

 <p>МІНІСТЕРСТВО АГРАРНОЇ ПОЛІТИКИ ТА ПРОДОВОЛЬСТВА УКРАЇНИ</p>	 <p>Проект фінансується Європейським Союзом</p>	 <p>Проект впроваджується консорціумом на чолі з WYG International</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

May 17-23, 2012

▪ WTO and Neighborhood Policy

During the enlarged meeting of the Cabinet of Ministers of Ukraine Prime Minister of Ukraine Mykola Azarov said that Ukraine will gradually remove all the issues that could prevent the final approval of the Association Agreement with EU from the agenda.

Prime Minister said that both Ukraine and the EU equally consider the Association Agreement as the highest value for strategic cooperation. "So there is no plan "B". We will remove issues that prevent or inhibit final approval of the Association Agreement from the agenda step by step", Azarov said.

Earlier, he said that Ukraine is trying to give the most constructive answers to respond EU comments.

RBK-Ukraine, 17.05.2012

Ukraine's Minister of Foreign Affairs attended the international high-level debate "Ukraine-EU: at the Rubicon". The event was organized by the European political center and the International Fund "European development", in collaboration with a number of Ukrainian and foreign non-governmental organizations under the auspices of the Foreign Ministry and the State Migration Service of Ukraine.

The debate was attended by Minister for Foreign Affairs Gryshchenko, Vice President of the European Parliament Protasyevych, deputies of Ukraine, representatives of ministries and departments of Ukraine, diplomats of EU delegations and embassies of the EU Member States in Ukraine, leading Ukrainian and European experts.

The main issues discussed were further development of relations between Ukraine and the EU in the context of the Association Agreement, free trade zone and visa-free regime for Ukrainian citizens.

MFA, 18.05.2012

The Minister of Economic Development and Trade of Ukraine Petro Poroshenko met with Deputy Prime Minister, Minister of Economy of Poland Waldemar Pawlak during the 5th session of Ukrainian-Polish Intergovernmental Commission on Economic Cooperation, which took place at the Ministry of Economic Development and Trade of Ukraine

Poroshenko noted the significant intensification of Ukrainian-Polish cooperation in the last two years, the two-way trade in goods and services after a significant reduction in 2009, which was caused by the global financial and economic crisis, is almost completely restored.

The sides expressed hope that this trend will stay the same.

The meeting paid special attention to the prospects of investment partnerships between states, which is a priority direction for Ukraine. "We shall work on simplifying the permit system, reducing the tax burden, and we also have a program for improving the investment climate in Ukraine", Poroshenko stressed.

According to the Minister, outlining important directions during the 5th session of Ukrainian-Polish Intergovernmental Commission on Economic Cooperation will create an important basis for deepening trade and economic cooperation between states and the investments inflow to Ukraine.

Ministry of Economical Development Press Service, 18.05.2012

▪ **Food Safety**

4 cheese plants have passed the laboratory control and will restore supplies to Russia. "After laboratory test of cheese samples Rospotrebnadzor allowed four Ukrainian plants to return to the Russian market. These plants are "Pyryatyn Syr", "Dubnomoloko", "Hadyach syr" and "Prometey", press secretary of Rospotrebnadzor Lyubov Voropayeva said.

<http://economics.unian.net/>, 18.05.2012

Veterinary officers of Customs Union soon will inspect Moldova and Ukraine livestock enterprises. According to the Head of Rosselkhoznadzor Sergei Dankvert, a group of Russian inspectors will go to Moldova to inspect about 10 companies that supply Russian market. Ukrainian enterprises will be inspected by Russian, Belarusian and Kazakhstan experts. Companies that supply livestock to the Customs Union countries are to be most likely inspected.

Interfax, 18.05.2012

Department of Veterinary Medicine in Cherkasy region found cattle anthrax in farmer household in Smila district of Cherkasy region. Veterinary experts of Cherkasy Regional State Laboratory of Veterinary Medicine confirmed the anthrax diagnosis (report number 675 on the results of pathological material).

The animal was not identified and was not vaccinated against anthrax. From May 17, 2012 the State Emergency Epidemic Commission in Smila implemented quarantine. Different measures are taken according to the instructions on measures to prevent and fight anthrax animals.

<http://www.vet.gov.ua/>, 19.05.2012

During the 80th General Session of the International Office of Epizootics (OIE) the President of State Veterinary and Phytosanitary Service of Ukraine (SVPSU) Ivan Bisyuk met with representatives of DG SANCO (Directorate General European Commission Health and Consumer Protection) - Head of Bilateral Relations Department Lorenzo Terzi and Ilian Kostov. The meeting discussed the promotion of Ukrainian production (meat, milk and dairy products) to the EU market and the tools necessary to transform the national regulations on quality and food safety to international requirements.

The sides have identified that establishment of Ukrainian poultry export to the European market requires only formal internal procedures and final authorization of Ukraine to be done.

