

Land Grabbing and Land Concentration in Europe:

The case of Serbia

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Land grabbing in Serbia started during the rapid privatisation that took place in the aftermath of Yugoslavia's disintegration and is now being further extended following Serbia's accession to the EU. Taking advantage of this situation, national and foreign corporations are seizing control of vast amounts of Serbian land.

Obscure privatisation process led to land concentration

Privatisation in its most extreme form started with the fall of Slobodan Milošević's regime in 2000, after which the neoliberal opposition party won both federal and national elections of what was then known as the Federal Republic of Yugoslavia (between Serbia and Montenegro). Privatisation has been presented as the best solution for the battered economy, damaged in the 1990s by civil war, the plunder carried out by the previous regime, international sanctions and the NATO bombing in 1990. As described by the former president of the Anti-Corruption Council, Verica Barać: 'The Law on Privatization has been designed by the World Bank and is based on the ideas of liberal economics. Neither institutions, property, process, or origin of the money are important: the only thing that counts is to privatise' (Dojčinović, 2011).

Privatisation has often been used to launder money gained through criminal activities or to acquire attractive real estate without any concern for maintaining production – which has led to some 500,000 redundancies and also destroyed companies. Of the 2,284 companies privatised between 2001 and 2012, about half went bankrupt. In 253 agri-businesses that were privatised, over 65,000 workers were laid off and about 50 sales contracts were terminated.¹ The government has to some extent acknowledged the criminal aspect of this process, stressed by Serbian civil society for years, and announced after the May 2012 parliamentary elections its intention to investigate the privatisation process led by the Privatisation Agency.

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As noted in the Report on State and Cooperative Land in the Procedure of Privatisation, published at the end of 2012 by the Anti-Corruption Council of the Government of the Republic of Serbia, 'many agricultural companies were privatized without the question of their ownership over agricultural land being previously resolved'. There were numerous illegalities in the process regarding state and cooperative ownership, primarily due to poorly defined regulations on land property. The major loophole regarding land ownership meant that the privatisation process gave place to land grabs.

Under communist rule in Yugoslavia, a large part of the land was socially owned. But, when the privatisation process began, social ownership was de facto abolished and put into private hands, despite this being unconstitutional. Agri-businesses have the right only to use land that is in cooperative or state ownership, but since the Privatisation Agency failed to stipulate in the sales contracts that state and cooperative ownership of land was not subject to privatisation, a considerable amount of land was 'sold' to which the purchasers had no legal right. On the basis of private sales contracts, the new owners of agri-businesses changed the form of ownership, registering such land as their own private property in the real-estate registry. This change of ownership had no legal grounds since the state or cooperatives only held the right to use, not to appropriate, agricultural land.²

The full extent of the phenomenon is still unknown, particularly since the Privatisation Agency has refused to provide the Anti-Corruption Council information on how it treated the rights of use of agricultural land in state and cooperative ownership, or the total area of agricultural land affected, the origin of the capital, and sale price.³

Although not transparent, the process has clear impacts in terms of land concentration. According to Branislav Gulán, a major activist on land issues in Serbia, the largest Serbian landowners have more land combined than do some states or cities. The four largest Serbian together have more than 100,000 ha, individually exceeding the area of the city of Novi Sad, with its 23,500 ha. The four are, reportedly: Đordije Nicović, owner of *Irva Group* with nearly 30,000 ha, Miroslav Mišković, owner of *Delta* with 25,000 ha, Miodrag Kostić, owner of *MK Commerce*, with 24,000 ha, and the owner of *Meat Industry Matijević*, Petar Matijević, controlling 16,000 ha. Then come Milija Babović, Zoran Mitrović and Stanko Popović's *Viktorija Group*, with around 6,000 ha. It should be noted that some of this land is leased from the state. Their ranches are said to be bigger than the state of Liechtenstein (16,000 ha). Those figures apply only to the land they or their companies have bought, and does not include land bought by their close associates and relatives (Gulan, 2010).

