Conference on
“Access to land for farmers in the EU”
Brussels - 7 December 2016

Proposals of the Federal-Regional Working Group on Land Regulation (BLAG)

Bundesministerium
für Ernährung
und Landwirtschaft

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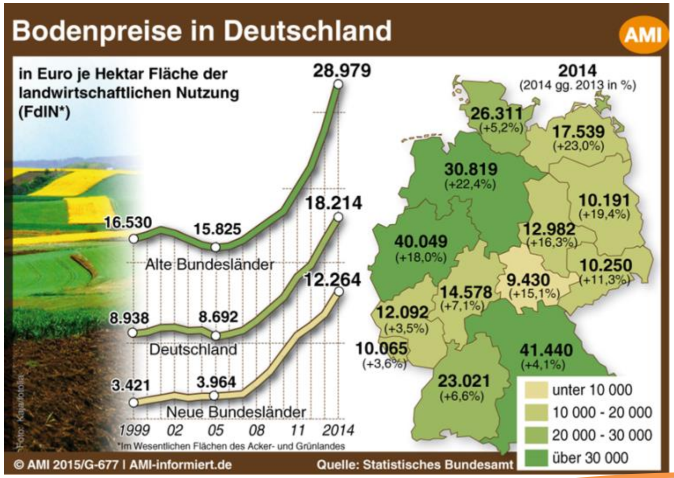
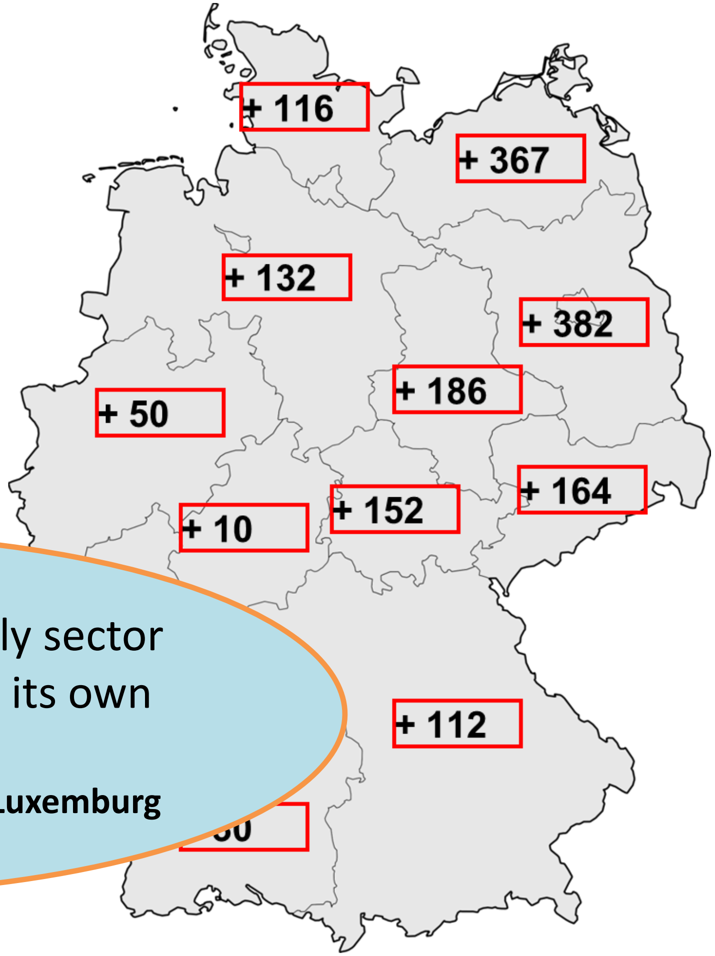
1. Problems on the market for land

Purchase prices for agricultural land in Germany 2005-15: **+ 116 %**





Agriculture could be the only sector which can no longer afford its own labor base.

