

REPUBLIC OF LITHUANIA

LAW

On the Privatization of Property of Agricultural Enterprises

(As amended by 7 April 1993)

Article 1. Objectives of this Law

1. This law shall regulate the conditions and procedure for the initial privatization of property of agricultural enterprises.

2. This law shall not apply to either state agricultural industrial enterprises whose property is being privatized under the Law of the Republic of Lithuania on the Initial Privatization of State Property, or to specialized agricultural enterprises which are not subject to privatization.

Article 2. Facilities Subject to Privatization

Property of agricultural enterprises, with the exception of property which is subject to restitution as defined in the Law of the Republic of Lithuania on Procedure and Conditions of the Restoration of Ownership Rights to the Existing Real Property, shall be subject to privatization.

Social and industrial infrastructures whose establishment was funded by the state, facilities of land-reclamation, and facilities used for a specific purpose as determined by higher levels of local government or by the Government of the Republic of Lithuania, shall be privatized only upon the decision of the district board.

Article 3. Persons Entitled to Acquisition Rights of Agricultural Enterprise Property Subject to Privatization

Property subject to privatization may be acquired by:

- 1) employees or members of the enterprise;
- 2) persons who have retired from the enterprise;
- 3) invalids of Groups 1 and 2 who became invalids while working at the enterprise;
- 4) members of the farmers' holding who were formerly employed in the enterprise;
- 5) persons (and their family members) employed in communication services, in medical, educational, or cultural institutions, and in other jobs specified in the list approved by the Government of the Republic of Lithuania, who reside on the territory of an agricultural enterprise and who are employees (or retired employees) of the aforesaid enterprise;
- 6) disabled family members and dependants of persons set forth in paragraphs 1-4;
- 7) other persons who have been employed in one agricultural enterprise for no less than 5 years, and who have been working in Lithuanian agriculture for no less than 10 years (with the exception of those employed by force, and who have been unlawfully evicted from that area). Such persons shall be

entitled to acquire the property of the agricultural enterprise in which they worked for the longest period;

8) employees residing in areas where agricultural enterprises not subject to privatization are located;

9) persons acquiring land ownership rights pursuant the June 18, 1991 Law of the Republic of Lithuania on Procedure and Conditions of the Restoration of Ownership Rights to Existing Real Property;

10) other persons established by the Laws of the Republic of Lithuania;

11) legal persons which came into existence after the property of agricultural enterprises has been privatized according to its value;

12) groups of natural persons which have subscribed for share investments in industrial technological complexes (Amended 7 April 1993)

Article 4. Methods of Privatization

1. Persons specified in paragraphs 1-4 of Article 3 may attain property of agricultural an enterprises subject to privatization either by purchasing it at closed auctions, or by acquiring shares.

2. Property of agricultural enterprises which has not been privatized shall be sold to persons referred to in Article 3 of this law. Any unsold property may be purchased by all other persons who so desire.

3. Lists of agricultural enterprises which are being privatized by purchase shall be approved by the district board, upon the recommendation of district privatization commissions. Requests made by persons entitled to acquisition rights of agricultural enterprise property subject to privatization shall be taken into account.

Article 5. Payments for Purchased Facilities of Privatization

1. State-owned property and property of agricultural enterprises shall be sold for:

- 1) one-time state allocations;
- 2) purposive compensations;
- 3) purposive agrarian compensations;
- 4) payments by agricultural enterprises;
- 5) money.

2. One-time allocations shall be appropriated in accordance with the Law of the Republic of Lithuania concerning the initial privatization of state property.

3. Other purposive compensations shall be allocated in accordance with the corresponding resolutions of the Government of the Republic of Lithuania (March 28, 1991, No. 106; June 28, 1991, No. 253; July 4, 1991, No. 262).

4. Purposive agrarian compensations shall be allocated to employees and former employees of agricultural enterprises. The amount of compensation shall be proportional to the length of service at the enterprise in question:

from 5 to 10 years -- 10 percent;
from 10 to 15 years --20 percent;
more than 15 years -- 30 percent.

5. Payments allocated by agricultural enterprises to employees (members) of the enterprise, to pensioners, to persons who became invalids of Groups 1 or 2 during the period of employment in that enterprise, and to members of farmers' holdings who were employed in that enterprise.

Payments allocated by agricultural enterprises shall be calculated by deducting: the value of the property specified in Article 2 of this law; the sums of registered one-time state allocations, purposive compensations, and purposive agricultural compensations of persons indicated in paragraphs 1-4 of Article 3; and the sums of short-term and long-term credits drawn after January 1, 1990, from the property value of the enterprise. In accordance with the decision of the district agencies of agricultural reform, the remaining portion of the property shall be distributed to persons receiving enterprise payments, in proportion to the length of their service in agricultural enterprises of the Republic of Lithuania.

6. In purchasing property of an agricultural enterprise under privatization, a person shall have the right to use money according to the established quotas (March 14, 1991 Resolution of the Supreme Council of the Republic of Lithuania "Enforcement of the Law Concerning the Initial Privatization of State Property").

Upon the decision of the Government of the Republic of Lithuania, portions of property of certain agricultural enterprises may be sold to persons specified in Article 3 of this law without applying money quotas.

