

The road to sustainability
Chapter 4



Policy Paper

**Access to land:
Are we losing the
European plot?**

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Introduction

Access to land is the primary obstacle to the installation and development of farming activities and a central barrier to generational renewal in EU agriculture¹. Young farmers require available land, which they can buy or rent, and in which they will be able to invest sustainably and with long-term certainty. CEJA, through its network of 33 young farmers organisations across the EU, the United Kingdom and Serbia, has always demonstrated that land access is a transboundary issue, therefore demanding for transboundary solutions. In the current context, CEJA wants to clarify three elements:

1. While private property is governed by the national laws of Member States, the issue of land access is certainly a topic for the European Union. The relationship between agricultural land and the Common Agricultural Policy (CAP) makes no doubt, and the foreseen Soil Health Law will necessarily require thinking in the wider perspective of land preservation;
2. The sharing of information and good practices between Member States with different situations and approaches is a necessity for a better use of CAP measures through the 28 Strategic Plans and to improve land management at national and local level;
3. Land issues go far beyond technical matters, laying at the core of the vision of agriculture the EU wants to promote, whether on the front of food security, sustainable agriculture and farming system, generational renewal, or human rights.



¹ European Parliament (2017), REPORT on the state of play of farmland concentration in the EU: how to facilitate the access to land for farmers, [\[online\]](#)



Challenges

Despite different national contexts and regulations, accessing land is a transboundary challenge. Land access is made difficult or even impossible due to its price and the increasing competition in land use. CEJA wants to draw attention on:

The low availability of agricultural land. The 157 million hectares of land used in the EU for agricultural production (38% of the total land area of the EU, 2020) becomes less and less available for young farmers, due to:

- **High competition on land use:**

- Between farmers;
- Between farmers and land management companies;
- Between different farming purposes: food, feed, fuels, fibre;
- Between farming and nature objectives (Bans on production for the sake of nature restoration, large carnivores)
- Between human activities in general (land take for urbanisation, land use for recreative purposes or for energy production with solar panels or wind turbines)

What is land take?

Areas sealed by construction and urban infrastructures. The main drivers are the extension of housing, services, and recreation; industrial and commercial sites; transport networks and infrastructures; mines, quarries, and waste dumpsites; construction sites.

How is it affecting agricultural land?

From 2000 to 2018, a total of 1,4 million hectares of land were taken in the EU-28, which represent more than the Utilised Agricultural Area (UAA) of Belgium. It is 11 times more than the recultivated land during the same period.

Source: European Environmental Agency, 2021
[\[online\]](#)

- **Land abandonment**, which refers to “land that was previously used for crop or pasture/livestock grazing production, but does not have farming functions anymore (i.e. a total cessation of agricultural activities) and has not been converted into forest or artificial areas either”². Around 30% of EU farmland is at least moderately at risk of abandonment³, with a wide diversity of causes. The lack of income opportunities when farming certain land pieces and soils degradation can play a role, as well as the lack of infrastructures in certain remote rural areas where the cost of operating an isolated plot is higher than the potential benefit. Facilitating access to land therefore also indirectly involves rural development policies;
- **Climate change**, impacting not only the quantity, but also the quality of the land, through droughts, floods and soil erosion.

² Perpiña Castillo C., Kavalov B., Diogo V., Jacobs-Crisioni C., Batista e Silva F., Lavalle C, JRC113718, European Commission 2018, [\[online\]](#) (consulted on 14/12/2022)

³ Schuh, B. et al. (2020). Research for AGRI Committee – The challenge of land abandonment after 2020 and options for mitigating measures, European Parliament, Policy Department for Structural and Cohesion Policies, Brussels.



