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Putin Sees Bountiful Agriculture, Positive Economy

By Irina Filatova

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Russia might export a total of 23 million tons of grain by next June, as this year's harvest is sufficient to meet domestic demand, First Deputy Prime Minister Viktor Zubkov said Wednesday.

The country, which recently lifted a grain export ban introduced last year after severe drought ruined a substantial part of the crops, has already exported 10 million tons, Zubkov said.

"This is absolutely the best result, a record over the last 20 years, I would say," he told reporters after a Presidium meeting chaired by Prime Minister Vladimir Putin.

Russia is exporting grain at a record pace this year, and the amount of grain exported between July and October is the largest in the last two decades, said Dmitry Rylko, director of the Institute for Agricultural Market Studies.

The goal to export the 23 million tons is reachable, he said by telephone, adding that this amount is in line with the volumes Russia exported before the ban, which was lifted on July 1.

The country has sufficient inventories from last year, while grain export duties introduced in Ukraine as of July 1 and a poor harvest in Western Europe are expected to boost demand from abroad for Russian grain, Rylko said.

Last year, the country exported only 4.4 million tons of grain.

Meanwhile, Putin said farmers should focus on domestic supplies, while only excessive grain inventories will be exported.

"The needs of Russia's market, its balance, including the prices balance, should remain the main focus for domestic farmers," he said at the meeting.

Domestic farmers have harvested a total of 90 million tons of grain of the 95 million tons expected this year, Putin said.

"That means the goal we set ... has been reached," he said. "That means Russia will ... meet its domestic needs, form the necessary reserves, including the reserves for next year, and restore its position on the global market in full."

The government hopes that more than 90 million tons will be harvested in 2012, Zubkov said.

"There's no doubt we can reach this volume. Unless weather conditions are extraordinary again," he said.

Prime Minister Vladimir Putin told a government meeting devoted to 2011 federal budget amendments that the Russian economy is developing positively, Interfax reported Wednesday.

"Consumer demand and investment are growing, key sectors are recovering rapidly, including construction, heavy industry and agriculture," Putin said, adding that oil prices were largely satisfactory as well.

"All of this will bring to the budget substantial additional income, expected to total more than 800 billion rubles [$24.5 billion] by the end of the current year," he said. He added that 719 billion rubles of the windfall would be used for the "complete repayment and closing of the deficit" calculated into the budget.

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