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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 estimate for MY 2019/2020, as well as trade estimates for MY 2020/2021. There were a number of policy issues since the previous October 2020 Grain and Feed Update. The MY2020/21 production forecast is based on market experts' opinion.

## General Information:

### Season Overview

Kazakhstan's harvest started unusually early in 2020 and finished on November 12, 2020, according to the Ministry of Agriculture report. The average yield of all grain crops was reported at 1.32 metric tons (MT) per hectare, producing 20.8 million metric tons (MMT) of total grain. Please see Table 1 below.

**Table 1. Final Harvesting Data for All Grain (part 1)**

	Area planted, 1000 ha		Area to be harvested, 1000 ha	
	2019	2020	2019	2020
AKMOLA	4,379.6	4,446.7	4,379.6	4,446.7
AKTOBE	457.3	447.8	457.3	447.8
ALMATY	457.5	469.8	457.5	469.8
EAST KAZAKHSTAN	549.8	602.2	549.8	602.2
JAMBYL	352.4	359.3	352.4	359.3
WEST-KAZAKHSTAN	243	228.0	243	228.0
KARAGANDA	841.9	893.6	841.9	893.6
KOSTANAY	3,968.6	4,051.0	3,968.6	4,051.0
KYZYLORDA	97.5	99.5	97.5	99.5
PAVLODAR	785.8	899.9	785.5	899.9
TURKESTAN	279.4	302.9	279.4	302.9
NORTH-KAZAKHSTAN	2861.5	2988.5	2861.5	2988.5
<b>TOTAL</b>	<b>15,274.3</b>	<b>15,789.2</b>	<b>15,274.0</b>	<b>15,789.2</b>

Source: Ministry of Agriculture [Final harvesting report as of November 12, 2020](#)

**Table 1. Final Harvesting Data for All Grain (part 2)**

	Production, 1000 tons		Yields, 100 kg/ha	
	2019	2020	2019	2020
AKMOLA	5,124.1	5,247.1	11.7	11.8
AKTOBE	380	513.8	8.3	11.5
ALMATY	1,429.4	1,411.1	31.2	30.0
EAST KAZAKHSTAN	937.2	804.1	17	13.4
JAMBYL	881.2	816.6	25	22.7
WEST-KAZAKHSTAN	249	260.0	10.2	11.4
KARAGANDA	880.4	1013.1	10.5	11.3
KOSTANAY	3,002.7	4,143.7	7.6	10.2
KYZYLORDA	548.9	569.4	56.3	57.2
PAVLODAR	822.8	827.6	10.5	9.2
TURKESTAN	677.4	750.1	24.2	24.8
NORTH-KAZAKHSTAN	4,794.3	4,482.8	16.8	15.0
<b>TOTAL</b>	<b>19,727.4</b>	<b>20,839.4</b>	<b>12.9</b>	<b>13.2</b>

Source: Ministry of Agriculture [Final harvesting report as of November 12, 2020](#)

The official statistical report about crop production in MY 2020/2021 was released by the Bureau of National Statistics on February 3, 2021. According to this report, area harvested for spring and winter wheat totaled 12.057 million hectares, producing 14.255 million metric tons of wheat. Winter and spring barley area is reported at 2.7 million hectares, producing 3.659 million metric tons of barley. Please see Table 2 below.

**Table 2. Kazakhstan crop production data, MY 2020/2021**

	Final area planted, hectares		Final area harvested, hectares		Production, MT	
	2020	2020 to 2019, %	2020	2020 to 2019, %	2020	2020 to 2019, %
Wheat, winter and spring	12,182,627	106.7	12,057,071.3	106.7	14,255,950	124.5
Corn (maize)	164,734.9	105.3	162,812.4	104.2	958,106	106.9
Barley, winter and spring	2,760,738.5	92.2	2,728,822.4	91.7	3,659,260	95.5
Rye, winter and spring	24,251	111.0	23,904	113.0	29,813	128.5
Oat	238,781	97.4	228,871.1	94.0	240,157	89.9
Sorghum	9,370	110.4	7,828	94.5	4,160	62.9
Millet	53,32.8	100.2	50,504	99.2	39,852	93.5
Buckwheat	57,573.7	82.8	55,076.3	81.5	40,094	89.1
Triticale	1,627.3	191.0	1,627.3	198.0	2,729	165.8
Spike mix	97,703.3	87.9	85,894.3	93.6	95,957	89.1
Rice	104,138.5	102.1	102,277.5	100.3	556,775	99.3
Oilseeds	2,905,090.7	101.5	2,679,646.7	96.5	2,556,498	98.9
Vegetables and horticulture	475,078.6	101.2	473,014.7	101.1	11,556,448	103.1
Tobacco	355.0	101.6	355.0	101.6	1,168	99.1
Cotton	125,976.8	96.0	125,930.5	96.0	326,582	94.8
Feeding crops	3,197,471.2	97.6	-	-	1,523,759	121.9

