



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 2/29/2000

GAIN Report #RS0008

## **Russian Federation**

### **Oilseeds and Products**

### **March Harvest Update**

## **2000**

Approved by:

**Geoff W. Wiggin**

**U.S. Embassy, Moscow**

Prepared by:

Eric Trachtenberg and Yelena Vassilieva

---

#### **Report Highlights:**

**Russia crushed 1.0 million tons of sunflowerseeds, producing almost 400,000 tons of sunflowerseeds oil in October-December 1999. Export tariffs on sunflowerseeds exports are not expected to be removed until spring, when the quality of large sunflowerseed stocks starts deteriorating.**

---

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Moscow [RS1], RS

Production .....	1
Crushing capacity and early signs of restructuring .....	1
Stocks .....	2
Trade .....	2
Oil production .....	2
Meal supplies .....	2
Sunflowerseeds Products .....	3
Sunflowerseeds. ....	3
Sunflowerseeds Meal .....	4
Sunflowerseeds Oil .....	5
Other Oilseeds Products .....	6
Soybeans .....	6
Rapeseeds .....	6
Fish Meal .....	6

## Production

### Crushing capacity and early signs of restructuring

Despite predictions that limited crushing capacity would constrain the oilseeds crush, Russia crushed 1.0 million tons of sunflowerseeds, producing almost 400,000 tons of sunflowerseeds oil in October-December, 1999. Adding in the crush of approximately 200,000 tons of U.S. soybeans, post estimates that Russian peak monthly crushing capacity is around 400,000 tons.

After falling from a peak crush of 4.1 million tons in the late 1980's for all oilseeds, the oil extraction sector is beginning to restructure. Plants located far from producing regions are slowly being phased out while farmers and firms in producing regions are setting up their own facilities, especially in southern Russia. While about 500,000 tons of this new capacity is in smaller on-farm plants, there has been some investment in new large-scale plants near, and in, oilseed producing regions in the Northern Caucasus, Southern Urals and Volga Valley. Investors are considering further investments in other regions such as Tula, located just south of Moscow. If regions continue to be allowed to trade and export oil, this could encourage further rationalization of oilseeds production -- with increasing productivity over the next few years.

However, despite these positive signs, the Russian oil extraction sector remains troubled. The industry is plagued by a shortage of investment capital, problems with storage, transportation, marketing and lack of market orientation. The oil extraction industry is also hampered by the planning system's placement of older plants in economically unfeasible locations far from producers and markets. The sunflowerseed glut will result in the diversion of seeds to more inefficient plants and to on-farm crushing, hurting productivity and quality (and reducing extraction rates). These factors combined with more stable and better quality supplies from overseas are likely to result in Russian oil refiners and food processors continuing to import large quantities of vegetable oil for the foreseeable future.

## **Stocks**

Poor storage practices will worsen the already short shelf life of sunflowerseeds , cutting the supply of good quality seeds starting from spring through the beginning of the 2000 harvest. Limited financing will also prevent some plants from buying the seeds they want. Because of this, Post expects that crushing of sunflowerseeds will start slowing after February-March, 2000.

## **Trade**

Export tariffs on sunflowerseeds exports are not expected to change until spring, when the quality of large sunflowerseed stocks starts deteriorating. Increased exports of vegetable oil driven by large sunflowerseed supplies will not compensate for low sunflowerseed exports by raising domestic demand enough. As a result, post forecasts significant losses of sunflowerseeds in MY 1999/00, including “invisible” losses in the form of a low extraction rate, low meal and cake quality, and a shorter self life for vegetable oil. Because of the quality and reliability of imported oil supplies, imports will continue to be attractive.

## **Monthly oil production and meal supplies**

Using October-December 1999 data, post estimates that Russia can manufacture 140,000 tons of vegetable oil a month in peak season, not including on-farm crushing which may add another 5,000-10,000 tons. According to official data, total oilseeds meal supplies are forecast at 1.6 million tons.

## Sunflowerseeds Products

### Sunflowerseeds.

Post PSDs for sunflowerseeds remain unchanged.

