LAND RUSH

The Sellout of Europe's Farmland

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The Greens | European Free Alliance
in the European Parliament

PREFACE

Dear Readers,

We need to come back down to earth in Europe. Agriculture is losing its farmers. The European model of small-scale farming is at risk. There is a gradual process of land concentration undermining small-scale farming, and consequently the future of a diverse and sustainable cultivation of our land. Farmers are increasingly losing the ground they are working on.

Modern land grabbers, often corporations, acquire land, betting on the future increase of prices for food and raw materials. What is threatening about this process is that there is hardly any public awareness of it and reliable data on these developments is scarce. This urgently needs to change.

The rush for land in Europe has a different character than for instance in Africa. Ordinarily, the concentration of land in the EU takes place legally. But there are considerable differences between EU Member States regarding the distribution of and access to land. Nowadays, almost everywhere, farmers who want to survive need to continue to grow, and to do so they need to get their hands on more land. Anyone wanting to enter into the agriculture business barely stands a chance unless they inherit land from their parents. Land has increasingly become an investment and an object of speculation and is no longer primarily the basis of small-scale farming.

At the same time, agriculture is becoming more intensive and farms are getting bigger. This is a threat to biodiversity, the groundwater, our rural social structures, and the quality of food.

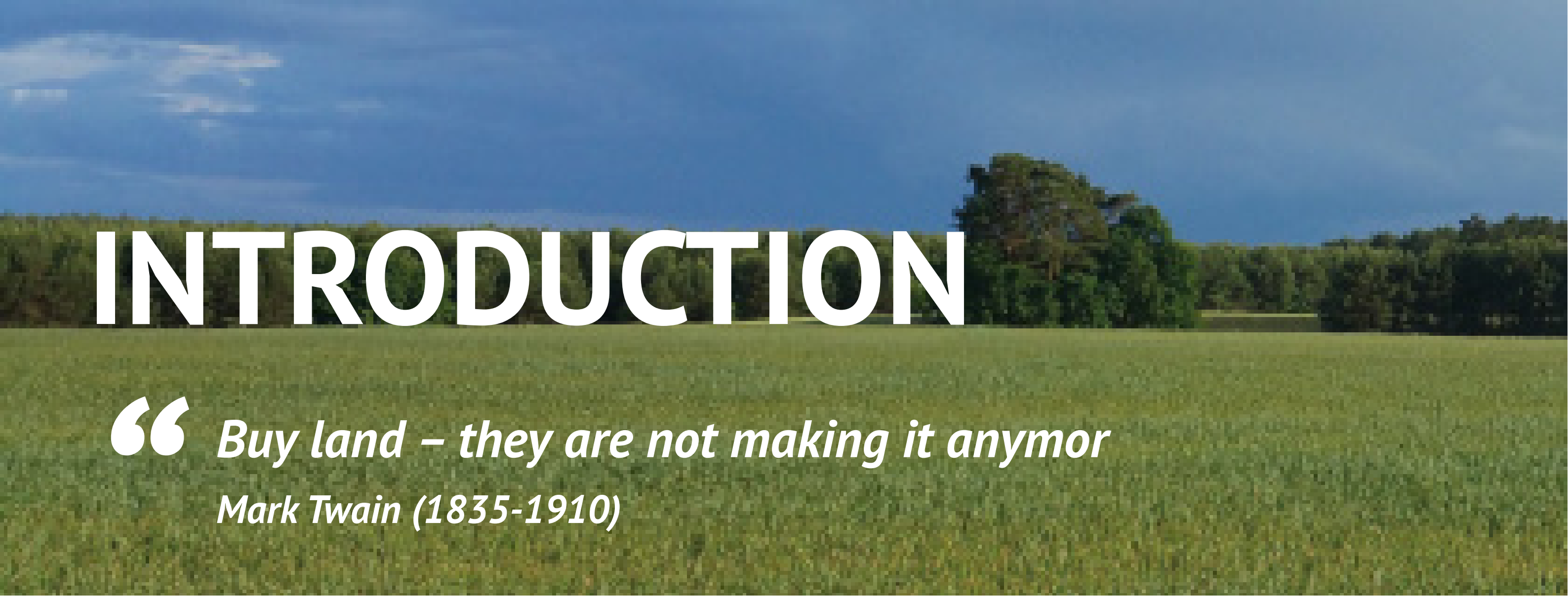
Soil, grassland, and arable land are not a commodity but the livelihood of farmers. Acting responsibly means treating the soil with care, increasing soil fertility, and securing equitable access to land for those living on it. Therefore the distribution of and access to land are socio-political issues that need to be determined by democratic decision-making processes, not by the stock market. Land is not simply a commodity!

In this study we outline the current developments in the new rush for land in Europe by taking several countries as an example. We have also compiled possible approaches for action.

With this study I would like to raise awareness and initiate a new way of thinking about our land, not only in Germany but in the whole of Europe.

Sincerely,

Maria Heubuch



INTRODUCTION

> *“Buy land – they are not making it anymor*
> *Mark Twain (1835-1910)*

Berlin, March 2015: *“It should be noted that there is a surge in prices for leasing and buying agricultural land with (...) an increasing tendency. It can be assumed that apart from other factors, the demand from non-agricultural investors for farmland as well as farms or parts of agricultural businesses also contributes to this. Leasing or buying agricultural land is no longer economically justifiable for many farm businesses considering the potential yield from the land.”*

This wake-up call from the Bund-Länder-Arbeitsgruppe Bodenmarktpolitik (German Working Group on Land Market Policies) in March 2015 highlights that the large-scale sellout of agricultural land, often termed as “land grabbing,” is no longer a distant African or Asian problem. It has arrived at our doorstep in Germany and in Europe.

When agricultural land, the soil that feeds us and that we regard as our home, becomes a globally tradable commodity and an object of speculation, there’s a lot at stake: our food security, the viability and quality of eco systems and natural areas, small-scale farming, the economic and cultural cohesion in local communities and regions within Europe, and our society’s intergenerational contract. The fertile arable land and grassland are the basis of our existence – in the country and in cities. Therefore, who buys, owns, tills, and controls the land concerns all of us.

A challenge for the whole of Europe

The alarm signals reaching us from many European countries suggest it is high time to react to this at European level. And the intention is not to regulate land acquisition and land usage “from Brussels”. But wherever local communities, regions, and national governments are faced with challenges they cannot tackle on their own it makes sense to act in concert. Besides, by now the EU has a substantial influence on the land market. This is due mainly to its agricultural policy but also to EU regulations on renewable energies, nature conservation and environmental protection, foreign trade, and free movement of capital.

In order to effectively respond to global and European challenges such as climate change, the loss of biodiversity, but also rural exodus as well as concentration of capital, we should begin by assessing the situation as accurately as possible. And secondly, we will certainly be able to come to an understanding in terms of indisputable common goals and principles regarding the management of land and its manifold functions. Thirdly, we need to ask ourselves what a land market that meets the requirements of such goals and challenges looks like. Wherever European law and EU funds play a crucial role, common European objectives should also be the underlying basis. The resulting proposals for laws, regulations and measures need to be contended and decided upon on a national, regional, and municipal level.

Currently parliaments, governments, institutions, and media in Europe seem to be only just realising that the market for agricultural land and the concentration of land property has begun to slide and is getting out of hand in more and more European regions.

Global forces, local impact

The Chinese conglomerate FOSUN buying into the largest German agricultural enterprise KTG-Agrar in the summer of 2015 (see p. 18) highlights where the European land market might be headed to. When the global commodities and finance market, even for a short period of time, affects the economic viability of a business model, which in this case relies on growth and monoculture farming, thousands of hectares change hands over night due to liquidity shortages. There are no statistics and no land register to document this. No democratic decision can stop it, no public authority can intervene.

Which crops are grown on the corporation’s arable land in Germany and Lithuania, whether organic or conventional, for food or fuel, where they are delivered, and even where the tax on the profits made is paid, all of this

is ultimately decided by the executive board and the supervisory committee of a holding company in Hamburg – where, to the general public's surprise, a representative from China sits at the table, currently with a nine percent share and maybe soon with a capital majority.

Public funds for private large-scale businesses?

Approximately 12 million euros a year are transferred solely as direct payments to KTG-Agrar from Brussels. For 53 megawatt energy from biogas, German electricity consumers guarantee the corporation 20 years of luxury prices. In addition the company receives numerous state-funded investment subsidies which are actually intended to support rural development and conserve small-scale farming structures. So, in a large part it is European and German taxpayer's money safeguarding the profits of the new agribusiness giants. Some of them are already "too big to fail" for various regions in Europe, so public authorities cannot just drop them.

What is becoming apparent here is a fundamentally new concept for European agriculture. It is not just about economic size or regional monopolies. It is also about a basic understanding of agriculture in the respective rural economy and cultural landscape, about the function of fertile fields and pasture, and about the future of small-scale farming.

WHO NEEDS OUR FARM NOWADAYS?

Who's going to want our farm? Definitely not the children. "I would be up to my ears in debt for the rest of my life," my son Gerhard said, "and in ten years' time I might still be out of the business." His girlfriend Ingrid said it even more clearly: It's either the farm or me! She wants to keep her job, her freedom, she says, especially when they have children. It is really quite sad. But we do get where they're coming from. It's their life after all. The times when people had to serve the farm and comply with traditions are over. For my parents it wasn't even a question. It was one for me, 30 years ago. I don't regret the decision and neither does my wife, really. But sometimes our siblings had it somewhat easier in life.

So far, none of our two daughters wants the farm either. I'm still hopeful with Anna. She could move her private practice here. Her partner Erwin has even been talking about a setting up a "community-supported agriculture" here. They could lease the rest of the fields. The barn is no longer profitable anyway. It would be quite a different life for the two little ones. The animals, being in nature! But having to take the bus to school every morning. What's most important is that Doctor Meininger finds a successor to take over his private practice.

Of course we'd be happy, my wife and I, if it still all works out. But on the other hand it might be easier to sell everything in ten years' time. We would be set for life. The children would be able to keep something. The mortgages would be satisfied. The house could remain. Giving up the farm and securing our pension. That would be a clean cut.

The Ellerbecks would be the last family making a living with farming here in the village. They would be happy to lease our land. But they can't buy, that's for sure. It would involve such big sums. Even though Mrs Ellerbeck's brother, the dentist, did approach us. Apparently his investment adviser had told him a bit of land was just part of financial security nowadays. Well, we haven't reached that point yet ...

In this scenario or a similar one, the manager of an average farm in West Germany – or in Brittany, Holland, Flanders or Carinthia – with a little more than 50 hectares of land and maybe 30 cows, is experiencing what thousands of farmers in Germany are experiencing. A third of them are between the ages of 55 and 65, seven percent are over 65. In an EU-wide comparison, German farmers even rank among the younger ones. In the case of two thirds of full-time farming businesses it has not been settled who will be the successor of the farm. The smaller the farm, the less certain the succession.[1]

THE INTERGENERATIONAL CONTRACT

> *We do not inherit the earth from our ancestors – we borrow it from our children.*
> ***Native American proverb***

At a first glance, the numbers are alarming: only eight percent of all farm managers in Germany are below 35 years of age, while seven percent are over 65. That places Germany in the upper third. In Portugal and Romania, the UK, the Netherlands, and Italy, only three to four percent of the farmers are under 35. By contrast, the number of over 65-year-old farm owners in Romania is over 50 percent, in Italy it is 38 percent, in the UK 27 percent, and also in the Netherlands it is 18 percent. Is Europe's agricultural population growing too old?

Between future prospects and livelihood

In any event, the population pyramid points to serious problems. On one hand, the fact that Germany, after Finland, has the lowest number of farm managers of pensionable age in the EU is due to payment of annuity from the farmer's old-age pension scheme requiring an abandonment of the farm. On the other hand it is also linked to the fact that the number of full-time farmers in this country has already fallen below 100,000. In Romania, however, there are still more than 3.5 million farms and no old-age insurance for farmers. Farms without a successor are often kept under cultivation up until old age.

What is worrying is that in Germany less than half of all full-time farmers over 55 years of age have a successor for their farm. Therefore, the vast majority will continue to work the farm for as long as possible, subsequently leasing or selling the land. Every year roughly three percent of the agricultural businesses in Germany give up; in the course of every decade that adds up to one quarter respectively. This consolidation process takes place at a varying pace in all EU countries.

From piggybank to new beginning

Fields, pasture, and woodland are always part of an intergenerational contract. A forester plants trees for his grandchildren and harvests his grandparents' and great-grandparents' seedlings. The quality and fertility of the soil have similar temporal dimensions. Property is basically the backbone of the agricultural economy. Any land that doesn't belong to the bank serves to secure investments or an old-age pension. One's own soil is also the farm's "piggybank", the best repository for generated surpluses. It's the guarantee for the old generation's entitlement to retirement pension from the young ones as well as a generation's economic balance.

Effectively giving up control over one's land and farm is no easy matter. What is at stake is an estate and a life's achievement as well as that of past generations. Being able to retain the farm, which the family may have been managing for generations, can fill the heirs with pride but can also become a big burden. Whether they own the land or whether the land owns them is a question not easily answered by many a farmer.

For many heirs the farm only provides an economic perspective as a main occupation if it is big enough and there are continuous opportunities for further expansion. However, it's not certain if the debt this usually requires, the enormous workload and nervous strain will eventually pay off. The sober truth is that the majority of one generation since 1945 has had to give up the farm, at least as a main source of income.

Part-time farming only an intermediate step?

Most farms in Germany – as in many other EU countries – are operated on a part-time basis – often even to a point where it hardly seems economically justifiable. Certainly an identification with tradition plays an important role in this, but also the factor of security in times of crisis. With the generational replacement all of this is on trial and the portion of heirs who do not continue their parent's farm on a part-time basis is even larger than in the case of full-time farmers.

Three generations (only the male half here) at an open day at the farm – for many farmers in Germany this is no longer something they can take for granted.

