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“Filling gaps and removing traps
for sustainable resource management”

From Theory to Practical Calculation of the Gross Margin for Agricultural Crops in Different Countries

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Abstract

Universities from Germany, the United Kingdom, Poland and Romania cooperate with partner universities in Armenia, Ukraine and Uzbekistan in adapting agrarian studies. The ERASMUS+ funded project TOPAS aims to fill up the gap between the theoretical, formal higher education in agricultural sciences and practical training. The project's concept focuses on concerted improvements in the interaction between teaching approaches, student placements and the collection of local empirical data for teaching and research. Teaching content in the partner countries relies predominantly on information and data from agricultural research stations and do not reflect the situation of existing farming enterprises sufficiently. Improved student placements offer the opportunity for the collection of local empirical data on agriculture and allow for the continuous improvement of teaching content. Preconditions are the definition of relevant data and the establishment of appropriate data management systems at the partner universities. This paper aims to determine the differences between gross margin calculations for wheat crop in two European countries. The output of a marketable crops production includes marketable output evaluated with farm gate prices and also, where it is available, direct payments. In the profitability calculations all output, costs and factor requirements are determined for one specific time or area unit. Usually the indicators are determined per 1 ha or per 1 year. The quality differences of some crops affect the use and the price of the product. A positive profit represents the amount of money remaining for the return of own production factors (family labour, own capital, own land) after the costs of the used supplies, machinery, buildings, equipment as well as wages, interest and rent payments are covered. A positive net profit shows that all production factors have a rate of return. The gross margin obtained for 1 ha wheat in one country is lower in comparison with the other country because both the total yield and the direct payments are lower even if the costs are almost the same.

Keywords: Agricultural crops management, ERASMUS+ TOPAS, gross margin