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FORMATION OF AGRICULTURE LAND MARKET

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Theoretical issues of forming agricultural land market are researched. Problems of formation and functioning of agricultural land market in Ukraine are considered. Factors affecting the development of agricultural land market are systematized. The need for state regulation of agricultural land in the country is emphasized. It was established that only the actual owner of the land can become truly master of it, and agricultural land market is an objective mechanism of selection of effective forms of management.

Keywords: land market, agricultural land, land relations, land reform.

Problem statement. The central aspect of the current economy of Ukraine is the formation of an ordered land market. It is necessary to recognize the fact that the development of private ownership of land in Ukraine has become uncertain and protracted. The introduction of a moratorium on the sale of agricultural land has put a number of unresolved problems on the issue of undeveloped market infrastructure and land relations.

Equally important is the fact that public trust in authorities is at a low level. Excessive levels of corruption became the root cause of psychological beliefs in the minds of the population. This in return, will further exacerbate the polarization of incomes Ukraine. In other words the successful incomes and development of agricultural land depends on a combination of different factors taking into account of which is the basis for the successful development of the agricultural sector in general. This became the reason that in Ukraine there is no favorable environment for the formation of a land market.

Analysis of recent researches and publications. Studies of formation and development of land market in Ukraine showed that today there is no unity of opinion on market formation, competitive methodological research on selected issues are absent. Some aspects of land markets are covered in the writings of V. Budzyak [1, p. 119], who considers the market of agricultural land as a system of economic, legal, organizational, economic and administrative relations between subjects of private, state and municipal ownership in order to transfer or sale in

certain conditions of rights of ownership of agricultural land. M.M. Fedorov [2, p. 9] understands the process of determining land's value and recognition of land capital as a land market. L.Ia. Novakovskyi [2, p. 7] puts in the concept of market economic relations that appear in the process turnover of land. D.S. Dobriak [2, p. 3] understands land trading operations as a land market. B.I. Paskhaver [3, p. 49] understand the term «land market» as a combination of land relations that allow you to implement the title of the landowner to obtain a market advantage.

Highlights of unsolved aspects of the problem. In particular, a number of issues related to the study of certain aspects of forming agricultural land market remain unresolved.

The goal of the article. The main purpose of the article is to deepen the theoretical and methodological foundations and develop practical recommendations for development of the agricultural land.

Presenting main material. The land market is an area of actions of economic relations that arise in the course of its handling. «The land market» and «circulation of the earth» are different in content concepts. The first is wider and includes, along with the system of land transactions also the mechanisms and infrastructure that provide them. In this concept of land turnover, in fact we distinguish a set of transactions with land (land plots, the right to land share, land rights).

Need to study individual components of the land market, which include rent and mortgage relationships is required.

Mortgage relations have a long history. They are an integral part of modern economies. Terminological analysis of definition by domestic and foreign scientists such economic categories as «mortgage», «mortgage market», «mortgage», which was conducted by us showed that they are characterized by a lack of unity in their understanding. This is due to the complexity and variety of the latest approaches to their research.

According to the Law of Ukraine «On Mortgage» mortgage is a type of enforcement obligations of the real estate that is owned and used by the mortgagor under which the mortgagee has the right in case of default by the debtor provided with mortgage obligation to obtain satisfaction of their claims by the mortgage mainly before other creditors of the debtor in the manner prescribed by law [4, p. 56-72].

Mortgage right to lease agricultural land has its own features. So, the land fund of Ukraine, according to the State Agency of Land Resources of Ukraine (form # 6-land) as of 01.01.2013 totaled 60.4 million hectares, of which 28.9 million hectares (47.8%) were in state property, 31.4 million hectares (52.2%) are the property of citizens and 0.06 million hectares are in the use of legal entities. Of the total area of privately owned land 13.6 million hectares (44.1%) are used for agricultural production and 15.9 million hectares (51.1%) are leasehold agricultural enterprises. Agricultural businesses use only 19 600 hectares of land in ownership. Thus, the spatial basis for agricultural production is land that is privately owned by citizens. More than 99% of land use of agricultural producers is formed on the lease of land owners of land shares.

