

LONG AWAITED BILL ON OWNERSHIP OF AGRICULTURAL LAND FINALLY IN THE PARLIAMENT

On 27 February 2019, the new bill of Organic Law on Ownership of Agricultural Land and related package of legislative amendments were lodged to the Parliament of Georgia.

As widely discussed in our previous newsletters, under currently effective Constitution of Georgia, agricultural land is considered an important State resource that can be owned only by the State, local self-government, citizens of Georgia or their unions, save where otherwise permitted by the organic law. The bill therefore aims to broaden the list of permitted owners of agricultural lands and allows foreigners to own such lands if acquired: through inheritance, on the basis of respective investment plan and Government consent or through a local entity where foreigner owns less than 50% shares or has no decision-making powers. Such ownership is qualified with the requirement to operate the land for agricultural purpose and in accordance with the investment plan, where such plan is required. If the owner breaches such obligation, he/she will have to alienate the lands, otherwise the lands shall be transferred to the State. Notably, where the land is transferred to the State, the law does not stipulate any compensation mechanism, although the explanatory note to the bill envisages such compensation.

IFIs and local financial institutions with foreign participation are allowed to hold agricultural land if acquired through foreclosure of collateral or otherwise, as a result of their permitted activity. They are also entitled to hold security interest over agricultural lands. Notably, the local financial institutions with foreign participation may hold the agricultural land for maximum period of 2 years and have to alienate the land within this period.

Most importantly, certain provisions of the proposed organic law may have retroactive effect. If approved, the new law shall come into full effect from 1 January 2020.

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NEW LAW ON MEDIATION IS UNDERWAY

On 13 March 2019, the draft Law of Georgia on Mediation was published on the website of the Parliament of Georgia. Under the DCFTA, Georgia undertook to develop alternative means of dispute settlement, with emphasis on mediation and arbitration. Therefore, the bill aims to promote mediation as an alternative method of dispute resolution in Georgia by way of setting up an adequate legal and institutional framework. As noted in the explanatory note to the bill, the draft Law on Mediation was prepared with active involvement of donors (USAID, UNDP, CIZ), local practitioners and academics, as well as foreign experts and is in full compliance with international standards. The bill covers mediation carried out based on the agreement of the parties, as well as the judicial mediation prescribed by the courts. The bill has successfully passed the first hearing and, if adopted, shall become effective from 1 January 2020.

AMENDMENTS TO THE LAW ON INSURANCE – MORE TRANSPARENCY AND REGULATION

On 27 March 2019, the bill of amendments to the Law of Georgia on Insurance was presented to the Parliament. The bill introduces certain regulations for the insurance brokers, such as capital adequacy, reporting and other requirements in relation to disclosure of material terms of offered insurance packages to their consumers. In addition to the above, the proposed amendments oblige insurance companies to make their corporate structure transparent for general public. Namely, insurance companies have to disclose their direct, as well as beneficial shareholders who hold at least 10% of their shares. If successfully passed in the Parliament, the amendments will become effective gradually and enter into full force from 1 August 2019.

