

Agricultural Market Information Infrastructure in Ukraine: Perspectives of Development

by

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College of
Agriculture,
Food and
Natural
Resources

Food and Agricultural
Policy Research Institute



FAPRI

Agenda

- Why is market analysis needed?
- What is FAPRI and the FAPRI analysis process?
- How could it apply to Ukraine market and policy analysis?

Unknowns and uncertainties

- **High volatility likely to continue**
- **Major uncertainties in the markets**
 - **Policy proposals – all consequences**
 - Oil/Energy price
 - Exchange rates
 - World price surges
 - Financial crisis
 - Weather events/climate change

Who needs information/analysis?

- Government, Min of Agr, Rada, Cabinet
- agribusiness firms,
- farmers,
- NGOs,
- public,
- other modelers
- other governments (EU, US etc)

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FAPRI Mission and Goals

Mission

- Provide **objective analysis** of contemporary issues related to agricultural markets and policies.

Goals

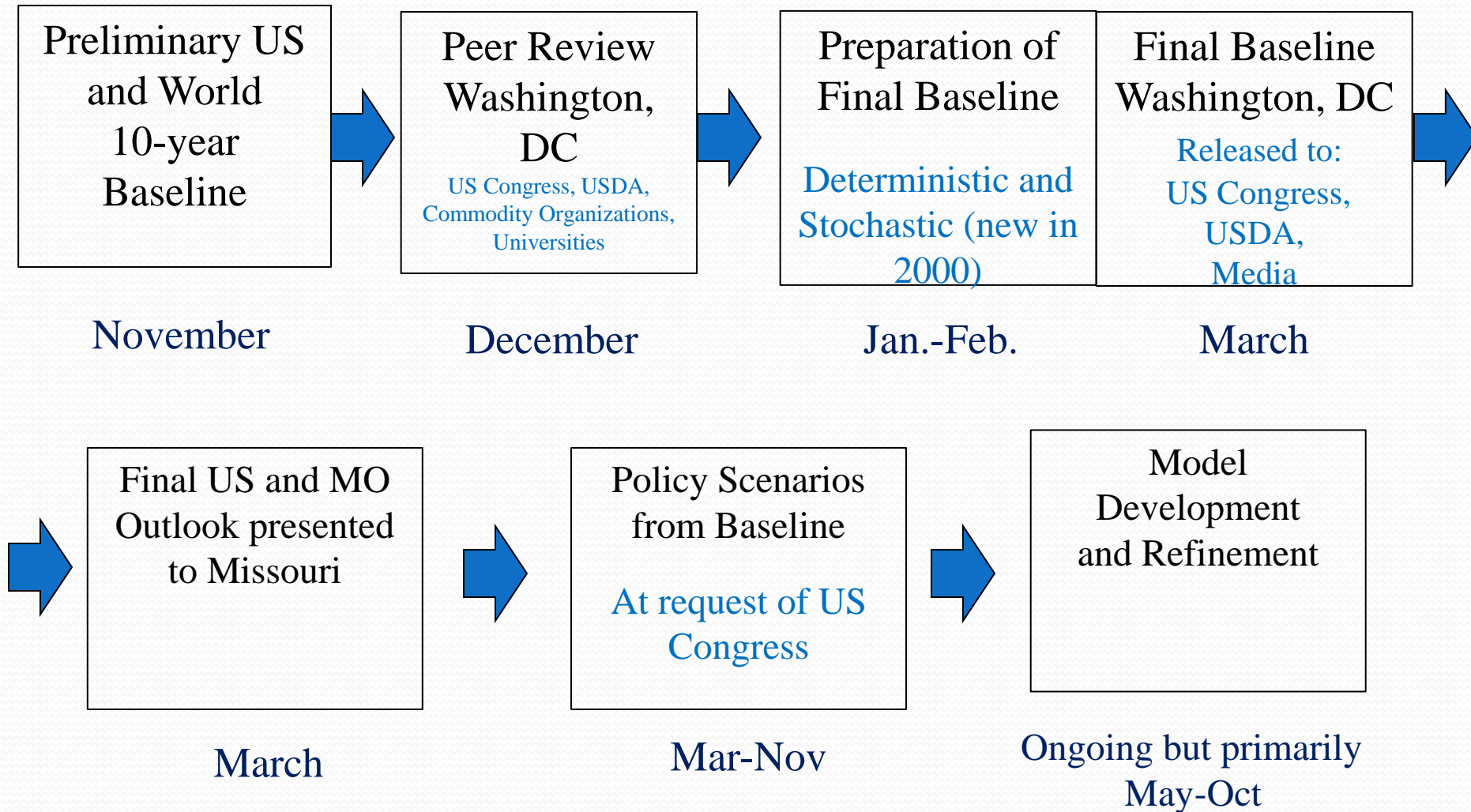
- Premier source for analysis of U.S. agricultural and biofuel markets and policies.
- International respected source for analysis

Clients

- **US Congress**, US Government, agribusiness firms, farmers, NGOs, public, other modelers and other governments

FAPRI-MU Baseline Process

This basic design has been in place for 25 years



How does FAPRI utilize the baseline models for policy?

