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Oilseeds Annual Report

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Report Highlights:

Production of the main oilseed crops (sunflowers, soybean, and rapeseed) in 2008 is forecast to increase more than 9 percent over 2007 levels to 7.5 million metric tons (MMT).

Production of sunflowerseeds, soybeans, and rapeseeds are forecast to increase 9 percent, 12 percent, and 3 percent, respectively. Crush will grow 8 percent to 7.3 MMT, thereby boosting oilseeds meal and vegetable oil production to 3.4 MMT and 2.7 MMT, respectively.

Imports of oilseeds will grow to 460,000 metric tons (MT), primarily due to greater soybean imports. Imports of oilseeds meal will also increase to 970,000 MT, while imports of major vegetable oils (sunflowerseed, soybean, rapeseed, and palm oils) will decrease 3 percent to 835,000 MT. Exports of oilseeds will remain at 145,000 MT. Exports of meal will increase to 775,000 MT, while exports of vegetable oil will grow to 470,000 MT.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Moscow [RS1]
[RS]

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Executive Summary

Production of the main oilseed crops (sunflowerseeds, soybean and rapeseed) in 2008 is forecast to increase more than 9 percent over 2007 levels to 7.5 million metric tons (MMT), assuming normal weather conditions. Production of sunflowerseeds, soybeans, and rapeseeds are forecast to increase by 9 percent, 12 percent, and 3 percent, respectively. Crush will grow by 8 percent to 7.3 MMT, thereby boosting oilseeds meal production to 3.4 MMT from 3.1 MMT in MY 2007, and increasing vegetable oil production to 2.7 MMT from 2.5 MMT in MY 2007. Imports of oilseeds will grow to 460,000 metric tons (MT) due to increasing imports of soybeans from 365,000 MT in MY 2007 to 410,000 MT in MY 2008. Imports of oilseeds meal will also increase from 955,000 MT to 970,000 MT, with soybean meal imports growing from 890,000 MT to 900,000 MT. Imports of major vegetable oils (sunflowerseed, soybean, rapeseed, and palm oils) will decrease by 3 percent to 835,000 MT. Exports of oilseeds will remain 145,000 MT. Exports of meal will increase to 775,000 MT from 745,000 MT in MY 2007, while exports of vegetable oil will grow from 404,000 MT to 470,000 MT in MY 2008. Domestic vegetable oil consumption will also grow from 3.0 MMT to 3.1 MMT. End of year stocks of oilseeds and meal are forecast to slightly decrease from relatively low levels of MY 2007, but primarily due to better marketing management of oil-crushing companies, while stocks of vegetable oil will remain at the level of MY 2007.

TOTAL OILSEEDS

Production

Given normal weather conditions in 2008, total production of the main oilseed crops (sunflowerseed, soybean, and rapeseed) will reach 7.5 million metric tons (MMT), up 9 percent from 2007, but still 0.5 MMT lower than in 2006. Area planted is forecast to increase by 380,000 hectares to 7.1 million hectares. However, this area is smaller than in 2006, due to increased competition with other crops for arable land. Area sown to sunflowerseeds is forecast at 5.65 million hectares, up 350,000 hectares from 2007. However, most of this increase is in regions with low sunflower yields. In the Southern Federal District, competition with wheat and concerns about crop rotation will keep area sown to sunflowerseeds at the last year's level. The average yield is forecast at 1.14 metric tons (MT) per harvested hectare, compared with 1.13 MT in 2007. The optimistic yield forecast is based primarily on improved seed quality and on increased agronomic technology for sunflower seed production. Given that sunflowerseed production is reported only in bunker weight, drier weather may decrease reported yields, but will improve oil content of seeds, while rainy weather may increase production weight but decrease the vegetable oil content of the crop. Area sown to soybeans will be the same as in 2007. Given normal weather, harvested area will increase by 25,000 hectares to 730,000 hectares, and production will increase by 95,000 metric tons to 695,000 metric tons. These increases are expected in the Russian Far East, which suffered from bad weather in 2007, while soybean production in European Russia will remain at the same level as in 2007. Rapeseeds sown area is forecast at 690,000 hectares, up 30,000 hectares from 2007. Production is forecast at 650,000 MT, up 3 percent from 2007. Prices for oilseeds and oilseeds products are very attractive for farmers, and domestic demand for both feeds and vegetable oil remain very strong. However, prices of grains, sugar beet and other crops also increased, and in many cases farmers will prefer to grow crops that require "saved" seeds, fewer chemicals and more simple technologies than oilseeds.

This year, sunflowerseeds sowing began earlier and is progressing more quickly than in 2007, and as of May 12, 2008, area sown was 80 percent ahead of the same date in 2007 for agricultural enterprises. According to the Russian Ministry of Agriculture, as of May 12, 2008, sunflower seeds were sown on 4.2 million hectares, or 82 percent of the expected

sunflower area. Agricultural enterprises in Voronezh, Kursk, Penza, Samara, Ulyanovsk oblasts, in Krasnodar and Stavropol krays, and in republics of Bashkortostan, Tatarstan and Adygeya finished sowing by May 12, 2008. Rapeseeds were sown on 218,000 hectares, or 46 percent of the expected spring rapeseeds area in agricultural enterprises. Soybeans were sown on 131,000 hectares, or on 15 percent of the forecast area. Farmers in the Russian Far East, the main soybean producing area, had not started soybean sowing as of mid-May, and farmers in Krasnodar kray, Russia's third biggest soybeans producer, planted soybeans on 65 percent of the forecast land. However, competition for arable land in Krasnodar kray is so strong, that farmers may sow soybeans on less area than expected.

Table 1. Consolidated PSD for Major Oilseeds (Sunflowerseeds, Soybeans, Rapeseed), 1,000 Hectares, 1,000 Metric Tons.

Russian Federation	MY 2006*	MY 2007*	MY 2008*
	Revised	Prelim.	Forecast
Area Planted	7,532	6,740	7,120
Area Harvested	7,195	6,246	6,710
Beginning Stocks	289	410	140
Production	8,015	6,889	7,495
MY Imports	45	376	460
MY Imp. from U.S.	0	0	0
MY Imp. from EU	0	0	0
Total Supply	8,349	7,675	8,095
MY Exports	257	145	145
MY Exp. to EU	145	108	90
Crush	7,095	6,778	7,315
Food Use Dom. Cons.	200	240	200
Feed Waste Dom. Cons.	387	372	310
Total Dom. Cons.	7,682	7,390	7,823
Ending Stocks	410	140	127
Total Distribution	8,349	7,675	8,095

* Marketing years for sunflowerseeds and soybeans are September-August, and marketing year for rapeseeds is July-June

Source: Based on PSD tables for each crop

A Final Review of 2007 Production

In 2007, oilseeds production decreased by 15 percent to 6.9 MMT due to reduced sown area and lower yields for sunflowerseeds and soybeans. Area sown to rapeseeds increased, and despite lower yields, total rapeseeds production increased from 523,000 metric tons in 2006 to 632,000 metric tons in 2007. Sunflowerseed production in 2007 was 5.66 MMT, or 16.3 percent less than in 2006. Yields decreased from 1.14 MT per harvested hectare to 1.13 MT per harvested hectare. In MY 2007, Russia's imports of oilseeds are expected to increase more than eight-fold to 376,000 MT due to a jump in soybean imports from 34,000 MT in MY 2006 to an estimated 365,000 MT in MY 2007. Exports of oilseeds decreased from 257,000 MT in MY 2006 to an estimated 145,000 MT in MY 2007. Exports of sunflowerseeds dropped by more than 50 percent, from 162,000 MT to an estimated 70,000 MT, while rapeseeds

exports dropped slightly to 70,000 MT from 79,000 MT in MY 2006. Crushing of oilseeds decreased by 4.5 percent, but Russia's crushing facilities are improving, and production of oilseeds meal remained at 3.1 MMT. Production of vegetable oils decreased in MY 2007 by 8 percent at the expense of lower oil content of sunflowerseeds and an increased portion of processed soybeans in the oilseeds crushing. Lower domestic production and higher world market prices for oilseeds stimulated a sharp rise in sunflowerseed prices in European Russia from 6,000 Rubles (\$227) per MT in the end of January 2007 to 17,000 Rubles (\$700) per MT in the end of January 2008. The producer price for non-refined sunflowerseeds oil increased during the same time period from 17,160 Rubles (\$648) per MT to 37,400 Rubles (\$1,540) per MT.

Table 2. Oilseeds: Sown Area, Production, Yields, 2000-2007

Sown Area, 1,000 hectares							
Crop	2001	2002	2003	2004	2005	2006	2007 prelim.
Sunflower	3,821	4,117	5,337	4,848	5,546	6,169	5,300
Soybean	417	476	586	571	720	846	778
Rapeseed	134	145	230	251	244	512	659
Mustard	59	80	142	103	107	91	58
Flax	14	12	30	24	31	76	110
Other	3	8	12	14	12	11	3
TOTAL	4,448	4,838	6,337	5,813	6,660	7,705	6,908
Production, 1,000 Metric Tons							
Crop	2001	2002	2003	2004	2005	2006	2007 prelim.
Sunflower	2,685	3,684	4,871	4,801	6,441	6,753	5,657
Soybean	350	423	393	555	616	740	600
Rapeseed	113	115	192	276	303	523	561
Mustard	28	35	86	55	63	64	11
Flax	8	8	9	10	24	61	73
Other	1	5	14	20	83	89	124
TOTAL	3,185	4,271	5,565	5,717	7,530	8,229	7,026

Source: Federal Service of State Statistics (former State Statistical Committee) data and "AgroKhleb Bulletin" (SovEcon publication).

