

 <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

17 – 23 March 2011

### WTO and Neighbourhood Policy

March 16, 2011 the Deputy Minister for Agrarian Policy and Food of Ukraine S.M. Tryhubenko met the Deputy Minister of Agriculture of the Czech Republic Juraj Chmiel. During the meeting the two Deputy Ministers reviewed the state of agriculture in both countries and discussed the prospects for future development. The Czech side informed that the current visit to Ukraine is related to the upcoming visit of the Minister of Agriculture of the Czech Republic which will take place in autumn 2011. The purpose of the visit will be to initiate a business forum which will involve Ukrainian and Czech agricultural companies. The two sides have defined priority directions of cooperation.

MAPF Press Service 17.03.2011

Ukraine continues to actively negotiate with the European Union on Free Trade Area within the Association Agreement, the Prime Minister of Ukraine Mykola Azarov said at the meeting with the leader of the Progressive Alliance of Socialists and Democrats of the European Parliament Martin Schulz. Mykola Azarov noted that Ukraine's plans in this regard will remain unchanged. The Prime Minister underlined "we are actively negotiating with the representatives of the European Commission to establish a Free Trade Area". He noted that the level of the group of negotiators has increased and it is now headed by the First Deputy Prime Minister, Minister of Economic Development and Trade of Ukraine A. Klyuyev. Azarov regrets that recent talks held in Brussels were not a breakthrough. He also thanked the Progressive Alliance of Socialists and Democrats for supporting Ukraine's position in the European Parliament.

www.unian.net, 17.03.2011

The first meeting of the EU-Ukraine Forum initiated by Ukrainian MP Olexander Feldman took place in Brussels. Mr. Feldman opened the EU-Ukraine Forum together with the MEP Adina Ioana Valean. The Forum's main objective is to bring closer European and Ukrainian citizens. "The dialogue between politicians is becoming more active and we hope that the EU-Ukraine Forum will contribute to enhancing communication between the EU and Ukrainian citizens, businessmen, civil society representatives, students and teachers, since these are those that will benefit the most from closer ties between our countries", Feldman said at the opening of the Forum. Throughout the year there will be a series of activities aimed at building ties between Ukraine and the EU citizens and carried out with the support of influential members of the Forum's Advisory Board. The Forum will address the issues related to cultural heritage, human rights, freedom of movement, economic cooperation, transport links, energy policy, etc.

UNIAN, 03.18.2011

The quotas for export of agri products to the EU in the framework of the agreement on Free

Trade Area (FTA) can be increased gradually, the Prime Minister of Ukraine Mykola Azarov announced at the meeting with the representatives of British businesses. Azarov sees it as a compromise.

According to the Information and Communication Department of the CMU Secretariat, the Head of the government noted that the terms of the FTA agreement with the EU are 90% coordinated and only some touchy issues related to the agricultural and transport sectors are still to be coordinated. According to him, the European market remains virtually closed to Ukraine since there have been introduced relatively small import quotas on Ukrainian agricultural products. "This is not an open market and not a free trade partnership", Azarov said. A compromise based on gradual increase in quotas for Ukrainian food products ending up with a trade without restrictions will, according to the Prime Minister, resolve the situation. In his turn, British Ambassador to Ukraine Mr. Leigh Turner expressed hope that the FTA Agreement between the EU and Ukraine will be signed this year.

[www.liga.net](http://www.liga.net), 21.03.2011

## **Food Safety**

Last week, experts from the State Veterinary and Phytosanitary Service attended a workshop devoted to the conclusion of Dutch experts mission. The workshop was carried out as part of technical assistance provided by the project entitled "Support of Constant Development of the Phytosanitary Regulation in Ukraine according to European Legislation". According to Deputy Head of the State Service V.V. Sidlyarenko, priority areas for further cooperation with Dutch technical assistance projects were identified and negotiations related to the final mission of European experts carried out. Ukrainian side proposed to continue cooperation in the field through the implementation of other Dutch technical assistance projects related to phytosanitary issues.

<http://www.vet.gov.ua/>, 18.03.2011

According to the official report of the International Office of Epizootics, there were small ruminants' plague cases registered in the Republic of Algeria. Ukraine banned imports of ruminants and products thereof from Algeria. The import of other goods from this country should be carried out according to the veterinary requirements of Ukraine.

