

September 30, 2007

Ukraine



Ukrainian meat market analysis

Production:

As Minister of Agriculture of Ukraine Yuri Melnik informed, the production of chicken meat will total 650,000 MT this year. Poultry live-stock in Ukraine as of August 1 totaled 207.7 million heads increasing by 4.3% in comparison with July 1, 2007.

Production of poultry meat by farms in the year 2000 constituted 25,000 MT. However, in the year 2006 already 2,500,000 MT of cattle and poultry (live weight) were slaughtered.

The consumption of poultry meat in Ukraine is estimated as 0.9-1 million MT per year.

According to Vice Prime Minister Viktor Slauta poultry meat production in 2008 will total 1.1 million MT. The poultry meat consumption per capita will constitute 16 kg in 2007.

Crisis or not?

Upcoming parliamentary elections seriously influence the Ukrainian meat market. Ukraine's Government decided to sell out superfluous meat reserves (Decree #693-p from September 5, 2007) belonged to Government Reserves with the purpose to stabilize the meat market.

At the same time the Government states the prices on meat products are stable and there is no meat crisis in the country.

Import

According to the official statistics, the import of poultry meat in June constituted 9,652 MT (-17% in comparison with May, and +6.5% in comparison with June 2006).

Imports from Brazil decreased by 2.9 times and constituted 2% of total share of poultry meat imports. Imports from U.S. decreased by 19.4%. All poultry meat imports were CLQs.

Main exporter company is Tyson Foods Inc. The average declared price on imported poultry in June was \$423/MT (\$419/MT in May) - *Based on materials of Meatinfo.ru; Translated and edited by: usapec.kz*

Ukraine & WTO

Despite continuing political uncertainty and few economic initiatives since the pro-democratic Orange Revolution of 2004, Ukraine's economy is in surprisingly good shape. Economists credit substantial inflows of foreign investment, a boom in consumer spending and a fairly disciplined monetary and fiscal policies.

But as Ukraine prepares to join the World Trade Organization next year, experts say growth can only be sustained if the next government embarks on an ambitious economic agenda.

"The past year has shown that the economy is less vulnerable to political crises than originally expected," said Igor Burakovsky, director for Economic Research and Policy Consulting in Kiev. "But whoever wins the election cannot take it for granted that this growth will continue.

The Government action, economists say, should include investments in the infrastructure, including water, health services and energy. A fresh, more transparent start is also needed for the privatization process, which was all but stopped over the past year. Heavy industry will have to be restructured to cope with new competitive pressures expected once Ukraine joins the WTO.

According to Oleksandr Sushko, director of the Center for Peace, Conversion and Foreign Policy of Ukraine, a Kyiv-based NGO, four rounds of negotiations on the new enhanced agreement have already been conducted. The fifth round is expected to take place in October.

"Yet, the process is irregular, because we haven't

started the official negotiations on the free trade area, which is an indispensable part of the new enhanced agreement. The European side is waiting for Ukraine's accession to the WTO to start negotiations," Sushko explained.

Ukraine announced plans to join WTO by the end of this year. The target date, however, has changed many times resulting in undermined confidence in Ukraine's WTO declarations.

Ukraine has signed bilateral agreements with all necessary WTO-member countries except for Kyrgyzstan which remains a potential obstacle. The Central Asian republic claims that Ukraine owes it a Soviet-era debt worth \$28 million.

Meanwhile, experts argue that internal opposition to WTO entry among Ukrainian leaders is the real reason why the issue has yet to be resolved. Some have suggested that Russia is not keen on seeing Ukraine join the transnational trade body before the mighty northern neighbor; and that the current government was delaying WTO membership in order to synchronize it with Russia.

Some have suggested legislation passed by Ukraine for WTO membership still needs to be revised. If so, it will be up to the newly-elected parliament to fix the legislation. Ukraine's working group is then expected to submit a draft final report to the WTO's General Council for a final decision. According to the WTO website, meetings of the transnational trade body's General Council are scheduled for Oct. 9-10 and Dec. 19-20 of this year. - *Source: International Herald Tribune, Kyiv Post; Edited by: usapeec.kz*

Moldova



Customs service has troubles with declaration of prices and volume of goods

The Customs Service of Moldova has troubles with the declaration of prices and volume of goods, Prime Minister Vasile Tarlev stated at a government meeting on September 19th.

Tarlev made the statement in response to a report on the activity of the Customs Service in

2006 and in the 1H2007 unveiled by the head of the service, Feodosia Furculita.

After the presentation of the report, Tarlev pointed out the positive dynamics of the activities of the Customs Service, highlighting, however, a string of drawbacks.

"The Ministry of Interior Affairs and other bodies daily unearth cases when economic agents or private persons enter goods on Moldova's constitutional territory without having any customs documents certifying the import. Have they landed by parachute?" Tarlev wondered.

Tarlev underlined that the volume of goods shipped by trucks are declared only partially and the price declared by the customs service differs completely from the goods' sale prices.

"Importers artificially decrease prices of goods at the customs, after which they share the products with somebody else. I am going to instruct the Centre for Combating Economic Crimes and Corruption and other bodies to carry out investigations there," Tarlev concluded.

The Premier gave instructions to competent bodies to check the compliance between the purchase cost of goods and the price declared at the customs. He called for lessening the bureaucracy of the customs system and cooperating more tightly with economic agents and citizens.

The customs service transferred to the state budget 3.71 billion lei in January-July 2007. In 2006, the figure stood at 6.77 billion lei. - *Source: Moldova.org*

Validation of preferential regime of export-import transactions for Transdnistrian economic agents is prolonged for 1 year-till December 31, 2008

The corresponding decision was taken at the meeting of the government on Wednesday, September 19th. The current legislation presupposed that certain privileges for economic agents of Transdnistr will be valid till December, 31st, 2007. As the Minister of reintegration of Moldova Vasile Sova declared, the decision on prolongation of preferential

mode comes to the end in the end of this year, and in future Chisinau will press Transdnestrian enterprises. Vasile Sova emphasized, that all customs and duties levied on import-export transactions will be restituted to economic agents of Transdnestr and they will not pay anything to Moldavian budget.

Since the moment of introduction of facilitated procedure of registration, the State registration chamber of Moldova has registered 355 economic agents from Transdnestr which granted with preferential mode for import-export transactions. - *Source: InfoMarket Agency*

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