

**The CAP and national priorities  
within the EU budget  
after 2020**





INSTITUTE OF AGRICULTURAL  
AND FOOD ECONOMICS  
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# The CAP and national priorities within the EU budget after 2020

*Editors:*

*dr Marek Wigier*

*prof. dr hab. Andrzej Kowalski*

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*Summa Linguae S.A.*

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*Instytut Ekonomiki Rolnictwa i Gospodarki Żywnościowej*

*– Państwowy Instytut Badawczy*

*ul. Świętokrzyska 20, 00-002 Warszawa*

*tel.: (22) 50 54 444*

*faks: (22) 50 54 636*

*e-mail: [dw@ierigz.waw.pl](mailto:dw@ierigz.waw.pl)*

*<http://www.ierigz.waw.pl>*

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## 22. Land concentration and competitiveness of agricultural enterprises in Ukraine

*PhD Anatolii Kucher  
National Scientific Center “Institute of Agrarian Economy”,  
National Scientific Center “Institute for Soil Science and Agrochemistry  
Research named after O.N. Sokolovsky”, Ukraine  
anatoliy\_kucher@ukr.net*

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### **Abstract**

The problem of the concentration of agricultural land has now acquired a global character. Recently the problem of concentration of agricultural land has been identified as one of the major threats to European agriculture. For example, in Report Against Land Concentration recently adopted by the European Parliament „calls on the Commission to maintain, during the development of the draft CAP for the period after 2020, measures to combat the concentration of agricultural land and to develop additional measures in support of micro, small and medium-sized enterprises”. As a result of research an assessment of the current state and trends of land concentration in agricultural enterprises of Ukraine was made and the effect of the level of land concentration on the competitiveness of farms was investigated. One of the directions of the agrarian policy was proposed to be directed at preventing the monopolization of the land rental market through scientifically based restriction of the level of concentration of agricultural land. At the same time it is necessary to support agricultural enterprises that meet the criteria of a village-preserving model.

**Keywords:** land concentration, competitiveness, development, rational agricultural land use, agricultural enterprises, agrarian policy, Ukraine

**JEL codes:** Q10, Q12, Q15, Q18

### **22.1. Introduction**

The problem of the concentration of agricultural lands is among the most topical issues in Ukraine, European Union and around the globe [Andriichuk, 2015; Andriichuk and Sas, 2017; Balmann, 2014; Borodina et al., 2017; Dankovysh, 2016; Deininger et al., 2013; Demyanenko, 2008; Gagalyuk, 2017; Hermans et al., 2017; Huang et al., 2017; Lupenko et al., 2013].

According to Hermans et al. [2017] during the recent years an increasing amount of large-scale farming operations have emerged all over the world: from (Eastern) Europe, to South America, China and the countries of the Former Soviet Union. These enterprises go under the name of mega-farms or agrohholdings: horizontally or vertically integrated operations with farm sizes of up to 500 thsd. hectares and sometimes even more. These types of farms are not only found in crop farming, but also in animal husbandry [Hermans et al., 2017].

Recently the problem of concentration of agricultural land has been identified as one of the major threats to European agriculture. For example, in Report Against Land Concentration recently adopted by the European Parliament „calls on the Commission to maintain, during the development of the draft CAP for the period after 2020, measures to combat the concentration of agricultural land and to develop additional measures in support of micro, small and medium-sized enterprises” [European Parliament, 2017].

Based on the analysis of the trends in agricultural land use and land concentration in the EU, Borodina et al. [2017] argue that the European and national legislations fail in preventing negative consequences of agricultural land concentration and grabbing, and in ensuring the priority of family farms as a basis of the EU agrarian system. The authors confirm that increasing number of large-scale land contracts, monopolizing control over agricultural lands, and structural changes in land use decrease the viability of both agricultural sector and rural areas [Borodina et al., 2017]. In this context, a natural issue is does Ukraine need agrohholdings? Answering this question in the context of agricultural policy, Balmann [2014] concludes: “(i) should acknowledge contribution of agrohholdings to economic development; (ii) should neither create barriers for agrohholdings nor favour them; (iii) should rather focus on improving institutional environment (fight corruption, provide stability); (iv) should focus on development of infrastructure rather than subsidies (transportation, education); (v) should strengthen interests of rural stakeholders (economic and political participation)”.

The specific features of the competitive environment of enterprises in Ukraine under the global and national crisis are researched in the article by Dyadyuk [2016]. Author concluded that any enterprise must have a greater degree of flexibility than in periods of stability or economic growth for obtaining and maintaining of competitive advantages in the current period of global instability. Flexibility and adaptability of the economic system are the main prerequisite for obtaining and developing of enterprise competitive advantages and stem component of competitiveness [Dyadyuk, 2016].

In the article Dankevych et al. [2016] examined the proliferation and rapid development of integrated structures of holding type in Ukrainian agriculture. The authors analysed the impact of these entities on the overall functioning of the agricultural sector, rural development and the environment. They observed overconcentration the agricultural production and land resources, namely the formation of a new system of technological and economic relationships between agrarian producers and processors [Dankevych et al., 2016]. In the paper by Dub [2017] established stages of development, compared land bank of holding agrarian companies, and determined the geographic distribution, the levels of debt security, reputation, financial reliability, effectiveness of largest agricultural holdings of Ukraine.

Although there are some studies on the land concentration and agroholdings, there is no systematic analysis of the influence of the level of land concentration on the competitiveness of agricultural enterprises, as well as the prospects for the development of agricultural holdings.

## **22.2. Methodology**

The purpose of the research is to evaluate the current state and trends of land concentration in agricultural enterprises of Ukraine and to investigate the effect of the level of land concentration on the competitiveness of farms.

The following methods were used in the process of research: mathematical equalization of dynamic series – to identify trends in change and forecasting the level of land concentration; system analysis and logical generalization – to determine the role of land concentration in the formation of competitiveness of agricultural enterprises; correlation and regression analysis – to evaluation the effect of the level of land concentration on the competitiveness of agricultural enterprises; induction and deduction – to generalize the research results; abstract-logic – to make conclusions and suggestions.

The study is based on source materials obtained from the database of the State Statistics Service of Ukraine and the data of public agricultural companies and latifundist.com.

