

# ***THE MORATORIUM ON AGRICULTURAL LAND SALE AS THE LIMITED FACTOR FOR RURAL DEVELOPMENT***

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## **PRESENTATION CONTENT**

- 1/ agricultural market - main figures;**
- 2/ economic situation in agriculture;**
- 3/ land ownership structure and costs;**
- 4/ impact of land moratorium 'as is';**
- 5/ moratorium lifting – “window of opportunities”;**
- 6/ drafts of law: current stage;**
- 7/ land owners view - “to be or not to be”;**
- 8/ from risk to model of free land market;**
- 9/ free market - sustainable agricultural development;**
- 10/ agricultural policy - economic vector.**



# AGRICULTURAL MARKET OF UKRAINE – MAIN FIGURES



Agricultural land – 70,8%  
Black soils – 44% of territory

Agricultural market – 13,7% of GDP  
(agriculture, forestry and fishing)

UA agricultural products =  
40,2% of TTL UA export

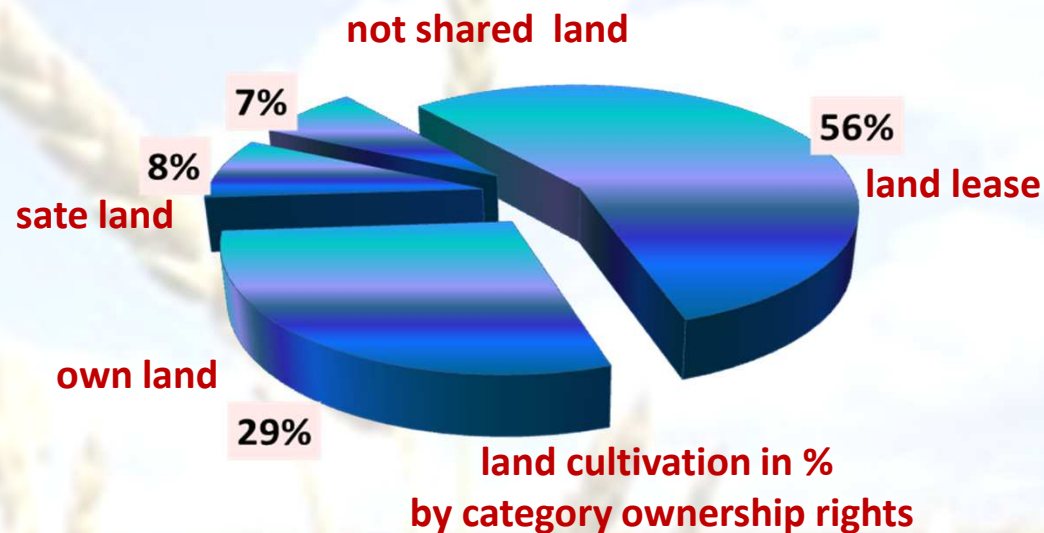
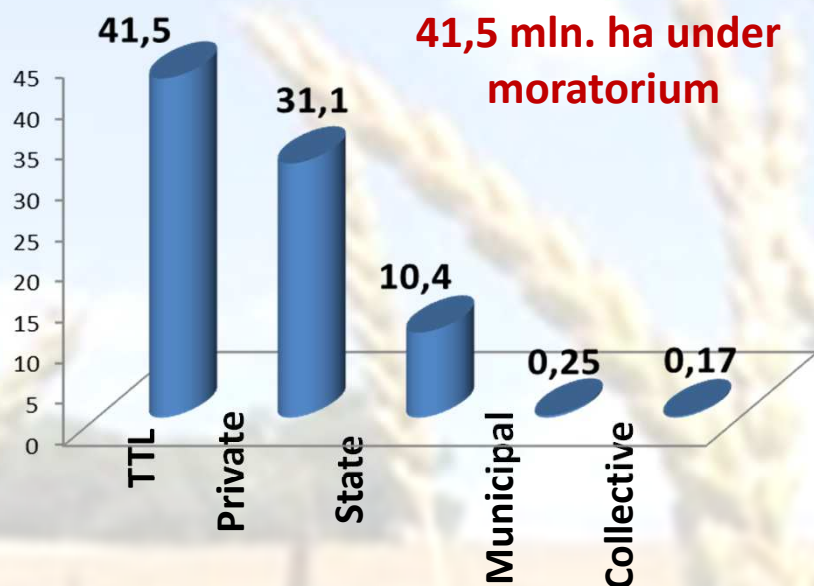
Index of GROSS OUTPUT  
106,2% (2016/2015)

