



**American Society
of Farm Managers
& Rural Appraisers**

THE MOST TRUSTED RURAL
PROPERTY PROFESSIONALS

Foreign Interest in U.S. Agricultural Land

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AUBURN

Current Environment

- Very politically charged topic in many states
- Many states are proposing/passing legislation to restrict foreign ownership of farmland
- Some federal legislative proposals are also coming forward
- Great deal of focus on Chinese purchases

AUGUST 02, 2022

COTTON, TUBERVILLE INTRODUCE BILL TO PROHIBIT THE CHINESE COMMUNIST PARTY FROM PURCHASING AMERICAN LAND



MARKETS BUSINESS INVESTING TECH POLITICS CNBC TV INVESTING

POLITICS

Chinese company's purchase of North Dakota farmland raises national security concerns in Washington

Forbes

BILLIONAIRES • DAILY COVER

Why A Secretive Chinese Billionaire Bought 140,000 Acres Of Land In Texas



Background on AFIDA

- American Foreign Investment Disclosure Act of 1978 (AFIDA)
- AFIDA grants the USDA authority to monitor land acquisitions and record transaction information
 - Name of foreign entity or person
 - Country of residence
 - Parcel acreage
 - Land use (cropland, pasture, forest, other ag land)
 - Purchase price
 - Date of transfer
- Acquisitions can be purchases or leases that are 10 years or more



Background on AFIDA

- Failure to comply with AFIDA results in a civil penalty of up to 25% of fair market value of the land
- USDA publishes an annual report of foreign ownership or leasing of U.S. land and the state where the land was acquired
- AFIDA doesn't track commercial or residential acquisitions

Figure 4 County Concentration of Foreign Holdings of Crop Land as of December 31, 2020

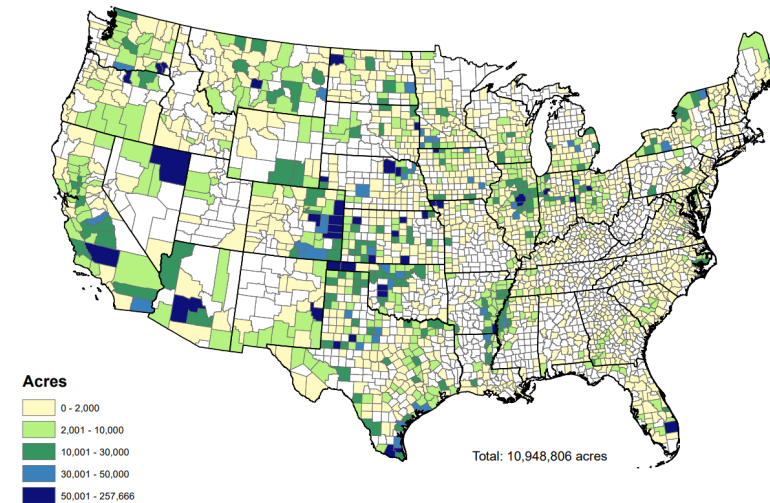
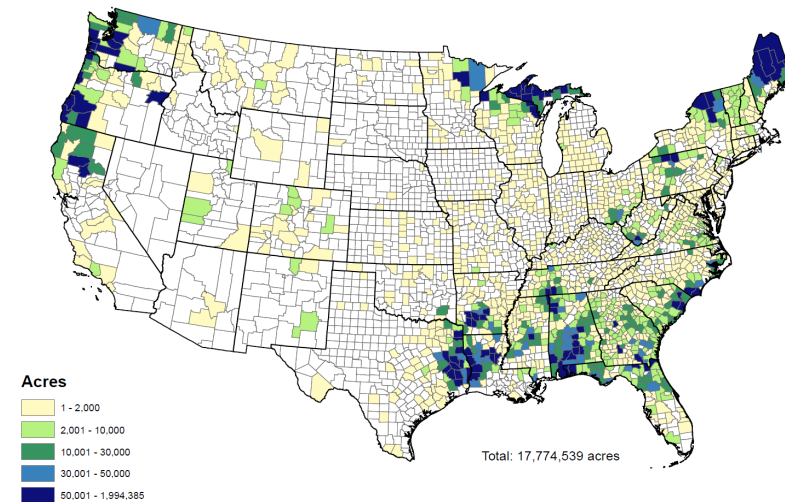


Figure 6 County Concentration of Foreign Holdings of Forest Land as of December 31, 2020



Source: 2021 AFIDA report



Current Legislative Activities

- National Agricultural Law Center at the University of Arkansas
- No federal law prohibits the ownership of private land by foreign persons or entities
 - There is proposals to mandate reporting for leases 5 yrs+ rather than 10 yrs+
- Approximately 24 states have laws that seek to restrict to some degree foreign ownership or investments in private ag land
 - The laws vary widely by state in definitions of “agricultural land” and “farming”, who can buy land, and amount of land that can be bought
- As of 2023, the majority of states have proposed, or have plans to propose, at least one piece of legislation that will prohibit or limit private land ownership by foreign entities in their state



Research Question

- Can we characterize the nature of foreign investment in U.S. agricultural land using the AFIDA data?



Data on Foreign Ownership

- Obtained a copy of the AFIDA database through 2020 used by USDA Farm Service Agency via a Freedom of Information Act request
 - Contains over 40,000 voluntarily reported ownership or long-term leases by foreign owners
- Created tables and maps to help visualize what is going on with foreign acquisitions across space and time

Results: Top 5 foreign owners of US farmland

- Largest U.S. *cropland* holdings by country:

Country	Holdings (acres)
Canada	3,860,595
Italy	1,672,283
Portugal	794,067
Germany	603,871
United Kingdom	601,886

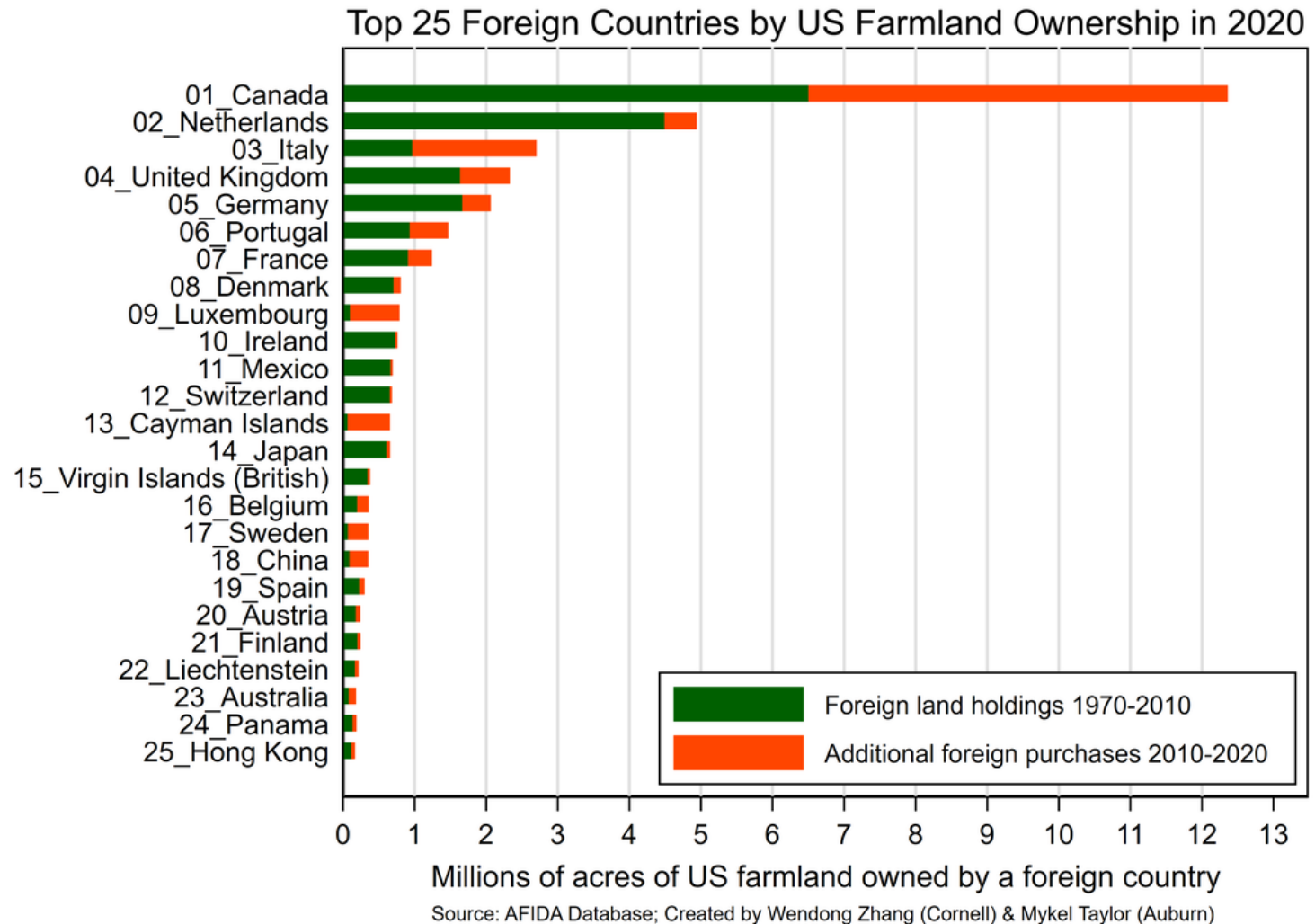
- Largest U.S. *total* holdings by country:

