

The Acquisition of
Agricultural Land in
Lithuania by
Foreigners
Case study of Lithuania

Thesis

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List of Terms and Abbreviations

CT Constitutional Treaty

CFSP Common Foreign and Security Policy

ECJ European Court of Justice

ESDP European Security and Defence Policy

EC European Commission

EP European Parliament

EU European Union

Eurojust The judicial cooperation body created to help provide safety within an area of freedom, security and justice(www.eurojust.europa.eu)

JHA Justice and Home Affairs

LT Lisbon Treaty

NMS New Member State

NMSs New Member States (the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia)

MEP member of the European Parliament

MS Member States

NP national parliaments

OMS Old Member States

QMV qualified majority voting

SEA Single European Act

The Council the Council of Ministers

TFEU Treaty on the Functioning of the European Union

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Chapter I. Introduction

This Chapter is aimed to introduce the reader with the issue of interest. Therefore the short introduction to the topic will be presented and this would lead us to describing the problem area and composing the problem formulation. The problem formulation is essential part of this paper, as the questions behind the problem formulation would lead us through the paper and finally serve to conclude it.

Moreover, the reader would find several other sections in the Chapter I that are crucial in an academic paper. Namely, there would be delimitations and synopsis sections as well. The delimitations' section would serve to set a clear view of the matters that would be in the spotlight and which would not be investigated in depth. The section of synopsis would help the reader to orientate better in the paper. Moreover it will present a brief overview of the content of each chapter and each section. Thus, each section is important, but in order to proceed and conduct the analysis, we would like to introduce the reader with our issue of interest.

The big bang accession of 10 new Member States (NMSs), namely Lithuania, Latvia, Estonia (referred as former Soviet Union states), Poland, the Czech Republic, Hungary, Slovakia, Slovenia (referred as former satellite states of Soviet Union), Malta and Cyprus(two islands in Mediterranean Sea), caused countless discussions in the world between scholars, states' representatives and other global actors. In many cases, the questions raised were referring to the apposite timing of enlargement. It was questionable if the states were ready to join the Community and questions on new neighboring countries and changed borders of the European Union (EU) arose (Smith, Dunne, 2008, 375).

Naturally, each of the New Member States (NMSs) varied with their historical experience, public opinion on the European Union, differentials in cultural matters and politicians' will to put an emphasis on their matters of concern. (Nugent, 2004, 2). Therefore we could claim that 10 new countries with different background and problems within joined the union, where every Member State (MS) is unique, but united by the economic and political partnership.

One of the matters that were widely highlighted before the "big bang" accession to the EU was land related matters in each country. Before the accession on 2004 land law, the land itself, land

purchases by foreigners and etc. were widely discussed and attracted the attention of scholars, politicians and society. Situation in all the NMSs was interesting, but the particular one we found so newsworthy that we were encouraged to write a paper on it.

Thus, it is worth to mention the situation in the former Soviet Union states. The land was nationalized by the Soviet government and after the collapse of Soviet Union in 1990, rapid reforms and changes in the land system were indispensably needed. The reason of such necessity can be explained by obviously ineffective former land system. (Frucht, 2004, 193). Finally, in the post Soviet countries' land reforms were introduced and started to be implemented, but the content and scope was varying. Thus in every country the main aim of the reforms was the same—adapting the countries to the new conditions and re-creation of market economy.

As one of the example of trying to re-create market economy we would like to present Lithuanias' Land Reform, introduced in 1991. In one of the first articles of the Land Reform were set the objectives of the new system of land. It was stated as following: “the goal of land reform is to implement the right of Lithuanian citizens to land ownership by returning the expropriated land in accordance with the procedures and terms established by law, and by buying land, as well as to create legal, organizational, and economic preconditions for the development of agricultural production by freely chosen forms of farming.”(The Parliament of the Republic of Lithuania, 1991, Ch.1, Art. 2) ¹ We would like to indicate that the main purpose of the Land Reform was the transition from the collective farm system to reestablishment of market based economy in Lithuania. In addition to that, all Baltic countries were following similar path of reforms as well (EC, 2000).

As it was indicated, the mentioned Baltic States had particular troubles with land related matters and corresponding measures were applied in order to restructure the land system. However, before the accession to the EU the candidate countries faced the EUs' requirements that caused a lot of controversy in the Community and in the contemporary candidate states. (Schimmelfennig Sedelmeier, 2005, 265). One of such requirements was opening their land markets to the EU MS nationals. (Tesser, 2004, 213).

¹ Land Reform of the Republic of Lithuania, Chapter 1, Article 2.

In the case of Lithuania the requirement to liberalize the land market, and particularly agricultural land market, caused a lot of discussions and one could have noticed the clash of several actors' interests and opinions. Therefore, it is interesting to investigate the issue in depth and gain comprehensive knowledge on the matter.

Thus, in this paper we will present, describe and analyze the specifics of 2004 accession's countries ban on agricultural land ownership by foreigners in the meantime putting the main emphasis on the case of Lithuania and its' specifics.

1.1. Problem Area

This section will introduce the reader with the thesis problem area and matters arising. Mostly we will focus on the subject wherefore the problems are arising and the origin of the matter occurs. Therefore we should involve historical background of Lithuania as it would serve to gain better knowledge in the land related matters. Moreover, we will elaborate on the specifics of the problem area and, in particular, analyze the case of agricultural land purchases by foreigners in Lithuania.

Due to the historical circumstances, some of the current member states of the EU experienced collective farm system, nationalization of the private land and other imposed rules on land use. Therefore, we could claim that with the collapse of Soviet Union and some countries' reestablished independence, "satellite" states' connections with the Soviet Unions' market practices were shook to the core or broken irreversibly. However, new political and territorial conditions occurred and post Soviet states had to adapt and re-establish market economy, political system, judicial, supreme and local authorities and adapt contemporary legal acts to the changed circumstances. In the mean time many problems occurred, especially ones interconnected with land and land law.

As it was mentioned before, failed collective farm system was about to be changed and nationalized land was supposed to be restituted. Problems with land privatization, state-owned land reserves, land transactions occurred with featuring problematic administrative procedures (Giovarelli, 2001). Thus we can say that post Soviet states were facing huge challenges and

failed agricultural practice in the Soviet Union encouraged Lithuania turn to the West. And while doing so- observe and draw inspiration of what could be done to improve the situation.

The years passed and economic growth could be seen in post-Soviet countries. The year of 2004, when 10 new countries joined the EU was a very important step for the EU itself and for the new Member States. One could claim that former Soviet Union countries were on the different page than the old Member states and many errors occurred in the matters related with land. Namely, gaps in the land law, unfinished land restitution processes, bans on agricultural land purchases by foreigners, confusion regarding private and state owned land and etc. After joining the EU in 2004 many problems in the new Member States' remained and we find it interesting to investigate one of them. Therefore we would like to focus on the significance of Lithuania's ban on agricultural land purchases by foreigners.

The issue is in our high interest due to the close connection to the EU, as those countries were conditionally accepted with the future prospect and obligation to remove bans on forest and agricultural land purchases by EU residents in order ensure one of the freedoms of the EU- free movement of capital (EC, 2007). The Treaty of the European Union indicates single market freedoms (free movement of goods, services, capital and people) that the EU residents can enjoy in a full extent (EC, 2011). Though, the EU allowed some exceptions for the candidate countries and only for negotiated transitional periods.

The length of those periods vary from country to country and depends on the particular state, its interior conditions of the states and, supposedly, its' politicians ability to negotiate (EC, 2007) In the case of Lithuania, the set transitional period for 7 years was extended with 3 more years and likely some interests of some actors might be within the transitional period. The issue of agricultural land purchases by foreigners is quite broad, but we would like to identify and analyze data that would bring us comprehensive knowledge on the issue.

1.2. Problem Formulation

In this section we will present the problem formulation of the thesis and shortly introduce the reader with the specifics of it. Moreover, this section will indicate the problem formulation that would lead us through the paper. Our main purpose is to analyze the data and answer to the problem formulation while conducting this research comprehensively.

As it was mentioned in the Problem Area section, it is important to emphasize and know the background of the 2004 accessions' Member States historical conditions and the inner situation that led to the controversy on imposed restrictions for foreigners on agricultural land purchases. Thus we will attempt to describe and analyze the situation in particularly one of the "big bang" accession countries, namely Lithuania. While doing so we would like to focus on several aspects that will be indicated in analytical framework in Chapter IV.

In this paper we will focus on the ban on agricultural land acquisition by foreigners in the meantime focusing on the case of Lithuania. The case of Lithuania was chosen not incidentally. Land related matters was always a sensitive issue and a matter of discussion due to historical conditions and considering that Lithuania's agricultural sector holds itself a significant role in the share of Lithuania's GDP. (Kraujelis, 2002, 1)². When the negotiations on accession to the EU began, the agricultural land sales issue was especially in the spotlight of society and politicians. Hence, both positive and negative perspectives could be found on the matter due to varying interest groups', politicians and society positions.

Lithuania's Minister of Justice Remigijus Šimašius once noted that selling agricultural land for foreigners would be profitable for landowners in Lithuania and for the state itself (Respublika, 2010)³. However in various other sources one can find negative society's position on selling land to the foreigners (See Ibid; lrytas.lt, 2011; delfi.lt, 2010). Actually, the possible NMSs' reluctance to liberalize agricultural land market for foreigners was emphasized by EC in several papers. For instance, in the ECs' report to the Council (2008) we can find identified

² Jeronimas Kraujelis was the minister of the Ministry of Agriculture of the Republic of Lithuania from 2001 until 2004, the year when Lithuania joined the EU.

³ "Respublika" is one of the leading newspapers in Lithuania, writing on the everyday matters, interviewing top rank politicians and society representatives.

unwillingness of states to open their market and the reasoning for such stance. (EC COM(2008) 461, 2008)

The reasoning would most likely attain a great support from society and those who are against liberalizing the agricultural land market. According to the report (mid-term review of transitional period) one can face the “concerns about a possible massive takeover of land by foreigners; and the extent to which the restrictions on foreign ownership have affected the efficiency of land exchanges and land allocations, and of productivity growth...” (EC COM(2008) 461, 2008, 3) From this we can see that the EU indicated possible reluctance of NMSs’ to adopt *acquis communautaire*. Moreover, the EC admits that shorter than set transitional periods could impinge further development of the NMSs. Moreover, this point view was expressed when the first transitional period in Lithuania was already lasting for 4 years. Thus the question if the NMS would have been ready to open their agricultural land markets for foreigners before the end of transitional period is not discussable.

On one hand, the “big bang” accession states might have been basing their requests to extend the transitional period in order to gain profit somehow for their own country while keeping the agricultural land market restricted. On the other hand, some Euroactiv.com journalists are indicating that from the EU’s perspective, Poland and other countries are jeopardizing free movement of capital and treating foreign investments unfairly (*Euroactiv*, 2010). Hence, one can notice the high interest of the EU in the matter. Moreover, one can indicate the EUs’ will to push for shorter transitional periods and to up-tempo finalizing the negotiations in order to ensure free movement of capital to function in a full extent.

In addition to that we would like to indicate that the possible reluctance to welcome foreign capital by selling land to the foreigners might be explainable by fresh re-establishment of independence and whirl in the political and legal system. However, as some of the post Soviet countries developed, contracted with other states and finally began negotiations on joining the EU, the issue was in the spotlight. Therefore it is interesting to analyze the peculiarity of the land, land law and legal restrictions on land purchases by EU residents, politicians and other actors will, in the meanwhile focusing and raising the question:

What problems lay behind Lithuanias’ ban on agricultural land purchases by foreigners?

1.3. Delimitations

In this section we would like to introduce the reader with the delimitations that will set more explicit view of the thesis' content. Setting delimitations is an essential part of the paper as the issues interconnected with the land are broad and due to limited human resources and potential to expatiate the scope will be constricted to the following.

In addition to that we would like to enlighten the reader on our focus and present the matters that would not be discussed in depth. Moreover, in this section the reader will find delimited and described crucial terms that will be used throughout the paper. Thus, the purpose of this is clarify the terms and avoid misinterpretation.

Firstly we would like to indicate the focus of the thesis. As it was mentioned in Problem area and Problem formulation sections, the admission of 10 new members to the EU in 2004 was a huge challenge both for the old MSs and for the 10 NMSs. The Republic of Lithuania, one of the “big bang” accession countries, was solving many problems related with land system before and in the meantime. Therefore those issues will be in the spotlight of this paper.

Thus we would like to note that in this paper we would focus on the case of Lithuania and other NMS will not be discussed in depth. Other Member States will be described and discussed shortly in order to give a more explicit view on the situation in the EU regarding agricultural land purchases by foreigners. However this kind of information will be provided only when necessary and when it is useful for conducting the analysis. Thus, the cases of the other NMSs regarding the ban of the agricultural land purchases by foreigners is interesting as well, but due to the limited capacity of the paper they would not be discussed broadly.

