# THE ACQUISITION OF FARMLAND BY NON-FARMERS IN QUEBEC – EXTENT, CAUSES AND IMPLICATIONS OF THE PHENOMENON

**CIRANO note based on a report by Jean-Philippe Meloche and Guy Debailleul, March 2013**

Since the 2008 global food crisis we have observed that investors are showing a growing interest in agriculture. While this fascination is less marked in Quebec than in other parts of the world, it has nonetheless given rise to the emergence of specialized investment funds and limited partnerships devoted to acquiring farmland here. Rumours surrounding the purchase of land by foreigners and recent acquisitions by financial interests, especially in the Saguenay-Lac-Saint-Jean region, have raised concerns among stakeholders in Quebec's agricultural community. Against this backdrop, we feel it is essential to better document this phenomenon. The purpose of this study is thus to assess the state of affairs in the matter of farmland acquisition in Quebec and to determine its impact on the sector's development. We also include findings on the policy environment within which non-farmers buy farmland.

An analysis of the data has yielded certain results. First, non-agricultural investors only own a miniscule share of farmland in Quebec, and their plans for the coming years will not enable them to exercise any real sway on the market, even in regions where they have made the most inroads. Thus, we conclude that there is no “land grab” of farmland in Quebec.

The other important finding in our study is that most of the impacts attributed to investments in farmland by non-farmers are either not materializing, or they are not directly linked to these investments. The main fear centres around farm size and the total amount of land owned by individual investors. We observe that the business models of firms that invest in farmland do not necessarily involve establishing large farms.

Another frequently expressed concern relates to the next generation's access to farmland. In an environment framed by consolidations of farming establishments and an aging population, signs of a shortage are clear. Passive investors have very little impact on this reality, however. Moreover, it is not impossible that some of their projects might have a positive, rather than a negative, impact. Nor are family farms threatened by the presence of these investors, since they have a productivity edge that should keep them competitive despite the arrival of new actors. The acquisition of farmland by non-operators might result in a loss of income in some rural communities. Small-scale family farms provide many benefits to these small towns.

However, many stakeholders in the agricultural sector remain concerned about the possibility of investors rapidly snatching up a large share of Quebec's agricultural land.

We find that, in the matter of the acquisition of farmland by investors who do not actively farm, the issue we need to focus on now and in the next years is not necessarily passing legislation, but rather collecting more information about this phenomenon and ensuring that it is analysed correctly. With investors increasingly present on the market for land, we might also expect that leasing of agricultural land will expand and become a more common method for consolidating farms. The relevance of imposing a regulatory framework on these lease contracts, as has been observed in other countries, should be examined. Questions regarding the appropriateness of agricultural support programs have also been raised in light of the presence of these investors. This issue, which must be addressed, has already been scrutinized from the perspective of other considerations. Our study raises several issues related to this matter.

The report can be consulted on CIRANO's Website at the following address (French only):

http://www.cirano.qc.ca/pdf/publication/2013RP-04.pdf