



## Information of the Agricultural Property Agency (ANR) and its activities in 2014

### 1. Poland and Polish agriculture – general information

Poland is the sixth largest country in Europe with the area of 312 700 square km. The country is divided into 16 voivodeships (provinces), 314 poviats (counties), and 2 478 gminas (communes). The area of agriculturally used land is about 16 million hectares (ha) in majority owned by private farmers. The number of holdings classified as farms amount to 2,3 million sized **8 ha of agricultural area per farm**.

*More detailed information can be found in the report “Agriculture and Food Economy in Poland 2014” on the website of the Ministry of Agriculture and Rural Development:*

<http://www.minrol.gov.pl/eng/Reports-and-Publications/AGRICULTURE-AND-FOOD-ECONOMY-IN-POLAND>

**The agricultural land market in Poland** is divided into two main segments:

- **the private agricultural land market** which includes all transactions (lease and sale) made among physical and legal private owners of agricultural land,
- **the public (state – owned) agricultural land market** which includes transactions made between the Agricultural Property Agency (Agencja Nieruchomości Rolnych ANR) and the potential buyers of agricultural land belonging to the State Treasury.

### 2. The Role of the Agricultural Property Agency (ANR) – legal principles

Following legislative works initiated by the government on October 19, 1991 the parliament adopted the Act *on Management of Agricultural Property of the State Treasury*. The Act entrusted restructuring and privatization of state agriculture to the ANR. The property entrusted to the ANR creates the Agricultural Property Stock of the State Treasury (APS). Almost 80% of the APS comes from liquidated state farms.

The ANR performs its activity in relation to:

- creation and development of the structure of family farms,
- creation of the conditions for rational use of the APS productive potential,
- restructuring and privatization of the APS used for agricultural purposes,
- turnover of the State Treasury property used for agricultural purposes.

On July 16, 2003 the Act of 11<sup>th</sup> April 2003 *on the Formation of Agricultural System* came into force and enabled the ANR to fulfil further objectives of which the most important are:

- development of the structure of family farms,
- counteracting excessive concentration of agricultural property,
- ensuring management of agricultural holdings by farmers with appropriate qualifications.

### 3. Privatization of Agricultural Property of the State Treasury

On the establishment day of the Agricultural Property Agency (ANR), i.e. January 1, 1992, there were 18.8 million hectares (ha) of agricultural land in Poland which consisted of:

- individual farms – 13.4 million ha,
- land passed to the Agricultural Property Stock of the State Treasury (APS) – 4.7 million ha,
- land possessed by agricultural cooperatives - 0.7 million ha.

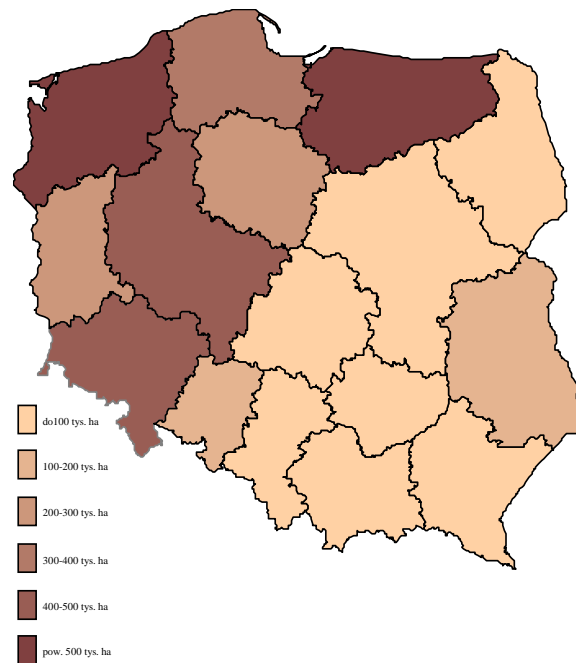
The above show that in 1992 the majority of land belonged to individual farmers who owned 72% of the entire agricultural area, whereas public and cooperative sectors occupied 28% of it.