Cooperation vs. isolation

Financial questions are only one part of the calculation. Remaining tied down to the village, the site of one's childhood, thereby denying oneself the wide world as well as many liberties and options of modern life, is also a sacrifice. What does the community or the neighbourhood have to offer the heirs and their families? For how long will these communities still be intact? Once the infrastructure starts crumbling – starting with health care and retail shops, to public transport and leisure facilities, right up to local services and care facilities – it is a rapid downward spiral.

The social acceptance of the profession is also not insignificant in the decision for or against taking over a farm.

Is the farmer ultimately becoming an alien element in his village, which has slowly turned into the neighbouring city's suburb and dormitory?

Life in the country may seem more attractive to many a city dweller than it does to those who have known it since childhood. But for all those not inheriting a farm or land, the obstacles for setting up an agricultural business are substantial. Unless they have capital at hand at a young age, these obstacles are almost unsurmountable. A young farmer who takes out a loan to acquire a farm and land of lucrative cannot expect to repay the loan within the time span of his or her working life.

Land acquisition is no longer affordable from agricultural yields

The average annual earnings of a skilled worker in agriculture are significantly lower than the income of similarly qualified professionals in the service and industrial sectors. No doubt, comparing the individual income opportunities and costs of living of skilled workers in rural areas to those living in the city is somewhat tricky. Nevertheless, for young people in Germany without considerable equity capital, all economic odds are against the adventure of setting up an agricultural enterprise.

The surge of purchasing and leasing prices further exacerbates the situation for young agricultural business founders – at the same time providing a greater incentive for heirs to sell their farm and the land. The larger the area of land, the more likely it is that not neighbours or successors will win the bid, but farmers or investors from outside, as they are willing and able to pay prices that cannot be generated with the current usage of the land. They may possibly rely on an increase of economic efficiency through rationalisation, integration into a larger unit, or a different type of cultivation.

In several regions in Germany, biogas plants and the space they require for fermentation substrates and digestates have become another competitor in the rush on land. In the strongholds of increasing livestock, particularly the demand for land to be used for "disposal" boosts the prices for land. The ever-growing industrialised animal production requires additional space so that, also in terms of tax, they continue to be classified as farming purposes instead of commercial animal husbandry. For non-agricultural investors on the other hand – particularly in times of cheap money – long-term accretion is more important than current profitability. They buy and lease to the highest bidder without any specific connection to their land. The result is disastrous for all those striving to build or maintain small or medium-sized livelihoods in agriculture without aiming to get the highest rate of return out of it at all costs.

Targeted funding of innovative concepts instead of scattershot subsidies

Under these circumstances young families or cooperatives and organic, more value-oriented newly founded businesses have a hard furrow to plough. The very innovations that could provide new impulses for the agricultural sector and regional development as a whole, maybe even a closer relationship with an urban clientele, have the least chances. After two decades of steady development, the expansion of organically farmed land has almost come to a standstill in many regions of the EU because due to biogas plants, industrial intensive agriculture, and financial speculation, skyrocketing prices for leasing and buying can no longer be generated through honest and sustainable land use and food production.

The direct payments made to farmers below the age of 40 (in Germany for up to 90, in other EU countries for 25-50 hectares), increased by a flat rate of 25 percent since 2014, may accelerate the handover of farms in cases where this was already intended. They are however ineffective in combating the structural dynamics of consolidation and will hardly be the determining factor in the decision for taking over the farm. By contrast, specifically privileging newcomers and maintainers of small and medium-sized farm businesses in the acquisition and leasing of land would be an effective measure for rejuvenation and innovation.

The post-war generation's grandchildren are selling the land

Currently the wide dispersion of property seems to be less at risk in many EU states than the availability of agricultural land for all. The generation of a large number of smallholders in Germany and many other regions of the "old" EU, who, starting in the late 1950s, gave up their agricultural business in favour of better paid jobs in the industrial and service sectors, initially let their land. Even the children who still grew up on the farms maintained the lease. Only the grandchildren's generation, which is now coming into its inheritance has frequently completely lost the connection to the grandparents' and great-grandparents' land. For the community of heirs consisting of widely scattered descendants, selling a few hectares of farmland, pasture and woodland is definitely more attractive than maintaining them.

Where the land ultimately ends up may often depend on an active policy of local communities geared towards information and participation at an early stage. Giving farmers the short-term choice of either buying land they were previously leasing for a high price or losing it usually puts the smaller ones at a disadvantage because for them losing a few hectares may already imply losing their profitability.

Land in many hands: a new structural policy

In many EU Member States, active structural policy and the promoting development in rural areas has long ceased to mean consolidation and concentration but the preservation of diversity, especially regarding small and medium-sized farms. In Eastern Germany the order of the day is the systematic support of newly founded enterprises as well as the diversification of local large-scale farms. It is here in particular that a new generation of young farmers should and could establish themselves, those that are willing and able to actually build flourishing landscapes on the ruins of the agrarian reform, collectivisation, and privatisation after reunification, bringing back to life many a monocultural wasteland and the ruins of agricultural cooperatives (LPGs).

THE POLITICAL ECONOMY OF LAND GRABBERS

> *"I will guarantee you that farmland, over a hundred years, is going to be gold (...). If you buy an ounce of gold today and you hold it 100 years, you can go to it every day and you could coo to it and you can caress it and you can fondle it and 100 years from now you'll have one ounce of gold and it won't have done anything for you in between. If you buy 100 acres of farmland, it will produce for you every year. You can use that money to buy more farmland; you can do all kinds of things. For 100 years it'll produce things for you and you still have 100 acres of farmland at the end of 100 years. (...) With land you can get somebody else to do all the work, give them a percentage of the crop, and you can sit back there for a hundred years...*
>
> ***Star investor Warren Buffett in an interview on CNBC, 2012***[2]

In her installation at the documenta 13 in Kassel, the American artist Claire Pentecost suggested introducing the "Soil-ERG" as a soil-based anchor currency instead of the petrodollar.

In many regions of the European Union, prices for productive agricultural land have positively doubled in the past decade. In Germany they went up on an average from € 8,692 per hectare in 2005 to € 18,099 in 2014. Meanwhile there's a wildly diverging range between € 9,430 in Thuringia and € 41,440 in Bavaria. Throughout Europe there are similar discrepancies between the Netherlands, Denmark, and Ireland in the top bracket, with averages above € 30,000, and the Baltic and Southeast European states but also France well below € 10,000. The island of Malta is playing in a class of its own with an average of € 130,000 being paid per hectare, a price that is only topped by famous French vineyard locations, where one hectare for "Premier Cru" may even cost over a million.

Obscure data

However, the gaps in the European and German price statistics are equally impressive. There is hardly an economic sector where the statistical situation is as bad as it is regarding the price of agricultural land. In the EU, the data supplied by Member States is optional and incomplete. So far, neither the European Commission nor Member States seem to have a strong inclination to change this. To date the discussions about a new standard in statistics have been dragging on without any results. Only recently the Commission was sneering at the lack of reliable figures in a study commissioned by the European Parliament's Committee on Agriculture and Rural Development – without, however, having provided them.

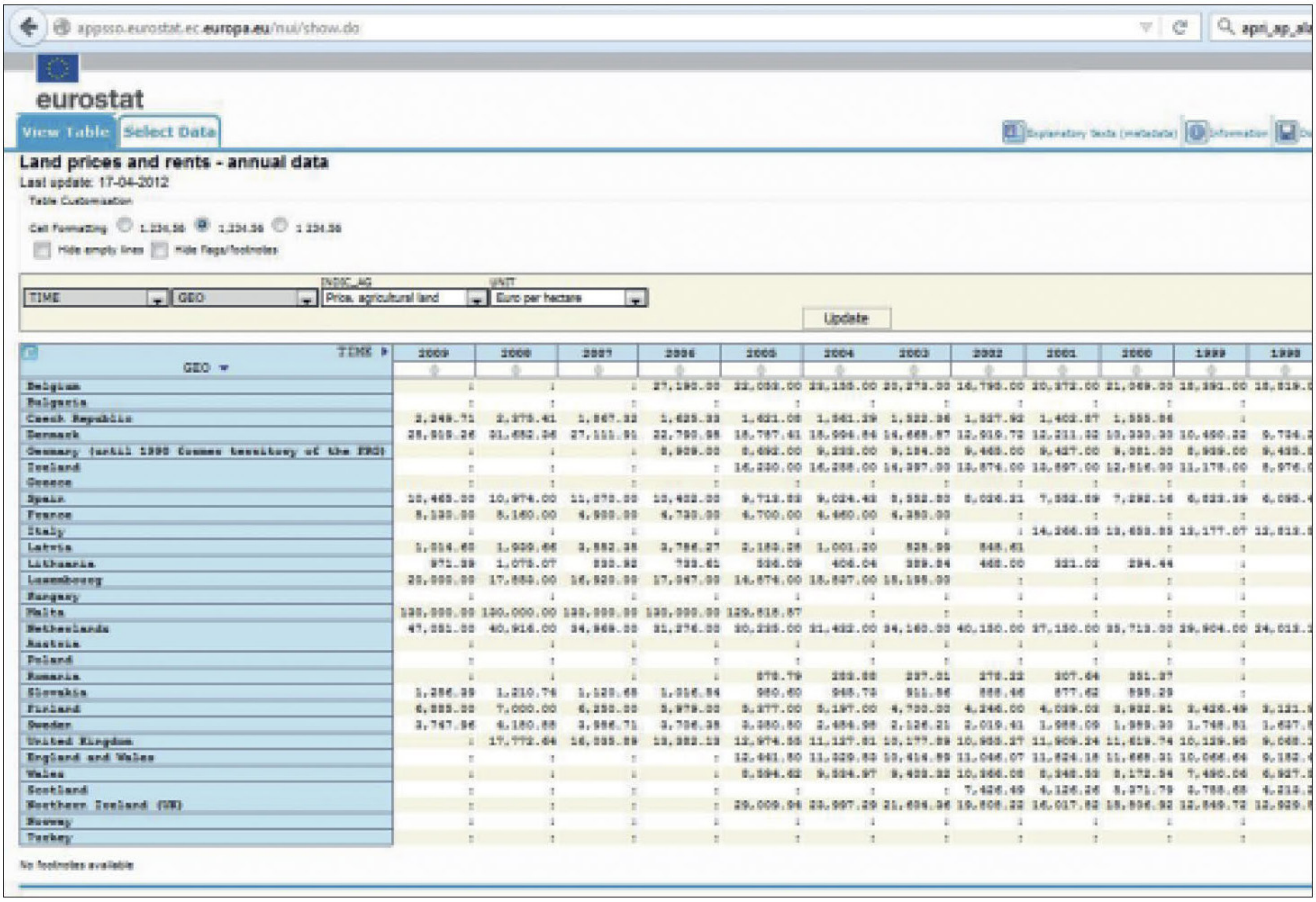
Ten reasons for rising bids

So why have the prices for land skyrocketed? Why are they still climbing when, as is currently the case, food prices are dropping? There are a few standard answers to these questions which most experts are in agreement about:

1) The world's population, rising to nine billion people by 2050 and becoming increasingly affluent, is going to continually and greatly increase its demand for food and animal feed for the production of meat and milk.

2) In addition there's an increasing demand for non-fossil energy and renewable resources for the fuel, chemical and textile industries and the so-called bioeconomy. The actual depth of this money sink is currently being determined by the price of oil, technology development, and state intervention.

3) Fertile land is an asset that cannot be multiplied – or doing so is difficult and has its limits. Therefore owning part of this production factor is a certain guarantor for



The EU does not provide any serious information on the price trend for agricultural land. Eurostat statistics (here in a screenshot dated November 2015) are incomplete and end in 2009, right at the time the price explosion for agricultural areas began in many European countries.

participating in the future profits of the above mentioned growth markets.

4) In many regions of the world, climate change and soil erosion, sealing of surfaces and urbanisation additionally contribute to the precious commodity of fertile soil becoming scarce.

5) Since fertile land is vital to our survival, public funds will continue to flow into agriculture in Europe, and part of these can always be "capitalised", i.e. passed on to the owner through the lease.

6) The raw material and food markets are becoming increasingly global. In contrast, management of agricultural land continues to be controlled and limited by the state.

7) There are enormous price disparities for arable land and pastur, which does not equally apply to their products. Therefore, acquiring land well below the average price for land of a comparable size and quality yields an extra profit sooner or later.

8) The price trend for land does not parallel the economic development in other crucial industrial and service sectors. That is why property is especially well-suited for hedging market risks.

9) With interest rates remaining at a historical low, the traditionally low returns on property are currently attractive all the same. Enormous amounts of money which the European Central Bank is currently pumping into the market can be procured at lowest prices and invested into land acquisition at almost no risk.

10) In times of inflation, which sooner or later are inevitable after this monetary policy, property will remain one of the few secure investments.

Gazing into the abyss

"So far experience has shown that property provides a particularly effective shield against the erosion of total assets. Because hardly any other type of investment has been able to survive economic and political crises quite as unscathed."[3] Between the lines of this recommendation given by the Deutsche Bank, there's a motive that is rarely openly voiced in public and political discussions: fear. Even though vague and incalculable, it is still a driving force in the current rush for land that is not to be underestimated.

The international security situation, the global ecological crisis, the uncertainty regarding for how much longer economic growth "is still going to work", is manifesting itself as a deep uneasiness, especially in Europe's wealthier social classes. It evokes a strong desire for a little piece of land "in case of emergency" in individuals as well as investment strategists of large pension and insurance funds. Confronted with the inevitable question regarding the stability of the fence that is needed to protect this island of security against hardship, the fear leads to a vicious cycle.

