



# **The organized Resources for Marketing**

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## **Russia:**

### **Russia can resume grain exports in 2011 if harvest tops 80 mln tonnes - Grain Union**

Russia will only be able to resume exporting grain in 2011 if the harvest amounts to at least 80 million tonnes (bunker weight), Russian Grain Union President Arkady Zlochevsky said.

"With a minimum harvest of 80 million tonnes, exports might total 10 million-15 million tonnes. If we harvest 70 million tonnes, then there won't be any exports," Zlochevsky told journalists on Monday.

Russia's grain reserves as of the beginning of the 2011 farm year [July 1, 2011] should total 15 million tonnes, which would make it possible to resume grain imports.

"The world market remembers us and our traditional buyers - Egypt, Syria, other countries - are waiting. The whole issue is the risks represented by Russian grain. There is the risk that after we conclude contracts, we'll pull some other stunt," he said.

When it returns to the export market, Russia will have to cut prices by \$5-\$10 per tonne. "Previously we offered prices \$1-\$2 per tonne below the market. Now we'll have to cut it by \$5-\$10 per tonne, because importers will prefer to pay \$5 more to the Americans if it avoids risk," he said.

Even if the harvest does equal 80 million tonnes, Russia will have to be careful it doesn't export too much. "With that kind of harvest, the resource will not be sufficient to export grain throughout the season, so export limits will be an issue," he said. "In order to avoid restrictions, we need an export resource of about 25 million tonnes, since in previous years our exports have totaled 20 million-22 million tonnes."

Russia tried to limit wheat exports in 2008 with an export tariff equal to 40% of the customs value but no less than 0.105 euro per kg. "But that limitation just created additional problems for the market and for grain producers," Zlochevsky said. "Therefore we need to create another, sounder mechanism that won't cause problems," he said.

Russia imposed a ban on grain exports on August 15, 2010. The ban is set to expire on July 1, 2011.



## **Russian government's first grain sales to start soon**

The Russian government will shortly begin selling grain from its intervention stocks to draught-hit regions in an attempt to contain rising prices, Russia's top agriculture official said on Wednesday.

The first stocks to be distributed among 15 regions and large cities like Moscow and St Petersburg, are 211,000 tonnes of milling and feed wheat, barley and rye, said First Deputy Prime Minister Viktor Zubkov.

"The governors will have two weeks to prepare lists of hard-up agricultural producers," Zubkov said during a meeting with regional ministers and representatives of Russia's agribusiness.

He said that according to an order signed by Prime Minister Vladimir Putin, the government is allowed to sell at low, fixed prices the first 1.3 million tonnes of grain out of the 9.64 million it has in its intervention stocks.

"In January, we will take a look how prices are behaving on the domestic market," Zubkov said. "If they don't go down we will channel more grain so that they finally decline."

The most severe drought in over a century cut the grain harvesting area in Russia by a third this summer, and the grain harvest to 60.5 million tonnes from 97 million in 2009, which pushed domestic prices up in spite of an export ban.

The president of the Russian Grain Union lobby group, Arkady Zlochevsky, has said the government could start grain sales in the first quarter of 2011, commencing the process in January so that the grain could reach consumers by March.

### **NEW SUBSIDIES TO FARMERS**

Zubkov also said that the government will channel 5 billion roubles (\$162.8 million) in subsidies to regions that have held off slaughtering more animals while Russia faces a shortage of feed grain.

He said another 1 billion roubles in subsidies will be granted to farmers for the purchase of seeds for spring sowing and another 1 billion for fertilisers.



Russia has sown 15.5 million hectares with winter grains for the 2011 harvest, down from 18 million a year ago. To compensate for the decline, the government wants farmers to increase the area sown with spring grains.

The Grain Union's Zlochevsky said on Monday that the spring sowing was at risk because of delays related to fertiliser supplies.

Zubkov said he will try persuading fertiliser producers, farmers and railway cargo companies to sign a "trilateral pact" in order to guarantee stable fertiliser supplies to farmers.

## **Ukraine:**

### **93% of Ukraine winter crops in good and satisfactory condition**

Winter crops in Ukraine were in good condition on an area of 4.5 million hectares as of December 16, 2010, which was 55.3% of the total area under crops, according to the Ukrainian Agriculture and Food Ministry. Crops on an area of 3.11 million hectares were in satisfactory condition, or 38.1% of the total area.

Weak sprouts were reported on an area of 543,000 hectares, or 6.6% of the total area.

