USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Voluntary - Public

Clearance Office: Office of Country and Regional Affairs (OCRA)

Date: 30.06.2009

GAIN Report Number: RS9043

Russian Federation

Post: Moscow

Grain and Feed July Monthly Update

Report Categories:

Grain and Feed

Approved By:
Mary Ellen Smith
Prepared By:
Yelena Vassilieva

Report Highlights:
In MY 2009 Russia's grain sown area is forecast to increase by almost 1.1 million hectares however, grain production is forecast to drop to 96 million metric tons (MMT). This amount is 12 MMT lower than in MY 2008, due to worse weather, tight financing, and expected higher grain losses at harvest. Grain exports are forecast to decrease by 2.1 MMT to 20 MMT due to more intense competition in the world grain markets, and a decreasing demand from importers.

General Information:
Russia's grain production forecast in MY 2009 is 96 million metric tons (MMT), including 60 MMT of wheat, 16.8 MMT of barley, 6.7 MMT of corn, and 12.5 MMT of other grains. The Russian Ministry of Agriculture's forecast is 90 MMT's, while independent grain experts forecast 95-99 MMT's of grain. The total grain planted area in MY 2009 is estimated to be 47-48 million hectares. As of mid-June the winter grain area was 16.2 million hectares (4.5 percent more than in 2008) [i], and spring grains were sown on 30.9 million hectares (1.3 percent more than in 2008). In spite of this increased area, grain production will be less than last years record harvest (108 MMT) because

of worse weather and limited financing. Some provinces in the Volga Valley Federal District (Republic of Tatarstan, Samara oblast) forecast significant decreases in crop yields due to droughts. In some provinces of the Southern Federal District farmers have reported an increase of pests, including locusts. Application of effective pesticides may decrease due to farmers' financial constraints. Grain losses at harvesting will increase due to a shorter supply of harvesters in 2009 compared with 2008 because foreign combine operators will not be allowed to offer harvesting services to Russian farmers.

Grain exports in MY 2009 are forecast to decrease from MY 2008 by 2.1 MMT to 20 MMT due to increased world grain supplies, increased competition, and decreased demand in Russia's traditional grain export markets.

---

[i] Source: SovEcon

Production:

Spring Sowing

As of mid-June spring grains and legumes were sown on 30.86 million hectares, or almost 99 percent of the area planned for sowing. This was 0.40 million hectares more than in 2008. The area sown for spring grains increased from the 2008 level in the Ural Federal District by 0.41 million hectares to 3.74 million hectares and in the Siberia Federal Districts by 0.20 million hectares to 9.88 million hectares. In the Volga Valley Federal District area sown to spring grains decreased by 170,000 hectares to 9.57 million hectares, and in the Southern Federal District – by 45,000 hectares to 2.80 million hectares.

Winter Grains

As of mid-June the winter grain area estimate was 16.2 million hectares (4.5 percent more than in 2008). Official information on the condition of the crops is not available, but independent grain analysts estimate good to normal conditions in most of the Russian winter grain producing provinces. However, in the end of June specialists reported that in some of the Volga Valley's provinces winter grains have suffered from almost two months of drought. Thus, in Tatarstan republic the current draught caused losses of an estimated 2 MMT of grain. Crops were damaged on 43 percent of the area in 18 regions of the Republic of Tatarstan located in the South-Eastern oblasts. Plants in the Samara oblast were also damaged by this drought. In some provinces of the South Federal District winter grain yields might decrease due to an influx of pests. Given farmers' financial constraints and difficult access to credit resources, purchases of efficient agro-chemicals may be a problem this year.

Input Supply

The Ministry of Agriculture reports that fuel supplies meet farmers needs, and that fixed price agreements with fuel companies allowed farmers to save more than 3.37 billion rubles ($107 million) in the March-May time period in 2009. Government stimulated fertilizer companies that fix fertilizer prices for farmers, and the supply of fertilizer met 93 percent of farmers' needs this spring, according to Russia's MinAg, [i] .

