



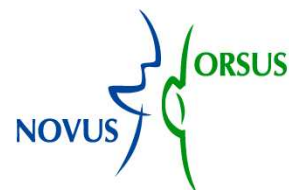
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Institute of Farm Economics

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



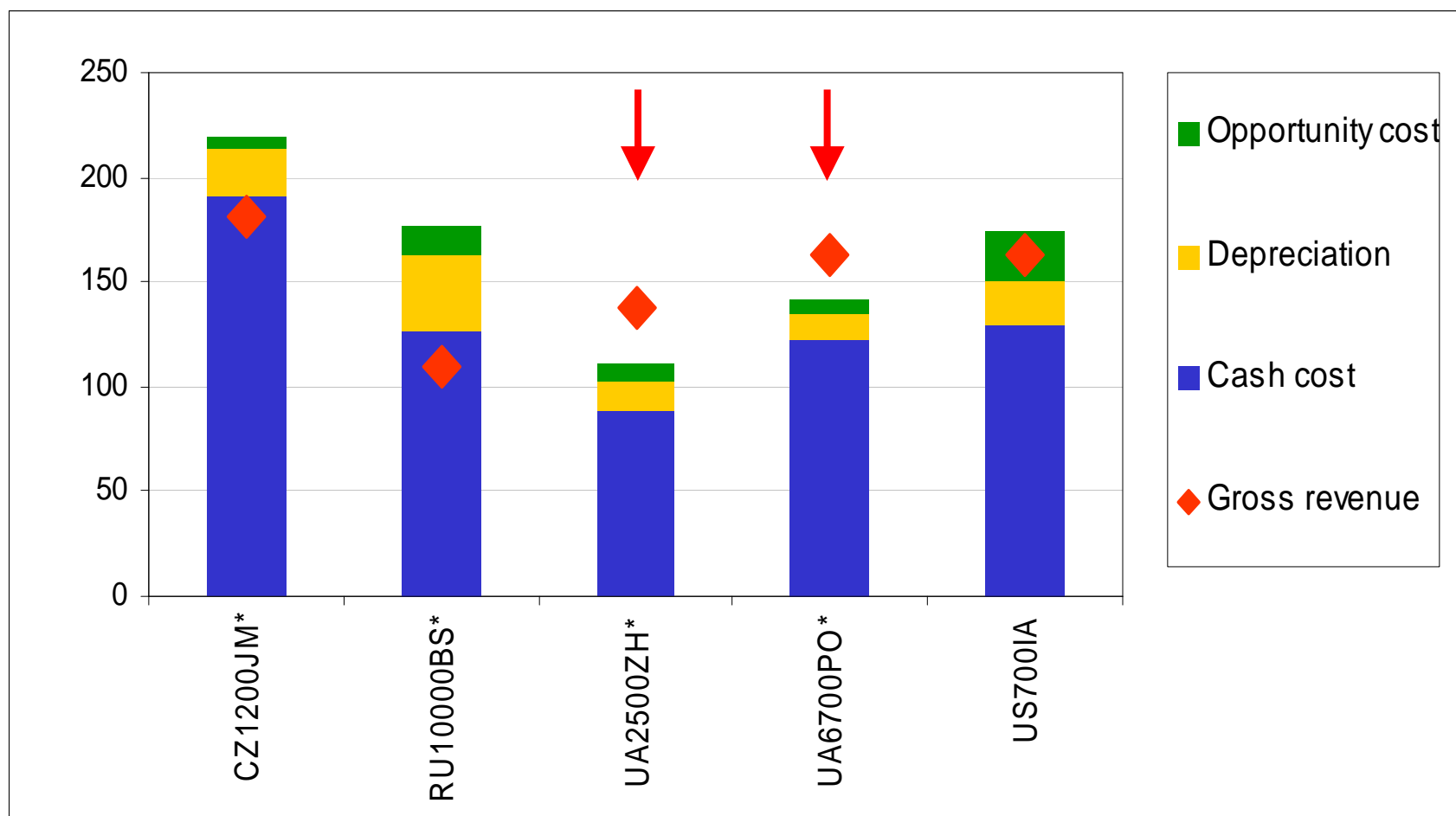
Agenda

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

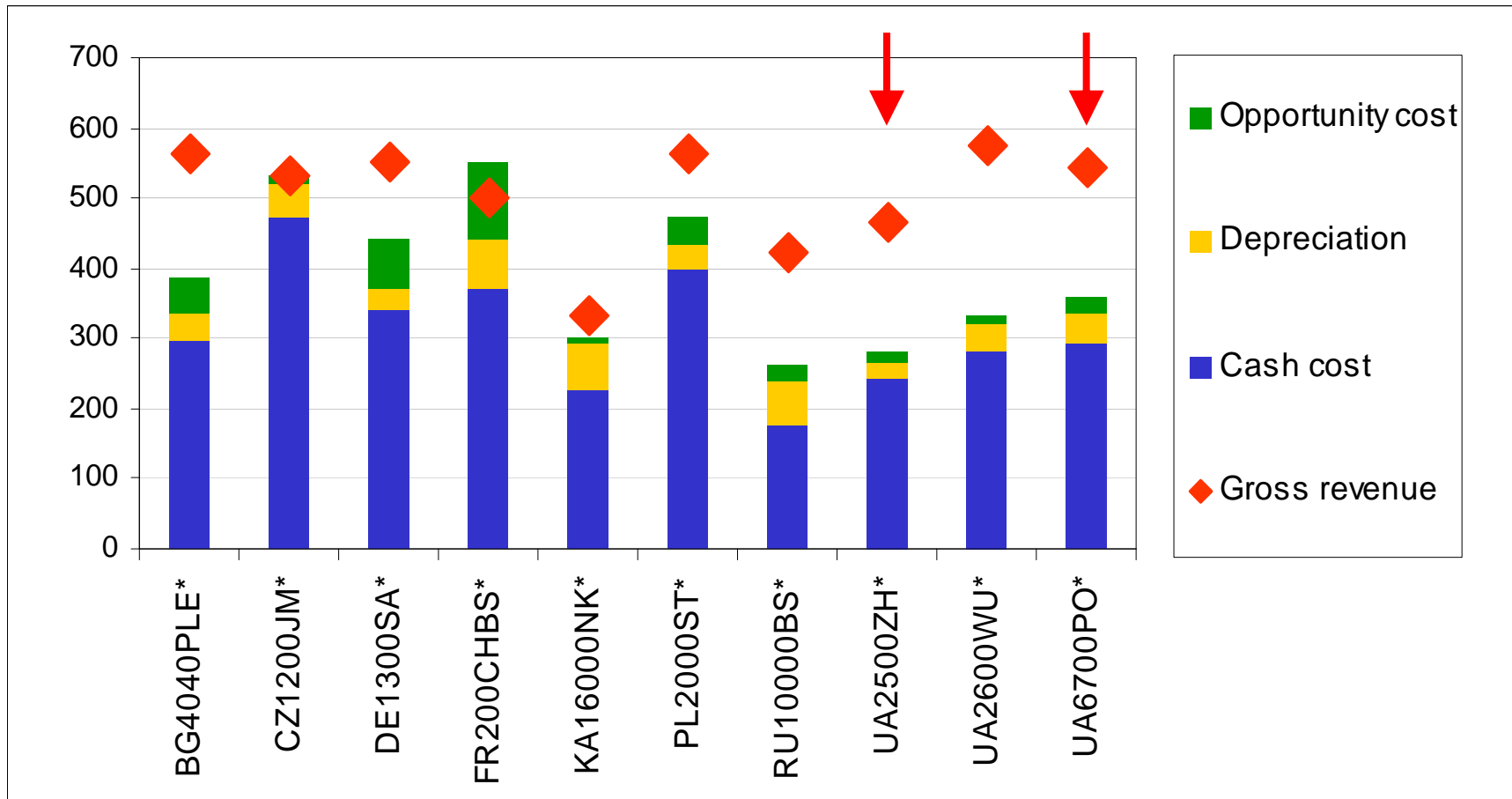
