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Russian Federation

Sugar Annual

Sugar Annual 2014

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Report Highlights:

FAS/Moscow forecasts Russia's sugar beet production in 2014 at 39 million metric tons (MMT), the same level as 2013. Sugar beet planted area is forecast to increase from 906,000 hectares in 2013 to 930,000 hectares in 2014 but beet yields are expected to fall from the record yields of 2013.

FAS/Moscow forecasts that 37 MMT of this projected 39 MMT crop will be processed and that production of beet sugar in MY 2014/15 will be the same as in MY 2013/14 – 4.4 MMT. The domestic consumption of raw sugar has stabilized in the last 3 years at approximately 5.5 – 5.6 MMT, of which domestic production of raw sugar from sugar beets comprises approximately 80-85 percent.

FAS/Moscow forecasts imports of raw sugar at 1.1 MMT, compared to the estimated 1.15 MMT's imports in MY 2013/14. This will include 0.8 MMT's imports of raw cane sugar (the same volume as in 2014), and 0.3 MMT of refined sugar (raw equivalent), compared to 0.35 MMT in MY 2014. Russia's exports of sugar are forecast at less than 0.05 MMT.

Executive Summary:

Given average weather, FAS/Moscow forecasts Russia’s sugar beet production in 2014 to be 39 million metric tons (MMT), the same as last year. Sugar beet planted area is forecast to increase from 906,000 hectares in 2013 to 930,000 hectares in 2014. Sugar processors’ demand for sugar beets could rise due to possible increases in the price of imported cane sugar (as a result of the weaker ruble). This, coupled with increasing domestic beet prices, is expected to stimulate farmers to increase sown area. Any area expansion, however, will be limited by strong competition for land with grains and oilseeds, especially in high-yielding regions. Beet yields are expected to fall from the record yields of 2013. The depreciation of the ruble is making imported inputs more expensive, and may lead to replacement of more expensive and more efficient seeds, fertilizer and chemicals with cheaper, but less efficient ones. FAS/Moscow forecasts sugar beet yields at 42 MT/HA, which is close to 8-year trend yields but 5 percent below the record yields of 44.2 MT/HA (harvested area) in 2013.

FAS/Moscow forecasts that 37 MMT of this projected 39 MMT crop will be processed and that production of beet sugar in MY 2014/15 (Oct. 2014 – September 2015) will be the same as in MY 2013/14 – 4.4 MMT. This is approximately 80 percent of the forecast raw sugar consumption in Russia, and if realized would meet the 80 percent goal of self-sufficiency stated in Russia’s Food Security Doctrine. Industry analysts estimate that at present Russian processors are able to process approximately 40 MMT of sugar beets, and because of this they do not envision much expansion of processing facilities. Given continued financial problems and high indebtedness of many companies in Russian agriculture, new investments, if any, in the Russian sugar industry in MY 2014/15 will be directed to the modernization and improvement of existing plants rather than to construction of new facilities.

In 2011 and 2012 Russia produced record sugar beet crops of 47.6 MMT and 45.1 MMT from 1.2 million hectares and 1.1 million hectares, respectively. This production exceeded Russian processors’ demand for sugar beets by approximately 15 percent, and as a result sugar beet prices plummeted and a significant portion of the sugar beet crop was left unprocessed and lost. In 2013, although farmers planted only 906,000 hectares to sugar beets, this area was concentrated in large agroholding companies which use modern technologies and improved seeds. Because of this, and favorable weather, yields reached a record and production was at 39 MMT.

Table 1. Russia: PSD for Sugar Beets, 1,000 HA, 1,000 MT

Sugar Beets Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: Sep 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,143	1,143	906	906		930
Area Harvested	1,090	1,090	850	850		915
Production	45,057	45,057	36,000	39,321		39,000
Total Supply	45,057	45,057	36,000	39,321		39,000
Utilization for Sugar	45,057	45,057	36,000	39,321		39,000
Utilizatn for Alcohol	0	0	0	0		0
Total Distribution	45,057	45,057	36,000	39,321		39,000

1000 HA, 1000 MT

Note: In the PSD table for Sugar Beet the category “Utilization for Sugar” equals “Production” and includes losses of harvested sugar beet both at farms and on the way from farm to processing plants.

The domestic consumption of raw sugar has stabilized in the last 3 years at approximately 5.5 – 5.6

MMT, of which domestic production of raw sugar from sugar beets comprises approximately 80-85 percent. Per-capita consumption continues to fall gradually, but the Russian population has started expanding again slowly in 2013 after many years of decline. According to the Russian Union of Sugar Producers (Russian Sugar Union), Russia still belongs to group of countries with high per capita consumption of sugar – 38 kg per capita per year, compared with the world average of 22 kg. However, in the last 10 years the per capita consumption has decreased by 7.5 percent.

The gap between domestic production of raw sugar and consumption is filled by imports of raw and white sugar (in raw equivalent). FAS/Moscow forecasts imports of sugar at 1.1 MMT, compared to the estimated 1.15 MMT's imports in MY 2014. This will include 0.8 MMT's imports of raw cane sugar (the same volume as in 2014), and 0.3 MMT of refined sugar (raw equivalent), compared to 0.35 MMT in MY 2014. Russia's exports of sugar are forecast at less than 0.05 MMT.

Table 2. Russia: PSD for Centrifugal Sugar, 1,000 MT Raw Value

Sugar, Centrifugal Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	390	390	275	395		300
Beet Sugar Production	5,000	5,000	4,400	4,400		4,400
Cane Sugar Production	0	0	0	0		0
Total Sugar Production	5,000	5,000	4,400	4,400		4,400
Raw Imports	500	390	900	800		800
Refined Imp.(Raw Val)	100	345	200	350		300
Total Imports	600	735	1,100	1,150		1,100
Total Supply	5,990	6,125	5,775	5,945		5,800
Raw Exports	0	0	0	0		0
Refined Exp.(Raw Val)	200	15	100	30		50
Total Exports	200	15	100	30		50
Human Dom. Consumption	5,500	5,700	5,400	5,600		5,500
Other Disappearance	15	15	15	15		10
Total Use	5,515	5,715	5,415	5,615		5,510
Ending Stocks	275	395	260	300		240
Total Distribution	5,990	6,125	5,775	5,945		5,800

1000 MT

[Note: FAS/Moscow updated trade data for MY 2012/13 based on statistics of intra-Customs Union trade (with Kazakhstan and Belarus) which are not reported in the Russian official Customs data.]

