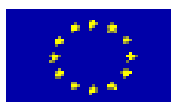




Ministry of Agrarian Policy of Ukraine



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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 February 17, 2011 and February 23, 2011**

### **▪ WTO and ENP Frameworks**

The State Research Institute for Laboratory Diagnostics and Veterinary-and-Sanitary Examination hosted the Twinning Project-sponsored training seminar for specialists of state veterinary inspection offices. The seminar was devoted to methods of sample control, inspection and audits at meat processing enterprises.

Presentations were made by Tetiana Babel Neinbauer, a System Auditor of the Dutch Food and Consumer Product Safety Authority (VWA); Allan Bagge, the Resident Twinning Advisor to Ukraine; and Michael Reisenbrey, a Senior System Auditor of the Dutch Food and Consumer Product Safety Authority (VWA). All trainees were conferred international certificates.

Source: <http://www.vet.gov.ua/>, 21.02.2011

At the negotiation with the European Union on setting up a free trade area, Ukraine suggests that proposed quotas for exporting Ukrainian agriculture produce to EU member countries be set at higher levels and then be adjusted upward on a yearly basis until they are canceled. According to a UNIAN correspondent, this was communicated by Prime Minister of Ukraine Mykola Azarov at a meeting with representatives of the European Business Association. Mr. Azarov stressed that quotas proposed by the EU for Ukraine were very small. For instance, the quota for pork and grain were proposed at 1,000 tons and 20,000 tons, respectively.

"We need to find a compromise. We propose such compromise to our partners. Well, if you really believe that quotas are something mandatory and inevitable, let set them at an adequate level which would promote trade and also set a transitional period. Say, ten years during which the quotas will be phased out. The quotas will be increased each year until they will lose any sense. Isn't this a sound proposal? In our opinion, it is," told M. Azarov.

Source: <http://economics.unian.net/>, 22.02.2011

### **▪ Food Safety**

In the first half of February 2011, specialists of the Testing Centre of the State-owned Enterprise "VolynStandardMetrology", which is accredited by the Ukrainian National Accreditation Agency by ДСТУ ISO/ IEC 17025, tested 93 samples of food products produced in Volyn and other regions at requests of business companies.

The laboratory tests showed that nine samples (almost ten per cent of all tested samples) did not comply with current regulatory requirements. Those included skim milk, confectionary, sausages, canned fish and vegetables. All customers received duly executed laboratory test reports on the quality and safety of food products in question.

Source: [www.dssu.gov.ua](http://www.dssu.gov.ua), 17.02.2011

Today, Ukraine faces a threat of outbreak of African swine fever, said Ivan Bisyuk, the Director of the State Veterinary and Phytosanitary Service, at the Pan-Ukrainian telephone conference. "In Russia, virtually at the border with Ukraine, the epidemics of this disease went beyond control," added Mr. Bisyuk. Relevant regional services in risky areas must take measures to prevent spreading of the disease on the Ukrainian territory and vaccinate all the pig population. In addition, Mr. Bisyuk requires that informal meat markets be eliminated and special facilities for slaughtering pigs be identified in case the disease is revealed in Ukraine. "This is a matter of the national food security", underscored I. Bisyuk.

Source: [www.Likar.info](http://www.Likar.info); 20.02.2011

In view of proliferation of African swine fever a temporary ban was imposed on importing animals prone to African swine fever, products and raw materials from such animals and feeds from Privol'sk Federal District of the Russian Federation.

Other cargoes which are subject to control by the State Veterinary Medicine Service will be imported from Russia according to existing veterinary requirements to import in Ukraine.

<http://www.vet.gov.ua/>, 21.02.2011

## ▪ **Market Infrastructure**

Prime Minister Mykola Azarov instructed at the sitting of the Cabinet of Ministers of Ukraine that a task force be set up to resolve the issue of lending of agriculture enterprises. "The task force should include representatives from the Ministry of Agrarian Policy and Food, Ministry of Finance, National Bank of Ukraine at the national level and heads of local administrations and directors of relevant services at the local level. They will consider applications from agriculture producers for assistance in granting or extending loans in a timely manner. We have already approved a mechanism for easing the burden on borrowers – agriculture producers – who took out loans from commercial banks. The compensation to those who borrowed money in the national and foreign currency is 15.5% and 10%, respectively," said Mykola Azarov.