High prices of the land, whether it is to buy⁴ or rent it, caused by:

- **The increasing competition to buy and rent land** with a multitude of actors owning land or competing for it, such as companies from other sectors, States or churches. In general, this means that farmers are not only competing with their counterparts, but also with actors outside the agricultural sector, whose financial constraints are disconnected from those that farmers specifically face and from the possible profitability of agricultural production on a piece of land. For instance, farmers see more and more land bought by investment funds or retailers capable to make bigger offers, and therefore increasing the price;
- **Capitalisation and speculation**, land being an asset, perceived as a safe and attractive investment. Some land acquisitions may also be motivated by the need to optimise a company's tax record. By purchasing land, the net profit will be reduced, and the tax form will be mathematically reduced;



- **The hectare-based nature of CAP payments.** As stated by the European Commission in its evaluation of the impact of the CAP on generational renewal⁵, direct payments can contribute to increasing the price and rents of land and thus making it more difficult for newcomers to access or for those who wish to expand their farms. In certain cases, beneficiaries of direct payments who have received the more subsidies – and who are not always active or pensioned farmers – have benefited from an indirect advantage in accessing land. In some cases, rents can also be increased by the publicity of aid per hectare received, with landowners passing the subsidy level on rents;
- **The correlation of land prices with energy prices**, given that energy production means land use in many cases, whether it is for solar panels, wind turbines, or the production of biogas. These new possibilities allow big revenues per hectare, attracting new purchasers and increasing the price of land;
- **The opportunity cost of other uses by other actors.** For instance, the opportunity for non-farmer actors to get an income from the sequestration of carbon in soils or the use of land for recreative purposes can play a role in increasing the price of land.

⁴ Eurostat (2020), Agricultural land prices by region, [[online](#)] (consulted on 01/12/2022)

⁵ European Commission (2021), Evaluation of the impact of the CAP on generational renewal, local development and jobs in rural areas, Staff Working Document, SWD(2021) 79 final, [[online](#)] (consulted on 01/12/2022)

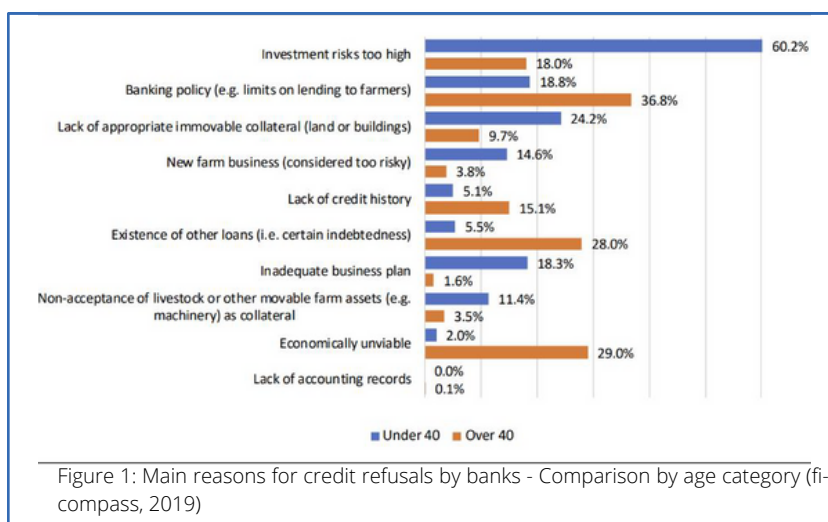


Impeded intergenerational land mobility, knowing that against certain misconceptions, accessing land is often challenging for anyone willing to farm, even for relatives taking over family land. The mobility is hampered by:

- **Land retention** to keep the CAP subsidies or rent the land, in some circumstances as compensation for low pensions for retired farmer or for non-active farmers willing to keep access to direct and green payments of the CAP;
- **The reluctance of older farmers to encourage the younger generation to take over the farm**, considering farming too difficult because of low income, complex working conditions, or a degraded image of the profession;
- **Intergenerational conflicts** in transmission processes, including due to different expectations related to the future of the farm;
- **Specific constraints for new entrants outside the family context**. For sociological and economic reasons, retiring farmers have no incentive to sell or to rent their land if they can achieve better economic results with another option;
- **Transmissibility** issues resulting from the enlargement of farms, requiring too much financial capacity to be purchased by young people setting up.

