



Industry teaser on
agricultural machinery
manufacturing

December 2021



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Sector overview. Conclusions and recommendations.



- According to the Kazakhstan general classifier of economic activity (“GCEA NK RK 03-2019”), agricultural machinery production corresponds to code 28.3 “agricultural and forestry machinery production”, which includes agricultural and forestry tractor production (except for semi-trailer, trailer or semi-trailer traction engines), agricultural machinery production (except for non-electric and manual agricultural tools; manual and mechanised tools; equipment used to clear, sort or crush seeds, grain or dry legume crops), the production animal farming and feed production equipment (except for conveyors for use on farms and dairy separators), and logging and reclamative equipment production.
- According to Mordor Intelligence, global demand for agricultural machinery increased 38% from 2016 levels to 138.7 billion USD in 2020, with the greatest market share belonging to the tractor segment (44%).
- Agricultural machinery production in Kazakhstan reached 236 mln USD in 2020, while its share of the total processing industry is 0.7%, and heavy industry – 0.4%.
- Agricultural machinery produced in Kazakhstan includes agricultural and forestry tractors; agricultural and forestry machinery used to till or cultivate soil; harvesters; mechanical devices to disperse or diffuse liquids or powders; self-loading/unloading trailers or semi-trailers; and agricultural and forestry machinery parts.



Sufficient raw materials base and competency

- Kazakhstan possesses a large raw materials base and the capacity to develop new agricultural machinery production, and also to increase current production in the country. In 2020, Kazakhstan produced 2.2 million tonnes of ferrous alloys, 477 thousand tonnes of refined copper, 1.7 million tonnes of untreated aluminium, 4 million tonnes of unrefined steel, 1.6 million m² of windows and glass frames, 297 thousand tonnes of steel pipes, 103 thousand tonnes of unalloyed corrugated steel sheets, 37.3 thousand tonnes of doors, windows and other plastic items, 0.6 thousand tonnes of rubber pipes and 149 thousand tonnes of plastic pipes.
- However, existing agricultural machinery production enterprise capacity focuses predominantly on SKD machinery, with parts imported. Average segment localisation, according to the Ministry of Agriculture, is 36% mainly due to the need to launch and build modern industrial facilities, using new modern technology, to manufacture localised, export-focused, competitive agricultural machinery products.



High import dependence

- The agricultural machinery market is currently highly import dependent. Local agricultural and forestry tractor production meets only 16% of demand, plough and harrow production – 3%, seeders production – 12%, which is explained by critical agricultural machinery fleet depreciation. Thus, the potential for agricultural engineering in Kazakhstan, which is currently import based, is relatively high. Limited sector growth is seen as a constraint for the large-scale technical revamping of the agricultural sector that is required, while it is time to take comprehensive measures to create a valid innovative and industrial basis for agricultural machinery building in Kazakhstan.



State support

- Agricultural machinery production is recognised as a priority economic sector eligible for state support within the framework of the Business Code, cheap borrowing, and SEZ access. The State subsidises agricultural machinery purchases, lending interest rates for the agricultural sector, as well as leases to purchase agricultural machinery and technical equipment. Agricultural machinery sales are VAT exempt.

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Classification of agricultural machinery

Classification of agricultural machinery according to GCEA RK 2019



According to GCEA RK, agricultural machinery is made up of 9 main segments. Agricultural machinery products in Kazakhstan are represented by subcategory 28.3 “Production of agricultural and forestry machinery”.



Tractors

The segment incorporates the production of tractors used in the agricultural and forestry industry

Walking tractors

The segment incorporates the production of walking tractors

Hay cutters

The segment incorporates the production of hay cutters, including lawn mowers

Self-loaders

The segment incorporates the production of agricultural self-loaders or self-loading trailers or semi-trailers

Tilling, planting or fertilising machines

The segment incorporates the production of tilling, planting or fertilising machinery such as ploughs, harrows, planters, seeding machines and others

Harvesters

The segment incorporates the production of harvesters or threshers, such as combines, threshing machines, sorters and others

Milking apparatus

The segment incorporates the production of milking apparatus

Atomisers

The segment incorporates the production of atomisers for agricultural use

Various

The segment incorporates the production of poultry farm and apiary machinery; fodder preparation machinery and others; egg and fruit cleaning, sorting or classification machinery etc.

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Agricultural machinery production in Kazakhstan



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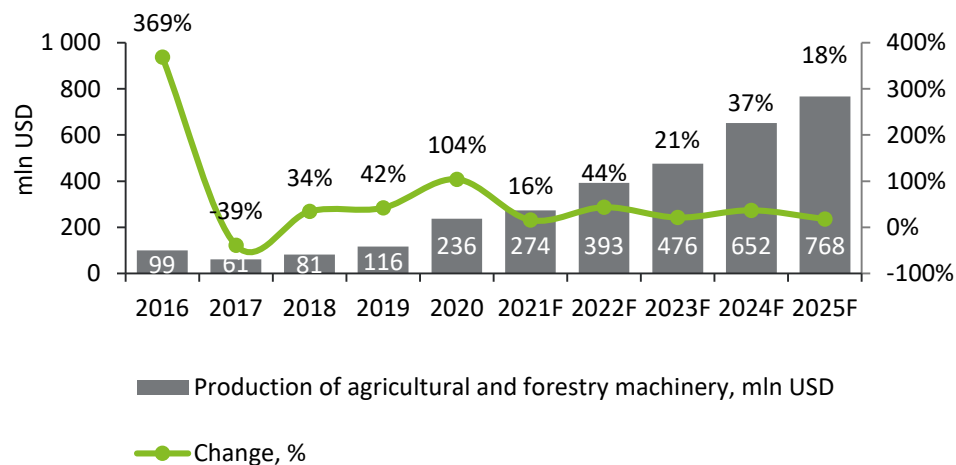
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Agricultural machinery production in Kazakhstan

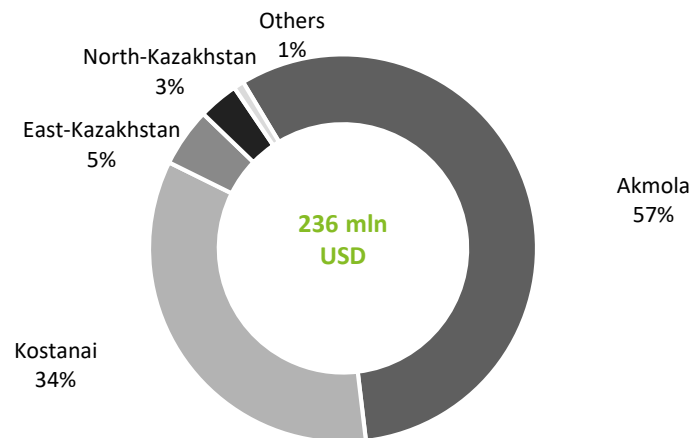


Changes in the production of agricultural and forestry machinery in Kazakhstan in monetary terms, mln USD



- The agricultural machinery industry is currently a priority in the Kazakhstan engineering complex. In 2020, agricultural and forestry machinery production grew 120% in Kazakhstan to 236 mln USD. CAGR in 2016-2020 was 24%.
- Production in value terms is predicted to reach 768 mln USD by 2025, with CAGR at 27% in 2020-2025.
- On the whole, current demand in Kazakhstan for agricultural machinery is mostly met by imports.

Production of agricultural and forestry machinery in Kazakhstan by region in 2020, mln USD



- In 2020, the greatest share of agricultural and forestry machinery was produced in Akmola Oblast (57% of the total) and Kostanai Oblast (34%).
- The main agricultural machinery producers in Kazakhstan are JSC Agromashholding, Kazrost LLP, Semaz LLP, Kompozit Group Kazakhstan LLP, Kostanai Tractor Plant LLP, Kazakhstan Agro Innovative Corporation LLP and Kazkioti LLP, which in 2020 produced over 6 thousand items of agricultural machinery.
- The average sector localisation level according to the Ministry of Agriculture is 36%.





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Main agricultural machinery producers and dealers in Kazakhstan (1/3)



In Kazakhstan, agricultural machinery production is mostly assembly based. The main producers and dealers are shown in the table below.

Company	Location	Overview	Capacity	Localisation	Product
 JSC Agromash Holding KZ	Kostanai	<ul style="list-style-type: none"> An industrial enterprise producing ESSIL combine harvesters, LOVOL tractors and a wide range of other products. It is the exclusive distributor of OJSC Gomselmash products in Kazakhstan 	<ul style="list-style-type: none"> 1,000 combine harvesters per year 3,000 tractors per year 	30-44%	<ul style="list-style-type: none"> ESSIL grain and feed harvesters; LOVOL tractors from 35 hp to 220 hp; Kirovets tractors from 300 hp to 420 hp; Altyn Dan seeding machines and other agricultural products.
 Kazrost LLP	Kokshetau	<ul style="list-style-type: none"> Produces Rostelmash combine harvesters, and is also an official Rostelmash LLC dealer; as well as a dealer of other CIS and European manufacturers. It supplies a wide range of agricultural machinery, detachable and other equipment 	<ul style="list-style-type: none"> up to 1,000 combine harvesters per year 300 wheeled tractors of four YTO models 	35%	<ul style="list-style-type: none"> Production: Rostelmash combine harvesters, tractors of the Chinese manufacturer YTO, complete with YTO-904 90 hp. and YTO-1304 130 hp. Sales: feed choppers, tractors, feed preparation machinery, tilling machinery, road and refuse collecting machinery, powered mowers, seeding machinery, Rostelmash, Lever, YTO and Liliani sprayin machines
 Semaz LLP	Semei	<ul style="list-style-type: none"> Produces freight and agricultural machinery in Kazakhstan. Plant partners: Minsk Tractor Plant, UralAZ, GAZ, Shaanxi and FOTON 	<ul style="list-style-type: none"> 3,000 tractors per year 	40%	<ul style="list-style-type: none"> The plant produces nine modifications of Belarus tractors, Shacman freight vehicles (25 tonne dump trucks and mixers), Ural and FOTON freight vehicles
 Kazakhstan Agro Innovative Corporation LLP	Kokshetau	<ul style="list-style-type: none"> The company is a Virazh holding subsidiary, assembles and supplies agricultural and refuse collection machinery 	<ul style="list-style-type: none"> up to 5,000 units per year 	39%	<ul style="list-style-type: none"> Produces Rostelmash (powerful 2000 RSM tractors, ACROS and TORUM combine harvesters), CJSC Rubtsovsk Plant (tilling machinery), OJSC UKK Bobruiskagromash (PRF-145 balers and tractor trailers), OJSC Minsk Tractor Plant (Belarus tractor line)

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Main agricultural machinery producers and dealers in Kazakhstan (2/3)



Company	Location	Overview	Capacity	Localisation	Product
 Kompozit Group Kazakhstan LLP	Kostanai	<ul style="list-style-type: none"> The company is a part of the Kompozit Group holding company, producing tractors and agricultural machinery; radiators for vehicles, specialised and agricultural machinery; and microchannel heat exchangers for industrial cooling, ventilation and air conditioning systems 	<ul style="list-style-type: none"> 1,200-3,000 tractors per year 	27%	<ul style="list-style-type: none"> MTZ tractors are assembled in Kazakhstan
 Kostanai Tractor Plant LLP	Kostanai	<ul style="list-style-type: none"> The company is an official producer of powerful Kirovets tractors in Kazakhstan. The company was founded by JSC Agromash Holding KZ 	<ul style="list-style-type: none"> up to 700 tractors per year 	35%	<ul style="list-style-type: none"> Kirovets tractors
 Ata-Su Spetstechnika LLP	Nur-Sultan	<ul style="list-style-type: none"> Core activities – direct sale and lease of road building machinery and spare parts. The company sells and services JSC Petersburg Tractor Plant, BaitekMachinery, Agro, OJSC Belagromash-Service, Almaty Association, MTZ Kazakhstan Trade House LLP, Agropromspetscentre LLC, AMKODOR Holding, Novosibirsk Experimental Non-Standard Equipment Plant, OJSC Kurganmashzavod and L-Agro LLC products 	n/a	n/a	<ul style="list-style-type: none"> Bulldozers, diggers, loaders, tractors, bitumen aggregate spreaders, bitumen distributors, vehicle pumps, harvesters, combined road machines, trawlers and trailers with various lifting capabilities, rollers, and snow-clearing screw-rotor machines
Kazkioti LLP	Turkestan Oblast	<ul style="list-style-type: none"> The KAZKIOTI plant was built in 2016 to produce a wide range of agricultural machinery in Kazakhstan 	<ul style="list-style-type: none"> n/a 	30%	<ul style="list-style-type: none"> DongFeng and Wuzheng tractors, and detachable equipment

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Main agricultural machinery producers and dealers in Kazakhstan (3/3)



Company	Location	Overview	Product
	Ural Ltd.	<ul style="list-style-type: none"> Ural Ltd. is an official JSC Petersburg Tractor Plant dealer in Kostanai Oblast. It supplies agricultural machinery and a wide range of original spare parts in Kazakhstan both directly to agricultural producers and through Kazakhstan lease companies such as JSC KazAgroFinance 	<ul style="list-style-type: none"> The company is a dealer of tilling, seeding, harvesting and feed preparation machinery; tractors, trailers, detachable equipment, mobile and stationary grain dryers; grain silos, grain separators, pre-fabricated sheds, original spare parts and radiators for all machinery types
	Eurasia Group Kazakhstan	<ul style="list-style-type: none"> The company is the official representative of machinery from global industry leaders such as John Deere (USA), Lindsay Irrigation (USA), JCB (UK), Grimme (Germany) and Väderstad (Sweden) with full service warranty; supplies original spare parts, and agricultural management services 	<ul style="list-style-type: none"> Tractors, combine harvesters, threshers, soil tilling machinery, seeding machines, feed preparation machinery, trailer and powered atomisers, John Deere landscaping and golf machines; Väderstad seeding machines and weeders; and JCB loaders Manure spreaders, universal sowers, crop and silo collectors; trailers for ground mass, loading trailers, Bergmann trailers; Brandt heavy harrows, grain bunkers and loaders Grimme vegetable and potato farming machinery; Gaugele vegetable storage units and original spare parts
	ST Agro LLP	<ul style="list-style-type: none"> The company is the exclusive distributor for CLAAS and HORSCH in Kazakhstan, and an official dealer for MTU in Kazakhstan to service and repair Mercedes Benz industrial engines; a repair and servicing dealer for Cummins and Caterpillar engines on AGRO agricultural equipment 	<ul style="list-style-type: none"> LEXION and TUCANO combined harvesters; JAGUAR feed harvesters; a wide range of tractors, mowers, swathers, telescopic loaders and balers HORSCH seeding machines and soil tilling machinery; MORRIS seeding machines; SUMMERS spraying machinery and harrows; LEMKEN cultivators; MacDon powered mowing machines and harvesters; TRIOLIET feed mixing machinery; AMAZONE fertiliser spreaders and distributors; Fliegl multi-functional trailers, and MONOSEM seeding machines
	CLAAS	<ul style="list-style-type: none"> CLAAS is a German mechanical engineering company and a major manufacturer of agricultural machinery. The company is the global market leader in self-propelled forage harvesters. In September 2021, a CLAAS agricultural machinery assembly facility was launched in Petropavlovsk. 	<ul style="list-style-type: none"> September 2021 saw the start of CLAAS harvester production. Planned annual production capacity is 300 combine harvesters, 300 threshers, 300 delivery trucks, 100 tractors and 100 seeding systems

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Potential projects in the Kazakhstan agricultural machinery production sector



Company	Project	Project realisation location	Commissioning year
JSC Agromashholding KZ	Glass item production	Kostanai	2023
	Oversized plastic item production	Kostanai	2023
	Produce Pöttinger seeding machines	Kostanai	n/a
JSC Locomotive Kurastyru	Produce bunkers for Vector and Acros combines	Nur-Sultan	2023
SpetsProm MK LLP*	Produce fuel tanks for Vector and Acros combines	Karaganda	2023
SC Tech LLP*	Produce combine protective backplates, hoods and covers	Nur-Sultan	2025
	Produce interior elements, exterior elements (bannisters, fencing, staircases, shields, hoods and protective covers) for YTO tractors	Nur-Sultan	2025
CREAT3D LLP*	Produce fuel tanks for YTO tractors	Almaty	2025
IE Karpenko*	Produce load-bearing frames (semi-frames), subframes for YTO tractors	Nur-Sultan	2025

*outsourcing for Kazrost Engineering Ltd

Source: open sources

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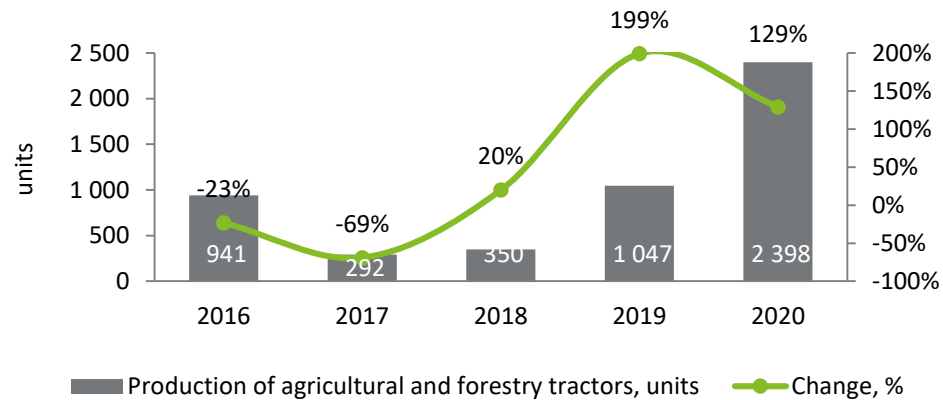
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Agricultural and forestry tractor production

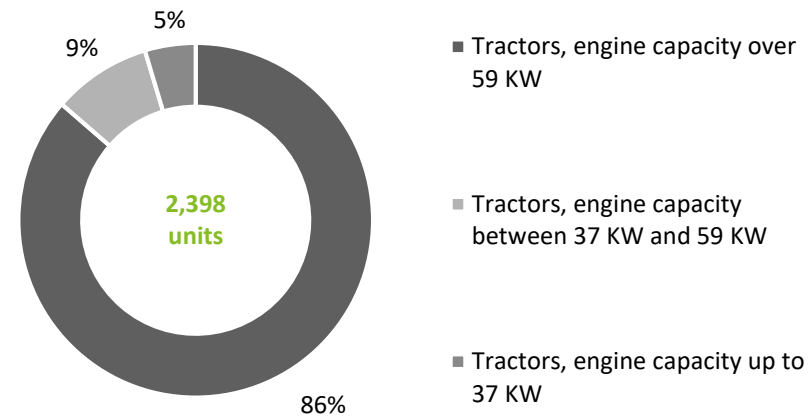


Changes in agricultural and forestry tractor production in Kazakhstan, units



- Production of agricultural and forestry industry tractors in Kazakhstan increased 129% in 2020 to 2,398 tractors. CAGR between 2016 and 2020 was 21%.
- Of all tractors produced in 2020, the Kostanai Agromash Holding KZ and Kostanai Tractor Plant (Lovol and Kirovets brands) were responsible for 585. Another 1,048 tractors were manufactured in Akmola Oblast at the KAIK plant (Belarus and RSM brands); and 561 tractors in East-Kazakhstan Oblast at the SemAZ plant (Belarus brand).

Structure of agricultural and forestry tractor production in Kazakhstan in 2020, %



- In 2020, a total of 2,071 tractors with engine capacity of over 59 KW were produced (86% of the total), 216 tractors with engine capacity between 37 KW and 59 KW (9%) and 111 tractors with engine capacity of up to 37 KW (5%).
- Depending on purpose, tractors may be fitted with caterpillar tracks or wheels. Caterpillar track tractors are more popular due as they are easier to use on loose soil. Wheeled tractors are used on solid surface roads.

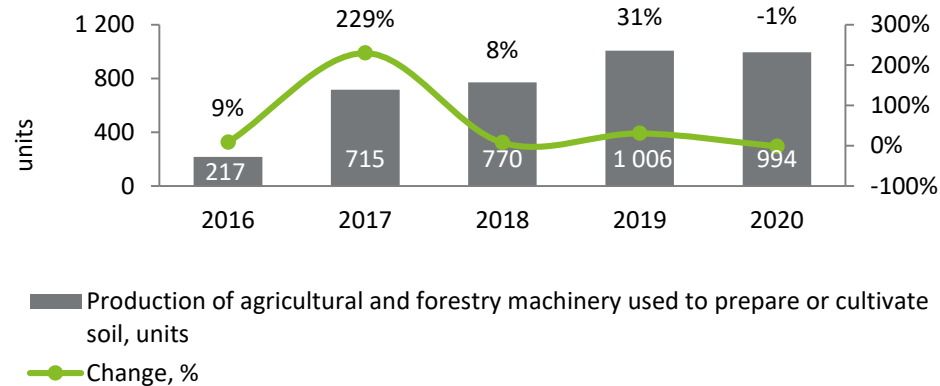
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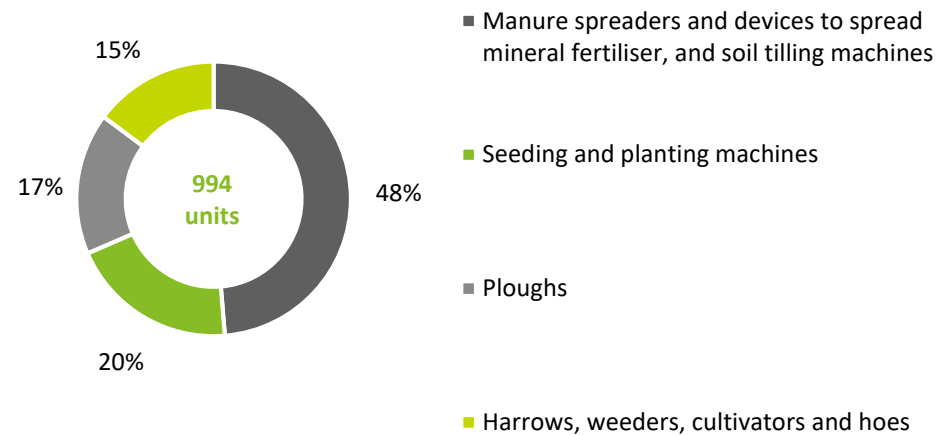
Production of agricultural and forestry machinery used in soil preparation or cultivation



Changes in the production of agricultural and forestry machinery used in soil preparation or cultivation in Kazakhstan, units



Structure of the production of agricultural and forestry machinery used in soil preparation or cultivation in Kazakhstan in 2020, %



- In 2020, production of agricultural and forestry machinery used in Kazakhstan in soil preparation or cultivation fell 1% in 2020 to 994 units. In this respect, CAGR for 2016-2020 was 35.6%.
- The machinery in question is used for deep tillage, surface treatment, soil compaction, hoeing and other types of work.

- Manure spreaders and devices used to spread mineral fertiliser, as well as miscellaneous tilling machines account for 48% of total production of agricultural and forestry machinery used in soil preparation or cultivation, which equates to 484 units, followed by seeding machines and planters - 197 (20%), ploughs – 166 (17%), harrows, weeders, cultivators and hoes – 147 (15%).

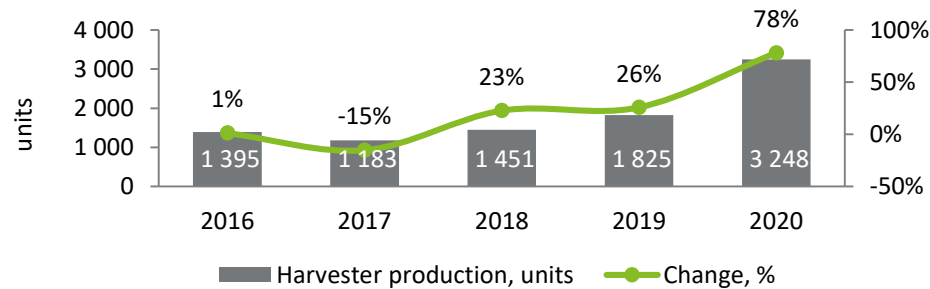
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Harvester production

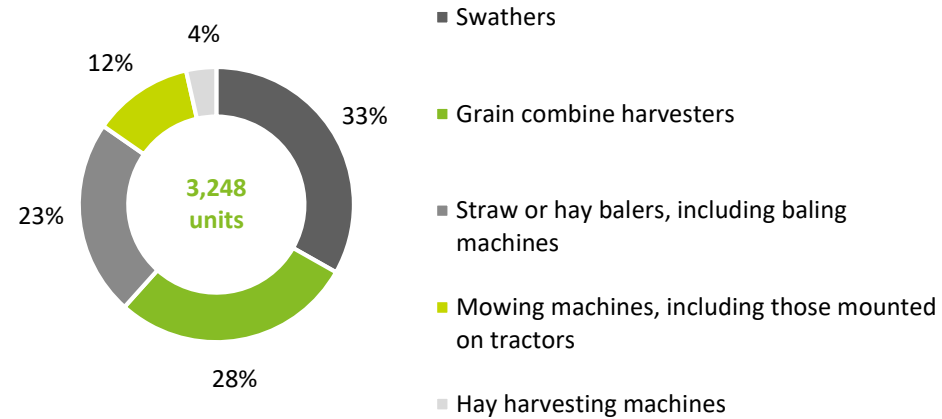


Changes in harvester production in Kazakhstan, units



- Harvester production increased significantly by 78% in 2020 to 3,248 units. CAGR in 2016-2020 was 18.4%.
- The sharp increase in 2020 was linked to the simultaneous appearance of new agricultural machinery players in Kazakhstan, including new joint ventures with major global agricultural machinery manufacturers such as the Petersburg Tractor Plant (Kirovets), Lovol, Rostelmash, Claas (construction of a plant in North-Kazakhstan Oblast) and the Austrian company PÖTTINGER (seeding system production in Kostanai).
- Harvesters are used in the agricultural industry to harvest wheat, rye, corn and so on. The most popular types are combine harvesters, which help generate already hulled grain.
- Threshers are also widely used, most often in the preparation of hay for farm animals. Swathers, as well as combine harvesters, are used on farms to harvest grain.

Structure of harvester production in Kazakhstan in 2020, %



- In 2020, swathers accounted for the greatest share of harvester production – 1,078 units (33% of the total). 924 (28% of the total) grain combine harvesters were produced, while hay balers accounted for 23% or 748 units, mowing machines, including those mounted on tractors – 383 units (12%), and hay harvesters – 115 units (4%).
- The major harvester manufacturers in Kazakhstan are AgromashHolding KZ (Essil brand), KAIK (Acros) and KazRost Engineering Ltd (Vector, Acros).

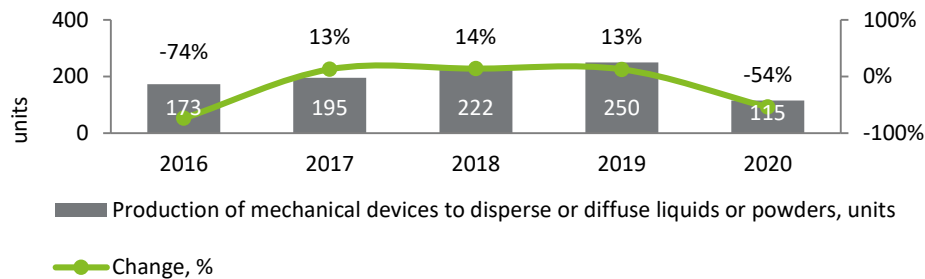
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Production of mechanical devices to disperse or diffuse liquids or powders, self-loading/unloading trailers or semi-trailers

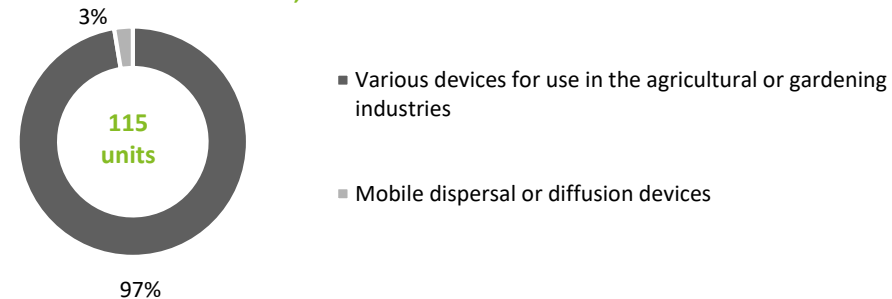


Changes in the production of mechanical devices to disperse or diffuse liquids or powders in Kazakhstan, units



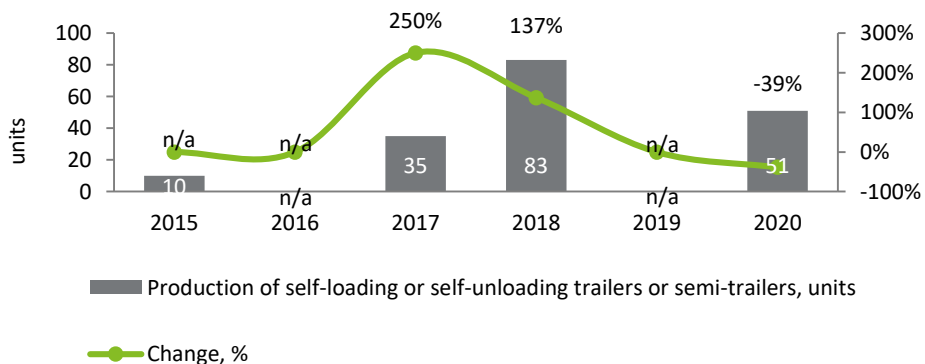
- Production of mechanical devices to disperse or diffuse liquids or powders fell 54% in 2020 to 115, while CAGR for 2016-2020 was -7.8%.

Structure of the production of mechanical devices to disperse or diffuse liquids or powders in Kazakhstan in 2020, %



- A total of 112 (97% of total) agricultural industry or gardening appliances were produced in 2020, along with 3 portable spraying and diffusion devices (3%).

Changes in the production of self-loading/unloading trailers or semi-trailers, units



- Kazakhstan produced 51 self-loading or self-unloading trailers and semi-trailers, which are used to transport liquid, gaseous or solid loose freight. Average annual growth in 2015-2020 was 31.2%.

