

Tatjana JOSIPOVIC*
Acquisition of Agricultural Land by Foreigners and Family Agricultural
Holdings in Croatia – Recent Developments**

Abstract

This paper presents two important aspects of the structural transformation of the agricultural sector of the Republic of Croatia. First, there is an analysis of the legal regulation of the acquisition of agricultural land by foreigners by which Croatia has aligned its rules on the acquisition of real property with EU law. In particular, attention is drawn to the differences in the legal position of foreigners depending on whether they are nationals or legal persons of EU Member States or from third countries, as well as on the grounds on which they acquire agricultural land in Croatia. Second, the author points to the new regulation of family agricultural holdings of 2018 (Family Agricultural Holdings Act) and highlights the importance of the separate regulation of family agricultural holdings for the development of Croatian agriculture, particularly with regard to the existing structure of agricultural holdings and the structure of the farm labour force.

Keywords: agricultural land, family agricultural holding, freedom to provide services, freedom of establishment, free movement of capital.

1. Introduction

In the Republic of Croatia, structural agricultural reform started immediately after the country's independence. This was also the time of all other legal and economic reforms that were necessary for the introduction of a market economy and the abolition of social ownership. The transformation of Croatia's agricultural sector became particularly intensive at the time of the country's accession to the European Union (1 July 2013)¹ when the development of agriculture had to be adjusted to the new economic circumstances and to the European Common Agricultural Policy. The positive outcomes of those processes resulted in an increase in the overall agricultural production of the Republic of Croatia following accession.² The value of the output of the agricultural industry in 2018 was 5.2% higher than the previous year (HRK/hrvatska kuna 17.308/approx. EUR 2.308).³

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¹ See the Report of the Technical Team of Staff and Consultants in The World Bank 2019, 7.

² In the period from 2014-2017, total agricultural production increased by 2.6 when compared to the period from 2000-2013 before accession to the European Union. See Bratic, Grgic & Krznar 2019, 487, 494.

³ Data taken from the Croatian Bureau of Statistics 2019.



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According to Eurostat data, in 2019 the share of the agriculture, forestry and fishing sector in the Republic of Croatia, in gross value added, amounted to 3.6% while the employment rate in that sector was 6.2%.⁴ However, in the past several years, some negative trends have been observed, such as the fall of the employment rate in the agricultural sector (in relation to overall employment) and a smaller share of farmers' income compared to wages in the rest of the economy.⁵ The share of gross value added of the agriculture, forestry and fishing sector in the Republic of Croatia from 1995 to 2019 varied from 5.7% to 2.9% and at the same time, a multi-year fall in the share of gross value added of the agricultural sector in the GDP structure was observed.⁶ The reform of the agricultural sector continues to be a very complex process requiring the coordination of various strategies and policies at both national and international levels.

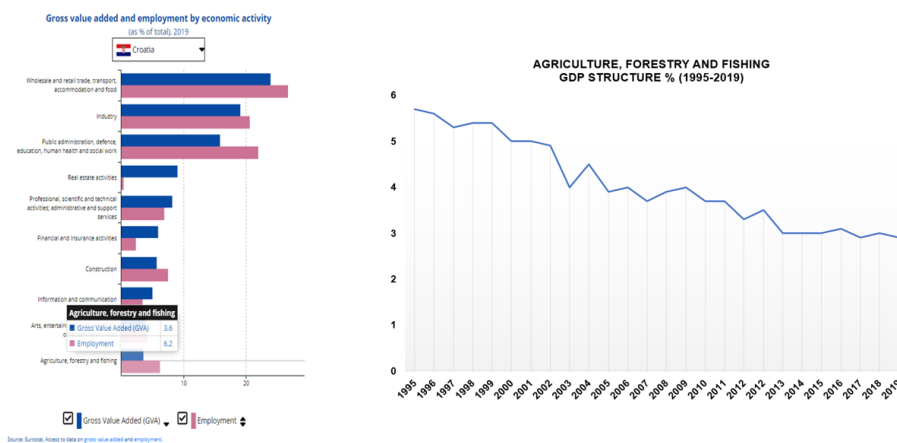


Figure 1
Croatia: Gross value added and employment by economic activity – agriculture, forestry and fishing⁷

⁴ See European Commission – Eurostat 2020.

⁵ See European Commission 2020.

⁶ See the Croatian Bureau of Statistics 2020b.

⁷ This picture is taken from European Commission – Eurostat 2020. Data obtained from the Croatian Bureau of Statistics 2020b.

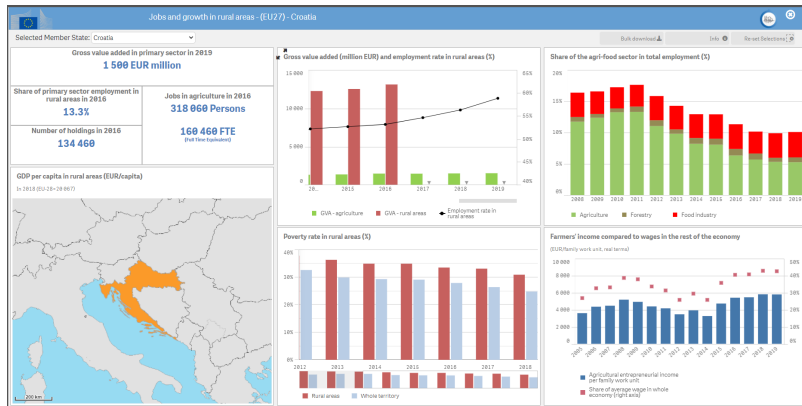


Figure 2
 Croatia – Jobs and growth in rural areas⁸

The dynamics of the structural transformation of the agricultural sector, among other factors, has also been significantly impacted by the very slow development of the agricultural land market in the Republic of Croatia. Agricultural land prices are relatively low although in the last few years we have been witnessing a slight rise.⁹ The main reasons for such a trend have been the fragmentation of ownership of agricultural land, privately or socially owned, a large number of diverse types of crops grown, the segmented legal system of the organisation of agricultural activities, uncoordinated public registers of agricultural land (land register, cadaster, ARKOD – the land parcel identification system, and the like), the lack of investment in agricultural land due to the very low purchasing power of Croatian citizens, and a shortage of farm labour. Most agricultural land is privately owned (70%) and as much as 30% of agricultural land in the Republic of Croatia is state owned. Such a high percentage of state-owned agricultural land is the consequence of a complex process of transformation of social ownership of agricultural land after the abolition of the socialist system. The abolition of the social ownership of agricultural land was carried out by its transformation into state ownership. Disposal of private agricultural land is governed by general property law provisions¹⁰ while the models of disposal of state-owned agricultural land is regulated by separate and very complex provisions of the Agricultural Land Act.¹¹ Indeed, the search for optimum models of disposal and management of state-owned agricultural land has lasted for a very long time.

⁸ This picture is taken from the website of the European Commission 2020.

