

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Uzbekistan - Republic of

**Post:** Tashkent

### October 2013 Wheat Update

**Report Categories:**

Grain and Feed

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**Report Highlights:**

Post estimates Uzbekistan's MY 2013/14 wheat production at 6.78 million metric tons (MMT), which is 30,000 tons more than in the previous year. About 55 percent of the crop is considered to be of milling quality. Kazakhstan still remains the major supplier for wheat and wheat flour imports. Wheat, wheat flour, and bread prices all rose slightly in September due to rising world prices and the increasing pace of inflation.

## Production:

Uzbekistan's MY 2013/14 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 6.78 MMT. Independent experts estimate that only about 55 percent of locally produced wheat is suitable for food use. The remainder is used for feed and other purposes. Many private bakers still prefer using imported Kazakh wheat flour.

## Production, Supply and Demand Data Statistics :

**Table 1. Wheat PSD**

Wheat Uzbekistan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	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	835	835	1,133	795	1,221	945
Production	6,300	6,300	6,700	6,750	6,700	6,780
MY Imports	2,698	2,100	1,863	1,750	1,900	1,850
TY Imports	2,698	2,100	1,863	1,750	1,900	1,850
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,833	9,235	9,696	9,295	9,821	9,575
MY Exports	700	650	400	450	400	500
TY Exports	700	650	400	450	400	500
Feed and Residual	1,700	1,590	1,700	1,600	1,700	1,680
FSI Consumption	6,300	6,200	6,375	6,300	6,450	6,400
Total Consumption	8,000	7,790	8,075	7,900	8,150	8,080
Ending Stocks	1,133	795	1,221	945	1,271	995
Total Distribution	9,833	9,235	9,696	9,295	9,821	9,575

1000 HA, 1000 MT, MT/HA

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

This year the average procurement price for the 1st grade Uzbek hard wheat equaled to Sums 623,490 per 1 ton, or roughly USD289 per ton; and the procurement price for the 1st grade soft wheat equaled to Sums 519,090 per 1 ton, or roughly USD240 per ton. The average price of imported 3rd class Kazakh wheat on terms of DAF Station "Sari-Agach" (Kazakhstan-Uzbekistan) was USD225 per ton at the end of September. As of October 1st, imported Kazakh wheat flour prices were reportedly USD325 per ton (1st grade), USD295 (2nd grade).

**Table 2. Local State procurement prices for 2013 grain crop:**

<b>Grain crops</b>	<b>Gluten content In percentage not less than</b>	<b>Procurement price In Uzbek Sums per ton</b>
<b>Hard wheat</b>		
Grade 1	28	623 490
Grade 2	25	549 890
Grade 3	22	500 270
Grade 4	18	380 000
<b>Soft wheat</b>		
Grade 1	32	519 090
Grade 2	28	441 430
Grade 3	23	380 000
Grade 4	18	339 960
<b>Hard/soft wheat grade 5</b>	No limitation	314 330
<b>Rye</b>		
Grade 1-3		361 000
Grade 4		304 000
<b>Oats</b>		
Grade 1		531 630
Grade 2		473 520
Grade 3		372 260
Grade 4		298 100
<b>Barley</b>		
Malting barley		473 520
Grade 1		372 260
Grade 2		298 100

Official exchange rate: Uzbek sums 2160 = USD1.00

### **Consumption:**

Food wheat consumption is forecast at 6.4 MMT for MY 2012/13. There are no official data on feed grain consumption in Uzbekistan, and experts' estimates vary from 1.65 to 1.7 MMT. Because of inflation and rising world prices, local wheat flour prices increased 10-12 percent over the last year.

The current average price for local wheat flour of higher grades is Uzbek Sums (UZS) 1400-1450/kg (USD0.67/kg). Imported Kazakh wheat flour has increased about 15-20 percent and now retails an average UZS 2100-2150/kg (USD1.00/kg) depending on grade, compared to UZS1900-2000/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.

According to official sources, Uzbekistan wheat flour production in 2012 decreased 7.6 percent, to 1.42

million tons, 95 percent of which is low-grade flour used for baking the so-called ‘social’ bread for low-income population. At the same time Uzbekistan remains a large wheat flour importer, having increased flour imports from 1.0 million tons to almost 1.5 million tons over the past five years.

As of the beginning of September 2013, 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 UZS600. This UZS0.50 increase for that popular “grey loaf” bread was not substantial, 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 local 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 MY2012/13 wheat imports are estimated at 1.75 MMT. MY2013/14 wheat imports are preliminarily forecast to increase to 1.85 MMT mainly due to increased consumption demand in high quality wheat flour. Around 80 percent 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 2012 Kazakhstan exported 1.25 MMT of wheat flour to Uzbekistan. In MY2013/14 wheat flour imports are forecast at 1.45 MMT.

Over 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. Uzbekistan MY2012/13 wheat exports are estimated at 450,000 tons of lower grade wheat. The export destinations are reportedly Iran, Afghanistan and a few Commonwealth of Independent States countries. Uzbekistan’s MY2013/14 wheat exports are preliminarily forecast at 500,000 tons.

In late 2012 Uzbekistan introduced a 15-percent excise tax on flour imports. After the introduction of this new excise tax, Kazakh wheat flour exports to Uzbekistan decreased to 709,000 tons during period of January-July 2013, a 45-percent decrease compared to the same period last year. Later this measure was criticized by Kazakhstan Government officials, as Kazakhstan still remains as the main supplier of hard wheat flour to Uzbekistan. Later, after high-level negotiations in August 2013, Uzbekistan decreased the excise duty on flour imports from 15 to 11 percent.

### **Stocks:**

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