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Ukraine



Yanukovich sets up a working group on interaction with Customs Union

President of Ukraine Viktor Yanukovich has ordered to create a working group on cooperation with the Customs Union of Russia, Kazakhstan and Belarus. Minister of Foreign Affairs Konstantin Gryshchenko was appointed the Head of this group.

According to the presidential decree he is granted the right to make changes in its composition and to involve in its work the employees of central and local executive bodies, enterprises, institutions, organizations and to receive the necessary documents and materials from the executive government agencies.

V. Yanukovich instructed the working group to draft and submit, within two months, suggestions on a strategy of interaction between Ukraine and the Customs Union of Russia, Belarus and Kazakhstan in the '3 + 1' format".

The working group also includes 12 more people: Minister of Health of Ukraine Aleksandr Onishchenko, Vice President of the National Academy of Science Valery Heyets, Adviser to the President of Ukraine Andrey Goncharuk and others.

Earlier Ukraine has renounced membership in the Customs Union.

On April 22, 2011 Ukrainian Minister of Foreign Affairs Konstantin Gryshchenko informed that Ukraine is ready to cooperate with the Customs Union "outside of formal membership".

However, he noted that at that moment there were no any proposals for Ukraine's entry into the Customs Union, except for V. Putin's (Russian Prime Minister) words about their willingness to see Ukraine as a member of CU. Despite this, Mr. Gryshchenko added, Ukraine is ready to begin negotiations on a free trade zone with CU countries, which involves the mutual abolition or gradual reduction of customs tariffs.

Later K. Gryshchenko said that the policy of Ukraine integration into the European Union will not be affected by cooperation with Russia. He noted that EU membership for Ukraine is priority and cooperation with CU, without joining it, will not affect relations with Europe.

*Sources: Polit.RU News Agency (www.polit.ru)
Interfax News agency (interfax.com.ua)
Translated by: www.usapeec.kz - USAPEEC
Central Asia/Eastern Europe office*

Russia is not going to adjust Customs Union to Ukrainian terms

The Russian Minister of Foreign Affairs Sergey Lavrov, speaking at the meeting of Subcommittee on the International Cooperation of Russian - Ukrainian Interstate Commission in Odessa on June 4, voiced position of Russian President about Ukraine.



According to the Politician Sergei Mikheev Russian Minister of Foreign Affairs made it clear to Ukraine that the later will have to make a choice between Russia and the West, because Ukraine will not be allowed to receive economic preferences from both Sides.

According to Mr. Mikheev, S. Lavrov's words do not run counter to the statements of Russian President Dmitry Medvedev, who announced that Ukraine will not be allowed to "sit on two chairs simultaneously". The Russian position is that Ukraine can conduct a dialogue with Europe, but in this case it should not expect that Russia will provide Ukraine with all the benefits of Customs Union, which Kiev is not going to join. "We are not going to adjust Customs Union to the terms of Ukraine. If Kiev does not want to join our union then

it's up to them, but in this case it is automatically subject to all the limits and restrictions set up by Customs Union", Mr. Mikheev said.

On May 18, 2011 Russian President Dmitry Medvedev said that Ukraine must choose between European integration and the creation of a free trade zone with Russia, Belarus and Kazakhstan.

"If Ukraine chooses European Union, it will be difficult for Kiev to integrate into the Common Economic Space and the Customs Union. One can not sit on two chairs simultaneously. You should choose: to be here or there", Russian President said.

On May 26, 2011 Jose Manuel Pinto Teixeira, EU Ambassador to Ukraine said that Ukraine can not join Customs Union of Russia, Belarus and Kazakhstan and at the same time enter a free trade zone with the European Union. However, Russian Minister of Foreign Affairs Sergey Lavrov announced that Russia does not see any contradiction between these two unions.

*Source: Regnum News Agency (www.regnum.ru)
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Central Asia/Eastern Europe office*

Customs Union inspected Ukrainian meat and dairy enterprises in June

Starting June 6 the experts of the Russian Federal Service for Veterinary and Phytosanitary Surveillance



(Rosselkhoznadzor) have carried out inspections of Ukrainian dairy and meat enterprises (beef, pork, poultry) for giving licensing documents for export. Inspections run till June 18, 2011.

According to the Chairman of the State Veterinary and Phytosanitary Service of Ukraine Ivan Bisiuk Rosselkhoznadzor experts have inspected 32 Ukrainian enterprises for the export of dairy and meat products to the territory of countries within the customs union.

I. Bisiuk expressed hope that following the inspection, the list of companies that will be permitted to supply their products to the Customs Union would grow significantly. He noted that currently, 63 Ukrainian enterprises have access to markets of the customs union, in particular, on exports of meat and dairy products, animal feed and premix.

The results of the inspection have not been announced yet. According to the information posted on the official website of VPSS, the results are being analyzed currently.

