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Russian Federation

Grain and Feed Annual

Annual

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Report Highlights:
Total grain production in marketing year 2010 is forecast to decrease by 2 million metric tons (MMT) to 95 MMT due to a decrease in spring grains. Production of wheat is forecast to decrease from 62 MMT in MY 2009 to 59 MMT. Barley production is forecast to decrease by 2 percent to 18 MMT, while corn production might increase by 29 percent to 5 MMT. Grain exports are forecast at 20 MMT, 1 MMT more than in MY 2009. The increase in exports may be attributed to the state owned United Grain Company's export of intervention stocks. Grain carry-over stocks by the end of the year are forecast at 14 MMT, 3 MMT lower than at the beginning of year, but still high enough to keep domestic grain prices low.

Grain Outlook 2010:

Production

Assuming normal weather conditions, total grain production in marketing year 2010 is forecast to decrease by 2.3 million metric tons (MMT) to 94.7 MMT. Still, this will be the third largest grain crop in the last 16 years. The decrease is due to expected reduction in area sown to spring wheat, Russia's major grain crop. Winter grain area increased by 5 percent to 18.1- 18.3 million hectares, but winter losses will be higher than last year. By mid-March 2010 Russian Hydrometeorological Center reported that 9 percent of the winter crop was in poor condition compared with only 5 percent in 2009. The reduction in spring area may be caused by low domestic wheat prices and farmers' expected switch to energy and protein rich fodder crops, such as corn, triticale, legumes, soybeans, rapeseeds. Given that sunflowerseeds gave farmers more stable income than grain in the last two years, farmers may also increase area sown to sunflowerseeds at the expense of wheat [1] . However, this switch to sunflowerseeds will be limited by traditional crop rotation practices. Grain yields are expected to be close to the 5-year average. Some farms improved seeds, machines, and agronomy practices before the economic crisis 2008-2009 and grain yields increased; however, the majority of Russian farms' harvests still depend on weather more than on other factors.

Table 1 provides historical data on planted and harvested area, production and yields per harvested area by crop. Significant year-to-year variations in yields of corn show that production of this crop in Russia still depends very much on weather. Russia has only limited area in Southern European Russia where farmers can get high and reliable yields. Expanding corn sown area to the Northern parts of Russia with unpredictable yields usually leads to significant decrease in average yield. If the weather is unfavorable, farmers at best, can chop corn for green mass. As for millet, which is not the major Russian crop, farmers usually do not invest much in planting and cultivation of this crop, and yields again depend exclusively on weather conditions. It's the opposite situation for rice. One large Russian agribusiness company began investing in rice production in Krasnodar kray 3-4 years ago, and since then yields of rice began steadily improving.

Russian Ministry of Agriculture's targets for MY 2010:

Agricultural Minister Yelena Skrynnik reported at the end of March 2010, that area sown to grain will be the same as last year – 48.0 million hectares. This includes 18.0 million hectares sown to winter grains (5 percent increase from last fall) and 30.2 million hectares that will be sown to spring grain. This will be sufficient to meet the domestic demand for grain and to export approximately 20.0 MMT. However, the Minister called for more diversification in production in 2010. She encouraged producers

to increase production in energy rich grains, such as corn, and protein crops, such as soybeans and rapeseeds.

Table 1. Russia: Planted Area, Harvested Area, Production, by Types of Grain

	2005	2006	2007	2008	2009 (estimate)	2005-2009 average	Change 2009 to 2008
Planted Area, 1,000 Hectares							
Wheat, total	25,343	23,591	24,383	26,633	28,687	25,727	7.7
Barley, total	9,083	9,928	9,618	9,621	9,031	9,456	-6.1
Rye	2,338	1,787	2,103	2,166	2,148	2,108	-0.8
Triticale	NA	NA	NA	NA	190	NA	NA
Oats (spring)	3,325	3,586	3,548	3,561	3,373	3,479	-5.3
Corn for grain	820	1,031	1,510	1,812	1,365	1,308	-24.7
Rice	144	163	162	164	182	163	11.0
Millet	499	669	506	572	521	553	-8.9
Buckwheat	917	1,164	1,301	1,113	932	1,085	-16.3
Legumes	1,103	1,211	1,094	774	1,079	1,052	39.4
Other	21	44	40	94	28	45	-70.2
Total	43,593	43,174	44,265	46,510	47,536	45,016	2.2
Harvested Area, 1,000 Hectares							
Wheat, total	24,714	23,080	23,519	26,027	26,592	24,786	2.2
Barley, total	8,724	9,600	8,376	9,410	7,737	8,769	-17.8
Rye	2,311	1,730	2,034	2,135	2,095	2,061	-1.9
Triticale	NA	NA	NA	NA	187	NA	NA
Oats (spring)	3,170	3,320	3,317	3,412	3,016	3,247	-11.6
Corn for grain	834	1,010	1,349	1,727	1,118	1,207	-35.3
Rice	137	155	157	160	176	157	10.2
Millet	407	577	376	515	264	428	-48.8
Buckwheat	830	1,069	1,196	1,004	627	945	-37.6
Legumes	1,058	1,103	923	975	922	996	-5.4
Other	76	7	64	89	13	50	-85.0
Total	42,262	41,650	41,311	45,453	42,747	42,685	-6.0
Production, 1,000 Metric Tons							
Wheat, total	47,615	44,927	49,368	63,765	61,694	53,474	-3.2
Barley, total	15,684	18,037	15,559	23,148	17,873	18,060	-22.8
Rye	3,622	2,959	3,909	4,505	4,336	3,866	-3.8
Triticale	NA	NA	NA	NA	508	NA	
Oats (spring)	4,545	4,860	5,384	5,835	5,399	5,205	-7.5
Corn for grain	3,060	3,510	3,798	6,682	3,945	4,199	-41.0
Rice	571	681	705	738	908	721	23.0
Millet	455	599	417	711	264	489	-62.9
Buckwheat	605	865	1,004	924	564	792	-39.0
Legumes	1,618	1,754	1,287	1,794	1,531	1,597	-14.7
Other	412	133	41	77	14	135	-81.8
Total	78,187	78,325	81,472	108,179	97,036	88,640	-10.3
Yields, Metric Tons per Harvested Hectares							

