



Leibniz Institute of Agricultural Development
in Transition Economies



German-Ukrainian
Agricultural Policy Dialogue



Farm Structure in Ukraine: An Analytical Review in the Context of EU Integration

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Ukraine's agriculture remains vital but exhausted

- **Key facts 2024**
 - Agriculture's GDP share: 13.7% (-0.4 p.p. vs 2021)
 - 2.3-2.5 million jobs (15% of employment)
 - Agri-food exports: \$24.5 billion (59% of total, up from 40% in 2021)
- **Impact of Russian aggression (2021-2024 estimates)**
 - Total damages of more than \$80 billion
 - Agricultural output 2024: \$33 billion (-40% vs 2021)
 - 5 million hectares (up to 20% of farmland) inaccessible due to mining and occupation
 - A -7.3% (negative) contribution to GDP growth
 - (By contrast, manufacturing grew by 6.0%, while construction rose by 16.2%)
- **Exhaustion of the initial "buffer" resources** and absence of sustained recovery processes in agriculture
- **Recovery requires substantial investments** in demining, infrastructure, machinery, and innovation

Why understanding Ukraine's farm structure matters

- **Recovery and wartime transformation**

- Disproportionate effects of war **on production segments** (2024 vs 2021, in 2021 comparative prices)
 - Crop production declined by 21.6%
 - Livestock production dropped by 11.3%
- **...and producer types**
 - Agricultural enterprises (legal entities) lost 17.8% of pre-war output
 - Output of smallholder rural households (natural persons) reduced by 24.2%
 - Share of enterprises in total output grew from 69.3% to 71.0%; share of households fell from 30.7% to 29.0%

- **Addressing critical structural and demographic challenges**

- Rapid aging and outmigration: **rural population declined by 22%** (3.5 million people) in 2001-2021
- **Labor shortages** are among the most acute problems
- **Decline in smallholder role**; ongoing land consolidation
- **Decline in livestock production** (except poultry)

Why understanding Ukraine's farm structure matters

- **Ukraine's EU integration requires structural clarity**

- Farm structure determines how integration with the CAP will actually work

Feature	Ukraine	EU (CAP 2023-2027)
Average (commercial) farm size	649 hectares (in 2024, up from 479 hectares in 2010)	17.4 hectares (in 2020, up from 12.6 hectares in 2007)
Output structure	Medium-sized and large commercial enterprises account for ≈70% of output	65% of CAP beneficiaries are farms up to 10 hectares
Smallholders' role	Semi-subsistence rural households produce ≈30% of output (declining)	CAP mandates at least 10% of direct payments support small and medium-sized farms

- **Correcting existing stereotypes**

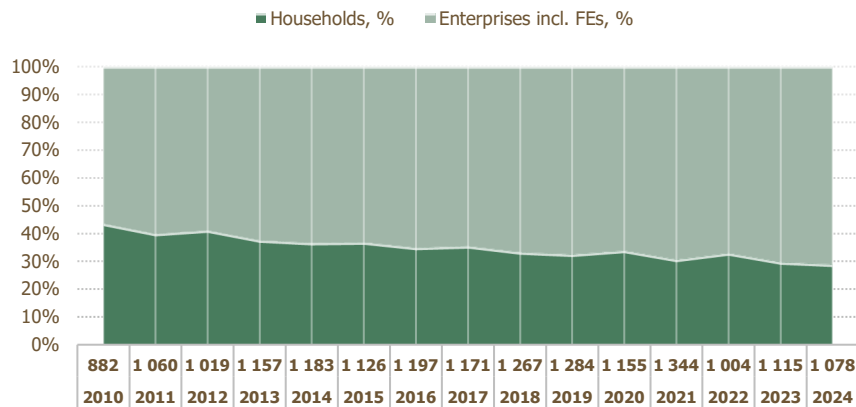
- **Not dualistic:** The system is multi-layered, with a strong medium-farm segment
- **Not semi-subsistence, household-driven food security:** Today, commercial enterprises provide most domestic food and nearly all export supply
- **Understanding this complexity is key to effective EU alignment**

