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Country: Kazakhstan - Republic of

Post: Nur-Sultan (Astana)

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Report Highlights:

FAS-Nur-Sultan forecasts no significant change to wheat planted area for MY2022/23. Kazakhstan introduced wheat and wheat flour exports restrictions until June 15, 2022, however the government has made public assurances that it plans to supply regional markets given high wheat prices and production challenges in Ukraine and Russia. The lack of wheat imports from Russia has caused many Kazakhstani flour millers to cease operations. Producer contacts planned to maintain their original planting plans although they remained pessimistic about the upcoming planting season due to supply chain disruptions resulting from Russia's invasion of Ukraine, last year's dry conditions, and this winter's reduced snow cover in several grain producing areas. Despite financial transaction challenges, wheat and wheat flour exports to Iran increased five-fold to more than 370,000 metric tons (MT) from September 2021 to February 2022, compared to the same period in 2020-2021.

General Information

Planting intentions remained unchanged

The [Ministry of Agriculture announced](#) the total planting area at 23.1 million hectares and animal feed crop area at 3.6 million hectares, representing no significant change from last year. The Ministry expected that planting will begin in northern Kazakhstan in May 2022. The Ministry reported that snow fixing (the piling snow in berms to melt into the soil) was completed on 3.1 million hectares, a 250 percent increase from last MY. The government's budget to support crop planting was reported to be \$308 million, nearly two times larger from last year's \$165 million. The government will supply 400,000 tons of diesel fuel at a preferential rate of \$0.44 per liter. For this season, the Ministry expected the application of 670,200 tons of fertilizers, an increase of 43,700 tons from last year. Ammonium nitrate fertilizer prices were reduced from \$440 per ton to \$352 per ton.

Ministry of Agriculture announced wheat and wheat flour export restrictions

After approximately three weeks of deliberations, [the Ministry of Agriculture announced grain export restrictions](#), effective April 15 and ending on June 15, 2022. During these two months, the government will allow Kazakhstani grain producers to collectively export up to 1.0 million metric tons (MMT) of wheat and 300,000 MT of wheat flour. These amounts are approximately in line with historic Kazakhstani wheat and wheat flour exports in April to June over the past five years. In addition, exporters are expected to be required to sell 10 percent of the exported volume to the domestic market at a fixed price. The Ministry of Agriculture noted that these trade restrictions were meant to balance wheat and wheat flour exports with domestic food security needs. According to the decree, each eligible applicant could export up to 50,000 MT of wheat and 15,000 MT of wheat flour. To administer the export restrictions, the Ministry announced it would regularly publish on its website the domestic purchase price for the products listed in the decree, the list of domestic receiving enterprises, and updates on allocated and available export quotas.

Kazakhstan reacts to Russia's changing grain export restrictions

On March 15, [Russia announced export restrictions of wheat, rye, barley, and corn](#) to Eurasian Economic Union (EAEU) members (which includes Kazakhstan) until June 30, 2022. After Russia's announcement, media reports in Kazakhstan noted that consumers in some areas purchased all available wheat flour (and sugar which was also included in the announcement) in retail outlets, leading the Kazakhstani government to issue public assurances that domestic wheat flour stocks were sufficient to meet consumer demand. On April 1, Russia rescinded these grain export restrictions to EAEU members. Instead, [Russia announced it would now allow the export of these grains](#) to EAEU members after sellers secured a license issued by the Ministry of Agriculture. Russia then announced export restrictions on oilseeds and oilseed products until August 31. Despite the relaxation of export restrictions on wheat, Kazakhstani grain industry contacts noted the severe lack of wheat imports from Russia. [Kazakhstani agricultural media](#) and FAS-Nur-Sultan contacts reported that wheat flour mills had begun to cease operations beginning in early April (especially in North Kazakhstan) due to a shortage of Russian wheat

supplies. Russian wheat imports have traditionally been purchased by millers at a lower cost than domestic wheat.

