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State of play of farmland concentration in the EU: how to facilitate the access to land for farmers

European Parliament resolution of 27 April 2017 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 of the Committee on World Food Security (CFS) 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 the infringement proceedings against the Member States Bulgaria, Latvia, Lithuania, Poland, Slovakia and Hungary, which the Commission is either planning or has already brought,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Agriculture and Rural Development (A8-0119/2017),
- A. whereas in 2013, in the 27-member EU, only 3,1 % of farms controlled 52,2 % of farmland in Europe; whereas, by contrast, 76,2 % of farms had the use of only 11,2 % of the agricultural land; whereas this trend runs counter to the European sustainable,

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).

- multifunctional agricultural model, in which family farms are an important feature;
- B. whereas this places inequality of land use in the EU – with a Gini coefficient of 0,82 – on a par with that of countries such as Brazil, Columbia and the Philippines¹;
 - C. whereas this unequal distribution of farmland is the counterpart of unequal distribution of CAP subsidies, as direct payments – which account for a large proportion of CAP expenditure – are mainly made per hectare;
 - D. whereas the actual distribution of land and subsidies could be even more unequal, as the statistics available do not make it possible to establish anything about the ownership and control of farms;
 - E. whereas access to land and the possibility of ownership are essential rights established by the national law of each Member State;
 - F. whereas access to land is essential for the realisation of a number of human rights, and has an impact on the Charter of Fundamental Rights of the European Union;
 - G. whereas land is on the one hand property, on the other a public asset, and is subject to social obligations;
 - H. whereas there is no exclusive or shared competence of the EU on land, as various EU policies deploy different political, social, cultural and environmental aspects of land management, creating the need for a more holistic approach to land governance at EU level;
 - I. whereas the German Constitutional Court already ruled in its judgment of 12 January 1967 (1 BvR 169/63, BVerfG 21, 73-87) that trade in rural land need not be as free as trade in any other capital, because land is unrenovable and indispensable, and an equitable legal and social order requires the public interest in land to be taken into account far more than in the case of any other property²;
 - J. whereas land is an increasingly scarce resource, which is non-renewable, and is the basis of the human right to healthy and sufficient food, and of many ecosystem services vital to survival, and should therefore not be treated as an ordinary item of merchandise; whereas land is, furthermore, doubly threatened, on the one hand by the loss of agricultural land through soil sealing, urban development, tourism, infrastructure projects, changes of use and afforestation and the spread of desertification caused by climate change, and, on the other hand, by the concentration of land in the hands of large-scale agricultural undertakings and investors from outside the farming sector; whereas, at the same time, it is the responsibility of the authorities to control and limit the loss of agriculture land through such activities;
 - K. whereas land resources are a source of conflict not just over use, but also as a result of rivalry between farming and non-farming investors, and between generations of

¹ Ibid.

² *Landwirtschaftliche Bodenmarktpolitik: Allgemeine Situation und Handlungsoptionen Bericht der Bund-Länder-Arbeitsgruppe 'Bodenmarktpolitik' gemäß Beschluss der Amtschefinnen und Amtschefs der Agrarressorts der Länder vom 16. Januar 2014 (March 2015), p. 37.*

farmers, given that young people seeking to establish themselves have greater difficulty, owing to cost, in gaining access to land, especially when they do not come from farming families;