⁹ Data obtained from the Croatian Bureau of Statistics – on agricultural land prices in 2019; in comparison with 2018, they show a slight increase in the prices of agricultural land. In 2019, the average prices of purchased arable land in the Republic of Croatia amounted to HRK 25,184 per hectare (approx. EUR 3,350.00 per hectare), of meadows to HRK 13.963 (approx. EUR 1.862) and of pastures to HRK13.458 (EUR 1.794). These data are obtained from the Croatian Bureau of Statistics 2020a.

¹⁰ See the Act on Ownership and Other Real Rights.

¹¹ OG Nos 20/18, 115/18, 98/19.

Since the independence of the Republic of Croatia in 1991, when the first Agricultural Land Act was adopted, there have been several reforms of the model of disposal of state-owned agricultural land.¹² There have also been several reforms of the rules on the acquisition of agricultural real property by foreigners (including agricultural land) aimed at harmonising them with the law of the European Union. At this point in time, there are still various restrictions on the acquisition of agricultural land by foreigners applied differently to citizens and legal persons from the European Union and to foreigners who are nationals of third countries.

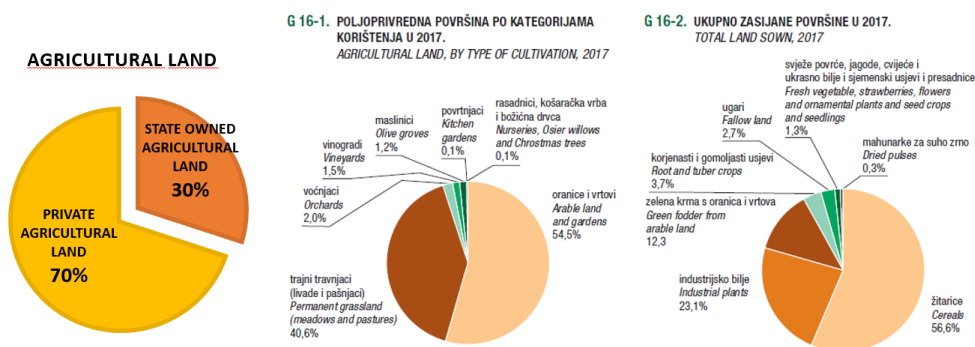


Figure 3
Croatia: Agricultural land – by type of ownership and cultivation¹³

In addition, the transformation of the agricultural sector is also significantly impacted by the fact that agricultural production in Croatia has largely been achieved by agricultural holdings organised in the form of small family farms, i.e. family agricultural holdings (*obiteljsko poljoprivredno gospodarstvo*/OPG). Family agricultural holdings have for years been defined as “strategically important organizational forms of agricultural holdings in the Republic of Croatia to achieve the goals of sustainable development or to accomplish the principles of general safety of food and preservation of agricultural resources, along with the enhancement and increase

¹² The first Agricultural Land Act in the independent State of Croatia was adopted in 1991. After that, new agricultural land acts were adopted in 2001, 2008, 2013. At present, the Agricultural Land Act of 2018 is in force (OG Nos 20/2018, 115/2018, 98/2019) containing separate provisions on the disposal and ownership of agricultural land by the Republic of Croatia (leasing, temporary use, exchange, sale, dissolution of joint ownership, establishment of the right to build, establishment of the right of easement). In various analyses of the problem, it is emphasised that ineffective management of state-owned agricultural land is mainly the result of long-lasting administrative proceedings, uncoordinated land and cadastral registers, restrictive criteria for the selection of bids, restrictive requirements for the protection of land, agricultural practices and the lack of subsequent examination of the compliance with the strict criteria following the allocation of state-owned agricultural land. See the Report of the Technical Team of Staff and Consultants, The World Bank 2019, 8, 9.

¹³ Diagrams from the Croatian Bureau of Statistics 2018, 259.

The data on state-owned agricultural land are taken from the World Bank 2019, 8.

*of competitiveness and the strengthening of the social, welfare, economic and ecological role of family agricultural holdings.*¹⁴ According to the data on the website of the Paying Agency for Agriculture, Fisheries and Rural Development,¹⁵ in the Farmers Register of 2019, of the total number of agricultural holdings, there were as many as 162,966 family agricultural holdings (95.5%).¹⁶

FAMILY AGRICULTURAL HOLDINGS	SELSUPPLY AGRICULTURAL HOLDINGS	CRAFTS	OTHER LEGAL PERSONS	COMPANIES	COOPERATIVES	TOTAL
162.966	2.032	2.251	205	2.846	362	170.662
95,5 %						

Figure 4
Registered agricultural holdings in Farmers Register (2019)¹⁷

This paper presents two important aspects of the structural transformation of the agricultural sector of the Republic of Croatia. First, there is an analysis of the legal regulation of the acquisition of agricultural land by foreigners by which Croatia has aligned its rules on the acquisition of real property with EU law. In particular, attention is drawn to the differences in the legal position of foreigners depending on whether they are nationals or legal persons of EU Member States or from third countries, as well as on the grounds on which they acquire agricultural land in Croatia. Second, the author points to the new regulation of family agricultural holdings of 2018 (Family Agricultural Holdings Act)¹⁸ and highlights the importance of the separate regulation of family agricultural holdings for the development of Croatian agriculture, particularly with regard to the existing structure of agricultural holdings and the structure of the farm labour force.

¹⁴ Taken from the Final Draft of the Family Agricultural Holdings Act.

¹⁵ For more, see the site Paying Agency for Agriculture, Fisheries and Rural Development 2020a.

¹⁶ See the website of the Paying Agency for Agriculture, Fisheries and Rural Development 2020b.

¹⁷ Data taken from the website of the Paying Agency for Agriculture, Fisheries and Rural Development 2020b, 20.

¹⁸ OG Nos 29/2018, 32/2019.

2. Acquisition of agricultural land by foreigners

2.1. Agricultural land as a resource of interest to the Republic of Croatia

The Constitution of the Republic of Croatia sets forth that agricultural land is a resource of interest to the country and enjoys its special protection.¹⁹ This constitutional proclamation is the legal basis for the regulation of a whole series of special obligations and restrictions for the owners of agricultural land laid down in the Agricultural Land Act.^{20,21} For instance, there are obligations to maintain agricultural land in a good condition, to cultivate it by applying necessary agricultural-engineering measures, to pay a fee for a possible change of use of agricultural land for non-agricultural purposes, and the like.²² If the owner does not fulfil these obligations of maintaining agricultural land, the competent public authority may institute a procedure of sequestration, i.e. seizing the agricultural land from the owner's possession and leasing it to another person.²³ Failure to meet the obligations of ownership of agricultural land is considered to be a misdemeanour for which fines may be imposed.²⁴ The act of proclaiming agricultural land as a resource of interest to the Republic of Croatia has also been the basis for the stipulation of the acquisition of ownership of agricultural land.

2.2. Acquisition of agricultural land

The general provisions of the Property Act on the acquisition of ownership apply to the private acquisition of ownership of agricultural land (by natural and legal persons). It may be acquired on the basis of a legal transaction, by succession, by a court decision or a decision of another competent authority, or by law (Art. 114/1 PA).

