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Report Highlights:

In MY 2020/21, the oilseed segment of the Russian agricultural sector will see continued growth in production of sunflower seeds, in particular, as well as soybeans. This tracks with upward production trends in MY19/20. FAS/Moscow has revised its MY19/20 primary oilseeds production estimate (sunflower, soybeans and rapeseed) upward to 21.8 MMT due to expansion of planted area and favorable weather conditions. At the time of this report's drafting, the COVID-19 outbreak started to heavily influence the world economy. Initially, some Russian analysts said that this factor should not impact oilseeds exports and their supplies to China. However, the desire to secure domestic oilseeds supplies did influence policymakers in Russia and the Eurasian Economic Commission (EEC) who imposed a temporary suspension of certain oilseeds exports, including soybeans and sunflower seeds, from April 12 to June 30, 2020. As a result, FAS Moscow has reduced MY19/20 exports of those commodities.

General Information

NOTE: USDA unofficial data excludes Crimean production and exports. Where possible, data reported by FAS Moscow is exclusive of information attributable to Crimea.

Executive Summary

Russia has a well-developed sunflower seed production and processing sector and in recent years has increased focus on developing other oilseed production, namely soybeans and rapeseed and minor crops like flax, safflower, and mustard. Over the last fifteen years, oilseed planted area has increased 2.4 times reaching 13.8 million ha in 2018 and 14.5 million ha in 2019. The important trend of the last four seasons has been the gradual shift from niche crops to more profitable varieties such as sunflower, soybeans and rapeseed. These oilseeds make up 91 percent of the total oilseeds area in Russia.

The Russian oilseeds sector has grown markedly for the past few years. In MY19/20, production of the three main oilseeds reached 21.8 MMT compared to 19.05 MMT in MY 2018/19 which constitutes 14 % increase in production. Production is forecast to grow further in MY20/21. At this point, it is not clear whether the COVID-19 outbreak will influence the spring sowing campaign 2020/21. The processing sector is running below capacity in the Volga region so further expansion in production or reduction in exports could be accommodated.

Higher production in MY 2019/20, in turn, allowed for higher exports of oilseeds, oils and meals. In total, in MY 2019/20 Russia is poised to export 2.23 MMT of the primary oilseeds which exceeds the oilseeds exports volumes in MY 2018/19 (2.05 MMT) by nine percent. The Russian Ministry of Agriculture previously stated its intention to expand oilseeds planted areas to boost production and exports. However, the temporary ban on soybean and sunflower seed exports following the COVID-19 pandemic will most certainly constrain exports, particularly of sunflower seed as soybean exports were relatively minor in MY19/20. For more information on the temporary ban please see “Temporary EAEU Export Ban on Some Food Items | Trade Policy Monitoring, FAIRS Subject Report, Oilseeds and Products | Moscow | Russian Federation | April 03, 2020 | RS2020-0013”.

In 2019/20, the oilseed processing sector moved closer to full capacity due to increased production. According to Rosstat, in 2019 total production of oilseeds (sunflower, soybeans and rapeseed) reached 22.8 MMT (versus the FAS Moscow estimate of 21.8 MMT) and the industry reached 80 percent of processing capacity. Much of the excess capacity remains in the Volga region, which is further removed from the main production zones. Processing industry also benefitted from lower prices for inputs such as sunflower oilseed due to higher yield and production, yet margins remain tight for processors. Some processing plants reportedly have made large purchases at the lower prices and are storing for future use. In the last quarter of 2019, oil prices remained high and processors’ profits were 20-40 percent higher than in recent years. High profitability gave an incentive to develop new processing capacities and industry consolidation – merging of “Rusagro” and “Sun products” holdings, as well as expansion of “Efco” to the Egyptian market.

MAIN OILSEEDS PRODUCTION IN MY 2020/2021

The Russian Ministry of Agriculture (MinAg) and producers see oilseeds, oils and meals as products with high potential for growth, export and profitability, helping Russia to attain its goal of \$45 billion in agricultural exports by 2024. State support could be one reason why the total planted area for oilseeds grew by 4.6 percent and reached 14.500 million ha in 2019 and is likely to further grow in MY 2020/2021. The weather conditions were favorable for oilseeds production in MY 2019/20 and, according to Russian Weather Service analysts, will continue and bring high oilseeds yields in MY 2020/21. As a result, FAS Moscow has forecast 4.562 TMT for soybean production and 15.652 TMT for sunflower oilseed production in MY20/21.

In January 2020, the Russian Government adopted a new Food Security Doctrine (see Gain RS 2020-0003 New Food Security Doctrine Adopted) in which new target indicators for exports were set. According to the document, the government would like to see oilseed exports reach \$8.6 billion in 2024. This goal came with additional government support in the form of subsidies to producing and processing companies that helped to trigger growth and resulted in investments in the oilseeds sector. For example, “Sodruzhestvo”, the largest processor of soybeans and other oilseeds, constructed a new oilseeds processing plant in the Kursk region of southwest Russia. “Chernozemie” plans to construct a new processing facility for soybeans and rapeseeds in the Lipetsk region. In addition, the meat producer “Miratorg” plans to construct a sunflower and rapeseed processing plant in Oryol region. There are also plans to invest in seaports’ infrastructure (“Efco” company, among others). These developments are noteworthy since there have not been any significant investments in the sector in the past few years.

