

 МІНІСТЕРСТВО АГРАРНОЇ ПОЛІТИКИ ТА ПРОДОВОЛЬСТВА УКРАЇНИ	 Проект фінансується Європейським Союзом	 Проект впроваджується консорціумом на чолі з WYG International
<i>Implementation of Ukrainian's Commitments under WTO and ENP Frameworks in the Rural sector EuropeAid/126205/C/SER/UA</i>		

Overview of Latest Rural Developments June 14 - 20, 2012

▪ **WTO and Neighborhood Policy**

The negotiation between Ukrainian and Georgian Foreign Ministers Kostyantyn Hryshchenko and Hrihol Vashadze were held on June 15, 2012 as part of the official visit of the Georgian Foreign Minister to Ukraine.

The parties discussed a wide spectrum of issues on the bilateral agenda and pressing regional and international problems. Heads of both countries' foreign services confirmed mutual interest in cooperation in the sphere of European integration and under frameworks of regional initiatives and international organizations.

Foreign Ministry of Ukraine; 15.06.2012

Ukraine is interested in increasing trade with Germany, stated the First Vice Prime Minister of Ukraine, Valery Khoroshkovsky, at the meeting with the German Economy Delegate to Ukraine, Karin Rau, in Kyiv on June 18, 2012.

The parties discussed the status and prospects for Ukrainian-German bilateral relations in the economic sphere. The First Vice Prime-Minister of Ukraine stressed the importance of successful Ukrainian-German cooperation. "Sale turnover between our countries is approaching USD 10 billion per year. In so doing, we do not use all existing opportunities for trade and economic cooperation. We may increase this figure, inter alia, by boosting export of Ukrainian goods", said Mr. Khoroshkovsky. According to him, further implementation of joint projects in the financial, industrial, agrarian and other sectors should become a principal means for attracting German investments in the Ukrainian economy.

Karin Rau, in turn, mentioned positive developments in the Ukrainian economy during the last two years. "German companies operating in Ukraine experienced the positive effect of adoption of new Tax and Customs Codes. There is also a substantial progress with VAT refund", she underlined. According to Ms. Rau, actions taken by the Government of Ukraine to improve the local investment environment, enabled German companies operating in Ukraine to improve their economic performance.

Press Service of the First Vice Prime Minister of Ukraine; 18.06.2012

▪ **Food Safety**

Specialists of the Russian Federal Consumer Protection and Human Well-Being Supervisory Service (RosPotrebNadzor) may come to Ukraine on July 8th to inspect Ukrainian meat and fish product producers interested in exporting their produce to Russia, said Volodymyr Horzheyev, the Head of the State Veterinary and Phytosanitary Service of Ukraine.

Mr. Horzheyev also mentioned that Russian inspectors will visit those producers of meat and fish products and feeds which were early inspected by Ukrainian veterinary medicine specialists who confirmed that the inspected enterprises met relevant requirements of the Russian

Federation.

APK-INFORM; 14.06.2012

Last week, specialists of the veterinary policy suspended operations of 15 businesses and arrested over six tons of substandard animal products after they detected violations of the current food safety legislation in the process of implementing the plan of organizational and practical measures intended to ensure epizootic and food safety at 2012 European Football Championship.

<http://www.vet.gov.ua/>; 18.06.2012

The public joint stock company “Yahotyn Butter Factory” won a case against the non-government organization “Research Centre of Independent Consumer Expert Examinations ‘Test’”. The latter was sued for disseminating untrue information about the quality of the company’s produce.

This news was announced by Alexander Sirenko, the Chairman of the Board of Yahotyn Butter Factory at the press conference in UNIAN news agency. The factory sued Test following the May 19, 2010 press conference at which Test disseminated information on the results of comparative test of condensed milk, cheese and yogurts according to which the factory-produced cheese contained E.coli and 62.2 per cent of vegetable oil.

Consideration of the case involved cheese testing at the state enterprise “UkrMetrTestStandard”. Following these tests, Kyiv City Commercial Court determined on January 05, 2012 that the information on vegetable oil and E.coli content in the factory-produced cheese was untrue and bound Test to refute it at its own cost within one week by means of disseminating relevant information at a press conference.

On April 11, 2012, Kyiv Appellate Commercial Court made a judgment in favor of the public joint stock company “Yahotyn Butter Factory” and rejected Test’s motion.

<http://economics.unian.net/>; 19.06.2012

The Russian Federal Consumer Protection and Human Well-Being Supervisory Service (RosPotrebNadzor) issued certificates of compliance with Russian food safety requirements with regard to 88 out of 91 samples of Ukrainian cheese checked by the Russian supervisory agency. Overall, it received for testing 107 samples of cheese produced by Prometheus, Pyryatyn Cheese Factory, HadyachSyr and DybnoMoloko. 91 of these samples were fully tested. Expert opinions on full compliance with sanitary and epidemiological rules and standards were issued with regard to 88 cheese samples.

www.liga.net; 19.06.2012

▪ **Market Infrastructure**

The new instrument of Chicago Exchange will enable farmers not to be afraid of slump of prices for grain crops, said Leonid Kozachenko, the President of the Ukrainian Agrarian Confederation at the press conference “Prices for 2012 Crops. Use of the Black Sea Contract of the CME Group for Price Risk Management Purposes” which was held in Kyiv.

