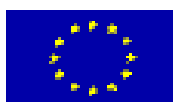




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*Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector
EuropeAid/126205/C/SER/*

Overview of Latest Rural Developments

3 – 9 March 2011

WTO and Neighbourhood Policy

March 2, Ukrainian First Vice Prime Minister, Minister of Economic Development and Trade Andriy Klyuyev and EU Commissioner for Enlargement and European Neighbourhood Policy Stefan Fuele signed the memorandum of understanding between Ukraine and the European Commission on the National Indicative Programme for EU assistance to Ukraine for 2011 - 2013 in the framework of European Neighbourhood and Partnership Instrument. The document reflects the indicative priorities for EU assistance to Ukraine for 2011-2013. The overall indicative budget for the EU assistance to Ukraine is 470.05 million Euro. The assistance will be channelled through three priority areas: "Good governance and rule of law"; "Promotion of the entry into force of the Association Agreement between the EU and Ukraine" (including FTA), "Sustainable Development" (in energy, environment, transport, regional development). According to Andriy Klyuyev, EU sector budget support is an effective tool to accelerate policy reforms in Ukraine and Ukrainian government is constantly monitoring the fulfilment of respective indicators.

<http://news.ligazakon.ua>, 03.03.2011

Moldova complained to the World Trade Organization (WTO) that Ukraine has set discriminatory conditions for companies producing Moldovan cognac. On 3rd of March Moldova addressed the request to carry out consultations with Ukraine, as reported in the WTO. According to the Moldovan side, the Law of Ukraine "On excise duty for ethyl alcohol and alcoholic beverages"; with amendments introduced in 2008, introduces discriminatory treatment of Moldavian products. However, Ukrainian Ministry of Economic Development and Trade said that this law has become invalid after the entry into force of the Tax Code of Ukraine. In mid-February 2011 Ukraine asked the WTO to launch consultations with Moldova concerning discriminatory "environmental" duty put on Ukrainian goods for recycling of plastic bottles and of «tetra-pack» packaging (except for dairy products), which is not being charged on Moldovan products.

<http://www.unian.net>, 09.03.2011

Food Safety

March 4, the State Veterinary and Phytosanitary Service of Ukraine suspended the imports of products produced by Food Service Sp.z.o.o. Zaklady Miesne U1 (Poland). It is stressed that that imports of the above mentioned products were suspended due to violations of veterinary regulations.

APK-Inform, 03.04.2011

Market Infrastructure

Ukrainian Ministry of Agrarian Policy and Food has developed a fundamentally new system of agricultural land mortgage. It will attract more investments into the agriculture and expand the financial support in line with its technological needs, the Minister of Agricultural Policy and Food Mykola Prysiazhniuk said.

"In addition to introducing the mortgage as the principal guarantee for obtaining a loan, the new system foresees the establishment of the State Land Fund as a control institution responsible for monitoring the turnover of agricultural land and public land management. MAPF also proposes to establish the State Mortgage and Investment Bank and to introduce a compulsory insurance of agricultural products", the Minister said.

MAPF Press Service, 03.03.2011

Iryna Akimova, First Deputy Head of the President's Administration, considers that Ukraine should use the mechanism of customs tariff protection for keeping of agricultural products on the domestic market, but not the regime of export quotas. According to I.Akimova, such mechanism will be more transparent, and more profitable for the State Budget, and will not raise any additional questions on unequal access of various agricultural producers and traders to the distributing mechanism. The official expressed own hope that the present quotas for grain exports will no longer be in force in the fixed terms, and not be prolonged.

UNIAN, 03.03.2011

Ukrainian Cabinet of Ministers approved the size of state support payments for animal produced in 2011. The respective decree # 181 from March 2, 2011 has been published on the official website of the Government. Budgetary allowances for agricultural enterprises for sale of milk were approved at the level of UAH 0.35 per 1 kilogram (to be calculated according to the fat content) and those for individuals – at the level of UAH 0.3 per 1. Budgetary allowances for young cattle raised and sold for slaughter and processing were approved at the level of 1,5 UAH for 1 kilogram of live weight; whereas those for pigs (except for sows and boars) – at the level of 1 UAH per 1 kilogram of live weight. The size of partial reimbursement to individuals for the purchase of new milking equipment was approved to be at the level of expenses incurred, but not to exceed UAH 5000 per unit.

