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Grain and Feed

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Report Highlights:
Total grain production is forecast to increase by 0.9 million metric tons (MMT) to 79.5 MMT in MY 2007/08 due to good winter grain stands and improved agronomic practices. Total grain imports are forecast to decline by 4 percent to 1.9 MMT. Increased domestic demand in feed grain is expected to result in a decrease in exports from the estimated 12.6 MMT in MY 2006 to 12.4 MMT. Food consumption will remain stable, while domestic feed consumption is forecast to expand by 1.1 MMT.

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

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Executive Summary

Total grain production in MY 2007 is forecast to increase by 0.9 million metric tons (MMT) to 79.5 MMT due to good winter grain crops and improved agronomic practices. Specialists forecast an increase in winter grain crops by 2.5 MMT – 3.0 MMT over last year's harvest. However, the area sown to spring grains is expected to decline over last year, and given the normal weather conditions in late spring and in summer, the spring grain crop will likely decrease from last year's level. Total grain imports are predicted to decline by 4 percent to 1.9 MMT. Due to increased domestic demand in feed grain, exports are expected to drop off from the estimated 12.6 MMT in MY 2006 to 12.4 MMT. Domestic feed consumption will likely increase by 1.1 MMT, while food consumption will remain stable.

General Outlook for 2007

Production

Post expects total grain production in Russia to expand in MY 2007 by 1.1 percent to 79.5 MMT. Wheat is expected to increase slightly to 45.8 MMT, 0.8 MMT more than last year. Barley, by contrast, will experience a small decline, and production is expected to fall by 100,000 metric tons. While the first official grain production forecast for 2007 is expected in mid-April, some foresee 80.0 MMT due to the good winter grain conditions.

Winter grains were sown on 14.2 million hectares (200,000 less than in 2005 because of soggy soil conditions) but unlike last year, the condition of the plants is satisfactory and is not a source of concern. According to the Ministry of Agriculture, the condition of winter grains is of considerable importance, as they constitute 40 percent of Russian grain production, and winter wheat constitutes 50 percent of total wheat production.

In the Southern Federal District and the Central Federal District, farmers have started topdressing winter crops. As of April 2, fertilizer was applied to 3.3 million hectares (51 percent of the area) of winter crops in the Southern Federal District. Of the Southern Districts, Krasnodar kray has fertilized 100 percent of the planted winter crops, Rostov oblast 62 percent of the planned area, and in Stavropol kray, 650,000 hectares (37.3 percent of the planned area) have been fertilized.

In the Central Federal District supplemental fertilizer was added to 1.0 million hectares, including 270,000 hectares in Belgorod oblast (88.6 percent of winter grain sown area), 220,000 hectares in Voronezh oblast (39.3 percent), and 216,600 hectares in Lipetsk oblast (72 percent).

The Ministry of Agriculure anticipates that spring grains will be sown on 31.0 million hectares. Area sown to corn and legumes is expected to increase. Total area sown to all spring crops is forecast at 49.2 million hectares, and the area for soybeans and rapeseeds will increase. Given the unusually warm conditions over winter and in March, spring sowing started 5-10 days earlier than usual. In Krasnodar kray, Stavropol kray, Rostov oblast and in some republics of the Southern Federal District as well as in Belgorod oblast, spring sowing got underway during the last week in March. Mass spring sowing for the Central Federal District is scheduled for April 15-18. The Volga-Valley and Ural Federal Districts are scheduled for April 20-25 and April 28-30, respectively. The Siberian Federal District is the last region scheduled, and is set for May 2nd or 3rd.

As of April 2, spring grains were sown on 1.4 million hectares, 750,000 hectares more than last year. In the Southern Federal District, 1 million hectares were sown to spring crops (an

increase of 392,000 hectares over last year). 300,000 hectares were sown in Krasnodar kray, 380,000 hectares in Rostov oblast, and 193,700 hectares in Stavropol kray.

The fast sowing in the Southern Federal District is due both to earlier dates of sowing, and improved equipment and machinery. Krasnodar kray expects to sow a total of 1.9 million hectares to spring crops (a similar area to last year). Of this, 490,000 hectares will be devoted to early spring crops. However, farmers may elect to redistribute the area devoted to particular crops, and they may increase the area sown to sugar beets. The re-sown areas total 1,000 hectares, due primarily to changed plans rather than winterkill.

In the Central Federal District 357,000 hectares had been sown by April 2, including 260,000 hectares in Belgorod oblast, 60,000 hectares in Voronezh oblast and 20,500 hectares in Lipetsk oblast.

