

 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 13 – 26 September, 2012

▪ WTO and Neighborhood Policy

Ukraine is actively moving towards signing the Association Agreement with the European Union, Ukraine's President Viktor Yanukovich said speaking at the 9th Annual Yalta Conference. "Our partners have some additional questions to Ukraine. But I am convinced that all the doubts will disappear after the forthcoming parliamentary elections and we will finish the path to full association with the EU", he said.

Mr. Yanukovich also recalled that the free trade agreement had already been initialed in July this year.

Presidential Press Service, 14.09.2012

The Twinning Project "Supporting Ukraine in approximating its phytosanitary legislation and administration with European standards" was officially launched in Ukraine. The project will last for 21 months. For its implementation the EU will allocate 1.2 million euro. It will be implemented with the participation of a consortium consisting of Germany, France, Latvia and Lithuania.

The project will help the State Veterinary and Phytosanitary Service (SVPS) develop and implement its legislative, regulatory and technical capabilities and introduce quality and decision-making systems based on phytosanitary risk analysis. The project is consistent with existing national development programmes.

According to the Parliamentary State Secretary of the Federal Ministry of Food, Agriculture and Consumer Protection, Dr. Gerd Mueller, after Ukraine harmonizes its sanitary legal system with the EU standards it will be able to export more products. First Deputy Director of SVPS Vadim Simonov said that the twinning project will result in increased production and export of plants.

"Ukraine plans to further increase export of plants and plant products to the EU and we hope to harmonize national phyto-sanitary regulations with the EU standards through this twinning project", he said.

<http://vet.gov.ua/>, 19.09.2012

Ukraine's foreign minister Konstantyn Gryshchenko participated in the international conference "Ukraine on the Path to European Integration" which was held in Vienna on September 20. His speech was entitled "Ukraine on its way to European integration on the eve of parliamentary elections." In his speech, Mr. Gryshchenko stressed that Ukraine's orientation towards integration with the EU remains unchanged and uncontested, and noted that Ukraine will prove its commitment to European values by conducting parliamentary elections in accordance with European standards.

The conference was organized by the Karl Rener Institute (Vienna) and was attended by former President of the European Commission Romano Prodi and former Austrian Chancellor Alfred Gusenbauer, members of Ukrainian parliament, representatives of Austrian political, business and social circles.

The press service of the Ministry of Foreign Affairs, 20.09.2012

September 20, 2012 Ukrainian Minister of Economic Development and Trade Petro Poroshenko met with Deputy Prime Minister/Minister of Economy of Poland Waldemar Pawlak. The sides discussed bilateral economic and investment cooperation and underlined recent substantial increase in trade.

Mr. Poroshenko stressed the importance of the Ukrainian-Polish Intergovernmental Commission on Economic Cooperation which helps to solve problematic issues of bilateral cooperation and emphasized the necessity of implementing the free trade agreement with the EU, which apart from providing positive impact to trade between Ukraine and EU member states will also boost investment cooperation. Mr. Pawlak assured his Ukrainian counterpart that Poland will fully support Ukraine's European aspirations.

The press service of the Ministry of Economical Development, 20.09.2012

Ukraine is not going to increase customs duty rates for WTO members, it plans only to revise some of them, Ukrainian Minister of Economic Development and Trade Petro Poroshenko said. "Recently, some media hype arose concerning Ukraine's alleged plans to increase its customs duties. I want to refute this information. We want to revise the customs duties in accordance with the governmental decision taken in 2011 and not necessarily to increase them. To accomplish this aim, we initiated talks with all the interested countries in strict accordance with the spirit of the WTO. An active dialogue is taking place and it is yet impossible to comment on its results", Mr. Poroshenko said.

As it was reported earlier, according to a document marked "secret", which Ukrainian trade ministry sent to the WTO member states last week, Ukraine intends to increase maximum customs duty rates for 350 products. The document consists of 85 pages of appendices and notes that Ukraine is ready to "enter into negotiations and consultations" with WTO members and asks them to respond by 12th of December 2012.

UNN, 24.09.2012

The European Commission adopted a new aid package for eastern neighbour states, including Ukraine. The aid package aims to help people living in eastern partner countries raise their mobility, improve security and increase trade through introducing better border control and best European practices at Armenian-Georgian and Ukrainian-Belarus borders.

According to the European Commissioner for Enlargement and European Neighbourhood Policy Stefan Fuele, improving border efficiency will not only contribute to better security, but also will open up new opportunities for trade and employment. "I am glad that the new aid package will provide millions of people from the Eastern Partnership countries with more opportunities to earn their livelihoods and be more mobile", Mr. Fuele said.