Commodities:

- Sugar Beets

Production:

Given average weather, FAS/Moscow forecasts Russia's sugar beet production in 2014 to remain at 39 million metric tons (MMT), the same as last year. Sugar beet planted area is forecast to increase from 906,000 hectares in 2013 to 930,000 hectares in 2014, but beet yields are forecast to be lower than the record yields of 2013.

Processors' demand for sugar beets is expected to remain strong, and could create incentives for increased sown area. The condition and capacity of processing plants in the Southern and Central European Russia significantly improved in 2012 and 2013, and these plants will have strong demand for sugar beet in order to ensure that they work at capacity. Also, the weakening ruble could make importer can sugar more expensive, further increased demand for domestic sugar beets. Domestic sugar beet prices have been rising in recent months (see Chart 1), and this will likely stimulate farmers to increase area sown to sugar beets. Any area increase, however, will be limited by strong competition for land from grain and oilseeds.

FAS/Moscow forecasts sugar beet yields at 42 MT/HA, which is close to 8-year trend yields but 5 percent below the record yields of 44.2 MT/HA in 2013 (note: this is on a harvested hectare basis). Given average weather, yields are expected to be lower than in 2013 due to the following factors:

- Competition for land with grains and oilseeds (especially soybeans) in the major sugar beet producing areas will be very strong, since in many places farmers' financial returns from grain and soybean production are higher than from sugar beet production. As a result, the most productive land may shift to grains, especially corn, and soybeans;
- The majority of successful sugar beet growers are vertically integrated (through contracts) with large processing companies, or even belong to these companies. These processing companies typically supply farmers with imported planting seeds, chemicals, and even provide foreign machines and beet harvesters. It is estimated that these expenses for imported inputs comprise over 50 percent of the cost of production of sugar beets. The 10-15 percent depreciation of ruble since the beginning of 2014 is making these inputs more expensive, and may lead to the replacement of more expensive and more efficient seeds, fertilizers and chemicals with less expensive but also less effective inputs.
- The shortage of financing and the high indebtedness of many large-scale agricultural enterprises and agroholding companies are expected to curb investments in the production of beets.

The Russian Ministry of Agriculture forecasts that planting of sugar beets in 2014 will increase by 20,500 hectares from last year to 926,300 hectares. However, these are just projections, and farmers will sow based on their own estimates of costs of production and expected returns from sugar beets. So far, reports from the fields show that the pace of sugar beet sowing is faster than last year. In April 2014, farmers in the Southern, North Caucasus and Central federal districts began sowing sugar beets, and as of April 7, 2014, have sown 151,600 hectares, or 16.5 percent of planned area (919,000 hectares). In 2013 on the same date they planted 133,700 hectares of sugar beet.

Planting forecasts of industry analysts vary from 0.9 million hectares to 0.92 million hectares. The Russian Sugar Union forecasts that area sown to sugar beets in 2014 will be 0.9 million hectares, 0.6 percent less than in 2013. They project area will decline in the Central federal district by 4.2 percent to 479,000 hectares, in the Volga Valley federal district – by 1.5 percent to 203,000 hectares, and in the North Caucasus federal district by 7.7 percent to 36,000 hectares. Area sown to sugar beet in the Southern federal district is forecast to increase by 14.9 percent to 162,000 hectares, and in the Siberia federal district – by 11.1 percent to 20,000 hectares. Other analysts forecast some increase in sugar beet area and restoration of profitability of sugar beet compared with grain and oilseeds.

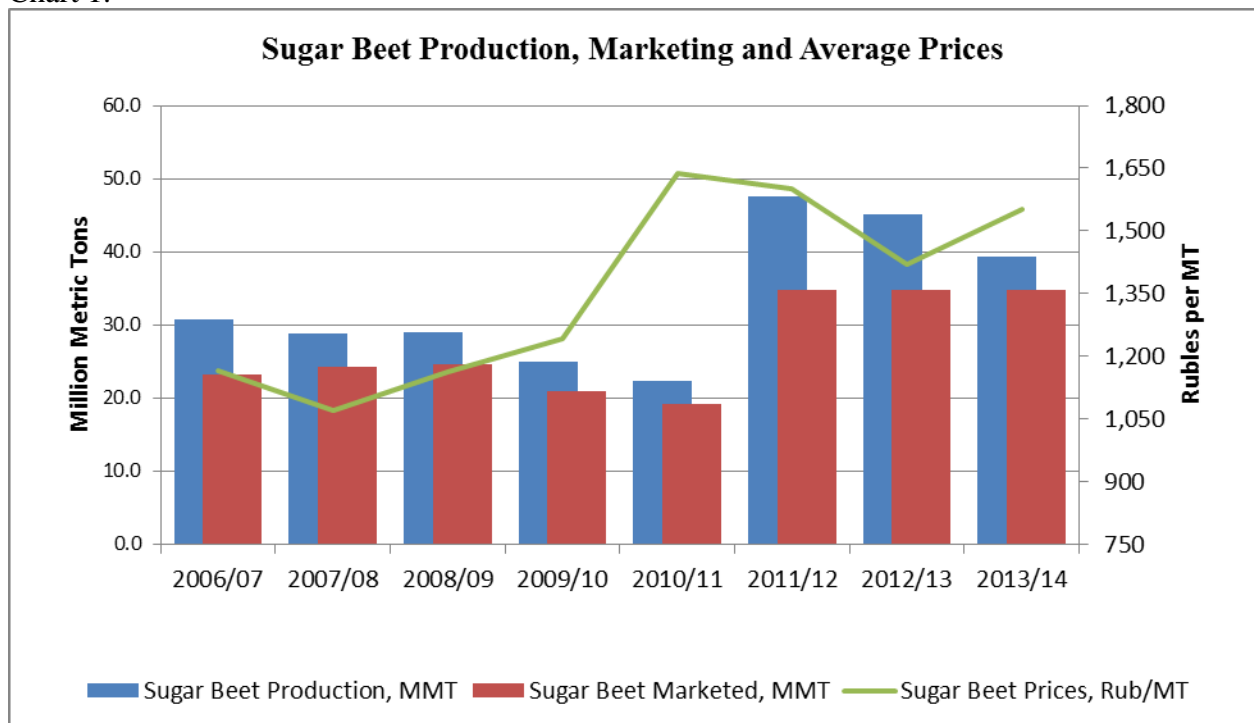
Table 3. Russia: Sugar Beet Area, Production, and Marketing, MYs 2007/08 – 2013/14.

