Leibniz Institute of Agricultural Development in Transition Economies

Structure of Agricultural Production in Ukraine: Background, Situation, and Outlook

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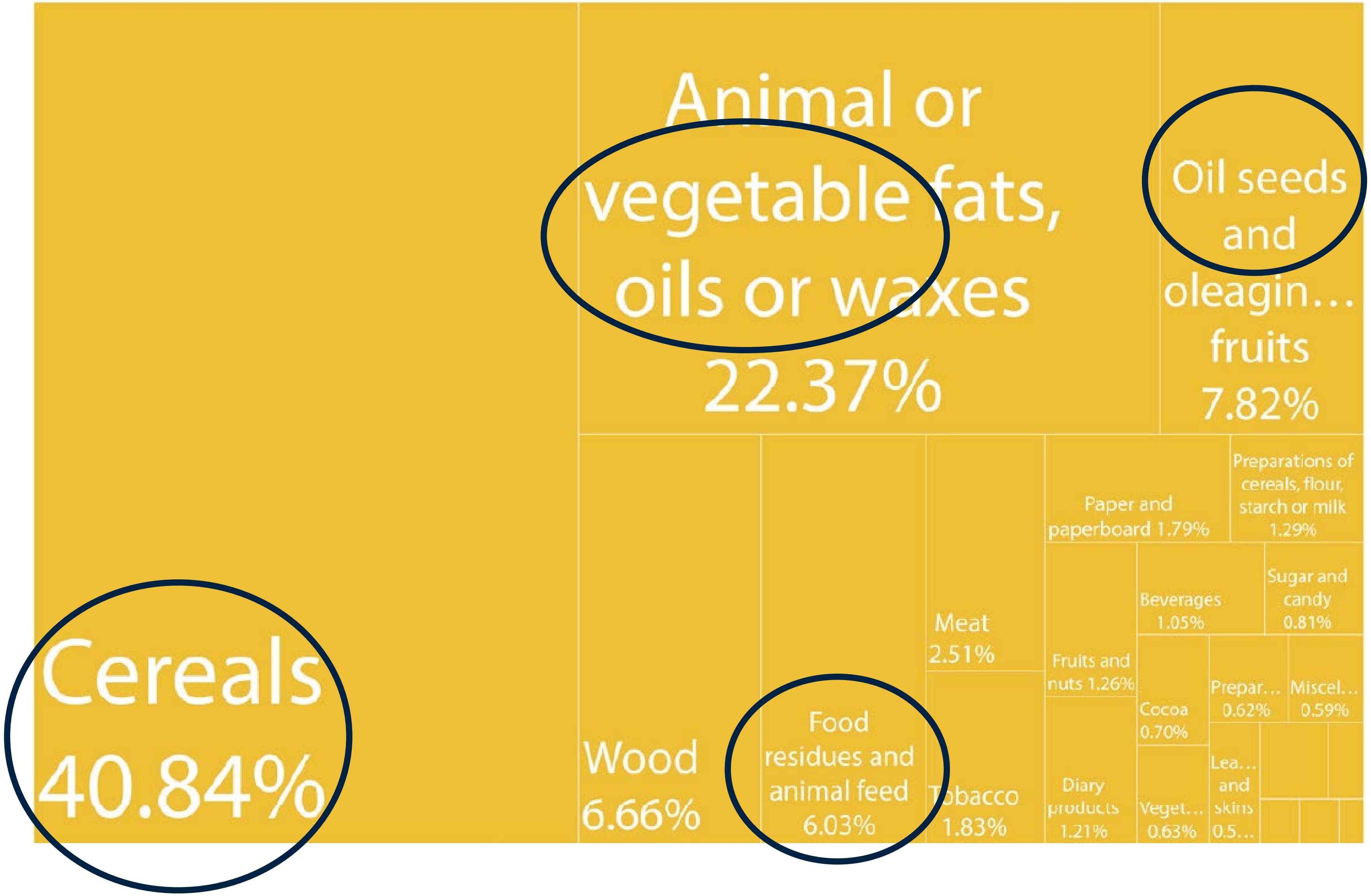
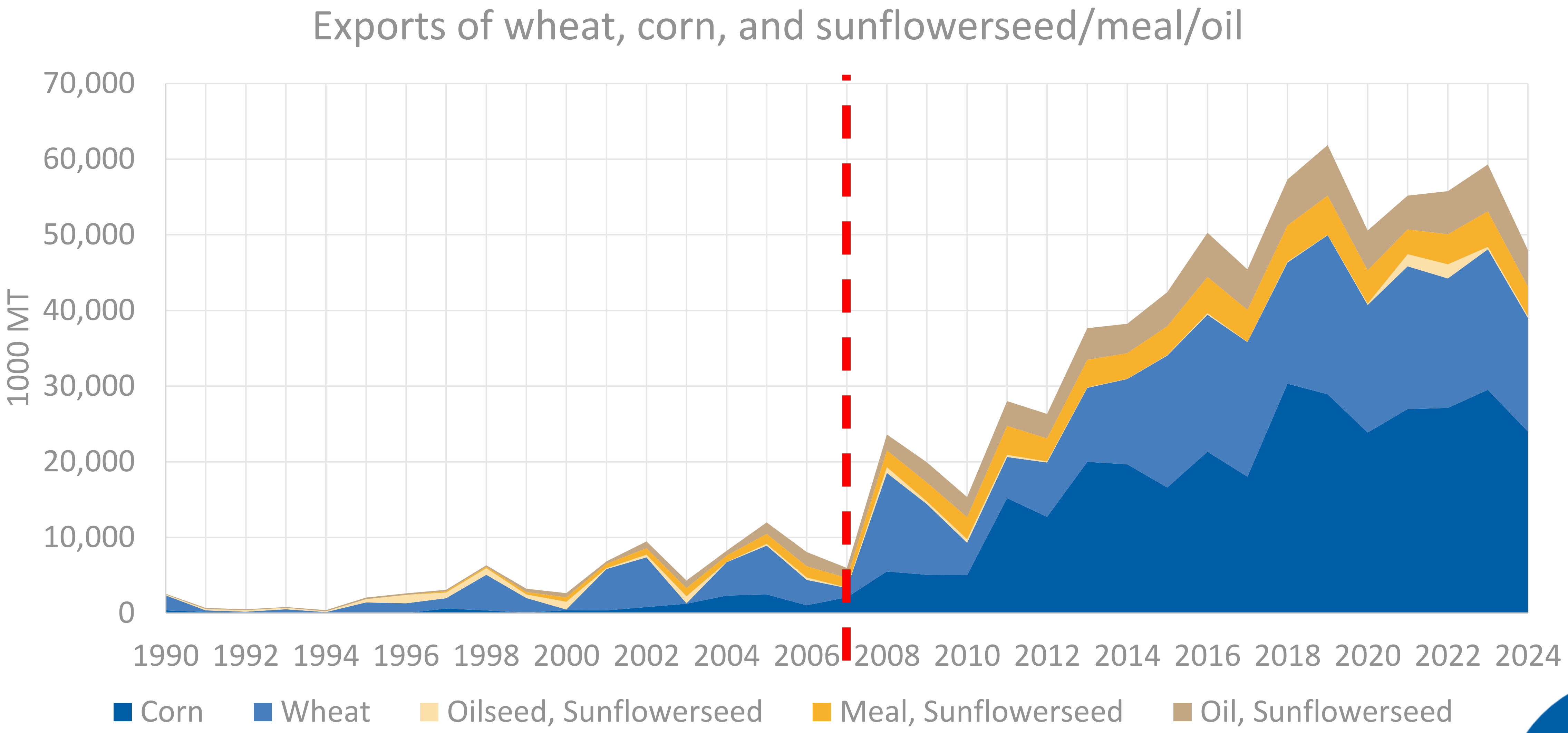
Workshop Ukraine und die EU: Ausgangssituation und offene Fragen für Österreichs Landwirtschaft, Wien, 3. November 2024

