

MINISTRY OF AGRICULTURE AND REGIONAL DEVELOPMENT

**Division of Land and Space Information Technology
Department of Land Protection and Land Use**

Challenges of Land Ownership Policy and Land Issue in Hungary Following the Change of Regime in 1990

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I. History in Retrospect: Changes in Hungary's land ownership policy in the course of the last 100 years

In the course of the last 100 years, three changes of direction in agricultural policy and simultaneously: three comprehensive and contradictory land reforms took place in Hungary. This has seriously undermined the trust of agricultural population in politics as a whole.

1. In the first half of the 20th century, as a consequence of civic transformations, state expropriation of feudal latifundia and reorganization thereof into state estates, as well as distribution of land among those requesting took place in several waves.

Following World War One, Hungary has lost two thirds of her territory. Several unsuccessful attempts of collectivization have been carried out in order to stabilize the agrarian economy of the country that had to struggle with extraordinary problems.

2. In the years 1950-60, those who had received land and those who originally owned the land were organized into productive cooperatives (often by way of State bullying and even physical violence).

Until the end of the nineteen eighties, a very successful and high-level agricultural economy developed with the domination by huge agricultural farming companies.

State farms and productive cooperatives were the two characteristic types of the huge agricultural companies. State farms developed at large and mutually connected land masses owned by the state, mainly as a consequence of expropriation of several earlier huge estates by the state.

The productive land used by the cooperatives consisted of shared property, cooperative property and state property yielded free of charge to be used by the cooperative in question. Any land yielded by the state to be used by the cooperative had become an intangible (spiritual) property managed by the cooperative.

The cooperative property came into being during the decades of transformation of the cooperatives after the years 1950-60 because of the fact that the majority of founder members or those who joined later had retired or died. The younger generations were able to inherit the shared-ownership property from any deceased persons only if they worked in an agricultural cooperative or on a state farm. Otherwise—on the basis of provisions by the land legislation—the cooperative could buy out the land for money, and thus the land became the property of the cooperative.

The state gave over into the management of the local cooperatives any land that had become state property but not utilized by any state farms. There was a special way of accountancy for the shared land ownership, the cooperative property and the state land ownership used by the cooperatives in the Cooperative and the Land Registry Office. The so-called gold crown measurement (Ak) characteristic for the quality and volume of the land served as a basis for this accountancy.

It has to be noted here that after the Socialist reorganization of agriculture, since the seventies, most elderly members of the cooperatives became old-age pensioners, however their shared property was preserved. The meeting of members of a cooperative had the right to accept new members from the numbers of all active employees. However, they were unable to increase the estate of the cooperative with any land owned by them; they only could help by executing work to the best of their ability. Acquisition of membership was important because the

members were entitled to various fringe benefits and preferences. Furthermore, the members were entitled to buy a part of the property of the cooperative over a certain minimum, which was the basis for the distribution of a part of the revenue. The means used to achieve the aims of the agrarian policy continuously moved away from the application of state violence to the increasing preferences provided for the members from the nineteen fifties till the end of the eighties.

Right up to the time of the regime change, a situation arose whereby most of the members of the cooperatives no longer worked in the cooperative, they had retired, yet they had the largest shared-property land estates and the largest share of vote in the general meetings. Furthermore, the bulk of the shared property of certain cooperatives became the property by inheritance of persons who were not connected with the cooperative in question but who demanded their share of the allowance referring to the owned land. At the same time, the bulk of employees in the agricultural cooperatives had absolutely no part property of the estate, and they had no say in the decisions of any general meeting. That's why some contradictions of interest became intense and the moods of change were ripening.

Almost all productive land of the country was used by state farms and cooperatives in the year 1990. Any sale of arable land was limited by the state, and it could not serve as security for production loans or development credits. All productive processes and all development were under state management.

3. The regime change of 1990 prescribed—instead of cooperatives under direction by the state and of state-owned farms—an agricultural structure of various compositions, estates of different sizes, working under market rules, which were sector-neutral and mainly based on private ownership.

