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LAND MARKET MANAGEMENT IN UKRAINE AND ITS INFLUENTS ON ECOLOGICAL NETWORK FORMATION AND FUNCTION

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Проаналізовано стан регулювання ринку земель в Україні. Досліджено головні проблеми регулювання ринкових земельних відносин та їх вплив на формування та функціонування екологічної мережі. Запропоновано використати досвід Великобританії у сфері регулювання ринку земель для формування сталого землекористування, функціонування і розвитку екомережі.

Ключові слова: *ринок земель, екологічна мережа, мораторій, навколишнє середовище, економічний розвиток.*

Currently, the main direction of Ukraine is targeted at establishment of sustainable environmental and economic development. A quarter of Ukrainian GDP belongs to the agricultural production therefore it is clear that agricultural sector plays a crucial role in the development of the economy as well as it has a huge impact on the environmental condition. At the same time, current environmental and economic problems in Ukraine have an ever-growing impact on agriculture.

It is believed that the improvement of land relations and the development of new ways of economic activity are a major challenge of economic reform in agriculture (Hryniv L., 1998).

There are many problems in Ukraine relates to corruption and weak legislation. Unfortunately, the situation is not very different regarding land policy and the most burning issue is connected to the land market which can help Ukraine to become closer to the developed world.

After the collapse of the USSR many policies faced serious problems in rational management. Thus, a land reform policy was established in 1991. The main direction of the reform is to overcome the monopoly of the state on rural land property and to implement a developed land market. However, there are several obstacles to the implementation of a developed land market which deprive the possibility to find investors

who can help to support the economy and rural development. Moreover, many people are considered to be land owners but they are not able to sell their land and therefore large areas of highly productive lands are not being used. Also, most of the landlords let their lands receiving an extremely low profit. In this situation, both the owner and the state budget are losing. In order to solve this problem the policy must be based on the successful experience and expertise of foreign states with the further implementation of some key aspects where relevant. But in any event, a new strategy must prioritize public interests.

The issue of land market considers several aspects of human life. For example, nature conservancy problems, developed agricultural and urban land market. However, the main consideration belongs to the agricultural market because it influences the ecological network (EN) by direct and indirect way. Under direct influence is implied that these lands can have different land-use designation, including agricultural lands (253 970 ha of meadows and pastures [2]), which occupy 20,2 % of the total area of the ecological network, moreover ecological network's lands has private people or government as owners. This fact confirms that ecological network lands can serve as a subject of a land market of either agricultural or other lands. Under indirect way can be understood a normal conduct of nature conservancy that is provided by a developed country with a stable economy to ensure its funding, whereas Ukrainian economy depends on the stable land

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market. This means that the establishment and functioning of the ecological networks are closely related to the land market development.

However, this effect can be negative. For example intensive systems of agricultural production threaten biodiversity and the ecological stability of the phytocoenosis in planting in Ukraine. A massive use of agrochemicals, high tonnage equipment and pesticides led to a considerable deterioration in biodiversity and, as a result, to the appearance of an ecological disbalance and the reduction of agroecosystem productivity. The use of ecologically harmful agrochemicals has had a negative impact, on the deterioration of their stability (Hryniv, L. 1998). This is one more reason for creating a developed land market that will protect lands from unreasonable landlords and users.

One more important aspect is spatial interactions of protected areas and other land use, therefore it is important to science-based ratio between them. In our opinion, it will require a developed base of economy, humane and legal framework that will support financially a stable functioning and establishment of ecological network. This is essential component on a way of European integration as well as it may encourage foreign and local investors.

The issues of land market management and development in Ukraine was discussed by domestic scientists: D. Dobryak, M. Fedorov, O. Furdychko, M. Hvesyk, A. Martyn, L. Novakovskyy, L. Palamarchuk, A. Rachinsky, P. Sabluk, A. Tyhonov, A. Tretiak; and scientists from other countries: E. Folks, A. Frishberg, A. Morrison, M. Roth, W. Valletta etc.

