

**Required Report:** Required - Public Distribution

**Date:** April 18, 2023

**Report Number:** KZ2023-0004

**Report Name:** Grain and Feed Annual

**Country:** Kazakhstan - Republic of

**Post:** Astana(Nur-Sultan)

**Report Category:** Grain and Feed

**Prepared By:** FAS Astana Staff

**Approved By:** Christopher Bielecki

**Report Highlights:**

FAS Astana estimates wheat production at 16.4 million metric tons (MMT) in marketing year (MY) 2022/2023, which is the largest production volume since MY 2017/2018. FAS Astana forecasts no significant change to wheat and barley planted area for MY 2023/2024. Higher wheat stocks are expected due to grain export restrictions the government imposed in MY 2021/2022 and lower priced wheat imports from Russia that compete with domestic supplies for use in flour milling.

## General Information

### *Planting updates*

The [Ministry of Agriculture announced](#) that the planting area for all crops is expected to be 23.4 million hectares, an increase of 68,600 hectares from last year. Of this, the Ministry noted grain and legume production area is expected to increase to 16.2 million hectares. According to the Ministry, [spring planting began](#) in the southern regions of Kazakhstan (Figure 1). The government noted durum wheat prices decreased and are now equal to soft wheat prices and they expected that farmers would not increase durum wheat planting in MY 2023/2024. However, oilseed planting intentions remain high as domestic and export prices favor planting increases.

### *Policy updates*

Kazakhstan held national elections in March. [The Minister of Agriculture was reappointed](#) on April 4, 2023. In 2023, the Ministry of Agriculture upgraded the national agricultural subsidy online system (<https://gosagro.kz/>). There are [26 subsidies](#) available and 58 types of preferential loan rates. The [Ministry explained](#) that the new system was integrated with field remote sensing to increase accuracy and decrease fraud.

