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LEGISLATION REVIEW

Agriculture, Food and Renewable Energy Sector

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State Support to Agriculture

More regulations in dairy and beef farming and processing

The Draft Law of Ukraine # 10198 'On Amendments to some laws of Ukraine on stimulating the development of dairy and beef cattle' as of March 15th, 2012.

The declared aim of the draft is to provide dairy and beef farming with subsidies, establishing conditions for building of new beef and dairy farms and cattle complexes, to supply them with sufficient pastures and fodder, and to supply them with access roads with hard surface.

The draft suggests some of the following main measures to achieve its purpose:

- Include raw milk into the list of objects for state price regulation.
- Maximum retail margin for dairy products is to decrease from 20% to 10%.
- Introduce a cap on dairy processors' profitability to max 10%.
- Livestock subsidies should include: i) at least 30% compensation of dairy and beef cattle production costs; ii) 90% compensation of credit costs for livestock buildings and equipment; iii) 40% compensation of energy costs; iv) full or partial compensation of leasing costs.
- Introduce a special import VAT and duties account that would accumulate incomes from dairy and meat imports, and used for livestock subsidies.
- Costs of construction of livestock objects that are eligible for compensation from the state budget, should also include the costs of construction of access roads, energy lines etc.
- A livestock farm should be supplied with 2 ha of pastures per head of cattle. The land should be allocated from the land reserves or communal land.

Agricultural Land

The terms of the land lease payments are to change

The Draft Law of Ukraine # 10019 'On Amendments to some legislative acts of

Ukraine (on land lease payments) as of March 15th, 2012

The draft suggests introducing monthly payments of the annual rent to land owners, in equal amounts. The draft also suggests forbidding all other forms of lease payments apart from cash.

The terms of land auctions are to be established

The Draft Law of Ukraine # 10231 'On Amendments to the Land Code of Ukraine (on land auctions)' as of March 21st, 2012

The draft suggests changing the order of selling land plots of the state and communal property. At the moment the procedure of land sales via auctions is obligatory, but it is very vaguely described in the Land Code of Ukraine. The purpose of the Draft is to amend the Land Code with clear terms for land sales on auction. In particular the Draft establishes: the form of land sales and the subjects of land sales; the procedure for concluding a contract of land sales; requirements for training of an auctioneer; the order of registering the auctioneer of land sales; the procedure of preparation of lots for sale on auction; financing the preparation of concluding the contracts for land sales; requirements regarding the amount of commission, participants' contribution; conditions to ensure the publicity of information on land sales; timelines for land sales etc.

Limits on leasing agricultural land plots

The Draft Law of Ukraine # 10273 'On Amendments to the Law of Ukraine 'On Land Leasing' as of March 27th, 2012

The draft suggests capping the area of leasing of agricultural land to 10% of the total agricultural land of the district (rayon). The total leased area of agricultural land by one person is limited to 50 000 ha.

Renewable Energy

Definition of 'biomass' is clarified

The Draft Law of Ukraine # 10183 "On Amendments to the Law of Ukraine 'On Electricity (to stimulate electricity production from biogas)'" as of March 13th, 2012.

The draft clarifies the definition of biomass in the Law of Ukraine "On Electricity" and brings it in conformity with the Law of Ukraine "On alternative fuels" and the Directive 2009/28/EC of the EU on Promotion of renewable energy. Also according to the draft, "green" tariff is established at 2.7 (for electricity generated from biogas that is received from plant biomass and / or animal origin and from organic parts of wastes).

Miscellaneous

Movement of securities across the border is licensed

The Resolution of the National Bank of Ukraine # 469 'On approval of regulation on the movement of securities across the custom

border of Ukraine' as of December 12, 2011; came into force on March 3rd, 2012.

The Resolution establishes the order of movement the securities across the border of Ukraine. The main precondition is that a person (either physical or juridical) should first receive a license from the National Bank of Ukraine.

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