II. Changes in land ownership caused by the privatization of land after 1990

One of the most important aims of the regime change in 1990 in Hungary was the transition from a plan-ordered Socialist system to the market economy and creation of conditions for a market economy based on private property.

As regards the agricultural sector, this principle particularly related to arable land and to the creation of a modern farming economy, and consequently: to implement one of the conditions for accession to the EU: the development of family estates. Two components of the structure change were the elements of the privatization process: the damage compensation and the shared land provision.

At the beginning of privatization of the land, the task was to form, under social control and state approval, as well as with a chance for legal remedy by courts of law, land funds for the purposes of compensation and shared land provision. At the same time, the cooperatives had to be transformed into cooperatives of a new type working on the basis of market economy; they had to divide the cooperative-owned property between the members and employees, and to allow that certain individuals or groups may leave the cooperatives and run their own estate based on their former shared ownership.

Land privatization affected approximately $\frac{3}{4}$ of the country's arable land, and so far it has proved impossible to carry out the process originally planned for 3-5 years. Auctions under the damage compensation rules had been terminated already a few years ago with the exception of those under legal remedy procedures. However, provision of shared-property land was much more difficult than expected. Still, more than 100.000 hectares of arable land expect clarification of property relationships.

II/1. COMPENSATION FOR LAND

The compensation procedure was primarily related to the sphere of the cooperatives. However, later, in accordance with the ever growing requirements, the state also provided a sizeable quantity of arable land from the areas of state estates for auctions.

In the framework of the damage compensation procedure under the law, all those whose property was unjustly damaged by the government before the regime change, were entitled to partial compensation for their lost real estate in the form of a compensation voucher. They could take part in the auction with the voucher, if the legislative conditions were present, and they could acquire some property from the estates designated for compensation purposes. Each compensated person received some arable land as an independent land estate, which procedure really increased the number of evidenced land parts. Measuring the land was done by the land registry offices, which then registered the property right in the land files. Furthermore, the increased number of part land estates also increases the burden on the state administration.

Privatization instead of reprivatization is a mode of compensation that is still disputed today mainly because it was the arable land itself that served as security for the compensation vouchers issued as a result of compensation procedures of various origin. Thus, a number of persons used their compensation vouchers to acquire arable land, people who had nothing to do with agriculture. At the beginning of the process, it was typical that the participants of the auction made some agreement prior to the auction itself. Thus many people received small plots of arable land of a low value. Later, land purchases for investment purposes became prominent, and this resulted in increasing auction prices. At that time the price was an impediment to purchase larger estates, whilst owners of compensation vouchers of a lesser value were already unable to get some land.

Many acquired some land in the compensation process. However, this process still did not create the area basis for any family farms. The average area of land acquired through auction barely equalled 3 hectares. Furthermore, one person had the right to bid for an unlimited land mass till the moment he/she ran out of the compensation vouchers. Thus, the compensation process resulted in an extremely fragmented property structure, which is unsuitable for a successful economic management.

In the course of compensating auctions, approximately 1 million land estates of altogether 2.26 million hectares that equalled approximately 30% of the arable land mass of the country became the property of about 760 thousand persons. One person's property equalled no more than 2.97 hectares.

II/2. ISSUANCE OF SHARED-PROPERTY LAND

Another mode of land privatization was the issuance of shared-property land.

In the beginning of the arable land privatization, during the transformation of the cooperatives, it was necessary to alleviate the contradictions detailed above. Therefore it was needed to provide under legislative provisions for every agricultural employee a shared-property part ownership to the value of 20 gold crowns, and the shared-property owned by members had to be complemented up to 30 gold crowns, if it was less than that.

Thus, the basis of the issuance of shared-property land was the property listed in inventory at the land registry office of arable land originally introduced by members into the cooperative, as well as the property of members and employees working in agriculture, property that was registered in gold crowns.

