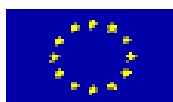




Ministry of Agrarian Policy of Ukraine



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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 March 10, 2011 and March 16, 2011

▪ WTO and ENP Frameworks

In his speech at the general assembly of the National Academy of Agrarian Science of Ukraine, Minister of Agrarian Policy and Food Mykola Prysiazhnyuk told that today's primary task is to reinforce the position of Ukrainian products at the domestic market, whereas the next step will be to promote Ukrainian products at international markets.

Besides, the Minister pointed out that consequences of Ukraine's accession to WTO were mixed. "Is not joining WTO a step which will lead at to irrecoverable consequences? I will tell you what: the Ukraine-EU trade balance has been decreasing rapidly effective 2008, approaching zero and even falling below zero. If Ukraine sets up the free trade area on wrong terms and conditions we will become consumers", told Mykola Prysiazhnyuk.

Source: Press Service of the Ministry of Agrarian Policy and Food; 16.03.2011

When answering journalists' questions at the press conference following the meeting of the Intergovernmental Council EuroAsEC and the Council of Ministers of the Union State, Russian Prime Minister Vladimir Putin stated that Russia would welcome a negotiation on Ukraine's accession to the Customs Union. In so doing, he said the following: "We know that Ukraine is in the process of negotiation with the European Union on establishing a free trade area. The level of customs protection which Ukraine created by accession to WTO is over twice as low as our single customs tariff. And even if Russia accedes WTO on the terms and conditions which we determined together with our partners, it (customs tariff) will remain almost unchanged: it will be twice as high and the Ukrainian one".

"This effectively means that if Ukraine establishes a free trade area with the European Union and has to make concessions by many positions which are sensitive to the Ukrainian economy, it (Ukraine) will hope that these goods will go to the Russian market. But we will not be able to afford this," added Vladimir Putin. "In this situation, Russia will have to build borders". According to MIGnews.com.ua, the current year will be critical for relationship between Ukraine and European Union. This is confirmed by the Office of High Representative for Foreign Affairs and Security Policy of the European Union Catherine Ashton.

Source: <http://news.mail.ru/inworld/ukraina/>, 16.03.2011

▪ Food Safety

As part of a campaign in eliminating illegal import and distribution of animal products of doubtful quality, veterinarian police staff stopped illegal operations of three meat processing

shops: (i) in Babushkin raion of the city of Dnipropetrovsk near the "12th Block" market, they found an illegal pig slaughter shop which was operated by a local residents in a former public toilet; (ii) in the village of Lypivka, Tomashpilsky raion, they revealed illegal operations of a sole trader in meat processing and production of meat products; (iii) in the city of Luhansk, they revealed illegal operations of a private meat processing establishment. Since the beginning of March, veterinary police staff conducted 1,265 inspections of business companies whose operations were associated with animal products. Besides, to ensure proper controls over movements of animal products by Ukrainian roads, veterinary policy units, together with the traffic policy units, inspected 663 vehicles carrying animal products.

Source: <http://www.vet.gov.ua/>, 12.03.2011

Specialists of the Russian Veterinary and Phytosanitary Supervisory Authority begin inspections of Ukraine fish processing enterprises. According to the Agreement on cooperation in the veterinary area and Item 2 of the Protocol of the Sixth Meeting of the Subcommittee on the agri-industrial sector of the Committee on Economic Cooperation of the Ukrainian-Russian intergovernmental commission with regard to works in ensuring safety of animal products supplied to Russia from Ukraine, on the 14th of March, specialists of the Russian Veterinary and Phytosanitary Supervisory Authority are beginning inspections of nine Ukrainian fish processing enterprises to check their compliance with Russian veterinary and sanitary requirements and standards for the purpose of entitling them to export their products to Customs Union member states. The inspections will be conducted through March 26th.

Source: <http://www.vet.gov.ua/>, 14.03.2011

Order # 36 dated February 07, 2011 of the Ministry of Ecology and Natural Resources approving criteria for assessing the risk of a potential impact of genetically modified organisms on the environment came into effect on March 14, 2011. The Order was prepared under Article 9 of the Law of Ukraine "On the state system of biological safety in the processes of creating, testing, transporting, and using genetically modified organisms".

The risk of GMO potential impact will be assessed by criteria of safety and stability of substances, their safety for the environment and animals, availability of methods and methodologies for identification of GMOs, and availability of plans of preventive and remedial measures in case of emergency caused by unplanned emission of GMOs or revealing of undesirable effects of GMOs.