Unfortunately, the warm weather and early spring have contributed to a high survival rate of quarantine pests including locusts and *Eurygaster* spp., and other dangerous vermin. According to the Ministry of Agriculture, more than 3.0 million hectares in the Southern, Central and Volga Valley Federal Districts must be treated with pesticides.

Supply of inputs

Finance

The financial status of grain farmers has improved over the past year. Although the price of inputs (fuel, spare parts, fertilizer, agricultural machinery, etc.) is rising faster than agricultural prices in general, in MY 2006 they lagged behind the rise in grain prices. Farmers will also have increased access to banking resources in 2007, including Rosselkhozbank. They will also have a greater availability of programs within the National Priority Project for Agriculture (see GAIN report RS7004 *Decrees on Agricultural Subsidization*). There are additionally some local programs that provide financial support for farmers, but this varies by administrative territory. Tatarstan authorities, for example, plan to allocate over 1 billion RUR ($38 million U.S.) for improved farming practices, technology and management during the spring sowing season.

Fertilizer, Chemicals, and Soil Conservation Technologies

On average, Russia's application of fertilizers and other chemicals remains low compared to historical application levels. The estimated annual need[1] for fertilizer is four times the actual application level. Farm fertilizer stocks as of March 1, 2007 are at a similar level as last year; roughly 443,000 metric tons. This stock represents only a third of the needed chemicals, and can provide plant protection for half the area (30 million hectares) needing application.

However, these figures should be taken with a grain of salt. Larger grain farmers tend to under-report the real use of fertilizer and exaggerate problems in an attempt to increase the amount of subsidies and other compensation. Sources report that the more efficient grain farms in the Southern, Central, and Volga Valley Federal Districts have an adequate supply of fertilizer and chemicals. These farms typically use better seeds and soil-conservation

[1] "Need" is not defined as the actual demand, but rather is a calculated amount based on abstract, "optimal" norms for the application of fertilizer, chemicals, and the use of other inputs including machinery per hectare of cultivated area, or some other unit of real estate. Furthermore, the "optimal" norms are generally not based on economic optima based on profitability, but rather on arbitrary production targets.

technologies. In 2006, these technologies were used on 45.8 percent of the total area sown to grains and legumes. While the use of these technologies is expected to increase in 2007, the share of no-till systems is still not significant. There are no official data on the actual use of fertilizer, chemicals, improved seeds and technology on modern grain farms, but their use is evident from both increasing yields and improved stability of yields despite weather fluctuations.

Seeds

As of March 1, 2007, on-farm and centralized seed stocks had almost 6.0 MMT of planting seeds of grains and legumes on hand, equivalent to 94.6 percent of the potential need for spring grain and legume planting seeds. Stocks of "conditional"[2] seeds constituted 73.6 percent of seed needs. In the Southern Federal District, the indices were 96.8 and 96.6 percent, in the Central Federal District 87.7 and 82.9 percent, and in the Volga Valley Federal District 99.4 and 81.8 percent. The lowest supply of "conditional" seeds was found in the Ural Federal District with seed stocks supplying only 56.5 percent of the needs.

The mass media in some oblasts have reported on significant improvements in seed supply. Amur oblast in the Russian Far East reported its plan to increase the area sown to wheat and soybeans. Eleven seed-producing farms will supply the seed to commercial farmers. They report that 10,000 metric tons of grain seed and 10,000 metric tons of soybean seed are available for use. In Nizhniy Novgorod oblast (in the Volga Valley Federal District), the media reported on a plan to use better seed and improved technology to increase yields and to transfer some portion of the grain areas to rapeseed.

Federal subsidies for seed breeding (in support of "Elite"[3] seeds) will remain unchanged from last year's level at 260 million RUR (USD $10 million).

Machinery

Ministry of Agriculture statistics show that in 2006, farmers had 560,200 tractors, 147,700 grain harvesters and 35,900 forage choppers (45 percent, 44 percent and 67 percent of the need, respectively). These figures do not show farmers' true demand for machinery, however, as the calculation of need is based on highly abstract norms of machines or horsepower per hectare.[4] The number of existing tractors declined by 2 percent last year, and the number of most other machines also decreased, fueling continued official claims that the machinery situation in Russia is not improving.

Sources report that in reality, commercially viable farms have an adequate supply of modern agricultural machines, including many foreign-origin implements that they purchase directly from dealers. The true nature of the situation, however, is difficult to discern given the limited availability of reliable data.

