

Property Rights, Land Access, and Open Markets

Thierry de l'ESCAILLE, Secretary General
The European Landowners' Organization



Wallonie



Service public
de Wallonie



2014
International Year of
Family Farming

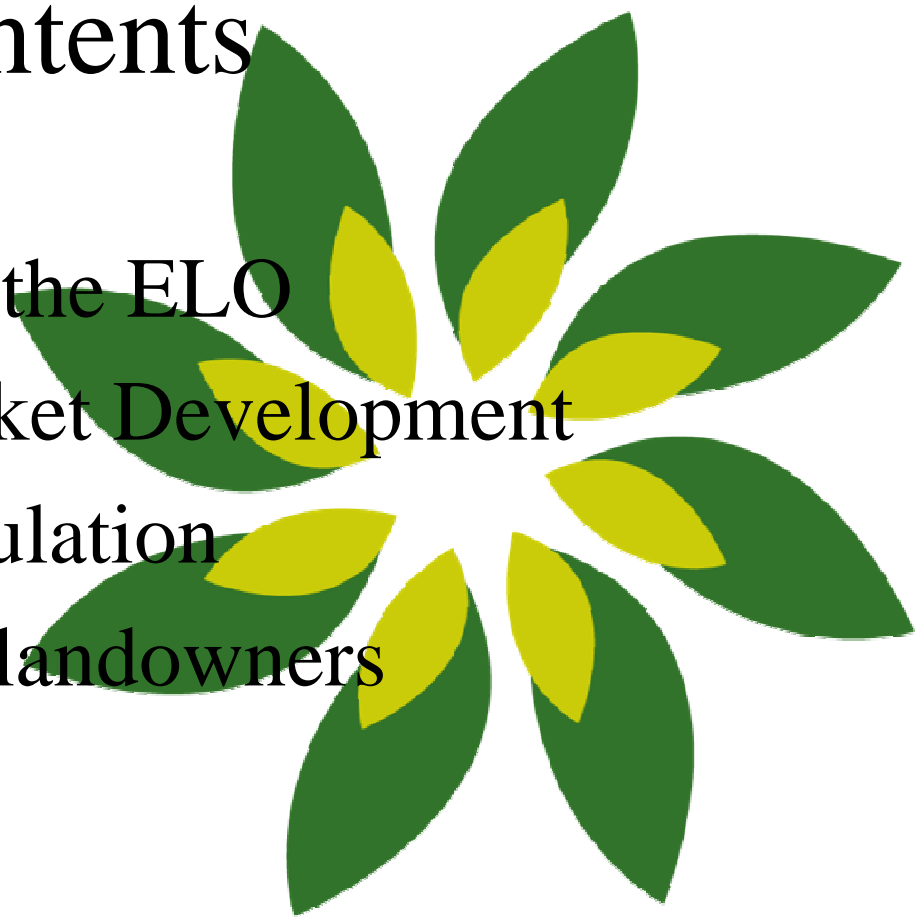


Land for family farming ?

Namur, 07/10/2014

Contents

- ✿ A short overview of the ELO
- ✿ European Land Market Development
- ✿ European Land Regulation
- ✿ The view of private landowners
- ✿ Conclusion



