



Motivation, challenges and expectations for the 2020-21 JRC study on “Agricultural land market regulations in the EU Member States”

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Background

- Agricultural land is instrumental for providing livelihoods for farmers and for ensuring food security.
- Land is one of the main factor generating various economic, environmental and social benefits in rural areas (e.g. development of rural regions, landscape, biodiversity, recreational services).
- Recognizing the need to protect and sustain some of the economic, social and environmental benefits, agricultural land markets are subject to various regulations across different countries in the world as well as in the European Union (EU).

Background

- Agricultural land markets in the EU are subject to two main policy interventions:

1. Land market regulations (tenure & ownership) – under the jurisdiction of MS

- Regulate land sales and rental transactions in terms of the right to use, control, and transfer land
- Heterogenous objectives across MS: keeping land in agricultural use, maintaining rural population, addressing land fragmentation, reducing land concentration, strengthening the position of local farmers, family farms, etc.

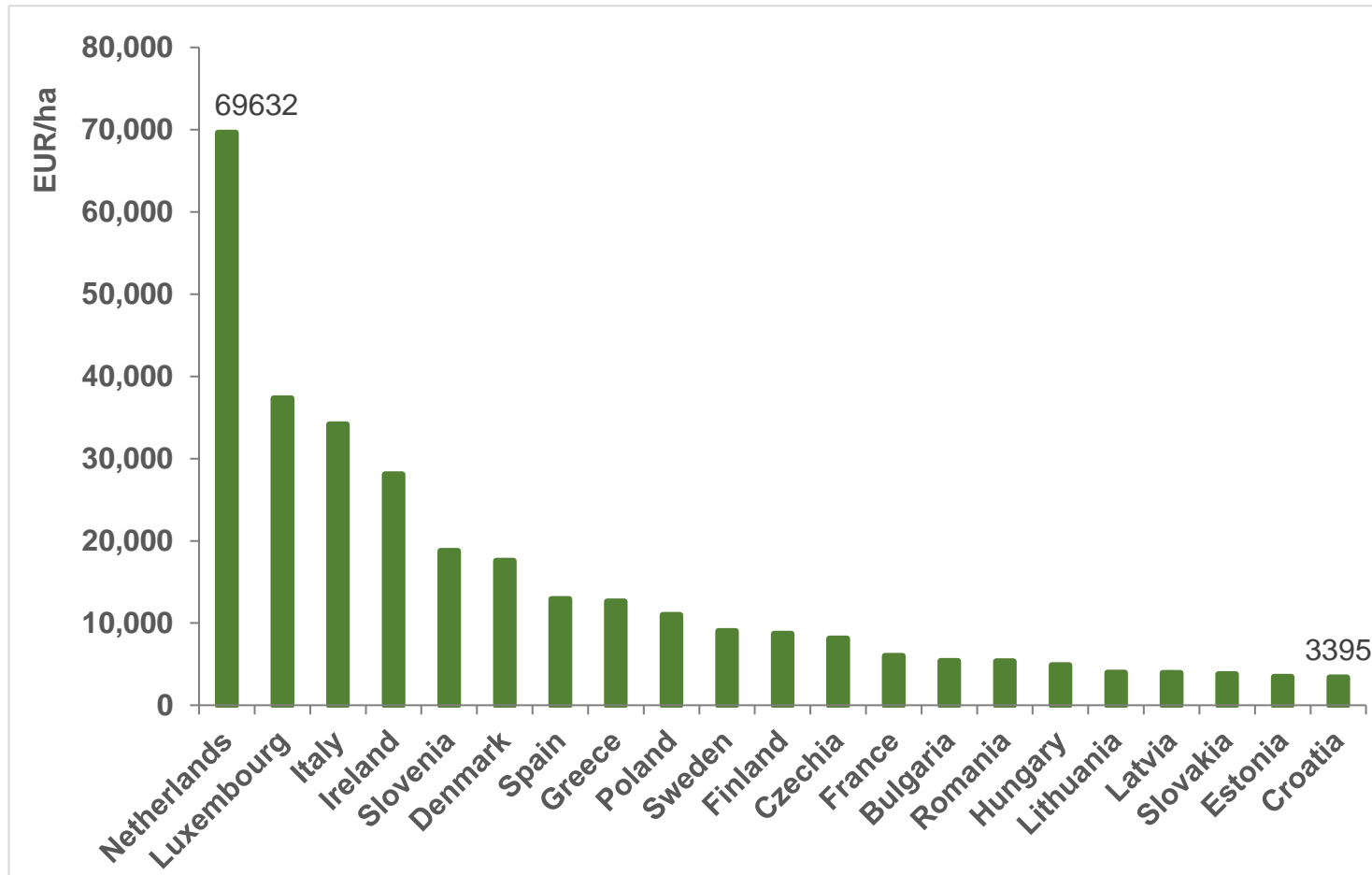
2. Common Agricultural Policy (CAP) – EU policy

