Agricultural Market Information Infrastructure in Ukraine: Perspectives of Development

by
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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

- **Preliminary US and World 10-year Baseline**: November
- **Peer Review Washington, DC**: December
  - US Congress, USDA, Commodity Organizations, Universities
- **Preparation of Final Baseline**: Jan.-Feb.
  - Deterministic and Stochastic (new in 2000)
- **Final Baseline Washington, DC**: March
  - Released to: US Congress, USDA, Media
- **Final US and MO Outlook presented to Missouri**: March
- **Policy Scenarios from Baseline**: Mar-Nov
  - At request of US Congress
- **Model Development and Refinement**: Ongoing but primarily May-Oct
  - 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)
Corn Flow Chart

Government Support

Planted Acres

Harvest Acres

Yield/Acre

Production

Total Supply

Beginning Stocks

Imports

Farm Price

Total Demand

Feed Use

Food, Seed & Industrial Use

Export Use

Ending Stocks

Fuel/Alcohol Use

Supply = Demand

Production + Beginning Stock + Imports = Feed + Food, Seed, Industrial + Exports + Ending Stocks + Fuel/Alcohol
Model Structure
Interaction Between the Livestock and Crop Models

Livestock Production
Livestock Prices
Livestock Prices
Civilian Disappearance
Net Exports
Ending Stocks
Crop Acreage
Crop Prices
Exports
Domestic Demand
Ending Stocks
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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