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Report Name: Kazakhstan - Market Opportunities for Planting Seeds

Country: Kazakhstan - Republic of

Post: Nur-Sultan (Astana)

Report Category: Planting Seeds, Product Brief

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Report Highlights:

As Kazakhstan continues to modernize its agricultural sector, there are growing opportunities for exports of U.S. seeds for sowing. Similar climatic conditions in certain regions and a strong reputation for agricultural prowess make the United States well-placed to supply Kazakhstan with seeds for a number of key crops, including wheat, corn, and soy. However, the market is not without challenges, including restrictions on biotechnology and limited investment in agricultural production.

Market Overview

Kazakhstan is an attractive planting seed export market for many reasons. The country has the sixth largest area of agricultural land, and it is also one of the world's top ten wheat exporting countries. Additionally, there are many climatic similarities between parts of Kazakhstan and U.S. States such as Nebraska and Montana, suggesting that similar seed varieties could be successful in both locations.

As part of an effort to diversify its economy away from oil and other extractive industries, Kazakhstan is aggressively pursuing modernization of its agricultural sector. Much of the focus of this initiative has been on expansion of the livestock sector, particularly for beef production. Kazakhstan expects to secure significant international investment from multinational meat processors, which will drive demand for feed in the medium term. Given that the livestock projects are still in the fairly early stages, Kazakhstan has not yet seen a significant shift to feed commodities such as corn. However, Post expects that demand for high-quality hybrid seeds will grow gradually over the next few years as ranchers begin to expand their herds and seek to meet international export requirements.

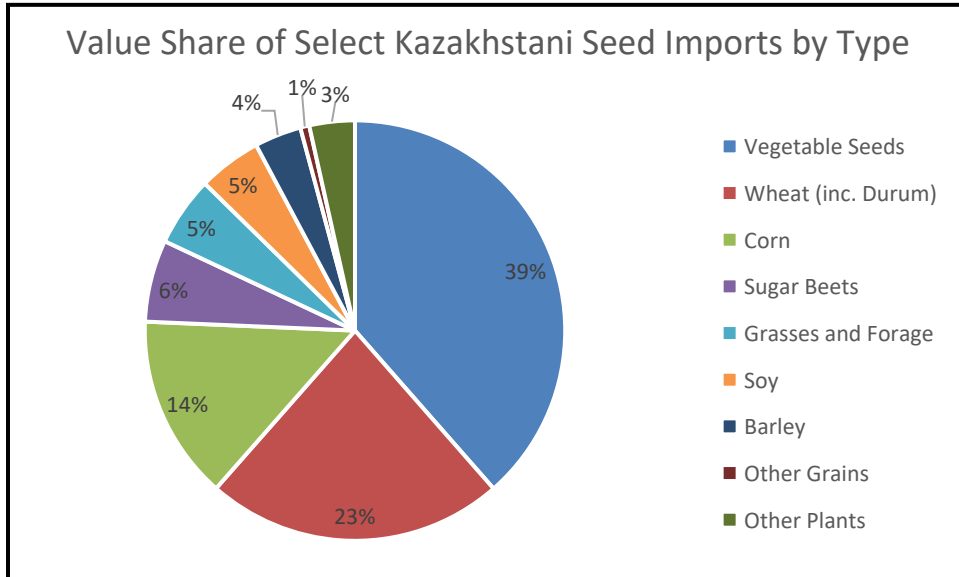
Outside of the feed sector, Kazakhstan would also benefit from improved seed varieties for traditional crops such as wheat and barley.

