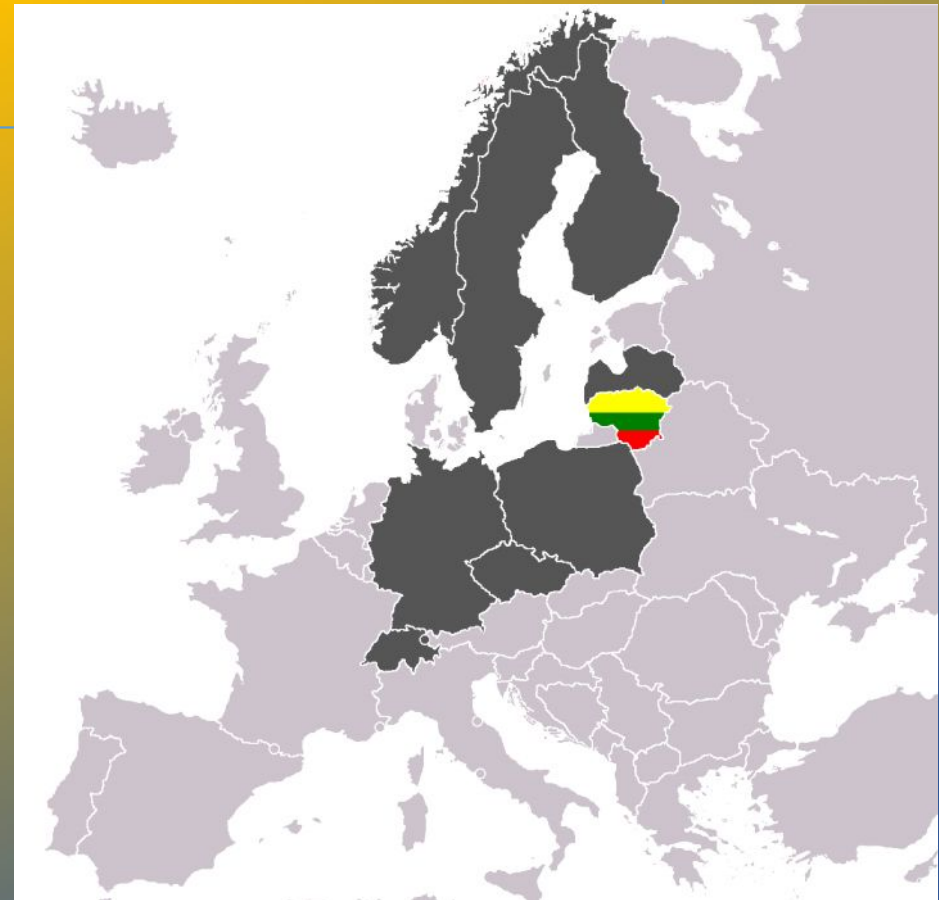


Legal framework in effect in Lithuania

Rūta Bičiuvienė

Lithuanian Association of Agricultural Cooperatives „Koooperacijos Kelias“

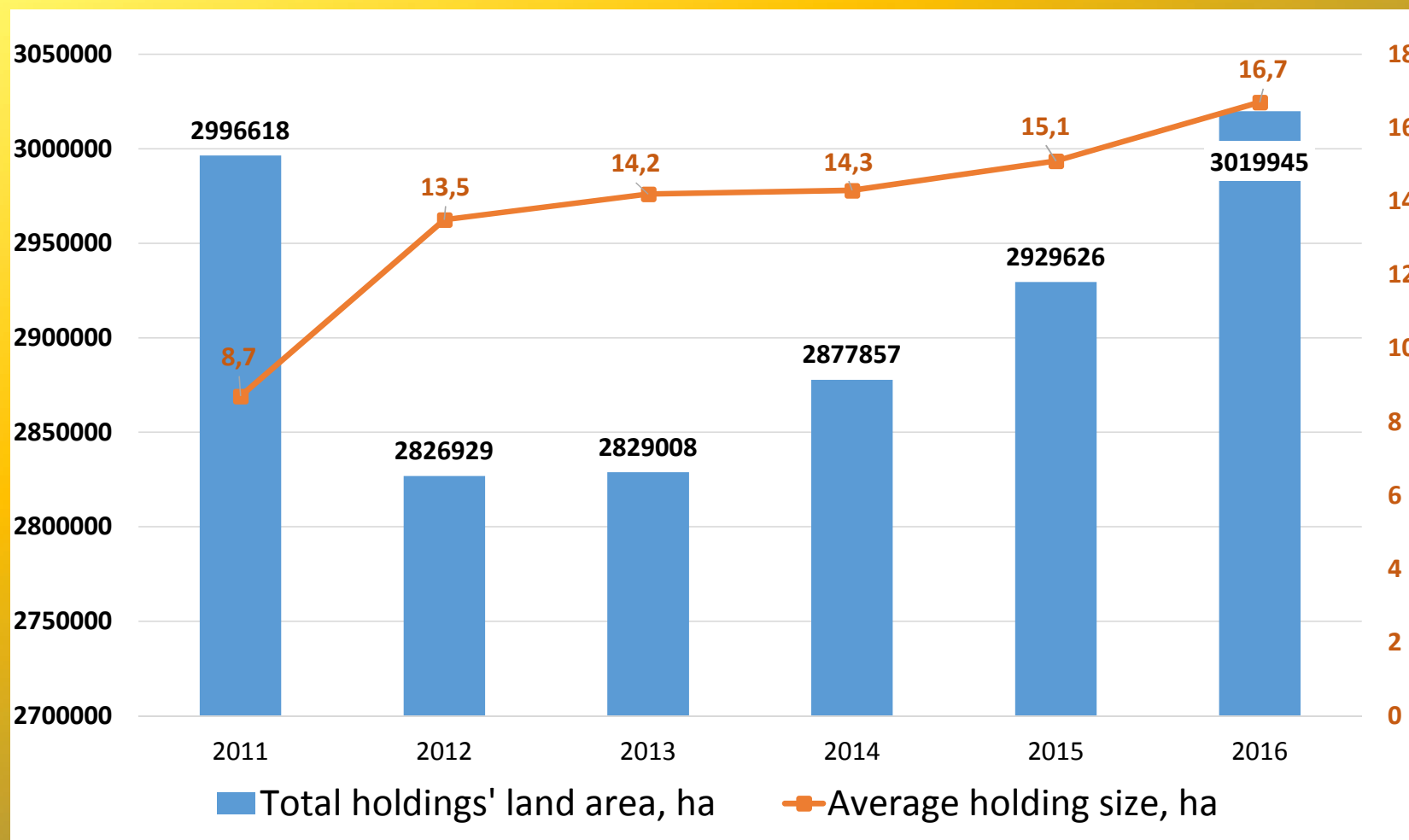


Some facts about Lithuania

