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DOI <https://doi.org/10.26661/2414-0287-2022-3-55-13>**PROBLEMS AND PROSPECTS OF LAND MARKET DEVELOPMENT IN UKRAINE****Kolomoiets O.O.***Zaporizhzhia National University*
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ORCID: 0000-0002-4753-0119**Key words:**land, land reform, land market,
market price of land, land
protection

In the context of the opening of the land market in Ukraine, consideration of key and environmental problems related to the exploitation of land resources becomes especially relevant. Despite the large number and relatively high quality of available land resources, their ecological condition does not meet regulatory standards, and the value of land is low. The article summarizes the main ecological and socio-economic problems of the modern land market. In particular, attention is focused on the problem of soil degradation in the context of environmental problems and the low value of land in the context of socio-economic problems. The plowed land in Ukraine has reached 81 %, i. e. 57 % of the entire territory. For comparison, plowed territory of the USA is 15.8 %, and agricultural land is 35.9 %; the plowed area of the territories of most European countries is from 28 to 32 %, where the share of arable land is from 40 to 58 %. The actual price of the land during the first 100 days of operation averages about 1.500 USD. One of the main reasons is the low solvency of the population of Ukraine. For comparison, the price of land in European countries ranges from 4.000 euros per hectare in Finland to 10.000 to 12.000 euros per hectare in France and Germany, and 25.000 euros in the Netherlands. The experience of developed countries indicates that the introduction of free market circulation of agricultural land must be preceded by the creation of the necessary favorable conditions, especially in matters of weighted taxation of land purchase and sale transactions, effective market mechanisms of state support for agrarian entrepreneurship, mortgage lending, the formation of market infrastructure, the prevention of monopolies manifestations, significant limitation of the shadow economy in the agricultural sector, insurance of agricultural risks, etc. It has been established that in Ukraine it is necessary to create the appropriate infrastructural support for effective land use, in particular, from the land bank, credit unions, an extensive network of advisory and monitoring organizations for the forecast of productivity, pollution of land plots, etc.

ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ РОЗВИТКУ РИНКУ ЗЕМЛІ В УКРАЇНІ**Коломоєць О.О.***Запорізький національний університет*
*Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**земля, земельна реформа, ринок
землі, ринкова ціна землі,
охорона земель

В умовах відкриття ринку землі в Україні особливої актуальності набуває врахування вирішення ключових та екологічних проблем, пов'язаних з експлуатацією земельних ресурсів. Незважаючи на велику кількість та відносно високу якість наявних земельних ресурсів, їх екологічний стан не відповідає нормативним показникам, а вартість землі є низькою.

У статті узагальнено основні екологічні та соціально-економічні проблеми сучасного ринку землі. Зокрема акцентовано увагу на проблемі деградації ґрунтів в контексті екологічних проблем та низької вартості землі в контексті соціально-економічних проблем. Розораність земель в Україні досягла 81 %, тобто 57 % всієї території. Для порівняння розораність території США становить 15.8 %, а сільськогосподарських угідь – 35.9 %; розораність територій більшості європейських країн – від 28 до 32 %, де частка ріллі рівна від 40 до 58 %. Фактична ж ціна землі протягом перших 100 днів функціонування складає в середньому близько 1500 доларів США. Однією з основних причин є низька платоспроможність населення України.

Для порівняння у країнах Європи ціна землі складає від 4 тис. євро за 1 га у Фінляндії, до 10–12 тис. євро за 1 га у Франції та Німеччині,

а в Нідерландах – 25 тис. євро. Досвід розвинених країн вказує на те, що запровадженню вільного ринкового обігу земель сільськогосподарського призначення повинно передувати створення необхідних сприятливих умов, особливо в питаннях зваженого оподаткування операцій купівлі-продажу землі, ефективних ринкових механізмів державної підтримки аграрного підприємництва, іпотечного кредитування, формування ринкової інфраструктури, недопущення монопольних проявів, суттєвого обмеження тіньової економіки в аграрному секторі, страхування сільськогосподарських ризиків тощо. Встановлено, що в Україні необхідно створити відповідне інфраструктурне забезпечення результативного землекористування, зокрема, з земельного банку, кредитних спілок, розгалуженої мережі консультативних та моніторингових організацій з прогнозу урожайності, забрудненості земельних ділянок тощо.