17% population employed at  
agriculture

Raw materials orientation/no  
added value



## STRUCTURE of AGRICULTURAL LAND USE & RENT PRICE



VALUE/PRICE	UKRAINE	EUROPE
AVERAGE ASSESSMENT of LAND VALUE	1150 \$/HA	8000- 32 000 \$/HA
AVERAGE RENT PAYMENT:	35-84 \$/HA	200-450 \$/HA





# LIMITATION FACTORS OF AGRICULTURAL DEVELOPMENT

## ECONOMIC

- *high production costs;*
- *low financing level; high credit rates;*
- *deficit of investments;*
- *price disparity;*
- *resource and structural imbalance of agricultural production;*
- *low level of technology and efficiency;*
- *devaluation of the national currency;*
- *high level of industrial risks, etc.*

## LEGISLATIVE

- *imperfection of normative-legal provision;*
- *absent legal protection of native producers;*
- *shadowing of native markets;*
- *not developed agricultural infrastructure;*
- *low wages and welfare of the rural population;*
- *deficit of professionals in agriculture.*

***ONE of the MAIN PREVENTING FACTOR is MORATORIUM for LAND SALES***



## ***DETERRENT IMPACT OF MORATORIUM - "AS IS"***

- 6,9 mln. of the land shareholder can not sale their land;
- 1,6 mln. Land shareholders can not use (old category of population);
  - 1 mln. do not use due complicated procedures of use;
- Not allowed to use land as a part of ownership in the Statute of the enterprise;
  - Unofficial sale exist (shadow market)/low prices;
  - Not efficient use (no crop rotation, commercial crops only);
    - Structural misbalance in agriculture;
    - Poverty of rural population;
    - Disappearing of villages.

**LAND IS DEAD CAPITAL IN  
UKRAINE**



## ***LIFTING the LAND MORATORIUM – “WINDOW OF OPPORTUNITIES”***

- *development of small & middle business (local production, cooperatives);*
  - *development of agricultural infrastructure and rural territories;*
    - *creating jobs;*

### **LAND BECOMES the CAPITAL**

- *conversation of rural communities and its unions around land;*
  - *stimulation of sustainable development;*
  - *assurance of food safety and quality ;*
    - *environments protection.*





## ***DRAFT OF LAW: CURRENT STAGE***

- 2 drafts of law on land sale submitted to Verkhovna Rada;
  - both drafts not completed;
  - same principals in both -  
(regulate the list of owner, minimal price evaluation, right for foreigner to purchase the land);
    - difference of drafts -  
limit of land share, no change of purpose of use, free privatization for some categories of individuals);
    - Imperfect content,
  - lead to long procedure of incorporation;
  - implementation will be postponed



## **SHAREHOLDERS' OPINIONS - "TO BE" or "NOT to BE"**

### **Individuals position:**

- inexperience of the peasants;
- fair of low land price;
- fair of unfair legislation;
- uneven market conditions;
- speculation of land

### **Enterprises position:**

- no enough cash; absent credits lines;
- bankruptcy;
- risk of agrikholdings monopoly;
- risk of land loss
- risk to loose businesses

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**STRICT STATE REGULATED LAND MARKET**



# FROM RISKS to IMPLEMENTATION MODEL

## MODEL in II STAGES

municipal and state land first stage  
( 2 years)

Individuals land second stage

PILOT PROJECT in ONE REGION

### Main steps:

- full land inventory;
- creation of a land cadaster;
- land valuation and setting fair price;
- territories planning;
- equal access to financing;
- regulate 'not shared' land;
- open auctions

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### Restrictions:

- not more than 300 ha/head;
- only for inhabitants rural territories;
- few stages to free market opening;
- control over the proper cultivation;
- restriction on speculation;
- 10 years experienced enterprises



## ***FREE LAND MARKET - INSTRUMENT of SUSTAINABLE DEVELOPMENT***

**INCREASE OF DIRECT INVESTMENTS = 20-25 BLN. DOLLARS**

**85% FINANCING TO SMALL AND MIDDLE BUSINESSES;**

**TAX ON LAND = 50-60 BLN. UAH;**

**TAX ON LAN OPERATIONS = 5-10 BLN.UAH**

**INCOME TAX = 10-20 BLN . UAH;**

**ADDITIONAL = 1, 5 mln. WORKING PLACES;**



## ***AGRICULTURAL POLICY – TOWARD EUROPEAN VECTOR***

***The strategy of agricultural development in Ukraine till 2021 oriented on  
on principal of common agricultural policy , namely:***

- development of rural territories;***
- ecological development;***
- food safety***

***will be possible upon implementation on free land market.***







**THANK YOU FOR YOUR ATTANTION!**