- L. whereas the Member States are responsible for the fact that the land market policy and the farmland market is regulated in different ways in the individual Member States, and whereas this can have a serious impact on the competitiveness of farms on the internal market;
- M. whereas land is a costly production factor to finance; whereas it is linked to national inheritance rules, which entail the necessity of refinancing whenever a new generation takes over; whereas land prices affect land concentration; and whereas it can happen that farmers with no family, at the end of their working lives, will sell their farms to the highest bidder in order to bolster their modest pensions;
- N. whereas, in its Special Report No 25/2016, the Court of Auditors of the EU stresses the fact that the systems used to map farmland in order to calculate eligibility for aid on a land-area basis need to be improved;
- O. whereas existing statistical tools at EU level, such as the Farm Accountancy Data Network (FADN), the Eurostat Farm Structure Survey and the Integrated Administration and Control System (IACS) gather data on different aspects of land tenure; whereas comprehensive, up-to-date, transparent and high-quality data on land tenure, property structures, leasing structures, and price and volume movements on land markets, as well as relevant social and environmental indicators at European level, have so far been lacking and, in some Member States, are collected and published only incompletely;
- P. whereas sufficient market transparency is essential, including with regard to the rational distribution of land, and should also extend to the activities of institutions active on the land market;
- Q. whereas the sale of land to non-agricultural investors and holding companies is an urgent problem throughout the Union, and whereas, following the expiry of the moratoriums on the sale of land to foreigners, especially the new Member States have faced particularly strong pressures to amend their legislation, as comparatively low land prices have accelerated the sale of farmland to large investors;
- R. whereas a broad distribution of agricultural land is an essential founding principle for the social market economy, and an important precondition for social cohesion, job creation in rural areas, high agricultural value added and social peace;
- S. whereas farmland areas used for smallholder farming are particularly important for water management and the climate, the carbon budget and the production of healthy food, as well as for biodiversity, soil fertility and landscape conservation; whereas around 20 % of European farmland is already suffering as a result of climate change, water and wind soil erosion and poor cultivation; and whereas, owing to global warming, some regions of the EU, particularly in southern Europe, are already exposed to drought and other extreme weather events, which will cause soil deterioration and limit access to good-quality land and/or land fit for agricultural use;

- T. whereas there is a substantial imbalance in the distribution of high-quality farmland, and whereas such land is decisive for the quality of food, food security and people's wellbeing;
- U. whereas the demand for food and feed, non-fossil fuel and renewable raw materials for the fuel, chemicals and textiles industries, and for the bioeconomy, is constantly increasing, as is, therefore, the price of land;
- V. whereas small and medium-sized farms, distributed ownership or properly regulated tenancy, and access to common land, are the best way of ensuring a responsible relationship with the land and sustainable land management, and of fostering identification and a sense of belonging; whereas such forms of tenure encourage people to remain in rural areas and enable them to work there, which has a positive impact on the socio-economic infrastructure of rural areas, food security, food sovereignty and the preservation of the rural way of life; whereas the unequal distribution of, and access to, land and natural resources increase the risk of divisions within society, social imbalances, loss in the quality of work and life, and impoverishment; whereas the high concentration of power in sectors within the EU's food market could affect consumer rights negatively and reduce farmer incomes; whereas farmers who do not own their land should be ensured leases that are robust enough, and of sufficient duration, to safeguard a return on their investments;
- W. whereas the aim of Europe's agricultural policy is to preserve the European model of farming, based on a multi-functional agriculture characterised primarily by small to medium-sized family and cooperative farms with land ownership; whereas a broad distribution of assets, secure tenure and access to common land, which are managed sustainably, guarantee fair access to resources and a diverse, residence-based agricultural structure with traditions, legal certainty and responsibility for the benefit of society; whereas such a model safeguards traditional products and food sovereignty, and fosters innovation while protecting the environment and future generations;
- X. whereas, in addition to producing food, family-run farms fulfil very important social and environmental functions that an industrialised farming cannot always provide; whereas small and medium-sized agriculture run by families alone, or with the support of consumers, is a very promising model for the future, including from the economic point of view, as such farms often feature a good deal of internal diversification, making them resilient, and contribute to a high level of added value in rural areas;
- Y. whereas the concentration of farmland has an adverse effect on the development of rural communities and the socio-economic viability of rural areas, and results in the loss of agricultural jobs, thus decreasing the standard of living for the agricultural community and the availability of food supplies, and creating imbalances in territorial development and in the social sphere;
- Z. whereas the future of the agricultural sector depends on the younger generation, and on its willingness to innovate and invest, which is decisive for the future of rural areas as it represents the only way to halt the ageing of the farming population and to secure farm succession, without which the intergenerational contract also loses validity; whereas, on the other hand, it is particularly difficult for young farmers and new entrepreneurs to gain access to land and to credit, which is liable to make the sector less attractive;

