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Russian Federation

Oilseeds and Products Annual

Annual 2011

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Report Highlights:

In MY 2011, Russia's sunflowerseed production might recover to 6.2 MMT from 5.3 MMT harvested during the drought of 2010. Soybean production is forecast to increase by 4 percent from last year's good crop, but will be only 1.2 MMT. Russia will also increase soybeans imports by 4 percent. Rapeseed production will remain at 0.7 MMT. Due to rebounding crops, the domestic oilseeds crush will increase by 1 MMT to 8.7 MMT. Domestic meal production might increase by 0.5 MMT to 4.5 MMT.

Executive Summary:

Oilseeds

Assuming normal weather, Russia's production of its three main oilseed crops (sunflower seeds, soybeans and rapeseeds) in 2011, is forecast to rebound to 8.1 million metric tons (MMT) from 7.2 MMT harvested during the drought of 2010. The sunflower seeds crop is forecasted at 6.2 MMT, a 16 percent increase from 2010. Soybean production is forecasted to increase by 4 percent from last year's good crop, but will be only 1.2 MMT. Rapeseed production will remain at 0.7 MMT. The Russian crushing industry has been expanding over the last 5 years and supports the current high export duties on sunflower seeds, soybeans and rapeseeds in order to provide a stable supply of oilseeds for crushing. If these duties continue in MY 2011, Russian exports of sunflower seeds, soybeans and rapeseeds will not exceed 0.1 MMT. Russian farmers may increase the production of oilseed crops not subject to export duties, such as linseed and wild flax, and continue exporting them to niche markets. However, the total production of these crops will be less than 1 MMT, and exports will hardly exceed 0.1 MMT. Russia will increase imports of soybeans by 4 percent making the total soybean supply close to 2.5 MMT.

Table 1. Russia: Consolidated PSD for Major Oilseeds for MY 2011, 1,000 Metric Tons, Area in 1,000 Hectares

MY 2011/12	Sunflowerseeds	Soybeans	Rapeseeds	Peanuts	TOTAL
Area Planted	7,100	1,200	800	0	9,100
Area Harvested	5,800	1,000	600	0	7,400
Beginning Stocks	243	151	54	8	456
Production	6,200	1,200	660	0	8,060
MY Imports	20	1,200	0	135	1,355
MY Imp. from U.S.	0	200	0	15	215
MY Imp. from EU	0	0	0	0	0
Total Supply	6,463	2,551	714	143	9,871
MY Exports	10	30	35	0	75
MY Exp. to EU	5	0	20	0	25
Crush	5,700	2,380	620	0	8,700
Food Use Dom. Cons.	220	0	0	135	355
Feed Waste Dom. Cons.	330	30	20	0	380
Total Dom. Cons.	6,250	2,410	640	135	9,435
Ending Stocks	203	111	39	8	361
Total Distribution	6,463	2,551	714	143	9,871

Source: Based on the PSD tables for each crop

Meal

The Russian poultry industry continues to grow, leading to increased demand for protein feeds. The pig

and dairy industries are forecasted to recover from the 2010 and demand for protein feeds will also increase. FAS Moscow forecasts the oilseeds crush will increase by 1 MMT to 8.7 MMT in MY 2011, and meal production will grow to 4.5 MMT from the estimated 4.0 MMT in MY 2010. Sunflower seed meal production is forecasted at 2.1 MMT, a 20 percent increase from the estimated 1.8 MMT in MY 2010. Soybean meal production continues growing in MY 2010, due to an increased soybean crop in 2010 and steadily increasing imports of soybeans. FAS Moscow estimates soybean meal production at 1.8 MMT in MY 2010 and forecasts it will increase in MY 2011 to 1.9 MMT. Rapeseed meal production will remain at 0.3 MMT. Because of the growing demand for protein feeds, 0.4 MMT of soybean meal will be imported despite the current 5 percent import duty. Russian poultry producers advocate for the removal of this import duty, but since it has not stopped imports of soybean meal so far, and domestic meal production is growing, removal of this import duty is unlikely in 2011. In MY 2010, exports of sunflowerseed meal are estimated to reach 0.6 MMT, and in 2011, it might grow by 9 percent. Deeply rooted mistrust regarding the stability of domestic demand is the reason why many crushers prefer shipping sunflower seed meal abroad and why many poultry and livestock producers turn to soybean meal from foreign markets.

Table 2. Russia: Consolidated PSD for Major Meals for MY 2010, 1,000 Metric Tons

POST MY 2011/12	Sunflowerseeds	Soybeans	Rapeseeds	Fish Meal	TOTAL
Crush	5,700	2,380	620	550	9,250
Extr. Rate, 999.9999	0.372	0.788	0.548	0.255	
Beginning Stocks	120	47	0	3	170
Production	2,120	1,875	340	140	4,475
MY Imports	0	420	0	65	485
MY Imp. from U.S.	0	30	0	0	30
MY Imp. from EU	0	120	0	0	120
Total Supply	2,240	2,342	340	208	5,130
MY Exports	650	0	20	55	725
MY Exp. to EU	0	0	20	0	20
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	1,450	2,300	320	150	4,220
Total Dom. Cons.	1,450	2,300	320	150	4,220
Ending Stocks	140	42	0	3	185
Total Distribution	2,240	2,342	340	208	5,130

Source: Based on the PSD tables for each meal.