Wallonie



Service public
de Wallonie



ASMR



2014
International Year of
Family Farming



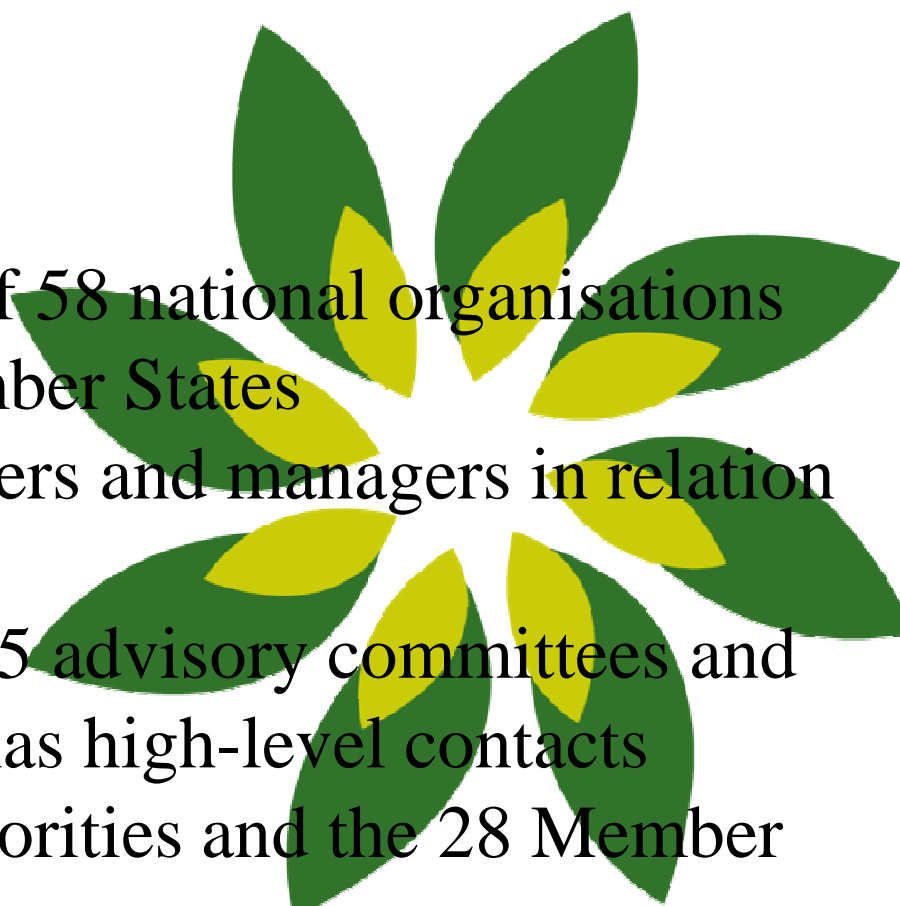
— Land for family farming ? —

Namur, 07/10/2014

1. Who We Are

The ELO,

- ✿ Represents a network of 58 national organisations and contacts in 28 Member States
- ✿ Is the voice of landowners and managers in relation to EU authorities.
- ✿ Is active in more than 45 advisory committees and groups in the EU, and has high-level contacts throughout the EU authorities and the 28 Member States



Wallonie



Service public
de Wallonie



ASUR



2014
International Year of
Family Farming



— Land for family farming ? —

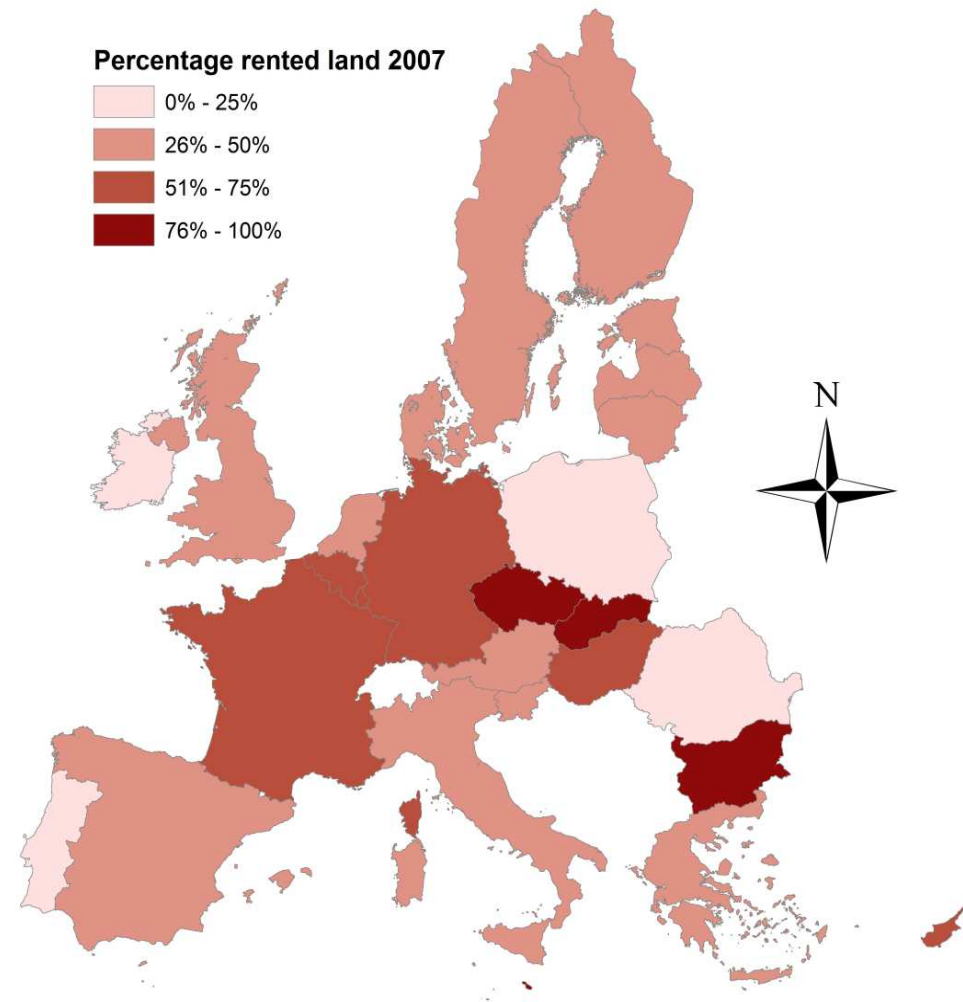
Namur, 07/10/2014

1. A Selection of our Members



2. European Land markets

- ✿ There are **large differences** in the development of land markets in Europe
- ✿ France, Germany, Bulgaria, Czech Republic and Slovakia have high % of rented land