An in-depth screening of economic entities in Ukraine's agriculture

- **Objective**
 - A clear, transparent, and structured understanding of the internal organization of the agricultural sector
- **Data**
 - Official data from the State Statistics Service of Ukraine (SSSU)
 - Anonymized datasets on farm performance indicators
 - Statistics on the financial results and balance sheets of agricultural enterprises
 - Data on employment and socio-economic development of rural areas
 - Other sources: information from relevant ministries and agencies, international organizations (FAO, World Bank, European Commission)
- **Farm typology based on:**
 - **Legislative frameworks:** revenues, assets, workers
 - **Informal industry classifications:** landholding size

Dynamics of agricultural production*

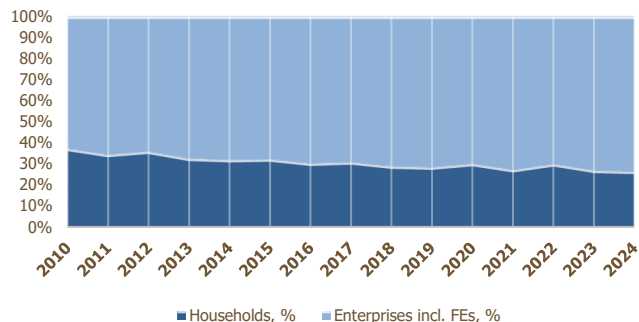
Total production, billion UAH



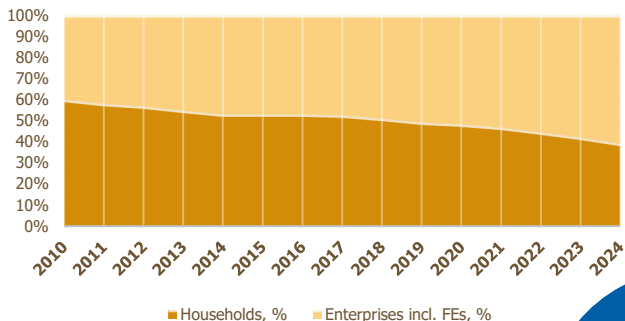
Source: SSSU *FEs = Farmer enterprises, i.e., family farms with legal-entity status.

- A gradual decline in the **household** share of total production
- The decline is most striking in **livestock production**
- The war has accelerated the trend of production **concentration**

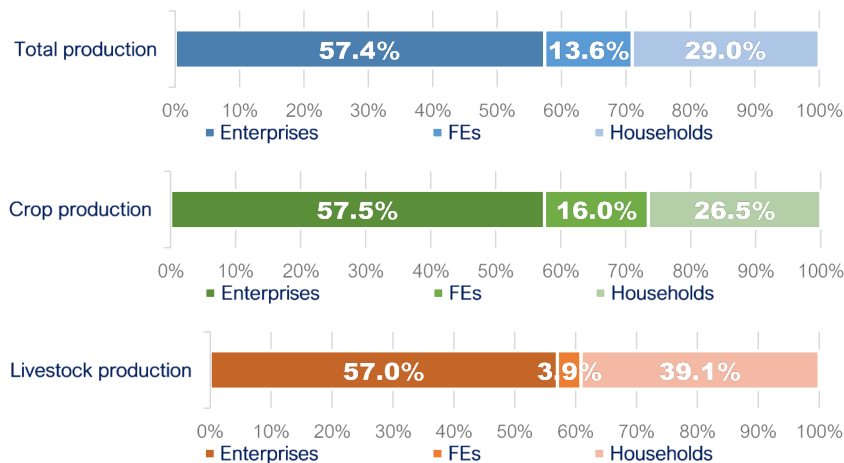
Crop production



Livestock production



Structure of agricultural production, 2024



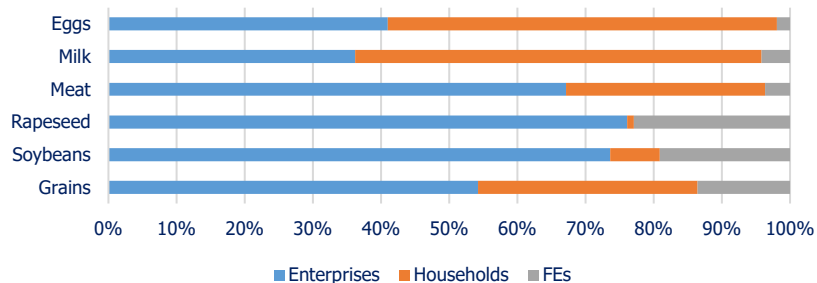
- Together, **legal entities** (enterprises + FEs) provide **71.0%** of the total agricultural production
- Enterprises dominate with **57.4%**
- FEs important in crop production, with **16.0%** of output
- **Legal entities** faced total losses of UAH 166 billion (**17.8%** compared to pre-war 2021)
- **Natural persons**, i.e., households, experienced larger relative losses (24.2% of pre-war production). In absolute terms, households lost **UAH 100 billion**

