

GROATS MARKET IN THE SOUTH OF UKRAINE

TRH S KROUPAMI NA JIHU UKRAJINY

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Abstract:

The article contains analysis of groats market development in the south of Ukraine and study of efficiency of buckwheat and millet production in farms of various types of ownership. It also includes the research of production increase possibilities groats market functioning improvement.

Keywords:

Groats market, buckwheat and millet production, efficiency of production, profitability, market formation

Anotace:

Článek obsahuje analýzu rozvoje trhu s kroupami na jihu Ukrajiny a studuje efektivitu výroby pohanky a prosa v zemědělských podnicích různého typu vlastnictví. Obsahuje také výzkum možnosti zvětšení trhu s kroupami a zlepšení jeho fungování.

Klíčová slova:

Trh s kroupami, výroba pohanky a prosa, efektivita výroby, rentabilita, tvorba trhu

INTRODUCTION

Among life support resources food takes the leading place. So agricultural products and food production must be the most profitable and competitive branch of economy. Nowadays Ukrainian field of agricultural products is in crisis situation. The definite production resources shortage, primarily technical and energetic ones, causes potential usage decrease and reduction. As a result volumes of agricultural production decrease annually, thus consumption of essential kinds of food reduces.

Food provision and safety for society depends both on physical food consumption of various groups and their paying capacity. Purchasing capacity reduction leads to the changes of various kinds of food ratio in “consumption basket”: decrease of meat, fish, milk and vegetables (expensive food) and increase of bread, potato and groats (cheap food). So food market has a good situation for development of cheap high-energetic, nourishing food production, i.e. groats production. As crisis output demands considerable amount of time, groats producers can plan high request for the nearest times.

METHODS AND MATERIALS

While groats production analyzing economic, statistic and empiric research methods were used.

Table 1 – Main Groats Production in Kherson Region Agrarian Enterprises

Index	Year	All types of fields enterprises	including				
			Government agrarian enterprises	Non-government agrarian enterprises	among them		
					Fields enterprises	Private enterprises	Farms
Buckwheat							
Sowing area, hectares	2001	7443	361	4230	2213	913	344
	2002	2100	133	1724	1063	229	115
	2003	4121	441	2954	1772	422	81
Croppage, centners	2001	50973	2668	23061	14279	4337	1718
	2002	9810	923	7788	4740	1245	660
	2003	28925	3137	21635	10515	5246	492
Crop capacity, centner per hectare	2001	6,9	7,4	5,5	6,0	4,8	5,0
	2002	4,7	6,9	4,5	4,0	5,4	5,7
	2003	7,0	7,1	7,3	6,0	12,4	6,1
Millet							
Sowing area, hectares	2001	16452	541	10534	5130	1154	1054
	2002	6709	380	4573	1903	644	677
	2003	23618	938	17361	8768	1968	2286
Croppage, centners	2001	159264	4475	66074	33056	7809	8960
	2002	48571	2730	35598	15605	5780	4508
	2003	244380	8599	186089	91808	21604	22037
Crop capacity, centner per hectare	2001	9,7	8,3	6,3	6,0	6,8	8,5
	2002	7,2	7,2	7,8	8,0	9,0	6,7
	2003	10,4	9,2	10,7	10,0	11,0	9,6

Groats market in Kherson region of Ukraine

The Southern part of Ukraine isn't a traditional groats growth zone. In spite of this the main Kherson regional groats market formation is provided by local producers.

Last three years static information [3] research resulted considerable changes in groats production volume among Kherson region farms (see table 1).

Buckwheat croppage decreases in all types of production enterprises. For example, in 2001 about 51 000 centners of buckwheat were grown, in 2002 – 9,8 000 centners (5,2 times less comparing with the previous year), in 2003 – 28,9 000 centners (43,3% less than in 2001 and 2,9 times more than in 2002). There is a tendency of buckwheat fields reduction. In 2003 4121 hectares were allotted for sowing , that is 44,6% less comparing with 2001.

At the same time millet production has increased for the last three years. In 2003 244,4 centners of millet were gathered, that is 53,4% more than in 2001 and 5 times more comparing with the previous year.

Considerable reduction of these valuable crops sowing in 2002 is the result of increase of winter crops growth volumes. The state program which was held in Ukraine supposed extra sources support for wheat production, thus many farms allotted considerable part of areas for its growth.

