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Report Highlights:
Total grain production in marketing year 2008 is forecast to increase by 2.6 million metric tons (mmt) to 84.5 mmt. Area sown to winter crops increased by 2.0 million hectares due to high domestic and international demand for grain that increased prices. Specialists forecast that production of winter grain crops will reach 37-40 mmt due to increased area sown, although yields may be lower than in 2007. Area sown to spring grains is also expected to increase over last year's levels. Wheat will account for 61 percent of the total grain crop. Grain imports will decline by 15,000 metric tons (MT) to 1.2 mmt. Russian grain exports are expected to increase by 8 percent to 14.5 mmt. Domestic food grain consumption will remain at 20.25 mmt. Feed consumption will likely increase by 1.06 mmt to 36.3 mmt. This increase will still fall short of meeting livestock and poultry producer demands.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Executive Summary

Total grain production in marketing year 2008 is forecast to increase by 2.6 million metric tons (mmt) to 84.5 mmt. This is predominantly due to a 2.4 million hectare increase in area harvested and improved agronomic practices. Area sown to winter crops increased by 2.0 million hectares due to high domestic and international demand for grain that increased prices. Specialists forecast that production of winter grain crops will reach 37-40 mmt due to increased area sown, although yields may be lower than in 2007. Area sown to spring grains is also expected to increase over last year's levels. This comes at the expense of oilseeds and industrial crops, such as sugar beets. Wheat will account for 61 percent of the total grain crop. Grain imports will decline by 15,000 metric tons (MT) to 1.2 mmt. Given the increase of international prices for wheat and barley, and the existing foreign market for Russian grain, Russian grain exports are expected to increase by 8 percent to 14.5 mmt. Domestic food grain consumption will remain at 20.25 mmt. Feed consumption will likely increase by 1.06 mmt to 36.3 mmt. This increase will still fall short of meeting livestock and poultry producer demands. If this forecast proves correct, prohibitive export duties will not be extended in MY 2008. Furthermore, domestic grain procurement interventions are not likely as market prices, although decreased from the spring 2008 level, will remain attractive for the commercial marketing of grain.

2008 General Outlook

Production

Total grain production in Russia is predicted to expand in MY 2008 by 2.6 mmt to 84.47 mmt (including milled rice) or 84.74 mmt (including rice in paddy equivalent). Wheat is expected to increase from 49.4 mmt to 51.2 mmt, barley – from 15.7 mmt to 17.7 mmt, while corn production is forecast to decrease slightly from 3.95 mmt to 3.8 mmt due to a decrease in the area sown (spring wheat is expected to replace corn in many areas with historically low yields) and problems locating quality seed corn. Rye and oat production will also decrease from 3.9 mmt and 5.4 mmt, in MY 2007, to 3.7 mmt and 4.9 mmt in 2008. This decline will occur predominantly due to expanded production of wheat and barley. Rice production will continue to increase at a slow pace and is predicted to reach 740,000 MT (up 31,000 MT) paddy basis, the equivalent of 470,000 MT of milled rice.

According to Roshydromet[1], at the end of February, the area sown to winter crops was 16.18 million hectares, up 2.02 million hectares (or 14 percent) from last year. According to estimates, at mid-March winterkill was calculated at the five-year average. Thus, area devoted to winter grain will be 1.8–1.9 million hectares more than in 2007. Area devoted to winter grains increased mainly in provinces in which modern agronomic practices have been widely adopted. Thus, in 2007 Rostov oblast devoted 1.85 million hectares to (fall) winter crops (primarily grain), a 16 percent increase from fall 2006.

As of March 1, 2008, winterkill was below the average level of 10 percent. The final harvest of winter grains will depend on weather conditions in March and early April. Farms that have suffered losses from frost are re-sowing. Moreover, in Rostov oblast 2.6 million hectares were plowed in the fall for spring sowing (*zyab'*), while 1.06 million hectares of previously fallow land was plowed. In Fall 2007 411,600 hectares were sown to winter crops in Kursk oblast, including 377,300 hectares of winter wheat, 29,300 hectares of winter rye, 5,000 hectares of triticale, and 120 hectares of winter barley. Ninety-four percent of the region's winter crops are in good condition, while 6 percent are in satisfactory condition due to late season planting. Spring fertilization continues as 16,600 hectares of perennial grasses have been sown.

[1] Roshydromet – Federal Service of the Russian Federation on Hydrometeorology and Monitoring of the Environmental Situation

According to Roshydromet, at March's end, plants were booting in southern parts of the Southern Federal District, which is 15-20 days earlier than the 5-year average, while in northern parts of the Southern Federal District, plants were tillering. As of March 31, 2008, throughout Russia farmers applied fertilizer to 6.0 million hectares of winter grain, almost 35 percent of the winter grain area. In the Southern Federal District, fertilizer was applied to 4.0 million hectares, or 54 percent of winter grain. In the Central Federal District, fertilizer was applied to 1.4 million hectares of winter grain (42.1 percent of total area planted). Farmers in Belgorod and Kursk oblast applied fertilizer to 85 percent of winter grain.

The Russian Ministry of Agriculture forecasts an increase in area sown to spring grains throughout Russia, but has yet to present definite estimates. In the Southern Federal District spring sowing started almost two weeks earlier than it did last year. As of March 11, 2008, 15 days before the average onset of spring sowing, several regions of the Southern Federal District (Stavropol kray, Krasnodar kray, Rostov oblast) had already started planting spring barley, green peas, and forage crops. As of March 31, 2008, 657,700 hectares were sown to spring crops throughout Russia, including 613,900 hectares in the Southern Federal District and 41,500 hectares in the Central Federal District. In the agricultural provinces of the Siberian and Ural Federal Districts farmers also plan to increase spring grain area. For example, in Tyumen' oblast producers plan to devote 716,000 hectares to grain and legumes, a 7.8 percent increase from 2007.

