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Russian Federation

Oilseeds and Products Annual

2018 Oilseeds and Products Annual: Growth Through Diversification

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Report Highlights:
FAS/Moscow anticipates production of the three main oilseed crops in Russia in MY 2018/19 at 16.9 MMT, a 7.3 percent increase over MY 2017/18 driven by higher sunflowerseed and soybean production. Exports of oilseeds in MY 2017/18 are estimated 1.2 MMT, a 34 percent increase from MY 2016/17, reflecting higher production of rapeseeds and soybeans and good demand from China. Oilseed meal production is forecast at 9.0 MMT in MY 2018/19, a 7.0 percent increase due to the larger oilseeds supply and improved crushing capacity. Vegetable oils exports are forecast to increase by 9.3 percent in MY 2018/19 to 3.5 MMT, reflecting improved crushing capacity and increased soybean oil exports to China.

General Information
NOTE: USDA unofficial data excludes Crimean production and exports. However, as of June 2014, Russian official statistics (ROSSTAT) began incorporating Crimean production and trade data into their official estimates. Where possible, data reported by FAS Moscow is exclusive of information attributable to Crimea.

Executive Summary:

Oilseeds

FAS/Moscow anticipates production of the three main oilseed crops (sunflowerseed, soybeans and rapeseed) in Russia in MY 2018/19 at 16.93 MMT, a 7.3 percent increase over MY 2017/18. Sunflowerseed planted acreage is expected to remain almost unchanged and favorable growing conditions facilitated 11.6 MMT of production due to stronger yield and almost five percent increase of harvested area. Rapeseed acreage should increase by 5.7 percent in MY 2018/19 though yield should return to normal after its peak in 2017. Soybean acreage continues to rise and in MY 2018/19 is forecast to increase by 7.5 percent producing 3.9 MMT of soybeans.

Total crush is forecast to increase in MY 2018/19 by 7.4 percent in tandem with oilseed production leading to total crush of 17.1 MMT. Post estimates soybean crush increased from 3.6 MMT in MY 2016/17 to 4.3 MMT in MY 2017/18 (by 19. 4 percent) due to improvements in soybean crush capacity both in the European part and in the Far East of the Russian Federation. In MY 2018/19, soybeans crush is forecast to increase by 5.9 percent.

Exports of oilseeds in MY 2017/18 are estimated 1.2 MMT, a 34 percent increase from MY 2016/17, albeit from a relatively low base and reflecting increased production of rapeseeds and soybeans in the Asian part of Russia and good demand from China. FAS/ Moscow forecasts exports of rapeseeds to increase fourfold in MY 2017/18 to 310 TMT compared with MY 2016/17 driven by Mongolian and Chinese demand but the MY 2018/19 forecast is on trend at 201 TMT. Soybean exports are forecast up at 625 TMT in MY 2017/18 reflecting a good pace of shipments to China with out-year exports forecast at 710 TMT.

Meal

FAS/Moscow forecasts oilseed meal production in MY 2018/19 at 9.0 MMT, a 7.0 percent increase in line with the larger oilseeds supply and improved crushing capacity.

Consumption of oilseed meal should increase to 7.3 MMT in MY 2018/19, a 5.2 percent increase over MY 2017/18. Soybean meal consumption should increase from 2.60 MMT in MY 2016/17 to 3.19 MMT in MY 2017/18, a 22.7 percent increase, reflecting increased soybean crushing capacity and improved availability of soybean meal for poultry and livestock sector after its shortage due to import restrictions introduced in 2016.

Oils

Russian vegetable oil exports are forecast to increase by 9.3 percent in MY 2018/19 to 3.5 MMT compared with 3.2 MMT in MY 2017/18 due to better oilseeds supply and improved crushing capacity.

FAS/Moscow increased the estimated sunflowerseed oil export number in MY 2017/18 to 2.38 MMT, up by 383 TMT, due to increased carry-in stocks and a good pace of export shipments in September-December 2017 (26 percent increase to MY 2016/17).

OILSEEDS

Commodities:
- Sunflowerseed
- Soybean
- Rapeseed
- Peanuts

NOTE: From 2016, the Russian State Statistical Service (Rosstat) began publishing data on production of oilseeds in clean weight. Before 2015, Rosstat did not calculate clean weight for oilseeds. In 2017, all Rosstat data for oilseeds are in clean weight, and Rosstat also re-calculated previous crops from bunker to clean weight for the last 8 years. Thus, all oilseed production data in this report are in clean weight.

Total oilseeds

FAS/Moscow forecasts Russia's MY 2018/19 production for the three major Russian oilseed crops (sunflowerseed, soybeans, and rapeseed) at 16.9 MMT, a 7.3 percent increase from MY 2017/18. The forecast includes 11.60 MMT of sunflowerseed, 3.9 MMT of soybeans and 1.46 MMT of rapeseed.

Sunflowerseed remains the primary oilseeds crop in Russia however its share in the total production of three main oilseeds fell from 88 percent in 2000 to 66 percent in 2017. Soybean and rapeseed production increased tenfold during that time outpacing sunflowerseed. Good export demand, increasing crushing capacity and the developing animal husbandry sector are driving factors for the diversification and increased production of oilseeds production in the Russian Federation.

Table 1. Consolidated PSD Forecast for Major Oilseeds for MY 2018/19, Thousand Metric Tons (TMT), 1,000 HA

Post MY 2018/19	Sunflower seed	Soybeans	Rapeseed	Peanuts	TOTAL
Area Planted	7950	2800	1080	0	11830
Area Harvested	7750	2750	990	0	11490
Beginning Stocks	175	181	75	10	441
Production	11600	3870	1460	0	17110

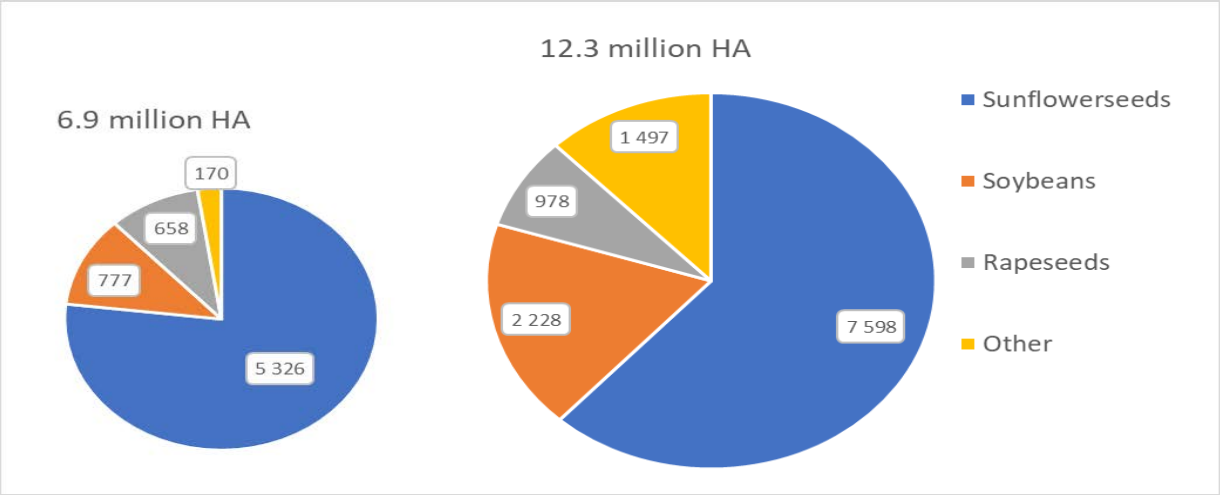
MY Imports	80	2100	25	164	2369
MY Imp. from U.S.	0	0	0	2	2
MY Imp. from EU	0	0	0	0	0
Total Supply	**11855**	**6151**	**1560**	**174**	**19920**
MY Exports	110	710	210	2	1 162
MY Exp. to EU	10	0	80	0	90
Crush	11250	4610	1260	0	17170
Food Use Dom. Cons.	180	100	0	166	446
Feed Waste Dom. Cons.	100	600	25	0	725
Total Dom. Cons.	11530	5310	1285	166	18341
Ending Stocks	215	131	65	6	417
Total Distribution	**11855**	**6151**	**1560**	**174**	**19920**

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

In the last five years, Russia has also increased production of niche oilseed crops, such as oil flax, Camelina, and safflower. Spurred by exports, their maximum production peaked at 1 MMT in 2016 when total acreage achieved 1.3 million HA. However, in 2017 the area sown for the three niche oilseeds decreased by 43 percent to 899,000 HA due to unstable demand.

