

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Ukraine

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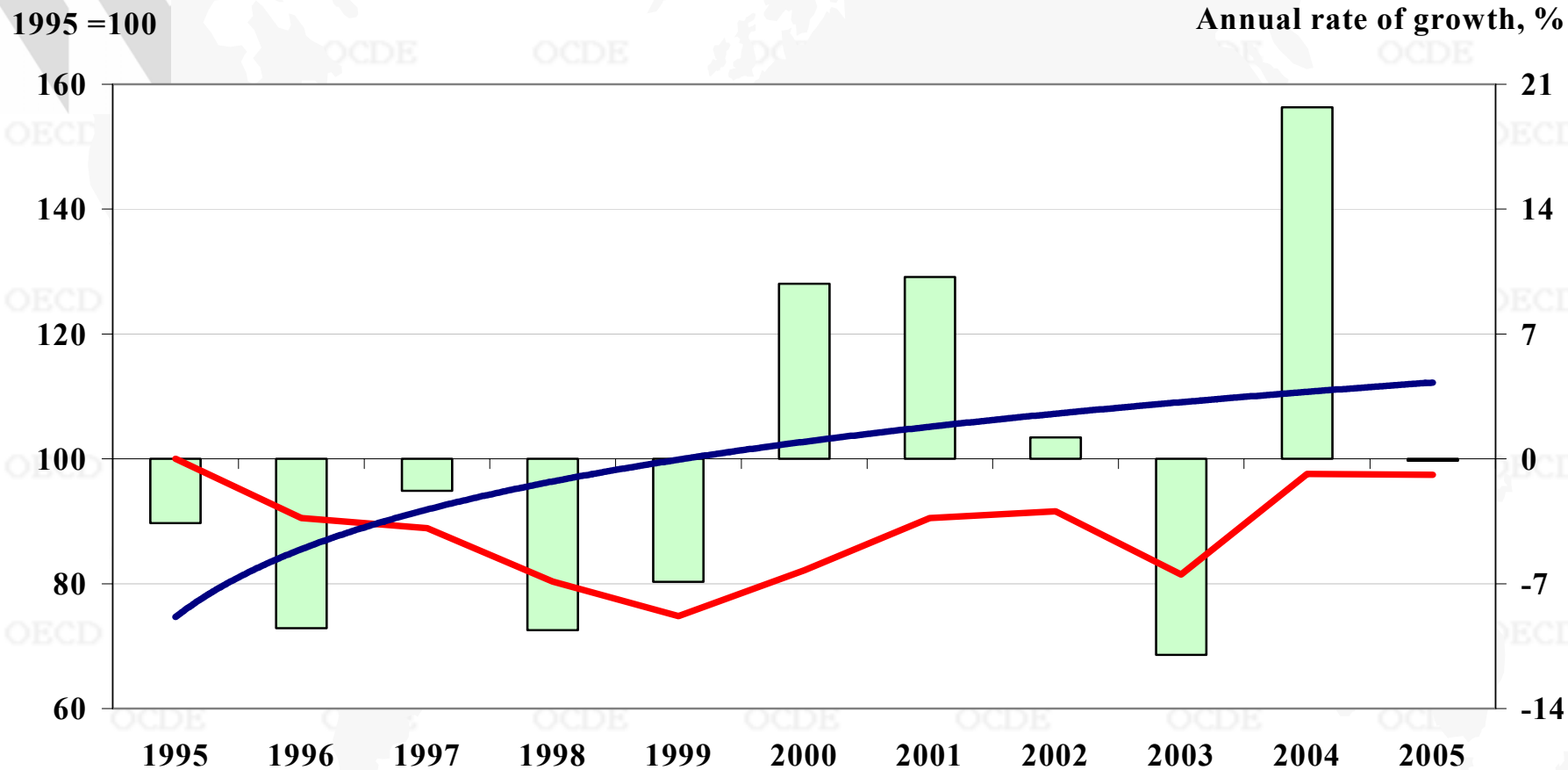
Global Forum, 20-21 November 2006



