

REPUBLIC OF CROATIA
MINISTRY OF AGRICULTURE

**Request the extension of the transitional period during
which the Republic of Croatia will maintain the existing
restrictions on the acquisition of ownership over
agricultural land for an additional three years, i.e. until 1
July 2023**

November 2019

I. INTRODUCTION

The Treaty of Accession of the Republic of Croatia to the European Union (hereinafter: Act of Accession) established a transitional period of seven years until 2020, with the possibility of an extension of three years, during which the Republic of Croatia may maintain the existing restrictions in its national legislation on the acquisition of agricultural land.

This concerns acquisitions of agricultural land owned by the Republic of Croatia by legal and natural persons from other Member States of the European Union and the European Economic Area. The transitional period during which the Republic of Croatia may maintain the restrictions that existed at the time of its accession was granted to allow the newly acceding Member State to tackle the imperfections of its agricultural land market and the agricultural sector and make it more competitive in the internal market.

Accordingly, during the accession negotiations, certain transitional provisions on the acquisition of agricultural land were granted to the Republic of Croatia, which allowed the Republic of Croatia a temporary derogation from the fundamental freedom of the free movement of capital. In particular, Annex V to the Act of Accession allows the Republic of Croatia to maintain in force for seven years from date of accession the restrictions laid down in its Agricultural Land Act (Official Gazette, No. 152/08), as in force on the date of signature of the Treaty of Accession, on the acquisition of agricultural land by nationals of another Member State, by nationals of the states which are a party to the European Economic Area Agreement (EEAA) and by legal persons founded in accordance with the laws of another Member State or an EEAA State.

The reasons underlying the Croatian request for transitional measures were related to the need to protect the socio-economic aspects of agriculture after joining the internal market of the European Union and the transition to the Common Agricultural Policy. Specifically, the transitional measures were aimed at mitigating the potential adverse effect of a sudden opening of the state-owned agricultural land market in Croatia due to significant differences in land prices and purchasing power of farmers compared to the old Member States, as well as the fact that the agricultural land market was influenced by institutional factors, due to which the use of agricultural land was aggravated, such as unfinished privatization and restitution of land expropriated during the Yugoslavian communist rule, unregulated and inconsistent land registers and cadastre. In addition to the aforementioned, the Republic of Croatia also emphasized that, due to the Croatian War of Independence (1991-1995), a large percentage of agricultural land cannot be used due to demining activities.

The Republic of Croatia planned to implement certain measures during the transitional period in order to develop the agricultural land market, improve agricultural productivity and enable Croatian farmers to participate in the more open land market in the future, specifically:

- regulating ownership rights and putting the land register and cadastral data in order,
- land consolidation,
- developing the market of agricultural land for leases and improving the rights of lessees,
- restructuring agricultural production,
- improving technology and capitalization, and
- demining agricultural land.

By the end of the third year from the date of accession, the European Commission was required to review the transitional measures contained in the Act of Accession and to inform the Council of the European Union of the possibility of shortening or terminating the transitional period. The same was done during 2016 and, on the basis of the data provided, in May 2017 the European Commission prepared a Report on review of the transitional measures for the acquisition of agricultural real estate set out in the 2011 Treaty on the accession of Croatia to the EU for the Council of the European Union, concluding that there is no need to shorten the deadline for the transitional measures provided for in the Act of Accession.

The approved seven-year transitional period provided for in the Act of Accession expires in July 2020. However, the Act of Accession stipulates that the seven-year transitional period may be further extended by another three years if there is sufficient evidence that, after expiry of the transitional period, serious disturbances would occur in the agricultural land market.

This document represents a request for the extension of the transitional period by an additional three years, i.e. until 1 July 2023, and provides arguments in favor of this request. The data displayed indicate that granting the acquisition of agricultural land owned by the Republic of Croatia to legal and natural persons from other Member States of the European Union and the European Economic Area would lead to serious disturbances in the agricultural land market in the Republic of Croatia.

II. OVERVIEW OF THE SITUATION IN THE REPUBLIC OF CROATIA

Agricultural land is a good of interest to the Republic of Croatia and has special protection. Agricultural land in the Republic of Croatia is disposed of on the basis of the Agricultural Land Act and by-laws.

Agriculture is an important contributor to the economy and income in rural areas of the Republic of Croatia. Generally, Croatian farmers have lower production and, compared to the European farmers, are less productive and not competitive enough in the common European market. One of the main reasons for low and inefficient agricultural production, and a limiting factor in terms of increasing competitiveness, is the dislocation and fragmentation of agricultural parcels.

The holders of agricultural production in the Republic of Croatia are family farms, which, according to the Paying Agency for Agriculture, Fisheries and Rural Development, account for 97% of the total number of farmers. When it comes to the organizational forms, companies make up for 1.6% of the total number of farmers, crafts make up for 1.3%, while cooperatives and other organizational forms make up for 0.1%.

1. Farm structure

According to the Farm Structure Survey (hereinafter: FSS), in 2016, 134,460 farmers engaged in agriculture. On average, one farmer used 11.6 ha of agricultural land in their production, bred 5.6 livestock units and realized a standard output of EUR 15,134.

Compared to the data of FSS conducted in 2013, positive structural shifts have been made. The average surface area of used land per farmer increased by 1.6 ha (expressed in relative terms - by 16.5%), the average number of livestock units per farmer increased by 0.1 unit (expressed in relative terms - by 2.3%) and the standard output per farmer was increased by EUR 2,246 (expressed in relative terms - by 17.4%).

Compared to the average farmer in the European Union, the average Croatian farmer uses a 30% smaller surface area of agricultural land, breeds only half the livestock units and realizes standard output lower by 56%.

Table 1. Structure of farmers in the Republic of Croatia

	2007	2010	2013	2016	2016/2013	
					Δ	%
Number of farms	181.250	233.280	157.440	134.460	-22.980	-14,6
of which family farms	180.120	231.070	154.400	130.260	-24.140	-15,6
of which legal persons	1.130	2.210	3.040	4.180	1.140	37,5
of which other forms				20		
Used agricultural land, ha	978.670	1.346.340	1.571.200	1.562.960	-8.240	-0,5
Standard Output, EUR	1.372.655.180	2.111.078.940	2.029.135.280	2.034.939.130	5.803.850	0,3
Livestock units	882.910	1.020.180	864.020	754.710	-109.310	-12,7
Annual work units	188.580	184.480	175.050	159.360	-15.690	-9,0
Number of subsistence farms ¹	114.200	114.100	81.510	70.130	-11.380	-14,0
<i>average values of basic indicators per farm</i>						
Used agricultural land, ha	5,4	5,8	10,0	11,6	1,6	16,5
Standard Output, EUR	7.573,3	9.049,5	12.888,3	15.134,2	2.245,9	17,4
Livestock units	4,9	4,4	5,5	5,6	0,1	2,3
Annual work units	1,04	0,79	1,11	1,19	0,07	6,6
¹ consume more than 50% of own production in own household						
Source: Eurostat Processing: Ministry of Agriculture						

Table 2. Structure of farmers in the European Union

	2007	2010	2013	2016	2016/2013	
					Δ	%
Number of farms	13.808.480	12.245.700	10.838.290	10.467.760	-370.530	-3,4
of which family farms	13.478.410	11.883.000	10.467.170	10.078.630	-388.540	-3,7
of which legal persons	256.070	291.650	297.940	296.300	-1.640	-0,6
cooperatives	74.030	71.130	73.180	81.320	8.140	11,1
with common land				11.540		
Used agricultural land, ha	173.729.730	175.845.490	174.613.900	173.338.550	-1.275.350	-0,7
Standard Output, EUR	285.171.786.510	307.397.677.100	331.104.570.410	364.118.827.100	33.014.256.690	10,0
Livestock units	136.526.830	135.212.340	130.173.500	131.458.940	1.285.440	1,0
Annual work units	9.108.100	9.506.410	9.943.950	11.850.120	1.906.170	19,2
<i>average values of basic indicators per farm</i>						
Used agricultural land, ha	12,6	14,4	16,1	16,6	0,4	2,8
Standard Output, EUR	20.651,9	25.102,5	30.549,5	34.784,8	4.235,3	13,9
Livestock units	9,9	11,0	12,0	12,6	0,5	4,6
Annual work units	0,66	0,78	0,92	1,13	0,21	23,4
Source: Eurostat Processing: Ministry of Agriculture						

According to FSS data for 2016, the largest number of Croatian farmers - 93,430 of them, who account for 69.5% of the total number of farmers - use less than 5 ha of agricultural land. These “small” farmers use 178,670 ha of agricultural land in their production, accounting for 11.4% of the total area of agricultural land used. On average, one “small” farmer uses 1.9 ha of agricultural land in their production, breeds 2.4 livestock units and realizes the standard output of EUR 5,224. Compared to the average Croatian farmer, the average “small” farmer uses an 84% smaller surface area of agricultural land, breeds 58% less livestock units and realizes standard output lower by 65%.

Large farmers who use more than 100 ha of agricultural land in their production - 1,620 of them, who account for 1.2% of the total number of farmers - use a total of 674,850 ha of agricultural land (which accounts for 43.2% of the total area of agricultural land used).

When it comes to the age of the holders, the largest number of holders is over 55 years old, i.e. 81,390 of them (which accounts for 60.5% of the total number of farmers), while there are 23,770 young holders under the age of 44, who account for 17.7% of the total number of farmers.

2. Productivity of Croatian agriculture

Croatian agriculture is not competitive enough in the common European market. Although the export of agricultural and food products has continued to grow in the period since accession to the European Union, we are in deficit with regard to the exchange of agricultural and food products. Lower productivity of Croatian farmers compared to the European farmers has a negative impact on competitiveness.

According to Eurostat data, the agricultural productivity of the Republic of Croatia, measured by the ratio of gross value added to annual work units, increased in the period from 2015 to 2018, but only reached 30% of the average agricultural productivity of the European Union.

According to Eurostat data, the agricultural productivity of the Republic of Croatia in 2018 is estimated at EUR 5,862. In comparison to the previous year of 2017, the productivity is estimated to have increased by 4.6%. Along with Romania, Poland and Latvia, the Republic of Croatia belongs to the group of Member States which realize less than one third of the average productivity of the European Union. Viewed in relation to the average agricultural productivity of the European Union, the agricultural productivity of the Republic of Croatia in 2018 is lower by 70.2%; compared to the average agricultural productivity of the old Member States, the agricultural productivity of the Republic of Croatia is lower by 81.6%; and compared to the average agricultural productivity of the new Member States, it is 10.3% lower.