Oil

Since sunflower seeds are the primary oilseed crop in Russia, vegetable oil dominates the oilseed crushing industry. The share of meal and cake is increasing because of the increased soybean crush, but crushing for oil dominates, and sunflower seed oil remains the main vegetable oil used in food and industrial consumption in Russia. Due to the drought-induced decrease of the sunflower seed crop, domestic production of vegetable oils decreased in MY 2010 to 2.5 MMT from the 3.0 and 3.1 MMT in the two previous years. FAS Moscow forecasts the restoration of domestic vegetable oil production to

3.0 MMT in MY 2011. Meanwhile, Russia’s food industry is growing and the demand in such industries as confectionary, mayonnaise, margarine, soap, pharmaceuticals, ingredients, ice cream, dairy, for vegetable oil is increasing. The domestic market of vegetable oils is not transparent and is dominated by big crushing companies, many of which also produce oil-based food products themselves. Thus, despite increased domestic production of vegetable oil many food producers will continue importing palm oil in 2011, attracted by the stability of its supply. However, if the price of sunflower seed oil decreases, imports of palm oil may slow down. FAS Moscow forecasts palm oil imports at 0.5 MMT in MY 2011, 12 percent less than in MY 2010. Imports of sunflower seed oil are forecasted at 0.1 MMT, less than in MY 2010, when imports increased to 0.2 MMT due to lower domestic supply. Exports of sunflower seed oil will more than double to 0.3 MMT after a drop to 0.1 MMT in MY 2010. Exports of rapeseed oil are forecast to continue at 0.1 MMT, mostly for bio-fuel production in the EU.

Table 3. Russia: Consolidated PSD for Major Vegetable Oils for MY 2010, 1,000 Metric Tons

POST MY 2010/11	Sunflowerseeds	Soybeans	Rapeseeds	Palm	TOTAL
Crush	4,750	2,260	610		7,620
Extr. Rate, 999.9999	0.400	0.173	0.377		
Beginning Stocks	99	5	20	10	134
Production	1,900	390	230	0	2,520
MY Imports	160	20	0	600	780
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	10	0	0	10
Total Supply	2,159	415	250	610	3,434
MY Exports	120	150	95	1	366
MY Exp. to EU	100	90	65	0	255
Industrial Dom. Cons.	300	30	25	120	475
Food Use Dom. Cons.	1,640	220	110	440	2,410
Feed Waste Dom. Cons.	30	0	0	0	30
Total Dom. Cons.	1,970	250	135	560	2,915
Ending Stocks	69	15	20	49	153
Total Distribution	2,159	415	250	610	3,434

Commodities:

Oilseed, Sunflowerseed

Oilseed, Soybean

Oilseed, Rapeseed

Oil, Peanut

Production:

2010 oilseeds crop

Area sown to oilseeds in Russia increased in MY 2010 by 20 percent to 9.7 million hectares, including 7.2 million hectares that were sown to sunflower seeds (a 16 percent increase from the previous year), and 1.2 million hectares that were sown for soybeans (a 37 percent increase from last year). However, drought in European Russia seriously affected yields of sunflower seeds and production fell to 5.3 MMT from 6.5 MMT in 2009. Rainy weather in the Far East and drought in Central European Russia decreased soybean yields compared with last year, but due to significant increases in planted area, the soybean crop in MY 2010 reached a 20 year high of 1.2 MMT. The rapeseed crop also suffered from drought, but to a lesser extent than sunflower seeds and production remained stable – 0.7 MMT.

Table 4. Russia: Major Oilseeds, 2000-2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Planted Area, 1,000 Hectares											
Sunflowerseeds	4,666	3,821	4,117	5,337	4,862	5,568	6,155	5,326	6,199	6,196	7,152
Soybeans	421	417	476	586	570	718	845	777	747	875	1,205
Rapeseeds	232	134	145	230	252	244	512	658	680	688	856
Harvested Area, 1,000 Hectares											
Sunflowerseeds	4,354	3,442	3,798	4,871	4,716	5,437	5,915	5,019	5,976	5,612	5,560
Soybeans	339	372	362	401	554	653	813	707	710	793	1,034
Rapeseeds	173	99	96	194	233	229	450	534	627	556	672
Production, 1,000 Metric Tons											
Sunflowerseeds	3,919	2,685	3,684	4,871	4,810	6,470	6,743	5,671	7,350	6,454	5,338
Soybeans	342	350	423	393	554	686	805	650	746	944	1,220
Rapeseeds	149	113	115	192	277	304	522	630	752	667	672

