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Oilseeds and Products Annual

Annual 2015

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Report Highlights:
FAS/Moscow forecasts Russia's 2015 production of three major oilseed crops (sunflowerseeds, soybeans, rapeseed) at 13.5 million metric tons (MMT), a 4 percent increase from last year. This increase is primarily due to increased production of sunflowerseeds, which comprise approximately 70 percent of the total of these three crops. Area sown to these three major crops is forecast to increase by 5 percent to 10.5 million hectares, again mostly due to an increase in sunflowerseed area by 7 percent, to 7.3 million hectares in MY 2015/16. Oilseed meal exports are forecast at 2.5 MMT, a record high level for the second year in a row. FAS/Moscow forecasts record imports of peanuts in MY 2015/16 at 120,000 metric tons (MT).

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 forecasts Russia's 2015 production of three major oilseed crops (sunflowerseeds, soybeans, rapeseed) at 13.5 million metric tons (MMT), a 4 percent increase from last year. This increase is primarily due to increased production of sunflowerseeds, which comprise approximately 70 percent of the total of these three crops. Area sown to these three major crops is forecast to increase by 5 percent to 10.5 million hectares, again mostly due to an increase in sunflowerseed area by 7 percent, to 7.3 million hectares in MY 2015/16.

FAS/Moscow forecasts a 7 percent increase in the 2015 sunflowerseed planted area to 7.3 million hectares, which is 3 percent higher than the previous five-year average of 7.1 million hectares. The following factors are expected to increase farmers' incentives to plant sunflowerseeds:

- In 2015, Russia's oilseeds crushing capacity will continue to grow and demand for sunflowerseeds will be high. In fall 2014, when industry confirmed the relatively low sunflowerseed crop, crushers increased purchase prices;
- Sunflowerseeds remain a profitable crop for farmers. The cost of imported hybrid planting seeds and chemicals (which are vital for effective production of sunflowerseeds) has increased in MY 2014/15 because of the soft ruble. However, some farmers managed to purchase planting seeds and some chemicals before these prices increased. Other farmers, who were not able to accumulate necessary inputs, may increase planted area in order to compensate for the expected decrease in yields.

Weather still remains the main determining factor for sunflowerseed yields. Given average weather conditions, yields will be at the same level as in 2014. Therefore, FAS/Moscow forecasts Russia's sunflowerseed production in 2015 at 9.5 MMT, a 6 percent increase from 2014 overall.

Area planted to soybeans will also remain the same as in 2014 – 2.0 million hectares. The soybean crop in 2014 was a record crop for Russia. In particular, the Russian Far East accounted for 59 percent of the 2014 soybean crop. Weather in the Far East will remain a key factor for the production of soybeans. Natural disasters, like the flood in 2013, can drastically cut production in this region. However, the basic production efficiencies for soybeans in this region have increased in the last three years. With the support of local authorities, seed breeders have increased investments in the development of new varieties and farmers have improved the agronomy of soybean production. The development of new soybean crushing facilities in the Russian Far East and growing exports have provided a stable and growing demand for soybeans in the region. Thus, given normal weather conditions, soybean production in the Russian Far East will not be less than in 2014.

In 2014, European Russia accounted for 40 percent of soybean production. In this region, farmers will continue planting soybeans as the crop is in very high demand from feed producers. However, in European Russia soybeans must compete with sunflowerseeds and spring grains for arable land.

Therefore, FAS/Moscow forecasts the soybean crop in Russia in 2015 at the same level as in 2014 – 2.6 MMT.

Rapeseed production is forecast also at the same level as in 2014 – 1.4 MMT. Yields for winter rapeseed are higher than spring rapeseed yields, but in 2015 the winter rapeseed production is forecast lower than the 2014 production because of an estimated larger winter-kill. However, winter rapeseed comprises only 10 to 20 percent of total rapeseed area. Increased area sown to spring rapeseed will compensate for the lower winter rapeseed crop, resulting in the same production level as in 2014.

Yield forecasts for oilseeds are very preliminary as most of Russia's oilseed crops are planted only in May. The 2015 yield forecasts are based largely on eleven-year (multi-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 2014 reached 535,000 metric tons (MT), a 19 percent increase from 2013, 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 oilseed crops. Area planted to linseed crops may expand further into northern and eastern Russian provinces.

In accordance with WTO commitments, in the fall of 2013 Russia began to gradually decrease export duties on oilseeds. In the fall of 2014, Russia implemented the second decrease, reducing export duties on sunflowerseed from 16.62 percent of the customs value (but not less than 24.94 Euro per 1 MT) to 13.24 percent (but not less than 19.88 Euro per 1 MT). Export duties on whole soybeans were decreased from 13.33 percent of customs value (but not less than 23.33 Euro per 1 MT) to 6.67 percent (but not less than 11.67 Euro per 1 MT). Export duties on rapeseed were lowered from 15 percent (but not less than 27.13 Euro per 1 MT) to 11 percent (but not less than 19.26 Euro per 1 MT) (Table 6). However, despite lower export duties and the soft ruble in the fall 2014 and winter 2015, exports will likely be constrained due to continued very strong domestic demand. FAS/Moscow forecasts exports of the three major oilseeds in MY 2015/16 at 0.6 MMT, the same as in MY 2014/15. Exports include 60,000 MT of sunflowerseeds, 350,000 MT of soybeans, and 150,000 MT of rapeseed.

Despite the soft ruble, soybean imports in MY 2015/16 are forecast to remain at 1.6 MMT due to high demand for soybean meal from the expanding poultry and livestock industries in European Russia.

Table 1. Russia: Consolidated PSD for Major Oilseeds for MY 2015/16, 1,000 MT, 1,000 HA

MY 2015/16	Sunflowerseeds	Soybeans	Rapeseeds	TOTAL
Area Planted	7,300	2,000	1,200	10,500
Area Harvested	6,800	1,900	1,100	9,800
Beginning Stocks	188	232	51	471
Production	9,500	2,600	1,400	13,500
MY Imports	20	1,600	1	1,621
MY Imp. from U.S.	0	400	0	400
MY Imp. from EU	0	0	0	0
Total Supply	9,708	4,432	1,452	15,592
MY Exports	60	350	150	560
MY Exp. to EU	0	0	50	50

Crush	9,000	3,900	1,250	14,150
Food Use Dom. Cons.	230	0	0	230
Feed Waste Dom. Cons.	300	40	20	360
Total Dom. Cons.	9,530	3,940	1,270	14,740
Ending Stocks	118	142	32	292
Total Distribution	9,708	4,432	1,452	15,592

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

Meal

Demand for protein feed continues to grow in Russia. This is consistent with the expansion of poultry and swine population at large integrated farms, which use more high protein compound feeds instead of grain-based feeds. Moreover, in 2014 the government stated that it will pay special attention to financial support for these livestock farms, and their demand for protein feeds is forecasted to grow[1].

FAS/Moscow forecasts total crush of Russia's three major oilseeds at 14.15 MMT in MY 2015/16, which is a 4.4 percent increase from the estimated 13.55 MMT in MY 2014/15. This includes 9.0 MMT of sunflowerseed (0.5 MMT more than last year), 3.9 MMT of soybeans (up 0.1 MMT) and 1.25 MMT of rapeseed (same as last year). Russia's total domestic production of the three major oilseed meals will increase to 7.15 MMT, from an estimated 6.85 MMT in MY 2014/15, including 3.35 MMT of sunflowerseed meal, 3.05 MMT of soybean meal, and 0.75 MMT of rapeseed meal.

FAS/Moscow forecasts nearly the same level of soybean meal imports in MY 2015/16 -- 0.5 MMT -- as in MY 2014/15. 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. Due to the soft ruble and increased crushing capacity Russia will continue to export oilseed meals, and FAS/Moscow forecasts a further increase of these exports to 2.5 MMT in MY 2015/16 from the estimated 2.4 MMT in MY 2014/15, that was already at an historic high. The forecast for exports includes: 1.5 MMT of sunflowerseed meal, the same as last year; 0.7 MMT of soybean meal, 0.1 MMT more than last year; and 0.3 MMT of rapeseed meal, the same as last year.

Table 2. Russia: Consolidated PSD for Major Meals for MY 2015/16, 1,000 MT

	Sunflowerseeds	Soybean	Rapeseed	Fish Meal	TOTAL
Crush	9,000	3,900	1,250	550	14,700
Extr. Rate, 999.9999	0.372	0.782	0.596	0.264	
Beginning Stocks	47	93	0	2	142
Production	3,350	3,050	745	145	7,290
MY Imports	0	500	0	43	543
MY Imp. from U.S.	0	30	0	0	30
MY Imp. from EU	0	100	0	0	100

[1] For more information on Russian agricultural policy in poultry and livestock sectors see GAIN reports: Livestock and Products Semi-annual_3-12-2015.pdf and Poultry and Products Semi-annual_3-2-2015.pdf

Total Supply	3,397	3,643	745	190	7,975
MY Exports	1,500	700	300	50	2,550
MY Exp. to EU	900	40	200	0	1,140
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	1,800	2,900	445	140	5,285
Total Dom. Cons.	1,800	2,900	445	140	5,285
Ending Stocks	97	43	0	0	140
Total Distribution	3,397	3,643	745	190	7,975

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

Oil

Sunflowerseeds 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 4.9 MMT, 0.2 MMT more than in MY 2014/15 due to, first of all, increased crush of sunflowerseeds. This production will include 3.7 MMT of sunflowerseed oil (FAS/Moscow estimates sunflowerseed oil production in MY 2014/15 at 3.5 MMT), 0.49 MMT of rapeseed oil (the same as last year), and almost 0.7 MMT of soybean oil (a 0.02 MMT increase from last year). Russia's imports of palm oil are forecast to remain at 0.7 MMT in MY 2015/16, the same as 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 food use consumption (including the production of mayonnaise), while palm oil is gaining a larger share in the food processing sector (including in the confectionary industry, in spreads, in margarine, etc.). FAS/Moscow forecasts a further increase in Russia's exports of vegetable oils, to 2.25 MMT in MY 2015/16 from estimated 2.13 MMT in MY 2014/15. Sunflowerseed oil exports are forecast at 1.55 MMT (up 0.1 MMT from last year), soybean oil exports are forecast at 0.4 MMT (up 0.02 MMT from last year), and rapeseed oil exports are forecast at 0.3 MMT (the same as in MY 2014/15). Exports of sunflowerseed oil and rapeseed oil will be stimulated by the soft ruble. 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 in the domestic market, and sells soybean oil in foreign markets.