Input Supply

Due to increased farm incomes in 2007 and improved financing through subsidized credits, the supply of inputs in spring 2008 is more robust than a year ago, in spite of the increased prices of fuel, fertilizer, and other items.

Land Use Increase and Soil Improvement

According to Russian Minister of Agriculture Aleksey Gordeyev, the Ministry of Agriculture will make a concerted effort to increase soil fertility. The ministry plans to reclaim 700,000 hectares of unused agricultural lands in 2008. Measures to combat water erosion will be implemented on 19,500 hectares, while measures to combat wind erosion and desertification will be implemented on 45,000 hectares. Soil improvement, the adoption of modern agricultural technologies and issues concerning land ownership are all challenges that face Russian producers, and the Ministry of Agriculture aims to take a more proactive role in regulating these areas. To meet these ends, the Department of Land Policy and Property Relations was created within the Ministry of Agriculture and will be responsible for the development of pertinent legislative documents.

In March 2008 the Minister of Agriculture called for the adoption of minimum till and no-till practices for 40 percent of grain area sown. Whether or not these targets are reached in 2008, farmers will continue to adopt such technologies, which offer the side benefit of halving fuel consumption, to offset the rising costs of inputs such as fuel.

Due to high grain prices, large grain trading companies have increased investments in agricultural land. This will undoubtedly lead to an increase in grain production due to higher yields and more land-conscious agronomic practices. Given that most of these companies are exporters, increased grain production on their lands will result in a stable supply of grain exports. Very few of these companies have invested in livestock production; therefore, the dedication of company land investments to feed grain production is not likely.

Seed

The Ministry of Agriculture reports that, by mid-March 2008, the regions had accumulated 6.1 mmt of seed, 97 percent of the needed supply. In the Central Federal District, the supply of conditioned (*konditsionnyie*) seed increased 1.7 percent from last year, in the Southern

Federal District – 1.5 percent, in the Ural Federal District – 4.3 percent, and in the Far East Federal District – 10.3 percent.

The Ministry of Agriculture plans to increase the share of land sown with elite seed[2] to 8 percent of total area sown, an increase of 1 percent from 2007. Four hundred seventy seven million rubles have been allocated from the 2008 Federal budget to meet these aims. In addition, in an effort to ensure an adequate feed supply in the Far North, Federal subsidies for the purchase of seed have been allocated in the amount of 400 million rubles.

However, sources report that the acquisition of quality planting seed has been a major challenge this year, as planted area has increased and well-to-do farmers are interested in higher quality seed which cannot be found in the Russian market. The import of planting seed is limited by both price and Russia's stringent phytosanitary and seed registration regulations; however, demand has increased and, for places such as Stavropol, "seed production is an issue; everybody is running into seed shortages." Sources report that seed supply will seriously limit production of corn this year.

Fertilizer
By mid-March 2008 agricultural producers had accumulated approximately 1 mmt of mineral fertilizer (including 600,000 MT of nitrogen fertilizer), which is 137,000 MT more than mid-March a year ago. To properly fertilize crops in early spring, Russian farmers will need approximately 500,000 MT of nitrogen fertilizer.

According to the Ministry of Agriculture, 2 mmt (active ingredient basis) of mineral fertilizer will be applied this year, an 11 percent increase over 2007. However, rapidly increasing fertilizer prices may restrict the use of fertilizer. Specialists calculated that, in 2007, the cost of grain production, in the vertically integrated grain-livestock sector, increased by 5-8 percent for even the most efficient grain producers due to increased fertilizer prices.

The Russian Government has undertaken several steps to improve the situation. Starting in 2008, the Government will begin to subsidize partially the purchase of mineral fertilizer, as outlined in the "Federal Program for the Development of Agriculture and Regulation of Agricultural and Food Markets for 2008-2012"[3] (hereinafter referred to as, Federal Program 2008-2012). In 2008 2.3 billion rubles will be allocated for fertilizer procurement support, with an expected increase in mineral fertilizer acquisitions from 1.8 mmt in 2007 to 2.0 mmt in 2008. Furthermore, Russian Government Resolution No. 159, dated March 11, 2008 (published in *Rossiyskaya Gazeta* on March 19, 2008), sets export duties on mineral fertilizer in an effort to curb exports and increase supply in the domestic market. However, this measure will hardly achieve its stated goal; an adequate supply of fertilizer for grain producers will depend on the farmers' finances rather than government restrictions on fertilizer exports.

Energy
By mid-March 2008, the supply of diesel fuel saw a two-percent increase over last year's supply level during the period. Reported gasoline supplies have reached 98 percent of last year's level. As scheduled, natural gas prices will increase in early 2008 by 25 percent, and other fossil energy prices will increase by 15 percent, which may result in a further increase in fuel prices. However, fuel supplies should not present major problems for producers in 2008, as many of them had already procured stocks of fuel prior to the price increase.

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[2] "Elite" seed is equivalent to "foundation" seed.
[3] For more information on the Program see GAIN RS7005 *Federal Law "On Development of Agriculture"* and GAIN RS7051 *Government Program for Agriculture and for Market Regulation 2008-2012.*

Minister Gordeyev stated in a November 2007 address that, if by the end of the year price disparities are evident, the Ministry of Agriculture has the right, in accordance with the "Federal Program 2008-2012," to calculate what portion of Federal subsidies will be allocated to farmers due to the increase in energy prices. Recalculations have yet to be made, which leads to the conclusion that fuel prices are not the most important limiting factor.

