

 <p><b>МІНІСТЕРСТВО АГРАРНОЇ ПОЛІТИКИ УКРАЇНИ</b></p>	 <p>Проект фінансується Європейським Союзом</p>	 <p>Проект впроваджується консорціумом на чолі з WYG International</p>
<p><i>Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector EuropeAid/126205/C/SER/</i></p>		

## Overview of Latest Rural Developments

**14 – 20 October 2010**

### WTO and Neighbourhood Policy

The third meeting of the Trade and Investment Council, a body set up by intergovernmental agreement on cooperation in trade and investment between Ukrainian and the U.S. governments, took place in Kiev. Delegations were headed by Deputy U.S. Trade Representative Miriam Sapir and Ukrainian Economic Minister Vasyl Tsushko respectively.

Delegations acknowledged progress made since the last Council meeting in Washington (DC) in 2009 and reviewed specific measures to be taken by each party to develop bilateral trade and investment.

The sides also agreed to set up working groups on agriculture and customs and actively cooperate to resolve commercial disputes and promote bilateral investments. The sides agreed to hold the fourth Council meeting in Washington (DC) in 2011 on a date to be determined later.

Ministry of Economy Press Service, 14/10/2010

Ukrainian Minister of Agrarian Policy Mykola Prysyazhnyuk does not expect the World Trade Organization to impose sanctions against Ukraine for introducing grain export quota. According to him, both WTO requirements and UN resolution imply that a country can impose certain export restrictions to meet its food security exigencies.

The Minister also said that grain export quotas would soon be introduced. "The quotas related issue will be solved in the coming days ", he said. Earlier, Deputy U.S. Trade Representative Miriam Sapir stated that imposition of grain export quotas will put into question Ukraine's reliability as a grain supplier and may be in conflict with Ukraine's commitments under WTO.

APK-Inform, 10/18/2010

Ukraine plans to create nine working groups with the European Union to elaborate agricultural market strategy, Ukrainian Minister of Agrarian Policy of Mykola Prysyazhnyuk stated October 13 in Brussels at the conference entitled "Ukraine: from crisis to growth".

The Minister noted that these working groups will in particular deal with issues related to introduction of comprehensive agricultural policy, harmonization of veterinary control and phytosanitary standards, diagnostic centres upgrade, environmental issues, agricultural science and education reform and harmonization of land legislation.

The Minister also said that Ukraine "has studied in detail and continues to ponder" Eastern European countries' experience in carrying out similar agricultural market reforms while preparing for EU membership. Prysyazhnyuk reminded that Ukraine is preparing to introduce a full-fledged agricultural land market in 2012

UNIAN, 14.10.2010

## Food Safety

Ukrainian Cabinet of Ministers agreed upon the registration procedure for genetically modified organisms used in feeds, feed additives and veterinary products, the Resolution № 919 of October 12, 2010 states.

It is underlined that the Veterinary Medicine Committee shall carry out state registration of GMOs. During 5 years the registration will be free of charge. Genetically modified organisms used in feeds, feed additives and veterinary products will be included on the State Register.

AIC-Inform, 10/14/2010

Phytosanitary procedures used in Ukraine can in the future be recognized as equivalent to the European ones, the head of Ukrainian side at negotiations on Free Trade Area with the European Union, Deputy Economics Minister Valeriy Pyatnitskij believes. He also said that negotiation on public procurement section can already be completed during the next round of talks. Pyatnitskij noted that success of the 13<sup>th</sup> round of negotiations on FTA should be regarded as the result of extensive and systematic work.

"Without any previous progress, there would be no miracle taking place now. The agreement contains a dozen of sections. And we are working on each of them. I think that our European colleagues are incorrect in saying that only four sections have been agreed upon in two years. How many years then it will take for us to deal with the sections left? There are several negotiating processes simultaneously going on, in fact, with some sections being 70% prepared, other – 80%, still other 90% prepared", Pyatnitskij said.

Interfax-Ukraine, 15.10.2010

During 9 months of this year inspectors from Poltava Standard Metrology have checked 266 enterprises located in Poltava oblast. Violations were found in 177 of them, representing 66,5% of enterprises checked. Most violations were found on mini-workshops (69 out of 91 small businesses checked) and on dairy enterprises (60 (75%) out of 80 tons of milk checked were rejected as defective).