Wallonie



Service public de Wallonie



ACRUR



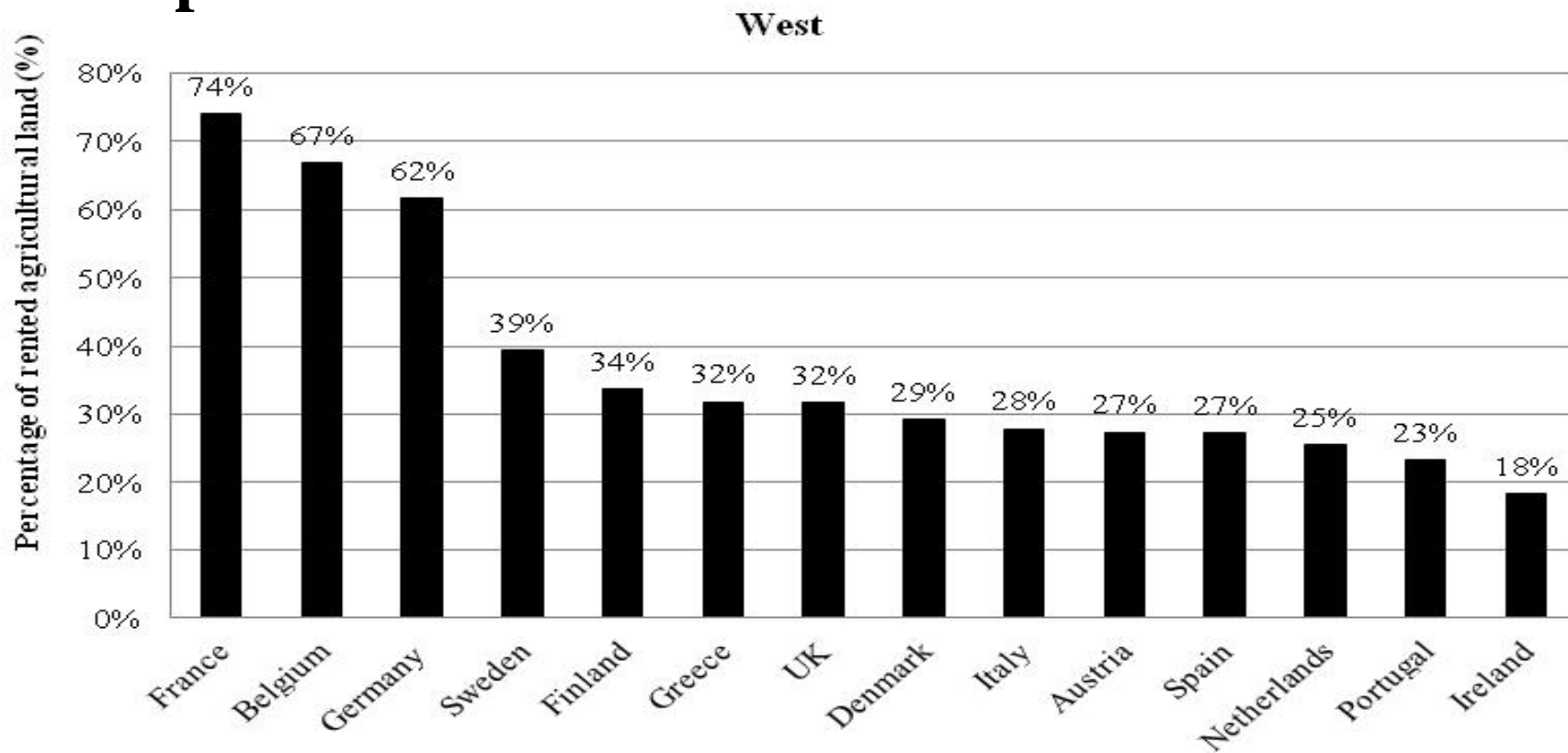
2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

2. European Land markets



France, Belgium and Germany all have high % of rented land



Wallonie



Service public
de Wallonie



ASUR



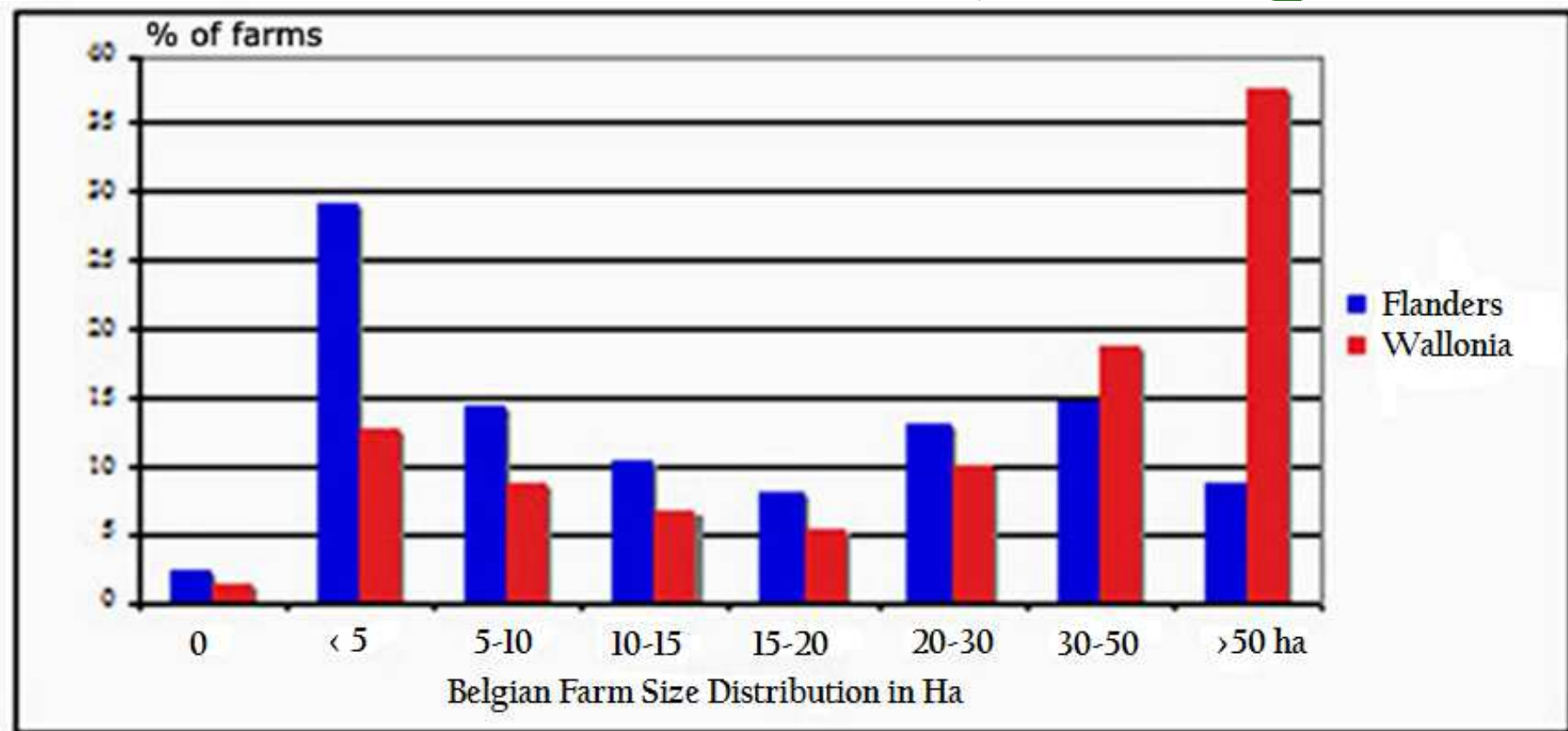
2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

