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**Rapport national pour/National report/Landesbericht : The
Netherlands**

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1. The new rural development period of the EU 2014-2020

a. Introduction

With a view to the limited budget available – from the total EU-budget for rural development only 0,6% is attributed to the Netherlands – it has been decided to put the focus of the new national rural development programme on a limited number of rural development measures.

As a consequence, the Dutch programme does not explicitly address all the Union priorities as foreseen in Article 5 of Regulation 1305/2013.

b. Key elements of Dutch rural development programme (questions 1, 2, 3, 5 and 6)

The focus of the Dutch rural development programme is on innovation and sustainability. Moreover, the Dutch programme seeks to address these issues in a coherent and efficient way, so that programmed measures may contribute to several priorities.

Concretely, the Dutch programme contributes to the Union priorities of rural development described in Article 5 of Regulation 1305/2103 with the focus on the following areas:

- improving the economic performance of all farms and facilitating farm restructuring and modernisation, notably with a view to increasing market participation and orientation as well as agricultural diversification (Article 5(2)(a));
- supporting farm risk prevention and management (Article 5(3)(b));
- restoring, preserving and enhancing biodiversity, including in Natura 2000 areas, and in areas facing natural or other specific constraints, and high nature value farming, as well as the state of European landscapes (Article 5(4)(a));
- improving water management, including fertiliser and pesticide management (Article 5(4)(b)) ;
- fostering local development in rural areas (Article 5(6)(b)).

In addition, the Dutch programme also contributes indirectly to some of the horizontal priorities of Article 5(1) of Regulation 1305/2013, in particular subparagraphs (a) and (b) thereof (fostering innovation, cooperation, and the development of the knowledge base in rural areas and strengthening the links between agriculture, food production and forestry and research and innovation,

including for the purpose of improved environmental management and performance).

The focus on innovation and sustainability also has an impact on the selection of concrete rural development measures provided for in Regulation 1305/2013.

The rural development measures from Regulation 1305/2013 which have a particular significance for the Netherlands are the following:

- Knowledge transfer and information actions (Article 14)

Stimulating innovation and transfer of knowledge on agricultural holdings is crucial to realise a transition towards a modern and competing agricultural sector.

Support is not only aimed at the most innovative farmers and so-called early adapters, but will also be available for a bigger group of farmers willing to modernize their holdings.

- Investments in physical assets (Article 17)

These measures are aimed at improving the agricultural management of farms, for instance via investments which improve the environmental performance or which enable new and better products.

Moreover, measures will be taken to facilitate the entry of young farmers into the agricultural sector, in particular by providing a financial tool to overcome an investment dip following a transfer of an agricultural holding after a generational renewal.

- Agri-environment-climate (Article 28)

Agri-environment-climate measures (AECM) in the Netherlands will focus on making a contribution towards achieving the goals of Directive 2000/60/EC establishing a framework in the field of water policy and Directive 91/676/EEC concerning the protection of water against pollution caused by nitrates from agricultural sources.

These contributions will consist in stimulating services improving waterquality, waterquantity and biodiversity and so-called non-productive investments aimed at optimalsing water management, reducing emissions and restoring biodiversity.

- Co-operation (Article 35)

Support will be provided for co-operation involving at least two different actors, in particular forms of co-operation between different actors in the agricultural sector and the food chain on the one hand and other actors contributing to the realisation of the rural development policy, e.g. producer groups and interbranch organisations.

Also the set-up of EIP operational groups as foreseen in Articles 56 en 57 of Regulation 1305/2013 will be supported.

- Riskmanagement (Articles 36-38)

This measure aims at setting up a broad mutual fund for adverse climatic events. The financial support will consist in a contribution in the premium of an insurance intended to compensate farmers for economic losses caused by an adverse climatic event.

- LEADER local action groups (Articles 42-44)

The interaction between agriculture and the society becomes more and more important. In order to stimulate the socio-economical development of the rural area and the sustainable use of land it is considered vital to improve the participation of habitants of local communities.

