

 <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

7 - 13 June, 2012

WTO and Neighborhood Policy

According to the European Commission's report, in the period from October 2008 until May 2012 Ukraine has adopted only two trade restricting measures. In comparison with the number of trade restricting measures which during the same period have adopted other EU trading partners such as Argentina (119), Russia (86), Indonesia (59), Brazil (38), China (30) and U.S. (8), this shows that Ukraine is a country relatively open to trade. In addition, Ukraine has shown a relatively high level of compliance with the Big 20's requirements to reduce trade restrictions by eliminating 9 restrictive measures. For comparison U.S. has lifted 21 such restrictions, Russia -14, China - only one, while Australia, Brazil, South Africa and Turkey - none. Earlier it was reported that across the world from September 2011 till May 2012 the number of trade restrictions has increased by one fourth to 534.

RBC-Ukraine, 07.06.2012

Ukraine chaired the meeting of the Central European Initiative (CEI) Committee of National Coordinators in Trieste, Italy (CEI headquarter). The representatives of 18 countries participated in this meeting, which aimed at preparing the meeting of the CEI countries foreign ministers (one of the main events which will take place under Ukraine's presidency in CEI). The CEI coordinators agreed upon the final draft of the Joint Communiqué of CEI foreign ministers and discussed organizational issues. A number of technical cooperation projects were discussed. Among the projects which will be implemented in Ukraine the largest one (worth 250 thousand Euros) is a joint CEI and EBRD training project for Ukrainian farmers which will provide training on European agribusiness practices to some 100 farmers from different regions of Ukraine.

Another project (worth 54 thousand Euros) aimed at developing business activities in Ukraine was also discussed.

Ukrainian Ministry of Foreign Affairs, 12.06.2012

Ukraine's foreign minister Konstantyn Hryshchenko had a speech in one of the leading Italian think-tank "FareFuturo" during his working visit to Italy. In his speech Mr. Hryshchenko focused on energy issues, noting that such western energy giants as Shell and Chevron have already entered Ukrainian gas production sector. Speaking to more than 30 representatives of Italian political, diplomatic and business elite, Ukrainian foreign minister noted that in times of ongoing debt crisis Italian businesses will find new markets for their products in Ukraine, if the Association Agreement including the Deep and Comprehensive Free Trade Area between Ukraine and the EU will be signed. "All those in the EU who care about their countries' economies should oppose to setting up artificial political barriers to signing the Association Agreement with Ukraine", Mr. Hryshchenko said.

Food Safety

The South American tomato moth (a quarantine organism) was found in the batch of 4.5 tons of Spanish tomatoes coming from Slovakia to Ukraine. After finding out that the batch was infected the inspectors of the "Uzhgorod" Plant Quarantine Point returned it to its sender.

<http://www.vet.gov.ua/>, 08.06.2012

The customs officers checked two attempts to import some 40 tons of the banned GMOs containing products to Ukraine. In the first case, the customs officers confiscated 21 tons of animal feed additives containing milk products from Belgium, 150 thousand UAH worth. In the second case, there was an attempt to import 20 tons of milk replacer for calves and piglets from the Netherlands containing, according to the UkrMetrTestStandard's tests results, GM soybeans, whose contents was more than 5%. The above mentioned actions violated the art. 352 of the Customs Code of Ukraine: "Submitting false documents on products destined for import Ukraine".

The State Veterinary and Phytosanitary Service of Ukraine 08.06.2012

The RosPotrebNadzor sent prescriptions to two Ukrainian plants (Lozovsky Dairy and Ahtyrka Cheese Plant) planning to supply their cheese products to Russia, on how to eliminate the violations which RosPotrebNadzor inspectors have found while checking these dairies. "Our laboratories will check the product samples from these dairies only after they will submit to RosPotrebNadzor the plans of how they are going to implement our prescriptions", RosPotrebNadzor director, Gennady Onishchenko said.

"We have found violations which are serious enough to assume that the Lozovsky dairy can falsify its products and add vegetable oils to them. On the Ahtyrka Cheese Plant the situation is more favorable and it is more likely that we will give it the permit to export its products to Russia", he said.

www.liga.net, 11.06.2012

More than 4.5 tons of low-quality animal products were withdrawn from circulation and the activities of 13 businesses suspended last week as part of the Plan of Organizational and Practical Measures to Ensure the Epizootic and Food Security during the Euro 2012. The veterinary police officers have, together with the State Veterinary Service employees, checked some 500 businesses selling animal products.

