

организации и мотивации труда. Особую актуальность имеет формирование компактных сырьевых зон с подбором сортов, соответствующих требованиям производства; интеграция предприятий.

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### COMPARISON OF PRICES FOR AGRICULTURAL LAND BEFORE AND AFTER THE POLISH ACCESSION TO THE EUROPEAN UNION

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***Summary.** The main aspect of the paper was presentation of changes in land prices which was occurred before and after Poland's accession to EU. In 1991-2004 nominal price of land was increased over 8 times when real increase was 2 to 3 times. In that time there was big inflation rate which distorted actual image of changes of land value. On the other hand in 2004-2010 the land price increase nominally 3,7 times what, with consideration of lower rate of inflation that in previous period, meant real increase about 1,5-2 levels. The land prices were shaped by different conditions, on the demand side there were restructuring processes of state sector in agriculture. The state agricultural policy supported agrarian changes, making possible support with use of preferential credits.*

**Introduction.** The price of land is primarily an economic category that has its value. Price performs many functions, especially the function of stimulation allowing farmers to increase production volumes. From the point of view of agriculture the land - besides capital and labour - is the basic factor of production. It is also an essential factor without which the other two can not operate. The specificity of land is expressed in its spatial distribution, through which this phenomenon forms the territorial agrarian structure.

Land is not homogeneous in terms of its utility value, which led to defining of soil types. These factors including water conditions, climate and surface features allowed us to create indicators of value of agricultural production area [Wojtasik, 2006].

Land is also a historical category because the human existence depends on its resources. Access to land determines the behavior of farmers who sought to reform agriculture in order to contribute to greater sharing of agricultural property. Since the agricultural reforms, those carried out in the interwar and postwar periods, access to land is solely regulated by purchase and sale transactions or by lease system [Wawrzyniak, 2004].

**Purpose and research material.** The primary objective of the study was to investigate price changes of agricultural land, which occurred in the two periods, namely, before joining the European Union, and after this historical event took place. In the centrally planned economy the purchase of land was closely regulated by the Polish legislation, the rotation was on a small scale within local communities. Changes in agriculture were characterized by stagnation, because there were no new factors of production on a large scale. Real changes took place after the year of 1989 when the principle of economic freedom was introduced. All that added a new significance to land through a gradual increase in its prices. The study was based primarily on the data yearbooks as well as the data of the Agricultural Property Agency and the Agency for Restructuring and Modernisation of Agriculture.

For over a longer period a dangerous trend of reducing of agricultural land is observed in this country. Of the total Polish area of 31.3 mln ha the agricultural part was 15.5 mln ha (49.7%), or for the first time it fell below 50% of the total area.

Another characteristic trend is the fact that there are no soils of the best quality in our disposition; moreover, they are not always located in favorable climatic conditions. The quality of agricultural land expressed by bonitation classes proves that soils located between the fourth and sixth classes of bonitation (74.1%) dominate, while soils of the best first and second classes are in deficit (3.2%).

Thus, the quality of land in Poland is low and lower than the EU average. Moreover, a large share of poor and acidified soils reduces the usefulness of agricultural farmland. Another feature is that among light soils there are areas with high sand content.

In Poland, this grittiness is twice larger than the average in the EU in Poland is 60.8% and in the EU - 31.8%. Indicator of soil quality which is a quotient of conversion hectares to the area of agricultural land in Poland amounted to 0.82. Adverse soil conditions, worse climatic conditions are reflected in lower land productivity compared to the EU average.

**Price formation of agricultural land in Poland after the European integration.** As it has been negotiated the Accession Treaty stipulates that EU citizens will not be able to buy agricultural land in Poland by the end of 2015 without special permission from the state administration bodies. It is estimated

that over recent years the Ministry of Internal Affairs and Administration officially issued permits for the purchase of about 50,000 hectares of agricultural land by foreigners, but these statistics may be understated.

The land was often purchased by straw buyers who were holders of the Polish citizenship. Only after 2016 it will turn out how much agricultural land the foreigners have bought informally, with the help of the individuals or companies with limited liability. This land will then probably pass officially into the possession of foreigners, but at present day it is still owned by the Poles.

In 2003, before the Polish accession to the European Union, there appeared the Act on shaping the agricultural system, which re-defined the concept of agricultural holding and determined the maximum areas of such production unit. By virtue of this Act the Property Agency of the State Treasury was turned into the Agricultural Property Agency.

The Act defined the principles of shaping the system by:

- improvement the structure of farms,
- prevention of excessive concentration of agricultural property,
- management of farms by qualified personnel.

So the Act on the one hand was aimed to land concentration within the small farms, on the other hand it defended itself against the return of a large agricultural property. The Act on shaping the agricultural system caused a certain controversy from the very beginning, and was criticized particularly for excessive interference in the trade of agricultural land. People did not especially like the legal restrictions on acquisition of arable land only by farmers as well as the introduction of a maximum size of a farm. Only a farm with a total area of agricultural land of not more than 300 ha was recognized for a family farm.

The record that a farmer taking over a farm should have some agricultural skills was well received. In contrast the right of the first refusal by the Agricultural Property Agency was criticized. It was introduced in order the state could control the trade and marketing of agricultural land. Thus, people signing purchase-sale contracts of land were obliged to pass preliminary contracts to the Agency. Its officials decided whether to allow transactions or to use the right of the first refusal. In establishing the rules for who can be an owner of a farm they wanted at the same time to secure from foreign buyers for whom prices of agricultural land in Poland were attractive. Hence, certain restrictions were introduced for the eastern and the western lands separately.

