Required Report - public distribution

**Date:** 10/28/2015

**GAIN Report Number:** KZ 15

# Kazakhstan - Republic of

# Grain and Feed Update

# October Grain Update

**Approved By:**
Robin Gray
**Prepared By:**
Zhamal Zharmagambetova

**Report Highlights:**
FAS/Astana estimates Kazakhstan's wheat production in MY 2015/16 at 14 MMT, almost 1 MMT more than 12.99 MMT in MY 2014/2015, due to higher average country yields this year. While there was a decrease in wheat planted area, it was mostly offset by a 7% increase in yields, resulting in higher levels of production. Kazakhstan's exports are expected to increase nearly one million tons in MY 2015/16.

**Post:**
Astana

**Author Defined:**
**PRODUCTION**

FAS/Astana estimates Kazakhstan's wheat production in MY 2015/16 at 14 MMT, almost 1 MMT more than 12.99 MMT in MY 2014/2015, due to higher average country yields this year.

**Area:** The area sown to wheat in 2015 was reported at 11.736 million hectares, which is 5.3% fewer hectares than were sown in 2014. Area planted with barley, rye and oats increased 4.2% over the area planted with the same crops in 2014, reaching a total of 2,370 million hectares. The area planted with oilseeds decreased 31% from the previous year, down to 2,008 million hectares. Please, see Table 1 below.

Table 1: Kazakhstan 2015 Sown Area, 1,000 hectares

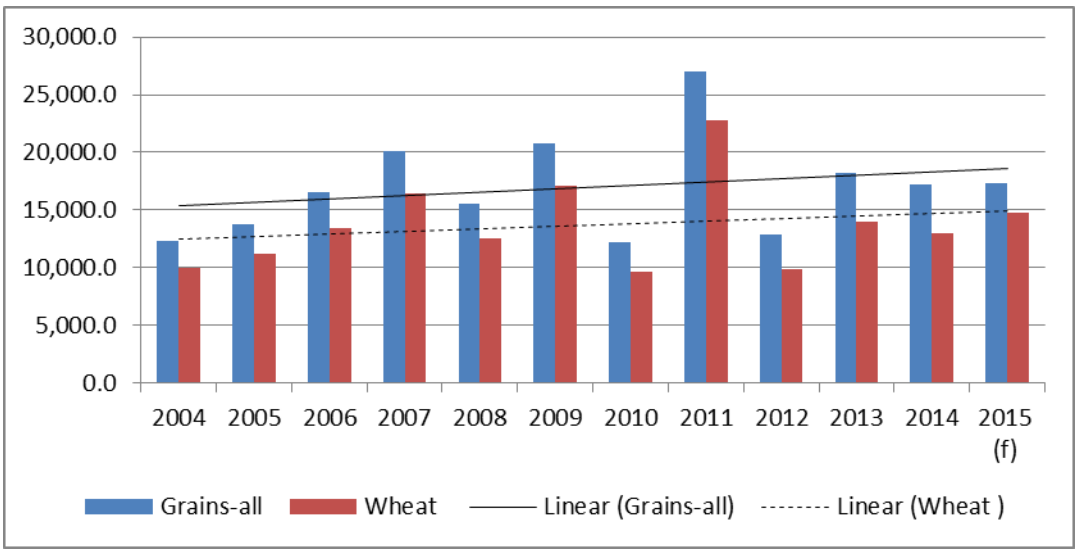
| | 2015 | % to 2014 |
|---|---|---|
| TOTAL AREA | 21205.0 | 98.8 |
| Grains (excluding rice), pulses and oilseeds | 16858.7 | 96.3 |
| Including | | |
| Wheat | 11736.4 | 94.7 |
| Corn | 139.0 | 109.2 |
| Barley, rye and oat | 2370.6 | 104.2 |
| Legume crops | 88.7 | 130.4 |
| Oilseeds | 2008.3 | 87.3 |
| Rice | 98.5 | 100.9 |
| Vegetables | 434.9 | 104.8 |
| Cotton | 99.2 | 77.8 |
| Feeding crops | 3712.7 | 112.0 |

Source: Kazakhstan Statistics Committee

Wheat area decreased for the sixth consecutive year, consistent with a government strategy of "crop diversification." Wheat occupies 60 to 70 percent of Kazakhstan's total sown area.
Agricultural enterprises planted around 70% of spring wheat (7.9 million hectares), while 30% of spring wheat (3.4 million hectares) was sown by individual farmers.

**Harvest:** The Kazakh Ministry of Agriculture estimates total all-grains production at 17.3 million tons, including 14.8 million tons of wheat.

Chart 1: Kazakhstan Grain and Wheat Production, 1,000 metric tons




Source: Kazakhstan Statistics Committee

According to data released by the regional departments of agriculture, as of October 14, 2015, Kazakhstan harvested 14.5 million hectares, or 98.7% of the area, producing 19.2 million tons of all grains in bunker weight. Please, see Table 1 below.

