

Agricultural land market in Slovakia – economic and legal impacts of the Law No. 140/2014 Coll. on the land acquisition

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Abstract: Agricultural land is an important natural resource and the wealth of each country; in addition it is one of the main production factors, especially for the agricultural businessmen. That is a reason that state law makers adopt the legal regulations which are able to protect this unique natural resource and prefer using the land mainly for the agricultural purposes. The Slovak law makers have followed also such objectives by adoption of the Law No. 140/2014 Coll. on the acquisition of ownership of agricultural land and amending and supplementing certain laws. The paper analyses the economic and legal impacts of this law on the agricultural market in Slovakia with the regard to the presented land protection as the objective of the new legal regulation.

Key words: agricultural land, land market, land acquisition, legal regulation, land purchase

Until 1989, the agricultural sector in Slovakia was regulated by the state. There dominated the large-scale state farms that cultivated the state-owned land or the land that was still in private ownership but its owners did not have any decision rights to use it or to get a rental payment. After 1989, land reforms were introduced and the land was restituted to the former owners (Lerman et al. 2002). In spite of the fact that at present the main part of agricultural land in Slovakia belongs to the private owners; a big land fragmentation and a non-transparent land ownership have built the main barriers in the land market development (Buday 2007). In addition, there is the problem of the still not clear ownership of land. The loss of information on the land registration and boundaries resulted in a large number of unknown owners in Slovakia (e.g. Dale and Baldwin 2000).

Buday (2007: 153) concluded that the monitored agricultural land market has been developing after 2000; however, the land was purchased especially for the non-agricultural purposes (such as for buildings, industrial infrastructure or tourism). According to the research of Lazíková and Takáč (2011) the ag-

ricultural businessmen are interesting in purchasing agricultural land and most of them prefer the land purchase to the land lease; however, there are many obstacles, such as the bureaucracy, the missing of information on land ownership, the excessive land fragmentation, and difficulties to stipulate the land price. These problems are the reason why the land lease prevails over the land purchase transactions in spite of the facts that the preferences of the agricultural businessmen have tended to the land purchase. This tendency of land lease, which can be noticed in Slovakia, is a tendency of the most EU countries (Bandlerová et al. 2005). The agricultural land sales represent only a small fraction of all land transactions in the EU (Ciaian et al. 2012a: 2). In the old member states, the share of the rented land ranges between 18% in Ireland and 74% in France, while in the new member states it ranges from 17% in Romania to 89% in Slovakia (Ciaian et al. 2012b: 2). Generally, agricultural land sales are considered to be a superior form compared to land lease because of land sales transfer full ownership rights to the new user, the new owner can use the land as collateral to

obtain credit and buying land provides the optimal incentives for investment by providing a permanent security of rights (Binswanger et al. 1993). In Slovakia, the new law No. 140/2014 Coll. on the acquisition of ownership of agricultural land and amending and supplementing certain laws (hereinafter only law on the land acquisition) was adopted. There is a question what economic and legal impacts on the agricultural land market do arise from it and if the new legal regulation is an effective measure of the Slovak land policy to protect the agricultural land.

DATA AND METHODS

The main objective of the paper is to analyse the economic and legal impact of the new legal regulation (law on the land acquisition) on the land market and its connection with the presented objective – land protection.

The first partial objective is to present the legal issues related to the new law (e.g. under what conditions it is possible to purchase agricultural land in Slovakia), to introduce limitations for the land market; and to find answers if the new law can fulfil the objectives presented by the law makers. The horizontal comparison with the similar legal limitations in other EU states is used.

The second partial objective is to evaluate the economic impact of the new law on the land market, mainly on the land prices. The data collection consists of 366 land purchase transactions before the new law adoption and 526 land supplies after its adoption in Slovakia. Due to the short existence of the new law and the complicated bureaucratic process for land purchase transaction, only a small number of land transactions was finished.

We used the data on land prices before the law adoption from the database created by the department of law and the department of European policies at the Faculty of European Studies and Regional Development of the Slovak University of Agriculture in Nitra. These data were collected for the period 2008–2012.

The administrative prices are stipulated by the Law No. 582/2004 Coll. for each municipality of Slovakia. The administrative prices were assigned to each land transaction according to the municipality where the land transaction was realised.