Consumption

Russia's oilseed consumption will increase by 8 percent in MY 2008 to 7.82 MMT. Oilseeds crush will reach 7.3 MMT, including 5.64 MMT of sunflowerseeds, 1.09 MMT of soybeans and 588,000 MT of rapeseeds. Big oilseed crushing plants dominate the Russian oilseeds market. Large, modern enterprises owned by holding companies crush 4.0 MT to 5.0 MMT per year, accounting for two-thirds of Russia's oilseeds crushing. Nearly 35 percent of crushing takes place in small industrial crushing plants with average crushing capacity ranging from 40 metric tons to 140 metric tons of sunflower seed per day. However, the number and role of these crushing plants are diminishing. Approximately 7 holding companies dominate Russia's oilseeds crushing industry, among them "Jug Rusi", "Solnechnye Producty", "Efko", "Aston",

"NMZhK", "WJ", "Russkiye Masla". These holdings purchase two-thirds of marketed oilseeds, and they significantly influence oilseeds prices and terms of purchase. At the same time, many small oil-crushing plants cannot source oilseeds at the price they can afford. Besides, they cannot save on lower costs for crushing, and, being contract-bound, are not able to increase prices of vegetable oil in order to compensate for increased cost of production. Thus, a shortage of oilseeds and the increased cost of crushing will continue to push small-size crushers from the vegetable oil market.

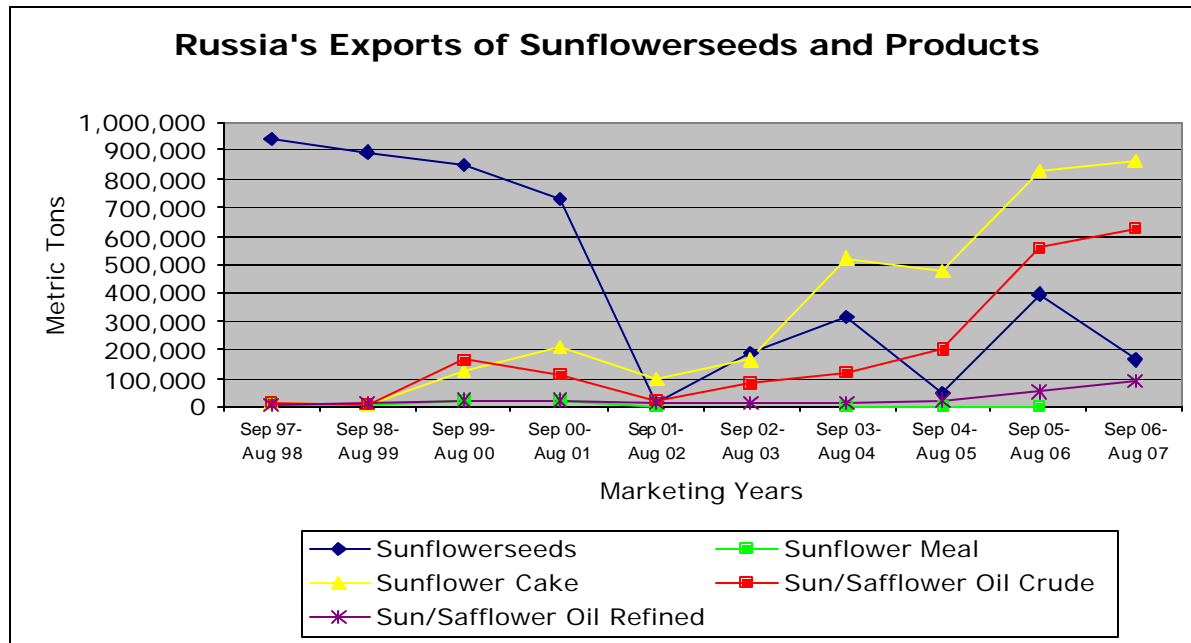
In MY 2008, direct food use domestic consumption (primarily sunflower seed) will decrease to 200,000 MT from 240,000 MT in MY 2007, while the feed, seed, and waste portion of domestic consumption is expected to decrease from 372,000 MT to 310,000 MT. The biggest portion of this category is oilseed waste and unreported feed use of oilseeds on farms. Use of seeds will increase only slightly, although quality will continue to improve.

Trade

In MY 2008, imports of oilseeds are forecast to increase to 460,000 MT due to rapidly growing demand for vegetable oils and meal. Soybeans account for 89 percent of all imports of oilseeds (excluding peanuts), due to growing demand for feeds and vegetable oil, and construction of new soybean crushing facilities in Kaliningrad. Imports of sunflowerseeds are forecast to increase to 50,000 MT from 10,000 MT in MY 2007 due to the increase of crushing capacity of plants that belong to big holding companies. These plants will import sunflowerseeds from neighboring CIS countries in order to maintain steady production. In MY 2008, oilseeds exports are forecast at 145,000 MT, including 80,000 MT of sunflowerseeds (10,000 MT more than in MY 2007), and 50,000 MT of rapeseeds (20,000 MT less than in MY 2007). Demand for Russia's oilseeds in the world market is growing, and some importers, such as Turkey, have lowered import tariffs in MY 2007 to make imports of sunflowerseeds more attractive.

Sunflowerseeds and Sunflowerseeds Products Trade

In the last 10 years, the pattern of exports of sunflowerseeds and sunflowerseeds products changed from exports of raw product (seeds) to exports of the products of crushing, such as cake (hereinafter called sunflowerseeds meal). This pattern reflects the development of domestic crushing industry and its integration into the world oilseeds crushing industry.

Figure 1. Russia's Exports of Sunflowerseeds and Products, MT, MYs 1997 – 2006

Stocks

There are no official data on the current or end of year stocks of oilseeds. However, due to the construction and modernization of crushing plants, efficiency of the crushing process improves, and crushing companies are able to process their stocks in a timely fashion and have less need to maintain large inventories. In MY 2008, ending stocks of oilseeds will decrease to 127,000 MT from 140,000 MT in MY 2007.

Policy

Import tariffs on sunflower seed, rapeseed, and various other oilseeds remain at five percent of the customs value. Soybeans (HS numbers 1201 001 000 and 1201 009 000) and peanuts (HS numbers 1202 101 000, 1202 109 000 and 1202 200 000) are imported duty free. Value added tax (VAT) is 10 percent for all oilseeds. The economic effect of duty free soybean imports is limited by the opaque GMO registration procedures, and processors' demand for GMO-free beans.

The export duty on sunflower seeds is 20 percent of the customs value, but not less than 30 Euros per metric ton. The export duty on soybeans is also 20 percent of the value, but not less than 35 Euros per metric ton. The export duty on rapeseeds (HS numbers 1205 100 000, 1205 101 000, 1205 900 001, 1205 900 009) is 15 percent, but not less than 30 Euros per metric ton. As of September 10, 2007, rapeseeds exported from Kaliningrad are duty free, as the Government of the Russian Federation lifted the export tariff on rapeseeds produced in Kaliningrad oblast. The export duty on mustard is 10 percent of the customs value, but not less than 25 Euros per metric ton.

The numerous certificates and permits required for customs clearance of both imports and exports hamper foreign trade in oilseeds. A certificate of State seed inspection is needed for all trade of planting seeds. For exports and imports of all other oilseeds and grains (not intended for planting) customs require a certificate of quality. The Russian Federal Service

for Veterinary and Phytosanitary Surveillance (VPSS) issues the quality certificates. All oilseeds are subject to phytosanitary control and require the appropriate certificates. If oilseeds are imported for human consumption and food processing, a sanitary-epidemiological certificate is required. Biotech oilseeds (soybeans) imported for human consumption, and for food processing shall be registered with the Russian Ministry of Health. Imported soybeans intended for feed consumption and processing also require a veterinary certificate and registration for biotech products and for feeds with biotech components. The registration is conducted by VPSS.

Sunflower Seed

The area sown to sunflower seeds is forecast to increase 350,000 hectares to 5.65 million hectares, due to high demand and strong prices. However, competition with spring grains, especially corn, will be high. Area sown to sunflowerseeds in the Southern Federal District is expected to remain unchanged, while it will increase in other provinces of Russia. Production is forecast to increase 6.15 MMT due to increased area and improved yields in the Southern Federal District, especially in Rostov oblast, where crop losses were very big in 2007.

In MY 2007, Russia's estimated exports of sunflowerseeds plummeted to 50,000 metric tons. From September 2007 through March 2008, Russia exported only 23,000 metric tons of sunflowerseeds, and starting, January 2008 monthly shipments never exceeded 2,800 metric tons. Assuming that sunflowerseeds' stocks at farms and at crushing plants are small, exports will not increase significantly in the remaining months. An estimate of 50,000 MT is optimistic, and based on the assumption that 2008 crop will be good, and processors will sell off all remaining stocks by the beginning of new crop year.

Kazakhstan became a major importer of Russian sunflowerseeds in MY 2007. In October 2007, Kazakhstan introduced a temporary ban on exports of vegetable oil and oilseeds for crushing, and lifted the 20 percent import tariffs on vegetable oil. The measure went into force on March 1, 2008. Domestic oilseeds production covers 70 percent of Kazakhstan's domestic consumption, with the balance imported from Russia.

Russia's imports of sunflowerseeds in MY 2007 are estimated at 10,000 metric tons, and will primarily consist of planting seeds. The portion of planting seeds in imports is increasing. In MY 2006 (for planting season 2007), Russia imported 7,196 metric tons of planting seeds, 760 metric tons more than for the 2006 crop (Table 5). In September – December 2007 (the latest available customs data for sunflowerseeds imports), Russia's imports of planting seeds remained almost at the same level as in September – December 2006, or 920 MT, including 383 MT from Italy, 267 MT from the United States, 107 MT from France, and 75 MT from Hungary. Much smaller quantities of planting seeds were imported from Chile, Moldova, Ukraine, and Spain. Data for January – March, the months of the majority of seeds imports, are not available.