Winter wheat was in good condition on 3.74 million hectares (56.5%), satisfactory condition on 2.46 million hectares (37.1%), and weak sprouts were recorded on an area of 418,000 hectares (6.3%).

Winter barley was in good condition on 540,000 hectares (44.4%), satisfactory condition on 560,000 hectares (45.5%), and weak sprouts were reported on an area of 123,000 hectares (10%).

Winter rye was in good and satisfactory condition on 218,000 hectares (70%) and 83,600 hectares (27%) respectively.

As of December 16, winter rapeseed was in good condition on 53.5% of the area, satisfactory condition on 35.8% of the area, and weak sprouts were reported on 10.7% of the area.



## **Ukrainian Grain Crop Totals 41.5 Million Tons**

Ukraine has harvested 41.5 million metric tons of grain in the current season, Interfax-Ukraine reported, citing preliminary data from the Agriculture Policy Ministry.

The average grain yield was 2.85 tons a hectare (2.47 acres), down from 3.12 tons a hectare a year earlier, Interfax said.

## **Agriculture minister: Ukraine may cancel grain export quotas in early 2011**

The Ukrainian government will consider the possibility of cancelling grain export quotas in early 2011, Agriculture and Food Minister Mykola Prysiachniuk told journalists in Kyiv on Wednesday.

"The prime minister ordered the cancellation of the quotas late in January or early in February," he said.

He also noted that the government would take this decision taking into account the available stocks of grain in the country.

As reported, Ukraine from October 19 until December 31, 2010 imposed quotas on the export of 2.7 million tonnes of grain, including 500,000 tonnes of wheat, 200,000 tonnes of barley, two million tonnes of corn, and 1,000 tonnes of each of rye and buckwheat.

Prysiachniuk said in early December that Cabinet of Ministers had prolonged quotas on grain exports to March 31, 2011 and increased them by 1.5 million tonnes, however, a respective government document has not yet been published.

## **Australia:**

### **Australia - Barley harvest downgraded**

Barley is being downgraded across the east coast with low test weights.

The issue has surprised some growers, who say the issue is more common in years when crops have struggled for moisture and had a hot finish, rather than this season's cool and wet spring.



However, Horsham-based agronomist Andrew Newall, NewAg, said the issue could also be attributed to harvest rain.

“The moisture has swelled the grains up and washed a bit of the weight out of them.

“There is more volume of grain, but it is a little bit lighter compared to its mass.”

Mr Newall said he did not think the dry September or disease pressures had caused the disease.

GrainCorp corporate affairs manager David Ginns said low test weights in barley had been a trend right down the east coast.

““Low test weights have been apparent in northern NSW and some parts of Victoria to date,” he said.

Mr Newall said although there were some reports of low test weights, there had also been good amounts of malt quality grain harvested in Victoria prior to the weekend rain.

He said he expected Hindmarsh barley to be the worst impacted by the rain in terms of germinating prior to harvest.

“It has been worse in the trials for sprouting compared to other varieties such as Gairdner,” he said.

Dodgshun Medlin agronomist Matt Witney, Swan Hill, said he also thought the rain at harvest had a big impact on test weights.

“There’s no doubt the rain lowers test weights and if you had grain just on the borderline for malt, it could drop it that couple of kilograms per hectolitre and mean it will now go feed.”

However, he also said a five-week dry spell in September could have also influenced test weights.

Mr Witney said the thick crops also kept test weights down.

“The crops had a lot of grains to fill in the head, and maybe some of those grains came in a little light.”



Neither of the agronomists attributed the low weights to the heavy infestation of the fungal disease scald found in barley crops this year, which had been thrown up as a possible reason for the light weight of the crop.

## **Jordan:**

### **Jordan buys 50,000 T Australian-origin barley and announces for more:**

Jordan bought 50,000 tonnes of Australian-origin barley at \$279 C&F for shipment in March or April, a grain official said on Thursday. The Ministry was announced for 100,000 T but bid offers were too high.

As a result the Ministry has issued another tender on Monday to purchase 100,000 T of feed barley optional origin and for shipment in March or April 2011. The bidding deadline will be on December 28, 2010.

## **Egypt:**

### **Egypt discusses wheat security pact with Russians**

Egypt's trade and industry minister, Rachid Mohamed Rachid, has met with his Russian counterpart to try negotiate a long-term agreement to ensure supplies of wheat.

At a press conference, he said he had discussed a long term agreement with Russia to secure uninterrupted supply of Russian wheat, irrespective of any force majeure.