Exports shares of main agricultural goods of Ukraine



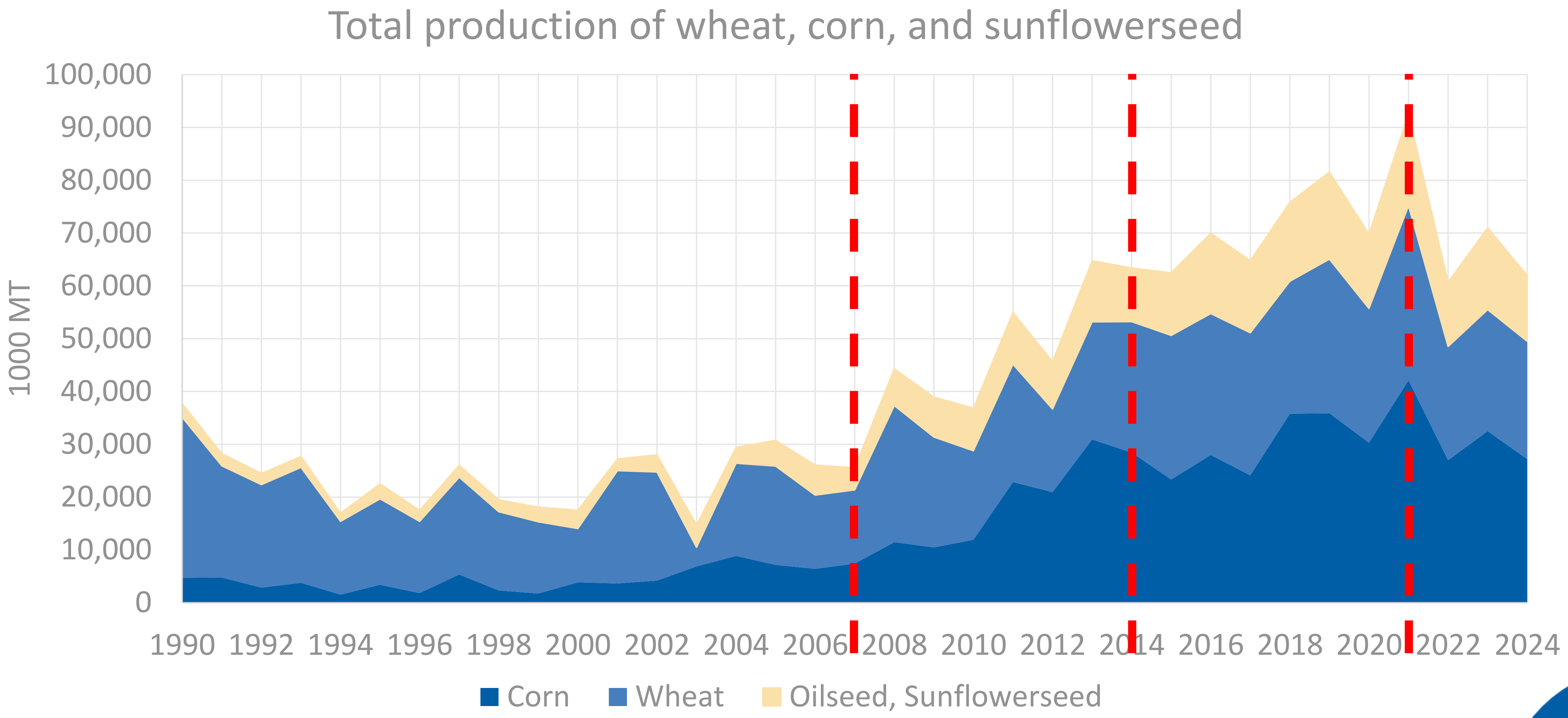
Balmann, Gagalyuk (2024) based on www.trademap.org

