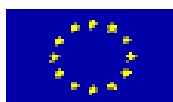




Ministry of Agrarian Policy of Ukraine



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 July 01, 2010 and July 07, 2010**

### **▪ WTO and ENP Frameworks**

A new round of the negotiation on creating the free trade area between the European Union and Ukraine began in Brussels. It was planned that Brussels and Kyiv would sign the Agreement until the end of the current year. However, the negotiation "were somewhat staling recently". According to Ukrainian Prime Minister Mykola Azarov, the reason of slow progress of the negotiation is "that Europeans are afraid of competing with Ukrainian agrarian producers". Valery P'yatnytsky, the Deputy Economy Minister of Ukraine, expressed the opinion of the Ukrainian delegation: "Today we are firmly standing on the position of protecting interest of the national business. The Free Trade Agreement is an agreement on an access to the market. Our business has already "built muscles" in many respects. As the domestic and CIS market have limited capacities, it is looking for ways to enter new markets."

Major topics of the current round of the negotiation include copyright protection, competition development, settlement of disputes in the energy area, and certain aspects of the agriculture trade (import and export duties). The latter causes most disputes. The Government of Ukraine stated more than once: the quality of Ukrainian products is much higher than the quality of European ones. For the time being, however, Brussels is unwilling to reduce import duties for Kyiv and increase export quotas.

Source: Inter-Podrobytsy; July 05, 2010

The Parliament of Ukraine passed the Law "On Accession to the Grains Trade Convention" according to which Ukraine would accede to the Convention which was signed London on December 07, 1994.

The Convention is intended to ensure favorable conditions for developing international cooperation in the grains trade area. Specifically, the Convention envisages to expand international trade in grains, stabilize international grains markets to the best interest of all member states, strengthen international food security, promote development of countries whose economies are heavily dependent upon commercial sales of grains, and ensure a forum for sharing information and discussing members' interests with regard to grains trade.

Source: www.ukrinform.ua, 06.07.2010

### **▪ Food Safety**

"The State Committee on Technical Regulation and Consumer Policy of Ukraine supports an idea of establishing in Ukraine a modern system for controlling quality and safety of food

products", said O. Povolotsky, the Chairman of the Committee, at the extended meeting of the Committee Collegium on July 01, 2010. According to Mr. Povolotsky, such official controls system must be created based on European experience envisaging adoption of a number of technical regulation on food products, implementation of Codex Alimentarius standards and creation of a relevant modern national infrastructure. In so doing, Ukraine's commitments under WTO framework should be taken into regard. On the other hand, as it is known, the Office of Prosecutor General of Ukraine filed an appeal against a decision of the Government of Ukraine on canceling mandatory certification of food products. In view of the said factors, management of the State Committee on Technical Regulation and Consumer Policy believes in feasibility of applying a reasonable approach envisaging phasing out a list of food products which are subject to mandatory certification between 2010 and 2011. As it was reported earlier, the State Committee on Technical Regulation and Consumer Policy of Ukraine submitted to the Economy Ministry of Ukraine a number of draft laws ("On State Market Supervision", "On General Food Safety", "On Supplier's Liability for Defect Produce", "On Amending Selected Laws of Ukraine") aimed at precluding poor quality products from entering Ukrainian markets and ensuring proper quality and competitiveness of domestic products.

Source: State Committee of Ukraine on Technical Regulation and Consumer Policy; July 02, 2010

#### ANNOUNCEMENT

The press conference "Epidemiological situation and strategy for fighting rabies" is scheduled for July 08, 2010. Expected participants to the press conference include I.Y. Bushyuk, the Chairman of the State Veterinary Medicine Committee of Ukraine and V. M. Gorjeyev, the First Deputy Chairman of the State Veterinary Medicine Committee of Ukraine as well as participants to the Seminar of DG SANCO standards which being conducted in Kyiv.

Source: Press Service of the State Veterinary Committee of Ukraine; July 07, 2010

### ▪ Market Infrastructure

The Russian Veterinary and Phytosanitary Supervisory Authority (Rosselkhoznadzor) is canceling the almost five year limitations on import of Ukrainian animal product, in the first place, poultry effective July 01, 2010. This news was communicated by Rosselkhoznadzor Director Mr. Serhey Dankvert.

