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Oilseeds and Products Annual

Annual 2012

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Report Highlights:

FAS/Moscow forecasts Russia's sunflowerseed production in 2012 at 8.5 million metric tons (MMT), which would be 12 percent less than in 2011 but still the second largest crop in Russian history. Soybean production is expected to continue to increase and is forecast at 1.8 MMT, a 3 percent increase from last year, while rapeseed production is forecast at 0.9 MMT, a 15 percent decline from 2011. Russia's soybean imports are expected to continue to grow as a result of strong feed demand and increasing crushing capacity. Exports of oilseeds are expected to decrease in MY 2012/13, although with WTO accession and the subsequent future reduction or removal of export duties on major oilseeds will likely boost exports in the longer-term.

Executive Summary:

Oilseeds

Assuming normal weather, Russia's production of its three main oilseeds (sunflowerseeds, soybeans and rapeseeds) in 2012 is forecast at 11.2 MMT, a 10 percent decrease from the bumper crop of 2011, but still the second largest oilseeds crop in Russian history. FAS/Moscow forecasts the sunflowerseed crop at 8.5 MMT, 12 percent less than in 2011. The decrease is due to expected smaller area in Southern European provinces where, despite high yields, sunflowerseeds compete for area with other profitable crops. Sunflowerseed sown area, however, is expected to remain steady or even increase in provinces with traditionally low yields, and this shift in area is expected to reduce the average yield in 2012/13. Soybean production is forecast to increase to 1.8 MMT from 1.75 MMT in 2011, and the increase will be mostly due to expanded sown area in the Far East, close to the Chinese border. Rapeseed production is forecast at 0.9 MMT, 14 percent below the last year, as the high-yielding winter rapeseed crop in Southern European Russia (especially in Stavropol kray-the major producer of winter rapeseed) has been damaged by winter frosts.

After Russia joins the WTO, export duties on oilseeds will have to be eliminated (soybean) or reduced (sunflowerseed, rapeseed), although there is a 3-4 transition period for this to occur. As a result, although long-term these could have very significant impacts on the sector and trade, it is not yet clear what impacts there will be in the short term in MY 2012/13. FAS/Moscow forecasts exports of sunflowerseeds at 0.2 MMT, compared with the estimated 0.35 MMT in MY 2011/12, when bumper crop and low prices stimulated seeds exports despite duties. Meanwhile, Russia farmers will continue increasing production and exports of such oilseeds as linseed (for oil), which is not subject to export duties.

Table 1. Russia: Consolidated PSD for Major Oilseeds for MY 2012/13, 1,000 MT, 1,000 HA

MY 2012/13	Sunflowerseed	Soybeans	Rapeseeds	Peanuts	TOTAL
Area Planted	7,000	1,300	800	0	9,100
Area Harvested	7,000	1,150	750	0	8,900
Beginning Stocks	637	88	154	8	887
Production	8,500	1,800	900	0	11,200
MY Imports	10	1,200	0	135	1,345
MY Imp. from U.S.	0	150	0	15	165
MY Imp. from EU	0	0	0	0	0
Total Supply	9,147	3,088	1,054	143	13,432
MY Exports	200	100	50	0	350
MY Exp. to EU	10	0	50	0	60
Crush	7,700	2,800	825	0	11,325
Food Use Dom. Cons.	300	0	0	135	435
Feed Waste Dom. Cons.	500	30	25	0	555
Total Dom. Cons.	8,500	2,830	850	135	12,315
Ending Stocks	447	158	154	8	767
Total Distribution	9,147	3,088	1,054	143	13,432

Meal

The Russian poultry industry is continuing its expansion, leading to increased demand for protein feeds. Swine and dairy industries are also recovering, and large government support programs have led to a greater concentration of production at large industrial complexes, which use more protein feeds than middle- and small-size farms and private households. FAS/Moscow forecasts that despite a smaller sunflowerseed crop, oilseeds crush will remain at the last year's level of 11.9 MMT due to increased imports of soybeans. Production of sunflowerseed meal is forecast at 2.8 MMT, 0.1 MMT less than in MY 2011/12, while production of soybean meal is expected to increase by 0.2 MMT to 2.2 MMT.

Exports of sunflowerseed meal are expected to decrease only slightly in MY 2012/13 to 1.1 MMT, while imports of soybean meal are forecast to remain at 0.6 MMT.

Table 2. Russia: Consolidated PSD for Major Meals for MY 2012/13, 1,000 MT

POST MY 2012/13	Sunflowerseed	Soybean	Rapeseed	Fish Meal	TOTAL
Crush	7,700	2,800	825	525	11,850
Extr. Rate	0.364	0.786	0.582	0.257	
Beginning Stocks	155	81	0	3	239
Production	2,800	2,200	480	135	5,615
MY Imports	0	600	0	65	665
MY Imp. from U.S.	0	50	0	0	50
MY Imp. from EU	0	130	0	0	130
Total Supply	2,955	2,881	480	203	6,519
MY Exports	1,100	100	190	55	1,445
MY Exp. to EU	0	0	90	0	90
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	1,700	2,700	290	145	4,835
Total Dom. Cons.	1,700	2,700	290	145	4,835
Ending Stocks	155	81	0	3	239
Total Distribution	2,955	2,881	480	203	6,519

Oil

Sunflowerseeds remain the primary oilseed crop in Russia, and crushers' main product is vegetable oil. FAS/Moscow forecasts Russia's total vegetable oil production in MY 2012/13 at 4.0 MMT, the same as in MY 2011/12. Sunflowerseed oil still remains the main vegetable oil used by domestic food and other industries, while imported palm oil remains the second largest oil consumed. Russia continues to export large volumes of sunflowerseed oil, both non-refined and refined, while importing large quantities of palm oil. FAS/Moscow estimates sunflowerseed oil exports in MY 2012/13 at 1.0 MMT, only a slight decline from 2011/12, as a result of lower production. Palm oil imports are estimated at 530,000 MT in MY 2012/13, a 5 percent decline due to possible changes in the technical regulations for some processed dairy products. Exports of rapeseed oil are forecasted to continue steady at 0.2 MMT, mostly for biofuel production in the EU.