Statement of the problem

Ukraine has the largest area of fertile agricultural land in the world, which is 42.7 million hectares or 70.8 % of the country's territory, of which 33 million hectares are arable land. A third of the world's chernozem stock is concentrated in Ukraine. At the same time, the productivity of crop production is low compared to other countries, 90 % of agricultural land is controlled by 15 % of agricultural enterprises, the number of varieties and agricultural crops is decreasing, mineral fertilizers are used in excess, the soil is contaminated with radionuclides, heavy metals, pesticides, pathogens of infectious diseases, etc. Damages from the main types of soil degradation of Ukrainian lands are estimated at 40–50 billion UAH. In addition, the moratorium on the sale of agricultural land plots has long been an obstacle to attracting investment in the agricultural sector. All this determines the relevance of the study of ecological and socio-economic problems of the land market in Ukraine, which has only just begun its operation.

Analysis of latest research and publications

Many domestic scientists were involved in the study of ecological and socio-economic problems of the land market: O. O. Alekseev, V. L. Vakulenko, T. V. Voronko-Nevidnycha, O. M. Garnaga, I. M. Honak, S. L. Goshtinar, Grinenko A. Yu., Zygrii O. V., Karpenko A. M., Kasych A. O., Kirdan O. P., Kogan N. Yu., Kolesnyk T. V., Myronov V. V., Mytsenko I. M., Nagirnyak T. B., Ozhelevska T. S., Palyanychko N. I., Poprozman N. V., of works, issues related to the formation of a fair market price for land, ensuring land protection and prospects for the development of the land market in Ukraine remain insufficiently researched.

Objectives of the article

The purpose of the work is to determine the main socio-economic and environmental problems and prospects for the development of the land market in Ukraine. Objectives of the study:

- summarize the main problems of the land market in Ukraine;
- determine prospects for the development of the land market in Ukraine.

The main material of the research

On March 31, 2020, the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine

Regarding the Transfer of Agricultural Land” was adopted, which provides for the possibility for citizens of Ukraine to acquire ownership of agricultural land up to 100 hectares from July 1, 2021. From January 1, 2024, legal entities whose owners are Ukrainians will be able to do so. They will be able to buy up to 10,000 hectares of land. The sale of state and communal lands is prohibited. The question of whether to give foreigners the right to buy land will be decided in a referendum [1]. Currently, the opening of the land market for purchase and sale on July 1, 2021 is a historical event, since in general Ukrainian peasants practically never had the right to private ownership of land in the classical interpretation of this phenomenon, except for short intervals during the existence of the Sabluk P. T., Salnikova T. V., Sirko A. V., Spizhova M. O., Stashenko V. Yu., Sukhorukov I. Ya., Tretyak A. M., Shvets Yu. O. etc. But, despite a significant number world market, which allows domestic agricultural producers to occupy leading Cossack state and the Stolypin reform. For Ukraine, land resources are strategically important, as their quantity and quality are one of the competitive advantages in the positions in many agricultural crops. Table 1 shows the dynamics of agricultural land in Ukraine [2].

According to the Table 1, we can conclude that the dynamics and structure of agricultural land did not change significantly during the analyzed period. The largest specific weight is occupied by arable land with an average of 78.3 % for the analyzed period and pastures with an average of 13.1 %. The smallest specific weight is occupied by fallows – an average of 0.7 %.

From now on, land owners have the main form of exercising the right to land, namely, the acquisition of private ownership of land as a result of purchase and sale, along with such forms as the right to permanent use of a plot of land, the right to lease a plot of land, sublease land, emphytheusis, the right of land easement, superficies, concessions, etc. Currently, agricultural enterprises of Ukraine conduct business mainly on leased land, the share of which in their total land use exceeds 92 %.