Issuance of any shared-property land did not create any new property, nor did it remove any existing property right; it only designated at a concrete place the location of spiritual land ownership simultaneously with the cessation of the institution of shared property.

In the beginning of land privatization, the limitation on any land sales was eliminated; thus not only the specific land ownership but also the ownership of shared property became sellable. This incorrect change of the land ownership policy—because of the procrastination of the privatization process—has caused many serious problems that still generate some troubles.

The bulk of the agricultural population having original property found itself in a difficult situation as a result of the transformation of the cooperatives. This mass of persons—because of poverty and/or lack of conditions for economic activities—as well as a large part of owners of shared land parts not connected with any cooperatives, sold their land, and the investment-purpose land purchases started, just like the mass purchases of the compensation vouchers. The equity capital force of the Hungarian agricultural population was minimal; thus the danger existed that before any realistic market values shape up, foreigners or legal entities would buy with investment purposes any arable land at a too cheap price, which may later become an obstacle for the agricultural population to get some arable land. That's why the state limited as of 1994 any acquisition of arable land by foreigners and legal entities.

When the country accessed the EU, this limitation was alleviated in the sense that the land acquisition ban for foreigners no longer related to citizens of member states who wished to settle in Hungary as independent entrepreneurs and/or agricultural producers, and would live after this in Hungary continuously and legally, conducting agricultural activities here.

Originally, the task of issuance of shared-property lands was given to non-government organizations, which however did not fulfil their task received in 1992 properly, and for this reason the law eliminated this task as of the end of the year 1996, and a government organization went on with the performance of this task. By this time, the non-government organizations had performed approximately 30% of that task.

The procrastination of this process and liquidation of some cooperatives, etc., makes the performance of the task more and more difficult. In the course of the procedure, those persons who moved to unknown places or deceased also present a problem.

Another problem after the procedures of compensation and shared-property issuance is that the fate of other arable lands used by the cooperatives must also be regulated. This problem will be solved by the creation of the National Land Fund. All lands with unregulated property circumstances will be transferred to state property, and management thereof will be performed

by the National Land Fund. Any private individuals will be later entitled to submit their lawful requirements to the National Land Fund.

Out of the area of 3.4 million hectares designated for shared property, 1.8 million owners received the average of 1.9 hectares. This is approximately 43% of the arable land mass of the country.

Shared-property owners were entitled to request that their land be developed into some independent real estate. Failing this, they received the individual lots in joint ownership.

To settle the property ownership rights for approximately 100 thousand hectares of arable land waiting for issuance is a task which gets more and more urgent.

III. Impact of changes of arable land property for relationships of land ownership

The origins of the present-day ownership structure was not preceded by a preliminary scholarly planning work that would take as basis all domestic and foreign examples and samples. The Hungarian agriculture has to pay an immense price for many harmful consequences of this omission.

The agricultural economy of the 1980' years collapsed, although it had a very high level even if compared with world records. The ownership structure that developed after this is an ill-matched product of our economic-social-political regime change, since *the experts of the dominant parties were unsuccessful in achieving a consensus as to the long-term direction of the agricultural policy, and therefore the degree of support for family farms and/or collective farms changed with each new term of government. Because of that, no permanent or stable development direction could shape up with regard to the transformation of property relationships. Furthermore, the experts of agricultural policies failed to prepare themselves to the intense separation of ownership and use that ensued after land privatization. Thus, the sector landed again at the old problems that existed before the regime change, to its role that keeps alive the conflict of interests stemming from the ownership and operation of the means of production, which in turn impedes development.*

According to the original idea of agricultural politicians, property redistribution would have assured the direction of development after the 3-5 years of transformation of the ownership structure. However, because of procrastination with the land privatization and lack of political consensus, principles of property redistribution were not worked out for a long time, and therefore this redistribution was unable to start.

