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Report Highlights:

A package of export restricting measures aimed at the oilseeds market is expected to dampen the trend of increasing oilseed production in Russia. However, total MY 2021/22 oilseed production is still projected to grow to 22.4 million metric (MMT) where sunflower oilseed production will reach 15.5 MMT, soybean production, 4.4 MMT and rapeseed production 2.5 MMT. Vegetable oil production is estimated to reach 7.2 MMT, while meal production is likely to reach 10 MMT in MY 2021/22. Fish meal production is estimated to grow to 150 TMT in MY 2021/22.

General Information

NOTE: USDA unofficial data excludes Crimean production and exports. Where possible, data reported by FAS Moscow is exclusive of information attributable to Crimea.

Executive Summary

Russia has a well-developed sunflower seed production and processing sector and in recent years has focused on developing production of other oilseeds commodities. Soybeans and rapeseed have become niche oilseed crops in the country, and production of minor crops like flax and safflower have also slightly increased. In 2021, a significant recovery of acreage and oilseed production in Russia is expected due to sustained high prices since the second half of 2020.

In MY 2020/21 agricultural producers planned to increase planted area of major oilseeds crops, especially sunflower area. However, the COVID-19 pandemic affected the Russian agricultural sector heavily. In order to ensure domestic food security, the state introduced unprecedented regulatory measures – from a grain export quota in the first half of 2020, to grain and oilseeds export duties in December 2020. These measures, along with the drought in the first half of 2020 in the main sunflower producing regions (south and central Russia), disrupted the oilseeds market. These factors led to rapid growth of prices for sunflower oil throughout the country. In December 2020, Russian President Vladimir Putin drew attention to a significant rise in the price of many food products, including sunflower oil. The government reacted to significant price growth by signing an agreement with leading agricultural producers to fix prices for socially important products, including sunflower oil and sugar in December 2020 (in place from January 1 through April 1, 2021).

Given the announcement by the Russian Federation's Ministry of Agriculture (MinAg) to provide support to growing oilseeds, FAS Moscow forecasts growth in production of oilseed crops including soybeans and rapeseed. In addition, FAS Moscow expects an expansion of soybean and rapeseed planted and harvested areas in MY 2021/22. For sunflower, FAS Moscow estimates only slight expansion of area planted and harvested and moderate growth of production. Farmers growing sunflower are likely to substitute this crop by planting rapeseed and soybeans where land permits. The government's introduction of export duties on sunflower and rapeseed followed by further increases in their rates and its launching of a soybean export duty, strongly discouraged agricultural producers. The MY 2021/22 outlook will depend greatly on subsequent state policy in the oilseeds market.

Low supply dynamics for vegetable oils are expected to continue in the first half of 2021, in the event the current prices do not change. FAS Moscow expects that demand for sunflower oil will steadily recover as economic growth recovers from the COVID-19 crisis. Reopening of hotels, restaurants and catering services are expected to be positive factors for the demand for sunflower oil.

Post also acknowledges another current trend on the Russian oilseed market – the shift of the state support provided to the processing industry away from oilseeds producers. This shift can be explained by the lobbying efforts of the Russian Oil and Fat Union (Union) which started in MY 2019/20. On March 12, 2021, the Russian government announced its intention to allocate RUB 8 billion (\$105.3 million) to the processing industry as a temporary measure starting April 1 through October 1, 2021. The stated reason for this measure is to keep prices stable once the governmental price agreement with producers expires and is likely to increase production of bottled sunflower oil. Subsidizing the production of bottled oil is part of a concept under discussion in the government. An element of this “damper mechanism” concept is to introduce a "floating" duty on oil in the new season. The duty can be 70 percent of the difference between the market price and a government-set target prices of potentially \$1,000 per ton. The damper mechanism will reportedly apply not only to sunflower oil, but also to all types of vegetable oil.

The Union expects an increase in oilseed planting this year, considering the possible re-sowing of damaged winter crops in the spring. The Union will request to further extend the current export duties for sunflower seeds from July 1 to September 1, 2021.

Another unprecedented notable decision by the Russian Federation was made in April 2020 – the ban on imports of genetically engineered (GE) soybeans and soybean meal was suspended and the end date for suspension of the ban was extended until January 1, 2022. This measure is expected to increase imports of soybeans and related processed products in MY 2021/22.

The possible introduction of a duty on the export of sunflower oil for all market participants could lead to losses of more than RUB 8 billion (\$105.3 million). Such measures will negatively affect agricultural producers in the long run. The redirection of state support from sunflower producers to processors worries the industry, which believes this export duty is a push to return back to the time of a state-controlled economy.

Prices for vegetable oils have risen dramatically in MY 2020/21 and the trend is likely to continue in MY 2021/22. The purchase price at the beginning of the season is estimated to be around RUB 26,000 (\$342) per ton.

