

 <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 27 September – 10 October, 2012

▪ WTO and Neighborhood Policy

Ukraine's integration into the European Union is a strategic task for Ukrainian Government, Ukraine's Prime Minister Mykola Azarov said at a meeting with the Head of the EU Delegation to Ukraine Yan Tombinski. "We are sincerely determined to co-operate and implement all strategic documents such as agreements on political association, free trade and visa-free regime, all of which are global documents we have worked on for a long time after having made serious compromises", Mr. Azarov emphasized.

Mr. Azarov added that the European Union is an important trading partner for Ukraine, accounting for 30% of Ukraine's trade turnover. However, he expressed interest in increasing this figure. "The FTA and all our efforts to implement favorable trading climate aim to increase trade turnover between our countries", he said.

The Prime Minister also noted that Ukraine is looking for infusion of European investments. According to him, the Government adopted a series of decisions aimed at deregulation, reducing the administrative burden on business, tax cuts, etc. to create a favorable investment climate in Ukraine.

The Cabinet of Ministers' Department of Information and Communication, 27.09.2012

European Commission Directorate General for Health and Consumer Protection (SANCO) has allocated more than EUR 1 million to create a buffer zone in four Ukrainian regions to prevent the spread of rabies. A 70 square kilometers buffer zone will be established in Volyn, Lviv, Ivano-Frankivsk and Zakarpattia oblasts adjacent to the EU.

"All wild animals are being immunized in the European Union to stop the spread of rabies. DG SANCO has allocated more than EUR 1 million to create a 70 square kilometers buffer zone along the border in Volyn, Lviv, Ivano-Frankivsk and Zakarpattia oblasts. Tenders are now being prepared in these oblasts. We expect that the agreement which Ukrainian and Polish agricultural ministers signed on June 13, 2012 to combat rabies will be prolonged for another 6-10 years to fully eradicate rabies from this zone", the head of the State Veterinary and Phytosanitary Service (SVPS) Volodymyr Horzheyev said.

According to Mr. Horzheyev, on average Ukraine spends some UAH 100 million for anti-epidemic measures. 42 millions are directed to prevent rabies by vaccinating farm animals and immunizing wild animals in 5 oblasts. There are plans to increase funding since current funds are insufficient to prevent rabies throughout Ukraine.

Mr. Horzheyev stressed that it is much more cheaper to eliminate rabies than to treat it in humans. Increased public funds, SVPS activities and the EU funded campaign to create the buffer zone will gradually improve the situation with rabies in Ukraine.

www.minagro.gov.ua, 28.09.2012

European integration and completion of the Association Agreement with the EU remain to be strategic priorities for Ukraine, Ukraine's President Viktor Yanukovich said during the Eleventh

Meeting of the heads of foreign diplomatic missions in Ukraine. "The very idea of becoming the associate member of the EU and the fact that Ukraine is so close to it have become an important additional incentive for our internal transformations", he said, adding that that is the reason why noticeable changes in economic, political and social dimensions are taking place in Ukraine.

"All our reforms are oriented towards introducing European standards", Mr. Yanukovich said. He simultaneously added that association with the EU is not an end in itself or an artificial demand, but "the natural need of Ukraine as a truly European country".

Mr. President said that the Association Agreement should be signed as soon as possible. "We have done a great job in this regard and have prepared a very serious strategic document. It has been initialled and awaits ratification", he said.

Speaking on the harmonization of national legislation with the EU standards, Mr. Yanukovich said: "We are doing it for our own sake to implement technical standards, indispensable for successful operation of industries and for marketing of our products in global market." Important priority of Ukraine's relations with the EU, according to Mr. Yanukovich, is the development of human contacts. He called the transition to the second phase of the Action Plan on visa liberalization a task to be completed already in 2012.

Presidential Press Service 03.10.2012

▪ Food Safety

Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) introduces temporary restrictions on imports of meat and milk from several large Ukrainian companies. In July 2012 Russian, Belarusian, Kazakhstani and Ukrainian veterinary experts carried out inspections which resulted in the following companies to be temporarily restricted starting from October 4 in exporting their products to Russia: Molis and Hlobyno Butter Plant (cheese, milk and butter); Belle Shostka Ukraine (cheese); Zorya Meat Plant and Zeus Ltd. (beef and pork); Danone Dnipro and Lactalis Mykolaiv (dairy products); AIC-Invest (pig slaughter, processing, storage and production of finished pork products). Bila Tserkva Dairy Plant was excluded from the Registry of organizations and individuals engaged in production, processing and/or storage of goods imported into the Customs Union.

