USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 11/2/2004

GAIN Report Number: RS4060

Russian Federation

Grain and Feed

November Update

2004

Approved by:
Allan Mustard
American Embassy Moscow

Prepared by:
Dorothy Adams and Yelena Vassilieva

Report Highlights:
Total grain production is estimated at 75.8 million metric tons (mmt), including 43.8 mmt of wheat. The quality of wheat is worse than last year. However given the larger crop, the volume of milling wheat will meet the demand of the domestic baking industry. Exports will remain high at 5 mmt. A smaller barley crop will result in decreased exports and in the substitution of wheat for barley in the alcohol and feed industries. Rye will also be in short supply and both imports and prices will increase. The corn crop is forecast to exceed 2 mmt; however, high demand from feed millers will keep imports high.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

Table of Contents

Production

According to the Ministry of Agriculture (MinAg), the bunker weight of this year's crop as of October 11 was 81.5 mmt, including 46.4 mmt of wheat harvested from 41.3 million hectares (97 percent of total sown area). Yields have been decreasing as harvesting moves eastward and the average yield in September was only 1.97 tons per hectare, compared with 2.96 tons per hectare reported at the end of August. The average yield of wheat was 2.12 tons per hectare, or 0.34 tons higher than last year. The yields of other grains have not been reported, but are generally expected to be lower than last year.

Grain Quality

Seventy-five local laboratories of the State Grain Inspection Service inspected over 31 mmt of various grains by the end of September with the following results:

- **Wheat:** This year there is eight mmt more "food quality" wheat (includes milling and milling/feed wheat) than last year, although the percentage of wheat that meets this standard in the total crop is slightly lower (71 percent compared to 73 percent). However, there is only 1.5 mmt more top quality milling wheat a drop, of 13 percent from last year.

- **Rye:** The percentage of food quality rye increased from 74 percent in 2003 to 81 percent in 2004. But given that production decreased from 4.2 mmt to slightly over 3.0 mmt, the available volumes of food rye will decrease.

- **Barley:** This year only 38 percent of the barley crop meets state standards for malting barley; the rest will be classified as feed quality.

- **Oats:** Of all the oats examined, only seventeen percent met food quality requirements (Altay kray, Kursk, and Samara oblasts).

- **Rice:** The share of non-standard [broken] rice in Krasnodar kray and Rostov oblast will be higher this year than last year.

The first round of examinations has shown that with the exception of wheat, less grain will be available for food consumption. In the baking, confectionary, and alcohol industries, the shortage of some grains can be easily replaced by milling wheat. However, the production of specific barley, millet and oat groats, and beer will require imports (rye flour, malting barley or malt, improvers for bakeries, etc). According to the Chairman of the Union of Flour and Groat Mills, the smaller supply of food quality grains last year, including milling wheat, resulted in a rapid deterioration in the quality of bread and the necessity to import all ingredients for pasta production. According to the same source, it is almost impossible to find high quality hard wheat on the domestic market and the availability of soft wheat is rapidly decreasing. Soon it will be difficult to find the needed 18 mmt of milling quality soft wheat for bread production domestically.

Trade

Total exports are estimated by MinAg to range from 6 to 10 mmt. Analysts doubt Russia will export more than 8 mmt due to high domestic prices (wheat prices range from 4,200 R per metric ton for class 3 wheat to 3,200 Rubles for class 4 wheat- 28.78 RUR = $1) and more intense competition in foreign markets. Official export data is not yet available, but experts estimate that in July through September 2004, Russia exported over 2.8 mmt, including almost 2.6 mmt of wheat, 0.6 mmt more than last year. Barley exports were only 235,000 metric tons, almost 860,000 tons less than last year. Exports are forecast to stop in December.

Crops

Wheat

Feed consumption is forecast to increase to 14.1 mmt reducing stocks.