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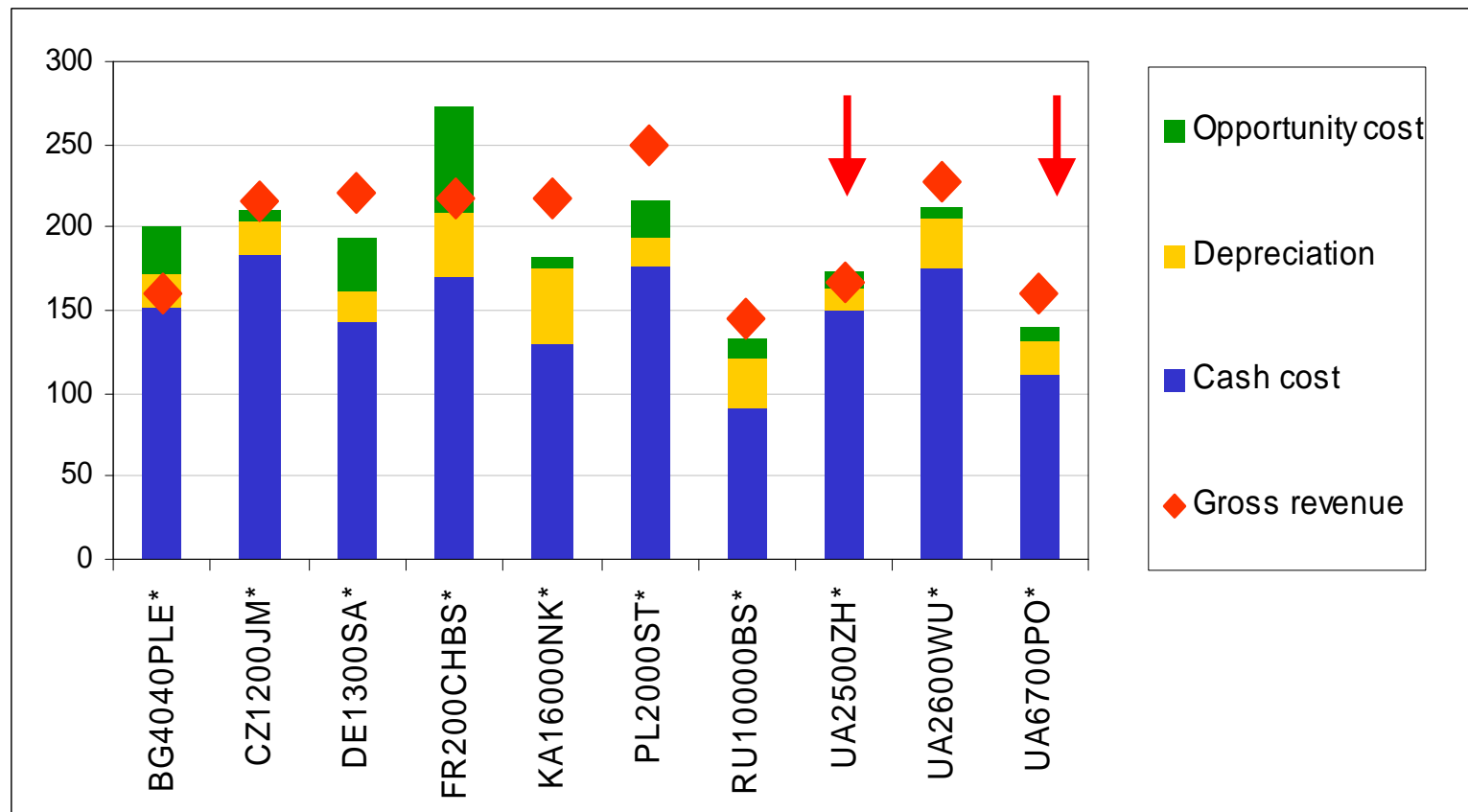
Total cost and revenue corn 2008 (USD/t)



Total cost and revenue rapeseed 2008 (USD/t)



Total cost and revenue wheat 2008 (USD/t)



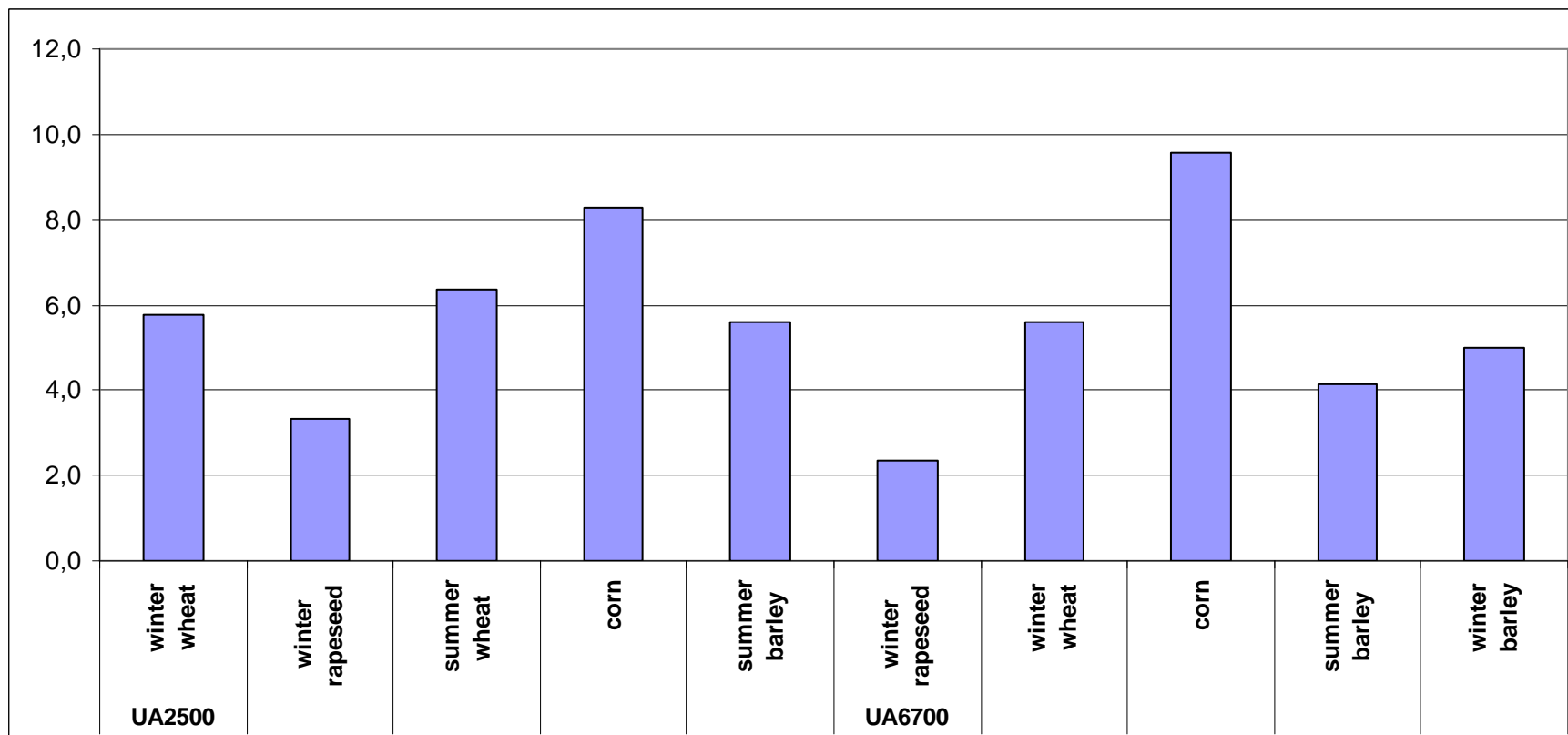
→ In 2008 UA farms were rather competitive, esp. in rape and corn

→ Low wheat prices – quality? Infrastructure?

