

The global land grab and its implications for Ukraine



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Outline

1) GLOBAL LAND GRAB

- reasons
- numbers
- attempted modes of regulation

2) IMPLICATIONS FOR UKRAINE

- financialisation
- oligarchic state
- agroholdings



The global land grab

REASONS

- “offshore farming”
- energy crops
- financial actors
- “green grabbing”
- resource extraction and tourism



The global land grab

NUMBERS

- FAO – > 1,000 ha
- GRAIN – > 10,000 ha
- OXFAM – no limit

→ global land grabbing deals vary from 20 to 70 Million ha



The global land grab

MODES OF REGULATION

International level:

- World Bank: “regulate to facilitate” (Borras et al. 2013)
- FAO: “regulate to mitigate impacts and maximize opportunities” (ibid.)
- some national regulations try to prevent foreign investors from land grabbing

→ food sovereignty movement: stop land grabbing



Ukraine as the breadbasket of Europe

- 32 Million ha of arable land
 - exports cash crops
 - discourse of “unused”, “abandoned” land used by international organizations
- necessity to analyze different capital factions and power relations in the land grabbing process in order to be able to understand the newest development in the agribusiness complex in Ukraine and how this impacts the country’s development
- oligarchs dominating the Ukrainian state and economy & financial actors
- agroholdings listed at stock exchanges: Ukrainian & international capital



Financialisation of land

- “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies” (Epstein 2005: 3)
- links between financial and real economy:
 - financial actors treat land as ‘asset’
 - agricultural enterprises embrace a financialised business logic
- creation of property rights as prerequisite for the realization of rents, secured by the state, accumulation by dispossession



Post-Soviet Ukraine as oligarchic state

- “Oligarchs are representatives of big business who are able to influence the politics of a country for their own benefit owing to their assets” (Matuszak 2012: 9)
- state as a social relation and and oligarchs as
 - Finance Industry Groups
 - internal bourgeoisie
- foreign actors pursue their interests together with the Ukrainian oligarchs
→ reinforces social inequality and agrarian injustice



The political-economic development in Ukraine

- oligarchs dominate the Ukrainian state
- emergence of oligarchic groups under Kuchma (1995-2005) as national bourgeoisie, main clans: Donetsk, Dnipro, Kyiv, 'the family'
- dubious privatisation processes since the 1990ies in metallurgy, gas and oil industry
- Orange Revolution as “revolt of the millionaires against the billionaires” (Matuszak 2012: 23)
- economic and financial crisis and dissatisfaction brought Janukovych (2010-2013) to power
- Western engagement started with Yushchenko (2005-2010), again fostered under Poroshenko



Land concentration and the creation of a farmland market

- emergence of the land market in Ukraine as contested process
- (attempted) privatisation measures since the 1990s
- agroholdings as important vehicle for land concentration



	Name	Size in Hectares	Owner	Oligarchic Clan / Party Affiliation	“Agrarian kings”	Registered	Stock Exchange	External Finance
1	Ukrlandfarming	532,000	Oleg Bakhmatyuk	“Family”	Leader in eggs and egg products (Avangardco)	Cyprus	-	Eurobonds (275 Mio USD via Irish Stock Exchange)
2	NCH Capital	400,000	Georg Rohr, Moris Tabacinic	(US investment fund)	-	US (main office in New York)	-	EBRD
3	Kernel Group	330,000	Andrey Verevskiy	Party of Regions	Leader in sunflower oil	Luxembourg	Warsaw	-
4	Mriya Agroholding	295,000	Ivan Guta	Batkyvshina and Svoboda	Leader in potatoes	Cyprus	Frankfurt	Eurobonds; IFC, EBRD
5	Myronivsky Hliboproduct	280,000	Juriy Kosiuk	“apolitical”	Leader in chicken	Luxembourg	London	IFC, EBRD
6	Ukrainian Agrarian Investments	260,000	ONEXIM Group	(Russian investment fund)	-	Luxembourg/Kyiv	-	EBRD
7	Astarta-Kyiv	245,000	Victor Ivanchyk	“apolitical”	Leader in sugar and milk	Netherlands	Warsaw	IFC, EBRD
8	HarvEast	220,000	Rinat Akhmetov, Vadim Novinsky	Donetzk clan (Party of Regions)	Specialised in milk cattle	Cyprus	-	-
9	Agroton	171,000	Juriy Zhuravlov	-	Specialised in milk	Cyprus	Frankfurt	-
10	Sintal Agriculture	150,000	Mykola Tolmachev	-	-	Cyprus	Frankfurt (delisted Dec. 2012) – Vienna	-

Table 1: Top Ten Ukrainian Agroholdings in 2012

Sources: Gamaliy et al. 2013; Kovalshuk 2012; Latifundist 2012; Orbis 2013

The rise of agroholdings as a reflection of increasing financialisation of farmland in Ukraine

Two dimensions of financialisation:

- agroholdings become increasingly financialised through
 - raising capital at stock exchanges
 - credits from IFIs
- involvement of foreign actors as pension funds and banks
 - e.g. Dutch Pension Fund for Care and Well-Being, AP3, NCH Capital

“During the first years, nobody asked for efficiency – only to keep the speed of accumulation of land.” (Isakova 2012)

“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.” (AG Chat 2011: 5)

Conclusion

- land grabbing is not a neutral process but shaped by social forces
- oligarchs and foreign capital increasingly control land via agroholdings to maximise their profits
- financialisation supports agribusiness and nature is considered as an investment
- small-scale producers are forced out of the market



Thank you!



The talk is based on the following contributions:

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Plank, Leonhard/Plank, Christina (2013): Land Grabbing – kritische Perspektive auf die neue Landnahme. In: Bröthaler, J./Getzner, M./Giffiner, R./ Hamedinger, A./Voigt, A. (eds.): Jahrbuch Raumplanung. NWV: Wien, 177-194.