According to the Russian Ministry of Agriculture, exports of Russian oils and fats grew in 2019 by 26 percent compared to 2018 and totaled \$4 billion. Record exports of oils took place in the first half of 2019 and sales of oil meals were also relatively strong. 2019 started with high ending stocks of sunflower seeds and soybeans that helped to prevent price growth in summer 2019. High export sales of sunflower oil (around \$2.1 billion) to China, Turkey, Iran and Uzbekistan helped push exports up. Russia will export less in MY19/20 than in the previous year due to the temporary restrictions put in place after the COVID-19 outbreak. FAS Moscow estimates soybean exports at s in MY19/20. Post forecasts higher soybean export in MY20/21, i.e. 1.0 MMT, but with more sunflower seed going into processing commodity exports are forecast at 552 TMT, assuming the export ban is lifted.

OILSEEDS

Sunflower seeds

Post Moscow increased its MY19/20 sunflower seed production estimate from 12.7 MMT to a record 15.4 MMT due to increased area harvested and favorable weather conditions. The official Rosstat estimate is 15.3 MMT. The expansion in area can be somewhat attributed to the Russian Government’s ambitious goal to significantly boost production and exports. According to official Rosstat data, sunflower seed planted area was expanded from 8.16 million ha in MY 2018/19 to 8.5 million ha in MY 2019/20 and Post Moscow forecasts future growth to 8.6 MHA in MY 20/21. Due to the mild winter, MY20/21 production could reach 15.65 MMT in MY 2020/21.

Oilseed, Sunflowerseed Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	8160	0	8500	0	8600
Area Harvested	7944	7972	8363	8300	0	8500
Beginning Stocks	179	179	357	400	0	400
Production	12710	12769	15305	15400	0	15652
MY Imports	52	50	30	60	0	30
MY Imp. from U.S.	8	10	5	9	0	8
MY Imp. from EU	10	10	10	0	0	10
Total Supply	12941	12998	15692	15860	0	16082
MY Exports	334	358	650	600	0	552
MY Exp. to EU	13	13	3	3	0	3
Crush	11800	11800	13700	14100	0	14200
Food Use Dom. Cons.	200	200	215	360	0	400
Feed Waste Dom. Cons.	250	240	300	400	0	530
Total Dom. Cons.	12250	12240	14215	14860	0	15180
Ending Stocks	357	400	827	400	0	350
Total Distribution	12941	12998	15692	15860	0	16082
CY Imports	50	46	50	53	0	530
CY Imp. from U.S.	0	9	0	10	0	10
CY Exports	350	325	350	155	0	360
CY Exp. to U.S.	0	0	0	138	0	0
Yield	1.5999	1.6017	1.8301	1.8554	0	1.8414
(1000 HA) ,(1000 MT) ,(MT/HA)						

The Saratov region was the leading producer of sunflower seeds, with gross output of two MMT in 2019. Among other main sunflower producing regions are Krasnodar Krai, Rostov, Voronezh, Samara, and Volgograd region.

Post Moscow increased its sunflower crush estimate from 13 MMT to 14.1 MMT in MY 2019/20 based on increased production numbers and available capacity. This is part of a longer-term upward trend in Russia. Post Moscow also notes dramatic increase in sunflower seed exports due to the record crop, i.e. from 358 TMT in MY 2018/19 to 600 TMT in MY 2019/20.

Russia's exports of sunflower seeds have increased significantly over the past three years, from 358 TMT in MY 2018/19 to 600 TMT in MY19/20. That figure might have been higher if not for the decision of the EEC members to temporarily ban exports of sunflower seed in order to secure domestic supply and keep prices stable during the COVID-19 crisis. However, in MY 2020/21 sunflower seed exports may drop to 552 TMT due to higher processing capacity in Russia. Major importers of Russian sunflower seeds in MY 2019/20 include: Turkey (315 TMT in MY 2019/20 compared to 207 TMT in 2018/19), Bulgaria (150 TMT in MY 2019/20 as compared to 0 MT in MY 2018/19), China (53.7 TMT in MY 2019/20 compared to 14.6 TMT in MY 2018/19).

Soybeans

According to FAS/Moscow, in MY 2019/20 soybean production will reach a record of 4.3 MMT. Rosstat's estimation of gross output of soybeans is 4.36 MMT. The ever-growing production is due primarily to expansion of planted area in the Central and Southern regions as well as in Siberia. Planted area reached a record level of 3.04 million ha in MY 19/20 and Post Moscow is forecasting an increase in MY20/21 to 3.15 million ha in MY 20/21 due to efforts by the Ministry of Agriculture to continue expansion of soybean planted area to achieve greater production for the domestic market as well as exports. This additional acreage helps to compensate for

any losses caused by flooding in the Far East. In MY 19/20, the Far East suffered losses on approximately 228,000 ha due to floods and waterlogged soil. Weather analysts predict heavy rainfalls in the Far Eastern region again in MY 20/21 and that could impact soybean production. Note: Russian Ministry of Agriculture has set an ambitious goal to double soybean production solely in the Amur region to reach 2.2 MMT by 2024 as part of the national agricultural development program of the Russian Government. In MY 2019/20, the spread of insects had a modest impact on soybean output. The winter of 19/20 was very mild in southern regions and could lead to an insect issue again this upcoming season, while in Siberia and the Urals the winter has been cold and soybean producers will not face this problem as much. The Ministry of Agriculture plans to fight insects with modern insecticides and technologies.

