



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 11/1/99

GAIN Report #RS9056

Russian Federation

Oilseeds and Products

November 1999 Sunflowerseeds Harvest Update

1999

Approved by:

Geoffrey Wiggin

U.S. Embassy

Moscow

Drafted by:

Eric Trachtenberg and Yelena Vassilieva

Report Highlights:

Driven by a 27 percent increase in sown area from 1998, sunflowerseed production is forecast at 3.8 million tons, up 600,000 tons from the previous estimate. Yields will remain low at 0.8 tons per hectare. Increased oilseed availability will result in higher crush and increased sunflowerseed meal and oil production. Report includes an update of the oilseeds trade.

Includes PSD changes: Yes
Includes Trade Matrix: No
Voluntary Report
Moscow [RS1], RS

Executive Summary	1
Oilseeds Trade Update	1
Vegetable Oil Imports	2
Sunflowerseed	3
Sunflowerseed Meal	4
Sunflowerseed Oil	5

Executive Summary

Driven by a 27 percent increase in sown area from 1998, sunflowerseed production is forecast at 3.8 million tons, up 600,000 tons from the previous estimate. Because area is increasing in marginal lands, yields will remain low at 0.8 tons per hectare. Marginal soils, poor crop rotation practices, low yielding seeds and a shortage of agricultural chemicals are principal constraints to Russian sunflowerseed production. Sunflowerseed crush is forecast at 2.4 million tons which will produce 920,000 tons of sunflowerseed meal and 960,000 tons of sunflowerseed oil.

Oilseeds Trade Update

If an export ban is not imposed by the government, Russia is forecast to increase exports of sunflowerseed to 1.0 million tons in 1999/2000, with a domestic crush of 2.4 million tons. Total exports will depend on the ratio between domestic and foreign prices for sunflowerseed and oil. Although the world market price for sunflowerseed is between \$220 - \$230 a ton, local industry sources believe that exports from Russia will be competitive only if domestic prices fall under \$130 because of problems with transportation expenses, banking and customs payments.

Temporary export duties on sunflowerseed, rapeseed and soybeans, which were initially applied in January 1999 have now been made permanent. The export duty on soybeans and rapeseed (HS 1201 00 and 1205 00) is 10 percent of custom's value, but not less than 20 Euros per ton, the export duty on sunflowerseed (HS 1206 00) is 10 percent of custom's value, but not less than 15 Euros per ton. The recent state procurement price for sunflowerseed is 3,500 rubles per ton, or \$144. If this price is really offered to those with product to sell, exports of sunflowerseed will be attractive only for those exporters with the most efficient transportation logistics and best access to the financial system. Domestic commercial demand for sunflowerseed for crushing will depend on the availability of inexpensive imported vegetable oil, oilseed meal, and imports of alternative oilseeds and products such as soybeans. The most significant variable would be the introduction of export limitations. Imports of sunflowerseed are forecast at 10,000 tons which is close to the level of imports during the early 1990's but only 30 percent of the 35,000 tons imported in 1998.

Vegetable Oil Imports

In marketing year (Oct-Sept) 1998/99, imports of vegetable oils are forecast at more than 760,000 tons, exceeding the 1997/98 historic high of 718,000 tons. After a three-month lull after the August 1998 financial crisis and recession, imports accelerated from January through August 1999, exceeding imports during the same period in 1997/98 by 20 percent. Oil was mostly imported by bottlers who found it easier to import oil than buy domestically, fueling the export of unprocessed seeds. Increasing vegetable oil supplies and limited consumer buying power are expected to put downward pressures on vegetable oil prices in 1999/00. The table below shows developments in vegetable oil imports from 1997-1999.