The property of liquidated state-owned farms and other agricultural real estate which belonged to the State Treasury, were taken over by the ANR and passed into the Agricultural Property Stock (APS).

To the end of the III quarter of 2014 the ANR took **4.7 million ha of public agricultural land** originated mainly from:

- former state farms– 3.7 million ha,
- State Land Fund (SLF) – 0.6 million ha,
- other titles – 0.4 million ha.

## Territorial structure of state land passed into the APS



### 4. Results of the Agricultural Property Stock privatization – land sale and prices of land

In virtue of the earlier mentioned Acts the ANR regulates a turnover of agricultural land on the public land market:

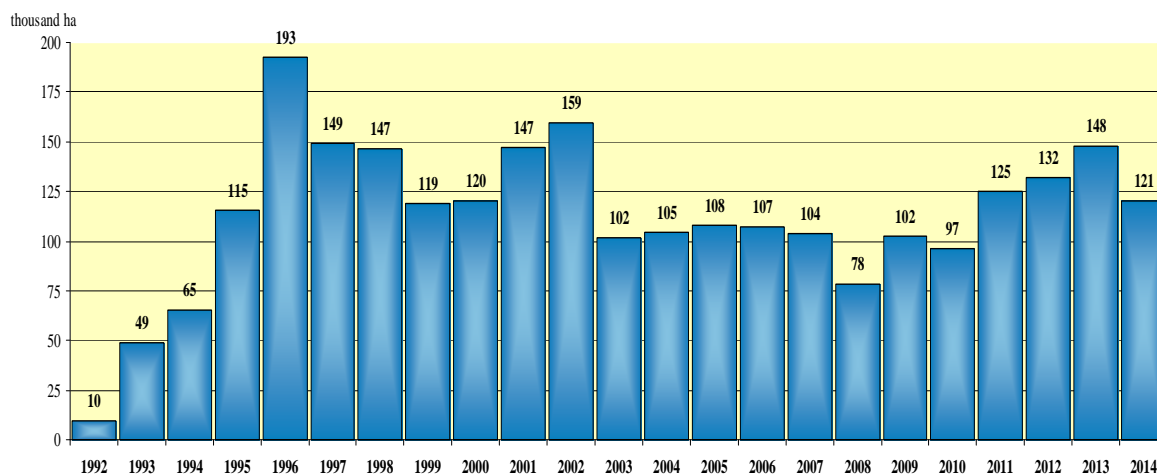
- the ANR sells agricultural public land through tender procedure with an exception when tenants can buy land leased from the ANR without tender (benefiting from their pre-emption right),
- the ANR organizes restricted tenders for farmers expanding their family farms,
- public sales by the ANR are limited to “500 hectares” - the ANR cannot sell agricultural public land if the entire property of a buyer exceeds 500 hectares,
- the ANR has buy-out right - to buy property sold by an owner, who previously bought it from the ANR, within five years of signing the notary deed of sale. The ANR can buy this property for initial price - for which it was sold to this owner.

On the private land market a turnover of agricultural land is free for Polish citizens and the ANR has limited right to intervention. Notary offices are obliged to inform the ANR of all sale contracts, which relate to the sale of agricultural land exceeding 5 ha (ANR has pre-emption **with the price revision**). The ANR does not have pre-emption right when:

- land is bought by family farms to increase their area up to 300 ha,
- the sale is carried out among relatives.