Investment capacity and impeded access to credit.

Purchasing land represents a significant investment for which credit lines are not always accessible. As highlighted in the fi-compass survey⁶ on the financial needs of agricultural enterprises,



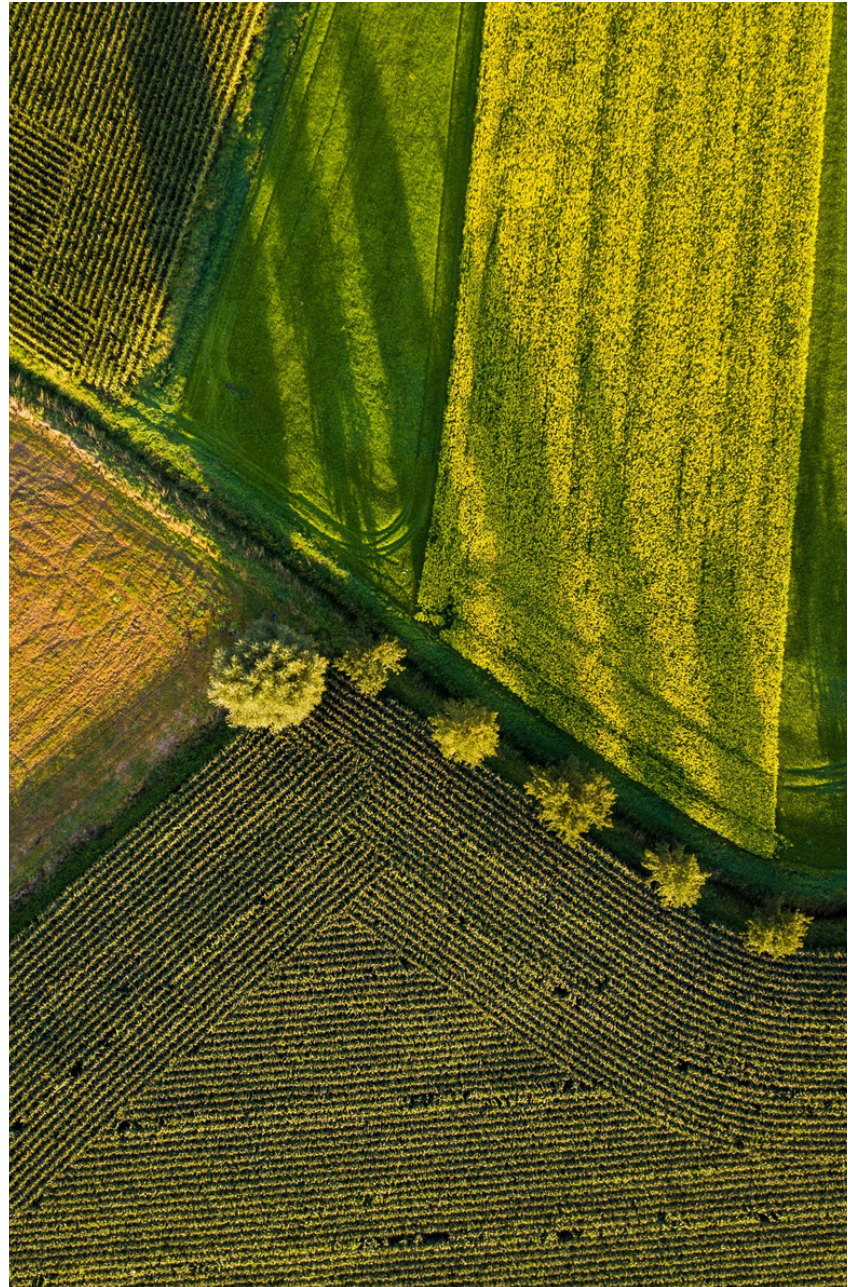
young farmers are two to three times more likely to see their loan applications rejected by the bank in comparison to farmers over 40 years old. The main reasons for rejection are the perceived higher-risk profiles of young farmers, as well as their lack of capital and collaterals. In some cases, the lack of an adequate business plan also plays in their disfavour (Figure 1) again highlighting the importance of knowledge and skills in agriculture.

