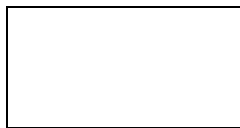


EXCHANGE PROGRAMME

SLOVENIA



Report based on Exchange Programme documents provided by

Nataša Marzidovšek

Budapest, 2004

Short Overview of the Land Market Situation in Slovenia

Agriculture is of limited importance to the Slovenian economy. Lower agricultural production capacity, also caused by relief, inclination, and altitude affected the importance of Slovenian agriculture; its relative weight is decreasing. Together with forestry, its contribution to GDP in 1997 was 4.4% and in 2000 only 2.8%, the same as in year 2002. In 1997 agriculture accounted for 6.2%, in 2000 9.8% of employment. In 2003, the agricultural sector accounted for 7.9% of employment and it is still decreasing (for –3.2% in the year 2003, compared with 2002). The value of Slovenia’s agriculture production did not decline during the transition process. In fact, agricultural production has generally increased slightly, with yearly fluctuations being mostly due to changes in the crop production.

1 General Information

Slovenia is located in southeastern Europe and borders on the Adriatic Sea (46.6 km), on Italy (232 km), Croatia (501 km), Austria (330 km), and Hungary (102 km). The total area of the country is 20.273 sq km. The country is a combination of a short coastal strip, mountains, and valleys with numerous rivers to the east. Slovenia’s capital city, Ljubljana is a political, cultural and economic centre of the country. According to Koeppen’s classification Slovenia has a temperate type climate on the west, close to the Adriatic Sea and a cold type of climate in the rest of the country. Its small population of two million people is concentrated in several regions as a result of limited habitable terrain.

Among the most successful transition economies Slovenia is perhaps the most developed EU accession country. Slovenia’s relative prosperity has been a key factor in the country’s strategic approach to reform, which has been substantially different from other Central and Eastern European countries. Slovenia has chosen to follow a gradualist and consensual approach to change, frequently postponing many key structural reforms. Historical ties to Western Europe, a strong economy and a stable democracy made Slovenia a leading candidate for a membership in the EU and in the NATO. As a result, Slovenia joined the EU on May 1, 2004. Slovenia is high-income country with a Gross National Income (GNI) per capita of EUR 12.237 (2003).

Population (2002 census)	1,987,971
Annual growth rate (2003 est.)	0.14%
Ethnic groups (2002 census)	Slovenes 83.06%, Croats 1.81%, Serbs 1.98%, Bosniaks 1.10%, Hungarians 0.32%, Montenegrins 0.14%, Macedonians 0.20%, Albanians 0.31%, Italians 0.11%, Roma 0.17%
Religions (2002 census)	Roman Catholic 57.8%, refused to reply 15.7%, atheist 10.1%, Orthodox Christian 2.3%, Muslim 2.4%
Languages	The official language is Slovene. Hungarian and Italian are spoken in the border regions, and German fluency is common near the Austrian border. Bosnian, Croatian, and Serbian are spoken by a sizable (6% of the population) minority. English is widely understood by business people and students.

Table 1 Nationalities

The Slovenian economy has been characterized by sustained economic growth since 1993. Positive export trends, reduced inflation and labor market improvements have contributed to Slovenia's continued growth. The modest growth in foreign demand, which almost halved compared to 2002, are significantly below the average of the past decade. On the other hand, domestic demand gained importance and this led to changes in the structure of gross domestic product growth. At the year 2004, as a result of positive growth trend in EU countries as well as stronger domestic demands, growth rate and employment is becoming higher. Problems that still remain after accession to the EU are e.g. constant inflation, budget deficit and some uncompleted transition processes.

	2002	2003	2004 (prediction)
GDP growth	3.4	2.3	3.6
GDP in mio Sit (in current prices)	5.314.494	5.726.498	6.137.000
GDP per capita in EUR	11.775	12.237	12.878
Productivity per labor	3.9	2.5	3.2
Current account balance (EUR mio)	1.4	0.1	-0.2
Agriculture and forestry in % of GDP	3.2	na	na.
% of employment in agriculture of total employment	9.1	8.0	7.9
Employment	6.4	6.7	6.6

Table 2 Economic Indicators

Source: Republic of Slovenia, Institute of Macroeconomic Analyses and Development, Spring Report 2004, Economic Mirror 7/04

2 Land Administration

2.1 Land Registration System in Slovenia

Land Cadastre data, held by the Surveying and Mapping Authority of the Republic of Slovenia is official parcel and tax evidence. The parcel is a part of the land, owned by the same owners and is the smallest land transaction unit. In Slovenia there are 5.140.000 parcels in 2698 cadastral municipalities.

Real estate legal protection is held by the Land Registry, which is public evidence on real estate rights and contains all legal issues connected to real estate. Land Registry is held by the Land Registry Courts. Land Cadastre and Land Registry data are complete Real Estate evidences.

2.2 The Role of the Agricultural Land and Forest Fund (Land Fund)

In 1993, the Agricultural Land and Forest Fund of Slovenia was established with the goal to manage all state owned agricultural land and forests as a primal source for restitution of agricultural land and forests in nature. Today, the Land Fund administers 300.000 ha of forests and 140.000 ha of agricultural land (50% in hills and mountainous areas). All former socialist farms (today mostly joint-stock companies) lease the land they operate from the Land Fund, as well as almost 22.000 small farmers that lease small land units (average area is 1.2 ha). The cca. 50 large enterprises have land units between 5.000 ha and 20.000 ha.

The Land Fund also buys and sells land in order to support land policies and the restitution process in order to prevent land fragmentation and to promote agriculturally viable units.