Country	Holdings (acres)
Canada	12,361,087
Netherlands	4,944,700
Italy	2,702,871
United Kingdom	2,329,952
Germany	2,063,406



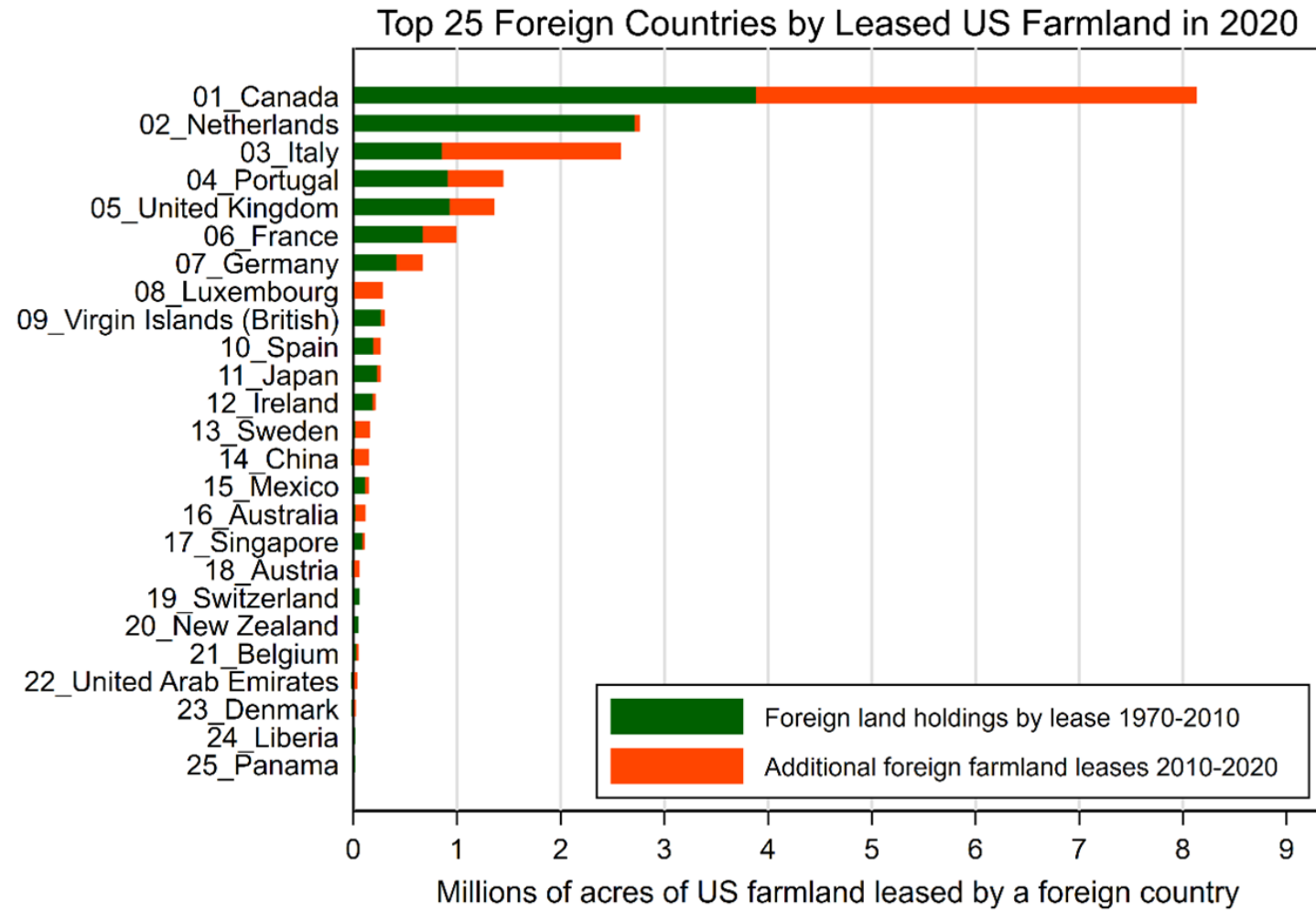
Top 25 foreign countries by owned or leased US land

- Canada is the largest owner of U.S. farmland, which includes cropland, pasture, and forest land
- Some countries have bought more recently, while others are long-standing owners
- China is #18