Table 3. Russia: Consolidated PSD for Major Vegetable Oils for MY 2015/16, 1,000 MT

POST MY 2015/16	Sunflowerseeds	Soybean	Rapeseed	Palm	TOTAL
Crush	9,000	3,900	1,250		14,150
Extr. Rate, 999.9999	0.413	0.1782	0.392		
Beginning Stocks	82	33	30	68	213
Production	3,720	695	490	0	4,905
MY Imports	10	5	0	700	715
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0
Total Supply	3,812	733	520	768	5,833
MY Exports	1,550	400	300	0	2,250

MY Exp. to EU	400	130	160	0	690
Industrial Dom. Cons.	370	35	20	150	575
Food Use Dom. Cons.	1,850	260	180	550	2,840
Feed Waste Dom. Cons.	0	0	0	0	0
Total Dom. Cons.	2,220	295	200	700	3,415
Ending Stocks	42	38	20	68	168
Total Distribution	3,812	733	520	768	5,833

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

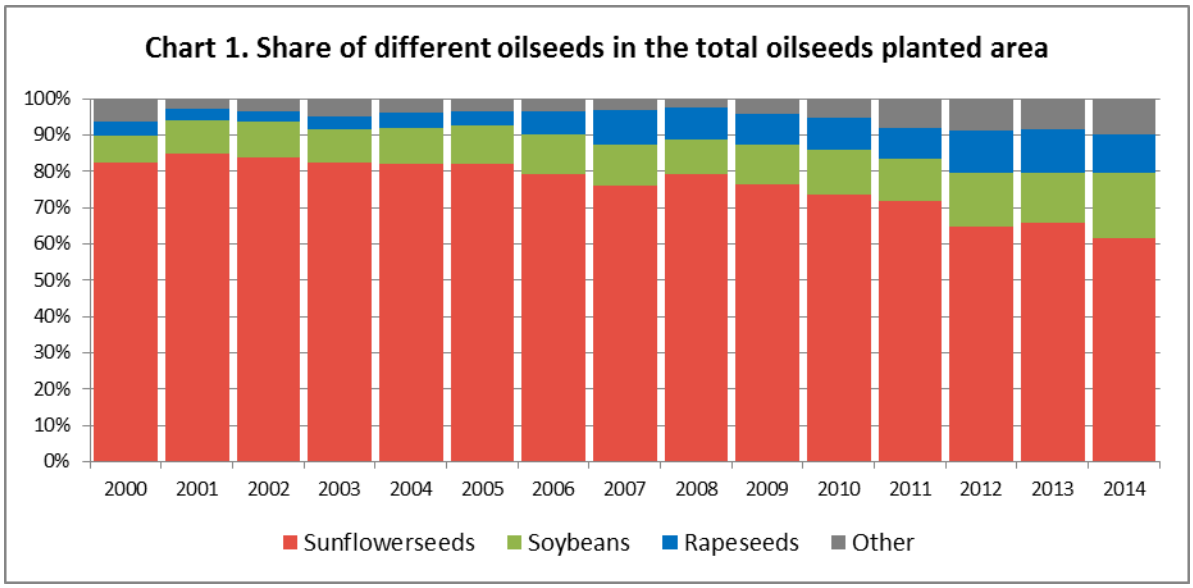
OILSEEDS:
Oilseed, Sunflowerseed
Oilseed, Soybean
Oilseed, Rapeseed
Oilseed, Peanut

Production:
FAS/Moscow forecasts that in MY 2015/16, area sown to Russia's three major oilseeds (sunflowerseeds, soybeans and rapeseeds) will increase from the previous year by 0.5 million hectares to 10.5 million hectares. Sunflowerseed area will increase by 7 percent to 7.3 million hectares, while area sown to soybeans will remain at 2.0 million hectares, nearly the same as last year. The area sown to rapeseed will increase by only 0.2 million hectares, to 1.2 million hectares.

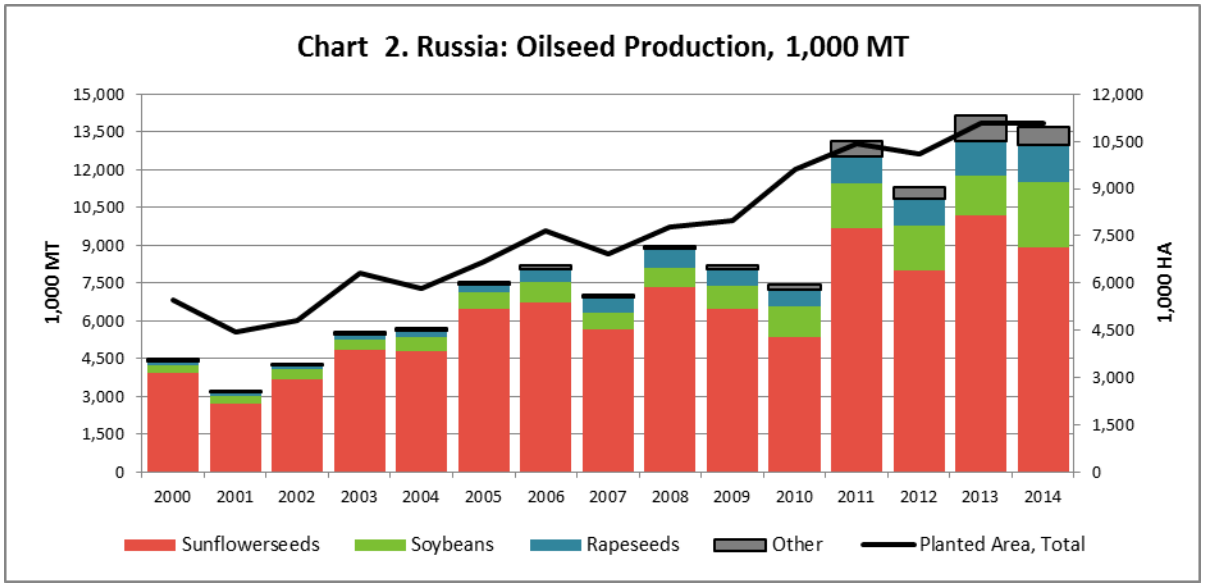
The area sown to all oilseeds in Russia has grown steadily over the last fifteen years: from 4.4 million hectares in 2001 to 11.1 million hectares in 2014. The area sown to sunflowerseeds also increased - from 3.8 million hectares in 2011 to 6.8 million hectares in 2014. However, the share of sunflowerseeds in the total oilseeds area decreased, while the share of soybeans, rapeseed and other oilseed crops increased (Chart 1). Nevertheless, sunflowerseeds still dominate total oilseed production, and since yields of sunflowerseed are still heavily dependent on weather, fluctuations in production are also significant (Chart 2).

FAS/Moscow forecasts production of the three major oilseeds (sunflowerseeds, soybeans and rapeseeds at 13.5 MMT, a 0.5 MMT increase from last year due to an increase in production of sunflowerseeds. If production of other oilseed crops, such as mustard, flax for oil and safflower remain at the 2014 level, the total oilseeds production in Russia will be almost 14.2 MMT.

Yield forecasts for oilseeds are very preliminary as most of Russia's oilseed crops are planted only in May. The forecast of the 2015 yields for Russia's three major oilseeds are based largely on multi-year trends.



Source: Rosstat



Source: Rosstat

Table 4. Russia: Major Oilseeds, 2008-2014

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Planted Area, 1,000 hectares							
Sunflowerseeds	6,199	6,196	7,153	7,614	6,529	7,271	6,823
Soybeans	747	875	1,206	1,229	1,481	1,532	2,002
Rapeseeds	680	688	856	893	1,190	1,325	1,173
- winter	*145*	*178*	*218*	*175*	*105*	*239*	*261*
- spring	*535*	*638*	*638*	*718*	*1,085*	*1,087*	*913*
Mustard	58	101	110	134	118	154	182
Oil flax (Crown flax)	85	146	267	500	618	478	488
False flax (Camelina)					118	182	268

Safflower					16	89	123
Other	0	0	24	77	17	31	17
Total	7,769	8,005	9,615	10,447	10,087	11,060	11,076
Production, 1,000 MT							
Sunflowerseeds	7,350	6,454	5,345	9,697	7,993	10,554	8,929
Soybeans	746	944	1,222	1,756	1,806	1,636	2,594
Rapeseeds	752	667	670	1,056	1,035	1,393	1,450
- winter	*246*	*308*	*395*	*304*	*166*	*407*	*460*
- spring	*506*	*359*	*275*	*752*	*869*	*987*	*990*
Mustard	29	24	36	88	42	55	103
Oil flax (Crown flax)	86	94	173	464	361	320	379
False flax (Camelina)					56	128	156
Safflower					8	45	87
Other	0	0	10	53	11	21	8
Total	8,963	8,183	7,457	13,115	11,312	14,151	13,707
Yields per harvested area, 1,000 hectares							
Sunflowerseeds	1.23	1.15	0.96	1.34	1.3	1.55	1.4
Soybeans	1.05	1.19	1.18	1.48	1.31	1.36	1.36
Rapeseeds	1.2	1.2	1.1	1.26	1.06	1.25	1.38
- winter	*1.76*	*1.82*	*1.9*	*1.77*	*1.68*	*1.73*	*1.76*
- spring	*1.04*	*0.93*	*0.68*	*1.13*	*0.99*	*1.13*	*1.25*
Mustard	0.57	0.47	0.48	0.8	0.54	0.5	0.66
Oil flax (Crown flax)			0.86	1.04	0.69	0.78	0.93
False flax (Camelina)					0.61	0.78	0.66
Safflower					0.62	0.64	0.76

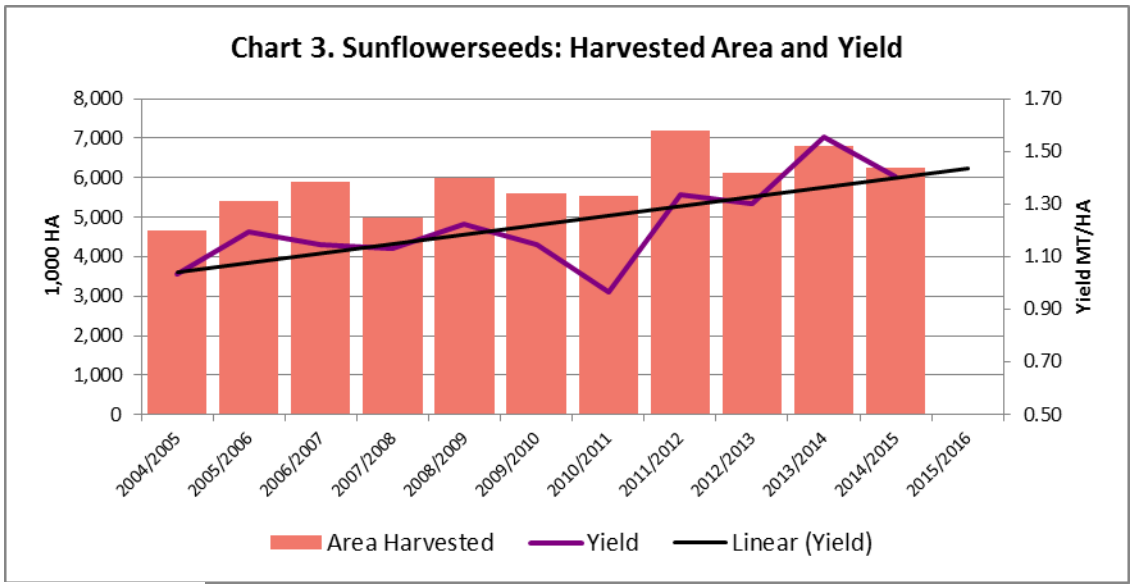
Source: Rosstat

Sunflowerseeds

FAS/Moscow forecasts Russia's sunflowerseed production in 2015 at 9.5 MMT, a 6 percent increase from 2014. Production will increase due to a forecast increase in sown area. Weather still remains the main determining factor for sunflowerseed yields, but given average weather, yields (per harvested area) in 2015 are expected to be at the same level, or slightly higher than, yields in 2014, or 1.3 MT/HA.