Wheat, total	1.93	1.95	2.10	2.45	2.32	2.16	12.0
Barley, total	1.80	1.88	1.86	2.46	2.31	2.06	14.6
Rye	1.57	1.71	1.92	2.11	2.07	1.88	19.7
Triticale						2.72	
Oats	1.43	1.46	1.62	1.71	1.79	1.60	11.8
Corn for grain	3.67	3.48	2.82	3.87	3.53	3.48	-5.2
Rice	4.17	4.39	4.49	4.61	5.16	4.59	10.2
Millet	1.12	1.04	1.11	1.38	1.00	1.14	2.2
Buckwheat	0.73	0.81	0.84	0.92	0.90	0.84	15.0
Legumes	1.53	1.59	1.39	1.84	1.66	1.60	4.9

Source: State Statistical Service, SovEcon

Financing spring planting:

There are no data on the state support of grain production by crops. However, the Agricultural Minister reported that farmers will need 151 billion rubles ($5.1 billion) [2] to finance spring planting and cultivate winter crops. By April 2010 Russian Agricultural Bank (Rosselkhozbank) and the Savings Bank of Russia (Sberbank) already loaned farmers 24 billion rubles ($814 million) for spring sowing, or 6 percent more than in 2009. The Minister reported that farmers receive these loans at 12-13 percent interest rate, lower than the average interest rate in the country. But unlike livestock and poultry farmers, most grain producers do not have access to the federal interest rate subsidies which can be up to 100 percent. State subsidies for grain producers are usually limited to the purchases of seeds and fertilizer. In 2010 500 million rubles ($17 million) and 4.7 billion rubles ($160 million) will be allocated to these inputs in the form of direct subsidies to farmers through provincial budgets.

Input supply:

Seeds. According to the Agriculture Minister, at the beginning of spring sowing, agricultural enterprises had 6.34 million tons of planting seeds, enough to meet the spring sowing demand. The Minister reported that 12 percent of area will be sown with the highest quality seeds, compared with 10 percent last year. However, in reality the majority of fields will be sown with average quality seeds [3], and the "saved" seeds.

Machines and equipment. The Agriculture Minister reported that in spring 2010, farmers will use 500,000 tractors and 410,000 pieces of other machines and equipment. The federal government will provide interest rate subsidies for purchasing agricultural machines. The Minister hopes that these interest rate subsidies will allow farmers to borrow up to 70 billion rubles for purchasing Russian agricultural machines. Provincial administrations reported to the Ministry of Agriculture that farmers are planning to purchase (mostly on terms of installment payments, or "lease") 18,400 tractors, 10,000

grain harvesters and feed choppers, and 22,700 pieces of other machines and appliances for 100 billion rubles ($3.4 billion), including 19 billion rubles ($644 million) to be spent for purchase of foreign machines. In 2008-2009 agricultural producers acquired 42,700 tractors and 22,400 harvesters within the State Program (two times more than in 2006-2007) However, specialists consider that in general in 2010 farmers will not have the finances required to acquire new machines and equipment and therefore will not be able to increase efficiency of grain farming.

Fuel and lubricants. By the beginning of spring sowing agricultural producers had 333,000 MT of diesel fuel in stocks and 77,000 MT of gas, enough to begin spring sowing and cultivation. The Government allowed provincial governments to negotiate a 10 percent reduction in fuel prices for farmers [4] . The government hopes that farmers might save up to 5.5 billion rubles ($186 million) on the reduced prices.

Mineral fertilizer. Minister Skrynnik forecasts that in 2010 farmers will apply 1,800 metric tons of mineral fertilizer (100% active ingredient). The state subsidies for fertilizer are 4.72 billion rubles. Fertilizer prices are controlled by the First Deputy Prime Minister Viktor Zybkov through an agreement with the Russian association of fertilizer producers that fix the maximum fertilizer prices for January – June 2010. This association sets these maximum prices on December 9, 2009, and on average these prices increased by 10 percent from the beginning of 2009. According to the Russian State Statistical Service agricultural enterprises apply approximately 35-40 kilograms of mineral fertilizer per 1 hectare of area sown to grain (without corn) and 50 kilograms of organic fertilizer. Fertilizer application varies by different farms and climate zones of Russia, but on average the current rates are low and will not allow most Russian farmers to increase soil productivity and grain yields.

Despite government financing and administrative support, grain farmers' inputs will not improve over 2009. Given that grain market prices decreased significantly in 2009 and continued to decrease in 2010 (see Graphs 1 and 2), farmers may not increase their own investments in seeds, fertilizer, technology and chemicals. Grain production will depend on the previous investments and improvements and on the weather.