Secondly, we would like to clarify some terms that will be used in the paper. To begin with we would like to identify who falls under the name “foreigner” and what should be excluded. As the main emphasis is on Lithuania, we will refer to its' legal acts. It is stated in Law on Legal Status of Aliens that the alien is “any person other than a citizen of the Republic of Lithuania irrespective of whether he is a foreign citizen or a stateless person” (Law on Legal Status of Aliens,2011, Art.2.32). Hence, the concept of the aliens is notably broad and we would like to narrow it down. The thesis will be focused on the EUs' citizens and their rights to purchase

agricultural land in Lithuania. The foreigners that do not have EU's countries citizenship would not be discussed as our interest is within the EU and its' MSs.

Also, particularly Lithuania was chosen to be investigated among the other "big bang" accession countries due to several reasons. Firstly, the case of Lithuania was not widely escalated and sometimes the situation in the country seems to be not enlightened enough. Thus, in the matters related with the ban on agricultural land purchases by foreigners, much more attention was drawn to Poland that asked for the comparatively long transitional period. Secondly, Lithuania can be referred as a very engaged country that made such successful political and economic developments in short period that led to becoming the MS of the EU. (Lazdinis, 2008, 311)

Activities that can be performed on the land vary from country to country due to the climate conditions, farmers' habits and legal restrictions. However, the ownership of the land is the basis of disposition with the land in the owners' best interest- farming, renting, selling etc. Taking into consideration the ways of dispose the land, we choose to examine agricultural land purchases/acquisition as it lays the primer grounds of the real estate. Hence, we believe that focusing only on land purchases will depict the situation the best regarding potential constriction of free movement of capital in the EU.

Taking into consideration that the focus of the paper is the case of Lithuania, we will be mostly referring to the Lithuanian legal acts and system. Thus, the Law on Land of Lithuania could be referred as one of the most important legal acts regarding agricultural land related matters. Moreover, we will focus on related EU level acts whenever they can contribute to describing and analyzing the issue.

According to the Law on Land of Lithuania there are several legal persons that can own land in Lithuania and it is important to emphasize that despite the type of legal personal all the land belongs to the Land fund of Lithuania (Law on Land of Lithuania, 2011, Art. 3.1). Thus, the scope of the agricultural land purchases will be considered regardless the owners of the land i.e. State and municipalities owned land, private person or legal entity. All of the mentioned ones can be vendors of estate in Lithuania (Ibid). Thus, all of the types of the owners will be considered in the paper due to the fact that land transactions, such as sale, can be performed by each one of them. However we will mostly focus on legal persons and legal entities transactions.

Moreover, as there are many ways of handling the land and numerous types of the owners, there are various types of land use that should be mentioned. I.e. According to the latest Land act of Lithuania, we could indicate five types of land use, namely, agricultural, forest, aquaculture, conservational and other type of land use (Law on Land of Lithuania, 2011, Art. 25-29). Thus we will not focus on other than agricultural type of land use estates purchases. The reason of such choice can be explained by the discussions and controversy it caused among the Member States and the EU.

It is important to mention that despite the ownership of the land and farmers' will to farm it there could be various limitations imposed on the activities performed on the land. There exists a possibility that the part of estate or all territory of the estate is mapped as Natura 2000 Networking Programme area is high since it covers around 20% of the Europe (Natura 2000, 2007). Likewise there could be other legal restrictions imposed on particular estate by the state such as servitude easements, expropriation for public needs and etc. However, we will not consider these restrictions as contributory factors to this paper and we will be qualifying estates as units regardless the varying specifics of the land.

As it was mentioned before, historical background is substantial part of the research in order to understand and depict the situation regarding particularity of agricultural type of land purchases. However, as this paper aim to be more analytical than descriptive, we would not put emphasis on historical developments that we find inexpedient to our research. As such we can identify the land restitution after the collapse of Soviet Union. We will not analyze land restitution processes in depth but mention it and its' details when necessary.

Moreover we choose to exclude analyzing parts of Land reforms that has insufficient connection with our Problem formulation. However, current situation can not be understood comprehensively without historical knowledge and cognition of legal acts. The huge historical impact to the current situation is an indisputable fact; therefore, historical context will be shortly presented and used when we find it necessary.

In addition to that we will not scrutinize EUs' Common Agricultural Policy (CAP) in depth. It will be mentioned only when necessary due to the connection with integration processes and enlargement of the EU.

Finally, we would like to set the time horizons of the paper. Only a limited period of time will be taken into consideration. The scope of this work will be limited to particular time period- from the opening of negotiations on Lithuania joining the EU (1999) until 2012. (EC, 2012) We find it the most reasonable time frame to analyze the restrictions on foreign capital movement and have coverage from the 10 new Member States' accession until nowadays.

1.4. Theoretical approach

In this section we will introduce the reader with the theoretical approach that will be used throughout the paper. It is necessary to do so because theoretical perspectives on the topic are an inherent part of conducting comprehensive research and arriving to the findings.

As it was previously mentioned, our main emphasis is set on Lithuanias' ban on agricultural land acquisition by foreigners. We would like to put an emphasis on the enlargement of the EU in 2004 since Lithuania is one of the "big bang" accession to the EU countries, when the number of EUs MSs increased by 10 NMS.

Considering the fact that after those 10 NMSs joined the EU-15 and the number of EU MSs increased almost twice (population increased significantly as well) we would not mistaken the reader saying that it was a massive enlargement and a high importance historical event. It must have been a huge challenge for the national politicians and the EU representatives to negotiate and deal on the terms of acceptance. Finally, they managed to negotiate successfully and in 2012 we have 27 EU MSs.

Thus, enlargement is an important part of the EU and we would like to put an emphasis on it while scrutinizing the ban of agricultural land purchases by foreigners in Lithuania. Moreover, enlargement can not be described without considering of integration processes. Firstly it is important to mention some outcomes of the EU enlargement. According to Frank Schimmelfennig and Ulrich Sedelmeier Eastern enlargement countries would benefit significantly when they join the EU. They claim that those countries, Lithuania included, "can expect to benefit not only from full economic integration in terms of market access and incentives for foreign direct investments, but also in terms of budgetary receipts and a voice in Eu decision- making"(Schimmelfennig, 2002, 520). Referring to those scholars' ideas we believe

that it shows the connection of the problem formulation and theoretical approaches. The future perspective of liberalized market is one of the outcomes of regional integration.

Therefore, enlargement and integration in the EU can not be separated and should be discussed. Since the focus of the paper is the ban and the transitional period we would like to introduce the theoretical approaches that would serve to conduct the analysis. Particularly, we would like to use the perspectives of two European integration theories- liberal intergovernmentalism and neo-functionalism.

Both, liberal intergovernmentalism and neo-functionalism, are referred as EU integration theories (See Švarplys et al., 2009; Moravcsik, A., 1993). However, there are differences in their point of view on some perspectives and those will be presented more broadly in Chapter III.

To begin with, we would like to shortly introduce the neo functionalist theoretical approach and its' relation to our problem area. We believe that this theoretical approach will be useful while considering enlargement process and the results that came within and later. The neo-functionalism theory is very useful when one tries to explain European integration due to “spillover” concept. The “spillover” is one of the key neo-functional ideas, which suggest that “European integration is advanced through ‘spillover’ pressures”. (Bache et al, 2011, 8) Therefore, the idea of such “spillover” can be explainable through the example of spread cooperation in various sectors.

Thus, the EU started with economical cooperation, and according to neo-functionalists' logic cooperation should have spread further into related fields (Švarplys et al, 2009, 105). Another important aspect of neo-functionalism theory is the perspective on the non-state actors and their impact to the international politics (Bache et al, 2011, 8) The neo-functionalism theory represents the idea, that those non- state actors, such as various interest groups, has high importance in the political arena. Most likely it is so due to their capacity to express broad spectrum of opinions. Thus, we will try to investigate the position of Lithuanian Landowners' Organization and Lithuanian farmers' regarding agricultural land purchases by foreigners in Lithuania.

Taking into consideration Liberal intergovernmentalism that was developed by Andrew Moravcsik we would like to note the key elements of the approach. According to A. Moravcsik, Liberal intergovernmentalism was needed to modernize regional integration theory and emphasize

that the states are rational and calculating (Moravcsik et al, 2009, 67-69). Thus the modernization of regional integration theory was grounded with these assumptions/conclusions:

Firstly, national preferences play a leading role in the EUs' major choices and the preferences of the supranational organizations stays next. Secondly, the national interests are mostly affected by economic preferences and interests and other areas and concerns are deliberated later. Thirdly, the states' capacity to bargain and bargaining power is well reflected in the outcomes of the negotiations. (Bache et al, 2011, 13) Therefore we believe that these core assumptions of Liberal intergovernmentalism will be useful while conducting analysis. Seeing regional integration and agricultural land purchases ban for foreigners through the Liberal intergovernmentalism glasses should bring interesting insights in Chapter IV.

1.5. Synopsis

Restrictions on land purchases by foreigners were imposed before the “big bang” accession to the EU in 2004 in many of the current EU MSs. However, despite the necessity to fulfill the Copenhagen criteria, the candidate states undertook the requirement to adopt *acquis communautaire* and open their land market to the EU residents after the negotiated period. The transitional period varied from country to country and numerous negotiations were arranged by the EU in order to ensure the future prospects of the free movement of capital in the new Member States (EC, 2011). Therefore we can see that the EU aims to liberalize the agricultural land markets to the vast extent as soon as possible. Moreover we believe that there is a high possibility that states merited significantly to negotiate with the EU long transitional periods and postponing the full freedom of the capital movement.

Taking into consideration the transitional periods for the new Member States it is worth to mention the content and states positions in negotiations. The central discussion was related to the periods of time until the agricultural type of use land markets will be open for the citizens of the EU. Candidate states positions and proposed transitional periods were surpassing the European Commission expectations in inverse correlation. (Mihaljek, 2005, 194)⁴. However, after the

⁴Dubravko Mihaljek is the independent researcher working in the Bank for International Settlements.

negotiations between the candidate states and the EU, the solution was reached and only Poland kept on insisting for the 18 years transitional period. (Sajdik et al, 2008 , 126). Other states agreed on shorter transitional periods than they pleased for.

Also it is important to mention that the agreed transitional period was not final as subsequently some countries were granted with extension of the transitional period. Thus in this paper the whole period of transitional period in Lithuania will be discussed and we will try to unveil the problems that lay behind the ban of agricultural land acquisition by foreigners.

Lithuania was one of the NMSs countries that applied for the extension of the transitional period. Likewise Lithuania, other countries were willing to extend the transitional periods for acquisition on agricultural land by foreigners as well; and based their request on NMSs' state and inopportune timing to liberalize the market. According to one of the leading EU news website(*www.Euroactiv.com*) Hungary, Poland, the Czech Republic were on the same path as the transitional time was almost over and those states were claiming not to be ready for the “wealthy European investors from snapping up large chunks of arable land in the new member state” (*Euroactiv*, 2010). As a result of this states applied for the extension of transitional period and were granted with several years.

Taking into consideration Lithuania as the Member of the EU from 2004, we would like to investigate the specifics of agricultural land purchases ban for foreigners in complex dimensions. In order to proceed we set particular thesis content that will assist us to identifying the specifics.

In Chapter I we will present the Introduction part of the thesis that consists of numerous sections where we will to introduce the reader to the field of work and present the relevance to the paper. All of these the reader will find in sections named as following:

- Problem area,
- Problem formulation,
- Delimitations,
- Theoretical approach
- Synopsis

Chapter II will portray the methodological part of the thesis in order to show how we will pursue the analysis. The purpose of the mentioned chapter is to introduce the reader to the way we attempt to gather data, proceed with analysis and after analyzing it arrive to the conclusions.

Moreover, throughout the paper we will take into account selected theories and theoretical approaches which will be depicted in Chapter III. We will base our research on neofunctionalism and liberal intergovernmentalism theories that we find relevant to investigate and obtain results by basing our research on them.

In Chapter IV the reader will find the analytical part of the thesis. The analysis will be conducted and collected data will be analyzed in subjective interpretation manner. Also, various actors' and interests groups' perspectives will be investigated. Moreover, while analyzing we will use neo functionalism and liberal intergovernmentalism approaches in order to a more explicit view on how integration is affecting Lithuania and what it brings to the EU regarding agricultural land purchases by foreigners.

Lastly, we will present conclusions that will finalize our research and present the outcomes of research. This is needed due to generalize the findings and show the new knowledge and insights obtained in the process of investigating the specifics of ban on agricultural land purchases by foreigners in Lithuania.

Chapter II. Methodology

In this Chapter the reader will find methodological scope of the paper on which analysis will be based on. It is essential to introduce the methodological part of our research in order to set the grounds to the path of how it will serve to conduct the data, analyze it, arrive to the findings and, finally, summarize it in an academic manner. Moreover, in the Methodology chapter we will introduce the reader with the theories of research, research method, research strategy, limits of investigation, and conceptual framework. All of mentioned sections are important and they will serve to investigation process and help us to stay on the track before arriving to the conclusions.

In practice, section on theories of research will provide with the knowledge of which theory of research will be used throughout the paper and bring clearance on how will arrive to the findings. In the next section the particular research method will be presented. We believe that the research method that we chose will serve greatly as a tool in explaining the selection of gathered data and sources and the importance of those to the research. The mentioned case study of Lithuania reflects on our choice of research design and will be presented in research method section.

