

# Ukraine government announces large-scale privatizations, threatening mass layoffs

Jason Melanovski  
3 October 2019

While the government of Ukrainian President Volodymyr Zelensky has become embroiled in a political crisis between President Donald Trump and the Democrats in the United States, in its domestic policies Zelensky's administration has continued to move forward with plans to privatize and sell off many state-owned enterprises and much of the country's land area to wealthy speculators.

Zelensky ordered the Ukrainian Parliament to submit a bill regarding land reform with a goal to open the country's land market on December 1, 2019. Last week, the newly appointed Prime Minister Oleksiy Honcharuk set out a definitive timeline to open Ukraine's land market on October 1, 2020, regardless of the bill's outcome.

Following the dissolution of the Soviet Union and its state-owned farms, a moratorium on the private sale of arable farm land was enacted in 2001. Despite rabid opposition from Western imperialism, the moratorium on sales of farm land has been renewed 10 times, most recently in December 2018.

In August 2018, the European Court of Human Rights ruled against the Ukrainian government's ban on the sale of agricultural land, declaring that it violated "human rights" and was illegal according to the European Convention on Human Rights.

The opening of the Ukrainian agricultural land market to investors has long been a goal of the International Monetary Fund (IMF) and the World Bank: it has featured in its loan agreements with Ukraine ever since the dissolution of the Soviet Union.

Ukraine, long known as the "bread basket" of Europe, has an estimated 32 million hectares of arable land. By comparison, Germany—which has roughly double the population of Ukraine—has just 12 million hectares of arable land. In addition, Ukraine is home to

54 percent of the world's "black earth" soil, which is particularly valuable because it is highly fertile and can easily grow a multitude of crops such as grains, cereals and oilseeds.

Global warming will further increase the value of Ukraine's land. A 2014 World Bank report titled *Ukraine: Soil Fertility to Strengthen Climate Resilience* noted that Ukraine, which faces significant issues due to soil erosion and increased droughts due to global warming, has a "highly competitive advantage" relative to other agricultural areas under warming conditions due to its "advantageous geographical location" and "its proximity to large and growing neighboring markets—the Russian Federation and the European Union."

The IMF and Ukraine's Western imperialist creditors view the opening of Ukraine's land market as a priceless opportunity for foreign investors to buy the country's highly valued fertile "black earth" at rock-bottom prices in comparison with land prices in their own countries.

Zelensky's proposed outline for agricultural reform seeks to ensure that the Ukrainian bourgeoisie will not be cut out entirely by the interests of imperialism. It is aimed at enabling Ukrainian oligarchs to purchase the land for themselves or function as intermediaries for Western investors. Only Ukrainian citizens or Ukrainian legal entities will be permitted to buy and sell land. Foreign companies and citizens will only be able to purchase land through Ukrainian legal entities.

The opening up of Ukraine's agriculture to foreign capital is part of a large-scale program of privatization that will entail mass layoffs and far-reaching attacks on the living standards of the working class.

During the same announcement on September 2 that calls for the adoption of land reform, Zelensky tasked

Honcharuk with transferring at least 500 state-owned enterprises to a State Property Fund, from which they will then be sold off at auction to the highest bidders.

Making clear that the jobs of tens of thousands of workers will be on the line, the cabinet announced on Monday, September 30: “More than 1,000 inefficient enterprises will be liquidated. The state will no longer spend taxpayers’ funds to support inefficient loss-making enterprises.”

The Cabinet of Ministers is also planning to reduce the state share of the economy to just 5 percent and the state ownership of the banking sector to just 20 percent. The Ukrainian state currently operates approximately 3,350 enterprises and operates more than 50 percent of the country’s banking sector.

Investors have embraced Zelensky’s steps towards selling off what remains of Ukraine’s state-owned industries with Bloomberg News noting that currency speculators “have made the hryvnia this year’s best-performing currency against the dollar with an 11.8% advance.”

On Monday Honcharuk, who has been leading negotiations with the IMF in recent weeks, announced that Ukraine is expected to sign a new three-year agreement with the IMF in December that would be worth US\$5 billion to US\$10 billion.

A glowing op-ed piece by the right-wing Atlantic Council think tank in Washington, D.C., hailed Zelensky’s initial economic measures as “the biggest post-Soviet privatization fire sale in a generation, and the opening of roads, railroads, ports, airports, oil and gas to private investment. Casino gambling and amber mining are to be legalized. Foreign exchange controls are to be lifted. Labor laws are to be liberalized.”

The mass privatizations by the Zelensky government will deepen what is already a severe social crisis. Following the US- and German-backed coup of February 2014, which was spearheaded by far-right forces and triggered what is now a five-year-long civil war in the country, poverty has risen dramatically from 8 percent in 2014 to 55 percent in 2017. An estimated 60 percent of the country’s population live beneath the subsistence minimum. Inflation is running high, reaching three-digit numbers for staple items like onions.

The country ranks at the bottom of Europe in health ratings and according to the World Health Organization

(WHO) “ranks 97th out of 156 countries in the WHO health rating, falling behind not only the developed western nations but also all countries of the former Soviet Union” due to “drinking, malnutrition, sedentary lifestyle, and low wages.”

Anticipating mass social opposition within the working class, the Zelensky administration has, in line with the policies of the widely hated administration of Petro Poroshenko, continued to cultivate ties with and foster far-right forces.

In a move that could only be understood as a threat to all those opposing the policies of the Zelensky government, Prime Minister Honcharuk, who is in charge of leading the government’s privatization drive, recently posed for a photograph alongside thugs from the neo-Nazi C-14 group. The group is notorious for having carried out a series of attacks on Roma camps and journalists in 2018, most notably killing journalist Kateryna Handziuk in a gruesome acid attack.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**