Source: SSSU

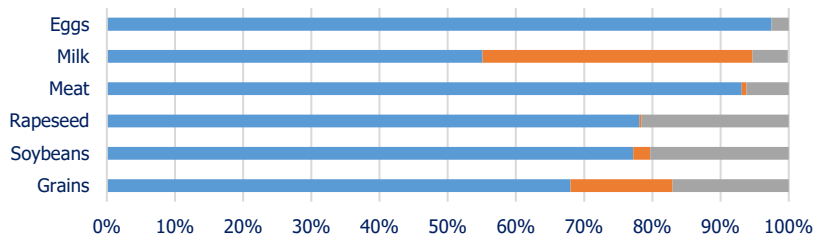
*FEs = Farmer enterprises, i.e., family farms with legal-entity status.

Contribution to domestic consumption and exports of commodities, 2024

Domestic consumption



Exports



Source: SSSU, own calculations

- **Dominance of enterprises** in ensuring both **export** potential and **domestic** food security
- **Households** significant only in **milk and egg** production for domestic consumption
- **FEs** focus on **high-margin crops** (soybeans, rapeseed) and balance between domestic and export markets
- Reconsideration of traditional policy approaches:
 - Commercialization of households **should not** be the single priority; instead, aim for social support
 - Focus on **enhancing the efficiency of enterprises** as the primary guarantors of food security

Ukraine still classifies farms by general business law

- **Commercial Code of Ukraine**
 - Classification based on employee numbers and enterprise revenues: micro, small, medium, large
 - Valid until February 2025
- **Law on Accounting and Financial Reporting**

Enterprise category	Number of employees	Annual income	Assets
Micro	≤10	≤ EUR 0,70 million	≤ EUR 0,35 million
Small	≤50	≤ EUR 8 million	≤ EUR 4 million
Medium	≤250	≤ EUR 40 million	≤ EUR 20 million
Large	Values exceed at least 2 of the 3 criteria of medium-sized enterprises		

- 2 out of 3 criteria must be met simultaneously (for two consecutive years) to belong to a corresponding category
 - Co-existed with Commercial Code since 2018
- **Biased results:** e.g., a modern mid-size 100-cow dairy farm, with a few workers and high capital, looks 'large' on paper

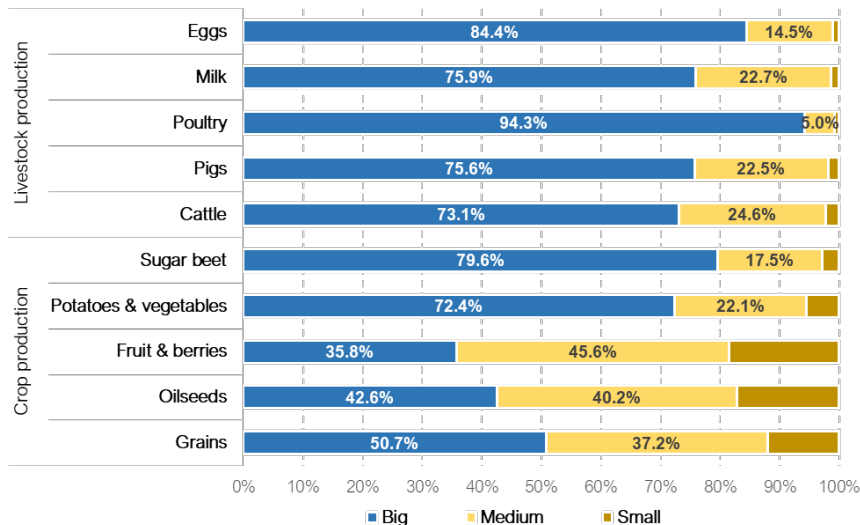
A new, dedicated three-tier classification for agricultural producers

- **Law on Amendments to Certain Laws of Ukraine Regarding Organizational Principles of Support in Agricultural Sector (registration No. 13202-1 of 7 May 2025), adopted on 8 October 2025**

