Required Report - public distribution

Date: 3/31/2014
GAIN Report Number: RS1421

Russian Federation

Oilseeds and Products Annual

Oilseeds and Products Annual 2014

Approved By:
Levin Flake

Prepared By:
Yelena Vassilieva

Report Highlights:
FAS/Moscow forecasts Russia's 2014 production of its three major oilseed crops (sunflowerseeds, soybeans, rapeseed) at 13.1 million metric tons (MMT), a 4 percent decrease from Russia's record oilseed crop in 2013. Area sown to these three major oilseed crops is forecast to remain the same as in 2013 (10.1 million hectares), but production of sunflowerseeds, which comprise over 70 percent of the total of these three crops, will decrease due to a reduction in planted area, and a lower yield forecast.

Executive Summary:

Oilseeds

FAS/Moscow forecasts Russia's 2014 production of its three major oilseed crops (sunflowerseeds, soybeans, rapeseed) at 13.1 million metric tons (MMT), a 4 percent decrease from Russia's record oilseed crop in 2013. Area sown to these three major oilseed crops is forecast to remain the same as in 2013 (10.1 million hectares), but production of sunflowerseeds, which comprise over 70 percent of the total of these three crops, will decrease due to a reduction in sown area, and a lower yield forecast.

FAS/Moscow forecasts a 2 percent decrease in 2014 sunflowerseed planted area to 7.1 million hectares. The following factors are expected to weaken farmers' incentives to plant sunflowerseeds:
--An expected increase in planting of spring grains, rather than sunflowerseeds, on area that was unable to be sown with winter grain last fall (due to heavy and persistent rains). Sunflowerseeds are typically one of the last crops planted in the spring, and can be a fallback crop if farmers are unable to sow other grains in time.
--Prices for sunflowerseeds are less attractive than last year. In March 2014 sunflowerseed prices were 20 percent lower than in March 2013.
--The cost of imported hybrid planting seeds and chemicals (which are vital for effective production of sunflowerseeds), has increased due to the depreciating ruble in early 2014.

Weather still remains the main determining factor for sunflowerseed yields, but a repeat of the high yields of 2013 is not likely, and FAS/Moscow forecasts Russia's sunflowerseed production in 2014 at 9.5 MMT, a 10 percent decrease from the record level in 2013.

Soybean production is forecast to increase by 28 percent to 2.1 MMT in 2014. Higher production is expected due to rebounding soybean production expected in the Far East, Russia's major soybean growing area, after disastrous flood-impacted crop losses in 2013. Also, production is expected to be boosted by increased soybean planted area and yields in the Central federal district. Demand for soybean meal as the major source of protein in animal feed is increasing commensurate with expanding poultry and swine production, especially in the Central federal district, and in concert with efforts to expand milk production. The rapid recovery and expansion of soybean production in the Far East may also be stimulated by growing Chinese demand for soybeans and the reduction, and eventual removal, of export duties.

Rapeseed production is forecast to increase slightly to 1.45 MMT (1.4 MMT in 2013) due to some increase in spring rapeseed area. Yields for winter rapeseed are usually 60-90 percent higher than spring rapeseed, and so far the condition of winter rapeseed in Stavropol kray (the major winter rapeseed area) is good. However, area sown to winter rapeseed in Russia comprises only 10 to 20 percent of all rapeseed area, and competes with winter grains.

Yield forecasts for oilseeds are very preliminary as most of Russia's oilseed crops are planted only in May. The forecast 2014 yields are based largely on 10-year trends.

Industry analysts forecast a further increase in production of oilseeds such as linseed crops for oil (*Crown Flax* and *Camelina*). Production of these crops in 2013 reached 450,000 metric tons, and in the

near future may increase up to 1 MMT. Foreign demand for these niche crops is growing and there are no export duties on these crops. Moreover, these crops are more cold resistant than other oilseeds. Area planted to these crops may expand further into northern and eastern Russian provinces.

In accordance with WTO commitments, Russia has begun to gradually decrease export duties on oilseeds. In the fall of 2013, Russia reduced export duties on sunflowerseed from 20 percent (but not less than 30 Euro per MT) to 16.62 percent of the customs value (but not less than 24.94 Euro per 1 MT). Export duties on whole soybeans were decreased from 20 percent (but not less than 35 Euro per MT) to 13.33 percent of customs value (but not less than 23.33 Euro per 1 MT). Export duties on rapeseeds were lowered from 20 percent (but not less than 35 Euro per MT) to 15 percent (but not less than 27.13 Euro per 1 MT), and the export duty on mustard was eliminated. With these reductions and a weaker ruble, in marketing year (MY) 2014/15, FAS/Moscow forecasts exports of the three major oilseeds in My 2014/15 at 0.6 MMT (i.e. a 65 percent increase from 2013/2014), including 150,000 MT of sunflowerseeds, 250,000 MT of soybeans, and 200,000 MT of rapeseed. However, despite lower export duties, exports will likely be constrained from even greater increases by continued very strong domestic demand.

Expanding domestic production of soybeans and the weaker ruble are expected to reduce soybean imports slightly in MY 2014/15 to 1 MMT compared to estimated 1.15 MMT's imports in MY 2013/14.

Table 1. Russia: Consolidated PSD for Major Oilseeds for MY 2014/15, 1,000 MT, 1,000 HA

MY 2014/15	Sunflowerseeds	Soybeans	Rapeseeds	TOTAL
Area Planted	7,100	1,650	1,350	10,100
Area Harvested	6,800	1,450	1,200	9,450
Beginning Stocks	321	135	51	507
Production	9,500	2,100	1,450	13,050
MY Imports	20	1,000	1	1,021
MY Imp. from U.S.	0	200	0	200
MY Imp. from EU	0	0	0	0
Total Supply	9,841	3,235	1,502	14,578
MY Exports	150	250	200	600
MY Exp. to EU	10	0	100	110
Crush	9,000	2,800	1,240	13,040
Food Use Dom. Cons.	220	0	0	220
Feed Waste Dom. Cons.	300	40	15	355
Total Dom. Cons.	9,520	2,840	1,255	13,615
Ending Stocks	171	145	47	363
Total Distribution	9,841	3,235	1,502	14,578

Note: The above table is composed of PSD forecasts for each crop, despite differing marketing years. The marketing year for sunflowerseeds and soybean is September – August. The Marketing year for rapeseed is July – June.

Meal

Demand for protein feed continues to grow in Russia in line with the expansion of poultry and swine

populations at large integrated farms, which use more high protein compound feeds instead of grain-based feeds. Milk production has declined in Russia in 2013, and the decline has been attributed to high levels of indebtedness at large integrated dairy farms, some of which have stopped investing in development, and in maintenance of their business. However, in 2014 the government has stated that it will pay special attention to financial support for these dairy farms, and their demand for protein feeds is forecasted to grow.

FAS/Moscow forecasts the total crush of Russia's three major oilseeds at 13.0 MMT in MY 2014/15, which is a 2 percent decrease from the estimated 13.3 MMT in MY 2013/14, but would still be the second highest crush level in Russia's history. This includes 9.0 MMT of sunflowerseed (0.5 MMT less than last year), 2.8 MMT of soybeans (up 0.16 MMT) and 1.24 MMT of rapeseed (same as last year). Since the meal extraction rate for crushing soybeans is higher than for sunflowerseed and rapeseed, Russia's total domestic production of oilseed meal will increase to 6.35 MMT from an estimated 6.32 MMT in MY 2013/14, including 3.4 MMT of sunflowerseed meal, 2.2 MMT of soybean meal, and 0.75 MMT of rapeseed meal. FAS/Moscow forecasts nearly the same level of soybean meal imports in MY 2014/15 -- 0.45 MMT -- as in MY 2013/14. Despite high demand in soybean meal and the removal of import duties in 2012 as a result of WTO accession, soymeal imports will be limited by the weaker ruble and expanding Russian capacity to crush whole soybeans. At the same time, Russia will continue exporting sunflowerseed meal, with exports forecast to only fall slightly to 1.4 MMT in MY 2014/15, from 1.5 MMT in 2013/14.

Table 2. Russia: Consolidated PSD for Major Meals for MY 2014/15, 1,000 MT

POST MY 2014/15	Sunflowerseeds	Soybean	Rapeseed	Fish Meal	TOTAL
Crush	9,000	2,800	1,240	565	13,605
Extr. Rate, 999.9999	0.378	0.786	0.605	0.257	
Beginning Stocks	51	0	0	2	53
Production	3,400	2,200	750	145	6,495
MY Imports	0	500	0	55	555
MY Imp. from U.S.	0	30	0	5	35
MY Imp. from EU	0	100	0	0	100
Total Supply	3,451	2,700	750	202	7,103
MY Exports	1,400	300	280	50	2,030
MY Exp. to EU	800	0	200	0	1,000
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	2,000	2,400	470	150	5,020
Total Dom. Cons.	2,000	2,400	470	150	5,020
Ending Stocks	51	0	0	2	53
Total Distribution	3,451	2,700	750	202	7,103

Note: the above table is composed of PSD forecasts for each meal despite differing marketing years.

Oil

Sunflowerseed remain the primary oilseed crop in Russia, and thus crushers' main product is still vegetable oil, while meal remains a secondary product. Sunflowerseed oil dominates domestic human

consumption of vegetable oils. FAS/Moscow forecasts Russia's total vegetable oil production in MY 2014/15 at 4.7 MMT, the same volume as in MY 2013/14. This production will include 3.7 MMT of sunflowerseed oil (FAS/Moscow estimates sunflowerseed oil production in MY 2013/14 at 3.75 MMT), 0.49 MMT of rapeseed oil (up 0.01 MMT from last year), and 0.49 MMT of soybean oil (a 0.04 MMT increase from last year). Russia's imports of palm oil are forecast to increase to 0.7 MMT in MY 2014/15 from 0.64 MMT the previous year. Palm oil is the second largest vegetable oil consumed in Russia.

There is no official data on domestic consumption of vegetable oils by type of oil, but industry analysts estimate that sunflowerseed oil dominates in direct use food consumption (including in production of mayonnaises), while palm oil is gaining a bigger share in food processing use (including in the confectionary industry). FAS/Moscow forecasts further increases in Russia's exports of vegetable oils, to 2.1 MMT in MY 2014/15 from 1.9 MMT in MY 2013/14. Sunflowerseed oil exports are forecast at 1.55 MMT (up 0.2 MMT from last year), soybean oil exports are forecast at 0.25 MMT (same volume as in 2013/14), and rapeseed oil export is forecast at 0.28 MMT (0.01 MMT less than in MY 2013/14). Exports of sunflowerseed oil will be stimulated by the depreciated ruble while rapeseed oil exports are expected to fall due to slack demand from Europe for biofuels. Soybean oil exports will depend primarily on imports of soybeans, because the major Russian importer of soybeans (company Sodruzhestvo located in Kaliningrad) sells most of its meal to the domestic market, and sells soybean oil to European and other foreign markets.