**Figure 1. Map of Kazakhstan with Regions**

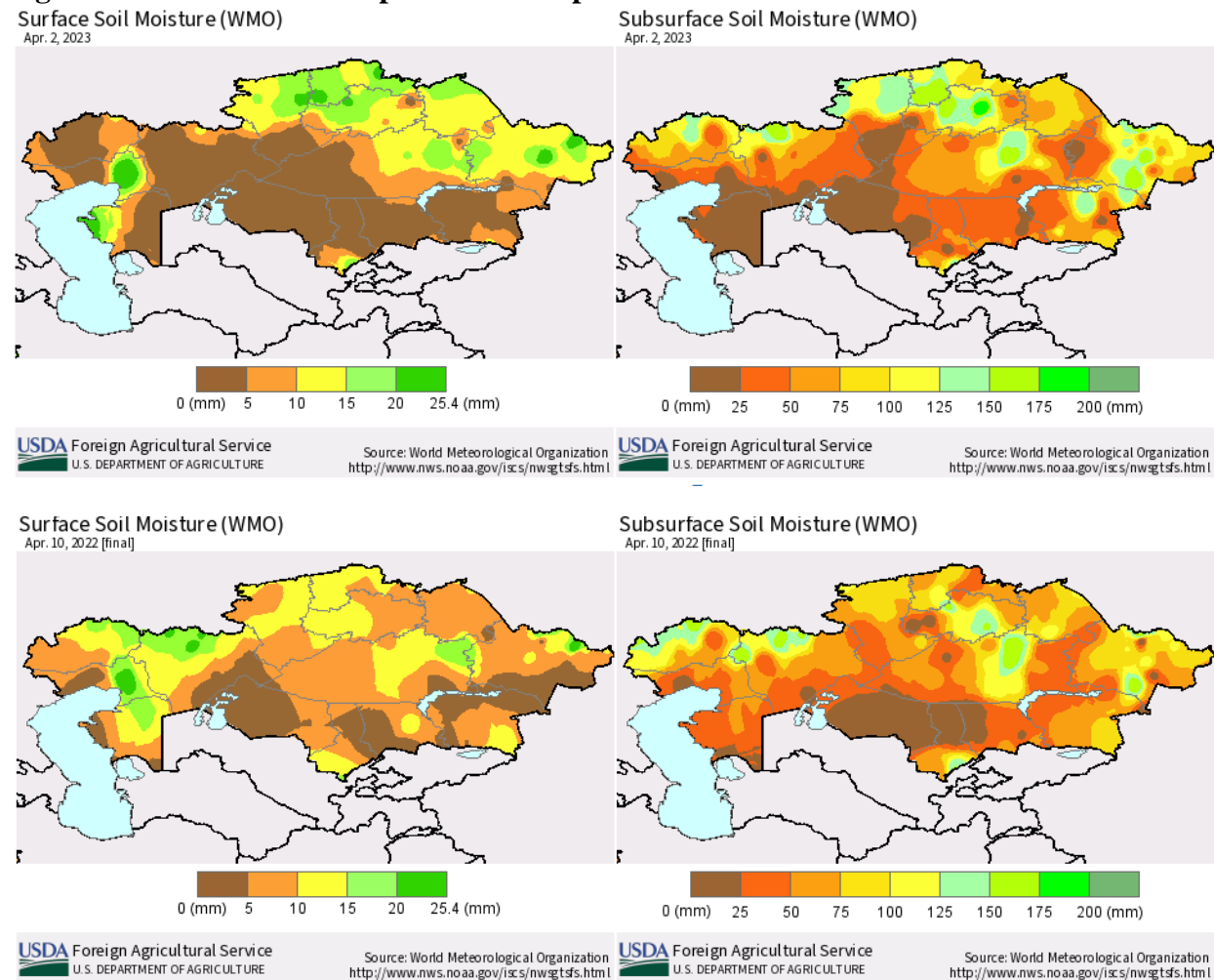


# WHEAT

## Production

According to Figure 2, FAS Astana noted higher surface and subsurface soil moisture levels in April 2023 compared to the prior year for the three regions leading in wheat production of Kostanay, North Kazakhstan, and Akmola, except in the southern Kostanay region. While subsurface soil moisture is best used to monitor an established crop, the relatively higher surface soil moisture potentially indicates better initial planting conditions than the prior year. However, [according to the Grain Union](#), local meteorological reports noted that temperatures have been higher than normal which could evaporate soil moisture. Additionally, some farmers in the North Kazakhstan region [reported the sharp evaporation](#) of moisture in fields. Considering these data, FAS Astana estimates slightly smaller spring crop yields in MY 2023/2024 compared to the prior MY.

**Figure 2. Soil Moisture in April 2023 vs. April 2022**



Source: [USDA-FAS Crop Explorer](#)

### *Wheat quality*

According to [one agricultural industry publication](#), dry weather and favorable temperatures helped produce high protein wheat in MY 2022/2023 averaging 14.9 percent and gluten at 31 percent in the three northern grain producing regions. The testing showed that on average 2.5 percent of wheat was impure, 1.5 percent was broken, 1.2 percent had weed matter, 0.6 percent was damaged by pests, and 0.3 percent was corroded. On average, the wheat produced from the three northern grain production regions was considered of high quality in MY 2022/2023.

### **Consumption and Stocks**

According to local analysts, domestic grain consumption is stable, and is not expected to increase in the next few years. They reported that the grain export restrictions Kazakhstan imposed in MY 2021/2022 led to higher domestic stocks (see GAIN reports [KZ2022-0009](#), [KZ2022-0014](#), and [KZ2022-0019](#)). Two additional factors leading to higher domestic stocks included under recorded Russian wheat imports and limited rail infrastructure to export grain.

### **Trade**

FAS Astana estimates wheat exports in MY 2022/2023 at 10.5 million metric tons (Table 1). Producers and exporters noted increasing exports in MY 2022/2023 was challenged by limited rail capacity, outdated infrastructure, under recorded grain imports from Russia, and delayed Value Added Tax (VAT) reimbursements. The VAT reimbursements were reported to take up to ten months and include \$87 million in outstanding reimbursements.

### *Grain imports from Russia*

Grain market analysts reported that Russian wheat exports to Kazakhstan were registered at approximately 1.6 MMT during July-December 2022, however actual exports reached 2.0 MMT, due to underreported weights of rail shipments. Three regions that border Russia, consisting of Pavlodar, Aktobe and West-Kazakhstan, are not large grain producing regions, but have become leading grain importing regions by truck. To address this issue, [the tax authority introduced](#) a requirement that all grain imports from Eurasian Economic Union (EAEU) members to Kazakhstan must be accompanied by a fully detailed invoice.

On average, Russian wheat imported to Kazakhstan is [\\$10-15 per metric ton cheaper than local wheat](#). Kazakh mills imported Russian wheat of the 4<sup>th</sup> class and blended it with local high-quality wheat to produce compatible quality wheat flour at a lower cost. Additionally, local poultry farms imported feed quality wheat at lower prices than domestic product. Since July 2022, wheat prices dropped precipitously from \$402 to \$184. In part to combat underreported grain trade, [the government plans](#) to restrict imports of wheat (excluding seeds) by truck for six months.

