



Future Potential for Oilseed Production in Russia

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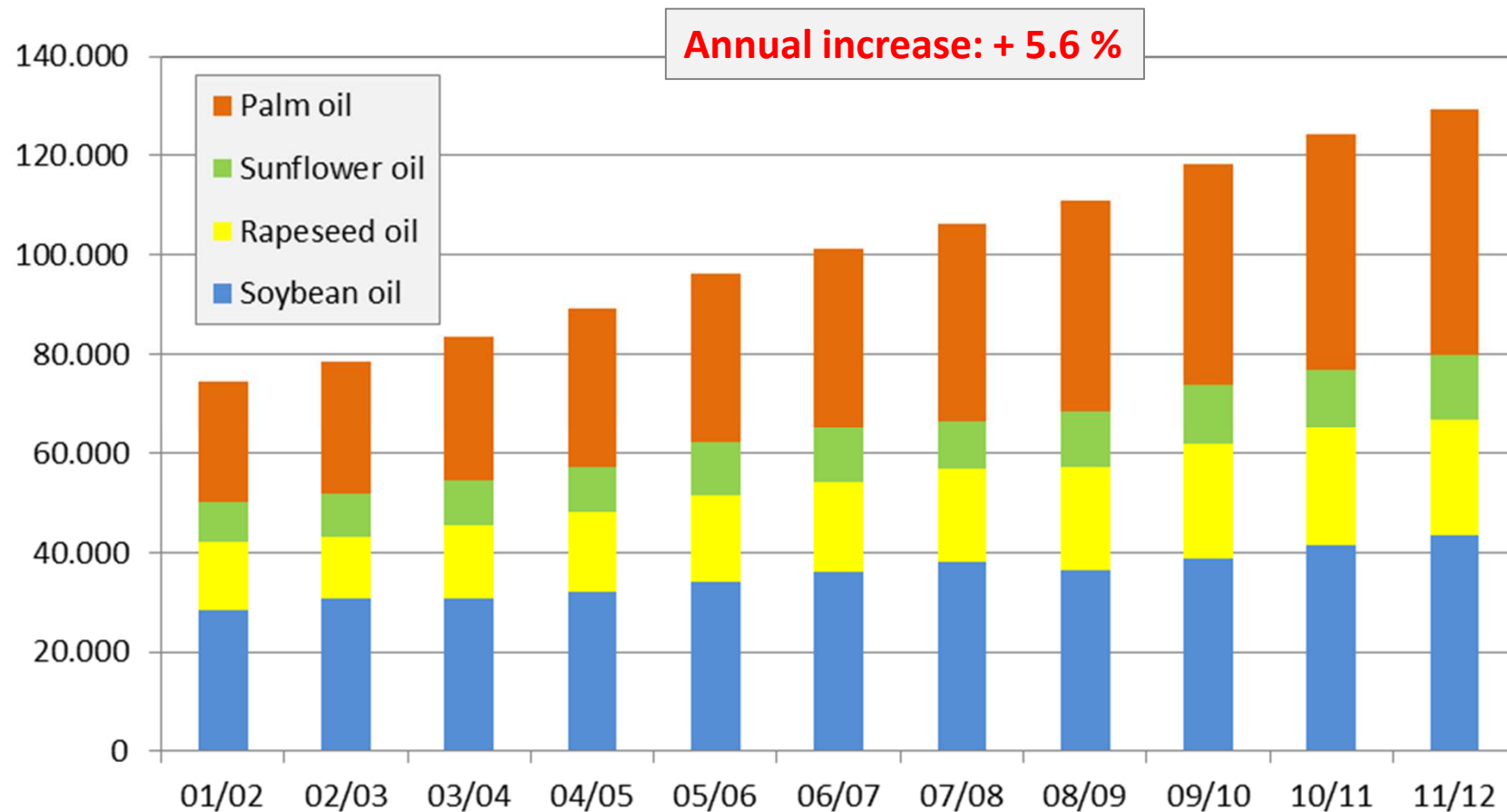


Agenda

1. Introduction
2. Farm level perspective – *agri benchmark*
3. Projections for Russian oilseed production
4. Conclusions

