



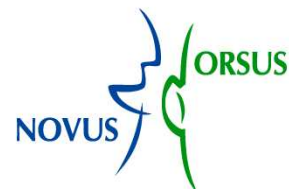
Johann Heinrich
von Thünen-Institut

Institute of Farm Economics

Economic performance of Ukrainian *agri benchmark* farms

agri benchmark Cash Crop conference, Perth, May 2010

Simon Walther and Andriy Tovstopyat



Bundesministerium für
Ernährung, Landwirtschaft
und Verbraucherschutz



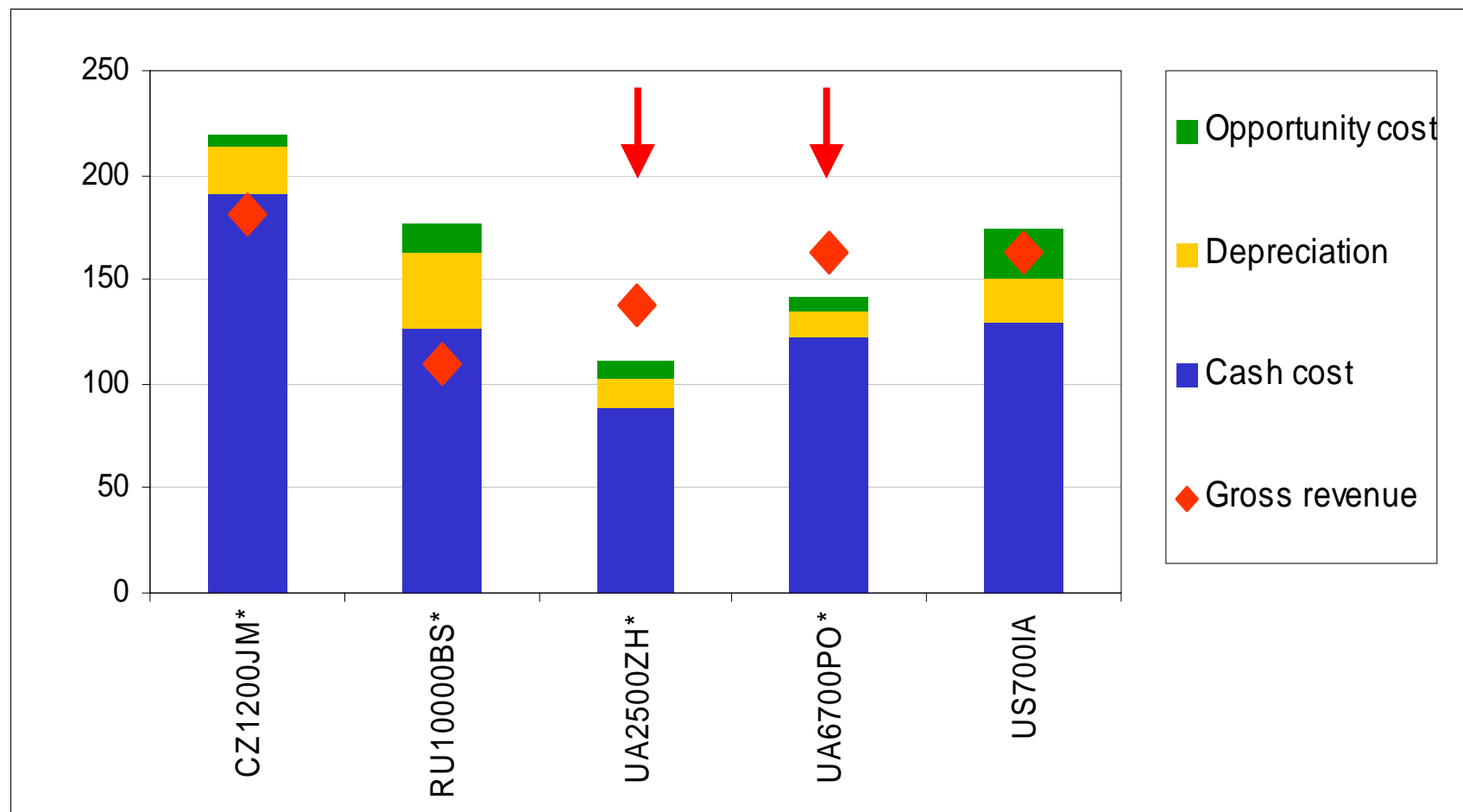
Agenda

1. Review 2008
2. CoP and profitability of major crops
3. Prices received and their relation to MATIF
4. Total farm profitability and perspectives

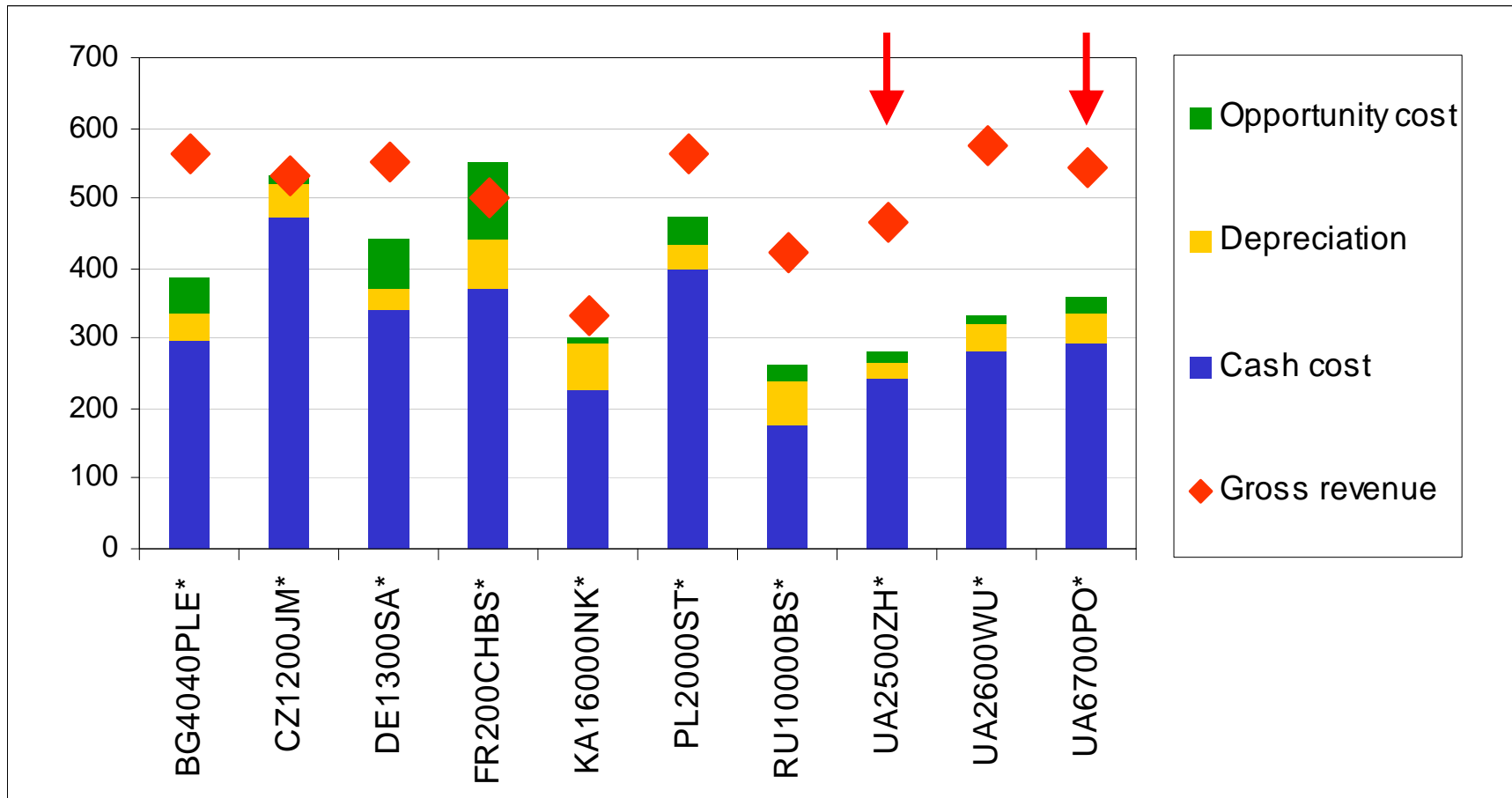
Agenda

1. **Review 2008**
2. **CoP and profitability of major crops**
3. **Prices received and their relation to MATIF**
4. **Total farm profitability and perspectives**