However, only those Ukrainian enterprises which are included in the list of approved suppliers will entitled to export their produce to the Russian Federation. "Only those enterprises which are approved by the Russian Agency and meet our requirements will be able to export raw materials and finished products to Russia", said Mr. Dankvert. According to him, "latest inspections conducted in Ukraine show that far not all enterprises are able to comply with Russian requirements". One of reasons is that Ukraine is harmonizing its ruled with European rules, "whereas the latter differ from Russian ones". As a result, only the Donetsk enterprise *Eliteks LLC* will be entitled to export finished meat products to Russia beginning July 01, 2010. Two other Ukrainian enterprises – poultry factory *Sniatynska Nova* (Sniatyn, Ivano-Frankivska oblast) and *Myronivska poultry factory* (Cherkaska oblast) – are allowed to supply poultry and raw poultry products to Russian customers.

The limitations on importing animal products including poultry from Ukraine were imposed in late 2006 and early 2006.

Source: Correspondent; July 01, 2010

Prices for sunflower will remain at the previous year' level while prices for rape will go up. Such an outlook was expresses by Serhiy Melnyk, the First Deputy Minister of Agrarian Policy of Ukraine, during the on-line conference on LIGA.net portal. "Prices for rape will slightly exceed last year's prices as the offer will be small because of the situation at global markets and climate

conditions. For example, it is raining heavily in Southern Ukraine now, and this may also affect the yield", explained the First Deputy Minister.

Source: BIZ.liga.net; July 02, 2010

"Decree of the Cabinet of Ministers of Ukraine # 503 dated June 23, 2010 "On approving the Regulation on using in the year of 2010 funds allocated from the state budget for the purposes of forming the intervention fund by the Agrarian Fund and purchasing materials and technical resources to satisfy needs of agriculture producers has come into force", communicated the Press Service of the Justice Ministry on July 05, 2010. As it was emphasized, the Decree came into force effective the day of its official publication i.e. July 02, 2010.

Source: APK-Inform; July 05, 2010

According to market participants' opinion, the Government of Ukraine may cancel the import duty on sunflower which currently equals 12 percent of the dutiable value.

It should be reminded that cancellation of the customs duty is one of requirements of the planned Free Trade Area Agreement between EU and Ukraine. Market participants dissent in assessing consequences of such cancellation for the Ukrainian economy. On the one hand, it will help strengthen procurement prices for sunflower and increase farmers' incomes. In addition, export of Ukrainian agriculture produce will grow. On the other hand, cancellation of the customs duty may exacerbate the situation with raw materials and reduce production profitability for some processors.

Source: APK-Inform; July 05, 2010

## ▪ **Rural Development**

Economy Minister Vasyl Tsushko had a meeting with Martin Reiser, the World Bank Regional Director for Moldova, Belarus and Ukraine. The parties discussed the current situation with implementing joint projects and opportunities for initiating new projects. Specifically, they discussed World Banks' support of the Project "Issuing Titles to Land in Rural Areas and Developing the Cadastre System". This project is intended to protect ownership of land by issuing state titles to land plot and creating an automated system for administering the state land cadastre.

"One of Government's top priorities, which are defined by the National Program of Economic and Social Development for 2010, is to reform ownership relationships. This is a high priority areas of our cooperation with the World Bank. It was planned to implement a cadastre-and-registration system in Ukraine which would combine administration of the State Registers of Ownership of Real Estate and State Land Cadastre under the Project "Issuing Titles to Land in Rural Areas and Developing the Cadastre System". Unfortunately, funding of the cadastre development processes was terminated because of legislators' failure to identify an agency responsible for implementing and operating the system for registration of ownership of real estate", said Mr. Tsushko. According to the Economy Minister major shortcomings of the existing system of ownership of real estate are keeping records of land and buildings by different agencies, the closeness of registers and cadastres, lack of government guarantees for inviolability of bona fide purchaser, and burdensome procedures for registering ownership and obtaining certificates.

Source: Press Service of the Economy Ministry of Ukraine; July 06, 2010

Vice Price Minister on the Agrarian-and-Industrial Complex Victor Slauta attended the official ceremony of opening a new milk factory of agri-company named after Dovzhenko in Shyshatsky raion, Poltava oblast. As Alexander Udovichenko, the Head of Poltava Oblast State Administration, said at the opening ceremony, this is one of production facilities which are to be commissioned in 2010 under the oblast program for creating favorable conditions for sustainable

development of animal production. The new factory is a vivid proof of high effectiveness of the program which comprises 18 large scale investment projects in construction and renovation of animal projection facilities and farm totaling UAH 2,400,000,000

Source: [www.ukrinform.ua](http://www.ukrinform.ua), 06.07.2010