

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Kazakhstan - Republic of**

### **Grain and Feed Update**

#### **February Grain Update**

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**Report Highlights:**

Production data from the Kazakh Statistical Agency shows total grain production in 2014 at 17.2 million metric tons (MMT) and total wheat production at 13 MMT, down 6 percent from last year. A delay in harvesting, combined with the onset of rain and snow, and increasing domestic prices drove a drop in exports of 30 percent. Despite decreasing exports, the Kazakh Statistical Agency reports that Kazakh wheat stocks have remained flat compared with this time last year. Lower grain prices in Russia led Kazakhstan to import 36,000 MT of grain from Russia.

**Post:**  
Astana

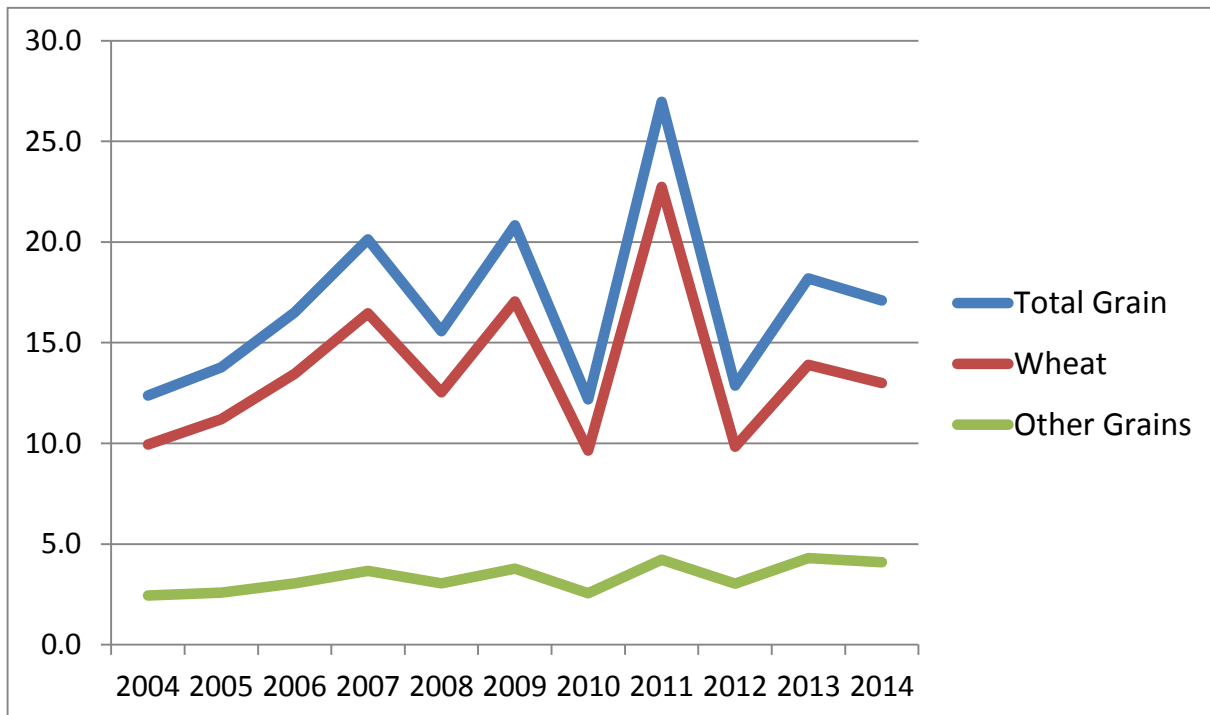
**Executive Summary:**

Production data from the Kazakh Statistical Agency shows total grain production in 2014 at 17.2 million metric tons (MMT) and total wheat production at 13 MMT, down 6 percent from last year. A delay in harvesting, combined with the onset of rain and snow, and increasing domestic prices drove a drop in exports of 30 percent. Despite decreasing exports, the Kazakh Statistical Agency reports that Kazakh wheat stocks have remained flat compared with this time last year. Lower grain prices in Russia led Kazakhstan to import 36,000 MT of grain from Russia.