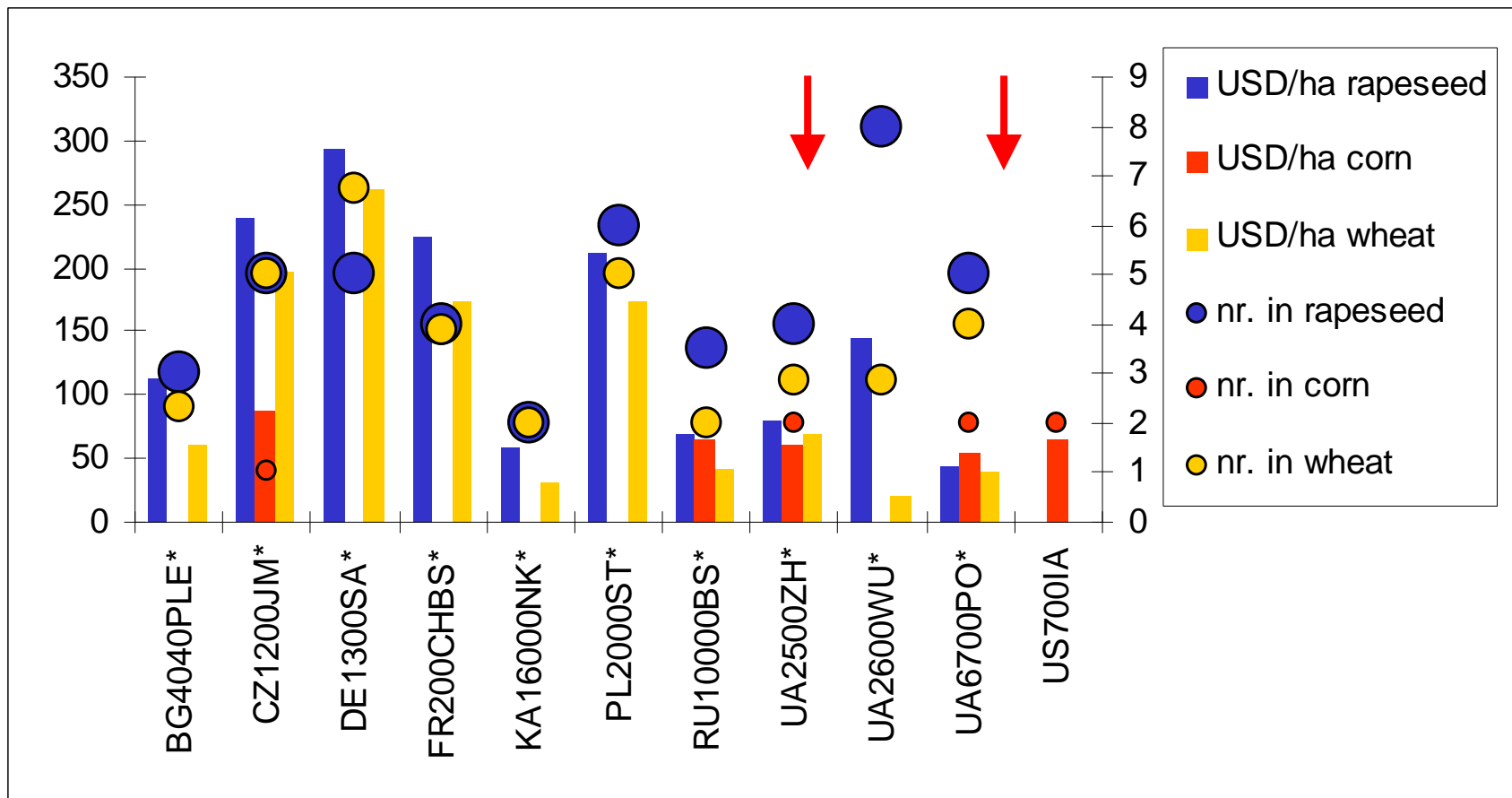
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Yields on Ukrainian *agri benchmark* farms (t/ha)

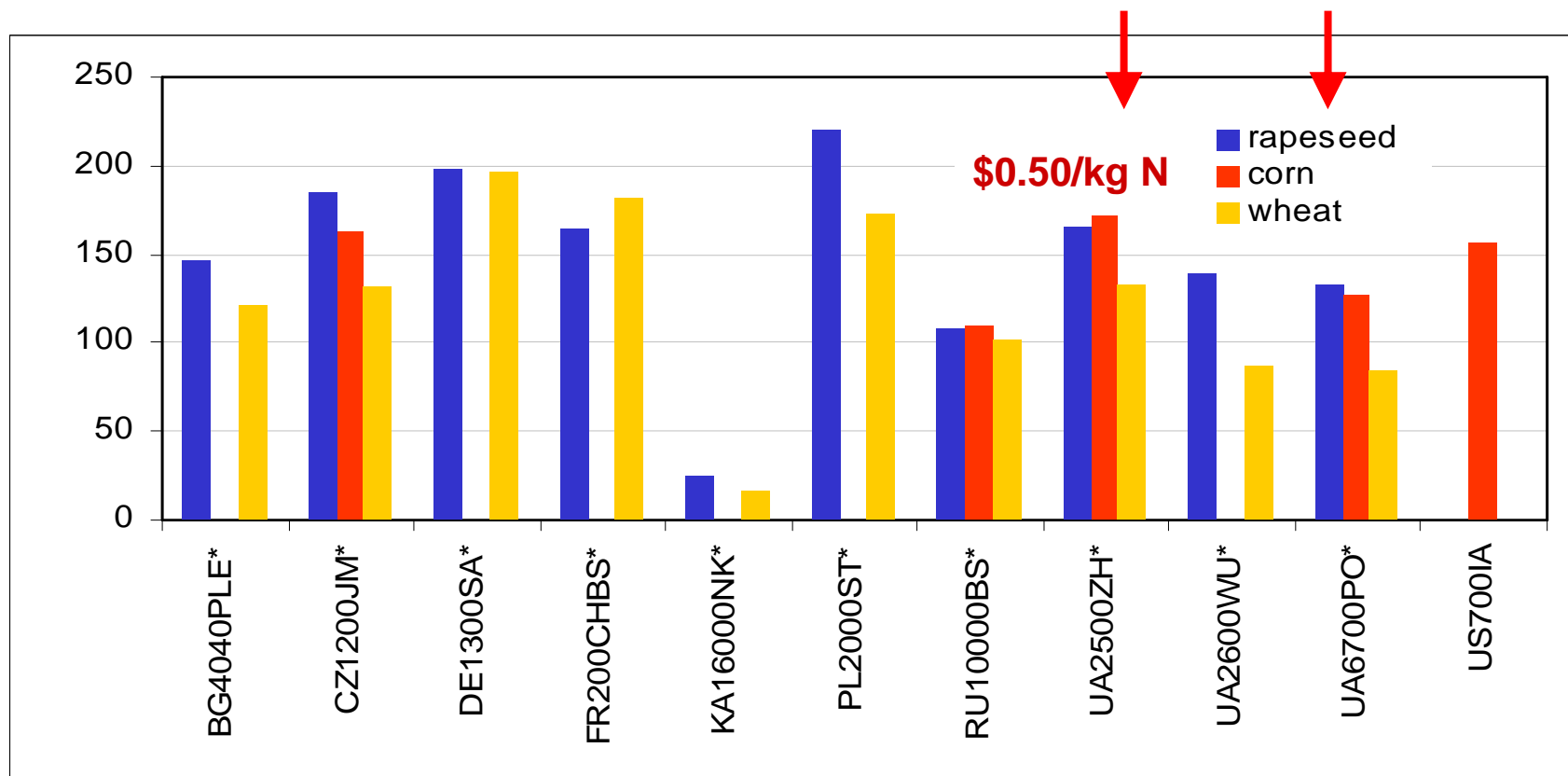


Pesticide intensity (# of applications and cost (USD/ha))