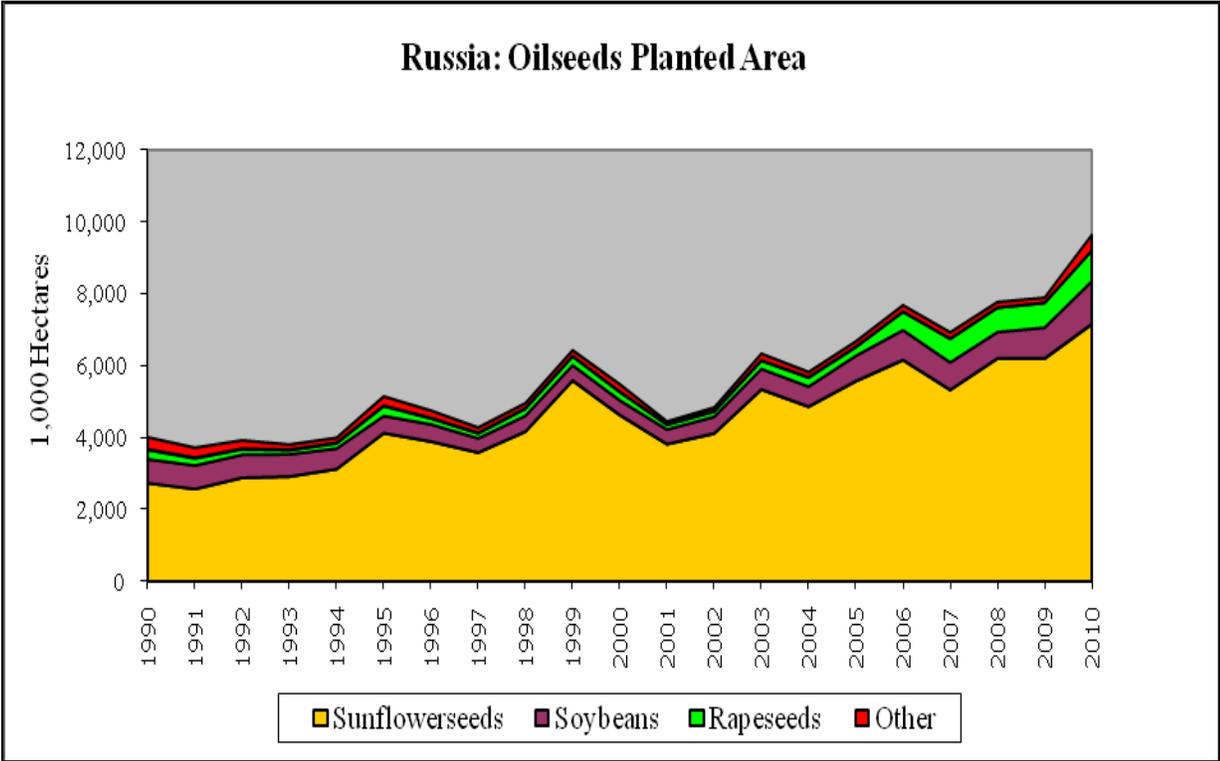
Source: Rosstat

Sowing prospects in 2011

In the last 20 years, Russia's production of oilseeds grew steadily (Graph 2). Farmers were improving agronomy and were using better seeds, but most of the increase in production was attributed to an increase in sown area (Graph 1). Russian farmers are usually planting sunflower seeds later than spring grains and the decision on sowing sunflowerseeds depends a lot on their spring grain sowing. If due to weather spring grain sowing is delayed, in most cases farmers in the Southern, Central, and Volga Valley provinces of Russia increase sunflower seed sowing, even in provinces where sunflower seed yields are low. In the last few years, farmers' returns from oilseeds have been more stable than their returns from grain. Although the current high prices of grain are attractive, they are very volatile and demand for grains is less predictable than domestic demand for oilseeds. As a result of the closure of grain exports until at least July 2011 and uncertainty for the entire marketing year, farmers may again plant more than 7 million hectares for sunflower seeds. Production of soybeans in Russia is concentrated in the Far Eastern provinces, the origin of soybeans and in Krasnodar kray. In the latter, yields of soybeans are higher than in the Far East, but soybeans compete fiercely with grains, sugar beet and other crops for limited area. Thus, area for expansion of soybeans is limited, and despite the growing demand for protein feeds, area sown to soybeans is forecasted at the same level as in 2010 –

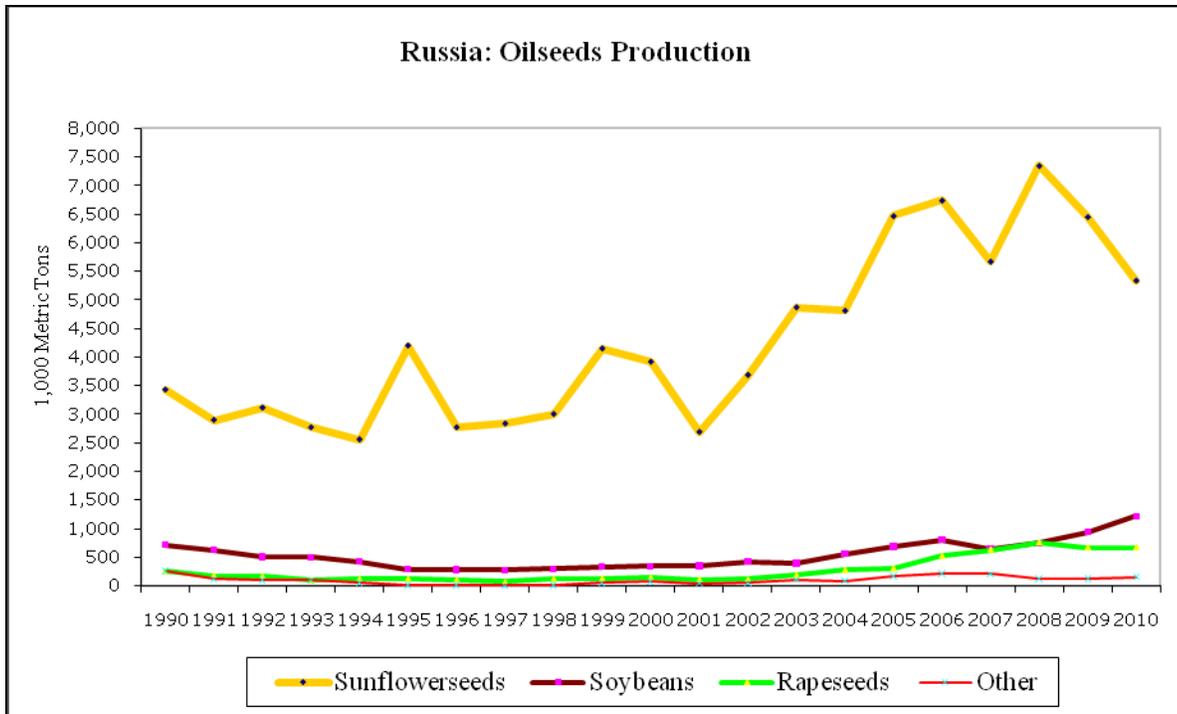
1.2 million hectares. Area sown to winter rapeseeds is small, although yields of winter rapeseeds are almost two times higher than yields of spring rapeseeds. Spring rapeseeds may be sown over a bigger territory than last year, but the total winter and spring area will hardly exceed 0.8 million hectares.

