Russia as a Competitor


1941
19


Russia as a
Competitor

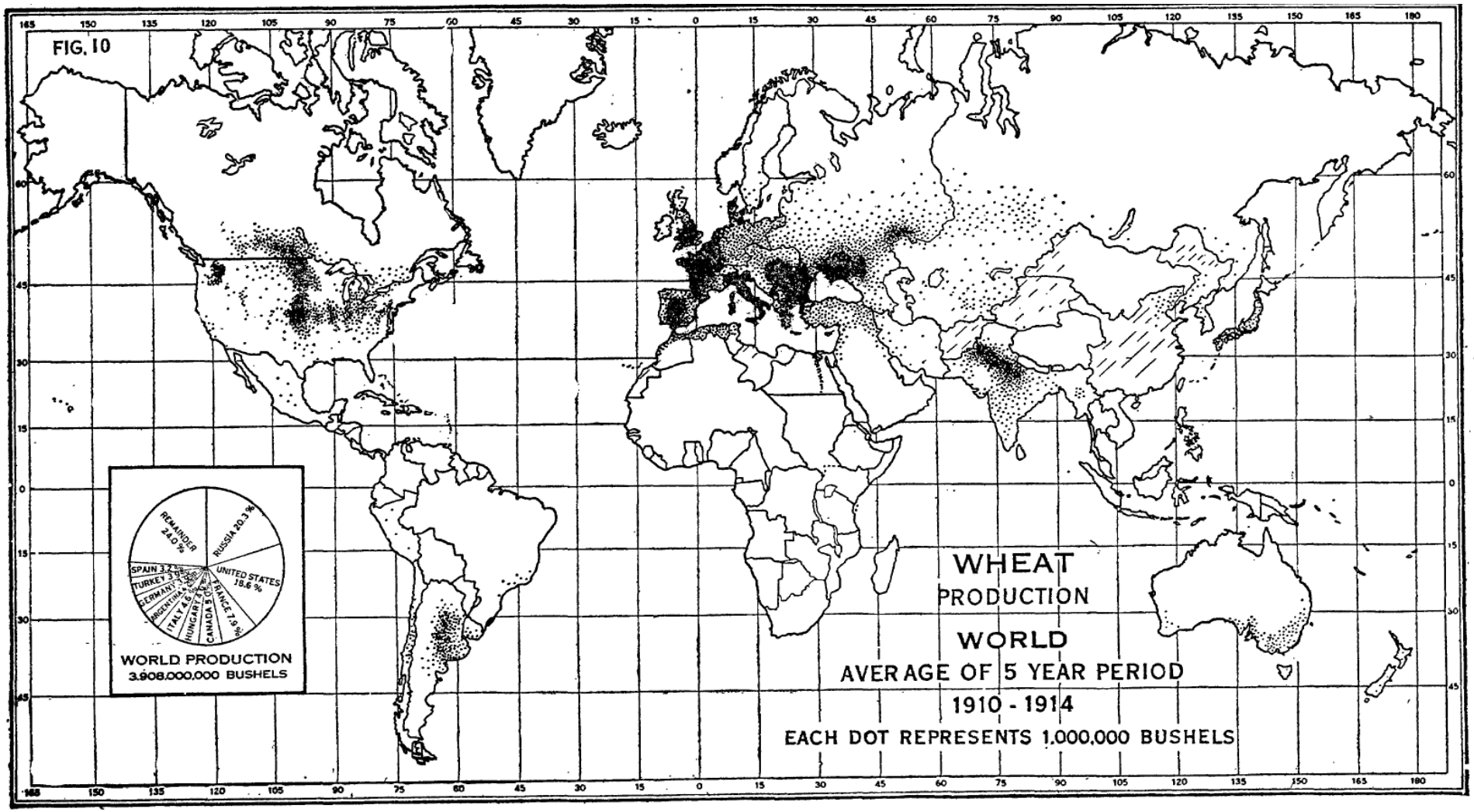


FIG. 10
WHEAT
PRODUCTION
WORLD
AVERAGE OF 5 YEAR PERIOD
1910 - 1914
EACH DOT REPRESENTS 1,000,000 BUSHELS
REMAINDER 24.0 %
RUSSIA 20.3 %
UNITED STATES 18.6 %
FRANCE 7.9 %
CANADA 3.6 %
HUNGARY 3.6 %
ITALY 3.6 %
ARGENTINA 3.6 %
GERMANY 3.6 %
TURKEY 3.1 %
SPAIN 3.2 %
WORLD PRODUCTION
3,908,000,000 BUSHELS

