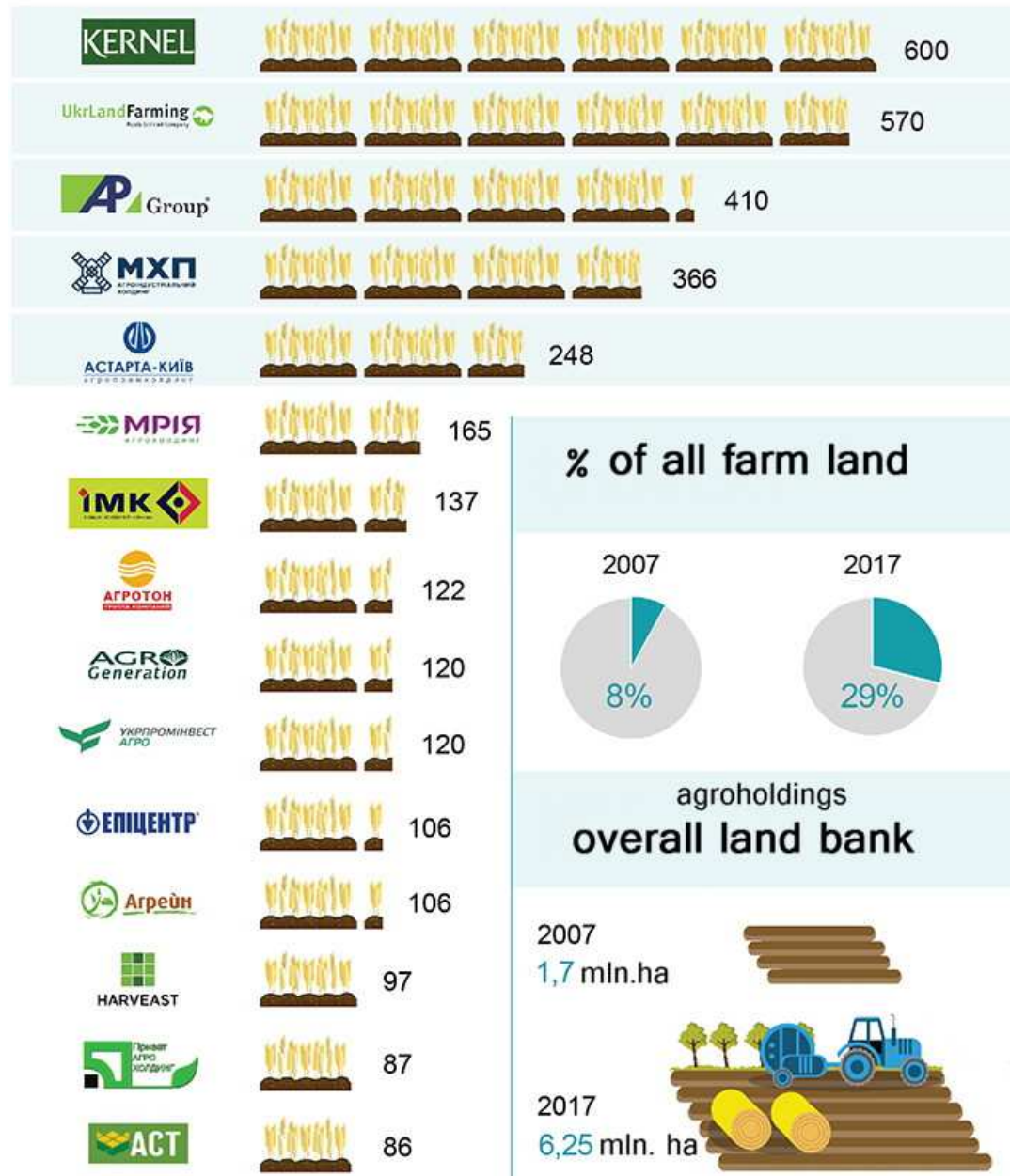# Clusters as the basis for small farms' competitiveness

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Largest agroholdings land bank, thnd. ha

Agroholding	Land bank (thnd. ha)
KERNEL	600
UkrLandFarming	570
AP Group	410
МХП	366
АСТАРТА-КИЇВ	248
МРІЯ	165
ІМК	137
АГРОТОН	122
AGRO Generation	120
УКРПРОМІНВЕСТ АГРО	120
ЕПІЦЕНТР	106
Агрейн	106
HARVEAST	97
Приват АГРО Холдинг	87
АСТ	86

% of all farm land

2007	2017
8%	29%

agroholdings overall land bank

2007
1,7 mln.ha

2017
6,25 mln. ha

… more than 10000 ha of farm land:

2012 – 80 enterprises
2014 – 87 enterprises
2017 – 93 enterprises

… largest 20 companies agricultural production:

2012-2017 - average 14-15% gross agrarian products output

Large enterprises'

Advantages:

- rational production management;
- new technologies and innovations;
- highly productive machines;
- costs reduction;
- agrarian and industrial integration;
- access to global food markets.

