

February 29, 2008

### Ukraine



#### WTO approved Ukraine's accession

The World Trade Organization approved at a General Council meeting on February 5 Ukraine's accession to the world trade body. Ukraine, a former Soviet republic, is expected to become a full WTO member by early August. It is set to ratify the agreement by July 4 and become a member 30 days after the ratification.

«Accession of Ukraine to the WTO will facilitate additional growth of the real GDP through an increase in the export of Ukrainian products in volumes of at least USD 1.5-2 billion and even up to USD 4 billion under favorable conditions,» Economics Minister Bohdan Danylyshyn said.

According to him, this will primarily provide an opportunity to reduce Ukraine's losses from antidumping investigations and weaken the tariff and non-tariff barriers to export of Ukrainian products to foreign markets.

According to Danylyshyn, another positive result of WTO accession will be harmonization of Ukraine's legislation with international standards and WTO rules as well as optimization of certification and standardization, which will accelerate the creation of a transparent and predictable business atmosphere in Ukraine.

- Source: *Japan Today, Ukrainian News Agency*; Edited by: *usapeec.kz*

#### United States confident Ukraine's admission into WTO will benefit American economy

The United States has expressed confidence that Ukraine's admission into the World Trade Organization will benefit the American economy.

«For the United States, the inclusion in the WTO of such a large, fast-growing economy will benefit U.S. businesses, workers, farmers, ranchers, and consumers,» United States Trade Representative Susan Schwab said. According to Schwab, the United States is pleased by Ukraine's admission into the WTO and looks forward to timely completion of the domestic ratification procedures.

Schwab also said that the terms of Ukraine's accession to the WTO were substantial, forward-looking, and demonstrated Ukraine's commitment to global trade based on market forces, transparency, and rule of law. According to her, the economic reform program that was initiated in Ukraine over a decade ago has included a strong commitment to WTO provisions.

«Ukraine's commitment throughout the negotiations to secure effective implementation of its WTO commitments is commendable,» Schwab said. According to her, the WTO accession package that was approved on February 5 clearly reflects Ukraine's intentions to pursue liberalized trade, deregulation, and expanded transparency.

The United States also welcomed the stability and efficiency that will accrue following the Ukrainian parliament's acceptance and ratification of the accession. - Source: *Ukrainian News Agency*

#### Ukraine to intensify constructive dialogue with EU, U.S.

According to the Foreign Minister Volodymyr Ogrzyzko, Ukraine will intensify its political dialogue with the United States in 2008, and aims to sign a new agreement with the European Union by September 2008 at the latest.

«We intend to intensify the political dialogue with one of our strategic partners, the United States, this year,» Ogrzyzko said. «We want to

develop this dialogue as positively as possible.” The sides will exchange visits for that purpose, the Minister said, adding that the Ukrainian-U.S. dialogue is a very important element of international and European stability.

Ukrainian President Viktor Yushchenko and EU Trade Commissioner Peter Mandelson launched talks on February 18 on creating a free trade zone. The Ukrainian President said that liberalization of trade relations between Ukraine and the EU would help modernize Ukraine’s economy. He pointed out that the EU, not Russia, was now Ukraine’s main trading partner. - *Source: Interfax*

### **The production of eggs will not decrease after Ukraine’s accession to the WTO**

According to the Deputy Head of “Ukrpticeprom” Vitaly Gordievich, Ukraine’s accession to the WTO will have an effect on production of eggs. The accession to the WTO will allow the Ukrainian producers to export eggs and egg products. The EU countries are short of eggs and that is why Ukraine has a good chance to become a supplier of these products to EU markets, he added.

The production of eggs increased in Ukraine from 9.7 up to 14 billion pcs from the year 2001 to 2007 respectively. - *Source: APK-Inform; Translated by: usapeec.kz*

### **Ukraine’s WTO accession could hurt sugar, dairy, vegetable producers - Agriculture Minister**

Ukraine’s Agriculture Ministry believes that the country’s accession to the WTO could have a detrimental effect on the sugar sector, as well as dairy and vegetable production.

“There are of course risks [in Ukraine’s accession to the WTO] for several sectors, which could likely suffer. This includes the production of sugar, the dairy sector and vegetable production, since these are concentrated in small agribusinesses, which might not be able to meet the quality requirements and standards in full measure,” Agriculture Minister Yury Melnik said.

Melnik added that Ukraine has substantial potential in the agriculture and several sectors could win considerably from WTO membership. “WTO accession for us is a chance to participate in world markets,” Melnik said.

Ukrainian presidential secretariat head Viktor Baloga said that the country’s accession to the WTO would give the green light for Ukraine’s integration with the European Union (EU). “Ukraine’s accession to the WTO is a done deal. Our country has fundamentally received a green light for current trade integration with the EU. Negotiations are commencing, which aim at the formation of a free trade zone between Ukraine and the EU,” Baloga said in an article, which was published in the Ukrainian newspaper Dyen.

