

December 1, 2009

Ukraine



New U.S. Ambassador arrives to Ukraine on December 2, 2009

Newly appointed U.S. Ambassador to Ukraine, John Tefft, will arrive in Kyiv on December 2, 2009, according to the Acting Deputy Director of the Department of the Minister's Secretariat – Speaker of the Ministry of Foreign Affairs, Valery Dzhigun.

The United States Senate on November 20, 2009, confirmed the nomination of John F. Tefft, of Virginia, a career member of the senior foreign service, class of minister-counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ukraine. Ambassador Tefft was nominated by President Barack Obama on September 30, 2009 to be Ambassador to Ukraine. A hearing on his nomination was held on October 8, 2009 by the U.S. Senate Committee on Foreign Relations.

“The U.S.-Ukraine Business Council (USUBC), on behalf of its over 100 members, congratulates Ambassador John Tefft upon his confirmation as U.S. Ambassador to Ukraine. Many members of USUBC have known Ambassador Tefft for several years and are aware of his outstanding work in his previous assignments. USUBC looks forward to working with Ambassador Tefft in the months ahead to continue the strong ties between the U.S. and Ukraine and to expand business relationships between the two countries,” said Morgan Williams, Director, Government Affairs, Washington Office, SigmaBleyzer, who serves as President of the U.S.-Ukraine Business Council (USUBC).

John F. Tefft has been a career Foreign Service Officer for 37 years. He most recently served as United States Ambassador to the Republic of Georgia from 2005-2009.



Prior to that assignment Mr. Tefft served as Deputy Assistant Secretary of State for European and Eurasian Affairs and was responsible for US relations with Russia, Ukraine, Belarus and Moldova. From 2003-2005 Mr. Tefft was the

International Affairs Advisor at the National War College in Washington, DC.

He served as the United States Ambassador to Lithuania from 2000 to 2003. He was Deputy Chief of Mission at the US Embassy in Moscow from 1996 to 1999, and served as Charge d'affaires from November 1996 to September 1997. His other Foreign Service assignments include: Jerusalem, Budapest and Rome. Mr. Tefft holds a Bachelors Degree from Marquette University and a Masters Degree from Georgetown University.

*Sources: Liga.net News Agency;
Kyiv Post News Agency
(www.news.liga.net; www.kyivpost.com)
Translated and edited by: usapeec.kz*

New requirements for meat imports will be introduced in Ukraine beginning January, 2010

Starting from January, 2010 meat imports to Ukraine can significantly decrease due to introduction of a number of new requirements for imported meat raw materials. Ukrainian producers, of course, will only gain from such changes. Officials will also have certain benefits.

However, consumers, as always, will face the risk of assortment reduction and high prices for the products.

Beginning January 14, 2010 all foreign suppliers of meat products will be subject to obligatory inspections by Ukrainian Veterinary Inspectors. Market participants and experts are concerned over the fact that details of this procedure are still unknown. Moreover, according to the Head of the State Veterinary Medicine Committee, Peter Verbitsky, all companies that want to work with Ukraine can be inspected within one week. And, therefore, this procedure will not affect the market.

According to the Head of the European Commission in Ukraine, Jose Manuel Pintu Teishera, the obligatory inspection of importers of livestock products will lead not only to trade restrictions but also to significant expenses. And it is not clear enough how Ukraine is going to conduct inspections of all enterprises - suppliers of meat by January 14, 2010.

The EU and other countries which sell meat products to Ukraine don't know how these measures will affect imports after the New Year.

The Ukrainian Veterinarians have the following reasons for introducing obligatory inspections: during the first half of the year 2009, 198,000 MT of meat and meat products were imported into Ukraine, that is 66,000 MT more comparing to the same period of last year. Moreover, according to P. Verbitsky, about 50% of meat imports were substandard. They are: the beef trimming (waste of meat production), lard, chicken carcasses, skin, mechanically deboned meat, which is primarily used for sausages production. Moreover, over 4,000 MT of meat were confiscated and over 900 MT were destroyed - these products were imported without proper documentation or had an expired date of use.