Agricultural producer category	Number of employees	Annual income	Assets
Small	<10	< EUR 0,70 million	< EUR 0.35 million
Medium	10-50	EUR 0.70 million to EUR 8 million	EUR 0.35 million to EUR 4 million
Large	>50	> EUR 8 million	> EUR 4 million

- **Objectives**
 - Fairer distribution of state support by category
 - Integration with the State Agrarian Register for more transparent and automated support
 - Enhanced cooperation with international donors based on clearer criteria for program beneficiaries
- **Flaws (the same as for previous laws)**
 - Classification by total income bears the risk of including non-agricultural activities (e.g., grain elevators or trading)
 - Does not account for sectoral specificities in livestock
 - This risks misclassifying small/medium farms, excluding them from targeted support

Structure of production of selected commodities, 2024



Source: SSSU

Crop production: Diversified opportunities

- **Grain crops:** a balanced structure with different production models
- **Oilseeds:** moderate concentration due to high profitability
- **Fruit and berries:** best opportunities for SMEs with labor-intensive and diversified production
- **Sugar beet:** highest concentration due to tech specifics (specialized equipment, integration with processing)

Livestock production: Extreme concentration

- **Poultry:** highest concentration across agriculture, requirements for automation, biosecurity, and scale
- **Cattle and pigs:** high concentration
- **Dairy:** opportunities for medium producers, but highly concentrated, too

Land use structure and productivity, 2024

Enterprises + FEs

Category	Total land, ha	Land share, %	Average size, ha	Productivity, UAH/ha
Small	3.4 million	19.0	160	26,000
Medium	7.4 million	40.7	1,493	34,000
Large	7.3 million	40.3	7,657	54,400

Source: SSSU, own calculations

- In contrast to the production structure, **land is distributed almost equally between** large and medium producers
- Land productivity is considerably **higher among large producers**, mainly due to **livestock operations**
- **Crop production** exhibits rather **equal productivity levels** across all producer types
 - e.g., for small and medium FEs and corporate enterprises: UAH 29,600/ha and UAH 29,900/ha, respectively.

Farm structure based on landholding size

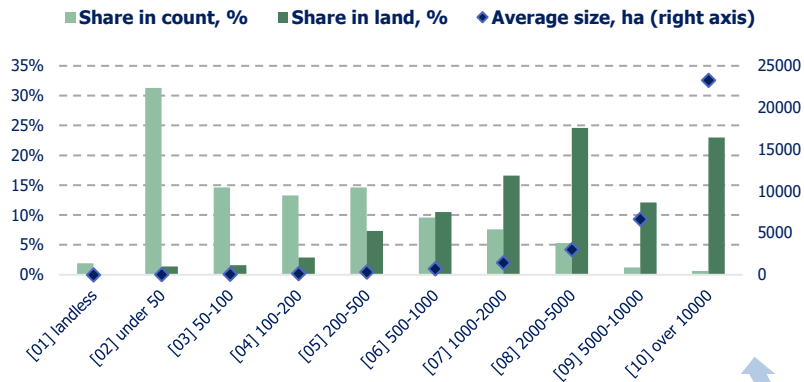
- Three key farm categories

Category	Landholding size	Description
Small	up to 150-200 ha (in some cases up to 500 ha)	Typically oriented to local and regional markets; characterized by higher labor intensity and diversified production ; occupy niches in high-value
Medium	200 (500)-10,000 ha	Combine elements of intensive and extensive production , serve domestic and export markets , and have the capacity to invest in machinery and technology
Large	over 10,000 ha	Dominate export production of major crops , actively deploy modern technologies, and access international capital markets

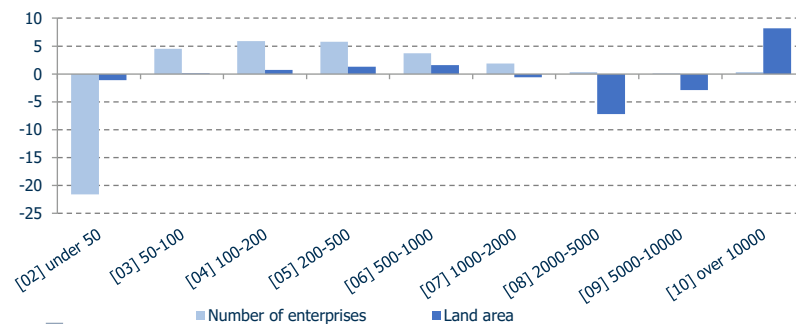
- Advantages

- Widely employed by experts, analysts, and market participants
- Better captures the sector's real economic structure and the business models of different producer types
- Reflects Ukrainian agricultural realities more accurately than official criteria based on financial metrics
- Land area correlates more closely with production capacity, logistics, and market position
- Note: 94% of agricultural land is under lease rather than ownership by enterprises (i.e., legal entities)**