F. Etgen, Minister for Agriculture, Luxemburg

Source: International Conference of Agriculture Ministers on "Land", 29 October 2015, Aargau, Switzerland

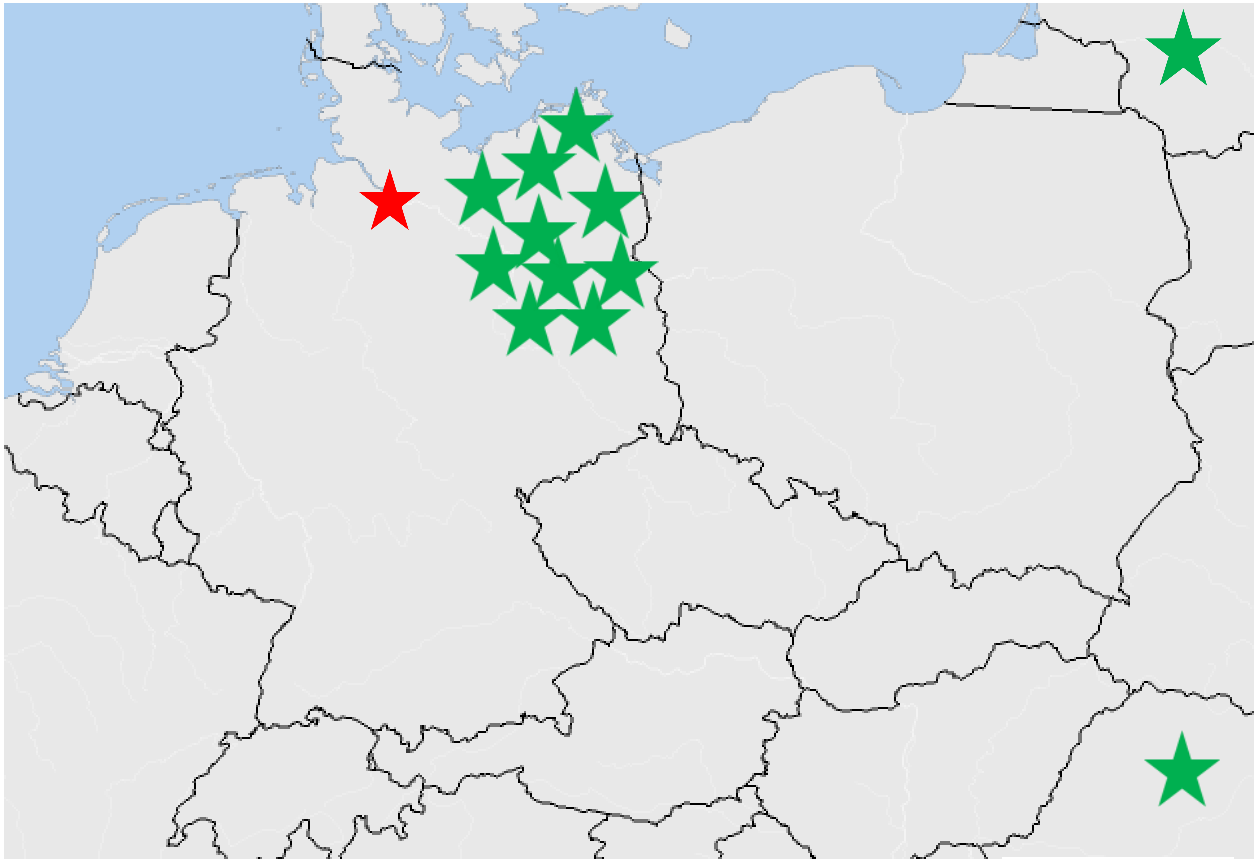
2. Concentration of agricultural land: KTG AGRAR SE

Subsidiaries:

- 89 agricultural;
- 35 energy;
- 13 other subsidiaries;