Oilseed, Soybean Market Begin Year	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	2850	2949	2850	3040	0	3150
Area Harvested	2739	2739	2776	2900	0	3000
Beginning Stocks	56	56	147	148	0	168
Production	4027	4053	4359	4300	0	4562
MY Imports	2066	2100	2200	2070	0	2000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	65	0	65	0	80
Total Supply	6149	6209	6706	6518	0	6730
MY Exports	797	796	950	930	0	1000
MY Exp. to EU	0	0	0	0	0	0
Crush	4650	4325	4920	4450	0	4500
Food Use Dom. Cons.	105	100	110	100	0	150
Feed Waste Dom. Cons.	450	840	520	870	0	900
Total Dom. Cons.	5205	5265	5550	5420	0	5550
Ending Stocks	147	148	206	168	0	180
Total Distribution	6149	6209	6706	6518	0	6730
CY Imports	2450	2050	2500	2000	0	1700
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	800	940	700	900	0	800
CY Exp. to U.S.	0	0	0	0	0	0
Yield	1.4702	1.4797	1.5702	1.4828	0	1.5207
(1000 HA) ,(1000 MT) ,(MT/HA)						

FAS/Moscow notes that overall, the Russian soybean market remained stable in MY 2019/20, which is partially related to higher carry-over stocks of 148 thousand tons. Decreased soybean production in the Far East due to floods kept prices at a higher level that negatively affected the processing industry. Soybean oil processing declined by 30 percent in 2019 and is expected to keep falling. In addition, in December 2019, the state corporation “Rusagro” decided to close down the “Primorskaya soybeans” plant (Far East). As a result, soybean exports to China and other Asian countries has fallen to 631,000 MT which is 17 percent less than in 2018.

In MY 2020/21, Post Moscow forecast that ending stocks of soybeans in Russia may increase from 148 TMT to 168 TMT due to COVID19 outbreak and closure of borders with China, the main consumer of Russian soybeans. Besides, the number of soy-producing and processing plants has increased in such investment-friendly regions, as Lipetsk, Belgorod and Kursk regions and the number of soybean oilseeds crush is likely to grow from 4.45 to 4.5 MMT. However, the main factor contributing to growth of carry-over stocks is the ban to export soybean oilseeds outside the EAEU countries effective April 12, 2020 to June 30, 2020.

The main soybean producing regions are Amur region and Primorsky krai in the Russian Far East, as well as Belgorod, Kursk, Tambov, Voronezh and Oryol regions in Central Russia, and Krasnodar krai in southern Russia and Altaysky krai in Siberia.

In MY 2019/20, prices for soybeans showed significant decrease in the Central and Southern regions: 1 kg of soybeans cost 22.5-23.5 rubles per 1 kg (incl. VAT), while in MY 2018/19 prices 1 kg of soybeans cost 27.5-28 rubles and 30.5-31 rubles respectively.

In MY 2019/20 exports of soybeans are expected to increase to 930 TMT, lower than originally expected due in part to drop in production in the Far East which is the main exporting region to the Chinese market. In MY 2019/20 Russian exports to China fell to 422 TMT as compared to 707.8 TMT in MY 2018/19. As noted above, the coronavirus outbreak will also negatively affect trade. A notable drop occurred, however, in soybean exports to South Korea from 9.8 TMT in MY 2018/19 to 6 TMT in MY 2019/20. However, the situation with exports to Turkey is completely different, increasing from 26.8 TMT in MY 2018/19 to 52 TMT in MY 2019/20.

Although it is difficult to predict how the situation with COVID-19 will develop and affect imports and exports of soybeans, it is likely that at some point China's demand for soybeans will renew and Post Moscow forecasts that it may contribute to a rise from 930 TMT in MY 2019/20 to 1 MMT in MY 20/21.

Notwithstanding efforts to expand domestic soybeans production, Russia is still dependent on soybean imports. South American countries remain the main soybean suppliers to Russia. In MY 2019/20, Brazil exported 433 TMT of soybeans to Russia vs 1.062 MMT in MY 2018/19. Paraguay and Argentina exported 329 TMT and 61.5 TMT respectively.

According to Post's estimates, total domestic consumption grew from 5.265 MMT in MY 2018/19 to 5.42 MMT in MY 2019/20 and will grow to 5.55 MMT in MY 2020/21.

Rapeseed

Rapeseed planted area and area harvested are relatively stable, compared to sunflower seed and soybean plant area. Despite this, rapeseed production will reach a record level of 2.1 MMT in MY 2019/20 and is likely to continue growing in MY 2020/21. FAS/Moscow forecasts that rapeseed production will reach 2.4 MMT in MY 2020/21 due to continued favorable weather conditions in Russia's Central, Volga and Southern regions. Rosstat's official estimate for rapeseed production is 2.06 MMT in MY 2019/20.

Given the growing demand from China and growing world rapeseed consumption, as well as the intention of the Russian Ministry of Agriculture to diversify oilseeds grown on the Russian territory, FAS/Moscow forecasts that the planted area will be growing throughout the country in the coming years.

