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Russian Grain Exports Fall 25% as Tariff Blocks Sales

By The Moscow Times

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A new wheat export tax could be introduced on July 1, the Agriculture Ministry told news agency Interfax in mid-May.

Russian grain exports dropped 25 percent between February and May 20 compared to the same period last year, the Agriculture Ministry said Monday, as a wheat export tax took its toll on the market.

From Feb. 1 to May 20, Russia exported 4,932,000 tons of grain, down from 6,557,000 tons in the same period of 2014, the Agriculture Ministry's statement said, citing data from the Federal Customs Service.

Lower wheat exports drove the steep fall, declining from 4,637,000 tons last year to 1,637,000 this year following the imposition of an export tax on February 1. The export duty was levied in an attempt to lower fast-rising domestic food inflation, which was spurred by the ruble's 40 percent fall against the U.S. dollar last year amid sinking oil prices and Western sanctions.

Food prices between May 13 and May 18 were 29 percent higher than during the same period last year, state statistics agency Rosstat reported last week.

The export duty was later canceled on May 15 in order to prevent a glut on the market that could send wheat prices "lower than the net cost of the harvest," according to a resolution posted on the Russian government's website.

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