Count, land use, and average size of enterprise categories, 2024



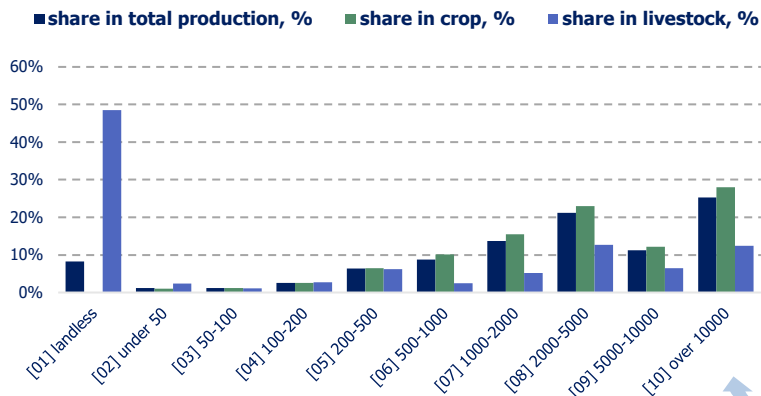
Changes in number and land shares of enterprises, ± percentage points, 2024 to 2010



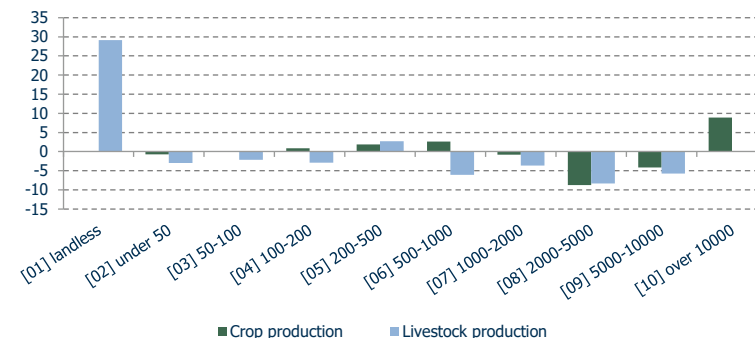
Source: SSSU, own calculations

- **Small farms of up to 50 ha:** land share fell from 52.9% in 2010 to 31.3% in 2024 (>21 p.p.) ≈ -10,000 small farms
- **Farms of 50-500 ha:** Combined land share rose from 9.7% to 11.8%
- **Farms between 1,000 and 10,000 ha:** -10.7 p.p. in land share, from 64.0% in 2010 to 53.3% in 2024
- **Largest enterprises (over 10,000 ha):** Farm count share doubled from 0.3% to 0.6%, while land share grew from 14.8% to 23.0% → increase in both the number and average size (from 22,615 ha to 23,256 ha) of large-scale enterprises

Share of enterprise categories in production, 2024



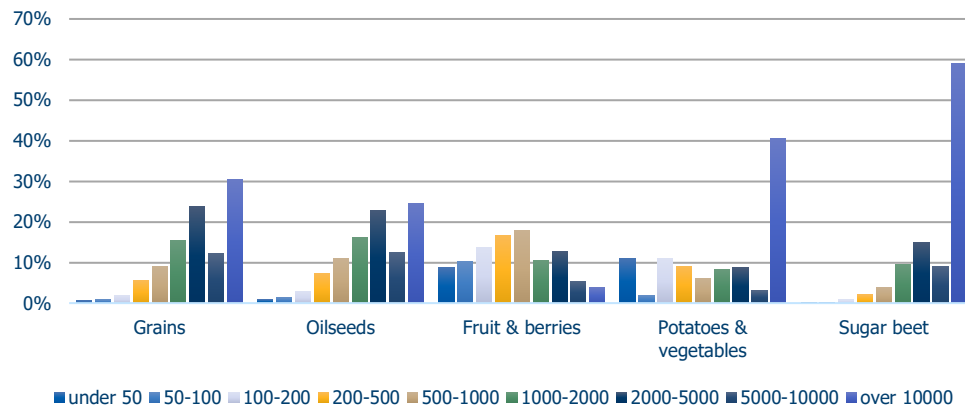
Changes in production shares of enterprises, ± percentage points, 2024 to 2010