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Area Planted, 1,000 HA	1,060	819	819	1,160	1,292	1,143	906

Area Harvested, 1,000 HA*	988	801	771	923	1,215	1,102	889
Production, 1,000 MT	28,836	28,995	24,892	22,256	47,643	45,057	39,321
Yields (MT per harvested HA)	29.2	36.2	32.3	24.1	39.2	40.89	44.21
Sugar Beet Marketed, 1,000 MT	24,200	24,600	20,900	19,100	34,800	34,700	34,700
Sugar Beet Marketed, %	83.9	84.8	84.0	85.8	73.0	77.0	88.2
Sugar Beet Prices, Rub/MT	1,071	1,163	1,242	1,636	1,602	1,419	1,552

Source: Rosstat, marketing of sugar beet in marketing years are FAS/Moscow estimates. Estimated volume of marketed sugar beet is lower than annual volumes of processed beets because some processing enterprises have their own beet production which they process without trading/marketing these beets.

Chart 1.



Source

: FAS/Moscow calculations of marketed beets are based on Rosstat's monthly and calendar years' data for sugar beets sold by agricultural enterprises adjusted by industry's data on processed sugar beets by end of January each year.

Input supply

According to the Russian Sugar Union, the average expenses per 1 hectare of sugar beet sown area increased to 50,000 Rubles (\$1,515) in CY 2013, up 16 percent from 2012. The major expenses are seeds, fertilizer, and agrochemicals. They account for 50 percent of cost of production of sugar beets. According to Rosstat, the application of mineral fertilizer to sugar beets (agricultural enterprises data) is much higher than mineral fertilizer application to other crops. Thus, in 2013 application of mineral fertilizer to sugar beets was 270 kg per hectare of planted area, while application of fertilizer to grain and pulses (excluding corn) was only 40 kg per hectare, and to sunflowerseeds was only 26 kg per hectare.

Prices of all input supplies were higher at the beginning of 2014 compared with the beginning of 2013. Thus, according to the Russian Ministry of Agriculture, the price of mineral fertilizers increased from January 1, 2013, to January 1, 2014, by 6-7 percent (ammonia nitrate and carbamide) and by 15 percent (potassium chloride), and the price of sugar beet planting seeds increased by 15-20 percent in 2013¹. Since that time, the price of imported seeds and chemicals continues to increase faster than the prices of domestic chemicals and seeds as a result of the weaker ruble. The price of imported machines, which are used for cultivation and harvesting of sugar beets, and the cost of servicing (spare parts, repair) these machines have also increased.

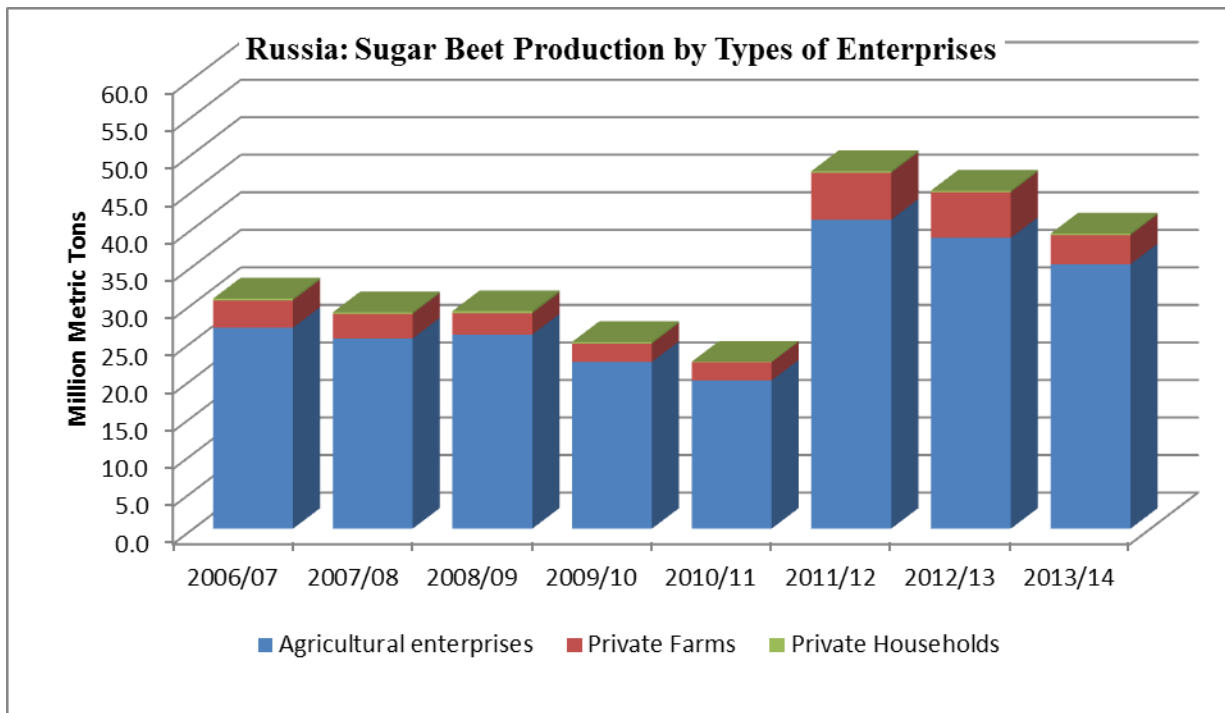
Given that the financial status of many farmers and large agroholding companies deteriorated in 2013, and many of them have large outstanding debts, in 2014 these farmers are expected to reduce purchases of expensive and efficient seeds, chemicals, fertilizer, and this will negatively impact yields.