The section on research strategy aims to provide the reader with the knowledge of how we will approach on the issue of agricultural land acquisition. Thus, it will be indicated that particular case study method that will be used.

Needless to say, every research has its' limits of investigation and this part of the paper will be presented in the separate section of this Chapter. Moreover, we will briefly present the focus of the paper that will show the parts which will be not in the center of investigations' attention.

Finally, we will present and describe the conceptual framework. In that section the reader will find the purpose of conceptual framework and how we are willing to use it in the paper. Thus, as a methodological part of the paper it will be embodied in the chosen figure and, we believe, clearly express the way of how the research will be conducted.

2.1. Theories of research and research method

This section will introduce the reader with the Theory of search and annotate why particular one is chosen in order to proceed with analysis. Moreover, in this section we will introduce the reader with the chosen research method and argue for its' usefulness and the reason of choice.

In this paper we will use particular philosophy of research: interpretivism. Interpretivism is valued for its' perspective on interpreting gathered data. Thus, it declares that "strategy is required that respects the differences between people and objects of the natural sciences and therefore requires the social scientists to grab the subjective meaning of social action" (Bryman, 2004, 13) Thus we would like to note that during the research we will interpret data subjectively.

Inductive theory is referred as "interference from the particular to the general" (Honderich, 1995, 403 in Pierce, 2008, 32) Thus, following this path we will firstly collect data from primary and secondary sources and after subjectively interpreting it arrive to findings.

Thus, the inductive research method and case study research are usually inseparable. Even though the number of cases taken into consideration might vary, but the inductive research method is likely to lead the research of the particular or several cases. Thus, it leads us to progressive generalizations of reality and therefore we can investigate if and which generalizations comply with reality (George et al., 2004, 18-19). Therefore we will analyze gathered data and draw our generalizations of the situation. The case of agricultural land purchases ban for foreigners will be analyzed in depth and conclusions will be set accordingly to the gathered and analyzed information.

The overall view to the research methods in social sciences should be presented as well as it will show the possibility of choices. Therefore there are three types of approaches to the research: qualitative, quantitative and mixed (a mix of qualitative and quantitative). According to J. W. Creswel all of those varies, however they have one common purpose- serve to the research. (Creswel, 2003, 18). Considering our topic and problem formulation we believe that qualitative type of research approach would serve the best to conduct analysis in the most valid way.

Qualitative research process proceeds as following: firstly, establishing of research objectives (to indicate the problems laying behind agricultural land purchases in Lithuania by foreigners; secondly, composing a research design (conceptual framework). Then the process is followed by gathering the data and analyzing it. Finally, explaining the findings and interpreting relationships will conclude the research and draw conclusions. (McNabb, 2010, 46; Pierce, 2008, 32) Thus we believe that this kind of research process (qualitative and interpretivist) would serve the best in order to investigate the problems which are behind the agricultural land acquisition in Lithuania by foreigners.

2.2. Research strategy

Research strategy must be set and explained before starting to conduct analysis in order to clarify the path that is chosen to proceed with research.

In this paper we chose to use case study as an approach to the research. The reason of such choice lays in the essence of such research approach. The case study approach in the social research methodology can be described as a path that leads to discussion in depth. (Kumar, 2002, 31) The essence of the case study is quite clear, however, some scholars define it as a type of research strategy that focuses on one case particularly and examines it in depth. (Creswell, 2003, 14) Nevertheless, the idea of the case study brings us to examining one social phenomenon and later on arriving to the findings and comprehensive understanding of the issue (Yin in Biggam, 2011, 277). In this paper we have chosen the particular empirical case of Lithuania and the ban of agricultural land purchases by foreigners in Lithuania. Thus, as we chose this case study we are willing to observe closely the ban itself and what is behind it.

Case study approach can be divided into two types by the number of cases that is being used in the research. Thus, one can observe academic papers with analyzed single case or multiple cases. (Yin, 1984 in Eisenhardt, 1989, 534). Therefore, it is important to clarify, that in this paper will use only one case of Lithuania and the existing ban of agricultural land purchases by foreigners. In general, the main case study feature is studying the case in depth, focusing on one particular case and seeing the processes and relations. From this point of view, we believe that

Lithuanias' case is interesting due the fact, that there are few scholars who examined this case in depth. Other NMSs cases were investigated but generalized outcomes from other researches is not always applicable for every country. Moreover, from the EUs' perspective the liberalized market and free movement of capital might seem in different colors than from Lithuanias' perspective.

In addition, other scholars agree to the mentioned key features of the case study itself and argues that the case study research "permits the grounding of observations and concepts about social action and social structures in natural settings studied at close hand and it provides information from a number of sources and over the period of time, thus permitting a more holistic study of complex social networks and complexes of social actions and social meanings"(Feagin et al, 1991, 6).

From this point of view the main advantage is the flexibility of case study' in the means of research time horizons. We are choosing the particular period of time when the EU opened negotiation with Lithuania joining the EU until 2012. Taking this into consideration we would like to emphasize that the main focus will be based on the particular timing that we find the most reasonable to analyze.

In addition to that, the case study approach could be a referred as a reasonable choice to conduct research, as several interviews, press releases by relevant actors, scholars' researches and other data that could serve for the research are available.

One of the key features of the case study is the possibility to use various resources (Denscombe, 2007, 37). The information extracted from newspapers, speeches, official documents and etc will be extremely handful for our research due to the wide spectrum of available perspectives on the issue. As a result of this we can claim that we will use primary and secondary sources and observations on the matter. Other data collection methods can be useful, indeed. But in a case of investigating what lies behind the ban of agricultural land purchases by foreigners we believe that various sources with new/different/varying opinions and information will serve the best for analyzing the case and provide us with extensive space to maneuver in order to choose relevant information.

2.3. Limits of investigation

In this section we will present the limits of investigation which are important to indicate in order to give the reader a clear view on the issue that will be discussed.

As it was mentioned in the previous section, we will mostly focus on the particular timing. Namely we would analyze the ban from the point when Lithuania and the EU started negotiations on the EU enlargement and until nowadays, 2012. The reasoning of such choice would include the issue that the transitional period was granted to Lithuania with the condition that later it will be abolished and the principle of free movement of capital would function in a full extent.

Moreover, our main concern will be particular perspectives on the ban. Thus we will analyze the ban through the lenses of actors that are closely connected with the issue and examine what lays behind the ban concentrating on three main actors: ministry of agriculture, ministry of justice and society actors. While doing so, we will use the sources that we find the most trustworthy and useful regarding our problem analysis and which reflects perspectives of those actors.

2.4. Conceptual framework

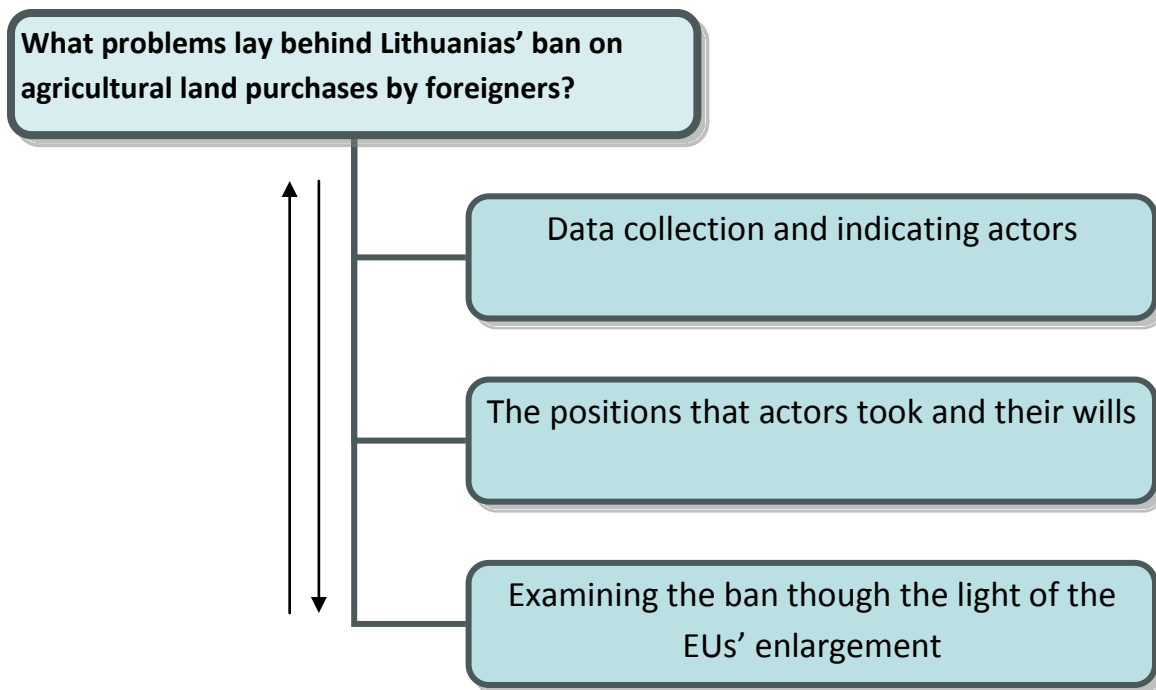
In order to clarify our way of proceeding with analysis, we would like to introduce the reader with the conceptual framework. The main purpose of it is to show the reader the guidelines of analysis and which path will be taken regarding scrutinizing the ban of agricultural land purchases by foreigners in Lithuania.

Our main concern is the problems that lay behind Lithuanias' ban on agricultural land purchases by foreigners. We believe that plausibility of the existing problems within the ban is high due to numerous discussions it caused.

Firstly we will gather data on the matter and after interpreting it we will be able to indicate the actors that are the most involved and interested in the process of liberalizing free movement of capital. Secondly, we will indicate and analyze chosen actors positions on the matter and other peculiarities of the agricultural land purchases ban for foreigners. We believe that examining those positions will bring us comprehensive knowledge on the issue and lead us to better understanding of the ban itself and what is behind it.

Finally, we believe that those findings will serve to examine the EU enlargement processes in depth and help us to answer to our problem formulation.

The conceptual framework should be seen as following:



Chapter III. Theories

In this Chapter we will present and describe two theories that were chosen to be used in this paper. Namely, we will use approaches of liberal intergovernmentalism and neo-functionalism. We find those theories as the most relevant ones in order to depict the situation and arrive to comprehensive knowledge on the matter of agricultural land purchases by foreigners.

Beforehand we will present neo-functionalism and liberal intergovernmentalism and describe their approaches and perspectives. While doing so we will base our findings on the works of top scholars that are appreciable nationally and world widely. Moreover, there will be used arguments and points of view from different scholars that had significant input in developing and scrutinizing the theories. Presentation and description of them will serve as a tool to discover perspectives of neo-functionalism and liberal intergovernmentalism and ensure credibility of later insights.

The purpose of this Chapter is presenting and unveiling the core assumptions of neo-functionalism and liberal intergovernmentalism as well as showing theories' close relation with the problem formulation. Thus, we will proceed with presenting neo-functionalism and liberal intergovernmentalism, continue with historical significance of the theories and its' relation with the EU. Moreover, we will include relevant criticism of neo-functionalism and liberal intergovernmentalism and possible limits of the theories.

3.1. Neo-functionalism

In this section we will present one of the chosen theories – neo-functionalism. After presenting the theory we will proceed with presenting and scrutinizing liberal intergovernmentalism. Later we will carry on using those where necessary in order to examine data in the light of integration processes. Finally with the help neo-functionalism and liberal intergovernmentalism we will arrive to the conclusions.

Firstly, we would like to indicate the roots of the neo-functionalism theory because it gives a hint to the whole theory content. Professor Michelle Cini points out that neo-functionalism's roots date back 20th century and publications of Ernst Haas. (Cini, 2007,86). According to her, the main aim of E. Haas was to set theoretical grounds for a theory, capable to explain establishment of the European Coal and Steel Community. Nevertheless, it should not be seen that the only purpose of E. Haas, was explaining the European Coal and Steel Community. The starting point was Europe and events within.

Later neo-functionalism was recognized as one of the main regional integration theories that focus on explaining European integration processes. (Cini, 2007, 87) Therefore, the European Coal and Steel Community developed to something bigger that needs a closer look through the glasses of integration processes.

The chosen theoretical approach is important due to the noticeable widening spectrum of policy areas where MSs of the EU is cooperating. One of the key features of neo-functionalists' logic is a strong emphasize on integration and widening and deepening Union. Therefore in various processes scholars identify two types of "spillover effect" that lead to deeper and wider integration. (George, S., in Moravcsik, 1993, 475).

The initial idea of the "spillover" links to the idea of the EU becoming more economically integrated and predictions that one or another action will lead to further integration and deeper cooperation. The "spillover effect" was widely scrutinized by various scholars and conclusions were drawn that brought more detailed and clear perspective on the "spillover".