Table 1: Kazakhstan Grain Harvest Progress

| region | sown area, 000 ha | | harvested area, 000 ha | | harvested, 000 ha | | | | harvested, 000 tons | | ce |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2014 | 2015 | 2014 | | 2015 | | 2014 | 2015 | 2014 |
| | | | | | 000 ha | % | 000 ha | % | | | |
| AKMOLA | 4171.9 | 4180.1 | 4107.6 | 4147.5 | 3579.5 | 87.1 | 4147.5 | 100.0 | 4279.5 | 4632.7 | 12.0 |
| AKTOBE | 447.3 | 320.5 | 309.4 | 295.3 | 309.4 | 100.0 | 295.3 | 100.0 | 149.2 | 171.3 | 4.8 |
| ALMATY | 447.3 | 449.4 | 447.5 | 449.4 | 347.0 | 77.5 | 415.2 | 92.4 | 793.5 | 980.5 | 22.9 |
| ATYRAU | 0.4 | 0.5 | 0.0 | 0.5 | 0.0 | 0.0 | 0.5 | 100.0 | 0.0 | 0.3 | 0.0 |
| WEST KAZ | 321 | 258.4 | 281.7 | 140.9 | 281.7 | 100.0 | 140.9 | 100.0 | 223.8 | 74.0 | 7.9 |
| ZHAMBYL | 257.4 | 262.0 | 252.2 | 255.5 | 240.9 | 95.5 | 274.2 | 96.8 | 229.4 | 417.6 | 9.5 |
| KARAGANDA | 701.9 | 682.2 | 697.2 | 652.9 | 597.3 | 85.7 | 652.7 | 100.0 | 581.4 | 639.7 | 9.7 |
| KOSTANAY | 4109.7 | 4018.3 | 4014.3 | 4018.3 | 3064.5 | 76.3 | 3894.8 | 96.9 | 3187.0 | 4569.1 | 10.4 |
| KYZYLORDA | 87.1 | 87.0 | 87.1 | 86.7 | 84.8 | 97.4 | 86.7 | 100.0 | 404.6 | 428.0 | 47.7 |
| PAVLODAR | 660.5 | 663.8 | 622.6 | 663.8 | 594.2 | 95.4 | 643.4 | 96.9 | 342.4 | 655.9 | 5.8 |
| NORTH KAZ | 3274.2 | 3210.0 | 3274.2 | 3210.0 | 2675.2 | 81.7 | 3199.1 | 99.7 | 4112.3 | 5374.5 | 15.4 |
| SOUTH KAZ | 238.0 | 255.0 | 237.5 | 246.2 | 234.8 | 98.9 | 244.8 | 99.4 | 361.1 | 532.9 | 15.4 |
| EAST KAZ | 586.2 | 580.1 | 569.6 | 573.6 | 557.0 | 97.8 | 573.6 | 100.0 | 772.3 | 691.1 | 13.9 |
| TOTAL | 15302.7 | 14967.3 | 14900.9 | 14740.7 | 12566.3 | 84.3 | 14541.8 | 98.7 | 15436.5 | 19171.5 | 12.3 |

Source: Kazakhstan Ministry of Agriculture as of October 14, 2015, in bunker weight

Harvest this year varied significantly by region due to unusual planting conditions during May and June 2015.

Akmola region:

- As reported previously the Akmola region experienced heavy rains until late May and as a result delayed some of the sowing until early June. Crop maturation is late only on those fields which were planted in June. The fields which were planted in mid-May were harvested in the second half of August, plantings between May 26th and June 4th were ready to harvest in early September, and harvest of the late plantings in June was projected for the third week of September. Although May and June rains delayed harvest, maturation of grains and oilseeds planted in June was shorter than the typical, long-term maturation, because of the average high air temperatures experienced this summer and because it was a very dry July. As a result the region experienced good yields for both grains and oilseeds.
- The Zerendinsky, Sandyktauski, Burabaiski, Bulandinski, Astrakhanski, Atbasarski and Shortandinski regions of Akmola faced significant increases in the development and expansion of the following wheat diseases: septoria spot, stem rust, leaf rust and spackled yellows.
- High yields are expected for spring barley, spring wheat, oat, flax, peas, chick peas, millet and buckwheat. Use of different planting technology and local rain in July lifted expectations for different yields in the Akmola region from 0.7 to 1.8 metric tons per hectare. Low grain yields were envisioned at planting with no herbicides and no mechanical treatment of the soil prior to sowing. The good yields are expected on fields previously fallow or planted with legumes. Following proper planting technology on a previously fallow field can provide the best yield at 1.4-3 metric tons per hectares, or on a previous stubble field can provide a yield within 0.8-2.5 metric tons per hectare. Due to the high average daily air temperatures in July, moisture content at 1 meter was only 20-50 mm, while in some fields and fallows it was 40-60 mm. Therefore building, filling and grain maturation progressed in spite of low soil moisture stock. In spite of the dry and hot July, planting conditions for spring barley, oats, flax, buckwheat, and millet were between satisfactory and good.

Kostanay region:

- Harvest was completed in the regions of Amangeldy, Naurzumski, Auliekolski, Zhangeldinski and Arkalyk city. Farmers in Denisovski, Zhitikarinski and Kamystinski regions are currently continuing their harvesting operations. On October 11, 2015, the Kostanay region was hit by snow and the temperature dropped to -5º C at night and +5º C in the afternoon, putting the harvesting campaign on hold. As for October 13th, 3,863 million hectares (or 96%) of the hectares were harvested. The yield was reported at 1.16 tons per hectare. Kostanay regional authorities stated that the 2015 harvesting campaign was delayed approximately one month and that 4% of the area was affected by the snowfall. However on October 20, 2015, the Ministry of Agriculture reported that 100% of the grain in the Kostanay region was harvested.
- The Fyodorovski region is expected to have the highest average yield at 1.51 metric tons, followed by Kostanay region with a yield at 1.45 metric tons, Mendykara region at 1.36 metric tons, and Sarykol and Altynsarinski regions at 1.36 metric tons. The average regional yield increased from 1.05 to 1.1 metric tons per hectare.
- The regional demand for seed is estimated at 548 tons with 65% of it already stocked.
- New grain storage was launched in Karasu region with a capacity for 5,100 metric tons. The facility also includes a dryer, warehouse and scales for 30 tons. In Kostanay region there are 41 grain elevators with total storage capacity of 3.9 million tons, 40 of which have already accepted grain from the 2015 harvest. Regional on-farm storage capacity is 3.2 million tons and many

farmers in the region use "Argentinian bags" which can provide storage capacity up to 200,000 tons. With all of these elements combined, regional storage capacity is estimated at 7.2 million metric tons. Total drying capacity for the region is estimated at 170,000 tons per day, or approximately 30% of the region's harvest, with the availability of 250 grain machines.

- About five years ago farmers in the region started purchasing agricultural machinery, with approximately 55% of that machinery purchased under financial leasing conditions. During that time, much of the machinery was purchased from foreign suppliers, however recent procurement tends to be CIS machinery. Given the age of this machinery, estimates of replacement are: 1,600 tractors, around 700 combines and 350 harvesters. The subsidy program for new machinery is expected at 20-30% of cost and provision for the down payment removing the need for collateral.
- There are 336,000 hectares of oilseeds planted this year and the first harvest indicates a yield of 0.62 or 1 ton per hectare. The expected harvest of oilseeds is 242,000 tons.