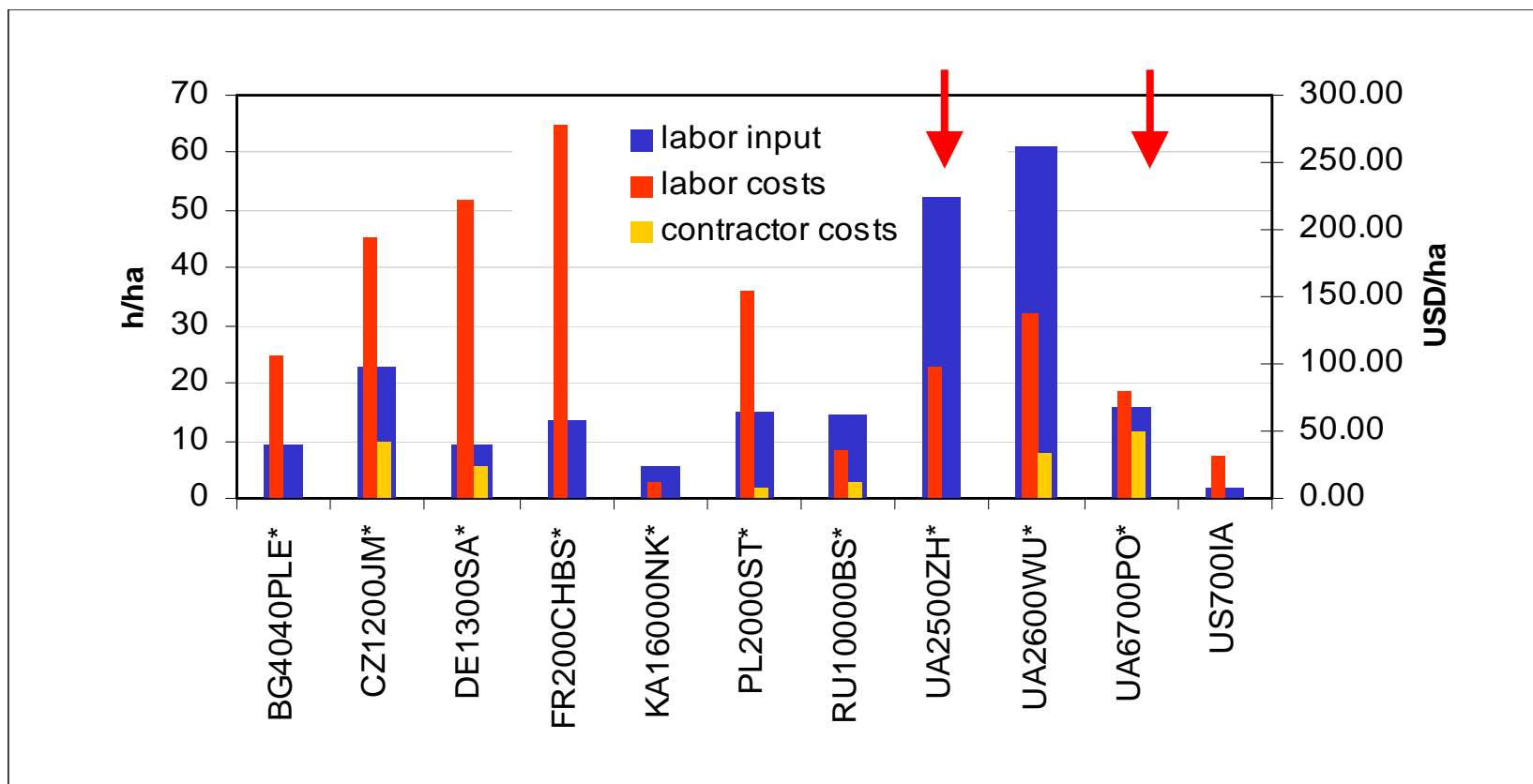
→ Low-moderate intensity in Europ. comparison, cheap pesticides in Ukraine

Nitrogen input (kg/ha)



→ Moderate N intensity in European comparison

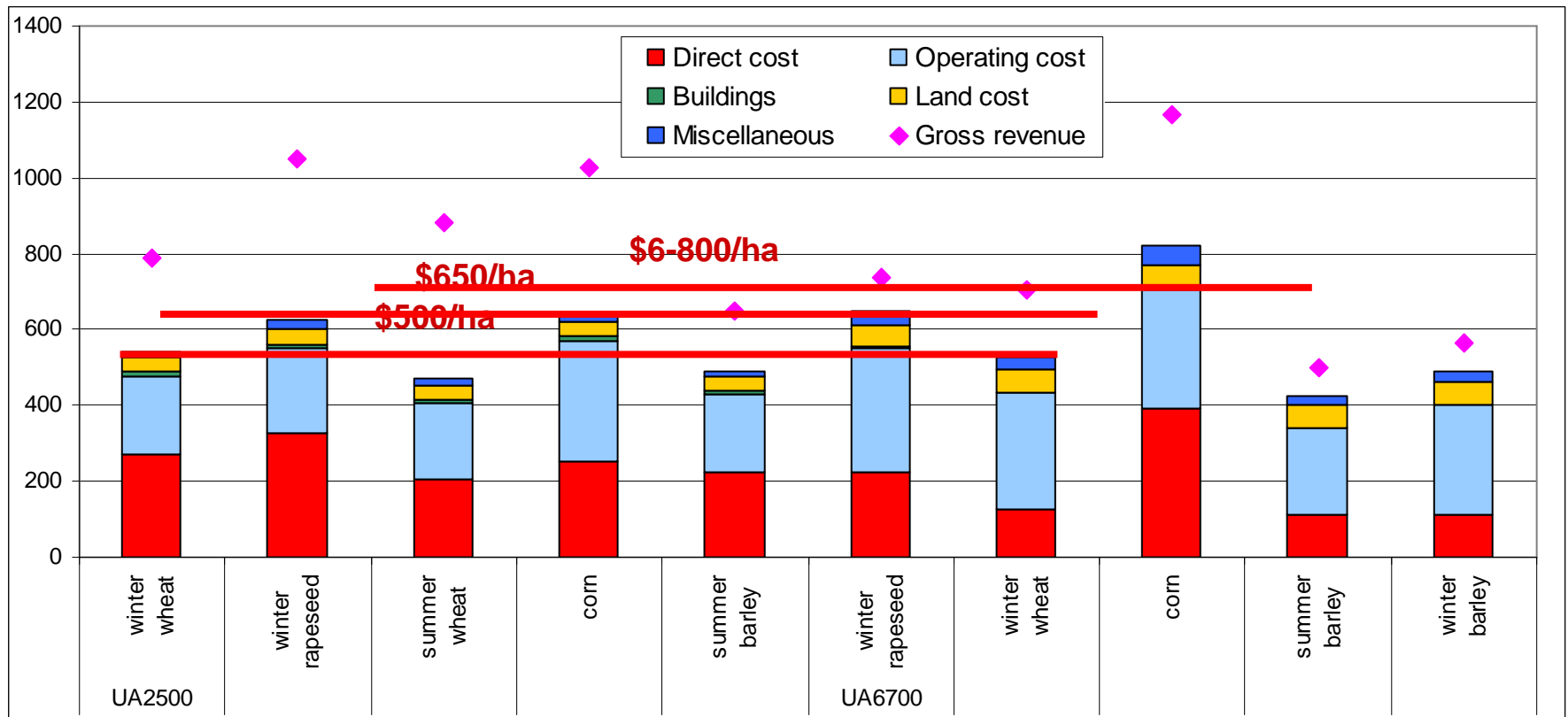
Labor intensity (USD/ha and h/ha)



