

# WORLD TRADE ORGANIZATION

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**Working Party on the  
Accession of Ukraine**

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## **ACCESSION OF UKRAINE**

### Questions and Replies on Domestic Support and Export Subsidies in the Agricultural Sector

The Governmental Commission on Ukraine's Accession to the World Trade Organization has submitted the following replies to members questions on Domestic Support and Export Subsidies in the Agricultural Sector.

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At the request of the Working Party members, information was prepared on the level of domestic support to agriculture for the period of 2000-2002, which was provided to the WTO Secretariat only for information purposes. That's why we question the usefulness of additional discussions on the above noted period. Ukraine wishes to continue the negotiations on defining the commitments of Ukraine on the level of support to agriculture based on the period of 1994-1996 during the next Working Party plurilateral meeting on agriculture.

- **Supporting table DS:4**

**Question 1**

**We suggest that Ukraine replace the term "18. All agricultural products" in Supporting Table DS:4 with the term "Non-Product Specific Support".**

Answer:

Ukraine agrees to the proposal of this Member to make changes in the Supporting Table DS:4, but offers somewhat different approach for this purpose: in monitoring support tables for 2000-2002 the title of the row "18. All agricultural products" shall be changed to "18. Total for all commodities", row "19. Current total AMS" changed to "19. Total Non-product-specific AMS from the Supporting Table DS:9 below", data from columns 4 and 5 in row 18 transferred to row "19. Total Non-product-specific AMS from Supporting Table DS:9 below", add row "20. Total: Current total AMS", to which the level of the current total AMS shall be transferred from row 19.

Similar changes will be made to document WT/ACC/SPEC/UKR/1/Rev.8 in consideration of relevant numeration of rows in table DS:4 for the basic period of 1994-1996. Ukraine expects that this Member will support the aforesaid changes in table DS:4.

- **Supporting table DS:5**

- **Eligible Production**

**Question 2**

**Could Ukraine confirm that the level of eligible production for sugar price-support is the total amount of production, as opposed to the government procured volume?**

Answer:

In fact, the eligible production for sugar price-support is the total sugar produced from sugar beets. In the Working Table 1 "Value of Ukrainian Agricultural Production" Ukraine will make an informative footnote to the row to indicate the total amount of sugar produced from sugar beets with reference to the amount of sugar produced from sugar beets and the annual value of its production as of 2000, 2001 and 2002.

- **Supporting Table DS:9**

**Question 3**

**Partial Reimbursement of Price of Complex Domestic Agricultural Equipment Could Ukraine please indicate if all agricultural sectors are entitled to apply for this subsidy?**

Answer:

This is correct. All sectors of agriculture may apply for such subsidy for partial reimbursement of price of combines and tractors of all types of agricultural use.

- **Support to Individual farmers (Support to small farms)**<sup>1</sup>

**Question 4**

**Could Ukraine provide further details on the nature of this program, including which agricultural sectors are eligible to receive this payment, if the recipients are required to produce a product to receive the payment and whether the payment must be used for a specific purpose?**

Answer:

Support of agricultural farmers is carried out in accordance with the Law of Ukraine "On Individual Farms" No. 2009 of 20 December 1991, the Resolution of the Cabinet of Ministers of Ukraine "On the Use of Funds of State Support of Farms" No. 357 of 13 April 2001, and to ensure implementation of the state policy of farmers support, creation of stable financial environment for their development. The source of financial support of farmers is funds envisaged in the state budget for a relevant year for financial support of farmers. The funds administrator is the Ministry of Agrarian Policy, and the Ukrainian Farms Support Fund and its divisions in the Autonomous Republic of Crimea and oblasts distribute and remit relevant funds to farms.

According to the Resolution of the Cabinet of Ministers of Ukraine "On the Use of Funds of State Support of Farms" No. 357 of 13 April 2001 and the joint Order of the Ministry of Agrarian Policy, the Ministry of Finance and the Ministry of Economy No. 162/426/181 of 17 June 2002 the state budget funds for farms support (except for funds assigned for development of land allocation projects, partial reimbursement of payments of bank loan interests, and partial reimbursement of purchasing of the first tractor, combine, truck, construction of animal buildings, including the cost of design estimates) shall be used on the tender grounds and the revocable basis. All agricultural sectors are eligible to receive such payments. Individual farms can use such financial support only for production of agricultural products and farm activities.

Money granted under such program on the revocable basis will be removed by Ukraine from table DS:9 leaving only the amounts of subsidies granted on the irrevocable basis.

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<sup>1</sup> Small farms with average size equaled 65 hectares cover 6 per cent of total agricultural land in Ukraine. At the beginning of 2004 year total amount of such small individual entities was equal 43,000 units.

- **Maintenance of Young Orchards**

**Question 5**

**Could Ukraine provide additional information as to which sectors/products receive this payment?**

Answer:

The measure "Maintenance of young orchards" will be transferred from table DS:9 "Non-product-specific AMS" to table DS:7 "Other product-specific support" with the total amount under the title "Fruit" with no distribution among products covered by this program such as apples, plums or other fruit, as it is impossible to do taking into account the peculiarities of the procedure of granting funds under this program.

- **Accumulation of VAT for Purchases of Inputs for Agricultural Production**

**Question 6**

**Could Ukraine please indicate which agricultural sectors are eligible to receive this payment, if the recipients are required to produce a product to receive the payment and whether the payment must only be used for a specific purpose?**

Answer:

The force of the VAT accumulation mechanism shall be applicable to agricultural producers irrespective of their specialization, organization and legal form and ownership form, to producers registered as VAT payers, and received the amount – from the sale of agricultural products of own production and relevant processing products for the prior reporting (tax) period – that is at least 50 per cent of the total gross revenue of the enterprise.

The difference between the amount of VAT received by agricultural producers from sellers and the VAT paid by the former to suppliers shall be transferred by agricultural producers from the current account to a special account within the terms established for transfer of the VAT amount to the budget. Funds transferred by agricultural producers to a special account shall be used by those producers for purchases of inputs for agricultural production. In the event of misuse, the funds shall be seized in favour of the state budget through the stipulated procedure.

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