**Yields:** This year almost all regions, except Akmola and West Kazakhstan, experienced increases in average yields compared with the previous year. The average country yield increased from 1.23 tons per hectare in 2014, to 1.32 tons per hectare in 2015 (or 7% growth). Some of the notable yield changes include: the North-Kazakhstan region where the yield this year is 1.68 tons per hectare (up 9% from last year), the Akmola region where the yield this year is 1.12 tons per hectare (down 7% from last year), and the Kostanay region where the yield this year is 1.17 tons per hectare (down 12.5% from last year). Please see map below.

Map of Key Grain Growing Areas


Source: Kazakhstan Ministry of Agriculture (in bunker weight)

**Quality:** *Wheat quality*- The shorter vegetation period affected wheat maturation, which affected overall wheat quality this year. According to the Ministry of Agriculture, 70% of wheat harvested in the 2015 season is classified as 3rd class quality wheat (23-28% of gluten content). In 2014, 84% of wheat harvested was classified as 3rd class quality wheat.

*Barley quality*- According to the Ministry of Agriculture, in 2015 the quality of barley improved slightly over the quality in 2014. In 2015, 1st class barley increased 10 1.8%, compared with 0.1% in 2014. In 2015, 96% of barley is classified as 2nd class, a 1% from 2014. Non-class barley decreased to 2.4% in 2015, from 4.8% in 2014.

**Use of Chemicals**: The Ministry of Agriculture reported that following concerns of a possible migration of locusts from the Astrakhan and Chelyabinsk regions of Russia to Kazakhstan, successful treatment of more than 3.3 million hectares was initiated. Crops this year were not affected by locusts as predicted. The treatment cost 733 billion tenge. Additionally, because of the rain during May, sowing required a larger-than-normal application of agrochemicals. Kazakhstan's agrichemical imports through June 2015 went up 16 percent, reaching 12,401 tons, compared with the same date last year:

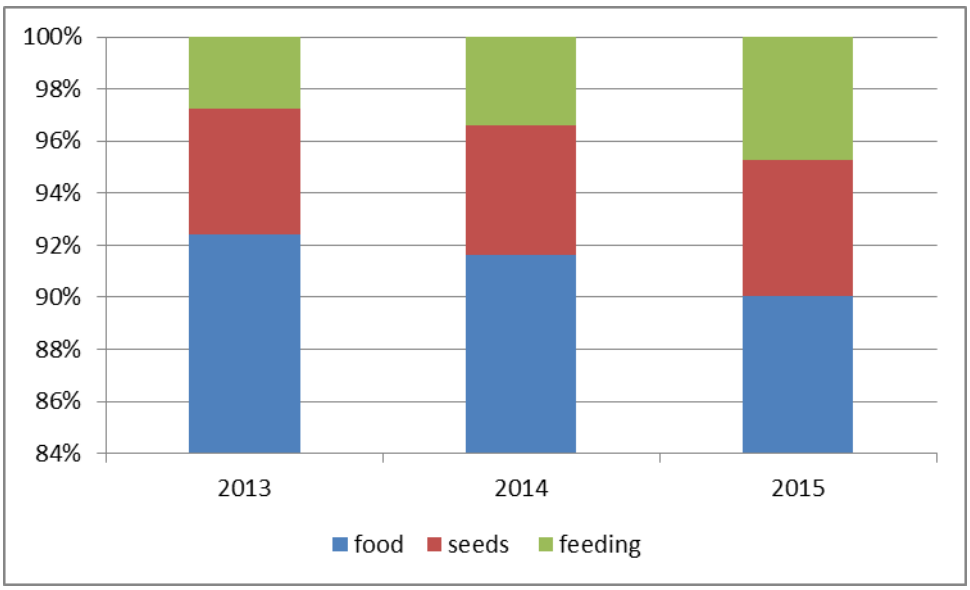
- Kazakhstan's herbicide imports through June went up 11 percent from the same time last year, reaching 9,125 tons;
- Kazakhstan's insecticide imports through June are up 48 percent from the same time last year, reaching 1,336 tons; and
- Kazakhstan's fungicide imports through June were at the highest level (for the matching 6-month period) since 2010, reaching 994 tons.

Typically, about 90% of the country's annual agrichemical imports are imported by the end of June. Annual herbicide imports are nearly complete by the end of June. Annual herbicide imports are usually 80 to 90 complete by the end of June.

## CONSUMPTION

The Kazakhstan Statistics Committee reports, that as of October 1, 2015, 90% of wheat was used for food consumption, 5% for seed and 5% for feed. Feed use, as of October 1, 2015, increased 2% from 2014, largely because of quality issues. Additionally, as the Kazakh Government continues its strategy to develop beef exports potential, low quality wheat is mostly used for feed. Taking into account this increased feed consumption, FAS/Astana estimates feed consumption in MY 2015/2016 at 2.1 MMT. Please, see Chart 2 below.

