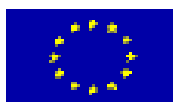




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*Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector
EuropeAid/126205/C/SER/UA*

Agricultural/rural sector news digest 03-09 of December 2009

▪ WTO and Neighbourhood Policy

Ninth round of official negotiations on free trade zone between Ukraine and EU will be held December 7-11 in Kiev. MAP delegation is headed by Deputy Minister Valentyna Zavalevska. Issues of trade protection, trade in services, trade relations in the energy sector, public procurement, tariff proposals, competition, customs issues and fraud prevention, dispute settlement, etc. will be discussed during five days of negotiations within the working groups.

MAP Press Service, 08/12/2009

Ministers that took part in the regional UN conference adopted the declaration that sets benchmarks for dealing with social consequences of the economic crisis. The declaration was adopted at the UN ministerial conference organized by four UN agencies (ILO, UN Children's Fund, Food and Agriculture Organization and Development Program) December 7-8 in Almaty, Kazakhstan, with the support of Kazakhstan government.

The conference was attended by ministers for labour and social security, senior representatives of the ministries for labour and social security of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Turkey and Ukraine, as well as representatives of the UN agencies, international and regional financial institutions, bilateral agencies, international workers and employers organizations, civil society organizations and research institutions of the region.

The declaration set out the tasks facing the countries of the region, including:

- accelerated development of agriculture through a growth of investments into technologies for harvest collection and preservation; improving market mechanisms for integration into global commodity markets; reducing risks that affect rural production and implementing sustainable management.

Speaking on behalf of the UN Assistant Secretary General and Director of UNDP Regional Bureau for Europe and CIS Cori Udovicki confirmed the readiness of UN agencies to support governments in dealing with social consequences of the crisis, evaluating these effects, identifying social groups that are at greatest risk and monitoring the effectiveness of measures taken in social, labour and agrarian sector: "We are ready to provide a platform for continued dialogue at the regional level on employment, social protection and food security issues in order to develop joint initiatives that were launched here, in Almaty".

Department of Foreign Economic Cooperation of MAP, 09.12.09

Ukraine decided to join the Cairns Group, which includes members of the World Trade Organization (WTO) that lobby for lower tariffs for agricultural production and reduction of state support to agricultural sector in developed countries. According to the press service of the Ministry of Agrarian Policy, Ukrainian delegation to VII WTO Ministerial Conference, held on November 30 - December 2, 2009 in Geneva, was tasked to negotiate on granting the observer status to Ukraine and receiving official membership status in the Cairns Group.

Cairns Group was created in 1986 by the WTO members with a large share of agricultural exports.

BIZ.liga.net, 04.12.2009

Agricultural Chamber of Ukraine jointly with the Ministry of Agrarian Policy initiates establishment of the CIS Council of non-governmental organizations on agricultural issues, said ACU President Dmytro Berezovskij. Agrarian Chamber of Ukraine took the initiative to establish the Council of non-governmental and professional agriculture and rural development organizations along with the Intergovernmental Council of CIS countries on agriculture ", said Berezovskij.

According to him, the Council will facilitate initiatives towards coordination and cooperation. Such a body within the CIS can implement best EU experience, in particular the experience of such European organizations as COPA-COGECA. "Since the CIS countries have historically and mentally been integrated for a long period of time, a body that will function in close cooperation with the Intergovernmental Council on agriculture may effectively further integration within the CIS, particularly in agriculture and food security", said Berezovskij.

Ukrinform, 07/12/2009

Ukraine seek to conclude negotiations with the EU on free trade zone in September 2010, said the Minister of Foreign Affairs of Ukraine Petro Poroshenko. According to the Minister, the association agreement between Ukraine and EU "is ready for 90% and only one document, namely on free trade zone, remains to be agreed. This agreement is not finalized, but we pledged that within eight months positions will be agreed", said Poroshenko.

Interfax-Ukraine, 08.12.2009

▪ Food Safety

According to the official report of the International Office of Epizootics cases of Newcastle disease in poultry were registered in the Kingdom of Spain. Hence, import to Ukraine of poultry products and raw materials from Spain is prohibited. The import of other goods of the Kingdom of Spain, which fall under control of the State Veterinary Service, shall be carried out in accordance with the veterinary requirements for imports into Ukraine of goods subject to state veterinary and sanitary inspection and supervision.

<http://www.vet.gov.ua/>, 02.12.2009

State Committee of Ukraine developed draft decree "On approval of the procedure for verifying information on absence of GMO and "No GMO" inscription indicated in labelling of food and agricultural products". The draft decree is designed to implement the resolution of the Cabinet of Ministers of Ukraine from 13.05.2009 № 468 "On approval of the labelling procedure for foods that contain genetically modified organisms or are produced with their use and put into circulation".