FIG. 11

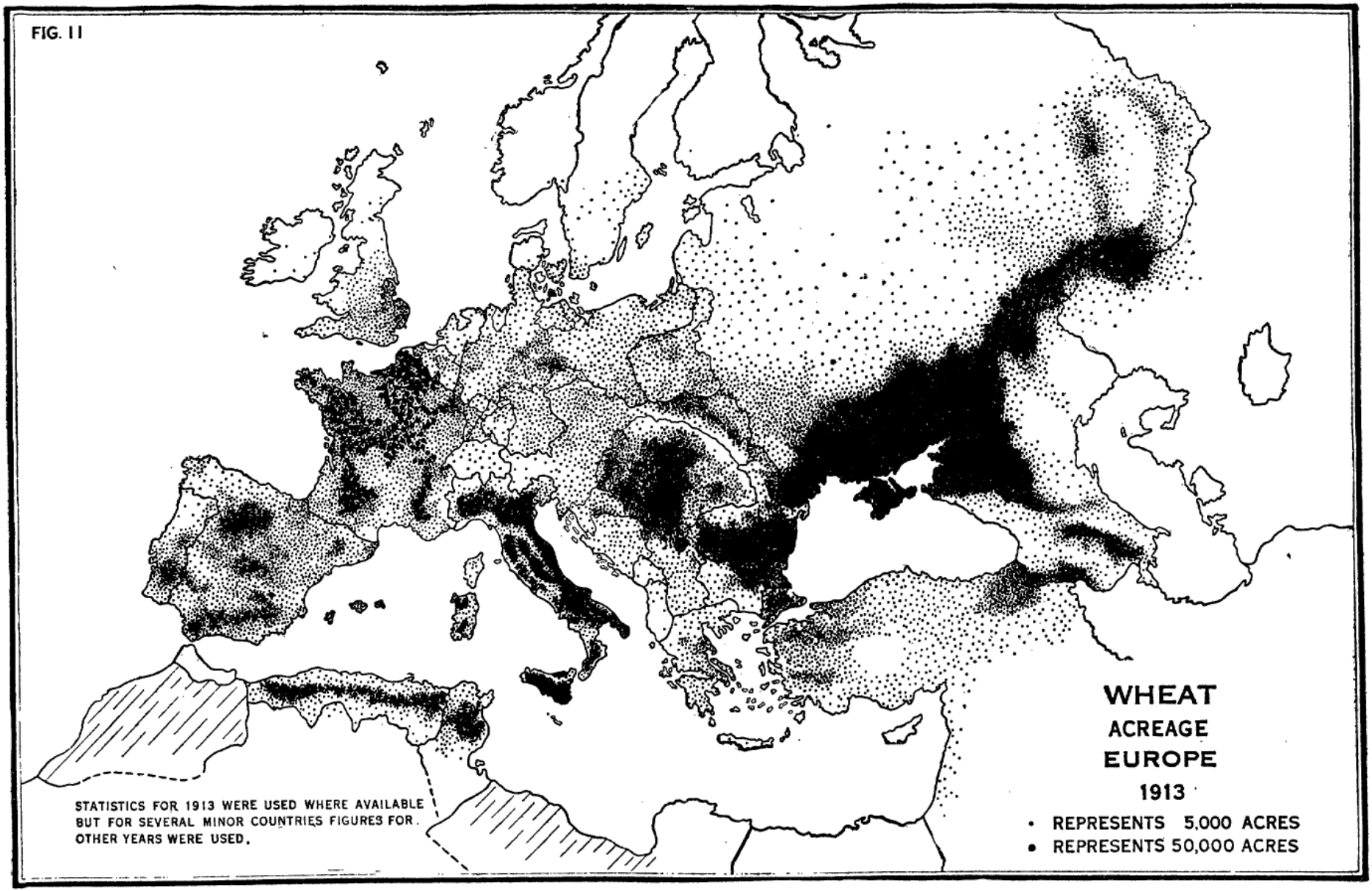
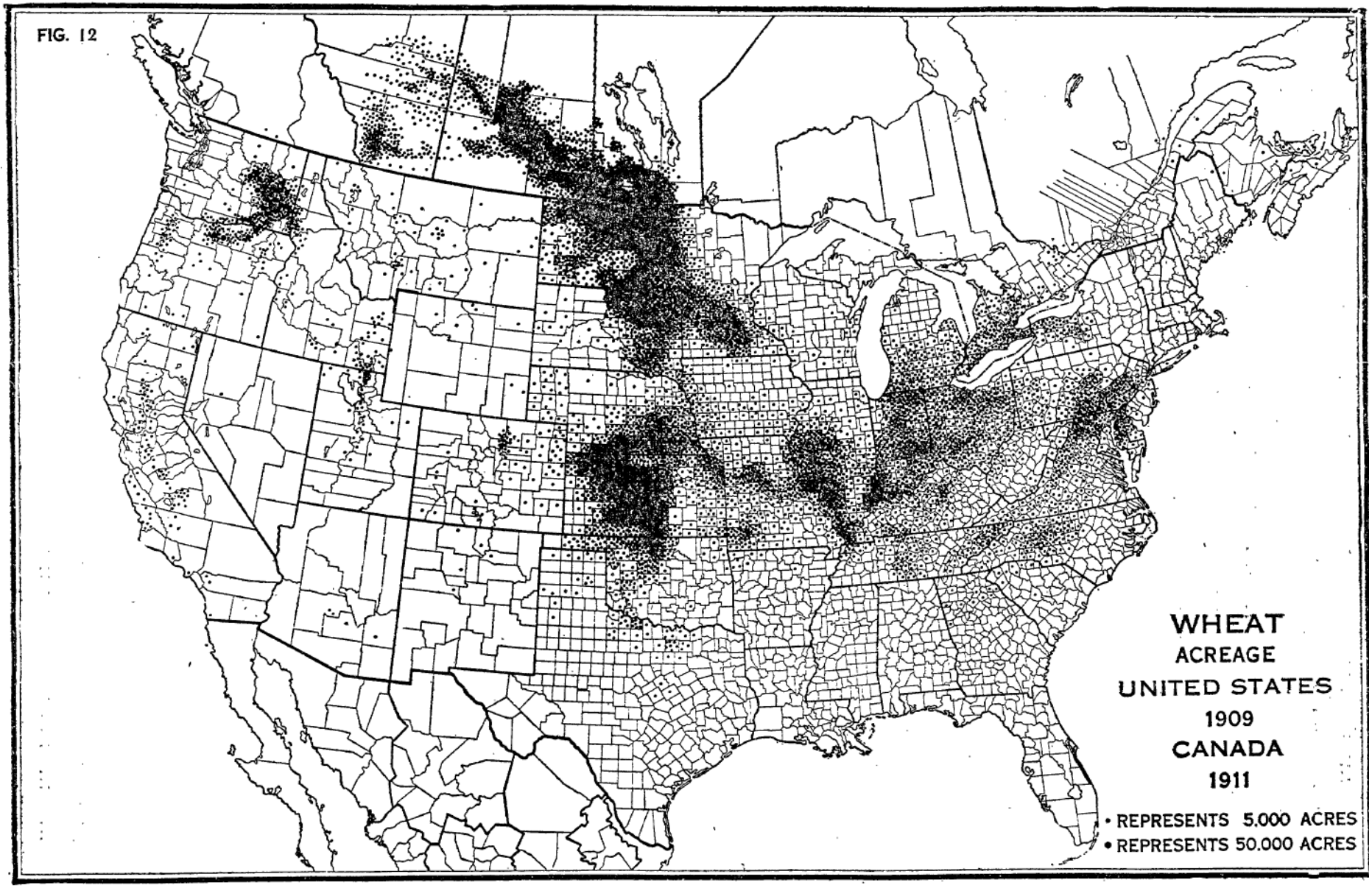