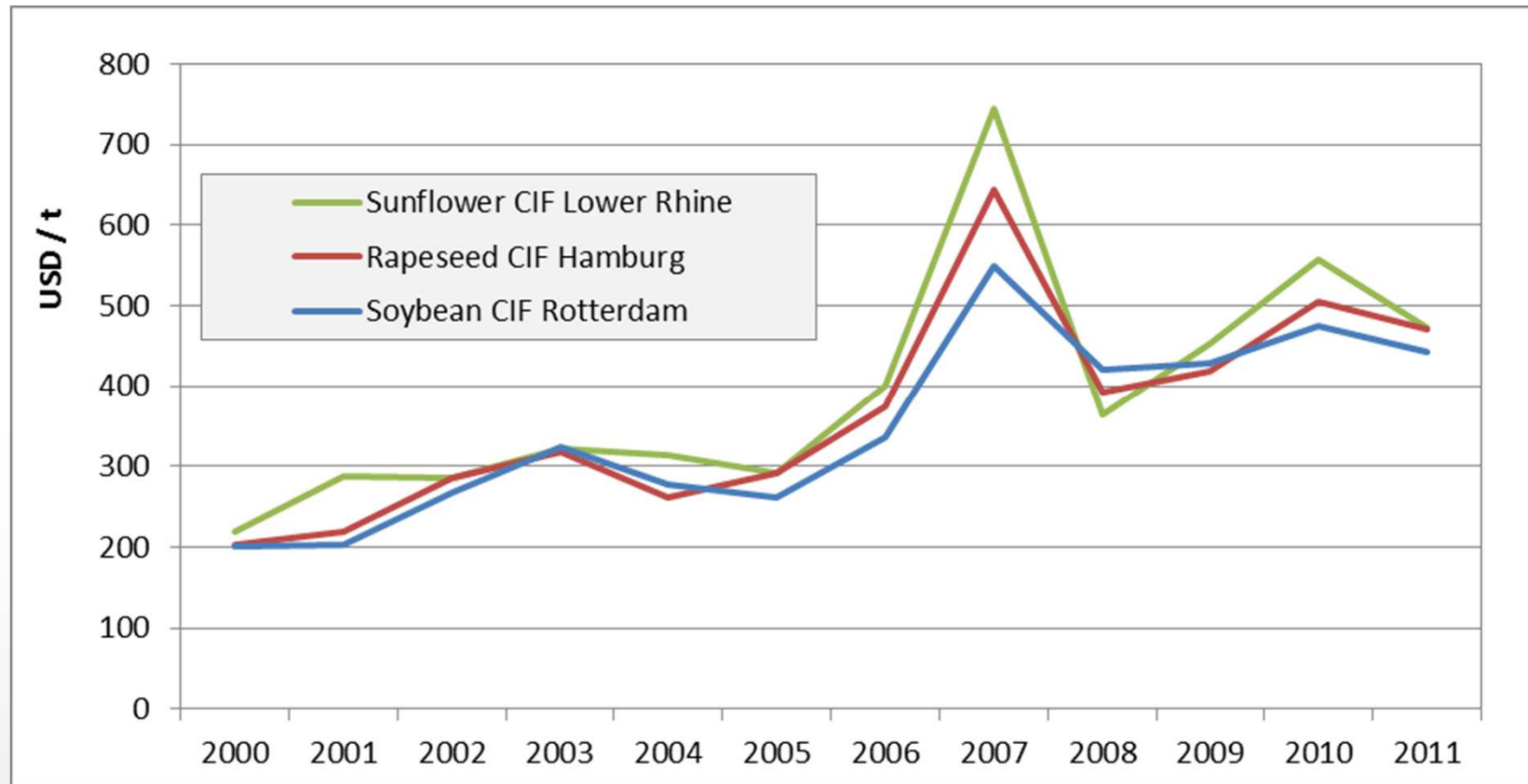


Global vegetable oil consumption (in 1,000 t)



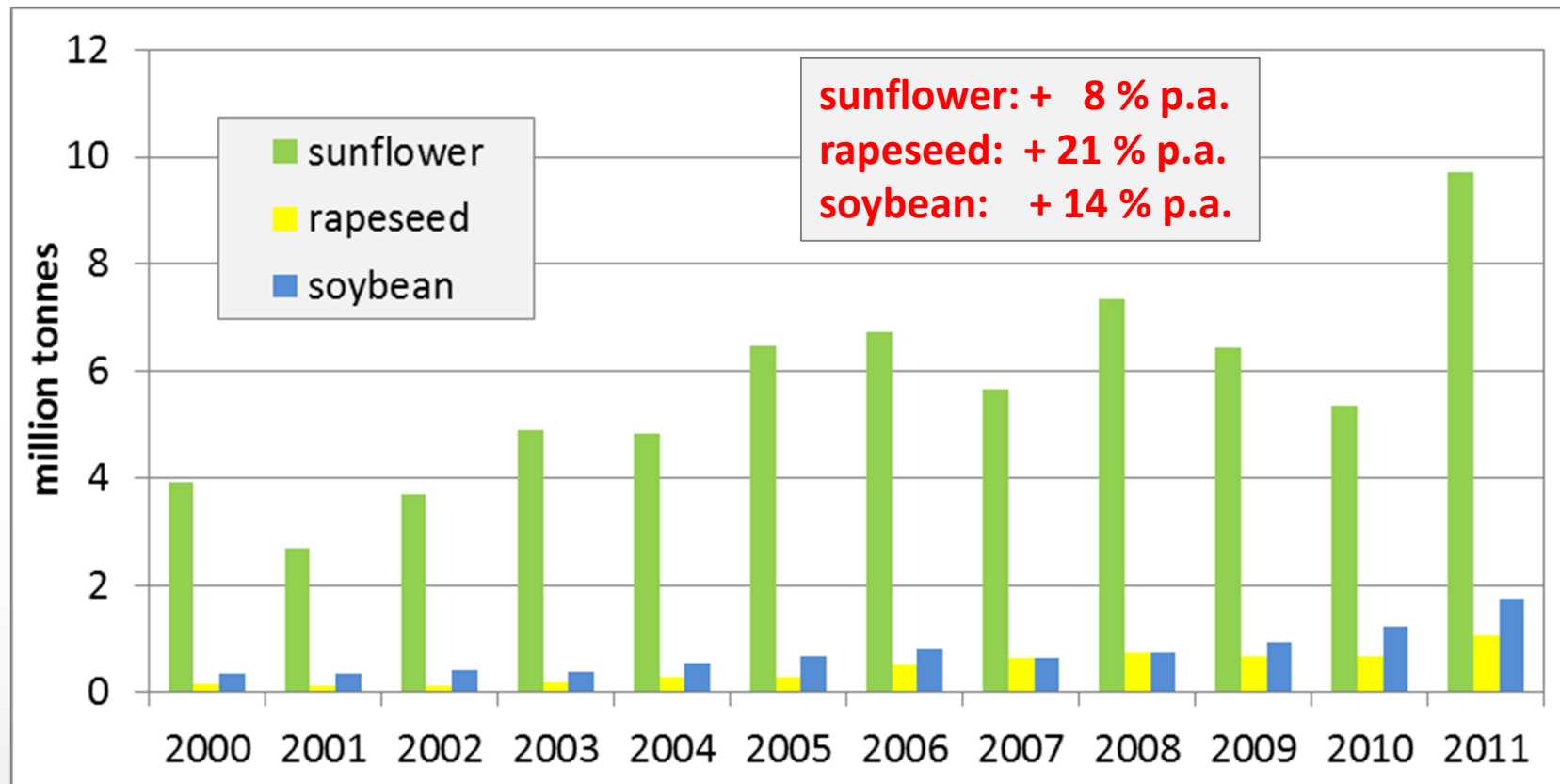
Source: FAPRI (2012), own compilation

Favorable world market oilseed prices



Source: FAPRI 2011 World Agricultural Outlook Database

Evolution of Russian oilseed production



Source: Unified Interdepartmental Statistical Information System of Russia

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What is *agri benchmark* Cash Crop?