Table 3. Russia: Consolidated PSD for Major Vegetable Oils for MY 2014/15, 1,000 MT

POST MY 2014/15	Sunflowerseeds	Soybean	Rapeseed	Palm	TOTAL
Crush	9,000	2,800	1,240		13,040
Extr. Rate, 999.9999	0.411	0.175	0.395		
Beginning Stocks	234	32	49	68	383
Production	3,700	490	490	0	4,680
MY Imports	10	0	0	700	710
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	110	110
Total Supply	3,944	522	539	768	5,773
MY Exports	1,550	250	275	0	2,075
MY Exp. to EU	450	160	155	0	765
Industrial Dom. Cons.	360	30	20	150	560
Food Use Dom. Cons.	1,800	205	195	530	2,730
Feed Waste Dom. Cons.	50	0	0	0	50
Total Dom. Cons.	2,210	235	215	680	3,340
Ending Stocks	184	37	49	88	358
Total Distribution	3,944	522	539	768	5,773

Note: The above table is composed of PSD forecasts for each oil despite differing marketing years.

OILSEEDS

Commodities:

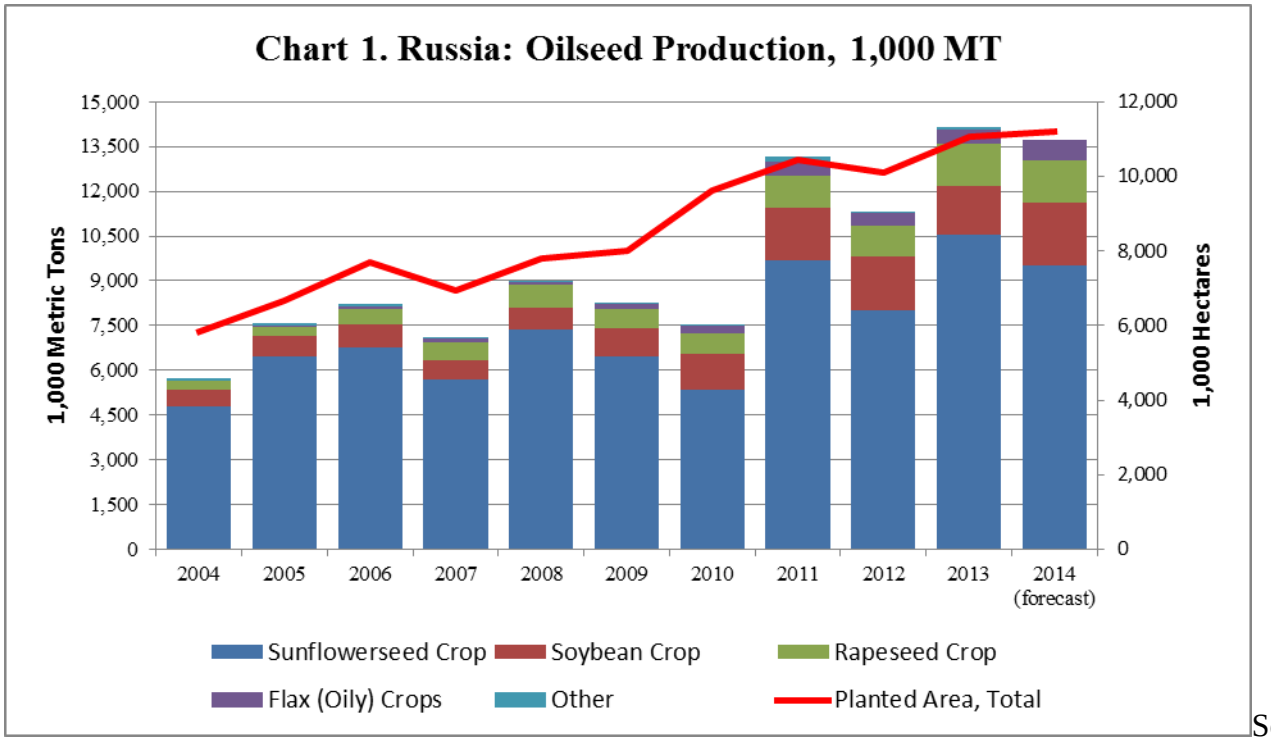
Oilseed, Sunflowerseed

Oilseed, Soybean
Oilseed, Rapeseed
Oilseed, Peanut

Production:
FAS/Moscow forecasts that in MY 2014/15, area sown to Russia's main oilseeds (sunflowerseed, soybeans, and rapeseed) will not change from the previous year and will remain 10.1 million hectares. However, soybean and rapeseed area will slightly increase while area sown to sunflowerseeds will decline by almost 0.2 million hectares to 7.1 million hectares. Assuming average weather, production of these three major crops is forecast to reach 13.1 MMT in MY 2014/15.

Sunflowerseed sowing area, to a great extent, will depend on spring grain sowing in European Russia. It is expected that there will be an increase in plantings of spring grains, rather than sunflowerseeds, on area that was unable to be sown with winter grains last fall (due to heavy and persistent rains). Sunflowerseeds are typically one of the last planted crops in the spring, and can be a fallback crop if farmers are unable to sow other grains in time. In addition, sunflowerseed prices currently are considerably lower than this time last year when compared with grain prices, and this will encourage farmers to plant more grains. Also, prices for imported chemicals and seeds are also rising, and these imported materials are much more important for the production of sunflowerseed than for many grains such as spring wheat and spring barley. In addition, a shift to grain or pulses is in accordance with traditional crop rotation patterns.

Area sown to oilseeds has been steadily growing in the last 10 years in Russia, especially for oilseeds other than sunflowerseed. According to official State Statistical Service (Rosstat) data, in 2013 oilseed planted area increased from 2012 by 9.6 percent to 11.1 million hectares, and was the largest area sown to oilseeds in Russian history. By crop, the change in sown area has varied: sunflowerseed sown area increased by 11.4 percent to 7.27 million hectares, area sown to rapeseed also increased by 11.4 percent to 1.33 million hectares primarily due to more than doubled area (from 105,000 hectares to 239,000 hectares) under winter rapeseeds. Area sown to soybeans was 1.53 million hectares, 3 percent larger than the previous year. Mustard is not a major crop, but its 2013 area increased by 31.2 percent to 154,000 hectares. Total area sown to different linseeds type crops (*Crown flax* and *Camelina*) and to Safflower was steady (749,000 hectares in 2013 compared to 752,000 hectares in 2012), but the structure between these minor oilseeds changed. Nevertheless, sunflowerseeds still dominate overall oilseed production, and since yields of sunflowerseed are still heavily dependent on weather, fluctuations in production are also significant (Chart 1).



Source: FAS/Moscow based on data of the Russian State Statistical Service (Rosstat)

Table 4. Russia: Major Oilseeds, 2007-2013

	2007	2008	2009	2010	2011	2012	2013
Planted Area, 1,000 HA							
Sunflowerseeds	5,326	6,199	6,196	7,153	7,614	6,529	7,271
Soybeans	777	747	875	1,206	1,229	1,481	1,532
Rapeseeds	658	680	688	856	893	1,190	1,326
- winter	150	145	178	218	175	105	239
- spring	508	535	638	638	718	1,085	1,087
Mustard	58	58	101	110	134	118	154
Oil flax (Crown flax)	110	85	146	267	500	618	478
False flax (Camelina)						118	182
Safflower						16	89
Other	2	14	15	25	77	33	119
Total	6,931	7,783	8,020	9,616	10,447	10,087	11,060
Production, 1,000 MT							
Sunflowerseeds	5,671	7,350	6,454	5,345	9,697	7,993	10,554
Soybeans	650	746	944	1,222	1,756	1,806	1,636
Rapeseeds	630	752	667	670	1,056	1,035	1,393
- winter	227	246	308	395	304	166	407
- spring	404	506	359	275	752	869	987
Mustard	11	29	24	36	88	42	55
Oil flax (Crown flax)	73	86	94	173	464	361	320
False flax (Camelina)						56	128

Safflower						8	45
Other	2	9	3	10	53	10	66
Total	7,037	8,972	8,186	7,457	13,115	11,312	14,151
Yields per harvested area, MT/HA							
Sunflowerseeds	1.13	1.23	1.15	0.96	1.34	1.30	1.55
Soybeans	0.92	1.05	1.19	1.18	1.48	1.31	1.36
Rapeseeds	1.18	1.20	1.20	1.10	1.26	1.06	1.25
- winter	1.56	1.76	1.82	1.90	1.77	1.68	1.73
- spring	1.04	1.04	0.93	0.68	1.13	0.99	1.13
Mustard	0.43	0.57	0.47	0.48	0.80	0.54	0.50
Oil flax (Crown flax)				0.86	1.04	0.69	0.78
False flax (Camelina)						0.61	0.78
Safflower						0.62	0.64