Top 25 foreign countries by leased US land

- Canada is also the largest leaseholder of U.S. farmland



Millions of acres of US farmland leased by a foreign country

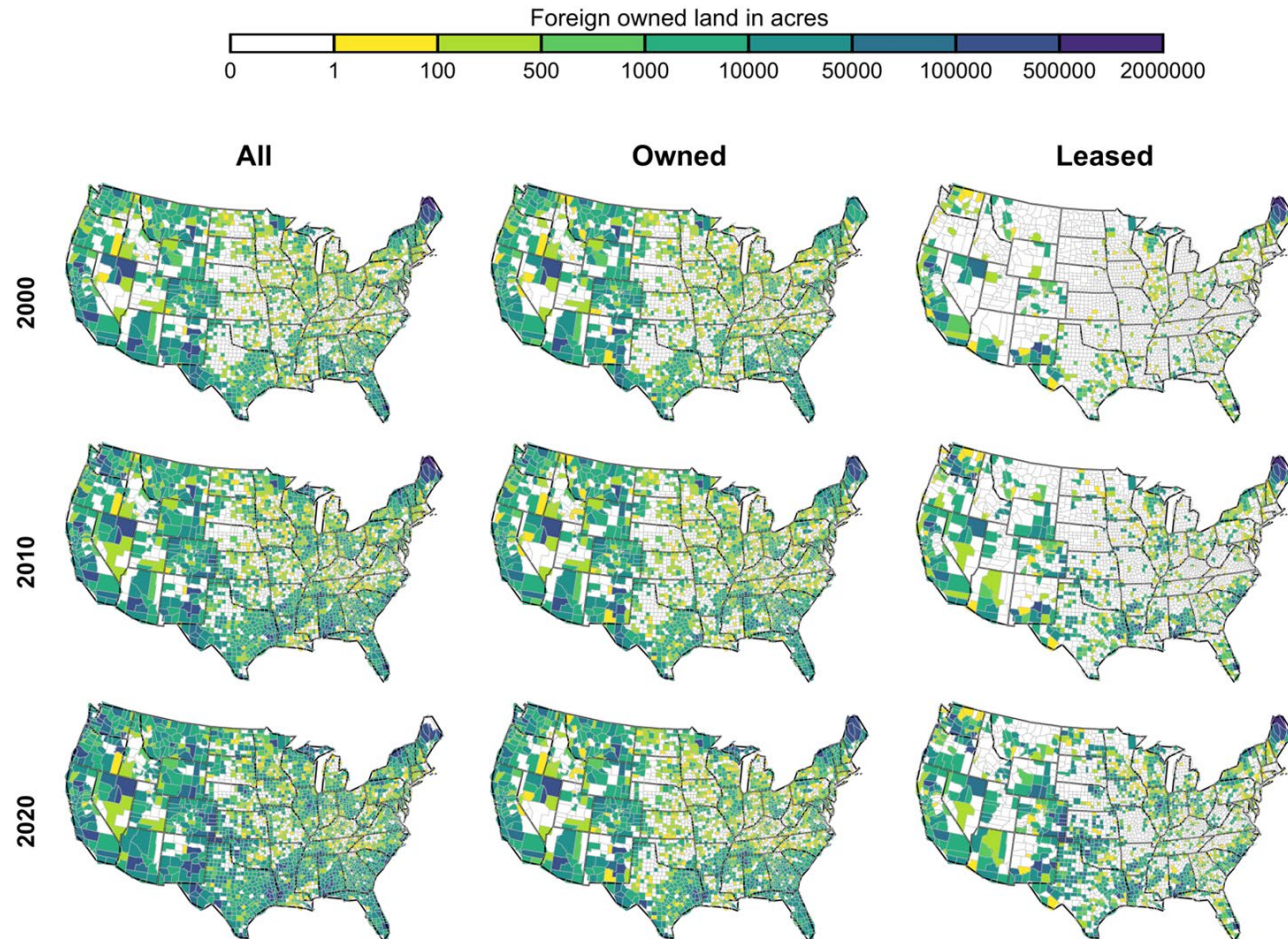
Source: AFIDA Database; Created by Wendong Zhang (Cornell) & Mykel Taylor (Auburn)



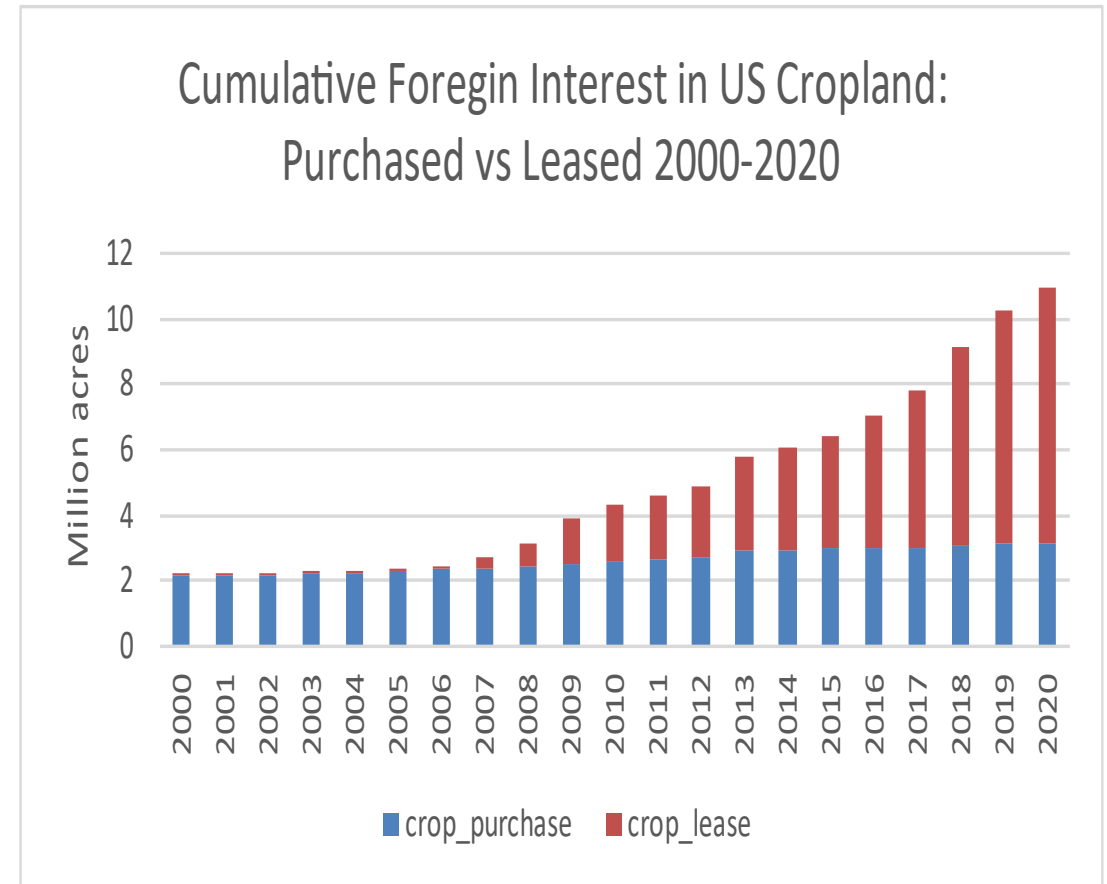
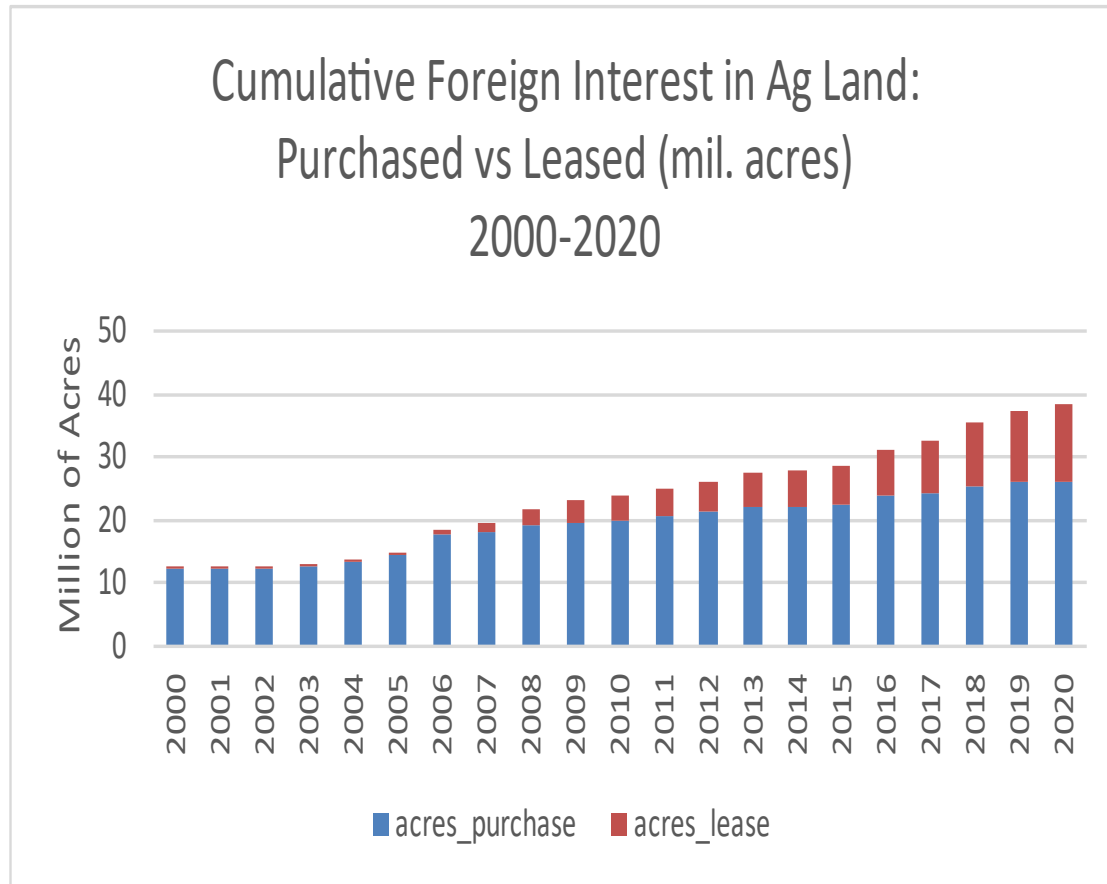
Foreign owned or leased land 2000-2020

