



International Trade Report

March 27, 2006

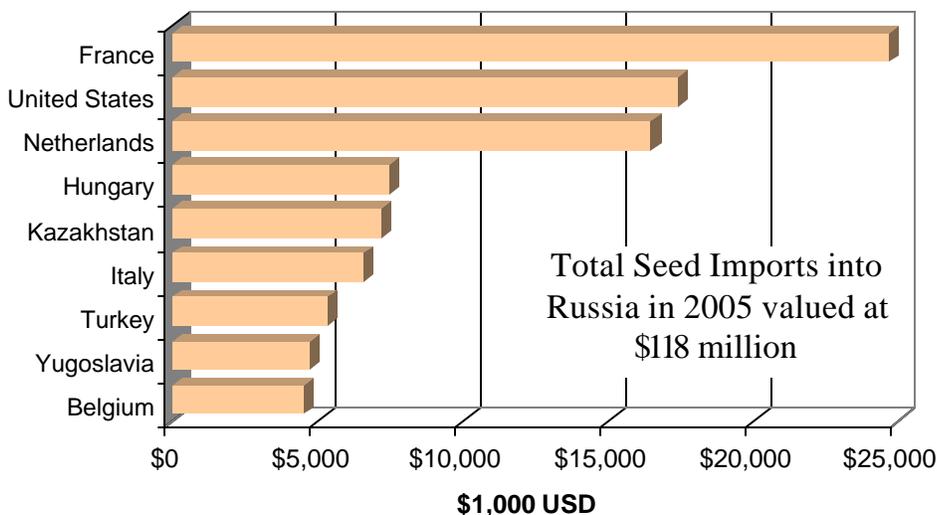
Russian Seed Supply on the Rise

Seed Imports into Russia up 33 Percent in 2005

Russia continues to be a large player in the global seed market. In MY 2005 (July-June), Russia was the sixth largest destination for global seed trade, importing nearly \$118 million. Compared to 2004, Russian seed imports increased \$30 million or over 33 percent in 2005, and the Foreign Agricultural Service (FAS) Post in Moscow forecasts that seed imports into Russia will continue to increase in MY 2006. Out of the \$118 million of total seed imports, the United States represented 15 percent or \$17.4 million. Historically, Russia's seed supply has been comprised of domestic production and saved seeds. However, as seed quality continues to improve globally, Russia has begun to increase imports of seeds to supplement its supply. The majority of imported seed is procured by vertically integrated sectors, primarily used for the production of atypical commodities. Russian research laboratories have also been using imported seed for breeding purposes, although Russia's reported import data does not correctly capture this trade.

Fifty Percent of Russian Seed Imports in 2005 from Three Countries

**France, the United States, and the Netherlands
Largest Seed Suppliers to Russia in 2005**



Based on value, Russia imports seed primarily from France, the United States and the Netherlands. In 2005, fifty percent of Russia's total planting seed imports, valued at \$58.6 million, came from these three countries with the United States representing 30 percent of the total. In 2005, Russian planting seed imports were comprised mainly of wheat and

meslin, corn, onion, and sunflower seeds. Imports of wheat and meslin seed, by far the largest portion of Russia's total imports of seeds in 2005, have been decreasing since 2003 due to an

increase in domestic production on expanding area, and a shift to the utilization of more saved seeds.

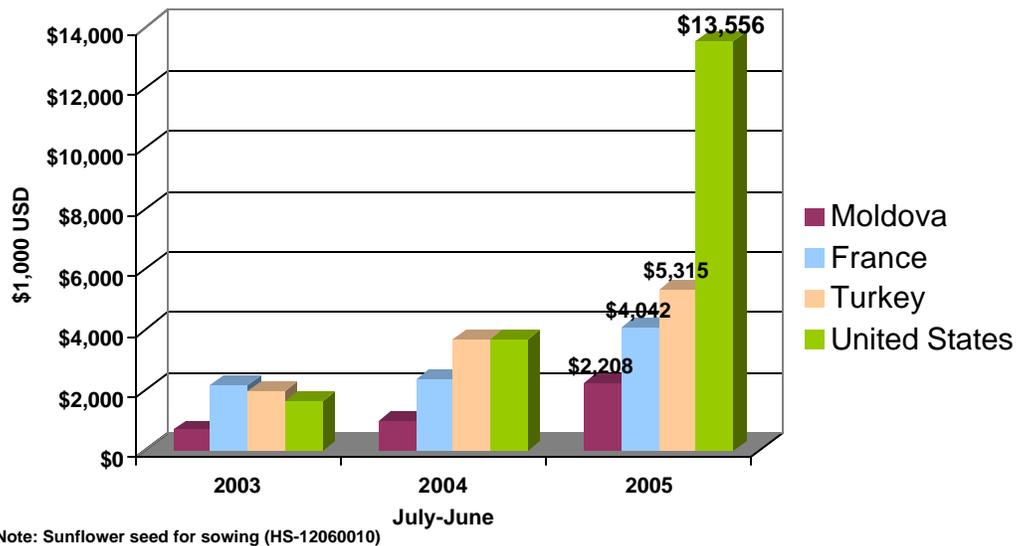
U.S. Dominates the Sunflower Seed Market

Although Central Asia including the Former Soviet Union supplies Russia with most of its seed for crushing, the United States continues to be the number one supplier of sunflower seed for sowing. Since

2003, Russian imports of U.S. sunflower seed have experienced an unprecedented average annual growth of 74 percent. Russian seed imports from the U.S. in 2005 virtually doubled with total value exceeding well over \$13 million. Much of this growth can be attributed to breeders from both Russia and the

United States being engaged in mutual planting seed research, and a favorable exchange rate.

Russian Sunflower Seed Imports



Ambiguity Still Exists Over Testing and Registration

Responsibility for inspection, testing and registration of planting seeds in Russia currently falls under the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) and the Ministry of Agriculture. The reality, however, is that seed breeders are still uncertain as to which agency is responsible for which process. In 2005, the function of seed inspection was officially assigned to VPSS, alleviating some of the transparency issues although testing and registration responsibilities have yet to be fully assigned. The responsibilities were to fall in the hands of the newly created Ministry of Agriculture following the liquidation of the Agency for Agriculture in the fall of 2005; however, this has yet to take place. Currently, it remains mandatory that all legal production and marketing of different varieties and hybrids of seeds be done within Russia.

For more information, contact (Ryan Hajen) at (202-720-0386) or Ryan.Hajen@fas.usda.gov