At the same time, the All-Ukrainian Union of Agricultural Enterprises believes that the Ministry of Economy of Ukraine is responsible for the difficult situation in the meat market. The Ministry of Economy by its actions destabilizes the situation and leads to a decline in domestic animal breeding industry.

According to the All-Ukrainian Union of Agricultural Enterprises, by the end of April, 2009 the Ministry of Economy had issued 234 licenses for the import of 3.9 million MT of meat and by-products, which amounts to two-year needs of the domestic consumer market without taking into account domestic production. However, Veterinarians are not inclined to dramatize this fact. P. Verbitsky is convinced that there is nothing to panic about. According to forecasts of the Ministry of Agrarian Policy, in the year 2009 imports are unlikely to exceed last year's indices and probably will decrease by 100-120,000 MT.

Foreign producers will be inspected by Ukrainian Veterinarians in order to see if they comply with Ukrainian standards. And it won't be difficult to find discrepancies with the foreign requirements. The alleged dates are also questionable, because it will take at least one day for checking the work of one company. "One company requires two or three inspectors, who will work there for two or three days. And there are a great number of such companies", the analyst of the Ukrainian Club of Agrarian Business, Elizabeth Svjatkovskaja, says. For example, this year European experts needed a week for conducting inspections of 3-4 domestic companies producing poultry and beef products.

According to international practice, there are three types of inspections.

The first one involves a systematic audit of the veterinary service of the country checked - if its standards are acceptable, and it works effectively, then it is enough to check several companies in order to give permission for imports to all producers of this state.

The second one is a corporate audit - an import permit is given to large producers on the basis of inspection of several enterprises.

A third type provides for inspections of all importing companies. And it seems that Ukrainian Veterinarians are going to choose the third type.

It is worth noting that countries that are importing meat can start a trial with Ukraine via the WTO because of the introduced inspections.

However, as analysts note, such processes can take years. And if the “guilty” parties after some time, recognize themselves wrong and abolish the controversial moments there will be no one to answer.

Source: Meatinfo News Agency

(www.meatinfo.ru)

Translated and edited by: usapeec.kz

The Ukrainian Agrarians urge the Government to stop imports of low quality meat

Representatives of Professional Associations and Unions of Ukraine appealed to the President of Ukraine, Prime Minister and Chairman of the Verkhovna Rada (Parliament) to urgently intervene in the situation that rules in the domestic meat market and to take measures aimed at reducing the volumes of imports of low-quality meat and meat products.

According to the Associations, within ten months of this year, agricultural enterprises of Ukraine sold for slaughter 1,132.7 thousand MT of livestock and poultry in live weight, that is 54,400 MT or 5% more compared to the same period in the year 2008. Growth of poultry meat production amounted to 13.3% (88,100 MT) with a decrease in pork production - by 2.9% (6,600 MT) and beef – 14.7% (27,000 MT). At the same time, Ukraine has also imported an unprecedented amount of meat products – 350,000 MT, including beef – 15,000 MT, pork – 182,000 MT, poultry meat – 153,000 MT.

In October, 2009 import volumes increased significantly: 45,000 MT of meat was imported (that is 1.7 times more compared to the average monthly indices of the first quarter of the year 2009). According to producers about 40% of imported poultry and pork meat, and 90% of beef is low quality products.

“The saturation of the domestic market with a low quality meat at dumping prices along with increase of domestic production in agricultural farms, have led to dramatic reduction of competitiveness of meat industry”, farmers announce.

As a result, in October, 2009 there was a decrease of purchase and wholesale selling prices for pork and poultry by 10% and 15% respectively. “For small and medium-sized poultry plants these prices are lower than the cost of production”, they point out.

Besides, producers note that prices are falling against a background of the increase of costs of production: costs for grain fodder, fuel, gas, electricity, spare parts and other are rising.

In addition, domestic producers emphasize that the EU countries have export subsidies in the amount of: USD 1,500 per 1 MT of beef, USD 555 per 1 MT of pork and poultry, which, in their opinion, leads to unfair competition between domestic producers and importers. Domestic producers also highlight that in these countries there are a system of mixed protective duty rates: from 0.4 to 1 euro per 1 kg of meat.

In this regard, in order to resolve the situation in the domestic meat market the Associations urge the Authorities to take the measures which they have listed in their application.