MAIN OILSEED PRODUCTION IN MY 2021/2022

The MinAg and producers see oilseeds, oils and meals as products with high potential for growth, export, and profitability, which are helping Russia to attain its goal of \$45 billion in agricultural exports by 2024. Russian regions see the oilseeds sector as a profitable one and plan to increase oilseed planted and harvested area to compensate for potential losses of damaged winter crops.

In January 2020, the Russian Federation adopted a new Food Security Doctrine (see [GAIN Report RS 2020-0003 New Food Security Doctrine Adopted](#)) in which new target indicators for exports were set. According to the document, the government would like to see oilseed exports reach \$8.6 billion in 2024. This goal came with additional government support through subsidies for producing and processing companies. This helped trigger growth and resulted in investments in the oilseeds sector. For example, “Sodruzhestvo,” the largest Russian processor and a producer of soybeans and other oilseeds, constructed a new oilseeds processing plant in the Kursk region of southwest Russia. The “Grain Company “Chernozemie,” another large Russian processor of oilseeds for animal use located in the country’s Central region, plans to construct a new processing facility for soybeans and rapeseed in the that region. In addition, the meat producer “Miratorg” has plans to construct a sunflower and rapeseed processing plant in the Oryol region in western Russia. The government also has plans to invest in seaport infrastructure (for example, “Efco” company, and others). These developments are noteworthy since there have not been any significant investments in this sector in the past few years.

FAS Moscow expects planted and harvested area for soybeans and rapeseed to continue to trend higher, building on factors over the last two years that led to record harvests, high margins, and strong demand for these crops. Since rapeseed yield is expected to be low in the EU in 2021, rapeseed production is seen as a profitable investment. FAS Moscow estimates rapeseed production to amount to 2.5 MMT in MY 2021/22. In addition, the increase in the production of rapeseed – up to 1.7 million hectares, (ha) – and soybeans – up to 3.0 million ha –has been subsidized by the state since 2020. Sunflower will see a more moderate growth in its planted area - from 8.6 million ha to 8.65 million ha.

FAS Moscow estimates total production volume of oilseeds to reach 22.4 MMT, where sunflower oilseed production will reach 15.5 MMT, soybeans production will reach 4.4 MMT, and rapeseed production will reach 2.5 MMT.

Exports of oilseeds and vegetable oils has been noted, along with the grain sector, as the two most profitable sectors of Russian agriculture and triggers of the economy’s growth. However, the newly imposed regulatory measures led to uncertainty in the market. Ruble devaluation also made raw oilseeds more expensive. At the peak, the price of sunflower oilseed reached RUB 46,000 (\$605) per ton, and soybeans reached RUB 52,000 (\$684) per ton.

FAS Moscow forecasts that Russia will export less in MY21/22 than in the previous year due to the export restrictions put in place after the COVID-19 pandemic. FAS Moscow estimates total export volume for major oilseed crops (sunflower, soybeans and rapeseed) to reach 2.3 MMT in MY21/22. Post expects that exports of vegetable oil will increase given the state support of the processing industry.

OILSEEDS

Sunflower seeds

The oilseeds market has been viewed as a profitable segment of the Russian agricultural market. Even the heavy export and price regulations for oilseeds established in 2020 are not expected to affect their further production in MY 2021/22. According to the MinAg, the total amount of subsidies for producing oilseeds in Russia in 2021 increased 2.5 times and amounted to RUB 8.4 billion (\$108 million). By 2022, subsidies for the oilseed segment are planned to increase to RUB 9.4 billion, and to RUB 10.4 billion (\$136.8 million) by 2023.

FAS Moscow forecasts insignificant increases in sunflower planted and harvested area in the upcoming season – from 8.6 million ha in MY 2020/21 to 8.7 million ha in MY 2021/22. Production is projected to reach 15.5 MMT. Total domestic consumption is projected to increase to 15.2 MMT due to increased human consumption and to meet the needs of the processing industry.

Sunflower oilseed exports will be affected by the increased export duty of 30 percent which will be in effect until June 30, 2021. Following the trend over the last few years, it is possible that the export duty will be lifted after June 30, 2021 but still export volume is projected to only reach 800 MT. Imports are expected to be at 50 MT.

Oilseed, Sunflowerseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	0	8500	0	8600	0	8650
Area Harvested	8363	8300	8345	8500	0	8400
Beginning Stocks	233	400	160	400	0	350
Production	15305	15400	13269	13300	0	15500
MY Imports	56	52	50	30	0	50
MY Imp. from U.S.	5	9	5	8	0	10
MY Imp. from EU	10	0	12	10	0	10
Total Supply	15594	15852	13479	13730	0	15900
MY Exports	1234	707	575	1371	0	800
MY Exp. to EU	3	3	10	3	0	5
Crush	13800	14100	12450	11279	0	14200
Food Use Dom. Cons.	200	360	175	200	0	550
Feed Waste Dom. Cons.	200	400	175	530	0	530
Total Dom. Cons.	14200	14745	12800	12009	0	15000
Ending Stocks	160	400	104	350	0	100
Total Distribution	15594	15852	13479	13730	0	15900
CY Imports	50	53	15	53	0	35
CY Imp. from U.S.	0	10	0	10	0	10
CY Exports	650	155	650	360	0	400
CY Exp. to U.S.	0	138	0	0	0	0
Yield	1.8301	1.8554	1.5901	1.5647	0	1.8452
(1000 HA), (1000 MT), (MT/HA)						

Russian exporters anticipate that Turkey, the main export market for Russian seeds, intends to increase imports of sunflower oil in 2021 to offset higher export duties on seeds from Russia. Turkey has lowered its import duty on sunflower oil from 36 percent to 3 percent from November 25, 2020 to June 30, 2021 to help supply sunflower oilseeds and oil in 2021.

