

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Kazakhstan - Republic of**

### **Grain and Feed Update**

#### **Kazakh Grain Exports Continue to Decline**

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**Report Highlights:**

Kazakh grain exports have slowed in recent months, as a severe drought in 2012 has reduced exportable supplies. Wheat prices in Kazakhstan are relatively stable but are being supported by rising Russian prices, especially in the neighboring Urals and Siberia, where a regional grain deficit is expected to result in increased flows of Kazakh grain there, in the first half of 2013.

**Post:**

Astana

## **Production**

The Kazakh Statistical Service has released 2012 grain production data for Kazakhstan. Overall grain production is down 52%, from a record 26.9 million metric tons (MMT) in 2011, to only 12.8 MMT in 2012. Kostanai region, which in 2011 was the largest grain producing region, was the hardest hit by drought with production falling nearly 70 percent. The final wheat production for 2012 was 9.8 MMT (down 57%), barley was 1.5 MMT (down 42%) and corn was 0.52 MMT (up 8%).

### **Total Grain Production (by Region) for Kazakhstan**

	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>All Grain (including Rice and Pulses) Production (Thousand Metric Tons)</b>			
<b>Kazakhstan Total</b>	<b>12,185.2</b>	<b>26,960.5</b>	<b>12,864.8</b>
Akmola Region	2,141.9	6,597.6	2,822.0
Aktobe	64.4	428.6	94.7
Almaty	1,066.0	1,119.8	1,021.7
Atyrai	0.0	0.3	0.0
West Kazakhstan	76.3	347.3	129.3
Zhambyl	372.6	393.5	229.5
Karaganda	293.9	709.6	403.4
Kostanai	3,039.9	7,900.0	2,449.5
Kyzylorda	328.2	301.0	291.0
South Kazakhstan	371.3	357.0	282.6
Pavlodar	232.1	384.9	168.5
North Kazakhstan	3,730.4	7,879.4	4,391.1
East Kazakhstan	467.7	540.9	580.9
Astana City	0.2	0.3	0.5
Almaty City	0.3	0.3	0.1
<b>Wheat Production</b>			
<b>Kazakhstan Total</b>	<b>9,638.4</b>	<b>22,732.1</b>	<b>9,841.1</b>
Akmola	1,968.8	6,052.1	2,552.5
Aktobe	59.7	376.1	72.8
Almaty	399.6	405.5	305.7
Atyrai	-	-	-
West Kazakhstan	65.1	256.2	101.1
Zhambyl	182.4	183.6	84.3
Karaganda	261.3	611.4	332.2
Kostanai	2,858.9	7,341.3	2,246.1
Kyzylorda	6.3	5.2	2.7
South Kazakhstan	244.1	234.5	137.2
Pavlodar	194.2	311.1	123.7
North Kazakhstan	3,081.2	6,574.6	3,505.8
East Kazakhstan	316.6	380.2	376.6
Astana City	0.2	0.3	0.4
Almaty City	-	-	-

### **Year to Year Change in Grain Production (MMT)**

Grain	2011	2012	Change
Wheat	22.73	9.84	-57%
Barley	2.59	1.49	-42%
Corn	0.48	0.52	+8%

Data Source: Kazakhstan Statistical Service

### 2013 Production

At the end of January the Kazakh Ministry of Agriculture announced their expectations that area planted to grains in 2013 would fall about 2% to 15.9 million hectares. Wheat planted area is also expected to fall by about 2% to 13.1 million hectares, which if realized would be the fourth consecutive year of declining area. The Ministry has been encouraging a switch from wheat into other feed grains and other products in order to help support the livestock sector with more feed. In addition, because of the logistical difficulties of getting wheat to far away export markets, the Ministry is anxious to increase production of those grains which have increasing domestic consumption.