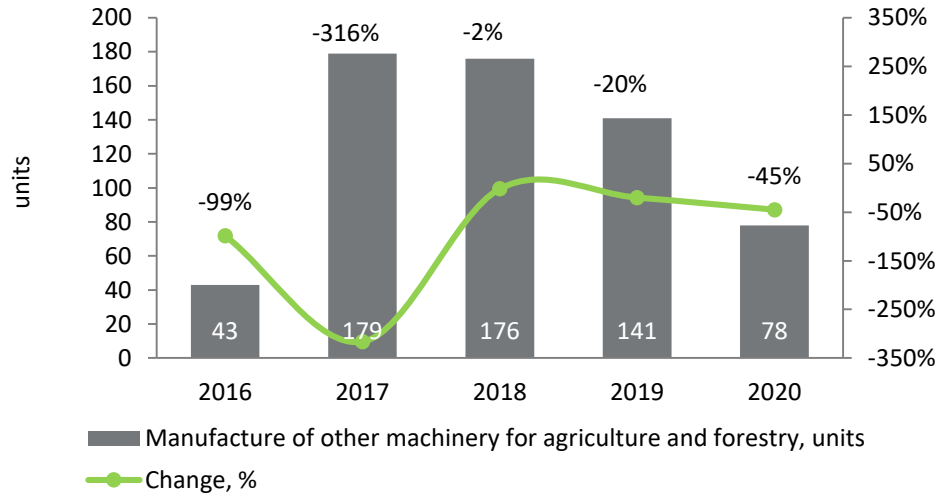
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Production of miscellaneous agricultural and forestry machinery

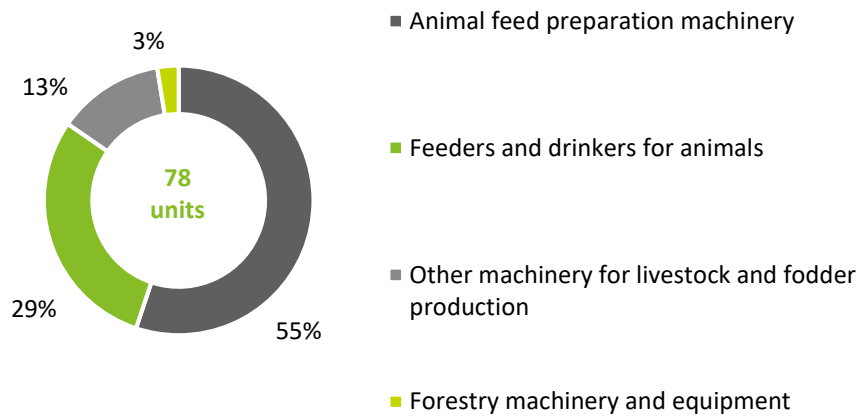


Changes in agricultural and forestry machinery production in Kazakhstan, units



- Agricultural and forestry machinery production fell 45% to 78 units in 2020. In 2016-2020, CAGR was 12.6%.

Structure of the production of miscellaneous agricultural and forestry machinery in Kazakhstan in 2020, %



- Machinery used to prepare animal feed accounts for 55% of agricultural and forestry machinery production or 43 units. In 2020, 23 (29%) animal feeders and waterers and tractor trailers were produced; other animal farming and feed production machines – 10 (13%), forestry industry machinery and equipment – 2 (3%).

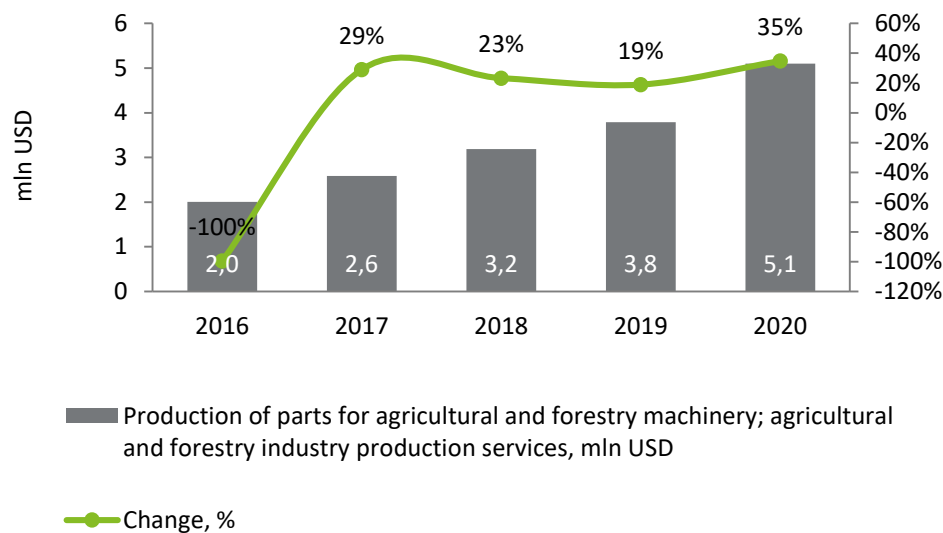
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Agricultural and forestry machinery part production; agricultural and forestry industry production services

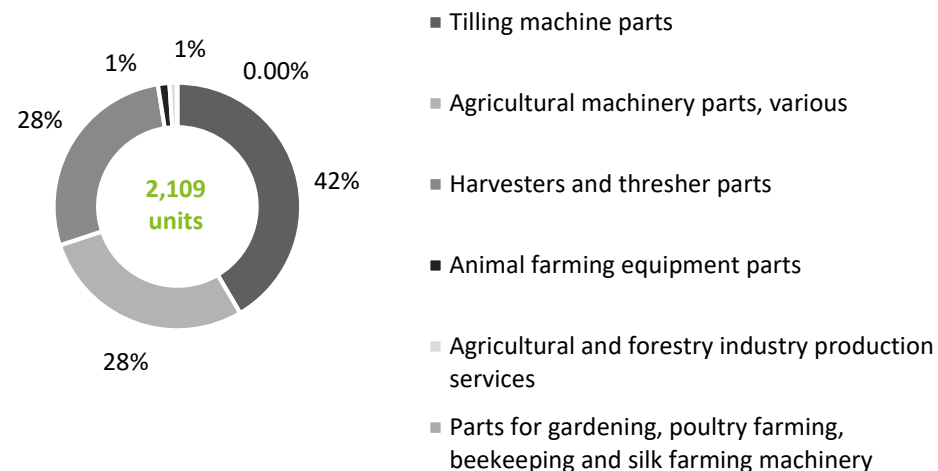


Changes in the production of agricultural and forestry machinery parts; agricultural and forestry industry production services in Kazakhstan, million USD



- In 2020, Kazakhstan manufacturers produced parts for agricultural and forestry machinery, and also provided services to produce agricultural and forestry machinery worth 5.1 million tenge, which is 45% higher than in 2019. Production CAGR between 2016 and 2020 was 25.2%.

Structure of the production of agricultural and forestry machinery parts; agricultural and forestry industry production services in Kazakhstan in 2020, %



- In 2020, production of tilling machinery parts was worth 2,118 thous. USD (42% of total production of agricultural and forestry machinery parts; agricultural and forestry industry production services); various agricultural machinery parts – 1,448 thous. USD (28%), harvester and thresher machinery parts – 1,046 thous. USD (28%), animal farming machinery parts – 77 thous. USD (1%), services to produce agricultural and forestry machinery – 49 thous. USD (1%), gardening, poultry farming, beekeeping and silk farming – 4 thous. USD (0.07%).

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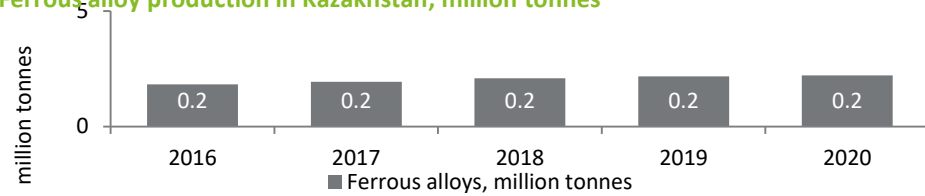
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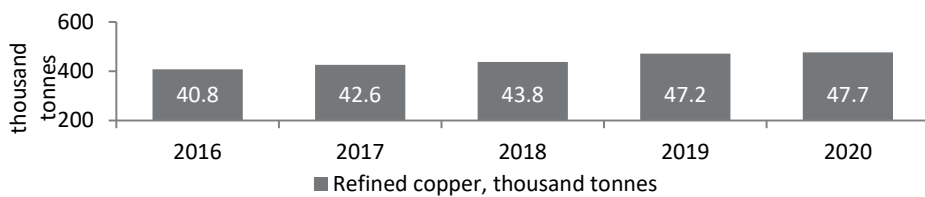
Availability of raw materials



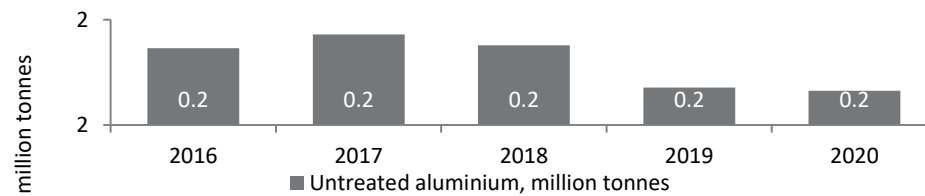
Ferrous alloy production in Kazakhstan, million tonnes



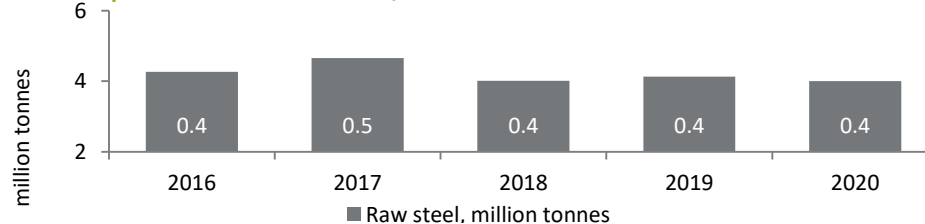
Refined copper production in Kazakhstan, thousand tonnes



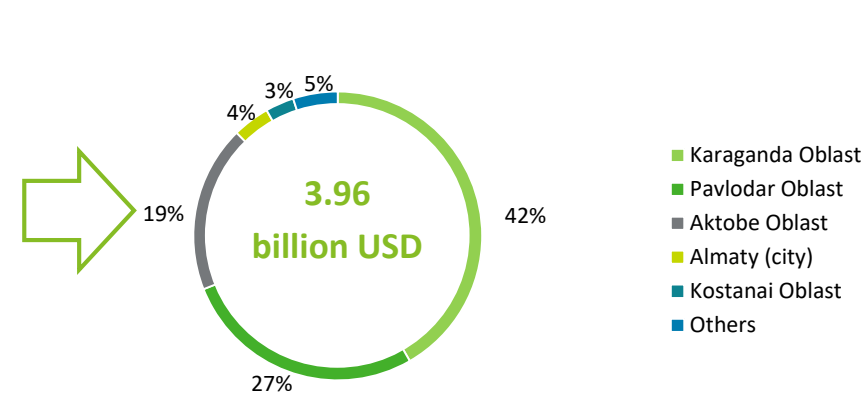
Untreated aluminium production in Kazakhstan, million tonnes



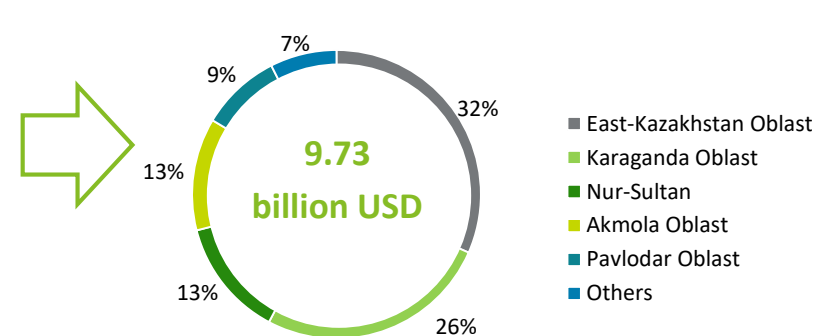
Raw steel production in Kazakhstan, million tonnes



Structure of ferrous metallurgy production by region in Kazakhstan, 2020



Structure of non-ferrous metal production by region in Kazakhstan, 2020



Source: Kazakhstan Statistics Committee

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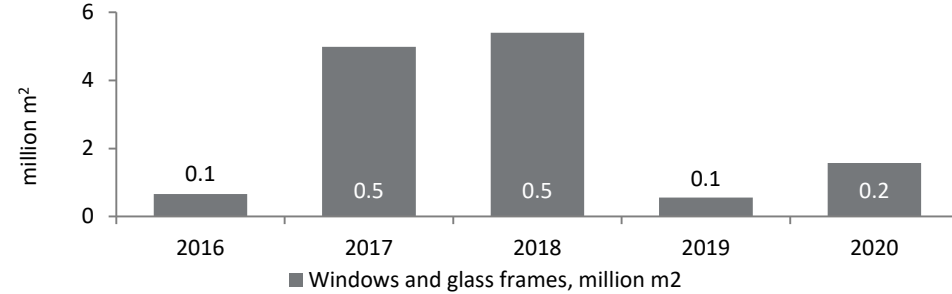
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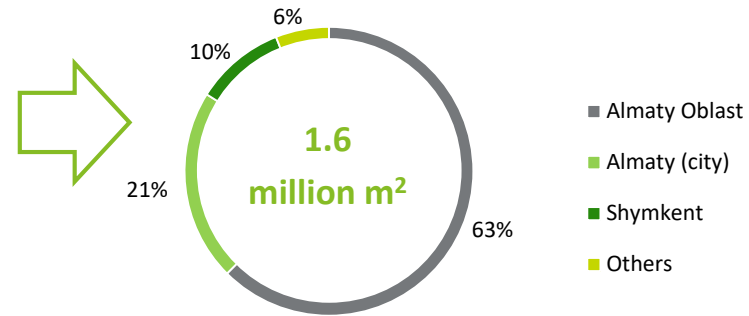
Availability of raw materials



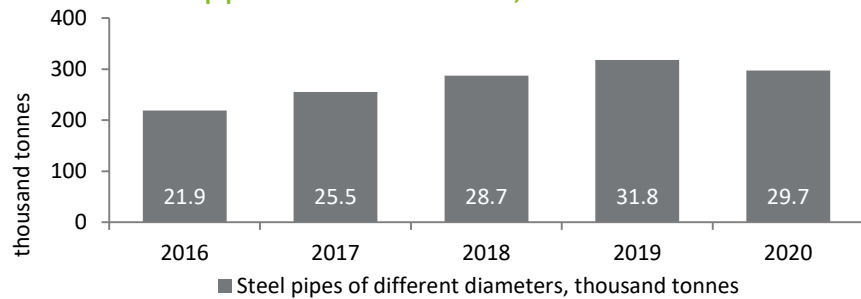
Window and glass frame production, million m²



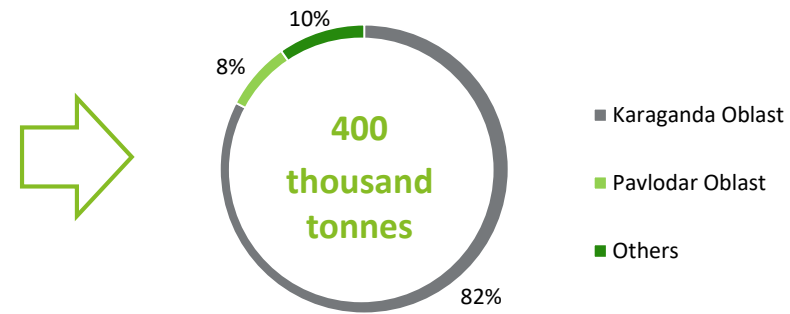
Structure of window and glass frame production by region in Kazakhstan, 2020



Production of steel pipes of different diameters, thousand tonnes



Structure of steel item production by region in Kazakhstan, 2020



Production of non-alloy corrugated steel sheets, thousand tonnes



Source: Kazakhstan Statistics Committee

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X – data not available

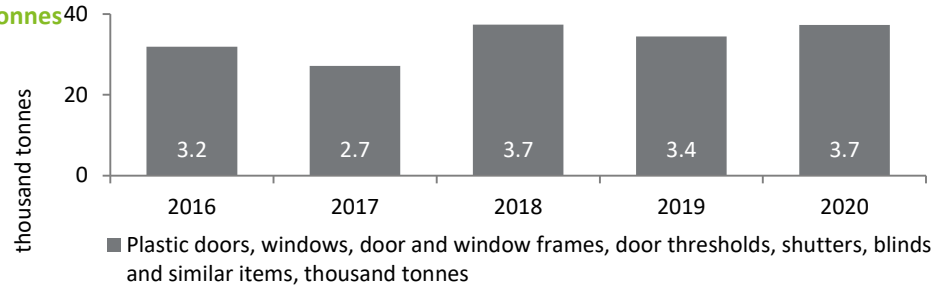
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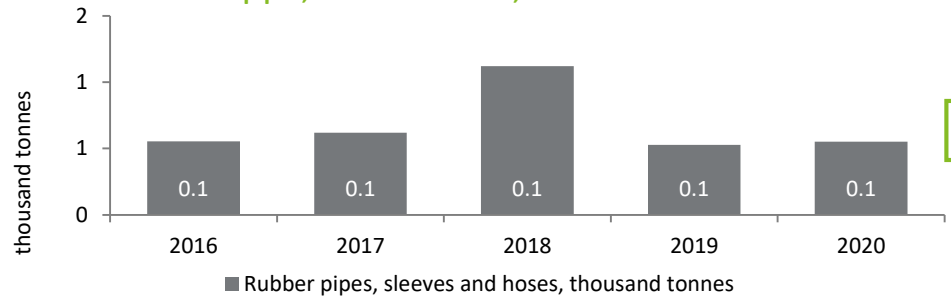
Availability of raw materials



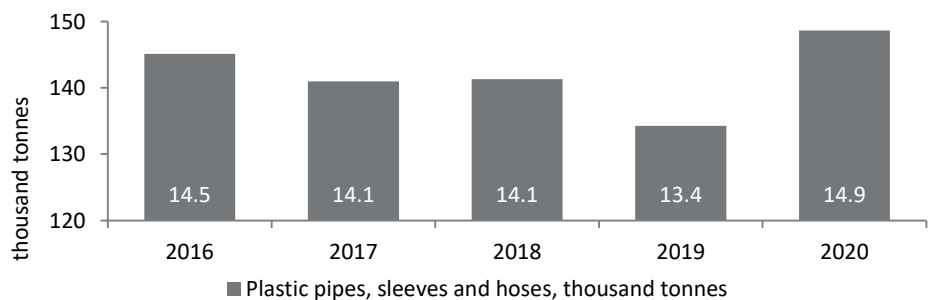
Production of plastic doors, windows and other items, including parts, thousand tonnes



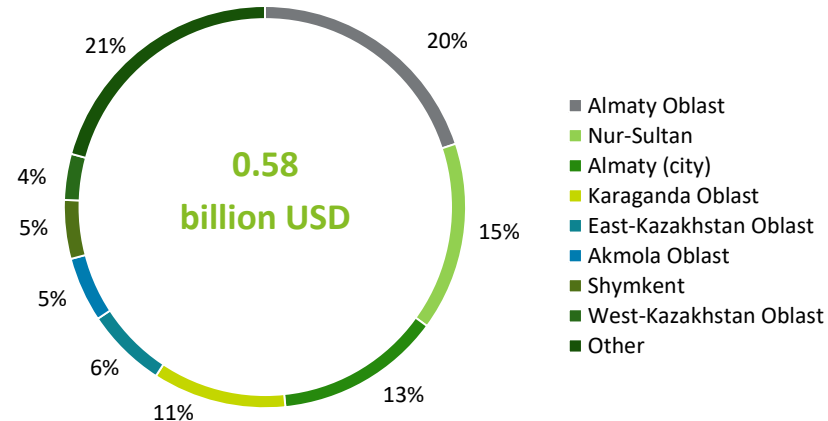
Production of rubber pipes, sleeves and hoses, thousand tonnes



Production of plastic pipes, sleeves and hoses, thousand tonnes



Structure of the production of rubber and plastic items by region in Kazakhstan, 2020



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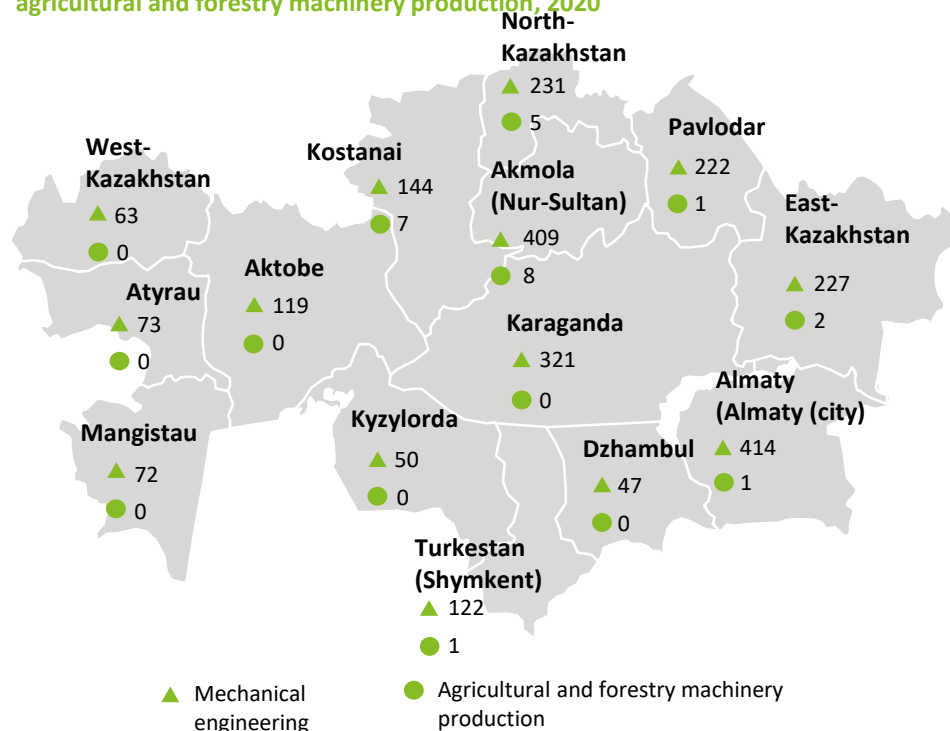
Source: Kazakhstan Statistics Committee

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Enterprise types

Location and quantity of enterprises in the mechanical engineering industry and agricultural and forestry machinery production, 2020



2,514 enterprises are registered in the Kazakhstan mechanical engineering industry, of which 25 specialise in agricultural and forestry machinery production. The majority of mechanical engineering enterprises are located in Almaty Oblast (including in Almaty) – 414 and Akmola Oblast (including Nur-Sultan) – 409. The majority of agricultural and forestry machinery production enterprises are in Akmola Oblast (including Nur-Sultan) – 8, Kostanai Oblast – 7 and North-Kazakhstan Oblast – 5.

*agricultural machinery production is included in the classification “machinery and equipment classification not included in other groups”

Source: Kazakhstan Statistics Committee

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Processing industry enterprises, September 2021

	Total	including			
		public	business partnerships	joint stock companies	other organisational and legal forms
Processing industry	17,568	4	17,145	138	281
Small	16,860	1	16,540	42	277
Medium-sized	466	1	424	38	3
Large	242	2	181	58	1

Processing industry individual entrepreneurs, September 2021

	Total	including	
		individual entrepreneur	joint venture
Kazakhstan	1,239,133	1,167,040	72,093
Processing industry	41,084	41,077	7

Legal entities in the machinery and equipment production industry not in other groups*, September 2021

	Total	including				
		public	private	private (with state participation)	private (joint ventures with foreign participation)	foreign
Machinery and equipment production not in other groups*	484	-	429	1	59	55
Small	448	-	399	-	58	49
Medium-sized	22	-	21	-	1	1
Large	14	-	9	1	-	2

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Human capital (1/2)



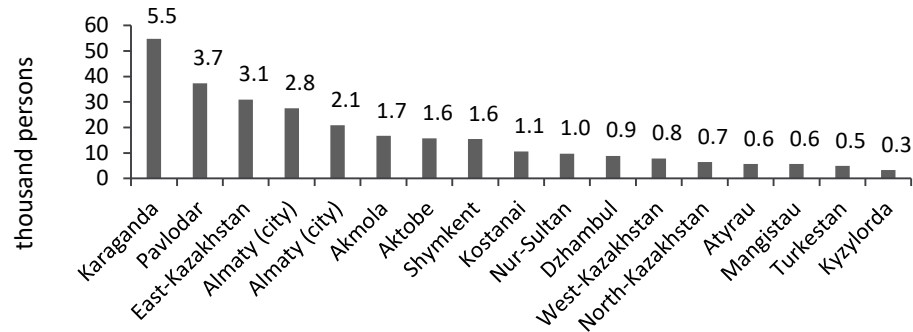
Work force in Kazakhstan



9.2 as at 2021 QII
million persons

As at 2021 QII, the work force in Kazakhstan was 9.26 million, of whom 95% (8.8 million persons) were employed, while 5% (0.5 million) were unemployed.

Processing industry headcount by oblast in 2021 QII, thousand persons

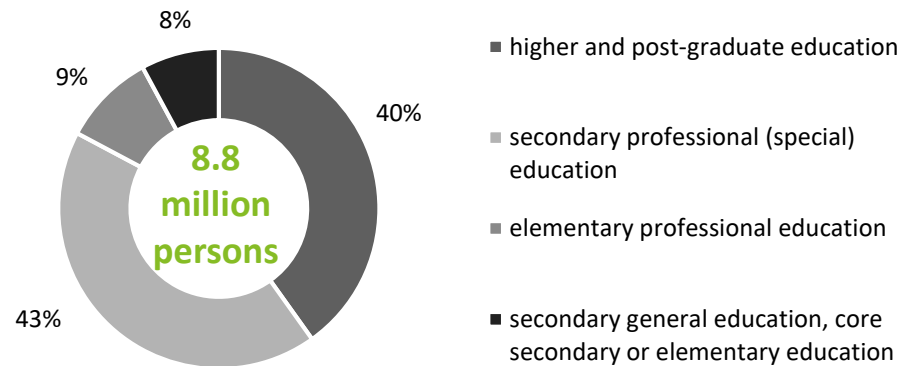


Broken down into regions, the greatest share of processing industry employees are in Karaganda Oblast – 19%, Pavlodar Oblast – 13% and East-Kazakhstan Oblast – 11% of total employees in the region.

Source: Kazakhstan Statistics Committee, EIU

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Distribution of the working population by education level, 2021 QII



The working population (8.8 million persons) includes 3.5 million persons with higher and post-graduate education; 3.7 million persons with secondary professional (special) education; 822 thousand persons with elementary professional education; while the remaining 695 thousand have a secondary general education, core secondary or elementary education.

Salaried employee headcount in the processing industry, thousand persons

Index	2020 QII	2021 QII
Salaries employee headcount in the processing industry	278.7	282.3

In 2021 QII, salaries employee headcount in the processing industry was 282.3 thousand, which is 1.3% higher than for the same period in 2020.

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Human capital (2/2)

Headcount in machinery and equipment production not included in other groups*, 2021 QII

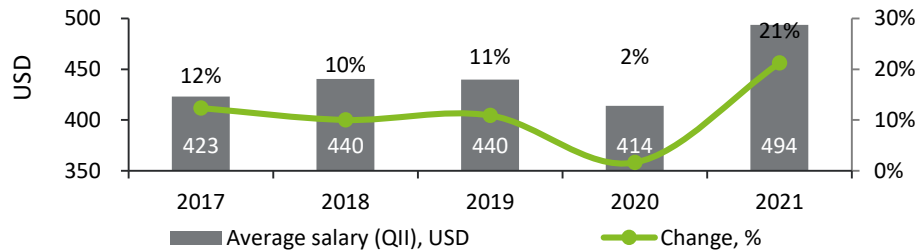


14.2
thousand persons

5%
of total processing industry employees

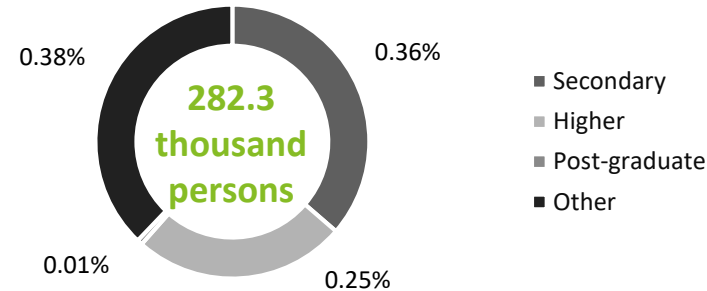
Headcount in agricultural and forestry machinery production in 2021 QII was 14.2 thousand, which is 5% of total processing industry headcount.

Average nominal employee salaries in machinery and equipment production not included in other groups* (as at QII for each year in 2017-2021)



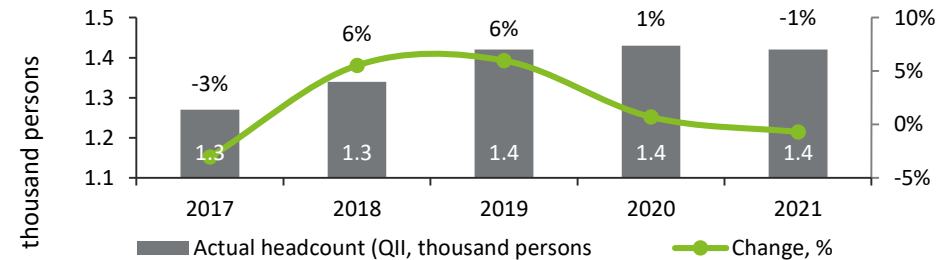
As at 2021 QII, average employee salaries in machinery and equipment production not included in other groups* were 494 USD, which is 21% higher year-on-year. Nominal salary CAGR for 2017-2021 (as at QII for each year) was 8.5%.

Allocation of the working population in the processing industry by education level as at 2021 QII



The working population in the processing industry (282.3 thousand persons) includes 103 thousand persons with secondary education; 71 thousand persons with higher education; 2 thousand persons with post-graduate education.

Headcount in machinery and equipment production not included in other groups* (as at QII for each year in 2017-2021)



At the end of 2021 QII, headcount in the production of machinery and equipment not included in other groups* was 14.2 thousand persons, or 1% less than in the same period for 2019. CAGR was 2.3% for 2017-2021 (as at QII for each year).

agricultural machinery production is classified as machinery and equipment not included in other groups



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Agricultural machinery use in Kazakhstan



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Potential for consumption growth in Kazakhstan



Kazakhstan economic growth data

Index	2020	2021 F	2022 F	2023 F	2024 F	2025 F
GDP	-2.6%	3.7%	4.2%	3.7%	3.8%	4.0%
Personal consumption	-3.8%	4.2%	4.8%	4.4%	4.6%	3.7%
State consumption	0.0%	2.0%	1.5%	2.0%	2.2%	2.2%
Gross investment in capital stock	-0.3%	3.0%	2.0%	3.5%	4.0%	3.8%
Goods and service exports	-12.1%	12.2%	7.1%	5.7%	4.7%	4.1%
Goods and service imports	-10.7%	11.4%	5.0%	6.9%	6.1%	3.5%
Domestic demand	-2.8%	3.1%	3.4%	4.0%	4.1%	3.5%
Heavy industry	3.1%	4.7%	5.8%	4.1%	4.3%	5.1%

According to EIU forecasts, personal consumption in Kazakhstan will increase 4.2% after a 3.8% decline in 2020. Domestic demand will recover by 3.1% to a level exceeding pre-pandemic levels. Thanks to government efforts to stimulate the economy, gross investment in fixed assets will grow 3% after a 0.3% decline in the previous year.

EIU has also forecast average heavy industry growth of 4.5% between 2021 and 2025.

Continuing state support measures in the mechanical engineering sector and significant product demand will help ensure growth in subsequent years. In 2020, agricultural and forestry machinery production fell 120% in Kazakhstan to 231 mln USD, while CAGR for 2016-2020 was 24%. According to forecasts, production in value terms will reach 768 mln USD by 2025, with CAGR at 27% in 2020-2025.