Soybeans

The global trend for increased soybean consumption and an intensive development of livestock husbandry in Russia resulted in producers' interest to invest in soybean production. Internal demand for processed soy products is growing, given an increase in human consumption of soy isolates, concentrates, soy flour, and oil. At the same time, industrial production of such products like polymers has also developed.

The main soybean producing regions include the Amur region (70 percent of production) and Primorsky Krai (65 percent production) in the Russian Far East, as well as the Belgorod, Kursk, Tambov, Voronezh and Oryol regions in central Russia, and Krasnodar Krai in southern Russia and Altaysky Krai in Siberia. Primorsky Krai is known for its unused land which could be further cultivated and used in agriculture. The number of soybean-processing enterprises increased in the country.

In MY 2021/22 soybean production is likely to reach 4.4 MMT, provided the weather and insects will not pose threats to the soybean harvest, like in MY 2020/21 in the Far East when a significant amount of crop was damaged by floods. The increased production can be explained by an expansion of planted and harvested area in the Far East and Central regions of the country. Unlike sunflower, soybeans are regarded as a niche crop and their planted and harvested area is likely to grow in MY 2021/22.

FAS Moscow forecasts a planted area increase in MY21/22 to 2.9 million ha and harvested area is likely to be 2.9 million ha. In the fall of 2020, the MinAg announced its commitment to invest in oilseeds in the agriculture sector, and acknowledged soybeans, along with rapeseed, as a niche commodity.

FAS Moscow forecasts that soybean imports will grow to 2.1 MMT due to permitted supplies of GE soybeans into the country to saturate the existing processing industry capacities. Exports, however, are likely to increase to 900,000 MT due to restored demand from China after the COVID-19 pandemic. This measure, among other export restricting measures, heavily discourages farmers and leaves them uncertain of their investment in growing certain crops, and soybeans are not an exception. Soybean exports are mainly driven by restored demand from China and growing demand from Belarus.

In this context of uncertain conditions and rapidly changing regulation, it is difficult to predict whether the export restriction will be extended after June 30, 2021.

According to Post's estimates, total domestic consumption will grow to 5.68 MMT in MY 2021/22 not only because of increased human consumption, but also because of increased use by in animals.

Oilseed, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	2850	2850	3000	2870	0	2900
Area Harvested	2776	2600	2709	2650	0	2900
Beginning Stocks	191	148	211	168	0	180
Production	4359	4300	4307	4425	0	4400
MY Imports	2047	2070	2100	2000	0	2100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	103	0	0	0	130
Total Supply	6597	6518	6618	6593	0	6680
MY Exports	1186	900	1450	863	0	900
MY Exp. to EU	0	0	0	0	0	0
Crush	4650	4450	4500	4500	0	4700
Food Use Dom. Cons.	100	100	110	150	0	180
Feed Waste Dom. Cons.	450	900	450	900	0	800
Total Dom. Cons.	5200	5450	5060	5550	0	5680
Ending Stocks	211	168	108	180	0	100
Total Distribution	6597	6518	6618	6593	0	6680
CY Imports	2072	2000	2100	1700	0	2100
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1196	900	1100	800	0	660
CY Exp. to U.S.	0	0	0	0	0	0
Yield	1.5702	1.6538	1.5899	1.6698	0	1.5172
(1000 HA), (1000 MT), (MT/HA)						

Rapeseed

In the fall of 2020, the MinAg announced its interest in expanding rapeseed along with soybeans as profitable oilseeds crops. Driven in part by MinAg support, MY 2020/21 rapeseed production reached a record level of 2.4 MMT. The trend is projected to continue in MY 2021/22 with rapeseed plantings projected to reach 1.7 million ha. Driven by expanded area, FAS Moscow forecasts that rapeseed production will reach a new record of 2.5 MMT in MY 2021/22.

Given the restored demand from China and expected low harvest of the crop in Europe, total export volume is estimated at 800,000 MT and exports to Europe will increase to 30 MT in the upcoming season.

