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AGRICULTURAL ENTERPRISES STRUCTURE IN SLOVAKIA AND THEIR LAND FUND

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Abstract: This paper briefly outlines the development of agricultural enterprises' structure in last decade, focusing mostly on land ownership issues and user's relations toward cultivated land. Then it offers current spatial view to particular sector's position (according to land users) in agricultural farms' structure. We concentrate our attention especially to share of the most important categories of agricultural land - arable land and permanent grass area according to Slovak regions.

Keywords: economic reform in agriculture, agricultural enterprises' (farms') structure, land ownership, relations towards agricultural land fund

1. INTRODUCTION

Economic reform in Slovak agriculture began in 1990. It is connected with changes in ownership rights to land and other agricultural property, and it has included legislature regulating restitution process, co-operatives and state enterprises transformation and privatisation as a whole. After nine years of restructuring, it is possible to say, that ideas and expectations about fast structural transformation of land ownership subjects undertaking business in primary agricultural production sphere were fulfilled only partially.

2. AGRICULTURAL ENTERPRISES' STRUCTURE IN SLOVAKIA

Agrarian sector reform, especially restructuring of co-operative farms and the privatisation of state farms caused changes in agricultural enterprises structure regarding the economic and legal forms of entrepreneurship. There are changes in number of enterprises and also in agricultural land acreage farmed in particular sectors. These trends were intensified during the second half of this decade.

We can consider enterprises structure as relatively stable until the beginning of nineties (Tab. 1).

Table 1 Share of selected farming subject types on agricultural land

Share on farmed agricultural land in Slovakia	Co-operative farms		State Farms		Individual farmers	
	1989	1999	1989	1999	1989	1999
(%)	69	63	15	5	0,25	5,59

Source:
Statistic yearbook of land fund, ÚGKaK SR, Bratislava 1999
Research Institute of Agricultural and Food Economics

As far as farmed agricultural land is concerned, coop sector strongly dominated, when co-operatives farmed on 69% of acreage in 1989. State sector represented state farms (15%) and other forms of state enterprises (11%). Share of other sectors (including agricultural land in personal ownership) was only 5%, strongly dominated by owners with acreage to 0,5 ha. Share of pure individual farmers on farmed land was estimated to only 0,25%.

In 1989, average size of agricultural land was 2918 hectares per agricultural enterprise (Ambrózyová 1997), state farms allocated extremely big acreage (more than 5000 ha in average), the same as co-operatives (almost 2900 ha). There were only 4,8% co-operative farms with size below 1000 ha. At the end of 1997, average size of agricultural farm (in case of legal person) fell to 1431 ha. Number and average size development of selected types of subjects in the agricultural sector is demonstrated in Tab. 2.

Table 2 Selected indicators development of co-operatives and state farms after 1989

Year	1990	1993	1994*	1996*	1997*
Number of co-operatives	681	983	977 (1030)	977 (1139)	935 (1249)
Number of state farms	73	106	108 (121)	72 (114)	63 (101)
Average acreage (co-operatives)	2484	1773	1669	1509	1485
Average acreage (state farms)	5083	3586	3564	3056	1103

* including inactive subjects
Source: (Ambrózyová 1998)

The first half of nineties was typical by growing number of farms in coop sector, caused especially by disintegration or partitioning tendency of former "compound" co-operative farms. On the opposite, their number was decreasing during the second half of nineties. This development can be even strengthened by recommended vigorous application of the bankruptcy legislation and farm liquidations. Concerning bad economic results of considerable part of co-operatives, we should expect trend of ongoing reduction of their share on agricultural land acreage. Many of co-operatives exist only in legal terms. They do not perform any economic activity in the primary agricultural production. There were 938 active co-operative farms to 30. 6. 1999.

Number of state farms increased during first five years of the transformation period, and there were 108 state farms in 1994. However, it fell down to less than a half (53) in 1999. In the first phase, this development caused probably the initiative for partition of farms into smaller (and maybe more vital) units to make theirs' expected privatisation easier. Privatisation expanded considerably in the second half of decade and caused massive increase of business companies number (first of all Ltd.) and their share on farmed land. State farms namely were privatised within the framework of the second privatisation wave after 1994. The most applied method was direct sale to known predetermined owner. Until the end of 1997, there were not privatised 18 from more than 130 state farms, at present, it is only 4 (Green Report of Ministry of Agriculture of Slovak Republic 1999) while more then 40 state's farms were liquidated.

The role of various business companies in primary agricultural production sector is rising constantly. In 1993, after finalisation of co-operative farms transformation phase there farmed only 12 joint stock companies and 9 Ltd. companies. After the acceleration of privatisation in 1997, it was 48 Inc. and 332 Ltd. companies, and finally it was more than 500 companies in 1998. The share of agricultural land used by business companies listed in commercial register was about 16 % in 30. 6. 1999.

