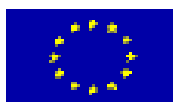




Ministry of Agrarian Policy of Ukraine



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**Implementation of Ukraine's Commitments under WTO and ENP Frameworks in the
Rural Sector (Sector Wide Approach), Ukraine
(Europeaid/126205/C/SER/UA)**

**Overview of Latest Rural Developments
July 30, 2005 through August 05, 2009**

WTO AND ENP Frameworks

WTO General Council binds Ukraine to cancel all existing supplements to import tariffs for non-critical imported goods. Ukraine's actions are unacceptable to WTO as they contradict statements of WTO Director General Mr. Pascal Lamy that countries should refrain from "application of protective measures" under current financial crisis. Failure to meet this requirement will entail application of sanctions to Kiev according to WTO rules. Concrete sanctions may be chosen no sooner than the next quarter.

Source: Kommersant-Ukraine

Food Safety

As the epizootic situation with classic swine fever has stabilized in Lithuania and there are no sick animals in Denmark, it is permitted to import live pigs from Denmark (Decision # 15-3-1-18/4490 dated July 31, 2009). Import from this country of other goods that are subject to control by the State Veterinary Medicine Service must comply with existing veterinary requirements to import of goods which are subject to state veterinary-and-sanitary control and supervision

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

A press conference of the Chairman of the State Committee on Veterinary Medicine, Mr. P. Verbytsky, "Role of the State Veterinary Service in Ensuring County's Food Security" was held on August 05, 2009.

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

"The Government of Ukraine canceled mandatory sanitization of empty carriages and containers intended for carrying food products", said Prime Minister Yulia Tymoshenko at the Government meeting on July 29th. "Cancellation of this requirement will help agrarian operators save a lot of money", she said to journalists after the meeting. The mandatory sanitization of empty carriages and containers is envisaged by the Health Ministry Order dated May 20, 2005 and Transport and Communication Ministry Order dated April 13, 2005. Grain traders raised the issue of canceling the mandatory sanitization many times. According to the Association of companies specialized in sanitization in the transport sector, the costs of such sanitization is around one percent of the total costs of rail transportation of one ton of grain.

Source: Interfax Ukraine News Agency

According to official data, 45,000 tons of Ukrainian and Australian wheat sitting in the Egyptian port Alexandria will be re-exported. The underlying reason for such decision of Egypt Prosecutor's Office is incompliance of the grain with specifications in the contract. The wheat was purchased by one of private Egyptian companies.

In the month of June, Egypt re-exported more than 100 tons of wheat of Russian origin because of its poor quality, namely, high content of insects and unidentified heavy metals making it unapt for consumption as food.

As a result, the Egyptian Ministry of Trade introduced new requirements to imported grain, specifically, to wheat.

Source: APK-Inform News Agency

Market Infrastructure

According to Bloomberg, the Japanese company Itochu Corp. is planning to purchase 300,000 tons of Ukrainian maize which is 20 percent of company's yearly need in this grain. The company intends to import the said amount of maize by late March 2010. The last time Japan imported maize from Ukraine was in the year of 2001. Itochu Corp. prefers Ukrainian grain because of its competitive advantage over American corn whose quality deteriorated recently.

Source: APK-Inform News Agency

Rural Development

The Cabinet of Ministers of Ukraine operated the hot telephone line on Tuesday, August 4, 2009. The Minister of Agrarian Policy of Ukraine, Mr. Yuri Melnyk, was answering questions from agrarian sector operators.

