

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Kazakhstan Agricultural Update

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Report Highlights:

Kazakhstan Agricultural Update as of January 09.2015

General Information:

Welcome to the Kazakhstan Agricultural Update, a summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within Kazakhstan, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification. Note: The Current FOREX rate is 182.27 tenge/\$1.

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GRAIN:

Kazakhstan Not Restricting Grain Exports: According to the Kazakh Minister of Agriculture, Asylzhan Mamytbekov, the Kazakh government has no plans to restrict grain exports. He noted further that, "Russia and Kazakhstan sell to different markets . . . Russia sells through seaports, we supply mostly to the markets of Central Asia, Iran and Afghanistan, these are two independent distribution markets." When asked if Kazakhstan may revise grain export plans following Russia's decision to restrict exports, Mamytbekov added that there is not a mutual supply of grain between Russian and Kazakhstan and the markets are not codependent. As of December 2, 2014, Kazakhstan harvested 18.9 million tons of grain, or 9.1% less than at the same date last year (20.8 million tons).

Anticipated Increase in Demand from the Middle East and Africa for Kazakh Grain: The Kazakh Ministry of Agriculture's press office told Interfax-Kazakhstan that countries in the Middle East and Africa may step up their interest in Kazakhstan-cultivated wheat due to restraints on grain exports imposed by Russia. They also speculated that this may increase grain prices. In December 2014, the export price of Kazakh wheat on EXW terms amounted to \$217.3 per ton, \$22.9 up from September, 2014.

Grain Exports Forecast at 7 Million Tons: Kazakhstan's Agriculture Ministry confirms a grain exports forecast of 7 million tons during this marketing year. Agriculture Minister Asylzhan Mamytbekov told Interfax-Kazakhstan that last year, in spite of bad weather, farmers managed to collect crops from more than 14.9 million hectares or, more than 99% of the total area. The net harvest is forecast at 17 million tons, with 4.1 million tons of grain stocks from the previous year and with domestic consumption totaling 9.5 million tons, potential exports are projected at 7 million tons. As of July 1, 2014 Kazakhstan exported over 3.5 million tons of grain, including flour in grain equivalent. In the 2013/2014 marketing year Kazakhstan exported approximately 8.7 million tons of grain, including flour in grain equivalent.

Flour Shipment to Afghanistan: The press office of the Regional Chamber of Entrepreneurs (RCE) announced in late December that exporters from the Southern region of Kazakhstan have agreed with Afghanistan to export flour and macaroni in 2015. Nine supply contracts were signed with a projected value of \$100 million. Under these contracts the regional entrepreneurs would deliver over 40,000 tons of macaroni and 55,000 tons of flour, as well as chipboards made of cotton stalks to Afghanistan.

Kazakhstan Imports Russian Grain: Between September and November 2014, Kazakhstan shipped 32,100 tons of grain from Russia, according to the Managing Director of Food Corporation Nurbek Dairbekov. Rice imports totaled 15,400 tons, barley 11,500 tons, wheat 2,600 tons, rye 991 tons and buckwheat 133 tons. According to Dairbekov, imports of Russian grain have grown because of the relatively low prices for Russian grain. "ICAR Russian think-tank estimates the grain imports delivered by motor transport from Russia to Kazakhstan at about several hundred thousand tons during the season. Such volumes may not dramatically affect the price situation on the Kazakhstan market." Dairbekov also noted that the current unofficial bans on grain exports, as well as the recently introduced Russian export duties, do not apply to Kazakhstan as Russia's partner in the Eurasian Economic Union.

MEAT AND LIVESTOCK:

FMD-Free Status for Kazakhstan: According to the Ministry of Agriculture of Kazakhstan, Kazakhstan may get foot-and-mouth disease free status by the next Assembly of the World Organization for Animal Health (OIE) in May 2015. FMD-Free status would allow Kazakhstan to export meat products to the EU and other WTO countries. The Ministry also reported that on December 19, 2014 the Committee of Veterinary Control and Supervision under the Ministry of Agriculture received a conclusion of the Federal Veterinary and Phytosanitary Monitoring Service on the welfare of the Republic concerning FMD. The Ministry of Agriculture said, as of December 19, 2014 the farmers from Kazakhstan have exported nearly 12 thousand tons of meat products.

Kazakhstan Resumes Meat Deliveries to Russia: The Ministry of Agriculture has announced that Kazakhstan has resumed meat deliveries to the areas in neighboring Russia which were previously closed for exports due to foot and mouth disease risks. Rosselkhoznadzor cleared Kazakhstan as an area free of FMD on December 19th, the Committee of Veterinary Control and Supervision said. A few years ago Kazakhstan created a buffer zone in Almaty, Kyzylorda, South Kazakhstan and East Kazakhstan regions to ensure food safety within the Customs Union, which until now had been banned from exporting meat and livestock products. The Ministry of Agriculture agreed with Rosselkhoznadzor to clear all Kazakhstan's regions for meat exports to Russia, with the exception of four rural districts of Zhambyl region and five rural districts of Almaty region bordering China and Kyrgyzstan. In August 2014, restrictions on the export of meat and animal products to Russia were lifted for East-Kazakhstan region.

