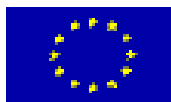




Ministry of Agrarian Policy of Ukraine



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 August 12, 2010 and August 18, 2010

▪ **WTO and ENP Frameworks**

A briefing of Deputy Economy Minister Valery Piatnytsky was held at the Economy Ministry of Ukraine on August 13th. It was devoted to cooperation between Ukraine and EU and WTO member countries. At the briefing, Mr. Piatnytsky reported on results of Ukraine's two year membership in WTO, status and prospects for trade and economic cooperation between Ukraine and EU, and progress of the negotiation with EU on creation of a free trade area.

As far as the free trade area (FTA) is concerned, it was mentioned at the briefing that it would be introduced in the FTA+ format with an emphasis on regulatory collaboration. The FTA+ format envisages that reduction and elimination of trade limitations as part of free trade treatment will concern not only liberalization of solely bilateral trade of goods but also liberalization in other areas such as trade in services, direct foreign investments, and state procurements.

At the completion of twelve rounds of the negotiation, the parties came to agreements on a large number of issues in such spheres as promotion of trade, cooperation on customs issues, protection of intellectual property, antimonopoly legislation and concentration, and government assistance. By now, the parties have already transferred from identification of the future configuration of FTA to establishment of concrete agreements and definition of clear conditions for access to relevant markets, timeframes for harmonizing the legislation, and relevant institutional changes. At the same time, according to Mr. Piatnytsky, there is no such goal today as to have the agreement signed by a specific date. "Our task to ensure the proper quality of this agreement. There is little sense in just signing something. The real goal is to make sure that the agreement to be signed is realistic, and our relationships go over to the next stage", stressed the Deputy Minister.

Source: <http://www.me.gov.ua>, 13.08.2010

▪ **Food Safety**

The Antimonopoly Committee of Ukraine (AMC) bound 12 spread producers to stop unfair competition and specify product names of the face side of packaging. This decision was made at the recent AMC sitting. The Committee made a research of the market of butter, spread and vegetable oil mixes and revealed a number of violations of the competition legislation related to marking of produce. According to AMC, many producers of spreads and vegetable oil mixes specify produce type of the lateral surface of packaging in fine print, whereas the face side shows only the name of product – "Fermerske", "Vershkove", "Karpatske", "Baktske", "Silske", "Lehke", "Frantsuske" and fail to show the word "spread". In so doing, all these names are of neuter gender like the word "butter". For the purpose of protecting consumer rights, AMC

issued recommendations on eliminating unfair competition which are binding on 12 spread producers: "Zarichensky Milk Factory" LLC (Rivne oblast), "Andusivsky Butter and Cheeze Factory" (Zhytomyrska oblast), state enterprise "Starokostyntynivksy Milk Factory" (Khmelnysk oblast), "Halychyna" Private Joint Stock Company (Lviv oblast), "Kviten" LLC (the city of Kharkiv), "Lyustdorf" LLC (Vynitsya oblast), "Baltky Factory of Milk and Canned Product for Children" (Odesa oblast), state enterprise "LvivAgriProduct" (the city of Lviv); Molochnyk Public Joint Stock Company (the city of Zhytomyr), "Rozhyschensky Cheeze Factory" Public Joint Stock Company (Volyn Oblast), "Tulchinsky Butter and Cheeze Factory" (Vinnitsa oblast), "Reshetylivksy Butter Factory" Public Joint Stock Company (Poltava oblast).
Note: Unlike butter, spreads and vegetable oil mixes contain 50% to 85% and at least 99% of vegetable oils, respectively.

Source: UNIAN; 17.08.2010

To ensure the compliance with the current legislation on marking food products with regard to the content of GMOs, the State Committee of Ukraine on Technical Regulation and Consumer Policy will put in place systemic inspections to make sure that food operators are abided by the legislation on consumer right protection, food safety and quality. Such inspections will be conducted no less frequently than once per month.