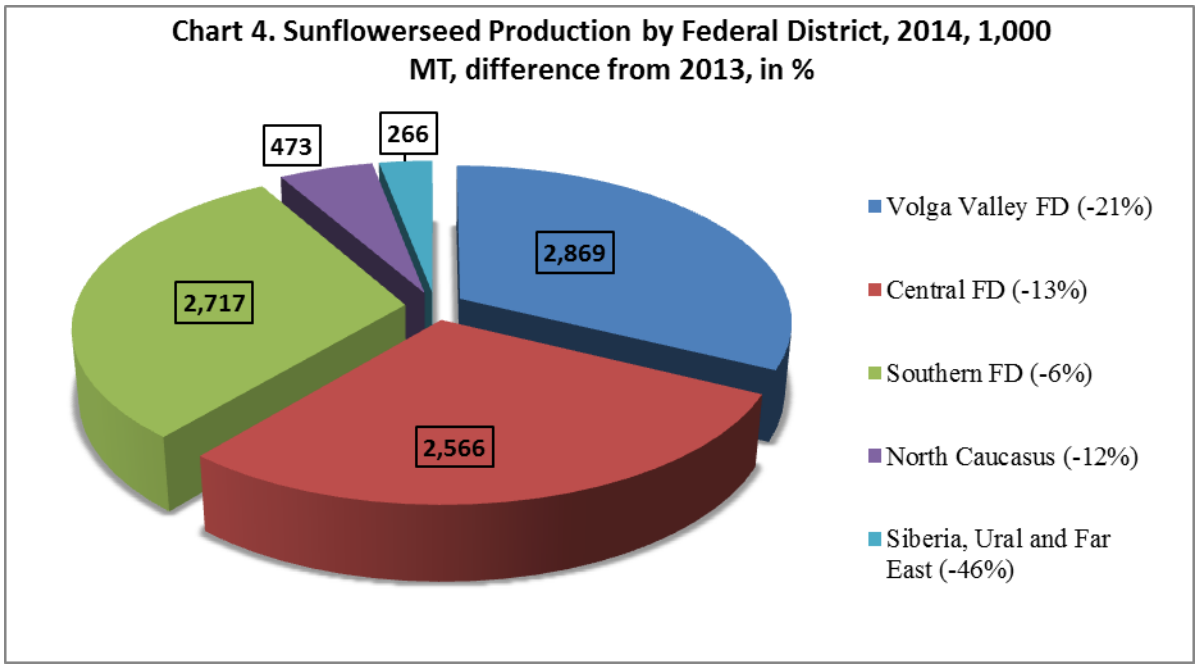
In 2014, the area sown to sunflowerseeds was lower than the previous five-year average, because it competed in European Russia with other spring crops, such as corn and soybeans that enjoy higher demand. Additionally, sunflowerseed prices in spring 2014 were low and did not motivate farmers to expand sunflower area. However, in 2015, the situation will likely change. The following factors are expected to increase farmers' incentives to plant sunflowerseeds:

- In 2015, Russia's oilseeds crushing capacity will continue to grow and demand for sunflowerseeds will be high. In fall 2014, when industry confirmed the relatively low supply of sunflowerseed, crushers increased purchase prices (Chart 9);
- Sunflowerseeds remain a profitable crop for farmers. The cost of imported hybrid planting seeds and chemicals (which are vital for effective production of sunflowerseeds) has increased in MY 2014/15 because of the soft ruble. However, some farmers managed to purchase planting seeds and some chemicals before these price increases. Other farmers, who were not able to accumulate necessary inputs, may increase planted area in order to compensate for the expected decrease in yields.



Source: Rosstat

In 2014, production of sunflowerseeds decreased in all federal districts of the Russian Federation mostly due to decreased area and a decrease in yields from the 2013 yield levels. Although, the range of Russia's major sunflowerseed producing provinces largely did not change from those in 2013.



Source: Rosstat

Map 1. Russia: Sunflowerseed Producing Areas

Light red	2.0% - 5.0% of total production
Red	5.0% - 10.0%
Dark red	>10%

Highest Sunflower Seed Production by Provinces (2014)

1. Krasnodar kray - 12.4%
2. Saratov oblast - 12.0%
3. Voronezh oblast - 10.5%
4. Rostov oblast - 8.5%
5. Volgograd oblast – 8.2%
6. Tambov oblast – 7.0%
7. Samara oblast - 6.5%
8. Orenburg oblast – 5.8%
9. Stavropol kray – 4.4%
10. Belgorod oblast – 3.5%
11. Lipetsk oblast – 3.0%
12. Kursk oblast - 2.9%
13. Penza oblast - 2.5%
14. Altay kray – 2.5%
15. Bashkortostan Republic - 2.4%
16. Ulyanovsk oblast - 2.1%

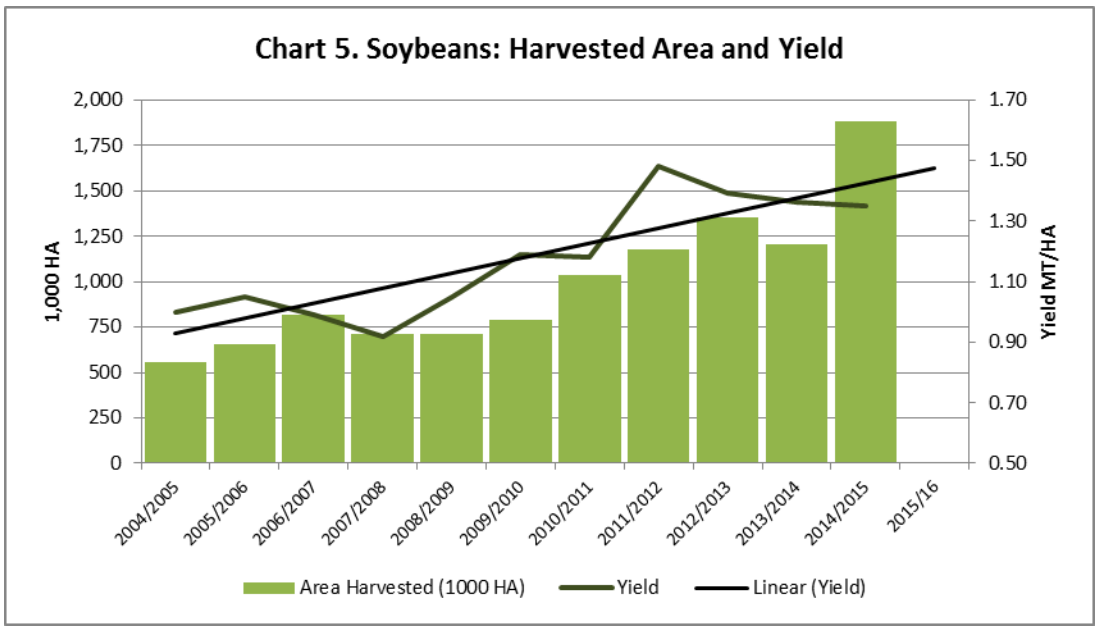
Source: FAS/Moscow based on Rosstat data for 2014 crop.

Soybeans

FAS/Moscow forecasts that area planted to soybeans will remain at the same level as in 2014 – 2.0 million hectares. The soybean crop in 2014 was a record crop for Russia. The Russian Far East accounted for 59 percent of the 2014 soybean crop. FAS/Moscow forecasts that the 2015 soybean crop in Russia will be at the same level as the 2014 crop – 2.6 MMT.

Weather in the Far East will remain a very important factor for the production of soybeans. Natural disasters, like the flood in 2013, can drastically cut production in this region. However, the basic production efficiencies for soybeans in this region have increased in the last three years. With the support of local authorities, seed breeders have increased investments in the development of new varieties and farmers have improved the agronomy of soybean production. The development of new soybean crushing facilities in the Russian Far East and growing exports have provided a stable and growing demand for soybeans in the region. Thus, given normal weather conditions, soybean production in the Russian Far East will not be less than in 2014. Additionally, Russia does not allow planting of GE crops[2], and the Far Eastern authorities support the selection of only non-GE soybeans.

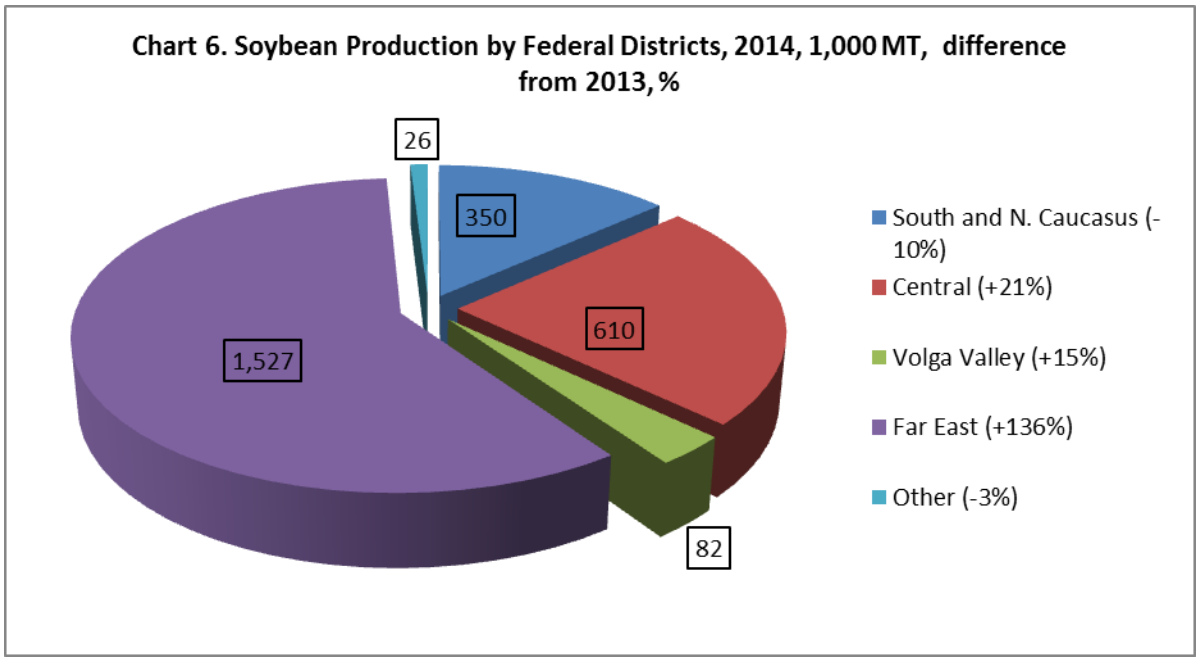
In 2014, European Russia accounted for 40 percent of soybean production. In this region, farmers will continue planting soybeans as the crop is in very high demand from feed producers. However, in European Russia soybeans must compete with sunflowerseeds and spring grains for arable land, and the production of soybeans is forecast at the same level as in 2014.



Source: Rosstat

In 2014, soybean production in the Central Volga Valley and the Far Eastern federal districts increased over the 2013 production. This was particularly true in the Far Easter district, which produced a record crop after the flood-affected year 2013. Meanwhile, production of soybeans in the south part of European Russia, which had been the second major soybean producing area four to five years ago, decreased.

[2] For more information see FAS/Moscow GAIN report: Agricultural Biotechnology Annual 7-11-2014.pdf



Source: Rosstat

Soybean prices in MY 2014/15 were growing rapidly everywhere, but industry analysts marked the fastest growth of soybean prices in the Russian Far East. Thus, in the fall of 2014, in Primorskiy kray when farmers finished harvesting, soybeans crushers were buying soybeans from farmers from between14,000 rubles to 16,000 rubles per 1 MT. But by the beginning of February 2015, the price reached 27,000 rubles per 1 MT. The price changed almost every week. Some managers of large farms expect that by late April, soybean prices may reach 33,000 rubles per 1 MT in Primorskiy kray. The main factor affecting the price, according to market participants, was the soft ruble. In these circumstances, soy became a profitable investment[3].