Table 3. Russia: Consolidated PSD for Major Vegetable Oils for MY 2012/13, 1,000 MT

POST MY 2012/13	Sunflowerseeds	Soybean	Rapeseed	Palm	TOTAL
Crush	7,700	2,800	825		11,325
Extr. Rate	0.403	0.175	0.400		
Beginning Stocks	149	60	14	49	272
Production	3,100	490	330	0	3,920
MY Imports	30	10	1	530	571
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	10	0	0	10
Total Supply	3,279	560	345	579	4,763
MY Exports	1,000	170	200	0	1,370
MY Exp. to EU	500	140	150	0	790
Industrial Dom. Cons.	350	55	20	120	545
Food Use Dom. Cons.	1,700	260	110	410	2,480
Feed Waste Dom. Cons.	40	0	0	0	40
Total Dom. Cons.	2,090	315	130	530	3,065
Ending Stocks	189	75	15	49	328
Total Distribution	3,279	560	345	579	4,763

Commodities:

Oilseed, Sunflowerseed

Oilseed, Soybean

Oilseed, Rapeseed

Oilseed, Peanut

Oilseed Production:

FAS/Moscow forecasts that in MY 2012/13 area sown to Russia's main oilseeds (sunflowers, soybeans and rapeseeds) will decrease by 0.6 million hectares, or 6 percent from the previous year, to 9.1 million hectares. Assuming average weather, production of these three major crops is forecast to reach 11.2 MMT in MY 2012/13.

Production of oilseeds in Russia has been increasing since the beginning of 2000s. The increase was stimulated by construction of new large crushing facilities and growing domestic demand for oilseeds. In 2011 area sown to oilseeds increased by 9 percent and reached 10.4 million hectares, of which 9.7 million hectares were sown to Russia's three main crops (sunflowerseeds, soybeans and rapeseeds).

Russia: Oilseeds Production, 1,000 MT

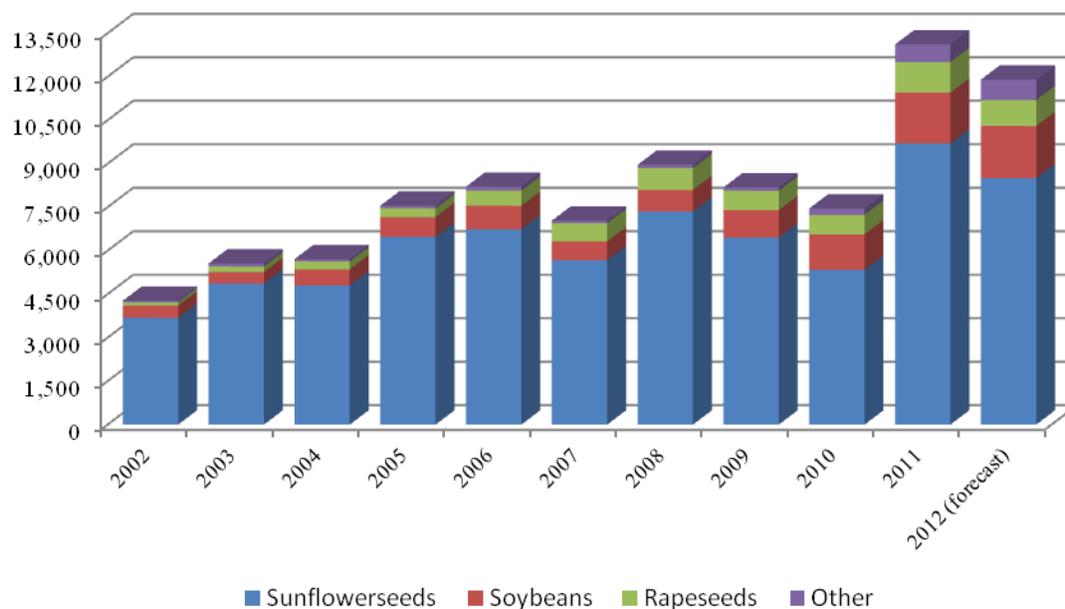


Table 4. Russia: Major Oilseeds, 2007-2011.

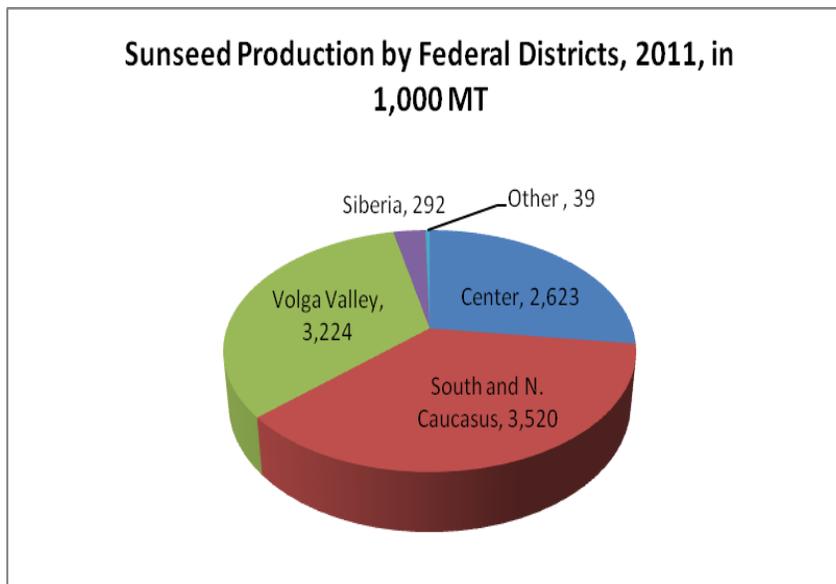
	2007	2008	2009	2010	2011
Planted Area, 1,000 hectares					
Sunflowerseeds	5,326	6,199	6,196	7,153	7,614
Soybeans	777	747	875	1,206	1,229
Rapeseeds	658	680	688	856	893
- <i>spring</i>	507.74	534.91	638	638	718
- <i>winter</i>	150.11	144.78	178	218	175
Linseeds (for oil)	110	85	146	267	500
Mustard	58	58	101	110	134
Other	0	0	0	24	77
Total	6,929	7,769	8,005	9,615	10,447
Production, 1,000 hectares					
Sunflowerseeds	5,671	7,350	6,454	5,345	9,697
Soybeans	650	746	944	1,222	1,756
Rapeseeds	630	752	667	670	
- <i>spring</i>	403.76	505.83	359	275	752
- <i>winter</i>	226.57	246.37	308	395	304
Linseed (for oil)	73	86	94	173	464
Mustard	11	29	24	36	88
Other	0	0	0	10	53
Total	7,035	8,963	8,183	7,457	13,115
Yields per harvested area, MT/HA					

	2007	2008	2009	2010	2011
Sunflowerseeds	1.13	1.23	1.15	0.96	1.34
Soybeans	0.92	1.05	1.19	1.18	1.48
Rapeseeds	1.18	1.20	1.20	1.10	1.26
- spring	1.04	1.04	0.93	0.68	1.12
- winter	1.56	1.76	1.82	1.90	1.77
Linseed (for oil)	1.01	1.05	1.02	0.86	1.04
Mustard	0.43	0.57	0.47	0.48	0.80