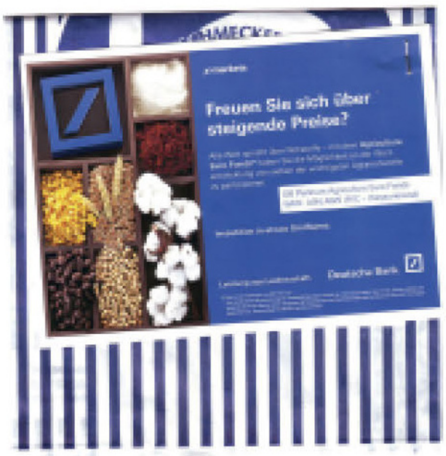
In the beginning were financial and hunger crises

The new appeal of arable land to international investors can be quite precisely traced back to the years 2007/2008 when the financial crisis coincided with price explosions for agricultural commodities as well as bad harvests. The Food and Agriculture Organization's food price index doubled within the course of only one year. Images of food riots in Arabic, African, and Asian metropolises went around the world. Governments began to totter. The whole situation became even more dramatic when more and more capital disappointed in Wall Street took flight after massive speculations in foodstuffs and raw materials at the commodity futures exchanges.

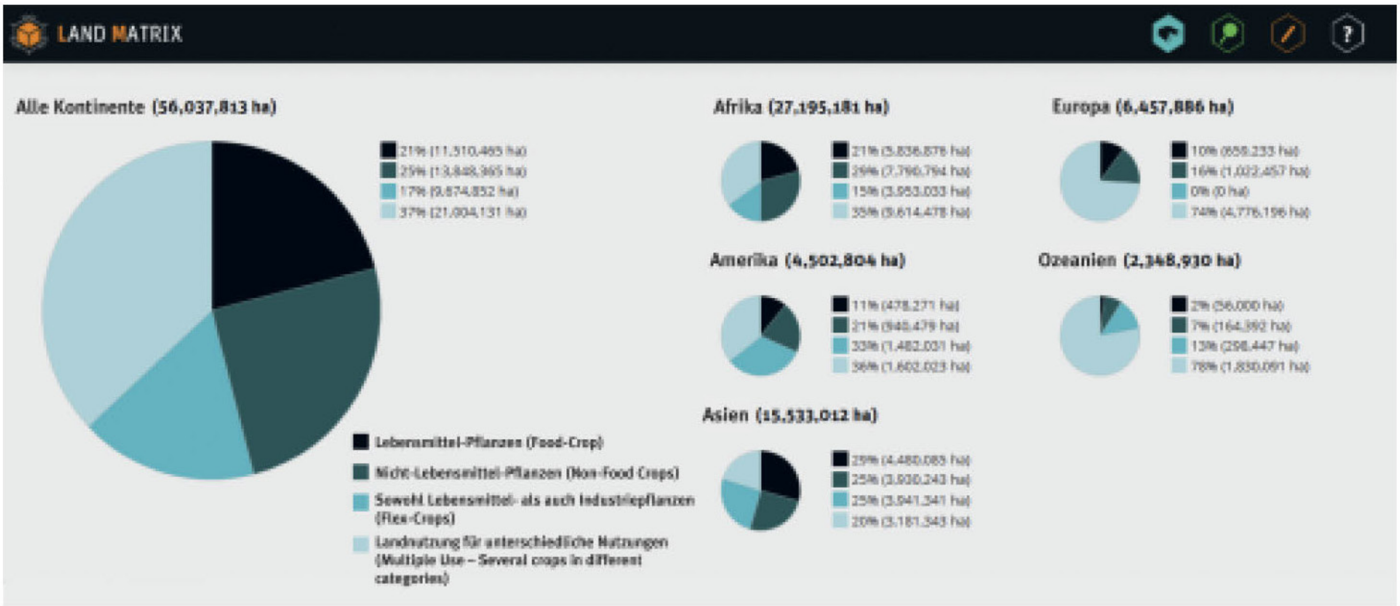
In this situation, following the arable crops, it was the farmland itself that attracted the attention of private and public investors and adventurers who were looking for a "safe haven" for their assets. Public trusts set out beyond the borders of their own countries to secure arable land and the respective crop.

Global monopoly in regions stricken by famine

During this time the term "land grabbing" was coined to describe the extensive acquisition of agricultural land – not always under legal and rarely under legitimate conditions. It initially referred to African and Asian regions where cadastres or documents of landownership hardly exist. According to the information provided by the website *landmatrix.org,* a total of 39.5 million hectares of land in portions of 200 hectares or more were globally acquired or leased on a long-term basis by foreign investors in the past years – equalling two and a half times the entire agricultural land in Germany. According to *landmatrix.org*, negotiations are presently underway concerning another 17 million hectares of land. The project, financed by public and civil society development organisations, has gathered information whereever it could be found. However, *landmatrix* assumes that this information only captures the tip of the iceberg.



Tacky but apt: During the food crisis in 2008, which was not least fuelled by speculations with soft commodities, Deutsche Bank ironically chose bakery bags to advertise for a soft commodity fund.



Global land grabbing at a glance: *www.landmatrix.org* lists all known sales of land with more than 200 hectares that have already taken place or are in the works – by continent and specifying the respective land usage.[4]

Global land hunters are focused on Africa, especially on poor countries with extremely weak and undemocratic governments and a high percentage of starving people. Yet, according to the findings of landmatrix, only 13 percent of the land "grabbed" in Africa is used exclusively for agricultural food production. The remainder is used to produce animal feed and energy or for mixed cultivation. In the second priority region, South-East Asia, the main focus is palm oil plantations.

Land grabbing is nothing new

The phenomenon is far from being new. In human history since Cain and Abel, land appropriation has always gone hand in hand with violence, injustice, deception, and betrayal. Whether in Europe, Asia, Africa, or America: almost all feudal or common land ownership starts out with war, violence, and the principle of "might makes right". Frequently the struggles take place before and after the disintegration of a certain social order.

It is common knowledge that opportunity makes a thief – as well as a bargain hunter. For investors the crucial question is how soon after the acquisition opportunity has presented itself the door will once again close, and how reliably their new property is protected afterwards.

In this respect Europe seems to be a safe haven. All over the EU investments in property are considered to be the most secure long-term type of investment. Here the famous motto "Buy when there's blood in the streets" may only still apply in a metaphorical sense. Quite the contrary to the eastern external border of the EU, where hundreds of thousands of hectares of the most fertile black earth on both sides of the front line of the Ukrainian civil war are changing hands.

Sellout of the European agricultural model

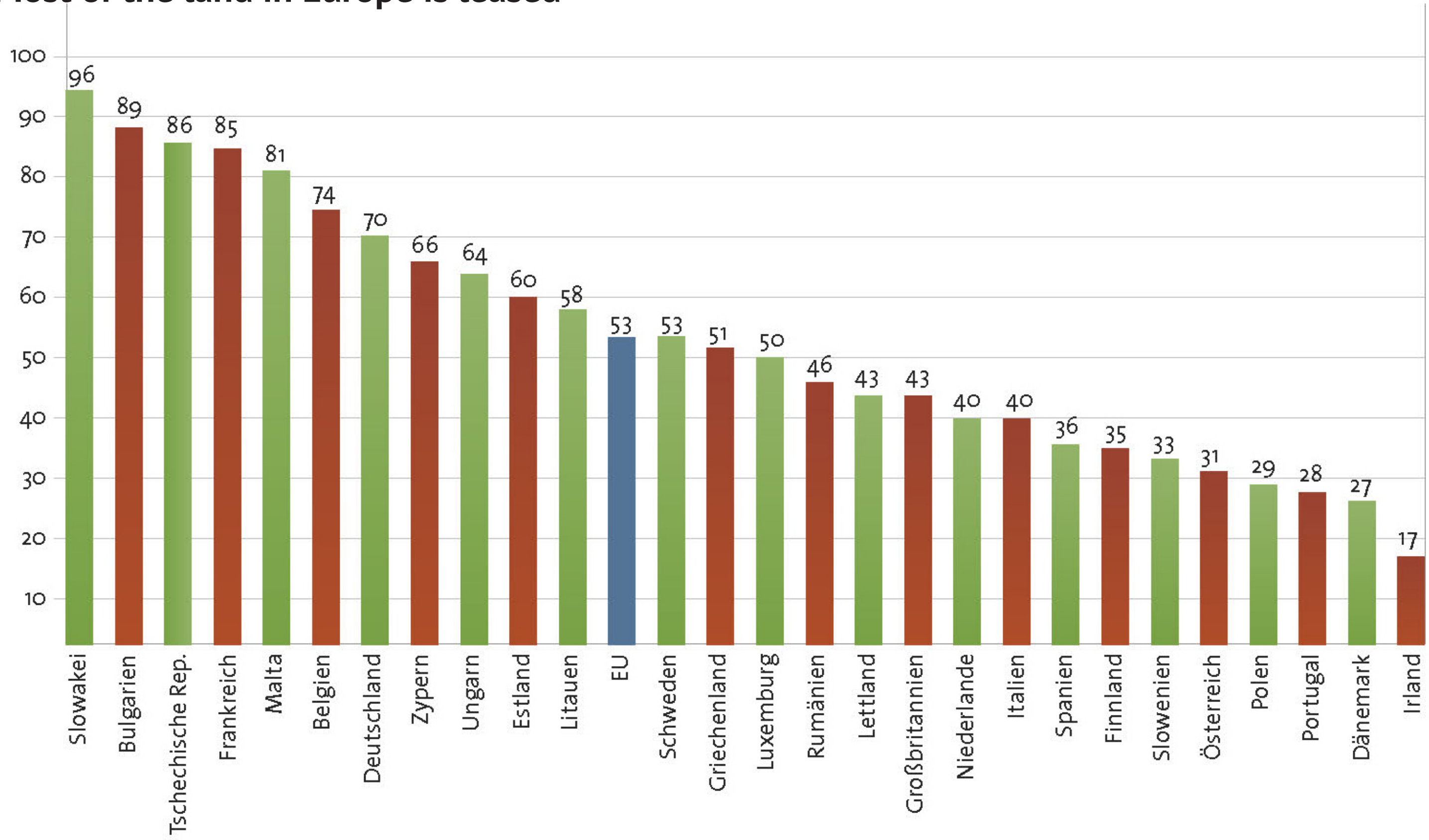
In the European Union the gradual structural transformation into increasingly larger-scale agricultural enterprises, pursued for the past half century as one of the goals of the Common Agricultural Policy (CAP), is currently experiencing an extra boost. And usually this is all done playing by the rules. There are neither human rights violations involved nor the use or threat of force. The prices that are paid are often sufficient so as to provide a solid financial endowment for a basis of existence after giving up the farm.

Nonetheless, the consequences for the landscape and rural development, for culture and ecology may be disastrous. They can hardly be undone. Once a farmstead has been given up, it's not coming back. Rarely will an abandoned village be brought back to life. A cultural landscape, once cleared out, will never regain its detailed diversity. Old breeds and species are at best preserved in gene banks where the knowledge on them is lost. Admittedly, not every sell-off of land is a final chord. If the land is sold but then leased back this can be a lifesaver in a difficult situation or facilitate the financing of investments and expansion.

Leasing – rooted in the past

The separation of ownership and possession, meaning the cultivation of land based on mostly long-term leasing agreements, has been consistently progressing in Europe for a long time. In the West it is mainly the result of the structural change during the past two generations. In most countries, families giving up their agricultural business are still not giving up their land ownership but instead let the land on a lease. In addition there are the traditional landowners such as the catholic and protestant churches in Germany and other countries, or for instance tenure structures that have

Most of the land in Europe is leased



Percentage of leased land of all farmland in EU Member States. The largest portion does not belong to those who cultivate it. Source: Eurostat according to Swinnen and Knops (2013)

survived since the feudal age. In many Eastern European states the structural change was effected by means of the socialist sledgehammer of compulsory collectivisation, although this did not affect the tenure status everywhere.

All the same, in most former socialist states traditional farming beyond the obvious subsistence gardening and small animal farming was practically buried. After the political turnaround only very few of the newly established owners were able to make use of the land, so they leased it to the new agribusinesses that emerged from the former collectives – and they are the ones setting the terms. So the actual agricultural process of consolidation largely takes place on the land lease market and to a smaller degree in the form of classic land acquisition.

Strategy in the West: either grow or make way

In the Western EU states, particularly in Germany (old federal states), France, Benelux, Austria, the Scandinavian countries, Ireland and the UK, but also in Italy, Spain, and Portugal, this "classic" structural change takes its course at various degrees of acceleration. Although the European agricultural policy should long be flipping the switch, specifically preserving and supporting small and medium-sized farms as greening and innovative forces in rural areas. This is also being discussed in all these states. Regrettably, so far the appropriate steps have hardly been taken – apart from a few notable, mainly regional, exceptions.

For the main part the land is being bought in the "old EU" for increasing prices by expanding agricultural enterprises. For some time now, securing the resource base and quality of one's products in combination with a reasonable long-term investment has also become a motivation for especially high-quality food processors and traders to acquire their own farms and land. They complement or partly replace already existing contract far-ming. In addition there are entrepreneurs from outside of the agricultural sector who have earned their assets elsewhere and invest them in farms and horse keeping, sometimes evoking the romanticism of 19th century manors. The percentage of non-farmers among buyers of agricultural land has increased moderately in the past years. They often continue to lease the acquired land to the previous lease-holders. If this results in a personal relationship with the farmer or the community, a healthy and diversified ownership structure is preserved even after the takeover by non-farmers.

However, even all small-scale farm owners cherish the small and sometimes also bigger hope that the value of their land could possibly multiply by being rededicated as building land or a prospective development area. Because wherever the "curse of sealing and the loss of arable land" may actually strike, the private owner can make a little fortune over night.

European freedom in the Wild East

The situation is quite different in the Eastern Member States where before and immediately after their entry into the European Union there was not only social upheaval but also a massive redistribution of land ownership and an even greater shift regarding control over arable land and pasture. This applies especially to Romania, Hungary, and Bulgaria, but also to Slovakia, the Czech Republic, the Baltic states and not least the territory of the former German Democratic Republic.

Western kolkhozes

It started out with largely specialised socialist agro-industrial enterprises. Today the end result is once again large, industrially organised units and monocultures. With capitalist precision and new tenure structures, often under western management and with a fraction of the former staff, they are now geared towards the global market and exceedingly towards other products apart from food.

