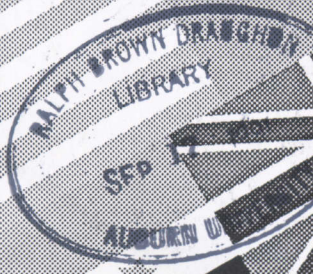


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Foreign Ownership of and Interest in Alabama's Agricultural Land



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Information contained herein is available to all persons without regard to race, color, sex, or national origin.

FOREIGN OWNERSHIP OF AND INTEREST IN ALABAMA'S AGRICULTURAL LAND

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Anne M. Mims¹

INTRODUCTION

DURING the past two decades, there has been much concern regarding foreign ownership of U.S. agricultural land. By the mid-1970's, this topic had become a major political issue in many states. So deep was the concern that Congress passed the Agricultural Foreign Investment Disclosure Act (AFIDA) in 1978. According to the Act, all foreign persons holding agricultural land as of February 1, 1979, were required to file a report of such holdings with the Secretary of Agriculture. AFIDA also stipulated that any foreign person acquiring or disposing of agricultural land or holding land which subsequently becomes agricultural land must file a report within 90 days of such activity. Further, any foreign person holding agricultural land who subsequently becomes or ceases to be so classified must file a report in a similar time frame.

Included in the filed report are the following: legal name and address of the foreign person, country of citizenship, and nature of the legal entity; type of ownership interest; legal description of property; acreage; name and address of the purchaser, if available; intended use of the agricultural land; and the purchase price or other consideration which was exchanged (5).

AFIDA and the subsequently filed reports have provided a data base from which the nature and extent of foreign activity with agricultural land in the United States can be monitored. This analysis is based on reports filed for Alabama during the period February 2, 1979, through January 1, 1989. Emphasis is given to analyzing changes in levels of ownership of and interests in Alabama's agricultural land at the State and county levels.

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REVIEW OF LITERATURE

Passage of AFIDA and the subsequent collection of data documenting foreign ownership of agricultural land has resulted in numerous analyses of the nature, extent, and impact of foreign involvement in land markets. This section highlights results of some of the studies analyzing the subject and shows the need for continued monitoring of such data.

DeBraal (4) reported that foreign persons owned 12.9 million acres, or slightly less than 10 percent, of privately owned U.S. agricultural land (farmland and forestland) as of December 31, 1989. This figure was 263,723 acres (about 2 percent) larger than the total at the end of 1988. He also reported the following characteristics of foreign activity in the United States.

- The foreign-owned acreage was allocated to forestry (46 percent), cropland (18 percent), pasture and other agricultural land (31 percent), and nonagricultural uses (5 percent).
- Corporations owned 81 percent of the holdings acreage; partnerships, 10 percent; and individuals, 7 percent. The remaining 2 percent was held by estates, trusts, associations, institutions, and others.
- Foreign persons from the United Kingdom, Canada, France, West Germany, the Netherlands Antilles, the Netherlands, and Switzerland accounted for 73 percent of the foreign-held acreage. Foreign persons from Japan owned only 2 percent of the foreign-owned acres.
- The largest number of acres owned by foreign persons was reported in Maine, accounting for 16 percent of the nation's reported foreign activity. Foreign holdings in Maine accounted for 11 percent of Maine's privately owned agricultural land. Excluding Maine, foreign activity was concentrated in the South and West, each with 35 percent of the holdings.
- Foreigners did not appear to be taking purchased agricultural land out of production. No change in intended use at the time of filing was reported for 93 percent of the acre-

age. Further, no change in tenure was reported for 45 percent of the acreage, while some change was reported for 26 percent of the total.

In the South in 1989, foreign agricultural landholdings as a portion of private land by state ranged from a low of 0.1 percent in Oklahoma to highs of 2.1 percent in Florida and 2.6 percent in Louisiana (1). Several states had levels of activity involving about 1.0 percent of the private land: Alabama (1.0 percent), Tennessee (0.7 percent), and Texas (0.7 percent). Most foreign activity in the region involved organizations, primarily corporations. Individual owners were most prevalent in Arkansas, Texas, and Virginia, accounting for 23, 16, and 22 percent of the foreign activity, respectively. Forestry was the dominant use in Alabama (94 percent), Georgia (68 percent), Kentucky (42 percent), Louisiana (73 percent), Mississippi (71 percent), North Carolina (45 percent), South Carolina (74 percent), Tennessee (76 percent), Virginia (39 percent), and West Virginia (84 percent). Cropland uses were primary in Arkansas (81 percent) and Florida (38 percent), while pasture uses were dominant in Oklahoma (66 percent) and Texas (55 percent).

In Alabama for the period through December 3, 1982, Adrian and Dunkelberger (2) observed that foreign interests in farmland involved less than 1 percent of the privately held and even less of the total land area. Additionally, while these portions were small, concerns relative to traditional agriculture in the State were lessened because most foreign interests were devoted to timber production which was concentrated in the southwestern section of the State where production agriculture was less important.