The Ministry of Agriculture reports that the condition and quantity of farm agricultural machines and equipment has not worsened in 2008. As of mid-June the Russian fleet of major agricultural machines included 521,857 tractors, 229,420 seeders, 135,226 combines, and 26,954 feed choppers. However, the estimated cost of repair and maintenance of agricultural machines in 2009 is 64.9 billion rubles ($2.06 billion), which will be difficult for farmers to afford. Grain losses at harvesting may increase this year because of a shortage of combines. In order to protect manufacturers and dealers of Russian combines, the government introduced a 5-days' timeframe for duty-and VAT-free imports of foreign combines for exhibitions and shows [ii] . This measure might shrink the number of available combines by 15-20 percent, as foreign combine operators (from Turkey and Poland) will not be able to come to Russia during harvesting season [iii] . In addition, grain producers in Central Russia will not be able to rely on combine harvesters from Southern Russia to help them during harvest time as this years southern crop will be ready 1-2 weeks later than in 2008.

---

[i] For more information of fixation of fuel and fertilizer prices see Post's GAIN Reports RS9017 Agricultural Situation/Government Fixed Diesel Fuel and Gas Prices for Farmers, and RS9023 Grain and Feed/Annual_2009

[ii] Resolution of the Russian Government #431 of May 19, 2009 "On setting the 5 calendar days' time limit on temporary imports of grain harvesters" was published on May 27, and comes to force on June 27, 2009

[iii] Mass media reports that during last 15 years every summer up to 500 harvesters with Turkish and Polish drivers were coming to Russia for seasonal harvesting works on the VAT and duty-free terms. The Russian Union of Producers of Agricultural Machines and Equipment considers that these duty-free harvesters composed 15-20 percent of the whole fleet of harvesters on the Russian grain fields. The reference to the Resolution of the Russian Government: http://www.rg.ru/2009/05/27/kombainy-dok.html.

Trade:

It is forecasted that Russia's total grain exports in MY 2009 will decrease by 2.1 MMT to 20 MMT due to a higher world wheat production and a decreasing demand of the major importers of Russian wheat and barley. Wheat and flour exports will decrease by 300,000 metric tons to 17.7 MMT, and barley exports will drop by 46 percent due to a lower barley crop in Russia and a decrease in importers' demand. Corn exports will drop by almost 50 percent to 0.7 MMT due to a growing domestic demand for corn. Corn is not a traditional Russian export crop. Exports of other grains will remain at the same level as in MY 2008, less than 0.2 MMT. Depending on the foreign demand and domestic production, these grains could be rye, millet and rice. The Russian Government intensified promotion of Russian grain abroad through bilateral trade negotiations with traditional and possible new importers of Russian grain such as Brazil and Japan. However, given the world economic crisis and tough competition in the world grain markets, these efforts may not bring significant results in MY 2009.

Author Defined:

PSD

Wheat

Wheat Russia	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	24,500	24,500	24,500	26,700	26,000	26,000	27,400	25,000	27,000	(1000 HA)
Beginning Stocks	2,231	2,380	2,380	1,819	2,300	1,819	8,969	10,265	8,994	(1000 MT)
Production	49,400	49,400	49,400	63,700	63,745	63,745	59,000	58,000	60,000	(1000 MT)
MY Imports	440	440	440	150	120	130	300	400	200	(1000 MT)
TY Imports	440	440	440	150	120	130	300	400	200	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	52,071	52,220	52,220	65,669	66,165	65,694	68,269	68,665	69,194	(1000 MT)
MY Exports	12,552	12,220	12,552	18,000	16,000	18,000	18,000	17,000	17,700	(1000 MT)
TY Exports	12,552	12,220	12,552	18,000	16,000	18,000	18,000	17,000	17,700	(1000 MT)
Feed Consumption	15,050	15,050	15,150	16,000	17,200	16,000	17,000	17,900	18,000	(1000 MT)
FSI Consumption	22,650	22,650	22,699	22,700	22,700	22,700	23,000	22,730	23,500	(1000 MT)
Total Consumption	37,700	37,700	37,849	38,700	39,900	38,700	40,000	40,630	41,500	(1000 MT)
Ending Stocks	1,819	2,300	1,819	8,969	10,265	8,994	10,269	11,035	9,994	(1000 MT)
Total Distribution	52,071	52,220	52,220	65,669	66,165	65,694	68,269	68,665	69,194	(1000 MT)
Yield	2.	2.	2.02	2.	2.	2.45	2.	2.	2.22	(MT/HA)

