

ORGANIC LAW OF GEORGIA
ON AGRICULTURAL LAND OWNERSHIP

This Law recognises the land within the territory of Georgia as a national treasure of the state that has special political, social, economic, ecological and cultural value for fulfilling state objectives and exercising fundamental human rights, provides for the principles of rational use of agricultural land as an exhaustible resource of particular importance and, protecting public and private interests, determines ownership of agricultural land and facilitates the implementation of the national policy on sustainable land management, the protection of national security and the development of local farming.

Chapter I – General Provisions

Article 1 – Scope of the Law

This Law applies to the agricultural land within the territory of Georgia. This Law regulates the relations related to the ownership of agricultural land parcels.

Article 2 – Legal grounds for the ownership of agricultural land parcels

The legal grounds for the ownership of an agricultural land parcel are: the Constitution of Georgia, the international treaties of Georgia, this Law, and other legal acts of Georgia.

Article 3 – Definition of terms

For the purposes of this Law, the terms used herein have the following meanings:

- a) agricultural land – land area of either a pasture, a hayfield, an arable land (including the land under perennial crops) or a homestead land category, which is used or may be used for agricultural purposes with or without buildings and structures on it;
- b) a citizen of Georgia – a citizen of Georgia, including a citizen of Georgia who is at the same time a citizen of a foreign country as provided for by the legislation of Georgia;
- c) an alien – a natural person who is neither a citizen of Georgia nor a person having a status of stateless person in Georgia;
- d) a dominant partner – a partner or a group of partners of a legal entity under private law registered in Georgia that owns more than 50 per cent of the equity/shares/units and/or constitutes a majority of the partners (in the case of partners of a general partnership or general partners (komplementars) of a limited partnership) or the founders/members (in the case of a non-entrepreneurial (non-commercial) legal entity) and, at the same time, has a practical ability to have a decisive influence on the decision of a legal entity in relation to agricultural land;
- e) an investment plan – the documents on the use of an agricultural land parcel that provide for making investments in the production of agricultural products and/or other products, the introduction of innovation activities, the development of tourism infrastructure, the fulfilment of the projects of international, state and/or local importance, that will facilitate social and economic development of the state, protection of national security and creation of new workplaces.

Chapter II – Title to Agricultural Land

Article 4 – Title to agricultural land

1. Agricultural land may be:

- a) in the ownership of the state of Georgia, an autonomous republic of Georgia, a municipality of Georgia;



b) in the ownership of a legal entity under public law of Georgia in the cases provided for by the legislation of Georgia;

c) in the ownership of a citizen of Georgia;

d) in the ownership of a legal entity under private law registered in Georgia, whose dominant partner is an entity determined by sub-paragraphs (a)-(c) of this paragraph;

e) in the ownership of an organisational entity, that is not a legal person, if the entities determined by sub-paragraphs (a)-(d) of this paragraph constitute the majority of its members and at the same time have a practical ability to have a decisive influence on the decisions of the organisational entity in relation to agricultural land.

2. Taking into consideration the limitations established by this Law, agricultural land may be:

a) in the ownership of an alien if the land was inherited by the alien;

b) in the ownership of a legal entity under private law registered in Georgia, whose dominant partner is an alien and/or a legal entity registered abroad or whose dominant partner cannot be established under paragraph 1(d) of this article, on the basis of an investment plan, according to the decision of the Government of Georgia.

3. The limitations established by this Law shall not apply to an international financial institution determined by an ordinance of the Government of Georgia or a financial institution determined by the legislation of Georgia, whose dominant partner is an alien and/or a legal entity registered abroad, or whose dominant partner cannot be established under paragraph 1(d) of this article if the title to an agricultural land parcel arises within the scope of activities, permitted by the legislation of Georgia, that are carried out by international financial institutions or financial institutions (including if a creditor purchases a collateral).

4. The title to an agricultural land parcel of a legal entity under private law registered in Georgia, whose partner is a legal entity under private law registered in Georgia, shall be determined in accordance with the dominant partner of a partner legal entity, taking into consideration the procedures established by paragraphs 1 and 2 of this article. This rule shall apply to each subsequent partner legal entity.

Article 5 – Obligation to alienate an agricultural land parcel

1. In the case of failure to fulfil the obligation determined by an investment plan, a legal entity under private law registered in Georgia, whose dominant partner is an alien and/or a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, shall alienate the land parcel within one year after an authorised body makes a decision.

2. In the case of privatisation of an agricultural land parcel owned by the state of Georgia, an autonomous republic of Georgia, a municipality of Georgia, if a party is a legal entity under private law registered in Georgia, whose dominant partner is an alien and/or a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, the privatisation condition shall comply with the requirements established for an investment plan, and in the case of failure to fulfil the obligation, the procedures established by the applicable legislation of Georgia shall apply.

3. If an obligee fails to alienate an agricultural land parcel, the land parcel shall be transferred into the state ownership according to the procedure established by the legislation of Georgia.

Article 6 – Use of an agricultural land parcel as a collateral

1. The requirements established by the legislation of Georgia shall apply to the use of an agricultural land parcel as a collateral, unless otherwise provided for by this Law.

2. An agricultural land parcel shall not be used as a collateral, with the condition of transferring it into the ownership, in favour of an alien, a legal entity registered abroad and/or a legal entity under private law registered in Georgia, whose dominant partner is an alien/a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law.

