

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 7/31/2015

**GAIN Report Number:** BR0972

## **Brazil**

**Post:** Brasilia

### **Brazil and Russia Agree to Sign Wheat SPS Agreement**

**Report Categories:**

Agricultural Situation

**Approved By:**

Clay Hamilton, Agricultural Counselor

**Prepared By:**

Laura J. Geller, Agricultural Attaché

**Report Highlights:**

On July 8<sup>th</sup>, Minister of Agriculture Katia Abreu met with the Russian Minister of Agriculture during a trip to Moscow to discuss agricultural cooperation. There she announced that Brazil would sign an SPS agreement with Russia to import wheat. Contacts within the Brazilian wheat industry have stated that it's unlikely that much Russian wheat will be imported due to quality concerns.

**General Information:**

During a visit to Russia July 8<sup>th</sup>, Minister of Agriculture Kátia Abreu agreed to sign a sanitary and phytosanitary (SPS) agreement with Russia to export wheat to Brazil. Brazil typically imports 6 to 7 million metric tons (mmt) per year, mainly from Argentina. In recent years Argentina has been unable to fill demand and Brazil has imported from the United States and Canada (see related reports below for more details). Minister Abreu stated, “At the moment we import wheat from countries that are not our strategic partners. Since Russia gives us the priority position in other areas, Russian suppliers have a very good chance to take a share of the market.” The details of the agreement have not been immediately given, but are expected to come out in the coming weeks.

Russia is one of the largest wheat exporting countries and its traditional markets are in Europe, Central Asia, the Middle East, and Africa. Over the past 15 years, Russia has exported a total of less than 40,000 metric tons to Brazil. Brazil uses high quality imported wheat to blend with its domestic wheat in order to meet baking specifications for the bread that’s most commonly eaten here (French bread rolls). During recent crop travel, many contacts in the wheat industry cited the subpar quality of Russian wheat combined with the added freight and import tax costs that would make it uncompetitive in the Brazilian market. FAS Russia notes that the quality of Russian wheat is expected to be lower this year due to a delayed harvest. Argentina and Paraguay benefit from their trade relationship with Brazil via Mercosul, which typically makes their wheat the most cost competitive. U.S. wheat must pay a 10 percent tariff, but its high quality and proximity make it the second choice for Brazilian millers. Russian wheat would be subjected to the same tariff.

In recent discussion with the Brazilian wheat industry, they stated it was unlikely that much Russian wheat would be imported due to quality. When asked about the potential for Russian imports, one contact succinctly stated, “Brazil needs good wheat, not cheap wheat.”

**Related Reports:**

[2015 Brazil Grain and Feed Annual – BR0964](#)

[U.S. Wheat Exports to Brazil Highest in 30 Years – BR0929](#)