Grain industry considers exploring greater trans-Caspian trade

Due to Russia’s 2022 invasion of Ukraine and the resulting logistical, banking, insurance, capacity problems shipping through Russian territory, Kazakhstani grain exporters have been exploring alternative options to export grain. Grain exports through Kazakhstani’s ports of Aktau and Kuryk are reportedly limited by outdated infrastructure, unpredictable weather, and the lack of capacity at receiving ports in the Caucasus. One private sector port operator noted that 80 percent of the Caspian Sea transport fleet are at least 30 years old. Grain traders recently noted at an industry conference that Central Asia, Afghanistan, and Iran are expected to remain the destinations for most Kazakhstani grain exports. They intended to continue to explore shipping more grain through the Caspian Sea, because the China border remains largely closed to agricultural shipments and Russian ports are unable to ship Kazakhstani grain.

Figure 1. Map of Kazakhstan with Regions

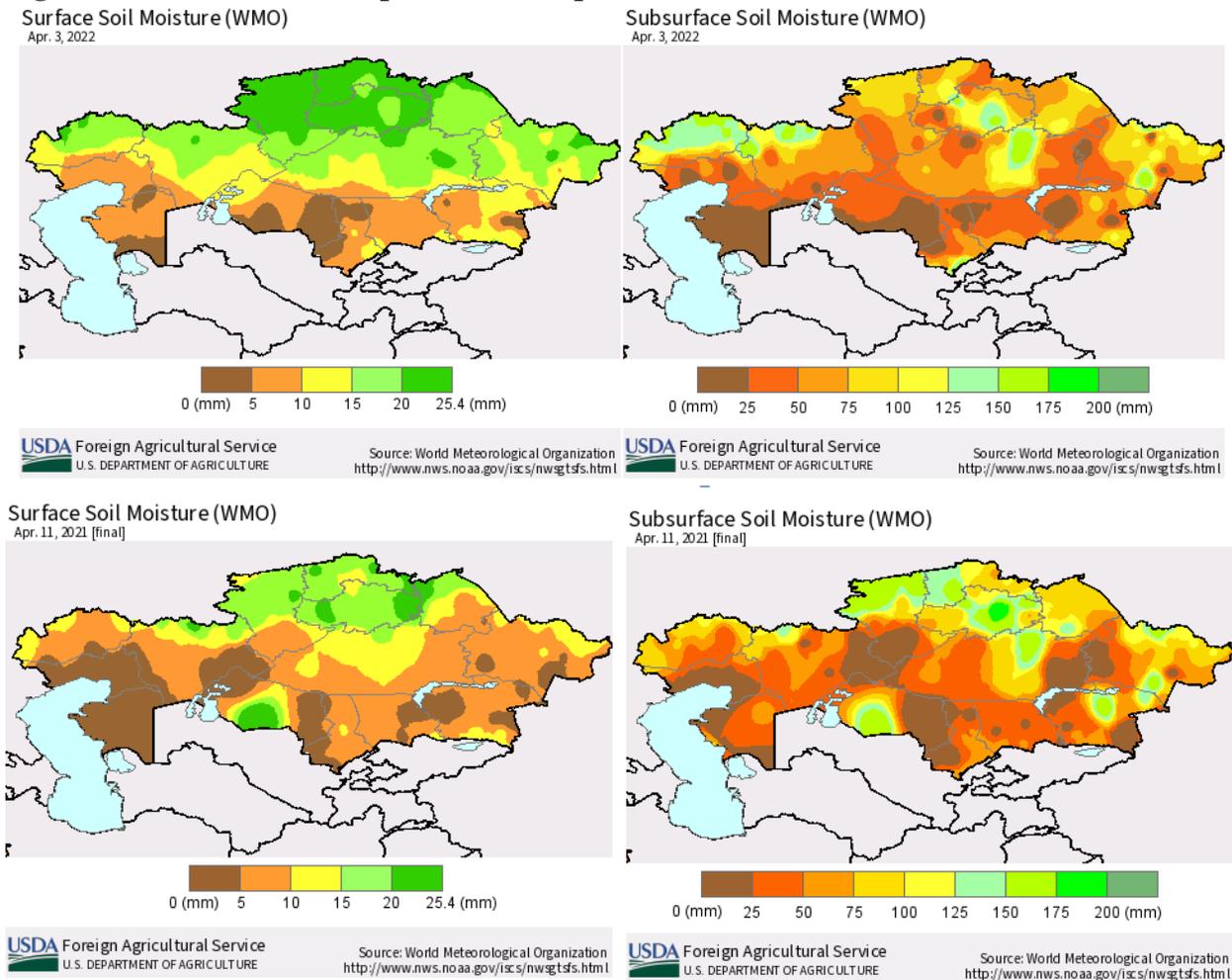


WHEAT

Production

Kazakhstan’s Weather Service expected that national average temperatures in May would be close to the seasonal average, but expected higher temperatures by 1 degree Celsius in Pavlodar and East Kazakhstan (Figure 1), and in June, 1 to 2 degrees Celsius higher temperatures and lower precipitation. According to Figure 2, FAS-Nur-Sultan noted lower subsurface soil moisture levels in April 2022 compared to prior year data for Kazakhstan’s three major wheat producing regions of Kostanay, North Kazakhstan, and Akmola. However, surface soil moisture readings were higher in April compared to the prior year, which could help with planting ([subsurface soil moisture is best](#) used to monitor an established crop). The relatively higher surface soil moisture could potentially indicate better initial planting conditions than the prior year. FAS-Nur-Sultan has maintained MY 2022/23 spring crop yields at a similar level to MY 2021/22 spring crop yields.

Figure 2. Soil Moisture in April 2022 vs. April 2021



Consumption and Stocks

FAS-Nur-Sultan estimates wheat consumption for MY2021/22 at 4.8 MMT, on par with USDA's official number (Table 1).

Trade

Russian grain export restrictions have led to reduced wheat imports into Kazakhstan. Domestic flour mills have reported a low supply of grain and a sharp rise in the price of wheat for milling. Wheat reached \$355 per MT, which is historically high, and FAS-Nur-Sultan expects the price to increase further due to the lack of Russian imports. Industry media reports and FAS-Nur-Sultan contacts both noted that at least 50 percent of Kazakhstan's flour mills have ceased operating or are operating at very limited capacities. As of mid-April, millers reported they have stocks left for about two weeks.

