



Future Potential for Oilseed Production in Russia

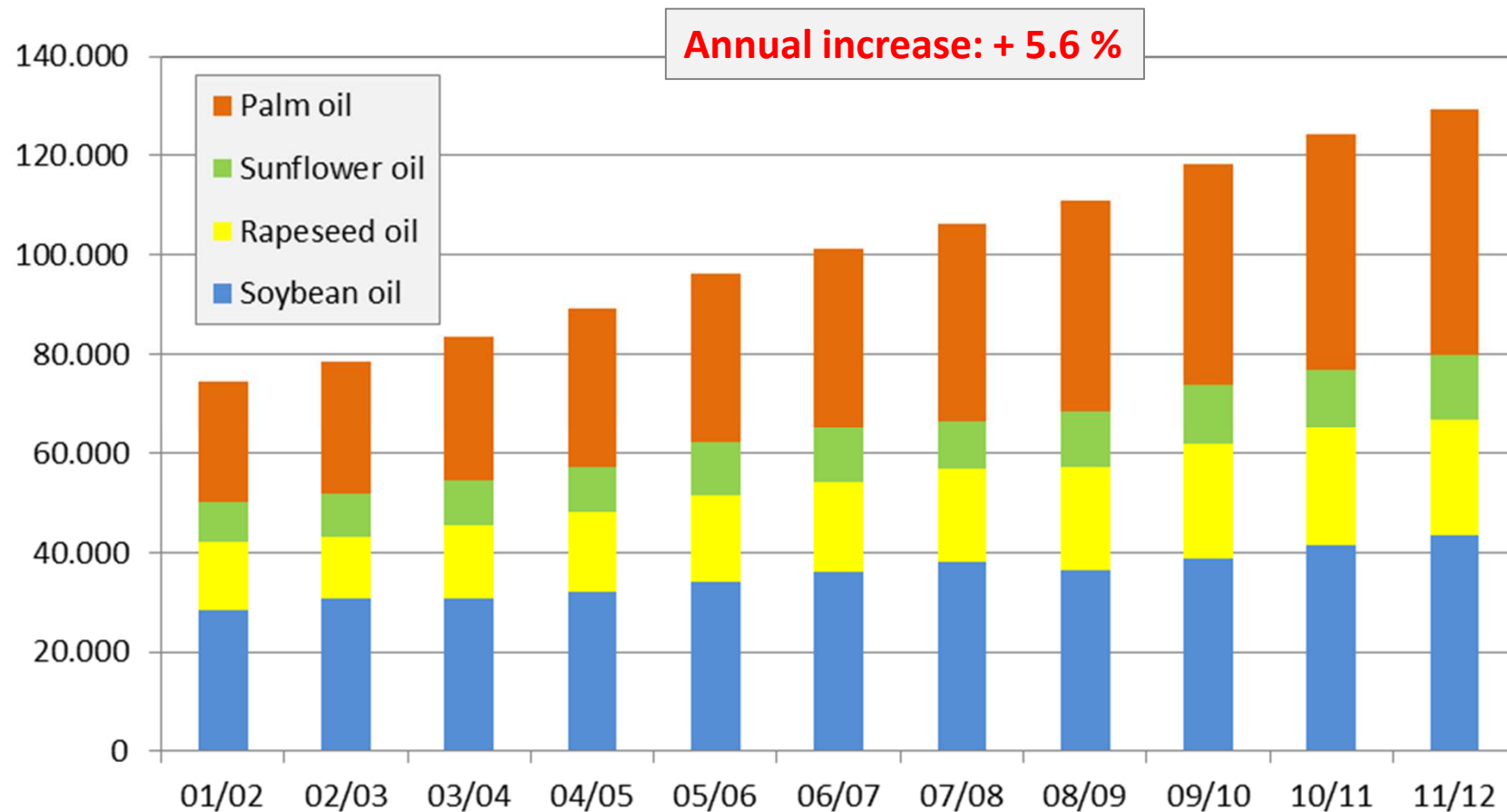
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Agenda

