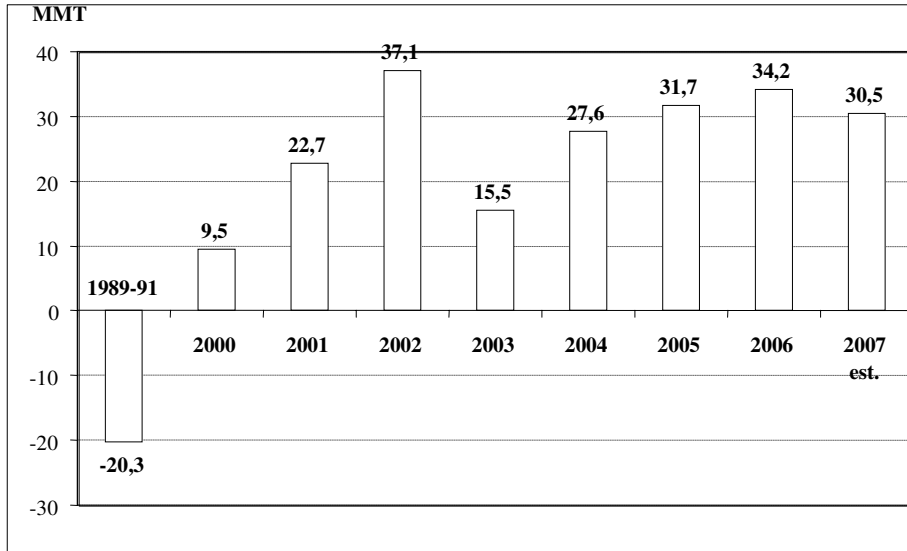
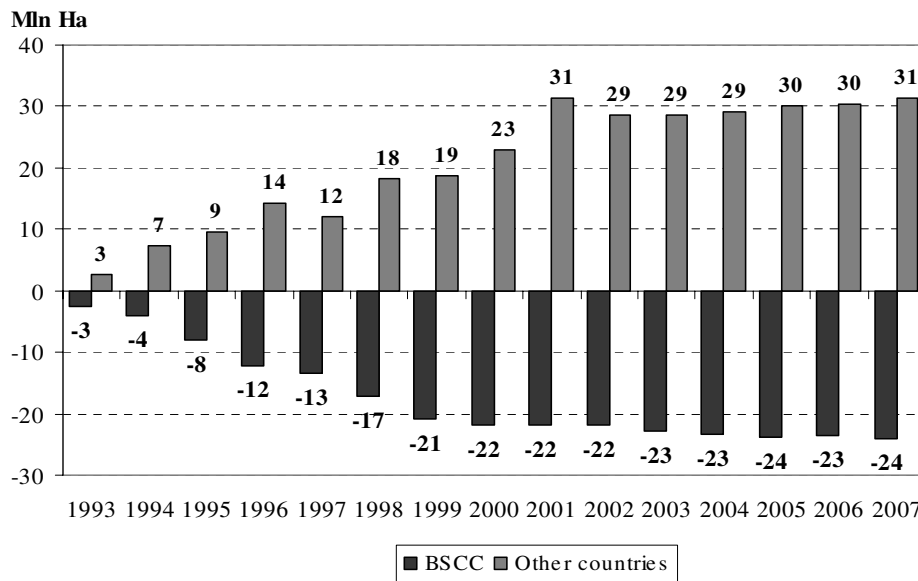