Most rapeseed production occurs in the Siberian part of Russia: 11.8 percent or 184,500 ha of the total area planted is in Altay Krai, 9.3 percent or 125,800 ha in Krasnoyarsk Krai and 8.4 percent or 131,100 ha in the Omsk region, as well as 5.8 percent or 90,500 ha in Novosibirsk. Among other production regions are the Republic of Tatarstan (6.7 percent or 104,600 ha) and Tula region (5.75 percent). Rapeseed has mainly been consumed domestically in Russia, however, as production has grown so have exports. According to some analytical sources,

the Russian processing industry complains about insufficient amounts of rapeseed oilseeds for the purpose of local processing to satisfy the increased domestic consumption.

In MY 2019/20 exports of rapeseeds are expected to increase to 623 TMT compared to 537 TMT in MY 2018/19. Industry experts say this can be explained by increased processing in the domestic market.

In MY 2019/20, the processing industry saw growing rapeseed consumption demand from China and increased the processing capacity in Siberia. However, the COVID19 and closure of borders with China dampened sales during that period. Additional demand from the EU triggered a growth in prices from \$379/ton in January 2020 to \$391 in February 2020.

In MY 2019/20, 172 TMT of rapeseeds were supplied to Belarus, 86.6 TMT were supplied to China and 40 TMT were exported to Mongolia, while smaller amounts were exported to other countries. 12.7 TMT were supplied to Germany due to the current poor supply in Europe.

Post Moscow increased its rapeseed import estimate from 50 TMT in MY 2019/20 to 100 TMT due to a good potential for trade in MY 2019/20, despite the impact of COVID-19 pandemic.

Oilseed, Rapeseed Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1500	1520	1500	1550	0	1561
Area Harvested	1495	1495	1417	1500	0	1500
Beginning Stocks	62	62	68	117	0	112
Production	1989	1982	2040	2100	0	2400
MY Imports	50	50	50	100	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	4	4	0	50	0	0
Total Supply	2101	2094	2158	2317	0	2562
MY Exports	558	537	530	623	0	760
MY Exp. to EU	25	3	25	2	0	25
Crush	1400	1265	1450	1360	0	1512
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	75	175	120	222	0	175
Total Dom. Cons.	1475	1440	1570	1582	0	1687
Ending Stocks	68	117	58	112	0	115
Total Distribution	2101	2094	2158	2317	0	2562
CY Imports	50	50	55	130	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	450	550	450	650	0	500
CY Exp. to U.S.	0	0	0	0	0	0
Yield	1.3304	1.3258	1.4397	1.4	0	1.6
(1000 HA) ,(1000 MT) ,(MT/HA)						

Peanuts

Russia is dependent on imported peanuts, since they are not produced domestically. Banned in 2015, imports of peanuts from the United States were lifted in 2019 but imports of peanuts from the United States have yet to resume. Demand for peanuts comes largely from the confectionery industry as well as for snacking. The main suppliers of peanuts to Russia are Brazil which exported 29 TMT in MY 2019/20 and Argentina which supplied 18.6 TMT in MY 2019/20. Post Moscow does not foresee any significant changes in MY 2020/21 imports unless

trade is affected due to COVID-19 restrictions in exporting countries but forecasts insignificant increase in food domestic consumption from 135 MT in MY 2019/20 to 136 MT in MY 2020/21.

Oilseed, Peanut Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	10	10	13	6	0	6
Production	0	0	0	0	0	0
MY Imports	211	143	218	140	0	140
MY Imp. from U.S.	0	0	0	4	0	4
MY Imp. from EU	0	2	0	2	0	2
Total Supply	221	153	231	146	0	146
MY Exports	8	6	8	5	0	4
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	200	141	210	135	0	136
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	200	141	210	135	0	136
Ending Stocks	13	6	13	6	0	6
Total Distribution	221	153	231	146	0	146
CY Imports	212	0	218	0	0	0
CY Imp. from U.S.	0	0	0	4	0	0
CY Exports	8	0	8	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

Other oilseeds

Russian producers are increasing production of flax, which is a traditional Russian crop. In MY 2019/20 38 TMT of flax seeds were produced compared to 37 TMT in MY 2018/19. Flax seed production is also covered under the federal program of agribusiness development and its planted areas are likely to be expanded in the coming years due to this support.

OILS

One of the main trends in Russia had been the growing exports of Russian vegetable oils. This growth was supported by the Federal Project “Export of agrifood products” the goal of which is to gradually increase exports of vegetable oils produced in Russia. Among leading exporters of Russian vegetable oils are such companies, as Efko, Aston, and Yug Rusi (“South of Russia”). According to official customs statistics, in the period from January to December 2019, Russia exported 3.1 MMT of vegetable oil for \$2.202 million, of which exports of sunflower oil comprised 2.8 MMT. Based on Russia’s goal to increase exports of vegetable oils and the ample supply on the market, Russia was poised to increase that volume in MY20/21. However, the advent of COVID-19 and the restrictions imposed on exports leads Post to keep exports relatively flat at 3,25 MMT for sunflower oil and 600 TMT for soy oil for MY19/29 and MY 2020/21.