FAS/Moscow forecasts areas sown for soybeans to increase by 7.5 percent and for rapeseeds by 7.4 percent in MY 2018/19. Area planted for sunflowerseeds should remain almost unchanged at 7.95 million HA. Decreasing margins for sunflowerseeds and growing demand for alternative oilseeds motivated farmers to increase production of soybeans and rapeseeds. However, producers lack skills and agricultural technology for these new crops that translates into weaker oilseed yields[1].

Chart 1. Planted area for oilseeds in Russia in 2007 and 2016 (thousand HA)



[1] In the United States the average soybean yield is 3.2 MT/HA, the average canola yield (spring rapeseed) is 2.0 MT/HA, and the average sunflowerseed yield is approximately 1.8 MT/HA. The average sunflowerseed yield in the EU-28 is 2.0 MT/HA.

Source: Rosstat

Production

Russian oilseeds acreage is growing due to availability of untapped arable land. In 2010-2017 total area used for all crops in Russia increased from 75 million to 80 million HA respectively (in 1990 it was 117 million HA and in 2000 it was 85 million HA). The best soils are located in the south and center of the European part of Russia, and most are already under production. Of the available land, most is not suitable for sunflowerseed production but has potential for growing other oilseed crops.

According to the Russian Union of Oil and Fat Producers production of sunflowerseeds may increase by 40 percent up to 15 MMT without expansion of production area and through improvement of agricultural technology and stronger yields. According to the Ministry of Agriculture, agricultural producers have potential to double acreage for soybeans and to increase area for rapeseeds fivefold by 2025 achieving 5 million HA for each crop.[2]

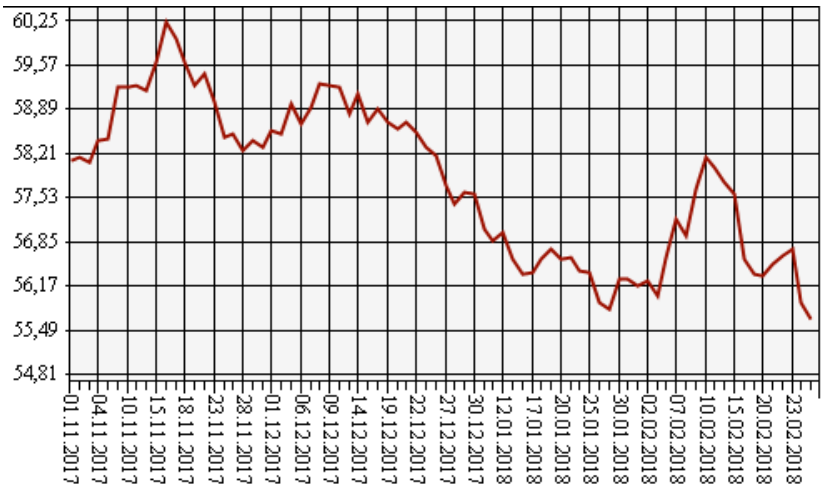
The improving economic situation in Russia and support measures provided in the "State Program for the Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020"[3] encouraged greater use of inputs which supported growth in oilseed production in Russia in MY 2018/19.

According the Ministry of Agriculture, fertilizer application (all crops including grains and oilseeds) increased by 33 percent from 2013 to 2017 in Russia. However, the current level of fertilizer application is estimated at 51 kg per HA, half than average world level according to the Ministry of Agriculture. At the same time about 40 percent of arable lands used for agricultural production do not use fertilizer according to the Ministry. The Ministry of Agriculture reports that agricultural producers increased fertilizer purchases in January-February 2018 by 7 percent compared with 2017 y-o-y.

Oilseed production in the Russian Federation depends on imported planting seeds. According to the Ministry of Agriculture, the share of imported seeds in 2016 was 21.6 percent for soybeans, 30 percent for spring rapeseed, 49.7 percent for winter rapeseed and 53.6 percent for sunflowerseed. Note: planting of biotech crops is not allowed by regulation. The stronger ruble versus the U.S. dollar during the past 4 months has improved the farmers' purchasing power and made input purchases more attractive.

Chart 2. The ruble exchange rate from November 1, 2017 through February 28, 2018 (Rbl/USD)

[2] Agroinvestor: Oil and fat Union suggest to substitute 20 percent of wheat acreage by soy (in Russian)
[3] For more information see FAS/Moscow report RS 1736 Agricultural State Program 2013-2020 Amended in 2017



Source: The Central Bank of the Russian Federation

Financing availability should improve for agricultural producers in 2018 due in large part to government support for the agricultural sector envisaged in the amount of 242 billion rubles (4.2 billion U.S. dollars)[4], on par with 2017. That amount includes 52.2 billion rubles for subsidizing the interest rate on investment loans, 49.7 billion rubles for soft credit, 39 billion rubles for regional subsidies, 2 billion rubles to support for replacement of agricultural machinery, and others. In February, 2018, the Government of the Russian Federation decided to allocate an additional 7 billion rubles to agricultural development, including 5 billion rubles for investment subsidies.
The total amount of subsidies for seasonal soft credit increase from 9.9 billion rubles (USD 171 million) in 2017[5] to 13.1 billion rubles (USD 226 million) in 2018. Due to the state support banks will be able to provide credits to farmers at a five percent interest rate.

The Central bank of the Russian Federation reduced its key interest rate from 10 percent in February 2017 to 7.5 percent in February 2018. The consumer price index is down to a historically low 3.7 percent in 2017 that should be reflected in decreasing key finance rate and cheaper bank credits.

Consumption

FAS/Moscow forecasts an increase of domestic consumption of oilseeds due to enhanced crushing capacity and positive dynamics in animal industry.

FAS/Moscow forecasts that Russia's domestic consumption of the three major oilseeds in MY 2018/19 will reach 18.13 MMT, a 5.6 percent increase from 17.15 MMT in MY 2017/18. The domestic consumption total includes crush 17.12 MMT, up by 7.4 percent to MY 2017/18.

A larger soybean crop and growing soy crushing improved the availability of soybean meal and decreased full fat soy application in livestock rations (please see soy section part of Oilseeds part of this report). Along with smaller sunflowerseeds waste total feed waste decrease from 930 TMT in MY 2017/18 to 725 TMT in MY 2018/19.

[4] Current exchange rate of the Russian ruble for reference in this report FAS/Moscow assumes at 57.5 per $1.
[5] Russian Ruble exchange rate in 2017 was quite volatile, but for reference, in this report FAS/Moscow assumes the exchange rate at 58 Rubles per $1.

Total oilseeds crushing capacity in the Russian Federation is estimated between 18 MMT and 24 MMT. The crushing industry has doubled its capacity over the past 10 years both due to new, "greenfield" construction and upgrades of existing capacity. The newest plant opened in 2017 in Novoannensk in Volgograd oblast for processing of 640 TMT of sunflowerseeds a year. A few export-oriented crushing plants were built at the Azov Sea ports and the Black Sea shore in 2000-2008 for total crushing capacity about 3.7 MMT of sunflowerseeds a year.

There are over 80 oil extraction plants in Russia, now. Most of the plants were built for processing of sunflowerseeds as it was the most common raw material. However, some plants can switch between crushing sunflowerseeds and rapeseeds.

Industry analysts claim that the sunflowerseed oil extraction rate varies from 41.6 percent to 44.8 percent and the average oil extraction rate was estimated at 42.7 percent a few years ago. Sunflowerseeds in the Black Soil area have high oil content and provide extraction rate up to 46 percent.

Most soybeans crushing plants in Russia were built in the past ten years. The largest plant, "Sodruzhestvo", was built in 2007 in Kaliningrad oblast for crushing imported soybeans. In 2015/16 Sodruzhestvo processed 2.27 MMT of soybeans and 0.267 MMT of rapeseed. "Alekseevskiy" is the largest plant in the Central Federal District (FD) with a capacity of 660 TMT of soybeans a year. Rusagro's plant crushes 137 TMT a year located in Primorskiy Krai in the Far East. The Amurski soybeans crushing plant has a capacity of 240 TMT a year and was commissioned in Amur oblast in the Far East in 2017. Additional projects exist for oil crushing and deep processing (e.g. wet milling) of soybeans in the Far East. However, Russia has limited crushing capacity for soybeans in the Far East because industry modernization was targeted on crushing sunflowerseeds in the European part of the Russian Federation.

According to industry sources, the soybean oil extraction rate varies from 19.7 percent on processing of imported soy in Kaliningrad to 15.7 percent at Amurski plant in the Far East. The average oil extraction rate for soybeans was estimated at 18.8 percent in Russia however it may vary substantially along with increasing share of crush of local soybeans.

Over 80 percent of total oilseed crushing is controlled by the ten largest companies. Oil crushers faced tightening competition for oilseeds and shrinking margins in recent years. The companies that invested into the product chain from crush to supermarket shelf are more profitable and continue expanding their market share.

