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Russian Federation

Oilseeds and Products

August Oilseed Harvest Update

2000

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Report Highlights:
Total Russian oilseed production is forecast at 4.1 million tons, 600,000 tons lower than in 1999. This production cut comes because of a sharp decrease in sunflowerseed production from 4.1 million tons to 3.6 million tons caused mostly be reduced plantings. This report also includes a description of the situation in Amur Oblast, the largest soybean producing region in Russia where producers have faced lower prices for their products because of large sunflowerseeds stocks.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Production

Total Russian oilseed production is forecast at 4.1 million tons, 600,000 tons lower than in 1999. This production cut comes because of a sharp decrease in sunflowerseed production from 4.1 million tons to 3.6 million tons caused mostly be reduced plantings. This forecast is slightly higher than the previously reported forecast because of a May frost in the south of Russia, which encouraged some farmers to re-sow damaged winter grain area to sunflowerseeds. This pushed officially reported sunflowerseeds area from 4.2 million hectares to 4.55 million hectares. However, this increased area sown to sunflowerseeds will include poorer soils with less access to inputs. Thus, Post increases its 2000 production forecast only by 100,000 tons to 3.6 million metric tons. Soybean production is forecast at 300,000 tons, close to the 5 year average, but almost 10 percent lower than in 1999. Combined rapeseed, mustard and flax production is forecast at 5-10 percent, or approximately 10,000 tons, higher than in 1999 and will probably reach 195,000 tons.

Consumption

In spite of lower production, food consumption of oilseeds and vegetable oil will remain higher than the 5-year average. However, consumption of oilseed meal will decrease drastically after a 75 percent increase in 1999/00 supported by US soybean and soymeal shipments. Forecast consumption of soybean meal and cake to decrease from 700,000 tons in 1999/00 to 390,000 tons, slightly lower than in 1998/99. Consumption of sunflowerseeds meal and cake are forecast at last year's level.

Restructuring Continues

Local experts report that restructuring of the Russian crushing and oil processing industry is picking up speed. The most significant trends are a consolidation of the industry around more competitive firms and increasing vertical integration. Crushing capacity away from sunflowerseed producing areas continues to be closed as it is built up in southern regions such as Rostov. At the same time, better-run oil processing facilities continue to expand and are increasingly building crushing capacity, often with financing from regional banks. At present, industry sources report that the most competitive plants are in Nizhny Novgorod, Moscow and Irkutsk. In contrast, smaller plants lacking in funding along with those in Krasnodar and Ivanovo are expected to face difficult times.

Sunflowerseed Products

Sunflowerseed

The sunflowerseed production forecast is increased to 3.6 million tons based on increases in sown area caused by May frosts which killed some grain producing area. Sown area by July 1, 2000 reached 4.55 million hectares. Yields are forecast at the last year level, i.e., 0.8 tons per hectare. Starting February 2000, exports of sunflowerseed have been increasing, and by the beginning of June Russia had exported 740,000 tons of sunflowerseed. Based on this and the assumption that some sunflowerseed from the new crop will be exported in August and September, Post increases its export estimate for 1999/00 from 700,000 to 850,000 tons along with a reduction of 50,000 tons from carry-over stocks. Assuming that the domestic demand for sunflowerseed in the coming year will strengthen (modern crushing will demand raw material for production of both oil and meal), Post forecasts exports in MY 2000 at 400,000 tons, the lowest level since 1995.

PSD, Sunflowerseed, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Oilseed, Sunflowerseed				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	4100	4100	5600	5600	4200	4550
Area Harvested	4090	4090	5530	5530	4100	4450
Beginning Stocks	15	15	30	30	100	50
Production	3000	3000	4150	4150	3500	3600
MY Imports	35	35	10	10	50	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3050	3050	4190	4190	3650	3700
MY Exports	860	860	700	850	300	400
MY Exp. to the EC	600	600	300	400	200	200
Crush Dom. Consumption	1860	1860	2900	2850	2800	2800
Food Use Dom. Consump.	200	200	240	240	200	200
Feed,Seed,Waste Dm.Cn.	100	100	250	200	300	250
TOTAL Dom. Consumption	2160	2160	3390	3290	3300	3250
Ending Stocks	30	30	100	50	50	50
TOTAL DISTRIBUTION	3050	3050	4190	4190	3650	3700
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

Caldnr Yr Exp. to U.S.	0	0	0	0	0	0

Sunflowerseed Meal

Sunflowerseed meal and cake production is forecast at 1.0 million tons, with all meal and cake consumed domestically.