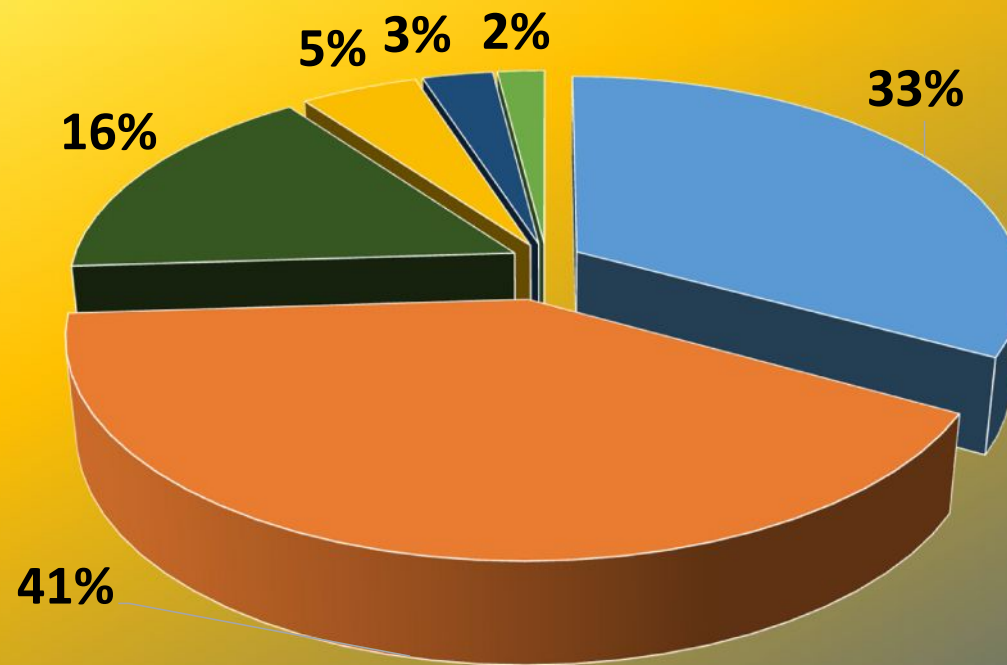
- 2.88 million habitants, 65.3 thousand sq km area.
- We regained our independence in 1991
- The land reform started in 1991 is still ongoing.
- In 2004 we accessed the EU
- We also entered the common EU market



