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Report Highlights:

Wheat production is expected to recover this marketing year as higher soil moisture raises yield. West and North Kazakhstan were impacted by heavy flooding, with the areas of Atyrau, Kostanay, and Almola most negatively affected. While flooding led to losses of both livestock and homes, grain fields were largely spared due to soviet era water diversion systems. Price pressure from Russia remains challenging, so the government of Kazakhstan has extended import restrictions on wheat from the Eurasian Economic Union by another six months.

Flooding in North Kazakhstan Affecting Grain Storage. Source: ElDala

POLICY UPDATES

Import restrictions of wheat to Kazakhstan by road, water and rail from EAEU countries was extended by another six months, effective starting April 12, 2024. Six months is the maximum amount of time for import restrictions allowed by Kazakhstan under the Eurasian Economic Union agreement. However, rail importation by licensed grain storages and poultry farms is allowed.

In Kazakhstan, farmers receive subsidies when they purchase agricultural machinery in the form of a cash repayment and/or discounted loan. The Kazakhstan Ministry of Industry and Construction has proposed amending the agricultural machinery subsidy rate and removing all subsidies for imported machinery. The draft regulation will not only remove all subsidies for imported machinery, but it would also increase the financial leasing rate for imported machinery from 6 to 15 percent. This proposed amendment follows Kazakhstan already lowering the subsidy rate for imported machinery in December 2023. One hundred farmers which cultivate around one million hectares of land went on record opposing the draft proposal, addressing their concerns directly to the Prime Minister and Parliament.

Given extensive flooding and last year’s intensive rainfall during harvest, Kazakhstan will raise the insurance coverage premium to 3 percent of the total insured value, higher from 2.43 percent in 2023.

Crop quality and other issues in recent years have prompted the Government of Kazakhstan to adopt a new regulation on transfer pricing, further defining what is considered a fair market value. In 2019 alone, companies reported wheat and barley prices were undervalued by 19 and 11 percent respectively. This resulted in lost government revenue of 6.2 billion ($13.7 million) for wheat and 4.1 billion ($9 million) tenge for barley.

The domestically produced fertilizer subsidy rate will be increased from 50 to 60 percent. While the imported fertilizer subsidy rate will remain at 50 percent.

WHEAT

Production

Wheat production is likely to be improved in MY 2024/25 as higher spring moisture carries the crop through the summer. Post estimates area harvested at 13.2 million hectares and production at 15.8 million metric tons (MT), based on early in the year reports from grain producers. Farmers note that the current soil moisture content helps the outlook for winter wheat, extensive rains in the fall of last year as well as above average snow precipitation in the winter have created very favorable moisture levels.

