

War and Theft – Take-over of Ukrainian Agricultural Land

by “The Oakland Institute”,* California, USA

Since the Russian invasion in February 2022, the war in Ukraine has been at the centre of foreign policy and media attention. However, little attention has been paid to a major question at the heart of the conflict: who controls the farmland in the country known as the “breadbasket of Europe”?

This report “War and Theft: The Takeover of Ukraine’s Agricultural Land” fills this gap by identifying the interests that control Ukrainian farmland and presenting an analysis of the dynamics at play around land tenure in the country. This includes the highly controversial land reform that took place in 2021 as part of the structural adjustment programme launched under the auspices of Western financial institutions, after the installation of a pro-European Union (EU) government following the Maidan revolution in 2014.

With 33 million hectares of arable land, Ukraine has some of the most fertile farmland in the world. Since the early 1990s, misguided privatisations and corrupt governance have concentrated the land in the hands of a new oligarchic class. Around 4.3 million hectares are given over to industrial agriculture, with the bulk – three million hectares – in the hands of a dozen or so large agri-businesses. In addition, according to the government, around five million hectares – the size of two Crimeas – have been ‘stolen’ from the Ukrainian state by private interests. The total area of land controlled by oligarchs, corrupt individuals and large agribusinesses is therefore more than nine million hec-



*View of the wheat field during the harvesting season near Krasne village, Ukraine July 5, 2019.
(Picture © FAO / Anatolii Stepanov)*

tares, or more than 28% of the country's arable land. The rest is used by more than eight million Ukrainian farmers.

Those who control Ukrainian land today are a mix of oligarchs and various foreign interests – mainly European and North American, including a US-based private equity fund and Saudi Arabia's sovereign wealth fund. With the exception of one, the ten companies that control the most land are registered abroad, mainly in tax havens such as Cyprus and Luxembourg. Even when they are run and still largely controlled by a founding oligarch, a number of these companies have gone public, with Western banks and investment funds now controlling a significant proportion of their shares.

The report identifies a number of leading investors, including the *Vanguard Group*, *Kopernic Global Investors*, *BNP Asset Management Holding*, *NN Investment Partners Holdings* (a subsidiary of *Goldman Sachs*), and *Norges Bank Investment Management*, which manages Norway's sovereign wealth fund. Several large US pension funds, foundations and university endowments have also invested in Ukrainian land through *NCH Capital*, a US-based private equity firm that is Ukraine's fifth largest landholder.

Most of these companies are indebted to Western financial institutions, in particular the *European Bank for Reconstruction and Development* (EBRD), the *European Investment Bank* (EIB), and the *International Finance Corporation*

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(IFC) – the private sector arm of the *World Bank*. Together, these institutions have been major lenders to agribusiness in Ukraine, with nearly \$1.7 billion lent to just six of the largest agribusinesses in recent years. Other major lenders are a mix of mainly European and North American financial institutions, both public and private.

Western financing to Ukraine in recent years has been tied to a drastic structural adjustment program that has required austerity and privatization measures, including the creation of a land market for the sale of agricultural land. President *Zelensky* put the land reform into law in 2020 against the will of the vast majority of the population who feared it would exacerbate corruption and reinforce control by powerful interests in the agricultural sector. Findings of the report concur with these concerns.

While large landholders are securing massive financing from Western financial institutions, Ukrainian farmers – essential for ensuring domestic food supply – receive virtually no support. With the land market in place, amidst high economic stress and war, this difference of

treatment will lead to more land consolidation by large agribusinesses.

The report also sounds the alarm that Ukraine's crippling debt is being used as a leverage by the financial institutions to drive post-war reconstruction towards further privatization and liberalization reforms in several sectors, including agriculture.

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