Policy context

- Agriculture employs 20% of labour and contributes 11% to GDP
- Becoming more trade oriented: now 13% of exports and 8% of imports
- Dualistic farm structure: tiny household plots and large agricultural enterprises
- Food accounts for 58% (!) of households' expenditures

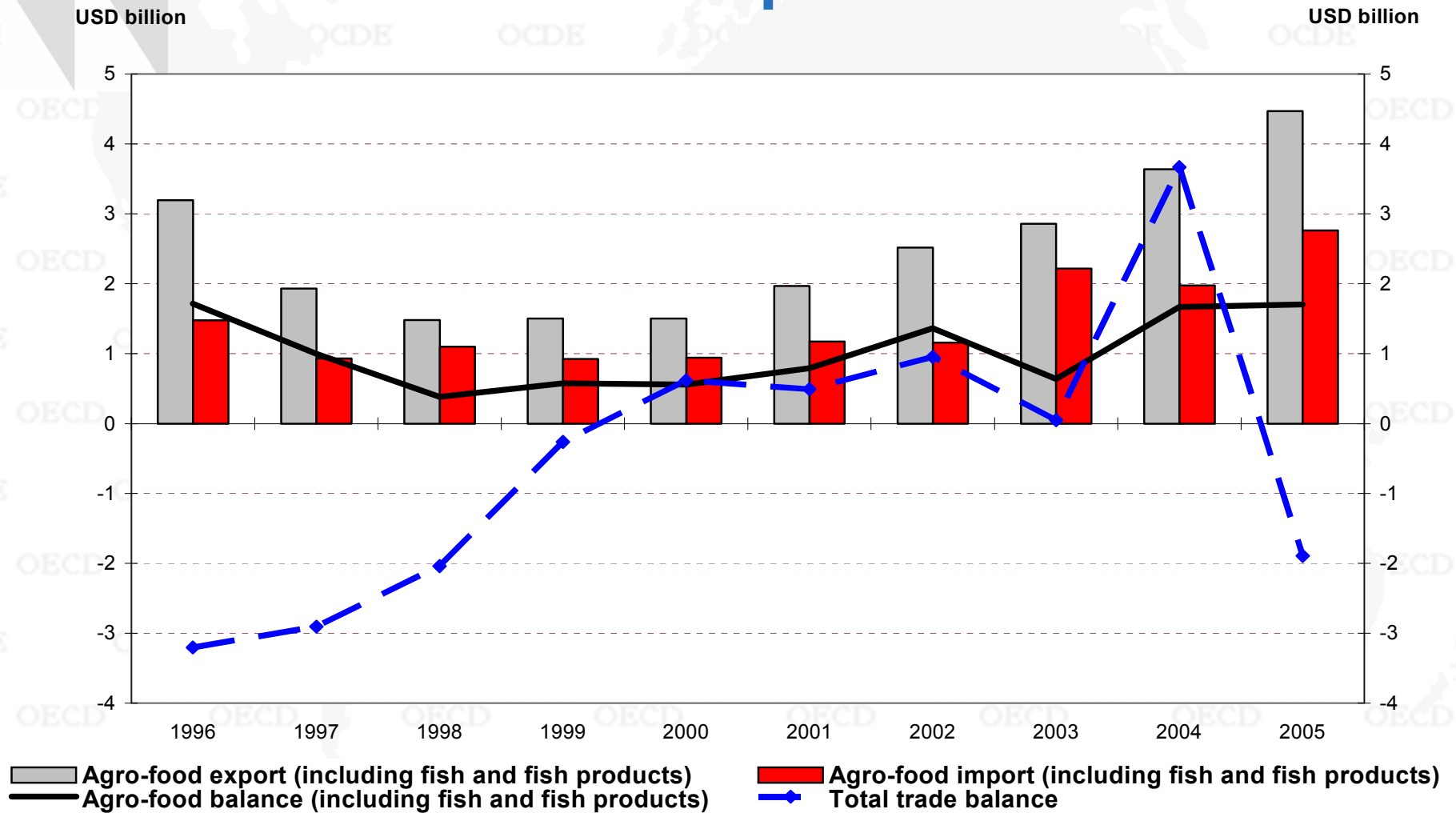
signs of a recovery in agricultural output...