Sources: Official website of Rosselkhoznadzor (www.fsvps.ru/fsvps);

BizLigaNet News Agency (www.biz.liga.net)

Translated by: www.usapeec.kz - USAPEEC Central Asia/Eastern Europe office

Russia will be able to defend its market against Ukrainian goods

Russian Prime Minister Vladimir Putin has warned Ukraine about the measures that Russia will take against Ukraine if later creates a free trade zone with the European Union. Following the talks with Ukrainian counterpart Nikolai Azarov, V. Putin informed that Russia will have to protect the interests of domestic producers and therefore, it will not buy Ukrainian goods exported from the EU.



Russian Prime Minister suggested that there could be a situation in which the EU could restrict some products (that are sensitive for Ukraine) from entering its market, while Ukraine would have to open its market to European goods.

“What will we have to do then? We will have to protect the Customs Union’s outer borders from products that have no other place to go. We will have to protect our national producers”, V. Putin underlined.

Russian Prime Minister reiterated that they do not intend to threaten anyone, but they need to tell about such things frankly and in advance. He also added that Russia does not force Ukraine to enter Customs Union. It is a

sovereign choice of a sovereign State. Ukraine must decide itself whether this membership is advantageous to it or not.

As a reminder, Customs Union has approved a list of products which will be subject to anti-dumping and protective measures. According to the CU decision, these measures will be applied to steel and stainless steel pipes from Ukraine, as well as, machinery and some other goods.

Source: Rosbalt News Agency (www.rosbalt.ru)

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Kiev hosts the 17th round of talks on FTZ creation between Ukraine and EU

On June 20 the 17th round of talks between Ukraine and the European Union on free trade zone creation has started. Negotiations run till June 24, 2011.



Delegations were led by Vice Minister of Economic Development and Trade of Ukraine Valery Pyatnitsky and Director of the Directorate General for Trade of the of the European Commission Rupert Schlegelmilch.

Earlier, the Cabinet of Ministers has approved an action Plan to increase benefits and minimize the negative implications for Ukraine from FTZ creation. In particular, the Plan implies continuation of adaptation of Ukrainian legislation to EU legislation, monitoring of foreign markets, improvement of legislation in order to create favorable conditions for attracting investments into the Ukrainian economy, harmonization of customs procedures of Ukraine with EU legislation, bringing the national veterinary, sanitary, phytosanitary and environmental norms, technical regulations and conditions in line with the European and International standards.

At the end of April, 2011 the Head of General Department for Trade of the European Commission, Philip Kuisson said

that Ukraine will sign an agreement on FTZ by the end of this year. According to him after signing the Agreement will need ratification, and will take effect no earlier than 2013.

As a reminder on May, 23 Prime Minister of Ukraine Nikolay Azarov noted the importance of both agreements on FTZ with the European Union and with Customs Union of Belarus, Russia and Kazakhstan.

He added that cooperation with both unions is important for Ukraine, as trade turnover between Ukraine and Russia accounts for 30 percent and the same holds true to trade turnover with EU.

Earlier, the Verkhovna Rada has recommended the Cabinet of Ministers to continue an active work on FTZ creation between EU and Ukraine, as well as to conclude the new Agreement on free trade zone within CIS (based on WTO principles and conditions and at the same time aimed at protecting national interests of Ukraine).

On May 10, 2011 the President of the European Parliament Jerzy Buzek during a meeting with the Chairman of Verkhovna Rada Vladimir Litvin informed that by the end of next year a positive result will be achieved at least in terms of signing an association agreement.

On May 20, 2011 Ukrainian Minister of Foreign Affairs Konstantin Grishchenko stated that Ukraine is not going to slow down negotiations with the European Union.

Ukraine and the EU have started negotiations on a Free Trade Zone on February 18, 2008. During Ukraine - EU summit, held on September 9, 2008 in Paris, Ukraine received no guarantees on its entry into the EU. Instead, EU side decided that the new document regulating relations between Ukraine and the EU will be called "Association Agreement". The 16th round of talks on FTZ was held on April 4, 2011 in Brussels.

Source: RBC News Agency (www.rbc.ua)
Translated by: www.usapeec.kz - USAPEEC Central Asia/Eastern/Europe office

Ukraine may receive permits to supply poultry meat to Europe in early autumn

Ukraine may receive permits to supply poultry meat to Europe in early autumn, according to the



Minister of Agriculture Nikolay Prisyazhnuk. He informed that Ukraine has not received permission to export poultry yet, however, European inspections have been finished and there were no deficiencies found.

"I am sure that we will soon receive permission for supplies and we hope to be able to export poultry meat to Europe, because our production is at a high technological level. We have sufficient volumes to be exported. I think it will happen in early autumn this year", the Minister concluded.

Source: FoodRetail News Agency (www.foodretail.ru)

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Europe tries to dissuade Ukraine from membership in Customs Union

Accession to the Customs Union will close the doors of Europe to Ukraine, according to Administrator of Department of European Policy Inna Kirsch. She underlined that signing of an agreement with the EU means not only creation of free trade zone, but also a political association.



Inna Kirsh explained that it is a more wide-ranging document, which will enable the modernization of Ukraine's economy. She believes that in terms of investments and imports of high technologies it is more beneficial for Ukraine to cooperate with EU rather than with Russia.