Chart 2: Wheat consumption structure, as of October 1, percentage



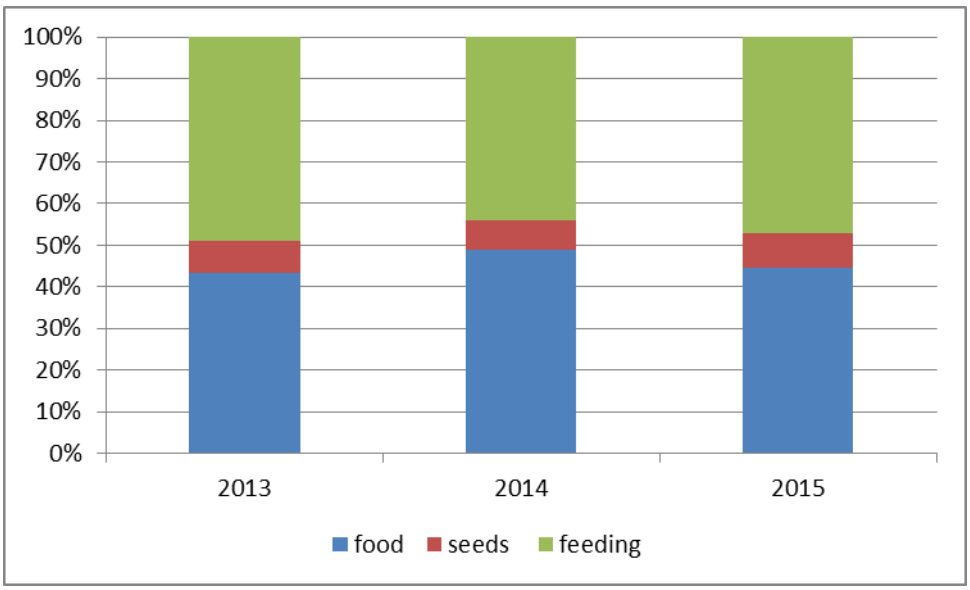
Source: Kazakh Statistics Committee

The only bioethanol plant "Biochim" in Kazakhstan, located in the North-Kazakhstan region in the city of Tainsha is expected to be rehabilitated in the near future. The Kazakhstani Investment Fund plans to sign a deal with KazMunaiGas Processing and Marketing (part of the National Oil and Gas company KazMunaiGas) in February 2016 year for $38.5 million. The project proposal reportedly includes the rehabilitation of the bioethanol and ethyl tertiary butyl (ETB) production, which are widely used for E85 and E95 gases. The E85 and E95 gases consume less oil. However, FAS/Astana does not see any changes in FSI consumption volumes for the current reporting periods.

As part of Kazakhstan's continuous strategy of crop diversification and the goal to create domestic value–added, there currently are three projects for oilseeds processing facilities under consideration by the Kazakhstani Ministry of Agriculture. The total capacity of these projects would be 1.2 million tons of processing, which equates to roughly half of Kazakhstan's oilseed production. These projects are not yet launched, but if these projects become operational, they will impact future industrial consumption numbers. Post will continue to monitor the progress of these projects.

Barley consumption, reported by the Kazakhstani Statistics Service, has remained stable over the last three years. The barley consumption pattern is as follows: 45% for food, 8% for seeds and 47% for feed. Feed use of barley in MY 2015/2016 is forecast at 1.8 MMT, 1.6 MMT higher than barley feed use reported in MY 2014/2015, as more and more barley is used for feeding in the livestock industry. Please, see Chart 3 below.

Chart 3: Barley Consumption Structure, as of October 1, 2015 (percentage)



Source: Kazakh Statistics Committee

*Flour market update*

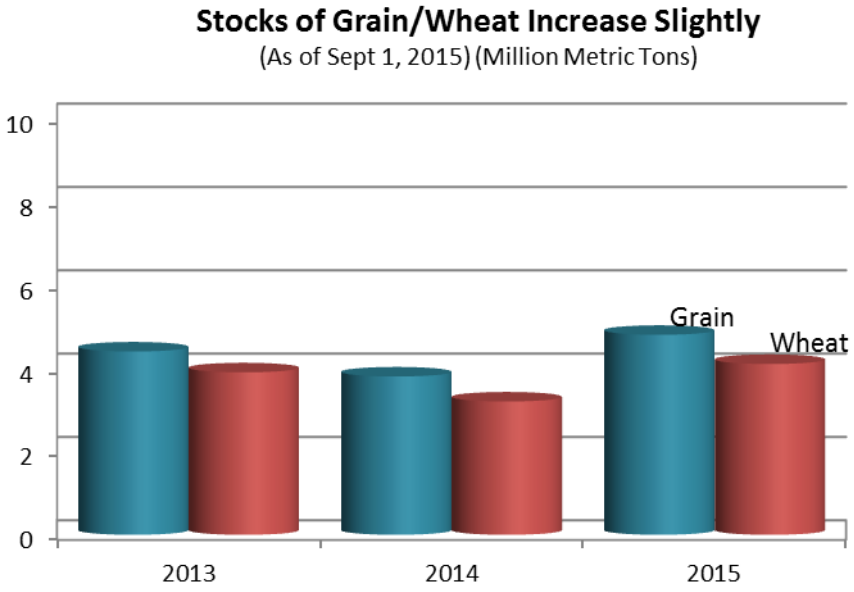
According to the Ministry of Agriculture, from 2009 to 2013, mills and bakeries were able to purchase wheat from the State Reserves at prices lower than the market price. This policy, referred to as "social bread," was designed by the government to keep bread prices low. However, starting in October 2014, the policy changed and mills were able to purchase at a price set between the market price and a fixed price. From November 2014 through October 2015, the Government spent 11.5 billion tenge for this purpose. The average price consumers pay for "social bread" is reported at 52 tenge per loaf. The most expensive retail price is registered in Astana at 65 tenge per loaf and the lowest price is registered in Kyzylorda at 35 tenge and Shymkent at 40 tenge per loaf.

Currently the Government is considering the complete cancelation of the "social bread" subsidies and allowing the market to determine the price of bread. In order to provide support to the low-income population if "social bread" subsidies are cancelled, some Parliament Deputies have expressed the idea of establishing a food stamp program in Kazakhstan. However, no final decision has been made on the elimination of the social bread subsidy and no food stamp proposal has been forwarded in the Parliament.

The Minister of Agriculture commented, that the subsidized, "social bread" price, was lower than its cost. Industry analysts maintain that this argument is economically flawed for the following reasons: first, cheap bread was available to all consumers regardless of income; second, not all bakeries received subsidies to produce social bread, which deteriorates competition between bakeries; and third, the Government interference restrains new market entrants because the policy constrains investment. Further, analysts note that as a result of this policy, some cities in Kazakhstan only have one bakery and, similar to Soviet times, decisions are not based on economic and/or market realities, those bakeries have no investment, and they have high costs and produce poor quality products.

## STOCKS

According to the State Statistics Service, Kazakhstan's grain stocks as of September 1, 2015 were at 4.8 MMT of grain, including 4.1 MMT of wheat. These volumes are down slightly from stock levels of 4.4 MMT of grain and 3.9 MMT of wheat seen last year, primarily due to larger carry-in stocks this year.




