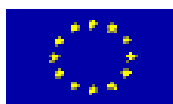




Ministry of Agrarian Policy of Ukraine



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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
November 26, 2009 – December 2, 2009**

WTO AND ENP Frameworks

The Seventh Session of the WTO Ministerial Conference in Geneva, Switzerland, will take place from 30 November to 2 December 2009. The general theme for discussion is “The WTO, the Multilateral Trading System and the Current Global Economic Environment”. The Ukrainian delegation led by Deputy Minister of Economy Mr. Valery Pyantnytsky will include Deputy Ministry of Agriculture Mrs. Valentyna Zavalevska. Member of the Ukrainian Delegation will discuss operation of the multilateral trading system at the plenary session "Overview of the WTO operation", identify the date and venue of the Eighth Conference, take part in electing officials, discuss with the Kern group members granting the observer status to Ukraine and gaining official membership in the group by Ukraine; conduct bilateral negotiations with delegations from countries which filed applications for WTO accession, meet with WTO new member countries' delegations to discuss the current status of the Doha Development Round etc.

Representatives from 153 WTO member countries and national governments and international organizations having the observer status in WTO are expected to take part in the Seventh Session of the WTO Ministerial Conference.

Source: Press Service of the Ministry of Agrarian Policy of Ukraine, November 30, 2009

"The first round of negotiation between Ukraine and Canada on Ukraine's preparation for free trade is scheduled for February 2010", stated Mr. Valery Pyatnytsky, the Deputy Minister of Economy. He pointed out that such agreement was reached the last week in Ottawa during consultations between the Economy Ministry of Ukraine and the International Trade Ministry of Canada.

As it was reported earlier, the Ukraine and Canada began the negotiation on possible signing the free trade agreement in late September 2009 during the visit to Ukraine of Mr. Stockwell Day, the Canadian Minister of International Trade. At that time, Prime Minister of Ukraine Mrs. Yulia Tymoshenko stated that signing the intergovernmental agreement on creating a free trade area would improve efficiency of economic cooperation between Ukraine and Canada.

The free trade agreement with Ukraine may further development of new markets for a wide range of Canadian export products – from machinery, equipment and pharmaceutical goods to agriculture produce and seafood.

Source: UNIAN News Agency, November 30, 2009

Food Safety

"The State Veterinary Committee of Ukraine put a ban on importing poultry and poultry products from Cote d'Ivoire as well as cattle, wild ruminant animals and reproductive materials from them from Morocco, Tunisia and Israel", the Press Service of the said government agency reported on November 26th. According to it, the prohibition to import poultry from Cote d'Ivoire followed an official report of the International Epizootic Bureau on a registered infection of poultry with highly pathogenic influenza.

At the same time, the prohibition to import cattle from Morocco, Tunisia and Israel is associated with a report of the International Epizootic Bureau on animals affected with the bluetongue disease in the said countries.

Source: APK-Inform, November 27, 2009

According to the State Committee on Technical Regulation and Consumer Policy of Ukraine, in the year of 2009, nine laboratories for genetic-and-molecular tests of GMOs in food products and agricultural raw materials were opened with the Committee system.

Specifically, effective the current year, laboratories capable of detecting GMOs have been operating at research centers of state-owned standardization and metrology enterprises in Lutsk, Kryvy Rig, Luhansk, Zhytomyr, Simferopol, Kharkiv, Bila Tserkva, Ivano-Frankivsk and Dnipropetrovska. Besides, similar laboratories have been operating at the state enterprise "UkrMetrTestStandard" (Kyiv) from 2007 and at the state enterprise "VinitsyaStandardMetrolohiya" (Vinitsya) from 2008.

Source: <http://biz.liga.net/>; December 01, 2009

In the months of October and November specialists of the state enterprise "VolynStandardMetrology" detected GMOs whose content exceed 0.9 percent in 3.3 percent of checked food products. The specialists monitored GMO content in 120 samples of food products of various producers. The sample products included sausages, dairy products, meat semi-finished products, fish produce, tinned products etc.