PSD Table

Country Russian Federation

Commodity Wheat (1000 HA)(1000 MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	25700	25700	22150	22150	24000	24200
Beginning Stocks	6479	6479	6133	6133	2533	2203
Production	50550	50550	34100	34100	43500	43800
TOTAL Mkt. Yr. Imports	1045	1045	1000	1000	1500	1500
Jul-Jun Imports	1045	365	1000	1000	1500	1500
Jul-Jun Import U.S.	0	0	14	0	0	0
TOTAL SUPPLY	58074	58074	41233	41233	47533	47503
TOTAL Mkt. Yr. Exports	12621	12621	3200	3900	5000	5000
Jul-Jun Exports	12621	12621	3200	3900	5000	5000
Feed Dom. Consumption	16000	16000	12500	11455	13500	14100
TOTAL Dom. Consumption	39320	39320	35500	35130	37500	37800
Ending Stocks	6133	6133	2533	2203	5033	4703
TOTAL DISTRIBUTION	58074	58074	41233	41233	47533	47503

Barley

The barley crop is lowered to 18.2 mmt based on lower expected yields. Imports, mainly malting barley, will rebound to 400,000 metric tons, while exports will decrease to 1.7 mmt.

PSD Table

Country Russian Federation

Commodity Barley

(1000 HA)(1000 MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	10250	10250	10100	10500	10000	10600
Beginning Stocks	4387	4387	4706	4706	2006	1506
Production	18700	18700	18000	18000	18500	18200
TOTAL Mkt. Yr. Imports	251	251	400	400	300	400
Oct-Sep Imports	275	275	400	400	300	400
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	23338	23338	23106	23106	20806	20106
TOTAL Mkt. Yr. Exports	3132	3132	2500	3000	2000	1700
Oct-Sep Exports	3066	3066	2600	3000	2000	1700
Feed Dom. Consumption	10700	10700	13700	13700	11600	11600
TOTAL Dom. Consumption	15500	15500	18600	18600	16600	16600
Ending Stocks	4706	4706	2006	1506	2206	1806
TOTAL DISTRIBUTION	23338	23338	23106	23106	20806	20106

Corn

According to MinAg, as of October 11, 910,000 metric tons of corn was harvested from 202,000 hectares (22 percent of the total corn area), with an average yield of 4.51 tons per hectare, almost 0.9 tons higher than last year. The production forecast is increased to 2.25 mmt. The additional corn will be used primarily for industrial consumption, not for feeding.

PSD Table

Country Russian Federation

Commodity Corn

(1000 HA)(1000 MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	550	544	700	700	800	700
Beginning Stocks	76	76	113	113	163	163
Production	1550	1550	2100	2115	2000	2250
TOTAL Mkt. Yr. Imports	99	99	500	500	600	600
Oct-Sep Imports	99	99	500	500	600	600
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	1725	1725	2713	2728	2763	3013
TOTAL Mkt. Yr. Exports	12	12	0	0	0	0
Oct-Sep Exports	12	12	0	0	0	0
Feed Dom. Consumption	1200	1200	2150	2150	2200	2200
TOTAL Dom. Consumption	1600	1600	2550	2565	2600	2850
Ending Stocks	113	113	163	163	163	163
TOTAL DISTRIBUTION	1725	1725	2713	2728	2763	3013

Rye

Rye production (the second most important food crop in Russia) is forecast to decrease to 3.5 - 3.6 mmt, and imports will increase to over 150,000 metric tons to compensate. Flour imports from traditional Russian neighbors (Ukraine, Belarus or through Belarus from EU) may not be shown in the Customs data.

PSD Table

Country Russian Federation

Commodity Rye

(1000 HA)(1000 MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	3750	3750	2350	2350	2000	3000
Beginning Stocks	1096	1096	1805	1805	330	330
Production	7150	7150	4200	4200	3600	3600
TOTAL Mkt. Yr. Imports	0	0	0	0	100	100
Oct-Sep Imports	0	0	0	0	100	100
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	8246	8246	6005	6005	4030	4030
TOTAL Mkt. Yr. Exports	291	291	175	175	0	0
Oct-Sep Exports	414	414	50	50	5	5
Feed Dom. Consumption	1750	1750	1100	1100	400	400
TOTAL Dom. Consumption	6150	6150	5500	5500	3800	3800
Ending Stocks	1805	1805	330	330	230	230
TOTAL DISTRIBUTION	8246	8246	6005	6005	4030	4030