¹⁹ Article 52/1 of the Constitution of the Republic of Croatia lays down that “*the sea, seashore, islands, waters, air space, mineral resources, and other natural resources, land, forests, flora and fauna, other components of the natural environment, real estate and items of particular cultural, historical, economic or ecological significance which are specified by law to be of interest to the Republic of Croatia shall enjoy its special protection.*”

²⁰ Pursuant to Art. 52/1 of the Constitution, “*any asset of interest to the Republic of Croatia and the manner in which the resources may be used and exploited by holders of rights thereto and by their owners, as well as compensation for any restrictions as may be imposed thereon, shall be regulated by law.*” This means that the restriction of ownership, as a resource of interest to the Republic of Croatia, may not be prescribed by any administrative act or regulation but only by law. According to the Property Act, such restrictions of ownership are considered as particular statutory limitations of ownership (Art. 32).

For more see 2013, 42.

²¹ Pursuant to Art. 52/1 of the Constitution, the Agricultural Land Act (OG Nos 20/2018, 115/2018, 98/2019) expressly provides that agricultural land, as a resource of interest to the Republic of Croatia, enjoys its special protection (Art. 2/1).

²² See, for example, Arts 4,6,7,14,18, Agricultural Land Act.

²³ See Arts 14, 15 Agricultural Land Act, Art. 32/3-7, Property Act.

²⁴ See Arts 91–97 Agricultural Land Act.

For any of the listed legal titles, the prerequisites for acquisition are laid down in the Property Act.²⁵ Private ownership of agricultural land under any of these legal titles may be acquired by any domestic natural or legal person.

The general provisions on the dissolution of co-ownership on immovable property also apply to the division of the private co-ownership of agricultural land.²⁶ Indeed, when co-ownership of agricultural land is divided, a co-owner, having a particularly serious reason, may request that the whole immovable becomes his or her property and that he or she would pay off all other heirs for their co-owned shares. At the time of the dissolution of co-ownership, a co-owner of agricultural land engaged in an agricultural activity is thus considered to have a particularly serious reason to become a sole owner of agricultural land. Such a co-owner may request the court to carry out a civil partition by payment regarding agricultural land in order to become its sole owner by buying out other co-owners for their co-ownership shares. The rule set forth in the Inheritance Act²⁷ is based on the same concept according to which a co-owner, dealing with agricultural activity, may request, already in succession proceedings, that the entire inherited agricultural land becomes his or her property after all other heirs are bought out in accordance with their inherited shares (Art. 143/2 Inheritance Act).²⁸ To acquire this right, the heir who is a farmer does not even have to show in the succession proceedings the probability of a justified need for such a division of the inherited agricultural land. It is enough for him or her to prove the status of farmer in accordance with specific regulations on agricultural activities (e.g. by being listed in the Farmers Register).

However, separate rules are envisaged for the dissolution of co-ownership of agricultural land jointly owned by the Republic of Croatia and private persons (Arts 75,76 of the Agricultural Land Act). In such cases, whenever it is possible, dissolution is carried out by geometrical partition, i.e. by parcelling land whereby each co-owner acquires a particular plot created by partition. Such a division is allowed only if the cadastral units of agricultural land, created by division, are not smaller than 0.5 hectares. Only exceptionally may co-ownership be dissolved by a civil partition by payment, so that a person acquires ownership of the whole agricultural land. This is possible only if the share owned by the Republic of Croatia is smaller than 50% of the entire area of the agricultural cadastral unit. If the co-ownership share of the RoC is larger than 50% of the entire area, and it is not possible to carry out geometrical partition, the only way of dissolving co-ownership would be civil partition by payment in favour of the RoC. In that case, ownership of the entire cadastral unit of agricultural land is acquired by the RoC and the private person involved will be paid for the value of his or her co-ownership share.

²⁵ For more see 2013, 90–92.

²⁶ See Arts 47–56 PA.

For more, see Josipović 2013, 78–80.

²⁷ OG Nos 148/2003, 163/2003, 35&2005, 127/2013, 33/2015, 14/2019.

²⁸ Until all other heirs have been paid for the value of their co-ownership shares of agricultural land, they hold lien over the agricultural land which an heir, who is a farmer, has inherited (Art. 143/3 Inheritance Act).

The acquisition of ownership of state-owned agricultural land is provided for by separate provisions of the Agricultural Land Act.²⁹ This Act expressly lays down the models of disposal of agricultural land depending on its purpose (e.g. leasing, temporary use, exchange, sale, sale by direct agreement, giving it for use based on direct agreement, dissolution of co-ownership, establishment of the right to build, establishment of the right of easement). Disposal of state owned agricultural land is also based on several very important rules: disposal must ensure the protection and the upgrading of economic, ecological and other interests of the Republic of Croatia and its citizens; it is carried out on the basis of the Programme of Disposal of Agricultural Land and Disposal by Public Tenders and only exceptionally on the basis of direct agreements; the longest lease of agricultural land is prescribed by law; the financial means acquired by disposal are divided according to the rules established by law between the State and the local self-government units in whose territory the respective agricultural land is located; the sale of state-owned agricultural land is allowed only for some specific categories of agricultural land. The Agricultural Land Act does not lay down any restrictions on disposals of state-owned agricultural land by domestic nationals or legal persons. It provides for disposals of state-owned agricultural land by Croatian nationals and legal persons on all legal grounds.³⁰ There are also no specific restrictions on disposals of state-owned agricultural land by foreigners when leases, the rights to build or easement are established on such land. Foreigners are then equated with domestic nationals. However, there are restrictions on the acquisition of ownership of agricultural land by foreigners regardless of whether such land is owned by a private person or by the State.

2.3. Prohibition for the acquisition of ownership of agricultural land

2.3.1. General

Foreign legal or natural persons may not acquire ownership of agricultural land unless it is otherwise provided for by a treaty or a separate regulation (Art. 2/2 of the Agricultural Land Act). This prohibition was laid down as early as in 1993 by the Act on Amendments to the Agricultural Land Act.³¹ Since then, in any new act on agricultural land there has been an express provision on prohibiting foreigners from acquiring ownership of agricultural land.

²⁹ See Art 27–82, Agricultural Land Act.

³⁰ It is only important that it is a private person who has fulfilled all his or her previous obligations involving the use of state-owned agricultural land, such as the water fee for economic purposes and other public levies, and that no proceedings are conducted against such a person to return unlawfully possessed agricultural land to the owner's possession (Art. 63/1 in connection with Art. 35/1 of the Agricultural Land Act).

³¹ OG 79/93.

It was laid down that foreign persons who had acquired ownership of agricultural land before that date (7/9/1993) would continue to be its owners (Art.15/1 of the Act on Amendments to the Agricultural Land Act/1993).