These issues in other countries were explored by A. Bertaud, I. Buzdalov, B. Chernyakov, D. Dowall, Dj. Mill, V. Miloserdov, A. Molchanov, O. Petrikov etc.

However research in this subject is attended with constant changes in legislation and legal documents. Therefore the question how land market management influences on ecological network formation is still understudied.

This article aims to discuss the most significant problems which interfere in the creation of competent land market, and to analyse their influences on ecological network formation. It also will give some suggestions for using some successful aspects of developed UK's system in order to find a relevant solution.

During the USSR period there used to be a monopoly of the state on rural land properties. After the collapse of the Soviet Union, Ukraine faced an issue in creating an absolutely new framework of land relations based on establishing a rural land market. Therefore it caused

the launching of a great reform. Thus, a good background was created and over 11 million citizens got the opportunity to privatize land parcels (Visser O., Mamonova N., 2013). However the main law 'On land market', which gives possibilities to buy or sell the rural land, has not been approved yet. The absence of proper legislation to manage the process of land sales is the main obstacle to the implementation of a developed land market. That is why the moratorium on rural land sales was established a decade ago and it has been deferred until at least 2016. The moratorium in this case means the prohibition on rural land selling and buying unless the proper legislation for its regulation is approved. So, it is clear that there are still many issues which interfere in the complete demolishing of the monopoly and in creating a proper land market.

One more obstacle in the successful management of the rural land market is imperfection in the land register. Registration of land by owners take place at regional and district level, but the process and set of documents require among different regions of the country. This leads to problems with transparent land regulation. Moreover, the land registration system is far from being completed. Currently, not more than a half of all land parcels are registered. Also, only 61,2% of lands of natural resources in Kyiv region (69 057,37 ha from 112 895,68 ha) [1] boundaries were established. Others remain uncertain on the terrain. There are similar problems with other types of lands.

In 2003, the World Bank's Board of Executive Directors gave a deposit of \$195 million to Ukraine complete the land register, but the situation changed only slightly (Roth, M., Valletta, W., 2006). Thus, Ukraine still has a non-transparent land register which is badly organized undermines rights of landowners. Finally, the system of land register is too complicated and unclear which encourages the possibility of illegal actions. Many people do not have the chance to consult professionals, especially older groups, so it interferes with their full registration. However, recently the online map of registration of land parcels was created (Public cadastral map of Ukraine, mode of access: <http://map.land.gov.ua/kadastrova-karta>) by the request of the EU Commission and it can be observed by anybody. It seems to be a good step for the development. This system was created only in 2013 in order to reflect European standard, but there are still many imperfections and many problems were transferred and overlapped due to dishonest registrations or some mistakes in the past.

Thus, there is a risk sales improperly allocated land, especially agricultural and con-

ervation lands. A vivid example of such illegal allotments of land plots is the Landscape Conservation Area «Kozynska» which is located in the Obukhiv district, Kyiv region (Figure 1, which was taken from <http://pryroda.in.ua/>).

The figure shows a print-screen copy of the public cadastral map of the landscape of the reserve. It can be clearly seen from the figure that there are allotments placed within the protected area. This could be done due to the illegal provision of the ownership of the land as well as due to the land registrar staff negligence (errors in the coordinates) or errors during their direct mapping. Also, recently on this reserve appeared a scandal that was connected to illegal operations in the area of almost 100 hectares elite golfclub ([9], mode of access to the news: <http://pryroda.in.ua/zapzf/u-zakaznyku-kozynskyy-pobuduvaly-holf-klub/>). These area is representing 10.3 % of the total area of the reserve (967 ha). And there are many of such examples.

Even if it is uncompleted and has many mistakes it gives hope to create a transparent land register and to reduce the amount of corruption.

So it will be easier to establish public control over land, their use could follow from these plots that have been granted illegally, in violation of

the law. And the public cadastre map will enable the public organization to monitor and control particularly valuable lands, which we believe will significantly improve the quality of their condition and help them to perform environmental functions.