⁶ Fi-compass (2019), Survey on the financing needs of agricultural enterprises, [online] (consulted on 01/12/2022)



The lack of data and transparency in land planning and land ownership, although it would help identify the dynamics of land management, acquisition, and renting. In some national cases, the problem is even about having no clear knowledge of who owns what, preventing the resolution of problematic cases of land control and use. Many young farmers describe policy and legal incoherence at national level when it comes to the transparency of land planning policies. Sudden changes in legislation and contradicting decisions on taxation tend to increase the administrative burden laying on the shoulders of the farmers.

The lack of long-term certainty to invest into land when rented. Many farmers rent their land⁷. Not only is it often difficult to get into a rental agreement, but the lack of long-term attractive contracts (e.g., with fiscal benefits) does not incentivise to invest in the soil quality, if no long-term guarantee that they will benefit from the good practices implemented. Good agricultural use goes beyond what is legally binding. The combination of practices cannot be stated just in law. It is necessary that there is long term use to meet environmental requirements.



⁷ In 2007, 52,5% of the EU farmland was rented, according to Střeleček, F., Lososová, J., & Zdeněk, R. (2011). Farmland rent in the European Union. *Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis*, 59(4), 309-318.

Recomendations

At EU level

1. A binding EU objective for the preservation of agricultural land – The upcoming Soil Health Law must be an occasion to transform the ambition for no net land take by 2050 into a legally binding target. This can be translated into clear rules, such as the priority on buildings and already sealed areas to install solar panels or wind turbines to safeguard land availability and soil quality. When it comes to nature preservation, there should be no downgrading of agricultural land next to protected areas.

2. A better use of a better definition of active farmer in the CAP – CEJA calls for CAP subsidies to be distributed to active farmers only which requires a more rigorous definition. It is unacceptable to see other actors such as supermarkets, investment funds, “couch farmers” or pensioners continue to receive aid from a budget that is supposed to support the revenue of farmers. Prohibiting the cumulative reception of a pension and CAP subsidies could be a first step. In CEJA’s view, active farmers are those who:

- Generate income from agriculture, by selling products individually or through cooperatives;
- Are recognised as such by the public administration and deliver public goods from their agricultural activity.



3. Provide an intergenerational policy mix to facilitate land mobility and transfer with cooperation measures of the CAP, that can be used to implement schemes to facilitate land mobility. It is disappointing to see that very few Member States have decided to introduce such measures.



- *Land Mobility Schemes* (CAP Strategic Plans Regulation, Article 77(7)), which provide mix-matching services, often coupled with tax facilities, to connect retiring and young farmers. Such instruments also present the advantage, depending on the form and timeframe of the contract opted for (i.e. long leases, partnerships), to enable knowledge transfer between generations. Examples often quoted are the Land Mobility Service in Ireland⁸ and the land mix-matching service by ISMEA in Italy.
- *Retirement schemes* (CAP Strategic Plans Regulation, Article 77(7)) – Retirement aid, conditioned to the transfer of land management in priority to a young farmer and limited to a maximum of seven years by the Strategic Plan Regulation, is also an option. Having the possibility to enter such schemes even a few years before retiring can help to anticipate the transfer of land.

The Land Mobility Service in Ireland

is resulting from a cooperation between the young farmers' organisation Macra na Feirme and public authorities.

The Italian version of land mix-matching service by ISMEA

provides tax breaks and preferential rent or acquisition prices in land transfers between retiring and young farmers. Both parts involved must remain committed to the farm and to the credit lines open.