## **22.3. Status and trends of land concentration in agricultural enterprises of Ukraine**

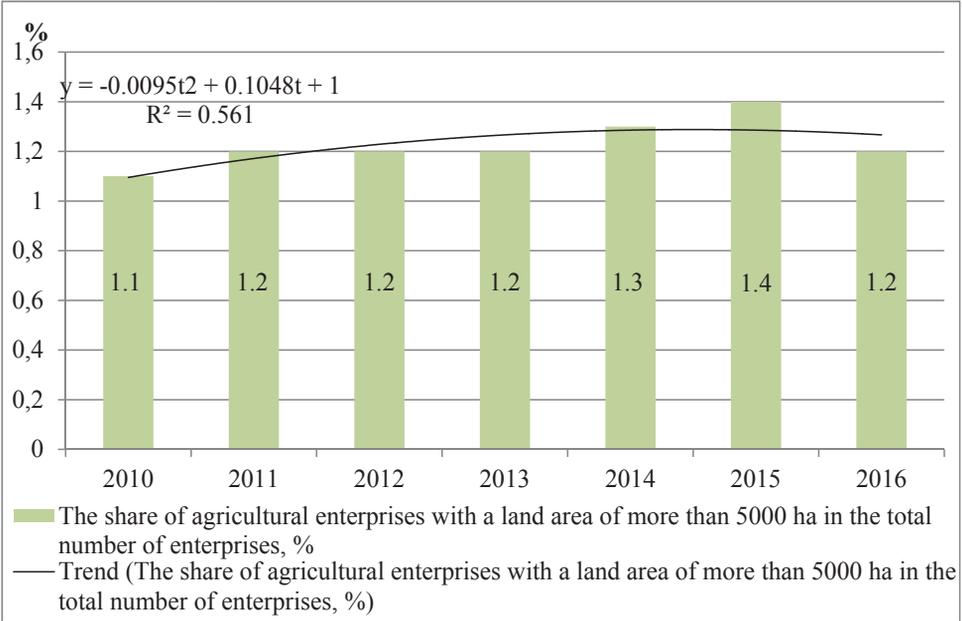
One of the trends in the development of the world economy is to increase concentration as a form of production organization and ensure its competitiveness. Now, there are two types of agricultural enterprises in Ukraine: corporate farms and family farms. There are about 14 thousand corporate farms each cultivating about 1164 ha of agricultural land on average in 2016. There are about

34 thousand much smaller family farms with an average of 132 ha of agricultural land each in 2016. In Ukraine, the dominant type of farms is large enterprises with large agricultural land.

The average land size of agricultural enterprises in Ukraine is one of the largest in Europe. For example, the average farm size in the Czech Republic was 133.0 ha in 2013; in the United Kingdom (93.1 ha/farm) and Slovakia (80.7 ha/farm). Romanian, Slovenian and Greek farms are the smallest ones in the EU, their average sizes are 3.6, 6.7 and 6.9 ha, respectively. The family farm in the European agriculture can be characterized by low farm size; it is only 16.1 ha in the EU-28 [Mizik, 2018].

The results of the analysis of dynamics of indicators of the relative level of land concentration in agricultural enterprises in Ukraine in 2010-2016 are shown in Figure 1 and Figure 2.

Figure 1. Dynamics of indicators of the relative level of land concentration in agricultural enterprises in Ukraine

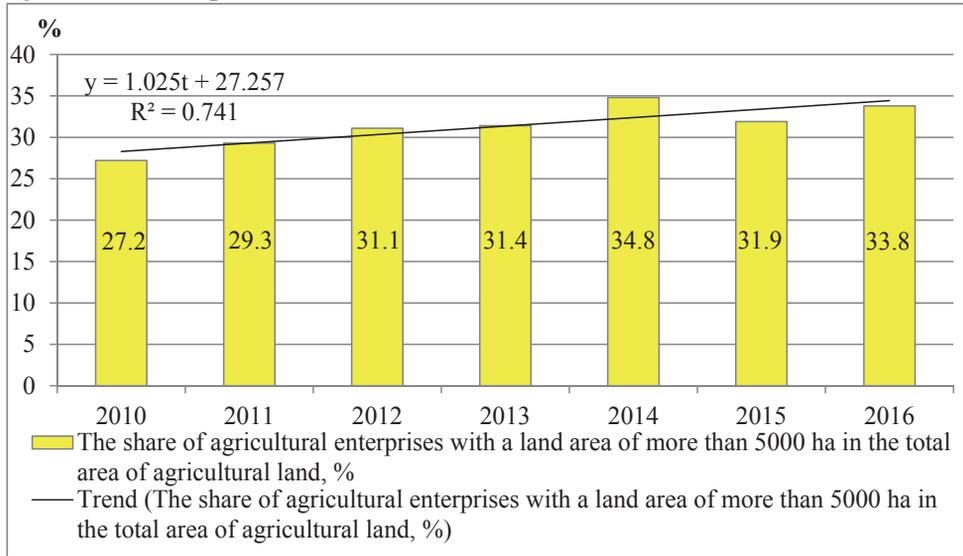


Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

It should be noted that about 1% of agricultural enterprises control more than 33% of the land.

Results of the analysis of dynamics of indicators of the absolute level of land concentration (actual and forecast) in agricultural enterprises in Ukraine (Table 1) indicate an increase in the concentration of agricultural land.

Figure 2. Dynamics of indicators of the relative level of land concentration in agricultural enterprises in Ukraine



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

Table 1. Dynamics of indicators of the absolute level of land concentration (actual and forecast) in agricultural enterprises in Ukraine

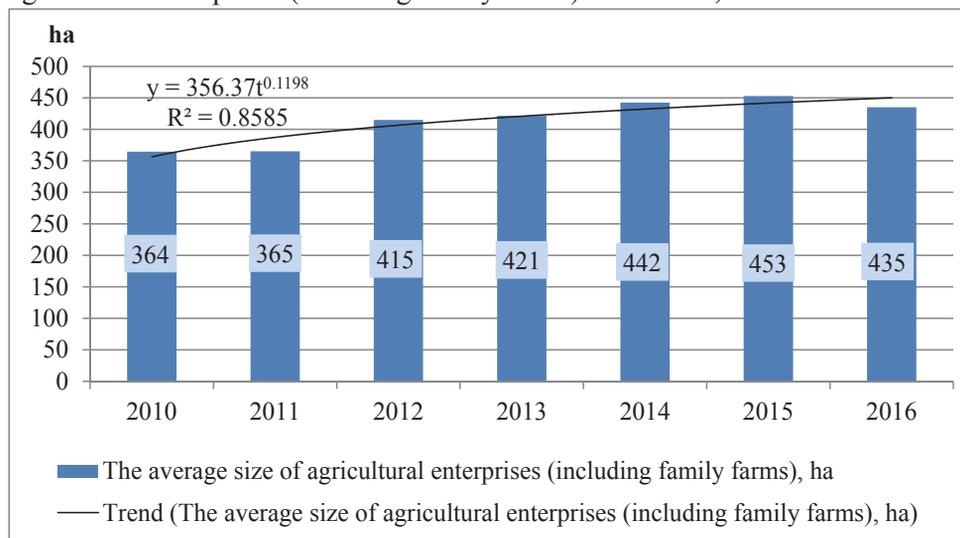
Indexes	Years							
	2010	2011	2012	2013	2014	2015	2016	2020*
Agricultural land area in agricultural enterprises, thousand ha	20589.6	20499.3	20499.3	20665.5	20437.2	20548.9	20746.9	20697.0
including agricultural land area in family farms, thousand ha	4290.8	4345.9	4389.4	4451.7	4578.3	4343.7	4437.9	4561.9
Number of agricultural enterprises, units	56493	56133	49415	49046	46199	45379	47697	37274
including number of family farms, units	41524	40965	34035	34168	33084	32303	33682	25230
The average size of agricultural enterprises (including family farms), ha	364	365	415	421	442	453	435	475
including the average size of family farms, ha	103	106	129	130	138	134	132	149
The average size of agricultural enterprises (excluding family farms), ha	1089	1065	1047	1090	1209	1239	1164	1384

