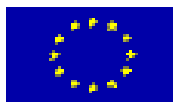




Ministry of Agrarian Policy of Ukraine



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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 August 19, 2010 and August 25, 2010

▪ **WTO and ENP Frameworks**

Beijing hosted the 11th joint meeting of the Ukrainian-Chinese Intergovernmental Commission on Trade-and-Economic Cooperation on August 19, 2010. The First Prime Minister Andriy Kliuyev, led the Ukrainian delegation while Deputy Commerce Minister of China Gao Hucheng headed the Chinese delegation. Vasyl Marmazov, the Deputy Economy Minister of Ukraine, also took part in the meeting. The heads of the delegations shared their opinions and information on the status of economic development of Ukraine and China and measures being taken to mitigate the impact of the global financial crises on both countries' economies.

The parties emphasized the important role of the dialogue at such a high level for deepening bilateral trade-and-economic relationships and fast development of these relationships in 2010. Besides, the parties expressed their strong interest in implementing joint projects involving Chinese investments, primarily in the agrarian sector, specifically, in construction of elevators, grain terminals, enterprises to process grain and oil-bearing crops, etc.

Source: Press Service of the Economy Ministry; 21.08.2010

President Yanukovich will visit Germany on August 31, 2010 and France in early October. This news was communicated by Oleg Voloshyn, the Director of the Information Policy Department of the Foreign Ministry of Ukraine.

According to Mr. Voloshyn, Ukraine sees Germany as an important partner from the perspective of Ukraine's moving towards EU standards in economy and power engineering. "We hope that Germany will advocate Ukraine's accession to the EU. Our key goal is to convince the Germans that Ukrainian is an asset for Europe", he added. The agenda the President's visit to France includes discussion of cooperation in power engineering, agriculture and support of Ukraine's eurointegration aspirations by France.

Source: RBK-Ukraine; 19.08.2010

▪ **Food Safety**

According to the final report of the European Commission prepared based on outcomes of the audit of the existing system for controlling meat and egg products production, these Ukrainian products comply with EU standards.

This means that Ukrainian producers have taken one more important step to access EU markets. Specifically, EU inspectors confirmed that Ukraine had in place an efficient controls system at food enterprises and poultry farms. The report also stresses the importance of taking additional measures to ensure proper keeping of animals at slaughter houses. FVO experts visited Ukraine from May 17, 2010 through May 27, 2010.

In July 2010, Ukraine submitted to the European Commission a plan of actions to carry out inspectors' recommendations and eliminate revealed deficiencies. The European Commission regarded the action plan as feasible. In addition, the Russian Federation lifted the ban on importing all animal products from Ukraine which are produced at establishments inspected by Russian specialists effective July 01, 2010.

Such decisions create favourable conditions for exporting Ukrainian poultry products. In a situation where the domestic market is virtually saturated, the only potential way for developing the Ukrainian poultry sector is to increase the export.

According to the State Statistics Committee of Ukraine, the per capita poultry consumption in Ukraine was 23 kg which was comparable to a similar indicator for EU countries. In the last year, Ukraine produced 15,6 billion eggs of which at most 13 billion were consumed domestically.

Source: <http://www.vet.gov.ua>; 25.08.2010

▪ **Market Infrastructure**

As soon as the next year Ukraine will be able to enter international sugar markets. According to the Press Service of the Ministry of Agrarian Policy of Ukraine, this news was communicated by Minister Mykola Prysiashnyuk at the meeting with representatives of the sugar industry which was convened to discuss prospects for harvesting and situation at the sugar market.

The Minister told that his statement about Ukraine's ability to enter international sugar markets was based on projected reduction of sugar production in Russia. Mr. Prysiashniuk ensured that domestic retail prices for sugar would not rise. "Prices for this product might go down", said Mr. Prysiashniuk.

Source: <http://economics.unian.net>, 19.08.2010

As estimated by experts of the "Ukrainian Agrarian Business Club" Association (UABC), this year's gross potato yield will be some 14,000,000 tons which is by almost 30 percent less than in the last year. The major factor of this decrease is a substantial drop of potato productivity caused by this year's unfavourable weather conditions. "Heavy showers followed by drought negatively affected the yield of potato. The losses are caused mainly by insufficient humidity at the active tuber growth period which led to a small size of tubers and proliferation of diseases at the sultry period", says Roman Slastion, an UABC expert on agrarian markets.