Source: Kazakh Statistics Committee

Grain experts explain that during early harvest, farmers usually utilize on-farm storage to save storage costs and wait for possible market price increases. Once the farmer is satisfied with the market price, the grain is relocated and eligible to receive a warehouse receipt, finally selling as "ex-works." (Please, see Annex 1 for a List of all Grain Storage Facilities eligible to issue grain warehouse receipts.) The Kazakhstani Ministry of Agriculture reports a total of 205 grain storage facilities in Kazakhstan, with total capacity of 13.7 million tons, including 5.1 million tons of storage capacity and 8.6 million tons of elevator capacity. Please, see Table 2 below.

Table 2: Kazakhstan Grain Storage Facilities (Does not include on-farm storage capacity)

| Regions | # of grain storages | Total capacity | Including | |
|---|---|---|---|---|
| | | | Storage capacity | Elevator capacity |
| AKMOLA | 61 | 3889.1 | 1398.0 | 2491.1 |
| AKTOBE | 9 | 532.4 | 177.2 | 355.2 |
| ALMATY | 4 | 186.2 | 88.2 | 98.0 |
| EAST-KAZAKHSTAN | 10 | 496.6 | 108.7 | 387.9 |
| ZHAMBYL | 1 | 30.0 | 30.0 | - |
| WEST-KAZAKHSTAN | 10 | 580.8 | 184.8 | 396.0 |
| KARAGANDA | 6 | 196.1 | 52.8 | 143.3 |
| KOSTANAY | 40 | 3882.3 | 1623.0 | 2259.3 |
| KYZYLORDA | 3 | 115.5 | 25.5 | 90.0 |
| MANGYSTAU | 2 | 122.0 | 22.0 | 100.0 |
| PAVLODAR | 4 | 190.3 | 69.2 | 121.1 |

| | | | | |
|---|---|---|---|---|
| NORTH-KAZAKHSTAN | 54 | 3479.0 | 1340.6 | 2138.4 |
| SOUTH-KAZAKHSTAN | 1 | 22.5 | 20 | 2.5 |
| TOTAL | 205 | 13722.8 | 5140.0 | 8582.8 |

Source: Kazakh Ministry of Agriculture

It should be noted that (a) not all grain storage facilities in Kazakhstan have access to railways and (b) EXW or exports operations are mainly done through the storage facilities which have access to railways and issue warehouse receipts.

## TRADE

During MY 2014/2015, Kazakhstani grain exports to the North Africa region, Near East region and Asia were down mostly because of high transportation costs particularly through Black, Azov and Baltic Seas, competition with Russia and Ukraine and Kazakhstan's lower grain quality. The export situation in MY 2015/2016 appears more optimistic mostly because the recent Kazakh currency devaluation of approximately 47%. Market analyst believe, that in MY 2015/2016 Kazakhstani wheat will be more price competitive in the Black and Azov Sea ports, as well as Iran. Transit through Iran, towards Persian Gulf countries, represents the significant exports trends for Kazakhstan. Despite this optimistic view for Kazakhstani exports in the Central Asian/Black Sea region, FAS/Astana estimates wheat exports in the 2015/16 marketing year at 6.5 MMT, almost 1 million tons more, than in MY 2014/2015. The Kazakhstani Government is optimistic about the expectation that exports will increase, anticipating that shipments to South (Central Asia) are likely to continue to grow, the devaluation of the tenge makes the Kazakhstani price attractive, and large carry-in stocks will enable an increase in exports. However, there are a number of factors which may limit the increase in total Kazakhstani exports this year. These include:

- In July 2015, Kazakhstan signed papers to join the World Trade Organization and will become a full WTO member at the end of 2015. WTO commitments do not allow for exports subsidies, which means, that Kazakh grain exports will not enjoy subsidies experienced in previous seasons.
- A strong Russian crop in MY 2014/15 and Russian Ruble fluctuations over the last year resulted in significant shipments of Russian wheat to Kazakhstan. Post can only estimate the volume of such shipments because intra-EAEU shipments that transit via trucks are not recorded. Although Russia is expected to have a record harvest in MY2015/16, it is unlikely that shipments to Kazakhstan will be as large this year, primarily because of the recent tenge to ruble devaluation.
- Additionally, currency devaluations in some Central Asian countries will likely limit their purchasing power and therefore imports of Kazakhstani wheat and wheat flour.
- The Afghanistan import of wheat and wheat flour estimate decreased from 1.5 million metric tons to 0.9 million metric ton.
- The shorter vegetation period affected the wheat maturation, which affected overall wheat quality this year. Third class wheat quality is estimated at 70% of production, which is 14% less than in 2014.

The Kazakhstani Ministry of Agriculture estimates MY 2015/16 exports at 7.0 million tons.
From January to August 2015, 91% of Kazakhstan's wheat exports were destined for Central Asian

countries (Azerbaijan, Kyrgyzstan, Tajikistan, Uzbekistan, Afghanistan and Iran). Only 4.5%, or 79,173 metric tons, of Kazakhstan's total wheat exports went to China.

Wheat exports during January-August 2015
1,000 tons

| Country | Amount |
|---|---|
| AZERBAIJAN | 30,689.7 |
| KYRGYZSTAN | 254,290.0 |
| TAJIKISTAN | 479,277.9 |
| UZBEKISTAN | 722,106.9 |
| AFGHANISTAN | 17,477.0 |
| GERMANY | 2,010.0 |
| IRAN | 124,091.8 |
| ITALY | 38,147.2 |
| CHINA | 79,713.4 |
| LATVIA | 1,430.5 |
| POLAND | 6,621.9 |
| TURKEY | 18,156.0 |
| FINLAND | 1,270.0 |
| SWEDEN | 8,823.9 |

Source: Kazakh Customs data

Iran continues to remains the biggest importer of barley from Kazakhstan. Between January and August 2015, 78% of all of Kazakhstan exports were destined for Iran.

Barley exports during January-August 2015
1,000 tons

| Country | Amount |
|---|---|
| KYRGYZSTAN | 3,603.4 |
| TAJIKISTAN | 2,086.2 |
| UZBEKISTAN | 25,585.9 |
| AFGHANISTAN | 1,546.0 |
| IRAN | 127,864.8 |
| TURKEY | 2,001.1 |

Source: Kazakh Customs data

Uzbekistan and Afghanistan continue to remain the largest importers of Kazakhstani wheat flour. From January to August 2015, 87% of all of Kazakhstan's wheat flour exports were sent to Uzbekistan and Afghanistan.

