



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 2/12/2003

GAIN Report #RS3004

Russian Federation

Planting Seeds

Annual

2003

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The supply of planting seeds in Russia will be ample for 2003; the majority of this supply will be saved seeds from last years' crop. Grain seeds remain the most important component of the market comprising 70-80 percent by volume, followed by vegetable seeds. Purchases of commercial grain seeds are estimated by Russian experts at only 800,000 metric tons out of an estimated 9.5 million seeds sown a year. Final consumption of seeds, however, will be largely determined by the financial conditions of farmers. Seed breeding, seeds certification, and seed trade practices remain mostly unchanged from last year.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Moscow[RS1], RS

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Executive Summary

Grain seeds remain the most important component of the Russian seed market comprising 70-80 percent by volume. Following the third record grain crop in the last ten years, the availability of planting seeds for grain in 2003 is expected to be large. However, quality parameters of grain seeds did not improve much; over 90 percent of grain seeds used are saved or common seeds. Volumes of purchased grain seeds are estimated by Russian experts at only 800,000 metric tons out of an estimated 9.5 million seeds sown a year. In contrast, the supply of sunflowerseed and sugar beet seeds and their quality improved due to the increased investments in research by processing companies. Greater domestic incomes led to an increase in trade of more diverse varieties of orchard vegetables and flowers. Seed breeding, seeds certification, and seed trade practices remain mostly unchanged from last year.

Production

The grain industry is by far the largest share of the plant production industry in Russia. So, the main share of planting seeds are grain seeds. According to Russian seeds experts, grain seed quantity in MY 2002/03 was between 9.0 to 9.5 million metric tons. Not even eight percent of this amount are seeds which were purchased by farmers, but rather so called common or saved seeds. The total supply of grain seeds will be enough in 2003 to sow the same area as before, however, the quality has not improved significantly. The volume of the grain crop in 2003 and the quality of this crop will be determined mainly by weather and economic factors, not by seed quality. However, the situation will not be as promising for other grains as for wheat because the surplus in 2002 consisted mostly of wheat, while output of barley, oats, millet, buckwheat, rice and legumes decreased along with the stock of saved seeds. Official statistical data does not show significant improvement in yields in 2002, but specialists note that extreme weather conditions in many regions of Russian in 2002 would have caused much bigger losses in yields if it were not for improved seeds.

Grain Crop Yields

In most areas of Russia, yields are a factor of weather. The situation in 2002 improved only in the southern European districts and in the Povolzhskiy Federal district. In 2002, producers sought as high a yield as possible, so better yielding varieties were very popular and sometimes planted at the expense of wheat quality.

Official statistical data on increased yields of grain crops in the period 1995-2002 reflects both improvements in yields and changes in calculating yields. Two years ago Goscomstat made the decision to report yields as production per harvested hectare, which does not include re-sown area and winter kills, thus inflating the results. Before that yields were calculated as production per sown area. To some extent the recent growth in yields is attributed to this change in statistical methods. Goscomstat re-calculated yields for the years 1991-95 and 1996-2000 using the former method (production per sown area) and will publish yields using this method from the present time forward. Post also made calculations based on the previous method and discovered that average grain yield in Russia has not changed since last year. Although natural grain yields improved, losses of grain increased due to delays in harvesting and a relatively early and moist fall in Siberia

Table 1 a. Grain Crops Yields by Federal Districts and Major Grain Producing Regions, Production in Metric Tons per Harvested Hectare

