



CONCORDE CAPITAL

Ukraine / Agriculture

## Agricultural land reform

### New push for moratorium cancellation

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**Anna Dudchenko**  
ad@concorde.com.ua  
+380 44 391 5577

- **The National Security and Defense Council last week called on the Cabinet of Ministers to include cancellation of the land moratorium among the government's measures to combat the economic crisis; President Yushchenko enacted the NDSC resolution yesterday**
- **We now see more factors that can bring about the lifting of the land moratorium in 2009; establishment of a land market is a clear avenue for the government to encourage investment inflow**

#### **Moratorium should be lifted as of January 1, 2009 - Yushchenko**

Yesterday President Viktor Yushchenko enacted a National Security and Defense Council resolution requesting the Cabinet of Ministers cancel the moratorium on agricultural land trade, and take other measures as part of an emergency economic program. Yushchenko said that he expects all political forces to support cancellation of the moratorium as of January 1, 2009.

**Reference:** On December 28, 2007, the Verkhovna Rada passed legislation making it possible to terminate the moratorium on land sales upon passage of two bills, instead of prolonging it for another year as had done the last six years in a row. In March 2008, two draft bills on the agricultural land market and land cadastre were handed to the Verkhovna Rada, approval of which would automatically lift the ban on land sales.

#### **Land reform attractive avenue to unleash investment inflow**

While previously the issue was strictly political, we now see many more real factors in play that can bring about the lifting of the land moratorium in 2009 and a sense of urgency in the government to act to combat the broader economic crisis. In the current context, Ukraine's key untapped investable asset is land (the country holds about 30% of the most fertile soil in the world (chernozem)). The establishment of a land market is a clear avenue the government could take to encourage investment inflow. Selling 10% of Ukraine's 33 mln ha total arable land at, say, USD 300/ha, would net up to USD 1 bln, with the effects trickling into the greater economy through investments into machinery, transportation, infrastructure.

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**Concorde Capital, Head office**

2 Mechnikova Street, 21st Floor  
Parus Business Centre  
Kyiv 01601, Ukraine  
Tel.: +380 44 391 5577  
Fax: +380 44 391 5571

www.concorde.ua

**Concorde Capital**

4 Fourth Lesnoy Pereulok, 5th Floor  
Capital Plaza  
Moscow 125047, Russia  
Tel.: +7 495 642 87 15  
Fax: +7 495 225 85 00

office@concorde.com.ua

**CEO**

Igor Mazepa im@concorde.com.ua

**Head of Equity Sales**

Roman Nasirov rn@concorde.com.ua

**Equity Sales**

Anastasiya Nazarenko an@concorde.com.ua  
Marina Martirosyan mm@concorde.com.ua  
Andriy Supranonok sap@concorde.com.ua  
Alyona Degrik dav@concorde.com.ua

**Director of Research**

Konstantin Fisun, CFA kf@concorde.com.ua

**RESEARCH**

**Strategy**

Konstantin Fisun kf@concorde.com.ua  
Oleksandr Klymchuk ok@concorde.com.ua

**Metals & Mining**

Eugene Cherviachenko ec@concorde.com.ua  
Andriy Gerus ga@concorde.com.ua

**Utilities (Telecom, Energy)**

Alexander Paraschiy ap@concorde.com.ua

**Oil & Gas, Chemicals,  
Pharmaceuticals**

Vladimir Nesterenko vn@concorde.com.ua

**Real Estate/Construction**

Andriy Gostik, CFA ag@concorde.com.ua  
Alexander Romanov ar@concorde.com.ua

**Consumer-related**

Olha Pankiv op@concorde.com.ua  
Anna Dudchenko ad@concorde.com.ua

**Machinery**

Inna Perepelytsya pi@concorde.com.ua

**Financial Services, Retail**

Alexander Viktorov av@concorde.com.ua

**Economics**

Andrii Parkhomenko pav@concorde.com.ua

**Fixed Income**

Oleksandr Klymchuk ok@concorde.com.ua

**Editor**

Brad Wells bw@concorde.com.ua

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