Map 2. Russia: Soybean producing Areas

[3] http://zrpress.ru/business/primorje_16.02.2015_70983_v-primorje-zakupochnaja-tsena-na-soju-stremitelno-rastet.html

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

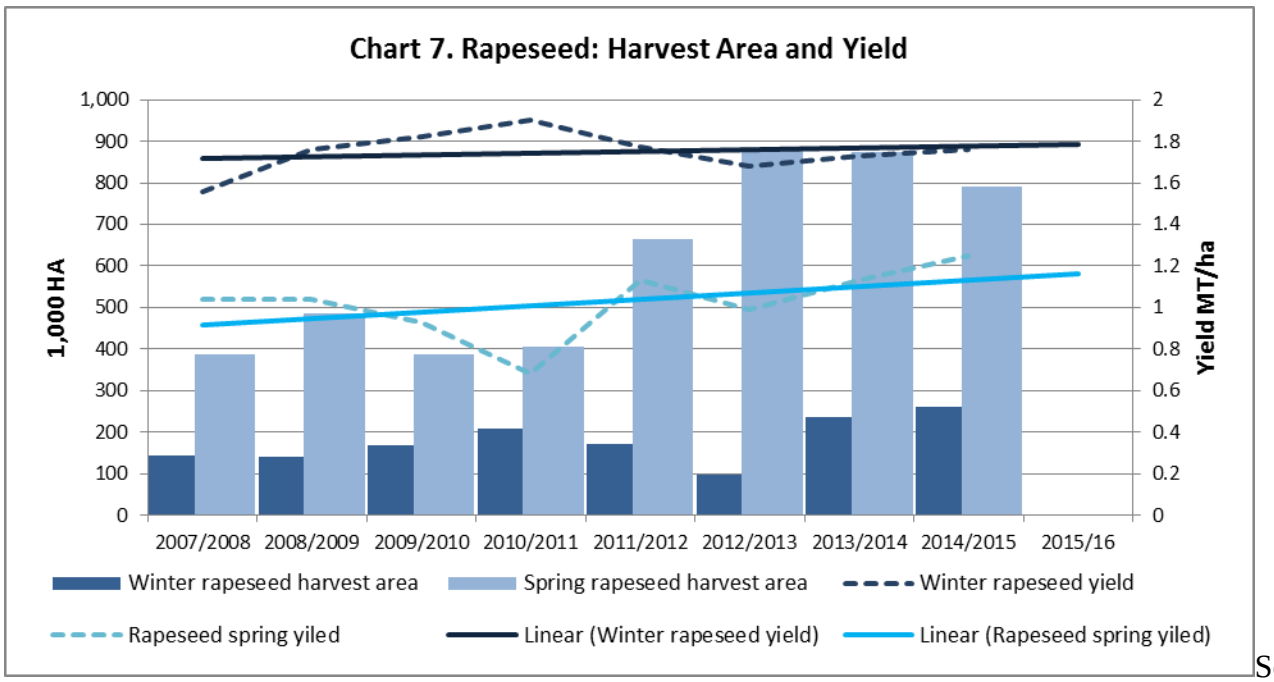
Highest Soybean Production by Province (2014)

1. Amur oblast - 40.0%
2. Primorsky kray – 11.8%
3. Krasnodar kray – 10.8%
4. Belgorod oblast – 9.3%
5. Kursk oblast – 5.8%
6. Jewish A.O. – 4.8%
7. Voronezh oblast - 2.3%
8. Orel oblast – 2.0%

Source: FAS/Moscow based on Rosstat data for 2014 crop.

Rapeseed

FAS/Moscow forecasts Russia's rapeseed production at the same level as in 2014 – 1.4 MMT. The expected decrease in the winter rapeseed crop may be compensated by an increase in spring rapeseed area and production. Yields of winter rapeseed are higher than spring rapeseed yields, but the share of winter rapeseed comprises only 10-20 percent of all rapeseed area and an increased area sown to spring rapeseed will compensate for a lower winter rapeseed crop.

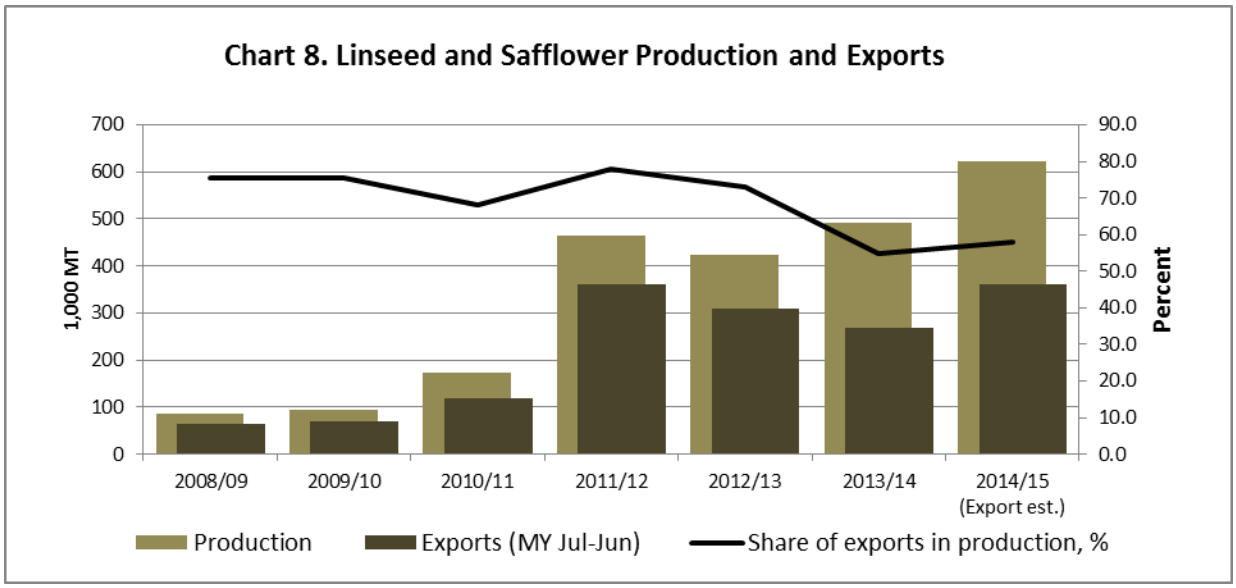


Source : Rosstat

Linseed crops (Crown flax and Camelina) and Safflower for oil

Production of linseed crops (*Crown flax* and *Camelina*) and safflower for oil have increased in the last three 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. However, despite strong export demand, demand of domestic crushers for linseed oil crops was also very strong, and FAS/Moscow assumes that the share of exports in domestic production in 2014/15 will be slightly over 60 percent compared to 75-80 percent in MY 2008/09 through 2012/13.

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 2014 reached 535,000 metric tons (MT), a 19 percent increase from 2013, 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.



Source: FAS/Moscow based on Customs and Rosstat data
Note: Exports in MY 2014/15 is FAS/Moscow estimate based on Customs data for July 2014 through December 2014.

Consumption:
FAS/Moscow forecasts the total crush of Russia's three major oilseeds at 14.15 MMT in MY 2015/16, which is a 4.4 percent increase from the estimated 13.55 MMT in MY 2014/15. This includes 9.0 MMT of sunflowerseed (0.5 MMT more than last year), 3.9 MMT of soybeans (up 0.1 MMT) and 1.25 MMT of rapeseed (same as last year). Rapidly increasing crushing capacity will be the major driver for increased consumption of oilseeds.

Industry analysts estimate Russia's oilseeds crushing capacity by the end of MY 2014/15 will be between 17 MMT to 18 MMT, and forecast a further increase in 2015/16 to up to 20 MMT due to the expected launch of new plants and additional, new capacity at already existing plants. In April 2014, new crushing capacity (2,000 MT per day) was launched in Belgorod. In MY 2014/15, industry analysts expect that the following capacity will also be added: in Orenburg oblast (1,200 MT per day), in Volgograd oblast (2,000 MT per day), in Saratov oblast (1,800 MT per day), in Tatarstan republic (Kazan) (up to 2,000 MT per day), and in Krasnodar kray (Taman) (800 MT per day).

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 multiple types of oilseeds, including soybeans. Beginning in MY 2014/15, the capacity of crushing facilities for sunflowerseeds was estimated at 12.9 MMT, including 3.3 MMT in Central European Russia, 5.6 MMT in the South of European Russia, 2.8 MMT in the Volga Valley, 0.6 MMT in Ural, and 0.6 MMT in Siberia. The crushing facilities for soybeans in the beginning of MY 2014/15, were estimated at approximately 3.5 MMT, the bulk of which are in Kaliningrad. These facilities work primarily with imported beans. In MY 2014/15, soybean crushing facilities have increased in Belgorod, Krasnodar kray, Amur oblast and Primorskiy kray.

The forecasted volume of crush is expected to allow Russia to produce in MY 2015/16, approximately 7.1 MMT of oilseed meal and 4.9 MMT of vegetable oil. The domestic demand for meal is high, and most meal will be consumed domestically. Meanwhile, industry analysts estimate that the domestic vegetable oil market is saturated and prior to the ruble depreciation in MY 2014/15, it was difficult to keep crude oil prices high. However, the soft ruble versus the U.S. dollar stimulated exports of vegetable oils, especially sunflowerseed oils, and supported the profitability and attractiveness of crushing businesses for large agro-holding companies, and crushing capacity continues to expand in Russia.

Trade:

Russian trade in oilseeds in MY 2015/16, will be influenced by several opposing factors, such as the soft ruble; decreasing export duties on sunflowerseeds, soybeans and rapeseed, which will stimulate exports; and growing domestic demand. Given that the increase in crushing capacity was due to investments by large agro-holding companies, domestic demand may prevail over other factors that stimulate exports of raw oilseeds. FAS/Moscow forecasts exports of the three major oilseeds in MY 2015/16 at 0.6 MMT, the same as in MY 2014/15. This includes 60,000 MT of sunflowerseeds, 350,000 MT of soybeans, and 150,000 MT of rapeseed.

Sunflowerseeds

In MY 2014/15, a relatively low sunflowerseed crop and very high demand of domestic crushers prevailed over the export-stimulating factors, such as decreased export duties on sunflowerseeds (per WTO commitments) and the soft ruble. Exports of sunflowerseeds dropped from last year. FAS/Moscow estimates sunflowerseed exports in MY 2014/15 at 60,000 MT, a 60 percent decrease from last year. From September 2014 through February 2015, Russia exported 31,900 MT of sunflowerseeds. The major customers were Turkey (19,900 MT) and Azerbaijan (9,600 MT).

Soybeans

Exports of soybeans increased almost ten times in MY 2014/15, compared with last year. This increase was principally due to a larger crop in the Far East, decreased export duties and the soft ruble. FAS/Moscow estimates soybean exports at 0.2 MMT. From September 2014 through February 2015, Russia exported 163,100 MT of soybeans, of which 99.5 percent (162,300 MT) were exported to China. In MY 2013/14, Russia exported to China 14,900 MT of soybeans, or 66 percent of total exports (22,600 MT).

Meanwhile, domestic demand for soybeans is growing. This growth is stimulated by the development of domestic poultry and swine production and by the increase in soybean crushing capacity. The large crop in the Far East and Central European Russia and the soft ruble hampered imports, but Russia continues to import large volumes of soybeans. Although, the imports in MY 2014/15 were lower than last year. FAS Moscow estimates Russia's imports of soybeans in MY 2014/15 at 1.2 MMT compared to 1.64 MMT in MY 2013/14. From September 2014 through February 2015, Russia imported 766,200 MT of soybeans. The major suppliers of soybeans to Russia in this period were the U.S. (265,600 MT), Uruguay (150,700 MT), Brazil (123,100 MT), Argentina (90,600 MT), and Paraguay (83,400 MT).

Rapeseed

FAS/Moscow estimates exports of rapeseed in MY 2014/15 at 150,000 MT. From July 2014 through February 2015, Russia exported 134,400 MT of rapeseed. During the same period Russia exported 255,400 MT of rapeseed oil. Both exports were stimulated by the soft ruble, and exports of seeds, in addition, by gradually decreased export duties. The scheduled decrease in the rapeseed export duty was on September 1, 2014. However, domestic crushing capacity continues to grow, and exports of rapeseed oil are forecast to grow faster than exports of seeds.

Linseed Crops for Oil (Crown Flax and Camelina)
Exports of linseed crops for oil will increase in MY 2014/15 compared to last year due to a better crop, the soft ruble and an absence of export duties on linseeds (Chart 4). From July 2014 through February 2015, Russia exported 293,000 MT of linseeds 9 percent more than in the same period last year. Most of Russia's linseeds exports were shipped to Belgium (146,700 MT), Turkey (53,500 MT), and to Latvia (28,900 MT).

