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DRAFT REPORT

on the state of play of farmland concentration in the EU: how to facilitate the access to land for farmers
(2016/2141(INI))

Committee on Agriculture and Rural Development

Rapporteur: Maria Noichl

CONTENTS

Page

EXPLANATORY STATEMENT..... 7

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the state of play of farmland concentration in the EU: how to facilitate the access to land for farmers (2016/2141(INI))

The European Parliament,

- having regard to the opinion of the European Economic and Social Committee of 21 January 2015 entitled ‘Land grabbing – a wake-up call for Europe and an imminent threat to family farming’,
 - having regard to the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security of the UN Food and Agriculture Organisation (FAO) of 12 May 2012,
 - having regard to Petition No 187/2015 to the European Parliament on the protection and administration of European agricultural land as shared wealth: a call by civil society organisations for a sustainable and fair EU land use policy,
 - having regard to the study on the Extent of Farmland Grabbing in the EU by the European Parliament’s Committee on Agriculture and Rural Development¹,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A8-0000/2016),
- A. whereas as early as 2010, in the 27-member EU, only 2.7% of farms controlled 50.6% of farmland in Europe, and whereas by contrast, in 2012, 80% of farms had the use of only 12% of the agricultural land;
- B. whereas access to land is a human right;
- C. whereas land, as an increasingly scarce and non-renewable asset, should not be treated as an ordinary item of merchandise, and is furthermore doubly threatened both by the loss of agricultural land through soil sealing, urban development and infrastructure projects, and by the concentration of land in the hands of large-scale agricultural undertakings and investors from outside the farming sector;
- D. whereas the Member States, for their political decisions on land market policy, need comprehensive, up-to-date, transparent and high-quality data on price and volume movements on the land markets, as regards both ownership and renting;
- E. whereas a broad distribution of assets in agricultural land is an essential founding principle of the social market economy and an important precondition for the social cohesion of a country’s economy;

¹ Study entitled ‘Extent of Farmland Grabbing in the EU’ by the European Parliament’s Committee on Agriculture and Rural Development, p. 24 (PE 540.369).

- F. whereas farmland areas are particularly important for water management and the climate, as well as for biodiversity and soil fertility, and are already suffering as a result of climate change and soil erosion;
 - G. whereas land ownership is the best way of ensuring a responsible relationship with the land and sustainable land management, and also fosters identification and a sense of belonging, encouraging people to remain in rural areas; whereas this has an impact on the socio-economic infrastructure of rural areas, and whereas the separation of ownership and possession increases the risk of a division within society, a loss in quality of work and life, and impoverishment;
 - H. whereas the aim of Europe's agricultural policy is a multi-functional agriculture characterised by capital-owning family and cooperative farms, a broad distribution of assets and a diverse, residence-based agricultural structure with traditions, legal certainty and responsibility;
 - I. whereas the concentration of farmland may result in the loss of agricultural jobs;
 - J. whereas, if the agricultural sector is to have a future, it depends on the younger generation, as this is the only way to halt the ageing of the farming population and secure farm succession, and whereas on the other hand it is particularly difficult for young farmers and new entrepreneurs to gain access to land;
 - K. whereas farmland prices and rents have risen in many regions to a level which makes it economically impossible for many farms to hold on to rented land or acquire the additional land needed to keep farms viable, as there is hardly any land on the market;
 - L. whereas EU policies and subsidies encourage concentration phenomena, as direct area payments disproportionately benefit large farms, and the use of these funds leads to a rise in land prices, which tends to exclude small and medium-sized undertakings from the land market;
 - M. whereas, particularly since the 2007 financial and economic crisis, purchases of farmland have been regarded as a safe investment and farmland has been bought up by non-agricultural investors, and whereas land ownership will remain a safe investment even in the event of future inflation;
1. Calls for the creation of a central observatory tasked with recording the level of farmland concentration in the EU, changes in land use and the market behaviour of owners and tenants, and with issuing regular reports;
 2. Calls on the Commission to create a legal basis in order to ensure the regular collection of data of comparable quality on rent levels and land prices in connection with all sales of farmland and farm shares by agricultural undertakings in all Member States;
 3. Considers it sensible to create a uniform, Europe-wide land inventory in which all ownership rights and rights of use in respect of farm land are recorded in an up-to-date and accurate manner and presented in a comprehensible form in a publicly accessible digital data bank;

4. Notes that land consolidation, with differing types of procedure in the framework of an integrated land management system, is an indispensable instrument for improving agricultural structure and settling land use disputes;
5. Takes the view that land policy must help to ensure a socially desirable broad distribution of land ownership, as it has direct implications for everyone's living and working conditions and quality of life, and notes the important social function of land ownership given that a loss of farms and jobs will lead to the collapse of European smallholder agriculture and the demise of rural areas, and thus to structural changes that are undesirable for society as a whole;
6. Recommends that the Member States give farmers priority in the purchase of farmland, particularly at a time when non-farmers are increasingly interested in purchasing agricultural plots;
7. Takes the view that land market policy should help make it easier for young people to enter agriculture, over and above the encouragement for young farmers enshrined in the common agricultural policy; calls, therefore, for a comprehensive approach that helps enable qualified young farmers and new entrepreneurs to take over or start farms;
8. Calls on the Member States to shape their land market policy in such a way as to curb the rise in farmland prices and rents; further calls for these prices to be subject to an authorisation procedure which would also apply to mergers, splits and the establishment of foundations; takes the view that there should be stricter checks on lease contracts, a requirement to report irregularities, and the possibility of penalties, since renting is often the first step to purchasing;
9. Calls for the implementation by the EU, in the interest of developing a clear EU guiding principle for the structure of farming, of the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security of the UN Food and Agriculture Organisation, which has been ratified by all Member States;
10. Proposes a mandatory cap on the part of direct payments exceeding the upper limit of EUR 150 000, as set out in Article 11 of Regulation No 1307/2013 (the Direct Payments Regulation), as well as the compulsory reduction by at least 5% of the part of the basic payment due to the farmer which exceeds EUR 150 000;
11. Takes the view that 30% of direct payments should be payable on the first hectare, provided that the requirements of Articles 41 and 42 of the Direct Payments Regulation are complied with;
12. Recommends to that end the adoption of a uniform definition throughout the EU of 'active farmer' which is clearly linked to the notion of work on a farm;
13. Calls on the Commission to monitor all policy areas to see whether they promote or counteract the concentration of agricultural land in the EU;
14. Endorses the Commission's finding that land is a finite resource which is already under much pressure as a result of climate change, soil erosion and over-exploitation, and calls