Source: SSSU, own calculations

- **Small and lower-medium farms (up to 1,000 ha):** Farms of 200-500 ha grew from 4.3% to 6.4% of total output
- **Medium-sized enterprises (1,000–10,000 ha):** Down from 57.7% to 46.2% of total output
- **Largest enterprises (over 10,000 ha):** Growth of total output from 17.1% in 2010 to 25.3% in 2024
- Decline in livestock shares for all categories, except landless, largest, and 200-500 ha

Production concentration in the crop sector, 2024



Source: SSSU, own calculations

Grains and oilseeds: moderate concentration

- Large farms (>10,000 ha): 25-30%
- medium farms (500 ha to 10,000 ha): 63%
- small farms (<500 ha): 10-13%

Fruit and berries: most favorable for SMEs

- large farms: just 4%
- medium farms: 47%
- small farms: 49%

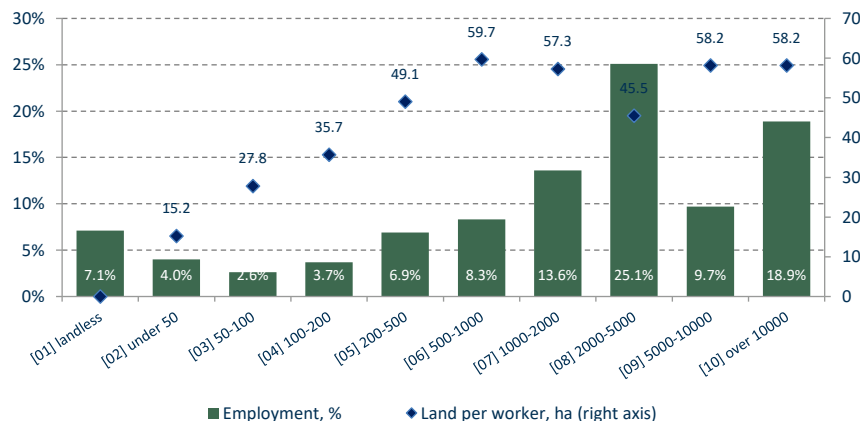
Vegetables: evenly segmented

- large farms: >40%
- medium farms: 26%
- small farms: 33%

Sugar beet: highest concentration

- large farms: 59%

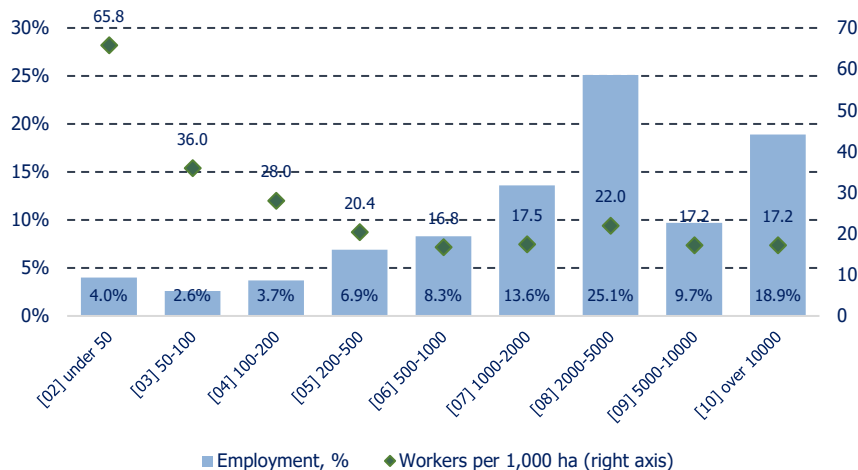
Land-labor relationships: employment and farmland per worker, 2024