A larger part of persons owning arable land does not wish or is unable to cultivate the land, and that is why rent of land plays a decisive role in agriculture since the day arable land was allowed to be given into private ownership. Among the land leaseholders one can equally find cooperatives, private individuals and agricultural enterprises.

On the basis of the above, when investigating the present-day Hungarian land ownership relationships, one has to differentiate between property relationships according to *property structure* and *usage structure*.

III/1. PROPERTY STRUCTURE

One can find property structure in the real estate registry. Real estate registry is a task for the land offices, which match the data with the estates.

(Source: Ministry of Agriculture)

	2003		2008	
Land owned by natural persons	5,583,360 ha	71 %	5,749,109 ha	73 %
Land owned by legal entities	2,298,760 ha	29 %	2,106,491 ha	27 %

Breakdown of legal entities:

	2003		2008	
Arable lands owned by the state	1,360,509 ha	17 %	1,740,609 ha	22 %
Arable lands owned by cooperatives	307,756 ha	4 %	49,529 ha	0.6 %
Lands of economic companies	507,999 ha	6 %	199,155 ha	2.5 %
Other owners (municipalities, associations, churches, etc.)	122,496 ha	2 %	117,198 ha	1.9 %

As a result of privatization, private ownership is dominant. State property is still significant mainly because of the government-owned forest areas.

A peculiar consequence of land privatization is the coming into being of the undivided joint ownership (property community) comprising approximately 1.5 million hectares. For 80% of jointly owned land areas, a request of division has been submitted to the land registry offices.

According to experts, a change in inheritance rules is important in order to prevent any further fragmentation of the property structure.

III/2. STRUCTURE OF USAGE

The usage structure can be taken from the land use registry. Land use registry under the compulsory reports of land users is also a task for the land registry offices, in the course of which they identify the data with the person using the land. Land use registry in Hungary is a new inventory system that exists since January of the year 2000. At this time, data of 86% of the arable land of the country can be found in the database. Real estate registry and land use registry are independent one from another, however the number of the plot is a common identification, and on this basis they can be matched.

Distribution of land use between sectors (Source: Ministry of Agriculture and Regional Development)

	2003		2008	
Arable land used by persons	2,819,351 ha	46 %	3,357,125 ha	49 %
Average size	6 ha/person		9.2 ha/ person	
Average number of lots	2.6 pieces/person		4.3 pieces/person	

	2003		2008	
Arable land used by legal entities	3,273,885 ha	54 %	3,448,918 ha	51 %
Average size	179 ha/entities		263.9 ha/entities	
Average number of lots	30.6 piece/entities		35 piece/entities	

Breakdown of land use according to legal titles and sectors
(Source: Ministry of Agriculture and Regional Development 2006):

	Own property	Lease	Other
Private individuals	1,582,506 ha	872,735 ha	915,010 ha
Cooperatives	8,122 ha	407,695 ha	51,228 ha
Companies	206,908 ha	1,525,818 ha	997,464 ha
Other	77,078 ha	43,199 ha	168,231 ha

Breakdown of land use according to legal titles and sectors
(Source: Ministry of Agriculture and Regional Development 2008):

	Own property	Owned by courtesy	Lease	Other
Private individuals	1,602,236 ha	250,438 ha	841,127 ha	663,324 ha
Cooperatives	7,220 ha	5,116 ha	335,502 ha	34,791 ha
Companies	209,116 ha	60,230 ha	1,582,198 ha	918,938 ha
Other	76,919 ha	4,340 ha	47,859 ha	166,689 ha

As a result of land privatization and legislative limitations for land acquisition (based on subject and area), it has naturally followed that the person of the owner and user of the land have been separated.

Whilst the property structure is characterized by fragmentation and a size unsuitable for profitable management, the land use system shows a more comprehensive and concentrated structure. Private individuals cultivate over 9 hectares in the average, and economic

companies cultivate over 300 hectares of land. Subjects of the leasing relationship are primarily enterprises, but the size of areas used by individual leaseholders is also significant.

