

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Russian Federation

**Post:** Moscow

### **New Formula for Calculation of Wheat Export Duty Adopted**

**Report Categories:**

Grain and Feed

Trade Policy Monitoring

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**Report Highlights:**

In accordance with Government Resolution No. 513 of May 28, 2015, as of July 1, 2015, Russia will start using a special formula for the calculation of the wheat export duty. The export duty will be 50 percent of export value minus 5,500 rubles per 1 metric ton (MT), but not less than 50 rubles per 1 MT.

**General Information:**

The Government Resolution No. 513 of May 28, 2015, approved the formula for calculation of the wheat export duty <http://government.ru/docs/18291/>. The export duty will be 50 percent of export value minus 5,500 rubles per 1 metric ton (MT), but not less than 50 rubles per 1 MT.

**Text of the Resolution No. 513**

*Begin unofficial translation:*

## Government Resolution #513

On the introduction of changes to the export customs tariff rates of commodities, exported from the Russian Federation, outside the boundaries of the member-states of the Custom Union Agreement.

May 28, 2015, Moscow

The Government of the Russian Federation decrees:

1. 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 # 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, #36, article 4582; 2014, #31, article 4421; 2015, # 1, article 285; #21, article 3106):

- a. Title of paragraph “Code TN VED TS” shall be amended as follows “Code TN VED EAEU”;
- b. Title of paragraph “export customs tariff rate (in percent of customs value either in Euro, or U.S dollars)” shall be amended as follows:

“Export customs tariff rate (in percent of customs value either in Russian rubles, or in Euro, or in U.S. dollars)”;

- a. After the position classified by code TN VED EAEU “from 0306 29 890 0”, add with the positions of the following contents:

1001 11 000 0	Seed	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT
1001 19 000 0	Other	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT
1001 91 100 0	Spelt wheat	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT
1001 91 200 0	Soft wheat and meslin	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT
1001 91 900 0	Other	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT
1001 99 000 0	Other	50 - 5,500 rubles per 1 MT, but no less than 50 rubles for 1 MT

d) words in footnote “TNVED TS” change to “TN VED EAEU”.

2. The present Resolution comes into force starting July 1, 2015.

Chairman of the Government  
Russian Federation

D. Medvedev

*End unofficial translation.*

### **Opinions**

Industry analysts consider that the new export duty may cut wheat exports in the next marketing year (July 2015 through June 2016) by up to 2 million metric tons (MMT). The new export duty will affect domestic wheat production more than exports, because exporters will lay all costs associated with the new export duty on wheat producers and will likely decrease procurement prices. Thus, if the price of wheat (FOB) is \$200-\$250, and the dollar is within 50 rubles to 60 rubles per 1 MT, the price that traders will offer to producers for wheat may decrease to 8,000 rubles per 1 MT or below. Currently, the price is 9,000 rubles to 10,000 rubles per 1 MT. Reportedly, the price of 8,000 rubles per 1 MT, will not provide farmers with enough capital to invest in expanding their wheat production. In such an event, farmers would probably reduce wheat crops, replacing them with other crops. According to the National Association of Agricultural Exporters, the introduction of a floating export duty will force Russian exporters of wheat to work mainly with spot contracts, decreasing the role of futures contracts.<sup>1</sup>

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<sup>1</sup> <http://agronews.ru/news/detail/140707/>