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## Russian Federation

**Post:** Moscow

### Wheat Export Duty Amended

**Report Categories:**

Grain and Feed

Agriculture in the News

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**Report Highlights:**

The Russian Government amended the formula for calculation of the floating wheat export duty that was in force since July 1, 2015. The government increased the deductible portion of the wheat export duty from 5,500 rubles (\$83.9) to 6,500 rubles (\$99.1) per 1 metric ton (MT) and decreased the minimal amount of the duty from 50 rubles (\$0.8) to 10 rubles (\$0.15) per 1 MT. The new duty will apply to wheat exports starting on or after October 1, 2015.

**General Information:**

The Russian Government [Resolution No. 1032 of September 29, 2015](#) amends the floating wheat export duty that was in force since July 1, 2015 [1] . The Government increased the deductible portion of the wheat export duty from 5,500 rubles (\$83.9) to 6,500 rubles (\$99.1) per 1 metric ton (MT). The minimal amount of the duty is reduced from 50 rubles (\$0.8) to 10 rubles (\$0.15) per 1 MT. Also the government lifted exports duties on durum wheat (HS Codes 1001 11 000 0 and 1001 19 000 0), and on planting seeds of other types of wheat (Codes 1001 91 100 0, 1001 91 200 0 and 1001 91 900 0). Thus, beginning from October 1, 2015, export duty on durum wheat and wheat planting seeds will be Zero (**0**), and export duty on other wheat will be calculated as 50 percent of customs value minus 6,500 rubles, but not less than 10 rubles per 1 MT [2] .

**Text of the Resolution No. 1032**

*Begin unofficial translation:*

**Government of the Russian Federation**  
Resolution No. 1032, September 29, 2015  
Moscow

**On amendments to the export customs tariffs on commodities exported from the Russian Federation,  
outside the boundaries of the member-states of the Custom Union Agreement.**

The Government of the Russian Federation decrees:

1. In the exports customs tariff rates for commodities exported from the Russian Federation outside the boundaries of the member-states of the Custom Union, approved by the Russian Government Resolution No. 754, dated August 30, 2013: “On Approving Export Customs Tariff Rates for commodities, exported from the Russian Federation, outside the boundaries of the member-states of the Custom Union Agreement, and on the recognition of the ceasing to be in force some acts of the Government of the Russian Federation” (Collection of legislative acts of the Russian Federation, 2013, No. 36, article 4582; No. 47, article 6109; No. 52, article 7188; 2014, No. 30, article 4324; No. 31, article 4421; 2015, No. 1, article 285; No. 21, article 3106, No. 23, article 3317, No. 32, article 4774) the rates under codes TN VED EAEU [3] 1001 11 000 0 – 1001 99 000 0 to read as follows:

1001 11 000 0	..... for planting	0
1001 19 000 0	.....other	0
1001 91 100 0	.....spelt wheat	0
1001 91 200 0	.....soft wheat and meslin	0
1001 91 900 0	.....other	0
1001 99 000 0	Other	50 percent minus 6,500 rubles per 1 MT, but no less than 10 rubles for 1 MT

2. The present Resolution applies to legal relations arising on or after October 1, 2015.

Chairman of the Government  
of the Russian Federation

D. Medvedev

*End unofficial translation.*

## **Background**

The Russian grain lobby has been working to get the floating wheat export duty lifted or amended from the moment when it was announced in May 2015. Their arguments were the following:

- The volatility of ruble exchange rate (export contracts are conducted in U.S. Dollars) and fluctuations of wheat prices in the world markets will make the calculation of the duty difficult;
- Industry analysts considered that the wheat export duty may cut wheat exports, especially exports of more expensive types of wheat, including durum. There are no publicly available data which specifically detail durum wheat exports, but industry analysts reported that in MY 2014/15 Russia exported some durum wheat, and these exports were profitable;
- The wheat export duty will affect domestic wheat production more than exports, because exporters will lay all costs associated with the export duty on wheat producers and will likely decrease procurement prices;
- This amendment does not appear to make the floating wheat export duty any more predictable or transparent.

Between July and August 2015, the first two months of the floating wheat export duty, Russian wheat exports were approximately 35 percent lower than in the same period in 2014, although Russia's wheat crop is approximately the same as last year. The Russian Ministry of Agriculture proposed amendments to the wheat export duty in order to stimulate exports. In September 2015, some traders postponed shipments of wheat waiting for possible amended export duties. According to industry analysts, in September 2015, the volume of grain exports from Russian deep-water ports was only 1.54 MMT, against 1.97 MMT in August 2015 and 1.69 MMT in September 2014. This amount could be 0.2 MMT higher, but a few vessels in the ports were reportedly waiting for an amended export duty calculation formula to come into force on October 1, 2015. According to industry analysts, the new formula may stimulate growth of domestic wheat prices. Given the current exchange rate at approximately 65 rubles per \$1 and FOB price of wheat at \$187-\$190, the export duty will be minimal even if the purchase price of wheat in the Russian market increases to 12,000 – 13,000 rubles per 1 MT [4] . Right now the average price of milling wheat in the European Russia, EXW, is from 9,500 rubles to 10,500 rubles.

<sup>[1]</sup> FAS/Moscow reported on this wheat export duty and its effect of trade in GAIN reports: [New Formula for Calculation of Wheat Export Duty Adopted\\_6-2-2015.pdf](#) and [Grain and Feed Update\\_7-20-2015.pdf](#) .

<sup>[2]</sup> <http://government.ru/docs/19871/>

<sup>[3]</sup> TN VED EAEU is the Customs codes of the foreign economic activities of the EurAsian Economic Union.

<sup>[4]</sup> <http://k-vedomosti.ru/news/v-ozhidanii-novoj-poshliny-eksportery-zerna-snizili-aktivnost.html>