PSD, Sunflowerseed Meal, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Meal, Sunflowerseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1860	1860	2900	2850	2800	2800
Extr. Rate, 999.9999	0.392473	0.392473	0.344828	0.350877	0.357143	0.357143
Beginning Stocks	0	0	0	0	0	0
Production	730	730	1000	1000	1000	1000
MY Imports	0	0	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	730	730	1000	1000	1000	1000
MY Exports	10	10	10	10	10	0
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	720	720	990	990	990	1000
TOTAL Dom. Consumption	720	720	990	990	990	1000
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	730	730	1000	1000	1000	1000
Calendar Year Imports						
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Caldnr Yr Exp. to U.S.	0	0	0	0	0	0

Sunflowerseed Oil

Sunflowerseed oil production is forecast at 1.15 million tons, the same as in 1999/00. Food use domestic consumption is forecast at 1.0 million tons. Post decreases the sunflowerseed oil import estimate for 1999/00 from 200,000 tons to 150,000 tons based on a slow down of imports starting January 2000 caused by low domestic vegetable oil prices and high stocks. The export estimate remains unchanged at 170,000 tons for MY 1999. Uncertainty about the sunflowerseed and products market in MY 2000 and the unreliability of Russian supplies, may stimulate oil processors to import enough sunflowerseeds oil in MY 2000 to stay independent from domestic oil. Oil exports will continue because major crushers consider expansion in foreign markets a major priority.

PSD, Sunflowerseed Oil, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Oil, Sunflowerseed				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	1860	1860	2900	2850	2800	2800
Extr. Rate, 999.9999	0.403226	0.403226	0.396552	0.403509	0.392857	0.410714
Beginning Stocks	85	85	60	60	80	80
Production	750	750	1150	1150	1100	1150
MY Imports	280	280	200	150	200	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1115	1115	1410	1360	1380	1430
MY Exports	25	25	170	170	160	160
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	100	100	150	130	150	170
Food Use Dom. Consump.	920	920	1000	970	1000	1000
Feed Waste Dom. Consum	10	10	10	10	20	20
TOTAL Dom. Consumption	1030	1030	1160	1110	1170	1190
Ending Stocks	60	60	80	80	50	80
TOTAL DISTRIBUTION	1115	1115	1410	1360	1380	1430
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

Soybean Products

Situation in Amur Oblast

Amur Oblast is by far the largest soybean producing area in Russia, with more than half total production. Although area sown to soybeans fell from 450,000 ha in the early 1990's to 220,000 ha in 1999, local sources expect that the decline in the industry has stopped. The area sown to soybeans in 2000 is expected to be between 200-220,000 ha, close to 1999's level. Other producing areas are Primorsky Krai which plants 100,000 ha and Khabarovsk Krai which sows 30,000 ha. All these regions are in the Russian Far East. Krasnodar, in the Northern Caucasus, is also a significant producing area.

Yields in Amur in 1999 were around one ton per ha while 2000 yields are expected to be about the same because the negative effects of excessively dry and hot weather this year could be offset by better supplies of chemicals and fertilizer. However, no expects yields to increase to Soviet levels when 2.2 - 2.3 tons per ha were routine. Machinery is a major problem for most farms with 90% of them using old equipment in constant need of repair.

Most soybean production is on large collective farms with only 17% produced on private farms. Because of the continuing financial difficulties of most farms, the role of the regional government role is large. It supplies inputs including fertilizer, herbicides and fuel at below market prices. The oblast also wants to build up local processing capacity which is very small at only 45,000 tons annually. A limited amount of soybeans (25,000 tons annually) is used for soymilk, flour cheese and dried protein.

