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## Kazakhstan, Republic of

### Grain and Feed

### Update

### 2005

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**Report Highlights:**

MY2005/06 wheat production estimate is unchanged at 11.0 million metric tons (MMT) although there have been reports of wheat rust. In addition, much will depend on the weather during harvest period. MY2004/05 wheat exports were officially reported at 2.7 MMT (including wheat flour). The drop was due to greater competition with Russia. Wheat exports in MY2005/06 could reach 4.0-5.0 MMT.

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Quarterly Report  
Ankara [TU1]  
[KZ]

## Production

### Wheat

Kazakhstan's MY 2005/06 official forecast for the grain production remains unchanged at 12.5-13.0 MMT, including 11.0-11.5 MMT of wheat. The Ministry of Agriculture (MOA) reported that in MY 2005/06 11.5 million hectares of wheat had been planted (10.9 MHA of spring wheat and 600 THA Ha of winter wheat). Soil moisture levels during the winter and good spring rains resulted good germination of wheat crop. However, dry and hot weather in July may lead to lower yields. Specialists assume that average wheat yields will not exceed 1.0 MT per hectare. Also, wet weather expected during the harvest may affect quality of grain. There have been reports of wheat rust on 740 THA in the Kostanay region. The Ministry of Agriculture reports about 300 – 400 TMT in losses each year due to poor storage facilities, theft and losses during transport.

### Barley

Kazakhstan's MY2005/06 barley production estimated at 1.9 MMT despite a reduction of planted area due to limited demand both in Kazakhstan and export markets. The Local market for feed grains is not strong due to the small livestock sector. On the export side, Saudi Arabia purchased about 100,000 –150,000 MT of barley annually in previous years. In MY2004/05 Russian and Ukrainian barley displaced barley from Kazakhstan.

### Policy

The Government of Kazakhstan's State Food Procurement Corporation (SFPC) is planning to purchase 550,000 MT of wheat state reserves and 2.0 MMT for commercial sales. Purchasing prices for 2005/06 growing season has been established at \$85-90 per ton but may be lower depending on demand. Last yea prices averaged \$100 - \$110 per ton. MOA specialists anticipate that average production costs for wheat production will be about \$62 per ton. At that price, the crop will be profitable for farmers.

### Trade

#### Wheat

MY 2004/05 wheat exports are unchanged due to weaker demand in Russia, Ukraine and Iran. Cheaper transportation costs from Russia have also displaced some potential sales from Kazakhstan to the Middle East and North Africa. Total transportation costs could be double Russian costs. Kazakhstan's primary export markets have been Russia (1.2 MMT) and other Former Soviet Union countries (500,000 MT). In addition, in MY2004/05 wheat flour exports are estimated at 500,000 MT (or about 700,000 MT in grain equivalent). Grain traders noted that MY2004/05 exports were weak due to better crops in traditional Kazakhstan's markets as Russia and Ukraine.

Wheat flour exports in MY2004/05 were sent primarily to Tajikistan, Uzbekistan, Russia and Kyrgyzstan. Outside of the FSU, Kazakhstan has export markets in Afghanistan and Mongolia. About 75-80 percent of wheat flour exports are sent to the FSU. In MY2005/06 wheat exports could reach 4.0-5.0 MMT. The SFPC is planning to increase exports to the Persian Gulf countries and Afghanistan via Caspian Sea and Iran. A new railroad branch from

Kostanay to Aktay (Caspian Sea port) will reduce transportation costs by \$20 per ton. In addition, a new grain terminal has been constructed in the Iranian port of Enzely. The Government of Iran is planning to construct new flour milling facilities in Enzely to process Kazakhstan's wheat for domestic utilization and for export to Afghanistan, Pakistan and the Gulf countries. The SFPC considers the Caspian Sea port Aktay key for developing grain exports. The Corporation is planning to construct new grain terminals in Aktay that to expand loading capacity to 1.0 MMT per year. Also, the SFPC is looking to increase wheat exports to Morocco, Saudi Arabia, Turkey and Iran.

Kazakhstan, Republic of Wheat							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
<b>Market Year Begin</b>		07.2003		07.2004		07.2005	MM/YYYY
<b>Area Harvested</b>	11300	11300	11800	11800	11500	11500	(1000 HA)
<b>Beginning Stocks</b>	3673	4315	3777	4030	3642	3995	(1000 MT)
<b>Production</b>	11000	11000	9950	9950	11500	11500	(1000 MT)
<b>TOTAL Mkt. Yr. Imports</b>	14	15	15	15	15	15	(1000 MT)
<b>Jul-Jun Imports</b>	14	15	15	15	15	15	(1000 MT)
<b>Jul-Jun Import U.S.</b>	0	0	0	0	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	14687	15330	13742	13995	15157	15510	(1000 MT)
<b>TOTAL Mkt. Yr. Exports</b>	4110	4500	2700	2700	4000	4500	(1000 MT)
<b>Jul-Jun Exports</b>	4110	4500	2700	2700	4000	4500	(1000 MT)
<b>Feed Dom. Consumption</b>	2700	2700	2700	2600	2700	2600	(1000 MT)
<b>TOTAL Dom. Consumption</b>	6800	6800	7400	7300	7400	7300	(1000 MT)
<b>Ending Stocks</b>	3777	4030	3642	3995	3757	3710	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	14687	15330	13742	13995	15157	15510	(1000 MT)

### Barley

Kazakhstan's MY2004/05 barley exports estimated at 100,000 MT. Major destinations have been Russia and CIS countries. Saudi Arabia did not purchase barley from Kazakhstan in MY2004/05 due to better offers from Russian and Ukrainian traders. Small volumes have been exported to Iran (13,000 MT), Estonia (1,400 MT) and Poland (8,000 MT).

Higher transportation costs and greater competition vis a vis Russia are the primary reasons for the decrease in exports. Private companies primarily sell Kazakh barley. The GOK does not sell significant quantities of barley. MY2005/06 barley exports are expected to be 200,000 MT due to anticipated demand from FSU countries as well as Iran and Saudi Arabia.

Kazakhstan, Republic of Barley							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
<b>Market Year Begin</b>		07.2003		07.2004		07.2005	MM/YYYY
<b>Area Harvested</b>	1800	1800	1700	1700	1600	1500	(1000 HA)
<b>Beginning Stocks</b>	949	900	399	500	299	150	(1000 MT)
<b>Production</b>	2100	2100	1500	1500	1900	1900	(1000 MT)
<b>TOTAL Mkt. Yr. Imports</b>	0	0	0	0	0	0	(1000 MT)
<b>Oct-Sep Imports</b>	0	0	0	0	0	0	(1000 MT)
<b>Oct-Sep Import U.S.</b>	0	0	0	0	0	0	(1000 MT)
<b>TOTAL SUPPLY</b>	3049	3000	1899	2000	2199	2050	(1000 MT)
<b>TOTAL Mkt. Yr. Exports</b>	700	500	50	100	400	200	(1000 MT)
<b>Oct-Sep Exports</b>	700	500	50	100	400	200	(1000 MT)
<b>Feed Dom. Consumption</b>	1850	1950	1450	1650	1400	1650	(1000 MT)
<b>TOTAL Dom. Consumption</b>	1950	2000	1550	1750	1500	1750	(1000 MT)
<b>Ending Stocks</b>	399	500	299	150	299	100	(1000 MT)
<b>TOTAL DISTRIBUTION</b>	3049	3000	1899	1997	2199	2050	(1000 MT)