Source: Rosstat, www.gks.ru

Sunflowerseeds

FAS/Moscow forecasts sown area for sunflowerseeds to fall by 0.6 million hectares in 2012. While in 2011 area planted reached a record due to early spring dryness that prevented the sowing of spring wheat, this year the weather situation is not as negative for spring wheat sowing. In addition, sunflowerseed prices have been decreasing and returns from sunflowerseed at less efficient farms, which cannot afford superior seeds and chemicals, have been decreasing. As a result, this may stimulate these producers to return to better agronomic crop rotations and reduce sunflowerseed area. Assuming normal weather (and thus a reduction in yields from last year's excellent weather), as well as a small shift in area from higher to lower yielding provinces, Russia's sunflowerseed crop is forecast to fall to 8.5 MMT in 2012 from 9.7 MMT.



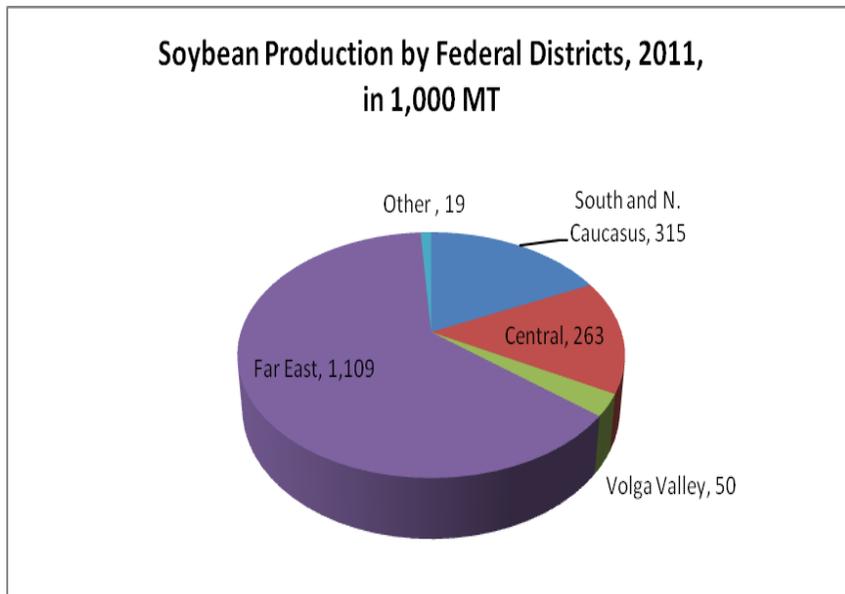
South European Russia (Southern and North Caucasian federal districts) remains the major sunflowerseed producers, followed closely by the Volga Valley Federal District, where sunflowerseed production in the last 5 years increased by 160 percent to 3.2 MMT. The Central Federal District also increased production of sunflowerseeds in the last 5 years by 150 percent to 2.6 MMT. The Chart shows production in 2011 by major federal districts.

Soybeans

Soybean sown area is forecast to continue to grow and this increase is driven by rising demand for soybeans domestically from the livestock and poultry industries. FAS/Moscow forecasts soybean area to increase by 0.1 million hectares to 1.3 million hectares in 2012, which will allow production of 1.8 MMT of soybeans up slightly from 2011. The fastest growth for area continues to occur in the Russian Far East. The administration of Amur oblast (Far East Federal Districts), Russia's major producer of soybeans, forecasts higher sown area which will offset expected lower yields from last year's excellent crop. Although industry

specialists consider that the Far Eastern soybeans are mostly consumed domestically, and that the low protein content of these beans is a limitation for their export, in reality soybean production in the Far East may be stimulated by Chinese and Korean demand in soybeans and by development of border trade (transparent and not transparent) with China.

In the middle of 2011 the Russian government launched a targeted program “Development of production and Processing of Soybeans in the Russian Federation in 2011-2013” which envisages an increase in area sown with soybeans to 1.5 million hectares in 2013, primarily due to increased area in the Far East, and an increase of crushing facilities in the Far East (primarily soybean crushing) from 4.6 MMT in 2010 to 6.3 MMT in 2013. The Ministry of Agriculture plans to extend this program to 2020 in the new State Agriculture Development Program 2013-2020, in order to increase production of soybeans to 3.75 MMT by 2020. The budget financing of the program 2011-2013 is small, but due to this program soybean producers will be able to participate in soft-term loan programs to purchase equipment and machines from the state owned dealer Rosagroleasing. However, the major stimulus for increased soybean production in the Russian Far East is growing Chinese demand for meals. With Russia committing in its accession to the WTO to completely eliminate export duties on soybeans within 3 years of joining, this is expected to create an additional incentive for expanding area in the future.



In MY 2011/12 soybean planting and production increased to historic maximum of 1.2 million hectares and 1.8 MMT. Soybean production growth was driven by growing demand of livestock and poultry industries in protein feeds. Historically, soybeans have been grown predominantly in the Far East. In the beginning of 2000s, along with the development of the poultry industry in the European Russia, soybean production increased in the Southern European Russia. However, competition for fertile soil in European Russia is high, and the Far East has greater potential for soybean production

growth.

Rapeseeds

FAS/Moscow forecasts rapeseed production in MY 2012/13 to decrease by almost 15 percent to 0.9 MMT. High-yielding winter rapeseed production is concentrated in Southern European Russia, and especially in Stavropol kray, and industry analysts estimate that winter rapeseeds have been negatively

affected by winter frosts. This is expected to significantly reduce yields. Meanwhile, area sown to spring rapeseeds is expected to decrease in MY 2012/13 as many farmers consider rapeseed a difficult crop for harvesting and transporting. Rapeseed is primarily produced as a result of demand from Europe for biofuels.

Other oilseed crops

Production of other oilseeds such as linseeds for oil is expected to continue to grow in 2012, due to the profitability of these crops. In 2011, Russian farmers increased area sown to other oilseed crops, such as linseed, mustard, wild flax, and some others to 0.7 million hectares, and the total production of these crops in MY 2011/12 increased to 0.6 MMT (including 0.5 MMT of linseeds). Farmers' interest has been based on absence of export duties on these oilseeds, except mustard. Besides, some crushers found foreign niche markets for oil and products made from these oilseeds, especially linseeds. In fact, in 2011 Russia exported 250,000 MT of linseed, including 17,500 to the United States. Since production of linseeds for oil has become profitable for farmers, they may increase area sown to this and some other oilseed crops in 2012.