Crop 2013

According to Rosstat data, in 2013 area sown to sugar beet was 906,000 hectares or 21 percent less than in 2012. Sugar beet area comprised only 1.2 percent of all Russia's sown area for 2013 crops (in 2012 it was 1.5 percent, and in 2011 it was a record 1.7 percent). Despite the drastic reduction of sugar beet planted area (by 21 percent) in 2013, the crop was only 13 percent lower than in 2012 due to record yields. In 2013, Russia harvested 39,321,160 MT of sugar beets, including 35,231,630 MT harvested by agricultural enterprises (90 percent of the total), 197,230 MT were harvested in household type farms (0.5 percent of the total), and 3,892,300 MT, or 9.9 percent of the total, harvested by private farmers' (peasant farms and individual entrepreneurs) (Chart 2). The sugar content of sugar beet, according to industry analysts, increased from 15.4 percent in 2012 to 15.7 percent in 2013.

Chart 2. Sugar beet production by types of Enterprises

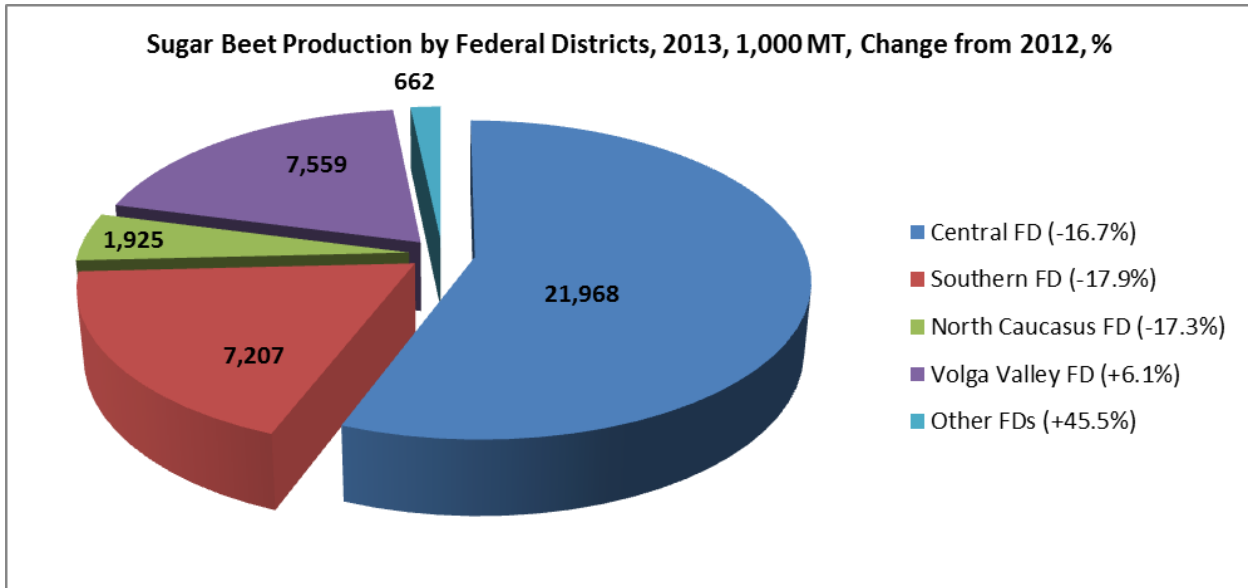
¹ <http://www.zol.ru/semena-sakharnoj-svekly.htm>



Source: Rosstat

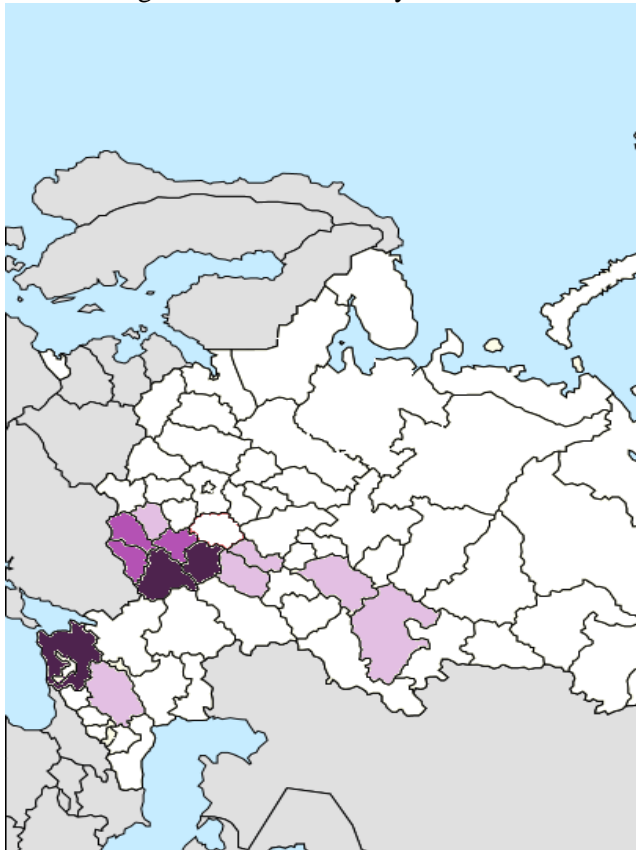
The Central federal district of the Russian Federation remains the major producer of sugar beets, followed by the Southern federal district and the Volga Valley federal district. As for yields, the highest sugar beet yields (50.6 MT/ha average in 2012-2013) were in the North Caucasus federal district due to 56.4 MT/ha yields in Stavropol kray, where area sown to sugar beets is relatively small, but yields are Russia's highest. The average yields of sugar beet in the Southern federal district were 46.7 MT/ha, including yields in Krasnodar kray were 47.1 MT/ha. In the Central federal district the average sugar beet yield was 43.8 MT/HA, with leaders being Tula oblast (49.0 MT/HA), Lipetsk oblast (47.4 MT/HA) and Bryansk oblast (46.7 MT/HA).