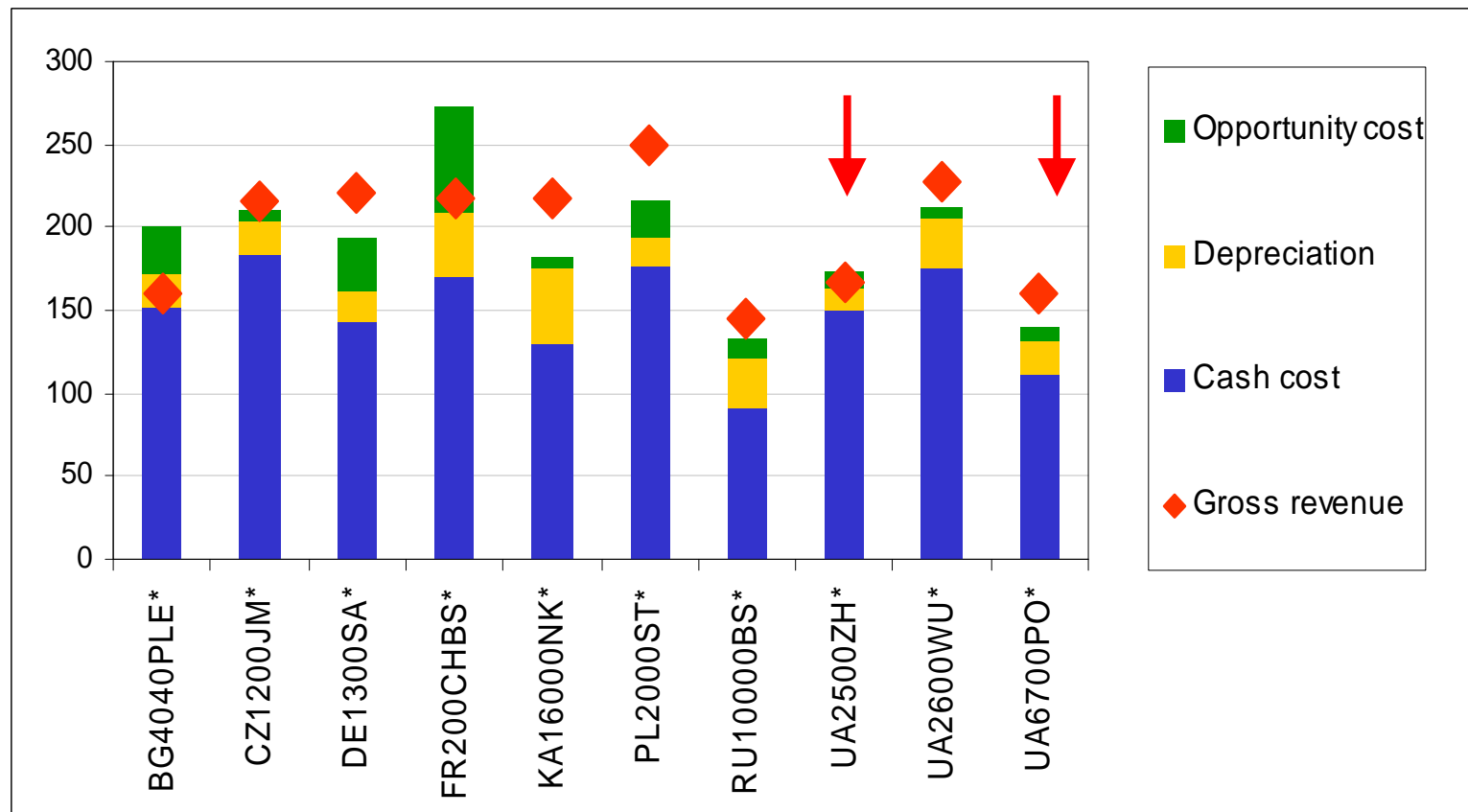
Total cost and revenue corn 2008 (USD/t)



Total cost and revenue rapeseed 2008 (USD/t)



Total cost and revenue wheat 2008 (USD/t)



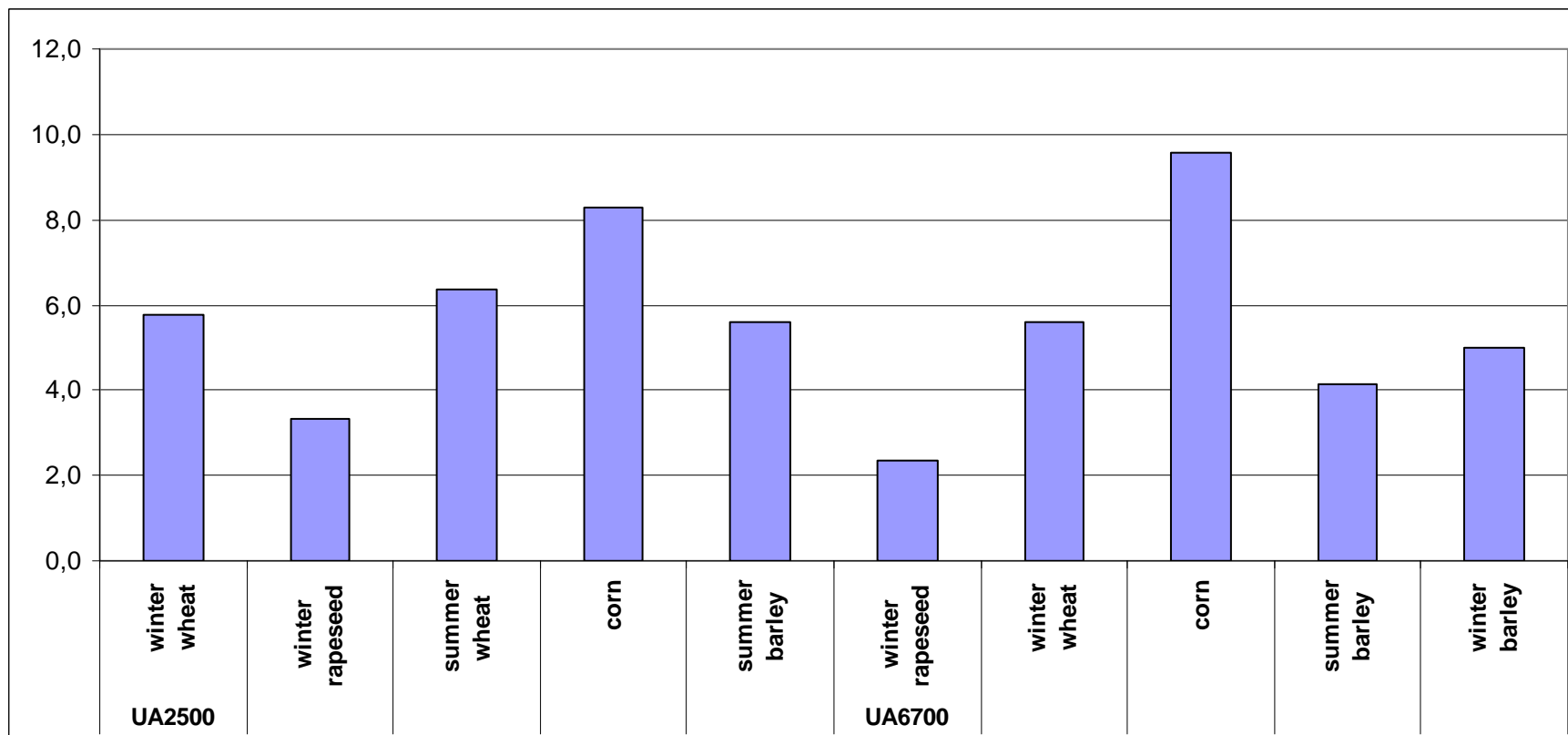
→ In 2008 UA farms were rather competitive, esp. in rape and corn

→ Low wheat prices – quality? Infrastructure?

