

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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Voluntary  Public

**Date:** 4/27/2011

**GAIN Report Number:** uz1101

## Uzbekistan - Republic of

**Post:** Tashkent

### Uzbekistan Livestock Report 2011

**Report Categories:**

Livestock and Products

Agricultural Situation

Agriculture in the Economy

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**Report Highlights:**

Uzbekistan's total cattle numbers increased 2.1 percent in 2010 compared to 2009 and in 2011 are forecast to increase approximately 4.6 percent. Beef production is estimated to reach 450,000 tons in 2011. Imports of live breeding cattle are forecast at the same level as previous years, 20,000 head.

**Production:**

Most of the livestock sector in Uzbekistan currently consists of family owned farms (95-96% have an average of 4 head of cattle) and private livestock farms (4-5% have in average of 100-150 head of cattle).

By the beginning of 2010 there were around 10,500 livestock breeding farms operating in the country and 150 large livestock limited liability companies. The total cattle herd number for all farming entities was 8.2 million head by the end of 2010, including 3.3 million cows. The total number of sheep and goats was approximately 14.4 million.

Rising input prices significantly affect small (3-4 head of cattle is considered “small”) Uzbek producers, because private households have a limited ability to pass on higher costs to consumers. Total profits in the Uzbek beef, lamb and pork industries are falling, and competition is becoming fiercer. As a result larger more profitable livestock farms (200-300 head of cattle) and companies are increasing their market share as they absorb less-efficient producers.

Higher grain prices in the past 2 years are likely to slow herd growth slightly, especially on cattle breeding farms. Still, 2011 cattle herd number is forecast to increase slightly to 8.4 million. Sheep and goat production is expected to increase 7% to 15.4 million head in 2011. Domestic livestock production is currently not very profitable due to unreasonably high production costs, feed conversion ratios, and rising energy prices. Many farmers hoped that situation would improve in 2010 if the record-setting grain yield would result in lower feed prices. But prices did not come down. As a result, higher input costs and higher meat prices may make meat production (especially beef) less profitable than expected, especially for small household farms.

Beef production is forecast at 450,000 tons in 2011. Dairy cattle, including bull calves and spent dairy cows, remain the primary source of domestic beef. The highest volumes of beef production occur in the Samarkand, Tashkent and Kashkadarya regions, due to their high population density and the availability of rangelands in these regions. Sheep and goat breeding is widespread in the Kashkadarya, Navoi, Samarkand and Surkhandarya regions.

In the past 2 years processed meat production, mainly various sausage varieties, increased about 7-8%.

### **Key problems in livestock sector**

The main factors negatively affecting Uzbekistan’s livestock sector:

1. Insufficient feed resources. Almost half of family and private livestock farms suffer from insufficient feed supplies. The key reasons for insufficient feed production are lack of land and low feed crop yields. Another important factor is administrative restrictions on feed crop cultivation, which is actually pushed out in order to grow more cotton and wheat. Water deficiency for irrigation of feed crops is another problem in some regions. Moreover, many family livestock farms cannot buy sufficient feed due to their high cost (especially compound feed, cottonseed meal and cake) as well as due to a shortage of high quality feeds. Therefore, straw and corn are the main feed ingredients in the animal diet, which is not optimal because of their low nutrition value. According to independent observers, the majority of family livestock farms can feed their animals in amounts that are barely sufficient to support life and at least 10 percent of private livestock farms cannot supply even the minimum required feed quantity. Observers estimate that the current feed availability on private farms and agricultural enterprises is about 42%. As a result, some farmers are shifting their profile from livestock breeding to crop production.

2. Lack of land areas and turnover: Lack of inter-farm land turnover due to restrictions on land sub-leasing leads to difficulty for efficient rural producers to expand their land plots by purchasing inefficient plots. Accordingly, even farms with successful cattle breeding operations are limited in their growth capacity. Besides, a farmer cannot easily use lands allocated by the Government for cotton and wheat production for other purposes, including for cattle breeding. These factors are adversely impacting livestock sector performance. Observers believe that future livestock development in Uzbekistan directly depends on the Government's ability to address land tenure and land use rights.

The situation with pastures is rather complex. Around 92% of all pastures [what is approximate total area] in the country were under the management of the Ministry of Agriculture and Water resources (MAWR) until 1991. Gradually, this area shrank by 40% due to intensive and unlimited grazing, abolishment of pasture rotation and lack of reclamation practices. In 1991 a portion of the degraded pastures was transferred to the State Land Reserve, and another portion to the Forest Fund. There are now about 13 million ha of pastures available for the national livestock breeding. These pastures are under the control of the Ministry of Agriculture and Water Resources. Actually all pastures and agricultural lands in the country belong to the state. Most are located in the Karakalpakstan, Bukhara and Navoi regions where most of the remote grazing livestock breeding is practiced (mostly sheep breeding), where extremely large pastures are found.

3. Lack of credit resources: Farmers lack access to credit for operating and expanding their livestock operations and because the formal market for agricultural lands is not sufficiently developed, rural producers are limited in their ability to get loans backed by the equity of their land plots. In order to mitigate the acuteness of this problem, most experts believe it is important to create maximum incentives for development of the micro finance sector, in order to improve access of family and private livestock farms to micro-loans, including those with preferential interest rates.
4. Difficult access to inputs and services: It is difficult for livestock breeders to buy feedstuffs, primarily feed compounds, and pedigree stock. The most needed service, which is not fully available, is storage and processing of agricultural outputs. The situation is aggravated by lack of competitive input and service supply markets.

