

## Russia's government to impose grain export duties

GORKI, December 22. /TASS/. Russia's government is due to introduce administrative restrictions on grain export which will be of a temporary character, Russian Prime Minister Dmitry Medvedev said on Monday.

"It's time to think of introducing administrative restrictions on the export (of grain)," Medvedev said at a government meeting. He has asked Deputy Prime Minister Arkady Dvorkovich to prepare the particular proposals.

"Of course, this needs to be done correctly and agreed with the leading exporters, the decision should be temporary," he stressed, adding that the move should be "flexible" in an effort to settle the situation on the grain market and provide citizens with bread and flour products.

"We have prepared proposals on imposing grain export duties and they will be submitted to you within 24 hours," Dvorkovich responded.

With this year's grain harvest at 104 million tons, the export potential allowing for state support of the domestic grain market is estimated at 28 million tons, Vice-Premier Dvorkovich said.

By now, Russia has already exported 21 million tons of grain, the vice-premier said. Overloaded transport carrying grain for export will be stopped and returned back, Vice-Premier Arkady Dvorkovich told a cabinet meeting chaired by Prime Minister Dmitry Medvedev on Monday.

Dvorkovich said trucks were overloaded with grain in violation of the law. "An order was given to stop all such transport and return back toughly, without exceptions," he added. The market participants have been discussing plans for banning Russia's grain exports after the ruble has lost half of its value so far this year. Russia's bread prices have surged this month, according to retailers.

As of December 18, one ton of grain costs \$265 at Chicago exchange, and the domestic price per ton of soft wheat of class 3 is around 10,000 rubles (\$177), or a 5% increase per week. At the current exchange rate, the difference between the export and domestic price is 6,000 rubles (\$106.2) or 60%

Therefore, the ruble devaluation increases the export volumes which rose 33% to 18.96 million tons this year, compared with 2013. At the same time, the grain supply to the domestic market is decreasing, sparking up the price growth.

The National Association of Exporters of Agricultural Products (NAEAP), whose members represent some 50% of Russia's grain exports, said on Friday that Russian grain exporters are ceasing grain purchases in Russia "until the situation with grain supply and prices stabilizes on the internal market."

According to the association, Russia's agricultural watchdog Rosselkhoz nadzor is denying certificates for grain destined for countries other than Egypt, Turkey, India and Armenia. The first two countries are the biggest importers of Russia's grain.