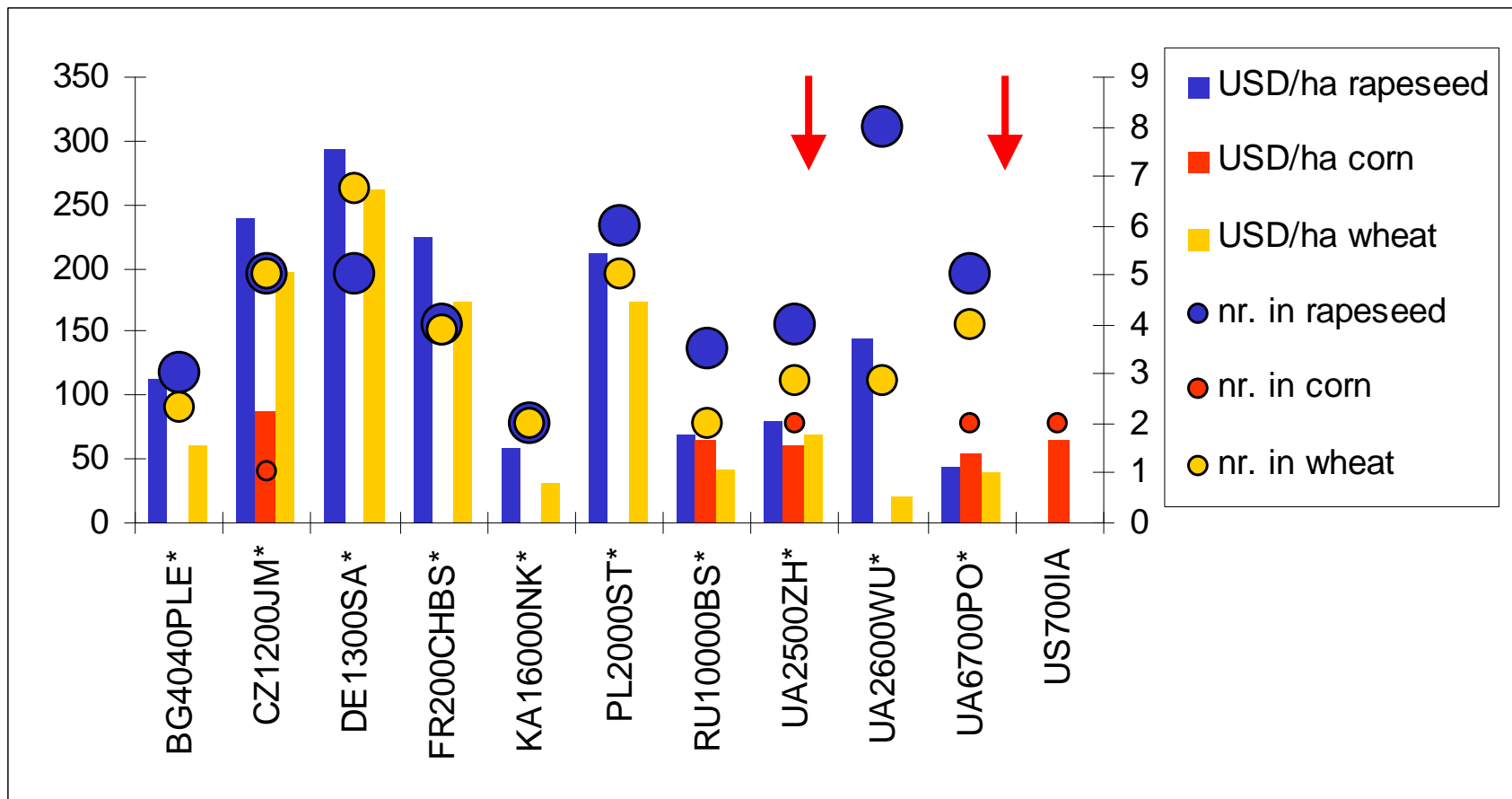
Agenda

1. Review 2008
2. **CoP and profitability of major crops**
3. Prices received and their relation to MATIF
4. Total farm profitability and perspectives

Yields on Ukrainian *agri benchmark* farms (t/ha)

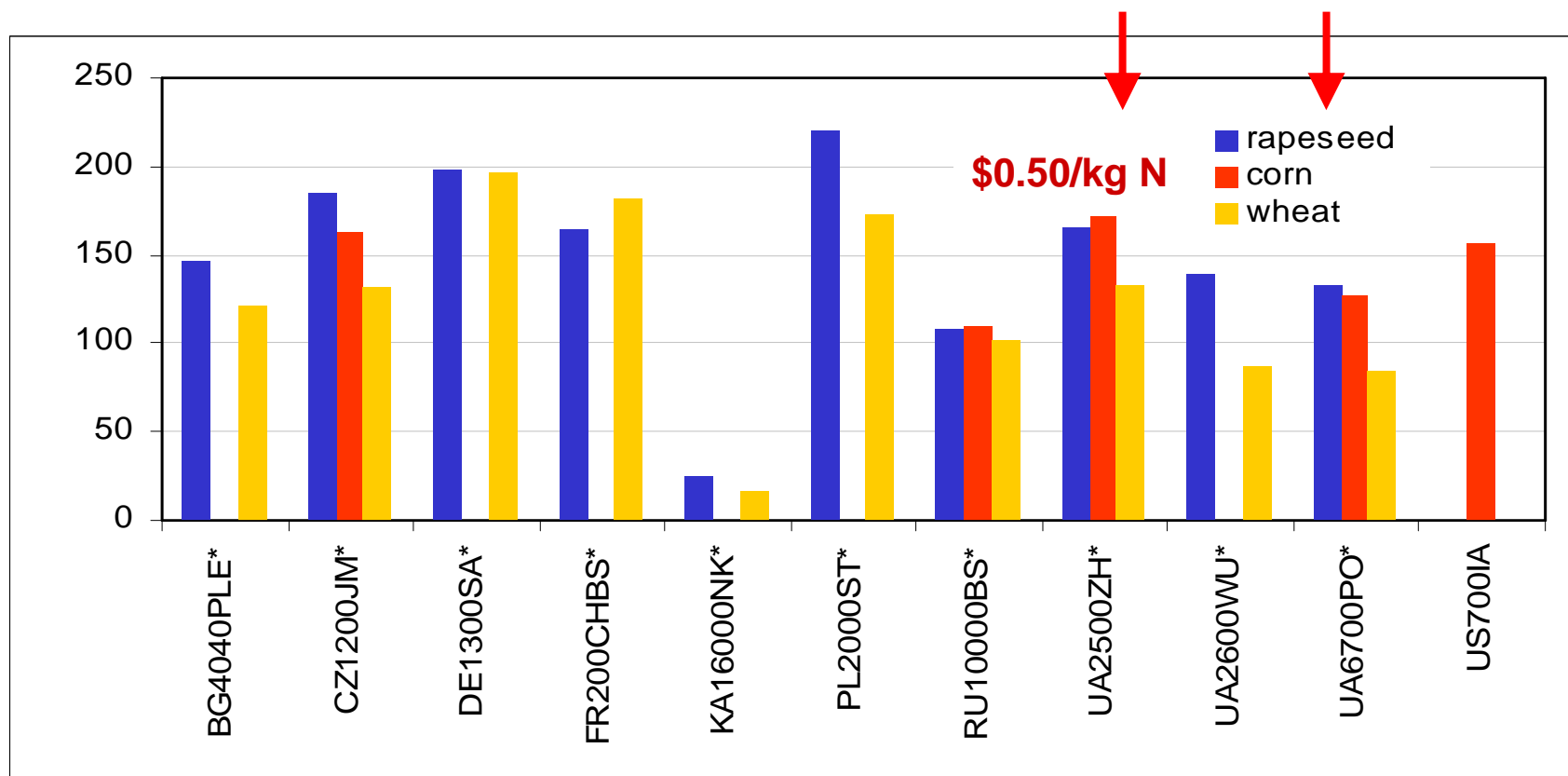


Pesticide intensity (# of applications and cost (USD/ha))



