

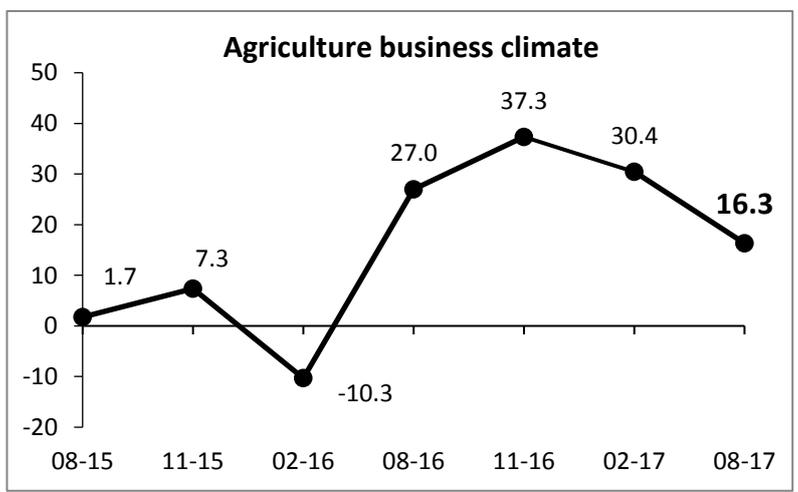


News of the German-Ukrainian Agricultural Policy Dialogue (APD)

Project activities

Agriculture Business Climate dropped in August 2017

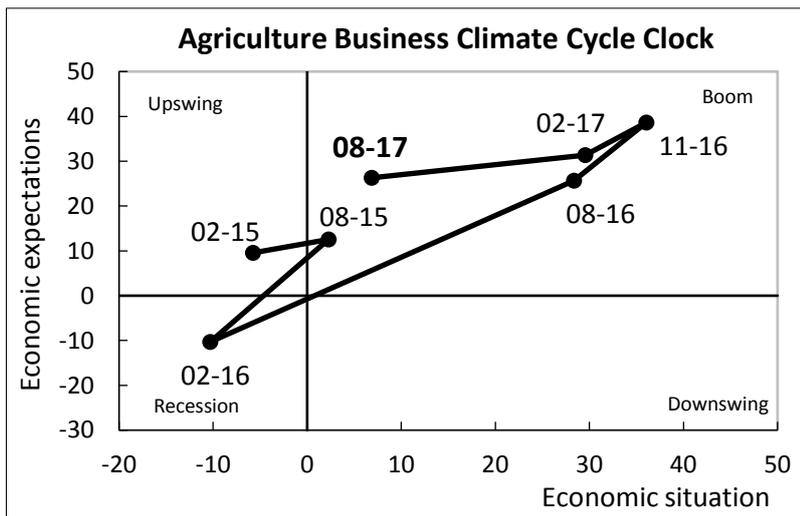
Kyiv, 13th September 2017. August survey on Agriculture Business Climate demonstrates weakening of perception of agricultural producers about their business performance and opportunities in Ukraine. In light of this evaluation, compared to February 2017, the estimates of the current situation decreased tremendously, whereas business expectations for the upcoming year dropped just slightly. In addition, comparison with the estimates of August 2016 (when Agriculture Business Climate boosted significantly) results in a rather poor evaluation of the current business climate in agriculture of Ukraine.



The current survey indicates that agriculture producers in Ukraine are quite confident in their management capabilities. Particularly, the level of technical equipment and machinery seems to have a positive impact, whereas the macroeconomic framework is perceived as having a negative influence on the business climate in agriculture of Ukraine.

The results are significantly influenced by negative perceptions of producers in North-East regions of Ukraine with the lowest estimation of business climate at the level of (8.1 points). Much better estimations were submitted by other regions: Center 17.0, South 21.6 and West 22.6 points. Such differences may be related to weather conditions that vary within the regions.

Referring to production scale, the lowest level of business climate was observed among producers with land bank less than 5 000 ha 1.7 points. Respondents with land banks of more than 5 000 ha estimated business climate with 17.4 points, individual producers with 16.6 points, and holdings with 36.0 points. Agri-holdings, who are mainly specialized in crop production and export, are much more positive about the business climate, than smaller business structures.



Producers of animal products estimated business climate rather poor, with 4.4 points. This might reflect the fact that animal production requires long-term investments. At the same time, crop producers evaluated business climate with 19.9 points, which seems to be a result of more favorable export market conditions as well.

Agriculture Business Climate Cycle Clock is new to the series of reports on Agriculture Business Climate. It

demonstrates producers' evaluation of current business situation and their one-year expectations. The current graph shows a downswing of the business climate, but still remains on high level regarding the economic expectations.

Note: Agriculture Business Climate was developed and introduced by common efforts of German-Ukrainian Agricultural Policy Dialogue (APD) and the association "Ukrainian Agribusiness Club" (UCAB) on the base of German general business climate (ifo-Geschäftsklimaindex). The survey and analyses are carried out three times per year and determine subjective perceptions of Ukrainian producers on both, their current business situation and one-year outlook. ABC may change from -100 (very poor) over 0 (indifferent) to +100 (very good). In the current report, technical changes have been implemented. In particular, only one question is reflected in the graphs shown. More detailed questions, e.g. on the general and macroeconomic framework, are now used for explanation of results. In this context Agribusiness Climate outcomes have moved up considerably.

Source: APD, UCAB. Photo: APD, UCAB. Date: 06.10.2017