

Russia's Agriculture Ministry Considers Ban on Grain Export

By [The Moscow Times](#)

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A field of wheat is seen during harvest in Orezu, southeastern Romania.

Russia, one of the world's largest wheat exporters, said on Friday it was not considering grain export curbs as an option to balance domestic demand during the 2014-2015 marketing season.

Arkady Zlochevsky, head of Russia's Grain Union, said earlier that Russia's Agriculture Ministry made such a proposal in a letter addressed to Prime Minister Dmitry Medvedev. Reuters also obtained a copy of the letter, dated Aug. 26.

"The issue is not on the agenda," Deputy Prime Minister Arkady Dvorkovich was quoted as saying by TASS news agency on Friday.

Dvorkovich's spokeswoman Aliya Samigullina told Reuters the government was not considering grain export restrictions as it would only use market methods of regulation.

Samigullina said the letter from Agriculture Minister Nikolai Fyodorov to Medvedev included a list of options related to monitoring the grain market situation, not proposals.

Russia shocked grain markets with a one-year export ban in 2010 when drought ravaged that year's harvest. The move was a catalyst for a rise in grain prices and political instability in the import-dependent Middle East and North Africa.

After the 2010 ban, many Russian officials including Fyodorov, Medvedev and President Vladimir Putin, said repeatedly it would not happen again.

"Even the consideration of a question like this does harm," Zlochevsky told Reuters. "There should be no discussion of a ban because it frightens our buyers."

The Agriculture Ministry said earlier on Friday it did not send the letter, while a spokeswoman for Medvedev said Russia's government had not received it.

Four Options

The letter seen by Reuters said restrictions could come in if exports exceed 26.9 million tons out of an expected crop of 100 million tons. Russia has exported about 7.3 million tons of grain since the start of 2014-2015 marketing season on July 1.

According to the letter, the ministry's estimate sees 2014 domestic demand at 70.3 million tons, the government restocking program taking up to 5 million tons and market carry-over stock together with state stock at 10 million tons.

If 2014-2015 grain exports exceed 26.9 million tons, the Russian government would have four options, the letter said. It could impose a full or partial export ban, limit exports by toughening phytosanitary requirements, raise railroad tariffs or limit exports from state-controlled trader United Grain Company.

Russia has moved to protect its economy since the European Union and the United States imposed sanctions on officials, banks and businessmen over Moscow's support of pro-Russian separatists in eastern Ukraine.

Moscow denies arming the rebels in eastern Ukraine.

In August, Kremlin banned food imports worth about \$9 billion from the European Union, the United States, Canada, Australia and Norway.

According to Zlochevsky, Russia could export 30 million tons of grains this year without hurting the domestic market.

Grain market analysts also said a Russian export ban over and above 26.9 million tons would not have much impact, given the European Union was likely to have a large surplus.

"A bigger EU crop requires bigger exports and 26.9 million tons from Russia is bigger than last year," said Palle Jacobsen, a market analyst for Denmark-based Agrocom.

"The idea of restrictions 'maybe if' exports exceed a big number is no news in my world."

Russia exported 25.4 million tons of grain in 2013/14.

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