Understanding global Agriculture

Production systems & cost of production analysis

Global network of production economists

Coordination by Thünen Institute (publicly funded) and DLG

Present in all major Countries and Crops

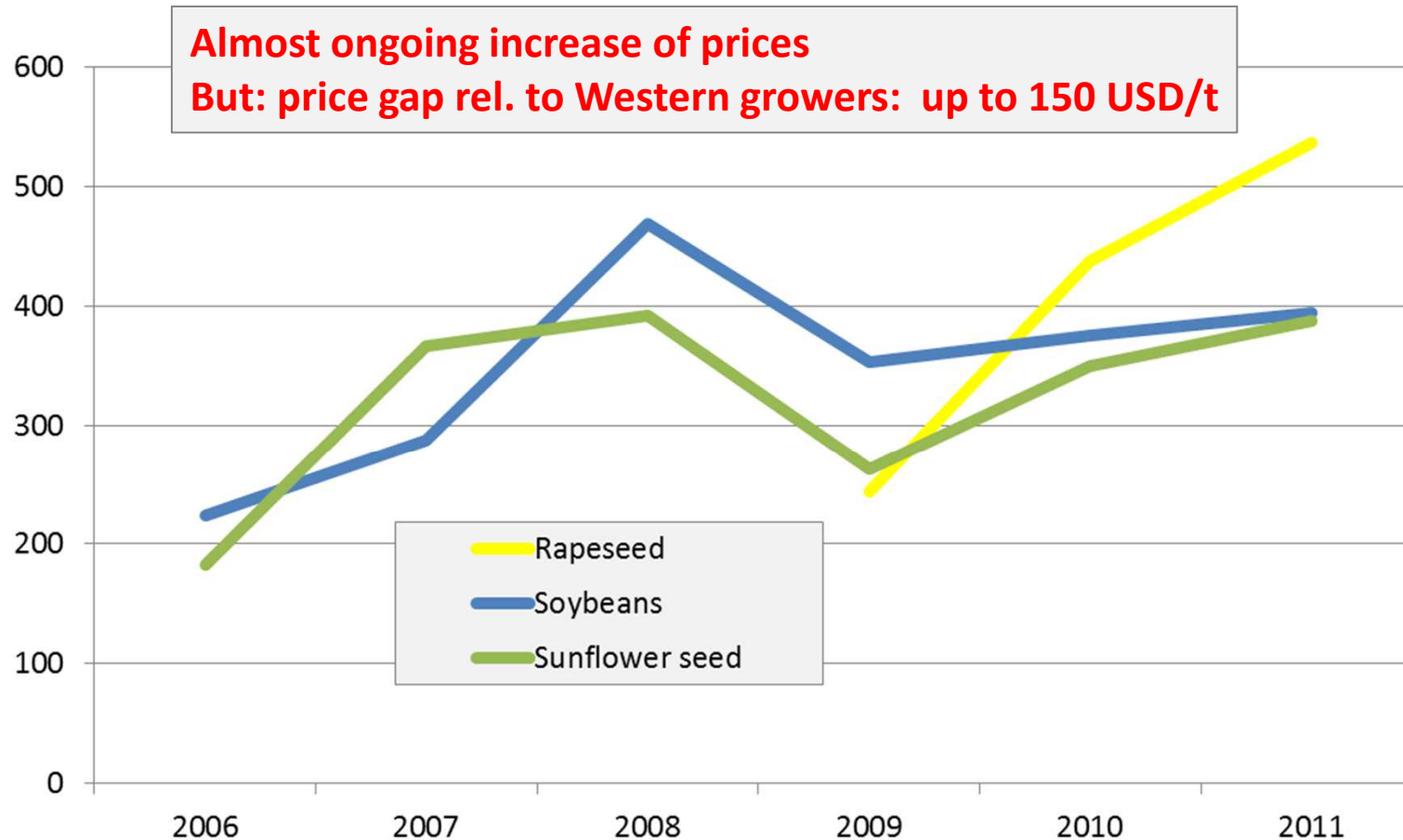
Crop coverage :

Corn
Soybeans
Wheat
Sugar beet
Rice
Rapeseed
Oats
Rye
(Malting) barley
Sunflower
Sorghum
Cotton
Peas
Beans
Palm oil
Sugar Cane

UFOP is a main commercial partner

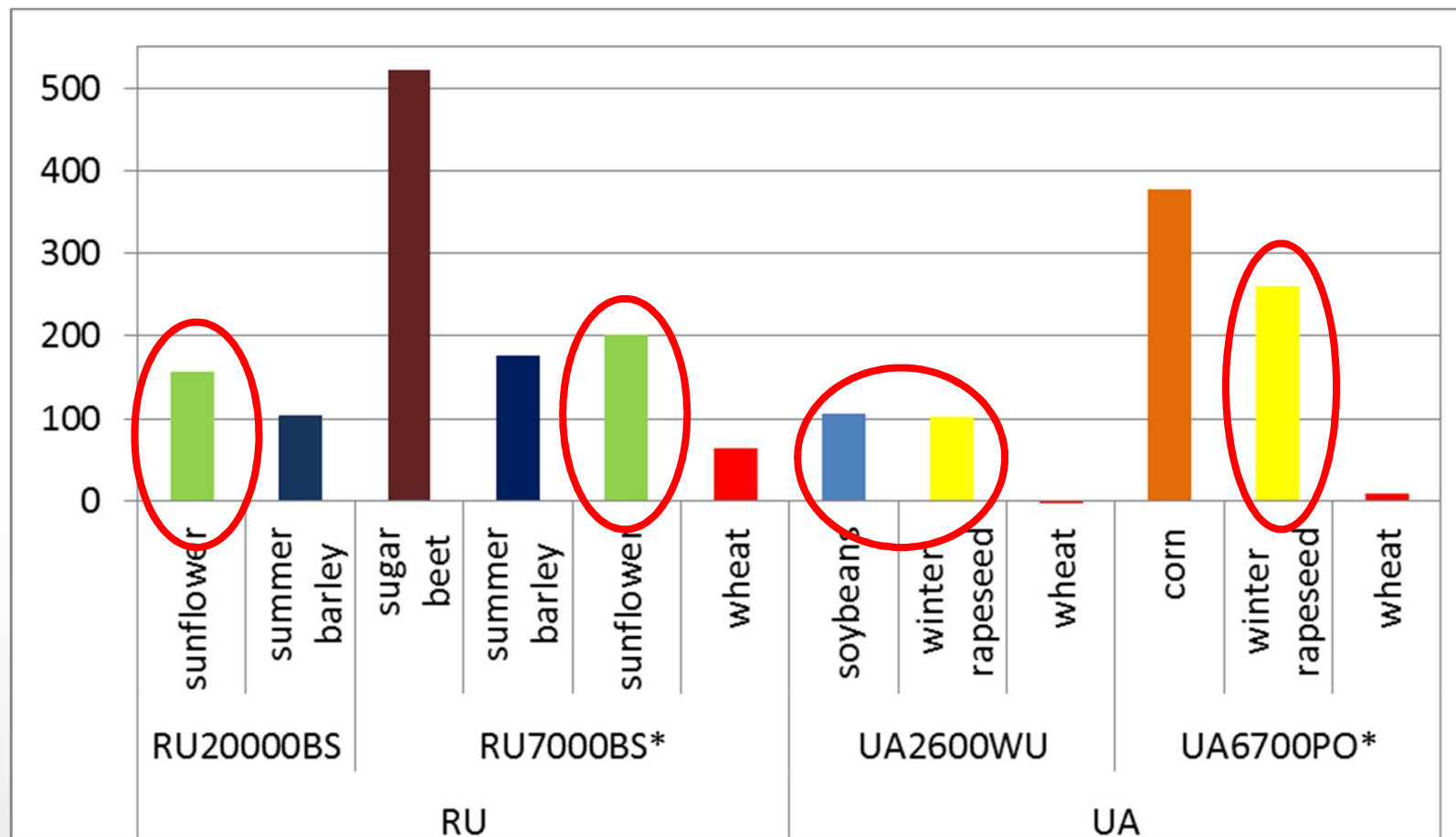
For more information go to www.agribenchmark.org

Russian farm gate oilseed prices (USD/t)