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Agricultural machinery fleet in Kazakhstan (1/6)

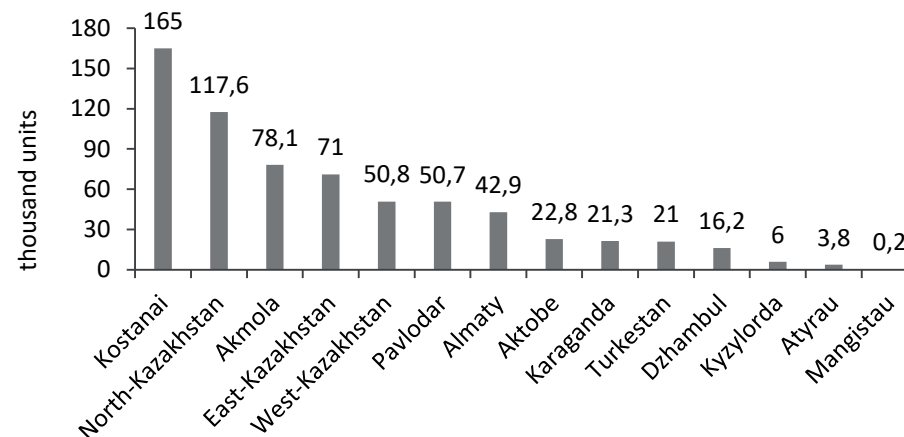


Changes in the availability of agricultural machinery, units

Machinery types	2016	2017	2018	2019	2020
Tractors	154,000	152,000	152,616	148,300	141,750
Seeding machines	90,600	86,185	85,513	80,700	73,226
Combine harvesters	44,300	42,000	41,494	40,000	36,997
Threshers	16,000	15,600	14,985	15,000	12,894
seeding systems	3,328	3,453	3,624	3,700	4,302

- Core agricultural machinery available to farmers declined 2016-2020. The number of tractors in the period fell with CAGR of 1.6%, while the figure for seeding machines was 4.2%, combine harvesters – 3.5% and threshers – 4.2%.

Availability of agricultural machinery in Kazakhstan in 2020 by region, thousand units



- As at 2020, there were 667 thousand units of agricultural machinery registered, with the greatest share of 25% operating in Kostanai Oblast, North-Kazakhstan Oblast – 18%, Akmola Oblast – 12% and East-Kazakhstan Oblast – 11%.
- In 2020, Kazakhstan companies covered 19.8% of demand for agricultural and forestry tractors and 3.4% of demand for ploughs and disc harrows.

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Agricultural machinery fleet in Kazakhstan (2/6)



Agricultural machinery availability in Kazakhstan в 2020, thousand units

	Akmola	Aktobe	Almaty	Atyrau	East-Kazakhstan	Dzhambul	West-Kazakhstan	Karaganda	Kyzylorda	Kostanai	Mangistau	Pavlodar	North-Kazakhstan	Turkestan	Total
Tractors	14,487	5,415	16,944	1,952	17,063	4,552	10,974	9,513	1,769	22,637	81	13,341	12,891	10,131	141,750
Combine harvesters	8,450	932	1,481	-	3,558	798	923	1,161	793	8,936	-	1,998	7,239	728	36,997
Cotton combine harvesters	-	-	-	-	-	-	-	-	-	-	-	-	-	615	615
Feed combine harvesters	-	16	103	-	297	189	20	37	7	247	-	74	75	184	1,249
Corn combine harvesters	11	-	184	-	23	7	-	21	4	-	-	-	31	22	303
Rice combine harvesters	-	-	53	-	-	-	-	-	58	-	-	-	-	-	111
Carrot combine harvesters	-	-	-	-	-	-	-	-	-	-	-	5	-	-	5
Potato combine harvesters	22	11	73	-	42	2	5	17	-	-	-	47	6	-	225
Beetroot combine harvesters	1	-	60	-	-	35	-	-	-	-	-	-	1	-	97
Seeding systems	1,336	97	20	-	109	6	47	102	0	1,113	-	206	1,266	0	4,302
Threshers	2,492	169	32	-	15	50	355	334	481	3,033	-	976	4,858	99	12,894
Seeding machines	16,213	1,535	1,452	-	4,263	900	2,979	3,058	211	21,957	2	4,086	15,309	1,261	73,226

Source: Initiator

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- There are 141,75 thousand tractors (21.2% of all agricultural machinery) registered in Kazakhstan. The most popular are MTZ wheeled tractors (73 thousand units or 52% of all tractors). The most popular imported tractors are John Deere (1.3 thousand units or 1% of all tractors). The most common caterpillar-track tractor is the DT-75M (10 thousand units or 7% of all tractors).
- At the start of 2021, there were 37 thousand combine harvesters (5.5% of all agricultural machinery) registered in Kazakhstan; the most popular being the Yenisei-1200 (13 thousand units or 35% of all combine harvesters) and Niva (8 thousand units or 24%). The most common imported combine harvesters were John Deere (2.3 thousand units or 6% of all combine harvesters) and CLAAS (1 thousand units or 4%).
- There were 4 thousand seeding systems registered in Kazakhstan or 0.6% of all agricultural machinery; the most popular being John Deere (923 units or 21% of all seeding systems), and FlexiOil (310 units or 7%).
- There were 12.9 thousand threshers registered in Kazakhstan or 1.9% of total agricultural machinery. The ZVN-6 thresher is the most common in Kazakhstan - 89 units or 1% of all threshers in Kazakhstan.
- At the start of 2021, there were 73 thousand seeding machines in Kazakhstan, which made up 11% of all agricultural machinery. The SZS seeder is the most common, with 3.3 thousand units registered (5% of all seeding machines).

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Agricultural machinery fleet in Kazakhstan (3/6)



Availability of agricultural machinery in Kazakhstan in 2020, thousand units (continued)

	Akmola	Aktobe	Almaty	Atyrau	East-Kazakhstan Oblast	Dzhambul	West-Kazakhstan Oblast	Karaganda	Kyzylorda	Kostanai	Mangistau	Pavlodar	North-Kazakhstan Oblast	Turkestan	Total
Cultivators	2,582	392	953	20	2,631	654	809	379	38	3,368	6	1,003	2,550	1,140	16,525
Shallow ploughs	1,070	36	90	7	263	92	7	77	9	1,063	-	2,636	1,245	6	6,601
Harrows	9,133	3,504	6,176	22	16,402	3,156	15,040	485	701	65,607	-	6,585	44,516	64	171,391
Ploughs	2,065	770	2,196	69	4,331	1,054	1,011	746	418	2,807	-	1,780	1,967	468	19,682
Blade cultivators	1,073	154	-	6	334	203	395	647	1	1,872	-	384	1,944	-	7,013
atomisers	997	120	526	15	460	114	94	105	12	1,097	-	473	1,719	199	5,931
Seed disinfectant	335	46	67	-	94	52	35	22	7	266	-	90	618	1	1,633
Freight vehicles	4,782	699	899	-	5,103	745	2,223	-	322	8,026	-	3,093	5,828	-	31,720
Trailers	7,479	2,965	6,586	1,100	6,285	1,979	4,587	2,778	754	16,878	15	7,162	9,730	5,267	73,565
Tractor rakes	734	1,590	1,746	137	3,119	337	3,144	229	44	1,326	-	1,855	911	4	15,176
Haystackers	758	610	418	97	1,260	62	2,417	88	10	904	-	879	638	28	8,169
Hay cutters	1,102	2,252	1,528	220	3,970	428	3,939	395	78	1,797	35	2,693	915	215	19,567
Balers	625	1,171	875	140	674	501	1,637	951	187	659	30	316	887	491	9,144
Grain dryers	233	-	12	-	-	-	-	-	-	-	-	-	-	-	245
Grain loaders	-	66	263	-	64	38	33	60	4	883	-	210	1,223	37	2,881
Loading machines	1,018	-	-	-	-	-	-	-	-	-	-	-	-	-	1,018
Irrigation machines	-	106	-	-	114	-	5	-	-	-	-	478	9	-	712
Vehicle scales	558	80	102	-	269	174	49	47	56	503	-	170	552	-	2,560
Current mechaniser	495	73	78	-	300	70	36	25	32	-	-	125	688	-	1,922
Total	78,051	22,809	42,917	3,785	71,043	16,198	50,764	21,277	5,996	164,979	169	50,665	117,616	20,960	667,229

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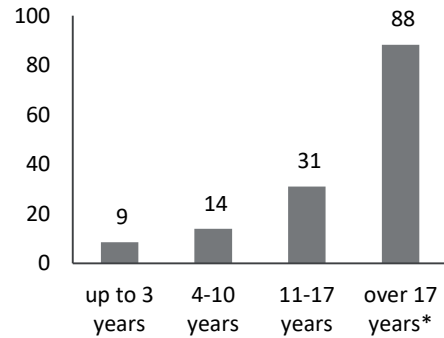
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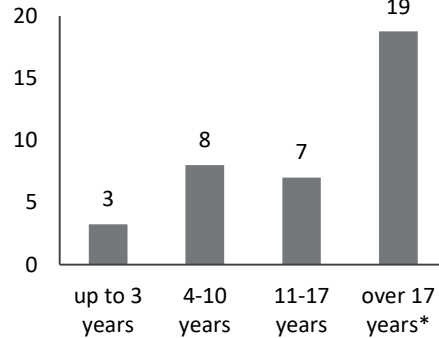
Agricultural machinery fleet in Kazakhstan (4/6)



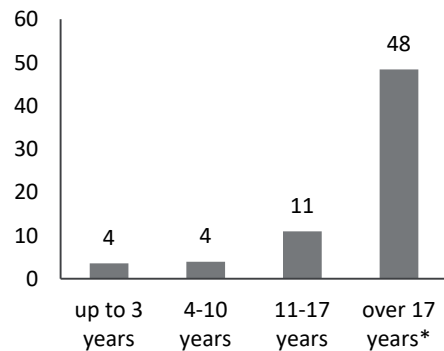
Tractor fleet in 2020, thousand units



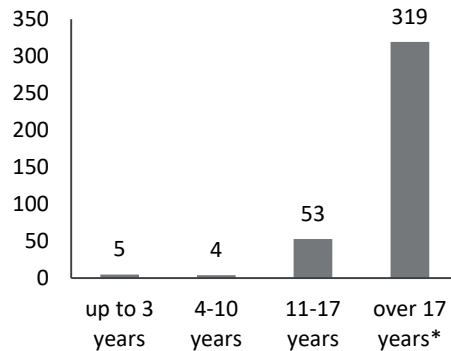
Combine harvester fleet in 2020, thousand units



Feed preparation machinery fleet in 2020, thousand units



Soil tilling machinery fleet in 2020, thousand units



- In Kazakhstan, average agricultural machinery fleet depreciation was 76% in 2020. Over 84% of the tractor fleet, 70% of the combine harvester fleet, 89% of the feed preparation machinery fleet and 98% of the soil tilling machinery fleet are over 10 years old.
- The use of old and depreciated machinery means agricultural work periods are longer, performance and quality are reduced. For example, instead of the routine 20-25 days, harvesting takes over 60 days, which, in turn, leads to yield loss, additional fuel and labour costs, machinery downtime due to defects, additional drying costs, lower product quality and others.

Agricultural machinery upgrade in Kazakhstan in 2020, by oblast

Oblast	Purchase		Upgrade
	Units	million USD	
North-Kazakhstan	2,085	123	3.7
Akmola	2,003	113	4.1
Kostanai	1,614	75	4.1
Pavlodar	1,179	48	3.8
East-Kazakhstan	1,229	37	4.1
Karaganda	1,178	33	4.3
Turkestan	1,159	24	3.8
West-Kazakhstan	1,353	23	3.4
Almaty	948	21	3.5
Aktobe	867	21	6.1
Dzhambul	1,198	15	3.9
Kyzylorda	263	6	4.7
Atyrau	213	2	3.3
Total	15,323	543	4.1

*factory maximum operating period of 17 years

Source: Kazakhstan Statistics Committee, InBusiness.kz

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Agricultural machinery fleet in Kazakhstan (5/6)



New agricultural machinery purchases in Kazakhstan in 2020

	Akmola	Aktobe	Almaty	Atyrau	East-Kazakhstan	Dzhambul	West-Kazakhstan	Karaganda	Kyzylorda	Kostanai	Mangistau	Pavlodar	North-Kazakhstan	Turkestan	Total
Tractors	430	287	672	85	413	273	364	289	113	365	27	329	454	673	4,774
Combine harvesters	323	20	25	-	60	29	24	54	1	304	-	59	256	27	1,182
Feed combine harvesters	3	-	4	-	11	3	-	-	-	-	-	2	7	10	40
Rice combine harvesters	-	-	-	-	-	-	-	-	35	-	-	-	-	-	35
Cotton combine harvesters	-	-	-	-	-	-	-	-	-	-	-	-	-	10	10
Potato combine harvesters	1	-	2	-	-	-	-	-	-	-	-	-	-	-	3
Beetroot combine harvesters	-	-	4	-	-	-	-	-	-	-	-	-	-	-	4
Corn combine harvesters	-	-	22	-	-	-	-	-	-	-	-	-	-	-	22
Carrot combine harvesters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seeding systems	51	7	2	-	16	-	-	6	3	92	-	18	65	-	260
Threshers	43	26	4	-	42	1	7	12	16	85	-	11	56	-	303
Seeding machines	283	33	47	5	44	33	70	72	3	358	-	42	356	13	1,359

- In 2020, 15.3 thousand new agricultural machinery units worth 542 mln USD were purchased.
- 4.8 thousand tractors (31% of total agricultural machinery purchases) were purchased. MTZ (1.8 thousand units or 38% of all tractors) are the most popular wheeled tractors. Likewise, the MTZ brand was also popular among imported tractors (1 thousand units or 23% of all tractors).
- In 2020, 1.2 thousand combine harvesters were purchased in Kazakhstan (8% of all agricultural machinery purchased). The most popular brand was Yesil (324 units or 7% of all combine harvesters), of which John Deere accounted for 94 or 2% of all combine harvesters).
- 260 seeding systems were purchased, accounting for 2% of all agricultural machinery purchased. The most popular were HORSCH (39 units or 1% of all seeding systems) and John Deere (38 units or 1% of all seeding systems).
- 303 threshers were purchased in Kazakhstan, which accounts for 2% of all agricultural machinery purchased. The Don-Mar thresher is the most popular among those purchased – accounting for 58 units or 1% of all threshers purchased in Kazakhstan in 2020.
- In 2020, 1.4 thousand seeding machines were purchased or 9% of all agricultural machinery purchased. The SKP-2.1 is most popular in Kazakhstan (691 units or 14% of all seeding machines purchased).

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Agricultural machinery fleet in Kazakhstan (6/6)



New agricultural machinery purchased in Kazakhstan in 2020 (continued)

	Akmola	Aktobe	Almaty	Atyrau	East-Kazakhstan	Dzhambul	West-Kazakhstan	Karaganda	Kyzylorda	Kostanai	Mangistau	Pavlodar	North-Kazakhstan	Turkestan	Total
Cultivators	22	4	19	5	27	43	26	2	1	14	-	16	26	18	223
Harrows	94	7	14	12	42	17	17	39	2	55	-	26	134	61	520
Ploughs	41	9	15	18	12	69	10	29	23	71	3	14	43	38	395
Mowing machines	47	122	-	-	-	-	138	-	-	-	-	-	-	4	311
Shallow ploughs	-	1	-	-	-	-	-	-	-	16	-	5	-	2	24
Atomisers	49	-	-	-	-	-	5	-	-	-	-	-	-	-	54
Fertiliser applicator	12	-	-	-	-	-	-	-	-	-	-	-	-	-	12
Laser land leveler	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Seed disinfectant	9	1	-	-	-	2	2	-	-	2	-	3	9	1	29
Freight vehicles with trailers	21	32	1	-	10	2	-	2	-	14	-	14	11	-	107
Vehicle and tractor trailers	33	9	18	41	2	273	20	31	3	15	-	12	9	19	485
Rakes	-	54	-	-	-	-	106	-	-	-	-	-	-	-	160
Front loaders	246	100	-	-	-	-	-	-	-	-	-	-	-	-	346
Balers	80	134	76	25	97	51	185	116	12	51	-	39	80	55	1,001
Loaders	-	-	17	8	73	76	226	148	17	69	-	148	95	37	914
Grain elevators	14	1	-	-	-	-	1	-	1	31	-	7	25	-	80
Grain dryers	1	-	1	-	-	1	-	-	-	2	-	-	10	-	15
Grain cleaning machines	9	-	-	-	-	-	2	-	-	3	-	5	13	-	32
Grain cleaning systems	3	-	-	-	60	1	-	3	-	-	-	-	-	-	67
Storage hoppers	2	-	-	-	-	-	-	-	-	-	-	2	9	2	15
Potato harvesters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Potato planters	-	1	-	-	-	3	-	1	1	-	-	-	-	-	6
Potato growing machinery	-	-	-	-	60	-	-	-	-	-	-	-	-	-	60
Irrigation machinery	4	-	-	-	-	-	3	-	-	-	-	-	-	-	7
Drip irrigation systems	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Feed dispensers	9	-	-	-	-	-	-	-	-	-	-	-	-	-	9
Others	173	19	5	14	260	321	147	374	32	67	4	427	427	189	2,459
TOTAL	2,003	867	948	213	1,229	1,198	1,353	1,178	263	1,614	34	1,179	2,085	1,159	15,323
Value, million USD	113	21	21	2	37	15	23	33	27	75	0,3	48	123	24	563

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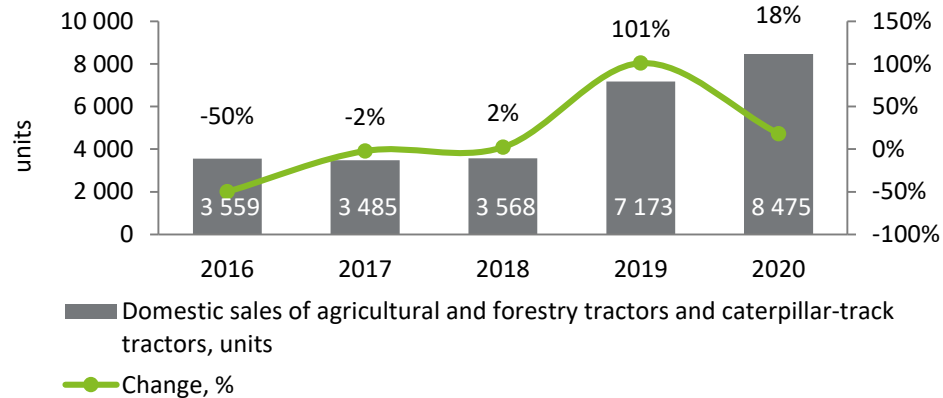
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Use of agricultural and forestry tractors and caterpillar-track tractors, ploughs and disc harrows

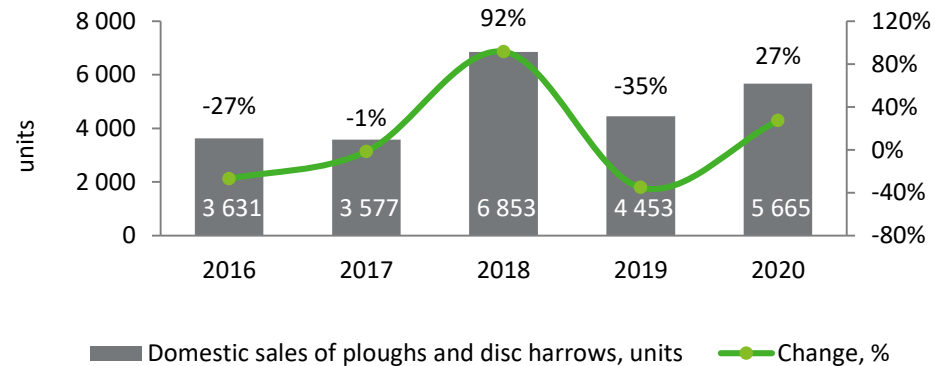


Changes in domestic agricultural and forestry industry tractor and caterpillar-track tractor sales, units



- Agricultural and forestry industry tractor and caterpillar-track tractor sales increased 18% to 8,475 in 2020.
- Kazakhstan saw an increase in domestic agricultural and forestry industry tractor and caterpillar-track tractor sales in 2016-2020, while CAGR for the period was 18.9%.

Changes in domestic plough and disc harrow sales, units



- Plough and harrow sales increased 27% in 2020 to 5,665.
- Domestic plough and harrow sales have been on the rise, with CAGR in 2016-2020 of 9.3%.

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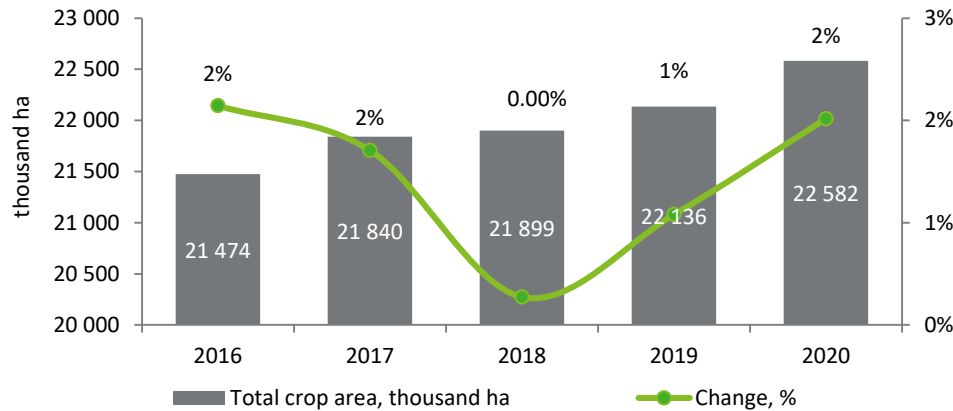


Tillable land in Kazakhstan

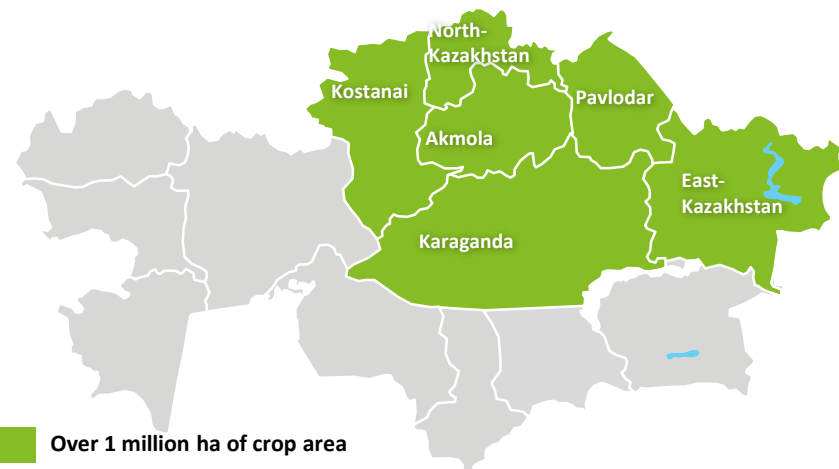
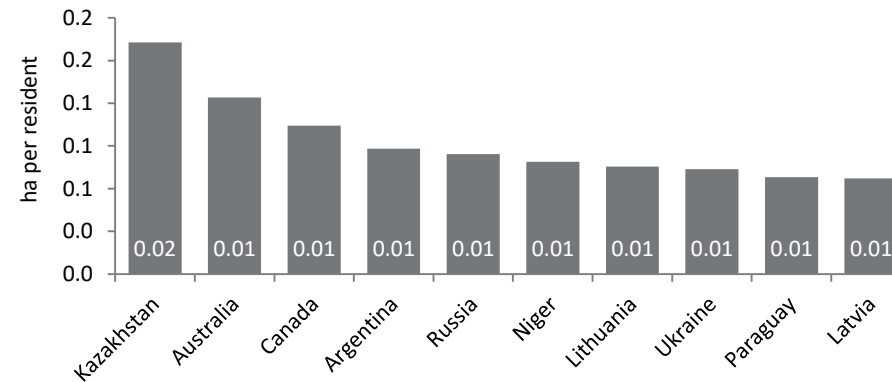


Demand for agricultural machinery is based on agricultural business needs. The main customers for domestically and CIS-assembled agricultural machinery are agricultural entities with crop areas of up to 5 thousand ha, or so-called small and medium-sized entities. Agricultural entities with crop area in excess of 5 thousand ha tend to purchase foreign machinery.

Changes in agricultural crop area in Kazakhstan



Changes in tillable land per resident in different countries, 2018*



- Kazakhstan is known for its extensive tillable land, and natural pastures to grow competitive agricultural products in volumes exceeding own needs.
- The area of tillable land in Kazakhstan per resident is higher than in all other countries. According to the World Bank, in 2018, the area of tillable land in Kazakhstan per resident was 1.63 ha, which is 31% higher than in Australia (1.24 ha). Sowing area in Kazakhstan grew 2% in 2020 to 22.6 million ha. Sowing area CAGR in Kazakhstan in 2016-2020 was 1.3%.
- The greatest sowing areas are focused in Kostanai Oblast – 5.2 million ha (23%), Akmola Oblast – 5.2 million ha (23%), North-Kazakhstan Oblast – 4.3 million ha (19%) and Pavlodar Oblast – 1.5 million ha (6%).

* data for 2019-2021 is not available

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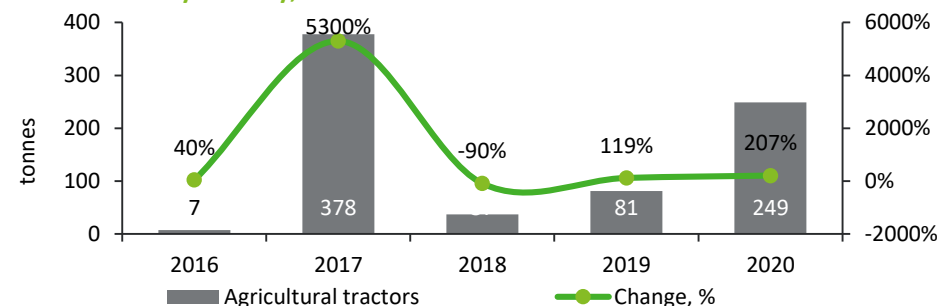


In 2020, Kazakhstan imported 197.8 million USD of agricultural machinery, the majority of which were seeding machines and planting machines (41%). The main agricultural machinery suppliers to Kazakhstan are Russia (83.8 million USD) and Belarus (26.5 million USD).

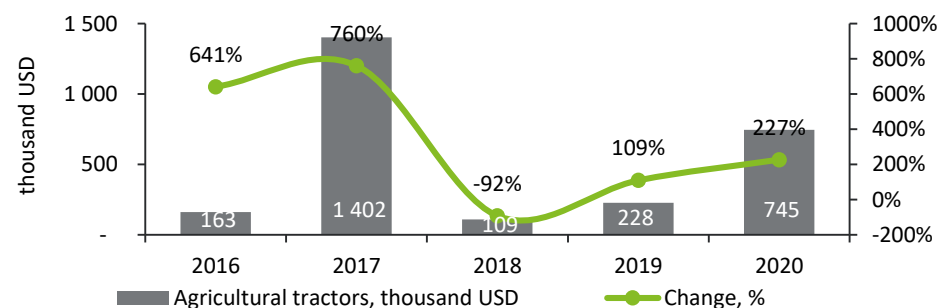
The competitive advantages of Russian and Belarussian products supplied to Kazakhstan are:

- Prices compared to western manufacturers are lower, and servicing is easier due to territorial proximity.
- Machinery quality on the whole meets European and Customs Union requirements.
- Reparability and access to parts. Manufacturers produce spare parts required for repair work.
- Russia has created assembly lines for leading global brands such as Claas in Russia LLC (Krasnodar), CJSC SAMPO-Rostov (Rostov on the Don), CJSC JV Bryanskseilmash (Bryansk), CNH-KAMAZ Commercial BV (Tatarstan), AGCO (Bashkortostan), John Deere (Kaluga).

