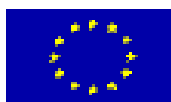




Ministry of Agrarian Policy of Ukraine



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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 December 16, 2010 and December 22, 2010

▪ **WTO and ENP Frameworks**

The negotiation on creation of the Free Trade Area between the European Union and Ukraine is complicated by the Europeans' position on agrarian sector-related issues, states Ukrainian Prime-Minister Mykola Azarov. "In fact, the EU negotiator did his best to prevent any free trade in agriculture produce with Ukraine", told Mr. Azarov at the meeting the Hungarian President Pal Schmitt in Kyiv on December 17, 2010.

The Ukrainian Prime Minister told that the EU had set quotas amounting to 0.3 percent of the total sales of agriculture produce in EU member countries. "For instance, the quotas for the grains have been set at 19,000 tons whereas Ukraine exports 15,000,000 tons of grains (per year – Editor's note)", the Prime Ministers emphasized. "We are talking about the Free Trade Area rather than quotas setting", he added. Mr. Azarov asked the President of Hungary, a country which will preside in the European Union in the nearest future, to pay attention to this.

Source: Interfax-Ukraine, 20.12.2010

Ukraine and the European Union will hold three rounds of the Negotiation on creation of the Free Trade Area in the first half of 2011. According to a RBK-Ukraine correspondent, Deputy Economy Minister Valery Piatnitsky communicated this news to journalists. "Three more rounds (of the negotiation) will take place by the mid-year of 2011..... Today, were talking about completion of the negotiation process rather than signing (the Agreement of Free Trade Area)", V. Piatnitsky pointed out. He added that some more time would be needed for both Ukrainian and EU parties for approval of the package of documents to be signed.

Mr. Piatnitsky said that this would not be a matter of one month: "We would like to approach the completion of the negotiation process. However, the negotiation process is a reflection of the balance of interests. Should there be no balance the negotiation process cannot be completed". According to Mr. Piatnitsky, it will take a few years before the Free Trade Area becomes fully functional. "This may take three, five or even ten years". At the same time. Mr. Piatnitsky is sure that the Agreement of Free Trade Area between the European Union and Ukraine will be signed very soon.

Source: RBK-Ukraine, 20.12.2010

▪ **Food Safety**

An BSE occurrence is reported at a dairy farm in the village of Podopryhory, Lebedynsky raion, Sumy oblast. As a representative of the Sumy Oblast Department for Veterinary Medicine said to an UNIAN correspondent, most probably, a cow was bit by an infected fox. However, there

are no reasons to worry about as it was a single case rather than an epidemic. Once the infection had been detected, the cow's brain was sent to a laboratory for an analysis. All the other farm animals and staff were vaccinated. Milk which is produced at the farm is subject to mandatory pasteurization.

<http://economics.unian.net/>, 16.12.2010

By its Decision # 15-2-23/11138 dated December 17, 2010, the State Veterinary Medicine Committee of Ukraine imposed a ban on importing poultry, poultry produce and poultry raw materials from Honduras following an outbreak of Newcastle disease in Honduras as reported by the International Epizootic Office. It is prohibited to import poultry and poultry products and raw materials from Honduras in Ukraine. Other cargoes which are subject to control by the State Veterinary Medicine Service of Ukraine will be imported from Honduras according to the existing veterinary import requirements.

Source: <http://www.vet.gov.ua/>, 17.12.2010

The Parliament of Ukraine passed the Law "On amending Article 33 of the Law of Ukraine 'On Plants Quarantine' with regard to enforcing and cancelling the quarantine treatment".

According to Parliament's Informational Department, the said amendment envisages that if an organism which is subject to the quarantine treatment is found on a territory where facilities for production, storage or processing of grain, oil-bearing or leguminous crops is found, the quarantine will be enforced in a respective area.

In addition, the new law introduces a provision according to which the quarantine treatment will be cancelled by an authority which previously enforced the quarantine. A decision on cancelling the quarantine treatment should clearly define the circumstances which have led to cancellation of the quarantine treatment and effective date of such cancellation.

Source: APK-INFORM, 21.12.2010

During 11 months of 2010 state surveillance specialists of the state-owned enterprise "KharkivStandardMetrology" inspected 207 enterprises in Kharkiv and Kharkiv oblast which produce and market food products. Violations of the regulatory requirements were revealed at 181 enterprises (87.4 per cent). The value of the inspected food products amounts to UAH 4,687,000. UAH 1,847,000 worth food products were disallowed.