Graph 1. Russia: Oilseeds Planted Area, 1990-2010



Source: Rosstat

Graph 2. Russia: Oilseeds Production, 1990-2010



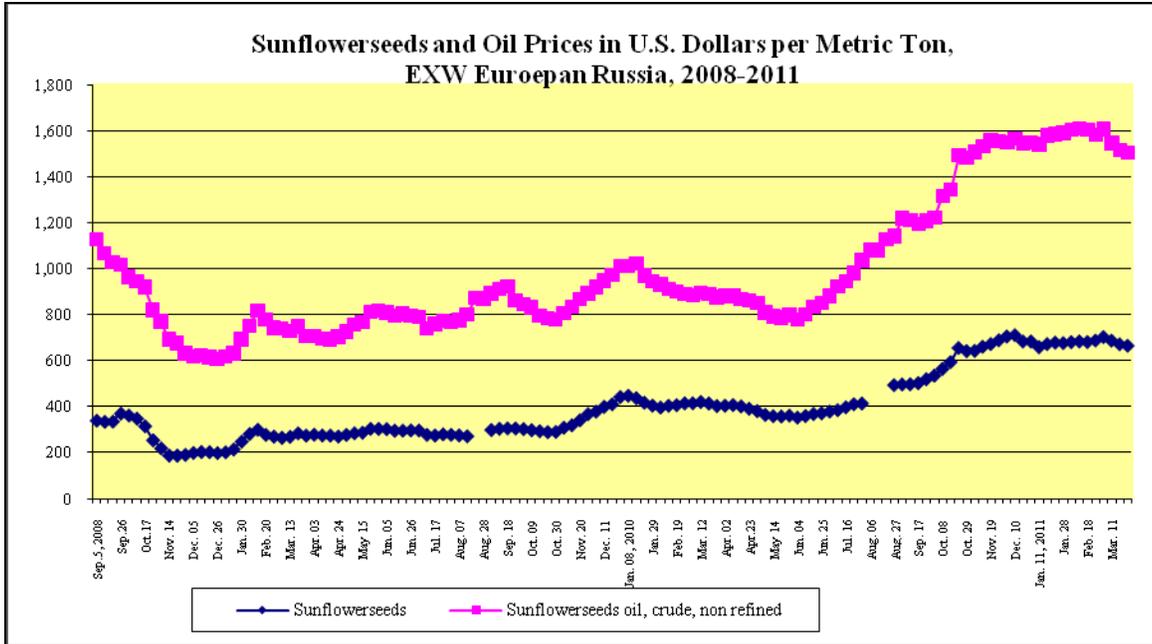
Source: Rosstat

Assuming the normal weather, FAS Moscow forecasts sunflower seed production in MY 2011 at 6.2 MMT, soybean production at 1.2 MMT, and rapeseed production at 0.6 MMT.

Consumption:

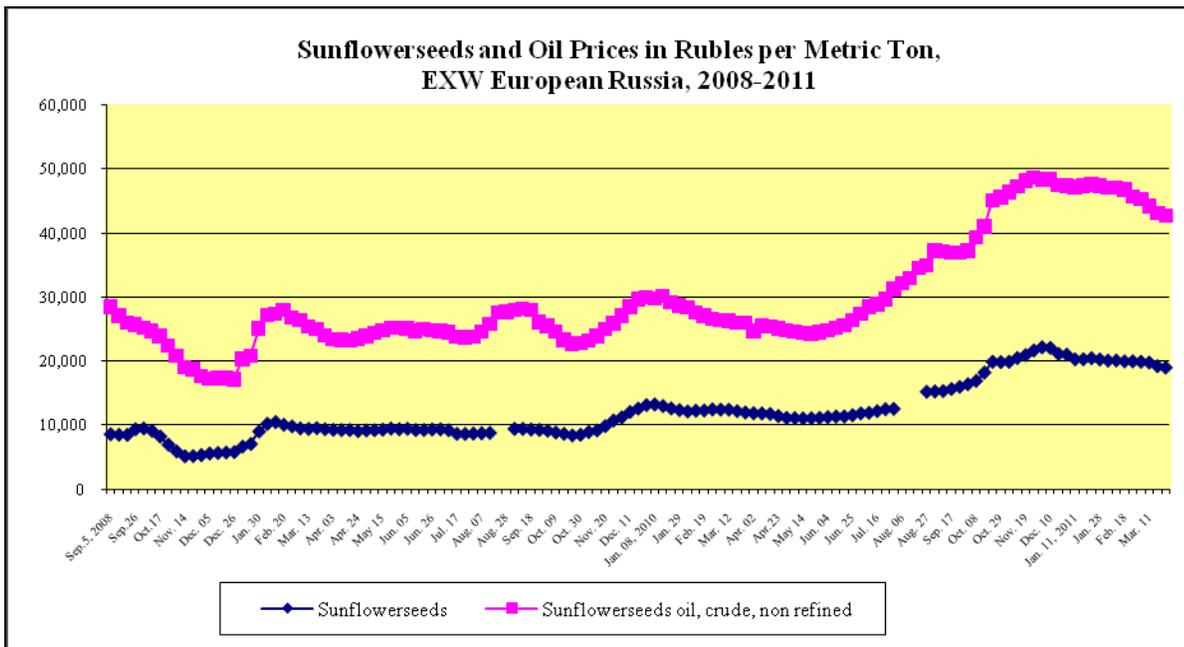
Domestic oilseed crushing capacity reached 9-10 MMT a year due to the fast modernization and construction of new crushing facilities in 2005-2010. In the course of modernization, small crushers were pushed out of business, or merged with big companies, because they were not able to compete. Meanwhile, some big Russian crushing companies were expanding their business using borrowed money. The financial crisis of 2009, as well as increased oilseeds procurement prices in 2010 (Graphs 3, 4) complicated their financial situation and may lead to changes in ownership in some of these big companies. The financial problems of big crushers may result in uncertainty in domestic crush, despite the forecasted growth in domestic demand for feeds and vegetable oils. However, FAS Moscow forecasts the total domestic consumption of oilseeds at over 9.4 MMT, including 8.7 MMT crush.

