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Report Name: Grain and Feed Update

Country: Kazakhstan - Republic of

Post: Nur-Sultan (Astana)

Report Category: Grain and Feed

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Report Highlights:

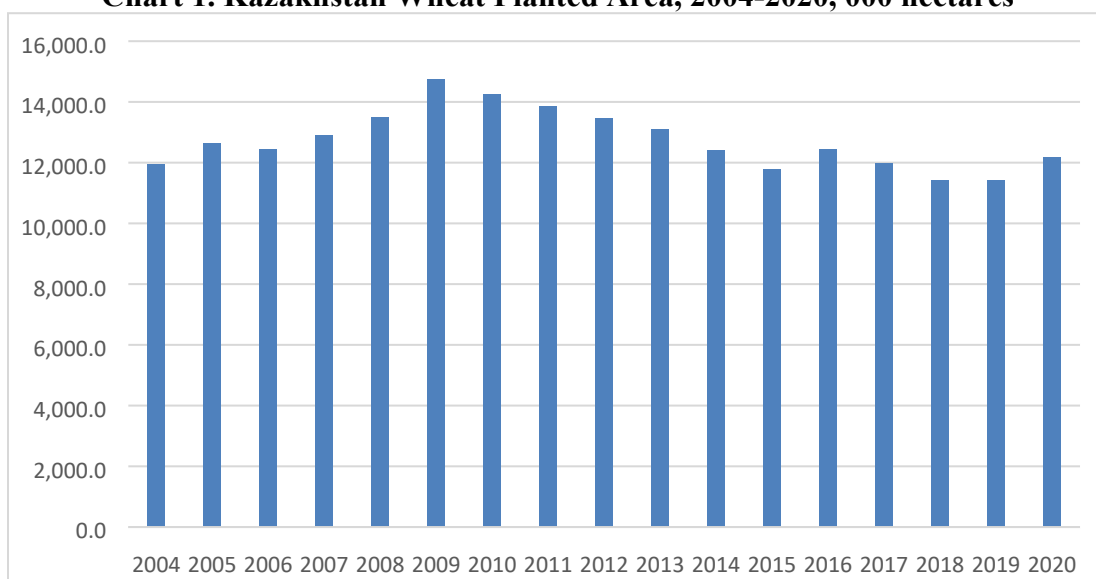
This report contains FAS Nur-Sultan's revised production forecasts for MY2020/21 as well as trade estimates for MY2019/20. Harvesting in Kazakhstan started earlier than usual in late July, and finished in early October. These were seen as good timelines, producing good quality grain crops. As a result, Post has revised production volume and exports, increasing estimates for wheat compared with previous estimates in the July 2020 Grain Report.

General Information:

Season Overview and Total Grain Area

Spring planted area for wheat is reported by the Kazakhstan Statistical Service at 12.169 million hectares, which is 755,000 hectares bigger than last year.

Chart 1. Kazakhstan Wheat Planted Area, 2004-2020, 000 hectares



Source: [Kazakhstan Statistical Service Report](#)

Barley planted area is reported at 2.7 million hectares, which is 243,000 hectares smaller than last year. The reduction is driven by disappointing barley prices for farmers during the previous marketing year. Please, see Table 1 for more details.

Table 1. Kazakhstan Planted Area for Wheat, Barley and Soybeans, hectares

	Wheat	Barley	Soybean
Total	12,169,422.5	2,753,330.9	127,777.9
AKMOLA	3,695,029.1	645,426.3	701.8
AKTOBE	309,984.1	121,093.8	101,512.7
ALMATY	126,466.2	240,019.4	98.0
WEST KAZAKHSTAN	169,723.9	40,797.0	-
JAMBYL	149,711.6	209,567.9	-
KARAGANDA	691,428.2	199,517.3	448.0
KOSTANAY	3,437,877.5	458,683.2	4,861.9
KYZYLRDA	8,679.0	597.0	240.0
PAVLODAR	655,634.8	130,781.6	575.0
NORTH-KAZAKHSTAN	2,290,933.4	525,956.0	10,880.0
TURKISTAN	200,893.8	49,607.6	-
EAST KAZAKHSTAN	420,670.1	129,418.6	8,459.1
NUR-SULTAN	1,720.0	-	-

ALMATY	37.1	99.8	-
SHYMKENT CITY	10,653.7	1,765.5	1.1

Source: [Kazakhstan Statistical Service report](#)

Kazakhstan's harvest started unusually early this year. Harvesting was already underway in late July in North Kazakhstan, due to hot summer season. As a result, the harvest finished earlier than average as well. The Ministry of Agriculture reports that on October 5, 2020 harvesting was 99.5 percent complete. The average yield of all grain crops was reported at 1.27 metric tons (MT) per hectare, producing 19.9 million metric tons (MMT) of total grain. Please, see Table 2 below.

