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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 production forecasts for MY2021/22 as well as trade estimates for MY2020/21. Farmers report dry and hot weather conditions in Kazakhstan during planting in May-early June 2021.

General information:

According to the Ministry of Agriculture, spring planting was completed in timely manner in all regions of Kazakhstan. In MY 2021/22 farmers planted 18.97 million hectares overall. This area is 1.5 million hectares more than the previous MY 2020/21 year. Grain and legumes were planted on 13.1 million hectares, or 87 percent of total planted area. Oilseeds covered 2.7 million hectares, and other crops 1 million hectares. The total financial support for planting is reported at 128 billion tenge (\$294 million).

Regional Updates

North Kazakhstan total planted area is expected at 4.2 million hectares in MY 2021/22, including 3 million hectares for grains and legumes and 914,500 hectares for oilseeds. Farmers in [North Kazakhstan region](#) started planting at sufficient soil moisture conditions. However, the sharp temperature increase in May accelerated moisture evaporation. For this reason, farmers have tried to finish planting earlier for better seedling development. Farmers expect similar wheat production volumes as in MY 2020/21; however, they fear drought this summer. This season farmers applied ammophos and sulfoammophos to improve yields in the region.

[Akmola region](#) has reported finishing spring planting as of June 4, 2021. Total planted area is reported at 4.983 million hectares, including grain and legumes at 4.546 million hectares. Oilseeds planted area is 223,500 hectares, and feeding crops totaled 189,900 hectares. The total financial support is reported at 33 billion tenge (\$77.2 million), including subsidies for crop production at 11.9 billion tenge (\$27.8 million).

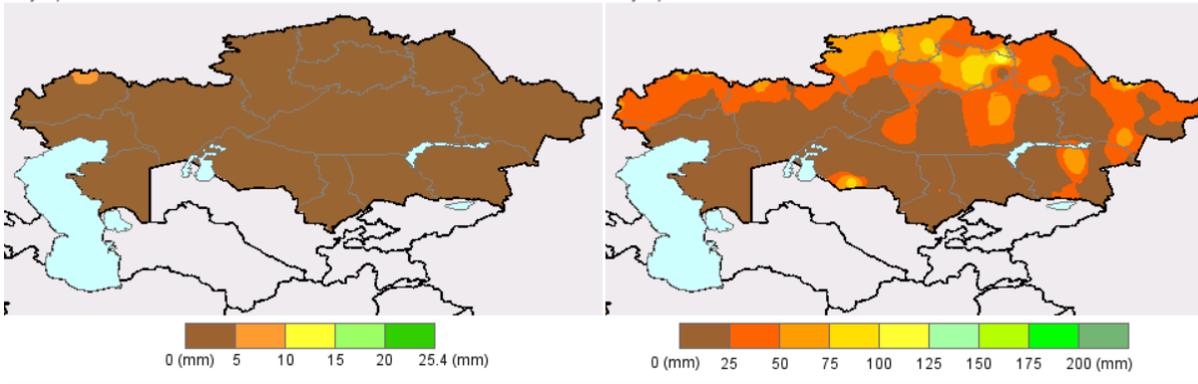
Kazakhstan's weather service KazHydromet conducted a [meteorological survey](#) for June 2021. The majority of the country will have precipitation that is close to normal, or 25-49 mm. Less than normal precipitation is expected in south-west and central parts of Kazakhstan.

To ensure a more accurate forecast for spring crop yields for MY2021/22, FAS Nur-Sultan analyzed moisture both at the sub-surface and the surface levels as of the end of May 2021 (see the image below). Both surface and sub-surface moisture levels for 2021 suggest a lack of precipitation in May 2021 that may result in deteriorating growing conditions and unfavorable emergence conditions for spring crops.

