

## FEED ME

## China reportedly just bought 5% of Ukraine (but the Ukrainian partner denies it)

By [Lily Kuo](#) | September 23, 2013

 China likes the look of this red star. (Reuters/Alessandro Bianchi)

**Update (9:21 a.m. ET):** Ukraine's KSG Agro released [a statement](#) today, Sept. 24, denying reports that it had reached an agreement to sell 3 million hectares to a Chinese firm. Hong Kong's [South China Morning Post](#) had reported a deal between KSG Agro and China's Xinjiang Production and Construction Corps, (XPCC) in which China would be able to farm the area for up to 50 years. The paper cited a statement from XPCC as the source of its report. [Quartz](#) and [other media](#) also reported on the story.

In its statement, the Warsaw-listed agricultural firm said that it is only working with its Chinese partners on a project to install drip-irrigation systems over an area of 3,000 hectares in Ukraine next year. "KSG Agro does not intend or have any right to sell land to foreigners, including the Chinese," the statement posted on their website said. China's XPCC could not be immediately reached for comment.

**Original (September 23):** China has inked a deal to farm [three million hectares](#) (paywall), or about 11, 583 square miles of Ukrainian land over the span of half a century—which means the eastern European country will give up about 5% of its total land, or 9% of its arable farmland to feed China's burgeoning population.

Under the deal between China's Xinjiang Production and Construction Corps, or XPCC, and KSG Agro, an Ukrainian agricultural company, crops and pigs raised in the eastern region of Dnipropetrovsk will be sold at preferential rates to two Chinese state-owned grain firms. The project will launch with 100,000 hectares and eventually expand to three million. Here's some context on what that looks like:

China ukraine

The deal comes after Ukraine lifted a law barring foreigners from buying Ukrainian land last year. As part of the deal, China's Export-Import bank has given Ukraine a \$3 billion loan for agricultural development. In exchange for its produce, Ukraine will receive seeds, equipment, a fertilizer plant (Ukraine imports about [\\$1 billion worth of fertilizer](#) every year), and a plant to produce a crop protection agent. XPCC also says it will help build a highway in Ukraine's Autonomous Republic of Crimea as well as bridge across the Strait of Kerch, a transport and industrial center for the country.

Critics say the move exemplifies a slew of global land deals that smack of colonialism and resource extraction by richer countries in poorer ones. Today, such deals are increasingly motivated by governments seeking food security for their citizens, rather than profit-mongering by private companies. Saudi Arabia, South Korea, the United Arab Emirates, Britain, the US and other countries have been buying up foreign farmland, especially after the global food price spike of 2007 to 2008 that spurred global riots. According to [a report](#) last year by the nonprofit Grain, the main target of these purchases has been Africa but also Eastern Europe, Latin America and Asia. Between [0.7% and 1.75%](#) of the world's farmland is being transferred from locals to foreign investors, another study in January found.

#### foreign-land-grabs

Given its dwindling available farmland and expanding population, China has been among the most aggressive. The country eats about one-fifth of the world's food supplies, but is home to just 9% of the world's farmland, thanks to rapid industrialization and urbanization of the formerly agrarian nation. Its deal with Ukraine is its biggest farmland investment yet. Since 2007, China has [bought farmland](#) (pdf) in South America, Southeast Asia and Africa.

Some analysts fear the Ukraine-China pair up paves the way for an eventual [Chinese takeover](#) of all of Ukraine's farmable land. Similar fears about local food security led the government of the Philippines to block a China investment deal; Mozambique has resisted the arrival of Chinese farmers who would have displaced locals.

Others argue the project gives Ukraine the opportunity to boost food exports. Since the breakup of the Soviet Union, the country has been slow to fully privatize and develop its agricultural industry.