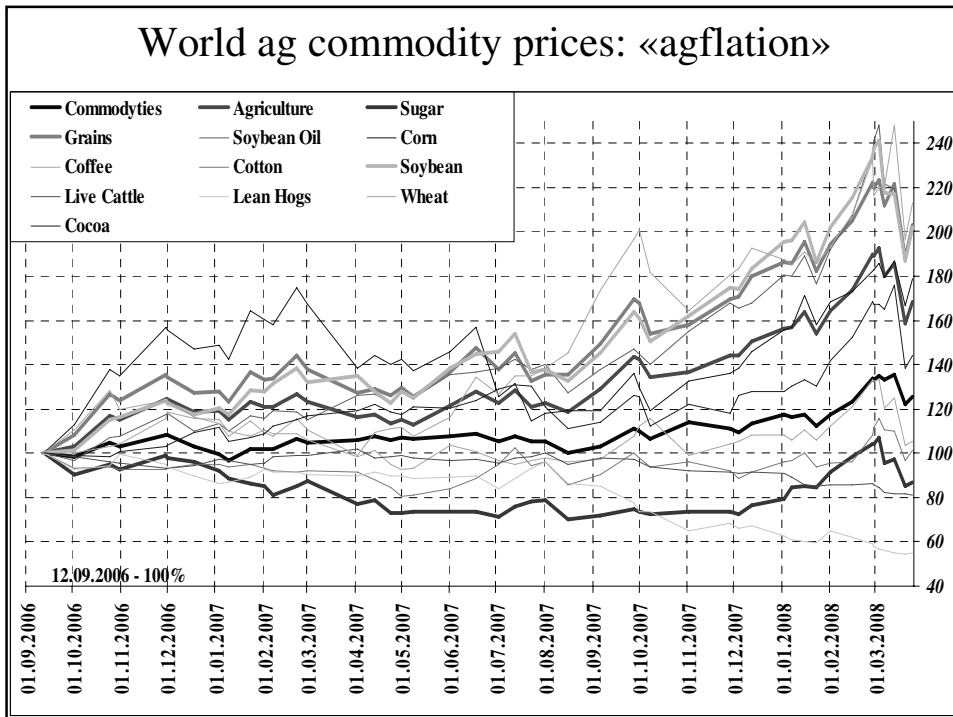
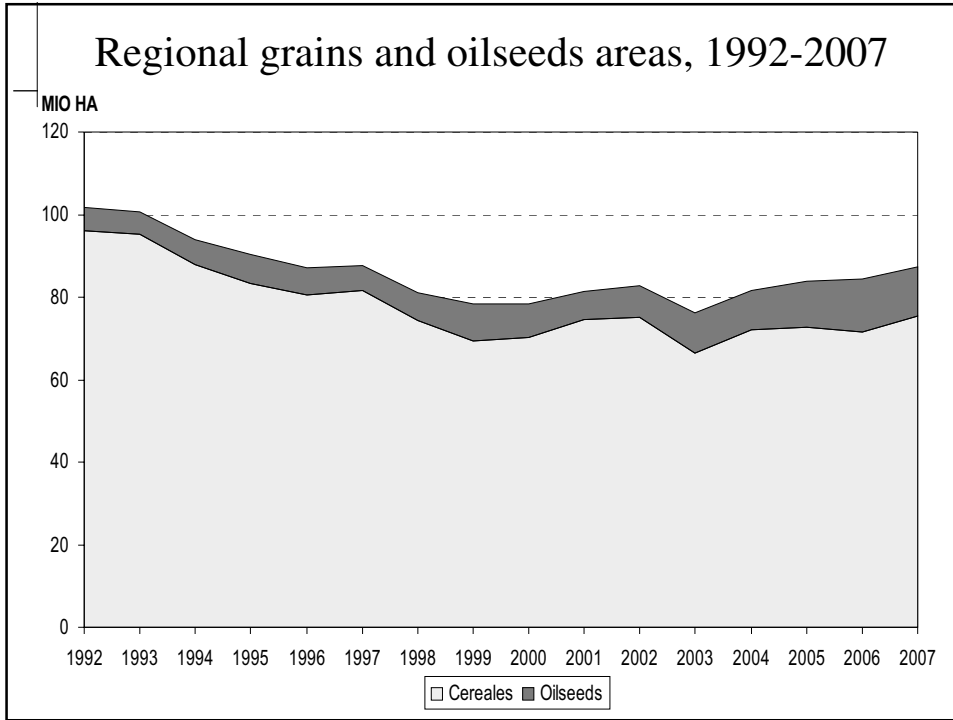


