The Ukrainian farm UA2500ZH in the context of its region

The graph displays the downturn of the Ukrainian agricultural sector in the transition period, starting from early 1990s. Since 2000, the sector has been recovering again, new long-term investments were made, more land cultivated and higher yields obtained. In 2005, wheat, barley and sunflower were the major cultivated crops in Ukraine. Since the 1995s acreage of corn stage dramatically reduced as livestock numbers gradually declined. Due to low prices and a difficult market environment, sugar beet production also dropped. On the other hand, the harvested area of sunflower, corn, rapeseed and soybeans has been on the rise during last 10 years.

The typical farm UA2500ZH is located in the south of Zhytomir region at the edge between the Forest Zone in the North and the Forest Steppe Zone in the center with highest yields. Rapeseed which currently covers a maximum of 1 million ha is predominantly grown in the western region.

On 45% of its territory Ukraine cultivates mostly grains, oilseeds, potatoes, legumes and field vegetables. Besides agricultural land, another 13% are used as pastures and to produce hay. In 2008, a substantial amount of nearly 0% was rotational fallow. This area could be brought into production once economic conditions would trigger such a process and land use intensification would be needed.

Ukraine can be divided into three distinct agro-climatic zones. The Steppe Zone in the South has highest temperatures. Wheat is grown across Ukraine with hot spots in the central and western regions.

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Zhytomir region, approximately 500 km away from the Black Sea, has a more moderate climate and good soils. Average temperatures during winter can fall below zero, while July is the hottest month with up to 19°C on average. Precipitation is distributed in a favorable way, with highs (90 mm.month) during May–June and November.

When comparing gross margins, the huge difference between UA2500ZH and the farm average of Zhytomir region becomes even more apparent. In all crops the agro-holding performs excellent. This is because of higher yields (see below) and due to better and more efficient management. However, the results displayed in the graph need to be qualified since gross margin for the agri benchmark farm is calculated across two years while Zhytomir oblast data was available for one year only, 2008. Further, in October – December 2008 when most “normal” farms had to sell their harvest to pay loans, they could realize only very low prices (60 - 65% lower than 3 months earlier).

The farm does not have a fixed crop rotation (yet). In total, 7-8 crops are cultivated: winter and summer wheat, corn and rapeseed mainly as cash crops for the market whereas fodder crops (fodder grass, alfalfa, corn silage) are used internally in the livestock production.