Changes in the import of pedestrian-operated agricultural tractors and similar tractors for heavy industry, tonnes



Changes in the import of pedestrian-operated agricultural tractors and similar tractors for heavy industry, thousand USD



Structure of the import of pedestrian-operated agricultural tractors and similar tractors for heavy industry in 2020



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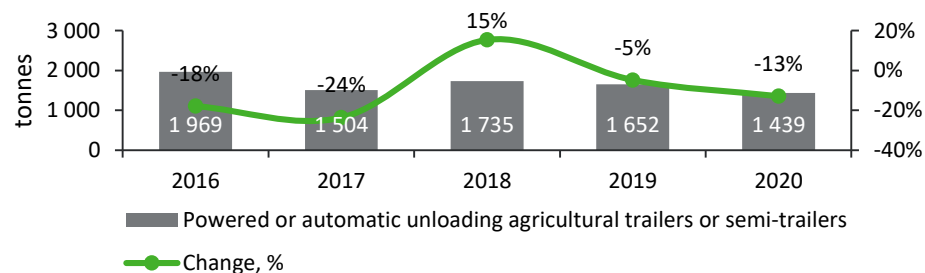
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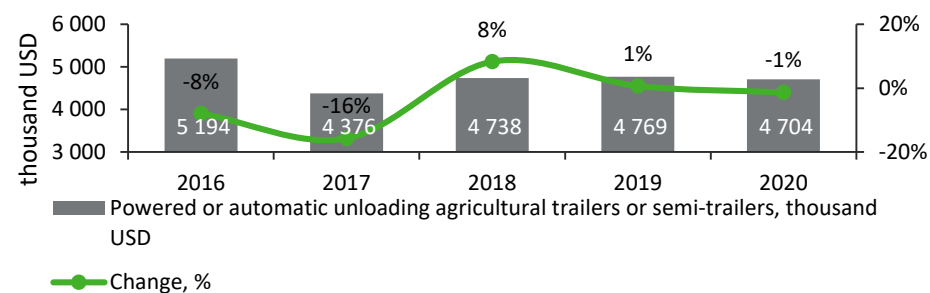
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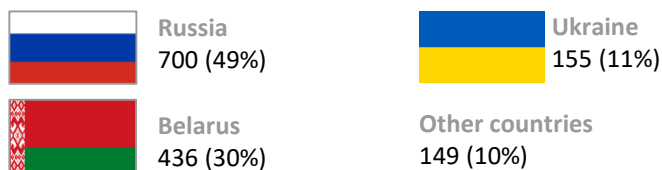
Changes in the import of powered or automatic unloading agricultural trailers and semi-trailers, tonnes



Changes in the import of powered or automatic unloading agricultural trailers and semi-trailers, thousand USD



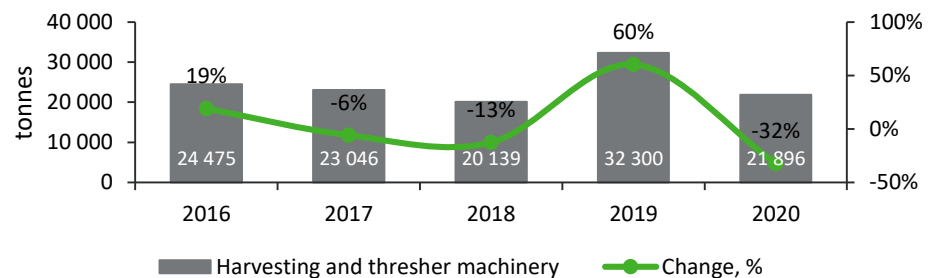
Structure of the import of powered or automatic unloading agricultural trailers and semi-trailers in 2020



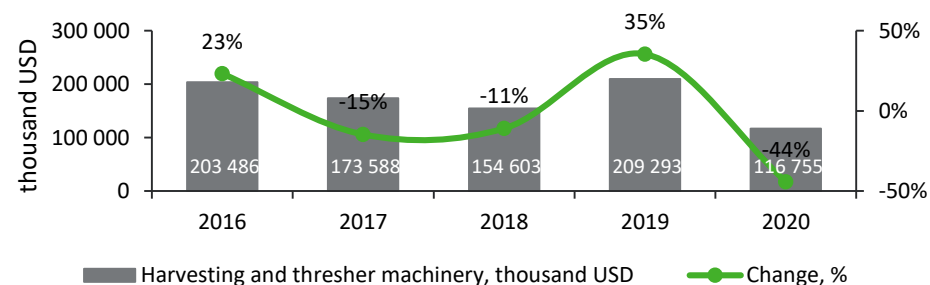
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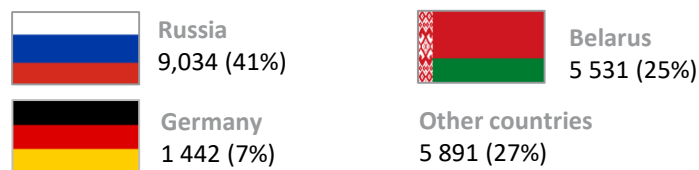
Changes in the import of harvesting and threshing machinery, tonnes



Changes in the import of harvesting and threshing machinery, thousand USD



Structure of the import of harvesting and threshing machinery in 2020



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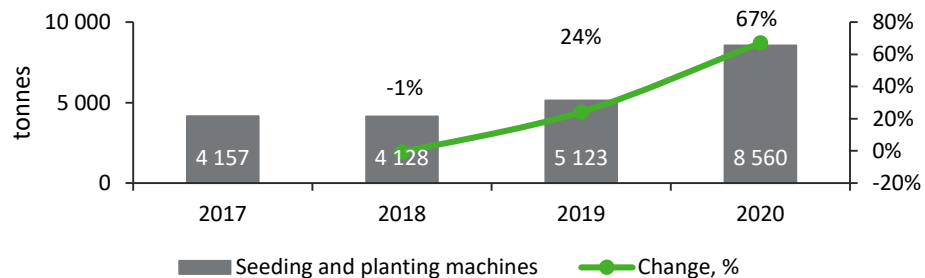
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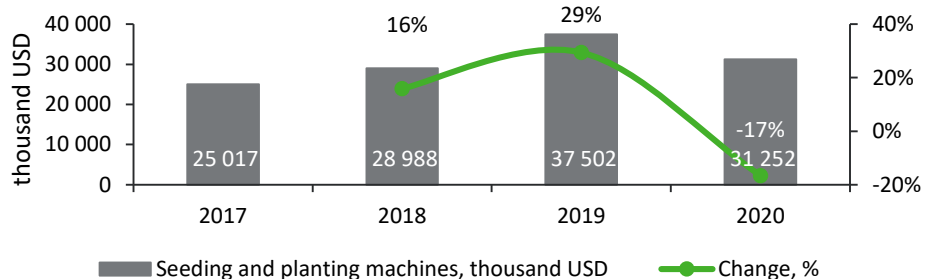
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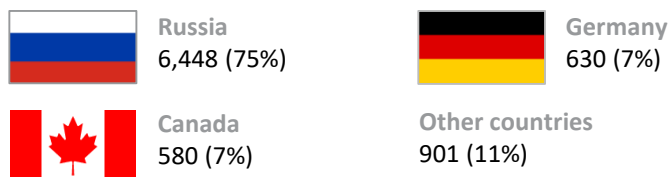
Changes in the import of seeding machines and planting machinery, tonnes



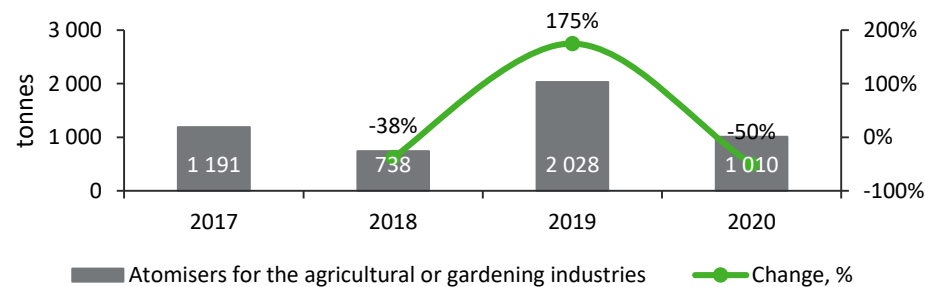
Changes in the import of seeding machines and planting machinery, thousand USD



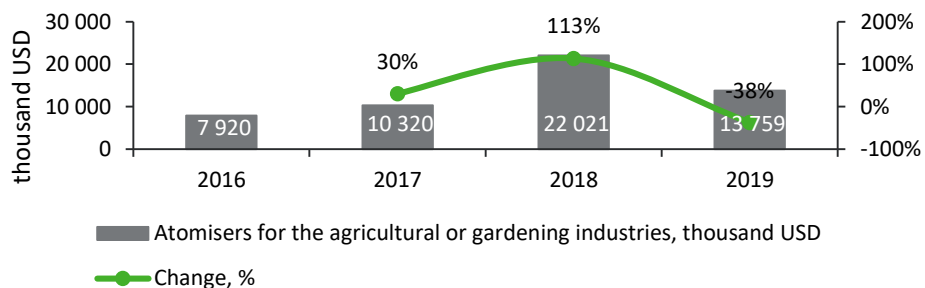
Structure of the import of seeding machines and planting machinery in 2020



Changes in the import of agricultural or gardening atomisers, tonnes



Changes in the import of agricultural or gardening atomisers, thousand USD



Structure of the import of agricultural or gardening atomisers in 2020



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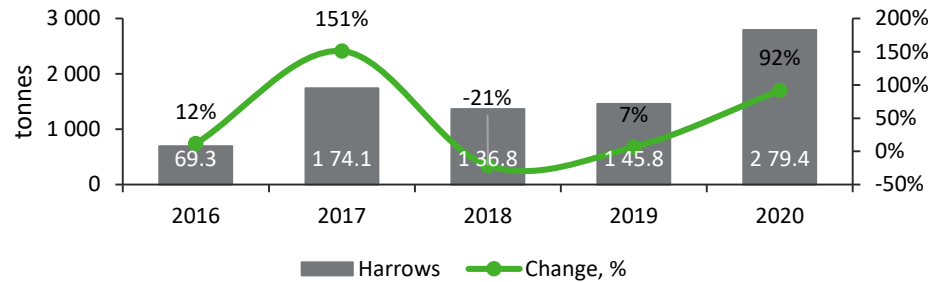
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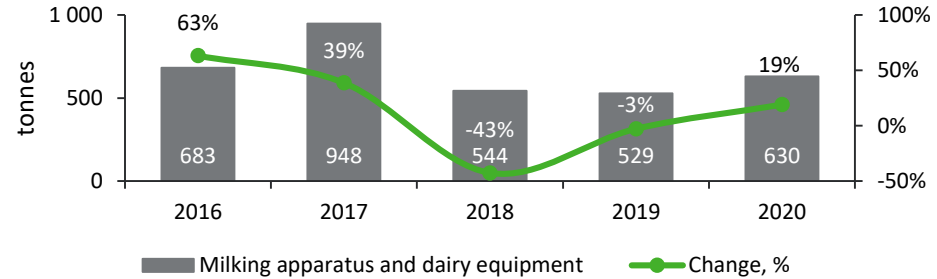
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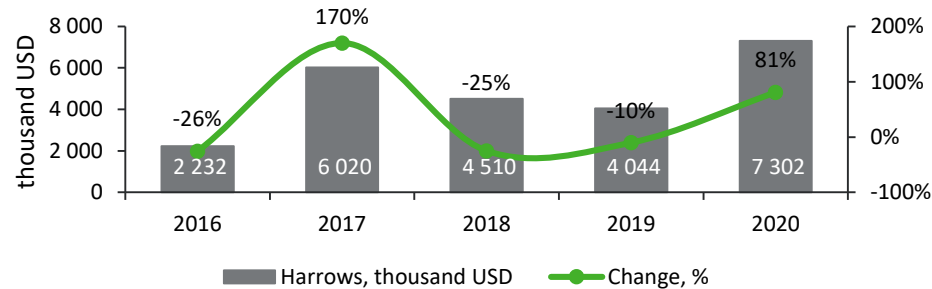
Changes in the import of harrows, tonnes



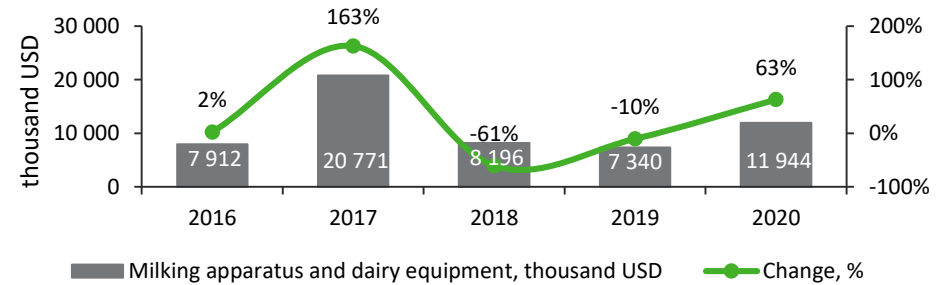
Changes in the import of milking apparatus and dairy equipment, tonnes



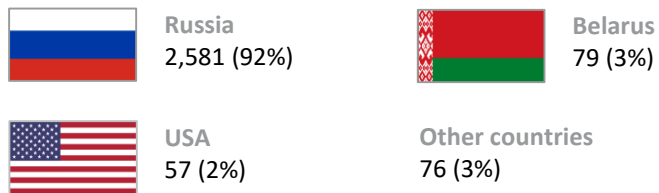
Changes in the import of harrows, thousand USD



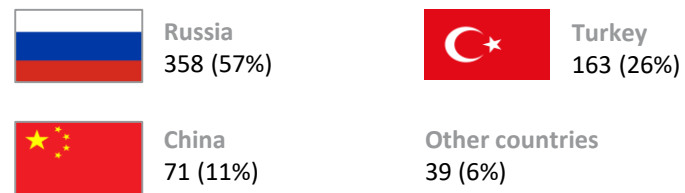
Changes in the import of milking apparatus and dairy equipment, thousand USD



Structure of the import of harrows in 2020



Structure of the import of milking apparatus and dairy equipment in 2020



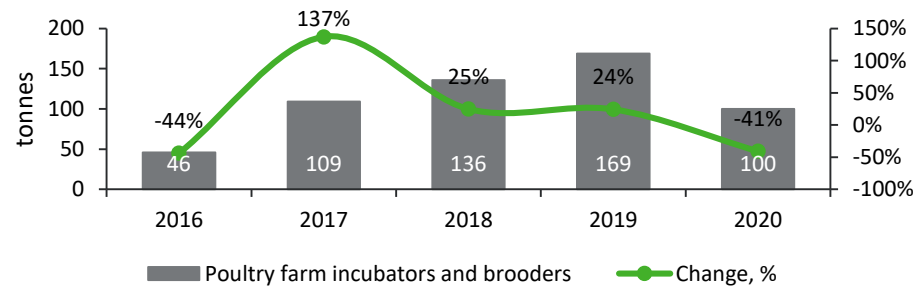
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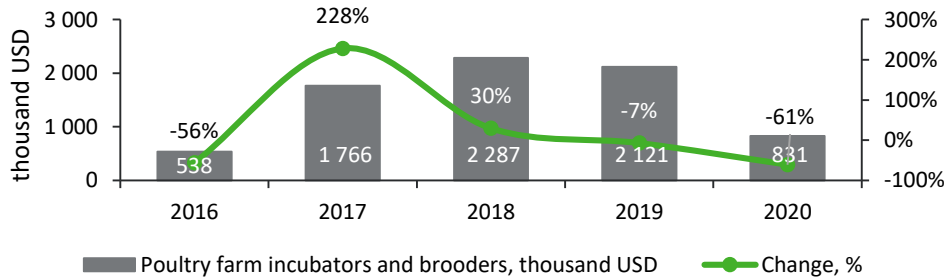
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Changes in the import of poultry farm incubators and brooders, tonnes



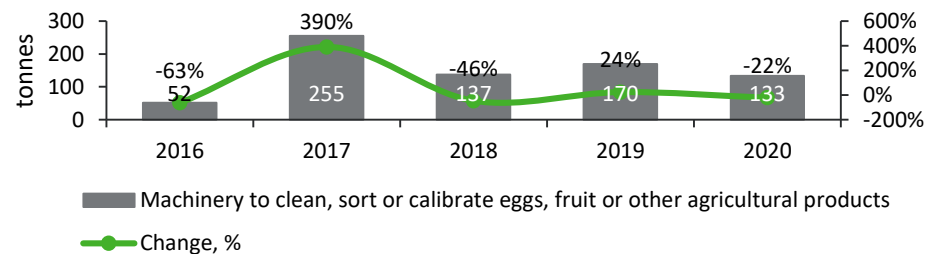
Changes in the import of poultry farm incubators and brooders, thousand USD



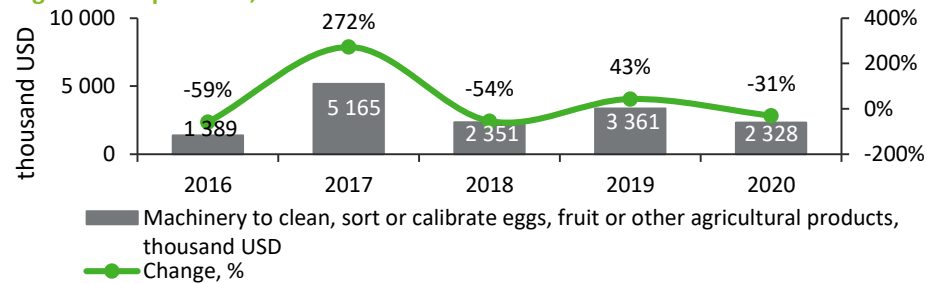
Structure of the import of poultry farm incubators and brooders in 2020



Changes in the import of machinery to clean, sort or calibrate eggs, fruit or other agricultural products, tonnes



Changes in the import of machinery to clean, sort or calibrate eggs, fruit or other agricultural products, thousand USD



Structure of the import of machinery to clean, sort or calibrate eggs, fruit or other agricultural products in 2020



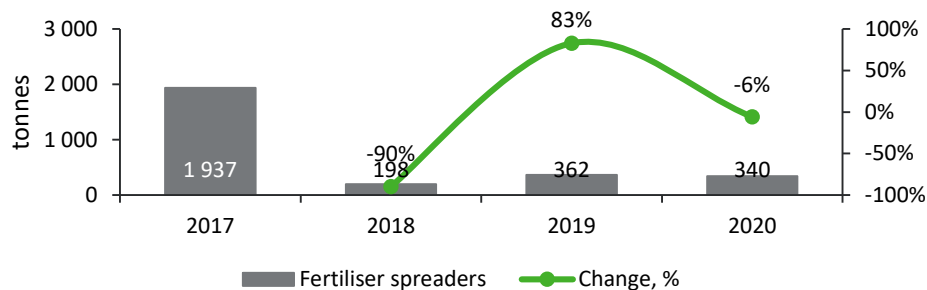
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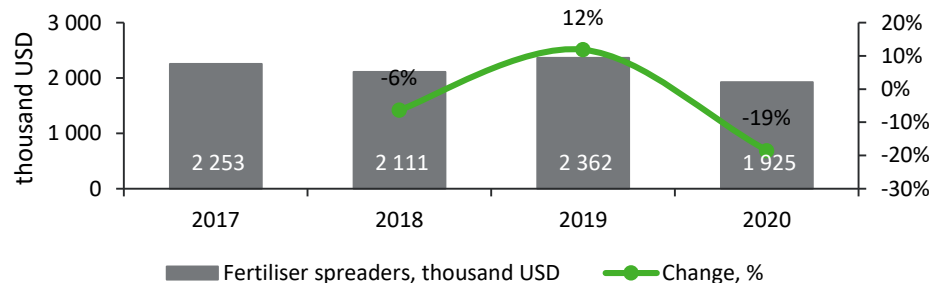
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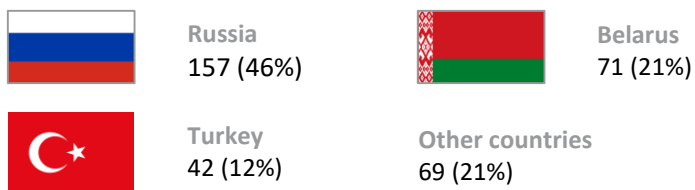
Changes in the import of fertiliser spreaders



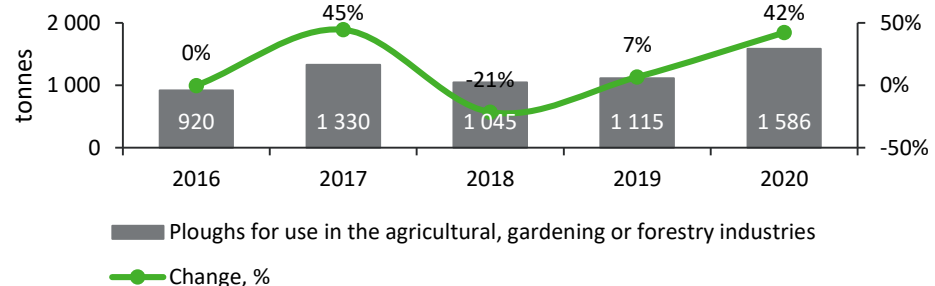
Changes in the import of fertiliser spreaders, thousand USD



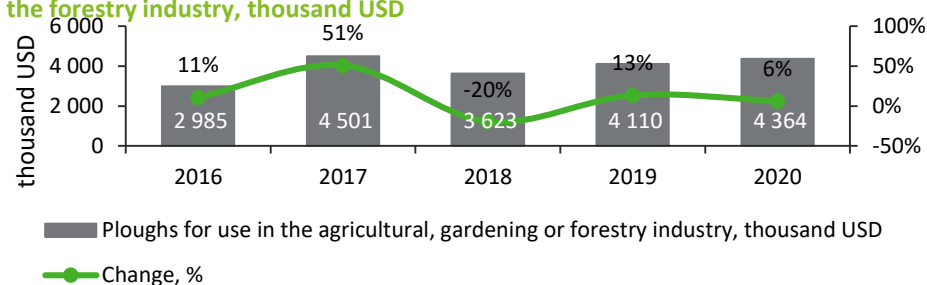
Structure of the import of fertiliser spreaders in 2020



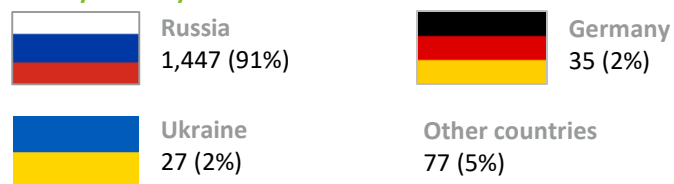
Changes in the import of ploughs for use in the agricultural industry, gardening or the forestry industry, tonnes



Changes in the import of ploughs for use in the agricultural industry, gardening or the forestry industry, thousand USD



Structure of the import of ploughs for use in the agricultural industry, gardening or the forestry industry in 2020



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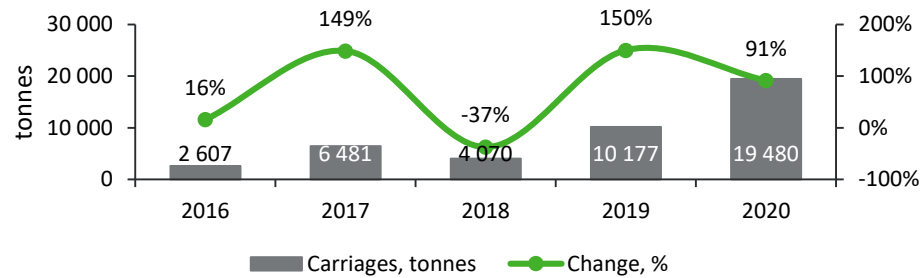
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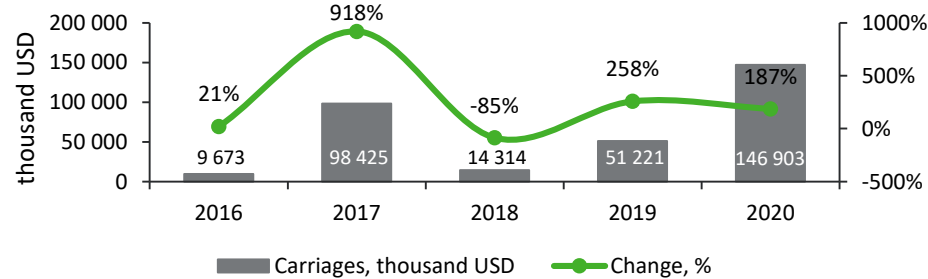
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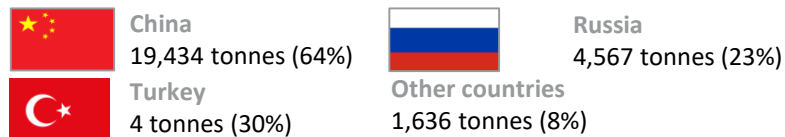
Changes in the import of bodies for tractors and vehicles to transport 10 or more persons, freight transportation vehicles and special-purpose vehicles, tonnes



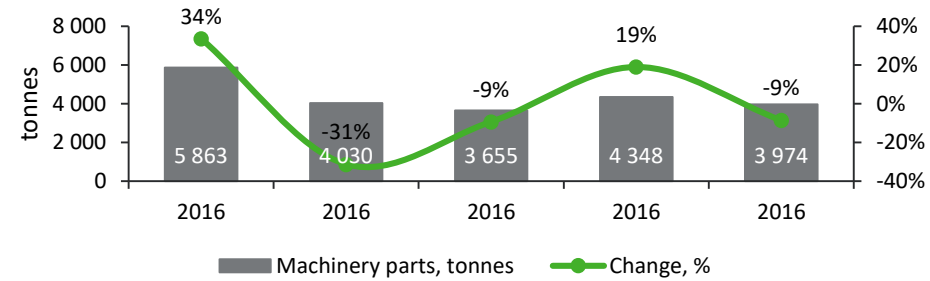
Changes in the import of bodies for tractors and vehicles to transport 10 or more persons, freight transportation vehicles and special-purpose vehicles, thousand USD



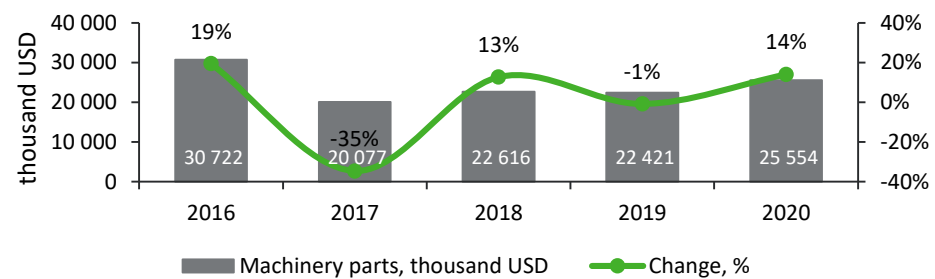
Structure of the import of bodies for tractors and vehicles to transport 10 or more persons, freight transportation vehicles and special-purpose vehicles in 2020



Changes in the import of combine harvester, thresher, mowing machine and agricultural produce cleaning, sorting or calibration machinery, tonnes



Changes in the import of combine harvester, thresher, mowing machine and agricultural produce cleaning, sorting or calibration machinery, thousand USD



Structure of the import of combine harvester, thresher, mowing machine and agricultural produce cleaning, sorting or calibration machinery in 2020



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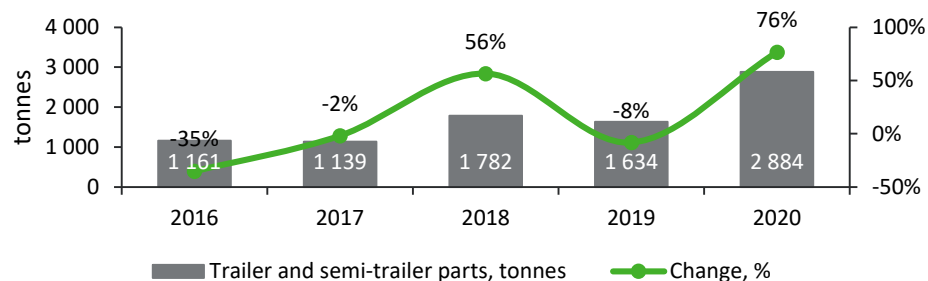
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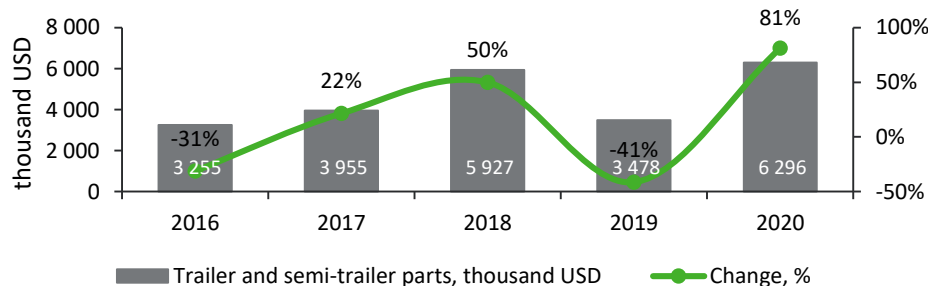
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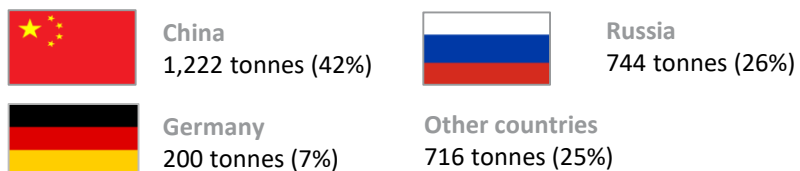
Changes in the import of trailer, semi-trailer and other vehicle parts with no mechanised drive, tonnes



Changes in the import of trailer, semi-trailer and other vehicle parts with no mechanised drive, thousand USD



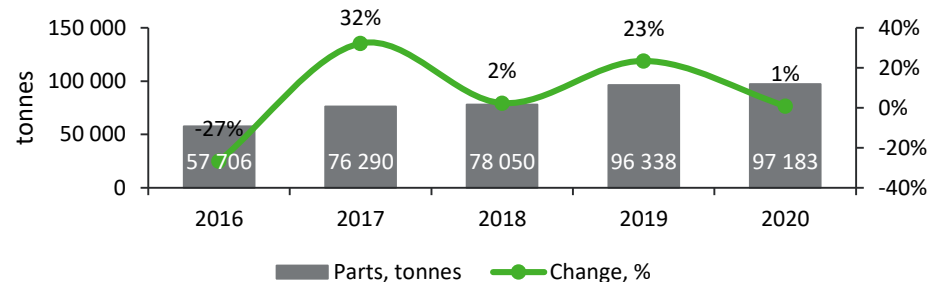
Structure of the import of trailer, semi-trailer and other vehicle parts with no mechanised drive in 2020



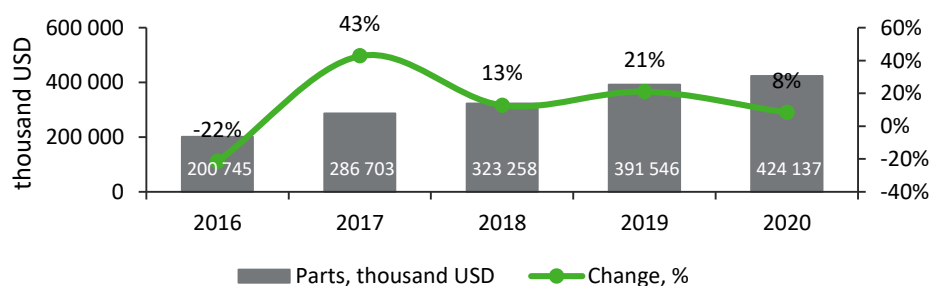
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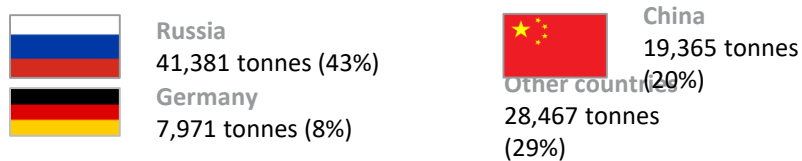
Changes in the import of parts and accessories for tractors, passenger vehicles, freight vehicles and special-purpose vehicles, tonnes



Changes in the import of parts and accessories for tractors, passenger vehicles, freight vehicles and special-purpose vehicles, thousand USD



Structure of the import of parts and accessories for tractors, passenger vehicles, freight vehicles and special-purpose vehicles in 2020



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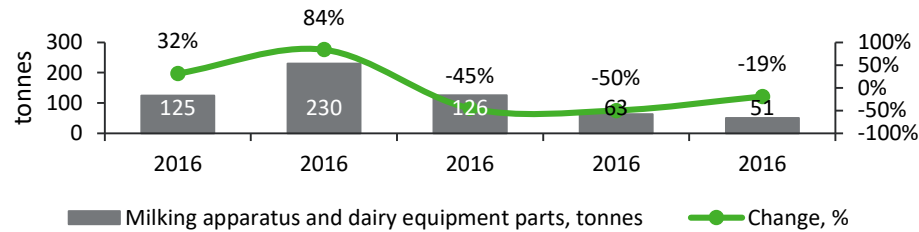
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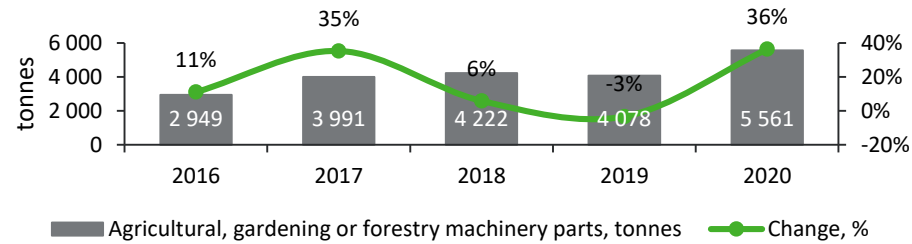
Imports



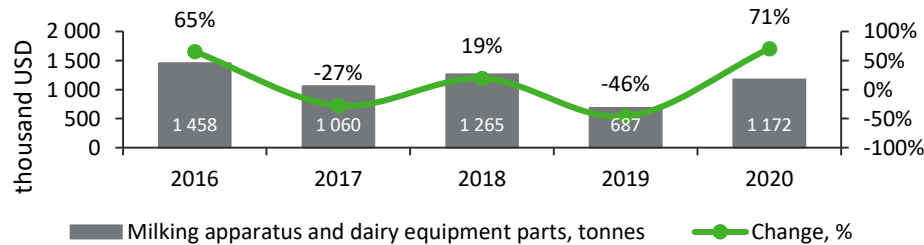
Changes in the import of milking apparatus and dairy equipment parts, tonnes



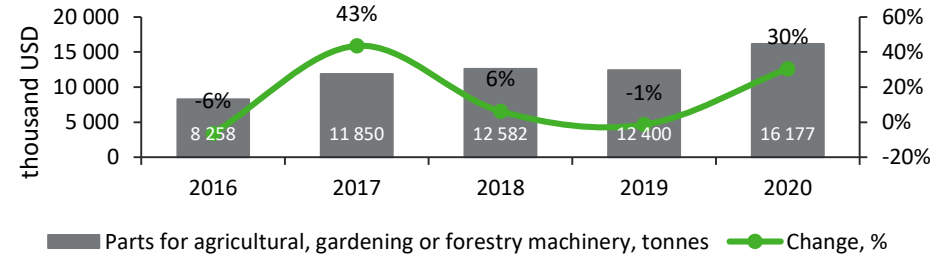
Changes in the import of agricultural, gardening or forestry, or tilling machinery, grass or sport's ground roller parts, tonnes



Changes in the import of milking apparatus and dairy equipment parts, thousand USD



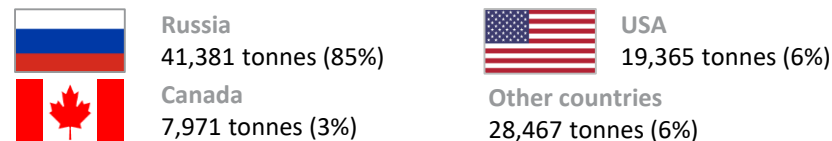
Changes in the import of agricultural, gardening or forestry, or tilling machinery, grass or sport's ground roller parts, thousand USD



Structure of the import of milking apparatus and dairy equipment parts in 2020



Structure of the import of agricultural, gardening or forestry, or tilling machinery, grass or sport's ground roller parts in 2020



Source: TradeMap

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Main competitors among agricultural machinery importers, their advantages



Below is a list of companies-importers of agricultural machinery in the Republic of Kazakhstan, which have a number of advantages in comparison with local companies. The production capacity of foreign manufacturers is significantly higher, which allows you to take advantage of economies of scale in serial production, providing flexibility in pricing. Also, the products of foreign suppliers are carried out under the brand, with a well-developed marketing strategy and an established transport and logistics network.