Development of Ukrainian exports



Source: USDA

Productivity development of Ukrainian agriculture



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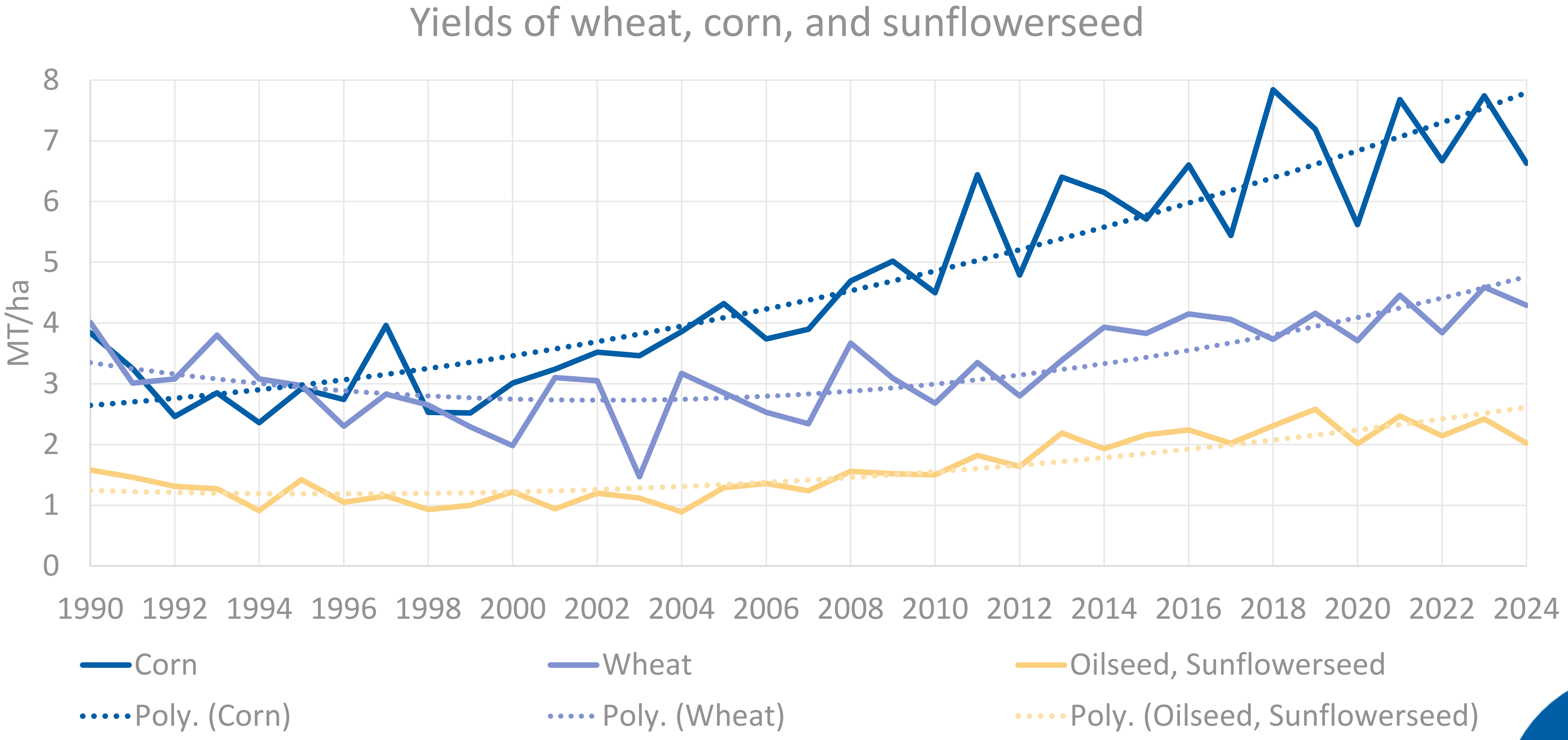
Productivity development of Ukrainian agriculture