Chart 3.



Source: Rosstat

Chart 4. Sugar Beet Production by Provinces



Light purple	2.0% – 5.0% of total production
Purple	5.0% - 10.0%
Dark purple	>10%

Highest Sugar Beet Production by Provinces (2012-2013 average)

1. Krasnodar kray - 17.7%
2. Voronezh oblast - 12.6%
3. Tambov oblast – 10.3%
4. Kursk oblast – 10.0%
5. Lipetsk oblast – 9.2%
6. Belgorod oblast - 8.7%
7. Tatarstan Republic – 4.9%
8. Penza oblast – 4.6%
9. Orel oblast – 4.6%
10. Stavropol kray – 4.0%
11. Bashkortostan Republic – 3.2%
12. Mordovia Republic – 2.2%

Source: FAS/Moscow base on Rosstat data

Consumption:

FAS/Moscow forecasts that given a 39 MMT's sugar beet crop in MY 2014/15, 37 MMT of this crop will be utilized for sugar. This is close to the actual utilization of sugar beets in the last two marketing years. Production of raw beet sugar is forecast at 4.4 MMT, the same as the estimated amount in MY 2013/14. This is approximately 80 percent of the forecast raw sugar consumption in Russia, and if realized would meet the 80 percent goal of self-sufficiency stated in Russia's Food Security Doctrine.

Although the average annual processing of sugar beets in the last 3 years is 37-38 MMT, industry analysts estimate that at present the processing capacity of Russian processors is approximately 40 MMT of sugar beets. Industry analysts do not forecast the expansion of processing facilities and given continued financial problems and high indebtedness of many companies in Russian agriculture, new investments, if any, in the Russian sugar industry in MY 2014/15 will be directed to modernization and improvement of existing plants rather than to the construction of new facilities.

Sugar beet processing is extremely seasonal, and starts in September and usually ends in January. According to the Russian Sugar Union, by mid-January 2014, Russian sugar refineries had already processed almost all available sugar beet supplies, and had produced 4.32 million metric tons (MMT) of sugar. While total sugar beet supplies at these plants were 34.7 MMT, 96 percent of this amount (33.6 MMT) had already been processed by mid-January 2014. As a result, as of mid-January only 17 out of 75 Russian sugar refineries were still processing².

In 2011 and 2012 Russia produced a record sugar beet crop of 47.6 MMT and 45.1 MMT from 1.2 million hectares and 1.1 million hectares respectively. However, farmers did not receive high returns from these record crops. This production exceeded Russia's processors demand for sugar beets by approximately 15 percent, and as a result sugar beet prices plummeted and a significant portion of the sugar beet crop was left unprocessed and lost. In 2013, farmers planted only 906,000 hectares to sugar beets, but as this area was concentrated in large agroholding companies which use modern technologies and improved seeds, yields rose. Favorable weather also contributed to yields reaching a record level in 2013.

Policy:

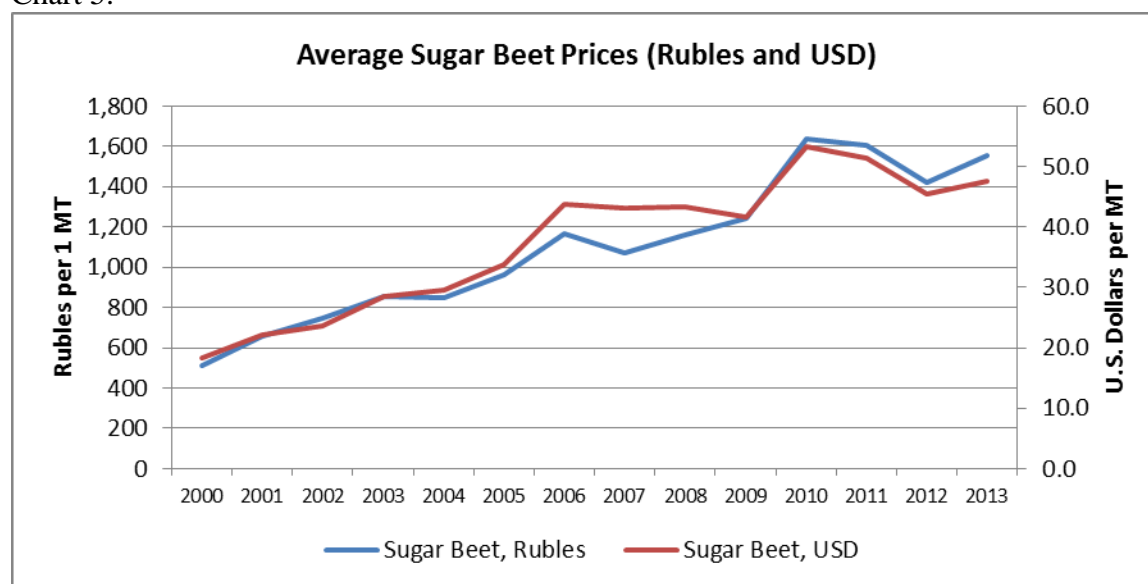
The development of the sugar industry is part of the State Program on the Development of Agriculture 2013-2020. The State Program 2013-2020 sets as a target of 41 MMT for sugar beet production by 2020 in order to meet the targets of Russia's Food Security Doctrine of 80 percent self-sufficiency in sugar. However, in 2011 and 2012 production already surpassed this target with domestic sugar beet production at 47.6 MMT and 45.1 MMT respectively. Industry analysts link the achievements of the sugar industry in exceeding these targets primarily to the favorable market situation (prices) and to weather, rather than to government support. Any further increase in production is only likely if sugar prices in the domestic and international markets increase sharply.

The new State Program on Development of Agriculture in 2013-2020 decreased the federal state support of crop producers and switched the price support of such inputs as fuels and mineral fertilizer to decoupled, per hectare, support which is reportedly lower than the previous level of support.

² <http://www.ikar.ru/press/1687.html>.