Table 3. Agricultural productivity of EU Member States

	2013	2014	2015	2016	2017	2018*	2018/2017	
							Δ	%
€/AWU								
Croatia	5.269,4	4.182,9	4.865,1	5.563,0	5.603,3	5.861,6	258,3	4,61
Share of RoC in EU - 28, %	30,43	23,74	27,48	31,44	27,91	29,76		
Share of RoC in EU - 27, %	30,02	23,39	27,10	31,05	27,54	29,37		
Share of RoC in EU - 15, %	17,98	14,03	16,36	19,06	17,22	18,43		
Share of RoC in EU - 12, %	96,83	78,55	92,40	98,90	83,89	89,68		
European Union (28 countries)	17.314,7	17.616,5	17.705,5	17.691,8	20.073,7	19.697,1	-376,6	-1,88
European Union (27 countries)	17.551,3	17.881,1	17.954,6	17.918,7	20.347,7	19.960,6	-387,1	-1,90
European Union (15 countries)	29.301,6	29.805,3	29.740,6	29.182,7	32.535,2	31.797,7	-737,5	-2,27
Austria	22.230,3	22.363,8	22.429,6	23.749,2	27.153,1	26.806,1	-347,0	-1,28
Belgium	39.603,1	37.692,5	41.916,3	38.938,9	41.477,1	33.321,1	-8.156,0	-19,66
Denmark	53.127,7	54.998,3	39.690,4	37.476,4	58.817,1	37.075,3	-21.741,7	-36,97
Finland	16.825,3	15.669,6	13.665,5	19.239,1	17.134,2	17.548,6	414,4	2,42
France	33.778,9	37.416,5	38.885,0	35.211,0	39.597,4	43.552,8	3.955,4	9,99
Greece	10.630,1	11.257,2	12.843,6	12.114,3	13.206,8	12.577,9	-628,9	-4,76
Ireland	12.230,6	13.285,1	15.063,4	14.672,8	19.857,2	16.119,3	-3.738,0	-18,82
Italy	30.651,0	27.819,6	29.330,5	27.332,9	28.402,8	28.669,4	266,6	0,94
Luxembourg	28.865,2	36.019,8	28.529,7	29.127,5	35.407,0	34.723,0	-683,9	-1,93
The Netherlands	67.278,1	67.030,6	69.525,6	73.267,7	79.857,6	74.707,0	-5.150,7	-6,45
Germany	42.255,2	41.331,1	29.674,1	33.018,5	43.722,8	35.292,8	-8.429,9	-19,28
Portugal	9.024,6	9.375,6	10.157,8	10.036,9	11.769,9	11.886,6	116,7	0,99
Spain	26.874,0	28.266,8	30.652,1	32.944,8	33.004,3	34.886,6	1.882,2	5,70
Sweden	26.186,2	27.961,0	31.055,4	28.345,1	33.596,0	22.787,3	-10.808,7	-32,17
United Kingdom	36.931,5	40.741,6	39.912,9	33.925,8	38.851,8	36.443,9	-2.407,9	-6,20
European Union (12 countries)	5.442,0	5.325,0	5.265,2	5.625,0	6.679,4	6.535,8	-143,6	-2,15
Bulgaria	5.275,1	5.842,3	5.908,6	6.997,1	8.133,2	7.912,8	-220,4	-2,71
Cyprus	12.526,2	10.696,4	15.419,4	14.684,9	15.358,0	15.914,7	556,7	3,62
Czech Republic	13.573,3	14.162,7	13.582,1	16.175,0	16.036,4	15.133,5	-903,0	-5,63
Estonia	14.943,4	15.674,6	13.663,7	7.443,3	13.650,3	12.671,3	-979,0	-7,17
Latvia	3.074,3	3.898,1	5.130,9	4.371,3	5.209,2	4.341,1	-868,1	-16,67
Lithuania	7.305,2	6.820,1	7.431,7	6.703,6	8.460,5	6.200,4	-2.260,1	-26,71
Hungary	6.515,5	6.953,7	7.328,7	7.917,3	8.456,1	9.085,3	629,3	7,44
Malta	11.246,0	11.028,0	12.564,0	12.688,0	11.869,0	11.277,8	-591,3	-4,98
Poland	4.851,6	4.202,7	4.056,6	5.140,2	6.360,3	5.647,6	-712,7	-11,21
Romania	4.872,9	4.961,7	4.790,9	4.140,6	5.133,7	5.685,7	552,0	10,75
Slovakia	11.026,4	11.162,0	9.688,8	12.851,3	14.981,1	13.488,2	-1.493,0	-9,97
Slovenia	4.924,0	5.815,8	6.560,9	6.025,0	5.577,4	7.086,4	1.509,0	27,06

* Data from another assessment.

Source: Eurostat (13.3.2019); Processing and calculation: Ministry of Agriculture

3. Prices of agricultural land

According to data of the Central Bureau of Statistics in 2017, compared to the previous year of 2016, there was an increase in the prices of purchased agricultural land and a decrease in prices of leased agricultural land.

In 2017, the price of one hectare of purchased arable land amounted to HRK 22,428 and, in comparison with the previous year, it represents an increase by HRK 1,072, or expressed in relative terms, 5%. The price of one hectare of purchased meadow amounted to HRK 12,230 and, in comparison with the previous year, it represents an increase by HRK 1,021, or expressed in relative terms, 9.1%, while the price of one hectare of purchased pasture amounts to HRK 12,381 and, in comparison with the previous year, it represents an increase by HRK 901, or expressed in relative terms, 7.8%.

The prices of purchased land in the Adriatic Croatia region are significantly higher than the average prices for the Republic of Croatia, while the prices in the Continental Croatia region are lower than the average prices for the Republic of Croatia.

In 2017, the price of one hectare of purchased arable land in the Adriatic Croatia region amounted to HRK 36,955 and, in comparison with the previous year, it represents an increase by HRK 947, or expressed in relative terms, 2.6 %. The price of one hectare of purchased meadow amounted to HRK 13,751 and, in comparison with the previous year, it represents an increase by HRK 782, or expressed in relative terms, 6%, while the price of one hectare of purchased pasture amounts to HRK 16,991 and, in comparison with the previous year, it represents an increase by HRK 1.035, or expressed in relative terms, 6.5%. Compared to the average prices for the Republic of Croatia, the price of purchased arable land in the Adriatic Croatia region in 2017 increased by 64.8%, the price of purchased meadows increased by 12.4% and the price of purchased pasture increased by 37.2%.

In 2017, the price of one hectare of purchased arable land in the Continental Croatia region amounted to HRK 21,771 and, in comparison with the previous year, it represents an increase by HRK 1.078, or expressed in relative terms, 5.2%. The price of one hectare of purchased meadow amounted to HRK 11,613 and, in comparison with the previous year, it represents an increase by HRK 1,118, or expressed in relative terms, 10.7%, while the price of one hectare of purchased pasture amounts to HRK 7.766 and, in comparison with the previous year, it represents an increase by HRK 766, or expressed in relative terms, 10.9%. Compared to the average prices for the Republic of Croatia, the price of purchased arable land in the Continental Croatia region in 2017 decreased by 2.9%, the price of purchased meadows decreased by 5% and the price of purchased pasture decreased by 37.3%.

In 2017, the lease price of one hectare of arable land amounted to HRK 771 and, in comparison with the previous year, it represents a decrease by HRK 81, or expressed in relative terms, 9.5%. The lease price of one hectare of meadow amounted to HRK 472 and, in comparison with the previous year, it represents a decrease by HRK 16, or expressed in relative terms, 3.3%, while the lease price of one hectare of pasture amounts to HRK 306 and, in comparison with the previous year, it represents a decrease by HRK 27, or expressed in relative terms, 8.1%.

The prices of lease of meadows and pastures in the Adriatic Croatia region are higher than the average prices for the Republic of Croatia, while the prices of lease of arable land are higher in the Continental Croatia region.

In 2017, the lease price of one hectare of arable land in the Adriatic Croatia region amounted to HRK 632 and, in comparison with the previous year, it represents a decrease by HRK 54, or expressed in relative terms, 7.9%. The lease price of one hectare of meadow amounted to

HRK 491 and, in comparison with the previous year, it represents an increase by HRK 71, or expressed in relative terms, 16.9%, while the lease price of one hectare of pasture amounted to HRK 365 and, in comparison with the previous year, it represents an increase by HRK 39, or expressed in relative terms, 12%. Compared to the average lease prices for the Republic of Croatia, the lease price of arable land in the Adriatic Croatia region in 2017 decreased by 18%, the lease price of meadows increased by 4%, and the lease price of pastures increased by 19.3%.

In 2017, the lease price of one hectare of arable land in the Continental Croatia region amounted to HRK 796 and, in comparison with the previous year, it represents a decrease by HRK 85, or expressed in relative terms, 9.6%. The lease price of one hectare of meadow amounted to HRK 468 and, in comparison with the previous year, it represents a decrease by HRK 32, or expressed in relative terms, 6.4%, while the lease price of one hectare of pasture amounted to HRK 295 and, in comparison with the previous year, it represents a decrease by HRK 39, or expressed in relative terms, 11.7%. Compared to the average prices for the Republic of Croatia, the lease price of arable land in the Continental Croatia region in 2017 increased by 3.2%, the lease price of meadows decreased by 0.8%, and the lease price of pastures decreased by 3.6%.

According to Eurostat data, compared to the average price of purchased arable land in EU Member States in 2017, the Republic of Croatia belongs to the group of countries with the lowest prices (land prices are not available for Austria, Belgium, Germany, Portugal, Cyprus and Malta). According to Eurostat, the average price of one hectare of purchased arable land in the Republic of Croatia in 2017 amounted to EUR 3,005.

In the old Member States, the highest price of purchased arable land in 2017 was recorded in the Netherlands (the price of one hectare of purchased arable land in the Netherlands amounted to EUR 68,197, which is almost 23 times higher than the average price of purchased arable land in the Republic of Croatia), while the lowest price was recorded in France (the price of one hectare of purchased arable land in France amounted to EUR 6,030, which is double the average price of purchased arable land in the Republic of Croatia).

In new Member States, the highest price of purchased arable land in 2017 was recorded in Slovenia (the price of one hectare of purchased arable land in Slovenia amounted to EUR 16,867, which is almost 6 times higher than the average price of purchased arable land in the Republic of Croatia), while the lowest price was recorded in Romania (the price of one hectare of purchased arable land in Romania amounted to EUR 2,085, which is 30.6% lower than the average price of purchased arable land in the Republic of Croatia). In new Member States, along with Romania, prices of arable land lower than in the Republic of Croatia are recorded in Latvia (EUR 2,975) and Estonia (EUR 2,890).

