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The Financialisation and Valorisation of Land in Ukraine

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Outline

- 1) Ukraine's Agricultural Potential
- 2) Financialisation and Valorisation of Land
- 3) Land Reform in Ukraine – Current Developments
- 4) International and Domestic Investments
- 5) Research Agenda



Ukraine's Agricultural Potential

- Ukraine as the former and future “breadbasket of Europe“
 - necessity to unlock its agricultural potential from the national and international perspective
 - international debate on land grabbing vs. investments in land
- How do the current developments in Ukrainian agriculture – increased investments, the rise of agroholdings and the land market developments – relate to the financialisation and valorisation of land?



Financialisation and Valorisation of Land

- “society-nature relations”
 - nature and society are interconnected
 - nature is socially (materially and symbolically) constructed
 - distribution of land reflects societal power relations
- valorisation of nature: transformation of nature into a commodity
- financialisation of land: gaining rents – income through property rights

(Sources: Görg 2011, Zeller 2010)



Land Reform in Ukraine and its Outcome

- change from state-owned to private ownership structures
 - formal distribution of land to rural dwellers in the nineties
 - Land Code in 2001
 - since then moratorium on purchase and sale of agricultural land
- structure of Ukrainian agriculture
 - ca. 15.000 agricultural enterprises: 2.000 ha on average
 - ca. 43.000 farms: 92 ha on average
 - 5.4 million rural household plots: 1.2 ha on average

(Source: OECD 2009)



International Investments

Company	Base	Hectare
NCH Capital	US	450.000
Ukrainian Agrarian Investments	Russia	260.000
Alpcot Agro	Sweden	92.500
Glencore International	Switzerland	80.000
Harmelia Investments	US	70.000
Trigon Agri	Denmark	53.000
AgroGeneration	France	51.000
Grain Alliance	US	40.000
Continental Farmers Group	UK	21.000
Aslan Global Management	US	12.100
Sustainable Bio Energy Holding	Germany	11.700
Kyiv-Atlantic Ukraine	US	10.000



Pension Funds

- examples of European pension funds active in Ukraine
 - Dutch Pension Fund for Care and Well-Being (PFZW)
NCH Capital Inc.: 450.000 ha
 - Third Swedish National Pension Fund (AP3)
Alpcot Agro: 96.600 ha
- „In the next five to ten years, you simply won't be able to make these investments at these valuations anymore because things will be 'normal' in that part of the world from that perspective (co-founder of NCH Capital in AG Chat 2011: 5).”



Ukrainian Agroholdings

Agroholding	Hectare
Ukrlandfarming	480.000
Kernel	330.000
Mryia Agroholding	295.000
Myronivsky Hliboproduct	280.000
Astarta-Kyiv	245.000
Agroton	150.000
Privat-Agroholding	150.000
Sintal Agriculture	100.000
Nibulon	80.000

Source: websites of the companies



Land Market: Current Developments

- law “On State Land Cadastre”, January 1 2012
- second reading of the bill “On Land Market” in Verkhovna Rada, December 9 2011

Lifting the moratorium?

- proponents: government, international organisations, foreign experts
 - “When it comes to the issue of owning land, they (the rural population) tend to promote very outdated notions of giving land only to those who actually work it ... (Study of the International Centre for Policy Studies - Shevliakov 2011: 7).”
- opponents: local (rural) population
 - fear impoverishment and concentration of land



Research Agenda

- unclear when land market will be established, but long-term leasing in place
- development of structure of agriculture: big vs. small structures
- Contribution to the rural development of the country?



Thank you for your attention!



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