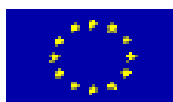




Ministry of Agrarian Policy of Ukraine



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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 between May 20, 2010 and May 26, 2010

### ▪ WTO and ENP Frameworks

"We are planning to establish a free trade area with the EU and liberalize visa regulations with Europe this year," said Ukraine's President Viktor Yanukovich at the meeting with Infante Carlos of Spain, Prince of the Two Sicilies, Duke of Calabria, which was held in Kyiv on May 19, 2010. Speaking about the Spanish presidency of the European Union, Viktor Yanukovich said that unfortunately, it coincided with the global financial crisis. He also noted that "we feel and appreciate the support of Spain of Ukraine's aspiration for integration into the European space". Viktor Yanukovich also stressed that Spain is an important trade partner of Ukraine and expressed hope that in the nearest future trade turnover between Ukraine and Spain will increase. "There is much potential and we hope to use it effectively soon," concluded the Head of State.

Source: Interfax-Ukraine; May 20, 2010

A meeting with experts of the CIDA mission was held at the Ministry of Agrarian Policy of Ukraine. Participants to the meeting discussed outcomes of implementation of the technical assistance project "Quality of grain and agriculture lending in Ukraine – Phase II" in order to assess project performance.

Source: MAP Department of Foreign Economic Cooperation; May 21, 2010

"Ukraine's accession to the European Union is just a matter of time", said Ukraine Foreign Minister Kostiantyn Gryshchenko to Polish Gazeta Wyborcza. "European integration is becoming Ukraine's national idea which is supported by most people and leading political forces."

Mr. Gryshchenko also has told that the Government is ready to take pragmatic steps toward EU and reforms which would bring Ukrainians' lives closer to European standards. At the same time, the Foreign Minister believes that improvement of Ukrainian-Russian relationships do not do any harm to European integration; to the contrary, such improvement furthers it. Urgent tasks of Ukraine's cooperation with EU include signing of the Association Agreement, establishment of the free trade area and liberalization of visa regulations for the Ukrainians.

Source: RBK-Ukraine; May 22, 2010

### ▪ Food Safety

"According to preliminary data of the Institute for Ecohygiene and Toxicology named after L. Vedmid, no dioxin has been found in fodder maize, while tests for furan content are still underway," says the Press Service of the Ministry of Agrarian Policy of Ukraine. "In parallel to that, the Ministry of Agrarian Policy and State Committee on Veterinary Medicine are

investigating circumstances of supplying Ukrainian fodder to the Netherlands. In addition, four samples of Ukrainian fodder maize were tested in International Laboratories TLR, Rotterdam. According to the laboratory report, they did not find any dioxin or PCBs either. AGRO-MAAS Ukraine LLC representatives state that additional maize samples were sent for a new test to Dutch and German laboratories (TLR, Rotterdam, and Eurofins, Hamburg).

Source: RBK-Ukraine, May 20, 2010

"Ukrainian meat and poultry producers may get a permit for exporting their produce to EU," said Ivan Bisyuk, the Chairman of the State Committee on Veterinary Medicine. He believes that all necessary approvals will be received by the end of the year despite "Inspections and decision making by EU are time consuming processes which may take up to 11 months. However, we are doing our best to make sure that the decision is made as soon as possible", ensure I. Bisyuk. When commenting inspections of Ukrainian producers by the Russian agriculture supervisory authority, I. Bisyuk told that "if Ukrainian food enterprises meet requirements of Russian specialists, the result will be positive".

Source: Kommersant-Ukraine; May 20, 2010

"Eight out of twelve condensed milk samples which were tested turned out to be counterfeit," stated Valentyn Bezruky, the President of the testing laboratory "Expert Examination Centre". Laboratory specialists have tested three dairy products: condensed milk, cheese and yogurt. The situation with condensed milk is the worst: the same producer have been replacing up to 90 percent of animal with vegetable fat without any specification of this fact for many years, while controlling bodies pretend not to notice such outright falsification. The overall "bad" mark was given to condensed milk produced by Bakhmachservmoloko, Variator, Vesela Ferma, Ichnia and Omka. In so doing, vegetable oil was detected again in condensed milk produced by Bakhmachservmoloko, and vegetable oil and colouring agents were detected in condensed milk produced by Variator and Omka. Condensed milk produced by Vesela Ferma, Ichnia and Poltavsak Lasunka was given the "bad" mark because of high (over 88 percent) content of non-milk fat. The test of yogurts produced the best results. There were only two bad marks: the "bad" and "very bad" marks were given to Zlagoda and Shchodnia yogurts, respectively. The test of cheese detected non-milk fat in two out of six cheese samples. Shodnia and Yagotytsky cheese samples contained 78.3 percent and 62.2 percent of non-milk fat, respectively. Colon bacillus was found in both samples. According to Mr. Bezruky, falsification of dairy products with vegetable fat is proliferating very quickly covering more and more trademarks. It is not always true that fake products are cheaper than authentic products; therefore a price may not be a good indication of quality.

