This Law shall define legal, economic and organizational principles of state policies dealing with the production, export, import of, and wholesale and retail trade in, sugar.

**ARTICLE 1. BASIC DEFINITIONS AND TERMS**

For purposes of this Law, the following definitions shall be used:

**sugar beet complex:** a totality of business entities of all forms of ownership that grow sugar beets, process such beets for sugar production, and sell sugar;

**quota of sugar supplied for the domestic market (Quota "A")** shall mean a maximum quantity of sugar to be supplied for the domestic market from September 1 of the current year till September 1 of the following year to satisfy domestic needs;

**quota of sugar supplied under international agreements (Quota "B")** shall mean a quantity of sugar to be supplied outside Ukraine under international agreements, and to replenish Quota "A", if necessary;

Quota "C" shall mean sugar produced in a surplus above Quotas "A" and "B" and designated to be sold by the owners of such sugar exclusively outside the country;

**minimum price for sugar beets** shall mean a lower bottom limit of the price used at the time of concluding agreements for the sale and purchase of sugar beets for production of sugar within the limits of Quotas "A" and "B";

**minimum price for sugar** shall mean a lower bottom limit of the price used at the time of concluding sale-purchase agreements for the domestic market within the limits of Quota "A";

**wholesale trade in sugar** shall mean purchasing and selling sugar for subsequent resale thereof to retail trading businesses and other business entities;

**retail trade in sugar** shall mean selling sugar to individuals and other consumers for their private non-commercial consumption, irrespective of methods and forms of payment.

**ARTICLE 2. STATE REGULATION OF SUGAR PRODUCTION AND SUGAR BEET GROWING**

1. Amounts of production of sugar to be supplied for the domestic market in Ukraine shall be limited to Quota "A". Amounts of sugar production designated for
supplies outside Ukraine in order to fulfill obligations of the country under international agreements shall be limited to Quota "B".

2. Maximum amounts of Quotas "A" and "B" shall be specified by the Cabinet of Ministers of Ukraine on an annual basis.

3. Amounts of production of sugar within the limits of Quotas "A" and "B" shall be allocated, on a competitive basis, among sugar refinery plants by an authority empowered by the Cabinet of Ministers of Ukraine. Amounts of sugar production within the limits of Quotas "A" and "B" shall be allocated not later than January 1 of the current year.

4. Procedures and conditions, under which amounts of production of sugar will be allocated within the limits of Quotas "A" and "B", shall be specified by the Cabinet of Ministers of Ukraine.

5. Amounts of sugar beet growing for production of sugar within the limits of Quotas "A" and "B" shall be specified by the Cabinet of Ministers of Ukraine on an annual basis or by the authority empowered by the Cabinet of Ministers of Ukraine, and shall be allocated on a competitive basis by oblast and rayon agencies of executive power.

ARTICLE 3. STATE REGULATION OF SUGAR SALE

1. Within the limits of Quota "A", per requests of enterprises engaged in wholesale trade in sugar, the authority empowered by the Cabinet of Ministers of Ukraine shall issue special permits (licenses) authorizing the selling of sugar on the Ukrainian domestic market, subject to the taking into account of quarterly and monthly amounts.

2. Wholesale trade in sugar on the domestic market of Ukraine shall be carried out by business entities, provided that they have special permits (licenses). The number of sugar wholesale trading licenses shall not be restricted.

3. Retail trade in sugar may be carried out exclusively by persons who are registered as business entities or entrepreneurs under procedures provided by Ukrainian law.

4. Business entities or entrepreneurs engaged in retail sugar trading activities shall be entitled to receive sugar for sale exclusively from the persons who have sugar wholesale trading permits (licenses).

5. Quarterly and monthly quotas of sugar sales shall be established in order to stably provide for demand for sugar on the domestic market during the year, and to prevent considerable seasonal fluctuations of sugar prices.

6. Within the limits of Quota "B", as requested by sugar exporting enterprises, the authority empowered by the Cabinet of Ministers of Ukraine shall issue special permits (licenses) authorizing the sale of sugar outside Ukraine pursuant to
international agreements, subject to the taking into account of quarterly and monthly amounts.

The sugar that falls under Quota "B" shall be sold at prices specified by international agreements.

7. Sales of sugar falling under Quotas "B" and "C" shall be prohibited on the domestic market of Ukraine.

8. Transactions for the sale of sugar falling under Quotas "A", "B", and "C" shall be recorded and accounted in accordance with procedures specified by the Cabinet of Ministers of Ukraine.

9. Domestic producers shall be protected against imports of sugar and products with higher sugar contents pursuant to Ukrainian law.

10. Importation of sugar into Ukraine by physical persons shall be carried out only in amounts as are necessary for their private consumption, which maximum limits shall be specified by the Cabinet of Ministers of Ukraine.

11. Sugar production in Ukraine with the use of imported raw sugar materials shall be permitted exclusively on condition that products shall be thereafter brought out of Ukraine in full within the time limits specified by Ukrainian law.

ARTICLE 4. AUTHORITIES THAT REGULATE SUGAR PRODUCTION AND SALE

1. The Cabinet of Ministers of Ukraine shall prescribe measures concerned with the regulation of sugar production and sale.

2. Governmental authorities selected by the Cabinet of Ministers of Ukraine shall implement measures concerned with the regulation of sugar production and sale.

