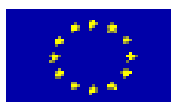




Ministry of Agrarian Policy of Ukraine



The Project is funded by the  
European Union



The Project is implemented by a  
consortium led by WYG International

**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  
between May 13, 2010 and May 19, 2010**

▪ ***WTO AND ENP Frameworks***

"Execution of the Association Agreement between Ukraine and EU will streamline European integration processes and strengthen foreign economic relationships between Ukraine and EU member countries", underlined Vice Prime Ministers Sergiy Tyhypko at the meeting with Deputy Commissioner for External Relations Mingarely. The parties also discussed creation of the free trade area. When talking about Government's preparatory work in this area, S. Tyhypko emphasized that the work is almost completed with regard to drafting laws on government procurements, gas market, technical regulation, phytosanitary control, etc. In his opinion, adoption of these laws together with relevant regulations harmonized with EU standards will help Ukraine integrate in the European community efficiently and quickly.

"Ukraine and EU need a clear and well coordinated action plan in place to create the free trade area which will further economic development in Ukraine and enable Ukraine improve competitiveness of its economy. Besides, it will commence a new phase of mutually beneficially international partnership", said S. Tyhypko.

*Source: APK-INFORM, May 13, 2010*

The negotiation between heads of structural units of Ukraine Ministry of Agrarian Policy and Senegal delegation led by Mr. Diall, the Director of the Plant Growing Department of the Senegal Agriculture Ministry were held at the Ministry of Agrarian Policy in friendly settings. The parties shared their opinions on available opportunities and prospects for expanding bilateral cooperation in various areas of agriculture.

Participants to the negotiation pointed out that the political will of Ukrainian and Senegalese leaders gives a strong push to further strengthening of collaboration, development of new ideas and projects, improvement and deepening of Ukrainian-Senegalese trade-and-economic cooperation.

*Source: Press Service of the Ministry of Agrarian Policy of Ukraine, May 18, 2010*

▪ ***Food Safety***

Oleg Povolotshy, the Chairman of the State Committee of Ukraine on Technical Regulation and Consumer Policy, signed an order on inspecting all producers and retailers of baby formulas. The UNIAN News Agency learned this news from a communication of the Committee Press Service. According to the communication, the decision on taking such measure was made

following the death of a three month old girl in Zhukovka village, Ternopil Oblast, which might had been caused by consumption of milk formula.

Source: <http://economic.unian.net>; May 14, 2010

#### ▪ **Market Infrastructure**

The Ministry of Agrarian Policy of Ukraine drafted a Decree of the Cabinet of Ministers which would approve the Regulation on using resources of the Stabilization Fund in 2000 to provide financial support to agriculture enterprises through low or no interest loans. This news is posted on the Ministry web site.

Source: *BIZ.liga.net*; May 17, 2010

According to the report of the State Statistics Committee dated May 17, 2010, Ukraine's overall agriculture production between January and April 2010 grew by 4.9 percent as compared to the same period in the previous year. In so doing, it grew by 12.1 percent in agriculture businesses and fell by 0.6 percent in individual farmsteads.

The total sales of agriculture produce of agriculture enterprises for the first four months of 2010 were reduced by 15 percent in comparison with the first four months of 2009. In so doing, the sales of plant products and animal products fell by 34 percent and rose by 12 percent, respectively.

Average prices for which agriculture enterprises were selling their products in January through April 2010 grew by 28 percent as compared to the same period of the previous year (prices for plant and animal products rose by 45 percent and 15 percent, respectively). In the month of April, prices for both plant and animal products went up by two percent as compared to March.

Source: *APK-INFORM*; May 17, 2010

In January through April 2010, Ukraine's meat production grew by 6.7 percent while milk production fell by 2.3 percent in comparison with the same period of 2009. This is evidenced by State Statistic Committee data.

Between January and April 2010, Ukraine produced 967,800 tons of meat (+6.7 percent as compared to January-April 2009) and 3,006,000 tons of milk (-2.3 percent). In the month of April 2010, meat production was 257,400 tons (+3.2 percent as compared to April 2009), milk production was 995,400 tons (- 1.2 percent).