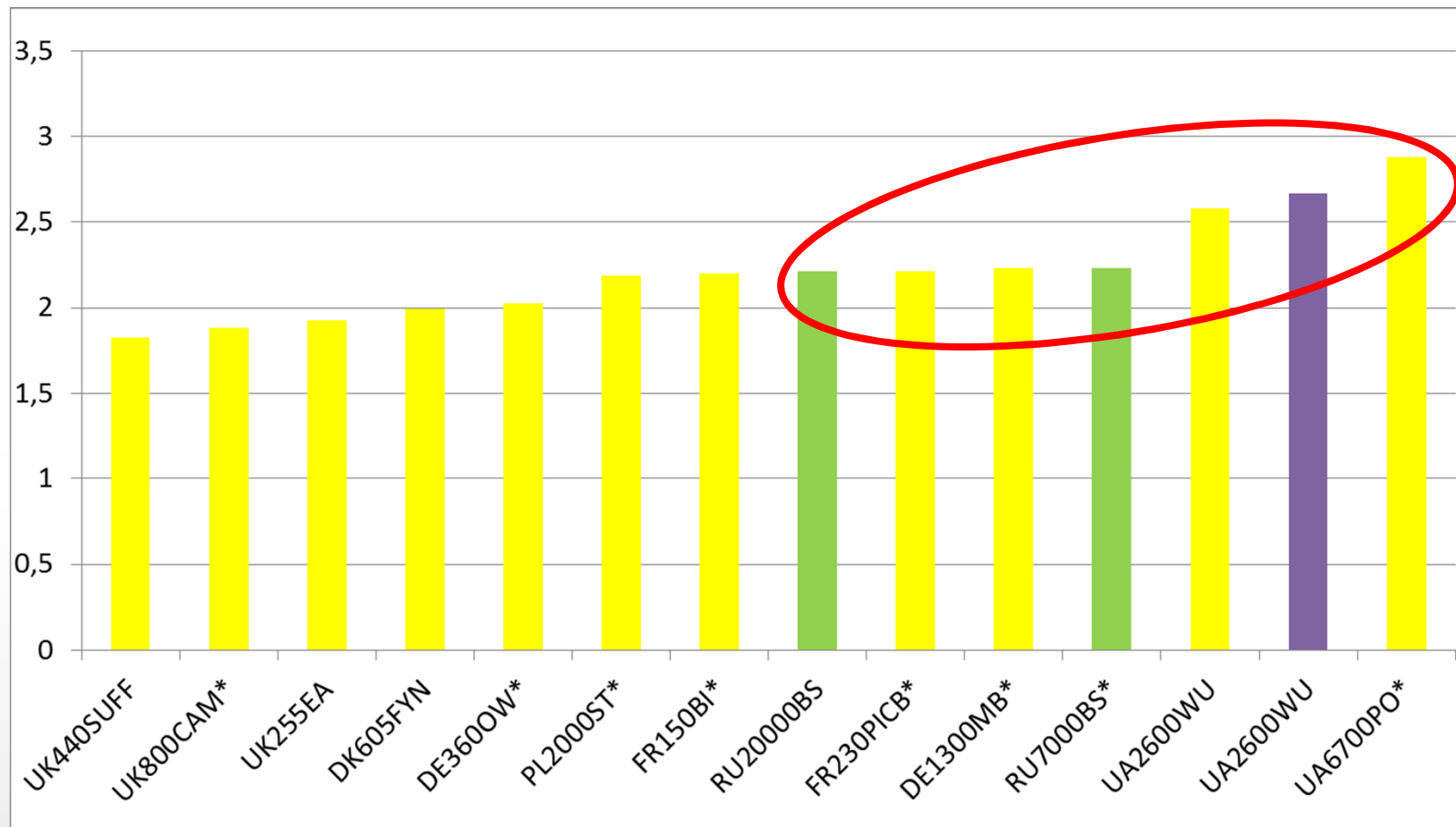
Sources: Unified Interdepartmental Statistical Information System of Russia, & IKAR

Compared to wheat/barley oilseeds rather profitable (USD/ha)



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 rather strong.
2. A key driver: price ratios relative to wheat & barley.
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.

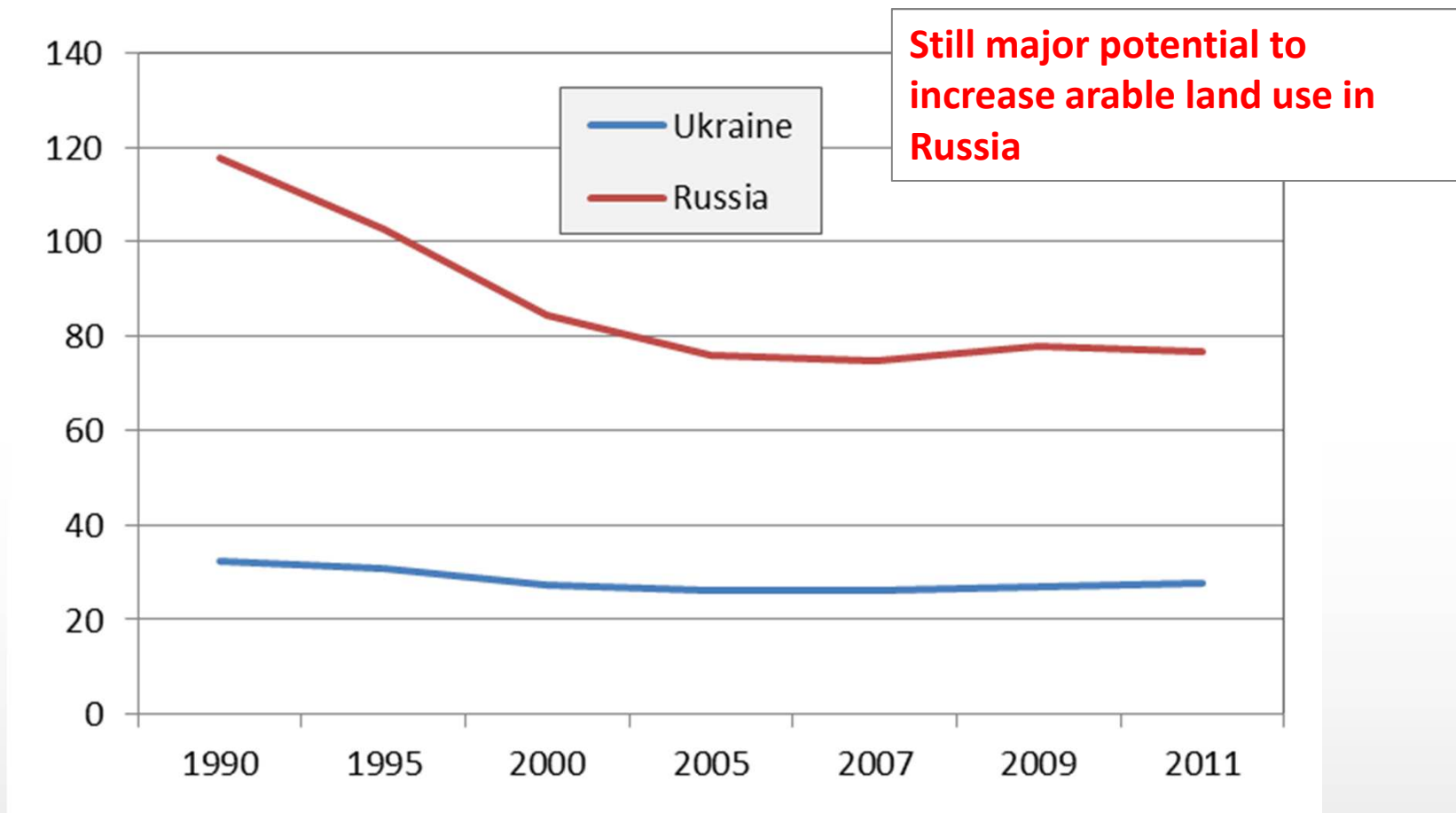
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How the projections for Russia 2015 were made

