

Glencore Proposes Grain Ban

By [The Moscow Times](#)

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Russia should ban grain exports this season temporarily to allow suppliers to renege on contracts as the worst drought in at least 50 years threatens to leave local demand unmet, Glencore International's Russian unit said Tuesday.

"The government should set a temporary ban on grain exports immediately," said Nikolai Demyanov, deputy chief executive of Glencore unit International Grain Company.

"It should set a ban rather than an export duty because a duty doesn't qualify as force majeure for exporters," he said, referring to a legal clause that allows a company to cancel contracts because of circumstances beyond its control.

Russia should then tally crop losses before deciding whether to allow exports again, Demyanov said. Such bans can be introduced by presidential decree with immediate effect.

The drought, which already fueled the biggest jump in wheat prices since 1973, shows no sign of easing and threatens sowing plans for winter grain, the national weather center said.

The government does not yet plan to restrict grain exports because of the drought, Deputy Agriculture Minister Alexander Belyayev said Tuesday.

The Agriculture Ministry's forecast of a grain crop of 75 million metric tons is "too optimistic," Demyanov said. The crop may fall to 65 million tons, below domestic consumption of 75 million tons, leaving an exportable surplus of just 5 million tons including stockpiles, he said. Russia exported 21.5 million tons of grain in the 12 months that ended June 30.

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