Despite extending the temporary high customs import tariff on grain and field forage harvesters that increased the price of imported machinery (5 percent, but not less than 100 Euros per kilowatt/engine power), Russia still imported 1,307 grain harvesters in 2006. This

[2] "Conditional" planting seeds in Russia are close to common and certified seeds by the U.S. classification, as opposed to "saved" seeds that are still the main type of seeds used in grain farming.
[3] "Elite" planting seed in Russia are roughly equivalent to U.S. "foundation seed."
[4] Producers in Rostov oblast have shown that a single Claas or John Deere grain combine can do the work of four to five Don-1500B combines from Rostselmash. Thus, official data on "need" do not necessarily paint a true picture of actual machinery requirements.

number remains unchanged from 2005, and forage harvester imports grew by 70 percent to 186 units.

The agricultural leasing system remains the main source for financing agricultural machines[5].

Fuel and Lubricants

The Russian federal budget allocated 7.5 billion RUR (USD $288 million) to regional administrations for agricultural fuel and lubricant support in February and March 2007. When additional regional funds are included, the total amount of financial support for fuel and lubricants will amount to 9 billion RUR (USD $346 million). This money will compensate farmers for 20 percent of their expenses for diesel fuel and gasoline. The Ministry of Agriculture, Ministry of Energy and Ministry of Economic Development will conduct mutual monitoring of fuel prices in order to avoid a seasonal rise in prices.

Transportation of Grain

The cost of grain transportation and handling at the port remains one of the main obstacles to grain exports, and consequently forces domestic farmers' grain prices down. Railway tariffs in Russia are classified by the societal importance of the cargo, and grain falls into the second class of cargo. Thus, transportation tariffs for grain are higher than for coal, cement and other industrial products. The Russian Grain Union is lobbying for a reclassification of grain as first-class cargo that would decrease the cost of transportation by 30%. Currently, the price of grain transportation from Krasnodar to the Black Sea port of Novorossiysk is 200-250 RUR/metric ton while the costs from Siberia and Ural to Novorossiysk is more than 1,000 RUR/metric ton.

The capacity of Russian port elevators is another transportation impediment. The current estimated capacity of the Russian port elevators is 5.0 – 5.5 MMT per year, while Russian grain exports exceed 10.0 MMT per year. During rush periods, the direct loading of grain from railcars to vessels creates problems for both ports and railroads, and at the end of 2006 this loading was temporary banned in the port of Novorossiysk. As a result, exports were curbed for several weeks.

Consumption

Total domestic food grain consumption will decrease slightly by 100,000 metric tons to 20.0 MMT. The decrease can be explained by a decrease in wheat consumption (from 14.7 to 14.5 MMT), and a slide in consumption of cereals like buckwheat and millet. Rye food consumption is forecast to increase by 70,000 metric tons, largely because of increased demand for healthy rye bread and "whole grain" wheat/rye bread. In general, increased per capita income of Russians has resulted in lower consumption of breads, and higher consumption of confectionary products, breakfasts cereals, pasta, and products made from corn. Consumption of wheat flour also fell. Official consumption data, based on production data, show wheat flour consumption at 10.2 – 10.3 MMT per year.

Experts believe that these data do not include "gray" production of wheat and rye flour and bread at small bakeries. They estimate that the true production of wheat and rye flour in Russia is over 13.0 MMT (an amount equivalent to 18.0 MMT of grain). If this estimate is

[5] "Rosagroleasing" (www.rosagroleasing.ru) is a government company that receives budget funds to purchase equipment and then resells agricultural equipment to farmers on installment. This type of sale is called "leasing" by Russian officials, and this term now is applied to all sales of agricultural equipment on installment.

used, then either the volume of feed grain consumption is lower than reported, or producers of "gray" bread and flour are milling grain that is not reflected in the final grain production data.

Feed Grain Consumption

Feed grain consumption is forecast to increase from 33.25 MMT in MY 2006 to 34.35 MMT in MY 2007. Feed consumption of wheat, barley, corn and legumes will increase, while consumption of rye and millet will remain stable. Portions of the National Priority Project for Agriculture are aimed at increased pork, poultry and dairy production, and are driving the demand for feed.

Trade

Grain exports are predicted at 12.4 MMT, slightly below the MY 2006 figure of 12.6 MMT. High domestic demand for feed is responsible for the decrease. Domestic grain prices rose in MY 2006, and competition between domestic and foreign products was substantial (see GAIN report RS7014 *Grain and Feed February Monthly Update*). After domestic prices weakened in January 2007, exports resumed. Exports of wheat (primarily feed wheat) are forecast at 10.5 MMT (a decline of 300,000 metric tons from MY 2006). Barley exports, by contrast, should increase slightly to 1.8 MMT in MY 2007 from 1.7 MMT in 2006. Following an increase in corn production in 2006, Russia has begun exporting corn to Georgia, Armenia and Azerbaijan. However, these export volumes remain small and will not exceed 100,000 metric tons in MY 2007.