	1991-1995	1996-2000	1997	1998	1999	2000	2001	2002* (prelim.)
Russia, total	1.48	1.32	1.78	1.29	1.44	1.56	1.94	1.96
Central Federal District	N.A.	N.A.	1.84	1.57	1.42	1.65	2.07	N.A.
North-Western Federal District	N.A.	N.A.	1.27	1.12	0.99	1.40	1.52	N.A.
Southern Federal District	N.A.	N.A.	2.07	1.83	2.20	2.19	2.71	NA
- Krasnodar Kray	3.51	2.99	3.31	2.61	3.45	3.49	3.90	NA
- Stavropol Kray	2.61	2.00	2.19	2.15	2.31	2.24	2.68	NA
- Rostov oblast	2.25	1.43	1.72	1.56	1.73	1.73	2.50	NA
- Volgograd oblast	1.57	0.92	1.48	0.98	0.86	1.23	1.79	NA
Privolzhskiy Federal District	N.A.	N.A.	1.93	1.02	1.29	1.33	1.72	NA
- Bashkortostan republic	1.37	1.41	2.01	0.89	1.43	1.30	1.92	NA
- Tatarstan republic	1.46	2.35	4.10	1.93	2.23	2.86	3.63	NA
- Orenburg oblast	1.13	0.84	1.39	0.51	1.15	1.02	1.01	NA
- Samara oblast	1.44	1.15	1.87	0.75	1.16	1.26	1.63	NA
- Saratov oblast	1.14	1.04	1.86	0.74	1.08	1.13	1.47	NA
Ural Federal District	N.A.	N.A.	1.67	0.97	1.47	1.16	1.60	NA
Siberian Federal District	N.A.	N.A.	1.27	1.16	1.14	1.50	1.64	NA
- Altay Kray	1.22	0.85	0.91	1.00	0.88	1.38	1.34	NA
- Krasnoyarsk Kray	1.45	1.50	1.81	1.65	1.48	1.86	1.91	NA
- Novosibirsk oblast	1.24	1.17	1.38	1.17	1.19	1.70	1.91	NA
- Omsk oblast	1.18	1.13	1.27	0.99	1.25	1.53	2.00	NA
Far-Eastern Federal District	N.A.	N.A.	1.15	1.07	0.88	0.89	0.99	NA

* For CY 2002 Post calculated average grain yields as grain production per sown area, and it will be lower than the official yield data, not available yet, which will be given as production per harvested area.

Source: State Statistical Committee of the Russian Federation, regional data are not available for CY 2002.

Table 1 b. Yields as Production in Metric Tons per 1 Hectare of Sown Area. (Post calculations)

	1991-1995	1996-2000	1997	1998	1999	2000	2001	2002*
Russia, total	1.48	1.32	1.65	0.94	1.17	1.44	1.80	1.80
Central Federal District	N.A.	N.A.	1.73	1.27	1.08	1.56	1.91	2.06
North-Western Federal District	N.A.	N.A.	1.21	0.95	0.73	1.30	1.37	1.21
Southern Federal District	N.A.	N.A.	1.92	1.34	1.88	2.08	2.54	2.70
- Krasnodar Kray	3.51	2.99	3.08	2.41	3.37	3.45	3.79	4.09
- Stavropol Kray	2.61	2	2.01	1.92	1.89	2.10	2.56	3.14
- Rostov oblast	2.25	1.43	1.54	1.21	1.43	1.63	2.27	2.34
- Volgograd oblast	1.57	0.92	1.42	0.45	0.66	1.17	1.64	1.56
Privolzhskiy Federal District	N.A.	N.A.	1.88	0.62	1.04	1.26	1.59	1.59
- Bashkortostan republic	1.37	1.41	1.99	0.66	1.32	1.27	1.58	1.86
- Tatarstan republic	1.46	2.35	3.51	1.15	1.62	2.13	3.23	3.19
- Orenburg oblast	1.13	0.84	1.37	0.00	0.99	1.00	0.99	1.01
- Samara oblast	1.44	1.15	1.86	0.45	1.11	1.25	1.56	1.50
- Saratov oblast	1.14	1.04	1.85	0.39	0.86	1.11	1.25	1.42
Ural Federal District	N.A.	N.A.	1.64	0.77	1.39	1.09	1.49	1.27
Siberian Federal District	N.A.	N.A.	1.05	0.96	0.90	1.26	1.56	1.31
- Altay Kray	1.22	0.85	0.58	0.89	0.73	1.29	1.31	1.28
- Krasnoyarsk Kray	1.45	1.5	1.80	1.39	1.24	1.61	1.91	1.62
- Novosibirsk oblast	1.24	1.17	1.26	0.95	0.99	1.53	1.88	1.41
- Omsk oblast	1.18	1.13	1.18	0.76	0.90	0.97	1.99	1.34
Far-Eastern Federal District	N.A.	N.A.	0.92	0.94	0.75	0.64	0.86	1.31

Source: Post calculations are based on official State Statistical Committee statistical data on production and sown area.

Note: Due to restructuring of administrative regions in 2000, data for the new federal districts are not available for 1985-1995.

Seeds Supply and Production by Commodities

There is no official data on planting seeds production, availability, and distribution, therefore Post used data from unofficial sources. Accordingly Post estimates that the seed supply has improved for most commodities. Total grain seed requirements are estimated by the Ministry of Agriculture at 8.2-8.5 mmt, while the grain seed supply is estimated by experts at 9.0-9.5 mmt. Thus, farmers will have enough seeds for spring sowing in 2003, especially considering that the area sown to winter grains in the fall 2002 decreased which in turn decreased the consumption of grain seed and the necessity to re-sow area damaged by winter kills. Thus, the scope of spring grain planting operations will be determined by economic factors and the forecast grain price rather than availability of seeds.

