

Main principles of the formation of state land reserve in Estonia

Siim Maasikamäe – Estonian University of Life Sciences

Evelin Jürgenson – Estonian University of Life Sciences

Introduction

The formation of the new land ownership structure started in the end of 1991 when the Land Reform Act was passed by Estonian Parliament. One of the aims of land reform, among other aims, was the retention of land in the state ownership including the formation of the state land reserve. This principle was stated in the Land Reform Act but its implementation did not start in the very beginning of the land reform.

In the beginning of land reform (since end of 1991 and beginning of 1992) the main attention has been paid to the restitution of land to the previous owners or their legal successors. The restitution had the first priority in the society and it was not popular to talk about the retention land in state ownership. Beside that the actual needs of state on land was very unclear in this time. In 1996 the privatisation of land started and different options of privatisation have been used. The privatisation of land on the basis of pre-emption right was the first option and other possibilities of privatisation have been added in the course of time.

Most of the claims for restitution is been solved or the procedures for restitution is been initiated. The area and location of the land parcels that must be returned to owners is known. Similar is the case with the privatisation on the basis of the pr-emption right. The retention of land in state ownership and land municipalisation is been risen in the focus of land reform activities in the last years. The state land fund has different functions in the Estonian state and for Estonian society. The creation of the state land reserve is only one of those functions.

The role of state land in Estonia

Formation of state land is been realized and will be realized in the course of land reform in two principally different ways. The first way is restitution property rights of state on that land which was state land before its expropriation in 1940. The second way is retention in state ownership such land that previously did not belong to state. One can say that in the first case the restitution of land to the state is taking place. In the second case the essence of the retention of land in state ownership is somewhat different. Sometimes it is been happened with the land areas where there was the claim for restitution for example.

The Estonian state was the largest land owner in the first period (1918 – 1940) of its independency. This is the case today also. About 1.30 million hectare (out of total 4.52 million hectare of Estonian territory) is registered in cadastre as state land. However, most of this land (approximately 1.04 million hectare) is state forest land and it was the state land also in 1940. It was (and it is today also) the founding principle of the national policy that most of the forest as a strategic natural resource must be controlled and managed by state.

It is stated in the legislation that land will be retained in the state ownership if it is necessary for state to fulfil its functions. Those functions are the development of the nation-wide road networks or guaranteeing the national security for example. The formation of state agricultural enterprises was also one of reasons for retention land in state ownership in the beginning of land reform.

Nevertheless, the problem is that state is not always been active to make clear its needs for land. Restitution and privatisation is been considered as a most important activities of the land reform on political reasons and the long run prognosis were missing. Today the state exercises sometimes difficulties to find land for its needs as a result of such a passive attitude

to state land issues. Land is been sometimes privatised too easily and there is need to buy this land back today in some cases. It is not efficient from economic point of view in most cases. The price of land is been risen remarkably in last years.

The structure of state land fund and its formation in the course of land reform

The Estonian land fund is divided into three categories by the ownership form and those are private land, state land and municipal land. The areas and the ratio of Estonian land fund by those categories are given in the table 1. The figures in this table concern only that land which is registered in the cadastre. Beside that there is approximately 800 000 hectares of land that is not reformed yet and is not registered in cadastre.

Table 1. Areas and ratio of registered in cadastre land by ownership form categories (by 31.12.2007)

Category of ownership form	Area of land (ha)	Ratio of land area (%)	Number of parcels	Ratio of land (%)
Private land	2440744.5	64.9	517755	93.3
State owned land	1 295 638.4	34.5	27 045	4.9
Municipal land	22 200.6	0.6	9 862	1.8
Total	3 758 583.5	100.0	554 662	100.0

Source: Estonian Land Board

The formation of the state land fund is been illustrated by the figure 1 and figure 2. The change of the total area of state owned land and the number of land parcels is presented on the figure 1.

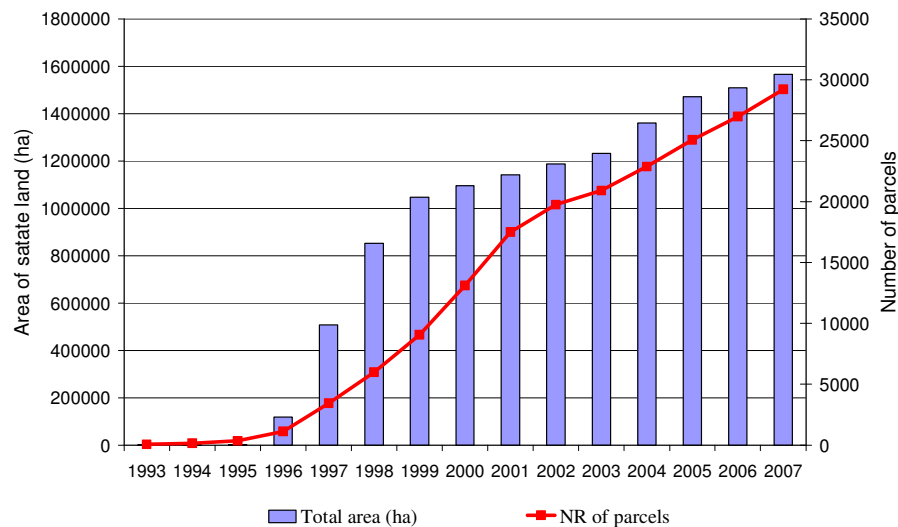


Figure 1. The total area and the number of parcels of land that is been retained in the state ownership from 1993 to 2007. (Source data: Estonian Land Board)