The legal safety struts that were preventively installed in all of these countries – with the exception of Germany –, that were meant to protect rural areas and farmers from foreign investors and hostile takeovers for a transitional period of 20 years, have now expired. Initially these safety measures were possibly able to prevent a lot, but ultimately nothing significant, and often they only brought business to local subcontractors or straw men. On one hand the possibilities to circumvent these measures legally or not quite so legally were just too many.

And on the other hand European institutions are now interpreting the absolute priority of the so-called freedoms of the EU in a very narrow and dogmatically neoliberal way. The *"free movement of goods, persons, services, and capital"* must not be limited by any kind of local control and protectionism. In March 2015, the EU Commission opened infringement proceedings against Bulgaria, Hungary, Lithuania, Slovakia, and Latvia because of their restrictions on land acquisition. *"While Member States are permitted to set their own rules to promote rural development, to keep land in agricultural usage and avoid speculative pressure on land prices,"* the official statement says, *"this must be done within the limits of EU law."*[5] According to the Commission, there is no justification for requirements regarding the country of residence as well as local residence of acquisitors, their professional qualification in agriculture, as well as the disadvantaging of legal entities compared to natural persons.

Forward ever – backward never? Progress in rural areas in both East and West often wears off faster than anticipated.

However, it is this change in the tenure structure from natural persons, namely the farmers and their families, to legal entities such as limited liability companies, stock corporations, incorporated partnerships, and international holding companies, that constitutes the fundamental shift in the political economy of Europe's agriculture. The latter are controlled by administrators, shareholders, and interests that are far removed from the land and on-the-ground activities.

Remote-controlled agriculture

Modern land grabbers rather use Google Earth or even more detailed photos taken by drones to explore and roam around their land instead of doing so first-hand and on the ground. On a technical and cultural level, their "remote control" systems for supervising and improving procedures are easier to combine and integrate with the EU Land Parcel Identification System (LPIS) than they are with the people, animals and plants on site. Ultimately, the shareholders scattered from Hamburg to Beijing to Qatar are the ones deciding on how the land is cultivated – and no longer the neighbours, customers, or the community. The local tradition, culture and democratic decision-making process lose critical ground. Like any other transformation process in rural areas and in agriculture, this one is also happening gradually. Anyone who doesn't like the direction this is taking should be quick to look out for effective ways to keep these types of land grabbers off his or her land.

GERMANY: DIVIDED COUNTRY

> ***“There are no statistics on Land ownership in Germany.***
> ***Report of the Bund-Länder-Arbeitsgruppe Bodenmarktpolitik (WG on Land Market Policies)***

Land grabbing in Germany? At a first glance this idea seems absurd. Where else if not here do things go as they are supposed to? Of course this is true, at least for the most part, when it comes to the legally flawless transfer of tenure rights and registration of title deeds. As far as is known, the wide dispersion of land property is only actually at risk in very few regions in Germany. However, the concentration of control over agricultural land has been continuously growing over the past decades and has even been picking up speed in the past years.

Meanwhile roughly 70 percent of all agricultural land in Germany no longer belongs to the farmers who cultivate it. In 1960 this portion was only 15 percent in the old Federal Republic. Of the 1.4 million agricultural enterprises in Germany cultivating more than 2 hectares in 1949, in 2013 only 285,000 are left. This number continues to fall. In regular years approximately two to three percent of the farms give up, in years of crisis a significantly higher number of agricultural operations can be affected.

The big redistribution

Admittedly this “normal structural change” in German agriculture is outrun by the much deeper shift in the agricultural structure due to the reunification. In the course of which two of the 6.2 million hectares of the GDR’s state-owned agricultural land were transferred to the Treuhand Agency. More than one million of them were then reassigned to public and private previous owners.

The remainder is marketed by the federally owned agency for land utilisation, BVVG (Bodenverwertungs- und -verwaltungs GmbH), established in 1992. Close to 600,000 hectares went to the current lease-holders – mainly large-scale agricultural enterprises that emerged from the socialist producers' co-operatives – at bargain prices 35 percent below the officially determined commercial value. Heirs of estates, whose dispossession by the Soviet occupation forces before 1949 was not reversed after unification, were able to buy a little more than 60,000 hectares for the same bargain price and are entitled to another 9,000 hectares.

From 2007, the BVVG started selling more and more land through public invitations to tender. Since then, the prices have mushroomed. In 2014 the agency realised an average of

€ 17,269 per hectare in commercial value sales compared to € 5,494 in 2007. In other words, the commercial value of a large portion of the land sold by the BVVG is many times higher, if not ten times as high as the special asking price of the first years and is likely to continue to rise. It's a fact that prices in Eastern Germany are still well below those in the West, where Bavaria, North Rhine-Westphalia and Lower Saxony are the front-runners.

In mid-2015 the BVVG still had 174,600 ha agricultural land and 15,000 ha woodland area on offer. In the past 23 years of its activities, the land tenure and agricultural structures that have developed in the new federal states (former GDR) were not even customary in feudal times and actually surpass the dimensions of socialism.

Keep adding to the biggest pile

While the BVVG was redistributing assets there were also a great number of private sales of smaller pieces of land that had been distributed among former agricultural labourers, small-scale farmers, and persons displaced by war from 1945 under the slogan "Junkerland in Bauernhand" (squire's land to farmer's hand), only to be forcedly collectivised again in agricultural production cooperatives (LPGs) shortly thereafter. The prices for these parcels of land were and are still well below the ones the BVVG attained.

"One can assume that landowners wanting to sell the land they obtained during the land reform often don't have any choice but to sell it to the previous lease-holder," Dr. Horstmann, former manager of the Treuhand Agency, explained in a presentation.[6] Possibly they also didn't have a realistic idea regarding the value of their property. Cultivating individual islands within the large blocks of the LPG successor enterprises is practically impossible for other farmers. Particularly when there are no longer any other farms in the neighbourhood. *"The total area kept under cultivation by these legal entities amounts to approximately 55 percent of the total productive agricultural land of the five new federal states,"* Horstmann had already stated in 2010.

Extremely varying prices

Wherever the BVVG tenders between 20 and 50 hectares, lower prices are paid, chiefly by local agribusinesses. Where on the other hand larger blocks were tendered as an exception, there were also interested parties from outside the region and abroad who put extreme upward pressure on the prices. Countering suggestions to sell the land for relatively low fixed prices instead of by means of public invitations to tender so as to curb the price trend, Horstmann argued that in any case the land would be acquired by the "more efficient" East German agricultural businesses. Their favourable treatment was, for one, a veiled subsidisation, and secondly only an incentive to sooner or later turn the difference to the attainable market price into cash for one's own account.

"To begin with, these enterprises were able to lease the land at favourable conditions. On the basis of these long-term leasing agreements they were then entitled to acquire the land on the favourable terms provided by the Indemnification and Compensation Act (EALG), that is, 35 percent below the commercial value. Finally another benefit arose when they could acquire the leased land directly for a purchase price well below the one that would have to be paid in case of public invitations to tender," the BVVG man ranted. In his view, *"this also raises the question of social acceptance, because the profit generated by 'land trade' is drained from agriculture and leads to an asset formation on the part of private business owners on a scale that is otherwise hardly attainable."* The question remains, why the BVVG under the directorship of Mr Horstmann allowed for such turbulences and wealth grabs at the expense of agricultural structures.

From producers' co-operative to holding company

In the form the major part of the land is currently being traded, the prices are usually well above those for individual parcels of land. It is not the land that is acquired but the enterprise that owns it (resp. shares in it), which in most cases has additionally leased further land. This avoids tax on land acquisition, is not included in legislation regulating property trading, and makes it possible for investors to de facto remain anonymous. The tens of millions of euros that are easily due in this context, given the enterprises' dimensions and today's prices of land, are hardly going to be raised by young farmers and small-scale family farms. Ordinarily it's impossible to even earn these amounts in agriculture. Therefore quick wealth, when it is to be achieved upon the owner's retirement, needs to be paid for by other investors.

Lack of a culture of generational change

In the report made by the Working Group on Land Market Policies to the Federal Minister for Agriculture as well as the agricultural ministers of the federal states at the German Conference of Agriculture Ministers (AMK report) in March 2015[7], the challenge is described as follows: *"Because of the concentration of wealth in many larger farm businesses, in the past 20 years the sometimes extremely high costs for compensation payments to retiring partners is more likely to be financed by financially strong enterprises."* He believes that *"in larger agribusinesses with several or a great number of owners there's often a lack of a 'culture of generational change'. This facilitates the takeover of these businesses by non-agricultural investors or other already existing large-scale agricultural enterprises."*

From the beginning the investors were primarily West German enterprises. Increasingly these are now transregional, occasionally even international holding companies that invest in diverse agribusinesses or take them over.

Unregulated concentration

This type of largely unregulated concentration that has long taken place in the supply industry as well as in the processing and trade of food and soft commodities, is a new phenomenon in actual agricultural production and so far limited to the former German Democratic Republic.

Law on land transactions to prevent "unhealthy distribution" of land

Anyone seeking to acquire agricultural land in Germany should be a farmer. This is what the law on land transactions (Grundstücksverkehrsgesetz) prescribes. Since 1961 it aims to prevent an "unhealthy distribution of property" or an unprofitable decrease in size or fragmentation of land, or that "the equivalent value is grossly disproportionate to the value of the property."

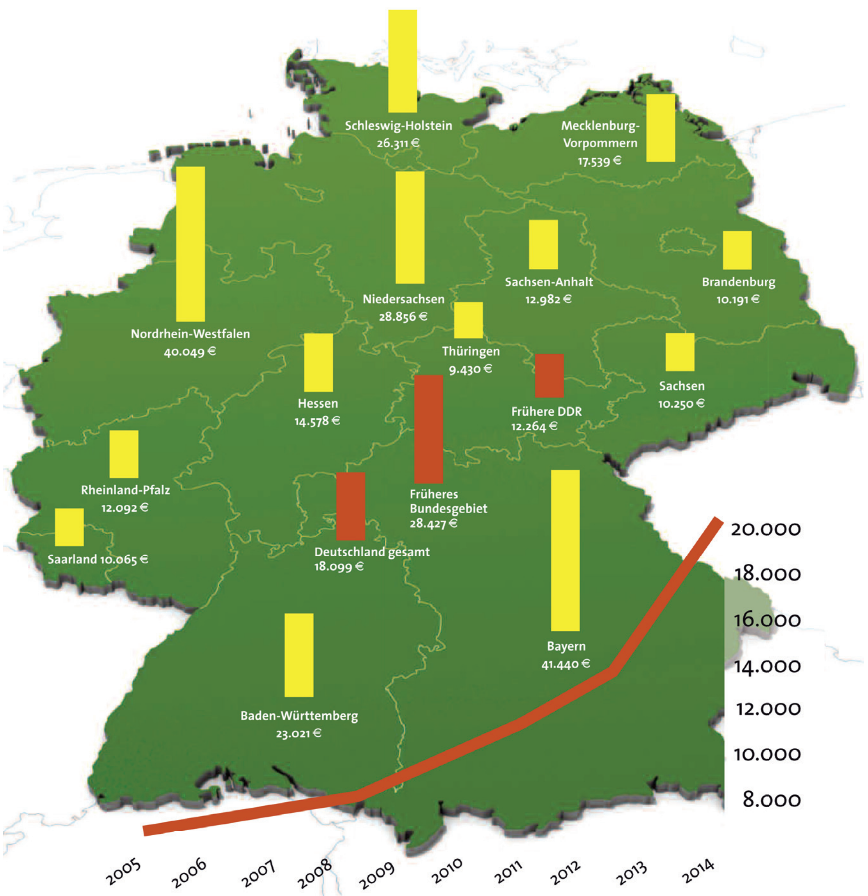
This rather uncommon encroachment on the freedom of ownership and contract of our market economy is supposed to benefit food security and the preservation of agricultural structures. The lease of agricultural land is also liable to a law on agricultural leases (Landpachtverkehrsgesetz), which provides for the notification of leasing agreements and hence an opportunity for objection by the county's appropriate agricultural authorities. Depending on the federal state, this applies from the size of one quarter hectare to two hectares of agricultural land.

The laws on land transactions and agricultural leases are implemented by the agricultural authorities of the counties. An elected committee consisting of public officials as well as local farmers reviews the sale and may object to it within the period of one month. This may either lead to the land being sold to a local farmer, for instance a lease-holder, or it may be acquired by the Landgesellschaft, the federal state's non-profit development agency, which then leases and later on resells it.

Land acquisition and leasing – now it's the federal states' turn

In 2006 the reform of federalism transferred both laws along with the German Reich Settlement Act – introduced in 1919 and still effective today – to the jurisdiction of the federal states: for the time being they remain in force nationally but can only be amended by the respective federal states. So far, only Baden-Württemberg has made use of this option, Saxony-Anhalt is working on it. Agricultural ministers of other federal states have expressed their interest. The report from the German Conference of Agriculture Ministers (AMK) presents a

Prices for agricultural land by federal states (2014) and their increase in Germany since 2005 (€/ha)



Schleswig-Holstein - € 26,311

Mecklenburg-Western Pomerania - € 17,539

Lower Saxony - € 28,856

Saxony-Anhalt - € 12,982

Brandenburg - € 10,191

Saxony - € 10,250

Northrhine-Westphalia - € 40,049

Rhineland-Palatinate - € 12,092

Hesse - € 14,578

Thuringia - € 9,430

Former GDR - € 12,264

Territory of the former Federal Republic - € 28,427

Germany as a whole - € 18,099

Saarland - € 10,065

Baden-Württemberg - € 23,021

Bavaria - € 41,440

Source: Statistisches Bundesamt (German Federal Statistical Office)[8] long list of suggestions for the improvement of the legal and practical situation, which the representatives from the federal states and the Federal Government are partly in agreement and partly in disagreement about.

The report raises the alarm for Germany: from 2007 to 2013 the purchase prices in total had gone up by 78 percent, sometimes even by a maximum of 154 percent within individual federal states. These average values reflect different paces and levels even within the particular federal states. However, the trend is the same everywhere and is likely to pick up speed.