Regarding the realization of the right to own land since the beginning of the operation of the land market, in the period from July 1, 2021 to October 9, 2021 inclusive, 28,288 land plots with a total area of 70.57 thousand hectares were alienated in Ukraine. The average cost of one hectare of alienated land is 43,879 hryvnias. 8,996 land plots with a total area of 32.07 thousand hectares were alienated under sales contracts for commercial agricultural production. According to analytical data, during the period of operation of the open land market

Table 1 – Dynamics and structure of agricultural land in Ukraine

| Land type | 2005 | | 2010 | | 2015 | | 2019 | |
|--------------------------------|----------|-------|----------|-------|----------|-------|----------|-------|
| | ha | % | ha | % | ha | % | ha | % |
| Agricultural land, thousand ha | 41 722.2 | 100.0 | 41 576 | 100.0 | 41 726.4 | 100.0 | 41 310.9 | 100.0 |
| arable | 32 451.9 | 77.8 | 32 476.5 | 78.1 | 32 531.1 | 78.0 | 32 757.3 | 79.3 |
| fallow | 419.3 | 1.0 | 310.2 | 0.7 | 239.4 | 0.6 | 166.7 | 0.4 |
| perennial plantations | 900.5 | 2.2 | 896.5 | 2.2 | 892.9 | 2.1 | 852.7 | 2.1 |
| haymakers | 2429.2 | 5.8 | 2409.8 | 5.8 | 2407.3 | 5.8 | 2283.9 | 5.5 |
| pastures | 5530.1 | 13.3 | 5489.7 | 13.2 | 5441 | 13.0 | 5250.3 | 12.7 |

Source: [2]

in Ukraine, the most alienated were land plots intended for commercial agricultural production and for personal peasant farming, the total number of plots is 22.031, the area is 59.74 thousand hectares [3].

As for the ecological problems of the land market in Ukraine, it should be noted, first of all, that the modern use of Ukraine’s land resources does not meet the requirements of rational nature management (Fig. 1).



Fig. 1 – Types and targeted distribution of soil degradation in Ukraine

Source: [5]

The ecologically acceptable ratio of arable land, natural fodder lands, and forest plantations has been violated, which negatively affects the sustainability of agricultural landscapes. The plowed land in Ukraine has reached 81 %, i. e. 57 % of the entire territory. Agricultural development of land exceeds ecologically justified norms (for comparison: plowed territory of the USA is 15.8 %, and agricultural land is 35.9 %; plowed territories of most European countries are from 28 to 32 %, where the share of arable land is from 40 to 58 %) [4]. Irrational use of land resources leads to the fact that Ukrainian chernozems, in particular, lose their properties, are simply weathered and washed away by water, and this, accordingly, leads to the deterioration of the quality of land resources of Ukraine.

Economists estimate that our state’s annual losses from the irrational use of natural resources and total environmental pollution reach 15–20 % of its national income. Society is forced to compensate for the consequences of inefficient land use with increasing additional costs of material, technical and labor resources [4].

Currently, the project of the National Program for the use and protection of land until 2032 has been developed. The program consists of the following elements:

1. Development of land management schemes and technical and economic justifications, use and protection of lands of administrative-territorial units.
2. Monitoring of land and soil quality with the creation of a geo-information platform.
3. Prevention of unjustified removal of agricultural lands for non-agricultural purposes.
4. Protection of lands from harmful anthropogenic influence, reproduction and increase of soil fertility, increase of productivity of forest fund lands, observance of a special regime of use of protected lands [5].

One of the economic problems of the land market at the moment is the low cost of land plots. Before the actual opening of the land market in Ukraine, various forecasts were made regarding the market value of land. Thus, the Independent Macroeconomic Forecasting Organization predicted such an expected value of the land price (Fig. 2).

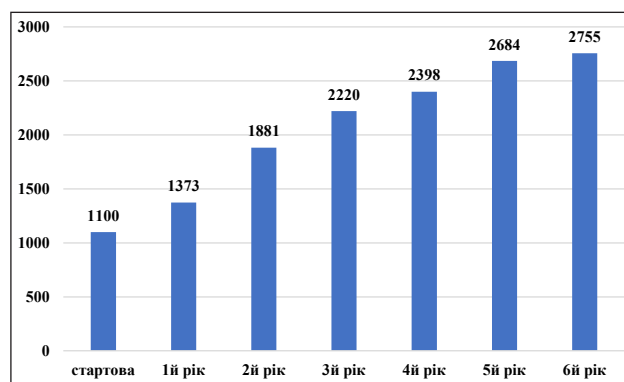


Fig. 2 – Forecast dynamics of the market value of land after the lifting of the moratorium according to the data of the Independent Macroeconomic Forecasting Organization, US dollars

Source: [6]

Research by scientists of the Institute of Agrarian Economics of the National Research Institute of Agricultural Economics shows that only 10 % of the 3.000 interviewed owners are ready to sell land shares at a price of 6 to 12 thousand dollars, but to buy – from 1 to 2.5 thousand dollars [7].

