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## Russian Federation

### Grain and Feed

## Grain Export Tariffs Coming in November 2007

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**Report Highlights:**

The Russian Government will impose export tariffs on barley of 30% ad valorem and on wheat of 10% ad valorem in November. A decision on grain intervention (release of domestic stocks) may follow, depending on market conditions. The Russian Ministry of Agriculture estimates the 2007 grain crop at about 80 million metric tons clean weight.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Moscow [RS1]  
[RS]

## Grain Export Tariffs

At a press conference October 10, 2007, Russian Minister of Agriculture Aleksey Gordeyev announced formally that export tariffs on barley of 30% *ad valorem* and on wheat of 10% *ad valorem* will be published soon, and will go into effect 30 days after the official date of publication. Minister Gordeyev added that a decision on wheat interventions (release of government-owned reserves to stabilize the market) will be made after the reaction of the grain market to the export tariffs has been evaluated. This decision is not expected before February 2008. Minister Gordeyev predicted grain exports at 12 million metric tons (mmt) out of this year's crop.

## Grain Harvest

Minister Gordeyev stated that the grain harvest had been completed 20 days earlier than in 2006, and that with 99 percent of sown area harvested, the gross outturn of grain is estimated at 86 million metric tons bunker weight. This translates into about 80 million metric tons clean weight (after drying and cleaning), which is higher than in 2006, and which exceeds the Russian Ministry of Agriculture's July forecast by 4 million metric tons. The increased output is due to better crop conditions in Western Siberia than were expected, which more than compensated for severe drought in the Volga Valley and Rostov Oblast. Minister Gordeyev added that rice output was up in 2007 due to "stabilization in the interests of investors."

## Comments

In anticipation of Gordeyev's announcement, Russian grain traders worked feverishly in September, shipping a new monthly record of 2.4 million metric tons (the previous record was 2.1 million metric tons in November 2002). Of this volume, 2.1 mmt was wheat, and 300,000 tons was barley. Exporters will continue to scramble over the next 30 days to get as much wheat and barley shipped as possible before the export tariffs go into effect, after which wheat shipments will slacken and barley exports could potentially stop. The 10% export tariff on wheat will moderate wheat exports but is unlikely to bring them to a complete halt, given short global supplies.

The Russian government is aware that imposing a prohibitive export tariff on wheat would be catastrophic for the Russian grain trade's already checkered reputation for reliability as a supplier. As noted previously (GAIN report RS7320), the Russian Grain Union has called on the government to avoid upsetting the grain market precisely for that reason.

The impact of this announcement will likely be a slight moderation in Russian domestic wheat prices just in time for the Duma elections in December, with the possible wheat interventions timed for the month just prior to the March Russian presidential elections.

Minister Gordeyev's cryptic reference to "stabilization in the interests of investors" was most likely an allusion to the impact of efforts to protect the Russian rice market on behalf of Russian holding companies, notably Razgulyay-Ukrros, who are investing in rice production in Krasnodar Kray.

## Other Relevant Reports

RS7320 Grain and Feed / Grain Interventions and Export Tariffs Likely  
<http://www.fas.usda.gov/gainfiles/200709/146292480.pdf>

RS7059 Grain and Feed / September Monthly Update  
<http://www.fas.usda.gov/gainfiles/200708/146292218.pdf>

RS7054 Grain and Feed / July Rice Update  
<http://www.fas.usda.gov/gainfiles/200707/146291832.pdf>

RS7033 Grain and Feed / Annual  
<http://www.fas.usda.gov/gainfiles/200704/146280791.pdf>

RS6069 Grain and Feed / VPSS Eases Rice Import Ban for Shipments On the Water  
<http://www.fas.usda.gov/gainfiles/200612/146269766.pdf>

RS6066 Grain and Feed / Russia Temporarily Bans Rice Imports  
<http://www.fas.usda.gov/gainfiles/200612/146249713.pdf>