Machines and Equipment
The Ministry of Agriculture forecasts that, in an effort to update machinery, farmers will purchase 23,000 tractors, 7,900 grain harvesters, and 3,000 forage harvesters in 2008. Furthermore, Rosagroleasing's charter capital will increase by 8 billion rubles.[4] According to the Ministry of Agriculture, the agricultural state program allocates 38 billion rubles in subsidies to compensate for a portion of the interest accrued by the purchase of agricultural machinery. Within the next five years, producers plan to renovate or replace 40 percent of the tractors, 50 percent of the grain harvesters, and 55 percent of the forage harvesters operated in the Russian Federation.

By mid-March, 78 percent of tractors were reported as operational, plows – 81 percent, cultivators - 82 percent, and seeders – 78 percent, which represents a 2-4 percent increase over 2007.

Domestic production of machinery has also increased. In 2007 Russia produced 36.3 percent more plows than in 2006, 38.6 percent more seeders, and almost 3 times the number of mineral fertilizer spreaders. However, farmers continue to purchase imported machinery, including tractors and harvesters, at an increased rate. In some regions, such as Stavropol, producers continue, and in some cases have expanded, their use of custom planting and cultivation services.

Finance
On January 1, 2008, agricultural producers started receiving 10-year loans for the purchase of machinery and equipment. For 2008 the total volume of subsidized credits will equal 279 billion rubles, including 120 billion rubles for short-term loans, 129 billion rubles in long-term loans, and 30 billion rubles for loans to small enterprises. The Federal allocation for these loans will equal 31 billion rubles.

Farm earnings increased significantly in MY 2007 and, at the onset of spring sowing, Russian grain farmers are in much better financial conditions than a year ago. For example, in Rostov oblast farmers produced 4.2 mmt of grain and 1.2 mmt of sunflower seed. This represents a decrease in production volumes from 2006; however, returns from grain sales increased by 1.3 billion rubles, and returns from sunflower seed sales increased over 2007 figures by 2.4 billion rubles.

Consumption
Total domestic grain consumption is predicted to increase to 71.34 mmt in 2008 (MY 2007 estimate - 70.57 mmt). Feed consumption will increase by 1.1 mmt to 36.3 mmt. Food consumption will decrease slightly from the estimated 20.26 mmt in MY 2007 to 20.24 mmt in MY 2008. Seed consumption is forecast to increase to 10.83 mmt (a 55,000 mt increase from MY 2007). Industrial grain consumption will decrease from 3.99 mmt to 3.67 mmt, due to high prices.

Food
Food grain consumption in Russia is decreasing and will not exceed 20.0 mmt per year. Experts predict that, if millers modernize facilities and decrease losses, they will have the

[4] Rosagroleasing (www.rosagroleasing.ru) is the state-owned agricultural leasing corporation.

capacity to produce approximately 15.0 mmt of flour, including 13.5 mmt of wheat flour and 1.5 mmt of rye flour. Due to an overall increase in incomes coupled with an increase in the cost of production, average flour prices in European Russia (wheat flour, grade 1) increased from $245 per metric ton in January-April 2007 to $375 by the end of December 2007 and to $493 per metric ton in mid-March 2008.[5] Restrictions on wheat exports resulted in an increase in wheat flour exports from Russia. Exported flour (in grain equivalent), although reported in the flour production data, is not included in the total volume of domestic grain consumption.

Feed

According to experts, delays in the development of the livestock national project have actually stabilized the feed situation. Some specialists even consider the stalling of implementation of the national hog production project a positive event, given that this priority project's goals could not have been reached due to feed shortages. It is estimated that a minimum 40 percent increase in feed availability would be needed to reach the goal of producing 582,000 mt of pork in 2008. Feed constitutes 60-70 percent of hog production costs, and the price of feed increased in 2007 in accord with grain prices; the weighted average price (without VAT) of feed increased from 6,400 rubles per 1 metric ton in January 2007 to 9,000 rubles in December 2007.

Trade

Given that international grain prices remain high and stable, and assuming that Russia's total grain production in 2008 will likely increase by 3 percent to 84.5 mmt, Russia's total grain exports may reach 14.4 mmt in MY 2008, a 7 percent increase from MY 2007. Wheat and wheat flour exports (in grain equivalent) will constitute 89 percent of total grain exports, with the total volume of wheat (including flour) exports predicted to reach 12.8 mmt. Barley exports are forecast at 1.55 mmt, a nearly 43 percent increase from MY 2007. Russia will continue to export rye; however, rye exports will decrease by more than 42 percent from the estimated 130,000 mt in MY 2007. Russia's corn exports will be limited to small levels of trade with neighboring countries and will not exceed 10,000 mt. Rice exports will not exceed 15,000 mt.

As a result of decreasing wheat imports, Russia's total grain imports will decrease by 45,000 mt to 1.2 mmt in MY 2008. An increase in Siberian wheat production and the re-orientation of Kazakhstan to alternative markets will result in a decrease in Kazakhstani wheat exports to Russia. Some increase in corn and rice is forecast; however, due to the high international prices of corn and rice, and the continued increase in domestic rice production, volumes will remain low, 130,000 mt of corn and 240,000 mt of rice.

Tariffs

Import tariffs on all grain (except rice and corn) are set at five percent. With the exception of planting seed, corn (HS number 10005 90 00 00) imports are duty free. The import tariff on rice is 70 Euro per metric ton. Import tariffs on wheat flour, wheat and meslin flour, corn flour, and rye flour are 10 percent of the Customs value.

The value-added tax on all grain and flour is 10 percent.