### Grain Planted Area (Million Hectares)



Data Source: Kazakhstan Statistical Service

### Government Support for 2013 Crop Production

The Ministry of Agriculture recently announced that the preparation of agricultural machinery in Kazakhstan for spring 2013 sowing is on pace with last year. The Ministry has also announced other support programs for 2013 crop production

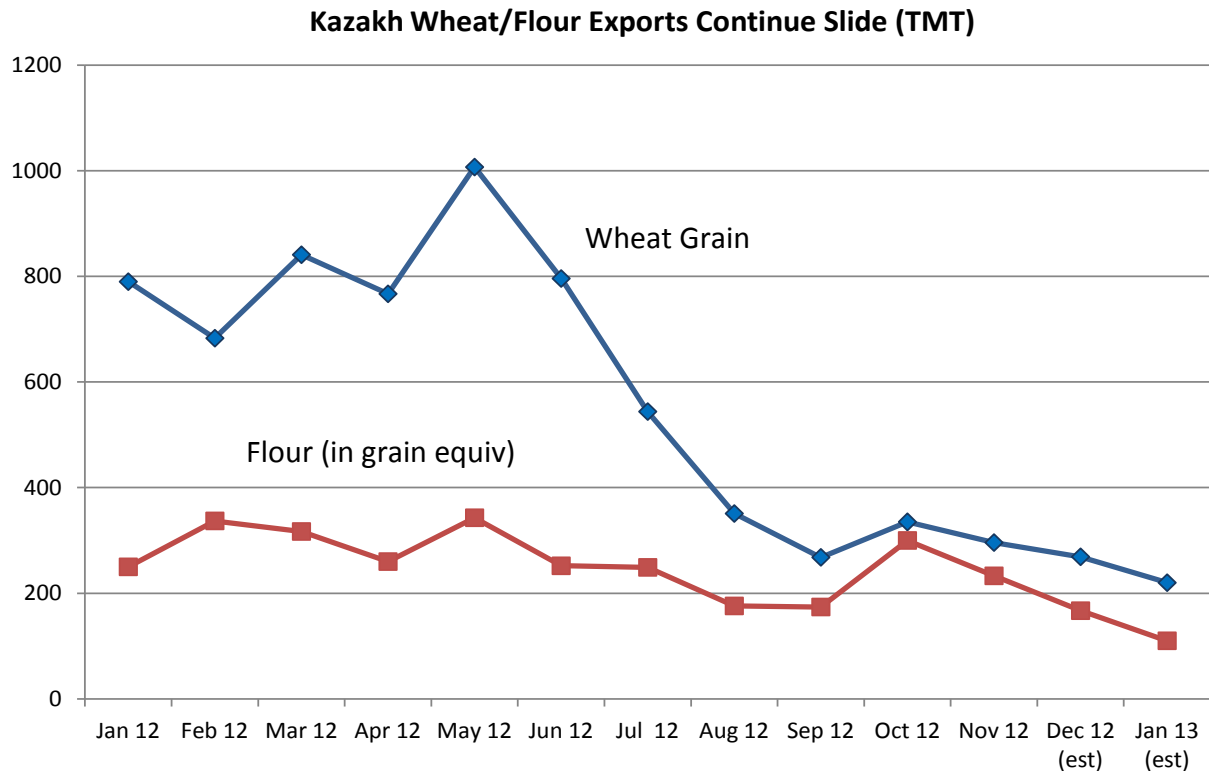
--The Ministry has announced a massive increase in subsidies for herbicides in 2013, from just 1 billion tenge (\$6.7 million) previously to over 19.1 billion (\$127 million). In addition, subsidies would now be

available for foreign-produced herbicides and not just domestic products. Domestic herbicides can be subsidized up to 50% of the purchase cost, and up to 30% for foreign products.

--The Ministry estimated the deficit of seeds for the spring sowing campaign at 67,000 metric tons, and said that they would cover that deficit through government reserves. Akmola and Kostanai Regions were hit hardest by the drought in 2012 and are estimated to have the highest deficit at 12,300 and 53,000 tons respectively.

--The Ministry sent a request to the Eurasian Economic Commission (Customs Union) for a quota to be set which allows Kazakhstan to import a certain number of combines without a recently imposed 32.5% protective duty for all foreign combines entering the Customs Union before July 5, 2013. The Ministry feels that this tariff would harm Kazakh crop producers, and asked for a quota of 200 combines, which is the average number they import annually.