Annual rate of growth % (right scale)
 Log. (Annual rate of growth % (right scale))

GAO 1995=100 (left scale)

...and an increasing agro-food trade surplus

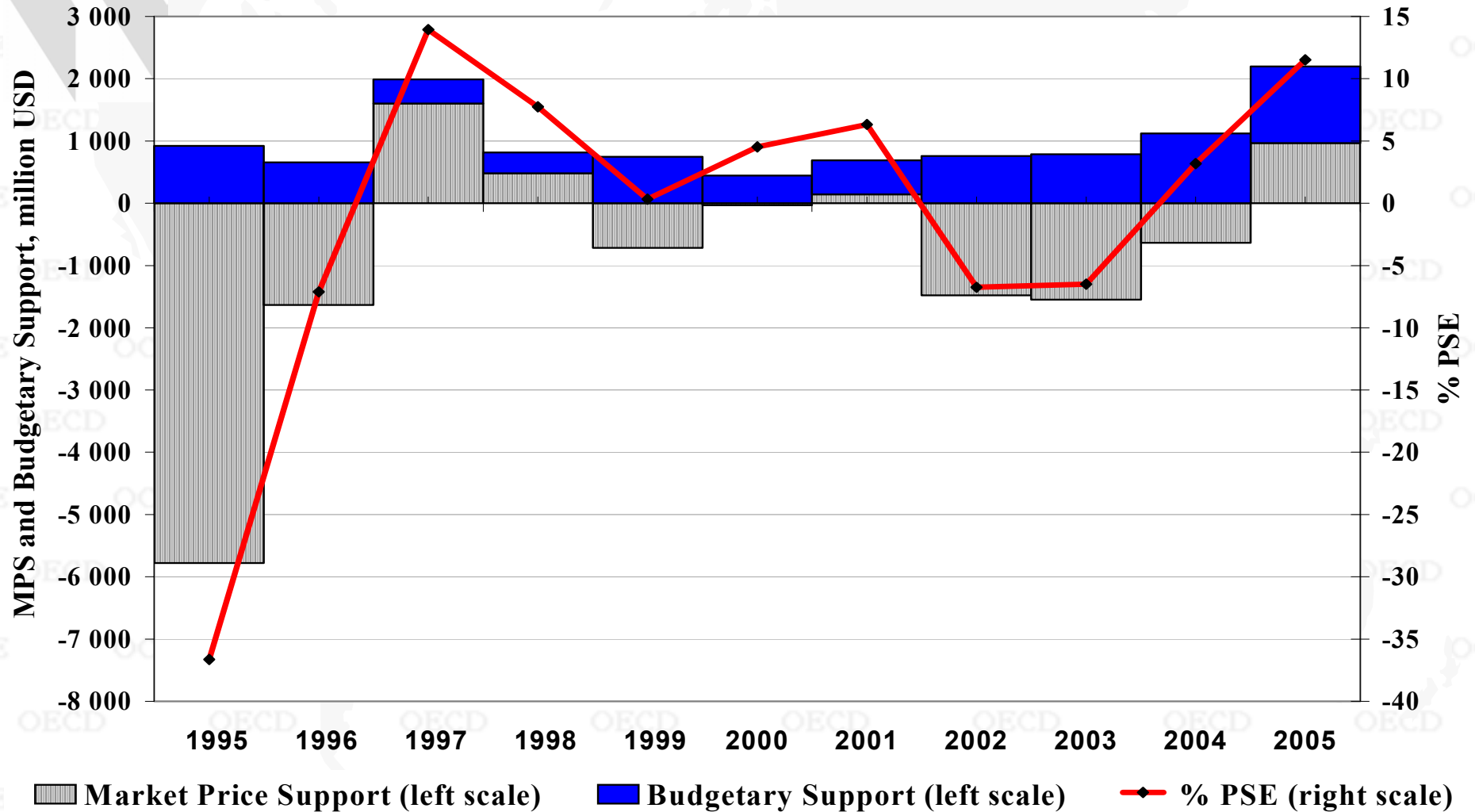




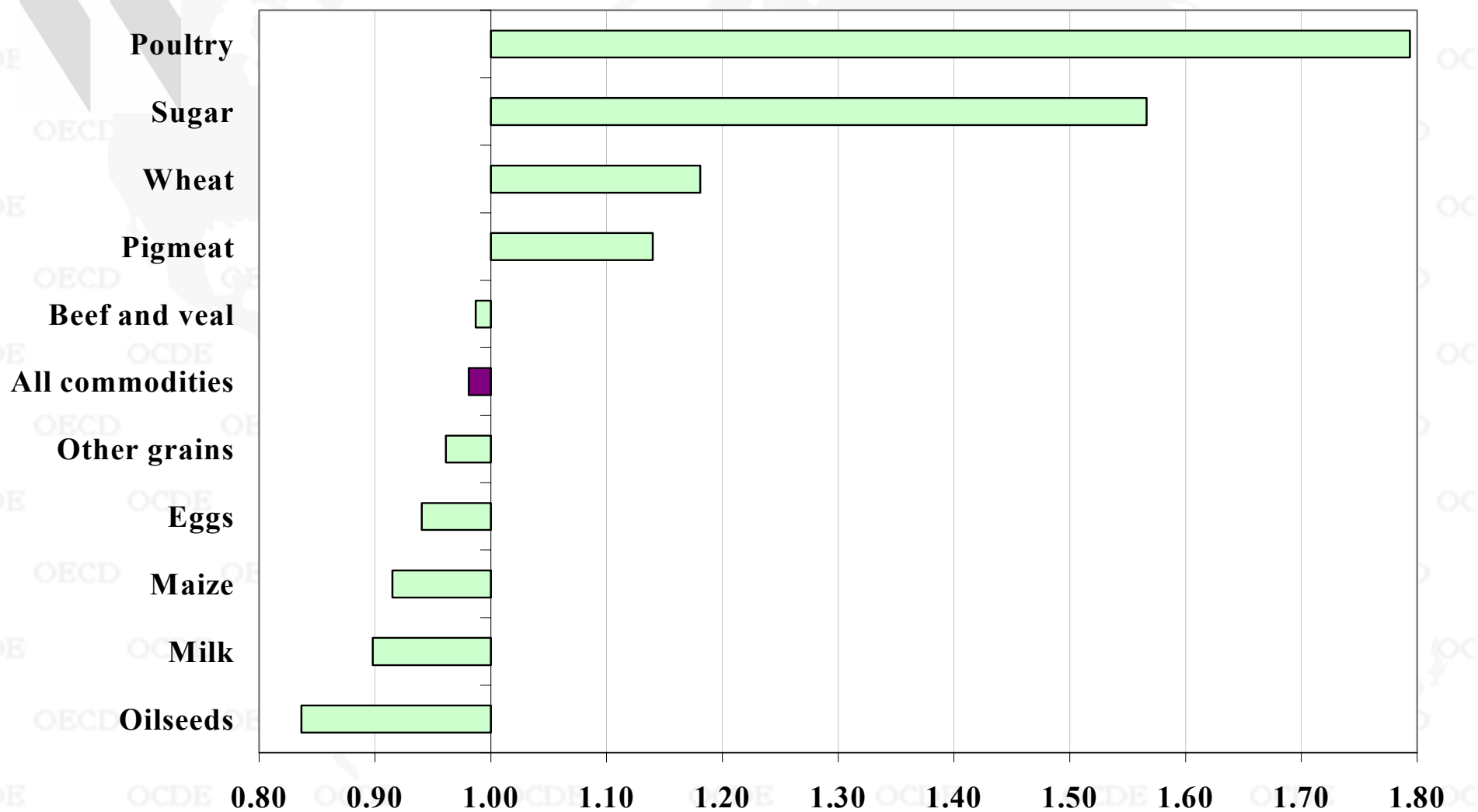
Recent policy developments

- Law on State Support to Ukrainian Agriculture came into effect
- Minimum and maximum prices introduced;
- Ad valorem tariffs decreased, but prohibitive specific tariffs remained
- Free Economic Zones abolished
- No tariff rate quota for raw sugar announced
- Implicit support through tax privileges and exemptions continued
- Exports of grains controlled through licensing and temporary quotas