## Black Sea foreign trade with grains

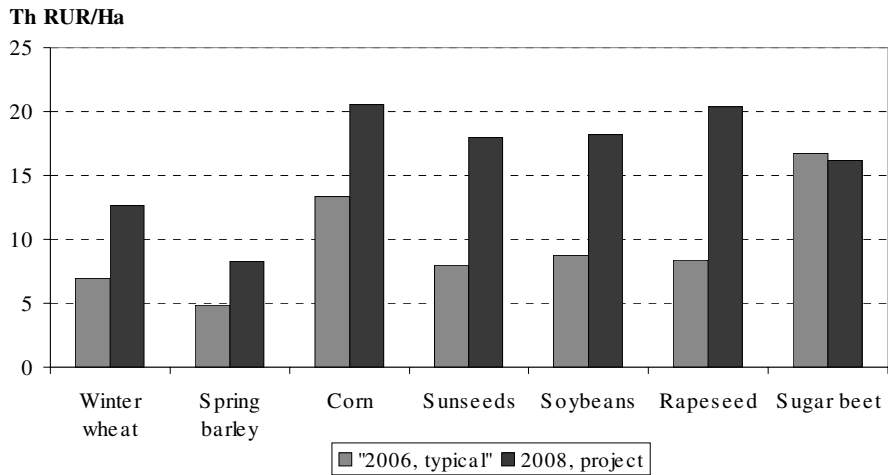


## Dynamics of arable lands: rest of the world and three Black Sea nations, 1992-2007





Russia: gross margin of main crops:  
«traditional» and estimate for 2008

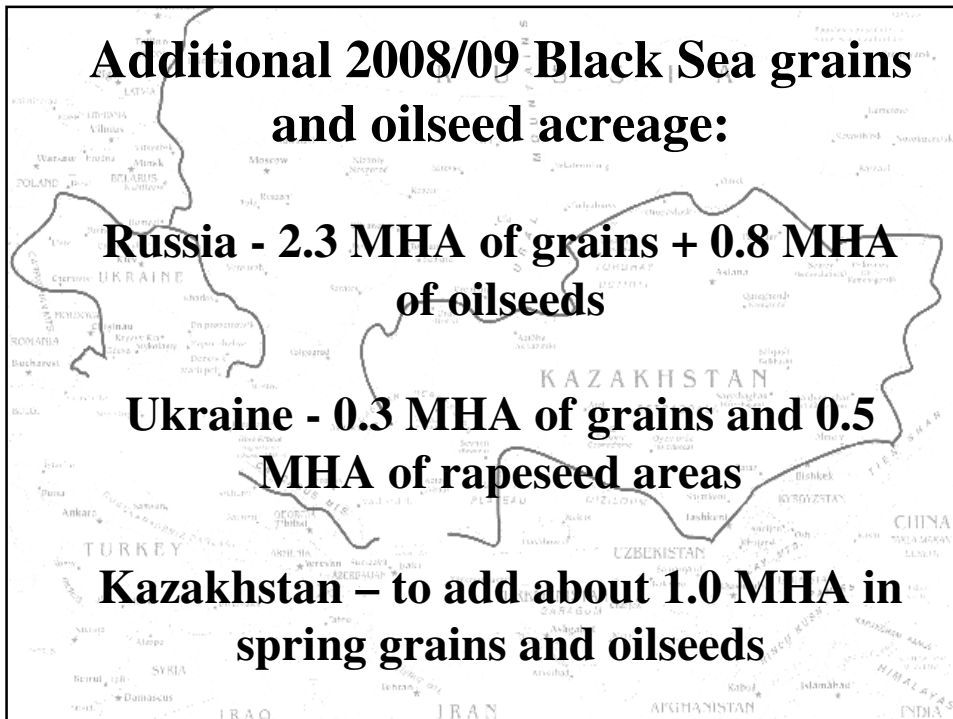


**Additional 2008/09 Black Sea grains  
and oilseed acreage:**

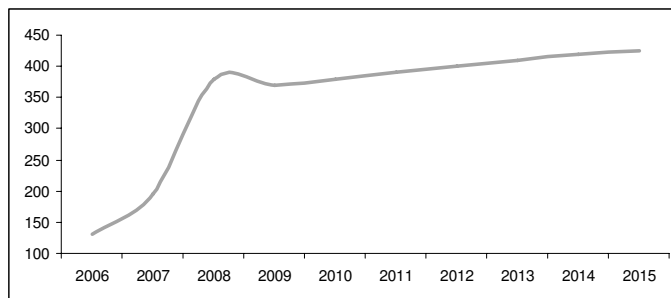
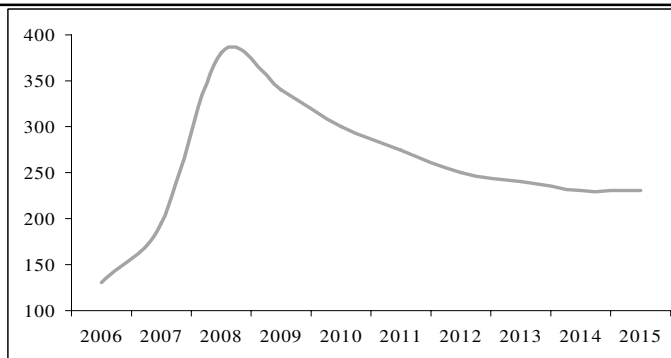
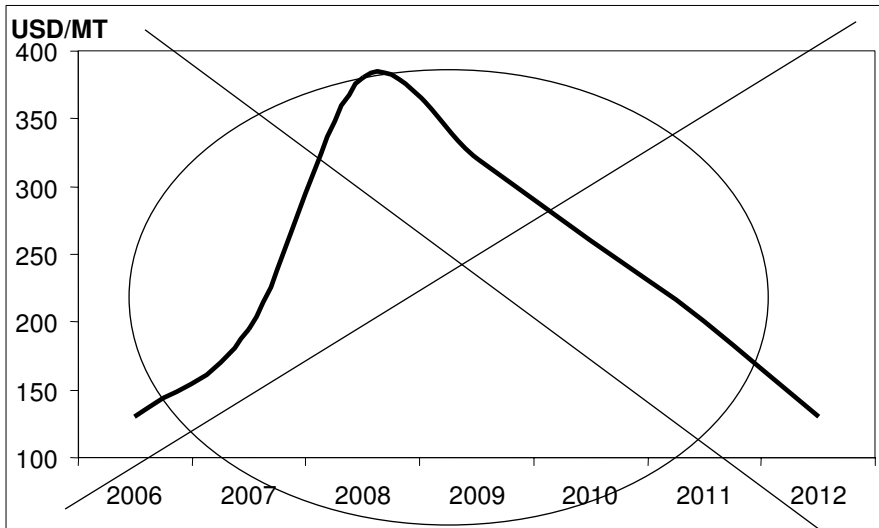
**Russia - 2.3 MHA of grains + 0.8 MHA  
of oilseeds**

