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## Russian Federation

### Grain and Feed

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**Report Highlights:**

Total production increased to 78 million metric tons (mmt), a sixteen percent increase from the previous year, due to a good winter wheat crop. Exports of wheat are forecast to increase to 6 mmt, almost double last year's, while exports of barley are forecast down by more than 1.1 mmt. Low rye production will result in increased imports. Tight balances of both milling quality wheat and rye will result in continued increases in bread and bread product prices. However, this increase will be slow and in the absence of elections or other political events, will not motivate the GOR to take action to control prices.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
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## Production

According to the latest official Rosstat data, Russia produced 78 mmt of grain in MY 2004, 16 percent more than last year. The reported bunker weight of the crop reached 84.2 mmt, meaning only 7.4 percent was lost. The total harvested area increased by 3.8 percent, while the average yield increase by 5.5 percent. However, this is not the result of new technologies or production practices, but rather the result of favorable weather. Production of wheat increased by 33 percent, while production of the other major grains (barley, rye, and oats) decreased by 8.4 percent. Production of rye, the second most important food crop, was at a record low – 2.7 mmt, a 31 percent decrease from last year. Corn was an exception in 2004. Production increased by 63 percent due both to higher yields and a larger sown area in the Southern Federal District, the only place in Russia where climatic conditions are good enough for commercial production.

**Table 1. Grain Production by Types of Grain, CY 2002 – 2004**

	2002	2003	2004 (prelim.)	2003 to 2004, percent
Wheat	50,609	34,062	45,306	33.01
Barley	18,738	17,968	17,200	-4.27
Rye	7,127	4,155	2,869	-30.95
Oats	5,694	5,175	4,948	-4.39
Millet	293	975	1,122	15.08
Buckwheat	302	525	650	23.81
Corn	1,563	2,113	3,458	63.65
Rice	490	450	465	3.33
Legumes	1,768	1,649	1,874	13.64
Other (difference)	28	127	137	
TOTAL	86,612	67,199	78,029	16.12

Source: Rosstat data.

The area sown to winter crops, according to the Ministry of Agriculture (MinAg), was 14.4 million hectares, almost 1.5 million hectares more than last year. However, it is still early and weather could make a significant difference. Even at this point some meteorologists caution that unusually warm weather in the European part of the country may result in a decrease in the winter survival of grain covered by ice.

## Trade

The import estimate for MY 2004 is almost 500,000 metric tons higher than the previous year due to increased imports of food quality wheat from Kazakhstan and at least 200,000 metric tons of rye despite almost 100,000 metric tons less of corn. During the period July through October 2004, Russia imported 510,000 metric tons of wheat and flour (in grain equivalent), 115,000 metric tons of barley from Denmark, Kazakhstan and Sweden, and almost 50,000 metric tons of rye from Germany and Ukraine (SovEcon data).

Total exports in MY 2004 are estimated at 7.26 mmt, a 13 percent increase from last year, including 6 mmt of wheat and 1.2 mmt of barley. Exports in the period July through December 2004 consisted mostly of wheat, 5.1 mmt in grain equivalent. Exports of barley in this period reached 510,000 metric tons, significantly less than in the same period last year. Trade normally slows down in December due to weather related problems at major shipping points and will be fairly light until the new crop is available.

**Stocks**

Stocks in 2004 are estimated at 9.3 mmt, more than 3.3 mmt higher than last year. However, this estimate could decrease if wheat exports accelerate over the next few months.

**Policy**

The most important recent grain policy initiative was the liquidation of the State Grain Inspection Service and the upcoming transition of all quality control functions of this organization to other agencies (See GAIN RS4066). If the transitional period lasts longer than expected, traders predict a significant increase in the number of court proceedings connected with disputes over quality assessments and a slow down in transparent grain trade.

Another important policy factor will be grain interventions, which were supposed to have been held in September or October 2004, but were not. The main reason for the delay is the stability of grain prices and a holdup in the adoption of the necessary GOR resolutions (See GAIN 5003). However, the Minister of Agriculture said recently that in 2005, about six million rubles will be available for interventions.