Baloga said that this would allow for an increase in trade between Ukraine and Europe, as well as for the removal of most barriers on export to EU countries of goods produced by Ukrainian enterprises. “For the Ukrainian economy, one of the most attractive and receptive world markets, Europe, is already opening up further,” he added. -*Source: Interfax*

### **Meat producers concerned by increase of illegal import of meat into Ukraine**

Producers of meat and meat products are concerned by an increase of illegal import of meat and meat raw materials into Ukraine, Alexander Bakumenko, Head of the Ukrainian Poultry Producers Union said.

Bakumenko said that 4,400 MT of meat and meat products were imported into Ukraine from the beginning of this year to February 19, including 2,840 MT intended for a Dnipropetrovsk-based food company, 234 MT intended for a Cherkasy-based company, and 540 MT intended for an Artemovsky-based meat plant.

In particular, according to him, a cargo weighing 1,495 MT from Belgium that was intended for the Dnipropetrovsk-based food company was detained at the Lvov customs on February 7.

He said that the declaration for this cargo stated that it consisted of bones (code 05) and therefore

was not subject to customs duty and was subject to only value-added tax based on its customs value of UAH 0.35 per kg. However, according to him, laboratory tests for quality and safety showed that the cargo consisted of poultry meat and minced meat.

Moreover, Bakumenko said that the tests showed the meat carried various infections and that it was uncovered that the meat was unfit for consumption and intended for destruction. Bakumenko stressed that such illegally imported products are mainly delivered onto the Ukrainian food market. According to him, the three main negative effects of import of such products into Ukraine are: evasion of taxes by the companies importing them, sale of poor-quality products on the Ukrainian food market, and displacement of locally made meat and meat products from the domestic market because of the sale of illegally imported products at dumping prices.

The Tvarinprom corporation's Board Chairman Serhii Hnatiuk said that import of such meat into Ukraine, regardless of whether it is pork, beef, or poultry, negatively affects all the segments of the Ukrainian meat market. According to him, President Viktor Yushchenko has set up a special working group to investigate cases of smuggling. Bakumenko said that the issue of meat smuggling was raised at a recent meeting with Prime Minister Yulia Tymoshenko and that Tymoshenko ordered prevention of import of poor-quality products into Ukraine. - *Source: Ukrainian News Agency*

### **GDP 4.9% up in January**

In January, real gross domestic product rose by 4.9%, compared to January 2007, to UAH 57,720 million. The largest GDP growth could be seen in trading - by 14%, production and distribution of electricity, gas and water - by 7.2%, transport - 6.1%, processing industry.

As Ukrainian News earlier reported, the Cabinet of Ministers has retained the outlook for GDP growth at the level of 6.8% for 2008.

In 2007, real gross domestic product rose by 7.3%, compared to 2006. - *Source: Ukrainian News Agency*

### **USDA offers GSM-102 credit guarantees for export sales to Eurasia region**

The U.S. Department of Agriculture announced the availability of the following credit guarantees for sales of U.S. agricultural commodities under the Commodity Credit Corporation's Export Credit Guarantee Program (GSM-102) for fiscal year 2008:

*Total Amount Available:* \$110 million.

*Geographical Area:* Armenia, Azerbaijan, Georgia, Kazakhstan, Mongolia, Russia, Ukraine and Uzbekistan.

The GSM-102 program helps ensure that credit is available to finance commercial exports of U.S. agricultural products to developing countries, while providing competitive credit terms in these countries. Under this program, the Commodity Credit Corporation (CCC) reduces the financial risk to lenders by guaranteeing payments due from approved foreign banks to exporters or financial institutions in the United States.

This program announcement is issued in accordance with title 7, section 1493.10(d), of the Code of Federal Regulations.

#### ***Commodity allocations***

Exporters may apply for credit guarantees on a first-come, first-served basis. These guarantees are to cover sales of the commodities specified below.

#### ***Country / Commodity***

Armenia, Azerbaijan, Georgia, Kazakhstan, Mongolia, Ukraine, Uzbekistan - All commodities

Russia - All commodities excluding poultry meat (frozen or chilled including parts thereof, muscle meat) and processed poultry meat products (products from poultry and mixtures thereof).

Sales of poultry products (specified above) to Russian buyers, regardless of the destination of the goods, are not eligible under this announcement.

Beginning Time: 9:00 AM in the Eastern Standard Time Zone

Beginning Date: Jan. 15, 2008

The allocation does not assign dollar amounts to any of the commodities specified in the GSM list of commodities, providing buyers and sellers maximum flexibility in arranging the size of their transactions within the scope of the overall allocation.

