

Republic of Lithuania
Law on the State Regulation of Economic
Relations in Agriculture

22 December 1994 No.I-734

Vilnius

I.General Provisions

Article 1. The Objective of this Law

The objective of this law is to regulate the economic relations between agricultural economic entities and state institutions and agricultural market partners , to establish the basic state regulatory measures of these relations, to facilitate the implementation of agrarian policies and to sustain the balance of agricultural market.

Article 2. The Main Concepts

As used in this law:

Agricultural entities means farmers' farms, agricultural companies and other enterprises registered in accordance with the procedure established by the Laws of the Republic of Lithuania, the annual income from the sales of tradable agricultural produce and production services for agriculture account for more than 50 % of the total income.

Agricultural market means the exchange mechanism involving agricultural entities.

Agricultural market partners means economic entities which purchase, process and sell agricultural produce and which sell material and technical supplies and production services necessary for agriculture.

Purchase quota means the amount of agricultural produce determined by the Government of the Republic of Lithuania, the purchase of which it guarantees for an agricultural entity.

Import quota means the amount of goods limited by the Government of the Republic, which may be imported.

Minimum marginal price means the minimum purchase price of agricultural produce, according to quotas determined by the Government of the Republic of Lithuania.

Threshold price means the minimum price of imported goods, which is determined by the Government of the Republic of Lithuania or an institution authorised by it. Threshold price may not be lower than the average domestic market price of the country.

Soft credit means the loan to agricultural entities and agricultural market partners providing services to them at the interest rate not exceeding 50 % of the average annual market interest rate or where the state refunds at least

50 % of interest on credit.

Lands of restricted economic utilisation agricultural land to which special utilisation conditions and activity restrictions approved in the established manner, are applied.

Limitation of agricultural production means the sum total of measures applied by the Government of the Republic of Lithuania, limiting the production of certain agricultural products or the utilisation of land.

Low-productivity lands means agricultural lands the productivity of which is by 1/4 points lower than the average for the country.

Bio-organic agriculture means the method of farming without using mineral fertilizers, pesticides and growth stimulants, so that ecologically pure products are grown, biological soil activity is revived and biological balance is maintained.

Article 3. Agriculture - the Priority Branch of Economy

Agriculture in the Republic of Lithuania performs an important economic, social, environmental protection and ethnocultural functions and thus is a priority branch of national economy.

Article 4. Agricultural Support Policy

The State supports first of all, pursuant to targeted programmes, producers of the main tradable agricultural products, the progress of agricultural science and technology, the preservation and improvement of land and other natural resources, the implementation of bio-organic agriculture, the establishment of specialized commercial farms and protect the equal rights of agricultural entities on the market.

II. State Regulation

Article 5. Measures of State Regulation

Economic relations between agricultural entities and the State institutions and agricultural market partners shall be regulated according to the procedure established by the Government of the Republic of Lithuania by:

- 1) guaranteeing the buying up of agricultural produce according to the quotas;
- 2) supplementing or selling the part of state food product reserves;
- 3) supporting agricultural investments;
- 4) regulating the import and export of agricultural produce and food products;
- 5) controlling the quality of the produce;
- 6) restricting the activities of agricultural entities which dominate on the market;

- 7) promoting or limiting the production of certain agricultural produce;
- 8) protecting the interests of agriculture by international agreements.

The Government of the Republic of Lithuania may apply other regulatory measures as well.

Article 6. Buying up of the Produce

The Government of the Republic of Lithuania or a state institution authorised by it shall every year by 1 July establish and declare the buying up quotas and minimal marginal prices of the basic agricultural products.

Agricultural produce shall be bought up according to quotas on the basis of agreements between agricultural producers and processing and trade enterprises. The agreements shall be concluded only after the quotas and minimal marginal prices are declared.

Minimal marginal prices shall not apply to the produce exceeding the established quotas.

Article 7. Procedure of Effecting Settlements

Contractual terms of effecting settlements for the agricultural produce bought up in accordance with quotas may not be longer than those determined by the Government of the Republic of Lithuania. The amount of penalty for delay in payment shall be established by law.

At the request of agricultural entities, bills shall be used for making settlements for the bought up agricultural produce.