### **Consumption:**

In spite of rising inflation rates and overall rising food prices, slowly rising domestic production continues to satisfy consumer demand. The livestock sector's productivity, including the cattle sub-sector, is still rather low, in particular if we compare milk yields of Uzbekistan to other countries. Low productivity in the livestock sector prevents it from performing its full-fledged social function, not to mention realization of its export potential. Nationwide, both milk and meat production and per capita production is around 16-17 kg for meat and 182 kg for milk. Therefore, increasing interest in investment in the beef and lamb industries remains a challenge.

### **Trade:**

In the past 2 years (2009-2010) Uzbekistan live cattle imports are estimated at 20,000 head annually. 2011 imports of live cattle are forecast at the same level like in previous years at 20,000 head. The main countries of origin for live cattle imports in the past two years were Poland, Holland, Ukraine, Belarus and China. There are two local companies dealing with imports of live cattle, the Uzbek Republican Pedigree Breeding Enterprise and “OOO Chorvanashizmat”. These two companies are responsible for AI development and frozen semen trade as well. Uzbekistan currently does not import frozen meat except poultry meat and some meat products and ingredients. The United States sells limited quantities of poultry meat to Uzbekistan, however it is normally imported through third countries. Post does not see a great potential for U.S. exporters to expand meat sales to this market due to market barriers and economic factors, but there may be potential to enter the AI and frozen semen market.

### **Policy:**

In recent years the Government of Uzbekistan has been creating incentives to increase cattle herd numbers and to improve the overall livestock sector efficiency. Within the last four years there were two major GOU decrees devoted to livestock sector development. The first resolution, adopted in 2006, approved the Program for Encouragement of Livestock Expansion in Household Plots and Private Farms, primarily aimed to improve cattle production in the period between 2006-2010 through the following objectives:

- Increase the number of family and private farms engaged in livestock production;
- Improve livestock sector productivity;
- Expand opportunities for the local population to raise their incomes;

And the following measures were used to achieve these objectives:

- The rural population which is engaged in livestock production on their household plots is now considered by the state to be official employees with eligibility to receive pensions.
- Encouragement of livestock expansion and breeding on household plots and family farms, including free transfer of cattle to low-income and large families in the rural area. These measures positively contributed to increasing cattle herd numbers on family farms from 6 million head in 2005 to 8.2 million head by the end of 2010.
- Increasing specialized livestock breeding farms from 8000 in 2005 to 11000 in 2010.
- Improved access to veterinary services and artificial insemination (AI) through expansion of the network of veterinary service stations.
- Auctions to sell pedigree livestock.
- Improvement of access to micro-loans for households and private farms to facilitate cattle procurement.

- Exemption until 2010 of pedigree livestock breeding farms from customs fees and duties (except fees for customs handling) to be paid for pedigree material and equipment imported for development of pedigree animal breeding.

In addition, the strategy for livestock development was amended by Government decree in April 2008 to include the following objectives:

- Introduction and expansion of AI practices;
- Adjustment of the land use mechanism allocated for feed crops;
- Creation of incentives for provision of feed harvesters to farms;
- Creation of incentives for leasing terms for provision of feed harvesters to farms;
- Upgrading of the compound feed production sub-sector and improvement of access to raw materials;
- Privatization of veterinary units;
- Upgrading production capacities of the Uzbek Republican Pedigree Breeding Enterprise;
- Arrangement of production of deep-frozen bull semen;

## Production, Supply and Demand Data Statistics:

### 1. PSD Tables

Animal Numbers, Cattle Uzbekistan	2009		2010		2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks		7900		8,046		8,210
Dairy Cows Beg. Stocks		3,327		3,415		3,530
Beef Cows Beg. Stocks		150		160		170
Production (Calf Crop)		2,775		2,850		2,950
Intra-EU Imports		0		0		0
Other Imports		20		20		20
Total Imports		20		20		20
Total Supply		10,695		10,916		11,180
Intra EU Exports		0		0		0
Other Exports		0		0		0
Total Exports		0		0		0
Cow Slaughter		1,400		1,450		1,500
Calf Slaughter		0		0		0
Other Slaughter		1,000		1,000		1,000
Total Slaughter		2,400		2,450		2,500
Loss		249		256		264
Ending Inventories		8,046		8,210		8,416
Total Distribution		10,695		10,916		11,180
1000 HEAD, PERCENT						

Meat, Beef and Veal Uzbekistan	2009	2010	2011
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	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Slaughter (Reference)</b>	0	2,400	0	2,450	0	2,500
<b>Beginning Stocks</b>	0	0	0	0	0	0
<b>Production</b>	590	430	600	440	610	450
<b>Intra-EU Imports</b>	0	0	0	0	0	0
<b>Other Imports</b>	0	0	0	0	0	0
<b>Total Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	590	430	600	440	610	450
<b>Intra EU Exports</b>	0	0	0	0	0	0
<b>Other Exports</b>	0	0	0	0	0	0
<b>Total Exports</b>	0	0	0	0	0	0
<b>Human Dom. Consumption</b>	590	430	600	440	610	450
<b>Other Use, Losses</b>	0	0	0	0	0	0
<b>Total Dom. Consumption</b>	590	430	600	440	610	450
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	590	430	600	440	610	450
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

## 2. Historical data: Livestock numbers in all farming entities for 2000-2010 (Thousand head)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Cattle</b>	5353	5416	5477	5878	6242	6571	7044	7458	7912	8046	8210	8416
<b>Inc. cows</b>	2343	2361	2392	2556	2704	2821	2982	3124	3283	3327	3416	2530
<b>Sheep &amp; goats</b>	8932	9022	9233	9928	10580	11351	12016	12635	13064	13523	14432	14600
<b>Poultry</b>	14510	14828	15354	17675	18833	20540	24188	26119	27947	31447	32500	33000
<b>Horses</b>	146	144	143	147	151	158	162	168	170	175	180	185
<b>Pigs</b>	85	81	75	90	86	87	93	96	99	99	100	102