

Russia Set to Toughen Curbs on Grain Exports

By [The Moscow Times](#)

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Russia stiffened its bid to curb grain exports on Monday with plans for an imminent duty on shipments to defend domestic bread supplies against a crumbling ruble.

Russia, expected to be the world's fourth-largest exporter this year with the largest buyers in Turkey and Egypt, has been exporting record volumes of a big grain crop of 104 million tons as the ruble fall attracted buyers.

"The time to think about imposing of administrative restrictions on [grain] exports has come," Prime Minister Dmitry Medvedev told a meeting with officials on Monday, adding that Moscow now needed to retain its remaining stocks.

The proposal for an export duty will be finalized within 24 hours, Medvedev's Deputy Arkady Dvorkovich told the meeting, despite calls from the grain trade for a delay. Medvedev told Dvorkovich to submit the proposal for his signature.

Global wheat prices rebounded after reports of the duty, with the Paris benchmark up 1 percent at 8 p.m. Moscow time.

Russia used a protective duty on wheat exports in 2008. Officials did not say how quickly, at what level or on which type of grain this latest duty would be imposed.

Officials are discussing a prohibitive duty and may impose it earlier than exporters can fulfill already-signed contracts, said an industry source familiar with the discussions.

Traders with forward contracts for Russian grain as far ahead as April are pushing for a change of mind.

A Russian grain exporters' lobby has asked the government to impose the duty from March 1 so traders can "prepare to work under new conditions," the National Association of Exporters of Agricultural Products said in a letter to Dvorkovich on Monday.

The lobby also asked the government to consider the option of going further and imposing an official ban on exports from March, which it said would cool prices quickly.

Analysts however, have pointed out that Moscow, as a member of the World Trade Organization, cannot ban exports in the same way that it did in 2010.

Last week, Russia imposed tougher rules for grain quality checks and then cut railway loadings of grain for export to stop it from leaving the country, industry sources said.

"Export duties would mean that sellers must still fulfill their selling commitments," a European trader said. "This means that sellers could not claim under prevention of delivery clauses in international trading rules."

Russia could export 28 million tons of grain without damaging domestic needs, of which 21 million tons had already been exported since the start of the 2014-15 marketing year on July 1, Dvorkovich said.

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