In June 2013, the Russian Ministry of Agriculture adopted the Target Program “Development of Sugar Complex of the Russian Federation in 2013-2015”³ in implementation of the State Program 2013-2020. The Sugar Complex Development Program repeats the target of food security doctrine, envisages support of processors for procurement and processing of sugar beets, and support of investment loans through interest rate subsidies. The program also calls for, among other things, an indicative price level of sugar at 25 rubles per kg, and the minimum level of profitability at 40 percent at processors and 15 percent at producers. The target of the Sugar Program 2013-2015 is to stabilize production of sugar beet at 40 MMT and production of raw beet sugar – at 4.6 MMT by the end of 2015. The cost of the program is estimated at 56.7 billion rubles (\$1.6 billion). However, the state support of this program is small, and only 7 billion rubles (\$200 million) is specified for this program from both the federal and provincial budgets combined in 2013-2015. Given that budgets are very tight, it is doubtful that sugar beet complex in 2014 will receive significant funds.

Chart 5.



Source: Rosstat and FAS/Moscow conversion to U.S. Dollars based on the Russian Central Bank exchange rate

Commodities:

- Sugar, Centrifugal

Production: Sugar

FAS/Moscow forecasts that given the 39 MMT’s sugar beet crop, 37 MMT of this crop will be processed and production of beet sugar in MY 2014/15 (Oct. 2014 – September 2015) will be the same as in MY 2013/14 – 4.4 MMT. This is approximately 80 percent of the forecast raw sugar consumption in Russia, and meets the 80 percent goal of Russia’s Food Security Doctrine. The 20 percent gap will be filled by imports of raw cane sugar and white sugar.

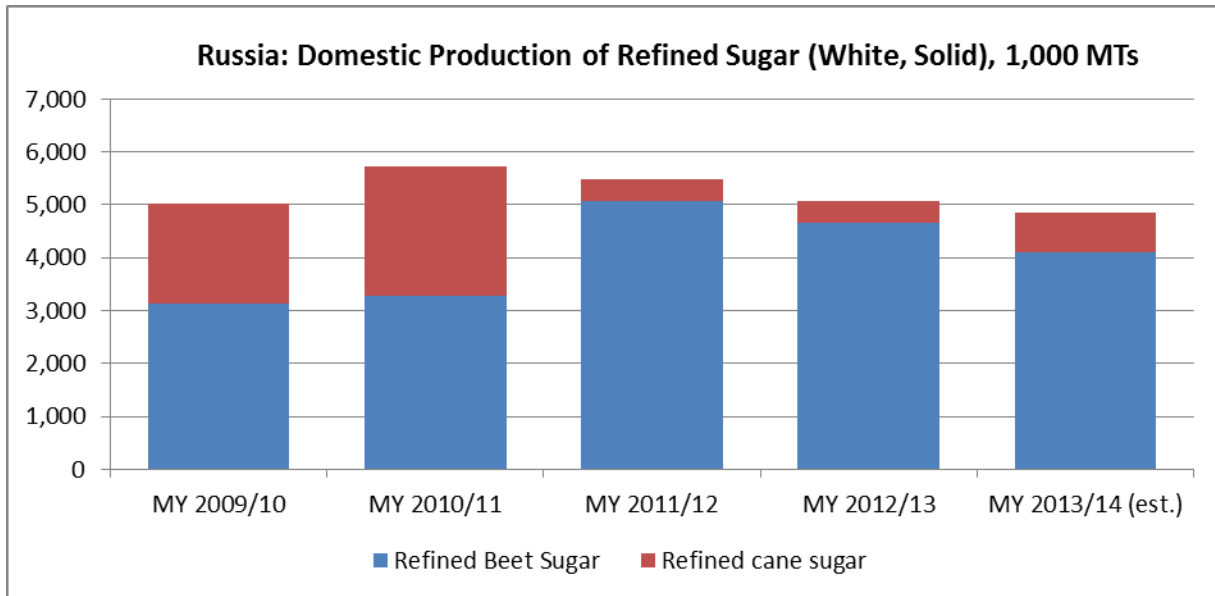
Consumers demand for white sugar has been decreasing slowly in the last decade due to following factors:

³ www.mcx.ru/documents/file_document/v7_show/23791.htm

- Russian population numbers has been falling, and even though this trend has now reversed, population growth is extremely slow;
- The share of metropolitan population, which consume less sugar and more confectionary products, continues to increase;
- Both metropolitan and rural populations have decreased production of homemade jams and cookies where sugar is heavily used;
- Competition from other sweeteners (both grain-based and artificial) in industrial production of confectionary products and candies is growing rapidly.

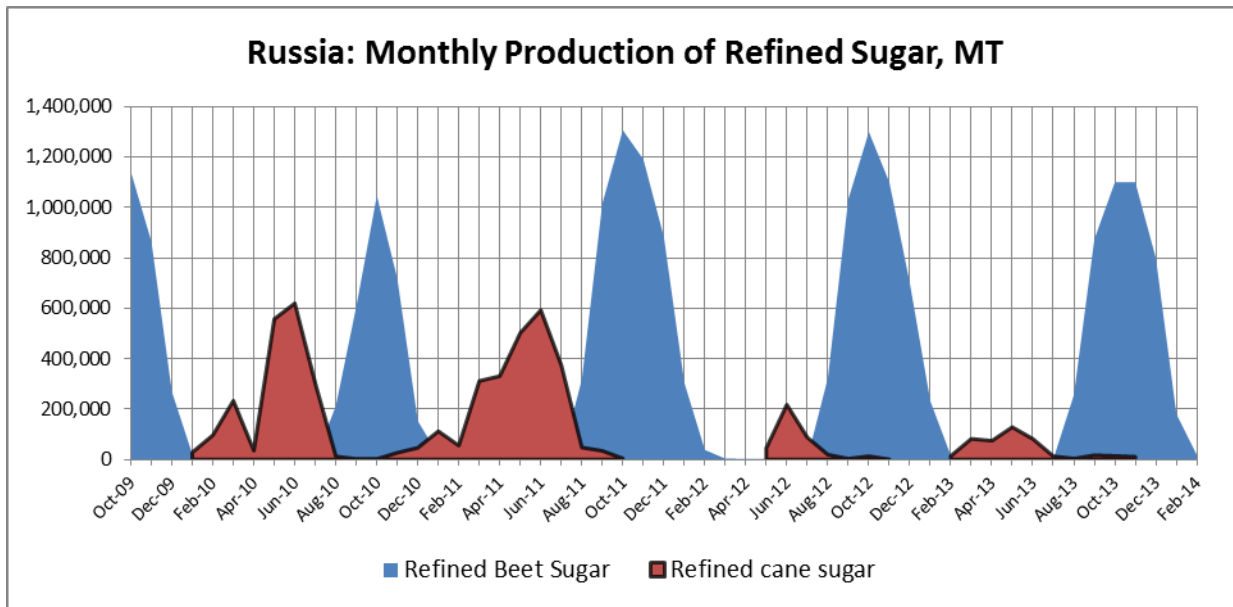
The Russian Sugar Union estimates production of raw sugar in 2013/2014 at 4.4 MMT (4.75 MMT in the last marketing year), and this includes 2.5 MMT of sugar in the Central federal district, 939,000 MT of sugar in the Southern federal district, and 792,200 MT of sugar in the Volga Valley federal district. The commercial stocks of sugar in December 2013 were 3.46 MMT, at the same level as last year. According to the Russian Sugar Union, annual sugar consumption in Russia is estimated at 5.5 MMT. However, they estimate that without replacers (sweeteners) this market could reach 6.5 MMT, and they have lobbied against alternate sweeteners, especially artificial. According to this Union, in CY 2013 imports of artificial sweeteners is estimated at 165,000 MT, 10 percent up from last year.