Livestock Feeding Station Expansion in Pavlodar Region: Abai LLP in the Pavlodar region initiated an expansion of their current feeding station from 3,000 head to 10,000 head of cattle. The project is valued over 4.5 billion tenge, which includes 3.6 billion tenge from JSC KazAgroFinance with the funding allocated from the National Fund at 6% per annum for 9.5 years. The agricultural producer supplies Kazakhstan's major cities – Astana and Almaty – with meat. National Holding KazAgro - which owns KazAgroFinance – participates in the program Sybaga (financial assistance) aimed at developing beef export potential by financing the construction of livestock re-production and breeding farms and feeding stations.

Under the program, since 2011 about 50,000 head of high quality cattle have been imported to Kazakhstan, where KazAgro financed the import of 37,000 head. Over this period a total of 117,000 feeding stalls have been set up, including 18,700 financed by KazAgro. The holding also financed the procurement of 205,300 head of cattle under the program Sybaga.

In addition, this year the holding expanded financing to develop dairy, sheep, horse farms and construct water supply infrastructure for pastures. KazAgroFinance, founded in 1999 by Kazakhstan government, provides leasing and credit services in the agricultural sector using public funds, borrowed from foreign financial institutions as well as its own monetary resources.

JSC National Management Holding KazAgro, established in 2006, is in charge of the government's agricultural policy. The company manages the assets of its subsidiaries: JSC National Company Food Contract Corporation, JSC KazAgroProduct, JSC KazAgroFinance, Agrarian Credit Corporation JSC, Fund for Financial Support of Agricultural Sector JSC, JSC KazAgroGarant and JSC KazAgroMarketing.

OTHER:

Upcoming Termination of Customs Control on Kyrgyz-Kazakh Border: Customs control at the Kyrgyzstan and Kazakhstan border is scheduled to be terminated as of May 8, 2015, according to Prime Minister of the Kyrgyz Republic, Joomart Otorbayev. Ministerial and Departmental Heads recently met to discuss the action plan for implementation of the procedures for Kyrgyzstan's joining the Eurasian Economic Union. For these purposes, Kyrgyzstan must properly equip checkpoints at the Manas and Osh airports and Torugart and Irkeshtam, to perform certain activities in the field of phytosanitary and veterinary control. The meeting noted that the treaty on Kyrgyzstan's accession to the Union enters into force May 1, 2015. Kyrgyzstan, upon agreement, must conduct internal procedures on ratification of the treaty by March 2015. Following the meeting, Prime Minister Otorbayev tasked all Ministries and Departments of the Kyrgyz Republic to clarify the deadlines for implementation of priority measures needed for Kyrgyzstan to join the integration.

Kazakh President Launches Multiple Infrastructure Projects: Kazakh President Nursultan Nazarbayev has officially launched a number of new production facilities throughout the country, including transportation, mining and heavy industry projects, a dry port in the free economic zone Khorgos-East Gates and a cargo handling complex on the Kazakh-Chinese border. The cost of the project is 74 billion tenge. The port is expected to handle over 200,000 containers in 2015-2016.

Astana and Tashkent Agree to Increase Bilateral Trade: Issues of expanding trade and economic cooperation were discussed at the 14th session of the intergovernmental commission on bilateral cooperation between Kazakhstan and Uzbekistan in Tashkent. The session was attended by Kazakhstan's First Deputy Prime Minister, Bakytzhan Sagintayev and the First Deputy Prime Minister for Finance from Uzbekistan, Minister Rustam Azimov. The two sides reviewed aspects of the Kazakh-Uzbek cooperation in the water, energy, agricultural, industrial and gas sectors and called for further expansion of business partnership between the two countries, aimed at increasing bilateral trade turnover. A joint protocol was signed following the session of the intergovernmental commission.

National Chamber of Entrepreneurs Proposes Trading Restrictions: The National Chamber of Entrepreneurs (NCE) of Kazakhstan has called for the government to introduce temporary restrictions on trading operations in the Eurasian Economic Union. Because of the recent strengthening of the Kazakh Tenge against the Russian Ruble, NCE notes the adverse impact on the manufacturing sector of Kazakhstan. While the Kazakh government develops measures to prevent economic slowdown, NEC proposes that temporary restrictions on trading operations, as allowed by the agreement on Eurasian Economic Union formation, should also be introduced to protect the domestic market. The NCE

