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Russia uses big wheat yield as a foreign policy tool

By Hugh Miles

RUSSIA'S bumper wheat harvest has allowed it to open a new front in the re-emerging Cold War as it uses food to expand its influence in the Middle East and Africa.

The largest wheat harvest in 15 years is expected to yield 51 million tons, of which a record-breaking 15 million are earmarked for export. Only the US and Canada are expected to export more.

The boom comes as the Kremlin's influence in the Middle East grows, with trade volumes at record levels and increasing collaboration in the energy sector.

Russia's grain trade may prove as controversial as its involvement in energy markets, because it was announced in July that the industry, now mainly in the hands of private traders, would soon be amalgamated into one trading company under Kremlin control.

Iraq has bought 200,000 tons of Russian hard milling wheat at \$300 a ton. It is the second large sale of Russian wheat since July.

"In the last few years there has been an increase in Russian wheat exports not just in absolute terms, but also in terms of global market share," said Abdolreza Abbassian, a grain analyst at the Food and Agriculture Organisation at the United Nations. "This year Russia will export perhaps twice as much wheat as Argentina, one of the top five traditional wheat exporters."

In the 19th century Russia and Ukraine were the bread basket of Europe, but production dropped under Josef Stalin's forced collectivisation policy and by the end of the Cold War the Soviet bloc had become a net wheat importer.

Now thanks to rising world food prices and a new law allowing foreigners to own land, Russia is once again exporting. With the proximity of Black Sea ports to wheat-deficient Africa, Asia and the Middle East, Russian wheat has a competitive edge.

Experts believe that Russia has huge potential for growth - millions of acres of farmland lie fallow and vast expanses of fertile land have never been farmed at all.

"Russia is replacing the EU as a supplier in North Africa and also in parts of the Middle East and sub-Saharan Africa," said Mr Abbassian. "This was not expected in such a short

space of time."