### ***Terms of coverage***

In accordance with section 1493.20(v)(1), this announcement offers coverage on a free-alongside-ship or free-on-board basis. If commodities are sold on a cost-and-freight or cost-insurance-and-freight basis, coverage on a cost-and-freight basis to point of ocean transportation or international air carrier discharge is also available in accordance with section 1493.20(v)(2). Coverage is not available under this announcement for insurance costs.

Coverage of up to 98 percent of the principal is offered on credit terms from 30 days to three years, except for solid wood products, wood pulp, and wood chips, for which coverage is offered on credit terms of up to 720 days. Adjustable interest coverage is also offered in accordance with FAS program announcement PR 0105-05 issued July 15, 2005, or as superseded. In any case where the credit period exceeds six months, principal payments are due at semi-annual intervals.

### ***Eligible banks in the Eurasia region***

Any bank approved by CCC for this region is eligible. For a complete list of eligible banks, refer to the CCC "GSM Program Foreign Bank Obligors" Web page located at <http://www.fas.usda.gov/excredits/foreignbanks.html>. Exporters are advised to obtain from their foreign buyer the name of the CCC-approved foreign bank that will be opening the letter of credit.

### ***Guarantee fee rates***

Pursuant to section 1493.70, for a complete list of fees refer to the CCC "GSM-102 Guarantee Fee Rate Schedule" Web page located at <http://www.fas.usda.gov/excredits/gsm102fees.html>. These fees are listed by risk category. A complete list of countries and their associated risk category is available on the CCC "Country Risk Category" Web page located at <http://www.fas.usda.gov/excredits/countryrisk.html>.

### ***Special terms and conditions***

Sales must be registered with CCC by Sept. 30, 2008. Exporters' contractual arrangements must call for exports no later than Nov. 30, 2008.

### ***Points of contact***

For further information, contact the Registrations and Operations Branch of FAS at (202) 720-3224, or by e-mail at [gsm.registrations@fas.usda.gov](mailto:gsm.registrations@fas.usda.gov)

*For the latest updates on FAS programs and activities, go to the FAS Web page at <http://www.fas.usda.gov>.*

## **Moldova**



### **Moldova will impose strict control over the import and use of food stuffs containing genetically modified organisms**

According to the press service of the Government, it was discussed at the special meeting at the Prime Minister Vasile Tarlev devoted to the problems of import and use of genetically modified food stuffs. The Head of the Government charged the responsible ministries to develop regulation establishing rules of import and use of these products, as well as their labeling. In particular, the Prime Minister demanded to inform the consumers about the content of genetically modified organisms. Vasile Tarlev stressed that this information must be clearly indicated. According to the Moldovan government, currently the country does not produce genetically modified food stuffs. - *Source: InfoMarket Agency*

### **In 2007 Moldova is the only CIS country where industrial decline of 2.7% was registered**

According to CIS Statistical Committee, in 2007, the largest increase in industrial output has been achieved in Azerbaijan - 24%. Then follows: Uzbekistan- 11.9%, Ukraine - 10.2%, Tajikistan - 9.9%, Belarus - 8.5%, Kyrgyzstan - 7.3%, Russia - 6, 3%, Kazakhstan - 4.5% and Armenia - 2.6%. Average growth of industrial production in 2007 amounted to 7%.

In January 2008 the consumption price index in Moldova grew by 1.5% against December 2007.

The food product prices raised by 2.8% this January, non-foodstuff prices remained at the level of last December, and tariffs to services provided to the population grew by 2.5%.

BNS specifies that in January the prices grew most to poultry (11.1%), pork and veal (7.7% and 6.6%), cheese (9.3%), milk (5.7%), and eggs (4.5%).

In January 2008, industrial enterprises of all forms of ownership produced goods for 1970 billion 4 million leis or 4.4% more than in January 2007. Significant growth was registered at enterprises of hot water supply-29.1%, enterprises engaged in production and distribution of electricity -13.1%, production of distilled alcohol - 94.9%, wine - 67.0%; dairy products - 19.9%, processing and preserving meat - 18.1%.

In January 2008, Moldova has recorded an inflation of 1.5%. The Government and the National Bank forecast for this year an inflation of 9-10%. In 2007 inflation in Moldova was of 13.1%, after in 2006 it registered the level of 14.1%. In 2005 inflation constituted 10%; in 2004, 12.5%; in 2003, 15.7%, and in 2002, only 4.4%. - *Source: InfoMarket Agency, Moldova.org; Edited by: usapeec.kz*

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### **Domestic meat is more expensive than imported one**

According to the Ministry of Agriculture, the amount of fodder is not enough for feeding the animals as a result of last years' drought. Therefore the volumes of slaughter increased. There are nearly 8,000 MT of cattle and poultry for slaughter.

Some companies prefer imported meat instead of domestic due to the cheap prices. For example, in 2007 SA "Carmez" processed 6,538 MT of meat. Only 2,601 MT of them were purchased from domestic producers. - *Source: meatinfo.ru; Translated by: usapeec.kz*

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