Trade

FAS/Moscow forecasts total oilseeds exports in MY 2018/19 at 1.03 MMT almost unchanged from MY 2017/18, including 710 TMT of soybeans (85 TMT increase), 210 TMT of rapeseeds (100 TMT less than MY 2017/18) and 110 TMT of sunflowerseeds (30 TMT increase). Soybean and rapeseed exports mostly originate from the Asian part of the Russian Federation and are supported by Chinese demand.

Post increased soybeans exports in MY 2017/18 to 625 TMT, 275 TMT more than the official

USDA estimate. From September 2017 through December 2017 Russia exported 250.3 TMT of soybeans mostly to China compared with 106.2 TMT in 2016 y-o-y. Exports of sunflowerseeds were 32.2 TMT during the same time. Rapeseed exports from July 2017 through December 2017 were 166.3 TMT compared with 47.7 TMT in 2016 y-o-y. Shipments to Mongolia and China made up over 90 percent of the total rapeseed exports.

Russia is also actively exporting niche crops in MY 2017/18. Exports of flax oil from September through December 2017 were 309 TMT, including 154 TMT to Belgium, 34 TMT to China and 29 TMT to Turkey. Total exports of flax oil for the12 months ending August 2017 were 580 TMT to 32 countries, including 223 TMT to Turkey, 168 TMT to Belgium and 73 TMT to Latvia.

Mustard seed exports from September 2017 through December 2017 were 22 TMT compared with 28 TMT of exports during the twelve months ending August 2017. Mustard seeds were exported to 23 countries, including 12 TMT to Germany.

Stocks

Total oilseeds stocks in agricultural enterprises on February 1, 2018 were 2.57 MMT compared with 2.58 MMT in 2016 y-o-y. On December 1, 2017 it was lower by 311 TMT and on January 1, 2018 it was lower by 100 TMT than a year ago mostly due to lower sunflowerseed stock. The sunflowerseed harvesting campaign in 2017 was delayed due to wet weather during last fall. However, producers continue harvesting sunflowerseeds in winter.

Sunflowerseed

Table 2. Production, supply and distribution of sunflowerseeds, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	Sep 2016		Sep 2017		Sep 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	7481	7481	7897	7897	0	7950
Area Harvested	7175	7191	7 100	7400	0	7750
Beginning Stocks	252	217	180	203	0	175
Production	10858	11010	10500	10700	0	11600
MY Imports	107	102	50	80	0	80
MY Imp. From U.S.	11	0	10	0	0	0
MY Imp. From EU	8	0	5	0	0	0
Total Supply	**11217**	**11329**	**10730**	**10983**	**0**	**11855**
MY Exports	367	312	100	80	0	110
MY Exports to EU	44	44	10	10	0	10
Crush	10150	10524	10000	10388	0	11250
Food Use Dom. Cons.	220	180	220	180	0	180
Feed Waste Dom. Cons.	300	145	300	160	0	100
Total Dom. Cons.	10670	10814	10520	10728	0	11530
Ending Stocks	180	203	110	175	0	215

Total Distribution	**11217**	**11329**	**10730**	**10983**	**0**	**11855**

Post forecasts sown area for sunflowerseeds in MY 2018/2019 at 7.95 thousand HA almost unchanged from MY 2017/2018. Area harvested is expected to increase in 2018/19. Assuming normal weather conditions and average yield throughout the year, production is forecast to increase from 10.7 MMT in MY 2017/18 to 11.6 MMT in MY 2018/19, an 8.4 percent increase from MY 2017/18. Sunflowerseeds remain the most profitable crop for farmers although profitability overall has been on the decline for all grains and oilseeds since 2015.

There are concerns that farmers are not practicing proper crop rotation and will exhaust their black soil lands by continually putting too many hectares into sunflowerseeds. The Ministry of Agriculture is reportedly trying to convince farmers to sow less but without much success as farmers find it profitable. For example, in MY 2017/2018 farmers planted 7.9 million HA of sunflowerseeds instead of the 7.2 million HA 'recommended' by the Ministry of Agriculture. This year, the Ministry of Agriculture forecasts a decrease in sunflowerseed production area in 2018 of 335,700 HA. However, industry sources believe that farmers will commit more area to sunflowerseeds.

Chart 3. Main sunflowerseed producing regions (80 percent) in Russia in 2017

Dark orange, over 1000 TMT	**Medium orange, over 500 TMT**	**Light orange, over 295 TMT**
Rostov oblast – 1,384, Krasnodar krai – 1,078.	Saratov oblast – 848.3, Voronezh oblast – 824.4, Orenburg oblast – 784.7, Stavropol krai – 602.1, Volgograd oblast – 560.3.	Samara oblast – 498.7, Tambov oblast - 497.2, Altai krai – 398.0, Belgorod oblast -296.3.

Source: Rosstat

Poor weather conditions delayed harvest in 2017. Only 80 percent of the total sunflower area was harvested by the end of November and 87 percent of the area was harvested by December 22, 2017 mostly in the Volga valley where 20 percent of the crop was unharvested by the end of December 2017 as a result of rainy fall and early cold. Yield was substantially lower than in MY 2016/17 in the main producing areas – in the Central Federal District (FD) and the Southern Federal District (FD), 12 percent and 6.7 percent respectively due to rain and lack of sun last summer.

Rosstat increased sunflowerseed production in 2017 from 9.63 MMT in its January 2018 report to 10.5 MMT in its March 2018 report reflecting harvesting progress in winter months. However, the final crop figure shall be further adjusted.

Post increased sunflowerseed production in MY 2016/17 to 11.01 MMT, 152 TMT over the official USDA estimate, and based on new production statistics. Also, it more closely corresponds to sunflower oil production in MY 2016/17 (please see Oil section of this report).

FAS/Moscow increased crush in MY 2015/2016 and 2016/2017 to 8.68 MMT and 10.52 MMT, respectively, to more closely reflect sunflower oil production statistics. Post also reduced feed waste to 110 TMT in MY 2016/17, 190 TMT less than the official USDA estimate, reflecting high competition for the oilseeds and improved supply of sunflowerseed meal in Russia.

Post forecasts sunflowerseed crush in MY 2017/2018 at 10.39 MMT, 388 TMT higher than the official USDA figure. The new crush forecast is based on the 2017 crop estimate and high oil production volumes in the current marketing year.

FAS/Moscow forecasts the sunflowerseed crush in MY 2018/19 at 11.25 MMT based on the oilseed crop outlook for MY 2018/19 and growing oil crushing capacity in Russia.

Sunflowerseed stocks in agricultural enterprises were 1.49 MMT on February 1, 2018,133 TMT less than a year ago (1.62 MMT). For comparison, sunflowerseed stocks in December 2017 were 322 TMT lower than a year ago. Sunflowerseed harvesting in 2017 was delayed due to wet and cold weather conditions but farmers continue field work in the winter.

Soybean

Table 3. Production, supply and distribution of soybeans, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	Sep 2016		Sep 2017		Sep 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2200	2228	2300	2604	0	2800
Area Harvested	2118	2118	2500	2500	0	2750
Beginning Stocks	196	196	226	326		181
Production	3134	3134	3500	3575	0	3870
MY Imports	2221	2221	2000	2100	0	2100
MY Imp. From U.S.	0	0	150	0	0	0
MY Imp. From EU	0	0	0	0	0	0

Total Supply	**5551**	**5551**	**5726**	**6001**	**0**	**6151**
MY Exports	375	368	350	625	0	710
MY Exports to EU	0	0	0	0	0	0
Crush	4500	3674	4750	4350	0	4610
Food Use Dom. Cons.	0	125	0	100	0	100
Feed Waste Dom. Cons.	450	1058	450	745	0	600
Total Dom. Cons.	4950	4807	5200	5195	0	5360
Ending Stocks	226	326	176	181	0	130
Total Distribution	**5551**	**5551**	**5726**	**6001**	**0**	**6151**

FAS/Moscow forecasts that Russian area sown to soybeans will continue to grow and reach 2.8 million HA in MY 2018/19, up 7.5 percent compared to MY 2017/18 and 27 percent compared to 2016/17. Assuming favorable weather conditions and five-year average yield, FAS/Moscow forecasts the soybean crop at 3.87 MMT in MY 2018/19, an 8.2 percent increase from MY 2017/18.

Chart 4. Main soybean producing regions (80 percent) in Russia in 2017

Dark green, over 1000 TMT	Medium green, over 300 TMT	Light green, over 100 TMT
Amur oblast – 1,262.	Primorsky krai – 363.4, Krasnodar krai – 339.7, Belgorod oblast – 328.3.	Kursk oblast – 286.6, Jewish oblast – 148.3, Voronezh oblast – 122.9, Tambov oblast – 117.8.