In spite of relatively broad (first of all legislative) support of private farming, private farmers did not gain any higher share on farmed agricultural land. In 1994, their share achieved 4,7% and more or less stagnates until present days (Tab. 1). There are more than 323 thousand of agricultural and forest land grounds' owners toward the end of 1998, but almost 89 % of them own land up to 0,5 ha only. As regulations about private farmers' registration are relatively liberal, it is rather difficult to gather correct data about their number. Ministry of Agriculture of Slovak Republic estimates, that this number fluctuate about 17 thousand farmers (Green Report, Ministry of Agriculture 1999).

There were only 6,6% unprofitable enterprises according to official statistics in 1989. Since 1991, agricultural enterprises turned into loss, which in general did not fall below 1000 Sk/ha until 1996. At present, the highest losses have entrepreneurs with size of land below 500 ha (mostly "recent" co-operatives). On the other hand, the best results show business companies, while co-operatives and state farms remain unprofitable, although with decreasing tendency.

There is also very important question of agricultural land production potential for effective primary agricultural production during current transformation phase. Slovakia has very differentiated natural conditions, that directly influence natural production potential of soils. Knowledge of production ability (expressed by land price) can help to use agricultural land fund more rationally. However, there also are numerous economic and legal instruments and processes connected with that influence economic results of majority of Slovak agricultural enterprises nowadays (mainly taxation of agricultural land and systemic subsidies).

The average official price of agricultural land in Slovakia is about 38,2 thousand Sk per hectare. It is 52,6 thousand SK per hectare in a case of arable land and 12,5 thous. Sk per hectare for permanent grass land. More detailed illustration of agricultural land use, its evaluation in Slovakia (according to sectors) is documented in Tab. 3 and Map 1.

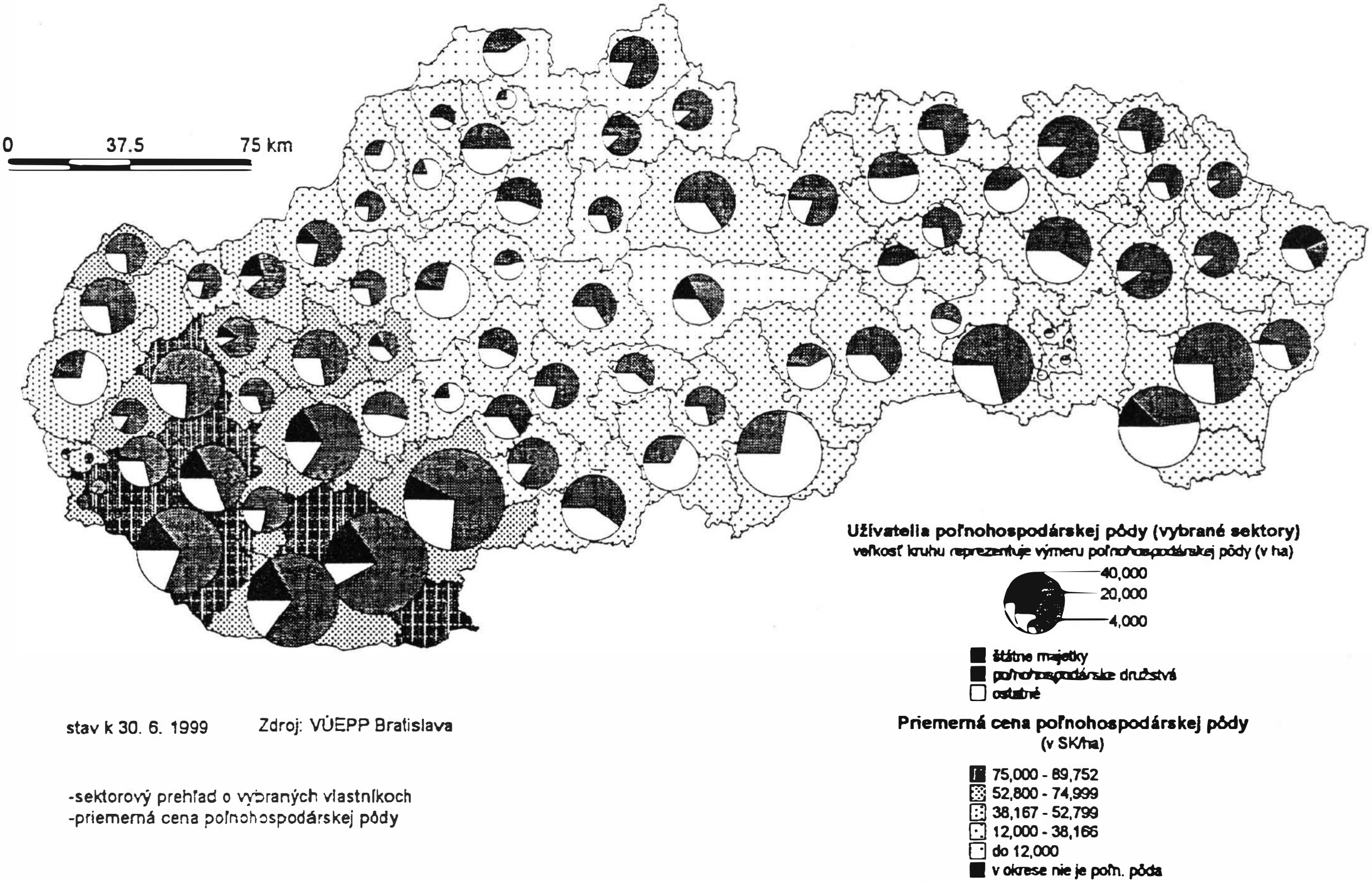
Table 3 Agricultural land use in Slovakia and its evaluation (sectoral survey)