Consumption

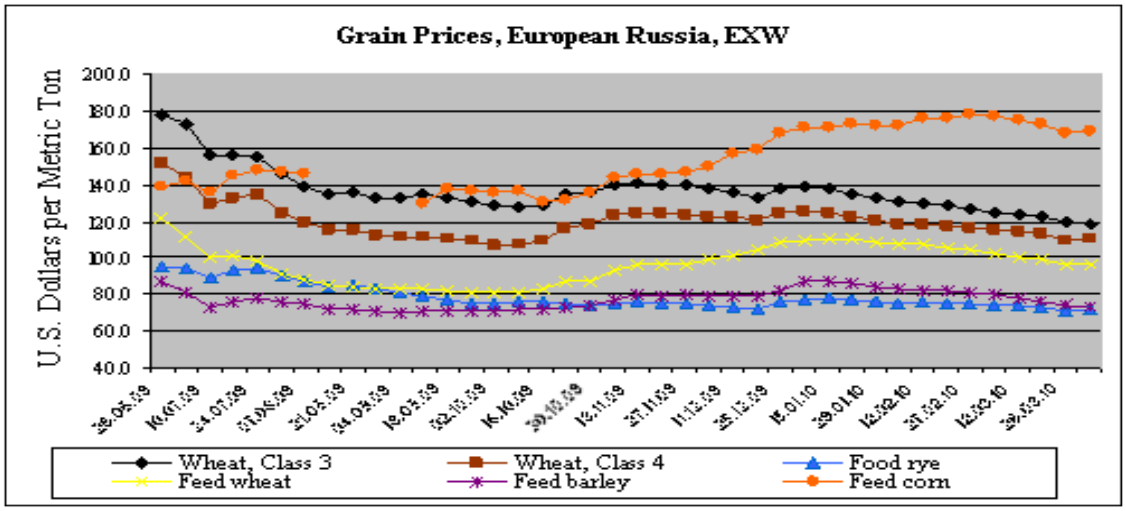
Feed grain consumption is forecast to increase by 910,000 MT to 41.8 MMT. Most of this growth will be due to a 859,000 MT increase in corn consumption by modern poultry and livestock farms. However, links between Russian producers of fodder grains, including class 4 and 5 wheat, and feed mills are very weak. Farmers complain that they cannot find domestic buyers for this wheat, while feed mills have problems in finding grain and feed ingredients in the domestic market.

Food, seed and industrial consumption is forecast to decrease by 250,000 MT to 35.5 MMT due to decreasing demand for traditional bread and bakery products. Direct contracts between producers of top grade milling wheat and millers are not developed, and millers complain that they have 50 percent unused capacities at most of the big industrial mills. Consumers' demand for bread and bakery products is filled primarily by the small bakeries which produce products from low quality flour.

Marketing

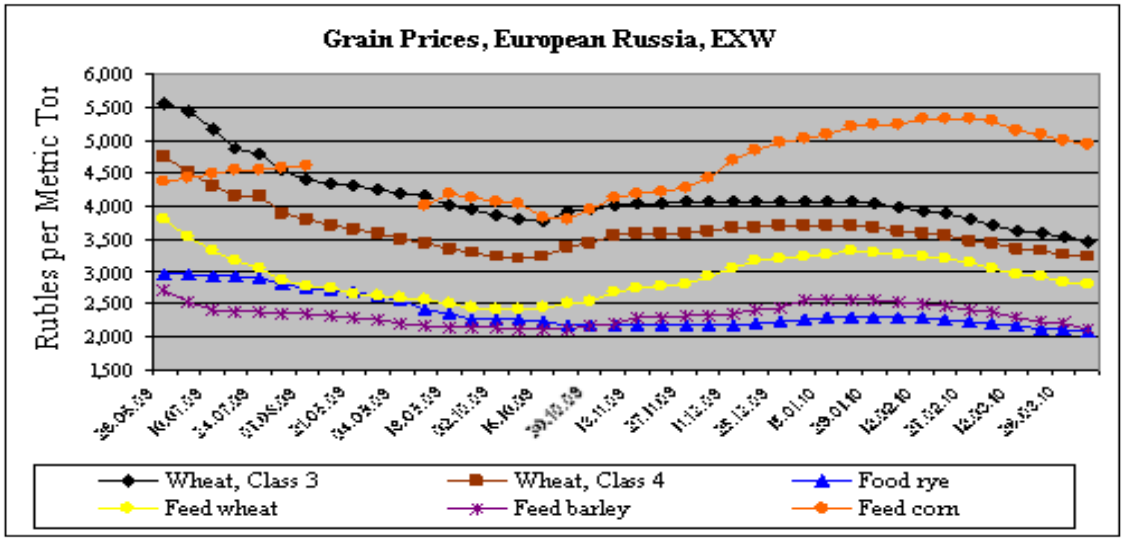
The overwhelming majority of Russian grain farms also have livestock and poultry production as a subsidiary business. Grain that these farms produce may be sold commercially, and used for feeding livestock on farms or for in-kind payments to farms workers. The official data on the distribution of grain by different channels is not available, but experts estimate that 35 to 45 percent of Russian grain is sold in the market. This share changes depending on the crop volumes and on price. In MY 2008, after the bumper grain crop which coincided with high prices, agricultural enterprises sold 45 percent of their crop. In MY 2009 this share decreased and experts estimate it at 38-40 percent. Marketing of grain in MY 2010 will depend on the volumes of production and on the prices. If the grain crop in 2010 reaches 95 MMT and prices remain low, some grain farmers will increase on-farm consumption of grain. In this case the share of marketed grain might drop below 38 percent. The shortage of regional elevators, inadequate rural roads, high cost of transportation, and high cost of storing grain may also decrease the incentive to market grain.

