

Corporate Interests Behind Ukraine Putsch

Behind the U.S.-backed coup that ousted the democratically elected president of Ukraine are the economic interests of giant corporations from Cargill to Chevron which see the country as a potential “gold mine” of profits from agricultural and energy exploitation, reports JP Sottile.

By JP Sottile

On Jan. 12, a reported 50,000 “pro-Western” Ukrainians descended upon Kiev’s Independence Square to protest against the government of President Viktor Yanukovich. Stoked in part by an attack on opposition leader Yuriy Lutsenko, the protest marked the beginning of the end of Yanukovich’s four year-long government.

That same day, the Financial Times reported a major deal for U.S. agribusiness titan Cargill.

Despite the turmoil within Ukrainian politics after Yanukovich rejected a major trade deal with the European Union just seven weeks earlier, Cargill was confident enough about the future to fork over \$200 million to buy a stake in Ukraine’s UkrLandFarming. According to Financial Times, UkrLandFarming is the world’s eighth-largest land cultivator and second biggest egg producer. And those aren’t the only eggs in Cargill’s increasingly-ample basket.

On Dec. 13, Cargill announced the purchase of a stake in a Black Sea port. Cargill’s port at Novorossiysk, to the east of Russia’s strategically significant and historically important Crimean naval base, gives them a major entry-point to Russian markets and adds them to the list of Big Ag companies investing in ports around the Black Sea, both in Russia and Ukraine.

Cargill has been in Ukraine for over two decades, investing in grain elevators and acquiring a major Ukrainian animal feed company in 2011. And, based on its investment in UkrLandFarming, Cargill was decidedly confident amidst the post-EU deal chaos. It’s a stark juxtaposition to the alarm bells ringing out from the U.S. media, bellicose politicians on Capitol Hill and perplexed policymakers in the White House.

It’s even starker when compared to the anxiety expressed by Morgan Williams, President and CEO of the U.S.-Ukraine Business Council, which, according to its website, has been “Promoting U.S.-Ukraine business relations since 1995.” Williams was interviewed by the International Business Times on March 13 and, despite Cargill’s demonstrated willingness to spend, he said, “The instability

has forced businesses to just go about their daily business and not make future plans for investment, expansion and hiring more employees.”

In fact, Williams, who does double-duty as Director of Government Affairs at the private equity firm SigmaBleyzer, claimed, “Business plans have been at a standstill.”

Apparently, he wasn’t aware of Cargill’s investment, which is odd given the fact that he could’ve simply called Van A. Yeutter, Vice President for Corporate Affairs at Cargill, and asked him about his company’s quite active business plan. There is little doubt Williams has the phone number because Mr. Yeutter serves on the Executive Committee of the selfsame U.S.-Ukraine Business Council. It’s quite a cozy investment club, too.

According to his SigmaBleyzer profile, Williams “started his work regarding Ukraine in 1992” and has since advised American agribusinesses “investing in the former Soviet Union.” As an experienced fixer for Big Ag, he must be fairly friendly with the folks on the Executive Committee.

Big Ag Luminaries

And what a committee it is, it’s a veritable who’s who of Big Ag. Among the luminaries working tirelessly and no doubt selflessly for a better, freer Ukraine are:

–Melissa Agustin, Director, International Government Affairs & Trade for Monsanto

–Brigitte Dias Ferreira, Counsel, International Affairs for John Deere

–Steven Nadherny, Director, Institutional Relations for agriculture equipment-maker CNH Industrial

–Jeff Rowe, Regional Director for DuPont Pioneer

–John F. Steele, Director, International Affairs for Eli Lilly & Company

And, of course, Cargill’s Van A. Yeutter. But Cargill isn’t alone in their warm feelings toward Ukraine. As Reuters reported in May 2013, Monsanto, the largest seed company in the world, plans to build a \$140 million “non-GM (genetically modified) corn seed plant in Ukraine.”

And right after the decision on the EU trade deal, Jesus Madrazo, Monsanto’s Vice President for Corporate Engagement, reaffirmed his company’s “commitment to Ukraine” and “the importance of creating a favorable environment that encourages innovation and fosters the continued development of agriculture.”

Monsanto's strategy includes a little "hearts and minds" public relations, too. On the heels of Mr. Madrazo's reaffirmation, Monsanto announced "a social development program titled "Grain Basket of the Future" to help rural villagers in the country improve their quality of life." The initiative will dole out grants of up to \$25,000 to develop programs providing "educational opportunities, community empowerment, or small business development."

The well-crafted moniker "Grain Basket of the Future" is telling because, once upon a time, Ukraine was known as "the breadbasket" of the Soviet Union. The CIA ranks Soviet-era Ukraine second only to Mother Russia as the "most economically important component of the former Soviet Union."

In many ways, the farmland of Ukraine was the backbone of the USSR. Its "fertile black soil" generated over a quarter of the USSR's agriculture. It exported "substantial quantities" of food to other republics and its farms generated four times the output of "the next-ranking republic."

Although Ukraine's agricultural output plummeted in the first decade after the break-up of the Soviet Union, the farming sector has been growing spectacularly in recent years. While Europe struggled to shake-off the Great Recession, Ukraine's agriculture sector grew 13.7% in 2013.