Source: UNIAN – consumer news; May 20, 2010

## ▪ **Market Infrastructure**

### ANNOUNCEMENT

The largest and most prestige agrarian exhibition in Ukraine – XXII International Agri-Industrial Exhibition "AGRO-2010" – will be held at the National Complex "Expocentre of Ukraine" from June 15, 2010 through June 19, 2010.

This event has become a traditional gathering place for agrarian representatives from various countries and a major international forum of latest agriculture technologies. Like in the last year, the upcoming exhibition will feature regional, sectoral, merchandising and fair sections.

Currently, the Ministry of Agrarian Policy of Ukraine is in the process of preparation for the exhibition. MAP conducts meetings and workshops to discuss the exhibition programme, topics

of numerous agrarian forums, specialized conferences, seminars, roundtables, master classes and resolve organizational issues.

Source: Press Service of the Ministry of Agrarian Policy of Ukraine; May 21, 2010

Ukrainian export of milk, dairy products, eggs and honey grew by 64 percent in the first quarter of 2010 as compared to the same period of 2009. Import of the same products fell by 33.3 percent. This is evidenced by official data of the State Statistics Committee according to which Ukraine exported \$140,357,200 worth milk and dairy products and imported \$26,068,700 worth milk and dairy products in the first quarter of 2010.

Between January and April 2010, Ukraine increased butter production by 11.7 percent in comparison with the same period of 2009. Milk production grew by 1.7 percent. Spread, spread, cottage cheese and fat cheese production was reduced by 22.9 percent, 4.9 percent and 9.5 percent, respectively.

Source: BIZ.liga.net; May 21, 2010

The state joint stock company "Khib Ukraine", a state operator of the grain market, lost major export facilities. The High Administrative Court made a decision on transferring its five elevators to the State Reserve Committee toward debt repayment. Presumably, the situation may be changed by the law which is currently being drafted by the Economy Ministry of Ukraine. If this law is passed the company's debts will be written off.

On April 11, 2010, the High Administrative Court made the decision on transferring five elevators of "Khib Ukraine", namely, Odesa port, Krasnoperekopsky, Nizhnegorsky, Umansky and Cherniakhovskiy bakery, to the State Reserve Committee which will manage those elevators. The Government of Ukraine decided to transfer those assets toward repayment of the UAH 267 million debt to the Government back in 2007. However, "Khib Ukrainy" management does not recognize this debt.

Source: <http://agroconf.org>; May 21, 2010

Lviv-based Suvar wholesale market and Dnipropetrovsk-based "Ovochy-Frukty" (Fruit and Vegetables), major operators of the Ukrainian fruit and vegetable market, act as catalysts of the national "vitamin" industry development. The international exhibition-conference "Sort Fruit Business in Ukraine – 2010", which was held in Lviv, became their first joint effort in this area. The event, which was intended to coordinate interests of producers, processors, sellers and consumers, was attended by specialists from many Ukrainian regions as well as from Poland, Belarus, Russia and Israel. According to local expert Ivan Stefanyshyn, the interest to the soft fruit industry has grown drastically recently, and both cultivated and wild soft fruit production is developing rapidly. 40 percent of sweet cherry, 20 percent of strawberry and 20 to 30 percent of grape is sold through Suvar market alone. There are 8.5 million consumers of early soft fruit in Western Ukraine.

Conference participants discussed also supply of premium seedlings and processing know-how. They also visited Agrofrutica and GalFrost companies to familiarize themselves with modern technologies for fast freezing of soft fruit.

Source: Ukrinform; May 25, 2010

## ▪ **Rural Development**

The Cabinet of Ministers of Ukraine proposes to eliminate existing gaps and resolve urgent issues of legal regulation of certifying ownership of land. The meeting of the government approved draft amendments to the legislation in this area which were developed by the Ministry of Justice. According to Minister of Justice Olexander Lavrynovych, it is proposed to establish the timeframe for issuing the state title to a land plot and the liability for breaking it. For the purpose of legislating the above issues, the Government proposes to amend the Land Code of

Ukraine, the Code of Administrative Violations of Ukraine and the Law of Ukraine "On amending selected laws and regulations on certifying the ownership of land as well as the Regulation on splitting and merging land plots".

Source: [www.myland.org.ua](http://www.myland.org.ua); May 20, 2010

The Ministry of Agrarian Policy of Ukraine developed the Draft Law of Ukraine "On Rural Agrarian Tourism" which was posted on the Ministry's web site. The Draft Law defines general legal, organizational and socio-economic principles for running the agrarian tourism industry. It is emphasized that agrarian tourism activities do not fall under business operations if a homestead has up to nine beds for accommodating tourists. Providers of services in the rural agrarian tourism area may be registered as businesses.

State support will be provided to agrarian tourism service providers under national and regional programmes for developing rural tourism. It is planned to enact the law effective January 01, 2011 if it is passed.

Source: <http://economics.unian.net/>; May 21, 2010