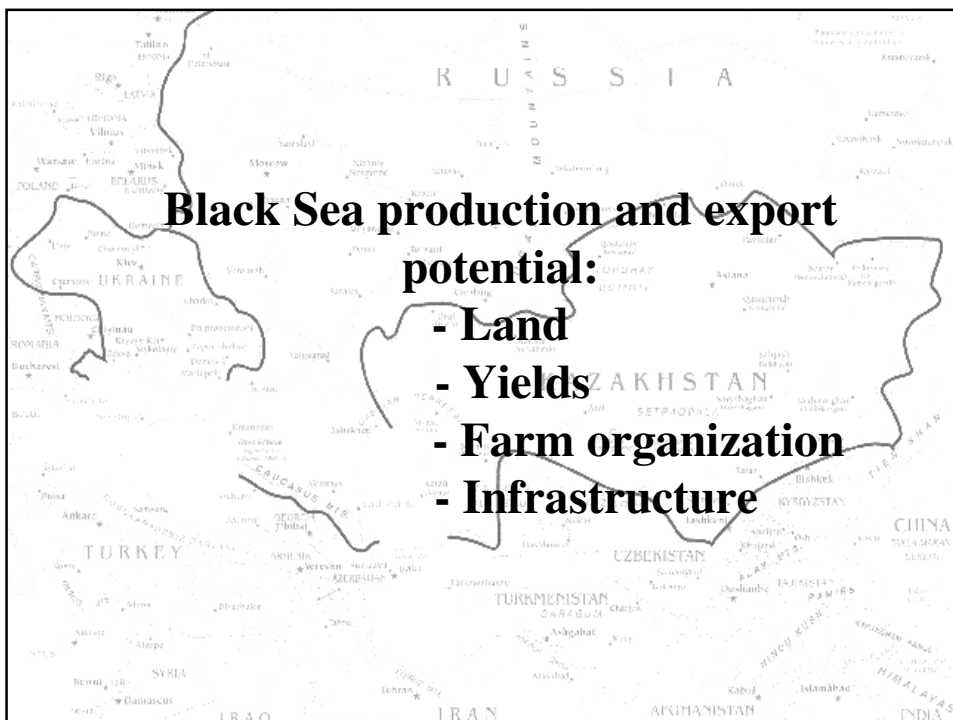
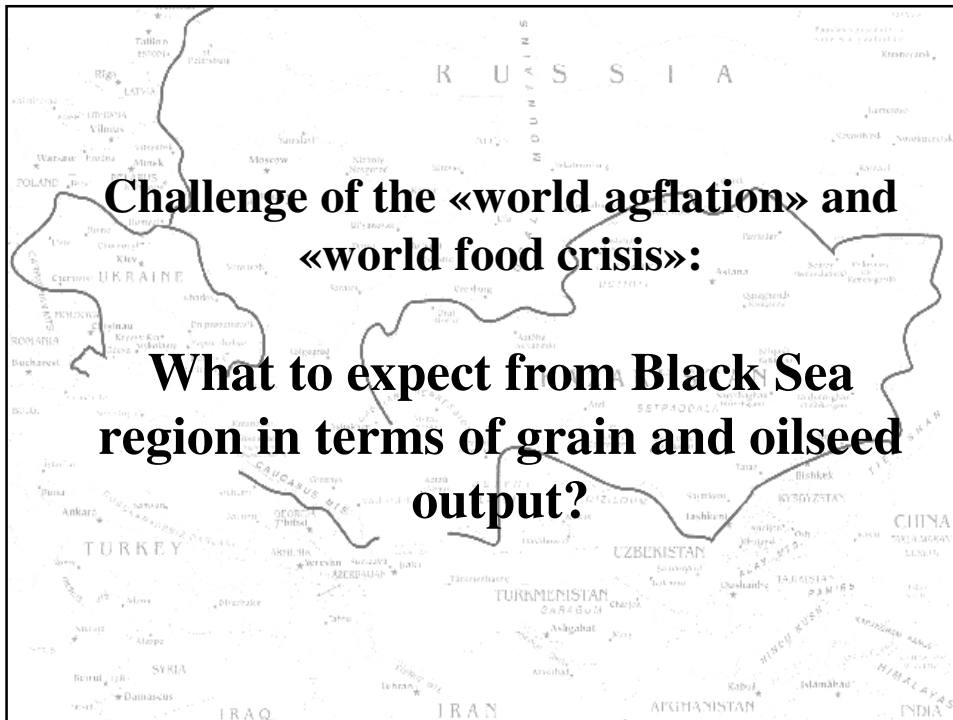
**Ukraine - 0.3 MHA of grains and 0.5  
MHA of rapeseed areas**

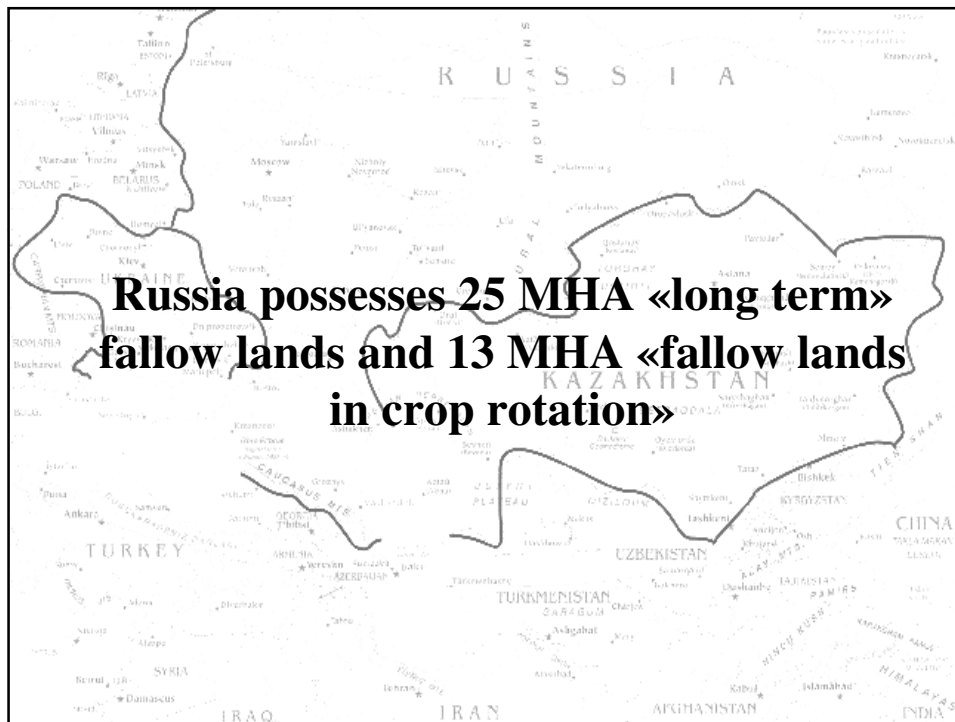
**Kazakhstan – to add about 1.0 MHA in  
spring grains and oilseeds**