All grain was exported duty-free prior to November 2007. Starting November 10, 2007, temporary export tariffs were introduced for wheat and barley[6]. The export tariff on barley

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[5] Per capita personal income rose approximately 10 percent in 2007.

[6] GAIN RS7070 *Russian Government Resolution on Temporary Export Duties on Wheat and Barley*

was set at the prohibitively high level of 30 percent *ad valorem*, but not less than 70 Euro per metric ton. This export tariff is still in force and was recently extended to July 1, 2008.

At the same time in November, the export tariff on wheat was set at 10 percent *ad valorem*, but not less than 22 Euro per metric ton. However, on January 29, 2008, the export tariff on wheat was raised to 40 percent *ad valorem*, but not less than 105 Euro per metric ton. Originally planned to remain in effect until May 1, 2008, this export tariff has been extended to July 1, 2008. Oats, rye, buckwheat, triticale, and other grains, except wheat and barley, are exported duty-free. All flours (wheat, wheat and meslin, rye, corn) are exported duty-free.

Stocks
By the end of MY 2008, end-of-year grain stocks are predicted to reach 3.6 mmt, a 300,000 mt increase from MY 2007 estimates. Specialists estimate that grain stocks are presently 2.1 mmt short of supply "needed." The grain export ban (prohibitive tariffs) was designed to replenish these stocks.

As of March 1, 2008, Rosstat reported grain stocks on hand were 1.6 mmt (6.3%) lower than on March 1, 2007. Of the total of 23.2 mmt of grain reported in stocks, on-farm stocks accounted for 14.075 mmt, and warehouses and processors for 9.12 mmt. In other words, 61% of stocks on hand are on farm, a higher proportion than during the previous four marketing years. This indicates that farmers are holding back grain from the market in anticipation of higher prices.

Policy
In an effort to curb the export of wheat and barley from Russia, the Russian Government extended the prohibitive export duties on barley, wheat, and meslin to June 30, 2008. Given that Russia's grain crop could very well reach 84.5 mmt in 2008, Russia may discontinue prohibitive wheat and barley export duties. However, if the Government decides to create a system under which tariff revenues from grain exports are dedicated to support the domestic poultry industry through the partial compensation of poultry producers' feed expenses[7], or if the crop outlook takes a turn for the worse, the system of grain export duties may be extended.

On March 25, 2008, Minister of Agriculture Gordeyev set the minimum prices for grain procurement interventions. Procurement interventions will begin if 2008 grain prices decrease to the following levels: class 3 milling wheat produced in the Central, North-Western, Volga Valley, and Southern Federal Districts – 5,100 rubles per metric ton; class 3 wheat produced in the Ural, Siberian, and Far-Eastern Federal Districts - 5,000 rubles per metric ton; class 4 milling wheat – 4,900 rubles and 4,800 rubles respectively. The Government will begin purchasing food quality rye, class "A", when the price falls to 3,900 rubles per metric ton. This price was determined for all federal districts. Experts predict that grain market prices in MY 2008 will be higher than government procurement prices, resulting in the government not being able to purchase any grain in MY 2008.

If the 2008 crop reaches 84.5 mmt, Russia will have enough grain for domestic food consumption, and the grain (wheat) commodity interventions will not be needed. This is especially important given that the grain intervention reserve will be exhausted by the end of MY 2007. As of March 26, 2008, 69 percent of the intervention stock of Class 3 wheat and 57 percent of the intervention stock of class 4 wheat was sold, and the price in some cases reached 8,500 rubles per metric ton for Class 3 wheat (March 4, 2008) and 7,650 rubles per

[7] This idea will be discussed at a meeting with Prime Minister Zubkov in Belgorod oblast in the middle of April.

metric ton for Class 4 wheat (March 11, 2008). Moreover, in March millers started purchasing rye from the intervention fund, and by March 26, 2008, 44 percent of the food rye intervention stock was sold, with maximum prices reaching 6,300 rubles per metric ton. However, beginning mid-March the price of Class 3 wheat again decreased to 5,000 rubles, although the volume sold was small. No information has been made available concerning price freezing at the exchange sessions.

Results of state intervention sales, as of March 26, 2008, are as follows:

Table 1. Russia: State Intervention Grain Sales, metric tons, as of March 26, 2008

commodity	Starting Volume	Sales	Remainder
soft milling wheat, Class 3	1,256,769.964	866,888.000	389,881.964
soft milling wheat, Class 4	152,470.000	87,101.000	65,369.000
milling rye, Group A	42,670.000	18,855.000	23,815.000
TOTAL	1,451,909.960	972,844.000	479,065.964

The Russian government has announced intentions to stimulate production of grain, with a target of 100 mmt by 2012 and 120 mmt by 2020. The chief mechanism is intended to be reclamation of land abandoned during the 1990s, primarily through condemnation of these lands under an eminent domain provision of the Law on Trade of Agricultural Land, and their resale to producers.

A Final Review of 2007

Planted area and production data concerning different grains are presented in Tables 2 and 3. Although official production is reported at 81.76 mmt, some experts estimate that 2007 grain output reports were inflated by 5-10 percent (based on reportedly low stocks of grain on hand with processors and traders, and continued high domestic prices in spite of cessation of exports).