Source: [Bureau of National Statistics Production Report for 2020](#)

## Policy

### *Parliamentary Election Outcomes*

Kazakhstan held Parliamentary elections on January 10, 2021 in which the ruling Nur-Otan party won more than 70 percent of the seats in the lower chamber of Parliament. On January 18, President Tokayev approved the new composition of Kazakhstan's cabinet. Prime Minister Mamin was reappointed, as were all but two ministers. Minister of Agriculture Saparkhan Omarov retained his post. Omarov has led the Ministry of Agriculture since February 2019.

Due to earlier announced elimination of the Executive Secretary positions at all Ministries, the Ministry of Agriculture's Executive Secretary Orazayev [was dismissed](#) by Presidential Decree on January 19, 2021. However, Orazayev was subsequently appointed as Chief of Staff at the Ministry of Agriculture.

#### *Amendments to the Grain Law*

At the end of 2020 Kazakhstan's Parliament approved [amendments](#) to the Grain Law. This has become a fairly common practice, with 53 total amendments to the Grain Law since its establishment in 2001. The major changes include: a) funding the storage costs of the national food reserve at 2.4 billion tenge (\$5.7 million) annually; and b) the definitions for "reserve grain stock", "grain market operator", and "reserve grain stock management" are provided. Parliamentarians stressed the importance of food security during the current pandemic situation. They noted that any shortfall of socially important food items, like wheat flour, bread, and pasta products, could negatively affect citizens. Thus, the provision of a "reserve grain stock" for food and feed purposes and renewing the status of the Food Contracting Corporation is important in case of emergency or natural disaster. Parliamentarians also [believe](#) that these amendments will help to develop the feed industry for the cattle and poultry sectors through reserves of feed crops, as well as help to provide high quality seeds by establishing seeds and forage stocks.

#### *Export Duty in Russia*

Kazakhstani exporters have expressed concern about an export duty that Russia has introduced for wheat, barley, and corn in early 2021. Should Kazakhstan introduce a similar export duty, exporters note it would negatively affect grain exports and decrease domestic prices due to limited export opportunities. Commodity exporters note that the Ministry of Agriculture had considered introduction of a 15 percent export duty in Kazakhstan for sunflower seeds as "temporary" measure. However, the Intergovernmental Commission ultimately [decided not to introduce that duty](#).

#### *Genetically Engineered Ingredient Concern*

Kazakhstani traders expressed concern over a shipment of rapeseed oil to China in summer 2020 that was rejected due to genetically engineered (GE) content. The Kazakhstani crushing facility purchased rapeseeds in Russia and shipped rapeseed oil and meal to China. Chinese authorities detected GE ingredients exceeding Chinese standards at 0.1 percent. China offered to train Kazakhstani exporters and explain Chinese PCR protocols to avoid such problems in the future.

#### *Socially Important Food Items*

The Kazakhstani Government plans to review the official list of socially important food items in 2021. The current list consists of 19 items, including wheat flour (grade one), bread of wheat flour (grade one), pasta, buckwheat, rice, sunflower oil, beef (breast part), poultry (thigh part), and table eggs.

#### *Grain Hopper Infrastructure*

Astyk-Trans, a specialized company that maintains and tracks grain hoppers, reports that there are currently about 22,000 grain hoppers available in Kazakhstan. This is a significant improvement from previous years, when traders complained of insufficient availability. According to the company

commercial director, in 2019 the company [changed ownership](#) from being a joint venture between Kazakh National Railways KTZ and Russian RusAgroTrans to a 100 percent Kazakhstani-owned company.

#### *Trade through Commodity Exchange Requirement*

The Ministry of National Economy issued Order No 312-NK of December 28, 2020, which sets the requirement to sell wheat, grade one wheat flour, barley, and soybeans through the official government commodity exchange when the contract meets certain volume thresholds. The requirement for grade one wheat flour comes into force starting from July 1, 2021. Please see Table 3 below.