WHEAT
ACREAGE
EUROPE
1913
• REPRESENTS 5,000 ACRES
• REPRESENTS 50,000 ACRES
STATISTICS FOR 1913 WERE USED WHERE AVAILABLE BUT FOR SEVERAL MINOR COUNTRIES FIGURES FOR OTHER YEARS WERE USED.

FIG. 12


WHEAT
ACREAGE
UNITED STATES
1909
CANADA
1911
• REPRESENTS 5.000 ACRES
• REPRESENTS 50.000 ACRES

Dmitry Rylko

The Institute for Agricultural Market Studies

agri benchmark Cash Crop Conference 2013

Russia: political framework for agricultural and crop production

Voronezh, July 2013

Since early 2000's situation started to change (very) rapidly

4folt devaluation of 1998/99: import substitution, export opportunities

Emergence of "agroholdings": institutional break-

through Growing state support…

- aggressive import restriction measures
- direct farm support escalation

Key 2013-2020 Program changes

Partial abandoning of both long term and working capital interest rates subsidies

Abandoning of direct subsidies on fertilizers and fuel

Introduction of area payments

Introduction of new federal programs and support lines on beef cattle, dairy, irrigation, green houses, textile flex seeds, technological modernization, etc.

Bigger role of regions (they may initiate regional programs and ask for federal co-finance)