Chart 1. Surface and Subsurface Soil Moisture in Kazakhstan

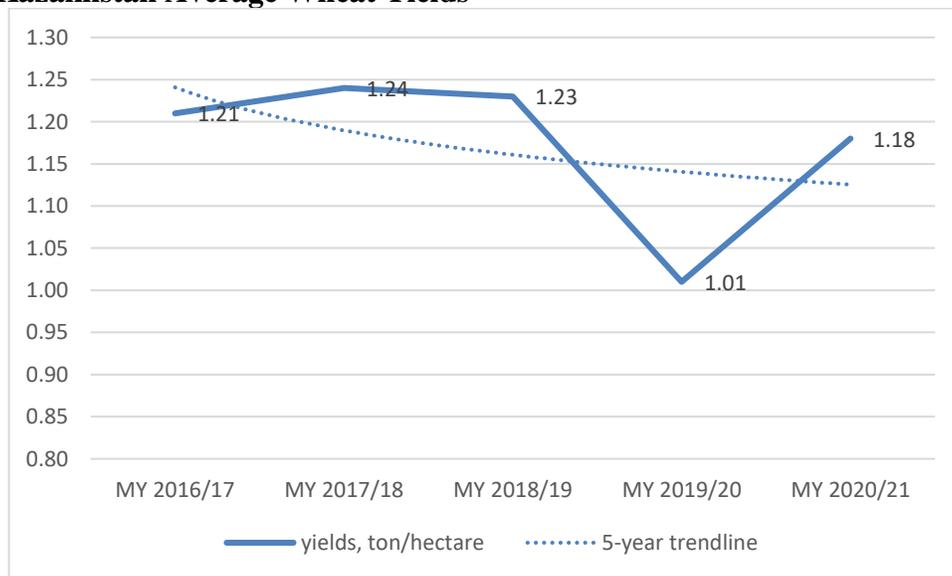
Surface Soil Moisture (WMO)
May. 30, 2021

Subsurface Soil Moisture (WMO)
May. 30, 2021



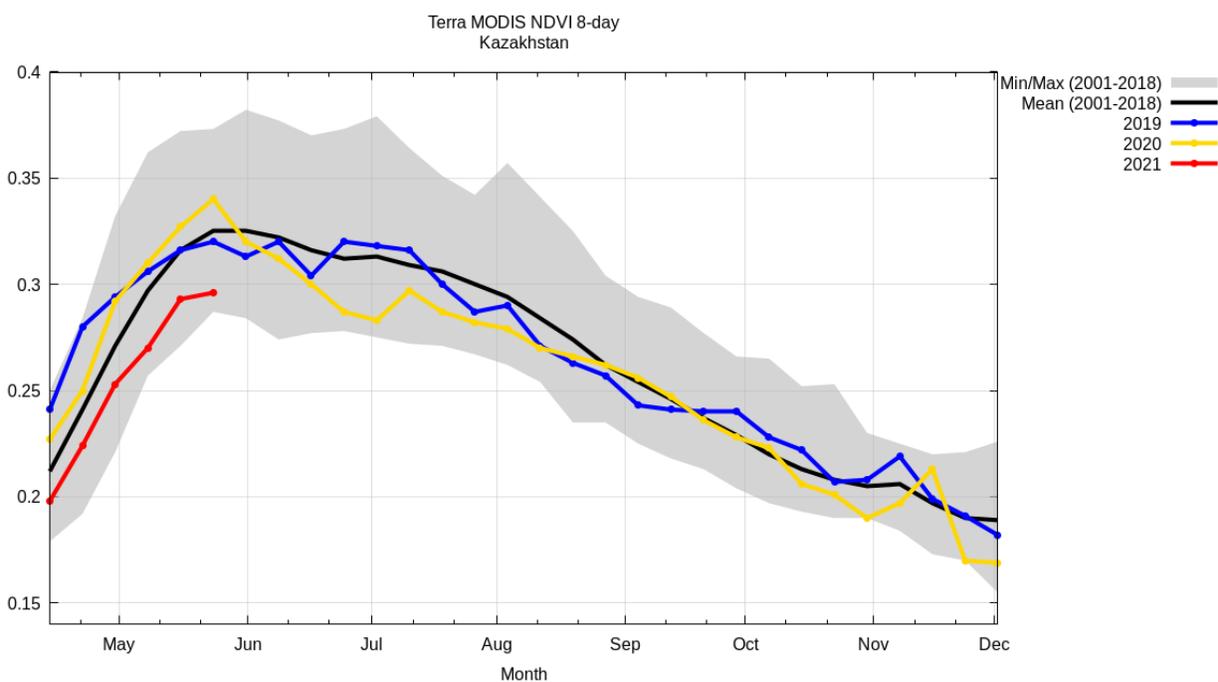
Given the difficulty in accurately estimating the 2021 late spring and early summer growing conditions, Post estimated the 2021 yields based on the 5-year downward trend (please, see graph below).

