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Report Highlights:

Planting strategy in Kazakhstan for marketing year (MY) 2021/22 is expected to be similar to the previous year. To date, climate conditions for the 2021/22 marketing year have been mixed. Farmers' spring planting decisions will be predominantly influenced by economic factors. Given these factors, FAS Nur-Sultan expects MY 2021/22 grain production to be consistent with MY 2020/21. Post continues to estimate MY 2020/21 production at approximately 13.2 million metric tons (MMT). Both domestic food and feed consumption remain stable, which means that any growth in wheat and barley production would likely translate into a growth in MY2021/22 exports.

General Information:

No Major Changes in Planting Intentions

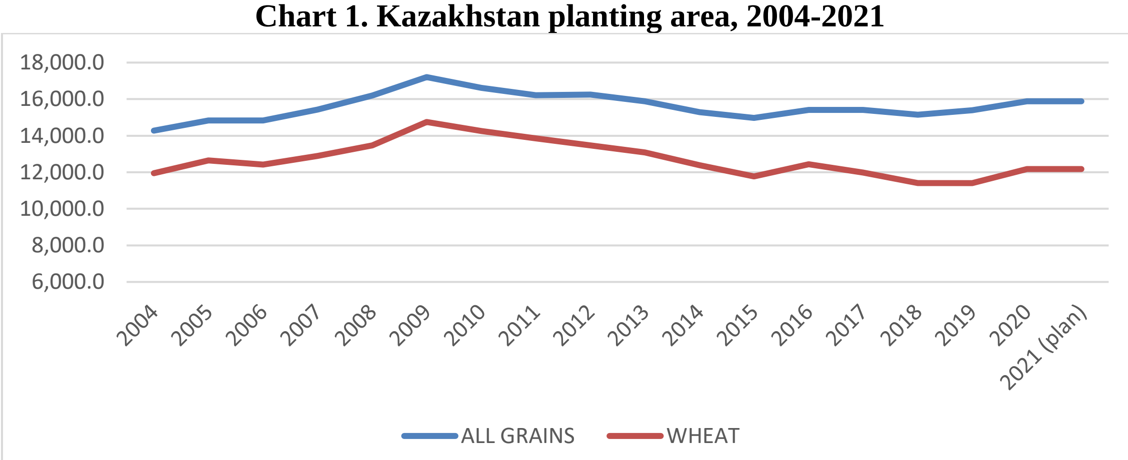
For MY 2021/22 the Government of Kazakhstan plans for 22.8 million hectares of total planted area, which is reported at 186,600 hectares more than MY 2020/2021. Grains and pulses area is expected at 15.8 million hectares (including wheat - 12.1 million hectares), oilseeds area at 3 million hectares, cotton - 116,500 hectares, sugar beet - 21,800 hectares, horticulture and potato - 489,000 hectares, and feeding crops - 3.4 million hectares. Planting will be supported with 380,000 tons of diesel fuel at a fixed price of 165 tenge ($0.39) per liter. As many as 141,700 tractors, 73,200 seeders, 221,200 pieces of soil treatment equipment as 4,300 planters will be used during planting. Additionally, around 2,400 agricultural enterprises and farmers (at total area 3 million hectares) will receive 70 billion tenge ($165 million) in loans at a five percent interest rate. For MY 2020/21 locust control is reported to be conducted on 515,000 hectares, while in 2021 Ministry expects locust spread to affect 640,000 hectares. Please see Table 1 for more details.

Table 1. Kazakhstan Planting strategy MY 2020/21, thousand hectares

	2020	2021	Change 2021 to 2020
Grains and pulses	15,861	15,786	-75
Wheat	12,169	12,187	+17
Rice	104	97	-6
Pulses	182	196	+14
Oilseeds	2,898	2,961	+63
Sugar beet	20	21	+1
Cotton	125	116	-9
Potato	193	209	+16
Vegetable and horticulture	264	280	+16
Feeding crops	3,290	3,405	+114