## Crop Items Production, Supply and Demand Estimates

Table 2. PSD, Wheat, 1,000 Metric Tons, 1,000 Hectares

<b>PSD Table</b>						
<b>Country</b>	<b>Russian Federation</b>					
<b>Commodity</b>	<b>Wheat</b>				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		07/2002		07/2003		07/2004
Area Harvested	25700	25700	22150	22150	24100	24200
Beginning Stocks	6479	6479	6133	6133	2619	2619
Production	50550	50550	34100	34100	44500	45300
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
<b>TOTAL SUPPLY</b>	58074	58074	41233	41233	48619	49419
TOTAL Mkt. Yr. Exports	12621	12621	3114	3114	6000	6000
Jul-Jun Exports	12621	12621	3114	3114	6000	6000
Feed Dom. Consumption	16000	16000	12500	12500	13500	13900
TOTAL Dom. Consumption	39320	39320	35500	35500	37500	37950
Ending Stocks	6133	6133	2619	2619	5119	5469
<b>TOTAL DISTRIBUTION</b>	58074	58074	41233	41233	48619	49419

Table 3. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares

<b>PSD Table</b>						
<b>Country</b>	<b>Russian Federation</b>					
<b>Commodity</b>	<b>Barley</b>				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		07/2002		07/2003		07/2004
Area Harvested	10250	10250	10100	10500	10000	10000
Beginning Stocks	4387	4387	4706	4706	2188	2188
Production	18700	18700	18000	18000	17500	17200
TOTAL Mkt. Yr. Imports	251	251	400	400	300	300
Oct-Sep Imports	275	275	400	400	300	300
Oct-Sep Import U.S.	0	0	0	0	0	0
<b>TOTAL SUPPLY</b>	23338	23338	23106	23106	19988	19688
TOTAL Mkt. Yr. Exports	3132	3132	2318	2318	1700	1200
Oct-Sep Exports	3066	3066	1800	1800	1700	1200
Feed Dom. Consumption	10700	10700	13700	13700	11300	11700
TOTAL Dom. Consumption	15500	15500	18600	18600	16300	16500
Ending Stocks	4706	4706	2188	2188	1988	1988
<b>TOTAL DISTRIBUTION</b>	23338	23338	23106	23106	19988	19688

Table 4. PSD, Rye, 1,000 Metric Tons, 1,000 Hectares

<b>PSD Table</b>						
<b>Country</b>	<b>Russian Federation</b>					
<b>Commodity</b>	<b>Rye</b>				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		07/2002		07/2003		07/2004
Area Harvested	3750	3750	2350	2350	2000	2000
Beginning Stocks	1096	1096	1805	1805	349	349
Production	7150	7150	4200	4200	3300	2870
TOTAL Mkt. Yr. Imports	0	0	0	0	100	200
Oct-Sep Imports	0	0	0	0	100	200
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	8246	8246	6005	6005	3749	3419
TOTAL Mkt. Yr. Exports	291	291	156	156	0	0
Oct-Sep Exports	414	414	50	50	5	5
Feed Dom. Consumption	1750	1750	1100	1100	300	300
TOTAL Dom. Consumption	6150	6150	5500	5500	3500	3200
Ending Stocks	1805	1805	349	349	249	219
TOTAL DISTRIBUTION	8246	8246	6005	6005	3749	3419

Table 5. PSD, Corn, 1,000 Metric Tons, 1,000 Hectares

<b>PSD Table</b>						
<b>Country</b>	<b>Russian Federation</b>					
<b>Commodity</b>	<b>Corn</b>				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
<b>Market Year Begin</b>		10/2002		10/2003		10/2004
Area Harvested	550	544	700	700	700	700
Beginning Stocks	76	76	113	113	163	163
Production	1550	1550	2100	2115	3000	3450
TOTAL Mkt. Yr. Imports	99	99	500	500	600	400
Oct-Sep Imports	99	99	500	500	600	400
Oct-Sep Import U.S.	0	0	60	0	0	0
TOTAL SUPPLY	1725	1725	2713	2728	3763	4013
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	2800	3100
TOTAL Dom. Consumption	1600	1600	2550	2565	3400	3650
Ending Stocks	113	113	163	163	363	363
TOTAL DISTRIBUTION	1725	1725	2713	2728	3763	4013