Russian grain imports will decrease by 80,000 metric tons to 1.9 MMT in 2007 as a result of waning corn imports (from 250,000 metric tons to 200,000 metric tons), and declining imports of rice and malting barley. These cuts are expected due to high world prices for corn that are expected to stay high due to demand for ethanol as a biofuel. Wheat imports from Kazakhstan will be stable and are forecast at 1.2 MMT.

Tariffs

Import tariffs on all grains (except rice and corn) are five percent. For rice, a seasonal import tariff was introduced at 0.12 Euro per 1 kilogram (GAIN Report RS7015 *Seasonal Import Tariffs on Rice and Rice Products*). With the exception of planting seed, corn (HS number 1005 90 00 00) is duty-free. Corn planting seed had a tariff rate of 5 percent.

Grain is not subject to export duty, and the VAT on grain is 10 percent.

Stocks

Total grain stocks are expected to remain at the same level as the end of MY 2006 at 4.5 MMT.

Policy

Trade in grain was hampered by unresolved issues with grain quality certification and restrictions of the access of independent surveyors to grain quality certification services (GAIN Reports RS6062 *Grain Surveyors Accuse VPSS of Antitrust Violation* and RS7010 *Russian Grain Inspection Update*). Opaque phytosanitary requirements and VPSS's[6] intent to monitor more closely the use of chemicals in grain production in foreign countries will curb

[6] Federal Service for Veterinary and Phytosanitary Surveillance

grain and grain product imports into Russia. Rice imports to Russia have been seriously affected by these measures and are likely to be a problem into the future (GAIN reports RS6066 *Rice Import Ban* and RS6069 *VPSS Eases Rice Ban*). Unresolved issues regarding biotech grain imports have resulted in a *de facto* ban on U.S. corn imports. U.S. rice was also banned from importation into Russia on the pretext that traces of unregistered biotech rice might be found in U.S. rice shipments. These policies have their roots in a generally protectionist stance with regard to grain trade.

Marketing

The amount of grain sold commercially will continue to increase, although official data are not available. Large grain trading companies, such as the major international corporations and Russian companies affiliated with the local administrations, continue to gain influence and market share. Smaller businesses are being pushed from the Russian domestic grain market, and grain exports to Russia are increasingly difficult. These factors, combined with cumbersome NGO re-registration procedures led to the closure of the Russian branches of the U.S. Grain Council and some other organizations of U.S. exporters of grain and grain products.

A Final Review of 2006

Planted and Harvested Area, Production, Yields

Russia produced 78.62 MMT of grain in MY 2006. The share of wheat decreased from 61 percent to 57 percent perhaps because of a decrease in winter wheat production (separate data on production of winter and spring wheat are not yet available). Winterkill resulted in a significant gap between harvested area of wheat and the planted area. The harvested area was only 90.8 percent of planted area, while in 2005 wheat harvested area was 97 percent of planted area. The harvested area for barley was 9.58 million hectares, 96 percent of the planted area. 97 percent of the planted area for rye was harvested. Oats, legumes and buckwheat saw 92 percent of the planted area harvested. Millet harvested area was only 86 percent of planted area. Rice was harvested from 100 percent of planted area, and corn was harvested from area slightly bigger than planted for corn for grain, indicating that some producers managed to harvest grain corn from some fields originally planted for silage corn. Official data on harvested area are not available, but official data on yields are proxies for harvested area, and harvested area is calculated as production divided by yields.

Table 1. Total Grain Area Planted, 2000–2006, 1,000 Hectares

	2000	2001	2002	2003	2004	2005	2006 (prelim)
Wheat, total	23204	23765	25662	22186	24030	25399	23640
- 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
- winter	533	648	677	497	547	492	485
- spring	8644	9479	9602	9668	9433	8645	9505
Rye	3559	3634	3804	2350	1895	2342	1785
Oats (spring)	4581	4869	4269	3735	3569	3340	3612
Corn for grain	813	684	625	730	918	868	1080
Rice	175	154	149	156	133	145	164
Millet	1588	1214	581	830	1028	500	671
Buckwheat	1577	1594	837	735	940	918	1164
Legumes	922	1076	1214	1275	1224	1113	1215
Other	-20	103	54	33	28	23	36
Total	45636	47220	47474	42195	43745	43785	43357

Source: Rosstat, "SovEcon"

The leaders in grain production were Krasnodar kray (8.2 MMT, including 4.6 MMT of wheat), Rostov oblast (6.2 MMT of total grain, including 4.2 MMT of wheat), Stavropol kray (6.2 MMT of grain, including 5.0 MMT of wheat), Bashkortostan Republic (3.9 MMT and 1.8 MMT), Altay kray (3.5 MMT of grain, including 2.4 MMT of wheat), and Volgograd oblast (3.3 MMT and 2.3 MMT).