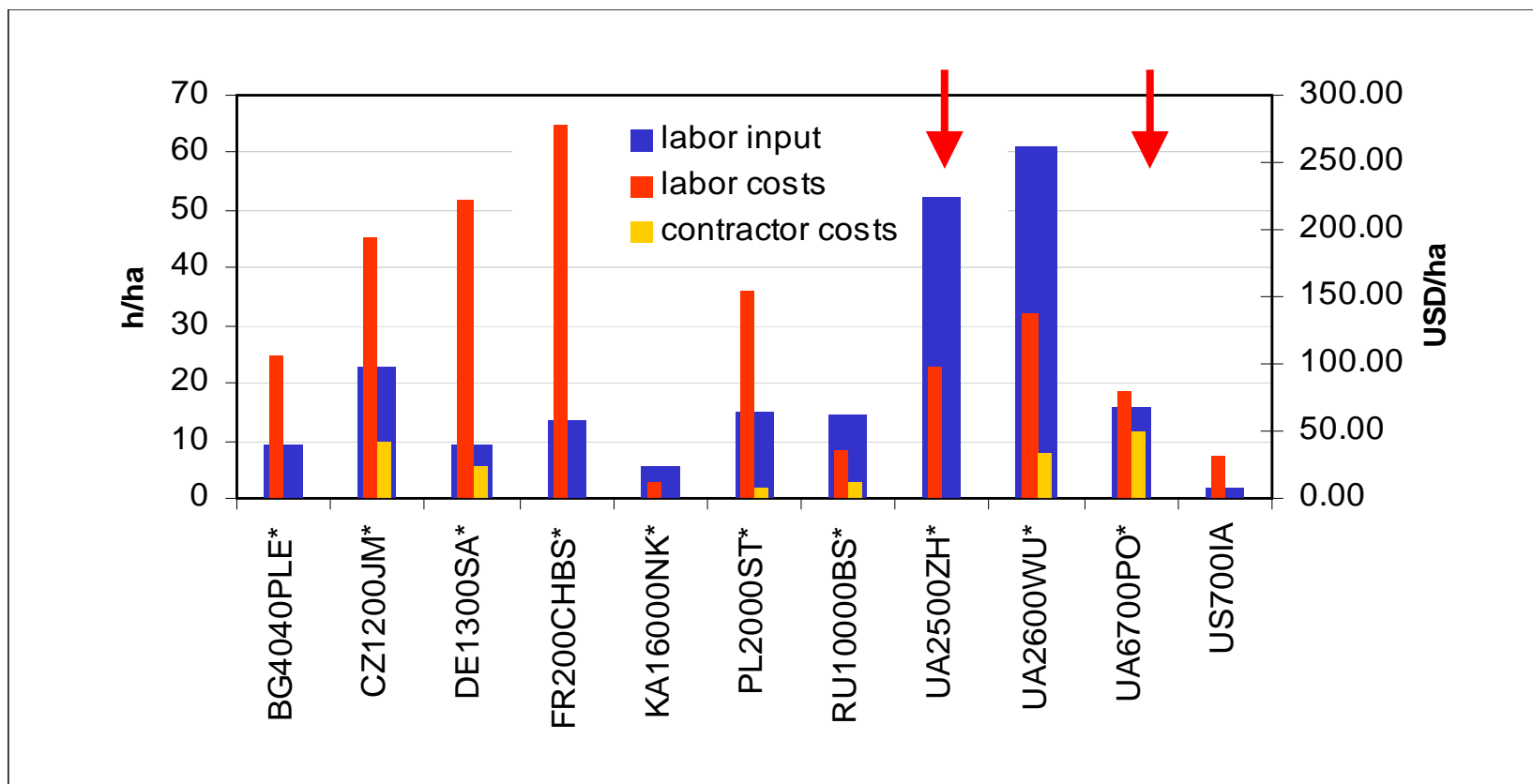
→ Low-moderate intensity in Europ. comparison, cheap pesticides in Ukraine

Nitrogen input (kg/ha)



→ Moderate N intensity in European comparison

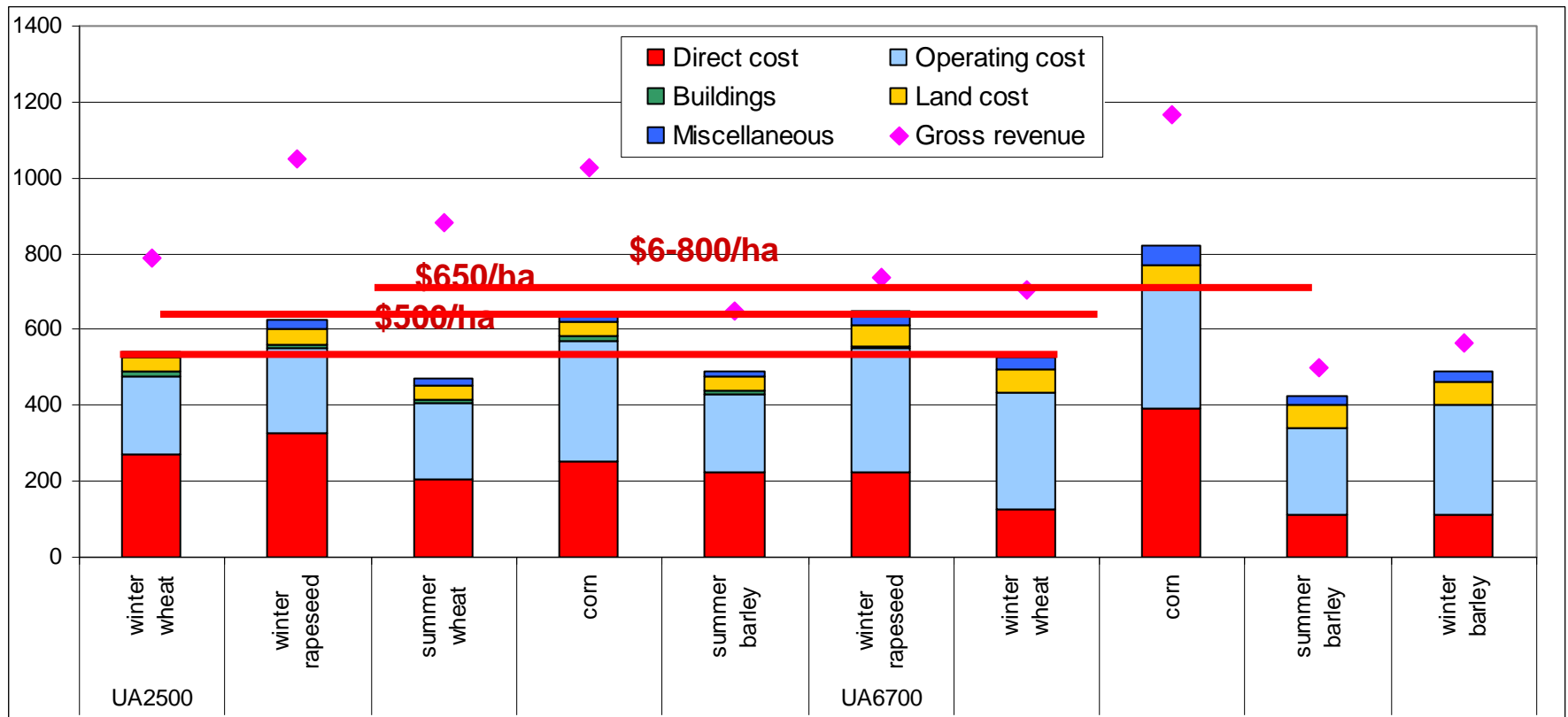
Labor intensity (USD/ha and h/ha)



