

Voluntary Report – Voluntary - Public Distribution

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Report Name: Russian Initiates Grain Export Quota and Intervention Purchases

Country: Russian Federation

Post: Moscow

Report Category: Agricultural Situation, Agriculture in the News, Agriculture in the Economy, National Plan, Policy and Program Announcements, Grain and Feed

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Report Highlights:

In response to the COVID19 epidemic and in order to ensure the agricultural security of Russian citizens, the Russian Government decided to impose a quota in the amount of 7MMT to limit exports of certain grains. The quota will be in place from April 1-June 30, 2020 (which marks the end of the current marketing year for grain).

In response to the COVID19 epidemic and in order to ensure the agricultural security of Russian citizens, the Russian Government decided to impose a quota limiting exports of certain grains in the amount of 7MMT.

The Decree # 385 signed by Prime Minister Mishustin, imposes the export quota starting from April 1 and lasting through June 30, 2020 (link to official publication webpage <http://publication.pravo.gov.ru/Document/View/0001202004020024> and unofficial translation at the end of this report). This temporary non-tariff quota prohibits exports exceeding 7MMT of the following grains:

- wheat and meslin (HS EAEU 1001);
- rye (HS 1002);
- barley (HS 1003);
- corn (HS 1005);

These grains are seen as of particular importance to the Russian internal market.

The quota is set in the amount of 7 MMT. The following grains (by HS code) are not subject to the quota: 1001 11 000 0, 1001 91 100 0, 1001 91 200 0, 1001 91 900 0, 1002 10 000 0, 1003 10 000 0, 1005 10 130 0, 1005 10 150 0, 1005 10 180 1, 1005 10 180 9, 1005 10 900 0.

The quota will be allocated based on applications of declaration from external trade participants to customs bodies as per procedure.

Decree # 385 also sets out obligations of certain governmental bodies in the quota execution process. The Federal Customs Service is obliged to control the grain stored and to inform the Ministry of Agriculture of the grain's weight without delays.

The Ministry of Agriculture is obliged to publish information on quota allocation to participants of external trade activities in a timely manner on the Ministry's website and to provide the information on the full quota allocation to the Federal Customs Service.

The quota issue has been under discussion since January 2020 and initially the Government wanted to limit grain exports to 20 MMT in the second half of the season. However, due to the COVID-10 pandemic, the Government devised a set of measures that it says are intended to ensure domestic agricultural security and to allow commodity interventions in the market.

Some Russian analysts say the quota will not have a negative impact on the Russian grain market and the country will be able to export up to 6.9 MMT during the quota period. Others, however, say there is no need for limiting grain exports at all since another high grain harvest is expected this summer and supplies are adequate.

Post's current export estimates for MY19/20 for the named commodities totals 43.6 MMT:

- wheat 35.7 MMT
- barley 4.7 MMT
- corn 2.9 MMT
- rye 298 TMT

A separate governmental Order, Order of the Cabinet of Ministers # 817-r dated March 31, 2020, allows for the sale of 1 MMT of wheat and barley from intervention stocks that was acquired between 2008-2016 (GOR order 817-r link to official publication webpage <http://publication.pravo.gov.ru/Document/View/0001202004020004> and unofficial translation at the end of this report). The Ministry of Agriculture plans to provide the internal market with 1.5 MMT of grains from the intervention fund to satisfy the needs of the bakery and processing industries, as well as the animal husbandry sector. Grain sales are expected to start on April 13, 2020.

UNOFFICIAL TRANSLATION

DECREE OF THE GOVERNMENT OF THE RUSSIAN FEDERATION
OF MARCH 31, 2020 N 385
"ON INTRODUCING A TEMPORARY QUANTITATIVE RESTRICTION ON THE EXPORT OF
GRAIN CROPS OUTSIDE THE TERRITORY OF THE RUSSIAN FEDERATION
TO STATES THAT ARE NOT MEMBERS OF THE EURASIAN ECONOMIC UNION,
AND ESTABLISHING A CASE IN WHICH TEMPORARY CUSTOMS
DECLARATION OF GOODS IS NOT APPLIED "

In accordance with the Federal Law "On the Basics of State Regulation of Foreign Trade", the Treaty on the Eurasian Economic Union of May 29, 2014 (Appendix N 7) and paragraph 3 of part 6 of Article 102 of the Federal Law "On Customs Regulation in the Russian Federation and on Amendments into certain legislative acts of the Russian Federation, the Government of the Russian Federation DECIDES:

1. Establish from April 1 to June 30, 2020 (inclusive) a quantitative restriction (quota) for export outside the territory of the Russian Federation to states that are not members of the Eurasian Economic Union, wheat and meslin (code 1001 of the EAEU FEA), rye (code 1002 of the HSEA of the EAEU), barley (code 1003 of the HS of the EAEU) and corn (code 1005 of the HSEA of the EAEU), which are essential for the domestic market of the Russian Federation, in accordance with the customs procedure of export in the total amount of 7 million tons, excluding seeds of grain crops (codes 1001 11 000 0 , 1001 91 100 0 , 10 01 91 200 0 , 1001 91 900 0 , 1002 10 000 0 , 1003 10 000 0 , 1005 10 130 0 , 1005 10 150 0 , 1005 10 180 1 , 1005 10 180 9 , 1005 10 900 0 TN FEA of the EAEU) (hereinafter referred to as non-tariff quota, grain crops).