"*In many regions the purchasing and leasing prices for agricultural land have risen to a level that makes it economically impossible for many agricultural businesses to protect themselves against the loss of leased land or to upgrade by acquiring land in order to preserve commercially viable farms,*" the report states. "*Moreover, speculative bubbles in the markets for agricultural land can have serious consequences for agriculture.*" So there was an urgent need for action in order to avoid market dominance and to preserve or restore the wide dispersion of land ownership, the privileging of farmers in the acquisition of land and the economic sustainability of agriculture. This made a limitation of the price increase, the protection of agricultural land from being redesignated for other purposes, and not least more transparency on the market a top priority.

KTG AGRAR – Chinese land grabbing in Germany?

In the summer of 2015, the Chinese corporation FOSUN acquired nine percent of the joint stock company KTG-Agrar for around 9 million euros from the dominant shareholder family Ams. The enterprise describes itself as the largest German agricultural producer. Currently KTG-Agrar keeps more than 45,000 hectares of arable land under cultivation, mainly in Eastern Germany but also in Lithuania, Romania, and Bavaria. Declining prices for soft commodities following the drop of the oil price in 2015, coupled with loans allegedly eight times the annual gross profit, forced the Hamburg-based company to look for refinancing. In the years ahead, FOSUN could increase its share significantly when additional bonds become due, which KTG must now redeem after having spent them on financing an aggressive industrial growth strategy.

KTG-Agrar has specialised in chiefly large-scale cultivation of cash crops (corn, maize, rapeseed, potatoes, soya) – organic as well as conventional. *"The growing world population, ongoing globalisation, climate change and changing eating habits are the key megatrends for the agricultural market. These trends continue to drive demand for food and renewable energy in both quantitative and qualitative terms," the company's self-representation states. Furthermore: "We invest only in soil that promises high yields for a period of at least twenty years. Our large areas of farmland allow us to guarantee products of consistently high quality. Our large acreage also means advantages in purchasing and enables the use of ultramodern and very large machines, which are fully utilised over an extended period each year."*

The deal with the Chinese defies the law on land transactions. Since FOSUN is merely buying shares of a company that has assets including arable land, the appropriate agricultural authorities have no way of reviewing or prohibiting the sale. KTG-Agrar itself has been applying the same principle for years, acquiring and leasing the majority of its land by taking over complete agribusinesses including the land they own and lease.

FRANCE: A MODEL WITH MINOR FLAWS

When French farmers come to Strasbourg or Brussels to vent their anger over European agricultural policy, more often than not the smell of burnt tyres fills the air. This somewhat more militant protest culture bears testimony to a different kind of self-confidence and -awareness than that found in many other EU Member States. From the very beginning of the European Union, France has been its primary agricultural producer. Approximately half a million farmers keep 28 million hectares under agricultural cultivation. The country is the greatest recipient of agricultural funding from Brussels, and an agricultural export powerhouse with a solid export surplus in which wine and cheese play a particularly significant role.

Chinese wine

Asking the French about examples of land grabbing usually produces two spontaneous responses: Rich people from China had allegedly attempted to buy up the best wine-growing locations in the country. But in the meantime, an end had been put to this. The next thing that will come to mind is the airport at Notre-Dame-des-Landes, located near Nantes on the Loire estuary. 1,650 hectares of land are to be relinquished for this project, plans for which have been in the making since the 1960s. Following massive protests and fierce clashes between the national guard and activists who occupied a "zone of defence" and set up resistance camps, construction work was stopped in 2012. However, as Prime Minister Valls announced in October 2015, it is to be resumed in 2016. Many doubt that the airport will ever be built. As in similar cases, at this point it has become a matter of principle to the government, as well as a demonstration of its ability to act.

Galloping loss of land

To many French citizens, the 1,650 hectares of Notre-Dame-des-Landes have come to symbolise the fact that year upon year, fertile arable land and pasture is sacrificed for questionable non-agricultural purposes. In some of the country's coastal regions, tourism and town planning considerations have left only 20 percent of the land remaining as agricultural areas. All around the larger cities, soil sealing is sprawling further into the surrounding countryside as new industrial zones and roads are built. Even in smaller communities, the designation of a new zone industrielle, a commercial park, which can easily effect a tenfold increase in value of the land in question, is still part of the pre-election arsenal utilised by mayors and council members. Roughly 60,000 hectares, more than 160 hectares per day, are thus lost for French agriculture every year. That is significantly more than in Germany, where a rate of 80 hectares per day is now regarded as inacceptable and a target of 30 hectares has been set. As emblematic as both examples may be, they nevertheless also show that a systematic, veritable sellout of land in Europe's biggest agrarian country is in fact not taking place.

Peasant liberation after 1945

The foundation for modern land law in France was laid even before the end of the Second World War as members of the Résistance began developing principles that were transposed into law in 1946/47. Until then, many of the Republic's farmers had still been living in semi-feudal conditions, dependent on mostly aristocratic owners of large estates who had the power to terminate leases on an annual basis. Even sharecropping was still widespread, with landlords receiving a share of up to half of the crop instead of a set lease price.

Yield-based lease prices

One of the main improvements at the time was the introduction of a form of tenant protection for the leaseholders. The statutory minimum term for land leases currently is nine years. Renewal can only be denied if lessors or their children themselves cultivate the land. The proportion of leaseholding has traditionally been one of the highest in the EU and today amounts to 85 percent. Leases are not freely negotiable, but have to fall within a range of certain minimum and maximum prices calculated by the authorities for various qualities, locations and usages. These are re-established in July of each year by a state-issued index that is not based on reference prices, but rather on the price development of agricultural produce and the inflation rate.

Licence to plow

In the founding years of the EU, in the early 1960s, two measures were taken to help to increase the productivity of the French agricultural sector and its farms and bolster the country's role as the leading agrarian power in the new single market. The strategy was to systematically strengthen the acreage growth of small and medium-sized family farms versus the large-scale operations.

The code rural, the French agricultural code, firstly requires a special permit for the cultivation of a piece of agricultural land which does not automatically arise from ownership of the plot. The administrative districts issue permits pending review by the Commissions Départementales d'Orientation de l'Agriculture (CDOA). These commissions are comprised of representatives of farmers' associations, cooperatives, insurance companies and banks, the

Protest against the EU's milk policy in Brussels in the summer of 2015

chamber of agriculture, unions, local authorities, environmental protection agencies, consumer interest groups and skilled crafts and trades. The CDOAs also advise the départements on the establishment of new farms or expansion of existing ones, as well as the allocation of certain subsidies and quotas.

SAFER for safety

Furthermore, 23 (and 3 transoceanic) regional Associations for Rural Development and Population (Sociétés d'aménagement foncier et d'établissement rural, SAFER) were set up. They resemble the non-commercial associations for rural development in Germany, albeit taking a far more active role and also being endowed with farther-reaching rights. These associations are operated jointly by representatives of the local agricultural bank (Crédit Agricole), the chamber of agriculture, the authorities, the farmers' associations and unions.

The SAFER federation states that its three primary tasks are the vitalisation of the agricultural sector by attracting new young operators, the protection of the environment, and assistance and support for rural economic development. Before being entered in the local land register, all sales and new leases are reported by the notaries to the regional SAFER, which has the power to intercede. Its sharpest weapon is the right of first refusal, which it exercises regularly, be it to correct prices or to allocate the land to an interested party. The purchase option also applies to the leaseholders of a plot as well as to immediate neighbours, insofar as they are classified as requiring expansion.

Pre-emption and active intervention

In practice, the right of pre-emption is exercised in one to two percent of land sales. The case must be justified and authorised by officials of the ministries of agriculture and finance. Beyond this, however, the SAFER associations also acquire additional acreage in order to secure it for agricultural use, to let and pass it on, and in some instances, to preserve its particular quality with respect to environmental protection.

In 2013, the SAFER associations acquired 80,000 of a total of 505,000 hectares that changed owners during that year. Out of 1,350 start-ups made possible by the SAFER associations in 2015, more than 60 percent were created outside of existing family farms. For all new and young farmers seeking a place of their own, SAFER is the most important facilitator.

Admittedly, a state of competition exists between the interest to expand the available acreage – a well-represented position within the SAFER organisation – and the interest of newcomers to set up new operations. In the eyes of many, the outcome often favours the long-established, growth-oriented companies of a region.

Grow, or build something new?

Currently, approximately 60 percent of the acreage sold is taken over by neighbouring farms for expansion, and only 40 percent by new operators. Competition for profitable acreage is particularly intense in the fertile Paris basin and in the north. As in Germany and the Netherlands, regulations on the application of nitrogen from livestock farming are an important factor in some parts of France. A further expansion of large-scale factory farms is thus only possible if the availability of the land required for the 'disposal' of dung and liquid manure can be proven.

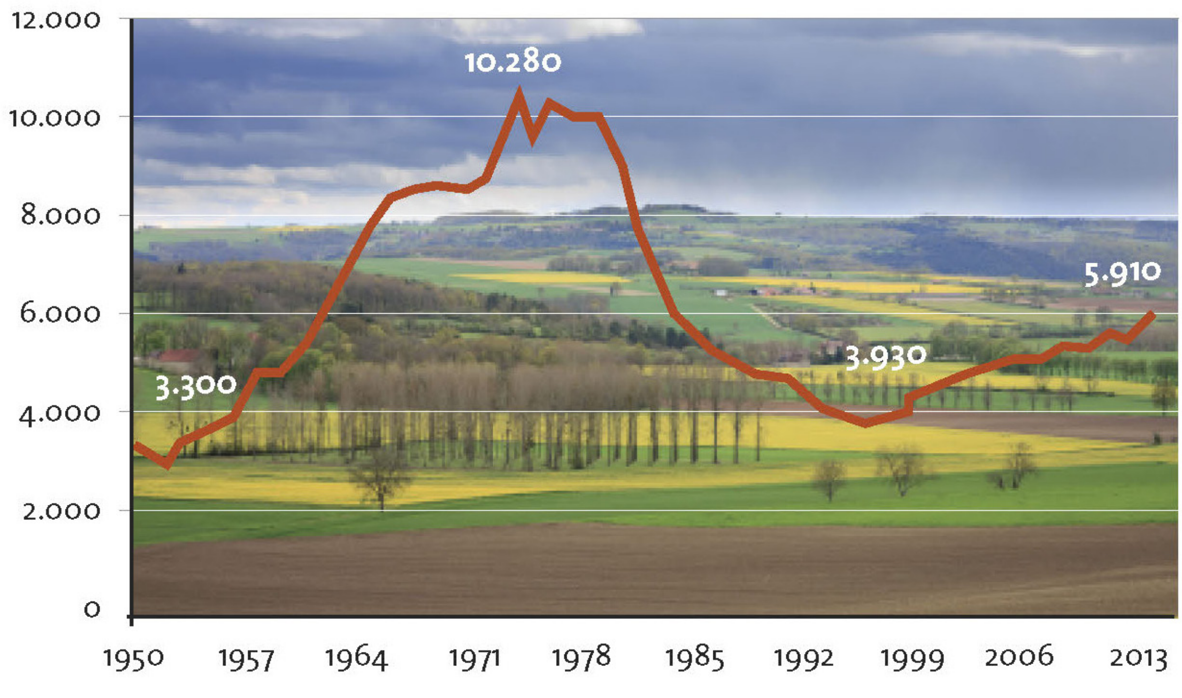
The fact that relatively strict price control on both sales and lease contracts has given rise to payments being transacted 'under the table' is an open secret of the French land market. Still, such illegal payments do not appear to be spawning a full-blown black market, nor do they remove the decelerating effect on the buildup of veritable industrial-scale enterprises. The SAFER associations fulfil a multitude of functions and, with their explicit mandate for agrarian structural improvement, have the long-term capability to support small and medium-sized businesses and to buy and manage land. They have a hand in farmland consolidation and the exchange of acreage between farmers, and on behalf of the public authorities also buy land that is of particular value in terms of landscape conservation and environmental considerations.

Transparency and low prices

Not least, all purchase and lease prices for agricultural land – broken down by regions and municipalities, sizes and functions – are accurately documented each year and made available free of charge on the website www.le-prix-des-terres.fr. Although this statistic shows the same comparatively strong price hike over recent years as everywhere else in Europe, this increase is taking place on an exceptionally low level. The 2014 average was € 4,410 for land under lease, and € 5,910 for freely available land. The lease price index rose by all of 2 percent over the last five years. Not only does this seem like paradise from the vantage point of the German, Belgian or Dutch neighbours – these prices are also considerably lower than those asked and paid today in most of the EU's eastern regions. Of course, France also has its share of public discontent, as well as an intense debate over the SAFER organisation's efficacy. A critical report by the audit court in 2013 asked the associations to refocus on their main tasks in the public interest instead of increasingly shifting their activities toward services that might be lucrative, but were not part of the original core business.

A blueprint with room for further improvement

Conclusion: In France, too, prices for agricultural land are rising, concentration is progressing, and young farmers are finding setting up their own farm to be a difficult undertaking. Yet the problems remain at a level that allows them to be resolved locally. French law provides a strong and time-tested system of state control and means of intervention that have never given the European Commission cause for objection. The result is a – certainly not unconflicted – balance between the public interest and local economic interests. It offers little room for big industrial or non-agricultural investors, and even less in terms of attractive conditions. Another contributing factor in this regard is the high degree of price transparency and the fact that decisions are taken in public view.



Inflation-adjusted price development of agricultural land in France since 1950

Source: www.le-prix-des-terres.fr

IS FRANCE A MODEL FOR EUROPE?

Dutch-born Sjoerd Wartena ran a biodynamic farm near Grenoble for many years. With the objective of transferring ownership of land to non-profit organisations and making it permanently non-available for speculation, he initially founded a registered association in 2003, then a solidarity investment fund, and finally the civic trust, "Terre de Liens". Today "Terre de Liens" has more than 10,000 associates with shareholdings amounting to 40 million euros. Some of the 2,800 donors have even contributed land and farm buildings. Aided by the regional governments, the initiative today operates territorial associations and information centres in 19 départements. It has made over 100 farms with 2,500 hectares of real estate available to 140 farmers and 60 employees to operate them. The project is closely connected with numerous partner businesses, processing companies, direct marketers, merchants and customers. Terre de Liens gives them the opportunity to support small-scale structures and farming practices with shares starting at € 102 and even save a little tax in the process.