→ One farm with very high input of cheap labor

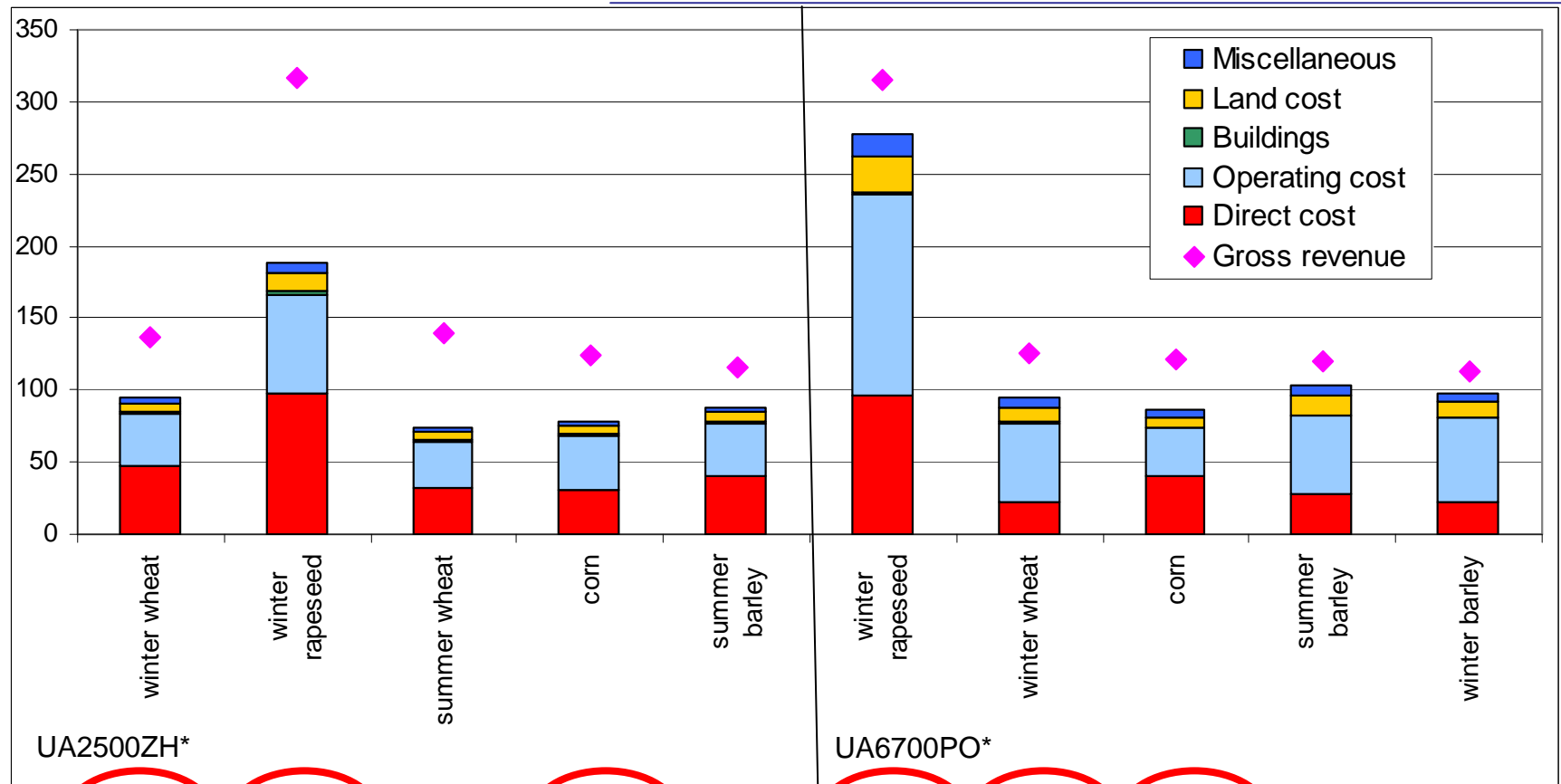
→ One farm with less but higher paid labor, more contractor

Total Cost and Gross Revenue on Ukrainian farms (USD/ha)



→ All crops profitable!

Total Cost and Gross Revenue on Ukrainian farms (USD/t)