In absence of a property redistribution, as well as to assist the development of profitably manageable lot size owned by private individuals, the state—beside supporting the earlier and less successful land swaps with the aim of arable land merger—introduced in 2001 to support for land purchase with the aim of arable land merger. This support has become very popular in spite of the fact that the amount of support had to be reduced in the meantime. The buyer received 25, then 20% of the purchase price in subsidy if he/she bought a neighbouring lot next to his/her existing property. In 2006, already approximately HUF 1 billion were distributed for the purchase of about 14,000 ha.

Year	Number of requests	Size of lot (ha)	Sum of subsidy (HUF)
2004	316	2,983.8090	208,111,359
2005	709	5,579.5628	434,683,988
2006	1335	13,733.6543	913,707,520

In 2003, another type of support has taken effect in form of the interest subsidy for property development loans. It has also become a popular support. By 2008, the government distributes a 50% interest subsidy for loans of approximately HUF 14 billion. These forms of subsidy may be sustained until 2009, provided that they are altered in accordance with EU expectations.

To assist the development of optimum property relationships, the state regulated by legislation the rights of primary purchase and primary usage of arable land, and this regulation has improved the situation of the farmers.

Land rent also served to shape the development of a profitably manageable ownership size for private individuals beside the purchase of land, and at this time approximately 15 thousand family farms have been developed in Hungary. Approximately 50 thousand persons work in the family farms, cultivating about 850 thousand hectares. The average size of family farms is approximately 60 hectares.

For any legal entities, solely the rent may assure the possibility of developing an appropriate size of estate, since they are not allowed to acquire property right to arable land.

The Hungarian State assists the development of competitive land sizes through the activities of the National Land Fund. One of the accompanying tools here is that any elderly private individual may offer arable land to the state in exchange for a life-long subsidy. Part of the lands that become state property has to be sold, and another: to be rented out for collective and private farmers.

IV. Trends of property redistribution, plans, strategy and projects

In the countries where agricultural activity is an important sector of the economy, issues of the agricultural sector must receive a substantive role, particularly if we have in mind the **multi-functional character of agriculture** and its **influence on the regions**.

Success of the industry is impacted directly or indirectly by an appropriate use of arable lands. One of the most important decisive factors thereof is the structure of land use or land ownership. To achieve a property structure suitable to accomplish high results, it is always necessary to take measures for property redistribution. Thus, Hungary may not get away from taking the necessary property redistribution steps.

Those efforts that had been taken in the absence of property redistribution have brought some results, but to achieve a sustainable regional development, to implement the environment protection programs and to realize any efficient infrastructure development one must create the institution of property redistribution.

As members of the European Union, we must comply with the already developed practices, circumstances and system of conditions of the Union.

IV/1. STRIVING FOR PROPERTY REDISTRIBUTION

Under the initiative and leadership of the Ministry of Agriculture and Regional Development, several initiatives have been launched in order to kick-start the domestic land property redistribution:

- 1994: voluntary regulation of land swaps
- 1997: working out the Concept of Land Property Redistribution
- 2001: working out the Draft Act for Property Redistribution
- 2002: Parliament adopts the Directives for Land Ownership Policy
- 2002 January: Creation of the National Land Fund
- 2003: Government decision to establish the National Property Redistribution Strategy
- 2004: the Ministry of Agriculture expressed its intent to launch a nationwide property redistribution drive.

Between the years 1994 and 2007, several experimental projects were launched enjoying foreign support (TAMA, PRIDE, TALC, FAO TCP, FARLAND).

These experimental projects failed to achieve their objective primarily because of the lack of financial sources, as well as because of an institutional and legislative background insufficient for the satisfaction of all massive requirements.

However, the experimental projects confirmed that property redistribution is feasible, and it is also possible to combine it with provincial development (village development) in Hungary.