→ One farm with very high input of cheap labor

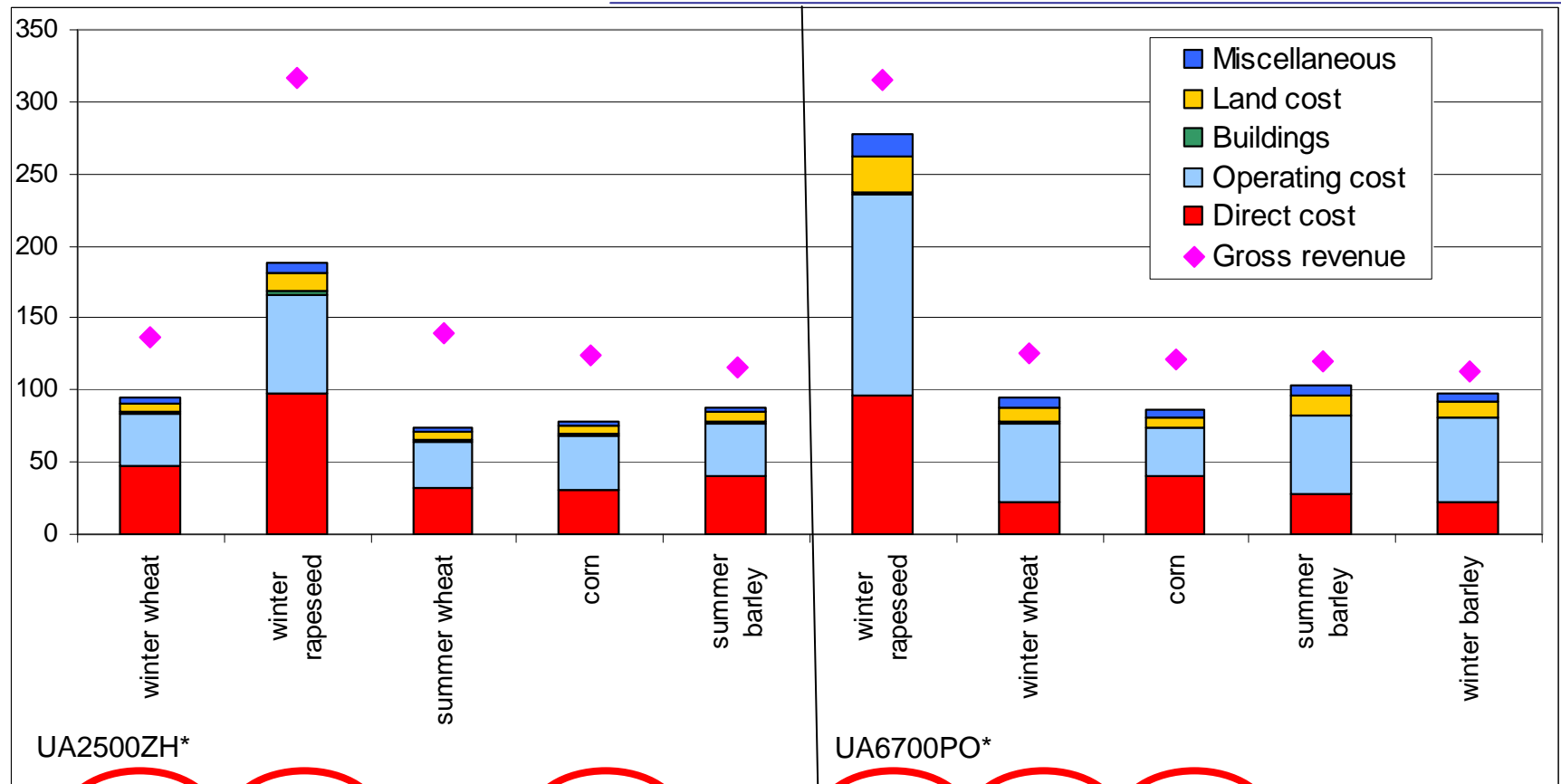
→ One farm with less but higher paid labor, more contractor

