

**Transcript of the speech of the First Deputy of Agricultural Policy of Ukraine**  
**H.E. Ivan .M. Demchak**  
**Round Table within the framework of the 65th Session of the Committee on Commodity**  
**Problems (Agricultural Trade Reforms and Food Security)**

Thank you Mr Chairman!

Ladies and gentlemen

Allow me to welcome you and to wish you effective deliberations

Ukraine is situated in the central part of Europe and occupies a favourable geopolitical position. Ukraine's share in world production of many kinds of agricultural products is quite substantial. The area of cultivated lands in Ukraine is 31.4 million hectares, which exceeds the area of arable lands of France and Germany put together. Ukrainian agriculture holds first place in Europe for potato production, third place for grain and sugar beet production and fourth place in milk production.

The agricultural sector is one of the most important areas of the Ukrainian economy. One third of the Ukrainian population lives in rural areas, 25 percent is employed in the agricultural sector, more than 20 percent of total added cost is being created and it provides about 13 percent of the country's exports.

Preconditions for the accelerated development of the agricultural sector of the economy were well established in the Ukraine itself; mechanisms of state support for agricultural production are in place, and a stimulating tax policy has been implemented. Basic legislation (over 50 legislative acts) concerning privatization and reform of land property, privities and other points of agricultural sector development has been formulated. The process of privatization in the sector has been enabled to practically be completed.

Ukraine has liberalized its agricultural policy practically completely over the last five years. It has departed from direct management of agricultural enterprises, and their material support and today performs only some regulatory functions of their activities through purely market methods.

The New Land Code of Ukraine adopted on 1st January 2002 fully regulates land ownership, particularly the principles of private property formation. Twenty eight million hectares of agricultural lands (74 percent of national available land) have been handed over to private property.

Within the last four years, substantially due to the reform of agriculture and State support farm production has been stabilized to strengthen the country's food security.

The volume of gross agricultural output, in particular, increased to 18 percent in 2004 in comparison with 2000 - food commodity output 1.7 times. Ninety three to ninety five percent of the foodstuffs consumed by our population are produced in Ukraine.

Farming enterprises have adapted to market conditions, the moving forces and trends of foreign capital formation are increasing, and the technological updating of production is being carried out. The potential this has created allows the population to be supplied with food and also supports the export of significant volumes of production.

It must be noted that in the next five to seven years the state agricultural policy will be as far as possible aimed at supporting the protection of the country's food security, complex development of rural areas and their population, as the bearers of Ukrainian identity, spirituality and culture (in other words, internal problems will take precedence). Of course, great attention will be given to integration into world and regional agricultural and food markets.

The important thing is that for Ukraine to gradually liberalize its agricultural trade policy. Support to the competitiveness of domestic agricultural production comes especially to the fore as Ukraine increasingly integrates into the world food market. Such a situation demands implementation of modern mechanisms of state support already proved effective through international practice.

Nowadays the state support of agriculture in Ukraine is carried out in the following basic directions:

- Skill development, raising the level of skills;
- Scientific research, its implementation and divulgation (consultations);
- Development of the system of plant and animal protection;
- Development of an infrastructure and monitoring mechanisms as well as food quality and safety protection;
- Construction of roads and other infrastructure for the development of rural areas;
- Development of systems of credit and agricultural insurance;
- Grants to agricultural product producers and grants to the regions with especially difficult climatic conditions.

State veterinary-sanitarian inspection of livestock and phytogenous product quality and safety is constantly underway.

During negotiations concerning joining the World Trade Organization (WTO), Ukraine undertook obligations to gradually liberalize its trade regulations, including the agriculture and industry production complex. In general about 98 percent of the consolidated tariff inquiries of the member states of the working party on consideration of the Ukrainian application concerning joining the WTO on production of agricultural and industrial complex are agreed.

Substantial work on harmonization of standards on agro-industrial complex export production is being carried out. During 2003-2004, 98 standards harmonized with the European standards and international requirements were developed only for competitive export products.

The issue of standardization and agricultural product quality control is very important not only from the point of view of the foreign trade development and protection of the home market, but above all from the point of view of strengthening of state food safety and population health in general.

Essential confirmation of the Ukrainian agricultural market activation is the increase in agricultural product exports which amounted to 4 billion US\$ in 2004. The foreign trade turnover of Ukrainian agricultural production in 2004 amounted to almost 6 billion US\$ (the tenth share of the country as a whole). In the future the increase in export of such goods as oilseeds and the products of their processing, grain and livestock production is planned.

The Ukrainian agro-industrial complex remains an extremely important branch of the Ukrainian economy. It defines the social and economic position of society, the state's food security and stable development of the country to a great extent.

We are convinced that the new Government of Ukraine will give new impetus to agrarian policy that will be aimed towards:

- Achievement of the European living standards by the population of Ukraine;
- Strengthening of the base for business initiative in the agricultural sector (protection of property rights, formation of a transparent food and agricultural production market, support for producers, etc.);
- Integration of Ukraine into the European and world economy.

Ukraine already fulfils the obligations it has undertaken and will continue doing this. At present a number of draft bills have been prepared which provide for putting into place the corresponding enactments in the regulations and requirements of WTO agreements, reduction of import duty rates according to the Ukrainian consolidated tariff offer agreed during negotiations.

We trust that the WTO member states during negotiations will understand the position of Ukraine that at present post-reform agriculture demands substantial state financial support and will permit it to use the level of support on which Ukraine insists in order to contribute to the stabilization of agricultural production, strengthening of country food security and eradication of poverty in rural areas.

Thank you for your attention.