Graph 1. Kazakhstan Average Wheat Yields



Source: [PS&D](#)

The following graph depicts the Normalized Difference Vegetation Index (NDVI) in Kazakhstan. Based on the NDVI for Kazakhstan, it appears that growth conditions starting in late May 2021 were less favorable compared to the same time period the two previous years (2020 and 2019).



Policy

Land Use

The Accounting Committee has [audited](#) land resource use and found 365 violations worth 1.056 billion tenge (\$2.47 million). In particular, land registrations do not match total land available, data on withdrawn land plots is missing, and remote sensing monitoring data is not included into the land administration system. Moreover, the auditors report that specially protected zones are illegally registered as privately owned by changing the land use category. Farmers believe that improved land resources data management will help them to have better access to agricultural lands.

On June 2, 2021 the Kazakhstani Parliament [approved](#) amendments to the Land Law. The new provisions retained the current system of 49-year long-term leases for agricultural land, with the possibility of extension for another term. The amended law precludes private ownership for agricultural lands for another five years. The concept of a private ownership for agricultural lands was never introduced into Kazakh legislation since independence in 1991. Though this concept is continuing to be discussed, the government has been hesitant to implement such a change. Provisions of the new law also ensure transparency and access to land resources data, and improves rangeland administration by establishing a rangeland management plan.

Budget Efficiency

In adherence to the Prime Minister’s decree, the Kazakhstani Ministry of Agriculture designed requirements on economic impact of subsidy expenditures over the main sectors of agriculture: crop production, livestock production, and agricultural finance. Currently there are 53 types of

subsidies administered by the Ministry of Agriculture. These requirements are meant to ensure that government subsidies actually accomplish their development aims.

WHEAT

Production

MY 2021/22 wheat production is forecast at 13.2 MMT (please refer to PSD table at the end of this section), 0.8 MMT smaller from USDA Official numbers (14 MMT). Post bases this forecast on available NDVI, soil moisture data, as well as farmer consensus that poor weather conditions impacted the planted wheat.

Consumption

During January-May 2021, wheat flour production is reported at average annual volumes, rebounding to pre-pandemic production. Given excess milling capacity in Kazakhstan, Post does not expect a change in consumption from previous estimates. MY 2020/21 consumption Post estimate in par with the USDA official number (4.9 MMT).

As it was mentioned in [Kazakhstan 2021 Grain and Feed Annual Report](#), the Ministry of Agriculture plans to [support millers](#) in Kazakhstan by providing them 2.6 billion tenge (\$6 million) to keep bread prices stable. In particular, money will be given to compensate transportation costs for wheat that is provided by the Food Contracting Corporation within the country during March-August to milling facilities that have signed a memorandum with regional governments. The Ministry estimates that during March-August 2021, bread production in the country will require 445,600 tons of wheat. The milling facilities in southern parts of Kazakhstan will need 312,600 tons of wheat from this volume. Table 1 below shows distribution of this volume by region.

Table 1. Quantity of grain, to be supplied in different regions of Kazakhstan

No	Region	Quantity of grain to be transported, MT
1	AKTOBE region	21,100
2	ALMATY region	49,053
3	ATYRAU region	15,515
4	WEST-KAZAKHSTAN region	15,610
5	ZHAMBYL region	26,895
6	KYZYLORDA region	19,229
7	MANGISTAU region	16,989
8	TURKESTAN region	48,272
9	SHYMKENT	25,361
10	ALMATY	46,677
	TOTAL	312,666

Trade

Experts cite the [Russian export duty](#) as the main factor impacting the Kazakhstani market this current season. High Russian prices gave an advantage to Kazakhstani exporters on a cost per metric ton basis. For example, wheat exports to Iran reportedly increased up to 110,555 tons in MY 2020/21, significantly higher than last year. Traders explain that the Kazakhstani wheat price became more attractive to Iranian buyers due to Russia's export duty.

The Kazakhstani Millers Union [reports](#) that one of the mills in North Kazakhstan that used to export wheat flour to Afghanistan could not manage competition from Uzbek suppliers and declared bankruptcy. According to the Union, Uzbekistan has increased imports of Kazakhstani wheat and increased wheat flour exports to Afghanistan. At the same time, Tajikistan continues to actively import Kazakh wheat for further milling on its territory. Tajikistan's [18 percent tax](#) rate for wheat flour imports stimulated import of wheat, which faces a rate of just 10 percent. These measures lead to decreasing wheat flour exports to Tajikistan.