Table 4. Average price of purchased land, Republic of Croatia

HRK/ha	2013	2014	2015	2016	2017	2017/2016		rate of change n-1=100, %			
						Δ	%	2014	2015	2016	2017
arable land	21,573	22,210	20,752	21,356	22,428	1,072	5.0	3.0	-6.6	2.9	5.0
meadows	11,264	10,592	11,646	11,209	12,230	1,021	9.1	-6.0	10.0	-3.8	9.1
pastures	13,006	12,269	12,977	11,480	12,381	901	7.8	-5.7	5.8	-11.5	7.8

Source: Croatian Bureau of Statistics; Processing: Ministry of Agriculture

Table 5. Average price of land lease, Republic of Croatia

HRK/ha	2013	2014	2015	2016	2017	2017/2016		rate of change n-1=100, %			
						Δ	%	2014	2015	2016	2017
arable land	911	768	882	852	771	-81	-9.5	-15.7	-15.7	-3.4	-9.5
meadows	448	475	492	488	472	-16	-3.3	6.0	6.0	-0.8	-3.3
pastures	305	298	285	333	306	-27	-8.1	-2.3	-2.3	16.8	-8.1

Source: Croatian Bureau of Statistics; Processing: Ministry of Agriculture

Table 6. Comparison of prices of purchased agricultural land (arable land) in Member States of the European Union

	2011	2012	2013	2014	2015	2016	2017	2017/2016		rate of change n-1=100, %					
								EUR/ha	Δ	%	2012	2013	2014	2015	2016
Croatia	:	:	:	:	2,726	2,835	3,005	170	6.0					4.0	6.0
European Union (15 countries)															
Austria															
Belgium															
Denmark	17,476	17,562	15,708	17,209	18,752	17,584	17,328	-256	-1.5	0.5	-10.6	9.6	9.0	-6.2	-1.5
Finland	8,210	8,047	8,461	8,090	8,138	8,326	8,718	392	4.7	-2.0	5.1	-4.4	0.6	2.3	4.7
France	5,390	5,440	5,770	5,940	6,000	6,070	6,030	-40	-0.7	0.9	6.1	2.9	1.0	1.2	-0.7
Greece	15,393	14,968	13,907	13,276	12,633	12,528	12,627	99	0.8	-2.8	-7.1	-4.5	-4.8	-0.8	0.8
Ireland	:	:	26,366	23,449	23,594	18,141	19,903	1,762	9.7			-11.1	0.6	-23.1	9.7
Italy	34,257	39,342	32,532	39,247	40,153	28,985	33,538	4,553	15.7	14.8	-17.3	20.6	2.3	-27.8	15.7
Luxembourg	23,648	24,230	26,621	27,438	27,738	26,030	35,590	9,560	36.7	2.5	9.9	3.1	1.1	-6.2	36.7
The Netherlands	50,801	52,716	54,134	56,944	61,400	62,972	68,197	5,225	8.3	3.8	2.7	5.2	7.8	2.6	8.3
Germany															
Portugal															
Spain	:	12,005	11,910	12,192	12,574	12,522	12,827	305	2.4		-0.8	2.4	3.1	-0.4	2.4
Sweden	6,811	7,043	6,797	7,408	7,751	7,921	8,708	787	9.9	3.4	-3.5	9.0	4.6	2.2	9.9
United Kingdom	18,885	21,905	23,283	26,634	30,464	25,999	23,450	-2,549	-9.8	16.0	6.3	14.4	14.4	-14.7	-9.8
European Union (12 countries)															
Bulgaria	2,112	2,843	3,175	3,620	3,891	4,131	4,622	491	11.9	34.6	11.7	14.0	7.5	6.2	11.9
Cyprus															
Czech Republic	1,836	3,264	3,662	4,282	4,775	5,463	6,462	999	18.3	77.8	12.2	16.9	11.5	14.4	18.3
Estonia	1,062	1,265	1,865	2,426	2,567	2,735	2,890	155	5.7	19.1	47.4	30.1	5.8	6.5	5.7
Latvia	2,336	4,475	4,980	2,552	2,654	2,917	2,975	58	2.0	91.6	11.3	-48.8	4.0	9.9	2.0
Lithuania	1,212	1,527	2,009	2,330	3,089	3,516	3,571	55	1.6	26.0	31.6	16.0	32.6	13.8	1.6
Hungary	2,089	2,380	2,709	3,042	3,356	4,182	4,368	186	4.4	13.9	13.8	12.3	10.3	24.6	4.4
Malta															
Poland	4,855	6,080	6,275	7,723	9,220	9,083	9,699	616	6.8	25.2	3.2	23.1	19.4	-1.5	6.8
Romania	1,366	1,666	1,653	2,423	2,039	1,958	2,085	127	6.5	22.0	-0.8	46.6	-15.8	-4.0	6.5
Slovakia	11,375	9,650	5,575	11,442	24,175	28,217	3,009	-25,208	-89.3	-15.2	-42.2	105.2	111.3	16.7	-89.3
Slovenia	:	:	15,545	16,009	16,071	17,136	16,876	-260	-1.5			3.0	0.4	6.6	-1.5

Source: Eurostat (26.6.2019.); Processing: Ministry of Agriculture

4. Average net and gross salaries

According to Eurostat data, the average annual gross salary in the Republic of Croatia amounted to EUR 12,776 in 2018, and compared to 2017, it increased by EUR 321 or, expressed in relative terms, 2.6%.

Compared to the average annual gross salary in the European Union (EUR 35,779), the average annual gross salary in the Republic of Croatia in 2018 was three times lower (by 64.3%).

Compared to the average annual gross salaries in old Member States, the average annual gross salary in the Republic of Croatia in 2018 was lower. In old Member States, Luxembourg had the highest average annual gross salary in 2018 (average annual gross salary in Luxembourg amounted to EUR 59,497, which is almost five times higher than the average annual gross salary in the Republic of Croatia, or expressed in relative terms, 365.7% higher), while Portugal had the lowest average annual gross salary (average annual gross salary in Portugal amounted to EUR 18,343, which is 43.6% higher than the average annual gross salary in the Republic of Croatia).

Compared to the average annual gross salaries in new Member States, average annual gross salary lower than in the Republic of Croatia in 2018 was recorded in Poland (EUR 12,716), Slovakia (EUR 12,131), Latvia (EUR 11,881), Lithuania (EUR 11,121), Romania (EUR 9,312) and Bulgaria (EUR 7,105). In new Member States, Malta had the highest average annual gross salary in 2018 (average annual gross salary in Malta amounted to EUR 23,331, which is 82.6% higher than the average annual gross salary in the Republic of Croatia).

According to Eurostat data, average annual net salary in the Republic of Croatia amounted to EUR 9,067 in 2018, and compared to 2017, it increased by EUR 195 or, expressed in relative terms, 2.2%.

Compared to the average annual net salary in the European Union, amounting to EUR 24,701, the average annual net salary in the Republic of Croatia in 2018 was three times lower (by 63.3%).

Compared to the average annual net salaries in old Member States, the average annual net salary in the Republic of Croatia in 2018 was lower. In old Member States, Luxembourg had the highest average annual net salary in 2018 (average annual net salary in Luxembourg amounted to EUR 41,944, which is almost five times higher than the average annual net salary in the Republic of Croatia, or expressed in relative terms, 362.6% higher), while Portugal had the lowest average annual net salary (average annual net salary in Portugal amounted to EUR 13,458, which is 48.4% higher than the average annual net salary in the Republic of Croatia).

Compared to the average annual net salaries in new Member States, average annual net salary lower than in the Republic of Croatia in 2018 was recorded in Lithuania (EUR 8,662), Hungary (EUR 8,630), Latvia (EUR 8,508), Romania (EUR 5,875) and Bulgaria (EUR 5,513). In new Member States, Cyprus had the highest average annual net salary in 2018 (average annual net salary in Cyprus amounted to EUR 20,903, which is more than double the average annual net salary in the Republic of Croatia, or expressed in relative terms, 130.5% higher).

Table 7. Comparison of the annual amount of gross salaries in the Republic of Croatia and the European Union

EUR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018/2017	
										Δ	%
Croatia	:	:	:	11,222	11,198	11,471	11,855	12,454	12,776	321	2.58
European Union (28 countries)	:	:	:	32,955	33,636	34,888	34,697	34,984	35,779	794	2.27
Luxembourg	49,387	50,674	51,971	53,630	54,920	55,858	56,448	58,238	59,497	1,259	2.16
Denmark	50,498	51,869	52,655	52,758	53,335	54,111	54,612	55,393	56,559	1,166	2.11
The Netherlands	45,215	46,287	46,670	47,950	48,360	49,540	50,120	50,730	51,567	837	1.65
Germany	41,736	43,300	44,400	44,900	45,970	47,100	48,300	49,100	50,546	1,446	2.95
Belgium	43,423	44,636	45,886	46,197	46,451	46,479	46,528	47,527	48,455	928	1.95
Austria	38,504	39,693	40,708	41,940	42,814	43,911	45,073	46,002	47,120	1,118	2.43
Ireland	41,952	41,785	42,557	43,022	43,363	43,746	44,720	45,500	46,774	1,274	2.80
United Kingdom	39,981	39,272	42,996	41,316	43,567	49,567	45,275	44,002	44,453	452	1.03
Sweden	38,607	41,674	44,572	46,029	44,863	44,273	44,880	45,233	44,212	-1,021	-2.26
Finland	39,395	40,243	41,413	42,447	42,704	43,268	43,783	43,245	43,984	740	1.71
France	34,693	35,489	36,143	36,616	37,235	37,635	37,946	38,600	39,436	836	2.17
Italy	28,243	28,872	29,440	29,983	30,347	30,550	30,619	30,755	31,292	537	1.75
Spain	24,786	25,515	25,894	26,027	26,191	26,475	26,449	26,550	26,923	373	1.40
Greece	24,156	23,929	23,309	21,101	21,322	20,833	20,678	20,841	21,214	373	1.79
Portugal	16,542	16,208	17,040	17,653	17,343	17,415	17,716	17,998	18,343	345	1.92
Malta	17,947	19,705	20,451	21,048	20,500	20,943	21,848	22,431	23,331	900	4.01
Cyprus	:	:	:	:	22,704	:	:	22,707	23,052	345	1.52
Slovenia	16,915	17,373	17,538	17,673	17,948	18,092	18,338	18,839	19,671	832	4.42
Estonia	9,712	10,368	11,004	11,732	12,338	13,045	14,033	14,992	16,103	1,112	7.42
Czech Republic	11,364	12,008	12,028	11,619	11,281	11,754	12,297	13,509	14,945	1,437	10.63
Hungary	9,119	9,470	9,819	9,886	9,891	10,234	10,735	12,066	12,978	912	7.56
Poland	9,133	9,399	9,608	9,923	10,638	11,027	10,934	11,880	12,716	837	7.04
Slovakia	9,325	9,592	9,810	10,001	10,422	10,661	10,975	11,419	12,131	712	6.23
Latvia	7,296	7,632	7,896	8,268	8,892	9,588	10,140	10,980	11,881	901	8.21
Lithuania	6,735	6,949	7,270	7,707	8,116	8,623	9,370	10,216	11,121	905	8.86
Romania	5,433	5,959	5,635	5,844	6,222	6,851	7,389	8,397	9,312	915	10.90
Bulgaria	4,048	4,333	4,590	4,845	5,146	5,535	5,982	6,581	7,105	524	7.96

Source: Eurostat (27.08.2019.); Processing: Ministry of Agriculture

Table 8. Comparison of the annual amount of net salaries in the Republic of Croatia and the European Union