From the beginning of its activity the ANR has sold **2.6 million ha of land**, i.e. 55% of area taken to the APS. Within the last 20 years the level of land sale have been permanently exceeding 100 thousand hectares annually, which can be depicted in the below diagram:

Sale of agricultural land by the ANR in 1992 - 2014 (in thousand ha)



### Acquiring of agricultural land by foreigners

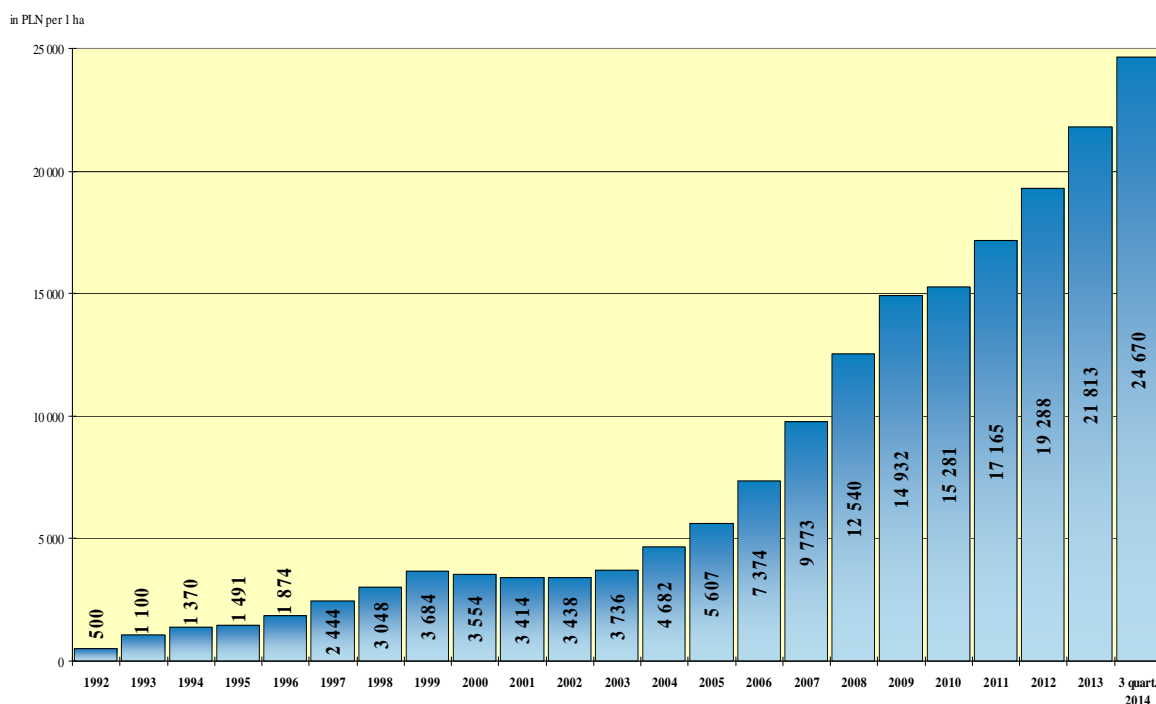
When buying agricultural or forestry property, foreigners must obtain the authorisation of the Ministry of the Interior (2 laws govern the process). This procedure concerns the transitory period of 12 years (until May 2016).

However, since Poland joined the European Union, citizens from the European Economic Area (EU, EFTA Iceland, Lichtenstein and Norway) and Switzerland do not need authorisation to buy shares in companies.

There are no special regulatory rules for transfers of corporate shares.

Within the last few years the average annual prices for agricultural land have been noticeably increasing. In the third quarter of 2014 the average price for agricultural land amounted to **24 670 PLN (approx. 5 800 euro) per 1 ha**.

Average land prices in ANR sale transactions in 1992 - 3rd quarter of 2014 (in PLN per 1 ha)



## 5. Results of the Agricultural Property Stock privatization – lease of agricultural land and the rent of lease

Legal regulations concerning lease of agricultural land in Poland are the same for the public and private land market - lease contracts are signed in accordance with the legal principles of the Civil Code.

There are no specific regulations as far as the size of leased land, the length of the contract and the status of entrepreneurs are concerned. There are no restrictions for leasing agricultural land neither for Polish citizens nor for foreign ones.

There are some exceptions in the regulations of leasing agricultural land on the public market:

- tenants who lease agricultural land of the State Treasury, have pre-emption right to buy this land when the ANR intends to sell it – which means they can buy it without the tender procedure,
- when a parcel offered for leasing exceeds 500 ha the acceptance of the ANR President is needed,
- recently the ANR signs lease contracts for short-term period.