- AA. whereas access to land is the primary precondition for setting up a farm, which in turn will create jobs and foster social and economic development;
- AB. whereas farmland prices and rents have in many regions risen to a level encouraging financial speculation, making it economically impossible for many farms to hold on to rented land or to acquire the additional land needed to keep small and medium-sized farms viable, let alone to start new farms, as there is hardly any land available on the market;
- AC. whereas differences among the Member States in farmland prices further accentuate concentration processes, and whereas the trend in land prices does not follow economic trends in other sectors;
- AD. whereas in many Member States, sale prices and, in some cases, rents for farmland are no longer based on the incomes that can be derived from food production;
- AE. whereas rents are often no longer based on the incomes that farms can sustain, meaning that capital requirements are too high, and have too much risk attached to encourage entry to farming;
- AF. whereas the demand for food and feed is supplemented by a rising demand for raw materials for the 'bioeconomy', such as biofuels and materials for the chemical and textile industries, which inspires interest in acquiring farmland on the part of new operators;
- AG. whereas, given that some Member States are yet to establish effective land policies, EU policies and subsidies can in some cases encourage concentration phenomena, as direct area payments are of greater benefit to large farms and to farmers who are already well established, and the use of these funds leads to a rise in land prices, which tends to put the land market beyond the reach of young people, of new entrants seeking land on which to set up farming, and of small and medium-sized undertakings that are often less well off financially; whereas this means that, not uncommonly, European agricultural funds, which are also intended for medium-sized and small farms, end up in the wrong pockets;
- AH. whereas the concentration of land in the hands of a small number of producers is distorting production and market processes, and is liable to have a counterproductive effect on farming in the Member States and/or in the EU as a whole;
- AI. whereas the Common Agricultural Policy (CAP), as reformed in 2013, has also helped to limit these effects by introducing an increased payment for the first hectares, with phased reduction of support; whereas, moreover, these direct area payments play an essential role in enabling European farms meeting high production standards to be competitive and sustainable;
- AJ. whereas the purchase of farmland has been seen as a safe investment in many Member States, particularly since the 2007 financial and economic crisis; whereas farmland has been bought up in alarming quantities by non-agricultural investors and financial speculators, such as pension funds, insurance companies and businesses; and whereas land ownership will remain a safe investment even in the event of future inflation;
- AK. whereas a number of Member States have adopted regulatory measures to protect their

arable land from being purchased by investors; whereas cases of fraud have been recorded in the form of land purchases involving the use of ‘pocket contracts’, in which the date of the conclusion of the contract is falsified; whereas, at the same time, large amount of land has been acquired by investors;