Source: *BIZ.liga.net*; May 18, 2010

A meeting of the Board of the Ukrainian Agrarian Union was conducted. Vice Prime Minister of Ukraine Victor Slauta took part in the meeting. The participants discussed various aspects of organization and holding of the report-and-election conference of the Ukrainian Agrarian Union which is scheduled for May 25<sup>th</sup>. Besides, Board members unanimously voted for appointing Mr. Hennady Novikov the Chairman of the Ukrainian Agrarian Union who replaced Yuri Karasyk at that position.

As known, the Ukrainian Agrarian Union is a non-government self-governed not-for-profit voluntary association of large-scale agriculture enterprise being major producers of products and raw materials in Ukraine. The Board of the Ukrainian Agrarian Union includes representatives of all Ukrainian regions who are elected for a five year term at the proposal of oblast associations

of agriculture enterprises. There are 90 members of the boards. These are leading agriculture workers, researchers, representatives of businesses and other structures servicing the agri-industrial complex.

*Source: Press Service of the Vice Prime Minister of Ukraine; May 19, 2010*

According to "Comments", spring activities of Ukrainian agriholdings at international capital markets turned out to be rather successful: they managed to raise over \$500,000,000 in total. These funds will be used to increase land banks' capital as investors are not interested in land expansion any longer. Development of own processing facilities is more important.

Alex Lissitsa, the President of the Ukrainian Agrarian Business Club, emphasizes that companies which has survived the crises, are more understandable to international investors who now use more stringent criteria for assessing potentially attractive assets, specifically, companies' financial strength. For example, at road shows investors are even willing to know what seeds and what machinery a company uses.

According to Mr. Lissitsa, today's investors are not happy with "bubbled" indicators of land banks. "They are unwilling to expand land. What they really want to see is evidence of efficient use of land", believes the expert. Alexy Zerkalov, the Vice President of the Investment-and-Banking Department of the Investment Company "Dragon Capital", believes that most agriholdings will return to the idea of land expansion no sooner than in two year time. Profitable companies with good operation indicators may be an exception.

*Source: [www.agroua.net](http://www.agroua.net); May 18, 2010*

#### ▪ **Rural Development**

The State Committee of Ukraine on Land Resources issued Order # 363 "On Inventory of State Land Certificates" on May 12, 2010. The inventory will be made "for the purpose of protecting rights of landlords and land users, ensuring authenticity of the unified database of land titles, and preventing fraud in the process of using (archive) copies of state certificates of land ownership and land use".

The said Order approves the Guidelines on preparing the land titles inventory report.

*Source: [www.myland.org.ua](http://www.myland.org.ua); May 14, 2010*

Amendments to Article 209 of the Land Code of Ukraine (Law # 3231) will help village radas stir up their activities in land (re-)inventory. Kostiantyn Bondaryev, the co-author of the document and Deputy Chairman of the Parliamentary Tax-and-Customs Committee, said to RBK-Ukraine: "When land is re-zoned, compensatory funds payable to the land unit owners come in a special account, whereupon the major part of these funds goes to the oblast council whereas the village council which previously owned the land gets a minor part of the funds. In the past, village councils had to use these funds for soil improvement purposes. Needless to say, rarely did they meet that requirement. The balance for this expenditure item was UAH 200,000,000 in 2009 in Kyiv oblast alone. Now village councils may use these funds for land inventory and re-inventory purposes as inventory of many land plots was made back in Soviet times, and those data are outdated. In addition, village councils will be able to use released funds for issuing land titles to low income individuals".

*Source: [www.rbk.ua](http://www.rbk.ua); May 14, 2010*

According to the State Committee of Ukraine on Land Resources, as of April 01, 2010, 86 percent of (12,500,000) Ukrainian citizens were entitled to privatize the land plot they were using. The total area of this land is 4,000,000 hectares.

Source: <http://economics.unian.net>; May 17, 2010