Source: Rosstat

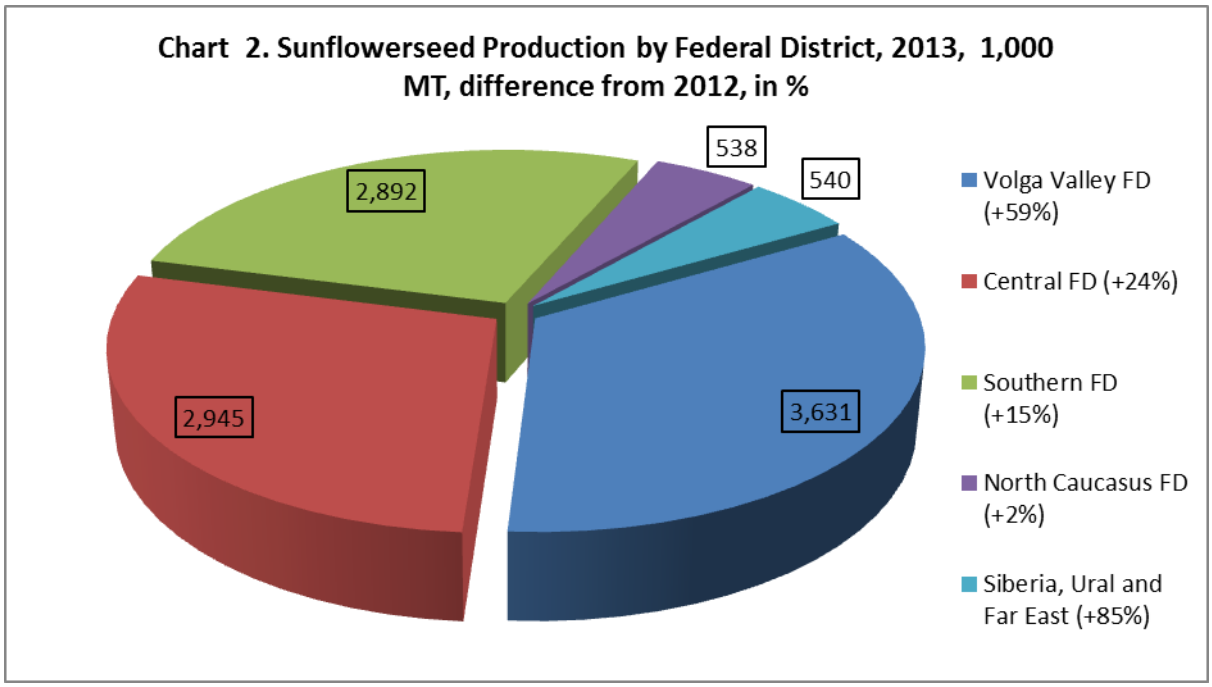
Sunflowerseeds

FAS/Moscow forecasts 2014 area sown to sunflowerseeds to decrease by 0.2 million hectares to 7.1 million hectares. This year the decrease may occur on some fertile land where farmers will prefer to sow spring grains, pulses, soybeans and fodder crops. Farmers that sow sunflowerseeds on fertile land have been using improved, imported seeds and imported chemicals. Thus, imports of sunflower planting seeds in MY 2012/13 were 34 percent higher than in 2011/12, and imports of planting seeds in the September – December 2013 were 44 percent higher than in the same period a year ago. However, depreciation of the ruble against the U.S. dollar (roughly 20 percent) and Euro in January – March 2014, may result in lower imports of sunflowerseeds for planting, especially from the United States and the EU. These planting seeds, to some extent, may be replaced by less expensive seeds (and possibly less productive seeds) from such countries as Turkey and Chile. In MY 2012/13, the United States supplied 31 percent of sunflower seed for planting, and France and Spain together supplied another 16 percent of these seeds. In September – December 2013 the share from the United States in total imports of planting seeds of sunflower was 47 percent and the share of France and Spain – 11 percent. The expected increase in the price of imported chemicals, such as pesticides and fungicides, may also affect farmers' sunflowerseed planting plans.

At the same time some farmers, on less fertile soil, are expected to continue planting sunflowerseeds with poor quality seeds and minimum use of chemicals, simply relying on low but guaranteed returns. As a result, assuming normal weather, the average yield for sunflowerseed will be lower than last year. FAS/Moscow forecasts sunflowerseed yield in MY 2014/15 at 1.4 MT/HA, lower than in 2013 but higher than the 5-year average (1.3 MT/HA). Production is forecast to decrease in MY 2014/15 by 1 MMT to 9.5 MMT.

In 2013, nearly all federal districts increased sunflowerseed production. The Volga Valley Federal District became the leading sunflowerseed producing region (34.4 percent of the total production), although yields there are lower than in the Southern and the North Caucasus federal districts. The South of European Russia (the Southern and North Caucasus federal districts) together accounted for 32.5 percent of Russia's total sunflowerseed crop. However, during the last 5 years area sown to sunflowerseed in Southern European Russia has actually decreased as a result of strong competition for

area with other crops. This area is not only very productive and has the best climatic conditions in Russia, it is also close to key export ports, thereby making it very attractive for grain production (which can be quickly and easily exported). The Central federal district has increased sunflowerseed production by 24 percent, primarily due to improved seeds and agronomy practices, and its share in the total sunflowerseed production has reached 27.9 percent in 2013. The demand for sunflowerseed in the Central federal district has been supported by the construction of several new crushing plants in Voronezh and Belgorod oblasts in the last 5 years. The Chart 2 shows production in 2013 by major federal districts.



Source: Rosstat

Based on an average of 2012 and 2013 production data, three Russian provinces (Krasnodar kray, Saratov and Voronezh oblasts) account for 34.4 percent of sunflowerseed production.

Chart 3. Sunflower Seed Production by Oblast

Light yellow 2.5% - 5.0% of total production
Yellow 5.0% - 10.0%
Dark yellow >10%

Highest Sunflower Seed Production by Oblast (2012-2013 average)

1. Krasnodar kray - 12.5%
2. Saratov oblast - 11.4%
3. Voronezh oblast - 10.5%
4. Rostov oblast - 8.7%
5. Samara oblast - 6.9%
6. Volgograd oblast - 6.9%
7. Tambov oblast - 6.9%
8. Orenburg oblast - 6.1%
9. Stavropol kray - 5.0%
10. Belgorod oblast - 4.1%
11. Altay kray - 3.3%
12. Kursk oblast - 2.9%
13. Lipetsk oblast - 2.9%
14. Penza oblast - 2.3%
15. Bashkortostan Republic - 2.3%

Source: FAS/Moscow based on Rosstat data for 2013 crop.

Soybeans

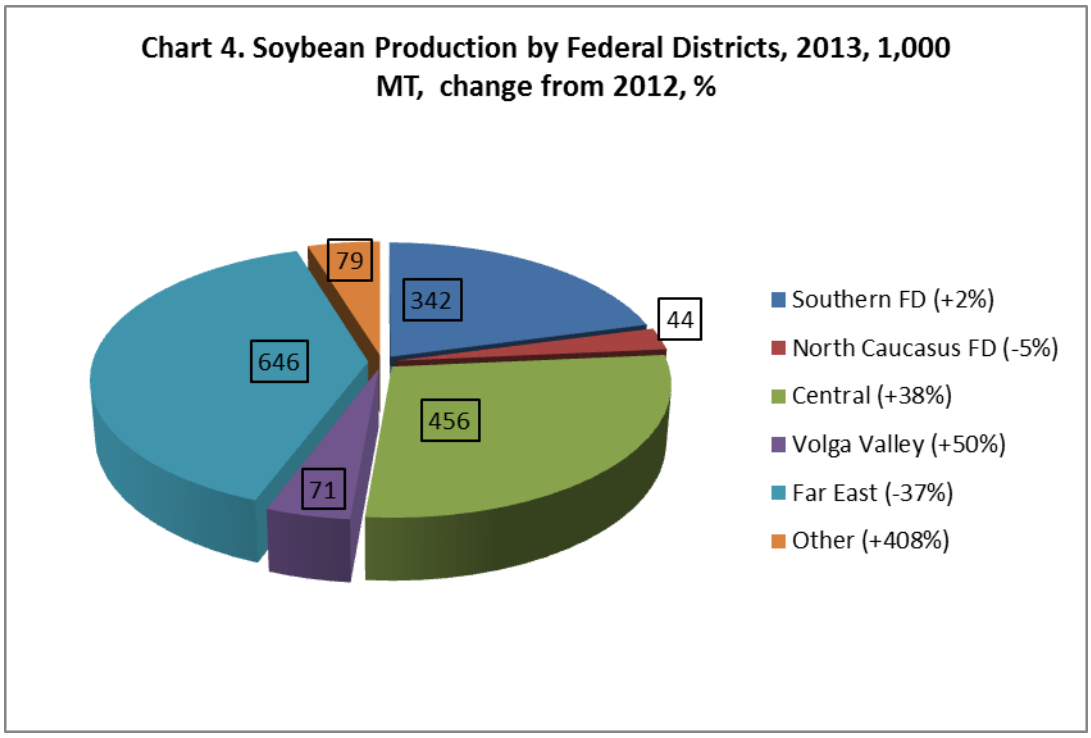
FAS/Moscow forecasts soybean area to increase in MY 2014/15 by 8 percent to 1.65 million hectares (the Russian Ministry of Agriculture's target for 2014 is 1.69 million hectares to be sown to soybeans in 2014). Given average weather (in 2013 a severe flood in the Far East destroyed approximately 25 percent of soybean crop), production of soybeans is forecast to increase in MY 2014/15 by 28 percent to 2.1 MMT. This production increase is expected mostly due to the restoration of soybean production in the Far East and increased area and yields of soybeans in European Russia. Farmers in Central European Russia are planning to plant more soybeans because the demand for feeds remains high. Additionally, soybeans could continue to replace sugar beets, as the market for sugar beets is not as attractive currently.

Production of compound feeds in Russia increased by 8.6 percent in 2013 compared to 2012, and most of increase was due to increased production in the Central federal district. Analysts of the feed industry in Russia have forecast that by 2020, compound feeds consumption will exceed 8 MMT, and consumption of soybean meal is forecast to increase from 523,000 MT in 2012 to 830,000 MT in 2020. Some large companies, such as Miratorg, Russia's major producer of pork, and EFKO, one of Russia's major vegetable oil trading company, have invested in soybean crushing in the Central federal district. According to industry analysts, soybeans have the following benefits for farmers in the Central federal district:

--First, soybeans are the best (after peas) predecessor crops for grains and many other crops in crop rotation patterns as soybeans leave nitrogen in the soil that leads to decreased need for application of fertilizer;

--Second, the time of harvesting soybeans in the Central federal district coincides with the sowing of winter wheat.

Despite the severe flood in the Far East in the summer and fall 2013, the Russian Far East still represents over 39 percent of Russia's soybean production, and production in the Far East has been growing steadily in the last 5 years (with the exception of 2013). Decreased export duties on soybeans will stimulate exports of soybeans from the Russian Far East to China and some other Southeast Asian countries, and this growing demand will stimulate Far East production. At the same time increased demand in feeds will stimulate production of soybeans in European Russia. Russian seed breeders are targeting developing soybean varieties adapted to the climate condition of European Russia. Imports of planting seeds of soybeans are not significant, only 917 MT in MY 2012/13 (Russian State Customs data). Most of these seeds were imported from Ukraine (566 MT) and Canada (181 MT). The data on imports of soybeans for planting in MY 2013/2014 are not available, but seed imports are it expected to decrease in the spring 2014, and in MY 2014/2015 due to stricter phytosanitary control and inspection of imported soybean seeds for planting (especially to check for any genetically modified – GMO traits).