Stefanie Fuchsloch spoke with the movement's pioneer about the role of the Associations for Rural Development and Population (SAFER).

Is there land concentration in France?

Although this country has a good regulatory system, the land market in France also shows a tendency towards large-area agriculture. Still, the unique effectiveness of the SAFER system is easily recognisable by looking at the dimensions: A large-scale operation in France might comprise 400 hectares, in Germany and other countries it is often more than 1,000.

Can SAFER prevent the industrialisation of agriculture?

It is perfectly suited to prevent agriculture from becoming more and more large-scale. Admittedly, that depends very much on the composition of the regional committees. In many cases the big farmers and their associations are in the majority. Then it is de facto just this one percent of the population that decides how land is distributed in France.

Is SAFER a viable model for Europe?

Absolutely! The prerequisite is: equitable and well-balanced participation of the community, civil society and all of the region's stakeholders – including their remuneration. SAFER is a system that leads to highly varied results in the different regions. In this country, the small farmers are in the majority in the south and therefore their interests are strongly represented there. Champagne-Ardenne, on the other hand, is dominated by the big farmers and the small ones have a harder time. A European legal framework and a regional management system like SAFER could serve well to protect the rights of the small and medium-sized agricultural enterprises. As I have said before, the key is to ensure that all farmers' associations and civil society are equitably involved.

What improvements should be made to the present SAFER system?

A few years ago, the law was revised to also cover the sale of shares. At this point, however, this only applies to 100-percent transfers of shares. If only parts are sold, SAFER must be notified, but cannot intervene. That was a missed opportunity and it opens a dangerous loophole. It also means that when family businesses become too big, a takeover may be too costly for the children. That is where commercial enterprises come in and impede the generational hand-off.

What do you expect from the European Union?

Common EU agricultural policy must take effect very soon if non-industrial farming is to be saved. We are losing 250 farmers each week in France, and around 10,000 throughout the EU. What we need is not more rules, but young people in agriculture, as well as adequate training programmes. Only a strong and broad social alliance can achieve this. Terre de Liens proves how simple it is to improve relations with the farmers. If we cannot succeed in sustaining family-run farms here, why should Ethiopia strive to do so? If we want to put a stop to global land grabbing, we must start in Europe.

ROMANIA: A LAND GRABBER'S PARADISE

"The EU has particularly succeeded in making people feel poor and useless."

Viviana Vasile

Romania's land market experienced a significant value increase over the past fifteen years, particularly after the country joined the European Union in 2007. According to a Savills study, the average appreciation in 2014 alone amounted to 40 percent. This was one of the points named by the "CIBUS Farmland Club" in response to the question, "Why Romania?". The Club is a Dutch-Romanian service joint venture whose website in autumn 2015 presented approximately 80,000 hectares of cropland on offer in portions of 90 to 10,000 hectares.

This one-stop shop with "Dutch support and development on Romanian soil" provides everything from appraisal, leasing and buying of the land preferably in contiguous plots, entry in the land register and other formalities, selection of the suitable legal form for tax-optimised locations, development of a cropping strategy, continuous technical support and monitoring of the operation and value appreciation, investment planning and procurement of public funding, to the sale of the property when the target return has been achieved.

CIBUS is certainly not concealing the difficulties and risks of the investment, which in its view lie primarily in the fragmentation of the real estate and in the supply of qualified personnel to run agribusinesses whose size and efficiency constitute a guaranteed source of superior performance and profitability. The first-hour foreign investors who became involved in Romania even before the country's accession to the EU, many of whom came from Italy and Scandinavia, today are followed by German, Austrian and non-European investors rushing into the market. Among the estates and businesses for sale are many that have already reached a certain level of consolidation but have not yet attained the size necessary for fully streamlined, export-oriented and internationally competitive mass production.

Eldorado for agricultural investors

What makes Romania Europe's current 'eldorado' for agricultural investors is evident in the global land index compiled by the agricultural analysts at the British Savills company. It lists Romania ahead of Poland, Brazil, Mozambique and Hungary as the front-runner in value appreciation of agricultural investments between 2002 and 2012. At 35 percent per year, it is clearly above the calculated global average of 20 percent and the meagre 8 percent of annual profits made in Germany in the same period.

Land prices in Romania still are among the lowest in the EU, despite having increased three- to tenfold, depending on location and size. Land purchased in 2002 for € 200 to 400 per hectare and passed on today for € 4,000 to 6,000 will have made the seller a fortune within a few short years.

Apart from this underlying business model, i.e. the speculative price increase, the CIBUS Farmland Club's particular ambition is to draw additional gain from specifically profit-optimised land management. Short-term yield increases through industrial farming and monocropping, paired with an economy of scale employing machines, fertilisers and pesticides, are presented by the Club as the key to success, provided that implementation and monitoring is undertaken with Dutch efficiency and thoroughness.

He who owns land... receives EU subsidies

These earnings can be augmented with investment grants from Brussels. According to CIBUS, with the European Parliament having recently become aware of the impending grain storage bottleneck, up to 50 percent of the investments made in new grain storage facilities can be claimed as non-reimbursable subsidies from Brussels, and thus allow for annual rates of return of 20 to 30 percent on the actual capital contribution. Given the current interest level in Europe, this truly is a glorious outlook. Sadly, these options are not open to Romanian farmers and their families, but only to solvent domestic and foreign agricultural investors and their local operations managers.

After France, Spain, the UK, Germany and Poland, Romania is the country with the sixth-largest total agricultural acreage in the European Union. The most fertile of soils, and an excellent climate in which almost anything thrives, are the hallmarks of the greater part of the Romanian agricultural landscape. Add to that good access to the agricultural markets of the EU and its neighbours, almost all of which have a significantly higher price scale for wages and leases.

The River Danube, complemented by a good railway and road infrastructure, spans the width of the country from the western markets all the way to Constanta in the east, one of the oldest ports on the Black Sea. From here, low-cost transports to the entire Middle East are possible, including the world's main importer of grain, Egypt. As far back as the days of the Roman Empire, Constanta supplied grain to Byzantium and Alexandria. Today's emperors of the international agricultural trade, Cargill and ADM, are investing to double capacities in Constanta, which in 2014 surpassed the French port of Rouen as the EU's largest grain export gateway.

Small farmers as an investment barrier

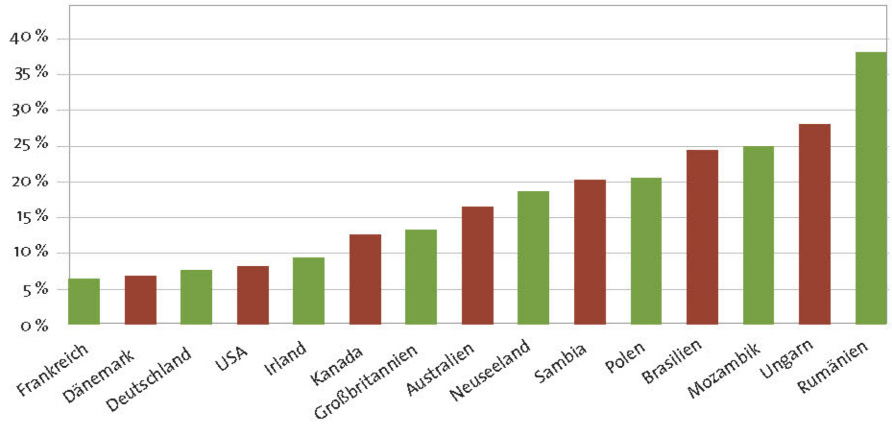
In the eyes of investors and the government, what is blocking a boom of mass-producing cheap agricultural commodities on an industrial scale is, first and foremost, the country's countless micro-farmers. There is no other EU Member State where more men and women are farmers. Almost one-third of all EU citizens making a living in agriculture are from Romania. Nor are there still as many subsistence farms anywhere in the EU that practically sustain only the people who run them. The agricultural sector accounted for more than 6.6 percent of GNP in 2010, more than triple the EU average (1.7 percent). Romania is one of the few EU countries where the rural population exceeds that of the urban centres.

Over 70 percent of all agricultural enterprises farm less than one hectare, and an additional 27 percent between one and ten hectares. The existing 12,000 farms with more than 100 hectares represent 3 tenths of a percent of the total number of agricultural operations. Yet they manage more than one-third of the country's agricultural acreage, the one hundred largest of them alone have half a million hectares under cultivation. Paradoxically, no other EU country still has as much unused farmland as Romania.

The big agricultural companies, most of which evolved out of former socialist state enterprises or cooperatives, are what the changing Romanian governments have relied on for the past twenty years. It is their task to achieve international competitiveness and attract investment that will allow the agricultural sector to be modernised. A key measure to this end outlined in the current government programme is to facilitate mergers and reduce the overall number of agricultural businesses.

The transition from socialist command economy and mismanagement to

Annual appreciation of agricultural land in selected countries worldwide between 2002 and 2012 (calculated in US dollars)



Source: Savills Global Farmland Index [1]

capitalism turned the previous tenure structure on its head. Over 10 million hectares were divided up into small units and transferred to more than four million individual citizens who either had once owned the land or hitherto worked for the cooperatives and state enterprises. Approximately 1.6 million hectares of land (about 12 percent of the agricultural acreage) are still owned by the state and municipalities today.

For many of the people who received such a plot after 1990 this was a sort of minimum collateral which, by leasing it out or working the land themselves or jointly with others, could supply them with the bare essentials.

Preferential leasing to big agricultural companies

In the majority of central and eastern European Member States, the post-socialist redistribution of the land favoured tenure by big agricultural companies which had succeeded the former socialist production facilities. What should the heirs, many of whom no longer even live there or lack farming expertise, tradition and perspective, have done with their small allotments anyhow? In the Czech Republic, Slovakia and Bulgaria, as well as in the former GDR, the proportion of leased land has since been at 75 to 90 percent.

TRANSAVIA

The Transavia Group states that its production of 55,000 tonnes of chicken meat and 30 million eggs accounted for a turnover of 135 million euros in 2013. The fully vertically integrated corporate group handles everything from grain and compound feed production, its own breeding facilities and stables, slaughterhouses and processing plants, to packaging and delivery of the fresh and frozen "Fragedo" and "Papane" brand products to the country's leading supermarket chains. The group leads the Romanian market for chicken meat and is ramping up its exports to both the EU and the Middle East. Transavia's production has been ISO-certified by TÜV Thüringen and the British Retail Council, is recognised as halal and has garnered 23,500 likes on Facebook.

The group puts only a small fraction of its approximately 2,000 employees to work on the land it manages in the district of Cluj in Transylvania and which by now comprises a total area of 10,000 hectares. Transavia's founder and principal shareholder, Ioan Popa, began his career in 1985 as the chief engineer of a poultry combine and subsequently headed a state-owned poultry company until 1991. It was only in 2011 that his empire took up grain production, concentrating on investing in the most advanced equipment and securing long-term lease agreements. "100 euros or 800 kilogrammes of wheat", as well as payment of the property tax, is what Transavia promises anyone willing to lease their land to the company. This is significantly less than the amount disbursed annually in Romania as direct payments per hectare alone. In contrast to Transavia, however, it is virtually impossible for smallholders with one or two hectares to become beneficiaries of such direct payments. And there is another catch: The lease had to have a 10-year term, while obligating the lessor to pay a penalty of € 690 per year and hectare for the residual term in the event of premature termination by the lessor.

Nevertheless, Transavia leases more land each year and is not at all unpopular in the region: The company's money is certainly better than nothing at all, particularly for the many old people who are themselves unable, nor have children willing to step in, to work the land allotted to them in the 1990s.

The agricultural industrialisation finding its way into the region with Transavia and the company's impressive array of machinery, monocropping and concomitant use of agrochemicals, is taken by many to be the price that must be paid for economic revival. Transavia showcases its annual golf competition as the most important token of its social commitment. Despite his company's rapid growth, Popa, who is 42nd on the Forbes list of Romanian millionaires, is sticking to the goal of keeping the entire fodder production, including soybeans, in-house.

Interviewed by the Romanian "Business Review" in 2012, Popa described the fragmentation of land ownership as the greatest problem for Romanian agriculture, not helped by the inscrutability of agricultural subsidies.

RomaniaTV.net's online business magazine "ECONOMICA"[11] estimated that Popa himself had received first- and second-pillar EU CAP subsidies totalling more than one million euros, with an upward trend. This had propelled Popa's chicken empire into the top ten of Romania's biggest recipients of agricultural subsidies.

In Romania, on the other hand, only 17 percent of the agricultural acreage was under lease in 2007, according to official EU statistics. Only three years later in 2010, data already indicated a share of 47 percent. However, lease registers are kept only by the municipalities and not at a national level, and many verbal agreements are not recorded at all. As in other countries, rents are often wholly or partially paid in kind and not in cash. The land is usually leased per season, and only long-term contracts require entry in the land register.

The transitional provisions which made it difficult for foreign nationals to acquire farmland in Romania practically ceased to exist in 2014. In any case, they only applied to natural persons. Corporate bodies, which all major agricultural enterprises are, merely had to be registered in Romania, while their shareholders did not. Given these conditions, the first generation of wholesale land buyers, many of whom came from the socialist agricultural enterprises and their state-controlled management, was soon followed by a second generation of enterprising farmers and financial investors motivated by entrepreneurial or purely speculative interests.

No room for family farming

In this country, it is not easy to sustainably secure agricultural land for a form of market-oriented, small-scale farming which has hardly been a living tradition in the post-1945 generations to begin with. But the highly fragmented and confusing situation in Romania is a challenge for domestic and foreign investors as well.