Table 2. Yields by Selected Crop

Crop	1991-1995 (avg.)	1996-2000 (avg.)	1996	1997	1998	1999	2000	2001	2002 (prelim.)
Wheat	1.61	1.59	1.55	1.84	1.35	1.57	1.61	2.06	2.07
Rye	1.56	1.50	1.49	1.92	1.02	1.47	1.58	1.88	1.90
Barley	1.55	1.55	1.51	1.76	1.38	1.43	1.67	2.01	1.97
Oats	1.24	1.36	1.39	1.61	1.18	1.13	1.47	1.71	1.56
Corn	2.52	2.24	2.35	3.13	1.63	1.97	2.12	1.79	2.83
Millet	0.19	0.90	0.64	1.27	0.84	0.93	0.82	0.79	0.85
Buckwheat	0.45	0.60	0.49	0.68	0.57	0.59	0.69	0.54	0.54
Rice	3.49	2.82	2.48	2.34	3.04	2.74	3.49	3.49	3.74
Peas and pulses	1.16	1.29	1.36	1.46	1.12	1.07	1.42	1.79	1.59
Sunflowers	0.99	0.77	0.71	0.79	0.7	0.74	0.9	0.78	0.98
Soybeans	8.8	8.4	7.2	8.8	7.8	8.3	10.1	9.4	NA
Rapeseed	NA	0.64	0.66	0.62	0.63	0.65	0.66	NA	NA
Sugar beets	17.8	15.82	15.2	14.8	13.4	16.9	18.8	19.9	21.8
Potato	8.8	10.5	11.4	11.1	9.7	9.7	10.4	10.9	10.3
Vegetables	13.8	14	13.7	14.1	13.4	14.3	14.5	15.5	15.2

Data in Metric Tons per Harvested Hectare

Wheat and barley remain the most important grain crops by area and output. The share of wheat in the total grain crop in 2002 increased to 58.5 percent from 55.2 percent. In contrast the share of the barley decreased from 22.9 percent in 2001 to 21.6 percent in 2002. Lower stocks of barley and the continued strong demand will probably stimulate farmers to sow more barley in 2003. The availability of seeds is considered adequate for both crops.

In 2003, the area sown to grains and legumes is forecast to decrease. Low grain prices at harvesting led to a decrease in farmers' incomes and therefore a decreased incentive for winter sowing. So, winter grain sown area in the fall 2002 was two million hectares smaller than the previous year. Additionally, due to severe cold and the absence of snow, winter kills are expected on five million hectares or twenty percent of sown area. In order to compensate for this damage, farmers are expected to increase spring field sowing. Currently, they have enough seeds to re-sow, but will be short of operating capital. At present grain losses due to winter kills and decreased winter grain sown area are estimated to amount to eight million metric tons. In any case, yields of spring wheat, for example, are lower than yields

of winter wheat, although the quality may be better. In the year 2003 grain crop will highly depend on the financing of spring fields operations.

Wheat

The potential yields of wheat seeds has been improving in the last three years increasing from 1.83 tons per hectare in 1995 to 2.91 in 2001. However, the quality of wheat has deteriorated. From 1998 to 2001, the average protein content decreased from 13 percent to 11.81 percent and the mass share of gluten decreased from 23 percent to 20 percent. Table 3 compares yields of winter and spring wheat in the period 1995-2002, illustrating that yields of winter wheat are higher than yields of spring wheat.