- Support provision with the aim of supporting farmers' income and promoting sustainable development of the agricultural sector and rural areas

Background

- There is interaction between land market regulations and the CAP:
 - **The CAP may impact land market dynamics:**
 - It may incentivize land transactions as it provides land-based subsidies; environmental conditionality of CAP subsidies may have the opposite effect (particularly on non-farmers' transactions)
 - It affects land prices through capitalization of subsidies into land prices
 - **Land market regulations may alter impacts of EU policies:**
 - The way agricultural sector reacts to the CAP reforms, such as the farm structural change (e.g. young farmers access to land) and the land capitalization of subsidies
 - The functioning of single market in terms of acquisition of farmland and the flow of investments in the agricultural sector

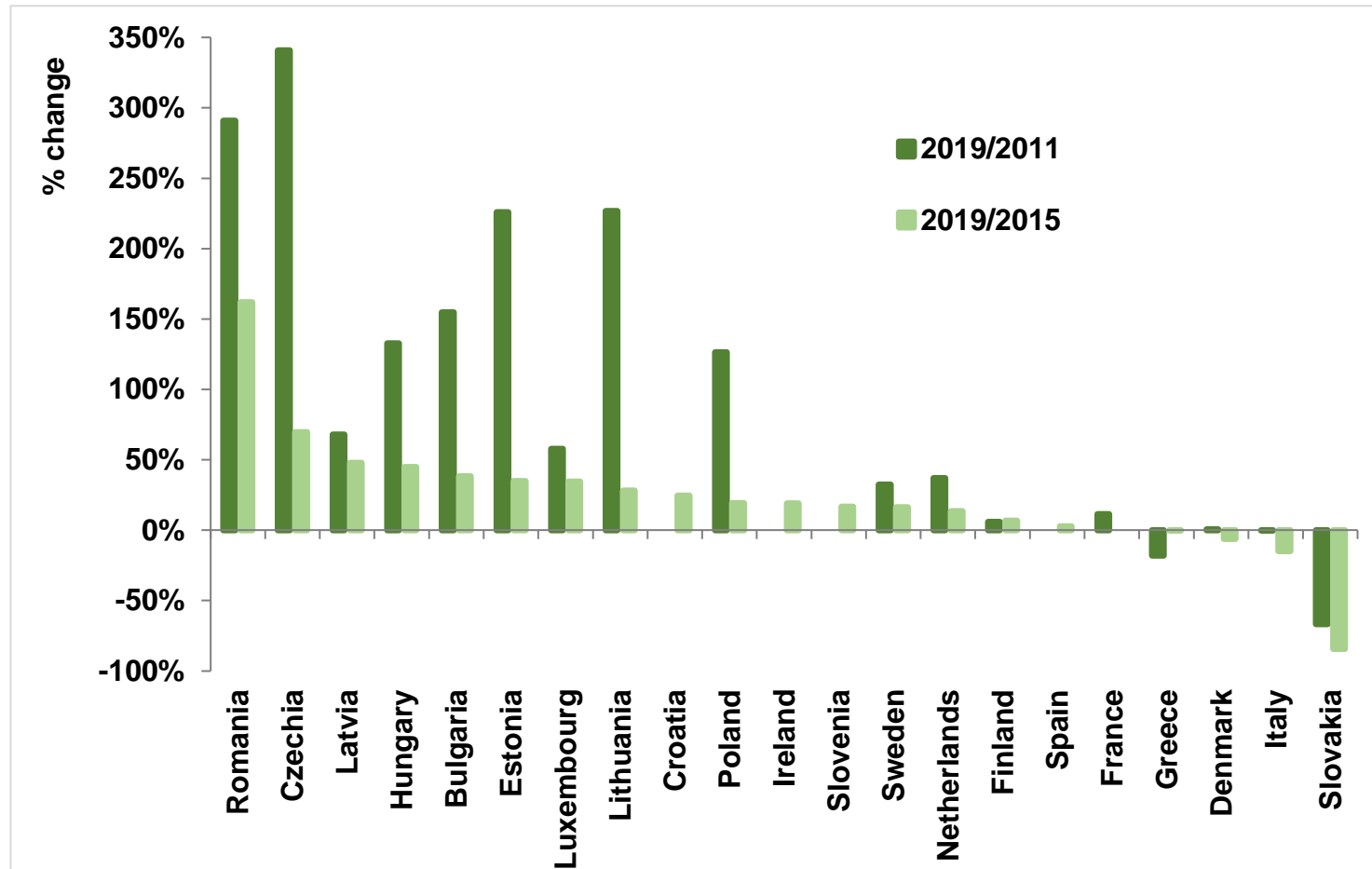
Average agricultural land sale prices by MS (arable land, 2019)