According to the [Millers Union of Kazakhstan](#), more than half of the mills in Kostanay, 40 percent in Karaganda, and the majority in North Kazakhstan, Pavlodar, and Almaty have suspended operations. In prior years, relatively lower priced wheat imports from Russia prevented domestic wheat prices from rising. With Kazakhstan's wheat and wheat flour export restrictions coming into effect on April 15, [exporters reportedly increased their shipments](#) to avoid the export restrictions, with traders exporting 110,000 MT of wheat in just two days. FAS-Nur-Sultan expects wheat and wheat flour exports in March and April to be higher as traders attempted to complete sales before grain export restrictions took effect.

While the government explained grain export restrictions were meant to control consumer food price inflation and guarantee domestic grain stocks, grain traders and millers were largely opposed to the restrictions. Representatives noted that they had previously signed sales contracts with international buyers that would need to be renegotiated. To avoid domestic wheat shortages, the government's [Food Contracting Corporation announced](#) it had 500,000 MT in domestic reserve, of which 250,000 MT is a permanent reserve. Furthermore, the FCC noted it had reserved 275,000 MT of wheat to supply flour mills and poultry farms from January to August of 2022.

Kazakhstan exported 4.3 million MT of wheat and wheat flour in MY 2021/22 (September-February), a 7 percent increase from the same period last MY. Uzbekistan, Afghanistan, and Tajikistan, remained the key buyers of Kazakhstani wheat and wheat flour. Uzbekistan was the leading importer since the beginning of 2021/22 MY (September-February) at 1.7 MMT, a decrease of 7 percent (Appendix 1) compared to the same period the prior MY. Afghanistan was the second largest importer at 0.9 MMT, a decrease of 11 percent compared to the same period the prior MY. Reduced exports to Afghanistan can be mainly attributed to political uncertainty and payment issues after the Taliban takeover of Afghanistan. Kazakhstani grain traders noted that since October 2021 most of these issues had been resolved and exports resumed. Tajikistan reduced imports in the first half of the MY to 515,494 MT, a decrease of nearly 17 percent. Iran significantly increased imports at 373,268, a nearly five-fold increase, and Turkmenistan also increased imports by nearly nine-fold to 307,890 MT. Exports to China decreased by 92 percent to 15,661 MT as pandemic-related border restrictions limited most grain exports.

