

 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 July 19 - 25, 2012

▪ **WTO and Neighborhood Policy**

Ukraine and European Union completed the technical process of approving the section of the Association Agreement which is devoted to creation of deep and comprehensive free trade area. According to UkrInForm News Agency, the news about final initialling the text of the free trade agreement was communicated by the Press Service of European Union Commissioner for Trade Karel De Gucht.

“Today, the parties finally completed technical initialling of the Association Agreement section on the deep and comprehensive free trade area”, reported an EU official.

Ukraine and European Union began negotiating the Association Agreement in 2007. Following the EU-Ukraine Summit which was held on December 19, 2011, the parties announced the completion of the process of negotiating the Association Agreement which would involve creation of the free and comprehensive trade area.

The parties initialed the political part of the document and the first and last pages of the economic section on March 30th.

<http://www.epravda.com.ua/>; 19.07.2012

Foreign Minister Kostyantyn Gryshchenko signed an agreement amending the EU-Ukraine agreement on streamlining the visa issuance process on July 23, 2012.

The Agreement envisages extending categories of Ukrainian citizens entitled to a simplified procurement of free, multiple-entry visas (for non-governmental organizations, religious communities, professional associations, students and graduate students, members of the official programs of the EU cross-border cooperation), establishing clear criteria for setting validity periods of multiple-entry visas an procedure for assigning of interviews with applicants, and regulating activities of intermediaries.

“Ukraine took one more important step to the visa-free regime with the European Union”, Ukrainian Foreign Minister Kostyantyn Gryshchenko stated in Brussels upon signing the agreement on amending the EU-Ukraine agreement on streamlining the visa issuance process. For the European Union, the document was signed by Štefan Füle, European Commissioner for Enlargement and European Neighbourhood Policy, and Ms Erato Kozakou Marcoullis, the Foreign Minister of Cyprus, the country currently presiding the EU.

“We are convinced that the more Ukrainians are able to travel for either business or leisure and see how EU member countries live, the sooner Ukraine will implement European standards and values”, stressed Mr. Gryshchenko.

Information and Public Relations Department, Secretariat of the Cabinet of Ministers of Ukraine; 24.07.2012

▪ **Food Safety**

Ukraine continues taking measures intended to fight illegal trade in animal products. The last week, veterinary police revealed and stopped operations of two illegal workshops.

In one of villages in Derhachivsky raion, Kharkiv oblast, they revealed illegal fish processing operations which were carried out by a local private entrepreneur in his own homestead. 1,557 kg of fish was seized. The said private entrepreneur was called to administrative account.

Another private entrepreneur carried out illegal operations in procurement and pre-cooling of milk in Kirovohrad. Veterinary policemen found out that the illegal dairy facilities had not been officially commissioned or approved by a single supervisory authority. As the facilities did not comply with statutory veterinary-and-sanitary requirements, the operations were stopped, and their owner was called to administrative account.

On the whole, mobile veterinary police groups checked 396 business operation entities whose operations involved animal products; detected 210 offenses; imposed penalties totaling UAH 26,600; enforced 106 inspectors' orders; seized more than 2,800 kg of sub-quality animal products.

<http://www.vet.gov.ua/>; 23.07.2012

The Russian Federal Consumer Protection and Human Well-Being Supervisory Service (RosPotrebNadzor) precluded one of Ukrainian cheese producers from accessing the Russian market. Besides, the Russian Supervisory Authority did not receive full information on laboratory specialized in cheese-testing from the Ukrainian party, communicates the RosPotrebNadzor Press Service.

On the whole, the laboratory of the Moscow Hygiene and Epidemiology Centre received for testing purposes 236 samples of Ukrainian cheese produced by Prometheus branch of Mensky Syr, HadyachSyr, Pyryatyn cheese factory and Dubnomoloko. The Centre fully tested 217 samples and issued compliance certificates for 412 samples. In so doing, RosPotrebNadzor did not permitted Lozivsky milk factor to supply its dairy products to the Russian market. On inspecting how the enterprise rectified shortcomings revealed by earlier inspections, RosPotrebNadzor stated that the enterprise followed "a formal approach" to arranging business operations, specifically, with regard to control and identification of cheese and cheese products.

In addition, RosPotrebNadzor complained that they had not received from the Ukrainian Ministry of Economic Development and Trade full information on operations of Ukrainian laboratories engaged in cheese testing for the purpose of exporting cheese to Russia, and that the Ukrainian party as represented by the Ukrainian State Consumer Rights Inspection, despite an agreement reached by both parties, was doing little to draft and sign a letter of cooperation with their Russian counterpart

www.liga.net; 24.07.2012

▪ **Market Infrastructure**

According to Leonid Kozachenko, the Chairman of the Entrepreneurs Council under umbrella of the Cabinet of Ministers of Ukraine and the President of the Ukrainian Agrarian Confederation, agriculture insurance is not widely spread among Ukrainian farmers. "There were attempts to introduce agriculture insurance practices among agriculture producers, and the biggest problem was to receive benefits at the onset of an insured event. Unfortunately, many insurance companies either did not pay benefits at all or delayed fulfillment of their payment obligations", told Leonid Kozachenko at the internet conference which was held at the LigaBusinessInform press centre. Such situation built farmers' distrust to insurance companies and hindered adoption of insurance practices by agriculture producers.