**Table 3. Minimum Quantity of Certain Commodities to be Sold through the Commodity Exchange**

	HS EAEU	Minimum volume requiring contract registration through the commodity exchange	Note
Wheat	1001 19 000 0, 1001 91 900 0, 1001 99 000 0	300 tons	
Wheat flour grade 1	1101001500	60 tons	Starting from July 1, 2021
Sugar	1701	60 tons	
Barley	1003 10 000 0, 1003 90 000 0	600 tons	
Soybeans	1201	60 tons	
Potato	0701	60 tons	
Cotton fiber	5203 00 000 0	600 tons	

Source: [Minister of National Economy Order No 312-NK, dated December 28, 2020](#)

Millers and exporters note that this order will add the extra costs for contract registration (0.075 percent of the contract). They believe the requirement is unnecessary, since exporters have long established relations with their buyers and new procedures and costs may complicate these long lasting relations. On the other hand, the Ministry of National Economy believes that the registration requirement will help to monitor market prices. While there are 17 different commodity exchange systems available for use, the government prefers the “[Eurasian Trade System](#)” commodity exchange, which registers and clears contracts for agricultural commodities, coal, cement, and oil products.

#### *Organic Exports*

According to an [announcement](#) by the Qazaqstan Organic Producers Union, during calendar year 2020 Kazakhstan exported the following organic crops to Europe: 5,576 tons of organic wheat worth \$1.24 million; 14,727 tons of organic flax worth \$10.47 million (twice as much as the 2019 total); 321 tons of soybeans worth \$173,500; 567 tons of sunflower worth \$276,000; and smaller volumes of several other products. First time organic exports were made to Canada, Finland, and Romania. Germany, the

Netherlands, Poland, the Czech Republic, Lithuania, and Norway are traditional export destinations for organic exports.

## **WHEAT**

### **Production**

MY 2020/2021 wheat production is forecast at 13.2 MMT (please refer to PSD table at the end of this section), due to improved yields. This is approximately 1 MMT smaller than the USDA Official number and Kazakhstan's official statistics. Post has adjusted wheat production from quantities reported annually by the Statistical Bureau (please refer to Table 2, above) to produce estimates that, in Post's view, better reflect the true situation of the industry in Kazakhstan. Many local observers, including large grain producers and exporters, believe that the official statistics greatly overestimate production due to inflated numbers reported from the northern parts of Kazakhstan. These sources note that some border trade with Russia into this region (see next section) may not be recorded in import data, resulting in higher apparent production to balance the supply numbers.

#### *Wheat Quality*

As much as 80 percent of newly harvested wheat meets class 3 quality of wheat for food purposes, while in MY 2019/20 it was only 53 percent. However, producers and processors in Kostanay region note that wheat quality had a low "test value"<sup>1</sup>. Gluten content of 30 percent and test value of 700-710 does not produce the "perfectly white color" of wheat flour. The wheat flour from this wheat was "dark," lowering demand. For this reason, some mills imported wheat from Russia, noting its "excellent" quality that produced more marketable wheat flour.

#### *Snow Stocks in Kazakhstan*

Looking ahead to the upcoming planting season (i.e., MY 2021/2022), farmers describe the snow stocks situation as "worse" than last year. Producers in Kostanay Region report smaller stocks of snow during the last two months of 2020 as well as a "dry autumn," but remain optimistic about precipitation in May. Farmers in Akmola region are also concerned about smaller snow stocks and report frozen soil at one meter deep. Farmers already plan for earlier planting. Farmers in the North Kazakhstan region also report a smaller snow layer at just 10-50 cm and frozen soil at 80-150 cm deep. Additionally, strong winds have blown snow stocks away.

Meanwhile, southern regions report very poor snow stocks. Areas for winter wheat in Almaty Region are not covered with snow. Snow layers in Jambyl region are reported at 7-10 cm, while in Turkestan region they are 4-8 cm. At the same time, average temperatures in January in those areas is reported as 5-10C higher than normal.

### **Consumption and Stocks**

MY 2020/21 feed and residual use of wheat is forecast a little higher than MY 2019/20, based on larger supplies and sustained growth in feed demand. There is no change from the USDA Official estimate.

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<sup>1</sup> Weight per hectoliter

The estimate for MY 2020/21 stocks is forecast larger than MY 2019/20, but smaller than USDA official number due the shorter supply based on lower estimated production.

Due to good overall quality of wheat in MY 2020/21 (please see above), poultry farms have to buy grade 3 (food quality) wheat due to lack of feed quality wheat on the local market.