agri benchmark

Breakeven price

\$95

\$188

\$75

\$78

\$87

\$277

\$94

\$86

\$103

\$98

Breakeven yield

4.0

2.0

3.4

5.2

4.2

2.1

4.2

6.8

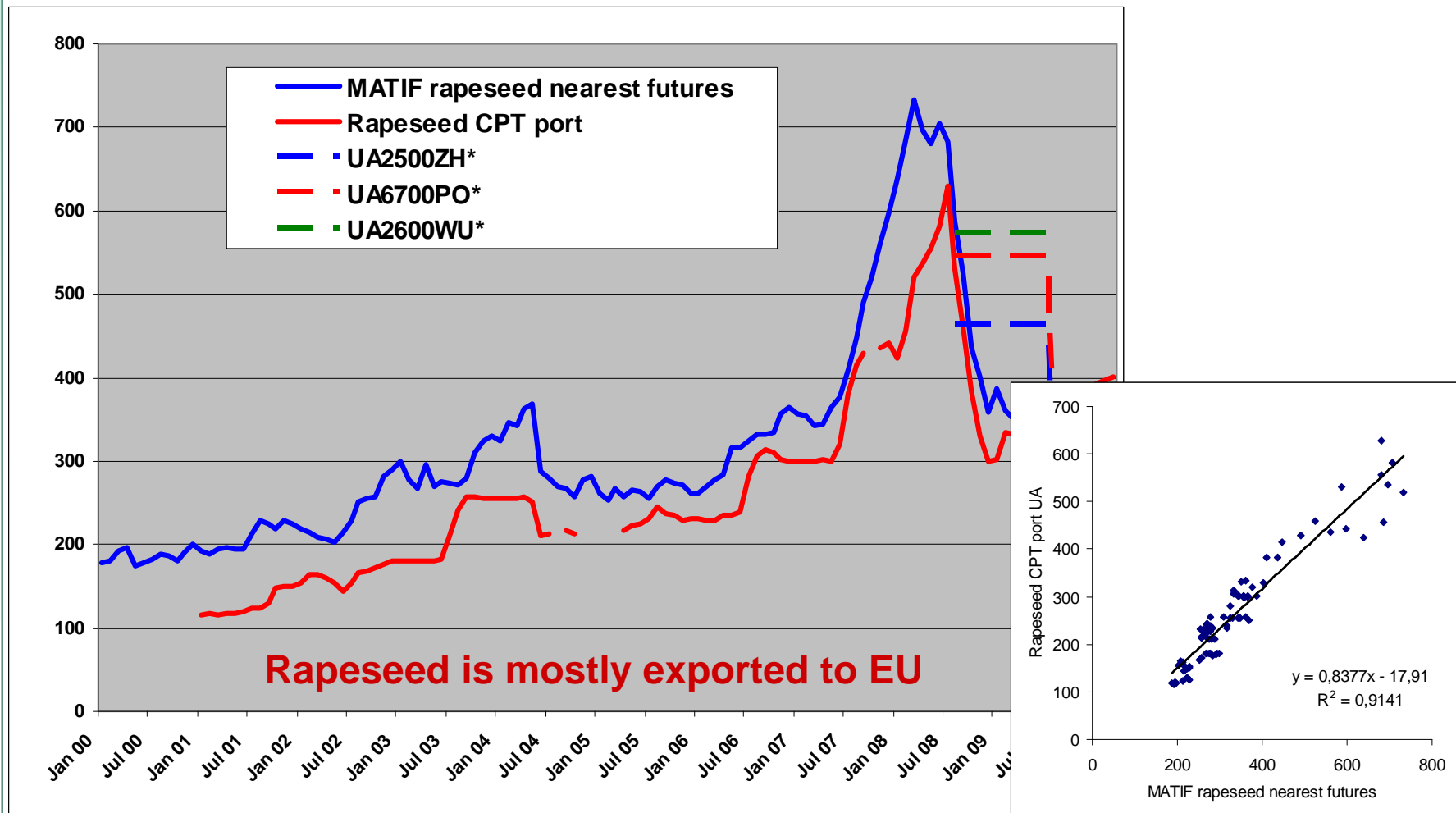
3.6

4.4

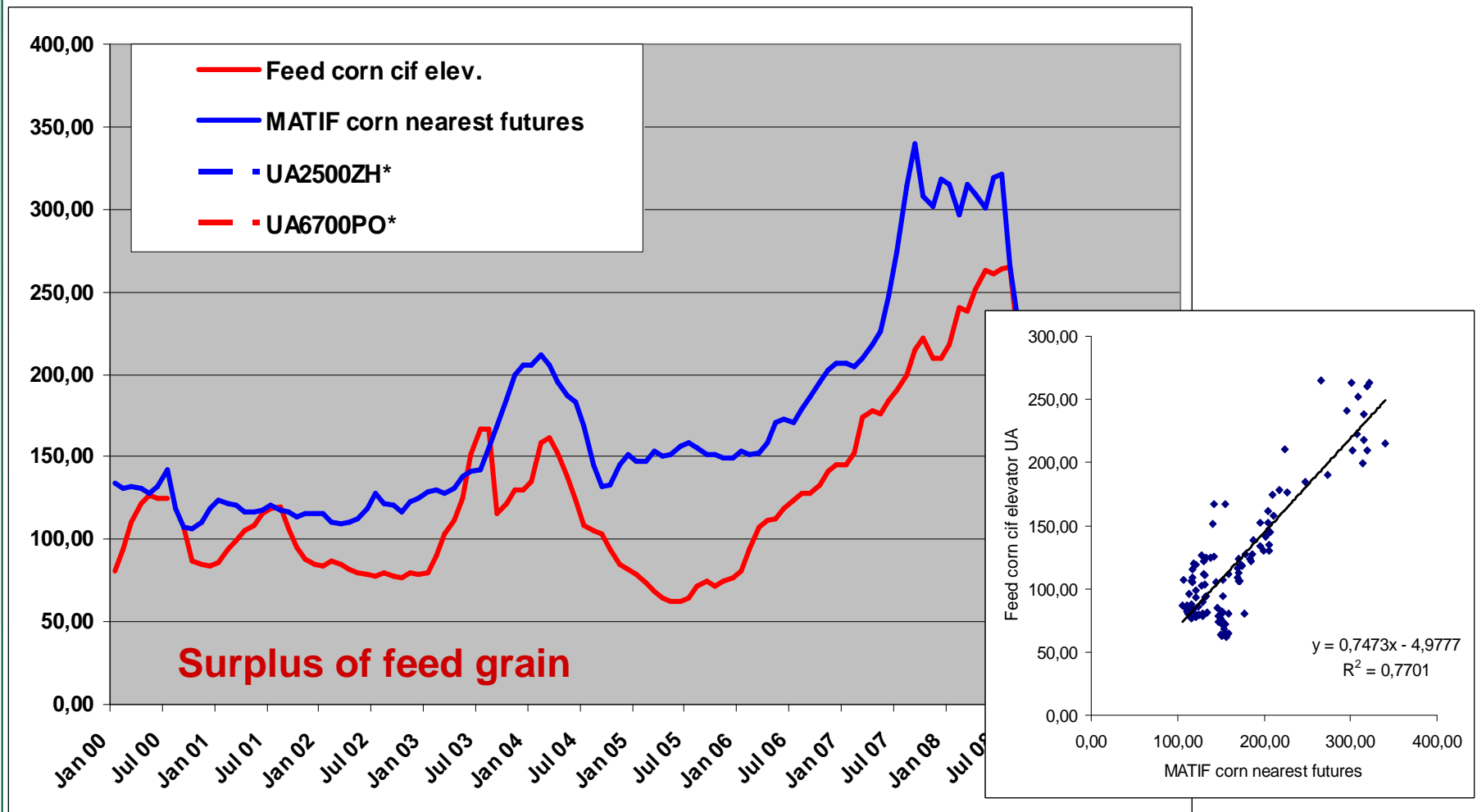
Agenda

1. Review 2008
2. CoP and profitability of major crops
3. **Prices received and their relation to MATIF**
4. Total farm profitability and perspectives

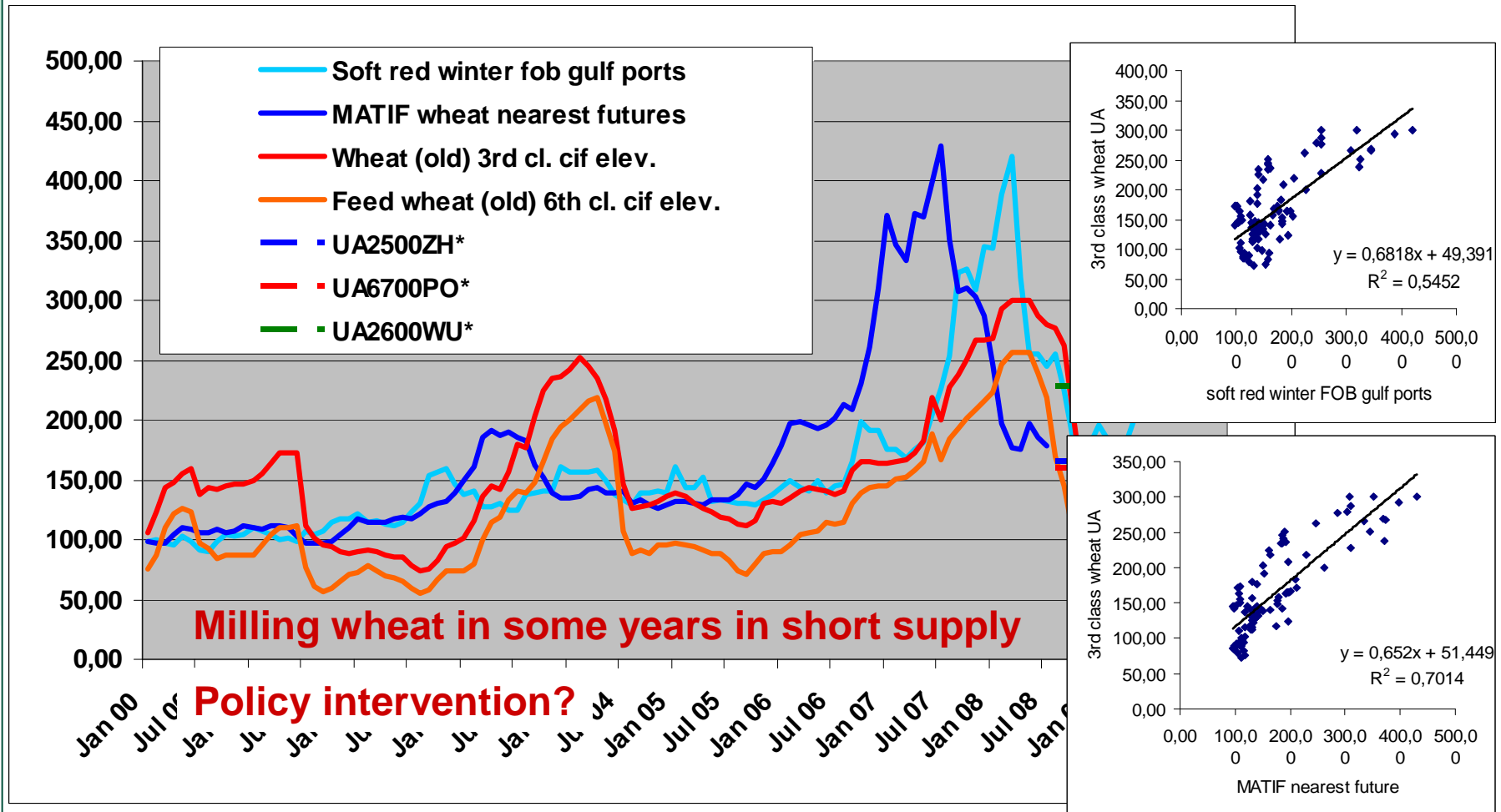
Prices received and their relation to the world market – rapeseed (USD/t)