Table 2. Grain Production, 2000-2006, 1,000 Metric Tons

	2000	2001	2002	2003	2004	2005	2006 (prelim)
Wheat, total	34455	46871	50609	34104	45413	47698	45006
- 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
- winter	1767	2300	2554	1218	1992	1566	1735
- spring	12312	17166	16184	16785	15188	14225	16419
Rye	5445	6613	7139	4152	2872	3628	2963
Oats (spring)	6008	7723	5694	5183	4955	4565	4880
Corn for grain	1530	831	1541	2122	3516	3211	3669
Rice	586	497	483	451	471	575	686
Millet	1123	548	292	975	1117	456	600
Buckwheat	998	570	304	525	650	606	866
Legumes	1199	1802	1764	1649	1875	1630	1764
Other	83	262	48	35	43	25	37
Total	65506	85183	86612	67199	78092	78185	78625

Source: Rosstat, "SovEcon"
Note: Grain production figures were updated on April 11, 2007, and may differ slightly from production data in PSD tables.

Consumption, Trade, Stocks

Domestic consumption of grain in MY 2006 is estimated at 68.3 MMT. The ratio between food and feed grain consumption has continued to shift in favor of feed consumption due to increased demand of poultry, pig and dairy industry. The feed consumption estimate for MY 2006 is 33.25 MMT. Food consumption remains stable - approximately 20.1 MMT. Exports are estimated at 12.6 MMT. As of the end of February Russia exported 8.84 MMT of grain and flour in grain equivalent. Given that prices in the international market remain relatively high, and that the crop forecast is stable, farmers and traders could increase exports in the spring. MY 2006 exports are estimated at 12.6 mmt. End of year stocks are estimated at 4.5 MMT.

Wheat

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

Country	Russian Federation									
Commodity	Wheat						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	25400	25400	25400	23700	23700	23040	0	0	23400	(1000 HA)
Beginning Stocks	3891	3891	3891	3809	3791	3809	2809	2591	2809	(1000 MT)
Production	47700	47700	47700	44900	41000	44930	0	0	45800	(1000 MT)
MY Imports	1282	1200	1282	1200	1400	1200	0	0	1200	(1000 MT)
TY Imports	1282	1200	1282	1200	1400	1200	0	0	1200	(1000 MT)
TY Imp. from U.S.	4	0	4	0	0	0	0	0	0	(1000 MT)
Total Supply	52873	52791	52873	49909	46191	49939	2809	2591	49809	(1000 MT)
MY Exports	10664	10600	10664	10000	7600	10800	0	0	10500	(1000 MT)
TY Exports	10664	10600	10664	10000	7600	10800	0	0	10500	(1000 MT)
Feed Consumption	14900	14900	14900	14100	12800	14200	0	0	14600	(1000 MT)
FSI Consumption	23500	23500	23500	23000	23200	22130	0	0	21900	(1000 MT)
Total Consumption	38400	38400	38400	37100	36000	36330	0	0	36500	(1000 MT)
Ending Stocks	3809	3791	3809	2809	2591	2809	0	0	2809	(1000 MT)
Total Distribution	52873	52791	52873	49909	46191	49939	0	0	49809	(1000 MT)
Yield	1.88	1.88	1.88	1.89	1.73	1.95	0	0	1.96	(MT/HA)

Wheat export data include exports of durum wheat, and wheat and meslin flour in grain equivalent. The total export volume of durum wheat is small, depends on availability of durum wheat in the domestic market and varies significantly from year to year. In MY 2005 Russia exported 43,244 metric tons of Durum wheat (to Italy, Algeria, Egypt, Bangladesh and Azerbaijan). In MY 2006 Russian Durum wheat exports will shrink to slightly over 1,000 metric tons, as in July – December 2006 Russia exported only 995 metric tons to Azerbaijan.

Russia's wheat export estimate (including wheat flour in grain equivalent) for MY 2006 is 10.8 MMT. The estimate is based on actual exports in July 2006 – February 2007. During this period, Russia exported 7.7 MMT of wheat and 149,000 metric tons of flour in grain equivalent. Exports of wheat to India were 1.9 MMT, exports to Egypt exceeded 1.7 MMT, and exports to Bangladesh reached 715,000 metric tons.