Source: SSSU, own calculations

- Farms of >1,000 ha and landless enterprises (large livestock producers) provide **≈75% of all official jobs** in commercial agriculture
- Largest contribution** to employment comes from **medium-sized farms**:
 - 2,000-5,000 ha: 25.1% of jobs
 - 1,000-2,000 ha: 13.6% jobs
- Largest farms** of >10,000 ha: **18.9% jobs**
- Beginning with farms of **500-1,000 ha**, land per worker stabilizes at **45-60 ha**
- Technological optimum: regardless of farm size, roughly equal labor productivity
- EU comparisons:
 - 6-9 ha per worker in Romania and Poland
 - 15-25 ha per worker in France, Spain, and Germany

Land-labor relationships: employment and workers per farmland, 2024



Source: SSSU, own calculations

- Large enterprises main employers (in absolute terms)
- **SMEs' crucial role** in employment at the local level:
 - Farms of 50-500 ha: **28 workers** per 1,000 ha
 - Farms of >500 ha: **18 workers** per 1,000 ha or **55% less**
- **Two major policy implications:**
 - **Social cohesion:** Supporting SMEs of 50-500 ha ($\approx 75\%$ of all legal entities and $>13\%$ of land) key to rural employment and demography
 - **Balanced modernization:** Combine productivity growth with socially inclusive agricultural structure, in line with the EU CAP
- EU comparisons:
 - 130-180 workers per 1,000 ha in Romania and Poland
 - 40-70 workers per 1,000 ha in France, Spain, and Germany

Summary of findings

- **The role of rural smallholder households** (natural persons) **is declining**, also due to the full-scale Russian invasion
- **Legal entities** (enterprises + farmer enterprises) **are the backbone of production** (71% of total output in 2024), domestic consumption, and exports
- **Medium-sized enterprises** (average size – 1,493 ha per entity) **play a defining role**
- **Dynamic changes in the medium-sized enterprise segment**: Both their count and their share in total output have increased over recent years
- **Concentration is sub-sectoral** rather than sector-wide
- **Farms with over 1,000 ha provide almost 75% of official jobs**, while SMEs are socially important by engaging in labor-intensive practices
- **The average farm size increased from 479 ha in 2010 to 649 ha in 2024**, which remains significantly **above European levels** but corresponds to **Ukraine's historical development path**

Policy recommendations for Ukraine

- **Develop a specialized classification of agricultural producers.** The new system should include sector-specific criteria to avoid methodological distortions (e.g., identified in draft law No. 13202-1). A taxonomy based on agricultural revenue, land area, and number of workers is required to align between policy and statistics. Include an asset-value criterion, particularly for landless enterprises in industrial livestock production.
- **Differentiate support by producer category.** Given the dominant role of medium farms, create specialized support instruments for farms of 200-5,000 ha. Eligibility should account for not only land area but also output and employment, to avoid distortions from non-agricultural revenues.
- **Apply a realistic approach to supporting households.** In view of the decline in households' role, policy should pivot from their commercialization toward social support, e.g., grants for self-provisioning.
- **Introduce mechanisms for balanced development.** Policy should prevent excessive land concentration, support a competitive environment, and encourage cooperation models among large, medium, and small producers. Implementing unique identifiers in the State Agrarian Registry will enable ownership transparency.
- **Integrate employment into agricultural policy.** Incentives such as support for worker housing and transport, and pooled training resources will help address labor shortages.
- **Modernize information systems.** A priority is to conduct an agricultural census after the end of the war.

Policy recommendations for the EU

- **Acknowledge the structural uniqueness of Ukraine's agricultural sector.** In setting integration conditions, recognize that Ukraine's model differs markedly from the EU average; applying standard CAP rules without adaptation could be disruptive.
- **Adapt support instruments to Ukraine's specific context.** Pre-accession programs should reflect Ukraine's structural features, where medium farms are historically larger than in the EU and concentration is sub-sectoral. Assistance programs should establish a **"Ukrainian benchmark"** for defining producer categories based on a combination of area, revenue, assets, and employment, rather than mechanically applying EU thresholds. In concentrated segments, focus on market-conduct regulation.
- **Recognize employment as a component of rural development.** EU support should go beyond the traditional focus on small farms and include programs to maintain and create jobs in medium and large enterprises via co-financing of infrastructure projects and vocational training.
- **Harmonize data systems.** A joint EU-Ukraine plan is needed to implement European statistical standards, including technical support for the agricultural census and integration of Ukrainian accounting systems with European monitoring platforms.

Thank you for your attention!