Adrian et al. (3) in evaluating AFIDA reports through December 31, 1984, concluded that there was no immediate need to enact State legislation to deal with the intrusion of foreign entities into agricultural land markets in Alabama, and that much of the so-called foreign activity in the agricultural land markets was by firms which had traditionally operated in Alabama. Ownership accounted for 68 percent of the total interests, and slightly over two-thirds of the acreage was devoted to timberland and forestland usage.

Eichler et al. (5) observed that the impact of foreign ownership of real estate on land prices, tenure, land use, and communities would be similar to that of other absentee

owners with the exception being potential tax advantages which could result in higher net returns being capitalized into the price of land held by foreigners. However, they state that these tax advantages were narrowed by taxes in other countries. The researchers also observed that entry into the land market by foreign investors, like that of any other investors, was expected to move land prices upward, but that the expected effect on land use would be neutral.

Jansma et al. (7) concluded that in comparison with the total market, the foreign investment component was so small that the overall impact of foreign investment on prices paid for farmland by domestic farmers was minimal. Healy and Short (6) observed that for several years, newspaper accounts had described increased participation by foreign nationals in individual local markets for rural land. They pointed to stories of purchases of land in northeastern Vermont by Venezuelans, a South Carolina island by Kuwaitis, Iowa farmland by West Germans, and farmland in North Carolina by the Italians and Japanese as examples of this trend. The primary reason given by the authors for foreign purchases of rural land was that foreigners were intrigued by the possibilities of participating in a booming American land market while simultaneously sheltering their capital from the possibility of expropriation by anticipated socialist governments in their own nations.

Kitchen and DeBraal (8) found that foreign acquisitions were negatively related to the exchange value of the dollar and the U.S. real interest rate and positively related to U.S. cropland returns. The interpretation regarding the exchange rate effect was that the foreign currency cost of U.S. agricultural land decreases as the exchange value of the dollar falls. Additionally, the opportunity cost of holding land also increases as the exchange value of the dollar rises.

Timmons (12) gave the following motives for foreign investment in the United States: a hedge against inflation, safety of investments, capital appreciation, income flows, tax advantages, U.S. dollar versus other currencies, access to resources and technology, access to internal markets for products, balancing investment portfolios, capital and personal havens, intangible benefits, and control factors.

Laband (9) observed that the share of total foreign investment in U.S. agricultural land was small, that in terms of dollar value, investment by foreigners in urban real estate

was many times greater than in agricultural land. Ricks and Racster (10) observed that there was apprehension that outsiders may gain undue control or influence in the United States. Elements of the agricultural sector were the most vocal because of the belief that foreign ownership would contribute to inflation in land values and the demise of the family farm.

Schian and Seid (11) reported that 33 states had laws relative to the ownership of U.S. land by aliens and foreign business entities. The degree of severity of this legislation varies greatly among states, with some laws specifying restrictions, others defining reporting requirements, and some requiring both. Twenty-nine states had some type of law restricting alien ownership of land and 9 states require aliens to report their landholdings within the state. Fifteen states restrict foreign business entities from owning or engaging in the business of farming and 11 states require business entities to report their landholdings within the state.

Of the states contiguous to Alabama, Georgia and Mississippi have laws relating to alien ownership of land and Florida, Georgia, and Mississippi specify some requirements for business entities. Neither Alabama nor Tennessee has requirements relative to alien or foreign business ownership of land. However, foreign corporations must file a certified copy of their articles of incorporation prior to transacting business in Alabama.

DESCRIPTION OF STUDY

OBJECTIVES

The general objective of this study was to evaluate the nature and extent of foreign activity in Alabama's agricultural land markets. Specific objectives include:

1. Determining the extent of foreign ownership and interests in agricultural land and recent changes in such activity.
2. Evaluating the nature of this activity.
3. Providing information which policy makers and others will find useful for evaluating legislative alternatives and making decisions relative to land markets.

METHODS

Data used in this study were obtained from AFIDA reports filed for Alabama and available in the Alabama De-

partment of Agriculture and Industries. Information was analyzed for the period December 31, 1984, to January 1, 1989. These data were combined with the previously developed data base to evaluate changes in activity and, from February 2, 1979, to January 1, 1989, the nature and extent of foreign activity.

Reports were filed by individuals and organizations (corporations, partnerships, and trusts). Detailed analyses were made on the basis of ownership (fee interests—whole and partial, and trusts) and interests which included ownership plus other activities, such as options to purchase contracts and “other” (primarily long-term timber cutting and management contracts).

DEFINITIONS OF KEY TERMS

Key definitions of terms used in applying the AFIDA legislation are as follows. See DeBraal (4) for greater specificity of these and other terms.

Acquisitions and Dispositions: Refers to land which was U.S. agricultural land acquired or disposed by foreign persons or entities on or after February 2, 1979.