Ukraine's agriculture economy is hot. Russia's is not. Hampered by the effects of climate change and 25 million hectares of uncultivated agricultural land, Russia lags behind its former breadbasket.

According to the Centre for Eastern Studies, Ukraine's agricultural exports rose from \$4.3 billion in 2005 to \$17.9 billion in 2012 and, harkening the heyday of the USSR, farming currently accounts for 25 percent of its total exports. Ukraine is also the world's third-largest exporter of wheat and of corn. And corn is not just food. It is also ethanol.

Feeding Europe

But people gotta eat, particularly in Europe. As Frank Holmes of U.S. Global Investors assessed in 2011, Ukraine is poised to become Europe's butcher. Meat is difficult to ship, but Ukraine is perfectly located to satiate Europe's hunger.

Just two days after Cargill bought into UkrLandFarming, Global Meat News (yes, "Global Meat News" is a thing) reported a huge forecasted spike in "all kinds" of Ukrainian meat exports, with an increase of 8.1% overall and staggering 71.4% spike in pork exports. No wonder Eli Lilly is represented on the U.S.-Ukraine Business Council's Executive Committee. Its Elanco Animal Health unit is a major manufacturer of feed supplements.

And it is also notable that Monsanto's planned seed plant is non-GMO, perhaps anticipating an emerging GMO-unfriendly European market and Europe's growing appetite for organic foods. When it comes to Big Ag's profitable future in Europe, the stakes couldn't be higher.

For Russia and its hampered farming economy, it's another in a long string of losses to U.S. encroachment, from NATO expansion into Eastern Europe to U.S. military presence to its south and onto a major shale gas development deal recently signed by Chevron in Ukraine.

So, why was Big Ag so bullish on Ukraine, even in the face of so much uncertainty and the predictable reaction by Russia?

The answer is that the seeds of Ukraine's turn from Russia have been sown for the last two decades by the persistent Cold War alliance between corporations and foreign policy. It's a version of the "Deep State" that is usually associated with the oil and defense industries, but also exists in America's other heavily subsidized industry, agriculture.

Morgan Williams is at the nexus of Big Ag's alliance with U.S. foreign policy. To wit, SigmaBleyzer touts Mr. Williams' work with "various agencies of the U.S. government, members of Congress, congressional committees, the Embassy of Ukraine to the U.S., international financial institutions, think tanks and other organizations on U.S.-Ukraine business, trade, investment and economic development issues."

As President of the U.S.-Ukraine Business Council, Williams has access to Council cohort, David Kramer, President of Freedom House. Officially a non-governmental organization, it has been linked with overt and covert "democracy" efforts in places where the door isn't open to American interests, a.k.a. U.S. corporations.

Freedom House, the National Endowment for Democracy and National Democratic Institute helped fund and support the Ukrainian "Orange Revolution" in 2004. Freedom House is funded directly by the U.S. Government, the National Endowment for Democracy and the U.S. Department of State.

David Kramer is a former Deputy Assistant Secretary of State for European and Eurasian Affairs and, according to his Freedom House bio page, formerly a "Senior Fellow at the Project for the New American Century."

Nuland's Role

That puts Kramer and, by one degree of separation, Big Ag fixer Morgan Williams in the company of PNAC co-founder Robert Kagan who, as coincidence would have

it, is married to Victoria “F*ck the EU” Nuland, the current Assistant Secretary of State for European and Eurasian Affairs.

Interestingly enough, Ms. Nuland spoke to the U.S.-Ukrainian Foundation last Dec. 13, extolling the virtues of the Euromaidan movement as the embodiment of “the principles and values that are the cornerstones for all free democracies.”

Nuland also told the group that the United States had invested more than \$5 billion in support of Ukraine’s “European aspirations,” meaning pulling Ukraine away from Russia. She made her remarks on a dais featuring a backdrop emblazoned with a Chevron logo.

Also, her colleague and phone call buddy U.S. Ambassador to Ukraine Geoffrey Pyatt helped Chevron cook up their 50-year shale gas deal right in Russia’s kitchen.

Although Chevron sponsored that event, it is not listed as a supporter of the Foundation. But the Foundation does list the Coca-Cola Company, ExxonMobil and Raytheon as major sponsors. And, to close the circle of influence, the U.S.-Ukraine Business Council is also listed as a supporter.

Which brings the story back to Big Ag’s fixer, Morgan Williams.

Although he was glum about the current state of investment in Ukraine, he’s gotta wear shades when he looks into the future. He told the International Business Times, “The potential here for agriculture/agribusiness is amazing production here could double. The world needs the food Ukraine could produce in the future. Ukraine’s agriculture could be a real gold mine.”

Of course, his priority is to ensure that the bread of well-connected businesses gets lavishly buttered in Russia’s former breadbasket. And there is no better connected group of Ukraine-interested corporations than American agribusiness.

Given the extent of U.S. official involvement in Ukrainian politics, including the interesting fact that Ambassador Pyatt pledged U.S. assistance to the new government in investigating and rooting-out corruption, Cargill’s seemingly risky investment strategy probably wasn’t that risky, after all.

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