In particular, they demand the following:

- Within the WTO legislation to limit maximally imports of meat raw materials into the customs territory of Ukraine through the following mechanisms: meat imports licensing; inspections of enterprises of the country of origin; beginning December 1, 2009 introduction of import quotas for pork and poultry meat according to the number of products and country of origin within the balances of supply and demand developed by Ministry of Economy and Ministry of Agrarian Policy of Ukraine; to conduct customs clearance of goods exclusively after carrying out an enhanced security control of the quality of meat raw materials and on the condition that importers have licensed warehouses (as all developed countries do, including Russia);

- To strengthen control of authorities over the unauthorized imports of meat products, to ban imports of mechanically deboned meat, trimmings, carcasses and other low-quality meat products;

- In order to avoid underpricing of meat products, Customs Authorities are obliged to determine the customs value of imported meat products taking into account information on the value of the goods provided by the Exchange and Foreign Trade Organizations, conclusions of Specialized Expert Organizations, and the cargo customs declaration of the country of export (origin) of goods. In addition, the Cabinet of Ministers should urgently adopt the Resolution concerning the list of documents required for customs control and customs clearance of goods, filed by the Ministry of Finance of Ukraine.

*Source: MDOffice News Agency
(www.mdoffice.com.ua);
Translated by: usapeec.kz*

Poultry meat consumption is increasing in Ukraine

The consumption of poultry meat, due to its low cost, compared with red meat, is increasing all over the world. At the same time domestic production in Ukraine doesn't always keep up with this growth. Experts point out that today it is unprofitable for the Ukrainian companies to increase production of poultry meat. However, this situation may change with Ukraine's entry into the European market.

According to the Association "Ukrainian Club of Agrarian Business" (UCAB), poultry meat production in Ukraine over the period of 2006-2009 increased by 282,000 MT up to 860,000 MT, that is an increase of more than 70,000 MT per year. At the same time, domestic consumption for the same period increased by 305,000 MT up to 1,047,000 MT, that is an increase of 76,000 MT per year.

Analysts say that Ukraine imports annually about 200,000 MT of poultry meat - both by legal and illegal ways. At the same time for the past 4 years (2006-2009) supply has grown from 793,000 MT to 1,119,000 MT. "We lack about 200,000 MT of cheap raw materials for industrial processing. It is basically cheap minced meat, chicken leg quarters. Domestic products are chilled and quite expensive", the analyst of UCAB, Elizabeth Svjatkovskaja, says.

According to her today domestic producers can fully "saturate" the Ukrainian market. However, they raise only that quantity of products and products of that price category which can be sold out. Since the increase of production of only cheap chicken products (e.g. chicken leg quarters) is impossible without an increase in production of other more expensive components (such as fillets), Ukrainian companies produce only that volume of production, which guarantees the sale of all chicken parts.

"If we could export more expensive parts (e.g. chicken breast, which in Ukraine is much cheaper than in the EU, and is in demand there) and keep cheaper parts in the domestic market, then we could meet domestic demand", E. Svjatkovskaja believes.

Although the Ukrainian enterprises do not supply poultry meat to the EU yet, the results of inspections of five Ukrainian companies, carried out by European inspectors in June, 2009, are positive. And apparently, Ukraine will enter the European market in the nearest future.

Due to the supply of domestic products to external markets Ukrainian producers will be able to expand sales markets and reduce imports. According to UCAB estimations legal imports to Ukraine will be gradually decreasing. Thus, if in the year 2006 imports amounted to 155,000 MT and in the year 2008 (a record for the past 4 years) they amounted to 256,000 MT, then by the year 2014 imports should drop up to 50,000 MT.

In Ukraine domestic consumption of poultry meat per capita is higher than the average level of consumption in the EU countries. And according to UCAB experts consumption will grow in the year 2009 compared to the year 2008 by about 1 kg - up to 22.7 kg.