Source: Minister of Agriculture report at Cabinet Meeting on March 30,2021

Chart 1. Kazakhstan planting area, 2004-2021



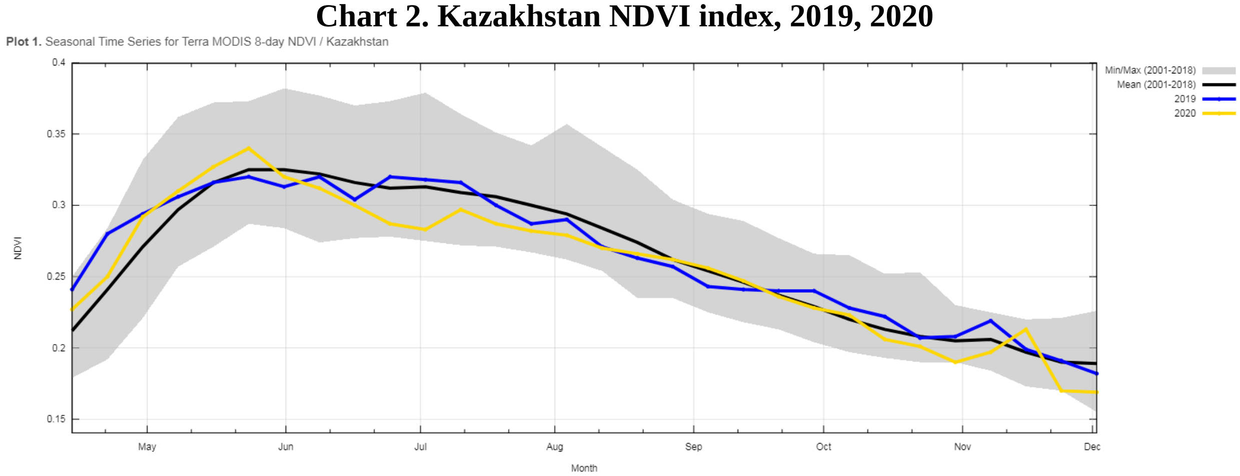
Seed Availability Similar to Previous Years

Seed varieties are likely to remain unchanged from previous years for most crops. Kazakhstan's Ministry of Agriculture notes that farmers use more foreign origin seeds than local ones. For example, in North-Kazakhstan regions farmers use 63 percent foreign seeds, 57 percent in Kostanay, up to 90 percent in Aktobe, and 75 percent in Pavlodar. However, the Ministry of Agriculture plans to allocate 11.8 billion tenge ($27 million) to subsidize application of highly productive seeds and to reach application of elite seeds by 7.3 percent of farmers in 2021, compared to 6.8 percent in 2020. For more information on seeds, please, refer to GAIN Kazakhstan-Market Opportunities for Planting Seeds Report.

