

LAW OF UKRAINE

On State Support of Agriculture of Ukraine

Chapter I. GENERAL PROVISIONS

Article 1. The Law's objectives and sphere of application

1.1. The present Law defines the fundamentals of state support in budgetary, credit, price, insurance, regulatory and other spheres of state administration in respect of stimulation of agricultural production and development of the agricultural market, as well as ensuring the population's food security.

1.2. The present Law does not regulate issues determined by the Land Code of Ukraine.

Article 2. Definition of terms

For the purposes of the present Law, the following terms will be used with the following meanings:

2.1. Agricultural exchange is a legal entity established pursuant to the Law of Ukraine "On Commodity Exchange", which is subject to regulation by the norms of this law and articles 279-282 of the Commercial Code of Ukraine (taking into account the specific features determined by the present Law) and renders services to economic entities on conclusion of exchange contracts for agricultural produce, commodity derivatives whose basic asset is agricultural produce, mortgage certificates, mortgage deeds, as well as services on related computation and clearing activities.

2.2. Agricultural market is the aggregate of legal relations connected with conclusion and performance of civil contracts on agricultural produce.

2.3. Basic asset is value determination of the right for purchase or sale of a certain object of state price regulation on futures terms.

2.4. Exchange account is an account of liabilities and assets, which is open within the exchange's computation-and-clearing system.

2.5. State agricultural intervention is a sale or purchase of agricultural produce at an organized agricultural market with the purpose of maintaining stability of prices.

The state agricultural interventions are subdivided into commodity and financial interventions.

Commodity intervention is a sale of agricultural produce during a price growth at an organized agricultural market above the maximal levels (including sale of commodity derivatives), which is done with the purpose of achievement of equilibrium levels.

Financial intervention is a purchase of agricultural produce during a decline in spot prices at an organized agricultural market below the minimal levels (including sale of commodity derivatives), which is done with the purpose of achievement of equilibrium levels.

b) standard agricultural risk is a risk, which is not a system risk and can be covered by the exchange guarantee system and/or state price regulation measures.

The indicated risk classification shall only be used for the purposes of the present Law.

2.15. Agricultural produce is made up of the commodities that fall under description of groups 1-24 of the Ukrainian Foreign Economic Activity Commodity Classification. Provisions of the present Law shall not be applied to the commodities subject to excise duty.

2.16. Commodity derivative is a standard document, which corresponds to the definition of sub-clause "c" of sub-clause 1.5.4 of clause 1.5 of article 1 of the Law of Ukraine "On Taxation of Enterprises' Profits".

2.17. Trading (exchange) session is a time period between opening of exchange trading and its close.

2.18. Trading section is the part of agricultural exchange, in which the objects of exchange trade are made up of commodity derivatives (except for forward contracts) and state price regulation objects for their exports.

2.19. Conditions of supply are the conditions that are determined in accordance with requirements of the current version of International Rules for interpretation of commercial terms "Incoterms".

If goods are sold or purchased at the agricultural exchange, the conventional basis of supply of these goods for the purposes of determination of their price is ex-works at the address of the main building of the Central Post Office of Ukraine.

2.20. Forward, futures, and option are varieties of commodity derivatives, in which the contract parties' rights and obligations are determined in accordance with clause 1.5 of article 1 of the Law of Ukraine "On Taxation of Enterprises' Profits".

2.21. Deductible (insurance deductible) is a portion of a loss, which is to be paid (covered) by the insured at his own account in the event that the insured accident occurs.

2.22. Supply price is the price that has officially been declared by the seller and results in an irrevocable offer to sell the declared goods on spot, forward, or futures conditions.

2.23. Demand price is the price that has officially been declared by the buyer and results in an irrevocable offer to buy the declared goods on spot, forward, or futures conditions.

2.24. Equilibrium price (fixing) is the price that is established as a result of achievement of balance between the supply price and the demand price and is set in a registered exchange contract.

Chapter II. STATE REGULATION OF PRICES FOR CERTAIN TYPES OF AGRICULTURAL PRODUCE AND THE AGRICULTURAL FUND

Article 3. Rules of price regulation and its object

3.1. The state regulates wholesale prices for certain types of agricultural produce (hereinafter referred to as state price regulation) by setting minimal and maximal purchase prices and taking other measures determined by the present Law with adherence to the rules of antimonopoly

legislation and fair competition. Minimal and maximal purchase prices should be applied to exports or imports of such produce, according to the procedure set forth in article 8 of the present Law.

