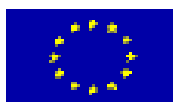




Ministry of Agrarian Policy of Ukraine



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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
for January 28, 2010 through February 03, 2010**

WTO AND ENP Frameworks

By its Instruction # 141-p dated January 27, 2010 the Cabinet of Ministers of Ukraine revised the plan of actions to adapt the national economy to WTO requirements.

Specifically, it is planned for the first quarter of 2010 to revise the list of products subject to mandatory certification in Ukraine which was approved by Order of the State Committee on Technical Regulation and Consumer Policy so that this list complies with Ukrainian laws on food safety and quality and regulation on activities in importing agriculture products. There are plans to develop an effective system for protection and rational use of agriculture land, improve agrarian market infrastructure, create a modern selection base for agrarian production, develop production of alternative fuels and take other important measure by 2015.

Source: RBK-Ukraine; February 02, 2010

Order of the State Veterinary Medicine Committee of Ukraine # 535 dated December 17, 2009 was enacted on February 01, 2010 which approved the Regulation on issuing international veterinary certificates for exporting poultry to EU member countries. The Order shall apply to food operators which have obtained permits for running food production and processing facilities, are willing to export poultry to EU member countries, and which have been entered in the register of production/processing facilities and their operators.

The international veterinary certificate for exporting poultry to EU member countries shall be issued only for products which have been manufactured at duly approved registered exporting facilities (establishments). Direct inspection of poultry and expert opinions of state laboratories of veterinary medicine will serve a formal basis for issuing such certificate.

Source: www.BIZ.liga.net; February 01, 2010

Food Safety

During the year of 2009, the State Supervisory Authority of the State Committee of Ukraine on Technical Regulation and Consumer Policy checked 163.8 tubes of tinned dairy baby food (one tube is 1,000 conditional tins each weighing approximately 350 grams) with the total price of

UAH 631,800 for compliance with existing standards, norms and rules. According to the Committee's report, more than one third of checked products did not comply with effective requirements.

Most common deficiencies were incompliance with requirements to physical, chemical and organoleptic properties and marking requirements. For example, titanium dioxide (2.6 mg/kg) was found in whole condensed milk with sugar manufacture by a producer from Kharkiv oblast. The same substance (57.8 mg/kg) was found in another lot of condensed milk with sugar. Both lots were withdrawn and disposed.

Source: www.BIZ.liga.net; February 02, 2010

A register of genetically modified varieties and crops will be published soon. "At the moment, the Government is carrying on negotiations with the Academy of Agrarian Sciences and National Academy of Science concerning compiling such register", said Economy Minister Bohdan Danylyshyn. According to him, a network of national laboratories will exercise control over production of products containing genetically modified organisms (GMOs). A national reference laboratory will be created.

"Most probably, such laboratory will be set up at the Institute named after Vedmid or one of institutes of the National Academy of Science; it will be responsible for accrediting laboratories, determining GMO content, and providing relevant recommendations", the Minister added.

Source: www.BIZ.liga.net; January 28, 2010

"A list of products not subject to the GMO absence marking requirement will be compiled in Ukraine by March 01, 2010", told Economy Minister Gohdan Danylyshyn at the press conference in Ternopil. He pointed out that existing laws bound all producers to mark their food products. "There are products like salt which cannot contain GMOs at all. However, we forced producers put "without GMOs" mark on such products, thus forcing them to incur expenses for new packages or containers. There is no logic here", the Minister emphasized. Institutes of the National Academy of Science of Ukraine and Ukrainian Academy of Agrarian Sciences are currently preparing the list of such product under international supervision.

Source: www.unian.net; January 29, 2010

Market Infrastructure

In the year of 2009, milk processing enterprises received by 700,000 tons of milk (13 percent) less as compared to 2008. Individual farmstead supplied by 23 percent less milk than commercial milk producers. This information was provided by the "Ukrainian Agrarian Business Club" Association which, in turn, referred to the State Statistics Committee of Ukraine. It is interesting that commercial milk producers supplied in 2009 by nine percent milk more than in 2008. However, as little as 2,550,000 tons of milk was procured from individual farmsteads, which was by 23.6 percent less than in 2008.

"Undoubtedly, such huge lack of raw materials could not but affect both procurement prices for milk and consumer prices for dairy products, in particular in the second half of 2009", says Ms. Anna Iliencko, an agrarian market expert of the Ukrainian Agrarian Business Club.