We used the data on land prices after the law adoption from the register of land supplies published on

the website of the Ministry of Agriculture and Rural Development of the SR. These land prices are stipulated by the suppliers and the potential land buyer can only accept or deny such land prices. Because of the fact that only a small number of these land transactions were realised, we cannot call these stipulated land prices were accepted by the suppliers as land market prices. We use the term of supplied land prices on the land supplies after the law adoption.

We have set two hypotheses:

- (1) We supposed that the land owners supplying their land are influenced by the administrative land prices stipulated by the law No. 582/2004 Coll. on local taxes and local fees for the municipal waste and the small construction waste; however, we expect that they have stipulated their supplied land prices higher than the administrative ones.
- (2) We supposed that the land owners supplying their land are influenced by the market land prices of the land transactions realised before the new law adoption. However, the supplied land prices are increasing because of the higher transaction cost in comparison to the market prices before the law adoption.

For data analysis, we used the general scientific methods, the methods of descriptive statistics, statistical induction and graphical methods.

RESULTS

The legal impact of the new law on the agricultural land market

Rural land is an asset of the greatest importance in many parts of the world, both developing and developed (EU 2004b). The agricultural land is a key resource of agriculture (Takács-György et al. 2012) and provides for a range of environmental services such as the water retention, pollution mitigation, soil and coastal protection (EU 2004b). The agricultural land has a specific status as an object of ownership. On one hand, the protection of property is guaranteed by the Constitution of the Slovak Republic (article 20) and the Convention for the Protection of Human Rights and Fundamental Freedoms (Article 1 of the protocol No. 1). However, all human rights (except the prohibition of torture) are not absolute and they can be limited by the (1) other human right where the reasonable compromise between both related human rights is looked for; or (2) public interests, but there

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must be “achieved the justified balance between the requirement of public interest and the requirement of individual” (Svák 2003: 735–736). On the other hand, the national land policy is entitled to limit the property rights to the land because of the land protection. Land policy has a role in preventing the environmental degradation (EU 2004b) which is still an exclusive power of the EU Member States. The EU is not entitled to adopt legal regulations related to the land policy. There is only one exemption; the land market within the free movement of the capital should be open for all EU citizens without discrimination. The limitation adopted by the EU Member States should be valid for all subjects, national and foreign as well. Land policies determine who has the legal rights of access and/or ownership to certain resources and under which conditions, and therefore how these productive assets are distributed among the individual stakeholders (EU 2004a). Many EU Member States have adopted legal regulations which limit the land purchase transactions; such as price regulations, tax regulations, and the quantitative restrictions on the sale, purchase and use of agricultural land (Ciaian et al. 2012: 35).

The new EU Member States use usually quantitative restrictions or prohibition on land purchase for the legal entities. In Hungary, legal restrictions prohibit land ownership by legal entities; in addition, there is upper limit (300 ha) on the amount of land that a natural person can own. In Bulgaria, a law was introduced to prevent the excessive fragmentation of agricultural land, which states that a plot cannot have a separate ownership title if it is smaller than 0.3 ha (0.1 ha for vineyards and 0.2 ha for pastures). In Lithuania, a legal entity may buy agricultural land only if its income from agricultural activities during the last two years constitutes at least 50% of its total income. There is also an upper limit (500 ha) on the amount of land that natural persons or legal entities can own. (Ciaian et al. 2012: 6).

The old EU Member States have established institutions which have a power to approve or decide on the land transactions. In France, the sales market for agricultural land is regulated by the French land agency called the SAFER (Société d'aménagement foncier et d'établissement rural), which has the negotiating power and a priority right to buy land. In Finland, one could become a landowner only by marrying or inheriting. In Ireland, all contracts for agricultural land sales must be delivered to the Irish government's Valuation Office in a particular deliv-

ered form. In Sweden, the agricultural land market is regulated by the Land Acquisition Law. The county administrative board identifies the municipalities in which the permit is required for natural persons. For legal entities, a permit is always required (Ciaian et al. 2012: 35–50).