Source: Rosstat

Chart 5. Soybean Production by Oblast

Light Green	2.0% - 5.0% of total production
Green	5.0% - 20.0%
Dark Green	> 20.0%

Highest Soybean Production by Oblast (2012-2013 average)

1. Amur oblast - 34.2%
2. Krasnodar kray - 18.7%
3. Belgorod oblast - 11.7%
4. Primorsky Kray - 8.4%
5. Kursk oblast - 4.7%
6. Jewish A.O. - 3.8%
7. Lipetsk oblast - 2.5%
8. Voronezh oblast - 2.2%
9. Stavropol kray – 2.2%
10. Orel oblast – 2.2%

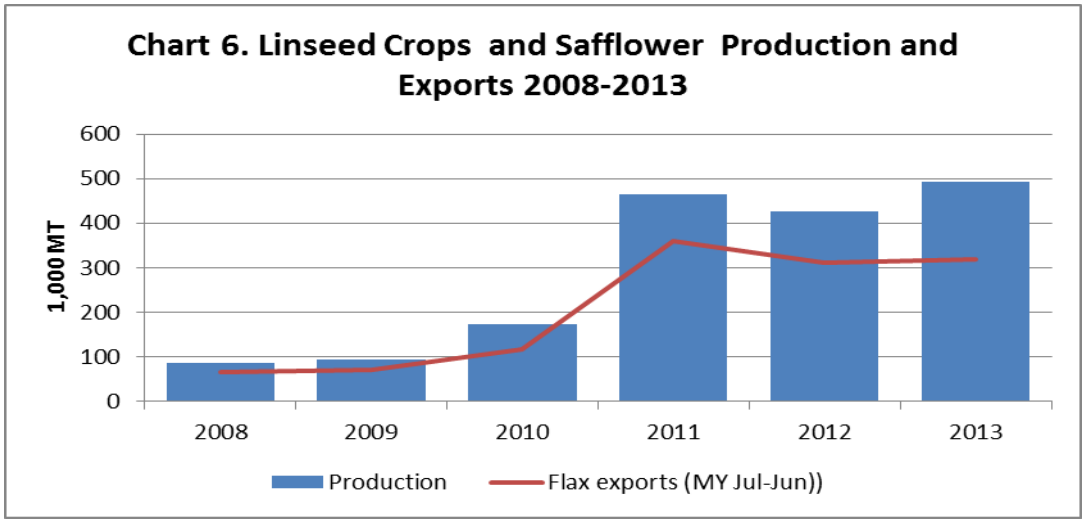
Source: FAS/Moscow based on Rosstat data for 2013 crop.

Rapeseed

FAS/Moscow forecasts rapeseed production in MY 2014/15 to increase only slightly, from 1.39 MMT to 1.45 MMT. The forecast increase is due to good cold weather survival of winter rapeseed, which, although planted on much smaller area than spring rapeseed, has yields roughly 60-90 percent higher. Winter rapeseed in Stavropol kray, Russia's major producer, is currently in good condition. Spring rapeseed still dominates the sown area, and farmers in almost all of the federal districts, except the Southern and North Caucasus federal district, plant spring rapeseed. The leading provinces for rapeseed planting are the Volga Valley federal district, Central federal district and Siberia federal district.

Linseed crops (Crown flax and Cemilina) and Safflower for Oil

Production of linseed crops (*Crown flax* and *Camelina*) and safflower for oil increased in the last 3 years driven by high foreign market demand and the absence of export duties (Chart 4). Although some varieties of these crops can be sown more to the north than sunflowerseed and soybeans, the bulk of production of these crops is found in the Southern and North Caucasus federal districts, the major export-oriented districts of European Russia.

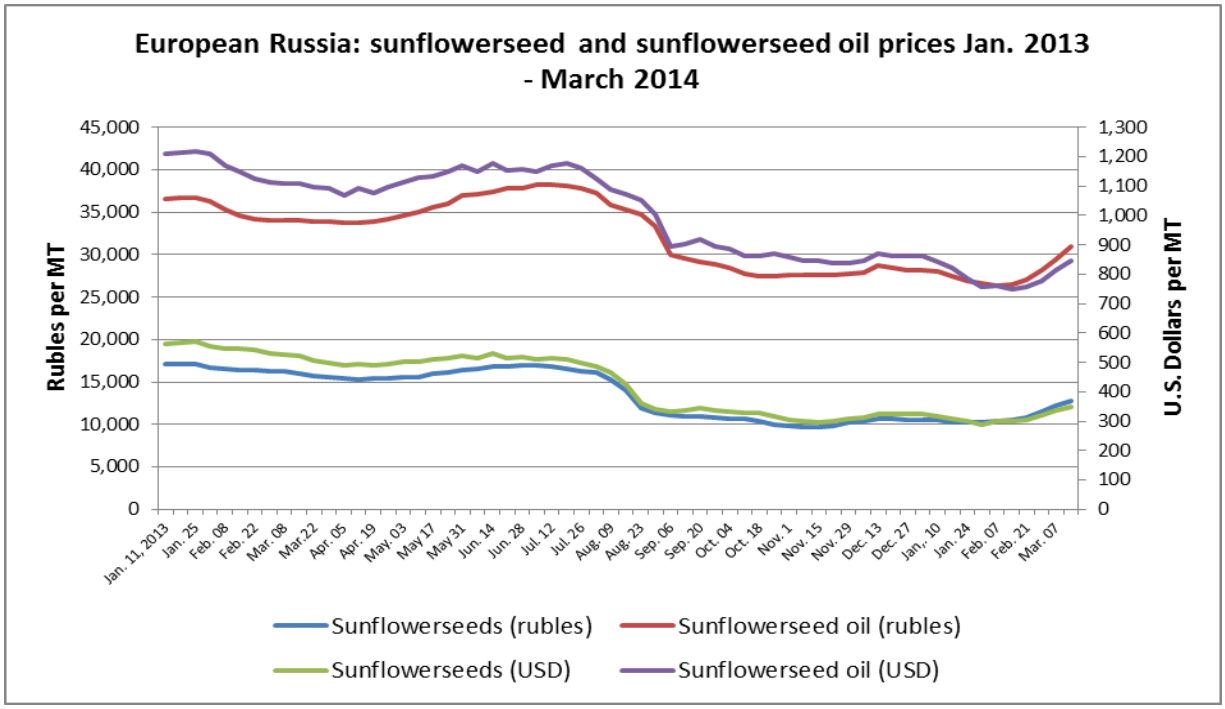


Note: Exports in MY 2013/14 is FAS/Moscow estimate based on Customs data for July 2013 through January 2014.

Consumption:
Industry analyst estimate Russia's oilseeds crushing capacity at 14 MMT-15 MMT in 2013/14, and forecast a further increase in 2014/15 due to the expected launch of new plants and new capacity at the already existing plants in Orenburg, Volgograd, Saratov and Belgorod oblasts. Processing of oilseeds is increasingly concentrated at modern, new crushing plants owned by large agro-holding companies while crushing at small plants is decreasing. The new plants are usually adapted to crushing various types of oilseeds, including soybeans.

Sunflowerseeds
Assuming that the sunflowerseed crop is 9.5 MMT in MY 2014/15, almost 1.1 MMT lower than in MY 2013/14, sunflowerseed crush is forecast to decrease by 0.5 MMT to 9.0 MMT. The forecasted volume of crush is expected to allow Russia to produce 3.4 MMT of sunflowerseed meal and 3.7 MMT of sunflowerseed oil. Sunflowerseed and sunflowerseed oil prices plummeted in 2013 as a result of a record sunflowerseed crop, and remained low until February 2014. Industry analysts estimate that the domestic vegetable oil market is saturated and it is more and more difficult to keep crude sun oil prices high. The devaluation of the ruble versus the U.S. dollar, if continued, may stimulate exports of sunflowerseed oil and support the profitability and attractiveness of crushing businesses for large agro-holding companies, and crushing capacity continues to expand in Russia.

Chart 7.



Source: ProZerno

Soybeans
Demand for soybean meal and cake continues to grow due to stronger demand from domestic poultry and swine industries. In line with demand, soybean crushing is also expanding. In 2013, a new soybean crushing facility was put into operation in Belgorod oblast by one of Russia's major pork producing companies. Russia's largest soybean crushing company, Sodruzhestvo in Kaliningrad, has also

increased its crushing capacity in MY 2013/14. FAS/Moscow forecasts soybean crush to remain at 2.8 MMT in MY 2014/15, but the sources of soybean supply may change slightly in favor of domestic soybeans vis-a-via imported beans due to the forecast restoration of domestic soybean production to pre-flood levels. Production of soybean meal is forecast to increase from 2.05 MMT to 2.2 MMT, and oil from 0.45 MMT to 0.5 MMT.

Rapeseed

Rapeseed consumption is still driven by the EU demand for use in biofuels, since most of Russia's rapeseed oil is exported. FAS/Moscow forecasts rapeseed crush in MY 2013/14 to increase by only 3 percent to 1.24 MMT. FAS/Moscow forecasts meal production in MY 2014/15 at 0.75 MMT (0.73 MMT in MY 2013/14), and oil production - at 0.49 MMT compared to 0.48 MMT in MY 2013/2014.

Trade:

Russia's trade in oilseeds in MY 2014/15 will be influenced by several factors, such as the depreciation of the ruble and export competition from Ukraine.

Sunflowerseed

FAS/Moscow forecasts bulk, unprocessed sunflowerseed exports in MY 2014/15 to remain at the same level as 2013/14 – 150,000 MT. In accordance with its WTO commitments, Russia reduced export duties on sunflowerseed in the fall of 2013 from 20 percent (but not less than 30 Euro per MT) to 16.62 percent of the customs value (but not less than 24.94 Euro per 1 MT). From September 2013 through January 2014, Russia exported 65,469 MT of sunflowerseed (22,239 MT in the same period a year ago), including 42,796 MT to Turkey, and 8,724 MT to Azerbaijan. This data does not include exports to the Customs Union (CU includes Belarus, Kazakhstan and Russia). In MY 2012/13 Russia's sunflowerseed exports to the CU were 120,922 MT, and in September 2013/2014 were only 12,546 MT. Since trade among members of the CU is duty-free, WTO tariff commitments will not impact this trade.

Imports of sunflowerseeds have been small in MY 2013/14, and FAS/Moscow forecasts the same level of imports – 20,000 MT for MY 2014/15.

Soybeans

Export duties on whole soybeans were decreased in the fall of 2013 from 20 percent (but not less than 35 Euro per MT) to 13.33 percent of customs value (but not less than 23.33 Euro per 1 MT). Despite this lower duty, Russian exports of soybeans in MY 2013/14 were very low as a result of the flood in the Far East. From September 2013 through January 2014, Russia exported only 19,451 MT of soybeans (including 11,397 MT to China and 8,034 MT to Turkey, supposedly from European Russia), which is just one-third the level of the same period a year ago. Trade in soybeans within the Customs Union was insignificant in MY 2013/14. FAS/Moscow forecasts Russia's exports of soybeans in MY 2014/15 to increase to 0.25 MMT.