The main conditions for establishing the rural land market are completed system of land register and the law 'On turnover of agricultural land'. It is impossible to establish the law 'On land market' unless they are implemented. Thus, these problems led to extension of the moratorium at least until 2016 (SALR, 2013). These laws should provide proper conditions for the transparent rural land market, protect landowners and landholders rights. But both laws are only in a draft period and the current situation with the lack of land register was already discussed. Therefore the land reform which was mostly directed on the changing of the land market cannot be finished unless there is a lack of legislation. Also the balance is a key to success in any market. According to the Deputy Chairman of the SALR of Ukraine Ievgen Berdnikov indicated that there is a lack of such balance between economic aspects and public interests in the draft law 'On Land Management', thus more careful attention should be considered to the needs of

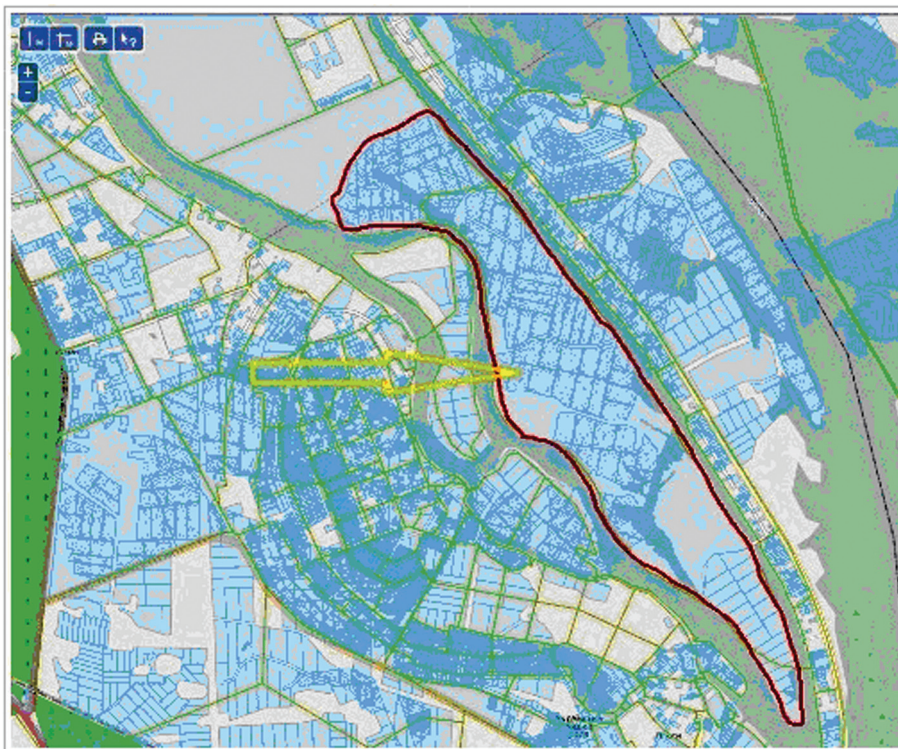


Figure 1. Landscape Conservation Area «Kozynska»

society (SALR, 2013). The land reform can be regarded as finished only after implementation of the legislation and solution of the main issues.

If the moratorium is canceled in 2016, it will give people legal ability to buy or sell land. For example, landowners can make a profit by selling land parcels which they do not actually need. At the same time there are many agricultural companies who have built their own farms on rural territory, so they can finally buy the rented land after a land reform is finished (Frishberg, 2012). Moreover it will give the significant benefit for the future investments of local and foreign business companies which might provide some economic development.

Actually, there is a law which forbids foreigners to have agricultural lands as property (article 6 of the land Code [8]). But it will ease a rent process significantly. This procedure will be more transparent, which will prevent illegally low rent charge. Thus both our government and landowners will win. Because if there is a good and transparent legislation, the investors will be confident in the future, therefore they will invest money in agricultural lands and its infrastructure. Furthermore, this strategy can serve in order to increase a rental price.