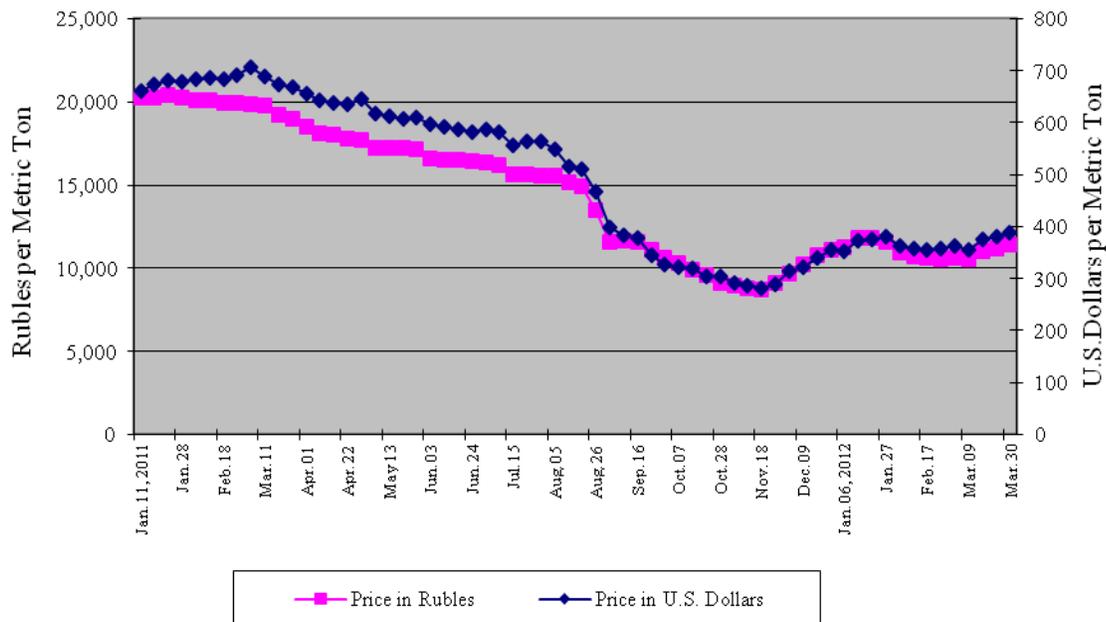
Oilseed Consumption:

Industry analysts estimate Russia's oilseeds crushing capacity in 2011 at 13 MMT, and forecast its further growth to 15 MMT in MY 2012/13. Processing of oilseeds is increasingly concentrated at modern, new crushing plants owned by large agro-holding companies, while crushing at small plants is decreasing.

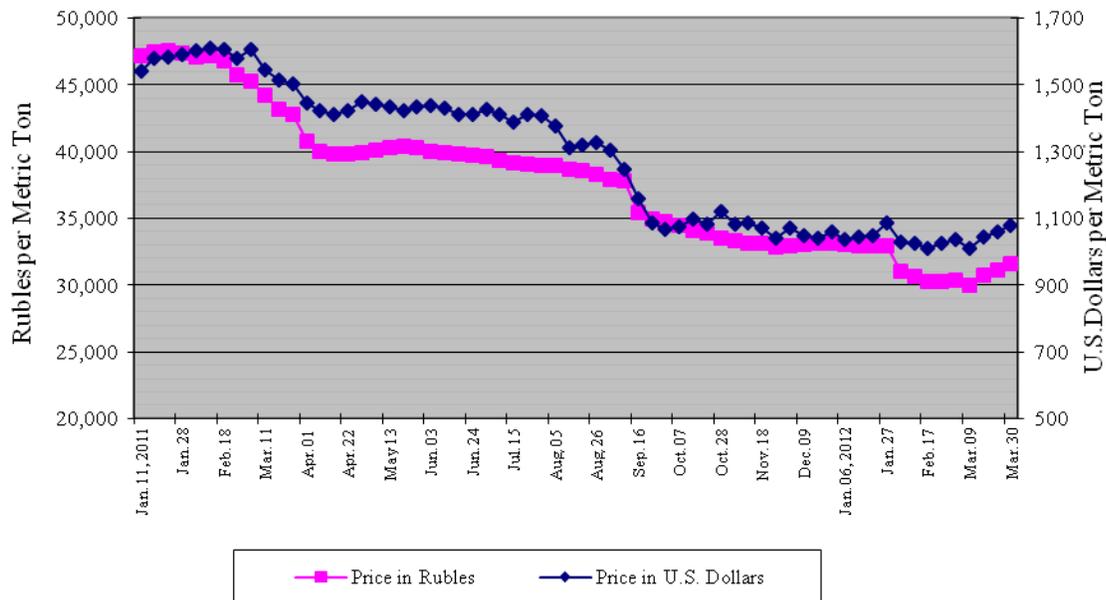
Sunflowerseeds

Assuming that the sunflowerseed crop in 2012 will decrease by 1.2 MMT, FAS/Moscow forecasts sunflowerseed crush in MY 2012/13 to fall by 0.3 MMT to 7.7 MMT. Crush in 2011 had reached a record level as a result of the huge crop and strong demand. A larger decrease in crush in MY 2012/13 is not likely, as oilseed crushing remains a profitable and attractive business for large agro-holding companies, and crushing capacity continues to grow. The forecast volumes of crushing is expected to allow Russia to produce 2.8 MMT of sunflowerseed meal and 3.1 MMT of sunflowerseed oil.

Sunflowerseed Prices, Jan. 2011 - Mar. 2012



Sunflower Oil Prices, Jan. 2011 - Mar. 2012



Soybeans

Demand for soybean meal and cake is growing in Russia due to stronger needs from the poultry industry and recovering swine breeding and dairy industries. Along with growing demand, soybean crushing

facilities also are expanding, and the major Russian soybean crusher - Sodruzhestvo in Kaliningrad - is planning to add another crushing plant to expand their present soybean crushing capacity from approximately 1.1 MMT a year to almost 3 MMT. FAS/Moscow forecasts soybean crush to increase from 2.5 MMT in MY 2011/13 to 2.8 MMT in MY 2012/13.

Rapeseed

Rapeseed consumption will be driven by the EU demand for use in biofuels, since most of Russia's rapeseed oil is exported. Rapeseed crush in MY 2012/13 is forecasted at 0.8 MMT, only slightly below MY 2011/12.