No.	Company name	Purpose	Brand	Plant location	Product range
Russia					
1.	CLAAS LLC	Agricultural machinery producer. Russian division of the German CLAAS corporation		Krasnodar	Tractors, combine harvesters and feed production machinery
2.	Agko Machinery LLC	Producer and distributor of agricultural machinery and equipment, and spare parts. Russian division of the AGCO corporation		Moscow	Tractors, mowing machines, atomisers and harvesters
3.	John Deere Rus LLC	Agricultural machinery producer and distributor. Russian branch of the John Deere Corporation		Moscow	Tractors, mowing machines, atomisers and harvesters
5.	OJSC Rostelmash	Agricultural machinery developer and producer. Has local production in Russia		Rostov on the Don	Tractors, combine harvesters, mowing and seeding machinery
6.	Agrotechmash LLC	Agricultural machinery producer. Has local production in Russia		Ryazan	Planting, harvesting and sorting machinery
7.	Kirov Plant	Major mechanical engineering and metallurgical holding company comprising over 20 subsidiaries		St. Petersburg	Tractors, drilling machinery, and ice-breaker turbo-generators
8.	JSC Bryanskselmash	Agricultural machinery producer. Has local production in Russia		Bryansk	Harvesters, seeding and feed harvesting machinery

Source: open company sources

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No.	Company name	Purpose	Product brand	Plant location	Product range
Belarus					
9.	MTZ-Holding	Tractor producer. A local producer in Belarus		Minsk	Tractors, detachable equipment and specialised machinery
10.	OJSC Bobruiskselmash	Agricultural machinery producer. A local producer in Belarus		Bobruisk	Tilling machinery, trailers and semi-trailers, mowing machines
11.	Bobruiskagromash LLC	Agricultural machinery producer. A local producer in Belarus		Bobruisk	Harvesters, seeding machines and tilling machinery, trailers
China					
12.	Dongfeng Agricultural Machinery Group Co., Ltd.	Agricultural machinery producer.		Hangzhou	Tractors, combine harvesters, ploughs, and planting machinery
13.	YTO Group Corporation	Leading agricultural and construction machinery producer in China		Luoyang	Planting, harvesting and soring machinery
Ukraine					
14.	Veles-Agro LLC	Tilling machinery and spare part producer. A local producer in Ukraine		Odessa	Harrows, ploughs, seeding machines, cultivators and threshers
Turkey					
15.	Metkarsan	Agricultural machinery producer. A local producer in Turkey		Konya	Mowing machines, harrows, feed mixers and cultivators

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Potential product import substitution in Kazakhstan (1/2)

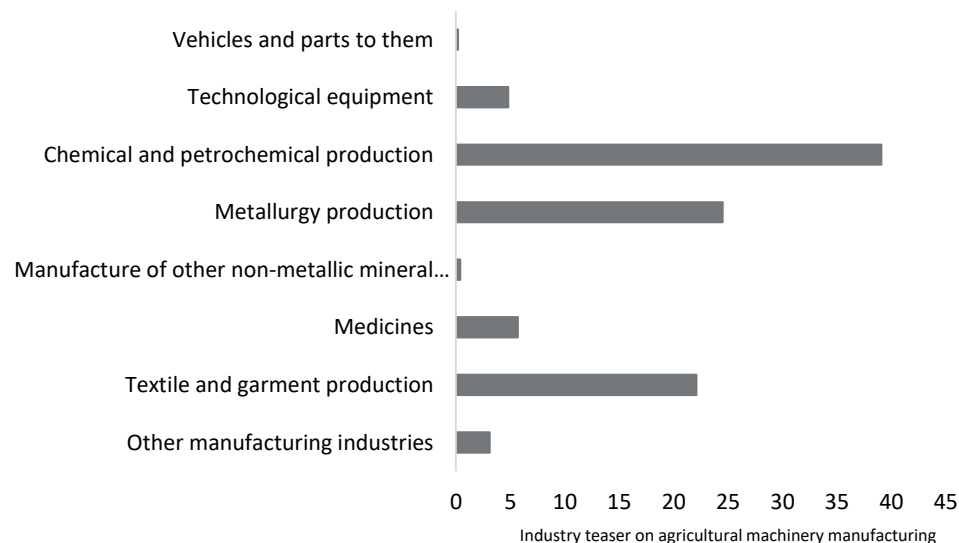


Exports and imports by commodity group in 2019*, million USD

Index	Exports	Imports	Net position
Fuel and energy	37,580.7	819.2	36,761.5
Metals and metal items	6,529.3	2,262.8	4,266.5
Agricultural products and food	1,700.7	248.2	1,452.6
Precious metals and jewellery	2,643.8	1,815.2	828.6
Animal hides and furs	534.1	36.7	497.4
Timber and paper	7	68.6	-61.6
Building materials	55.7	265.6	-209.9
Furniture, interiors and exteriors	26.3	241.6	-215.3
Footwear and haberdashery	4.6	272.8	-268.2
Textiles	133.4	906	-772.6
Chemical products	1,770.9	3,286.6	-1,515.7
Machinery and equipment	661.4	13,009.4	-12,348
Other goods	10.3	826.8	-816.2
Total	51,659.3	24,412.1	27,247.6

- In 2019, Kazakhstan was a net mineral, oil and gas product, and metal exporter.
- According to the Damu Fund, total import substitution potential of 18.4 billion USD is broken down as follows:
 - 535.9 million USD of imports with low substitution potential;
 - 2,037.1 million USD with the potential for partial substitution;
 - 16,162.5 million USD with high substitution potential.
- Sectors with high import substitution potential include chemical and petrochemical production, metallurgy, machinery and equipment; textile and clothing products.
- Sectors with partial substitution potential include footwear, haberdashery, timber, paper and paper items. Sectors with low potential include furniture and building materials.

Share in imports proposed for commodity position substitution, %



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Potential product import substitution in Kazakhstan (2/2)



Exports and imports by agricultural machinery type in 2020, thousand USD

Index	Exports	Imports	Net position
Self-loading or self-unloading trailers and semi-trailers	9	4,704	-4,695
Ploughs for use in the agricultural, gardening or forestry industries	12	4,364	-4,352
Mowing machines lawns, parks or sport's grounds	6	1,901	-1,895
Milking apparatus and dairy equipment	41	11,944	-11,903
Harrows	76	7,302	-7,226
Seeding machines	142	31,252	-31,110
Atomisers for the agricultural and gardening industries	10	13,759	-13,749
Total	296	75,226	-74,930

- In 2020, Kazakhstan was a net agricultural machinery importer, importing seeding machines and planters, atomisers for the agricultural and gardening industries, as well as milking apparatus in significant numbers.
- Investment subsidies (compensation of a portion of expenses incurred by agricultural and industrial entities) are available to support agricultural producers, specifically compensation of 25% of the cost of agricultural machinery, machinery and equipment.
- According to the Ministry of Agriculture, the majority of subsidies to “purchase agricultural machinery” are used to purchase imported machinery. In other words, current subsidies are used to support the agricultural vehicle industry in other countries.
- According to Ministry of Agriculture plans, base subsidies should be increased by 2025 to update agricultural machinery levels from 4% to 6%.
- Local agricultural and forestry tractor production covers only 16% of demand, plough and disc harrow production – 3%, which is explained by the critical level of depreciation in the agricultural machinery fleet. Thus, the potential for mechanical engineering in Kazakhstan, which is formed exclusively at the expense of import substitution, is sufficiently high. The sector’s organic growth is a limiting factor for the required technical re-equipment of the agricultural sector, the need to adopt effective, comprehensive measures to form a fully-fledged innovative and industrial foundation for mechanical engineering in Kazakhstan.

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Agricultural machinery exports



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Exports



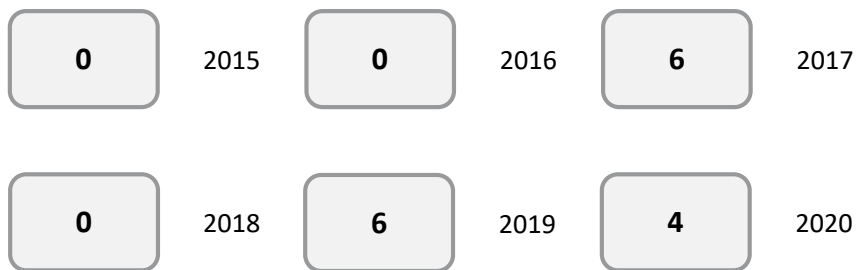
Agricultural machinery exports from Kazakhstan are insignificant.

The main types of agricultural machinery exports as at 2020 are seeding and planting machines (142 thousand USD). The main agricultural machinery importers from Kazakhstan are Russia, Uzbekistan, Belarus and Kyrgyzstan.

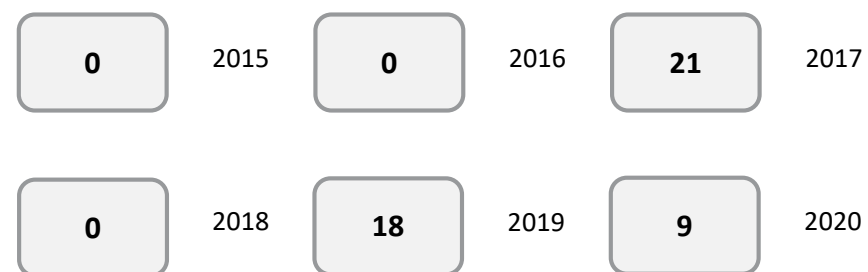
The advantages of Kazakhstan products with respect to their supply overseas:

- Kazakhstan is located in the centre of the Eurasian continent and has good geographical access to major markets in Central Asia, Russia and China, allowing reductions in logistics costs.
- Kazakhstan has good trade relations within the framework of the EAEU with its neighbours such as Armenia, Belarus, Kyrgyzstan and Russia; creating access to neighbouring country markets.

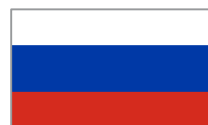
Changes in self-loading or self-unloading agricultural trailer and semi-trailer exports, tonnes



Changes in self-loading or self-unloading agricultural trailer and semi-trailer exports, thousand USD



Structure of self-loading or self-unloading agricultural trailer and semi-trailer exports in 2020



Russia
4 tonnes (100%)

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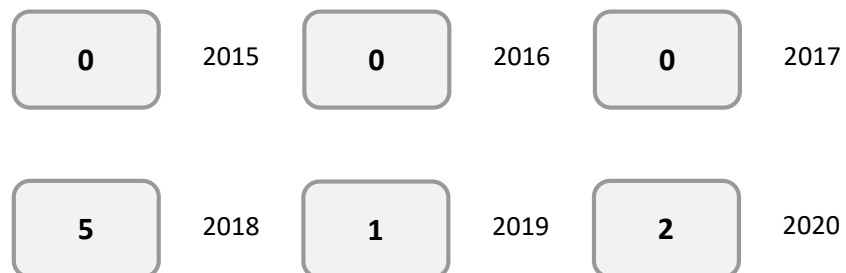
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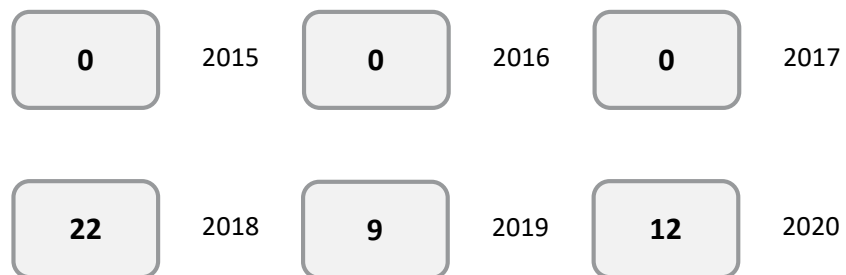
Exports



Changes in the export of ploughs for use in the agricultural industry, gardening or the forestry industry, tonnes



Changes in the export of ploughs for use in the agricultural industry, gardening or the forestry industry, thousand USD



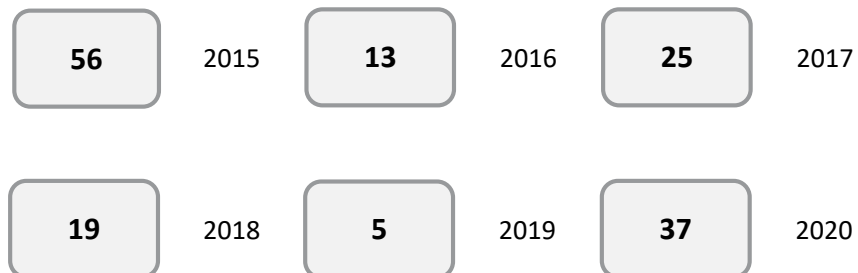
Structure of the export of ploughs for use in the agricultural industry, gardening or the forestry industry in 2020



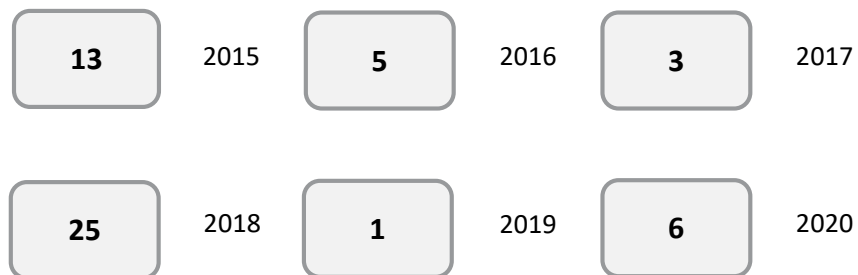
Source: TradeMap

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Changes in lawn, park or sport's ground mowing machine exports, tonnes



Changes in lawn, park or sport's ground mowing machine exports, thousand USD



Structure of lawn, park or sport's ground mowing machine exports in 2020



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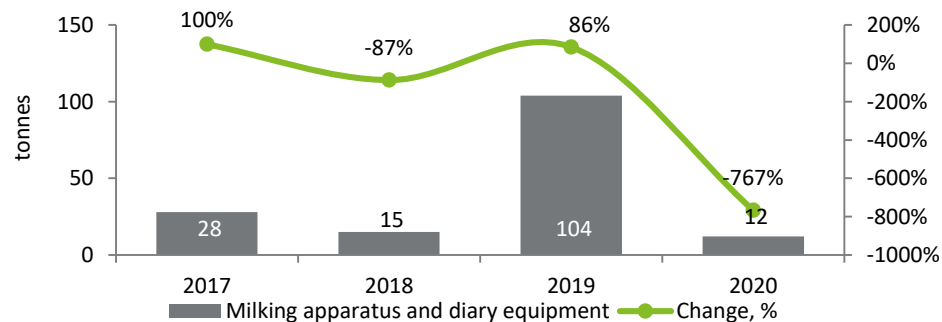
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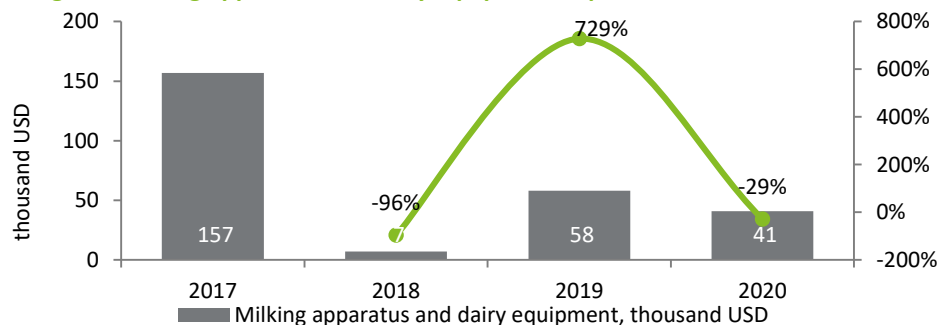
Exports



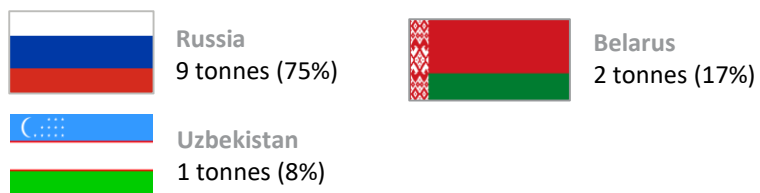
Changes in milking apparatus and dairy equipment exports, tonnes



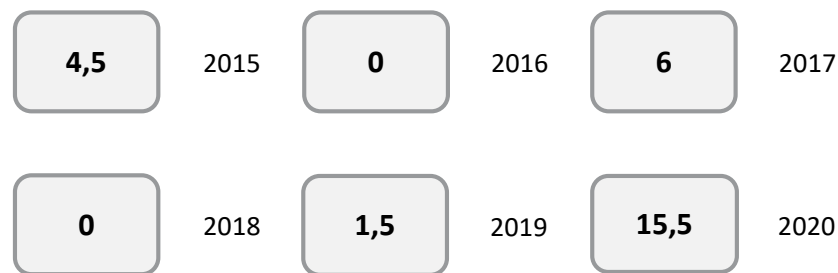
Changes in milking apparatus and dairy equipment exports, thousand USD



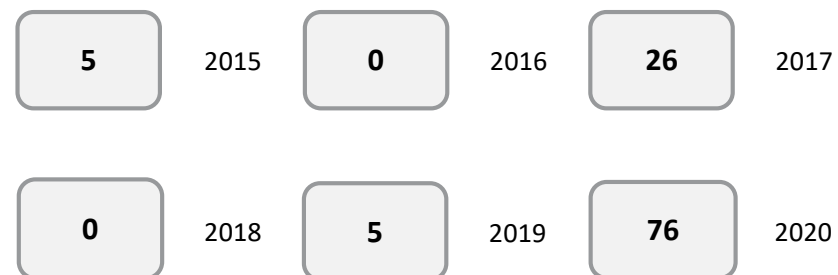
Structure of milking apparatus and dairy equipment exports in 2020



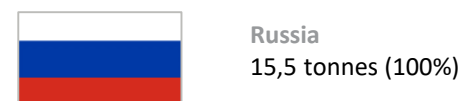
Changes in harrow exports, tonnes



Changes harrow exports, thousand USD



Structure of harrow exports in 2020



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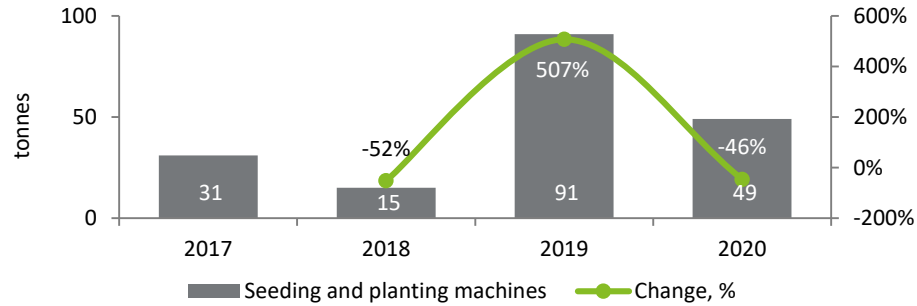
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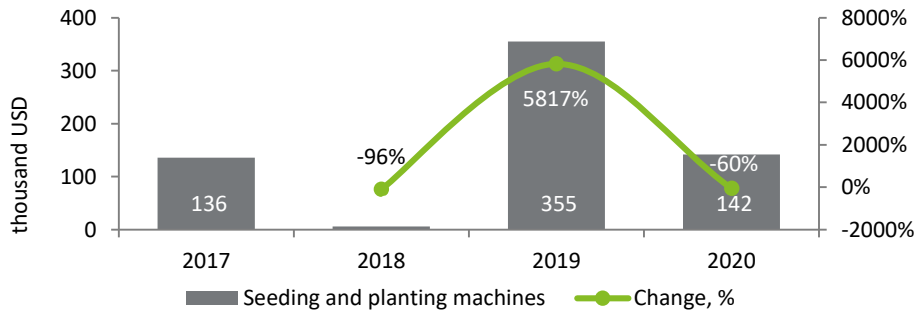
Exports



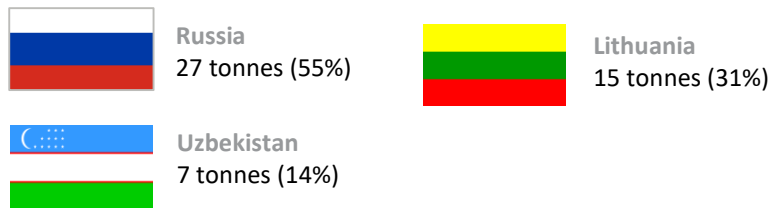
Changes in seeding and planting machine exports, tonnes



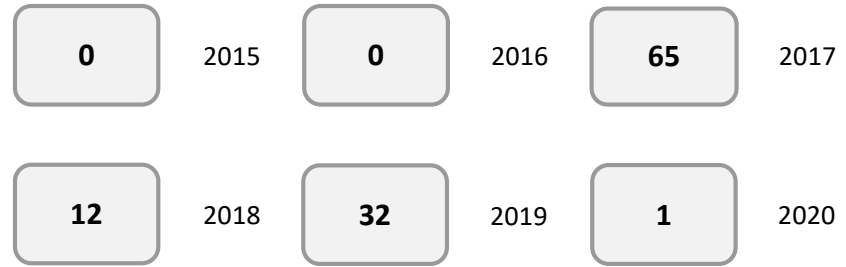
Changes in seeding and planting machine exports, thousand USD



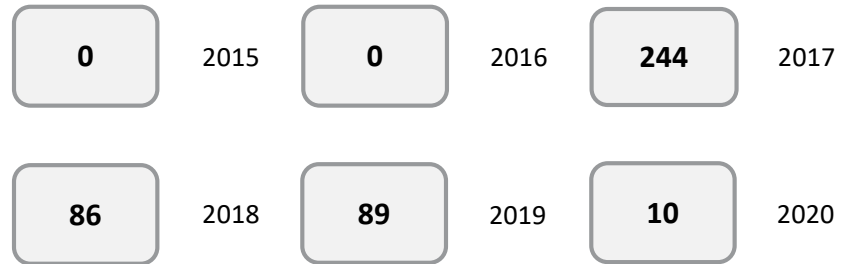
Structure of seeding and planting machine exports in 2020



Changes in agricultural or gardening atomiser exports, tonnes



Changes in agricultural or gardening atomiser exports, thousand USD



Structure of agricultural or gardening atomiser exports in 2020



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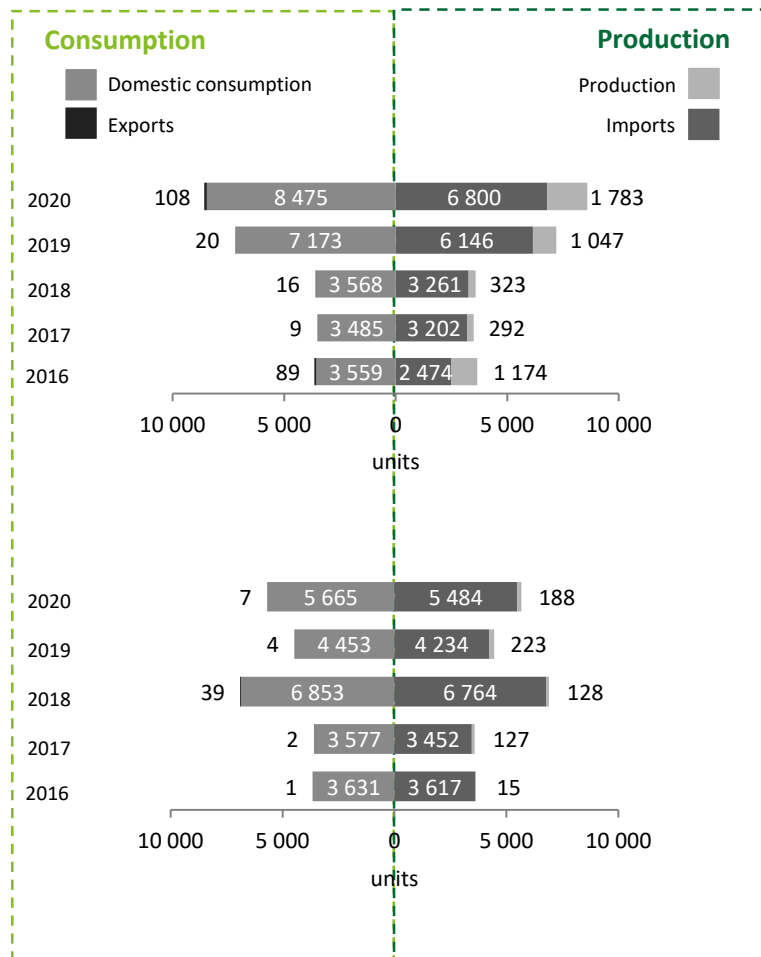
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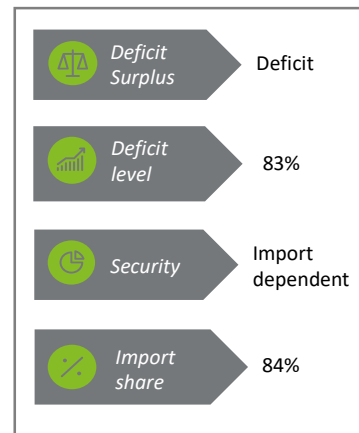
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Agricultural and forestry tractors, caterpillar-track tractors

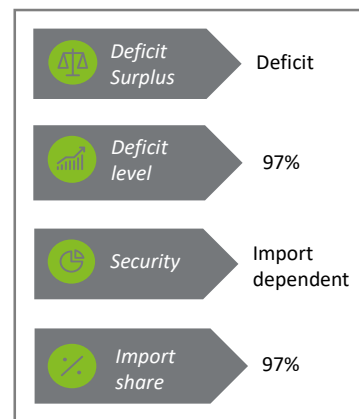


Agricultural and forestry tractors and caterpillar-track tractors



- Agricultural and forestry industry and caterpillar-track tractors are in **extreme deficit** in Kazakhstan as domestic production does not cover demand. In 2020, Kazakhstan produced 1,783 agricultural and forestry industry and caterpillar-track tractors, while domestic consumption was at 8,475 units.
- Given the current domestic production specialisation and in the event of the introduction of state policy aimed at rationalising the import of goods and services by stimulating domestic producers of similar goods, and creating new production enterprises in the country, potential import substitution is comparable with imports. The niche is attractive for investors.

Ploughs and disc harrows



- In 2016-2020, the plough and disc harrow market was in **extreme deficit** as domestic production did not meet domestic demand.
- Given the current domestic production specialisation and in the event of the introduction of state policy aimed at rationalising the import of goods and services by stimulating domestic producers of similar goods, and creating new production enterprises in the country, potential import plough and disc harrow substitution is comparable with imports. The niche is attractive for investors.
- Production is **highly import dependent**. In the last five years, the average share of imports was 97%.