Another problem is a rather high cost of agriculture insurance. In some countries, for example, in Canada, national governments cover up to 50 per cent of insurance premia. In addition, national governments set up a special guarantee fund from which benefits are paid if insurers are not able

to fulfil their obligations to insured farmers. Mr. Kozachenko reminded that in the past the Government of Ukraine partially covered the cost of agriculture insurance but that practice was terminated. “This issue requires a special attention. We cannot talk about successful operations and bright future of the agrarian sector”, Mr. Kozachenko is convinced.

LIGABusinessInform;19.07.2012

The Government has developed a system for providing finance to replenish agriculture producers' working capital during the sowing campaign and harvesting. Besides, the law on agriculture production insurance was enacted which would help agriculture producers protect themselves from unfavourable weather conditions. This news was communicated by Minister of Agriculture and Food Mykola Prysiachnyuk during his business trip to Mykolaiv oblast.

“In order to find extra funds, agriculture producers have either to sell their produce dirt cheap or not to follow agronomic recommendations when sowing crops i.e. not to apply fertilizers, plant protection means etc. That is why we are working with the Central Bank to make long term lending of agriculture producers possible. Second, we are coming up with a draft law on warehouse receipts which will enable grain traders provide finance to agriculture producer by forward contract principles”, emphasized Mr. Prysiachnyuk.

In addition, the law on agriculture produce insurance is enacted. It puts certain responsibility on the national government and stimulates farmers to insure their produce. “Insurance benefits were paid out this year to those agriculture producers who had entered into agreements with the Agrarian Fund and had to re-sow some crops because of harsh weather. In so doing, insurance companies refunded the Agrarian Fund for the benefits paid. Such system should continue operating”, pointed out the Minister.

Press Service of the Ministry of Agrarian Policy and Food of Ukraine; 21.07.2012

The state enterprise “UkrSpyrt” will submit the program for re-equipping distilleries not engaged in production of food-grade alcohol for bio fuel production purposes to the government within 15 days, said Minister of Agriculture Policy and Food Mykola Prysiachnyuk during his business trip to Kyiv oblast. The Minister told that such change of distilleries' production lines would support the sugar production industry and solve the problem of Ukraine's dependency on imported petrochemical products.

According to Mr. Prysiachnyuk, the distilleries in question will be able to produce over 300,000 tons of bioethanol per year. The Ministers also stressed that from now on duly licensed privately owned companies would also produce bioethanol.

<http://economics.unian.net/>; 23.07.2012

During the last week i.e. from July 13th through July 20th domestic prices for the third grade wheat grew by five per cent up to \$ 238 per ton (including VAT). Such conclusion is suggested by data of UkrAgroConsulting Think Tank whose customers include leading international and Ukrainian traders, agri-holdings, banks, and farms. This the highest price for the last year. A higher price (\$248/t) was only on July 01, 2011.

According to the “Wheat has grown high” article in *Commercant-Ukraine*, the domestic price for wheat rose by 13.4 per cent and the export price grew by 17.4 per cent up to \$310/t (FOB, the Black Sea) over the last month. Increasing prices for grain crops in Ukraine is a consequence of last month's rally of prices for wheat and maize at Chicago Commodity Exchanges (CME), says Dragon Capital Analyst Tamara Lyovchenko. Wheat and maize futures have grown by 34 per cent up to \$345/t and by 38 per cent up to \$323/t, respectively, since mid June. “Domestic prices for grain crops in Ukraine follow the price patterns of Chicago Commodity Exchange but with a two week lag”, told Ms. Lyovchenko.

LIGABusinessInform; 24.07.2012

ANNOUNCEMENT

The 6th International Investment Forum “Tavriysky Obriyi” will be held in Nova Kahovka on

September 28, 2012. The Promo Group of Kherson Oblast State Administration has prepared a promo “invitation” spot for foreign guests in English and posted it on the official web site of the “Competitive Kherson Region” project.

<http://ksnews.org.ua>, 24.07.2012

▪ **Rural Development**

During the first half of 2012, the State Agency on Land Resources of Ukraine registered and issued 404,800 titles to land plots which was by 58 per cent more than in the same period of 2011. This news was communicated by the Press Services of the Agency.

The number of registered land lease agreements is growing: the number of such agreements registered in the above mentioned period (448,400) more than doubled the number of leases registered between January and June 2011.

APK-INFORM; 19.07.2012

On July 20, 2012, the State Agency on Land Resources of Ukraine announced a tender for developing a web portal which would cover all aspects of land relationships in Ukraine.

According to the said announcement, the new information portal will be developed under World Bank-funded project “Issuing Titles to Land in Rural Areas and Developing a Cadastre System”.

According to the terms and conditions of the tender, the web portal must be developed within 165 days. Applications should be submitted by August 03, 2012.

Ukrainian citizens will be able to obtain information on land plots on the portal effective January 01, 2013. As envisaged by the Law of Ukraine “On State Land Cadastre”, the web portal will contain data on the boundaries of administrative-and-territorial units, cadaster numbers of land plots, boundaries and designated purposes of land plots. The public will be able to access also data on the normative value of land plots, easements, sub-leases; coordinates, charts, plans and other data on land plots which are compliant with current law.

According to UNIAN News Agency, the State Agency on Land Resources will begin issuing titles to land plots through Internet once the automated system of the state land cadaster has been launched (this is planned for the year of 2013).

<http://economics.unian.net/>; 24.07.2012