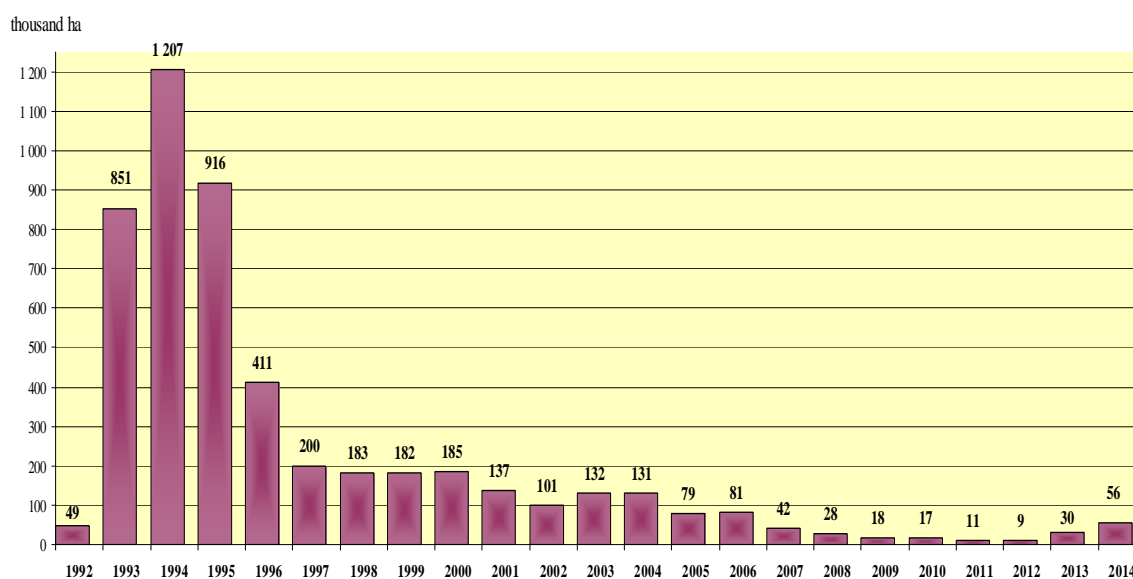
## The structure of public agricultural land leased in Poland

At present 1.1 million ha (within 57.3 thousand contracts) is leased from the ANR:

Area group	Total area of leased land	Number of lease contracts
up to 10 ha	93 702 ha	44 965
10 - 100 ha	295 412 ha	10 222
100 - 300 ha	228 174 ha	1 294
300 - 500 ha	186 706 ha	488
500 - 1000 ha	146 544 ha	213
more than 1000 ha	196 379 ha	94
<b>Total</b>	<b>1 146 916 ha</b>	<b>57 276</b>

The below diagram illustrates the area of land leased by the ANR in annual intervals:

Lease of agricultural land by the ANR in 1992 - 2014 (in thousand ha)