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Other types of agricultural machinery



Balance of production and consumption in 2020

	Seeders, planters and seedling machines	Plows	Combine harvesters	Straw or hay presses, including balers
Production	197	166	924	748
Domestic consumption	1,619	395	1,182	1,001
Import	487	393	82	746
Export	46	2	29	52
Import share	30.1%	99.5%	6.9%	74.5%
Sufficiency	Dependence on imports	Dependence on imports	Low dependence on imports	Dependence on imports
Deficit/surplus	88%	58%	22%	25%
Level	Deficit	Deficit	Deficit	Deficit

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Domestic prices and competing country prices



Agricultural machinery prices are not regulated by the state. The key factor in the pricing of these products is the cost of raw materials (products of ferrous and non-ferrous metallurgy, glass, utilities)

Prices for agricultural tractors in Kazakhstan as at October 2021, thousand USD

Producer, capacity	Price
YTO Group Corporation, 90 hp	26
MTZ-holding, 90 hp	27
Catmann, 90 hp	28
CLAAS Arion, 175 hp	33
John Deere, 215-320 hp	78
Bryansk Tractor Plant, 180 hp	85



Prices for agricultural tractors in Russia as at October 2021, thousand USD

Producer, capacity	Price
MTZ-holding, 95 hp	30
John Deere, 215-320 hp	71
Xingtai, 50 hp	12
Foton Lovol Heavy Industry Co Ltd, 50 hp	22
Bryansk Tractor Plant, 230 hp	82
LS Mtron, 47 hp	47

Prices for agricultural tractors in Belarus as at October 2021, thousand USD

Producer, capacity	Price
Catmann, 65 hp	14
Kentavr, 28 hp	8
MTZ-holding, 90 hp	26
Dongfeng, 24 hp	13

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Harrow prices in Kazakhstan as at October 2021, thousand USD

Producer, width	Price
Radogost-Mash LLC, disc, 8 m	16
Agrocentre LLC, tooth, 9 m	3
CJSC Didselmash, disc, 7 m	9
KRMZ LLP, disc, 3 m	4
Kazakhstan Agro Innovation Corporation, disc, 6 m	18
TselinAgro LLP, disc, 1.5 m	3

Harrow prices in Russia as at October 2021, thousand USD

Producer, width	Price
Agrotech, rotation, 6.5 m	4
Artaius, disc, 2.4 m	3
Agrotechkomplekt, disc, 2.8 m	4
Agrosphera, disc, 3 m	2
Donagromash, disc 4 m	7
BD<-Agro, disc 2.4 m	5



Harrow prices in Belarus as at October 2021, thousand USD

Producer, width	Price
Lidagroprommash, disc, 2.5 m	4
MTZ-holding, disc, 2 m	3
OJSC Lidselmash, disc, 3.3 m	5

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Prices for agricultural trailers and semi-trailers in Kazakhstan as at October 2021, thousand USD

Producer, loading capacity and volume capacity	Price
Grunwald, 34 m ³	39
JSC PK Yaroslavich, 23 m ³	18
Maral Trailer, 40 tonnes, 24 m ³	27
Tong Ya, 30 tonnes	27
MAZ, 20 tonnes, 21 m ³	33
Donat trailer, 12 tonnes	22



Prices for agricultural trailers and semi-trailers in Russia as at October 2021, thousand USD

Producer, loading capacity and volume capacity	Price
Agroldeya LLC, 6 tonnes, 7 m ³	5
OJSC MordovAgroMash, 12 tonnes	14
JSC IE Yaroslavich, 12 tonnes, 23 m ³	20
Tonar Mechanical Engineering Plant LLC, 28 tonnes, 35.7 m ³	28
MAZ, 25 tonnes, 11 m ³	18
Megapolis Production Enterprise LLC, 6.5 tonnes	12

Prices for agricultural trailers and semi-trailers in Belarus as at October 2021, thousand USD

Producer, loading capacity and volume capacity	Price
OJSC Spetsavtotehnika, 3 tonnes	8
OJSC OrshaAgroPrommash, 6 tonnes, 6 m ³	6
Torgtechmash Production Enterprise, 17 tonnes, 21 m ³	43
IIS Plus LLC, 12 tonnes, 9 m ³	10
OJSC Bobruiskagromash, 9.5 tonnes, 10.5 m ³	6
OJSC Bobruiskselmash, 8 tonnes, 9.5 m ³	9

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Prices for mowing machines in Kazakhstan as at October 2021, thousand USD

Producer, width	Price
Patriot, 0.8 m	0.3
Lisicki, 1.65 m	1.3
Wirax, 1.86 m	2.0
Metkarsan, 1.45 m	1.6
OJSC Rostelmash, 2.4 m	5.2
OJSC Bobruiskagromash, 2.1 m	3.5

Prices for mowing machines in Russia as at October 2021, thousand USD

Producer, width	Price
Caiman, 1.3 m	5
Wirax, 1.3 m	1
Agrolead, 1.85 m	2
Lisicki, 1.65 m	1
Husqvarna, 1 m	2
Уралец, 1.3 m	1



Prices for mowing machines in Belarus as at October 2021, thousand USD

Producer, width	Price
Lisicki, 1.65 m	2
Pronar, 4.9 m	11
Sipma, 2.8 m	10
OJSC Rostelmash, 2.4 m	5
Zariya, 0.8 m	0.3
Kentavr, 0.8 m	0.4

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Prices for milking apparatus in Kazakhstan as at October 2021, thousand USD

Producer	Price
Lukas	0.6
Corner Machinery	0.6
Melasty	0.6
Lideragro	0.4
Helper	0.5
Zorka	0.3



Prices for milking apparatus in Russia as at October 2021, thousand USD

Producer	Price
Smart	0.3
Melasty	0.7
Agrotechnika Institute	0.3
Arden	0.3
Telsar	0.3
JSC Chekno-Vershin Mechanical Engineering Plant	0.4

Prices for milking apparatus in Belarus as at October 2021, thousand USD

Producer	Price
Uralspetsmash LLC	0.3
Melasty	0.7
NP CJSC Elektromash	0.1
Extraservice LLC	0.7
OJSC Gomel Motor Repair Plant	0.4
Elektromotor	0.3

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Domestic prices and competing country prices



Prices for ploughs in Kazakhstan as at October 2021, thousand USD

Producer, width	Price
Zemmash Zapchast LLC, 1.05 m	1.7
MTZ-holding, 1.4 m	1.5
TD AgroMashTrade LLC, 3.2 m	8.1
Veles-Agro LLC, 1.8 m	3.6
RosTechAgro, 1.57 m	1.8
Optikon Plant LLC, 1.8 m	7.0

Prices for ploughs in Russia as at October 2021, thousand USD

Producer, width	Price
JSC Gryazin Cultivator Plant, 2.2 m	10.5
Wirax, 0.3 m	1.9
NPO SUR LLC, 6 m	8.0
Kerland, 0.35 m	0.6
Remsintex Plant, 0.6 m	3.7
Uralets, 0.6 m	1.0



Prices for ploughs in Belarus as at October 2021, thousand USD

Producer, width	Price
Kerland, 0.75 m	1.1
Uralets, 0.6 m	0.2
Unia, variable	23.7
Wirax, 0.5 m	0.7
OJSC Orshaagroprommash, 1.6 m	3.3
OJSC Lidselmash, 0.9 m	0.6

Source: open sources
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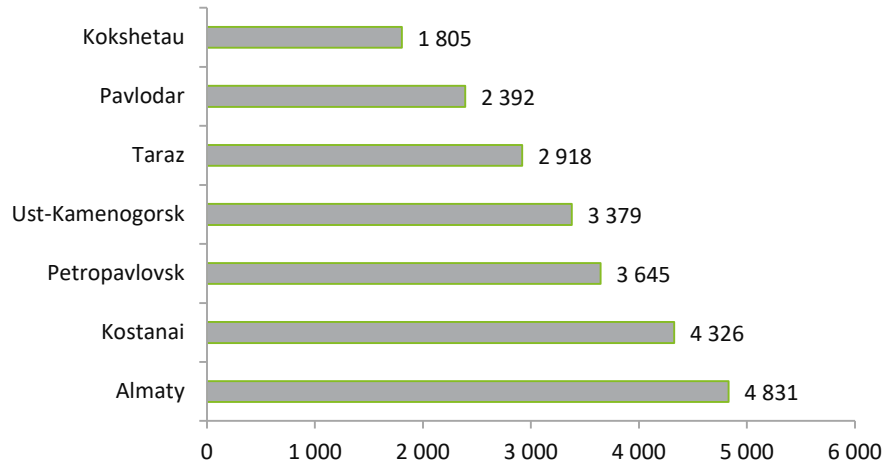
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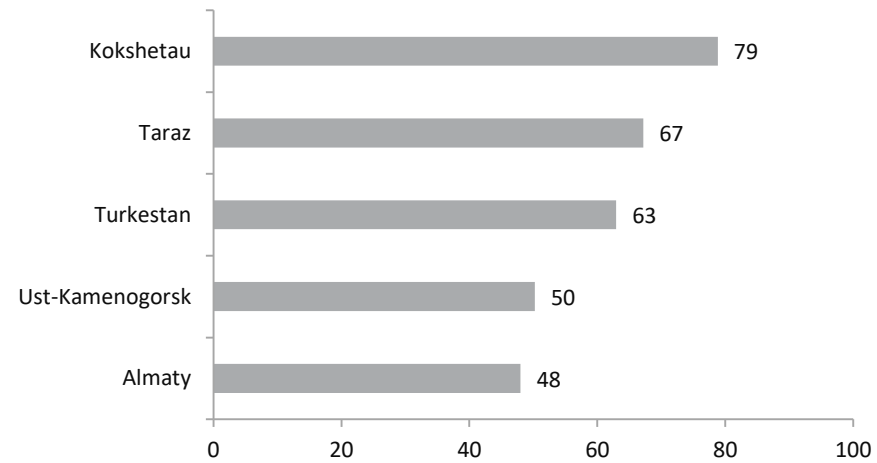
State regulation of utilities tariffs



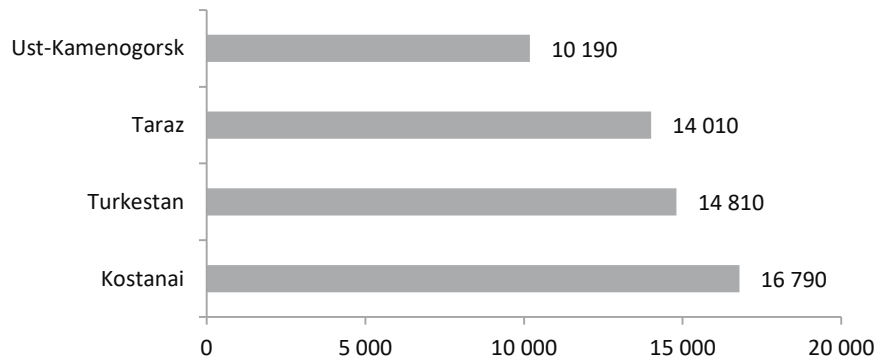
Thermal power price across Kazakhstan in June 2021, tenge/Gcal



Cold water cost across Kazakhstan in June 2021, tenge/Gcal



Electricity price across Kazakhstan in June 202, tenge/1,000 KWH



- Kazakhstan operates a state tariff policy for natural monopolies, and has also introduced state price regulation and controls for compliance with pricing procedures and obligations of entities on socially significant markets. Communal services are subject to tariff regulation.
- As at June 2021, the average price per Gcal of thermal power in Kazakhstan was 3,381 tenge.
- In June 2021, the average price per 1,000 KWH of electricity was 12,710 tenge, while the price per m³ of cold water was 77 tenge.

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Sector support within the framework of the National Project for Agriculture Industry Development



Draft Government Resolution *On the Approval of a National Project to Development the Agriculture Industry of the Republic of Kazakhstan in 2021-2025*

Project goals:

- **Increase productivity by 250%.** The new economic policy is universal economic pragmatism built on principles of profitability, a return on investment and competitiveness. Knowledge and professional skills are key benchmarks in the modern staff training and retraining system.
- **Double the export of processed agriculture industry product.** The output of raw materials onto international markets has to be sped up as much as possible to prevent destabilisation following a new financial crash. The main Kazakhstan importers may significantly reduce their procurement of raw materials, while prices may fall drastically. An advanced strategy will accumulate funds before market destabilisation that the country can then use to ride a potential global crisis.
- **Introduce 350 thousand farms and households into the ecosystem.** Expand trading cooperation, and promote and protect national interest through active participation in international integrated associations; create favourable conditions for promoting Kazakhstan products; build a diversified and innovative economy and reform the agriculture industry to help it adapt to new conditions.
- **Create 70 thousand family farms.** Expand the opportunities to grow and develop small and medium-sized enterprises; and introduce new approaches to attracting investment.

- **Saturate the domestic market with food products (including socially significant food products) to a level of 80%.** Build a diversified and innovative economy.
- **Ensure a stable income for over 1 million rural residents.** Balance the regulation of entrepreneurial activities.
- **Provide jobs for up to 500 thousand people in rural communities.** Create a health and competitive environment.

Project financing, mln USD

Index	2021	2022	2023	2024	2025
National budget	1,516	2,311	2,463	2,642	2,719
Total	1,516	2,311	2,463	2,642	2,719

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Programme for accepting non-operational powered agricultural machinery



- In Kazakhstan, EPR Operator launched a programme to accept non-operational powered agricultural machinery in exchange for discount certificates.
- Old agricultural machinery is accepted in 11 regions: the cities of Petropavlovsk, Kostanai, Pavlodar, Kokshetau, Karaganda, Taldykorgan, Semey, Shymkent, Kyzylorda, Taraz, Almaty and Aktobe.
- Combine harvesters are currently recycled in the cities of Petropavlovsk, Kostanai and Kokshetau.
- Discount certificates are valued between 1.4 and 4.8 thous. US\$ depending on the type and configuration of powered agricultural machinery.
- Discount certificates can be used to purchase new agricultural machinery produced in Kazakhstan or to purchase small, freight and passenger vehicles produced in Kazakhstan.

Programme conditions

Index	Configuration	Discount certificate value
Combine harvesters (weight over 50% of factory mass)	<ul style="list-style-type: none"> - combine harvesters; - transmission (drive axle, gearbox, rear axle); - engine; - body; - bunker. 	4.8 thous. US\$ (full configuration)
Combine harvesters (weight up to 50% of factory mass)	<ul style="list-style-type: none"> - cabin; - transmission (drive axle, gearbox, rear axle); - body; - bunker. 	3.6 thous. US\$ (incomplete configuration)
Tractors (weight over 50% of factory mass)	<ul style="list-style-type: none"> - cabin; - engine; - transmission (half-frame, gearbox, rear axle, if a front axle exists). 	2.4 thous. US\$ (full configuration)
Tractors (weight up to 50% of factory mass)	<ul style="list-style-type: none"> - cabin; - transmission (half-frame, gearbox, rear axle, if a front axle exists). 	1.4 thous. US\$ (incomplete configuration)

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Vehicles and agricultural machinery whose sale is exempt from VAT



Subpoint 38) of article 394 of Minister of Investment and Development Order No. 138 dated 27 February 2018 approves a list of vehicles and agricultural machinery whose sale is exempt from VAT.

Vehicles and agricultural machinery whose sale is exempt from VAT

No.	Index	EAEU FEA CN
1.	Mechanised devices (manually operated or not) to project, sprinkle or diffuse fluid or powders; loaded or unloaded fire extinguishers; atomisers and similar devices; steam-jet or sand-jet and similar throwing devices; atomisers for the agricultural or gardening industries: various; for the agriculture or gardening industries	84 24 49, 84 24 82
2.	Various types of lifting, moving, loading or unloading machinery and devices (for example, elevators, escalators, conveyors, cable cars): miscellaneous equipment: loading devices specially developed for use in the agricultural industry: developed to be loaded onto agricultural tractors	84 28 90 71 00
3.	Powered bulldozers with straight and angled blades, graders, land levellers, scrapers, mechanical shovels, diggers, tractor loaders, pounding machines and road rollers	84 29
4.	Agricultural, gardening or forestry industry machinery used to prepare and process soil; lawn or sport's ground rollers	84 32
5.	Machinery or mechanisms to harvest or thresh crops, including balers, hay bailers; hay mowing machines or lawn mowing machines; machinery to clean, sort or calibrate eggs, fruit or other agricultural produce, except for commercial position 8437	84 33
6.	Machinery and mechanical devices with individual functions, not mentioned or included in other groups	84 79 89 97 08
7.	Tractors (except for tractors in commercial position 8709)	87 01
8.	Motorised vehicles used to transport 10 persons or more, including the driver	87 02
9.	Passenger and miscellaneous motor vehicles used predominantly to transport people (except for vehicles in commercial position 8702), including freight and passenger vehicles and racing vehicles	87 03
10.	Freight transportation vehicles	87 04
11.	Special-purpose motor vehicles (for example, freight and emergency vehicles, motorised cranes, fire vehicles, motorised concrete mixers, road laying vehicles, road washers, vehicle workshops, x-ray vehicles), except for those used to transport passengers or freight	87 05
12.	Undercarriages with engines used in vehicles in commodity positions 8701-8705	87 06
13.	Motor cycles (including mopeds) and bicycles with an auxiliary engine, with sidecars or without; carriages	87 11
14.	Trailers and semi-trailers; miscellaneous non-powered vehicles; parts	87 16

Source: adilet.zan.kz

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Industry teaser on agricultural machinery manufacturing

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Ken Dala Programme



Programme overview

- Halyk Bank has launched a cheap lending programme for agricultural entities as part of the “Ken Dala” agricultural lending corporation programme (state company providing funding to agricultural entities in Kazakhstan).
- The programme has given agricultural producers the opportunity to raise loans at reduced rates for spring and harvesting work.
- The programme has no strict collateral rules. Farmers are offered flexible loan repayment terms that take seasonality into consideration.

• Programme conditions



Up to 12 months;



5% (AERR from 5.2%);



No sector restrictions.

Programme conditions

Index	Overview
Target audience	Agricultural entities
Loan purpose	Replenishment of funds to perform spring field and harvest work
Currency	Tenge
Maximum limit	Calculated according to standard production costs ha for basic agricultural crop cultivation costs
Financial instrument period	Up to 12 months
Interest rate	Up to 5% (AERR from 5.2%)

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Rules for Reimbursement of a part of the expenses incurred by an agro-industrial complex entity, in the context of investments



Order Acting Minister of Agriculture of the Republic of Kazakhstan dated July 23, 2018 № 317.

The main purpose of subsidizing for reimbursement of part of costs incurred by a subject of agro-industrial complex while investing is to increase the availability of goods, works and services as part of implementation of investment projects in priority areas (sectors) of agro-industrial complex by reducing capital intensity and increasing the return on investment.

Basic conditions of investment subsidies

- Investment subsidies are carried out according to the project passports and are made at the place of implementation of the investment project.
- Investment subsidies are provided for investment projects put into operation no earlier than two years before the year of filing an electronic/paper application. New, previously unused equipment, machinery or equipment is subject to subsidies:
 - 1) purchased not earlier than 24 (twenty four) months before the date of putting the investment project into operation;
 - 2) a year of issue not earlier than 36 (thirty six) months before the date of putting the investment project into operation.
- If, according to the project passports, it is planned to purchase only machinery, machinery and/or equipment, then machinery, machinery and/or equipment purchased no earlier than 3 (three) years prior to the year of application submission are subject to subsidies.
- Confirmation of purchased goods, works and services by electronic invoices is carried out through the information system of electronic invoices. Expenses incurred before January 1, 2020 are confirmed by paper invoices.

List of project passports related to agricultural industry

No.	Index
1.	Purchase agricultural machinery, machinery and equipment
1.1	Purchase agricultural machinery in demand
2.	Purchase selection and seed cultivation machinery and equipment
3.	Purchase seed cleaning and sorting equipment
9.	Purchase silk storage receipt centre equipment
19.	Purchase machinery and equipment to process up to 50/tonnes of bird droppings per day
33.	Purchase agro-chemical laboratory equipment to analyse soil

Source: adilet.zan.kz, subsidies.qoldau.kz

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Subsidies for the purchase of agricultural machinery

Name and technical characteristics of machinery and equipment	Maximum allowable cost for calculating subsidies per unit of machinery/equipment/ running meter, USD	
	Models of production of the Republic of Kazakhstan, the CIS, the PRC, Ukraine	Models of production in Asia, Europe, America
Tractor (wheeled/crawler)		
with a capacity of 90 - 130 horsepower	28,428	38,290
with a capacity of 131 - 210 horsepower	52,794	120,962
with a capacity of 211 - 350 horsepower	130,535	208,855
with a capacity of 351 horsepower	153,741	295,879
Combine harvester		
with a capacity of 201 - 230 horsepower	121,832	162,443
with a capacity of 231 - 279 horsepower	133,435	229,161
with a capacity of 280 - 370 horsepower	162,443	269,772
with a capacity from 371 horsepower	211,756	316,184
Forage harvester	124,733	429,314

*including those produced on the territory of the Republic of Kazakhstan, the CIS, the PRC, Ukraine

Statistics on subsidy passports**, December 2021

Indicators	Subsidies granted, mln USD	Submitted applications, mln USD	Submitted applications, pcs	Sum of investments without VAT, mln USD	Paid applications, mln USD
1. "Acquisition of agricultural machinery, equipment"	138	133	20 186	674	111
1.1 "Acquisition of agricultural equipment in demand"	25	25	1 281	85	17
3. "Acquisition of seed cleaning and sorting equipment"	0.3	0.3	4	1.0	0.2
19. "Acquisition of machinery and equipment for processing chicken manure with the capacity of 50 tons per day"	0.1	0.1	2	0.5	0.1

** There is no data on subsidies for projects 2, 9 and 33

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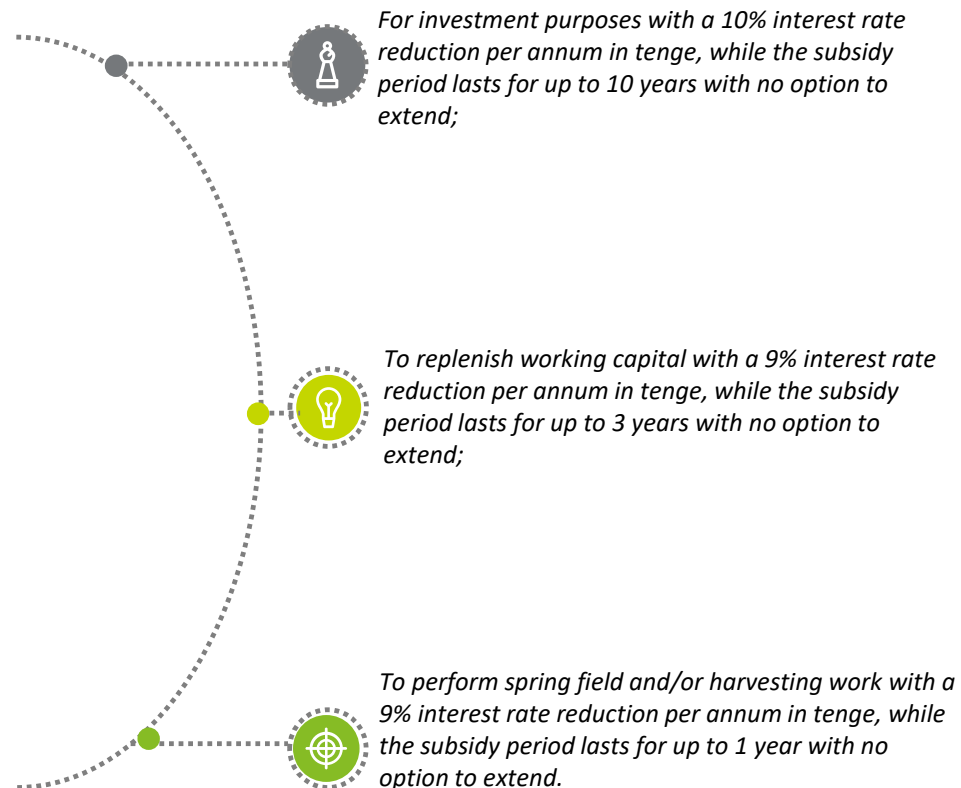
Rules for subsidising interest on agricultural sector entity lending, and leases to purchase farm animals, agricultural machinery and technical equipment



Loan agreements are subsidised for the following purposes:

1. To purchase agricultural machinery, including detachable and trailer equipment, and also to purchase farm animals, to purchase fixed assets, and for construction purposes (except for loans to purchase fixed assets to produce flour, mineral water and alcohol-free beverages) according to the following standards stipulating reduced interest rates:
 - by 10% per annum in tenge;
 - by 8% per annum in Russian Roubles;
 - by 2% per annum in other currencies.
2. To replenish working capital required for the production process according to the following standards stipulating reduced interest rates:
 - by 7% per annum in tenge;
 - by 4% per annum in Russian Roubles;
 - by 1% per annum in other currencies.
3. For loans provided to perform spring field and harvesting work:
 - by 9% per annum in tenge;
 - by 7% per annum in Russian Roubles;
 - by 2% per annum in other currencies.

Interest rates in loan agreements provided by financial institutions within the framework of the mechanism for financing priority projects are subsidised:



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Sector support from the Entrepreneurial Code



Entities realising or planning to realise investment projects with respect to priority activities according to Government Resolution No. 13 dated 14 January 2016 may receive state support stipulated by the Entrepreneurial Code and a number of state programmes

Types of state support stipulated in the Kazakhstan Entrepreneurial Code

The Entrepreneurial Code provides for investment concessions based on investment project classification.

Investment project

- Customs duty exemptions
- State grants
- Import VAT exemptions
- Investment subsidies

Priority activities to implement investment projects within the framework of the Entrepreneurial Code

Section	Group name	Class or subclass
28.3	Production machinery and equipment not in other categories	Production agricultural and forestry machinery

Priority investment project (create new production)

- Customs duty exemptions
- State grants
- CIT exemptions

Investment project

- Customs duty exemptions
- State grants
- Import VAT exemptions

Special investment project

- Customs duty exemptions
- Import VAT exemptions

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Conditions for concluding an agreement on industrial assembly of agricultural machinery with legal entities of the Republic of Kazakhstan



Order of the Minister of Investment and Development of the Republic of Kazakhstan dated April 2, 2018 No. 213.
The agreement is concluded with the manufacturer if fulfills the following conditions:

01

Availability of production facilities for the possibility of producing agricultural machinery per year not less than: 150 units of tractors, combine harvesters and forage harvesters of commodity items 8701, 8433 51 000 9, 8433 59 110 9 EAEU FEA CN, 50 units for seeding complexes of commodity items 8432 31 110 0, 8432 39 110 0, 8432 39 190 0 EAEU FEA CN, 500 units for the rest of agricultural machinery;

02

Availability as of the date of signing the agreement of production assets in the amount of at least 375,000 times (three hundred seventy five thousand times) the size of the monthly calculation index for grain harvesters, forage harvesters, tractors of commodity items EAEU FEA CN 8433 51 000 9, 8433 59 110 9, 8701 and 70,000 times (seventy thousand fold) the size of the monthly calculation index for the rest of agricultural machinery;

03

For agricultural machinery worth less than 32,000-fold (thirty-two thousand times) the size of the monthly calculation index, the performance of technological operations for the production of agricultural machinery;

04

For agricultural machinery worth more than 32,000-fold (thirty-two thousand fold) the size of the monthly calculation index, the fulfillment of obligations for the development of production of agricultural machinery and components for agricultural machinery;

05

Organization of manufacturing operations at the enterprise, including cutting, bending of workpieces, welding, assembly and painting for combine harvesters and forage harvesters, tractors of commodity items EAEU FEA CN 8433 51 000 9, 8433 59 110 9, 8701.

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Preferences under the agreement on industrial assembly of agricultural machinery with legal entities of the Republic of Kazakhstan



 **Order of the Minister of Investment and Development of the Republic of Kazakhstan dated April 2, 2018 No. 213. Receiving benefits and preferences is provided to the manufacturer in the following cases:**

According to the EAEU FEA CN 8433 51 000 9 (combine harvesters):

- a set of at least 21 points, at the time of the conclusion of the agreement and in the second year from the date of the conclusion of the agreement;
- a set of at least 28 points, in the third and fourth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 35 points, in the fifth and sixth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 40 points, in the seventh and subsequent years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement.

According to the EAEU FEA CN 8433 59 110 9 (forage harvesters):

- a set of at least 19 points, at the time of the conclusion of the agreement and in the second year after the conclusion of the agreement;
- a set of at least 24 points, in the third and fourth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 28 points, in the fifth, sixth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 33 points, in the seventh and subsequent years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement.

According to the EAEU FEA CN 8701 (tractors (except for tractors of heading 8709)):

- a set of at least 17 points, at the time of the conclusion of the agreement and in the second year;
- a set of at least 33 points, in the third and fourth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 40 points, in the fifth and sixth years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement;
- a set of at least 44 points, in the seventh and subsequent years from the date of the agreement, in addition to the operations carried out since the conclusion of the agreement.

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State stimulation measures for production of agricultural machinery that meets environmental requirements



The stimulation of production in the Republic of Kazakhstan of environmentally friendly motor vehicles (corresponding to ecological class 4 and above; with electric motors) and their components, as well as self-propelled agricultural machinery that meet the environmental requirements defined by technical regulations, is carried out in the following ways::



Financing for their producers in the following areas:

- maintenance of workplaces;
- use of energy resources;
- implementation of research and development;
- conducting tests related to the release of products;
- support of warranty obligations.



Financing of the discount provided by the manufacturer to individuals and legal entities when they purchase a vehicle and (or) self-propelled agricultural equipment in Kazakhstan, produced in the Republic of Kazakhstan.

Requirements for manufacturers to participate in financing:

01

The manufacturer is registered on the territory of the Republic of Kazakhstan;

02

The manufacturer performs the operations of applying the identification number on the specially made license plates on the main component unit of self-propelled agricultural machinery (body, cab, frame, chassis);

03

Production of self-propelled agricultural machinery that meets the environmental requirements defined by technical regulations;

04

Availability of a valid agreement on the industrial assembly of agricultural machinery.

Calculation of financing related to the support of warranty obligations for self-propelled agricultural equipment:

Type of self-propelled agricultural equipment	Engine power (hp-horsepower)	Number of self-propelled agricultural machines produced (units)	Maximum rate of financing related to the support of guarantee obligations	Amount to be paid (USD) at MCI=6.9 USD
A	B	C	D	G=C*D*MCI
Tractors	Up to 60 hp	1	200	1,388
	From 61 hp to 130 hp	1	550	3,818
	From 131 hp to 220 hp	1	1,700	11,800
	From 221 hp to 340 hp	1	2,900	20,129
	From 341 hp to 380 hp	1	2,900	20,129
	Over 380 hp	1	4,000	27,764
Grain harvesters, forage harvesters	Up to 160 hp	1	900	6,247
	From 161 hp to 220 hp	1	2,300	15,965
	From 221 hp to 255 hp	1	3,200	22,212
	From 256 hp to 325 hp	1	3,800	26,376
	From 326 hp to 400 hp	1	3,800	26,376
Other self-propelled agricultural equipment	Over 400 hp	1	4,500	31,235
	Up to 200 hp	1	900	6,247
	From 201 hp	1	2,300	15,965

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Sector support within the framework of the “Saving Simple Things” Programme



- The goal of the “Saving Simple Things” Programme is to saturate the domestic market with domestic goods, raise the competitiveness of the manufacturing industry, and, above all, release a wide range of consumer goods.
- The credit facility is made available to business projects implemented in priority sectors of the economy in accordance with an approved list of goods for credit financing of priority projects, which includes the food industry. Within the Programme framework, the state subsidises bank loan interest rates.
- The Project operator is Damu. According to the operator, 171 projects were subsidised for 169 mln USD in 2019 (subsidies paid amounted to 3 mln USD). In 2020, 169 projects were subsidised for 230 mln USD (subsidies paid amounted to 7 mln USD).
- According to the Atameken National Chamber of Entrepreneurs, approved projects include the production of consumer goods such as furniture (kitchen furniture, couches, garden chairs, beds, drawers and others); clothing (jackets, suits, blouses, shoes, overalls, etc.); food products (pasta, bakery products, meat and sausages, dairy products, confectionery, etc.); chemicals (fertilizers) and building materials (bricks, cement), as well as service facilities (construction of kindergartens, preschool institutions, sanatoriums, hotels, rehabilitation centres and recreational compounds) and others.

Programme conditions

Eligible entities	private businesses (small, medium-sized and large businesses)
Interest rate	15% per annum
Subsidy amount	up to 9% of the nominal interest rate
Project purpose	investments and replenishment of working capital; replenishment of working capital is allowed on a renewable basis
Maximum amount per borrower	unlimited
Subsidy period	for investment – 10 years, without further extension to replenish working capital – 3 years, without further extension
Loan refinancing	not stipulated
Current loans	loans issued by banks after government resolution No. 820 dated 11 December 2018 entered into force are allowed

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Sector support from the “Business Road Map 2025” Programme



- The Business Roadmap 2025 Programme for business support and development aims to meet the goal of the public message of the President of Kazakhstan "Kazakhstan-2050 Strategy: a new political course of the established state" dated 14 December 2012. The program implements instruments of state support in the form of subsidies for part of the interest rate on loans / financial leasing agreements and loan guarantee agreements.
- The Programme provides for state grants and training for entrepreneurs aimed at supporting and developing small and medium-sized businesses in Kazakhstan.
- The objectives of the Programme are to ensure the sustainable and balanced growth of regional entrepreneurship, and maintain existing and create new permanent jobs.
- The Programme incorporates three directions:
 - support for new entrepreneur business initiatives in monotowns, small towns and rural settlements
 - industry support for entrepreneurs operating in priority sectors of the economy
 - non-financial measures to support entrepreneurship
- The Programme priority sector list includes crop production.
- 1,018 mln USD has been allocated to implement the Programme until 2025.

Programme conditions

Eligible entities	Entrepreneurs/entities involved in industrial and innovative activities implementing and/or planning to implement their own projects in priority sectors of the economy
Loan rate	up to 14% per annum
Purpose of the projects	Investments, replenishment of working capital, refinancing; replenishment of working capital is allowed on a renewable basis
Guarantee amount	up to 2.4 mln USD and up to 50% of the guarantee amount
Loan amount	up to 16.9 mln USD
Subsidy period	up to 5 years

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Sector support from the SIIDP 2020-2025 Programme



- The goal of this Programme is to develop Kazakhstan’s competitive manufacturing industry in domestic and foreign markets (Government Resolution No. 1050 dated 31 December 2019). During the Programme implementation period, the major focus is on the realisation of key export-oriented projects.
- Baiterek National Managing Holding is one of the main operators implementing Programme objectives such as increasing production volumes and expanding the range of processed goods in demand in domestic and foreign markets, as well as promoting technological development and digitalisation of manufacturing industries.
- Specifically, Baiterek continues as the operator of all repayable financial support measures through subsidiaries, and its powers include raising funds from external and internal debt and capital markets to provide preferential loans to manufacturers.

