

Three Leading Grain Exporters to Quit Russia by July

By [AFP](#)

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Andrei Rubtsov / TASS

Three of the world's largest grain distributors have announced that they will pull out of Russia by July, a move likely to reinforce Moscow's control over the global wheat market.

Government pressure and operational difficulties in the wake of Russia's war against Ukraine have made staying in the country unfeasible for Cargill, Louis Dreyfus (LDC), and Viterro, the companies say.

Until now they had maintained operations in Russia including transport and storage via silos and port terminals, saying it was essential for ensuring the supply of crucial commodities for countries worldwide.

Russia is the world's largest wheat exporter, and the grain was not targeted by the raft of Western sanctions against Moscow after it launched its invasion in February 2022.

But starting July 1, the companies will only charter cargo ships for agricultural shipments from Russia.

U.S. giant Cargill is operating "only essential food and feed facilities" in the country, it said in a statement last Wednesday.

"However, as grain export-related challenges continue to mount, Cargill will stop elevating Russian grain for export in July 2023 after the completion of the 2022-2023 season."

Viterra, part of the Swiss-based commodities group Glencore, followed suit a few days later, saying it "has concluded that its activities in Russia no longer fit the long-term direction of the company."

"We are assessing options to transfer our business and assets in Russia to new owners," a spokesperson said.

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Louis Dreyfus, based in the Netherlands, also said it was "assessing options for the transfer to new owners of its existing Russian business and grain assets."

The geopolitical uncertainty surrounding Russia's exports in the wake of Cargill's announcement sent wheat prices soaring on European markets last week.

"We expect that everything will gradually come under state control," resulting in much less transparency for the grain markets, said Arlan Suderman, an analyst at the brokerage firm StoneX.

Russian operators are also likely to be less efficient and therefore more costly than the global players, "raising fears about the stability of grain outflows from Russia," Suderman told AFP.

Moscow has been looking to take back control of its wheat sectors for years, said Damien Vercambre of the agricultural brokerage Inter-Courtage.

Since 2019, the banking giant VTB, controlled by Andrei Kostin, an associate of President Vladimir Putin, has been investing in grain silos for Russian ports.

Developing countries in particular remain heavily dependent on Russian grain supplies, with 4.7 million tons exported last March alone of an estimated 2022/23 harvest of 104 million tons, according to the country's IKAR agriculture institute.

The blockade of Ukraine's Black Sea ports by Russian forces since the start of the war has sent wheat and other grain prices soaring on global markets, raising the specter of millions going hungry in developing countries.

A deal allowing Ukraine to export essential grains was extended last month, but its future remains uncertain as the fighting continues.

But no matter how the war proceeds, "it won't be possible to cut off Russian wheat,"

Vercambre said.

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