



Sales of farmland: Commission issues guidelines to Member States

Brussels, 12 October 2017

The European Commission has today issued guidance to help Member States protect agricultural land from threats such as excessive price speculation and ownership concentration.

EU Member States have the right to restrict sales of farmland to preserve agricultural communities and promote sustainable agriculture. But in doing so they must comply with EU law, in particular rules on free movement of capital. In 2015, the Commission launched infringement procedures against Member States that discriminate against investors from other EU countries and create disproportionate restrictions on cross-border investment. In today's Communication, the Commission provides indications to Member States on what they can do to regulate the sale of farmland, based on case law of the Court of Justice of the European Union.

Key features of Commission's guidance

The Communication clarifies that Member States are competent to decide on measures to control sales of farmland. As clarified by the Court of Justice of the European Union, some restrictions may be acceptable under certain conditions:

- prior authorisations from national authorities for the acquisition of land;
- limits on the size of the land to be acquired;
- pre-emption rights allowing certain categories of buyers to purchase farmland before it is sold to others. Buyers benefitting from these rights may include tenant farmers, neighbours, co-owners, and the State;
- State price intervention.

However, EU law does not allow discriminatory restrictions such as general residence requirements as preconditions for the acquisition of land.

Disproportionate restrictions on cross-border investment are also unlawful. Based on case law, it is in particular disproportionate to:

- Impose self-farming obligations;
- Prohibit companies from buying land;
- Require qualifications in farming as pre-conditions for buying land.

Today's Communication responds to a call in March by the [European Parliament](#), which asked the Commission to set a clear and comprehensive set of criteria for land market regulations to ensure a level playing field in compliance with EU law.

Background

Agricultural land is a scarce and special asset, which merits special protection. Therefore, some Member States impose restrictions on its purchase. At the same time, foreign investment is an important source of capital, technology and knowledge. It can boost agricultural productivity and improve access to finance for local businesses. EU rules on free movement of capital are essential to ensure this cross-border investment.

In May 2016 the European Commission requested Bulgaria, Hungary, Latvia, Lithuania and Slovakia to comply with EU rules on the sales of agricultural land ([IP/16/1827](#)). Certain provisions of these Member States' laws restricting EU individuals and companies from buying farmland were considered discriminatory or overly restrictive. These laws were introduced following the expiry of transitional derogations from the freedom of purchasing farmland, which some Member States were granted when they joined the EU.

The European Parliament conducted an in-depth research on the challenges EU Member States face in their farmland markets. These concern in particular the increased concentration of land or excessive price speculation with land.

For More Information:

[Communication on the Sales of Farmland](#)

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