2. European Land markets



Wallonia has a much larger average farm size than Flanders

Source: FAO Statistics Website (2007)



Wallonie



Service public de Wallonie



ASUR



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

2. European Land markets

There is no easy correlation in land market development:

- * East vs. West or New Member States vs. 'Old' Member States does not seem to play a significant role
- * In Belgium, there is a significant degree of land renting and tenancy, with a corresponding much lower rate of land ownership.
- * Strong development of large farm concentration in Wallonia



Wallonie



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

3. European Land Regulation

A KU Leuven study on Land Regulation has identified large differences in regulations for land exchanges

Several categories of land market regulations can be identified

- ✿ Measures to protect the tenant
- ✿ Measures to protect the owner-cultivator
- ✿ Measures to protect the non-farm owner
- ✿ Prevent fragmentation of agricultural land



Wallonie



Service public
de Wallonie



ACR



2014
International Year of
Family Farming



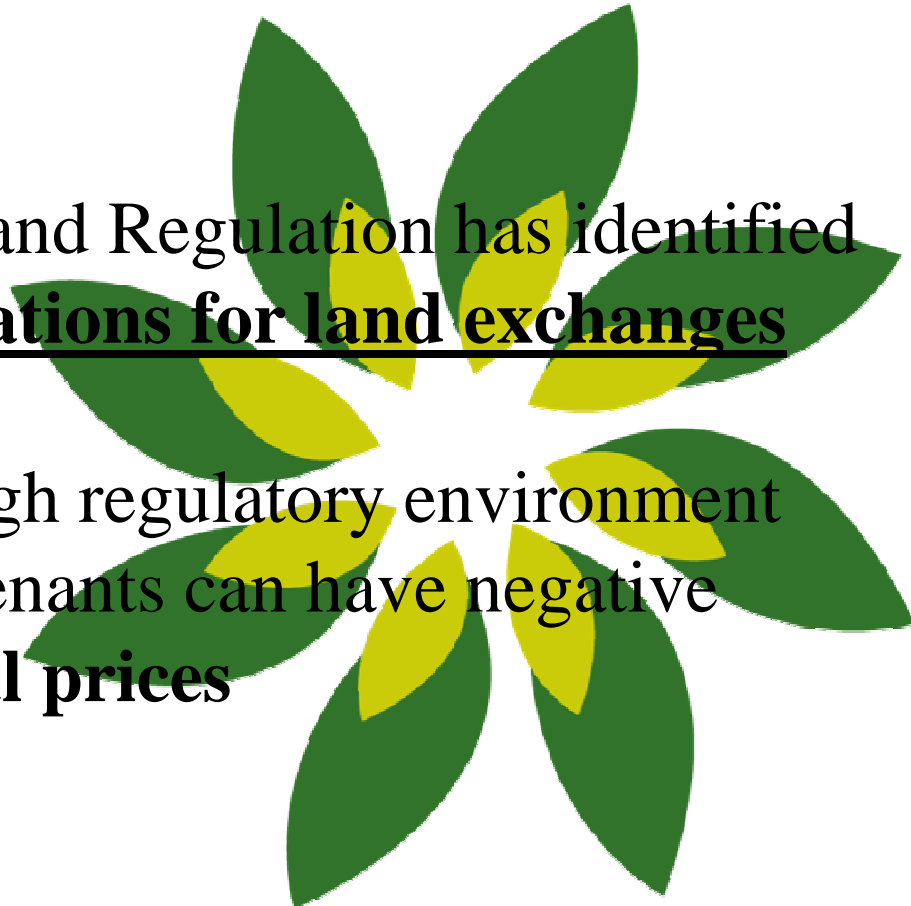