## **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 7.3 MMT, in par with USDA official number. Exporters report that wheat exports to Central Asian countries (Uzbekistan, Tajikistan and Afghanistan) continue actively, while exports to China has slowed down 50 percent. Meanwhile, Post has increased the MY 2020/21 import estimate to 800,000 MT. According to market experts, wheat imports from Russia during October-November 2020 were “very active” due to better milling quality. Additionally, Russian export quotas are applicable for exports to countries outside of the EAEU, which also promotes exports within the EAEU, and to Kazakhstan in particular.

### *Shipments to China*

The Grain Union appealed to the President’s Administration, the Prime-Minister’s Office, Kazakhstan TemirZholy and the NCE Atameken to guarantee a transparency of the national railway carrier’s operations at Dostyk and Altynkol stations. According to the Grain Union of Kazakhstan, a number of railcars with agricultural products, stranding at the Kazakh-Chinese border, doubled – from 1,700 in November to 3,700 railcars at the end of January due to enhanced sanitary control on Covid-19.

Exporters suggested to hold a separate line for grain shipments so they can move faster, not waiting in line with other non-grain shipments. Railway authority noted, that there are 12-13 trains move through Dostyk station daily, including 7-8 container trains. Kazakhstan exporters already give suggestion how to speed up the process, when internationally recognized surveying company can run disinfection in Kazakh territory under Kazakhstan and China approved protocol. Both Kazakh exporters and Chinese importers note, that this issue should be resolved only with political involvement.

### *Flour Trade*

Millers from North Kazakhstan Region [blame](#) the loss of export markets in Central Asia on high transit rates through Uzbekistan for wheat flour, as well as transportation costs within Kazakhstan. Seventy percent of mills in the region report stopping or decreasing their operations. The traditional markets in Tajikistan, Uzbekistan, and Afghanistan shifted from importing wheat flour to wheat grain, and experts estimate that flour exports to those countries has decreased by 50 percent.

Rail transit covering 700 km in Uzbekistan costs \$53 per ton of cargo. In contrast, 3,000 km transit in Turkmenistan costs \$32 per ton. Millers have suggested a subsidy to cover transportation costs or the cost of wheat to stay competitive.

## PSD

Wheat Market Year Begins Kazakhstan	2018/2019		2019/2020		2020/2021	
	Sep 2018		Sep 2019		Sep 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11354	11354	11339	11339	11800	11300
Beginning Stocks (1000 MT)	2542	2542	1683	1683	632	632
Production (1000 MT)	13947	13947	11452	11452	14256	13200
MY Imports (1000 MT)	90	90	583	583	300	800
TY Imports (1000 MT)	89	89	536	536	300	800
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	16579	16579	13718	13718	15188	14632
MY Exports (1000 MT)	8296	8296	6986	6986	7300	7300
TY Exports (1000 MT)	8780	8780	6888	6888	7500	7500
Feed and Residual (1000 MT)	1800	1800	1300	1300	1400	1400
FSI Consumption (1000 MT)	4800	4800	4800	4800	4800	4800
Total Consumption (1000 MT)	6600	6600	6100	6100	6200	6200
Ending Stocks (1000 MT)	1683	1683	632	632	1688	1132
Total Distribution (1000 MT)	16579	16579	13718	13718	15188	14632
Yield (MT/HA)	1.2284	1.2284	1.01	1.01	1.2081	1.1681
(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 2020/2021 = July 2020 - June 2021						

## BARLEY

### Production

MY 2020/2021 barley production is estimated at 3.6 MMT, in line with the USDA Official estimate, due to smaller harvested area and improved yields. The barley production estimate is based on the official statistical data, which grain producers and traders believe is accurate for barley and in line with grain warehouse [receipts data](#).

Looking at the upcoming planting season, smaller snow stocks in grain producing areas has given farmers a pessimistic outlook. Please see the discussion of snow stocks in the wheat section above.

### Trade

Traders continue to report lower purchasing power in Iran, resulting in reduced barley exports to Iran. Based on conversations with traders and industry observers, Iran may import 600,000 MT of barley this season. Traders also forecast greater barley demand for feed on the domestic market, since the majority of wheat is classified as food quality. Traders report logistical problems at the border with China and estimate smaller barley exports to China (please see “Shipments to China” in the wheat section above).

Based on these factors, MY 2020/21 barley exports are forecast at 1.2 MMT, on par with the USDA official estimate. Most, but not all, of the lost volume to Iran is likely to be made up in other traditional markets. Barley imports to Kazakhstan are insignificant, mostly intended for processing/feed and originating from neighboring countries (i.e., Russia).

### Consumption and Stocks



Industry sources note the greater demand for barley on the local market. Thus, feed consumption of barley is forecast to increase on par with the USDA official number.