Farmers Anticipate a Dry Summer

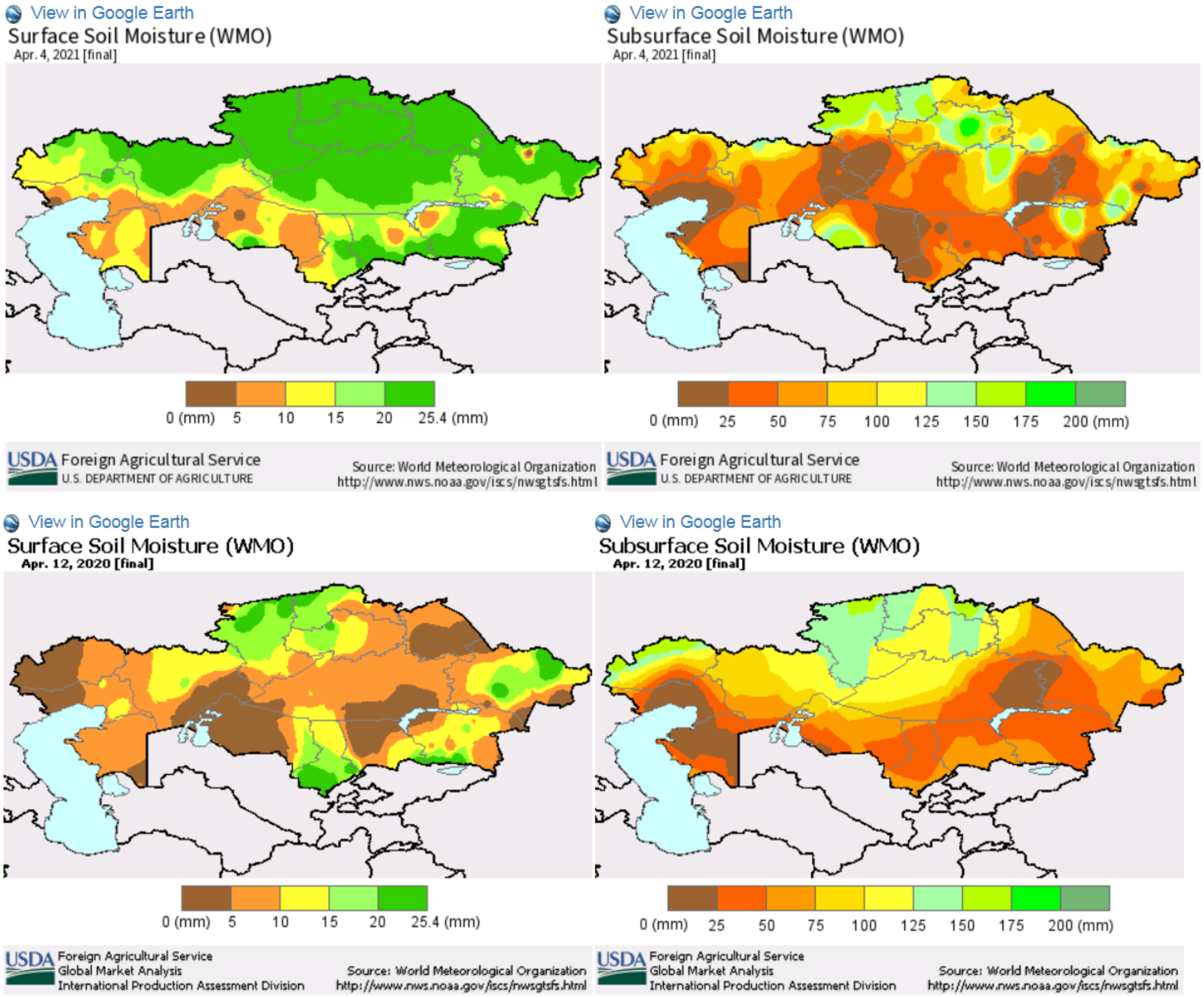
Below is a graph that shows the Normalized Difference Vegetation Index (NDVI) for Kazakhstan, a standardized measure of healthy vegetation. High NDVI values indicate healthier vegetation. Low NDVI values indicate low or no vegetation. The NDVI levels for the period of June to September 2020 were lower than the NDVI levels for the same period in 2019, despite higher NDVI levels prior to June 2020. Though NDVI data is not currently available for the start of the 2021 season, farmers see many parallels with 2020. This year many farmers anticipate a similarly dry and hot summer, which could suggest similar yields to last year. Please see Chart 2 below.

Chart 2. Kazakhstan NDVI index, 2019, 2020



In analyzing both the sub-surface level and surface-level moisture as of early April (please refer to the images below), FAS Nur-Sultan notes mixed results with uncertain impact on MY 2021/22 yields. On one hand, the 2021 sub-surface moisture levels are lower compared to the sub-surface moisture levels in 2020; on the other hand, the 2021 surface soil moisture levels are better than the surface soil moisture levels in 2020. In light of these contrasting conditions, in its forecasts FAS Nur-Sultan has kept MY 2021/22 spring crop yields at a similar level to the MY 2020/21 spring crop yields. As it is still quite early in the season, favorable spring weather conditions could change the situation.

Maps 1-4. Soil Moisture in April 2021 vs. April 2020



Fertilizer Use Still Sub-Optimal

The Ministry of Agriculture reports that the level of humus on arable lands has decreased six percent during last five years. In an effort to improve administration of the fertilizer subsidy and thereby increase fertilizer use, for this season the ministry is making direct payments to domestic fertilizer producers, ensuring that farmers only pay 50 percent of the fertilizer cost. This is in contrast to the previous practice of making payments to farmers instead. The ministry estimates that around 600,000 tons of fertilizers should be applied annually. However, this volume is only 23 percent of the need. Experts associate the low level of fertilizer application with high cost of fertilizers, limited assortment for domestically produced fertilizers, and failure to supply fertilizers on time during the high season. Domestic fertilizer producers are able to provide 40 percent of the country's need; however, they operate at just 60 percent of capacity. There are two large and 14 small fertilizer producers in Kazakhstan. North-Kazakhstan, Akmola, and Karaganda regions lead on fertilizer application. Please see Map 5 below.