Oilseed, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	1500	1550	1500	1561	0	1700
Area Harvested	1417	1500	1450	1500	0	1600
Beginning Stocks	58	117	42	112	0	115
Production	2040	2100	2567	2400	0	2500
MY Imports	47	100	30	50	0	60
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	50	0	0	0	40
Total Supply	2145	2317	2639	2562	0	2675
MY Exports	423	623	525	760	0	800
MY Exp. to EU	25	2	0	25	0	30
Crush	1600	1360	1900	1512	0	1700
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	80	222	90	175	0	200
Total Dom. Cons.	1680	1582	1990	1687	0	1700
Ending Stocks	42	112	124	115	0	175
Total Distribution	2145	2317	2639	2562	0	2675
CY Imports	40	130	30	0	0	150
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	660	650	575	500	0	650
CY Exp. to U.S.	0	0	0	0	0	0
	1.4397	1.4	1.7703	1.6	0	1.5625
(1000 HA), (1000 MT), (MT/HA)						

Peanuts

Russia is heavily dependent on imported peanuts because they are not produced domestically. In May 2015, Russia banned the import of all U.S. peanuts due to the detection of low levels of cadmium (too low to present a human health risk) in some shipments from the United States. The ban was lifted in 2019. However, there are still limited imports of peanuts from the United States – in MY2019/20, 5,000 MT and in MY 2020/21, around 2,000 MT. Demand for peanuts in Russia comes largely from the confectionery and snacking industries. The main suppliers of peanuts to Russia are Brazil, which exported 100 TMT (thousand metric tons) in MY 2020/21, and Argentina, which supplied 24 TMT in MY 2020/21. FAS Moscow foresees slow trade recovery and imports around 170 TMT in MY 2021/2022.

Oilseed, Peanut Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	12	6	7	6	0	6
Production	0	0	0	0	0	0
MY Imports	215	140	222	142	0	170
MY Imp. from U.S.	0	5	0	2	0	10
MY Imp. from EU	0	1	0	1	0	10
Total Supply	227	146	229	148	0	176
MY Exports	10	5	10	6	0	5
MY Exp. to EU	0	0	0	1	0	2
Crush	0	0	0	0	0	176
Food Use Dom. Cons.	210	135	215	136	0	5
Feed Waste Dom. Cons.	0	0	0	0	0	2
Total Dom. Cons.	210	135	215	136	0	166
Ending Stocks	7	6	4	6	0	5
Total Distribution	227	146	229	148	0	176
CY Imports	207	0	220	1	0	150
CY Imp. from U.S.	0	4	0	0	0	0
CY Exports	10	0	10	4	0	4
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Other oilseeds

Production of flax, a traditional Russian crop, has been given much attention lately in the country, and some regions (for example, Yaroslavl Region) have expanded their flax planted area and production rates. In MY 2020/21, Russian flax farmers planted 1,270 ha of flax and about 800 ha was harvested. Farmers reported they received around 100,000 MT of flax oilseed yield in MY 2020/21. FAS Moscow forecasts that this trend is likely to continue in the upcoming season.

OILS

One of the main goals in Russian agriculture currently is to grow exports of Russian vegetable oils. This goal is supported by the Federal project “Export of Agrifood Products,” which was put into place to gradually increase exports of vegetable oils produced in Russia. Companies such as “Efko,” “Aston,” and “Yug Rusi” (“South of Russia”) are leading exporters of Russian vegetable oils. Based on Russia’s goal to increase exports of vegetable oils and keep an ample supply on the market, Russia was poised to

increase that volume in MY2020/21. However, the COVID-19 pandemic brought about changes in the state policy toward regulation of vegetable oil exports. The government intends to introduce a floating duty on exports of oils at some point in 2021 and this is projected to cause exports to not be as profitable as farmers hoped for. Post estimates total vegetable oil production to reach 7.2 MMT in MY 2021/22.

Oil prices

In January 2021, Russia reduced the supply of fat and oil products by 1 percent to \$322 million. Fat and oil products rank second in exports of Russian agricultural products. This reduction included decreasing the supply of sunflower oil by 7.5 percent to \$148 million, and soybean oil supplies by 61 percent, valued up to \$20 million.

According to Russia's Federal State Statistics Service (Rosstat), from January 26 to February 1, 2021, prices for sunflower oil in Russia on average decreased by 0.5 percent. In 23 regions the price of sunflower oil has fallen by 0.1–1 percent; in 13 regions, by 1.1–6.5 percent; and in 17 regions, the price is unchanged. The average price of rapeseed seeds in Russia in December 2020 was set at RUB 31,900 per ton (about \$420), which is 4.4 percent more than in November 2020, and 1.5 times more than in December 2019. Since the beginning of 2020, the price has increased 1.4 times, and has become the highest since January 2018. The most expensive rapeseed seeds in December last year were sold in the Central Federal District for RUB 35,700 (about \$470) per ton, and the cheapest were sold in the Ural region for RUB 29,100 (\$383) per ton.

Sunflower oil

Domestic and industrial consumption of sunflower oil has increased in MY 2019/20 and MY 2020/21. However, Post forecasts reduction in both types of consumption in MY 2021/22 due to record high prices for sunflower oil. These record prices had been fixed by producers in their agreement with the state in December 2020, after President Putin urged officials to mitigate rapid price growth in the country.