Production volume of refined oils totaled 211,800 MT (20 percent increase) of which sunflower oil comprised 195,500 MT (24 percent increase).

With respect to flax oil, production increased to 3,300 MT (2.4 percent increase) and corn oil increased to 1,700 MT (41 percent increase). Supplies of other rapeseed oil and flax oil have been growing and underpinning the increase in exports.

Sunflower oil

Domestic and industrial consumption of sunflower oil has been increasing due to the increasing use in the domestic food industry. According to Post/Moscow estimations, the crush rate has been steadily increasing year-on-year and domestic consumption increased from 2.36 MMT in MY 2018/19 to 2.53 MMT in MY 2019/20 and 2.750 MMT in MY 2020/21.

Post/Moscow estimates that sunflower oil production increased from 5.1 MMT in MY 2018/19 to 5.8 MMT in MY 2019/20 due to record production of sunflower seeds and increased processing capacity to 80 percent in order to produce a high volume of oils both for domestic consumption and exports. Post's MY20/21 forecast is further increase to 5.9 MMT of sunflower seed oil production.

An ample supply of sunflower seeds globally and the commensurate reduction in prices led to a dramatic price reduction for both Russian sunflower seeds and oil. In November 2019, the price per ton of sunflower seeds fell to 17,000 rubles from 22,000 rubles per ton in September 2019. Prices for sunflower oil also dropped from 47,000 rubles per ton in September 2019 to 42,000 rubles/ per ton in November 2019. However, prices began growing again due to palm oil price growth at the end of November 2019, which positively impacted both sunflower and soybean oil demand. Analysts expect that growth trend for oil prices will continue in the spring 2020 and the price for sunflower seeds will grow as well. According to analysts, exports of sunflower oil may reach 3.2 MT in MY 2019/20 and export of sunflower seed meals may reach the record 2 MT.

In MY 2019/20, India has been actively importing Russian sunflower oil (298 TMT). Among other traditional Russia's trading partners in MY 2019/20 are Turkey (269 TMT), China (283 TMT in MY 2019/20), Egypt (105 TMT), Uzbekistan (87 TMT) and Kazakhstan (58.5 TMT). Post Moscow forecasts insignificant increase in export volume of the product to 3260 in MY 2020/21 due to negative affect of COVID-19 on global trade.

Oil, Sunflowerseed Market Begin Year	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Crush	11800	11800	13700	14100	0	14200
Extr. Rate, 999.9999	0.4131	0.4368	0.4131	0.4128	0	0.4155
Beginning Stocks	109	109	118	266	0	326
Production	4875	5154	5660	5820	0	5900
MY Imports	10	18	2	20	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4994	5281	5780	6106	0	6241
MY Exports	2651	2650	3010	3250	0	3260
MY Exp. to EU	25	18	25	18	0	20
Industrial Dom. Cons.	385	410	423	430	0	500
Food Use Dom. Cons.	1800	1920	1950	2060	0	2200
Feed Waste Dom. Cons.	40	35	50	40	0	50
Total Dom. Cons.	2225	2365	2423	2530	0	2750
Ending Stocks	118	266	347	326	0	231
Total Distribution	4994	5281	5780	6106	0	6241
CY Imports	0	22	0	21		15

CY Imp. From U.S.	0	0	0	0	0
CY Exports	2700	2306	3000	2320	3200
CY Exports to U.S.	0	0	0	0	0
TS=TD	0	0	0	0	0
(1000 MT) ,(PERCENT)					

Soybean oil

In MY 2019/20, the increase in soybean oil production was modest due to relatively flat production in the major processing areas of Russia. According to Post's estimates, production of soybean oil grew from 777 TMT in MY 2018/19 to 825 TMT in 2019/20. Post forecasts that in MY 2020/21 production of soybean oil may drop to 820 TMT due to lower soybean production and possible impact of COVID-19 impact on global trade. Decrease in production rates might also reflect potential closure of soybean oil production sites and consolidation in the industry. Post estimates that stocks of soybean oil will decrease from the previous estimate of 16 TMT in MY 2019/20 to 6 TMT in MY20/21.

In the Russian Far East, lower soybean production in MY19/20 boosted internal prices that led in part to a 30 percent decline in oil production in the region in MY19/20. Post anticipates the decline will continue into MY20/21. The shutdown of the Primorskaya soybeans processing plant contributed to the contraction in supply, as well the COVID19 outbreak that heavily affected trade with China, the RF's main market.

In line with the situation in the Far Eastern region, Russia increased its total exports of soybean oil by less than two percent in MY 2019/20, from 572 TMT in MY 2018/19 to 620 TMT in MY 2019/20. Although the Russian Government imposed ban on exports of sunflower oilseeds and soybeans starting April 12 to June 30, 2020, Russian analysts noted an increase in exports of soybean oil and soybean meal in the period from March 30 to April 5th. Thus, in the designated period, i.e. March 30-April 5, exports of soybean oil grew by 7.5 percent to 5.2 TMT and exports of soybean meal grew by 57.8 percent to 8.5 TMT, while exports of other oilseeds, oils and meals decreased. Post Moscow forecast that soybean oil exports at 600 TMT in MY 2020/21 due to COVID19 outbreak and its impact on global trade.