4. Help young farmers access credits through financial instruments with:

- *Installation aid*, that should be more easily implemented in every Member State thanks to higher budget for young farmers in the CAP (mandatory 3% of Pillar 1) and faster delivery in some Member States;
- *Investment support* both in the form of grants and financial support. It is a key instrument of the CAP when it comes to enabling young farmers' access to credit and investment;

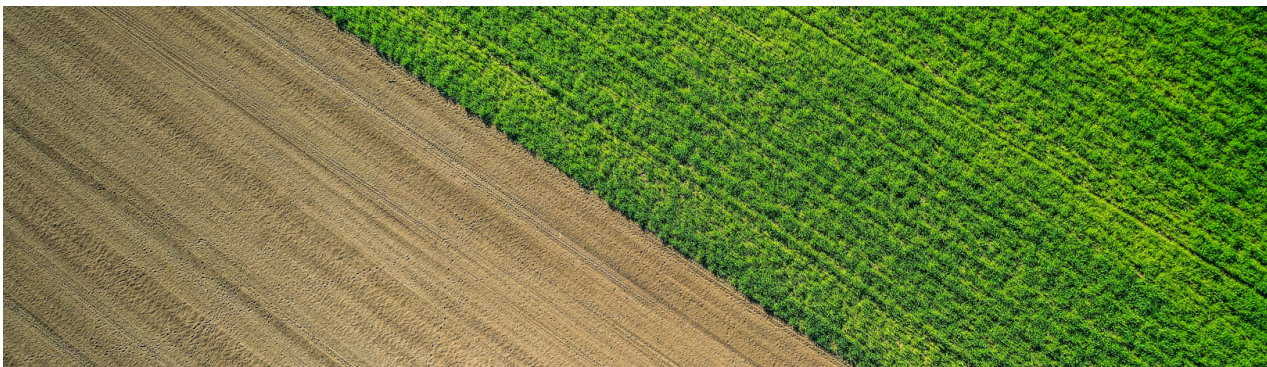
Two tools can be used by national and regional authorities to create leverages for financial institutions to unlock credit opportunities for young farmers:

⁸ The Irish Farm Centre / Macra na Feirme, [Land Mobility Service](#)



- *Guarantee instruments*: The EAFRD managing authority transfers a share of the rural development funds to a financial intermediary which places it in a dedicated fund that will be used to provide guarantees to young farmers to eligible funds. It, therefore, constitutes a first guarantee to financial intermediaries, covering up to 5% of the losses for each defaulted loan. It provides both capital and risk relief to financial intermediaries, decreasing the perception of the risk linked to the starting of a new business. For beneficiaries, such a mechanism translates into a reduction of collaterals requirements and the interest rate.
- *Risk sharing loans*: The EAFRD managing authority transfers a share of the rural development funds to a financial intermediary (e.g. European Investment Fund, European Investment Bank or national promotion banks), which acts as a fund manager, pooling the resources into a loan fund, in the complement of its resources. The selected fund manager, after the signature of a funding agreement with the managing authority, manages the fund, provides the loans according to criteria set-up in the agreement and contributes to the fund with its own resources. In the establishment of such financial instruments, it is essential to keep in mind the limited available budget under the EAFRD. Assessing the use of national budget to provide these instruments might be of use for Member States, to avoid putting too much pressure on a CAP pillar already financially weakened.





5. Let farmland markets be more regulated, by

- **Exploring the potential of land governance bodies** – Such agencies, whose independence must be guaranteed, can determine rules allowing to give priorities to young farmers, as it is the case in France with SAFER, and monitor land prices, use, and user. As it is the case in certain Member States already, restrictions to only allow the purchase of land for farming purposes should be further implemented. However, this is not a miracle solution, and for it to be successful, complementary solutions are needed, with measures to facilitate young people’s access to capital and new business models.
- **Softening the interpretation of free movement of capitals**, in accordance with the Treaties. In certain cases, the preponderance of foreign investors weighs on the functioning of the land market and should be avoided under certain conditions.

