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Report Name: Kazakhstan Focused on Modernizing Dairy Sector and Reducing Dairy Product Imports

Country: Kazakhstan - Republic of

Post: Astana(Nur-Sultan)

Report Category: Dairy and Products

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Report Highlights:

Kazakhstan's dairy sector is still predominantly made up of small farms and limited processing capacity. However, the sector is gradually modernizing with the use of the latest technology and on-farm innovations, including the use of imported livestock genetics from the United States. Looking ahead, the modernization of the country's dairy sector could open new opportunities for U.S. feed ingredients, like soybean meal and corn by-products.

Structure of Kazakh Dairy Farms

Kazakhstan's dairy sector is characterized by relatively small sized operations with a handful of dual-purpose cows with low yields. However, modern American-style dairy operations, some of which are using U.S. livestock genetics, are gradually taking hold and are helping to gradually transform and modernize the sector. The government hopes this ongoing modernization will generate new economic opportunities for the country and reduce its dependence on the growing volumes of imported dairy products.

Kazakhstan has three kinds of dairy farm operations – household farms, individual farms, and agricultural enterprises – that vary in size, sophistication, and output.

1. Household Farms
   Manage 2-5 dual-purpose, local breed cows with low yields. The average daily output per cow is reportedly below 5.0 kilograms. These farms use basic farming practices and mainly rely on access to public grazing lands in the warmer months and purchase feed for the winter months. Most operations are considered informal and are unregistered with the government, making it difficult for them to access state support. The milk is generally consumed on farm or sent to village processors.

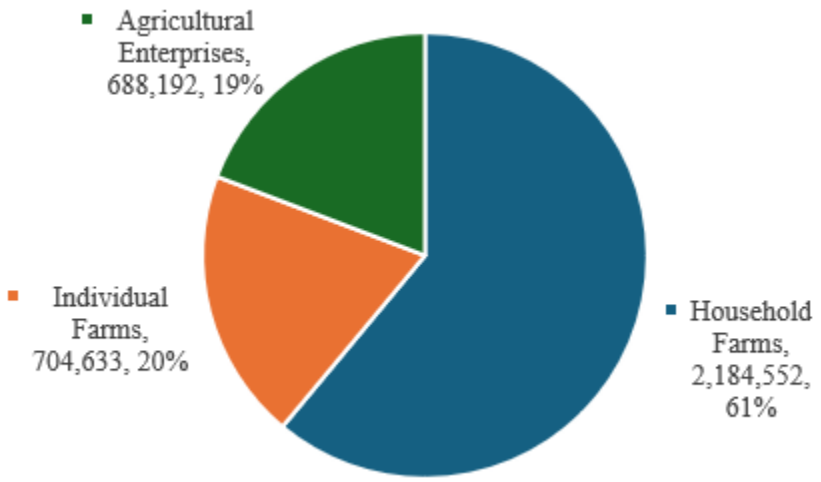
2. Individual Farms
   Operate on leased land with 10-500 head. The average daily output per cow is reportedly below 5.0 kilograms. Employs hired labor for on-farm work. Registered with the government and, therefore, qualify for tax incentives and other kinds of government support. Cattle are grazed on public and privately-held lands and fed purchased feed in the winter months. Milk is sent to village processors that might be located 100-200 kilometers away. The milk collection process is not systematized and can sometimes be delayed.

3. Agricultural Enterprises
   Modern commercial dairy operations with 500-8,000 head are comparable to American-style dairy farms. The average daily output per cow is almost 13.0 kilograms, more than double the output of smaller dairy operations thanks to better feed, modern animal husbandry practices, improved genetics, and mechanization advantages. Often integrated with large-scale grain operations that supply the needed livestock feed. Registered with the government and utilizing the full range of state support, including investment subsidies and preferential programs for major capital investments.

While the number of large agricultural enterprises is gradually increasing, the bulk of the country's milk production is still coming from household farms. Approximately 60 percent of the milk produced in Kazakhstan in 2024 comes from household farms, according to Kazakh official statistics. However, sector contacts claim that this figure is probably overstated since it's difficult to verify how much is actually being produced by household farms.

The dairy sector continues to face significant challenges, especially with animal health related issues, that impact the sector's productivity. Difficulties accessing the latest vaccines and other animal drugs lead to disease outbreaks, such as foot and mouth disease and brucellosis. The lack of a robust extension program slows the on-farm adoption of the latest technological innovations, animal husbandry practices, and other modern applications on household and individual farms. The absence of reliable market data makes it difficult for farmers to plan and invest for the future.