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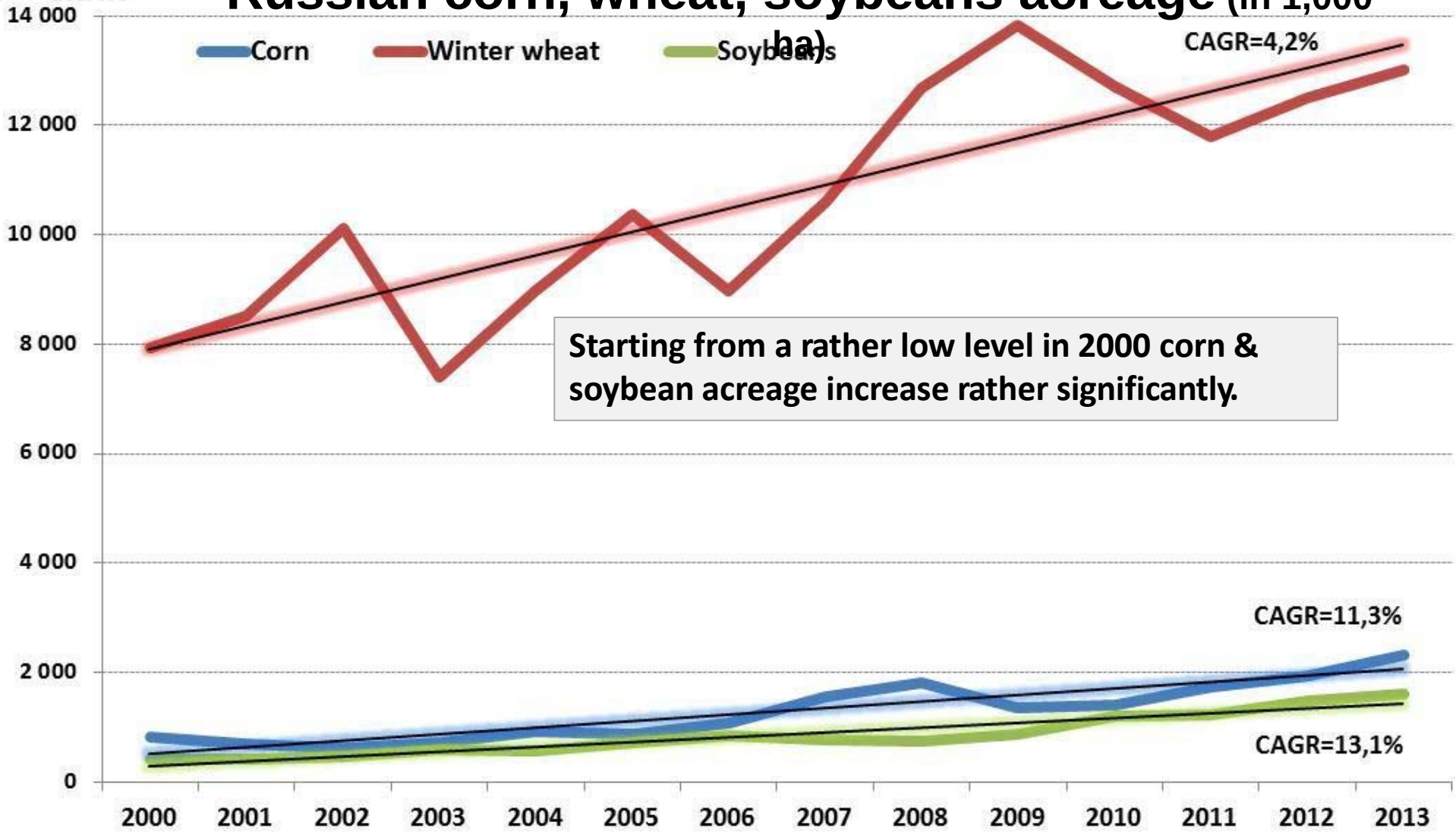
Status and Perspectives of the Russian Corn Market

Voronezh, July 1th to 4th 2013

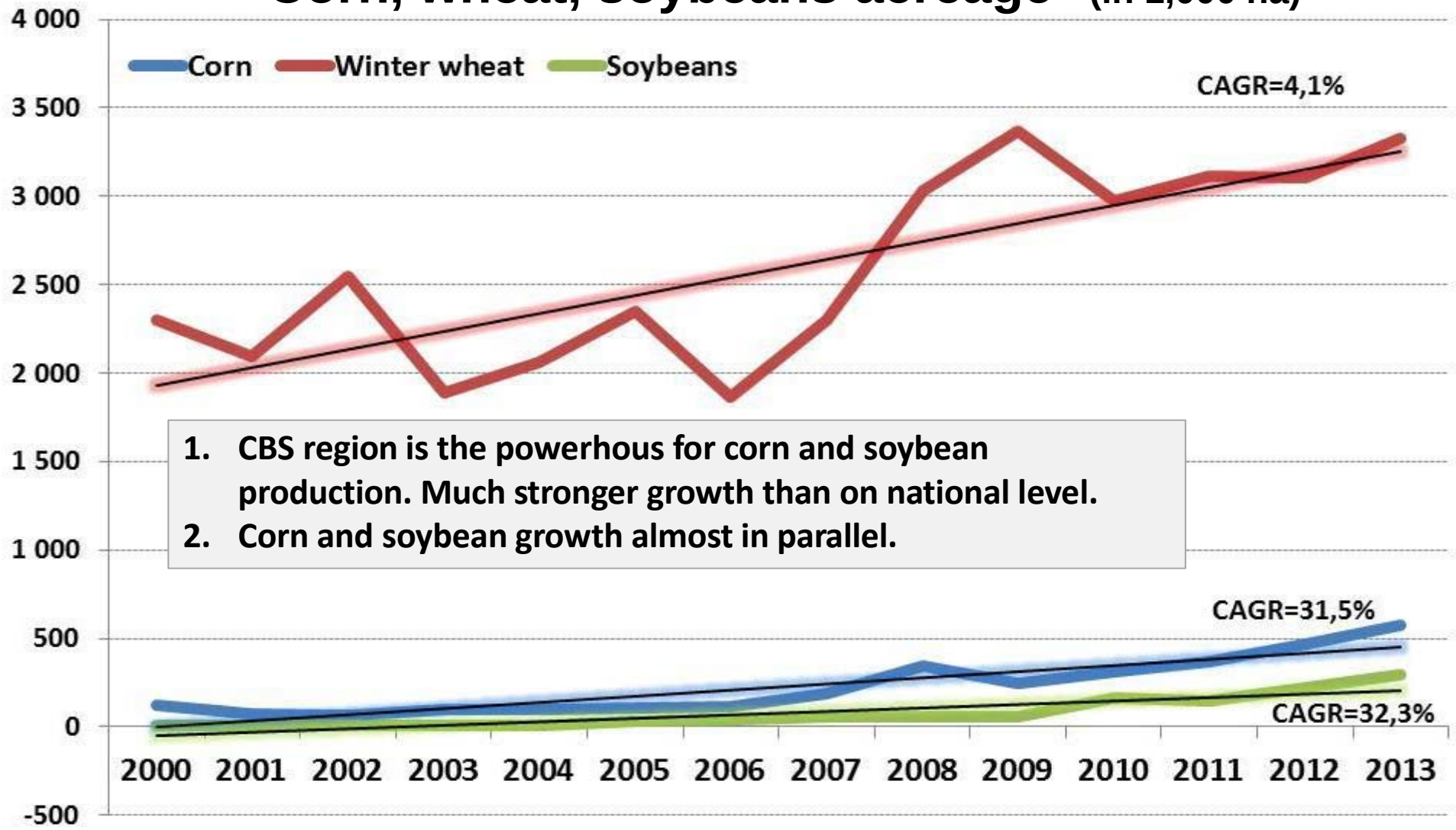
Oleg Sukhanov , IKAR
Yelto Zimmer, Thünen Institute