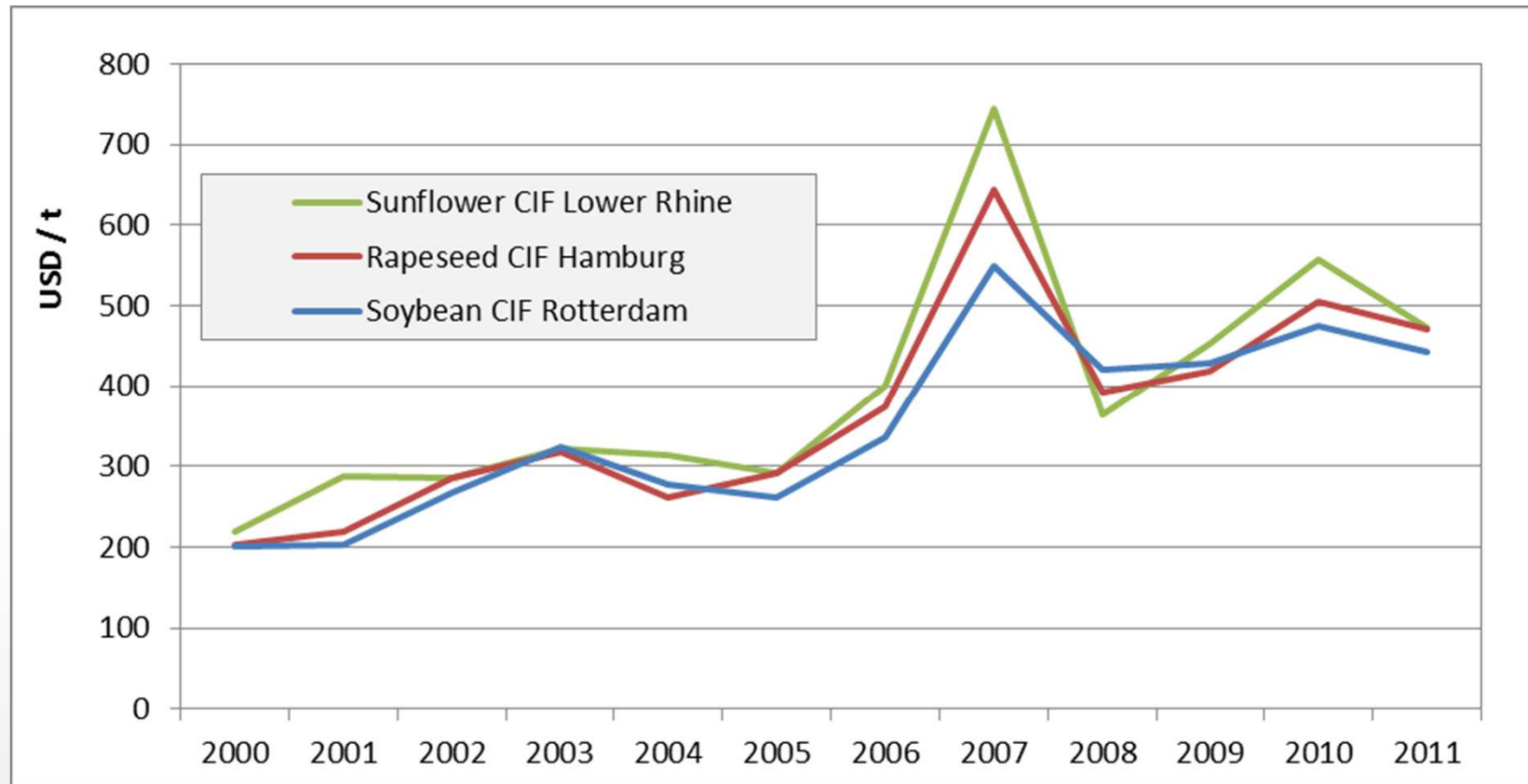
1. Introduction
2. Farm level incentives
3. Projections for Russian oilseed production
4. Conclusions

Global vegetable oil consumption (in 1,000 t)



