

As Economy Crumbles, Some Russians Might Need Coupons to Pay for Bread

By [The Moscow Times](#)

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Russian bread prices may rise in February when suppliers are expected to pass increased production costs on, and the government should consider using food coupons to aid low-income consumers, a lobby group for farmers said.

Alexander Korbut, the deputy head of Russia's Grain Union, the farmers lobby group, made clear the suggestion was aimed only at relieving pressure on the poorest consumers. With a very high grain harvest last year and new state curbs on grain exports, Russia has ample supplies for its population.

Russia's inflation, rising quickly as a result of a 50 percent fall in the ruble since early 2014, is expected to peak at 15-17 percent in March/April this year.

"It is inefficient to fight soaring prices, you need to address the low income of the population," Korbuto told a briefing in Moscow.

"We need to go back to the idea of food coupons for people with very low income — this will cost less than other measures," he said Monday.

Korbuto cited the United States' food-purchasing assistance program Supplemental Nutrition Assistance Program (SNAP) as an example. The practice was also common in the Soviet Union at times of food shortages.

Russia's bread prices may rise by up to 15 percent in 2015 if annual inflation reaches 7.5 percent, Korbuto said. Prices for bread rose 7.5 percent in 2014, according to state statistic service Rosstat.

The plunging value of the ruble spurred food inflation in late 2014 and forced the government to curb grain exports. It might consider banning grain exports altogether if the restrictions already in place fail to benefit the economy as hoped.

According to Korbuto, grain accounts for about 10 percent of bread production costs and a higher grain price is already included in bread producers' prices. However, rising fuel and transportation costs have yet to be priced in.

Earlier on Monday Russia's consumer rights watchdog said it had imposed a temporary ban on salt imports from a state Ukrainian producer, which had an estimated 24 percent share of the Russian market.

The ruble's decline has also driven up wholesale sugar prices in Russia by more than 80 percent since October, an industry source and retailers said last week.

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