— Land for family farming ? —

Namur, 07/10/2014

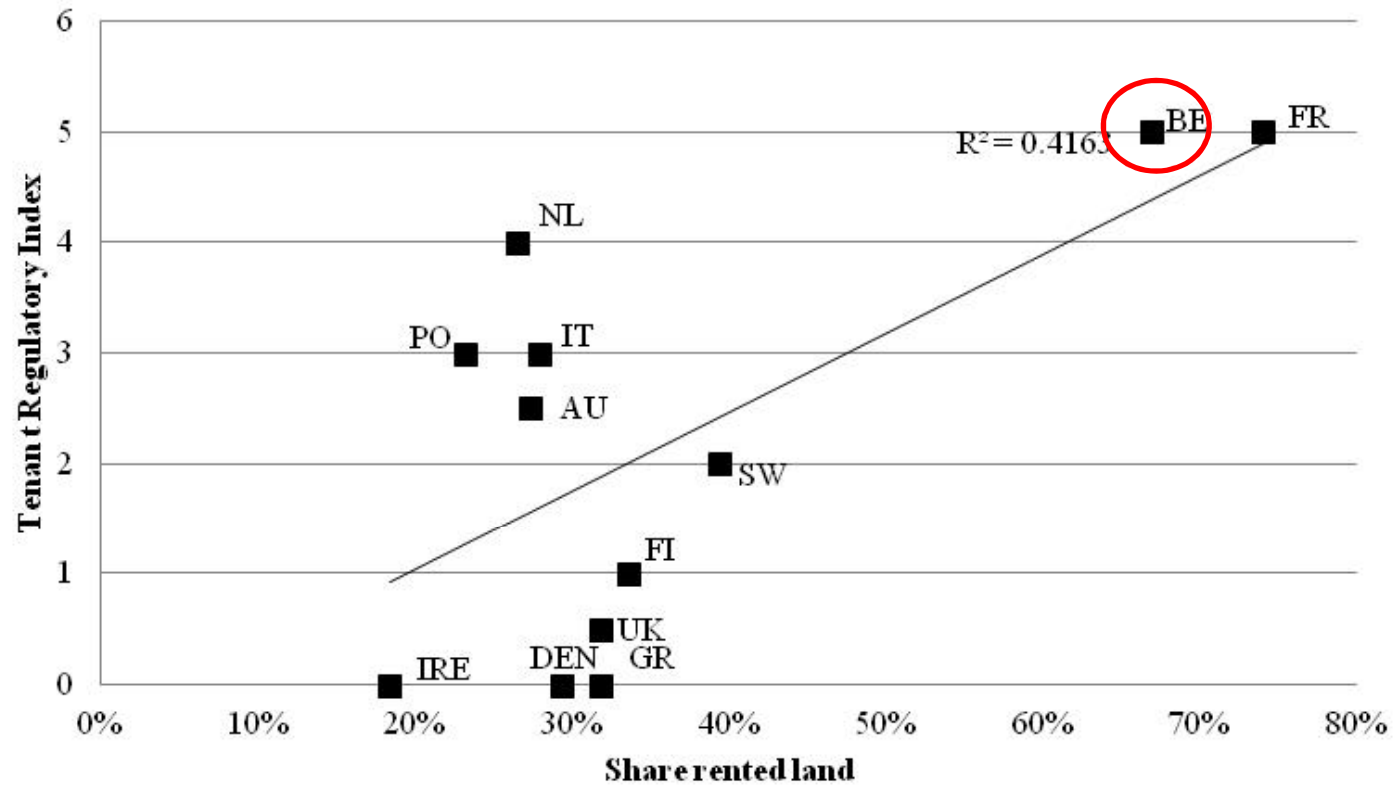
3. European Land Regulation

A KU Leuven study on Land Regulation has identified large differences in regulations for land exchanges

The study shows that a high regulatory environment with high protection for tenants can have negative effects on **land and rental prices**



3. European Land Regulations



According to the study, Belgium already has high regulatory protection for tenants, and a corresponding high rate of tenancy



Land for family farming ?

Namur, 07/10/2014

3. European Land Regulations

However, strong rental protection can have perverse consequences for both land and rental prices on the open market:

- * In the Netherlands, lands with leases on them are far less valuable to the owners, and correspondingly lower priced
- * In Belgium, we can see that land prices have remained at far lower levels than land rental prices.
- * Both remove the incentive for landowners to act and provide sufficient food supplies for the market.
- * It further leads to the ‘horsification and ‘gardenification’ of land – as land is not used optimally, but rather to lower economic costs.