Source: Rosstat

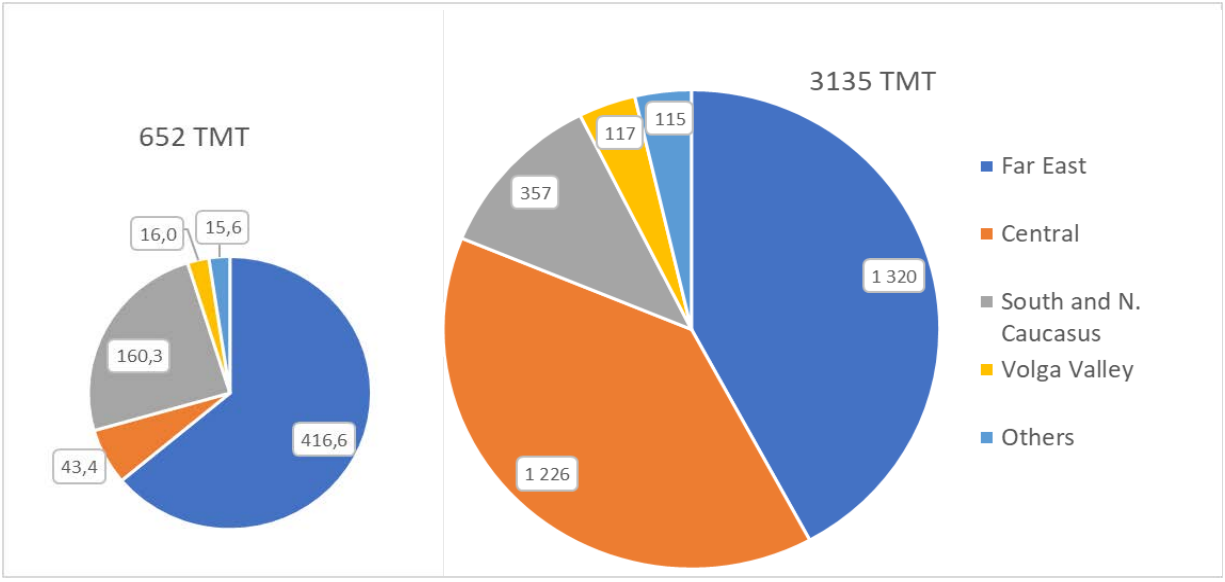
Historically the main soy producing area was the Russian Far East due to favorable climate. In 2007, the Far Eastern FD provided 64 percent of total Russian soybean production, which was only 652 TMT. Of that, 40 percent was produced in Amur oblast. Meanwhile, the Southern FD

produced 28 percent and the Central FD produced less than 7 percent of the total crop in 2007.

The Far East is still the major producing region as shown in the map above, however its distance from the growing poultry and livestock industries in the European part of Russia has driven an increase in soybean production in the Central FD where production has increased from 43.4 TMT in 2007 to 1.2 MMT in 2016. Large vertically integrated poultry and meat producers invested in soybean production aiming to secure their own supply of soy protein for animal feeding. As a result, area planted to soybeans in the Central FD increased fifteen fold from 40,000 HA in 2007 to 607,000 HA in 2016 and the region's share in total Russian soybean production increased from 6.6 percent to 40 percent.

Soybean area doubled in the Far East FD, from 549,000 HA in 2007 to 1.13 million HA in 2016. Of that, Amur oblast saw soy planted area increase from 313,000 HA to 939,000 HA. The main market for the Far East is China. Regional and local consumption is limited by crushing capacity and an undeveloped animal husbandry sector. Post expects production in the Far East to continue to grow but could be limited by land productivity or by profitability. Both Russian[6] and Chinese agricultural companies have announced plans for development of soybean production and processing in the region. Also, some Chinese companies have leased land in the Far East of Russia to produce soybeans for their own use in China.

Chart 5. Soybeans production in 2007 and 2016 by Russian Federal Districts (thousand MT)



Source: Rosstat

According to the Russian Ministry of Agriculture, by 2025 area for soybeans should double (2.48 million HA in 2017) and production could reach 5 MMT. Some industry participants claim that total area for soybean production in Russia could increase to 3.87 million HA by 2020 and total production could reach 7.18 million MT through improving yields in the Far East and development of irrigation systems in the European part Russia. Industry analysts doubt further increase of

[6] Agroinvestor: Sodruzhestvo will lease 100,000 HA on Amur (in Russian)

soybeans acreage in Amur oblast, where soybeans already capture a large share of the total arable land.

Dry summers are a typical risk factor for soybean production in the European part of Russia, which translates into volatile yields and lower protein (on average 34-38 percent). As a result, local farmers get discounted soybeans price based on actual protein content, discouraging expanded production.

Post decreased soybean crush in MY 2016/2017 to 3.67 MMT, 826 TMT less than the official USDA figure, aiming to more closely reflect soybean oil production statistics (please see the soybean oil narrative in the Oils section of this report for details). Post decreased crush in MY 2017/18 to 4.35 MMT, 400 TMT lower than the official USDA estimate, based on lower soybean oil production statistics. From September through December 2017, soybean oil production increased by nine percent compared to the same period in 2016 producing about 1.42 MMT in soybeans equivalent.

FAS/Moscow forecasts crush in MY 2018/19 at 4.61 MMT, a 5.9 percent increase from MY 2017/18. The increase is based on improved capacity and soybean supply both in the European part of Russia and in the Far East of the country.

Post estimates Food Use Domestic Consumption at 125 TMT, compared to official USDA's zero estimate, to more closely reflect existing soy foods production and consumption in the Russian Federation.

FAS/Moscow increased feed waste in MY 2016/2017 and 2017/2018 reflecting a soybean meal shortage[7] in Russia due to import restrictions introduced by the Russian Federation in 2016[8]. Imports of soybean meal fell from 394 TMT in MY 2015/16 to 58 TMT in MY 2016/17. The latter translated to widespread use of ground local soybeans (full fat soybean meal) in fast growing animal farming.

FAS/Moscow forecasts soybean imports in MY 2018/19 will remain unchanged at 2.1 MMT as in MY 2017/2018. Russia still does not produce enough soybeans to meet the growing demand of the livestock and poultry industries in the European part of the country. More than 45 percent of total domestic consumption was imported in MY 2016/17. Most imports arrive in Kaliningrad for processing at the largest soybean crushing plant in Russia which ships the meal to Russia and exports the oil and other products to Europe (please see Meal section of this report). From September through November 2017, Russia imported 516 TMT of soybeans, including 262.1 TMT from Paraguay, 200.1 TMT from Brazil, 31.5 TMT from Romania and 9.6 TMT from Croatia. Soybean imports from the United States have been restricted for a plant health issue since March 2016.

FAS/Moscow increased Russian soybean exports in MY 2017/18 to 625 TMT, 275 TMT higher than the official USDA figure. Russian soybean exports from September through December 2017

[7] Kommersant: meat producers want more (in Russian)

[8] For more information see FAS/Moscow report RS 1607 Russia Restricts Imports of US Corn and Soybeans

were 250 TMT compared with 106 TMT in 2016 y-o-y. Exports to China make up 90 percent of the total volume.

FAS/Moscow forecasts Russian soybean exports in MY 2018/19 at 710 TMT reflecting production growth in the Far East and good export demand.

Expansion of soybean exports to China is constrained by infrastructure issues such as incompatible railway gauges, lack of road connections between the two countries and absence of grain sea terminals. According to the Russian Ministry of Agriculture, the Strategy for the development of the grain complex through 2030 provides for state support measures to construct port and rail logistics in the Far East.[9]

Soybeans of Russian origin are non-GE. Russia did not cultivate GE crops before 2016, and in mid-2016 cultivation of GE crops was officially banned. SPS protective measures by the Russian authorities[10] and strengthened control over imported GE crops, specifically soybeans, play a key role in soybeans import limitations to Russia.

Rapeseed

Table 4. Production, supply and distribution of rapeseeds, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	Jul 2016		Jul 2017		Jul 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	950	978	1000	1005	0	1080
Area Harvested	907	898	950	957	0	990
Beginning Stocks	51	51	32	82	0	75
Production	997	997	1500	1 503	0	1460
MY Imports	82	34	25	25	0	25
MY Imp. From U.S.	0	0	0	0	0	0
MY Imp. From EU	4	0	4	0	0	0
Total Supply	**1130**	**1082**	**1557**	**1610**	**0**	**1560**
MY Exports	73	75	275	310	0	210
MY Exports to EU	4	11	25	60	0	80
Crush	1000	900	1200	1200	0	1260
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	25	25	25	25	0	25
Total Dom. Cons.	1025	925	1225	1225	0	1285
Ending Stocks	32	82	57	75	0	65
Total Distribution	**1130**	**1082**	**1557**	**1610**	**0**	**1560**

FAS/Moscow forecasts that the MY 2018/19 rapeseed crop will be 1.46 MMT, 2.9 percent less than in MY 2017/18. The forecast assumes that sown area will increase by 7.4 percent and normal

[9] TASS: Soybeans export to China lacks logistics (in Russian)
[10] For more information see FAS/Moscow report RS1607 Russia Restricts Imports of US Corn and Soybeans

growing conditions will bring yields closer to the five-year average.