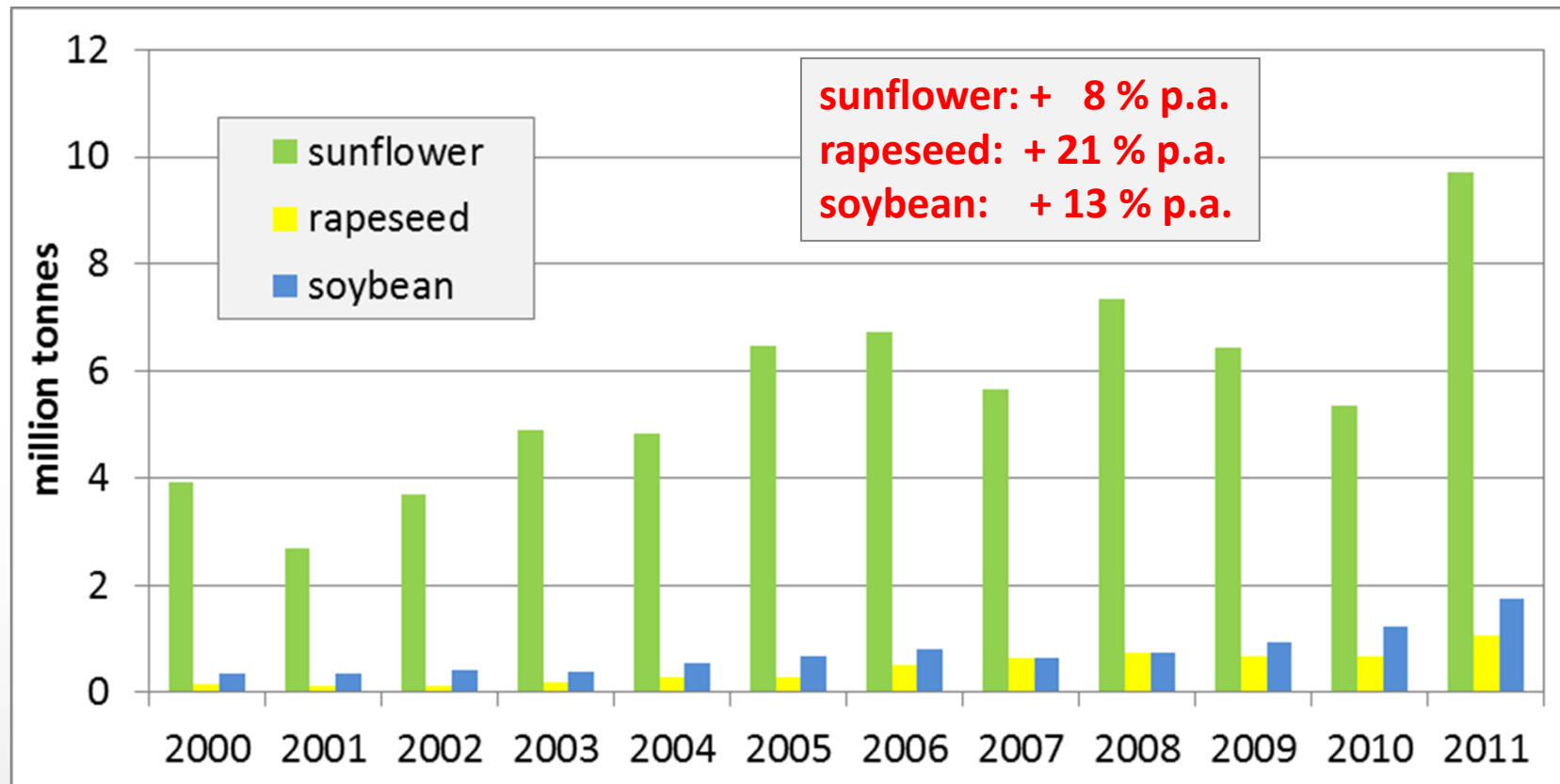
Source: FAPRI (2012), own compilation

World market oilseed prices



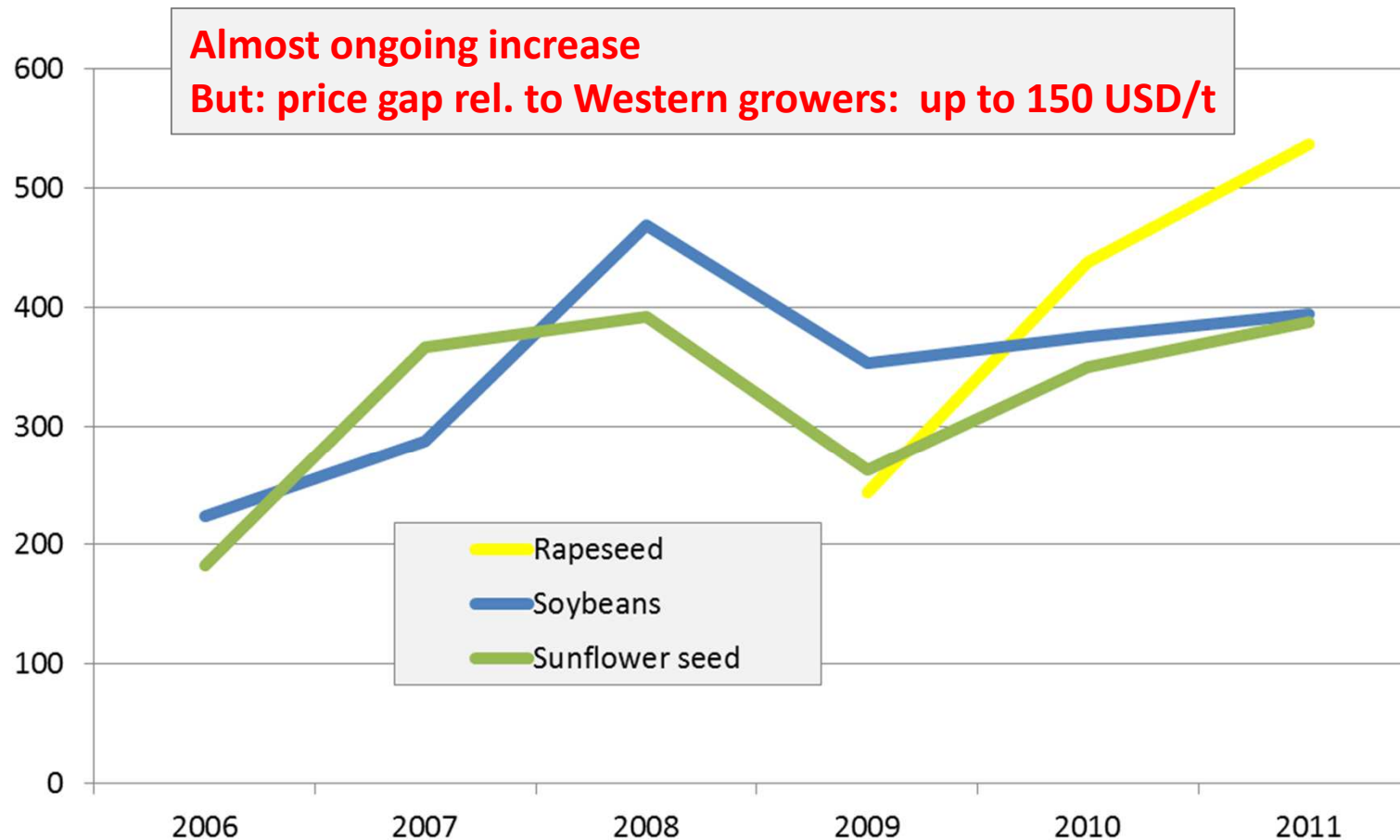
Source: FAPRI 2011 World Agricultural Outlook Database