The Slovak law makers have adopted the above mentioned legal regulation (law on land acquisition) with the restrictions of land transactions. It is necessary to accompany the proposal for registration of the ownership right in the Land Register not only by the purchase contract but also by a certificate of the District Office on the fulfilment of conditions related to the agricultural land transactions. Therefore, the proposal for registration shall be preceded by a District Office proceeding on the fulfilment of the conditions laid down to the contractual parties by the law on land acquisition as well as by the fulfilment of those administrative conditions itself, which leads to a significant extension of the whole purchase process.

At present, there are two different procedures of transferring the ownership right to agricultural land based on the purchase contract in Slovakia. The first one is regulated solely by the provisions of the Civil Code. The second one is supplemented by the additional administrative procedures of the law on the land acquisition.

The first type is applied if the object of the purchase contract is represented by:

- garden;
- land in the municipality built-up area regardless of its type (arable land, vineyard, hop garden, meadow, etc.);
- land outside the municipality built-up area, if:
 - it is intended for other than agricultural use;
 - the possibility of its agricultural use is limited by special regulations (for instance, nature conservation laws);
 - its acreage is less than 2000 m²;
 - it is adjacent to the construction, together with which the land creates one functional whole.

The first procedure is also applied if, regardless of the object of the purchase contract, the purchaser is:

- a person carrying out agricultural production as a business for at least three years before the date of the conclusion of the contract on the transfer of the ownership of agricultural land in municipality, where the agricultural land is located.
- a co-owner of agricultural land pursuant to special regulations.

– a relative according to §116–117 of the Civil Code (i.e. a person related in direct line, sibling and spouse; as well as other persons in a family or similar relation who are considered to be close to each other if a detriment suffered by one of them is reasonably felt as own by the other).

In other cases, the second procedure is applied, i.e. the procedure supplemented with administrative procedures in compliance with the law on the land acquisition. The owner of agricultural land who does not represent any of the abovementioned exceptions, is first of all obliged to publish his/her supply in the register of the published supplies on the website of the Ministry of Agriculture and Rural Development of the SR for at least a period of 15 days. At the same time, the owner is obliged to publish the supply on the official notice board of the municipality, where the agricultural land is located. The potential buyer is obliged to record the interest in the land acquisition both in the Register and at the address and within the period specified by the supply in the Register. The fulfilment of the conditions related to the land transaction is verified by the District Office, in the district in which the land is situated. The District Office shall issue a certificate on the fulfilment of the conditions. The certificate thus becomes an annex to the land purchase contract.

According to the law maker, the reason for the adoption of the special law on land acquisition is the land protection. This objective should ascertain that the ownership of agricultural land can be acquired only by (with some exceptions) the entities conducting business on this land for at least three years. It limits the group of entities who may acquire the agricultural land and the law defines to whom the supplier can sell the land. In the provision §4 par. 4 to 10 of the law on the land acquisition, the law maker lays down the order of the entities authorized to become acquirers of agricultural land. The ownership of agricultural land may be acquired only by the person *who has either a permanent residence* (in the case of natural person) *or a registered office* (in the case of legal entity) *in the territory of the Slovakia for at least 10 years and carries out agricultural production as a business for at least three years before the date of the conclusion of the contract on the transfer of the ownership of agricultural land*

(a) *in the municipality adjacent to the municipality in which agricultural land transferred is located, or*
(b) *regardless of the place of business.*

There is an exception in relation to young farmers. The law does not require the condition of the three-year business conduct in the agricultural production. However, the law maker replaces it by an obligation according to which the young farmer cannot rent, sell or donate the agricultural land acquired during three years from the date of the land acquisition.

According to the above mentioned Convention for the Protection of Human Rights and Fundamental Freedoms, there is a question if there is a justified balance between the land owner's interest to be free regarding the disposition of his/her land and the public interest represented by the land protection by which the law maker justified this law. The Law on the land acquisition contains many legislative questions, legal uncertainty and "loopholes." For example, the complicated land transactions are not related to the contracts for barter (i.e. it is possible to exchange the land for other thing e.g. a car), the deposit by partners to companies (i.e. the deposit can be represented by the agricultural land) or the contracts for the sale of an enterprise including its agricultural land. All these cases enable to drop out the complicated bureaucratic procedure. There is a question how the land is protected in these situations. We consider the new legal acts as a disincentive to the agricultural land market development and restricted the group of purchasers, affected the disposal right of owners and it increases the transaction costs in the acquisition of agricultural land; however, the effect of land protection is missing. In addition, we cannot omit the fact that various factual and legal complications in the administrative process of the acquisition of agricultural land will occur to a much greater extent. The legislation leads to the growth of bureaucracy; and an unclear interpretation of certain provisions of the law on the land acquisition (e.g. Lazíková and Bandlerová 2014) will result in a number of litigation over the land ownership. The Constitution Court of the Slovak Republic is entitled to decide if the public interest of this new law is proportional to the limitation and restrictions of the ownership right regarding the land disposal.

