

Russia Slaps Duty on Wheat Exports to Battle Rising Prices

By [The Moscow Times](#)

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A ladybug crawls down a stalk of wheat.

Russia will introduce a duty on wheat exports from Feb. 1, the government said, adding to other restrictions with which it is battling a rise in domestic grain prices.

Russia, expected to be the world's fourth-largest wheat exporter this year, has been exporting record volumes from a large grain crop of 105 million tons as the ruble's plunging value has spurred a dash for foreign currencies.

But last week, Moscow imposed informal export controls, including tougher quality monitoring and slashed railway loading programs, in a bid to cool domestic prices while also unveiling plans to impose a duty on exports.

The government said late on Thursday the duty on wheat exports would amount to 15 percent of the customs price plus 7.5 euros and would be no less than 35 euros (\$43) per ton from Feb.

1 until June 30, 2015.

Trade sources expect business to become more difficult.

"The level of the duty technically allows exports from Russia's south," a trader said. "But shallow-water ports are still blocked by informal restrictions and it would be impossible to export all volumes until February, so exporters will bear large losses."

State-controlled Russian Railways called off its controls on grain railway loading on Friday, but said it planned to raise its tariff for these supplies by 13.4 percent from Jan. 24.

The duty on wheat should help to lower domestic wheat prices by 15 percent so the government can replenish its grain stocks, the head of Russia's Grain Union, Arkady Zlochevsky, told Interfax news agency.

The government is ready to buy third-class wheat at 10,100 rubles (\$200) per ton, while the current market ex-works price is 11,225 rubles (\$220), down 200 rubles (\$4) compared with a week earlier, according to SovEcon agriculture consultancy.

Zlochevsky, the head of the influential farm lobby group, expects exports to be small in January due to informal export curbs which remain in place.

"One of the key unknowns is whether the government will keep artificial administrative barriers or lift them starting from Feb. 1," said Dmitry Rylko, the head of IKAR consultancy.

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