Planted and Harvested Area, Production, Yields

Table 2. Russia: Total Grain Area Planted, 2000–2007, 1,000 Hectares

	2000	2001	2002	2003	2004	2005	2006	2007 (prelim)
Wheat, total	23204	23765	25662	22186	24030	25399	23640	24398
- winter	7926	8525	10113	7412	8978	10364	8974	
- spring	15278	15240	15549	14774	15052	15035	14666	
Barley, total	9237	10127	10279	10165	9980	9137	9990	9668
- winter	533	648	677	497	547	492	485	
- spring	8644	9479	9602	9668	9433	8645	9505	
Rye	3559	3634	3804	2350	1895	2342	1785	2105
Oats (spring)	4581	4869	4269	3735	3569	3340	3612	3564
Corn for grain	813	684	625	730	918	868	1080	1566
Rice	175	154	149	156	133	145	164	163
Millet	1588	1214	581	830	1028	500	671	508
Buckwheat	1577	1594	837	735	940	918	1164	1301
Legumes	922	1076	1214	1275	1224	1113	1215	1104
Other	-20	103	54	33	28	23	36	
Total	45636	47220	47474	42195	43745	43785	43357	

Source: Rosstat, "SovEcon"

Table 3. Russia: Grain Production, 2000-2006, 1,000 Metric Tons

	2000	2001	2002	2003	2004	2005	2006	2007 (prelim)
Wheat, total	34455	46871	50609	34104	45413	47698	45006	49370
- winter	17178	24400	29751	14707	25948	28952	24695	
- spring	17277	22471	20858	19397	19465	18746	20311	
Barley, total	14079	19466	18738	18003	17180	15791	18154	15647
- winter	1767	2300	2554	1218	1992	1566	1735	
- spring	12312	17166	16184	16785	15188	14225	16419	
Rye	5445	6613	7139	4152	2872	3628	2965	3914
Oats (spring)	6008	7723	5694	5183	4955	4565	4880	5410
Corn for grain	1530	831	1541	2122	3516	3211	3669	3947
Rice	586	497	483	451	471	575	686	709
Millet	1123	548	292	975	1117	456	600	421
Buckwheat	998	570	304	525	650	606	866	1004
Legumes	1199	1802	1764	1649	1875	1630	1764	1299
Other	83	262	48	35	43	25	35	37
Total	65506	85183	86612	67199	78092	78185	78625	81758

Source: Rosstat, "SovEcon"

Wheat

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

PSD Table										
Country	**Russian Federation**									
Commodity	**Wheat**						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	23700	23700	23700	24500	24400	23510	0	0	24500	(1000 HA)
Beginning Stocks	3809	3809	3809	2380	2380	2380	2080	2050	2050	(1000 mt)
Production	44900	44900	44900	49400	49370	49370	0	0	51200	(1000 mt)
MY Imports	861	861	861	1000	1000	700	0	0	600	(1000 mt)
TY Imports	861	861	861	1000	1000	700	0	0	600	(1000 mt)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 mt)
Total Supply	49570	49570	49570	52780	52750	52450	2080	2050	53850	(1000 mt)
MY Exports	10790	10790	10790	12500	12000	12100	0	0	12800	(1000 mt)
TY Exports	10790	10790	10790	12500	12000	12100	0	0	12800	(1000 mt)
Feed Consumption	14100	14100	14100	15400	16000	15700	0	0	16000	(1000 mt)
FSI Consumption	22300	22300	22300	22800	22700	22600	0	0	22700	(1000 mt)
Total Consumption	36400	36400	36400	38200	38700	38300	0	0	38700	(1000 mt)
Ending Stocks	2380	2380	2380	2080	2050	2050	0	0	2350	(1000 mt)
Total Distribution	49570	49570	49570	52780	52750	52450	0	0	53850	(1000 mt)
Yield	1.89	1.89	1.89	2.02	2.02	2.10	0	0	2.05	(mt/HA)
								TS=TD		
								-2050		

The wheat export forecast for MY 2008 is 12.8 mmt, if special export bans or restrictions are not introduced.

Wheat imports, including 21,400 mt of wheat flour in grain equivalent, were 270,000 mt in July through February and will hardly exceed 700,000 mt in MY 2007 (this will depend on exports from Kazakhstan, including transit through Russia).

The MY 2007 estimate for Russian wheat exports (including wheat flour in grain equivalent) is 12.1 mmt. For July 2007 - February 2008, wheat exports reached 11.580 mmt. For the same period, wheat flour exports were 240,000 mt, or 336,000 mt in grain equivalent. Beginning January 29, through July 1, wheat exports are for all practical purposes banned due to imposition of prohibitive export duties. Exports of wheat flour will continue, but at a slower pace given the reportedly low stocks of milling-quality wheat.

Wheat export data include durum wheat. The total export volume of durum wheat is small, depends on availability in the domestic market, and varies significantly from year to year. In MY 2006 Russia exported 4,631 mt of durum to Azerbaijan and Mongolia. In MY 2007 Russian durum wheat exports will increase to 100,000 mt; in July–December 2007 Russia exported 98,512 mt of durum wheat, including 57,238 mt to Tunisia, 30,917 mt to Italy, 7,269 mt to Azerbaijan, and 3,022 mt to Greece.

Table 5. Export Trade Matrix, Wheat, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Wheat		
Time Period	July - June	Units:	1,000 mt
Exports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Egypt	2285	Egypt	3380
India	2041	India	1090
Bangladesh	942	Turkey	700
Georgia	619	Italy	595
Turkey	614	Libya	555
Yemen	507	Jordan	500
Tunisia	401	Tunisia	495
Azerbaijan	384	Greece	395
Israel	350	Azerbaijan	365
Italy	343	Israel	353
Total for Others	8486		8428
Others not Listed	2304		3672
Grand Total	10790		12100

Table 6. Import Trade Matrix, Wheat, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Wheat		
Time Period	Jul - Jun	Units:	1,000 mt
Imports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Kazakhstan	818	Kazakhstan	660
Lithuania	7	Lithuania	5
Estonia	3	Finland	4
Finland	3	Italy	2
Italy	2		
Belgium	1		
Total for Others	834		671
Others not Listed	27		29
Grand Total	861		700

Table 7. Prices Table, Wheat, US Dollars per Metric Ton

Prices Table			
Country	Russian Federation		
Commodity	Wheat		
Prices in	dollars	per uom	mt
Year	2007	2008	% Change
Jan	160	283	77%
Feb	159	330	108%
Mar	152	359	136%
Apr	155		
May	167		
Jun	202		
Jul	226		
Aug	219		
Sep	223		
Oct	225		
Nov	246		
Dec	245		
Exchange Rate		Local Currency/US$	
Date of Quote		MM/DD/YYYY	

Note: EXW European Russia Class 4 wheat prices (approximately 11.5 percent protein).