LEADER provides a tool to facilitate local initiatives in the rural area based on a bottom-up approach.

The setting up of professional local action groups should help in making a selection of the most urgent and potentially successful actions to be undertaken within a certain rural area.

It should be pointed out that, apart from measures directed at supporting LEADER local action groups, no other specific measures are foreseen in the Dutch rural development programme for the maintenance of rural communities, nor for providing support to basic services and village renewal in rural areas.

Even though in some rural areas there is a need for more and faster internet access, no EU-funding is foreseen for this purpose. This is because measures taken under a previous rural development programme have proven unsuccessful and the budget available is too limited anyway.

c. Difficulties with the national implementation of Regulation 1305/2013 (question 4)

Difficulties with the national implementation of Regulation 1305/2013 concern mainly 2 issues:

- i) Definition of „young farmer“
- ii) Implementation of a collective AECM-scheme

Ad i) Definition of „young farmer“

Within the Dutch rural development programma special attention is given to young farmers. In particular measures aimed at improving the economic performance of all farms, facilitating farm restructuring and modernisation and fostering innovation will provide for separate facilities for young farmers to invest in innovation and sustainability.

However, in order for the measures to be effective it is in the view of the Netherlands essential that only young farmers within the meaning of Article 2(1)(n) of Regulation 1305/2013 who effectively set up as a head of the holding can profit from the financial support.

In this respect, the Netherlands are not entirely happy with article 2 of Commission Delegated Regulation 807/2014, which provides that where several natural persons, including person(s) who are not young farmer(s), participate in the capital or management of a legal person, the young farmer shall be capable of exercising effective and long-term control over the legal person in terms of decisions related to management, benefits and financial risks either solely or jointly together with other farmers.

Under these conditions it seems questionable whether it can still be said that the young farmer is actually in control of the holding, given the fact that the wording of Article 2 of Regulation 807/2014 does not exclude shared management of a legal person with persons who are not young farmers themselves.

Ad ii) Implementation of a collective AECM-scheme

The Netherlands opts for a collective result-based scheme at landscape scale, from 2016 onwards. This implies that beneficiaries are no longer the individual farmers but a group that jointly commits under a contract with the Managing Authority to undertake certain commitments and obligations. The objective of

the measure is the sustainable management of a whole territory in order to protect a habitat for the purpose of protecting the biodiversity therein. The habitat includes several farms and parcels.

Since the ultimate objective of the support is the preservation of a specific, recognisable habitat, in which the boundaries and features are pre-defined, the measure includes result-oriented commitments applicable at habitat level. This implies a thorough analysis of the existing characteristics of the habitat and realistic/achievable objectives for the farmers. The following criteria in relation to commitments are to be taken into account in order to be verifiable and controllable: appropriate to the habitat, well correlated with outcome desired, relatively stable over time, respond to management but not unduly influenced by factors outside farmers' control, and easy to measure.

The following elements form the core of the new system:

1. *The application for a AECM-commitment* (Art.28(5) Reg. 1305/2013)
The application will submitted by the collective in which it indicates how many hectares [of habitat] it can achieve and at what cost. The result of this application is a certain minimum and maximum range of habitat to be achieved for an agreed price per hectare. Hereby, the maximum range is not more than 115% of the minimum range. The aim of the commitment is to achieve a certain number of hectares of habitat;
2. *The management plan for year x.*
This plan must be submitted to the paying agency, no later than 1 January of the relevant management year. The management plan specifies the management activities the collective intends to carry out in that year in the relevant habitat, and the location of the parcels on which the management activities will be carried out (number of hectares). The management plan thus indicates which management activities will be carried out where, but it is not yet given a monetary value. This is because changes may still be made to the parcels up to 15 May at the latest, and to the management activities on a parcel up to 1 October of a calendar year;
3. *The payment claim for year x.* (Art. 28 (6) Reg. 1305/2013 jo. Art 72(1) Reg 1306/2013)
A request for payment must be submitted by 15 May at the same time as the Single application. This payment claim specifies (only) the number of hectares of habitat, at parcel level. In so doing the payment claim definitively establishes the hectares on which the management activities will be carried out in that management year. No further changes can be made to the parcels from then on. The only possible changes are to the management activity or activities to be carried out on the relevant parcel, provided the changes are for ecological reasons. It is