Wallonie



Service public
de Wallonie



ASUR



2014
International Year of
Family Farming

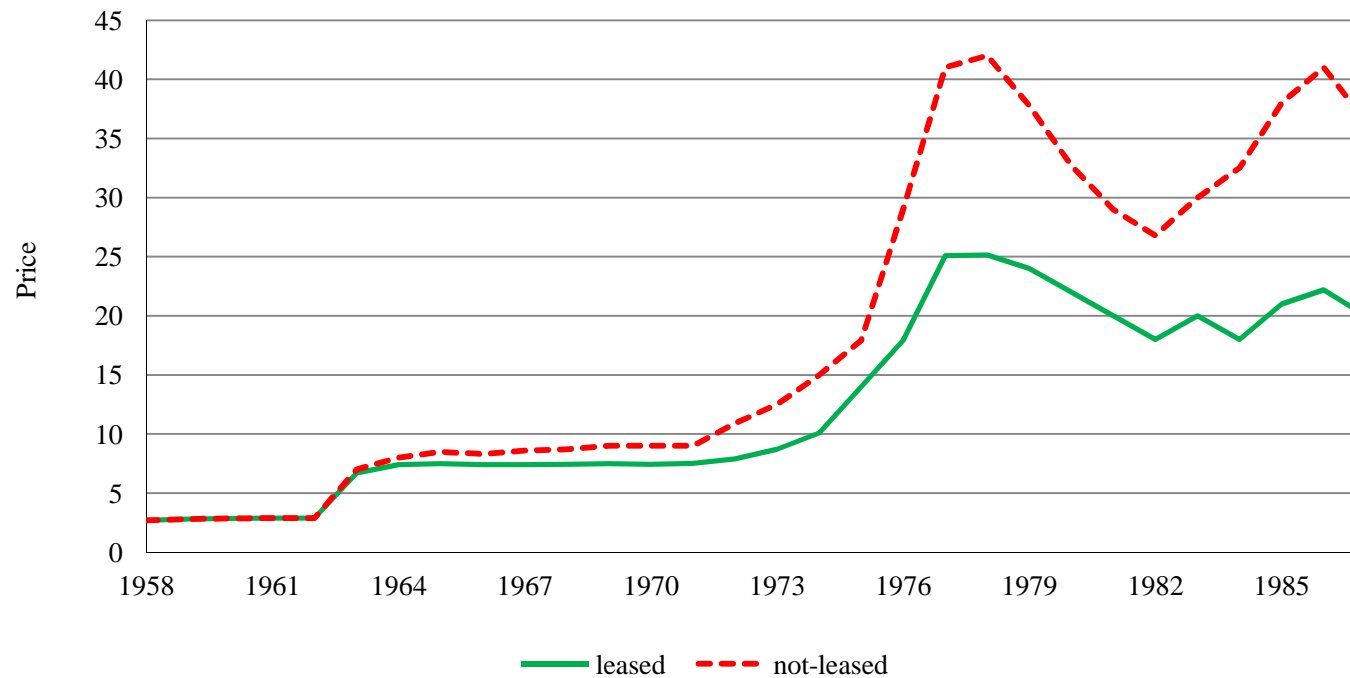


Land for family farming ?

Namur, 07/10/2014

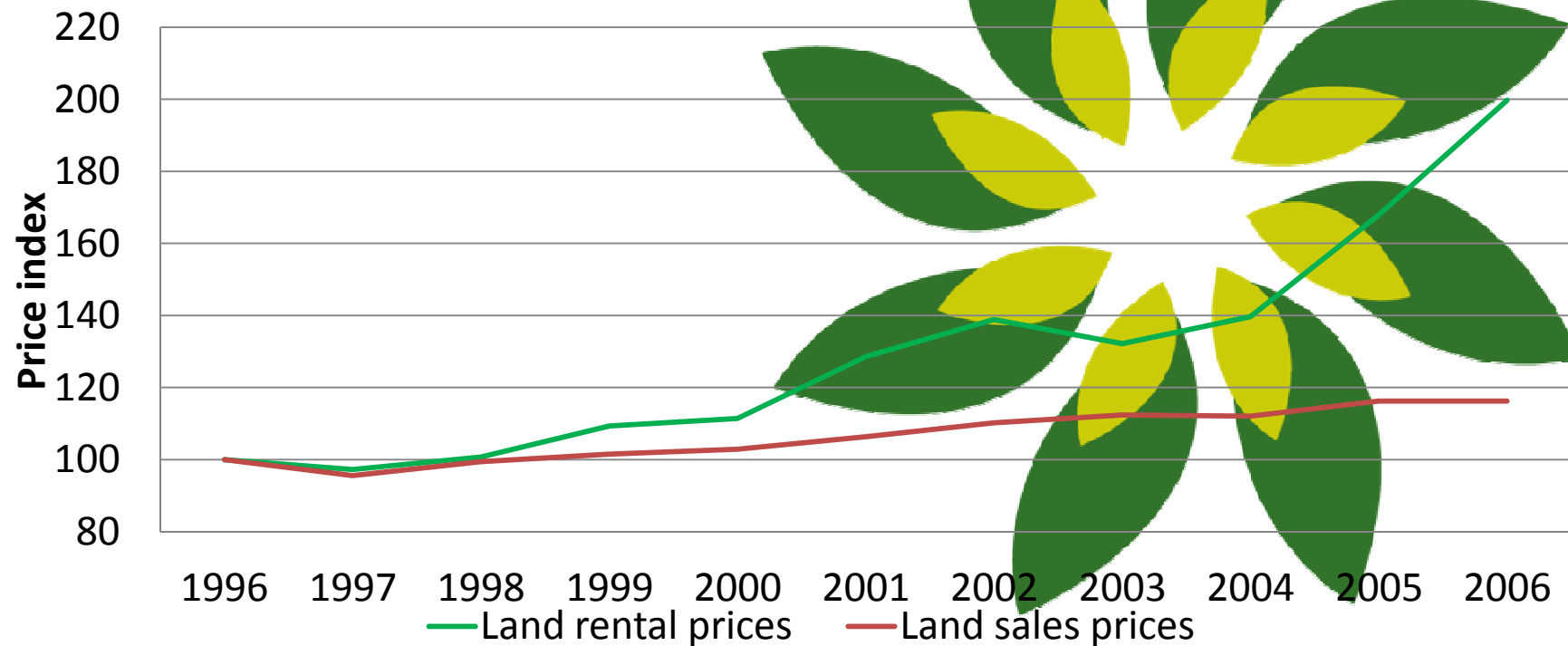
3. European Land Regulations

In the Netherlands, land prices with leases on them are substantially lower than land prices with no lease.