## **Lease of state – owned agricultural land by strategic companies**

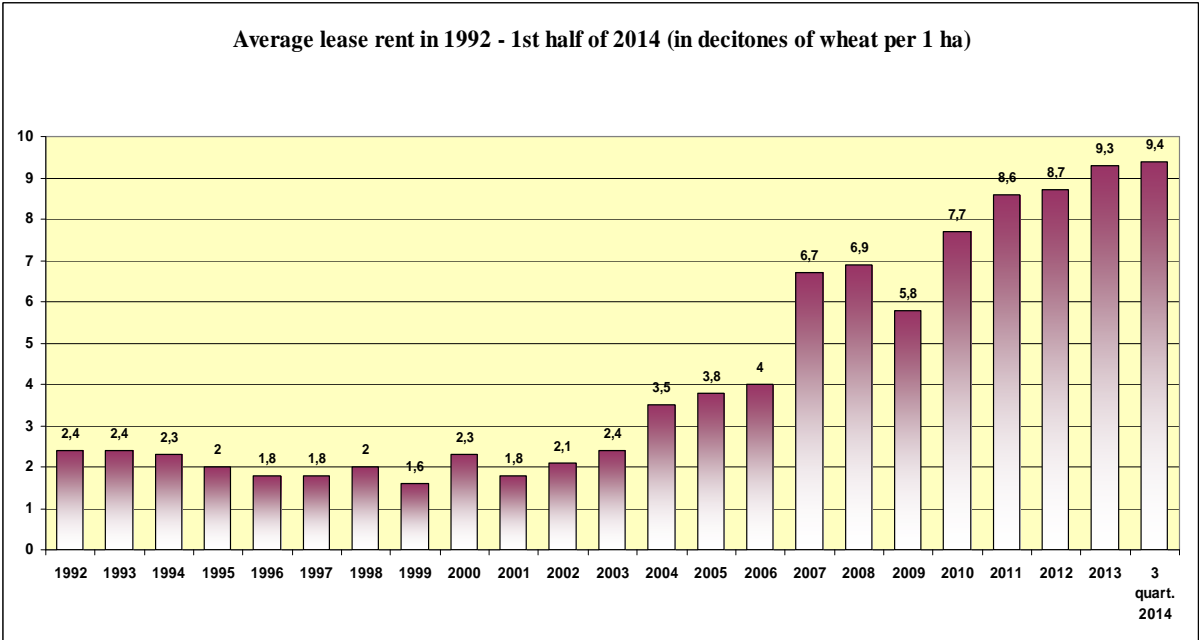
In Poland, there are 45 strategic companies of agricultural production, of considerable importance to the national economy, in which the ANR holds 100% of the shares and manages the property rights. These companies also lease agricultural land from the ANR and consequently farm 120,000 hectares in total. Transfer of shares in these companies requires the authorisation of the Council of Ministers.

The annual leasehold rent can be expressed in cash or monetary equivalent of relevant amount of wheat (in dt of wheat/ha, where 1 dt = 100 kg). The leasehold rent determined in

cash is valorised on the basis of indexes reflecting the changes in purchasing prices of the basic agricultural products (grain of wheat and rye, slaughtered cattle, pigs and poultry as well as cow’s milk) in a half of the calendar year proceeding the date of payment.

The leasehold rent determined as a cash equivalent of the relevant quantity of wheat is calculated on the basis of country average purchase price of wheat in a half of the calendar year preceding the date of payment. The Central Statistical Office publishes the price of wheat and above-mentioned indexes within the term of 20 days after of each half-year lapse The final rate of leasehold rent determined in lease contract is the result of a tender.

In the III quarter of 2014 the average lease rent for agricultural land amounted to **9.4 dt of wheat per 1 ha**, whereas the average lease rent for agricultural land excluding the rent for buildings was the equivalent of 3.2 dt of wheat per 1 ha.