Graph 1. Grain Prices in U.S. Dollars, European Russia, EXW



Note: the dates are in the following order - day, month, and year.
Source: ProZerno

Graph 2. Grain Prices in Rubles, European Russia, EXW



Note: the dates are in the following order - day, month, and year.
Source; ProZerno

Trade

Grain exports are forecast at 20.4 MMT in MY 2010, a 1.1 MMT increase from MY 2009. Grain exports might be stimulated by low domestic prices, improved port infrastructure and improving management of surveyors and grain trading companies. On February 9, 2010, Russia officially opened a new grain terminal in the commercial Black Sea port in Tuapse. The capacity of this terminal is 2.5

MMT per year. At the opening the First Deputy Prime Minister Viktor Zubkov mentioned that at present Russia's grain handling export capacity is 23 MMT, and that Russia will continue increasing this capacity.

According to Russian agricultural officials, Russia's grain exports may reach 21.5 million tons this agricultural year (July 2009 to June 2010) and 22 MMT next year. The ministry estimates that Russia will be exporting 40 million tons in 2018. Russia's share of the world grain-export market in 2001 was 2 percent (3.3 million tons, a figure that tripled to 9 percent in 2009.) The Agriculture Ministry believes Russia's share could reach 15 percent by 2018. To some extent government support of exports through the state owned United Grain Company may stimulate exports, but experts estimate the company's exports in 2010 at maximum 1.0 – 1.5 MMT. Without significant improvements in the cost of production and logistics, Russia's ambitious target to export up to 40.0 MMT of grain by 2018 [5] will not be met.

Stocks

Grain stocks by the end of MY 2010 are forecast at 13.9 MMT, a 17 percent decrease from the beginning of year stocks, which are estimated at 16.7 MMT.

Russian Ministry of Agriculture grain balance:

The Russian Ministry of Agriculture forecasts that by the end of MY 2009 the grain inventory in all enterprises, including food and feed mills will be 21.1 MMT compared with 23.7 million tons at the beginning of the year. The Ministry attributes this change to an increase in the use of grain in feeds for livestock and poultry - from 42 million tons last agricultural year to 44.2 million tons. The use of grain in foods will increase but slightly - from 19 million to 19.3 million tons, use for seed - from 11.4 million to 11.8 million tons, and use for industrial consumption - from 2.6 million to 2.7 million tons. The Agriculture Ministry estimates grain consumption this year at 79.1 million tons, versus 76.2 million tons in the previous year. The Ministry of Agriculture forecasts an increase in domestic grain consumption in MY 2010 to 80.1, mainly due to increased grain use in animal feeds - to 44.8 million tons, in foods - to 2.8 million tons, and as seed - to 12 million tons. Carry-over stocks at the end of the MY 2010 will decrease to 15 million tons, according to the Agriculture Ministry's optimistic forecast.

Policy

The Agriculture Minister outlined the major targets for the Russian grain industry in the near and long

term: increase grain exports, improve grain quality, use effective crop rotation, increase production of crops that are in the most demand, and develop seed breeding. The Minister estimated that in order to replace all meat imports with domestic products, Russia may need an additional 5-7 MMT of feed grain. The 2010 federal budget will allocate 28 billion rubles ($950 million) to help achieve these goals

The Ministry of Agriculture advised provincial authorities who want federal support to develop their own grain balances and markets for their grain. The administration of Krasnoyarskiy kray (Siberian Federal District) reported in the end of February 2010 that they reached an agreement with China on exports of 300,000 metric tons of feed grain, including 200,000 MT on barter terms.

Technical Regulations:

In a meeting of the Agro-Business Club in Moscow on April 9, 2010, Arkady Zlochevskiy, President of the Russian Grain Union, spoke about the slow pace within the Russian government to develop new technical regulations on grain. The Russian Grain Union, in cooperation with other related associations, developed nine documents related to technical regulations for various grains and submitted them to the government in 2008. Now that Russia has joined together with Belarus and Kazakhstan into a Customs Union, it's not clear whether Russia will choose to adopt new technical regulations for grain that are closer to those from Kazakhstan or to those from the European Union. This will be one of the matters on which the Russian Grain Union and the Duma's Committee on Agriculture will be working in 2010.

Intervention [6]:

The Russian Government is planning to change the format of grain price support. It intends to replace grain procurement and grain sales with short term loans to farmers using grain as collateral. However, these schemes have not been developed. On March 31, 2010, Minister Skrynnik announced intervention prices for the coming crop at the following levels:

1) for milling wheat Class 3 for provinces in the Central, North-Western, Volga-Valley (except Orenburg oblast), North Caucasian and the Southern Federal Districts – at 4,200 rubles ($142.4) per metric ton; for provinces in the Ural, Siberian, Far Eastern Federal Districts and in Orenburg oblast - at 4,400 rubles ($149.2) per metric ton;
2) for milling wheat Class 4 for provinces in the Central, North-Western, Volga-Valley, North Caucasian and the Southern Federal Districts – at 3,600 rubles ($122.0) per metric ton; for provinces in the Ural, Siberian and the Far Eastern Federal Districts - at 3,800 rubles ($128.8) per metric ton;
3) for food quality rye, Group A, - 2,900 rubles ($98.3) per metric ton for all provinces.

These prices are higher than the current market prices and shall stimulate farmers' production. However, the funds for these procurement interventions are not determined.