Source: www.Biz.liga.net; February 01, 2010

According to the Ukrainian Agrarian Confederation, export of grain from Ukraine dropped significantly in January 2010 because of unfavourable weather conditions and failure to refund VAT to grain exporters. Sergiy Stoianov, the Director General of the Ukrainian Agrarian Confederation, said that because of the large amount of non-refunded VAT virtually all traders procured grain only port and only under contracts denominated in foreign currencies in January which, in turn, led to small procurements of grain for exporting purposes. As a result, the total export of grain from Ukraine in January 2010 was by 700,000 tons and 600,000 tons smaller than that in October and November 2009, respectively.

Source: www.Biz.liga.net; February 02, 2010

The Cabinet of Ministers of Ukraine settled issues associated with carrying out inspections of food, grocery and mixed markets. By its Instruction # 151-p dated January 27, 2010, the Cabinet of Ministers entrusted the Fire Safety Supervisory Authority, Sanitary-Epidemiological Service, Veterinary Medicine Service, Plant Quarantine Service, and bodies of the Ministry of Interior with carrying out state supervisory inspections (except for inspections to check food products of animal and non-animal origin) only those business companies which organize (arrange) trade operations at food, grocery, and mixed markets.

In so doing, state supervisory authorities, in the process of taking controlling measures, should not intervene with regular operations of business companies unless such operations breach law. Besides, it is recommended that business companies operating at markets insure their goods.

Source: <http://economics.unian.net/>; February 02, 2010

The Ministry of Agrarian Policy of Ukraine is initiating establishment by the Agrarian Fund of the Intervention Fund in the amount of 1.262 million tons of grain crops, 24,000 tons of evaporated milk and butter and 368,000 tons of beet granulated sugar in the marketing year of 2010/2011. This initiative is envisaged by the draft Government Resolution "On Approving the Volume of the State Intervention Fund in the Marketing Year of 2010/2011".

Source: www.minagro.gov.ua; January 29, 2010

Kiev AgriHort Exhibition is held from February 2nd through February 4th. This is a major and prestige international event sponsored by the Ministry of Agrarian Policy, Ministry of Industrial Policy, Parliamentary Committee on Agrarian Policy and Land Relationships, Ukrainian Association of Farmers and Private Landlords, and Ukrainian Agrarian Confederation.

The exhibition is intended to create a platform for effective business communications between agrarian producers, manufacturers of processing equipment and agriculture machinery and specialists from related industries, on the one hand, and government structures representatives, on the other hand. Numerous seminars, conferences, presentations will be conducted as part of the exhibition.

Source: www.expoua.com; February 02, 2010

Rural Development

"There are 43,000 farmers in Ukraine, and this number has been remaining unchanged during recent years", said Ivan Tomych, the President of the Farmers and Private Landlords Association at the press conference. According to Mr. Tomych, the number of farmers remains unchanged because of approximately equal numbers of new and leaving farmers. "Today, farmers cultivate

4.2 million ha of land which is comparable with the total area of Belgium. At the same time, they had as little as 1 million ha of land at their disposal in 1999. In the year of 2000, they accrued one more million of land. That was the higher rate of growth during the last decade", underlined the President of the Association.

Beside that, the average farm area keeps growing. It was increased from 28 ha in 1999 to 101 ha in 2009. The volume of government support in the form of five year interest free loans dropped from UAH 154 million in 2008 to UAH 100 million in 2009. According to Mr. Tomych, some UAH 500,000 should be allocated to ensure intensive development of farmers.

In addition, Mr. Tomych pointed out that Ukrainian farmers lose UAH 50 billion to UAH 60 billion every year because of dominating status of processors and mediators at the food market. "For instance, a peasant sells milk to the milk processing factory for UAH 1.2 per litre whereas he/she is able to sell milk for as much as UAH 2.5 to UAH 2.8 per litre through his/her cooperative. A similar situation is with sugar. Farmers sold it for UAH 360 per ton, and end consumers buy sugar for UAH 11 per kilo. Little do farmers benefit from such a situation. As a result, the market is shrinking; farmers sell less", Mr. Tomych added.

Source: RBK-Ukraine; February 02, 2010

The law on expending the moratorium on sale of land until 2012 has been posted on the Parliament web site. There is also a notice of publication of the Law of Ukraine "On amending Items 14, 15 of section X 'Transition Provisions' of the Land Code of Ukraine (with regard to sale of land plots)". Parliamentarians say that according to the Constitution of Ukraine, a law which was passed for the second time by at least two thirds of the constitutional composition of the Parliament but was not signed into the law by the President within ten day shall be signed and officially declared by the Speaker and then be officially published under Speaker's signature.

"In this connection, the Law of Ukraine "On On amending Items 14, 15 of section X 'Transition Provisions' of the Land Code of Ukraine (with regard to sale of land plots)" must be posted on the official web site of the Parliament and be published in Golos Ukrainy and other printed media under Speaker's signature", says the notice.

Source: <http://economics.unian.net>; February 01, 2010