Table 2. Harvesting Progress Data (part 1)

	Area planted, 1000 ha		Area to be harvested, 1000 ha	
	2019	2020	2019	2020
AKMOLA	4.384,4	4.446,7	3.822,6	4.446,7
AKTOBE	457,3	447,8	457,3	447,8
ALMATY	456,4	469,8	394,2	409,0
EAST KAZAKHSTAN	549,8	600,4	539,1	600,4
JAMBYL	333,5	359,3	333,5	359,3
WEST-KAZAKHSTAN	245,1	228,0	245,1	228,0
KARAGANDA	834,5	893,6	834,5	893,6
KOSTANAY	3.968,4	4.051,0	3.410,5	4.051,0
KYZYLORDA	97,4	99,9	80,7	79,7
PAVLODAR	785,8	899,9	785,8	899,9
TURKESTAN	284,5	302,9	242,0	302,9
NORTH-KAZAKHSTAN	2.861,5	2.988,5	2.192,5	2.988,5
TOTAL	15.258,6	15.787,8	13.337,8	15.706,8

Source: [Kazakhstan Ministry of Agriculture Report as of October 5, 2020](#)

Table 2. Harvesting Progress Data (part 2)

	Production, 1000 tons		Yields, 100 kg/ha	
	2019	2020	2019	2020
AKMOLA	3.937,2	5.247,1	10.3	11.8
AKTOBE	380,0	513,8	8.3	11.5
ALMATY	864,9	874,2	21.9	21.4
EAST KAZAKHSTAN	917,8	772,9	17.0	12.9
JAMBYL	680,4	816,6	20.4	22.7
WEST-KAZAKHSTAN	242,2	260,0	9.9	11.4
KARAGANDA	826,2	966,2	9.9	10.8
KOSTANAY	2.249,6	4.124,5	6.6	10.2
KYZYLORDA	401,5	399,9	49.8	50.2
PAVLODAR	785,8	827,6	10.0	9.2
TURKESTAN	511,0	750,1	21.1	24.8
NORTH-KAZAKHSTAN	3.294,3	4.423,0	15.0	14.8
TOTAL	15.090,9	19.975,9	11.3	12.7

Source: [Kazakhstan Ministry of Agriculture Report as of October 5, 2020](#)

Of note, despite reported moisture deficiency during the vegetation period, farmers in Kostanay region received better yields than last year.

Policy

On September 1, 2020 President Tokayev announced institutional changes for the Statistical Committee under the Ministry of National Economy. The relevant [Decree](#) was signed on September 5, 2020 on “reforming the Committee of Statistics under the Ministry of National Economy into the Bureau of National Statistics.” The decree places the statistical bureau within the newly-established Agency for Strategic Planning and Reforms, which reports directly to the Office of the President.

Earlier this year, the President also instructed the Ministry of Agriculture to prepare a new Agricultural Development program, which will include self-sufficiency of socially important food products, stable income for rural populations, an increase of farm labor efficiency in 2.5 times, and a doubling of agricultural exports. A ministerial commission has been formed to start working on the plan. As part of the new focus on exports, the Food Contracting Corporation is designing its development strategy for the next few years, and plans to establish a representative office in Uzbekistan to promote commercial interests in Central Asia.

Additionally, the President announced the cancellation of the Executive Secretary positions in all ministries. However, in August the Ministry of Agriculture established a new Deputy Minister position with a digitalization portfolio. Now there are [five Deputy Ministers](#) total at the Ministry of Agriculture.

Following criticism over the temporary export restrictions for wheat and flour enacted in response to the COVID-19 pandemic, the Ministry of Agriculture has publicly stated that no export restriction are planned for MY 2020/21. However, the temporary restrictions inspired some active exporters to unite to form [KazGrain](#), an association that combines grain exporters, owners of elevators, and other grain market players. The association has an office in Nur-Sultan, and it received official accreditation from the Ministry of Agriculture to be involved in high-level policy discussions.