The inspectors put a ban on selling 155 lots of finished products. 33 product names were suspended until such time as revealed violations are remedied. Penalties totaling UAH 328,000 were imposed on 157 enterprises. 114 officials were held liable under the Administrative Penalty Code for manufacturing products which do not comply with regulatory and legislative requirements.

Specifically, the State Surveillance Office checked 56 enterprises producing meat and meat products including sausages. Violations of effective laws and regulations were found at 56 enterprises (96.4 percent of all inspected establishments).

Source: www.agroua.net, 22.12.2010

▪ **Market Infrastructure**

Average selling prices for milk and dairy products in Ukraine grew by almost 60 percent between January and November 2010 as compared to the same period of 2009. This is evidenced by official data of the State Statistics Committee of Ukraine.

For example, during the eleven months of the current year, the average selling price for milk and dairy products of agriculture producers (except for small producers) was UAH 2,894.8 per ton (exclusive of VAT, transportation and overheads costs and inclusive of subsidies) which is 59.5 percent more with the average price for the same period of 2009 (UAH 1,814.7 per ton).

Source: LIGABusinessInform, 20.12.2010

The Cabinet of Ministers of Ukraine revised the Regulation for using the Stabilization Fund in 2010 for the purposes of paying interest on loans extended to farmers, funding investment project, funding general national and national targeted programmes in the agri-industrial sector as approved by Cabinet of Ministers Decree # 496 dated June 23, 2010. The said revision was initiated by Cabinet of Ministers Decree # 1135 dated December 15, 2010 "On Using the Stabilization Fund for the Purpose of Supporting Farms".

Besides, Decree # 1135 envisages reduction of subsidies to the animal production sector from UAH 63,501 to UAH 62,727. UAH 773,800 will be allocated to support farmers.

Source: APK-INFORM, 21.12.2010

▪ Rural Development

Following an instruction of M.V. Prysiashnyuk, the Ukrainian Minister of Agrarian Policy and Food, the Ministry takes measure to promote activities of extension services in Ukraine. On December 16th, a presentation was held to introduce the NGO "Donetsk Oblast Agriculture Extension Service". The topic of the presentation was "An extension service as an effective tool for improving living standards of the rural population in Ukraine".

Participants to the event considered important aspects of activities of agriculture extension services their impact on their farms, individual farmsteads, private entrepreneurs and development of rural communities. The event was attended by Ministry officials, directors of oblast agri-industrial department; representatives from agriculture educational institutions, National Association of Agriculture Extension Services, Association of Village and Town Councils; managers of oblast agriculture extension services and oblast associations of farmers and private landlords.

As Mykola Prysiashnyuk has noted, today, advisory activity is a tool which can bring farms and individual farmstead up to a new level and make them competitive.

Source: www.minagro.gov.ua, 17.10.2010

AGROTRADE, a Ukrainian vertically integrated agri-industrial holding (the AGROTRADE group), has been implementing a comprehensive programme to form an external cadre reserve, the very first programme of this sort in the industry. The programme is intended to train promising students of economic and agrarian universities and prepare them for working at both agro-industrial and grain processing Group member enterprises and managing company. This is a strategic multi-stage programme. The first stage envisages cooperation with Kharkiv National Economic University. Effective December, students of University's International Economic Relationships will enrol in programmes of internship and practical training at the company. The AGROTRADE Group is planning to introduce scholarship programs for best students of a number of agrarian and food technologies universities. The financial support will be given predominantly to students from regions who, upon graduation, will return to work at enterprises in Poltava, Chernihiv, Sumy, Kharkiv and Luhansk oblasts. Ms. Olexandra Sayenko, the Director of the Personnel Policy and Public Relations Department of the AGROTRADE Group says, "There is an obvious shortage of highly qualified specialists at the labour market. The knowledge and skills of candidate leave much to be desired. The managing company of the Group needs, in the first place, economists, financiers, managers and lawyers. The Holding's production enterprises need agronomists, technologists and directors. A lack of young professionals is a common problem of the industry. That is why we have developed a comprehensive programme for "raising" specialists for both our enterprises and the entire agri-industrial sector of the country".

Source: www.agrotrade.ua, 20.12.10