2. To establish that:

the distribution of the non-tariff quota in relation to crops is carried out on the basis of the submission by the participants of foreign trade activities to the customs authorities of a declaration on goods when exporting from the customs territory of the Eurasian Economic Union grain crops in respect of which a non-tariff quota is applied in an amount not exceeding the volume of the non-tariff quota;

from April 1 to June 30, 2020, inclusive, the temporary customs declaration of goods by submitting a temporary declaration of goods (temporary customs declaration) when exporting from the customs territory of the Eurasian Economic Union grain crops for which a non-tariff quota is applied does not apply.

3. Federal Customs Service:

a) ensure control over the placement of crops under the customs export procedure in an amount not exceeding the volume of the non-tariff quota, taking into account information posted by the Ministry of Agriculture of the Russian Federation on the official website in the Internet information and telecommunication network in accordance with subparagraph a) of paragraph 4 of this resolution and submitted to the Federal Customs Service in accordance with subparagraph "b" of paragraph 4 of this resolution;

b) provide immediate information to the Ministry of Agriculture of the Russian Federation about the net weight of goods (cereals) released in accordance with the customs procedure of export;

c) to provide immediate information to the Ministry of Agriculture of the Russian Federation about the net weight of goods (grain crops) in the event that the declaration of goods is withdrawn after it is placed under the customs export procedure;

d) allow the departure from the customs territory of the Eurasian Economic Union of crops placed under the customs procedure of export before April 1, 2020.

4. The Ministry of Agriculture of the Russian Federation to ensure:

a) real-time publication of information on a sample of participants in foreign trade activities of the volume of non-tariff quotas on the official website of the Internet information and telecommunication network on the basis of information provided in accordance with subparagraphs b and c of paragraph 3 of this resolution;

b) real-time submission to the Federal Customs Service of information on a full sample of participants in foreign trade activities of the volume of non-tariff quota.

5. The implementation of this resolution is carried out by the Federal Customs Service, the Federal Service for Veterinary and Phytosanitary Surveillance and the Ministry of Agriculture of the Russian Federation within the limits of the maximum number of employees and budget allocations of the federal budget established by the Government of the Russian Federation for its management and administration in the field of established functions.

6. This resolution applies to legal relations arising from April 1, 2020.

Chairman of the Government of the

Russian Federation

M. Mishustin

UNOFFICIAL TRANSLATION

DECREE OF THE GOVERNMENT OF THE RUSSIAN FEDERATION OF MARCH 31, 2020 N 817-R "ON THE SALE IN THE DOMESTIC RUSSIAN MARKET AND (OR) FOR EXPORT IN 2020 - 2021 OF WHEAT, RYE AND BARLEY FROM FEED STOCKS OF THE FEDERAL INTERVENTION FUND FOR AGRICULTURAL PRODUCTS"

GOVERNMENT OF THE RUSSIAN FEDERATION

ORDER OF

March 31, 2020 N 817-r

1. Allow, in 2020 - 2021, the sale of wheat and feed barley from stocks of the Federal Intervention Fund for Agricultural Products purchased during state procurement interventions in 2008 - 2016 (hereinafter referred to as grain), in the Russian domestic market and (or) for export in the amount of up to 1 million tons.

2. To determine that the grain is to be sold at legal entities and individual entrepreneurs carrying out storage of stocks of the federal intervention fund of agricultural products, selected in the prescribed manner by an agent who has concluded a state contract with the Ministry of Agriculture of Russia in the manner established by the legislation of the Russian Federation on the contract system in the field of procurement of goods, works and services to meet state and municipal needs (hereinafter - the agent).

3. The Ministry of Agriculture of Russia to provide:

sale by an agent of grain at exchange auctions on the terms of ex-elevator in the domestic market at prices not lower than market prices or to participants in foreign economic activity, ensuring its further supply for export at prices not lower than market prices, taking into account delivery to land border crossings and (or) port railway stations Russian Federation;

the agent transfers the grain to the winners of the exchange trading on the terms of delivery of the ex-elevator.

4. Funds received from the sale of grain, except for the funds necessary for the agent to repay loans for the formation of the federal intervention fund for agricultural products and for the payment of taxes established by the legislation of the Russian Federation, shall be allocated to the federal budget.

5. The financial support of expenditure obligations of the Russian Federation for the payment of remuneration to an agent for grain sold within the framework of this order shall be carried out within the budget allocations provided for by the Ministry of Agriculture of Russia in the federal law on the federal budget for the corresponding financial year for the indicated purposes.

Chairman of the Government of the

Russian Federation

M.MISHUSTIN

Attachments:

No Attachments.