Decisions passed by governmental authorities that, as assigned by the Cabinet of Ministers of Ukraine, implement measures concerned with the regulation of sugar production and sale shall be subject to state registration under procedures specified by law, and shall be binding on all business entities and entrepreneurs.

ARTICLE 5. PROCUREMENT OF SUGAR FOR STATE NEEDS

1. Amounts of sugar procurements to provide for state needs and to fulfill obligations of the country under international agreements shall be specified by the Cabinet of Ministers of Ukraine on an annual basis. Sugar procurements for state needs shall be carried by authorities (enterprises) empowered by Cabinet of Ministers of Ukraine.

2. Relations among governmental authorities (enterprises) securing sugar procurements for state needs and sugar producers shall be governed by the provisions of Ukrainian law and terms of agreements concluded by them.
3. Sugar procurements for state needs shall be carried out subject to the advance funding of costs and expenses of sugar producers and sugar beet producers, within the limits of minimum prices for applicable products as determined in accordance with the procedures set forth herein. State financial and technical support may be provided to sugar producers and sugar beet producers within the limits of such advance funding of the specified costs and expenses.

Amounts and procedures of advance funding and state financial and technical support for sugar producers and sugar beet producers shall be specified in the State Budget of Ukraine.

In such case, advance funding of costs and expenses of sugar beet producers shall be provided in the following manner:

40% – before commencement of spring field work;

60% – before commencement of the sugar beet harvesting season.

4. Accounts of governmental authorities (enterprises) securing sugar procurements for state needs and sugar producers and sugar beet producers shall be paid through the State Treasury of Ukraine.

ARTICLE 6. PRICING IN THE SUGAR BEET COMPLEX

1. A minimum price for sugar beets supplied for production of sugar under Quotas "A" and "B", and a minimum price for sugar under Quota "A" shall be specified by the Cabinet of Ministers of Ukraine on an annual basis, as proposed by the Ministry of the Agro-Industrial Complex, subject to the basic saccharinity level.

2. The minimum price for sugar beets supplied for production of sugar under Quotas "A" and "B", and the minimum price for sugar under Quota "A" shall be determined before 1 January of the current year, subject to monthly inflation indexes.

3. Minimum prices for sugar and sugar beets shall be determined at levels that ensure the profitability of production of the applicable products.

ARTICLE 7. RELATIONS BETWEEN OPERATORS OF THE SUGAR BEET COMPLEX

Relations between sugar refinery plants, beet growing farms, and other operators in the sugar beet complex shall be governed pursuant to commercial agreements that are entered into by them in accordance with this Law.

Sample terms and conditions of commercial agreements, which are approved by the Cabinet of Ministers of Ukraine or by the authority empowered by it, shall be binding in relations between sugar refinery plants, beet growing farms and other sugar beet complex operators of all forms of ownership.
ARTICLE 8. FINANCING OF PRODUCERS

In order to prevent the decline of sugar production in Ukraine, and to secure conditions for an increase of sugar production amounts, state financing on privileged conditions shall be provided to sugar producers and sugar beet producers.

Amounts of funds designated for loans to be disbursed to sugar producers and sugar beet producers shall be specified in the State Budget of Ukraine for the current year.

The Cabinet of Ministers of Ukraine shall prescribe the terms and conditions of such loans, and time periods and procedures of repayment thereof.

ARTICLE 9. CONTROL OVER IMPLEMENTATION OF THIS LAW AND LIABILITY FOR VIOLATIONS THEREOF

1. The Cabinet of Ministers of Ukraine and authorities empowered by it shall control compliance with the conditions of sugar production and sale as are specified in this Law.

2. Legal entities and physical persons shall be held liable for violations of the provisions of this Law in accordance with Ukrainian law.

3. In the event of supplies of sugar for the domestic market above the set quota or in the event of sale of sugar at prices lower than the determined minimum price, a business entity shall be subject to a penalty in the amount of twice the price of sugar that has been sold in violation of the prescribed procedures.

The specified penalty shall be imposed, and transferred to the local budget of the local authority, at the registered address of a business entity that has violated the provisions of this Law.

Decisions to impose penalties shall be passed by a court or an arbitration court under claims filed by authorities that, as assigned by the Cabinet of Ministers of Ukraine, control the implementation of this Law.

4. Actions of authorities that, as assigned by the Cabinet of Ministers of Ukraine, control the implementation of this Law may be challenged in court or arbitration court pursuant to procedures provided by Ukrainian law.

ARTICLE 10. FINAL PROVISIONS

1. This Law shall enter into force on the date of its publication.

2. The Cabinet of Ministers of Ukraine shall, within a month following the entry into force of this Law:

submit proposals regarding the bringing of legislative acts of Ukraine in conformity with this Law to the Verkhovna Rada of Ukraine for consideration;
bring all its resolutions in conformity with this Law;

ensure that Ministries and other central agencies of executive power bring their rules and regulations in conformity with this Law;

specify a list of governmental authorities that will discharge powers in the area of state regulation of sugar production and sale, and approve rules and regulations required for the implementation of this Law;

develop and enact rules and regulations relating to procedures for the determination of minimum prices of sugar and sugar beets, and procedures relating to allocations on a competitive basis of quotas for production of sugar and sugar beets;

under the procedures prescribed, determine maximum amounts of sugar that may be imported into Ukraine by physical persons for their private consumption.

Leonid Kuchma
President of Ukraine
city of Kyiv