Table 4. 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:	2005		**2006**
U.S.		U.S.	
Others		Others	
Egypt	2671	India	2300
Bangladesh	933	Egypt	2100
Azerbaijan	825	Bangladesh	900
Georgia	704	Georgia	750
Yemen	548	Azerbaijan	500
Algeria	463	Italy	350
Italy	432	Italy	450
Tanzania	318	Tunisia	300
Morocco	317	Turkey	250
Kenya	250		
Total for Others	7461		7900
Others not Listed	3203		2900
Grand Total	10664		10800

Table 4. Import Trade Matrix, Wheat, 1,000 Metric Tons

Import Trade Matrix			
Country	**Russian Federation**		
Commodity	**Wheat**		
Time Period	July - June	Units:	1,000 MT
Imports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
Kazakhstan	1158	Kazakhstan	1150
Total for Others	1158		1150
Others not Listed	42		50
Grand Total	1200		1200

Barley

Table 6. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares

Country	Russian Federation									
Commodity	Barley						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	9150	9150	9150	10000	10100	9575	0	0	9500	(1000 HA)
Beginning Stocks	2110	2110	2110	934	960	934	1084	960	1084	(1000 MT)
Production	15800	15800	15800	18100	17500	18100	0	0	18000	(1000 MT)
MY Imports	250	185	190	250	250	200	0	0	180	(1000 MT)
TY Imports	250	185	190	250	250	200	0	0	180	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	18160	18095	18100	19284	18710	19234	1084	960	19264	(1000 MT)
MY Exports	1726	1725	1726	2000	1900	1700	0	0	1800	(1000 MT)
TY Exports	1397	1725	1397	2000	1900	1700	0	0	1800	(1000 MT)
Feed Consumption	10900	10810	10900	11600	11400	11850	0	0	12000	(1000 MT)
FSI Consumption	4600	4600	4540	4600	4450	4600	0	0	4400	(1000 MT)
Total Consumption	15500	15410	15440	16200	15850	16450	0	0	16400	(1000 MT)
Ending Stocks	934	960	934	1084	960	1084	0	0	1064	(1000 MT)
Total Distribution	18160	18095	18100	19284	18710	19234	0	0	19264	(1000 MT)
Yield	1.73	1.73	1.73	1.81	1.73	1.89	0	0	1.89	(MT/HA)

The barley export estimate of 1.7 MMT for MY 2006 is based on the actual volume of barley exported from July 2006 through February 2007. In this period, Russia exported 936,000 metric tons of barley, including 349,000 metric tons to Saudi Arabia, 95,000 metric tons to Israel, and 81,000 metric tons to Tunisia. Domestic barley prices are high, and despite a larger crop, Russia's barley exports will not exceed the MY 2005 level due to demand competition from domestic livestock producers. Barley exports are expected to be 1.8 MMT in MY 2007.

The development of the domestic beer and malt industry over the last 5 years has resulted in an increase in malting barley production. Beer companies often negotiate production contracts with barley farms to ensure supply. Official data on malting barley production do not exist, but imports decreased from 437,000 metric tons in MY 2003 to 190,000 metric tons in MY 2005, and will not exceed 200,000 metric tons in MY 2006.

Table 7. Export Trade Matrix, Barley, 1,000 Metric Tons

Export Trade Matrix			
Country	**Russian Federation**		
Commodity	**Barley**		
Time Period	July-June	Units:	1,000 MT
Exports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
Saudi Arabia	794	Saudi Arabia	750
Syria	181	Israel	150
Israel	151	Syria	130
Libya	70	Tunisia	120
Ukraine	58	Emirates	100
Greece	57	Greece	70
Tunisia	55	Syria	60
Lebanon	45	Jordan	55
Algeria	39	Lebanon	50
Kuwait	37		
Total for Others	1487		1485
Others not Listed	239		215
Grand Total	1726		1700

Table 8. Import Trade Matrix, Barley, 1,000 Metric Tons

Import Trade Matrix			
Country	**Russian Federation**		
Commodity	**Barley**		
Time Period	July-June	Units:	1,000 MT
Imports for:	2005		**2006**
U.S.		U.S.	
Others		Others	
Denmark	80	Denmark	70
Kazakhstan	28	Kazakhstan	45
Finland	23	Finland	40
Sweden	17	France	15
France	14		
Czech Rep.	13		
Austria	6		
Ukraine	3		
Lithuania	3		
Total for Others	187		170
Others not Listed	3		30
Grand Total	190		200