IV/2. DIRECTIVES FOR PROPERTY REDISTRIBUTION

On the basis of the accumulated experience, the National Assembly defined in 2002 the land property political directives, the main points of which are listed below:

- assisting in the development of property relationships of land users;
- development and strengthening family farms;
- support for environment-friendly production;
- harmonization of agricultural production with the perspectives of environment protection, nature preservation, soil protection, regional development, water management and infrastructural facilities;
- support for the National Forest Development Program;
- promoting a common-sense land ownership and rent system;

- improvement and regulation of the land market;
- support for any arable land needs of livestock farms;
- promoting the development of competitive land sizes;
- a social land program;
- support for graduate agricultural entrepreneurs;
- provision of preferential arable land for the operation of special purpose farms (like education, research and penitentiary establishments).

IV/3. PROPERTY REDISTRIBUTION STRATEGY

The leadership of the Ministry decided in the year of 2004 to work out a National Property Redistribution Strategy within the framework of the Dutch-Hungarian program by involving a number of experts. A call for bids was announced for this purpose. The winner of the contest—the Agricultural Economy Research Institution—prepared its study for a professional basis to the strategy with a contribution from the West Hungary University (in the city of Székesfehérvár).

Summary of position assessment of the strategy

The current land use can be regarded as a two-pole one according to the breakdown of farms by size. The domestic operation structure of individual farming management is dominated by a great number of fragmented farms, which demonstrates also that this group of farms may be regarded as the “subject” of property redistribution. The other pole is the group of collective farmers, which needs property redistribution to a lesser extent in order to develop an appropriate property size. In Hungary 1.6% of all individual and collective farms—approximately 12 500 farms—cultivate 75% of the total area!

Organization of redistribution of property is a complex process that includes coordination at the national level, local coordination, execution and possibilities of legal remedy.

The strategy document proposes to develop the organizational units of property redistribution within the current system of institutions. The organizational system of property redistribution shows a multi-level connection, at one final point of which stands the central coordinating organization, and at the other: the Local Property Redistribution Committee. The nationwide coordination would be provided by a ministry-level (Ministry of Agriculture and Regional Development) steering organization. An Inter-Agency Task Force Committee consisting of representatives of several ministries would be able to assist the coordination. The competent divisions of the Ministry of Agriculture and Regional Development, the NFA and the county/metropolitan land registry offices would take part in the coordination. The most important actors of the execution would be the Local Property Redistribution Committees; their work would be assisted by service-providing contributors (experts, information providers) and specialized authorities. Collection of all knowledge materials connected with property redistribution in one location (knowledge centre) serves training, and equally assists in coordination and execution.

IV/4. SYSTEM OF INSTITUTIONS

It is favourable from the perspective of property redistribution that the basic institutions of land affairs management—on which property redistribution could be built—have been in existence already for 40 years and are able to function.

The National Land Fund with its institutionalized county network works as a property handling organization of all arable lands owned by the state.

The information and information systems [air and space photographs, real estate inventory system, land use inventory system, system of identification of agricultural lots] are available and can be used as well in the process of property redistribution.

IV/5. EXPERIMENTAL PROPERTY REDISTRIBUTION PROJECTS AND LESSONS THEREOF

After the regime change, with the contribution of some German (TAMA), Dutch (PRIDE, TALC, FARLAND) and FAO (FAO TCP) organizations, several property redistribution experimental programs were launched with the aim to work out the application of foreign experience to Hungarian conditions.

The projects—beside some property mergers done in order to assure a profitable agricultural production—served the elaboration of a method taking into account also the regional development, ecological and economic considerations, assessment of costs, as well as the screening of the institutional system necessary for property redistribution. The accumulated experience assists a later creation of legislation on property redistribution. Furthermore, the experience of the projects have been built into the education system so that trained professionals be ready to take part in any future property redistribution.