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

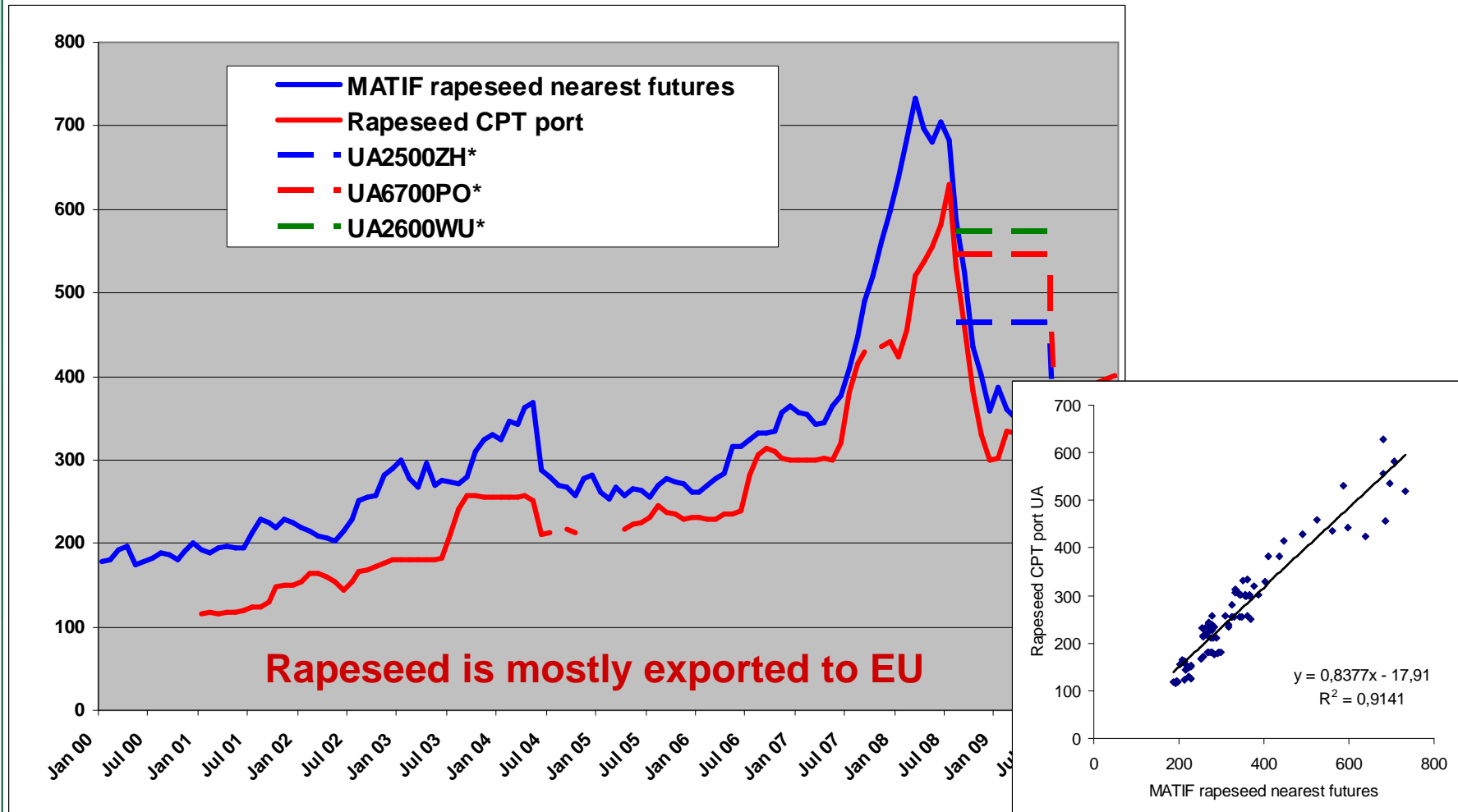
3.6

4.4

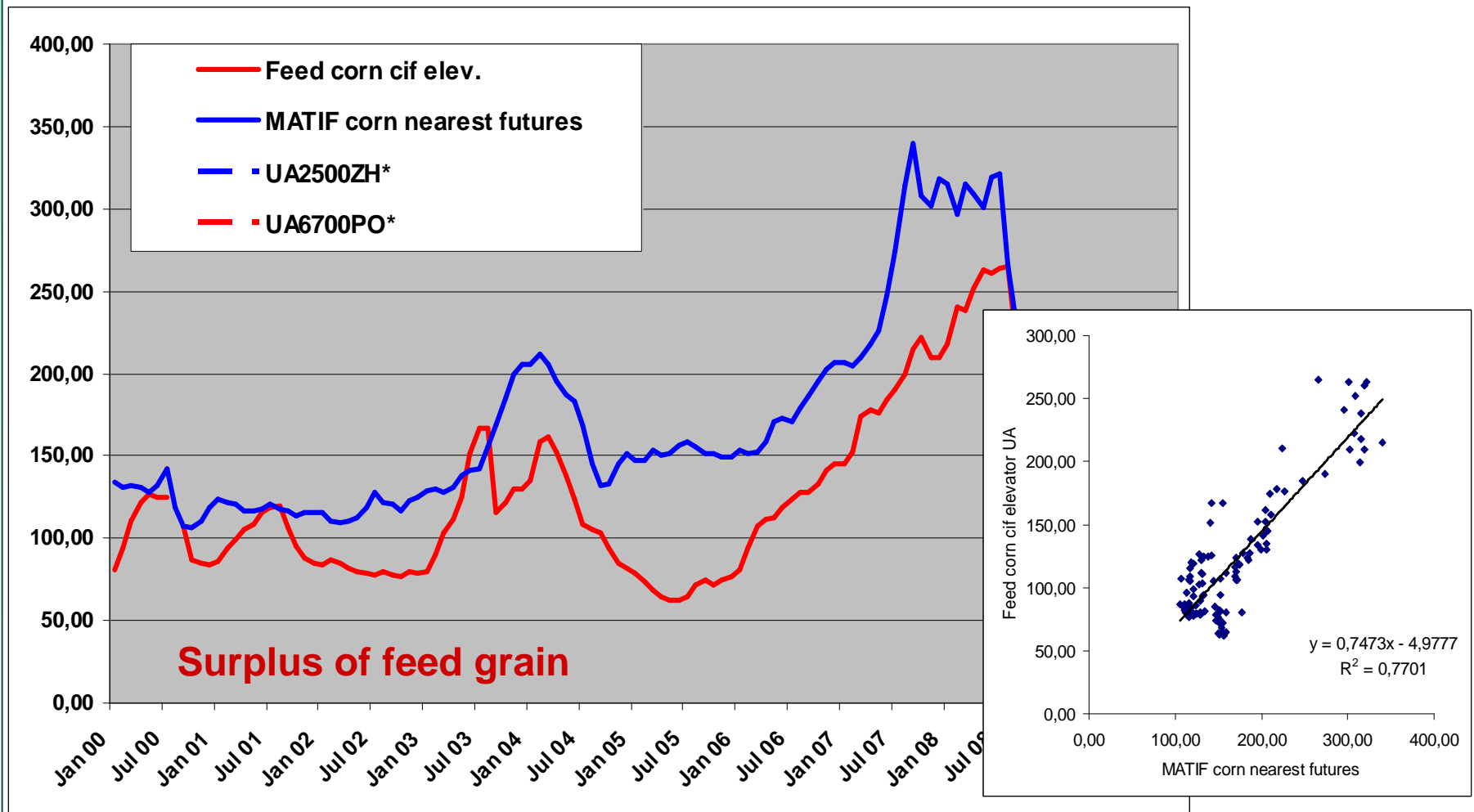
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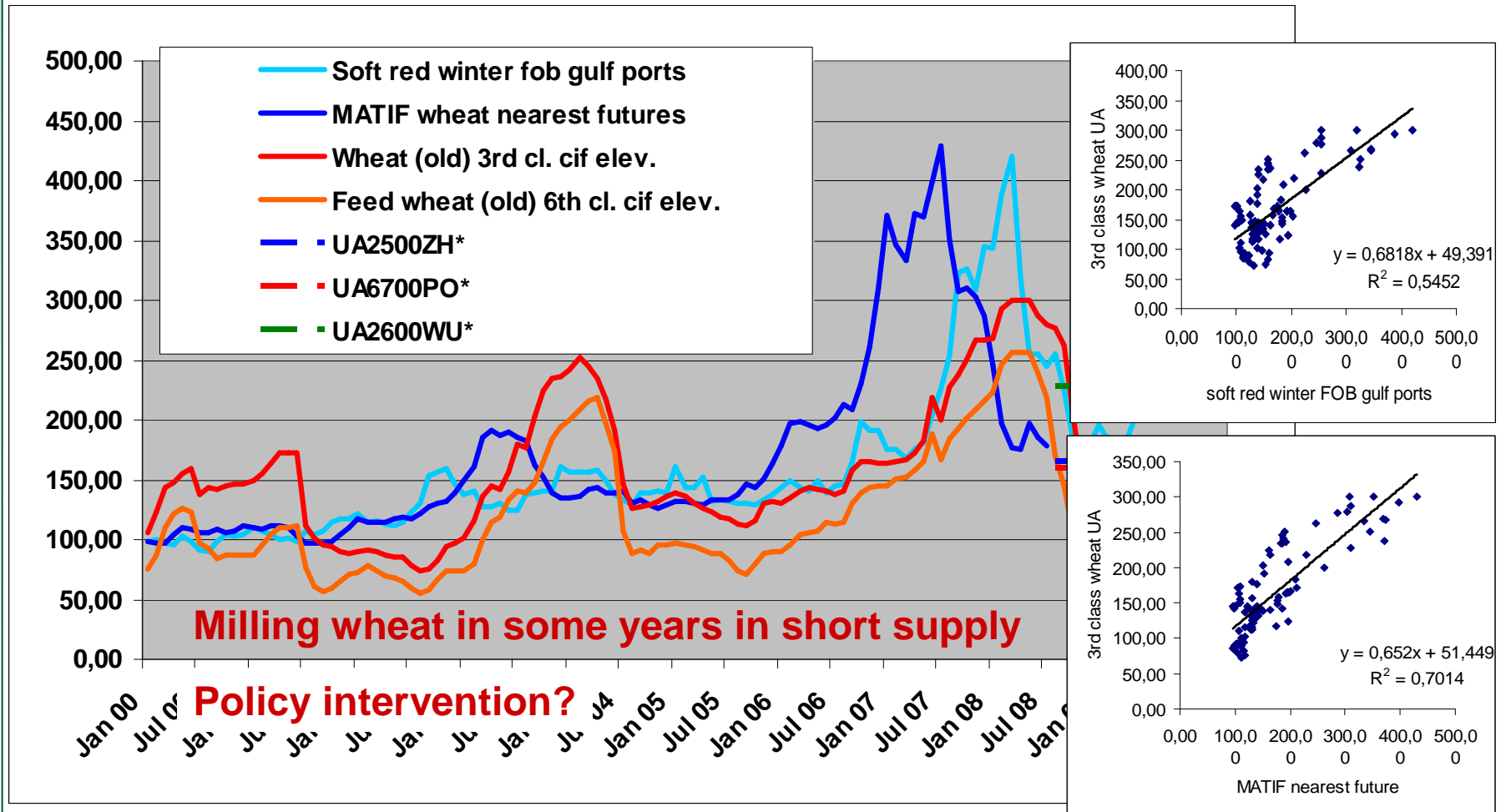
Prices received and their relation to the world market – rapeseed (USD/t)