Other Oilseeds

Consumption of other oilseeds is relatively small in Russia, but has been growing in the last 2 years. Russian farmers increased production of linseed both for exports, since these seeds are not subject to export duties, and for crushing for oil, which is exported as niche product to some foreign markets.

Oilseed Trade:

Trade in Sunflowerseeds

In MY 2011/12 Russia increased exports of sunflowerseeds despite high export duties as production was high and domestic prices were low. In September 2011 – February 2012 Russia exported 135,000 MT of sunflowerseeds, 87 percent of which were shipped to Turkey. FAS/Moscow estimates sunflowerseed exports to fall in 2012/13 to 200,000 MT, from 350,000 MT in MY 2011/12. This decrease is due to a smaller crop, increasing crushers' demand, and high export duties.

In accordance with Russia's WTO commitments, export duties on sunflowerseeds must be reduced from 20 percent (but not less than 35 Euro per MT) to 6.5 percent (but not less than 9.75 Euro per MT) within in 4 years after Russia's WTO accession. These reductions are supposed to occur in equal installments. In the long term these changes will likely boost exports of sunflowerseeds at the expense of sunflower meal.

Trade in Soybeans

Soybean exports are expected to increase to 100,000 MT in MY 2012/13 and in the longer term will likely continue to grow. At the beginning of March 2012, Deputy Prime Minister Viktor Zubkov reported that because of the large soybean crop in 2011, the government plans to cut the export duty on soybeans to 5 percent from 20 percent for a period until October 1, 2012. The minimum duty level will be reduced to 8.50 Euro per MT from 35 Euro. Industry analysts report that shortly after this announcement soybeans prices in the Far East increased by 12 percent.

In accordance with WTO commitments, all export duties on soybeans will be eliminated within 3 years of accession and these reductions are supposed to occur in equal installments. The removal of export duties will likely boost trade with China, and encourage increased production in the Russian Far East.

Despite increased exports, Russia will continue to remain a large importer of soybeans as the main producing area in the Far East is 3,700 miles away from the primary soybean crusher in Kaliningrad (or more than the distance between Atlanta and Anchorage). Imports of soybeans are forecast to increase to 1.2 MMT in MY 2012/13 from 0.8 MMT in MY 2011/12. A further increase in imports in the next few years is also expected after Sodruzhestvo's new crushing plant starts working at full capacity.

Trade in Rapeseeds

Rapeseed exports are forecast to decrease as rapeseeds are difficult to transport, and farmers will more likely sell to crushing plants for exports of rapeseed oil.

After WTO accession, export duties on rapeseeds will decrease from 20 percent (but not less than 35 Euro per MT) to 6.5 percent (but not less than 11.4 Euro per MT) within in 3 years after Russia's WTO accession. These reductions are supposed to occur in equal installments. Despite these changes, it is expected that most rapeseeds will still be crushed domestically and oil exported due to transportation difficulties of the seeds.

Table 5. Decrease in Oilseed Export Duties under WTO Commitment

HS Number	Name of Product	Current exports duty	Target export duty	Transitional Period
1201	Soybean	20 percent, but not less than 35 Euro per 1 MT	0	3 years
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
1206	Sunflowerseed	20 percent, but not less than 30 Euro per 1 MT	6.5 percent, but not less than 9.75 Euro per 1 MT	4 years
1207 50	Mustard seed	10 percent, but not less than 25 Euro per 1 MT	0	1 year

Recently GOR issued a Resolution #88 of February 6, 2012 that confirmed the current export duties (export duties on commodities exported from the Russian Federation to the non-CU countries) on soybeans, sunflowerseeds, rapeseed and mustard. The expected exempt for soybeans will be temporary, and will last, as announced until October 1, 2012.

Policy:

The Russian government has adopted several programs directly or indirectly targeted at improvement of the oilseeds industry, such as the Program on Development of Rapeseeds, Program on Development of the Soybean Industry, and Program on the Development of the Feed Industry. However, the financing of these programs is small, and farmers may benefit from government support that applies to all crop production (fuel and fertilizer price discounts, soft term-loans) more than from the above listed programs. However, grain still remains the priority in the Russian government policy, especially when it comes to policies of provincial administrations.

Sunflowerseeds have been profitable for farmers but at the local level agricultural administrations have warned and tried to discourage farmers from expanding area sown to sunflowerseeds due to disease and soil fertility concerns from farmers planting sunflowerseeds too close together in the crop rotations.

In 2011/12 the Russian government has increase indirect support of soybean producers by introducing in the end of 2011 a 0.5 coefficient for railway tariffs for shipping soybeans from the Far East to Siberia and European Russia.

Import of soybeans, peanuts and sesame to Russia are duty-free. Imports of other oilseeds are subject to 5 percent import duty. The import requirements and tariffs can be found on the site of the Russia Customs Service: www.tks.ru .

Production, Supply and Demand Data Statistics:

Table 6. PSD Sunflowerseed

Oilseed, Sunflowerseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	5,200	5,200	7,615		7,000
Area Harvested	5,550	5,560	7,200	7,235		7,000
Beginning Stocks	283	283	130	130		637
Production	5,350	5,350	9,627	9,697		8,500
MY Imports	42	42	10	10		10
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	5,675	5,675	9,767	9,837		9,147
MY Exports	10	10	500	350		200
MY Exp. to EU	0	5	0	5		10
Crush	5,045	5,045	7,800	8,000		7,700
Food Use Dom. Cons.	200	200	280	300		300
Feed Waste Dom. Cons.	290	290	520	550		500
Total Dom. Cons.	5,535	5,535	8,600	8,850		8,500
Ending Stocks	130	130	667	637		447
Total Distribution	5,675	5,675	9,767	9,837		9,147
1000 HA, 1000 MT						

Table 7. PSD Soybean

Oilseed, Soybean Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,050	1,205	1,200	1,230		1,300
Area Harvested	1,036	1,035	1,180	1,180		1,150
Beginning Stocks	91	91	112	112		88
Production	1,222	1,222	1,749	1,756		1,800
MY Imports	1,000	1,001	800	800		1,200
MY Imp. from U.S.	27	27	25	50		150
MY Imp. from EU	0	0	0	0		0

Total Supply	2,313	2,314	2,661	2,668		3,088
MY Exports	1	2	10	50		100
MY Exp. to EU	0	0	0	0		0
Crush	2,170	2,170	2,400	2,500		2,800
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	30	30	65	30		30
Total Dom. Cons.	2,200	2,200	2,465	2,530		2,830
Ending Stocks	112	112	186	88		158
Total Distribution	2,313	2,314	2,661	2,668		3,088
1000 HA, 1000 MT						