*Source: Meatinfo News Agency
(www.meatinfo.ru)
Translated and edited by: usapeec.kz*

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The Cabinet of Ministers of Ukraine obliged importers to present a copy of invoice, certified by the customs authorities of the exporting country

The Cabinet of Ministers of Ukraine obliged importers to present a copy of the invoice, certified by the customs authorities of the exporting country. This decision was adopted at the Cabinet of Ministers meeting on November 4, 2009, according to the Acting Minister of Finance of Ukraine, Igor Umansky.

*Source: RBC News Agency (www.rbc.ua)
Translated by: usapeec.kz*

The State Customs Service of Ukraine has presented a white list of participants of foreign economic activity

The State Customs Service of Ukraine has included 20 companies in the “white” list of participants of foreign economic activity (FEA), which implies the simplified customs procedures.

That is enacted by the letter of the State Customs as of November 2, 2009.

The list includes the following companies: OSC “Mironivsky Hliboproduct”, OSC “Dneprospetsstal”, DP “Confectionery Corporation “Roshen”, JSC “Zaporozhogneupor”, OAO “Ukrgrafit”, LLC “Ship repair factory “Yujny Sevastopol”, GP “Scientific-Industrial Complex of gas turbine construction “Zarya -Mashproekt.”

Also simplified procedures during crossing the State Border are established for the following companies: CJSC “VOZKO”, LLC “Voznesenskaya Food Company”, LLC “Trading House “Molochnaya Sloboda”, CJSC “Kupyanskyi concentrated milk factory”, JV “URVK”, Worsted and Cloth producing Company” CHEKSIL”, LLC “Agroekoprodukt”, LLC “Katerynopilsky elevator”, OJSC “Odessakabel”, LLC “Thalamus Ltd., LLC “Fischer-Mukachevo”, LLC “Yugtehgaz”.

The “green” list includes four companies.

Earlier, the Head of State Customs Service, Anatoly Makarenko, announced about the simplification of control procedures at the border for reputable tax payers. According to him, the Ministry of Justice has registered two corresponding official Orders. Those documents envisage creation of “white” and “green” lists of the participants of foreign economic activity.

The companies included in the white list are exempted from customs control at border crossing posts. However, selective inspections of such companies are implemented at the destination point, if the company is a direct sender or recipient of goods and vehicles.

The companies included in the “green” list, will undergo selective customs inspection at border crossing posts and inspection at destination point, if the company is a direct sender or recipient of goods and vehicles.

*Sources: MDOffice News Agency
(www.mdoffice.com.ua)
Translated and edited by: usapeec.kz*

Ukraine became a member state of the United Nations Commission on International Trade Law

Ukraine has been elected a member state of the United Nations Commission on International Trade Law (UNCITRAL), the core legal body of the United Nations System in the field of international trade law.

Ukraine’s UNCITRAL membership will start in the year 2010 and last until the year 2014.

The UNCITRAL sets the goal of drafting modern, fair and accepted rules for commercial agreements and contributing to extending the opportunities for international commercial activity.

*Source: KyivPost News Agency
(www.kyivpost.com)*

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Meat output decreases by 0.7% in January-October, 2009

The production of all kinds of meat (in live weight) fell by 0.7% in Ukraine in the first ten months of 2009 year-over-year, to 2.121 million MT, according to the State Statistics Committee.

The production of all kinds of milk in January-October 2009 fell by 1.2% to 10.163 million MT, while the production of all kinds of wool grew by 6.8% over the period, to 3.813 million MT.

*Source: Ukrinform News Agency
(www.ukrinform.ua)*

The Customs Services of Ukraine and Moldova unify goods coding

Customs services of Ukraine and Moldova started to jointly unify their information bases, goods coding, according to the Chairman of State Customs Service of Ukraine, Anatoliy Makarenko.

A. Makarenko said that transfer to a unified coding carried out in compliance with recommendations of the World Customs Organization allows to substantially speed up customs clearance and control over foreign trade operations, and to more efficiently fight contraband.

Director General of the Moldovan Customs Service, Viorel Melnyk, emphasized that Ukraine ranks first in the Republic's foreign trade turnover.

Development of partnership of the Moldovan and Ukrainian customs services, according to him, meets mutual interests of both countries and will promote further increase of goods exchange between them that in the future can increase two-threefold.

*Source: Ukrinform News Agency
(www.ukrinform.ua)*

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