China and Algeria became the main importers of Russian soybean oil in MY19/20. China imported 201.674 TMT, while Algeria imported 76.4 TMT of the product. Denmark follows these countries having imported 22.5TMT in MY 2019/20. The largest processor and exporter of soybeans and soybean oil in Russia is Sodruzhestvo.

Oil, Soybean Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4650	4325	4920	4450	0	4500
Extr. Rate, 999.9999	0.1794	0.1797	0.1791	0.1854	0	0.1822
Beginning Stocks	8	8	30	16	0	16
Production	834	777	881	825	0	820
MY Imports	42	28	30	30	0	30
MY Imp. from U.S.	0	0	0	6	0	6
MY Imp. from EU	0	0	0	0	0	0
Total Supply	884	813	941	871	0	866
MY Exports	564	572	620	620	0	600
MY Exp. to EU	35	35	35	35	0	30
Industrial Dom. Cons.	30	30	30	30	0	30

Food Use Dom. Cons.	260	195	260	205	0	230
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	290	225	290	235	0	260
Ending Stocks	30	16	31	16	0	6
Total Distribution	884	813	941	871	0	866
CY Imports	20	30	20	30	0	0
CY Imp. From U.S.	0	0	0	6	0	0
CY Exports	610	610	635	610	0	600
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	10	0	0	0	0
(1000 MT) ,(PERCENT)						

It is important to note that imports of soybean oil to Russia in MY 2019/20 came mostly from Belarus (26.6 TMT), South Korea - 452 MT) and the Netherlands (136 MT).

Rapeseed oil

One of the objectives of the “Agricultural products exports” federal project is to increase and diversify production and exports of various oilseeds, their oils and meals – from sunflower to soybeans, rapeseeds, flax and others.

In MY 2020/21 rapeseed oil production is forecast to increase modestly to 570 TMT due to a 14 percent increase in production from 565 TMT in MY 2019/20 vs. 547 TMT in MY 2018/19.

In MY 2019/20 Russia will export an estimated 600 TMT of rapeseed oil in total to become the number two exporter after Canada globally. In MY 2019/20, China imported a record amount of rapeseed oil produced in Russia, i.e. 130.9 TMT, while Norway imported 115.5 TMT of this product. Latvia and Lithuania follow these countries, by importing 45.5 TMT and 42.9 TMT respectively. The Netherlands imported 32 TMT in MY 2019/20. In MY 2020/21, though, it is likely that exports of rapeseed oil will contract from 600 TMT to 550 TMT due to COVID-19’s negative impact on global trade.

As far as domestic consumption is concerned, analysts note that dynamics of the oils market has been changing. Prior to 2012, the market grew due to consumption of “traditional” sunflower oil and palm oil that was used widely for industrial production purposes. From 2012 to 2020, consumption of sunflower oil decreased and gave way to increased consumption of other oils, rather new for the Russian market such as soybean, rapeseed, flax oil and others. In 2019, the Russian government introduced restrictions on usage of palm oil by the domestic industries thereby reducing demand and imports as noted below.

Oil, Rapeseed Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1400	1265	1450	1360	0	1512
Extr. Rate, 999.9999	0.385	0.4324	0.3855	0.4154	0	0.377
Beginning Stocks	29	29	12	22	0	22
Production	539	547	559	565	0	570
MY Imports	140	120	120	120	0	100
MY Imp. from U.S.	0	1	0	1	0	1
MY Imp. from EU	1	1	1	1	0	1
Total Supply	708	696	691	707	0	692
MY Exports	591	591	550	600	0	550

MY Exp. to EU	175	180	170	180	0	150
Industrial Dom. Cons.	20	20	20	20	0	25
Food Use Dom. Cons.	85	63	86	65	0	67
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	105	83	106	85	0	92
Ending Stocks	12	22	35	22	0	50
Total Distribution	708	696	691	707	0	692
CY Imports	100	120	100	120	0	100
CY Imp. From U.S.	0	0	0	3	0	0
CY Exports	500	565	500	500	0	500
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0
(1000 MT) ,(PERCENT)						

Palm oil

Russia does not produce palm oil and imports it for the purpose of industrial and domestic consumption. Indonesia was the largest palm oil supplier in MY2019/20 (413.8 TMT or 90 percent) followed by Germany (10.890 TMT) and Malaysia (6.7 TMT).

As far as exports are concerned, in MY 2019/20 Russia exported 4.5 TMT of the product to Kazakhstan, 1.2 TMT to Belarus and 391 MT to Uzbekistan. Export volumes to other countries are insignificant. Post forecasts export volume to remain at the same level in MY 2020/21.

Palm oil consumption rose rapidly after 2014 for use in domestically-produced dairy products, among others. The recent decision to reduce its use for health concerns will likely lead to a decrease in imports in the coming years. In October 2019, the Eurasian Economic Commission sent a proposal to the Russian Government to incorporate allowable norms of harmful components' quantity in vegetable oils in the Customs Union legislation. This measure may receive further support shortly.