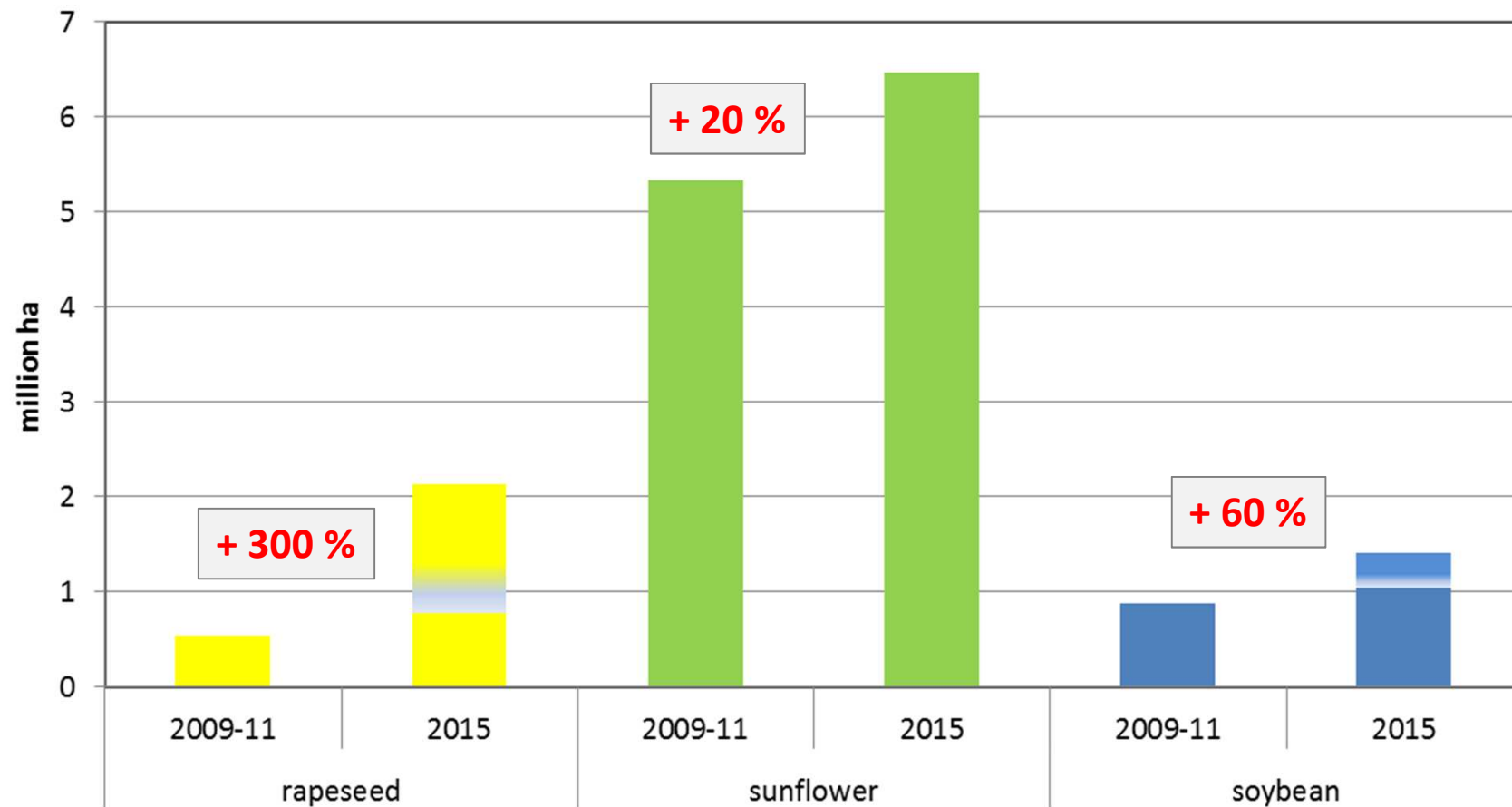
1. Calculate growth path in 22 individual regions (2000 to 2011):
 - (a) acreage
 - (b) yield.
2. Use these growth rates to project acreage & yield for 2015.
3. Control for proper cropping patterns (not exceed 30 % share of oilseed in rotation).
4. Allow arable land to be expended (max. Soviet time acreage).
5. Basic assumptions:
 - a) constant relative profitability of oilseeds.
 - b) Previous trends will continue over the next 4 years.