Source: Press Service of the Ministry of Agrarian Policy of Ukraine

The International Exhibition and Fair of Technologies, Machinery, and Seeds was conducted at the Ukrainian Research Institute for Forecasting and Testing Agriculture Machinery and Technologies named after L. Pohoriliy (Doslidnitske Village, Kyiv Region) on August 03, 2009. The Exhibition, which is sponsored by the Ministry of Agrarian Policy of Ukraine, is conducted in four pavilions and features expositions in various areas, such as "International informational-and-marketing center", "Modern technical-and-technological solutions for various soil treatment and sowing system for grain production", AgroOlimp-150 Project, "Integrated system for implementing managed crop farming technologies", "Crops growing and yield forecasting (MARS) systems", and "Testing and confirming compliance of agriculture machinery and in development and manufacturing processes". Agriculture machinery and technologies were demonstrated by production and research establishments from Vinnitsa, Volynska, Dnipropetrovsk, Donetsk, Zhytomyr, Zakaspanska, Zaporizhya, Ivano-Frankivsk, Kyiv, Kirovohrad, Luhansk, and Lviv oblasts.

Source: Press Service of the Ministry of Agrarian Policy of Ukraine

"The Ministry of Agrarian Policy will present a National targeted program for technological and technical retooling of the agriculture production sector for consideration by the Government of Ukraine in one month time", Minister of Agrarian Policy of Ukraine Yuri Melnyk told at the workshop on agriculture machine building which was chaired by Prime Minister Yulia Tymoshenko.

"To a large extent, the draft program is based on those government mechanisms that were employed in previous years and are used in 2009. In particular, these are programs for technical

and technological retooling through UkrAgroLeasing", the Minister explained. Mr. Melnyk also said that in the year of 2009 UkrAgroLeasing used Stabilization Fund resources to purchase 196 agriculture machinery units totaling UAH 47 million which were delivered to agriculture enterprises under financial leasing schemes. At the same time, the Minister emphasized that from now on government funds would be used to purchase only modern machinery employing latest technologies.

"High quality modern machinery will be delivered not only to agriculture enterprises and farmers but also to machine building plants. This will enable the latter to manufacture modern machinery, and preclude plants' staff from losing their jobs. In such a way, we will use state budget funds very efficiently in this year and lay a solid basis for years to come", the Minister pointed out.

Source: APK-Inform News Agency

"The Cabinet of Ministers of Ukraine is planning to allocate extra UAH 275 million to the agro-industrial sector," Deputy Minister of Agrarian Policy Mr. Roman Shmidt told at the briefing. "MAP will issue a relevant instruction on allocating UAH 275 million (of which UAH 205 must be repaid) will be issued soon", the Deputy Minister added.

According to Mr. Shmidt, these funds will be used for the following programs: (i) Financial support of agrarian enterprises by providing loans on favorable terms (UAH 115 million); (ii) support of production of animal husbandry products (UAH 20 million); (iii) Government support of agriculture servicing cooperation (UAH 35 million); (iv) Lending of farmers (UAH 70,000).

According to the Ministry of Agrarian Policy, government programs in the agro-industrial sector were financed for 87 percent in the first half of 2009. UAH 638 million was allocated from the general fund of the state budget for agro-industrial sector development purposes in the first half of 2009 out of planned UAH 731 million.

Source: www.BIZ.liga.net

"The Government will consider a block of strategic issues for the agro-industrial sector," said Prime Minister Yulia Tymoshenko when opening the Government meeting. "Today, we are considering the most important block of strategic issues associated with implementation of investment projects in the agro-industrial sector involving many countries and many overseas companies. Inter alia, we are deploying a servicing cooperatives program, which is of paramount importance for Ukraine", Mrs. Tymoshenko underscored.

According to the Prime Minister, the Government is planning to build a large number of small capacity elevators until the end of the year based on decisions to be made at the meeting. In such a way, the Government will eliminate "an absolutely non-market grouping" of private elevators.

The Government meeting will also consider plans to involve overseas investors for construction of small milk processing factories to satisfy servicing cooperatives' cooperatives. Mrs. Tymoshenko also mentioned plans for developing servicing cooperatives-owned wholesale-and-retail markets which would "enable Ukraine to eliminate monopoly at markets".

Besides, the Prime Minister told that the Government would consider a set of issues related to mobilizing financial resources and constructing and equipping village first aid stations.

Source: www.kmu.gov.ua