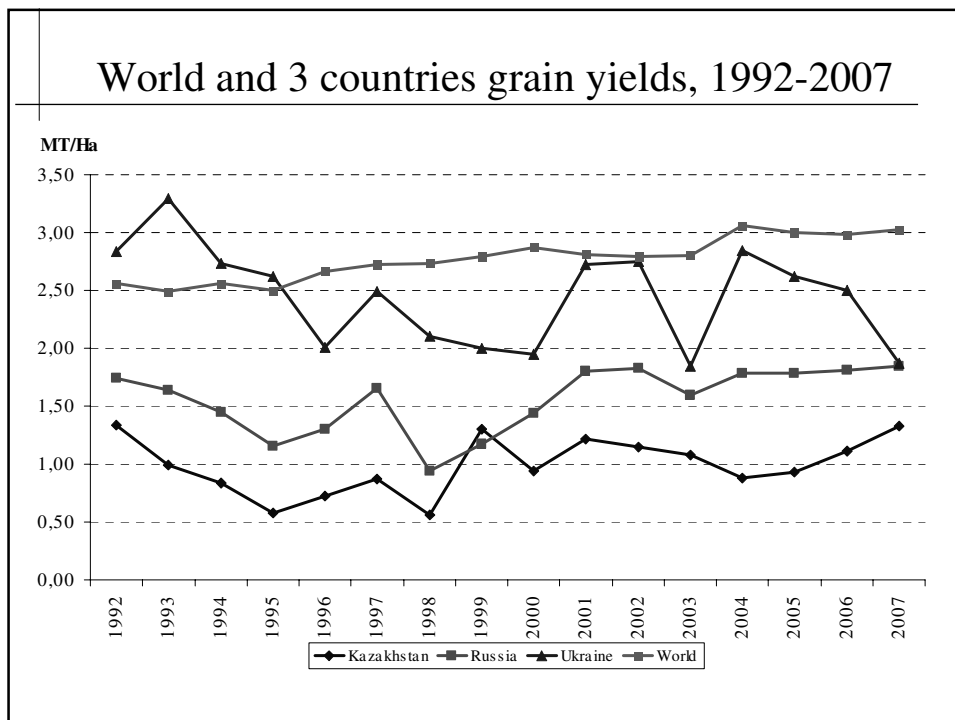
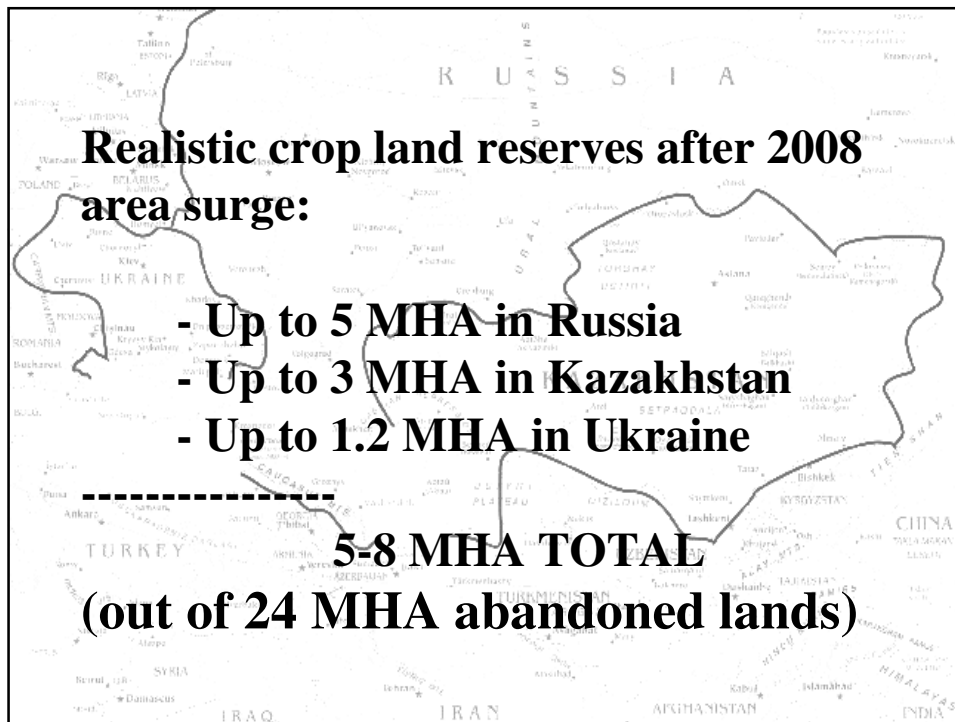


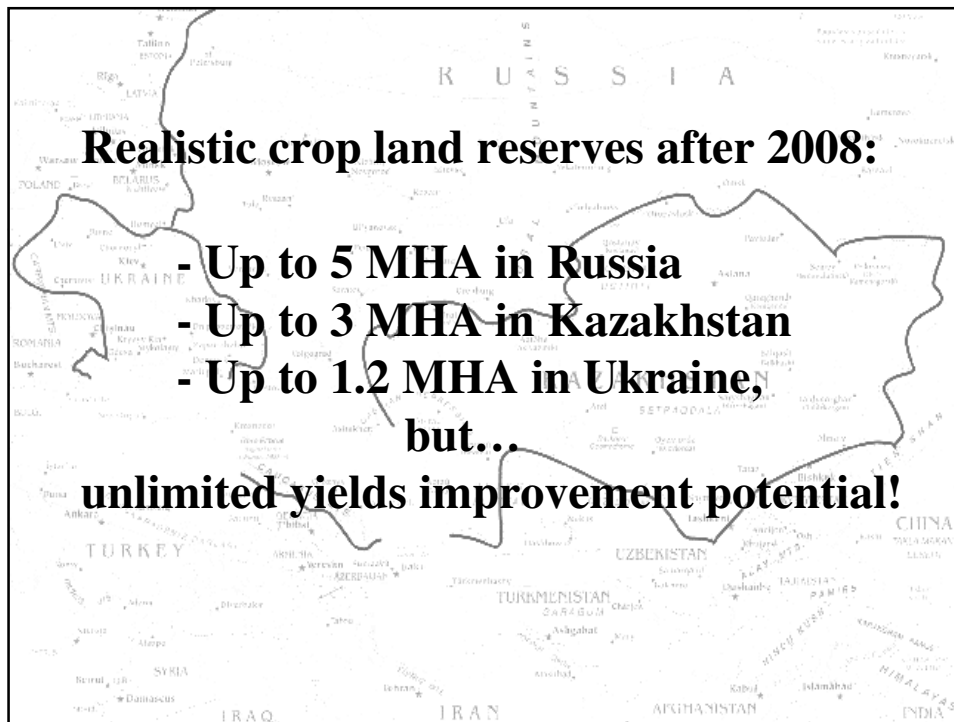
### Medium-term world grain price scenario