Source: USDA

Ukraine: farm structure

	Numbers, thousands	Area, million hectares	Share of production, %
Corporate farms	14.0	30.4 (?)	48.3
thereoff: subsidiaries of agroholdings	0.9	5.8	22.3
Family farms	63.3	4.6	8.7
Household farms	4 100.0	6.3	43.0 (?)
Total	4 177.3	41.3	100.0

Remarks:
- Production of households estimated based on self-reports
- Crimea accounted for Ukraine

Sources: BBC (2019), Cabinet of ministers Ukraine (2019), Ostapchuk et al. (2021), UCAB (2019), Ukrstat (2017)


АГРОІНВЕСТИЦІЇ В УМОВАХ ВІЙНИ:
ВИКЛИКИ, СТРАТЕГІЇ, МОЖЛИВОСТІ
LFM
LFM
LFM

Ukraine: ranking of largest agroholdings according their land bank

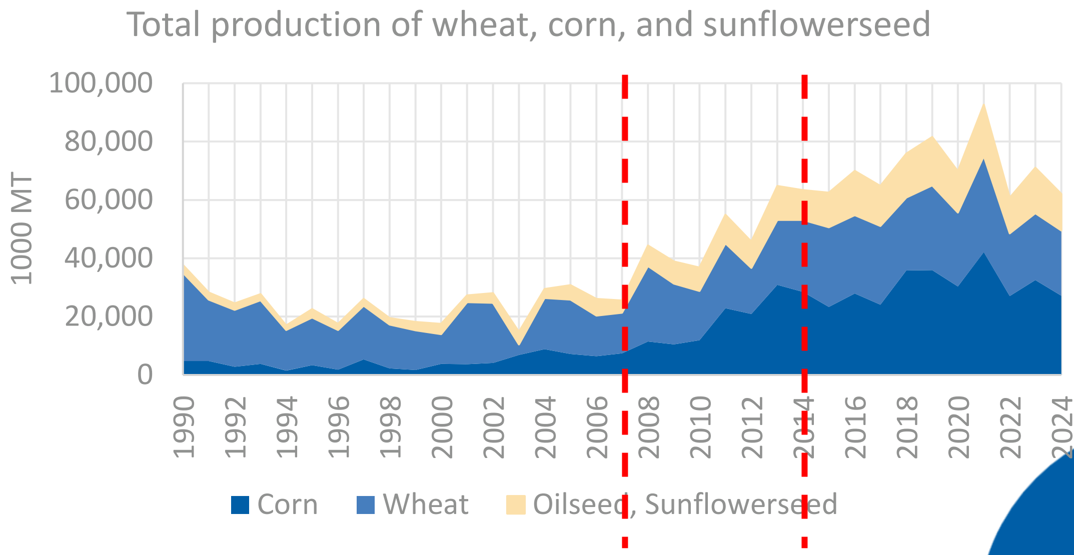
#	Name	Ultimate beneficial owner	Registered office	Farmland in 2024, '000 ha
1	Kernel	Andriy Verevskyi	Luxembourg	363
2	MHP	Yuriy Kosiuk	Cyprus	362
3	UkrLandFarming	Oleg Bakhmatyuk	Cyprus	330
4	Agroprosperis (New Century Holding)	George Rohr, Maurice Tabasinik	USA	290
5	Astarta-Kyiv	Viktor Ivanchyk	The Netherlands	212
6	Continental Farmers Group	SALIC	Ukraine	195
7	Epicentr Agro	Oleksandr & Galyna Gerega	Ukraine	167
8	Agrarian System Technologies (AST)	Dmytro and Tetiana Kolesnyk	Ukraine	150
9	ENSELKO	Andriy Verevskyi	Ukraine	127
10	IMC	Oleksandr Petrov	Luxembourg	120