3.2. The substance of price regulation is the Agricultural Fund's state interventions in the quantities that provide for settlement of the equilibrium price (fixing) at a level, which is not below the minimal purchase price and not higher than the maximal purchase price.

The state shall not exercise price regulation beyond the organized agricultural market of Uoairain

The complete list of objects of state price regulation shall be published by the Cabinet of Ministers of Ukraine no later than 30 calendar days prior to the beginning of a marketing period. If such a list has not been formed or has not been officially published, the list which was set for the previous marketing period shall be effective for the next period.

3.3.3. For the purposes of the present chapter, the period of state price regulation is a time period, which cannot be shorter than one calendar month and cannot be longer than one marketing period set for a certain type of agricultural produce. The periods of state price regulation shall be set within the time limits and according to the procedure provided for by the present clause for determination of the list of state price regulation objects.

Article 4. Minimal purchase price

4.1. Determination of the period of effect for the minimal purchase price

4.1.1. The minimal purchase price for a metric unit of a certain object of state price regulation is a price indicator, which:

- a) is the basis for taking decisions about a financial interventions;
- b) is used for planning of profits of sellers of such an object in Ukraine, as well as for other purposes determined by the present Law.

4.1.2. The minimal purchase price for a certain object of state price regulation shall be set for a fixed period of price regulation by the central executive authority on formation and pursuance of the state agricultural policy.

4.2. Setting of the minimal purchase price

4.2.1. The minimal purchase price for a certain object of state price regulation shall be set at a level which provides average statistical profitability of production of such a metric unit in Ukraine.

4.2.2. The level of the minimal purchase price for a certain object of state price regulation cannot be changed during the set period of state price regulation in respect of such an object.

4.2.3. The minimal purchase price for a certain object of state price regulation shall be uniform on all of Ukraine's territory, including the territory of any of the special (free) economic zones, territories with special regimes of investment activities and technological parks. These also include territories of priority economic development, other similar territories, within which the economic or migration regime differs from the general one, and the territory of Ukraine, which includes the territory of the Autonomous Republic of Crimea.

4.3. The minimal purchase price for a certain object of state price regulation shall be set proceeding from the average statistic prices, at which such an object has been sold in the previous 5 marketing periods (in comparable prices), taking into account the forecast annual consumer price index for the year, in which prices are to be regulated by the state, calculated according to the methods worked out by the Cabinet of Ministers of Ukraine.

4.4. For the purposes of this clause:

- a) average statistical unprofitableness is considered as a negative difference between the average statistical expenditures on production of a certain object of state price regulation (including the total amount of depreciation charges, which have already been accounted or are to be accounted during the marketing period) and the average statistical receipts from sale (delivery) of such an object of state price regulation (including the granted subsidies and grants-in-aid);

b) average statistical expenditures (receipts) are considered as expenditures (receipts) that were incurred (received) in connection with production or sale (delivery) of a certain object of state price regulation on the territory of Ukraine, irrespective of the regions of such production (sale, delivery).

The procedure for calculation of average statistical unprofitableness or expenditures (receipts) shall be set by the central executive authority on formation and pursuance of the state agricultural policy, proceeding from the rules of the national standards for accounting and reporting.

Article 5. Maximal purchase price

5.1. Determination of the period of effect for the maximal purchase price

5.1.1. The maximal purchase price for a metric unit of a certain object of state price regulation is a price indication, which:

- a) is the basis for taking decisions about financial interventions;
- b) is used for planning of expenditures of consumers of such an object in Ukraine, as well as for other purposes determined by the present Law.

5.1.2. The maximal purchase price for a certain object of state price regulation shall be set for a fixed period of price regulation by a central executive authority on formation and pursuance of the state agricultural policy.

