



**Economic and Social  
Council**

Distr.  
GENERAL

HBP/2001/9  
HBP/WP.7/2001/4

11 September 2001

ORIGINAL: ENGLISH

---

**ECONOMIC COMMISSION FOR EUROPE**

COMMITTEE ON HUMAN SETTLEMENTS

Sixty-second session

Geneva, 17-19 September 2001

(Item 4 (d) of the provisional agenda)

Working Party on Land Administration

Second session

Geneva 19-20 November 2001

(Item 4 (a) of the provisional agenda)

**WORKSHOP ON EU ACCESSION FROM A LAND ADMINISTRATION PERSPECTIVE**

Report prepared by the delegation of Sweden in cooperation with the secretariat

Introduction

1. The workshop on EU accession from a land administration perspective took place in Gävle (Sweden) from 14 to 15 June 2001. Lantmateriet, the National Land Survey of Sweden, organized it. The workshop was linked to the Swedish presidency of the European Union (EU).
2. Representatives of the following countries participated: Albania, Armenia, Austria, Belarus, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, Netherlands, Norway, Poland, Portugal, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom, United States. A representative of EU participated in the workshop. Experts from the Kosovo Cadastral Agency also participated. A representative of the UNECE secretariat also took part in the workshop.

3. Mr. J. OLLÉN, Director-General of the Lantmateriet, opened the workshop. He reported on EU enlargement, employment and the environment – the three Es that had been in focus during the Swedish presidency. He also reported that the enlargement of the Union was in many ways the most difficult task to handle, that was why the main part of the workshop programme dealt with issues related to land administration and the accession process. He also stressed that mass valuation of real property for taxation and other purposes was of great interest, especially in central and eastern Europe, to develop cost-effective and reliable valuation procedures.
4. Mr. M. LESKO, of the Swedish Ministry of Foreign Affairs, reported that reliable, sustainable and efficient land administration would be needed to make progress and to meet the accession conditions for the countries currently negotiating EU membership. He stated that the workshop would make it possible for accession countries and countries already members of the European Union, as well as other European countries developing their property market, to share knowledge and experience.
5. Mr. G. VINOGRADOV (UNECE secretariat) reported that the economy and the investment climate were key areas in the reform process of countries in transition and that they played an important role in pre-accession assistance. The basis for that was an effective land administration system.
6. Ms. B. LIPEJ (Slovenia), Chairperson of the UNECE Working Party on Land Administration, reported on the activities of the Working Party, with particular reference to the needs of countries seeking EU membership. She stressed the importance of the real estate sector in the national economy.
7. The following two major topics were discussed: (i) Land administration and EU enlargement; and (ii) the value of real property.

#### I. LAND ADMINISTRATION AND EU ENLARGEMENT

Chairperson: Mr. E. BEARDSALL (United Kingdom)

8. Mr. M. Gulliksson (Swedish Ministry of Justice) reported that in Sweden limited restrictions on the acquisition of secondary residences and agricultural properties had been in force until 1994. When Sweden had become a member of EU in January 1995, these restrictions had been gradually lifted. They had been completely abolished by December 1999. At present, Sweden did not have any specific authorization procedures regarding the acquisition of real estate by foreigners. That meant that physical or legal persons, regardless of their residence or nationality, could acquire real property in the country.
9. Mr. I. Horansky (Geodesy, Cartography and Cadastre Authority of Slovakia) explained that, in Slovakia, although agricultural land was mostly in private ownership, it could not be traded, and the land was farmed cooperatively. The modernization of the cadastre and land registration system had concentrated on the legal framework, the re-establishment of land and

property records, the restitution process and technical infrastructure. The modernization programme was severely handicapped by the high level of co-ownership and the absence of legal boundary data.

10. Ms. M. Nanova (Cadastre Agency of Bulgaria) reported that, in the context of EU accession, Bulgaria had asked for a 10-year transition period to abolish all restrictions on the acquisition of land by foreign physical and legal entities and to secure their landownership rights. The Government priorities were: the development of farms; the establishment of a land market; and the creation and maintenance of a cadastre and real property register.

11. Mr. B. Mikuta (State Land Cadastre and Register of Lithuania) stated that, with respect to EU integration, Lithuania foresaw the following tasks to improve its land administration:

- (a) The full restitution of land and the completion of land reform;
- (b) The creation of operational land and credit markets;
- (c) Setting up a “one-stop shop” service for customers;
- (d) The development of public cadastre and real property registers, by integrating available public registers;
- (e) Institutional reform;
- (f) Improving the communication infrastructure by introducing more competition in the telecommunication sector.

12. Mr. E. Kapustins (State Land Service of Latvia) stated that, in Latvia, one of the priorities of the National Programme for the Integration in the European Union was to establish an infrastructure of legal registers for the development of a land market, to ensure easy and quick access to information from the land register (landbooks) and to integrate different registers. There was a need to amend legal provisions to ensure the equal treatment of Latvians and EU citizens. In January 2001, the Ministry of Economics had been given a mandate to prepare a concept for a new law on land transactions.