Under the Agricultural Land Act, foreign persons are banned from acquiring ownership of agricultural land on the basis of a contract, a court decision, a decision of other competent authorities or on the basis of law. Therefore, the provisions of the Ownership Act providing for special prerequisites for the acquisition of immovables by foreigners do not apply to the acquisition of ownership of agricultural land by foreigners. There is a general rule that foreigners may acquire ownership of immovables in the Republic of Croatia on the basis of a contract, a court decision or by law only under the condition of reciprocity and with the consent given by the Minister of Justice. Without such consent, a contract on the transfer of ownership of an immovable is null and void.³² The rules on special prerequisites for the acquisition of immovables on the basis of a contract, a court decision, the decision of another competent authority or on the basis of law have been applied since 1 February 2009 only for nationals and legal persons of third countries but not for nationals and legal persons of EU Member States.³³

Exceptionally, foreigners may acquire agricultural land by succession under the condition of reciprocity (Art. 2/3 of the Agricultural Land Act). A foreigner may acquire ownership of agricultural land by succession only if a Croatian national may also acquire ownership of agricultural land by succession in the foreign national's country. In addition, the special requirement of reciprocity referred to in the Succession Act must be met. Therefore, foreigners are equated with nationals of the Republic of Croatia when it comes to succession only when the condition of reciprocity is fulfilled (Art. 2/2 of the Inheritance Act).³⁴ A foreigner may thus acquire the legal status of heir only if a Croatian national may also be an heir in the country of which this foreign person is a national. When dealing with the succession of agricultural land by foreigners, this dual requirement of reciprocity must always be met: reciprocity for the acquisition of the legal position of heir (Art. 2/2 of the Inheritance Act) and reciprocity for the acquisition of agricultural land by succession (Art.2/3 of the Agricultural Land Act).

2.3.2. Acquisition of agricultural land by EU nationals and legal persons

In the process of accession to the European Union, the Republic of Croatia gradually aligned its legislation on the acquisition of ownership of immovables by EU nationals and EU legal persons with the law of the European Union. Croatia committed itself to harmonise its legislation on the acquisition and use of immovables with the law of the European Union by signing the Stabilisation and Association Agreement between Croatia and the European Communities and their Member States (hereinafter: SAA).³⁵

³² See Arts 355–357 PA. For more see Josipović 2013, 151, 152.

³³ For more see under 2.3.2.

³⁴ The reciprocity for succession is presumed until the opposite is established at the request of a person having legal interest (Art. 2/2 of the Inheritance Act).

³⁵ See the Implementation Act of the Stabilisation and Association Agreement between the Republic of Croatia and the European Communities and the Temporary Agreement on Trade and other Related Matters between the Republic of Croatia and the European Community (OG

The obligation consisted of the gradual liberalisation of legal transactions of immovables in conformity with the provisions on the prohibition of discrimination based on citizenship when exercising the European market freedoms (freedom to provide services, freedom of establishment, free movement of capital³⁶) and the case law of the Court of Justice of the European Union (ECJ).³⁷ The aim was to remove from the Croatian legislation the provisions which discriminated EU foreigners in relation to Croatian citizens when acquiring and using immovables. At the time the SAA entered into force (1 February 2005), discriminatory rules existed in Croatian law for all foreigners acquiring ownership of immovables in Croatia. Beside the general prerequisites for the acquisition of ownership of immovables regulated by property law, some other conditions were also required (reciprocity, consent by the Minister of Foreign Affairs and a prior opinion given by the Minister of Justice).³⁸ At the same time, for some types of real property (natural resources, agricultural land, forests and forestry land), based on separate laws, there was a ban on the acquisition of ownership by foreigners.

For Croatia, the obligations of liberalisation of legal transactions of immovables, including agricultural land, arise from the provisions of the SAA on the right of establishment (Art. 48-55 SAA) and the provisions of the SAA on current payments and movement of capital.³⁹ Within the framework of the provisions on the right of establishment, Croatia bound itself to facilitate the setting-up of operations on its territory by EU companies and nationals. This commitment regarding the use and acquisition of immovables, included two main obligations for Croatia: the first was the establishment of subsidiaries and branches of EU companies from the entry into force

– International Agreements, 15/01). The Stabilisation and Association Agreement was signed on 29 October 2001 and it entered into force on 1 February 2005 (OG-International Agreements, 1/05).

³⁶ See Arts 49, 56, 63, Treaty on the Functioning of the European Union (TFEU).

³⁷ See, for example, judgment of 1 June 1999, Konle, C-302/97, ECLI:EU:C:1999:271; judgment of 23 September 2003., Ospelt, C-452/01, ECLI:EU:C:2003:493; judgement of 6 March 2018, SEGRO, joined cases C-52/16 and C-113/16, ECLI:EU:C:2018:157; judgment of 22 October 2013, Essent *et al.*, joined cases C-105/12 - C-107/12, ECLI:EU:C:2013:677; judgment of 18 June 1985, Steinhäuser, C-197/84, ECLI:EU:C:1985:260; judgment of 5 March 2002, Reisch *et al.*, joined cases C-515/99, C-519/99 - C-524/99 and C-526/99 - C-540/99, ECLI:EU:C:2002:135; judgment of 15 May 2003, Salzmann, C-300/01, ECLI:EU:C:2003:283; judgment of 13 July 2000, Albore, C-423/98, ECLI:EU:C:2000:401 *et al.*

³⁸ See Art. 356 PA (version of 23/2/2000).

³⁹ The negotiations during the period of transition in the context of free movement of capital resulted from the fact that free movement of capital (Art. 63 TFEU) was considered to be the main market freedom when regulating cross-border real property investments. Justification of the limitation of the possibilities to acquire immovables is considered within the context of freedom of movement of capital. In EU law, the concept of the movement of capital is interpreted very broadly, encompassing also various real property transactions, direct real property investments, liens, buying immovables for profit or for personal use, the establishment of usufruct, and the like. It is important to emphasise that it involves cross-border movement of capital between different Member States or between an EU Member State and a third state. See Bernard 2019, 530, 531; Streiblyté & Tomkin 2019, 751; Bröhmer 2016, 1006.

of this Agreement (1 February 2005) and the right to use and rent immovables in Croatia (Art. 49/5/a SAA); the second involved the subsidiaries of EU companies whose rights to acquire and enjoy ownership rights on real property had to be recognised just as in the case of Croatian companies where these rights were necessary to carry out the economic activities for which they were established, excluding natural resources, agricultural land, forests and forestry land (Art. 49/5/b SAA).⁴⁰ In addition, the SAA laid down a four-year time limit upon the entry into force of the SAA, within which it was necessary to establish the modalities for extending the rights to acquire and enjoy ownership rights to previously excluded sectors, including agricultural land (Art. 49/5/b SAA). The same time limit was prescribed to examine the possibility of extending the right to acquire and enjoy ownership of real property for the branches of EU companies.

Under the provisions on the movement of capital, Croatia committed itself, from the entry into force of the SAA, to allow the acquisition of real property in Croatia by nationals of Member States of the European Union by making full and expedient use of its existing procedures, except for agricultural land and areas protected under the Environmental Protection Act (Art. 60/2 SAA, Annex VII to SAA). Within the context of free movement of capital, the ban on acquiring agricultural land continued to exist for EU nationals and legal persons. However, it was agreed under the SAA that within four years from its entry into force, Croatia would progressively adjust its legislation concerning the acquisition of real property by nationals of the Member States of the European Union to ensure the same treatment as that which exists for Croatian nationals (Art. 60/2 SAA). It was also agreed that at the end of the fourth year following the entry into force of the SAA, the modalities for the extension of the right to acquire ownership of agricultural land and natural resources (Art. 60/2 SAA) would again be examined.