Peanuts
FAS/Moscow forecasts imports of peanuts in MY 2015/16 at 120,000 MT, a 9 percent increase from the estimated 110,000 MT imports in MY 2014/15 and a 20 percent increase from the 100,000 MT imported in MY 2013/14. The major suppliers of peanuts to Russia in MY 2013/14 were Argentina (37,715 MT), the United States (19,510 MT), India (15,608 MT) and Brazil (10,042 MT).

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 (August 2012). The table below shows the final export duties at the end of the transitional period and export duties as of March 2015, the second year of implementation of WTO commitments (Table 6).

Rapeseed, soybeans, and linseed for planting are imported duty-free; import duties on mustard seed, safflower, linseed (not for planting) and sunflowerseeds (not for planting) are 5 percent of value; the 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	Export duty as of March 2015
1201	Soybean	20 percent, but not less than 35 Euro per 1 MT	0	3 years	13.33 percent, but not less than 23.33 Euro per 1 MT	6.67 percent, but not less than 11.67 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	11 percent, but not less than 19.26 Euro per 1 MT
1206	Sunflowerseed	20 percent, but not less	6.5 percent, but not less	4 years	16.62 percent, but	13.24 percent, but

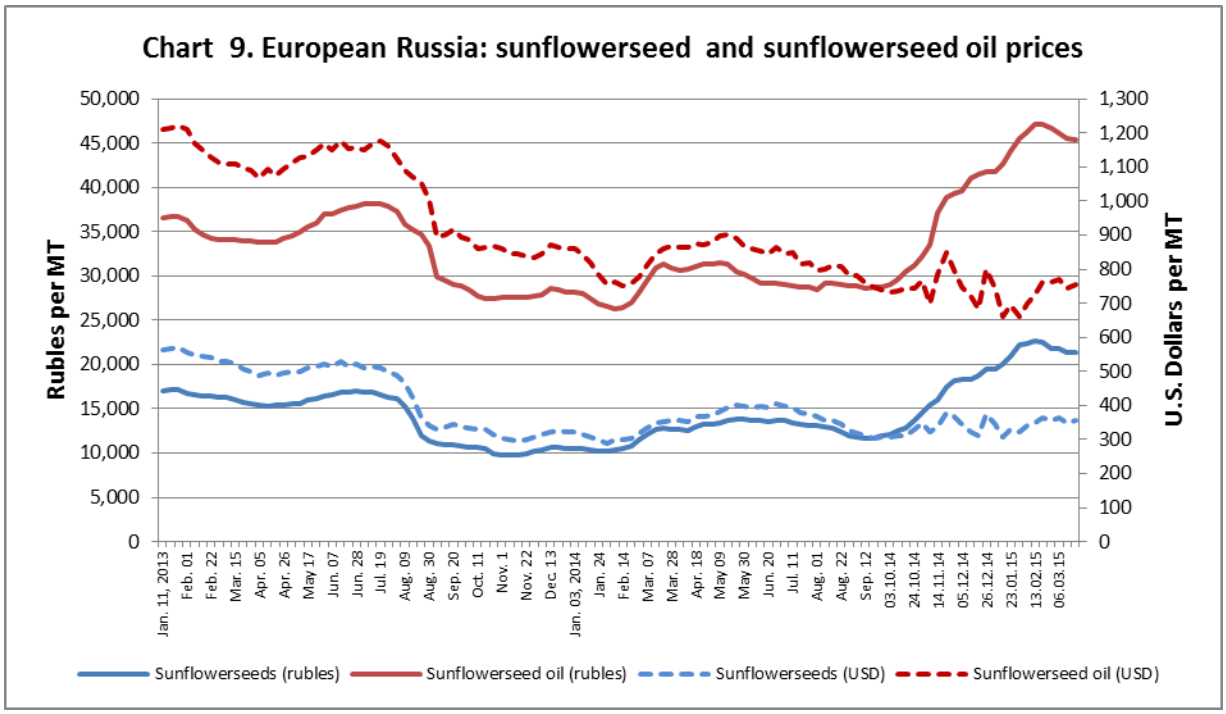
		than 30 Euro per 1 MT	than 9.75 Euro per 1 MT		not less than 24.94 Euro per 1 MT	not less than 19.88 Euro per 1 MT
1207 50	Mustard seed	10 percent, but not less than 25 Euro per 1 MT	0	1 year	None	None

Source: Russian Customs

A 10 percent VAT is applied to imported oilseeds. Also, all oilseed imports are subject to phytosanitary control at the Customs Boarder of the Customs Union as quarantine products of "high" phytosanitary risk.

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

Marketing:
The prices of all oilseeds increased in MY 2014/15 due to high demand, the relatively low sunflowerseed crop, and Russia's overall poor economic conditions.



Source: ProZerno

Production, Supply and Demand Data Statistics:

Oilseed, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2016	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	0	7,271	0	6,823	0	7,300
Area Harvested	6,795	6,795	6,252	6,378	0	6,800
Beginning Stocks	0	0	369	369	0	188
Production	10,554	10,554	8,764	8,929	0	9,500
MY Imports	35	35	30	30	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	10,589	10,589	9,163	9,328	0	9,708
MY Exports	125	125	50	60	0	60
MY Exp. to EU	0	10	0	0	0	0
Crush	9,330	9,330	8,500	8,500	0	9,000
Food Use Dom. Cons.	230	230	220	230	0	230
Feed Waste Dom. Cons.	535	535	300	350	0	300
Total Dom. Cons.	10,095	10,095	9,020	9,080	0	9,530
Ending Stocks	369	369	93	188	0	118
Total Distribution	10,589	10,589	9,163	9,328	0	9,708
1000 HA, 1000 MT						

Oilseed, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	1,500	1,532	1,880	2,002	0	2,000
Area Harvested	1,202	1,202	1,880	1,907	0	1,900
Beginning Stocks	45	45	228	228	0	232
Production	1,636	1,636	2,536	2,594	0	2,600
MY Imports	1,931	1,931	1,500	1,500	0	1,600
MY Imp. from U.S.	508	508	350	350	0	400
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,612	3,612	4,264	4,322	0	4,432
MY Exports	24	24	100	250	0	350
MY Exp. to EU	8	8	10	0	0	0
Crush	3,300	3,300	3,800	3,800	0	3,900
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	60	60	90	40	0	40
Total Dom. Cons.	3,360	3,360	3,890	3,840	0	3,940
Ending Stocks	228	228	274	232	0	142
Total Distribution	3,612	3,612	4,264	4,322	0	4,432
1000 HA, 1000 MT						

Oilseed, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	1,114	1,114	1,200	1,173	0	1,200
Area Harvested	1,114	1,114	1,046	1,100	0	1,100
Beginning Stocks	62	62	40	40	0	51
Production	1,393	1,393	1,454	1,450	0	1,400
MY Imports	1	1	1	1	0	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	1	1	0	0	0	0

Total Supply	1,456	1,456	1,495	1,491	0	1,452
MY Exports	173	173	175	170	0	150
MY Exp. to EU	40	40	45	45	0	50
Crush	1,220	1,220	1,250	1,250	0	1,250
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	23	23	19	20	0	20
Total Dom. Cons.	1,243	1,243	1,269	1,270	0	1,270
Ending Stocks	40	40	51	51	0	32
Total Distribution	1,456	1,456	1,495	1,491	0	1,452
1000 HA, 1000 MT						

Oilseed, Peanut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
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	4	4	0	4
Production	0	0	0	0	0	0
MY Imports	130	100	122	110	0	120
MY Imp. from U.S.	5	20	5	20	0	20
MY Imp. from EU	0	0	0	0	0	0
Total Supply	134	104	126	114	0	124
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	130	100	122	110	0	120
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	130	100	122	110	0	120
Ending Stocks	4	4	4	4	0	4
Total Distribution	134	104	126	114	0	124
1000 HA, 1000 MT						

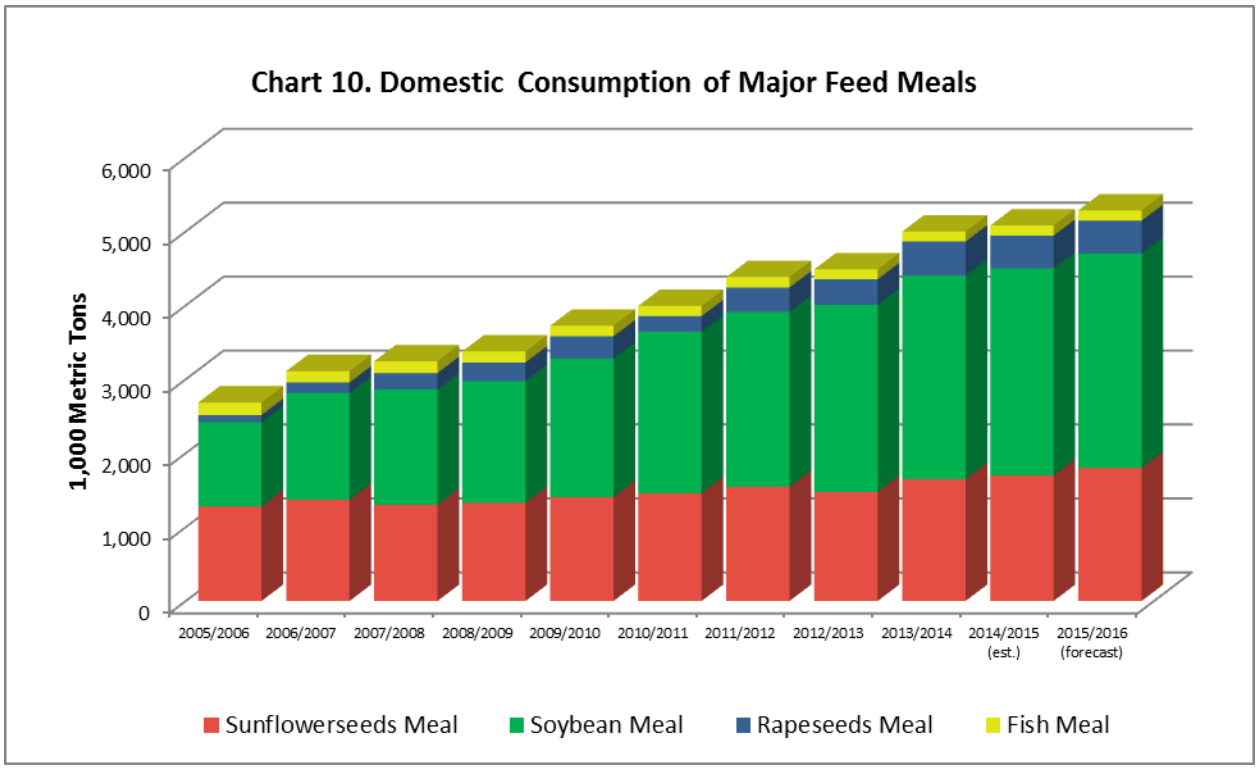
MEALS:
Meal, Sunflowerseed
Meal, Soybean
Meal, Rapeseed
Meal, Fish

Production:
FAS/Moscow forecast Russia's total domestic production of the three major oilseed meals in MY 2015/16 to increase to 7.15 MMT from an estimated 6.85 MMT in MY 2014/15. This will include 3.35 MMT of sunflowerseed meal (6 percent increase from the estimated production in MY 2014/15); 3.05 MMT of soybean meal (a 3 percent increase from the estimated production in MY 2014/15); and 0.75 MMT of rapeseed meal (the same level as last year).

Consumption:
Domestic demand for protein feeds, including oilseed meals, is strengthening along with the development of the domestic poultry and swine industries and an 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 5.3 MMT in MY 2015/16 compared to an estimated 5.1 MMT consumption in MY 2014/15. Soybean meal will comprise over 54.9 percent of total consumption, with sunflowerseed meal at 34.1 percent, rapeseed meal at 8.4 percent, and fish meal at only 2.6 percent.