- AL. whereas the creation of speculative bubbles on farmland markets has serious consequences for farming, and whereas speculation in commodities on futures exchanges drives up farmland prices further;
 - AM. whereas there are various contributory factors involved in land grabbing, including increasing globalisation, population growth, a growing demand for foodstuffs and natural raw materials, and the counter-productive effects of agricultural policy;
 - AN. whereas one consequence of the concentration of ownership of farmland is the transfer of profits and tax payments from rural areas to the headquarters of large businesses;
 - AO. whereas existing rules on the capping of direct payments above EUR 150 000 become inoperative if legal persons own multiple agricultural subsidiaries, each of which receives less than EUR 150 000 in direct payments;
 - AP. whereas limited companies are moving into farming at an alarming speed; whereas these companies often operate across borders, and often have business models guided far more by interest in land speculation than in agricultural production;
 - AQ. whereas the problems described above apply not only to farmland but also, with a similar degree of urgency, to forests and fisheries;
1. Points out that land, its management, and urban development rules are matters for the Member States; calls on the Member States, therefore, in their public policies, to take better account of farmland conservation and management, and to transfers of land;
 2. Calls on the Commission to establish an observatory service for the collection of information and data on the level of farmland concentration and tenure throughout the Union, noting that it should be tasked with: recording purchase prices and rents, and the market behaviour of owners and tenants; observing the loss of farmland following changes in land use, trends in soil fertility and land erosion; and issuing regular reports;
 3. Considers that the Member States should regularly communicate to each other, and to the Commission, information about their national legislation regarding land, land use changes and, in particular, cases involving speculative land purchases;
 4. Calls on the Commission to set up a high-level task force to examine the problem of farmland concentration, to conduct a study on the impact that the policy measures taken by the EU and the Member States have on land concentration and agricultural production, and to analyse the risks that land concentration poses for food supply, employment, the environment, soil quality and rural development;
 5. Calls on the Member States to focus their land-use policies on using available tools – such as taxation, aid schemes and CAP funding – to maintain a family-farm-based agricultural model throughout the EU;
 6. Calls on the Commission and the Member States to regularly collect data on rent levels

and land prices of comparable quality, including the acquisition of land by means of share purchases and on transactions involving large areas of land, the loss of tenure, infringement of land tenure rights, and speculative price rises, in all Member States; calls on the Commission to publish guidelines on the harmonisation of accounting practices, and to encourage the sharing of best practices in national legislations, in order to identify measures to safeguard farmland and farm activities;

7. Considers it necessary for the Member States to create harmonised farmland inventories in which all ownership rights, and rights of use in respect of farm land, are recorded in an up-to-date, accurate and comprehensible manner – while fully respecting the data protection rights of the parties involved – and presented in the form of anonymised, publicly accessible statistics;
8. Calls on the Commission, on this basis, to report at regular intervals to the Council and Parliament on the situation regarding land use and on the structure, prices and national policies and laws on the ownership and renting of farmland, and to report to the Committee on World Food Security (CFS) concerning the EU's implementation of the CFS's Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (VGGT);
9. Notes that programmes to consolidate fragmented parcels of land, using differing types of procedure in the framework of an integrated land management system that takes account of local and regional conditions, is an indispensable instrument for improving agricultural structures and settling land-use disputes; recommends, in this regard, that where land consolidation is delivered through the renting of land, rental prices be linked to productive capacity and profitability, as being the most appropriate for the agricultural economy, and calls on the Member States to share their experiences of farmland management;
10. Considers that well-considered and coordinated land market policies, implemented with the instrument of regional and local land use planning, should help to reduce non-agricultural land use;
11. Acknowledges that while land policy is essentially a matter for the Member States, it may be affected by the CAP or relevant policy areas, with serious impact on the competitiveness of farms on the internal market; considers that land policy must help to ensure a broad, fair and equitable distribution of land tenure and access to land, as well as the status of tenant farmers within an appropriate framework, as this has direct implications for rural living, working conditions and quality of life; draws attention to the important social function of land tenure and management over generations, 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 lead to structural changes that are undesirable for society as a whole;
12. Calls on the Member States, in order to attain the objectives of the CAP, to give small and medium-sized local producers, new entrants and young farmers – while ensuring equal gender access – priority in the purchase and rental of farmland, including pre-emptive rights where established, as the ownership of as much as possible of the land they farm is in the interest of a sustainable and reliable development of their farms, particularly at a time when non-farmers are increasingly interested in purchasing agricultural plots, very often for purely speculative purposes; encourages the Member

States to promote small-scale family farms and sustainable production methods;