Table 8. PSD, Rapeseed

Oilseed, Rapeseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	650	650	850	890		800
Area Harvested	612	612	840	840		750
Beginning Stocks	94	94	98	98		154
Production	670	670	1,050	1,055		900
MY Imports	1	1	1	1		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	1	1	1	1		0
Total Supply	765	765	1,149	1,154		1,054
MY Exports	41	41	150	100		50
MY Exp. to EU	40	40	40	90		50
Crush	610	610	825	850		825
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	16	16	17	50		25
Total Dom. Cons.	626	626	842	900		850
Ending Stocks	98	98	157	154		154
Total Distribution	765	765	1,149	1,154		1,054
1000 HA, 1000 MT						

Table 9. PSD, Peanut

Oilseed, Peanut Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2013		Market Year Begin: May 2011		Market Year Begin: Oct 2012	
	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	138	132	130	135		135
MY Imp. from U.S.	15	15	15	15		15
MY Imp. from EU	0	0	0	0		0
Total Supply	146	140	138	143		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.	138	132	130	135		135
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	138	132	130	135		135
Ending Stocks	8	8	8	8		8
Total Distribution	146	140	138	143		143
1000 HA, 1000 MT						

Commodities:

Meal, Sunflowerseed

Meal, Soybean

Meal, Rapeseed

Meal, Fish

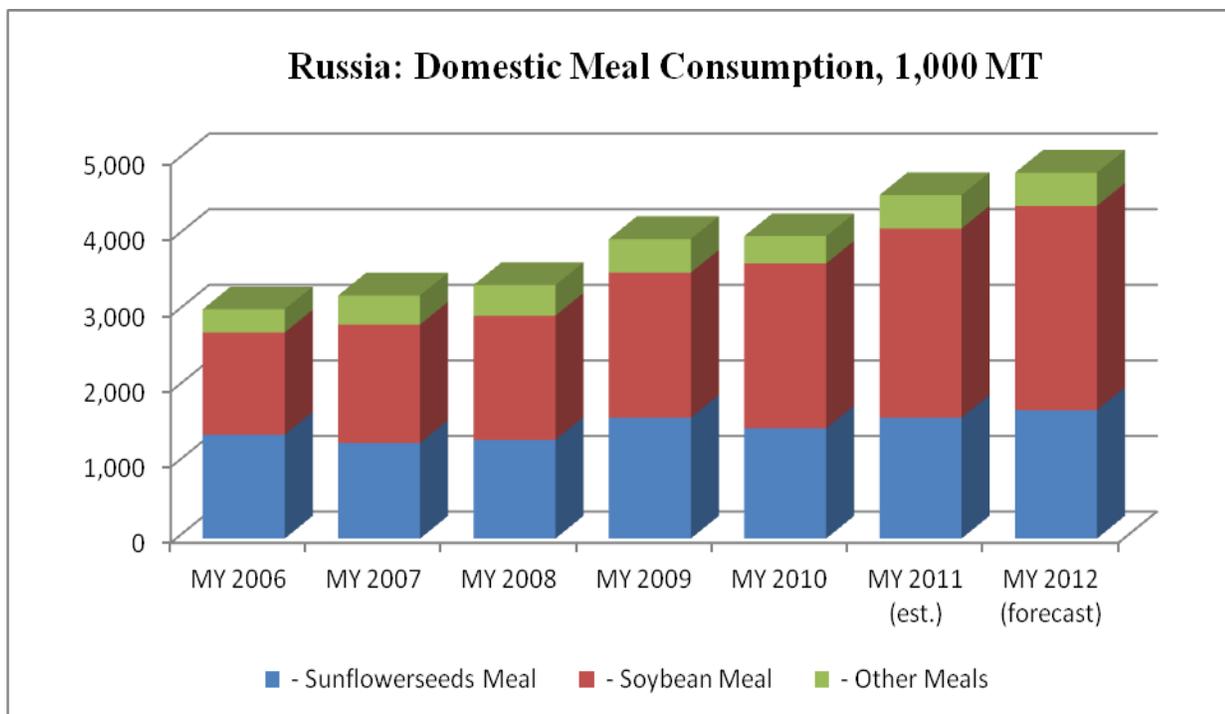
Meal Production:

After a huge jump in oilseed meal production in MY 2011/12, FAS/Moscow forecasts only a slight increase in oilseed meal production to 5.6 MMT in MY 2012/13 (from 5.5 MMT in 2011/12 and 4.0 in 2010/11). This increase is due to higher production of soybean meal to 2.2 MMT, while production of sunflowerseed meal is forecast to decrease slightly by 0.1 MMT to 2.8 MMT.

Meal Consumption:

Domestic demand for protein feeds and feed preparations is getting stronger along with the development of poultry and livestock industries in Russia, and the increasing concentration of poultry, meat and milk production at large industrial complexes. These operations use more compound feeds with high protein content than smaller scale operations or private households. For more information on the demand in feeds and on the development of feed industry see GAIN report RS1217 _ Russian Feed Sector Continues to Develop but Obstacles remain _ Moscow _ Russian Federation _ 3/14/2012.

FAS/Moscow forecasts that Russia's total domestic consumption of the three major oilseed meals (sunflowerseed, soybean and rapeseed meal) will increase to 4.8 MMT in MY 2012/13 compared with 4.5 MMT in MY 2011/12.



Meal Trade:

Despite high domestic demand for protein feeds, a significant portion of sunflowerseed meal is exported, as crushers prefer shipping sunflowerseed meal abroad on stable contracts with steady buyers. Meanwhile, domestic poultry producers and other consumers of protein feeds prefer purchasing soybean meal, either domestic or imported. FAS/Moscow forecasts sunflowerseed meal exports in MY 2012/13 at 1.1 MMT, only a slight decrease from the previous year. Imports of soybean meal are forecasted to remain steady at 0.6 MMT in MY 2012/13. The import duty on soybean meal remains 5 percent despite the continued efforts of domestic poultry producers to lobby for its removal. However, with Russia's WTO accession, soybean meal import duties are required to immediately fall to zero. Meanwhile, rapeseed meal import duties are also required to fall with WTO accession from 5 percent to zero by 2013.

Policy:

The government program on the Development of the Feed Industry will continue through 2014, and envisages increased production of protein feeds such as soybean meal. However, financing of this program is low and the development of the feed industry is driven by growing poultry and livestock industry demand rather than by direct government support of soybean meal production.