\*Forecast.

Source: own calculations based on the data of State Statistics Service of Ukraine.

The average size of agricultural enterprises (including family farms) in 2016 was 435 hectares per enterprise (Figure 3). If the trend continues to increase, then in 2020 the average size of agricultural enterprises (including family farms) will be 475 hectares per enterprise.

Figure 3. Dynamics of indicators of the absolute level of land concentration in agricultural enterprises (including family farms) in Ukraine, ha

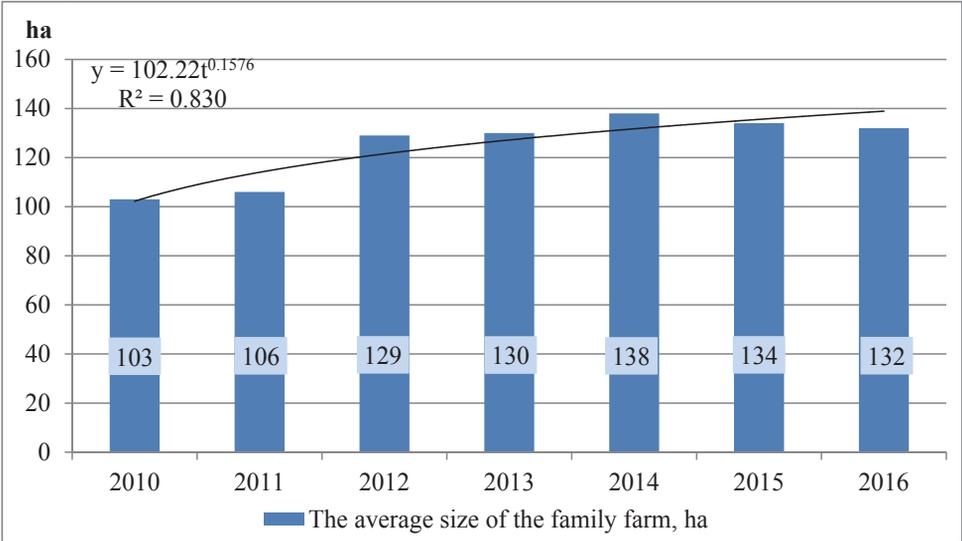


Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

The average size of family farms in 2016 was 132 hectares per enterprise (Figure 4). If the trend continues to increase, then in 2020 the average size of family farms will be 149 hectares per enterprise.

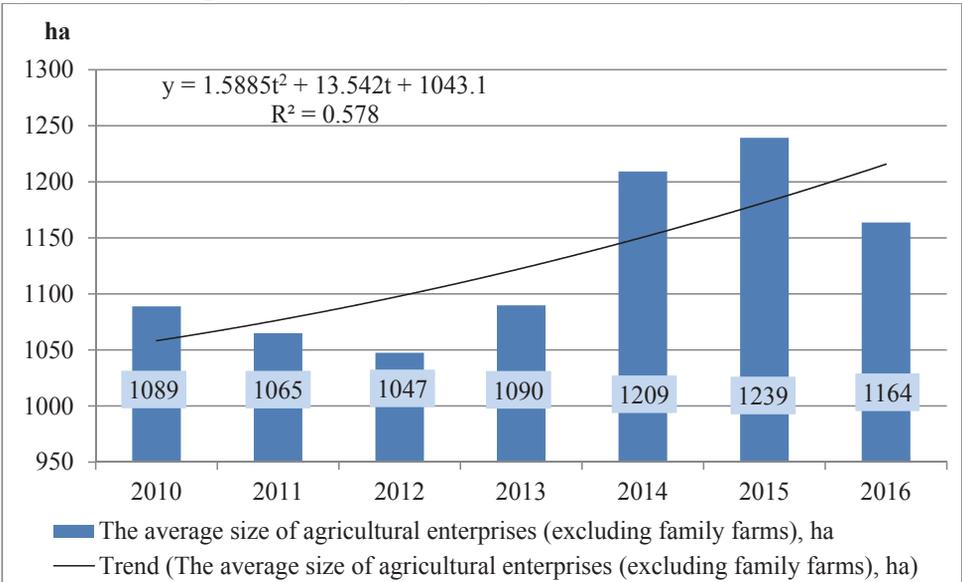
We would like to draw attention to the average size of agricultural enterprises (excluding family farms) in 2016 was 1164 hectares per enterprise (Figure 5). This is significantly more than in the EU countries. If the trend continues to increase, then in 2020 the average size of agricultural enterprises (excluding family farms) will be 1384 hectares per enterprise.