The Farmland and Forests Fund carries out the following major activities:

- Improves property and parcel structure through the purchase of farmland and forests, and offers for long-term lease or sale to improve farm units;
- Purchases farmland and forests in regions where inventions on their territory are planned, and allocates substitute land to farmers who would lose their arable land after the planned encroachment;
- Carries out inter-regional exchange of farmland and forests;
- Protects the national interest regarding land ownership;
- Buys forests for special purposes and for soil protection on behalf of the state;
- Exercises influence on the settlement structure of Slovenian rural areas, in accordance with the development policy adopted by Slovenia and in collaboration with the ministries;
- Regulates ownership and other property rights on immovable assets owned by Slovenia in both court and out-of-court proceedings;
- Manages funds received, including funds that it acquires on its own, and funds allocated from the budget, which it spends entirely on the tasks specified above.

Ministry of Agriculture, Forestry and Food

The Ministry performs tasks in the fields of agriculture, rural development, food, fodder, plant protection, veterinary medicine, zootechnics, forestry, and hunting.

Under Real Estate Record Managing Project, the Ministry is setting up a database record on agricultural land use (operational system of acquisition and monitoring of agricultural land use).

Agency of the Republic of Slovenia for Agriculture Market and Rural Development

The purpose of the Agency was to implement EU programmes of pre-accession processes and after accession to continue with the implementation of EU projects. It also investigate the agricultural market, prices and structural policy, manages databases, and promotes agricultural products. Moreover, the Agency performs work relating to applying measures and tasks in the area of agriculture, forestry, food and fishery in line with the common agricultural policy of the EU.

Surveying and Mapping Authority of the Republic of Slovenia, under the Ministry for Environment, Spatial Planning and Energy (SMA)

Organisation and competence of the geodetic service are held by SMA. Its services include the setting up and maintaining the data collection of the basic geodetic system, records of real estate, the state boundary, spatial units, house numbers and the topographic and cartographic systems. The geodetic service works both on national and local levels, where the tasks of the local services are performed by municipalities. SMA consists of the head office and 12 regional geodetic administrations with 46 branch offices.

The Main Office implements the following tasks and duties:

- prepares the State Geodetic Service annual program and report on its implementation;
- organises work of Regional Surveying and Mapping Authorities, supervises their work, and ensures the uniform implementation of geodetic service assignments;
- directs implementation of development tasks relative to surveying and mapping activities;

- drafts regulations relative to surveying and mapping activities;
- provides for the implementation of international obligations of the geodetic service;
- provides for the creation, administration and updating of geodetic databases, and for the issuing of those data;
- provides for the education and training of the staff of the Surveying and Mapping Authority and of land surveying companies that are licensed to implement geodetic services;
- provides for the implementation of special professional examinations for the implementation of geodetic services;
- grants licenses for the implementation of geodetic services;
- administers the register of land surveying companies that are licensed for implementing geodetic services and the register of persons who are licensed for implementing geodetic services, and supervises their work;
- implements other assignments stipulated by law.

The Geodetic Institute of Slovenia

The Geodetic Institute of Slovenia is a legal entity operating in accordance with the regulations governing public institutions unless otherwise stipulated by law. The headquarters of the institute are in Ljubljana.

The Geodetic Institute of Slovenia implements developmental and expert and technical assignments of the State Geodetic Service in accordance with the work programme prepared by SMA and which is an integral part of the annual programme of the State Geodetic Service. The Institute implements its assignments as a public service and reports on their implementation to SMA, within which the main office supervises its work. In accordance with the decision of the Government of the Republic of Slovenia the Geodetic Institute of Slovenia may use the excess of income over expenditure for the implementation and development of its activities and for rewarding its employees. The Government of the Republic of Slovenia may stipulate that a part of the excess of income over expenditure be transferred to the state budget.

Local geodetic service

The operation of the local geodetic service is provided for by the municipality budgets. Local geodetic service includes the creation; administration and maintenance of the Cadastre of Public Utility Facilities, and can also include the creation, administration and maintenance of the basic large-scale topographic maps and other assignments in local interest.

Local geodetic service may be organised within the municipality administration and the joint municipality administration and it can also be delegated to a land surveying company by granting a concession. The concession can be granted in accordance with a procedure and method stipulated by the act governing public utilities. The provisions of the law governing public procurements apply as appropriate for the public procurement for the granting of a concession.

Individual works within the local geodetic service can be transferred to land surveying companies through public procurement.

Supreme Court of the Republic of Slovenia

The position of the Judiciary in the Constitution is based on the principle of dividing authorities into branches with legislative, executive and judicial power. Such decisions are entrusted to independent, neutral courts established by law. The Supreme Court is the highest appellate court in the state. Apart from administering justice, the Supreme Court also determines most cases of disputes over jurisdiction between lower courts, grants the transfer of jurisdiction to another court in cases provided by law and keeps records for the judicial practice of courts. Auxiliary departments of the Supreme Court is Centre for Information Technology, which ensures unified information technology support throughout the whole judicial system.

The task managed by the Supreme Court of Slovenia is to support Land Registry informatisation in Courts and backlog mitigation at Land Register Courts in compliance with the adopted timeframe, the longest implementation period of the registration procedure being 6 working days by the end of 2004.

Ministry of Justice of the Republic of Slovenia

The role of the Ministry in real estate system development is to build up a legal framework for property ownership. The existing legislation regarding real estate ownership rights were harmonized with the EU material law codes.

Ministry of Finance of the Republic of Slovenia

The role of the Ministry in the field of real estate system development is to build up mass real estate valuation, to develop a new land and real estate taxation and valuation system for Slovenia. The second role in the field of real estate system development is to define a suitable system of mortgage banking for Slovenia and to prepare legislation regulating the implementation of mortgage banking thus efficient and safe mortgage finance for real estate in Slovenia. Both tasks are under preparation.

Tax Administration Authority of the Republic of Slovenia

The Tax Administration Authority of the Republic of Slovenia is a complementary part of the Ministry of Finance. It performs tasks from the activities of the tax service, which include assessment, charging, supervision and enforcement of taxes and other duties on the basis of the law and other regulations.