Large enterprises'

Disadvantages:

- soil exhaustion;
- low level of rural area people employment;
- narrow specialization;
- ecological problems;
- capital runaway from agriculture;
- land leasing monopolization.

Rural households (2018):
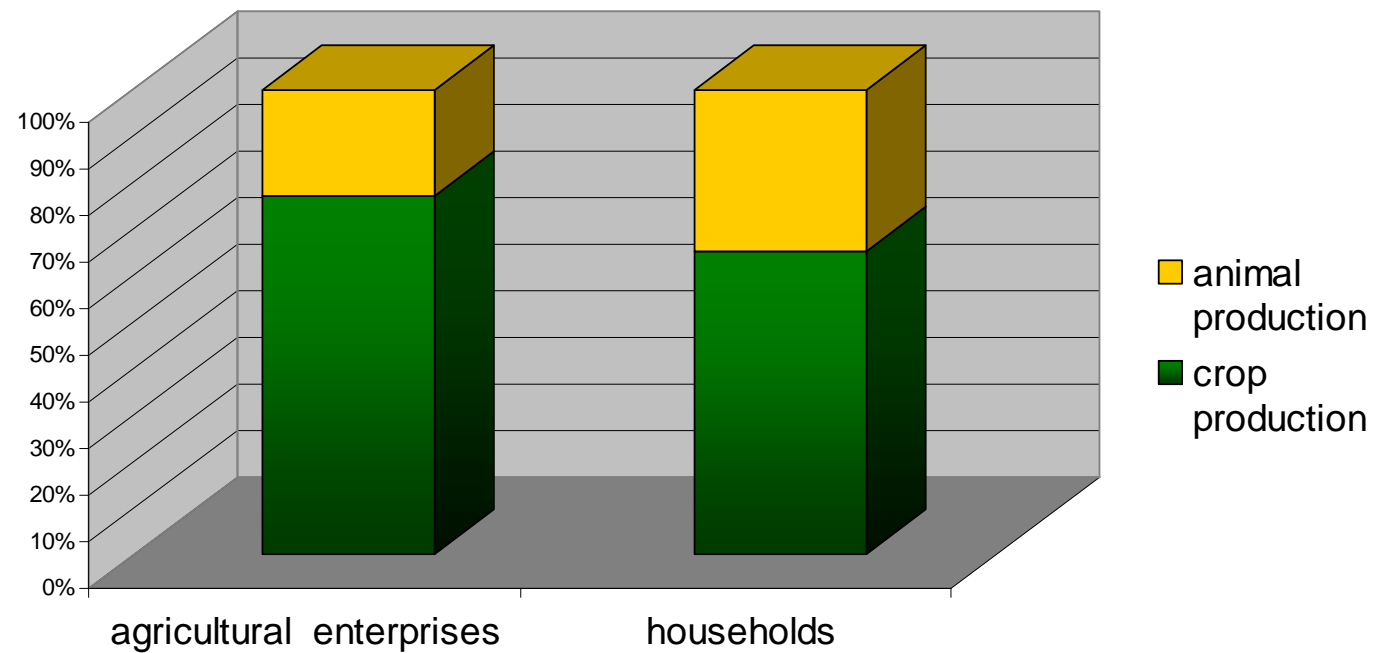
4.0 mln. private households;

Almost 6.2 mln. ha of land;