Foreign interests in US agricultural land in 2000: 12 mil. acres owned and 0.18 mil. acres leased.

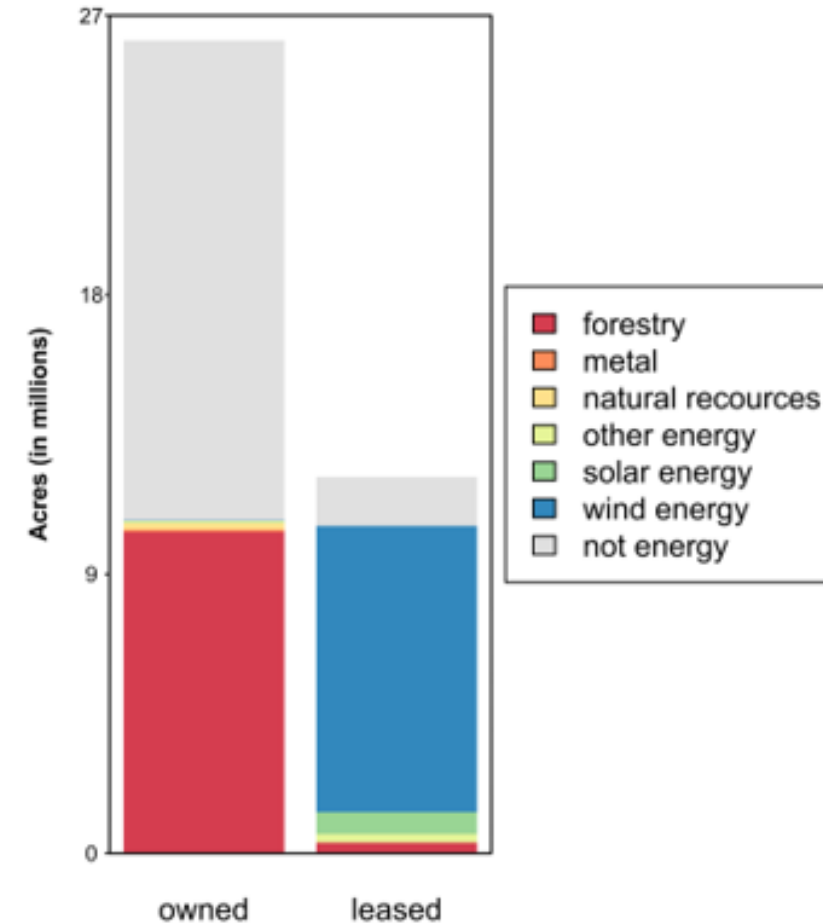
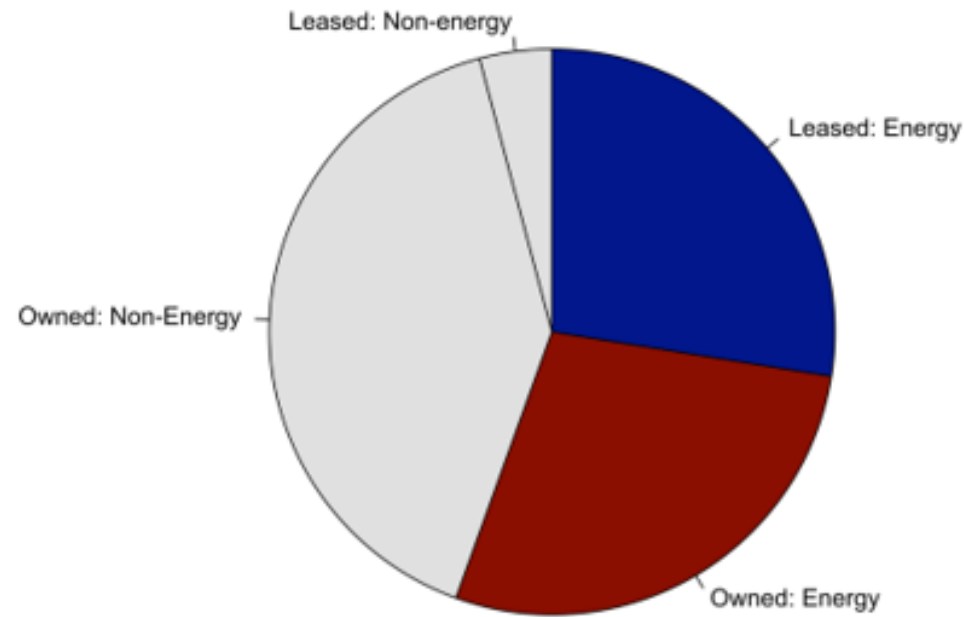
Foreign interests in US agricultural land in 2020: 26 mil. acres owned and 12 mil. acres leased.