Real Estate Record Management Project

The implementation of adequate real estate policies in any country requires current real estate records, which underpin the operation of the real estate market and represent one of the first conditions for a successful transition into a market-based economy. The homogenous registration of real estate and quality real estate data are the foundation of spatial planning, land policy making, real estate valuation and taxation, registration of real rights in real estate, spatial data referencing, statistical analyses and the like. In Slovenia various implementing agencies and individuals have been striving for a long time to regulate the real estate records managements on the state level and under a joint project. Successful coordination of activities commenced with the establishment of the Programme Council for the Modernisation of Real Estate Registration appointed by the Government of the Republic of Slovenia in October 1998. The Government also defined the basic concept of the modernisation of real estate registration. The Programme Council has a linking and coordinating role in the development and administration of real estate records. The Government of the Republic of Slovenia decided to commence with the modernisation of real estate registration. The objectives of the modernisation are the

simplification of procedures of real estate registration into the Land Register and the Land Cadastre, and the integral, harmonized and fast collection of data. The Programme was based on the fundamental concept of real estate records modernisation, and on the detailed definition of objectives and functions of real estate records (mainly the functions of fiscal, land and housing policies, and the functions related to state property management). The implementation programme also includes the draft orientations in real estate records computerisation and the programme for the legal regulation of real estate registration. The Real Estate Registration Modernisation Project, its operative implementation began in the year 2000.

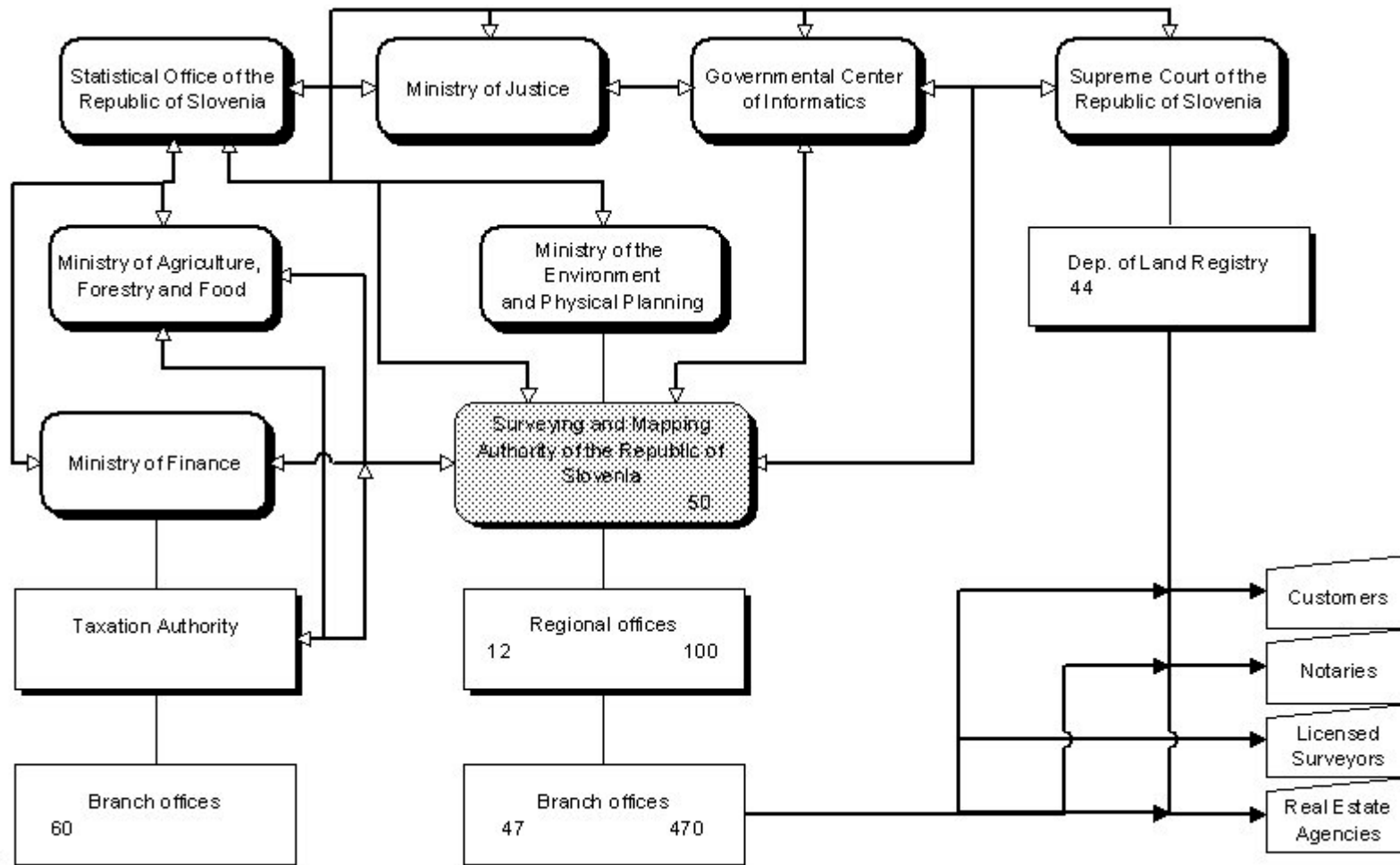
Some of the project results that are due in the course of project implementation are as follows:

- Digital cadastral maps in a single coordinate system covering the entire territory of the Republic of Slovenia;
- Acquisition of all buildings on the territory of the Republic of Slovenia;
- Backlog mitigation at Land Register Courts in compliance with the adopted timeframe; prepared procedures and partial registration of apartments;
- Improved legislation in the field of property ownership and other real rights, and in the field of mortgage banking; Operational system of acquisition and monitoring of agricultural land use by the end of 2002.