Figure 4. Dynamics of indicators of the absolute level of land concentration in family farms in Ukraine, ha



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

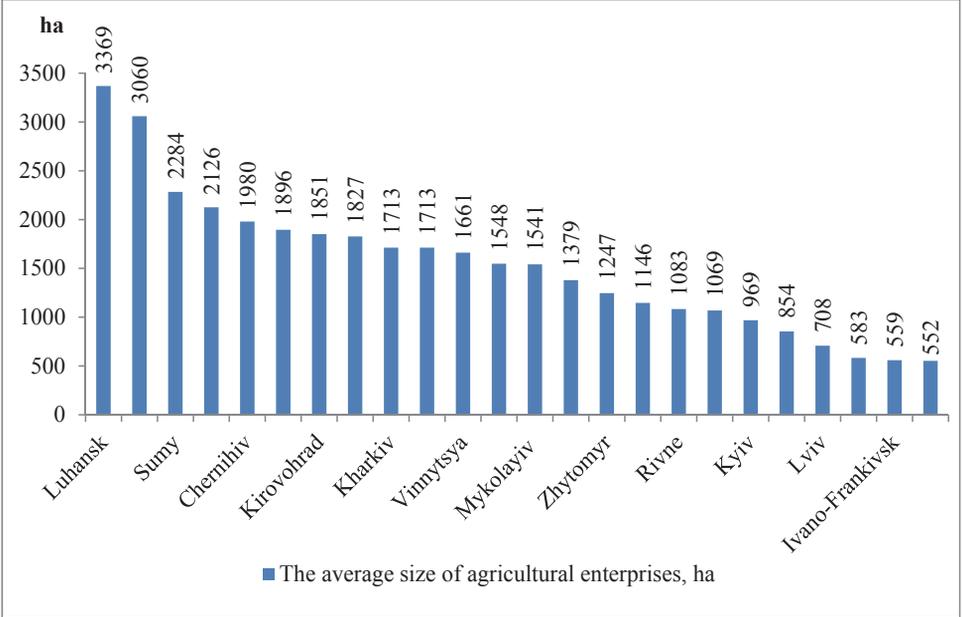
Figure 5. Dynamics of indicators of the absolute level of land concentration in agricultural enterprises (excluding family farms) in Ukraine, ha



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

The next graph (Figure 6) presents the average indicators of the absolute level of land concentration in agricultural enterprises of the regions of Ukraine. As we can see the average size of agricultural enterprises varies in a wide range: from 3369 hectares in the Luhansk region to 552 hectares in the Chernivtsi region. It can be seen from Figure 6 that there are 15 regions (Luhansk, Donetsk, Sumy, Poltava, Chernihiv, Khmelnytskyi, Kirovohrad, Zaporizhzhya, Kharkiv, Kherson, Vinnytsya, Dnipropetrovsk, Mykolayiv, Cherkasy and Zhytomyr), where the average size of agricultural land per enterprise exceeds the average in Ukraine by 7.1–289.4%. At the same time there are 9 regions (Ternopil, Rivne, Odesa, Kyiv, Volyn, Lviv, Zakarpattya, Ivano-Frankivsk and Chernivtsi), where the average size of agricultural land per enterprise is 1.5–52.6% lower than the Ukraine average.

Figure 6. The average indicators of the absolute level of land concentration in agricultural enterprises (excluding family farms) of the regions of Ukraine, 2016



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

So, in conclusions, it should be noted, that the level of concentration of agricultural land in Ukraine is increasing in dynamics. We found a significant differentiation in the average size of agricultural enterprises at the regional level. At the microeconomic level there is even more significant differentiation.

#### **22.4. The level of concentration and the intensity of competition in the land rental market: the case of Ukrainian agroholdings**

With mega-farms cultivating tens or hundreds of thousands of hectares, Ukraine is used to demonstrate the existence of economies of scale in modern agriculture [Deininger et al., 2013]. In Ukraine, we consider companies that operate on more than 10000 ha of agricultural land to be in the category of large scale farming. The common name for such companies is agricultural holdings (or agroholdings).

Agroholdings in Ukraine, usually are large business projects (mega-farms), whose main purpose is profit and increase the capital of their founders. They are the subjects of the business, which are competing with each other on the market, including agricultural land rental market. This phenomenon is still relatively new in research.

As of today, there are about 100 agroholdings in Ukraine. The majority of them specialize in cash crop production. The prevailing business model is horizontal and vertical integration. In terms of space and location, agroholdings consist of quasi-autonomous production clusters. Also, Ukrainian agroholdings are primarily export-oriented [Lissitsa, 2018].

The main factors that drive the development of large scale farming today (formed according Lissitsa [2018]):

- Technology. Agroholdings are generally more capable of adopting and implementing new technologies into their production and management methods;
- Global consumption trends. A large companies pay attention to these trends;
- The environmental and safety standards are also something that big companies are better at dealing with, as the certification process might be very expensive and difficult.

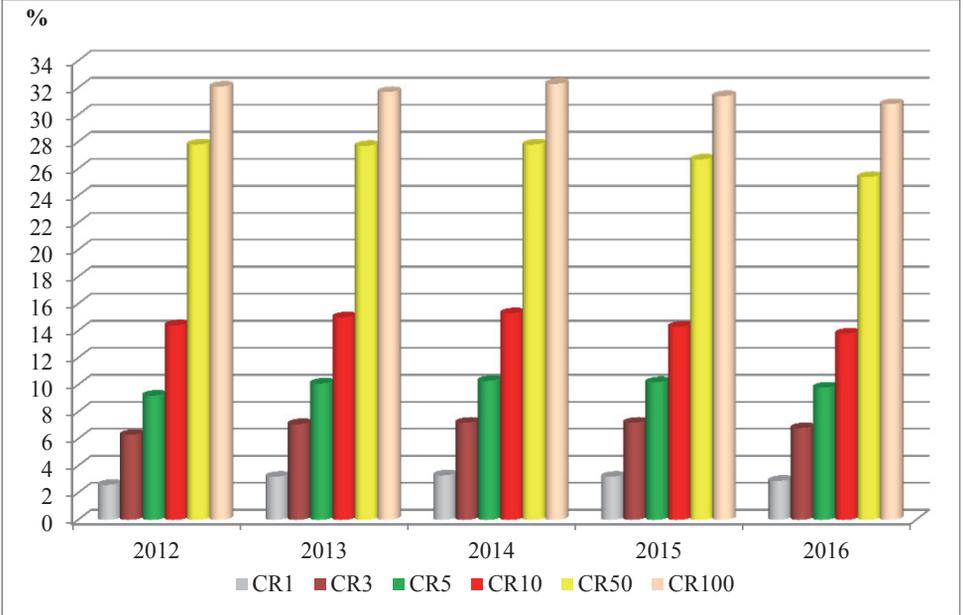
According to the Association „Ukrainian Agribusiness Club” (UCAB), the most active participants in the agricultural land consolidation process today are medium-sized agroholdings with a land bank of 20–40 thousand hectares. By 2020, according to forecast of the UCAB, the land bank of agroholdings may increase to 6.25 million hectares [Forecast, 2016].

Today the process of concentration of agricultural land in Ukrainian agroholdings can be called „superconcentration” or „overconcentration”. Two Ukrainian agroholdings (Kernel and Ukrlandfarming holding with land banks more than 600 thousands ha) are included in the TOP-20 largest companies by the volumes of land bank in the world. According to the Land Matrix project in Ukraine and Eastern Europe, the foreign capital controls 2.4 million hectares of agricultural land in Ukraine, it is almost 10% [Two Ukrainian, 2017].