Chart 1. Milk Production by Farm Type, Liters, 2024



Kazakh Government Invests Heavily in Modernizing Country's Dairy Sector

The Kazakh government spends almost 4 percent of its annual budget to support the country's agricultural sector and make it more competitive. As part of its larger farm subsidy program, the government allocated around 200 billion tenge ($370 million) in 2025 to assist dairy farmers with purchasing livestock genetics, feed, and other on-farm inputs, while also paying them for the amount of milk they produce. These subsidies are aimed at making the dairy sector more productive and profitable, with the longer-term goal of reducing dependence on imported dairy products.

Kazakhstan operates a milk cost-reduction mechanism through per-kilogram subsidies for raw milk production. This represents government payments to farmers on top of market prices. Subsidy rates range from 20 to 45 tenge per kg ($0.03–$0.08), depending on region, production conditions, and herd size, with higher rates applied to large agricultural enterprises and lower rates for individual and household farms. These subsidies support farmer profitability when market prices don't cover production costs, stimulate milk production, maintain competitiveness with imports from Russia and Belarus, and provide income support to small farmers and households. The government uses this mechanism to increase dairy business profitability and ensure food security.

Under the 2024 Decree on Economic Liberalization, government subsidies for milk, meat, and greenhouse vegetables will be phased out by the end of 2028. At that time, the government's support will then shift to preferential credit programs.

Growing Demand for U.S. Dairy Genetics & Feed Ingredients

In recent years, as Kazakhstan's dairy sector has gradually begun to modernize, the demand for imported livestock genetics has grown. Many agricultural enterprises and some individual farms are increasingly using imported Holstein genetics to improve their milk yields. As evidence of this trend, over the last decade, imports of livestock genetics from the United States have grown from almost nothing to nearly $9 million in 2024. U.S. genetics compete with imports from Russia, Canada, and the European Union.

Looking ahead, as the dairy sector continues its expected expansion, demand for imported genetics is expected to grow. There may even be opportunities for imports of bred heifers. In order to capitalize on these future opportunities, Post will continue working alongside U.S. industry to organize reverse trade missions and other outreach activities. At the same time, this envisioned expansion will open potential opportunities for U.S. feed ingredients, such as soymeal, DDGS, and other products.

QazaqSut, Kazakhstan's national dairy breed association, supports the sector by promoting modern breeding practices, herd registration systems, and genetic evaluation tools. The association has built a national framework for animal identification, data collection, and certification that is now being implemented in dairy herd improvement programs. QazaqSut has been a full member of the American Holstein Association since 2014.

Making Sense of Kazakhstan's Dairy Production Trends

According to government figures for September 2025, Kazakhstan's cattle herd was estimated at 8 million, consisting of 50 percent dairy cattle, 17 percent beef cattle, and 33 percent dual-purpose animals. The average daily milk yield per cow is reported at 5.2 liters, but milk yields as noted above differ sharply across farm types. This wide productivity gap underscores structural differences in efficiency, technology adoption, and access to modern dairy infrastructure.