Evolution of arable land use



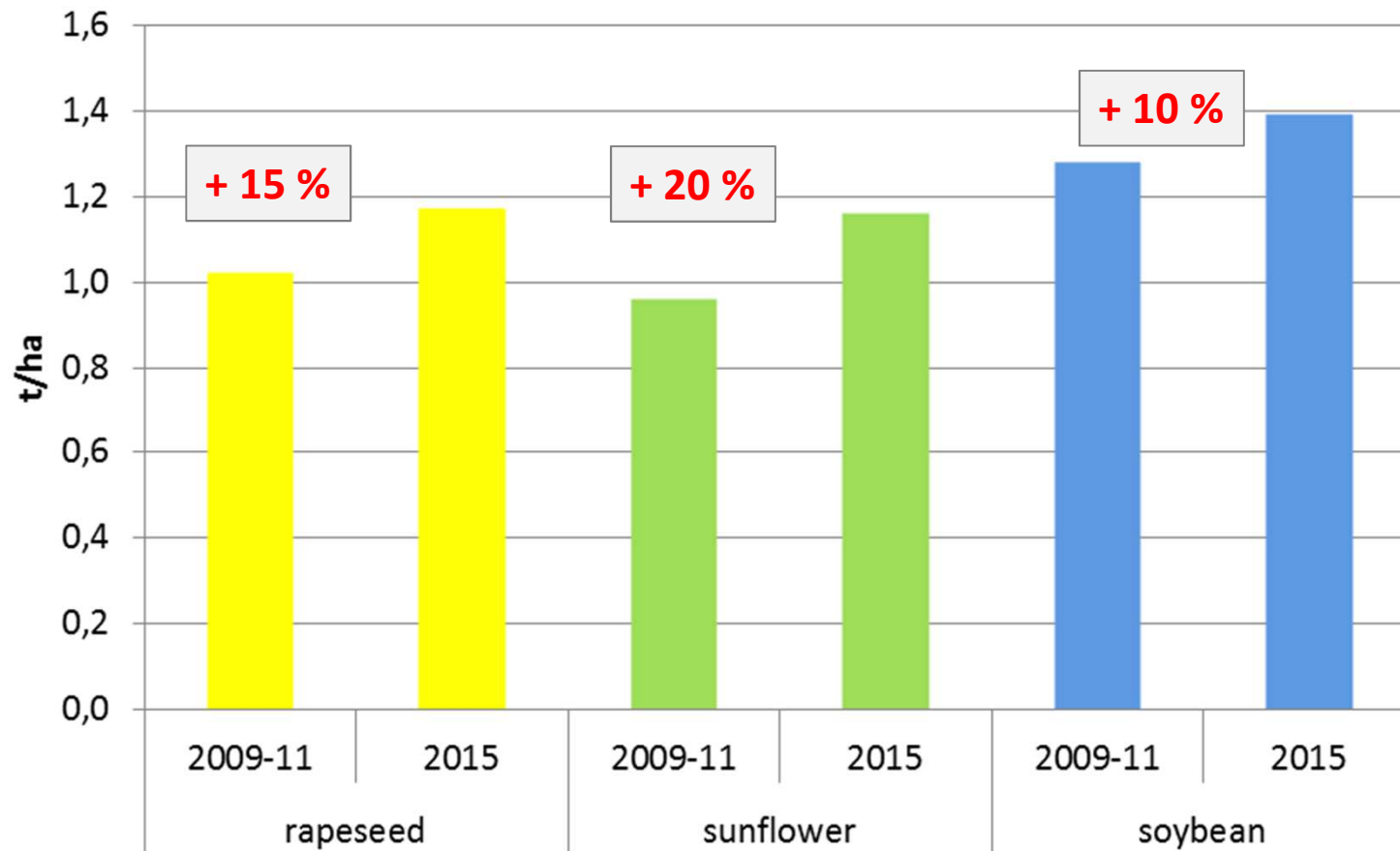
Sources: Unified Interdepartmental Statistical Information System of Russia