Total area of agricultural land and average holding size, ha

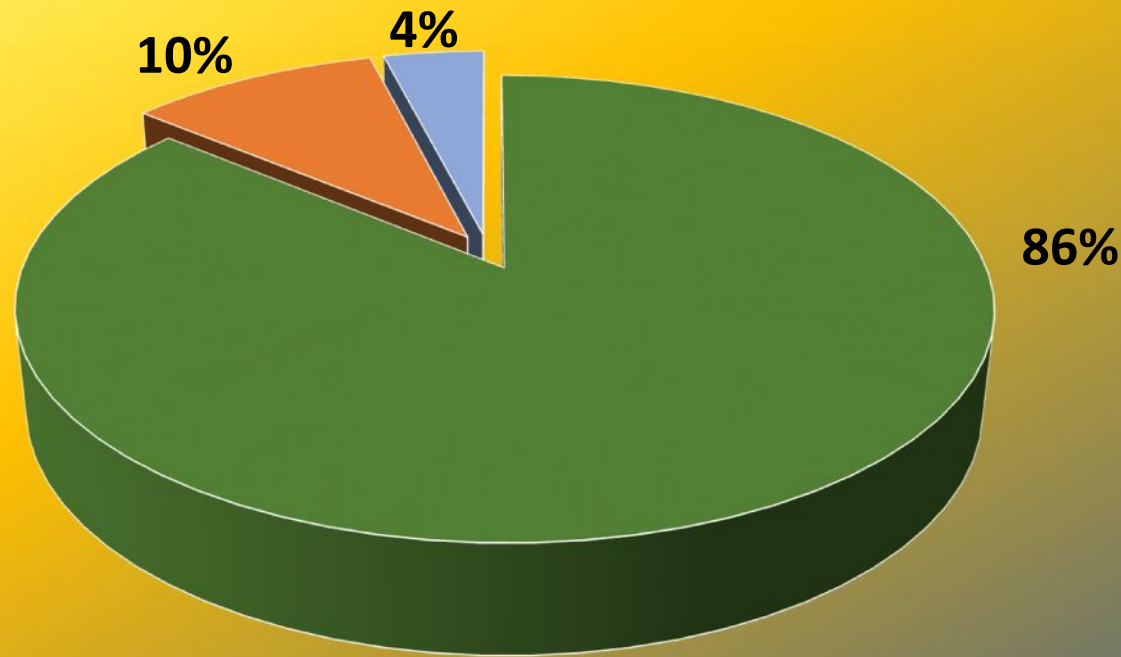


Distribution of farms by land area



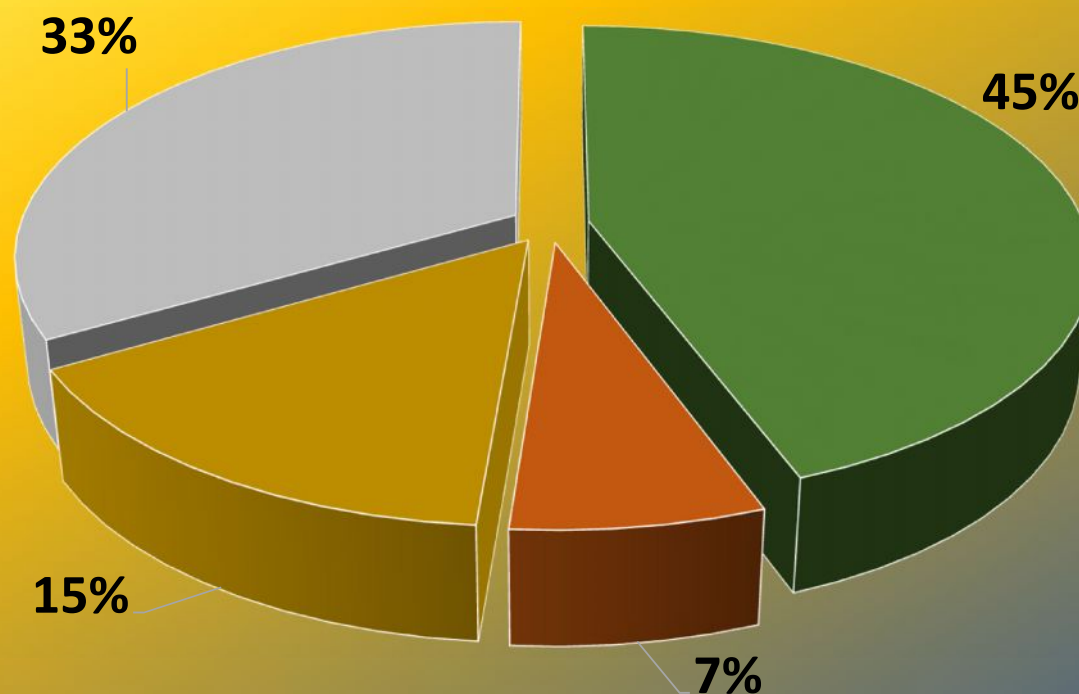
■ 0-3 ha ■ 3-10 ha ■ 10-20 ha ■ 20-30 ha ■ 30-50 ha ■ over 50 ha