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Understanding the legal forms is essential for systematic sector analysis

- Each form has distinct legal regulation, operational features, and varying statistical coverage

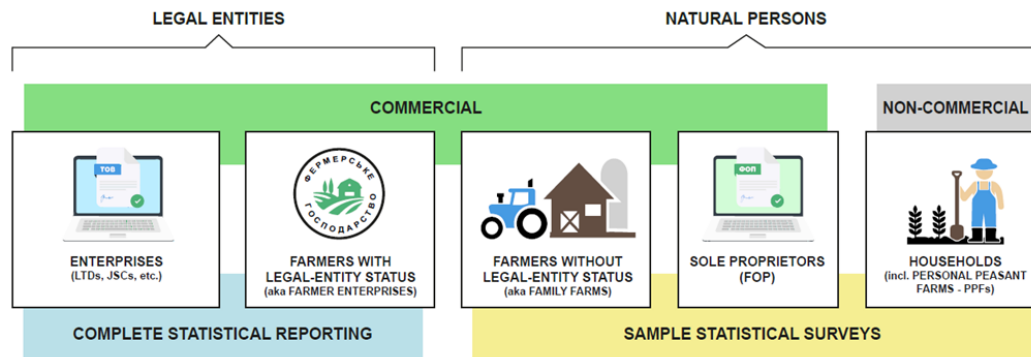
Legal form	Description
Personal peasant farms (PPFs) [osobyte selianske hospodarstvo, OSH]	<ul style="list-style-type: none"> • Carried out by natural persons – an individual or family members living together • Fulfill own needs through the production of agricultural products, with the sale of surpluses • As of 1 January 2022, 3.9 million PPFs were registered in Ukraine, holding or using 6.1 million ha of land
Households [domohospodarstva naseleennia]	<ul style="list-style-type: none"> • A group of individuals who live together and maintain a joint household • Land plots are not necessarily used for farming • A broader category than PPFs – may include households that own agricultural land without formal PPF status
Farmers [fermerske hospodarstvo]	<ul style="list-style-type: none"> • A form of family/extended family labor relations with the ability to employ hired (seasonal) labor • May register as a legal entity. If not, run as a natural person (headed by a sole proprietor, registered as FOP) • The latter may apply for simplified taxation, in particular if the land owned is within the limits of 0.5–20 ha
Sole proprietors [fizychna osoba-pidpryiemets — FOP]	<ul style="list-style-type: none"> • Engaged in agricultural activity without a formal family-farm status • May produce agricultural goods directly or engage in adjacent activities (processing, trade, services) • Do not enjoy the tax benefits available to family farmers
Enterprises [pidpryiemstvo]	<ul style="list-style-type: none"> • Legal entities of various forms: limited liability companies, joint-stock companies, etc. • Ability to employ hired labor • Commercial orientation of agricultural production

Family farms

- Family farms in Ukraine are of two types: with and without legal-entity status

Criterion	Family farm as a legal entity	Family farm as a natural person (no legal entity)
Legal status	An independent legal entity with its own rights, obligations, and liabilities, established by members of the (extended) family	One or several individuals, being members of the family, acting as individual entrepreneurs/sole proprietors (FOPs), i.e., natural persons
Establishment procedure	Registered as a legal entity operating based on a founding document (statute) that defines its internal structure and rules	Established based on an agreement (declaration) , specifying the rights and obligations of its members, i.e., family members
Form of ownership	The property of the farm is its own and distinct from the joint ownership of its members	The property of the farm is jointly owned by its members , not by a legal entity
Liability	The legal entity itself is liable for its obligations with its property	Individual members of the farm are personally liable for the farm's debts with their property
Role	As of 2024, about 20,000 economically active farmers with legal-entity status operated in Ukraine, using roughly 4.5 million ha of agricultural land	Important, but not clear
Term used to refer to (also in this study)	Farmer enterprise (FE) [fermerske hospodarstvo]	Family farm (FF) [simeyne fermerske hospodarstvo]

Statistical coverage of producer categories in Ukraine, by legal form



- Strongest for legal entities – **enterprises and farmer enterprises** → subject to mandatory statistical reporting
- Estimates for natural persons – **households incl. PPFs** → through annual household sample surveys
- **Sole proprietors (FOPs)** exempt from regular statistical reporting → included in the estimates of **household production**
- **Absence of agricultural censuses** creates a systemic gap