Foreign owned or leased land 2000-2020



Foreign Ownership – Importance of Energy



Top States with Foreign Ownership

- U.S. land holdings of agricultural and forest land by foreign investors

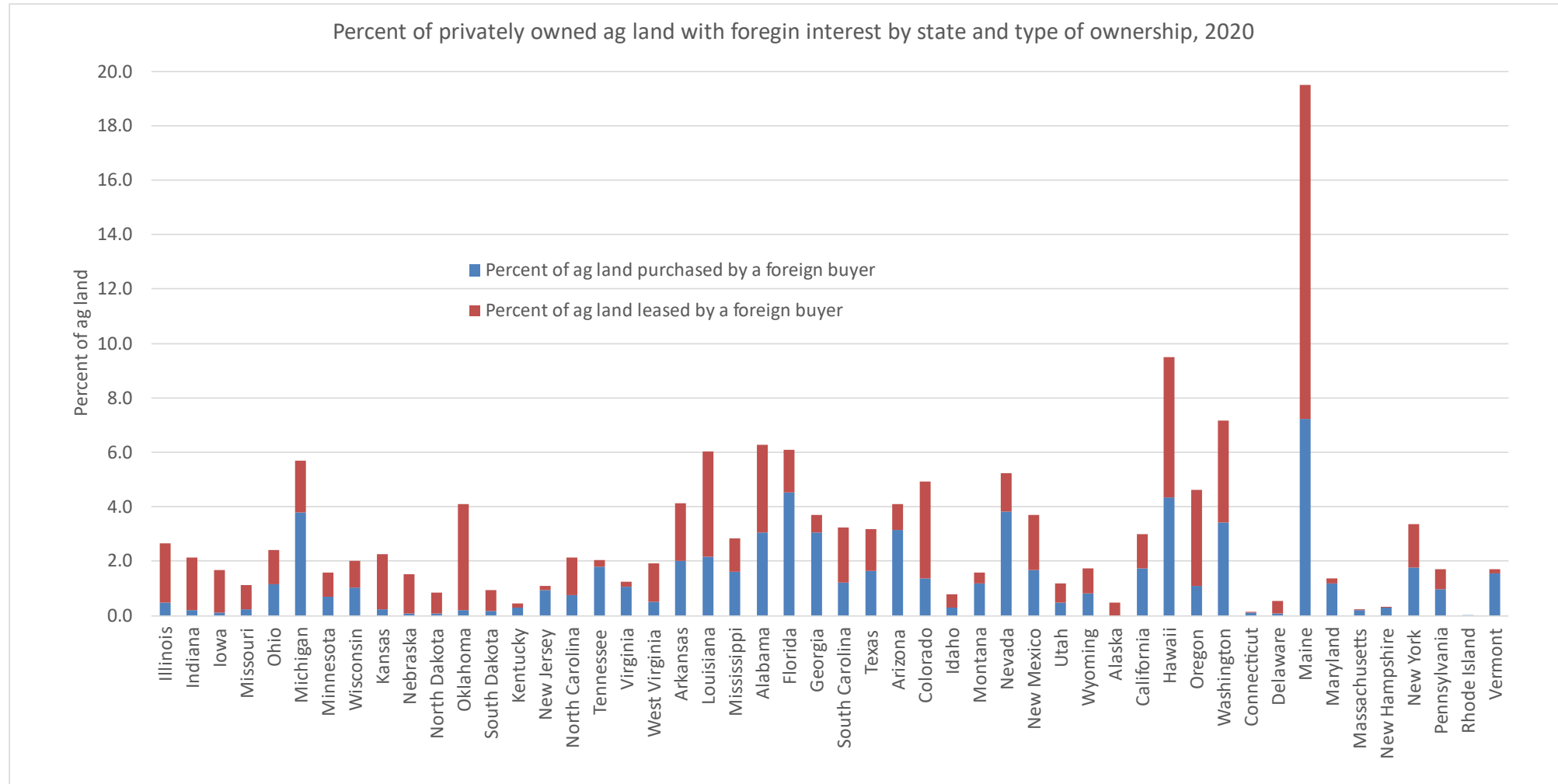
State	Holdings (acres)
Texas	4,806,689
Maine	3,519,099
Alabama	1,809,173
Colorado	1,783,096

- 2020 Agricultural and non-agricultural acquisitions

State	Acquisitions (acres)
Oklahoma	384,022
Texas	360,047
Colorado	286,036
Kansas	200,046

