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Kazakhstan Poultry Sector Update

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Poultry and Products

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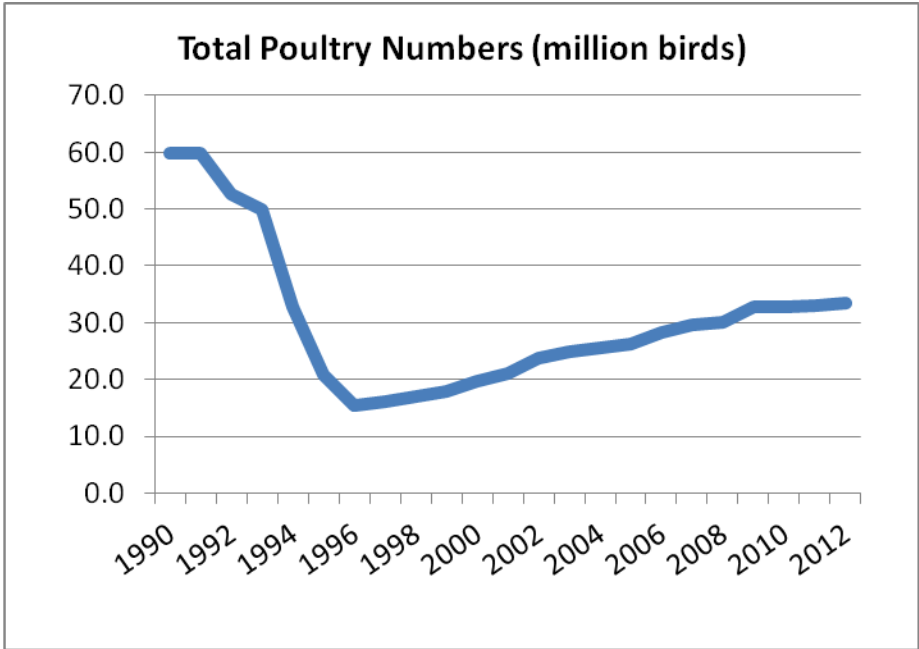
Report Highlights:

Kazakhstan's poultry production has been continually expanding, although high feed costs in 2013 slowed this growth. The Kazakhstan Ministry of Agriculture in early 2013 released a 7-year Agricultural Development Program, which set goals and strategy for production through 2020. For poultry specifically, the Program sets a goal of doubling poultry production to 246,000 MT by 2020. In order to support this goal, the Kazakh Government is providing support to the poultry sector, including subsidies for feed, day-old chicks and hatching eggs, and support for construction of new, and modernization of old, poultry farms.

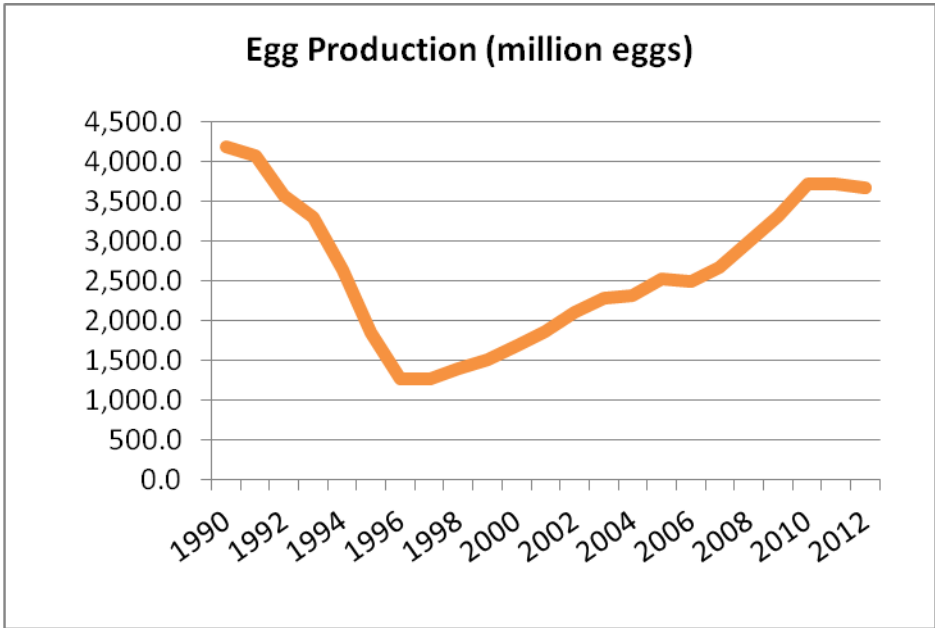
General Information:

Production

Kazakhstan’s poultry production has continued a long-term recovery since the mid-1990s, and in 2012 broiler production rose nearly 20 percent from the year before. In 2013, however, this expansion has slowed as a result of high feed costs. FAS/Astana estimates 2013 production at 125,000 MT, almost unchanged from 123,000 MT in 2012.



Source: Kazakhstan Statistics Agency

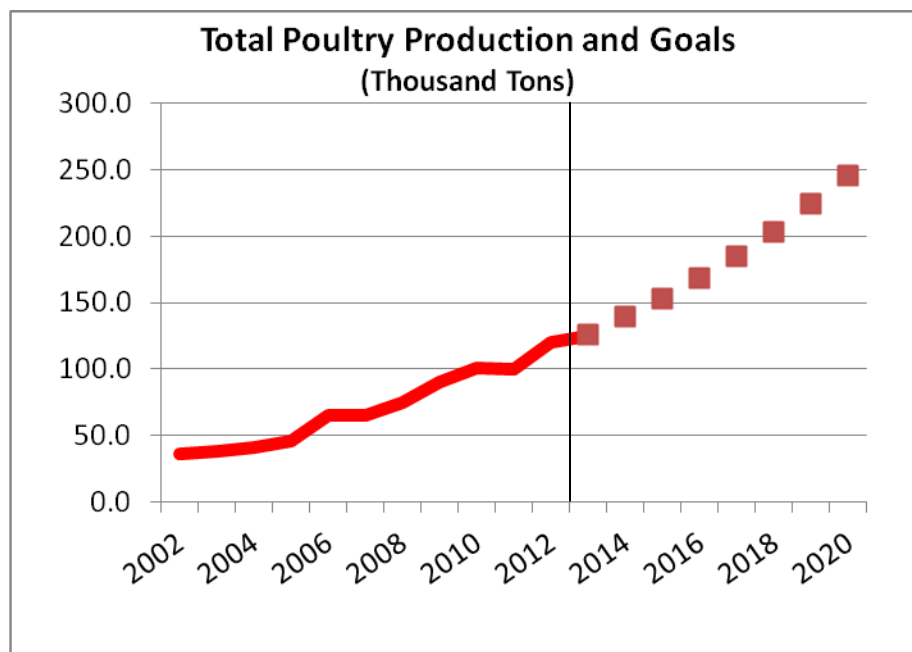


Source: Kazakhstan Statistics Agency

As in other former Soviet countries, Kazakh poultry production is shifting from backyard/household production towards large and more modern agricultural enterprises. As of the end of 2012, 61 percent of all poultry in Kazakhstan was produced in large agricultural enterprises, an increase from 48 percent in 2007. This figure, however, still remains far below Russia, where 90 percent of poultry is produced in large agricultural enterprises. The Ministry of Agriculture estimates that with the construction and launch of new modern agricultural poultry establishments (and modernization of existing ones), by 2016 over 230,000 tons could be produced domestically.