**Farm organization: emerging New Ag Operators, or «agroholdings»**

Agroholdings: mega non-agricultural investors entering primary agriculture



As of June 2008: 200 companies, who control about 11500 THA of arable land in Russia

including 32 companies with scope of operations of 100 THA and more

## Current agroholdings positioning

**Kazakhstan**  
20 companies  
"captured" 4/5 of the  
grain output

**Russia**  
200 companies  
control 1/4 of grain  
output

**Ukraine**  
From second part of  
00's sector is growing  
fast!

## Case of «Traditional» and «New» farming. Stavropol, neighboring farms, winter wheat. June, 2008



2.3 tons/ha potential  
yield

7.0 tons/ha potential  
yield



Production and «export surplus»: grains

	2007 est.		2016 proj.	
	Production	Exp. surplus	Production	Exp. surplus
Russia	81	13,3	98	21,5
Ukraine	29	3,5	44	15,7
Kazakhstan	20,5	9,2	22,1	11,2
Total	130,5	26	164,1	48,4

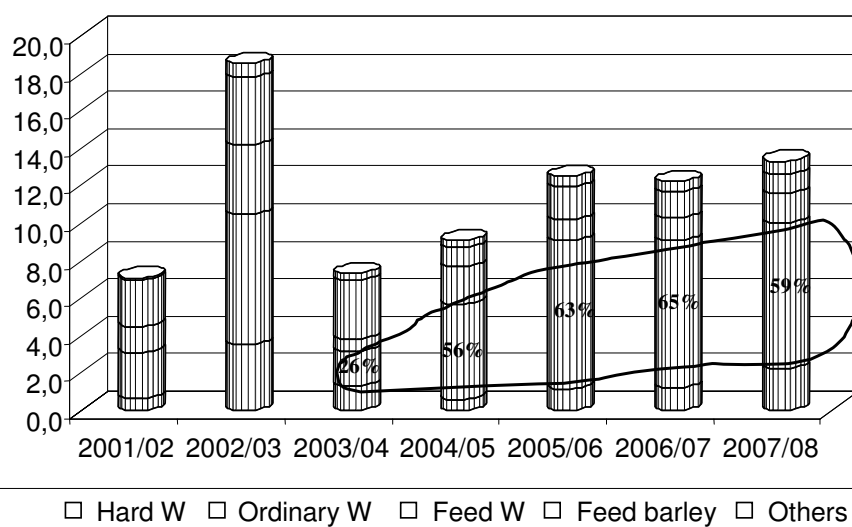
Oilseeds: production and export surplus:  
2007 and 2016

	2007 est.		2016 proj.	
	Production	Exp. surplus	Production	Exp. surplus
Russia	7,0	0,8	9,6	2,8
Ukraine	5,8	2,8	8,7	5,4
Kazakhstan	0,4	0,1	0,7	0,1
Total	13,1	3,6	19,0	8,3

## Export mix specialization...

**Russia is key player on ordinary food wheat  
(protein 11.55+) export market**

## Russian grain export mix structure



## **Export mix specialization...**

**Russia is key player on ordinary food wheat  
(protein 11.55+) market**

**Ukraine  
focuses on feed barley and feed wheat**

**Kazakhstan  
dominates high-pro and durum wheat export  
market...**

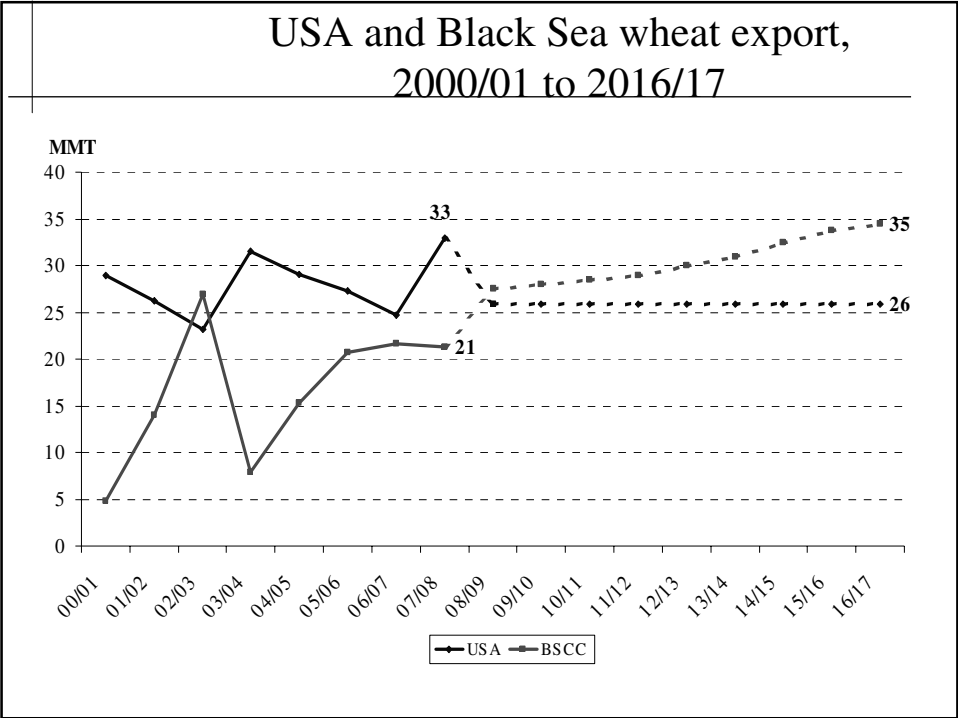
## **Selected insights on future export mix...**