Oil, Palm Market Begin Year	2018/2019		2019/2020		2020/2021	
	Oct 2018		Oct 2019		Oct 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Russia						
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	145	145	324	99	0	169
Production	0	0	0	0	0	0
MY Imports	1098	1035	900	1060	0	1471
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	60	0	60	0	80
Total Supply	1243	1180	1224	1159	0	1640
MY Exports	19	19	35	40	0	40
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	190	232	200	200	0	300
Food Use Dom. Cons.	710	830	650	750	0	1000
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	900	1062	850	950	0	1300
Ending Stocks	324	99	339	169	0	300
Total Distribution	1243	1180	1224	1159	0	1640
CY Imports	1000	1082	900	880	0	1100
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	20	20	35	40	0	45

CY Exp. to U.S.	0	0	0	0	0	0
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 TREES) ,(1000 MT) ,(MT/HA)						

Palm oil ending stocks experience the most dramatic increase from 169 TMT in MY19/20 to 300 TMT in MY20/21

MEALS

FAS/Moscow notes some increase in production of oilseed meals and extracted oilcakes except for soybeans. The growth can be explained by higher production of sunflower seeds and rapeseed in MY19/20 and MY20/21. Thus, FAS/Moscow estimates that total oilseed meal production will be 9.619 TMT in MY 2019/20 and 9.750 MMT in MY20/21 (sunflower, soybeans and rapeseeds).

Taking into consideration that the COVID19 epidemic in China heavily disrupted soybean trade from the RFE as well as its consumption – both by humans and animals. Post Moscow forecasts that ending stocks of meals are likely to increase in both MY 2019/20 and MY 2020/21 due to trade disruptions.

In MY 2019/20, the Russian compound feed market demonstrated good growth: 29.6 TMT compared to 28.7 TMT in MY 2018/19. The structure of compound feed production in MY 2019/20 was the following: 51.8 percent – feeds for poultry, 40 percent – feeds for pigs, 7.7 percent – feeds for cattle, 0.5 percent- others.

At the regional level, 42 percent of total compound feed was produced in the Central region, 20 percent in the Privolzhsky region near the Volga, the Urals, the Northwestern and Siberian regions produced nine percent of compound feeds each, the Southern region produced seven percent and the North Caucasus produced three percent.

Fishmeal production showed dramatic growth in MY 2019/20 reaching 17.3 TMT as compared to 5.9 TMT in MY 2018/19.

Sunflower meal

Meal, Sunflowerseed Market Begin Year Russia	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	11800	11800	13700	14100	0	14200
Extr. Rate, 999.9999	0.4106	0.4191	0.4109	0.3782	0	0.3803
Beginning Stocks	303	303	285	315	0	186
Production	4845	4945	5630	5332	0	5400
MY Imports	10	30	5	20	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5158	5278	5920	5667	0	5606
MY Exports	1573	1573	1850	1930	0	2000
MY Exp. to EU	868	600	700	0	0	750
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3300	3390	3750	3551	0	3500
Total Dom. Cons.	3300	3390	3750	3551	0	3500
Ending Stocks	285	315	320	186	0	106
Total Distribution	5158	5278	5920	5667	0	5606

CY Imports	20	30	15	25	0	0
CY Imp. From U.S.	0	0	0	0	0	0
CY Exports	1600	1365	1850	1663	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	2201.1	2261.13	2501.25	2368.517	0	2334.5
TS=TD	0	0	0	0	0	0
(1000 MT) ,(PERCENT)						

Given the high output of sunflower seeds in MY 2019/20, production of sunflower seed meal also increased. FAS/Moscow estimates that production grew to 5.3 MMT in MY 2019/20 in comparison with 5.05 MMT in MY 2018/19 it will reach 5.4 MMT in MY 2020/21. This boosted exports from 1.57 MMT in MY 2018/19 to 1.93 MMT of meals in MY 2019/20, notwithstanding potential export restrictions due to COVID-19. This trend is likely to continue in MY 2020/21 and may reach 2.0 MMT.

Soybean meal

Analytical agencies noted an increase in internal soybean meal consumption due to a roughly five percent increase in demand from the swine sector and a 4-5 percent increase in demand for the cattle feeding, as well as increased usage of soybean components in production of meals for animals.

As a result, production of soybean meal could reach 3.5 MMT in MY 2020/21. Post Moscow forecasts that exports could grow to 600 TMT notwithstanding potential export restrictions due to COVID-19.

Meal, Soybean Market Begin Year	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4650	4325	4920	4450	0	4500
Extr. Rate, 999.9999	0.788	0.7614	0.788	0.78	0	0.7778
Beginning Stocks	316	316	202	135	0	206
Production	3664	3293	3877	3471	0	3500
MY Imports	193	150	200	150	0	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	15	0	0	0	0
Total Supply	4173	3759	4279	3756	0	3906
MY Exports	371	374	400	450	0	600
MY Exp. to EU	276	350	250	370	0	400
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3600	3250	3700	3100	0	3200
Total Dom. Cons.	3600	3250	3700	3100	0	3200
Ending Stocks	202	135	179	206	0	106
Total Distribution	4173	3759	4279	3756	0	3906
CY Imports	210	86	250	60	0	200
CY imp. from U.S.	0	0	0	0	0	0
CY Exports	385	460	404	500	0	400
CY Exp. to U.S.	0	0	0	0	0	0
SME	3600	3250	3700	3100	0	3200
TS=TD	0	0	0	0	0	0
(1000 MT) ,(PERCENT)						