To estimate the economic concentration of the land, we used a coefficient of relative concentration of one, three, five, ten, 50 and 100 of the largest agroholdings by the size land bank (Figure 7). This coefficient characterizes the aggregate share of the largest participants of the land rent market in the state and indicates the level of its monopolization, but it does not indicate the intensity of competition.

The results of study indicate that the TOP-100 agroholdings control 6.4 million hectares in total, or about 31% of the total agricultural land used by Ukrainian agricultural enterprises. Top-50 agroholdings according to the size of the land bank looks control about 27% of the total agricultural land used by Ukrainian agricultural enterprises. The first five agroholdings control about 10%, one of the largest – Ukrlandfarming Agroholding – control about 3% of rented agricultural land in Ukraine.

Figure 7. Dynamics of the index (CR) of land concentration in the agricultural enterprises of Ukraine (on the example of the largest agroholdings)



Source: own calculations and composition based on the data of public companies and latifundist.com.

To assess the level of competition in the land rental market, we used the Herfindahl-Hirschman Index (Table 2).

According to the results of the study, the value of the Herfindahl-Hirschman Index indicates a normal level of the intensity of competition and the low level of concentration of the land rent market in Ukraine.

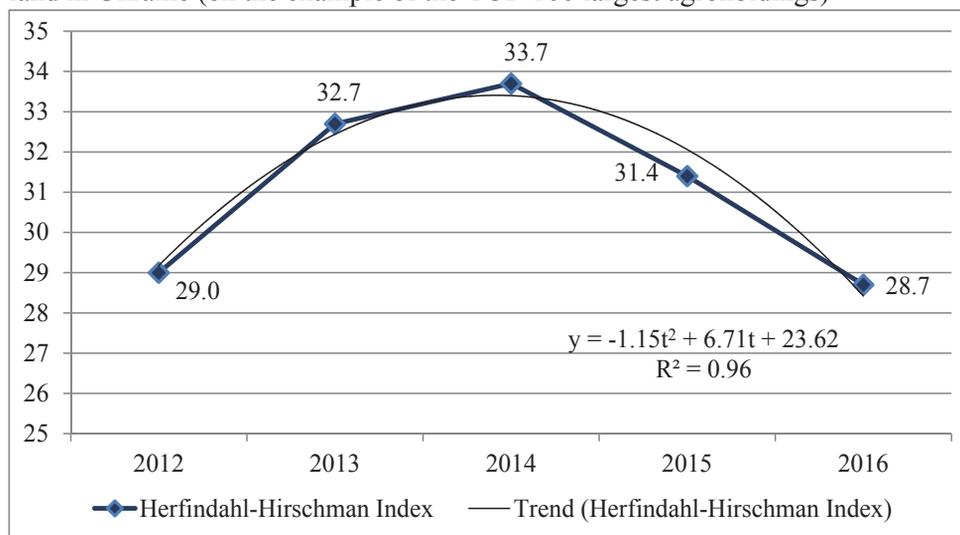
Table 2. Calculation of the Herfindahl–Hirschman Index for the rental market of agricultural land in Ukraine (on the example of the TOP-100 largest agroholdings), 2016

Name of Company	Land bank, thousand ha	Market share, %	$(a_i)^2$
UkrLandFarming	605	2.92	8.50
Ahroprosperis	430	2.07	4.30
Kernel	385	1.86	3.44
Myronivskiyi Khliboprodukt	370	1.78	3.18
Astarta-Kyiv	250	1.20	1.45
Ukrainski ahrarni investytsii	220	1.06	1.12
Mriia Ahrokhodyn	185	0.89	0.80
Ahroton	151	0.73	0.53
IMK	137	0.66	0.44
Ahrein	127	0.61	0.37
...			
Total / Herfindahl-Hirschman Index	20746.9	100.0	28.74

Source: own calculations and composition based on the data of public companies and latifundist.com.

A similar conclusion can be made on the basis of the dynamics of Herfindahl-Hirschman Index (Figure 8) for the rental market of agricultural land in Ukraine (on the example of the TOP-100 largest agroholdings).

Figure 8. Herfindahl–Hirschman Index dynamics for rental market of agricultural land in Ukraine (on the example of the TOP-100 largest agroholdings)



Source: own calculations and composition based on the data of public companies and latifundist.com.

It should be noted that the calculated coefficients are related to the macroeconomic level. At the regional level the indicator of monopolization of the market land rent is much higher. For example, the share of land area, which is controlled by agroholdings in some regions of Ukraine reaches 55%. The results of the analysis of the UCAB data allowed us to unite the regions of Ukraine according to the share of land area, which is controlled by agroholdings, into four groups:

- up to 15% – Zakarpattya, Zaporizhyya, Dnipropetrovsk, Kirovohrad, Mykolayiv, Kherson and Odesa;
- 15-30% – Volyn, Rivne, Zhytomyr, Kyiv, Kharkiv and Luhansk;
- 30-45% – Ternopil, Vinnytsya, Cherkasy, Sumy, Poltava, Chernihiv and Donetsk;
- 45-55% – Lviv, Ivano-Frankivsk, Chernivtsi and Khmelnytskyi.

At the level of specific administrative districts and/or joint territorial communities, the level of monopolization of land leases is much higher. Therefore, one of the directions of the agrarian policy should be directed at preventing the monopolization of the land rental market through scientifically based restriction of the level of concentration of agricultural land.

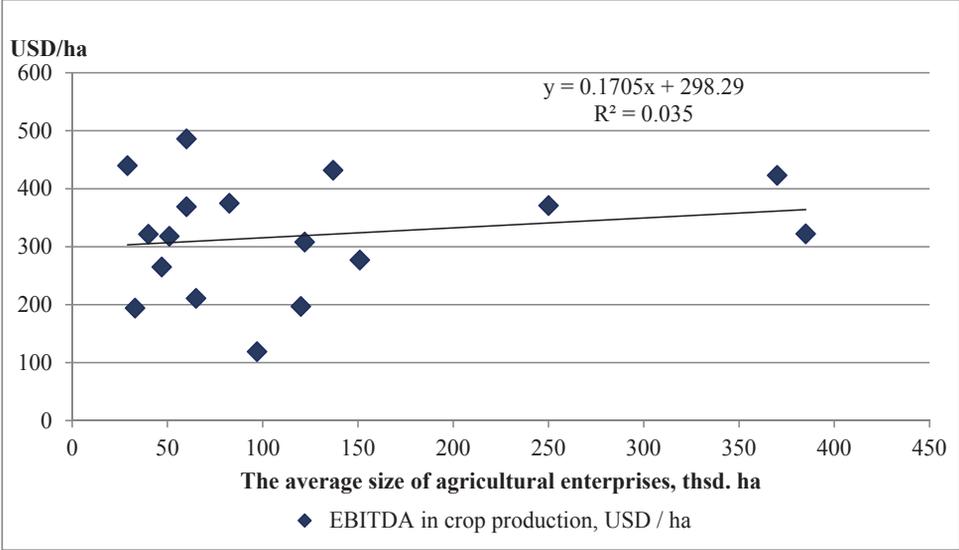
## **22.5. Impact of the level of land concentration on the competitiveness of agricultural enterprises**