5.2. Setting of the maximal purchase price

5.2.1. The maximal purchase price for a certain object of state price regulation shall be set at a

9.2.1. Tursulmsry of

a) if the demand price for a specific object of state price regulation on spot or forward conditions does not exceed the set maximal purchase price level or exceeds such a maximal price by no more than 5% of its level during one trading session, a commodity intervention, as a rule, is not carried out;

b) if the demand price for a specific object of state price regulation on spot or forward conditions exceeds the set maximal purchase price by 5% to 20% of its level, the Agricultural Fund shall carry out the commodity intervention in the quantities that are sufficient for setting of the equilibrium price (fixing) at a level that does not exceed the maximal purchase price level;

c) if the demand price for a specific object of state price regulation on spot or forward conditions exceeds the set maximal purchase price by over 20% of its level, the Agricultural Fund shall suspend trade in such a commodity for the current exchange session and hold consultations with the exchange market participants, according to the procedure set forth in clause 6.4 of the present article;

d) In exceptional cases, the Agricultural Fund can carry out a commodity intervention if a threat emerges during one trading session that the equilibrium price may settle at a level that exceeds the maximal purchase price level or when the Cabinet of Ministers of Ukraine issues a regulation in respect of sale of such objects of state price regulation, which is not connected with state price regulation (including sale from the state reserve).

6.3. Limitation of the sphere of application

6.3.1. Commodity interventions shall not be used for purchase of the following objects at separate trading sections:

a) any commodity derivatives (except for forward contracts) whose basic

d) if the consultations reveal signs of collusion among exchange market participants aimed at coordinated overpricing for a certain object of state price regulation, the Agricultural Fund shall suspend exchange trade in this commodity and a respective proposal shall immediately be directed to the authorities of the Antimonopoly Committee of Ukraine.

Article 7. Financial intervention

7.1. Financial interventions shall be carried out by the Agricultural Fund through purchase of certain object of state price regulation on the organized agricultural market on spot or forward conditions with the purpose of settlement of the equilibrium price (fixing) at a level, which is not below the minimal purchase price.

b) if the consultations result in agreement with exchange market participants in favor of raising of the supply price to a level that is not below

Antimonopoly Committee of Ukraine until the date of their conclusion as to the presence of coordinated actions by market participants and/or decision aimed at protection of economic competition);

d) setting of non-tariff limitations (quotas) as to import or export of a specific object of state price regulation;

e) setting of the following mandatory precondition: in order for a certain object of state price regulation to be customs-cleared for export, it should have already been purchased at an export session of the agricultural exchange.

8.7. The administrative regulation regime is cancelled in the following instances:

a) the term of the administrative regulation regime's effect has ended;

b) upon proposal of the Agricultural Fund, the Cabinet of Ministers of Ukraine declares the decision as to introduction of the administrative regulation regime null and void.

8.8. During the period of effect of any type of administrative regulation introduced by the Cabinet of Ministers of Ukraine, the following rules shall be applied to export and import transactions with an object of state price regulation (hereinafter referred to as "the object"):

8.8.1. if the administrative regulation regime is introduced in connection with a reduction of demand price for such an object below the set minimal purchase price level, then:

a) the customs value of such an imported object shall be determined in accordance with the rules of customs legislation, taking into account the fact that for the purposes of determination of the taxation basis for levy of value-added tax and import duty, this value cannot be lower than the set maximal purchase price (taking into consideration the import-related expenses). During this transaction, importers of such an object may not issue promissory notes for payment of the value-added tax, irrespective of the status of such importers and the corresponding legislative provisions;

) the customs value of such an exported object shall be determined in accordance with the rules of customs legislation, taking into account the fact that for the purposes of budgetary (export) value-added tax refund, this value cannot be lower than the set maximal purchase price (when the object is purchased at the agricultural exchange's export session, the customs value may not exceed the maximal purchase price taking into account the export-related expenses);

c) the requirement for mandatory sale of a portion of hard-currency receipts from exports of an object purchased at the agricultural exchange's export session shall not be applied to exporters of such an object;

8.8.2. if the administrative regulation regime is introduced in connection with a growth of demand price for such an object above the set maximal purchase price level, then:

a) the customs value of such an object that is imported shall be determined in accordance with the rules of customs legislation, taking into account the fact that for the purposes of determination of the taxation basis for levy of value-added tax and import duty, this value cannot exceed the set maximal purchase price. During this transaction, importers of such an object have the right to issue promissory notes for payment of the value-added tax, irrespective of the status of such importers and the corresponding legislative provisions until the end of such a regime's effect, but, in any case, for no longer than 180 calendar days;

b) the customs value of such an object that is exported shall be determined in accordance with the rules of customs legislation, taking into account the fact that for the purposes of budgetary (export) value-added tax refund, this value cannot exceed the set minimal purchase price.