The main market for Amur soybean producers is in Irkutsk where they sell 100,000 tons annually. The Irkutsk Oil and Fats company, which is part-owned by Amur farmers, in turn, sells oil and meal to central Russia. The single largest consumers for meal are poultry farms in the Urals and Western Siberia which buy 90 percent of production. The second largest market for Amur soybeans is China, which buys 50,000 to 60,000 tons a year. China has large crushing capacity and exports oil to Korea and meal to Japan. Primorsky Krai also buys in Amur and producers have also found markets in UK and Japan for their GMO-free products. Domestic prices remain depressed because of high stocks caused by a flood of cheap sunflowerseeds. Prices for soybeans and oil remain very low. Soybeans sell for half the price they did in 1999 and soybeans oil is 10 rubles (35 cents) a liter, down from 18 rubles (72 cents) a liter in 1999.

Other soybean demand comes from two other major oil plants in Siberia and the Far East, each with about 100,000 tons per year crushing capacity. These are located Ussirisk and Khabarovsk. Although these facilities buy in Primorsky and Khabarovsk, they are expanding and are showing more interest in Amur soybeans. The plant in Ussirisk sells mostly to China while Khabarovsk sells within its region. Although soybeans are produced and crushed in Krasnodar, there is little competition with them because they service different regions and mostly make soybean cake.

Soybeans

Based on the monthly import data, Post increases its soybean import estimate for MY 1999 to 59,000 metric tons with the subsequent increase of crush. Demand for meal and cake which peaked in May-July 2000 relative to supplies, has stimulated crushers to process soybeans quickly. Based on this, Post increases the 1999/2000 crush estimate and decreases carry out stocks forecast from 80,000 to 60,000 tons. The crop forecast for MY 2000 is 300,000 tons, and crush will decrease to 370,000 tons.

PSD, Soybeans, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	452	452	440	440	450	420
Area Harvested	375	375	439	439	450	420
Beginning Stocks	30	30	157	157	80	60
Production	297	297	334	334	350	300
MY Imports	200	200	40	59	50	60
MY Imp. from U.S.	200	200	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	527	527	531	550	480	420
MY Exports	80	80	50	40	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	250	250	401	450	400	370
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	40	40	0	0	0	0
TOTAL Dom. Consumption	290	290	401	450	400	370
Ending Stocks	157	157	80	60	80	50
TOTAL DISTRIBUTION	527	527	531	550	480	420
Calendar Year Imports						
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

Soybean Meal

After a spike in soybean meal and cake feed consumption in 1998 and 1999 resulting from donations of U.S. soybeans, domestic feed consumption in 2000 may fall to the pre-donations level of 390,000 to 400,000 tons. Post forecasts commercial imports of soybean meal and cake at 70,000 tons, the lowest level of commercial imports since 1995.

PSD, Soybean Meal, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	250	250	401	440	400	370
Extr. Rate, 999.9999	0.8	0.8	0.798005	0.8068182	0.8	0.7972973
Beginning Stocks	14	14	20	20	20	35
Production	200	200	320	355	320	295
MY Imports	206	206	360	360	70	70
MY Imp. from U.S.	100	100	325	325	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	420	420	700	735	410	400
MY Exports	0	0	0	0	0	0
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	400	400	680	700	400	390
TOTAL Dom. Consumption	400	400	680	700	400	390
Ending Stocks	20	20	20	35	10	10
TOTAL DISTRIBUTION	420	420	700	735	410	400
Calendar Year Imports						
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

Soybean Oil

Monthly soybean oil imports remain high, and by beginning of June already reached a total of 200,000 tons. Post increases its soybean oil import estimate for MY 1999 to 230,000 tons and increases the consumption estimate. Post increases its soybean import forecast for MY 2000 from 150,000 tons to 180,000 tons because soybean oil is becoming an integral ingredient in production of many oil products including mayonnaise and margarine.

PSD, Soybean Oil, 1,000 tons

PSD Table						
Country	Russian Federation					
Commodity	Oil, Soybean				(1000 MT)(PERCENT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	250	250	401	450	400	370
Extr. Rate, 999.9999	0.14	0.14	0.137157	0.137778	0.1375	0.140541
Beginning Stocks	21	21	90	90	50	90
Production	35	35	55	62	55	52
MY Imports	290	290	180	230	150	180
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	346	346	325	382	255	322
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	50	50	50	60	45	50
Food Use Dom. Consump.	206	206	225	232	170	222
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	256	256	275	292	215	272
Ending Stocks	90	90	50	90	40	50
TOTAL DISTRIBUTION	346	346	325	382	255	322
Calendar Year Imports						
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