Rapeseed meal

Meal, Rapeseed Market Begin Year	2018/2019	2019/2020	2020/2021
	Jul 2018	Jul 2019	Jul 2020

Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1400	1265	1450	1360	0	1512
Extr. Rate, 999.9999	0.595	0.5447	0.5952	0.6	0	0.5622
Beginning Stocks	20	20	20	15	0	61
Production	833	689	863	816	0	850
MY Imports	59	45	90	30	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	912	754	973	861	0	931
MY Exports	252	245	252	250	0	300
MY Exp. to EU	250	230	250	270	0	220
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	640	494	660	550	0	580
Total Dom. Cons.	640	494	660	550	0	580
Ending Stocks	20	15	53	61	0	51
Total Distribution	912	754	973	861	0	931
CY Imports	70	38	80	30	0	0
CY Imp. fom U.S.	0	0	0	0	0	0
CY Exports	280	268	310	290	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	455.36	351.481	469.59	391.325	0	412.67
TS=TD	0	0	0	0	0	0

(1000 MT), (PERCENT)

Rapeseed meal production experienced a large increase reflecting the high rates of rapeseed output – from 816 TMT in MY 2019/20 to 850 TMT in MY 2020/21.

In MY 2019/20 Russia exported 51.6 TMT of the product to Finland, 36.8 TMT to France and 32.9 TMT to Sweden and imported 50.7 TMT from Belarus and 9.08 TMT from Kazakhstan.

POLICY AND REGULATORY MEASURES IN THE OILSEEDS MARKET

The primary goal of the Russian Government and the Ministry of Agriculture is to significantly boost exports of Russian agricultural products and revenue by 2024 to \$45 billion. For this purpose, the federal program for Russian agricultural exports was approved in 2019. The program envisions expansion of planted area for various grains and oilseeds in order to increase production output and, therefore, exports. (Please refer to GAIN RS2020-003 New Food Security Doctrine Adopted for more information.)

Temporary Export Ban

Russia and the Eurasian Economic Commission (EEC) imposed a temporary suspension of certain oilseed exports, including soybeans and sunflower seeds, from April 12 to June 30, 2020. As a result, FAS Moscow has reduced MY19/20 exports of those commodities. For more information please see GAIN RS2020-0013 Temporary EAEU Export Ban on Some Food Items by searching here: <https://gain.fas.usda.gov/#/search.>)

Increase of export duty on sunflower seeds

In 2019, the Russian Oil and Fats Council has been lobbying the Ministry of Agriculture to increase the export duty for sunflower seeds from 6.5 percent to 20 percent, arguing that high export volumes subsidize the foreign producers while preventing the Russian ones to realize their potential. Industry representatives and analysts were generally not supportive of the proposal because they believe that exports are necessary to avoid excessive stocks that would depress prices. Additionally, industry does not support additional state barriers to trade. They refer to the recent case of Argentina, which increased its export duties for grains and oilseeds thus creating favorable conditions for its competitors and restricting access of its commodities to the world market. This proposal is being reviewed by the Ministry of Agriculture which may decide to prolong this duty up to six months which would negatively impact exports of sunflower seeds. As of April 21, 2020, no decision has been made on a sunflower seed duty increase.

Transportation subsidy to oils and fats producers

The latest version of Decree #1104 “On the provision of subsidies from the federal budget to Russian organizations to compensate for part of the cost of transporting agricultural and food products” of the Russian Government dated September 15, 2017, expands the list of goods that receive a transportation subsidy from the federal government. In addition to oils and fats, margarines and oilseed meals have been included. This measure will allow compensation of expenses to ship the processed products from production zones to consumption or export locations.

The transportation subsidy volume has been steadily growing from 2018 to 2020, from 432 million rubles in MY 2018/2019 to 701 million rubles in MY 2019/2020.

Technical Regulation for Oils and Fats

Technical regulation (TR) is a document adopted by the Eurasian Economic Commission (EEC) and establishing the requirements for the objects of technical regulation (oils and fats) that are mandatory for application and execution in the Eurasian Economic Union (EAEU).

Recently, the Eurasian Economic Commission introduced a new version of amendments to the existing text of TR. To learn more, please see the FAS/Moscow report RS2020-0007 “Draft TBT Measure on Fat and Oil Products Notified to WTO” dated February 25, 2020.

Temporary Lifting of the Requirement for State Registration of Genetically Engineered Soybeans and Soybean Meal

On April 16, 2020, the Russian Government signed the governmental decree № 520 “About products and genetically modified organisms that are not subject to state registration in accordance with the Rules of state registration of genetically modified organisms intended for release into the environment, as well as products obtained using or containing such organisms, including products imported into the territory of the Russian Federation approved by the Decree of the Government of the Russian Federation of September 23, 2013 No. 839”, specifying that until January 1, 2021, state registration of genetically modified organisms intended for release into the environment, as well as products made from such organisms, including imported ones, will not be required for soybeans and soybean meal the safety of which has been previously verified by the Russian

Federal Service for Veterinary and Phytosanitary Surveillance (VPSS). The document clarifies that this concerns products intended for manufacturing feed for animals containing soybeans and soybean meal. For more information, please search for this Decree via: <https://gain.fas.usda.gov/#/search>.

Attachments:

No Attachments