

Foreign ownership of U.S. cropland studied

Recent news reports give the impression of a marked upswing in foreign investments in U.S. land. There's been a lot of concern expressed about this trend—especially as it involves American cropland.

Knowing who owns land is important to many people, because they believe land ownership affects how land is used and how wealth is distributed nationally.

Foreign acquisition of U.S. land prompts several important questions, points out University of Delaware Extension agricultural economist Dr. Don Tilmon. Do farmland purchases by foreign investors limit opportunities for American farmers to buy land? Do foreign purchases cause real estate prices to increase out of proportion? Will U.S. land resources be exploited for foreign benefit? Do treaties and tax havens operate to the advantage of foreign investors? Will foreign firms be responsive to employment, community development and national security needs? Will foreign ownership allow too much outside control over U.S. food production and prices?

Information to answer these questions is not now available. The present fragmented and incomplete data on who owns the acreage of the United States allow only generalized assumptions to be made. Getting details is difficult because no central source of information exists and records often do not show separated interests. But that situation should now change, reports Tilmon.

First step towards gathering more information on U.S. land ownership was taken last October with passage of the Agricultural Foreign Investment Disclosure Act of 1978. The Act contains a basic definition of agricultural land and covers land used for agricultural production, forestry, or timber.

Under the law, any foreign holding of U.S. farmland must be reported to the U.S. Department of Agriculture. Only exceptions are holdings of an acre or less when value of products produced amounts to less than \$1000 and these are for the owner's personal use.

Intent of the law is to eliminate the possibility of real landowners remaining secret through the use of "dummy" corporations, by requiring that persons filing a report disclose not only their interest in the agricultural land, but the legal nature of that interest. In this way, the "ultimate" owner should be named, even if there are several layers of agents or dummy corporations.

The secretary of agriculture will use information gathered under the Act to determine whether foreign investment in U.S. farmland is in fact affecting the nation. Special emphasis will be placed on family farms and rural communities. Findings are to be reported to Congress for consideration and possible federal action, if this appears called for.

While we wait for a report on these findings, it may be helpful to look at some of the information on foreign ownership of U.S. land provided in some previous studies, notes the economist.

A so-called "benchmark survey" by the U.S. Department of Commerce, completed in 1975, surveyed all 6000 foreign firms and individuals which had direct investments in the U.S. Combined holdings of those owning 200 or more acres came to 4.9 million acres. The survey may have included offshore holdings, not part of the U.S., and may have missed investors buying land through small brokers.

Even allowing for such gaps and doubling the 4.9-

million-acre total, foreign ownership in 1975 would still have been less than 1 per cent of the 1.3 billion acres of private land. If all that foreign-owned land had been farmland—which it wasn't—it would have represented only slightly more than 1 per cent of American cropland.

Two agencies of the U.S. Department of Agriculture recently carried out their own surveys. Results, as reported to the Senate agriculture committee, broadly reaffirmed what department experts already believed. According to these surveys, foreign investors acquired about 827,000 acres of farm and ranch land between January 1, 1977 and June 30, 1978—a period of 18 months. Less than a half of this was actually cropland.

At such rates, according to the report, it would take 19 years for foreigners to acquire ownership of another 1 per cent of U.S. farmland. Twenty states accounted for about 90 per cent of the land transfers. Oregon was first in acres sold, followed by Texas, Georgia, Louisiana, and Arkansas. Most of the foreign investment in Oregon was in one large ranch purchase.

In Delaware, reports Tilmon, from January 1, 1977 to June 30, 1978, land totaling 1087 acres was transferred to three foreign investors. This accounted for about one-tenth of one per cent of the land transfers in the state during that period.

Because of techniques used in collection and combining this data, the estimates of foreign investment in this report may be on the high side.

To gather the information for the report, the Comptroller General of the U.S. queried each state governor, sent researchers to six states and 25 counties, talked with legislators, state and county officials, lawyers, brokers, farmers and other

agricultural experts, reviewed various state and federal records, and met with federal officials.

The team found that the states generally do not inhibit foreign ownership significantly. Half of them had laws that placed some constraints on foreign ownership of land; half did not. Information gathered by the researchers showed that at least 44,700 acres (0.3 per cent) of farmland in 25 counties of five states visited were owned by nonresident alien interests.

Other efforts are currently under way to get further information about U.S. land ownership as it is affected by foreign investments.




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