Lessons of the projects

True, a full execution of the projects was not possible, but as a summary of their experience we can draw the following conclusions:

- Enlargement and strengthening of the current network of institutions is needed both at the central level of responsibility and the small-district management level, together with the establishment of a body of experts, as well as at the level of implementation by setting up an executive mediator network and property redistribution committees;
- A complex property redistribution executed in some larger area (for example: any city agglomeration) may take a long time (even up to 15 years);
- The property redistribution process must be executed in a democratic way, by assuring the greatest possible voluntary participation;
- Definition of values of lands involved in the property redistribution may be done by a series of local harmonization;
- The cost of property redistribution depends on local circumstances, yet one can say in general that it may reach approximately HUF 30 thousand per hectare. At nationwide level, one can hardly estimate the size of the area that may be involved in the full property redistribution, but the total costs at today's prices may be up to HUF 100 billion;
- Part of the costs will return both for the state budget and the subjects of the property redistribution. This return for the stakeholders may be assured by a reduction of production costs, growth in the value of connected land masses; simplification and cost reduction of real estate inventory for the state budget; simplification of direct payouts (agrarian subsidies), and on the basis of more favourable conditions: a more efficient application of other regional development

measures (for example: forestation and agrarian environment protection programs);

- The cost of property redistribution consists of the following elements:
 - one-time costs: development and enlargement of the institutional network;
 - current annual costs: the annual costs of sustaining the institutional system;
 - Communication and Information Campaign costs: working out a communication strategy, preparation of communication materials, implementation of a media campaign;
 - separate costs to go with implementation: experts (operation of mediator centres), running local property redistribution committees, data harmonization, employment of experts, planning fees, measurement and execution costs, application of new property relationships;
- It is fair if the costs are divided at 50-50 % between the state and the stakeholders;
- In order to make property redistribution more attractive, one has to decide if a preferential interest-rate loan should be given to land owners and land users to finance the separate costs connected with the procedure and thus assist the proceedings;
- Without the co-financing by the European Union, the Hungarian system of agricultural institutions is unable to assist efficiently the implementation of property redistribution. However, the system of institutions does not follow the source-distribution structure of the European Union. Costs of the property redistribution may be supported from European Union sources if they are implemented together with other regional development project, as well as environment protection and infrastructural projects.

V. Summary

The basic principle of property redistribution may depart either from the relations of property or those of usage. Any help by state funds in the enlargement of land sizes may be favourable both for the private farmers and the collective enterprises. It must be decided what should be developed: a property concentration that increases competitiveness or a structure that provides employment and helps in sustaining the population of the regions, as well as sustaining the agricultural provinces.

Both solutions create some political moods, and that is why there is no such thing as a nationwide property redistribution strategy based on general consensus.

Thus, the greatest problem is that so far no such property policy concept has crystallized in Hungary that would be based on a wide societal consensus, and that's why the property redistribution has not become an organic part of the agricultural policy till this day. Nor could be successful any intent to stir up such a requirement on the part of land users.

Following land privatization, at this time the development of optimum property sizes is ongoing; so far the property relationships have not developed in a long run. The provisions of the agricultural land Act regarding the right of primary purchase and primary lease do indirectly serve the aims of property redistribution. This order assures a possibility for the beneficiary to develop more competitive farm sizes and to achieve property concentration.

However, the order of tasks has changed from one government term to the other. Support of purchases of arable land with the aim of enlarging or enlarging and merger the estates serves the aims of property redistribution as well.

When joining the European Union, Hungary requested a 7-year derogation for the ban on acquisition of arable land by legal entities. This had the improvement of the situation of private producers as its objective, having in mind their lack of equity capital. Any long-term development of property circumstances may be expected only after the liberation of property acquisition by legal entities.

As a consequence of all this, one can state that the conditions of general property redistribution in Hungary have not ripened so far.

Hungary trusts that she will have a possibility to support some future property redistribution—in line with other countries of the Union—by using EU sources as well on the basis of article 30 of the Council's decree # 1698/2005/EC.

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