Table 3. PSD, Sunflower Seed, 1,000 Metric tons, 1,000 Hectares

PSD Table										
Country	Russian Federation									
Commodity	Oilseed, Sunflowerseed						(1000 HA)(1000 MT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Area Planted	6170	0	6170	5200	0	5300	0	0	5650	(1000 HA)
Area Harvested	5900	0	5900	5000	0	5006	0	0	5400	(1000 HA)
Beginning Stocks	246	0	246	314	0	314	186	0	91	(1000 MT)
Production	6750	0	6750	5650	0	5657	0	0	6150	(1000 MT)
MY Imports	10	0	10	10	0	10	0	0	50	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	7006	0	7006	5974	0	5981	186	0	6291	(1000 MT)
MY Exports	162	0	162	200	0	70	0	0	80	(1000 MT)
MY Exp. to EU	180	0	80	190	0	40	0	0	40	(1000 MT)
Crush	5980	0	5980	5040	0	5240	0	0	5640	(1000 MT)
Food Use Dom. Cons.	200	0	200	238	0	240	0	0	200	(1000 MT)
Feed Waste Dom. Cons.	350	0	350	310	0	340	0	0	290	(1000 MT)
Total Dom. Cons.	6530	0	6530	5588	0	5820	0	0	6130	(1000 MT)
Ending Stocks	314	0	314	186	0	91	0	0	81	(1000 MT)
Total Distribution	7006	0	7006	5974	0	5981	0	0	6291	(1000 MT)

Table 4. Sunflower Seed: Area, Yields, and Production by Regions

	2001	2002	2003	2004	2005	2006	2007 (prelim.)
PLANTED AREA, thousand hectares							
Russia	3,821	4,117	5,327	4,848	5,546	6,169	5,300
Voronezh	325	349	431	403	437	453	396
Volgograd	412	447	642	532	658	740	646
Saratov	431	448	536	445	589	719	668
Krasnodar	352	424	567	475	574	546	448
Stavropol	207	223	280	247	274	312	235
Rostov	794	809	1,086	1,024	1,164	1,328	1,239
Orenburg	221	241	265	265	350	431	310
Altay kray	188	236	336	338	361	454	364
Other	891	940	1,184	1,119	1,139	1,186	994
YIELD, mt per 1 hectare of harvested area							
Russia	0.78	0.97	0.10	1.02	1.19	1.14	1.13
Voronezh	0.91	1.07	1.21	1.01	1.25	1.29	1.58
Volgograd	0.60	0.81	0.88	0.92	1.04	0.96	1.01
Saratov	0.50	0.56	0.72	0.89	0.90	0.87	0.93
Krasnodar	1.37	1.77	1.49	1.76	2.03	2.09	1.95
Stavropol	0.95	1.15	0.98	1.37	1.58	1.45	1.25
Rostov	0.87	1.19	1.22	1.17	1.37	1.33	1.07
Orenburg	0.49	0.56	0.74	0.70	0.80	0.72	0.82
Altay kray	0.56	0.51	0.54	0.38	0.49	0.52	0.63
Other	0.64	0.72	0.74	NA	NA	NA	NA
PRODUCTION, thousand metric tons							
Russia	2,685	3,684	4,868	4,801	6,441	6,753	5,657
Voronezh	287	353	492	396	537	540	594
Volgograd	209	309	492	480	673	684	624
Saratov	207	241	378	395	528	622	607
Krasnodar	469	732	798	822	1,153	1,137	850
Stavropol	151	249	265	331	427	430	286
Rostov	579	882	1,193	1,187	1,585	1,715	1,200
Orenburg	104	126	195	220	269	300	253
Altay kray	101	114	157	121	160	232	229
Other	578	678	898	1,919	1,109	1,093	1,014

Source: Data from the Federal Statistical Service and "SovEcon" company

Table 5. Sunflower Planting Seeds' Imports by Countries, MYs 2005, 2006, Kilograms

	Sep 05-Aug 06	Sep 06-Aug 07
Sunflowerseeds (HS Number 1206)	10,828,482	10,195,050
Including		
Sunflowerseeds for sowing (HS Number 1206 00 10), total	6,437,380	7,196,424
By country:		
- United States	2,393,646	2,477,514
- Turkey	1,291,336	1,629,939
- France	682,715	834,938
- Italy	726,891	567,618
- Moldova	373,183	453,611
- Hungary	242,084	263,907
- Romania	59,544	218,551
- Chile	69,140	159,549
- Ukraine	36,120	158,627
- Spain	254,050	148,591
- Serbia	0	144,123
- Other	308,671	139,456

Source: World Trade Atlas

Table 6. Export Trade Matrix, Sunflower Seed, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Oilseed, Sunflowerseed		
Time Period	Sep/Aug	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Spain	60	Kazakhstan	20
Kazakhstan	58	Spain	10
Italy	27	Azerbaijan	5
France	7	Syria	5
Morocco	4		
Greece	4		
Total for Others	160		40
Others not Listed	2		30
Grand Total	162		70

Source: State Customs Committee of the Russian Federation

Table 7. Sunflowerseeds prices, European Russia, EXW, US Dollars

Prices Table			
Country	Russian Federation		
Commodity	Oilseed, Sunflowerseed		
Prices in	USD	per uom	Metric Ton
Year	2007	2008	% Change
Jan	227	700	208%
Feb	250	773	209%
Mar	251	921	267%
Apr	266	1007	279%
May	305	910	198%
Jun	343		
Jul	376		
Aug	438		
Sep	499		
Oct	548		
Nov	617		
Dec	681		
Exchange Rate		Local Currency/US \$	
Date of Quote		MM/DD/YYYY	

Source: SovEcon, WJ InterAgro, Interfax

Note: USD/Ruble exchange rate changed significantly during the time period. In the end of January 2007, the rate was 26.49 rubles per 1 \$US, and in the end of April 2008 it was 23.34 Rubles per 1 \$US.

Soybeans

Soybean production in MY 2008 is forecast at 695,000 MT, up 16 percent from MY 2007. However, production will be 6 percent lower than in MY 2006. Area sown to soybeans is forecast to remain at 780,000 hectares, 70,000 hectares lower than in MY 2006. Prices of soybeans increased, and demand for soybean meal and oil is growing, but yields in the Russian Far East depend largely on weather, and in European Russia soybeans are competing with grains, sunflowerseeds and sugar beets. "Russian Soya", a federal program, aims to increase soy protein production for the feed industry, and is providing assistance to the construction of three soybean crushing plants with a declared total capacity of 1.5-2.0 MMT per year. However, domestic production of soybeans will not be able to meet growing demand in the near future. In 2007, the company "Sodruzhestvo" put a big soybean crushing plant in Kaliningrad oblast into operation. Due to its location, the plant is designed to crush imported soybeans.

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

PSD Table										
Country	Russian Federation									
Commodity	Oilseed, Soybean						(1000 HA)(1000 MT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Area Planted	850	0	850	900	0	780	0	0	780	(1000 HA)
Area Harvested	815	0	815	850	0	705	0	0	730	(1000 HA)
Beginning Stocks	22	0	22	19	0	19	19	0	14	(1000 MT)
Production	740	0	740	780	0	600	0	0	695	(1000 MT)
MY Imports	34	0	34	295	0	365	0	0	410	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	796	0	796	1094	0	984	19	0	1119	(1000 MT)
MY Exports	16	0	16	5	0	5	0	0	15	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Crush	741	0	741	1050	0	950	0	0	1085	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	20	0	20	20	0	15	0	0	0	(1000 MT)
Total Dom. Cons.	761	0	761	1070	0	965	0	0	1085	(1000 MT)
Ending Stocks	19	0	19	19	0	14	0	0	19	(1000 MT)
Total Distribution	796	0	796	1094	0	984	0	0	1119	(1000 MT)

Table 9. Soybeans: Area and production, by Regions

	2001	2002	2003	2004	2005	2006	2007 (prelim.)
PLANTED AREA, thousand hectares							
Russia, total	417	476	586	571	720	846	778
- including major producers:							
Amur oblast	206	240	283	253	290	310	314
Primorskiy kray	91	108	110	129	137	135	121
Krasnodar kray	44	59	102	92	140	175	146
PRODUCTION, thousand metric tons							
Russia, total	350	423	393	555	616	740	600
- including major producers:							
Amur Oblast	204	265	156	178	175	222	246
Primorskiy kray	68	23	69	114	118	123	78
Krasnodar kray	36	97	103	162	174	208	119

Source: Federal State Statistical Service

Note: for soybeans production is given in clean weight

In MY 2006, Russia imported 146 metric tons of soybeans for sowing in 2007, including 81 MT from the United States, 35 MT from Ukraine, 19 MT from France, 6 MT from Serbia, and 5 MT from China. In the first 4 months (September – December 2007) of MY 2007, Russia's imports of planting seeds of soybeans dropped to 0.6 metric tons from 4.5 metric tons during the same period last year.

Russia's soybean imports in MY 2008 are forecast at 410,000 MT, up 12 percent from the estimated 365,000 metric tons in MY 2007. Estimates of MY 2007 imports are based on the actual imports of soybeans in September 2007 – March 2008. Starting November 2007 Russia consistently imports soybeans for the new "Sodruzhestvo" soybean crushing plant in Kaliningrad. From September 2007 through March 2008, Russia imported 114,200 MT from Brazil, 40,600 MT from Germany, 27,200 MT from Uruguay, 24,000 MT from Ukraine, and 8,400 MT from Belgium.

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

Import Trade Matrix			
Country	Russian Federation		
Commodity	Oilseed, Soybean		
Time Period	Sep/Aug	Units:	1,000 MT
Imports for:	2006		2007
U.S.		U.S.	
Others		Others	
Brazil	32	Brazil	180
Canada	2	Germany	60
		Uruguay	50
		Ukraine	35
		Belgium	15
Total for Others	34		340
Others not Listed	0		25
Grand Total	34		365

Russia's exports of soybeans in MY 2008 are forecast to rebound to 15,000 MT, similar to the volumes that were exported from the Russian Far East in MY 2006 to Kazakhstan (14,705 MT) and China (871 MT). In September – December 2007, Russia's exports of soybeans were 864 metric tons, including 681 metric tons to China, and 150 metric tons to North Korea. However, exports in this period were considerably lower than during the same period a year ago. Border trade with China may not be reported, but given the small crop in 2007 in the Russia's Far East, soybean exports in MY 2007 are estimated at only 5,000 metric tons.