Chart 6.



Source: Rosstat

Chart 7: Russia, White Sugar Production by Months, Oct. 2009 – Feb. 2014, Metric Tons



Source: Rosstat

Sugar Standards

Customs Union (CU) Resolution No. 880 of December 2011 includes a list of voluntary standards (GOSTs) to ensure compliance of sugar products with the CU Technical Regulation “On Food Safety” (for more information see FAS/Moscow GAIN report on [Customs Union Technical Regulation on Food Safety](#).)

Other sweeteners

There are no official data on production or consumption of sugar sweeteners. However, this consumption and trade has been increasing. According to the Russian Sugar Union, annual sugar consumption in Russia is estimated at 5.5 MMT, and without replacers (sweeteners) this market could reach 6.5 MMT. Meanwhile, according, in the last three years the use of sugar replacers and artificial sweeteners has increased dramatically along with increased activities of transnational companies in the Russian food and beverage industries, which brought new recipes of food products. The Russian Sugar Union reports that imports of non-sugar based sweeteners increasing from 135,000 MT in 2011 to 150,000 MT in 2012 and to 165,000 MT in 2013. The Russian Sugar Union has called for a promotional campaign for natural sugar based products by claiming health advantages compared to artificial sweeteners.

Russia’s domestic production of glucose-fructose syrups also been increasing and the Sugar Union estimates that it has reached 0.5 MMT in 2013. The biggest producer of these products is plant Efremovsky (Cargill) in Tula oblast in the Central federal district.

Trade

The decreasing consumption of sugar and rapid increase in production of sugar beets in recent years has resulted in much smaller imports than just 5 years ago, when imports were regularly over 2 MMT. Also, the devaluation of the ruble in 2014 may result in some further decline in imports of sugar. FAS/Moscow forecast imports of sugar at 1.1 MMT, compared to the estimated 1.15 MMT’s imports in

MY 2014. This will include 0.8 MMT's imports of raw cane sugar (the same volume as in 2014), and 0.3 MMT of refined sugar (raw equivalent), compare to 0.35 MMT in MY 2014. Russia's exports of sugar are forecast at less than 0.05 MMT.

Imports: Raw Sugar

Russia does not import almost any raw beet sugar (HS Number 170112). In MYs 2009/10-2012/13 imports only once reached 68 MT.

Imports of raw cane sugar decreased drastically in MY 2011/12 (ends in September 2012) and continued decreasing in MY 2012/13 due to the record sugar beet crops in Russia in 2011 and 2012. However, imports of raw cane sugar rebounded in MY 2013/14 due to smaller production, although imports are still estimated at less than half of the level of MY 2010/11. FAS/Moscow estimates imports of raw cane sugar in MY 2013/14 at 0.8 MMT. In October 2013 through February 2014 Russia imported 262,452 MT of raw cane sugar, 49 percent more than in the same period last year.

Table 4. Russia: Imports of Raw Cane Sugar (170111, 170113, 170114), MT

	2008/09	2009/10	2010/11	2011/12	2012/13	10/12 - 02/13	10/13 - 02/14
World	1,763,070	1,948,603	2,258,773	445,480	385,158	175,931	262,452
Brazil	1,489,518	1,636,818	1,954,788	313,420	320,456	158,906	198,652
Thailand	57,708	40,830	123,566	43,751	32,483	12,733	20,853
Guatemala	0	64,515	64,146	0	0	0	19,677
Cuba	142,762	80,863	45,800	61,459	23,000	0	0
Nicaragua	0	0	25,740	0	0	0	0
Argentina	0	40,643	20,500	0	1	0	18,000
Honduras	0	0	16,834	0	0	0	0
Mauritius	827	3,965	5,786	5,081	5,432	2,726	2,512
Other	72,255	80,969	1,613	21,769	3,786	1,566	2,758

Note: Due to Changes in Codes Descriptions, since 2012, most of imports of raw cane sugar is in code 170114, instead of 170111.

Source: Russia's State Customs Service

Imports: Refined Sugar

Imports of refined sugar in MY 2013/14 have also increased, and FAS/Moscow estimates imports of refined sugar in MY 2013/14 at 300,000 MT. Russian Customs show only insignificant imports of refined sugar because it does not include trade with Belarus, member of the Customs Union. The Customs Union has begun separately reporting on its trade only recently, and the reports cover aggregated groups of products. In MY 2012/13 Russia imported from the CU (all from Belarus) 316,173 MT of sugar (HS Number 1701, which include raw and refined sugar). In October 2013 through January 2014 (first four months of marketing year) imports from Belarus was 138,101 MT.