There can be distinguished two types of "spillover"- functional spillover and political spillover. (Bache et al., 2011, 9) As an example of functional spillover we could indicate some facts of further deepening of the EU. Widening spectrum of policy areas can be depicted by those events: in 1962 the EU launched united Common Agricultural Policy, in 1970 the EU launched European Political Cooperation, and in 1992 the EU launched intergovernmental cooperation on justice and home affairs. Thus we can identify that thorough the historical timeline, new policy areas where cooperation was not widely spread, were introduced.

Indeed, it is also worth to mention the EU's single currency and common monetary policy that derived from the MS ability to negotiate and cooperate and seek for a deeper and wider union (Dinan, 2005, 3). And the capacity to negotiate is likely applicable for all the policy areas.

Moreover, it could be seen that widening areas of cooperation occur with the widening EU (increasing number of the MSs). E.g. the areas covering desired cooperation varies from the social security coordination with third countries (EC, 2012) to consumer protection in connection with cross-border purchases (judicial cooperation) (Regulation (EC) No 2006/2004, Art. 1-2). The spectrum of areas where cooperation is needed is very wide and enlarging EU with its' internal market requires even more cooperation between MSs and MSs and the EU and that leads to the numerous areas where cooperation is needed and spread.

In addition to all that was mentioned, it is important to describe the term "cooperation". The Oxford dictionary indicates this noun to reflect "the action or process of working together to the same end" (Oxford Dictionary, 2012). Reflecting on this we could claim that one of the EU's targets to grow and endure a stable union with good future prospects is based on cooperation between MSs and MSs and the EU. Focusing on the specific area of the EU- internal market- free movement of capital, goods, people and services can be assured only if MSs are willing to cooperate. Otherwise, closed borders and lack of cooperation would jeopardize the seek of liberalized internal market and growth of the EU.

The other type of "spillover" is named as political spillover. Liberal intergovernmentalist A. Moravcsik indicates that it can be explained through the presence and activities of supranational/ international authorities. He claims that neo-functionalism' political spillover "occurs when the existence of supranational organizations sets in motion a self-reinforcing process of institution-building" (Moravcsik, 1993, 475). Indeed, the political spillover refers to "built-up of political pressures in favor of further integration within the states involved" (Bache et al, 2011, 9). The example of this could be the interests groups lobbying not only nationally, but on the supranational level as well (Bache et al, 2011, 9). Due to the new possibility to affect supranational authorities the effectiveness of the lobbyism increases significantly and one can observe the political spillover.

From all the things that have been mentioned, we would like to note several key features of neo-functionalism: the importance of non state actors and interest groups in the supranational arena and politics is high and European integration is under the "spillover" effect. (Bache et al, 2011, 8).

On the other hand, neo-functionalism faces criticism of some scholars, such as Keohanne, Moravcsik, Hoffmann, Cornet and etc. due to its' insufficient capacity to explain the limits of integration. According to A. Moravcsik, at some point we can observe that the spillover is discontinuous and spread to particularly related policies and sectors (Moravcsik, 1993, 476). Moreover, some scholars indicate that the European Union might suffer from "spillback" and using the example of France boycott on European institutions in 1960 (Haas in Jensen, 2007, 93). From this point of view we can indicate that neo- functionalism is a theory with its' own drawbacks, as it fails to explain cases where spillover is not absolute and integration is decelerated.

Another critique that neo- functionalism is facing is related with external factors. One of the scholars, C.S. Jensen indicates that this theory of regional integration put insufficient emphasis on external factors and is too focused on "isolated entity" (Jensen, 2007, 93). And finally, based on empirical grounds, there exist opinions, that neo- functionalism is no longer relevant to the current situation of the EU (Jensen, 2007, 95).

In addition to that, neo- functionalism faces criticism related with its' point of view to elites. Recent situation regarding voting for the adoption of the EU Constitution clearly shows, that the citizens of particular MSs were not satisfied with drawn Constitution and were not following political and administrative elites. From this point of view we can indicate that neo-functionalism missed the part of necessity of legitimacy among the EU citizens. (Jensen, 2007, 95).

Another critique that neo-functionalism theory faces is related with the hegemony of the integrating society. According to A. J. R. Groom integration and "spillover" can exist when it complies with particular conditions. Namely, social, economic and political conditions, values, knowledge and etc. should stand on the same or similar grounds in order to make integration possible. If the conditions are not existing then the integration is relevantly doubtful (Groom, 1978 ,21). Thus, the case is not likely applicable in the EU, but in less developed countries it might be a case that neo-functionalism would not be able to explain the processes of integration.

Even though neo-functionalism theory covers and explains broadly on the European integration, but the limits of it lead us presenting liberal intergovernmentalism.

3.2. Liberal intergovernmentalism

“From the signing of the Treaty of Rome to the making of Maastricht, the EC has developed through a series of celebrated intergovernmental bargains<...> the EC can be analysed as a successful intergovernmental regime designed to manage economic interdependence through negotiated policy co-ordination”

A. Moravcsik

(Moravcsik, 1993, 473-474)

The purpose of this section is presenting liberal intergovernmentalism and its' insights on European intergration. While describing and scrutinizing liberal intergovernmentalism we will use data and views of the high class scholars in order to ensure credibility. Taking into account that Andrew Moravcsik is they main figure in developing the approach, we find his papers the most reliable sources to depict liberal intergovernmentalism. Moreover, there are other scholars that highly merited in this field, namely Schimmelfennig, Frank, Weiler, Hoffman and etc. , and we will use relevant information from their works in this paper as well. In addition to that we will highlight close relation of liberal intergovernmentalism with European integration and the importance of it to the analysis. But firstly we would like to present the content of liberal intergovernmentalism.

The origin of liberal intergovernmentalism lays in the “intergovernmental institutionalism”, but with much more elaborated approach and emphasize on interstate bargaining and national interests and preferences. (Moravcsik, 1993, 480). Though we can identify the roots of it, but the issue of importance is the developments made by Andrew Moravcsik, professor of politics and international affairs in Princeton University (Princeton University, 2012). He was the one who elaborated the approach and claims that liberal intergovernmentalism mostly focuses on “three essential elements: the assumption of rational state behaviour, a liberal theory of national preference formation, and an intergovernmentalist analysis of interstate negotiation.” (Moravcsik, 1993, 480). Thus, in accordance to this we can reach an outcome that liberal intergovernmentalism is in a tight relation with explaining integration processes and the most importantly- European integration.

Firstly, we would like to present the liberal intergovernmentalism approach on the EU enlargement as our problem formulation is closely related to it. It follows this logic: the origins start with national preference formation and later amendments of the preferences which are headed to interstate negotiations and leads to the outcomes. (Moravcsik, 1993, 482). Thus states are willing to negotiate in order to achieve their targets and national preferences are staying on the top while negotiating. Therefore, liberal intergovernmentalists believe that this was a case of the EU enlargement in 2004.

Considering the above mentioned points we could indicate that most likely both sides should have benefited from the EU enlargement. The national preferences of the NMSs could be described by saying that they were willing to benefit from the EU and were the ones that benefited from the EU enlargement the most. Namely, NMSs obtained better access to western and central EU markets and EUs' structural funds, accessibility to cooperate and manage social problems increased significantly and higher possibility to reduce crime level occurred and etc. (Moravcsik et al, 2009, 81). Such improvements in nationally were in high interest of the NMSs.

On the other hand, we can not claim that the EU has not benefited from the enlargement as well. M. Vachudova and A. Moravcsik emphasize that the enlarged EU expanded extensively regarding the numbers of consumers in the Union and that might led to extensively growing internal market. (Vachudova et al., 2002, 12). And four freedoms of internal market should be remembered when talking about that lead to enlarged EU.

In addition to that, we should mention that from the liberal intergovernmentalists' perspective, the bargaining implications and bargaining power was not on the NMSs side. This claim is grounded by A. Moravcsik and M. Vachudova insights that the NMS were accepted to the EU with special provisions on free movement of labor (restrictions for transitional periods), lower agricultural subsidies and *acquis communautaire* (Moravcsik et al, 2009, 82). Together with *acquis communautaire* there came the request to liberalize the agricultural land market and temporal exemptions were granted. Therefore, liberal intergovernmentalism believes that both sides benefited from the enlargement and it was done after they bargained and tried to pursue their own preferences.

A. Moravcsik claims: "European integration is an outcome of interstate bargaining" (Moravcsik, 2009, 71). This quotation well depicts the way liberal intergovernmentalism sees European

integration and widening of the EU. According to him, bargaining and economic interests that are expressed and incorporated into national preferences are the key drivers of European integration. Thus, transitional period for abolishing the ban of agricultural land purchases by foreigners can be seen as one of the outcomes of European integration and bargaining processes.

3.3. Features and peculiarities of theories

It is important to note some peculiarities of liberal intergovernmentalism and neo-functionalism. Firstly, we would like to indicate that probably all of the international relations theories have their weaknesses and can not be applied in every case. Thus, we would like to indicate one of disadvantages both theories share.

Scholar Thomas Risse-Kappen claim that both of the theories “assume that European integration is fundamentally driven by the instrumental self-interest of actors whereby the utility functions are defined in economic terms” (Risse-Kappen, 1996, 56). However, other scholars slightly disagree with such statement, and claim, that Moravcsik incorporated neo-functionalists’ perspective on driving force of integration- national interest into liberal intergovernmentalism, but brought to the fore economic interests as the main impetus for integration (See Bache, 2011; Švarplys, 2009). Thus, the economic interests in neo-functionalism are not that significant, but can not be seen as unimportant.

One of the differences between neo- functionalism and liberal intergovernmentalism was indicated by A. Moravcsik and his claim that “Whereas neo-functionalism stresses the autonomy of supranational officials, liberal intergovernmentalism stresses the autonomy of national leaders” (Moravcsik, 1993, 491). From his perspective we find an opinion that the essence of international relations lies in the actions of national states and not supranational authorities. And the main driving force is the interests of national authorities that are struggling for the best outcomes for their own (Jensen, 2007, 95).

However, neo- functionalism does not reject the idea that national interests are important part of integration. The idea that integration is deriving “from the domestic bottom up” is shared by both theories. (Risse, 2004, 4) The main disagreement between liberal intergovernmentalism and

neo-functionalism regarding this issue could be the process- economic interests are in the core of possible integration, but not always.

We will use both neo-functionalism and liberal intergovernmentalism in order to examine and explain the situation in Lithuania regarding agricultural land purchases' ban for foreigners. Therefore we believe that those theories' insights will be helpful in understanding European integration and enlargement processes.

In this chapter we presented the theories which will be essential in analyzing the situation in following chapter. Moreover, they will provide us grounds that will serve us to analyze the situation and the specifics of the ban of agricultural land purchases by foreigners in Lithuania.

Chapter IV. Analysis

In this Chapter we will present and analyze the significance of agricultural land purchases ban on foreigners in Lithuania and investigate the plausible problems laying behind it. Hence it is important to depict the situation and indicate the peculiarities of land sales ban for foreigners in order to identify the specifics that engaged us to analyze the issue. Seeking to gain comprehensive knowledge on the issue led us to establishing particular perspectives that will be discussed in the analysis.

To begin with, the accession of 10 new member states to the EU was a huge challenge for all Europe. Despite the fact that the EUs' members list supplemented with new countries, the enlargement brought on the table various discussions on political and economical divergences in the EU and the future of the EU itself (Fritz, 2005, 192).

Post- Soviet states which joined the EU in 2004 experienced rapid and drastic changes in their economy and legal system and that emerged as numerous reforms (Ibid). Hence, significant transformations were needed and were implemented after the Soviet block collapsed and that was one of the steps that influenced revival of the market economy and other type improvements in the states. (Baltas, 2001, 254)⁵. Finally, the big bang accession of new MS to the EU might be understood as a causality of successful transformations.

Taking into consideration free movement of capital that includes land purchases in foreign MS, it is important to mention Council Directive 88/361/EEC of 24 June 1988 for the implementation of Article 67 of the Treaty. The directive was aimed to abolish restrictions on free movement of capital and to liberalize the market. However there were some exemptions granted for Spain, Greece, Ireland and Portugal, but from 1995 free movement of capital was ensured and internal frontiers were removed. (Council Directive 88/361/EEC , 1988).

Some exemptions and transactional periods were granted for the new MS in order to adapt to the EU legal rules. However, many questions regarding free movement of capital arose when 10 NMSs joined the EU. Therefore we find it interesting to investigate one of the NMSs, the

⁵ Scholar in Athens University of Economics and Business, Greece

Republic of Lithuania, and the issues related with free movement of capital- agricultural land purchases by foreigners.

4.1. The analytical framework

In this section we would like to provide the reader with the analytical framework that will guide through the analysis section. After studying data on the agricultural land purchases by foreigners we find these points worth discussing. The analysis will be constructed on two levels- national (Lithuania) and supranational (the EU).

Several questions regarding agricultural land purchases by foreigners and European integration will be taken into account while trying to identify the problems lying behind the ban. Moreover, liberal-intergovernmentalism and neo-functionalism approaches will be used while European integration process will be taken into account.