On October 6, 2020 [President Tokayev congratulated](#) Kazakhstani farmers with the completion of the harvest. He noted that farmers did particularly well considering the emergency situation during planting season and moisture deficiency during the summer, and were still able to get high quality crops this year.

WHEAT

Production

MY 2020/21 wheat production is forecast at 12.7 MMT (please refer to PSD table at the end of this section), a twelve percent increase compared to the previous MY (11.452 MMT), and 200,000 tons more than USDA Official numbers. Post bases this forecast on available harvested area data. Farmers report an earlier start and finish to harvesting, with overall good wheat quality. Post estimates wheat harvested area at 11.5 million hectares, based on official figures and historical trends.

Quality

Minister of Agriculture Omarov reported at a recent Cabinet meeting that the quality of wheat is better than last year. Class 3 wheat, which is the main exportable food quality wheat, accounted for 82 percent of new harvest. In comparison, late year Class 3 wheat was just 65 percent. Please, see Table 3 below. Higher wheat quality this year was attributed to good weather conditions, including good sun during the growing period and the ability to harvest without significant rain.

Table 3. Wheat quality in MY2020/21 and MY 2019/20

000 tons	Class 1-2	Class 3	Class 4	Class 5	Non-class
MY 2020/21	45.4	1,915.4	229.8	108.7	39.8
Share, %	1.9	81.9	9.8	4.6	1.7
MY 2019/20	12.8	556.5	153.6	80.7	45.0
Share, %	1.6	65.6	18.1	9.5	5.3

Source: [Minister Omarov's report at the Cabinet meeting on September 22, 2020](#)

Additionally, officials report that gluten content is higher this year. Wheat with gluten content at 28 percent or more accounted for 59 percent of the new harvest. Please see Table 4 below.

Table 4. Gluten content in MY 2019/20 and MY 2020/21

	MY 2019/20	MY 2020/21
Gluten content 28%>	42.8%	59.0%
Gluten content 25-27%	23.4%	25.4%
Gluten content 23-24%	33.8%	15.6%

In addition to the official statements, market players also confirm their satisfaction with the newly harvested wheat quality.

Consumption and Stocks

Feed and residual use of wheat is forecast a little lower than MY 2019/20, since the majority of wheat qualifies for food purposes, leading to less feed wheat available on the market. There is no change from the USDA Official estimate. The estimate for MY 2020/21 stocks is forecast to be flat from MY 2019/20.

Trade

Based on an earlier start and timely conclusion of harvesting and input from traders, FAS Nur-Sultan estimates MY 2020/21 wheat exports at 6.7 MMT, an increase of 400,000 MT over the USDA official number (6.3 MMT). Traders also estimate Kazakhstani wheat exports [at 6.7 million tons](#), noting fewer exports of durum wheat, which mainly goes to Russia, Italy, Turkey and other countries.

Traders reported the normal seasonal delays at [Saryagash rail station](#) (on the border with Uzbekistan). No grain shipments are accepted during October 1-10 due to seasonal shipments of coal. The Astyk Trans company, which manages a total 6,500 grain wagons in Kazakhstan, [announced a higher rail tariff](#)

for grain hoppers starting from October 1, 2020. [Exporters note](#) that the increase was percent on average, which will increase price for grain by \$5-7 per MT in average.

On September 30, 2020, government grain operator the Food Contracting Corporation (FCC) announced the prices for its domestic procurements. (Please see Table 5 below for more details.)

Table 5. Food Contracting Corporation forward procurement announcement

Crops	Qualities	With VAT, tenge/USD	Without VAT, tenge/USD
Soft wheat class 3	Test weight – 710, gluten-23, moisture – 14, protein-11.5	83,000/\$194	74,107/\$173
Soft wheat class 3	Test weight – 730, gluten-25, moisture – 14, protein-11.5	85,000/\$199	75,893/\$177
Soft wheat class 3	Test weight – 760, gluten-27, moisture – 13.5, protein-14.5	87,000/\$203	77,679/\$181
Soft wheat class 4	Test weight – 700, gluten-18, moisture – 14, protein-9.5	78,000/\$182	69,643/\$163
Barley class 2	Test weight – 600, moisture – 14	50,000/\$117	44,643/\$104

Source: [Food Contracting Corporation announcement from September 30, 2020](#) (Sunflower and buckwheat prices to be announced after the harvest.)