FAS Moscow projects that sunflower oil production will drop to 5.6 MMT in MY 2021/22 given the uncertainty in the oilseeds market in general, and in the sunflower segment, in particular. If the export duty for sunflower oil will be introduced later in 2021, it will discourage processors to increase production volume as earlier planned. The uncertainty around pricing policy also presents difficulty in determining what will happen. In general, FAS Moscow does not expect a significant reduction in prices for sunflower oil.

Once global trade fully resumes after the COVID-19 pandemic, FAS Moscow expects that Turkey will be the main importer of Russian sunflower oil, along with the Eurasian Economic Union (EAEU) countries (which include Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan).

Oil, Sunflowerseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Crush	13800	14100	12450	11279	0	14200
Extr. Rate, 999.9999	0.4130	0.4130	0.4129	0.5231	0	0.3944
Beginning Stocks	253	266	60	326	0	231
Production	5700	5823	5141	5900	0	5600
MY Imports	1	20	1	15	0	12
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5954	6109	5202	6241	0	5843
MY Exports	3809	3109	3000	3260	0	3000
MY Exp. to EU	25	18	20	20	0	15
Industrial Dom. Cons.	385	430	385	500	0	450
Food Use Dom. Cons.	1650	2219	1670	2200	0	2300
Feed Waste Dom. Cons.	50	40	45	50	0	50
Total Dom. Cons.	2085	2674	2100	2750	0	2800
Ending Stocks	60	326	102	231	0	43
Total Distribution	5954	6109	5202	6241	0	5843
CY Imports	1	21	20	15	0	15
CY Imp. From U.S.	0	0	0	0	0	0
CY Exports	3600	2320	3250	3200	0	3000
CY Exports to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Soybean oil

In MY 2020/21 production of soybean oil dropped to 820 TMT due to lower soybean oilseed production and the negative impact COVID-19 had on global trade. In MY 2021/2022 FAS Moscow forecasts steady growth of soybean oil production based on continued strong supplies. Processors also see soybean oil as a profitable product and some analysts note that soybean oil will compete with sunflower oil in the upcoming season.

Deliveries of the new soybean crop from Brazil and Argentina will begin in the first and second quarters of 2021, which will put pressure on soybean oil prices. To remain competitive with soybean oil, sunflower oil prices may start to decline so to avoid a significant premium to soybean oil demand.

The largest producer and exporter of soybeans and soybean oil in Russia is the company “Sodruzhestvo.”

Post projects imports to grow in volume to reach 50 TMT in MY 2021/22 due to restored global trade and the new harvest. However, exports are not expected to grow significantly, as the state may introduce a floating export duty on all kinds of vegetable oil, including on soybean oil. This will lead to a significant increase in ending stocks which will reach 106 tons.

Oil, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Crush	4650	4450	4500	4500	0	4700
Extr. Rate, 999.9999	0.1794	0.1793	0.1789	0.1789	0	0.1915
Beginning Stocks	22	16	26	16	0	6
Production	834	798	805	805	0	900
MY Imports	62	57	65	45	0	50
MY Imp. from U.S.	0	6	0	6	0	8
MY Imp. from EU	0	0	0	0	0	0
Total Supply	918	871	896	866	0	956
MY Exports	612	620	585	600	0	500
MY Exp. to EU	35	35	35	30	0	0
Industrial Dom. Cons.	20	30	25	30	0	50
Food Use Dom. Cons.	260	205	265	230	0	300
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	280	235	290	260	0	350
Ending Stocks	26	16	21	6	0	106
Total Distribution	918	871	896	866	0	956
CY Imports	63	30	60	0	0	40
CY Imp. From U.S.	0	6	0	0	0	6
CY Exports	611	610	610	600	0	450
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Rapeseed oil

Another objective of the Federal project “Export of Agrifood Products,” is to increase and diversify production and exports of various oilseeds, including their oils and meals. This includes sunflower, soybeans, rapeseeds, flax and others.

In MY 2021/22 rapeseed oil production is forecast to increase modestly to 650 TMT based on a larger projected domestic rapeseed harvest and crush.

For domestic consumption, analysts note that the dynamics of the oils market is changing. Prior to 2012, the market grew due to consumption of “traditional” sunflower oil and palm oil that was used widely for industrial production. From 2012 to 2020, however, consumption of sunflower oil decreased and gave way to increased consumption of other rather new oilseed products for the Russian market including soybean, rapeseed, flax oil and others. In 2019, the Russian government introduced restrictions on domestic industries using palm oil, thereby reducing demand and imports.