Wheat flour exports during January-August 2015
1,000 tons

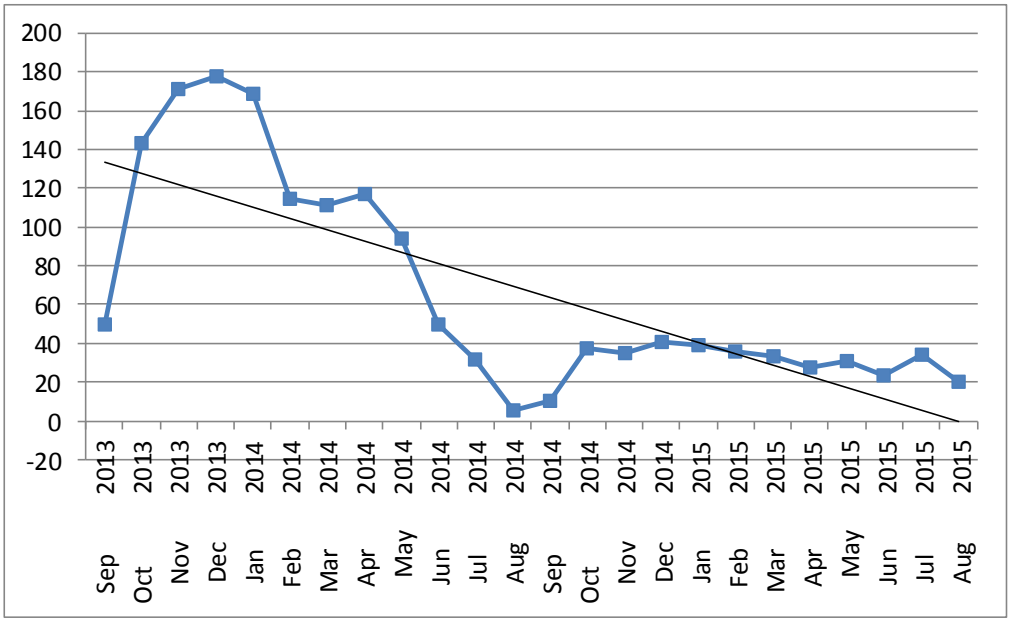
| Country | Amount |
|---|---|
| AZERBAIJAN | 68.0 |
| KYRGYZSTAN | 14,603.3 |
| MOLDOVA | 660.0 |
| TAJIKISTAN | 92,959.4 |
| TURKMENISTAN | 19,336.9 |
| UZBEKISTAN | 481,894.3 |
| AFGHANISTAN | 414,254.7 |
| GEORGIA | 41.0 |
| CHINA | 776.8 |
| MONGOLIA | 457.1 |

Source: Kazakh Customs data

EAEU statistics shows, that during the period January to July 2015, Kazakhstan exported 72,258 tons of wheat and 2,553 tons of barley to Russia. Also, EAEU statistics show that during the period January to July 2015, Kazakhstan imported 56,239 MT of wheat mainly from Russia and 21,663 tons of barley from both Russia and Belarus. However, a large volume of trade among the EAEU countries that is transported via truck is not recorded in these statistics.

Unlike Kazakhstani exports to Central Asian, the exports to Russia continue to fall. During September 2014 through August 2015 exports to Russia by rail reached 369,100 tons, which is only 30% of September 2013 - August 2014 exports (1.236, 900 tons). Please, see Chart 4 below.

Chart 4: Kazakh Wheat Exports to Russia by rail, 1,000 metric tons




Data Source: Kazakh National Railways Data

*Policy*

In October 2015, the Kazakhstani Ministry of Agriculture announced that starting from January 1, 2016 per hectare crop subsidies will be replaced by investment subsidies. Subsidy analysis by the Ministry indicated that a per hectare crop subsidy does not encourage efficiency and farmers are not motivated to invest in new machinery or technology. For instance, under the current per hectare subsidy scheme some farmers haven't made any investments over the last 20 years, but have continued to receive subsidies for crops. Additionally, per hectare crop subsidies are administratively challenging resulting in inaccurate reports and data, and a lack of control. For instance, regional authorities in the Shal Akyna region (in the North-Kazakhstan area) must oversee approximately 1 million hectares a year. However, authorities believe that the per hectare subsidy program is responsible for farmers shifting to new "priority" crops, like oilseeds.

*Prices*

In September, the Food Contracting Corporation (The Kazakh Government grain operator) announced procurement prices for 3d class wheat and barley 2d class. The Triticum aestivum L. for 3d class price is 42,000 tenge per MT including VAT (17% higher than in 2014 year, which was 35,000 tenge). Barley 2 class price is 25,000 tenge per ton with VAT (4% higher than in 2014, which was 24,000 tenge). By setting these prices, the official grain operator noted that one of the goals of the grain market

state regulation is to avoid price dumping and provide competitiveness for domestic producers.

In September 2015, prices for wheat 3d class on EXW conditions increased 18% from 35,000 tenge to 41,239 tenge as a result to Kazakh currency devaluation, which happened in late August 2015.

**NOTE: The National Bank of Kazakhstan exchange rate as of October 28, 2015: U.S. Dollar/278.92 Tenge.**

## PSD Tables

| Wheat | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Sep 2014 | | Sep 2014 | | Sep 2015 | |
| Kazakhstan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 12954 | 12954 | 11923 | 11923 | 11500 | 11736 |
| **Beginning Stocks** | 2935 | 2935 | 1988 | 1988 | 3245 | 3245 |
| **Production** | 13941 | 13941 | 12996 | 12996 | 14000 | 14000 |
| **MY Imports** | 12 | 12 | 600 | 600 | 25 | 25 |
| **TY Imports** | 12 | 12 | 600 | 600 | 25 | 25 |
| **TY Imp. from U.S.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 16888 | 16888 | 15584 | 15584 | 17270 | 17270 |
| **MY Exports** | 8100 | 8100 | 5539 | 5539 | 6500 | 6500 |
| **TY Exports** | 8000 | 8000 | 5501 | 5501 | 6500 | 6500 |
| **Feed and Residual** | 2000 | 2000 | 2000 | 2000 | 2000 | 2100 |
| **FSI Consumption** | 4800 | 4800 | 4800 | 4800 | 4800 | 4800 |
| **Total Consumption** | 6800 | 6800 | 6800 | 6800 | 6800 | 6900 |
| **Ending Stocks** | 1988 | 1988 | 3245 | 3245 | 3970 | 3870 |
| **Total Distribution** | 16888 | 16888 | 15584 | 15584 | 17270 | 17270 |
| | | | | | | |
| (1000 HA) ,(1000 MT) | | | | | | |

