




Minister Rules Out Grain Export Ban




By [The Moscow Times](#)


August 19, 2012

The  Moscow Times

ROSTOV-ON-DON, Rostov Region — The agriculture minister has ruled out a ban on grain exports from the country, fears of which have helped to drive global prices higher following drought in the United States and Black Sea grain belts.

The minister,  Nikolai Fyodorov, said  the state  may use sales in some regions from state intervention stocks of grain — “pinpoint interventions” — to contain domestic food price increases due to expectations of a weaker harvest.

“All instruments are on the table except for an embargo, [which] could do more harm than good,” Fyodorov said Friday after Prime Minister  Dmitry Medvedev  held talks with farm officials in the southern city of  Rostov-on-Don.

“Pinpoint interventions are being considered where the situation is unacceptable for  Russia,” Fyodorov said.

U.S. wheat rose for a third straight session Friday, boosted by growing expectations of likely

restrictions to exports from the Black Sea region along with continued signs of renewed demand following a recent setback in prices.

From April to June, the government sold about 2 million tons of grain in state interventions. The country still has about 5 million tons in intervention stocks, which can be used to cool prices in key regions for domestic supply, like Siberia and the Urals.

Medvedev downgraded the harvest forecast in late July to between 75 million and 80 million tons, of which wheat was expected to account for 45 million tons, according to Agriculture Ministry calculations.

Fyodorov said Friday that he still saw the 2012 grain harvest forecast at 75 million to 80 million tons. "It depends on the weather. It could change," he said.

Any effort to restrict grain exports is likely to provoke a similar move by neighboring Ukraine, leaving markets lacking supply from two major Black Sea producers at a time when dry weather has slashed grain supply from India to Indiana.

With a harvest of 75 million to 80 million tons, the country could afford to export 10 million to 12 million tons of grain, the government has said.

Some traders interpreted that declaration as an informal cap on exports and have rushed to export while the gates are open.

The exportable grain surplus of 10 million to 12 million tons could run out by November, according to traders and analysts.

But Fyodorov said Friday that this figure was a minimum total, which might grow.

Farmers could ultimately export as much as 16 million to 17 million tons in the current 2012-13 crop year, the head of Russia's Grain Union, Arkady Zlochevsky, said in early August.

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