FAS/Moscow forecasts only a small decrease in imports of soybeans for crushing, to 1.0 MMT in MY 2014/15 from the estimated 1.15 MMT in MY 2013/14. The demand for soybean meal is very high, and despite the expected recovery and growth of domestic production, Russia will continue imports of soybeans as European Russia has limited land for expansion of soybean area, while shipments of soybeans from the Far East to the European Russia for crushing is expensive due to high transportation

costs. Soybeans are imported duty-free, and soybean crushing capacity in European Russia is expanding. However, any continued ruble depreciation may affect imports.

From September 2013 through January 2014, Russia imported 552,453 MT of soybeans (40 percent more than during the same period last year), including 210,049 MT from the United States, 179,433 MT from Paraguay, 110,922 MT from Ukraine, and 32,996 MT from Uruguay. U.S. Customs statistics report that from September 2013 through January 2014, the United States exported 332,410 MT of soybeans to Russia.

Rapeseeds

FAS/Moscow forecasts rapeseed exports in MY 2014/15 at 0.2 MMT, an increase from 0.18 MMT in MY 2013/14. In the fall of 2013, export duties on rapeseeds were lowered from 20 percent (but not less than 35 Euro per MT) to 15 percent (but not less than 27.13 Euro per 1 MT). Exports may increase as a result, but producers will still likely prefer to crush rapeseed domestically and export oil to Europe, the largest market for rapeseed oil for biodiesel. From July 2013 through January 2014, Russia exported 144,006 MT of rapeseed (612 percent increase from previous year), including 60,587 MT to Turkey. The remainder went to Iran, Switzerland, United Kingdom, Netherlands, Germany, Spain and other countries. Rapeseed exports have been shifting from the EU to other countries where rapeseeds are processed and either consumed or further exported. Russia's exports of rapeseeds to the CU in July 2013 – January 2014 were slightly more than 2,000 MT.

Linseed Crops for Oil (Crown Flax and Camelina)

Russia has also begun exporting linseed crops for oil, and this oilseed has quickly become the largest oilseed export from Russia due to stable demand and absence of duties. Exports of linseed for oil (*Crown flax* and *Camelina*) from July 2013 through January 2014 were 214,599 MT to the non-CU countries, and approximately 300 MT to the CU. The major importers of Russian linseed for oil were Belgium (147,335), Italy (14.194 MT), Turkey (10,894 MT), Vietnam (10,484 MT), and other countries. From July 2013 through January 2014 Russia imported 140 MT from Ukraine and almost 600 MT from the CU.

Peanuts

FAS/Moscow forecasts peanut imports in MY 2014/15 at 100,000 MT, compared to an estimated 76,000 MT in MY 2013/14. From May 2013 through January 2014, Russia imported 70,398 MT of peanuts from the non-CU countries and 1,500 MT from the CU. The major suppliers of peanuts to Russia were Argentina (33,769 MT), the United States (15,333 MT), Brazil (8,952 MT), China (5,207 MT), Nicaragua (4,519 MT), and India (2,060 MT).

Trade in Customs Union

The Customs Union began publishing statistical data on volumes of trade between Russia and other members of the Customs Union (Belarus and Kazakhstan) in November 2012. The table below shows trade in MY 2012/2013 in those oilseeds and oilseed products that exceeded 1,000 MT. As of March 2014 the last available monthly data was for December 2013.

Table 5. Russia's Trade with the Customs Union, 1,000 MT

	MY 2012/13	MY 2013/14*
Russia's exports to the CU		

Soybeans	61,241	132
Linseed (Flax)	2,457	345
Rapeseeds	15,132	2,198
Sunflowerseeds	120,922	12,546
Soybean meal	13,531	14,529
Other vegetable meal	31,482	4,679
Soybean oil	10,915	3,673
Palm oil	5,030	442
Sunflowerseed oil	121,019	47,869
Rapeseed oil	2,609	1,844
Russia's imports from the CU		
Peanuts	2,476	1,616
Rapeseeds	8,310	1,538
Soybean meal	30,861	17,595
Other vegetable meal	9,886	122
Rapeseed oil	5,051	9,330

* MY 2013/14 includes only data through December 2013.
Source: EurAsian Economic Commission

Policy:
Russia's WTO commitments (eliminating or decreasing export duties on oilseeds) have been gradually implemented after the first year of Russia's WTO membership (2012). The table below shows the final export duty at the end of the transitional period (Table 6).

Rapeseeds, soybeans, and linseeds for planting are imported duty-free; import duties on mustard seeds, safflower, linseeds (not for planting) and sunflowerseeds (not for planting) are 5 percent of value; import duty on sunflowerseeds for planting is 2.5 percent of value.

Table 6. Russia's WTO commitments:

HS Number	Name of Product	Export duty before WTO accession	Target export duty	Transitional Period	Export duty as of March 2014
1201	Soybean	20 percent, but not less than 35	0	3 years	13.33 percent, but not less than

		Euro per 1 MT			23.33 Euro per 1 MT
1205	Rapeseed	20 percent, but not less than 35 Euro per 1 MT	6.5 percent, but not less than 11.4 Euro per 1 MT	3 years	15 percent, but not less than 27.13 Euro per 1 MT
1206	Sunflowerseed	20 percent, but not less than 30 Euro per 1 MT	6.5 percent, but not less than 9.75 Euro per 1 MT	4 years	16.62 percent, but not less than 24.94 Euro per 1 MT
1207 50	Mustard seed	10 percent, but not less than 25 Euro per 1 MT	0	1 year	None

Beginning July 1, 2013, Russia began regulating the safety and quality of oilseeds as stipulated in the Customs Union Technical Regulation (TR) on Safety of Grain adopted by the Customs Union Commission Decision No. 874 of on December 9, 2011. For more information on this technical regulation see FAS/Moscow GAIN report Customs Union Technical Regulation on Safety of Grain_8-16-2012.pdf

Production, Supply and Demand Data Statistics:

PSD Sunflowerseeds, 1,000 MT, 1,000 HA

Oilseed, Sunflowerseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	6,529	6,200	7,271		7,100
Area Harvested	6,125	6,125	6,541	6,809		6,800
Beginning Stocks	90	162	0	72		321
Production	7,959	7,959	10,204	10,554		9,500
MY Imports	28	29	15	15		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	8,077	8,150	10,219	10,641		9,841
MY Exports	31	31	250	150		150
MY Exp. to EU	0	0	0	10		10
Crush	7,550	7,550	8,850	9,500		9,000
Food Use Dom. Cons.	198	199	220	220		220
Feed Waste Dom. Cons.	298	298	530	450		300
Total Dom. Cons.	8,046	8,047	9,600	10,170		9,520
Ending Stocks	0	72	369	321		171
Total Distribution	8,077	8,150	10,219	10,641		9,841
1000 HA, 1000 MT						

PSD Soybeans, 1,000 MT, 1,000 HA

Oilseed, Soybean Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,350	1,481	1,500	1,532		1,650
Area Harvested	1,350	1,350	1,118	1,203		1,450

Beginning Stocks	67	74	45	52		135
Production	1,880	1,880	1,542	1,636		2,100
MY Imports	691	691	1,100	1,152		1,000
MY Imp. from U.S.	56	56	300	300		200
MY Imp. from EU	0	0	0	0		0
Total Supply	2,638	2,645	2,687	2,840		3,235
MY Exports	97	97	50	25		250
MY Exp. to EU	0	0	0	0		0
Crush	2,440	2,440	2,470	2,640		2,800
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	56	56	55	40		40
Total Dom. Cons.	2,496	2,496	2,525	2,680		2,840
Ending Stocks	45	52	112	135		145
Total Distribution	2,638	2,645	2,687	2,840		3,235
1000 HA, 1000 MT						

PSD Rapeseed, 1,000 MT, 1,000 HA

Oilseed, Rapeseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	970	1,190	1,200	1,326		1,350
Area Harvested	970	970	1,100	1,114		1,200
Beginning Stocks	123	123	62	62		51
Production	1,035	1,035	1,402	1,393		1,450
MY Imports	1	0	1	1		1
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	1	0	1	0		0
Total Supply	1,159	1,158	1,465	1,456		1,502
MY Exports	20	20	150	180		200
MY Exp. to EU	20	20	100	100		100
Crush	1,060	1,060	1,220	1,200		1,240
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	17	16	25	25		15
Total Dom. Cons.	1,077	1,076	1,245	1,225		1,255
Ending Stocks	62	62	70	51		47
Total Distribution	1,159	1,158	1,465	1,456		1,502
1000 HA, 1000 MT						

PSD Peanuts, 1,000 MT, 1,000 HA

Oilseed, Peanut Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Beginning Stocks	4	4	4	4		5
Production	0	0	0	0		0
MY Imports	113	75	118	76		100
MY Imp. from U.S.	5	7	5	15		20
MY Imp. from EU	0	0	0	0		0
Total Supply	117	79	122	80		105
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	0	0	0	0		0
Food Use Dom. Cons.	113	75	118	75		100

Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	113	75	118	75		100
Ending Stocks	4	4	4	5		5
Total Distribution	117	79	122	80		105
1000 HA, 1000 MT						

MEALS

Commodities:

Meal, Sunflowerseed

Meal, Soybean

Meal, Rapeseed

Meal, Fish

Production:

FAS/Moscow forecasts meal production in MY 2014/15 to remain at the same level as last year - 6.5 MMT, including 6.35 MMT of oilseed meal (in MY 2013/14 – 6.33 MMT). Production of soybean meal is forecast to increase to 2.20 MMT from 2.05 MMT in MY 2013/14. Production of sunflowerseed meal is forecast to decrease from 3.55 MMT to 3.40 MMT due to decreased crop and lower crush, and production of rapeseed meal is forecast to increase to 0.75 MMT from 0.73 MMT. Production of fish meal is forecast at the same level as previous year – 145,000 MT.

Consumption:

Domestic demand for protein feeds, including oilseed meals, is strengthening along with the development of the domestic poultry and swine industries and increasing concentration of poultry and pork production at large agro-holding companies. Industrial methods of feeding envisage replacement of concentrated feeds (grain based) by compound feeds that include protein meal, vitamins, and other nutrients.