Source: FAS/Moscow based on PSD data

Trade:

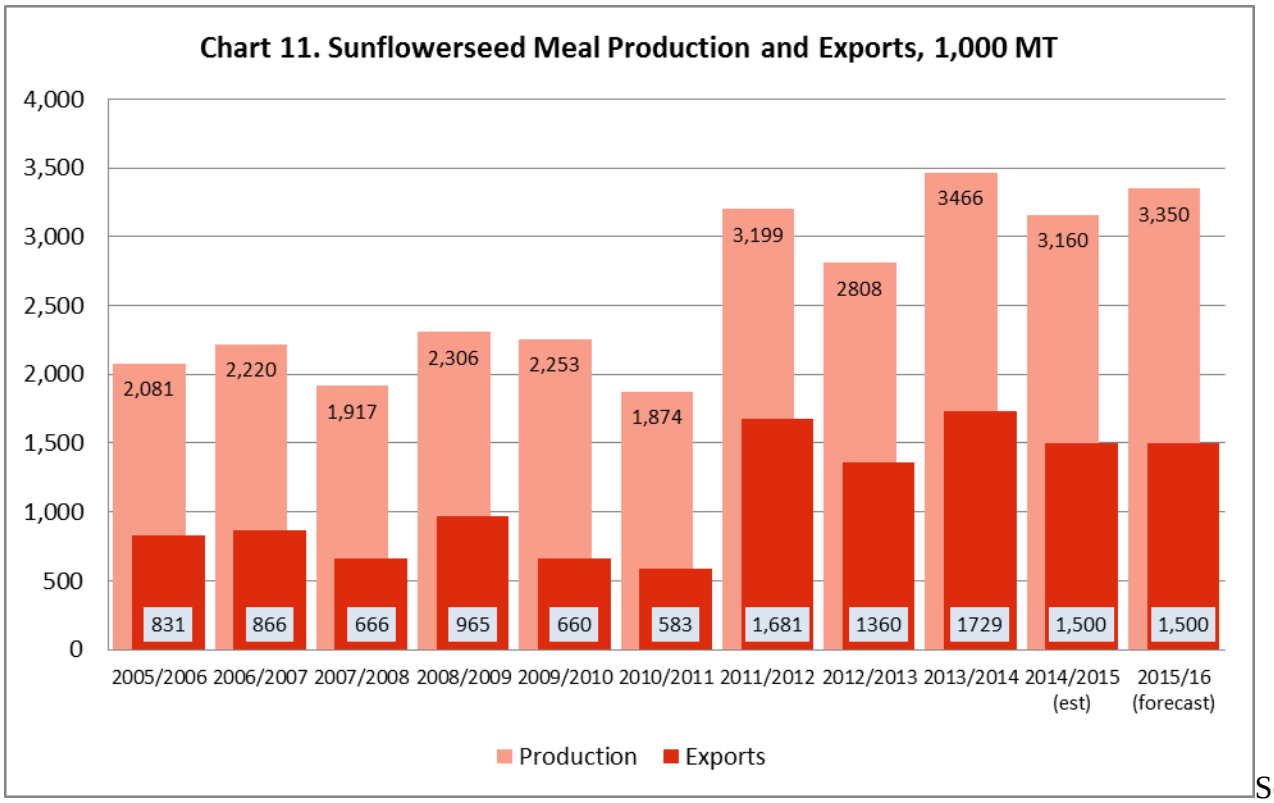
Imports

Most of Russia's imports of oilseed meals consist of soybean meal. Soybean meal imports are driven by consistent demand of Russian poultry and livestock industries in protein feeds, and despite the soft ruble, imports of soybean meal will remain the same as in MY 2014/15 – 500,000 MT. From September 2014 through February 2015, Russia imported 229,102 MT of soybean meal. In the same period in MY 2013/14, Russia imported 232,002 MT of soybean meal. Russia's major suppliers of soybean meal in MY 2014/15 are Latvia (74,400 MT were imported from Latvia from September 2014 through February 2015), Germany (41,400 MT), Argentina (31,700 MT), Brazil (24,900 MT), Lithuania (20,500 MT), and 6,000 MT were shipped from the United States.

Exports

Due to the soft ruble and increased crushing capacity, Russia will continue exports of oilseed meals, and FAS/Moscow forecasts the further increase of these exports to 2.5 MMT in MY 2015/16 from the estimated 2.4 MMT in MY 2014/15, that was already an historic high. The forecast for exports includes: 1.5 MMT of sunflowerseed meal (the same as last year); 0.7 MMT of soybean meal (0.1 MMT more than last year); and 0.3 MMT of rapeseed meal (the same as last year).

FAS/Moscow forecasts sunflowerseed meal exports in MY 2015/16 at 1.5 MMT, the same as in MY 2014/15. Russian sunflowerseed meal exports in MY 2014/15 were driven by the soft ruble. Despite a lower crop and decreased crush, from September 2014 through February 2015, Russia exported 936,400 MT of sunflowerseed meal, 16,000 MT more than in the same period last year. FAS/Moscow estimates Russia's meal exports in MY 2014/15 at 1.5 MMT. From September 2014 through February 2015, 82 percent of sunflowerseed meal exports were shipped to 5 countries: Turkey (286,600 MT); Latvia (180,200 MT); Italy (141,300 MT); Denmark (93,800 MT); and Spain (62,200 MT).

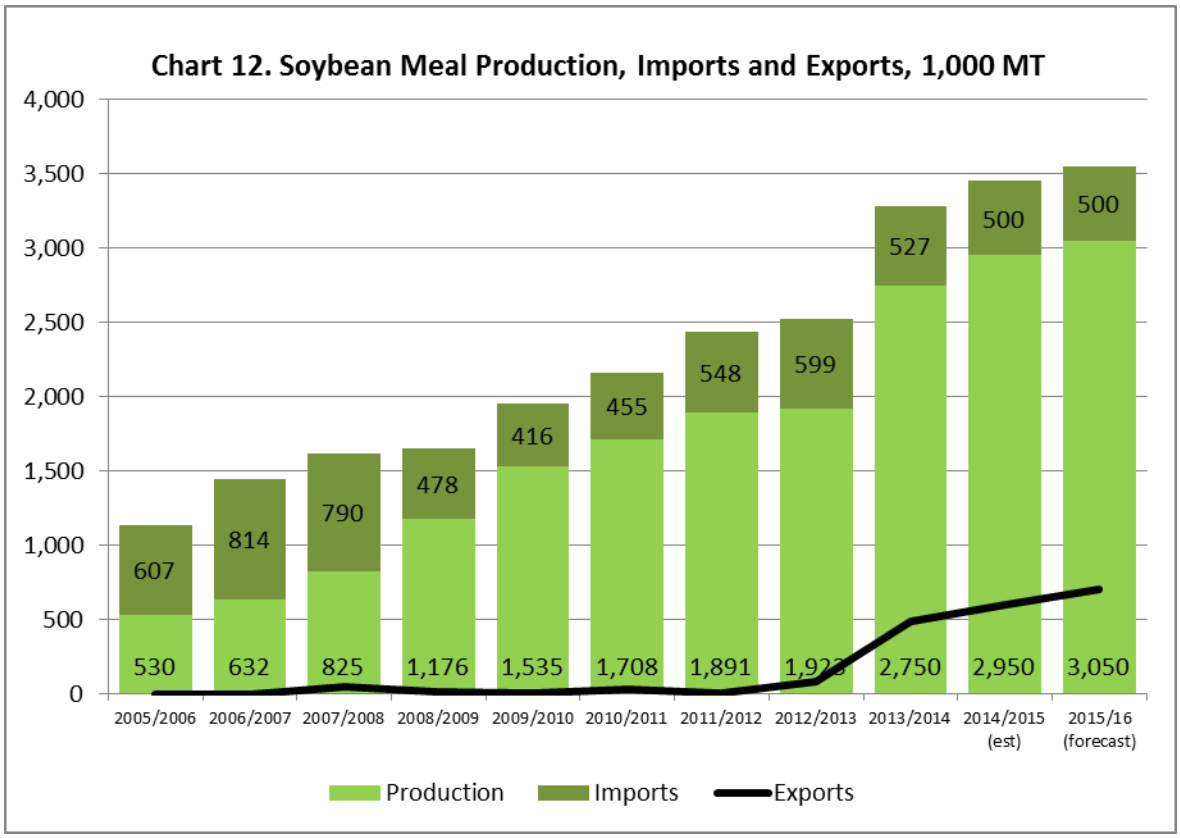


Source : FAS/Moscow calculations based on PSD data

FAS/Moscow forecasts soybean meal exports in MY 2015/16 at 600,000 MT, the same as in MY 2014/15. FAS/Moscow forecasts that the Russian poultry production will increase by 3 to 4 percent in 2015[4], and domestic demand for soybean meal will remains strong, however, the soft ruble, the major driver of exports in MY 2014/15, is not expected to be as steep or as rapid as in MY 2014/15. FAS/Moscow increased its estimate of soybean meal exports in MY 2014/15 to 0.6 MMT from 0.5 MMT exports in MY 2013/14. From September 2014 through February 2015, Russia exported 266,770

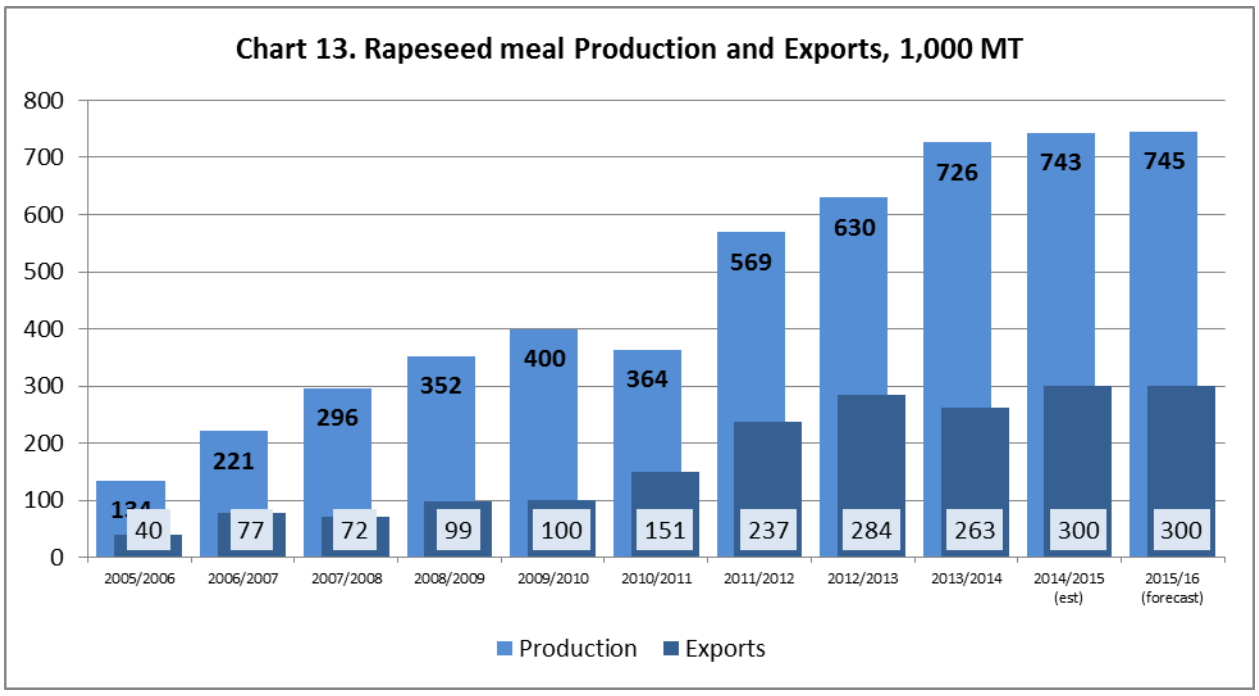
[4] GAIN report Poultry and Products Semi-annual_3-2-2015.pdf

MT of soybean meal, 39 percent more than in the same period in MY 2013/14 (191,800 MT). Over 73 percent of all soybean meal exports were shipped to the EU, including 93,100 MT shipped to Poland, 51,600 MT shipped to Netherlands, 19,300 MT shipped to Denmark, 13,900 MT shipped to Sweden, 7,700 MT shipped to Finland, 5,600 MT shipped to Norway, and 2,800 MT shipped to Latvia. In the same period 35,800 MT were shipped to Belarus and 33,300 MT were shipped to Uzbekistan. According to industry analysts, the bulk of soybean meal shipments to Europe were sent from the crushing facilities of Sodruzhestvo in Kaliningrad.



