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P R E S S R E L E A S E 01/2021

Saxony-Anhalt's land market reform bill: Is it viable?

The federal state of Saxony-Anhalt has drafted a bill that seeks to implement far-reaching reform to the agricultural land market. A recent policy brief issued by the DFG-funded research group FORLand takes a critical look at the bill, which has recently been submitted to the state parliament.

The bill was submitted to the state parliament of Saxony-Anhalt in November 2020 and seeks to enforce tougher regulation of, e.g., the state's agricultural land market and the acquisition of shares in agribusinesses. If passed, the new law will include measures to prevent dominant positions on regional land markets, and to better regulate the way in which shares are acquired in agribusinesses. The official objective is to secure value creation and employment in rural areas.

IAMO director Prof. Alfons Balmann criticised the bill in a recent policy brief issued by the FORLand research group. He believes that the bill is based on a portrayal and vision of agriculture in Saxony-Anhalt that do not reflect the facts. Key aspects of the state's agricultural structure and, in particular, the foundations of its agricultural success to date—such as entrepreneurship, efficiency, mobility and cooperative principles—have been ignored or misrepresented. For example, the importance of large farms and newcomer investments for the creation of value and employment in rural areas has been largely overlooked. Questionable criteria for land ownership have been defined which would mean that in half of the state of Saxony-Anhalt agribusinesses possess locally a dominant position. Furthermore, no evidence was provided to back up the supposed objectives and consequences of investors purchasing land and shares. Instead, the bill promotes peasant farming with small and medium-sized full-time and part-time farms, despite the fact that such farms have failed to establish themselves over the past 30 years and contribute little to value creation and employment.

According to Balmann, "The way the current situation is presented and the proposed model fail to recognise the actual strengths of agriculture in the state and ignore the basic functioning of the agricultural land market." The draft bill would not adequately address the real challenges the structure of agriculture is fac-

ing such as the protection of the environment, climate and biodiversity, demographic change, digitalisation and the participation of the rural population. In fact, the proposed measures would contradict the bill's apparent objectives and threaten the future contribution of agriculture to the creation of value and employment in rural areas.

The policy brief is available in German and can be downloaded for free at:

<https://ageconsearch.umn.edu/record/308576>

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Further information

The FORLand research group is funded by the German Research Foundation (DFG) and works together with IAMO to study the efficiency and regulation of agricultural land markets. More information can be found at: <https://www.iamo.de/en/research/projects/details/forland/>

About IAMO

The Leibniz Institute of Agricultural Development in Transition Economies (IAMO) analyses economic, social and political processes of change in the agricultural and food sector, and in rural areas. The geographic focus covers the enlarging EU, transition regions of Central, Eastern and South Eastern Europe, as well as Central and Eastern Asia. IAMO works to enhance the understanding of institutional, structural and technological changes. Moreover, IAMO studies the resulting impacts on the agricultural and food sector as well as the living conditions of rural populations. The outcomes of our work are used to derive and analyse strategies and options for enterprises, agricultural markets and politics. Since its founding in 1994, IAMO has been part of the Leibniz Association, a German community of independent research institutes.

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