Project financing and lease financing through the SIIDP Programme

- 1) Lending through financial institutions will continue with interbank lending schemes through the Development Bank of Kazakhstan and Damu Entrepreneurship Development Fund.
- 2) Development Bank of Kazakhstan provides long-term financing by mixing 50/50 budget funds and commercial funds for a period of 20 years, with end borrower rates from 8%, with company participation in at least 20% of the project amount.
- 3) Interest rate subsidies for loans issued by financial institutions and loan liability guarantees provided with nominal interest of up to 15% per annum, pursuant to Government Resolution No. 820 dated 11 December 2018.
- 4) According to the action plan to implement the State Programme for Industrial and Innovative Development of the Republic of Kazakhstan for 2020 – 2025, 1,508 mln USD has been allocated from the national budget to upgrade the machinery and tractor fleet, broken down in 2021 – 513 mln USD, in 2022 – 257 mln USD, 2023 – 257 mln USD, in 2024 – 242 mln USD, and in 2025 – 239 mln USD.

Programme financing, million USD

Index	2020	2021	2022	2023	2024	2025
National budget	353	513	257	257	242	239
Total	353	513	257	257	242	239

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Industrial enterprise support

- QazIndustry is the single coordinator providing assistance to industrial enterprises at all stages - from technological solutions and new production lines to certification, export and the implementation of digital technology.
- The entity provides state financial support free of charge for Kazakhstan producers. These include innovative grants to commercialise technology, upgrade technology used by enterprises and industries, and reimburse certain types of costs to enterprises aimed at increasing work performance and promoting exports.

Business support is provided by:

Reimbursing part of the costs of entities involved in industrial and innovative activities to promote domestic processed goods on foreign markets



Reimbursing part of the costs of entities involved in industrial and innovative activities to promote domestic processed goods domestically



Reimbursing part of the costs of entities involved in industrial and innovative activities to increase work performance and develop regional clusters



Types of reimbursable costs on external markets

- overseas advertising of goods
- participation in overseas exhibitions, fairs and festivals
- publishing catalogues for distribution overseas (development and translation)
- maintaining representative offices, retail space and warehouses overseas
- registering trademarks (brands) overseas
- certifying goods overseas
- delivering goods by rail, road, air and sea; organising transportation

Reimbursable costs on external markets

- no more than 13,000 times the minimum calculation index per entity
- historical reimbursement period is 32 months prior to the date of application

40% Large business

50% Medium-sized business

60% Small business



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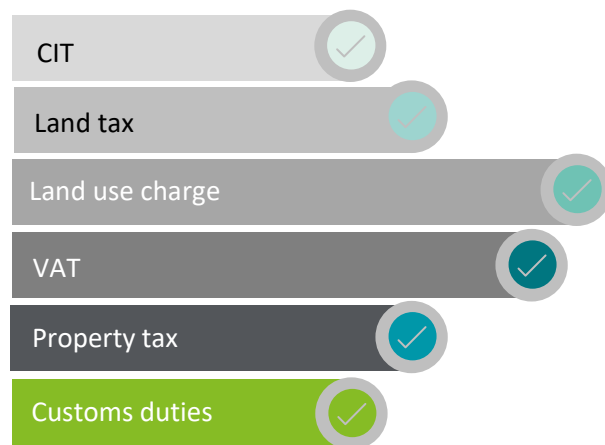
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Free economic zones

- A special economic zone (“SEZ”) is a part of Kazakhstan territory where special tax rules apply and infrastructure facilities are in place to perform priority activities.
- According to Minister of Investment and Development Order No. 142 dated 27 February 2018, agricultural and forestry machinery is included in a list of priority activities broken down into special economic zones. The list of priority activities includes the following SEZ:
 - Saryarka.
- According to the Tax Code, SEZ members are exempt from:



The following are also provided:

- Land for 10 years
- Overseas nationals can be hired according to a simplified procedure

To receive tax concessions, SEZ members should meet all of the following simultaneously:

01 Be registered as a taxpayer with the tax authorities in the SEZ

02 Have no structural divisions outside of the SEZ

03 No less than 90% of its aggregate annual income should be generated from the sale of goods of own production/services (in the relevant priority areas for the given SEZ)



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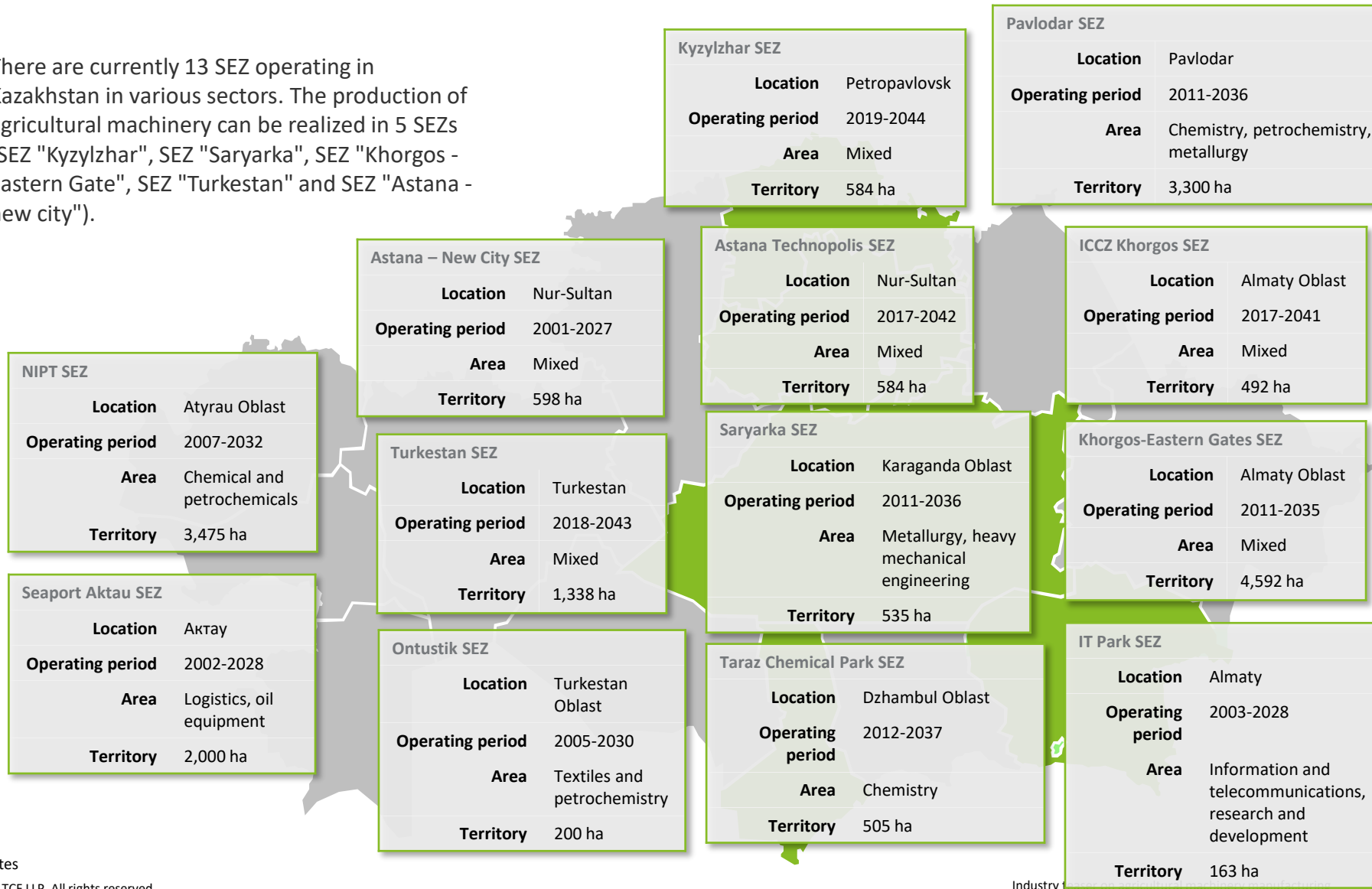
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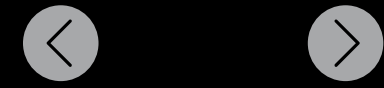
Free economic zones



There are currently 13 SEZ operating in Kazakhstan in various sectors. The production of agricultural machinery can be realized in 5 SEZs (SEZ "Kyzylzhar", SEZ "Saryarka", SEZ "Khorgos - Eastern Gate", SEZ "Turkestan" and SEZ "Astana - new city").



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Global trends



Concentrated agricultural machinery market

- The global agricultural machinery market is concentrated with leading players such as Deere and Co, CNH Industrial, AGCO Corporation, Kubota, Mahindra and Mahindra Limited, Iseki & Co. Ltd, JC Bamford Excavators Limited and Lindsay Corporation accounting for 44.8% of it.
- Many international market players work with local companies to increase their market share.



Asia-Pacific – fastest growing market

- The Asia-Pacific region is recognised as one of the fastest growing markets with local companies producing modern agricultural machinery, dominating the market thanks to faster innovation implementation.
- The Chinese Government has increased agricultural mechanisation levels, including rice, corn, potato, oil rape and cotton cultivation. According to the Chinese Ministry of Agriculture, 80% of the country's wheat crop area is harvested using modern combine harvesters.



Tractors – the largest agricultural machinery sector

- Tractors account for the largest section of the global agricultural machinery industry.
- Several leading players invest in tractor production research and development to maintain a solid market position. The use of compact tractors is growing thanks to their size, compatibility, ease of use and other benefits in combination with the continuous introduction of contemporary models.

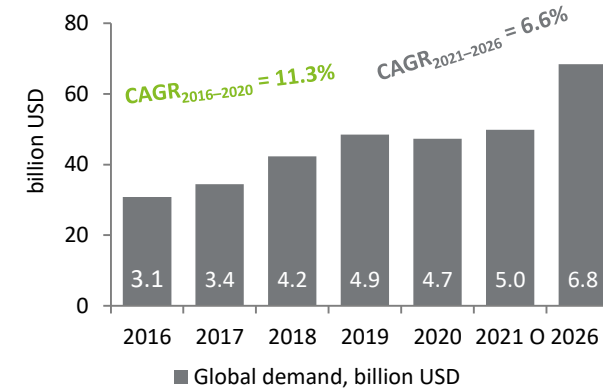


Impact of the COVID-19 pandemic

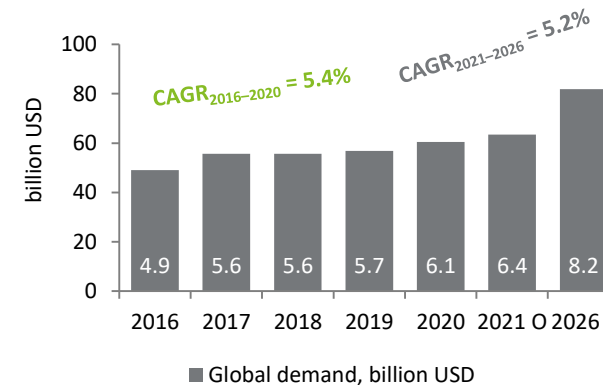
- COVID-19 related restrictions have had a negative impact on the global economy. Companies that took part in a European Association of Agricultural Machinery survey answered that, on average, machinery production capacity was currently at 74% of the pre-pandemic level, while spare part supplies were at 80%, and finished product sales were at only 66% of the pre-pandemic level.



Changes in demand for agricultural machinery in the Asia-Pacific region



Changes in global demand for tractors



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Global agricultural machinery market

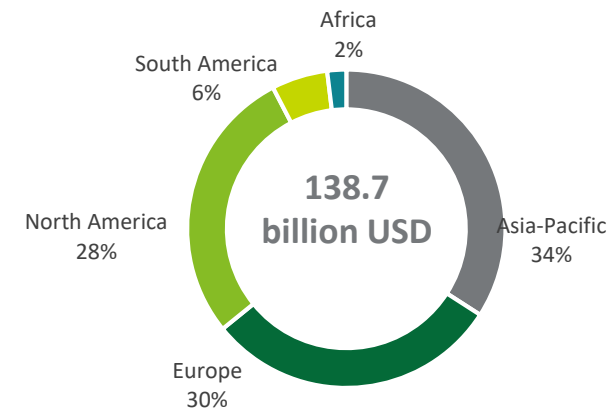


Global demand for agricultural machinery by product, billion USD

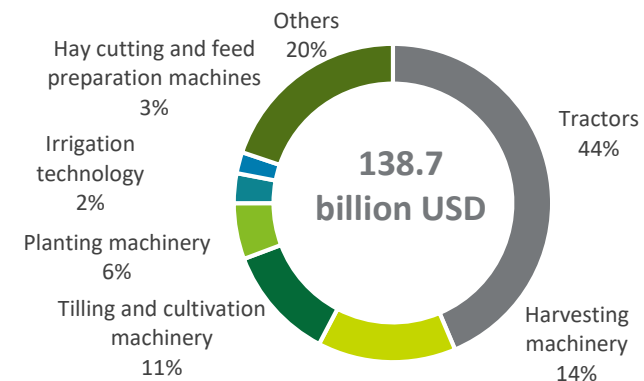
Index	2016	2017	2018	2019	2020	2021 O	2026 F	CAGR 2021-2026
Tractors	49.1	55.7	55.7	56.8	60.5	63.5	81.9	5.2%
Tilling and cultivation machinery	13.2	13.4	14.2	15.4	16.1	16.8	19.4	2.9%
Planting machinery	7.5	7.6	7.7	8.4	7.9	8.3	9.3	2.4%
Harvesting machinery	16.3	17.5	20.0	23.1	19.5	21.9	25.5	3.1%
Hay cutting and feed preparation machinery	3.5	3.6	3.9	4.1	4.2	4.4	5.0	2.5%
Irrigation machinery	2.4	2.4	2.8	2.9	3.0	3.1	3.8	4.6%
Others	8.5	14.1	22.1	30.8	27.5	32.1	50.0	9.3%
Total	100.5	114.2	126.4	141.5	138.7	150.1	194.9	5.4%

- By the end of 2020, global agricultural machinery demand had increased 38% from 2016 levels to 138.7 billion USD.
- Tractors make up the largest agricultural industry product share with 44% of total production.
- In regional terms, the greatest market shares are held by Asia-Pacific (34%), Europe (30%) and North America (28%).

Structure of global agricultural machinery demand by region, 2020



Structure of global agricultural machinery demand by type, 2020



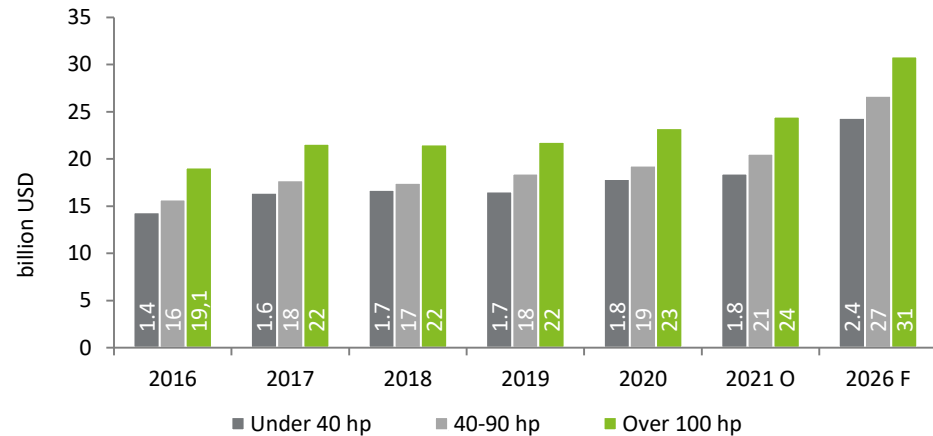
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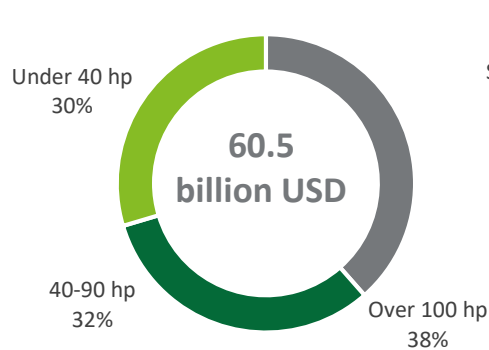
Global tractor market



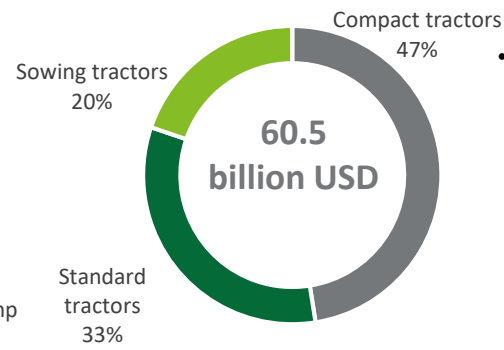
Changes in global tractor demand



Structure of global tractor demand by capacity, 2020



Structure of global tractor demand by type, 2020



- The 40-99 hp tractor segment was valued at 19.3 billion USD in 2020. Small farms are the main customers for 40-99 hp tractors due to their size and low price.
- Global demand for tractors with engine capacity of less than 40 hp was valued at 17.9 billion USD in 2020 and is forecast to reach 24.3 billion USD by 2026 with CAGR at 5.7% in 2021-2026. Tractors with engine capacity of less than 40 hp perform a number of functions, including mowing, landscaping and other activities thanks to their compactness and the ability to attach equipment used in soil work.
- By 2026, global demand for tractors with capacity in excess of 100 hp is predicted to reach 23.3 billion USD with CAGR of 4.8% in 2021-2026. It is expected that demand for high capacity tractors will grow in regions with intensive harvest requirements and solid soil, in particular in the west of India. Developed countries such as China, India, South Korea and Brazil, where the government focuses on agriculture industry development, are the favoured markets for high capacity tractor sales.
- Compact tractors are popular with smaller farms, experienced gardeners and home owners. In 2020, they accounted for 47% (or 28.4 billion USD) of global demand.
- The standard agricultural tractor segment was worth 19.8 billion USD in 2020, with tractors used for tilling work and hauling heavy artillery.
- Global demand for sowing tractors will reach 20.9 billion USD by 2026, with CAGR at 9.5% in 2021-2026. Tractors for sowing work are specially developed to grow crops, in tilling and harrow work, cultivation, seeder haulage, weeding, water pump and belt-driven thresher management etc.

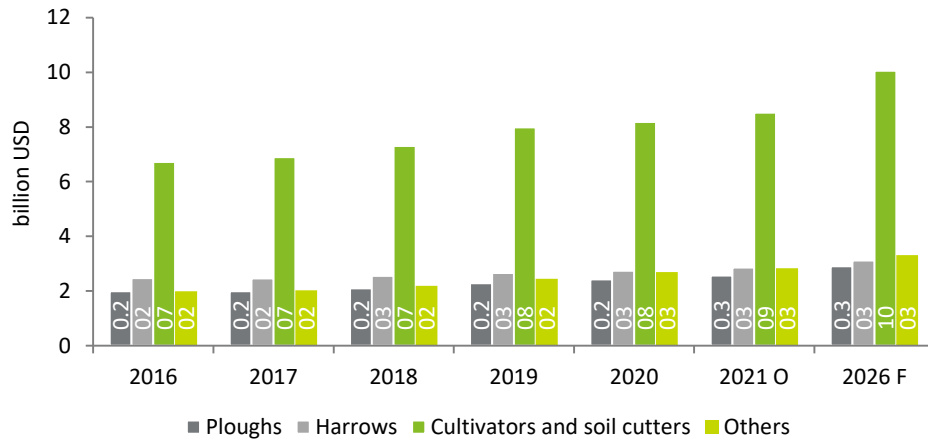
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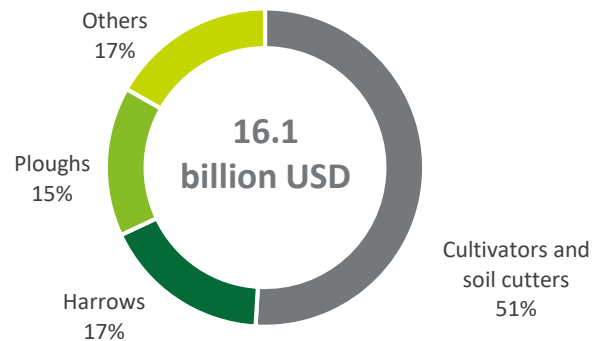
Global market for tilling and cultivation machinery



Changes in global demand for tilling and cultivation machinery



Structure of global demand for tilling and cultivation machinery, 2020



- In 2020, global demand for ploughs was valued at 2.4 billion USD. Chisel ploughs, disc ploughs and bladed ploughs are the main types of machinery used in agricultural tilling and cultivation work. Chisel ploughs are used in pulverisation work, but not to turn or mix soil, while disc ploughs are usually used as a secondary tilling tool and in initial light soil processing. Bladed ploughs are mainly used on shallow upper soil levels because they lift up less fertile subsoil.
- Global demand for harrows reached 2.7 billion USD in 2020 and is predicted to rise to 3.1 billion USD by 2026, with CAGR at 1.7% in 2021-2026. Demand for disc harrows is on the increase in the USA, France and Australia. Farmers mostly use harrows to prepare soil for disc tillage and pay attention to ensure the tool reaches crop debris and does not just level soil structure.
- By 2026, demand for cultivators and rotary ploughs is predicted to reach 10.1 billion USD with CAGR at 3.4% for 2021-2026. It is expected that demand for tilling machinery and cultivators as automation becomes more popular. Robot technology is currently developing in agriculture to reduce the dependence on manual labour and to increase performance and product yield.

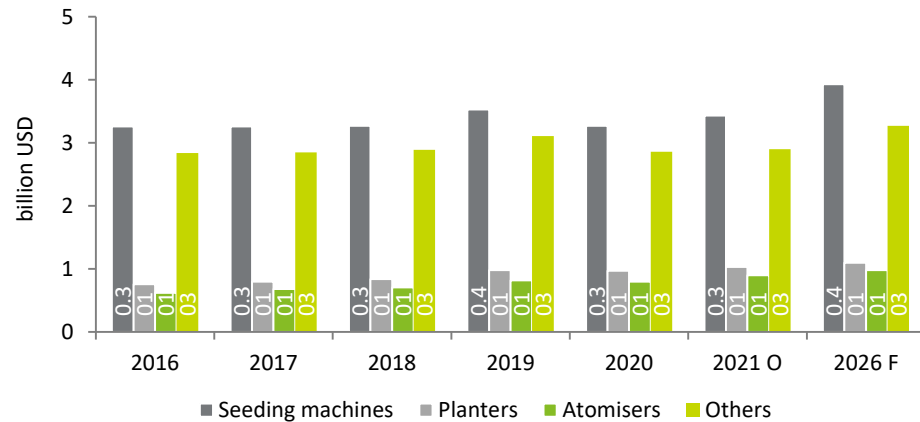
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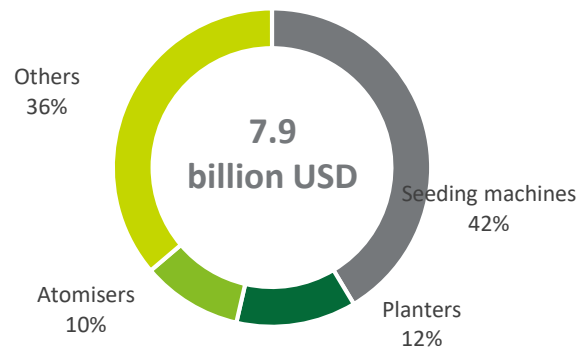
Global planting machinery market



Changes in global demand for planting machinery



Structure of global demand for planting machinery, 2020



- In 2020, demand for seeding machines amounted to 42% of total global demand for planting machinery. By 2026, global demand for seeding machines will reach 3.9 billion USD with CAGR at 2.8% for 2021-2026. As a rule, standard grain seeding machines are the most common form of sowing machinery across the world, thanks predominantly to the large number of small farms.
- Global demand for planters was worth 1 billion USD in 2020. The most common seeding machines among global agricultural crop producers are precision planting seeding machines.
- By 2026, global distributor volume will reach 1 billion USD with CAGR at 1.8% for 2021-2026.
- The fertiliser spreader market has been growing steadily for a number of years due to manual labour decreases and increases in investment in the agricultural industry.
- The deficit in nutrients such as iron and other minerals may lead to low yield due to poor crop nutrition. With the help of distributors, farmers may focus on the precise use of agrochemicals, improving yield without harming the soil.

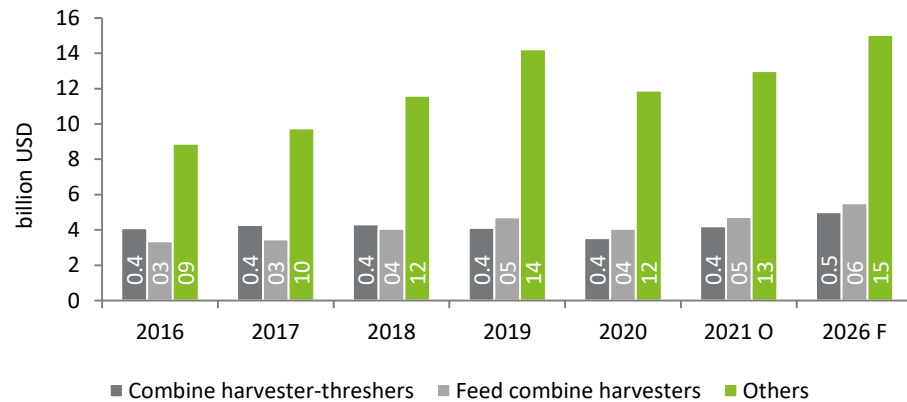
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Global harvesting machinery market

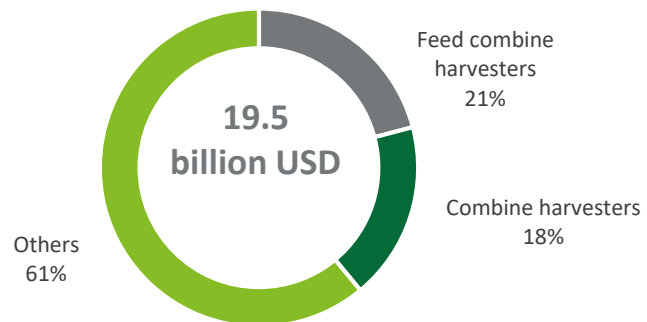


Changes in global demand for harvesting machinery



- In 2020, global demand for combine harvesters-threshers amounted to 3.5 billion USD. Farm owners (major and small) are adapting to new technology and are buying modern harvesting machinery, including combine harvesters to ensure better performance compared to manual labour.
- Global feed harvesting combines reached 4.1 billion USD in 2020 and are predicted to reach 5.5 billion USD by 2026, with CAGR at 3.1% in 2021-2026.
- Under contemporary conditions, efficiency is key for agricultural producer success, and powered feed combine harvesters are no exception. For example, traction type feed combine harvesters are popular with small farms due to their price and capacity.

Structure of global demand for harvesting machinery, 2020



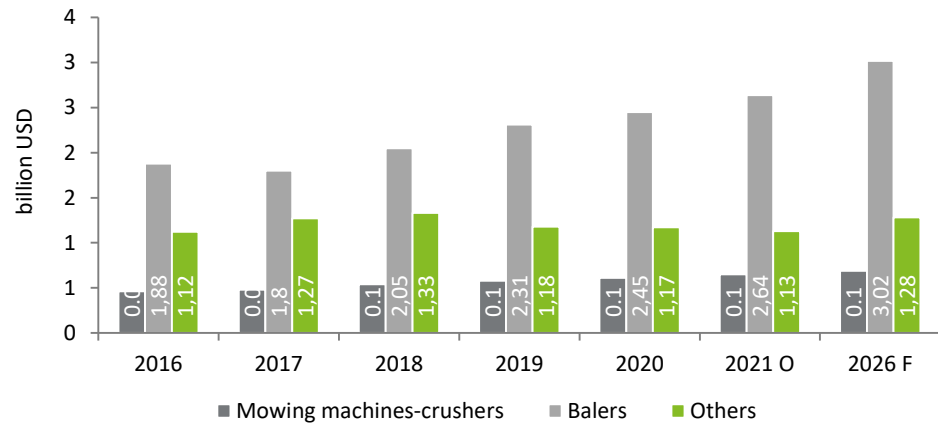
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Global market for hay cutting and feed preparation machinery

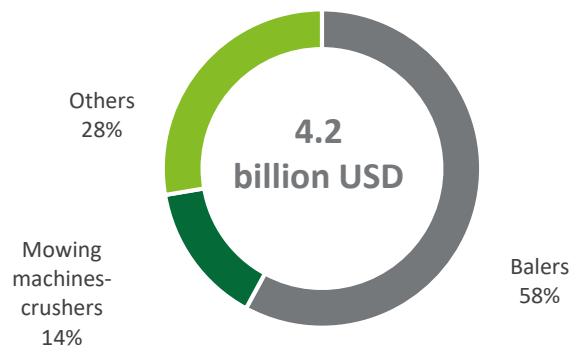


Changes in global demand for hay cutting and feed preparation machinery



- By 2026, global value of mowing machines-crop gatherers will reach 0.7 billion USD with CAGR at 1.4% for 2021-2026.
- Feed quality after harvesting depends on harvest cutting and removal to avoid harvest damage due to poor weather. Therefore, to maintain product quality, farmers use disc mowing machines-crushers as they are quicker and cut better, even tangled crops.
- Global demand for balers was valued at 2.5 billion USD in 2020 and is predicted to reach 3.1 billion USD by 2026 with CAGR at 2.8% for 2021-2026.
- In recent years, North America (predominantly the USA) saw a sharp drop in demand for large roll-fed balers. According to a survey conducted by K-State Research and Extension (research division of Kansas State University), 72% of farms in South Kansas use large roll-fed balers as their main hay baler.

Structure of global demand for hay cutting and feed preparation machinery, 2020



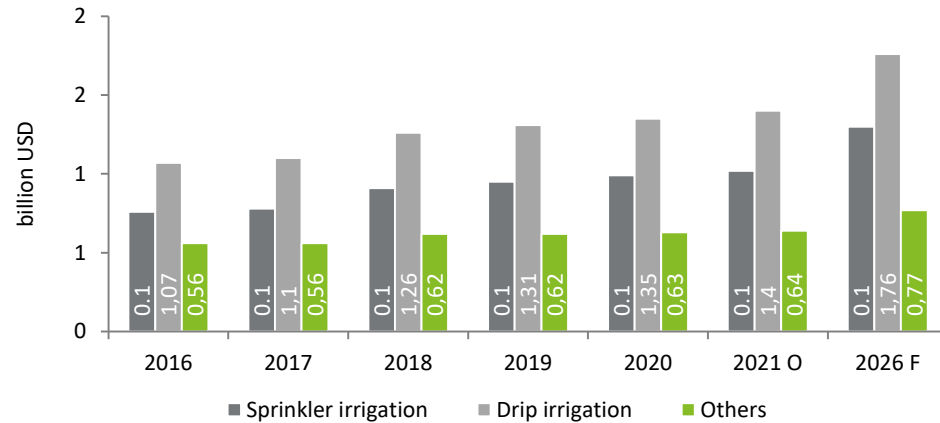
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Global irrigation machinery market

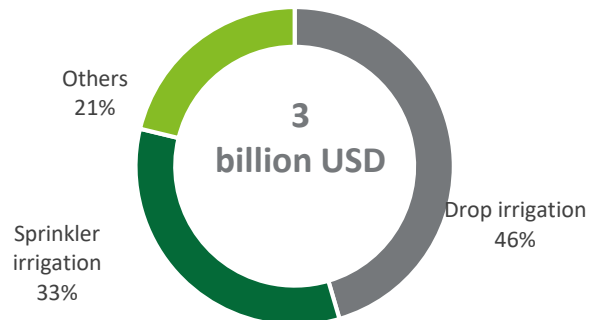


Changes in global demand for irrigation machinery



- In 2020, global demand for sprinkler irrigation equipment amounted to 33% of total irrigation machinery across the world. By 2026, global demand for sprinkler irrigation equipment will reach 1.3 billion USD with CAGR at 5.1% for 2021-2026. In certain cases, sprinkler irrigation is more effective than localised irrigation. The key factor affecting irrigation performance is managing the crop water supply, ensuring the effective use of other water resources.
- Global demand for drip irrigation equipment was valued at 1.4 billion USD in 2020.
- Drip irrigation is the most effective watering method. Drip irrigation effectiveness is over 90%, which is due to less water loss. Consequently, drip systems are preferable in drier regions of the world such as the Middle East and Central Asia. Drip systems may be used across many planting sites, but tend to be used at vineyards as gravitation water supply systems.

