

Russia Eyes 2035 Grain Crop Boom With \$70 Billion Investment Plan

The plan also hopes to improve quality and increase demand.

By Reuters

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This year Russia's grain crop will total 118 million metric tons. Valery Matytsin / TASS

The Agriculture Ministry said on Tuesday it saw Russia's grain crop rising as high as 150.3 million metric tons by 2035 in an "optimistic scenario" as it outlined a draft strategy to invest billions of dollars in grain infrastructure and logistics.

The 2035 strategy, which has been sent to the government for discussion, would cost more than 4.4 trillion rubles (\$70 billion) in funds drawn from private investors, loans and government financing, the ministry said in a statement.

The proposal to ramp up investment in the sector comes as state-controlled VTB, Russia's second-largest bank, has been buying grain export infrastructure assets.

Russian grain supplies could play a key role in President Vladimir Putin's plan, announced a year ago, to increase the country's exports of agricultural products to \$45 billion by 2024. The Agriculture Ministry is in charge of that initiative.

Russia would produce 140 million metric tons of grain annually by 2035 in the draft strategy's base-case scenario, while exporting 55.9 million metric tons, the ministry said.

In an optimistic scenario, the crop could rise to 150.3 million metric tons with exports totalling 63.6 million metric tons, it said, considerably higher than forecasts for this year.

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This year, the grain crop will total 118 million metric tons with exports for the 2019/2020 marketing season at 45 million metric tons, according to the ministry.

The strategy prioritises increasing grain production, improving its quality, increasing domestic demand and developing infrastructure and logistics, the ministry said.

The plan proposed increasing the capacity of port elevators, transloading and other infrastructure facilities, while raising grainstorage capacity to 167.4 million metric tons by 2035 from 156.9 million metric tons now.

The combined measures should allow infrastructure costs on the price of grain to fall 10% by 2035, the ministry said.

VTB owns stakes in two grain export terminals in the Black Sea port of Novorossiisk and has said it is in talks to buy a stake in another terminal in the Black Sea port of Taman.

Other big names in Russian grain trading include Russian firm RIF and global trade giant Glencore, as well as Aston.

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