In spite of the entire situation, many Middle-Eastern countries with non-productive land resources and inappropriate climate conditions have recently become very interested in Ukrainian lands which are considered to be the most productive in Europe (Visser&Spoor, 2011). Thus foreign investors can subsidize the rural infrastructure and at the same time it would improve opportunity for food export. Moreover there is a huge potential for biofuel production, but the state does not have enough finance to subsidize this sector. It is clear that implementation of the land market in Ukraine is essential for economic sustainable development.

However there are several threats to public interests concerning legislative and political issues. For instance those who lease the land but do not have the financial ability to buy it after the establishment of the law might find themselves landless if the landowner decides to sell to someone who can afford to buy it (Visser&Spoor, 2011). In addition, country folk are at risk of becoming landless because of the buying of large areas by business companies and it can cause an increase in food prices. People are at risk of becoming hired workers on land which previously belonged to them. Also it can lead to the risk of speculation by financial speculators who will buy land in order to sell it more expensive in the future. Moreover, many land owners and land users do not believe in transparency and

the possibility of serving the public interests in the land market. They consider it only as an additional opportunity for Ukrainian politicians and foreign businessmen to profit from the land market (Zadorozhna O., 2013). Moreover, it reinforced not only small farmers distrust but even big business companies started to support the moratorium staying in place. They see the risk of a monopoly on land by big agricultural companies. Thus, the majority of land owners support the moratorium to remain in force unless their rights are completely protected.

One of the key aspects in developing a proper land market is providing equal rights for competitiveness. Thus, the consolidation of the current antimonopoly legislation must be considered in order to prevent the risk of buying up after rural lands will be included in land market. The following task is effective control of abidance with the legislation. The control can be carried out through reducing the market concentration in order to prevent negative impacts on the business and society (EBA, 2007). Also, some solutions can be found by researching a most successful antitrust policy in Europe. The UK's model might be taken to the consideration due to its wide experiences of more than 50 years. The antimonopoly regulation is carried out by two main documents the Competition Act 1998 and the Enterprise Act 2002 which reflect three main ideas. The first function bases on the struggling against any threat of the liberal trade and providing equal conditions for business competitiveness. The second serves in order to ban activities of dominant companies directed against competitiveness. For example the possibility of speculation with prices can be banned. And finally, the mergers and acquisitions activities of the biggest companies on the market are under strict control in the UK and transactions which contradict antitrust policy can be immediately banned (Slaughter&May, 2011). Unfortunately the Ukrainian antimonopoly legislation lacks the strictness which can be observed in the UK's model. Thus these aspects should be implemented in order to organize a competitive rural land market in Ukraine.

Another essential task for sustainable development of the land trade relationship is the creation of a transparent land register system which would guarantee the protection of owners' rights. Nevertheless some solutions could be found by learning from foreign systems. For instance the electronic land register system in the UK was implemented more than a decade ago with the establishing of The Land Register Act in 2002, thus it can be considered as a good example according to its huge experience. This act

helped to make the process of land registration simple and modern, for example each interested person can apply for land registration through the electronic system. In addition the register became more transparent because everybody can observe the information considering land parcels and transactions which were managed there. Also, an additional payment was introduced for those who want to observe the information. It serves in order to identify the person for further protection of the data on the electronic sources (Land Registry, 2003). In addition the Land Registry in the UK is independent from governmental subsidies. All expenses are covered by observing payments and registrations. Thus it might be successfully implemented in Ukraine in order to restrict governmental influence on this sector and prevent possibilities of corruption. Moreover, this system creates opportunities to join the European Land Information Service, which obviously would give more possibilities to attract more foreign investors by availability and transparency of any register information.