Grain procurement interventions for the 2009 crop were suspended on February 4, 2010. From November 2, 2009, through February 4, 2010, the Government purchased 1,775,250 MT of grain, including 1,356,885 MT of milling wheat Class 3 for 5,557 million rubles ($188 million), 352,215 MT of milling wheat Class 4 for 1,246 million rubles ($42 million), and 66,150 MT of food quality rye for 154 million rubles ($5 million). The total funds spent for these interventions were 6,958 million rubles ($236 million).

On February 1, 2010, Russia began selling corn from the intervention fund accumulated in MY 2008. Altogether in the course of 2008/09 interventions the government purchased 299,565 MT of corn (Class3) for 1,195.7 million rubles ($40.5 million). In 2010 the Government decided to sell 154,987 MT of corn from the fund. Through February 26, 2010, 147,959 MT of intervention corn was sold for 1,273 million rubles ($43.2 million), slightly higher than the world price.

United Grain Company:

Five billion rubles was given to the United Grain Company (UGC) in February 2010 for distribution of grain from the State Intervention Stock (see GAIN RS1011). The UGC may sell or distribute this grain abroad. To date the media reported on the beginning of shipments of grain as humanitarian aid to Cuba. The total volume of grain for Cuba will be 100,000 MT. By the end of MY 2009 UGC will hardly export over 0.5 MMT of grain. Experts forecast that in MY 2010 the state export of grain may reach 1.0 – 1.5 MMT.

Relevant Reports

- RS1014 _ Policy and Program Announcements _ Government Allowed Fuel Price Discount for Framers _ Moscow _ Russian Federation _ 3-17-2010
- RS1011 _ Grain and Feed _ Federal Budget Allocates 5 BLN Rubles to Get Rid of Grain Stocks _

Moscow _ Russian Federation _ 2-25-2010
- RS1006 _ Grain and Feed_ Russian Official Data on Grain Crop 2009 _ Moscow _ Russian Federation – 1-28-2010
- RS9078_ Market Promotion / Competition _ Russia Updates Phytosanitary Memorandum with Brazil – Moscow _ Russian Federation _12-8-2009
- RS9072 _ Grain and Feed _ Grain Procurement Interventions in November 2009 _ Moscow _ Russian Federation _ 11-20-2009
- RS9068 – Grain and Feed _ Grain and Feed November Update _ Moscow _ Russian Federation _ 10-29-2009
- RS9079 _ Policy and Program Announcements _ Russian Food Security Doctrine Reemerged _ Moscow _ Russian Federation _ 12-22-2009
- RS9073 _ Grain and Feed _ Grain and Feed December Update _ Moscow _ Russian Federation _ 11-30-2009

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[1] For more information see GAIN RS 1018 _ Oilseeds and Products _ Annual _ Moscow _ Russian Federation.

[2] The exchange rate is 29.5 rubles per 1 U.S. Dollar.

[3] Presumably this is the equivalent of "certified" and "common" seeds.

[4] For more information see RS1014 _ Policy and Program Announcements _ Government Allowed Fuel Price Discount for Framers _ Moscow _ Russian Federation _ 3-17-2010

[5] Agricultural Minister Skrynnik reported on February 8, 2010 at the Grain Export Conference in Tuapse.

[6] Russia has been employing commodity (selling) and purchase interventions to stabilize the market since 2001. When prices start falling sharply, the government buys grain for the intervention fund to stabilize prices. When grain prices rise sharply, the government sells off intervention stocks to restrain them. Russia conducted commodity interventions in MY 2004 and 2007, and purchased grain to the intervention fund in MY 2005, 2006, 2008, and 2009. The Inter-Banking Currency Exchange is the platform for grain interventions since 2004, and all information on these interventions is available on its web-site: http://www.micex.ru/markets/commodity/history/profile

Commodities:
Wheat

Production:

Wheat production in MY 2010 is forecast to decrease to 58.5 MMT from 61.7 MMT in MY 2009. The decrease will be caused by low wheat prices which will limit farmers' incentives for spring wheat sowing.

Consumption:

Feed wheat consumption is forecast at 19.0 MMT in MY 2010, a 300,000 MT increase from 2009. Due to low market prices, agricultural enterprises may increase on-farm consumption of wheat, and increase distribution of wheat as in-kind payment to farm workers for feeding poultry and livestock at their households. Food, industrial consumption and seeds are forecast at 23.0 MMT, as in MY 2009.

Trade:

Russia's wheat and flour (in grain equivalent) exports in MY 2010 are forecast at 18.0 MMT, 1.0 MMT increase from MY 2009. The total wheat and wheat flour (in grain equivalent) exports in MY 2009 are estimated at 17.0 MMT. The decrease from the previous year is due to tight competition in the world wheat markets.

Domestic wheat prices were decreasing, but the cost of transportation made Russian wheat less competitive in the foreign markets than a year ago. In MY 2010 Russia's total wheat and wheat flour exports are forecast at 18.0 MMT, equal to the estimated exports in MY 2009. From July 2009 through February 2010, Russia exported 12.2 MMT of wheat. The main destinations were Egypt (3.9 MMT), Turkey (1.6 MMT), Syria (0.9 MMT), Iran (565,000 MT), Libya (505,000 MT), Jordan (355,000 MT), Georgia (355, 000 MT). In the same period a year ago exports reached 12.6 MMT. Exports of wheat flour decreased from 475,000 MT in MY 2008 to 300,000 MT in MY 2009.