Possible increase in Russian oilseed acreage



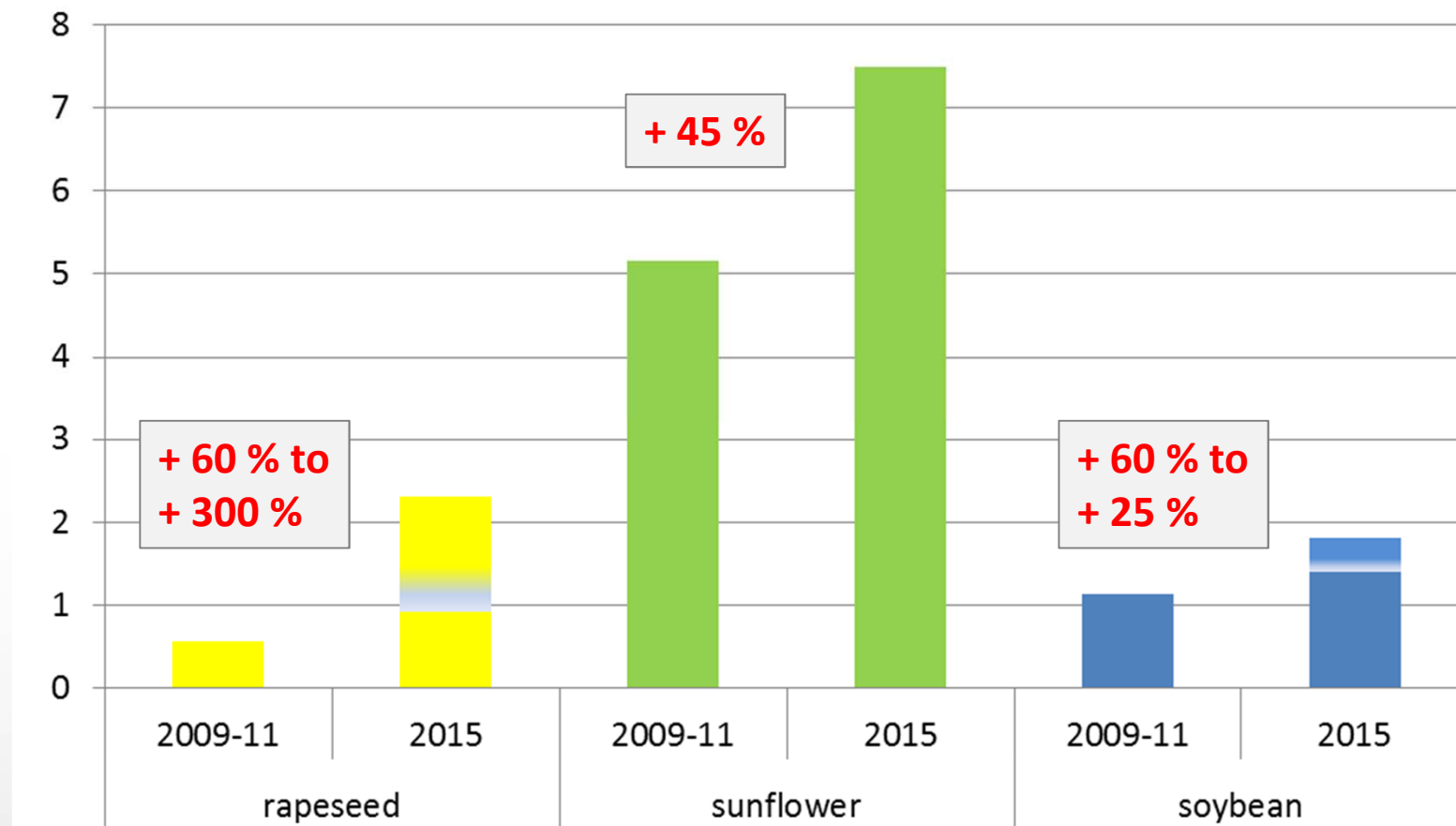
Source: Own calculation

Possible increase in Russian oilseed yields



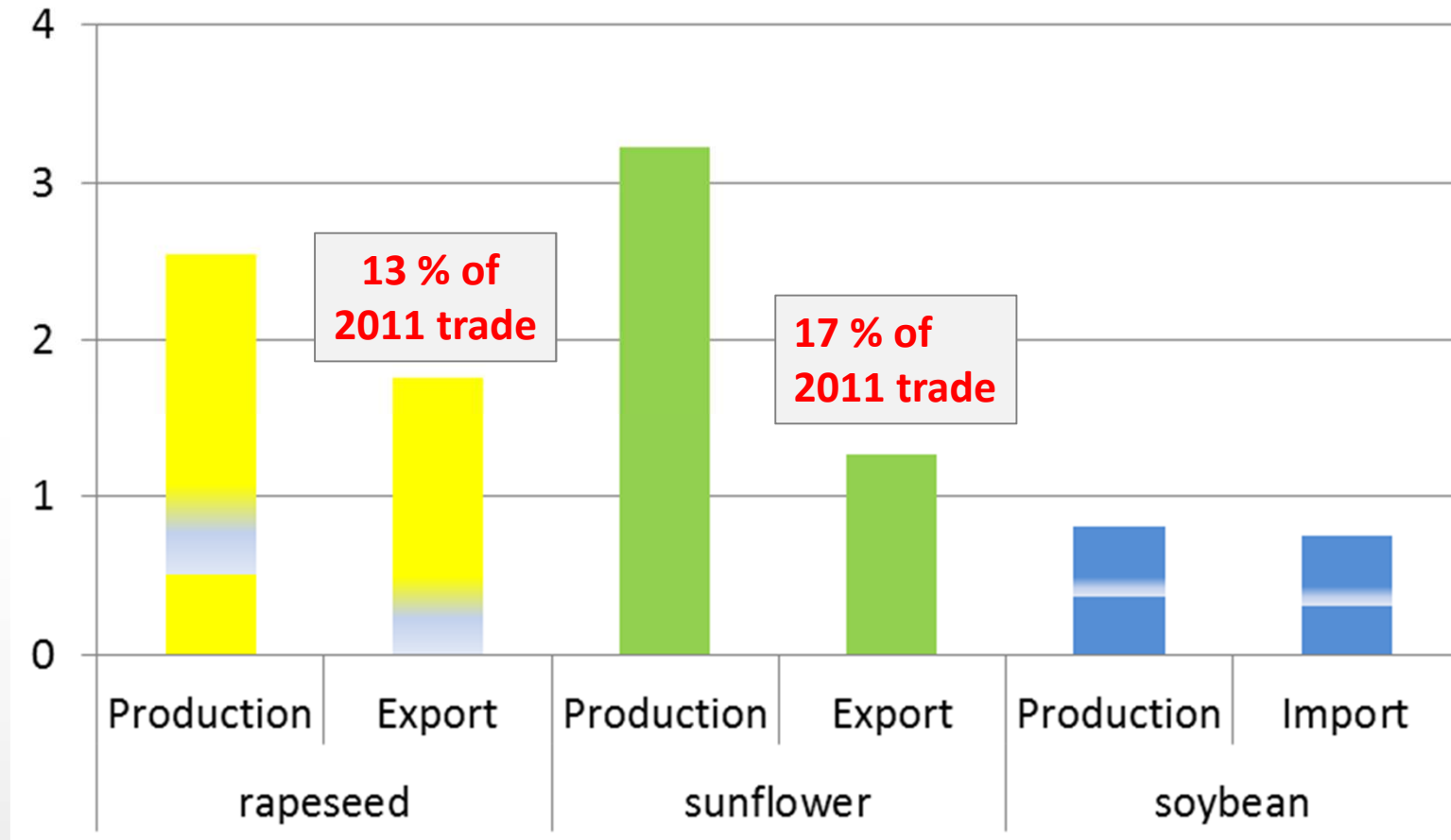
Source: Own calculation

Possible increase in Russian oilseed production (in mio t)



Source: Own calculation

Possible changes in trade: Russia's impact on global oilseed markets (in mio t)



Source: Own calculation

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Conclusions (I)

1. *agri benchmark* data indicate that Russian oilseed production was rather profitable and hence a boost to output growth.
2. Output growth was very much based on expansion of acreage.
3. Yields are improving, but major steps yet to be made.
4. One of the reasons for output growth are favorable price ratios.
5. With reduced export taxes (WTO accession) farm gate 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. A lot to do for rapeseed breeding and cropping scientists!**
- 7. Due to strong increase in domestic use of soybeans even with a 60 % increase in output Russia will remain a net importer.**

Thank you for your interest



Dr. Yelto Zimmer

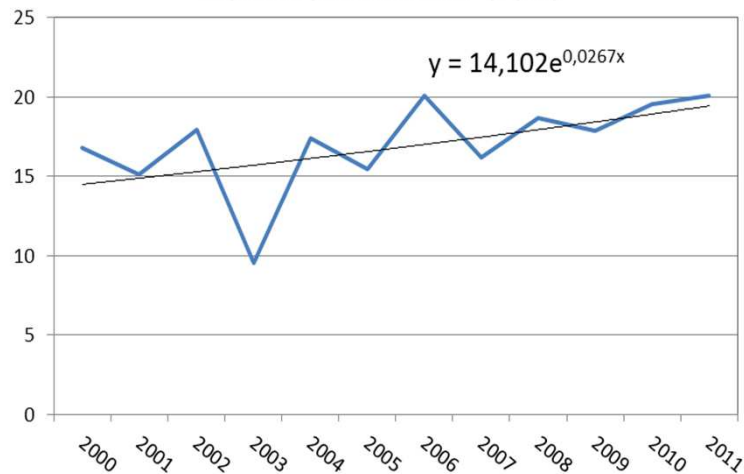
- Head of *agri benchmark* Cash Crop team -

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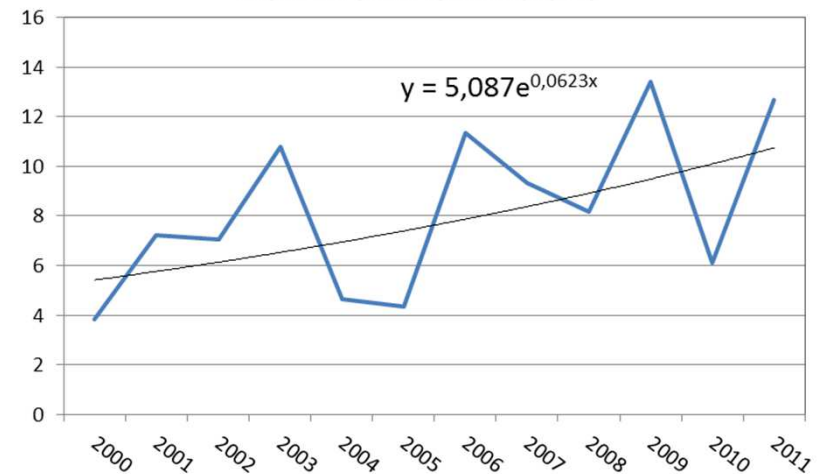
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	www.bw.ti.bund.de

