

Ukraine



Government says Ukraine's accession into the WTO is possible in December 2006

Completion of multi- and bipartite negotiations with the WTO working group countries and consideration of Ukraine's accession application must occur in December 2006, Cabinet's press office reported.

In September, the Economy Ministry and other central executive bodies have drafted documents and promote passing bills, which were necessary for Ukraine's accession into the WTO. According to Prime Minister Viktor Yanukovich Ukraine has to join the WTO by the end of this year and hopes to form a free trade zone with the European Union.

However, according to Deputy Economics Minister Valeriy Pyatnytsky, Ukraine will have to approve yet another 11 laws in order to join the World Trade Organization. He also said that the Economics Ministry has stepped up talks regarding the adaptation of legislation with companies working in various industries. He also expressed a hope that Ukraine will join the WTO by the end of 2006. - Source: *For-ua.com*

Ukraine needs new approach to Special Economic Zones

Special economic programs are one way to resolve certain economic problems, but to be successfully applied, specific conditions must apply as well. For one thing, the purpose of setting up special programs has to be in step with the country's development goals over a particular period.

Given the situation in Ukraine today, the main purpose for SEZs to operate has to be to offer greater returns for utilizing available resources,

not to encourage greater use of resources. One of the main barriers to improving Ukraine's competitive edge has been the high cost of transactions, which is largely the result of a flawed institutional environment. Businesses are forced to spend an inordinate amount of money and time on non-productive processes: registering their businesses, getting the use of land, interacting with permit-granting bodies, and running a very complicated accounting system. What is more, they cannot develop any reliable long-term business plans because the way that the state regulates the economy is mutable and unpredictable, corporate legislation is poorly evolved and contradictory, and the legal system does not offer reliable protection for businesses.

According to foreign investors, it is these high risks associated with Ukraine's business environment that constitute the main barrier for both internal and foreign investment in Ukraine. This is why any new SEZs will have to firstly be directed at radically improving the business environment on their own territories. Once these "pilot" reforms of business conditions prove themselves, the experience of the SEZs can then be extended to the entire country.

This kind of SEZ has a slew of advantages over those programs that existed in Ukraine until 2005. The main one is that they will focus on the real problems faced by investors instead of compensating them for unresolved problems with tax and duty breaks. - Source: *International Centre for Policy Studies*

Domestic Poultry Production in Ukraine

In August the poultry livestock decreased by 1.7% and totaled 198 mln. heads. 1.5 mln. MT of cattle and poultry meat (live weight) was produced during Jan-Aug 2006 in Ukraine. Agricultural enterprises sold 652,400 MT of cattle and poultry for slaughter that is greater

by 23.8% in comparison with the same period of 2005. At the same time production in private farms decreased by 4.4% and totaled 848,000 MT.

The ambitious expansion plans announced by some domestic producers two years ago are now materializing. In 2007, the industry is expected to grow at almost the same rate as in 2006. Poultry production was driven by continued income growth of consumers and relatively high prices for substitutable red meat products. Production of poultry meat will continue to be concentrated in large vertically integrated holdings. These companies have established the entire production chain from parental flocks and hatcheries, to selling the chilled chicken to the end consumer through their own outlets or franchised networks.

The largest poultry producers have made significant investments to expand production facilities throughout 2006 which include production of semi-finished products. Significant investments were also made in marketing and promotion campaigns for these new products, and some created advertisements designed to expose their trademarks to consumers through television and other public media.

Domestic poultry industry representatives also made numerous statements about their future expansion plans to supply Central Asia and neighboring Russian and Belarusian markets. However, they acknowledge that demand in the Ukrainian domestic market exceeds supply and their primary goal is to be able to supply local needs. - *Source: USDA FAS Kiev, AgroPerspectiva, APK-Inform; Translated and edited by: usapeec.kz*

GDP rises by 7.1% in August

In August 2006, real gross domestic product rose by 7.1%, compared to August 2005. In January-August 2006, the GDP rose by 5.7%, compared to January-August 2005.