Table 2. Wheat Exports by Countries, 1,000 Metric Tons

	MY 2008		MY 2009 (est.)
World	17,665	World	16,500
Egypt	4,822	Egypt	5,000

Turkey	2,193	Turkey	3,500
Pakistan	1,430	Syria	2,000
Azerbaijan	1,233	Iran	1,000
Syria	1,003	Libya	1,000
Iran	570	Georgia	800
Libya	556	Jordan	700
Jordan	545		
Bangladesh	509		
Yemen	469		
Other	4,336	Other	2,500

Table 3. Wheat Flour Exports by Countries, 1,000 Metric Tons

	MY 2008		MY 2009 (est.)
World	475	World	300
Afghanistan	139	Mongolia	100
Mongolia	98	Afghanistan	90
Azerbaijan	67	Turkmenistan	40
Uzbekistan	60	North Korea	20
Tajikistan	39	Tajikistan	15
Georgia	13	Israel	10
Turkmenistan	12		
Kyrgyzstan	10		
Abkhazia	9		
Kazakhstan	5		
Other	22	Other	25

Stocks:

By the end of MY 2010 wheat stocks are forecast to decrease to 12.2 MMT from 13.6 MMT because of an increase in exports coupled with lower production.

Production, Supply and Demand Data Statistics:

Table 4. PSD, Wheat (incl. flour in grain equivalent), 1,000 Metric Tons. Area in 1,000 Hectares

Wheat Russia	2008 2008/2009 Market Year Begin: Jul 2008			2009 2009/2010 Market Year Begin: Jul 2009			2010 2010/2011 Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Harvested	26,650	26,050	26,650	28,700	26,600	28,700			26,500
Beginning Stocks	3,869	1,819	1,819	10,479	8,429	10,479			13,584
Production	63,700	63,700	63,700	61,700	61,700	61,695			58,500
MY Imports	203	203	130	200	200	60			100
TY Imports	203	203	130	200	200	60			100
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	67,772	65,722	65,649	72,379	70,329	72,234			72,184
MY Exports	18,393	18,393	18,393	18,000	18,000	16,950			18,000
TY Exports	18,393	18,393	18,393	18,000	18,000	16,950			18,000
Feed and Residual	16,200	16,200	14,700	18,000	18,000	18,700			19,000
FSI Consumption	22,700	22,700	22,077	23,200	22,700	23,000			23,000
Total Consumption	38,900	38,900	36,777	41,200	40,700	41,700			42,000
Ending Stocks	10,479	8,429	10,479	13,179	11,629	13,584			12,184
Total Distribution	67,772	65,722	65,649	72,379	70,329	72,234			72,184
Yield	2.	2.	2.3902	2.	2.	2.1497			2.2075

Commodities:
Barley

Production:

Barley production is forecast to decrease in MY 2010 by 375,000 MT to 17.5 MMT. The decrease in production will be caused by low demand for barley and low prices.

Trade:

Russia's barley exports depend significantly on Saudi Arabia's demand as historically it purchases half of Russia's barley exports. In July 2009 through February 2010 Russia exported 1.7 MMT of barley to 15 different countries. Exports to Saudi Arabia were 1.16 MMT, exports to Iran – 185,000 MT, exports to Jordan – 105,000 MT. Exports to other countries did not exceed 50,000 MT each. 82 percent of barley was exported in July-November 2009, and in February 2010 exports decreased to 15,300 MT.

Table 5. Barley Exports by Countries, 1,000 Metric Tons

	MY 2008		MY 2009 (est.)
World	3,445	World	2,000
Saudi Arabia	1,622	Saudi Arabia	1,250
Syria	425	Iran	350
Iran	345	Jordan	150
Jordan	218		
Israel	154		
Libya	134		
Tunisia	84		
Cyprus	80		
Kuwait	70		
Japan	62		
Other	251	Other	250

Production, Supply and Demand Data Statistics:

Table 6. PSD, Barley, 1,000 Metric Tons, Area in 1,000 Hectares

Barley Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		April
			Data			Data			Data
Area Harvested	9,600	9,400	9,600	9,050	7,750	7,750			7,700
Beginning Stocks	1,025	1,025	1,025	3,637	3,637	3,637			2,262
Production	23,100	23,100	23,100	17,900	17,875	17,875			17,500
MY Imports	56	56	56	50	50	50			50
TY Imports	50	50	50	50	50	50			50
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	24,181	24,181	24,181	21,587	21,562	21,562			19,812
MY Exports	3,444	3,444	3,444	2,200	2,200	2,000			2,100
TY Exports	3,598	3,598	3,598	2,200	2,200	2,000			2,100
Feed and Residual	12,300	12,300	12,300	12,400	12,400	12,500			12,300
FSI Consumption	4,800	4,800	4,800	4,700	4,700	4,800			4,500
Total Consumption	17,100	17,100	17,100	17,100	17,100	17,300			16,800
Ending Stocks	3,637	3,637	3,637	2,287	2,262	2,262			912
Total Distribution	24,181	24,181	24,181	21,587	21,562	21,562			19,812
Yield	2.	2.	2.4063	2.	2.	2.3065			2.2727

Commodities:
Corn

Production:

Corn production in MY 2010 is forecast to increase to 5.10 MMT from 3.95 MMT in MY 2009. This increase will be caused by relatively high demand from the emerging feed and starch industry, and relatively high corn prices. Corn production is forecast to increase as more area will be sown to corn, however yields will be low to average.

Consumption:

Corn feed consumption is forecast at 4.4 MMT, compared with 3.55 MMT in MY 2009. Food and industrial consumption of corn will increase from 0.5 MMT in MY 2009 to 0.6 MMT in MY 2010.