Evolution of rapeseed yields in key Russian regions

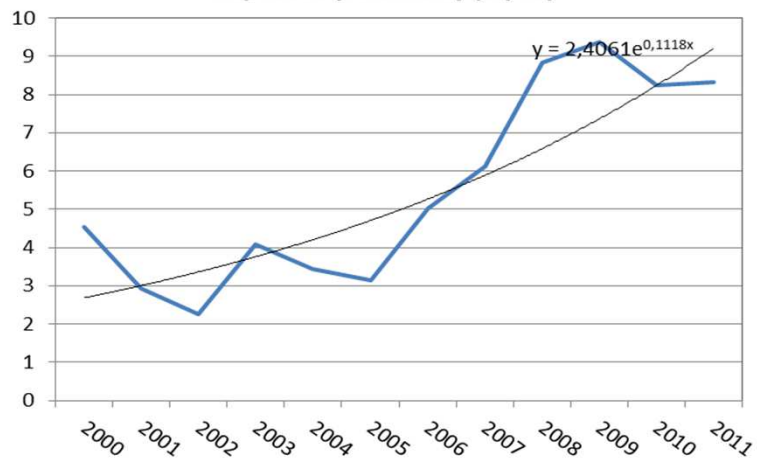
Rapeseed yields Krasnodar (dt/ha)



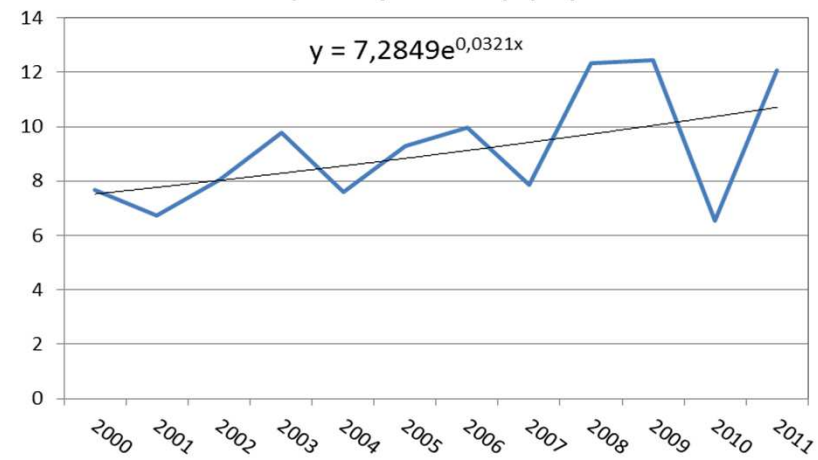
Rapeseed yields Tyumen (dt/ha)



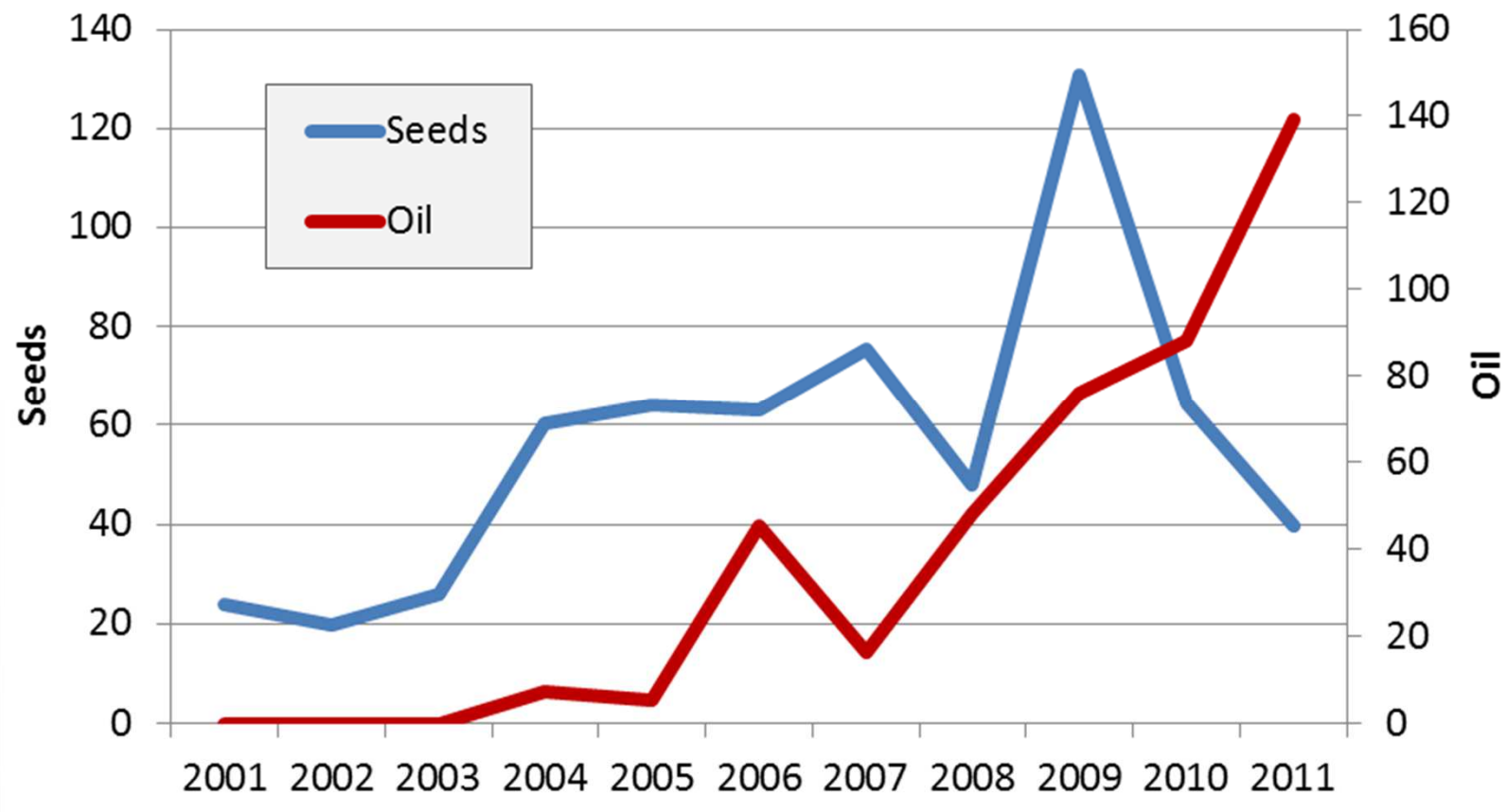
Rapeseed yields Altay (dt/ha)



Rapeseed yields Tula (dt/ha)



Evolution of Russian rapeseed exports (in 1,000 t)



Evolution of Russian sunflower exports (in 1,000 t)

