

Drought May Force Small Farms to Close

By [The Moscow Times](#)

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The country's worst drought in at least half a century could push smaller farmers into liquidation, according to Eurasia Group.

"Many smaller producers — a large number of whom were already on the brink of insolvency — are now facing liquidation," Jenia Ustinova, an associate of the New York-based consulting company, said in a note Thursday. "Many farmers now lack the capital to invest in new seeds."

Bigger producers such as Razgulyai Group and Black Earth Farming should be able to make up for lower grain output with higher prices, she wrote.

Russia banned grain exports after it slashed the crop forecast by 38 percent to as little as 60 million metric tons because of the drought.

The ban, originally due for reconsideration Dec. 31, will be extended until next year's crop is harvested, Prime Minister Vladimir Putin said Thursday. This year's drought will curb Russian

agriculture in the "midterm," Eurasia said.

Russia must harvest 85 million to 90 million tons of grains in the next marketing year to meet domestic demand and replenish stockpiles, Agriculture Minister Yelena Skrynnik said Thursday.

The ministry estimates Russia's annual grain consumption at 77 million to 78 million tons. Grain stockpiles at the start of the marketing year were between 21 million and 25 million tons.

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