

Exchange of views on the access and use of farmland

07.02.2017

14.30 - 16.30, A3E-2

Keynote: Vladimir URUTCHEV, MEP - Shadow Rapporteur on the INI Report “State of play of farmland concentration in the EU: how to facilitate the access to land for farmers”

The report aims to send a **strong political message** to the Commission and the Member States that European farmland is the **main source of food production**. It is a **non-renewable asset** which is already **under much pressure** from over-concentration, over-exploitation, non-agricultural use, soil depletion and climate change. The report calls for **comprehensive, up-to-date and transparent data** on national land markets in order to avoid large-scale acquisitions from non-agricultural investors and other speculative market behaviour. In addition, the report **urges the Commission to provide Member States with guidelines and list of criteria** on what is compatible with the rules of the Internal Market in order to improve their national land market regulations.

Main aspects of the report:

- **Land concentrations - land access - land grabbing**

Evident from its subject, the report deals with the issue of **land concentration and land access** in the EU. We have been arguing in COMAGRI and it has been now agreed that **we can't talk of land grabbing in the EU**.

*Land grabbing relates to **unlawful acts** of large-scale acquisition of agricultural land and unfortunately we can still see it as a serious problem in the countries of the global South. There is an extensive EP study (2016) on the issue of land grabbing and human rights, requested by the EP's Subcommittee on Human Rights, which explains the involvement of European corporate and financial entities involved in land grabbing **outside** the EU.*

I make this remark because we have to be clear about the scope of the report.

The report argues that **land concentration threatens the multifunctional European model of farming** based on family farms, small and medium-sized agricultural producers. Land concentration poses risk to food security, employment, the environment, soil quality and rural development.

- **Reasons for farmland concentration**

According to the figures presented in the report **3% of farms control 50% of the farmland**. The report outlines the **driving forces of farmland concentration**, among which:

- **non-agricultural use of land** (urban development, raw materials, energy crops etc.);
- purchase of land is regarded as one of the most **attractive and safest investments** after the financial crisis which brings the interest of **big non-agricultural investors** (big investment and pension funds);
- **Direct area payments** which favour the large-scale land owners.

- **Lack of reliable statistics on the land markets**

The report shares the concern that there is a **lack of reliable, up-to-date and comprehensive data** on EU level but also at the level of the individual Member States on the different aspects of land tenure and farmland concentration, incl. ownership rights, land prices, rent levels, etc. It therefore calls for **the regular collection of statistics and exchange of data** between the Member States and for monitoring in place - what types of holdings are buying up the land.

- **Land is no ordinary commodity vs. the free movement of capital**

Another point of the report is that the land is a finite resource and as such it should be given a **special protection** with a view to compliance with the **four fundamental freedoms**.

We have to be clear that **land policy is a national competence** and therefore Member States are solely responsible for their land sales and rent markets. The question is to what extent the EU could follow the developments on those markets and intervene if they threaten to violate the rules of the Internal Market.

In the last couple of years the European Commission launched a number of **infringement procedures** against Member States from Central and Eastern Europe (Hungary, Bulgaria, Lithuania, Slovakia) to contest the restrictions on their land sales regulation. Those countries introduced limitations to the acquisition of land by foreigners in order to protect it.

Having in mind these developments, the report calls on the Commission to give **guidance to MSs** and to draw up a **list of criteria** on what is possible and compatible with the free movement of capital in order to facilitate MSs when they draw up their land market regulations. Moreover, it asks the EC to set up **common guidelines** on best practices in land tenure in line with the UN Voluntary Guidelines on land tenure.

- **Land access**

The main question that the report has to answer is how to improve access to land. In this regard it highlights several challenges:

- to address the needs of **young farmers** and new entrants to farming;
- to give **priority to farmers** (definition of “active farmer”) to buy and rent land;
- **MSs to closely monitor** the developments of the **national farmland markets** in order to prevent market abuses and corruption practices: rise of farmland prices, transfer of ownership, large-scale land acquisitions, lease contracts.

Points for discussion:

1. East-West different reality in farmland market development

The price market

- Cheaper agricultural land in the new Member States before accession - fear to open their markets to foreigners - transition periods - restrictions in their national legislations - infringement procedures
- High land prices in the old Member States - difficult access to young farmers and new entrants - price regulation in France (SAFER) and Germany is it really the right way?

The rental market

- Rental contracts could be a feasible option for new entrants, considering the **high land prices**, the **difficult access to credit** for farmers and the **high transaction costs** connected to land sales or land inheritance.

Concentration of land could be a positive phenomenon

- Land concentration is a **natural process in countries where land ownership was too fragmented** and it actually contributes to the better and more efficient management of farmland (which otherwise is threatened to be abandoned);
- **The case of Bulgaria** - land collectivisation - land restitution - co-ownership and large fragmentation of land ownership;
- In Central and Eastern European Member States **land concentration could increase agricultural production and farm efficiency** - avoid polarization of “**big versus small**” farms - what matters is not the absolute farm size but its economic sustainability and efficiency.

2. CAP post 2020

- **Access to credit to young farmers and new entrants - role of EFSI and Financial Instruments**
- To link **direct payments** to desired **activities** instead of linking them to the **assets** (e.g. single area payment) in order **to support the real operator** (farm producer) and not the land owner (who can be an investor outside the farming sector);
- To focus on **research and innovation** activities which could improve **soil quality** (therefore to increase the amount of arable land) and the farm efficiency.