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## Russian Federation

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### Oilseeds October Update

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Oilseeds and Products

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**Report Highlights:**

FAS/Moscow forecasts production of Russia's three major oilseeds (sunflowerseeds, soybeans and rapeseed) in 2012 at 10.1 million metric tons (MMT), 2.4 MMT less than in the record year of 2011, but still the second largest oilseeds crop in the last 20 years. This total includes 7.2 MMT of sunflowerseeds (0.4 MMT less than in 2011), 2.0 MMT of soybeans (0.25 MMT more than in 2011), and 0.9 MMT of rapeseeds (the same as in 2011). FAS/Moscow forecasts imports of oilseeds at 1.2 MMT, including 1.0 MMT of soybeans. Exports are forecast at 0.27 MMT, including 0.1 MMT of sunflowerseeds and soybeans each, and 70,000 MT of rapeseed.

**Production:**

FAS/Moscow forecasts production of Russia's three major oilseeds (sunflowerseeds, soybeans and rapeseed) in 2012 at 10.1 million metric tons, 2.4 MMT less than in the record year of 2011, but still the second highest oilseeds crop in the last 20 years. This total includes 7.2 MMT of sunflowerseeds (0.4 MMT less than in 2011), 2.0 MMT of soybeans (0.25 MMT more than in 2011), and 0.9 MMT of rapeseeds, as in 2011.

The decrease in sunflowerseeds production is due to lower sunflowerseeds area, from 7.6 million hectares in 2011 to 6.5 million hectares in 2012. As a result of a very dry summer, the sunflowerseed harvest in the southern provinces of European Russia began in the first week of September, earlier than in 2011. Rainfalls in the beginning of September slowed the harvest progress, but it was able to get back on track with dry and warm weather in the second part of September. As of September 18, 2012, Russian farmers harvested almost 1.9 MMT of sunflowerseeds from 1.0 million hectares, or 16 percent of sunflowerseeds planned harvest area. The harvest began in the provinces with the highest yields: farmers in the Southern Federal District harvested 0.45 MMT of sunflowerseeds from 26 percent of planned harvest area in this district with the average yields of 2.3 MT/ha, and farmers in southern provinces of the Central Federal District harvested 0.15 MMT of sunflowerseeds from 12 percent of planned harvest area with the average yields of 1.85 MT/ha. As harvest moves to the northern provinces of the Central Federal District and to the Volga Valley Federal District, yields are expected to decrease and as a result Russia's current average yield of 1.79 MT/ha as of September 18<sup>th</sup>, will also decrease.

In 2012 farmers increased area sown to winter rapeseeds, but unfavorable weather seriously damaged this crop in the North Caucasus Federal District (Stavropol kray is the major producer of winter rapeseeds). Separate data on winter and spring area and production will not be available before the harvest is completed, but industry analysts report that spring rapeseeds area also increased compared to last year. Despite higher area, yields of spring rapeseeds will be lower than last year due to dry conditions in the Volga Valley, the Urals and Siberia (the major areas of spring rapeseeds). As of September 18, 2012, Russian farmers harvested 0.7 MMT of rapeseeds from 0.6 million hectares, or 50 percent of area planned for harvest. So far the average yield is 1.17 MT/ha.

Russian farmers continue increasing area sown to soybeans. According to industry analysts, area sown to soybeans in 2012 increased to 1.5 million hectares compared to 1.23 million hectares in 2011. There is no official data on soybean area by provinces in 2012, but industry reports that the major increase in soybean area is in the Russian Far East, which historically accounts for 65 percent of the total. The head of Agrarian Committee of the Vladivostok Duma reported that in the last 3 years in Primorskiy kray and Amur oblast of the Russian Far East soybean production has been growing by 20-30 percent every year. In June 2012, V. Ishayev, Russian Minister for the Far East Development, reported that the "soybean cluster" will be the basis for pushing all the economy of the Russian Far East upward. The soybean harvest has not started in the Far East yet, and in the southern provinces of European Russia (the Southern federal district, and southern provinces of the Central federal district) harvest began only in the middle of September. As of September 18<sup>th</sup> Russian farmers harvested 275,000 MT of soybeans from 170,000 hectares, or 11 percent of Russia's total soybean harvest area. The yields are 1.63 MT/ha.