The fact that land must be bought or leased from hundreds of individual owners has produced a multifarious layer of middlemen and intermediaries who need to be well-rooted and -connected locally to obtain and utilise the relevant information on the owner families and the local administrations. The greater the combined area of the individual plots that the broker manages to bundle, the higher the price at which they can be sold.

EU subsidies finance large-scale land acquisitions

The agricultural funds of the EU's Common Agricultural Policy (CAP) play a significant part in this. In Romania, single area payments of € 150 per hectare of land are available as direct annual payments, provided that the respective business operator can actually claim this subsidy. At a price of € 3,000 per hectare, this would amount to 5 percent of the purchase price. Payments on principal and interest for the purchased land can thus be more than fully covered with money from public funds.

Unlike in Germany or France, the greater part of agricultural funding from Brussels does not arrive in Romania in the form of direct payments, but as appropriations from what is known as the "second pillar" of financing for agricultural structural measures. These funds, which must be co-financed with 25, 50 or 75 percent from either public or private sources in the Member State in order to be released, in Romania primarily flow into investments that are either made directly by the agricultural companies or benefit them in the form of infrastructure projects. Furthermore, one of the most important structural measures in Romania is to incentivise micro-scale farmers to give up their operations.

Deceptive idyll? Mihai in the district of Mureș near Cluj, Transylvania

A LOST OPPORTUNITY

Viviana Vasile headed the Rural Development Section of the Romanian Ministry of Agriculture for many years and today works as a rural development consultant. Hannes Lorenzen asked Viviana Vasile about the role of land, land concentration and the conditions faced by Romania's rural population.

What does land stand for in Romania?

For us Romanians our land represents our common history, cultural roots, and identity. But these days it also stands for the inability of the majority to make good use of it. For a few people today land is big business. But all in all, our land reflects a lost opportunity for the whole country.

What do you mean by "lost opportunity"?

We have not taken advantage of the new freedom after communism to utilise our land properly. The land reform was a disaster. You cannot divide the land into small plots and leave people alone with it. Our governments had no interest in helping the rural people to get their feet on the ground and take responsibility for their own lives. Instead, people were left to dream that the state was still taking care of them. Without proper education and infrastructure they were not able to properly use the land. And the social security system kept them quietly teetering on the edge of poverty.

Does the land not offer young Romanians a future?

We still have many young people living in the countryside, officially half of the 4 million small farmers. But they have no clue how to use the land to make a living. They either leave to work somewhere in Western Europe – maybe 3 million have done that already – or they just stay where they are, without a future.

What about the influence of EU policies on land ownership?

The EU has achieved two things: making people feel poor and useless, because they were considered to be incapable of becoming productive and competitive. The EU has enforced structural change towards land concentration in a few hands, following the models of France, Germany, or the Netherlands. There were offers by the EU to train people, but these measures were making most people feel even more incapable of running a farm. There was just the one Western vision of modernising agriculture with big machinery and large-scale farming which had nothing to do with our reality.

Is land grabbing a problem in Romania?

Land is being concentrated in the hands of a select few – legally, and in some cases illegally. Very often there is not even a proper land register. Since 2015 it has been legal for all EU citizens to buy land in Romania. Before that land was also sold unofficially, and in the south and southwest there are already big operations. What is happening now is that people with small plots of land are starting to sell because prices are rising, and they are ready to leave the land because it looks as if they might get out of poverty. Whether selling land is their own idea or they are being pushed by land acquisition companies does not make much of a difference. The problem is that most small landowners have no economic prospects.

Is there a way of making better use of the land?

In Transylvania civil society is better able to resist the takeover of land by larger landowners or companies because they have a more village- and community-based approach to farming and rural development. This is not so much the case in other parts of the country. Where land connects people based on their culture and their special way of working together, that makes the difference. Most people in rural Romania feel lost in the new Western approach to agricultural development. If that does not change, it will be difficult to keep people from leaving the countryside, and ultimately, the country.

ACTION REQUIRED

> *"Responsible investments should do no harm, safeguard against dispossession of legitimate tenure right holders and environmental damage, and should respect human rights. They should strive to further contribute to policy objectives, such as poverty eradication; food security and sustainable use of land, fisheries and forests; support local communities; contribute to rural development; promote and secure local food production systems; enhance social and economic sustainable development; create employment; and diversify livelihoods [...].*
>
> ***Voluntary Guidelines on the Responsible Governance of Tenure, FAO***

Millions of men and women working as farmers across the globe today are affected or threatened by the forced sale of their land. It is the reason why the Committee on World Food Security (CFS) of the Food and Agriculture Organization of the United Nations (FAO), after three years of deliberations, issued the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security in May 2012.

The FAO's Voluntary Guidelines

At the time, land grabbing was primarily thought of as a problem that concerned the so-called developing world. Reading the Guidelines today raises the question whether the industrialised countries, and the European Union in particular, are themselves actually taking them to heart and fully implementing them.

It is the issues of transparency and participation of all concerned parties which particularly give cause for doubt. Statistical information is lacking both at the EU level and also in many Member States. The Guidelines postulate that: "States should establish policies and laws to promote the sharing, as appropriate, of spatial and other information on tenure rights for the effective use by the State and implementing agencies, indigenous peoples and other communities, civil society, the private sector, academia and the general public." This specific, ground-level information on who is selling when at what price, determines how fairly access to this land is handled with respect to all interested parties. It also defines how much room is allowed for a democratic decision-making process concerning the communal aspects of the land use. What options do the elected bodies of the municipalities and districts have, what are the possibilities for local interest groups, from environmental protection, to tourism, to water resources management?

The Guidelines call for "action where markets have adverse impacts or discourage wide and equitable market participation." States should "take measures to prevent undesirable impacts on local communities, indigenous peoples and vulnerable groups that may arise from, inter alia, land speculation, land concentration and abuse of customary forms of tenure." The passage continues with an almost ironic ring: "States and other parties should recognize that values, such as social, cultural and environmental values, are not always well served by unregulated markets." Is this principle actually upheld everywhere in the EU?

Finally, a separate chapter in the Guidelines is dedicated to the responsibilities of governments and public administrations in the governance of state- or publicly-owned land: "States should strive to establish up-to-date tenure information on land, fisheries and forests that they own or control by creating and maintaining accessible inventories." Their "policies for allocation of tenure rights should be consistent with broader social, economic and environmental objectives." This reads like an amendment to the mission statement of the BVVG and other East European institutions.

Of course, the main concern of the FAO Guidelines is basic legal certainty for small-scale farmers, indigenous peoples and other communities, as well as protection from infringement by old or new colonial powers and the kind of human rights violations that rarely occur in Europe anymore. Nevertheless, regular reporting by the European Commission to the FAO's Committee on World Food Security on how the guidelines it has agreed to are practically implemented both within and outside of the Union, with a particular view to transparency, anti-corruption policy, market control and governance of state-owned land, would be of great interest.

An equally interesting question is to ask what the European Union is doing to combat land grabbing carried out by EU-based companies and investors in countries outside the EU. The trade of meat or produce from land illegitimately taken from its owners should be banned, or at least no longer tolerated, in the EU.

It is still too early to pass judgement on the real effect of these Tenure Guidelines, which the EU and its Member States adopted in 2012. So far, however, there is no sign of a massive reduction of the number of transnational property deals, or the implementation of minimum standards for agricultural products or financial products. Nor is there any information on whether European development agencies have made compliance with the Guidelines a condition of cooperation with their partners.

The report of the European Economic and Social Committee

With only 5 dissenting votes, the European Economic and Social Committee in January 2015 adopted an own-initiative opinion entitled "Land grabbing — a warning for Europe and a threat to family farming."[13] One cannot but take note when those representing the employers, employees and civil society of the EU countries agree almost unanimously on a statement such as this:

"The EESC sees a serious risk arising from the concentration of land in the hands of large non-agricultural investors and large agricultural concerns, including in parts of the European Union. This trend is incompatible with the European model of sustainable and multifunctional agriculture where family farms predominate and jeopardises the achievement of the objectives set out in Articles 39 and 191 of the TFEU. It conflicts with the structural goal of dispersed land ownership, causes irreversible damage to rural economic systems and leads to a type of industrialised agriculture that society does not want."

The Committee describes negative effects of land concentration on food security, employment, the environment, soil quality and rural development, and calls for swift action. The EESC asks the European Commission to establish a method of documentation and comprehensive impact analysis, and to "develop a clear model for agricultural structures at both Member State and EU level." The Member States should receive enough latitude to apply pre-emptive purchase rights, upper limits on land acquisition and tax measures to "preserve the agricultural model based on family farming throughout the EU." There is also a stated need to reassess the question "whether the free movement of capital in respect of the alienation and acquisition of agricultural land and agribusinesses should be guaranteed" or be subject to restrictions.

A study by the Committee on Agriculture and Rural Development

Shortly thereafter, the European Parliament's Committee on Agriculture and Rural Development commissioned a study on the subject, which it presented and debated in May 2015. The study entitled "Extent of Farmland Grabbing in the EU"[14] first calls attention to a "general lack of data", especially on changes of ownership involving non-personal corporate entities such as cooperatives, limited liability companies, stock corporations and holding companies. While these entities appear in the title register as the landowners, the individuals or other companies who own them do not.

Still, the study assumes that land grabbing, which it essentially only describes as large-scale land purchasing, is on the rise within the EU. Numerous individual examples are presented as cases in point. The authors make a number of suggestions on how the concentration in the agricultural sector should be counteracted at various levels of the EU. One key recommendation addressed to the Member States is to assertively use the full scope of the current Common Agricultural Policy (CAP 2014-2020) for targeted support and preferential treatment for small farms, including a cap on direct payments at € 150,000, reallocation of 30 percent of the direct payments to the first several hectares, and further development of the "greening" policies.

The study concludes that the EU's environmental policy needs to consistently reflect the fact that land is a public good of global importance. Land use geared to maximum efficiency in the reduction of greenhouse gas emissions and delivery of many other environmental services should be clearly regulated by EU legislation. The most pressing short-term objective should be to move away from the "bio"-fuel requirements in the Renewable Energy Directive because of the burden they place both on the environment and on very small and organic producers. This study joins others in calling for a sufficient degree of flexibility and scope for national control and structuring of the selling and leasing of agricultural land, e.g. by setting upper limits for the acquisition of agricultural real estate by natural persons and corporate bodies. Likewise, giving authorities the power of approval and granting pre-emptive rights to state-owned rural development associations – as they already exist in Germany and France – could be effective instruments. The same applies to civic forms of non-commercial land acquisition for the purpose of leasing it to small farming enterprises or newcomers.

Furthermore, the study recommends a new, EU-wide system to record and monitor land ownership and tenure. The sophisticated application and monitoring system established by the EU for the disbursement of agricultural subsidies is cited as an existing European framework complete with a land register for the recording of farmland ownership which, while serving a different legal mandate, de facto is already in place.

Finally, the study recommends adopting EU directives that will define a clear, Europe-wide policy standard for the management of land and all its functions. This could prevent the summation of many individual, purely technical EU regulations from creating a situation which ultimately favours industrial agribusinesses and investors, and which was not politically intended by anyone.

The European Commission responded to the study in September 2015 with a slightly indignant paper which also pointed out the lack of data, yet did not describe a prospective remedy. It criticised the authoritative definition of the "emotional" term "land grabbing" as distinguished from the "natural, even necessary, process of structural change". Moreover, the Commission had always considered the CAP's impact on the farmland market and would continue to keep a close watch on this in the future. The short paper did not specify any concrete measures to underpin this commitment, but emphasises that this was indeed an "interesting" discussion.

THE EU MUST ACT NOW!

Kaul Nurm was the Rapporteur of the EESC opinion "Land grabbing – A warning for Europe and a threat to family farming", which was adopted almost unanimously in January 2015. Nurm heads the Estonian farmers' association, Eestimaa Talupidajate Keskliidu (ETKL). Kaul Nurm, dedicated farmer and staunch pro-European, on land grabbing and land concentration and the need for action in Europe:

How would you define land grabbing and land concentration?

If we are talking about land grabbing in Africa, we find that much of it is illegal. Land concentration and acquisition in Europe generally is legal, because both sides receive either money or land. Sure, there might be some illegal elements in Europe, too, especially in periods when interim provisions are in effect in countries acceding to the EU. Even while moratoriums on the purchase of agricultural land by foreigners were in place, investors still found various loopholes to bypass such restrictions. In Estonia, for example, the right to purchase agricultural land was reserved for agricultural producers. Unfortunately, there was no clear definition of an agricultural producer.

However, the threat of land concentration in other countries is much greater than in Estonia. Today, land concentration is an issue which affects every Member State. Only the dimensions and the speed of the process are different in the respective countries, as the CAP is implemented differently in each of them. The farming structures have been changed already in some Member States, whereas in others they are the same as they have been for centuries. Mandatory collectivisation not only robbed people of their farmland, but also changed their mentality or destroyed their connection to the land, so that despite the reprivatisation process 50 years later, many are left without the knowledge or equipment required to cultivate their land. Yet the broad spread of land ownership constitutes a significantly lower risk to society than a handful of people owning all the fertile land.

What did the process of adopting the EESC opinion on land grabbing look like?

As the vote on the opinion was almost unanimous, there was no further debate in plenary. Prior to that, we discussed in study groups consisting of 12 members representating labour, employers and other interest groups. In addition, a public hearing took place. There were long discussions and many proposals for modification. The debates in our sections mostly concerned two issues: on the one hand, the link between land grabbing/land concentration and the CAP, and on the other, the definition of family farming which differs in the Member States. The discussion mainly focused on maintaining the small-scale family farming structure in the Eastern European countries in order to avoid industrial farming and to prevent a loss of jobs, monocultures and a changing landscape in these countries.

What are the next steps the European Parliament should take?

We need discussion and debate at the EU level as well as the international level. Therefore, I appreciate the presented study of the Agriculture Committee on the "Extent of farmland grabbing in the EU", which shows clearly that land concentration has strongly increased over the last several years and that action by the European institutions is required. Therefore, the European Parliament has a crucial role to play – without a report nothing more will happen, because the European Commission and the Council won't raise this complicated issue again.