Trade:

After the big corn crop in 2008 Russia decreased corn imports, but by January 2010 domestic stocks of corn were exhausted. In February 2010 Russia imported over 6,000 MT of corn, 75 percent of all corn imports since October 2009. Corn imports in MY 2009 are estimated to increase to 130,000 MT. The further increase in MY 2010 to 200,000 MT will be driven by growing demand in high energy feeds and strengthening Russian ruble. However, the major corn exporters to Russia will be Ukraine and some East-European countries.

The growing demand for formula feeds might stimulate imports of corn-based feed ingredients. The data on corn-based feeds are not available, but the total Russia's imports of animal feed preparations, except for cats and dogs feeds, in October 2009 – January 2010 already amounted to $149 million compared with $123 million in the same period last year. E.U. countries (Netherlands, Belgium, Germany, France, and Lithuania) were the major suppliers of these feeds. Imports from the U.S. were not significant but have grown from $630,000 to $730,000.

Table 7. Corn Imports, Metric Tons

	MY 2008/09		MY 2009/10 (est.)
World	56,889	World	130,000
Ukraine	32,424	Ukraine	65,000
Canada	11,047	Hungary	30,000
Hungary	4,486	Canada	15,000
United States	2,623	Argentina	7,000
Argentina	1,931	United States	5,000
France	1,579		
Serbia\	1,450		
Romania	553		
Kazakhstan	195		
Germany	175		
Other	426	Other	8,000

Source: WTA

If corn production in MY 2010 reaches 5.1 MMT, Russia might export up to 200,000 MT, a 60,000 MT decrease from MY 2009. Russia is not a traditional corn exporting country and last year's exports were unusual. These exports continued through February 2010 on the previous contracts. In October 2009 – through February 2010 Russia exported 232,000 MT of corn, while in the same period a year ago exports amounted to 500,000 MT. This year more of the corn will be consumed domestically as livestock producers are expected in include more corn in their feed rations.

Table 8. Corn Exports, Metric Tons

	MY 2008		MY 2009 (est.)
World	1,330,569	World	260,000
Egypt	618,242	Azerbaijan	45,000
Turkey	107,611	Lebanon	33,000
Syria	107,148	Egypt	30,000
Israel	102,983	Israel	28,000
Iran	81,387	Turkey	26,000
Lebanon	77,357	Syria	23,000
Armenia	50,692	Armenia	20,000
Azerbaijan	47,304	Jordan	13,000
Libya	26,373	Libya	12,000
Spain	25,991	Tunisia	10,000
Other	85,481	Other	20,000

Source: WTA, SovEcon data for January – February 2010.

Production, Supply and Demand Data Statistics:

Table 9. PSD, Corn, 1,000 Metric Tons. Area in 1,000 Hectares

Corn Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Apr
			Data			Data			Data
Area Harvested	1,650	1,750	1,750	1,350	1,100	1,100			1,450
Beginning Stocks	167	167	167	336	362	336			106
Production	6,600	6,645	6,645	3,950	3,950	3,950			5,100
MY Imports	100	100	60	250	250	130			200
TY Imports	100	100	60	250	250	130			200
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	6,867	6,912	6,872	4,536	4,562	4,416			5,406
MY Exports	1,331	1,350	1,330	200	250	260			200
TY Exports	1,331	1,350	1,330	200	250	260			200
Feed and Residual	4,500	4,500	4,506	3,700	3,700	3,550			4,400
FSI Consumption	700	700	700	500	500	500			600
Total Consumption	5,200	5,200	5,206	4,200	4,200	4,050			5,000
Ending Stocks	336	362	336	136	112	106			206
Total Distribution	6,867	6,912	6,872	4,536	4,562	4,416			5,406

Commodities:
Rye
Oats
Millet

Production:

Area sown to spring rye may decrease, and will result in a slight decrease in rye production from 4.34 MMT to 4.3 MMT. This decrease will be caused by continued decrease in domestic rye prices, and possible decrease in area sown to spring rye. Rye production will be concentrated in several Volga Valley provinces, first of all in Republic of Tatarstan. In other provinces area sown to rye, formerly one of the staple Russian food grains, will be replaced by other crops.

Trade:

Trade in rye, oats, and millet is not significant.

Production, Supply and Demand Data Statistics:

Table 10. PSD, Rye, 1,000 Metric Tons, Area in 1,000 Hectares

Rye Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Apr
			Data			Data			Data
Area Harvested	2,200	2,150	2,200	2,150	2,100	2,100			2,050
Beginning Stocks	63	63	63	297	297	297			309
Production	4,500	4,500	4,500	4,300	4,335	4,335			4,300
MY Imports	0	0	0	0	0	0			0
TY Imports	0	0	0	0	0	0			0
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	4,563	4,563	4,563	4,597	4,632	4,632			4,609
MY Exports	16	16	16	50	50	5			10
TY Exports	14	14	14	50	50	5			10
Feed and Residual	750	750	750	800	800	820			820
FSI Consumption	3,500	3,500	3,500	3,500	3,480	3,500			3,500
Total Consumption	4,250	4,250	4,250	4,300	4,280	4,320			4,320
Ending Stocks	297	297	297	247	302	307			277
Total Distribution	4,563	4,563	4,563	4,597	4,632	4,634			4,609
Yield	2.	2.	2.0455	2.	2.	2.0643			2.0976