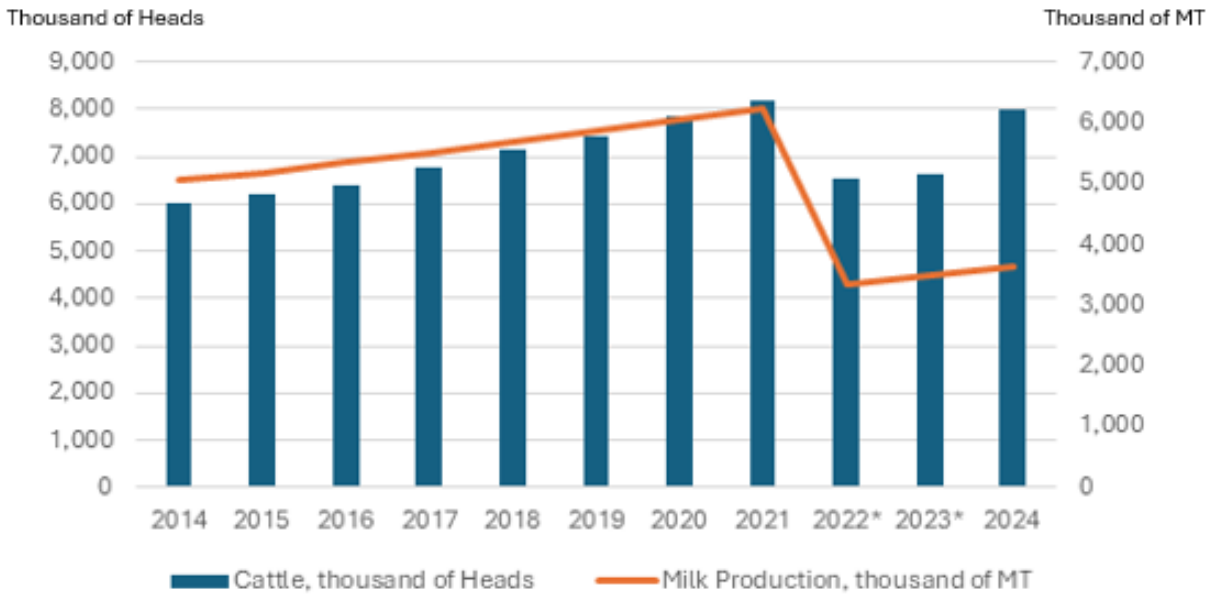
The number of cattle and amount of milk produced climbed steadily from 2014 through 2021. The conventional wisdom was that this growth would continue along its upward trajectory. However, the government made significant revisions to its production numbers starting in 2022 to correct a major statistical discrepancy.

The discrepancy emerged after an audit revealed an almost 4.5 million metric ton difference between the amount of milk farmers reported producing and the amount of milk that was processors reported receiving. The amount of milk produced on household and individual farms, which accounts for 80 percent of the nation's milk supply, is unverifiable and some farmers reportedly overinflate their production volumes to access more government support. In contrast, the amount of milk that processors report receiving is generally more accurate and can more readily be verified through audits.

This gap was just too large for the government to blame on the structural differences across the country's dairy sector. Consequently, the government slashed the cattle numbers for 2022 by almost 2 million head and the milk production figure by 3 million metric tons. Specifically, milk production on household and individual farms was drastically cut back since production on these operations isn't verifiable.

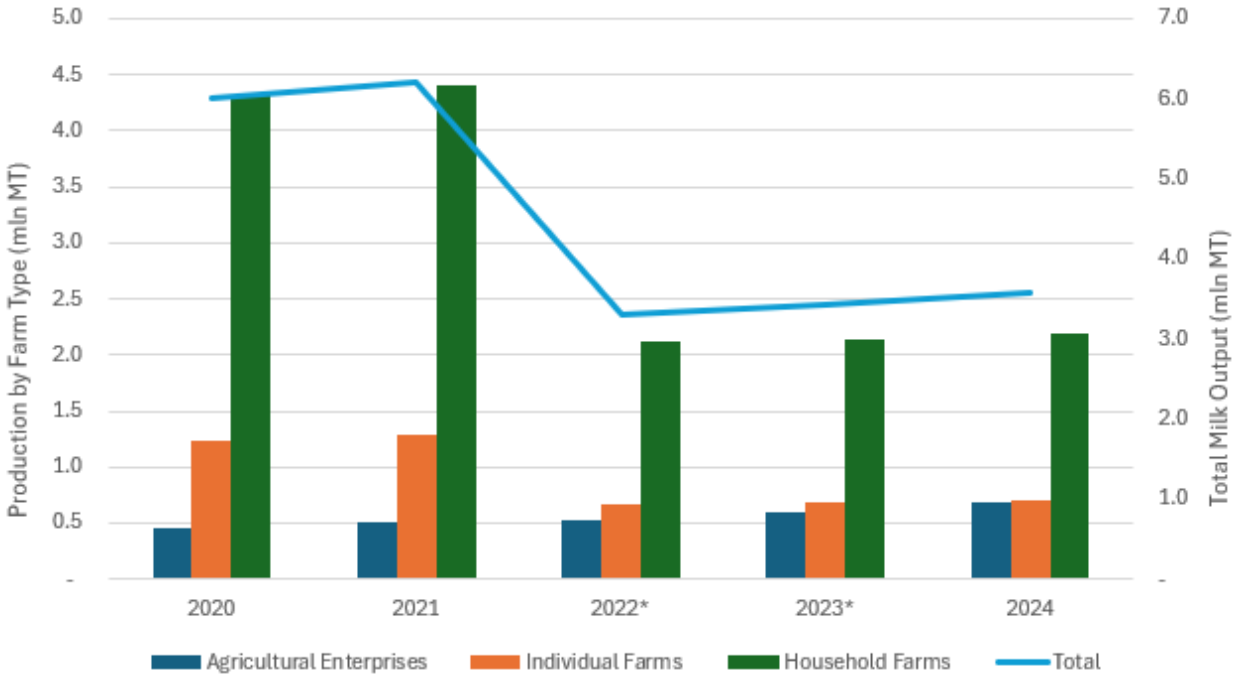
The government's cattle number unexpectedly shot up to 8 million head in 2024, a year-to-year increase of 1.3 million head. This new figure was nearly the same as it was before the government made its drastic revision. Post is unaware why the government suddenly reversed course and adjusted its cattle numbers back to where it was before the revision. In contrast, the 2024 milk production number climbed modestly year-to-year and seems more representative of the current realities in the dairy sector.