Government Production Support and Strategy

The Kazakhstan Ministry of Agriculture in early 2013 released a 7-year Kazakhstan Agricultural Development Program, which set goals and strategy for production through 2020. For poultry specifically, the Program sets a goal of doubling poultry production to 246,000 MT by 2020 (see chart below). The Program also sets targets for the procuring subsidized day-old chicks and hatching eggs. For broiler chicks, the goal is to increase from 287,000 to 433,800 by 2020, and for layer chicks from 737,000 to 1,044,000 by 2020. For hatching eggs, the goal is from 4.3 million eggs a year to 5.1 million by 2020. (For the entire text of the program please see: [Kazakhstan Agricultural Development Program 2013-2020](#))



Source: 2002-2013 Data is FAS/USDA PSD Data, 2014-2020 Goals from Kazakhstan Agricultural Development Program 2013-2020

The Kazakh Government has made supporting domestic poultry production a priority. In a recent report, the Ministry of Agriculture outlined the primary problems which currently negatively impact the

poultry sector. These include:

- Lack of qualified staff
- Underutilized capacity
- Biological and food security threats
- High production costs due to high feeding costs, power costs, and expensive genetics
- Poorly developed local scientific studies on technology and feeding
- Lack of local cross breeds for meat and egg poultry, which makes country dependant on imported breeds of grandparent, parent and final crosses
- A lack of good quality and low cost veterinary drugs supplies

The Ministry also laid out measures that the Government is using, and will continue to use to support the poultry industry. These include:

- Providing inexpensive loans, including leasing and investment subsidies, to construct new, and modernize existing, poultry farms with modern technologies
- Helping to establish local breeding genetics for meat-breeds poultry on an existing government financed poultry farm “Astana Kus”
- Establish epizootic situation control and reaching biosafety international standards at the poultry farms
- Using market protection measures from low quality imports and unfair trading practices
- Providing professional trainings for poultry specialists, including on the “Astana Kus” poultry farm
- Providing subsidies for feeding costs of poultry meat and egg production (gradually shifting to subsidies for chilled poultry meat)
- Supplying poultry farms with forage grain at fixed price.

The Ministry also reported that in 2013, 8.5 billion tenge (\$56 million) were used to subsidize poultry production in Kazakhstan, a 30 percent increase from 2012. These included:

--subsidies for hatching eggs at 91.9 million tenge (\$600,000) - a 3 percent increase from 2012

--subsidies for day old chicks at 123.7 million tenge (\$820,000) - a four-fold increase from 2012

--and the Ministry stated that starting in 2014 a new investment subsidy will be introduced to partly compensate poultry farm construction costs.

The Government of Kazakhstan announced subsidy levels for the purchase of breeding stocks, and in 2013 the subsidy for meat breed grandparent stock day old chicks is not more than 50 of the purchase price or 303 tenge (approximately \$2) per chick, layer breed parents stock day old chicks is also not more than 50 percent or 50 tenge (33 cents) per chick, and for hatching eggs not more than 50 percent or 21 tenge (14 cents) per egg.

In March 2013, the United States signed a bilateral U.S.-Customs Union certificate for day old chicks and hatching eggs, which now allows for these U.S. products to be shipped to Kazakhstan. (a copy of the certificate can be found at

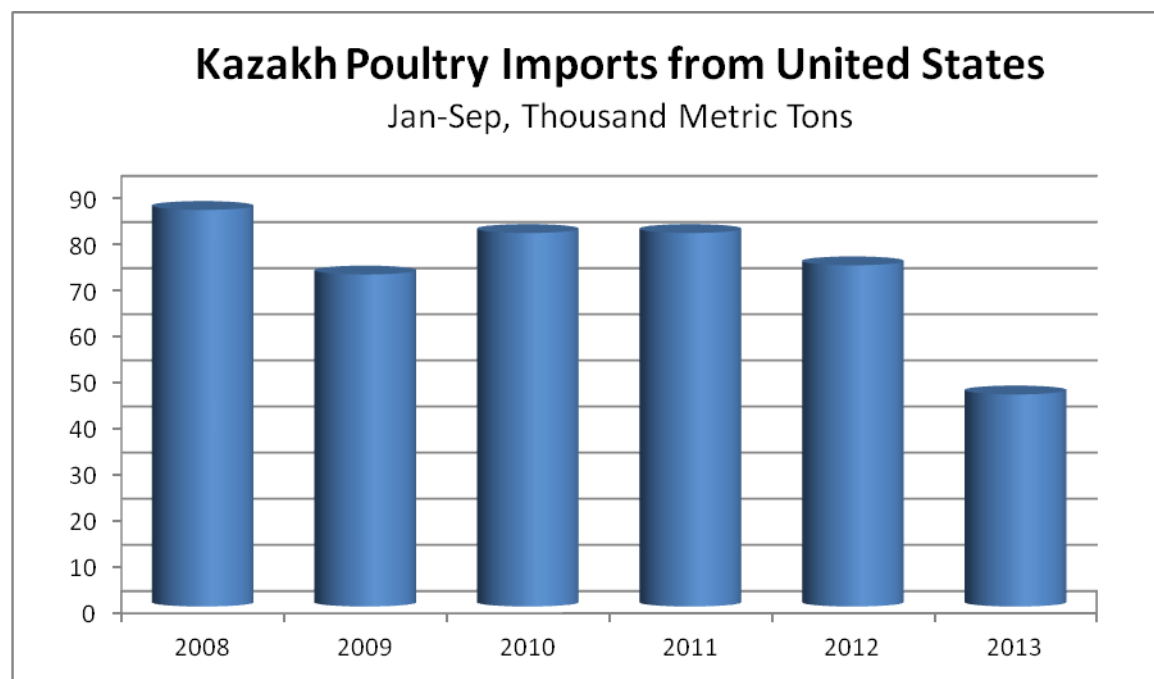
http://www.aphis.usda.gov/regulations/vs/iregs/animals/downloads/ru_chicks_hateggs_cert.pdf)