Wheat prices more than doubled on the domestic market in MY 2007. Given that the U.S. Dollar to Ruble exchange rate was falling, the price of wheat was increasing at even higher rates than are presented in the table. Class 4 wheat accounts for 80 percent of Russia's wheat exports. As of March 21, 2008, the average price of top-quality wheat flour in European Russia, ex-warehouse, was 12,620 rubles/mt ($529.47/mt).

Barley

The reported barley harvested area in 2007 is low, as it was calculated based on yields per harvested hectare. It actually reflects re-sowing rather than yield increases.

Actual barley imports in MY 2006 were 280,000 mt (World Trade Atlas data), 80,000 mt more than 2006. The MY 2007 barley export forecast is based on actual exports in July – February (1,010,590 mt) and assumes that, in spite of prohibitive export duties and very low barley stocks, high international prices will lure traders to export at least another 19,000 mt from farmer-owned reserves by the end of June (given that harvest will be in full swing in the Southern Federal District and assuming the barley forecast remains good).

Table 8. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	**Russian Federation**									
Commodity	**Barley**						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	10000	10000	10000	9800	9670	8370	0	0	9800	(1000 HA)
Beginning Stocks	873	873	873	1226	1226	1226	776	746	746	(1000 mt)
Production	18100	18100	18100	15650	15650	15650	0	0	17700	(1000 mt)
MY Imports	200	200	200	200	200	200	0	0	200	(1000 mt)
TY Imports	200	200	200	200	200	200	0	0	200	(1000 mt)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 mt)
Total Supply	19173	19173	19173	17076	17076	17076	776	746	18646	(1000 mt)
MY Exports	1547	1547	1547	1000	1030	1030	0	0	1500	(1000 mt)
TY Exports	1691	1691	1691	1000	1030	1030	0	0	1500	(1000 mt)
Feed Consumption	11800	11800	11800	10700	10700	10700	0	0	11750	(1000 mt)
FSI Consumption	4600	4600	4600	4600	4600	4600	0	0	4600	(1000 mt)
Total Consumption	16400	16400	16400	15300	15300	15300	0	0	16350	(1000 mt)
Ending Stocks	1226	1226	1226	776	746	746	0	0	746	(1000 mt)
Total Distribution	19173	19173	19173	17076	17076	17076	0	0	18646	(1000 mt)
Yield	1.81	1.81	1.81	1.60	1.62	1.87	0	0	1.81	(mt/HA)
								TS=TD		
								-746		

Table 9. Export Trade Matrix, Barley, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Barley		
Time Period	Jul - Jun	Units:	1,000 mt
Exports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Saudi Arabia	727	Saudi Arabia	378
Israel	140	Jordan	248
Tunisia	98	Tunisia	108
Greece	79	Kuwait	46
United Arab Emirates	63	Israel	44
Syria	61	Ukraine	44
Kazakhstan	58	Kazakhstan	35
Japan	57	Lebanon	20
Jordan	49	Libya	16
Libya	40	Latvia	12
Total for Others	1372		951
Others not Listed	175		79
Grand Total	1547		1030

Table 10. Import Trade Matrix, Barley, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Barley		
Time Period	Jul-Jun	Units:	1,000 mt
Imports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Finland	58	Finland	35
Denmark	55	Denmark	30
France	49	Sweden	25
Kazakhstan	47	France	20
Uruguay	39	Argentina	20
Sweden	13	Kazakhstan	5
United Kingdom	5		
Lithuania	4		
Ukraine	4		
Latvia	3		
Total for Others	277		135
Others not Listed	3		65
Grand Total	280		200

Table 11. Prices Table, Barley, US Dollars per Metric Ton

Prices Table			
Country	Russian Federation		
Commodity	Barley		
Prices in	dollars	per uom	mt
Year	2007	2008	% Change
Jan	152	270	78%
Feb	153	275	80%
Mar	149	294	97%
Apr	151		
May	164		
Jun	204		
Jul	221		
Aug	218		
Sep	220		
Oct	225		
Nov	233		
Dec	231		
Exchange Rate		Local Currency/US $	
Date of Quote		MM/DD/YYYY	

Prices are shown for feed barley in European Russia.