Source: State Committee of Ukraine on Technical Regulation and Consumer Policy; 16.08.2010

▪ **Market Infrastructure**

According to the State Statistics Committee of Ukraine, production of agriculture products in Ukraine between January and July 2010 dropped by 0.6 percent as compared to the same period of 2009. The largest decline (4.7 percent) took place at agriculture enterprises. In so doing, individual farmsteads increased production by 3.6 percent during the seven months of 2010. During the first half of 2010, agriculture production output in Ukraine grew by 3.4 percent.

Source: APK-INFORM; 12.08.2010

The Economy Ministry of Ukraine does not expect for sanctions on the part of WTO member countries should Ukraine enforce a ban on grain export. According to a UNIAN correspondent, this message was communicated by Deputy Economy Minister Valery Piatnytsky at the recent press conference.

Mr. Piatnytsky emphasized that sanctions were hardly expected as the ban, if it were enforced, would be temporary and intended to ensure country's food security. "If some measures are taken for a limited period of time in order to overcome certain aspects of the crisis which neither affect trade nor jeopardize interests of our economic partners, this means that there are no measures as such", told Mr. Piatnytsky. According to UNIAN, Minister of Agrarian Policy Mykola Prysiazhniuk admitted in late July that the Government would have to impose quota on export of wheat after completion of harvesting.

Source: <http://economics.unian.net>; 13.08.2010

A major Israeli company will take part in the investment project to develop a dairy farm for 10,000 milkers in Luhansk oblast. A UNIAN correspondent learned this news from the Press Service of Luhansk Oblast State Administration

According to the communication, at the meeting of representatives of the Israeli company "Ahriho" and Ukrainian participant to the project – MTK Ltd., Luhansk oblast Governor Valery Holenko emphasized that dairy production development is a hot issue for Luhansk region. 316,000 tons of milk was produced in the region the last year. This is 176 kg of milk per resident, whereas the existing physiological standard is 380 kg per capita.

"Implementation of the investment project in development of a large dairy farm employing modern technologies will enable the region to increase the local supply of dairy products by one

third, strengthen the regional agriculture sector, and create around 1,000 new jobs in rural areas", told the Governor. The meeting participants signed a memorandum of understanding which specifies undertakings of all parties.

Source: <http://economics.unian.net>; 17.08.2010

"The Cabinet of Ministers of Ukraine will consider a possibility to introduce the 2.5 million ton quota for export of wheat and barley until the end of 2010," stated Mykola Prysiazhniuk, the Minister of Agrarian Policy of Ukraine, at the meeting at the ministry.

Source: BIZ.liga.net; 18.08.2010

▪ **Rural Development**

The annual national exhibition "Colourful Ukraine" devoted to the 19th anniversary of Ukraine's independence was opened at the National Complex "Exhibition Centre of Ukraine" on August 17, 2010.

"Colourful Ukraine" is the only yearly exhibition event where all regions of Ukraine may present themselves simultaneously and producers from all parts of the country may demonstrate their latest achievements. A lot of public and cultural events are held as part of the exhibition. There are Masters' Town and fair where visitors may purchase a lot of interesting items, food products, beekeepers' products.

Every year the Exhibition attracts government officials, businessmen, representatives of foreign countries' embassies, leading international companies, banks, retails chains, and the media.

Source: <http://www.expocenter.com.ua>; 17.08.2010

President Victor Yanukovych opened National Sorochynsky Fair. Upon arriving to the fair site, the President undertook a tour of exhibits of craftsmen and other fair participants. "Sorochynsky Fair has become a calling card of not only Poltava but also the entire Ukraine", told the President when addressing to participants and visitors of Sorochynsky Fair. The President is convinced that events like Sorochynsky Fair promote Ukrainian companies across the globe.

Source: <http://economics.unian.net>; 18.08.2010

Law of Ukraine # 2469-VI dated July 08, 2010 "On Amending Article 20 of the Law of Ukraine 'On Land Lease'" has come into force. The Law establishes a shorter (than existing) timeframe for registering land lease agreements. The Law also caps the fee for registering agriculture land lease agreements by triple non-taxable minimum income. Besides, Law # 2471-VI dated July 08, 2010 "On Amending Article 208 of the Land Code of Ukraine" will be enacted effective August 18, 2010.

Both laws were published in "Uriadovy Couries" on August 18, 2010.

Source: APK-INFORM; 18.08.2010