Rapeseed

Russia's area sown to rapeseeds is forecast at 690,000 hectares, up 30,000 hectares from 2007, and production is forecast to increase by 18,000 MT to 650,000 MT. In 2007, the Russian Ministry of Agriculture announced the beginning of a special program, "Rapeseeds". According to this plan, area planted to rapeseeds will increase to 7-8 million hectares and production will reach 20-21 MMT over the next 5-10 years. However, the program is not supported by any comprehensive financing, and relies upon a significant hypothetical increase in domestic and foreign demand for biofuel made from rapeseeds. Setting aside

growing competition for arable land, experts point out two major obstacles to a significant increase in rapeseeds production in Russia: yields and processing. There are no local high yielding varieties of spring rapeseeds, and winter kill of winter rapeseeds varieties (with high oil content) is often high. Rapeseed is a small grain oilseed, and requires new elevators, transport, handling equipment, and combines. Besides, rapeseeds oil is very corrosive and requires stained steel equipment. There are currently only 3 rapeseeds extraction plants in Russia, and their demand for rapeseeds is limited and not stable. Thus, although administrations of several Russian provinces declared that their farmers are going to increase area sown to rapeseeds, the actual increase in rapeseeds production for oil crushing will not be significant. Farmers may increase area sown to rapeseeds for better soil conservation, as rapeseed is a good predecessor for winter grains. Besides, if they plow rapeseeds' green mass in summer, it replaces expensive mineral fertilizer and improves the soil. Only in several provinces where new rapeseeds crushing plants are constructed, demand for rapeseeds may stimulate farmers to increase commercial production of rape/colza seeds for crushing.

Rapeseeds production in Nizhniy Novgorod oblast in 2007 is a good example of farmers' concerns about the future of rapeseeds as an attractive oilseed crop. In 2007, 37,000 hectares were sown to rapeseeds in this oblast, but due to a dry year area, harvested was 8,000 hectares lower. Average yields were low – 1.02 metric tons per hectare, and the total crop was 30,000 metric tons. Rapeseeds yields vary significantly on a year-to-year basis. Farmers in N. Novgorod were interested primarily in rapeseeds meal, as they started livestock projects (dairy farms) and received credits two years ago, and they calculated that without rapeseed meal they would not be able to make their dairy business profitable. However, aside from a poor crop in 2007, farmers also have problems with the processing of rapeseeds. Rapeseeds are processed at the Shuya oil-extraction plant in Ivanovo oblast, and transportation expenses are high. To make the project profitable, production must increase along with increased processing of rapeseeds in N. Novgorod oblast. Rapeseeds production could be profitable in N. Novgorod oblast if yields are 1.5 metric tons or more per hectare, and the selling price is not less than 7,000 rubles per metric ton. In spring 2008, Shuya offered an even higher price – 9,000 Rubles per metric ton. However, serious investors into construction of crushing plant require a stable supply of rapeseeds, while rapeseeds area and production vary significantly year to year. In 2008, farmers plan to sow only 22,000 hectares to rapeseeds (a 41-percent decrease from 2007). Seeds are small, and losses at harvesting may be large, if the grain harvester is not equipped with special and expensive headpiece. Furthermore, if seeds are not dried within the first 2-3 days, quality deteriorates. A new oilseed crushing plant in Kazan may stimulate rapeseeds production in N. Novgorod. Kazan crushers offered 1,300 rubles per metric ton. N. Novgorod is sowing spring rapeseeds, but in the local college they are developing winter rapeseeds varieties. Yields are 2.5 tons per hectare, and oil is 45 percent. However, commercial production of winter rapeseeds has not started yet.

Table 11. PSD, Rapeseed, 1,000 Metric Tons, 1,000 Hectares

PSD Table										
Country	Russian Federation									
Commodity	Oilseed, Rapeseed						(1000 HA)(1000 MT)			
	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 Planted	512	0	512	570	0	660	0	0	690	(1000 HA)
Area Harvested	480	0	480	550	0	535	0	0	580	(1000 HA)
Beginning Stocks	21	0	21	77	0	77	69	0	35	(1000 MT)
Production	525	0	525	565	0	632	0	0	650	(1000 MT)
MY Imports	1	0	1	4	0	1	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	547	0	547	646	0	710	69	0	685	(1000 MT)
MY Exports	79	0	79	95	0	70	0	0	50	(1000 MT)
MY Exp. to EU	65	0	65	85	0	68	0	0	50	(1000 MT)
Crush	374	0	374	465	0	588	0	0	588	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	17	0	17	17	0	17	0	0	20	(1000 MT)
Total Dom. Cons.	391	0	391	482	0	605	0	0	608	(1000 MT)
Ending Stocks	77	0	77	69	0	35	0	0	27	(1000 MT)
Total Distribution	547	0	547	646	0	710	0	0	685	(1000 MT)

Russia's exports of rapeseeds decreased in MY 2007 due to high domestic demand for oilseeds for crushing. Moreover, in the period July – December 2007 Russia imported 4,420 metric tons of rapeseeds, in comparison to only 323 metric tons during the same period a year ago. More 90 percent of rapeseeds were imported from Kazakhstan.

Table 12. Export Trade Matrix, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Oilseed, Rapeseed		
Time Period	Jul/Jun	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Estonia	14	Netherlands	20
Latvia	12	Denmark	18
Germany	12	Lithuania	11
Lithuania	9	Germany	9
Netherlands	8	France	4
Denmark	8	Finland	3
Belgium	7	Turkey	2
Finland	6	Latvia	1
Switzerland	2	China	1
Total for Others	78		69
Others not Listed	1		1
Grand Total	79		70

Source: State Customs Committee of the Russian Federation

Peanuts

Russia does not produce peanuts, but imports approximately 100,000 MT annually for use in domestic food processing and snack industries. Along with growing incomes of the Russian population, confectionary and snack industries are increasing use of more expensive nuts, while consumption of peanuts remains stable. The import forecast for MY 2008 is 100,000 metric tons. In MY 2006, Russian imports of peanuts totaled 102,000 MT, including 21,000 MT from the United States. China remains the main supplier of peanuts, although its share decreased from 79 percent in MY 2004 to less than 50 percent in 2006. Argentina and Uzbekistan have stepped in as major suppliers. Peanut imports from the U.S. are increasing, albeit slowly, as demand for higher quality products grow, and the US dollar/Ruble exchange rate becomes more favorable.

Table 13. Peanuts: Import Trade Matrix, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Oilseed, Peanut		
Time Period	Oct/Sep	Units:	1,000 MT
Imports for:	2006		2007
U.S.	21	U.S.	22
Others		Others	
China	34	China	30
Argentina	25	Argentina	28
Uzbekistan	12	Uzbekistan	11
Tajikistan	4	Tajikistan	4
India	2	Paraguay	2
Brazil	2	Brazil	2
Paraguay	1		
Total for Others	80		77
Others not Listed	1		1
Grand Total	102		100

Source: State Customs Service

Other Oilseed Crops

Production of flaxseed for oil increased, followed by an increase in exports of flaxseed. In MY (September – August) 2006, Russia's flaxseed exports increased to 54,200 metric tons from 9,590 metric tons in MY 2005. In September – December 2007, Russia exported 30,800 metric tons of flaxseeds (compared with 39,360 metric tons during the same months in 2006). Russia's exports of flaxseeds will continue in higher volumes than in the previous years. Russia exported flaxseeds in September – December 2007 to Belgium, Turkey, Denmark, Egypt, Italy and China. In MY 2006, the main destination of flaxseeds exports were Bangladesh (13,250 MT) and Italy (10,000 MT).

TOTAL MEAL

In MY 2007, production of protein meal decreased slightly, but in MY 2008 production will resume growth due to increased industrial crushing of oilseeds, especially soybeans. Production will reach 3.4 MMT, up 270,000 MT from the previous year. Sunflowerseed meal will account for 62 percent of production, soybean – 25 percent, rapeseeds meal – 10 percent, and fish meal – 3 percent. In MY 2007, this proportion was 62 percent, 24 percent, 11 percent, and 3 percent, respectively. The development of the poultry and livestock industries has increased demand for protein feeds and expanded the Russian feed market, but vegetable oil remains the main driving force for crushing.

While oil is primarily sold domestically, a significant portion of protein meal is exported, although this portion will decrease from 24 percent of production in MY 2007 to 23 percent in MY 2008. In MY 2006, Russia exported more than 30 percent of meal production. Exports of sunflower seed meal will increase by 40,000 MT to 700,000 MT, but the share of exported sunflowerseed meal to production will be 33 percent compared with 34 percent in MY 2007 and 39 percent in MY 2006. In MY 2007, Russia exported 15,000 MT of soybean meal, but it

is unlikely that export will increase in MY 2008, as domestic demand is very strong. Exports of rapeseeds meal increased to 77,000 MT in MY 2006, but given the increased domestic demand for protein meals, these exports are expected to decrease in MY 2007 to 70,000 MT and to 60,000 MT in MY 2008.

Total protein meal imports are forecast to increase from 955,000 MT in MY 2007 to 970,000 MT in MY 2008. Soybean meal will account for 93 percent of all protein meal imports and are forecast to increase by 10,000 MT to 0.9 MMT in MY 2008. Sunflower seed meal imports are forecast at 20,000 MT, and will be primarily limited to trade with Ukraine, Kazakhstan, and other neighboring countries. Imports of fish meal are forecast at 50,000 MT. Reported imports of fish meal have been decreasing over the last 3-4 years.

Production

Production of sunflowerseeds meal depends primarily on the sunflowerseeds crop. Due to expectations of an improved crop in MY 2008, production of sunflowerseeds meal will increase by 160,000 MT. Soybean meal production depends primarily on imports of soybeans, and in MY 2008 production of soybean meal will increase by 105,000 MT to 845,000 MT. In MY 2006, when soybean imports were only 34,000 MT (12 times lower than the MY 2008 forecast), soybean meal production was only 581,000 MT. Rapeseeds meal production was increasing at a slower pace, and the MY 2008 forecast is 345,000, up MT 5,000 MT from MY 2007, but 121,000 MT more than in MY 2006.

Table 14. Consolidated PSD for Major Oil Meals and Fish Meal, 1,000 Metric Tons

Russian Federation	MY 2006*	MY 2007*	MY 2008*
	Revised	Preliminary	Forecast
Beginning Stocks	32	57	18
Production	3,120	3,065	3,430
MY Imports	913	955	970
MY Imp. from U.S.	35	50	0
MY Imp. from EU	205	210	0
Total Supply	4,065	4,077	4,418
MY Exports	944	745	825
MY Exp. to EU	55	35	0
Industrial Dom. Cons.	0	0	0
Food Use Dom. Cons.	0	0	0
Feed Waste Dom. Cons.	3,064	3,314	3,574
Total Dom. Cons.	3,064	3,314	3,574
Ending Stocks	57	18	19
Total Distribution	4,065	4,077	4,418

*The marketing years for sunflowerseeds and soybeans meals begin in September (see PS for oilseed crops). The marketing year for rapeseeds meal begins in July. The marketing year for fish meal begins in October.

