

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Uzbekistan - Republic of

**Post:** Tashkent

### November 2012 Wheat Update

**Report Categories:**

Grain and Feed

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**Report Highlights:**

Post estimates Uzbekistan's MY 2012/13 wheat production at 6.7 million tons, which is 400,000 tons more than in the previous year. About 50-55 percent of the crop is considered to be of milling quality.

Kazakhstan still remains as the major source for wheat and but less for wheat flour imports. Wheat, wheat flour, and bread prices have all risen in the past few months, first of all, keeping with rising world prices and secondly, because of the increasing pace of inflation.

## **General Information:**

### **Production:**

Uzbekistan's MY 2012/13 wheat harvest was completed at the end of July. The estimated planted area of 1.4 million ha equaled that of the previous year. Of this, approximately 1.14 million ha were irrigated. According to preliminary official figures, MY12/13 wheat production totaled 6.7 million metric tons (MMT). Despite official reports of a bumper crop, some independent observers believe that production numbers are slightly overestimated as usual. According to independent experts, only an estimated 50-55 percent of locally produced wheat is suitable for food use. The remainder is used for feed and other purposes. Many private bakers prefer using imported Kazakh wheat flour.

### **Prices of local wheat and imported wheat/wheat flour**

This year the average procurement price for the 1st grade Uzbek wheat equaled to Sums 338,000 per 1 ton, or roughly USD173 per ton. The average price of imported 3rd class Kazakh wheat on terms of DAF Station "Sari-Agach" (Kazakhstan-Uzbekistan) was USD340 per ton. At the end of September and beginning of October imported wheat flour prices were reportedly USD450 per ton (1st grade), USD415 (2nd grade) and USD360 per ton (3rd grade).

Official exchange rate: Uzbek sums 1949 = USD1.00

### **Consumption:**

In MY 2012/13, food wheat consumption is forecast at 6.25 MMT, which is almost the same if compared to USDA official consumption estimate for MY 2011/12. There are no official data on feed grain consumption in Uzbekistan, and experts' estimates vary from 1.4 to 1.45 MMT. Because of inflation and in keeping with rising world prices, local wheat flour prices increased by 10-15 percent over the last year.

The current average price for local wheat flour of higher grades is Uzbek Sums (UZS) 1300/kg (USD0.67/kg). Imported Kazakh wheat flour has increased 25 percent and now retails an average UZS 2,000/kg (USD1.03/kg) depending on grade, compared to UZS1600-1700/kg a few months ago. This has increased the demand for local wheat flour. Consequently, bread prices have risen as well almost by 10 percent.

As of the beginning of October 2012, the price of a standard loaf of bread weighing 600 grams, baked from the first grade flour (called a "grey loaf", very popular among low-income consumers) increased to UZS550. This UZS0.50 increase for that popular "grey loaf" bread was not of course very considerable, and it is still most affordable bread for low-income families. But, unfortunately, the baking quality of this bread is not often very good. Therefore, more and more local population prefer locally bread (Non) baked in traditional local "tandur". The prices for this type of bread baked and sold by private bakeries have also increased 10 to 15 percent.

**Trade:**

There are no official statistics available on wheat trade. According to trade sources Uzbekistan's MY2011/12 wheat imports are estimated at 1.7 MT. MY2012/13 wheat imports are preliminarily forecast to decrease to 1.45 MMT mainly due to increased production this year. More than 85 % of this volume is imported from Kazakhstan. Therefore, Kazakhstan firmly remains the main supplier of high quality wheat and wheat flour to Uzbekistan. Reportedly, in 2011 Kazakhstan exported 1.23 MMT of wheat flour to Uzbekistan. However, experts believe that in 2012-2013 the export of Kazakh wheat flour to Uzbekistan will decrease, as Uzbekistan introduced a 15% excise duties for flour.

In the past few years Uzbekistan has put much effort into developing and increasing wheat flour production for the domestic market, mainly using imported Kazakh wheat. This information is confirmed reportedly by this year's increasing monthly imports of Kazakh wheat of over 80,000 tons a month, which is roughly 15-20 percent more than last year's monthly indicators.

Uzbekistan wheat exports are estimated at 400,000-450,000 tons of lower grade wheat. The export destinations are reportedly Iran, Afghanistan and a few Commonwealth of Independent States countries. Uzbekistan's MY12/13 wheat exports are preliminarily forecast at 400,000 tons.