To meet the obligations referred to in Art. 60/2 SAA, in 2006 Croatia first simplified and shortened the procedure of issuing consent for the acquisition of ownership of immovables. The competence for the issuance of consent was transferred to the Minister of Justice alone.⁴¹ After that, in 2008, a new Article 358a was added to the Property Act (effective since 1 February 2009) by which EU nationals and legal persons were fully equated with Croatian nationals and legal persons when acquiring real property in the Republic of Croatia.⁴²

⁴⁰ Under Croatian Property Act, a legal person is considered to be a foreign legal person if its registered office is outside the territory of the Republic of Croatia (Art. 355/3 PA). As a result, the subsidiaries of EU companies whose registered offices were in Croatia, regardless of the fact that they had been registered by EU companies whose registered offices were in other Member States, were considered as being domestic companies. Therefore, the subsidiaries of EU companies registered in Croatia were allowed, regardless of Art. 49/5/b SAA, to acquire ownership of immovables in Croatia without any limitations.

⁴¹ See Art. 3 of the Act on Amendments to the Ownership Act and Other Real Rights, OG 79/06.

⁴² See Art. 3 of the Act on Amendments to the Ownership Act and Other Real Rights, OG 146/08.

Since 1 February 2009 (despite the fact that at that time Croatia was still not a Member State of the European Union), EU nationals and legal persons have been allowed to acquire ownership of immovables under the same prerequisites that apply to Croatian nationals and legal persons.

However, the provisions on the liberalisation of the rules on the acquisition of ownership by EU nationals and legal persons did not include agricultural land. Even following the amendments to the Property Act in 2008, by which the discrimination of EU nationals and EU legal persons when acquiring ownership of immovable was removed, agricultural land and natural resources were excluded from the application of the rule on equal treatment (Art. 358/2 PA). The then-valid Agricultural Land Act also expressly prohibited the acquisition of ownership of agricultural land by foreigners regardless of whether they were from the EU or any third countries.⁴³ Therefore, even after Croatia had fulfilled its obligations referred to in the SAA, the ban on the acquisition of agricultural land continued to exist for all foreigners, including nationals and legal persons of the EU.

This was why the legal regime of the acquisition of agricultural land by EU nationals and legal persons was the subject of special negotiations regarding the provisions on free movement of capital. In the Treaty of Accession of Croatia (2012),⁴⁴ within the transitional measures on the free movement of capital, a transitional period for agricultural land, i.e. the postponement of the abolishment of the ban on acquiring agricultural land by EU nationals and EU legal persons was laid down.⁴⁵ It was agreed that Croatia would maintain, for seven years from the date of accession (1 July 2013), the restrictions on the acquisition of agricultural land by nationals of another Member State, by the nationals of the States parties to the European Economic Area Agreement (EEAA), and by legal persons established in accordance with the laws of another Member State or an EEAA State.⁴⁶

The effects of the transitional measures were that even after Croatia acceded to the European Union and regardless of the provisions of the Treaty on the Functioning of the European Union (TFEU) on free movement of capital (Art. 63 TFEU),⁴⁷

⁴³ See Art. 2/2 of the former Agricultural Land Act (2008), OG 152/2008.

⁴⁴ OJ L 112, 24.4.2012, 10–110.

⁴⁵ See the Treaty of Accession of Croatia, Annex V, item 3, Free Movement of Capital.

⁴⁶ The main reasons for an agreement on the transitional period were the socio-economic conditions for agricultural activities following the introduction of the market economy and transition to the common agricultural policy, and in particular the impact on the agricultural sector of liberalisation of the acquisition of agricultural land. It was emphasised that significant differences in the prices of land and farmers' purchasing power in Croatia, compared with other Member States, were possible. A transitional period was meant to contribute to the process of privatisation and return of agricultural land, the organisation of the land register and cadaster, the organisation of property and ownership relations regarding agricultural land. See point 2 of the Preamble to Commission Decision (EU) 2020/787.

⁴⁷ Art. 63 TFEU on free movement of capital bans all restrictions on the movement of capital between Member States and between Member States and third countries. The ban includes the prohibition of discrimination in real property transactions between Member States and between Member States and third countries. In the law of the EU, cross-border acquisitions of

and until 30 June 2020, it was still possible to apply the provisions on the acquisition of agricultural land by EU nationals and legal persons. For a period of 7 years, the discriminatory status of EU nationals and legal persons was maintained when dealing with the acquisition of ownership of agricultural land. However, at the same time, new obligations for Croatia arose: the prohibition of less favourable treatment of EU nationals and legal persons in comparison with nationals and legal persons from third states. This prohibition also included a ban on Croatia implementing, after accession, some new and harsher discriminatory restrictions for the acquisition of agricultural land by EU nationals and EU legal persons. By the transitional measures, it was only possible to keep the *status quo*, i.e. the discriminatory regime regarding the acquisition of ownership of agricultural land that was in force on the date when the Treaty of Accession was signed. However, it was no longer allowed to introduce new restrictions by which EU nationals and legal persons, in respect of the acquisition of agricultural land, would be brought into a less favourable position than the one they had had on the date when the Treaty of Accession was signed. It was also not permitted for EU nationals and legal persons, when acquiring ownership of agricultural land, to be treated in any more restrictive way than nationals or legal persons of third countries.⁴⁸

On the other hand, a transitional measure in connection with the ban on acquiring ownership of agricultural land by EU nationals or legal persons applies only when the acquisition of ownership of agricultural land occurs in the context of the cross-border movement of capital as referred to in Art. 63 TFEU. Namely, the transitional period was agreed in the context of the free movement of capital but not in the context of other market freedoms provided for in the TFEU. Therefore, in Annex V of the Treaty of Accession, it is expressly laid down that self-employed farmers, who are nationals of another Member State and who wish to establish themselves and reside in Croatia, when acquiring ownership of agricultural land in Croatia, are not subject to the transitional provisions, or to any discriminatory rules and procedures. In other words, when ownership of agricultural land in Croatia is acquired by EU nationals and legal persons, when exercising their right to the establishment of farms and the organisation of agricultural production, no discriminatory rules on the prohibition of the acquisition of ownership of agricultural land apply. In every concrete case, it is necessary to establish the reasons for the acquisition of agricultural land.

immovables are considered as movement of capital. For more see Bernard 2019, 530; Streiblyté & Tomkin 2019, 751; Bröhmer 2016, 1006.

See judgment of 8 May 2013, Libert and Others, joined cases C-197/11 and C-203/11, ECLI:EU:C:2013:288, 62.

See Directive 88/361/EEC, *Annex I – Nomenclature of the capital movements referred to in Article 1 of the Directive*.

⁴⁸ After accession to the EU, there was no obligation for Croatia to apply non-discriminatory treatment for the acquisition of ownership by nationals and legal persons of third countries. However, when nationals and legal persons of third countries are involved in real property transactions in Croatia, only the restrictions existing under Croatian law on 31 December 2002 are valid. In Croatia, there is a prohibition to implement new restrictions for nationals and legal persons of third countries for the acquisition of real property in Croatia that are different and more serious than those of 31 December 2002. Such an obligation for Croatia expressly arises from Art. 64/1 TFEU.