Researcher Korobska A. O. in his dissertation study builds a scenario forecast regarding the market value of land (Fig. 3).

The actual price of the land during the first 100 days of operation averages about 1.500 USD. One of the main reasons is the low solvency of the population of Ukraine. For comparison, the price of land in European countries

ranges from 4.000 euros per hectare in Finland to 10.000 to 12.000 euros per hectare in France and Germany, and 25.000 euros in the Netherlands.

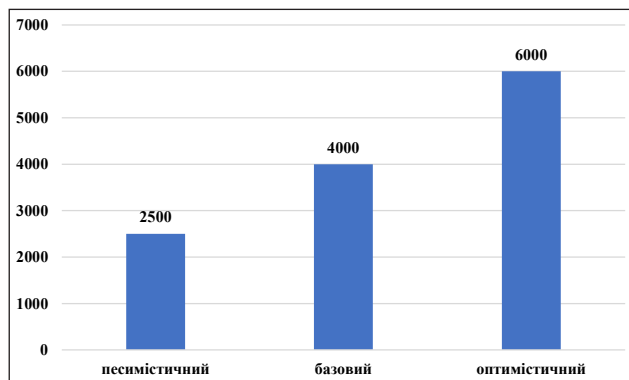


Fig. 3 – Scenario forecast of the value of agricultural land in Ukraine for 2022

Source: [8]

The experience of developed countries indicates that the introduction of free market circulation of agricultural land must be preceded by the creation of the necessary favorable conditions, especially in matters of weighted taxation of land purchase and sale transactions, effective market mechanisms of state support for agrarian entrepreneurship, mortgage lending, the formation of market infrastructure, the prevention of monopolies manifestations, significant limitation of the shadow economy in the agricultural sector, insurance of agricultural risks, etc.

Among the models of the functioning of the land market of foreign countries, we can highlight the main tools of state management in the field of land resource use, which create conditions for effective market circulation of land and their rational use in Ukraine, in particular:

- provide the owner of the adjacent land with a priority right to purchase a plot of land for its improvement and rational use;
- granting preference for the sale of land plots to persons who have specialized education and will use agricultural land for its intended purpose and in accordance with the requirements of sustainable land use;
- creation of a specialized institute that will monitor the intended use of realized agricultural lands and will have the authority to seize them in case of detected violations;
- implementation of mechanisms to prevent excessive concentration of land in one owner;

- preventing the sale and purchase of land plots for speculative purposes;
- control over the use of fertilizers and chemical means of plant protection, in order to prevent their pollution of the natural environment and negative impact on animals and human health;
- the provision of administrative responsibility, the application of fines to landowners who are irresponsible towards land protection, which leads to a decrease in the quality properties of soils and their fertility.

In Ukraine, it is necessary to create the appropriate infrastructural support for effective land use, in particular from the land bank, credit unions, an extensive network of advisory and monitoring organizations for the forecast of productivity, pollution of land plots, etc.

According to forecasts for 5–10 years, only direct investments in land acquisition can amount to 25–50 billion dollars USA. Approximately the same amounts can be provided in the form of financing secured by land. Up to 85 % of this funding can go to the development of small and medium-sized enterprises in the countryside. With such investment volumes and the appropriate correction of tax issues, the tax on agricultural land can annually bring to the budget 50–60 billion UAH for this period, the tax on transactions with land 5–10 billion UAH, taxes from the economic activity of related businesses and the general growth of the economic activity of the rural population – another 10–20 billion hryvnias [9].

Another effect is the creation of new jobs. An increase in direct investment has a direct effect on an increase in the number of employees. There is no standard dependence for all industries, but in the case of the opening of the land market, the following formula will work: \$1 million of additional direct investment brings about 20–30 additional jobs. Therefore, the cumulative effect in the agricultural sector in 10 years can amount to approximately 1–1.5 million jobs [9].

Conclusions

In order to ensure the desired long-term consequences of land reform and to mitigate significant risks in the event of the opening of the land market, it is necessary to apply a package of quick and ambitious measures to complete the development and implementation of the necessary regulatory and legal framework, to move institutional reform in the field management of land resources, as well as to create additional organizational infrastructure.

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