Holdings: Applies to land held by foreign persons or entities as of February 1, 1979.

Agricultural Land: All land used for agricultural, forestry, or timber production. This includes currently idle land if its last use within the past 5 years was for farming, ranching, forestry, or timber production. The regulations exempt agricultural land of not more than 10 acres in aggregate if the annual gross receipts from sale of farm, ranch, forestry, or timber products from such land do not exceed \$1,000. Also exempt are leaseholds of less than 10 years' duration, contingent future interests, noncontingent future interests that do not become possessory upon termination of the present estate, nonagricultural easement and rights-of-way, and interests solely in mineral rights.

Farmland: Used synonymously with Agricultural Land.

Fee Interest: The owner owns the estate, either partially or as a whole.

Foreign Person: Any individual (one person or a husband and wife) who (1) is not a United States citizen or national, (2) is not a citizen of the Northern Mariana Islands or the Trust Territory of the Pacific Islands, or (3) is not lawfully admitted into the United States for permanent residence. Foreign government entities which are created under the laws of or have their principal place of business in a foreign country, and United States entities which have a significant foreign interest or substantial control are also so defined.

Foreign Interest: Whole or partial ownership or long-term (over 10 years) lease or related agreement.

Significant Foreign Interest or Substantial Control: Refers to an individual or group of individuals acting in concert who hold 10 percent or more interest or a group of foreign individuals not acting in concert who hold 50 percent or more interest with no one individual holding more than a 10 percent interest.

Partnership: All legally defined partnerships, joint ventures, and any tenancy in common which includes two or more persons who are not married.

RESULTS

Foreign interests in Alabama's agricultural land by individuals and business entities declined by 29 percent between 1984 and 1989, from 883,181 to 625,976 acres, table 1. A major portion (23 percent) of this adjustment was due to changes in the "foreign" status of two firms. One firm, which has substantial interests in the State, had its foreign ownership component purchased by domestic interests and the other firm did not meet the 10 percent foreign ownership requirement when the definition of "foreign" was changed from 5 to 10 percent ownership. Thus, while foreign interests increased substantially (60 percent) between 1981 and 1984 (3), they declined slightly (about 6 percent) between 1984 and 1989 without considering the "foreign" status of the two firms and, substantially, when these changes are included.

Major declines (over 15,000 acres) in foreign interests were noted for Baldwin, Choctaw, Clarke, Conecuh, Covington, Escambia, and Monroe counties between 1984 and

1989, table 1. Three counties (Chilton, Shelby, and Talladega) evidenced relatively large increases in foreign acreage over this time period. One company acquired long-term timber management and cutting contracts in Shelby and Chilton counties and another firm purchased fee interests in three Talladega County tracts.

TABLE 1. LEVELS OF AND CHANGES IN FOREIGN INTERESTS IN AGRICULTURAL LAND, BY COUNTY, ALABAMA, DECEMBER 31, 1984 - JANUARY 1, 1989

County	1984	1989	Change 1984-89	
	foreign interests	foreign interests	Amount	Percent
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Autauga	5,326	5,326	0	0.00
Baldwin	28,226	847	-27,379	-97.00
Barbour	2,263	2,263	0	.00
Bibb	320	318	-2	-.63
Blount	12,718	12,555	-163	-1.28
Bullock	72	310	238	330.56
Butler	12,865	8,759	-4,106	-31.92
Calhoun ¹	0	0	0	.00
Chambers	12,169	12,393	224	1.84
Cherokee	3,338	3,198	-140	-4.19
Chilton	721	16,112	15,391	2,134.63
Choctaw	92,703	55,216	-37,487	-40.44
Clarke	35,593	17,986	-17,607	-49.47
Clay ¹	0	0	0	.00
Cleburne	613	413	-200	-32.61
Coffee	19	19	0	.00
Colbert	230	230	0	.00
Conecuh	33,223	2,175	-31,048	-93.45
Coosa	7,488	7,488	0	.00
Covington	47,962	3,269	-44,693	-93.18
Crenshaw	11,624	10,309	-1,315	-11.31
Cullman	12,576	12,811	235	1.87
Dale	230	230	0	.00
Dallas	35,158	34,708	450	1.28
DeKalb	9,033	8,993	40	.44
Elmore ¹	0	0	0	.00
Escambia ¹	51,743	0	-51,743	-100.00
Etowah	873	796	-77	-8.82
Fayette	14,524	14,173	-351	-2.42
Franklin ¹	0	0	0	.00
Geneva ¹	0	0	0	.00
Greene	5,121	5,121	0	.00
Hale	9,086	9,086	0	.00
Henry ¹	0	0	0	.00
Houston ¹	0	0	0	.00
Jackson	40,493	40,493	0	.00
Jefferson	430	430	0	.00
Lamar ¹	0	0	0	.00
Lauderdale ¹	0	0	0	.00
Lawrence	460	460	0	.00