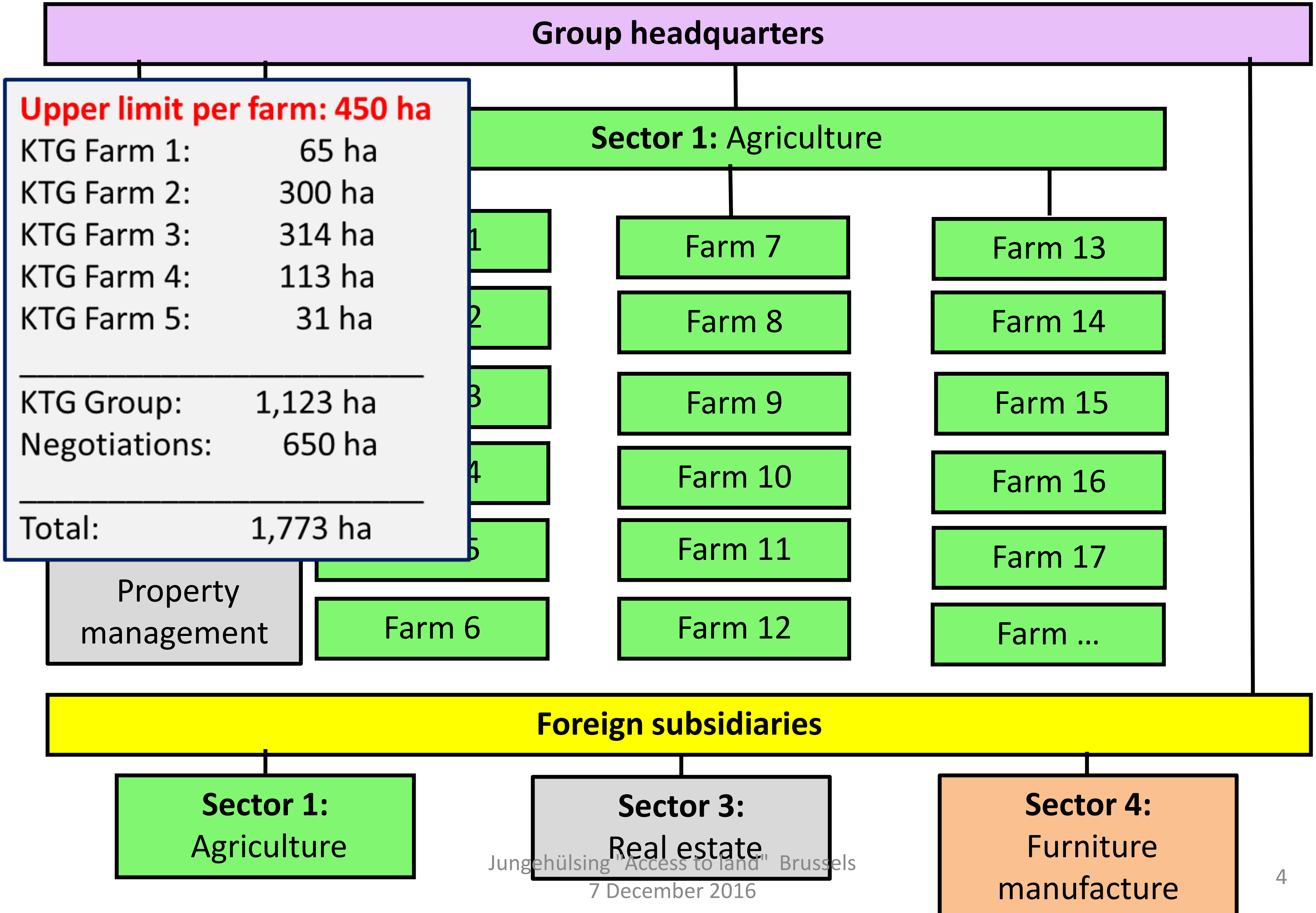
Land 2015: 53,000 ha

- 37,760 ha Germany;
- 8,240 ha in Lithuania;
- 7,000 ha in Romania



Growth: hole **Farms** purchased by private farmers
Public **land** purchased by the State (**upper limit 450 ha per farm**)