**Production**

The Kazakh Statistical Agency released grain production data for Kazakhstan for 2014, with total grain production at 17.2 million metric tons (MMT), down 6 percent from 2013. Wheat production is 13 MMT, down 7 percent from 2013, and barley production is 2.4 MMT, down 5 percent from 2013. The 2014 harvest was delayed by rain and later by snow in the northern region of Kazakhstan. The Ministry of Agriculture reported on December 5<sup>th</sup>, that farmers were able to harvest 99% (14.8 million hectares). However, experts claim that the unharvested area left under the snow is much higher than what was officially reported. Moreover, they note that the majority of grain produced has a high moisture content, resulting in lower quality and additional costs for drying.

**10-Year Grain Production in Million Metric Tons**



Source: Kazakhstan Statistical Agency

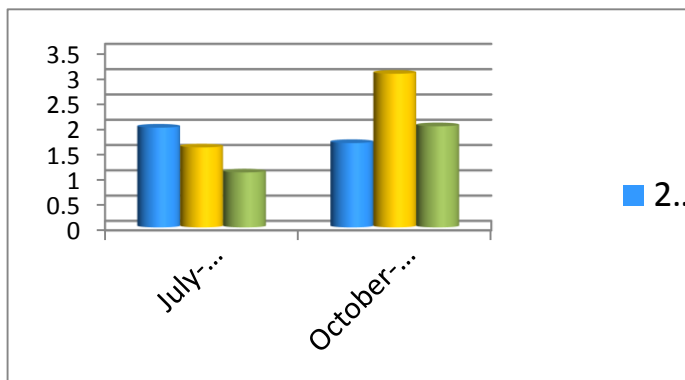
## Grains Production

Crop	2014 (MMT)	2013 (MMT)	Change in MT	Change in %
Total Grain	17.162	18.231	-1.069	-6%
Wheat	12.996	13.941	-0.945	-7.27%
Barley	2.411	2.539	-0.128	-5.3%
Corn	0.664	0.569	+0.095	+14.3%
Rice	0.377	0.344	+0.033	+8.75%
Rye	0.606	0.043	+0.563	+93%
Oats	0.226	0.305	-0.079	-35%
Millet	0.272	0.054	+0.218	+80%
Buckwheat	0.465	0.084	+0.381	+82%
Mixed Grain	0.299	0.278	+0.021	+7%

Source: Kazakhstan Statistical Agency

## Trade

### Kazakhstan Wheat (including Flour) Exports Decreasing



Source: Kazakh Railway Data

For the period July to September, 2014 exports decreased 30% compared with the same period in 2013. And, during the period October to December, 2014, exports decreased 34% compared to the same period in 2013. Traders believe that three different factors caused exports to drop. First, there were very high prices during harvest season, which were influenced by the government procurement price set by the Government grain operator (Food Contracting Corporation). The delay in harvesting didn't allow exporters to sign and meet the contracts. Second, the poor quality of the grain, with a high moisture content, further exacerbated the inability to meet the export contract requirements. Finally, some of Kazakhstan's traditional markets, such as Iran and Azerbaijan, shifted to the cheaper, Russian grain

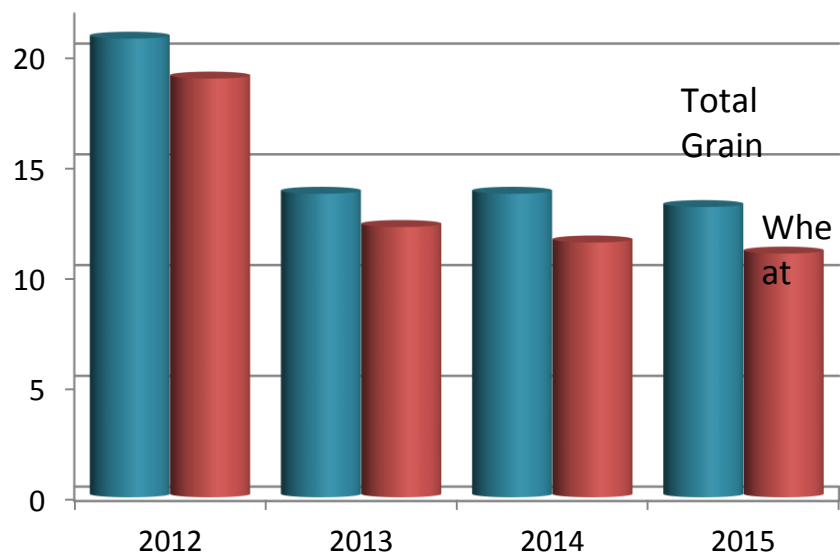
supply.