Growing oil crushing capacity and good export demand for rapeseeds and derived products stimulated rapeseed production in the Russian Federation. Also shrinking profitability in grain production due to bumper crops in 2016 and 2017 motivated farmers to search for more profitable alternatives. Climate conditions and land availability support rapeseed production in Russia including in Siberia and non-black soil regions. However, Russia has neither historically produced rapeseed nor consumed its products[11] (total rapeseed production was only 258 TMT in 1990). Thus, farmers lack skills and technology for growing and handling rapeseeds. For example, producers tried to grow winter rapeseeds but failed to achieve steady output which is reflected in acreage varying from 97,000 HA in 2016 to 261,000 HA in 2014. Area sown for winter rapeseed in MY 2018/19 is not yet known.

Chart 6. Main rapeseed producing regions (80 percent) in Russia in 2017

Dark blue, over 100 TMT	**Medium blue, over 75 TMT**	**Light blue, over 45 TMT**
Stavropol Krai – 122.3, Tula oblast – 110.7, Omsk oblast – 102.7	Kemerovo oblast – 77.4, Novosibirsk oblast - 76.9, Kaliningrad oblast – 75.6	Republic of Tatarstan – 71.8, Kursk oblast – 71.1, Altaiski Krai – 71.1, Lipetsk oblast – 71, Tyumen oblast – 60.4, Krasnoyarski krai (south) – 59.2, Ryazan oblast – 59.1, Krasnodar Krai – 50.1, Orel oblast – 46.7

Source: Rosstat

[11] Agroinvestor: rapeseeds in Russia (in Russian)

Total production of rapeseeds in MY 2017/18 was 1.5 MMT in Russia, 50 percent higher than in 2016 (1 MMT) despite only a 2.7 percent increase in total area. Average rapeseed yield was a record high 1.57 MT/HA (1.1 MT/HA in 2016), up 42.7 percent due mainly to good growing conditions[12].

Over 60 percent of the total rapeseed production is located in the Central and Siberian Federal Districts - 468 TMT and 440 TMT respectively. The Republic of Tatarstan produced 75 TMT out of the total 156 TMT of rapeseed produced in the Volga valley in 2017.

Rapeseed production in Siberia increased from an average 167 TMT in 2011-15 to 440 TMT in 2017 owing in part to an increase in area sown of 20 percent in 2017 (compared to 10 percent in the Central FD and a decrease of 33 percent in the Volga Valley). The rapeseed belt in Siberia is located on the border with Kazakhstan spreading to the East to Mongolia.

FAS/Moscow estimates exports of rapeseed in MY 2017/2018 at 310 TMT due to active shipments from Siberia in the first half of the MY. Russia exported 68 TMT of rapeseeds to Mongolia and 67 TMT to China from July 2017 through December 2017 out of total rapeseed exports of 148 TMT during that time. The MY 2018/19 forecast is down from the previous year to 210 TMT, due to the lower crop and higher crush estimate.

FAS/Moscow reduced rapeseed crush in MY 2016/17 to 900 TMT, 100 TMT lower than the official USDA figure, to more closely reflect Russian oil production statistics (please see the rapeseed oil narrative in the Oil section of this report). Crush rebounded in MY 2017/18 to 1200 and is forecast higher at 1260 for MY 2018/19 due to increased crushing capacity.

Peanuts

Russia does not produce peanuts in any significant quantity and relies mostly on imports. FAS/Moscow forecasts peanut imports in MY 2018/19 at 164 TMT, 14 TMT less than in MY 2017/18. FAS/Moscow estimates peanut imports in MY 2017/18 at 178, 17 TMT lower than the official USDA estimate. Consumption of peanuts is expected to decrease due to higher imports of tree nuts. In MY 2016/17, total imports of tree nuts were 45 TMT, 7.5 TMT higher than in MY 2015/16 but still half than imports at their peak in MY 2012/13, or 91 TMT (peanut imports were 113 TMT in MY 2012/13) however, we expect tree nuts consumption to grow and replace peanut volumes due to the improved economic situation and stabilization of the ruble.

Imports of peanuts were growing in 2015-2017 as a cheap substitute for tree nuts after the ruble devaluation in 2015-2016. Consumer prices for tree nuts increased by 70 percent in 2016 while the peanut price increased by only 32 percent. Due to declining disposable income, Russian consumers switched to consumption of cheaper snacks like sunflowerseeds and potato chips[13].Also, the demand for peanuts from confectionary and bakery increased; food manufactures had to substitute expensive tree nuts for peanuts to make their products more affordable for consumers.

[12] IKAR: rapeseed remains profitable (in Russian)
[13] RG.ru: Got the nuts (in Russian)

As the economy has improved in Russia and the ruble strengthened in MY 2016/17, imports of walnuts almost doubled, almond and hazelnut imports increased by 30 percent, and cashews by 23 percent. According to Russian Customs statistics, imports of peanuts in October-December 2017 were 10 percent lower than in 2016 y-o-y. Imports of tree nuts almost doubled during the same time.

Table 5.Production, supply and distribution of peanuts, Thousand Metric Tons (TMT), 1,000 HA

Oilseed, Peanut	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	4	4	8	9	0	10
Production	0	0	0	0	0	0
MY Imports	188	188	195	178	0	164
MY Imp. from U.S.	2	2	2	2	0	2
MY Imp. from EU	0	0	0	0	0	0
Total Supply	192	192	203	187	0	174
MY Exports	4	3	5	2	0	2
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	180	180	190	175	0	166
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	180	180	190	175	0	166
Ending Stocks	8	9	8	10	0	6
Total Distribution	192	192	203	187	0	174

Policy

Breeding and Selection of Domestic Planting Seeds[14]

According to the Ministry of Agriculture, in 2016 the share of imported seeds was 21.6 percent for soybeans, 30 percent for rapeseeds and 53.6 percent for sunflowerseeds.

The Federal Scientific and Technical Program for Agricultural Development in 2017-2025 is aiming to decrease Russia's dependence on imports of technologies, seeds, diagnostic and plant protection products, medicines for veterinary use, and other resources. The program is a framework document with more substance to be added to it as product-focused subprograms are drafted and approved. The program stipulates that import dependency be reduced by not less than 30 percent by 2025.

The Russian government is subsidizing the selection of planting seeds for sunflowers. The 2017 federal budget envisages 91.3 million Rubles ($1.4 million) in subsidies for compensation of 20 percent of the cost of production of planting seeds for sunflowers. Also, the Program envisages compensation of 20 percent of investment into seed selection and production centers.

[14] For more information please see FAS/Moscow GAIN RS1750 New Program to Develop Domestic Seeds and Genetics

Russia increased development of oilseeds and hybrids varieties. The State Seeds Register had four sunflowerseed varieties and 48 hybrids, including 15 of Russian origin in 2017. According to the Russian Soy Union, over 130 soybean varieties are registered in Russia, including over 100 Russian varieties.

As a rule, Russian seeds are substantially cheaper than imported seeds. However, agronomists report that yields and protein content of local soybean varieties are lower than registered imported varieties. Russian varieties reportedly require less fertilizer and less crop protection (i.e. are extensive) and may even be damaged by intensive technologies. Domestic hybrids of sunflowerseed perform well using "extensive farming" and they do not require advanced inputs. Imported hybrids produce much higher yields than Russian ones but reportedly require a higher level of production technology.

MEALS

- Meal, Sunflowerseed
- Meal, Soybean
- Meal, Rapeseed
- Meal, fish

Production

FAS/Moscow forecasts total crush of the three major oilseed crops at 17.12 MMT in MY 2018/19, a 7.4 percent increase from the estimated 15.94 MMT in MY 2017/18. Growing domestic livestock and poultry production as well as good export demand translate into stable demand for meal, including higher shares of soybean and rapeseed meals.

Russia's total domestic production of the three major oilseed meals will increase to 9.0 MMT in MY 2018/19, a 7.0 percent increase over MY 2017/18 which is estimated at 8.41 MMT.