2. Concentration of agricultural land: agricultural holding companies



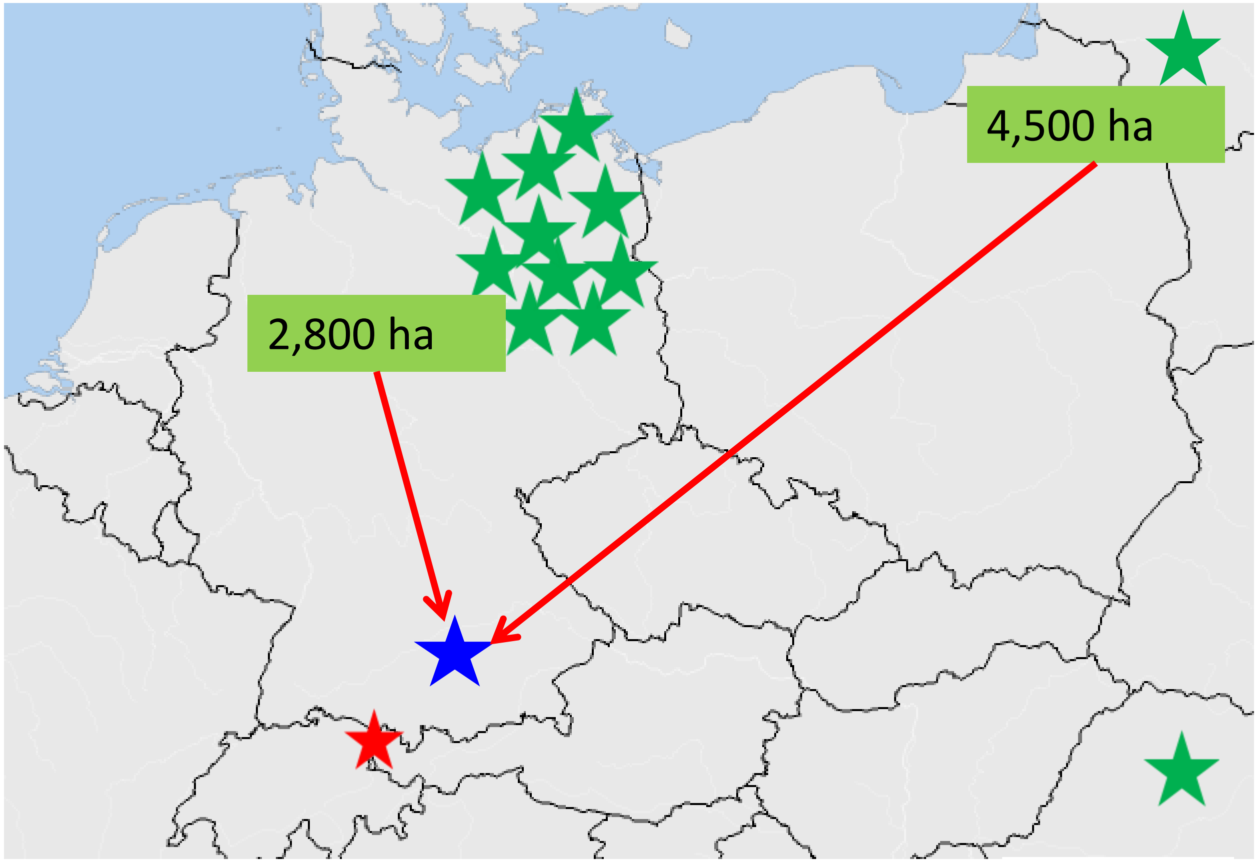
2. Concentration of agricultural land: KTG AGRAR SE

Insolvency 2016:
- 424 mill € debt;

Munich Re (Munich)
- 4,500 ha Lithuania;
- 2,800 ha Germany;

Gustav Zech Foundation (Liechtenstein)
- 19,030 ha leased land;
- 600 ha owned;
- 50.1 % biogas production

Sale of other sites in Germany, Lithuania and Romania



2. Concentration of agricultural land: KTG AGRAR SE

Priority for farmers is circumvented.

Competitive disadvantage for local entrepreneurs wishing to buy land

Right of pre-emption exerted by rural associations in 2014:

205 cases **1,172 ha**

5.7 ha per case

Shares purchased by investors:

Example KTG AGRAR - MEAG **2,263 ha**

***Land* not able to exercise control**

3. Insolvency of KTG AGRAR SE: What have we learned?

- **Approx 3,400 ha of agricultural land and 19,000 ha rented land from KTG went to supra-regional investors!**

- ➢ Contradicts the goal of the German Land Transactions Act (*GrdVG*) (Local farmers have no chance to take over the land in case of insolvency);