The analytical framework should be seen as following:

	Lithuania. Stance and outlook	The EU. Stance and outlook
Point nr. 1	Legal ways for foreigners to acquire agricultural land in Lithuania	
Point nr.2	Rural nationalism	
Point nr.3	Interest groups'/actors' interests: 1. Landowners & society 2. Ministry of Agriculture	

	3. Ministry of Justice	
Point nr.4	Economical reasons for the ban	
Point nr.5		Free moving of capital in not working in a full extent
Point nr.6	Not enough will to fit into transitional period time limit	Failure to abolish the ban after 7 years <extension of transitional period was requested and granted>

4.2. Historical context

The collapse of the Soviet Union caused plenty of discussions in the world among various international actors and scholars. The Union that lasted for so many years and the system established by its' leaders collapsed consequentially revealing its' drawbacks. As this paper is focused on land related issues, particular problems after the Union collapsed must be identified. As a consequence we will be able to spot the steps post Soviet countries needed to take and what actions were initiated.

Especially in the post Soviet states “the central theme for today’s land administration reforms are the privatization of state lands and co-operatives, and restitution of lands expropriated under the communist regimes, founded on issues of justice” (Bogaerts et al., 2002, 34). As we can identify, there occurred several problems related with land administration that states had to overcome in order to establish market economy and adapt to the changed situation.

Lithuania acted rapidly and in 1991 legislated Land Reform that was followed by Land Act in 1994. With the Land Reform act there were laid basis for land restitution, land privatization, land transactions and the main goal was “to implement the right of Lithuanian citizens to land ownership by returning the expropriated land in accordance with the procedures and terms established by law, and by buying land, as well as to create legal, organizational, and economic preconditions for the development of agricultural production by freely chosen forms of farming.” (Land Reform, 1991, Art. 2). There we find, that quite broad areas of land

system were covered in order to adapt to the market economy and economic and political conditions.

The new forms of land ownership (State and private land-use system) were crucial germ to launch market economy and turn to western world (Csaki et al., 1997, 428-430)⁶. Hence it was a stimulus for development of Lithuania and one could claim that without those transformations the future and possible negotiations with the EU on enlargement would have been impossible.

Taking into consideration acts related with the EU enlargement that were substantial in the historical context Helsinki' European Council should be mentioned. Helsinki' European Council in 1999 Presidency Conclusions were mostly referring to the future enlargement of the EU. This European Council meeting was an important step for Lithuania as well. The EU ensured to convene conferences in order to start negotiations on joining the EU. (EP, 1999, Art. 1.10)

The negotiations started and the part of its' content was discussions on requirement to Lithuania to adopt *acquis communautaire*. Some scholars might claim that *Acquis communautaire* depicts the EU itself (Grabbe, 2002, 252-253) The term 'acquis' stands for and includes "...all the EU's treaties and laws, declarations and resolutions, international agreements on EU affairs and the judgments given by the Court of Justice. It also includes action that EU governments take together in the area of 'justice and home affairs' and on the Common Foreign and Security Policy. 'Accepting the *acquis*' therefore means taking the EU as you find it. Candidate countries have to accept the 'acquis' before they can join the EU, and make EU law part of their own national legislation"(EU, 2012).

Hence, under the concept of *acquis communautaire* lays diverse criteria applicable for the EU Member States. Such can be identified as establishing liberalized markets, ensuring environmental sustainability, establishing appropriate government institutions, accepting the CAP and the protection of human rights and land related issues. (Bogaerts et al. 2002, 44-45). All in all, the requirement to adopt *acquis communautaire* for the candidate state means

⁶ Csaki, C., -Budapest University of Economics, Hungary; World Bank, Washington, DC

Lerman, Z. -The Hebrew University, Ftehovot, Israel

accepting the EU as it is and ensuring that particular legal acts will be compatible with the states’.

Hence, before Lithuania joined the EU, one of the requirements was to adopt *acquis communautaire*. The agreement to do so may show Lithuanias’ ability and will to cooperate in various matters in order to join the Union and develop further. Current situation shows, that Lithuania managed to meet satisfactory requirements and join the EU.

Furthermore, the advantages of adopting *acquis communautaire* is highly emphasized by several scholars (see Fritz, Schimmelpfennig, Vachudova, Bogaerts et al.) According to V. Fritz, “while this adoption imposed considerable costs, and the extent of regulation may not always be helpful for fostering economic growth, this process — and the associated twinning projects — have helped to promote deep reforms in the accession countries ranging from better controls over public finances to administrative and fiscal decentralization”(Fritz, 2005, 206-207). Thus, the positive effects on the NMSs states were identified and the *acquis communautaire* can be seen as a quality.

From the liberal intergovernmentalists’ point of view, one of the main advantages for Lithuania joining the EU was the ability to start enjoying the goods from structural funds and benefit from Common Agricultural Policy, as well as gain better market access, stimulate entrepreneurship and attract foreign investments. (Schimmelpfennig et al, 2006, 111) Moreover, with adopting *acquis communautaire* Lithuania was encouraged to “implement standards of internal democracy, state administration and detailed regulatory protection” (Vachudova et al., 2002, 7) . Thus, the *acquis communautaire* itself looks like a great opportunity for Lithuania and all new Members States to benefit from the advantages it brings. Closer relation with old member states, absorbing know-how, ability to enjoy and benefit from EU structural funds can be considered as a pure advantage for the NMSs.

However, it is important to note, that the advantages the EU brings to the new MSs is not simply brought without anything in return. Considering land related matters, the NMSs bargained and agreed to liberalize and open their agricultural land markets to the EU citizens and abolish any barriers to acquire agricultural land for EU citizens. Moreover, parties bargained on the transitional period (particularly insistent was Poland) and finally agreed on the terms. The issues related with transitional period and negotiations on it will be discussed in the later sections.

Firstly we would like to shortly present enlargement implications as it likely have close relation with agricultural land purchases by foreigners. Taking into consideration enlargement in 2004, the question of who benefited from the EU enlargement arises. Some of the scholars consider that the both of the sides would benefit, but some would benefit more. According to Vachudova and A. Moravcsik, the new Member States and old Member States would both feel the advantages in the enlarged EU. Basically it could be win-win situation, but the chance that the new MSs would benefit more is relatively higher (Moravcsik et al., 2002, 6).

Thus, we would like to indicate the outcomes of negotiations regarding the states' interests. The bargaining process would less likely happen if states would not act and push for their interests. So happened in the case of big bang accession. "The applicants are forced into concessions precisely because the basic benefit offered to them—membership—is of such great value. This benefit so outweighs the costs" (Moravcsik et al., 2002, 10). This quotation hints to the reasons states acted in particular way. Most likely the actors acted in a way that would lead them to successful negotiations and negotiating the best conditions. Thus, the actors' bargaining in order to achieve the best negotiations results led to some concessions they needed to make. Even though some countries were willing to bargain for longer transitional periods, but due to the bargaining process and dominating interests, necessary concessions were made.

As it was mentioned in Chapter III, the EU benefited from the enlargement in several ways. The first benefit that should be mentioned is related with enlarged EU market. "The candidate countries will add 100 million new consumers in relatively fast-growing economies to the internal market." (Moravcsik et al., 2002, 12) New consumers likely expanded internal market and opened new possibilities for the old MSs and NMSs. In 2004, when new countries joined the EU, the share of labor force in agricultural sector doubled and the amount of arable land in the EU increased significantly (Baltas, 2001, 262). It is worth to mention that expanded market is notably related with our problem formulation.

Secondly, "the geopolitical stabilization and economic revitalization of the European borderlands is likely to dampen nationalist conflict and make illegal immigration more manageable<...>EU will thereby gain greater clout as a geopolitical actor." (Vachudova et al., 2002, 12) Hence, becoming a strong economy and great actor world widely was in the EU targets and enlargement in 2004 can be considered as an opportunity to become one.

4.3. Current situation in Lithuania

Before starting to describe and analyze current situation in Lithuania several things should be mentioned. We would like to begin with presenting the negotiated conditions before the “big bang” accession in 2004. Regarding Lithuania and the conditions that were set before the accession we would like to mention the obligations that were set on agricultural land purchases.

The Republic of Lithuania agreed to liberalize its’ agricultural land market before joining the EU. There were set 7 years of transitional period when the ban on agricultural land purchases by foreigners exist. However, in 2012 the ban still exists and we would like to investigate the situation in depth.

The ban should have expired in 2011 after 7 years of transitional period. Once it was over, Lithuania asked for extension and was granted with 3 more years, until 2014. But some might start questioning: who knows if by that time Lithuania will be “ready” to sell agricultural land to foreigners?

Before joining the EU many NMSs were skeptical on opening their agricultural land markets to the foreigners. Moreover, they were looking cautiously to the idea that the agricultural land will be integrated into free movement of capital. Such skepticism might be explainable through the fear of foreign capital with stronger purchasing power. As Ciaian indicate, NMSs farmers were unwilling to open agricultural land market due to the intimidation that “...farmers from the OMS – who are typically less capital constrained than NMS farmers – would benefit from the opportunity to buy cheap agricultural land in the NMS, crowding out all investment opportunities for local farmers” (Ciaian et al, 2012, 8) From this point of view we can notice that the new MSs’ society was concerned about their states’ future and that liberalizing the agricultural land market would effect them in the negative way.

Moreover, as it can be seen from number of publications in the daily press, politicians was also highly engaged in the matter. Therefore, possible attempt to protect their land markets and pursue the EU to set the transitional periods can be seen as the new MSs and actors within were pushing forward their interests and bargaining for their own interests.

Moreover, A. Moravcsik and M.A. Vachudova notes, that the question of who benefited the most from the EU enlargement in 2004 remains open. Lithuania together with other NMSs negotiated on the transitional period before liberalizing the agricultural land market and was granted the exception.

On the other hand, there should not be seen, that they were the only ones that benefited. The EU bargained as well (prospects of expanded market) and most likely made NMSs realize that only by negotiating both sides can reach satisfactory outcomes. Therefore, the mentioned scholars claim that “the long transition periods and unequal benefits currently being imposed on the applicant countries have instructed them that only by playing tough in EU bargaining can they get a better deal, just as they learned in the 1990s that only full membership would give them full access to the EU market.” (Vachudova et al., 2002, 17) Thus, the scholars emphasize that the bargaining was one of the key elements of the EU enlargement in 2004.

Current situation in Lithuania can not be well enlightened unless the extension of the transitional period is scrutinized. We would like to present and analyze the reasons of the extension to deliver more comprehensive view of the situation. Therefore we would like to investigate the European Commission decision 2011/240/EU that extends the transitional period concerning the acquisition of agricultural land in Lithuania and other acts issued by EU and various publications by top ranked scholars.

The EUs’ point of view on the agricultural land purchases by foreigners should be also taken into account. From the EU perspective, the initial reason for setting the transitional period “was the need to safeguard the socioeconomic conditions for agricultural activities following the introduction of the single market and the transition to the common agricultural policy in Lithuania. In particular, it aimed to meet concerns raised about the possible impact on the agricultural sector of liberalizing the acquisition of agricultural land due to initial large differences in land prices and income compared with <...> the old MSs” (EC, 2011, 2011/240/EU). Taking this into consideration we can observe, that the EU was not only pushing for liberalizing the agricultural land market in NMSs, but also aware of the negative impacts that liberalization might lead to. Thus, setting the transitional period could have been the most rational decision in order to sustain the market undistorted.

The EU was maneuvering between abolishing the ban and liberalizing the agricultural land market and encouraging agricultural land price convergence. The EC decision extending the transitional period emphasizes that the pressure on the land prices might occur and can cause deviations in the agricultural land market. (EC, 2011, 2011/240/EU, art.10-12) Therefore we can notice that the EC realize the threats of suddenly liberalized market and avoids it through the suggested transitional periods. Moreover, the EU identified it as a crucial need to avoid disturbances in the Lithuanias' agricultural land market. Nevertheless, if there would occur disturbances in Lithuania's market, chance that the rest of the EU countries would be affected as well. Even though it is relatively small country, but all the markets are interconnected, especially when talking about EU internal market.

From the EC perspective the agricultural land acquisition by foreigners is a very sensitive issue and the period of the ban' existence should be taken into consideration. According to the latest EC decision on the extension of the transitional period, the EC is concerned that abolishing the ban might jeopardize Lithuanias' socioeconomic conditions for agricultural activities and claims that one of the reasons of the ban and transitional period is "to ease the process of restitution and privatization of agricultural land to farmers" (EC, 2011, 2011/240/EU). Thus, the EC admits, that the situation in Lithuania differs from old member states and problems arisen from the past land management are slowing down prospective liberalization of the agricultural land market.

Moreover, unfinished land reform and vagueness in the land ownership field are likely causing the uncertainty in land related matters. The EC appealing to statistics provided by Lithuanian authorities that speaks for themselves: "there are a total of 429000 ha of State land for which ownership rights need to be clarified. At the moment only 77200 ha of State agricultural land have been privatized and for 351000 ha of agricultural land, which constitutes 11,42 % of the total agricultural land in Lithuania, the ownership rights still remain to be solved." (EC, 2011, 2011/240/EU, Art.4). In addition to that, slow land consolidation, land fragmentation, inappropriate managing of farms and their structure causes subnormal competitiveness (EC, 2011, 2011/240/EU, Art.5). Considering this we would like to emphasize the vast amount of unresolved problems in land ownership field that are effecting further developments in a negative way. This issue is also emphasized by Lithuanian authorities and we will present and discuss their outlook on it later in this paper.