Rye

Table 9. PSD, Rye, 1,000 Metric Tons, 1,000 Hectares

Country	Russian Federation									
Commodity	Rye						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	2350	2310	2350	1800	2000	1730	0	0	2000	(1000 HA)
Beginning Stocks	77	77	77	126	157	126	101	57	101	(1000 MT)
Production	3600	3630	3600	3000	3100	2960	0	0	3100	(1000 MT)
MY Imports	49	50	63	75	60	50	0	0	50	(1000 MT)
TY Imports	56	50	63	75	60	50	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	3726	3757	3740	3201	3317	3136	101	57	3251	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	500	500	500	100	360	200	0	0	200	(1000 MT)
FSI Consumption	3100	3100	3114	3000	2900	2835	0	0	2950	(1000 MT)
Total Consumption	3600	3600	3614	3100	3260	3035	0	0	3150	(1000 MT)
Ending Stocks	126	157	126	101	57	101	0	0	101	(1000 MT)
Total Distribution	3726	3757	3740	3201	3317	3136	0	0	3251	(1000 MT)
Yield	1.53	1.57	1.53	1.67	1.55	1.71	0	0	1.55	(MT/HA)

Corn

Country	Russian Federation									
Commodity	Corn						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		10/2005	10/2005		10/2006	10/2006		10/2007	10/2007	MM/YYYY
Area Harvested	850	850	850	1000	1050	1150	0	0	1150	(1000 HA)
Beginning Stocks	241	241	241	144	141	144	244	191	224	(1000 MT)
Production	3200	3200	3200	3600	3300	3630	0	0	3800	(1000 MT)
MY Imports	306	210	306	300	300	250	0	0	200	(1000 MT)
TY Imports	306	210	306	300	300	250	0	0	200	(1000 MT)
TY Imp. from U.S.	15	0	15	0	0	0	0	0	0	(1000 MT)
Total Supply	3747	3651	3747	4044	3741	4024	244	191	4224	(1000 MT)
MY Exports	53	50	53	100	50	100	0	0	100	(1000 MT)
TY Exports	53	50	53	100	50	100	0	0	100	(1000 MT)
Feed Consumption	3000	2910	3000	3200	3000	3200	0	0	3350	(1000 MT)
FSI Consumption	550	550	550	500	500	500	0	0	550	(1000 MT)
Total Consumption	3550	3460	3550	3700	3500	3700	0	0	3900	(1000 MT)
Ending Stocks	144	141	144	244	191	224	0	0	224	(1000 MT)
Total Distribution	3747	3651	3747	4044	3741	4024	0	0	4224	(1000 MT)
Yield	3.76	3.76	3.76	3.6	3.14	3.16	0	0	3.30	(MT/HA)

In MY 2005 Russia exported 53,000 metric tons of corn, and may reach 100,000 metric tons in MY 2006. This is largely due to increased production in the Southern Federal District, whence Russian corn is exported to Azerbaijan, Armenia and Georgia. In October 2006

through February 2007, these regions accounted for all 53,000 metric tons of Russian corn exports.

Imports of corn have been decreasing in spite of zero import tariffs. Increased domestic production of corn, high international corn prices stimulated by ethanol development programs in traditionally corn exporting nations, and unresolved barriers to imports of biotech corn varieties are to blame. Corn imports in MY 2006 are forecast at 250,000 metric tons, a 50,000 metric tons decrease from MY 2005. Actual imports of corn in October – February were 31,000 metric tons, 40 percent less than in the same period last year.

Table 11. 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:	2005		**2006**
U.S.		U.S.	
Others		Others	
Azerbaijan	27	Azerbaijan	30
Lebanon	9	Armenia	16
Georgia	8	Georgia	15
Israel	4		
Libya	4		
Total for Others	52		61
Others not Listed	1		39
Grand Total	53		100

Table 12. 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:	2005		**2006**
U.S.	15	U.S.	15
Others		Others	
Ukraine	243	Ukraine	160
Argentina	12	Hungary	15
Hungary	11	Kazakhstan	5
Germany	11		
Kazakhstan	8		
Yugoslavia	2		
Romania	1		
Total for Others	288		180
Others not Listed	3		55
Grand Total	306		250

Oats

Table 13. PSD, Oats, 1,000 Metric Tons, 1,000 Hectares

Country	Russian Federation									
Commodity	Oats						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Harvested	3350	3173	3350	3600	3200	3330	0	0	3300	(1000 HA)
Beginning Stocks	240	240	240	190	240	190	190	240	185	(1000 MT)
Production	4550	4565	4550	4900	4500	4895	0	0	4800	(1000 MT)
MY Imports	0	1	0	0	0	0	0	0	0	(1000 MT)
TY Imports	0	1	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	4790	4806	4790	5090	4740	5085	190	240	4985	(1000 MT)
MY Exports	0	2	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	2	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	3000	3000	3000	3300	3000	3300	0	0	3200	(1000 MT)
FSI Consumption	1600	1564	1600	1600	1500	1600	0	0	1600	(1000 MT)
Total Consumption	4600	4564	4600	4900	4500	4900	0	0	4800	(1000 MT)
Ending Stocks	190	240	190	190	240	185	0	0	185	(1000 MT)
Total Distribution	4790	4806	4790	5090	4740	5085	0	0	4985	(1000 MT)
Yield	1.36	1.44	1.36	1.36	1.41	1.47	0	0	1.45	(MT/HA)

Rice

Russian rice production is growing. In order to protect domestic producers, Russia has introduced phytosanitary-based obstacles to rice imports. Monthly changes in rice imports are shown in the chart below.