8.9. If the measures on temporary administrative regulation of prices do not result in the purchase prices' reaching the minimal price level and/or reduction of the actual purchase prices to the maximal purchase price level, the Cabinet of Ministers of Ukraine shall immediately submit a draft law as to Verkhovna Rada of Ukraine in respect of granting of temporary budgetary subsidies to producers of a certain object of state price regulation, based on the metric unit of sown area.

The indicated draft law shall be submitted along with the draft law on respective changes in distribution of state budget expenditures.

Article 9. Agricultural Fund

9.1. Definition

9.1.1. The Agricultural Fund is a specialized state institution, which is authorized by the Cabinet of Ministers of Ukraine to carry out the price policy in the agroindustrial branch of the Ukrainian economy.

9.1.2. The Agricultural Fund is a budgetary organization, which has its own balance and accounts and is engaged in non-profit activities within the limits set forth by the present Law.

The Agricultural Fund is subordinate to, accountable to, and under control of the central executive body on formation and pursuance of the state agricultural policy.

The Agricultural Fund is not a state administration body and cannot issue normative or legal acts.

Regulation on the Agricultural Fund shall be approved by the Cabinet of Ministers of Ukraine upon proposal of the central executive body on formation and pursuance of the state agricultural policy.

9.2. Functions

9.2.1. The Agricultural Fund carries out commodity or financial interventions at the organized agricultural market of Ukraine by making use of the best situation on the exchange market during the period of state price regulation.

The Agricultural Fund also sells or buys objects of state price regulation at the agricultural exchange from or to the state food reserve.

9.2.2. The Agricultural Fund has the exclusive right for purchase and sale of state price regulation objects for the state reserve's needs, as well as the right for sale of the state price regulation objects, which have been confiscated or are subject to be sold in accordance with the law.

9.2.3. The Agricultural Fund may not get engaged in speculative operation, purchase and sale of commodity derivatives (except for forward contracts), as well as purchase and sale of objects of state price regulation beyond the organized agricultural market.

9.2.4. The Agricultural Fund makes independent decisions in respect of carrying-out financial or commodity interventions proceeding from the present chapter's provisions. When necessary, it also acts as a party to exchange contracts.

9.2.5. For the purposes of the present clause, speculative operations are considered as those aimed at purchase of a commodity (commodity derivative) in order to make a subsequent sale of the same commodity (commodity derivative) with any purpose different from support of the minimal or maximal purchase price levels.

9.3. Interrelations between the Agricultural Fund and the State Budget of Ukraine

9.3.1. In order to maintain the due level of food security, the Agricultural Fund shall form the state food reserve, which, in terms of certain objects of state price regulation, may not be less than the following figures (expressed in percentage of their annual domestic consumption):

in 2006 – 10 percent;

in 2007 – 12 percent;

in 2008 – 14 percent;

in 2009 – 16 percent;

in 2010 and the subsequent years – 20 percent.

The total annual domestic consumption of a certain object of state price regulation is calculated as the aggregate sales of the state price regulation objects imported to and produced in Ukraine decreased by the total exports of these objects in a respective year.

The state food reserve shall be formed only for the purposes of commodity interventions at the organized agricultural market of Ukraine and for fulfillment of provisions contained in sub-clause 9.2.2 of clause 9.2. of the present article.

In 2005, the state food reserve shall be formed in accordance with the rules set forth in the Final Provisions of the present Law.

9.3.2. The state budget for the upcoming year shall provide for expenses on financial interventions, in order for the state food reserve to achieve figures set in sub-clause 9.3.1 of the present clause. The amount of such expenditures shall be calculated taking into account the funds received by the Agricultural Fund as a result of commodity interventions.

9.3.3. If the state food reserve stock has been formed in full, according to the figures set in sub-clause 9.3.1. of the present clause, the remaining funds that have not been used by the Agricultural Fund as of the end of the report budget year are subject to be accounted for as the state budgetary revenues.

9.3.4. The Agricultural Fund shall be maintained at the expense of the state budgetary funds within the cost estimate, which is approved by the central executive authority on formation and pursuance of the state agricultural policy.

9.3.5. For the period of effect of the pledge purchase regime for certain objects of state price regulation, the Agricultural Fund shall discharge the creditor's functions in the name of the state.