Source: Press Service of the Ministry of Agrarian Policy and Food, 15.03.2011

▪ **Market Infrastructure**

The agriculture company "UkrPromInvest" is planning to build two animal production facilities for 5,200 cows in Vinnitsa Oblast, stated Olexy Poroshenko, a member of Board of Directors of UkrPromInvest Group and Director General of the agriculture company "UkrPromInvest". According to Mr. Poroshenko, new animal production facilities for 2,600 cows each will be developed in Pohrebyshche and Kryzhopil raions. "Our specialists will return from the USA soon; they will bring the US experience of developing animal production facilities. Once there are back, we will prepare the design documentation and begin construction", said Mr. Poroshenko.

O. Poroshenko also mentioned that new complexes would be designed for growing milkers whose milk will be used by Roshen confectionary in Vinnitsa. UkrPromInvest is planning to invest Euro 20 million to Euro 25 million in development of new animal production facilities and complete construction within two years.

Source: www.agroua.net, 10.03.2011

ANNOUNCEMENT

The "Ukrainian Agrarian Business Club" Association and AgriEvent Association will hold a seminar as part of the new specialized project "AgriEffectiveness – Milk" on March 24, 2011. The project is intended to increase the efficiency and profitability of the agrarian business in Ukraine by conducting a comparative analysis of performance of participating companies and finding unutilized reserves and ineffective expenses of agri-industrial entities at the micro level. The seminar is devoted to the following topics: "Right renovation of animal production facilities; cows' comfort as a major condition of better efficiency of milk production"; "Efficient use of pastures: how to receive more from grass?".

Source: www.agrievent.com.ua, 11.03.2011

Ukrainian Union of Industrialists and Businessmen, Ukrainian Agrarian Confederation, and Ukrainian Grain Association filed an appeal to the Government of Ukraine to prevent monopolization of grain export.

The appeals says that adoption of the Laws of Ukraine #8053 "On amending the Law of Ukraine 'On government support of the Ukrainian agriculture'" (with regard to specific aspects of exporting commodity/goods which are subject to state price regulation) and # 8163 "On amending the Law of Ukraine "On grain and grain market in Ukraine" (with regard to grain export under foreign economic agreements" will lead to "monopolization of export of agriculture products, discrimination of leading exporter being major investors in development of modern logistic and processing facilities in Ukraine by way of forcing them to perform uncharacteristic functions and responsibilities which cannot be found elsewhere in civilized practice".

According to experts of the said organization, monopolization of agrarian markets, elimination of competition at procurements, especially procurement of grain at the Ukrainian domestic market for export purposes will lead to catastrophic losses of producers and, as a result, to degradation of the Ukrainian agrarian sector.

Besides, the said organizations ask to resume operation of the Coordination council on agrarian issues under umbrella of the Cabinet of Ministers with participation of the agrarian NGOs.

Source: www.unian.net, 15.03.2011

In January and February, Ukrainian agriculture producers sold by 25% and by 13% more plant and animal products, respectively, as compared with same period of 2010. The news was communicated by the Press Service of the Ukrainian State Statistical Service.

Source: RBK-Ukraine, 16.03.2011

▪ **Rural Development**

The agriculture land market must become functional effective the year of 2012, emphasized President Victor Yanukovich at the meeting with Ministry of Agrarian Policy and Food Mykola Prysiashnyuk when talking about a need in the land reform in Ukraine. This news was communicated to UNIAN by the Presidential Press Service.

Mr. Prysiashnyuk, in turn, told that "the most important thing mentioned by the President is to make sure that the land reform allows for a number of key issues. First, not to deprive of land Ukrainian rural households. Second, to implement the land reform in a way which would preserve rural areas and stimulate rural development. And, finally, to make the agriculture land market functional upon completion of the land reform; this will increase the economic potential of the Ukrainian agrarian sector," said Mr. Prysiashnyuk.

According to the Presidential Press Service, the President expressed confidence that the state land stock should include a certain volume of agriculture land which would ensure the national food security.

The meeting also focused on preparation of the Ukrainian agri-industrial sector for the spring sowing campaign. "The President mentioned the necessity to run the spring sowing campaign at a high level and ensure the national food safety and strengthen Ukraine' grains export potential",

told the Ukrainian Minister of Agriculture Policy and Food.

Source: www.unian.net, 16.03.2011