Graph 1. Cattle Herds and Milk Production in Kazakhstan



*Reflects official revisions to Kazakhstan's dairy statistics.

Graph 2. Milk Production by Farm Type, 2020–2024



*Reflects official revisions to Kazakhstan’s dairy statistics.

Source: The Bureau of National Statistics

Dairy Processing Sector Expanding

Kazakhstan's dairy processing sector is growing in sophistication and capacity with over 180 processing facilities that are producing the full range of dairy products, including pasteurized liquid milk, cheese, butter, yogurt, and powdered milk. The production of these different dairy products largely meets domestic consumption needs, with the exception of certain higher-value products like cheese, infant formula, and ice cream. As a result, Kazakhstan currently imports sizeable volumes of these products from neighboring countries.

In the future, with the expected increase in milk output, dairy processors' capacity to produce high-value dairy products will grow with continued investment in equipment, quality and safety standards, and cold chain infrastructure. In fact, several major processors, such as FoodMaster, Eurasia Foods, and Adal, have already upgraded their factories to meet EAEU quality and safety standards. These improvements have helped expand the range of branded products on the domestic market and opened opportunities for exports to Uzbekistan, Kyrgyzstan, and China.

Kazakhstan Aims to Eliminate Imports of Dairy Products

In his annual address, President Tokayev declared that the country needed to reduce dependence on dairy imports and instructed the Ministry of Agriculture to ramp up the necessary support to dairy farmers and processors to make this a reality. However, from Post's perspective, it will likely take a while to reduce this dependence since consumer demand for dairy products is currently growing faster than the country's production capacity. In fact, industry sources estimate a real supply gap of about 600,000 MT of fluid milk in 2024, meaning Kazak dairymen didn't produce enough milk to meet the demand from processors and consumers, forcing the country to rely on imports of cheese, butter, and other dairy products.

Table 1. Kazakhstan Dairy Import, 2024*

Product Category	Value ($ million)	Volume (thousands MT)	Share of Total Value (%)
Cheese (hard & fresh)	152	39	29
Buttermilk & curdled milk (including kefir, yogurt base)	41	38	8
Infant-use dairy preparations	45	11	9
Milk & cream concentrates (incl. sweetened, powder ≤1.5% fat)	38	18	7
Butter	34	6	7
Ice cream & edible ice	32	13	6
Yogurt & flavored fermented milk	11	7	2
Other dairy spreads & misc. products	168	88	32
Total Dairy Imports	**521**	**220**	**100**

Source: Trade Data Monitor (TDM), based on official trade statistics of the Republic of Kazakhstan

*According to Kazakhstan's official trade statistics, total dairy imports reached $592 million in 2024. However, upon review, Post identified a data entry error: whey imports from France were recorded at $78 million for only 120 metric tons, implying an unrealistic average value of $654,000 per MT, while the real price for whey is typically $800-1,200 per MT. After correcting this discrepancy, Kazakhstan's actual dairy imports are estimated at approximately $521 million.

Russia and Belarus supplied over half of all imports, showing Kazakhstan's heavy dependence on EAEU partners for milk, butter, and cheese. France and other EU suppliers provided smaller but higher-value cheese and specialty dairy products.

Attachments:

No Attachments.