Consumption

Consumption of poultry meat continues to expand in Kazakhstan, and according to the Kazakhstan Statistical Service, consumption in 2012 reached 315,100 tons, more than double the level of 2005 (156,100). Although beef continues to be the primary meat consumed in Kazakhstan, poultry is the second most consumed meat. Prices for poultry are far below that for other meat, and in mid-2013 prices for chicken leg quarters per kg were only 50 percent the price of pork, 42 percent of the price of lamb, 41 percent of the price of beef, and 36 percent of the price of a kg of horse meat. Egg consumption per capita has also grown, from 172 in 2005 to 232 in 2012.

Trade

Kazakhstan is largely dependent on imported poultry, and last year about 60 percent of poultry meat was imported and 40 percent was domestically produced. The United States is typically the largest supplier of poultry. In 2013, Kazakhstan had a Tariff Rate Quota of 110,000 metric tons for poultry. However, the release of these quota volumes was severely delayed, with the second tranche of 75,000 metric tons only released in mid-October (see [Kazakhstan Distributes Remaining 2013 Meat TRQ Allocation](#) for more information). As a result of this delay, U.S. poultry exports from January-September were sharply down from previous years (see chart below). However, with the release of the quota, large volumes of U.S. poultry have been shipped to Kazakhstan in the last 3 months of 2013.



With a delay in the TRQ release, there has been an increase in shipments of poultry from Russia and Ukraine. For instance, Customs Union statistics report that from January-September 2013, 19,000 MT

of Russian poultry has been imported. Also Kazakh Customs Service reports that in this same period over 17,000 tons of Ukrainian poultry has been imported, up 26 percent from the same period last year. Kazakh Ministry of Agriculture officials have been vocal in asserting some Ukrainian and Russian suppliers of selling at dumping prices, as well as not following Customs Union requirements, and have claimed that these actions have hurt local producers. The Ministry also asserted that certain suppliers from these countries of injecting water into the poultry at levels which exceed norms.

On October 30th, the Customs Union announced Tariff Rate Quota volumes for 2014, with the amount for poultry for Kazakhstan unchanged at 110,000 metric tons (see [Eurasian Economic Commission Announced 2014 Meat, Poultry, and Whey TRQs](#) for more information).

Poultry, Meat, Broiler Kazakhstan	2011		2012		2013	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	103	103	123	123	127	125
Total Imports	178	162	225	192	233	180
Total Supply	281	265	348	315	360	305
Total Exports	0	0	0	0	0	0
Human Consumption	281	265	348	315	360	305
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	281	265	348	315	360	305
Total Use	281	265	348	315	360	305
Ending Stocks	0	0	0	0	0	0
Total Distribution	281	265	348	315	360	305

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG