

Egypt Seeks Delivery Talks for Sold Wheat

By [The Moscow Times](#)

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Egypt's trade ministry said Sunday that it sent a letter to Russia asking it to reschedule delivery of 540,000 tons of wheat purchased before Prime Minister Vladimir Putin ordered a temporary ban on grain exports.

The ministry also said it wanted to form a joint committee with its Russian counterpart to discuss the signed contracts and request that agreed-upon wheat prices be upheld.

"These contracts were agreed upon before the Russian government made the decision to halt exports," the trade ministry said.

Egypt is the world's largest wheat importer. Hefty state subsidies keep bread affordable in Egypt, where a fifth of the population live on less than \$1 per day, according to United Nations figures.

Putin, who announced the export ban last week, is seeking to keep inflation in check after the worst heat wave on record ravaged crops.

Putin's spokesman, Dmitry Peskov, said the ban would take effect Aug. 15 and apply to contracts already signed. News of the ban sent wheat prices to contract highs.

Egypt had signed contracts for 540,000 metric tons of wheat from Russia for delivery between Aug. 1 and Sept. 10 and is now seeking an additional 60,000 tons of wheat per month to make up for the shortfall.

Russia was the world's third-largest wheat producer last year, according to data from the International Grains Council. It supplied Egypt with more than half of its imported wheat in the marketing year through June.

Egyptians traditionally increase consumption of bread during the Muslim holy month of Ramadan, which begins this week. It has enough wheat to cover production of subsidized bread for the next four months, the trade ministry said.

A state newspaper on Sunday cited an Egyptian government minister saying Egypt would not raise local wheat prices or cut bread subsidies after Russia's export ban sent world prices soaring.

"The changes that are taking place are expected to impact the budget for the fiscal year of 2010-11," the trade ministry said, adding that it would continue its policy of diversifying wheat origins to reduce Egypt's vulnerability in case of future shortfalls from one source.

"While Russia has emerged as one of our biggest suppliers of wheat, we have adopted the policy of diversifying our sources for some time now in order to ensure we have a continuous relationship with suppliers around the world," it said.

Egypt, which has temporarily halted import contracts from countries in the Black Sea area including Ukraine and Kazakhstan following Russia's export ban, said Saturday that it had bought 240,000 tons of French wheat.

Russian companies may cancel shipments of about 600,000 tons of wheat to Egypt, Kirill Podolsky, chief executive of grain trader Valars Group, said last week.

(Reuters, Bloomberg)

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