Source: Based on PSD tables for each type of feed meal

Consumption

Domestic consumption of protein feed will continue to increase, and will reach 3.6 MMT, up 215,000 MT from MY 2007. Increased demand from the domestic poultry, pork and dairy industry is driving the increase in overall consumption. This demand is further fueled by the allocation of federal funds for domestic livestock development. Consumption of fish meal is decreasing, and will account for only 4 percent of total domestic consumption, while consumption of soybean meal is growing and will reach 48.4 percent of the total protein meal consumption (48 percent in MY 2007 and 45 percent in MY 2006). Domestic consumption of rapeseeds meal will be 8 percent of the total consumption in MY 2008, while sunflowerseeds meal consumption will be approximately 40 percent of the total protein meal consumption. These calculations do not include imported feeds of other than oilseeds and fish origin.

Trade and Stocks

In MY 2008, meal imports (oilseeds and fish meal) are forecast to increase by 15,000 MT to 970,000 MT, including 900,000 MT of soybean meal. Argentina and Brazil will be the predominant suppliers of soybean meal. Direct imports of soybean meal from the U.S. are forecast to increase from 50,000 MT in MY 2007 to 75,000 MT. Imports from the EU are forecast to decrease from 190,000 MT to 150,000 MT. Imports of fish meal are decreasing slowly, and are forecast at 50,000 MT in MY 2008.

Along with the increase of imports of oilseeds meals, Russian imports of other animal feeds are also growing. In MY 2006 (September 2006 – August 2007), Russia imported 251,500 MT of feeds for livestock and poultry (HS number 2309 90), up 13 percent from MY 2005. In MY 2007, these imports will increase, as in September – December 2007 Russia already imported 116,010 MT, up 26 percent from imports in September – December 2006. The main suppliers of these feeds to Russia in September – December 2007 were the Netherlands (38,000 MT), Belgium (19,000 MT), Germany (15,000 MT), Lithuania (9,500 MT), and France (8,000 MT). Russia imported feeds from more than 25 countries.

Total meals exports are forecast at 775,000 MT with sunflowerseeds meal accounting for 90 percent of the total. For MY 2008, sunflowerseed meal exports are forecast at 700,000 MT, a 40,000 MT increase from MY 2007. Rapeseeds exports are forecast at 60,000 MT, down 10,000 MT from MY 2007.

Ending stocks of protein meals are forecast at 19,000 MT, a slight increase from MY 2007, but at only one-third of the MY 2006 levels. Prices of feeds are growing, and many livestock producers cannot afford to purchase protein feeds.

Policy

The import duty on soybean flour (HS number 1208 100 000) and other oilseed flours (HS number 1208 900 000) is set at 5 percent of the customs value. Exports are duty free. Phytosanitary certificates and veterinary certificates (if the flour is used for animal feed) are required. If this product is to be used for human consumption or in the food industry, then a sanitary-epidemiological certificate is required. Trade in soybean flour is small, and flour is imported primarily for food industry.

Fish meal (HS number 2301 20) and soybean meal intended for animal feed (HS number 2304 00 001) are imported duty free. Imports of these products are subject to veterinary and phytosanitary certification. Import permits for soybean meal are issued only if the veterinary certificate contains information regarding GMO, and is registered in Russia. Fish and soybean meals are exported duty free. Import duties on sunflower seed meal and

rapeseed meal are set at 5 percent of customs value. Like all other meals, sunflower seed meal and rapeseed meal may be exported duty free.

VAT on all meals is 10 percent.

Sunflower Seed Meal

Table 15. PSD, Sunflower Seed Meal, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Meal, Sunflowerseed						(1000 MT)(PERCENT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Crush	5980	0	5980	5040	0	5240	0	0	5640	(1000 MT)
Extr. Rate, 999.9999	0.371	0	0.371	0.369	0	0.370	0	0	0.372	(PERCENT)
Beginning Stocks	25	0	25	44	0	44	4	0	9	(1000 MT)
Production	2220	0	2220	1860	0	1940	0	0	2100	(1000 MT)
MY Imports	35	0	35	20	0	10	0	0	20	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	2280	0	2280	1924	0	1994	4	0	2129	(1000 MT)
MY Exports	866	0	866	600	0	660	0	0	700	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	1370	0	1370	1320	0	1325	0	0	1420	(1000 MT)
Total Dom. Cons.	1370	0	1370	1320	0	1325	0	0	1420	(1000 MT)
Ending Stocks	44	0	44	4	0	9	0	0	9	(1000 MT)
Total Distribution	2280	0	2280	1924	0	1994	0	0	2129	(1000 MT)

Sunflowerseeds meal exports decreased due to decreased crush and high domestic demand for meals, but the duty-free regime and attractive world market prices keep export incentives strong. The domestic feeds market is not transparent and is poorly developed. It is still difficult to predict whether, when, and in what quantities domestic poultry and livestock producers are able to purchase feeds. In many cases the livestock and poultry producers' "needs" in protein feeds does not correlate with their ability to purchase these feeds, and they use their own grain or cheap formula feeds. Predictability of customer demand in the foreign markets is much higher.

Table 16. Export Trade Matrix, Sunflowerseed Meal, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Meal, Sunflowerseed		
Time Period	Sep/Aug	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Italy	213	Turkey	160
Turkey	165	Italy	150
Morocco	108	Morocco	70
Spain	55	Greece	55
Cyprus	50	Cyprus	50
Israel	47	Spain	45
Egypt	44	Israel	40
Greece	37	Azerbaijan	15
UK	31		
Syria	27		
Total for Others	777		585
Others not Listed	89		75
Grand Total	866		660

Source: State Customs Service of the Russian Federation, Post estimate for MY 2007.

From September–March 2008, exports of sunflower seed meal (HS number 2306 30) were 477,100 metric tons (20 percent less than during the same period a year ago). Exports to Turkey amounted to 130,000 MT and exports to Italy were 115,000 MT. Exports to Greece in this period were 53,000 MT, Morocco received 45,000 MT, and Cyprus imported 38,000 MT. Spain and Israel imported 22,000 MT and 19,000 MT of sunflower seed meal, respectively. Other shipments were less than 10,000 MT. Altogether, Russia exported sunflower seed meal to 18 countries.

In MY 2006, Russia imported 35,000 metric tons of sunflowerseeds meal. Imports in MY 2007 are forecast at 10,000 metric tons based on actual imports of 1,400 metric tons in September–December 2007 compared with 12,000 metric tons' imports during the same period in 2006.

Soybean Meal

Table 17. PSD, Soybean Meal, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Meal, Soybean						(1000 MT)(PERCENT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Crush	741	0	741	1050	0	950	0	0	1085	(1000 MT)
Extr. Rate, 999.9999	0.784	0	0.784	0.695	0	0.779	0	0	0.779	(PERCENT)
Beginning Stocks	7	0	7	9	0	9	8	0	9	(1000 MT)
Production	581	0	581	730	0	740	0	0	845	(1000 MT)
MY Imports	795	0	814	880	0	890	0	0	900	(1000 MT)
MY Imp. from U.S.	35	0	35	40	0	50	0	0	75	(1000 MT)
MY Imp. from EU	185	0	185	190	0	190	0	0	150	(1000 MT)
Total Supply	1383	0	1402	1619	0	1639	8	0	1754	(1000 MT)
MY Exports	1	0	1	1	0	15	0	0	15	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	1373	0	1392	1610	0	1615	0	0	1729	(1000 MT)
Total Dom. Cons.	1373	0	1392	1610	0	1615	0	0	1729	(1000 MT)
Ending Stocks	9	0	9	8	0	9	0	0	10	(1000 MT)
Total Distribution	1383	0	1402	1619	0	1639	0	0	1754	(1000 MT)

Table 18. Import Trade Matrix, Soybean Meal, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Meal, Soybean		
Time Period	Sep/Aug	Units:	1,000 MT
Imports for:	2006		2007
U.S.	36	U.S.	45
Others		Others	
Argentina	560	Argentina	520
Brazil	142	Brazil	130
Germany	25	Netherlands	75
Belgium	17	Germany	55
China	9	Belgium	20
Netherlands	8	China	10
India	6	Kazakhstan	5
Norway	6		
Kazakhstan	4		
Total for Others	777		815
Others not Listed	1		30
Grand Total	814		890

Source: State Customs Service of the Russian Federation. Post's estimate for MY 2007.

In September – March 2008, imports of soybean meal and cake were 481,430 metric tons, including cake/meal 480,000 metric tons of soybean residue (HS number 2304) and 1,500 metric tons of meal of soybeans (HS number 1208 10). Imports from the U.S. were 8,160 metric tons, 3.5 times higher than the same period a year ago. Soybean meal from the U.S. is in high demand, but is hindered by the anti-biotech campaign in Russia and delays in registration of biotech soybean feed. Imports from Argentina were 239,000 metric tons, and imports from Brazil reached 95,000 metric tons. Imports from Netherlands were 52,000 metric tons, and Germany and Belgium supplied 30,000 metric tons and 13,000 metric tons, respectively. China, Kazakhstan, Norway, India, and the U.K. shipped less than 10,000 MT of soybean meal.

In MY 2007, Russia began exporting soybean meal. In September–December 2007, Russia exported 14,000 metric tons of soybean meal. Total soybean meal exports in MY 2007 are estimated at 15,000 metric tons.

Rapeseed Meal

Table 19. PSD Rapeseed Meal, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Meal, Rapeseed						(1000 MT)(PERCENT)			
	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
Crush	374	0	374	465	0	588	0	0	588	(1000 MT)
Extr. Rate, 999.9999	0.599	0	0.599	0.596	0	0.578	0	0	0.587	(PERCENT)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	224	0	224	277	0	340	0	0	345	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	224	0	224	277	0	340	0	0	345	(1000 MT)
MY Exports	77	0	77	70	0	70	0	0	60	(1000 MT)
MY Exp. to EU	55	0	55	35	0	35	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	147	0	147	207	0	270	0	0	285	(1000 MT)
Total Dom. Cons.	147	0	147	207	0	270	0	0	285	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	224	0	224	277	0	340	0	0	345	(1000 MT)

Table 20. Export Trade Matrix, Rapeseed Meal, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Meal, Rapeseed		
Time Period	Jul/Jun	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Estonia	40	Israel	35
Israel	15	Turkey	20
Spain	14	Latvia	10
Latvia	3		
Ukraine	2		
Total for Others	74		65
Others not Listed	3		5
Grand Total	77		70

Source: State Customs Service of the Russian Federation. Post's estimates for MY 2007.

