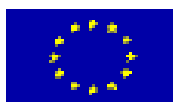




Ministry of Agrarian Policy of Ukraine



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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
August 6-12, 2009**

WTO AND ENP Frameworks

Ukrainian Economy Minister Bohdan Danylyshyn met with Iraqi Charge d'Affaires in Ukraine Khalid Jasim Al-Shamari on August 7, 2009 to discuss pressing issues of Ukrainian-Iraqi trade-and-economic cooperation. Mr. Danylyshyn noted that the structure and volumes of Ukrainian supplies had been increased significantly as compared to the previous year and included such new commodities as barley and buckwheat.

Messrs. Danylyshyn and Al-Shamari emphasized that the potential of economic cooperation between Ukraine and Iraq had not been fully utilized yet. The parties agreed to intensify cooperation in many areas including agriculture.

Source: <http://me.kmu.gov.ua>

"Trade-and-economic relationship between Serbia and Ukraine are developing rapidly", said Ukrainian Economy Minister Bohdan Danylyshin at the meeting with Ambassador Extraordinary and Plenipotentiary of Serbia to Ukraine Goran Alexych which was held on August 6, 2009. As Mr. Danylyshyn pointed out, the volume of bilateral trade increased seven times between 2001 and 2008. Fertilizer accounted of eight percent of the Ukrainian export to Serbia.

The meeting focused mainly on the investment cooperation between two countries. According to the Ukrainian Economy Minister, direct Serbian investments to Ukraine exceeded \$40,000,000 in the first quarter of 2009. Goran Alexych, in turn, emphasized that more than 40 enterprises with Serbian capital operated in Ukraine. The participants to the meeting considered also issues associated with Ukrainian-and-Serbian cooperation under the WTO framework.

Source: APK-Inform News Agency

Food Safety

DG SANCO experts are not satisfied with the quality of Ukrainian milk because of high content of antibiotics and incompliance with existing standards. Mr. Petro Verbytsky, the Head of the State Veterinary Committee of Ukraine, noted that in such situation Ukrainian milk processing factories may experience problems with obtaining permits for exporting their produce to EU

markets. According to Mr. Verbytsky, in September 2009 DG SANCO inspectors will visit Ukraine again to inspect those Ukrainian milk processing factories that are willing to export their products to EU market to find out whether they eliminated deficiencies revealed by the June 2008 inspection. In order to eliminate the said deficiencies, the Ministry of Agrarian Policy of Ukraine issued a technical regulation binding milk processing factories to use only milk complying with EU-permissible bacterial plating levels. However only milk produced at regular farms meets this requirement; it accounts for at most 30 percent of the processed milk. The other 70 percent comes from individual farms which are not equipped with refrigerators. The list of enterprises to be checked by DG SANDO inspectors in September will be finalized the next week.

Для усунення зауважень інспекторів SANCO Мінагрополітики розробило технічний регламент, яким передбачається дозволити використовувати на переробних підприємствах тільки молоко з бактеріальної засіяності, допустимою в ЄС. Однак таким вимогам відповідає лише молоко, яке отримують у господарствах сільгоспвиробників - а це не більше 30% його обсягу. Ще 70% молока підприємства закупають у господарствах населення, де відсутнє холодильне обладнання. Остаточний список підприємств, які проінспектує SANCO у вересні, буде затверджений наступного тижня.

Source: <http://life.pravda.com.ua/>

Prime Minister of Ukraine Yulia Tymoshenko instructed the Ministry of Economy and the State Committee on Technical Regulation and Consumer Policy to develop a concept for developing laboratories to control genetically modified organisms in Ukraine within two weeks.

Mrs. Tymoshenko issued the relevant instruction at the workshop on developing the grain market and its infrastructure which was conducted as part of her working visit to Poltava oblast.

According to Mrs. Tymoshenko, the concept should specify how many such laboratories Ukraine needs and the timeframe for construction. The Prime Minister believes that the laboratories may be constructed under the government guarantee and must be located in each oblast center.