State Committee on Technical Regulation and Consumer Policy, 10.15.2010

Tests were being carried out during the year that has elapsed since the opening of genetic testing department in Kharkiv Standard Metrology. Food and agricultural raw materials (wheat, sunflower, soybean, corn, sugar beet, wheat) accounted for 11% of the total amount of samples tested, while prepared foods (confectionery, meat products, flavouring additives and baking mixes, milk, fat, fruit and vegetable products, breakfast cereals and concentrates, cereals) made up 89%.

Genetically modified DNA was found in 3.5% of samples tested. 0.6% of samples had more than 0.9% genetically modified DNA, which means that respective products should have been subject to mandatory GMO labelling. Sausages, nutritional supplements, soy and corn were among the products containing more than 0,9% of GMO. GMO content of less than 0.9% was found in meat products (mainly sausages), meat preparations, flavouring additives, dry breakfast cereals, flour, wheat.

State Committee on Technical Regulation and Consumer Policy, 10.15.2010

Over the past 2 years there were no safety or quality claims referring to Ukrainian sunflower oil coming from the EU or other countries, UkrOilProm representative Tatiana Bevzjuk said at the second international conference "Oilseeds & Oils 2010" (October 17-19, Istanbul, Turkey). According to her, it is mainly pressed unrefined oil or mixture of pressed and extraction oil as well as extraction oil alone, in case a buyer wants it that way, that are being exported. The expert noted that Ukrainian producers make every effort to increase their exports of refined deodorized packed oil.

## Market Infrastructure

State Committee on Regulatory Policy and Entrepreneurship initiates introduction of flat tax for producers working in the greenhouse agriculture. Respective changes to the draft Tax Code of Ukraine are being proposed so that business entities engaged in production and processing of greenhouse plants could pay a fixed tax.

Taxpayer's income is proposed to be determined as the tax base with tax rate set at 2% of the tax base.

LIGABusinessInform, 15/10/2010

The Government plans to finance construction of five food wholesale centres in different regions of Ukraine to stabilize prices on the food market, Ukrainian Vice Prime Minister Serhiy Tigipko said at the press conference. He thinks that the rise in food prices was due to lack of specialized wholesale centres and storage facilities. Vice Prime Minister noted that in Ukraine the network of vegetable wholesale centres has virtually ceased to exist and farmers have no opportunity to store and sell their products.

"Before even talking of an operating agricultural sector, we must create surplus of agricultural products and storage facilities. All pre-existing vegetable wholesale centres are practically buried. There are no refrigerating facilities. The Government plans to construct five food wholesale centres across the country, analogous to the one operating in Lviv", Tigipko said. He also noted that the Government has developed a system of measures to help revitalize Ukrainian agricultural sector.

<http://economics.unian.net/>, 15.10.2010

October 19, grain quotas have been introduced in Ukraine. The respective decree has been published in "The Governmental Courier" and thus formally entered into force.

Reference: the following amounts have been prescribed by the quota: 2 million tons of maize, 0.5 million tons of wheat, 200 thousand tons of barley and 1 thousand tons of rye and buckwheat can be exported until 31 December 2010. Quota distribution shall be proportional.

UkrAgriConsult, 19/10/2010

## Rural Development

Countryside needs a clear sequence of reforms, the head of the Union of Ukrainian Agricultural Service Cooperatives Ivan Tomich said at the press conference speaking about ways of stabilizing the food market. "There are enough of funding mechanisms for rural development and for development of the entire agri-industrial complex provided in the respective legislation. It's bold decisions that are missing and not the mechanisms for their implementation", he said.

Tomich believes introduction of land mortgage is acceptable provided that the State Land Bank is in place. He also noted that Ukrainian agricultural sector is characterized by the fact that most part of agricultural production is being concentrated in individual farms. Last year, they have produced 80% of milk, 98% of potatoes, 86% of vegetables, 85% of fruits and berries. According to Tomich, vast majority of individual farms produce surplus products for subsequent sale. However, it the latter that remains to be a problematic issue.

Modern agricultural market infrastructure, including service cooperatives and wholesale markets, should be developed to solve these issues, Tomich underlined.

Ukrinform, 19/10/2010

Viktor Yanukovich believes Ukraine needs a land reform. While speaking at the meeting of the Regional Reforms Committee in Rivne, he supported the idea of conducting public hearing on land reform and expressed hope that respective initiatives would soon be launched. The President drew the attention of local authorities to the importance of creating regional investor support systems to help investors easily pass registration procedures and purchase plots of land for construction with the possibility to install the necessary communications on them.

Presidential Press Service, 10/19/2010