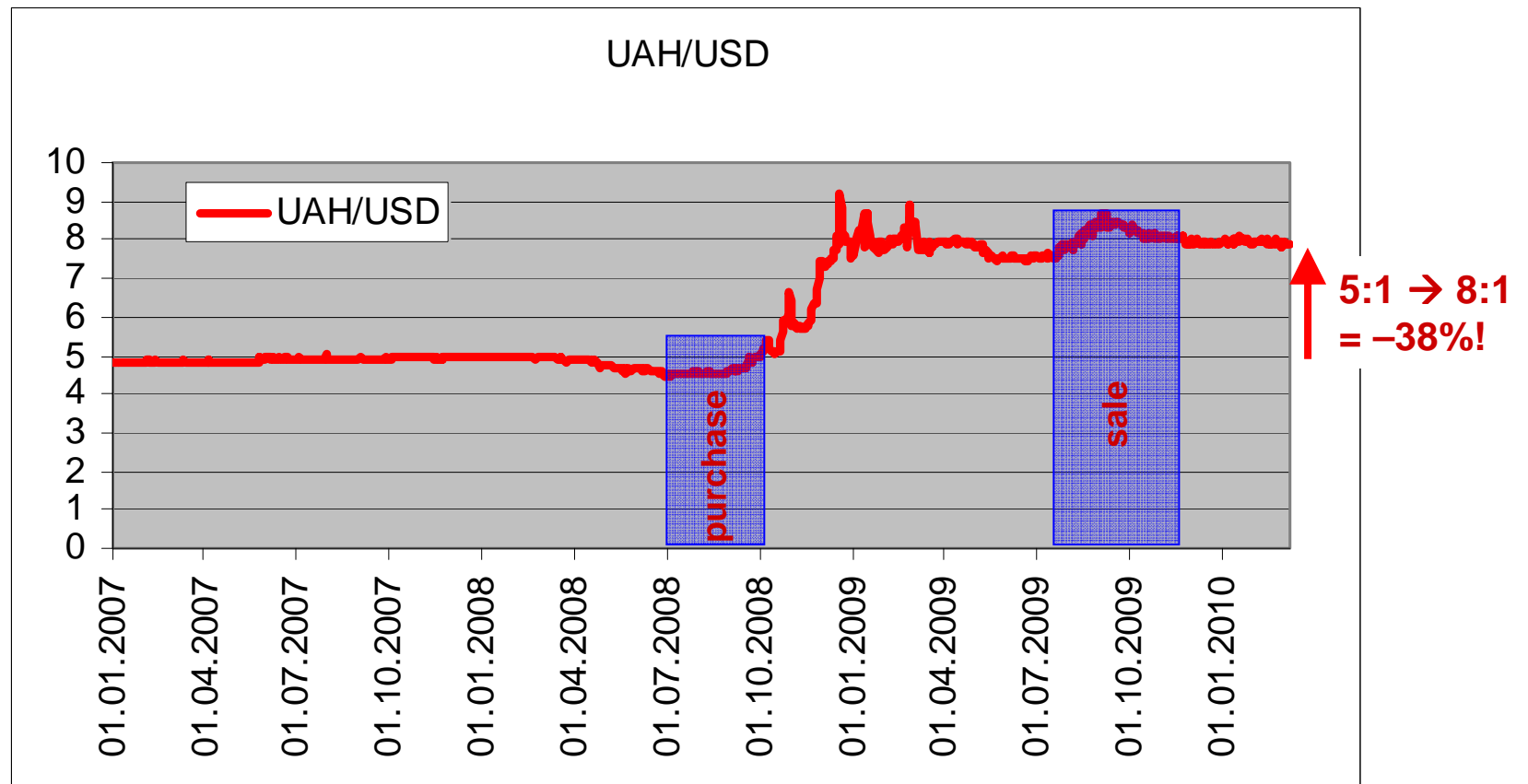
Prices received and their relation to the world market – corn (USD/t)



Prices received and their relation to the world market – wheat (USD/t)



Exchange rate UAH/USD over time

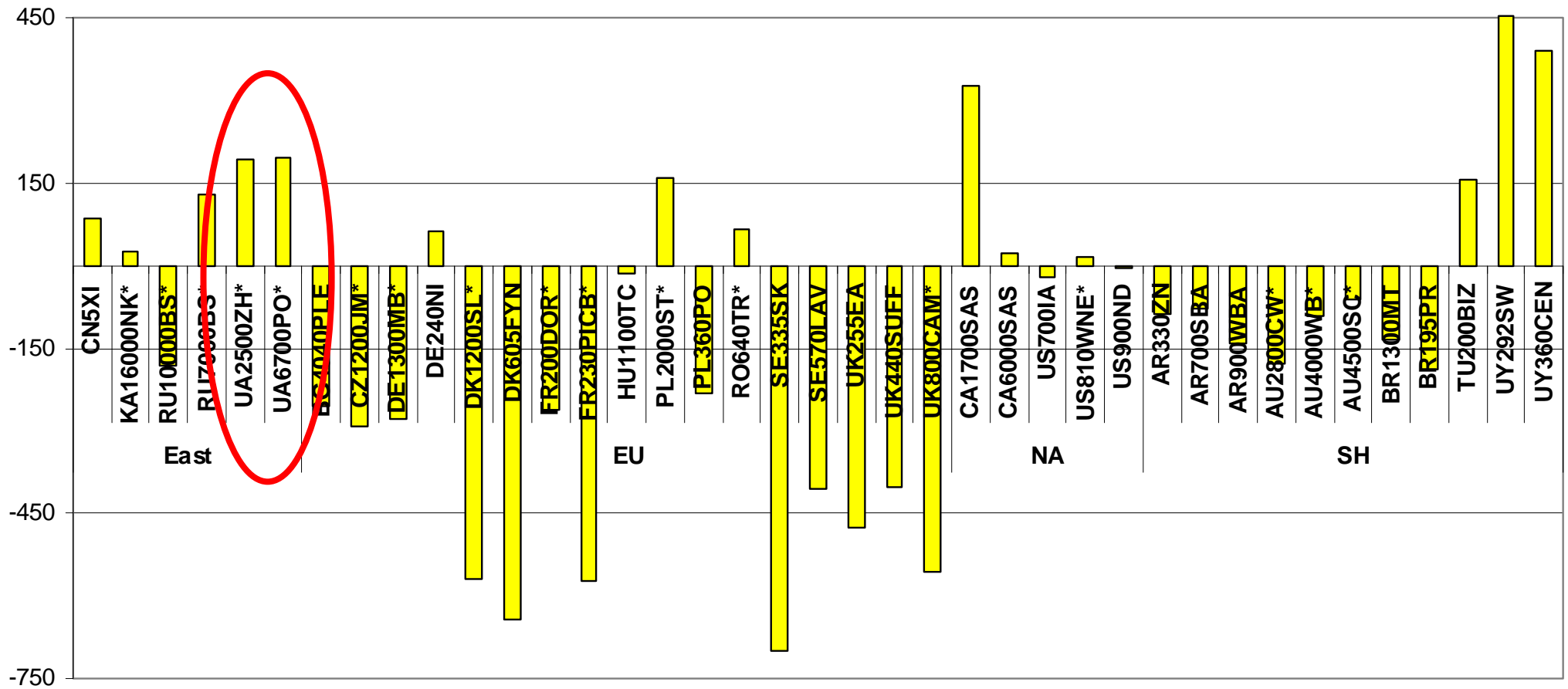


→ In 2009 UA farm profitability was boosted by currency devaluation!

Agenda

1. Review 2008
2. CoP and profitability of major crops
3. Prices received and their relation to MATIF
4. **Total farm profitability and perspectives**

Overview: Profits in arable farming 2009 (USD/ha)



Conclusions and perspectives for UA farms

- **Top performing Ukrainian farms very competitive, esp. in rapeseed and corn (although 2009 with advantage through currency devaluation)**
- **However: Average UA farm still *far* behind**
- **Lack of capital, know-how, difficult markets foster structural change towards agriholdings**
- **Longer term development – agriholding ≠ panacea!**

Thank you for your attention!