Russian corn, wheat, soybeans acreage (in 1,000 ha)



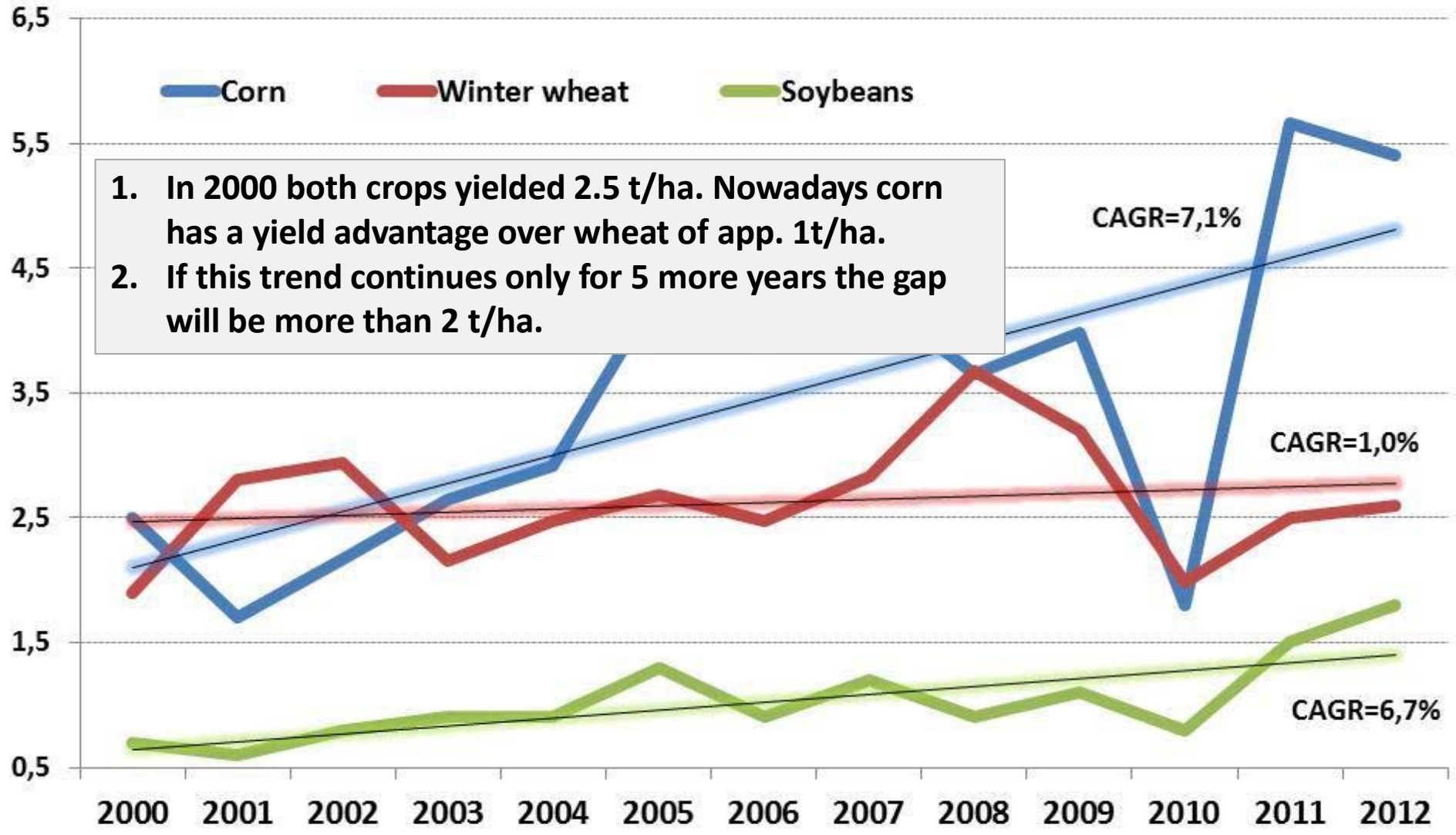
Starting from a rather low level in 2000 corn & soybean acreage increase rather significantly.