If the agricultural land is acquired by EU nationals or legal persons to start agricultural production in Croatia, they must not be discriminated against in any way because they are then exercising their right to establishment under Article 49 TFEU to which the transitional period does not apply.

In the Treaty of Accession, it is laid down that if after the extension of the transitional period there is still a serious disturbance, or a threat of a serious disturbance, of Croatia's agricultural land market, the European Commission may extend the transitional period for three years.⁴⁹ On Croatia's request, the European Commission, by its Decision of 16 June 2020, extended the transitional period concerning the acquisition of agricultural land until 30 June 2023.⁵⁰ There are several reasons for the extension of the transitional period: the prices of agricultural land in Croatia are among the lowest in the EU; they are very high in relation to the purchasing power of its citizens; small family farms and fragmented agricultural land holdings are predominant and there is a need for the consolidation of small farms;⁵¹ low productivity of Croatian farmers has a negative impact on their competitiveness;⁵² more time is needed for the implementation of projects to alleviate the acquisition of agricultural land, the registration of ownership, privatisation and restitution of agricultural land and the need to continue the process of demining agricultural land.⁵³

The current situation regarding the acquisition of ownership of agricultural land by EU nationals and legal persons is determined by Commission Decision (EU) 2020/787 on the extension of the transitional period for the prohibition of the acquisition of ownership of agricultural land by EU nationals and legal persons within the framework of free movement of capital and is still valid until 30 June 2023. However, for the acquisition of ownership of agricultural land within the right to establishment, equal and non-discriminatory treatment must apply.

Further, the prohibitions connected with less favourable treatment of EU nationals and legal persons in comparison with foreigners from third countries continue to be valid for the introduction of new discriminatory restrictions for the acquisition of agricultural land. These prohibitions could be of particular importance today for the interpretation of the acquisition of agricultural land by succession in favour of EU nationals. After accession to the European Union, Croatia has liberalised the acquisition of agricultural land by inheritance for foreigners. The former Agricultural Land Act (2008) referred to in Annex V of the Treaty of Accession laid down the absolute prohibition of the acquisition of agricultural land by foreigners on all legal grounds, including inheritance (Art. 2/2). However, the now valid Agricultural Land Act expressly lays down that foreigners may acquire agricultural land by inheritance

⁴⁹ See the Treaty of Accession of Croatia, Annex V, point 3, Free Movement of Capital.

⁵⁰ See the Commission Decision (EU) 2020/787.

⁵¹ In its Decision, the Commission states that "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 produces standard output that is by 56% lower." Taken from point 6 of the Commission Decision (EU) 2020/787.

⁵² The Commission also emphasises that "*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 %.*" Taken from point 7 of the Commission Decision (EU) 2020/787.

⁵³ See points 4–9 of the Commission Decision (EU) 2020/787.

(Art. 2/3). Indeed, under the Agricultural Land Act, the legal position of EU nationals is not in any way different from the legal position of nationals of third countries when the inheritance of agricultural land is involved. The new rule, compared to the former Agricultural Land Act of 2008, is less restrictive in this respect. Therefore, the provision allowing the acquisition of agricultural land by inheritance should apply in the same way to EU nationals and nationals of third countries, regardless of the fact that in the Treaty of Accession more restrictive provisions from the former Agricultural Land Act are mentioned. EU nationals, as heirs of agricultural land, should not be discriminated against compared with nationals of third countries. The application of the provision allowing the acquisition of agricultural land by inheritance only for nationals of third countries would constitute a violation of the prohibition against EU nationals being treated in a more restrictive way. Consequently, a conclusion can be drawn that despite the extension of the transitional period during which the possibility of acquiring agricultural land is excluded, EU nationals may already now acquire ownership of agricultural land by succession under the condition of reciprocity.

Following the expiry of the transitional period, the provision of the Agricultural Land Act prohibiting foreigners from acquiring agricultural land on any ground will no longer apply to EU nationals and legal persons and the possibility of extending the transitional period will no longer exist. The acquisition of agricultural land in favour of EU nationals and legal persons will be under the direct effects of the provisions of the TFEU on the right to establishment, the right to provide services and free movement of capital which prohibit any kind of discrimination based on citizenship when exercising these market freedoms.⁵⁴ On the other hand, the extension of the transitional period until 30 June 2023 will make it possible for Croatia to carry out the structural reforms of agricultural land holdings in the following three years, particularly when it comes to small family farms, adjusting their operations to the new trends of the European agricultural sector.⁵⁵

3. Family agricultural holdings

3.1. General

Family agricultural holdings/FAH (*obiteljska poljoprivredna gospodarstva/OPG*) have for the first time been wholly stipulated in Croatian law in the Family Agricultural Holding Act/FAHA) of 2018.^{56,57} The objective of the FAHA is to define the organisational form of agricultural holdings that will be recognised and accepted on the

⁵⁴ The realisation of market freedoms set forth in the TFEU also encompasses the right to equal and non-discriminatory treatment when acquiring immovables, including agricultural land when this is necessary to exercise market freedoms. See Korte 2016, 916; Jung 2019, 910; Kainer 2017, 883; Wojcik 2015, 2008; Streiblyté & Tomkin 2019, 749; Kotzur 2015, 398; Bernard 2019, 524.

⁵⁵ For more, see under 3.

⁵⁶ OG Nos 29/2018, 32/2019.

⁵⁷ Until then, individual rights and obligations within this industry were only partly provided for in the former Agricultural Act of 2015 (OG 30/2015, 118/2018).

market and will increase the competitiveness of individual farmers. Particular emphasis has been placed on the importance of the FAHA for the realisation of the principle of general food safety and the preservation of natural agricultural resources. The aim of the Act is to establish the basis for structural changes in the functioning of family agricultural holdings, to simplify the rules for agricultural operation and any linked activities, to eliminate administrative, bureaucratic and fiscal barriers and to establish an efficient system for their development. A special target group referred to in the Family Agricultural Holding Act are family agricultural holdings with younger holders who are encouraged and steered in the right direction to carry out their entrepreneurial activities in agriculture.^{58, 59}

A family agricultural holding, as a strategically important form of Croatian agricultural organisation, is defined in the Family Agricultural Holding Act as “*an organisational form of agricultural operation of farmers (natural persons) who work to generate their income and independently and permanently perform farming and other linked activities*” (Art. 5/1/point a FAHA). The agricultural activity of family agricultural holdings is based on the use of their own or leased agricultural/productive assets *and* on the work, knowledge and skills of the household members. Family agricultural holdings, in order to generate income or profit by producing and selling their products, or by offering services on the market, may independently carry out agricultural activities (Art. 9/1 FAHA). These holdings, their holders and members are entered in a public, online Register of Family Agricultural Holdings kept by the Paying Agency for Agriculture, Fisheries and Rural Development.⁶⁰

They are specific organisational forms of farmers – natural persons not recognised as legal persons. Therefore, family agricultural holdings do not acquire any rights or obligations. The holder of their rights and obligations is always a farmer, i.e. a natural person (FAH holder). In the accomplishment of their farming activities, beside the FAH holder, their FAH members also participate in these activities. Members of a family agricultural holding may be persons of legal age who possess business capacity, as well as their household,⁶¹ and/or their family members⁶² (Art. 28/1 FAHA).