### PSD, Sunflowerseeds, Thousands of Metric Tons.

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflowerseed					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	3588	3588	4100	4100	5300	5500
Area Harvested	3583	3583	4090	4090	5100	5100
Beginning Stocks	14	14	15	15	30	30
Production	2831	2831	3000	3000	4150	4150
MY Imports	10	10	35	35	5	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2855	2855	3050	3050	4185	4185
MY Exports	950	950	860	860	400	400
MY Exp. to the EC	600	600	600	600	300	300
Crush Dom. Consumption	1610	1610	1860	1860	3100	3100
Food Use Dom. Consump.	180	180	200	200	270	270
Feed Waste Dom.Consum.	100	100	100	100	315	315
Total Dom. Consumption	1890	1890	2160	2160	3685	3685
Ending Stocks	15	15	30	30	100	100
TOTAL DISTRIBUTION	2855	2855	3050	3050	4185	4185
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Sunflowerseeds Meal**

Post decreased total production by 50,000 tons to 1.0 million tons because of the decreased crushing efficiency. In November-December Russia exported 3,000 tons of sunflowerseed meal, increasing estimated meal exports to 10,000 tons. The total supply of sunflowerseed meal is forecast at 1.0 million tons, of which 990,000 tons will be used mostly for feeding animals, albeit, inefficiently.

**PSD, Sunflowerseeds Meal, Thousands of Metric Tons**

PSD Table						
Country:						
Commodity:	Sunflower Seed Meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1860	1860	3100	3100
Extr. Rate	0.3851	0.3851	0.3925	0.3925	0.3387	0.3226
Beginning Stocks	0	0	0	0	0	0
Production	620	620	730	730	1050	1000
MY Imports	3	3	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	623	623	730	730	1050	1000
MY Exports	10	10	10	10	5	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum.	0	0	0	0	0	0
Feed Waste Dom. Consum.	613	613	720	720	1045	990
Total Dom. Consumption	613	613	720	720	1045	990
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	623	623	730	730	1050	1000
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Sunflowerseed Oil**

In October-December 1999 Russia imported 61,000 tons of sunflowerseed oil. This was the second highest quarterly figure on record -- only 1997 imports during the same period were higher. Post increased its sunflowerseed oil imports forecast to 225,000 tons. Exports of sunflowerseed oil in the same three month period reached 23,000 tons, increasing the export forecast to 70,000 tons.

**PSD, Sunflowerseeds Oil, Thousands of Metric Tons**

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflower Oil					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1860	1860	3100	3100
Extr. Rate	0.40186	0.40186	0.4032	0.4032	0.3806	0.3806
Beginning Stocks	136	136	85	85	60	60
Production	647	647	750	750	1180	1180
MY Imports	307	307	280	280	200	225
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1090	1090	1115	1115	1440	1465
MY Exports	25	25	25	25	50	70
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	60	60	100	100	200	200
Food Use Dom. Consump.	910	910	920	920	1060	1060
Feed Waste Dom.Consum.	10	10	10	10	30	35
Total Dom. Consumption	980	980	1030	1030	1290	1295
Ending Stocks	85	85	60	60	100	100
TOTAL DISTRIBUTION	1090	1090	1115	1115	1440	1465
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## **Other Oilseeds Products**

### **Soybeans**

Post estimates of soybean crush in MY 1999/00 are 300,000 tons of soybeans, including Russian crop soybeans, imports from the U.S. in October 1999, and carry-over stocks of U.S. soybeans from earlier shipments in August - September, 1999. Soybean meal and cake production are forecast at 235,000 tons. Including meal and cake imports in September and October, as well as carry-over stocks of soybean meal from the last year. The total supply of soybean meal and cake is forecast at 525,000 tons in MY 1999/00.

### **Rapeseeds**

The supply of rapeseed meal is forecast at 38,000 tons (this is the domestic crush).

### **Fish Meal**

According to trade sources, Russia uses an estimated 300,000 tons a year of fish meal. Russia produces about 200,000 tons a year, mostly from May to July in the Far East and around the Caspian Sea. Russia exports about 100,000 tons during peak seasons, mostly to China and Japan and imports 200,000 tons during off season from Peru, Spain, Norway and Denmark ready for use in making feed. Fish meal makes up between 3-7 percent of compound feed volume and is used widely in the livestock industry.