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Voluntary - Public

Date: 2/3/2010

GAIN Report Number: 10002

Croatia

Post: Zagreb

Agricultural Land Act Complications

Report Categories:

Agricultural Situation

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Report Highlights:

Beginning January 1, 2010, the sale of private, agricultural land is regulated by the Croatian Land Act. Thus all sales of private agricultural land in Croatia should be handled by the newly established Land Agency. However, because the Land Agency is not fully functional, the sale/purchase of private agricultural land is effectively suspended. This oversight is expected to be rectified soon because amendments to the regulations already are under discussion in the parliament. Currently, much of Croatia's agricultural production occurs on small, divided plots. Thus the Land Act should help to consolidate small holdings and encourage greater agricultural production and productivity. However, for many this Act is controversial as the Agricultural Land Agency and the local municipality, and not the land owner, make the final determination regarding who will be allowed to purchase the land.

General Information:

Beginning January 1, 2010, the sale of private, agricultural land is regulated by the Croatian Land Act. Thus all sales of private agricultural land in Croatia should be handled by the newly established Land Agency. However, because the Land Agency is not fully functional, the sale/purchase of private agricultural land is effectively suspended. This oversight is expected to be rectified soon because amendments to the regulations already are under discussion in the parliament. In addition some more substantial amendments of the new Land Act dealing with sales method are expected to go into parliamentary procedure in the first part of 2010.

In December 2008, Croatia introduced this new Agricultural Land Act, which deals with the following: protection of agricultural land, usage of agricultural land, change of agricultural land zoning, management of agricultural land owned by the Republic of Croatia, founding and responsibilities of the Agricultural Land Agency, and the trading of private agricultural land (see HR 9001, "New Agricultural Land Act"). It should be stressed that this Act is not part of the legal package required of Croatia for accession into the EU because land policy is considered an internal issue of every EU state.

The purpose of this Act is to consolidate small agricultural plots and to put all the agricultural land into use. Currently much of the agricultural production takes place on divided, small plots. Average agricultural household uses about 2 hectares and average registered farm eligible for subsidies uses about 5.5 hectares of land. Croatia has an estimated 2.7 million hectares of agricultural land, of which 890,000 hectares is state owned and 1.8 million hectares is privately owned. There also is an estimated 1.6 million hectares of unused agricultural land or used in production that is not subsidized. Thus, it is expected that consolidating land will result in a higher percentage of arable land in agricultural use, which should boost agricultural production.

Most of the criticism of this new Land Act focuses on the controversial procedure for the sale of private, agricultural land. That procedure excludes the owner of the land from the final decision on whom to sell, leaving it to the Agricultural Land Agency and the local municipality to determine the ultimate purchaser. However, this was instituted so that the Agency guarantees that the land will be sold to the agricultural producer. Nevertheless, many hold that this is not in line with the constitutional right on private property and want to have this part of the Land Act changed. In addition many are afraid of the potential corruption that could come out of the land sales through institutions in which they currently have no faith. Others support the Act because it should enable them to purchase land much needed for their production.