<http://vkurse.ua/ua/business>, 04.03.2011

The Grain and Feed Trade Association (GAFTA) appeals to the Government of Ukraine to follow international rules of trade within frames of the WTO membership and provide equal rights of trading activity realization to all participants of the grain market, informs the press-release of the association dated March 3, 2011.

According to the document, on March 2, 2011, the Agrarian Committee of the Verkhovna Rada approved in principle the draft law #8163 on making of amendments to the Law of Ukraine "On grains and the market of grains in Ukraine" (concerning grain trading via foreign economic contracts), which will be sent for the first reading in the Parliament. The recent changes of grain export regime will completely destroy the main idea of free grain exports from the country.

GAFTA has also drawn the attention of the WTO and its trade partners to the proposed changes in export policies in Ukrainian.

www.apk-inform.com, 04.03.2011

Ukraine's President Viktor Yanukovich signed the law On Ukraine's joining the Schemes for Varietal Certification of Crop Seeds and Varietal Certification of Maize and Sorghum Seeds established by the Organization for Economic Cooperation and Development. The OECD seed certification schemes will enable Ukraine to integrate into the European seed marketing network

on equal terms and to fully participate in the international seed trade.

APK-Inform, 03.04.2011 ,

Ukrainian State Mortgage Bank will start operating from January 1, 2012, First Deputy Minister of Agricultural Policy and Food Mykola Bezuglyj said. "A transparent and civilized land market in Ukraine will be launched starting from January 1, 2012. The State Land Mortgage Bank will be one of its elements. According to provisions under which the bank will operate, the per annum interest rate of loans that it will provide to agricultural producers will be 8-9%, which is considerably less than current interest rates", he said. The Deputy Minister also reported that within 3-4 years the State Mortgage Bank will accumulate some 100 billion UAH of credit resources.

LIGABusinessInform, 08.03.2011

Rural Development

ANNOUNCEMENT

March 16-19, 2011, 11th National Exhibition and Fair "AGRARIAN UKRAINE – 2011" will take place in the Ukrainian Expo Centre. Enterprises and organizations belonging to the Ministry of Agrarian Policy and Food of Ukraine and the Ministry of Industrial Policy of Ukraine, research and educational institutions, agricultural associations and unions, Ukrainian and foreign enterprises, companies, businesses, organizations of all forms of ownership are going to participate in the exhibition and business programs. A workshop entitled Development of the State Extension Service and Related Educational Programs will be held on March 16 in the framework of the exhibition.

www.agroua.net, 03.03.2011

An agriculture-related roundtable, in which there participated representatives of the agricultural sector, the Ministry of Agrarian Policy and Food, the State Land Agency of Ukraine, Ministry of Labour and Social Policy, Pension Fund, has been held in Verkhovna Rada. The event was attended by the Deputy Chairman of the State Land Agency Mykola Kalyuzhny. The round table participants discussed issues related to the land market, land lease, land fertility and the prospects of socio-economic development of the countryside. They concluded that the rights of domestic producers should be protected from the potential negative effects of free agricultural land market after the land sale moratorium will be lifted. The tools to control the land market should be primarily in the hands of those who work on the land. Farmers are unanimous in stating that the setting up of a mechanism to provide them with long-term state loans to purchase agricultural land is one of the most important precondition for launching a free land market. Such a mechanism is still missing in Ukraine. The participants also brought attention to the imperfections of the existing land auction mechanism which are related to the acquisition of lease rights. According to many speakers, only the land that is not currently cultivated can be put on auctions.

www.agroua.net, 03.03.2011