On the other hand, Lithuania is not the only one from the big bang accession countries that still has unfinished land reform and issues with land privatization. Similar situations occurred in Poland, Latvia, Estonia, Czech Republic, Hungary and Slovakia. (Swinnen et al., 2009, 22-24). Nevertheless other countries experience similar problems, some of them did not ask for extension of transitional period, but was granted with one. As such can be indicated the Czech Republic and Estonia. (EC Press Release, 2011, MEMO/11/244). Considering this, we can arrive to the mostly credible conclusion that some countries coped with the land related problems better than the others.

Regarding Lithuanias' case and its' "stuck in the process" land reform optimism deserted politicians as well, particularly the Minister of Agriculture Kazimieras Starkevičius. According to him, the land reform and problems with land restitution will continue to exist and the future of the finished land reforms is notably blurry (Nagelè, 2012). Hence, the plausible scenario of finalized land reform in Lithuania seems vague. Moreover, Lithuanias' actors will to liberalize agricultural land market might seem ambivalent as well after analyzing various sources of information.

As the matter of fact, the societies' unwillingness to sell land to foreigners might be also interpreted though the lens of slow land restitution processes in Lithuania. In Vilnius region 81,3% of former nationalized land is restituted and in the whole Lithuania the number reaches 98,3% (National Paying Agency under the Ministry of Agriculture, 2010). However, one can notice that land restitution processes are slow in the recent years and tend to slow down due to various reasons that will not be discussed in this paper. Despite the fact that National Paying Agency under the Ministry of Agriculture of Lithuania expect to end land restitution by he end of 2012, Lithuanians farmers are emphasizing that unfinished land restitution processed should be the priority over the start of land sales for foreigners. (Csáki et al, 2000, 119). Thus, the priorities of vast amount of citizens can be identified. Liberalized market is not as desired as finalized land restitution processes and implementation of effective land reform.

Coming back to the EUs' viewpoint on liberalizing the market, we would like to add some more insights that would serve to form the view of the EUs' stance. The EC also emphasize that the EUs' single internal market is prioritized among the policy areas in the EU and leads to the prosperity of the MSs and the EU itself. Therefore, the possibility to participate and act in the

single market and experience a rising inflow of foreign capital should be considered as a great benefit for Lithuania (EC, 2011, 2011/240/EU, Art. 13). The EC in decision extending the transitional period concerning the acquisition of agricultural land in Lithuania notes that the EU gave credit to the potential benefits of liberalizing agricultural land market in Mid-Term Review of 2008 and in 2011 EC's decision the position stays the same. Namely, the EC claims that "...foreign investment in the agriculture sector would also have important long-term effects on the provision of capital and know-how, on the functioning of land markets and on agricultural productivity. The progressive loosening of the restrictions on foreign ownership during the transitional period would also contribute to preparing the market for full liberalization" (EC, 2011, 2011/240/EU, Art. 13). Taking this into account we can presume that the ECs' will to liberalize the market and ensure free movement of capital would stay at the core of their interests.

Taking into account competitiveness abilities while comparing Lithuania and the old EU member states, we can note that Lithuania is less competitive than the mentioned ones. In addition to above mentioned problems we would like to add another one that was indicated in the EU Commission Decision in 14.04.2011. The EC Decision states that the "Lithuanian agricultural sector compared to the agricultural sector in EU-15 is compounded by difficulties in access to financial resources and high interest rates applied to commercial credit lines for the acquisition of agricultural land" (EC, 2011, 2011/240/EU, art.6). From this point of view we can notice, that higher interest rates influence competitiveness with the old EU countries in a negative way as indicated. And it was one of the reasons that the Commission issued the decision extending the transitional period and the initial transitional period.

Moreover, it is important to note financial crisis that is widely discussed recently. The crisis notably affected all market sectors. The agricultural sector was affected significantly as well. Taking into account that Lithuania is one of the countries that suffered from the recession as well one could claim that agricultural sector is experiencing pressure. Particularly affected are farmers that experienced significant change of agricultural products purchase prices. The EC notes, that the negative impact of the crisis lead to down graded purchases prices (EC, 2011, 2011/240/EU, art.7). Following this logic the extension of the transitional period and possibility to stabilize the market appears fair and especially from the farmers standpoint.

Thus, the tension in the agricultural products purchases prices are not the only outcome of the financial crisis. The significant gap between incomes of Lithuanian' farmers and incomes of the old EU member states farmers' should be also taken in to account.. The EC emphasized this issue of concern and grounded with the Eurostat statistics: "in 2009 the level of the farmers' income in Lithuania decreased by 13,6 %, while the average of the income of the EU-27 decreased by 10,7 %." (EC, 2011, 2011/240/EU, art.8). Therefore, the fact that the farmers' incomes in the EU are so diverse and the given transitional period were insufficient to bridge the gap laid reasonable grounds for the extension of the transitional period and the existence of the ban.

Besides what has been mentioned, since 2004 until now one can notice the divergence in prices of agricultural land in Lithuania and old EU member states. Even though the idea of same agricultural land prices all over the EU seems unrealistic (and unreasonable as well due to different potential of farming in it), one of the initial purposes of the transitional period was to encourage price convergence and stimulate progress of development (EC, 2011, 2011/240/EU, art.9).

However, some Lithuania' activists claim, that as soon as the ban is abolished, foreigners would start bulk buying of the agricultural land and Lithuanian farmers would suffers from land shortage and incapacity to purchase new farmlands (Respublika, 2010). Therefore if that would happen, one could probably observe shirinkened number of active Lithuanian farmers and even less crofters. Thus, some interest groups interests are quite clearly expressed through this perspective, but in general economical interests and willingness to abolish the ban are quite clearly expressed linking to the view that economic interests takes a high place when considering European integration.

Thus, the EC Decision (2011/240/EU) received a great support from the Ministry of Agriculture of Lithuania. Before the Decision was adopted, minister Kazys Starkevičius emphasized the necessity to extend the transitional period and based his arguments on similar reasons as indicated before. Namely, he noted that due to the financial crisis Lithuanian farmers were unable to expand their farms because of the risen land prices and shortage of assets. In addition to that he noted that an average farm in Lithuania regarding its' size is running behind the average one in Western Europe. Considering this, the extension of the transitional period is

highly required to allow Lithuanian farmers to compete with old MS farmers now and in the future (Lietuvos rytas, 2011).

Apart from what has been said, the minister of Agriculture, Kazys Starkevičius, received a support to his stance from the Prime Minister of Lithuania Andrius Kubilius regarding stance on the land purchases by foreigners. Hence, we can notice that protecting national farmers' interests is in the spotlight of high class politicians of Lithuania. However, we can find different opinions that will be discussed in the later sections.

4.4. Rural nationalism

The aim of this section is to investigate if rural nationalism played a huge role in Member States', in particular Lithuania' case regarding agricultural land purchases by foreigners. Thus, we are asking if rural nationalism or economic reasons were the key drivers that some interest groups were skeptical regarding liberalizing the agricultural land market.

Before the accession of the 10 new member states to the EU, both sides negotiated on the conditions of acceptance. One of the widely negotiated questions were regarding agricultural land purchases by foreigners. The outcomes of negotiations were presented before, but we would like to investigate the ban in the light of rural nationalism. In national and European media the ban was quite escalated and we can even find opinions that rural nationalist point of view were depicted in candidate countries' actions. But firstly we would like to introduce the reader with the term and ideology itself.

The rural nationalist ideology contains various dimensions, but land related issues are staying on the top of concern. Firstly, the ideology claims, that land “embodies “national-mother earth” which must be protected from aliens (Burger, 2005, 2). Moreover it could also represent and embody wealth coming from the mother-earth, but more importantly- land inclusion in the national land dimension. Secondly, rural nationalism believes that “protecting small farmers means suppressing large farms and hampering land concentration” (Burger, 2005, 10). The ideology itself dates 19th century, but emerged in 20th century with a great support of

intellectuals. (Burger, 2005, 9). Summing up, rural nationalism ideology supports three main dimensions of interests:

1. “mother earth” should belong to nationals
2. Developments should arise from small- farms
3. Future belongs to the rural farmers and urban developments would not serve for prosperity (Burger, 2005, 10)

It is important to note, that historical context plays a huge role in establishment and development of the ideology. The case of Lithuania and its’ historical past (several occupations and experiments with land system) might likely have a significant role in influencing societies mentality and stimulating possible existence of rural nationalism.

Following rural nationalist logic we could expect, that the supporters of the ideology would stand strictly against land purchases by foreigners. Taking into account that rural nationalism strongly supports the “mother- earth” idea, the agricultural land purchases by foreigners would be considered as a negative phenomenon. This elaborated from rural nationalist idea, that “mother earth” belongs to the nationals and any acquisition of it by foreigners would be a threat of loosing national property and, perhaps, identity.

Scholar Katherine Verdery⁷ also emphasizes the significant role of the historical events that is affecting some individuals’ point of view towards land acquisition by foreigners. According to her there is certain connection between nationals and land. Therefore, particular importance and connection can be identified in post-Soviet countries. The land might represent not only citizens’ rights and sovereignty, but also can be “associated with the nations’ ethno genesis and cultural property...”. Moreover, such reluctance to aliens purchasing land is often used in nationalist ideology.

Regarding this it could be understood, that the foreigners’ attempt and possible land acquisition might lead to loosing national identity and ethnographic roots (Verdery,.1998, 298- 300). Considering these claims, we believe that the unwillingness to open land markets to aliens most likely have rural nationalism’ grounds in many cases. Thus, K. Vernedys supports the idea that

⁷ Julien J. Studley Faculty Scholar and Distinguished Professor, Anthropology Program, City University of New York Graduate Center.

nationals' and lands' close relation might lead to great reluctance to agricultural land purchases by foreigners due to the possible loss of identity, ancestry and sovereignty.

Thus, in Lithuanias' case, and taking into consideration some societies' representatives insights it might seem, that unwillingness of some interests' groups to open agricultural land market for foreigners might have rural nationalist' shred. This idea is as well supported by scholar Rawi Abdelal⁸ who claims that Lithuania is unique with its' "ethno-nationally restricted land markets". (Abdelal, 2004, 117). The nationals and their insights on the matter will be presented later and the possible rural nationalism within will be indicated where relevant.

4.5. Does the ban exist?

It is interesting that the ban declares abolishing agricultural land purchases by foreigners, but in reality it is possible for foreigners to acquire agricultural land.

According to the current Minister of Justice of Lithuania R.Šimašius, there are legal and illegal ways to purchase agricultural land in Lithuania. Illegal one is mostly linked with finding gaps in the legal system and using them for your advantage. As an example of such a path we can give a case that exist in Lithuania as a "public secret". Namely, a EU citizen is buying land, but registering it under Lithuanias' citizen name with the condition to transfer the land ownership rights as soon as the ban on agricultural land ownership by foreigners expires. Hence, there is a possibility and it actually happens that the foreigner de facto possesses the land. (Respublika, 2010).

Thus, according to legal rules "a Lithuanian company may buy agricultural land only if its income from agricultural activities during the last two years constitutes at least 50% of its total income." (Swinnen et al.,2009,12) Hereby, the way of actually acquiring and owning the land for foreigners exist. Considering this, it is interesting that there are no imposed restrictions on companies' capitals' origin. It can be composed from purely Lithuanian capital or mixed with foreign capital and the restriction on such land owning foreign companies is excluded. (Swinnen

⁸ Rawi Abdelal is the Joseph C. Wilson Professor of Business Administration at Harvard Business School and the Chair of the MBA Required Curriculum.

et al.,2009,12). Looking from this perspective one can start doubting the effectiveness of the legal acts and if the ban really exists in practice.

Another legal way for foreigners to own agricultural land is through the legal entities. In Lithuania and its' functioning market economy legal entities as well as natural persons are allowed to acquire agricultural land. Taking into consideration natural person the ban can be considered existing, even though there are no official register and data regarding agricultural land ownership by citizenship. In addition to this, the origin of legal entities' capital often slips out of attention. Especially it is hard to track companies with foreign capital that owns agricultural land as there is no official register of such. Despite that, "experts estimate that in 2007, foreigners owned 12,000–15,000 ha of agricultural land (i.e. about 0.5% of agricultural land), with some 30 foreign legal persons owning 10,000–12,000 ha and around 20 natural persons owning 1,000–3,000 ha." (Ciacian et al, 2012, 15). Thus, according to this data, we can observe that agricultural land acquisition by foreigners is happening and in quite vast extent. Hence, the numbers are outstanding and the gap in the legal system allows foreigners to maneuver between legal acts and actually own agricultural land.