Map 5. Soil Agrochemical Conditions in Kazakhstan

Source: Agrochemical Forum data

Policy

Agricultural Land Reform

In February 2021, at a meeting of the National Council of Public Trust, President Kassym-Jomart Tokayev called for a bill banning the sale and lease of agricultural land to foreign citizens and companies. Kazakhstan had first introduced a moratorium on sale of land to foreigners 2016, when protests drew attention to strong public opposition to foreign land ownership. This moratorium was set to expire later this year. In March 2021, the high-level Commission on Land Reform, representing Parliamentarians, farmer groups, scientists, and lawyers held discussions, which were livestreamed on national TV.

On April 7, 2021 the Lower Chamber of Kazakhstani Parliament accepted an amendment to land legislation that prohibits sales and leases of agricultural lands to foreigners, non-citizens, foreign companies, and foreign-owned companies. Additionally, legal amendments specify, that agricultural lease agreements issued prior to July 1, 2016 to foreign citizens, non-citizens, foreign legal entities, local businesses with foreign shareholders, international organizations, scientific centers with international shareholders, and repatriates will be valid until their expiration and will not be extended. However, the Commission on Land Reform will continue its work to discuss other questions on the land market and agricultural sector development. Of note, almost all agricultural land in Kazakhstan is owned by the government and is leased to farmers for 49-year periods.

Financial Institution Change

KazAgro National Management Holding completed its merger with Baiterek National Management Holding on March 15, 2021. Baiterek fund took three organizations from KazAgro – the Agrarian Credit Corporation (funding for big projects), the Fund for Financial Support in Agriculture (SME lending, loan guarantees), and KazAgroFinance (agricultural equipment financial leasing). Officials have emphasized that the agricultural programs managed by those entities will continue operating as they did previously.

Remote Sensing

The National Space Agency continues to conduct remote sensing to monitor land use in Kazakhstan. The agency reports that it was able to detect 367,000 hectares of unreported arable lands. Company notes, that rangelands are either overused, which leads to its degradation, or underused.

Trade through Commodity Exchange Requirement

As reported in the previous Grain and Feed Report, Kazakhstan planned to introduce a requirement for wheat flour contracts to be registered through a commodity exchange starting from July 1, 2021. However, a Presidential Decree has suspended this provision after multiple concerns raised by industry representatives.

Shipments to China

Kazakhstan Temir Zholy (KTZ), the national railway operator, company notified shippers of the return of all wagons with food cargoes sent to China, where they have not been accepted since November 2020. The notice states that the return of the wagons to the original loading stations will begin on April 1. The company said that this measure was necessitated by the "total rejection of goods by Chinese Railways."

KTZ-Freight Transportation also reintroduced a temporary ban on the supply of all goods to China by rail from April 5, except for freight containers. "A temporary ban on the handling of all goods, except transported in containers at the Dostyk border station will be in effect from 5 to 15 April. The ban applies to all deliveries en route to China due to delays in handling outbound freight trains on the Chinese side," KTZ officials noted. More than 140 trains are now suspended, another 1,900 covered goods wagons with food cargo have been halted for more than four months.

During March 1-15, all exports of goods that were not in containers were prohibited via the Dostyk rail border crossing to China. This ban came in response to China's strict virus-related restrictions, which has made shipment using traditional grain cars impractical. Some Kazakhstani exporters expressed readiness to ship grain using freight containers.

Cooperation and Humanitarian Aid to Kyrgyzstan

Kazakhstan and Kyrgyzstan have established cross border trade to promote fruits and vegetables trade between two countries through the "Alatau" Center of Transboundary Trade, which is based at the border check point Karasu-AkTilek. Parties also discussed building a wholesale distribution center in two regions of Kyrgyzstan worth $25 million, with a planned annual turnover of 26,000 tons. Additionally Kazakhstan has agreed to provide humanitarian aid to Kyrgyzstan by shipping 10,000 tons of wheat flour as well as 1,000 tons of winter wheat seeds.

WHEAT

Production

Post estimates harvested area for MY 2021/22 at 11.9 million hectares, a very slight increase over the previous year based on current planting intentions. Looking at the upcoming planting season, smaller snow stocks in grain producing areas has given farmers a pessimistic outlook. Farmers predict a hot summer and are trying to limit their risks by insuring their crops. Farmers say that summer precipitation is the most critical factor for wheat production. Some farmers confirm that snow stocking this winter was not helpful since strong winds blew snow cover away.

