

Agribusiness and Agro-industries Development in Central and Eastern Europe

Joint FAO-IAMA WORKSHOP

International Food and Agribusiness Management Association

19th Annual World Forum & Symposium

**AGRI-FOOD MARKETS IN CENTRAL
AND EASTERN EUROPE:
WILL CHANGES IN TRADE
CONDITIONS LEAD TO A NEW PAN-
EUROPEAN FRAME?**

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Agricultural Market Options

From the Demand Side

- the increasing population,
- the income changes,
- the urbanization process, the increasing demand for non-food agricultural products will be important

From the Supply side

- the supply of the traditional agricultural resources
- labor, land , capital
- technology supply
- but** these effected by the weather conditions, climatic changes and the status of water supply

Impact Of Food Prices Increases On Trade Balance (2006)



- Red** Large losers (trade balance worsening > 1% 2005 GDP)
- Light Red** Moderate losers (trade balance worsening < 1% 2005 GDP)
- Blue** Moderate gainers (trade balance improving < 1% 2005 GDP)
- Dark Blue** Large gainers (trade balance improving > 1% 2005 GDP)
- Grey** No data

SOURCE: The World Bank

The Players at the European Agri-Food Market

- ✓ EU-15
- ✓ EU-10
- ✓ NMS (EU-2) (Romania and Bulgaria)
- ✓ 10 North African countries (Algeria, Egypt, Israel, Jordan, Lebanon, Libya Morocco, Occupied Palestinian Territory, Syria, Tunisia)
- ✓ 7 Post-Soviet countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine and Russian Federation)
- ✓ USA
- ✓ Other

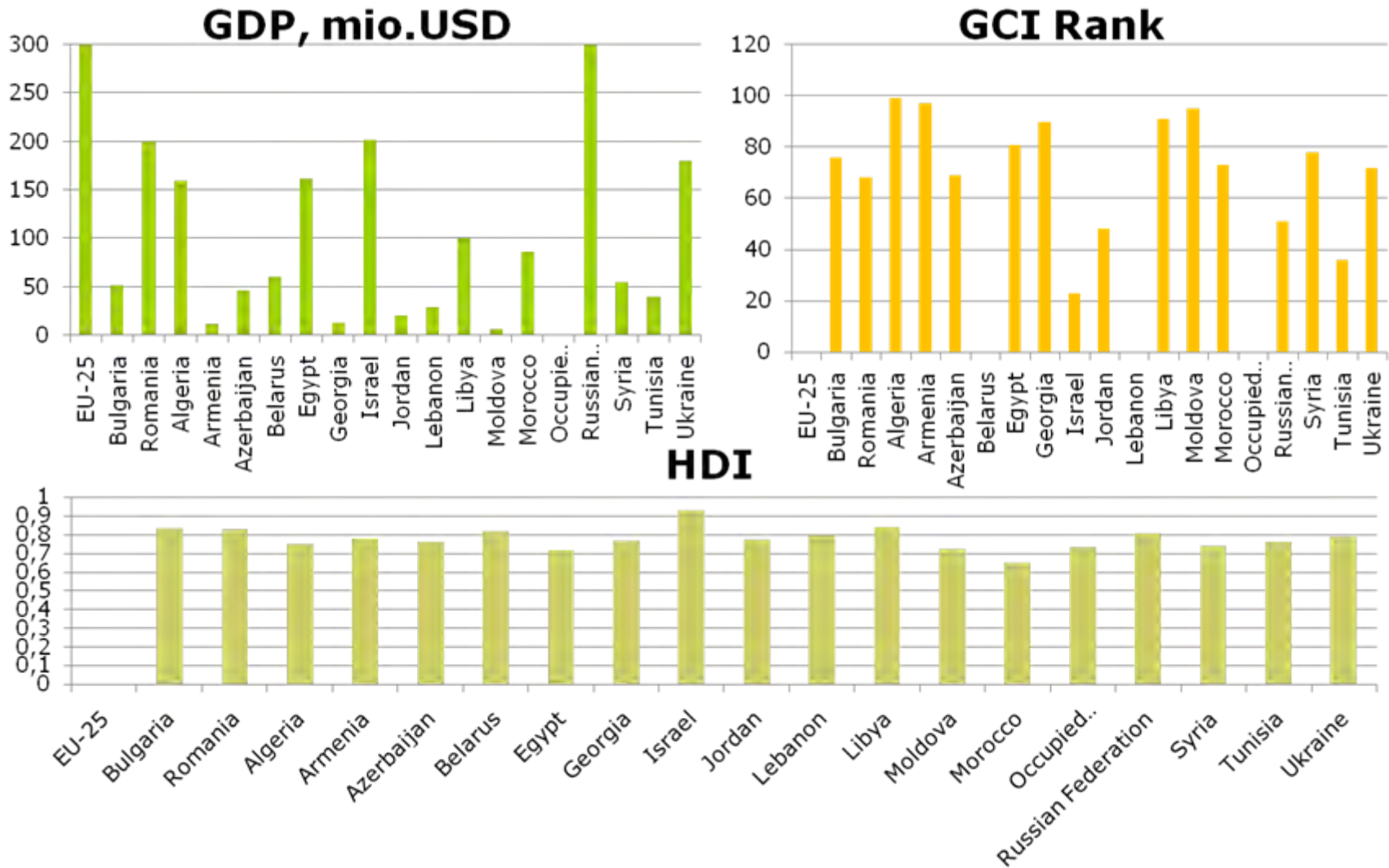
List Of Exporting and Importing Agricultural Products by the Countries of Origin and Consumption