Kazakhstan increased exports to several countries outside of Central Asia. In MY 2021/22 (September-February), exports to Italy increased by almost five-fold to 217,391 MT. Deliveries to Azerbaijan increased nine-fold to 128,462 tons, and to Turkey by five-fold to 23,094 tons. Small volumes of wheat were exported to Latvia at 1,551 MT, Norway at 3,000 MT, and Switzerland at 2,501 MT.

Table 1. Wheat Production, Supply, and Distribution, April 2022 Estimate

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Sep 2020		Sep 2021		Sep 2022	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12057	12057	12719	12719	0	12700
Beginning Stocks (1000 MT)	663	663	1475	1475	0	1439
Production (1000 MT)	14256	14256	11814	11814	0	11800
MY Imports (1000 MT)	1000	1000	1400	1400	0	1400
TY Imports (1000 MT)	1000	1000	1400	1400	0	1400
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	15919	15919	14689	14689	0	14639
MY Exports (1000 MT)	8194	8194	7000	7000	0	7000
TY Exports (1000 MT)	8128	8128	7000	7000	0	7000
Feed and Residual (1000 MT)	1450	1450	1450	1450	0	1450
FSI Consumption (1000 MT)	4800	4800	4800	4800	0	4800
Total Consumption (1000 MT)	6250	6250	6250	6250	0	6250
Ending Stocks (1000 MT)	1475	1475	1439	1439	0	1389
Total Distribution (1000 MT)	15919	15919	14689	14689	0	14639
Yield (MT/HA)	1.1824	1.1824	0.9288	0.9288	0	0.9291

(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 2022/2023 = July 2022 - June 2023

BARLEY

Production

FAS-Nur-Sultan expects no significant changes to planting area for barley for MY 2022/23. FAS-Nur-Sultan estimates barley production in MY 2021/22 at 2.367 MMT, a decrease of 36 percent from MY 2020/21 and on par with USDA's official estimates (Table 2).

Consumption and Stocks

In Kazakhstan, barley is mainly used in livestock and poultry feed. Barley consumption for feed is estimated at 1.9 MMT in MY 2021/22, as livestock herd increases were limited this MY due to dry conditions across central and south Kazakhstan in MY 2021/22.

Trade

In MY 2021/2022, barley exports are estimated to be 0.6 MMT, on par with USDA official estimates (Table 2).

Prior to Russia's 2022 invasion of Ukraine, traders noted exchange rate fluctuations and payment delays with Iranian buyers. Iranian buyers were also reportedly having difficulties making purchases from Kazakhstan's many smaller exporters. Recently, exporters have noted that Iranian buyers have become more active in importing barley from Kazakhstan. While barley exports to Iran and China had been decreasing in recent years, exporters noted that buyers from these two countries are expected to increase imports from Kazakhstan in MY 2022/23.

Kazakhstan exported 226,107 tons of barley in MY 2021/22 (July-February), a decrease of 67 percent from last year due to the lower ha. Since the beginning of 2021/22 MY (July-February), Uzbekistan has been the top importer of barley at 87,487 MT, a 90 percent increase from the same period last MY (Appendix 2). Iran was the second largest importer of barley at 64,415 MT, an 84 percent decrease from last year. While Iran had historically been the top buyer of barley, lower production in Kazakhstan and payment issues can be attributed to the decrease. Tajikistan continued to increase barley imports, reaching 37,057 MT or a 64 percent increase from last year. Exports to China decreased 83 percent, or at 29,818 MT since the beginning of 2021/22 MY (July-February).

Table 2. Barley Production, Supply, and Distribution, April 2022

Barley Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
Kazakhstan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2729	2729	2157	2157	0	2157
Beginning Stocks (1000 MT)	505	505	612	612	0	229
Production (1000 MT)	3659	3659	2367	2367	0	2367
MY Imports (1000 MT)	83	83	50	50	0	50
TY Imports (1000 MT)	82	82	50	50	0	50
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4247	4247	3029	3029	0	2646
MY Exports (1000 MT)	1085	1085	600	600	0	600
TY Exports (1000 MT)	1028	1028	600	600	0	600

Feed and Residual (1000 MT)	2200	2200	1900	1900	0	1600
FSI Consumption (1000 MT)	350	350	300	300	0	300
Total Consumption (1000 MT)	2550	2550	2200	2200	0	1900
Ending Stocks (1000 MT)	612	612	229	229	0	146
Total Distribution (1000 MT)	4247	4247	3029	3029	0	2646
Yield (MT/HA)	1.3408	1.3408	1.0974	1.0974	0	1.0974