The economic impact of the new law on the agricultural land market

Since 1 June 2014, the law on land acquisition has been in effect. During the next three months, there were published on the website administrated by the

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Table 1. Basic information on the land supply after law adoption

Slovak regions	Bratislava	Trnava	Nitra	Trenčín	Žilina	Banská Bystrica	Košice	Prešov
No. of land supplies	7	53	134	8	2	291	9	22
Average acreage of the supplied land plots in ha	1.08	0.21	0.71	0.49	7.48	0.15	24.32	2.04
Total acreage of the supplied land in ha	7.53	11.07	95.52	3.90	14.96	42.86	218.84	44.94

Source: own calculations

Ministry of Agriculture and Rural Development of the Slovak Republic more than 500 supplies for land purchase. It is related about 440 ha of agricultural land of Slovakia (the total acreage of the agricultural land of Slovakia is 2.4 mil. ha; i.e. the supplied land represents app. 0.02% of the total agricultural land of Slovakia).

The average acreage of the supplied land plot is app. 1.8 ha (without an extreme supply of 200 ha in the Košice region); however, it is different among the Slovak regions. The average acreage of the supplied land plots compared with the number of land supplies represents the land fragmentation in each region. According to the Table 1, the most excessive land fragmentation is in the region of Banská Bystrica.

According to the Table 1, the number of land supplies is very low in some regions; however we would like to present the actual situation in all Slovak regions related of the land supplies.

The lack of information on the land market makes the decision-making process of subjects more difficult because of missing land price information system. The market subjects perceive information on market land prices as trade secret (Lazíková et al. 2012). There are many factors which influence the agricultural land price such as prices of agricultural commodities, infrastructural expansion, urban pressures, subsidies, farm size, informal institutions, interest rate, agricultural productivity, bio-energy, rural development policies, taxes, inflation, land sale regulation and other (Swinnen et al. 2008: 173), land quality, climate, acreage of the agricultural land in the country and its economic scarcity (Buday and Bradáčová 2007: 6).

Administrative land prices, market land prices and supplied land prices

In Slovakia, there are two types of land prices, administrative prices and market prices. There are legal regulations that determine the land price, depend-

ing on the purpose for which the price is required (Lazíková and Bandlerová 2006). The administrative price of the agricultural land is applied mainly for the purpose of the property taxes – regulated by Law No. 582/2004 Coll. on local taxes and fees for the municipal waste and the small construction wastes. These prices take into account the land quality as well. The determination of the value of land for the purposes of land consolidation, for the minimum rent for the use of agricultural land, for the payment of the contributions for the temporary or permanent withdrawal of agricultural land and for the calculation of the fee for fragmentation of land under the Act No. 180/1995 Coll. Land prices are determined by the Decree of the Ministry of Agriculture No. 38/2005 Coll. This Decree sets the land value based on the soil quality – the Ecological Credit Units (ECU) – and does not reflect the current market price of the land. The next legal regulation concerning the administrative price is the Decree of the Ministry of Justice No. 492/2004 Coll., establishing the general value of assets. Expert pricing is mainly used in the judicial proceedings but also in setting the price for taking out mortgage, at the inheritance processes as well as the property rights of land settlement (Lazíková and Takáč 2011).