Barley

Barley Russia	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	9,800	8,360	8,360	9,700	9,400	9,400	9,400	8,600	9,000	(1000 HA)
Beginning Stocks	1,307	1,226	1,226	1,037	736	1,037	4,337	4,771	4,352	(1000 MT)
Production	15,650	15,665	15,665	23,100	23,135	23,135	16,500	18,600	16,800	(1000 MT)
MY Imports	176	175	175	100	100	80	100	100	100	(1000 MT)
TY Imports	158	175	175	100	100	80	100	100	100	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	17,133	17,066	17,066	24,237	23,971	24,252	20,937	23,471	21,252	(1000 MT)
MY Exports	1,046	1,030	1,046	2,800	2,100	2,800	1,600	2,150	1,500	(1000 MT)
TY Exports	1,277	1,030	1,277	2,800	2,100	2,800	1,600	2,150	1,500	(1000 MT)
Feed Consumption	10,450	10,700	10,450	12,300	12,300	12,300	12,100	12,800	12,200	(1000 MT)
FSI Consumption	4,600	4,600	4,533	4,800	4,800	4,800	4,800	4,800	4,900	(1000 MT)
Total Consumption	15,050	15,300	14,983	17,100	17,100	17,100	16,900	17,600	17,100	(1000 MT)
Ending Stocks	1,037	736	1,037	4,337	4,771	4,352	2,437	3,721	2,652	(1000 MT)
Total Distribution	17,133	17,066	17,066	24,237	23,971	24,252	20,937	23,471	21,252	(1000 MT)
Yield	2.	2.	1.87	2.	2.	2.46	2.	2.	1.87	(MT/HA)

Corn

Corn	2007	2008	2009	
	2007/2008	2008/2009	2009/2010	

Russia	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	1,300	1,300	1,300	1,650	1,550	1,550	1,800	1,600	1,600	(1000 HA)
Beginning Stocks	175	175	175	167	167	167	267	812	312	(1000 MT)
Production	3,950	3,950	3,950	6,600	6,645	6,645	7,000	6,200	6,700	(1000 MT)
MY Imports	341	341	341	100	100	100	100	100	150	(1000 MT)
TY Imports	341	341	341	100	100	100	100	100	150	(1000 MT)
TY Imp. from U.S.	8	8	8	0	0	0	0	0	0	(1000 MT)
Total Supply	4,466	4,466	4,466	6,867	6,912	6,912	7,367	7,112	7,162	(1000 MT)
MY Exports	49	49	49	1,300	600	1,300	1,000	400	700	(1000 MT)
TY Exports	49	49	49	1,300	600	1,300	1,000	400	700	(1000 MT)
Feed Consumption	3,650	3,650	3,650	4,600	4,800	4,600	5,200	5,200	5,300	(1000 MT)
FSI Consumption	600	600	600	700	700	700	700	700	700	(1000 MT)
Total Consumption	4,250	4,250	4,250	5,300	5,500	5,300	5,900	5,900	6,000	(1000 MT)
Ending Stocks	167	167	167	267	812	312	467	812	462	(1000 MT)
Total Distribution	4,466	4,466	4,466	6,867	6,912	6,912	7,367	7,112	7,162	(1000 MT)
Yield	3.	3.	3.04	4.	4.	4.29	4.	4.	4.19	(MT/HA)