Table 3 Yields of wheat, tons per 1 hectare of harvested area

	1995	1996	1997	1998	1999	2000	2001	2002
Winter wheat								
Russia, total	1.80	1.93	2.41	1.83	2.23	2.23	2.91	NA
Central Federal District	1.47	1.85	2.48	2.02	2.00	1.92	2.76	NA
North-Western Federal District	1.67	1.39	1.69	1.52	1.63	1.95	1.88	NA
Southern Federal District	2.28	2.10	2.45	2.12	2.68	2.67	3.25	NA
Privolzhskiy Federal District	1.10	1.68	2.25	9.6	1.65	1.70	2.15	NA
Ural Federal District	1.52	1.17	1.50	1.02	1.98	1.50	1.52	NA
Siberian Federal District	1.95	1.47	1.45	0.86	1.08	1.94	1.74	NA
Far Eastern Federal District	1.36	1.40	1.43	1.46	0.75	1.32	1.37	NA
Spring Wheat								
Russia, total	1.17	1.31	1.53	1.08	1.11	1.27	1.57	NA
Central Federal District	1.41	1.52	1.74	1.49	1.11	1.31	1.73	NA
North-Western Federal District	0.98	1.35	1.15	1.01	0.95	1.24	1.44	NA
Southern Federal District	0.84	0.72	1.13	0.92	0.96	1.13	1.21	NA
Privolzhskiy Federal District	1.05	1.50	1.82	0.94	1.15	1.13	1.53	NA
Ural Federal District	1.23	1.22	1.58	0.93	1.48	1.12	1.57	NA
Siberian Federal District	1.23	1.23	1.25	1.17	1.13	1.44	1.60	NA
Far Eastern Federal District	0.90	1.00	1.12	1.08	0.90	0.90	1.05	NA

Barley

Because of the rapid expansion of domestic beer production, demand for locally produced malt and malting barley increased significantly. Brewing companies are investing in production of low protein malting barley and are also testing foreign varieties including the French variety "Scarlet", which was registered for production in European Russia. The brewing company which invested in this seed project is going to expand the area sown to this variety in order to produce enough to fill the capacity of its newly constructed malt factory.

Sunflowerseeds

Sunflowerseeds production in 2002 increased to 3.63 mmt, 35 percent up from 2001. Good weather was the most significant reason for this improvement, but the quality of seeds was also much improved due to investment by the expanding oil-crushing industry.

Vegetable Seeds

Vegetable production fell in 2002 due to a very hot summer rather than a shortage of seeds. Commercial production of staple vegetables is concentrated in large farms which acquire seeds mostly from the Sourtsemovosh (a former government agency which is the main distributor of vegetable seeds), while more than one hundred private commercial companies supply a wide range of vegetable seeds, including staple vegetables, to smaller farms and household gardens. Recently these private companies expanded the supply of seeds to big industrial farms on a commercial basis. Soyuzsemovosh is also considered to be a commercial farm, but it has access to federal outlays for the seed industry and provides seeds on special terms to some industrial enterprises.

Seeds of Horticultural Crops

Trade horticultural crop seeds increased and diversified along with improvements in domestic incomes. This trade is mostly in the hands of commercial seed trading companies.

Sugar Beet Seeds

Sugar beet seed supply continues to improve due to increased vertical integration in the sugar industry. In 2002 yields of sugar beets (calculated as production per harvested area) increased significantly, although many fields were left unharvested due to early snowfalls in the fall of 2002.

Potato Seeds

Potato production in 2002 fell ten percent and this may have created some problems in the supply of good seeds, especially considering that potato production is concentrated in small farms or private orchards and very often potatoes are saved from the previous crop. This deteriorates the yields of potatoes and makes them more vulnerable to different diseases.

Fodder Grass Seeds

Fodder grass seed production and marketing continue to increase in 2002 being driven by increasing demand for a wider range of feeds.

Seed Quality

Yield is not the only indicator of seed quality and the importance of other factors differs by crop. For garden vegetables and flowers, the most progressive seeds producers and traders improve the marketing of their seeds by selling coated seeds and seeds on strips. Coated seeds contain different chemicals, which protect the seed, however the use of coated seeds is up to 12 times less than the ordinary seeds because these seeds are more expensive. Seeds on strips allow easy planting of flower-beds with many different flowers on the same strip.

In the last ten years, Russian farmers have moved from a system whereby they were given seeds along with a production plan, to a system based on the principles of a market economy choosing those crops currently in the biggest demand. However, according to some representatives of the seed industry, the Russian climatic conditions put natural limitations on these choices. About 96.5 percent of agricultural land in Russia is in the permafrost zone. No other country has such a big percentage of cold soils, which can only be used for growing plants with short vegetation period. Spring and fall periods are very short and require a significant amount of equipment and labor for cultivation. Additionally, over 70 percent of agricultural land is in zones of inadequate precipitation. In this situation the choice of varieties and hybrids is a crucial factor.