The Russian [Orenburg](#) and [Altay](#) regional authorities continue to report the detection of illegal wheat and barley shipments to Kazakhstan. Market analysts estimate unreported imports of Russian wheat into Kazakhstan at [1 MMT annually](#). Based on this estimate, Post increased MY 2021/22 imports at 1 MMT.

Based on these factors, FAS Nur-Sultan estimates MY 2020/21 wheat exports at 7.3 MMT, slightly lower than the USDA official number (7.5 MMT). MY 2021/22 exports are estimated at 7.7 MMT, also smaller than the USDA official number (8.0 MMT), but 0.2 MMT higher from MY 2020/21 on the basis of these developments.

Stocks

The stocks for MY2021/22, as well as MY 2020/21 are estimated lower than the USDA official number, due to lower availability based on the smaller production estimate.

PSD

Wheat Market Begin Year Kazakhstan	2019/2020		2020/2021		2021/2022	
	Sep 2019		Sep 2020		Sep 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11339	11339	12081	11300	12000	12000
Beginning Stocks	1683	1683	632	632	1588	1032
Production	11452	11452	14256	13200	14000	13200
MY Imports	583	583	500	800	500	1000
TY Imports	536	536	500	800	500	1000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	13718	13718	15388	14632	16088	15332
MY Exports	6986	6986	7500	7300	8000	7700
TY Exports	6888	6888	7700	7500	8000	7700
Feed and Residual	1300	1300	1400	1400	1500	1500
FSI Consumption	4800	4800	4900	4900	4900	4900
Total Consumption	6100	6100	6300	6300	6400	6400
Ending Stocks	632	632	1588	1032	1688	1132
Total Distribution	13718	13718	15388	14632	16088	15332
Yield	1.01	1.01	1.18	1.1681	1.1667	1.1
(1000 HA) ,(1000 MT) ,(MT/HA)						

BARLEY

Production

Experts estimate MY 2021/22 barley planted area in Kazakhstan at 2.6 million hectares, a little bit smaller from the 2.7 million hectares in MY2020/21. Akmola region leads in barley planted area at 592,200 hectares. North Kazakhstan region is reporting 10 percent smaller area than last year, or 475,500 hectares. Kostanay region is also reporting 13 percent smaller barley planted area at 399,300 hectares. The final planted area data is usually released by Statistical Service in mid-August. Therefore, Post may revise planted area estimates in the next Grain and Feed report.

Farmers report that there was sufficient soil moisture content until May 10, but later there was “sharp moisture evaporation” as temperatures reached 50+°C in the ground. Additionally, dust storms negatively affected planting. Farmers are not optimistic about wheat and barley yields due to lower subsoil moisture and weeds, which take the remaining moisture. Farmers preferred to plant barley at 7-9 cm deep, and planted at night to save moisture.

MY 2021/22 barley production is forecast at 3.4 MMT, 0.6 MMT smaller than the USDA official forecast (4.0 MMT). The primary reason for this reduction from USDA official numbers is soil moisture data for June 2021 and resulting lower NDVI and smaller estimated area. Post estimates MY2020/21 barley production also at 3.4 MMT, slightly smaller from the USDA official forecast (3.6 MMT) due to smaller estimated area (2.7 million hectares) and smaller yields.

Consumption

Barley is mainly used in livestock feeding in Kazakhstan. Barley consumption is estimated roughly flat at 2.0 MMT in MY 2020/21 and MY 2021/22, since livestock herd increase has been limited.

Trade

In MY 2021/2022, barley exports are forecast at 1.2 MMT, 0.3 MMT more than the estimated 0.9 MMT for MY 2020/2021. Shippers note slowly recovering exports to Iran and increasing exports to China have increased optimism on export sales. The forecast is a little bit smaller than USDA official estimates.

Barley imports to Kazakhstan are insignificant, mostly intended for processing/feed and originating from neighboring countries (i.e., Russia).

Stocks

The estimate for MY2021/22 and MY 2020/21 stocks has been increased due to smaller expected production and potential quality issues, which are expected to affect barley. Usually importers set high quality parameters for barley, and Post estimates that low quality barley not eligible for export will be held as stocks.