⁵⁸ See a Draft FAHA, October 2017, 1,3,4.

⁵⁹ At the time when the Act was adopted (31 December 2016), of 170,515 registered agricultural holdings, 97% were registered as family agricultural holdings (165,167). Only in 38% of registered family agricultural holdings were their holders younger than 56 years of age (62,128), while in only 10% of family agricultural holdings were their holders younger than 40 years of age. Of a total number of registered members of family agricultural holdings, as many as 63% were older than 56 years of age. Data taken from the Draft Act on Family Agricultural Holdings, October 2017, 3.

⁶⁰ For more, see Arts 31-33. FAHA. Detailed rules on entries in the Register of Family Agricultural Holdings are provided for in the Rules on the Register of Family Agricultural Holdings (OG, 62/2019).

⁶¹ Members of family agricultural households may be spouses, unregistered partners, same-sex partners (formal/informal), their children, other persons who live in the same household, earn their income and spend it together with other members of the household (Art. 5/1/h FAHA).

⁶² Family members: spouses, unregistered partners, same-sex partners; first line kinship (children, parents, grandparents, grandchildren) and their spouses, unregistered partners, same-

The most important role in the functioning of a family agricultural holding is played by its holder (FAH holder). The holder of a family agricultural holding may be a FAH member elected by the members of the family household.⁶³ The FAH holder has all the rights and obligations of the FAH, and is at the same time its manager and representative and he or she is responsible for all the holding's activities (Art. 5/1/i, Art. 29 FAHA). FAH holders are personally liable for the obligations arising from all their economic activities with their entire assets. A FAH holder must be at least 18 years of age and possess legal capacity in Croatia or in any other Member State of the European Union, or a State that is a party to the European Economic Area Agreement (EEAA), or to the Swiss Confederation, having the right to use agricultural assets in Croatia (Art. 9 FAHA).

3.2. Economic activities of family agricultural holdings

The legal organisation of a family agricultural holding is aligned with the goals that must be achieved by such an organisational form of agricultural activity within the agricultural sector. There are special rules on the performance of its activities, the employment of its members, the issues of inheritance of a family agricultural holding and liability for debts, or the termination of its operation. The main objective of these rules is to facilitate and ensure its continuous and successful operation.

The economic activities of agriculture and all other linked activities of a family agricultural holding are carried out by its holder, either independently, or in the role of an employer (Art. 23/1 FAHA). The holder and the members of a family agricultural holding, who carry out the economic activity of agriculture as their only or main occupation, exercise their health and pension insurance rights after having been entered in the Register of Family Agricultural Holdings (Art. 23/3,4, FAHA). Therefore a person may be the holder of only one family agricultural holding, and the members of a family household may establish only one family agricultural holding and become members of a single FAH only (Arts 28/3, 29/3 FAHA). The employees of a family agricultural holding exercise their health and pension insurance rights on the basis of their labour contracts with the FAH holder as their employer (Art. 24. FAHA). Family agricultural holdings, beside the economic activities of agriculture, may also provide services in agriculture, as well as other linked activities (e.g. tourist services, catering services, the sale of their own agricultural products, and the like).

sex partners; collateral line kinship (brothers and sisters, their descendants) and their spouses, unregistered partners, same-sex partners; affinity (spouse's parents, brothers and sisters) and their descendants and their spouses, unregistered partners, same-sex partners; adoptees, their descendants and their spouses, unregistered partners, same-sex partners, foster care beneficiaries (Art. 5/1/h. FAHA).

⁶³ FAH members may at any point in time decide to appoint a new holder of a family agricultural holding. When a holder is entitled to retirement, a new holder is appointed by the holder's linear and/or collateral kins. A new holder is appointed by a member of the family household or a family member (Art. 34/2 FAHA).

Due to the very specific connection between holders of family agricultural holdings and their members, the Family Agricultural Holding Act expressly lays down that upon the death of a FAH holder, the production resources of family agricultural holdings may be inherited. The provision on inheritance must be interpreted by taking into account that a family agricultural holding is not a legal person and that its operation is based on the use of own and/or leased resources (Art. 5/1/point a). In the case of the death of a FAH holder, its members may continue their agricultural economic activity, but another holder must be appointed (Art. 35 FAHA). All rights and obligations connected with the FAH are then transferred from the deceased holder to the new holder (Art. 36/3 FAHA). The new holder takes over the overall business activity of that particular FAH. All labour contracts made by the deceased in the capacity of employer are transferred to the new holder. As for any agricultural resources used by the FAH prior to its holder's death, various rules apply depending on whether they were owned by the deceased holder or had been leased. Due to the fact that a family agricultural holding is not a legal person, the general rules on succession referred to in the Succession Act apply to the division of agricultural resources owned by the deceased.⁶⁴ As for the agricultural resources used by the FAH based on a Lease Contract entered into by the deceased, according to Art. 35 FAHA such contracts are transferred to the new holder. This also means that such contracts continue to be valid, so that family agricultural holdings may carry on their activities. The newly appointed holder then assumes the legal position of a lessee and he or she continues to use the leased agricultural resources together with the members of the relevant family agricultural holding.

Liability for any obligations of a family agricultural holding is also stipulated to ensure the continuation of its agricultural activity. In principle, the FAH holder is liable with all his or her property for the obligations arising from the holding's agricultural activities (Art. 41/1 FAHA). However, the Family Agricultural Holding Act lays down separate rules on exclusion from forced enforcement over particular movables or immovables, a limitation of enforcement over pecuniary assets and on mandatory preliminary mediation proceedings before the institution of enforcement proceedings (Art. 41). The aim of these rules is to ensure the continuation of the basic activities of a family agricultural holding and the housing needs of the holder and all FAH members. Agricultural resources that are necessary to carry out an economic activity that is the main source of the members' existence are excluded from enforcement for the payment of any FAH debts. The same is the case with things and rights over which, under general regulations, no enforcement would be possible even if the holder was not carrying out an agricultural activity (Art. 41/2 FAHA).⁶⁵ Any immovable owned by the

⁶⁴ The rules of the Inheritance Act apply accordingly to civil partitions by payment of agricultural land. For more, see 2.2 Acquisition of Agricultural Land.

⁶⁵ In this regard, the provisions of the Enforcement Act (OG, 112/2012, 25/2013, 93/2014, 55/2016, 73/2017, 131/2020) apply to restrictions and exclusions from enforcement. The provisions of the Enforcement Act on the exclusion from enforcement of agricultural land and farm buildings apply to enforcements against holders and FAH members in the scope that is necessary for their maintenance and the maintenance of their family members (Art. 91/1 EA), as well as the provisions on exclusion from enforcement of

holder or a FAH member, in which the enforcement debtor lives and whose surface area is essential to satisfy their basic housing needs and the needs of persons they are responsible to support by law (Art. 42/3 FAHA) must also be excluded from enforcement. When pecuniary resources are subject to enforcement, the resources necessary to buy cattle feed, medicaments and other items necessary to care for domestic animals owned by a family agricultural holding are also excluded (Art. 41/5 FAHA).⁶⁶ There is also a separate provision on obligatory mediation before the institution of enforcement proceedings over agricultural resources when the claim is below the amount of HRK 20.000 (approx. EUR 2.667). In relation to the Enforcement Act, all these provisions are considered as *lex specialis*. The Enforcement Act applies to enforcement for the recovery of debts owned by a family agricultural holding unless provided otherwise by the FAHA.