Finally, possible implementations and improvements can be researched from the UK's model particularly concerning the buying process. Except ordinary purchasing through the direct offer and the negotiations between buyers and owners about the price there are also two other successfully used methods to buy the land in the UK. The first is land auction where the process is based on the competition which helps the owner to find the most profitable offer among potential buyers. In addition it provides more transparency due to its publicity and helps to estimate the starting price of the land parcel. The second way to purchase the land in the UK is by tender. The main difference of the tender from the auction is that competitiveness in the process influence not only the price but also it helps to identify further using purposes of the potential owner which can provide rational usage of rural land (Folkster M. & Morrison, R., 2012). All mentioned buying methods linked with proper land registration and fare legislation can be implemented into Ukrainian land market system.

The establishment of the competent land market is needed in Ukraine in order to join the developed part of the world. Ukraine is agriculture-directed country and its budget highly dependent on land resources. For example, agricultural lands cover 63,8 % of lands in the structure of the Kiev region (total area is 2 812 100 ha, of which 1 793 400 ha is agricultural lands) [1].

Moreover, Ukrainian land has a huge potential for closing the yield gap in the world due to its rich soils. Thus it might attract more investments which would help to increase the economy of the

country significantly. In addition, if proper electronic land register is created, Ukraine is more likely to connect the European Land Information Service which will give more possibilities to Ukraine in economic development, environmental safety and sustainable use. Thus the importance of the establishment of the land market in Ukraine is very hard to overestimate.

CONCLUSIONS

There are still many problems in Ukraine with overcoming the land market reform, but recent changes show that it is moving in the right direction. The law «On land market» is going to be established in the nearest future and the electronic land register was created in 2013. However, they do not completely reflect the demands of Ukrainian citizens. Society is not confident if their rights are fully protected.

The impact of the land market on the formation and functioning of ecological networks is undeniable. Thus, importance of creating reasonably functioning land market is obvious. The moratorium, imperfect system of land registration and the lack of laws affect land relationship, so it is important to take certain measures. Such as:

- 1) creating system of land registry improvement, errors fixing;
- 2) the Law «On land market», clearly defined legal algorithm of land selling;
- 3) introducing of tax incentives for landowners to prevent monopolies in the future and to encourage them to further work on their land.

And only, these measures may allow the moratorium removal, in order to provide land by sensible owner. Land should be used efficiently and environmentally safe. They need to make a profit, and in turn not to harm the surrounding lands.

Therefore the lifting of the moratorium without good support of the legislation can cause many protests. Thus, this project estimated the possibility to consolidate the anti-trust legislation which could protect owner rights and create comfortable conditions for business competitiveness. The UK's model was taken as an example due to its huge experience. In addition it has estimated the possibility to implement self-funded land register system which is successfully used in the UK. It might restrict the impact of government providing more confidence among the society. Also, three types of selling process were suggested which could provide more transparency to all land transactions. All mentioned methods can distribute into creation of developed and competent land market, but only with the honest intentions of the government.

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ОСОБЛИВОСТІ КОНСЕРВАЦІЇ МАЛОПРОДУКТИВНИХ ТА ДЕГРАДОВАНИХ ЗЕМЕЛЬ

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Висвітлено правове забезпечення охорони та консервації земель. Проаналізовано стан проведення консервації деградованих та малопродуктивних земель у межах Львівської області. Висвітлено основні проблеми при консервації земель. Сформовано логічно-смыслову модель концептуальних основ консервації земель.

Ключові слова: охорона земель, деградовані та малопродуктивні землі, консервація земель.

Протягом останніх десятиліть територія України зазнала значного антропогенного тиску, внаслідок чого зменшились площі ландшафтного та біотичного розмаїття. Серед основних причин його збіднення можна виділити найголовніші: забруднення природного середовища, денатуралізація природних ландшафтів та монокультурні способи ведення лісо-

вого й сільського господарства, що призвело до деградації природних і, передусім, земельних ресурсів.

Вирішення таких питань особливо актуальне на теренах Львівщини. Важливим при цьому постає забезпечення оптимального співвідношення між природними та антропогенно навантаженими територіями шляхом консер-