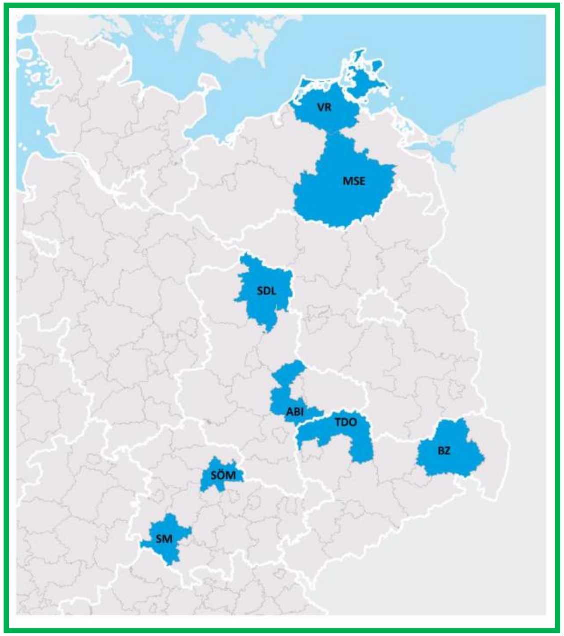
- ➢ Contradicts the agricultural-structural goal of achieving a broad spread of ownership;

- ➢ The cause is land law, which only covers the purchase of individual plots, but not of farms.

- ➢ The group structure with subsidiaries circumvents upper limits which were adopted by agricultural policy.

3. Supra-regional investors: a phantom?

The influence of non-agricultural investors Results 2007 - 2015



- Investors are frequently active at supra-regional level;
- Account for 12 % of the farms sold, of which 65 % of the farms to investors;
- Of these 76 % outside of Eastern Germany;
- Growth in area: + 42 %
- Authorities do not learn of the transfers (approx. 21 % of the land sales registered).

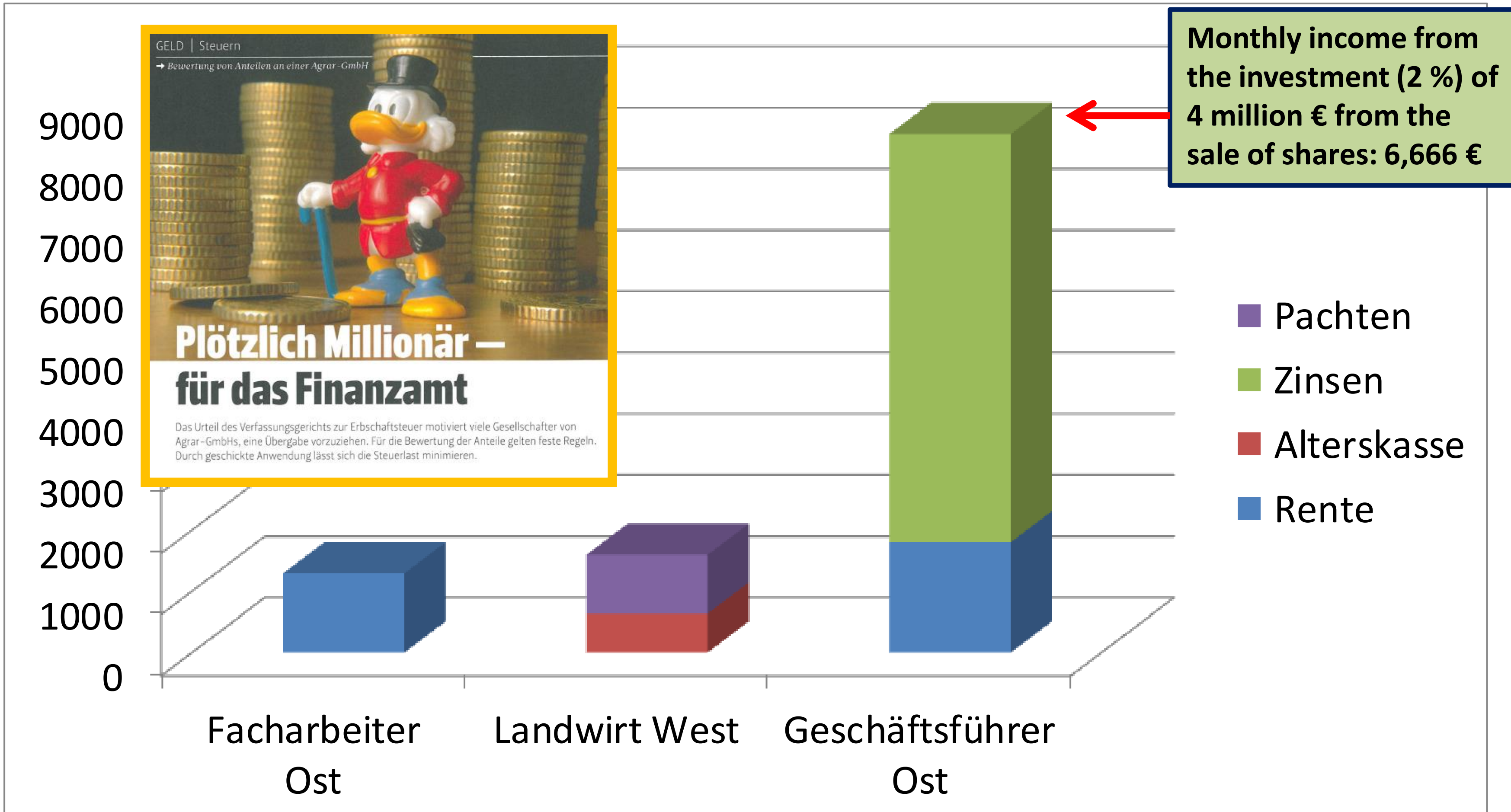
Source: TI Report 35, A. Tietz, Braunschweig, 2015, pp. 46-50