Product	Country of Export	Country of import
Bananas	Egypt, Lebanon	Algeria, Belarus, Bulgaria, Georgia, Jordan, Romania, Russia, Syria, Ukraine
Barley	Bulgaria, Moldova, Romania, Russia, Ukraine	Algeria, Armenia, Belarus, Bulgaria, Israel, Jordan, Lebanon, Libya, Morocco, Romania, Russia, Syria, Tunisia, Ukraine
Maize	Bulgaria, Georgia, Moldova, Romania, Ukraine	Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Morocco, Romania, Russia, Syria, Tunisia, Ukraine
Rice		Armenia, Belarus
Rapeseeds and rapeseeds oil	Romania, Ukraine	Algeria, Israel
Rye	Ukraine	Israel, Russia
Sorghum	Ukraine	Israel
Soybeans	Ukraine	Egypt, Morocco, Syria
Sweet potatoes	Israel	
Wheat	Azerbaijan, Bulgaria, Egypt, Georgia, Moldova, Morocco, Romania, Russia, Syria, Ukraine	Armenia, Azerbaijan, Belarus, Bulgaria, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Occupied Palestinian Territory, Romania, Russia, Syria, Tunisia

Problem

- ✓ The outcome of the favored treatment of Non-Member States for the European agri-food markets
- ✓ Competitiveness between EU producers (farmers and small and medium-sized processors) and non-EU ones
- ✓ Performance implications of CAP reform for neighboring countries compared to the EU-Members States

The main indexes of social and economic development



Methodology

classical TCI, RCA (Balassa, 1965)

The Revealed Comparative Advantage

The Trade Coverage Index

***the dissimilarity indexes of specialization (DSR) and
concentration (DCR)***

Specialization measure (DSR_j)

Concentration measure (DCR_i)

Results and Discussion

XRCA Index

North African - Cereal (2,58), Corn (1,52)

Post Soviet – Cereal (9,1), Corn (7,63), Sunflower Oil (101,19), Rapeseeds (4,42)

EU-2 – Cereal (8,26), Rapeseeds (3,01), Sunflower oil (45,81)

MRCA Index

North African - Rapeseeds (5,57)

Post Soviet – Oil Seeds (2,49)

EU-2 – Oil Seeds (2,15)

Indexes of specialization (DSR) and concentration (DCR)

North African and **Post Soviet countries** more specialized on Agri-Food production than EU-2 and has higher level of concentration

Results and Discussion

- ✓ Some of the EU countries (EU-10 and new EU-2) depends on the agricultural production and food processing in their economic development and the main competitors for them - the Neighboring countries
- ✓ The increasing of the popularization measures for organic production - for Non-Member States it is the reference to orient own agri-food production

Results and Discussion

- ✓ National and cultural specific features for most of the countries has some interests at the European and World agri-food market
- ✓ The biodiversity program of the EU aimed on the conservation, protection and maintenance of grasslands
- ✓ The most important goal is to find the own place at the European agri-food market

Conclusions

- ➔ The Neighboring Non-Member States has own market shares at the European and World markets
- ➔ As far as long-term trends in comparative advantage are concerned, some States (such as Azerbaijan, Bulgaria, Egypt, Georgia, Moldova, Morocco, Romania, Russia, Syria and Ukraine) will have a larger advantage in the production of unprocessed products
- ➔ Finally, for large countries with substantial differences in regional conditions, they have to pay attention for own regional specialization

THANK YOU!

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