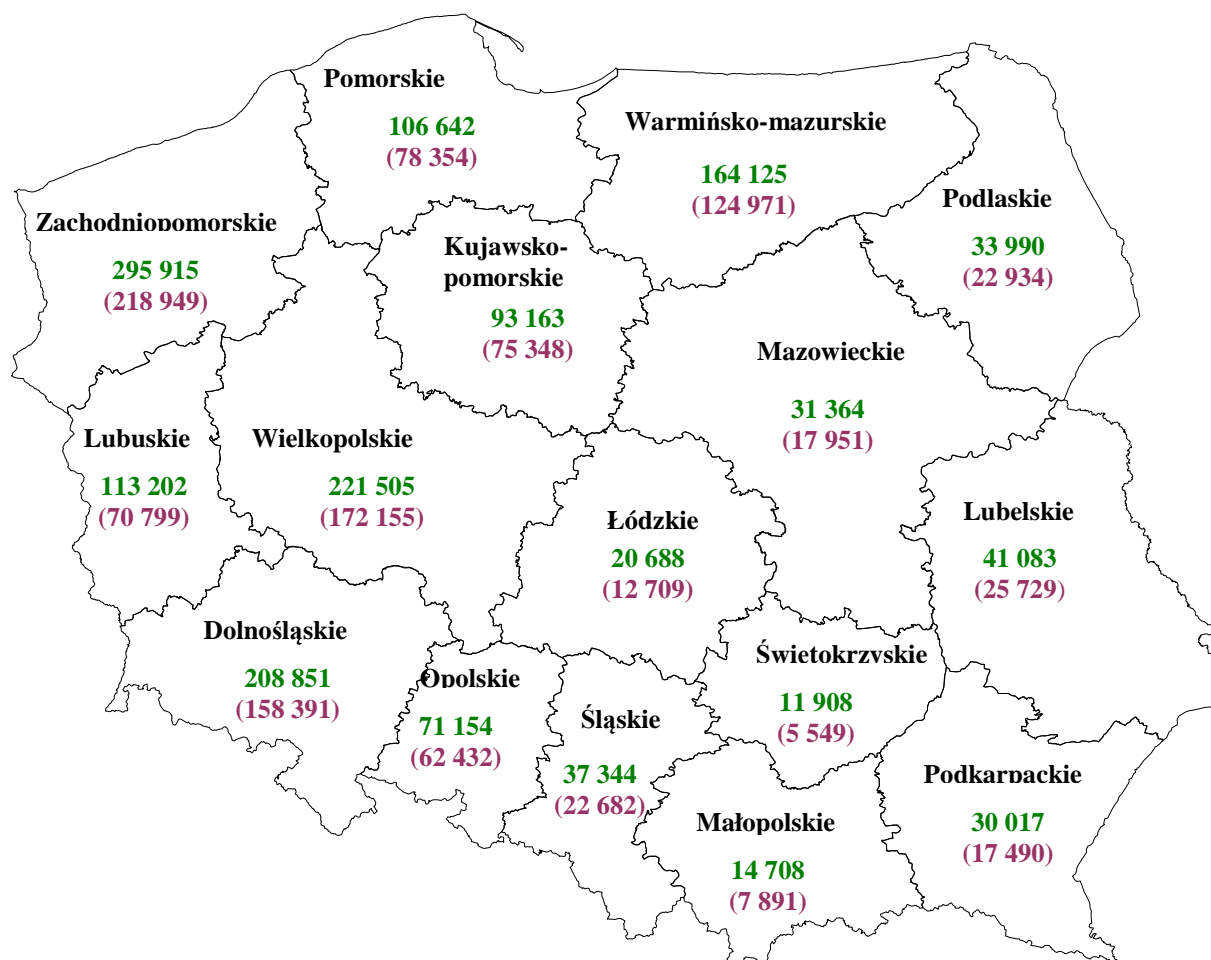
**6. Results of the Agricultural Property Stock privatization – land remaining in the land resources of the APS**

The ANR still administers 1.5 million ha of land that remain in the APS, of which 1.1 million ha is in lease.

**Land remaining in the APS in individual voivodeships as of 31.12.2014.**

**Land in the APS in total - 1 495 662 ha**

**Land leased – 1 094 334 ha**



**At the end of 2014 the APS land to be disposed amounted to 266 thousand ha which can be sold and rent for agricultural production purposes.**

Moreover, the ANR has also two types of non-agriculture properties in its land resources:

- land allocated to investment purposes in the local development plans and
- monuments. i.e. properties entered into the register of monuments.

*The full offer of those properties are presented in the “Investment Properties Catalogue” on the ANR website:*

[http://www.anr.gov.pl/web/guest/welcome/-/journal\\_content/56/358/9205737;jsessionid=712BBBC8B85BF52C1724F7668476F841.internet\\_sb1?redirect=%2Fweb%2Fguest](http://www.anr.gov.pl/web/guest/welcome/-/journal_content/56/358/9205737;jsessionid=712BBBC8B85BF52C1724F7668476F841.internet_sb1?redirect=%2Fweb%2Fguest)