| Barley | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|---|---|---|---|---|---|---|
| Market Begin Year | Jul 2013 | | Jul 2014 | | Jul 2015 | |
| Kazakhstan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| **Area Harvested** | 1837 | 1837 | 1909 | 1909 | 2000 | 2121 |
| **Beginning Stocks** | 158 | 158 | 197 | 197 | 219 | 219 |
| **Production** | 2539 | 2539 | 2412 | 2412 | 2600 | 2600 |
| **MY Imports** | 0 | 0 | 10 | 10 | 10 | 10 |
| **TY Imports** | 0 | 0 | 10 | 10 | 10 | 10 |
| **TY Imp. from U.S.** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Supply** | 2697 | 2697 | 2619 | 2619 | 2829 | 2829 |
| **MY Exports** | 500 | 500 | 500 | 500 | 500 | 500 |
| **TY Exports** | 575 | 575 | 500 | 500 | 500 | 500 |
| **Feed and Residual** | 1700 | 1700 | 1600 | 1600 | 1800 | 1800 |
| **FSI Consumption** | 300 | 300 | 300 | 300 | 300 | 300 |
| **Total Consumption** | 2000 | 2000 | 1900 | 1900 | 2100 | 2100 |
| **Ending Stocks** | 197 | 197 | 219 | 219 | 229 | 229 |
| **Total Distribution** | 2697 | 2697 | 2619 | 2619 | 2829 | 2829 |
| | | | | | | |
| (1000 HA) ,(1000 MT) | | | | | | |

Annex 1: List of grain storages, eligible to issue the grain warehouse receipts in Kazakhstan

| # | Region | Name | Storage capacity (elevator capacity), 1,000 tons | Access to railways |
|---|---|---|---|---|
| 1. | Akmola region | LTD "Zhasybai - XXI" | 73,3 (57,3) | Yes |
| 2. | Akmola region | LTD "Perekatnenski elevator " | 96,0 (40,0) | Yes |
| 3. | Akmola region | LTD "Altyn Dan 2030" | 77,8(61,8) | Yes |
| 4. | Akmola region | LTD "Zher-Ana " | 131,8 (88,2) | Yes |
| 5. | Akmola region | LTD "Elevator Zhiger " | 82,0 (50,0) | Yes |
| 6. | Akmola region | LTD "Nan-aboroyi " | 113,4 (83,4) | Yes |
| 7. | Akmola region | LTD "Atbasar mills " | 168,9 (108,1) | Yes |
| 8. | Akmola region | LTD "Ak-Bidai " | 68,0 (53,0) | Yes |
| 9. | Akmola region | LTD "Agrimer-Astyk" | 138,6 (104,0) | Yes |
| 10. | Akmola region | LTD "HPP Anar " | 19,2 (-) | Yes |
| 11. | Akmola region | LTD "Babatay-Astyk " | 25,6 (-) | Yes |
| 12. | Akmola region | LTD "Bereke Astyk " | 55,5 (-) | Yes |
| 13. | Akmola region | LTD "Kenesary Astyk " | 62,0 (50,0) | Yes |
| 14. | Akmola region | LTD "Yessil Den " | 69,4 (69,4) | Yes |
| 15. | Akmola region | LTD "Zhaltyrski elevator " | 120,0 (70,0) | Yes |
| 16. | Akmola region | LTD "Yegindykolski elevator " | 117,0 (113,0) | Yes |
| 17. | Akmola region | LTD "Inter Trade " | 41 (-) | Yes |
| 18. | Akmola region | LTD "Kos-Shoky" | 50 (-) | Yes |
| 19. | Akmola region | LTD "Kumai-Yessil " | 19,2 (-) | Yes |
| 20. | Akmola region | LTD "Makinski elevator " | 89 (44) | Yes |
| 21. | Akmola region | LTD "Marinovskoye HPP " | 30 | Yes |
| 22. | Akmola region | LTD "Astyk Koimalary "base #1 | 198,2 (198,2) | Yes |
| 23. | Akmola region | LTD "Yerkenshilikski elevator - 2002" | 159,0 (117,0) | Yes |
| 24. | Akmola region | LTD Astyk Koimalary "base #5 | 64,7 (46,5) | Yes |
| 25. | Akmola region | LTD "Elevator "Krasivoye" | 32,6 (-) | Yes |
| 26. | Akmola region | LTD "Tastak " | 24,0 (0) | Yes |
| 27. | Akmola region | LTD "Urozhai " | 196,2 (189,0) | Yes |
| 28. | Akmola region | LTD "Schuchinski mill " | 66,9 (24,0) | Yes |
| 29. | Akmola region | AO "Altyn Dan " | 151,0 (122,2) | Yes |
| 30. | Akmola region | LTD "Aksai Dan" | 20,0 (-) | Yes |
| 31. | Akmola region | LTD "Betege-U" | 36,0 (-) | Yes |
| 32. | Astana | LTD "Akbiday Astana" | 159,0 (159,0) | Yes |
| 33. | Kostanay region | LTD "Amankaragaiski elevator " | 202,6 (80,0) | Yes |
| 34. | Kostanay region | LTD "Denisovskoye" | 215,2 (164,0) | Yes |
| 35. | Kostanay region | LTD "GRANART" | 71,7 (71,7) | Yes |
| 36. | Kostanay region | LTD "Raimbek - Grain & Co" | 39,1 (-) | Yes |
| 37. | Kostanay region | LTD "Zaayatski elevator " | 96,0 (66,0) | Yes |
| 38. | Kostanay region | LTD "Ivolga" | 392,3 (192,0) | Yes |
| 39. | Kostanay region | LTD "KazAgroTrade" | 179,6 (122,0) | Yes |
| 40. | Kostanay region | LTD "Karagailinski elevator " | 90,0 (57,0) | Yes |