FCC [noted](#) that these prices: a) are strong enough to cover farmers' production costs and promote further development for the industry, b) ensure parity with prices at the border regions of Russia, c) help to control prices for flour and bread, poultry and livestock products, and d) provide competitiveness in export markets. Farmers groups were not happy with these prices, which are 8-10 percent lower than market prices, and they expressed concern that prices will not cover production costs. In response, FCC issued an [additional announcement](#) one week later, stating that there will be no increase above the stated price levels.

Kazakhstani wheat flour exporters continue to blame Uzbek mills of unfair competition, saying that they blend Uzbekistani and Kazakhstani wheat together and put it in bags with Kazakhstani logos, misleading consumers. The [Antimonopoly Service of Uzbekistan promised](#) to investigate this issue.

Kazakhstan continues to import grain [from Novosibirsk region in Russia](#). According to the regional Ministry of Agriculture, Kazakhstan has imported 100,000 tons of grain during the first nine months of 2020. Some traders note that in border regions it is an average of five percent cheaper to buy wheat from Russia.

PSD

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Sep 2018		Sep 2019		Sep 2020	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	11354	11354	11339	11339	11800	11500
Beginning Stocks	2542	2542	1683	1683	685	685
Production	13947	13947	11452	11452	12500	12700
MY Imports	90	90	550	550	200	200
TY Imports	89	89	536	536	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16579	16579	13685	13685	13385	13585
MY Exports	8296	8296	6700	6700	6300	6700
TY Exports	8780	8780	6888	6888	6500	6500
Feed and Residual	1800	1800	1500	1500	1400	1400
FSI Consumption	4800	4800	4800	4800	4800	4800
Total Consumption	6600	6600	6300	6300	6200	6200
Ending Stocks	1683	1683	685	685	885	685
Total Distribution	16579	16579	13685	13685	13385	13585
Yield	1.2284	1.2284	1.01	1.01	1.0593	1.1043
(1000 HA) ,(1000 MT) ,(MT/HA)						

BARLEY

Production

MY2020/21 barley production is forecast at 3.8 MMT, nearly flat from last year due to smaller planted area year and improved yields. Post's forecast is unchanged from the USDA official forecast (3.8 MMT).

Trade

Traders [report lower purchasing power from Iran](#), which will reduce barley exports from Kazakhstan. According to exporters, during MY2018/19 Iran imported 1.55 MMT of barley which declined to 1.18 MMT in MY2019/20. For MY2020/21, traders estimate just 0.55 MMT. At the same time, traders forecast greater barley demand for feed on the domestic market, since the majority of wheat is classified as food quality. Traders remain optimistic about China and estimate barley export to China at 220,000 tons.

Based on these factors, MY 2020/21 barley exports are forecast at 1.4 MMT, a decrease of 0.1 MMT from USDA official estimate (1.5 MMT). The forecast has been revised downward from USDA official estimates due to lower expected demand in Iran. Most, but not all, of the lost volume to Iran is likely to be made up in other markets. Barley imports to Kazakhstan are insignificant, mostly intended for processing/feed and originating from neighboring countries (i.e., Russia).

Consumption and Stocks

As noted above, feed consumption of barley is forecast to increase slightly due to lack of availability of feed wheat. The estimate for MY 2020/21 stocks has been increased slightly from USDA Official numbers, due to the smaller exports estimate.

PSD

Barley Market Begin Year Kazakhstan	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2516	2516	2977	2977	2700	2700
Beginning Stocks	370	370	403	403	505	505
Production	3971	3971	3830	3830	3800	3800
MY Imports	32	32	38	38	30	30
TY Imports	30	30	30	30	30	30
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4373	4373	4271	4271	4335	4335
MY Exports	1820	1820	1366	1366	1500	1400
TY Exports	1762	1762	1400	1400	1500	1400
Feed and Residual	1850	1850	2100	2100	2100	2150
FSI Consumption	300	300	300	300	300	300
Total Consumption	2150	2150	2400	2400	2400	2450
Ending Stocks	403	403	505	505	435	485
Total Distribution	4373	4373	4271	4271	4335	4335
Yield	1.5783	1.5783	1,2865	1,2865	1,4074	1,4074
(1000 HA) ,(1000 MT) ,(MT/HA)						