9.3.6. The procedure for fulfillment of this provision shall be set forth by the Cabinet of Ministers of Ukraine.

**Part III. STATE REGULATION OF THE MARKET FOR INSURANCE OF
AGRICULTURAL PRODUCE (CAPITAL ASSETS) AND THE
AGRICULTURAL INSURANCE SUBSIDIES FUND**

Article 10. Insurance of agricultural produce (capital assets)

10.1 Insurance objects and subjects

10.1.1. A person has to insure the risks of loss of agricultural produce (its part) and capital assets (in the instances defined in sub-clauses “c” - “d” of the present sub-clause) if such a person:

- a) sells any type of commodity derivative, whose basic asset is agricultural produce, at an organized agricultural market;
- b) is a recipient of a budgetary grant-in-aid or subsidy connected with production of agricultural commodities or reduction of their prices;
- c) is a recipient of a bank credit (loan) for agricultural production or purchase of capital assets if the interest incurred on such a credit (loan) is fully or partially compensated (refunded) from the budget;
- d) is a recipient of a budgetary credit (loan) or a bank credit (loan) guaranteed by the state or local government for agricultural production or purchase of capital assets.

10.1.2. In order to fulfill the requirements of sub-clause 10.1.1 of the present clause, the person has to insure the risks of a loss of agricultural produce or its part in accordance with the rules of complex or index insurance. A capital asset is to be insured against the risk of its destruction, demolition, theft, and damage, which makes it unsuitable for usage or substantially deteriorates its utilization properties, for the time period that does not exceed the time limit for obligations of

11.3.1. Mandatory deductions to the AISF make up a mandatory payment, which is included in the taxation system of Ukraine. Such a mandatory deduction shall be calculated and paid by the insurer within the time period and according to the procedure set forth by the Law of Ukraine “On Taxation of Enterprises’ Profits”.

11.3.2. The amount of mandatory deductions to the AISF is equal to 2 percent of the amount of insurance premiums (insurance fees), which are mentioned in sub-clause 11.2.1, are transferred by the insured or by a third person acting in its name, and are to be increased by the amounts of any other payments or compensations made to the insurer in connection with this insurance.

11.3.3. The procedure for repayment of the insurer’s liabilities for mandatory deductions to the AISF, financial sanctions, reporting, the rules for collecting, and the procedure for appeal against collection authorities’ actions shall be determined by the Law of Ukraine “On procedure for repayment of taxpayers’ liabilities to the budget and state target funds”.

11.3.4. The insurer who makes deductions to the AISF shall submit a calculation drawn on the form, which is made up according to the law, to the controlling body and the AISF once a quarter.

11.3.5. The State Treasury of Ukraine shall transfer the amount, which has been paid by the insurers in accordance with the rules of the present chapter, to the AISF’s budgetary account.

11.4. AISF’s expenses

11.4.1. AISF shall make expenses for the following purposes:

a) granting of an insurance subsidy in the amount of 50% of the cost of insurance premiums (contributions), which have actually been paid by the agricultural market subjects during complex and index insurance of agricultural produce, as well as during insurance of capital assets in accordance with the rules set forth by the present article;

b) granting of an insurance subsidy in the amount of 50% of the insurance deductible in the event of occurrence of the accident, a.11010026 Tw(On.1101ount, Tjd a)71.15 TD Tc.

12.2.6. If the principal of the budgetary loan and/or the loan charges have not been repaid within the time period set forth in the credit agreement, then from this moment:

- a) the pledged object is considered the state property and is transferred to the state food reserve at the prices that were effective on the date of valuation of this pledged object;
- b) the obligations between the parties to the agreement are considered as fully accomplished (including obligations in respect of repayment of the principal and loan charges);
- c) the liabilities in respect of payment for the further storage of the former pledged object are transferred to the creditor;
- d) the creditor acquires the right to be the beneficiary on the insurance contract in

13.1.1. The sense of the credit subsidy regime is subsidizing of a portion of charge (interest) for short-term and medium-term credits issued by banks in the national currency.

13.2. Subjects and objects of credit subsidies

13.2.1. Credit subsidies are issued to entities that are agricultural enterprises producing objects of state price regulation.