Current Seed Trade Flows

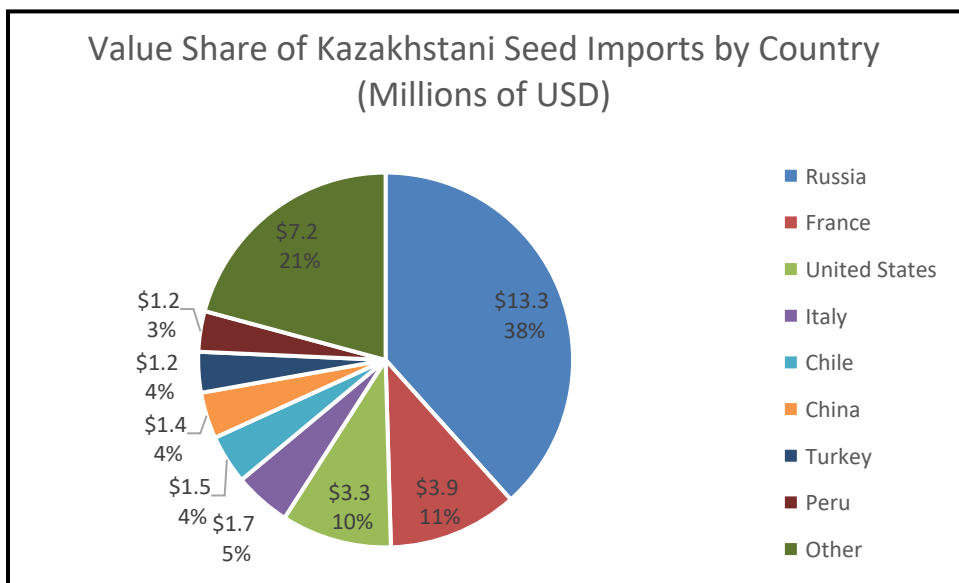
U.S. seed exports to Kazakhstan remain fairly low, despite the above-mentioned climatic similarities for crops such as wheat, corn, and barley. The Kazakhstani import market is dominated by Russia, which supplies the bulk of imported wheat and other grain seeds.

By value, Kazakhstan imported more vegetable seeds in 2019 than any other category. France was the largest supplier of vegetable seeds, followed by the United States. The United States was also the leading supplier of corn seed by value, though volumes were higher from Russia and other regional suppliers.

(Note that import figures cited in this report do not include all seeds for planting, as there are not separate tariff lines specified for sowing use for all commodities. For example, linseed/flax has become an important export commodity and much of the seed is imported, but data on imports of linseed for sowing is not available.)



Source: Trade Data Monitor, FAS analysis



Source: Trade Data Monitor, FAS analysis

Subsidies for Seeds

Many Kazakhstani farmers depend on subsidized seeds from the government. Ministry of Agriculture Order No. 107 dated March 30, 2020 “[Rules on subsidizing the increase of yields and quality of crops](#)” describes the subsidy distribution process for seeds, mineral fertilizers, perennials and pesticides. Regional governments approve the volume of seed subsidies every year in coordination with the Ministry of Agriculture.

Subsidies are generally 70 percent of the price of seeds for seeds breeders, and 50 percent of the price for farmers. However, these subsidies do not cover the entire planting area. In most cases, the subsidy only applies to the seeds needed to cover 20-40 percent of the total planting area (15-30 percent for seed

breeders), depending on contributions of regional governments. If the actual price of the subsidized seeds is higher than the level established in Table 1 and 2 of the order (see appendix), then those set subsidy rates apply. If the actual price of the subsidized seeds is lower, then the actual price is used.

In 2020, imported seeds are eligible for subsidies for the first time. This could help U.S. exporters access a larger market in Kazakhstan. The application process to receive a subsidy for use of imported seeds requires a certificate of origin or a declaration of seeds origin. The regulation particularly highlights first-generation hybrids of corn, sugar beet, rapeseeds, sunflower, cotton, and/or sorghum as seeds that possibly originate outside of the Eurasian Economic Union (EAEU), though it is unclear if these are the only imported seeds eligible for subsidies.

Regulations and Import Requirements

Import Requirements

Eurasian Economic Commission Council Decision No. 157 of November 30, 2016 “On Approval of the Unified Quarantine Phytosanitary Requirements for Controlled Goods and Controlled Objects at the Customs Border and in the Customs Territory of the Eurasian Economic Union” (as amended through August 8, 2019) sets special phytosanitary quarantine requirements for seeds and planting materials. In general, seeds and propagation materials imported into the EAEU must be accompanied by a phytosanitary certificate. They must also include a label specifying the product name, country of origin, place of production, and the exporter. Section II, Table 1 of the decision outlines specific quarantine pests for various types of seeds. An English translation of Decision No. 157 is available [here](#).

As noted in GAIN Report [KZ2019-0012](#), Kazakhstan does not permit sowing of biotech seeds except in laboratories.

Seed Registration/Patenting Process

Previously, all seed varieties in Kazakhstan were subject to mandatory registration by the State Commission for Variety Testing of Crops. However, this process is now optional. Per Ministry of Agriculture Order No. 50 dated February 11, 2020, “[Rules for agricultural crop variety testing](#),” the State Commission for Varietal Testing of Crops conducts tests for economic utility, novelty, distinctness, uniformity, and stability. The Commission may also use results of tests conducted by other entities. Depending on the results of the testing, the Commission places varieties on the register of “recommended” varieties. The Commission may also determine whether a variety is patentable.