TABLE 1 (cont'd). LEVELS OF AND CHANGES IN FOREIGN INTERESTS IN AGRICULTURAL LAND, BY COUNTY, ALABAMA, DECEMBER 31, 1984 - JANUARY 1, 1989

County	1984 foreign interests	1989 foreign interests	Change 1984-89	
			Amount	Percent
	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Lee	11,165	11,165	0	.00
Limestone	418	418	0	.00
Lowndes	7,686	7,386	-300	-3.90
Macon	2,821	3,255	434	15.39
Madison	5,283	5,283	0	.00
Marengo	33,311	33,453	142	.43
Marion	1,388	1,388	0	.00
Marshall	4,540	4,540	0	.00
Mobile ¹	13,436	0	-13,436	-100.00
Monroe	84,315	50,746	-33,569	-39.81
Montgomery ¹	0	0	0	.00
Morgan	1,180	1,520	340	28.81
Perry	46,317	44,604	-1,713	-3.70
Pickens	4,700	4,700	0	.00
Pike	5,599	6,177	578	10.32
Randolph	7,090	7,090	0	.00
Russell	17,978	18,569	591	3.29
St. Clair	3,535	3,982	447	12.65
Shelby	38	2,613	2,575	6,776.05
Sumter	4,377	4,377	0	.00
Talladega	517	2,620	2,103	406.77
Tallapoosa	1,464	1,634	170	11.65
Tuscaloosa	6,509	6,509	0	.00
Walker	6,458	6,657	199	3.08
Washington	27,702	19,571	-8,131	-29.35
Wilcox	96,911	89,988	-6,923	-7.14
Winston	1,244	1,244	0	.00
Total	883,181	625,976	-257,206	-29.12

¹Deleted from further analysis because there was no foreign activity with agricultural land in 1989.

Foreign interests were reported in 55 of Alabama's 67 counties in 1989. Two counties (Escambia and Mobile) which had foreign activity in 1984 reported no activity in 1989 as a result of the changes in the "foreign" status of the two previously mentioned firms. Ten counties reporting no activity in either 1984 or 1989 were: Calhoun, Clay, Elmore, Franklin, Geneva, Henry, Houston, Lamar, Lauderdale, and Montgomery.

AFIDA reporting forms for 578 entities were evaluated relative to interests in Alabama's agricultural land, table 2. Adjustments of land holdings (481,929 acres) for acquisitions (180,992 acres) and dispositions (36,935 acres) resulted in a net of 625,976 acres involving foreign interests.

TABLE 2. FOREIGN ACTIVITY WITH AGRICULTURAL LAND AND
CURRENT (1989) FOREIGN INTERESTS, BY COUNTY,
ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

County	Interests, filed reports	Activity			1989 foreign interest
		Holdings	Disposi- tions	Acquisi- tions	
		<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Autauga	5	4,830	0	496	5,326
Baldwin	9	0	12	859	847
Barbour	3	0	0	2,263	2,263
Bibb	2	320	2	0	318
Blount	7	12,402	163	315	12,555
Bullock	56	0	0	310	310
Butler	16	7,411	0	1,348	8,759
Chambers	23	0	320	12,713	12,393
Cherokee	3	9,093	5,895	0	3,198
Chilton	3	16,112	0	0	16,112
Choctaw	26	56,834	3,173	1,554	55,216
Clarke	24	16,462	1,818	3,342	17,986
Cleburne	1	0	0	413	413
Coffee	1	0	0	19	19
Colbert	1	230	0	0	230
Conecuh	5	2,159	80	96	2,175
Coosa	2	0	0	7,488	7,488
Covington	4	3,199	40	110	3,269
Crenshaw	8	9,440	0	869	10,309
Cullman	2	12,684	0	127	12,811
Dale	1	230	0	0	230
Dallas	7	34,471	108	345	34,708
DeKalb	3	8,630	0	363	8,993
Etowah	1	796	0	0	796
Fayette	2	14,173	0	0	14,173
Greene	5	1,819	0	3,302	5,121
Hale	6	8,781	0	305	9,086
Jackson	5	2,993	0	37,500	40,493
Jefferson	1	430	0	0	430
Lawrence	1	460	0	0	460
Lee	8	0	1	11,166	11,165
Limestone	4	0	0	418	418
Lowndes	7	5,461	0	1,925	7,386
Macon	76	0	0	3,256	3,255
Madison	4	0	0	5,283	5,283
Marengo	50	29,849	5,488	9,093	33,453
Marion	2	903	0	485	1,388
Marshall	5	1,182	0	3,358	4,540
Monroe	31	34,036	739	17,449	50,746
Morgan	2	1,180	0	340	1,520
Perry	18	45,655	2,257	1,206	44,604
Pickens	1	4,700	0	0	4,700
Pike	8	4,317	0	1,860	6,177
Randolph	6	0	0	7,090	7,090
Russell	22	0	7	18,575	18,569
St. Clair	4	3,535	0	447	3,982
Shelby	2	2,575	0	38	2,613