Due to high domestic demand for meal, and given that rapeseed meal is produced in small quantities by crushers who usually know to whom they will sell the meal, exports of rapeseeds meal decreased in MY 2007. In July – December 2007, Russia exported 57,650 MT of rapeseed meal (HS numbers 2306 41 and 2306 49), compared with 65,505 MT in July – December 2006.

Fish Meal

The latest Russian official data on fish meal production is 60,000 metric tons in CY 2006. Assuming that fish catch and processing is under-reported, Post estimates production of fish meal at 90,000 metric tons for MY 2007 and MY 2008. Imports of fish meal in October – December 2007 (the latest available Customs' data) were 11,175 MT, down 29 percent from the same period a year ago.

Table 21. PSD, Fish Meal, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Meal, Fish						(1000 MT)(PERCENT)			
	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
Catch For Reduction	380	0	380	400	0	360	0	0	360	(1000 MT)
Extr. Rate, 999.9999	0.25	0	0.25	0.2375	0	0.25	0	0	0.25	(PERCENT)
Beginning Stocks	0	0	0	4	0	4	3	0	0	(1000 MT)
Production	95	0	95	95	0	90	0	0	90	(1000 MT)
MY Imports	64	0	64	65	0	55	0	0	50	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	20	0	20	20	0	20	0	0	0	(1000 MT)
Total Supply	159	0	159	164	0	149	3	0	140	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	155	0	155	161	0	149	0	0	140	(1000 MT)
Total Dom. Cons.	155	0	155	161	0	149	0	0	140	(1000 MT)
Ending Stocks	4	0	4	3	0	0	0	0	0	(1000 MT)
Total Distribution	159	0	159	164	0	159	0	0	140	(1000 MT)
CY Imports	60	0	60	65	0	0	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
SME	223.98	0	223.98	232.65	0	229.76	0	0	187.85	(1000 MT)

TOTAL OILS

The total supply of vegetable oils (Table 23) is estimated at 3.76 MMT, roughly the same level as in MY 2006. Domestic vegetable oil production makes up 67 percent of the total vegetable oil supply, compared with 73 percent in MY 2006. The share of domestic production in the total vegetable oil supply is forecast to increase in MY 2008 to 69 percent along with increased total supply to 3.95 MMT. Russia exports only oils that are domestically produced (sunflowerseed, rapeseed, soybean oils). Exports of vegetable oils dropped to 404,000 MT in MY 2007 compared with 772,000 MT in MY 2006. The total vegetable oils domestic consumption, including consumption of imported palm, coconut, olive, and other fixed vegetable oils, is estimated at 3.22 MMT in MY 2007 or 385,000 MT more than in MY 2006. The total vegetable oils consumption forecast for MY 2008 is 3.35 MMT. Thus, per capita vegetable oil consumption in (including industrial and food consumption) is estimated to increase in MY 2007 to 23 kilograms from 19 kilograms in MY 2006. However, Russia's per capita food consumption of liquid vegetable oil is still lagging behind European level. Experts estimate this consumption at 7-9 kilograms a year in Russia, while Europeans consume 17-18 kilograms a year.

Table 22. Consolidated PSD for Main Vegetable Oils (Sunflowerseeds, Soybean, Rapeseeds, Palm Oil), 1,000 Metric Tons

Russian Federation	MY 2006*	MY 2007*	MY 2008*
	Revised	Preliminary	Forecast
Beginning Stocks	170	140	130
Production	2,731	2,505	2,735
MY Imports	658	862	835
MY Imports from U.S.	0	0	0
MY Imports from the EC	20	17	0
TOTAL SUPPLY	3,559	3,507	3,700
MY Exports	772	404	470
MY Exports to the EC	290	240	270
Industrial Dom.Consum	528	570	570
Food Use Dom. Consump.	2,096	2,369	2,490
Feed Waste Dom. Consumpt.	30	34	40
TOTAL Dom.Consumption	2,647	2,973	3,100
Ending Stocks	140	130	130
TOTAL DISTRIBUTION	3,559	3,507	3,700

*Marketing years for every vegetable oil are different.

Source: Prepared by Post based on individual PSDs for each type of vegetable oil (sunflowerseed, soybean, rapeseeds, palm oils)

The summary of vegetable oils supply in Russia is provided in the Supply Table below. Data in the supply table are calculated based on supply data in PSD tables for sunflowerseed, soybean, rapeseed and palm oils, September 2006 – August 2007, and imports data for coconut, olive and other vegetable oils, and on import estimates and forecasts for these oils for MY 2007 and MY 2008. Import estimates for coconut, olive and other vegetable oils for MY 2007 are based on changes in imports in September – December 2007 compared with September – December 2006.

Table 23. Supply of Vegetable Oils (Sum of Stocks, Production, and Imports), MYs 2006-2008, 1,000 Metric Tons

	MY 2006*	MY 2007*	MY 2008*
Total Oil	3,753	3,759	3,952
including:			
Sunflowerseed oil	2,660	2,294	2,470
Soybean Oil	157	240	270
Rapeseed Oil	168	248	265
Palm Oil	574	725	695
Coconut	175	220	220
Olive Oil	14	28	28
Other fixed vegetable oil	4	4	4

Production

Vegetable oil production in MY 2008 is forecast to increase by 9 percent to 2.74 MM, including 2.31 MMT of sunflowerseed oil, 195,000 MT of soybean oil and 230,000 MT of rapeseed oil. Production of vegetable oil is concentrated at the major crushing companies, including the seven leaders that crush two-thirds of marketed oilseeds in Russia. These holding companies have crushing plants along with vegetable oil bottling and processing plants. Production of vegetable oil is concentrated in southern European Russia. Roughly 77 percent of vegetable oil is produced in crushing plants in Krasnodar kray, Rostov, Voronezh, Belgorod and Saratov oblasts.

Official Russian vegetable oil production data is based on a calendar year, and does not include crushing at farms. According to the data, in CY 2007 oil-crushing plants produced 2,665,000 metric tons of vegetable oil (96.7 percent of 2006 production), including 2,500,000 metric tons of sunflowerseeds oil (95.4 percent of 2006), and 51,200 metric tons of soybean oil (118.2 percent of 2006). Russian State Statistical Service also publishes data on monthly vegetable oil production at the crushing plants. But these data may slightly differ from the final CY official data and does not include on-farm crushing. However, the data show the trend in vegetable oil production in Russia.

Table 24. Vegetable Oil Production in Russia, 1,000 Metric Tons, by Months

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/2007	2007/2008
Sep.	67	67	86	85	103	167	159	200
Oct.	150	138	155	186	186	250	276	287
Nov.	160	148	176	188	203	246	281	269
Dec.	174	131	183	196	212	260	285	232
Jan.	123	103	145	173	172	209	243	156
Feb.	119	78	129	159	160	213	238	183
Mar.	122	69	133	157	170	233	245	<i>Est. 175</i>
Apr.	106	79	121	149	181	235	248	<i>Est. 170</i>
May	94	59	97	142	172	203	223	<i>Est. 165</i>
Jun.	81	69	96	136	152	222	187	<i>Est. 140</i>
Jul.	61	73	85	126	146	186	171	<i>Est. 140</i>
Aug	36	54	55	100	114	145	125	<i>Est. 130</i>
MY Total	1,293	1,067	1,460	1,797	1,971	2,569	2,681	2,247

Source: State Statistical Service of the Russian Federation. Figures for March – August 2008 are post's estimates.

Consumption

Consumption of major vegetable oils (sunflowerseed, soybean, rapeseed, palm oils) is forecast to increase in MY 2008 to 3.1 MMT from 3.0 MMT in MY 2007, including food use domestic consumption will increase by 5.1 percent to 2.5 MMT, while industrial domestic consumption will remain the same at 570,000 MT. In food use domestic consumption, the portion of consumption of vegetable oil for processing into margarines and mayonnaise was growing in MY 2006, although the data on this share is not available. Experts estimate that production of liquid vegetable oils decreased, but production of margarines, spreads, and mayonnaise increased. Increased demand for these products was stimulated by better packaging, broadening of varieties of products, improved and more diverse quality. Thus, Russia has started production of mayonnaise with wider range of fat content – from 20 percent to 67 percent, with various recipes and in different packs. The industry continues to improve quality and consumer characteristics of these products with focus on functional vegetable oil products (healthy food), products with balanced content of fatty acids, with increased content of liposoluble (zhiorastvorimyi) vitamins, etc.

Margarine and Mayonnaise

According to official statistical data, production of margarine increased from 664,300 metric tons in CY 2006 to 760,000 metric tons in CY 2007 (14.4 percent increase). Production of spreads and rendered fats increased from 54,300 metric tons to 66,000 metric tons (up 21.6 percent). Production of mayonnaise increased from 650,400 metric tons in 2006 to 715,900 metric tons in 2007 (10.1 percent increase).

Prices

Vegetable oil prices began to rise rapidly in spring 2007, and skyrocketed December 2007 – February 2008. The price increase is attributed to the increased demand for oilseeds in the world market, lowered domestic oilseeds supply in MY 2007, and increased cost of crushing due to higher energy prices and prices of other inputs. On October 24, 2007, many major food retailers and food producing companies agreed to “freeze prices” of staple food

products, including vegetable oil. The Minister of Agriculture allocated 1 billion rubles of the state budget to subsidize loans for producers, including vegetable oil companies, which agreed to freeze prices. Percent change for vegetable oils consumer prices as of March 15 2008/2007 are displayed in table 25.

