the large land prices differentiation between the provinces. In the provinces where the family farm are strong the land prices are very high but in the regions where the family farms are crumbled or there are different difficulties in farming land prices are very low. We must state that the process of land prices increase will take a lot of years because there is a large differentiation between land prices in "*old*" and "*new*" EU members.

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