In the last 3 years Russian farmers increased production of other oilseeds, especially flaxseed, and this tendency continued through 2012. However, there is no official data on the sown area or harvest

progress of these oilseeds.

**Consumption:**

FAS/Moscow forecasts Russia's total crush of major oilseeds in MY 2012 at 10.47 MMT, including 6.7 MMT of sunflowerseeds, 2.9 MMT of soybeans, and 0.87 MMT of rapeseeds. Compared to last year this is a 1.5 MMT decrease, and is due to lower production and crush of sunflowerseeds. The crush of soybeans is forecasted to rise from 2.4 MMT to 2.9 MMT, and is being driven by increased capacity and continued strong demand from the domestic poultry and livestock sectors..

**Trade:**

From September 2011 through August 2012 Russia imported 26,000 MT of sunflowerseeds. Exports of sunflowerseeds in MY 2011 were 331,500 MT, the largest since 2006. Russia committed as part of its WTO accession to decrease export duties on sunflowerseeds from 20 percent (but not less than 30 Euro per MT), to 6.5 percent (but not less than 11.4 Euro per MT) with a 3 year implementation period. This measure is expected to support exports of sunflowerseeds in the longer term. However, in MY 2012 the combination of a smaller crop and strong demand from Russian crushers is expected to result in smaller exports compared to last year. FAS/Moscow forecasts sunflowerseeds exports in MY 2012 at 100,000 MT, while imports of sunflowerseeds (mostly from Ukraine) may increase to 100,000 MT.

In September 2011 – August 2012 Russia imported 740,741 MT of soybeans (including 30,250 MT from the United States). The major suppliers were Paraguay (513,540 MT) and Brazil (149,534 MT). Exports of soybeans in September 2011 – August 2012 were reported at a historic record of 70,425 MT (44,240 MT was exported to China; the rest was exported to Turkey and Iran). This export volume was a sharp rise from 720 MT in MY 2010. The Russian Government decreased the soybean export duty from 20 percent (but not less than 35 Euro per MT) to only 5 percent (but not less than 8.5 Euro per MT) for the period of June through September 2012 (Government Resolution #408 of May 2, 2012). In accordance with WTO commitments, Russia's soybean export duty will completely disappear within 3 years following the WTO accession date of August 22, 2012. For MY 2012, soybean exports are forecast to rise to 100,000 MT as a result of larger production in the Far East. Despite higher domestic production, with very strong demand and increasing crushing capacity, imports are expected to increase to 1.0 MMT.

For rapeseeds, from July 2011 through June 2012 Russia exported 53,892 MT of rapeseeds (almost all to the EU). FAS Moscow forecasts rapeseeds exports in MY 2012 at 70,000 MT.

Flaxseed (for oil) was the largest oilseed export from Russia in MY 2011. In July 2011 - June 2012 Russia exported 360,918 MT of flaxseeds (for oil). The major importers of the Russian flaxseeds were United Arab Emirates, China, Belgium, Afghanistan, and Turkey. In the first two months of MY 2012 (July – August) Russia exported 52,430 MT of flaxseeds to Turkey and Italy. Industry analysts forecast growing foreign demand in flaxseeds, and exports will grow and continue to stimulate increased domestic production.

