

AGRICULTURAL FUTURES PANEL

One of the most important panel during the 5th annual AFM meeting in Kiev (Ukraine) was devoted to the development of agricultural futures trade.

The idea of this panel was to assist Ukraine officials and market participants with the basic information on agricultural futures trade and to share the experiences of those guest organizations that had already successfully developed agricultural derivative market in their countries. That's why certain decision-makers from the Ukrainian government were invited to the panel, and several representatives from the commodity exchanges in Africa, Asia and Eastern Europe provided a precise info on the successful development of agricultural futures in their countries.

The panel was opened by the address on the behalf of the Ukrainian government, which was proceeded by the deputy prime-minister Leonid Lozachenko responsible for agri-industrial complex. He characterized the state of the Ukrainian economy as a positive one with the certain up-trend in the last couple of years. The significant input in this rise is being provided by the Ukrainian agriculture, which shows a steady move toward higher efficiency and market reforms. In this regard, the deputy prime-minister expressed a strong interest on behalf of the government to develop and apply futures technology, first of all, in the Ukrainian grain sector.

The moderator of the panel, Dr. Alexander Belozertsev delivered a brief explanation of the futures concept and some historical facts of the development of the ag futures in different countries. Also, he focused his introduction on some problems and constraints in the development of the commodity futures trade in the FSU countries, first of all, in Russia and Ukrainian.

South Africa Futures Exchange's Rod Gravelet-Blondin provided a detailed analysis on the positive experiences in development of grain futures in South Africa in 1990s. In this regard, he emphasized '... the importance of the development of integrated price risk management practices among the national agricultural commodity market participants and strong links between the efficient delivery procedure and reliable clearing system'. Also he stressed the role of commercial banks in the Exchange's clearing house, and the importance of the non-interference of the government in to the price formation process on the national grain market.

'Electronic trading on agricultural futures cannot be an obstacle in developing a successful national derivatives market', - said Malaysia Derivatives Exchange's Manoj Devadasan. In this regard, Mr. M. Devadasan gave a deep analysis on the Exchange's actions in the transaction from the open-out-cry trade system toward electronical one. It was not only a capital investment (computers, communication systems, and etc.), but, also, a lot of political steps in the industry in order to encourage the market participants to use a new highly efficient trading technology. 'The Exchange by itself must to play more active role in developing the market

infrastructure and commodity price risk management practice in the agrarian sector', - added Mr. M. Devadasan, - 'That's why we are still working intensively on the creation of the efficient integrity between a big number of speculators and real hedgers, which have got positions on the agricultural cash market'.

Produktna Berza's Dusan Dobromirov (Yugoslavia) informed the participants of the panel on the development of the forward cash market of agricultural products on their Exchange. There is no futures trade on agricultural commodities in Yugoslavia now. They are trying to develop the effective forward market in order to transfer it in the up-coming future in to the real futures trade.

Budapest Commodity Exchange's Peter Janoska up-dated on the recent trends in agricultural futures trade in Budapest. More important, he focused on the positive experiences in the creation of commodity futures trade in Hungary, and paid attention to certain problems in this process, first of all, in the delivery procedure and clearing.

Valeriu Gheorghe from the Romanian Commodities Exchange detailed some characteristics of the Romanian agricultural market, and up-dated on the current status of ag commodities trade at the Exchange.

At the end of the panel the chairman of the Ukrainian Interbank Currency Exchange Mr. Oleg Andronov summarized the positive impression of the panel, and stressed again the essential necessity of the development of futures trade technology for the Ukrainian agricultural market.