Production, Supply and Demand Data Statistics:

Table 10. PSD, Sunflowerseed Meal

Meal, Sunflowerseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,045	5,045	7,800	8,000		7,700
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	204	204	53	53		155
Production	1,874	1,874	2,902	2,902		2,800
MY Imports	17	17	5	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,095	2,095	2,960	2,955		2,955
MY Exports	583	583	1,200	1,200		1,100
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.	1,459	1,459	1,686	1,600		1,700
Total Dom. Cons.	1,459	1,459	1,686	1,600		1,700
Ending Stocks	53	53	74	155		155
Total Distribution	2,095	2,095	2,960	2,955		2,955
1000 MT, PERCENT						

Table 11. PSD, Soybean Meal

Meal, Soybean Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2,170	2,170	2,400	2,500		2,800
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	82	82	36	36		81
Production	1,708	1,708	1,891	1,995		2,200
MY Imports	455	455	350	600		600
MY Imp. from U.S.	46	46	30	50		50
MY Imp. from EU	130	130	150	130		130
Total Supply	2,245	2,245	2,277	2,631		2,881
MY Exports	28	28	30	50		100
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.	2,181	2,181	2,190	2,500		2,700
Total Dom. Cons.	2,181	2,181	2,190	2,500		2,700
Ending Stocks	36	36	57	81		81
Total Distribution	2,245	2,245	2,277	2,631		2,881
1000 MT, PERCENT						

Table 12. PSD, Rapeseed Meal

Meal, Rapeseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	610	610	825	850		825
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	0	0	0	0		0
Production	364	364	492	495		480
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	364	364	492	495		480
MY Exports	151	151	200	200		190
MY Exp. to EU	85	85	85	90		90
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	213	213	292	295		290
Total Dom. Cons.	213	213	292	295		290
Ending Stocks	0	0	0	0		0
Total Distribution	364	364	492	495		480
1000 MT, PERCENT						

Table 13. PSD, Fish Meal

Meal, Fish Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	525	525	525	550		525
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	3	3	3	3		3
Production	135	135	135	135		135
MY Imports	53	53	65	65		65
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	191	191	203	203		203
MY Exports	50	50	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.	138	138	145	145		145
Total Dom. Cons.	138	138	145	145		145
Ending Stocks	3	3	3	3		3
Total Distribution	191	191	203	203		203
1000 MT, PERCENT						

Commodities:

Oil, Sunflowerseed

Oil, Soybean

Oil, Rapeseed

Oil, Palm

Oil Production:*Sunflowerseed oil*

Sunflowerseed oil remains the major vegetable oil in Russian and comprises approximately 65 percent of domestic consumption. FAS/Moscow forecasts that sunflowerseed oil production in MY 2012/13 may decrease slightly by 0.1 MMT to 3.1 MMT due to lower sunflowerseed production. However, this decrease is expected to result in lower exports, with domestic consumption remaining largely the same.

FAS/Moscow estimates sunflowerseed oil production in MY 2011/12 at 3.2 MMT. Russia's state Statistical Service (Rosstat) has changed the parameters of reported vegetable oil production several times in the last 3 years, and does not include vegetable oil production at small plants and on-farm crushing operations. The role of small crushers is decreasing, but they still produce a large portion of sunflowerseed oil for local consumers and for farmers' own consumption. According to Rosstat, production of crude sunflowerseed oil at large enterprises in September 2011 – February 2012 was 1.8 MMT, or 48 percent more than in September 2010 – February 2011. Assuming that in the next 6 months of MY 2011/12 Russia's major crushers will be producing sunflowerseeds in volumes close to the 3 years average, sunflowerseed oil production at major crushing plants may reach 3.0-3.1 MMT, also approximately 48 percent more than in the MY 2010/11.

Table 14. Vegetable Oil Production at Industrial Plants, MYs 2010/11 and 2011/12, 1,000 MT

	MY 2010/11		MY 2011/12 (est.)	
	Total	Sunseed Oil	Total	Sunseed Oil
Sep.	251	203	216	170
Oct.	310	250	384	337
Nov.	323	255	394	352
Dec.	303	220	417	371
Jan.	176	142	365	310
Feb.	202	160	336	292
Mar.	230	170	260	232
Apr.	193	160	241	217
May	193	155	236	213
Jun.	193	150	239	216
Jul.	210	130	218	182
Aug	189	124	197	147
MY Total	2,773	2,119	3,502	3,039

Sources: Rosstat data for sunflowerseed oil (crude), SovEcon data for total vegetable oil, FAS/Moscow estimates for March-August 2012.

Other vegetable oils

Production of soybean oil is increasing along with the growth of domestic soybean production and imports, but the share of soybean oil in domestic consumption does not exceed 10 percent of the total domestic consumption. Consumers continue to prefer sunflowerseed oil to soybean oil. FAS/Moscow estimates soybean oil production in MY 2011/12 at 4440,000 MT, and forecasts its increase in MY 2012/13 to 0.5 MMT. Production of rapeseed oil is estimated at 330,000 MT in MY 2012/13, and the same volumes are forecast for MY 2012/13.

Oil Consumption:

Russia's per-capita vegetable oil consumption (food and industrial) is estimated at approximately 24 liters per capita per year, and this is still lower than in Europe and in the United States. However, food use domestic consumption has been stable and is not forecast to increase in MY 2012/13, while industrial consumption may continue increasing along with the development of Russia's food industry.

Table 15. Supply and Consumption of Vegetable Oil, MYs 2006/07 – 2012/13, 1,000 MT

	MY 2006/07	MY 2007/08	MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12 (est)	MY 2012/13 (forecast)
Total Supply	3,298	3,861	4,085	3,960	3,779	4,891	4,885
- Sunflowerseeds Oil	2,260	2,384	2,779	2,619	2,330	3,339	3,279
- Soybean Oil	157	308	366	379	416	490	560
- Rapeseed Oil	168	196	264	282	260	334	345
- Palm Oil	524	739	517	526	610	609	579
- Coconut Oil	175	215	145	128	130	87	90
- Olive Oil	10	11	9	16	23	22	22
- Other Vegetable Oil	4	8	5	10	10	10	10
Exports Total	772	359	1,020	764	454	1,451	1,370
- Sunflowerseeds Oil	710	321	802	504	213	1,100	1,000
- Soybean Oil	5	10	127	170	145	150	170
- Rapeseeds Oil	55	27	89	88	94	200	200
- Palm Oil	1	0	1	1	1	0	0
- Coconut Oil	0	0	0	0	0	0	0
- Olive Oil	0	0	0	0	0	0	0
- Other Vegetable Oil	1	1	1	1	1	1	0
Consumption and Stocks	2,526	3,502	3,065	3,196	3,325	3,440	3,515
- Sunflowerseeds Oil	1,550	2,063	1,977	2,115	2,117	2,239	2,279
- Soybean Oil	152	298	239	209	271	340	390
- Rapeseeds Oil	113	169	175	194	166	134	145
- Palm Oil	523	739	516	525	609	609	579
- Coconut Oil	175	215	145	128	130	87	90
- Olive Oil	10	11	9	16	23	22	22
- Other Vegetable Oil	3	7	4	9	9	9	10