Given these concerns, yields are forecast at a level just slightly lower than MY 2020/21, consistent with farmer expectations and soil moisture data to date (please refer to General Outlook Section for more details). Based on these assumptions. MY 2021/2022 wheat production is forecast at approximately 13.2 MMT, about the same level as Post's MY 2020/21 estimate (please refer to PSD table at the end of this section).

As noted in the most recent Grain and Feed Update, Post estimates MY 2020/21 wheat production as being approximately one million MT lower than official statistics. Official production is believed to be over-reported due to higher than normal unregistered imports from Russia. For additional information, please see KZ2021-0002. Large grain producer organizations also note that discrepancies between "bunker weight" volumes that are calculated immediately after harvest and the true volume of the cleaned, dried grain may also contribute to over-estimation in official statistics. For example, in one organization's estimation, bunker weight was about eight percent higher than the final grain weight in the MY 2020/21 fall harvest.

Consumption and Stocks

Rules for grain reserve management approved by the Order of the Minister of Agriculture on March 19, 2021, set the specific amount for that reserve: 500,000 tons for food wheat. The Ministry of Agriculture notes that these rules will help to provide food security in all regions of Kazakhstan, since the Food Contracting Corporation will be shipping wheat to mills in western and southern regions of Kazakhstan (which are not grain-producing areas). Additionally, Ministry of Agriculture has requested an extra 2.6 billion tenge ($6 million) to compensate transportation and shipping costs to supply wheat from government reserves to Aktobe, Almaty, Atyrau, West-Kazakhstan, Zhambyl, Kyzylorda, Mangistau, Turkestan, Almaty, and Shymkent from March through August 2021. According to the Ministry, these measures will help to stabilize prices for wheat flour and bread throughout the country.

On February 5, 2021, the government grain operator Food Contracting Corporation announced the procurement of nine crops on the domestic market with specific prices. Please, see Table 2 below.

Table 2. Food Contracting Corporation procurement plan for 2021

	Crop	Prepayment, tenge/ton		Quantity, tons
		Without VAT, tenge	With VAT, tenge	
1	Wheat soft (Triticum aestivum L.)	45,000	50,000	477,000
2	Wheat hard (Triticum durum Desf.)	45,000	50,000	20,000
3	Barley	35,000	40,000	30,000
4	Oats	35,000	40,000	5,000
5	Buckwheat	62,000	70,000	5,000
6	Sunflower	62,000	70,000	30,000
7	Flax	62,000	70,000	10,000
8	Rapeseeds	62,000	70,000	5,000
9	Soybeans	62,000	70,000	5,000

Source: Food Contracting Corporation announcement, February 5, 2021
Note: The official exchange rate on April 13, 2021 by the Kazakhstan National Bank is $1=433.4 Tenge

As of early March 2021, the Food Contracting Corporation has supplied 35,000 tons of grain (barley and feeding wheat class 4 and 5) to poultry and livestock producers at fixed prices. Ministry of Agriculture officials explained that this is to control table egg prices and support poultry farms.

The Millers Union reported that wheat flour production in Kazakhstan in MY 2019/20 reached 3.325 million tons, while in MY2018/2019 it was two percent smaller at 3.290 million tons. The Millers Union noted that the milling industry had successfully managed constraints related to the COVID situation in 2020. Given these relatively small changes, Post expects MY 2021/22 FSI consumption to remain flat.

According to the Statistical Bureau's information, as of February 1, 2021, cattle and pig numbers increased approximately by six and four percent, respectively. During the same period, poultry numbers decreased by four percent. These opposite trends suggest that total estimated feed consumption remains relatively flat for MY2020/21, and Post forecasts this trend to continue into MY2021/22.

Trade

Since the beginning of 2021, Kazakhstan continued negotiations with the Chinese authorities to include Kazakhstani companies into Chinese list of eligible export enterprises. Thus, another 195 enterprises producing and processing soybeans, alfalfa, barley, corn, and flax were accepted to the list. Kazakhstan continues to negotiate on behalf of other enterprises producing peas, safflower, lentils, potato, and meals.

Post estimates wheat imports from Russia for MY2021/22 at 0.8 MMT due to the price advantage that mills may continue to enjoy due to Russian export duties on shipments to non-EAEU countries. As noted above, Post estimates for MY 2020/21 imports are higher than USDA official figures due to unregistered imports from Russia.