39.5 % of crop production;
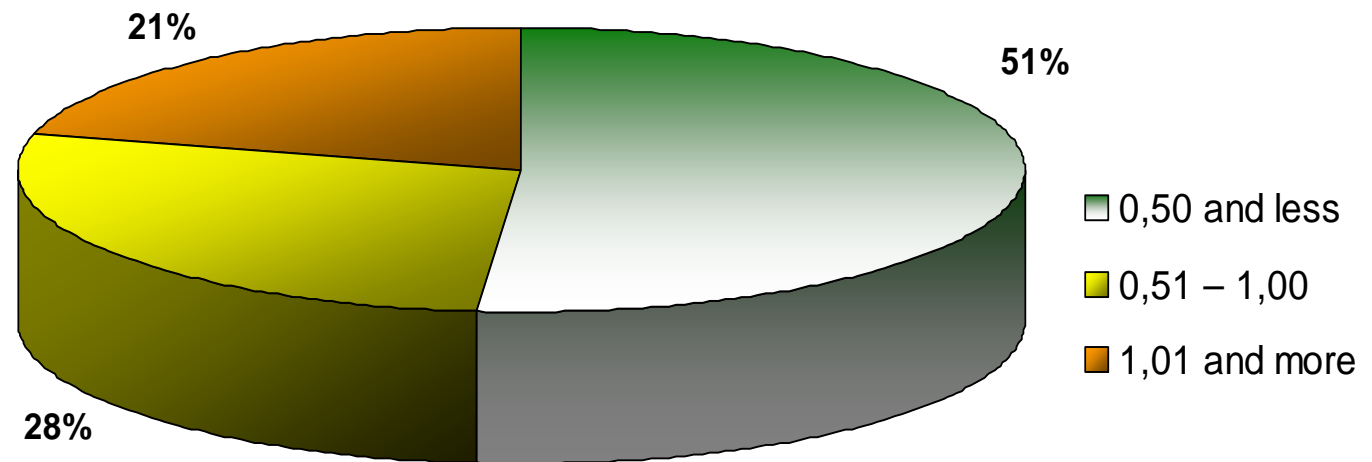
54.2 % of animal production.

Structure of agricultural production in 2018

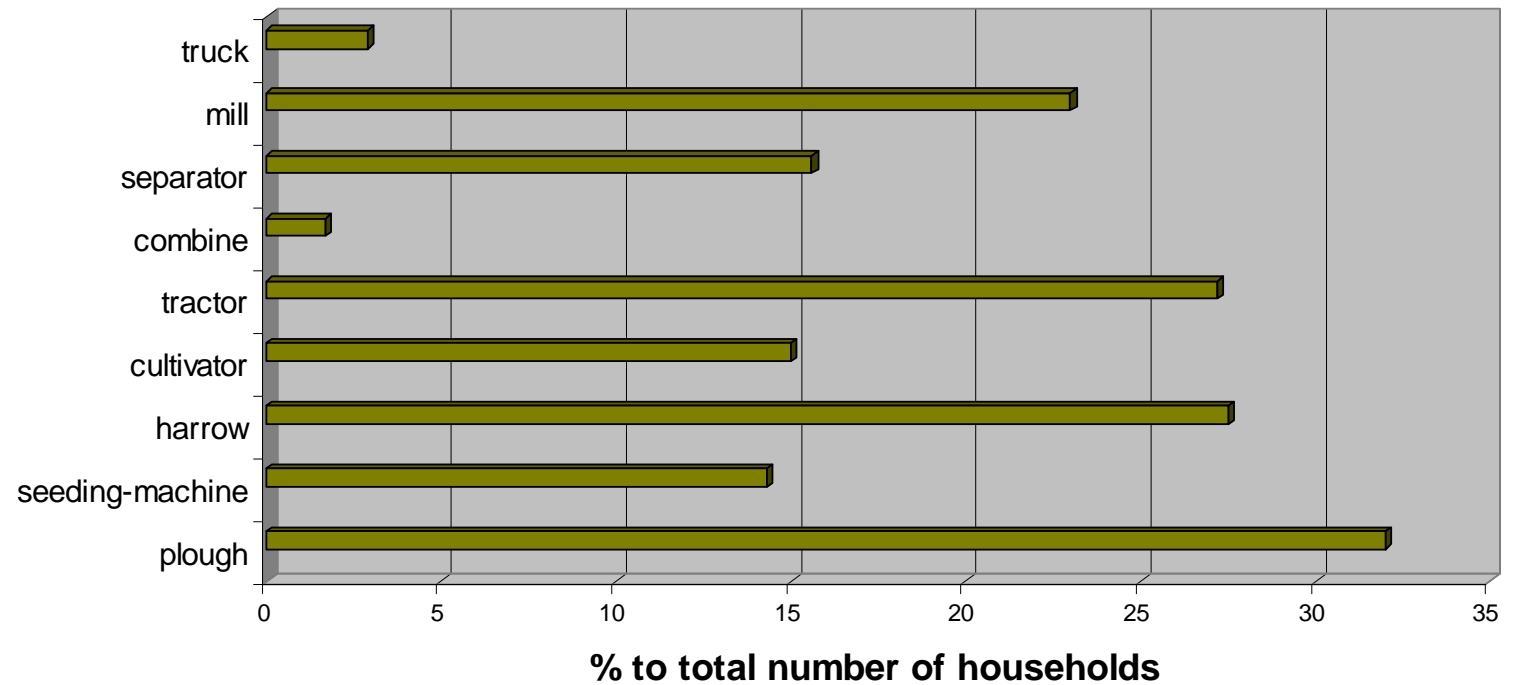Source: State Statistics Service of Ukraine

