

Black Sea Grain Lobbies See No Need for Export Limits

By [The Moscow Times](#)

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Hot and dry weather this year in the Black Sea countries has hurt grain crops and contributed to driving up global wheat prices. **Maxim Stulov**

Russia, Ukraine and Kazakhstan do not need any limits on grain exports this year to ensure that domestic markets are well-supplied, despite weak harvest prospects, the heads of the Black Sea region's national grain lobbies said on Wednesday.

Hot and dry weather this year in the Black Sea countries, which normally supply a quarter of world wheat export volumes, has hurt grain crops and has contributed to driving up global wheat prices this summer.

The World Bank said in July that it was ready to help governments respond to a broad run-up in grain prices, which has put the world's poorest people at risk and could have a lingering detrimental impact for years.

Russia has fanned fears of an export ban as it has provided mixed signals on the harvest outlook, recalling the run-up to a snap government decision in August 2010 to block exports after a drought destroyed a third of the crop.

"Our countries do not need any export limits," the head of Russia's Grain Union, Arkady Zlochevsky, said at a news conference in Moscow. The harvest is forecast to go no lower than 75 million to 80 million tons, he said.

His figures matched an estimate provided by Prime Minister Dmitry Medvedev last week, but a deputy agriculture minister said days later that the forecast could fall to 70 million to 75 million tons.

Russia will have an exportable grain surplus of 12 million to 13 million tons this year and will not need to limit exports under any harvest scenario, Zlochevsky said.

"[The issue] could come up when we export 80 percent of our exportable surplus," he said. "It could transpire that [export limits] are not needed."

Exporters have reduced purchases in anticipation of regulatory measures and are now agreeing on contracts for sale no later than October, he added.

Ukraine has already harvested 25 million tons of grain out of a total expected 2012 harvest of about 45 million, Ukrainian Prime Minister Mykola Azarov said during a government meeting in Kiev.

Together with carryover stocks, Ukraine's grain supply this year can reach 58 million tons, of which domestic demand will amount to 28 million, Azarov added.

In early August, Ukraine signed a pledge to give the world grain market two months' notice of any planned restrictions on its grain exports.

A major world exporter of barley and wheat, Ukraine rattled markets in 2010 by introducing quotas to ensure adequate food supplies at home after its grain harvest was hit by frosts and then drought.

Ukraine will have an exportable surplus of 21 million to 23 million tons of grain in the current agricultural year, including 5 million tons of wheat and 12.7 million tons of corn, a Farm Ministry official said at a news conference in Moscow on a video link.

"As of Aug. 7, 25.8 million tons have been harvested," Serhiy Kvasha, the head of the ministry's markets department, said at the news conference. "That amount is enough to ensure food security for the country. The government's position is clear. All conditions are in place to supply Ukraine with food."

The head of the Ukrainian Grain Union, Vladimir Klimenko, added that the export ban had cost producers 40 billion hryvnas (\$4.9 billion), according to his estimates.

"We are trying to prevent that in the future," Klimenko said. "We signed the memorandum so this wouldn't happen this year. I hope it will be observed."

Yields in Kazakhstan, the Black Sea region's top producer of hard wheat, are expected to partly recover thanks to rainy weather in August.

The country is expected to harvest 12.8 million tons of grain by clean weight this year, far below the multiyear average of 17 million, but it has high carryover stocks to help sustain exports.

Nurlan Tleubayev, president of the Grain Union of Kazakhstan, spoke out against export restrictions, saying producers would miss out on high prices and a chance to invest in new technology if the gates were closed.

"Don't touch the private sector," Tleubayev said by video link. "Let it sell its output at market prices."

Belarus expects to harvest 9 million tons of grain this year, President Alexander Lukashenko was quoted as saying by BelTA news agency Tuesday.

Belarus should increase its exportable surplus while global grain prices are high, he added.

No additional regulatory measures are needed for Russia's grain market at this time, Deputy Prime Minister Arkady Dvorkovich said Wednesday, Interfax reported. "No additional measures need to be taken, meaning measures associated with commodity intervention or export regulation," Dvorkovich said at a briefing after a meeting devoted to the state of Russia's grain market. Grain market monitoring will continue, he said. "I don't rule out the possibility of commodity interventions in the 2012-2013 season," Dvorkovich said, adding that this measure is aimed at balancing the domestic grain market.

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