Source: State Committee on Technical Regulation and Consumer Policy; November 11, 2009

Market Infrastructure

"The European Bank for Reconstruction and Development estimates that Ukraine is able to double basic agriculture production without any harm to the environment", stated EBRR Director for Agribusiness, Gilles Mettelal at a recent roundtable. "Ukraine, together with the Southern Russia and Kazakhstan, account for 12 percent of the arable land in the world; in so doing, this is high quality land. However, grain and meat production in these regions is as little as six percent and three percent of the global production, respectively. That makes projections very optimistic", Mr. Mettelal added.

As the EBRD representative has pointed out, this sector is very attractive to international business because Ukraine is the third grain exporter after USA and EU. "Nevertheless, I do know that representatives of many companies are not in a hurry to invest their capital in the Ukrainian agri-industrial sector because of numerous problems. Major issues to be resolved include VAT refund and private ownership of land", Mr. Mettelal noted.

Source: RBK-Ukraine; December 01, 2009

Prime Minister Y. Tymoshenko insists on setting up an Agrarian Bank in Ukraine as soon as possible in order to improve the situation with lending enterprises in the agri-industrial sector. "I

do believe that we will be initiating establishment of a special Agrarian Bank effective the first quarter of 2010 to further development of a right government policy", the Head of the Ukrainian Government said at the ceremonial meeting on the occasion of the Agriculture Worker Day. "We will ensure liquidity of this bank so that loans to agriculture enterprise are extended according to agricultural production needs rather than on the leftover principle", Mrs. Tymoshenko added.

Source: Interfax-Ukraine; November 26, 2009

According to the Press Service of the Ministry of Justice, Cabinet of Ministers Resolution # 1211 dated November 04, 2009 "On amending the Regulation on using stabilization funds in 2009 for the purposes of making loans more affordable, funding investment projects and supporting selected projects in the agri-industrial sector" came into force.

Source: APK-Inform; November 26, 2009

"Prices for milk and sugar may rise because of limited offer of these products", stated Alex Lisitsa, the President of the association "Ukrainian Agrarian Business Club". "The current situation in the milk sector is extremely complicated. We even import milk from Belarus, which never happened before", he pointed out. "Livestock is shrinking while individual farmers are not willing to sell milk for current low procurement prices."

He has also noted that official data of the State Statistics Committee on the transitional stock of sugar is not true. "There is no transitional stock on balance, and this affects prices", Mr. Lisitsa added.

Source: RBK-Ukraine; November 26, 2009

Rural Development

Effective December 01, 2009, Lviv National Academic Opera House will provide free tickets to children from rural areas in Lviv oblast. According to the Press Service of Lviv Oblast State Administration, Lviv Opera House and the Youth and Family Department of the Lviv Oblast State Administration embarked on a joint charity program to expose children and privileged categories of young people from rural areas to the cultural and art heritage following Governor Instruction "On measures to support the rural youth in Lviv oblast for 2009 and 2010".

"30 children from Zhovkivsky raion will attend the Opera House on December 1st. There are plans to have children from all raions in Lviv Oblast attend the theater for free during the year of 2010", reads the press release.

Source: <http://unian.net/>; December 01, 2009

A regular meeting of participants to the "Natural Milk" cluster was held at which outcomes of the benchmarking analysis made by the European Milk Producer Association (EDF) in 2009. The Presentation was made by Mrs. Inna Illyenko, an expert in agrarian markets from the association "Ukrainian Agrarian Business Club". The international benchmarking program, which has been implemented in Ukraine by the Ukrainian Agrarian Business Club, makes it possible to analyze competitiveness of enterprises in the milk sector in comparison to other participants to the European and domestic markets of agrarian produce. The research data shows that Ukrainian milk producers face such problems as a high percentage of labor costs in the production cost, low labor efficiency and low productivity of land used for forage production.

At the same time, Ukrainian animal producers manage to keep milk production costs below the break even point. This evidences a huge development potential of the milk sector. Mrs. Illyenko

also pointed out that according to official statistics 60 percent of Ukrainian premium milk was produced in Rivne oblast.

Note: The "Natural Milk" cluster, which was set up on the initiative of UkrMilkInvest, is a form of consulting, organizational and informational cooperation of natural raw milk producers and organizations representing the milk market infrastructure. It unites agricultural enterprises in Rivne, Ternopil and Lviv oblasts.

Source: UkrMilkInvest; November 30, 2009