Free movement of capitals and the specificity of agriculture

- Article 63 of the Treaty on the Functioning of the EU (TFEU) prohibits all restrictions on capital movements and payments.
- Article 49 TFEU prohibits restrictions on the freedom of establishment of nationals of another Member State.
- Article 54 TFEU specifies that companies are assimilated to natural persons who are nationals of Member States.

However, Article 50(2)(e) states that the European Parliament, the Council and the Commission shall carry out the duties devolving upon them to attain freedom of establishment as regards a particular activity by enabling a national of one Member State to acquire and use land and buildings situated in the territory of another Member State, in so far as this does not conflict with the principles laid down in Article 39(2). The latter refers to “the particular nature of agricultural activity” and the “need to effect the appropriate adjustments by degrees”.



At national and regional level

6. Better retirement policies – Although pension policy is a national competence, it is an essential lever to encourage retired farmers to sell or rent their land. While there is a tendency to focus on schemes that make it easier to buy land, let us not forget, on the other hand, the incentives to sell it for those who want to transfer it to the younger generations.

7. Ensure transparency of land planning and publicity of sales to non-farmers. It is important that land sales are known when the purchaser is not a farmer. It must go hand in hand with a land market that provides access guarantees for young active farmers. In general, transparency of land planning is crucial.

8. Use tax reliefs, for instance applied to sales for which a young active farmer is buying the land. Tax breaks and social contributions flexibilities participate in relieving treasuries. They must, however, rely on legal certainty. Providing an option to pay taxes several years after purchase can also be a way to ease the burden of the investment at the beginning of the project. Also, lower taxes for owners renting to young farmers with long-term contracts can help in having more of them accessing land through long leases.

9. Provide guarantees and purchasing options for leases – The uncertainty caused by precarious tenancy agreements (short duration, easily breakable contract) makes young farmers call for more protection of leases (minimum duration, stricter rules of engagement for the owner). Leasing contracts in which the tenant acquires part of the asset (the land) through the rent and get the opportunity to buy the remaining value at the end of the contract is a system that can alleviate the burden of a brutal investment, but also allow the tenant to take advantage of the value created with the agricultural production during the lease.

10. Provide the necessary education, knowledge, and skills for drawing up a business plan, negotiating a lease or sales contract, or building a loan file is essential to help young people wishing to access land, regardless of the mode of access.



In general

11. Help farmers get a dignified income from their production. Farmers' income is low and volatile and young farmers' income appears to be the lowest in comparison to other age categories⁹. Additionally, market imbalances, the current inflation crisis, as well as a wide range of risks, whether linked to diseases and pests or climate, pose direct threats to the stability of young farmers' activity. Due to their lack of capital and buffer in the treasury, their capacity for resilience appears limited.

12. Foster intergenerational cooperation and dialogue, involving young and senior farmers organisations. Generational renewal needs both generations: the one leaving and the one entering. In this context, several ways to facilitate the transmission process should be further investigated:

- Life-long learning, so that older farmers transferring their land are prepared on this specific moment of their career;
- Knowledge sharing;
- New farm business models, enabling for instance a progressive purchase of the land through a progressive transfer of the assets while already being involved in the farm's activities together with the transferor.

13. Communicate on the importance of agricultural land, because the greater the awareness, the greater the progress. The preservation of agricultural land is partly provided by the farmers who grow crops and rear animals on it. However, it is not only a mission of and for farmers, but a necessity and duty for the society as whole if we really want to ensure food production, vibrant rural areas, landscapes and the provision of ecosystem services by farmland and farming activities. It is also about what model of agriculture we want for the EU and for every type of agriculture across the world, with or without a new generation of farmers, and about who will control our food system, avoiding an unequal balance of power against farmers.

⁹ European Commission (2021), EU farm economics overview, based on 2018 FADN Data, [\[online\]](#), consulted on (01/12/2022)





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