

Agricultural minister hints at changes in land legislation, reveals who is interested in the largest Serbian agricultural complex

Serbian agriculture minister, Mr. Branislav Nedimovic, has announced that the Law on Agricultural Land is to undergo changes. The main purpose of the amendments is to prevent the pending liberalization of the regime under which foreign nationals can purchase agricultural land in Serbia.

Currently, Serbian legislation expressly prohibits foreign nationals (including those coming from the EU) from owning agricultural land. However, it is possible for foreign nationals to own such land indirectly, through a locally incorporated company. Thanks to this roundabout, foreign companies have already significantly invested in the Serbian agricultural sector. Most notably, in 2014 Emirati company Al Dahra acquired Serbian agricultural company Rudnap Agrar.

Locally registered companies owned by foreigners have an equal status with local companies owned by Serbian nationals, including with respect to land ownership. A company in Serbia can be established by any foreign national, be it a natural or legal person. For the establishment of a limited liability company one founding shareholder is sufficient.

Based on the obligations it agreed to towards the EU, Serbia must liberalize the sale of its agricultural land to EU nationals by 1 September 2017. The announced changes to the agricultural land legislation are aimed at minimizing the effect of the liberalization, by imposing more subtle barriers to foreign ownership over Serbian land than an outright ban. Details of the upcoming changes are not yet known but the minister hinted that the legislators may look at the relevant rules in Slovenia and Hungary for inspiration.

On a related note, the minister revealed more information about the investors interested in PKB, the largest Serbian agricultural complex, currently owned by the state. He stated that eight companies have announced their interest in the privatization of PKB – Al Dahra from the UAE, two Serbian companies (Matijevic and MK Komerc), as well as unnamed companies from China, Singapore, and Great Britain. As a next step, the government will launch a call for tendering, which may attract an even wider range of investors.