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Ukraine



Minister of Agriculture announced the opening of European market

Ukraine has achieved positive results on agricultural issues during the talks on a Free Trade Zone creation with the EU, according to the Ukrainian Minister of Agricultural Policy and Food Nikolay Prisyazhnuk.

He reported that Ukrainian delegation headed by Prime Minister of Ukraine has returned from talks with the EU on free trade zone. N. Prisyazhnuk underlined that negotiating team has achieved an increase in quotas on almost all products by 2-4 times. In particular, quotas on meat, wheat and alcohol products increased.

Export quotas on meat will total 92,000 MT. In particular, it is assumed that the quota for beef exports will amount to 12,000 MT per year, for frozen and chilled poultry meats – 20,000 MT and 16,000 MT respectively. It is supposed that in 5 years exports of poultry could reach 40,000 MT.

Ukrainian side is satisfied with the amounts that have been agreed. The Minister noted that the agricultural sector is almost ready to sign an agreement on a Free Trade Zone with the EU.

N. Prisyazhnuk also said that Ukraine has reached a positive balance of import and export of agricultural products with the EU for the first time during long-years of talks. And this means that today the European market is open for Ukraine, Minister concluded.

Source: IA Unian.Net (www.unian.net)

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

Ukraine could join Customs Union only if this brings advantages

If Ukraine finds it useful it will join Customs Union, President of Ukraine Viktor Yanukovich informed. “We have made calculations, some of which indicate that membership in the Customs Union will bring us advantages, while others show that it is of no use. We must watch the Customs Union operating in a couple of years’ time and see how relations will be structured within it, when its members join the World Trade Organization. If this membership is advantageous, provided there is political will, we will give our consent”, V. Yanukovich, told.



President said he would reject ultimatums and added that invitation to enter Customs Union the way Russia does is undiplomatic and humiliating for Ukraine. Such language won't work with Ukrainians, he underlined.

According to the President the Parliament and citizens must also participate in taking the decision about country's membership in the Customs Union. He noted that authorities will need to appeal to the Ukrainian Parliament, as the Constitution will have to be amended, because it does not allow to form supranational bodies. President does not rule out the possibility of appealing to people with a request to call a referendum. Therefore, concerning the prospects of cooperation with Customs Union, President said that they continue assessing them.

V. Yanukovich said that Ukraine highly values Moscow's invitation to join the Customs Union, however, Ukraine does not welcome invitations in such a blackmailing form. President also noted that Ukraine has not rejected the talks on its accession to the Customs Union.

“The Customs Union has been formed and it is working, and we must understand how trade and economic relations should be built with Russia, Kazakhstan and Belarus. Perhaps it is normal not to be willing to create fresh problems for the industry and economy”, V. Yanukovich concluded.

Source: IA KyivPost (www.kyivpost.com)

Survey results: 30% of Ukrainians choose CU, 22% for EU integration

The number of Ukrainians who would like to see the country as a member of Customs Union of Russia,



Belarus and Kazakhstan is higher by third over those who prefer Ukraine's integration into EU.

The survey was conducted by Research & Branding Group in the mid August in 24 regions of Ukraine and Crimea. Over 2,000 people have participated in it. The survey results show that the number of Ukrainian citizens wishing the country's accession to the Customs Union makes up 30%, vs. 22% that would like integration with EU. Another 5% of citizens do not mind entering CIS and 29% are against of Ukraine's entry into any alliances.

The Ukrainian authorities continue a policy of integration with the European Union, rejecting membership in the Customs Union. On August 26 the President of Ukraine Viktor Yanukovich once again made it clear that Ukraine will not join the Customs Union of Russia, Belarus and Kazakhstan. “We need to search for compromises in relations with Russia and sometimes we should make concessions, but not at the expense of the sovereignty of Ukraine”, President said.

On September 5, Ukrainian Minister of Foreign Affairs Konstantin Grishchenko informed that at present there are no any real opportunities for Ukraine's full participation in the Customs Union of Russia, Belarus and Kazakhstan.

Source: IA Regnum (www.regnum.ru)

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MHP increases exports of poultry meat

JSC “Mironovsky Hliboproduct”, one of the largest agro-industrial companies in Ukraine, increases the volume of exports of poultry meat. According to the President of MHP Yuriy Kosyuk, the company needs to find new markets before the construction of poultry plant in Vinnitsa region will be completed. He informed that they have revealed quite interesting markets, which are traditionally closed to their competitors. One of them is a market of Iran, which does not work with the U.S. And it has a good potential - 80 million people with a high consumption of chicken - 40 kg per capita (for comparison: Ukraine consumes 25 kg per capita). Another market that MHP has opened for itself recently is Jordan. In the near future MHP expects to start exporting to Kurdistan.