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

"Ukraine prohibited import of live pigs and will seize salo (lard) at the border with Russian because of a threat of African bog cholera proliferation," Petro Verbytsky, the Head of the State Veterinary Medicine Committee, told at the press conference. According to Mr. Vetbytsky, Ukraine has already put a ban on importing live pigs from the Russian Federation and Transcaucasia; all such products are seized at the border. "One should note that today our territory is free from infectious diseases of List "A" i.e. most dangerous ones," *Novy Region* cites Mr. Verbytsky. The State Veterinary Medicine Committee is concerned with proliferation of Africal bob cholera in the Russian Federation and Transcaucasia as there is no effective vaccine against this disease, and both domestic and wild animals perish from it.

Source: <http://focus.in.ua/>

"The current sanitary-and-epidemiological situation in Ukraine does not provide any grounds for canceling the requirement for sanitization of carriages used transportation of primary food and food products," said Mrs. Olga Baistryuchenko, a disinfection doctor of *KNPO Ecology LLC*. She also refuted the statement that disinfection of carriages leads to an increase in prices for agriculture products. According to her, sanitization of one carriage costs some UAH 150. "This is approximately UAH 2 per ton of transported produce. For comparison: the loading cost is UAH 10 per ton, issuance of the quality certificate is over UAH 3, transportation fee charged by UkrZaliznytsya is some UAH 100 per ton of grain", Mrs. Baistryuchenko added.

According to Deputy Chief Doctor of the Kyiv City Disinfection Station Mrs. N.Solina, the problem is exacerbated by that carriages may be used for transportation of food and non-food

products by turns, for example, grain may be carried after construction materials or mineral fertilizer. Unless carriages are sanitized, sugar, flour or whatever food products will absorb hazardous substances.

When commenting this situation, UkrZaliznytsya Press Service noted that sanitization entails extra costs as compared to motor transport; besides that, grain is mixed at elevators and the goal of sanitization is never attained.

As it was informed earlier, the Cabinet of Ministers cancelled the Transport Ministry order on sanitization of empty carriages used for transporting food products on July 29, 2009.

Source: UNIAN New Agency

"The State Veterinary Medicine Committee of Ukraine will be able to issue permits to Ukrainian enterprises for exporting food products to EU countries," said Mr. Petro Verbytsky, the Head of the Committee, at the press conference. "We are in the process of serious dialog with the EU Veterinary Committee in Brussels which grants authority to the Ukrainian competent authorities, namely, our Committee, to assign European numbers (i.e. issues permits) to Ukrainian processing enterprises to enable them supply animal products to European markets", Mr. Verbytsky added.

Source: RBK-Ukraine

Market Infrastructure

The Cabinet of Ministers of Ukraine issued the Decree "On approving the National targeted economic program for domestic market development until 2012" which was drafted by the Ministry of Economy. The Program is intended to improve efficiency of domestic market operations, increase the percentage of competitive domestic products, enhance the mechanism for regulating the domestic market in the process of integration in the global market, and fill it with high quality and safe products.

Source: <http://me.kmu.gov.ua/>

"The 0.1% deflation in Ukraine between June and July was conditioned by falling prices for food products," said Economy Minister Bohdan Danylyshyn. "Deflation patterns in July were influenced by the 0.3% fall of prices for food products, which, because of the large share of expenses for food in household consumer spending (over 50 percent), led to the 0.2% decrease in the general inflation index". In particular, prices for meat and meat products fell by one percent, prices for milk – by 1.2 percent, prices for cheese and soft cheese – by 1.8 percent, other dairy products – by 0.6 percent, vegetables – by 6.6 percent.

Source: APK-Inform News Agency

Rural Development

According to the State Statistics Committee of Ukraine, the agriculture production in Ukraine was growing between January and July 2009 by 3.8 percent faster than during the same period of the last year. For example, agriculture enterprises and individual farmers increased production by 5.9 percent and 1.8 percent, respectively. The highest rate of agriculture production growth during the seven months of 2009 as compared to the same period of the previous year is in Vynytsya oblast – 30.8 percent/

Source: <http://www.agroua.net>