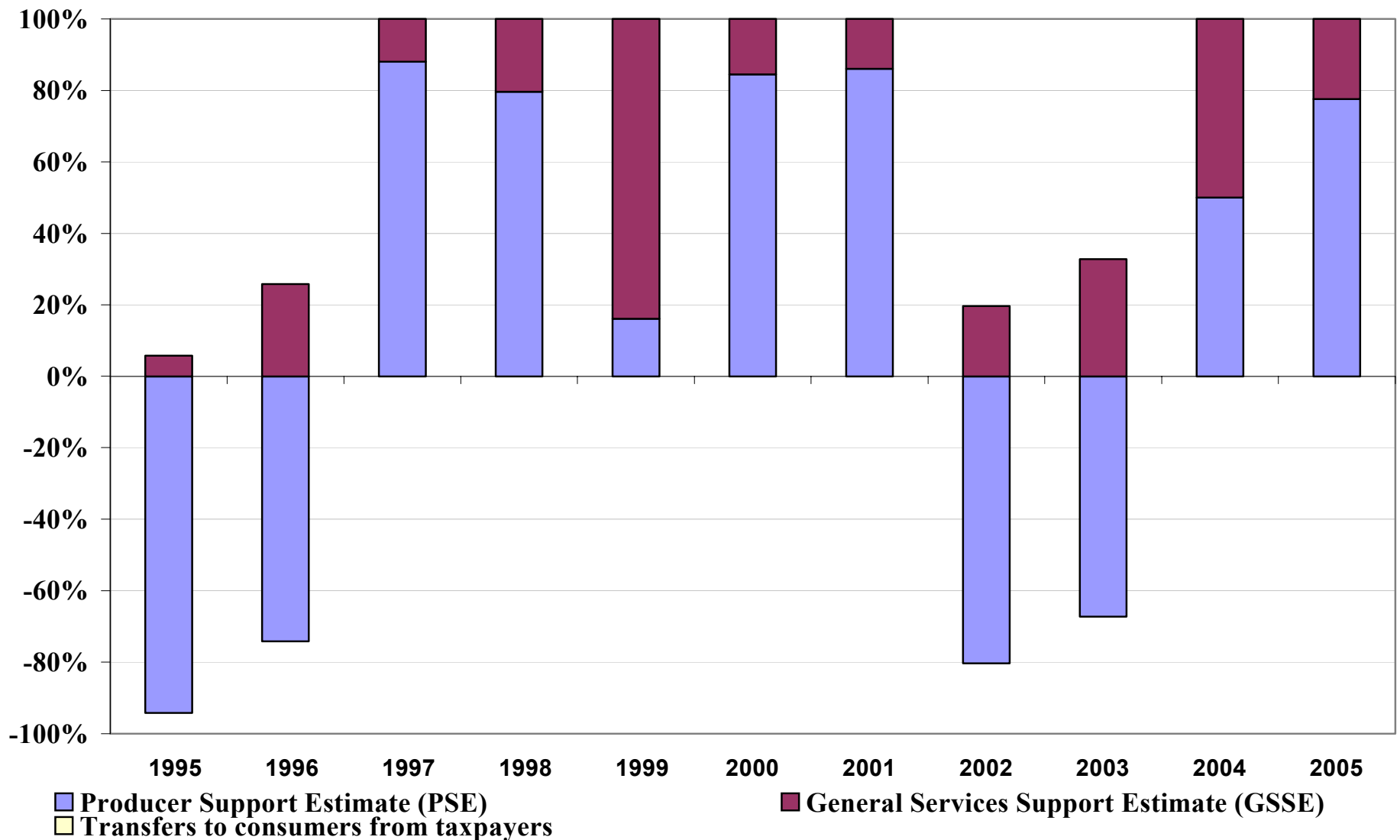
PSE level and composition over time



Producer NPC by commodity, 2003-05 average



TSE composition over time



Policy evaluation and recommendations

- Healthy macroeconomic framework and consistent and predictable policies needed to exploit sector's potential
- Budgetary resources could be re-allocated from input subsidies and output payments to investment in public infrastructure
- Land reform needs to be completed
- Future WTO membership should provide more consistent, transparent and predictable policy framework