Continued

TABLE 2 (cont'd). FOREIGN ACTIVITY WITH AGRICULTURAL LAND AND
CURRENT (1989) FOREIGN INTERESTS, BY COUNTY,
ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

County	Interests, filed reports	Activity			1989 foreign interest
		Holdings	Disposi- tions	Acquisi- tions	
		<i>Acres</i>	<i>Acres</i>	<i>Acres</i>	<i>Acres</i>
Sumter	8	3,075	0	1,302	4,377
Talladega	4	517	0	2,103	2,620
Tallapoosa	3	0	0	1,634	1,634
Tuscaloosa	3	6,509	0	0	6,509
Walker	2	6,657	0	0	6,657
Washington	8	19,663	92	0	19,571
Wilcox	86	86,911	16,739	19,826	89,988
Winston	1	1,244	0	0	1,244
Total	598	481,929	36,935	180,992	625,976

The greatest concentration of foreign interests was in south-western and west-central portions of the State where forestry is the major land use. Wilcox, Choctaw, Monroe, and Perry counties contributed 14.07, 8.64, 7.94, and 6.98 percent of the State's total acreage involving foreign activity, table 3. Jackson County, in the northeastern portion of the State, was next in prominence with 6.33 percent of the total. These five counties accounted for 44 percent of the total interests. In terms of total land area, foreign interests accounted for 15.49, 9.78, 9.33, 7.69, and 5.63 percent of the total per county in Wilcox, Perry, Choctaw, Monroe, and Jackson counties, respectively. Foreign interests accounted for 2.29 percent of the land area in counties with any foreign interests or 1.92 percent of the State's total land area.

TABLE 3. FOREIGN INTERESTS IN AGRICULTURAL LAND AS A PORTION OF TOTAL
INTERESTS AND TOTAL LAND AREA, BY COUNTY, ALABAMA,
FEBRUARY 2, 1979 - JANUARY 1, 1989

County	1989 foreign interests	Portion of 1989 interests	Total land area	
			<i>Acres</i>	<i>Pct.</i>
	<i>Acres</i>	<i>Pct.</i>	<i>Acres</i>	<i>Pct.</i>
Autauga	5,326	0.83	385,199	1.38
Baldwin	847	.13	1,073,741	.08
Barbour	2,263	.35	579,349	.39
Bibb	318	.05	396,721	.08
Blount	12,555	1.96	413,955	3.03
Bullock	310	.05	400,380	.08
Butler	8,759	1.37	495,148	1.77
Chambers	12,393	1.94	383,918	3.23

TABLE 3 (cont'd). FOREIGN INTERESTS IN AGRICULTURAL LAND AS A PORTION OF TOTAL INTERESTS AND TOTAL LAND AREA, BY COUNTY, ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

County	1989 foreign interests	Portion of 1989 interests	Total land area	Foreign interests in total land area
	<i>Acres</i>	<i>Pct.</i>	<i>Acres</i>	<i>Pct.</i>
Cherokee	3,198	.50	383,686	.83
Chilton	16,112	2.52	453,849	3.55
Choctaw	55,216	8.64	591,780	9.33
Clarke	17,986	2.81	801,919	2.24
Cleburne	413	.07	361,785	.11
Coffee	19	.00	432,723	.00
Colbert	230	.04	398,385	.06
Conecuh	2,175	.34	544,634	.40
Coosa	7,488	1.17	427,576	1.75
Covington	3,269	.51	671,429	.49
Crenshaw	10,309	1.61	390,725	2.64
Cullman	12,811	2.00	482,467	2.66
Dale	230	.04	359,512	.06
Dallas	34,708	5.43	635,227	5.46
DeKalb	8,993	1.41	498,871	1.80
Etowah	796	.12	353,782	.22
Fayette	14,173	2.22	398,742	3.55
Greene	5,121	.80	417,771	1.23
Hale	9,086	1.42	422,621	2.15
Jackson	40,493	6.33	719,816	5.63
Jefferson	430	.07	719,247	.06
Lawrence	460	.07	460,076	.10
Lee	11,165	1.75	395,082	2.83
Limestone	418	.07	388,286	.11
Lowndes	7,386	1.16	463,502	1.59
Macon	3,255	.51	391,038	.83
Madison	5,283	.83	520,864	1.01
Marengo	33,453	5.23	625,391	5.35
Marion	1,388	.22	475,192	.29
Marshall	4,540	.71	400,149	1.13
Monroe	50,746	7.94	660,093	7.69
Morgan	1,520	.24	383,808	.40
Perry	44,604	6.98	455,949	9.78
Pickens	4,700	.74	567,997	.83
Pike	6,177	.97	431,764	1.43
Randolph	7,090	1.11	375,099	1.89
Russell	18,569	2.90	413,245	4.49
St. Clair	3,982	.62	415,114	.96
Shelby	2,613	.41	516,645	.51
Sumter	4,377	.68	588,076	.74
Talladega	2,620	.41	489,185	.54
Tallapoosa	1,634	.26	488,630	.33
Tuscaloosa	6,509	1.02	866,632	.75
Walker	6,657	1.04	515,564	1.29
Washington	19,571	3.06	494,010	3.96
Wilcox	89,988	14.07	581,171	15.49
Winston	1,244	.19	401,862	.31
Total ¹	625,976	100.00	27,359,382	2.29

¹Interests accounted for about 1.9% of the State's total land area.

