

Medvedev Sees Exportable Grain Surplus

By [The Moscow Times](#)

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Medvedev leaving a car as he visits a farm in the Volgograd region, one of those affected by the current drought. **Alexander Astafyev**

The country will be able to maintain an exportable grain surplus, Prime Minister Dmitry Medvedev said, even as the Agriculture Ministry narrowed down its estimate of the drought-hit harvest to 80 million tons.

The ministry cut its estimate from a previous 80 million to 85 million tons and expected a 2012 exportable surplus of 12 million tons, according to Interfax news agency.

But Medvedev's optimism could be undermined by the impact of unfavorable weather, which may force the government to cut its 2012 grain crop forecast to 75 million tons from the current, adding to speculation over possible disruption to the country's grain exports.

The government banned grain exports in August 2010 in response to a fierce drought that ruined crops.

"In principle there is no precondition for a grain deficit, but the [estimated] harvest [level] should be retained," Medvedev said Tuesday during a government meeting in the Volgograd sowing region, according to a transcript on the Government.ru website.

According to Medvedev, Russia has already harvested 26 million tons of grain this year. The total grain and legumes harvest of 80 million tons and its stock of 16 million to 17 million tons would allow the country to cover domestic demand, which is estimated at 70 million to 72 million tons, he said.

"If we remain within this range, this would be acceptable for our agriculture and for our country," he said. "We will even retain some exportable surplus."

The country's southern breadbasket regions have seen persistent rains after spring drought, but dry weather persisted in Siberia and the Volga region.

Yields fell to 2.3 tons per hectare from last year's 3.3 tons as a result, Medvedev said.

The chairman of a recently established commission on food security, Deputy Prime Minister Arkady Dvorkovich said he saw no reason to cap exports this year, though speculation continued.

His commission is expected to meet on Aug. 8 to discuss the grain market.

If the drought impact persists, the Agriculture Ministry may cut its 2012 grain crop forecast to 75 million tons, which is the most pessimistic estimate, Agriculture Minister Nikolai Fyodorov said Tuesday.

But even this amount will suffice to cover domestic needs and retain some exportable surplus, Fyodorov added.

Grain exports amounted to 1.13 million tons, including 975,000 tons of wheat, in the first three weeks of July this year.

The country's state forecaster expects temperatures in southern, Siberian and Volga regions to remain high in the coming days.

In some parts of these sowing regions there will be an extraordinarily high risk of fire, the Federal Hydrometeorology and Environmental Monitoring Service said in its forecast for Aug. 1-3.

Concerns over poor harvest yields pushed wheat prices higher in the country's eastern regions — Siberia, Urals and Volga — last week, despite stable prices in key southern regions, analysts said Monday, adding to speculation that the government may be forced to sell part of its stock.

Medvedev said Tuesday that grain prices in some regions are being manipulated and urged authorities to take countermeasures, but did not specify which areas had fallen victim to manipulation.

The terms of state grain interventions should be set shortly, Medvedev added.

From April to June, the government sold about 2 million tons of grain and still has about 5 million tons in its stock.

The drought is seen continuing with less than the average amount of rainfall expected in grain producing regions this month, according to the state weather forecaster.

Rainfall is expected to be 35 percent less than normal in the Volga federal district, and it may be 5 percent to 22 percent below average in the Siberian federal district in August, the Federal Hydrometeorology and Environmental Monitoring Service said in an e-mailed statement Tuesday.

“This drought won’t have any impact on the total grain harvest figure across the country, because grain has completed its maturation period as of now, except for the northern part of Siberia,” Anna Strashnaya, head of agricultural forecasts department at the state weather center, said by phone in Moscow on Wednesday.

A lack of rainfall will be “dangerous” for late crops, including corn, sunflower and sugar beets in the North Caucasus, Black Earth regions in central Russia and in the Volga district, she said.

In the country’s southern regions, rains may stay at 17 percent to 35 percent below the norm, the forecaster said. The area has almost finished reaping crops, according to the regional governments’ data.

Rainfall will be 30 percent to 35 percent below average in the Central Federal District, according to the forecaster. The crops were estimated as good and near a record in some parts of the area last month by the ministry. Most of the harvesting will be done in August.

Temperatures across the country are seen at 1 degree Celsius to 1.5 degrees Celsius above the norm, the forecaster said.

(Reuters, Bloomberg)

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