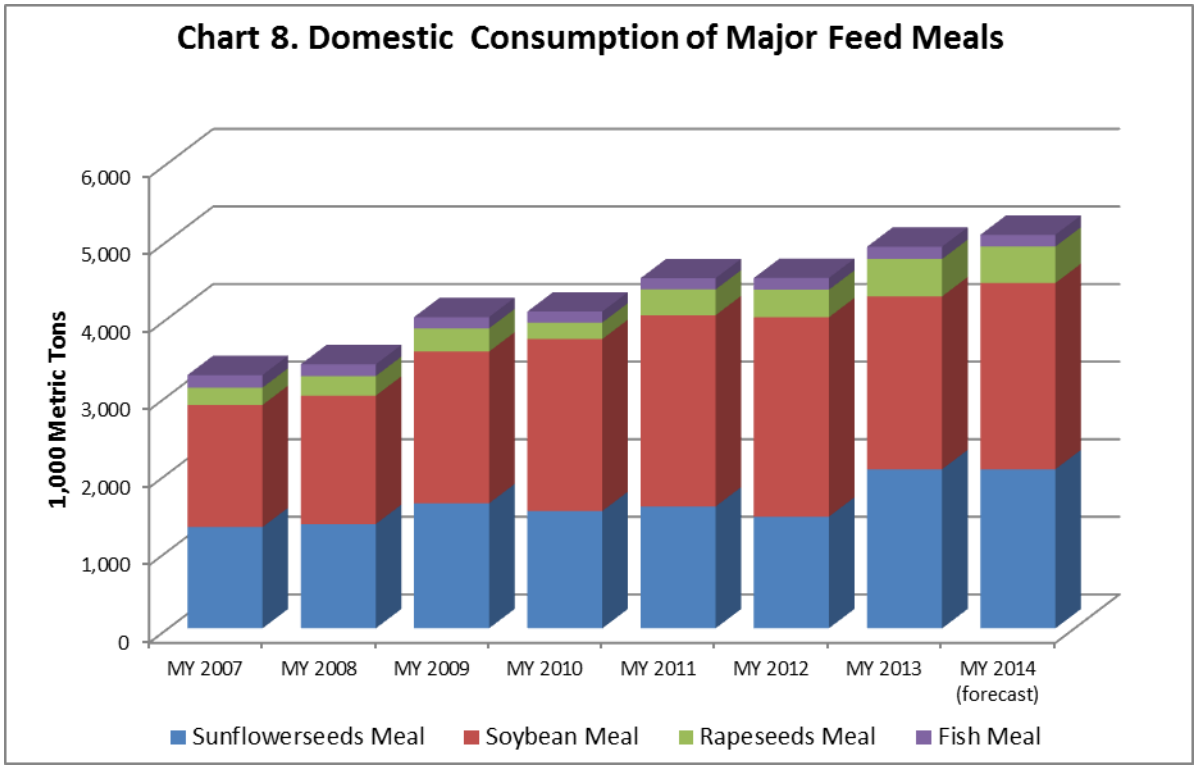
FAS/Moscow forecasts Russia's total domestic consumption of the three major oilseed meals (sunflowerseed, soybean and rapeseed) and fish meal to increase to 5.02 MMT in MY 2014/15 compared to 4.82 MMT in MY 2013/14. Soybean meal will comprise over 47.3 percent of total consumption, with sunflowerseed meal at 40.5 percent, rapeseed meal at 9.2 percent, and fish meal at only 3 percent.

Table 7. Supply, Exports and Domestic Consumption of Major Oilseed Meals, 1,000 MT

	MY 2007	MY 2008	MY 2009	MY 2010	MY 2011	MY 2012	MY 2013	MY 2014 (forecast)
Total Supply	**4,054**	**4,507**	**4,826**	**4,895**	**6,483**	**6,231**	**6,996**	**7,103**
- Sunflowerseeds Meal	1,971	2,310	2,271	2,095	3,252	2,834	3,551	3,451
- Soybean Meal	1,624	1,668	1,959	2,245	2,475	2,600	2,520	2,700
- Rapeseed Meal	296	352	400	364	569	595	726	750
- Fish Meal	163	177	196	191	187	202	199	202

Exports Total	**789**	**1,104**	**814**	**812**	**1,970**	**1,715**	**2,076**	**2,030**
- Sunflowerseeds Meal	666	965	660	583	1,681	1,395	1,500	1,400
- Soybean Meal	50	14	3	28	10	30	292	300
- Rapeseeds Meal	72	99	100	151	237	240	244	280
- Fish Meal	1	26	51	50	42	50	40	50
Consumption and Stocks	**3,265**	**3,403**	**4,012**	**4,083**	**4,513**	**4,516**	**4,920**	**5,073**
- Sunflowerseeds Meal	1,305	1,345	1,611	1,512	1,571	1,439	2,051	2,051
- Soybean Meal	1,574	1,654	1,956	2,217	2,465	2,570	2,228	2,400
- Rapeseeds Meal	224	253	300	213	332	355	482	470
- Fish Meal	162	151	145	141	145	152	159	152

Source: FAS/Moscow calculations based on official production (Rosstat) and trade (Customs) data



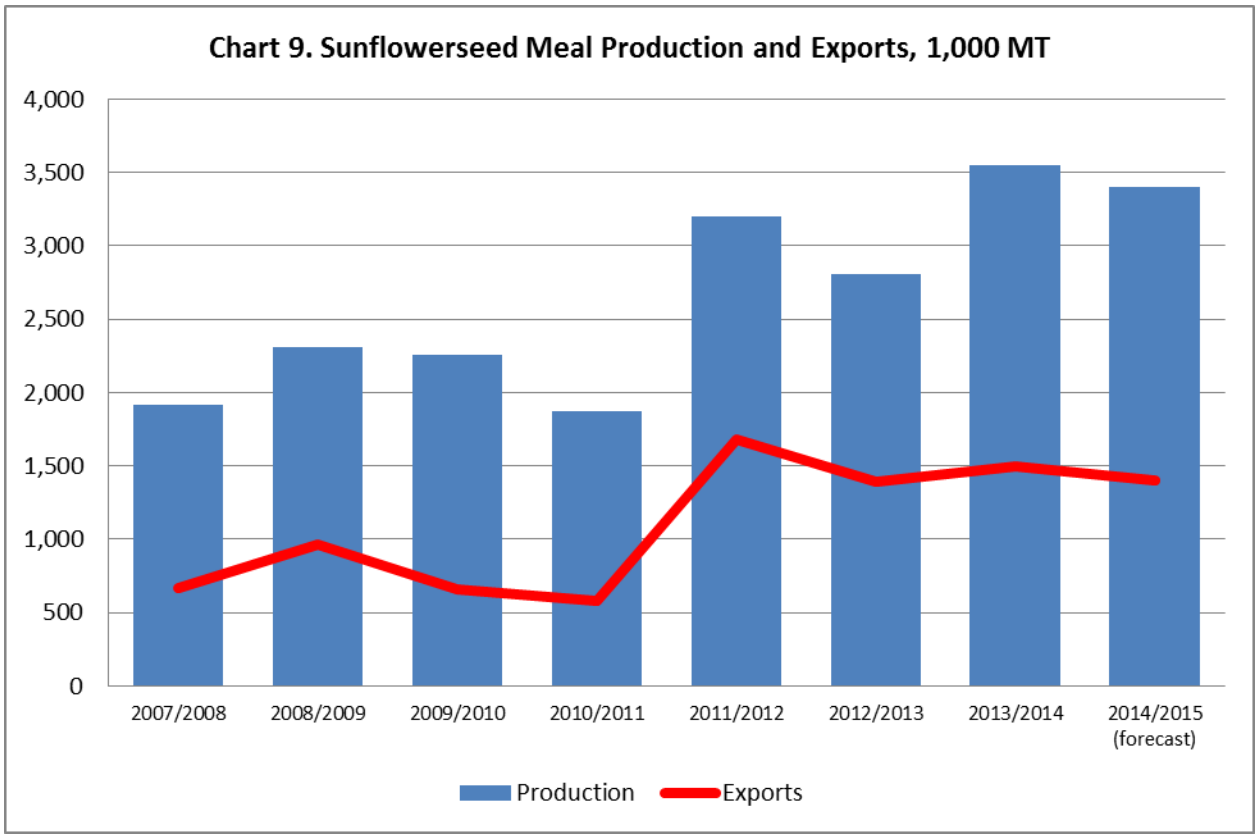
Source: FAS/Moscow

Trade:

Sunflowerseed meal

Despite high domestic demand for protein feeds, a significant portion of sunflowerseed meal is exported, as crushers prefer shipping sunflowerseed meal abroad on long-term contracts with steady buyers. In the last three years sunflowerseed meal exports stabilized at approximately 1.4-1.5 MMT. In MY 2013/14, roughly 40 percent of Russian sunflowerseed meal was exported. Meanwhile, domestic poultry producers and other consumers of protein feeds prefer soybean meal to sunflowerseed meal.

FAS/Moscow forecasts sunflowerseed meal exports in MY 2014/15 at 1.4 MMT, 0.1 MMT lower than the estimated exports of 1.5 MMT in MY 2013/14. In September 2013 through January 2014 Russia exported 745,121 MT of sunflowerseed meal to the non-CU countries (5 percent increase from the same period last year) and almost 1,700 MT to the CU. Leaders in imports of Russian sunflowerseed meal were Turkey (245,951 MT), Spain (116,241 MT), Italy (81,307 MT), and Latvia (75,911 MT). Imports of sunflowerseed meal were not significant.