Transnational capital comes into play

Similar to the cases of Romania, Ukraine and Hungary, the Law on Agricultural Land prohibits the sale of agricultural land to foreign entities. Nonetheless, foreign corporations have bypassed this interdiction by registering their firms as domestic companies while investing capital in privatised agricultural companies.

Once again, according to Branislav Gulán, 'that's how Ivica Todorić, Croatian tycoon and owner of Agrokor, acquired 1,000 hectares by buying Frikom, and an additional 4,200 by acquiring Edible Oil Industry Dijamant. He now cultivates a total of about 6,000 hectares. Hungarian firm Hajdu Avis from Debrecen bought the farm Sloboda in Perlez, with 1,500 ha of land in its property, and resold it four years later – with a profit of course. Irish fund Baltic Property Investments caused a lot of noise in the public when it bought farms Panonija, PIK Feketić and Vojvodina from Bački Brestovac. By buying the shares of these three combines Irish corporation won the right to manage over 10,500 ha. The first foreigner to discover that if one establishes a firm in Serbia one can also buy agricultural land was

(unofficially) Andrew Hunter, who in 2005 bought Jakšičevo in Srpska Crnja through the firm Cornwall, 1,000 ha for 245 million dinars (€ 2.2 million)' (Gulan, 2010). In some cases, associations of peasant farmers tried to compete with big landowners in renting the state-owned land in their surroundings, which led to many conflict situations during the public auctions. Since the state provides a farm subsidy of 150 € per hectare up to a maximum of 100 ha, some of the associations argued that big landowners are taking more than their fair share of subsidies by registering part of their land in the names of friends or family members.

The expansion of landholdings in the hands of a few people who acquire land very cheaply is intended to facilitate market speculation. Indeed, four years after the Serbian Stabilisation and Association Agreement with EU becomes effective, foreigners will be allowed to buy up agricultural land. While many of the neighbouring countries are trying to postpone or completely forbid foreigners from being able to buy national land, Serbia is pushing for liberalisation of the land market. The Freedom Fight movement (*Pokret za slobodu*), a worker-peasant organisation opposing land grabbing in Serbia, believes that such an unfavourable timeline for land sales was agreed in the interest of landlords, whose only goal is to sell the land they bought cheaply during the privatisation process to foreign corporations as soon as possible. Their calculation is based on the big differential in the price of land on the Serbian and European markets.

In January 2013, the Serbian government signed a pre-contract with the United Arab Emirates (UAE) giving more than a 16,000 ha on long-term lease in exchange for investment in the irrigation system; this agreement, announced with a great fanfare as a big investment in agriculture, is facing major opposition from peasants' associations. Land sold to the UAE originally belonged to agricultural companies that were dismantled in the privatisation process. These private contracts were terminated and ownership of land reverted to the state before it was then leased to the UAE. Peasants' associations demanded that the land be leased to them rather than being leased or sold to the UAE, pointing out that the Law on Agricultural Land forbids selling land to foreigners.

The process of privatisation is fundamentally opposed to the interests of the people of Serbia, denying them any possibility of establishing a sovereign, self-sustaining society. Alongside neoliberal national and international policies, it treated land as no more than a commodity for large-scale export-oriented intensive industrial production, which prompted its misappropriation by new landlords. The pressure applied by the public and worker-peasant movement in Serbia regarding land grabbing will be decisive in stopping this process. Of the greatest importance in this case will be the role of organisations reflecting on creating agrarian alternatives for a sovereign self-sustaining society as the Serbian government persists in following the path traced by international neoliberal institutions, without having any clue about other possibilities.

References

Dojčinović, S. (2011) 'Udeo podzemlja u srbijanskoj ekonomiji', *Samostalni srpski tjednik Novosti*, 19 November.

Endnotes

1. *Zemlja i sloboda*, Pokret za slobodu, 2011.
2. *Izveštaj o državnom i zadružnom zemljištu u postupku privatizacije*, Savet za borbu protiv korupcije Vlade Republike Srbije, 2012.
3. *Izveštaj o državnom i zadružnom zemljištu u postupku privatizacije*, Savet za borbu protiv korupcije Vlade Republike Srbije, 2012.