

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Russian Federation

**Post:** Moscow

### Government Extends Fuel Price Discount for Farmers till December 2012

**Report Categories:**

Agricultural Situation

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**Report Highlights:**

The Russian Government extended discounted fuel prices to farmers for another 5 months, from July 1 to December 1, 2012. The discount will be up to 20 percent of the level of wholesale fuel prices in the 2<sup>nd</sup> quarter 2012. In March - June 2012 the price discount was 30 percent of wholesale fuel price in December 2011.

## **General Information:**

The Russian Government extended regimes of discounted fuel and lubricants prices to farmers for another 5 months from July 1 till December 1, 2012. The fuel price discount policy is based on voluntary agreements between municipal authorities and oil companies that the latter provide farmers with discounted fuel and lubricants. The discount level is decreased from 30 percent in the first half of 2012 to 20 percent in the period July – November 2012. The price basis is also changed: in March – June 2012 it was the wholesale price on December 1, 2011, while the basis price for July – November is the average wholesale price in the 2<sup>nd</sup> quarter 2012. However, the difference in the basis prices is not significant. According to the Federal Statistical Service of the Russian Federation, fuel prices in Russia in the 2<sup>nd</sup> quarter of 2012 almost did not change from December 2011: in May 2012 the price of gasoline increased only by 1.4 percent from December 2011, and price of diesel fuel increased by 0.2 percent.

The fuel companies promise that the volumes of allotted discounted fuel and lubricants for farmers in July – November 2012 will be 13 percent higher than in the same period in 2011. According to the Russian Ministry of Agriculture, in March - June 2012 farmers purchased 1.26 million metric tons of discounted fuel and lubricants. They purchased 93.4 percent of allotted discounted diesel fuel and 79.3 percent of allotted gasoline.

The text of the Resolution is on the site: <http://www.government.ru/gov/results/19634/>

Begin unofficial translation:

### **Resolution No. 678 of June 30, 2012 On Amendments to the Resolution of the Government of the Russian Federation No. 129 of March 5, 2010**

In order to support agricultural producers, and taking into account proposals of producers of fuel and lubricants on their ability to reduce prices of fuel and lubricants for agricultural producers to 80 percent of the average wholesale price that was in the 2<sup>nd</sup> quarter of 2012 for the period of agricultural works in July – November 2012, the Government of the Russian Federation decrees the following:

To amend the Resolution of the Government of the Russian Federation No. 129 of March 5, 2010 “On Agreements Between the State Bodies of Executive Power, Municipal Authorities and Business Entities on Reduction of Prices of Fuel and Lubricants Sold to Agricultural Producers” (list of legislative acts of the Russian Federation, 2010, No. 10, article 1104; 2011, No. 8, Article 1112; 2012, No.6, article 694) as follows:

a) in item 3 the words “until June 30, 2012” change for “until December 1, 2012”;

Second paragraph to read as follows:

“These prices are set at a 20 percent discount from the wholesale price prevailing in the 2<sup>nd</sup> quarter of 2012 in the subject of the Russian Federation where the agricultural producers work, but not below the cost of production and marketing of fuels and lubricants”.

b) in item 7 the words “until July 1, 2012” change for “until December , 2012”.

Chairman of the Government  
of the Russian Federation

D. Medvedev

End unofficial translation

**Note:** For more information on the Government Resolution No. 129 of March 5, 2010 “On Agreements Between the State Bodies of Executive Power, Municipal Authorities and Business Entities on Reduction of Prices of Fuel and Lubricants Sold to Agricultural Producers” and amendments to this resolution in 2011 and 2012 see GAIN reports: RS1210 *Government \_ Approved \_ Fuel \_ Prices \_ Discount \_for \_ Farmers \_for \_ 2012 \_Moscow \_Russian \_ Federation \_2-14-2012*; RS1109 *Government Approved Fuel Prices Discount for Farmers for 2011 \_ Moscow \_ Russian Federation \_2/17/2011*; RS1014 *Government Allowed Fuel Price Discount for Farmers \_ Moscow \_ Russian Federation \_ 3/17/2010*