Agricultural market partners may not use the received profit for paying bonuses, honorariums or dividends, or for buying shares until they clear delayed payments for the purchased agricultural produce supplied and services rendered by agricultural entities.

Article 8. Crediting

Soft credits shall be extended according to the bidding procedure.

The Government of the Republic of Lithuania or the institution authorised by it shall establish the procedure for extending soft credits and the annual interest rate thereon, shall approve the bidding regulations and appoint the bidding commissions.

The State credit resources shall be extended through agricultural credit cooperatives or commercial banks.

The State shall extend from its resources an interest-free loan for a twenty-year term for the development of the cooperative credit system and shall grant tax privileges to credit cooperatives.

Article 9. Targeted Financing

Targeted financing shall be applied to agricultural entities and agricultural market partners for:

- 1) supporting the buying up of agricultural produce according to quotas;
- 2) reorganising the economic activities of agricultural entities which are based on low productivity land and reducing the differences in the economic conditions of farming;
- 3) organising the production of ecologically pure agricultural produce and eliminating the centres of concentrated pollution;
- 4) developing cooperation and agricultural services;
- 5) implementing the programmes for the settling of farmers and developing production infrastructure;
- 6) compensating the income from the agricultural production reduced by state-imposed restrictions;

- 7) conducting scientific research in agriculture, giving consultations and training;
- 8) purchasing productive sorts of plants, animals and poultry for breeding; and
- 9) land reclamation and liming of acid soils.

The Government of the Republic of Lithuania shall determine the priorities, procedure, and terms and conditions of targeted financing and shall appoint the institution to carry it out. The Government may also establish other targeted financing.

Article 10. Taxation of Agricultural Entities

Preferential tax rates established by the Government of the Republic of Lithuania shall apply to agricultural entities.

Article 11. Export of Agricultural Produce

Export of agricultural produce shall be unrestricted.

Article 12. Regulation of Import

The quantities of import of agricultural produce, food supplies and products shall be regulated by quotas and customs duties in accordance with the procedure established by the Government of the Republic of Lithuania.

Threshold prices shall be introduced for the imported agricultural produce and food products the analogues of which are produced in Lithuania.

Article 13. Information for the Regulation of Agricultural Market

State institutions shall continuously analyse the domestic and international agricultural market, shall prepare and from time to time announce information on the prices of agricultural produce and production resources as well as parity of said prices, demand for food products and their prices on the domestic and foreign markets.

Article 14. Production Quality Control and Certification

State institutions of the Republic of Lithuania shall issue certificates to agricultural produce and shall control the produce quality in compliance with the regulations and norms approved by the Government of the Republic of Lithuania.

Specialised institutions, upon receiving a licence from an institution authorised by the Government of the Republic of Lithuania, shall issue licences to the produce grown on the farms of bio-organic agriculture and shall control its quality.

Article 15. Support for the Sale of Agricultural Products on the Domestic Market

District and town local governments shall set up and allot to the agricultural entities free of charge permanent places for selling agricultural produce and shall also lease for the purpose, by conducting a negotiated bidding, suitable state-owned premises or shall allot land plots for the construction of cooperative stores of agricultural entities.

The provisions of Par. 1 hereof shall be implemented in accordance with the standards approved and procedure established by the Government of the Republic of Lithuania.

III. Implementation of State Regulation

Article 16. Sources of Resources Used for Regulation

No less than 10% of the State budget expenditure as well as foreign targeted loans and other funds shall be generally allocated for implementing the national agriculture development programme and the measures of state regulation of relations in agriculture, for forming state food product reserves, and for the purposes of land reclamation and acid soil liming.

Article 17. Coming into Effect of the Law

The Law shall become effective as of 31 March 1995.

Upon the coming into effect of the Republic of Lithuania Law on State Regulation of Economic Relations in Agriculture, the Law of Republic of Lithuania "On Improving of the State of Agriculture by Means of Exporting, Purchasing Agricultural Produce and by Selling Agricultural Products Produced in Lithuania" shall become invalid.

I promulgate this Law, passed by the Seimas of the Republic of Lithuania.

President of the Republic

Algirdas Brazauskas

