

# UKRAINIAN LAND MARKET IN THE CONTEXT OF EUROPEAN INTEGRATION

Krasovska Iryna

Odesa I. I. Mechnikov National University, Ukraine

**Abstract.** The land market is an integral part of the economy of any developed state. Earth is the most important and main resource, monopolizing its place in the life and work of any society. The term "land" includes all the main advantages that are given by nature in a limited volume and over the proposal of which a person is not in control. As a consequence of this, the formation of a land market is considered an obligatory part of the economy of every developed country.

**Keywords:** European integration; land market; agricultural; Ukraine; European Union.

**INTRODUCTION.** The article deals with the problem of understanding the essence, features and land market functions that provides an opportunity to implement a number of important changes in social and economic sectors in Ukraine. The study of the land market in other states is relevant in the context of the completion of land reform in Ukraine. To improve the competitiveness of domestic agricultural products, it is expedient to use the experience of The European Union, which has gone a long way to its formation. Their experience is especially valuable for determining the optimal land market model for Ukraine and preventing the problems that have arisen in these countries. Also, this practice should be used to form an effective Ukrainian agricultural market.

This article is based on the analysis of land market conditions in the European Union and Ukraine.

**RESULTS.** Consider how land reform has affected the land market in the EU countries and what experience Ukraine can draw from this.

Estonia

The state does not directly participate in price regulation, and since 2011 any restrictions on the acquisition of agricultural assets have been lifted. Sales tax is 2%, and the cost of 1 ha. is \$ 5.0 thousand. Despite this, more than 60% of the available space is leased. Foreign investors enjoy the same rights as local citizens but subject to

the use of a land bank purely for agricultural purposes (Swinnen; Ciaian and Kancs, 2017).

### Bulgaria

About 98% of agricultural land is concentrated in the hands of citizens after a successful reform in the 1990s. Initially, 3-year restrictions were established (moratorium), but they did not receive support among the Bulgarians. Currently, citizens of Bulgaria and the EU, a legal entity or an individual who has been in the country for more than 5 years, as well as companies with which the state has entered into international agreements, can purchase fields. The state does not regulate the cost of land, and there are no restrictions on the size of the area in one hand to one enterprise. The average cost of 1 ha is \$ 4.6 thousand (Pletichová; Gebeltová, 2015).

### Germany

This country is the undisputed leader in the sale of agricultural land in the European Union. Germany is traditionally famous for its high level of automation, mechanization, the introduction of environmental technologies in agricultural production. The average cost of 1 ha of land is \$ 32.3 thousand, while arable fields in Bavaria, Lower Saxony, Saxony-Anhalt, Thuringia, Brandenburg are in great demand. Sales tax is paid by the buyer, its amount is not more than 3.5% of the transaction price. Land restrictions for domestic and foreign citizens are completely absent.

### Spain

Before an effective land reform was carried out at the end of the 20th century, many farmers were forced to leave the country, which led to a sharp drop in the share of agriculture in Spain's GDP. At the moment, the tax on the transfer of ownership is 6% of the transaction. There is no moratorium on the sale of arable land, which led to a rise in price of land to \$ 16.1 thousand per 1 ha.

### Romania

To become the owner of the land, it is enough to have professional qualifications, a diploma, experience in managing the agricultural sector, while the permissible area for an individual is 100 hectares. About 94% of the land is privately owned, and the share of agriculture in the country's GDP exceeds 5%. After Romania joined the European Union in 2007, a moratorium was introduced for 7 years, after which the land

bank was opened for foreigners. There is no state regulation of market prices, the sales tax is 3%, and the constant payment for land ownership is set at 2% of the transaction value. EU citizens are allowed to purchase on the basis of direct intended use, and the average price is \$ 6.1 thousand per 1 ha. (Palanicza, 2016).

Ukrainian agricultural enterprises have proven their effectiveness in the international arena, occupying top positions in the export of sunflower oil, cereals, soybeans, etc. EU support and experience in land reforms will help the Ukrainian land market. The vast majority of agricultural holdings are also interested in a transparent long-term lease mechanism with guaranteed protection of the tenant's interests. When collecting assets, all of them used borrowed capital: loans from commercial banks or bonds.

The state needs not only to take care of the social component of the economy but also to pay due attention to business development and improve the conditions for its business. According to analysts, it will be rational to develop a transparent mechanism for the sale/mortgage of lease rights for a long period (Yurchenko, 2019).

**CONCLUSION.** Land markets are a fact of life in most developed countries, but, surprisingly, their influence is not well documented. Land markets are important because all economic development depends to some extent on the availability of land. After all, work in any industry, as well as everyday life, takes place on earth.

An effective land market can create more favorable conditions within the country, which, combined with other economic and social factors, should contribute to improving citizenship and improving society.

The value of the Common Agricultural Policy is the possibility to open new prospects for the formulation and implementation of a transparent agricultural policy in our country. Over the years of independence, Ukraine's agrarian sector has become the most discussed and remains one of the priorities even in the worst times. However, a number of programs aimed at the revival of the Ukrainian village, the development of cooperatives, small and medium farms did not have the desired effect. In contrast to the EU, Ukraine has no clear state agricultural policy, adequate for contemporary challenges and threats. This factor has a significant negative impact on the competitive position of the Ukrainian agricultural sector in the world markets and will aggravate

the vulnerability of the agro-industrial complex to both external and internal factors influence. It is, therefore, advisable to take into account the positive experience of the EU member states conducting the CAP (Mahoney, Dale, McLaren, 2015).

## REFERENCES

1. Pletichová D., Gebelová Z. (2015) Development of Market Prices of Agricultural Land within the Conditions of the EU: Agris On-line Papers in Economics and Informatics. №5. 65-78.
2. Swinnen J., Ciaian P. and Kancs A. (2017) Study on the Functioning of Land Markets in the EU Member States under the Influence of Measures Applied under the Common Agricultural Policy. CEPS. № 11. 33-89.
3. Wigier M., Kowalski A. (2018) The Common Agricultural Policy of the European Union – the present and the future. Institute of agricultural and food economics national research. № 9. 38-56.
4. Mahoney R., Dale P., McLaren R. (2015) Land Markets - Why are They Required and How Will They Develop?: Agris On-line Papers in Economics and Informatics. 2-12.
5. Palanicza N. (2016) Ry`nok zemli: mezhdunarodny`j opy`t. Latifundist.
6. Yurchenko E. (2019) Ry`nok zemli: kak e`to rabotaet v mire. Latifundist.