- **Largest 64 companies (each >25,000 ha) farm in total 5 million hectares**

Source: https://latifundist.com/rating/top100#363

Agroholdings: emergence

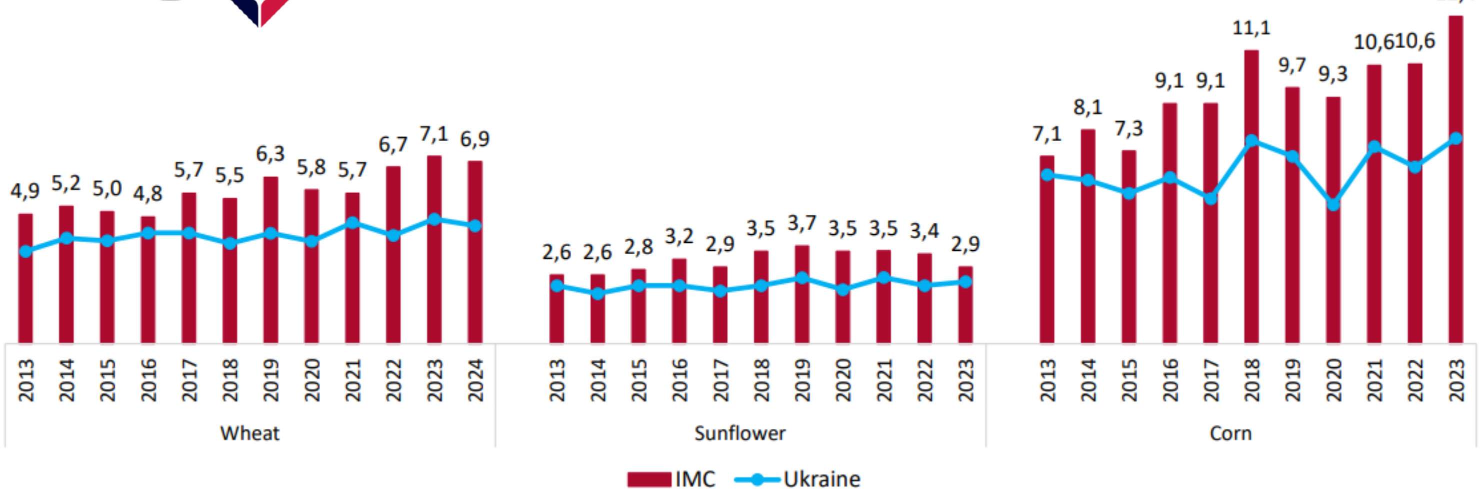
- Development driven by intl. investments in growth and technology
  - Intl. food price crisis 2007-2008: first wave of intl. investments, IPOs,…
    - Particular focus on acquisition of farms/land
  - Intl. food price crisis 2011-2013: second wave of intl. investments, IPOs,…
    - Strong focus on land acquisition and modernization
    - Market capitalization of listed public companies in 2013: ~ 6 billion $US
  - Euromajdan 2013/2014: political and financial crisis, start of Russian aggression, political reforms,…
    - ➢ Market capitalization declined by 70 %
    - ➢ Inflow of intl. capital came to an end
    - ➢ Companies were forced to earn money from business activities
    - ➢ Productivity increases continued



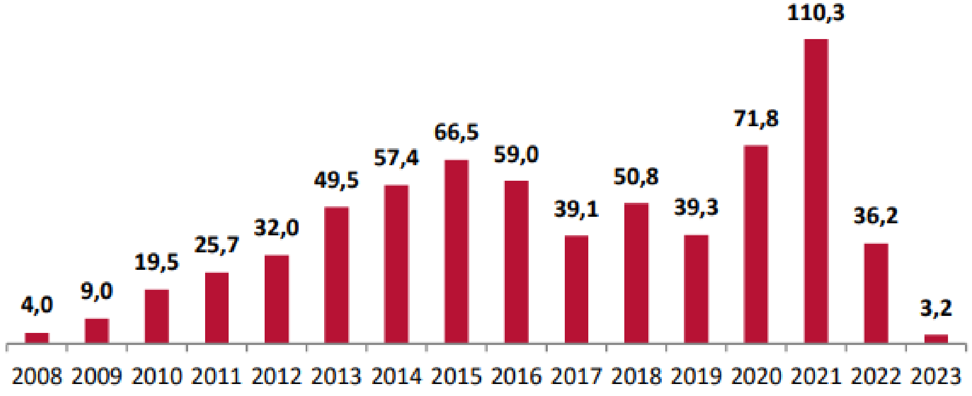
Agroholdings: a success story?

IMC

Crop yields in t/ha

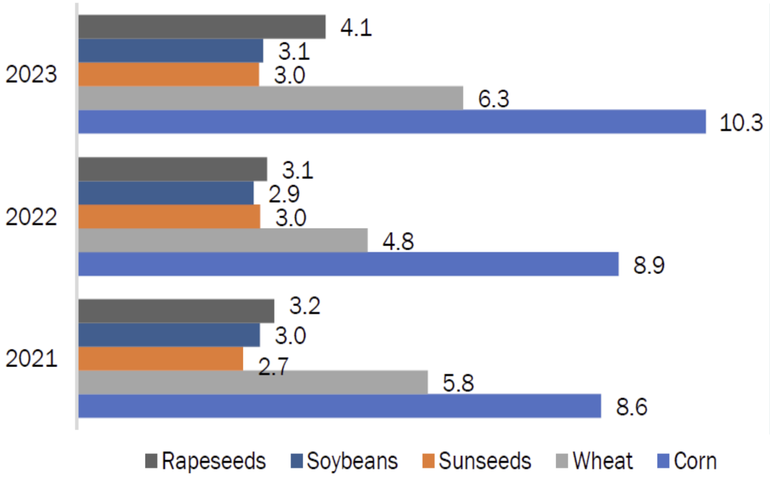


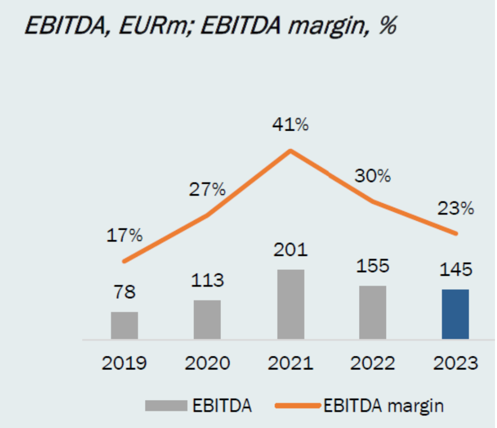
Normalized EBITDA, $US million, 120 000 ha



