



Russia lifts grain export ban, market comeback unlikely to be easy say experts

Russia is lifting from July 1 its grain export ban imposed last summer in the wake of a severe drought in the country but its comeback to world grain markets is unlikely to be easy, experts said on Friday.

"It won't be easy for us to return to the grain market," said Arkady Zlochevsky, president of the Russian Grain Union.

The Russian government imposed a ban on the export of grain from August 15, 2010, after abnormally hot and dry weather destroyed over one-third of Russia's grain harvest.

The world grain market responded to Russia's grain export ban by growth in grain prices and a fall in share prices of some major global food producers while grain consuming countries started to look for alternative grain suppliers.

Russia's grain embargo, however, has not created a world grain shortage, while Russia's niche on the world grain market has been taken up by other grain suppliers. Now that the grain export ban has been lifted, Russia needs to regain its positions on global grain markets.

Russia was among the world's four major grain suppliers along with the U.S., Canada and the European Union before the embargo, exporting over 20 million tons of grain annually.

"If there had been no embargo, the export prospects in a new season (2011-2012) would have been splendid. The export potential is good and I estimate it at 18-20 million tons but probably Russia will be unable to realize it as the embargo has pushed us eight-nine years back in commercial terms," said Vladimir Petrichenko, head of ProZerno grain market analysis company.

Zlochevsky estimated Russia's export potential at 20-25 million tons. "But we'll hardly be able to export it over the season. The most likely figure is 15-16 million tons."



Andrei Sizov, head of SovEkon analytical center, estimated the export potential at 16 million tons.

"The available infrastructure makes it possible to export this volume. But a more important issue today is the demand on global markets. And this demand is not as large as market participants have expected," he said.

RIA Novosti