Yu. Kosyuk also informed that the company has started exporting poultry meats to Russia. However, the volumes are not significant. He believes that in 3-4 years Russia may become a good market for Ukrainian poultry.

In 2010 poultry meat exports made up 5 percent of the total production of the company, and this year exports exceeded 8 percent.

In addition, Myronovsky Hliboproduct is preparing to enter the EU market. The company announced that it is considering the purchase of meat processing facility in Germany.

MHP expects to gain a foothold in the EU market, thereby increasing its revenues, since the prices for chicken there are on average 50-70 percent higher than in Ukraine. Investments into the project will be about EUR 100-150 million.

Raw materials, mainly chicken fillet, for this enterprise will be delivered from Ukraine. The company will be producing finished product, in particular meat products and sausages.

MHP expects to receive permission to supply products to the EU in the coming month. According to Yu. Kosyuk they will be allowed



to export about 20,000 MT of poultry meat. He also informed that the company is searching for the assets in Eastern Europe and Russia, and also intends to obtain a permit for the delivery in the U.S.

Information on the company:

MHP is one of the largest producers of poultry in Ukraine. The main activities are production of chilled and frozen poultry, fresh beef of premium class, foie gras, sausages, smoked meats, fruits, sunflower oil and crops (maize, wheat and canola).

The product of MHP production are known under the following brands: “Nasha Ryaba”, “Legko”, “Druzhba Narodov”, “Baschinsky”, “Europroduct”, “Certified Angus”, “Foie Gras”.

About 65 percent of the shares belong to Yu. Kosyuk, the remaining 35 percent are in free float on the London Stock Exchange.

Sources: IA BizLiga (www.biz.liga.net);

IA ProAgro (www.proagro.com.ua)

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

Ukraine: Meat Firm Globino Obtains USD 25 Million Loan

The EBRD is continuing to bolster Ukraine's strong position as a major producer, processor and exporter of agricultural commodities via its large-scale program of investments with major players in the national food and farming sector.

The latest transaction is a USD 25 million loan to Globino Group – an important meat processing company in Ukraine. The loan will finance the modernization of “Globinsky Meat Plant” and “Globinsky Pig Complex” as well as the construction of a biogas facility and a restructuring of Globino's balance sheet.

In the context of this project and other similar investments in the countries where the EBRD is active, the EBRD and the United Nations Food and Agriculture Organization (FAO) are



commissioning a study of the meat industry in Ukraine and Russia. The study will analyze the current situation in the sector in terms of competition, production volumes and consumption as well as links to other sub-sectors like farming, processing and packaging. It will assess the sector's potential and the demand for the Bank's financing in the future.


Gilles Mettetal, the EBRD's Director for Agribusiness, said: "This is the first ever project in the meat processing sector for the Bank in Ukraine. We recognize the importance of this market segment for the country and are happy to support strong local companies like Globino Group. This will help boost Ukraine's potential as a supplier to the local market and also as an exporter."

In the agribusiness sector alone, the EBRD has directly committed more than EUR 6 billion in over 400 projects across western and eastern Europe and the Commonwealth of Independent States since 1991.

The European Bank for Reconstruction and Development is the largest financial investor in Ukraine. As of June 30, 2011, the Bank had committed over EUR 6.5 billion (USD 9.3 billion) through 276 projects.

Source: IA FeedInfo (www.feedinfo.com)

"Avangard" announces its financial results for H1 of 2011

In the 1st half of 2011 the  company "Avangard" demonstrated high performance due to the growth in production volumes. The company plans to launch "Avis" and "Chernobayevskaya" plants in late 2011 which will boost the total production of chicken eggs in the current year by 36 percent.

According to the company, its revenue grew by 35 percent – up to USD 224 million and EBITDA - by 44 percent up to USD 91 million. The size of the company's net profit increased compared to last year by 8 percent - up to USD 67 million, but the net margin in H1 of 2011 declined slightly – up to 30 percent.

It should be noted that high financial results were achieved mostly due to the expansion of production capacities. The company reported on the increase in production of chicken eggs by 51 percent compared to the last year - up to 2.9 billion units, while poultry stock increased by 31 percent- up to 24.4 million heads.