## PSD

Barley Market Year Begins 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 (1000 HA)	2516	2516	2977	2977	2731	2731
Beginning Stocks (1000 MT)	370	370	403	403	505	505
Production (1000 MT)	3971	3971	3830	3830	3659	3659
MY Imports (1000 MT)	32	32	38	38	30	30
TY Imports (1000 MT)	30	30	42	42	30	30
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4373	4373	4271	4271	4194	4194
MY Exports (1000 MT)	1820	1820	1366	1366	1200	1200
TY Exports (1000 MT)	1762	1762	1292	1292	1200	1200
Feed and Residual (1000 MT)	1850	1850	2100	2100	2200	2200
FSI Consumption (1000 MT)	300	300	300	300	300	300
Total Consumption (1000 MT)	2150	2150	2400	2400	2500	2500
Ending Stocks (1000 MT)	403	403	505	505	494	494
Total Distribution (1000 MT)	4373	4373	4271	4271	4194	4194
Yield (MT/HA)	1.5783	1.5783	1.2865	1.2865	1.34	1.3413
(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 2020/2021 = October 2020 - September 2021						

## Trade Tables

### Kazakhstan Exports to \_World Commodity: PSD-Wheat, Year Ending Series: September, 2014 - August, 2020

Partner Country	Unit	Year Ending Series (UOM1: WGE)		
		09/17-08/18	09/18-08/19	09/19-08/20
_World	WGE	8999759	8295773	6986387
Uzbekistan	WGE	3170885	2885050	2852627
Afghanistan	WGE	2389650	1828284	1742089
Tajikistan	WGE	1158837	1107134	1150681
Russia	WGE	193461	334131	378890
China	WGE	510603	463065	294085
Kyrgyzstan	WGE	212998	215412	175539
Turkmenistan	WGE	166677	413297	163811
Italy	WGE	350235	205160	129972
Turkey	WGE	334092	198798	57844

Azerbaijan	WGE	240750	339033	17553
Georgia	WGE	45873	101850	4730
Poland	WGE	6810	3647	3524
Mongolia	WGE	238	424	2658
Norway	WGE	20995	23250	2500
Iran	WGE	52625	4191	2302
Finland	WGE	3000	2931	1551
Switzerland	WGE	0	0	1458
Moldova	WGE	1339	1549	1439
Latvia	WGE	1593	0	1190
Malaysia	WGE	0	0	1135
Belarus	WGE	84	2882	402
Armenia	WGE	210	274	192
Lithuania	WGE	22	204	168
Romania	WGE	0	0	28
Ukraine	WGE	0	1979	19
United States	WGE	0	0	0
Vietnam	WGE	26474	26927	0
Mali	WGE	0	0	0
Netherlands	WGE	5476	10824	0
United Kingdom	WGE	0	22420	0
Spain	WGE	16242	16508	0
Sweden	WGE	40181	19470	0
Tunisia	WGE	28909	26806	0
Lebanon	WGE	2940	0	0
Iraq	WGE	276	2026	0
Japan	WGE	0	0	0
Jordan	WGE	1008	0	0
Belgium	WGE	0	6800	0
Algeria	WGE	5000	0	0
United Arab Emirates	WGE	1084	93	0
Germany	WGE	816	526	0
Greece	WGE	10379	30829	0

Data Source: Customs Control Committee of the Ministry of Finance

### **Kazakhstan Exports to \_World Commodity: PSD-Barley,**

## Year Ending Series: July, 2014 - June, 2020

Partner Country	Unit	Year Ending Series (UOM1: T)		
		07/17-06/18	07/18-06/19	07/19-06/20
_ World	T	1353681	1820615	1365572
Iran	T	1289231	1629563	1147686
China	T	0	2968	78185
Uzbekistan	T	30174	112506	43023
Russia	T	3068	36197	37214
United Arab Emirates	T	0	9537	19400
Tajikistan	T	3614	1438	13195
Belarus	T	0	2170	6950
Azerbaijan	T	0	3097	5373
United Kingdom	T	4604	2743	4550
Afghanistan	T	15254	10588	4044
Turkey	T	0	0	2840
Czech Republic	T	110	85	1400
Iraq	T	0	5596	1159
Turkmenistan	T	210	661	547
Kyrgyzstan	T	1171	0	6
Netherlands	T	108	0	0
Poland	T	0	65	0
United States	T	0	0	0
Israel	T	0	3400	0
Germany	T	6136	0	0

Data Source: Customs Control Committee of the Ministry of Finance

### Attachments:

No Attachments