Land area of farms by property rights



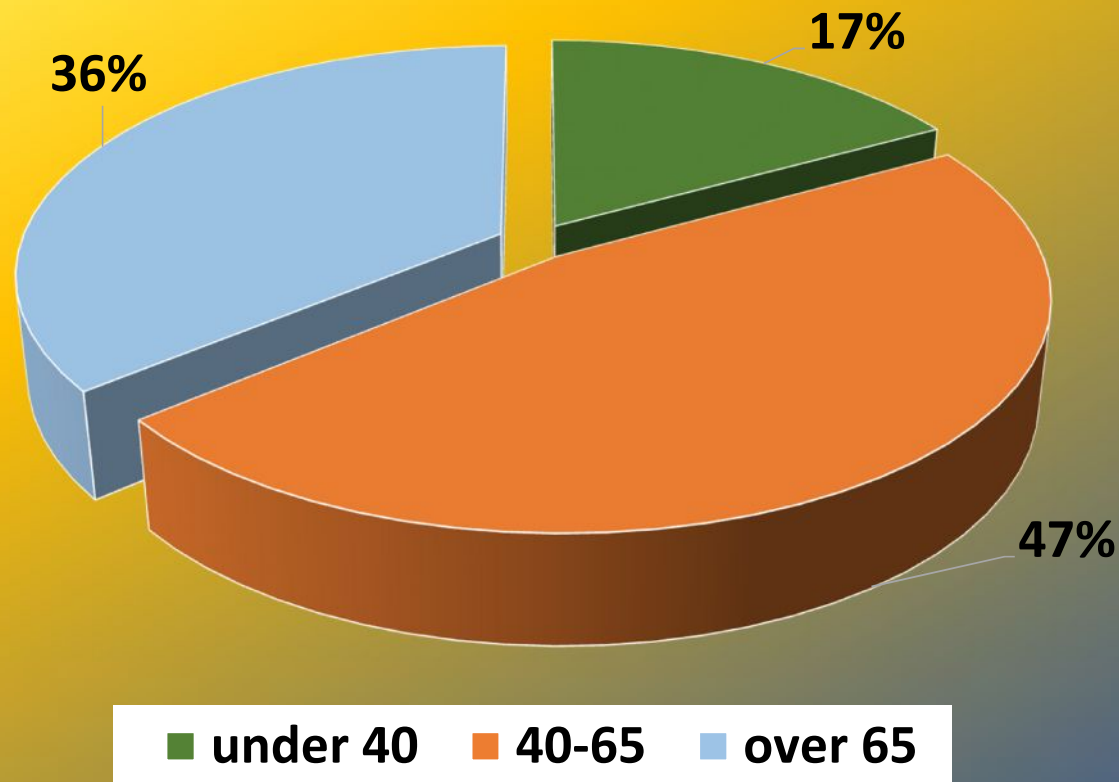
- Farmland area owned by property rights
- Private farmland area leased from other persons
- Farmland area leased from the State