*Exports to China*

After previously only accepting Kazakh wheat in containers, China recently agreed to accept wheat transported by grain hopper cars. This policy change may lead to an increase in the share of wheat exports to China (Appendix 1) in MY 2023/2024. According to news reports, an initial shipment of 50,000 MT will be transported in grain hopper cars to a new grain terminal to the Chinese border station of Alashankou. Exports to China are occurring through Dostyk-Alashankou and Altynkol (Figure 3) stations. The Chinese Alashankou station has a laboratory that allows for phytosanitary testing to be completed in 2-3 days, while Altynkol has no laboratory facilities. Samples of product transported through Altynkol are sent to Urumqi, and which results can take up to 14 days to clear. Containers that wait too long for results may incur a \$50 day fine. Transport costs through Altynkol to the destination point in China are about \$135 more expensive per container. Additionally, transportation costs from grain producing areas (e.g., Kostanay) to Altynkol is \$35 to \$40 more expensive. Dostyk and Altynkol reported 3 times more container shipments in 2022 compared to the prior year.

**Figure 3. Kazakhstan commercial rail stations with China**



Note: Additional maps with Kazakhstani railway links can be found at [KazLogistics.kz](http://KazLogistics.kz).

**Table 1. Wheat Production, Supply, and Distribution, April 2023 Estimate**

Wheat	2021/2022		2022/2023		2023/2024	
	Market Year Begins		Market Year Begins		Market Year Begins	
	Sep 2021		Sep 2022		Sep 2023	
<b>Kazakhstan</b>	USDA	New Post	USDA	New Post	USDA	New Post

	Official		Official		Official	
<b>Area Harvested</b> (1000 HA)	12719	12719	12811	12890	0	12890
<b>Beginning Stocks</b> (1000 MT)	1475	1475	1491	1489	0	2393
<b>Production</b> (1000 MT)	11814	11814	16404	16404	0	13000
<b>MY Imports</b> (1000 MT)	2500	2500	2000	2000	0	2000
<b>TY Imports</b> (1000 MT)	2500	2500	2000	2000	0	2000
<b>TY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	15789	15789	19895	19893	0	17393
<b>MY Exports</b> (1000 MT)	8098	8200	10500	10500	0	9000
<b>TY Exports</b> (1000 MT)	8455	8455	10500	10500	0	9000
<b>Feed and Residual</b> (1000 MT)	1350	1300	2000	2000	0	2000
<b>FSI Consumption</b> (1000 MT)	4850	4800	5000	5000	0	5000
<b>Total Consumption</b> (1000 MT)	6200	6100	7000	7000	0	7000
<b>Ending Stocks</b> (1000 MT)	1491	1489	2395	2393	0	1393
<b>Total Distribution</b> (1000 MT)	15789	15789	19895	19893	0	17393
<b>Yield</b> (MT/HA)	0.9288	0.9288	1.2805	1.2726	0	1.0085

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

## BARLEY

### Production

FAS Astana expects no significant change to planting area for barley in MY 2023/2024 compared to the prior MY. FAS Astana estimates barley production in MY 2022/2023 at 3.3 MMT, an increase of 30 percent from MY 2021/2022 and on par with USDA's official estimate (Table 2). FAS Astana bases this forecast on official government reporting, data showing improved precipitation and weather conditions, and a consensus among barley producers who received higher yields.

### Consumption and Stocks

Barley consumption, which is mainly used for animal feed, is estimated at 2.1 MMT in MY 2022/2023, on par with USDA's official estimate.

## Trade

Barley competes with Russian barley on the Iranian market. Exporters have expressed concern that Russian barley exports to Iran may remain strong due to cheaper prices and lower export duties. Traders are optimistic about increasing barley exports to China. Kazakh barley was most actively exported to Iran, Uzbekistan, and China from July 2022 to January 2023 (Appendix 2).