Foreign entities owned 315,612 acres, or about 1 percent of the State's total land area, by whole- or partial-fee interests, table 4. This level represented a decline in ownership of about 50 percent from 1984 and amounted to 1.15 percent of the total land area of counties with foreign interests, or about 1.0 percent of the State's total land area. Basically,

TABLE 4. FOREIGN INTERESTS IN AND OWNERSHIP OF AGRICULTURAL LAND, BY COUNTY, ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

County	Ownership filed reports	1989 foreign owner- ship	1989 foreign inter- ests	Portion of owner- ship to interests	Total land area	Ownership of total land area
	No.	Acres	Acres	Pct.	Acres	Pct.
Autauga	3	1,653	5,326	31.0	385,199	0.43
Baldwin	3	835	847	98.6	1,073,741	.08
Barbour	3	2,263	2,263	100.0	579,349	.39
Bibb	0	0	318	.0	396,721	.00
Blount	6	5,271	12,555	42.0	413,955	1.27
Bullock	56	122	310	39.4	400,380	.03
Butler	14	6,249	8,759	71.3	495,148	1.26
Chambers	23	12,393	12,393	100.0	383,918	3.23
Cherokee	3	3,198	3,198	100.0	383,686	.83
Chilton	2	961	16,112	6.0	453,849	.21
Choctaw	15	5,270	55,216	9.5	591,780	.89
Clarke	20	10,286	17,986	57.2	801,919	1.28
Cleburne	1	413	413	100.0	361,785	.11
Coffee	1	19	19	100.0	432,723	.00
Colbert	1	230	230	100.0	398,385	.06
Conecuh	2	136	2,175	6.3	544,634	.02
Coosa	2	7,488	7,488	100.0	427,576	1.75
Covington	4	3,269	3,269	100.0	671,429	.49
Crenshaw	8	10,309	10,309	100.0	390,725	2.64
Cullman	1	127	12,811	1.0	482,467	.03
Dale	1	230	230	100.0	359,512	.06
Dallas	4	15,431	34,708	44.5	635,227	2.43
DeKalb	3	8,993	8,993	100.0	498,871	1.80
Etowah	1	796	796	100.0	353,782	.22
Fayette	1	5,987	14,173	42.2	398,742	1.50
Greene	4	3,302	5,121	64.5	417,771	.79
Hale	4	3,648	9,086	40.1	422,621	.86
Jackson	5	40,493	40,493	100.0	719,816	5.63
Jefferson	1	430	430	100.0	719,247	.06
Lawrence	0	0	460	.0	460,076	.00
Lee	8	11,165	11,165	100.0	395,082	2.83
Limestone	0	0	418	.0	388,286	.00
Lowndes	5	3,330	7,386	45.1	463,502	.72
Macon	75	3,245	3,255	99.7	391,038	.83
Madison	4	5,283	5,283	100.0	520,864	1.01
Marengo	37	16,246	33,453	48.6	625,391	2.60
Marion	2	1,388	1,388	100.0	475,192	.29
Marshall	2	1,376	4,540	30.3	400,149	.34
Monroe	23	38,473	50,746	75.8	660,093	5.83

Continued

TABLE 4 (cont'd). FOREIGN INTERESTS IN AND OWNERSHIP OF AGRICULTURAL LAND, BY COUNTY, ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

County	Ownership filed reports	1989	1989	Portion of ownership to interests	Total land area	Ownership of total land area
		foreign ownership	foreign interests			
	No.	Acres	Acres	Pct.	Acres	Pct.
Morgan	1	340	1,520	22.4	383,808	.09
Perry	9	10,135	44,604	22.7	455,949	2.22
Pickens	0	0	4,700	.0	567,997	.00
Pike	7	6,162	6,177	99.8	431,764	1.43
Randolph	6	7,090	7,090	100.0	375,099	1.89
Russell	22	18,569	18,569	100.0	413,245	4.49
St. Clair	4	3,982	3,982	100.0	415,114	.96
Shelby	1	38	2,613	1.5	516,645	.01
Sumter	8	4,377	4,377	100.0	588,076	.74
Talladega	4	2,620	2,620	100.0	489,185	.54
Tallapoosa	3	1,634	1,634	100.0	488,630	.33
Tuscaloosa	1	940	6,509	14.4	866,632	.11
Walker	1	1,494	6,657	23.1	515,564	.29
Washington	1	80	19,571	.4	494,010	.02
Wilcox	38	26,598	89,988	29.6	581,171	4.58
Winston	1	1,244	1,244	100.0	401,862	.31
Total ¹	455	315,612	625,976	50.5	27,359,382	1.15