The results obtained during the project and in relation with other accompanying projects and activities should lead to the realisation of the following long-term objectives:

- Harmonization of real estate records (connectible real estate data will enable the creation of Harmonised real estate records available to users as homogenous and integral databases);
- Market-based valuation and taxation of real estate (the methodology for the market-based valuation of real estate for taxation purposes will enable the calculation of the market value of a real estate; this will contribute to a higher degree of objectiveness in real estate taxation);
- A more efficient operation of the real estate market (regulated and maintained records will enable more transactions on the market; the knowledge of the market value of real estate will contribute to the balanced operation of the market; there will be less speculations for similar and identical types of real estate, for both Slovenian citizens and foreigners);
- Efficient support to the needs of the government, local communities and individuals (reliable, adequate and quality data will provide efficient support to decision-making and management on the government level and on the level of local communities; such data will also meet the interests of individuals);
- Acquisition and monitoring of the use of agricultural land and forests (first the acquisition and later on the monitoring of the changes in land use will make an important building block of the information system related to the fields of agriculture and forestry; the said information system will be a sound basis for implementing adequate agricultural policies);
- Implementation of spatial, environmental and housing policies (quality and linked real estate data provide the foundation for the implementation of various policies being of key importance for the development of any national economy).

Notice: Text was prepared by Božena Lipej, Surveying and Mapping Authority in the Republic of Slovenia, Ljubljana, 2002



Organisational Structure

2.3 Transactions

Slovenia has a long history of spatial planning where rural areas and forests were considered as social good in the way that the countryside has to provide an appropriate environment in which people may spend their leisure time, as well as resources for food production.

Transactions can be managed by the owner of the land or real estate firms, but it have to be approved by the local office of the Ministry of Agriculture, Forestry and Food. Each intended transaction either with agricultural land or forestland must be forwarded to the local office of the Ministry of Agriculture, Forestry and Food for examination (Agricultural Land Act, Official Gazette of the Republic of Slovenia no. 59/96 with supplements, ZKZ). At the local office it will be examined whether the rights of preemption of certain interest groups were respected. The rights of preemption have co-owners, leaseholders, first neighbors, other local farmers, land fund, municipalities, and local agricultural enterprises. The examination at the Ministry is not obligatory in some special cases, e.g. the buyer is married, a co-owner, within a contract on surviving, contract on gift etc. In the past, the potential buyers had to prove their farmer status, but now it is not required anymore.

Tax administration in Slovenia holds the main evidences on transactions on agricultural land. The evidences are only for the purpose of taxation.

2.4 Condition for Agriculture in Slovenia

Natural conditions in Slovenia are relatively disadvantageous for agriculture. Approximately 50% of the total surface is covered by forest. Over 70% of the farmland is classified as less favored area, most of it is grassland and the proportion of arable land is relatively low.

After the Second World War the Slovenian agriculture, especially arable land was subject of special political and economic conditions, as intensive industrialization, agricultural production, and dispersed urbanization. There were large state-owned companies and small private family farms, owned over 90% of the total agricultural area. Nowadays, an average farm has only 5 hectares, and more than 85% of the agricultural land is cultivated by farmers who hold less than 20 hectares.

Slovenia is a net importer of agricultural and food products. It mostly imports cereals, sugar and pork. It exports hops, quality wine and beer, quality beef and meat products.

Land Use Indicators			
Land use:	Agricultural land (39% of land) occupies 491.000 ha. Main crops are maize 44 401 ha, wheat 31 615 ha, potatoes 9840 ha, fruits 37 514 ha, vegetables 3941 ha and hops 1 803 ha.		
	Of the 491,000 hectares of utilized agricultural area, more than 70% is located in mountain and hill areas.		
	Arable land (12% of land) and permanent crops (3% of land) occupy 285.000 ha.		
	Permanent pastures (24% of land) occupy 502.000 ha.		
	Forests and woodland (54% of land) occupy 1.1 million ha.		
	Noncultivated land (6.8% of land).		
	Irrigated land: 20 sq km (1993 est.)		
	Other: 7% (1996 est.).		
	Slovenian utilized agricultural area accounts for less than 1% of just associated EU countries.		
Lands & Inputs (last available data):	1998	1999	2000
Total population/Arable land (inh/ha):	12	12	11
Fertilizer use/ Arable land (kg nutrs/ha):	445	460	436
Tractors/ Arable land (no 1000 ha)	662,1	649,1	660,0
Natural hazards:	Flooding and earthquakes		
Agriculture Production Index:	Average for 1997-99 was 104.0 – (Net PIN base 1989-91= 100)		
Labour force participation ratio of women to men:	Was 0.9 in 1998		
Slovenia is the third largest exporter of the region for pears.			

Table 1 Agriculture Land Indicators

2.5 Land tenure

The farm structure consists of over 92.000 small and mostly part-time private farms (an average of 3.5 ha) that own or lease about 92% of agricultural land and produce 75% of the total agricultural output. The rest is produced by large agricultural companies on the remaining 8% of the public land. The public land is managed by the Agricultural Land and Forest Fund of Slovenia. Today, the Land Fund administers 300.000 ha of forests and 140.000 ha of agricultural land (50% in hills and mountain areas). The Slovenian agricultural reform resulted in a trend of farm consolidation with the number of farms dropping from 86.400 in 2000 to 77.100 in 2003. During this period, about 10.500 small farms (less than 10 ha) disappeared and 1.135 larger farms (more than 10 ha) were formed. Utilized agricultural area decreased slightly from 486.174 ha in 2000 to 481.034 ha in 2003.

Now, the average Slovenian farm under cultivation is 6.2 ha with 6.1 head of cattle. In 2000, the average farm was 5.6 ha with an average of 5.5 head of cattle. The consolidation has resulted in a 5% decrease in arable land from a total of 170.849 ha in 2000 to 162.105 ha in 2003.

(Source: Andreja Misir: *Agricultural Situation, Slovenian Farm Consolidation, Gain Report, Vienna 2003*)

3 Financial Framework

3.1 Commercial Banks Services

Under the Law on Banking (Official Gazette of RS, no. 7/99, 59/01, 55/03 and 42/04), banks and savings banks in Slovenia are granted authorizations to provide banking services (taking deposits from private individuals and legal persons and granting credits for its own account) and selected financial services. All commercial banks in Slovenia can, related to land services (crediting, mortgaging etc.):

- Lend money, including consumer credits, mortgage credits, and financing of commercial transactions,
- Issue guarantees and other commitments,
- Collect, analyse and provide information on the credit-worthiness of legal persons,
- Perform transaction services,
- Advise companies on capital structure, business strategies and related questions, and
- Do other related services.

