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## **Kazakhstan - Republic of**

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### **Agriculture Minister Unveils New National Program for Livestock**

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**Report Highlights:**

The Kazakhstan Ministry of Agriculture has moved forward with a new National Program to develop the country's livestock and meat sectors. The Program provides a roadmap to doubling beef and lamb production within ten years. It acknowledges a need to reform finance and subsidies, land and water resource management, veterinary practices, farmer education, and cooperative structures for processing. Several groups including the USDA Agricultural Research Service have agreed to collaborate with Kazakhstan in conducting feasibility studies and other research on rangeland management. International companies have shown interest in investing, as well.

**General Information:**

On March 14, 2018, Minister of Agriculture Umirzak Shukeyev and the Meat Union of Kazakhstan unveiled a new National Program for Livestock (2018-2027), and the Agriculture Ministry approved the plan on April 24. The Program is designed to double lamb and beef production within ten years, with the ultimate aim of [exporting](#) to [China](#), [Iran](#), Saudi Arabia, and [Vietnam](#). The Program lays out an extensive budget plan for individual farmers with reference to plans for finance reform. A representative of the Asian Development Bank (ADB) has endorsed the Program and offered financial support for feasibility studies, noting the need for significant development in areas such as road infrastructure, research and development and extension, and understanding of water resources, among others. Finance Ministry officials stressed the importance of taxation as a means to prevent bankruptcy in implementing the Program and urged careful expenditure of its 1.5 trillion tenge (USD 4.7 million) estimated cost. This Program is a major part of the Ministry's overall plan to overhaul agriculture in Kazakhstan, as described in GAIN Report [KZ-04 "Proposed Policy Changes Arrive with New Minister"](#). Starting April 24, the Ministry of Agriculture has incorporated the Program as amendments to its "[State Program for Development of the Agro-Industrial Complex](#)". The amended State Program for Development, which now includes the Livestock Program, is still under consideration, but is expected to be approved in July 2018.

**Finance and subsidies:**

For the Livestock Program, the Ministry has developed a "Reference Farm Model" outlining estimated costs, fund sources, and income for individual farms, which they expect will lead to yearly net profit of 4.67 million KZT. Most external funding for the farmers would come from subsidized-interest 15-year loans, with direct subsidies listed only to assist with well infrastructure and summer house construction. Pedigree stock farms would have access to cattle import subsidies.

The Agriculture Minister has pointed to inefficient, cumbersome subsidy programs and confusing taxation as impediments to development in all sectors (see [KZ-04 "Proposed Policy Changes Arrive with New Minister"](#)). Since taking his position in December 2017, the Minister has proposed to cut many agricultural subsidies he considers ineffective. Some sources complained that the inefficient subsidies have remained as they were; however, on May 28 the Ministry announced the abolishment of per-head and per-hectare subsidies in 2019, and they have begun [supporting low-interest loans](#) for livestock purchases in the name of the Program. The lending program named "Sybaga" is a revamped version of one that has been in place since 2011 (see "Kazakhstan Prepares Infrastructure for Meat Exports" in the [March 2015 Kazakhstan Agricultural Update](#))

In addition to reference farms, the Livestock Program laid out a financial model for the establishment of four new feedlots processing 20,000 head per year. That model assumes zero direct subsidies, only low-interest loans, and estimates 1.1 billion KZT net profits. The entire Program as presented in March 2018 relied on detailed growth models, and members of the Ministries of Finance and Economy have stressed the need for careful financial planning to ensure Program success.

#### Land and water resource management:

The Livestock Program intends to support smaller scale farms of 100-200 head cattle or 600 head sheep, expanding the number of farms from today's 20 thousand on 58 million hectares to 100 thousand on 100 million hectares in 2027. According to the Ministry of Agriculture Department of Animal Husbandry, Kazakhstan only utilizes 30 percent of its possible 110 million hectares.

