

Black Sea Crop Update

23 January 2023

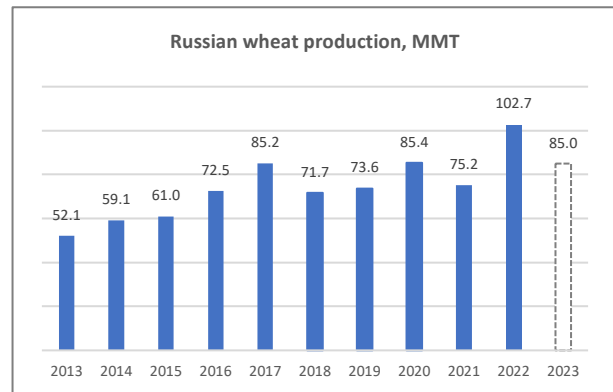
Agribusiness News

Russian cropping plan for 2023 harvest.

Russia's Minister of Agriculture said that to balance prices and stabilise the domestic market, they need to reduce the wheat area by almost half a million hectares and target a crop of 80-85MMT for harvest 2023.

That might be difficult given that 60% of the wheat area is already planted.

Also worth noting is that however much wheat Russia produced last year (Rosstat published 102.7MMT on January 10), circumstantial evidence suggests a significant proportion of it was stolen from Ukraine.



A crop of 80-85MMT would bring the Russian wheat harvest back in line with the long-term pre-war trend.

The Minister said the total cropped area for 2023 will increase by 50 thousand hectares to more than 82 million hectares, and grain and leguminous crops will reach 47.6 million hectares, 136 thousand hectares more than the previous year.

He said that to maintain the stability of the crop rotation, they will need to increase spring barley by 400 thousand hectares, peas by at least 125 thousand hectares, and sunflowers by 400 thousand hectares.

He also said they would need to increase sugar beet and soybeans but gave no figures.

Russia's North Caucasus cropping area remains at the same level as last year

This week, Russia's Ministry of Agriculture reported the total sown area in the North Caucasus Federal District would remain at the same level as the previous year.

The North Caucasus account for about 9% of Russian wheat production and 5% of barley, so nothing to get too excited about, but I anticipate another season of Russia talking up big crops (despite what the Minister of Agriculture said in the previous article).

Remember that last autumn's wet weather reduced wheat plantings in Central Russia oblasts of Kursk, Belgorod and Voronezh and that central Russia accounts for around 25% of Russian wheat.

Russian grain fleet

The Russian Ministry of Agriculture reports the need to build a cargo fleet to export Russian food, the urgency of which they say increased this year because of sanctions and the refusal of many international carriers to cooperate with Russia.

Grains account for more than a third of Russian agricultural exports, with 80% transported by sea.

The Ministry say they need 61-grain carriers; 27 with 40KMT capacity and 34 with 60KMT capacity.

Russian fertiliser export duty

From January 1, Russia introduced an export duty on mineral fertiliser until the end of 2023, set at 23.5% if the price exceeds \$450/MT.

In addition, they are also extending the fertiliser export quota to 11.8MMT until May 31, 2023.