

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Russian Federation

Post: Moscow

Wheat Export Duty Temporarily Decreased to Zero

Report Categories:

Grain and Feed

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Report Highlights:

The Russian Government temporarily decreased the export duty on wheat from “50 percent minus 6,500 Rubles per 1 Metric Ton, but not less than 10 Rubles per 1 Metric Ton” to “Zero.” The temporary “Zero” export duty will last from September 23, 2016 until July 1, 2018.

General Information:

On September 26, 2016, the Russian Government decreased the wheat export duty to zero by Government Resolution No. 966 “On introduction of changes to the export customs tariffs for commodities exported from the Russian Federation outside the boundaries of the member-states of the Custom Union Agreement.” According to this resolution, the basic export duty, which is “50 percent minus 6,500 Rubles per 1 Metric Ton, but not less than 10 Rubles per 1 Metric Ton” is not changed, however during the period September 23, 2016 to July 1, 2018 the export duty on wheat exported from Russia will be zero. The link to the document can be found here: [Government Resolution 966](#). The unofficial translation of the Resolution is below.

Begin unofficial translation:

Government of the Russian Federation
Resolution No. 966 of September 26, 2016

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

The Government of the Russian Federation decrees:

1. On the export customs tariffs on commodities exported from the Russian Federation outside the member-states of the Customs Union, approved by the Resolution of the Government of the Russian Federation No. 754 dated August 30, 2013 "On approval of the export customs tariffs on commodities exported from the Russian Federation outside the member-states of the Customs Union, and on the repeal of certain acts of the Government of the Russian Federation" (Collection of Legislative Acts of the Russian Federation, 2013, No. 36, p. 4582, 2014, No. 47, p.6109; No.52, p.7188; 2014, No.30, p. 4324; No. 31, p. 4421, 2015, No. 1 , p. 285; No.21, p.3106; p.3106; No.23, p. 3317, 3318; No.32, p.4774; No.40, p. 5567; 2016, No.22, p.3229; No.35, p.5322), the following changes to be introduced:
 - a) position that is classified by code TN VED EAEU¹ 1001 99 000 0 is amended to read as follows:
“1001 99 000 0² other 50³ minus 6.5 thousand rubles per 1 MT,
But not less than 10 rubles per 1 MT**”
 - b) add with a foot note that reads as follows:
“**Starting from September 23, 2016 until July 1, 2018, 0 rubles export custom tariff for this position is applied.”
2. This Resolution applies to legal relations arising from September 23, 2016.

Prime Minister
Russian Federation

D. Medvedev

End unofficial translation.

Background

¹ Custom Codes of the Eurasian Economic Union (EAEU) are similar to the HS codes

² This HS code applies to wheat under category “other,” which is primarily so called “soft wheat,” while “durum” or so called “hard wheat” (HS codes 1001 11 0000 and 1001 19 0000) is exported duty-free.

³ 50 percent of customs value

The so called “floating” export duty on wheat was introduced on May 15, 2015 for wheat exports in MY 2015/16 (beginning July 1, 2015). This export duty was 50 percent of export value minus 5,500 rubles per 1 metric ton (MT), but not less than 50 rubles per 1 MT. (FAS Moscow GAIN Report [New Formula for Calculation of Wheat Export Duty Adopted 6-2-2015.pdf](#)). However, this export duty curbed exports of wheat, and in September 2015 the Russian Government amended this export duty to “50 percent of export value, minus 6,500 rubles, but not less than 10 rubles per 1 MT,” and lifted the export duty on durum wheat (FAS Moscow GAIN report [Wheat Export Duty Amended 10-2-2015.pdf](#)). During the spring and summer of 2016 the stabilization of the ruble exchange rate at approximately 63-64 rubles per \$1 and the decrease of FOB prices on wheat to \$175-180 per 1 MT kept the export duty at the lowest level (FAS/Moscow GAIN report [Grain and Feed Update 7-21-2016.pdf](#)). In view of the bumper wheat crop and the excellent crop for other grains in summer 2016, Russian traders and the Ministry of Agriculture appealed to the Russian Government to lift the export duty on wheat. It took the Russian Government almost two months to decide to decrease the wheat export duty to zero, but leave the export duty mechanism. Leaving the mechanism will allow the government to more easily enact the wheat export duty in the future (FAS/Moscow GAIN report [Grain and Feed Update September2016 8-31-2016.pdf](#)). This temporary decrease of the export duty on wheat to zero may stimulate exports of Russia’s grain and give traders more stimuli to conclude future contracts on wheat. However, the Russian Ministry of Agriculture reports that the export duty mechanism will return in case of a force-major situation, such as the sharp devaluation of the Russian ruble and/or a low wheat crop in the future. Wheat producers and traders consider this to be a factor that may increase risk in the future⁴.

⁴ Source: <http://tass.ru/ekonomika/3678484>