Also during the event Chief Veterinary Inspector of Poland Janusz Zvionzek met with delegate assembly of the AC Krzysztof Yazhdzhevski. Colleagues discussed the main priorities of cooperation, including the completion of initialing and signing the buffer zone agreement.

May 21 at the meeting, the President of SVPSU Ivan Bisyuk met with Chief Veterinary Inspector of the Netherlands Christiana Bruske and signed veterinary certificate for beef export (obtained from animals younger than 12 months) from the Netherlands to Ukraine.

The same day the Assembly held a meeting of OIE Regional Commissions. President of SVPSU, Vice President of the Regional OIE Commission for Europe Ivan Bisyuk attended the meeting. Delegates agreed to hold the 25 th Conference of the OIE Regional Commission for Europe in Flezenzee (Germany) this fall. The main technical aspects of the conference were determined.

▪ **Market Infrastructure**

Reduced milk production in Ukraine is the consequence of reduced number of cattle. This was announced by agricultural holding HarvEast CEO Simon Cherniavsky.

On the other hand, despite the decline of livestock in Ukraine, the level of milk yield per cow increased. Therefore volume of milk production is reducing slower than the stock. Also part of the reduced livestock is meat breeds that do not affect milk production.

Simon Cherniavsky said that Ukraine is an exporter of milk and dairy products, so there is no deficit for domestic consumption and it is not expected in the long run. At the same time Ukraine has significant plant capacities for milk processing and unrealized export potential. In addition, in the long run increase consumption of milk is expected – now it is significantly lower than in developed countries. For example, the EU average consumption of milk is 300 kg per year per person, while in Ukraine - just above 200 kg.

HarvEast CEO named the main problems on the Ukrainian milk market. They are: the complete domination of processors in terms of pricing, the absence of effective government support and high profitability of crops.

www.liga.net, 22.05.2012

From June 1, farmers will receive compensation for the maintenance of cattle. Currently all preparations for implementation of the state aid payments are carried out; all necessary documents are collected; lists of persons who shall be paid assistance are generalized. This was discussed during a Parliament meeting, which discussed the willingness to pay financial support to farmers for keeping cattle.

The special budgetary subsidy is paid for the maintenance of young cattle, which reached a certain age at the time of filing:

the young cattle aged 3 to 5 months - 250 USD per head;
aged 6 to 8 months - 500 USD per head,
aged 9 to 11 months (inclusive) - 750 USD per head.

During January-April of this year cattle decreased by 0.1% - to 5.14 million head.

RBK-Ukraine, 22.05.2012

▪ **Rural Development**

Ukraine's Parliament adopted the Law of Ukraine "On Amendments to the Law of Ukraine "On the priority of social development and village agriculture in the national economy" to provide individual developers with rural state preferential loans (№ 7209).

This law obliges the Government of Ukraine and local administrations to contribute to the development of individual housing within the villages and outside villages in isolated farms, to provide rural developers (local people and citizens who migrated to the countryside for permanent residence) with building materials and equipment, provide services and favorable long-term government loans.

This Act shall take effect from the day following the day of its publication.

<http://economics.unian.net/>, 17.05.2012

The Committee on Agrarian Policy and Land Relations recommends to adopt the Bill, which allows single person and related persons to lease farmland, which is less than 10% of the area in one area and less than 50 hectares all over Ukraine.

According to chairman of a Parliament Committee Grygory Kaletnik, this decision was approved by the Committee. "This rule is irrelevant. We will not force to destroy the law that is already

been created", the Head of the Committee said. But he could not predict the date of document passing to the deputies.

Interfax-Ukraine, 18.05.2012

On May 17, 2012 Cabinet of Ministers adopted a Resolution "On Amendments to the Cabinet of Ministers of Ukraine Resolution dated July 28, 2010 № 648". This document is designed by Ministry of Agricultural Industry for the Law of Ukraine "On State Budget of Ukraine for 2012" with the purpose of purchasing breeding heifers and cows, domestic machinery and equipment for agriculture, leased to business entities for implementation energy saving technologies in the production of competitive agricultural products.

Interfax-Ukraine, 18.05.2012

Management of European Agricultural Associations supported the initiative of Minister of Agriculture and Food of Ukraine Mykola Prysyzhnyuk on the formation of agricultural cooperatives. The rural development project "Native Village", developed by the Ministry, implies the formation of the cooperative movement in Ukraine. Ukraine will adopt the cooperatives development experience from agrarian countries, particularly European ones.

"In Germany cooperative movement appeared in the XIX century. And today there are more than 2,500 cooperatives. Farmers enter such organizations with the understanding that it will provide an opportunity to share the technology, equipment, have stable sales channel", General Secretary of German Raiffeisen Association Walker Piterzen said. According to him, cooperation of Ukrainian peasants could strengthen the country's position in the global food market. "Small and medium farmers will not be able to enter the international market by themselves. Ukraine is one of the most authoritative agricultural countries, so it must understand this and implement cooperation, especially since it has such experience in the past", Walker Piterzen said.

LIGA Business Inform, 21.05.2012