**Table 2. Barley Production, Supply, and Distribution, April 2023 Estimate**

Barley Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2157	2181	2176	2187	0	2187
Beginning Stocks (1000 MT)	612	612	307	307	0	324
Production (1000 MT)	2367	2367	3287	3287	0	3200
MY Imports (1000 MT)	55	55	150	200	0	100
TY Imports (1000 MT)	82	55	130	200	0	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3034	3034	3744	3794	0	3624
MY Exports (1000 MT)	427	427	1000	1000	0	1000
TY Exports (1000 MT)	571	450	1000	1000	0	1000
Feed and Residual (1000 MT)	2000	2000	2100	2100	0	2000
FSI Consumption (1000 MT)	300	300	300	370	0	300
Total Consumption (1000 MT)	2300	2300	2400	2470	0	2300
Ending Stocks (1000 MT)	307	307	344	324	0	324
Total Distribution (1000 MT)	3034	3034	3744	3794	0	3624
Yield (MT/HA)	1.0974	1.0853	1.5106	1.503	0	1.4632

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

**Appendix 1: Kazakhstan Wheat and Wheat Flour Exports 2020-2022 (MT)**

Partner Country	Unit	Year Ending(UOM1: T)			Year to Date		
		2020	2021	2022	09/21-01/22	09/22-01/23	%Δ
_World	T	6,391,867	7,579,636	7,456,980	3,533,145	4,456,164	26.12
Uzbekistan	T	2,724,795	3,446,909	3,008,210	1,405,100	1,912,902	36.14
Afghanistan	T	1,387,144	1,738,342	1,592,014	718,164	1,197,671	66.77
Tajikistan	T	1,103,345	1,133,786	949,329	460,464	574,767	24.82
Iran	T	2,302	414,218	638,029	268,262	111,985	-58.26
Turkmenistan	T	147,463	70,524	474,443	256,368	195,253	-23.84
Italy	T	129,972	108,037	303,552	202,660	151,003	-25.49
Azerbaijan	T	17,553	34,675	192,430	111,162	200,876	80.71
Turkey	T	57,844	53,346	111,372	22,823	12,103	-46.97
Russia	T	363,566	140,350	89,131	41,614	20,985	-49.57
China	T	288,614	319,164	28,600	14,495	29,827	105.77
Kyrgyzstan	T	150,168	67,736	18,409	10,639	10,397	-2.27
Poland	T	3,517	1,172	13,279	6,265	5,780	-7.74
Latvia	T	1,190	8,395	7,051	1,551	16,762	980.72
United Kingdom	T	0	17,300	7,000	7,000	0	-100
Tunisia	T	0	4,393	5,200	0	0	0
Georgia	T	4,118	3,115	4,955	448	470	4.91
Malta	T	0	0	4,877	0	0	0
Norway	T	2,500	3,000	3,000	3,000	2,660	-11.33
Switzerland	T	1,458	1,364	2,611	2,413	0	-100
Finland	T	1,551	0	1,540	0	0	0
Mongolia	T	1,943	1,214	507	154	250	62.34
Belarus	T	294	726	443	148	132	-10.81
Moldova	T	1,052	680	357	340	8	-97.65
Israel	T	0	0	136	0	22	0
Germany	T	0	220	119	0	115	0
Armenia	T	140	122	89	32	101	215.63
Ukraine	T	14	0	89	0	4	0
Chad	T	0	0	84	0	0	0
Iraq	T	0	0	65	43	1,151	2576.74
Belgium	T	0	21	42	0	378	0

Source: Trade Data Monitor, LLC



**Appendix 2: Kazakhstan Barley Exports 2020-2022 (MT)**

Partner Country	Unit	Year Ending(UOM1: T)			Year to Date		
		2020	2021	2022	07/21-01/22	07/22-01/23	%Δ
_World	T	1,365,572	1,085,109	426,638	191,489	666,227	247.92
Iran	T	1,147,686	708,286	193,581	52,663	317,862	503.58
Uzbekistan	T	43,023	60,086	100,465	76,979	98,072	27.4
China	T	78,185	237,519	84,183	22,899	179,428	683.56
Tajikistan	T	13,195	27,557	39,539	31,711	59,194	86.67
Afghanistan	T	4,044	4,049	4,544	3,890	7,388	89.92
Kyrgyzstan	T	6	0	2,124	2,124	0	-100
United Kingdom	T	4,550	2,470	979	0	0	0
Turkmenistan	T	547	650	804	804	0	-100
Turkey	T	2,840	396	418	418	154	-63.16
Netherlands	T	0	0	0	0	0	0
Poland	T	0	0	0	0	0	0
Russia	T	37,214	6,039	0	0	348	0
Syria	T	0	242	0	0	0	0
United Arab Emirates	T	19,400	30,366	0	0	0	0
Azerbaijan	T	5,373	2,374	0	0	0	0
Belarus	T	6,950	0	0	0	0	0
Czech Republic	T	1,400	0	0	0	0	0
Germany	T	0	0	0	0	0	0
Iraq	T	1,159	0	0	0	3,780	0
Israel	T	0	5,074	0	0	0	0

Source: Trade Data Monitor, LLC

**Attachments:**

No Attachments