| | | | | |
|---|---|---|---|---|
| 41. | Kostanay region | LTD "Batalinski elevator " | 37,5 (25,0) | Yes |
| 42. | Kostanay region | LTD "Koibagorski elevator " | 110(54,0) | Yes |
| 43. | Kostanay region | LTD "AGROSTOCK" | 25,0 (-) | Yes |
| 44. | Kostanay region | LTD "Ozernoye " | 34,0 (-) | Yes |
| 45. | Kostanay region | LTD "Peshkovsky HPP" | 230,0 (150,0) | Yes |
| 46. | Kostanay region | AO "Toguzakski elevator " | 145,2 (106,1) | Yes |
| 47. | Kostanay region | LTD "Torgaiski elevator " | 126,4 (96,4) | Yes |
| 48. | Kostanay region | LTD "Uzunkolski elevator - 2030" | 104,8 (54,0) | Yes |
| 49. | Kostanay region | LTD "Sarykolski elevator " | 362,9 (240,5) | Yes |
| 50. | Kostanay region | LTD "Uspenovskoye HPP" | 36,6 (-) | Yes |
| 51. | Kostanay region | LTD "Chelgashinski elevator " | 50,0 (37,2) | Yes |
| 52. | Kostanay region | LTD "Kost -DEN" | 8,0 (2,0) | Yes |
| 53. | Kostanay region | LTD HPP "Altyn Dan " | 24,0 (-) | Yes |
| 54. | Kostanay region | LTD "Furmanovski elevator " | 98,3 (98,3) | Yes |
| 55. | Kostanay region | LTD "Elevator Torgay -07" | 24,5 (24,5) | Yes |
| 56. | North-Kazakhstan | LTD "Aschigolski elevator - Sever" | 71,6 (41,4) | Yes |
| 57. | North-Kazakhstan | LTD "Aiyrtauski elevator " | 116,2 (83,0) | Yes |
| 58. | North-Kazakhstan | LTD "Aksuatski elevator " | 73,4 (51,0) | Yes |
| 59. | North-Kazakhstan | LTD "Bulayevski elevator " | 180,0 (100,0) | Yes |
| 60. | North-Kazakhstan | LTD "Kiyaly-Astyk " | 81,6 (76,6) | Yes |
| 61. | North-Kazakhstan | LTD "Kzyltuski mill " | 202,0 (144,0) | Yes |
| 62. | North-Kazakhstan | LTD "Mamlutski mill " | 145,4 (118,9) | Yes |
| 63. | North-Kazakhstan | LTD "Elevator Tselinnyi -2006" | 86,0 (74,0) | Yes |
| 64. | North-Kazakhstan | LTD "Astyk Koimalary " base #2 | 142,8 (80,8) | Yes |
| 65. | North-Kazakhstan | LTD " Astyk Koimalary " base #4 | 46,6 (46,6) | Yes |
| 66. | North-Kazakhstan | LTD "Sergeyevski Khlebnyi Dom " | 73,6 (-) | Yes |
| 67. | North-Kazakhstan | LTD "Assyl Dan " | 25,2 (4,7) | Yes |
| 68. | North-Kazakhstan | LTD "Timiryazevski elevator " | 160,2 (134,4) | Yes |
| 69. | North-Kazakhstan | LTD "Elevator Tainsha -2006" | 112,6 (50,0) | Yes |

| | | | | |
|---|---|---|---|---|
| 70. | North-Kazakhstan | LTD "Zhumabek " | 11,6 (-) | Yes |
| 71. | Aktobe region | LTD "Dozdak " Zhurun | 24,0 (-) | Yes |
| 72. | Aktobe region | LTD "Bozdak " Ashelisay | 83,1 (58,4) | Yes |
| 73. | Aktobe region | Branch #2 LTD "Ramazan " | 92,0 (63,0) | Yes |
| 74. | Aktobe region | Branch #3 LTD "Ramazan " | 120,0 (-) | Yes |
| 75. | Aktobe region | LTD "Ak-Biday -2000" | 35,0 (-) | Yes |
| 76. | West-Kazakhstan | LTD "Aksaiski elevator " | 57,0 (57,0) | Yes |
| 77. | West-Kazakhstan | LTD "Poimenskoye HPP" | 33,0 (-) | Yes |
| 78. | West-Kazakhstan | LTD "Taskala-Dan " | 62,8 (50,0) | Yes |
| 79. | West-Kazakhstan | LTD "Jaiskoye HPP " | 30,0 (-) | Yes |
| 80. | West-Kazakhstan | LTD "Chingirlauskoye HPP " | 60,0 (-) | Yes |
| 81. | West-Kazakhstan | LTD "AgroTrust " | 24,0 (-) | Yes |
| 82. | West-Kazakhstan | LTD "BAM " | 11,0 (-) | Yes |
| 83. | East-Kazakhstan | LTD "Zaschitinski elevator " | 46,9 (46,9) | Yes |
| 84. | East-Kazakhstan | LTD "Ust-Kamenogoski mill " | 37,8 (37,8) | Yes |
| 85. | East-Kazakhstan | LTD "Vostok-Agroprom " | 43,0 (-) | Yes |
| 86. | East-Kazakhstan | LTD "Shygys-Naiman " | 3,2 (-) | Yes |
| 87. | Karaganda region | LTD "Ak-Nura HPP " | 28,8 (-) | Yes |
| 88. | Karaganda region | LTD "Aktasty-Biday " | 36,0 (-) | Yes |
| 89. | Karaganda region | LTD "Zhaer-Arna " | 36,6 (36,6) | Yes |
| 90. | Karaganda region | LTD "Shokaiski elevator " | 24,0 (-) | Yes |
| 91. | Karaganda region | LTD "Osakarovka- NAN " | 70,1 (60,5) | Yes |
| 92. | Karaganda region | LTD "Nomad-Biday " | 11,5 (11,5) | Yes |
| 93. | Pavlodar region | LTD "ATO Scherbaktinski elevator " | 52,0 (24,5) | Yes |
| 94. | Pavlodar region | LTD "Pavlodarzernoproduct " (Mynkulski HPP) | 54,0 (24,0) | Yes |

Source: www.ets.kz