(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 2022/2023 = October 2022 - September 2023

Appendix 1: Kazakhstan Wheat and Wheat Flour Exports 2019-2022

Partner Country	Unit	Year Ending (UOM1: T)			Year to Date		
		2019	2020	2021	09/20-02/21	09/21-02/22	%Δ
_World	T	7,621,527	6,391,867	7,579,636	4,068,966	4,367,559	7.34
Uzbekistan	T	2,721,754	2,724,795	3,446,909	1,890,468	1,757,298	-7.04
Afghanistan	T	1,421,471	1,387,144	1,738,342	1,055,438	935,923	-11.32
Tajikistan	T	1,084,221	1,103,345	1,133,786	620,801	515,494	-16.96
Iran	T	4,191	2,302	414,218	62,826	373,268	494.13
China	T	450,129	288,614	319,164	197,733	15,661	-92.08
Russia	T	301,876	363,566	140,350	90,277	48,487	-46.29
Italy	T	205,160	129,972	108,037	45,434	217,391	378.48
Turkmenistan	T	396,142	147,463	70,524	32,057	307,890	860.45
Kyrgyzstan	T	199,325	150,168	67,736	38,574	11,672	-69.74
Turkey	T	198,744	57,844	53,346	4,410	23,094	423.67
Azerbaijan	T	339,033	17,553	34,675	13,729	128,423	835.41
United Kingdom	T	22,420	0	17,300	4,500	7,000	55.56
Latvia	T	0	1,190	8,395	0	1,551	0
Greece	T	30,829	0	5,582	0	0	0
Lebanon	T	0	0	5,244	3,414	0	-100
Tunisia	T	26,806	0	4,393	4,393	5,200	18.37
Georgia	T	100,355	4,118	3,115	2,664	3,564	33.78
Norway	T	23,250	2,500	3,000	0	3,000	0
Switzerland	T	0	1,458	1,364	0	2,501	0
Mongolia	T	310	1,943	1,214	64	165	157.81
Poland	T	3,647	3,517	1,172	1,172	9,355	698.21
Belarus	T	2,814	294	726	399	199	-50.13
Moldova	T	1,132	1,052	680	272	340	25
Germany	T	526	0	220	220	0	-100
Armenia	T	201	140	122	122	40	-67.21

Source: Trade Data Monitor, LLC

Appendix 2: Kazakhstan Barley Exports 2019-2022

Partner Country	Unit	Year Ending (UOM1: T)			Year to Date		
		2019	2020	2021	07/20-02/21	07/21-02/22	%Δ
_World	T	1,820,615	1,365,572	1,085,109	684,521	226,107	-66.97
Iran	T	1,629,563	1,147,686	708,286	399,070	64,415	-83.86
China	T	2,968	78,185	237,519	180,905	29,818	-83.52
Uzbekistan	T	112,506	43,023	60,086	45,967	87,487	90.33
United Arab Emirates	T	9,537	19,400	30,366	23,966	0	-100
Tajikistan	T	1,438	13,195	27,557	22,557	37,057	64.28
Russia	T	36,197	37,214	6,039	5,460	0	-100
Israel	T	3,400	0	5,074	0	0	0
Afghanistan	T	10,588	4,044	4,049	1,412	3,984	182.15
United Kingdom	T	2,743	4,550	2,470	2,159	0	-100
Azerbaijan	T	3,097	5,373	2,374	2,374	0	-100
Turkmenistan	T	661	547	650	650	804	23.69
Turkey	T	0	2,840	396	0	418	0
Syria	T	0	0	242	0	0	0
Iraq	T	5,596	1,159	0	0	0	0
Belarus	T	2,170	6,950	0	0	0	0
Czech Republic	T	85	1,400	0	0	0	0
Germany	T	0	0	0	0	0	0
Kyrgyzstan	T	0	6	0	0	2,124	0
Netherlands	T	0	0	0	0	0	0
Poland	T	65	0	0	0	0	0
United States	T	0	0	0	0	0	0

Source: Trade Data Monitor, LLC

Attachments:

No Attachments