13.2.2. Subsidies may be issued for a portion of the interest incurred on a credit, the principal amount of which is used for the needs of production of a certain object of state price regulation.

13.2.3. The credit subsidy may not be issued to a person, which is a party to the pledge grain purchase contract (in respect of the object of such a purchase).

13.3. The credit subsidy's amount

13.3.1. The credit subsidies shall be granted in the amount of up to 50 percent of the interest on the principal amounts of credits but no more than 50 percent of the average weighted interest rate on bank credits issued in the national currency and fully secured by collateral, which was actually in effect as of 1 February of the current budget year. The subsidies shall be issued for the following time periods:

-) for short-term credits – for the terms up to 12 calendar months;
- b) for medium-term credits- for the terms up to 36 calendar months.

The procedure for calculation of such an average weighted interest rate shall be set forth by a regulation of the Cabinet of Ministers of Ukraine on the basis of a proposal submitted by the National Bank of Ukraine. The amount of the credit subsidy shall be made public by the Cabinet of Ministers of Ukraine no later than 1 March of the current budget year.

13.2.2. The credit subsidy shall be issued to the borrower once a quarter, proceeding from the amount of the actually paid interest in the respective period.

13.3.3. Any payments made by the borrower or by a third person in the borrower's name for benefit of the creditor other than payments for the interest incurred on the credit issued by the latter are not eligible for subsidizing, including interests on credits issued in a foreign currency.

13.4. Purposeful disposal of the funds received through a subsidized credit

13.4.1. A credit, the interest on which is subsidized, shall have the following specific purposes:

a) short-term credits shall be used only for purchase of goods (reserves) for the needs of production of a certain object of state price regulation. The list of such goods (reserves) shall be determined by the Cabinet of Ministers of Ukraine;

b) medium-term credits shall only be used for:
purchase or construction of group I fixed assets of agricultural purposes or their capital improvements;
purchase of group III fixed assets of agricultural purposes, including purchase on financial leasing terms, or their capital improvements;

13.4.2. The borrower shall submit a report on disposal of the funds issued on the subsidized credit to the Agricultural Fund within the time period set forth by the legislation for submission of monthly reports. The form for such a report shall be approved by the Cabinet of Ministers of Ukraine.

13.4.3. If the report mentioned in sub-clause 13.4.2. of the present clause is not submitted on time, or data contained in it indicate that the funds released on the subsidized credit have not been used for the due purposes, or a check-up reveals a fact of such undue disposal of credit funds, then:

a) issuance of the credit subsidy shall be suspended until the moment of the Agricultural Fund's actual receipt of such a report;

b) if the fact of undue disposal of funds released on the subsidized credit (or its portion) has been revealed, the borrower shall return the amount of the actually received credit subsidy on this credit (its corresponding portion) to the Agricultural Fund's budgetary account within the next 30 calendar days, as well as the penalty calculated for the period of usage of this credit subsidy in the amount of the double discount rate of the National Bank of Ukraine, which will be effective as of the moment of such return.

13.5. Control and collection

13.5.1. Control over purposeful disposal of the subsidized credit funds shall be exercised by respective departments of control-and-audit service.

13.5.2. If the borrower fails to return the amount of the credit subsidy and/or fails to pay the penalty in the instances determined in sub-clause "b" of sub-clause 13.4.3 of clause 13.4 of the present article, such an amount and/or penalty is subject to be collected to the Agricultural Fund's budgetary account in accordance with the procedure set forth by the law on collection of tax debts (financial sanctions).

13.5.3. The procedure for exchange of information and other interrelations between departments of control-and-audit service and tax authorities shall be set forth by a corresponding regulation of the Cabinet of Ministers of Ukraine.

13.6. Normative support

13.6.1. The Cabinet of Ministers of Ukraine approves annual regulations on the regime of granting of credit subsidies based on provisions contained in the present article.

13.6.2. Upon the Agricultural Fund's proposal, the central executive authority on formation and pursuance of the state agricultural policy shall approve a typical form of the credit agreement, which is to provide for credit subsidizing.

Article 14. Deregulation of the Ukrainian market for agricultural products and prohibition of discrimination of their owners' rights

14.1. Deregulation of the market for agricultural produce

14.1.1. With the purpose of avoiding an artificial shortage of agricultural produce in the regions that consume agricultural produce and a speculative raise of prices for the essential products on their territories, it is prohibited to introduce any administrative, quantitative, or qualitative

limitations on movement of agricultural commodities and their products on all of Ukraine's territory.