The economic essence of land mortgage is the efficient organization of relations that occur in a particular area, involving land resources relevant to ownership of the land at different scales and with different functional content in the process of economic relations of land and mortgage market. Their level is determined by the degree of economic and legal relations in the country, condition of the land factor (availability of sustainable land management of agricultural enterprises, farms, formed on land lease rights) and the nature of land relations.

International practice also shows that during the implementation of mortgage relations two types of obligation enforcement by real estate are used – based on pledge acts and based on the trusts implementing acts [5, p. 46–67].

The main elements of the full functioning land market are: availability of land as an object of sale; socio-economic motivation of market sellers of land to enter the land market; the presence of solvent buyers of land; creation of necessary market infrastructure of the land market; establishment of equilibrium pricing options for different categories of land, their differentiation; organizational and legal mechanism for registration of transactions and civil functioning land market; government regulation of the land market at the national and local levels [4].

In order to perform the correct resolution of the land market, we must consider internal and external factors affecting its development, which we believe are appropriate to organize into four groups: environmental, economic, social and legal.

Environmental factors include factors that allow us to give a qualitative assessment of soil fertility. The level of supply and demand of a land plot is influenced by the composition and type of soil, by the level of contamination and by the ecological policies of land. It should be noted that the formation of land prices advocates that with proper handling of land resources, they do not lose their value, as it happens with other material means of production. And in terms of rational and efficient use – level fertility will not only remain at a constant level, but also will grow.

If economic activity of the land user leads to degradation of soil, the environmental policy of the user will have a significant impact on the formation of supply and demand for agricultural land.

We believe it is appropriate to attribute the factors that affect the price of land to the economic factors as the most important factors influencing supply and demand. Economic factors affect the land, as the conventional unit, abstracting from the structure and type of soil or the level of their contamination.

To the legal factors we should include those that are related to the relations between the state and economic entities and population. And the state in the process of agricultural land use can act as the seller of land (if the moratorium will be lifted on January 1, 2017) and as a land user (through the creation of state farms, income from which will come to the state budget), as a landlord (transferring the right to use land along with all the risks, while receiving rent), as controlling and stimulating authority (levying fines on violators of the law and giving incentives to farms that practice sustainable land use) and as a buyer of agricultural products (through the mechanism of public procurement).

It should be noted that all the mentioned factors are somehow related to the social sphere. In return, it provides the components of economic activity such as human resources and consumers of the final product. Times are economically uncertain. Therefore, greater attention needs to be paid to studies of issues, composition and type of soil issues are relatively clear, but factors as the level of contamination and of the land user policy, should be given more attention.

Distinction between need and demand for agriculture and non-agriculture is required. Thus, agricultural demand occurs in those areas of land that are suitable for the implementation of agricultural activities. Agricultural demand is derived from the demand for agricultural products, which in turn is inelastic (i.e., the amount of agricultural products will decrease slightly with rising prices).

The activities of the state in the land market should be aimed at forming the host that is capable to provide the population with necessary food, and industry – raw materials, that are the basis of effective functioning of the agricultural sector in the process of building a socially oriented market economy.

However, the existing legislation and some legal conflicts regarding the right of ownership, lack of infrastructure in the relevant market segment slowed development of commodity-money relations. This, in return, significantly influenced the decline of collective labor efficiency under condi-

tions of private ownership of land, disparities of income distribution level of development of productive forces and production relations and land that caused controversy in their development at a certain stage of the market economy. Lack of basic motivational factors improving the efficiency of agricultural production has led to a certain disharmony of the market economy in agriculture.

The process of transformation of the market economy in the agricultural sector for the period 1991-2015 showed government conducted a number of measures to create land relations for effective functioning that influenced the change of ownership structure in the agricultural sector.

In recent years, the most effective instrument for creating the optimal size of the of land use is of agricultural in Ukraine is producers lease. Today in Ukraine it is the basic form of implementation of economic and legal rights to land, especially agricultural land.