Rye

Table 12. Rye, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	Russian Federation									
Commodity	Rye						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	1800	1800	1800	2100	2100	2040	0	0	2000	(1000 HA)
Beginning Stocks	126	126	126	76	76	76	76	76	76	(1000 mt)
Production	3000	3000	3000	3900	3900	3915	0	0	3700	(1000 mt)
MY Imports	50	50	50	25	25	5	0	0	25	(1000 mt)
TY Imports	50	50	50	25	25	5	0	0	25	(1000 mt)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 mt)
Total Supply	3176	3176	3176	4001	4001	3996	76	76	3801	(1000 mt)
MY Exports	0	0	0	0	0	130	0	0	75	(1000 mt)
TY Exports	64	0	64	0	0	130	0	0	75	(1000 mt)
Feed Consumption	100	100	100	650	650	590	0	0	650	(1000 mt)
FSI Consumption	3000	3000	3000	3275	3275	3200	0	0	3000	(1000 mt)
Total Consumption	3100	3100	3100	3925	3925	3790	0	0	3650	(1000 mt)
Ending Stocks	76	76	76	76	76	76	0	0	76	(1000 mt)
Total Distribution	3176	3176	3176	4001	4001	3996	0	0	3801	(1000 mt)
Yield	1.67	1.67	1.67	1.86	1.86	1.92	0	0	1.85	(mt/HA)
								TS=TD		
								-76		

Table 13. Export Trade Matrix, Rye, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Rye		
Time Period	Jul - Jun	Units:	1,000 mt
Exports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Finland	9	Latvia	36
Lithunia	7	Norway	16
Poland	5	Germany	12
Latvia	3	Finland	10
Estonia	2	Lithuania	8
		Israel	8
		Denmark	5
		Poland	5
		Turkey	3
		Bulgaria	3
Total for Others	26		106
Others not Listed	2		24
Grand Total	28		140

In MY 2006, Russia imported 37,000 mt of rye from Germany and 28,000 mt from the Ukraine. In MY 2007 (July–January) Russia did not import any rye.

Table 14. Prices Table, Rye, US Dollars per Metric Ton

Prices Table			
Country	Russian Federation		
Commodity	Rye		
Prices in	dollars	per uom	mt
Year	2007	2008	% Change
Jan	160	262	64%
Feb	162	267	65%
Mar	158	319	102%
Apr	156		
May	156		
Jun	177		
Jul	181		
Aug	183		
Sep	182		
Oct	190		
Nov	205		
Dec	220		
Exchange Rate		Local Currency/US $	
Date of Quote		MM/DD/YYYY	

Corn

Table 15. PSD, Corn, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	Russian Federation									
Commodity	Corn						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008	MM/YYYY
Area Harvested	1000	1000	1000	1300	1570	1350	0	0	1250	(1000 HA)
Beginning Stocks	144	144	144	175	172	175	225	147	165	(1000 mt)
Production	3600	3600	3600	3950	3950	3950	0	0	3800	(1000 mt)
MY Imports	108	105	108	150	100	110	0	0	130	(1000 mt)
TY Imports	108	105	108	150	100	110	0	0	130	(1000 mt)
TY Imp. from U.S.	9	9	9	0	0	0	0	0	0	(1000 mt)
Total Supply	3852	3849	3852	4275	4222	4235	225	147	4095	(1000 mt)
MY Exports	77	77	77	50	75	50	0	0	10	(1000 mt)
TY Exports	77	77	77	50	75	50	0	0	10	(1000 mt)
Feed Consumption	3100	3100	3100	3400	3400	3420	0	0	3410	(1000 mt)
FSI Consumption	500	500	500	600	600	600	0	0	545	(1000 mt)
Total Consumption	3600	3600	3600	4000	4000	4020	0	0	3955	(1000 mt)
Ending Stocks	175	172	175	225	147	165	0	0	130	(1000 mt)
Total Distribution	3852	3849	3852	4275	4222	4235	0	0	4095	(1000 mt)
Yield	3.6	3.6	3.6	3.04	2.52	2.93	0	0	3.04	(mt/HA)
								TS=TD		
								-147		

Corn exports decreased to 50,000 mt in MY 2007 due to high domestic demands for feed. For the same reason, corn exports in MY 2008 will not likely exceed 10,000 mt.

Table 16. Export Trade Matrix, Corn, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Corn		
Time Period	Oct - Sep	Units:	1,000 mt
Exports for:	2006		**2007**
U.S.		U.S.	
Others		Others	
Azerbaijan	45	Azerbaijan	28
Georgia	15	Georgia	10
Armenia	15	Armeina	5
Kazakhstan	2	Cyprus	3
		Latvia	2
Total for Others	77		48
Others not Listed			2
Grand Total	77		50

Table 17. Import Trade Matrix, Corn, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Corn		
Time Period	Oct - Sep	Units:	1,000 mt
Imports for:	2006		**2007**
U.S.	1	U.S.	10
Others		Others	
Ukraine	66	Germany	15
Hungary	15	Hungary	13
China	5	Ukraine	12
Kazakhstan	5	Austria	10
Serbia	3		
France	3		
Austria	3		
Romaina	2		
Argentina	1		
Total for Others	103		50
Others not Listed	4		50
Grand Total	108		110

Table 18. Prices Table, Feed Corn, US Dollars per Metric Ton

Prices Table			
Country	Russian Federation		
Commodity	Corn		
Prices in	dollars	per uom	mt
Year	2007	2008	% Change
Jan	180	286	59%
Feb	197	294	49%
Mar	189	334	77%
Apr	193		
May	200		
Jun	208		
Jul	233		
Aug	218		
Sep	263		
Oct	270		
Nov	280		
Dec	273		
Exchange Rate		Local Currency/US $	
Date of Quote		MM/DD/YYYY	

Corn prices in European Russia have more than doubled since January 2007; however, they fell short of increases in wheat prices, as wheat is still the main component of feed rations on most Russian farms. Moreover, Russia's domestic corn prices are influenced less by world market prices than is wheat, given that most corn is consumed on the same farm where it is produced.