Table 25. Vegetable Oils Consumer Prices, March 15 2008/2007

	Percent change 15 March 2008/2007
Oil, soybean, domestic	39.4
Oil, soybean, imported	22.4
Oil, sunflower, consumer pack, domestic	56.1
Oil, sunflower, in bulk, domestic	70.1
Oil, sunflower, consumer pack, imported	52.6

Source: derived from data published by the Ministry of Agriculture of the Russian Federation

Table 26. Average Prices Paid to Producers of Oilseeds and Consumer Prices of Vegetable Oils, Rubles per Kilogram

	2007			2008		
	Feb. 15	Mar. 1	Mar. 15	Feb. 15	Mar. 1	Mar. 15
Prices paid to producers, rubles per kilogram						
Sunflower for crushing	5.43	5.23	5.35	14.93	15.35	16.39
Soybeans	6.13	6.03	5.62	8.50	9.08	9.04
Consumer Prices of Vegetable Oils, Rubles per Kilogram,						
Oil, soybean, domestic	40.07	39.25	38.87	53.25	53.67	54.17
Oil, soybean, imported	43.53	43.16	42.50	50.36	51.13	52.04
Oil, sunflower, consumer pack, domestic	38.11	38.21	38.14	59.08	58.95	59.53
Oil, sunflower, in bulk, domestic	28.58	29.15	29.05	48.95	48.78	49.42
Oil, sunflower, consumer pack, imported	43.97	44.58	43.42	63.08	67.18	66.25
Exchange rates: rubles per \$1.00	26.31	26.15	26.15	24.64	24.00	23.65

Source: Ministry of Agriculture of the Russian Federation

Trade

In the near future, Russia will continue to import one-fourth to one-third of domestically consumed vegetable oil. In MY 2008, imports of domestically produced oils (sunflower, soybean, rapeseed) are forecast at 185,000 MT, while imports of palm oil and other tropical oils, olive oil and other vegetable oils are forecast at 0.9 MMT, including 650,000 MT of palm oil. These imports are stimulated by development of domestic oil consumption, and will grow along with increased domestic crushing. Post forecasts an increase in imports of rapeseeds oil and soybean oil (by 9.5 percent and 14.7 percent, respectively), while imports of sunflowerseed oil will remain at 110,000 MT. Post forecasts a 4.4 percent decrease in imports of palm oil in MY 2008.

Russia's exports of vegetable oils will increase by 16 percent in MY 2008 to 470,000 MT, including 410,000 MT of sunflowerseed oil (11 percent more than in MY 2007), and 56,000 MT of rapeseed oil (83 percent increase from MY 2007). Russia's exports of soybean oil will not exceed 5,000 MT in MY 2008.

Stocks

In MY 2008, ending stocks of vegetable oils (sunflowerseed, rapeseed, soybean and palm oils) are forecast to decrease to 135,000 MT from 140,000 MT in MY 2007. The stock levels are more or less stable due to the relatively steady distribution of vegetable oil consumption throughout the year and the increasing role of big, well-managed holding companies in vegetable oil processing and bottling.

Policy

Vegetable oils are exported duty-free. Import tariffs on vegetable oils vary for different oils. Updated information on import tariffs on different vegetable oils is available on the website <http://www.tks.ru/db/tnved/tree>. In general, import tariffs on vegetable oils for industrial processing are lower than tariffs on imports of vegetable oil for packaging and for direct human consumption. The VAT on vegetable oil for technical and industrial processing, except for production of food products, is 18 percent, while the VAT on oils for food consumption and for processing into food products is 10 percent, although in some cases VAT on these oils can also be 18 percent. Exact information on the VAT on different vegetable oils can also be found on the web-site <http://www.tks.ru/db/tnved/tree>. Import tariffs on oils and vegetable oil products were reported in the Oilseeds Annual 2007 (GAIN RS7042 *Oilseeds and Products Annual 2007*). However, in 2007 several temporary import tariffs regimes were introduced for tropical oils and soybean, sunflowerseeds and rapeseeds oils. Temporary changes in import tariffs on tropical oils were reported in Post Report RS7056 *Import Duties on Tropical Oils*. The changes were introduced on September 12, 2007 for 9 months, and the period expires on June 12, 2008. However, these changes may be extended for another period. Table 27 on the changes is given below:

Table 27. Changes in the Scheme of Tariff Codes and New Import Tariffs on Palm Oil for Technical and Industrial Use (from HS number 1511), and on Coconut (Copra) Oil, Palm Kernel or Babassu Oil (from HS Number 1513)

Tariff Code of the Russian Federation		Name of Products, New	Tariff, percent of the customs value	
Old	New		Old	New
1511		Palm oil and its fractions, whether or not refined, but not chemically modified		
1511 10 100 0		- - for technical and industrial use, except for production of products, used in food consumption	5	0
1511 10 900 9		- - - other	5	0

1511 90 190 9		- - - - other	5	0
1511 90 910 0		- - - for technical and industrial use, except for production of products, used in food consumption	5	0
1511 11 990 9		- - - - other	5	0
1513		Coconut (copra), palm kernel or babassu oil, and fractions thereof, whether or not refined, but not chemically modified		
1513111000		- - -for technical and industrial use, except for production of products, used in food consumption	5	0
1513119900	151311990	- - - - other	5	
	1513119901	- - - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513119909	- - - - - other		0
1513191900	151319190	- - - - other	5	
	1513191901	- - - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513191909	- - - - - other		0
1513193000		- - - - for technical and industrial use, except for production of products, used in food consumption	5	0
1513199900	151319990	- - - - other	5	

	1513199901	- - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513199909	- - - - other		0
1513211000		- - - - for technical and industrial use, except for production of products, used in food consumption	5	0
1513219000	151321900	- - - - other	5	
	1513219001	- - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513219009	- - - - other		0
1513291900	151329190	- - - -other	5	
	1513291901	- - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513291909	- - - - other		0
1513293000		- - - - for technical and industrial use, except for production of products, used in food consumption	0	0
1513299000	151329900	- - - - other	5	
	1513299001	- - - - in boxes, barrels, cans and bins, net-weight 200 kg or less		5
	1513299009	- - - - other		0

The Russian Government Resolution #714 of October 27, 2007, decreased import duties on all types of soybean and rapeseed oils, and on sunflowerseeds oil in bulk shipments from 15 percent to 5 percent of customs value. The new tariffs came into force on December 1, and last for 6 months. The Resolution followed the decision of the Russian Ministry of Economic Development and Trade to curb growing prices of vegetable oils in the domestic market. These temporary duties will expire on June 1, 2008. However, extension of these import duties is possible. Changes are given in the Table 28.

Table 28. Temporary Changes on Import Tariffs on Sunflowerseed, Soybean and Rapeseed Oils

TN VED Code of Russia	Name of Position	Existing Import Tariff (percent of customs' value or in Euro, or in U.S. dollars)	New Import Tariff (percent of customs' value or in Euro, or in U.S. dollars)
	Soybean oil and its fractions, crude		
1507 10 100 0	-- for technical and industrial processing, except for production of food products	15%	5%
1507 10 900 1	--- in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1507 10 900 9	--- other	15%, but not less than Euro 0.1/kg	5%
1507 90 100 0	-- for technical and industrial processing, except for production of food products	15%	5%
1507 90 900 1	--- in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1507 90 900 9	--- other	15%, but not less than Euro 0.1/kg	5%
	Sunflowerseed oil, safflower or cottonseed oil, and fractions thereof		
1512 11 910 9	- - - - other	15%, but not less than Euro 0.1/kg	5%
	Rapeseed, colza or mustard oil, and fractions thereof		
1514 11 100 0	- - - for technical and industrial processing, except for production of food products	15%	5%
1514 11 900 1	- - - - in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1514 11 900 9	- - - - other	15%, but not less than Euro 0.1/kg	5%
1514 19 100 0	- - - for technical and industrial processing, except for production of food products	15%	5%
1514 19 900 1	- - - - in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1514 19 900 9	- - - - other	15%, but not less than Euro 0.1/kg	5%
1514 91 100 0	- - - for technical and industrial processing, except for production of food products	15%	5%
1514 91 900 1	- - - - in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1514 91 900 9	- - - - other	15%, but not less than Euro 0.1/kg	5%

1514 99 100 0	- - - for technical and industrial processing, except for production of food products	15%	5%
1514 99 900 1	- - - - in primary packages net weight 10 liters or less	15%, but not less than Euro 0.14/kg	5%
1514 99 900 9	- - - - other	15%, but not less than Euro 0.1/kg	5%

Vegetable Oil Tables

Sunflowerseed Oil

Ukraine introduced quotas on exports of sunflowerseeds oil and sunflowerseeds for March 22, 2008 to July 1, 2008 (300,000 metric tons of oil and 100,000 metric tons of seeds). Russian imports of refined sunseeds oil from Ukraine into Russia are small, while imports of non-refined oil are more significant. In March 2008, the average price of crude (non-refined) oil reached 50,000 rubles per metric ton, 3 times more than the same period last year, and 30 percent higher than in January 2008.

The role of international companies in the Russian vegetable oil production and trade is increasing, and oil exports are growing. In order to compete in the international oil markets, Russia developed state standards on quality analysis for vegetable oil that are similar to required parameters in international trade. In 2007, Russia developed GOST R 52677-2006 "Vegetable oils, animal fats and their products". This GOST determines the mass fraction of trans-isomers by different methods. In 2008, they plan to work out GOST R on determining the mass fraction of hard (solid) triglycerides in vegetable oil by method of impulse nuclear-magnetic resonance. The new standards will be based on the standards of American Oil Chemists' Society (AOCS Cd 21-91 (97))

Table 29. PSD, Sunflowerseed Oil, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Oil, Sunflowerseed						(1000 MT)(PERCENT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Crush	5980	0	5980	5040	0	5240	0	0	5640	(1000 MT)
Extr. Rate, 999.9999	0.410	0	0.410	0.412	0	0.406	0	0	0.410	(PERCENT)
Beginning Stocks	95	0	95	95	0	59	50	0	50	(1000 MT)
Production	2450	0	2450	2075	0	2125	0	0	2310	(1000 MT)
MY Imports	123	0	115	50	0	110	0	0	110	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	5	0	5	2	0	2	0	0	0	(1000 MT)
Total Supply	2668	0	2660	2220	0	2294	50	0	2470	(1000 MT)
MY Exports	689	0	711	420	0	370	0	0	410	(1000 MT)
MY Exp. to EU	225	0	250	230	0	220	0	0	230	(1000 MT)
Industrial Dom. Cons.	350	0	350	355	0	370	0	0	375	(1000 MT)
Food Use Dom. Cons.	1499	0	1510	1360	0	1470	0	0	1590	(1000 MT)
Feed Waste Dom. Cons.	35	0	30	35	0	34	0	0	40	(1000 MT)
Total Dom. Cons.	1884	0	1890	1750	0	1874	0	0	2005	(1000 MT)
Ending Stocks	95	0	59	50	0	50	0	0	55	(1000 MT)
Total Distribution	2668	0	2660	2220	0	2294	0	0	2470	(1000 MT)

Exports of sunflowerseeds oil decreased in MY 2007 due to lower domestic production and high demand for vegetable oil in the Russian market, including food industry demand. In September – March 2008, Russia exported 186,900 MT of sunflowerseed oil, including 134,133 MT of crude oil and 52,777 MT of refined oil, compared with 423,716 MT's exports in September – March 2007, including 379,927 MT of crude oil, and 43,789 MT of refined oil.