ASTARTA-KYIV
agri-industrial holding

Astarta's grains and oilseeds yields (gross), t/ha

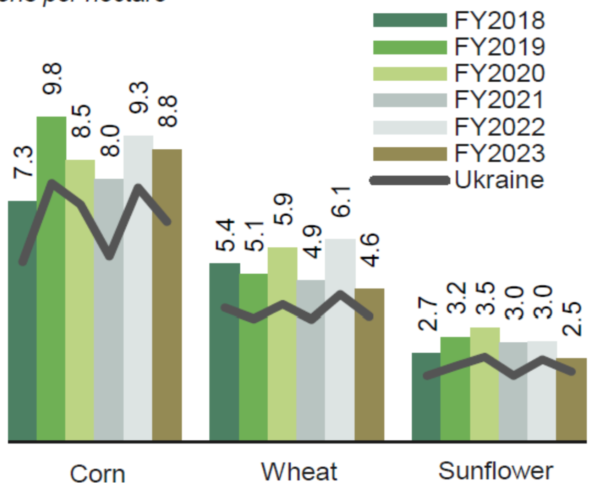




Sources: Astarta, Kernel, IMC

Crop yields in t/ha

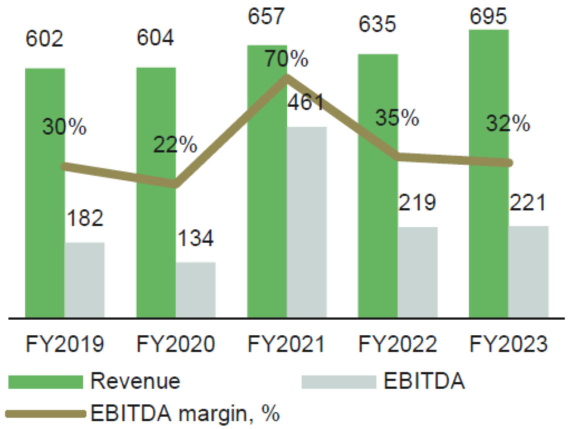
tons per hectare



KERNEL

Profitability dynamics

USD million



Technological development and digitalization continue!

OneSoil

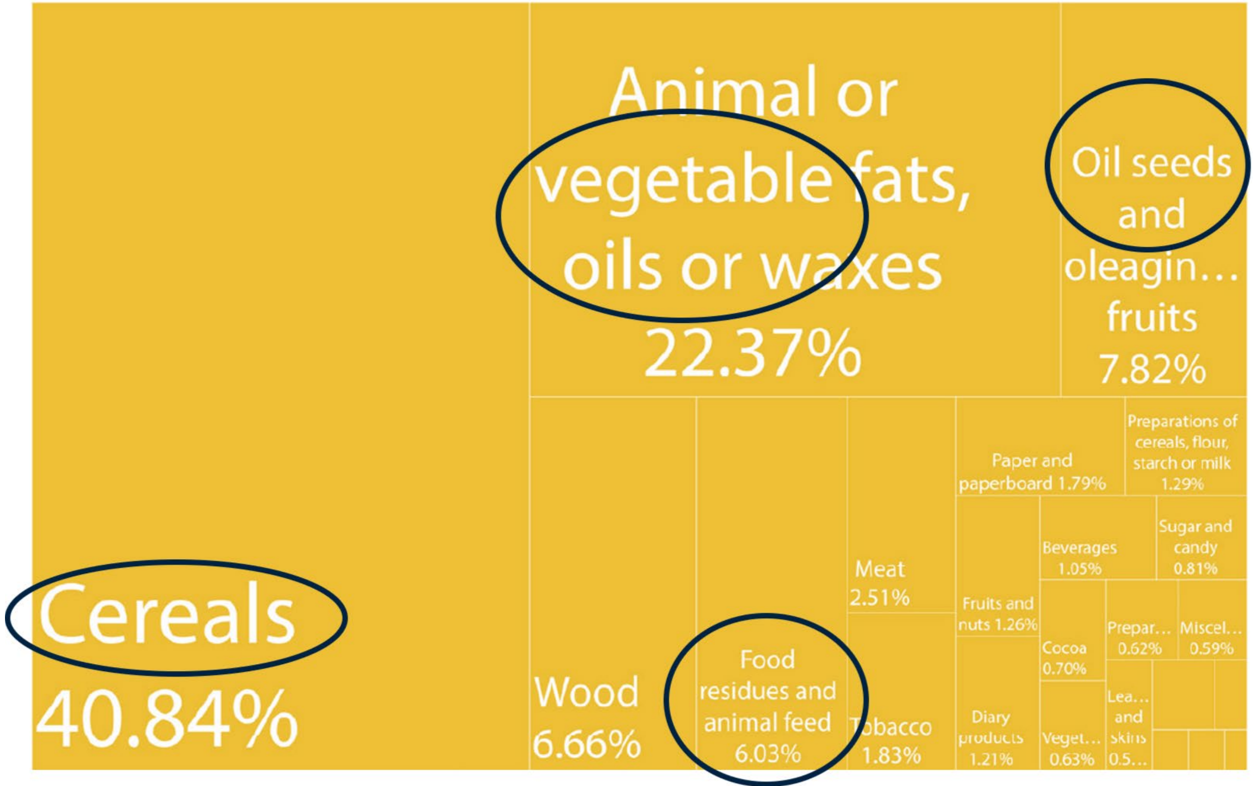
Карта зон продуктивності | Карта врожайності кукурудзи 2019 | Карта врожайності Соняшника 2020 | Карта врожайності Пшениці озимої 2021

Yield gaps are still enormous!
Ukraine can produce and export way more!