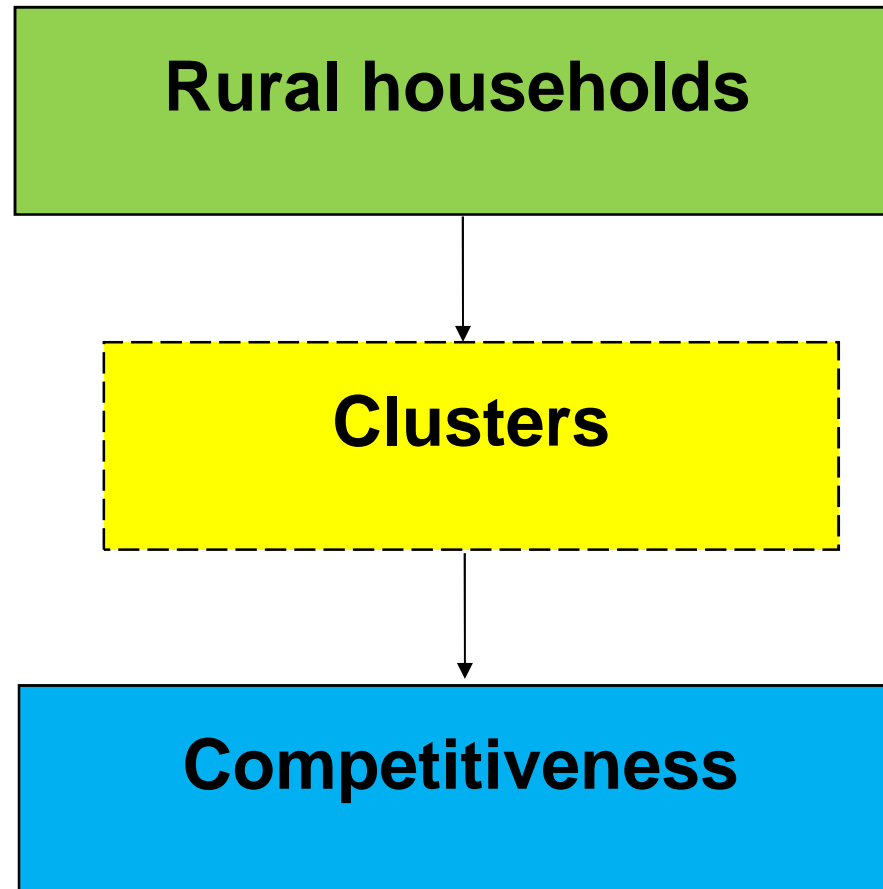# Grouping of rural households in 2018, by land area, ha

21%

51%

28%

- 0,50 and less
- 0,51 – 1,00
- 1,01 and more

Source: State Statistics Service of Ukraine

Availability of machinery and equipment in rural households in 2018

% to total number of households

Source: State Statistics Service of Ukraine

Rural households

↓

Clusters

↓

Competitiveness

"Clusters are geographic concentrations of interconnected companies and institutions in a particular field"