Table 30. Export Trade Matrix, Sunflowerseed Oil, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Oil, Sunflowerseed		
Time Period	Sep/Aug	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Italy	123	Egypt	52
Egypt	102	Kazakhstan	48
Iran	80	Turkey	20
Greece	41	Uzbekistan	12
India	37	Romania	10
Netherlands	33	Armenia	9
Turkey	33	Georgia	8
Spain	32		
Algeria	30		
France	22		
Total for Others	533		159
Others not Listed	178		211
Grand Total	711		370

Table 31. Import Trade Matrix, Sunflowerseed Oil, 1,000 Metric Tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Oil, Sunflowerseed		
Time Period	Sep/Aug	Units:	1,000 MT
Imports for:	2006		2007
U.S.		U.S.	
Others		Others	
Ukraine	102	Ukraine	95
Moldova	7	Moldova	6
Romania	3	Lithania	5
Lithania	2		
Total for Others	114		106
Others not Listed	1		4
Grand Total	115		110

Table 32. Sunflowerseed Crude Oil Prices, EXW, European Russia, US Dollars

Prices Table			
Country	Russian Federation		
Commodity	Oil, Sunflowerseed		
Prices in	USD	per uom	Metric Ton
Year	2007	2008	% Change
Jan	648	1540	138%
Feb	640	1650	158%
Mar	634	2065	226%
Apr	655	2106	222%
May	775	2047	164%
Jun	910		
Jul	982		
Aug	1009		
Sep	1214		
Oct	1371		
Nov	1408		
Dec	1476		

Source: SovEcon, WJ InterAgro, Interfax

Ruble to Dollar Ratio changed from 26.49 Rubles per 1 \$US in the end of January 2007 to 23.34 Rubles per 1 \$US in the end of April 2008

Soybean Oil

Table 33. PSD, Soybean Oil, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Oil, Soybean						(1000 MT)(PERCENT)			
	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		09/2006	09/2006		09/2007	09/2007		09/2008	09/2008	MM/YYYY
Crush	741	0	741	1050	0	950	0	0	1085	(1000 MT)
Extr. Rate, 999.9999	0.178	0	0.178	0.178	0	0.179	0	0	0.180	(PERCENT)
Beginning Stocks	6	0	6	0	0	0	0	0	0	(1000 MT)
Production	132	0	132	187	0	170	0	0	195	(1000 MT)
MY Imports	19	0	19	25	0	70	0	0	75	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	15	0	15	15	0	15	0	0	0	(1000 MT)
Total Supply	157	0	157	212	0	240	0	0	270	(1000 MT)
MY Exports	1	0	1	1	0	4	0	0	5	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	28	0	28	30	0	30	0	0	30	(1000 MT)
Food Use Dom. Cons.	128	0	128	181	0	206	0	0	235	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	156	0	156	211	0	236	0	0	265	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	157	0	157	212	0	240	0	0	270	(1000 MT)

In MY 2006, Russia exported 4,860 MT of soybean oil, including 3,500 MT to South Korea, and 1,360 MT to Mongolia. In September-December 2007, Russia's soybean exports were 930 MT, up 350 MT from the same period a year ago. Later data on soybean exports are not available, but given shortage of vegetable oil and high domestic prices, soy oil exports in MY 2007 are not expected to exceed 5,000 MT.

Table 34. Import Trade Matrix, Soybean Oil, 1,000 Metric tons

Import Trade Matrix			
Country	Russian Federation		
Commodity	Oil, Soybean		
Time Period	Sep/Aug	Units:	1,000 MT
Imports for:	2006		2007
U.S.		U.S.	
Others		Others	
Netherlands	12	Netherlands	35
Korea, South	3	Brazil	10
Moldova	2	Korea, South	5
Belgium	1	Moldova	5
		Lithuania	3
Total for Others	18		58
Others not Listed	1		12
Grand Total	19		70

Rapeseed Oil

Table 35. PSD, Rapeseed Oil, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Oil, Rapeseed						(1000 MT)(PERCENT)			
	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
Crush	374	0	374	465	0	588	0	0	588	(1000 MT)
Extr. Rate, 999.9999	0.398	0	0.398	0.398	0	0.357	0	0	0.391	(PERCENT)
Beginning Stocks	19	0	19	36	0	36	35	0	35	(1000 MT)
Production	149	0	149	185	0	210	0	0	230	(1000 MT)
MY Imports	0	0	0	0	0	2	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	168	0	168	221	0	248	35	0	265	(1000 MT)
MY Exports	60	0	60	30	0	30	0	0	55	(1000 MT)
MY Exp. to EU	40	0	40	20	0	20	0	0	40	(1000 MT)
Industrial Dom. Cons.	20	0	20	20	0	40	0	0	35	(1000 MT)
Food Use Dom. Cons.	52	0	52	136	0	143	0	0	145	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	72	0	72	156	0	183	0	0	180	(1000 MT)
Ending Stocks	36	0	36	35	0	35	0	0	30	(1000 MT)
Total Distribution	168	0	168	221	0	248	0	0	265	(1000 MT)

Table 36. Export Trade Matrix, Rapeseed Oil, 1,000 Metric Tons

Export Trade Matrix			
Country	Russian Federation		
Commodity	Oil, Rapeseed		
Time Period	Jul/Jun	Units:	1,000 MT
Exports for:	2006		2007
U.S.		U.S.	
Others		Others	
Denmark	22	Italy	9
Greece	11	Greece	5
Italy	7	Bulgaria	4
Netherlands	6	France	4
Lithania	5	Lithania	3
Germany	5		
Estonia	1		
Total for Others	57		25
Others not Listed	3		5
Grand Total	60		30

Palm Oil

In 2007, the average price of palm oil in the Russian market was \$950-1,000 per metric ton, while price of sunflowerseeds oil by the end of the year reached \$1,200 per metric ton. However, in 2008 palm oil prices accelerated following increased international demand, as palm oil can replace practically all other oils in food industry, and area sown to alternative oilseeds tend to be replaced by more expensive wheat. Requirements for palm oil differ: soap and cosmetics producers consider price first of all, while producers of food and confectionary products focus on quality. Many food companies are ready to pay more for raw materials and oils supplied by European companies, because their products are in conformity with the quality declared in the contract and with the documents. Producers of final products from vegetable oil are interested in consistency of characteristics of different lots, and this is also a reason, why they prefer European products to Russian. Only few Russian companies (such as EFKO and Nizhegorodskiy MZhK) supply vegetable oils with consistent characteristics.

However, despite growing demand for tropical oils, particularly palm oil, Russia does not have any terminal to receive palm oil tankers.

Table 37. PSD, Palm Oil, 1,000 Metric Tons

PSD Table										
Country	Russian Federation									
Commodity	Oil, Palm						(1000 HA)	(1000 TREES)	(1000 MT)	
	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 Planted	0	0	0	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(1000 HA)
Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Beginning Stocks	50	0	50	45	0	45	45	0	45	(1000 MT)
Production	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imports	524	0	524	650	0	680	0	0	650	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imp. from EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	574	0	574	695	0	725	45	0	695	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Exp. to EU	0	0	0	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Cons.	130	0	130	130	0	130	0	0	130	(1000 MT)
Food Use Dom. Cons.	399	0	399	520	0	550	0	0	520	(1000 MT)
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Dom. Cons.	529	0	529	650	0	680	0	0	650	(1000 MT)
Ending Stocks	45	0	45	45	0	45	0	0	45	(1000 MT)
Total Distribution	574	0	574	695	0	725	0	0	695	(1000 MT)
CY Imports	540	0	540	650	0	650	0	0	0	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)

Table 38. Import Trade Matrix, Palm Oil, 1,000 Metric Tons

In October – March 2008 Russia, imported 383,050 metric tons of palm oil. Total palm oil imports are estimated at 680,000 MT.

Import Trade Matrix			
Country	Russian Federation		
Commodity	Oil, Palm		
Time Period	Oct/Sep	Units:	1,000 MT
Imports for:	2006		2007
U.S.		U.S.	
Others		Others	
Malaysia	172	Malaysia	230
Indonesia	165	Indonesia	160
Ukraine	107	Ukraine	100
Netherlands	63	Netherlands	65
Germany	7	Lithuania	25
Belgium	2	Germany	5
Total for Others	516		585
Others not Listed	8		95
Grand Total	524		680

Relevant Reports

RS8024 Grain and Feed/Annual 2008

<http://www.fas.usda.gov/gainfiles/200804/146294162.pdf>

RS8015 Poultry and Products/Semi-Annual Report 2008

<http://www.fas.usda.gov/gainfiles/200803/146293906.pdf>

RS8014 Livestock and Products/Semi-Annual Report 2008

<http://www.fas.usda.gov/gainfiles/200803/146293870.pdf>

RS7056 Trade Policy Monitoring/Import Duties on Tropical Oils

<http://www.fas.usda.gov/gainfiles/200708/146292001.pdf>

RS7052 Biotechnology/Annual Report 2007

<http://www.fas.usda.gov/gainfiles/200707/146291797.pdf>

RS7051 Agricultural Situation/Government Program for Agriculture and for Market Regulation 2008-2012

<http://www.fas.usda.gov/gainfiles/200707/146291764.pdf>

RS7042 Oilseeds and Products/Annual 2007

<http://www.fas.usda.gov/gainfiles/200705/146281200.pdf>

RS7020 Agricultural Situation/Progress of the National Priority Project in Agriculture

<http://www.fas.usda.gov/gainfiles/200702/146280251.pdf>