13. Mr. R. Sherko (Land Tenure Centre, Albania) reported that Albania received considerable international assistance for land administration issues. The local land administration authority dealt with agricultural land, while the Ministry of Public Works supervised urban land activities (urban planning; infrastructure and utilities). Comprehensive work was being carried out on environmental initiatives, valuation and taxation. One of the major problems was the coordination of international activities. Some public activities should be transferred to local private firms (for example, digitization, data entry should be carried out locally, avoiding transport to Tirana and back again). Contracts with private companies had many advantages compared to State institutions, which were not competitive with their fixed prices and lacked flexibility to meet specific interests and needs.

14. Mr. G. Grima (Malta) explained that in Malta there was strong pressure to regenerate the vacant housing stock. Land administration was seen as an instrument to identify redevelopment opportunities and areas for new housing development. There was a strong linkage between land administration on the one hand and the preservation of the environment and sustainable tourism

development on the other. The legislation concerning the acquisition of real property by foreigners was being revised. At present the Minister's permission was required for the acquisition of some types of real estate.

15. After these presentations, the participants split up into four discussion groups, which dealt with the following issues: (a) land administration issues as part of the accession negotiations; (b) most sensitive issues (restrictions on foreign ownership; demand for changes in legislation); (c) land administration authorities and other government organizations involved in negotiations; (d) impact of EU membership on land administration (legislation, organization, etc.).

16. Each of the four groups had its own chairperson and rapporteur. They were, respectively:

- (a) Mr. B. ANDERSSON (Sweden) and Mr. R. SHERKO;
- (b) Mr. H. ONSRUD (Norway) and Ms. J. FINE (United Kingdom);
- (c) Mr. J. BADEKAS (Greece) and Mr. P. LAARAKKER (Netherlands);
- (d) Mr. C. E. SÖLCHER (Sweden) and Mr. R. VAJAVAARA (Finland).

17. The concluding session was chaired by Mr. J. VALIS with Ms. C. HADLEY (United Kingdom) as rapporteur. Mr. J. LEONARD (Secretary-General, EuroGeographics) reported on the recent activities of this organization.

## II. THE VALUE OF REAL PROPERTY

Chairperson: Mr. A. MÜLLER (Denmark)

Rapporteur: Ms. A. -K. MYLES (Sweden)

18. Mr. O. Färnkvist (Sweden) stated that valuation was regarded as an integral part of urban management. In Sweden, the real estate stock constituted two thirds of all assets in society. Real-estate transactions accounted for an average Skr 200-250 billion a year. Valuation was needed for property taxation; expropriation; transactions; urban planning; construction activities; mortgage underwriting (lending); accounting and auditing. An institutional framework was needed to ensure the training and education of assessors; valuation standards; valuation principles; and valuation as an inter-disciplinary subject (building, environment, economy). The market value was the estimated amount for which an asset could be bought on the date of valuation. The following physical factors influenced the value: city/village; area in the city/village; location in the area; transport and service infrastructure; view; existing buildings.

19. Ms. N. Zibrik (Slovenia) and Ms. A. -K. Myles reported that, in Slovenia, a new law on property taxation was under development. It would introduce a new, modern taxation system. The Government wanted to start taxation based on the new system in 2003. The basic elements of the valuation would be: value zoning covering the whole country; tables with the most important attributes affecting the property value (each zone would have a specific table with

values by type of property); the value of residential properties would be based on a sales comparison method; the value of commercial and industrial properties would be based on net capitalization methods; and the value of agricultural land would also be based on net-income capitalization methods.

20. Mr. A. Overchuk (Russian Federation) reported that, in the Russian Federation, cadastral land valuation of all land categories had to be completed in 2001. The cadastral valuation was performed by the Federal Land Cadastre Service of the Russian Federation and licensed assessors. Regional authorities must approve the results of this valuation. Methodological documentation was developed by the federal land administration authority and agreed with other interested federal agencies.

21. Mr. A. Overchuk also reported progress in the preparation of a survey of land mass valuation systems for taxation purposes in the UNECE member countries.

22. The session was combined with technical visits to the Lantmateriet. The Swedish experts presented a new generation of software for handling and processing geographic data and for the production of cadastral diagrams and maps (ArcCadastre).

### **III. CONCLUSIONS AND RECOMMENDATIONS**

#### **A. Land administration and EU enlargement**

23. The Meeting confirmed the crucial need for EU candidate countries to receive as much help as possible in establishing sound land administration systems to support economic growth and a well functioning market in land and other real property.