Table 11. PSD, Oats, 1,000 Metric Tons, Area in 1,000 Hectares

Oats Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Apr
			Data			Data			Data
Area Harvested	3,700	3,400	3,700	3,350	3,000	3,000			3,000
Beginning Stocks	184	184	184	584	584	584			384
Production	5,800	5,800	5,800	5,400	5,400	5,400			5,450
MY Imports	0	0	0	0	0	0			0
TY Imports	0	0	0	0	0	0			0
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	5,984	5,984	5,984	5,984	5,984	5,984			5,834
MY Exports	0	0	0	0	0	0			0
TY Exports	0	0	0	0	0	0			0
Feed and Residual	3,800	3,800	3,800	4,000	4,000	4,000			4,000
FSI Consumption	1,600	1,600	1,600	1,600	1,600	1,600			1,600
Total Consumption	5,400	5,400	5,400	5,600	5,600	5,600			5,600
Ending Stocks	584	584	584	384	384	384			234
Total Distribution	5,984	5,984	5,984	5,984	5,984	5,984			5,834
Yield	2.	2.	1.5676	2.	2.	1.8			1.8167

Table 12. PSD, Millet, 1,000 Metric Tons, Area in 1,000 Hectares

Millet Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Apr
			Data			Data			Data
Area Harvested	500	500	500	525	250	250			400
Beginning Stocks	0	0	0	0	0	0			0
Production	700	710	710	250	265	265			450
MY Imports	0	0	0	0	0	0			0
TY Imports	0	0	0	0	0	0			0
TY Imp. from U.S.	0	0	0	0	0	0			0
Total Supply	700	710	710	250	265	265			450
MY Exports	0	20	20	0	0	0			0
TY Exports	0	20	20	0	0	0			0
Feed and Residual	400	400	400	75	90	90			250
FSI Consumption	300	290	290	175	175	175			200
Total Consumption	700	690	690	250	265	265			450
Ending Stocks	0	0	0	0	0	0			
Total Distribution	700	710	710	250	265	265			450
Yield	1.	1.	1.42	0.	1.	1.06			1.125

Commodities:
Rice, Milled

Production:

Russia's rice production will continue to grow driven by investments made in modernization of domestic rice production in 2007- 2008. Rough rice production is forecast at 0.93 MMT in MY 2010, compared with 0.9 MMT in MY 2009, and milled rice production will increase form 590,000 MT to 605,000 MT.

Trade:

Along with growth of domestic production, rice imports in CY 2011 are forecast to decrease to 140,000 MT compared with 150,000 in CY 2010 and 230,000 MT in 2009. However, the ruble and possible growth of incomes may increase demand for high quality rice from the U.S. In January – February 2010 Russia imported 18,100 MT of rice, a 60 percent decrease from the same period last year. The major rice suppliers remain the same: Pakistan, Thailand, Vietnam, and Uruguay. In the last two years Russia also increased imports of Brazilian rice,

Table 13. Rice Imports, Metric Tons

	CY 2009		CY 2010 (est.)
World	229,098	World	150,000
Vietnam	81,927	Pakistan	45,000
Thailand	64,855	Thailand	40,000
China	35,441	Vietnam	23,000
Pakistan	17,592	Uruguay	22,000
Uruguay	12,973	Brazil	10,000
Brazil	9,093	Kazakhstan	5,000
Kazakhstan	2,112	United States	3,000
Italy	1,617		
United States	1,367		
Egypt	596		
Other	1,525	Other	2,000

Source: WTA, forecast for 2010 is based on January – February 2010 data

Growth of domestic production and weak ruble in 2009 stimulated Russia's rice exports to the former CIS countries and to Turkey. In January – February 2010, Russia already exported 33,000 MT of rice;

including 25,000 MT to Turkey. In the same period a year ago Russia's rice exports were only 5,000 MT.

Table 14. Rice Exports, Metric Tons

	CY 2009		CY 2010 (est.)
World	91,475	World	100,000
Turkey	31,987	Turkey	35,000
Kazakhstan	25,430	Kazakhstan	20,000
Uzbekistan	12,966	Azerbaijan	13,000
Azerbaijan	6,410	Turkmenistan	12,000
Moldova	3,688	Uzbekistan	8,000
Ukraine	3,676	Moldova	7,000
Turkmenistan	3,152		
Kyrgyzstan	2,231		
Tajikistan	1,490		
Armenia	231		
Other	214	Other	5,000

Source: WTA, forecast for 2010 is based on January – February 2010 data

Policy:

In the past, in order to protect the growing domestic rice industry the Russian Government imposed temporary duties on imported rice. However, since the institution of the Customs Union the duty has been permanently set at the highest level, 0.12 Euro per kilogram.

Production, Supply and Demand Data Statistics:

Rice, Milled Russia	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Apr
			Data			Data			Data
Area Harvested	164	160	160	182	175	175			180
Beginning Stocks	69	69	69	49	49	49			49
Milled Production	480	480	480	590	590	590			605
Rough Production	738	738	738	908	908	908			931
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500			6,500
MY Imports	200	200	230	165	165	150			140
TY Imports	200	200	230	165	165	150			140
TY Imp. from U.S.	0	2	2	0	3	3			5
Total Supply	749	749	779	804	804	789			794
MY Exports	20	20	90	50	50	100			110
TY Exports	20	20	90	50	50	100			110
Consumption and Residual	680	680	640	695	695	640			640
Ending Stocks	49	49	49	59	59	49			44
Total Distribution	749	749	779	804	804	789			794
Yield (Rough)	4.	5.	4.6125	5.	5.	5.1886			5.1722