Evolution of Russian oilseed production



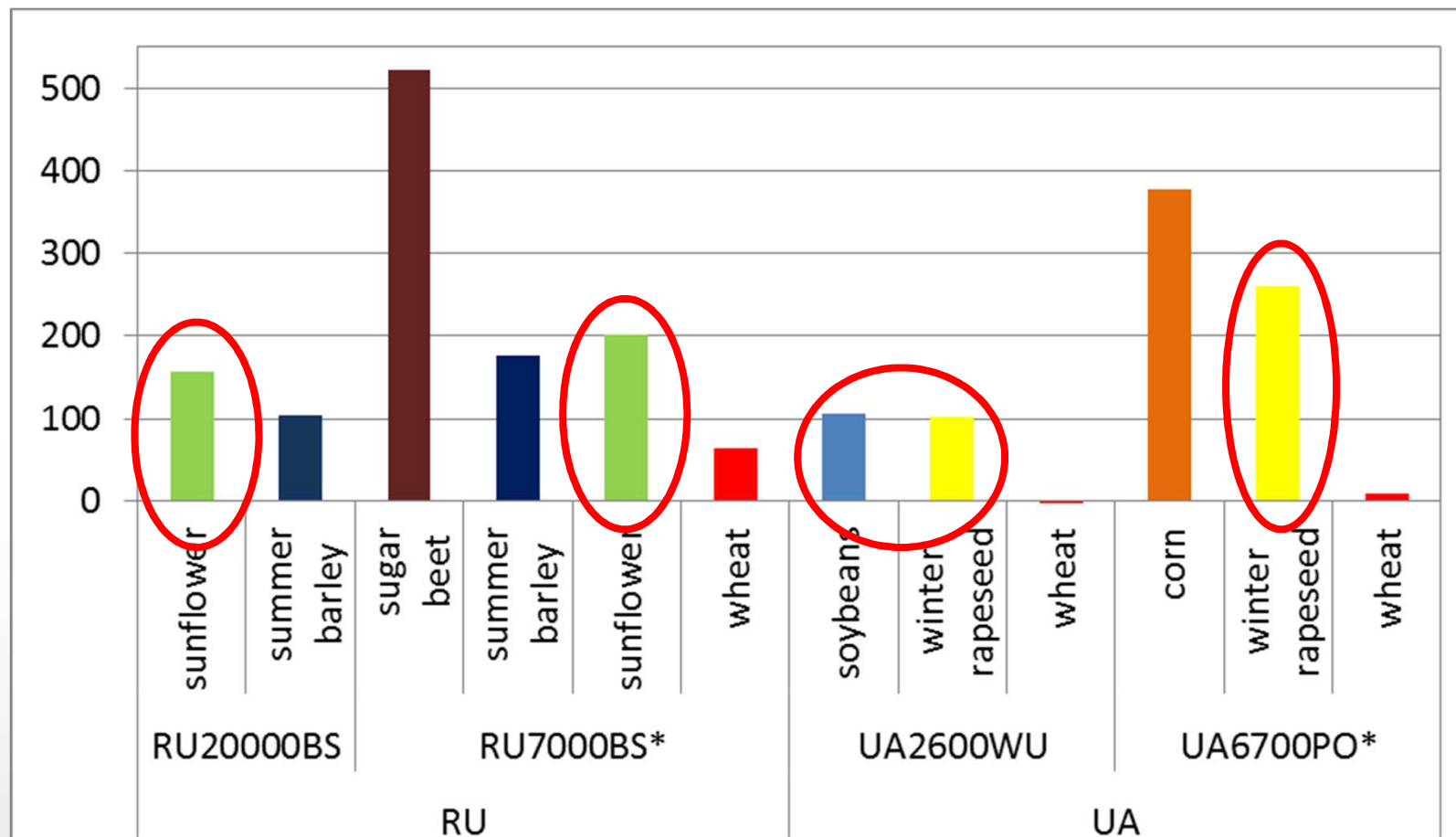
Source: Unified Interdepartmental Statistical Information System of Russia

Russian farm gate oilseed prices



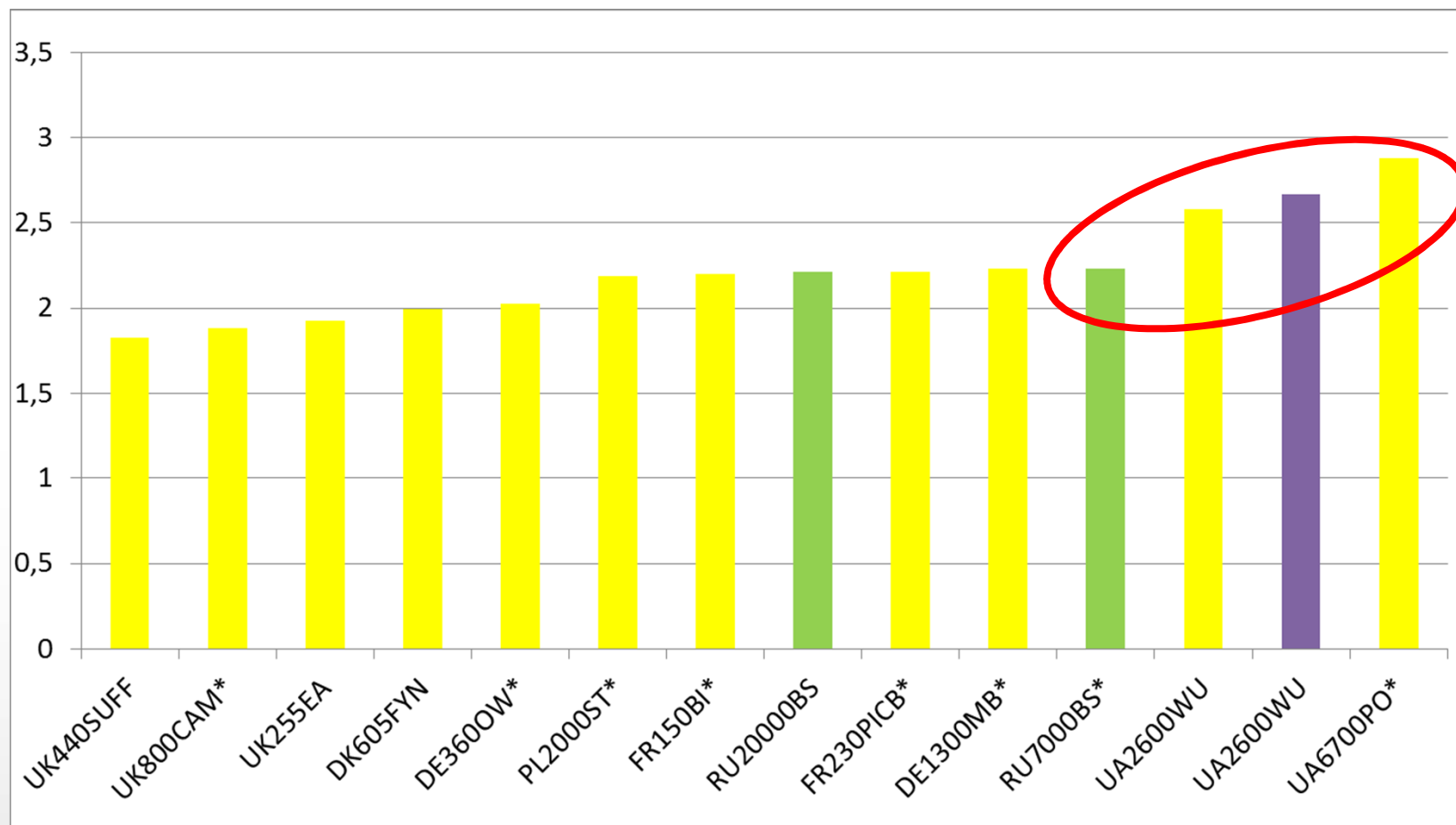
Sources: Unified Interdepartmental Statistical Information System of Russia, & IKAR

