



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 18, 2010 and November 24, 2010**

### **▪ WTO and ENP Frameworks**

The CIS Free Trade Area Agreement may be signed in the spring of 2011, stated Russian Minister of Economic Development Mrs. Elvira Nabiullina at the meeting of the heads of CIS governments.

According to Mrs. Nabiullina, the obsolete 1994 Agreement is still in force. The Draft of the new agreement, which managed to solve a number of legal problems, allows the parties to apply trade protection measures and set forth a procedure for taking such measures. Besides, it unifies application of technical, sanitary and phytosanitary control measures.

Mrs. Nabiullina stressed that new procedures would be clearly defined and rely on a mechanism for independent settlement of disputes. According to Mrs. Nabiullina, the negotiation on the new Free Trade Area Agreement "may be deemed completed" at the level of delegations. The next round of the negotiation on the Free Trade Agreement is scheduled for December 21-23. "The Agreement will be signed in the upcoming spring, as we agreed", added Mrs. Nabiullina.

Source: Interfax; November 22, 2010

For the purpose of implementation of the National Targeted Programme for Training and Retraining of Specialists in the Area of European and Euro-Atlantic Integration of Ukraine for 2008-2011 approved by Cabinet of Ministers Decree # 974 dated November 05, 2008, representatives of the State Veterinary Medicine Committee will attend the seminar "Priority Areas of Ukraine's Foreign Economic Relations in the Context of European Integration". The Seminar will be held at the Professional Retraining Institute within the Kyiv National Trade-and-Economic University on November 23-25, 2010.

Source: <http://www.vet.gov.ua>; November 21, 2010

Mykola Azarov, the Prime Minister of Ukraine, and Mykola Prysiazhnyuk, the Minister of Agrarian Policy of Ukraine, will arrive to Tripoli, Libya, where they will take part in the meeting of the Ukrainian-Libyan Intergovernmental Commission on Cooperation to discuss issues associated with further development of mutually beneficial cooperation between the two countries, specifically, in trade, economic and investment areas. There is also a plan to conduct a business forum for representatives of Ukrainian and Libyan business communities.

Source: Press Service of the Ministry of Agrarian Policy of Ukraine; November 23, 2010

### **▪ Food Safety**

According to the communication of the International Epizootic Office, there is an outburst of

swine fever in Serbia. In this connection, Ukraine imposed a ban on importing pigs, raw pork and pork products from Serbia.

Other goods which are subject to control by the state veterinary medicine service will be imported according to existing veterinary requirements to import of goods falling under official veterinary-and sanitary controls and supervision.

Source: <http://www.vet.gov.ua>; November 23, 2010

#### Announcement

The seminar "Food Safety: Stable Profit and Consumers' Trust" will be organized by IFC representative office in Kharkiv on November 24, 2010. The seminar is intended for official veterinary medicine inspectors from Kharkiv oblast and representatives of local food operators.

Source: <http://www.vet.gov.ua>; November 22, 2010

Issues of ensuring an adequate safety of finished food products and raw materials and promoting international trade through securing overseas partners' trust to Ukrainian central and local authorities were discussed at the meeting of managers of the European companies Lactalis, Kraft Foods Ukraine, Nestle Ukraine, Danone and Uniliver with I.Y. Bisyuk, the Chairman of the State Veterinary Medicine Committee of Ukraine.

The meeting was convened on the initiative of the Food Committee of the European Business Association. The meeting focused on ensuring safety of imported finished and raw food products.

Source: <http://www.vet.gov.ua>; November 24, 2010

State supervisory inspectors from the state enterprise "LvivStandardMethrology" inspected food products totalling almost UAH 114,000 during October 2010. They rejected and withdrew UAH 83,401 worth food products (73 per cent of all inspected products). Overall, LvivStandardMethrology specialists conducted 22 inspections at Lviv oblast enterprises. Violations of regulatory requirements were found at 18 enterprises.

Most detected violations concern poor organoleptic and physical-and-mechanical properties, missing protocols of periodical tests and marking. These violations are caused mainly by poor technical condition of production facilities, inadequate controls of technological compliance and unsatisfactory organization of finish produce quality control.

Source: State Committee of Ukraine on Technical Regulation and Consumer Policy; November 24, 2010

## ▪ **Market Infrastructure**

There will be a wholesale agriculture market in Sumy in the year of 2011. According to an UNIAN correspondent, this news was communicated by Serhiy Slyzky, the Deputy Head of Suly Oblast State Administration.