PSD

Barley Market Begin Year Kazakhstan	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2977	2977	2731	2700	2900	2600
Beginning Stocks	403	403	505	505	544	698
Production	3830	3830	3659	3400	4000	3437
MY Imports	38	38	30	33	30	10
TY Imports	42	42	30	33	30	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4271	4271	4194	3938	4574	4145
MY Exports	1366	1366	1000	900	1300	1200
TY Exports	1292	1292	1000	900	1300	1200
Feed and Residual	2100	2100	2300	2000	2400	2000
FSI Consumption	300	300	350	340	350	340
Total Consumption	2400	2400	2650	2340	2750	2340
Ending Stocks	505	505	544	698	524	605
Total Distribution	4271	4271	4194	3938	4574	4145
Yield	1.2865	1.2865	1.3398	1.2593	1.3793	1.3219
(1000 HA) ,(1000 MT) ,(MT/HA)						

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

Partner Country	Unit	Year Ending(UOM1: T)			Year to Date		
		2018	2019	2020	09/19-03/20	09/20-03/21	%Δ
_World	T	8,116,705	7,621,527	6,391,867	4,028,916	4,692,397	16.47
Uzbekistan	T	2,905,657	2,721,754	2,724,795	1,549,095	2,175,719	40.45
Afghanistan	T	1,839,588	1,421,471	1,387,144	842,375	1,222,009	45.07
Tajikistan	T	1,142,984	1,084,221	1,103,345	724,259	692,780	-4.35
Russia	T	181,604	301,876	363,566	313,880	103,375	-67.07
China	T	504,444	450,129	288,614	214,613	200,883	-6.40
Kyrgyzstan	T	201,462	199,325	150,168	91,697	44,846	-51.09
Turkmenistan	T	145,759	396,142	147,463	109,336	37,598	-65.61
Italy	T	350,235	205,160	129,972	98,497	51,469	-47.75
Turkey	T	334,092	198,744	57,844	57,844	12,612	-78.20
Azerbaijan	T	240,750	339,033	17,553	10,951	13,729	25.37
Georgia	T	45,350	100,355	4,118	3,511	2,762	-21.33
Poland	T	6,810	3,647	3,517	2,076	1,172	-43.55
Norway	T	20,995	23,250	2,500	2,500	3,000	20
Iran	T	52,577	4,191	2,302	2,302	110,555	4702.56
Mongolia	T	174	310	1,943	1,848	106	-94.26
Finland	T	3,000	2,931	1,551	1,551	-	-100
Switzerland	T	-	-	1,458	200	176	-12
Latvia	T	1,593	-	1,190	-	-	0
Malaysia	T	-	-	1,135	1,135	-	-100
Moldova	T	979	1,132	1,052	848	408	-51.89
Belarus	T	62	2,814	294	214	419	95.79
Lithuania	T	22	204	168	42	-	-100
Armenia	T	153	201	140	120	122	1.67
Romania	T	-	-	21	21	-	-100

Ukraine	T	-	1,979	14	-	-	0
United States	T	-	-	-	-	-	0
Vietnam	T	26,474	26,927	-	-	-	0
Mali	T	-	-	-	-	-	0
Netherlands	T	5,476	10,824	-	-	-	0
United Kingdom	T	-	22,420	-	-	8,800	0
Spain	T	16,242	16,508	-	-	-	0
Sweden	T	40,181	19,470	-	-	-	0
Tunisia	T	28,909	26,806	-	-	4,393	0
Lebanon	T	2,940	-	-	-	5,244	0
Iraq	T	202	1,481	-	-	-	0
Japan	T	-	-	-	-	-	0
Jordan	T	1,008	-	-	-	-	0
Belgium	T	-	6,800	-	-	-	0
Algeria	T	5,000	-	-	-	-	0
United Arab Emirates	T	793	68	-	-	-	0
Germany	T	815	526	-	-	220	0
Greece	T	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	07/19-03/20	07/20-03/21	%Δ
_World	T	1,353,681	1,820,615	1,365,572	1,225,057	787,361	-35.73
Iran	T	1,289,231	1,629,563	1,147,686	1,070,698	492,707	-53.98
China	T	-	2,968	78,185	46,501	184,692	297.18
Uzbekistan	T	30,174	112,506	43,023	28,204	47,444	68.22
Russia	T	3,068	36,197	37,214	35,227	5,460	-84.50
United Arab Emirates	T	-	9,537	19,400	19,400	27,366	41.06
Tajikistan	T	3,614	1,438	13,195	3,615	22,829	531.51
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	1,428	1,679	17.58
Turkey	T	-	-	2,840	-	-	0
Czech Republic	T	110	85	1,400	1,400	-	-100
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