Relative to small grains oilseeds rather profitable



Source: *agri benchmark* database

Farm price ratio oilseeds vs. wheat (2008/9 – 2011)



Source: **agri benchmark** database

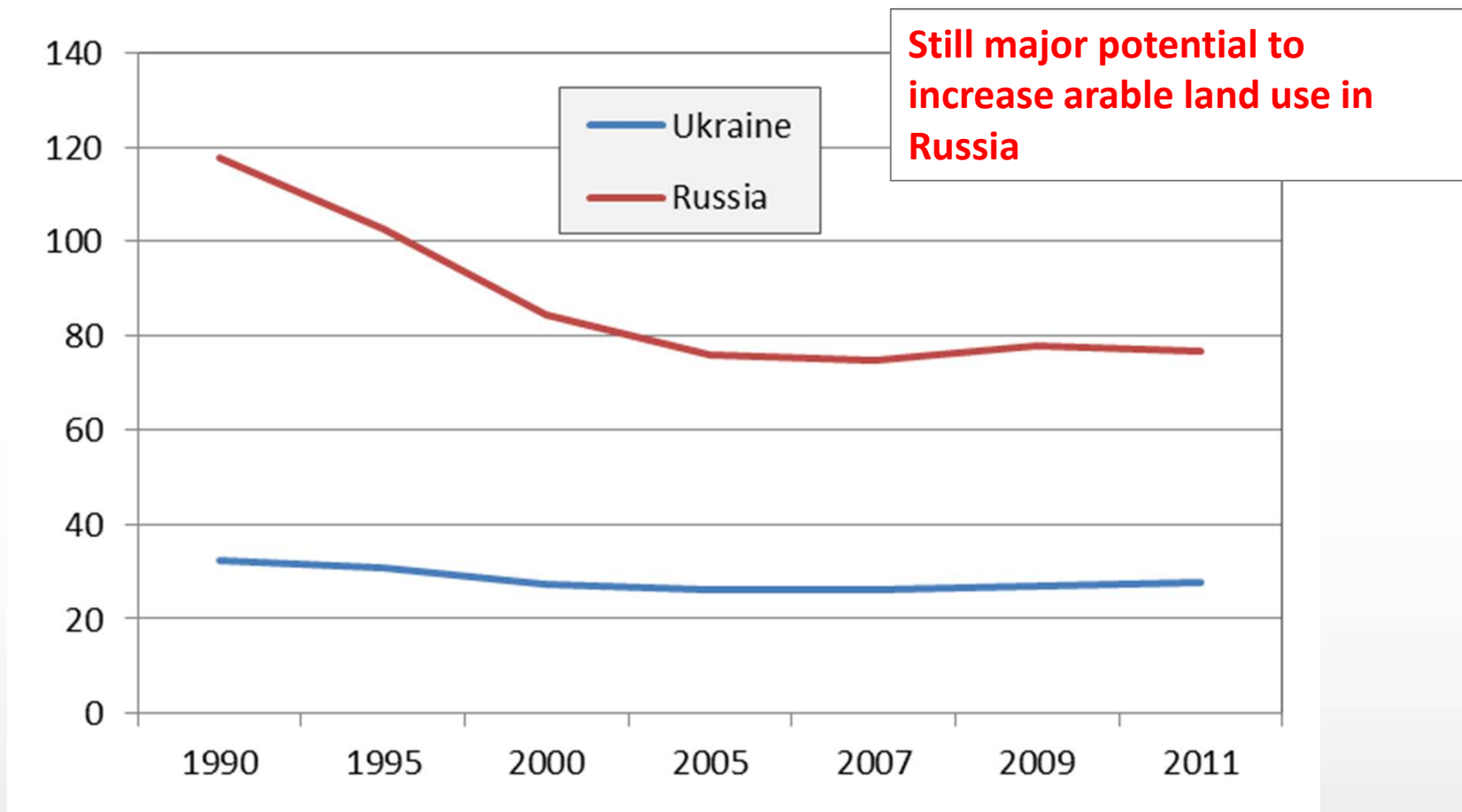
Conclusions farm level perspective

1. Economic incentives to produce oilseeds very strong
2. A key driver: price ratios relative to small grains
3. Possible reasons for favorable price ratio:
 - a) Low value/price wheat (due to quality issues)
 - b) Compared to oilseeds relative higher burden of transport/logistic cost on wheat farm gate prices