Rye

Rye Russia	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	2,100	2,100	2,100	2,200	2,200	2,200	2,200	2,100	2,200	(1000 HA)
Beginning Stocks	32	76	76	63	62	63	288	332	298	(1000 MT)
Production	3,900	3,915	3,915	4,500	4,505	4,505	4,000	4,150	4,100	(1000 MT)
MY Imports	0	5	5	0	0	0	0	0	0	(1000 MT)
TY Imports	0	5	5	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	3,932	3,996	3,996	4,563	4,567	4,568	4,288	4,482	4,398	(1000 MT)
MY Exports	119	119	118	25	30	20	50	100	50	(1000 MT)
TY Exports	86	86	86	25	30	20	50	100	50	(1000 MT)
Feed Consumption	600	650	650	750	750	750	750	750	750	(1000 MT)
FSI Consumption	3,150	3,165	3,165	3,500	3,455	3,500	3,300	3,400	3,400	(1000 MT)
Total Consumption	3,750	3,815	3,815	4,250	4,205	4,250	4,050	4,150	4,150	(1000 MT)
Ending Stocks	63	62	63	288	332	298	188	232	198	(1000 MT)
Total Distribution	3,932	3,996	3,996	4,563	4,567	4,568	4,288	4,482	4,398	(1000 MT)
Yield	2.	2.	1.86	2.	2.	2.05	2.	2.	1.86	(MT/HA)

Oats

Oats Russia	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	

Area Harvested	3,700	3,320	3,320	3,700	3,200	3,200	3,500	2,800	3,100	(1000 HA)
Beginning Stocks	186	190	190	184	190	184	584	590	584	(1000 MT)
Production	5,400	5,410	5,410	5,800	5,830	5,830	5,000	4,900	5,100	(1000 MT)
MY Imports	5	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports	5	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	5,591	5,600	5,600	5,984	6,020	6,014	5,584	5,490	5,684	(1000 MT)
MY Exports	7	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	7	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	3,800	3,810	3,816	3,800	3,830	3,830	3,600	3,600	3,700	(1000 MT)
FSI Consumption	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	(1000 MT)
Total Consumption	5,400	5,410	5,416	5,400	5,430	5,430	5,200	5,200	5,300	(1000 MT)
Ending Stocks	184	190	184	584	590	584	384	290	384	(1000 MT)
Total Distribution	5,591	5,600	5,600	5,984	6,020	6,014	5,584	5,490	5,684	(1000 MT)
Yield	1.	2.	1.63	2.	2.	1.82	1.	2.	1.65	(MT/HA)

Millet

Millet	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			
Russia	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	500	375	375	500	500	500	400	350	350	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Production	425	420	420	700	710	710	400	450	450	(1000 MT)
MY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	425	420	420	700	710	710	400	450	450	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	225	220	220	400	410	410	200	250	250	(1000 MT)
FSI Consumption	200	200	200	300	300	300	200	200	200	(1000 MT)
Total Consumption	425	420	420	700	710	710	400	450	450	(1000 MT)
Ending Stocks	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Distribution	425	420	420	700	710	710	400	450	450	(1000 MT)
Yield	1.	1.	1.12	1.	1.	1.42	1.	1.	1.29	(MT/HA)

Rice

Rice, Milled Russia	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jul	
			Data			Data			Data	
Area Harvested	163	160	160	164	170	170	165	170	170	(1000 HA)
Beginning Stocks	69	69	69	69	69	69	89	89	89	(1000 MT)
Milled Production	460	460	460	480	475	475	485	485	500	(1000 MT)
Rough Production	708	708	708	738	731	731	746	746	769	(1000 MT)
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	(1000 MT)

MY Imports	237	233	233	274	274	240	220	220	220	(1000 MT)
TY Imports	237	233	233	274	274	240	220	220	220	(1000 MT)
TY Imp. from U.S.	2	0	0	0	2	2	0	3	3	(1000 MT)
Total Supply	766	762	762	823	818	784	794	794	809	(1000 MT)
MY Exports	21	15	15	20	20	20	15	15	20	(1000 MT)
TY Exports	21	15	15	20	20	20	15	15	20	(1000 MT)
Total Consumption	676	678	678	714	709	675	710	710	710	(1000 MT)
Ending Stocks	69	69	69	89	89	89	69	69	79	(1000 MT)
Total Distribution	766	762	762	823	818	784	794	794	809	(1000 MT)
Yield (Rough)	4.	4.	4.43	4.	4.	4.3	5.	4.	4.52	(MT/HA)