User - sector	Acreage in Thousand hectares			Average official land price Sk per hectare		
	agricultural land	arable land	perman. grass area	agricultural land	arable land	perman. grass area
State farms	122,7	93,5	29,2	58,7	72,1	15,8
Co-operatives	1479,8	964,2	515,5	39,5	54	12,5
Private sector	464,2	261,4	202,8	26,8	38,1	12,1

Source: Research Institute of Agricultural and Food Economics

State farms used agricultural land in 28 districts to end of 1998, especially in western Slovakia, only in two cases (Liptovský Mikuláš and Sobrance) level of their average official land price cultivated by them was under 10 thous. Sk/ha, on the contrary, they farmed on the most valuable land in district Hlohovec and Dunajská Streda (more than 90 thousands. Sk/ha). Co-operatives have their grounds (except "urban districts" Bratislava I and Košice 3) in all districts, and price differential is very similar to state sector (in 5 cases below 10 thousands. Sk/ha, while in Dunajská Streda district more than 92 thousands Sk. Sk/ha). Private sector (business companies and private farmers listed in commercial register) farmed, except "urban districts" and Medzilaborce district, in all regions of Slovakia with land price interval from 7,5 thous. Sk/ha (Dolný Kubín) to 84,2 thousand. Sk/ha (Nové Zámky). They have the highest share on farm's land in central Slovakia and in south part of east Slovakia.

Co-operatives land price is fluctuating near state's average level (Tab. 3). The importance of state farms in agrarian sector will weaken markedly as a consequence of their privatisation. On the other hand, private sector (especially business companies) farming on much lower bonity agricultural land has the best economic results.



Map 1 Selected characteristics of agricultural land fund in Slovakia

3. STRUCTURE OF AGRICULTURAL LAND FUND USE IN SLOVAKIA - SECTORAL SURVEY

Basic structure of the agricultural land fund did not change itself too much from global perspective in evaluated decade. Nevertheless, there are some noticeably specific trends in development of agricultural land and its categories that are documented in Table 4.

Table 4 Agricultural land fund structure in Slovakia

	1990		1994		1996		1998	
	th. ha	%	th. ha	%	th. ha	%	th. ha	%
Agricultural Land	2448,6	100	2446	100	2444,5	100	2443,6	100
Arable land	1509,5	61,65	1483,2	60,64	1475,6	60,36	1469,2	60,12
Perm. Grass Area	808,3	33,01	834,8	34,13	841,7	34,43	848,2	34,71
Hopyard	1,5	0,06	1,4	0,06	1,3	0,05	1	0,04
Vineyards	31,4	1,28	29,6	1,21	29,1	1,19	28,4	1,16
Gardens	77,9	3,18	77,9	3,18	78	3,19	77,8	3,18
Orchards	20	0,82	19,1	0,78	18,8	0,77	19	0,78

Source: Statistic yearbook of land fund, ÚGKaK SR, Bratislava 1990 - 99

The agricultural land covers 2444 thousand ha at present and portion of arable land is a little bit more than 60 %. Permanent grass (meadows and pastures) area takes less than 35 %, share of other cultures is slightly above 5 % of agricultural land's area.

The agricultural land, as well as the share of arable land fell equally in studied period, especially at the expense of agricultural land extraction from land fund, resp. by transfers of arable land to permanent grass area category. While share of hop-grounds and vineyards significantly decreases, area of gardens is relatively stable and orchards acreage even increases in absolute values.