The main factor that authorities consider in registering new varieties and hybrids is a higher-than-normal yield. Given that in many cases it is easier to get higher yields by increasing the vegetation period, the great majority of recently registered new varieties (including foreign varieties and hybrids) have higher yields. Also because of the warming of the Russian climate, in many regions it is possible to start sowing grain a week earlier than 65-70 years ago. However, several factors are decreasing actual output of these varieties. First, harvesting is being extended by 10-15 days moving into the most busy period of the fall when scarce resources are stretched between many crops and winter sowing in a very short and weather risky period. This leads to big losses of grain and decreases the yields much below the crop's potential. Thus, specialists consider that the Russian climate also requires a decrease in the vegetation period below the norm. The second factor is the creation of varieties and hybrids with low technological characteristics: i.e. food quality wheat with gluten below 23 percent, brewing barley which does not meet the five major international requirements, vegetables with low content of water-soluble sugars, etc. The third factor is that varieties are out of touch with technology. According to some specialists, the real input of variety vs technology in crop production is 50:50, i.e. technology plays at least half of the role in final yield. Many farms don't use modern farming methods, thus decreasing the yield potential. The last factor is that the maximum effectiveness of the new varieties is reached in breeding institutions under optimal conditions and not on ordinary farms.

Only those foreign planting seeds which are specifically designed for the Russian climate in different models can effectively compete and win in the Russia market.

Consumption

Planting seeds utilization increased in 2002, but the financial condition of Russian farmers deteriorated and the purchase of higher quality seeds for sowing in 2003 may be a reduced. Experts estimate that by value, 70 percent of all seeds condemned in Russia are grain, 20 percent are vegetables, five percent are sunflower, and five percent are sugar beets.

Trade

No changes have been made to the procedure of imports of seeds described in the Post Annual Seed Report 2002 (please see RS2004). As before, official trade statistical data provided limited information on seeds.

Table 4. Imports of Planting Seeds, CYs, Metric Tons

Seed types	CY 1999	CY 2000	CY 2001	CY 2002
Potato seeds (0701.10)	27,7942.0	119,964.0	17,039.0	6,437.0
Corn, seeds (1005.10)	25,255.5	29,818.2	8,380.7	4,990.0
Oats, all (1004.00)	17,845.5	48,105.2	6,100.6	2,996.2
Sugar Beets, seeds (1209.11)	418.9	379.5	430.4	459.9
Red Beets, seeds (1209.19.000)	218.9	671.9	259.2	0.0
Total field grasses:	706.3	3,257.4	2,017.2	2,429.0
Alfalfa, seeds (1209.21.000)	26.5	2,146.3	76.2	121.0
Clover seeds (1209.22)	33.0	63.0	113.0	111.6
Fescue grass, seeds (1209.23)	71.5	106.8	143.1	141.8
Kentucky blue grass, seeds (1209.24)	34.6	55.3	70.1	136.7
Rye grass seeds (1209.25)	113.9	303.4	274.8	219.3
Timothy grass seeds (1209.26)	5.7	13.7	8.4	1.3
Seeds of other feed crops (1209.29)	421.0	568.9	1,331.7	1,697.3
Seeds of herbaceous plants (1209.30)	66.4	20.4	30.0	40.0
Seeds of vegetables, all (1209.91)	666.4	939.0	434.0	436.8
Seeds of other herbaceous and forest plants (1209.99)	110.6	335.1	186.8	214.4

Sources: State Statistical Service, Russian Customs Statistics. Data for 1996-2000 in Metric Tons

Official imports of seeds of corn, potato, oats and red beets decreased in 2002 due to several different factors. First, a decrease in the official data of imports of seeds of corn reflects changes in the routes of shipments rather than an actual decrease in the shipped volumes. Russia turned to imports of seeds of corn from or through Ukraine and some shipments are not shown in customs data because of informal trade. Seeds of corn from the CIS countries (Ukraine, Moldova) are much cheaper and they are included in the State Register. The crisis of August 1998 practically discontinued commercial imports of corn seeds and over 90 percent of corn seeds imports in CY 1999 and 2000 were humanitarian seeds shipments from the U.S. CY 2001 was the first year after the crisis when commercial seeds imports started to recover and reached almost 8,381 metric tons.

Second, in 2002 the share of the area sown to wheat increased at the expense of other grain crops.

Third, red beets are not considered to be a staple product any more. They are produced in industrial quantities in big joint stock companies, and imports of different varieties of red beets for private orchards and small farms, Post assumes, is now reflected in seeds of vegetables (code 1209.91) imports.