13. Recalls that high investment costs hamper the acquisition and leasing of farmland and forested area for small to medium-sized family and cooperative farms;
14. Recognises the importance of small-scale family farms for rural life, since they play an active role in the economic fabric of rural areas by conserving the cultural heritage and maintaining rural life, sustaining social life and making sustainable use of natural resources, in addition to producing a sufficient amount of healthy and high-quality food, and ensuring a broad distribution of land ownership in such areas; points out the problems that arise in the transfer of farms from one generation to another, with particular reference to the transfer of farms outside the family, and calls on the Member States to collect data on these phenomena and to create the legal framework to tackle such problems;
15. Recalls the encouragement for young farmers enshrined in the CAP, the purpose of which is to promote their access to farming; calls, moreover, for a comprehensive approach that helps enable skilled young farmers, women and others wishing to take up farming to take over or start farms; notes, however, that new entrants still face obstacles related to structural barriers such as high land prices or high taxation of extra-familial farm succession;
16. Stresses the relevance of European structural policy to promoting rural areas, for example with a view to ensuring, with regard to access to farmland, special assistance to small and medium-sized individual farms and cooperatives, young people and, in particular, women;
17. Stresses the difficulties of accessing credit in order to acquire land or tenure, especially for new entrants and young farmers; calls on the Commission to provide proper instruments, in the framework of the CAP and related policies, that facilitate their entry into farming by ensuring fair access to sustainable credit;
18. Considers that local communities should be involved in decisions on land use;
19. Calls on the Member States to provide incentives for urban farm development and other forms of participatory farming and land-sharing arrangements, taking into account, on the one hand, the limited access to farmland in rural areas and, on the other, the growing interest in urban and peri-urban agriculture;
20. Encourages the Member States to engage more efforts in knowledge transfer through research and innovation projects with a view to improving soil quality through the application of agri-environmental practices, in recognition of the fact that farmland is the basis for food production, lasting ecosystems and thriving rural areas;
21. Calls on the Member States to shape their land market policies in such a way as to permit access to ownership or tenure under financial conditions appropriate to farming, and to monitor farmland prices and rents; calls, furthermore, for transactions on farmland to be subject to an ex-ante procedure checking the conformity with regard to national land legislations, 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; urges the Member States to ensure that leasing policy includes the requirement for tenants to engage in farming; considers that land-market policy should help to prevent the establishment of dominant positions on land markets;

22. Encourages all Member States to use such instruments to regulate the market in land as are already being used successfully in some Member States, in line with EU Treaty provisions, such as state licensing of land sales and leases, rights of pre-emption, obligations for tenants to engage in farming, restrictions on the right of purchase by legal persons, ceilings on the number of hectares that may be bought, preference for farmers, land banking, indexation of prices with reference to farm incomes, etc.;
23. Underlines that national judicial systems need to protect all parties' rights in view of irregularities with lease contracts, and that national authorities should take steps to eliminate any loopholes in existing national legislations that make contract abuse possible;
24. Recalls the positive measures taken by some Member States in regulating their land markets in order to avoid speculative land transactions; reminds the Member States that tax legislation gives them an effective leverage with which to regulate the land market;
25. Calls on the Member States to support or create appropriate institutions with state participation and public supervision for land management;
26. Calls on the Member States and the Commission to support all innovative land-sharing measures favourable to enabling young farmers to establish themselves, in particular by means of investment funds, based on the principle of solidarity, that enable savers to invest their funds in a socially useful manner by assisting young people without sufficient resources to acquire land and to embark on careers in farming;
27. Calls on the EU and its Member States, in the interest of developing a clear EU guiding principle for the structure of farming, to implement the VGGT, ratified by all Member States; calls, in particular, on the Member States to consider the wider social, economic and environmental objectives, and to avoid the undesirable impacts that land speculation and concentration have on local communities, when taking measures regarding the use of, and control over, state-owned resources; calls on the Member States to report to the Commission on the use and application of these guidelines in their land governance policies;
28. Suggests, in this regard, that the Commission adopt recommendations on EU land governance, in line with the VGGT and taking into account the horizontal EU frameworks on agriculture, the environment, the internal market and territorial cohesion;
29. Suggests that direct payments would offer better value for money if they were payable based on the environmental and socio-economic public goods a farm holding delivers, rather than solely on the land area it covers;
30. Points out the possibilities open to the Member States of reducing the part of direct payments exceeding the upper limit of EUR 150 000 by at least 5 %, as set out in Article 11 of Regulation (EU) No 1307/2013 (the Direct Payments Regulation);