How the projection for 2015 was made

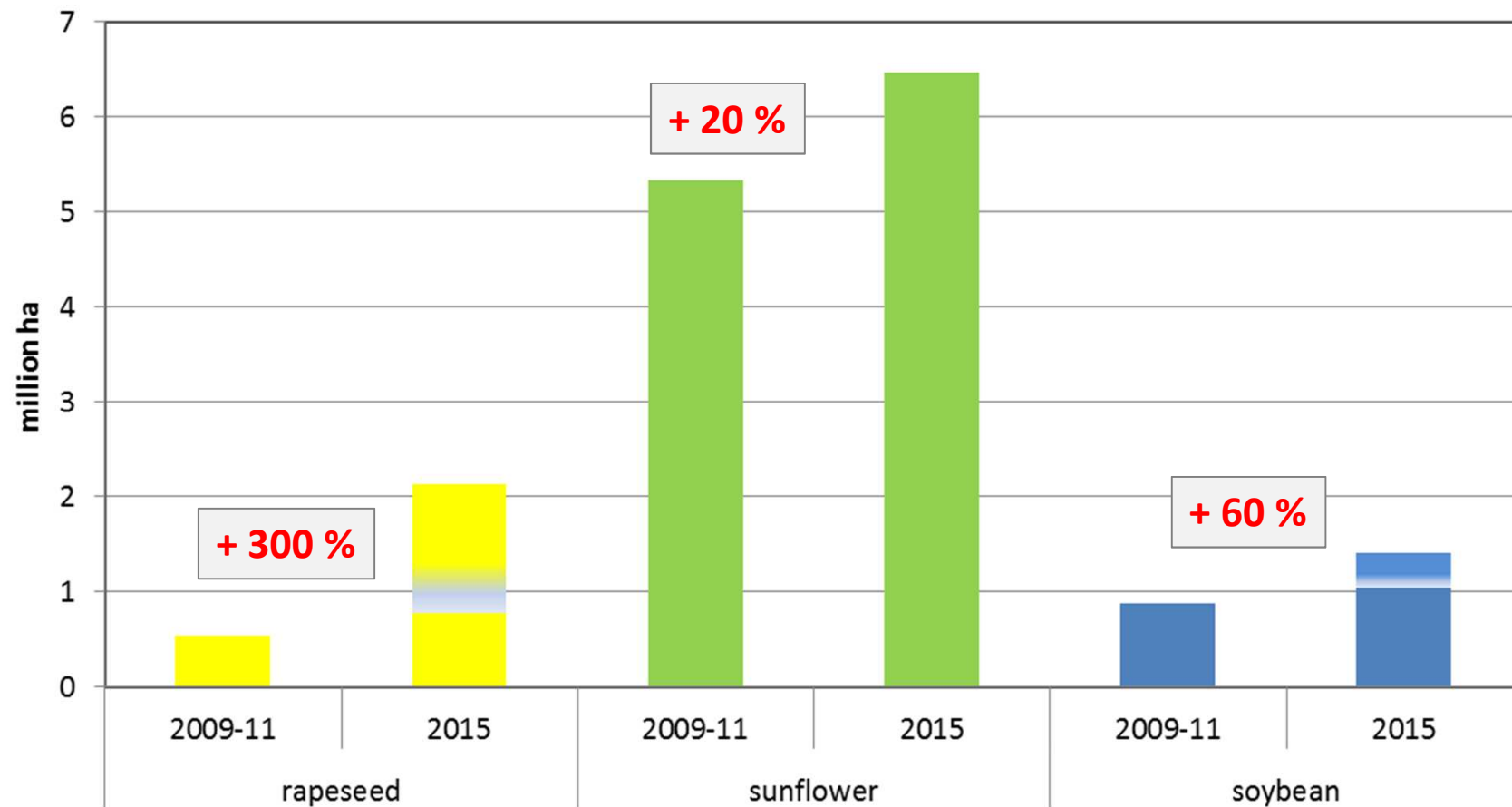
- 1. Calculate growth path in individual regions**
 - (a) acreage
 - (b) yieldfor 2000 to 2011
- 2. Use this growth pattern to project acreage & yield for 2015**
- 3. Basic assumptions:**
 - a) constant relative economic performance of oilseeds
 - b) Recent trends will continue over the next 4 years