<http://www.vet.gov.ua/>, 21.03.2011

The FAO-organized workshop devoted to cross-border cooperation of Ukrainian and Russian veterinary services on the prevention and control of African Swine Fever will start March 22. The workshop will be attended by veterinary and livestock experts from FAO Subregional Office for Central and Eastern Europe and official veterinary inspectors from Russia, Ukraine, Moldova, Poland and Belarus.

<http://vet.gov.ua/>, 22.03.2011

## **Market Infrastructure**

The attractiveness of the Ukrainian agricultural sector is rapidly declining in the eyes of bankers. Financial institutions note that the risks of lending to agricultural producers are high due to unpredictable sector regulation policy. President of the Board of Management, Credit Agricole CIB Jacques Mounier announced this at the forum entitled "Ukrainian Agribusiness", which was organized by the Adam Smith Institute. "The Ukrainian Cabinet of Ministers asked us to finance the sowing campaign. But how can banks trust the Government, if the private sector does not trust it anymore?", he said, identifying the following issues as the most disturbing: VAT refunds,

introduction of grain export quotas, the attempts to monopolize the agricultural export and activities of the new player on the agricultural market, namely Bread InvestBud. "Companies are investing in grain production, but have no guarantees that they will be able to sell their harvests", Jacques Mounier said.

[www.ubr.ua](http://www.ubr.ua), 17.03.2011

An Ukrainian companies is going to invest \$ 10 millions in the construction of a dairy in Chernivtsi oblast and into the purchase of 500 heads of high performance cattle from the Netherlands and Austria by the end of the first half this year, Head of Chernivtsi Oblast State Administration M. Papiiev said. He also said that the installation of Italian grain processing equipment of 24 tons per day capacity has been completed in the town of Storozhynets.

<http://economics.unian.net/>, 21.03.2011

A momentous event has taken place in the agri-insurance market, namely the introduction of a package of up-to-date standardized insurance products for insuring eight crops including winter grain (wheat, rye, triticale, barley), rape, corn, sunflower and sugar beets. On the occasion of the package being introduced to the market, its developer, the International Finance Corporation (IFC) supported project entitled Developing the Agri-Insurance in Ukraine, held a press conference in Kiev on March 17. Gary Roche, the project manager, said in his speech that in Ukraine there is an obvious need for standardized insurance products, which greatly simplify relations between agricultural producers and insurance companies and enhance confidence in the latter. All this is especially important since Ukraine has committed to improving the agricultural sector efficiency, to increasing its export capacity and to addressing food security issues.

"Ukrainian Perspective" National Press Club, 03.21.2011

The American Chamber of Commerce (ACC) in Ukraine requests Ukrainian Government and other state authorities to refuse to monopolize the agricultural market and to restore the export of grain as soon as possible. According to ACC press service, the above said was contained in the letter from ACC to the Cabinet of Ministers of Ukraine. The ACC in particular, calls on Ukrainian Government to balance the food security principles with farmers' interests and Ukraine's international obligations in grain and oilseed sector regulation related matters and clearly define the role of the State in the grain sector. It is underlined that it should be ensured that the market is fully transparent and equal competitive conditions are created. The letter has been sent to the state authorities of Ukraine, diplomatic missions and international organizations.

<http://www.unian.net>, 23.03.2011

## **Rural Development**

Ukrainian Parliament adopted the Law on Moratorium on changing the purpose of the land for recreation purpose in cities and other settlements. A five year moratorium on changing the purpose of recreational land regardless of ownership in cities and other settlements (including green spaces and sports grounds) is introduced.

<http://economics.unian.net/>, 17.03.2011

Ukrainian Cabinet of Ministers approved the procedure of budgetary support to agricultural service cooperatives (ASC) (Cabinet Resolution № 272 from March 9, 2011). Budgetary funds will be distributed on a competitive basis among ASCs, whose membership should exclusively include backyard and commercial farms and individual agricultural producers, so that the latter could purchase agricultural machinery and equipment of Ukrainian manufacturers. 90% of equipment costs will be covered by funds from the State Budget (VAT excluded) provided the cooperative had paid a 10% prepayment and concluded a contract with the supplier. If the

cooperative allows the equipment to be used by a third party or sell it before the end of its service life (including the case when the cooperative is liquidated), all the funds received should be returned to the State Budget.

<http://biz.liga.net>, 22.03.2011