Table 5. Russia's trade in the Customs Union, Metric Tons

	MY 2012/13	Oct. 2013-Jan.2014
Exports		
Sugar (1701)	7,274	402
Other sugar, incl. glucose, etc. (1702)	5,518	2,994
Molasses (1703)	5,391	5,204
Sugar containing confectionary, candies, incl. white sugar (1704)	10,908	8,198
Chocolate and other candies containing chocolate (1806)	64,334	29,010
Imports		
Sugar (1701)	316,173	138,101
Other sugar, incl. glucose, etc. (1702)	2,708	126
Molasses (1703)	5,917	2,561
Sugar containing confectionary, candies, incl. white sugar (1704)	13,010	4,646
Chocolate and other candies containing chocolate (1806)	14,595	6,807

Source: Eurasian Economic Commission

Table 6. Russia: Imports of Refined Sugar (HS numbers 170119 and 170199)

	2008/09	2009/10	2010/11	2011/12	2012/13	10/12 - 02/13	10/13 - 02/14
World	91,412	72,663	86,317	56,053	64,385	26,024	26,314
Poland	16,465	36,570	13,285	30,333	26,175	10,245	10,007
Lithuania	0	511	1,383	14,636	18,014	9,657	4,275
Brazil	18,666	3,786	24,038	4,251	8,370	2,295	7,665
Moldova	30,993	5,742	25,332	2,552	1,914	1,595	1,390
Mauritius	175	1,087	803	931	816	436	372
Germany	445	575	2,487	588	547	216	209
United States	1,203	726	397	394	512	104	1
Finland	437	539	492	415	503	273	263
India	790	0	729	152	152	152	1,040
Thailand	3,052	0	625	0	150	150	0
France	1,576	90	9,490	96	60	19	37
Colombia	4,609	2,736	1,060	110	27	27	0
Other	13,001	20,301	6,196	1,595	7,145	855	1,055

Source: Russia's State Customs Service

In accordance with the Agreement on the Free Trade Zone (which includes all Former Soviet Union countries except Georgia and the Baltic Republics) of October 18, 2011, (article 2), Russia can import sugar duty-free from all of these countries except Ukraine. Imports of white sugar from Ukraine (HS Code 1701 99 100) to the Republic of Belarus, Republic of Kazakhstan and the Russian Federation is subject to import duty of \$340 per 1,000 kg, and this will be in effect until some date in the future that will be "agreed upon on mutual consent". In its turn the Ukraine will apply 50 percent import tariff on white sugar (code 1701 99 1000) imported from Belarus, Kazakhstan and Russia until the same date "agreed upon on mutual consent". So far no agreement on this issue has been reached.

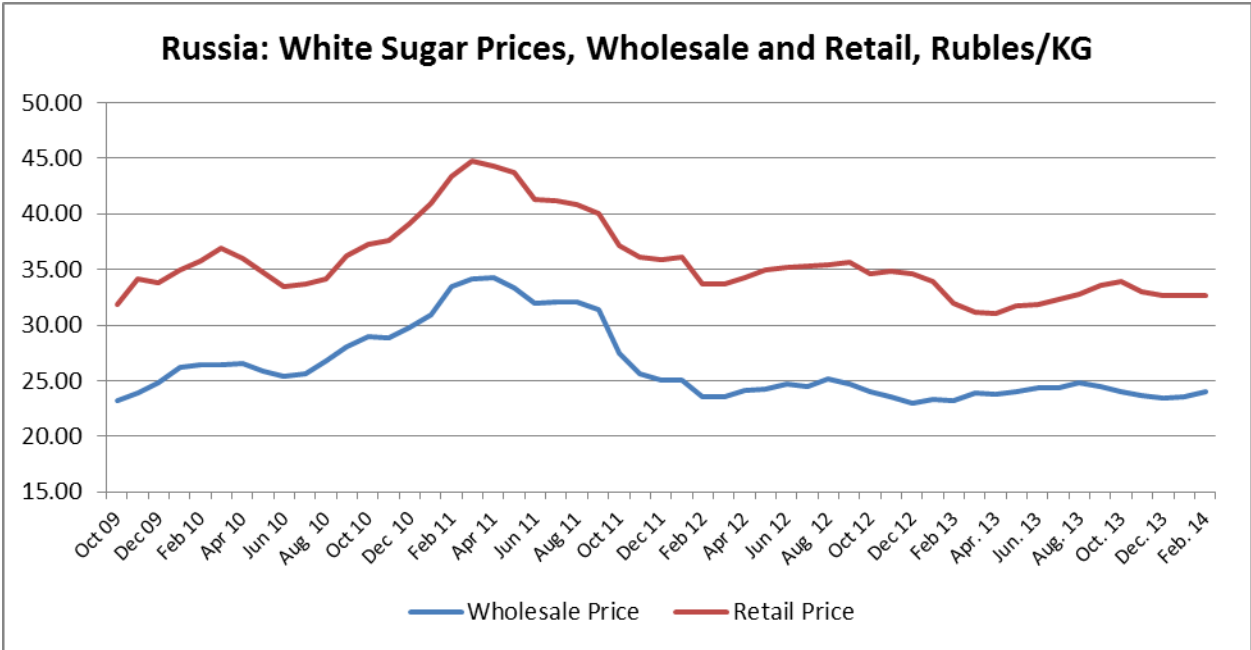
Exports: Refined Sugar

Russian exports of refined sugar remain small and are only expected to grow slightly, as CIS importers of raw sugar increase their own processing capacity.

Marketing

Russia’s domestic prices of white sugar (both wholesale and retail) reached a high point in March 2011, and this surge stimulated a rapid growth in domestic production of sugar beets. However, in 2012 and 2013 prices stabilized at relatively low levels. Since the beginning of 2014, white sugar prices began increasing again. By mid-January 2014, sugar prices (Krasnodar basis) increased by 1.7 percent from end of December 2013 to 23,400 rubles per 1 MT, and prices in the Central federal district increased by 1.3 percent to 23,200 rubles per 1 MT. These prices are 4.5 percent higher than in the same period last year.

Chart 8.



Source: Russian Ministry of Agriculture