Distribution of holdings by economic activities

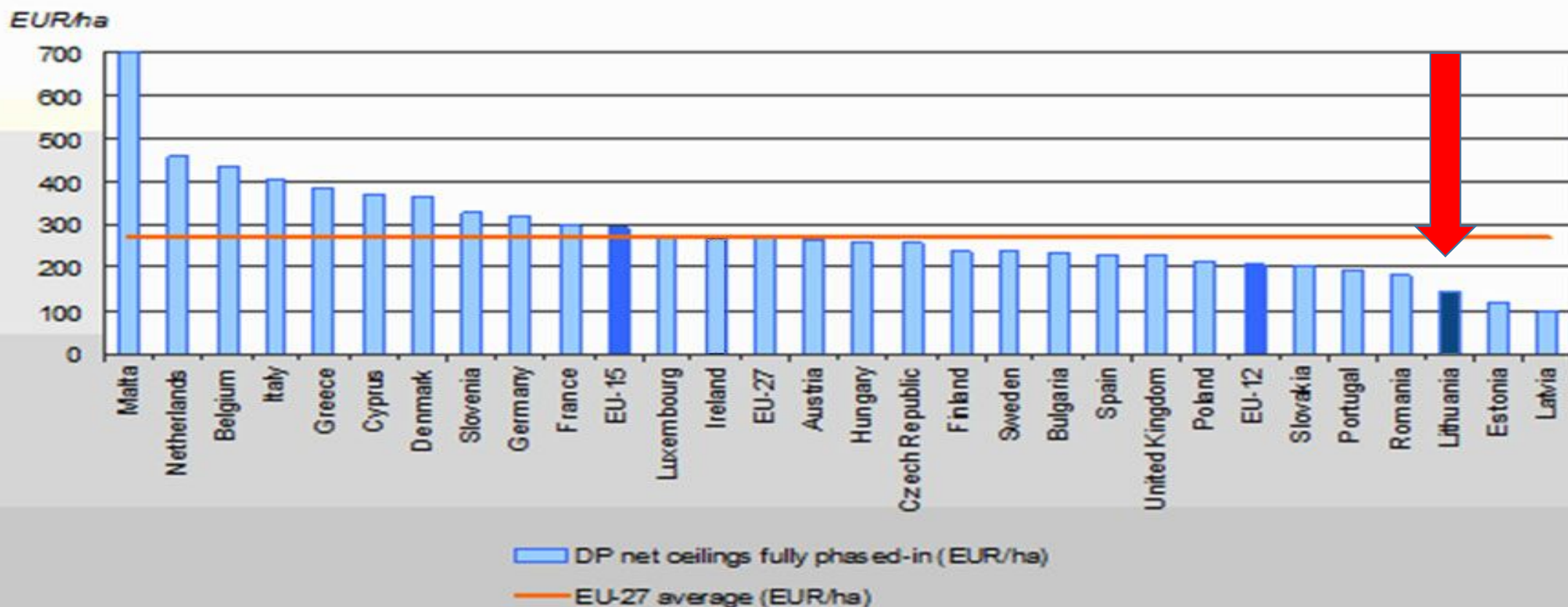


■ Crop production ■ Animal production ■ Mixed farming ■ Other

Distribution of farmers by age

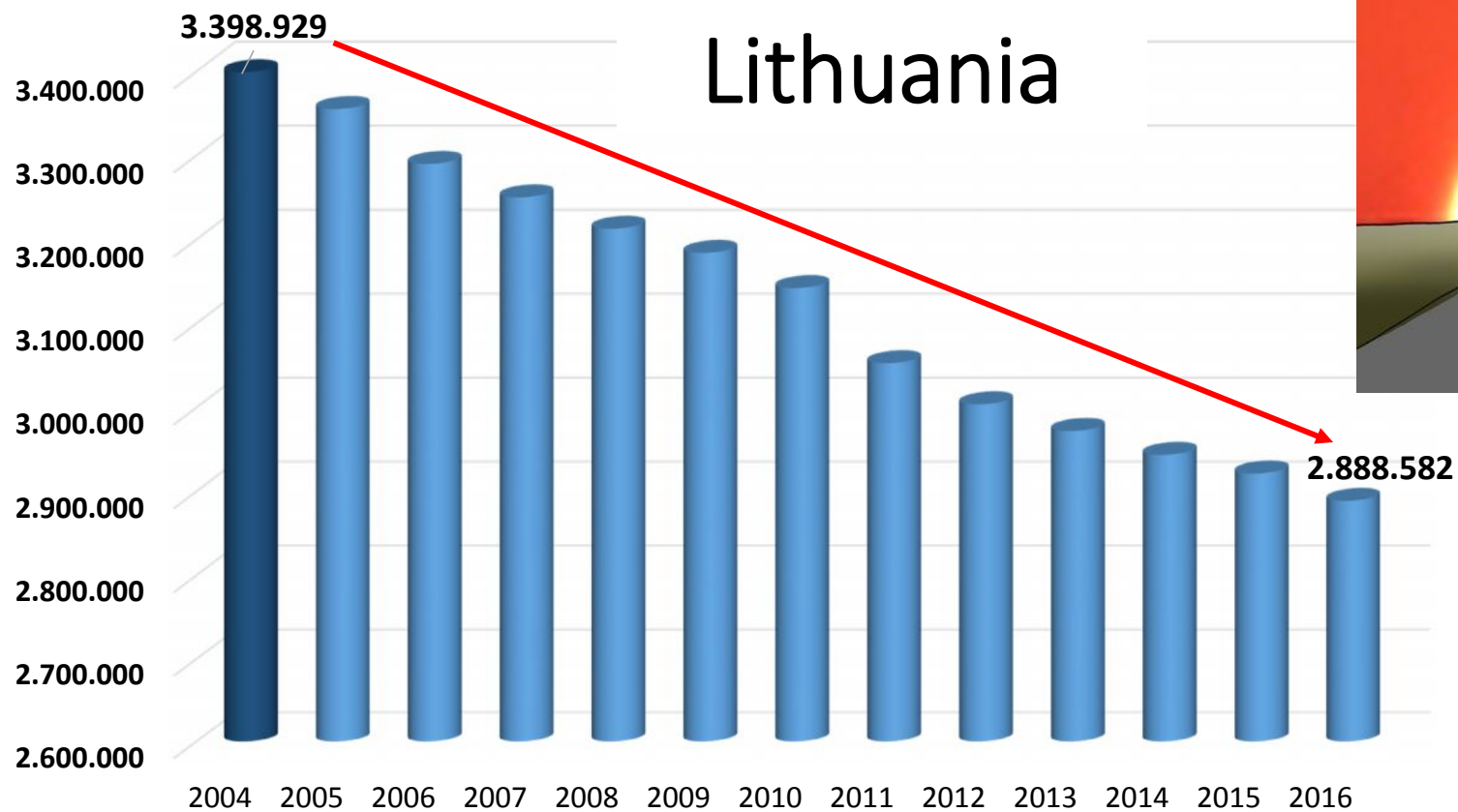


Average direct payments per potentially eligible area (year 2017 – existing legislation)



Source: European Commission - DG Agriculture and Rural Development

Population in Lithuania



Accessed EU



Law on Acquisition of Agricultural Land in Lithuania Before 01-01-2014

- One person could hold up to 500 ha of agricultural land.
- The law allowed any person to establish new legal entities for purchasing additional areas of land, generating a vast total area with a goal to invest, not to work the land.
- This trend distorted the land market and land prices.
- Result – over 30 groups of legal entities, owning a large area of agricultural land (some **over 30 000 ha**)

A recent example