GDP growth in August was supported by positive dynamics of processing industry and trade and was constrained by negative dynamics registered in agricultural sector.

According to a World Bank forecast, Ukraine's GDP will grow in 2007 by a minimum of 6-7%, and inflation will not exceed 10%. - *Source: Interfax, Ukrainian News Agency; Edited by: usapeec.kz*

Moldova



25 kg of meat per capita produced in Moldova during the year

During the last 3 years domestic meat production covered only 31% of the current demand in Moldova. According to the Head of the Department of Cattle Breeding of Ministry of Agriculture Vladimir Radionov, only 25 kg of meat per capita were produced in Moldova during the year. Therefore, the Government of Moldova has implemented a program to support domestic meat industry. It is expected that a reanimation of domestic meat production will lead to an increase up to 136,000 MT of meat per year.

In January-July 2006, Moldova agricultural production was 2.84 billion lei, or 1.8% greater compared with the same period of 2005. According to the National Department of Statistics 80.6% of output (over 2 billion lei) falls on stock-raising production. Over 59 thousand tons of beef and poultry were produced during the first six month of the year, or 6% more compared to the same period of 2005.

Prices for food products during the of August 2006 reduced at 3,% and increased at 1,9% and 5,9 % for non-food products and services correspondingly. The list of food products increased in price includes: dietary eggs -14,3 % and poultry meat -3,4%. - *Source: Salut.md, InfoMarket Business News Agency*

World Bank issues report on the ease of doing business in 175

The World Bank and the International Finance Corporation have released a report Doing Business 2007. The report ranks 175 countries as to the ease of doing business there.

In terms of attractiveness for business, Kyrgyzstan has gone up from 104th to 90th place and Kazakhstan from 82nd to 62nd. Tajikistan and Uzbekistan have the worst positions among the CIS countries – 133rd and 147th, respectively. Ukraine and Belarus are 128th and 129th, respectively.

Kazakhstan, Kyrgyzstan, Moldova, Russia and Ukraine have carried out, at least, one reform. Tajikistan have carried out no reforms, while Uzbekistan has made business an even harder job for its companies.

Ukraine formed a single body for new business registration: now the procedures of registration in the pension, social security and employment funds, in the fund of insurance against industrial accidents and in the tax authorities (except for the registration for VAT) will be carried out by one body. As a result, the number of steps for new business registration has been reduced from 15 to 10 and the time — from 34 days to 33 days.

Moldova reduced the number of licenses for business or commercial activity from 400 to 128 and lowered the corporation income tax from 20% in 2004 to 18% in 2005 and 15% in 2006.

The key indicators of the report are how much time and money is needed for a new company to prepare all necessary documents, its activities, trade operations, taxes and closing procedures.
- Source: Regnum News Agency

Transdniestr votes for independence

According to the outcome of referendum in Transdniestr, 97.1% of citizens voted for supporting the policy for the Transdniestr Moldavian Republic independence and further joining the Russian Federation; 2.3% voted against it. Moldova, Ukraine and other western countries have voted not to recognize the referendum. They have called on Transdniester to return to negotiations with Moldova.

“The international community has clearly given to understand that Transdniestr is a part of Moldova; attempts of the local regime may not be assessed as nothing but a wish to destabilize the situation,” said in the U.S. State Department’s statement.

According to the Economics Minister of the self-proclaimed republic, Moldova’s breakaway Transdnestr region has lost more than \$300 million after Ukraine imposed new customs regulations in March. Ukraine toughened customs regulations for Transdnestr exports on March 3 this year, requiring that they pass preliminary clearance in Moldova - a move interpreted in Tiraspol as an economic blockade. Russia has provided generous financial aid for the impoverished, predominantly Russian-speaking region, which broke away from Moldova after the collapse of the Soviet Union in 1991. - Source: *Eurasinet.org*, *Regnum News Agency*; Edited by: *usapeec.kz*