Graph 3. Russia: Sunflowerseeds and Sunflowerseed Oil Prices in U.S. Dollars, 2008-2011



Source: ProZerno

Graph 4. Russia: Sunflowerseeds and Sunflowerseed Oil Prices in Rubles, 2008-2011



Source: ProZerno

Trade:

Trade in Sunflowerseeds

Despite the decreased crop, Russia's sunflower seed imports remained low in MY 2010. In the first 5 months of MY 2010 (September – January), Russia imported 17,500 MT of sunflower seeds, including 11,000 MT from Ukraine and 840 MT from the US. The United States usually supplies planting seeds and the total usually does not exceed 1,000 MT. The total imports of sunflower seeds may reach 30,000 MT, but in 2011 it will again decrease. Russia's sunflower seed exports will be curbed by the export duty (20 percent of customs value, but not less than 30 Euro per MT) and will hardly exceed 10,000 MT.

Trade in Soybeans

Russian exports of soybeans are limited to border trade in the Far East, and remains small. Imports of soybeans are growing steadily along with increased demand in protein feeds and the maturation of the soybean crushing industry, especially in Kaliningrad. However, the pace of growth has slowed. In the first 5 months of MY 2010 Russia imported over 400,000 MT of soybeans. The major suppliers of soybeans to Russia in these five months were Paraguay (220,000 MT), Brazil (137,000 MT), Canada (26,000 MT), and Ukraine (18,000 MT). FAS Moscow estimates total soybean imports in MY 2010 at 1 MMT, and forecasts these imports to increase to 1.2 MMT in MY 2011.

Trade in Rapeseeds

Russian exports of rapeseeds have almost stopped, and were replaced by exports of rapeseeds oil.

Other Oilseeds

Since high export duties cover only three major oilseed crops, Russian farmers increased production and exports of other, niche crops, such as flax with high oil content. From August 2010 to January 2011, Russian traders exported almost 100,000 MT of linseed.

Policy:

Exports of oilseeds are curbed by high export duties: for sunflower seeds, 20 percent of customs value, but not less than 30 Euro per MT, for soybeans – 20 percent, but not less than 35 Euro per MT, and for rapeseeds – 15 percent, but not less than 30 Euro per MT. High export duties were introduced at the request of domestic crushers. Even in MY 2009 when the sunflower seed crop was high and prices were low, producers were not able to force the government to lift these duties.

In order to facilitate the shipment of soybeans and soybean meal from the Far East to high demand European provinces of Russia, the Russian government established railway freight preferences for these shipments. These preferences will last until July 2011 and have decreased the cost of transporting soybeans and meal, and may increase demand in domestic soybean meal. However, the measure is temporary, and it will hardly cause a significant increase in soybean production in the Far East in 2011.

Production, Supply and Demand Data Statistics:

Table 5. PSD, Sunflowerseeds, 1,000 Metric Tons, 1,000 Hectares

Oilseed, Sunflowerseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	5,200	5,200	7,150		7,100
Area Harvested	5,600	5,600	5,800	5,560		5,800
Beginning Stocks	575	575	283	283		243
Production	6,425	6,425	5,500	5,340		6,200
MY Imports	23	23	25	30		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	7,023	7,023	5,808	5,653		6,463
MY Exports	20	20	10	10		10
MY Exp. to EU	70	0	80	5		5
Crush	6,065	6,065	5,045	4,750		5,700
Food Use Dom. Cons.	220	220	200	220		220
Feed Waste Dom. Cons.	435	435	350	430		330
Total Dom. Cons.	6,720	6,720	5,595	5,400		6,250
Ending Stocks	283	283	203	243		203
Total Distribution	7,023	7,023	5,808	5,653		6,463

1000 HA, 1000 MT

Table 6. PSD, Soybeans, 1,000 Metric Tons, 1,000 Hectares

Oilseed, Soybean Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	725	874	1,000	1,205		1,200
Area Harvested	792	792	1,000	1,035		1,000
Beginning Stocks	92	92	91	91		151
Production	942	942	1,150	1,220		1,200
MY Imports	1,037	1,037	1,150	1,150		1,200
MY Imp. from U.S.	90	90	150	150		200
MY Imp. from EU	0	0	0	0		0
Total Supply	2,071	2,071	2,391	2,461		2,551
MY Exports	0	0	1	20		30
MY Exp. to EU	0	0	0	0		0
Crush	1,950	1,950	2,200	2,260		2,380
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	30	30	30	30		30
Total Dom. Cons.	1,980	1,980	2,230	2,290		2,410
Ending Stocks	91	91	160	151		111
Total Distribution	2,071	2,071	2,391	2,461		2,551

1000 HA, 1000 MT

Table 7. PSD, Rapeseeds, 1,000 Metric Tons, 1,000 Hectares

Oilseed, Rapeseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	570	570	650	855		800
Area Harvested	555	555	600	650		600
Beginning Stocks	224	226	94	94		54
Production	667	665	500	670		660
MY Imports	1	1	5	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	1	1	1	0		0
Total Supply	892	892	599	764		714
MY Exports	111	111	50	60		35
MY Exp. to EU	75	75	70	40		20
Crush	670	670	500	610		620
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	17	17	16	40		20
Total Dom. Cons.	687	687	516	650		640
Ending Stocks	94	94	33	54		39
Total Distribution	892	892	599	764		714
1000 HA, 1000 MT						

Table 8. PSD, Peanuts, 1,000 Metric Tons, 1,000 Hectares

Oilseed, Peanut Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Beginning Stocks	8	8	8	8		8
Production	0	0	0	0		0
MY Imports	117	117	132	132		135
MY Imp. from U.S.	15	15	15	15		15
MY Imp. from EU	0	0	0	0		0
Total Supply	125	125	140	140		143
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	0	0	0	0		0
Food Use Dom. Cons.	117	117	132	132		135
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	117	117	132	132		135
Ending Stocks	8	8	8	8		8
Total Distribution	125	125	140	140		143
1000 HA, 1000 MT						

Commodities:

Meal, Sunflowerseed

Meal, Soybean

Meal, Rapeseed

Meal, Fish

Production:

Russia's total domestic production of oilseed meals is estimated at 4 MMT in MY 2010, lower than in 2009 MY, and reflects the decrease of domestic crush of sunflower seeds. FAS Moscow forecasts that domestic meal production in MY 2011 will increase by 0.5 MMT to 4.5 MMT due to an increased oilseeds crop. Sunflower seed meal production will increase by 20 percent from the 2010 level and will slightly exceed 2 MMT. Domestic soybean meal production will increase by 5 percent and will approach 2 MMT if imports of soybeans continue to grow. Changes in the production of rapeseed meal and fish meal will not be significant, and their total will hardly reach 0.5 MMT in MY 2011. The returns of crushing companies decreased in MY 2010 due to the financial crisis in 2009, a smaller sunflower seeds crop and higher sunflower seed prices in 2010. As a result, their expansion slowed down.