Evolution of arable land use



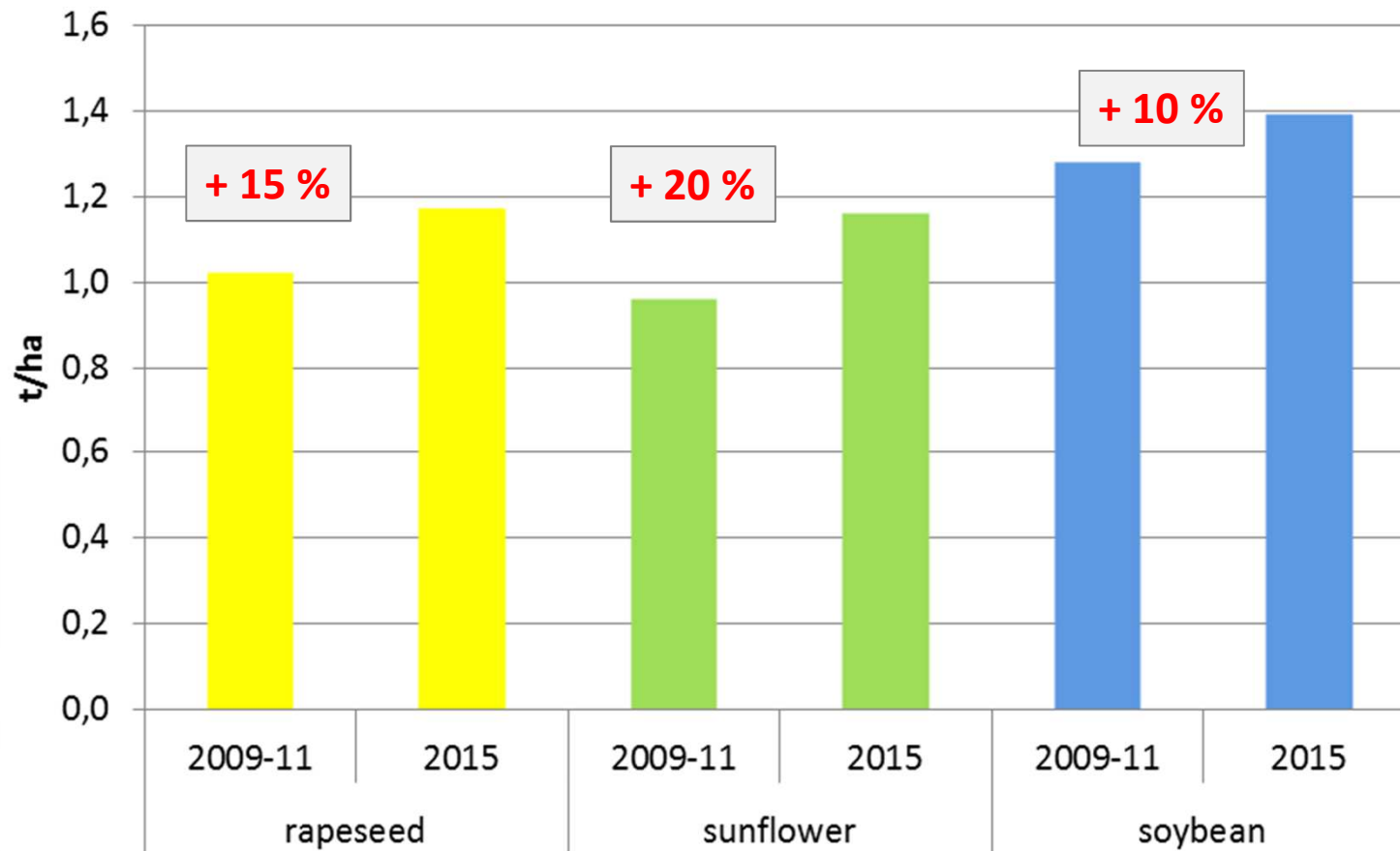
Sources: Unified Interdepartmental Statistical Information System of Russia

