

State Again Says Won't Limit Grain Exports

By [The Moscow Times](#)

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The government, coping with a drought that has slashed grain yields by more than a quarter, will not limit grain exports even if its exportable surplus is exhausted, Deputy Prime Minister [Arkady Dvorkovich](#) said Friday.

Markets had been bracing for an indication of some controls on grain exports after severe drought prompted progressive crop downgrades, raising concerns of a blanket ban, as happened after similar weather in 2010.

While prices fell, analysts believe export taxes or quotas are still possible as [Russia](#) seeks to avoid the sort of dent to its reputation as a reliable major grain supplier suffered two years ago, when it was the world's third-largest wheat exporter.

"It's a classic. They are playing a waiting game, giving the trade time to do their business, and then they will impose taxes, or something else," said analyst Pierre du Peyroux of Horizon

Soft Commodities.

Traders took a similar stance on Russia, which only last week joined the World Trade Organization.

“It’s just a headline-grabbing stunt. In 2010, they kept being reassuring and then they changed their mind suddenly (and banned grain exports). They could do just the same this year,” one trader said.

The country is a key grain supplier to world markets, which have seen droughts on either side of the Atlantic send wheat prices to their highest levels since 2008, when riots over soaring food prices broke out in a number of countries.

Dvorkovich told reporters no export curbs were planned.

“We consider any export restrictions harmful. We will use the instruments we have: market interventions and information exchange with market participants.”

He was speaking after chairing a meeting of the government’s food security commission that was closed to the press.

“As long as I am in charge of this sector, I will be against any export restrictions,” he added.

Agriculture Minister Nikolai Fyodorov told reporters the ministry now forecast the grain harvest in a range of 70 million to 75 million tons.

Its previous forecast was 75 million tons. The wheat forecast was cut to 40 million to 42 million tons from 45 million tons, he added.

The government barred grain exports for almost a year in August 2010 after its worst drought in decades.

Some market observers have speculated that this year the wheat harvest may fall below the crop of 2010, when Russia brought in 41.5 million tons of wheat out of a total grains harvest of 61 million tons.

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