Consumption:

Domestic demand for feeds weakened in MY 2010 due to drought that caused feed prices to increase and due to decreases of livestock herds. However, the demand for protein feeds, unlike demand for feed grains, was almost unaffected by the decrease in livestock numbers. Poultry production, concentrated at big poultry farms with intensive modern feeding, kept growing despite drought, and decreases in pig and milk production were at the expense of small household enterprises, which usually did not use many protein feeds in feeding their animals. Meanwhile, the demand from big modern livestock enterprises in protein feeds was stable and even increased.

Protein Feeds

Data in the table below show that Russia's domestic consumption (consumption and stocks) of protein meals and feed preparations is increasing slowly but steadily despite fluctuations in the domestic crush. Soybean meal comprises the major portion of protein feeds.

Table 9. Supply, Exports, and Domestic Consumption of Major Oilseed Meals and Feeds, 1,000 MT

	MY 2006	MY 2007	MY 2008	MY 2009	MY 2010 (estimate)	MY 2011 (forecasts)
Total Supply	4,376	4,417	4,862	5,251	5,245	5,550
- Sunflowerseeds Meal	2,280	1,971	2,310	2,271	1,970	2,240
- Soybean Meal	1,383	1,610	1,668	1,959	2,302	2,342
- Rapeseed Meal	224	293	352	400	350	340
- Fish Meal	159	163	177	196	203	208
- Animal Feed Preparations*	250	305	275	325	320	320
- Food Waste**	45	45	55	75	70	70
- Manufacturing Residue***	35	30	25	25	30	30

Exports Total	945	755	1,107	818	683	728
- Sunflowerseeds Meal	866	666	965	660	600	650
- Soybean Meal	1	15	14	3	5	0
- Rapeseeds Meal	77	72	99	100	20	20
- Fish Meal	0	0	26	51	55	55
- Animal Feed Preparations	1	2	3	4	3	3
Consumption and Stocks	3,431	3,662	3,755	4,433	4,562	4,822
- Sunflowerseeds Meal	1,414	1,305	1,345	1,611	1,370	1,590
- Soybean Meal	1,382	1,595	1,654	1,956	2,297	2,342
- Rapeseeds Meal	147	221	253	300	330	320
- Fish Meal	159	163	151	145	148	153
- Animal Feed Preparations	10	10	5	5	5	5
- Food Waste**	45	45	55	75	70	70
- Manufacturing Residue***	250	255	290	275	320	330
- Other	24	68	2	66	22	12
*Animal Feed Preparations in this table include imported feeds without pet food in retail packs						
** Food Waste in this table includes imports of food waste without fish meal						
*** Imported manufacturing residue (HS number 2303)						
Note: for items other than from PSD tables, marketing year is September – August						

Source: PSD data, Global Trade Atlas data, FAS Moscow estimates for MY 2010 and forecasts for MY 2011.

Policy:

The import duty on soybean meal remains 5 percent despite the efforts of domestic poultry producers to lobby for its removal in MY 2010. All meal exports are duty free. In December 2010, the Russian Ministry of Agriculture adopted the 4-years' Program of Development of Feed Industry. The program envisages an increase of production of fodder grains and protein feeds, such as soybean meal. However, financing of this program has not started yet, and its prospects are unclear.

Production, Supply and Demand Data Statistics:

Table 10. PSD, Sunflowerseed Meal, 1,000 Metric tons

Meal, Sunflowerseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6,065	6,065	5,045	4,750		5,700

Extr. Rate, 999,9999	0	0	0	0		0
Beginning Stocks	16	16	204	204		120
Production	2,253	2,253	1,874	1,765		2,120
MY Imports	2	2	1	1		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,271	2,271	2,079	1,970		2,240
MY Exports	660	660	500	600		650
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,407	1,407	1,459	1,250		1,450
Total Dom. Cons.	1,407	1,407	1,459	1,250		1,450
Ending Stocks	204	204	120	120		140
Total Distribution	2,271	2,271	2,079	1,970		2,240
1000 MT, PERCENT						

Table 11. PSD, Soybean Meal, 1,000 Metric tons

Meal, Soybean Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,950	1,950	2,200	2,260		2,380
Extr. Rate, 999,9999	1	1	1	1		1
Beginning Stocks	8	8	82	82		47
Production	1,535	1,535	1,732	1,780		1,875
MY Imports	416	416	420	440		420
MY Imp. from U.S.	40	40	30	40		30
MY Imp. from EU	150	150	120	120		120
Total Supply	1,959	1,959	2,234	2,302		2,342
MY Exports	3	3	0	5		0
MY Exp. to EU	2	2	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,874	1,874	2,187	2,250		2,300
Total Dom. Cons.	1,874	1,874	2,187	2,250		2,300
Ending Stocks	82	82	47	47		42
Total Distribution	1,959	1,959	2,234	2,302		2,342
1000 MT, PERCENT						

Table 12. PSD, Rapeseed Meal, 1,000 Metric tons

Meal, Rapeseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	670	670	500	610		620
Extr. Rate, 999,9999	1	1	1	1		1