Central Black Soil (CBS) Region: Corn, wheat, soybeans acreage (in 1,000 ha)



1. CBS region is the powerhous for corn and soybean production. Much stronger growth than on national level.
2. Corn and soybean growth almost in parallel.

Central Black Soil Region: Evolution of crop yields (in t/ha)



Corn, wheat and sunflower exports (in 1,000 t)

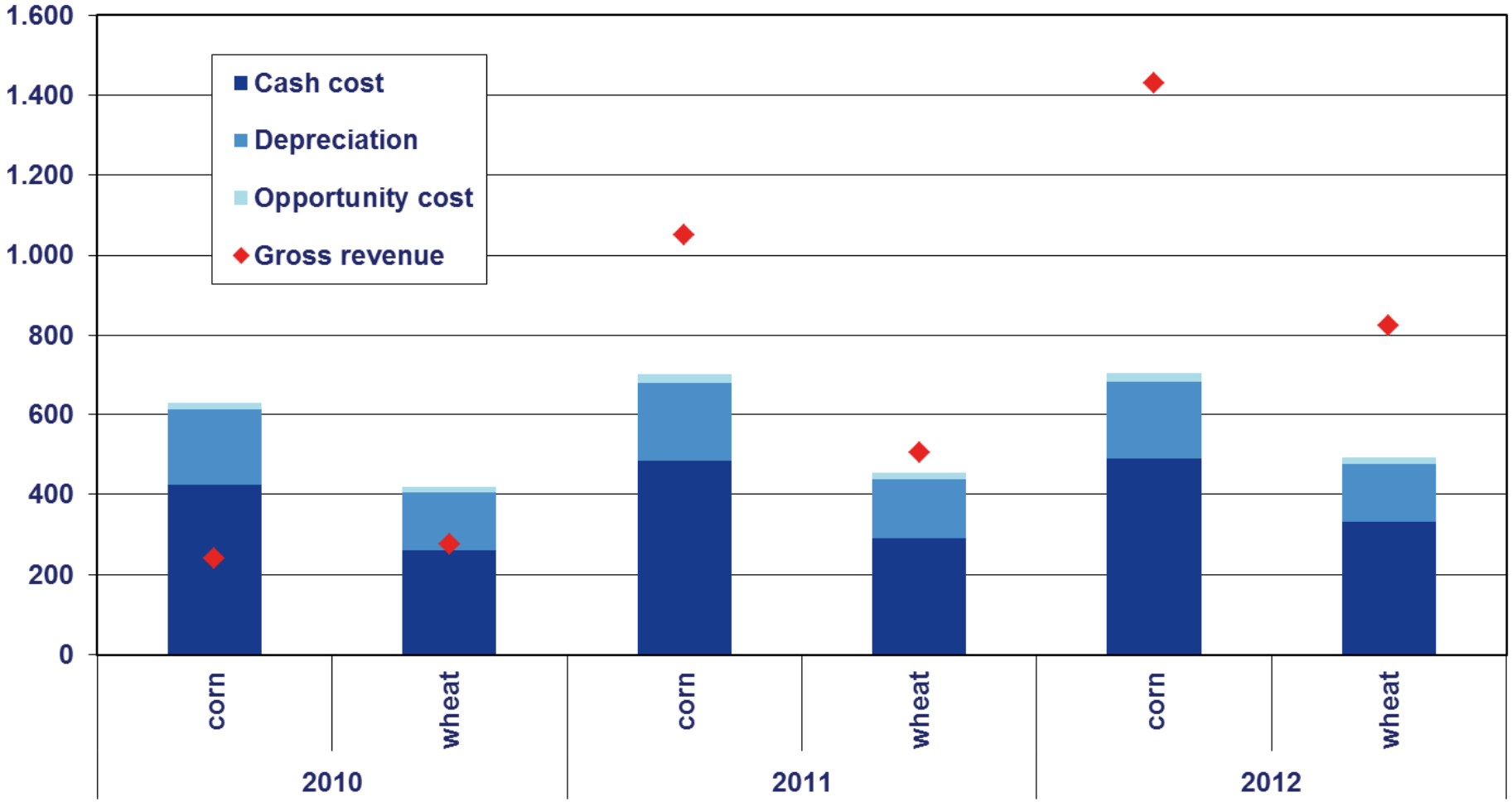
	2007/08	2008/09	2009/10	20010/11	2011/12	2012/13	2013/14
Corn	*55*	*1 300*	*400*	*55*	2 000	1 900	2 900
Wheat	*11 600*	*17 600*	*18 100*	*3 500*	21 100	11 100	17 000
Soybeans	*5*	*2*	*1*	*1*	91	100	110
Soyoil	*10*	*130*	*172*	*135*	143	160	200

Record and close to record level

Thus, significantly having increased production, Russia in times increased corn and sobeans export in recent years. And, nearly an every year we observe the next historical records of export.