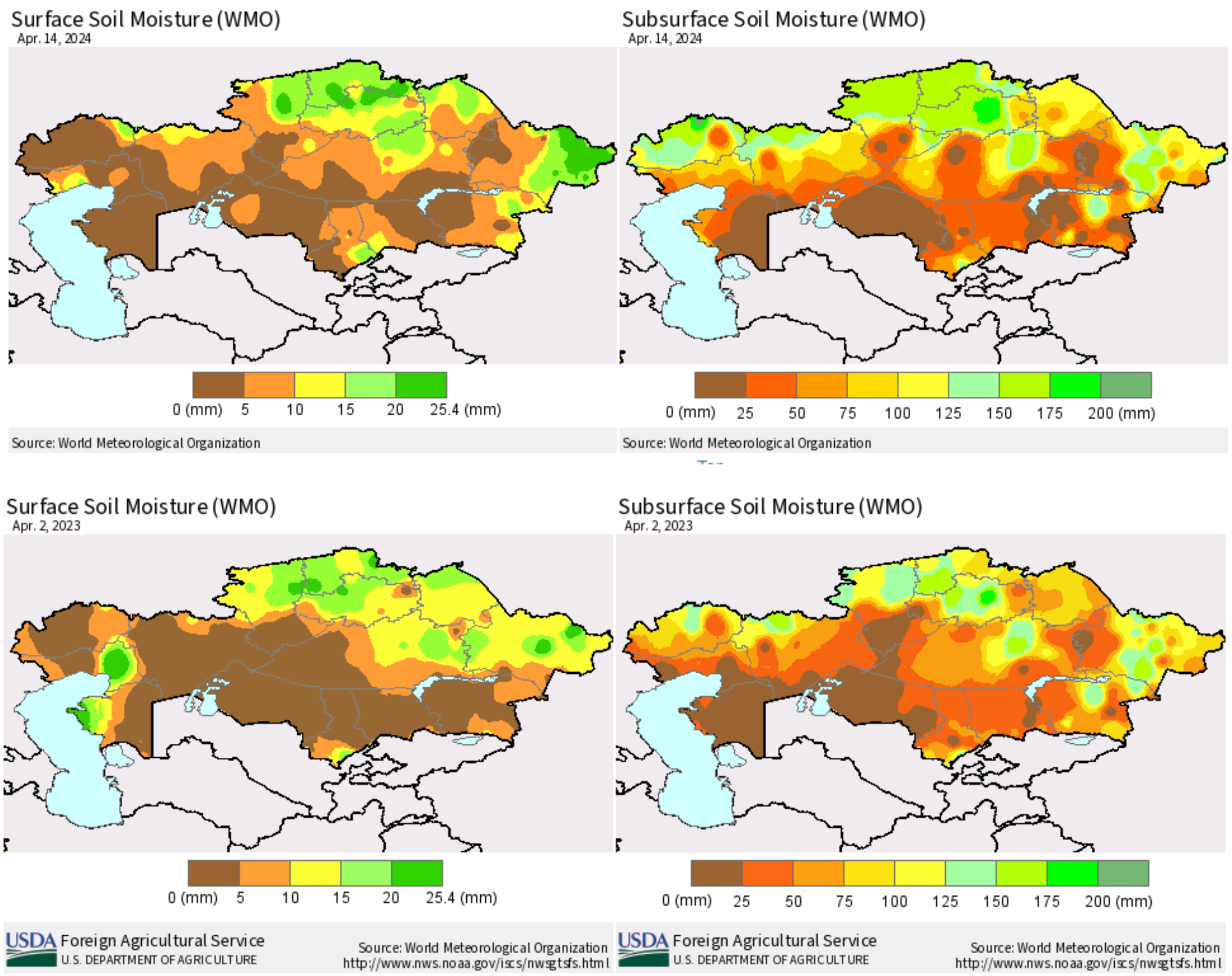
West and North Kazakhstan were negatively affected by heavy flooding this marketing year, with the areas of Atyrau, Kostanay, and Almola most impacted. Grain producers report that flooding had less of an impact on row crops as most wheat fields are protected by dikes, with flooding mainly harming rural residential areas and livestock.

The floods did damage some grain storage facilities and other infrastructure. As of April 16, 2024, the Ministry of Agriculture reported that 112,500 head of cattle were evacuated from the flooded zones to safe areas and 7,035 head of cattle, mainly sheep, were lost to flooding.

To address the potential shortage of planting seeds due to flooding, the Food Contracting Corporation is ready to provide seeds on installment payment terms. The semi-government owned corporation has reserved 200,000 MT of seeds at the ratio of 130 kg per 1 hectare of arable land. Additionally, farmers impacted by flooding damage will eligible for government backed loans with up to a 24-month repayment period.

According to USDA Crop Explorer data, surface soil moisture and subsurface soil moisture in the three northern grain producing regions is reported as higher in April 2024 compared to the same time last year (Figure 1).

Figure 1. Surface soil moisture and subsurface soil moisture in April 2023 and 2024



Source: USDA-FAS Crop Explorer

The Minister of Agriculture reported to the Prime Minister that wheat production this season is anticipated to fall by 429,200 MT and 13.3 million hectares are expected to be planted. Total hectares under production for all agriculture is anticipated to fall by 209,600 to reach 23.8 million. Farmers are anticipated to shift from wheat production into other crops like sunflowers, sugar beets, and fodder.

Consumption and Stocks

FAS Astana estimates wheat consumption for MY 2024/25 at 4.7 million tons, 250,000 MT smaller than MY 2023/24. Wheat consumption is expected to fall as quality improves this year and exports increase.

Trade

FAS Astana estimate MY 2024/25 wheat imports at 2 million tons, as demand for Russian wheat from local mills and poultry farms is expected to continue. FAS Astana estimates MY 2024/25 wheat exports at 11.1 million tons based on the improved production outlook.

Kazakhstan continues to expand trade with China and reached an agreement with Chinese companies to ship 200,000 MT of various agricultural commodities, including wheat, barley, flax, rapeseed, oats, sunflower, peas, lentils, rye, and other crops. There are some indications that rail stations, customs and quarantine are struggling to keep up with the increased volume. The Dostyk-Alashankou and Altynkol-Khorgos rail stations at the border with China are reporting slower transshipping rates that have caused hundreds of hopper cars to be stuck on the border, complicating delivery.