¹Ownership accounted for about 1.0% of the State's total land area.

ownership accounted for half of the foreign interests in the State, with Monroe (5.83 percent), Jackson (5.63 percent), Wilcox (4.58 percent), Russell (4.49 percent), and Chambers (3.23 percent) counties experiencing the most foreign ownership in terms of total land area. Fifty-one counties had reports filed indicating ownership by foreign entities, four less than noted for interests. About three-fourths of the owners identified Canada (62 percent), United Kingdom (8 percent), and the Netherlands Antilles (7 percent) as being their country of origin.

For the 597 entities reporting type of interest, 451 reported whole-fee interest and 6 reported a partial-fee interest, table 5. Partial-fee interests ranged from 6 to 50 percent for individual entities. Forty-nine percent of the land involving foreign interests was included in the "other" grouping, which primarily included long-term timber leasing, cutting, and management contracts. Average size of these tracts was 2,275 acres, while the average size of parcels with whole-fee interests was 698 acres.

TABLE 5. FOREIGN INTERESTS IN AGRICULTURAL LAND, BY TYPE OF INTEREST HELD, FEBRUARY 2, 1979 - JANUARY 1, 1989

Type of interest	Interests, filed reports	1989 foreign interest	Average size	Portion of total interest
	<i>No.</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Fee Interest				
Whole	451	315,346	698	50.39
Partial	6	334	56	.05
Option	2	268	134	.04
Purchase				
Contract	3	2,716	905	.43
Other ¹	135	307,194	2,275	49.08

¹Other includes primarily long-term (> 10 years) timber cutting and management contracts.

Organizations were the dominant foreign entities involved with Alabama's agricultural land, table 6. Almost all of the foreign-involved acreage was owned or controlled by organizations, primarily corporations. Average size of tracts reported by corporations was 1,267 acres.

TABLE 6. FOREIGN INTERESTS IN AGRICULTURAL LAND, BY TYPE OF OWNER, ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989

Type owner	Interests, filed reports	Total foreign interests	Average size	Percent of foreign interests
	<i>No.</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Individuals	95	1,013	11	0.16
Organizations				
Corporations	491	621,893	1,267	99.72
Partnerships	10	683	68	.11
Trusts	2	25	12	.01

Three of the 31 business organizations having interests in Alabama's agricultural land were created in Alabama. Collectively, they held 63 percent of the foreign acreage in the State. The four entities created outside the United States held 3 percent of the total interests in Alabama's agricultural land. Business entities which identified Alabama as their primary place of business claimed three-fourths of the foreign interests in Alabama's agricultural land.

While ownership by individuals was relatively small, such acreage almost doubled since 1984, table 7. Citizens from Canada, the United Kingdom, and West Germany were the

primary purchasers of Alabama's agricultural land, accounting for three-fourths of the total acreage held by individuals. A fairly large portion of the individual foreign purchasers had bought acreage in pecan groves in Macon and Bullock counties. Counties having the most foreign ownership by individuals were Bullock, Crenshaw, Macon, Monroe, and Tallapoosa.

TABLE 7. FOREIGN INTERESTS IN AGRICULTURAL LAND BY INDIVIDUALS, BY COUNTRY OF CITIZENSHIP, ALABAMA, FEBRUARY 2, 1979 - JANUARY 1, 1989¹

Country of citizenship	Interests, filed reports	Total foreign interests	Average size	Portion of individual foreign interests
	<i>No.</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Canada	3	310	103	30.60
United Kingdom	9	286	32	28.22
West Germany	30	165	5	16.30
Switzerland	17	49	3	4.88
Iran	2	49	24	4.83
Egypt	2	47	23	4.63
Syria	1	38	38	3.75
Austria	1	16	16	1.58
Liechtenstein	1	10	10	.99
Spain	4	9	2.3	.89
Saudia Arabia	4	8	2	.84
Kuwait	2	4	2	.40
Netherlands	4	3	1	.35
France	3	2	1	.25
Monaco	1	2	2	.20
Argentina	1	2	2	.20
Republic of China	1	1	1	.10
Greece	1	1	1	.10
India	1	1	1	.10
Belgium	1	1	1	.10
Thailand	2	1	0	.10
Central African Republic	1	0	0	.05
Unspecified	2	5	2	.54
Total	95	1,013	11	100.00

¹Totals for several countries include small acreages which were sold by a foreign corporation to foreign individuals. AFIDA does not require that reports be filed for holdings under 10 acres. Thus, the total overstates AFIDA reporting.

Two-thirds of the acreage involving foreign interests in Alabama was being used in forestry or timber activities, table 8. Traditional agricultural production involving crops was small, claiming only about 0.5 percent of the total acreage. Nonagricultural uses were second in terms of land usage with 29 percent of the total.