Source: Eurostat

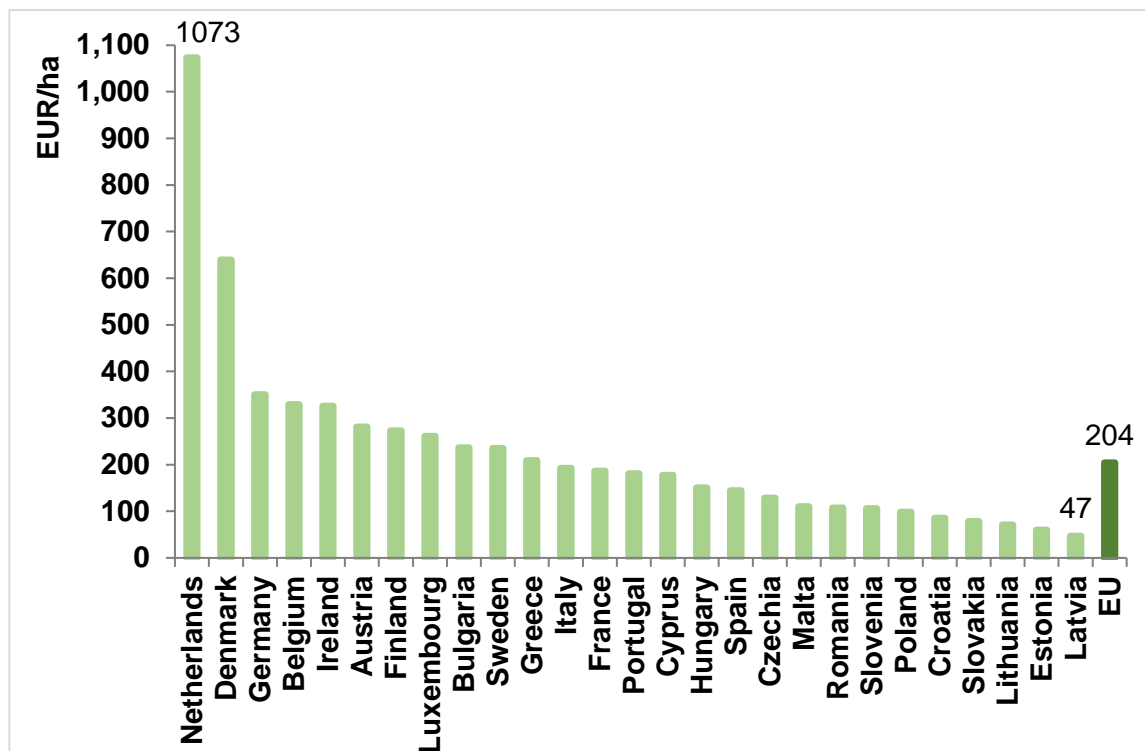
Development of average agricultural land sale prices by MS

(arable land, % change in 2019 compared to 2011/2015)