The enhanced laboratory control over chemical and toxicological characteristics of canned fish was introduced for three months at Istok, Odessa Canning Factory and Interflot. Rosselkhoznadzor also reports that inspection resulted in Morska Perlyna (production of canned fish) and Dnipro Poultry Plant (slaughter and processing of poultry) to be included into the Register of third countries' enterprises.

LIGABusinessInform, 27.09.2012

A farmer tried to sell 1,5 tons of low-quality beef in Ternopil oblast, after slaughtering 6 ill cows from his own farm.

Ternopil veterinary policemen and Zbarazh veterinary doctors removed the doubtful beef from circulation to check it in the laboratory. Laboratory results showed that beef was unfit for human consumption and industrial processing, and could have a negative impact on human health and environment. Veterinary policemen disposed of the beef.

From the beginning of 2012 Ternopil veterinary policemen have together with veterinary inspectors removed 35 tons of low-quality animal products and raw materials from circulation. 200 individuals and legal entities have been brought to legal responsibility.

vet.gov.ua/, 03.10.2012

Ukrainian Cabinet of Ministers approved a draft law allowing food producers not to mark their products as not containing GMOs. "We adopted the draft on new requirements to food labeling as regards the presence of genetically modified organisms", the Minister of Agrarian Policy and

Food Mykola Prysiashniuk said. He said that the collapse that occurred when it was necessary to mark the absence of GMOs would be eliminated. It will be mandatory to label only products containing GMOs.

Let us remind the reader that on March 15 Viktor Yanukovich signed the law amending the law On state system of biosafety during creation, testing, transporting and using genetically modified organisms (GMOs). The law requires the entities that introduce a GMO containing product or a product that was derived from the use of GMOs to provide relevant declarations.

<http://www.epravda.com.ua>, 03.10.2012

Kyiv prosecutors have revealed numerous violations of the laws On Veterinary Medicine and On state control over economic activities in the activities of Kyiv oblast and rayon departments of veterinary medicine.

Violations were found in the way veterinarian inspectors supervised production process and controlled finished products and wastes management on animal enterprises and facilities. State inspectors did not supervise enforcement of their recommendations. The offenders were not brought to justice and the register of livestock enterprises was kept improperly. Both planned and unplanned inspections were made without previous notification. Some of the businesses operated without veterinary licenses, illegally stored animal waste and manure and refrained from concluding agreements with the specialized companies on disposal of animal waste products. The existing livestock cemeteries were found not to meet safety standards. Prosecutors revealed violations of the procedures of paying for laboratory and diagnostic tests and of issuing operating permits.

23 state veterinary inspectors were found to be guilty for the abovementioned violations, 18 of them turned to be the heads of rayon and city departments. All the 23 veterinary officials were brought to disciplinary liability.

<http://vet.gov.ua/>, 10.10.2012

▪ **Market Infrastructure**

The ban on the export of Ukrainian cheese to Russia and the countries of the Customs Union may lead to a short-term price reduction in Ukraine, the head of the analytical department of the "AAA" consulting company Mariya Kolesnyk said.

"In autumn the purchase price for milk usually begins to grow as the milk yield decreases and supply of raw milk reduces. The price will simply remain the same if the ban will be permanent. The excess of cheese and butter will certainly lead to reduced prices, but for a very short period of time. After that, prices will return to previous levels", Ms. Kolesnyk said.

She noted that prices can reduce by no more than 10% for a period of 1-1.5 months, while the products previously aimed for export will be sold at internal markets. The expert from the "Ukrainian Agribusiness Club" (UABC) Taras Gagalyuk noted that this is the Government that regulates purchase prices for milk and these will be hard times for milk producers.

Commenting on the ban of pork exports to the CU, Ms. Kolesnyk noted that Ukrainian pork market is not saturated enough anyway, so that pork intended for export will simply go to the domestic market.

<http://economics.unian.net/>, 28.09.2012

The State Land Bank of Ukraine will attract funds from foreign markets, where one can pledge farmland as collateral for loans at 4-5% interest rate per annum, the Director of Financial and Credit Policy Department of the Ministry of Agrarian Policy and Food Bagrat Ahidzhanov said. According to Mr. Ahidzhanov, the cost of loans that banks provide to farmers is 24% per annum, while the State Land Bank will provide loans at no more than 10%.

Mr. Ahidzhanov also noted that the head of the Land Bank will be elected by 15 members of its

Supervisory Board appointed by the President, the Cabinet of Ministers and the Parliament. "Today it is too early to tell who will be the head of the new state bank", Mr. Ahidzhanov concluded.