"The decrease in the gross production will affect the prices for "the second bread" as well. It may grow by 50 percent by the year end. Between February and April of the next year, the price will be heavily dependent on how cold the upcoming winter will be as there are a few proper potato storage facilities, and the situation with a further increase in prices for potato which took place in early 2010 is likely to recur ", adds the expert.

UABC experts admit that Ukraine may import potato in the spring of 2011, when the shortage of domestic potato is most tangible.

Source: www.agribusiness.kiev.ua, 19.08.2010

The Grain and Feed Trade Association (GAFTA) sent an official letter to the Government of Ukraine with a negative evaluation of the situation with export delays in Ukraine. This was communicated by Volodymyr Klimenko, the President of the Ukrainian Grain Association, at the press conference. According to Mr. Klimenko, Ukraine' failure to export grain leads to non-performance of Ukrainian companies under their contracts with GAFTA. As a result, Ukraine may face a risk of court actions.

In the said letter, GAFTA drew the attention of the World Trade Association and European Union to hindrance to grain export. GAFTA claims that limitation at the market imposed by a government greatly affect international trade. Export barriers contradict WTO requirements, and recent changes in the procedure for customs supervision over grain cargoes virtually stopped free

flow of agriculture products from Ukraine.

GAFTA points out that for international trade purposes the quality of wheat is subject to agreement between exporters and importers, and the produce is subject to testing in ports of loading by independent surveyors who establish the compliance with contract specifications. "That is why, inspections which were introduced recently by the Customs Service of Ukraine and intended to find out the designated purpose of grain (using it as forage or for baking bread) are redundant", underscores GAFTA. "In any case, interventions in export processes are inappropriate since the produce is being sold according to quality specifications, and there is no need to find out the purpose of sale: for using it as forage or for baking bread", the statement underscores.

Source: <http://economics.unian.net>, 19.08.2010

The Ministry of Agrarian Policy of Ukraine has compiled regions' rating based on indicators of the Ukrainian agri-industrial complex operations in the first half of 2010. The average score of an oblast allows for indicators of animal production; logistics; production of food products, beverages and tobacco products; gross agriculture output, index of consumer prices for food products and soft drinks; production of animal products; animal and poultry population; productivity of animal and poultry stock.

Cherkasy oblast has the highest rating. It is followed by Vinnitsa, Dnipropetrovsk, Khmelnytsk, and Ternopil oblasts.

Source: <http://minagro.gov.ua>, 21.08.2010

ANNOUNCEMENT

The "Ukrainian Agrarian Business Club" Association, AgriEvent Agency, Institute for Agrarian Development in the Central and Eastern Europe, and Eastern Committee on German Economy, under support of German Federal Ministry of Food, Agriculture and Consumer Protection will hold the joint international conference "Managing Large Agrarian Companies Efficiently" on September 16, 2010. The conference agenda includes discussion of optimal models for managing large agrarian companies, agrarian holdings development patterns, preconditions for investment attractiveness, factors of improving economic performance, etc.

Source: <http://a7d.com.ua>, 21.08.2010

▪ **Rural Development**

The first festival of authentic Carpathian cuisine "Smachny Spas" is being conducted in the village of Spas, Kolomiya raion, Ivano-Frankivska oblast. The objective of the festival is to develop and preserve authentic food products as a component of promoting and developing rural tourism, organic farming, and healthy nutrition habits. The festival hosts delegations from Switzerland, Austria, Poland, Germany, tourists from all parts of Ukraine and thousands of Carpathian region residents.

The festival includes such events as an exhibition fair of organic products, exhibition of craft products, green tourism and energy conservation sectors.

The festival is sponsored by "Chysta (Pure) Flora" Association, Ukrainian Organic Movement Federation (FIBL which is supported by the Swiss Institute for Organic Farming), Kolomiya raion state administration, and Kolomiya raion council.

According to the Ukrainian Organic Movement Federation, there are 121 certified organic farms in Ukraine totalling 270,000 hectares today. Their compliance with EU standards is guaranteed by accredited international certification agencies. Major Ukrainian organic products include grains, legumes, wild crops, soft fruit, dried fruit, meat, honey, etc.

Source: <http://www.unian.net>, 22.08.2010