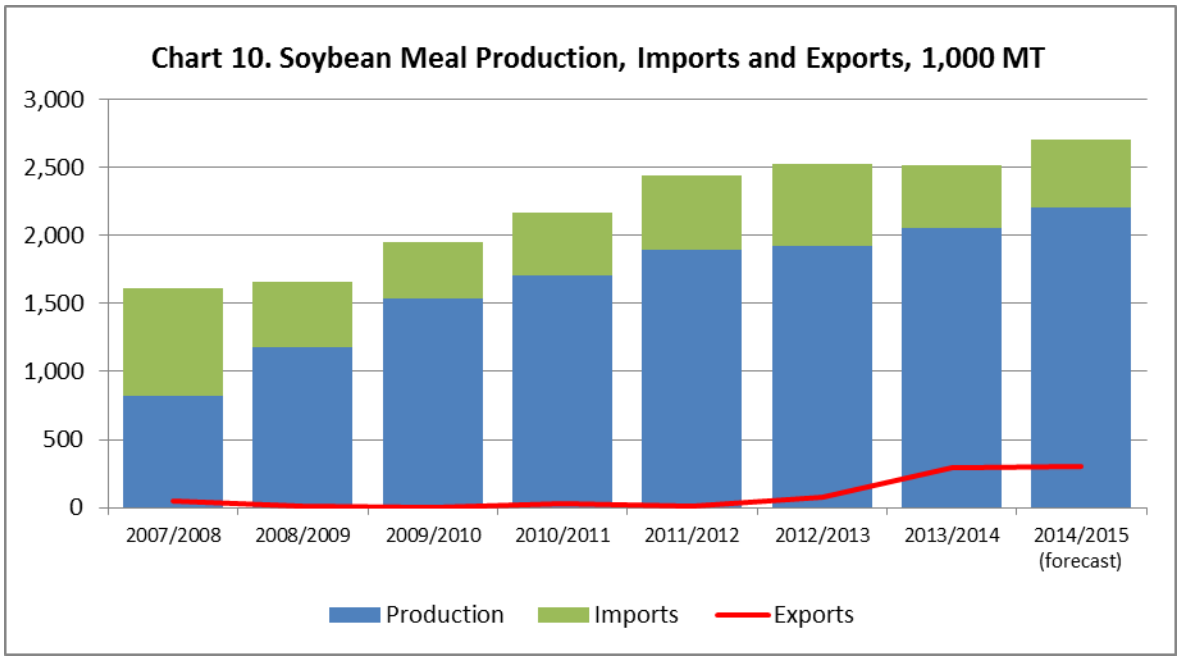


Note: Russia has almost not imported sunflowerseed meal.
Source: FAS/Moscow

Soybean Meal

FAS/Moscow forecasts Russia's soybean meal imports in MY 2014/15 at 450,000 MT, only 10,000 MT less than in MY 2013/14 (FAS/Moscow estimate). In accordance with Russia's WTO commitments, the import duty on soybean meal fell from 5 percent to zero immediately after Russia's WTO accession in August 2012. Domestic production of soybean meal has been steadily increasing in the last 7 years, but imports of soybean meal have remained largely steady due to strong demand. From September 2013 through January 2014, Russia imported 209,942 MT of soybean meal (in the same period last year – 233,631 MT) from the non-CU countries. The major sources of soybean meal in this period were Argentina (92,244 MT), Brazil (85,986 MT), Germany (12,116 MT), Ukraine (9,803 MT), and the United States (4,228 MT). Imports from the CU countries in the same period were 17,600 MT (mostly from Belarus, which could be transshipments of product from Kaliningrad).

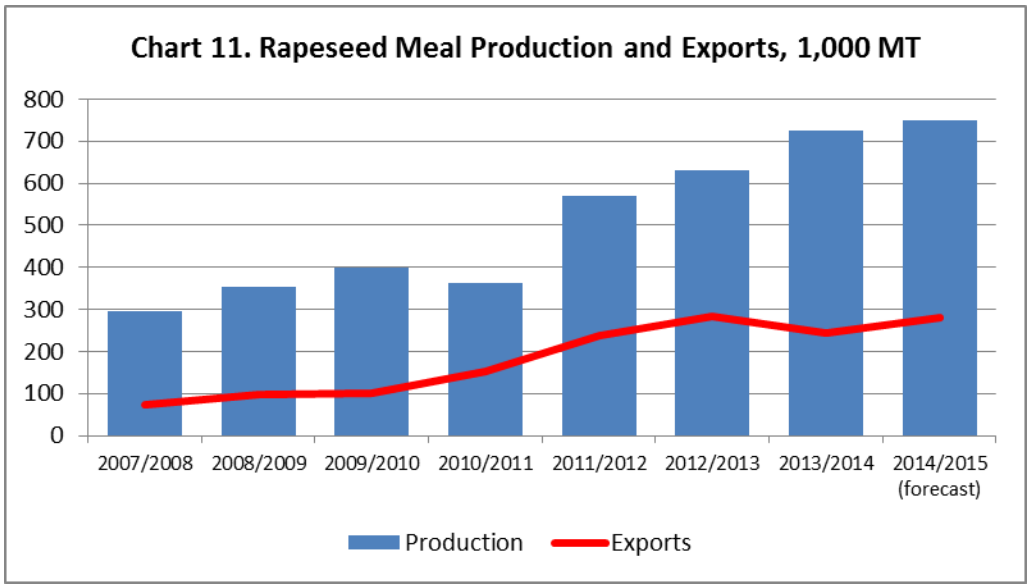
Beginning 2012, along with expansion of soybean crushing facilities in Kaliningrad, Russia began exporting soybean meal. In MY 2013/14 soybean meal exports are estimated at 292,000 MT, mostly from the crushing facilities in Kaliningrad. From September 2013 through January 2014, Russia exported 153,083 MT of soybean meal (an 8 fold increase from the same period last year). Most of exports were to Lithuania (47,394 MT), Poland (40,607 MT), Sweden (16,521 MT), as Kaliningrad is actually closer in distance to these countries than from the rest of Russia. Russia's exports to CU countries during the same period were approximately 14,500 MT (mostly to Belarus).



Source: FAS/Moscow

Rapeseed Meal

Rapeseed meal exports have grown in line with production growth, and in the last 2 years have stabilized at approximately one-third of production. In July 2013 through January 2014 Russia exported 170,967 MT of rapeseed meal, 7 percent more than in the same period a year ago. Almost 78 percent of rapeseed meal was exported to 5 countries (Finland, Germany, Spain, Latvia, and Sweden).



Policy:

Imports of soybean meal (HS number 2304 000001) are duty free, imports of soybean cake and other products of extraction of soybeans except soybean meal (HS number 2304 000009) are subject to a duty of 2.5 percent of the customs value. Import duties on cotton meal (HS number 2306 10), flax meal (HS number 2306 20), rapeseed meal (HS numbers 2306 41 and 2306 49), and sunflowerseed meal (HS number 2306 30) are 5 percent of the customs value. Exports of all these meals are duty-free.

Production, Supply and Demand Data Statistics:

PSD, Sunflowerseed Meal, 1,000 Metric Tons

Meal, Sunflowerseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7,550	7,550	8,850	9,500		9,000
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	26	26	0	0		51
Production	2,808	2,808	3,288	3,550		3,400
MY Imports	0	10	0	1		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,834	2,844	3,288	3,551		3,451
MY Exports	1,360	1,395	1,500	1,500		1,400
MY Exp. to EU	900	900	800	800		800
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,474	1,449	1,740	2,000		2,000
Total Dom. Cons.	1,474	1,449	1,740	2,000		2,000
Ending Stocks	0	0	48	51		51
Total Distribution	2,834	2,844	3,288	3,551		3,451
1000 MT, PERCENT						

PSD, Soybean Meal, 1,000 Metric Tons

Meal, Soybean Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2,440	2,440	2,470	2,640		2,800
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	100	100	10	10		0
Production	1,923	1,923	1,947	2,050		2,200
MY Imports	599	629	600	460		500
MY Imp. from U.S.	30	15	30	30		30
MY Imp. from EU	150	150	150	150		100
Total Supply	2,622	2,652	2,557	2,520		2,700
MY Exports	80	93	150	292		300
MY Exp. to EU	71	0	60	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	2,532	2,549	2,407	2,228		2,400
Total Dom. Cons.	2,532	2,549	2,407	2,228		2,400
Ending Stocks	10	10	0	0		0
Total Distribution	2,622	2,652	2,557	2,520		2,700
1000 MT, PERCENT						

PSD, Rapeseed Meal, 1,000 Metric Tons

Meal, Rapeseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,060	1,060	1,220	1,200		1,240
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	0	0	0	0		0
Production	630	630	726	726		750
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	630	630	726	726		750
MY Exports	284	284	280	244		280
MY Exp. to EU	225	225	200	200		200
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	346	346	446	482		470
Total Dom. Cons.	346	346	446	482		470
Ending Stocks	0	0	0	0		0
Total Distribution	630	630	726	726		750
1000 MT, PERCENT						

PSD, Fish Meal, 1,000 Metric Tons

Meal, Fish Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	545	545	565	565		565
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	4	2	2	2		2
Production	140	140	145	145		145
MY Imports	43	43	52	52		55
MY Imp. from U.S.	0	0	0	0		5

MY Imp. from EU	0	0	0	0		0
Total Supply	187	185	199	199		202
MY Exports	50	50	52	40		50
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	135	133	145	157		150
Total Dom. Cons.	135	133	145	157		150
Ending Stocks	2	2	2	2		2
Total Distribution	187	185	199	199		202
1000 MT, PERCENT						

OILS

Commodities:

Oil, Sunflowerseed

Oil, Soybean

Oil, Rapeseed

Oil, Palm

Production:

FAS/Moscow forecasts Russia's total vegetable oil production (sunflowerseed, soybean and rapeseed) in MY 2014/15 at 4.7 MMT, the same as in MY 2013/14.

Sunflowerseeds remain the primary oilseed crop in Russia, and thus crushers' main product is still vegetable oil (sunflowerseed oil), while meal remains a secondary product. Production of sunflowerseed oil is forecast at 3.7 MMT, down slightly from the production estimate of 3.75 MMT in MY 2013/14.

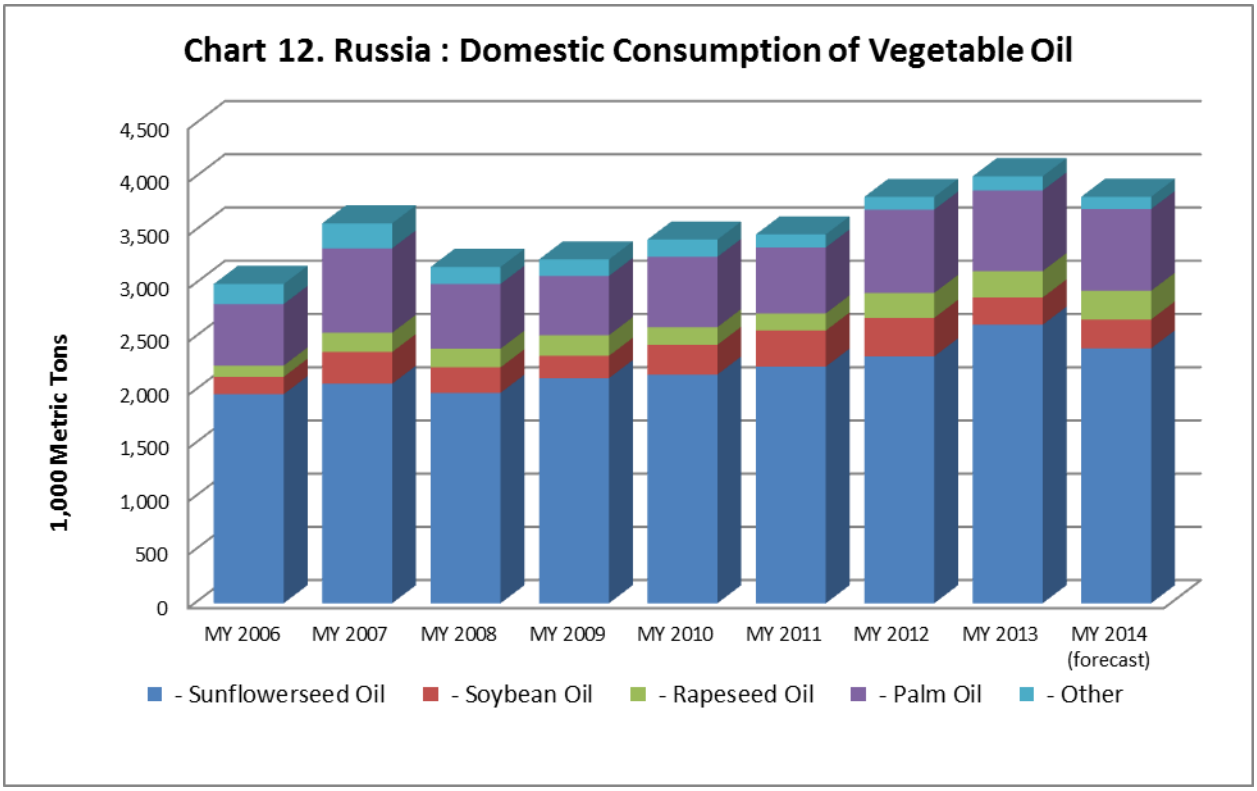
Production of soybean oil is increasing along with the growth of domestic soybean production and imports, but the share of soybean oil in domestic consumption does not exceed 10 percent of the total domestic consumption. Consumers prefer sunflowerseed oil to soybean and other vegetable oils in food consumption. FAS/Moscow forecasts production of soybean oil at 0.49 MMT, a 9 percent or 40,000 MT increase from the estimated production of soybean oil in MY 2013/14.

