

## **Latvia case study**

### **Land consolidation in Latvia**

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#### **Introduction**

After Latvia recovered its independence, proper arrangements in the sphere of ownership rights were one of the basic tasks for unhindered functioning of a free market economy. Alignment of ownership and economic relations in rural areas of Latvia started with an agrarian reform in 1990 and it included a reform of land property and management.

The aim of the land reform was to set up an agricultural land management structure based on private property. It envisaged restoration of land ownership rights of the former owners or their heirs as well as the allotment of land free of charge to those residents of Latvia who wished to undertake agricultural activities.

This case-study will subsequently deal with land ownership, land use and management measures for land consolidation and territorial organization within the Rural Development Plan.

#### **Land use**

Land is the main natural means of production of agriculture. Land must be used by co-ordinating private and public interests and requirements of environmental protection.

The structure of agricultural land use has experienced slight changes. While the area of farmed agriculture land declined, the area of unfarmed agricultural land is growing. Areas by type of use are given in the Land Balance. The total territory of Latvia covers 6,4589 million ha. As of 1 January 2004, the agricultural land area in the Latvia is 2,4 million hectares. The area of unfarmed agricultural land amounted to some 500 000 hectares in 2002, i.e. about 20%.

The legislative instruments restricting the use of land are the basic limiting factors. Given the considerable diversity of land use, significant conflicts concerning commercial pressure on land use may be expected, especially around growing settlements.

A reverse trend, i.e. the uncontrolled abandoning of land (estimated at 500,000 ha as of 2002) has not been statistically monitored to date in the Latvia, but it could be expected that the current trend will stop. Land abandonment is a problem in marginal, less favourable areas. This problem is subject to the common approach of the Ministries of Environment and Agriculture through the programmes of afforestation and the maintenance of pastures. At present there are insufficient financial resources, although both these ministries and the Ministry for Regional Development and

Municipal are cooperating in the development of additional tools for an integrated social and economic solution to the problem. Improving living conditions in rural areas and diversifying activities to diminish the outflow of inhabitants to towns in search of better conditions and alternative land usage for products facing lower competition are among the measures which were chosen for the next planning period of the EU.

### **Territorial organization and land consolidation**

Registration of landowners and users in the Cadastre is completed now. Newly reformed land properties and land uses consist of 2 - 15 small separate parcels each, such farming conditions are inconvenient and inefficient, also encumbering the work of farmers when it is necessary to use agricultural machinery for cultivation of small parcels belong to the same farmer, with parcels often being several kilometres distant from each other. To make farming efficient land parcels should be more compact and solid, for which certain prerequisites are lacking, such as legislation on land purchase, sales, donation, heritage etc. in order to contribute to land consolidation. There is now increasing recognition of the need for a “second wave” of land reform – that of rationalization rural space through land management tools such as consolidation of fragmented parcels. One way to re-allocate property rights is through the land market.

The land prices and lease prices of land in the Latvia are relatively low compared with the land and lease prices of EU. The land market is passive because landowners are waiting for higher prices. Because of the low profitability of agricultural land the landowners cannot charge higher land lease prices from the real land holders. That prevents establishment of effective land use structure.

Considering further agricultural development, implementation of new intense technologies, increase of productivity of crops in particular territories, the areas of agriculture land necessary for production of food products will continue to decrease. Therefore there is a possibility to increase the areas for production of non-traditional crops as well as non-food raw materials and products (rape – for biofuel, grain – for ethanol, flax – for textile, pulp, decorative plants – for establishment of decorative plantings etc.), and gradually turn to alternative agriculture. In some regions, a certain portion of lands is being already gradually afforested, utilized for breeding of forest animals, sports, recreation, tourism and other non-agricultural activities or activities not directly related to agriculture.

The significance of rational territorial planning in Latvia in our days is increasing due to production reorientation of rural agricultural holdings towards technologies used in the EU Member States as well as due to growing competition both domestically and internationally.

One of the most important policy instruments for agricultural and rural development are improved land management schemes, especially for our country.

Our experience with Land Consolidation projects showed us that we are ready for:

- **Exchange with land parcels** – exchange with land parcels, which are part of two or several land titles or elimination of intermediary land parcels with a view to creating conditions for rational management of land.

Or

- **Adjustment of borders** – adjustment of artificial borders of land parcels by delimiting them according to natural or artificial landscape features with the purpose to eliminate artificially created intermediary land parcels.

These are reasons why Latvia proposes to include measures of “land reparation” and “consolidation of land” for the next programming period.

The preparation of the principles of the land management and administration are under way. The newly created land administration systems, which are always intended to serve land markets, are being further reoriented to stimulate the market by decentralizing services, improving coordination of ministries and agencies involved with land administration, and developing effective partnerships between the public and private sectors. These principles are aimed to improve the agriculture farm structure, to ensure implementation of the environmental protection, to stimulate infrastructure development.

Landscapes are undergoing radical transformation as a result of the main trends of the intensification of agricultural landscapes in which the quest for greater agricultural productivity continues with ever larger property structures, increasing mechanisation, and the reforestation or fallowing of rural land gradually abandoned for agriculture.

Several tools have to be used such as Land Consolidation including reallocation measures, construction and management of joint facilities (roads, drainage systems etc). Land Consolidation is one of the most appropriate tools when various measures can be implemented simultaneously.

### **Existing land legislation**

The main laws regulating land relations in Latvia are:

- Civil Code. This regulates all civil legal relations, including relations of real property, sets main provisions regarding the protection of ownership and stipulates the inviolability of ownership. Ownership can be taken for public needs only following the procedure prescribed by law and must be justly compensated.
- The law On Land Use Planning and Land Utilization July 21<sup>st</sup> 1991. This is a framework law laying down the regulation of land utilization relationship; obligations and responsibilities of land users; control within land use, utilization and protection; land management concept and its content; concept of the land use planning and its content.
- The Republic of Latvia law “On the State Land Service” of 15 December 1992.

New drafts of Cadastral law, On Land Use Planning (or Territorial Organization) and State Land Service in the process of elaboration

### **Future aims:**

- to define the main principles of land management and administration after the restitution of land ownership rights;

- to define further land management of rural areas according to the national and EU principles of agricultural and rural development policy;
- to create preconditions for competitive farm structures of the rational size guaranteeing ecological landscape stability, development of rural infrastructure and more favourable conditions for the land market development;
- to find solution to maintain or not from the active agriculture land turnover abandoned agricultural land;
- to harmonize the interests of the land holders and the rest of the public in the management and amelioration of land infrastructure such as roads;
- to establish the legislation to provide means (both compulsory and voluntary) to fulfil the objectives for Land Consolidation – satisfactory land management, land use, drainage systems, roads etc.

**Sources:**

State Land Service information

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