3. A claim or a right, which gives rise to the title to an agricultural land parcel, shall not be ceded in favour of an alien, a legal entity registered abroad and/or a legal entity under private law registered in Georgia, whose dominant partner is an alien/a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law.

4. The prohibitions established by this article shall not apply to the entities determined by Article 4(3) of this Law if they carry out the activities permitted by the legislation of Georgia.



Article 7 – Change of the partner of a legal entity under private law registered in Georgia

1. A partner of a legal entity under private law determined by Article 4(1)(d) of this Law, that owns an agricultural land parcel, shall not be changed if, as a result of such change, an alien, a legal entity registered abroad and/or a legal entity under private law registered in Georgia, whose dominant partner is an alien/a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, becomes a dominant partner.
2. If the equity/shares/units of a legal entity under private law determined by Article 4(1)(d) of this Law, that owns an agricultural land parcel, is/are used as a collateral in the amount that, in the case of transfer of the pledged item into the ownership of a pledgee as a result of failure to fulfil the obligation, an alien, a legal entity registered abroad and/or a legal entity under private law registered in Georgia, whose dominant partner is an alien/a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, becomes a dominant partner, the right of pledge shall not be exercised with the condition of transferring a pledged item into the ownership of a creditor.
3. Change of a partner of a legal entity under private law determined by Article 4(1)(d) of this Law, that owns an agricultural land parcel, as a result of which an alien, a legal entity registered abroad and/or a legal entity under private law registered in Georgia, whose dominant partner is an alien/a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, becomes a dominant partner, shall be permitted on the basis of an investment plan, in accordance with an ordinance of the Government of Georgia.
4. A partner of the legal entity under private law determined by Article 4(2)(b) of this Law, that has obtained the title to an agricultural land parcel on the basis of an investment plan, may be changed without any additional agreement unless otherwise provided for by the investment plan.
5. The prohibitions established by paragraphs 1 and 2 of this article shall not apply to the entities determined by Article 4(3) of this Law as well as to the cases of inheritance of the title by aliens.

Article 8 – Ownership of agricultural land by the state of Georgia, an autonomous republic of Georgia and a municipality of Georgia

1. The ownership of agricultural land by the state of Georgia, an autonomous republic of Georgia and a municipality of Georgia shall be determined by the Constitution of Georgia, this Law and other legislative and subordinate normative acts of Georgia.
2. State-owned agricultural land parcels that are not subject to privatisation shall be determined by the legislation of Georgia.
3. For financing the measures for regulating Georgian land market, using and protecting land and improving land quality, the Estate Fund of Georgia shall be established, the source of funding of which is the State Budget of Georgia. Through the Estate Fund of Georgia, the State shall have a priority right of redemption of agricultural land according to the procedures and in the cases provided for by the legislation of Georgia.

Article 9 – Ownership of agricultural land within the occupied territories of Georgia

The agricultural land within the occupied territories of Georgia is a part of the land fund of Georgia, to which a special legal regime applies. The State is obliged to protect and ensure the rights of a person who lawfully owned an agricultural land parcel within the occupied territories of Georgia, used the land parcel and/or had a title to the land parcel. Any transaction, concluded by violation of the requirements established by the legislation of Georgia in relation to the agricultural land parcels within the occupied territories of Georgia, shall be considered null and void from the moment of its conclusion and shall not give rise to any legal consequences.

Chapter III – Transitional and Final Provisions

Article 10 – Transitional Provisions

1. The limitations established by this Law shall not suspend the registration of the title to an agricultural land parcel that is in the lawful ownership (use) on the basis of the title document (a judicial (arbitration) act, an individual administrative act, a transaction or other legal act that gives rise to the title to the agricultural land parcel) issued/drawn up in compliance with the requirements established by the legislation of Georgia before the entry of this Law into force, as well as according to the procedure established by the Law of Georgia on Recognition of Property Rights of the Parcels of Land Possessed (Used) by Natural Persons and Legal Entities under Private Law.



2. If, at the moment of entry of this Law into force, the title to an agricultural land parcel held by an alien or a legal entity under private law registered in Georgia, whose dominant partner is an alien and/or a legal entity registered abroad or whose dominant partner cannot be established under Article 4(1)(d) of this Law, has been registered or is registered in accordance with paragraph 1 of this article, the obligations determined by this Law shall not apply to such title.

3. If, after the entry into force of this Law, the citizenship of Georgia of a citizen of Georgia, whose title to an agricultural land parcel has been registered, is terminated, the obligations imposed on aliens under this Law shall not apply to the registered title.

Article 11 – Repealed normative acts

The following shall be declared invalid:

a) the Law of Georgia of 22 March 1996 on Agricultural Land Ownership (the Gazette of the Parliament of Georgia, No 007, 30.4.96, p. 17);

b) the Law of Georgia of 15 May 1997 on Entry into Force of the Law of Georgia on Agricultural Land Ownership (the Gazette of the Parliament of Georgia, No 23-24, 7 June 1997, p. 16).

Article 12 – Entry of this Law into force

1. This Law, except for Article 5(1) and Article 7(3) of this Law, shall enter into force upon its promulgation.

2. Article 5(1) and Article 7(3) of this Law shall enter into force on 1 January 2020.

President of Georgia Salome Zourabichvili

Tbilisi,

25 June 2019

No 4848-III