Commercial banks can give the mortgage credits for purposes related to agricultural land services. Mortgage crediting is crediting under pledge of the real estate.

Existing financial possibilities to finance property investments through commercial banks
<ul style="list-style-type: none"> ▪ Institutions: commercial banks ▪ Credit risk: mostly sold to insurance companies and in minor scale taken by the banks themselves ▪ Guarantors: mostly insurance companies, but a personal guaranty from two persons is possible. Recently, some commercial banks have started to introduce collateral - but in a minor scale - for 15 and 20 years loans; as a collateral the purchased property itself can be used or any other property - the condition is to be registered ▪ Conditions: max accepted yield to income (after tax): about 33 % ▪ Max loan-to value: about 40 % ▪ Terms: 10 years normally, up to 15 years (uncommon) ▪ Interest rate: min 5.25 % real interest rate (August 1999) for 10 years loans, for the best commitments. For 15 years loans the real interest rate is 0.5 % higher (5.75 %) ▪ Amortization: annuity loans ▪ Actual inflation: 4.3 % (June 1998-June 1999, consumer price index), actually decreasing
<p><i>Source: Mitja Čok et.al.: Creating a Mortgage System in Slovenia, Ljubljana, 2000</i></p>

Table 2 Existing financial possibilities to finance property investments through commercial banks

3.2 Mortgage

Compared to other European countries, mortgaging is still underdeveloped in Slovenia. The banks are using mortgage as collateral when crediting the corporate sector. Recently, mortgages have also been increasingly used in housing finance, yet their importance in this field is still very modest. The data, which has been collected by a survey done by the Ministry of Finance in

February 2000, indicates that the total outstanding mortgage loan at the end of 1999 adds up to 945 Mio USD, what represents a level of approximately 4.7% of the GDP. The loaners are predominantly banks, which account for around 95% of all outstanding mortgage loans. The second investors are insurance companies with a small share of 5%.

Both the legal and regulatory framework and supporting infrastructure will be completed in the near future as the goal of the Real Estate Registration Project. Slovenia is aware of the importance of a developed mortgage system and mortgage loan market as the basis for an effective housing market.

The central problem in real estate finance in Slovenia is the incapacity for the financial sector to engage in true and long term secured lending, that is, lending where a real asset serves as collateral for loan repayment. An asset can serve as collateral, when the lender has swift and sure access to ownership of the asset upon non-payment by the borrower. Effective foreclosure and eviction procedures, a sound registration system, and mortgage banking regulations are required for the emergence of efficient mortgage finance for real estate. All the above-mentioned conditions are only partially met in Slovenia. There is already some relevant legislation in place, however some pieces are still missing. So, there is legislation regarding credits and crediting. Legislation also defines mortgage loan. On the other hand, there is also legislation regarding bonds in issuing and generally regarding trading in securities. But, the two parts are not linked or connected what we call mortgage banking legislation. There is no legislation regarding mortgage banking, which would define and regulate the issue of mortgage bond and mortgage bank as such. As a consequence, banks are not in the position to assure long-term sources for financing their mortgage credits and it is reflected in shorter maturity of mortgage loans and on the other hand, in relatively small proportion of mortgage loans in total loans.

4 Legal Framework

4.1 Agriculture

- Forestry Act, ZG, Official Gazette of the Republic of Slovenia, no. 30/1993, with supplements.
- Agriculture Act, Zkme, Official Gazette of the Republic of Slovenia, no.54/2000, with supplements.
Description:
- Agricultural Land Act, ZKZ, Official Gazette of the Republic of Slovenia, no. 59/1996, 31/1998, with supplements.
- Farmland and Forests Fund of Slovenia Act, Official Gazette of the Republic of Slovenia, no. 10/1993, with supplements.
- Forest Act, ZG, Official Gazette of the Republic of Slovenia, no. 30/93, with supplements.

4.2 Field of Geodetic Services and Land Cadastral System

- **Land Survey Service Act (sic)**

The act defines the State Geodetic Service as part of the geodetic activity implemented in the public interest, sets out the tasks of the State Geodetic Service, governs the organisation and the implementation of the assignments of the State Geodetic Service, the issuing and use of the geodetic data and the inspection and supervision.

- **Law on Geodetic Activities, Official Gazette of the Republic of Slovenia no. 8/2000, with supplements**

This law defines the surveying and mapping activity and determine conditions to implement this activity. It defines the geodetic service as a part of the surveying and mapping activity being implemented in public interest, determine geodetic service duties, manage the organization and implementation of geodetic service duties, geodetic data issuing and application, and inspection control. The surveying and mapping activity shall include geodetic surveying and observation, mapping, and other operations and procedures necessary to keep records of data on real estates and space, to delimit real estates boundaries, and for technical purposes.

- **Real Estate Property, National Border and spatial units registration bill, Official Gazette of the Republic of Slovenia no. 52/2000, with supplements**

This Act administers the registration of real estate property, state border and spatial units and the regulation and alteration of land parcel boundaries. The registration of real estate property according to this Act shall include the creation, operation and maintenance of the land cadastre and the register of buildings, which are created, operated and maintained by the Surveying and Mapping Authority of the Republic of Slovenia. Both are evidences as the main records of the data on land properties and buildings.

The basic unit of the land cadastre is the land parcel (hereinafter the “land parcel”). The land parcel is an undivided land property, located within one land registration district and recorded in the land cadastre as a land parcel with its parcel number. The territory and the names of land registration districts shall be defined by the minister responsible for geodetic service (hereinafter the “minister”).