According to Mr. Kozachenko, record high carry over balances of grain, which are expected to be approximately 12 million tones as of the new season beginning, will force internal prices down but “on the other hand, the world population keeps growing, and the purchasing capacity of Indochina countries’ population is also increasing.” “That is why agriculture producer may be sure that prices for their crops at the global market will not fall, and these commodities will remain attractive”, stated Mr. Kozachenko. The expert added that it is the new instrument proposed by Chicago Exchange – the futures contract for milling wheat from the Black Sea region – which will protect agriculture producers from losses and have a positive impact on prices.

Information Centre of the Ukrainian Agrarian Confederation; 14.06.2012

Alexander Klymenko, the Head of the State Tax Service of Ukraine, hopes that the government support of agriculture producers through tax concessions will make the Ukrainian agriculture sector more attractive to investors. He stated so in Odessa at the meeting with representatives of the agri-industrial sector. Mr. Klymenko reminded that UAH 13.2 billion worth VAT was left to agriculture producers for development purposes under special tax treatment in the last year. This year, the government support under the said programme will amount to UAH 4.9 billion. 15,700 taxpayers enjoy these tax concessions.

“However, there is a problem: the saved funds are used improperly. According to our estimates, at least 20 per cent of the grey economy falls on the agri-industrial sector. And our common task is to ensure that investments and government support goes to those able to use them to the country’s benefit”, stressed Mr. Klymenko.

<http://economics.unian.net>; 14.06.2012

Downpours and thunderstorms damaged over 15,000 ha of fruit and vegetables farms in most affected regions of Ukraine, namely, Zakarpatska, Donetsk, Luhansk and Odesa oblasts. This news was communicated by Ihor Strelyuk, a fruit and vegetable market expert of the Ukrainian Agrarian Business Club Association. According to him, it is hard to estimate actual financial losses of agriculture producers. Should recent investments in fruit and vegetable production be taken into account, the losses range from UAH 270 million to UAH 300 million.

LIGABusinessInform; 14.06.2012

Elimination of some permits/licenses will worsen Ukraine’ image at international markets and negatively affect the public health, said the Head of the State Agriculture Inspection of Ukraine, Mykola Vashennikov, when discussing the Draft Law of Ukraine “On amending some Ukrainian laws with regard to the existing numbers of licenses/permits, communicates the Press Service of this Government Agency. “Recently, we managed to reduce the number of licenses/permits from 400 down to 65. However, having reviewed the draft law of the Economy Ministry proposing to remove Articles 11, 21, 22 from the Law of Ukraine “On Grain and Grain Market in Ukraine”, I and other industry experts deem such proposal unacceptable and one which will lead to catastrophic consequences for the country’s food security and control over the quality of grain, grain processing products and pedigree seeds”, emphasized Mr. Vachennikov. He also added that removal of the said articles will increase risks faced by agriculture producers substantially as they anyone, even those not having appropriate facilities, will be able to provide grain storage services and, in so doing, will not be liable for anything.

APK-INFORM; 18.06.2012

▪ Rural Development

President Yanukovich signed the Law of Ukraine “On approving the National Targeted Programme for Waters Sector Development and Environmental Improvement of the Dnipro River Basin until 2021”. The Programme envisages solving a number of pressing problems and taking urgent measures to ensure flood proofing, improve the environmental situation, revive the eco-system of the Dnipro, Ukraine’s principal water artery, secure environmentally safe living conditions, provide centralized water supply services to the rural population, resume irrigated farming, and modernize the internal business operations network.

<http://agroua.net>; 14.06.2012

Danone group of companies is investing Euro 1.9 million in strawberry cooperative development through the year of 2014, says the company’s communication. The Strawberry Cooperative Development Project is being implemented by Heifer-Ukraine with the financial support of

Ecosystem Fund Danone, Dansource and Danone-Ukraine companies. It aims at supporting at least 500 individual households in increasing their income by 11-20% through uniting into an agricultural cooperative to produce strawberry using technologies and selling it through the cooperative. The first phase of the project will be completed in 2014. The project is being implemented under umbrella of the agriculture servicing cooperative “Losyatyn Milk Source” in Losyatyn village, Kremets raion, Ternopil oblast, providing its members with services in growing strawberry on both individually-owned land plots and common field as well as storing and marketing strawberry.

<http://economics.unian.net/>; 14.06.2012

The Ministry of Agrarian Policy and Food allocated UAH 1,045,500 for subsidies for keeping young cattle under National Animal Production Support Programme, communicates the Ministry Press Service.

More than 1,500 agriculture producers have already filed applications for government subsidies for keeping and preserving young cattle. Most applications are coming from farmers and rural households from Volyn, Lviv, Kherson, Zhytomyr, Ivano-Frankivsk and Rivne oblasts.

RBK-Ukraine; 18.06.2012