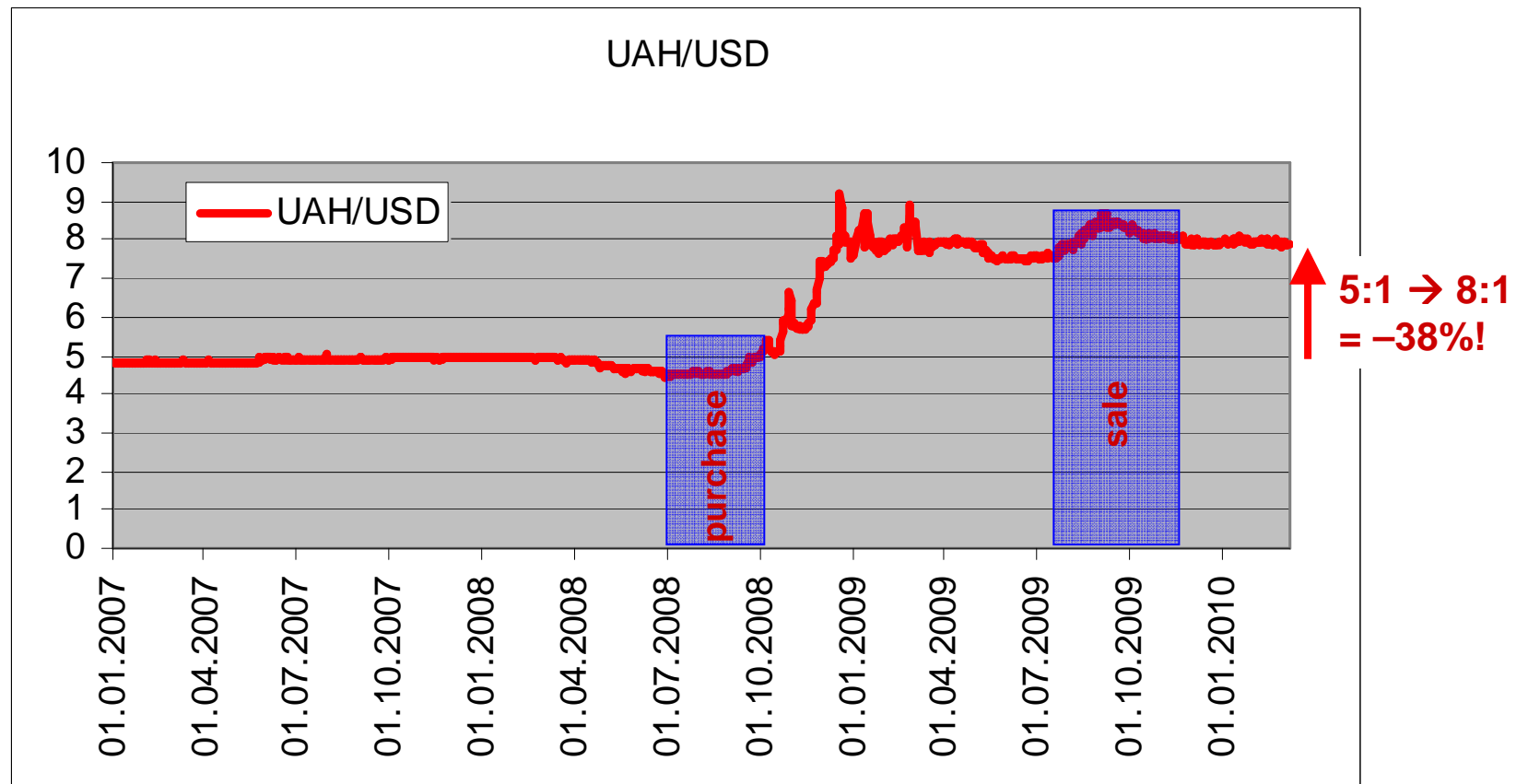
Prices received and their relation to the world market – corn (USD/t)



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



Exchange rate UAH/USD over time

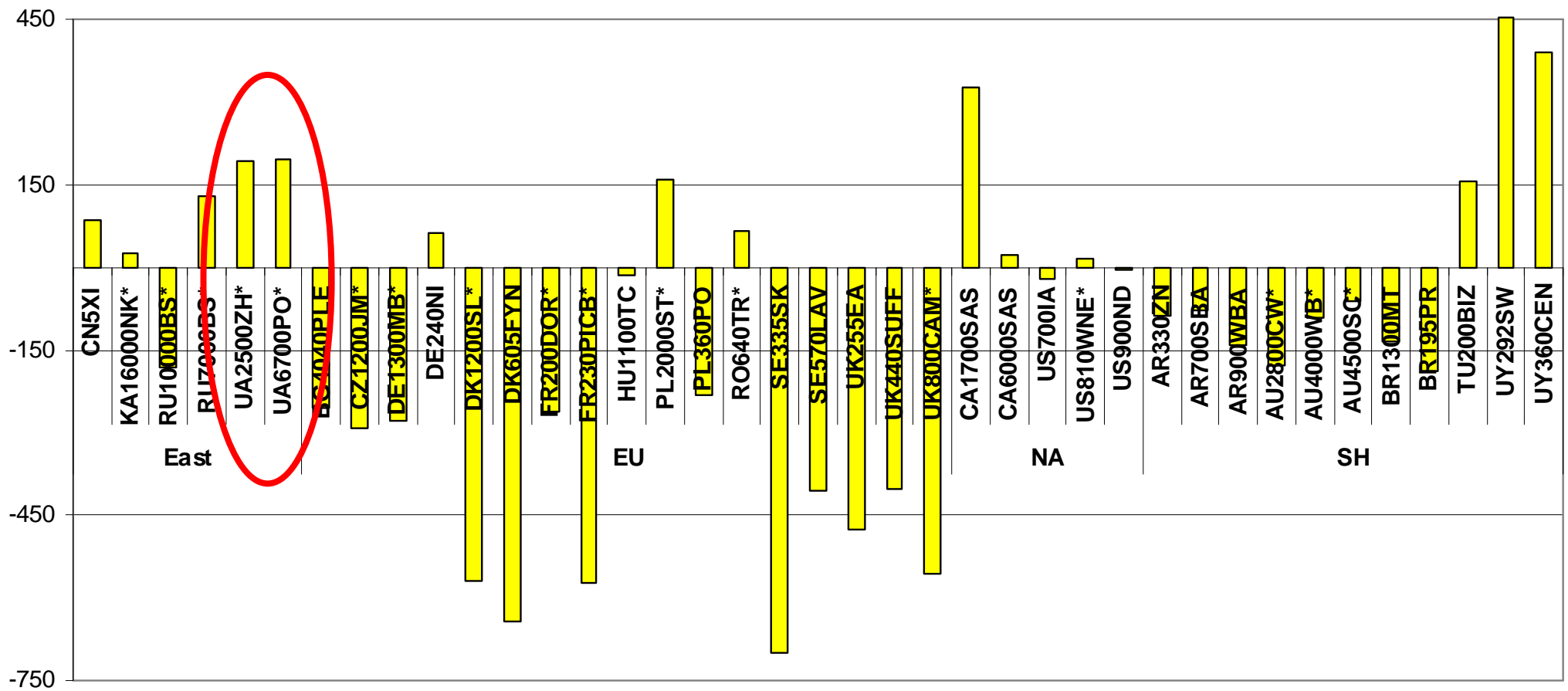


→ In 2009 UA farm profitability was boosted by currency devaluation!