Chart 1. Rice imports by Month in CYs 2005 - 2007, Metric Tons

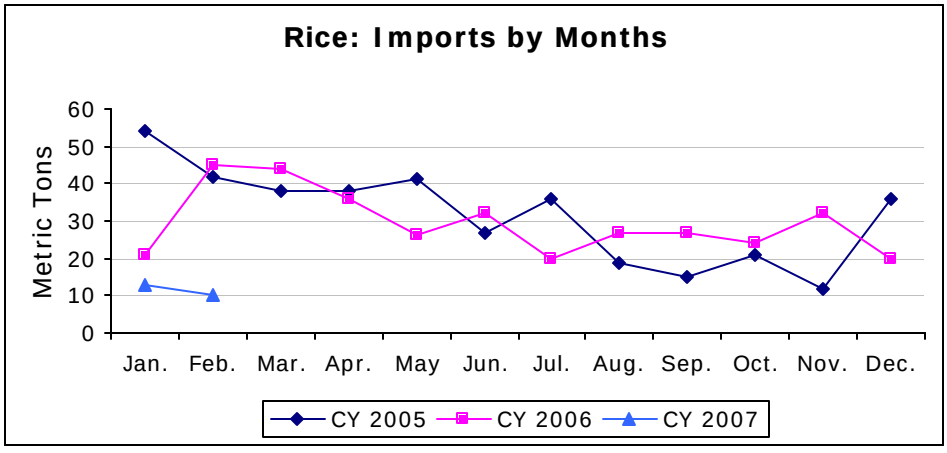

Table 14. PSD, Rice, 1,000 Metric Tons, 1,000 Hectares

Country	Russian Federation									
Commodity	Rice, Milled						(1000 HA)(1000 MT)(MT/HA)			
	2005	Revised		2006	Estimate		2007	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		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Harvested	135	135	135	163	140	163	0	0	175	(1000 HA)
Beginning Stocks	117	117	117	99	132	99	129	135	94	(1000 MT)
Milled Production	372	374	372	445	380	445	0	0	470	(1000 MT)
Rough Production	572	575	572	685	585	685	0	0	723	(1000 MT)
Milling Rate (.9999)	6500	6500	6500	6500	6500	6500	0	0	6500	(1000 MT)
MY Imports	345	380	355	320	380	270	0	0	260	(1000 MT)
TY Imports	345	380	355	320	380	270	0	0	260	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	834	871	844	864	892	814	129	135	824	(1000 MT)
MY Exports	10	15	20	10	15	20	0	0	30	(1000 MT)
TY Exports	10	15	20	10	15	20	0	0	30	(1000 MT)
Total Consumption	725	724	725	725	742	700	0	0	700	(1000 MT)
Ending Stocks	99	132	99	129	135	94	0	0	94	(1000 MT)
Total Distribution	834	871	844	864	892	814	0	0	824	(1000 MT)
Yield (Rough)	4.24	4.26	4.24	4.20	4.18	4.20	0	0	4.13	(MT/HA)

Table 15. Import Trade Matrix, Rice, Milled, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Rice, Milled		
Time Period	Jan-dec	Units:	1,000 MT
Imports for:	2006		2007
U.S.	5	U.S.	5
Others		Others	
China	143	China	135
Vietnam	63	Vietnam	60
India	50	India	30
Thailand	39	Thailand	25
Pakistan	28	Pakistan	10
Kazakhstan	18		
Egypt	5		
Belgium	3		
Total for Others	349		260
Others not Listed	1		5
Grand Total	355		270

Other Grains and Legumes

Production of other grains and legumes (mostly millet, buckwheat and legumes) in MY 2007 is expected to reach 2.8 MMT, a 150,000 metric ton decrease from MY 2006. This estimate is based on the assumption that Russian feed production will increase, and that farmers will

sacrifice some of the area sown to these spring crops in favor of corn, oilseeds (including soybeans and rapeseeds) and fodder grasses. Trade in other legumes and grains will not be significant. Food consumption of these crops is forecast to dwindle from 1.3 MMT in MY 2006 to 1.0 MMT in MY 2007, while feed consumption will grow from 200,000 metric tons to 0.7 MMT.