Profitability of corn vs. wheat (USD/ha)
agri benchmark farm RU20000BS

1. Given the yield advantage corn was much more profitable in 2011 and 2012.
2. Severe crop failure in 2010 resulted in much higher losses for corn than for wheat.



Conclusions (1)

1. Especially in Central Black Soil region acreage and yield growth of corn was particular high.

2. While wheat yields almost stagnated, corn yields went up by app. 7 % p.a. But variability of corn yields was higher as well.

3. In CBS yield advantage of corn over wheat is more than 1t/ha or 40 %. The highest price advantage of wheat over corn was 25 %.

4. Since 2007 compared to wheat Russian corn was much less affected from discounts on world markets. Very often Russian corn was traded at a premium of 50 to 100 USD/t over wheat world markets.

5. Since on world markets wheat normally is traded at a premium over corn. Therefore, for producers in Russia corn has a competitive edge over wheat.

Conclusions (2)

6. **Areas under corn are growing very fast. *agri benchmark* data suggest that farm level profitability has been a key driver.**

7. **Key issues: high “climate production risks” (too dry during vegetation, too wet during harvest), infrastructure (drying capacities), lack of know how in proper production systems.**

8. **Ongoing growth in acreage is rather likely.**

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Practitioner's view on corn and soy in Russia