31. Believes that, under the reformed CAP, ceilings should be introduced, and the direct payments scheme adjusted, in such a way as to give added weight to the first hectares, and that steps should be taken to facilitate investment and the disbursement of direct aid to small farms; calls on the Commission to introduce a more effective aid redistribution system in order to guard against farmland concentration;
32. Encourages the Member States to make greater use of the scope already available to them to cap and redistribute CAP funds, such as the possibility of having 30 % of direct payments payable on the first hectare, as a way to strengthen small-scale and family farming, provided that they, at the same time, apply the requirements of Articles 41 and 42 of the Direct Payments Regulation; proposes that the favourable treatment of the first hectares should be calculated not per farm but per parent company; calls, therefore, on the Commission to publish information, in line with data protection rules, not only on owners of farms that receive CAP subsidies, but also on beneficiaries such as land owners/parent companies;
33. Highlights the importance of a distinctive definition throughout the EU of ‘active farmer’ that is clearly linked to the notion of work on a farm and that makes an accurate distinction between eligible and non-eligible land (e.g. airports, industrial open areas, golf courses); calls on the Commission to ensure that only active farmers are beneficiaries of direct support;
34. Calls on the Commission to monitor all relevant policy areas, such as agriculture, energy, environment, regional development, mobility, finance and investment, to see whether they promote or counteract the concentration of agricultural land in the EU and, with the participation of farmers and their organisations as well as other relevant civil-society actors, to launch a consultation procedure to assess the existing situation with regard to the administration of farmland in line with the VGGT and the terms of reference adopted by the CFS;
35. Recommends that the Member States undertake a targeted examination of the national implementation of the existing CAP with a view to identifying any undesirable effects of the concentration of land;
36. Endorses the Commission’s finding that land is a finite resource that is already under much pressure as a result of climate change, soil erosion and over-exploitation or change of use, and therefore supports eco-social measures to protect the land, while underlining that land is a matter for which sole responsibility is vested in the Member States;
37. Calls for farmland to be given special protection with a view to allowing the Member States, in coordination with local authorities and farmers’ organisations, to regulate the sale, use and lease of agricultural land in order to ensure food security in line with the EU Treaties and the case law of the European Court of Justice on land tenure and access to land, and also with regard to the four fundamental European freedoms and to the public interest;
38. Suggests that, in the interests of interinstitutional transparency, the Commission should give Parliament better insight into the documents on infringements of the Treaties and the preliminary proceedings in connection with regulation of the land market by the Member States;

39. Calls on the Commission, in conjunction with the Member States and stakeholders, to publish a clear and comprehensive set of criteria, including farmland transactions on capital markets, that ensure a level playing field and make it clear to the Member States which land market regulation measures are permitted, taking into account the public interest and the four freedoms of the European Union, with a view to ensuring easier acquisition by farmers of land for farming and forestry; calls on the Commission to consider a moratorium on the ongoing proceedings aimed at assessing whether Member States' legislations on farmland trading comply with EU law until the aforementioned set of criteria are published;
40. Calls on the Commission to raise the awareness of the Member States about, and support them in combating, tax evasion, corruption and illegal practices (such as 'pocket contracts') in connection with land transactions; draws attention to the abuses under investigation by judicial authorities in certain Member States concerning the farm land acquisition process;
41. Welcomes the proposal to simplify the CAP, in particular those measures aimed at reducing costs and administrative burdens for family farms, as well as for micro, small and medium-sized enterprises in rural areas;
42. Calls on the Commission to maintain, during the development of the draft CAP for the period after 2020, measures to combat the concentration of agricultural land and to develop additional measures in support of micro, small and medium-sized enterprises;
43. Instructs its President to forward this resolution to the Council and the Commission, and to the governments and parliaments of the Member States.