Buckwheat crop capacity analysis in separate agrarian enterprises had shown that the largest harvests are gathered in state enterprises and the smallest ones – in private enterprises and farms. State agrarian enterprises are mainly scientific-research ones, they have considerable scientific and technical potential, access to budget resources for production intensive production. Thus they have possibilities to provide necessary conditions for groats' high harvests stability. Small private enterprises and farms can rarely admit considerable money investments in groats' production development. The same situation can be found in millet growth.

Groats' croppage changes depending on weather conditions: buckwheat – from 4,7 centners per hectare in 2002 to 7,0 in 2003, millet – from 7,2 centners per hectare in 2002 to 10,4 in 2003. Ukrainian steppes near the Black Sea area is a zone of risk farming which demands irrigation as the necessary way of crops' high growth. However, at economic crisis agrarian enterprises don't have possibilities to invest considerable financial resources for irrigation. Some farms grow crops in boghara actually without large harvests.

The largest part of the croppage (89% of buckwheat and 76% of millet) is grown by non-government agrarian enterprises – fields enterprises, producers' co-operatives, private farms. About 40% of groats is grown in fields associations – large agrarian joint-stock companies and limited companies which have access to the considerable financial and technical potential for agricultural production.

Today buckwheat and millet production technologies were invented by agricultural scientists (E.S. Alexeyeva [2] V.A. Ushkarenko, M.A. Chernysh [4], A.V. Averchev [1] and others), which can provide high and reach harvests in the South. It has all necessary conditions for that such as reach soils, sufficient warmness and light. Insufficient soil moisture during vegetation period remains the serious problem. But this problem can be solved: irrigation in some Kherson regions gives higher harvests than in other regions even in hot and droughty seasons.

Crops producers with main possession of production capacities for crops processing into groats provide Kherson region and the whole Southern area consumers with the products. In 2003 all types of agrarian enterprises sold 17654 centners of buckwheat, as a result of this the profit was 180,3 000 HUA (see table 2). The crops sales profitability was 17,3%.

Crops production economic efficiency in various types of agrarian enterprises is different. Buckwheat profitability in state enterprises was 18,7%, in non-government – 17,2%. Prime cost of 1 centner of product was accordingly 63,14 HUA and 58,91 HUA, so funds saving is 4,23 HUA per centner. State enterprises have guaranteed production distribution which establishes quite high prices for buckwheat – 5,89 HUA per center higher than in non-

government enterprises.

Table 2 – Buckwheat Sales Results by Kherson Region Agrarian Enterprises in 2003

Types of fields enterprises	Total				1 centner		Profitability level, %
	Product volumes, centner	Product prime cost, thousands of HUA.	Proceeds, thousands of HUA	Profit (loss), thousands of HUA	Product prime cost, HUA	Sales price, HUA	
All types of fields enterprises	17654	1043,8	1224,1	180,3	59,13	69,34	17,3
Including government agrarian enterprises	917	57,9	68,7	10,8	63,14	74,92	18,7
Non-government agrarian enterprises	16737	985,9	1155,4	169,5	58,91	69,03	17,2
Among them: Fields enterprises	14368	687,2	908,3	221,1	47,83	63,22	32,2
Private enterprises and farms	1520	235,1	165,4	-69,7	154,67	108,82	-29,7

Buckwheat production is non-profitable for private enterprises and farms, even in spite of sales high prices (in 2003 unprofitableness was 29,7%). Small farms are not competitive with large producers because small production demands considerable expenses for main resources support. Buckwheat prime cost in farms is 1,7 times higher than in large enterprises. Private producers and farmers could find profitable sales channels for their product having defined high prices – 108,82 HUA. However, buckwheat sales profit didn't cover its growth expenses.

Field enterprises sold 1 centner of buckwheat at quite low price (63,22 HUA), but it was enough to get the considerable profit. Buckwheat production profitability in these types of agrarian enterprises was 32,2%, that is almost twice more than average data in other parts of region.

So groats production in the Southern regions of Ukraine is the prospective branch of agriculture and can be very effective upon necessary funds investments into its development.

CONCLUSION

Upon given analysis of groats market formation in the South of Ukraine and aiming to improve the market we are recommending the following:

- To increase buckwheat and millet production volumes in large producing agrarian enterprises with necessary production potential;
- To provide agricultural mechanics availability for groats growth, optimal fertilizers doses and irrigation support to supply high harvests stability;
- To develop marketing services in producing fields enterprises aiming to influent actively on groats market formation;

- To establish government support for producers with benefits program in crediting and taxation; agrarian production support tasks programs' execution, groats market regulation.

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