# .- Agricultural Economics and Policy with Elements of the Valuation

## Prof. Paolo Sckokai

***Text under revision. Not yet approved by academic staff.***

# .- Module 1: Agricultural Economics and Policy

## Prof. Paolo Sckokai

COURSE AIMS AND INTENDED LEARNING OUTCOMES

 The course introduces students to the economic mechanisms characterising the agri-food system and its main activity sectors: agriculture, food industry, commercial distribution, and end consumers, as well as the market and governance mechanisms that characterise the supply chains. The course also introduces students to global issues affecting agri-food production at the international level and to the functioning of the public policies that govern them, with particular reference to the Common Agricultural Policy (CAP) of the European Union (EU).

 At the end of the course, students will be able to critically analyse the economic mechanisms governing the agri-food system, the functioning of the markets, and the governance of supply chains. Students will also be able to critically analyse global scenarios concerning food production as well as European agri-food policies, both in general economic policy terms and in terms of their impact on business operations and the welfare of end consumers.

##### COURSE CONTENT

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|  | ECTS |
| **Introduction**: The structure and subjects that make up the agri-food system. | 0.25 |
| **Food consumption**. Food consumption behaviour and the characteristics of food demand. Specific aspects of food demand: health, obesity, food quality and safety. | 0.75 |
| **Food distribution**. Evolution, structure and strategies of food distribution.  | 0.5 |
| **The food industry**. Evolution, structure and strategies of the food industry. | 0.5 |
| **Agriculture**. Evolution, structure and dynamics of the agricultural sector. Unique features of the agricultural sector (technological and market uncertainty). The agricultural product offer. Forms of horizontal integration.  | 1 |
| **The agri-food markets**. Price formation mechanisms. Price variability over time and space. Price transmission. | 1 |
| **Vertical relations within the agri-food system**. Monopoly/Oligopoly and Monopsony/Oligopsony. Market power. Coordination and vertical integration. | 0.5 |
| **The international dimension of food production**. The relationship between agriculture and economic development. Sustainable development and global food security. | 0.5 |
| **Agri-food policies**. Economic reasons for agri-food policies. The international context in which agrifood policies are developed. The Common Agricultural Policy: evolution, objectives, tools and economic impact. | 1 |

READING LIST

For each topic covered, the lecturer will provide reading references and supplementary material during the course.

TEACHING METHOD

The course uses the following teaching tools:

1. Frontal lectures during which the main concepts of the course are presented and developed, always accompanied by application examples. The lectures make use of computer presentations, which will be made available to students.
2. The analysis of cases related to specific problems in the economics of the agri-food system, with the intervention, where relevant, of external experts in a seminar setting.

ASSESSMENT METHOD AND CRITERIA

A final written exam.

The final written exam lasts a total of 90 minutes and comprises open-ended questions. The questions cover both the more descriptive parts of the course as well as those of economic analysis. Students may be required to perform short exercises, in line with those performed in class, or to comment on data in the form of a table or graph. The marks attributed to the individual questions may vary depending on the test. The assessment aims to provide a sufficiently precise measure of the student's overall level of preparation with respect to the whole course programme, and to help the lecturer understand both the student's reasoning ability and his/her mastery of economic analyses of problems in the agrifood system.

NOTES AND PREREQUISITES

To understand the topics covered, a basic knowledge of the graphical tools of microeconomic analysis is required.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=Eng or on the Faculty notice board.

# .- Module 2: Elements of the Valuation (3 ECTS)

## Prof. Paolo Sckokai

##### COURSE AIMS AND INTENDED LEARNING OUTCOMES

The course provides the basic knowledge of a general valuation with particular reference to the appraisal of rural estates and the movable and immovable assets linked to them, as well as the basic notions of the financial mathematics necessary for valuation applications. At the end of the course, students should: (1) know and (2) know how to correctly and appropriately use the various financial mathematical tools presented in the course and of interest to the valuation practice; (3) be able to assess which financial mathematical procedure is the more correct one to use in solving a valuation problem; (4) know the fundamental principles of the general estimate and the main valuation methods; (5) know how to apply the methods of the general valuation and (6) know how to evaluate which methodological approach is the more correct one to use in a concrete case of a rural estate valuation.

##### COURSE CONTENT

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|  | ECTS |
| * 1. Financial mathematics for the valuation
 | 1.0 |
| Interest, carry-over of capital over time, annuity, share of capital reintegration, share of capital depreciation, periodicity or polyannuality, problems with divisions. |  |
| * 1. Contents, purposes and methods of the estimate
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| The appraisal verdict.The appraisal method: appraisal procedures and criteria. The appraisal criteria: comparison with market prices, capitalisation of income, cost of production, cost of subrogation, transformation value and complementary value.The various methods of a summary and an analytical appraisal: advantages, disadvantages, areas of application. Appraisal phases and reports. | 0.5 |
| * 1. The appraisal of rural estates
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| Land market.Appraisal for comparison with market prices.Appraisal for capitalisation of income.Complementary value appraisal. | 1.0 |
| * 1. Fruit arboretum appraisals
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| Production cycles and systems.Appraisal of mixed arboreal systems.Appraisal of specialised arboreal systems. | 0.5 |

READING LIST

Given the introductory nature of the course, most of the university-level valuation texts available on the market may provide a useful reference.

Among these we suggest, in particular:

Gallerani V., Viaggi D. and Zanni G. ***Manuale di Estimo, 2nd ed.***, McGraw-Hill, Milan (2011).

TEACHING METHOD

For the part on the valuation of rural estates, the course is based on lectures explaining the different methods to be used, and on the analysis of concrete cases, in which the concrete methods of application of the methods analysed are illustrated. For the part on financial mathematics, the lectures will be aimed at illustrating both the theory behind the different formulas and the concrete application of these formulas, by carrying out numerical exercises in which the active involvement of students is also envisaged. The slides covering the valuation of rural estates or the illustration of valuation cases used in class will be made available on Blackboard after lectures.

ASSESSMENT METHOD AND CRITERIA

A final written exam aimed at verifying the student's achievement of the educational aims, both in relation to the programme section on rural estate valuations and to the section on financial mathematics. The time available is 60 minutes. The marks attributed to the individual questions may vary depending on the test. The assessment takes into account both the completeness and accuracy of the answers given. Students will be allowed to bring a non-programmable calculator (not the calculator on a phone or smartphone) into the exam; financial mathematics tables or other educational material are not allowed. The form will be provided by the lecturer.

The results of the assessment will be communicated to students via Blackboard.

NOTES AND PREREQUISITES

Knowledge of the fundamentals of economics and market functioning is required.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=Eng or on the Faculty notice board.