- FAPRI's models fine-tuned and expanded for over 25 years
- After the Baseline, conduct **policy scenarios**
- FAPRI **never advocates** for or against a policy
 - We provide the possible outcomes for a given set of assumptions – **What If?**
 - Policy makers are the “deciders”

FAPRI's International Collaborators

FAPRI Global Model System

World Prices

FAPRI-Ireland
Teagasc
Ireland
+
AGMEMOD

FAPRI-UK
AFBINI
N. Ireland



KREI
Korea



BFAP
Pretoria
S. Africa



SAGARPA
Mexico

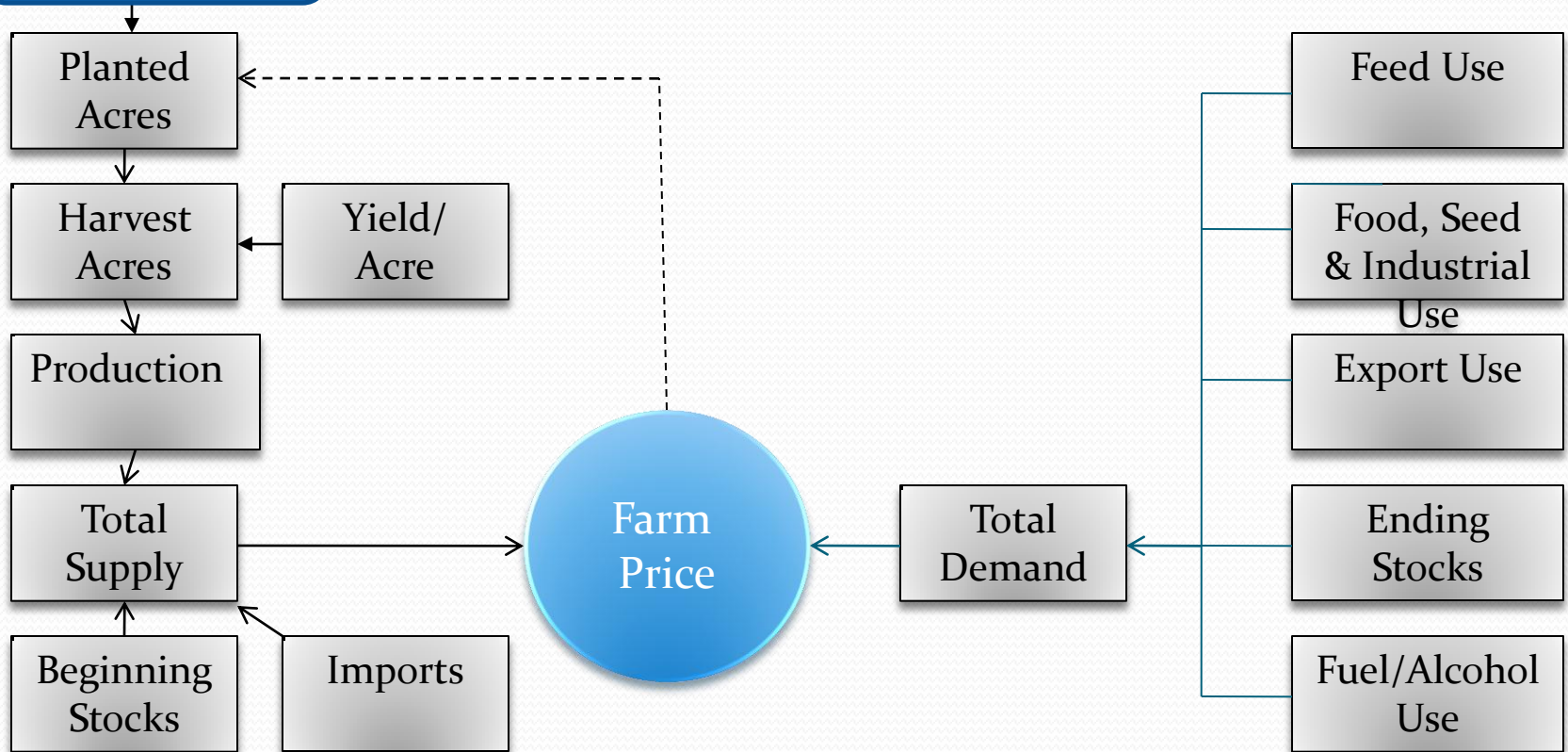


FAPRI baseline model characteristics

- **Multi-market** (models linked across commodities and countries)
- **Dynamic** (markets adjust over time)
- **Partial equilibrium** (macro-economic conditions treated as given)
- **Non-spatial** (country total exports/imports, not trade flow matrix)
- **Hybrid** (some portions estimated econometrically, some synthetic)
- **Policy-rich** (detailed and explicit)