She assured that if Ukraine signs an agreement on free trade zone with the EU it will anticipate its membership in the Union by 80 percent. I. Kirsch expects that Ukraine will sign an agreement with the EU in

December 2011. "Ukraine, like Georgia and Moldova, is one of the most important partners for the EU in the region. And we expect that the agreement on free trade zone between Ukraine and EU will be signed on December 14-16, 2011 during the next EU - Ukraine summit", she concluded.

Source: New Region Information Agency (www.nr2.ru)

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Ukraine: Slowdown of production growth in livestock industry is expected in 2011

Director of the analytical department of Ukrainian Club of Agrarian Business (UCAB), Taras Gagalyuk informs that decrease in profitability of production of all types of meat, which is expected in 2011 due to significant rise in feed prices, will result in a slowdown of production growth and a further redistribution of the market.

According to the annual research "Doing Agribusiness in Ukraine - 2011", conducted by UCAB, meat industry aims for 3-4 percent growth, whereas a year earlier the figure reached 7 percent.

Thus, in 2011 meat production will amount to 1,930,000 MT in a slaughter weight. At the same time the share of poultry meat will increase up to 56 percent, while the share of beef will go down to 12 percent from total meat production.

Low level of solvency in the domestic market and high cost of production of main types of meat will lead to the development of only large, vertically integrated, companies.

Source: RBC News Agency (www.rbc.ua)
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Investments in construction of "Vinnitsa Broiler" plant reach USD 1.5 billion

Investments in construction of "Vinnitsa Broiler" plant and "Ladyzhyn" feed complex will amount to USD 1.5 billion, according to Deputy Chairman of Board of Directors of Myronovsky Hliboproduct, Arthur Futyma. He underlined that the company financed the beginning of the project at their own expense in the amount of USD 750 million, as last year they could sell 300,000 MT of meat, and the proceeds were invested into the project.



He also noted that the facility "Ptitsefabrika" (poultry plant) consists of a hatchery with a total capacity of 1.5 million of eggs per day and poultry meat processing plant with a capacity of 1.5 million heads per day. He said they expect to receive profits in 2013 after the project will pay off. In May-June, 2012 a poultry plant will be put into operation in a test mode. Starting 2013 the first production line of the poultry plant will operate at a full capacity.

Source: RBC News Agency (www.rbc.ua)
Translated by: www.usapeec.kz - USAPEEC Central Asia Eastern Europe office

Ukraine: In May sales of livestock and poultry for slaughter decreased by 28 %

In May 2011 sales of livestock and poultry for slaughter (in live weight)



decreased by 28 percent compared to the previous month and amounted to 205,800 MT in all types of farms according to the Government Statistics Agency data.

The decrease took place owing to private households. They sold 70,400 MT of livestock and poultry in live weight, which is 2 times lower than it was sold in April this year. A decrease in sales of livestock and poultry for slaughter is also observed in agricultural enterprises. It dropped by 4.8 percent or to 135,400 MT in May 2011.

Ratio between the sales volumes of livestock and poultry for slaughter in agricultural

enterprises and private households amounted to 66:34 in May vs. 50:50 in April.

In January-May 2011 Ukraine sold for slaughter 1,237,200 MT of livestock and poultry in live weight (6 percent up compared to the same period of 2010). At the same time private households during first 5 months of 2011 increased sales volumes for slaughter by 1.2 percent - to 555,100 MT, agricultural enterprises - by 11 percent to 682,100 MT.

Source: APK Inform News Agency (www.apk-inform.com)

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New Ukrainian Deputy Minister for Agricultural Policy and Food is appointed

Ukrainian President Viktor Yanukovich has appointed Aleksandr Sen as Ukraine's Deputy Minister for Agricultural Policy and Food. This is stipulated in presidential order No. 656 of June 8, 2011.

A. Sen was previously the chief of the main department for agro-industrial development at Poltava Regional State Administration.

Source: Interfax News Agency (www.interfax.com.ua)

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Ukraine poultry import statistics, January - April 2011*

Partner Country	2010		2011		% Change Value	% Change Quantity
	Value	Quantity	Value	Quantity		
World	33,751.81	34,254.1	20,744.4	17,115.2	- 38%	- 49%
America:						
United States	16,541.5	16,141.0	1,011.7	774.2	- 94%	- 95%
Brazil	29.6	26.0	70.7	54.0	+ 239%	+ 208%
Europe:						
Belgium	3,590.7	3,681.3	1,871.5	1,760.0	- 52%	- 48%
England	1,460.8	1,511.2	2,261.8	1,793.0	+ 45%	+ 18%
France	303.8	285.0	1,889.7	1,325.0	+ 622%	+ 465%
Germany	4,601.6	4,595.0	5,306.4	3,793.1	+ 15%	- 18%
Hungary	2,041.8	2,898.0	1,290.7	1,843.7	- 37%	- 37%
Italy	1,198.0	882.6	1,533.5	992.7	+ 28%	+ 12%
Netherlands	1,933.2	2,182.4	1,693.6	2,019.4	- 13%	- 8%
Poland	1,749.7	1,850.3	2,417.9	1,890.2	+ 38%	+ 2%
Value Unit: Thousands of USD; Volume Unit: MT						
* Source: State Statistics Committee of Ukraine.						