Trade Tables

Kazakhstan Exports to _World

Commodity: 1001, Wheat And Meslin

Calendar Year: 2015-2019 and January-July: 2019, 2020

Partner	Unit	Calendar Year(UOM1: T)			January-July		
		2017	2018	2019	2019	2020	%Δ 2020/19
_World	T	4248442	6163908	5234832	3276501	2736001	-16,50
Uzbekistan	T	1686676	2290739	2187083	1299783	1406123	8,18
Tajikistan	T	1050540	1039709	1022146	578487	500607	-13,46
China	T	307753	550000	425455	237495	97682	-58,87
Afghanistan	T	284994	387047	292942	134990	257685	90,89
Turkmenistan	T	0	259648	240041	176296	40675	-76,93
Azerbaijan	T	76541	288564	238029	227921	7445	-96,73
Turkey	T	146496	290649	204133	140857	5782	-95,90
Russia	T	128916	223138	152736	101253	274043	170,65
Kyrgyzstan	T	220680	145126	147838	94213	31887	-66,15
Italy	T	239900	350331	138213	112770	104530	-7,31
Georgia	T	11317	80102	51278	48822	0	-100
Tunisia	T	18892	28909	26806	26806	0	-100
Greece	T	0	17704	23503	23503	0	-100
United Kingdom	T	0	0	22420	19569	0	-100

Vietnam	T	720	39602	13799	12585	0	-100
Netherlands	T	457	5975	10174	10174	0	-100
Sweden	T	40870	36951	9000	9000	0	-100
Belgium	T	0	0	6800	3800	0	-100
Norway	T	0	38995	5250	5250	2500	-52,38
Iran	T	11653	50245	5077	3100	325	-89,52
Poland	T	3119	5280	4771	3647	2372	-34,96
Finland	T	7172	0	2931	2931	1551	-47,08
Belarus	T	0	0	2628	2628	0	-100
Malaysia	T	0	0	1135	0	0	0
Germany	T	731	921	418	418	0	-100
Lithuania	T	0	22	225	204	147	-27,94
Latvia	T	0	1593	0	0	1190	0
Lebanon	T	0	2940	0	0	0	0
Jordan	T	0	1008	0	0	0	0
Algeria	T	5000	0	0	0	0	0
United Arab Emirates	T	0	0	0	0	0	0
Ukraine	T	0	1979	0	0	0	0
United States	T	0	0	0	0	0	0
Spain	T	6017	26733	0	0	0	0
Switzerland	T	0	0	0	0	1458	0

Data Source: Customs Control Committee of the Ministry of Finance

Kazakhstan Exports to _World

Commodity: 1003, Barley

Calendar Year: 2015-2019 and January-July: 2019, 2020

Partner	Unit	Calendar Year(UOM1: T)			January-July		
		2017	2018	2019	2019	2020	%Δ 2020/19
_World	T	908 555	1 748 616	1 638 156	839 653	577 742	-31,19
Iran	T	838 504	1 597 587	1 448 547	759 498	449 679	-40,79
Uzbekistan	T	28 416	102 892	49 112	31 699	27 865	-12,10
Russia	T	11 012	19 569	42 761	16 647	14 311	-14,03
China	T	0	0	35 160	5 248	62 063	1082,60
United Arab Emirates	T	0	1 474	23 613	8 063	3 850	-52,25
Belarus	T	0	612	8 508	1 558	0	-100
Azerbaijan	T	0	0	8 345	3 097	618	-80,05

United Kingdom	T	1 640	2 965	7 293	2 743	0	-100
Iraq	T	0	2 412	4 343	3 653	0	-100
Israel	T	0	0	3 400	3 400	0	-100
Afghanistan	T	15 387	12 041	3 217	3 081	3 976	29,05
Tajikistan	T	3 547	1 418	3 154	815	11 141	1266,99
Turkmenistan	T	0	871	547	0	0	0
Czech Republic	T	66	44	85	85	1 400	1547,06
Poland	T	0	0	65	65	0	-100
Kyrgyzstan	T	620	551	6	0	0	0
Netherlands	T	64	44	0	0	0	0
United States	T	9 300	0	0	0	0	0
Germany	T	0	6 136	0	0	0	0
Turkey	T	0	0	0	0	2 840	0

Data Source: Customs Control Committee of the Ministry of Finance

Attachments:

No Attachments