Fourth, imports of potato seeds decreased because most farmers and owners of private plots started using domestic seed research in potato seed breeding. However, a poor potato crop in 2002 may stimulate imports of potato seeds in 2003, if they are not restricted by the registration procedure. Until 2001, seed potatoes imports were duty free, while commercial potato imports were subject to a 25 percent import tariff. During years of low domestic production, potatoes destined for food use were sometimes imported as seed potatoes. This is reflected in the inaccuracy and variability of available customs data. Since 2001, data on imports of potato seeds are more accurate.

Imports of sugar beet seeds continues to rise, but at a slow pace due to organized and stable imports of seeds by large vertically integrated sugar producing companies.

Imports of planting seeds (HS Code 1209) increased from 3,358 metric tons in CY 2001 to 3,580 metric tons in CY 2002. Thus, imports are still lower than in 1999 and 2000, when a significant portion of seed imports were shipments of humanitarian seeds from the U.S. The main suppliers of seeds remain Denmark, Germany, Netherlands (by volume) followed by the Ukraine and France. Imports from over 25 other countries do not exceed 100 metric tons each.

Tariffs

Table 5 provides information on current import and export tariffs for planting seeds. There are no changes in the import tariffs except one: all tariffs that were marked a year ago as temporary were made permanent by the new tariff legislature.

Trade in seeds within the members of the Customs Union (Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan) remains duty free.

Table 5. Import and export tariffs for planting seeds

Code	Commodity	Import	Export
0701 10 100 0	Potato seeds	5%*	Free
1001 10 100 0	Durum wheat seeds	5%	17%
1001 90 100 0	Wheat seeds, other	5%	7%
1001 90 910	Soft wheat seeds	5%	7%
1003 00 100 0	Barley seeds	5%	Free
1004	Oat (including seeds)	5%	Free
1005 10	Corn seeds	5%	10%
1006 10 100 0	Raw rice for sowing	10%	Free

1007 00 100 0	Grain sorghum seeds	5%	Free
1008	Buckwheat, millet and canary seed , other cereals (including seeds of these cereals)	5%	
Chapter 12 (Seeds for sowing)	Oilseeds and Oleaginous, Fruits, Miscellaneous Grains, Seeds and Fruit; Industrial Or Medical Plants; Straw and Fodder	5%	Free
	Except:		
1201 00 100 0	Soybean seeds for sowing	5%	10% but not less than 20 ECU per 1,000 kg
1205 00 100 0, 1205 90 000 1	Rape and colza seeds, for sowing	5%*	10% but not less than 20 ECU per 1,000 kg
1206 00 100 0	Sunflowerseeds for sowing	5%*	10% but not less than 15 ECU per 1,000 kg
1207 50	Mustard seeds (including for sowing)	5%	10% but not less than 25 EURO per 1,000 kg

Grains, oilseeds and some grass seeds are subject to ten percent Value-Added Tax while seeds for lawn grasses, vegetables, and flowers face a 20 percent rate.

Stocks

Data on stocks of seeds is not available. The only exception is information from different sources on the availability of grain suitable for planting. These estimates vary from 8 to 9.5 million metric tons.

Policy

Plant Variety Protection and Seed Certification.

The "soft" procedure for registration of selection achievements for the "not widely used" plants, described in the Post Planting Seeds Annual 2002 (RS2004) has been extended. The independent seed companies continue lobbying for the same procedure for seeds of all vegetables. However, this is restrained by the lobbying of Russian researchers who want to continue to register seeds of staple vegetables, like carrots, cabbage, tomato, and cucumbers.

Research

In the Federal Law on the 2003 Federal Budget there is no information whether any additional funds are allocated to development of the Federal Seeds Fund. Financing of research and development in seed breeding is becoming more and more the responsibility of the private industrial companies and local oblast authorities. Additionally, royalties have started to play a more significant role as companies are forced to compete in a market economy. Farmers are having a difficult time getting used to the concept of paying for seeds, which is why only an estimated 800,000 out of 9.5 million tons of seeds are traded commercially. However, this makes the seed industry and the seed market heavily dependent on the financial solvency of farmers. Given that in 2002 the financial status of many Russian farmers, especially in the grain industry worsened, demand for better quality grain seeds may decrease in favor of shared seeds

Trends in Research

The major impetus for seed research is breeding in traits to make plants more amenable to the Russian climate, such as decreasing the period of vegetation and increasing winter resistance. Breeders are also concerned with resistance to pests. The Colorado Beetle is a major concern causing an estimated 1.5 billion dollars in damage annually and there are already potato varieties being developed which are resistant to this pest.

Licensing and Marketing

Please see RS2004 as there have been no changes from this report.