EUR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018/2017	
										Δ	%
Hrvatska	:	:	:	7,891	7,866	8,210	8,445	8,872	9,067	195	2.20
Europska unija (28 zemalja)	:	:	:	22,647	23,183	24,164	23,972	24,150	24,701	550	2.28
Luxembourg	36,167	36,278	37,354	37,792	38,443	38,631	38,936	41,340	41,944	603	1.46
Denmark	32,349	33,153	33,617	33,873	34,330	34,689	35,022	35,559	36,391	832	2.34
The Netherlands	30,901	31,612	31,733	31,242	32,676	34,552	34,976	35,362	35,863	502	1.42
Ireland	32,125	31,190	31,561	31,520	31,683	32,351	33,350	33,974	34,895	920	2.71
United Kingdom	29,829	29,426	32,362	31,414	33,291	37,959	34,652	33,662	34,050	388	1.15
Sweden	29,044	31,320	33,473	34,473	33,923	33,390	33,712	33,923	33,082	-841	-2.48
Austria	25,770	26,376	26,893	27,521	27,965	28,524	30,602	31,083	31,663	580	1.86
Finland	27,804	28,422	29,247	29,654	29,641	29,918	30,306	30,306	30,806	500	1.65
Germany	25,374	26,088	26,730	27,171	27,791	28,411	29,082	29,563	30,474	911	3.08
Belgium	24,873	25,520	26,288	26,609	26,776	26,954	27,574	28,239	29,157	918	3.25
France	25,032	25,576	25,979	26,269	26,578	26,768	26,920	27,329	28,110	780	2.86
Italy	19,705	19,984	20,328	20,657	20,931	21,052	21,093	21,174	21,462	288	1.36
Spain	19,400	19,892	19,975	20,062	20,169	20,845	20,828	20,949	21,199	250	1.20
Greece	18,541	17,537	17,103	15,787	16,011	15,792	15,363	15,434	15,671	237	1.54
Portugal	12,870	12,435	13,158	12,807	12,630	12,467	12,807	13,051	13,458	407	3.12
Cyprus	:	:	:	:	20,646	:	:	20,649	20,903	255	1.23
Malta	14,914	16,140	16,531	16,872	16,584	16,924	17,538	17,933	18,543	610	3.40
Estonia	7,820	8,324	8,813	9,446	9,915	10,638	11,455	12,233	13,687	1,454	11.88
Slovenia	11,284	11,568	11,707	11,824	11,981	12,062	12,202	12,487	12,961	473	3.79
Czech Republic	8,812	9,235	9,275	8,962	8,674	9,009	9,391	10,251	11,266	1,015	9.90
Poland	6,896	7,086	7,236	7,466	7,991	8,276	8,200	8,899	9,512	613	6.89
Slovakia	7,306	7,404	7,574	7,725	8,034	8,201	8,421	8,733	9,237	504	5.77
Lithuania	5,245	5,401	5,636	5,955	6,284	6,652	7,217	7,898	8,662	764	9.67
Hungary	6,257	6,146	6,369	6,475	6,478	6,704	7,139	8,024	8,630	607	7.56
Latvia	5,069	5,286	5,463	5,777	6,264	6,815	7,195	7,750	8,508	758	9.79
Romania	3,874	4,234	4,004	4,147	4,403	4,831	5,204	5,890	5,875	-15	-0.25
Bulgaria	3,202	3,396	3,598	3,798	4,034	4,339	4,689	5,133	5,513	380	7.41

Source: Eurostat (27.08.2019.); Processing: Ministry of Agriculture

5. Comparison of agricultural entrepreneurial income per unpaid annual work unit

The holders of agricultural production in the Republic of Croatia are family farms, which are assisted by family members without compensation for their work (unpaid workforce). In 2018, according to the data from the Economic Accounts for Agriculture of the Central Bureau of Statistics, unpaid work accounts for 91.4% of the total annual work units. Compensation for unpaid work in agriculture is measured by agricultural entrepreneurial income per unpaid annual work unit.

In the Republic of Croatia, in the period from 2015 to 2017, we have recorded an increase in agricultural entrepreneurial income per unpaid annual work unit, while a decrease of 5.5% is forecast for 2018. According to data of the European Commission's Directorate-General for Agriculture and Rural Development (DG AGRI), agricultural entrepreneurial income per unpaid annual work unit in the Republic of Croatia is estimated to amount to EUR 5,170, which is 63.7% lower than the average agricultural entrepreneurial income per unpaid annual work unit in the European Union.

According to DG AGRI, the compensations for unpaid work of EU farmers, measured in entrepreneurial income per unpaid annual work unit, are lower than the average salaries at the level of the entire economy. In 2017, entrepreneurial income per unpaid annual work unit at the EU level accounted for 48.3% of the average salary, while in the Republic of Croatia it accounted for 40.8%.

Table 9. Comparison of agricultural entrepreneurial income per unpaid annual work unit in the Republic of Croatia and the European Union

EUR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018/2017	
													Δ	%
Croatia	4.464,5	5.167,1	4.920,6	4.390,1	4.165,6	3.461,5	3.923,6	3.259,2	4.730,5	5.413,8	5.468,1	5.170,0	-298,0	-5,5
European Union (28 countries)	9.975,4	9.290,6	7.872,3	10.803,7	12.451,1	12.181,0	12.846,3	13.134,2	12.387,5	12.660,3	14.962,6	14.227,4	-735,1	-4,91
Spain	33.015,3	27.093,3	27.552,8	31.346,3	31.937,6	32.149,6	37.818,3	41.211,9	44.699,3	48.211,8	49.298,7	52.278,4	2.979,7	6,04
The Netherlands	39.260,2	27.477,4	15.552,9	34.960,9	20.325,6	26.316,4	35.316,8	32.129,8	34.846,6	37.583,1	49.721,6	40.244,7	-9.476,9	-19,06
France	26.881,5	19.696,8	13.144,0	27.165,6	28.676,7	28.564,5	21.020,2	26.844,7	29.538,7	23.199,4	29.087,4	34.364,8	5.277,4	18,14
United Kingdom	19.869,7	30.706,9	32.205,2	29.198,8	36.458,3	33.635,8	37.436,9	36.332,3	28.297,4	26.790,9	35.772,1	30.689,5	-5.082,7	-14,21
Austria	18.541,6	18.069,3	13.253,9	16.493,7	19.456,9	18.210,5	15.663,5	14.063,3	13.039,5	15.057,8	18.191,9	18.257,6	65,6	0,36
Germany	24.206,2	26.169,0	12.865,6	25.838,8	33.930,0	27.600,5	35.583,2	32.660,5	12.757,7	14.319,0	28.284,5	17.590,4	-10.694,1	-37,81
Italy	12.399,2	13.040,6	12.418,0	9.879,2	13.525,1	15.169,0	20.251,6	17.315,0	16.607,5	16.437,2	16.490,3	17.452,7	962,4	5,84
Ireland	13.136,0	10.628,8	6.861,0	8.636,6	13.338,2	11.534,5	12.078,6	12.893,1	13.766,2	14.672,3	19.738,7	15.822,1	-3.916,6	-19,84
Luxembourg	25.381,5	20.806,4	9.297,0	12.318,0	12.312,2	14.184,3	10.307,0	17.791,2	11.939,1	8.237,7	14.282,5	14.424,2	141,7	0,99
Greece	13.078,7	13.000,3	15.259,0	14.555,2	12.224,3	12.336,5	11.110,6	12.472,2	14.275,5	13.252,8	14.706,8	13.752,7	-954,1	-6,49
Belgium	31.961,9	20.862,5	18.252,5	28.262,5	21.542,4	29.680,7	19.775,8	17.506,1	22.163,6	16.428,2	19.540,4	10.273,3	-9.267,1	-47,43
Portugal	5.392,9	6.193,4	5.026,2	6.599,8	4.720,3	6.011,0	7.539,5	7.537,3	7.769,8	9.246,5	9.996,6	9.947,5	-49,2	-0,49
Finland	17.114,1	13.771,5	17.221,7	20.047,8	15.312,5	16.112,8	15.373,3	13.520,9	7.893,9	11.712,5	8.662,9	8.944,2	281,3	3,25
Sweden	22.929,1	19.221,4	11.799,6	20.026,7	17.988,8	17.129,7	13.315,5	17.508,9	21.534,0	18.337,2	23.979,4	6.621,2	-17.358,3	-72,39
Denmark	5.255,6	-48.318,5	-29.711,7	1.977,4	13.928,6	45.242,8	17.708,2	27.962,6	-3.098,9	-8.161,9	30.397,3	-19.179,2	-49.576,5	63,10
Czech Republic	13.992,7	14.593,8	4.194,2	11.540,7	26.446,5	24.666,1	22.249,3	31.620,4	22.657,3	27.601,1	24.697,8	18.890,3	-5.807,5	-23,51
Cyprus	11.702,9	11.380,5	12.399,4	12.351,1	12.629,0	12.832,1	11.089,7	10.992,9	15.030,5	16.149,1	17.713,6	18.143,0	429,4	2,42
Estonia	11.789,7	6.678,6	5.277,2	13.725,5	19.642,4	23.953,2	21.526,6	20.005,9	10.681,4	185,8	14.033,3	11.088,5	-2.944,8	-20,98
Slovakia	2.986,4	4.133,0	-598,1	-959,0	4.255,8	6.878,4	2.614,3	5.509,4	2.556,6	13.904,8	10.711,4	9.681,3	-1.030,1	-9,62
Malta	16.623,2	15.319,0	17.297,4	16.005,8	13.927,1	13.135,6	12.947,8	12.745,8	15.612,7	11.185,0	9.930,6	9.613,0	-317,7	-3,20
Hungary	3.449,5	5.356,9	2.614,7	3.789,5	7.027,8	5.815,5	6.842,3	7.484,5	6.808,4	7.256,7	7.387,3	7.607,8	220,5	2,98
Poland	3.406,4	2.898,7	3.385,1	4.555,4	5.282,3	4.880,6	5.323,1	4.668,3	4.425,2	5.638,3	6.386,3	5.672,0	-714,3	-11,18
Bulgaria	2.916,3	5.018,2	3.108,9	3.404,7	3.926,8	4.304,3	5.538,2	5.658,0	4.291,0	5.681,3	7.340,4	5.438,2	-1.902,2	-25,91
Slovenia	4.390,1	3.703,4	3.612,1	4.217,6	5.086,9	3.818,6	3.913,3	4.496,3	5.125,4	4.531,5	4.037,0	5.359,1	1.322,2	32,75
Latvia	3.880,6	2.997,2	2.735,1	4.022,4	3.878,2	4.928,6	4.070,8	4.479,9	5.272,5	4.475,5	5.441,0	4.714,3	-726,6	-13,35
Romania	1.287,5	2.187,5	1.565,5	1.645,2	4.362,8	3.122,8	3.677,2	4.131,2	3.819,5	3.770,5	4.331,8	4.334,2	2,4	0,06
Lithuania	3.659,0	3.286,6	2.370,8	3.154,1	4.833,8	6.493,1	5.383,8	4.901,9	5.366,1	3.625,7	5.074,5	2.355,8	-2.718,7	-53,58

Source: DG Agri (7.11.2019); Processing: Ministry of Agriculture

Table 10. Comparison of agricultural entrepreneurial income per unpaid annual work unit with the average salaries in the entire economy for the Republic of Croatia and the European Union