Beginning Stocks	0	0	0	0		0
Production	400	400	298	350		340
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	400	400	298	350		340
MY Exports	100	100	150	20		20
MY Exp. to EU	20	20	20	20		20
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	300	300	148	330		320
Total Dom. Cons.	300	300	148	330		320
Ending Stocks	0	0	0	0		0
Total Distribution	400	400	298	350		340
1000 MT, PERCENT						

Table 13. PSD, Fish Meal, 1,000 Metric tons

Meal, Fish Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	500	500	525	525		550
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	3	3	3	3		3
Production	125	125	135	135		140
MY Imports	68	68	65	65		65
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	10	10	0	0		0
Total Supply	196	196	203	203		208
MY Exports	51	51	55	55		55
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	142	142	145	145		150
Total Dom. Cons.	142	142	145	145		150
Ending Stocks	3	3	3	3		3
Total Distribution	196	196	203	203		208
1000 MT, PERCENT						

Commodities:

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

Production:

Russia's vegetable oil production decreased in MY 2010 due to a drop in the sunflower seed crop. FAS Moscow estimates Russia's vegetable oil production in MY 2010 at 2.5 MMT. Assuming the recovery of the sunflowerseed crop in 2010 to 6.2 MMT, Russia's domestic vegetable oil production will reach 3 MMT. Russia's modern crushing capacity allows annual production of up to 3.5 MMT of vegetable oil.

Table 14. Russia: Vegetable Oil Production, MYs 2000-2009, 1,000 Metric Tons, by Months.

	MY 2000	MY 2001	MY 2002	MY 2003	MY 2004	MY 2005	MY 2006	MY 2007	MY 2008	MY 2009	MY 2010
Sep.	67	67	86	85	103	167	159	206	161	202	243
Oct.	150	138	155	186	186	250	276	305	300	327	309
Nov.	160	148	176	188	203	246	281	280	310	343	302
Dec.	174	131	183	196	212	260	286	234	324	342	296
Jan.	123	103	145	173	172	209	246	162	241	251	171
Feb.	119	78	129	159	160	213	243	199	273	243	170
Mar.	122	69	133	157	170	233	250	234	294	242	170
Apr.	106	79	121	149	181	235	258	185	279	246	170
May	94	59	97	142	172	203	227	178	281	225	170
Jun.	81	69	96	136	152	222	188	163	281	235	170
Jul.	61	73	85	126	146	186	176	127	243	181	160
Aug	36	54	55	100	114	145	122	122	189	202	170
Total	1,293	1,067	1,460	1,797	1,971	2,569	2,712	2,395	3,176	3,039	2,501

Source: Rosstat, figures for February – August 2011 are FAS Moscow estimates.

Consumption:

Per capita consumption of bottled vegetable oil by Russians is still below the European level and it has not been increasing in recent years. This consumption reflects the traditional diet rather than income levels. Domestic sales of bottled vegetable oils stabilized in 2010 and are not forecast to increase in 2011. At the same time, vegetable oil consumption by food and other industries has been growing steadily since 2000. Sunflowerseed oil remains the main vegetable oil in terms of food consumption by the Russian population and comprises a significant portion of industrial consumption. Altogether the portion of sunflower seed oil as a part of total vegetable oil consumption in MY 2010 is estimated at 65 percent, this share will remain the same in MY 2011. The second main vegetable oil is palm oil which serves as a substitute to sunflower seed oil in many food industries. The share of palm oil in the total consumption of vegetable oils is estimated at 19 percent, and will probably remain the same in MY 2011. The consumption and demand for palm oil in MY 2011 may be influenced by some new technical regulations concerning the quality and safety of food products, including dairy products. These regulations are being developed by the Custom Union (Russia, Belarus, Kazakhstan), and if adopted, they may decrease consumption of palm oil in ice cream, and some other food industries. The share of soybean oil in consumption is less than 8 percent and in rapeseed oil is less than 4 percent.

Table 15. Supply of Vegetable Oils (Sum of Stocks, Production, and Imports), and exports< MY 2006 – MY 2011, 1,000 Metric Tons

	MY 2006	MY 2007	MY 2008	MY 2009	MY 2010 (estimate)	MY 2011 (forecast)
Total Supply	3,298	3,861	4,085	3,960	3,592	3,973
- Sunflowerseed Oil	2,260	2,384	2,779	2,619	2,159	2,529
- Soybean Oil	157	308	366	379	415	445
- Rapeseed Oil	168	196	264	282	250	270
- Palm Oil	524	739	517	526	610	579
- Coconut Oil	175	215	145	128	130	120
- Olive Oil	10	11	9	16	18	20
- Other Vegetable Oil	4	8	5	10	10	10
Exports Total	772	359	1,020	764	367	571
- Sunflowerseed Oil	710	321	802	504	120	310
- Soybean Oil	5	10	127	170	150	160
- Rapeseeds Oil	55	27	89	88	95	100
- Palm Oil	1	0	1	1	1	0
- Coconut Oil	0	0	0	0	0	0
- Olive Oil	0	0	0	0	0	0
- Other Vegetable Oils	1	1	1	1	1	1
Consumption and Stocks	2,526	3,502	3,065	3,196	3,225	3,402
- Sunflowerseed Oil	1,550	2,063	1,977	2,115	2,039	2,219
- Soybean Oil	152	298	239	209	265	285
- Rapeseeds Oil	113	169	175	194	155	170
- Palm Oil	523	739	516	525	609	579
- Coconut Oil	175	215	145	128	130	120
- Olive Oil	10	11	9	16	18	20
- Other Vegetable Oils	3	7	4	9	9	9

Source: PSD data, Global Trade Atlas data, Moscow FAS Post estimates for MY 2010 and forecasts for MY 2011.