Oil, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New post
Russia						
Crush	1600	1360	1900	1512	0	1700
Extr. Rate, 999.9999	0.3850	0.4154	0.3958	0.3955	0	0.3953
Beginning Stocks	17	22	7	22	0	50
Production	616	565	752	598	0	672
MY Imports	115	120	120	100	0	110
MY Imp. from U.S.	0	1	0	1	0	1
MY Imp. from EU	1	1	1	1	0	1
Total Supply	748	707	879	720	0	832
MY Exports	671	600	690	578	0	600
MY Exp. to EU	180	180	170	150	0	130
Industrial Dom. Cons.	10	20	20	25	0	301
Food Use Dom. Cons.	60	65	105	67	0	100
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	70	85	125	92	0	152
Ending Stocks	7	22	64	50	0	80
Total Distribution	748	707	879	720	0	832
CY Imports	118	120	120	0	0	90
CY Imp. From U.S.	0	3	0	500	0	0
CY Exports	675	500	675	0	0	500
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Palm oil

The COVID-19 pandemic negatively impacted the global palm oil market by slowing down its production in MY 2020/21. The pandemic also impacted the availability of labor force in palm oil producing countries. The COVID-19 vaccination campaign in 2021 and the return of workers to the workplace will help restore palm oil production in MY 2021/2022 globally.

Russia does not produce palm oil and imports it for industrial and domestic consumption. Recovery in operations in the hotel, restaurant, and catering (HORECA) sectors of the economy is projected to stimulate demand for palm oil.

Import volumes in MY 2021/22 are likely to decrease due to newly accepted norms of technical regulation for allowed palm oil use in the food industry. The newly set norms reduce the palm oil quantity allowed to be used by the food industry. Total domestic consumption is also likely to drop.

Oil, Palm Market Begin Year	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	344	99	333	169	0	300
Production	0	0	0	0	0	0
MY Imports	1053	1060	1050	1471	0	1150
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	80	0	35
Total Supply	1397	1159	1384	1640	0	1450
MY Exports	14	40	10	40	0	30
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	200	200	210	300	0	300
Food Use Dom. Cons.	850	750	835	1000	0	900
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1050	950	1045	1300	0	1200
Ending Stocks	333	169	328	300	0	220
Total Distribution	1397	1159	1383	1640	0	1450
CY Imports	1050	880	1050	1100	0	900
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	13	40	10	45	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Palm oil consumption for use in domestically produced dairy products rose rapidly after 2014, as did its use in other Russian-made products. On August 6, 2019, the Eurasian Economic Commission (EEC) Board amended the unified sanitary requirements of the EAEU. These requirements defined the standards for the content of glycidyl esters of fatty acids in vegetable oils, adapted milk formulas and products based on partially-hydrolyzed proteins, partially-adapted milk formulas, and specialized medical products for child nutrition. These standards have been harmonized with international requirements, including those of the European Union.

As the next step, the EEC intends to insert the same indicators into technical regulations that establish uniform safety requirements for producing food products and raw materials, mandatory for their application and execution in the EAEU countries. According to the EEC Minister for Technical Regulation, food industry enterprises of EAEU countries should start preparing for the upcoming tightening of requirements for palm oil use in food products. The recent policy actions will likely lead to a decrease in imports in the coming years.

MEALS

FAS Moscow estimates that feed production will reach 10.1 MMT in MY 2021/2022. Total imports of meals in MY 2021/22 are projected to grow slightly due to a small increase in domestic consumption.

Sunflower meal

Meal, Sunflowerseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	13800	14100	12450	11279	0	14200
Extr. Rate, 999.9999	0.4110	0.4110	0.4110	0.4788	0	0.3838
Beginning Stocks	251	315	217	186	0	106
Production	5672	5795	5117	5400	0	5450
MY Imports	20	20	20	20	0	25
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5943	5667	5354	5606	0	5581
MY Exports	2026	1930	1500	2000	0	2000
MY Exp. to EU	700	0	900	750	0	750
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3700	3551	3750	3500	0	3500
Total Dom. Cons.	3700	3551	3750	3500	0	3500
Ending Stocks	217	186	104	106	0	81
Total Distribution	5943	5667	5354	5606	0	5581
CY Imports	15	25	18	0	0	20
CY Imp. From U.S.	0	0	0	0	0	0
CY Exports	1850	1663	0	0	0	1800
CY Exp. to U.S.	0	0	0	0	0	0
SME	2468	2369	2501	2335	0	2335
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Since the beginning of 2020, more than 64 TMT of soybean and rapeseed meal have been exported from the Kaliningrad Region. The main importers of Russian meal are Finland (15 TMT) and France (16

TMT). A significant portion of Russian meal exports go to Germany (9 TMT) and Denmark (6 TMT). Russian meal also is exported to Belgium, Sweden, the Netherlands, and Kazakhstan. Since the beginning of 2021, about 140 TMT of soybean meal have been shipped from the Kaliningrad Region to other regions of Russia. Therefore, soybean and rapeseed meal imports still exceed exports and this trend is likely to continue in MY 2021/22. However, the processing industry is expected to increase production for the purpose of export.