## Trade



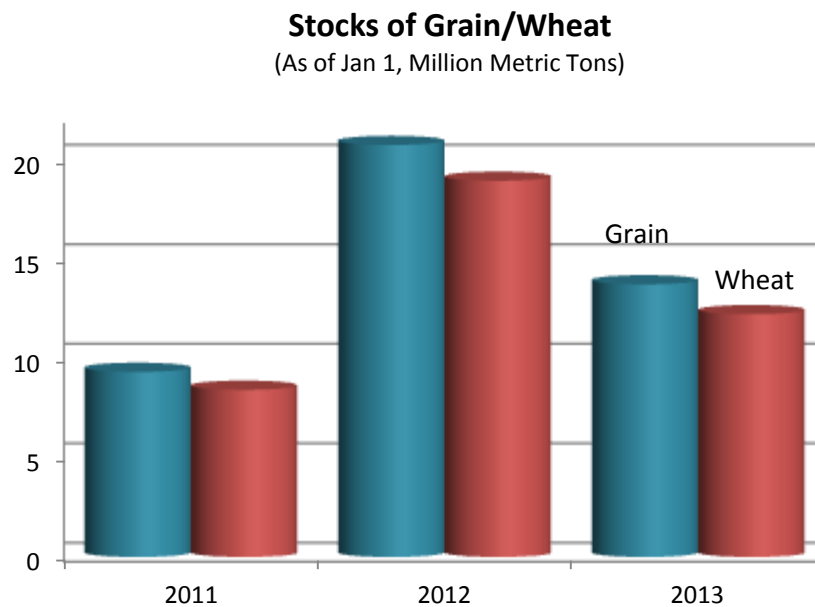
Data Source: Kazakh Customs and FAS/Astana estimate for December 2012 and January 2013

With lower supplies as a result of a much smaller crop, Kazakh wheat and flour exports have begun to fade in recent months, falling from over 1 MMT export in May 2012, to just a quarter of that amount in January 2013. Overall, 3.8 MMT of total grain has been exported from July through December 2012. The Ministry of Agriculture estimates that that Kazakhstan has 7 MMT of export potential for grain this marketing year, and the President of the Kazakh Grain Union also recently gave an estimate of 6.5-7

MMT in exports. Because of a smaller final 2012 wheat production number than previous estimated, and the very sluggish pace of exports to date, FAS/Astana has reduced its wheat export forecast to 6.5 MMT. There is expected to be higher shipments of Kazakh wheat to Russia (the Urals and Siberia) in the first half of 2013. Production was poor in these regions and stocks are shrinking. Industry analysts estimate 1 MMT of Kazakh wheat will be exported to these regions this year.

### **Stocks**

According to the State Statistics Service, Kazakhstan grain stocks as of January 1, 2013 were at 13.7 MMT, including 12.2 MMT of wheat. These volumes for wheat are significantly below last year's level (when production was a record) but still nearly 50% above levels in January 1, 2011.



Data Source: Kazakh Statistical Service

### **Prices**

Prices in Kazakhstan have been relatively steady for the past 3 months, after increasing nearly 70% in August and September. From the end of September to mid-January, prices for 3<sup>rd</sup> class wheat at the Russian border increased by only \$2, from \$305 to \$307 per metric ton. Continued strong prices in Russia are expected to support Kazakh wheat prices into 2013. For barley, prices increased just \$3 per MT from \$305 per MT to \$308 per MT at the Caspian port of Aktau.

Wheat Kazakhstan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Sep 2010		Market Year Begin: Sep 2011		Market Year Begin: Sep 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	14,262	14,262	13,849	13,849	13,500	13,464
Beginning Stocks	4,300	4,300	2,883	2,883	6,381	6,631
Production	9,638	9,638	22,732	22,732	10,500	9,841
MY Imports	7	7	10	10	10	10
TY Imports	7	7	6	6	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	13,945	13,945	25,625	25,625	16,891	16,482
MY Exports	4,862	4,862	11,844	11,394	7,000	6,500
TY Exports	5,519	5,519	11,069	10,619	7,000	6,500
Feed and Residual	1,900	1,900	2,600	2,600	2,200	2,000
FSI Consumption	4,300	4,300	4,800	5,000	4,800	4,600
Total Consumption	6,200	6,200	7,400	7,600	7,000	6,600
Ending Stocks	2,883	2,883	6,381	6,631	2,891	3,382
Total Distribution	13,945	13,945	25,625	25,579	16,891	16,482
1000 HA, 1000 MT, MT/HA						