First of all, we will consider the impact of the level of land concentration on the example of the most efficient plant production agroholdings (Figure 9). On this figure, we presented a correlation field of impact of the level of land concentration in agroholdings (on the example of the most efficient plant production companies) on their competitiveness (by the EBITDA – Earnings before interest, taxes, depreciation and amortization) per hectare of land in crop production).

As we can see, the increase of concentration level has a generally positive effect on competitiveness, but the correlation coefficient is low ( $r = 0.187$ ). According to parameters of the equation of a straight line, increasing of land concentration in agroholdings per unit contributes to increase of the EBITDA per hectare of land in crop production at 0,171 USD/ha. The coefficient of determination indicates that the variation of resultant variable at the 18.7% depending on the variation of factor of land concentration, and at the 81.3% – from other factors.

The next graph (Figure 10) presents the results of the study of impact of the level of land concentration in agroholdings (on the example of the most efficient plant production companies) on their competitiveness (by the income (revenue) per hectare of land in crop production).

Figure 9. Impact of the level of land concentration in agroholdings (on the example of the most efficient plant production companies) on their competitiveness (by the EBITDA per hectare of land in crop production), 2016



Source: own calculations and composition based on the data of public companies and latifundist.com.

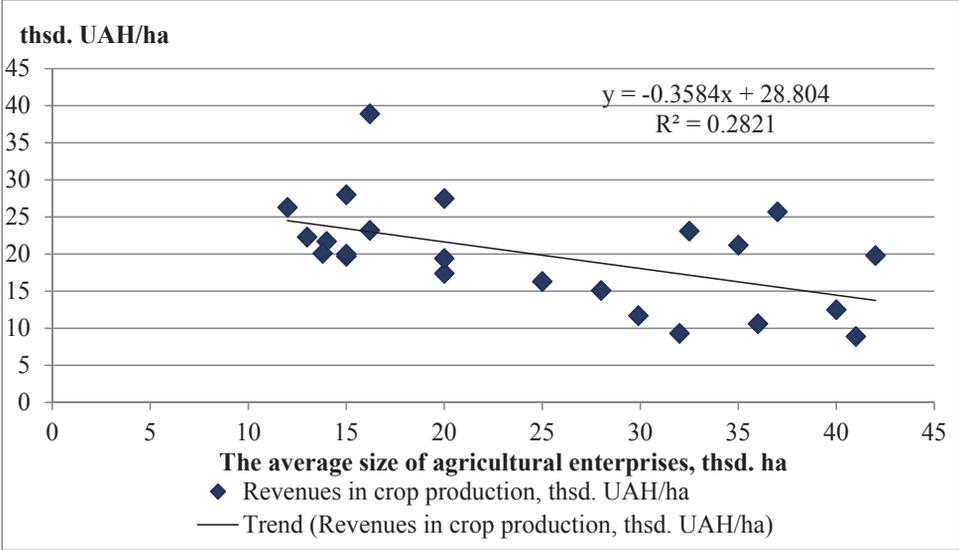
In medium agroholdings by size of land bank (10–50 thousand hectares) the increase of level concentration of agricultural land has a generally negative effect on competitiveness, the correlation coefficient ( $r = -0.531$ ) indicates a moderate inverse relationship between the studied parameters.

At the second stage, we investigated the impact of the level of land concentration in agricultural enterprises on their competitiveness (Figure 11) (by the income (revenue) per hectare of land) on the example of the data of a general set of enterprises in Ukraine – more than 7 thousand.

A graph illustration shows that small, medium and large agricultural enterprises can be competitive. The increase of level concentration of agricultural land has a generally positive influence only up to a certain limit (about 30 thousand hectares), after which competitiveness was reduced.

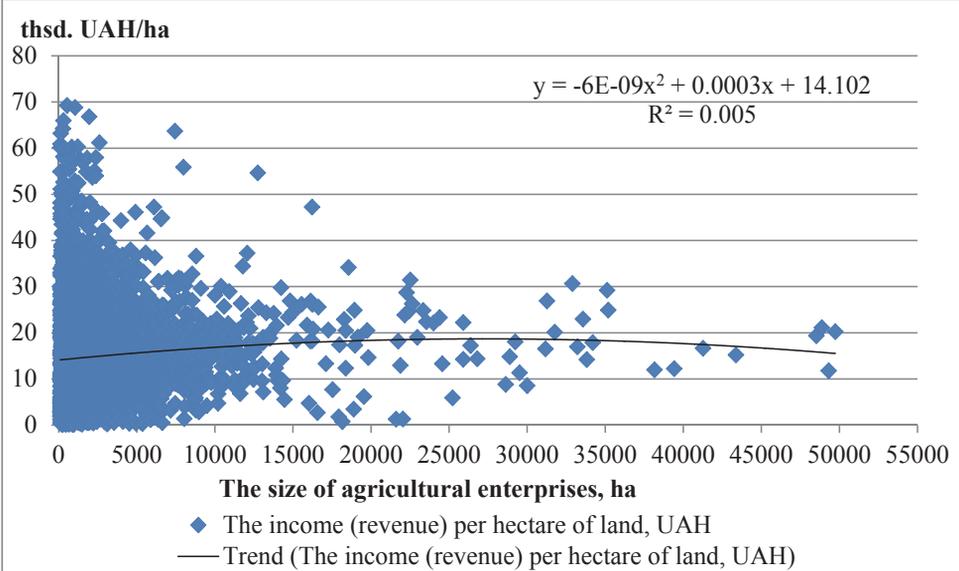
At the third stage, we investigated the impact of the level of land concentration in agricultural enterprises on their competitiveness on the example of the grouped data.