According to the data from the Central Statistical Office sale and purchase agreements between farmers were the dominant transactions on the land market. They reached 85% of all transactions while 15% was accounted for the turnover between farmers and legal persons. In addition, a lease of land enjoyed

great popularity, especially facing the introduction of direct payments. All these factors resulted in that the price of agricultural land began to grow rapidly.

In the years 2004-2009 prices of land have increased 2.5 times. In statistical studies the land was divided into good soils, the so called wheat-beet, medium - rye and potato and poor - sandy. It turns out that on the poorest soils land prices rose the fastest (3.2 times). They were an attractive capital investment with a view to future forestation or direct payments from the EU funds. If you consider the price in physical indices (e.g. rye output), it turns out that the increase was 250.5% and in terms of pigs output it accounted for 229.1%.

The price of agricultural land tells us about its value and capabilities of agricultural production. In the market of agricultural land there exist at least two types of transactions, that is, of purchase and of lease.

Phenomena linked to the turnover of land are positive because they in a natural way are forming the structure of agricultural holdings. Lands unsuitable for agriculture are earmarked for other purposes, for example, for afforestation of agricultural land in the framework of the Program of Rural Development.

On the other hand lands with unfavourable soils and climatic conditions or the ones in the mountains benefit from the Rural Development Programme involving the promotion of agricultural activities in the less favoured areas (Unprofitable areas of agriculture) [Mickiewicz, 2011].

The economic analysis shows that now in Poland prices of agricultural land have reached a certain threshold of profitability, if to relate this level to the cost of production and the amount of direct payments. Poland and other EU-12 countries receive lower direct payments, compared to EU-15 states. These prices will change only when the ban on the purchase of land by foreigners expires, and when we approach the ceiling of payments paid in Western countries. Prices of agricultural land are clearly differentiated regionally and such differences may be three times less or more of the basic price. Agricultural soils differ, as bonitation classes may also differ.

In 2011 the highest prices of agricultural land were registered in Wielkopolska province (30.9 thousand. zlotys/ha) and in Kujawsko-Pomorskie province (28.2 thousand. zlotys/ha). On the other pole there are provinces with the lowest prices for agricultural land, such as Podkarpackie (10.8 thousand zlotys / ha) and Świętokrzyskie. Relatively low prices remained on the north-west, where there's an abundant supply for land, due to the former intense presence of the Agency of State Farms. Dolnośląskie (19.9 thousand), Lubuskie (12.3 thousand), Warmińsko-Mazurskie (14.2 thousand) and Zachodniopomorskie (15.7 thousand) refer to such provinces. Regional differences in prices for agricultural land are not a simple derivative of bonitation classes. Neither this happens only due to segmentation, climatic conditions, technical infrastructure, and

remoteness from urban centers. The matter in this case is in high culture of farming and production costs, which generate a corresponding profit.

**Final comments.** The market of agricultural land can be analyzed on the basis of the theory of factors of production, the theory of land rent, multifunctionality of agricultural land or the new political economy [Marks-Bielska 2010]. This market was formed on the demand-supply basis, was defined as a real or expected value in the opinion of rural residents, derived of the possible benefits in the context of integration with the European Union that enables the use of direct payments.

The market of agricultural land, opened in 1989, contributed to free formation of land prices, which were continuously growing during the whole period under analysis. To the factors conducive to increase in prices - alongside economic freedoms-one can include the appearance of land of a new character on the supply side, which was a result of restructuring of the former state farms system.

The problem with the supply of new land lay in the fact that it has been regional in nature, it took place with a certain excess in the north-western Poland, and so the land was inaccessible for other areas with the fragmented agrarian structure.

As a result of the restructuring of state farms, there appeared a number of large-scale farms, which in the reality of the current agricultural policy, will be forced to return 30% of agricultural land to improve the agrarian structure of family farms.

The rate of increase in the price of agricultural land was maintained at a high level throughout the whole considered period. Price increase should be analyzed through high inflation, rising prices of other production factors which made production less profitable, sales opportunities of manufactured goods under favourable conditions and the expected stream of direct payments flowing from the European funds.

Although economic analysis not always indicated the benefits arising from the purchase of land at high prices, however, farmers evaluated the land as a value in itself that raised the prestige and assessment of a farm owner. Opportunities for improvement of the agrarian structure in some regions were limited due to a small turnover of a production factor.

Farmers bought land in accordance with real criteria and therefore it was near their farms, so there was no need of a new merge. Farms were not too far from their own headquarters, farmers could raise production costs and all that was in consonance with the vision of further development of the farm (the presence of a successor).

The price of agricultural land should be considered through the unit cost of its purchase by the farmer. Not always they had to bear these costs at once,

you could break them down into instalments or use commercial or preferential loans. The State through its agricultural policy contributed to the process of agrarian transformation, by implementing preferential loans from public funds.

In 2004-2010 more than 40 thousand farmers were given preferential loans with the additional payments of the Agency for Restructuring and Modernisation of Agriculture for the amount of 3.6 billion zlotys, which greatly increased the availability of land. The value of land in Poland is lower than in the EU-15 countries. Counting from 2016 it is expected that the availability of land for the citizens of the European Community will raise its price to that average one which is in force in the European Union.

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