However, in Lithuanias' law there exists another exception for foreigners to acquire agricultural land. The exceptions are granted for foreigners that are married to a Lithuanian citizen and those who we living and practicing farming in Lithuania for at least pas 3 years (Ciacian et al, 2012, 8). From this we can observe, that in theory land purchases by foreigners are abolished. Nevertheless, in practice foreigners can own land if they are willing to fulfill particular requirements. Also, it can happen if foreigners are familiar with the procedure of how to drive through the legal system.

4.6. Political will when land purchases are in question

This section will be divided in several parts. Namely, the landowners' position, Ministry of Agriculture position and Ministry of Justice position on the agricultural land purchases by foreigners will be taken into account. The mentioned Ministries' positions were chosen to investigate due to their importance while discussing the issue. The landowners' position were

chosen to be investigated due to the possible raise of rural nationalism and their connection and engagement in the issue.

4.6.1. Landowners” and society position

We will present Lithuanian landowners position on the agricultural land purchases by foreigners basing our findings on Lithuanians’ Landowners Unions representatives’ speeches and other Lithuanian land owners’ and citizens’ engaged in the topic remarks. We believe that their expressed opinion on the matter will serve us to receive a comprehensive view of the stance they are taking.

To begin with, the overall opinion on the issue can be seen from the interest group representatives’ that expressed their point of view in numerous publications, speeches and interviews ([bns.lt](#), [elta.lt](#), [respublika.lt](#), [lrytas.lt](#), [balsas.lt](#), [alfa.lt](#) etc.). Basing our knowledge on the mentioned resources we found that, generally, landowners in Lithuania respond positively on the transitional period when foreigners can not acquire agricultural land. Thus, the ban itself causes quite diverge opinions. Some of the landowners are willing to profit from the sales of land to foreigners. Such profiteers that buy agricultural land and are willing to sell it to foreigners as soon as the ban expires, risk that foreigners would not buy distorted market value land. However, from their perspective liberalizing land market would be a great opportunity to profit. (Skinulytė, 2011).

One the other hand, in the media we noticed the other part of the landowners and engaged persons that are not willing to liberalize the market and welcome foreign capital easily. From their perspective, the the negative impacts would outweigh potential benefit for all sides. In particular, some citizens believe that selling agricultural land would jeopardize further developments and land should be owned the nationals. Therefore, from this point of view we can identify the roots of the growing rural nationalism. The idea that agricultural land should belong to the nationals of Lithuania highly refers to the rural nationalist ideology that “mother- earth” should be protected from aliens.

Considering interest groups/lobbyist perspective, additional insights should be mentioned as well. Before the transitional period was extended Kėdainiai regional landowners' Union president Virmantas Ivanauskas claimed that by letting foreigners acquire land in Lithuania one would effect Lithuanian landowners in a negative way. According to him, Landowners would suffer from unequal purchasing power and are not competitive enough to deal with foreign investments (Tavorienė, 2010).

On the other hand, Lithuanian Landowners Union vice-president A.Venckūnienė in several interviews emphasized milder position on the land sales for foreigners than the previous representative. According to her, the worst case scenario would happen if foreigners would not perform farming activities in purchased land. In addition to that she claimed that the problem might occur and persist that foreigners would lease out that land for a much higher price that would distort the market (Čėkanavičienė, 2011). Thus, we could conclude that diverse opinions can be found on the issue, but concerns on the future prospects are well expressed.

Scholar R. Abdelal claim that the overall landowners' point of view towards land sales for foreigners could be indicated as negative (Abdelal, 2004, 117). According to R. Abdelal, the unwillingness to liberalize agricultural land market is mostly depicted by farmers stance. They were major opposition towards land purchases by foreigners claiming that politicians would betray their homeland by allowing foreigners to own land. Moreover, they claim that politicians are indulging to EU (Gudavičius in Abdelal, 2004, 120). Economic reasons of such claims were also indicated. Namely, higher foreigners' purchasing power than nationals' and unfinished restitution (unresolved claims after land nationalization in Soviet Union).

Therefore, we could indicate, that this interest' group economic interest are effecting national politicians as they are trying to pursue their will. From the neo-functionalism perspective this kind of pressures are reasonable because non-state actors, such as landowners, are important to international politics and able to influence governments decisions (to request the transitional period)(Bache, 2011, 8). We are claiming this because of the case when farmers threatened with massive protests in 2002 in order to be heard and push politicians to bargain with the EU on the transitional period. (Abdelal, 2004, 121).

Moreover, economic reasons are one of the key drivers in the mentioned situation. Even though in later works on liberal- intergovernmentalism A. Moravcsik did not emphasized economic

interests as a key drivers of the integration processes, but the importance of it can not be unmentioned. According to Moravcsik, rational state behavior is also affected by non-state actors and economic interests are one of the key drivers for integrations (Moravcsik, 1993, 480-481)

4.6.2. Ministry of Agriculture position

The Minister of Agriculture Kazimieras Starkevičius in one of his speeches expressed his opinion on the land purchases by foreigners. We believe that in that particular speech K. Starkevičius expressed his opinion on the ban the most explicitly and it was one of the most clear messages regarding the ban itself and transitional period.

According to K. Starkevičius, the transitional period and the extension of the transitional period was crucial due to following reasons. Firstly, during the transitional period (2004 – 2011) Lithuanian landowners were mostly investing in agriculture technique as it need modernization and was less developed than in Western Europe. As the result of this they did not have enough assets to buy land as the priorities were set on the farms modernization and purchasing new technique. Secondly, foreigners' purchasing power is noticeably higher than Lithuanias' farmers. Due to this reason, Lithuanian would not be able to compete with foreign investment and most likely we would observe distortion in the land market. (ELTA, 2011).

Summing up his speech we can receive a clear message that the Minister of Agriculture believes that, considering current situation, the ban of land purchases by foreigners should exist. From his perspective we can notice unwillingness to open land market to EU citizens and trying to protect Lithuanians' farmers' interests.

On the other hand, we can not indicate the pure unwillingness to open agricultural land market to foreigner. Thus, the Ministers main concern is related with the less developed farms than in the EU and farmers' purchasing power. The reluctance to liberalize agricultural land market is not homogeneous, but national and farmers' interests remain his concern.

Ministry of Agriculture also indicates another problem related with agricultural land acquisition by foreigners. According to vice-minister of Ministry of Agriculture Edvardas Raugalas, the expiry of transitional period will have an effect on agricultural land prices. It is expected that the

land sales prices would rise after the ban is abolished and, thus, speculation with land might occur. The main aim of the Ministry of Agriculture is to prevent land speculation, when legal entities or legal persons are purchasing agricultural land with no intention to farm it. (Valstiečių laikraštis, 2012) Therefore, some speculators might believe that due to the risen prices of the land and abolish the ban they would profitably sell land to foreigners.

Taking into consideration what has been mentioned, we would like to sum up the Ministry of Agriculture position. The Ministry is not against the ban itself, but the possible speculation with the land, unequal purchasing power and possible distortion in the agricultural land market after the ban is removed remains their main concern. Therefore, the transitional period and its' extension was highly welcomed.

4.6. 3. Ministry of Justice Position

The Ministry' of Justice position probably would be the best reflected by the insights Minister of Justice Remigijus Šimašius share. In local media we can find numerous speeches given by R.Šimašius. We found various data on issue where he supports the liberalization of market in Lithuania, especially when it concern agricultural land sales for foreigners. According to him, abolishing the ban will be beneficial for both Lithuania and Lithuanian landowners. Moreover, he emphasizes another advantage of the agricultural land purchases by foreigners- foreign investments should revive Lithuania agriculture and the amount of farmland with actual farming activities would increase. (Respublika, 2010) Therefore we could claim that the Ministry of Justice reflects on free movement of goods in a positive way.

However, opponents of this view claim the opposite. In fact, some of them claim that Lithuania is in danger to be sold out to foreigners, loose its' sovereignty and identity as all the land will be owned by non-Lithuanian citizens. In response to such perspective, R. Šimašius emphasizes, that sovereignty and land ownership is not that closely connected nowadays as it used to be in the past centuries. (Respublika, 2010) Hence, presuming that all Lithuanias' land is owned by foreigners (hypotetically) does not imply that Lithuania loses its' sovereignty. Nevertheless, the case of foreigners owning all Lithuanias' agricultural land sounds more than unrealistic.

Taking into account previously mentioned possibilities to overcome the ban, additional insight should be considered. Hypothetically thinking: if Lithuania would seek to abolish a drive through law regarding land purchases by legal entities owned by foreigners, they would take particular measures as it was done e.g. in Hungary or in Latvia.

In Hungary agricultural land purchases are abolished for companies that is registered in the country but owned by foreigners. Similar situation exist in Latvia as well. There exists an exception: legal entities are allowed to purchase agricultural land only if foreigners have a minority of the legal entity shares (Ciacion et al, 2012, 7).

Regarding Lithuanias' situation, additional efforts should be put by politicians in order to abolish agricultural land purchases by foreigners in full extent. One of the ways to do so could be introducing the National Center of Registers' feature that allows possibility to easily track foreign capital companies. Another suggestion could be regarding a better supervision of the National Centre of Registers and notaries and the contracts that are registered (Tavorienė, 2010).

Furthermore, some amendments in the national legal base would be necessary and use of Latvia and Hungary know- how would be highly beneficial. On the other hand, the end of transitional period is approaching and soon there should be no restrictions for foreigners to acquire agricultural land in Lithuania. Due to this, introducing new amendments in land registering system might cause discontent by society and actors involved. Changes could have been made much earlier although, but there could have been observed lack of political will, as we have a stance that was described.

4.7. Clash of Opinions on Ministry of Justice and Ministry of Agriculture

In addition to the positions the Ministries and interests' groups took, we would like to scrutinize other matter related with agricultural land purchases. In the end of 2011 one could have noticed an interesting case of Lithuanias' Ministry of Justice and Ministry of Lithuania disagreement on agricultural land purchases by foreigners. The grounds for the case were laying in Lithuanias' constitutional law that states that foreigners can not acquire agricultural land.(The Parliament of the Republic of Lithuania, 2011, No I-1392 , Art. 9) .

According to the news service data and ministers' speeches, the disagreement started when the end of transitional period was approaching in 2011. The Ministry's of Justice claimed the need of changing the constitutional law on the Implementation of Paragraph 3 of Article 47 of the Constitution of the Republic of Lithuania. However, the Ministry of Agriculture disagreed and claimed that there is no need to change it as the transitional period was extended and the ban was prolonged by 3 years. Most likely the Ministry of Agriculture was claiming this due to the paragraph in the constitutional law that indicates that expiry date of the law is when the law starts to contravene European Unions' law.

The collision between two ministries was mitigated by the Parliament of the Republic of Lithuania that adopted a resolution that foreigners were not allowed to buy agricultural land until 30.04.2014. (Parliament of the Republic of Lithuania, 2011) However, this resolution were reflecting soft law norms and had only recommendatory nature, thus in some cases were considered not very effective.

Nevertheless, the resolution was very welcomed by the member of Lithuanias' Parliament (Seimas). The numbers speak for themselves: 86 members voted for the ban, 12 abstained and only 9 parliamentarians voted against the resolution. (Veidas, 2011). From this point of view, we can not claim, that the members of the Parliament were strictly against abolishing the ban or keeping it. But we can notice that the interest on the issue is quite high and parliamentarians voted for the resolution to brought readability of the issue.

Finally, The Constitutional Law of the Republic of Lithuania on the Implementation of Paragraph 3 of Article 47 of the Constitution of the Republic of Lithuania was modified on 3.11. 2011 and set as following: "Foreign subjects meeting the criteria laid down in Article 4 of this Law (Criteria of European and Transatlantic Integration), with the exception of those foreigners who have been permanently living and engaged in agricultural activities in Lithuania for at least three years as well as foreign legal persons and other foreign organizations which have set up representative offices or branches in Lithuania, may not acquire agricultural land and forestry land until 30.04.2014 (The Constitutional Law of the Republic of Lithuania on the Implementation of ¶. 3, Art. 47, 2011)

Considering this, we would like to indicate, that despite disagreements between Ministry of Justice and Ministry of Agriculture, Lithuania changed its' constitutional law and committed to

abolish the ban on agricultural land purchases by foreigners by the end of extended transitional time by EC. Therefore, some would claim that the will of Lithuania to liberalize its' agricultural land market after the transitional period is over was clearly expressed. In addition to that, the amendment can be considered as pattern to avoid future ambiguity in legal acts.

4.8. Situation in other NMSs regarding land purchases. Empirical evidence

Despite NMSs' commitment to free capital movement, on the basis of the Accession Treaties, seven Member States of the EU (Lithuania, Latvia, Hungary, Slovakia, Poland, Romania and Bulgaria) still have transitional derogations insofar related with the acquisition of agricultural land by non resident persons from other EU Member States. (EC, 2012). The following Member States' have such derogations in place: Poland (until 30 April 2016), Hungary, Latvia, Lithuania and Slovakia (all four initially until 30 April 2011), Romania and Bulgaria (both until 2014). Following the requests of four Member States (Hungary, Latvia, Lithuania and Slovakia), the Commission adopted Decisions to allow for maintaining restrictions existing in their legislation at the date of their accession for a further three years (until 30 April 2014). Two other Member States (Czech Republic and Estonia) had transitional derogations which ended on 30 April 2011. As a consequence of the end of the transitional period in Czech Republic and Estonia, we can indicate that part of EU *acquis communautaire* (possibility to purchase agricultural land by foreigners) came into force. (EC, 2012, 11) Thus, the EU is moving towards EU single market and operating free movement of capital.