APK-Inform, 28.09.2012

The trading of Ukrainian wheat futures on the Chicago Mercantile Exchange (CME) did not meet the expectations of the Ministry of Agrarian Policy and Food and CME, the Minister of Agrarian Policy and Food Mykola Prysiashniuk said.

"The trade in Ukrainian wheat futures has not reached the level that we and the Chicago Mercantile Exchange anticipated", Mr. Prysiashniuk said. He said that in the end of October the experts of CME will visit Ukraine to find reasons why trade in Ukrainian futures was unsuccessful. Mr. Prysiashniuk also said that a joint action plan for the coming years will be developed.

On 6th of June 2012 CME introduced a new wheat, FOB, Black Sea futures. In September MAPF reported that Ukraine is in talks with CME to introduce futures contracts on sunflower seeds, sunflower oil, barley and corn. It was also reported that in the first half of 2013 MAPF wants to launch a trading platform of CME in Ukraine.

<http://www.proagro.com.ua>, 03.10.2012

According to the survey of farmers conducted by the APK-Inform experts in Ternopil oblast, the yield of buckwheat in this oblast is the same as in 2011 (9.11 kg/ha). These were favorable weather conditions that contributed to high yield of buckwheat.

APK-Inform, 04.10.2012

Ukraine's President Viktor Yanukovich signed the law amending the law On Banks and Banking Activity as regards provisions on the State Land Bank.

The law establishes how the State Land Bank should operate in cases not covered by land legislation.

<http://economics.unian.net/>, 09.10.2012

Ukraine is an attractive partner in supplying food products to Japan, the experts from the Agriculture and Livestock Industries Corporation of Japan said during the meeting with the President of Ukrainian State Land Agency Serhiy Timchenko.

Japanese businessmen are interested in cultivating maize in Ukraine. Since the beginning of 2012 they bought more than 800 thousand tons of Ukrainian maize. Japan annually imports about 16 million tons of maize. Ukrainian officials expressed interest in further cooperation and proposed the Japanese side to invest into Ukrainian lands.

www.liga.net, 10.10.2012

Ukraine's President Viktor Yanukovich said that the State remains to be the largest investor into the agricultural sector. UAH 18 billion were invested into Ukrainian agricultural sector this year, 30% up compared to 2011. "The State remains to be the largest investor into the agricultural sector and most likely it will continue to be one in the future since from year to year we improve relations between the State and the agricultural sector", he said.

"But we understand that our agricultural sector needs changes. We should start producing quality food with high added value to generate new sources of incomes and improve our competitiveness, since we are not interested in exporting only raw materials. We need to create new jobs and achieve high financial performance results", Mr. Yanukovich said.

<http://latifundist.com>, 10.10.2012

▪ Rural Development

The graduates of agricultural universities will receive high-paying jobs in rural areas to introduce new management models thanks to MAPF programmes aimed at establishing cooperatives and providing financial support to individual farmers, the Minister of Agrarian Policy and Food Mykola Prysiachniuk said at a press conference after celebrating the 90th anniversary of Zhytomyr National Agroecological University.

"Interesting jobs and attractive management models will become a platform for young agricultural professionals in rural areas", Mr. Prysiachniuk said. The Minister added that his ministry develops together with other state agencies social programmes aimed at attracting agricultural graduates to rural areas to bring to practice innovative technologies and new knowledge.

"The Government promotes construction of housing for young people, the Ministry of Health is developing a programme to build clinics in villages and together with farmers and communities, we will develop social infrastructure in rural areas", Mr. Prysiachniuk.

MAPF Press Service, 27.09.2012

October 2, Ukraine's Parliament refused to extend the moratorium on sale of agricultural land to 01.01.2014. Only 102 MPs supported the bill № 11106-1.

APK-Inform, 02.10.2012

Sumy oblast produces and processes more and more flax. "The tradition of flax cultivation is now being revived in northern regions. Up to 30% of flax in Ukraine is now grown in Sumy oblast with the yield of some 5 tons of flax per hectare, which is higher than the average for Ukraine. Large amounts of raw material are a foundation for the development of processing industry", Deputy Head of Oblast Administration Sergij Slyzkyi said, stressing that increased volumes of flax production and processing is the priority of regional government.

A company with a full flax production cycle operates in Sumy oblast. It grows flax and processes it into ropes. An intensive cultivation of flax is applied, taking into account climatic conditions and soil characteristics. Only high quality seeds are used with UAH 16 million having been invested into this flax company in 5 years.

Governmental Portal, 05.10.2012