possible to declare more managed hectares in the payment claim, than those for which payment is claimed. Since the system is based on a fixed price per hectare established in the commitment approving the local application, the maximum amount to be paid out to the collective is also clear on 15 May;

4. *The payment declaration in year x*

This payment declaration is submitted to the paying agency no later than 1 October. The declaration must show what management activities were actually carried out in management year x and on which hectares. The hectares indicated in the payment claim (no 3) must be reiterated here one for one. This justification (together with field and administrative checks) is used to determine which management activities have been carried out correctly, and on how many hectares. The declaration is the basis for the payments to the collective.

Individual farmers will have to sign a contract with the collective, laying down concrete commitments applicable at habitat level for a period of 6 years.

This contract will at least contain the following elements:

- Minimum and maximum quantities (in hectares) per habitat
- Average price per hectare for each habitat
- Minimum and maximum amounts of support per year
- Qualitative and quantitative requirements related to each habitat type.

The general challenge is how to apply the IACS-rules, which are basically modelled on individual farm scale, on a collective system at landscape scale. Possible friction occurs in issues like the payment claim, baseline, cross compliance and double funding, especially greening.

At the moment informal discussions with the European Commission on these issues are taking place.

Another issue is the transition of a system based on individual farm scale to a collective scheme.

As a rule, operations undertaken which extend beyond a given programming period shall contain a so-called revision clause in order to allow for their adjustment to the legal framework of the following programming period. If such adjustment is not accepted by the beneficiary, the commitment shall expire without any reimbursement being required in respect of the period during which the commitment is effective (see Article 48 of Regulation 1305/2013 and Article 46 of Regulation 1974/2006 which applied to the previous programming period).

The possibility to terminate an existing commitment before its expiration date is thus restricted to situations in which these commitments have to be adjusted to a new (European) legal framework. Moreover, such termination takes place on a voluntary basis only.

Therefore it seems that, strictly speaking, the revision clause does not apply to a situation in which a member state unilaterally changes its eligibility rules.

Moreover, it should be noted that from a legal point of view farmers cannot be forced to give up on their individual commitments agreed upon in a previous programming period which are still on-going, nor can they be forced to join a collective in order to receive financial support in the future.

d. Other issues (question 7)

Given the positive experiences in the previous programming period it has been decided to work with one rural development programme for the whole country. The execution however will take place in four geographical parts, divided over the country, with the provinces of the Netherlands in a leading role.

The biggest part of the concrete measures will be managed by the provinces, even though the formal responsibility for the rural development programme as a whole lays within the central government, with the Minister of Economic Affairs being officially designed as Management Authority and the Rijkdienst voor Ondernemend Nederland (RVO), a part of the Ministry, as paying Agency.

The responsibilities and mutual obligations including provisions on who has to bear the financial risk in case of financial corrections imposed by the European Commission, have been laid down in agreements concluded between the Minister of Economic Affairs and the provinces.

Concrete measures aimed at risk management and creating an investment tool will be provided for in national legislation, whereas the other concrete measures will be part of a legal framework which will be shaped on a regional (provincial) level.

In addition, with regard to sanctions to be applied, uniform rules will be provided for at a national level.

2. Cross-border acquisitions and acquisitions by non-agricultural capital of agricultural land

Currently in the Netherlands there is no specific legal framework in place dealing with cross-border acquisition or acquisition by non-agricultural capital.

Therefore, there are no specific limitations for foreign investors to buy agricultural land in the Netherlands.

