

Factors and Concerns of Rising Grain Production in Russia

-A Focus on Wheat-

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Summary

The former USSR was an influential importer in the international grain market. During the 2000s, the Russian Federation has emerged in world grain markets as a major grain exporter. This transition was attributed to a substantial decline in Russia's feed grain consumption due to a contracted livestock sector on the one hand and, on the other, the country's recovery and move to increased grain (mainly wheat) output in the 2000s after the decline of the 1990s. Focusing on the latter, this study found factors that explain the production rise and make known some concerns for further development ; these are:

1. Increase of Russia's wheat production in the 2000s was mainly due to increased yield per hectare. After econometrical analysis, it was presumed that in the case of winter wheat in the North Caucasus Economic Region (which accounted for half of Russia's wheat production growth in the 2000s decade), the main factors responsible for the increased yield were resumption of agricultural inputs such as mineral fertilizers and, in West Siberia, climatic factors (mainly precipitation).
2. Resumption of mineral fertilizer inputs in the 2000s continued despite the rapid rise of its relative price in terms of grain. This paradoxical achievement, the result of the activities of agricultural producers to optimize the use of mineral fertilizer inputs after the period of long and excessive reduction, was also promoted by government policies that included low-interest loans.
3. The rising cost of production goods continues in Russia and the profitability of grain crops is on the declining trend without taking into account government subsidies. Resultantly, the mechanism of Russia's growth in grain production driven by resumption of agricultural inputs such as mineral fertilizers may end in the not-so-distant future. The introduction and dissemination of advanced technology is inevitable for further development of Russia's grain production and exports.