Figure 10. Impact of the level of land concentration in agroholdings (on the example of the most efficient plant production companies) on their competitiveness (by the income (revenue) per hectare of land in crop production), 2016



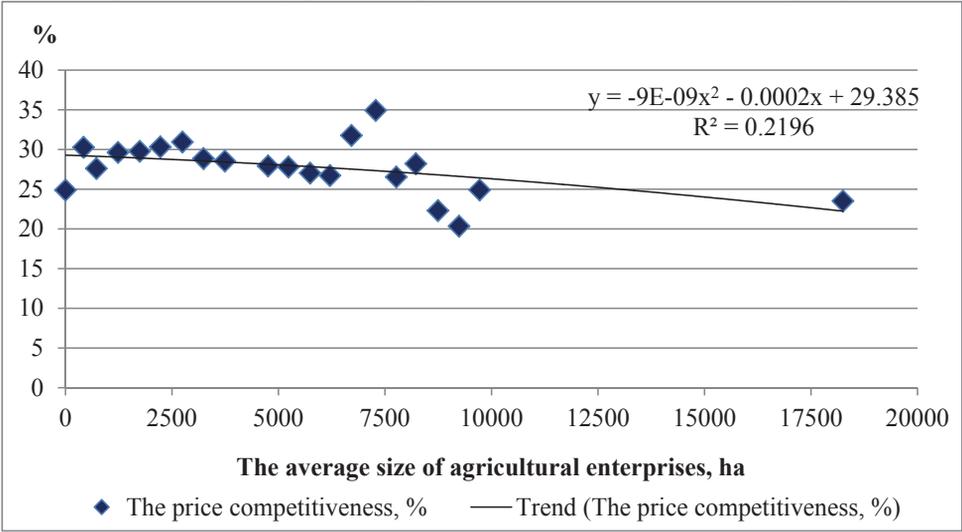
Source: own calculations and composition based on the data of public companies and latifundist.com.

Figure 11. Impact of the level of land concentration in agricultural enterprises on their competitiveness (by income (revenue) per hectare of land) in Ukraine, 2016



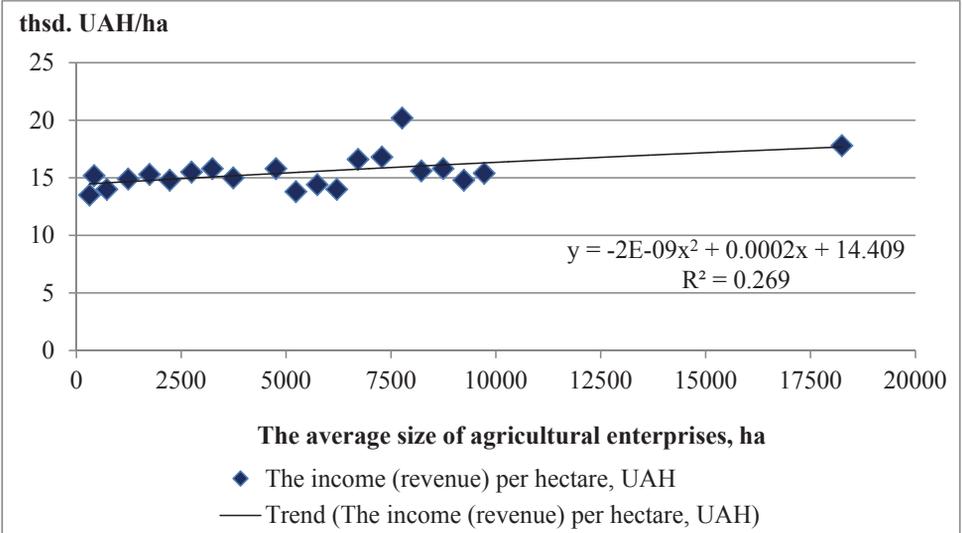
Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

Figure 12. Impact of the level of land concentration in agricultural enterprises on their competitiveness (by price competitiveness) in Ukraine, 2016 (grouped data)



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

Figure 13. Impact of the level of land concentration in agricultural enterprises on their competitiveness (by the income (revenue) per hectare of land) in Ukraine, 2016 (grouped data)



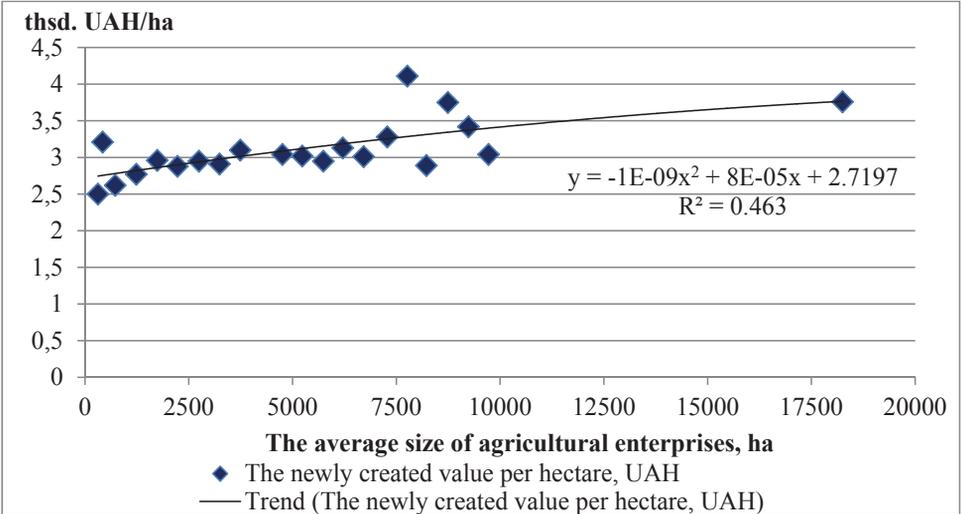
Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

The increase of level concentration of agricultural land has a generally negative effect on the price competitiveness (Figure 12), the correlation coefficient ( $r = - 0.469$ ) indicates a moderate inverse correlation relationship between the studied parameters.

However, the increase of level concentration of agricultural land has a generally positive effect on the competitiveness (by the income (revenue) per hectare of land) (Figure 13), the correlation coefficient ( $r = 0.518$ ) indicates a moderate correlation relationship between the studied parameters.

The next graph (Figure 14) presents the results of the study of impact of the level of land concentration in agricultural enterprises on their competitiveness (by the newly created value per hectare of land) in Ukraine. The increase of level concentration of agricultural land has a positive effect on this indicator of competitiveness, the correlation coefficient ( $r = 0.680$ ) indicates about the close correlation between these indicators.