The table below provides some official data on cross-border acquisitions of undeveloped agricultural land in the Netherlands by foreign investors in the period 2010-2014:

Cross-border acquisitions of undeveloped Dutch agricultural land in 2010-2014 (in hectares) by foreign investors (as per country of origin)

	2010	2011	2012	2013	2014
Belgium	380,9	328,2	529,6	1019,6	605,6
Germany	80,1	86,2	116,7	101,5	145,1
Luxemburg	0	0	29,7	38,1	0
Great-Britain	129,6	0	0	0	23,7
Denmark	12,7	0	118,1	0	0
Switzerland	10,4	0	35,8	0	0
Ireland	0	0	0	21,1	0
Monaco	0	32,6	0	0	26,1
China	0	49,6	0	0	0
Chile	0	0	0	21,1	0
Botswana	0	0	0	0	27,5
Total EU	631	511	858	1202	889
Total worldwide	667	590	921	1263	996

It follows from these data that more than half of the cross-border acquisitions of agricultural land in the Netherlands in the past 5 years have been done by buyers and investors from Belgium; in particular the region of Zeeuws-Vlaanderen is apparently very popular for Belgians.

As regards cross-border acquisitions the other way round: there are Dutch farmers who buy a farm in other European countries, for instance East-Germany, Poland or the Czech Republic. Sometimes this is done in addition to the agricultural holding they already have in the Netherlands, sometimes this is done by means of an emigration. No official records of this could however be obtained before the finishing of this report.

Acquisitions of agricultural land by private parties is also not uncommon in the Netherlands, often this is seen as a profitable investment in combination with the conclusion of a leasehold contract with a farmer.

In this respect it should be noted that we do have a specific legislative framework for contracts for agricultural land use in the form of leasehold contracts.

Currently, we still have two different systems for leasehold contracts: a traditional system offering a lot of compelling provisions to the benefit and protection of the lessee, including fixed maximum prices, and a more liberal system based on more freedom for the contracting parties which is reflected by higher (market) prices, and more flexible and shorter term contracts.

It should come as no surprise that in practice more and more use is made of the liberal system and the traditional system is only being used for already existing, long- term contracts.

At the moment there are political discussions on modernising the legislation and slowly phasing out the traditional system for leasehold contracts.

Any party buying agricultural land to which a leasehold contract applies, will take over all the rights and obligations of such a contract and can therefore only end such a contract on the legal grounds applicable to such contracts. There are however no extra or specific requirements for cross-border acquisitions or acquisitions by non-agricultural capital in this respect, the same rules apply to everyone alike.

Also there are no special provisions in the national law concerning the status of the individual land owner or land user; imposing requirements as to the person of the land user is even explicitly forbidden in the legislation on leasehold contracts!

Finally, no specific rules are provided for as regards the acquisition of landownership or use of agricultural land by legal persons.

The legislation on leasehold contracts is enforced by private law; there are however specialized courts dealing with disputes on leasehold contracts.

Summary

The Dutch rural development programme is characterized by the fact that it consists in a limited selection of the rural development measures provided for in Regulation 1305/2013. This is because the national programme puts the focus on measures contributing to innovation and sustainability and therefore does not aim to make a direct contribution to all EU-priorities, but only those that are considered relevant at a national level.

Difficulties encountered with the national implementation concern the definition of „young farmers“ and the implementation of a collective AECM-scheme.

In addition the interplay and division of responsibilities between the national government and regional authorities (provinces) who will be responsible for the major part of the rural development measures to be implemented, will have a prominent place on the agenda the coming years.

As regards cross-border acquisitions and acquisitions by non-agricultural capital of agricultural land, it should be noted that currently in the Netherlands there is no specific legislative framework in place dealing with these issues. Nor do such acquisitions raise major concerns in policy terms.

That means that such acquisitions can take place under the same conditions that apply to everyone wishing to buy agricultural land and that there are no extra or specific requirements for cross-border acquisitions or acquisitions by non-agricultural capital in this respect.