NEXAT / Kalverkamp

Productivity development of Ukrainian agriculture

- Perspectives
  - Yield gaps are still enormous! Ukraine can produce and export way more!
    - Productivity increases through technical change and higher technical efficiency
    - Specific challenges: adaption to climate change and adoption of Acquis communautaire
  - ➢ Huge potential for food processing and bioeconomy



- Low processing depth in the value chains
- Low overall value-added in agribusiness

Productivity development of Ukrainian agriculture

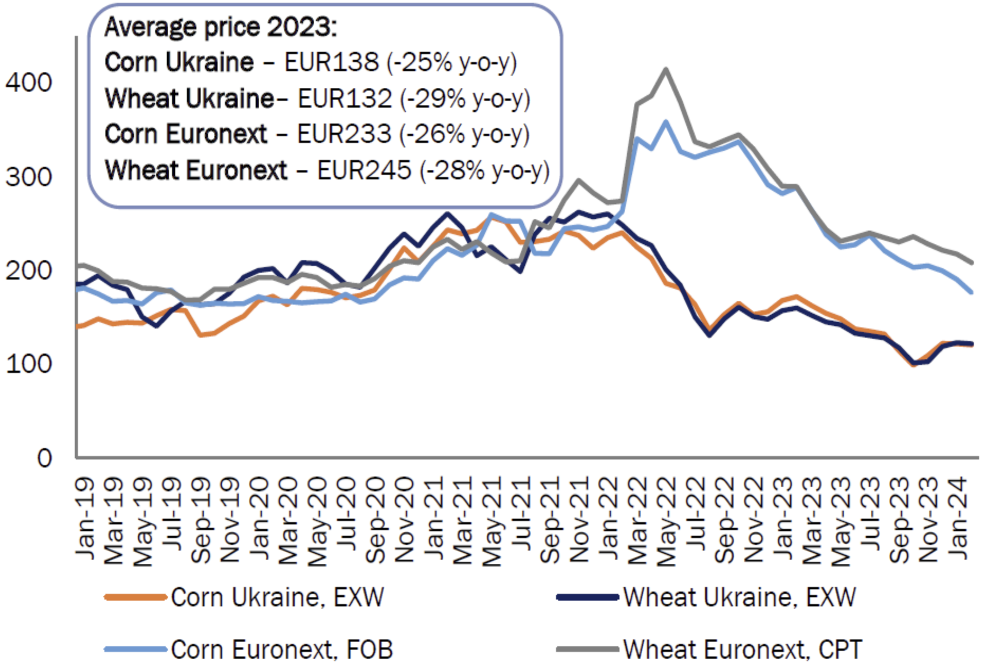
- Perspectives
  - Yield gaps are still enormous! Ukraine can produce and export way more!
    - Productivity increases through technical change and higher technical efficiency
    - Specific challenges: adaption to climate change and adoption of Acquis communautaire
  - ➢ Huge potential for food processing and bioeconomy
- Challenges and bottlenecks
  - Human capital: quantity and skills
  - Public and private infrastructures (including research and training)
  - Finance for private and public investments
  - Environmental standards of EU and international food chains

Impacts of war on Ukrainian agriculture

- Specifics of war zones
  - No/limited access to fields and farms
  - Specific risks (mines, missiles, drones)
  - Lack of workforce
- Logistics
  - Blockage of harbors
  - High transport costs towards harbors
  - ➢ Low farmgate prices
  - ➢ Limited opportunities to sell (pressure on storages)
  - ➢ Pressures on farms' liquidity (unclear which are affected most)

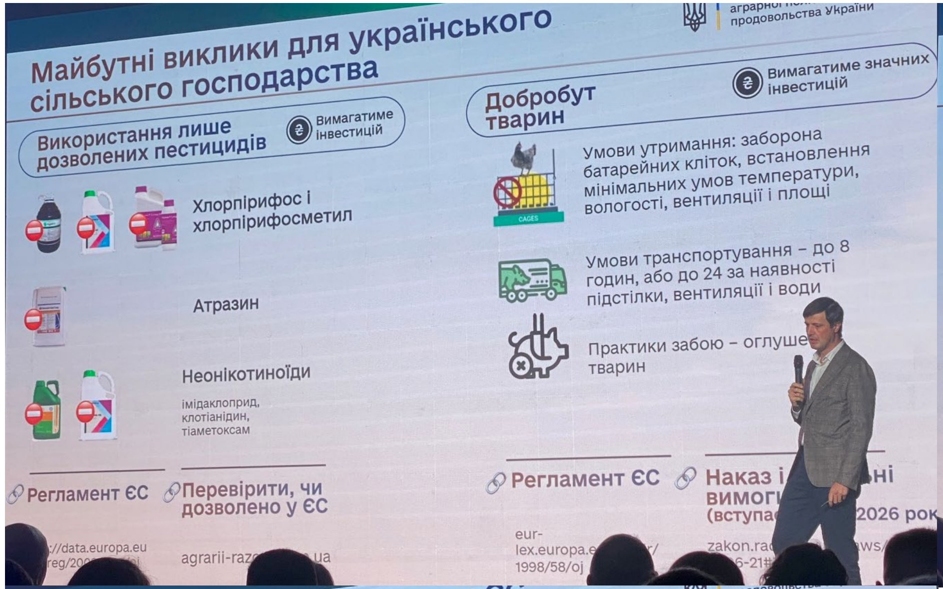
➢ **Limited willingness and capacities to invest!**

