

# Parliament repealed the sanctions regime for public companies, owners of agricultural land

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Let us recall this scandalous saga, which lasted nearly a year. In 2014, Parliament amended the Law on Ownership and Use of Agricultural Land (LOUAL). According to it, agricultural land cannot be owned by foreign individuals from countries outside the EU and by commercial companies that are direct or indirect owners of firms registered in offshore zones or in countries outside the EU and the European Economic Area.

In February of this year, a financial sanction for violators was introduced – a fine of 100 BGN per decare for a first offense and 300 BGN per decare for a repeat offense. It was envisaged that this drastic measure would enter into force on May 1, 2015. On April 24, the grace period was extended until October 1, 2015. On April 30, Parliament surprisingly abolished the fines for public companies altogether. This decision was pushed through via the transitional and final provisions in

the Law on Markets in Financial Instruments. The rationale for introducing the exception is that listed companies cannot control their shareholders, and it is possible for foreigners to have indirect ownership of agricultural land through them, which is prohibited.

This outcome was reached after the business community opposed the harsh financial sanctions very categorically. According to industry experts, if the MPs had not protected the interest of public companies, a business worth more than 1.5 billion leva would have been killed. The change was also necessary because the European Commission began an investigation into the ban on foreigners buying agricultural land in Bulgaria, as such a measure, according to European legislation, contradicts the rules on the free movement of people and capital.

Along with the abolition of the heavy financial fines regarding public companies, the domestic MPs also adopted a residency requirement – owners of agricultural land must have resided in the country for at least 5 years. According to those familiar with the case, this measure is another indication that the EC's infringement procedure will continue.

**B.R.** The magazine "Plant Protection" published in a separate brochure the full text of the Law on Ownership and Use of Agricultural Land following the latest amendments (incl. the new deadline for the introduction of punitive fines – October 1, 2015), which was sent to readers together with issue No. 4 of the magazine. The editorial preparation of the issue was completed on April 27, and for this reason, it was not possible to include in the text of the LOUAL the latest decision of Parliament from April 29, 2015, on the abolition of sanctions for public companies, about which we inform you with some delay.