Currently the company continues construction of 2 plants with a complete production cycle ("Avis" and "Chernobaevskaya").

According to the company, the volume of capital expenditures totaled USD 67 million in 2010 and about USD 55 million in the 1st half of 2011. In addition, it is planned to allocate another USD 100 million for the 2nd half of 2011, as well as USD 200 million for the year 2012. This investment plan includes the allocation of USD 150 million for the expansion of facilities for the production of eggs at the complex "Imperovo Foods".

It is expected that production of eggs in 2013 will reach 10 million units per day (from the current level of 3 million units). The company is planning to finance the project from its own funds.

Information on the company:

"Avangard" is a vertically integrated holding company, which specializes in the production of egg and egg products.

As reported, in 2010 "Avangard" increased production of eggs by 22 percent - up to 4 billion units. Last year the company has maintained the position of largest producer of eggs in Ukraine, increasing its share in this market from 23 percent to 26 percent.

The main beneficiary of Avangard is the founder of the company, the Head of the Board of Directors, Oleg Bakhmatyuk, who controls 77.5 percent of the shares.

Source: IA ProAgro (www.proagro.com.ua)
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Avangard and UkrLandFarming will become largest agroholding in Eurasia

The key shareholder in Ukrainian agroholdings UkrLandFarming and Avangard, Oleg Bakhmatyuk, has forecast that after the merger the agroholding will become the largest in Eurasia.

“We’re making the final calculations so as to have the right to announce the creation of the largest agrarian company in Eurasia. There has never been an agroholding like it in the region”, the press service said, citing the businessman commenting on a decision to transfer a 77.49 percent stake in Avangardco to ownership of UkrLandFarming.

He noted that due to the continual threat of food crisis, they are planning to become a flagship of the Ukrainian food export to emerging countries and a leader on the domestic food market. The businessman said that he had decided to rationalize his ownership rights in the two companies so as to obtain the maximum synergy for the two businesses.

O. Bakhmatiuk said that the united structure should first make savings on the purchases of fodder grain used for production of mixed fodder for egg production by Avangard.

According to him, due to a fully closed cycle – from supplies of raw materials for mixed fodder to eggs and egg powder, the company could reach the most favorable figure of production cost for the market. He added that production efficiency would grow thanks to the joint use of grain storage facilities and other resources of Avangard and UkrLandFarming.

In addition, the united company would have marketing advantages, as it would be able to use more crossing channels for sales of the two businesses both on the domestic market and to expand export potential.

The deal would be closed in the next two weeks. Shares of Avangard are to continue being listed on the London Stock Exchange. The report says that the united holding would

become the owner of the largest land bank in Ukraine – almost 500,000 hectares, a herd of 65,000 cows and a flock of 24 million hens.

In addition, the company would own 18 meat factories, two leather factories, six seed plants, six sugar refineries, three elevators with a total storage capacity of 645,000 MT, four grain storage facilities and 110 horizontal storage facilities.

The company will manage 19 poultry farms, three multiplication farms, nine zones for raising chickens and Imperovo Foods egg processing plant.

The share of Avangard and UkrLandFarming in 2010 on the Ukrainian beef market was 14.3%, grain market – 3%, sugar – 8.6%, leather – 12.9%, eggs- 26%, powder egg – 79% and exports of eggs and egg products – 84%.

Source: *IA KyivPost* (www.kyivpost.com)

Ukraine has reduced meat imports by 2 times over seven months of 2011

During the first seven months of 2011 Ukraine has reduced meat imports by 2 times – to 95,000 MT, according to the



Minister of Agricultural Policy and Food Nikolay Prisyazhnuk. He informed that meat imports into Ukraine fell from 190,000 MT in January-July 2010 to 95,000 MT in January-July 2011. At the same time, exports of meat increased from 30,000 MT to 45,000 MT, respectively.

Meat production in Ukraine over January-August 2011 grew by 5.6 percent compared to the same period in 2010 and made up 1.8 million MT, the State Statistics Agency reports. Egg production increased by 12 percent – or by 13 million eggs.

In 2010, meat production amounted to 2 million MT, eggs – 17 million items. According to the Ministry of Economic Development and Trade (MEDT), in 2011 Ukraine can produce 2.2 million tons of meat, which is 5.8 percent higher than in 2010. It is expected that imports

of these products will be reduced by almost 25 percent compared with 2010 - to 287,000 MT.