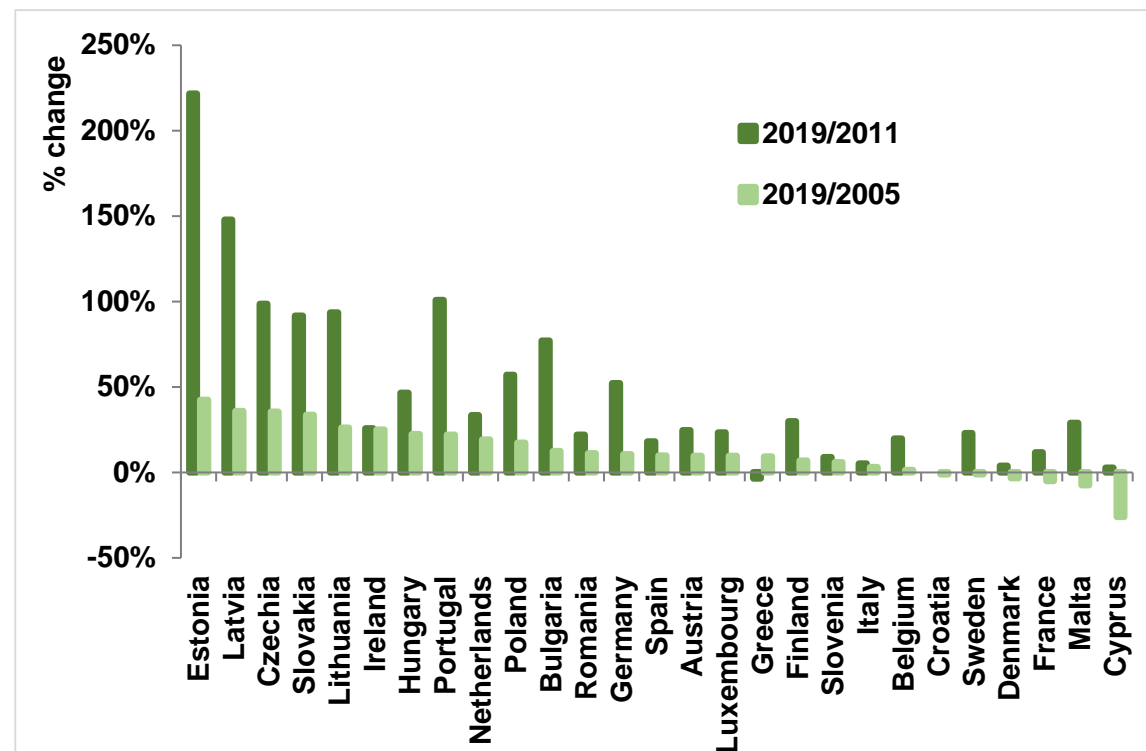


Source: Eurostat

Land rents by MS (EUR/ha, 2019)