The main reason of particular states' requests to extend the transitional period can be identified as the need to safeguard the socioeconomic conditions for agricultural activities within and following the introduction of the single market and the transition to the common agricultural policy (EC, 2012). In particular, concerns had been raised about the possible negative impact on the agricultural sector because of liberalized acquisition of agricultural land. Similarly to this, there were indicated large differences in land prices and income compared to the fifteen Member States which were members of the EU before 2004.

Whilst granting these extensions of the transitional periods, the Commission also called these four Member States (Hungary, Latvia, Lithuania and Slovakia) to speed up their efforts to progressively reform their agricultural sectors in order to prepare for full liberalization of market. According to the EC, improvements of particular issues progress should be made. Mostly it was referred to issues such as the privatization process and property rights. (EC, 2012, 11-12)

The Commission recalled that it had already emphasized the importance of completing these reforms in its "Review of the transitional measures for the acquisition of agricultural real estate set out in the 2003 Accession Treaty"(Mid-Term Review). In the Mid-Term Review, the Commission had also emphasized that the progressive loosening of restrictions on foreign ownership during the transitional period was strongly advised as it would also contribute to better prepare agricultural land markets for full liberalization. "(EC, 2012, 11-12). Therefore we would like to indicate that the EC could be seen as a main actor who is willing to speed-up liberalization process and the NMSs are dealing with lot of issues within and are not fully able to satisfy EU expectations. However, it can not be claimed, that the NMSs are unwilling to liberalize their agricultural land markets. The problem lays because of the inner problems that are slowing-down this process. Thus, in order to avoid or at least minimize the possible negative effects on the market NMSs are willing to postpone liberalization.

The empirical evidence of the existing situation in other NMS can be found in Appendix I. In particular, there are indicated legal restrictions on the acquisition of agricultural land in Lithuania, Latvia, Estonia, Czech Republic, Hungary, Slovakia and Poland and expiry dates of the restrictions.

Conclusions

After gathering data from various sources and analyzing it we faced with diverse opinions on the agricultural land acquisition by foreigners in Lithuania. In particular we focused on the transitional period when the ban on agricultural land purchases by foreigners should be abolished (30.04.2014) and discovered different perspectives of various actors in national and supranational level. Therefore, we would like to present key findings and indicate the problems behind the ban of land acquisition by foreigners in Lithuania.

Firstly, we would like to indicate some scholars' point of view on one of the outcomes of EU enlargement in 2004 and possible benefits of the parties. Some scholars indicate that both the EU and NMSs benefited from the enlargement in 2004 in one way or another (Moravcsik, 2002, 6; Sedelmeier, 2005, 424). We tend to agree with such statement and presume that those benefits were the direct outcome of successful negotiation on the enlargement.

Before the "big bang" expansion of the EU many issues were brought on the table. The most important ones could be considered adoption of *acquis communautaire* and meeting the Copenhagen criteria (Sedelmeier, 2005, 419-423). Taking into account the adoption of *acquis communautaire* we find the opening of agricultural land market for foreigners as one of the main issues where NMSs needed and were willing to negotiate. Both negotiations' parties shared concerns that liberalization of agricultural land market might affect negatively national land market and cause distortion in it. Therefore, Lithuania and other NMSs negotiated for the transitional period before the principle of free movement of capital would work in a full extent.

Nevertheless, from the EU perspective the mentioned transitional periods can be considered as interference for the fluent single market functioning in the EU. Even though the reasons for setting transitional periods were explicable, but the fact that the free movement of capital in the EU is postponed for several years possibly indicate that the EU was likely bargaining to secure liberalized market in the future (due to the fact that instant transition was not happening). Thus, one of the bargaining outcomes should be considered the provisions to the future of NMSs on liberalizing their agricultural land markets and acceptance that Lithuania requires a transitional period.

Looking from the liberal intergovernmentalism point of view, the EU enlargement in 2004 can be considered as an outcome of EU and NMSs bargaining. We would highly support this idea, because we believe that both parties bargained and made concessions in order to implement enlargement processes as mentioned before. Namely, Lithuania and other NMSs were granted with transitional periods and conditional admission to the EU.

The EU agreed that the adoption of *acquis communautaire* can be postponed due to NMSs weaker economic and insufficient capacity to open their agricultural land markets to foreigners. Even though Lithuanian politicians were facing some landowners' and farmers' reluctance to liberalize the market, they managed to maneuver and bargained not only for a transitional period, but for the extension of the transitional period in 2011 as well. Taking into account that liberal intergovernmentalism argues that economic interests are reflected in national preferences, we believe that it was well reflected in negotiations on transitional period (Bache, 2011, 13; Sedelmeier, 2005, 424).

Taking into account the EU and Common Agricultural Policy (CAP) it is important to indicate another condition of acceptance of Lithuania. The negotiation parties agreed on lower CAP and structural funds subsidies for Lithuania and other NMSs. Thus, from Lithuanias' perspective the unequal accessibility to financial support could seem as unequal treatment. But on the other hand, concessions on liberalizing agricultural land markets were made (transitional periods were granted) and restricted access to financial support could be seen as justifiable.

In the most recent EC monitoring document regarding the situation of the acquisition of agricultural land it is emphasized that the EC several times called NMSs "to speed up their efforts to progressively reform their agricultural sectors in order to prepare for full liberalization" (EC, 2012, 11) Therefore we would like to note that supranational organizations' interest were highly related with attempt to speed-up integration processes.

Nevertheless of the first transitional period of 7 years, Lithuania still claimed being unprepared to liberalize the market after the period was over. Basing their arguments on economic crisis and lower Lithuanias' nationals' purchasing power it negotiated for the extension of transitional period until 30.04.2014.

As an outcome of this we believe, that even though the EU is willing to settle for liberalized single market, they are open for negotiations to postpone it. Thus, considering the benefits both sides gained from the enlargement, we believe that bargaining on the matter led to success. Namely, Lithuania obtains enough time to prepare and develop and the EU citizens' gets confirmation of access to purchase agricultural land in Lithuania from 2014.

Regarding the peculiarities that lay behind the agricultural land acquisition ban by foreigners, several indicators should be mentioned. After gathering and analyzing press releases, interviews, speeches, and legal acts we could indicate several problems. Therefore, looking through sociological, political and economical filters we arrived to the conclusion that various interests can be found.

Firstly, the societies' perspective and particular landowners' perspective on the ban is quite positive. Basing their arguments on lower purchasing power, threat of distortion in the agricultural land market and economic crisis they are willing protect their land market. Therefore in some cases, landowners' part believes that liberalizing the market would have a negative impact for Lithuania.

Part of the Lithuanian landowners believe that liberalizing the market can be even considered as a threat to national security as it have been similarly considered in Poland, Hungary, Czech Republic and Slovakia (Tesser, 2004, 217). Moreover, we could indicate this perspective as a slight rise of rural nationalism. Trying to protect and keep "mother land" in the nationals' hands is considered as a feature of rural nationalism ideology (Burger, 2005, 10). The rise of rural nationalism can be indicated in several countries. Namely, Hungary, the Chezh Republic, Slovakia (Burger, 2005, 7-9). Lithuania is not an exception and some non- state interest groups were strongly arguing for the ban in the meantime threatening with protests. Therefore Lithuanian' politicians needed to maneuver between farmers' interests and choice of joining the EU (Abdelal, 2004, 122-123).

Considering theoretical approaches on European integration, we would like to indicate neo-functionalism capacity in explaining part of the issue. Neo-functionalists claim that non- state actors are important in international arena (Bache, 2011, 8). Furthermore, those interest groups/non-state actors are important in national level and therefore create synthesis of pressure capacity. As an outcome of this the interest groups are able to pressure on the national level and

that might be depicted in states' position in the international politics. Considering this, we believe that farmers' interests were also depicted in Lithuanians' negotiations on liberalizing agricultural and market and transitional period.

Looking from the political perspective additional issue should be indicated. Liberalization of land market in Lithuania firstly started with liberalizing non-agricultural land purchases by foreigners (since 1996). The Constitutional Law (No. I-1392) of the Republic of Lithuania "On Subjects, Procedures, Conditions and Restrictions of Acquisition into Ownership of Land Plots Provided for in Paragraph 2, Article 47 of the Constitution of the Republic of Lithuania" ("the Constitutional Law") introduced a new scope of the land acquisition. The new scope of the land acquisition in 1996 defined, that foreign entities (that meets particular criteria) were allowed to acquire non- agricultural land in Lithuania. However, agricultural land acquisition by foreigners in 1996 was out of the debates. Thus, considering current situation we believe that this was the first step in liberalizing the market and seeking for the future membership in EU.

Therefore, according to R. Abdelal liberalizing non-agricultural land markets was a rational choice by politicians as less reluctance by interest groups was shown and it was an easier problem to solve (Abdelal, 2004, 117). Following this logic we believe that there is a possibility, that legal entities' ability to acquire agricultural land is one of the steps national politicians took intentionally before agricultural land market is liberalized and meeting *acquis communautaire*. On the other hand, this possibility can be seen as just a legal gap.

Another peculiarity that should be indicated is related with Ministries' positions on the ban. After analyzing data we came to judgment, that Ministry of Agriculture and Ministry of Justice are not against the ban itself. Their main issues of concern are related with Lithuanias' inner problems and ones that might be caused by the sudden liberalization of the land market. In particular Ministry of Agriculture is concerned on the impact of the liberalized market and its' advantages and disadvantages. The Ministry of Justice welcomed the liberalized market' idea and highly supported it, but indicated legal gaps as one of the slowing down factors of future prospects of liberalized market.

Finally, the Ministry of Agriculture and the Ministry of Justice faced a clash regarding inner legal situation and possible necessity to change Constitution and Constitutional law. Therefore the dispute was solved and smoothed and amendments in Constitutional law were adopted.

Therefore we could claim that politicians are preparing for the liberalized agricultural land market regarding legal basis.

Hence, Lithuania is preparing for the liberalized agricultural land market. But it can be seen that previously indicated problems are slowing down the process. On the other hand, free movement of capital regarding agricultural land purchases will be working in full extent from 2014. And only then we will be able to indicate if Lithuania was ready to open its' agricultural land market to EU MSs' citizens.

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APPENDIX I.

Legal restrictions on the acquisition of agricultural land in Lithuania, Latvia, Estonia, Czech Republic, Hungary, Slovakia and Poland and expiry dates of the restrictions:

	Expiry date of legal restrictions on the acquisition of agricultural land by foreigners	Can EU citizens purchase agricultural land despite the restriction?	Can a legal entity purchase agricultural land?	Can a legal entity that is registered in particular country but owned by foreigners, purchase agricultural land?
Lithuania	30.04.2014	Yes, <ul style="list-style-type: none"> • if married with Lithuanian partner • if s/he has been staying and farming in the country for at least 3 years, then s/he can buy any parcel in the country. 	Yes	Yes
Latvia	30.04.2014	Yes, <ul style="list-style-type: none"> • if s/he has been staying and farming in the country for at least 3 years, the particular plot that s/he has been renting can be bought; • if married with Latvian partner, but only as co-owner 	Yes	Yes, if minority of shares is owned by foreigners
Estonia	30.04.2011	Plots < 10 ha: Yes. No additional conditions have to be fulfilled.	Yes	Yes

		<p>Plots>10 ha:</p> <p>Yes</p> <ul style="list-style-type: none"> • if married with Estonian partner • if s/he has been staying and farming in the country for at least 3 years, the particular plot that s/he has been renting can be bought. 		
Czech Republic	30.04.2011	<p>Yes,</p> <ul style="list-style-type: none"> • if married with Czech partner • if s/he has been staying and farming in the country for at least 3 years, then s/he can buy any parcel in the country. 	Yes	Yes, if minority of shares is owned by foreigners
Hungary	30.04.2014	<p>Yes,</p> <ul style="list-style-type: none"> • if married with Hungarian partner • if s/he has been staying and farming in the country for at least 3 years, the particular plot that s/he has been renting can be bought. 	No	No
Slovakia	30.04.2014	<p>Yes</p> <ul style="list-style-type: none"> • if married with Slovakian partner • if s/he has been staying and farming in the country for at least 3 years, the particular plot that s/he has been renting can be bought. 	Yes	Yes
Poland	30.04.2016	<p>Plot <1 ha not located in border zones:</p>	Yes	Yes, if minority of shares is

		<p>Yes,</p> <ul style="list-style-type: none"> • if residing in Poland for at least five years • if married to a Polish citizen <p>Other plots:</p> <ul style="list-style-type: none"> • if married to a Polish citizen • if s/he has been staying and farming in the country for at least 3 years, the particular plot that s/he has been renting can be bought. 		<p>owned by foreigners</p>
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