

Putin Wants To Up Grain Exportation In Drought

By [The Moscow Times](#)

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Despite a severe drought, the president backs a plan to increase grain exports.

VLADIVOSTOK — President Vladimir Putin said Russia is sticking to its plan to boost grain output and expand its role in world markets despite struggling with a severe drought that has revived memories of a 2010 grain export ban.

Grain markets have been supported by persistent suspicions that the current drought, which has slashed grain yields by more than a quarter, could prompt a snap decision by Putin to restrict grain exports.

The 2010 ban led major consumers to question the reliability of supply, and producers fear that new restrictions would do irreparable damage to Russia's reputation in world markets.

In a signal that the Kremlin is, on the contrary, seeking a bigger role in world markets, Putin

said Russia was sticking to ambitious plans to increase grain production, giving exporters a larger potential surplus for delivery to major consumers such as Egypt and Turkey.

Setting a target of 120 million to 125 million tons of grain output by 2020, an increase of about a quarter from last year's 94-million-ton harvest, which was slightly above multiyear averages, Putin said Russia should be able to export 35 million to 40 million tons.

"Russia will make its contribution to stable food supply," Putin said in a speech to businessmen on the eve of the Asia-Pacific Economic Cooperation summit in Vladivostok.

They were Putin's first comments on agriculture since the scale of the drought damage became clear at the end of July.

He said nothing about weak crop prospects for the current year on Friday. Combined with the worst U.S. drought in more than half a century, poor export prospects from the Black Sea breadbasket pushed grain prices to record levels this summer, raising the chance of a repeat of the crisis four years ago that provoked riots around the world.

Putin said the current surplus is 15 million to 20 million tons, potentially far more than the official forecast of 10 million to 14 million tons. Analysts believe it could be 10 million or less.

Meanwhile, APEC leaders were poised to reject limitations on food exports, saying open markets help secure food supplies, according to a draft of the leaders' statement, which is to be issued at the end of the summit.

"Recognizing that bans and other restrictions on the export of food may cause price volatility, especially for economies that rely on imports of staple products, we reiterate our pledge against protectionism," the draft communique said.

"We are determined to ensure fair and open markets, reduce price volatility, and establish greater regional and global food security and confirm our commitment to develop food markets infrastructure, reduce post-harvest losses along the entire food supply chain."

European wheat futures rose Friday on spillover support from a rally in U.S. prices Thursday. Operators assumed that importers would increasingly turn to the United States and western Europe once supplies from the drought-hit Black Sea region run low.

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