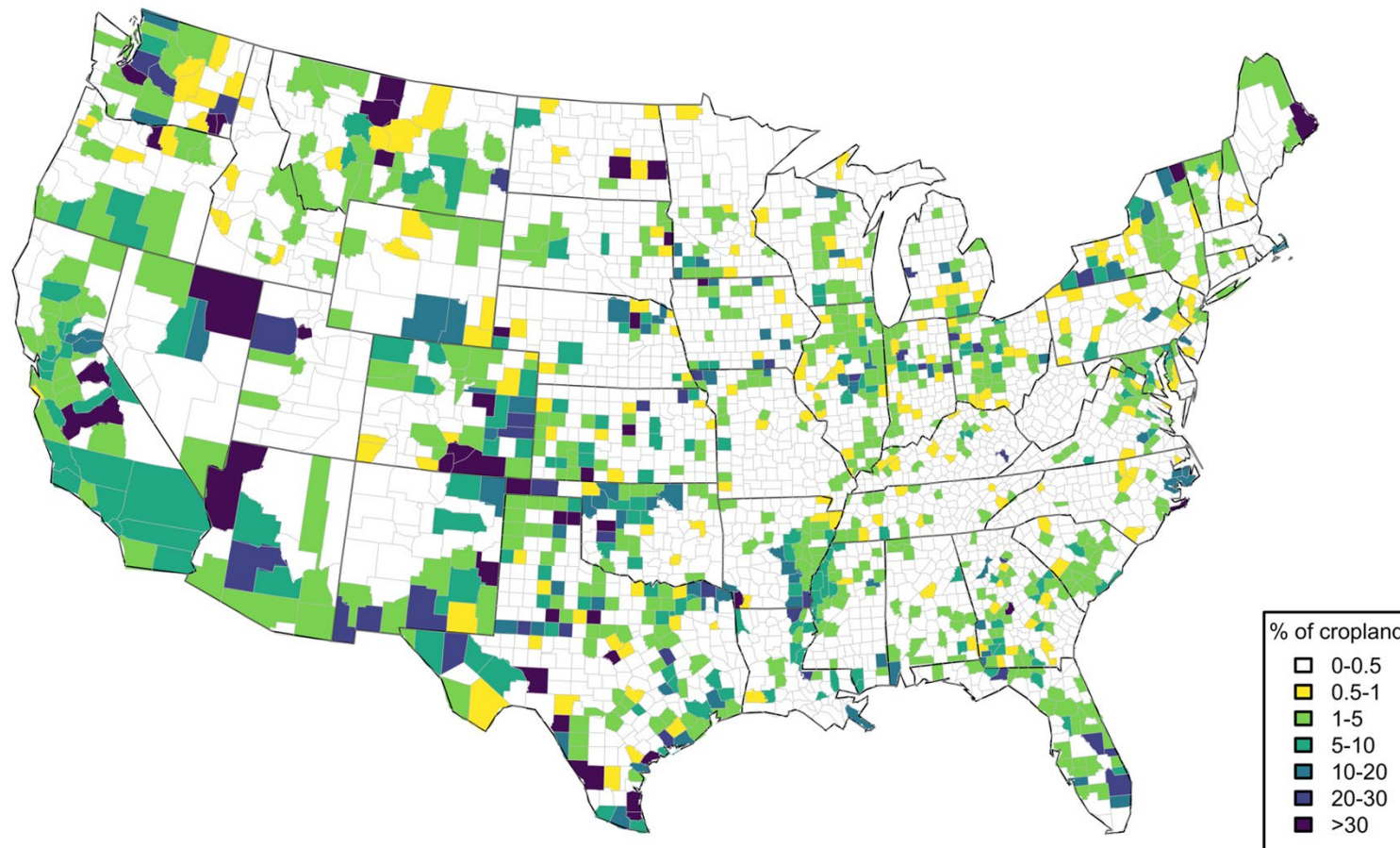


% of Ag Land Owned or Leased by Foreign Owner

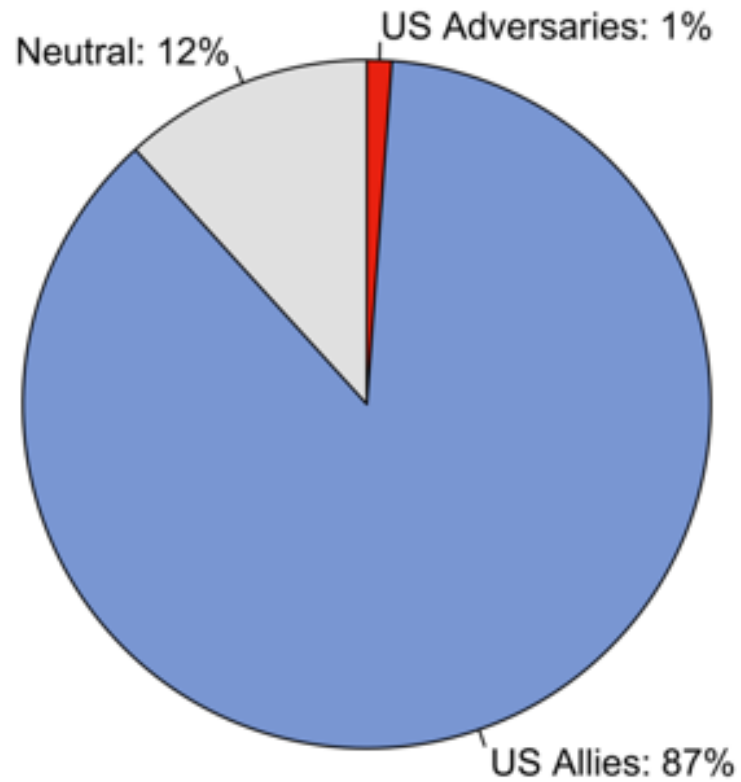


% of Cropland Owned or Leased by Foreign Owner

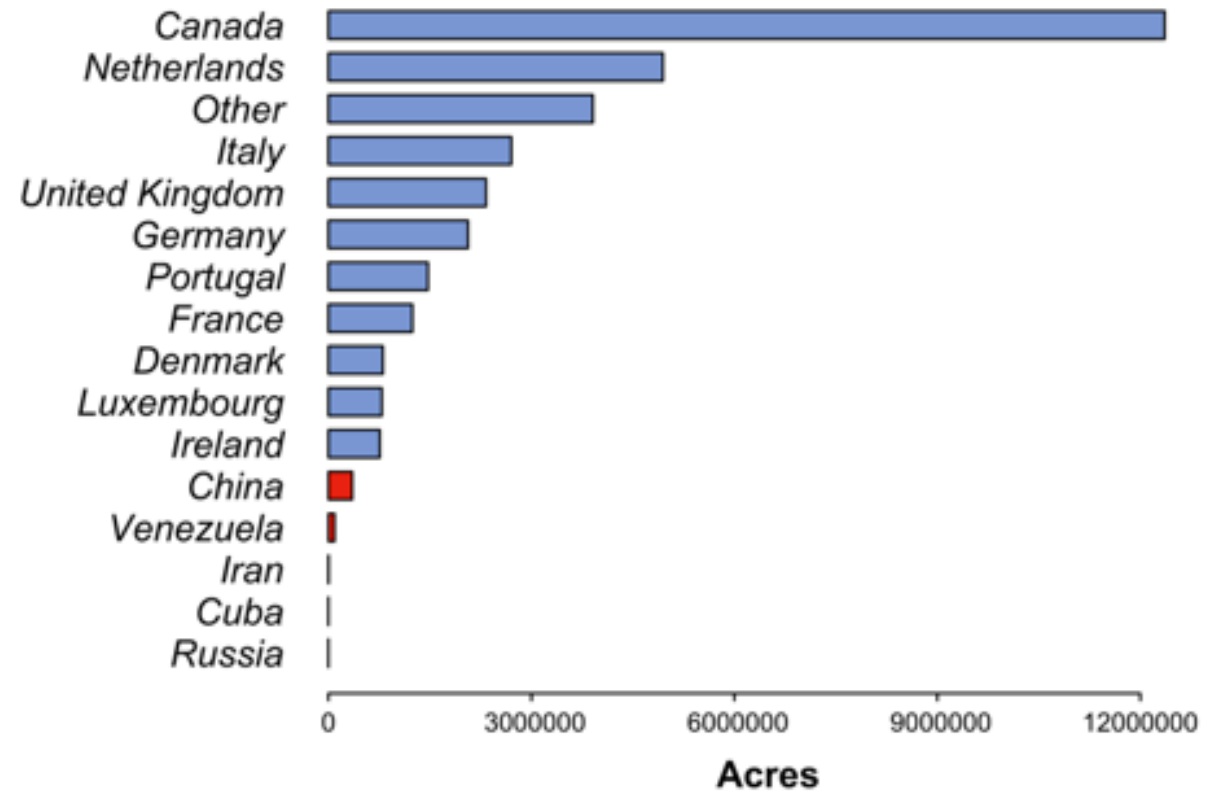
Total Cropland is from US Agricultural Census as of July 2017, AFIDA Cropland acres are as of Dec 2020



Foreign ownership: US allies vs. adversaries

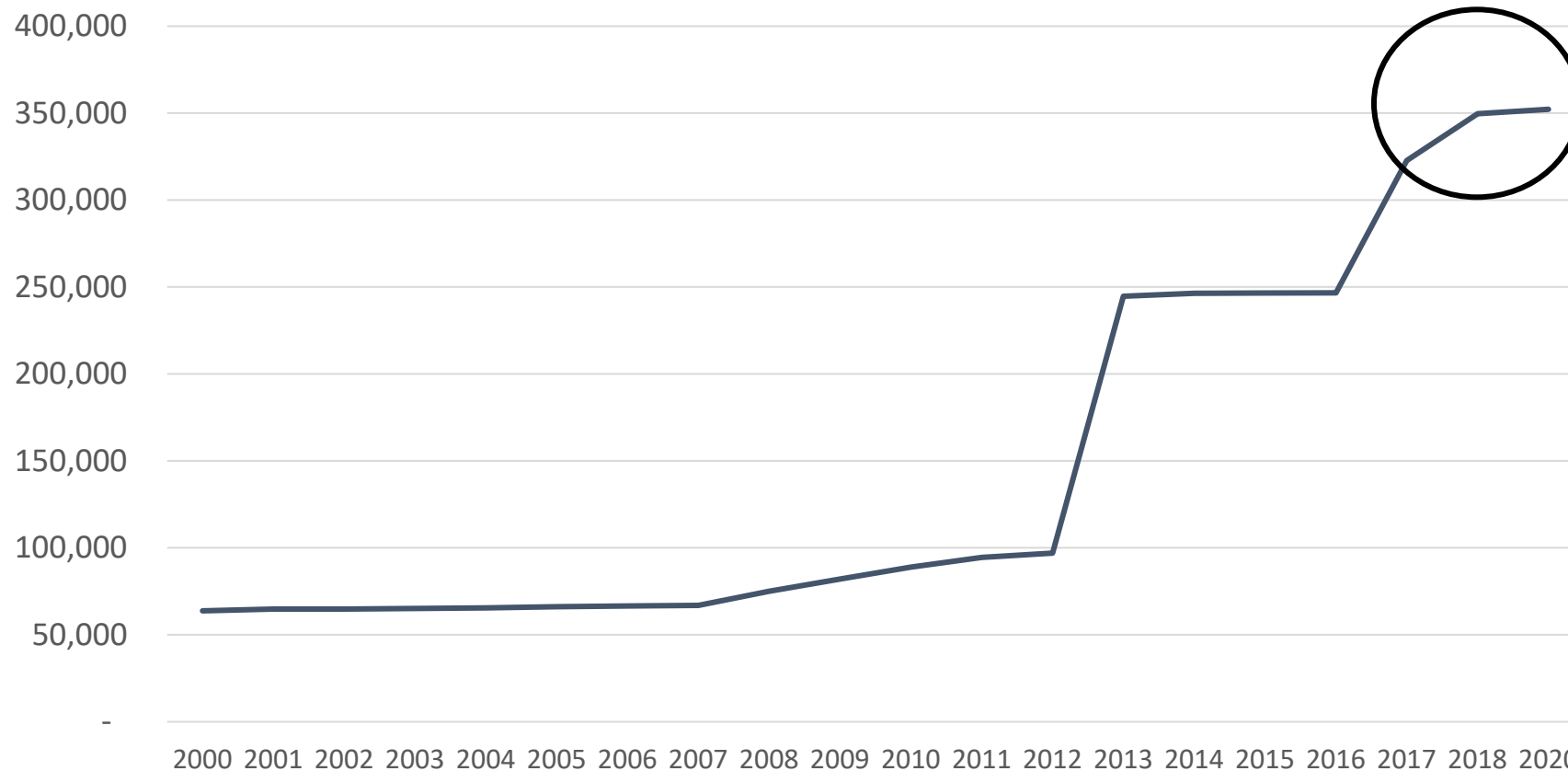


Ag Land Owned by US Allies vs. Adversaries



Chinese Investment in U.S. Ag Land

China Holdings in U.S. (acres)