**Stocks:**

There are no official data available on stock numbers. So, indicated Post numbers are rough estimates which reflects a constant demand and growth of flour milling in domestic market.

**Marketing:****Uzbekistan State and Private Milling Industries**

“Uzdonmahsulot” is a State Joint-Stock Company which deals with purchasing, distributing and storage of the grain and seeds for governmental needs. Its enterprises also produce wheat flour, fodder for cattle, as well as bakery, macaroni and confectionery products. According to Company statements, in 2011, about \$16 million were disbursed as part of more than 50 investment projects. The Company currently includes 44 bakeries and their 34 branches, supplying domestic consumers with flour, cereals, animal feed as well as bread, pasta and pastries. It has 55 big mills, 45 feed, 40 baking, 25 pasta, 63 seed-cleaning plants and 5 plants for the production of grits. This year several feed, baking, pasta producing plants and seed-cleaning factories and 16 storage tanks with 148,000 tons capacity have been commissioned.

Several existing seed-cleaning plants were upgraded with modern European technological equipment which allowed them to increase the production capacity, improve quality of processed seeds. In 2011, “Uzdonmahsulot” Company's enterprises produced more than 1.4 million tons of flour, 39,000 tons of bread, 22,000 tons of pasta and 500 tons of semolina. In 2012 it plans to increase production numbers by 10-15 percent.

At the same time, nowadays there are many small private grain millers who are getting very active in the market. For example, there are more than 60 private mills around Tashkent alone, with a total milling capacity of 1.5 million tons of wheat per year. Most of them rely heavily on imported Kazakh wheat. Uzbek private millers claim they are ready to cover Uzbekistan’s total demand in high quality wheat flour, and in the near future there will be no demand to import Kazakh wheat.

Recently, private millers established an Association of Private Grain Milling Enterprises whose objective is to lobby for the Uzbek millers’ interests in the domestic market and abroad. Uzbekistan plans to gradually decrease the import of Kazakh wheat flour, and in doing this, the state aims to concentrate mainly on milling imported Kazakh grain. This is supported by Kazakhstan’s grain export policy which considers Uzbekistan as a priority market.

**Production, Supply and Demand Data Statistics :**

**Table 1. Wheat PSD**

Wheat Uzbekistan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,400	1,400	1,400	1,400	1,400	1,400
Beginning Stocks	917	917	841	852	1,139	662
Production	6,500	6,535	6,300	6,300	6,700	6,750
MY Imports	1,624	1,420	2,698	1,760	1,500	1,450
TY Imports	1,624	1,420	2,698	1,760	1,500	1,450
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,041	8,872	9,839	8,912	9,339	8,862
MY Exports	500	520	700	600	500	400
TY Exports	500	520	700	600	500	400
Feed and Residual	1,500	1,300	1,700	1,450	1,500	1,450
FSI Consumption	6,200	6,200	6,300	6,200	6,200	6,250
Total Consumption	7,700	7,500	8,000	7,650	7,700	7,700
Ending Stocks	841	852	1,139	662	1,139	762
Total Distribution	9,041	8,872	9,839	8,912	9,339	8,862
1000 HA, 1000 MT, MT/HA						

**Table 2. Wheat area and production by regions in MY12/13  
(Data of Uzbek Ministry of Agriculture and Water resources as of July 23, 2012\*)**

Regions	Plant area Thous.Ha	Harvest area Thous.Ha	Target Thous.tons	Actual Prod Thous.tons
Karakalpakstan	53,0	53,0	141,2	155,2
Andijan	80,2	80,2	499,2	499,0
Bukhara	65,6	65,6	383,1	380,8
Djizakh	180,0	142,9	564,3	558,6
Kashkadarya	200,0	149,0	832,9	830,6
Navoi	43,4	40,6	185,4	203,7
Namangan	79,0	79,0	376,2	410,2
Samarkand	159,1	110,1	605,9	612,4
Surkhandarya	102,2	102,2	469,9	461,9
Syrdarya	89,0	89,0	378,1	390,2
Tashkent	136,1	135,1	514,7	697,4
Fergana	111,7	111,7	574,2	649,3
Khorezm	33,2	30,4	97,1	111,1
Republic Farms Total	1332,5	1188,8	5622,3	5960,4
Small Household farms **	77,5	70,0	387,5	350,0
Grand Total	1410,0	1258,8	6009,8	6310,4

**\*Note:** The data in this table are preliminary. The official final production figures by regions will be reportedly available at the end of the year.

\*\* The production numbers of private household farms in this table are rough estimates.