Monthly Vegetable Oils Imports

	Soybean	Olive	Palm	Sunflower	Rapeseed	Coconut	Total
Oct/Dec 97	19.1	1.3	37.4	109.2	79.1	5.2	207.7
Jan/Mar 98	11.6	0.6	28.4	61.8	35.5	5.8	144.7
Apr/Jun 98	22.6	0.8	20.8	76.7	36.5	6.7	171.0
Jul/Sep 98	31.5	0.5	17.2	59.0	43.4	7.0	127.9
Oct/Dec 98	36.8	1.0	14.7	37.8	12.8	2.0	106.7
Jan.	8.5	0.0	7.1	5.2	1.2	0.9	38.4
Feb.	16.7	0.1	3.1	25.7	2.0	1.4	56.4
Mar.	17.4	0.0	7.8	18.9	11.2	3.1	53.2
Jan/Mar 99	42.6	0.1	18.0	49.8	14.4	5.5	147.9
Apr.	11.8	0.0	9.5	44.3	16.6	3.9	86.1
May	23.8	0.1	6.8	16.6	9.4	3.2	59.7
Jun.	37.7	0.1	6.9	28.8	5.9	3.2	82.5
Apr/Jun 99	73.3	0.1	23.2	89.6	31.9	10.3	228.4
Jul.	53.4	0.0	6.9	46.6	8.4	3.3	118.6
Aug.	43.1	0.1	5.8	36.7	28.6	1.8	116.1
Sep.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jul/Sep 99	96.6	0.1	12.7	83.3	37.0	5.1	234.7
MARKETING YEAR SUMMARY							
Oct/Sept							
- 96/97	35.7	5.1	80.2	232.9	93.2	15.3	462.4
- 97/98	84.7	3.2	103.7	306.7	194.5	24.7	717.6
- 98/99 (F' cast)	270	1.5	75.0	285.0	105	25.0	761.5

Source: Russian State Customs Committee

Sunflowerseed

Post increases its sunflowerseed production estimate because of expanded sown area. Rising stocks are a result of farmers holding on to products in hope of earning a higher price. See above for update on imports and exports.

PSD, Sunflowerseed, Thousands of Tons, 1997-1999

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflowerseed					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	3588	3588	4100	4100	4400	5200
Area Harvested	3583	3583	4090	4090	4100	4900
Beginning Stocks	14	14	15	15	15	30
Production	2831	2831	3000	3000	3200	3800
MY Imports	10	10	10	35	10	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2855	2855	3025	3050	3225	3840
MY Exports	950	950	920	860	1000	1000
MY Exp. to the EC	600	600	600	600	600	600
Crush Dom. Consumption	1610	1610	1800	1860	1900	2400
Food Use Dom. Consump.	180	180	200	200	200	200
Feed Waste Dom. Consum.	100	100	90	100	100	200
Total Dom. Consumption	1890	1890	2090	2160	2200	2800
Ending Stocks	15	15	15	30	25	40
TOTAL DISTRIBUTION	2855	2855	3025	3050	3225	3840
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Sunflowerseed Meal

Production of Sunflowerseed meal will increase to 920,000 tons, and domestic consumption is forecast at 910,000 tons.

PSD, Sunflowerseed Meal, Thousands of Tons, 1997-1999

PSD Table						
Country:						
Commodity:	Sunflower Seed Meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1800	1860	1900	2400
Extr. Rate	0.3851	0.3851	0.4056	0.3925	0.4000	0.3833
Beginning Stocks	0	0	0	0	0	0
Production	620	620	730	730	760	920
MY Imports	3	3	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	623	623	730	730	760	920
MY Exports	10	10	10	10	10	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	613	613	720	720	750	910
Total Dom. Consumption	613	613	720	720	750	910
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	623	623	730	730	760	920
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Sunflowerseed Oil

Post increases its forecast for sunflowerseed oil production to 960,000 tons. Imports will remain at 170,000 tons kept affordable by the low world market prices of vegetable oils. Based on official customs data for October 1998 through August 1999, Post also increases its estimates for imports in 1998/99 to 280,000 tons. Beginning stocks of sunflowerseeds oils in 1999/00 are raised to 60,000 tons, and, given increased production, can reach 85,000 tons by the end of the coming marketing year.

PSD, Sunflowerseed Oil, Thousands of Tons, 1997-1999

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflower Oil					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1800	1860	1900	2400
Extr. Rate	0.401863	0.4018634	0.4	0.403226	0.4	0.4
Beginning Stocks	136	136	85	85	30	60
Production	647	647	720	750	760	960
MY Imports	307	307	170	280	170	170
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1090	1090	975	1115	960	1190
MY Exports	25	25	25	25	25	25
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	60	60	50	100	40	100
Food Use Dom. Consump.	910	910	860	920	860	970
Feed Waste Dom. Consum.	10	10	10	10	5	10
Total Dom. Consumption	980	980	920	1030	905	1080
Ending Stocks	85	85	30	60	30	85
TOTAL DISTRIBUTION	1090	1090	975	1115	960	1190
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