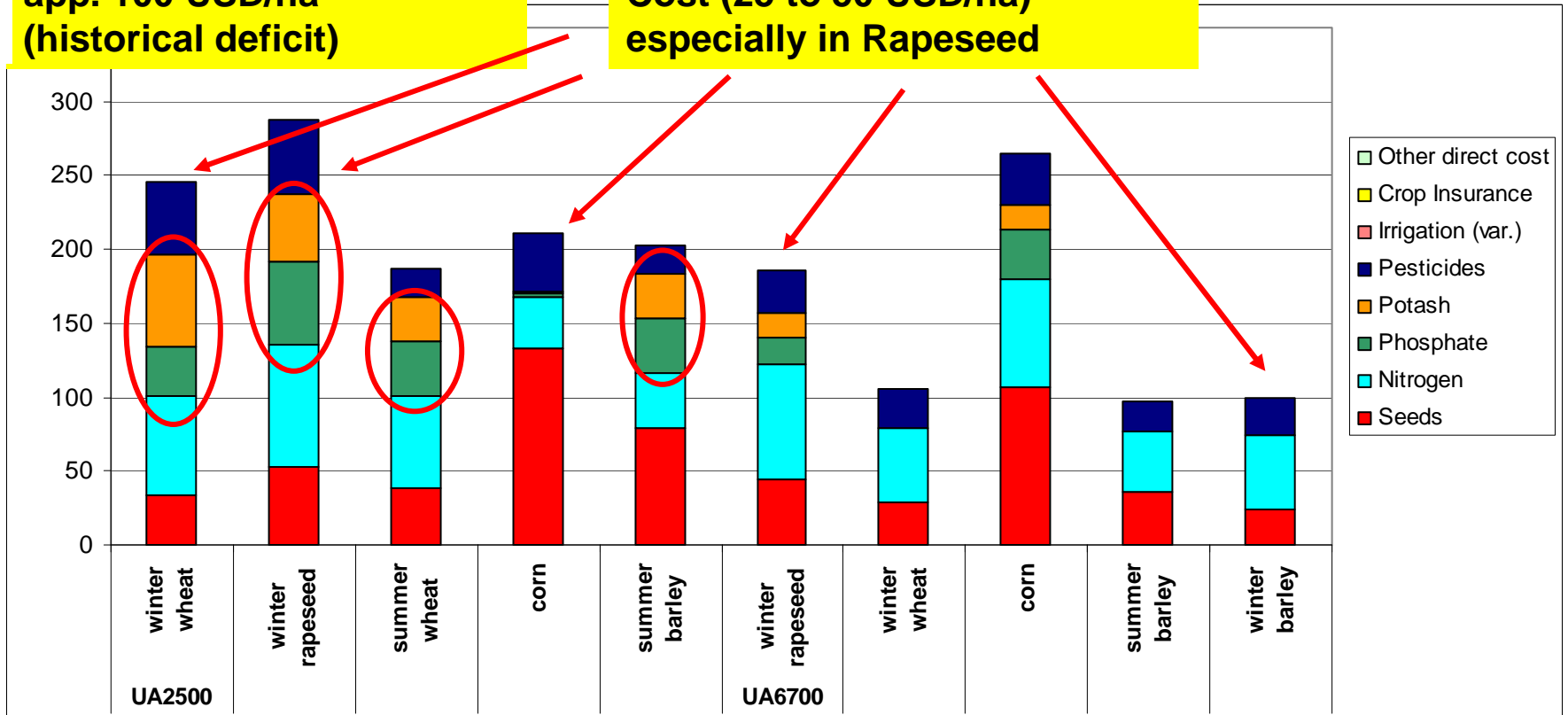


Direct Cost on Ukrainian farms (USD/ha)

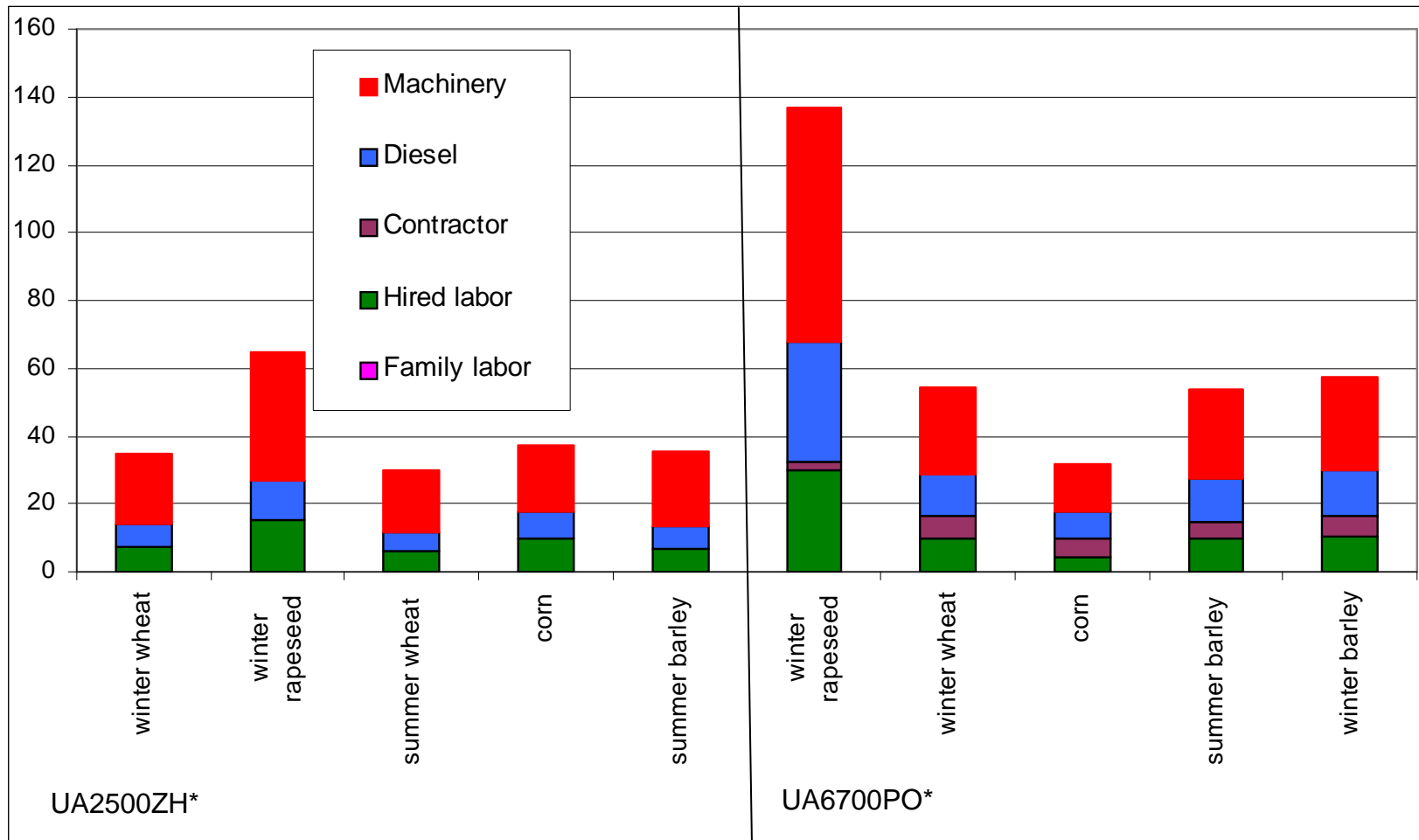
P: \$0.89/kg
K: \$0.70/kg

**High fertilizer cost in P & K
app. 100 USD/ha
(historical deficit)**

**But rather low Plant Protection
Cost (25 to 50 USD/ha)
especially in Rapeseed**



Operating cost on Ukrainian farms (USD/t)



Total Cost and Gross Revenue on Ukrainian farms (USD/ha)