Production of sunflower meal is projected to increase slightly in MY 2021/22 to 5.45 MMT. Exports are projected to remain at the same level as last season (2 MMT), because export restrictions on sunflower seed is expected to maintain export demand from the meal segments.

Soybean meal

Soybean meal is considered a valuable high protein product and, as such, is widely used in the swine-producing industry. Post projects an increased production of soybean meal up to 3.7 MMT in MY 2021/2022, and exports to reach 700 TMT. Imports are also likely to rise as improving economic conditions spark recovery in livestock production and feed demand.

Meal, Soybean Market Begin Year	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Crush	4650	4450	4500	4500	0	4700
Extr. Rate, 999.9999	0.7880	0.7881	0.7878	0.7878	0	0.7879
Beginning Stocks	288	135	183	206	0	106
Production	3664	3507	3545	3545	0	3703
MY Imports	288	150	350	200	0	300
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4240	3792	4078	3951	0	4109
MY Exports	557	486	475	600	0	700
MY Exp. to EU	300	370	270	400	0	400
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3500	3100	3500	3200	0	3300
Total Dom. Cons.	3500	3100	3500	3245	0	3303
Ending Stocks	183	206	103	106	0	106
Total Distribution	4240	3792	4078	3951	0	4109
CY Imports	344	60	340	0	0	200
CY imp. from U.S.	0	0	0	400	0	0
CY Exports	527	500	525	0	0	600
CY Exp. to U.S.	0	0	0	0	0	0
SME	3500	3100	3500	3200	0	3300
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Rapeseed meal

Meal, Rapeseed Market Begin Year	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1600	1360	1900	1512	0	1700
Extr. Rate, 999.9999	0.5950	0.6	0.5947	0.5946	0	0.5294
Beginning Stocks	21	15	30	61	0	51
Production	952	816	1130	899	0	900
MY Imports	89	30	90	20	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1062	861	1250	980	0	981
MY Exports	262	250	270	300	0	350
MY Exp. to EU	255	270	265	220	0	250
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	770	550	950	580	0	600
Total Dom. Cons.	770	550	950	629	0	600
Ending Stocks	30	61	30	51	0	31
Total Distribution	1062	861	1250	980	0	981
CY Imports	85	30	85	0	0	25
CY Imp. fom U.S.	0	0	0	0	0	0
CY Exports	250	290	275	0	0	300
CY Exp. to U.S.	0	0	0	0	0	0
SME	548	391	676	413	0	427
TS=TD	0	0	0	0	0	0
(1000 HA), (1000 MT), (MT/HA)						

Rapeseed meal production is projected to have a moderate increase and reach 900 TMT in MY 2021/2022.

According to Post's estimations for MY 2021/22, Russia will also moderately increase its exports of rapeseed meal to 350 TMT, and imports will grow slightly to 30 TMT in the upcoming season.

According to the Russian Federation's MinAg, fishmeal production in Russia in CY 2019 amounted to 126 TMT showing growth of 46 percent in five years (from 2015 to 2019). The MinAg sees the development of technologies for processing fish waste as the driving factor in production growth. The MinAg estimates that fish meal production will reach 148 TMT in the period from 2021 to 2024.

According to available data, in January 2021, 11.5 TMT of fish meal had been produced in Russia. FAS Moscow forecasts fish meal production to reach 150 TMT in MY 2021/22.

POLICY AND REGULATORY MEASURES IN THE RUSSIAN OILSEEDS MARKET

Similar to the Russian grain market, the oilseeds market faces intensified and expanded regulatory measures imposed by the government. Several governmental decisions have been put into place to increase export duties and these increased duties have also been applied to other oilseeds, including soybeans. The government's stated reason for increasing export duty rates is to prevent price growth in the domestic market by lowering export volume. However, this measure has been criticized because it undermines Russia's image as a major exporter.

Agreements on selling prices for sunflower oil and sugar

On December 2020, the Russian Federation's MinAg, and Ministry of Industry and Trade signed agreements with several producers which established maximum selling prices for sunflower oil and sugar. The producers involved account for 90 percent of the sugar market and 85 percent of the oil market. The agreements fixed the maximum selling price for sunflower oil at RUB 95 per liter, and at RUB 110 (\$1.45) per liter for retail chains. The cost of sugar was fixed at RUB 36 (\$0.47) and RUB 46 (\$0.61) per kilogram, respectively. These prices will be in effect through April 1, 2021.

These agreements on selling prices were put in place to stabilize and reduce prices for these two socially important products. If the agreement is not extended beyond April 1, 2021, prices for products will grow significantly. The Ministry of Industry and Trade criticized these newly established maximum selling prices, stating that they are excessive and break existing logistics chains.

Increased export duties on sunflower and rapeseed oilseeds

On December 10, 2020, Russian Prime Minister Mikhail Mishustin, signed [Decree #2065, which](#) increased the export duty for sunflower and rapeseed oilseeds to 30 percent of customs value and not less than 165 Euros (approximately \$198) per ton. The measure took effect January 9 through June 30, 2021 and applies to sunflower and rapeseed exported outside of the EAEU countries.