Trade:

Russia's imports of sunflowerseed oil are usually small and limited by trade with Ukraine. The low sunflower seed crop in 2010 stimulated imports of sunflower seed oil, and in September - January, Russia imported 85,000 MT of oil, almost all of it from Ukraine. FAS Moscow estimates the total sunflower seed oil imports in MY 2010 at 160,000 MMT. However, imports in MY 2011 are forecast to decrease due to normal border shipments of 100,000 MT. In September 2010 – January 2011 Russia exported only 50,000 MMT of sunflower seed oil, and FAS Moscow estimates that exports of sunflower seed oil will not exceed 120,000 MT in MY 2010, compared with 0.5 MMT in MY 2009. However, sunflower seed oil exports will be increasing in MY 2011 and FAS Moscow forecasts it at 0.3 MMT.

Soybean oil imports remain low. In the course of 5 months beginning September 2010, Russia imported 10,442 MT of soybean oil, mostly from Netherlands, with small quantities coming from South Korea. Since MY 2009, when the big plant for crushing imported soybean was put into operation in Kaliningrad, Russia has become a soybean oil exporter. In September 2010 – January 2011, Russia exported 54,000 MT to France, UK, Poland, and Denmark. The total exports of soybean oil are estimated at 150,000 MT in MY 2010, and are forecasted at 160,000 MT in MY 2011.

Imports of palm oil in MY 2010 are estimated at 600,000 MT, an almost 70,000 MT increase from last year. In October 2010 – January 2011 Russia imported 288,000 MT of palm oil. The major suppliers of palm oil to Russia are Malaysia, Indonesia, Ukraine (as a transit country), and the Netherlands (also transit). The most intensive imports were in October – December (71,451 MT, 95,137 MT, 81,113 MT), while in January 2011 it decreased to 40,323 MT. This decrease is partially due to January weather in the ports, January holidays in Russia, and uncertainty about the remaining domestic crush and stocks of vegetable oil. However, given all this, the total MY imports in 2010 might reach 600,000 MT. In MY 2011 forecast, palm oil imports might decrease to a normal level of 530,000 MT along with the restoration of domestic vegetable oil production.

Policy:

Vegetable oils are exported duty-free. Import tariffs on vegetable oil vary for different oils. Updated information on import tariffs on different vegetable oils is available on the web-site: <http://www.tks.ru/db/tnved/tree> . Import tariffs on vegetable oils for industrial processing are lower than tariffs on imports of vegetable oils for packaging and for direct human consumption.

Production, Supply and Demand Data Statistics:

Table 16. PSD Sunflowerseed Oil, 1,000 Metric Tons

Oil, Sunflowerseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	6,065	6,065	5,045	4,750		5,700
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	59	59	99	99		69
Production	2,505	2,505	2,082	1,900		2,360
MY Imports	55	55	100	160		100
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,619	2,619	2,281	2,159		2,529
MY Exports	504	504	170	120		310
MY Exp. to EU	240	240	200	100		150
Industrial Dom. Cons.	320	320	310	300		390
Food Use Dom. Cons.	1,666	1,666	1,681	1,640		1,700
Feed Waste Dom. Cons.	30	30	30	30		30
Total Dom. Cons.	2,016	2,016	2,021	1,970		2,120
Ending Stocks	99	99	90	69		99
Total Distribution	2,619	2,619	2,281	2,159		2,529

1000 MT, PERCENT

Table 17. PSD Soybean Oil, 1,000 Metric Tons

Oil, Soybean Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Crush	1,950	1,950	2,200	2,260		2,380
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	13	13	5	5		15
Production	349	349	394	390		410
MY Imports	17	17	15	20		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	12	12	10	10		10
Total Supply	379	379	414	415		445
MY Exports	170	170	160	150		160
MY Exp. to EU	80	80	100	90		100
Industrial Dom. Cons.	30	30	30	30		30
Food Use Dom. Cons.	174	174	210	220		240
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	204	204	240	250		270
Ending Stocks	5	5	14	15		15
Total Distribution	379	379	414	415		445
1000 MT, PERCENT						

Table 18. PSD Rapeseed Oil, 1,000 Metric Tons

Oil, Rapeseed Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	670	670	500	610		620
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	18	18	20	20		20
Production	263	263	196	230		250
MY Imports	1	1	1	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	282	282	217	250		270
MY Exports	88	88	95	95		100
MY Exp. to EU	63	63	53	65		65
Industrial Dom. Cons.	20	20	15	25		20
Food Use Dom. Cons.	154	154	105	110		140
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	174	174	120	135		160
Ending Stocks	20	20	2	20		10
Total Distribution	282	282	217	250		270
1000 MT, PERCENT						

Table 19. PSD Palm Oil, 1,000 Metric Tons

Oil, Palm Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0

Area Harvested	0	0	0	0		0
Trees	0	0	0	0		0
Beginning Stocks	10	10	10	10		49
Production	0	0	0	0		0
MY Imports	527	527	600	600		530
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	537	537	610	610		579
MY Exports	1	1	1	1		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	100	100	120	120		110
Food Use Dom. Cons.	426	426	440	440		420
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	526	526	560	560		530
Ending Stocks	10	10	49	49		49
Total Distribution	537	537	610	610		579
1000 HA, 1000 TREES, 1000 MT						

Author Defined:

Relevant GAIN Reports:

- Grain and Feed Annual_Moscow_Russian Federation_3-25-2011;
- Livestock and Products Semi-annual_Moscow_Russian Federation_3-2-2011
- Poultry and Products Semi-annual_Moscow_Russian Federation_3-2-2011
- Agriculture Development Program in 2010 and Priorities for 2011_Moscow_Russian Federation_1-26-2011
- Oilseeds Crop October Update_Moscow_Russian Federation_8-29-2010
- Oilseeds Crop September Update_Moscow_Russian Federation_8-27-2010
- Producers and Processors Agreed on Minimum Sunseed Prices in 2010_Moscow_Russian Federation_6-24-2010
- Oilseeds and Products Annual_Moscow_Russian Federation_4-2-2010