24. The participants invited the EU to provide clear, practical guidance and advice on land administration issues to help candidate countries meet EU land administration regulations. However, it was also felt by some that such advice could create or lead to unnecessary detailed regulations. There were different opinions on whether the advice should be specific or of a more general nature. It was felt that the EU should consult candidate countries and give very serious consideration to preparing documentation that would offer authoritative help and advice and have a wide application.

25. Any such EU documentation should endeavour to be positive and helpful. It should provide examples of best practices, drawing on existing authoritative work, such as the UNECE Guidelines on Land Administration. It was very important to avoid a prescriptive approach. Rather, candidate countries should be encouraged to adopt the most suitable administrative structures for their own circumstances whilst maintaining a focus on the desired outcome.

26. The participants welcomed the increase in EU activities on land administration. They noted the importance of all aspects, and recommended that the EU should consider a wide range of issues, including legal ones, in their further deliberations on land administration.

27. Several countries had experienced difficulties in identifying a single directorate-general (DG) in the European Commission with overall responsibility for land administration and considered that this created problems of coordination. It was noted that DG groups, such as that concerned with geographical information could help to rectify this problem, and recommended that European Commission set up a DG or another body responsible for land administration.

28. Following presentations by several candidate countries on their activities towards EU accession, it was noted that some countries were well advanced in creating land administration systems adapted to their own situations, with good practice incorporated into it, to meet the EU entry requirements. The Meeting recommended other candidate countries to follow this route and design systems that would meet EU accession requirements.

29. The Meeting underlined the fact that the main role of land administration, with respect to EU accession, was to support the free movement of goods, services, people and capital. Observing that the EU had recently been mainly preoccupied with the development of the land market and agricultural subsidy programmes, the Meeting noted that in future the EU should broaden its interest in basic land administration issues.

30. Some systems separated the fiscal, physical and legal cadastres to some degree. This made them difficult to integrate. The Meeting recommended that the UNECE Working Party on Land Administration should organize a workshop to address this issue.

31. Several countries in transition stated that allowing foreigners to acquire land without restrictions would result in considerable internal economic and social problems.

32. The Meeting noted that, in some candidate countries, land administration issues were insufficiently recognized by the government as a key element to accession. It recommended that governments should be fully aware of the role of land administration in the accession process.

33. The Meeting underlined the importance of including land information issues in the development of the European spatial data infrastructure. It recommended that the UNECE Working Party on Land Administration should take a leading role in bringing experts together in a working group to consider the priorities for the development of the special data infrastructure.

34. The Meeting noted that there was a lack of communication among the European Commission, candidate countries and other donor organizations. It recommended that better communication and coordination should be established between:

- The European Commission and candidate countries;
- The European Commission and others organizations with an interest in land administration, such as the World Bank and the Food and Agricultural Organization of the United Nations (FAO);
- The different land administration projects within a candidate country; and
- All organizations active in land administration within a candidate country.

It also recommended that candidate countries should appoint a focal point for land administration within the country.

35. Some candidate countries reported that land administration projects that were not meeting expectations were losing public confidence. The Meeting noted that it was important to improve coordination and maintain public support and called on the parties involved to address this problem.

36. The Meeting took note of the information that DG Environment would hold a meeting in September 2001 and encouraged the organizers to invite a broad range of experts from both within and outside the European Union.

37. The Meeting noted with interest the initiative to develop a European land information service to assist the creation of a pan-European land market.

#### B. The value of real property

38. The Meeting noted that there were great differences in property valuation and taxation systems among the countries in the UNECE region. Common understanding and communication on valuation issues was difficult due to those differences, but also due to language and terminology problems. Land administration agencies were often responsible for mass valuation for taxation and other purposes, but it was also common for the taxation administration to be responsible for mass valuation. There were many possible benefits of sharing experiences among different countries in order to get good ideas and to avoid the repetition of mistakes. The time needed for data collection was often underestimated.

39. In most countries the aim was to base mass valuation on market values. This was, however, not always possible either for political reasons (distribution of tax burden) or because it would lead to higher taxes than “area-based” property taxes or because of the low number of property transfers.

40. Sales information was sometimes unreliable, e.g. if the transfer tax was high. Property tax was usually a revenue for municipalities or local governments, while the central government was responsible for valuation. Valuation data, such as information on sales prices and assessed values, were generally accessible to the public. Information on assessed values was useful for several other purposes, such as property taxation, stamp duties for land transactions and decisions on fees for land-use rights. Making records of land values available also stimulated the development of the real property market, for example with regard to the banking and credit sector. In most countries taxpayers could appeal against the assessed value. Good cadastres were an important source of information for valuation.

41. The Meeting recommended that:

(a) A further exchange of experiences of different mass valuation systems should be encouraged to identify good practice;

(b) Work should be initiated on defining the terminology and producing a glossary on property valuation in order to improve understanding of mass valuation systems and property taxation;

(c) The Working Party on Land Administration should have a closer look at the importance of gathering information on sales prices for valuation and for information on the market.