for farmland to be given special protection with a view to compliance with the four fundamental European freedoms, so that the Member States can regulate the sale and letting of agricultural land in the light of social and environmental criteria;

15. Calls on the Commission to draw up and publish a list of criteria making it clear to the Member States what land market regulation measures are permitted in the context of the four freedoms of the European Union;
16. Calls on the Commission to raise the awareness of the Member States about, and support them in combating, corruption in connection with land sales;
17. Instructs its President to forward this resolution to the Council and the Commission, and to the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Land concentration - a topic with European relevance

Topics such as land grabbing and land concentration have long been associated with the countries of the global South. However on closer inspection it is clear that the concentration of agricultural land has been a reality for many years in Europe too.

Land concentration is said to be present when the trade in farmland leads to land acquisition of an order of magnitude which is unusual for Europe.

Figures from 2010 show that in the 27-member EU, only 3% of farms already controlled 50% of the land used for farming purposes, while in contrast, in 2012, 80% of farms had the use of only 12% of the farmland.

The level of concentration of farmland in Europe is similar to the unequal distribution of land ownership in countries such as Brazil, Colombia and the Philippines.

Agricultural land is not an ordinary traded good, as soil is non-renewable and access to it is a human right. The concentration of agricultural land in the hands of only a few operators is associated with far-reaching social, cultural, economic and political effects in all EU Member States.

As with the concentration of financial wealth, too high a concentration of agricultural land splits society, destabilises rural areas, threatens food safety and thus jeopardises the environmental and social objectives of Europe.

There is a general shortage of comprehensive, transparent, up-to-date, high-value data standardised at European level on price and volume movements on the European land market. This is true of both purchase prices and rents for farmland and farm shares.

Impact on agriculture in Europe

Farmland purchase prices and rents have now risen in many regions of Europe to a level which makes it impossible for many farms to protect themselves from the loss of rented areas or to purchase the additional land that would be needed to keep their farms viable. Apart from the fact that there is very little land available to buy, rents are no longer geared to the land's potential agricultural yield. Accordingly the capital investment required for many new entrants to the market is too high and too risky.

Impact on Society

At first sight, land concentration mainly impacts on farmers and farm workers. Only when one looks more closely does it become clear that it also has implications for society as a whole.

Ownership is the best way of securing a responsible relationship with the land and its sustainable management. It promotes a sense of belonging and thus encourages people to stay in rural areas.

A broad distribution of land ownership is an essential founding principle of the social market economy and an important precondition for the social cohesion of a country's economy. Areas in agricultural use are not only the irreplaceable basis for production of high-quality food and feed, but are also particularly important for water management, biodiversity and soil fertility, which are already suffering as a result of climate change and soil erosion.

Reasons for farmland concentration in the EU and the challenges it presents

Even though farmland prices in the EU Member States vary, land concentration continues unabated and is thus having a negative impact on farmers.

There are a variety of reasons for land concentration in the EU. For example, owing to the growing demand for food and feedstuffs, renewable raw materials for the fuel, chemical and textile industries, and non-fossil fuels, the purchase of land is one of the safest and most profitable investment options for investors from all over the world.

The continuing low-interest phase since the financial crisis is one reason for the 'flight to real assets', i.e. to land ownership. As a consequence, investors from outside the agricultural sector are also interested in buying land.

In addition to land concentration, the non-agricultural use of land in the form of soil sealing, urban development, tourism and infrastructure threatens farmland as such.

Furthermore, many EU policies and subsidies encourage farms to expand or entice non-agricultural investors into land ownership. Direct area payments, for example, lead to the largest farms receiving disproportionately large support.

EU or Member State subsidy programmes to boost, for example, non-fossil fuels, have a similar effect and thus increase competition for land between 'food, feed and fuel'.

The extent of land concentration and the speed of its progress are alarming, particularly in countries such as Romania, Hungary and Bulgaria. However, even in Germany, Italy and Spain these problems are not unknown.

Many Member States have acknowledged the problem and are trying to use legislation to counteract this trend. This often leads to a conflict with one of the four basic European freedoms: the free movement of capital. This fundamental freedom, which rightly applies throughout the EU and includes a ban on discrimination against the nationals of other EU countries, encounters resistance when it comes to the sale of agricultural land.

Access to farmland is essential

The concentration of farmland in the EU has multiple impacts on society and on active farmers. If the agricultural sector is to have a future, it is particularly dependent on access to agricultural land for young people. Their preparedness to innovate and invest is crucial for the future of rural areas. Only in this way is it possible to halt the ageing of the farming population, and secure farm successions and the objective of a multi-functional agriculture with families and cooperatives owning their own farms.