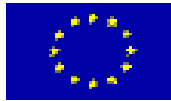




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*Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector
EuropeAid/126205/C/SER/UA*

Agricultural/rural sector news digest 23-29 of July 2009

- **WTO and Neighborhood Policy**

It is inexpedient that Ukraine participates in the creation of Black Sea grain pool, said the President of Ukrainian club of Agrarian Business Alex Lissitsa on agricultural grain forum July 28.

According to him, the economic realities in Ukraine, in particular, its membership in WTO, dictate a different development of grain export potential than in Kazakhstan, Russia and Belarus that cooperate within the framework of Customs Union. Lissitsa believes that it is better for Ukraine to conduct an independent policy on the grain market. At the same time, in his opinion, Ukraine must pursue "a more aggressive marketing and management policy not to lose markets" since last year Ukraine, like Russia, was left behind in the issue of export of grain to Egypt by the United States.

RBC-Ukraine

The delegation of the Ministry of Emergency Situations of Ukraine gave the World Food and Agriculture Organization of the United Nations (FAO) 1000 tons of wheat at a total cost of \$ 580 thousands intended for provision of food to about 5 million hungry in Ethiopia. According to UN News Center, the official transfer of grain took place at a ceremony held in Nazareth. Speaking at the ceremony, FAO Representative in Ethiopia said that humanitarian assistance of Ukraine is very timely as the population of Ethiopia faces triple threat of hunger associated with drought, high price of food and financial economic crisis and FAO suffers from serious lack of resources and means. The representative of FAO also expressed hope that the current action will guarantee a long and fruitful collaboration. Reference: this is the first charity supply of grain from Ukraine. FAO bought a significant amount of grain from Ukraine before.

BIZ.liga.net

Ukraine is interested in increasing exports of sunflower oil, meat and dairy products to Morocco, said Minister of Economy of Ukraine Bohdan Danilishyn during a meeting with Extraordinary and Plenipotentiary Ambassador of the Kingdom of Morocco in Ukraine Abdelzhalilem Sauburi. He also called the agriculture one of the most promising areas of cooperation between the two countries.

«Ukraine is interested in expanding its presence in the Moroccan market of agricultural products and increase export of sunflower oil, meat, dairy products and grain», - said Mr. Danilishyn. The sides underlined the need to intensify bilateral trade and economic cooperation (TEC). First TEC Commission meeting and business forum are planned to be held in Rabat (Morocco) in October.

<http://economics.unian.net/>

- **Food Safety**

To ensure proper implementation of the Decree of State Committee of Veterinary Medicine from 20.05.2009, № 149 "On amendments to the decree of Chief Inspector of Veterinary Medicine of Ukraine from 12.03.2001 № 23 "On Urgent Measures to prevent and eliminate the manifestations of spongiform encephalopathy and other prion diseases in cattle", to ensure continuity of goods supply to Ukraine according to pre-signed contracts and to provide sufficient time for the inspection of foreign companies, the implementation of the Decree provisions dealing with the binding inspection is postponed to January 14, 2010.

<http://www.vet.gov.ua/>

The European Commission DG Health and Consumers (SANCO) believes that Ukrainian system of control over the production of poultry meat and egg products does not fully meet the requirements of the European Union. SANCO notes that in Ukraine there is an effective control system, which includes daily monitoring of the poultry products production. However, in the opinion of the Directorate, it requires some adjustment towards approximation to European standards.

As chairman of the State Board of Veterinary Medicine of Ukraine Petro Verbitsky informed, the European inspectors' comments relate more to technical issues such as implementation of risk management in the food industry & HACCP and inconsistencies of some Ukrainian regulations with European requirements. According to him, the Ukrainian side intends to promptly remove all deficiencies and ask SANCO to send its inspectors to Ukraine once again.

Interfax-Ukraine

- **Market Infrastructure**

Ukrainian President Viktor Yushchenko signed July, 25 the Law of Ukraine № 1561-VI "On wholesale markets of agricultural products".

