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Russian Federation

Grain and Feed

Grain Procurement Intervention

2006

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Report Highlights:

Grain procurement interventions begin October 6. The MY 2006 prices for class 3 wheat are set at 3,100 rubles per metric ton (mt) in European Russia and at 3,300 rubles/mt for Ural and Siberia. For class 4 wheat, prices are 2,450 rubles/mt and 2,600 rubles/mt, respectively. The accreditation of agricultural producers for participation in the auctions starts October 2.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

Summary

Government procurement interventions will begin October 6. Authorized commodity exchanges will begin registering producers and auction participants October 2. Price levels for procurement of food quality wheat (classes three and four) were authorized by Order #262 of the Minister of Agriculture. Procurement begins once the market prices are at or below the following levels: for European Russia class-three wheat – 3,100 rubles per metric ton (mt) or approximately \$116.10/mt, and class-four wheat – 2,450 rubles/mt (\$91.80/mt). For Ural and Siberia, class-three wheat prices are set at 3,300 rubles/mt (\$123.60/mt), and class-four wheat prices are set at 2,600 rubles/mt (\$97.40/mt). The Ministry of Agriculture's Order authorized three sites for auctions: the central site will be in Moscow at the ZAO "National Commodity Exchange;" the second will be in Ekaterinburg – at the ZAO "Ural Regional Currency Exchange;" and the third will be in Novosibirsk – at the ZAO "Siberian Inter-bank Currency Exchange." The Federal Agency on Regulation of Food Markets in the Ministry of Agriculture will serve as the procurement agent. Regulations require the sellers to have official status as agricultural producers and accreditation at the exchanges.

At present in European Russia, the average elevator price of class-three wheat ranges from 3,800 to 4,100 rubles/mt, and class-four wheat at 3,200 to 3,800 rubles/mt. Large-scale proactive sales to the government are not expected. In Siberia and Ural, the price situation is unclear because of delays in the harvest, along with potential of strong competition from Kazakhstan. Estimates of the elevator grain prices in these regions are approximately 3,200 to 3,600 rubles/mt for class-three wheat, and 2,800 to 3,100 rubles/mt for class-four wheat. At these prices, government procurement will have limited impact on domestic grain markets.

Order of the Ministry of Agriculture of the Russian Federation #262 of August 23

Begin text:

The Order of the Ministry of Agriculture of the Russian Federation (Russian MinAg) #262 of August 23, 2006, Moscow, registered in the Ministry of Justice September 15, 2006, Registration #8289

On Determining the Level of Grain Prices for Government Procurement Interventions in 2006

In accordance with the Rules of the Government Procurement and Commodity Interventions for regulation of market of agricultural products, raw materials and foodstuff, as approved by the Resolution of the Government of the Russian Federation #580 of August 3 (Collection of Laws of the Russian Federation, 2001, #33, part 2, article 3467; 2004, #40, article 3955; 2005, #30, part 2, article 3166; 2006, #13, article 1409) order the following:

1. To determine the price levels, as agreed with the Federal Statistical Service (FST) of Russia, at which the government procurement interventions for 2006 grain crop shall start in 2006:

a) soft food quality wheat, class three:

for the subjects of the Russian Federation of the Central, North-Western, Southern and Volga Valley's federal districts – 3,100 rubles per metric ton;

for the subjects of the Russian Federation of the Ural, Siberian and the Far-Eastern federal districts – 3,300 rubles per metric ton;

b) soft food quality wheat, class 4:

for the subjects of the Russian Federation of the Central, North-Western, Southern and Volga Valley's federal districts – 2,450 rubles per metric ton;

for the subjects of the Russian Federation of the Ural, Siberian and the Far-Eastern federal districts – 2,600 rubles per metric ton;

2. the Department of food markets [in the MinAg] shall analyse the current situation in the Russian and international grain markets in 2006;

3. I reserve the right to control the implementation of the Order

Minister

Gordeev