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Voluntary - Public

**Date:** 9/27/2018

**GAIN Report Number:** RS1827

## Russian Federation

**Post:** Moscow

### Draft Decree on Grain Transportation Subsidies

**Report Categories:**

Grain and Feed

Trade Policy Monitoring

Policy and Program Announcements

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**Report Highlights:**

On September 12, 2018, the Russian government website dedicated to regulations published draft amendments to decree No. 1595 on the rules for providing grain transportation subsidies from the Federal Budget in 2017 and 2018. According to the new draft, five Russian provinces are approved to receive subsidies from the Federal Budget for the transportation of 200.6 TMT of wheat and barley. The measure is reportedly intended to stimulate grain shipments from the remote areas to the central part of Russia, removing excessive stock in these provinces, stabilize domestic grain prices, and support profit margins of agricultural producers.

## General Information:

On September 12, 2018, the Russian government website dedicated to regulations published draft amendments to GOR [decree No. 1595](#) “On Approval of the Rules for the Provision of Subsidies from the Federal Budget in 2017 and 2018 to Open Joint Stock Company (OAO) “Russian Railways” for the Recovery of Revenue Losses Arising from the Establishing of Reduced Grain Transportation Rates.” The Decree came into force on December 21<sup>st</sup>, 2017, providing for allocation of 2.99 billion rubles in subsidies from the Federal Budget for transportation of 3.181 MMT of wheat, barley, and corn from 13 regions of the Central, Volga, Urals and Siberia Federal Districts. Please refer to [RS1801 Decree on Grain Transportation Subsidies](#) report for more details. Current draft amendments extend the period for Decree #1595 from July 1, 2018, to December 31, 2018.

According to the draft amendments, five Russian provinces (one in the Volga Valley, one in the Urals and three in the Siberian Federal District) are approved to receive subsidies from the Federal Budget for the transportation of 200.6 TMT of wheat and barley. Krasnoyarsk oblast was added to the list of regions under Decree #1595. Four additional provinces, including Orenburg, Kurgan, Novosibirsk and Omsk, were originally listed in the decree. According to the amendments, subsidies will not be provided for corn shipments. All five provinces have the same minimum purchase price: for 3<sup>rd</sup> class wheat it is set at 8,900 Rub/MT, for 4<sup>th</sup> class wheat – at 7,600 Rub/MT, for 5<sup>th</sup> class wheat - at 6,400 Rub/MT, and for barley at 6,500 Rub/MT. The table with the list of regions for grain shipments, volumes of grain shipments by province and levels of minimum grain purchasing prices in Rubles per MT, can be viewed below. The public comment period ended on September 26. The text of the draft amendments in Russian can be viewed here: <http://regulation.gov.ru/projects#npa=83873>

Earlier in June 2018, the government proposed to provide allocations for transportation of 1.02 MMT. However, due to severe drought during vegetation period in several large grain producing provinces in southern and central Russia coupled with rainfalls and unusually low temperatures during harvesting in Siberia and Urals, the Ministry of Agriculture forecast for grain production for MY 2018/19 was reduced to 105 MMT. As a result, grain volumes eligible for railway subsidies were set at a lower level of 200.6 TMT compared to 3.18 MMT in MY2017/18, when Russian farmers harvested a record high crop of 135.4 MMT.

According to the text, the measure is expected to stimulate grain shipments from the remote areas to the central part of Russia, removing excessive stock in these provinces, stabilize domestic grain prices, and support profit margins of agricultural producers.