<http://www.vet.gov.ua/>, 11.06.2012

Market Infrastructure

Ukraine's President Viktor Yanukovich met with the members of the National and Foreign Investors Council. Together with the "Lukoil" president Vagit Alekperov, "British American Tobacco" chairman Robert Barrouz, "ArcelorMittal" chairman Lakshmi N.Mittal, "METRO" member of the Management Board Frans Muller, "Cargill Inc." president Gregory Page, "Nestle SA" Executive Vice President Laurent Freixe and the "Alfa Group" chairman of the Supervisory Board Mikhail Friedman, Mr. Yanukovich discussed ways of how to improve the investment climate in agriculture, banking, steel, petroleum and food sectors. The global business leaders said it is very important to continue such an open dialogue on how to improve the business environment in Ukraine.

The Presidential Press Office, 07.06.2012

"Ukrainian Ministry of Agrarian Policy and Food expects that Ukrainian corn, barley and sunflower oil will start to be sold on the Chicago Mercantile Exchange by the end of 2012", Ukrainian agricultural minister Mykola Prysiashniuk said. "By the end of the year we plan to introduce new futures for maize, barley and sunflower oil", he said, speaking at a meeting of local and foreign investors on June 7 in Kiev.

Mr. Prysyazhnyuk also said that on June 6 the Chicago Mercantile Exchange began to directly trade Ukrainian agricultural products, with introducing a new futures for wheat.

Interfax-Ukraine, 07.06.2012

This year's soybean yield is expected to be unprecedentedly high and that of rapeseed – the lowest in the last 5 years. The Ukrainian Agribusiness Club (UABC) experts point to the reduction in sowing acreage by 5% (15 million hectares) among the reason for a drop in crop yield.

"This year 2 million hectares of wheat, more than 400 hectares of barley and 360 thousand hectares of rapeseed were lost due to drought and winter frosts", UABC agricultural markets expert Roman Slastian said. "According to the UABC forecasts, in 2012 the total yield of crop will be some 46-47 million tons, including 9.8 million tons of sunflower seeds. The yield of soybeans can be record high (2,2-2,5 million tons), while that of rapeseed - the lowest in five years (1 million tons)", the expert said.

LIGABusinessInform, 11.06.2012

Rural Development

A state programme to support small-scale dairy farmers and to integrate them into the dairy processing sector should be adopted to strengthen Ukraine's positions on international dairy markets, the president of the Ukrainian Union of Industrialists and Entrepreneurs Anatoliy Kinakh said.

"There is a growing demand across the world for food resources and, being an agricultural country, Ukraine has a chance to become a powerful player on global food markets, provided a systematic and transparent agricultural policy is adopted", Mr. Kinakh said.

According to him, Ukraine should create favorable investment environment, and set up public-private partnerships for its agricultural potential to be fully realized.

UNIAN 07.06.2012

Ukrainian agricultural experts have recently carried out, together with the government representatives, a large-scale study assessing how effectively the land resources are being used in Ukraine. The U.S. Agency for International Development (USAID) "Agroinvest" project was the study's coordinator. The Land Governance Assessment Framework, a method developed by the World Bank, was used. Similar studies have been conducted in many countries, enabling them to significantly improve their land management.

The experts developed the following recommendations:

- the draft law "On Land Market" needs to be further improved by revising those of its provisions that could potentially lead to market distortions;
- public access to information about land needs to be improved and public opinion on the proposed changes needs to be taken into consideration;
- the articles of the draft law "On Agriculture" setting excessive and unreasonable administrative control over the kinds of crops to be planted, the size of crop yields and crop rotation need to be revised.

<http://agroua.net>, at the press club "Ukrainian Perspective", 08.06.2012

The President of the Ukrainian Agrarian Confederation Leonid Kozachenko believes that the

small-scale farms need public subsidies to become profitable and these should not be for the state officials to decide who will receive such subsidies. This opinion he expressed in the discussion entitled "How to achieve the balance of interests in agricultural production and among agricultural producers?" which was held by the SigmaBleyzer and Harmelia agricultural companies.

Mr. Kozachenko proposes to introduce a single social tax of 5 000 UAH per year for small farms (as the one introduced in Ukraine for small entrepreneurs) and pay them subsidies in the amount of 500 UAH per ha. In case of medium-scale farms (150 to 8 thousand hectares) the expert propose to preserve the existing preferential tax system and in case of large agriholdions he proposes to restructure them into techno-parks, and make them pay 100% of taxes. According to Mr. Kozachenko, one will succeed to achieve the balance of interests in the agricultural sector by optimizing the taxation system this way.

He said it is very important to introduce these kind of changes since there is no mutual understanding among the three categories of farms: "Being influenced by politicians and scientists, the small- and medium-scale farms think that large agricultural holdings are a threat to Ukrainian agricultural sector creating hindrances to social development, and equitable and efficient land use."

<http://latifundist.com/>, 13.06.2012