The aid package includes trainings, provision of equipment and expert advice to reduce corruption, smuggling and trafficking in human beings in border areas. Support will be also provided to multilateral meetings between Eastern EU neighbours to develop partnerships between these countries and the EU.

Aid package constitutes the second part of the 2012 Regional Action Programme for the Eastern Neighbourhood. Total budget of the second part of the programme is 23 million 250 thousand euro. Funding will be provided through the European Neighbourhood and Partnership Instrument.

<http://inpress.org.ua>, 25.09.2012

▪ Food Safety

Last week, in the course of combating substandard animal products, veterinary officers detected

two illegal meat processors.

282 kg of meat were found to be produced illegally, without any quality or safety certificates, in one of Kyiv's grocery stores. No operating permits for food production, processing and distribution, as well as no technological instructions, recipes or technical dairy were found during the inspection of a large meat processing company in Mykolaiv region. The company was also found to not keep records of purchased raw meat. 18 500 kg of raw meat and 1 435 kilograms of finished products without proper labelling were drawn out from circulation and company's production activities were temporarily suspended. Measures aimed at ensuring epizootic and food security are continued to be taken in Ukraine, with already 595 inspections of meat producers and sellers carried out across the country. 166 violations of sanitary legislation have so far been detected. Penalties amounting to UAH 21.8 thousand were imposed and the implementation of 103 recommendations was monitored. The production activities of 7 companies were suspended and some 32 tons of low-quality animal products were withdrawn from circulation.

<http://vet.gov.ua/>, 17.09.2012

Ukrainian Parliament adopted the law ratifying the agreement between the Cabinet of Ministers of Ukraine and the Russian Federation on cooperation in plant quarantine. The agreement was signed in Moscow on June 7, 2011. The agreement foresees cooperation in defining plant export, import and transit requirements, requirements to supporting documents and packaging and cooperation in identifying ways to react to detection of quarantine pests and resolve disputes between the parties.

<http://economics.unian.net/>, 18.09.2012

25th international conference of the Regional Committee of the International Epizootic Bureau for Europe (OIE) is taken place in Fleesensee (German). The Head of the State Veterinary and Phytosanitary Service of Ukraine Volodymyr Horzheyev is participating in this important event, which will last until the end of the week.

The conference participants are exchanging epizootic data, revising and adopting new standards related to control and prevention of animal diseases and to animal welfare, discussing trade in animal products and revising existing projects on ASF-monitoring and control. Mr. Horzheyev will inform the conference participants about epizootic and zoo-sanitary situation in Ukraine and will meet with veterinary officials from other countries in order to establish working relations and solve cooperation issues.

<http://vet.gov.ua/>, 18.09.2012

Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) found illegal and harmful substances in products coming from three Ukrainian food enterprises. As a result, enhanced laboratory control over the products of these companies was introduced. Escherichia coli were found in cheese from Khmelnytsky MasloSyroBasa, salmonella was found in poultry products from Agromars company, and mesophilic aerobic and facultative anaerobic bacteria were found in dry milk from Romny Dairy.

http://economics.unian.net, 24.09.2012

▪ **Market Infrastructure**

Ukrainian Antimonopoly Committee recommended 30 biggest poultry farms (including Avaguard, Ovosatr Union and Inter-Zaporizhya) and trading networks (including Foodmarket, ECO, Metro Cash & Carry, Fourchette, Auchan, Fozzy group, PAKKO-holding, BILLA and ATB) to refrain from imposing economically unreasonable wholesale prices for eggs. During August-September 2012 wholesale prices for eggs rose by almost 22%. However, the

study of egg market showed there were no objective economic reasons for increased prices in August. The Antimonopoly Committee has also instructed its regional offices to provide similar recommendations for local producers and retailers.

APK-Inform, 13.09.2012

The highest price for bacon was recorded in Zhytomyr (29 UAH/Kg), while the lowest in Zaporizhya (15.46 UAH/Kg). The average price for bacon in Ukraine is 22.58 UAH/Kg. The highest price for pork was recorded in Cherkassy (50.93 UAH/Kg), while the lowest in Volyn (40.06 UAH/Kg).