4. Consequences for rural areas

- **Increasing concentration of farmland holdings;**
- **Low-sustainability ownership structure prone to speculation;**
- **Downward trend in jobs in the villages;**
- **Tax revenues tend to fall;**

4. Consequences for rural areas

Increasing income spread: Monthly old-age pensions in agriculture after 45 working years



BMEL Division 124

4. Consequences for rural areas

Trend towards less participation in the life of the region:

previously

Owners, operators and workers live in the municipality.

20 ha of arable land in the municipality

in future

Land registry: ATU Landbau GmbH (former subsidiary of KTG)

Owned by: insurance company, Munich

Operated by: Gustav-Zech Foundation, Liechtenstein

Organisation: contractors, neighbour district

Land worked by: seasonal workers from ???

4. Consequences for rural areas

- **Increasing concentration of farmland holdings;**
- **Low-sustainability ownership structure prone to speculation;**
- **Downward trend in jobs in the villages;**
- **Tax revenues tend to fall;**
- **Increasing income spread;**
- **less participation in the life of the region;**

5. The need for political action

The problems on the market for land persist and endanger the structure of agriculture:

Active farmers' scope for development is constrained.

Rural areas are weakened.

Lack of transparency prevents evaluation.

5. Measures proposed in Germany

- **to amend the law on agricultural land: close loopholes and prevent circumvention,**
- **to establish a standing working group in the *Länder* :**
  "Groups are operating nationwide, so authorities also have to coordinate nationwide."
- **to make the market for land more transparent,**
- **to enforce the law on land better,**
- **to prevent real estate property tax being circumvented:**
- **to establish an upper limit for agricultural groups in the purchase of state land (Bodenverwertungs- und -verwaltungs GmbH [BVVG])**

6. possible measures in the EU

- **Prompt statistical recording of land concentration, land prices, lease prices and agricultural groups; (EU strategy agricultural statistics 2020 / IFS - integrated farm survey);**
- **Evaluation of the important tools of the CAP not only on individual farms, but also in agricultural groups;**
- **Because groups and investors operate in the entire EU, the European Commission could support the Member States (exchange of information; opinion formation);**

“We must be careful that farmers keep a fair chance on their soil. “

Angela Merkel, Bundeskanzlerin

Thank you for your attention!

Report by the Federal-Regional Working Group on “Land Regulation”:

www.bmel.de

Thünen Report 35, Andreas Tietz, Braunschweig 2016:

https://www.thuenen.de/media/publikationen/thuenen-report/Thuenen-Report_35.pdf

*** Berlin, 26 June 2013**