From September to February MY 2023/2024, Kazakhstan exported 4.1 million metric tons of wheat and wheat flour, a 20 percent decrease from the same period last marketing year. Uzbekistan, Afghanistan, and Tajikistan remained the top three buyers of Kazakhstani wheat and wheat flour. Wheat exports to Uzbekistan were reported at 1.8 million metric ton, a decrease of 18 percent (Appendix 1) compared to the same period the prior marketing year. Afghanistan was the second largest importer at 889,000 MT, a decrease of 36 percent. Tajikistan imported 615,000 MT, a decrease of 5 percent. Meanwhile exports to China are reported at 254,000 MT, a seven-fold increase from the same period last year. Traders note that this increase in attributable to Chinese buyers' interest in importing feed quality wheat from Kazakhstan.

Table 1. Wheat Production, Supply, and Distribution, April 2024 Estimate

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Sep-22		Sep-23		Sep-24	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12,811	12,890	13,130	13,130	-	13,200
Beginning Stocks (1000 MT)	1,491	1,491	3,271	3,095	-	1,456
Production (1000 MT)	16,404	16,404	12,111	12,111	-	15,800
MY Imports (1000 MT)	3,000	3,100	2,500	2,200	-	2,000
TY Imports (1000 MT)	3,100	3,100	2,500	2,200	-	2,000
TY Imp. from U.S. (1000 MT)	-	-	-	-	-	-
Total Supply (1000 MT)	**20,895**	**20,995**	**17,882**	**17,406**	**-**	**19,256**
MY Exports (1000 MT)	10,874	10,500	9,500	10,000	-	11,100
TY Exports (1000 MT)	9,862	10,500	9,500	10,000	-	11,100
Feed and Residual (1000 MT)	1,800	2,300	1,300	1,000	-	1,500
FSI Consumption (1000 MT)	4,950	5,100	4,950	4,950	-	4,700
Total Consumption (1000 MT)	6,750	7,400	6,250	5,950	-	6,200
Ending Stocks (1000 MT)	3,271	3,095	2,132	1,456	-	1,956
Total Distribution (1000 MT)	**20,895**	**20,995**	**17,882**	**17,406**	**-**	**19,256**
Yield (MT/HA)	1.28	1.27	0.92	0.92	-	1.20

(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 2024/2025 = July 2024 - June 2025

BARLEY

Production

Only a slight change is expected to planting area for barley in MY 2023/24 compared to the prior year. Grain producers estimate barley production in MY 2024/25 at 3.25 million MT due to a higher yield outlook of 1.3 MT per hectare. Early assessments from the grain trade raise yield estimates by 17 percent (Table 2). Many barley farmers have reported their intentions to continue planting it in the upcoming season as there is strong demand from the domestic feeding industry. However, barley planting intentions could be challenged by a shortage of available barley seeds on the market.

Consumption and Stocks

Barley is mainly consumed in animal feed and is estimated at 1.8 MMT in MY 2024/2025.

Trade

FAS Astana estimate MY2024/25 barley exports at 1.5 million tons due to the higher production outlook (Table 2). This estimated is based on competitive export prices and trader expectations of steady demand from China.

Since the wheat import ban by road, water and rail from EAEU countries is extended from April 12, 2024, by another six months authorities report increasing imports of barley and oilseeds into the Kostanay region. Based on this information Post estimates MY 2024/25 barley imports at 0.5 million MT.

Higher production led to higher exports, with July to February MY 2023/2024 exports at 939,000 MT, a nearly 30 percent increase over the same time last year (Appendix 2). Since the beginning of the marketing year, China has risen to be the top importer of Kazakh barley. At 723,000 MT, Chinese imports increased by nearly four-fold from the same period last year. This increase is attributable to strong demand for animal feed and comparatively favorable pricing of Kazakhstani barley to China versus other origins. Uzbekistan became the second largest importer of barley at 123,000 MT. At the same time, Iran fell significantly as an importer to as little as 41,000 tons, an 87 percent drop. Traders note that Iran continues to shift to Russian barley.

Table 2. Barley Production, Supply, and Distribution, April 2024 Estimate

Barley	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul-22		Jul-23		Jul-24	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2,176	2,187	2,425	2,350	-	2,500
Beginning Stocks (1000 MT)	313	307	413	351	-	340
Production (1000 MT)	3,287	3,287	2,614	2,614	-	3,250
MY Imports (1000 MT)	376	332	375	375	-	500
TY Imports (1000 MT)	429	400	250	250	-	500
TY Imp. from U.S. (1000 MT)	-	-	-	-	-	-
Total Supply (1000 MT)	**3,976**	**3,926**	**3,402**	**3,340**	**-**	**4,090**
MY Exports (1000 MT)	1,113	1,125	1,000	1,000	-	1,500
TY Exports (1000 MT)	1,253	1,000	1,000	1,000	-	1,500
Feed and Residual (1000 MT)	2,100	2,100	1,800	1,700	-	1,800
FSI Consumption (1000 MT)	350	350	300	300	-	400
Total Consumption (1000 MT)	*2,450*	*2,450*	*2,100*	*2,000*	-	*2,200*
Ending Stocks (1000 MT)	413	351	302	340	-	390
Total Distribution (1000 MT)	**3,976**	**3,926**	**3,402**	**3,340**	**-**	**4,090**
Yield (MT/HA)	1.51	1.50	1.08	1.11	-	1.3