For the purpose of the purchase contracts on agricultural land concluded between the natural and legal persons the market price is applied. These were prices which are mutually agreed on by the contracting parties in the purchase agreement (Schwarcz et al. 2013: 1108–1109); however, since the new law enter into force the mutual agreement is possible only if the transaction need not to be published on the website of the Ministry (see the above mentioned first procedure). If the supply is published on the website of the Ministry, the supplier stipulates the land price and the potential purchaser can only accept or refuse the price but there is no possibility to make a mutual agreement on the price. Therefore, the published prices cannot be considered market

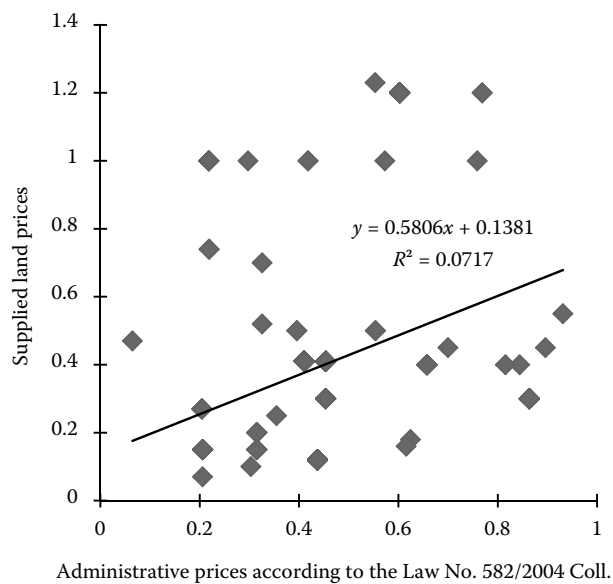


Figure 1. Regression between the administrative prices and supplied land prices

Source: own calculations

prices as it is not known whether a potential buyer has been found, and, more importantly, whether he or she would be willing to accept the required price (Drábik and Rajčániová 2014). For the purpose of this paper, these prices are called the supplied land prices.

Additionally, there is an opinion that administrative prices are essential when serving as informative prices at concluding the purchase contracts and at forming the level of agricultural land prices (Schwarcz et al. 2013: 1108–1109). Therefore, we try to compare the supplied land prices (stipulated only by the suppliers) and administrative prices stipulated by the Law No. 82/2004 Coll. At first, we provided the analysis with all registered land transactions; and at last only

Table 2. Average supplied land prices and land administrative prices in the regions of Slovakia (EUR per m²)

Region	Supplied land prices	Administrative prices
Bratislava	2.31	0.83
Trnava	0.94	0.60
Nitra	0.62	0.43
Trenčín	2.80	0.30
Žilina	0.33	0.04
Banská Bystrica	0.78	0.16
Košice	2.48	0.39
Prešov	14.05	0.07

Source: own calculations

with the land transactions, where the supplied land price was lower than 2 EUR per 1 m². We suppose that the land supplies for higher land prices than 2 EUR per 1 m² are speculative transactions (e.g. if the land owner want to sell his/her land to another than agricultural businessman from his/her villages, he/she proposes the higher supplied land price which is not acceptable for the agricultural businessmen; however, it is a price acceptable for e.g. a foreign investor). Therefore, we create the group of land supplies under 2 EUR per 1 m² (Figure 1).

There was no dependency between the administrative prices (as independent variable) and the supplied land prices (as dependent variable). We can conclude that there is no dependency of the supplied land prices and the administrative land prices regardless if we consider all transactions or only those which supplied land price was under 2 EUR per 1 m².

Table 3. Average supplied land prices and administrative prices according to the type of land (EUR per m²)

Regions	Arable land		Permanent grasslands	
	supplied land prices	administrative prices	supplied land prices	administrative prices
Bratislava	2.31	0.83	–	–
Trnava	0.92	0.60	1.20	0.18
Nitra	0.63	0.51	0.64	0.10
Trenčín	3.16	0.33	0.27	0.06
Žilina	0.47	0.06	0.19	0.02
BanskáBystrica	1.39	0.38	0.19	0.03
Košice	2.66	0.39	–	–
Prešov	12.33	0.14	10.36	0.03

Source: own calculations

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There is a question if the land owners are influenced by the land administrative prices in the particular Slovak regions when stipulating the supplied land prices. The average supplied land prices and land administrative prices in the Slovak regions are documented in the Table 2.

