



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/1/2008

GAIN Report Number: KZ8001

Kazakhstan, Republic of

Grain and Feed

Grain update

2008

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Report Highlights:

MY 2007/08 wheat production is officially estimated at a record 16.5 million tons, half a million tons higher than previous estimates. The government's optimistic forecast that exports will reach 10 million tons will fall afoul of transportation problems. A more realistic export forecast is 8.5 million tons.

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

Production

Kazakhstan's Ministry of Agriculture (MOA) has officially reported final MY2007/08 total wheat production at 16.5 million tons (MMT), half a million tons more than preliminary estimates. Favorable weather conditions during the growing season, state subsidies and slightly increased planted areas led to high yields and a record harvest.

Trade

Post forecasts MY2007/08 wheat exports at 8.5 MMT. Although the MOA continues to report that Kazakhstan's wheat exports will exceed 10.0 MMT, a lack of railroad cars to ship grain has slowed turnover, making this forecast unrealistic. According to the grain traders, at the end of December about 30 trains full of Kazakhstan's wheat spent several weeks waiting to unload at Ukrainian ports due to insufficient storage. Bad weather in the Russian ports on Azov Sea, also slowed the return of grain cars. Trade sources expect that wheat exports will increase within the next few months, because Russia and Ukraine have limited exports of their own grain and therefore port facilities will be able to handle more Kazakh grain. In addition, the government has applied to Russia for the rent of free grain cars.

Policy

The GOK continues to implement new regulations for the grain market. According to the new amendments to the "Law Concerning Grain," since September 28, 2007, all grain exporters have to obtain licenses from the MOA. The government developed and adopted rules for licensing and qualifying requirements for grain exporters. According to the rules, exporters must have production and storage facilities and enough grain for export: the minimum lot for export is 5,000 MT.

Bread prices increased significantly in September 2007 in line with wheat prices. To avoid further price increases the government has created a stabilization fund for wheat intervention. The State Food Procurement Corporation has procured about 180,000 MT of wheat with these funds, but did not use it yet. Also, the government signed a Memorandum of Understanding with the Grain Union; grain traders agreed not to increase internal prices for wheat up to the new harvest.