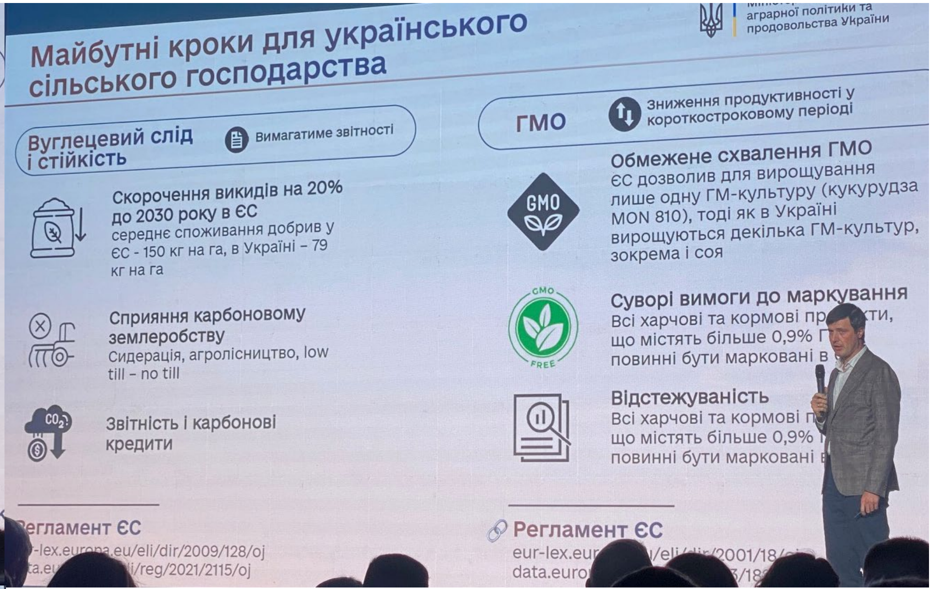
Grains price performance, EUR/t, incl. VAT

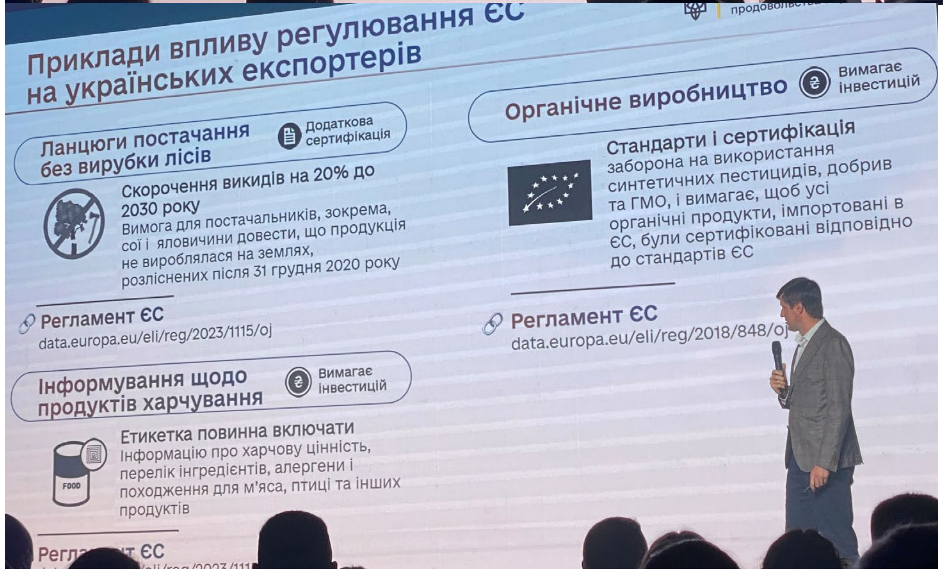


Source: APK-inform

EU integration: Ukrainian policy







➢ **Which farms can adjust best?**

➢ Strategy plan of Ukrainian MinAgro
- ➢ Prohibition of non-approved pesticides
- ➢ Adjusting animal welfare standards
- ➢ Reduction of fertilizers
- ➢ Carbon storages and GHG reporting
- ➢ Regulation of GMO
- ➢ Due diligence of supply chains

EU integration: challenges and opportunities regarding EU CAP

- … for Ukraine
  - Political challenges
    - Awareness of environmental issues (GHG mitigation, biodiversity,…)
    - Rural development
    - Improvements and development of infrastructures
  - Administrative challenge: how to deal with the regulatory framework?
    - Translation into national regulations
      - Programming, administration, control
    - ➢ Need for technical support infrastructure

Ukrainian farms need infrastructures and institutions rather than income support!

- … for the EU CAP
  - Addresses still the narrative of Western European family farms and ignores the dualistic farm structures of former socialist countries (Romania, Bulgaria, Czech Republic, East Germany,…)
  - Focus on income support!
    Addressing of "societal expectations" (environment, small farms,…) is mainly a tokenism!
  - ➢ Ukrainian integration will need and provide new stimulus for a fundamental CAP reform!

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Thank you for your attention!

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