At the moment, German „KTG AGRAR SE“ is selling their shares to a Lithuanian AUGA GROUP (ex. AGROWILL GROUP) which already owns **25 thousand ha** and after this purchase is expanding up to **33 thousand ha** of land, mainly used for organic crop production.



After 01-01-2014: total area owned by related persons no more than 500 ha; priority rights for sales


I. Definition of related persons:

- **Spouses or parents** (stepparents) and their minor children (stepchildren)
- Legal entities, directly or indirectly managing **more than 25 percent shares** of other legal entity
- Legal entities having the same sharer who manages **more than 25 percent shares**

II. Priority (pre-emption) rights when selling private agricultural land to:

- **Co-owners** of the land parcel
- **State**
- Person **using the land** for at least one year on the basis of a contract which is registered at the Register of Real Property
- Owners of **neighboring** land plots

Factors that affected a second change of the Law: After 01-05-2014

- Constantly deteriorating soil quality, industrial impact, urban development and other factors  a **second amendment** of the Law on acquisition of agricultural land:
- Only persons featuring **appropriate skills and qualification** can buy agricultural land.
- Requirement only applies to those seeking to obtain **more than 10 ha** of agricultural land.
- The aim of restrictions – to avoid commercial concentration of vast areas of land in single hands, aiming to profit, not to farm

Qualification requirements (not applicable to young farmers)

Legal entities

- 3 years of agricultural activities within 10-year period; declaring agricultural land 3 years within 10-year period
- 50% of income from agricultural activities
- Need to prove economic viability

Natural bodies

- 3 years of agricultural activities within 10-year period; declaring agricultural land
- Have registered a farmer's farm or possess a diploma in agricultural education