From January to November, 2014, Kazakhstan imported 2,629 MT of wheat (including 2,122 MT which were exported between January and June 2014), 1,713 MT of rye, 12,826 MT of barley, and 19,183 MT of rice from Russia (according to the Eurasian Economic Space data). These imports were due largely to the relatively low grain prices in Russia.

### **Stocks**

According to the Kazakh Statistical Agency, Kazakhstan grain stocks as of January 1, 2015 were at 13.7 MMT, including 11.5 MMT of wheat. The 2015 stocks are almost at the same level as they were during the same period in 2014 and 2013.

### **Stocks of Grain and Wheat in Million Metric Tons as of January 1, 2015**



Data Source: Kazakh Statistical Agency

### **Prices**

The Kazakh government established the price for grain to be supplied to state reserves. By the decree, the purchase prices are set: for 3rd grade soft wheat (*Triticum aestivum* L.) according to local standards ST RK 1046-2008 at 42,000 tenge (\$228) per ton (33% higher than in 2014) both for VAT payers and non-payers; for the fodder crop – 2nd grade barley according to local standards GOST 28672-90 - at 28,000 (\$152) per ton both for VAT payers and non-payers (184 tenge/\$1). However, last year the price for 3rd grade soft wheat was 28,000 tenge (\$152) per ton inclusive of VAT and 25,000 tenge (\$136) exclusive of VAT.

### **Policy**

Unlike Russia, the Kazakh Government declared that they would avoid any grain export restrictions in order to let Kazakh farmers sell their products at high world prices, especially given the current difficult harvest in Kazakhstan. The Kazakh Ministry of Agriculture further noted that they believe that there is no mutual supply of grain between Russian and Kazakhstan and that the markets are not codependent.

Kazakhstan has continued to pursue its strategy to increase its grain exporting potential by building the infrastructure needed to support exports. The rail connection between stations of Uzen (Kazakhstan) - Gyzylgaya - Bereket - Etrek (Turkmenistan) - Gorgan (Iran) was launched in December 2014 to connect Kazakhstan with the Persian Gulf region. The rail line is 934.5 kilometers long, with the longest part of 722.5 kilometers through Turkmenistan territory. Kazakhstan's line goes 130 kilometers, 82 kilometers of which traverses through Iranian territory. Due to this new railway line, total (agriculture and nonagricultural) trade turnover toward Persian Gulf increased 38%. Earlier reports said cargo traffic along the new rail line between Kazakhstan, Turkmenistan and Iran could reach 15 million tons by 2020, including 3 million tons of transit cargo.

Discussions of the creation of the Black Sea grain pool between Ukraine, Russia and Kazakhstan have been discontinued according to the Food Contract Corporation. Moreover, no working group has been formed on this topic. The idea of the Black Sea grain pool was first raised at the First World Grain Forum in 2009, in St. Petersburg. The export potential of the three countries combined was estimated at 70 million tons.

#### PS&D

Wheat Kazakhstan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Sep 2012		Market Year Begin: Sep 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	12,400	12,400	12,954	12,954	12,200	12,750
<b>Beginning Stocks</b>	6,176	6,477	2,935	3,840	1,988	2,991
<b>Production</b>	9,841	9,841	13,941	13,941	12,500	13,000
<b>MY Imports</b>	6	6	12	10	200	30
<b>TY Imports</b>	6	6	12	10	200	30
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	16,023	16,324	16,888	17,791	14,688	16,021
<b>MY Exports</b>	6,288	6,288	8,100	7,500	6,000	6,000
<b>TY Exports</b>	6,801	6,801	8,000	7,500	6,000	6,000
<b>Feed and Residual</b>	2,000	1,700	2,000	2,500	1,900	2,000
<b>FSI Consumption</b>	4,800	4,500	4,800	4,800	4,800	4,800
<b>Total Consumption</b>	6,800	6,200	6,800	7,300	6,700	6,800
<b>Ending Stocks</b>	2,935	3,840	1,988	2,991	1,988	3,221
<b>Total Distribution</b>	16,023	16,328	16,888	17,791	14,688	16,021

1000 HA, 1000 MT, MT/HA