Oats

Table 19. PSD, Oats, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	**Russian Federation**									
Commodity	**Oats**						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008	MM/YYYY
Area Harvested	3600	3330	3600	3700	3300	3320	0	0	3100	(1000 HA)
Beginning Stocks	190	190	190	190	185	190	190	185	190	(1000 mt)
Production	4900	4895	4900	5400	4800	5410	0	0	4900	(1000 mt)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 mt)
TY Imports	0	0	0	0	0	0	0	0	0	(1000 mt)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 mt)
Total Supply	5090	5085	5090	5590	4985	5600	190	185	5090	(1000 mt)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 mt)
TY Exports	4	0	4	0	0	0	0	0	0	(1000 mt)
Feed Consumption	3300	3300	3300	3800	3200	3810	0	0	3300	(1000 mt)
FSI Consumption	1600	1600	1600	1600	1600	1600	0	0	1600	(1000 mt)
Total Consumption	4900	4900	4900	5400	4800	5410	0	0	4900	(1000 mt)
Ending Stocks	190	185	190	190	185	190	0	0	190	(1000 mt)
Total Distribution	5090	5085	5090	5590	4985	5600	0	0	5090	(1000 mt)
Yield	1.36	1.47	1.36	1.46	1.45	1.63	0	0	1.58	(mt/HA)
								TS=TD		
								-185		

Rice

The forecast for total rough rice production is 740,000 mt (up 31,000 mt from last year), the equivalent of 470,000 mt of milled rice. Russia's main rice-producing province is Krasnodar kray. In 2007 area sown to rice in Krasnodar kray was 121,000 hectares, a 2,000 hectare increase from 2006. However, several other provinces in the Southern Federal District also plan to increase rice production given the decreasing imports of milled rice, partly due to rapidly growing world market prices and partly due to stringent phytosanitary rules.

In Rostov oblast producers plan to install new equipment and increase the rice milling capacity from 10,000 mt to 70,000 mt (paddy basis) a year at the Proletarskiy rice mill. This decision was made after the rice import ban was introduced by the Veterinary and Phytosanitary Surveillance Service in October 2006. Rice prices increased from 7-8 rubles per kg in Fall 2006 to 11 rubles per kg at the beginning of 2008. Rice produced in Rostov oblast can meet only 20 percent of the Proletarskiy mill's capacity; therefore, plant managers plan to increase rice production in Rostov oblast and to purchase more rice from Krasnodar kray.

Table 20. PSD, Rice, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	**Russian Federation**									
Commodity	**Rice, Milled**						(1000 HA)(1000 mt)(mt/HA)			
	2006 Revised			2007 Estimate			2008 Forecast			UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Harvested	163	163	163	163	175	160	0	0	165	(1000 HA)
Beginning Stocks	104	104	104	69	34	69	69	50	59	(1000 mt)
Milled Production	445	445	445	460	461	450	0	0	470	(1000 mt)
Rough Production	685	685	685	708	709	709	0	0	740	(1000 mt)
Milling Rate (.9999)	6500	6500	6500	6500	6500	6350	0	0	6350	(1000 mt)
MY Imports	250	180	250	260	250	230	0	0	240	(1000 mt)
TY Imports	250	180	250	260	250	230	0	0	240	(1000 mt)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 mt)
Total Supply	799	729	799	789	745	749	69	50	769	(1000 mt)
MY Exports	15	15	15	20	20	15	0	0	15	(1000 mt)
TY Exports	15	15	15	10	20	15	0	0	15	(1000 mt)
Total Consumption	715	680	715	700	675	675	0	0	685	(1000 mt)
Ending Stocks	69	34	69	69	50	59	0	0	69	(1000 mt)
Total Distribution	799	729	799	789	745	749	0	0	769	(1000 mt)
Yield (Rough)	4.20	4.20	4.20	4.34	4.05	4.43	0	0	4.48	(mt/HA)

Note: The rice marketing year starts January 1 the year following the harvest. For Russia, where imported rice accounts for one third of that consumed and rice is harvested in September, trade data are given for the same calendar year as the crop is harvested.

As of March 21, 2008, Class 1 rice was selling for an average price of 19,830 rubles/mt ($831.97/mt) in European Russia, ex-warehouse, with prices hitting 21,000 to 22,000 rubles/mt in Moscow oblast.

Table 21. Import Trade Matrix, Rice, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Rice, Milled		
Time Period	Jan - Dec	Units:	1,000 mt
Imports for:	2007		**2008**
U.S.		U.S.	
Others		Others	
Thailand	87	Thailand	90
India	46	India	35
Vietnam	41	Kazakhstan	30
Kazakhstan	32	Vietnam	15
China	10	China	10
Pakistan	6	Uruguay	10
Uruguay	4		
Egypt	3		
Italy	2		
Spain	1		
Total for Others	232		190
Others not Listed	3		40
Grand Total	235		230

Other Grains and Legumes
In MY 2008, the production of other grains is expected to decrease by 400,000 mt to 2.3 mmt due to increased competition with wheat for land resources. Within this segment, however, only buckwheat production is forecast to decrease, while production of triticale and legumes, as good feed crops, will increase slightly. Statistical data on these crops are not available, but sources report increased farmer interest in triticale as a high quality feed grain.

Other Relevant Reports

RS8013 Grain and Feed March Monthly Update
http://www.fas.usda.gov/gainfiles/200802/146293784.pdf

RS8010 Ban on Wheat Exports to Belarus
http://www.fas.usda.gov/gainfiles/200802/146293781.pdf

RS 8008 Grain and Feed February Monthly Update
http://www.fas.usda.gov/gainfiles/200802/146293596.pdf

RS7070 Russian Government Resolution on Temporary Export Duties on Wheat and Barley
http://www.fas.usda.gov/gainfiles/200710/146292739.pdf

RS 7051 Government Program for Agriculture and for Market Regulation 2008-2012
http://www.fas.usda.gov/gainfiles/200707/146291764.pdf

RS 7005 Federal Law “On Development of Agriculture”
http://www.fas.usda.gov/gainfiles/200701/146279991.pdf