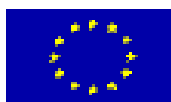




Ministry of Agrarian Policy of Ukraine



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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 November 11, 2010 and November 17, 2010

▪ WTO and ENP Frameworks

Ukraine and European Union have not finalized conditions of trade in several hundred of agriculture products, which is essential for signing the free trade area agreement, said Valery Piatnytsky, the Deputy Economy Minister of Ukraine, who is responsible for the negotiation with EU.

"We are not talking about any specific date. We are just doing our best to resolve or agree on many technical issues as soon as possible. In the end, as a rule, there are some issues which can be resolved in the political plane", stated Mr. Piatnytsky on the eve of the EU-Ukraine Summit in Brussels scheduled for the 22nd of November.

According to Mr. Piatnytsky, one can hardly expect for a breakthrough at the upcoming meeting in Brussels. However, Kiev does intend to demonstrate its interest. "We have two large markets next to us. Our task is to learn how to cooperate with both. The more rules regulating such cooperation, the better", Mr. Piatnytsky underscored and added that Ukraine did not feel like being EU's younger brother in trade and expected to be a partner. Kyiv and Brussels have already agreed on trade conditions for thousands of goods most of which will not be subject to duties and limitations..

Source: RBK-Ukraine; November 15, 2010

Ukrainian Ambassador to Germany Nataliya Zarudna met with State Secretary for Germany's Ministry of Food, Agriculture and Consumer Protection Robert Cloos to discuss strengthening of the Ukrainian-German partnership in the agrarian sector in the context of post-crisis development of Ukraine and Germany.

As the Press Service of Ukraine's Foreign Ministry communicated to UNIAN, the German party was advised on development of the Ukrainian economy, in the first place, the agriculture sector in 2010 and recent steps taken by the Government of Ukraine to improve the investment and business environment in Ukraine.

A lot of attention was paid to issues associated with setting up the free trade area between EU and Ukraine. The German party clearly expressed its position on liberalization of trade in food products which meets interests of all parties. It is this issue that will be in the focus of the discussion at the Third summit of agriculture ministers to be held as part of the International Fair "Green Week" scheduled for January 2011 in Berlin.

Source: <http://economics.unian.net/>, 17.11.2010

▪ Food Safety

A mission of FVO inspectors to Ukraine (DG (SANCO)/2010-8808) is planned for December 6-10, 2010. The mission is intended to assess the current status of the existing Ukrainian system for controlling animal health in the processes of producing poultry, eggs and related products from the perspective of potential export of these products to EU member countries. As part of preparation to this mission, specialists of the State Veterinary Medicine Service will conduct preliminary inspections of poultry processing enterprises – potential exporters to EU – which will concentrate on official controls over anti-epizootic measures from November 09, 2010 through November 12, 2010.

Source: <http://www.vet.gov.ua/>, 11.11.2010

A negotiation was conducted between representatives of the State Veterinary Medicine Committee of Ukraine and Ministry of Agriculture and Forestry of the New Zealand on the initiative of the New Zealand party, which was headed by the Agriculture Ministry's Director of Animal Products, Tony Zorab. Volodymy Gorzheyev, the First Deputy Chairman of the State Veterinary Medicine Committee of Ukraine, led the Ukrainian party. The meeting participants discussed issues related to approving veterinary certificates for animals and animal products. A number of joint decisions were made following outcomes of the negotiation.

Source: <http://www.vet.gov.ua/>, 12.11.2010

Chief State Veterinary Medicine Inspector of Ukraine Ivan Bisyuk and Director of the Russian Food Safety Supervisory Authority Sergey Dankvert agreed to extend existing permissions for supplying fish products on the territory of the Customs Union by Ukrainian enterprises. This news was communicated by the State Veterinary Medicine Committee of Ukraine. It was also agreed that by the end of the current week the Russian party would be provided a list of Ukrainian meat and milk producers – potential exporters to the Russian Federation – for the purpose of further inspection of these enterprises. At the meeting, the two bosses shared their opinions on possible expansion of the list of Ukrainian products which can be exported to the Customs Union member countries.

Source: LigaBusinessInform; November 15, 2010

Training seminars "Controlling safety of animal products: international rules and best practices of other countries" were conducted from November 8, 2010 through November 12, 2010. The seminars, which were organized by an IFC-funded project, were attended by state inspectors and official (authorized) veterinary medicine doctors from Kirovohrad, Kherson, Zaporizhyya, Vinnytsya, Khmelnytsk, and Zhytomyr oblasts. Victoria Barotova, a representative of the Veterinary-and-Food Department of the Estonian Ministry of Agriculture, was the main speaker at the seminars. Ms. Barotova analyzed existing approaches to ensuring food safety on the examples of the Ukrainian and EU legislation.