Source: FAS/Moscow based on PSD data

FAS/Moscow forecasts rapeseed meal export in MY 2015/16 at 0.3 MMT, at the same level as in MY 2014/15. Almost 80 percent of rapeseed meal is exported to the EU countries.



Source: FAS/Moscow based on PSD data

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 subject to a duty of 5 percent of the customs value. Exports of all these meals are duty-free.

Production, Supply and Demand Data Statistics:

Meal, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	9,330	9,330	8,500	8,500	0	9,000
Extr. Rate, 999.9999					0	
Beginning Stocks	0	0	87	87	0	47
Production	3,466	3,466	3,160	3,160	0	3,350
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,466	3,466	3,247	3,247	0	3,397
MY Exports	1,729	1,729	1,450	1,500	0	1,500
MY Exp. to EU	900	900	1,000	800	0	900
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,650	1,650	1,750	1,700	0	1,800
Total Dom. Cons.	1,650	1,650	1,750	1,700	0	1,800
Ending Stocks	87	87	47	47	0	97
Total Distribution	3,466	3,466	3,247	3,247	0	3,397

1000 MT, PERCENT

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	3,500	3,300	3,800	3,800	0	3,900
Extr. Rate, 999.9999	1	1	1	1	0	1
Beginning Stocks	10	10	46	43	0	93
Production	2,750	2,600	2,995	2,950	0	3,050
MY Imports	527	527	500	500	0	500
MY Imp. from U.S.	15	30	10	30	0	30
MY Imp. from EU	150	150	150	100	0	100
Total Supply	3,287	3,137	3,541	3,493	0	3,643
MY Exports	491	491	550	600	0	700
MY Exp. to EU	60	60	70	450	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.	2,750	2,603	2,900	2,800	0	2,900
Total Dom. Cons.	2,750	2,603	2,900	2,800	0	2,900
Ending Stocks	46	43	91	93	0	43
Total Distribution	3,287	3,137	3,541	3,493	0	3,643
1000 MT, PERCENT						

Meal, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	1,220	1,220	1,250	1,250	0	1,250
Extr. Rate, 999.9999	1	1	1	1	0	1
Beginning Stocks	0	0	0	0	0	0
Production	726	726	743	743	0	745
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	726	726	743	743	0	745
MY Exports	263	263	300	300	0	300
MY Exp. to EU	200	200	200	200	0	200
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	463	463	443	443	0	445
Total Dom. Cons.	463	463	443	443	0	445
Ending Stocks	0	0	0	0	0	0
Total Distribution	726	726	743	743	0	745
1000 MT, PERCENT						

Meal, Fish	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Catch For Reduction	565	565	550	550	0	550
Extr. Rate, 999.9999					0	
Beginning Stocks	4	4	2	2	0	2
Production	145	145	145	145	0	145
MY Imports	37	37	41	41	0	43
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	186	186	188	188	0	190

MY Exports	49	49	50	50	0	50
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	135	135	136	136	0	140
Total Dom. Cons.	135	135	136	136	0	140
Ending Stocks	2	2	2	2	0	0
Total Distribution	186	186	188	188	0	190
1000 MT, PERCENT						

OILS:
Oil, Sunflowerseed
Oil, Soybean
Oil, Rapeseed
Oil, Palm

Production:
FAS/Moscow forecasts Russia's total vegetable oil production (sunflowerseed, soybean and rapeseed) in MY 2015/16 at 4.9 MMT, 0.2 MMT more than in MY 2014/15.

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, 0.2 MMT up from the production estimate of 3.5 MMT in MY 2014/15.

Production of soybean oil is increasing, along with the growth of domestic soybean production and imports. However, the share of soybean oil in domestic consumption does not exceed 9-10 percent of the total domestic consumption. Consumers prefer sunflowerseed oil to soybean oil and other vegetable oils in food consumption. FAS/Moscow forecasts production of soybean oil at 0.7 MMT, almost the same as estimated in MY 2014/15. Production of rapeseed oil is forecast at the same level as in MY 2014/15 - 0.49 MMT.

Consumption:
Russia's per-capita vegetable oil consumption (food and industrial) is estimated from 23 liters to 25 liters per capita per year, lower than in Europe and in the United States. However, both food use and industrial processing use have stabilized as of MY 2012/13 at approximately from 2.7 MMT to 2.8 MMT for food use and approximately 0.6 MMT for industrial use. The soft ruble in MY 2014/15 stimulated exports of vegetable oils, but domestic consumption still comprises almost 60 percent of Russian's total supply (production and imports) of vegetable oils. There is no official data on the domestic consumption of vegetable oils by type of oil, but industry analysts estimate that sunflowerseed oil dominates direct food use consumption (including in production of mayonnaise), while palm oil is gaining a bigger share in food processing use (including in the confectionary industry, in spreads, in margarine, etc.).

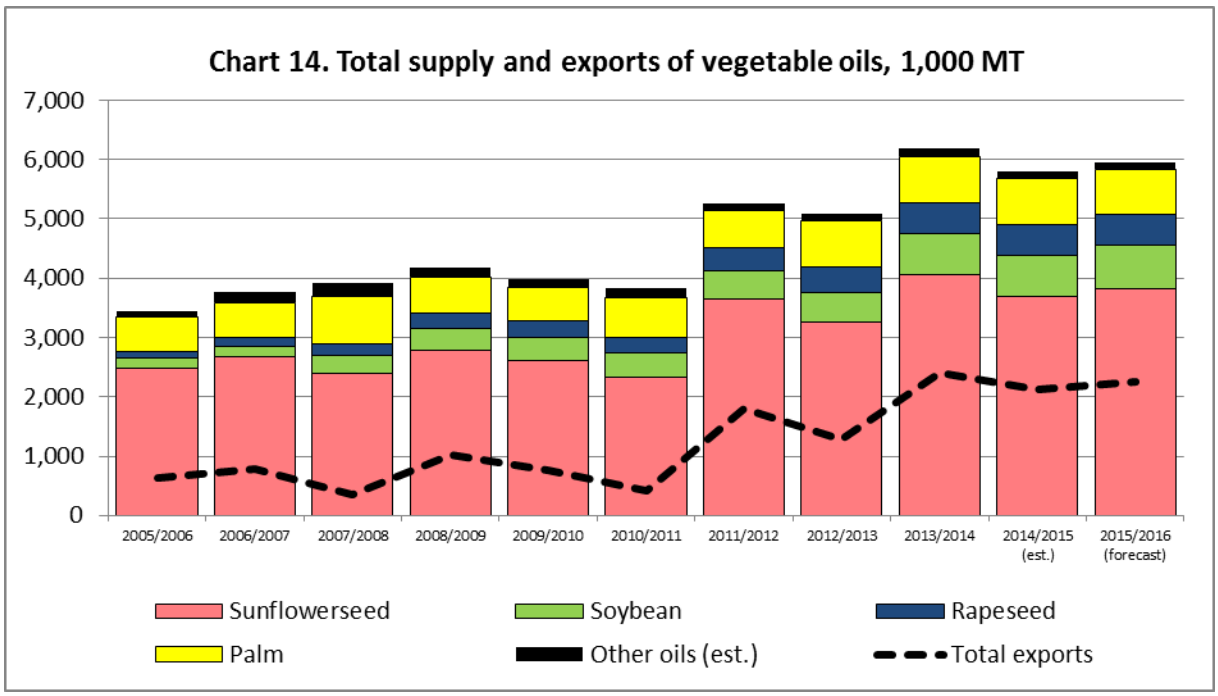
FAS/Moscow increased the forecast of domestic food consumption of sunflowerseed oil to 1.85 MMT. Russian tradition favors the use of sunflowerseed oil. However, food price inflation and the relatively

poor economic situation, which according to estimates of the Russian Ministry of Economic Development, will not improve in 2015, will stimulate consumers to use more vegetable oil in food.

The Russian Ministry of Economic Development has indicated that the Russian economy will decline in 2015. With a presumption that the average annual petroleum oil prices will equal $50 per barrel, MED expects the GDP to contract by 3 percent, consumer prices to rise 12.2 percent, and real wages to decline by 9.6 percent over the course of 2015. Russian bank VTB Capital reportedly estimates that 40 percent of Russian income was spent on foodstuffs in 2014, up from 36 percent in 2013. However, MED forecasts disposable income to decline 6.3 percent over 2015. Given the economic volatility in the market, and the fact that food prices as of February 1, 2015, have increased 20.7 percent year-on-year, it remains to be seen to what extent Russian consumer demand will continue to contract.

FAS/Moscow forecasts vegetable oil domestic consumption in MY 2015/16, to increase to 3.4 MMT from the estimated 3.3 MMT in MY 2014/15 due to a slight increase in food consumption from 2.7 MMT to 2.8 MMT. Usually consumer prices of vegetable oils are lower than prices of animal fats and oils, and in tight economic conditions consumers prefer vegetable oils to animal fats, such as butter. Food processors also expand use of vegetable oils in food products, and replace animal fats and oils with vegetable oils where possible. With the poor condition of the Russian economy and the high food inflation in MY 2014/15, an increase in vegetable oil food consumption has already been stimulated. An increase has been seen from an estimated 2.6 MMT in MY 2013/14 to 2.7 MMT in MY 2014/15 and is forecast to increase further to 2.8 MMT in MY 2015/16.

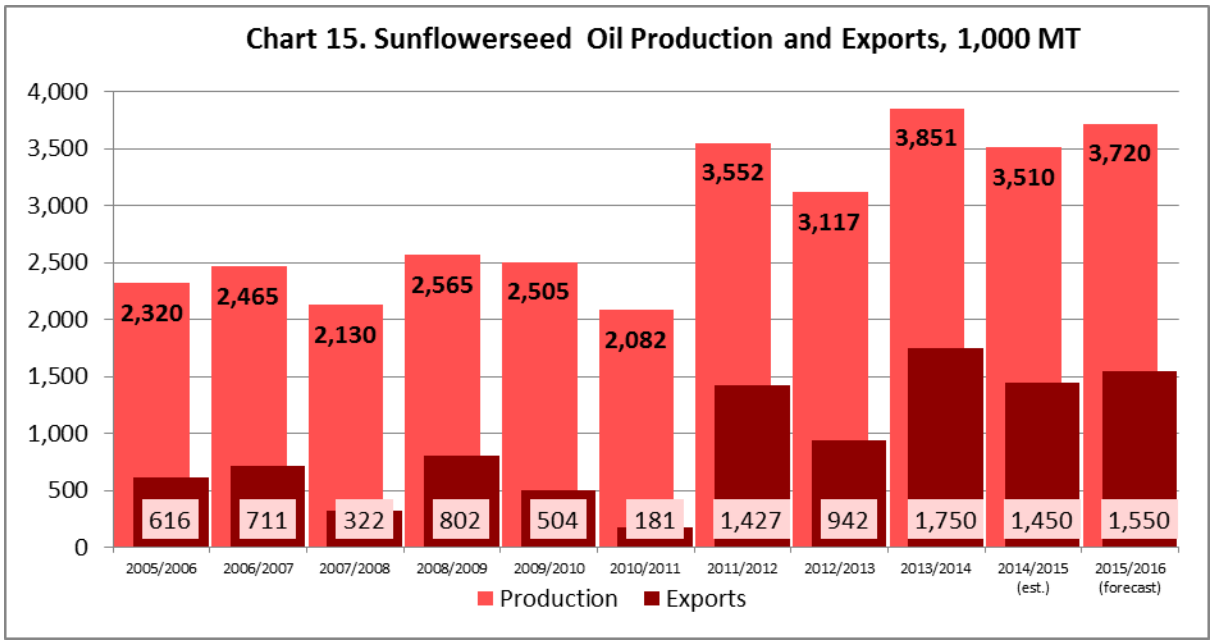
Trade:
FAS/Moscow forecasts further increases in Russia's exports of vegetable oils, to 2.25 MMT in MY 2015/16 from an estimated 2.13 MMT in MY 2014/15. Sunflowerseed oil exports are forecast at 1.55 MMT (up 0.1 MMT from last year), soybean oil exports are forecast at 0.4 MMT (up 0.02 MMT from last year), and rapeseed oil exports are forecast at 0.3 MMT (the same as in MY 2014/15. Exports of sunflowerseed oil and rapeseed oil will be stimulated by the soft ruble. 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 foreign markets.