(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 2024/2025 = October 2024 - September 2025

Annex 1. Kazakhstan Wheat and Wheat Flour Exports 2021-2023 and 2024 (MT)

Partner Country	Rank	Unit	Year Ending (UOM1: T)			Year to Date		
			2021	2022	2023	09/22-02/23	09/23-02/24	%Δ
_World		T	7,579,636	7,469,615	10,094,172	5,229,215	4,133,023	-20.96
Uzbekistan	1	T	3,446,909	3,006,901	4,444,912	2,257,266	1,837,897	-18.58
Afghanistan	2	T	1,738,342	1,587,600	2,103,590	1,391,114	889,527	-36.06
Tajikistan	3	T	1,133,786	947,481	1,160,926	651,450	615,304	-5.55
Turkmenistan	4	T	70,524	474,388	589,625	242,169	143,319	-40.82
Italy	5	T	108,037	295,239	449,623	187,991	283,566	50.84
China	6	T	319,164	28,600	425,773	32,583	254,104	679.87
Azerbaijan	7	T	34,675	192,430	276,213	240,459	2,575	-98.93
Iran	8	T	414,218	630,910	163,429	101,436	14	-99.99
Turkey	9	T	53,346	122,054	155,713	24,232	16,862	-30.41
Tunisia	10	T	4,393	0	103,841	11,454	0	-100
Russia	11	T	140,350	111,795	58,321	26,712	20,728	-22.4
Latvia	12	T	8,395	7,051	54,206	21,033	9,669	-54.03
Spain	13	T	0	0	30,186	0	0	0
Kyrgyzstan	14	T	67,736	21,303	26,962	13,397	39,667	196.09
Poland	15	T	1,172	13,279	12,484	7,180	0	-100
Sweden	16	T	0	0	10,500	10,500	0	-100
Portugal	17	T	0	0	9,017	0	0	0
Norway	18	T	3,000	3,000	7,160	7,160	3,000	-58.1
Greece	19	T	5,582	4,521	3,107	0	4,663	0
Denmark	20	T	0	0	3,000	0	2,700	0
Belgium	21	T	21	42	1,778	378	8,187	2065.87
Iraq	22	T	0	65	1,151	1,151	340	-70.46
Georgia	23	T	3,115	4,955	860	549	255	-53.55
Netherlands	24	T	0	0	430	210	0	-100
Belarus	25	T	726	577	417	173	201	16.18
Mongolia	26	T	1,214	507	350	261	85	-67.43
Germany	27	T	220	119	225	115	15	-86.96

Source: Trade Data Monitor, LLC

Appendix 2. Kazakhstan Barley Exports 2021-2023 and 2024 (MT)

Partner Country	Rank	Unit	Year Ending (UOM1: T)			Year to Date		
			2021	2022	2023	07/22-02/23	07/23-02/24	%Δ
_World		T	1,085,109	420,813	1,112,775	727,758	939,695	29.12
Iran	1	T	708,286	189,404	436,327	333,627	41,311	-87.62
China	2	T	237,519	82,621	426,811	207,870	723,456	248.03
Uzbekistan	3	T	60,086	100,329	160,409	107,835	123,142	14.19
Tajikistan	4	T	27,557	39,539	70,370	65,214	38,935	-40.3
Afghanistan	5	T	4,049	4,544	11,821	8,929	10,876	21.81
Iraq	6	T	0	0	3,780	3,780	0	-100
Russia	7	T	6,039	0	2,667	348	984	182.76
Oman	8	T	0	0	257	0	256	0
Turkey	9	T	396	418	154	154	0	-100
Syria	10	T	242	0	110	0	0	0
Pakistan	11	T	0	0	68	0	69	0
Poland	12	T	0	0	0	0	0	0
Czech Republic	13	T	0	0	0	0	0	0
Turkmenistan	14	T	650	804	0	0	0	0
United Kingdom	15	T	2,470	979	0	0	0	0
Israel	16	T	5,074	0	0	0	0	0
Kyrgyzstan	17	T	0	2,174	0	0	666	0
Netherlands	18	T	0	0	0	0	0	0
United Arab Emirates	19	T	30,366	0	0	0	0	0
Azerbaijan	20	T	2,374	0	0	0	0	0
Belarus	21	T	0	0	0	0	0	0

Source: Trade Data Monitor, LLC

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