3. European Land Regulations

Land Rental Prices vs. Land Sales Prices in Belgium



Wallonie



Service public de Wallonie



ASUR



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

3. European Land Regulations

In Flanders,

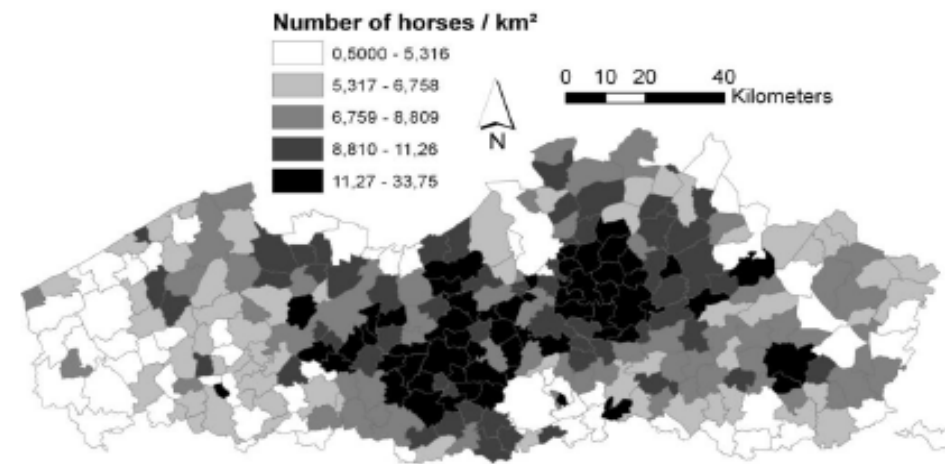
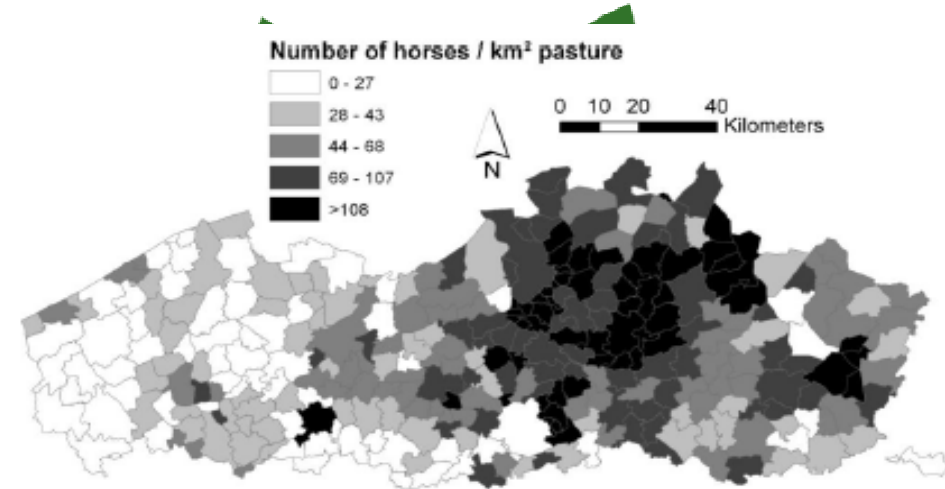
Decreasing utilized agricultural area

✿ Increasing Horsification

✿ Increasing Gardenification

➔ Decreasing supply of agricultural land

➔ Increasing demand for other landscape/ecosystem services



Wallonie



Service public de Wallonie



ASMR



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

4. Private Property and Land Ownership

The ELO recognizes the need for sensible land regulation:

- ✿ Access to land, especially for new/young farmers remains a problem
- ✿ Environmental problems require common solutions and common regulations
- ✿ Regulation should protect both landowners and tenants



Wallonie



Service public
de Wallonie



ACUR



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

4. Private Property and Land Ownership

Landowners and tenants both rely on profits from agricultural land:

- ✿ We have to ensure that land creates profit
- ✿ Farmers rely on long-term investment in machines and infrastructure
- ✿ This investment is guaranteed by land prices and value
- ✿ Regulation of land prices can lead to a severe and painful disruption of this process.



Wallonie



2014
International Year of
Family Farming



Land for family farming ?

Namur, 07/10/2014

4. Private Property and Land Ownership

Farmers' investments are long-term and guaranteed by bank loans:

- * If price controls are installed, the current value of land will drop due to uncertainty
- * Recall of loans or sudden increases in payments can **bankrupt** family farms
- * Land values should be allowed to rise, and not be controlled artificially.