The draft decree envisages the establishment of basic requirements for the validation of information specified in the labelling of food and agricultural products.

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

The Committee on Agrarian Policy and Land Relations recommends that the Parliament adopts on second reading the draft law "On amending the Law on milk and dairy products (concerning compliance of quality and safety of dairy products with the parameters set by law and standards of Ukraine)". This is reported by the information department of the Verkhovna Rada of Ukraine. According to the report, the draft law # 0923 is proposed to improve provisions of the law related to the issues of quality and safety of dairy products. In particular, such terms as "raw

milk”, “dairy products”, “traditional dairy products”, “package” that an “enterprise processes” etc. are clarified. The draft law also specified requirements for milk, raw milk and dairy products quality and safety.

According to the draft law, “traditional dairy products are considered to be butter, cheese, baked milk, yogurt, acidophilin, sour cream, cheese, kefir produced from raw milk according to the established technology using lactic ferments bacteria or using fungus ferments in case of kefir.

It is also foreseen that milk, raw milk and dairy products that are produced in Ukraine or imported into the customs territory of Ukraine shall meet safety and quality parameters set by legal acts of Ukraine. The draft law proposes to prohibit “using fats and proteins of non-dairy origin and any stabilizers and preservatives in traditional dairy products production”.

APK-Inform, 07/12/2009

▪ **Market Infrastructure**

The regular meeting of the commission on state support for agricultural service cooperatives chaired by First Deputy Minister Yuriy Luzan was held in the Ministry of Agrarian Policy of Ukraine.

Deputy Minister of Agrarian Policy Roman Schmidt, commission members, representatives of regional commissions and agricultural service cooperatives discussed the results of competitive selection of cooperatives, approved the competitions` results and determined the maximum amount of state financial support for cooperatives.

Within the State target economic program to support development of agricultural service cooperatives for the period until 2015 non-return state support in an amount of 90 millions UAH is provided by government regulations. Today, 35 million UAH have been allocated to 128 agricultural service cooperatives.

During October-November this year 7 meetings of the Commission were held, where 24 proposals of regional commissions for conducting competitive bidding and determining maximum amount of state financial support for the 87 cooperatives were reviewed and approved. Based on the results of regional competitions and the results of Commission meetings five ministerial decrees that approved the allocations of state aid worth 29.9 million UAH for the purchase of technological equipment for these cooperatives were issued, which amounts to 85.4% of total funds.

Press Service of the Ministry of Agrarian Policy, 07.12.2009

Export of Ukrainian dairy and meat products to Russia will decrease by at least 40%. On Friday the Russian President signed the doctrine under which Russia intends to restrict imports of food by 10-15%. "Russia's food self-sufficiency should approach 100% mark", reads the document. For corn and potatoes this figure should be 90%; for milk and meat - 85%. According to the Ukrainian market analysts, it will significantly impact some food sectors in Ukraine. In particular, it concerns meat and dairy producers. "This decision of the eastern neighbour will lead to a big impact on business. First, it concerns producers of dairy and meat products. Since most of these are aimed for export, mainly to Russia. So today we can say that exports of domestic products will reduce by at least 40-45% ", comments UBR Maria Kolesnik, Head of Analytical Department of "AAA" consulting company. Thus, Ukraine will be forced to seek alternative markets or increase supply of its goods to the CIS. "For us it is profitable to export products to Europe. But Ukrainian manufacturers will have to undergo additional quality checks ", said Maria Kolesnik.

UBR.ua, 07.12.2009

▪ **Rural Development**

The Committee on Agrarian Policy and Land Relations recommends that the Parliament adopts on second reading the draft law # 4563 "On amending some laws of Ukraine on activities of non-profit organizations".

As reported by the information department of the Parliament, the draft law introduces amendments to laws "On business profits tax", "On agricultural cooperation" and "On farm" recognizing agricultural servicing cooperative societies as non-profit organizations and providing state support for them.

APK-Inform, 04/12/2009

A change in management system of the local authorities is long overdue, said Andriy Kovalenko, Rokitnya village head (Kiev region), Vice-Chairman of the Association of village and town councils, at the press conference in Ukrinform. According to Kovalenko, the old Soviet system of management still exists in villages and towns.

"Only signboards were changed. Village heads are still subordinated to authorities of the district level. Issues of urban and rural development are by 90% different. For example, half of enterprise that are located in our village do not belong to our community ", said Kovalenko. Vice-Chairman of the Association of village and town councils stated that today territorial communities do not have sufficient resources and capacity to fulfil their statutory powers. It was only this year, he said, that we were for the first time given an opportunity to believe in ourselves, we were heard by the central authorities and were invited to participate in governmental meetings."

www.ukrinform.ua, 07.12.09