TABLE 8. USE OF CROPLAND HELD BY FOREIGN INTERESTS, ALABAMA,
FEBRUARY 2, 1979 - JANUARY 1, 1989

Land use	Interests, filed reports	1989 foreign interests	Average size	Percent of total interests
	<i>No.</i>	<i>Acres</i>	<i>Acres</i>	<i>Pct.</i>
Cropland	119	2,751	23	0.44
Forestry or timber	330	417,906	1,266	66.77
Other agriculture	32	22,094	690	3.53
Nonagriculture	117	183,117	1,565	29.26

SUMMARY AND IMPLICATIONS

On a statewide basis, about 1 percent (316,000 acres) of Alabama's land area is owned by foreign entities and only about 2 percent (606,000 acres) involves foreign interests (primarily fee ownership and long-term leases and other agreements). Foreign entities own property in 51 Alabama counties and have interests in 55. The greatest foreign activity is in the southwestern counties of Wilcox, Choctaw, Perry, and Monroe and Jackson County in northeastern Alabama. These five counties account for 44 percent of the total foreign interests in the State and 38 percent of the ownership.

The acreage involving foreign interests changed substantially in Alabama since the previous analysis completed in 1984. However, this was not due to major shifts in acquisitions or dispositions. Rather, activity declined by about 300,000 acres due to one firm's foreign ownership component being purchased by domestic interests and another firm becoming "nonforeign" due to a change in the AFIDA legislation which defined "foreign" as 10 percent or more foreign ownership in the entity rather than 5 percent or more. Disregarding these adjustments, there still was a 6 percent decline in foreign interests in the State.

Corporations are involved in most of the foreign activity in the State. Most of these firms, especially those with large interests, have had long-term activity in the State. While ownership by foreign individuals was small, the total (1,000 acres) had almost doubled since 1984.

There seems to be little reason for concern about foreign ownership of or interest in Alabama's agricultural land. Much of the foreign activity is by firms which have substantial economic interests and have been traditional entities in

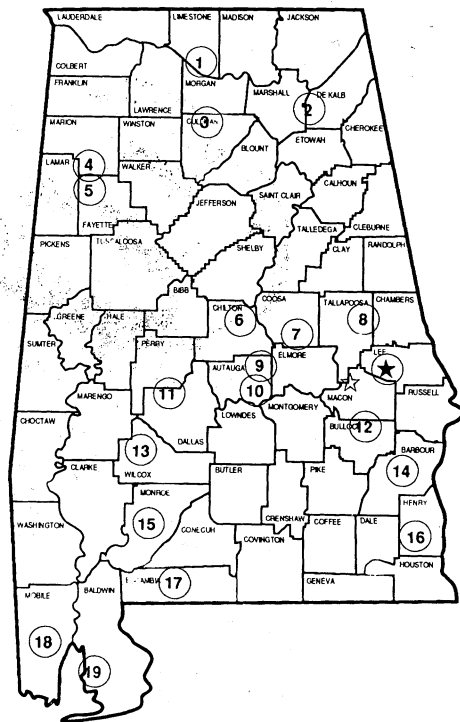
the State. Activity primarily involves the forest and timber sector, which further lessens concerns relative to production agriculture and the traditional farm unit. About half of the activity involves long-term leases and agreements rather than fee ownership. While the entities may be classified as foreign under AFIDA, they frequently involve large domestic interests and their activity provides employment and income for numerous Alabamians.

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Alabama's Agricultural Experiment Station System AUBURN UNIVERSITY

With an agricultural research unit in every major soil area, Auburn University serves the needs of field crop, livestock, forestry, and horticultural producers in each region in Alabama. Every citizen of the State has a stake in this research program, since any advantage from new and more economical ways of producing and handling farm products directly benefits the consuming public.



Research Unit Identification

★ Main Agricultural Experiment Station, Auburn.
☆ E. V. Smith Research Center, Shorter.

1. Tennessee Valley Substation, Belle Mina.
2. Sand Mountain Substation, Crossville.
3. North Alabama Horticulture Substation, Cullman.
4. Upper Coastal Plain Substation, Winfield.
5. Forestry Unit, Fayette County.
6. Chilton Area Horticulture Substation, Clanton.
7. Forestry Unit, Coosa County.
8. Piedmont Substation, Camp Hill.
9. Forestry Unit, Autauga County.
10. Prattville Experiment Field, Prattville.
11. Black Belt Substation, Marion Junction.
12. The Turnipseed-Ikenberry Place, Union Springs.
13. Lower Coastal Plain Substation, Camden.
14. Forestry Unit, Barbour County.
15. Monroeville Experiment Field, Monroeville.
16. Wiregrass Substation, Headland.
17. Brewton Experiment Field, Brewton.
18. Ornamental Horticulture Substation, Spring Hill.
19. Gulf Coast Substation, Fairhope.