The land cadastre consists of the following data: parcel number, boundaries, area, owner, and administrator, if owned by the state, actual use. The land cadastre shall also contain the data on the link to the register of spatial units, the register of buildings and the land register. The data of the owner of the land property shall be the data of the land register.

The land cadastre shall keep the data on the following types of the actual use of land properties: farmland properties, forestland properties, and water lands, infertile lands, built lands.

The data on actual use of land properties shall be taken from the records on actual use of land properties, kept in pursuance with law. If data on any particular actual use of land property does not exist, it shall be established by the Surveying and Mapping Authority in compliance with the annual work program of the state geodetic service.

4.3 Legal framework and land titles

- Law on Property Code, Official Gazette of the Republic of Slovenia, no. 87/2002
This law regulates the basic principles of property law, tenure, legal rights and all procedures related to acquisition, transfer, protection related to property. Property rights are: legal rights, mortgage rights, land debt, servitude, right on property load. The legal rights are specified in the Land Registry Data.
- Land Registry Act, ZZK-1, Official Gazette of the Republic of Slovenia, no. 58/2003.
- Spatial Planning Act
The act governs spatial planning and the implementation of spatial planning measures for the implementation of the planned spatial plans, providing utility services to building sites and administering the system for spatial databases.
- Construction Act
The act governs the conditions for the construction of all objects, specifies the relevant requirements for fulfilling those conditions regarding the characteristics of the objects, sets out the methods and conditions for implementing activities in connection with the construction of objects, governs the organisation and the fields of work of the two professional chambers, governs inspection and supervision, lays down the sanctions for offences regarding the construction of objects and governs other issues connected with the construction of objects.
- Land Registry Act
The act sets out the fundamental principles of the land registry operation, the contents and types of land registry entries, land registry procedure and special land registry procedure, the implementation of Land Registry entries and the administration of the collection of documents and governs cancellation actions.

4.4 Spatial Planning

- Spatial Planning Act, ZUreP-1, Official Gazette of the Republic of Slovenia, no. 110/2002 and 8, 2003-corr.
- Construction Act, ZGO-1, Official Gazette of the Republic of Slovenia, no.110/2002 with supplements.

4.5 Taxation

- Personal Income Tax Act, Zdoh-1, Official Gazette of the Republic of Slovenia, no. 54/2004, with supplements.
- Real Estate Sales Tax Act, ZDPN-1, Official Gazette of the Republic of Slovenia, no. 57/1999, with supplements.

- Law on Assessment of Cadastre Income, ZUKD, Official Gazette of the Socialist Republic of Slovenia, no. 23/1976, with supplements.

Notice: All laws are used with belonging sub-laws.

5 Ownership Structure

More than 90% of Slovenia's Utilised Agriculture Area was occupied by small private agricultural holdings and only about 8% by "socially owned" holdings – known today as "agricultural enterprises". This was the result of the Land Property Law of May 1953, which limited the size of private farms to 10 hectares of arable land (or 15 ha in some cases). Any excess was transferred to the agricultural enterprises.

However, due to a recently passed regulation, those, whose land was confiscated, are now entitled to get it back. A decision of returning property to previous owners has been made by the government, concerning approximately 51% of agricultural land and 67% of forests. This concerns areas, which are currently farmed by agricultural enterprises. Eventually, these will have to give up a substantial share of the land, estimated to reach about 40%.

Although the "agricultural enterprises" had only 8% of the Utilised Agriculture Area, their contribution to Gross Agricultural Output was nearly one-third. This was not only due to a much higher production potential, but also to their ability to exploit available production factors more efficiently. Moreover, the "agricultural enterprises" were not spread throughout the country, but concentrated in the central and northeastern plains, in the best agricultural areas. The productivity achieved by these farms almost reached EU levels, for both land and labour.

Individual farms have an average size of about 4.8 ha, which is roughly 1% of the companies (370 ha). On the other hand, labour intensity on individual farms is considerably higher. Most private holdings were involved in cattle and dairy production, whereas the "socially owned" sector tended towards intensive animal production, in particular pigs and poultry. There is a continuous change in farming activity in Slovenia. Most of it relates to adjusting the time spent on farming rather than giving up this occupation entirely. Due to the off-farm job opportunities of the farmers, small-scale farms are often more resilient to economic downturns than large full-time farms. However, it is expected that in the future more private holdings will be operated by full-time farmers, efficiency might improve as well. A big problem is depopulation and degradation of the cultural landscape.

Currently, private farms those are larger than the average farm in the European Union (14 ha Utilised Agriculture Area) account for less than 5% of all Slovene farms, with this class of farms operating more than 10% of Utilised Agriculture Area, while the corresponding share in EU countries is 75%.

Table: Comparison of private and public sector						
	Unit	Family farms	% Of total	Public sector	% of total	Total
Holdings with Utilised Agriculture Area	Number	90,578	99.9	97	0.2	90.675
Utilised Agriculture Area	000 ha	431	92.3	36	7.7	467
Average Utilised Agriculture Area/holding	Ha	4.8		371.4		5.1
Arable Land						
Holdings	Number	77.907	99.9	82	0.1	77.989
Area	000 ha	145	85.3	25	14.7	170
Average area	Ha	1.9		305.2		2.2
Permanent pastures						
Holdings	Number	79.451	99.9	45	0.1	79.496
Area	000 ha	259	97.5	7	2.5	265
Average area	Ha	3.3		145.2		3.3
Orchards						
Holdings	Number	33.482	99.9	28	0.1	33.870
Area	000 ha	9	85.2	2	14.8	11
Average area	Ha	0.3		58.0		0.3
Vineyards						
Holdings	Number	34.809	99.9	35	0.1	34.834
Ara	000 ha	13.649	82.9	2.813	17.1	16
Average area	Ha	0.4		112.5		0.5
<i>Source: Statistical Office of the RS: Farm Structure Survey (1997), ECD: Agricultural Situation in the Candidate Country, Country Report on Slovenia, 2002</i>						

The Farm Structure Survey, conducted by the Statistical Office of the Republic of Slovenia in 1997, demonstrated that during this period there were about 90.700 farm holdings in Slovenia. All the figures must, however, be viewed with great deal of caution since they correspondent to Eurostat standards, where no alpine pastures and communal areas are accounted for, as it was the case with the Population Census in 1991. The Farm Structure Survey carried out in 1997, was the first statistical sample survey in Slovenia which used this methodological change and did not include all holdings.