%	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Croatia	33,2	38,9	38,3	34,1	31,7	26,1	29,8	25,8	36,4	39,8	40,8
European Union (28 countries)	34,8	33,2	27,5	37,0	42,4	40,6	42,5	43,0	39,7	40,7	48,3
Spain	133,5	104,5	101,7	115,4	117,1	118,3	138,2	150,0	160,4	174,1	178,8
The Netherlands	91,7	64,0	35,2	78,7	45,2	58,3	78,0	71,3	76,6	82,3	108,8
United Kingdom	57,7	89,4	93,2	83,9	106,4	99,7	110,5	107,7	82,3	78,3	103,9
Greece	71,2	71,8	81,5	77,7	68,7	72,7	69,5	76,4	89,0	83,8	93,4
France	70,3	51,7	33,7	68,8	72,4	71,3	51,6	65,5	72,0	56,4	69,8
Portugal	35,6	40,5	32,5	42,4	30,5	39,6	49,7	51,0	53,3	63,5	68,4
Germany	64,7	68,5	33,0	66,2	85,4	67,9	86,8	79,3	30,8	34,1	66,8
Sweden	62,4	52,2	31,8	54,2	47,8	44,3	34,1	44,6	54,6	46,6	60,4
Italy	44,9	47,1	44,6	34,8	47,9	53,8	71,5	61,4	58,9	58,9	59,3
Denmark	9,2			3,4	24,0	77,5	30,2	46,8			49,7
Ireland	38,4	29,3	18,0	20,5	31,4	27,6	29,7	31,6	35,5	36,6	49,0
Austria	51,7	49,7	35,7	44,3	52,1	48,0	40,8	36,7	33,6	38,7	46,7
Belgium	73,0	46,8	40,4	63,0	47,8	65,3	42,8	37,7	48,2	35,8	42,5
Luxembourg	42,4	35,2	15,3	20,6	21,2	24,5	.	29,9	19,8	13,6	23,3
Finland	46,4	36,8	45,1	51,5	39,1	41,0	39,4	34,8	20,4	30,3	22,5
Czech Republic	123,5	125,7	36,8	98,5	221,1	203,8	186,9	267,0	185,9	224,0	191,6
Estonia	124,4	67,9	52,7	138,3	210,7	240,4	212,2	190,4	99,7	1,6	121,6
Bulgaria	73,8	124,9	70,1	69,2	79,3	81,9	96,6	93,8	68,7	87,5	106,4
Cyprus	53,3	54,3	56,2	56,0	57,2	58,5	52,7	53,0	72,3	77,6	85,3
Slovakia	29,5	39,9	-5,5	-8,6	37,5	59,7	22,2	45,8	20,5	107,4	79,0
Hungary	37,8	57,8	29,2	36,9	67,7	55,8	66,0	75,0	71,3	73,8	70,1
Poland	44,7	35,8	41,9	52,7	59,7	54,9	.	50,9	48,1	58,6	63,0
Romania	26,1	37,2	28,5	28,2	83,0	54,8	64,4	67,4	61,7	54,9	59,8
Malta	104,2	95,9	108,8	98,2	81,8	76,0	73,3	70,6	83,6	61,1	53,6
Latvia	45,1	35,4	32,8	50,5	51,1	62,1	49,4	51,0	54,4	43,5	50,2
Lithuania	45,5	39,9	29,7	40,4	60,4	79,7	63,2	55,4	58,2	38,1	50,1
Slovenia	19,9	16,5	16,5	18,5	22,0	16,6	17,4	20,1	23,0	19,3	16,7

Source: DG Agri (7.11.2019.); Processing: Ministry of Agriculture

6. Purchasing power standard (purchasing power parity)

Although there was a growth of purchasing power in the Republic of Croatia between 2010 and 2018, it is significantly lower than the average purchasing power in the European Union.

According to Eurostat data, purchasing power in the Republic of Croatia was lower in 2018 by 37% in relation to the average purchasing power in the European Union, measured by the volume index of actual costs of actual individual consumption (according to purchasing power parity).

In addition to Hungary and Bulgaria, the Republic of Croatia has the lowest level of actual consumption per capita. In the Republic of Croatia, Hungary and Bulgaria, per capita consumption in 2018 was more than 30% lower than the European Union average.

In 2018, purchasing power in most of the old Member States was higher than the European average. In 2018, per capita consumption in Italy, Ireland, Spain, Portugal and Greece was lower than the European average, but still higher than per capita consumption in the Republic of Croatia.

In 2018, purchasing power in new Member States was lower than the European average.

Table 11. Comparison of purchasing power, measured by current individual consumption per capita, in the Republic of Croatia and the European Union (actual costs according to purchasing power parity)

CPC, EUR	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018/2017	
										Δ	%
Croatia	10,400	10,700	11,000	11,200	11,300	11,800	12,200	12,700	13,300	600	4.72
European Union (28 countries)	18,000	18,300	18,700	18,800	19,300	20,100	20,100	20,500	21,100	600	2.93
Luxembourg	24,600	25,300	26,100	26,600	27,100	28,000	26,900	27,100	27,900	800	2.95
Germany	21,300	22,200	23,000	23,100	23,800	24,600	24,600	25,100	25,600	500	1.99
Austria	21,400	22,000	22,800	23,100	23,500	24,200	23,900	24,000	24,500	500	2.08
Denmark	20,900	21,200	21,600	21,800	22,300	23,200	22,800	23,500	24,100	600	2.55
United Kingdom	20,800	20,900	21,600	21,600	22,200	23,100	23,100	23,400	23,900	500	2.14
Finland	20,000	20,900	21,500	21,500	22,000	23,000	22,700	23,000	23,600	600	2.61
The Netherlands	21,600	21,900	22,200	22,100	22,300	23,000	22,400	22,800	23,600	800	3.51
Belgium	20,000	20,500	21,200	21,500	22,100	22,900	22,700	22,900	23,400	500	2.18
Sweden	20,400	21,000	21,600	21,200	21,700	22,700	22,100	22,400	22,900	500	2.23
France	19,800	20,200	20,600	21,100	21,400	22,100	22,100	22,200	22,600	400	1.80
Italy	19,500	19,600	19,300	18,800	18,800	19,500	19,700	20,100	20,600	500	2.49
Ireland	18,200	17,800	18,100	17,800	18,000	18,900	19,000	19,000	19,800	800	4.21
Spain	16,200	16,200	16,200	16,100	16,800	17,800	17,800	18,300	18,900	600	3.28
Portugal	15,500	15,000	14,800	15,200	15,700	16,400	16,500	16,900	17,300	400	2.37
Greece	17,100	15,900	15,100	15,000	15,400	15,800	15,500	15,600	16,100	500	3.21
Cyprus	18,000	17,800	17,600	16,900	17,400	18,300	18,400	18,900	19,800	900	4.76
Lithuania	11,800	13,000	13,900	14,700	15,700	16,700	17,100	18,000	19,000	1,000	5.56
Czech Republic	13,300	13,500	13,700	14,200	15,000	15,600	15,800	16,700	17,400	700	4.19
Malta	14,200	14,600	14,900	14,700	14,900	15,800	15,800	16,100	16,900	800	4.97
Slovenia	14,300	14,600	14,800	14,400	14,600	15,200	15,300	15,800	16,300	500	3.16
Poland	12,200	13,100	13,800	13,800	14,200	14,900	14,900	15,500	16,200	700	4.52
Slovakia	13,300	13,500	14,000	14,100	14,700	15,300	15,300	15,600	16,200	600	3.85
Estonia	10,600	11,400	12,300	12,700	13,300	14,200	14,500	14,900	15,700	800	5.37
Latvia	9,900	10,500	11,300	12,000	12,500	13,200	13,200	13,900	14,800	900	6.47
Romania	9,500	9,700	10,200	10,200	10,800	11,700	13,000	14,000	14,700	700	5.00
Hungary	10,900	11,400	11,700	11,800	12,000	12,600	12,400	12,700	13,500	800	6.30
Bulgaria	8,000	8,700	9,400	9,200	9,900	10,600	10,700	11,100	11,800	700	6.31

Source: Eurostat (26.06.2019.); Processing: Ministry of Agriculture

Table 12. Comparison of purchasing power, measured by current individual consumption per capita, in the Republic of Croatia and the European Union (volume index of actual costs according to purchasing power parity)

volume index, EU-28=100	2010	2011	2012	2013	2014	2015	2016	2017	2018
Croatia	58	59	59	60	59	59	61	62	63
European Union (28 countries)	100	100	100	100	100	100	100	100	100
Luxembourg	137	138	139	142	141	140	134	132	132
Germany	118	121	123	123	124	122	122	122	121
Austria	119	120	122	123	122	121	119	117	116
Denmark	116	116	116	116	116	116	113	114	114
United Kingdom	116	114	115	115	115	115	115	114	113
Finland	111	114	115	114	114	114	113	112	112
The Netherlands	120	119	118	118	116	115	111	111	112
Belgium	112	112	113	115	115	114	113	112	111
Sweden	114	114	115	113	113	113	110	109	109
France	110	110	110	112	111	110	110	108	107
Italy	108	107	103	100	97	97	98	98	98
Ireland	101	97	97	95	94	94	94	93	94
Spain	90	88	87	86	87	89	89	89	90
Portugal	86	82	79	81	81	82	82	82	82
Greece	95	87	81	80	80	79	77	76	76
Cyprus	100	97	94	90	91	91	92	92	94
Lithuania	66	71	74	78	81	83	85	88	90
Czech Republic	74	74	73	76	78	78	78	81	83
Malta	79	80	79	78	78	79	78	79	80
Poland	68	71	74	74	74	74	74	75	77
Slovakia	74	74	75	75	76	76	76	76	77
Slovenia	80	80	79	76	76	76	76	77	77
Estonia	59	62	65	68	69	71	72	72	74
Latvia	55	57	61	64	65	66	66	68	70
Romania	53	53	55	54	56	58	64	68	70
Hungary	61	62	62	63	63	63	62	62	64
Bulgaria	44	47	50	49	51	53	53	54	56

Source: Eurostat (26.06.2019.); Processing: Ministry of Agriculture

7. Disposal of agricultural land

Agricultural land in the Republic of Croatia is disposed of on the basis of the Agricultural Land Act and by-laws. The Agricultural Land Act (Official Gazette, No. 20/18 and 115/18) is currently in force, and that act entered into force on 9 March 2018.

The reasons for the adoption of the new Agricultural Land Act were the following: inefficient disposal of state-owned land on the basis of the Act in force until that time, i.e. insufficiently efficient and long-lasting procedures for disposing of agricultural land, non-conformity of the on-site situation with the recorded situation in the cadastre and land registers, reduction of surface areas and fertility of this limited resource that is hard to renew.

The purpose of drafting and adopting this Act was to reduce administrative barriers in order to facilitate the disposal of agricultural land by transferring the tasks pertaining to disposal of agricultural land owned by the Republic of Croatia to units of local self-government, more robust control over the disposal of agricultural land owned by the Republic of Croatia, bringing into function the neglected privately owned agricultural land and land owned by the Republic of Croatia which is not in the function of agricultural production, separation from the forest management plan of agricultural land that can be put to use, and the consolidation of agricultural land. The objective is to increase the total surface area of arable agricultural land and ensure that people, especially the younger population in rural areas, do not leave these areas, land consolidation, bringing into function the neglected privately owned agricultural land and state-owned agricultural land.