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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!

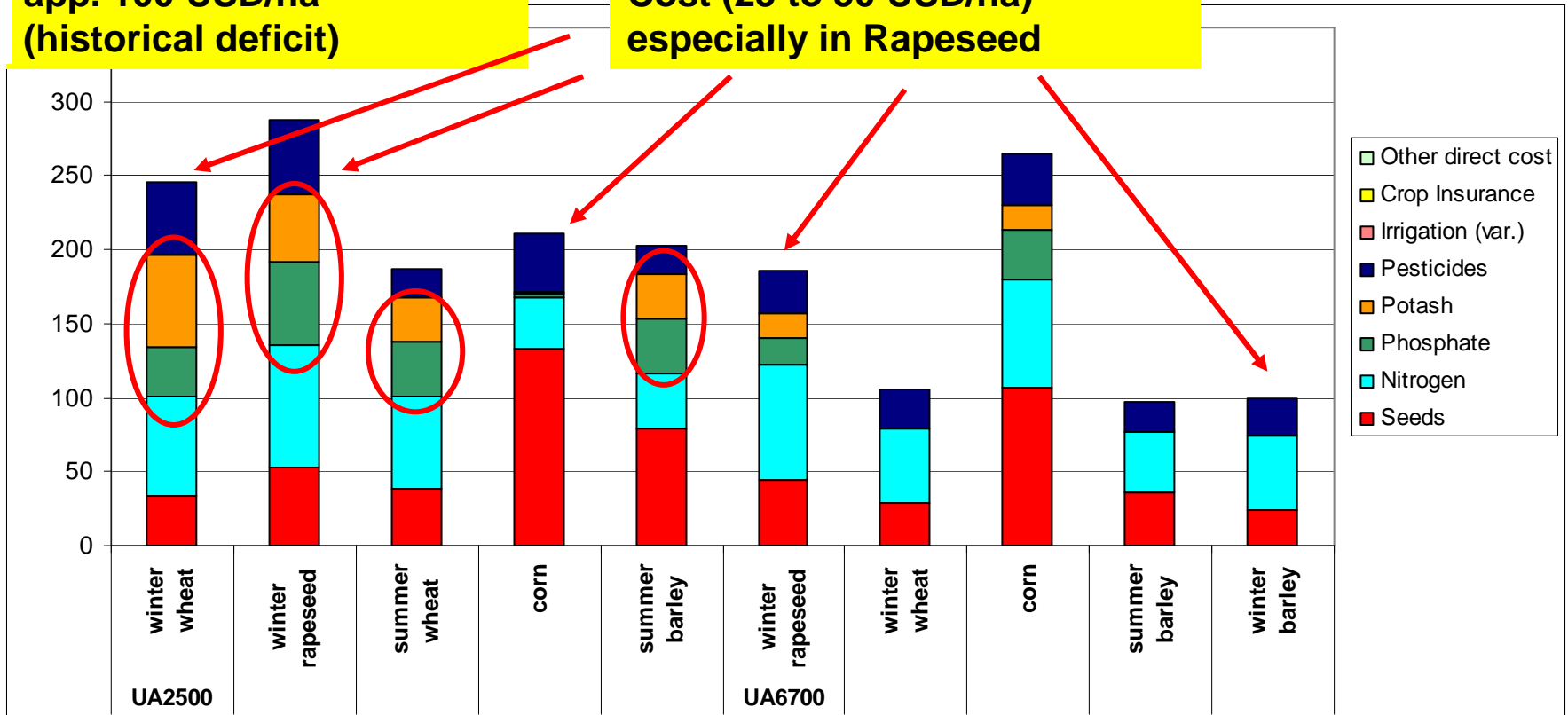


Direct Cost on Ukrainian farms (USD/ha)

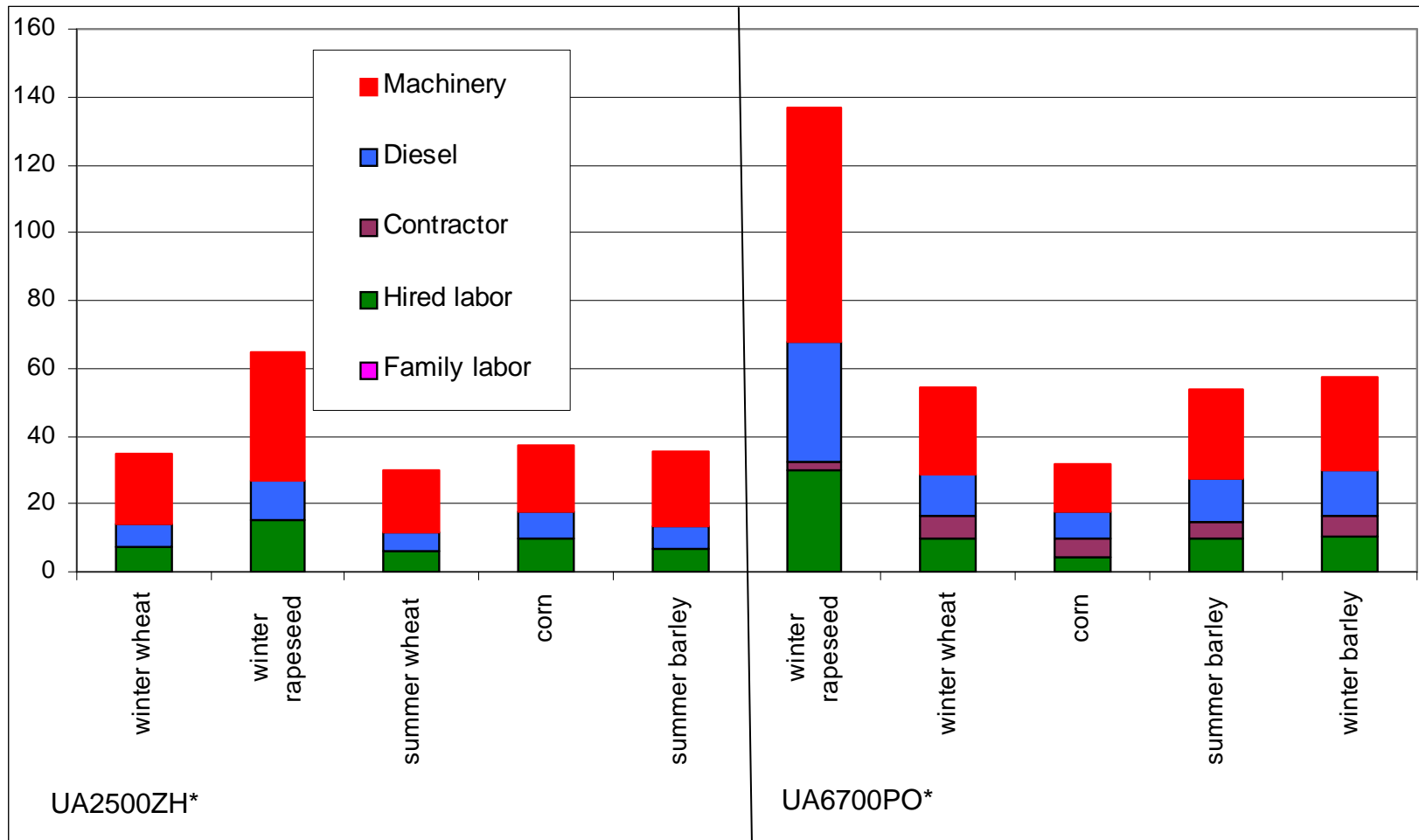
P: \$0.89/kg
K: \$0.70/kg

**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)