With assistance from ADB, the Ministry of Agriculture plans to identify areas to source 11 km<sup>3</sup> per year from river watersheds and snowmelt. Additionally, the USDA Agricultural Research Service has agreed to collaborate with Kazakhstan and ADB in conducting feasibility studies and other research on watershed and rangeland management. In a previous [announcement](#), Minister Shukejev noted measures to restore water supply to 65,000 hectares this year. The Ministry of Agriculture estimates that available water resources can irrigate one million hectares of pasture and fodder cropland by 2028. This would add onto a current six million hectares of land supplied with wells and windmills in the past five years using an earlier pastures irrigation program.

#### Veterinary practices:

In general, the risk of spreading diseases is an impediment to investment, and lack of veterinary technology and expertise often exacerbates health problems when they occur. To help, the Ministry has suggested it will address access to insurance for cattle and institute a digital animal identification system; however, the details in these plans are not yet fully realized. As of now, the focus remains on veterinary issues to overcome [for the purpose of exports](#).

To improve animal health country-wide, the Livestock Program suggests an institutional reorganization to help minimize veterinary risks. Currently, veterinary control is divided between the Ministry of Agriculture and the "akimat" (roughly equivalent to municipal level) governments. Akimat-level veterinarians are responsible for actually implementing veterinary measures. The Ministry of Agriculture proposes to centralize veterinary control at the federal level and raise implementation control to the regional level. The International Epizootic Bureau has divided Kazakhstan into two zones for Foot and Mouth Disease (FMD) – one FMD free zone where vaccination is not practiced consisting of the regions of Akmola, Aktobe, Atyrau, West Kazakhstan, Karaganda, Kostanay, Mangystau, Pavlodar and North Kazakhstan; and the rest of the country comprising one FMD free zone where vaccination is practiced. For increased clarity and compartmentalization, Kazakhstan plans to rezone its territories into 20 segments.

#### Farmer education:

Although not formally a part of the Livestock Program, the Ministry of Agriculture has concurrently described its plan to reform its agricultural research and education institutions. Each of the three national agricultural universities will focus on specific disciplines – in Astana, the Kazakh Agrotechnical University will be the center of new digital technology; in Almaty, the Kazakh National Agrarian University will specialize in horticulture, irrigation, and dairy management; and in Oral, the West Kazakhstan Agrarian and Technical University will concentrate on the development of animal

husbandry. The Ministry of Agriculture and industry shareholders have also informally discussed ways to engage and attract new farmers through extension and youth programming. Improving farmer education will encourage faster adoption of technologies and processes, and the Ministry points to the Cooperative structure as a key method of sharing livestock improvements among farmers.

#### Cooperative structures:

The Livestock Program generally reveals a Ministry preference for cooperatives over vertically integrated agroholdings, with the claim that it will empower small farmers as business owners and increase overall rural employment. The Program aims to support small businesses, including livestock breeding farms and cow-calf operations, and small-to-medium- sized feedlots. The Program seeks to develop small farms uniformly with loans for animals and particular infrastructure and machinery purchases, such that those small farms can reliably form the base of production hubs with feedlots at their centers. The Ministry has announced innovators in the Kazakhstan meat industry for others to emulate: "Aktep" (Aktobe region), "North Agro" (Kostanay), "KazBeef", "SC Food" (Akmola), "Atameken Agro" (SKO), and "Arkharli Mayburek" (Almaty region). The Program assumes investment from at least three large meat processors to complete the value chain, and Kazakhstani media outlets have already [announced investment plans](#) from Italy's Inalca, Australia's Cedar Meats, and Ireland's Dunbia.

#### Comment:

The Livestock Program assumes access to export markets and predicts a five-fold increase in the number of cow-calf operations and ten new feedlots. The Ministry will seek to encourage farmer cooperation with feedlot sites and processors to ensure access to marketing, new technologies, knowledge and financing. The Government of Kazakhstan has long history of livestock development projects, and the last major improvement program resulted in a boost of breeding cattle imports from around the world (see GAIN Reports from [July 2013](#) and [November 2014](#)). Investment in high quality breeding cattle provides a good start, but ultimate success also depends on management and veterinary infrastructure. Many industry players have voiced skepticism of the new Government program, but the potential for regional trade is attracting private investors who would likely rely on their own systems for management and veterinary support. The country's regional trade potential has even [attracted swine producers](#) in spite of the fact pork is not included in the Program as a priority product.