Pursuant to the new Agricultural Land Act, agricultural land owned by the Republic of Croatia is disposed of on the basis of the Plan for the Disposal of Agricultural Land Owned by the Republic of Croatia, adopted by units of local self-government in the area where the land is located.

Units of local self-government may not dispose of agricultural land owned by the Republic of Croatia before adopting the Disposal Plan, subject to approval by the Ministry of Agriculture.

Out of a total of 557 units of local self-government, 409 units adopted the Agricultural Land Disposal Plan for their area and submitted it to the Ministry of Agriculture for approval, while the remaining 148 units are currently drafting the Agricultural Land Disposal Plan for their area.

Agricultural land owned by the Republic of Croatia may be sold on the basis of a public tender, excluding fishponds, common pastures, consolidated, re-parceled agricultural land, agricultural land bordering construction sites, and particularly valuable arable (P1) and valuable arable (P2) agricultural land may be sold up to a defined surface area (1 ha in the continental region and 0.2 ha in the coastal region).

The initial value of agricultural land owned by the Republic of Croatia for a public tender for sale is determined on the basis of data from the eNekretnine spatial planning information module regarding the average value of agricultural land.

Table 13. Disposal prior to the adoption of the Agricultural Land Act („Official Gazette” No. 20/18 and 115/18) in the period 2013-2018:

TYPE OF DISPOSAL	SURFACE AREA IN ha
SALE	346.0235
LEASE	16,162.8100
TEMPORARY USE	107,902.6600
FISHPOND LEASE	8,107.7700
USE WITHOUT PUBLIC TENDER	1,683.7200
TOTAL	132,519.2635

The Agricultural Land Agency, established in 2013, aimed to expedite the disposal of state-owned agricultural land. However, due to complicated procedures of preparing tenders and low capacities of the Agency, as a transitional solution, it was possible to dispose of state-owned agricultural land through procedures of temporary use of agricultural land for a term of 5 years. Agreements on the temporary use of state-owned agricultural land have been concluded on the basis of a certificate issued by the municipal commissioner, mayor or county stating that the farmer is in possession of the subject land. Agreements on temporary use concluded under the provisions of the Agricultural Land Act (OG 39/13 and 48/15) were terminated after placing into possession the lessee who signed the lease agreement on the basis of the initiated tender for the lease of the subject land. This form of disposal covers most of the available state-owned agricultural land, i.e. 107,902.6600 hectares.

The Agricultural Land Act (OG 39/13 and 48/15) stipulated that an agricultural land may exceptionally be sold through direct negotiation, which applied to cadastral parcels of up to 1 hectare. The direct negotiation procedure was performed by the Agricultural Land Agency and almost all duly submitted requests were positively resolved.

Table 14. Expected disposal under the Agricultural Land Act („Official Gazette” No. 20/18 and 115/18) in the period from 2019 to 2020:

TYPE OF DISPOSAL	SURFACE AREA in ha			
	2019	2020	2021	2022
LEASE*	54,171.5400	11,748.6100	16,735.1500	25,247.3600
SALE**	0,0000	1,222.6500	1,222.6500	1,222.6500
TOTAL	54,171.5400	12,971.2600	17,957.8000	26,470.0100

*projection based on surface areas disposed of temporarily and according to the termination of said agreements

** projection based on planned surface areas from the Disposal Plans that were granted approval by the Ministry

Type of ownership	2013	2014	2015	2016	2017	2018

No date	50,187.52	37,059.51	32,199.91	28,031.18	25,375.51	9,001.35
Privately owned	730,286.95	747,236.41	787,989.90	808,406.88	823,163.19	849,522.47
State-owned	240,517.85	244,745.26	278,527.38	286,083.14	281,257.02	279,172.53

Table 15. Eligible areas entered in ARKOD by type of ownership 2013-2018 (ha)

Based on the data available from the ARKOD register, it is clear that since the accession of the Republic of Croatia to the EU, from 2013 to 2016, there has been an evident trend of increased use of privately owned and state-owned agricultural land. The trend of increase in the use of privately owned agricultural land continued until 2018, while at the same time there is a trend of decrease in the use of state-owned agricultural land due to the change in legal framework regulating the competency and the procedure for disposal of state-owned agricultural land.

Since the competency for the disposal of state-owned agricultural land has been transferred to local self-government units, it will take some time for the local self-government units to prepare and initiate tenders for the lease and sale of state-owned agricultural land.

We estimate that in the next two to three years there will be tenders for most of the available state-owned agricultural land and that it will be brought into function of agricultural production.

Holders of ownership rights on agricultural land pursuant to the Agricultural Land Act cannot be foreign legal and natural persons, unless otherwise provided for by international contract and special regulation, and foreign legal and natural persons may exceptionally acquire agricultural land by inheritance with the condition of reciprocity.

Foreign legal and natural persons may participate in public tenders for lease and ultimately lease agricultural land owned by the Republic of Croatia under the conditions prescribed by the Agricultural Land Act.

In the tenders for sale and lease of land owned by the Republic of Croatia, preference is given to present holders, who are under 41 years of age and the domicile population, which is in accordance with the agricultural policy of the Republic of Croatia for the preservation of the rural area.

If a foreign person establishes a company registered in the Republic of Croatia, the established company has the same rights and obligations as other legal persons established in the Republic of Croatia by Croatian nationals, and has the right to purchase privately owned and state-owned agricultural land, regardless of whether the founder of the company is from a Member State of the European Union or a third country.

8. Regulating property rights and putting the land register and cadastral data in order

In the Republic of Croatia there are more than 3000 cadastral municipalities in which legal transactions with real estate are carried out and where data in the land registers are harmonized, i.e. land registry and cadastral data are harmonized regularly on the basis of land registry procedures such as the establishment, renewal and amendment to the land register, individual transformation of land registers and individual correction procedure.

The procedures for establishing, amending and renewing the land register may be carried out on the basis of the existing cadastral documentation or on the basis of the data determined in the cadastral survey, and the proceedings shall be initiated upon the decision of the minister competent for justice.

The aforementioned proceedings are carried out simultaneously with the public inspection of data collected and processed by cadastral survey or technical reambulation, i.e. with the public inspection of the existing cadastral documentation.

So far, the procedures for establishing, renewing and amending the land register have been completed for 262 cadastral municipalities, and implementation thereof is ongoing for 72 cadastral municipalities.

Individual transformation as a harmonizing process is carried out based on the decision of the minister competent for justice, with the prior approval of the head of the central state administration authority competent for the cadastre, and the implementation of these procedures is ongoing for nine municipal courts.

Individual correction procedure is also a procedure for harmonizing the data of the land register, and it is carried out at the proposal of a person having a legal interest and when there is a justified reason for the abovementioned; for example, in 2018, 13,843 individual correction procedures were carried out.

It should be noted that the procedures in question are conducted regardless of whether their subject is agricultural land and that no special records are kept of how well these data are harmonized with respect to agricultural land. The deadline for the implementation of these procedures has not been set, as these are procedures envisaged by the Land Registry Act (“Official Gazette”, number 63/2019) as separate land registry procedures without a specified deadline for their implementation.

9. Restitution of agricultural land to former owners

Act on Compensation for the Property Seized During the Yugoslavian Communist Rule („Official Gazette”, number 92/96, 39/99, 42/99, 92/99, 43/00, 131/00, 27/01, 34/01, 65/01, 118/01, 80/02 and 81/02; hereinafter: the Act) regulates the conditions and procedure for compensation for the property expropriated by the Yugoslavian communist authorities from the former owners, which has been transferred to national property, state, social or co-operative property by confiscation, nationalization, agrarian reform and other regulations and methods specified in the Act.

Compensation for expropriated property is, in principle, a payment in cash or securities (stocks or shares and bonds), and exceptionally in kind. The right to compensation is recognized, inter alia, for undeveloped construction land, agricultural land, forests and forest land.

It should be noted that since the entry into force of the aforementioned Act, i.e. since 1997, around 67,000 claims have been filed, of which 6,500 are still being resolved. A significant number of these requests relate to agricultural land.

Considering the dynamics of resolving these cases, and given their complexity, it can be concluded that the time frame needed to resolve the remaining cases is five years. The reason for this is, first of all, the existence of legal protection when adopting decision in such cases. State administration offices adopt decisions of the first instance, and there is a right to an appeal against the aforementioned decision, which is decided upon by the Ministry of Justice, with legal remedy being available against the decision of the Ministry of Justice, i.e. a lawsuit before the Administrative Court, against whose decision there is a right to an appeal before the High Administrative Court of the Republic of Croatia.

10. Consolidation of agricultural land

In the Republic of Croatia, small and fragmented agricultural land holdings are most prevalent, which does not provide satisfactory conditions for a successful and profitable agricultural production, which is why the Consolidation of Agricultural Land Act was adopted in 2015 (“Official gazette” number 51/15).

The Consolidation of Agricultural Land Act stipulates that consolidation is implemented on the basis of multi-annual programs adopted by the Croatian Parliament for a period of five years and annual programs adopted by the Government of the Republic of Croatia. The Programs are prepared by the Agricultural Land Agency on the basis of expert analyses on the implementation of the land consolidation procedure, and in accordance with the Programs, the Agency prepares land consolidation concept design for each cadastral municipality.

The decision to initiate the land consolidation procedure is adopted by the Agricultural Land Agency, with the prior approval of the Ministry of Agriculture.

In November 2015, a Preparatory Study for the preparation of land consolidation programs was developed, the aim of which was to draft a proposal of a ranking list of priority areas for the implementation of land consolidation, using international experience while respecting the specificities of the Republic of Croatia.

The Agricultural Land Agency has initiated agricultural land consolidation in 5 pilot locations in the following units of local self-government: Vratešinec and Podturen (Međimurje County), Zdenci (Virovitica-Podravina County), Gundinci (Brod-Posavina County), Udbina (Lika-Senj County) and Cerovlje (Istria County), due to their specific locations in geographical terms, fragmentation, surface area, abandoned land, land register and cadastre status. Pilot projects began in November 2015 and ended in February 2016. The purpose of launching pilot projects was to support the implementation of land consolidation, observe how the implementation of the Act will work in practice, provide solutions to on-site problems, establish actions for the land consolidation procedure, define the costs of the land consolidation procedure, as well as provide a basis for the adoption of by-laws. Preparation of concept designs defines how the following elements are prepared: land consolidation concept designs, business processes in land consolidation, business process timetable and outputs, acts and documents to be drafted or adopted, estimation of land consolidation costs, economic effects of land consolidation, and proposed legislative amendments.

Since the Agricultural Land Agency ceased to operate after the Agricultural Land Act had been adopted in 2018, and the competence for the disposal of state-owned agricultural land has been changed, the Land Consolidation Act needs to be aligned with the aforementioned changes.

For the purpose of amending the Consolidation Act, an expert working committee was appointed to prepare the first draft of the consolidation act text. The act will then be presented to a broader committee that will prepare the final text of the act.