Structure of global demand for irrigation machinery, 2020













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Global agricultural machinery manufacturers



Key, global agricultural machinery manufacturers as at 2020

Name	Company overview	Market share in 2020, %	Logo
Deere & Company	John Deere is a key agricultural machinery market player, producing and selling tractors, combine harvesters, sugar combine harvesters, tilling tools and sowing equipment, and others	16.11%	 JOHN DEERE
Kubota Corporation	Produces agricultural equipment, engines, building machinery and miscellaneous pipe items. It produces tractors, combine harvesters, utility machines, lawn mowers, rice plantation seeding machines and cultivators	9.91%	
CNH Industrial NV	Founded in 1964, the company's agricultural division produces a full line of agricultural machinery and equipment, including two-wheel and four-wheel drive tractors, caterpillar-track tractors, combine harvesters, hay cutting and feed preparation equipment, sowing equipment and others	7.88%	
AGCO Corporation	AGCO develops, produces and sells tractors, combine harvesters, feed harvesters, hay cutting machines, powered atomisers, intellectual farming technology, sowing and soil tilling machinery	6.60%	
Mahindra & Mahindra Limited	Mahindra & Mahindra Limited is a Mahindra Group flagship company. It has operations in the vehicle, agricultural equipment and other sectors. It produces and distributes tractors and spare parts through the "agricultural equipment" sector	1.66%	 Mahindra
Iseki & Co. Ltd	The company produces tractors, grain combine harvesters, rice transplanters, mowing machines, zero revolution mowing machines, cultivators, parts and diesel engines	1.01%	
JC Bamford Excavators Limited	J.C. Bamford Excavators Limited produces and distributes construction equipment. It also sells machinery, detachable equipment; light, generator, over-sized, agricultural and industrial equipment, as well as utility vehicles	0.49%	
Daedong Industrial Co. Ltd	Daedong has been a key player in the planning and development of mechanised agricultural equipment for over 70 years. Its main products include tractors, grain combine harvesters, off-roaders and engines	0.44%	
Escorts Limited	Escorts Limited is a mechanical engineering company specialising in producing agricultural tractors and construction equipment	0.43%	 ESCORTS
Lindsay Corporation	The company produces and sells chemical injection systems, variable speed irrigation systems, meters, meteorological stations, soil moisture gauges, remote monitoring and administration systems	0.25%	 Customer-first innovation. Real-world solutions.

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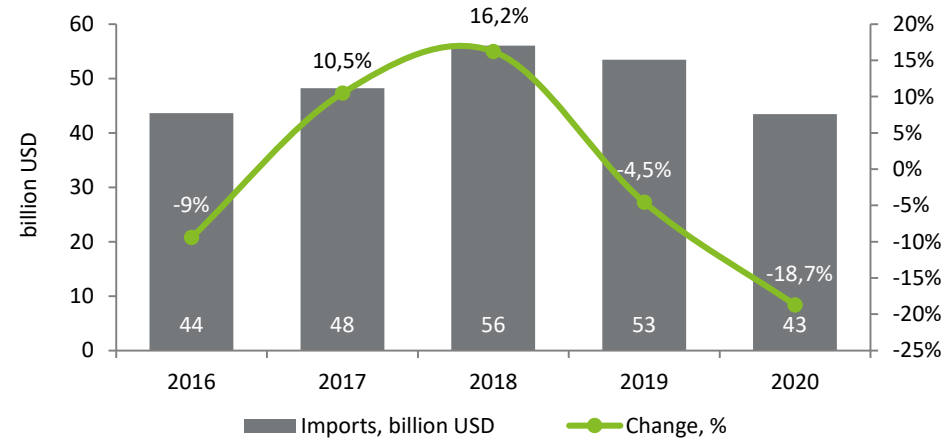
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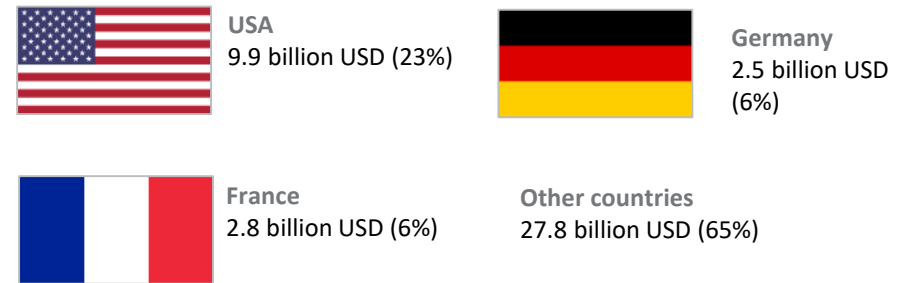
Global imports



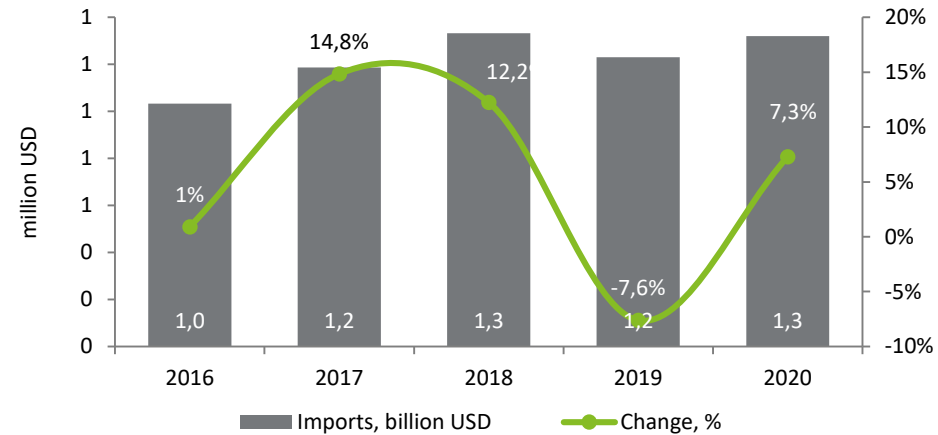
Changes in tractor imports, billion USD



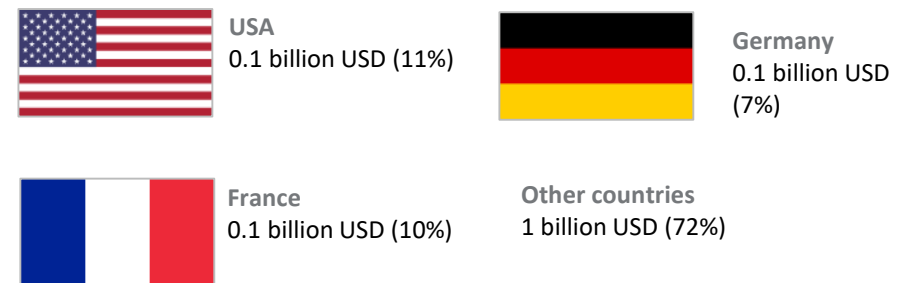
Structure of tractor imports in 2020, billion USD



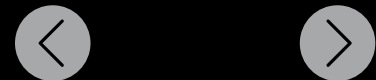
Changes in tilling and cultivation machinery imports, billion USD



Structure of tilling and cultivation machinery imports in 2020, billion USD



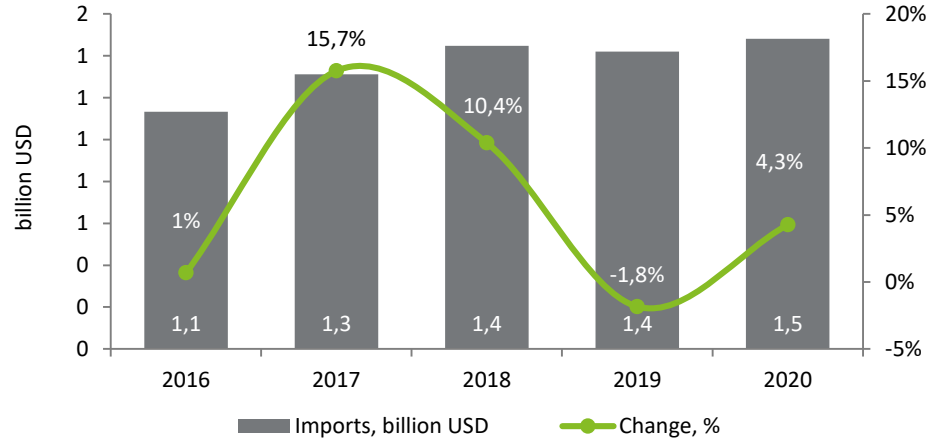
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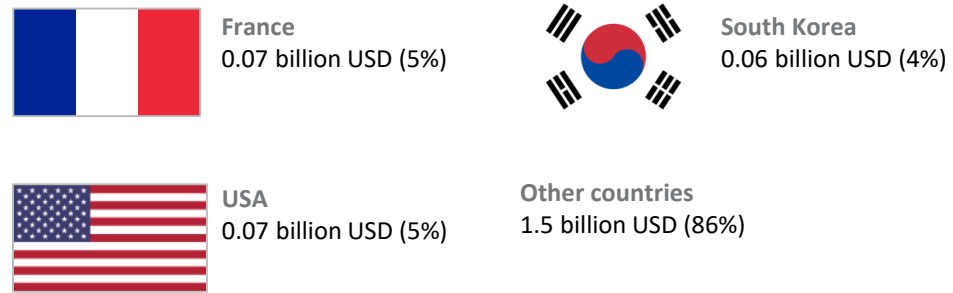
Global imports



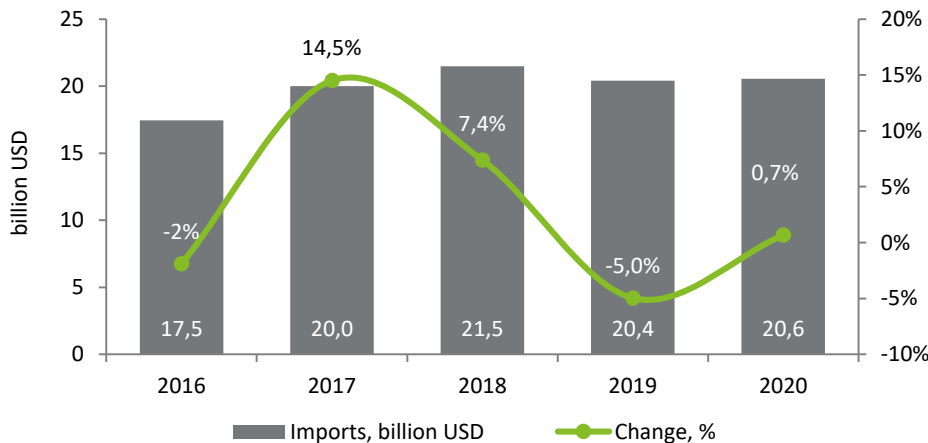
Changes in planting machinery imports, billion USD



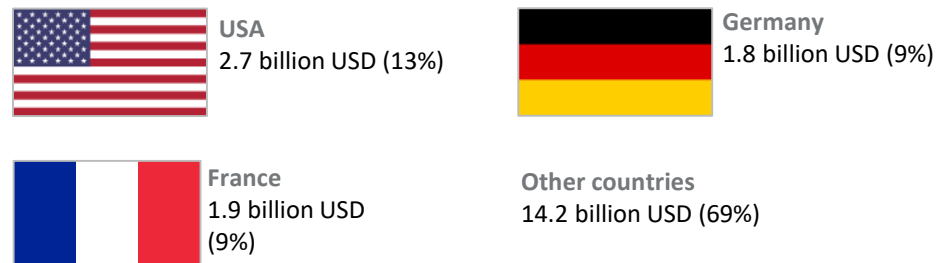
Structure of planting machinery imports in 2020, billion USD



Changes in harvester machinery imports, billion USD



Structure of the import of harvester machinery in 2020, billion USD



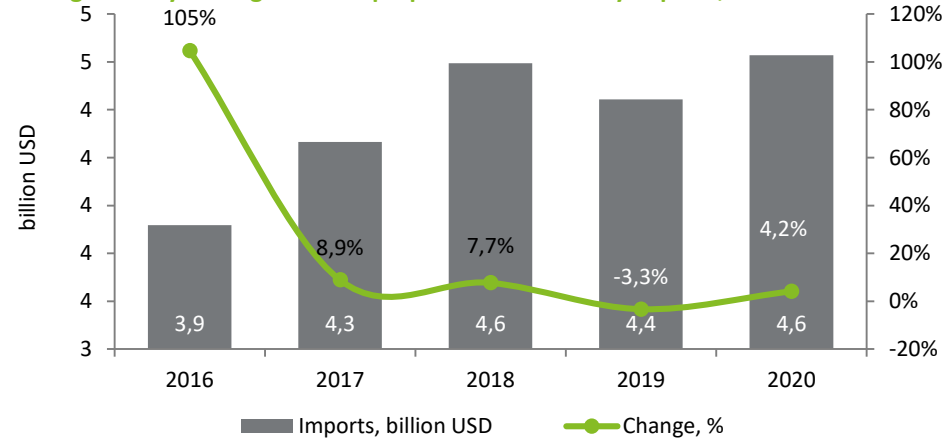
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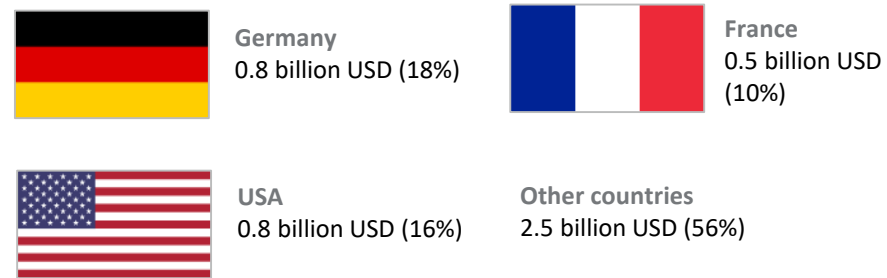
Global imports



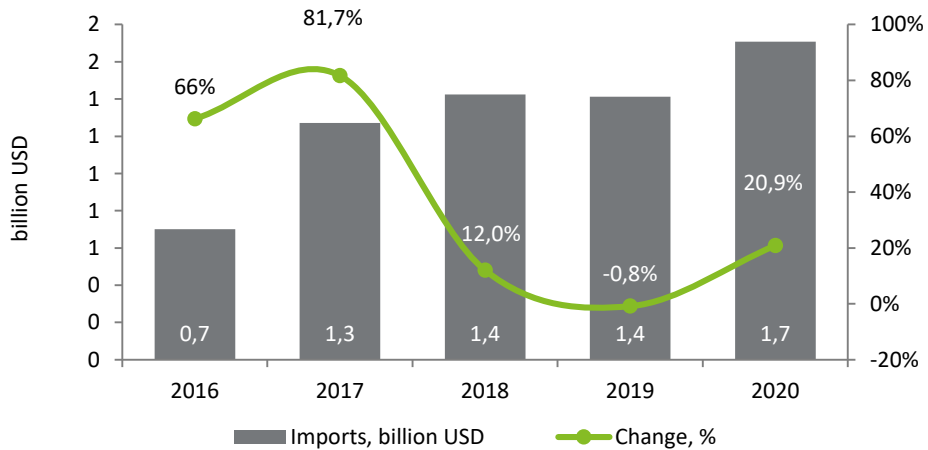
Changes in hay cutting and feed preparation machinery imports, billion USD



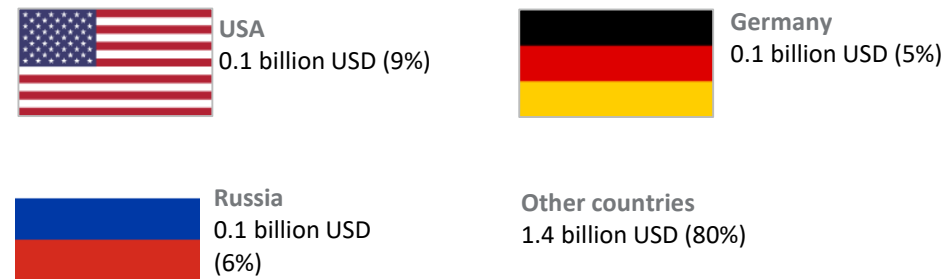
Structure of hay cutting and feed preparation machinery imports in 2020, billion USD



Changes in irrigation machinery imports, billion USD



Structure of irrigation machinery imports in 2020, billion USD



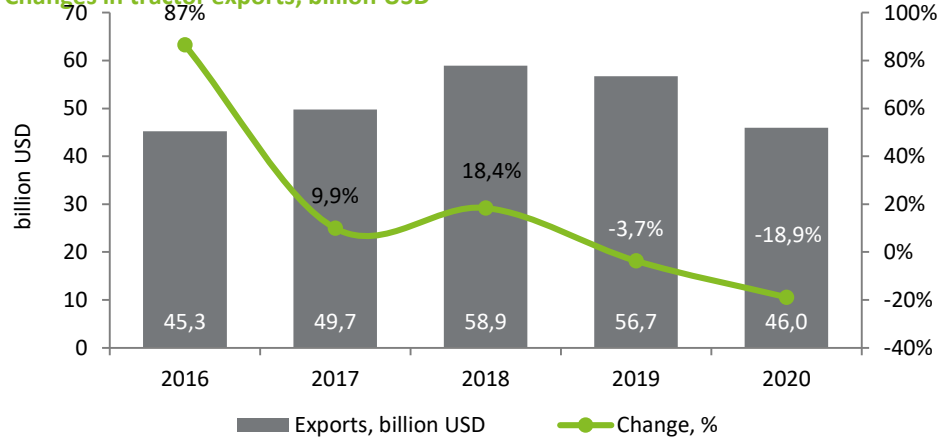
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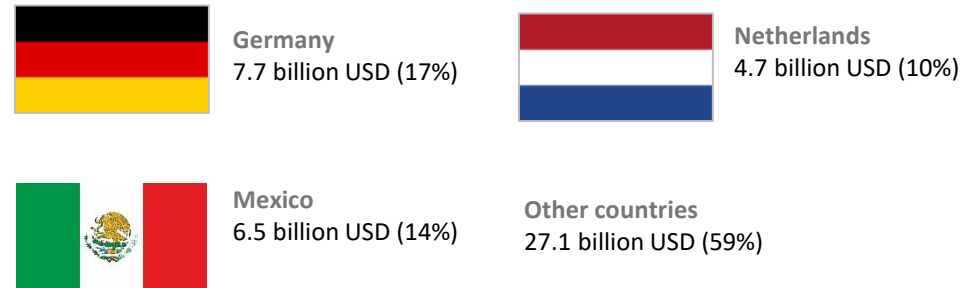
Global exports



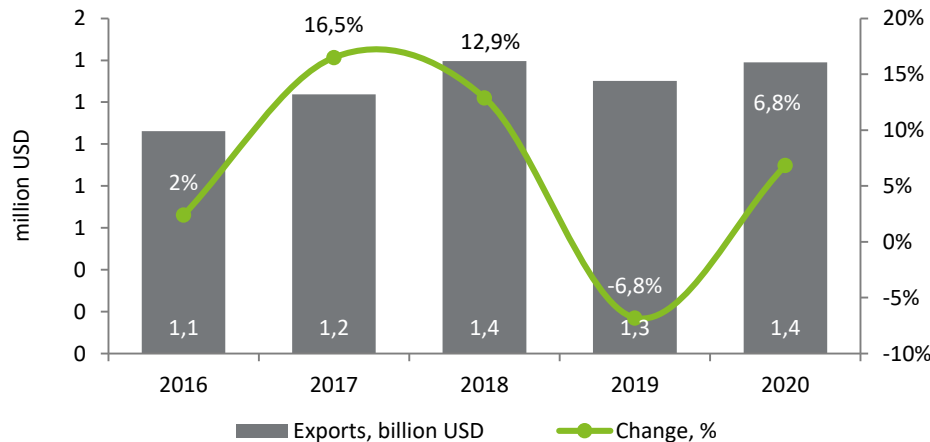
Changes in tractor exports, billion USD



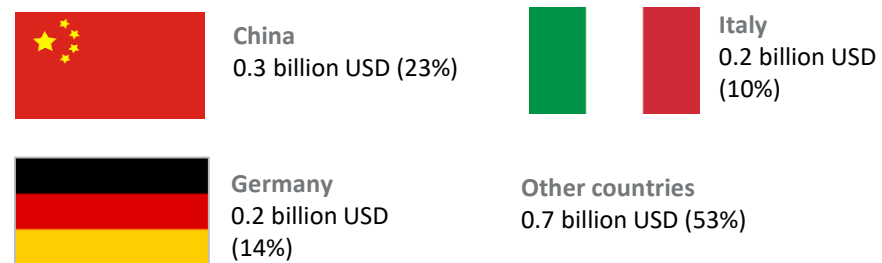
Structure of tractors exports, billion USD



Changes in tilling and cultivation machinery exports, billion USD



Structure of tilling and cultivation machinery exports, billion USD



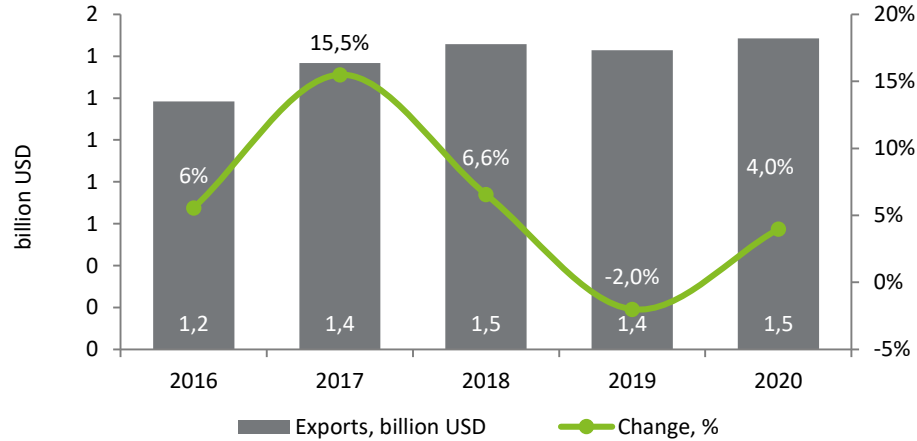
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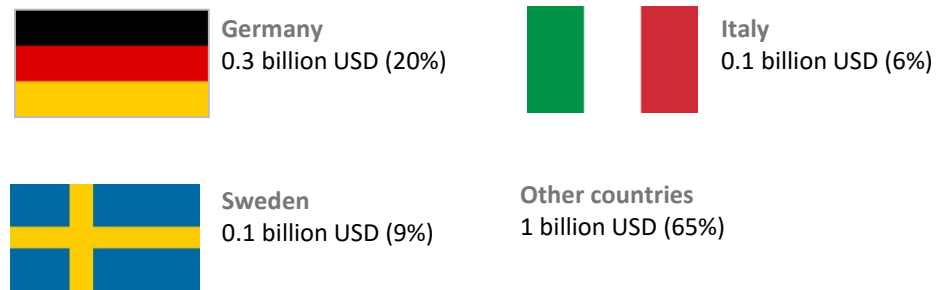
Global exports



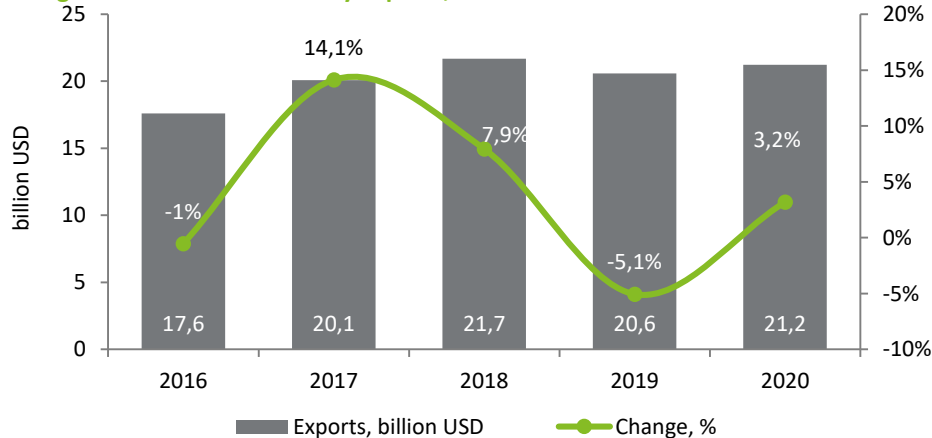
Changes in planting machinery exports, billion USD



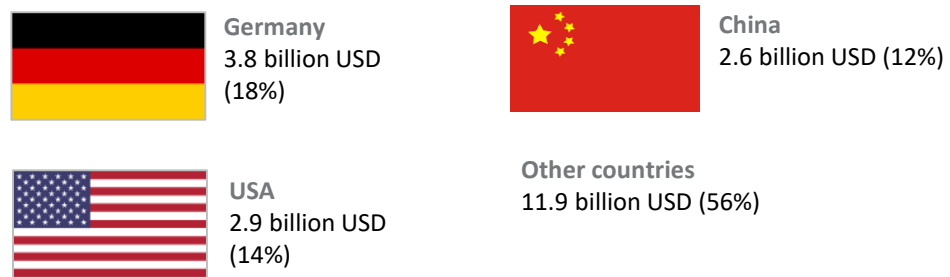
Structure of planting machinery exports in 2020, billion USD



Changes in harvester machinery exports, billion USD



Structure of harvester machinery exports in 2020, billion USD



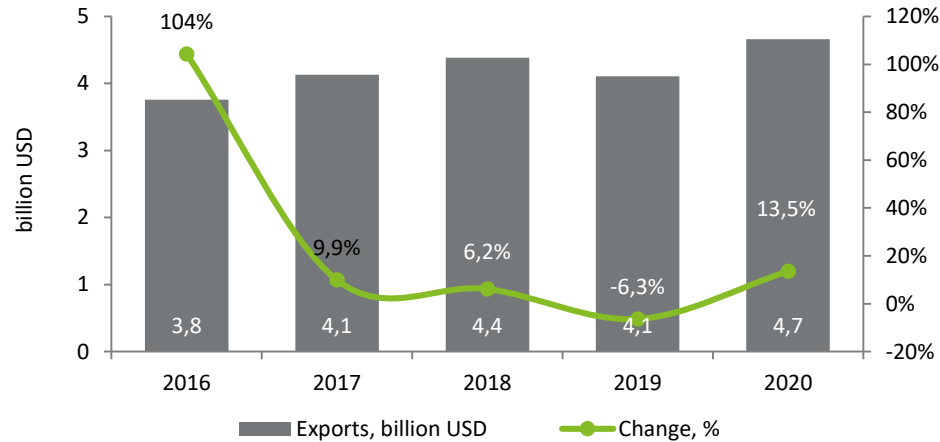
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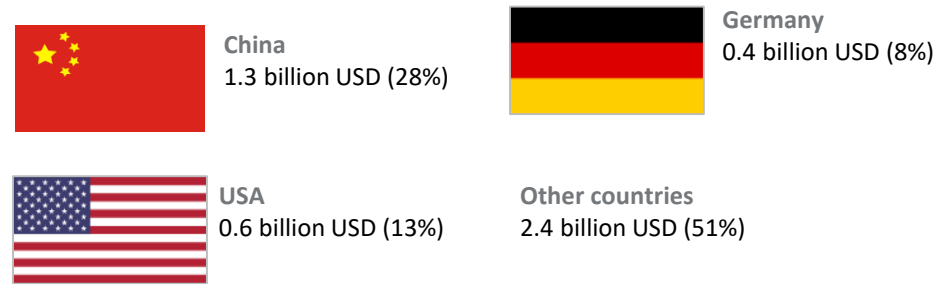
Global exports



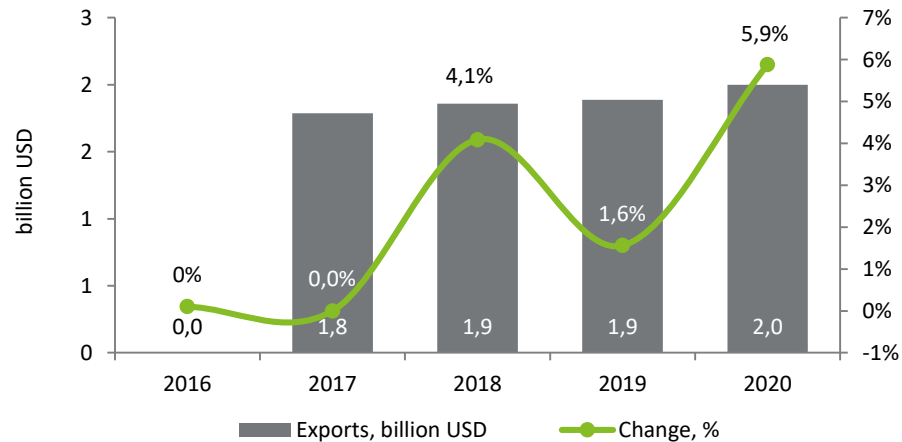
Changes in hay cutting and feed preparation machinery exports, billion USD



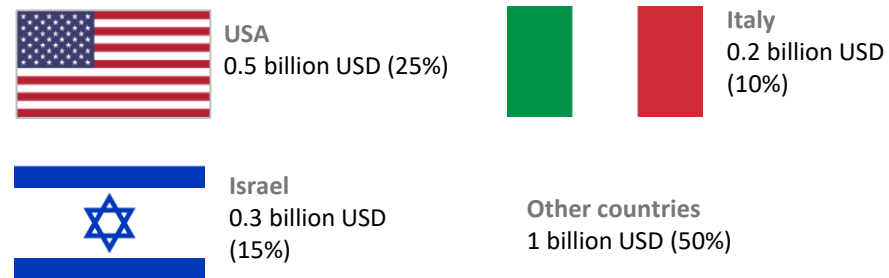
Structure of hay cutting and feed preparation machinery exports in 2020, billion USD



Changes in irrigation machinery exports, billion USD



Structure of irrigation machinery exports in 2020, billion USD



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JSC	joint stock company
WDC	wholesale distribution centre
USD	US Dollar
EAEU	Eurasian Economic Union
CIT	corporate income tax
Q	quarter
m³	cubic metres
n/a	not available/no data
VAT	value added tax
RK	Republic of Kazakhstan
CIS	Commonwealth of Independent States
SEZ	free economic zone
LLP	limited liability partnership
CAGR	Compound Annual Growth Rate



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