*Three countries export mix to widen due to higher  
corn and rapeseeds presence*

*Ukraine to improve quality of wheat and collide with  
Russia on ordinary milling wheat export market*

*Kazakhstan to strengthen specialization on high-pro  
wheat*

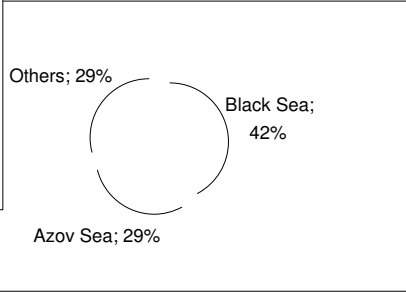
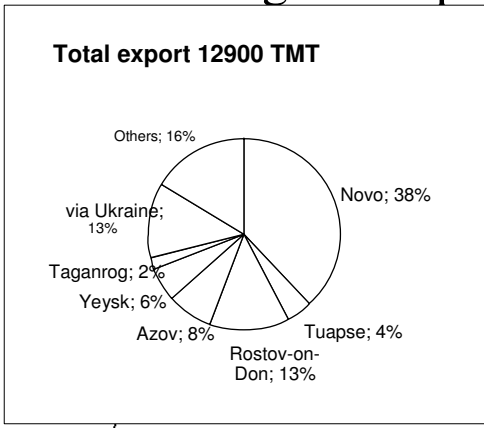
*Regional barley production and export volume to  
shrink...*



**Infrastructure**  
**(in a broad meaning) is short and**  
**medium-term impediment for the**  
**pinky sky long- term future...**

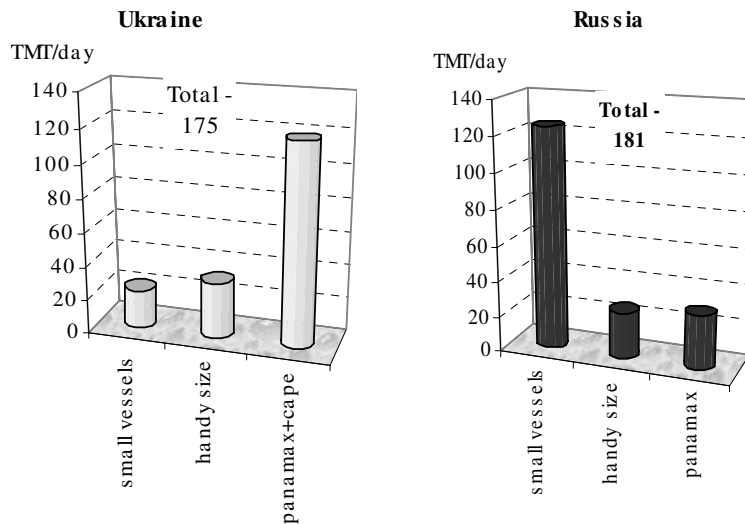
**Ports...**  
**Roads...**  
**Elevators...**  
**Farms...**

### Russian grain export 2007/2008



- Main export channels

Russia and Ukraine: nominal capacity structure of grain export capacities, TMT per day, 2008/09 season



**Forthcoming Russian grain export novelties**

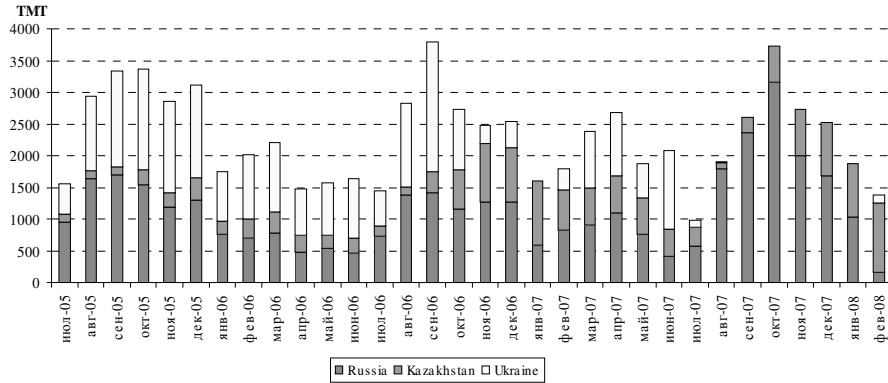
**2008/09:**

**Novorossiysk Grain Terminal (NZT) is expected to reach full size (15 tmt/day).  
Total Novo capacity to reach 35 tmt/day**

**~2010/11**

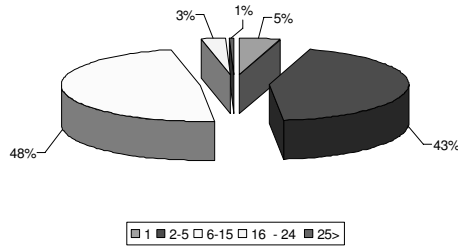
**New deep water export terminal in Tuapse  
New export capacity in Olya, Russian water gate to Caspian Sea**