Table: Farm Structure and Market Infrastructure, the Year 2003
<p>Farm Structure</p> <ul style="list-style-type: none"> ▪ 86.472 family farms ▪ The unfavourable size and fragmented structure (4 mio parcels) ▪ ¾ of the total population lives in rural areas ▪ 12% of the rural population are active famers ▪ For major part agriculture is an additional income ▪ Farm owners are aged (average is 58 year) ▪ Low educational level ▪ Number of farms is decreasing ▪ 6.6% in the employment structure of the rural population <p>Market infrastructure:</p> <ul style="list-style-type: none"> ▪ Organisational structure of small producers in agriculture is insufficiently developed ▪ Supply chain is dispersed and weakly organised ▪ Aligment to new competitive market conditions is needed
<p><i>Source: Marta Hrustel Majcen, MAFF: CAP, Sustainable land Management and Impacts of Agricultural Practices on Biodiversity, Ljubljana 2003</i></p>

5.1 Regulations and the possibilities for foreign law holders:

In Slovenia, two types of ownership exist, private and public ownership. Slovene legislation strictly regulates agricultural land and forests. Transactions are also strictly regulated; foreigners were and are not allowed to buy agricultural land and forests, neither EU citizens after accession to the EU.

5.2 Type of Privatization

Denationalization was the biggest property right transformation process concerning agricultural land and forests in Slovenia during the transition period. Also private property on agricultural land and forest existed; it was partly suspended during the socialist era.

Even during the socialism, Slovenia was a country with existing and implemented private property rights on agricultural land and forests. Before the Second World War, 75% of the whole agricultural land was owned and operated by small farmers. The agrarian reform after Second World War first affected holdings, which owned 45 ha of total agricultural or 25 ha of arable land. In 1952 the second agrarian measure was carried out and 10 ha maximum of total land was introduced. All these actions have resulted in compulsory expropriation for certain proportion of farmers as well as all landowners and the biggest, Roman Catholic Church. Forests were mostly privately owned, but completely managed by the state companies. Forests were public goods. The right for exploitation of own timber was restricted. The whole process embraced 25% of all agricultural land and 18% of all forests existing at that period. In the third step in the first half of the fifties, the land that was owned by agricultural cooperatives and agrarian communities was nationalized. All this land became first state and later socially owned.

After the liberalization of 1991, the agrarian maximum was abolished and then the general law on denationalization was passed in 1991. Its implementation followed one year later. Denationalization was economic and political measure where economic aspect lies in restitution to former owners and with this privatization of former social property.

The first step was the transformation of all socially owned agricultural land and forests into state ownership, which was then managed by the Agricultural Land and Forests Fund. The Fund became the owner of the social land. Later this land was used for restitution in three ways: (1) claimant may get his original property in ownership and possession, if this is physically possible, (2) claimant can get his original property only in ownership, when his original property lies within bigger consolidation plots, (3) if restitution is not possible, then the claimant can get an indemnification in bonds issued by the State Restitution Fund. The most desired was the restitution in nature.

The claimer had the responsibility to gather supporting documents from the cadastre, from the land registry, deeds, and contracts of sale, and had to present these to the local restitution commission. Also the commission itself might initiate a claim if it could establish a legal interest. The claimant had to demonstrate the legal grounds for the nationalization, the right of restitution, and had to specify the form of restitution. The claimant also had to demonstrate his/her citizenship at the time of denationalization, the relationship to the property etc. All claims had to be lodged until 31st May 1993. The committee could also decide if the property might not be restituted. In this case, the compensation is payable in the form of bonds. The level of compensation is regulated by the denationalization law.

Property	claimed		settled		ratio	granted		Not granted	
	ha	Value Mio DM	ha	Value Mio DM	Restituted/ Claimed	ha	Value Mio DM	ha	Value Mio DM
Agricultural land	12.670	1.234	6.237	607	49.2%	5.396	526	841	82
Forests	16.729	559	11.019	368	65.8%	10.109	338	909	30

Source: Udovc: Change in agricultural land and forests property rights during the transition period in Slovenia, Prague, 2003

According to the 16th annual Report of the Slovenian government about the progress in denationalisation, the denationalisation and restitution is finished in about 49% of cases, regard to agricultural land and in 66% cases, regard to forests. The reason why the processes are still not completed is that politicians put the option not to return the land to the Church. The problem is still not solved yet. The government also decided not to give back national parks. Generally, the restitution process was positive and fair to active farmers.

6 Policy

6.1 National agricultural policy

Slovenia's economic policy has been shaped by the preparation for the access to the EU. The Programme of the Agricultural Policy Reform (1999-2002) served as a framework for the harmonisation of EU and national policies, and the gradual reduction of trade protection and price regulation (e.g. the break-up of the state monopoly in the bread cereal market).