MEDT also predicts a slight increase in exports of meat and meat products from last year's 48,000 MT to 50,000 MT.

Overall, during the first 7 months of 2011 the growth of production in the livestock industry in Ukraine amounted to almost 3 percent compared to the same period in 2010. This was achieved mainly due to poultry and pork industry, where the production growth made up 2.8 percent, according to Agriculture Ministry. Thus, in January – July of this year all categories of farms have increased the volumes of cattle and poultry by 3.4 percent, while production of eggs - by 12.3 percent. Sales of livestock and poultry for slaughtering in live weight increased by 5.3 percent reaching 1.6 million MT compared to the same period last year. In the agricultural enterprises production volumes of livestock and poultry increased by 6.4 percent, in particular pigs - by 11 percent, poultry - by 6.8 percent.

*Sources: IA RBC (www.rbc.ua);
The Official Website of Customs Service of Ukraine (www.mdoffice.com.ua)
Translated by: www.usapeec.kz - USAPEEC
Central Asia Eastern Europe office)*

Ukraine starts exports of poultry meat to Moldova and China

The Ukrainian State Inspection of Veterinary Medicine has given authorization to APK-Invest to export meat products to Moldova and China. It is the first company to succeed in receiving this permission. The first shipment of poultry meat and some other meat products will be dispatched in the near future said representatives of the company.

Today about ten major Ukrainian agricultural organizations have filed applications for the right to export their production and it is likely that this list will expand in the near future. Nowadays APK-Invest also are considering the possibility of starting export supplies to Mongolia and Vietnam.

Today the production of poultry is the most rapid developing area of the country's agriculture, and under such conditions the largest market players tend to not only sell their own products on the domestic market but also to export it abroad. Perhaps that is the reason why in the first five months in Ukraine exports of poultry meat increased by four times and was estimated at 13,500 MT.

*Source: IA WorldPoultryNet
(www.worldpoultry.net)*

Moldova



Moldovan poultry industry suffers from massive imports of chicken meat

Moldovan poultry industry suffers from massive imports of chicken meat. According to the General Director of the state enterprise Avicola-Moldova Ion Byzgu for the first 8 months of this year Moldova produced 29,000 MT of poultry meat, which is 2.5 percent higher than it was produced in the same period last year. I.Byzgu notes that they would like to increase domestic production of this meat, but domestic producers fear that they won't have market to sell this production, as the domestic market is oversaturated with imports. He noted that he repeatedly complained to the Government on this issue, but there were no any reactions or actions taken. "Of course, imported poultry costs lower than domestically produced one, however, our products are of better quality. If consumers can not understand this, then the Government should regulate imports. We can not sell meats at lower prices, because we are already suffering losses because of expensive forages. In addition, fuel prices have grown as well", Mr. Byzgu added.

According to him, Moldovan producers didn't raise meat prices since 2009, because they fear to lose their regular customers. Currently, 1 kilogram of poultry meat directly from the producer cost 28-30 lei (about 2.6 USD)

*Source: Komsomolskaya Pravda (www.kp.ru)
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Ukraine poultry import statistics, January-July 2011*

Partner Country	2010		2011		% Change Value	% Change Qty
	Value	Qty	Value	Qty		
World	99,184	93,745	31,937	29,175	- 68%	-69%
<i>America:</i>						
United States	63,512	57,509	1,832	1,799	- 97%	- 97%
Brazil	30	26	71	54	+ 237%	+ 208%
<i>Europe:</i>						
Belgium	7,755	7,629	2,324	2,120	- 70%	- 64%
England	3,599	3,561	4,016	3,400	+ 111%	- 5%
France	699	615	2,684	1,867	+ 384%	+ 303%
Germany	7,646	7,371	7,924	6,070	+ 103%	- 18%
Hungary	4,094	5,882	1,473	2,086	- 64%	- 65%
Denmark	0	0	393	320	---	---
Spain	601	383	1,037	661	+ 172	+ 172
Italy	2,251	1,582	2,181	1,451	- 3%	- 8%
Netherlands	4,547	4,809	3,452	4,586	- 24 %	- 25%
Poland	4,450	4,378	4,101	3,869	- 8%	- 12%
<i>Other Countries</i>	0	0	449	482	----	----
Value Unit: Thousands of USD; Volume Unit: MT						
* Source: State Statistics Committee of Ukraine						