According to the ANOVA results ($P < 0.01$), there are statistically significant differences among the administrative prices of agricultural land in the Slovak regions. The results of the administrative land prices respected the land quality document that the most productive land is situated in the Bratislava, Trnava, Nitra and Košice regions. However, there are no statistically significant differences of the supplied land prices among the regions ($P(0.07) > 0.05$); there is only one exemption – the region of Prešov ($P < 0.01$). In the Prešov region, the price of the supplied agricultural land is in the range of 1–50 EUR per 1 m² in spite of the fact that the agricultural land belongs to the land of the poorest quality.

We conclude that the land owners as the supplied land price creators are not influenced by the administrative prices and the land quality in any Slovak region. The prices stipulated by the land owners

are much higher than the administrative land price regardless the land quality. It is one of the reasons why such land prices are not acceptable for the agricultural businessmen in the particular regions.

Land market prices before the new law adoption and the supplied land prices after its adoption

We supposed that the new law increases the supplied land prices because of the higher transaction costs and the price creation of the land owner which could be only refused or accepted by the potential purchasers. The land owners are free to stipulate the land price when creating their supply and publishing it on the Ministry website. If the land owners want to sell their land to the investors who are able to pay higher prices, they stipulates high land price which is not accessible for the agricultural businessmen in the region. They can only refuse such high prices and the land supply is free of the potential purchaser with the priority rights guaranteed by new law. The investor with the willingness to pay a higher price purchases the land regardless the new legal regulations want to prefer the agricultural businessmen established in the region. Table 4 presents the average land market prices of the land transactions before the adoption of the new law and the supplied land prices after its adoption in the particular regions of Slovakia.

According to the Table 4, we can conclude that the supplied land prices in the most Slovak regions are not higher than the land market prices before the new law adoption regardless arable land or permanent grasslands. There is only one exemption – the Prešov region where the supplied land prices after the law adoption are much higher than the land market prices before the new law adoption. On the contrary, in the Bratislava region the average supplied land market prices have decreased. The statistically significant differences between the land market prices before the law adoption and the supplied land prices were tested in the particular Slovak regions by the means of the statistical induction. The results are presented in the Table 5.

In general, according to the results of the Table 5, we can conclude that there are no statistically significant differences between the land market prices before the adoption of the new law and the supplied land prices after its adoption. There are some exemptions in the Nitra and Prešov region. In the Nitra region, the market prices before the law adoption were higher

Table 4. Average land market prices before law adoption and supplied land prices after its adoption

Regions of Slovakia	EUR/m ²	Arable land	Permanent grasslands	Agricultural land
Bratislava	before	14.46	25.43	16.81
	after	2.31	–	2.31
Banská Bystrica	before	0.76	1.06	0.88
	after	1.39	0.19	0.65
Trnava	before	3.40	0.17	3.33
	after	0.92	1.20	0.94
Trenčín	before	2.18	0.82	1.99
	after	3.16	0.27	2.80
Nitra	before	4.48	1.25	3.92
	after	0.63	0.64	0.63
Žilina	before	13.75	2.74	7.92
	after	0.33	–	0.33
Košice	before	3.27	1.43	2.65
	after	2.66	–	2.66
Prešov	before	1.13	1.28	1.20
	after	12.33	10.36	10.95

Source: own calculations

than the supplied land prices after the law adoption. The Prešov region is the only one region of Slovakia, where our hypothesis on the higher prices after the law adoption was confirmed in relation to the permanent grasslands.

In the Bratislava region, there are statistically significant differences between the land prices before and after the law adoption on the P -value of 10%. The P -value of agricultural land (0.41) is caused by some extreme high prices of the supplied land. The land prices ranged before the law adoption between 0.30 EUR per 1 m² and 90 EUR per 1 m² regardless of the type of land. After the law adoption, the land value ranges between 0.55 EUR per 1 m² and 4.5 EUR per 1 m². We can conclude that the new law has had no impact on the supplied land prices creation in the Bratislava region.

In the Banská Bystrica region, there are no statistically significant differences between the land prices in relation to the arable land and agricultural land in

general. Only the permanent grasslands confirm the statistically significant differences on the P -value of 0.05. The average price of arable land was higher after the law adoption; however, it was not a statistically significant difference. On the other hand, the price of the permanent grasslands confirms the statistically significant differences; however, the average price of permanent grasslands was higher before the law adoption. We can conclude that the new law has had no impact on the land prices creation in the Banská Bystrica region.