PSD

Wheat	2019/2020		2020/2021		2021/22	
Market Year Begins	Sep 2019		Sep 2020		Sep 2021	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11339	11339	12081	11300		11900
Beginning Stocks (1000 MT)	1683	1683	632	632		1132
Production (1000 MT)	11452	11452	14256	13200		13200
MY Imports (1000 MT)	583	583	300	800		800
TY Imports (1000 MT)	536	536	300	800		800
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	13718	13718	15188	14632		15132
MY Exports (1000 MT)	6986	6986	7500	7300		7300
TY Exports (1000 MT)	6888	6888	7700	7500		7500
Feed and Residual (1000 MT)	1300	1300	1400	1400		1400
FSI Consumption (1000 MT)	4800	4800	4800	4800		4800
Total Consumption (1000 MT)	6100	6100	6200	6200		6200
Ending Stocks (1000 MT)	632	632	1688	1132		1632
Total Distribution (1000 MT)	13718	13718	15388	14632		15132
Yield (MT/HA)	1.01	1.01	1.18	1.1681		1.1092

(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 2021/2022 barley production is forecast at 3.6 MMT, almost the same as MY 2020/21 since harvested area is not expected to change. As noted above, smaller snow stocks in grain-producing areas has given farmers a pessimistic outlook. Farmers predict another hot summer and attempt to limit their risks by insuring their crops. As with wheat, some farmers confirm limited snow stocking this winter as strong winds removed snow cover.

Considering all these factors, yields are expected to remain roughly in line with MY 2020/21 levels, as noted in the General Overview section.

Consumption and Stocks

As noted above, as of early March 2021, the Food Contracting Corporation has supplied 35,000 tons of grain (barley and feeding wheat class 4 and 5) to poultry and livestock producers at fixed prices.

Market experts note decreasing demand for barley on the local market, due in part to this barley supplied by the government at low prices. Thus, feed consumption for barley in MY 2021/22 is forecast to be flat from MY 2020/21, at 2.2 MMT.

Trade

Post forecasts exports to remain stable in MY 2021/22. Iran continues to be the number one importer for Kazakhstani barley; however, in MY 2020/21 import volume dropped by 66 percent compared to the previous year. In contrast to Iran, China continues increasing barley imports, with an almost 300 percent jump in the same period. Uzbekistan holds the position of Kazakhstan's third largest barley importer. Please refer to the barley export data below for more information. Exporters report that the decline in exports of barley to Iran during the last five years coincides with a shift in Iran to use Russian barley. This is due to competitive pricing in part thanks to Iran's trade agreement with the Eurasian Economic Union (EAEU) countries.

PSD

Barley	**2019/2020**		**2020/2021**		**2021/22**	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
Kazakhstan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	2977	2977	2731	2731		2700
Beginning Stocks (1000 MT)	403	403	505	505		494
Production (1000 MT)	3830	3830	3659	3659		3600
MY Imports (1000 MT)	38	38	30	30		30
TY Imports (1000 MT)	42	42	30	30		30
TY Imp. from U.S. (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	4271	4271	4194	4194		4124
MY Exports (1000 MT)	1366	1366	1200	1200		1200
TY Exports (1000 MT)	1292	1292	1200	1200		1200
Feed and Residual (1000 MT)	2100	2100	2200	2200		2200
FSI Consumption (1000 MT)	300	300	300	300		300
Total Consumption (1000 MT)	2400	2400	2500	2500		2500
Ending Stocks (1000 MT)	505	505	494	494		424
Total Distribution (1000 MT)	4271	4271	4194	4194		4124
Yield (MT/HA)	1.2865	1.2865	1.34	1.3413		1.3333

(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

Kazakhstan Exports to _World
Commodity: PSD-Wheat,
Year Ending Plus: September - August