Possible changes in Russian oilseed acreage



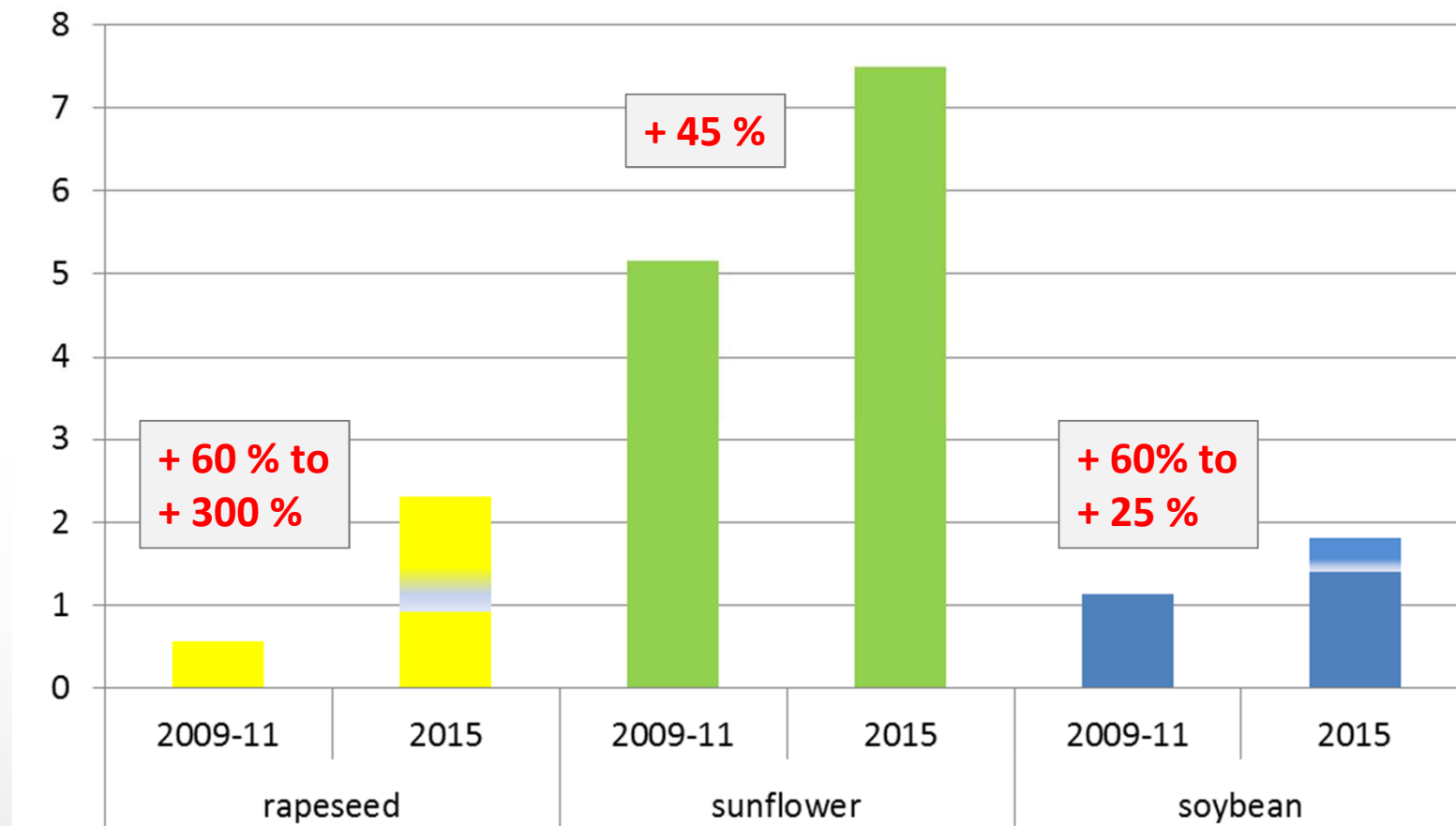
Source: Own calculation

Possible changes in Russian oilseed yields



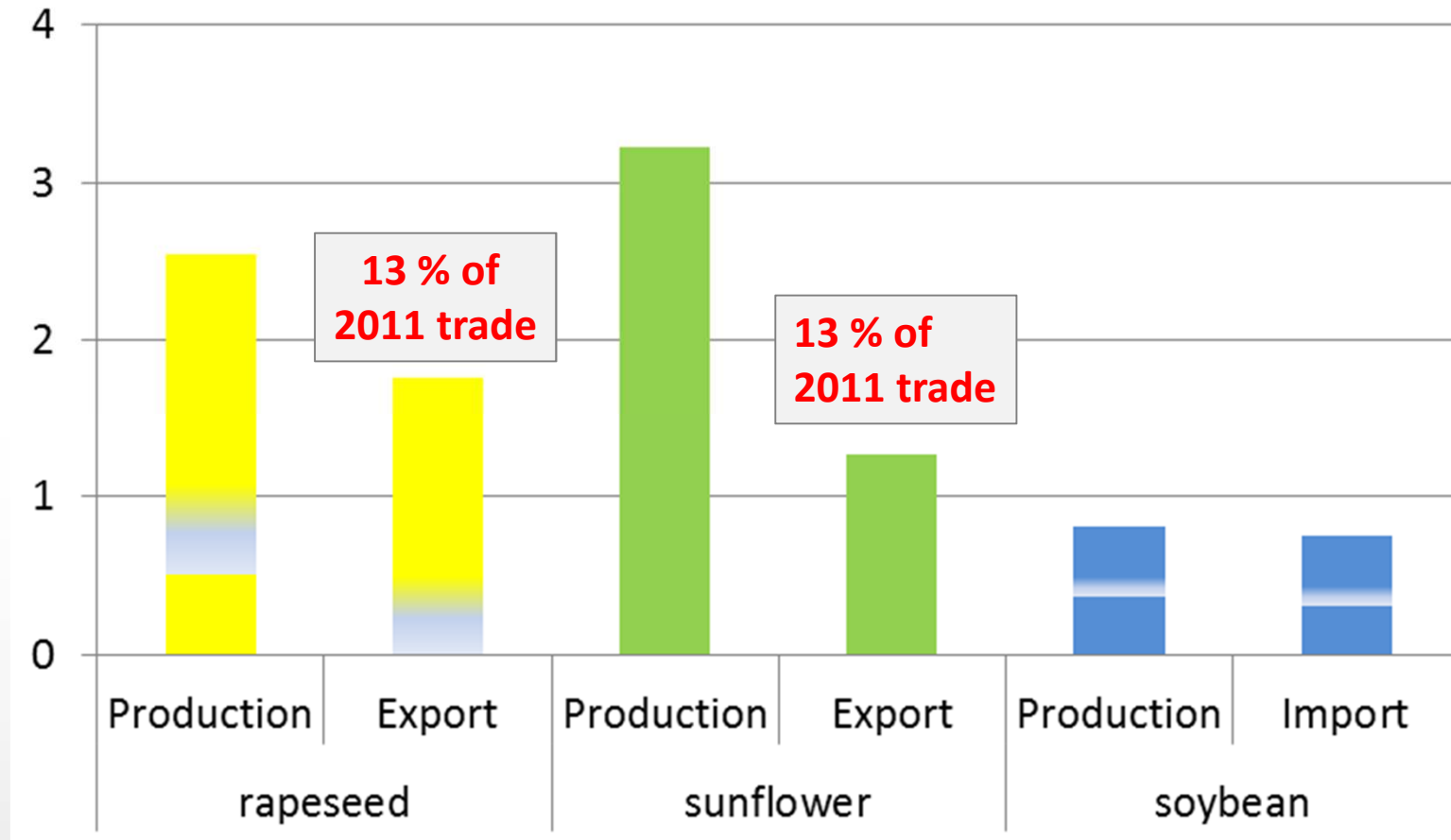
Source: Own calculation

Possible changes in Russian oilseed production (in mio t)



Source: Own calculation

Possible changes in trade: Russias impact on global oilseed trade (in mio t)



Source: Own calculation

Conclusions (I)

1. *agri benchmark* data indicate that Russian oilseed production was rather profitable and hence a boost to output growth.
2. Output growth is very much based on expansion of acreage.
3. Yields are improving, but most likely major steps are yet to be made.
4. One of the reasons for this are favorable price ratios.
5. With reduced export taxes (WTO accession) oilseed prices will go up ⇒ even stronger incentives to expand into oilseeds.

Conclusions (II)

- 6. Very likely that Russia will become an important player in global rapeseed and sunflower trade.**
- 7. Due to strong increase in domestic demand for soybeans even a 60 % increase in output Russia will remain a net-importer.**

Thank you for your interest in *agri benchmark*



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