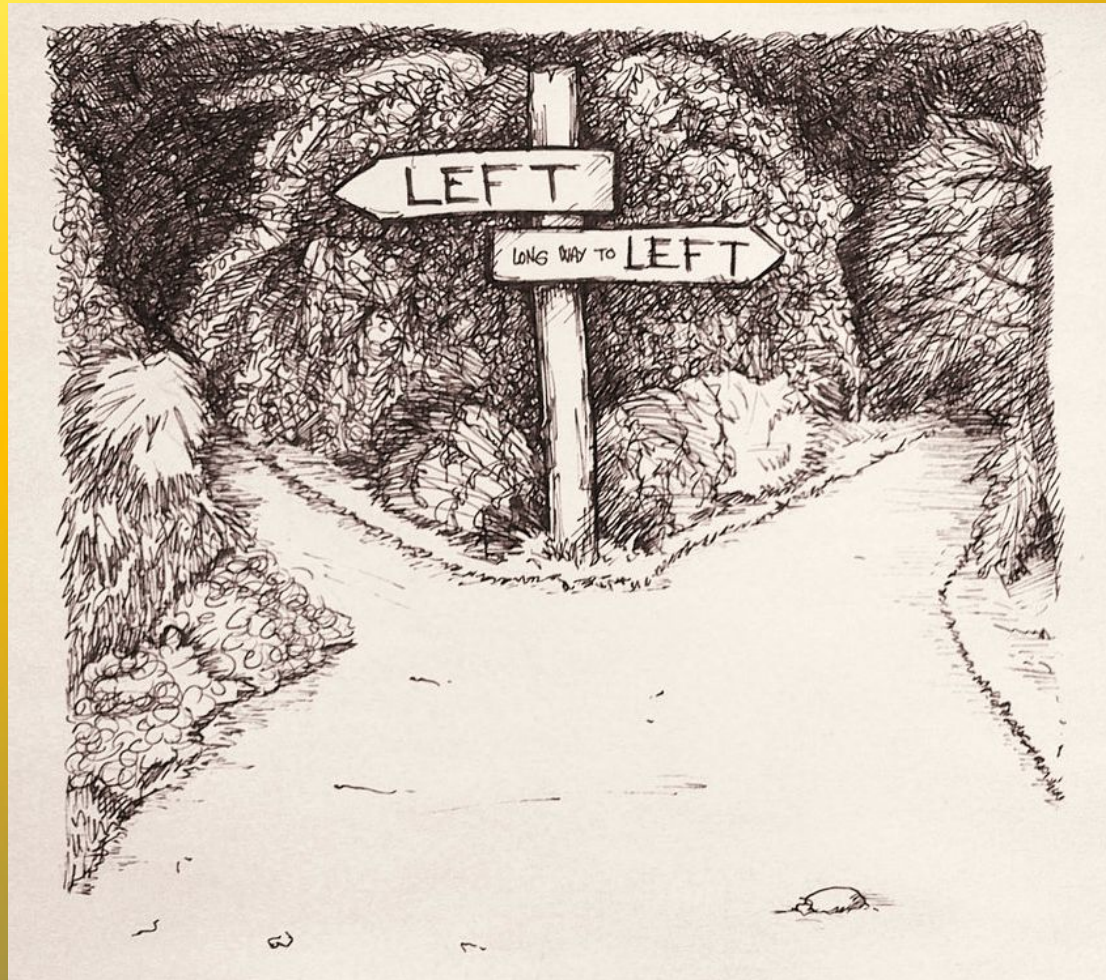
European Commission initiated an infringement procedure

- EC claims the qualification requirements (professional education, registered farmer's farm, 50 percent of income from agricultural activities for legal bodies) do not comply with the principles of **free movement of capital and the free rights of establishment**.
- EC points out the current Law closes the land market for the persons with no professional farming skills.
- EC requires Lithuanian authorities to eliminate qualification requirements from the Law.

Current situation

- Ministry of Agriculture is working on a new amendment of the Law, in which all qualification requirements shall be **abolished**, except the requirement applicable to both natural and legal bodies „**agricultural activity and declaration during 3 years within the last 10-year period until entering into land sales agreement**“ (EC did not point out this specific qualification requirement as incompliant with EU legal framework).

Should we give up trying?



Thank you for your attention!