Table 6. Consolidated PSD Forecast for Major Meals for MY 2018/19, Thousand Metric Tons (TMT), 1,000 HA

POST MY 2018/19	Sunflower seed	Soybean	Rapeseed	Fish Meal	TOTAL
Crush	11250	4610	1260	580	17700
Extr. Rate, 999.9999	0.4106	0.7879	0.595	0.2636	
Beginning Stocks	359	135	55	4	553
Production	4619	3632	750	153	9154
MY Imports	5	80	10	20	115
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	60	0	0	60
Total Supply	**4983**	**3847**	**815**	**177**	**9822**
MY Exports	1351	350	110	40	1851
MY Exp. to EU	900	320	100	0	1320
Industrial Dom. Cons.	0	0	0	0	0

Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	3295	3350	650	134	7429
Total Dom. Cons.	3295	3350	650	134	7429
Ending Stocks	337	147	55	3	542
Total Distribution	**4983**	**3847**	**815**	**177**	**9822**

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

Russia produces and trades fish meal, as well, although Russia's production of fish meal is limited by milling capacity. FAS/Moscow estimates domestic production of fish meal in MY 2017/18 at 150 TMT, imports at 20 TMT, and exports at 50 TMT. These estimates are the same as USDA's estimates. Fish meal production, imports and exports have been stagnating over the last several years. There are almost no reliable statistics on production of fish meal in Russia. The demand for fish meal has been growing in Russia along with attempts to develop the domestic aquaculture industry[15] based on feeding fish meal. However, statistical data on fish catch and exports are not reliable, because significant volumes of fish are shipped abroad and are not reported. Based on industry sources, FAS/Moscow forecasts a slight increase in production of fish meal in MY 2018/19 to 153 TMT. Imports are forecast to remain the same as in MY 2017/18, while exports are forecast to decrease to 40 TMT.

Feed Consumption

FAS/Moscow estimates Feed Waste Domestic consumption of soybean meal in MY 2016/17 at 2.6 MMT, 600 TMT less than the official USDA figure. The difference between the Post estimate and the USDA estimate results from increased full fat soy meal use due to a soybean meal shortage[16] in the livestock and poultry industries after import restrictions were introduced by the Russian Federation in 2016 (please see soybeans narrative of the Oilseeds section of this report). Imports of soybean meal fell from 394 TMT in MY 2015/16 to 58 TMT in MY 2016/17. Increased soybean production in MY 2016/17 partially substituted compensated for the decrease imports of soybean meal. Large poultry and animal stock producers invested into soybean production aiming to secure protein supply for animal feeding. Also, soybean crushing capacity is limited in the European part of Russia where soybean production increased 30 times over past ten years.

Post estimates soybean meal Feed Waste Domestic Consumption in MY 2017/18 at 3.19 MMT, 407 TMT below official USDA figure due to limited crushing capacity and increased use of full fat soy meal in animal rations.

Post estimates sunflowerseed meal Feed Waste Domestic Consumption in MY 2016/17 at 2.98 MMT, 180 TMT higher than the official USDA estimate as livestock producers increased sunflowerseed meal use as cheaper substitute for imported soybean meal (please see soybeans part of Oilseeds section of this report).

FAS/Moscow estimates Feed Waste Domestic Consumption of rapeseed meal in MY 2017/18 at 562 TMT, 102 TMT more than the official USDA figure. The new estimate reflects increasing rapeseed meal consumption in the livestock industry. Post estimates rapeseed meal consumption will

[15] For more information see FAS/Moscow report RS1718 Aquaculture Production Update Russia
[16] Kommersant: meat producers want more (in Russian)

increase in MY 2018/19 to 650 TMT.

The sharp depreciation of the ruble in 2015 increased the cost of imported soybeans and soybean meal, which resulted in an increased cost of broiler production in Russia[17]. Record high grain crops lowered domestic grain prices in 2016 and 2017 and helped animal producers balance feed prices. According to the Russian Union of Feed Producers, prices for animal feeds were 10 percent cheaper in 2017 than in 2016. According to the Ministry of Agriculture, animal feeding rations are not balanced with respect to protein and utilization of feeds per one unit of final product (conversion rate) is high.

Table 7 presents the aggregated view of feed consumption in Russia in MY 2016/2017, MY 2017/18 (estimate) and forecast for MY 2018/19 in soybean meal equivalent (SME). The estimates and forecasts are based on the assumption that Feed Domestic Consumption category equals the Feed Waste Domestic Consumption. Data for grains consumption (Feed and Residual) are for marketing years 2016/2017 and 2017/2018, because FAS/Moscow's forecast for grains for MY 2018/19 will be available only in April 2018.

Table 7. Russia: Domestic Feeds Consumption in Soybean Meal Equivalent

	Feeds Domestic Consumption (actual)			Feeds Domestic Consumption in SME			
	MY 2016/17	MY 2017/18 (est)	MY 2018/19 (forecast)	MY 2016/17	MY 2017/18 (est)	MY 2018/19 (forecast)	Soybean Meal Conversion Factor
Meals							
Sunflowerseed Meal	2971	3178	3280	2805	3001	3111	0 .9442
Soybean Meal	2600	3191	3350	2600	3191	3350	1.00000
Rapeseed Meal	420	562	650	299	400	462	0.7115
Fish Meal	110	120	134	159	173	194	1.4450
TOTAL				5863	6765	7117	
Seeds							
Sunflowerseed	110	160	100	57	83	52	0.5193
Soybeans	1033	745	600	826	596	480	0.8000
Rapeseed	25	25	25	10	10	10	0.4091
TOTAL				894	689	542	
Grain							
Corn	8600	9150		1416	1506		0.1646
Wheat	17000	20500		3861	4656		0.2271
Barley	9900	10100		2372	2420		0.2396
Rye	300	400		75	100		0.2500
Oats	3200	3300		933	963		0.2917

[17] For more information see FAS/Moscow GAIN RS1642 Poultry and Products Annual Report 2016

Millet	375	450		86	103		0.2292
TOTAL				8743	9747		

FAS/Moscow estimates that consumption of meal in SME in Russia should increase in MY 2017/18, and forecasts that this consumption will continue growing in 2018/19. At the same time feed waste of oilseeds should decrease as availability of high protein meals improves.

According to Rosstat, total production of compound feeds increased from 25.8 MMT in 2016 to 27.6 MMT in 2017, a 6.9 percent growth (7.1 percent in 2015). During the same time production of compound feeds for pigs increased by 8.7 percent, for chicken by 7.7 percent and for cattle by 5.0 percent. High competition in the poultry and animal stock sectors forced producers to improve efficiency through more sophisticated feeding rations. Swine inventories increased by 1.86 million head from January 1, 2015 (19.4 million head) through January 1, 2016 (21.27 million head). Pork production increased by 9.7 percent in 2016 compared with 2015[18].

According to the Russian Union of Feed Compounders consumption of forage grains in 2017 increased by 2 percent compared to 2016 and the share of grains in the total volume of animal feeds is estimated at 70 percent. According to the Russian Union of Feed Producers there are 276 feed compounders in Russia. Over 90 percent of the plants belong to vertically integrated poultry and animal producing holdings.

In MY 2016/17 and 2017/18, prices for fodder grains decreased due to record high grain crops. However, producers report that the price for some feed ingredients, such as vitamins and amino-acids, increased in 2017 reflecting world market prices. Russia does not have its own microbiological production and imports almost 100 percent of vitamins and amino-acids.

The Russian veterinary and plant health agency, Rosselkhoznadzor, suspended imports of lysine from China from December 22, 2017[19]. Russia's Lysine imports increased from 68.7 TMT in 2013 to 95.7 TMT in 2016 making up over 90 percent of total consumption. China was the main supplier. After the suspension, lysine was imported at higher prices from alternative origins including Indonesia, Brazil, South Korea and France.

New lysine plants opened in Russia in Belgorod and in Tyumen in 2017. The new plants have capacity to cover the needs of the whole industry. One more lysine plant should open in Rostov oblast in 2018. However according to industry contacts, quality and actual volumes of production are questionable yet. Also, some animal producers prefer imported quality with higher active substance in the product.[20]

Trade

Imports

FAS/Moscow forecasts import of the three major oilseed meals (sunflowerseed, soybeans, and

[18] For more information see FAS/Moscow report RS1648 Livestock and Products Annual Report 2016
[19] Rosselkhoznadzor: Suspension of the state registration of lysine from China (Russian)
[20] Agroinvestor: Aminosib launched lysine plant for 30 TMT per year (Russian)

rapeseed) in MY 2018/19 at 95 TMT (105 TMT in 2017/18), including 80 TMT of soybean meal. FAS/Moscow forecasts import of 20 TMT of fish meal in MY 2018/19, the same level as in MY 2017/18.

FAS/Moscow estimates MY 2017/18 soybean meal imports at 120 TMT, 90 TMT lower than the USD official estimate. From September 2017 through November 2017 Russia imported 28.6 TMT of soybean meal, including 11.6 TMT from Brazil, 10.1 TMT from Spain and 4 TMT from Belarus. Soybean meal imports in MY 2016/17 were 58 TMT.