Figure 14. Impact of the level of land concentration in agricultural enterprises on their competitiveness (by the newly created value per hectare of land) in Ukraine, 2016 (grouped data)



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

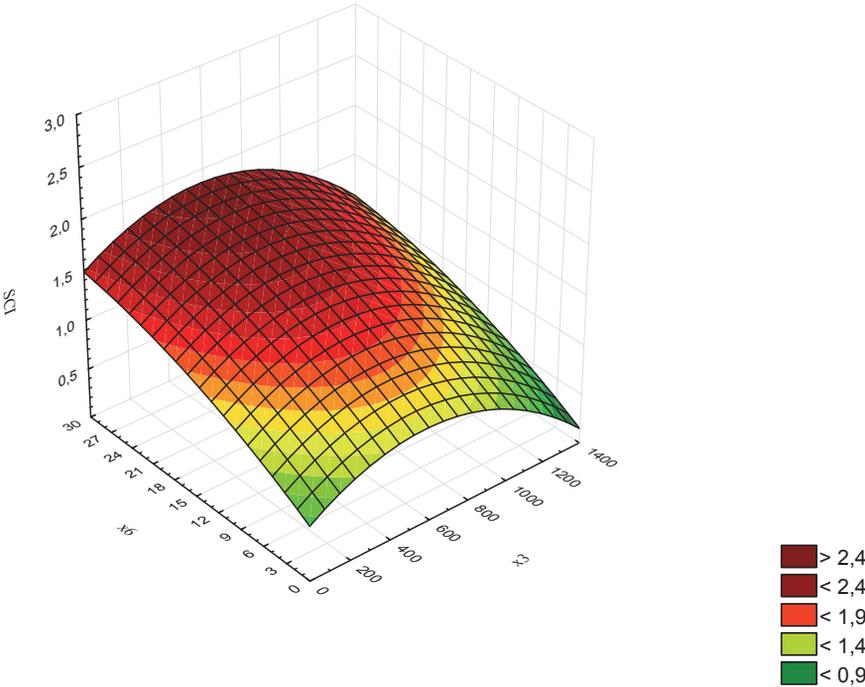
We agree with the Prof. F. Chaddad from the University of Missouri, that the higher yields are provided not by cultivating large areas, but by increasing efficiency and proper management of agribusiness. Ukrainian companies should also choose for themselves such business models that will help them make the most effective use of their land banks. Agroholdings should develop not at the expense of

the growth of the land bank, but through the introduction of innovations and constantly invest in the development and modern technologies [Agroholdings, 2014]. This is to some extent confirmed by the dependence presented in Figure 15.

It can be concluded that the sustainable competitiveness index depends more on the size of production costs per 1 hectare, than level of concentration of production volume per agricultural enterprise.

Figure 15. The quadratic model of the dependence of sustainable competitiveness index (SCI) of agricultural enterprises of Ukraine on the market of winter wheat from the volume of its production per enterprise (x3, thsd. centner) and production costs per 1 hectare of the harvested area (x6, thsd. UAH), 2016

$$SCI = 0,5496 + 0,0014 * x + 0,0505 * y - 1,1747E-6 * x * x - 1,1131E-7 * x * y - 0,0006 * y * y$$



Source: own calculations and composition based on the data of State Statistics Service of Ukraine.

In the context of the future agricultural policy is an important issue about how the size of agricultural enterprises should be supported. The answers to this question can be different. For example, the necessity of simultaneous support for the development of large and small-scale agrarian business units as a trigger for the development of social and production spheres of rural areas is considered in the paper by Paskhaver [2013]. In the article by Andriichuk and Sas [2017] they pro-

posed a division of enterprises according to their size, which envisages the selection of micro, little, small, medium, large and super large enterprises on the basis of developed toolkit for mutual agreement of the proposed criteria of distribution – the land use area, the amount of cash revenues and the number of employees, that characterize the level of production concentration. According to these scientists, it is worthwhile to introduce the differentiation of economic preferences of the state on the principle: smaller enterprises receive higher rates of preferences compared to large, that will create more favorable economic conditions for the development of small and medium-sized businesses in rural areas [Andriichuk and Sas, 2017].

We agree with those scholars, who believe that it is necessary to support agricultural enterprises that meet the criteria of a village-preserving model. One of the indicators of such conformity can be offered by us the sustainable competitiveness index of agricultural enterprises.

## **22.6. Summary and conclusions**

The paper analysed the problem of agricultural land concentration in Ukraine in context of the future agricultural policy and competitiveness of enterprises. As a result of research an assessment of the current state and trends of land concentration in agricultural enterprises of Ukraine was made and the effect of the level of land concentration on the competitiveness of farms was investigated. The average land size of agricultural enterprises in Ukraine is one of the largest in Europe. The level of concentration of agricultural land in Ukraine is increasing in dynamics. If the trend continues to increase, then in 2020 (i) the average size of agricultural enterprises (including family farms) will be 475 hectares per enterprise; (ii) the average size of family farms will be 149 hectares per farm; (iii) the average size of agricultural enterprises (excluding family farms) will be 1384 hectares per enterprise. We found a significant differentiation in the average size of agricultural enterprises at the regional level. For example, in 2016, the difference between the maximum average size of agricultural enterprises in the Luhansk region (3369 hectares) and the minimum in the Chernivtsi region (552 hectares) was 6.1 times.

The process of concentration of agricultural land in Ukrainian agroholdings can be called „superconcentration” or „overconcentration”. Two Ukrainian agroholdings (Kernel and Ukrlandfarming holding with land banks more than 600 thousands ha) are included in the TOP-20 largest companies by the volumes of land bank in the world. The results of study indicate that the TOP-100 agroholdings control 6.4 million hectares in total, or about 31% of the total agricultural land used by Ukrainian agricultural enterprises. Top-50 agroholdings according to the size of the land bank looks control about 27% of the total agricultural land used by Ukrainian agricultural enterprises. The first five agroholdings

control about 10%, one of the largest – Ukrlandfarming Agroholding – control about 3% of rented agricultural land in Ukraine. At the regional level, specific administrative districts and/or joint territorial communities indicator of monopolization of the market land rent is much higher. For example, the share of land area, which is controlled by agroholdings in some regions of Ukraine reaches 55%. Therefore, one of the directions of the agrarian policy was proposed to be directed at preventing the monopolization of the land rental market through scientifically based restriction of the level of concentration of agricultural land.

The results of the study of impact of the level of land concentration in agricultural enterprises on their competitiveness in Ukraine indicate that small, medium and large enterprises can be competitive. The increase of level concentration of agricultural land has a generally positive influence only up to a certain limit, after which competitiveness was reduced. In the context of the future agricultural policy it is necessary to support agricultural enterprises that meet the criteria of a village-preserving model. An obligatory condition for obtaining any support must be to ensure at least a simple reproduction of soil fertility. This approach will contribute to the sustainable development of the agricultural sector.

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