Government Support

Corn Flow Chart



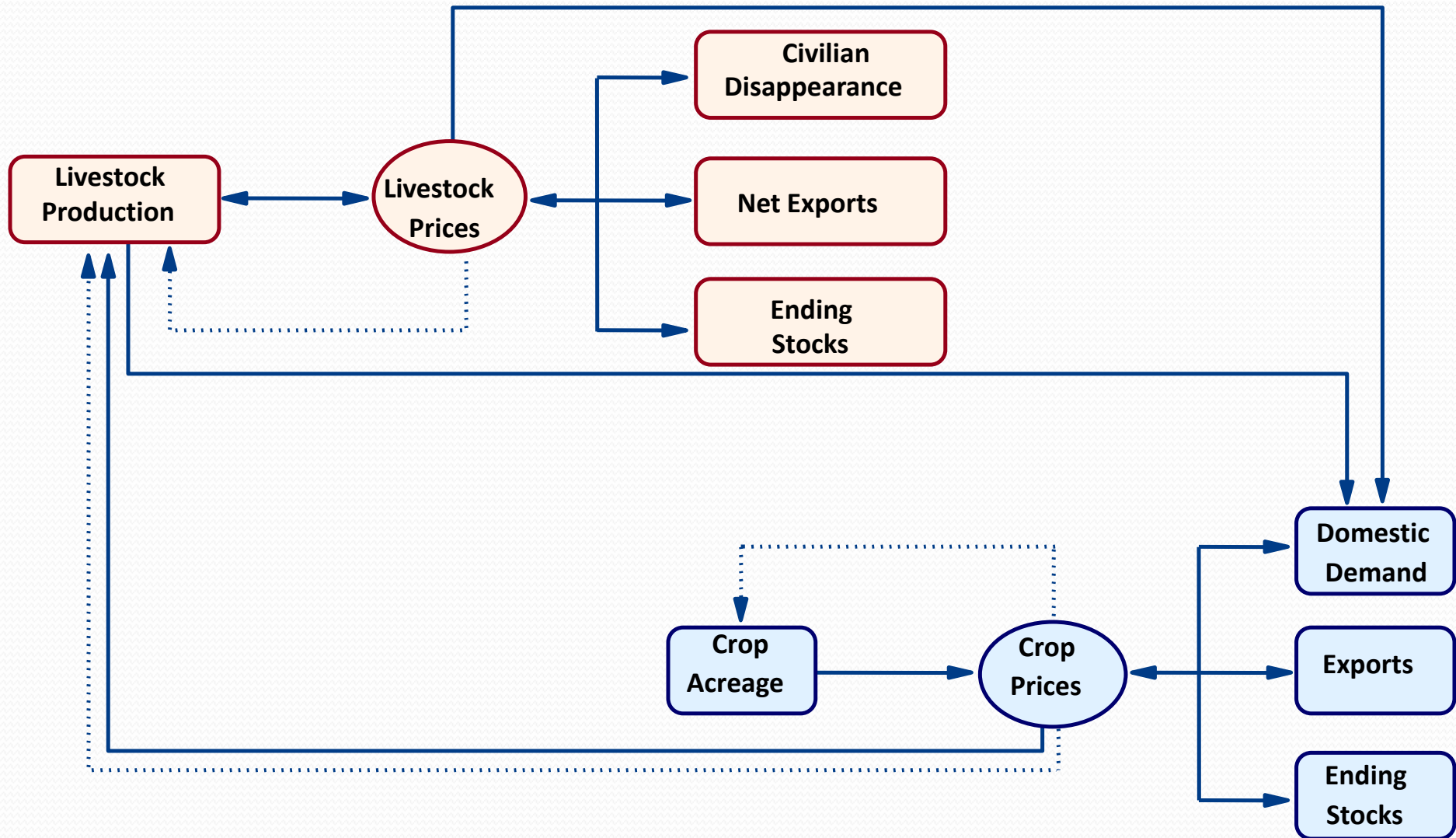
Supply=Demand

Production + Beginning Stock + Imports =

Feed + Food, Seed, Industrial + Exports + Ending Stocks + Fuel/Alcohol

Model Structure

Interaction Between the Livestock and Crop Models



Expertise Needed

- Strong economics training
- Strong working knowledge of Excel to
Strong understanding of agricultural
markets and industries
- A willingness to put in many hours to ensure
data validity and model stability

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Building a Ukraine country model

- Use the EU GOLD/AGMEMOD framework
- Start with the most important commodities
- Link Ukraine prices to FAPRI European and world market prices
- Continue to enhance and refine
- See AGMEMOD example this afternoon

Diakuju!

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