Michael E. Porter

Rural households' opportunities with cluster:

attract and execute orders of a large volume with the requirements of the highest quality;

acquire material and technical resources on favorable terms;

prepare and attract skilled labor;

distribute "bio" products;

stabilize and expand sales markets;

carry out effective innovative activity;

concentrate capital on large-scale projects;
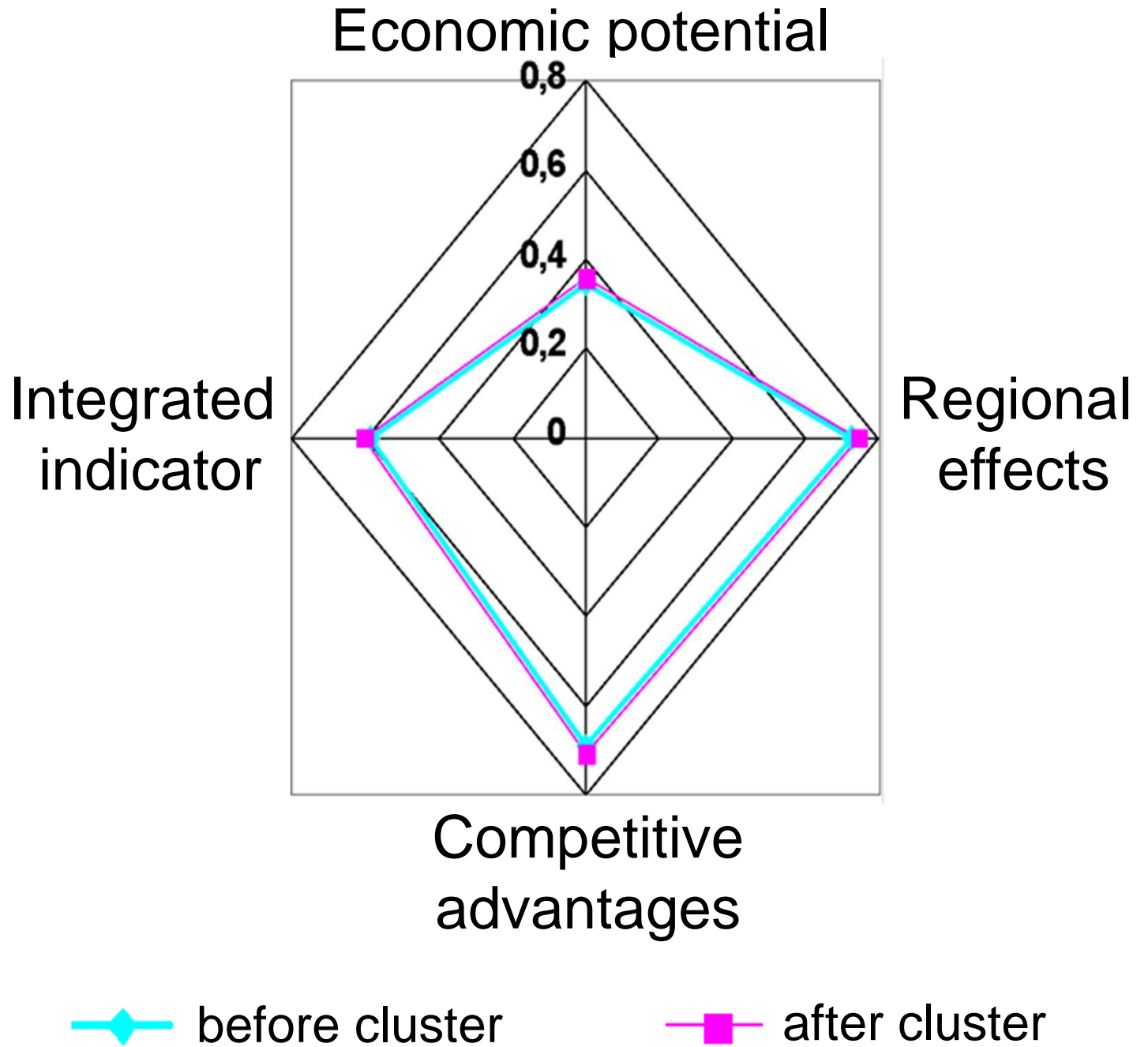
re-equip production;

reduce costs and risk level.

Regional and state development:

entrepreneurship productivity increase;

innovative potential development;

new small business entities creation and enhancement of existing ones;

creation of new jobs;

attraction of investments in the region and in the industry;

environmentally friendly products development for export;

improved cooperation between private and public, educational and research sectors.

Agrarian Cluster and Regional Development

REGIONAL GOALS
Prosperous Industries Rising Real Incomes More Quality Jobs

Leading Firms
Key Firms exporting goods and services out of the region.

Network of Supplier Firms
Firms supplying inputs, raw materials parts, components and services.

Economic Infrastructure

Human Resources — Technology — Finance and Capital — Business Climate — Physical Infrastructure

Economic potential

Integrated indicator

Regional effects

Competitive advantages

before cluster   after cluster

Thank you for attention