Source: <http://www.vet.gov.ua/>; November 15, 2010

▪ **Market Infrastructure**

Agrarian producers will operate under dual standards. The Ministry of Agrarian Policy of Ukraine is planning to implement dual – Ukrainian and European – quality standards for agriculture products for three to five years. Mykola Prysiashnyuk, the Minister of Agrarian Policy of Ukraine, says that "Harmonization of sanitary and phytosanitary standards with EU standards is very important for Ukraine. Today, EU uses very high milk standards, and Belarus and Russia use even higher standards. This means that Ukrainian standards are the lowest. What may happen in one month time if we introduce new standards today? A catastrophe may occur. In this situation, Ukraine will be using two – Ukrainian and European – sets of standards in parallel during three to five years. EU supports this idea."

Source: www.izvestia.com.ua; November 14, 2010

Ukraine is planning to get for EU 1.2 million ton yearly quotas for exporting grain crops, Mykola Prysiazhnyuk, the Minister of Agrarian Policy of Ukraine, said to Ukrainian journalists in Brussels.

"According to the World Bank estimates, we may expect to export up to 1.2 million ton of grain to EU member countries every year without quotas. This applies to all grain crops. And we clearly stated our position. And European Commissioner for Trade Karel De Gucht confirmed that upcoming rounds of the negotiation would aim at convergence of our principal positions", added the Minister.

Mr. Prysiazhnyuk emphasized that currently under the negotiation on creating the free trade area with Ukraine EU was proposing the yearly quota for exporting as little as 200,000 tons of grain crops to EU.

"However, after today's meeting I realized that we would be able to understand each other and increase the quota for Ukraine' export of grain to EU", said Mr. Prysiazhnyuk.

Source: <http://economics.unian.net/>; November 13, 2010

As of November 01, 2010, the Ukrainian pig population was 8.523 million pigs – by 11.6 percent more that on the same day of the year of 2009. UNIAN received these figures from the State Statistics Committee of Ukraine

Source: <http://economics.unian.net/>; November 12, 2010

UkrLandFarming IPL Signed contracts for procuring 30,000 pedigree animal from Australian suppliers. RBK-Ukraine learned this piece of news from company director Halina Vasylik.

"Under these contracts, we will bring pedigree heifers of Angus and Hereford breeds", said Ms. Vasylik.

Ms. Vasylik added also that contracts were signed with several Australian traders. "The cattle will travel by sea from Australia and Illichivsk around 30 days, two to three thousand on each ship. Then we are to keep the animal in quarantine during 30 days. And only after completion of the quarantine period we will carry them further – to Ivano-Frankivsk oblast", told the Director.

According to Ms. Vasylik, the cost of the project is some \$150 million. This includes costs associated with procuring the cattle (\$2,500 to \$4,500 per head), transporting the animals, and developing the infrastructure.

Source: RBK-Ukraine; November 12, 2010

Ukraine and Moldova excluded sugar, alcohol, and a number of other goods from free trade treatment between the two countries. Enabling Law of Ukraine # 2578-VI dated October 05, 2010 came into force effective November 13, 2010.

The said law envisages that a number of good will be excluded from the free trade treatment which is used in relationship between Ukraine and Republic of Moldova. These goods are listed in annexes to the Protocol. According to Article 1 of the Protocol, goods brought on the customs territory of Ukraine from the Republic of Moldova and goods brought on the custom territory of the Republic of Moldova from Ukraine which are on the lists in Annexes 1, 2 to the said Protocol will be excluded from the free trade treatment.

Source: APK-Inform; November 15, 2010

Ukraine is waiting for opening of a branch of either Chicago or European agriculture exchange in the next year, Mykola Prysiazhnyuk, the Minister of Agrarian Policy of Ukraine, said to Ukrainian journalists in Brussels.

"I do hope that we will have an agriculture exchange by next year's harvest. This will be a branch of either Chicago or European (Euronext – editor's note) exchange", he told.

According to the Minister, representatives of the above mentioned exchanges had already sent their representatives to Ukraine. "Representatives of the Chicago exchange are to submit their

proposals by the 25th of November. The European exchange is to provide its proposals on setting up a grain exchange by the 1st of December", said Mr. Prysiashnyuk. The said proposals will be presented to the Government of Ukraine as part of international support in setting up an exchange in Ukraine.

Source: UNIAN; November 15, 2010

▪ **Rural Development**

Tetiana Bakhteyeva, a member of the Ukrainian Parliament, proposes that the Parliament adopt the Draft Law on amending the Law of Ukraine "On Food Safety and Quality" with regard to selling home-made food products including meat products from domestically slaughtered animals at agriculture and food markets.

The said draft law is intended to minimize the number of law and regulations on this issue and, consequently, the budget costs of implementing them.

In addition, there are plans to develop a system of organized procurement of milk and home-made meat based on rural servicing cooperatives by ensuring proper veterinary controls over compliance with existing veterinary and sanitary standards of raw milk and meat, pre-mortem condition of animals, slaughtering, and certification of animal products.

Source: APK-Inform; November 16, 2010