Production of rapeseed oil is also forecast at 0.49 MMT, a 3 percent increase from the estimated production in MY 2013/14.

Consumption:

Russia's per-capita vegetable oil consumption (food and industrial) is estimated at approximately 25 liters per capita per year, lower than in Europe and in the United States. However, both food use and industrial processing use (includes carry-over stocks) have stabilized as of MY 2012/13. In MY 2013/14 consumption and stocks increased (mostly due to increased carry-over stocks), but FAS/Moscow forecasts that in MY 2014/15 consumption and stocks will decrease and return to the level of MY 2012/13. The reasons for such a decrease are that with any decreasing value of the ruble,

crushers will have additional stimuli to exports of sunflowerseed oil. For the same reason imports of vegetable oils are not expected to rise. FAS/Moscow estimates that in MY 2013/14 sunflowerseed oil comprises 69 percent of domestic food vegetable oil consumption and 64 percent of industrial consumption. In MY 2014/15 sunflowerseed oil's share in food consumption is forecast to increase to 66 percent, and in industrial vegetable oil consumption – to 64 percent. Soybean oil will comprise 7.5 percent of food consumption and 5 percent of industrial consumption in MY 2014/15. The share of rapeseed oil in food consumption will be 7 percent, and in industrial consumption – 3 percent. The share of imported palm oil in food consumption is forecast at 20 percent in MY 2014/15 compared to 19 percent in MY 2013/14, and in industrial consumption its share will remain 27 percent as in MY 2013/14.



Note: Data include domestic consumption and stocks.
Source: FAS/Moscow

Trade:

FAS/Moscow forecasts sunflowerseed oil exports to increase in MY 2014/15 by approximately 15 percent to 1.55 MMT, compared with the estimated 1.34 MMT in MY 2013/14. From September 2013 through January 2014, Russia exported 674,095 MT of sunflowerseed oil to the non-CU countries, an 88 percent increase from the same period a year ago. This included 554,815 MT of crude oil, a 95 percent increase from the same period last year, and 119,280 MT of refined oil, a 59 percent increase from the same period last year. Turkey was the major destination of Russia's crude oil – 271,762 MT, followed by Egypt – 141,405 MT. The major destinations for refined oil were Uzbekistan (47.961 MT) and Kyrgyzstan (14,606 MT). From September –December 2013, Russia also exported 48,000 MT of sunflowerseed oil to the CU countries, and exports to the CU countries in MY 2013/14 may exceed export levels in MY 2012/13, when they reached 121,000 MT. Imports of sunflowerseed oil in MY

2013/14 from all countries (non-CU and CU) are estimated at less than 10,000 MT, and will not change in MY 2014/15. Ukraine is the main exporter of sunflowerseed oil to Russia.

Russia has been increasing port facilities for vegetable oil handling, including exports of sunflowerseed oil and imports of palm oil. The first deep water terminal for vegetable oil handling (in Novorossiysk, Russia's major deep water port in the Back Sea) will be launched in 2015. Presently vegetable oil is exported from the smaller terminals in the Azov basin, and from Taman, the first (semi-deep) sea terminal in the Azov-Black-Sea region, which belongs to the EFKO company, one of the Russia's major producers of vegetable oils. Exports (soybean oil) and imports (palm oil) are also handled through the Sodruzhestvo port facilities in Kaliningrad.

FAS/Moscow forecasts soybean oil exports to remain stable at 250,000 MT in MY 2014/15. From September 2013 through January 2014, Russia exported 124,250 MT of soybean oil, including 48,864 MT to Algeria, 31,484 MT to Egypt, and 15,580 MT to the U.K., and the rest mostly to other EU states. Most soybean oil is exported by Sodruzhestvo from their crushing facilities in Kaliningrad.

FAS/Moscow forecasts a slight decrease in rapeseed oil exports from the estimated historic high exports of 290,000 MT in MY 2013/14 to 275,000 MT in MY 2014/15. From July 2012 through January 2014, Russia exported 210,155 MT of rapeseed oil, 84 percent more by volume than in the same period a year ago, and beginning 2014 exports continues at good pace. Thus, by the end of MY (March – June) Russia may export another 70,000 MT of rapeseed oil.

Russia continues imports of palm oil both for food and industrial use. Russia's imports of palm oil are estimated at 0.64 MMT in MY 2013/14 and FAS/Moscow forecasts its further increase to 0.7 MMT in MY 2014/15. Palm oil is the second largest vegetable oil consumed in Russia, and is widely used in confectionary and even in production of dairy products. A Customs Union technical regulation for dairy products was adopted in October 2013 and comes to force on May 1, 2014. This technical regulation is restricting the use of palm oil as a replacer for milk fats in products that are called "dairy". Despite this change, imports of palm oil are expected to remain strong, and import capacity has increased, and the use of this oil in confectionary products is rapidly increasing and replaces more expensive vegetable oils, such as cocoa oil in "chocolate" candies and in other confectionary and bakery products. In the period of May 2013 – January 2013, Russia already imported 524,115 MT of palm oil. The major suppliers of palm oil are Indonesia, Malaysia and Netherlands (as re-loader). Imports of palm oil slowed down in January 2014 (25,264 MT compared to 61,628 MT in December 2013 and 57,285 MT in January 2013).

The import duty on palm oil for use in food processing is 4 percent of customs value, but not less than 0.1 Euro per 1 kg (100 Euro per 1 MT) for packs of not more than 20,000 kg. Imports of palm oil for industrial consumption (not food processing) and for food processing in packs over 20,000 kg is duty-free.

Policy:

Beginning July 1, 2013, Russia began regulating production of vegetable oils via safety and quality requirements as stipulated in the Customs Union Technical Regulation (TR) on Oils and Fats adopted by the Customs Union Commission No. 883 on December 9, 2011:

http://www.tsouz.ru/db/techreglam/Documents/TR_MasloGirov.pdf. For more information on this technical regulation see FAS/Moscow GAIN report CU TR on Fat and Oil Products_4-26-2013.pdf

Production, Supply and Demand Data Statistics

PSD, Sunflowerseed Oil, 1,000 Metric Tons

Oil, Sunflowerseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7,550	7,550	8,850	9,500		9,000
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	123	112	199	199		234
Production	3,117	3,117	3,653	3,750		3,700
MY Imports	21	22	15	10		10
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	3,261	3,251	3,867	3,959		3,944
MY Exports	942	1,063	1,450	1,343		1,550
MY Exp. to EU	450	450	450	450		450
Industrial Dom. Cons.	350	350	360	360		360
Food Use Dom. Cons.	1,740	1,610	1,790	1,992		1,800
Feed Waste Dom. Cons.	30	29	30	30		50
Total Dom. Cons.	2,120	1,989	2,180	2,382		2,210
Ending Stocks	199	199	237	234		184
Total Distribution	3,261	3,251	3,867	3,959		3,944
1000 MT, PERCENT						

PSD, Soybean Oil, 1,000 Metric Tons

Oil, Soybean Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2,440	2,440	2,470	2,640		2,800
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	51	59	52	52		32
Production	437	437	442	450		490
MY Imports	3	3	5	5		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	8	8	8	8		0
Total Supply	491	499	499	507		522
MY Exports	129	139	160	251		250
MY Exp. to EU	83	83	160	160		160
Industrial Dom. Cons.	33	41	33	32		30
Food Use Dom. Cons.	277	267	274	192		205
Feed Waste Dom. Cons.	0	0	0	0		0
-	0	0	0	0		0
Total Dom. Cons.	310	308	307	224		235
Ending Stocks	52	52	32	32		37
Total Distribution	491	499	499	507		522
1000 MT, PERCENT						

PSD, Rapeseed Oil, 1,000 Metric Tons

Oil, Rapeseed Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,060	1,060	1,220	1,200		1,240
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	20	11	45	45		49
Production	416	416	478	478		490
MY Imports	1	6	1	15		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	437	433	524	538		539
MY Exports	203	206	270	290		275
MY Exp. to EU	145	145	150	150		155
Industrial Dom. Cons.	20	20	20	20		20
Food Use Dom. Cons.	169	162	185	179		195
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	189	182	205	199		215
Ending Stocks	45	45	49	49		49
Total Distribution	437	433	524	538		539
1000 MT, PERCENT						

PSD, Palm Oil, 1,000 Metric Tons

Oil, Palm Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	20	19	123	123		68
Production	0	0	0	0		0
MY Imports	763	763	635	635		700
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	110	110	110	110		110
Total Supply	783	782	758	758		768
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	150	149	150	150		150
Food Use Dom. Cons.	510	510	540	540		530
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	660	659	690	690		680
Ending Stocks	123	123	68	68		88
Total Distribution	783	782	758	758		768
1000 HA, 1000 TREES, 1000 MT						

Author Defined

Previous reports for references:

- New Draft Amendments to CU TR on Safety of Grain_1-10-2014.pdf
- New Draft Amendments to CU TR on Safety of Fat and Oil Products_1-10-2014.pdf
- Russian Oilseeds Update_10-18-2013.pdf
- Customs Union TRs in Force as of July 2013_7-5-2013.pdf

- Draft Amendments to CU TR on Fat and Oil Products_5-8-2013.pdf
- Draft Amendments to CU TR on Safety of Grain_5-8-2013.pdf
- Oilseeds and Products Annual_4-4-2013.pdf