In the Košice region, there are no statistically significant differences between the land prices before and after law adoption. The average land prices are very similar before and after the adoption of the law (app. 2.5 EUR per 1 m²).

In the Nitra region, there are statistically significant differences between the land price before and after the law adoption, only the prices of the permanent grassland were not changed in any statistically significant way. However, the average land price was higher before the law adoption. We can conclude that the new law has had no impact on the land prices in the Košice region and the Nitra region as well.

In the Prešov region, there are statistically significant differences only in the prices of the permanent grasslands which are much higher after the law adoption. The difference between the average arable land prices before and after the law adoption is app. 11 EUR per 1 m² of arable land in spite of the fact that the statistically significant differences were not proved. It is a proof of the fact that there are only several extreme high land supplies (e.g. only one land supply has a price of 50 EUR per 1 m² of the arable land). On the other hand, the prices of the permanent grasslands have been increased in general. The prices of the permanent grasslands range between 2 EUR per 1 m² and 15 EUR per 1 m² after the law adoption. Before the law adoption, the prices of the permanent grasslands ranged only up to 1 EUR per 1 m².

In the Trenčín region and the Žilina region, there were no statistically significant differences between the land prices before and after the law adoption. However, there were only few land supplies after the law adoption, therefore, we could not confirm or refuse our hypothesis in these regions.

In the Trnava region, there is no statistically significant difference between the land prices before and after the law adoption on the P -value of 0.05. The average land price is decreased after the law adoption. Our hypothesis was refused also in this region.

Table 5. Test of significance of the differences of the average values of land prices before and after adoption of the law on land acquisition

Regions of Slovakia	Test characteristics	Arable land	Permanent grasslands	Agricultural land
Bratislava	F -test	0.000***	–	0.000***
	t -test	0.085*	–	0.041**
Banská Bystrica	F -test	0.000**	0.000***	0.228
	t -test	0.144	0.015**	0.214
Trnava	F -test	0.000***	–	0.000***
	t -test	0.051*	–	0.053*
Trenčín	F -test	0.185	–	0.284
	t -test	0.173	–	0.196
Nitra	F -test	0.000***	0.000***	0.000***
	t -test	0.000***	0.139	0.000***
Žilina	F -test	0.006**	–	0.009***
	t -test	0.065*	–	0.032**
Košice	F -test	0.458	–	0.352
	t -test	0.372	–	0.499
Prešov	F -test	0.000***	0.003***	0.000***
	t -test	0.103	0.000***	0.000***

*, **, and *** represents the level of significance on 10%, 5%, and 1%

Source: own calculations

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We can conclude that the land owners are not influenced by the land quality (taken into account in the administrative prices stipulated by the Law No. 582/2004 Coll.) or other environmental factors when creating their supplied land prices. There is no link between the land prices stipulated by the land owners and the quality of land or land fragmentation. The landowners stipulate their land prices according to the fact if they have a possibility to sell their land to a specific land purchaser for other purposes than agricultural business or to a foreign investor who is able to pay such high prices for agricultural land in spite of the poorer quality. However, we can conclude that the situation in the land market was not changed by the law adoption because these practises of the landowner were the same also before the new law adoption. The ability to buy the agricultural land of the agricultural businessmen in the Slovak regions was not changed, because they have not enough capital (they are credit constrained) to pay such high land prices. According to these results, the new law is not able to avoid it in spite of the fact that the law maker has justified the new law by the land protection which consists in the maintenance of the agricultural land in the hand of the agricultural businessmen just doing agricultural business in the Slovak regions.

CONCLUSION

The new law enables the land owner to stipulate the land prices without restrictions; so they can exclude the potential land purchaser entitled to buy a land with the right of priority according to the law by their own policy of prices. Consequently, there is a question how the land protection is ascertained, which should have been the main objective of the new law on the land acquisition which limits the rights of land owners to be free regarding the land disposal. We consider the new law as a useless bureaucracy and the time- prolonged and a more costly process of land registration. Moreover, we presume that it is an unjustified limitation of the right for the land disposal of the land owners because of the missing the public interests (i.e. land protection) for such limitation.

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