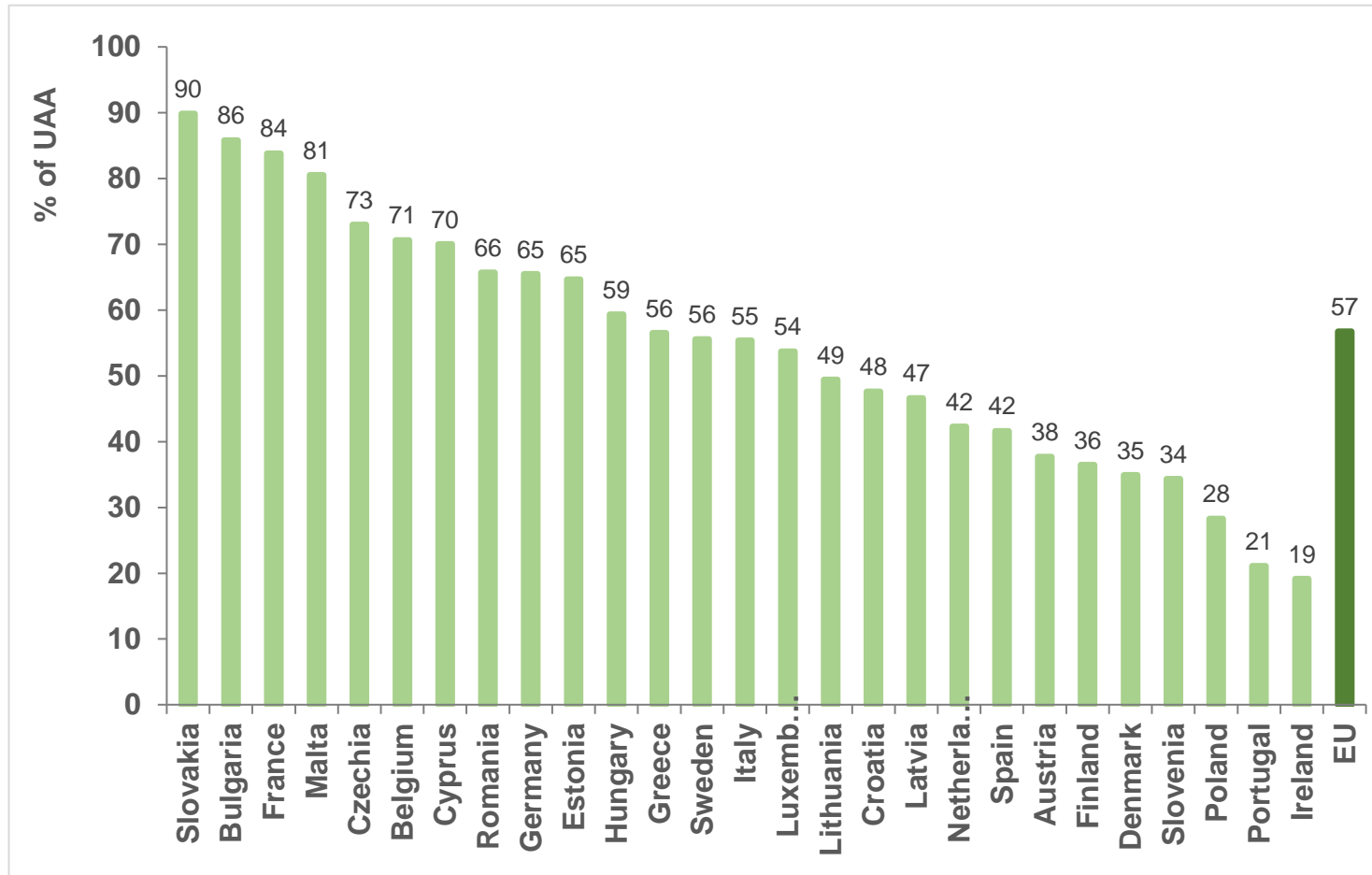


Development of land rents by MS (% change in 2019 compared to 2011/2015)



Source: FADN

Share of rented land by farmers of total land by MS (2019) (% of UAA)



Source: FADN

Past studies on land markets

- European Commission, European Parliament and academic literature have carried out several studies to analyse land market regulations and CAP subsidy capitalization:

| Year | Who | Land market regulations/ CAP capitalization studies |
|----------------------|---------------------|---|
| 2008 | European Commission | Land market regulations in the EU and capitalisation effects of the decoupled payments adopted by the 2003 CAP reform |
| 2013 | European Parliament | Possible land capitalization effects of the 2013 CAP reform proposal |
| 2016 | European Commission | Land capitalization impacts of the implementation of the 2013 CAP reform |
| 2009 2010 2017 | European Commission | Transitional restrictions on agricultural land acquisitions by foreigners imposed by New MS after their EU accession: <ul style="list-style-type: none"> • 2004 EU accession • Bulgaria and Romania • Croatia |
| 2014 | KU Leuven | Diversity of land market regulations in the EU (24 MS) |
| 2017 | European Commission | New land regulations adopted in some new MS as a response to the expiration of the transitory restrictions |
| Multiple years | Academic literature | Rich literature on land capitalization: e.g., Patton et al. 2008 ; Kilian et al. 2008 ; Ciaian and Kancs, 2012 ; Van Herck et al. 2014 ; Karlsson and Nilsson 2014 ; O'Neill and Hanrahan 2016 ; Klaiber et al. 2017 ; Michalek, et al. 2014 ; Guastella et al. 2018 ; Baldoni and Ciaian, 2021 |

Why a new study on land market regulations?

- To understand the state of land regulatory framework in the EU MS:
 - Land regulations have potential implications for the new CAP (farm structural change/ young farmers access to land; may impact the capitalization of CAP subsidies)
 - Land regulations affect functioning of the single market.
- To update upon previous studies:
 - Previous studies on land regulations date back to 2017 covering only selected New MS ([Ciaian et al. 2018](#)) and back to 2014 covering a wider set of MS (i.e., 24) ([Swinnen, Van Herck and Vranken, 2014](#)).
 - Since then, many MS have updated their regulatory framework, particularly New MS after the expiration of the transitory restrictions on agricultural land acquisitions by foreigners

Challenges and expectations

- To capture heterogeneity and complexity of land regulations across MS
- Identify patterns in land market regulations
- Deliver analyses in a form useful for policy makers, stakeholders and research community

- The study “*Agricultural land market regulations in the EU Member States*” was commissioned and funded by the JRC, European Commission and was carried out by the Wageningen Economic Research (WEcR).
- The study is forthcoming as a JRC report.
- The study belongs to a wider work carried out by EC covering both the analyses of MS land regulatory framework and the capitalization of CAP subsidies.

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Thank you



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