In the period of August 10th to 14th in Ukraine there was an average increase of 0,1-1,6% in prices for most socially important goods. The study conducted by the Ministry for Economical Development showed that prices increased the most for the following products: rice (1.6%), sugar (1.2%), new crop potatoes (1.1%), buckwheat and eggs (0.7%) sour cream (0.3%), flour and fat (0.2%), beef, pork, chicken carcasses, butter and A-95 gasoline (0.1%). Prices for white, rye and rye-wheat bread, pasta, cooked sausages, milk, soft cheese, sunflower oil and diesel fuel remain unchanged.

The ministry conducts annual surveys of average prices for socially important goods in regional centres, Bila Tserkva, Sevastopol and Simferopol. As reported earlier, according to food market experts, the prices for beef and milk will rise due to increased prices for grain.

UNN, 23.09.2012

According to the State Statistical Service, in January-August 2012 production of fresh/chilled beef and veal in Ukraine totalled 34.3 thousand tons, 7.6% down compared to 2011.

As UNIAN reported earlier, in 2011 Ukraine increased its meat production to 3 million tons, 3.5% up compared to 2010.

<http://economics.unian.net/>, 24.09.2012

During his working visit to the United States Ukrainian Minister of Agrarian Policy and Food Mykola Prisyazhnyuk held talks with the directors of the Chicago Mercantile Exchange to introduce futures contracts on sunflower seeds, sunflower oil, barley and corn. There was also discussed the possibility of opening a branch of the Chicago Exchange in Ukraine in the first half of 2013 to start futures trading in hryvna. "If the Chicago Exchange opens a branch in Ukraine, our agricultural producers will know what the price of grain will be in the next marketing year. Two years ago farmers did not know what will be the price for grain in the future and were losing up to 30-40% of their income since traders used farmers' unawareness to their advantage", Mr. Prisyazhnyuk said.

Let us remind the reader that the Chicago Mercantile Exchange introduced futures contracts for Ukrainian wheat in June 2012.

LIGABusinessInform, 25.09.2012

Brazil has significantly increased the export of pork to Ukraine, ProAgro informs referring to the USDA Foreign Agricultural Service. It is reported that pork imports to Ukraine have significantly increased in 2011/12, due to reduced domestic production and high domestic prices. These are local processors in Ukraine that buy the imported pork.

The proportion of Brazilian pork exceeded 50% in Ukrainian imports. According to FAS USDA, in January-June 2012 Brazil has shipped 64.1 thousand tons of pork to Ukraine, 3.6 times more than in the same period last year. As a result, Ukraine has become the largest buyer of Brazilian products.

It is expected that pork imports to Ukraine will slightly reduce in 2013, since domestic production has increased in response to good demand and high prices.

<http://economics.unian.net/>, 25.09.2012

▪ Rural Development

September 17, Ukrainian Cabinet of Ministers adopted the draft law amending the law on Agricultural Cooperation. The Government proposed to include agricultural service cooperatives (ASC) to non-profit management. The Minister of Agrarian Policy and Food Mykola Prysiazhniuk said that the law will release service cooperatives from undue tax burden, reduce cooperatives` expenditures and increase the incomes of their members. Today, the incomes from one and the same service cooperative of individual farmers after they pay taxes are much lower than those of juridical entities. "The Government should create favourable conditions to attract individual farmers to service cooperatives. Therefore, we proposed a number of changes to the law On Agricultural Cooperation and the Civil Code to include the service cooperatives to the list of non-profit entities", Mr. Prysiazhnyuk said.

The minister explained that the main purpose of service cooperatives is to provide efficient services to its members and not profits. "While elaborating the draft we took into consideration foreign practices. We hope that the draft will significantly improve tax and economic conditions of cooperatives, enable farmers to influence the market situation, work without intermediaries and as a result of it establish fair prices within the food chain", the minister said. Mr. Prysiazhniuk emphasized that non-profit relations within cooperatives will generate additional incomes to their members, especially in case of cooperatives organized in a vertical way. As reported earlier, in Ukraine there were 774 agricultural service cooperatives at the end of June 2012, which is 30% higher than at the beginning of the year.

<http://economics.unian.net/>, 17.09.2012

September 18, Ukrainian parliament adopted as a basis and in entirety the draft law on production and sale of organic products. The law aims to define legal and economic principles for production and sale of organic products, establish a system of controls and supervision in this field, ensure fair competition and proper functioning of organic market, improve health indicators among Ukrainians, promote conservation of environment, sustainable use of soils and other natural resources, and increase consumers` confidence in products labelled as organic. The objective of the law is to establish foundations of sustainable development of production and sale of organic products while ensuring effective functioning of domestic organic market, fair competition, consumer protection and food security.

APK-Inform, 19.09.2012