What should be changed at the EU level?

First of all, we need recent figures and data concerning land prices and land purchases to assess the dimension of land concentration in Europe.

Agricultural land is no ordinary product. It is a scarce and valuable resource which is the basis of our daily lives, and greater significance should be attached to it in the Treaty of Lisbon. The fundamental freedoms are fixed principles, but, for example, we still can impose limits on the ownership of agricultural land, so that farms and forests are not subject to speculation. In addition, we have to adapt our agricultural policy; ensuring that the largest companies don't receive more support than our family farms. Here, a land management guideline could help us to treat large-scale land acquisition and share purchases equally throughout the entire EU. We should be able to interpret the Treaty of Lisbon in a way that is in line with our idea of sustainable agriculture, food security, plant and animal protection.

CONCLUSIONS

The Common Agricultural Policy (CAP) is one of the oldest cornerstones of the European Union. At the time, the founding members agreed to create a common single market for the protection of domestic agriculture and a jointly financed growth in productivity through rationalisation, mechanisation and increasing the size of businesses. Their aim was the release of labour for industrial employment, and a cost-effective and autonomous food supply. The CAP has since passed through numerous phases, through "butter mountains" and "milk lakes", the destruction of vegetables, export subsidies and set-aside premiums. It is readjusted and revised every seven years. Yet the wording of its original objectives, as set out in the Treaties of Rome in 1960 and confirmed in the EU's Lisbon Treaty in 2007, has literally remained unchanged for half a century.

CAP out of steam – Old wine in old bottles

The initial goals have since largely been achieved, or even exceeded. One exception is the often-proclaimed fair income for farmers. Today, we face entirely different challenges than those that existed after the end of the Second Word War. What about sustainability, environmental protection and nature conservation, the threat to biodiversity, and containing and adapting to climate change? Where is the remedy for nutritional health veering dangerously off course, how do we preserve our cultivated landscapes and traditions and ensure coherent

ARTICLE 39

TFEU sets out the specific objectives of the CAP:

1. to increase agricultural productivity by promoting technical progress and ensuring the optimum use of the factors of production, in particular labour;

2. to ensure a fair standard of living for farmers;

3. to stabilise markets;

4. to ensure the availability of supplies;

5. to ensure reasonable prices for consumers.[15]

rural development? How can Europe as the biggest importer and exporter of agricultural products live up to its global responsibility for equitable and sustainable distribution and the protection of scare and threatened natural resources?

Answers to some of these questions can be found strewn across various chapters of the European treaties. But so far, these do not constitute a clearly defined objective for the legal, political and economic treatment of the scarce and precious resource that is fertile soil.

New aims, new rules

The aims of the Common Agricultural Policy are in need of a fundamental revision and reformulation. It is not so much a matter of legal form rather than one of finding a workable consensus to enable an appropriate and long-term response to the new challenges. The guarantee of land ownership and the regulation of associated responsibilities, obligations and rights are part of the ecological, economic, social and political foundations of the intergenerational pact on which our societal constitutions in Europe are built.

In nearly all of the Member States, the goal of a wide dispersion and sensible distribution of freeholds and leaseholds is in jeopardy. Private control of land, that finite resource essential for survival, has always been subject to social restriction, as well as privilege. Competing uses and scarcity make it imperative to regulate the individual power of disposition by means of environmental laws, land use planning, sound expert practices, as well as control of purchasing and leasing. They alone ultimately justify the massive expenditure of tax revenue in the agricultural sector, the benefits of which have always been closely linked to landholding. The EU and its Member States have long begun to adjust these rules – until now, however, efforts have often been too cautious, contradictory, rather ineffective with respect to the stated objectives, and regrettably, not founded on a Europe-wide public debate.

Pressing need to invest in a new generation

The treaties of the European Union make no secret of the fact that they set political objectives which result in laws being passed and public funds being used to achieve them. Billions have been spent on the original, now outdated, objectives of the EU's agricultural policy, including the drive to persuade millions of farmers in Europe to give up their businesses. Billions are currently flowing into the coffers of old and new landowners who would be perfectly capable of surviving without state support. Billions have been and still are channelled into private investments and infrastructure projects which only benefit a small minority.

The present challenges demand that the future expenditure of billions from European agricultural policy funds be directed toward sensible, ecologically and regionally sustainable agriculture practised by innovative, small-scale farms whose production is as closely aligned as possible with the demand and expectations of their customers and partners in their region and immediate neighbourhood. Preserving such family businesses and complementing them with new collective farming ventures is the most socially effective and economical way to make Europe's farming and food sector strong, flexible and resilient.

Every possible step must be taken now if rural depopulation is to be stopped and young families and newcomers all over Europe are to have a future in farming. Secure, equitable access to farmland is, and will remain, the fundamental prerequisite. It starts with transparency at all levels. At this stage, what is lacking is vital information from the European Union, starting with its implementation of the FAO Guidelines via the individual Member States and their national and regional governments, to important data and decisions made at the district and municipal level.

Tangible measures at the national level

Because land acquisition and lease law, land use and taxation fall within the jurisdiction of the Member States, it is ultimately national land policy and its implementation on which the monitoring and containment of land grabbing hinges.

Germany, the country where bridging the divide between the two long-separated parts of the European Union has been a national matter, could lead the way. The privatisation of a million hectares of agricultural land by the BVVG could have set standards. Thus far, this opportunity has been wasted. Unfortunately, Germany is among the prime hotspots of intransparent, large-scale land acquisition by agro-industrial corporations. The country has seen prices explode, and since Germany's reunification its federal governments have vehemently lobbied for agro-industry interests in Brussels time and again.

Since the German federalism reform of 2006 transferred the Real Property Transactions Act, Lease Transactions Act and German Reich Settlement Act into the jurisdiction of the federal states, interesting avenues have opened up for ambitious state government coalitions to shape new legislation directly at the individual state (Länder) level. The report of the Conference of Agriculture Ministers lists them in detail.

The most pressing issues at the provincial and federal levels of the Member States are the following:

• Effective transparency of the property and lease market above all requires information being made available in a comprehensive, proactive and timely manner to all agricultural businesses and other enterprises, organisations and initiatives involved in rural development. The competent authorities can be required to implement the appropriate communication policy and encourage the relevant bodies of the municipalities and districts concerned to actively participate.

• Targeted pre-stocking purchases by rural development associations at price-damping conditions, also over extended periods of time, can make leasing and subsequent acquisition by small and medium-sized businesses easier, or in some cases, even possible at all.

• It may be expedient to collaborate with non-profit organisations, cooperatives and other local and regional companies as well as church organisations motivated by social, ecological or particularly important structural policy considerations to buy and hold land for the purpose of leasing it to other parties at fair, stable prices. Forms of direct investment by customers and friends of individual agricultural businesses, e.g. following the "community-supported agriculture" model, can also contribute to dispersed land ownership and at the same time create additional benefit. Such forms of participation of large sections of the population in agriculture should be actively promoted, and assistance given to interested farmers for the development of suitable concepts.

• Speculation and profiteering can be combated by setting narrow price increase margins that are considerably lower than the range of up to 150 percent of the reference price that has been customary until now; the introduction of a "French price index" oriented on growth in earnings would possibly be even more effective.

• Proactive management of land acquisition and leasing that is in line with local structural and agricultural policy objectives is possible based on a strict interpretation of the notion of an "unhealthy distribution" of agricultural land, and clear-cut, publicised priorities in the reallocation of freehold or leasehold land when it becomes available again, e.g. for newcomers, small businesses with a need for expansion, diversified businesses that improve the local and regional quality of service, usage forms of particular ecological value, and similar purposes.

• A relative or absolute limitation of permissible land ownership has been established in some Member States, at least as far as new acquisitions of land are concerned.

• A key challenge in many Member States is the control of land buying and leasing by way of acquisition of shares in non-personal enterprises, such as joint stock companies and limited partnerships, limited liability companies, cooperatives and holding companies, that hold a great number of such shares – in some cases in several Member States.

To our knowledge, no satisfactory solution to this problem has been implemented either in Germany or other Member States to date. As long as legal entities with freely transferable shares are permitted to own agricultural land, they will presumably always find ways to circumvent effective external control of their landholdings.

• The European Economic and Social Committee therefore proposes to fundamentally reassess the question whether the free movement of capital can in fact remain untouched when it relates to fertile land.

Start a fairer CAP today

In Germany, for example, the federal and state administrations could begin by jointly and consistently exploiting the possibilities afforded by the CAP and thus effect an immediate improvement of the position of small and medium-sized agricultural businesses versus the growth-oriented, agro-industrial enterprises. This could directly contribute to dispersed land ownership and leases. The Common Agricultural Policy allows the Member States to cap direct payments, e.g. at € 150,000. Because Germany has never made use of this option, it stands alone at the top of the list of states with super-subsidised companies: More than half of the EU businesses that receive over € 500,000 each year are located in Germany, and it is still 40 percent in the € 300,000 to € 500,000 bracket. Furthermore, Member States can redistribute 30 percent of the direct payments, allowing them to step up support for the first few hectares and thus increase the aid for smaller businesses from the previous rate of 6.5 percent. Finally, they can allocate 15 percent instead of only 4.5 percent of the direct payments per hectare specifically to such environmental, animal welfare and rural development measures that better serve these goals. All of these possibilities for improving the targeted distribution of public funds to preserve small-scale and family farming currently lack political endorsement.

Stop auctioning off the remains of the GDR to the highest bidder

Another fast-track measure that the federal and state governments could agree upon immediately is the radical departure from the current mechanism of farmland sales by the BVVG. Easing the principle of "the higher the price, the better" by extending the deadline for the remaining sales to 2030 and raising the quota of special calls for tenders for young farmers, as announced in the summer of 2015, are signs of reason finally holding sway. Further shrinking of the available acreage will possibly contribute to better awareness. That being said, assuming a proactive, creative role which would at least counterbalance some of the serious damage done in the past two decades by pursuing policies to support young, innovative, small-scale businesses in the expanse between Rostock and Weimar, is not something that either the BVVG or the Ministry of Finance as the superordinate authority are interested in. Nor is the BVVG feeling any kind of pressure from the Ministry of Agriculture in Berlin or the state governments.

Now is the time to launch European initiatives

Since 2015, the European debate on

the ominous concentration of land and the ongoing hunt for acreage has received an important impetus from the opinion issued by the European Economic and Social Committee. The study on the "Extent of land grabbing in Europe" commissioned by the European Parliament's Committee on Agriculture and Rural Development urges the EESC to now prepare an own-initiative report in consultation with all stakeholders and concerned parties, including the administrations of the Member States and civil society. Neither the European Commission nor the Agriculture Council of Ministers are willing to take the initiative in addressing the issue of land grabbing. This means that the Parliament must move things forward.

• The Parliament should begin by answering the question in which areas the EU is actually needed. Its report could contain the following results:

• A proposal for a European transparency initiative that starts with mandatory and exhaustive information being compiled at the Statistical Office of the European Union, imposes minimum information requirements on ownership status as a prerequisite for the disbursement of EU funds, and defines the minimum information that must be published on land sales and leases at the national, and above all, the local level.

• A proposal for European minimum standards of transparency, public participation and democratic control regarding the acquisition and sale of agricultural land and the closing of lease agreements, whereby the Member States will be implementing the Voluntary Guidelines of the FAO in an exemplary fashion. In some cases it will be necessary to first introduce a minimum standard of land registry and land ownership data collection to achieve legal certainty.

• An overview of the different provisions of the Member States on the acquisition and leasing of land, and a list of proven procedures particularly suited to achieving specific goals.

• The description of the European regulatory framework by way of a coherent reorientation of all objectives which arise from agricultural, environmental, regional, development and economic policy and have a bearing on the long-term, sustainable use of the land.

• Recommendations on how to achieve, within the framework of the European single market, a fair balance between the different functions of land as an asset and private property on the one hand, and as public property on the other.

• A recommendation on how a comprehensive European directive could achieve the common goals relating to the management of fertile land, to be implemented at the appropriate levels in accordance with the principle of subsidiarity.

• Suggestions as to which adjustments of the CAP in the context of its mid-term review and the next reform are likely to be expedient and effective in preventing further land concentration, speculation and misuse of fertile land.

Whose land is it, and who shall own it?
In Europe, Asia and Africa, this question remains on the agenda. How it is answered will also determine the ways in which humanity can address the major challenges of our time: climate change, loss of biodiversity, migration, distribution of natural resources, and healthy food for the world's population. Clinging to acquired rights – "grandfathering" – cannot be the answer, and most certainly, a creeping dispossession of small and medium-sized farms by the new agricultural industry is not the answer. As is the case with most big questions, retreating back into small-state particularism is not an option, whether we like it or not. We need new, joint responses that are viable and sustainable at the international level and include all concerned parties.

Define common boundaries together
If this study succeeds in stimulating the necessary European debate on the future of land ownership and on concentration in the agricultural sector, eliciting disagreement without antagonising, it will have served its purpose.

We must work together to develop a new social contract for the sake of our land and soil. This study has aimed to gather questions and potential strategies for action. It is only a beginning. We look forward to a committed and productive collaboration in Europe that will enable us to set reasonable limits on land grabbing.

May 2015, The Greens/EFA in the European Parliament together with Indian land rights activist Rajagopal

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English edition, April 2016

This 1983 campaign poster of the Green party shows: We have been on this issue for quite a while

Whose land is it, and who shall own it? This question concerns not only Asia and Africa – it is back on the European agenda as well. How it is answered will also determine the way in which humankind can cope with the major challenges of our time: climate change, the loss of biodiversity, migration, the distribution of natural resources, and healthy food for the world's population.

We need a European debate on the future of land ownership and agricultural concentration, to enable us to join forces in forging a new social contract for the future of our land.

This brochure presents the issues and potential strategies for action. It is only a beginning. We look forward to a committed and productive collaboration in Europe, so we can set reasonable limits on land grabbing.

The Greens | European Free Alliance
in the European Parliament