Voronezh July 2nd 2013

Aaron Baldwin

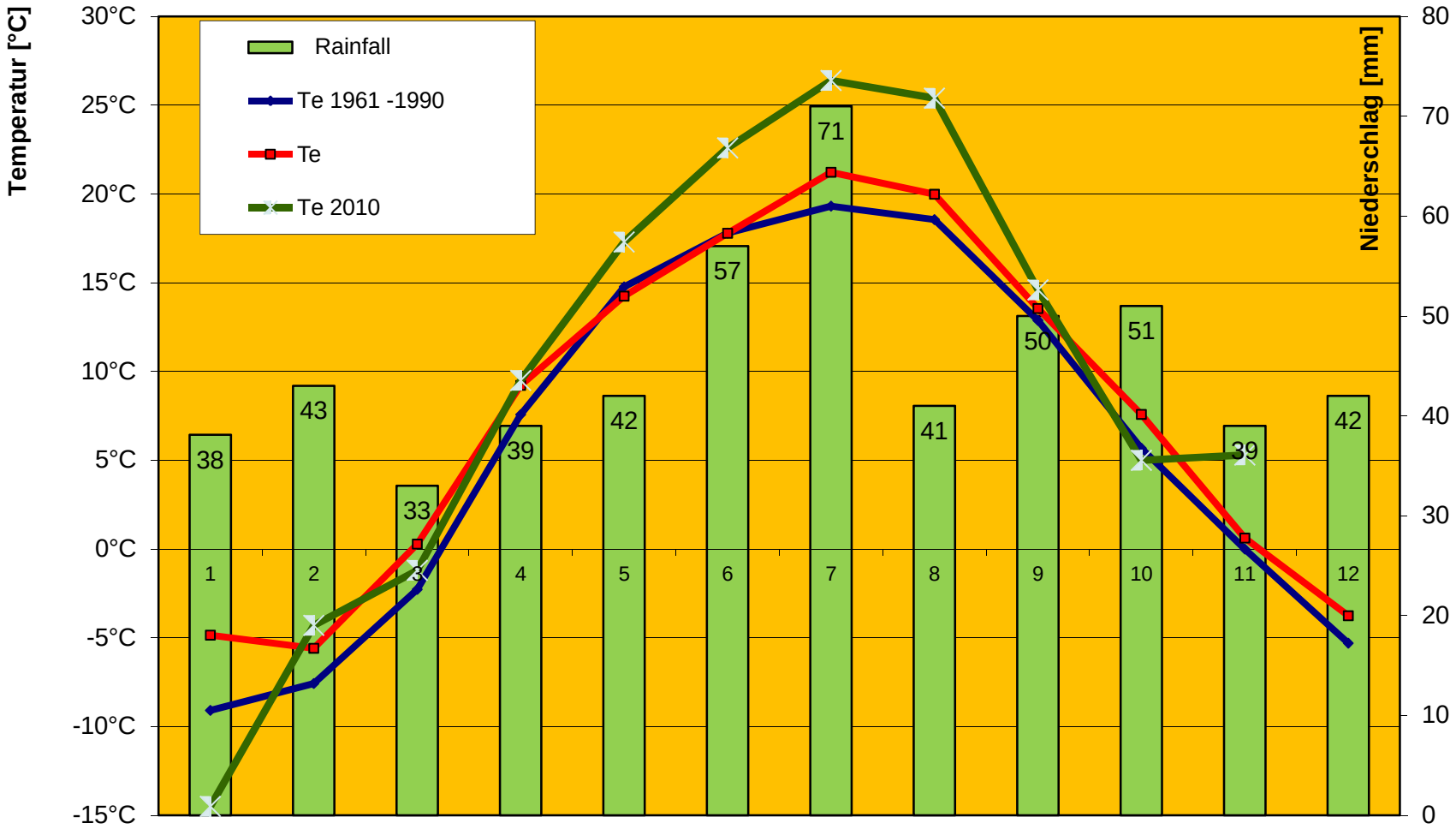
CEO InAgrotech

Corn and Soy Production

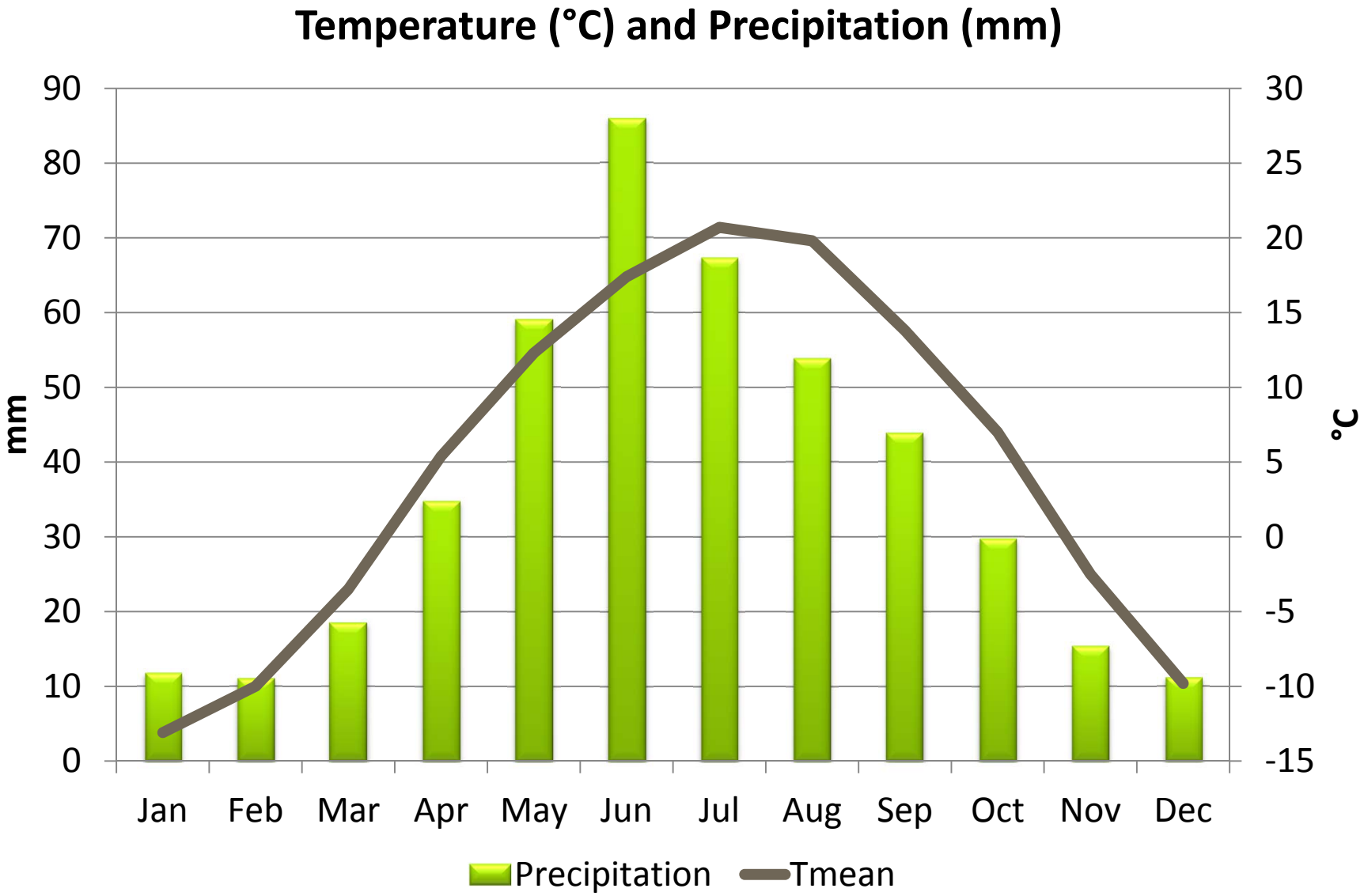
- Principle regions of discussion is the CBS zone
  - Voronezh, Lipetsk, Kursk, Orel, Belgorod, Tambov
- Corn has been grown in all regions since the late 1960"s
- Soy is a relative new comer and has been grown successfully since the late 90's
- Most farms classify these crops as Technical crops.
- Need to be aware of the Agronomic risks associated with these crops
- Typical yields have been on average 3.5-5 Tonnes of DRY corn, and 1-1.2 tonnes of Soy per ha
- Typically no more than 15% of total cropped area is put to corn and less to beans
- Biggest challenge for corn in CBS is need to DRY…. Hence the capital for Dryer is usually not figured into the COP.
- Early fall frosts can be very damaging for both crops
- Lack of sufficient moisture during flowering is also can cause problems
- Yields in similar regions of North America are 50% higher on average

ПРОДИМЕКС

Climate data Voronezh 1961 to 2012



North Dakota

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