Wallonie



2014
International Year of
Family Farming



— Land for family farming ? —

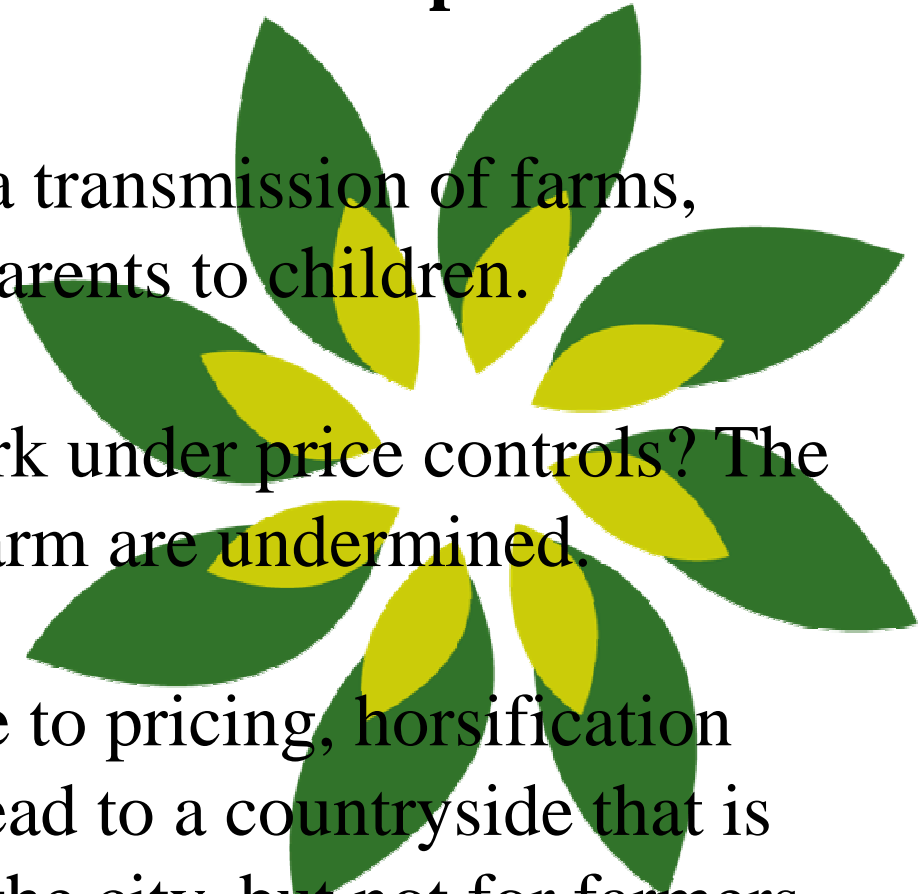
Namur, 07/10/2014

4. Private Property and Land Ownership

Family Farming relies on a transmission of farms, property and rights from parents to children.

How does this process work under price controls? The guarantees of the family farm are undermined.

Deserting of farm land due to pricing, horsification and gardenification only lead to a countryside that is nice for those who live in the city, but not for farmers.



4. Private Property and Land Ownership

In Poland and Hungary, we have seen the use of pricing and purchasing legislation being perverted by renewed nationalist feeling.

Currently, similar legislation is being used there to eliminate non-native farmers in favour of nationalist sentiment.



Wallonie



Service public
de Wallonie



ASUR



2014
International Year of
Family Farming

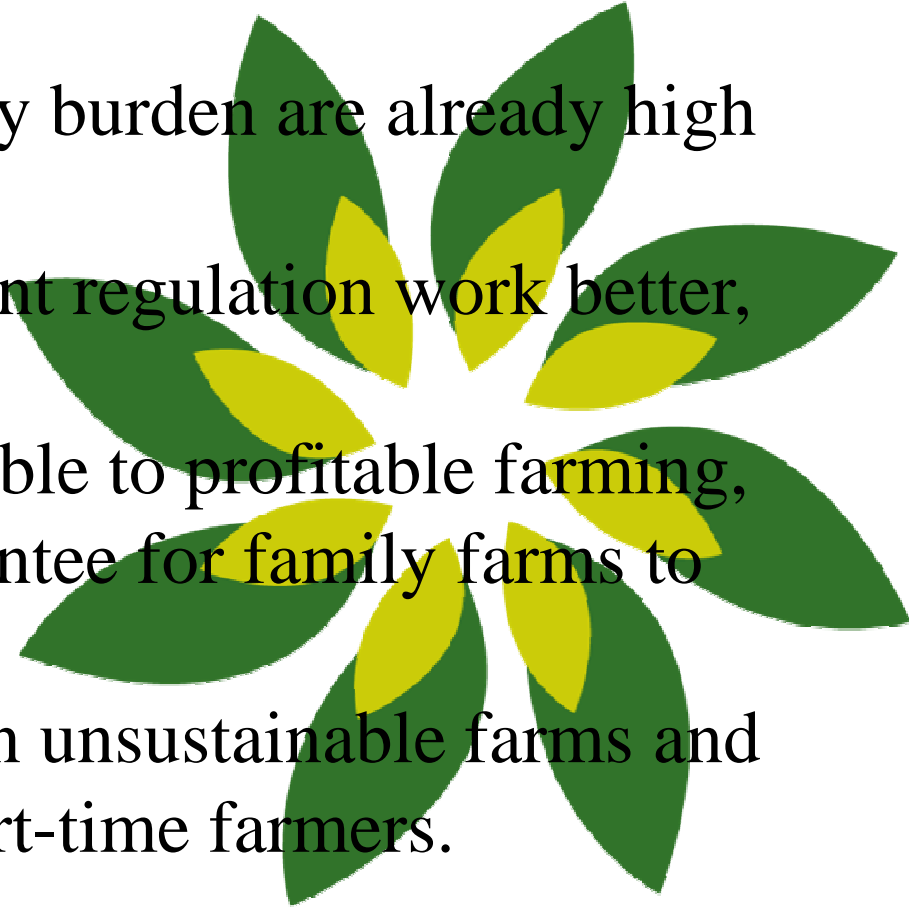


— Land for family farming ? —

Namur, 07/10/2014

5. Conclusions

- * Tenancy and regulatory burden are already high in Belgium
- * We need to make current regulation work better, not create more
- * Competition is favourable to profitable farming, which is the best guarantee for family farms to thrive
- * Otherwise, we maintain unsustainable farms and practices and create part-time farmers.



Wallonie



Service public
de Wallonie



ASUR



2014
International Year of
Family Farming



— Land for family farming ? —

Namur, 07/10/2014