Oil Trade:

FAS/Moscow forecasts sunflowerseed oil exports in MY 2012/13 to decrease by 0.1 MMT to 1.0 MMT. Exports in MY 2011/12 reached a record and in September 2011– February 2012 Russia has already exported over 530,000 MT of sunflowerseed oil, including 431,600 MT of crude vegetable oil and almost 88,700 MT of refined sunflowerseed oil. Crude sunflowerseed oil was exported to over 20 countries, and the major markets for crude oil were Turkey (182,200 MT), Egypt (120,100 MT), and Italy (31,500 MT). Refined sunflowerseed oil was exported primarily the CIS countries and some other neighbor countries. The major markets for Russia's refined sunflowerseed oil were Uzbekistan (41,600 MT), Kyrgyzstan (11,500 MT) and Tajikistan (7,700 MT). Imports of sunflowerseed oil, mostly from Ukraine, do not exceed 30,000 – 50,000 MT a year.

Soybean oil imports are low and do not exceed 10,000 MT a year. For exports, after construction of the major soybean crushing complex in Kaliningrad, Russia began exporting soybean oil. In September 2011– February 2012 Russia exported 61,400 MT of soybean oil and the major markets for Russian soybean oil were France (15,100 MT), Uzbekistan (13,700 MT), and the United Kingdom (10,500 MT).

Russia's total soybean oil exports in MY 2012/13 are estimated at 150,000 MT, the same as in 2011/12 but will likely rise in the future when increased crushing capacity in Kaliningrad comes on-line. While there is strong demand for soybean meal in Russia, this is not the case for oil and hence the exports.

Rapeseed oil exports have been increasing since 2007, along with growing European demand for use in biofuels. FAS/Moscow forecasts MY 2012/13 exports at 200,000 MT, the same as 2011/12. In July 2011 – February 2012 these exports reached 165,000 MT.

In the last 5-6 years Russia has become one of the largest importers of palm oil. FAS/Moscow forecasts some decrease in palm oil imports in MY 2012/13 to 530,000 MT (from 560,000 MT in MY 2011/12) due to the possible prohibitions of the use of palm oil in products that are called "dairy", if the Custom Union's technical regulation on milk and dairy products is adopted in the currently discussed format. In October 2011-February 2012 Russian imported 233,000 MT of palm oil.

Policy:

Russia regulates production of vegetable oils by the safety and quality requirements stipulated in the Russian Technical Regulation (TR) on Oils and Fats (Federal Law of the Russian Federation #90-FZ of June 24, 2008). Beginning July 1, 2013 this Russian TR will be replaced by the Customs Union TR on Oils and Fats, adopted by the Customs Union Commission on December 9, 2011:

<http://www.tsouz.ru/db/techreglam/Documents/TR%20TS%20MasloGirov.pdf> .

Russia's trade policy also influences the domestic vegetable oils market. Vegetable oils are exported duty-free and 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 oil for packaging and for direct human consumption. Thus, import duty on sunflowerseed oil for non-food industrial consumption is 15 percent, and for oil imported for food consumption imported in packs of 10 liters and less the import duty is 15 percent, but not less than 0.14. Import duty on soybean oil is 15 percent, and for soybean oil imported in packs of 10 liters and less the import duty is 15 percent, but not

less than 0.14 euro per 1 kg. The significant exception in tariffs was made for palm oil. At present imports of palm oil for industrial consumption (HS code 1511 101 000) is duty-free. Import duty for palm oil not-for-industrial consumption in 20 MT's and less packages is 400 Euro per MT. Import duty for the same oil in packages over 20 MT is duty-free. Import tariffs for some oils will be reduced slightly with WTO accession.

Production, Supply and Demand Data Statistics:

Table 16. PSD, Sunflowerseed Oil

Oil, Sunflowerseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5,045	5,045	7,800	8,000		7,700
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	99	99	109	109		149
Production	2,082	2,082	3,221	3,200		3,100
MY Imports	149	149	70	30		30
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,330	2,330	3,400	3,339		3,279
MY Exports	180	180	1,100	1,100		1,000
MY Exp. to EU	25	25	500	500		500
Industrial Dom. Cons.	330	330	350	350		350
Food Use Dom. Cons.	1,681	1,681	1,750	1,700		1,700
Feed Waste Dom. Cons.	30	30	40	40		40
Total Dom. Cons.	2,041	2,041	2,140	2,090		2,090
Ending Stocks	109	109	160	149		189
Total Distribution	2,330	2,330	3,400	3,339		3,279

1000 MT, PERCENT

Table 17. PSD, Soybean Oil

Oil, Soybean Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2,170	2,170	2,400	2,500		2,800
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	5	5	40	40		60
Production	389	389	430	440		490
MY Imports	21	21	15	10		10
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	10	10	10	10		10
Total Supply	415	415	485	490		560
MY Exports	135	135	150	150		170
MY Exp. to EU	130	130	120	120		140
Industrial Dom. Cons.	30	30	30	30		55
Food Use Dom. Cons.	210	210	247	250		260
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	240	240	277	280		315

Ending Stocks	40	40	58	60		75
Total Distribution	415	415	485	490		560
1000 MT, PERCENT						

Table 18. PSD, Rapeseed Oil

Oil, Rapeseed Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	610	610	825	850		825
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	20	20	3	3		14
Production	239	239	323	330		330
MY Imports	1	1	1	1		1
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	260	260	327	334		345
MY Exports	94	94	140	200		200
MY Exp. to EU	95	65	90	150		150
Industrial Dom. Cons.	30	30	20	20		20
Food Use Dom. Cons.	133	133	148	100		110
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	163	163	168	120		130
Ending Stocks	3	3	19	14		15
Total Distribution	260	260	327	334		345
1000 MT, PERCENT						

Table 19. PSD, Palm Oil

Oil, Palm Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	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	64	49		49
Production	0	0	0	0		0
MY Imports	655	610	560	560		530
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	665	620	624	609		579
MY Exports	1	1	0	0		0
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	135	120	120	130		120
Food Use Dom. Cons.	465	450	464	430		410
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	600	570	584	560		530
Ending Stocks	64	49	40	49		49
Total Distribution	665	620	624	609		579

1000 HA, 1000 TREES, 1000 MT						