According to the State Geodetic Cadastre as of 01.07.2015 in Ukraine signed 4471500 leases of agricultural land private ownership (shares) with total area of 16597000 hectares (the average size of land leased 3.6 hectares). The average rent was 786 UAH/hectares per year. Also 56,053 contracts of state-owned land lease with the middle-rent of 1351.6 UAH/hectares per year were signed.

According to the Ministry of Justice for 2013-2015, 832,551 plots of land with total area of 3,513,015.64 hectares (more than 99% are agricultural land) were registered and transferred to lease.

Much attention is paid to the development and effectiveness of leasing relations with the state, as leases are typical to countries with highly developed market relations and Eastern European countries. In the US in 1982 the total area of leased land was 154.7 million hectares, accounting for 38.7% of the total area of farms. Rents in 1986 reached 6.7 billion dollars, or 35.5% of the total amount of farm payments. Rental relations became wide spread in Slovakia, Czech Republic, Bulgaria and Hungary, where 79% of agricultural lands are leased. In 2002 the rent in Germany increased by

13% to an average of lands in Eastern Germany, that is 122 euros per 1 hectare [6].

At the same time the registration of the lease should be further simplified. Considering these specificities of acquisition of land rights, the state must develop new approaches to the design of land lease, which would be a cheaper and an easier process for acquiring rights to land use and would make it easier for competitive access to land use.

In land relations the interests and guarantees of producers who work on the land should be balanced and on the other – the interests of its owners should be protected. And it is at least still possible to solve through the mechanism of the lease. It is about formation of stable lease relations, harmonization of the terms of agreements, including on separate tracts of land. The current inconsistency in terms of effective work only hinders tenants. To increase the investment attractiveness and economic impact of agricultural land is necessary to improve the mechanism of their lease. [7, p. 11–18]

Establishing a transparent market of agricultural land – is not only selling them and is not just selling them, it is primarily the possibility of effective control, with the transfer of land in long lease as an option of it. Thus, the «land market» – is not only buying and selling but also rent, mortgage, exchange, donation and inheritance privatized land for personal gain.

Conclusions and suggestions. Thus, the state of the agricultural land is in need of government regulation of land relations through the adoption of certain legislative acts including the Law of Ukraine «On Land Market» and relevant normative and methodical documents that will provide input of land into economic circulation. Amending the Law of Ukraine «On Land Lease» and «On Land» is required to use the mechanism for the settlement of payments for land plots and efficiency of their use that will increase the value of land and affect their demand during active operation of commodity-money relations segment of agricultural land.

Further researches should focus on the optimization of land use on the basis of sustainable development.

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ФОРМУВАННЯ РИНКУ ЗЕМЕЛЬ СІЛЬСЬКОГОСПОДАРСЬКОГО ПРИЗНАЧЕННЯ

Анотація

Досліджено теоретичні питання формування ринку земель сільськогосподарського призначення. Розглянуто проблеми формування та функціонування ринку сільськогосподарських земель в Україні. Систематизовано чинники впливу на розвиток ринку земель сільськогосподарського призначення. Наголошено на необхідності державного регулювання ринку сільськогосподарських земель в країні. Встановлено, що лише реальний власник землі зможе стати дійсно господарем на ній, а ринок сільськогосподарських земель буде об'єктивним механізмом відбору ефективних форм господарювання.

Ключові слова: ринок землі, землі сільськогосподарського призначення, земельні відносини, земельна реформа.

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ФОРМИРОВАНИЕ РЫНКА ЗЕМЕЛЬ СЕЛЬСКОХОЗЯЙСТВЕННОГО НАЗНАЧЕНИЯ

Аннотация

Исследовано теоретические вопросы формирования рынка земель сельскохозяйственного назначения. Рассмотрено проблему формирования и функционирования рынка земель в Украине. Систематизированы факторы влияния на развитие рынка земель сельскохозяйственного назначения. Отмечена необходимость государственного регулирования рынка сельскохозяйственных земель в стране. Установлено, что только реальный владелец земли сможет стать действительно хозяином на ней, а рынок сельскохозяйственных земель будет объективным механизмом отбора эффективных форм хозяйствования.

Ключевые слова: рынок земель, земли сельскохозяйственного назначения, земельные отношения, земельная реформа.