One can see on the figure 1 that the speed of retention of land in state ownership is been not steady. Three different periods of land retention in the state ownership can be distinguished. The first period was form the beginning of reform in 1991 to 1996. The data for 1991 and 1992 is not presented on the figure 1. The relatively rapid increase of retention land in state ownership started in 1997 and this movement continued till 2001-2002. It was the period

when large areas of state forest land were registered in cadastre. The speed of retention land in state ownership was declining after these years. The high speed of retention land in state ownership was achieved because of large areas forest parcels. The situation changed after 2003 and the focus of retention land in state ownership was moved from the forest land to the arable land. The figure 2 illustrates the changes of the area and the number of parcels of state owned arable land since 1993 to 2007.

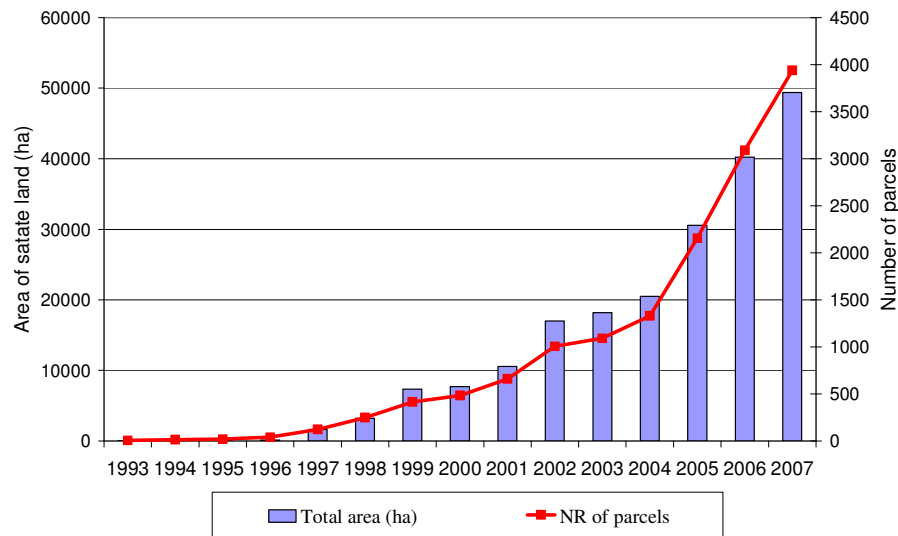


Figure 2. The total area and the number of parcels of arable land that is been retained in the state ownership from 1993 to 2007. (Source data: Estonian Land Board)

The retention of arable land in state ownership was almost missing in the beginning of land reform. The speed of retention of arable land in state ownership was modest between 1997 and 2004. The area of state owned arable land is been increased remarkably since this time (year 2004). The explanation of that is the fact that the restitution was going to the end and the areas without claim for the restitution or for the privatisation become obvious.

The aims of the state land reserve

The state authorities, including ministries, must define their future needs for the land and apply for the retention this land in state ownership. The state land reserve is meant to be created for the following purposes:

- Land which is needed for public needs and for public access (large water bodies, valuable landscapes and other showplaces);
- Land for national defence and security needs;
- Land for creation or reconstruction large infrastructure facilities and buildings (roads, harbours, bridges etc.);
- Land for protected areas (including existing and new ones);
- Land for the areas of valuable treasures of the soil and mineral wealth;
- Land for rearrange and consolidate the land that is already in state ownership – first of all state forest land;
- Land for creation of social infrastructure objects (both state and municipal objects);
- Land for other purposes.

However, there are no clear concepts about all aspects of the state land reserve. The implementation of state land reserve for the rural development is not yet under discussion.

The idea to create the state land reserve is been not correctly understood and not well accepted in society, including municipalities. It is considered that the land in state land reserve will be out of use for a long period and that this action will disturb the development. The creation of state land reserve can be successful only if the state and municipalities will work in close co-operation.

Concluding remarks

The seminar held in the beginning of the April in Estonian University of Life Sciences indicated that there are many unsolved land questions in Estonia at present. The missing of clear land policy during many years is been lead to the uncertainty and nebulosity. However, there are indications that the situation will be step by step changed.

The Estonian state is been not enough active in all aspects of land related issues. The restitution and privatisation is been considered as the most important tools in land management. The idea of free market is been too much dominating in many cases if the land related problems have been discussed. The guiding role of state in solving different land issues is been underestimated in many cases.

The state land reserve has no function to support the consolidation of agricultural land and to facilitate the rural development today. It is not meant to operate as land bank also. However, the state land reserve can be the first step toward the land banking as tool for land consolidation and rural development.

The municipalities have no clear visions about their development and about the future needs in land. The necessary plans (master plans for municipalities first of all) are missing and the tools for manage the land resources on local level is not used. There is clear need to explain to the civil servant in municipalities the role of land reserves and land banking as a tools to guide the development processes.