Decisions of the Cabinet of Ministers of Ukraine, other central state executive authorities, and local governments shall be considered null and void and not subject to fulfillment if they have been made in respect of:

- a) limitation of lawful rights of owners of agricultural produce for free possession, utilization, or disposal of such produce;
- b) introduction of any administrative quantitative, or qualitative limitations on unimpeded movement of agricultural commodities on all of Ukraine's territory and for exports, except for the instances specifically determined in the present Law;
- c) obstruction of specific buyers (intermediaries, processors) or suppliers of raw materials, inputs or other goods (works, services) to an owner of agricultural produce;
- d) introduction of any types of administrative regulation of prices for agricultural produce (including regulation in certain regions of Ukraine), which is not connected with fulfillment of the present Law's provisions.

14.1.2. Authorized functionaries and public officers who make or sign decisions described in sub-clause 14.1.1 of the present article or directly carry out such decisions shall be considered as impeding the lawful business activity of an owner of agricultural produce and deliberately

least of the two). Introduction of

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0102 90 51 00	
0102 90 61 00	
0102 90 71 00	
0103 10 00 00	Live pigs (thoroughbred pedigree animals)
0103 92 11 00	Live pigs weighed 50 kg or more (only domestic varieties)
0103 92 19 00	
0104 10 10 00	Live sheep (thoroughbred pedigree animals)
0104 20 10 00	Live goats (thoroughbred pedigree animals)
0105 11	Live domestic poultry
0105 92 00	
0105 93 00 00	
0105 99	
0106 00 10 00	Live domestic rabbits
0401	Only whole milk of grades 1 or 2 (which has not been treated in any way, processed, or packed for the needs of subsequent sale) or non-condensed cream
5101 11 00 00	Only sheared wool (unwashed, including the wool washed before shearing or taking off from hides)

Pedigree bee swarms are also objects of the budgetary subsidies, as defined in accordance with the Law of Ukraine “On Bee-Farming”.

15.3. Objects of the special budgetary subsidy are as follows:

Ukrainian Foreign Economic

Activity Commodity

Classification Code

Commodity

	Horses
0101 19 10 00	those for slaughtering
0101 19 90 00	others (mares)
01 02 90 69 00	Live cattle:

01 02 90 79 00	cows weighed over 300 kg;
01 02 90 90 00	others, for slaughtering, weighed over 300 kg; others (calving cows); heifers, over 300 kg.
01 03 92 11 00	Live sows that have farrowed at least once and weighed 160 kg at the minimum Live sheep or goats: sheep
0104 10 80 00	others goats
0104 20 90 00	others

15.4. Subjects (recipients) of the budgetary subsidy or the special budgetary subsidy shall be direct producers of the object of such a subsidy.

15.5. The budgetary subsidy or the special budgetary subsidy shall be paid

15.10. The Cabinet of Ministers of Ukraine:

annually approves a regulation on the regime of granting of the budgetary subsidy and the special budgetary subsidy, proceeding from the provisions contained in this article;

upon proposal of the central executive authority on formation and pursuance of the state

introduction of any reservation as to limitation of the Agricultural Fund's right to suspend or stop the trading in objects of state price regulation in the instances determined by the present Law;

making changes to regulations contained in the agricultural exchange's statutory documents, which narrow or limit the Agricultural Fund's jurisdiction or that of the Supervisory Board of the agricultural exchange;

making changes to the set rules of clearing-and-computation services rendered to the agricultural exchange members;

liquidation or reorganization of the agricultural exchange;

other decisions, which are within the exclusive jurisdiction of the Agricultural Fund or the155 -1.1

9. The Cabinet of Ministers shall:

- a) bring its normative and legal acts in compliance with the present Law, provide that the normative and legal acts issued by central executive authorities be brought in compliance with the present Law, and issue respective normative and legal acts for fulfillment of the present Law's provisions within two months after the present Law enters into force;
- b) submit a draft law on changes to laws and other legislative acts, which results from the present Law, to Verkhovna Rada of Ukraine before 1 October 2004.

**Chairman of Verkhovna Rada of
Ukraine**

**the city of Kyiv
24 June 2004
No. 1877-IV**

V. LYTVYN