11. Demining

On 9 July 2019, another 338.5 km² of mine-suspected area remained in the Republic of Croatia, of which 4.5 km² covers agricultural land.

Mine-suspected agricultural land is distributed by counties as follows:

1. Karlovac – 564,415 m²
2. Lika-Senj - 1,916,604 m²
3. Osijek-Baranja - 126,783 m²
4. Požega-Slavonia - 38,683 m²
5. Split-Dalmatia - 1,122 m²
6. Sisak-Moslavina - 1,158,573 m²
7. Šibenik-Knin - 573,586 m²
8. Zadar - 70,884 m²

In Lika-Senj and Sisak-Moslavina County, work is ongoing on 2 projects with a total surface area of 702,312 m² (of which the area of 335,393 m² is in Sisak-Moslavina County, and 366,919 m² in Lika-Senj County), which are to be completed this year and are funded from the European Agricultural Fund for Rural Development.

Since 2015, demining of mine-suspected agricultural land has been funded from the European Agricultural Fund for Rural Development in accordance with the Rural Development Program (Operation 5.2.2. Demining of agricultural land) in three stages. The program covered the mine-suspected agricultural land that could be sufficiently consolidated to represent a project area.

The remaining mine-suspected agricultural land refers to parts that are too small (several meters in size) to form a standalone polygon and/or project unit and as such could not be eligible or prepared for funding under the Rural Development Program. They will be demined as part of conceptual plans that will include them as annual plan items for the Mine Action Plan are developed.

The deadline for completion of the demining process in the Republic of Croatia is March 2026 in accordance with the international commitments (Ottawa Convention).

12. Implementation of the Rural Development Program of the Republic of Croatia for the period 2014 - 2020

The progress of current and planned contracting and spending from the investment measures of the Rural Development Program of the Republic of Croatia for the period 2014 – 2020 (hereinafter: Rural Development Program of the RoC) shows that by 28 October 2019, tenders worth 102.15% of the total available funds were announced, 80.10% were contracted, and 29.35% of the funds were disbursed.

The Paying Agency for Agriculture, Fisheries and Rural Development prepared the following detailed information:

Table 16. The progress of current and planned contracting and spending from the investment measures of the Rural Development Program of the RoC

MEASURE CODE	NUMBER OF TENDERS ANNOUNCED				
	2015	2016	2017	2018	2019
M04	6	2	4	7	1
M06	2	1	2	2	0
M07	1	2	2	2	0
M08	0	5	0	4	0

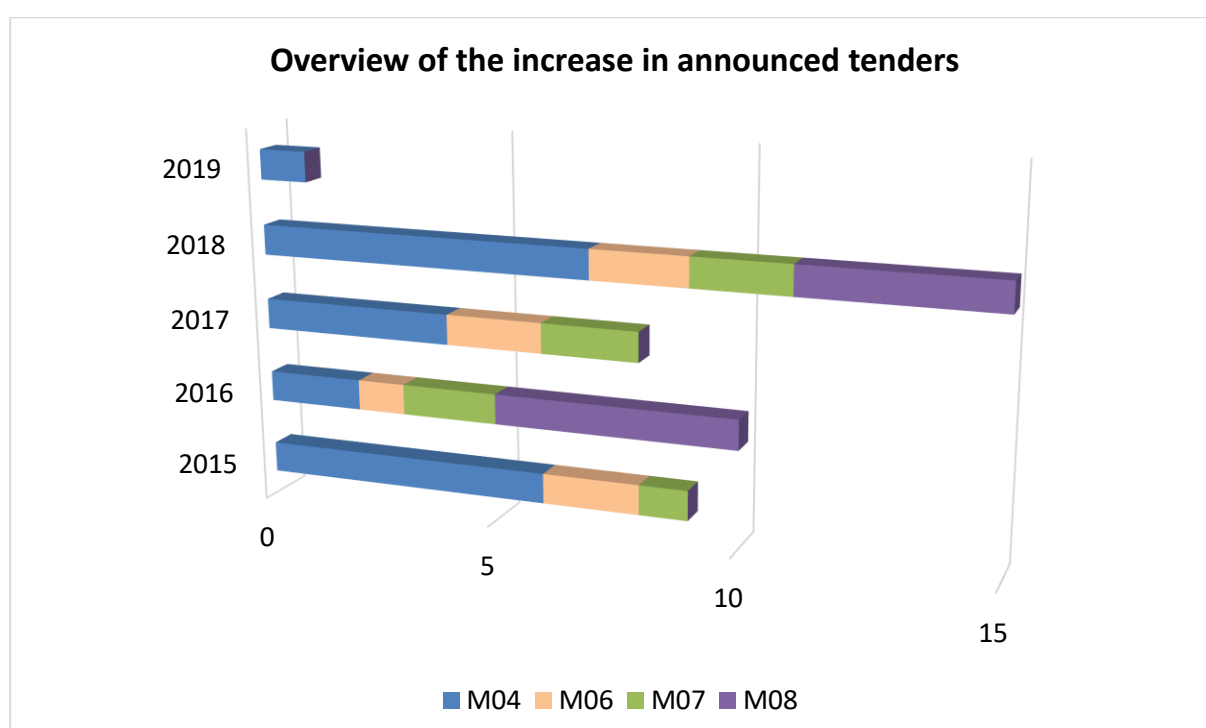


Table 17. Announced tenders amount

MEASURE CODE	ANNOUNCED TENDERS AMOUNT				
	2015	2016	2017	2018	2019
M04	1,701,400,000.00	441,250,000.00	945,000,000.00	1,410,000,000.00	332,000,000.00
M06	288,085,000.00	136,152,000.00	495,261,593.00	826,022,425.00	0.00
M07	21,000,000.00	1,012,612,500.00	516,600,000.00	1,562,147,808.53	0.00
M08	0.00	180,051,000.00	0.00	270,000,000.00	0.00

Definition of specific measures:

M04 - Investments in physical assets

M06 – Farm and business development

M07 - Basic services and village renewal in rural areas

M08 - Investments in forest area development and improvement of the viability of forests

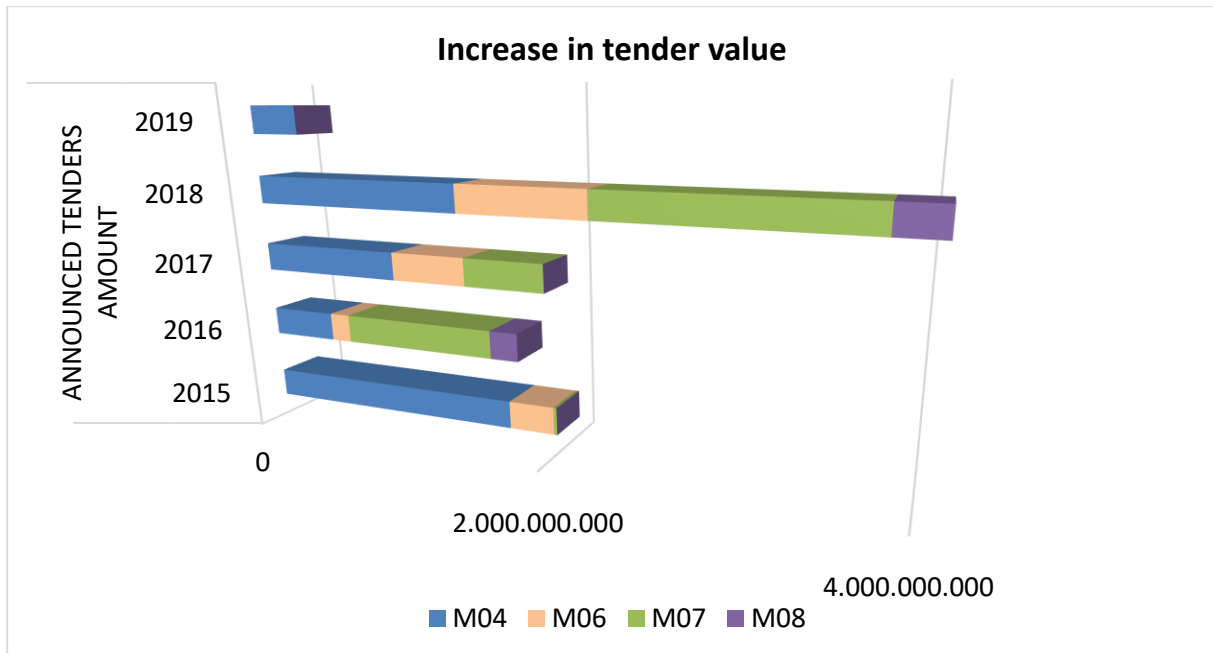


Table 18. Contracted/ approved amount of aid in HRK

MEASURE CODE	CONTRACTED/ APPROVED AMOUNT OF AID IN HRK				
	2015	2016	2017	2018	2019
M04	330,863,896.32	638,230,758.31	1,212,470,099.57	796,938,621.42	555,737,579.17
M06	0.00	217,360,597.73	1,866,091.50	283,367,067.00	872,224,403.60
M07	0.00	19,775,602.65	289,462,027.91	1,762,360,326.79	775,300,740.89
M08	0.00	0.00	106,892,416.90	0.00	131,037,463.25

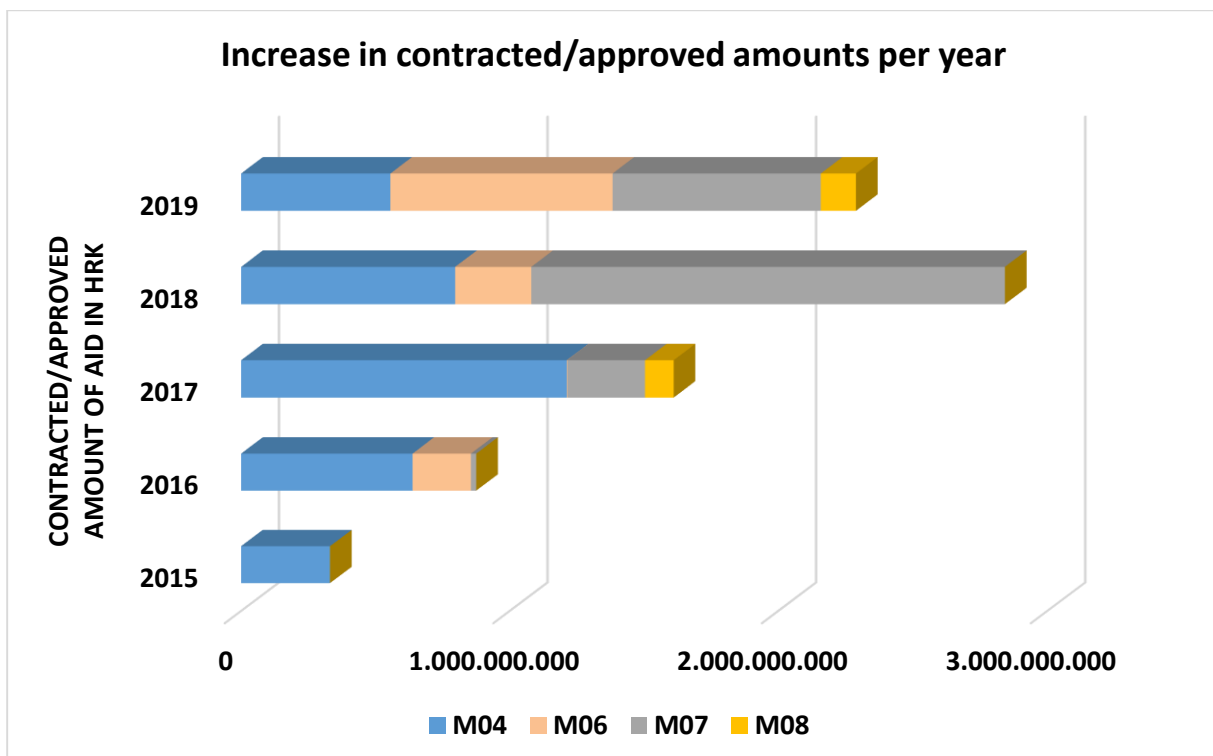


Table 19. Total aid paid out in HRK

MEASURE CODE	TOTAL AID PAID OUT IN HRK				
	2015	2016	2017	2018	2019
M04	0.00	67,826,926.58	398,962,601.94	677,492,277.44	314,545,553.39
M06	0.00	80,915,554.24	83,212,416.67	184,288,271.09	186,299,569.29
M07	0.00	3,008,101.25	15,675,055.93	346,622,591.95	152,266,687.89
M08	0.00	0.00	213,832.25	31,896,626.24	15,155,078.40

