

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

## Overview of Latest Rural Developments

**30 December 2010 - 5 January 2011**

### WTO and Neighbourhood Policy

European Commissioner for Enlargement and European Neighbourhood Policy Stefan Fule will visit Ukraine January 11-12. Coordination of plans for the following year and identification of priorities regarding FTA talks, improvements to be made in Ukrainian business and investment climate and Action Plan on the liberalization of the visa regime are among the issues to be discussed during the visit.

<http://www.izvestia.com.ua>, 30.12.2010

The EU transferred grant funds of 12 million euro to Ukrainian state budget to support measures to overcome trade barriers and improve product safety through better technical regulations. The transfer was made under the provisions of the agreement between the Commission and Ukrainian Government. A total of 39 million euro are planned to be transferred in four tranches as part of the sector support programme "Promotion of bilateral trade through elimination of technical barriers to trade between Ukraine and the EU". The decision to transfer another three tranches will be dependent on whether the performance indicators agreed by both sides at the time of signing the programme will be fulfilled.

The European Union hopes grant funds transferred will help accelerate reforms in the field of technical regulations and ensure their effectiveness and compliance with jointly agreed plans. The EU also expresses confidence that such reforms will help improve the business climate in Ukraine and will be implemented primarily in the interests of Ukrainian consumers ensuring their access to safe and quality products, the EC Delegation in Ukraine said.

APK-Inform, 30/12/2010

### Food Safety

December 30, 2010 the Ministry of Health Order N 971 from 9<sup>th</sup> of November, 2010 approving the list of products which shall be tested for the GMO content came into force.

<http://biz.liga.net>, 31.12.2010

December 30, 2010 Rosselkhoznadzor (the Russian Federal Veterinary Phytosanitary Control Service) included 6 dairy plants, 4 beef producing establishments and 1 poultry meat producer into the list of Ukrainian establishments eligible to export animal products to Russia after having been provided with guarantees given by the State Veterinary Medicine Committee of Ukraine.

According to the Rosselkhoznadzor press service the following companies are now allowed to

supply cheese, milk powder and butter to Russia: Kryzhopil Cheese Plant, Bila Tserkva Dairy Plant, Tehmolprom, Hlobinka Butter Plant, Lozove Dairy Plant , Velyki Burluky Cheese Plant; The list of companies eligible to export beef now includes Kozyatyn Meat Plant, Spartac Ltd., AgriProduct Ltd., Pryluky AgriProcessing; AgriMars Complex Ltd. was included to the list of Ukrainian enterprises entitled to supply fresh poultry and poultry meat products to Russia. December 30, 2010 Rosselkhoznadzor lifted temporary restrictions previously put on Shostka City Dairy Plant (whose name has recently been changed to Belle Shostka Ukraine).

<http://www.liga.net>, 02.01.2011

According to UkrMeterTestStandard inspectors there were certain consumer products, which in 2010 have been counterfeited more often than others, the UkrMeterTestStandard Director General Myhailo Muharovskij said.

According to him, the most part of complaints received from consumers in 2010 pertained to food products. Non-compliance with safety requirements and presence of materials, whose content has failed to be mentioned in recipes or on labels are among the typical reasons for a product to be considered counterfeited during its certification or official production supervision, Muharovskij said.

"Dairy and sausage products together with ice cream and meat products are the most frequently counterfeited products. Sunflower oil and spirits are being counterfeited less frequently", Muharovskij said.

<http://biz.liga.net>, 04.01.2011

Parliamentary Health Committee supported the draft law on organic agricultural production aiming to improve basic health and environmental indicators, introduce sustainable practices of land use etc. by identifying legal, economic and social frameworks for organic agricultural production and establish requirements for growing, production, processing, certification, labelling, transportation, storage and sales of organic products.

Statistical data provided by the International Federation of Organic Agricultural Movement (IFOAM) was considered during the discussion of the draft law, according to which at the beginning of 2003 in Ukraine there were only 31 farms certified as 'organic' whereas in 2008 there were already 118 such farms occupying a total area of 269 984 ha.

According to its authors, the draft law has been harmonized with the EU Directive N834/2007 defining general framework governing the sector and establishing requirements for organic food production and processing, labelling, control and imports from non-EU countries.

LigaBusinessInform, 30/12/2010

## Market Infrastructure

The President of Ukrainian Agrarian Confederation Leonid Kozachenko listed the problems that hamper the development of the agricultural sector in Ukraine. "87% of businesses surveyed believe corruption and 'hand-operated' governmental control of the sector to be the factors hindering its development. We must talk more about these issues and try to radically solve them", the expert said.

"Currently agricultural businesses owe the banks 27 billion UAH, a situation unseen since 1994. It is the first time the food industry experienced negative growth of exports and gross output", Kozachenko said.

"Meanwhile the Government prohibited the export of agricultural products to keep domestic prices low. We have calculated that farmers lost 25 billion UAH each year during the past three years due to the grain export ban", the expert said.

"New Tax Code foresees agricultural exports tax to be introduced for the first time in 2011. It

will entail exporters' losses totalling to 12 billion UAH. There are other problematic issues in the sector including failures to refund VAT ", the expert said.

"The Customs Code can bring about even graver consequences in case it will not be publically discussed before being adopted", Kozachenko warns.

<http://delo.ua/>, 31.12.2010

According to Ukrainian Agrarian Business Club (UABC) the following five oblasts accounted for some 60% of the area planted with sugar beet and 65% of its gross yield: Vinnitsa, Poltava, Ternopil, Khmelnytsky and Rivne, whereas, in 2005 the total share of these regions was 43% and 44% respectively.

The climate and weather changes are forcing the farmers to constantly adopt innovations in the production process. According to the UABC expert T. Wysotskij, climate changes resulted in sugar beet being grown mainly in oblasts located in forest-steppe climatic zone. "In 2010 the total share of Odessa, Mykolayiv, Dnipropetrovsk and Ivano-Frankivsk oblasts (oblasts which are not located in forest-steppe zone) in sugar beet production amounted to 1%, although in 2000 it was 7%", the UABC expert said.

Another reason why sugar beet growing is concentrated in certain areas is the fact that the sugar industry is being dominated by a small number of agricultural holdings. They all strive to provide their processing plants with raw materials of their own production. That is why from a logistical and economical point of view it is sound to concentrate sugar beet growing in the areas with the most favourable climatic conditions. High profitability of sugar beet growing is additional incentive to invest into its higher productivity. In 2009 it amounted to 37% and will probably continue to be quite high.

<http://www.agribusiness.kiev.ua>, 04.01.2011

## **Rural Development**

Ukraine's President Viktor Yanukovich signed the Law of Ukraine № 2740-VI amending the Law of Ukraine On Agricultural Extension Services. "The legal entity, regardless of its legal form or ownership (it can, for example, be a unit of an agricultural college or research institute), shall be included to the Extension Services Register and carry out advisory activities for it to considered an agricultural extension service. Its staff shall include at least three advisors who have registered accordingly ", the document reads. The agricultural ministry shall keep the registers of advisors and extension services and ensure free public access to them via its official website; experts and advisors must pass training courses at least once every five years; the number of experts and advisers whose training will be financed from the state budget shall be defined each year according to the governmental demand.

RBC-Ukraine, 12.30.2010