Partner Country	Unit	Year Ending(UOM1: WGE)			Year to Date		
		2018	2019	2020	09/19-01/20	09/20-01/21	%Δ
_World	WGE	8,999,759	8,295,773	6,986,387	3,148,988	3,921,217	24.52
Uzbekistan	WGE	3,170,885	2,885,050	2,852,627	1,086,510	1,730,664	59.29
Afghanistan	WGE	2,389,650	1,828,284	1,742,089	767,980	1,170,924	52.47
Tajikistan	WGE	1,158,837	1,107,134	1,150,681	544,106	586,742	7.84
Russia	WGE	193,461	334,131	378,890	289,808	75,547	-73.93
China	WGE	510,603	463,065	294,085	180,099	194,759	8.14
Kyrgyzstan	WGE	212,998	215,412	175,539	71,029	35,347	-50.24
Turkmenistan	WGE	166,677	413,297	163,811	94,273	31,862	-66.20
Italy	WGE	350,235	205,160	129,972	31,193	40,080	28.49
Turkey	WGE	334,092	198,798	57,844	57,564	4,410	-92.34
Azerbaijan	WGE	240,750	339,033	17,553	10,108	13,729	35.82
Georgia	WGE	45,873	101,850	4,730	3,440	854	-75.17
Poland	WGE	6,810	3,647	3,524	1,328	1,172	-11.75
Mongolia	WGE	238	424	2,658	2,485	87	-96.50
Norway	WGE	20,995	23,250	2,500	2,500	-	-100
Iran	WGE	52,625	4,191	2,302	2,302	25,124	991.40
Finland	WGE	3,000	2,931	1,551	1,551	-	-100
Switzerland	WGE	-	-	1,458	-	-	0
Moldova	WGE	1,339	1,549	1,439	1,160	372	-67.93
Latvia	WGE	1,593	-	1,190	-	-	0
Malaysia	WGE	-	-	1,135	1,135	-	-100
Belarus	WGE	84	2,882	402	232	265	14.22
Armenia	WGE	210	274	192	137	166	21.17
Lithuania	WGE	22	204	168	21	-	-100
Romania	WGE	-	-	28	28	-	-100
Ukraine	WGE	-	1,979	19	-	-	0
United States	WGE	-	-	-	-	-	0
Vietnam	WGE	26,474	26,927	-	-	-	0
Mali	WGE	-	-	-	-	-	0
Netherlands	WGE	5,476	10,824	-	-	-	0
United Kingdom	WGE	-	22,420	-	-	4,500	0
Spain	WGE	16,242	16,508	-	-	-	0
Sweden	WGE	40,181	19,470	-	-	-	0
Tunisia	WGE	28,909	26,806	-	-	4,393	0
Lebanon	WGE	2,940	-	-	-	-	0
Iraq	WGE	276	2,026	-	-	-	0
Japan	WGE	-	-	-	-	-	0
Jordan	WGE	1,008	-	-	-	-	0
Belgium	WGE	-	6,800	-	-	-	0
Algeria	WGE	5,000	-	-	-	-	0
United Arab Emirates	WGE	1,084	93	-	-	-	0
Germany	WGE	816	526	-	-	220	0
Greece	WGE	10,379	30,829	-	-	-	0

Data Source:Customs Control Committee of the Ministry of Finance

Kazakhstan Exports to _World
Commodity: PSD-Barley,
Year Ending Plus: July - June

Partner Country	Unit	Year Ending(UOM1: T)			Year to Date		
		2018	2019	2020	07/19-01/20	07/20-01/21	%Δ
_World	T	1,353,681	1,820,615	1,365,572	968,189	549,014	-43.29
Iran	T	1,289,231	1,629,563	1,147,686	831,859	278,258	-66.55
China	T	-	2,968	78,185	44,206	175,203	296.33
Uzbekistan	T	30,174	112,506	43,023	22,049	42,400	92.30
Russia	T	3,068	36,197	37,214	29,234	5,460	-81.32
United Arab Emirates	T	-	9,537	19,400	19,400	21,263	9.60
Tajikistan	T	3,614	1,438	13,195	2,721	19,835	628.96
Belarus	T	-	2,170	6,950	6,950	-	-100
Azerbaijan	T	-	3,097	5,373	5,373	2,374	-55.82
United Kingdom	T	4,604	2,743	4,550	4,550	2,159	-52.55
Afghanistan	T	15,254	10,588	4,044	136	1,412	938.24
Turkey	T	-	-	2,840	-	-	0
Czech Republic	T	110	85	1,400	-	-	0
Iraq	T	-	5,596	1,159	1,159	-	-100
Turkmenistan	T	210	661	547	547	650	18.83
Kyrgyzstan	T	1,171	-	6	6	-	-100
Netherlands	T	108	-	-	-	-	0
Poland	T	-	65	-	-	-	0
United States	T	-	-	-	-	-	0
Israel	T	-	3,400	-	-	-	0
Germany	T	6,136	-	-	-	-	0

Data Source:Customs Control Committee of the Ministry of Finance

Attachments:

No Attachments