**Policy:**

The Russian government has undertaken the following measures to stimulate production and

transportation of soybeans:

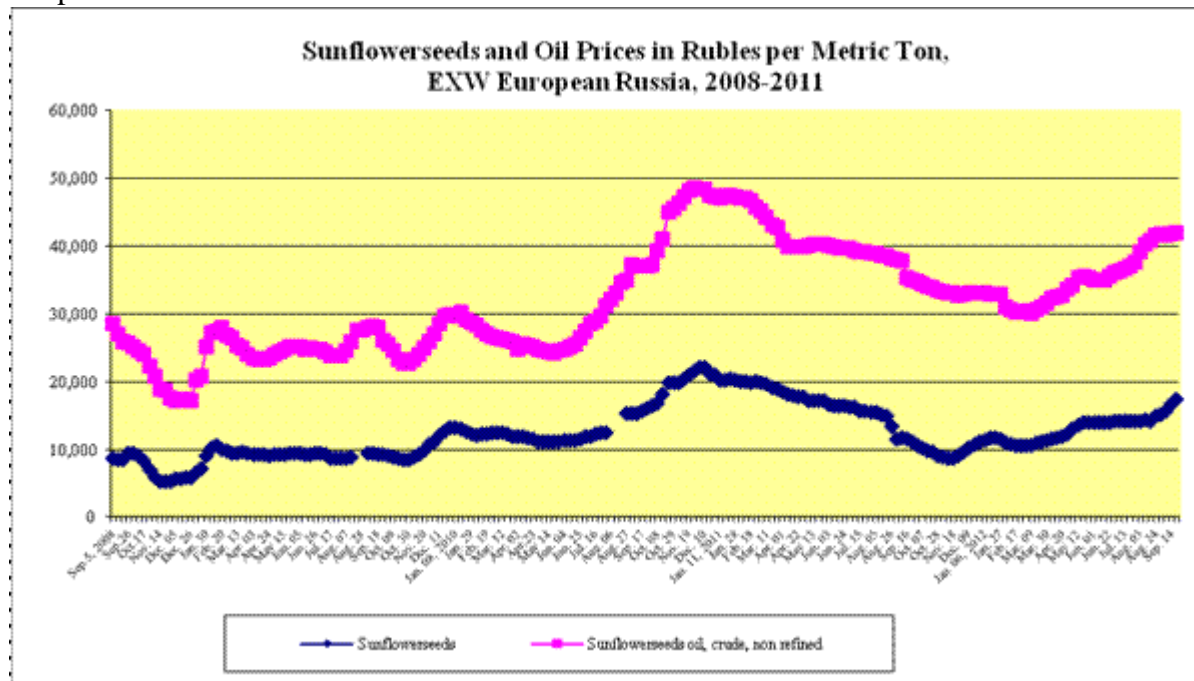
- Government Resolution #408 that temporarily decreased export duties on soybeans
- On June 19, 2012 the Federal Service on Tariffs (FST) extended the preferential tariff on shipment of soybeans and soybean cake/meal to the end of 2012. The preferential tariff is a 0.5 coefficient to the normal tariff for shipments of soybean and products to distances over 1,100 km. Besides, the FST allowed using this preferential tariff for light (empty) running of (own or rented) railway cars if they are to be loaded with grain/soybeans and products for the further transportation on the terms of preferential tariffs.

However, industry analysts consider that these measures will have only small effect on Russia's domestic soybean production and trade. The major stimuli for increased soybean production are increased domestic demand in protein feeds, especially soybean meal, and increasing prices of these protein products.

