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## Kazakhstan, Republic of

### Grain and Feed

### Grain Production and Trade Update

### 2007

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**Report Highlights:**

Good weather and slightly more area planted produced a record wheat crop in MY 2007/08. Total grain production is forecast at 20 million tons, including 16 million tons of wheat, and wheat and wheat flour exports are now forecast at 8.0 million tons. Even higher export forecasts by government officials appear unrealistic because of inadequate transportation infrastructure. MY2006/07 export estimates have been raised because of a surge in sales in the last two quarters.

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Includes PSD Changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report  
Ankara [TU1]  
[KZ]

## Executive summary

Current estimates of Kazakhstan's MY2007/08 total grain production total 20 million tons (MMT) including a record 16.0 MMT of wheat, 2.3 MMT of barley and 1.7 MMT of other grains. According to preliminary official data, grain harvested area was 15.4 million hectares, including 12.8 million hectares of wheat, slightly more than the previous year. Favorable weather conditions in major wheat producing region resulted in average yields 15 percent above MY2006/07.

MY2006/07 total wheat exports have been raised to 8.0 MMT due to higher wheat and wheat flour exports in the 4th quarter of the marketing year. According to official reports, Kazakhstan total wheat exports have been at 6.0 MMT and 2.0 MMT (grain equivalent) of wheat flour in MY2006/07; wheat and wheat flour were exported to 44 countries. MY2007/08 wheat exports are forecast at 8.0 MMT due to high export prices. However, analysts expect that exports will be limited by the lack of the transportation facilities.

## WHEAT

### Production

As October 18, the Ministry of Agriculture officially reported preliminary data for the MY2007/08 harvest. According to the report, in MY2007/08 Kazakhstani farmers harvested about 16.0 MMT of wheat, the biggest crop within the last fifteen years. Favorable weather conditions during the growing season and state subsidies for inputs allowed farmers to increase wheat yields in the major wheat growing regions. According to the MOA, in CY 2007 the government provided about 12 billion KZT (1\$=122 KZT) for subsidies of fuel, seeds, fertilizers, chemicals and equipment for farmers. Also, slight increases of wheat planted areas in the northern part of the country contributed to the record harvest. These three northern regions, Akmola, Kostansy, and North-Kazakhstan, provide about 80 percent of total wheat production.

Specialists estimate that about 75 percent of the total wheat harvested in current season will meet quality grade class 1-3.

### Consumption

MY 2007/08 wheat consumption is expected to be unchanged at 4.8 MMT. Feed domestic consumption will be limited by high prices. However, specialists expect that utilization of wheat for bioethanol will increase slightly due to installation of a second biofuel plant in Jambul region in 2007. The plant will utilize about 150,000 tons of wheat for production of bioethanol.

MY2007/08 wheat consumption for seed and food are forecast unchanged at 2.0 MMT and 2.8 MMT respectively.

### Trade

MY2006/07 wheat exports are increased to 8.0 MMT due to large shipments in the second half of the MY. According to the MOA, from January to July 2007 Kazakhstan has shipped about 3.4 MMT of wheat and 700,000 tons of wheat flour to 44 different countries. This export surge resulted from higher export prices and tight supplies of wheat on the world markets. Major importers have been Russia, Turkey, Azerbaijan, India, Iran and Saudi Arabia.

MY2007/08 exports are forecast at 8.0 MMT. The MOA has forecast that MY2007/08 exports will exceed 10 MMT. The Minister of Agriculture has stated that Kazakhstan will export 1.0 MMT every month from September 2007 to July 2008, but many analysts believe that exports will be limited by a lack of railroad grain cars for export shipments. The Kazakhstan Rail Company has about 5,200 grain cars, but demand for transportation of such huge volume of grain is about 11,000 units. According to the customs committee, in September 2007 exports were only about 250,000 tons of wheat due to lack of grain cars and problems with obtaining export licenses. The government is applying to the neighboring CIS countries to provide grain cars to rent.

### **Stocks**

MY2007/08 wheat ending stocks are forecast at 1.5 MMT, 500,000 MT higher than in MY2006/07 due to record production and anticipated unchanged exports. The State Food Contract Corporation is planning to keep about 500,000 tons in the state reserves, 500,000 tons as reserve for price stabilization and remained 500,000 tons well be kept by the flour millers.

### **BARLEY**

MY2007/08 barley production is reported at 2.3 MMT. That is 400,000 MT more than in previous year. Favorable weather conditions were major reasons for the increase of production. Planted areas under barley remain unchanged within last few years due to slow growth of domestic demand in feed grain and high competition with Russian and Ukrainian feed grains in the export markets.

MY2007/08 barley exports are expected to increase up to 1.0 MMT due to high price for domestic use and shortage of feed grain on the world markets.