Source: FAS/Moscow based on PSD data

Sunflowerseed oil

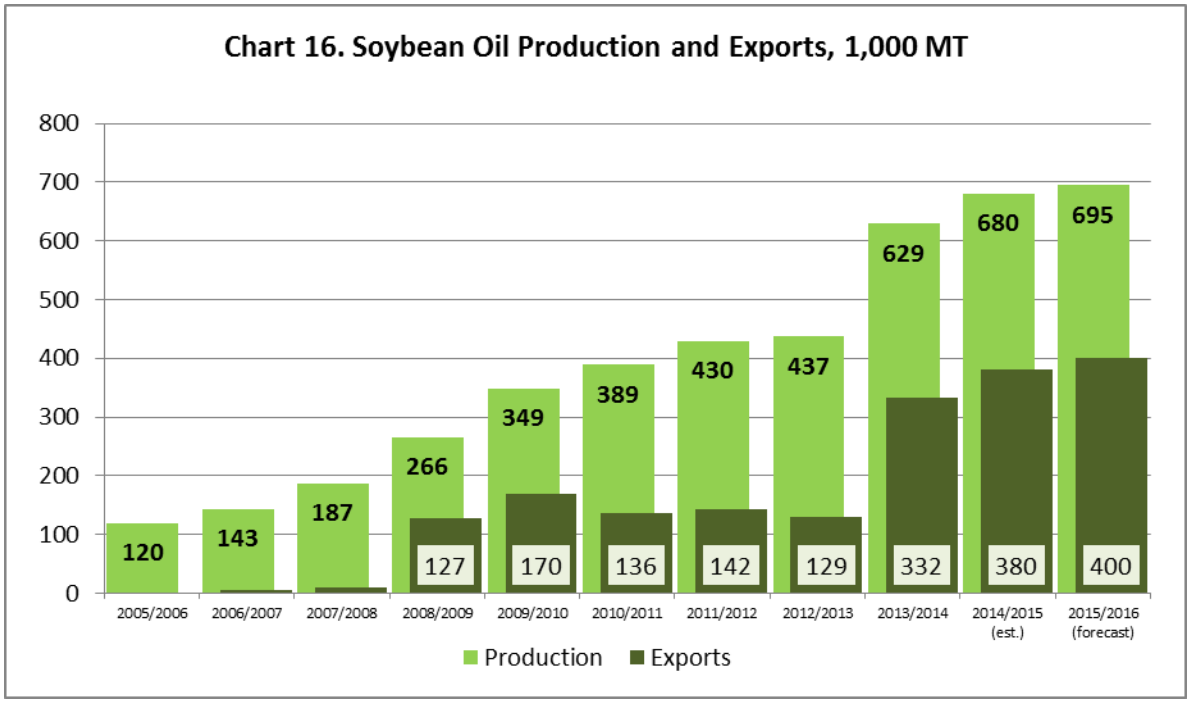
FAS/Moscow forecasts sunflowerseed oil exports in MY 2015/16 at 1.55 MMT, a 7 percent increase from MY 2014/15 due to bigger crush. Traders continue developing foreign markets for sunflowerseed oil, and in MY 2014/15 they may export 1.45 MMT of sunflowerseed oil despite the relatively low sunflowerseed crop. From September 2014 through February 2015, Russia exported almost 729,200 MT of sunflowerseed oil, including 512,100 MT of crude oil and 217,100 MT of refined oil.



Source: FAS/Moscow based on PSD data

Soybean oil

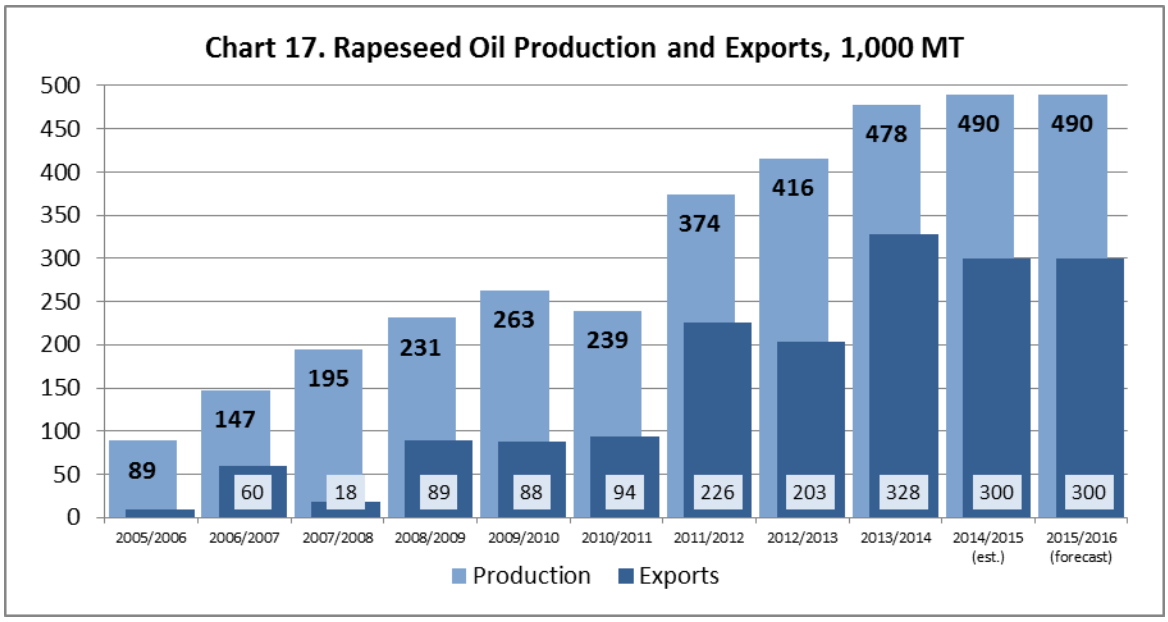
FAS/Moscow forecasts that soybean oil exports in MY 0215/16 will continue to increase steadily from 380,000 MT in MY 2014/15 to 0.4 MMT. The major driver of these exports will be company Sodruzhestvo which crushes imported soybeans and exports the oil. From September 2014 through February 2015, Russia exported 218,600 MT of soybeans. The major destinations of soybean oil exports were Algeria – 97,100 MT, Tunisia – 39,200 MT, Egypt – 19,000 MT, and Iran – 10,000 MT.



Source: FAS/Moscow based on PSD data

Rapeseed oil

FAS/Moscow forecasts Russia's exports of rapeseed oil in MY 2015/16 at 0.3 MMT, the same level as in MY 2014/15. From July 2014 through February 2015, Russia exported 255,400 MT of rapeseed oil. Russia's major markets for rapeseed oil were Norway (98,000 MT), Lithuania (38,600 MT), and Latvia (18,800 MT).



Source: FAS/Moscow based on PSD data

Palm oil

Imports of palm oil in MY 2015/16 are forecast at the same level as in MY 2014/15 – 0.7 MMT. Palm oil has become an important ingredient in many food products in Russia, replacing animal fats and oils, and some expensive vegetable oil. However, imports flattened in MY 2013/14, and in MY 2014/15. For MY 2015/16, Post forecasts that Russia's imports may be curbed by the soft ruble and by stricter labeling requirements for food products. Foods containing mostly palm oil cannot be labeled and sold as a "dairy product" in Russia.

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:

Oil, Sunflowerseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2016	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	9,330	9,330	8,500	8,500	0	9,000
Extr. Rate, 999.9999					0	
Beginning Stocks	199	199	172	172	0	82
Production	3,851	3,851	3,510	3,510	0	3,720
MY Imports	12	12	10	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4,062	4,062	3,692	3,692	0	3,812
MY Exports	1,750	1,750	1,450	1,450	0	1,550
MY Exp. to EU	450	450	400	400	0	400
Industrial Dom. Cons.	360	360	370	370	0	370

Food Use Dom. Cons.	1,750	1,750	1,760	1,760	0	1,850
Feed Waste Dom. Cons.	30	30	30	30	0	0
Total Dom. Cons.	2,140	2,140	2,160	2,160	0	2,220
Ending Stocks	172	172	82	82	0	42
Total Distribution	4,062	4,062	3,692	3,692	0	3,812
1000 MT, PERCENT						

Oil, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	3,500	3,300	3,800	3,800	0	3,900
Extr. Rate, 999.9999					0	
Beginning Stocks	52	52	40	14	0	33
Production	629	573	680	680	0	695
MY Imports	4	4	2	2	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	8	8	8	0	0	0
Total Supply	685	629	722	696	0	733
MY Exports	332	332	350	380	0	400
MY Exp. to EU	160	160	150	120	0	130
Industrial Dom. Cons.	33	33	33	33	0	35
Food Use Dom. Cons.	280	250	300	250	0	260
Feed Waste Dom. Cons.	0	0	0	0	0	0
-	0	0	0	0	0	0
Total Dom. Cons.	313	283	333	283	0	295
Ending Stocks	40	14	39	33	0	38
Total Distribution	685	629	722	696	0	733
1000 MT, PERCENT						

Oil, Rapeseed	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Crush	1,220	1,220	1,250	1,250	0	1,250
Extr. Rate, 999.9999					0	
Beginning Stocks	45	45	29	29	0	30
Production	478	478	488	490	0	490
MY Imports	1	1	1	1	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	524	524	518	520	0	520
MY Exports	328	328	280	300	0	300
MY Exp. to EU	150	150	160	160	0	160
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	147	147	188	170	0	180
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	167	167	208	190	0	200
Ending Stocks	29	29	30	30	0	20
Total Distribution	524	524	518	520	0	520
1000 MT, PERCENT						

Oil, Palm	2013/2014		2014/2015		2015/2016	
Market Begin Year	May 2013		May 2014		May 2015	
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	123	123	68	68	0	68
Production	0	0	0	0	0	0
MY Imports	660	660	775	700	0	700
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	110	110	0	0	0	0
Total Supply	783	783	843	768	0	768
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	150	150	150	150	0	150
Food Use Dom. Cons.	565	565	550	550	0	550
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	715	715	700	700	0	700
Ending Stocks	68	68	143	68	0	68
Total Distribution	783	783	843	768	0	768
1000 HA, 1000 TREES, 1000 MT						

Previous reports for reference:

Oilseeds and Products Annual_3-31-2014.pdf

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

CU TR on Fat and Oil Products_4-26-2013.pdf