Source: RBK-Ukraine; 17.02.2011

There is a clear trend toward growing per capita consumption of fruit and vegetables. It rose from 146 kg to 164 kg over the last five years. As it equals 225 kg for EU member countries, experts of the Ukrainian Agrarian Business Club projects further growth of this segment of the agriculture market. This issue was discussed at the seminar "Ukrainian fruit and vegetable market: the current situation and prospects" which was conducted as part of the recent "Fruit Logistics 2011" Exhibition in Berlin. At the exhibition, Ukrainian producers had an opportunity to familiarize themselves with operations of German specialized enterprises, logistic centres and wholesale markets.

Source: <http://www.ukrinform.ua>, 18.02.2011

This year, the Government of Ukraine allocates funds for forward procurements to secure partial funding of producers for sowing and sale of produce for contractual prices. The forward procurement mechanism will encourage agriculture producers to increase production capacity. These considerations were voiced by the Minister of Agrarian Policy and Food, Mykola Prysiashnyuk, at the Ministry staff meeting on February 18<sup>th</sup>.

"So far, the Government has allocated UAH 5 billion for forward procurement purposes. This is the way we stimulate growth of production," told the Minister. Mr. Prysiashnyuk stressed the necessity to implement clear procedures of advance orders. According to the Minister, state orders ensure that producers will be able to sell their produce, and consumer will be able to buy it for predictable prices.

Source: Press Service of the Ministry of Agriculture and Food; 20.02.2011

"Omtron", which is affiliated with the largest Ukrainian producer of eggs and egg products, "Avangard" Agriholding, has agreed on acquiring a structural unit of the major US producer of poultry products, "Townsend, Inc.". Omtron is planning to acquire the North Carolina branch of Townsend and other assets for \$24.9 million and also assume debt obligations of the company.

Source: LIGABusinessInform; 22.02.2011

"Enactment of the new Tax Code effective January 1, 2011 brought both positive and negative changes to Ukrainian agriculture producers," said Leonid Kozachenko, the President of the Ukrainian Agrarian Confederation (UAC) and the Chairman of the Businessmen Council under umbrella of the Cabinet of Ministers, as part of the chat on the Glavred magazine web site. According to Mr. Kozachenko, the largest benefit to Ukrainian agriculture producers from the new Tax Code is the guarantee of VAT refund to exporters of agriculture products except for grains and animal skin. "We are more than willing to implement this provision in practice. Unfortunately, the VAT refund provision does not apply to farmers and exporters of grain", emphasized the UAC President.

On the other hand, there is serious shortcoming in the new Tax Code – cancellation of the zero VAT rate which previously applied to sale of milk and meat to processing enterprises. Funds which prior to adoption of the new Tax Code were transferred to suppliers of raw materials automatically will be now redistributed by a government official manually in proportion to the animal population rather than the volume of sold produce. "Not only will this lead to large losses by agriculture producers, but will also create a ground for corruption and unfair distribution of these funds", state Mr. Kozachenko.

Source: [www.liga.net](http://www.liga.net), 23.02.2011

## ▪ **Rural Development**

The Cabinet of Ministers of Ukraine bound the Ministry of Justice, Ministry of Agrarian Policy and Food, and National Agency for Land Resources to coordinate efforts in the process of developing automated systems for maintaining the national land cadaster and registering titles to real estate with allowance for the World Bank guidelines. This is the subject matter of the Cabinet of Ministers Instruction which has been issued following consideration of the situation with implementation of the project "Issuance of state acts of ownership of land plots in rural areas and development of a cadaster system", informs the Press Service of the National Agency for Land Resources. Besides, the Cabinet of Ministers urged the National Agency for Land Resources to draft regulations in the area of land relationships jointly with the Ministry of Agrarian Policy and Food and seek advice from the World Bank on allowing for international practices. In addition, the Cabinet of Ministers intends to monitor the project implementation on an ongoing basis until its completion i.e. through June 2012.

Source: <http://myland.org.ua/>, 17.02.2011