7. Property provided for in items 1-4 of paragraph 1 of this Article shall be inherited according to the general procedure.

Article 6. Procedure for Property Acquisition of Agricultural Enterprises under Privatization

1. The property of agricultural enterprises under privatization shall first be acquired by complete industrial-technological units, formed in response to personal requests, and in accordance with the criteria of the formation of complex land use planning of an enterprise.

The acquired separate complexes at the request of their owners (shareholders) may be either merged or splitted up. Decision concerning the merging or splitting shall be adopted in the owners' meeting by 2/3 of the votes of the owners.

2. At least 5 percent of the value of purchased property (shares) must be paid with money. This money shall be transferred to the Fund of Agricultural Reform (which was established for the repayment of long-term credits of enterprises drawn prior to January 1, 1990, and for the reimbursement of expenses connected with agricultural reform and the activities of agricultural reform agencies), according to the procedures established by the Government of the Republic of Lithuania.

3. Upon the privatization of the property of an agricultural enterprise and the termination of its activities according to the procedures specified in Article 12 of this law, payments for unsold agricultural enterprises shall become invalid.

Article 7. The System of Privatization Bodies

The system of privatization bodies of agricultural enterprises shall consist of the district agencies of agricultural reform, the district privatization commission, the district board, the Commission of Agricultural Reform by the Government of the Republic of Lithuania, and the Central Privatization Commission.

The functions and competence of these bodies shall be determined by the Government of the Republic of Lithuania.

Article 8. Inventory and Appraisal of Property under Privatization

Administrations of agricultural enterprises under privatization shall take an inventory and shall appraise the property of the enterprise. The procedures and rules of inventory and appraisal shall be approved by the Government of the Republic of Lithuania.

Article 9. Registration of Requests from Persons Entitled to Acquisition Rights of Property of an Agricultural Enterprise

Persons entitled to acquisition rights of property of an enterprise subject to privatization must file documents, as established by the Government of the Republic of Lithuania, with the district agency of agricultural reform, prior to November 1, 1991.

Petitions for the acquisition of property and the chosen forms of farming shall be accepted by the agency of the agricultural reform until December 31, 1991.

The Government of the Republic of Lithuania shall have the right to extend the term established in this Article.

Article 10.A Meeting of Persons Entitled to Acquire the Property of Agricultural Enterprises Subject to Privatization

For checking the lists of persons entitled to the right to acquire the property of agricultural enterprise under privatization, for verifying the calculated amount of payments of an agricultural enterprise, for discussing the proposals concerning the drafting of a scheme for the privatization of the property of an enterprise as well as for discussing other related matters, District Agency of an Agricultural Reform shall hold a meeting of persons specified in Article 3 of this law.

Article 11. Procedure for Solving Disputes

1. Persons who disagree with the decisions of the administration of an enterprise or of the district agency of agricultural reform may appeal against them to the privatization commission of the district. The dispute must be solved within the month from the day the claim was filed. Decisions of a district board may be changed by the Government of the Republic of

Lithuania.

2. Property disputes shall be solved in court.

Article 12. The Termination of the Activities of an Enterprise

1. Upon privatization an agricultural enterprise, the state government body under the jurisdiction of which is the enterprise under privatization, on the recommendation of district agency of agricultural reform, shall adopt the decision to liquidate or reorganize such enterprise in the manner established by laws, delegating the functions of liquidation commission to the district agency of agricultural reform. Information concerning the termination of activities of an enterprise shall be published in the local press and in the central bulletin of privatization.

2. Claims concerning the obligations of an enterprise under liquidation shall be accepted by the district agencies of agricultural reform within a month after the termination of the activities of an enterprise have been announced in the press.

Article 13. Privatization Procedure of the Unprivatized Property

1. The property which remained unprivatized after 3 May 1993 shall be privatized by 15 June 1993 to persons specified in paragraphs 1 -7 of Article 3 for the funds defined in Article 5.

2. The property which remained unprivatized by 15 June 1993 shall be privatized in the following manner:

1) enterprises which have been established after the privatization of the property of agricultural enterprises according to their value and groups of persons which have subscribed for share investments in industrial technological complexes, shall acquire the unprivatized portion of property pursuant to purchase-sale contract, for cash and at a 95% discount;

2) other unprivatized property shall be sold to enterprises which have been established in the territory of the former agricultural enterprise under privatization and for persons specified in paragraphs 1-4 of Article 3 on the basis of economic expediency and competitive bidding at the price not lower than 5 percent of the value of the property. The competitive bidding shall be organised by the district agency of agricultural reform;

3) at the request of agricultural enterprises, local governments of districts and regions (their branches) must sell unprivatized facilities meant for social and other needs as well as residential houses built with the money of the former agricultural enterprises and conveyed to local governments by 28 September 1990 directive No. 298 and 12 October 1990 directive No 420 of the Government of the Republic of Lithuania, at the price of 5 percent of the value of this property;

4) the value of the purchsed property shall be distributed

among the members of the agricultural enterprises according to the procedure prescribed by the Law on Agricultural Companies of the Republic of Lithuania (Amended 7 April 1993).

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President

Supreme Council

Republic of Lithuania

Vilnius

30 July 1991

No. I-1624