Thanks to expected revitalisation of construction production, it is possible to expect another pressure on reduction of agricultural land area in future. Considerable decline we should expect especially in share of arable land (transformation of arable land to permanent grass area supported by subsidies and afforestation of degraded and low potential soils). Share of area covered by permanent grass is gradually mildly growing. Environmental function of agriculture is strengthening too. It includes change of arable land to meadows and pastures and afforestation of soils threatened by erosion that is expected in area with acreage up to 150 thousand hectares. The share of extensive pastures is going to grow. Cultivation of special cultures - vineyards and hopyards will also be decreasing probably, as a reaction on the competition of producers from abroad, disadvantageous age structure of existing vine-yards and insufficient subsidies for new expansion of theirs' plantation, with regard to economic situation of farmers.

4. CONCLUSION

Despite legislative and political pressure, disintegration of large-scale production units did not continue in such speed and dimension that was expected in general. The importance of "family farms" (according to west-European model) did not grow significantly, agriculture still dominates co-operative farms on land of coop members or on rented land. The reason of this situation is combination of several factors that maybe divided into three main groups:

- legislative conditions perplexity and opacity of legislation regulating restitution and property rights transfers' process, slow application of bankruptcy legislation, massive fragmentation of agricultural land ownership and slow procedures of cadastral administration,
- economic conditions- low attraction of agricultural land farming - long-time economic return of investment, limited and hindered access to financial sources, faster growth of input prices comparing to products prices on the market, problems in sale of production, underdeveloped land market,
- human factor- high level of unemployment in productive agricultural countryside areas, low specialised expertise of new potential landowners or users of agricultural land, strong tradition of co-operative farming in Slovakia, routine human thinking.

Share of state farms on farmed agricultural land diminished rapidly after all restitution claims satisfaction and acceptation of submitted privatisation projects and privatisation of these enterprises. Remaining state farms (to 1. 1. 1999) are located on relatively high quality soil in 28 Slovak districts. Importance of co-operatives decreased too, but in spite of it, they will remain dominating element in farm structure in Slovakia. Bankruptcies of inefficient and especially unprofitable farms probably will reduce slightly share of co-operatives, especially in favour of business companies - mainly Ltd. and joint stock companies, that (in spite the fact that they farms on lower quality soils) will be the most dynamic and most expanding type of agricultural enterprises. The share of individual farmers on agricultural land will be growing moderately and not very important. Land ownership disintegration, low attraction and economic efficiency of farming on smaller grounds will reduce increase of individual farmers' share in next years.

Regarding to the structure of agricultural land fund used by agricultural enterprises, permanent slow decreasing of agricultural land acreage it is evident at the expense of built-up area and especially by its afforestation. Within the agricultural land, we should observe stronger decrease of the arable land in future at the expense of permanent grass area. In addition, share of extensively used meadows and pastures will also grow up. This shift we can expect especially in less productive agricultural regions, mostly with low soil bonity. Other special cultures (except orchards) probably will continue in trend of diminishing of theirs' size, caused by distribution problems of some agricultural commodities and unfavourable age structure of planted vegetation. We cannot expect stronger revival in this sphere when taking into account integration to European Union in near future.

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Resume

Štruktúra poľnohospodárskych podnikov na Slovensku a ich pôdny fond

Počiatky ekonomickej reformy slovenského poľnohospodárstva, ktorá sa začala v r. 1990, sú spojené s úpravami vlastníckych vzťahov k pôde a inému poľnohospodárskemu majetku v nadväznosti na právne normy upravujúce proces reštitúcií, transformáciu poľnohospodárskych družstiev a štátnych majetkov a privatizáciu ako celok.

Do začiatku 90-tych rokov v štruktúre poľnohospodárskych podnikov výrazne dominoval družstevný sektor, ktorý spolu so štátnym obhospodarovali 95% poľnohospodárskej pôdy Slovenska.

Po deviatich rokoch reštrukturalizácie možno konštatovať, že sa predstavy a očakávania zo začiatku 90-tych rokov o rýchlej zmene štruktúry vlastníckych foriem subjektov podnikajúcich vo sfére poľnohospodárskej výroby naplnili iba čiastočne. Napriek legislatívnym i politickým tlakom rozpad veľkovýrobných štruktúr neprebehol takým tempom a v takom rozsahu, ako sa všeobecne očakávalo. Nedošlo k výraznému vzostupu významu "rodinných fariem" podľa západoeurópskeho modelu, stále dominuje typ družstevného hospodárenia na pôde členov alebo na pôde prenajatej. Význam štátneho sektora výrazne poklesol po 2. etape privatizácie štátnych majetkov, najmä na úkor obchodných spoločností, ktoré sú najdynamickejšie rastúcim a ekonomicky najúspešnejším typom podniku v poľnohospodárskej prvovýrobe. Výraznejšiemu rastu podielu súkromne hospodáriacich roľníkov bránia súčasné ekonomické podmienky, rozdrobenosť pozemkového vlastníctva a tým spôsobená nízka atraktivita a efektivita hospodárenia na poľnohospodárskej pôde v najbližších rokoch.