### Marketing:

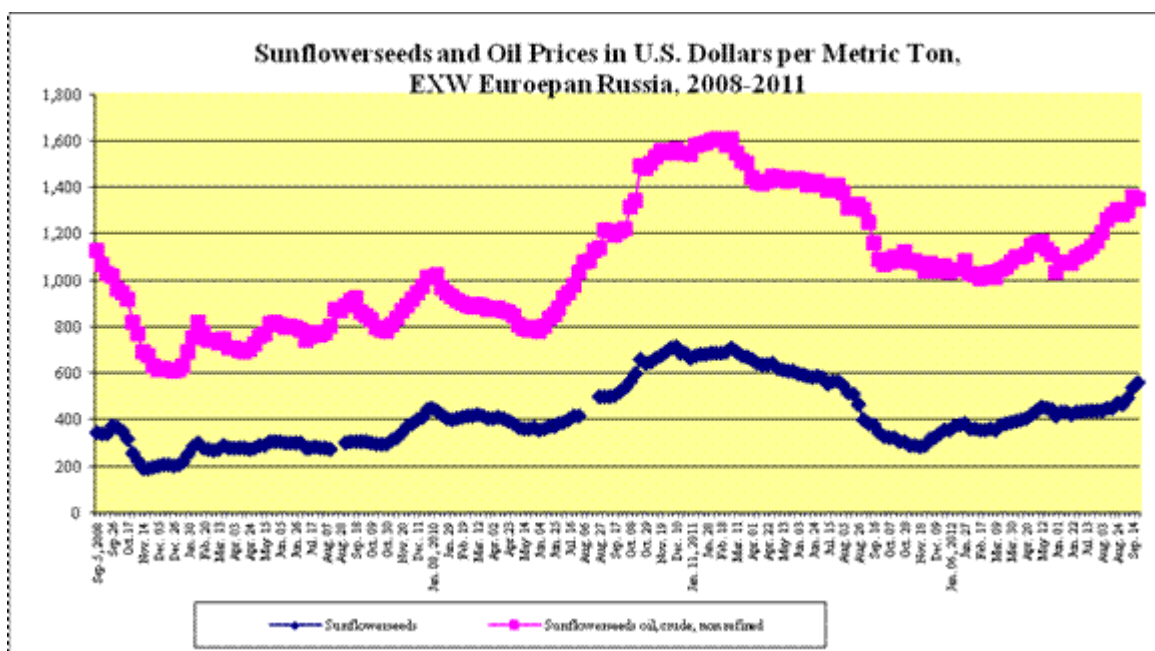
Domestic prices of sunflowerseeds, Russia's major oilseed crop have started rising since late spring 2012 when it became clear that sown area will be down. The rise in sunflowerseed prices accelerated in September, following, albeit at a slower pace, the increase in prices of grain crops.

Graph 1.



Source: ProZerno

Graph 2.



Source: ProZerno

## Production, Supply and Demand Data Statistics :

Table 1. PSD, Sunflowerseed

Oilseed, Sunflowerseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	7,153	5,200	7,614	5,200	6,500
Area Harvested	5,550	5,550	7,200	7,235	6,000	6,500
Beginning Stocks	283	283	113	113	85	80
Production	5,350	5,350	9,627	9,697	6,700	7,200
MY Imports	43	43	30	30	10	100
MY Imp. from U.S.	4	4	0	0	0	0
MY Imp. from EU	6	6	0	0	0	0
Total Supply	5,676	5,676	9,770	9,840	6,795	7,380
MY Exports	8	8	340	340	70	100
MY Exp. to EU	0	0	0	0	0	0
Crush	5,045	5,045	8,600	8,700	6,200	6,700
Food Use Dom. Cons.	220	220	250	220	205	220
Feed Waste Dom. Cons.	290	290	495	500	310	300
Total Dom. Cons.	5,555	5,555	9,345	9,420	6,715	7,220
Ending Stocks	113	113	85	80	10	60
Total Distribution	5,676	5,676	9,770	9,840	6,795	7,380
1000 HA, 1000 MT						

Table 2. PSD, Soybean

Oilseed, Soybean Russia	2010/2011	2011/2012	2012/2013
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Table 3. Rapeseed

Oilseed, Rapeseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	650	650	850	890	830	1,200
Area Harvested	612	612	840	840	900	1,200
Beginning Stocks	94	94	98	98	123	123
Production	670	670	1,050	1,055	900	900
MY Imports	1	1	1	1	1	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	1	1	1	1	1	0
Total Supply	765	765	1,149	1,154	1,024	1,023
MY Exports	41	41	54	54	70	70
MY Exp. to EU	40	40	40	40	40	70
Crush	610	610	955	960	870	870
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	16	16	17	17	17	17
Total Dom. Cons.	626	626	972	977	887	887
Ending Stocks	98	98	123	123	67	66
Total Distribution	765	765	1,149	1,154	1,024	1,023
1000 HA, 1000 MT						