Imports of soybean meal are influenced significantly by the Russia's policy on products using genetic engineering. Despite high demand for soybean meal, and removal of import duties in 2012 as a result of WTO accession, soymeal imports dropped significantly in MY 2016/17. One of the main factors in cutting soybean meal imports is the tightened registration requirements for GE lines including animal feeds, and registration of feeds that may contain GE ingredients.[21] Russia requires that soybean meal includes only registered lines of GE soybeans, and at the same time tightened requirements for registration of GE lines and GE feeds, and significantly improved mechanisms and equipment for testing presence of GE ingredients in feeds. These strict requirements, coupled with a good domestic crop of coarse grains and oilseeds, including soybeans, and continued imports of soybeans for crushing, caused a significant decrease in imports of soybean meal in MY 2016/17.

FAS/Moscow estimates fish meal import in MY 2018/19 at 20 TMT unchanged from MY 2017/18. Fish meal imports from January through November 2017 were 14.4 TMT, including 9.9 TMT from Morocco, 3.5 TMT from Mauritania and 336 TMT from Germany.

Exports

FAS/Moscow decreased exports of sunflowerseed meal in 2016/17 to 1.16 MMT to more closely reflect new export statistics. FAS/Moscow forecasts exports of sunflowerseed meal in MY 2017/18 at 1.17 MMT. From September 2017 through December 2017, Russia exported 411 TMT of sunflowerseed meal or 34 percent less than in the same period last year. The main customers of Russian sunflowerseed meal in this period were Turkey (187 TMT), Latvia (84 TMT), Italy (23 TMT), Denmark (24 TMT), and Azerbaijan 11 TMT. Smaller shipments from 1 TMT to 10 TMT were sent to over 15 countries. FAS/Moscow forecasts sunflowerseed meal exports to increase in MY 2018/19 to 1.35 MMT, 180 TMT more than in MY 2017/18 due to increased sunflowerseed crushing.

Considering that Russia's domestic production and crushing of soybeans is expected to continue increasing, FAS/Moscow forecasts that soybean meal exports will increase to 350 TMT in MY 2018/19, a slight increase of 32 TMT from MY 2017/18.

FAS/Moscow estimates soybean meal exports in MY 2017/18 at 328 TMT, almost unchanged from MY 2016/17. From September 2017 through December 2017, Russia exported 87.6 TMT of soybean meal, down 18 percent to 2016 y-o-y. The main importers of Russia's soybean meal were The Netherlands (26 TMT), Poland (12 TMT), Germany (11 TMT), Sweden (11 TMT) and Finland (8 TMT). Smaller volumes were shipped to more than 15 countries.

[21] For more information see FAS/Moscow GAIN RS1760 Agricultural Biotechnology Annual 2017 Russia

FAS/Moscow decreased rapeseed exports in MY 2016/17 to 121 TMT based on new export statistics. Post estimates rapeseed exports in 2017/18 at 135 TMT, 145 TMT less than the official USDA estimate. Moderate export volumes (which peaked at 298 TMT in MY 2012/13) can be attributed to growing domestic consumption of rapeseed meal in animal feeding rations. From July 2017 through December 2017, Russia exported 69.4 TMT of rapeseed meal, up 28 percent from last year. Most exports went to EU countries.

Post forecasts that Russia will export 130 TMT of rapeseed meal in MY 2018/19.

Stocks

There are no official data on stocks of meal in Russia. Industry analysts also do not report on oilseed meal stocks.

FAS/Moscow increased sunflowerseed meal stock at the end of 2016/17 to 438 TMT, 111 TMT more than the official USDA figure. This revision resulted from an increase in the sunflowerseed crush in MY 2016/17.

Post forecasts that the total stocks of meal, by the end of MY 2018/19, will increase to 542 TMT (MY 2017/18 carry-over stock estimate is 553), including 337 TMT of sunflowerseed meal, 147 TMT of soybean meal, 55 TMT of rapeseed meal and 3 TMT of fish meal.

PSD Tables for Meal

Meal, Sunflowerseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	10150	10524	9850	10388	0	11250
Extr. Rate, 999.9999	0.4105	0.4109	0.4105	0.4106	0	0.4106
Beginning Stocks	249	249	327	438	0	359
Production	4167	4324	4043	4265	0	4619
MY Imports	11	5	5	5	0	5
Total Supply	4427	4578	4375	4708	0	4983
MY Exports	1300	1160	1350	1171	0	1351
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2800	2980	2900	3178	0	3295
Total Dom. Cons.	2800	2980	2900	3178	0	3295
Ending Stocks	327	438	125	359	0	337
Total Distribution	4427	4578	4375	4708	0	4983
(1000 MT) ,(PERCENT)						

Meal, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4500	3674	4750	4350	0	4610
Extr. Rate, 999.9999	0.788	0.788	0.788	0.7878	0	0.7879
Beginning Stocks	77	77	157	107	0	135
Production	3546	2895	3743	3427	0	3632
MY Imports	57	58	200	120	0	80
Total Supply	3680	3030	4100	3654	0	3847

MY Exports	323	323	350	328	0	350
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3200	2600	3600	3191	0	3350
Total Dom. Cons.	3200	2600	3600	3191	0	3350
Ending Stocks	157	107	150	135	0	147
Total Distribution	3680	3030	4100	3654	0	3847
(1000 MT) ,(PERCENT)						

Meal, Rapeseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	900	1200	1200	0	1260
Extr. Rate, 999.9999	0.595	0.5944	0.595	0.595	0	0.5952
Beginning Stocks	11	11	34	28	0	55
Production	595	535	714	714	0	750
MY Imports	23	23	25	10	0	10
Total Supply	629	569	773	752	0	815
MY Exports	135	121	240	135	0	110
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	460	420	470	562	0	650
Total Dom. Cons.	460	420	470	562	0	650
Ending Stocks	34	28	63	55	0	55
Total Distribution	629	569	773	752	0	815
(1000 MT) ,(PERCENT)						

Meal, Fish	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	550	550	570	570	0	580
Extr. Rate, 999.9999	0.2636	0.2636	0.2632	0.2632	0	0.2638
Beginning Stocks	4	4	4	4	0	4
Production	145	145	150	150	0	153
MY Imports	18	20	20	20	0	20
Total Supply	167	169	174	174	0	177
MY Exports	60	55	60	50	0	40
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	103	110	110	120	0	134
Total Dom. Cons.	103	110	110	120	0	134
Ending Stocks	4	4	4	4	0	3
Total Distribution	167	169	174	174	0	177
(1000 MT) ,(PERCENT)						

OILS

- Oil, Sunflowerseed
- Oil, Soybean,
- Oil, Rapeseed
- Oil, Palm

Production

Sunflowerseed remains the primary oilseed crop in Russia. Sunflowerseed oil dominates domestic human consumption of vegetable oils. FAS/Moscow forecasts Russia's total vegetable oil production in MY 2018/19 at 6.12 MMT, a 7.6 percent increase, or 437 TMT more than in MY 2017/18. The increase is expected due to higher oilseed crops and improved crush.

Table 8. Russia: Consolidated PSD Forecast for Major Vegetable Oils for MY 2018/19, TMT

POST MY 2018/19	Sunflower seed	Soybean	Rapeseed	Palm	TOTAL
Crush	11250	4610	1260	0	17120
Extr. Rate, 999.9999	0.427	0.1793	0.385	0	
Beginning Stocks	184	34	22	90	330
Production	4804	827	485	0	6115
MY Imports	15	1	0	820	836
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0
Total Supply	**5003**	**862**	**507**	**910**	**7281**
MY Exports	2545	630	325	2	3502
MY Exp. to EU	40	180	160	0	380
Industrial Dom. Cons.	430	30	20	180	660
Food Use Dom. Cons.	1750	175	137	640	2702
Feed Waste Dom. Cons.	50	0	0	0	50
Total Dom. Cons.	2230	205	157	820	3412
Ending Stocks	228	27	25	88	368
Total Distribution	**5003**	**862**	**507**	**910**	**7281**

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

FAS/Moscow increased sunflowerseed oil production in MY 2015/16 to 3.77 MMT and in MY 2016/17 to 4.58 MMT, 236 TMT and 386 TMT more than the official USDA figures, respectively. Post's new figures were set in order to more closely reflect sunflowerseed oil production statistics in Russia.

Post revised the extraction rate for sunflowerseeds based on industry reports of significant upgrading of existing oil extractors, opening of new plants and shrinking oil pressing operations (for more information please see Consumption part in Oilseeds section of this report).

Soybean oil production is forecast to increase in MY 2018/19 to 827 TMT, up 6 percent from MY 2017/18 due to increasing crush capacity.