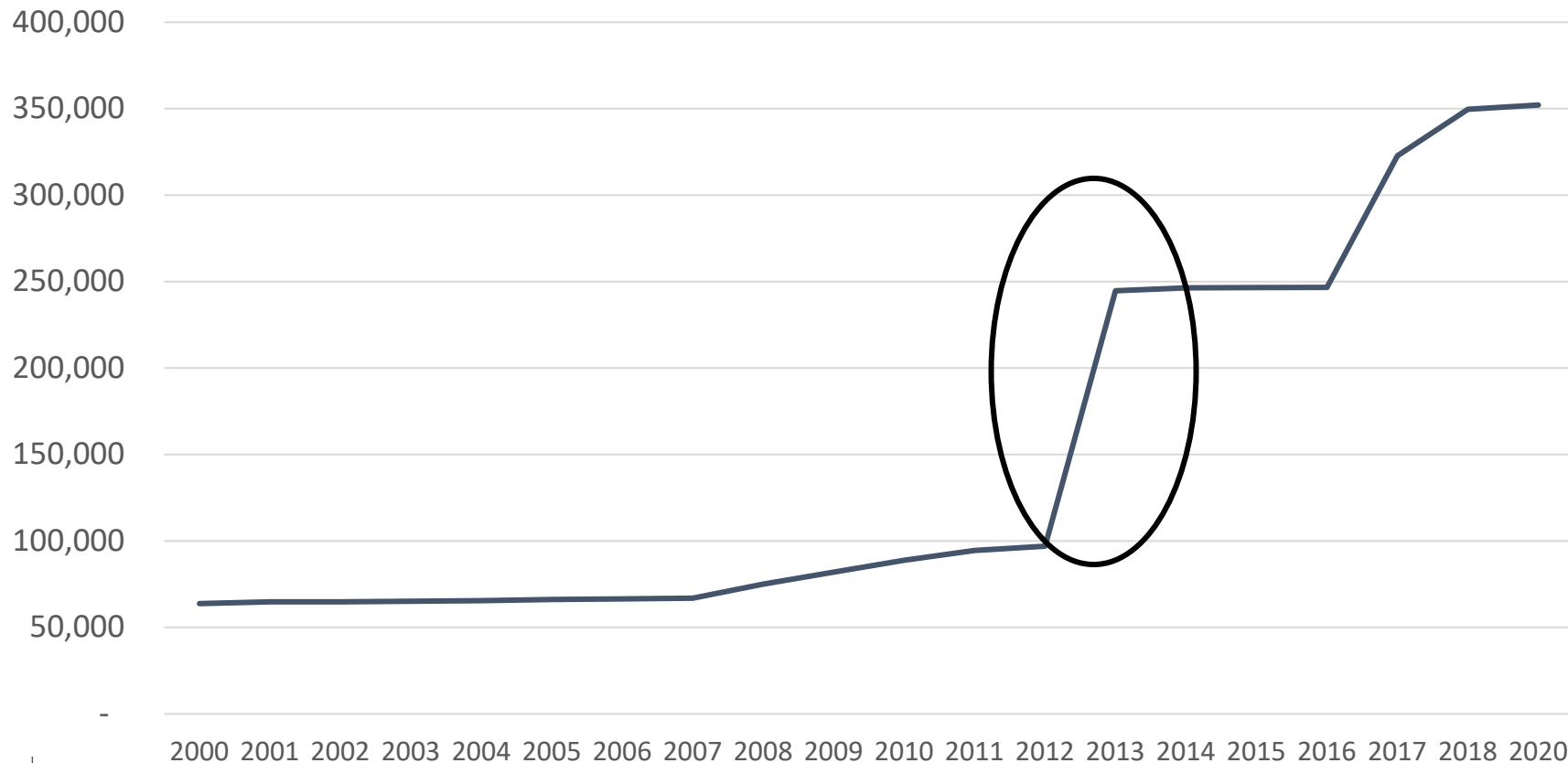


- Total holdings of 352,140 acres
- Slightly less than 1% of foreign held acres
- ~140,000 acres in Texas by Xinjiang-based billionaire SUN Guangxin



Chinese Investment in U.S. Ag Land

China Holdings in U.S. (acres)

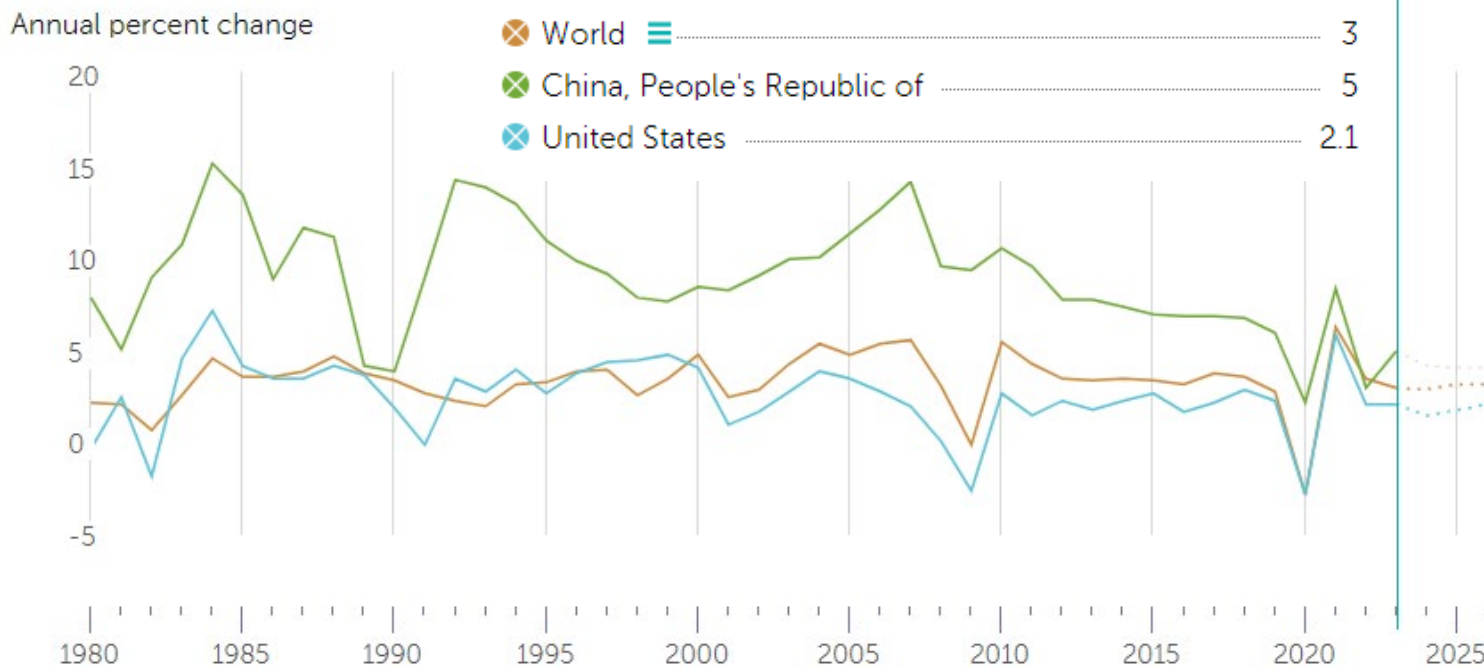


- 2013 Purchase of Smithfield Foods by Chinese company
- Acquired subsidiary Murphy Brown and all their land holdings