Kazakhstan’s [Law on the Protection of Breeding Achievements](#) outlines the country’s patent system for agricultural varieties. Most crop varieties may receive 25 years of patent protection, while grape, fruit, and forest products can receive 35 years. Patents may be renewed for a maximum of ten additional years. Foreign companies are required to be represented by a registered patent lawyer.

The [Law on Seed Farming](#) contains further explanation of the registry of approved seed varieties and certification of seed producers in Kazakhstan. Please noted that Kazakhstan is currently in the process of updating and revising its intellectual property policies and other regulations impacting planting seeds

to join the International Union on Protection of New Varieties of Plants (UPOV). Post recommends that prospective exporters check regularly for updates to relevant legislation.

Key Contacts

U.S. companies interested in the Kazakhstani planting seed market are encouraged to contact the Office of Agricultural Affairs in Nur-Sultan for further information. Coordination with Kazakhstani authorities is also highly recommended as exporters are developing their plans to enter the market.

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<https://www.gov.kz/memleket/entities/moa/about/structure/departments/leadership/391/1?lang=ru>

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Seed Producers and Distributors

A Ministry of Agriculture list of current seed producers and distributors is available [here](#).

Appendix – Maximum Seed Subsidy Rates

Table 1. Seed subsidy rates, approved by Kazakhstani Ministry of Agriculture order No 107 dated March 30, 2020

Crop	Subsidy rate per 1 ton, tenge/USD				
	Original seeds	Elite seeds	First reproduction seeds	Second reproduction seeds	First generation hybrid
Wheat	120,400/\$286	78,000/\$185	53,500/\$127		
Barley	96,600/\$230	69,000/\$164	49,500/\$117		
Oat	77,000/\$183	52,500/\$125	39,000/\$92		
millet	140,000/\$333	94,800/\$225	69,000/\$164		
Buckwheat	137,900/\$328	100,800/\$240	72,000/\$171		
Winter rye	115,500/\$275	81,000/\$192	57,500/\$136		
Triticale	96,600/\$230	69,000/\$164	49,500/\$117		
Peas	171,500/\$408	92,313/\$219	84,700/\$201		
Lentils	239,300/\$569	181,113/\$431	160,100/\$381		
Chick pea	411,300/\$979	328,542/\$782	221,900/\$528		
Other grains and legumes	133,000/\$316	96,000/\$228	70,000/\$166		
Corn					400,000/\$952
Rice	175,000/\$416	132,000/\$314	100,000/\$238		
Rapeseeds	301,000/\$716	240,000/\$571	190,000/\$452		
Sunflower	297,500/\$708	237,000/\$564	187,500/\$446		
Soybeans	306,600/\$730	178,200/\$424	141,500/\$336		
Safflower	161,000/\$383	120,000/\$285	96,500/\$229		
Mustard, other oilseeds	186,200/\$443	141,600/\$337	108,000/\$257		
Flax	189,000/\$450	144,000/\$342	108,000/\$257		
Single year grasses	224,000/\$533	160,800/\$382	117,000/\$278		
Perennials	1,190,000/\$2,833	906,000/\$2,157	597,500/\$1,422		
Cotton	497,000/\$1,183	300,000/\$714	175,000/\$416	137,500/\$327	825,000/\$1,964
Potato	231,000/\$550	114,000/\$271	70,000/\$166		
Sorghum					280,000/\$666

Table 1. Seed subsidy rates, approved by Kazakhstani Ministry of Agriculture order No 107 dated March 30, 2020 (continued)

Crop	Subsidy rate per 1 ton, tenge/USD
	For one planting unit of the first generation hybrid
Corn	13,305/\$31
Rapeseeds	28,071/\$66
Sunflower	16,917/\$40
cotton	17,000/\$40
Sugar beet:	
Inlaid	16,174/\$38
Dragee	27,175/\$64
Half-drained	18,312/\$43

Table 2. Subsidy rates for elite seedlings of fruit crops and grapes, approved by Kazakhstani Ministry of Agriculture order No 107 dated March 30, 2020

Crop	Subsidy rate per 1 seedling, tenge/USD
Fruit crop	344/\$0.81
Berry crop	275/\$0.65
Grapes	96/\$0.22

Attachments:

No Attachments.