The law defines the legal principles of activities of wholesale markets of agricultural products in Ukraine (WMAF), regulates the relations in this area and is aimed at protecting the legitimate rights and interests of agricultural producers, who make wholesale sales of agricultural products of their own production. The status of WMAF is provided by central executive authority on agricultural policy.

Under the law, the main objective of WMAF, in particular, is to support rapid promotion of agricultural products from producer to end consumer in the commercial chain, provide access for all suppliers and consumers of agricultural products to the market, etc.

The law comes into force from the date of its publication and will take effect from January 1, 2010.

AIC INFO

State Committee for State Material Reserve plans to sell 3,476 thousand tons of meat at an auction August 5. In addition, the committee plans to sell 1,046 thousand tons of sunflower seeds and 2 thousand tons of grain.

Interfax-Ukraine

State Committee for Technical Regulation and Consumer Policy introduced a number of changes to the wheat quality standard, said Minister of Agrarian Policy of Ukraine Yuriy Melnyk. He noted that the yield of grain, particularly of wheat, in the Crimea, is one of the lowest and this is explained exclusively by climatic conditions - first frost, then drought and torrential rains during harvest.

«Crimeans had problems and we have solved them. Previously there were amendments to the wheat quality standard dealing with the in-kind payment of grain and 6th class fodder wheat

procurement pledge. Today, two more changes to the standard are proposed, but I am sure that they will be adopted, dealing with the grain coloring requirements and skinny grain, which corresponds to parameters for protein content and gluten and shall be considered “food grain” in this case », - says Minister . Reference: new standard for wheat which changes the approach to grain classification and divides it into food and fodder was introduced in the new marketing year.

<http://economics.unian.net/>

Ministry of Industrial Policy and Union of Chemists of Ukraine initiated a special investigation against imports of phosphate and compound fertilizers. According to Deputy Minister of Industrial Policy Serhiy Grishchenko the share of imported fertilizers in Ukraine has increased. In particular, in I quarter of 2009 the growth rate of imports of goods in comparison with the production of fertilizers on Ukrainian companies amounts to 183.3%. This led to a reduction in the production of compound fertilizers and shutdown of some Ukrainian chemical enterprises. International Trade Commission plans to consider a draft decision on the issue at the next meeting.

AIC INFO

- **Rural Development**

Prime Minister Yulia Tymoshenko instructed Ministers to explore problematic issues that arise in different fields in regions. She gave them such an assignment after two hours of communication with farmers on «hot» telephone, during which she answered about 20 phone calls. Residents of different regions informed her about the problems that arise mainly in the agricultural sector. Responding to the calls, Tymoshenko instructed Agrarian Fund, State Committee for Land Resources, Ministry of Finance and the Ministry of Agrarian Policy to explore the situation and to answer all questions received as soon as possible. Minister of Agrarian Policy Yuriy Melnyk promised during a telephone line to personally deal with some of them and to answer directly to people.

In addition, Yulia Tymoshenko instructed ministers to weekly conduct such «hot» lines with the regions. She also stressed that if the representatives of local authorities are not able to solve existing problems the question of whether they stay in their positions should be considered.

<http://www.unian.net/>

«Ukragroleasing» intends to sign contracts with Japanese and Canadian companies to supply equipment for agricultural cooperatives August 3, said Minister of Agrarian Policy of Ukraine Yuriy Melnyk. «By the end of the week «Ukragroleasing» will sign contracts to supply machinery and equipment for processing and storage of agricultural raw materials under the safeguards of the Government. By the end of the week we will sign the contract either with a Japanese company “Marubeni” or with Canadians. There also might be two contracts », - said the Minister.

J. Melnyk added that the purchased equipment will be transferred to agricultural service cooperatives, which will pay off its cost within 5-7 years. He expects the first milk tankers and mini-factories for milk processing to be transferred to cooperatives in September this year.

<http://economics.unian.net/>