FAS/Moscow decreased rapeseed oil production in 2016/17 to 347 TMT, 45 TMT less than the official USDA estimate, in order to closely reflect new oil production statistics. Rapeseed crush is estimated at 900 TMT, 100 TMT less than the official USDA figure. Post decreased the oil extraction rate considering that winter rapeseeds contributed a smaller share to the total rapeseed production and due to the lower oil content in spring rapeseeds in Russia.

Consumption

Russia is self-sufficient in production of vegetable oil due to expanding production of three types of oilseeds and growing oil crushing capacities. Sunflowerseed oil is the main oil consumed in Russian households. Retail sales of vegetable oils is estimated 1.3 MMT in 2017 according to the Russian Union of Oil and Fat Producers. Sunflowerseed oil takes about 65 percent share of total vegetable oil consumption followed by palm oil at 25 percent and another 10 percent is shared by soybean and rapeseed oils.

Russian consumption of vegetable oils increased both in Food Use and Industrial Consumption since the Ruble's devaluation in 2014-2015 (exchange rate of the ruble to the U.S. dollar was 32.73 on January 1, 2014 and peaked at 83.59 rubles to the U.S. dollar on January 23, 2016.) Imports of margarine decreased from 70 TMT in 2014 to 33 TMT in 2016. Many imported foods and consumer goods became unaffordable for Russian consumers and they switched to Russian produce. Imports of olive oil fell from 31.2 TMT in 2014 to 15.1 TMT in 2015 (Rosstat). Also, falling disposable income forced Russian consumers to decrease butter consumption in favor of locally produced spreads and margarines. The market share for dairy products containing milk fat substitutes as well as "fake" dairy reportedly increased in 2015-2016. As a result, imports of palm oil increased by 78.7 TMT in MY 2015/16 compared with MY 2014/15.

Exports of margarine from Russia continue to grow, increasing from 91.6 TMT in 2000 to 160.0 TMT in 2017, mostly to neighboring countries. Production of margarine was 533 TMT in 2017, an 8 percent increase from 2016.

FAS/Moscow forecasts that total domestic consumption of vegetable oil in Russia in MY 2018/19 will be 3.41 MMT, down by 0.9 percent from the MY 2017/18 estimate of 3.44 MMT. Total consumption will include 2.23 MMT of sunflowerseed oil (2.24 MMT in MY 2017/18), 205 TMT of soybean oil (272 TMT in MY 2017/18), 157 TMT of rapeseed oil (142 TMT in MY 2017/18) and 820 TMT of palm oil (estimate 820 TMT in MY 2017/18). Russia does not produce palm oil, and all domestic consumption of this oil is based on imports.

Trade

FAS/Moscow forecasts a further increase in Russia's exports of vegetable oils, to 3.5 MMT in MY 2018/19 from an estimated 3.2 MMT in MY 2017/18. Sunflowerseed oil exports are forecast at 2.55 MMT (up 162 TMT from the estimate for MY 2017/18). Soybean oil exports are forecast at 630 TMT (up 130 TMT y-o-y), and rapeseed oil exports are forecast at 325 TMT (up 10 TMT y-o-y).

Sunflowerseed oil

Post increased its estimate for sunflowerseed oil exports to 2.38 MMT in MY 2017/18, 383 TMT more than the official USDA estimate, based on the high pace of current shipments. From September 2017 through December 2017 Russia exported 777 TMT of sunflowerseed oil, a 26 percent increase from 2016 y-o-y. High stocks of sunflowerseed oil at 311 TMT on September 1, 2017 reflected in record high shipments in the beginning of the season despite delayed harvest.

Soybean oil

Russia is a net exporter of soybean oil. Significant soybean oil exports originate from Kaliningrad, where crushing is based on imported beans. Total soybean oil exports in MY 2016/17 were 529 TMT. The main importers of Russian soybean oil were Algeria (261 TMT), China (92 TMT), Tunisia (54 TMT), Cuba (37 TMT), Denmark (29 TMT), and Venezuela (15 TMT). Smaller volumes below 10 TMT were shipped to more than 15 countries.

From September 2017 through December 2017, Russia exported 162 TMT of soybean oil, a 5 percent decrease from 2016 y-o-y. The main destinations of these exports were Algeria (73 TMT), China (55 TMT), Tunisia (13 TMT) and Denmark (9 TMT).

Exports to China were 55 TMT from September through December 2017 compared with to 92 TMT in MY2016/17. Growing Chinese exports reflect the increased soybeans crop in the Far East and improved crushing capacity in the Far East of the Russian Federation in 2017.

Rapeseed oil

FAS/Moscow forecasts rapeseed oil exports in MY 2018/19 at 325 TMT, almost unchanged from MY 2017/18. From July 2017 through December 2018, Russia exported 175 TMT of rapeseed oil, a 47 percent increase to 118 TMT during the same time in MY 2016/17. The main destinations for rapeseed oil exports were Norway (47 TMT), Holland (24 TMT), Lithuania (21 TMT) and Latvia (20 TMT). Smaller volumes were shipped to more than 10 countries.

Palm oil

Russia continues to be a significant importer of palm oil. Imports of palm oil MY 2016/17 were 848 TMT, a 10 percent decrease from 933 TMT in MY 2015/16. The decline can be attributed to increased production of vegetable oils and recovery in consumption of natural dairy products and butter[22] resulting from economic stabilization in Russia.

FAS/Moscow estimates Russia's palm oil imports in MY 2017/18 and MY 2018/19 at 820 TMT.

Stocks

FAS/Moscow forecasts end of MY 2018/19 stocks of vegetable oil to increase by 40 TMT y-o-y to 368 TMT.

Post increased ending stocks for sunflowerseed oil in MY 2015/16 and MY 2016/17 to 188 TMT and 311 TMT respectively based on high crush volumes and improved utilization during summer months. Sunflowerseed oil ending stocks in MY 2018/19 are forecast at 228 TMT.

[22] For more information see FAS/Moscow report RS1758 Dairy and Products Annual 2018

Post's ending stock estimate for MY 2016/17 is 252 TMT higher than the official USDA figure, due to from confluence of increased sunflowerseed oil production (increased by 812 TMT) and lower prices for exports even though volume of exports increased by 638 TMT in MY 2016/17.

PSD Tables for Oils

Oil, Sunflowerseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	10150	10524	9850	10388	0	11250
Extr. Rate, 999.9999	0.413	0.435	0.413	0.427	0	0.427
Beginning Stocks	92	92	89	311	0	184
Production	4192	4578	4068	4436	0	4804
MY Imports	18	18	20	30	0	15
Total Supply	4302	4688	4177	4777	0	5003
MY Exports	2178	2178	2100	2383	0	2545
Industrial Dom. Cons.	370	430	370	410	0	430
Food Use Dom. Cons.	1630	1734	1620	1760	0	1750
Feed Waste Dom. Cons.	35	35	40	40	0	50
Total Dom. Cons.	2035	2295	2030	2210	0	2230
Ending Stocks	89	311	47	184	0	228
Total Distribution	4302	4784	4177	4777	0	5003
(1000 MT) ,(PERCENT)						

Oil, Soybean	2016/2017		2017/2018		2018/2019	
Market Begin Year	Sep 2016		Sep 2017		Sep 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4500	3674	4750	4350	0	4610
Extr. Rate, 999.9999	0.1791	0.1794	0.1792	0.1793	0	0.1794
Beginning Stocks	34	34	22	25	0	34
Production	806	659	851	780	0	827
MY Imports	1	1	1	1	0	1
Total Supply	841	694	874	806	0	862
MY Exports	529	529	520	500	0	630
Industrial Dom. Cons.	30	20	30	30	0	30
Food Use Dom. Cons.	260	120	300	242	0	175
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	290	150	330	272	0	205
Ending Stocks	22	25	24	34	0	27
Total Distribution	841	704	874	806	0	862
(1000 MT) ,(PERCENT)						

Oil, Rapeseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1000	900	1200	1200	0	1260

Extr. Rate, 999.9999	0.392	0.3856	0.3917	0.385	0	0.3849
Beginning Stocks	19	19	11	15	0	22
Production	392	347	470	462	0	485
MY Imports	1	2	2	2	0	0
Total Supply	412	368	483	479	0	507
MY Exports	241	255	300	315	0	325
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	140	78	150	122	0	137
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	160	98	170	142	0	157
Ending Stocks	11	15	13	22	0	25
Total Distribution	412	368	483	479	0	507
(1000 MT) ,(PERCENT)						

Oil, Palm	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	121	121	85	100	0	90
Production	0	0	0	0	0	0
MY Imports	848	851	850	820	0	820
Total Supply	969	972	935	920	0	910
MY Exports	34	2	25	2	0	2
Industrial Dom. Cons.	170	180	170	178	0	180
Food Use Dom. Cons.	680	690	650	650	0	640
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	850	870	820	828	0	820
Ending Stocks	85	100	90	90	0	88
Total Distribution	969	972	935	920	0	910
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						