A FAH ceases to exist by the termination of its economic agricultural activities and its cancellation by the decision of the holder, or because of the failure to provide the necessary agricultural resources (Art. 43/1 FAHA), or by its removal from the Register of Family Agricultural Holdings. A family agricultural holding ceases to exist if, upon the holder's death, his or her heirs do not continue its agricultural activity, if consumer bankruptcy proceedings against the holder have been brought to an end, if it is established that the FAH is registered on the basis of inauthentic documents, or if the prerequisites for carrying out the linked activities no longer exist (Art. 43, 44 FAHA).

4. Conclusion

Separate rules on the acquisition of agricultural land by foreigners and the specific legal regulation of family agricultural holdings are aimed at the development of the Croatian agricultural sector, the country's rural development and the preservation of the country's natural agricultural resources. However, the present regulations of the acquisition of agricultural land by foreigners and family agricultural holdings cannot be considered as satisfactory contribution. It seems that the prohibition of acquiring ownership of agricultural land by foreigners, and the detailed and very specific legal regulation of family agricultural holdings, without other important structural changes, investments in agriculture and overall development of the Croatian economy, are not sufficient to enhance the development of the Croatia's agricultural sector. After the ban that has already lasted for several years on the acquisition of agricultural land by EU nationals and legal persons, the existing agricultural land prices in Croatia are still

immovables to repay a claim not exceeding HRK 40.000 (approx. EUR 5.333) (Art. 80b/1 EA). Excluded from enforcement are also livestock, the agricultural machinery a farmer needs for his agricultural activities and for his and his family's maintenance, as well as seeds and livestock feed (Art. 135/1/3. EA). There will be no enforcement over monetary resources normally excluded from enforcement, such as 2/3 of the average net salary (Art. 173/1 EA).

⁶⁶ An amount of money excluded from enforcement is deposited into a protected account. The amount is calculated based on what is needed on a monthly basis for livestock feed and medicaments for individual kinds of animals (Art. 41/5. FAHA).

among the lowest in the European Union.⁶⁷ The problems connected with purchasing power in Croatia and the low productivity of Croatian farmers cannot be solved by prohibiting the acquisition of agricultural land by foreigners. Likewise, specific legal regulations of family agricultural holdings, without additional national support measures and structural reform, cannot solve many existing problems, such as small farms because of the small size of utilised agricultural areas, the small economic size of farms, the small number of livestock units per holding, and the high percentage of FAH holders of old age. The data of the European Commission of June 2020 show that the Croatian average farm size is lower than the average size of farms in the rest of the European Union. According to the data of 2016, as many as 69.5% of holdings were using an agricultural area of less than 5 hectares and as many as 46% of holdings were of an economic value of less than EUR 4,000. More than 60% of holders of family agricultural holdings were older than 55 years of age.⁶⁸

Holdings		2010		2016	
		Total	%	Total	%
By UAA (*)	< 5 ha	176 740	75.8%	93 430	69.5%
	5-10 ha	31 390	13.5%	20 080	14.9%
	10-20 ha	14 070	6.0%	9 470	7.0%
	20-30 ha	4 400	1.9%	3 160	2.4%
	30-50 ha	3 500	1.5%	3 160	2.4%
	50-100 ha	2 320	1.0%	3 540	2.6%
	> 100 ha	850	0.4%	1 620	1.2%
By economic size (**)	< 4 000 €	141 210	60.5%	61 880	46.0%
	< 8 000 €	41 470	17.8%	30 820	22.9%
	< 15 000 €	24 400	10.5%	18 670	13.9%
	< 25 000 €	11 840	5.1%	9 130	6.8%
	< 50 000 €	8 760	3.8%	8 100	6.0%
	< 100 000 €	3 860	1.7%	3 610	2.7%
	< 250 000 €	1 370	0.6%	1 480	1.1%
	< 500 000 €	200	0.1%	560	0.4%
=/> 500 000 €	160	0.1%	210	0.2%	
By LSU (***)	0	40 180	17.2%	46 330	34.5%
	0-5	157 490	67.5%	64 350	47.9%
	5-10	19 610	8.4%	11 780	8.8%
	10-15	6 360	2.7%	4 480	3.3%
	15-20	3 160	1.4%	2 060	1.5%
	20-50	4 870	2.1%	4 080	3.0%
	50-100	1 020	0.4%	600	0.4%
	100-500	510	0.2%	680	0.5%
> 500	90	0.0%	100	0.1%	
By age of holder	< 35 years	9 610	4.1%	6 890	5.1%
	35-44 years	28 020	12.0%	16 880	12.6%
	45-54 years	58 420	25.0%	29 280	21.8%
	55-64 years	63 570	27.3%	37 410	27.8%
	> 64 years	73 670	31.6%	43 980	32.7%
not applicable	:	:	10	0.0%	
Total	233 290	100%	134 450	100%	
UAA in 1 000 ha	1 346		1 563		
UAA (ha) per holding	5.8		11.6		

Source: Eurostat, Farm Structure Survey Updated: June 2020

Figure 5
Croatia – farm structure (2010-2016)⁶⁹

⁶⁷ See Commission Decision (EU) 2020/787, point 4.

⁶⁸ Data obtained from: European Commission (2020b)

⁶⁹ Table from: Paying Agency for Agriculture, Fisheries and Rural Development (2020b)

(*) UAA=Utilised Agriculture Area (**) Economic size (***) LSU = Livestock units.

The current development of the agricultural land market and the operation of family agricultural holdings show that there are many structural problems in the agricultural sector which require a complex approach and solution at the national level through the implementation of many policies and reforms (agricultural, demographic, economic, social, technological, digital, and the like). Therefore, further development of legal transactions involving agricultural land in the Republic of Croatia and the successful functioning of family agricultural holdings will depend on the overall development of agricultural activities in Croatia and on the implementation of the Croatian Rural Development Programmes within the framework of the Common Agricultural Policy and, in particular, on the successful implementation of national support measures by family agricultural holdings.⁷⁰

⁷⁰ For the implementation of the Croatian Rural Development Programme for the period 2014-2020 adopted by the European Commission in 2015, EUR 2.3 billion of public money was allocated (EUR 2 billion from the EU and EUR 0.3 billion of national funding). It is planned for about 2,000 holdings to receive some investment support, more than 5,000 farmers start-up aid for the development of small farms and about 1,000 young farmers some support to launch their businesses. Of the total amount, 19.65% is allocated for farm/business development. See: Paying Agency for Agriculture, Fisheries and Rural Development 2020b.

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