The export duty for sunflower and rapeseed oilseed, established in 2020, comprises 6.5 percent of customs value but not less than 9.8 Euros (\$12) per ton for sunflower, and no duty for rapeseed. This government action aims to lower export volumes and to prevent price growth for sunflower, rapeseed, and their processed products at the domestic market.

Currently, there are ongoing discussions about increasing export duties up to 50 percent but not less than 320 euros (about \$382) per ton on sunflower, rapeseed, soybeans and flax starting July 1, 2021.

New export duties on soybeans

The Russia Federation also imposed an export duty for soybeans in [Decree #2397, which was signed December 31, 2020](#). This decree established the soybean export duty at 30 percent but not less than 165 Euros (\$198) per ton, starting February 1 through June 30, 2021. Prior to this initiative, there was no export duty for soybeans.

The duty is aimed at providing raw materials for processing capacities and to prevent a rise in prices for processed soybean products.

Anticipated new export duties on vegetable oils

The Ministry of Economic Development, on behalf of the Russian Prime Minister, is working on another export restriction mechanism for vegetable oil, similar to the one placed on the grain market starting on June 2, 2021. An export duty on sunflower oil (expected at 15 percent) is anticipated to be introduced by the Ministry of Economic Development to begin after April 1, 2021. Also, from January 9 through the end of the MY 2020/21, protective duties of 30 percent on rapeseed and sunflower exports were put into place; starting February 1, the same rate was introduced for soybean export. The Oil and Fat Union stated that it will lobby to extend restrictions on sunflower supplies abroad to September 1, 2021. According to the Ministry of Economic Development, this “damper mechanism” will also apply to other types of vegetable oil.

Extension of grace period for imports of genetically engineered soybeans and soybean meal without state registration

On April 16, 2020, the Russian Government signed governmental Decree # 520 “About products and genetically modified organisms that are not subject to state registration in accordance with the rules of state registration of genetically modified organisms intended for release into the environment, as well as products obtained using or containing such organisms, including products imported into the territory of the Russian Federation approved by the Decree of the Government of the Russian Federation of September 23, 2013 #839.” This Decree required that until January 1, 2021, state registration of “genetically modified organisms intended for release into the environment, as well as products engineered with appliance of such organisms, including imported ones,” will not apply to soybeans and soybean meal. Soybeans and soybean meal are excluded because their safety has been verified by the Russian Federal Service for Veterinary and Phytosanitary Surveillance (VPSS). On January 12, 2021, the government signed a Decree which extends the permit to import GE soybeans and soybean meal without state registration to Russia until January 1, 2022. The reason for this extension is to saturate the

domestic market with soybean meal to meet feed-production needs and to create competition in the soy meal market.

For more information on this topic, please refer to FAS Moscow GAIN reports: [RS2020-0022 Russia Temporarily Lifts Requirements for GE Registration of Soybeans and Soybean Meal](#) and [RS2020-0027 Additional Conditions for Import of GE Soy and Soy Meal to Russia under Decree 520](#).

It is worth noting that the permission to import GE soybeans and meal does not imply uncontrolled movement of these products and transportation to EAEU states. VPSS sent a proposal to the EEC to develop a unified approach to control GE commodities and seeds on the EAEU territory. In its appeal to

the EEC, dated December 30, 2020, VPSS proposed amending the ‘Treaty on the Eurasian Economic Union and the Agreement on the circulation of seeds of agricultural plants’ within the EAEU. The VPSS also initiated adoption of an international treaty of the EAEU member states regarding importing and moving agricultural plant seeds obtained using GE to control circulation in the Russian Federation.

Subsidies for the transportation of vegetable oils

In early March 2021, the MinAg proposed postponing compensation for transportation costs until August 2021 for a number of products, including sunflower oil and eggs. The corresponding draft decree states that this is a relevant measure which accounts for the current price situation for ‘socially significant products’ and governmental control over prices.

[Decree #1104](#) of September 15, 2017, “On the provision of subsidies from the federal budget to Russian organizations to compensate for part of the cost of transporting agricultural and food products,” established a federal subsidy to cover costs for the transportation of sunflower, safflower, cotton oils, fats, margarines, and oilseed meals by rail and cars. According to the new draft law, compensation for the transportation of crude sunflower oil in packages of 10 liters or less is proposed to be postponed from April 1, 2021 to August 2021. For other goods under the Harmonized System (HS) code 151211 ("sunflower oil, crude, other" and "sunflower or safflower oil and their fractions, etc.") compensation will be shifted from October 1, 2020 to April 15, 2021 and after August 1, 2021. Compensation for transportation of bird eggs, cakes, and other solid waste received during extraction of soybean oil, will be shifted from October 2020 to April 15, 2021 and until after August 2021. This measure is expected to negatively affect exporters and potentially, to some degree, decrease the volume of exports.

Attachments:

No Attachments