7 Statistics

Table: Review of agriculture						
	Agricultural area ¹⁾ ha	Production (1000 t)		Total indigenous meat production 1000 t	Production per inhabitant	
		wheat	grain maize		milk l	meat kg
1970	944928	133,4	146,2	153,8	232,6	58,3
1971	921201	158,7	134,3	163,1	228,8	62,9
1972	915350	123,2	150,2	162,5	223,9	55,4
1973	913310	160,2	186,9	171,7	234,0	56,3
1974	909455	161,8	185,9	184,6	260,8	64,7
1975	901222	138,2	211,3	188,2	258,6	65,8
1976	891587	161,3	190,7	188,8	265,6	72,3
1977	890823	156,2	219,0	203,6	276,1	73,4
1978	889197	131,2	184,7	219,2	282,2	77,8
1979	875820	125,4	226,5	223,7	283,4	78,8
1980	875162	158,7	214,1	235,4	279,9	80,8
1981	888667	106,1	269,4	234,8	290,5	79,1
1982	889486	174,3	275,8	243,8	291,9	77,4
1983	878860	160,3	259,3	253,5	288,4	84,2
1984	876672	171,8	284,6	272,5	262,4	89,9
1985	870664	161,6	298,6	262,1	315,3	87,4
1986	872184	140,9	315,1	265,2	306,2	87,7
1987	872795	165,5	314,5	284,0	293,1	92,6
1988	866231	164,1	272,9	292,1	292,3	94,1
1989	869829	166,5	324,5	278,3	291,5	90,4
1990	866405	198,8	337,5	272,8	289,7	94,9
1991	561294	168,8	336,4	265,6	311,7	86,3
1992	555871	152,7	172,3	240,0	282,2	82,6
1993	552760	142,9	238,3	237,3	267,8	86,0
1994	537586	155,3	311,9	231,2	281,1	83,1
1995	524965	155,6	296,3	245,4	296,8	84,5
1996	513473	137,1	296,9	243,2	289,0	87,3
1997	494271	138,9	355,3	245,6	286,7	88,6
1998	490918	169,1	333,5	245,7	293,5	85,3
1999	498591	117,3	308,0	245,4	309,9	86,4
2000	508960	162,6	282,4	243,0	316,4	79,1
2001	509624	181,1	257,5	250,4	318,2	87,4
2002	505734	174,9	371,4	240,8	354,0	79,1

Source: Statistical Office of the Republic of Slovenia.
Notice: Until 1990 published data refer to agricultural area, from 1991 on data refer to utilised agricultural area, without abandoned and other non-cultivated agricultural land.

Table: Structure of utilised agricultural area by land use categories

	Utilised agricultural area	Arable land ¹⁾	Permanent grassland	Orchard plantations and olive grove ¹⁾	Extensive orchards and olive grove	Vineyards
1991	561294	195117	334329	4309	10588	16735
2000	508960	170849	308196	5267	7813	16602
2001	509624	172672	307037	5267	7813	16602
2002	505734	168414	307176	5502	7813	16602

Source: Statistical Office of the Republic of Slovenia

Notice: Data on strawberries are calculated within arable land.

Table: Utilised agricultural area, ha

Year	Total	land under permanent crops ¹⁾	permanent grassland ²⁾	arable land
1998	490918	30724	287473	172721
1999	498591	29917	296592	172082
2000	508960	29915	308196	170849
2001	509624	29915	307037	172672
2002	505734	30143	307176	168414

Source: Statistical Office of the Republic of Slovenia

Table: Number of agricultural holdings at censuses by source of income

Number of agricultural holdings by source of income						Share (%)				
	total	only from agriculture	from mixed sources	from non-agricultural activities	without a source of income	total	only from agriculture	from mixed sources	from non-agricultural activities	without a source of income
1960	194855	95918	84251	11306	3380	100	49,2	43,2	5,8	1,7
1969	180228	80302	80043	14793	5289	100	44,6	44,4	8,2	2,9
1981	192090	21675	52060	116533	1822	100	11,3	27,1	60,7	0,9
1991	156549	18585	57721	79293	950	100	11,9	36,9	50,7	0,6

Source: Statistical Office of the Republic of Slovenia

Table: Number of family farms by socioeconomic type										
Number of family farms						Share (%)				
	total	full-time farms	part-time farms	supplementary farms	aged farms	total	full-time farms	part-time farms	supplementary farms	aged farms
1991	111546	23765	55585	21412	10784	100	21,3	49,8	19,2	9,7
1997	90459	13843	27452	39473	9691	100	15,3	30,4	43,6	10,7

Source: Statistical Office of the Republic of Slovenia

Table: Number of family farms						
	1991	1997	2000	1991	1997	2000
Total	111951	90611	86336	100,0	100,0	100,0
Without utilised agricultural area	20	34	16	0,0	0,0	0,0
up to 1,00 ha	15576	8448	7998	13,9	9,3	9,3
1,01-3,00	41062	31040	27251	36,7	34,3	31,6
3,01-5,00	22868	20073	18128	20,4	22,2	21,0
5,01-10,00	24251	22469	22053	21,7	24,8	25,5
10,01-20,00	7251	7619	9158	6,5	8,4	10,6
nad 20,00 ha	923	928	1732	0,8	1,0	2,0

Source: Statistical Office of the Republic of Slovenia

Table: Slovenia, Agricultural Census 2000, FAO data	
Number of holdings Total area (ha)	
Total	86 465 950 269
Family farms	86 334 918 908
Agricultural enterprises	131 31 361
Area (ha)	
Total	950 269
Owned	833 992
Rented	116 277
Number of holders	
Total	86 334
< 35 years of age	4 487
35	44 13 222
45	54 19 979
55	64 20 942
65	27 704
Number of persons	
Total	322 981
< 15 years	44 842
15	24 46 373
25	34 45 085
35	44 43 513
45	54 42 561
55	64 40 223
65	74 39 950
75 >	20 434
Holdings reporting Area (ha)	
Wheat	30 857 38 190
Barley (family farms)	21 316 11 293
Maize	44 826 48 009
Potatoes	58 364 8 952
Pumpkins (family farms)	10 190 2 145
Sugarbeets (family farms)	3 744 6 509
Maize for silage (family farms)	16 544 24 893
<i>Notice: The census was organized by the Statistical Office of the Republic of Slovenia, responsible, as from the National Statistics Act, for all national statistical surveys. The census was conducted during June 2000. Source of data: Statistical Office of the Republic of Slovenia – 2000 Census of Agriculture - website: http://www.sigov.si/zrs</i>	

Biographical Notes

Ms Natasa Marzidovsek is senior adviser at the Ministry of Environment, Spatial Planning and Energy. Her field of expertise is urban land policy, land market and real estate market.