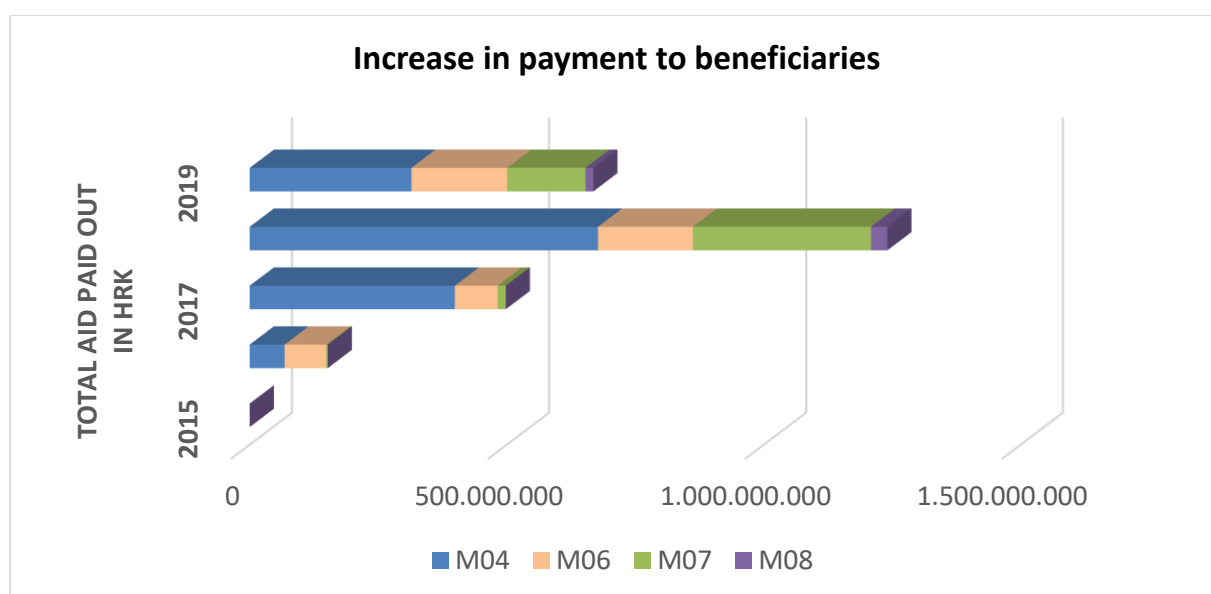


Table 20. Overview of the utilization of measures 4, 6, 7 and 8 of the Rural Development Program of the RoC from the beginning of implementation and ending on 30 June 2019

MEASURE	ALLOCATED	ANNOUNCED	SHARE (%)	CONTRACTED	SHARE (%)	PAID OUT	SHARE (%)
M4	5,198,847,058.82	4,829,650,000.00	92.90%	3,534,240,954.79	67.98%	1,583,644,933.68	30.46%
M6	1,998,253,594.77	1,745,521,018.00	87.35%	1,329,818,159.83	66.55%	666,720,903.33	33.37%
M7	2,020,705,882.35	3,112,360,308.53	154.02%	2,846,898,698.24	140.89%	611,467,283.34	30.26%
M8	706,352,941.18	450,051,000.00	63.71%	237,929,880.15	33.68%	50,682,466.85	7.18%
total	9,924,159,477.12	10,137,582,326.53	102.15%	7,948,887,693.01	80.10%	2,912,515,587.20	29.35%

Based on the presented data, we conclude that within the observed measures, 102.15% of the total allocation is currently announced and 80.10% contracted, while the level of payment as at 28 October 2019 is 29.35%. By the end of this year, it is expected that applications for all tenders announced will be contracted, which would amount to a contracted percentage of 95-100% of all available funds for the aforementioned measures at the beginning of 2020, and it should be noted that by the end of the year, new tenders in measures 4 and 6 will be announced, which will further increase the contracted percentage beyond 100% of available funds. The abovementioned approach will ensure the number of projects that will allow the payment of 100% of the available funds, due to the fact that up to 20% of the projects, i.e. approved costs are not realized.

Indicators for the first half of 2019, with a conservative calculation, indicate that by the end of the year, over 2.5 billion is expected to be contracted and payments of 1.4 billion can be expected.

Due to the fact that in 2017, i.e. 2018, the contracting amount increased (HRK 1.6, i.e. HRK 2.9 billion, respectively), and that, especially in measures involving major construction projects (M4 and M7), a deadline of 3 years was set for the implementation of the project, strong growth in payments in 2020 and 2021 is also expected. If we project payments in the amounts of 1.4 billion in 2019, 1.6 in 2020, 1.7 in 2021, 1.75 in 2022, and 1.6 in 2023, we finally have the total amount of allocation by the abovementioned measures.

III. CONCLUSION

On the basis of the facts presented, the Republic of Croatia considers that there are reasonable grounds for extending the transitional period by an additional three years, i.e. until 1 July 2023, in order to eliminate deficiencies in the agricultural land market in the Republic of Croatia during the additional period. The main reasons underlying the request for extension of the transitional period are:

1. Although Croatian farmers are small, agriculture is an important, and sometimes the only contributor to the economy and income in rural areas of the Republic of Croatia. In order to preserve the present ones, and create vital and sustainable rural communities in the Republic of Croatia, a structural transformation of the Croatian agriculture is required, which also requires the further strengthening of small farmers and their transition to medium-sized farmers, as well as inclusion of more young farmers. The extension of the moratorium on the purchase of Croatian agricultural land will enable the continuation of positive trends in the form of an increase in the utilized surface area per farm, an increase in the number of livestock units bred and an increase in the income currently recorded. It will also make land available as a primary resource in affordable production for young and small farmers who want to increase the competitiveness and volume of production. Given the unfavorable foreign trade situation in which the Republic of Croatia has a deficit of more than EUR 1 billion, with an increasing trend, liberalization of the agricultural land market would disrupt the trend of slight increase in agricultural production value and optimism of agricultural producers.
2. The price of agricultural land in the Republic of Croatia is extremely low compared to almost all EU Member States, especially compared to the old Member States that record a significantly higher income as well (only Romania, Estonia and Latvia have lower agricultural land prices). Higher income provides greater purchasing power. The average annual net salary in the European Union is more than double the Croatian average (172.4% higher). The purchasing power in the Republic of Croatia is 37% lower than the average purchasing power in the European Union, and if we consider the fact that Croatian farmers earn only 40.8% of the average Croatian salary, their purchasing power is even lower.
3. The entry of foreign capital into the agricultural land market in the Republic of Croatia will accelerate the upward trend in agricultural land prices, which is extremely unfavorable for the necessary structural transformation of Croatian agriculture.

Unhindered access of foreign capital also poses a risk for possible speculations with agricultural land in Croatian rural areas in the form of purchasing agricultural land and leasing it under extremely unfavorable conditions for Croatian farmers and/or its conversion into building land.

4. In mid-2018, the new Agricultural Land Act entered into force and it authorizes units of local self-government to dispose of agricultural land owned by the Republic of Croatia, but more time is necessary to fully implement it, as well as to initiate tenders for lease and sale. By leasing the land for a period of 25 years, farmers will be provided with production security and the opportunity to apply for EU funds, which will in turn result in greater purchasing power for Croatian farmers.
5. Organizing data and harmonizing land registry status is a continuous and time-consuming process that is carried out on a daily basis with regard to individual requests, as well as on the basis of procedures carried out by the competent ministry. Organizing data and harmonizing land registry status in the part related to ownership is one of the basic prerequisites for the disposal of agricultural land and it takes time for the initiated procedures to be completed, but also for new procedures to be initiated.
6. The process of restitution of expropriated agricultural land is ongoing and the remaining 6,500 claims are expected to be resolved in the next five years.
7. No conditions have been created for the implementation of consolidation and additional time is needed for the Consolidation Act to be amended and harmonized with the provisions of the current Agricultural Land Act. The estimated time required to amend the Consolidation Act and commence its implementation is 3 years. The implementation of land consolidation procedures is aimed at a more purposeful use of agricultural land, since larger parcels of more regular shape are formed in the land consolidation procedures, which will result in an increase in the prices of consolidated agricultural land.
8. On 9 July 2019, another 338.5 km² of mine-suspected area remained in the Republic of Croatia, of which 4.5 km² covers agricultural land. The deadline for completion of the demining process in the Republic of Croatia is March 2026 in accordance with the international commitments (Ottawa Convention). Upon completion of demining procedures, the area of available agricultural land will be increased. Agricultural land bordering mine-suspected parcels of agricultural land will, upon completion of demining procedures, increase in terms of utilization area. This will result in an increase in the price of such agricultural land.
9. Considering that more than 70% of available funds from the investment measures of the Rural Development Program of the RoC have been contracted by 30 June 2019, a strong increase in the pay out of the Program funds is expected in the upcoming years (2020-2023), and additional time is required to achieve the effects of these measures.

The previously presented data on the basic macroeconomic indicators of the Croatian economy, structure of farms, as well as prices for the purchase and lease of agricultural land for Croatian nationals compared to the nationals of other EU Member States clearly indicate

that the abolition of existing restrictions on acquisition of agricultural land would favour the nationals of other EU Member States in comparison with the citizens of the Republic of Croatia.

Therefore, we hereby request the extension of the transitional period during which the Republic of Croatia will maintain the existing restrictions on the acquisition of ownership over agricultural land for an additional three years, i.e. until 1 July 2023. We believe that significant progress will be made during this period in eliminating the aforementioned deficiencies in the agricultural land market of the Republic of Croatia.