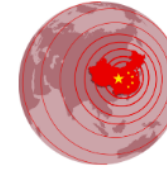


China's Foreign Direct Investment (US \$163 Bil. In 2022)

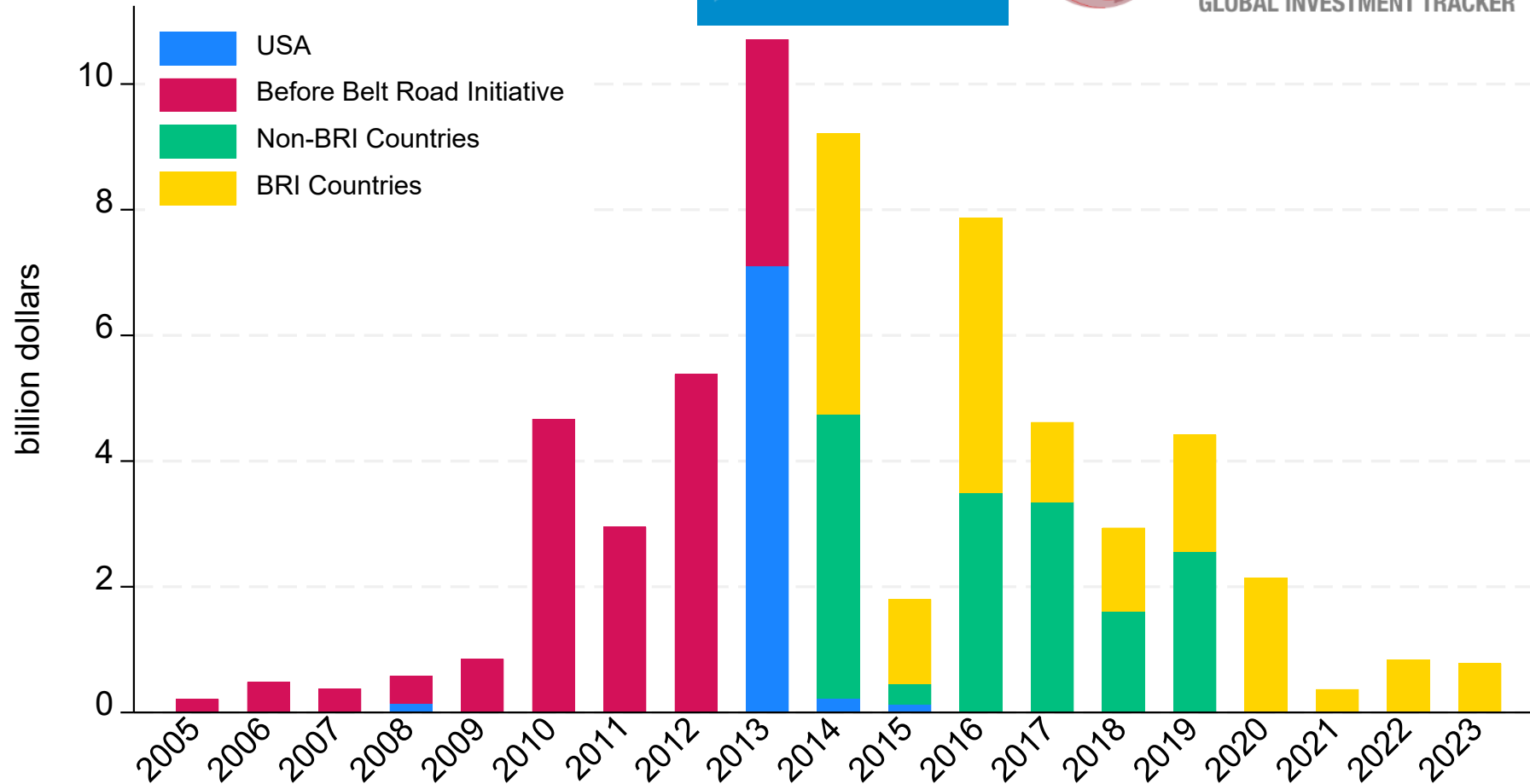


GDP growth rate forecast for China 2023: 5% by IMF
US \$18 Trillion (2022 GDP) * 5% ~ the growth is about the economy for Turkey or Saudi Arabia

China's Overseas Investments in Agriculture



CHINA
GLOBAL INVESTMENT TRACKER



BRI countries include South Sudan, Israel, Zambia, Argentina, Uganda, Uzbekistan, New Zealand, Angola, Sri Lanka, Ethiopia, Russia, Oman, Mozambique, Nepal, Saudi Arabia, Singapore, Cambodia, Belarus, Thailand, Malaysia, Egypt, Nigeria, Bangladesh, Chile, Vietnam, Kazakhstan, Indonesia, Italy, Slovakia.
This graph does not contain the Syngenta (headquartered in Switzerland) acquisition by ChinaChem in 2017.

Research Question

- Are purchases made by foreign entities systematically different from those made by others in the farmland market?
- Do they differ by per acre price paid?



Data Sources

- AFIDA sales transactions
 - FOIA request to Farm Service Agency
 - 1978 to 2020
 - Includes ownership, buyer, sale prices, county/state, and land-use details
- Focused on foreign sales for 11 states

Illinois

Missouri

Indiana

Nebraska

Iowa

North Dakota

Kansas

South Dakota

Michigan

Wisconsin

Minnesota



Data Sources

- Domestic sales data for those 11 states
 - Collected from two sources: individual county assessor offices and private company
 - 2015 to 2020

Data Methods

- Data on domestic sales is 50-100 times more than the number of corresponding foreign land sales recorded by AFIDA
- Foreign buyers are likely to be systematically different than domestic buyers
 - Target different types of farmland, different geographical regions or pay different prices due to transaction costs of buying in the U.S.
 - Would result in selection bias if we did a simple comparison
- Used a coarsened covariate matching method to construct a matched sample that contains comparable foreign and domestic sales
 - Mimics the process used by appraisers to find comparable sales

Data Comparisons

Variable	Mean (\$)	Standard Deviation
Foreign Price Per Acre	6,536	4,302
Domestic Price Per Acre	5,745	3,652

Variable	Mean (acres)	Standard Deviation
Foreign Total Acres	461	650
Domestic Total Acres	158	139



Model

- Hedonic model of land prices using matched sales

$$\text{Log}(\text{price per acre}) = f(\text{acres}, \text{acres}^2, \text{tillable}\%, \text{AFIDA DV}, \text{county FE}, \text{year FE})$$

- OLS regression

Results

Variable	OLS
Acres	-0.0001
Acres ²	2.62E-08
Tillable%	0.456***
AFIDA DV	0.137**
R ²	84.84
Observations	925

Note: Rank = 10, County FE's and Year FE's included, ***p-value 0.01, **p-value 0.05, *p-value 0.10

Foreign buyers in the Midwest pay a 13.7% premium for agricultural land over domestic buyers



Results

- This is similar to the results of Seifert et al. (2021) who use data from eastern Germany
 - They show that farmers have better knowledge of local market conditions and can secure land at lower prices than non-local buyers
- Curtiss et al. (2021) find that local agricultural buyers in the Czech farmland market pay relatively low prices
 - Non-agricultural buyers bid relatively high prices in an attempt to break down local relationships between agricultural buyers and local sellers

Conclusions

- Leasing is a common way to acquire access to land in U.S., especially cropland
- Many foreign investors are motivated to develop wind and solar rights
- Limits on demand for farmland may adversely affect the price paid for land
- Purpose of this research is to inform policy-making process
- Mykel R. Taylor, Wendong Zhang, and Festus Attah. 2023. "[Foreign Interests in U.S. Agricultural Lands: The Missing Conversations about Leasing](#)." Forthcoming at **Choices** Magazine published by Agricultural and Applied Economics Association (AAEA)



Questions?

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