According to Mr. Slyzky, most probably, the new market will be located at 18 ha land plot in the city outskirts in the direction of Chervone village. "This issue is still under consideration by specialists but this site in number one on our list. We have already agreed on it with city authorities", S. Slyzky said.

He also emphasized that development of the wholesale market in Sumy would allow for experience of the Shuvar market in Lviv where some 400 producers and sellers operate every day.

Source: <http://economics.unian.net/>; November 18, 2010

The Antimonopoly Committee of Ukraine recommended that ten major retail chains lower their prices for food products following reduction of producers' prices. The decision was approved at a sitting of ACU.

The recommendations concern such leading retail chains as PACCO Holding, FOZZY Group,

Furshet, Ashan-Ukraine, Foodmarket, Megamarket, ATB-Market, AH, Metro Cash & Carry Ukraine and Adventis.

According to AMCU specialists Irina Shvets, these recommendations were caused by the following reason: after the August-September price increase in prices for dairy products and poultry producers reduced their prices for these products but retail prices did not follow the pattern. In this connection, AMCU bound the retail networks to adjust retail prices for reduction of producers' prices for poultry and dairy products. In addition, the retail chains must restrain from unsubstantiated raising of prices for the said products and seek for signing direct contracts with producers of dairy products and poultry in order to avoid ungrounded rise of prices due to intermediaries.

Source: APK-INFORM; November 18, 2010

Mriya Agri Holding received the next tranche under programme of cooperation with IFC in the amount of USD 25 million. The cost of funding is Libor + 5%. The news was communicated by the press service of the holding. Besides, Mriya initiated cooperation with EBRD to fund company's production programmes. The cost of funding is Libor + 6.5%. In addition, the company is planning to place euro bonds at London stock exchange in the fourth quarter of 2010 or the first quarter of 2011.

Mriya Agri Holding owns over 218,000 ha of arable land in Ternopil, Khmelnytsks, Ivano-Frankivsk and Chernivtsi oblasts. It was set up as a family business back in 1992. 20% of its shares are listed at Frankfurt stock exchange.

Source: RBK-Ukraine; November 19, 2010

The preferential value added tax treatment for agriculture producers, whereby they are exempted from VAT, will be preserved until 2017. Such a decision was made by the Parliament of Ukraine on November 19, 2010 as part of refining of the recently adopted Tax Code. "The proposal of the Communist Party faction was taken into regard: the special tax treatment regime in the agriculture sector was extended until 2017", told Economy Minister Fedir Yaroshenko in the process of consideration of this issue.

The recently adopted Tax Code envisaged that the above tax privilege to agrarian producers would be preserved until 2010.

Source: www.agroua.net; November 22, 2010

## ▪ **Rural Development**

According to the Ivano-Frankivsk Oblast Statistical Department, foreign investors invested \$82.2 million in the agriculture sector in Ivano-Frankivsk oblast during the first three quarters of the current year. This accounts for almost 15 per cent of all direct foreign investments in the oblast. Between January and September 2010, capital investments in the oblast agriculture sector from all sources totalled UAH 93.8 million or 4.6 times as much as during the same period of 2009. UAH 77.7 million was invested in animal production (82.8 per cent of all investments in the agriculture sector), UAH 15.6 million (16.6 per cent) was invested in crop production.

Source: UNIAN; November 19, 2010

The Finance Ministry of Ukraine developed a new project for funding rural communities. According to a UNIAN correspondent, this news was communicated by Serhiy Romanyuk, the Deputy Minister of Regional Development and Construction and the Head of the Task Force "Regional Development and Reform of Interbudgetary Relationships" at a field meeting at Zhytomyr Oblast State Administration.

Mr. Romanyuk stated that the Economy Ministry had prepared a new Draft Law "On Government Support of Consolidation of Rural Communities" which would be put forward for consideration by the Government and then, subject to Government approval, to the Parliament.

When presenting the Draft Law to the meeting participants, Mr. Romanyuk stressed the necessity to consolidate rural communities because they are prevailing in Ukraine; in so doing, the population of many villages is below one thousand people. "Such villages are subsidized by 70 per cent, and most of their communities are not able to exercise basic authorities of local self-government", said Mr. Romanyuk.

Source: <http://economics.unian.net/>; November 23, 2010