

Grain Interventions in the Works

By [The Moscow Times](#)

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Officials have started preparations for domestic sales of grain from state stocks to offset the effects of this year's drought, Deputy Agriculture Minister Ilya Shestakov announced on Tuesday.

The Siberian, Urals and Far East federal districts may get 500,000 tons of grain from intervention stocks by the end of this year.

The Agriculture Ministry and Economic Development Ministry are currently preparing proposals on how the intervention fund can be used to stabilize grain supplies and prices following the drought, which coincided with the United States' worst harvest in over half a century. These proposals will include suggested starting prices for grain and the size of the intervention sales, and they are scheduled to be presented to the ministers by the end of this week.

Grain harvests are expected to be from 72 million to 73 million tons in 2012, according to the Agriculture Ministry's forecasts. The proposed starting price for the grain to be sold

from state stocks to flour millers starts at 7,500 rubles (\$240) per ton.

"We discussed this [price] with grain market experts and, in principle, they agreed with the approach that 7,500 rubles is the price that will, on one hand, allow us to stabilize the situation on the domestic market and, on the other, it won't allow all this grain to be exported," Shestakov said.

He added that the intervention measures don't have to be long term.

"If we see that the situation is fairly stable, prices have started to go down and agriculture producers have stopped to withhold their grain, then we, at any moment, can suspend the intervention sales or minimize their amounts," Shestakov said.

Prices for third-grade milling wheat now average around 8,658 rubles per ton in the European part of Russia. Shestakov said that Russian grain is losing its competitiveness on the global market because domestic prices have become too high for export.

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