## Black Sea monthly aggregated grain export

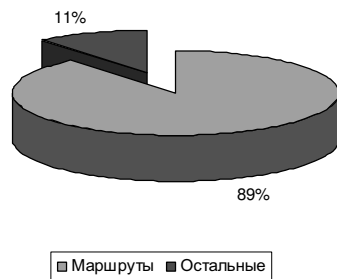


**Lessons of regional export season, 2007/08:**  
 - rule of “communicating vessels”  
 - reaching “capacity ceiling”

## Russia and the USA: structure of grain shipments in railway wagons:

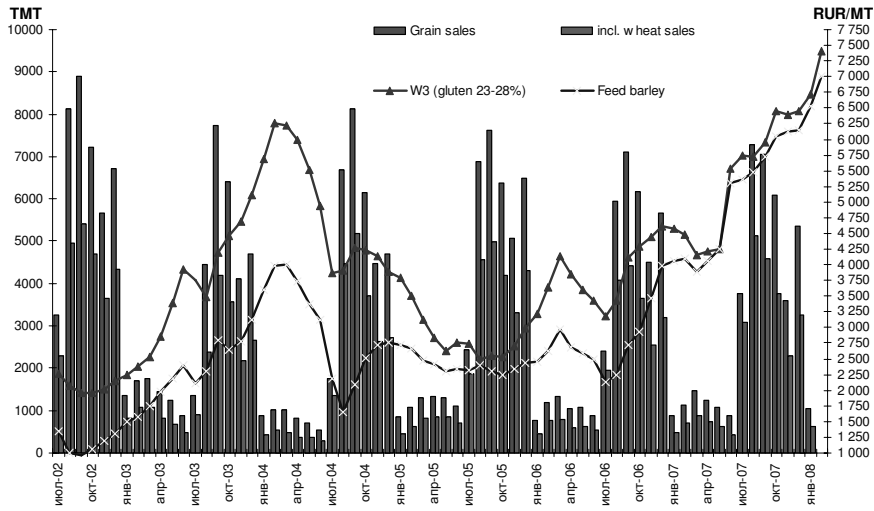


Russia: ~5%  
of unit trains

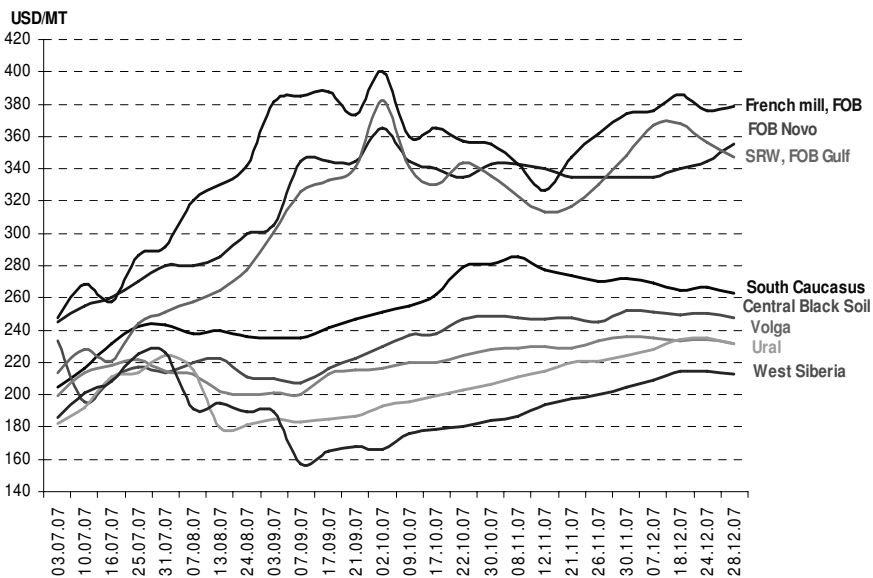


USA: ~90%  
of unit trains

## Russia: seasonality of grain shipments from farms and price of grain



## How our market works... Domestic grain prices before export duty introduction: case of wheat



**2008/09 season...**  
**Strongest ever export potential!**

**IKAR: *post field trip* Russian grain  
production forecast for 2008, MMT**

	<b>2007</b>	<b>2008, May</b>	<b>2008 June</b>
Total cereals	81	88	92,2
Wheat	48,6	52,8	55
Barley	15,6	17,4	17,9
Rye	3,7	4,0	4,2
Oat	5,4	4,6	4,7
Corn	3,9	5,1	6,2
Others	3,5	4,2	4,2
Yield, MT/Ha	1,82	1,88	1,99

Potential regional grain export surplus,  
MMT

	<b>2007/08</b>	<b>2008/09</b>	<b>Change</b>
Russia	13,3	15,5	2,2
Ukraine	4,7	15	10,3
Kazakhstan	9,5	8,3	-1,2
<b>Total</b>	<b>27,5</b>	<b>38,8</b>	<b>11,3</b>

Potential regional wheat export surplus,  
MMT

	<b>2007/08</b>	<b>2008/09</b>	<b>Change</b>
Russia	11,9	13,5	1,6
Ukraine	1,7	7	5,3
Kazakhstan	8,5	7,5	-1
<b>Total</b>	<b>22,1</b>	<b>28</b>	<b>5,9</b>



**General director**

**Dmitry Rylko**

**Tel/fax: +7-(495) 232-90-07**

**E-mail:**

**d.rylko@ikar.ru**  
**WWW@IKAR.RU**

**WWW.IKAR.RU**