Deloitte.

Crop production in the Republic of Kazakhstan

August 2021

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This report is not an evaluation in accordance with local or international standards. Any value analysis presented in this report are provided solely for information purposes.

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Table of contents

1. Sector overview 4
2. Crop production in Kazakhstan 6
3. Crop consumption in Kazakhstan 35
4. Crop imports into Kazakhstan 39
5. Crop exports from Kazakhstan 48
6. Balance of production and consumption 58
7. Pricing 69
8. State support 72
9. Brief global market overview 82
10. Conclusions and recommendations 85
11. List of abbreviations 87

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sector overview

- Crop production is the foundation of the agriculture industry, whose development serves as a key factor in ensuring Kazakhstan's food security. It plays a huge role in the quality of food products and operating supplies, the maintenance of light industry and animal breeding. Summer wheat yield is a key part of crop production, and is an export product. Rice, buckwheat, barley, oats, millet and corn are also common. Sugar beet and oil-yielding crops (sunflowers and rapeseed) are also popular. Cotton and flax are grown for the textile industry.
- The soil in north, central, east and north-west Kazakhstan favours not only summer wheat, oats and barley, but also vegetables, melons and other technical crops such as crown flax, sunflowers and others.
- In 2020, the gross wheat yield amounted to 14,256 thousand tonnes, 3,659 thousand tonnes of barley, 240 thousand tonnes of oats, 918 thousand tonnes of sunflowers, 153 thousand tonnes of rapeseed, 1,058 thousand tonnes of flax seeds and 557 thousand tonnes of rice. One hectare of crop area was responsible for 11.8 hundredweight of wheat, 13.4 hundredweight of barley, 10.5 hundredweight of oats, 11.8 hundredweight of sunflower seeds, 12.3 hundredweight of rapeseed, 7.9 hundredweight of flax seeds and 54.4 hundredweight of rice.
- Grain, beet, cotton and sunflower production and processing are all subsidised. To increase yield, the State also subsidises fertiliser and substances used to combat pests.

Crop production sector

- Crop production in Kazakhstan is currently going through reforms. In 2020, crop production accounts 5.1% of overall GDP for the country. Significant investment in agriculture in 2016 helped develop the agroindustry and was the main reason for the significant increase in annual production levels. The investment helped farmers increase production capacity, leading to record rice, apple, cotton and oil-bearing crop production. Economic diversification helped increase investment in agriculture, as the country tries to reduce its dependence on oil exports to create a more stable economy that is less affected by oil price fluctuations.
- Production and technical facilities have improved and work is being done to improve irrigation facilities. The application of modern biotechnology will help foster sector growth, improve soil quality through the use of active organic and mineral fertilisers and crop rotation principles.

Import substitution and export potential

- 2020 saw the export of 66 thousand tonnes of wheat, 980 thousand tonnes of barley, 9 thousand tonnes of oats, 103 thousand tonnes of rice, 97 thousand tonnes of unrefined sunflower oil, 47 thousand tonnes of rapeseed and 29 thousand tonnes of flaxseed oil. In recent years, volatile agriculture product prices have been linked to yield volatility. In 2020, crop selling price growth significantly exceeded the decline in average yield.
- The continued development of the "One Belt – One Path" initiative may help Kazakhstan create a more sustainable road and logistics infrastructure, enter the major Chinese, Russian, EU and Central Asian markets, helping the country establish new trade partnerships capable of benefitting the country's agriculture sector against an increase in volume and the geographic size of the sector.

State support

- The key for crop production players is predictable and stable state policy, which currently makes use of subsidies focusing on the area of priority crops.
- Mineral fertilisers, herbicides, bioagents (entomophages), biopreparations and seeds are also subsidised. According to Order of the Ministry of Agriculture No. 107 dated 30 March 2020, subsidies are used to compensate between 50% and 70% of the cost of seeds purchased.

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Crop production classification

According to the Kazakhstan GCEA, the crop production sector is divided into two main segments – seasonal and perennial crops. This review covers the following crops and their derivatives in detail: wheat, barley, oats, sunflower seeds, rapeseed, soya beans, flax, rice and fertiliser.

Cereal crops (except for rice), legumes and oil-bearing seeds	**Rice**	**Vegetables and vines, root vegetables and tuber crops**	**Sugar cane**
Tobacco	**Fibrous crops**	**Grape vines**	**Tropic and subtropical fruit**
Citrus fruit	**Seed and stone fruit**	**Various types of fruit trees, bushes and nuts**	**Oil-bearing fruit**
Fibrous crops	**Crops grown to produce beverages**	**Spices, aromatic, potent narcotic and pharmaceutical crops**	**Various seasonal and perennial crops**

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Crop production in Kazakhstan

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

Brief global market overview

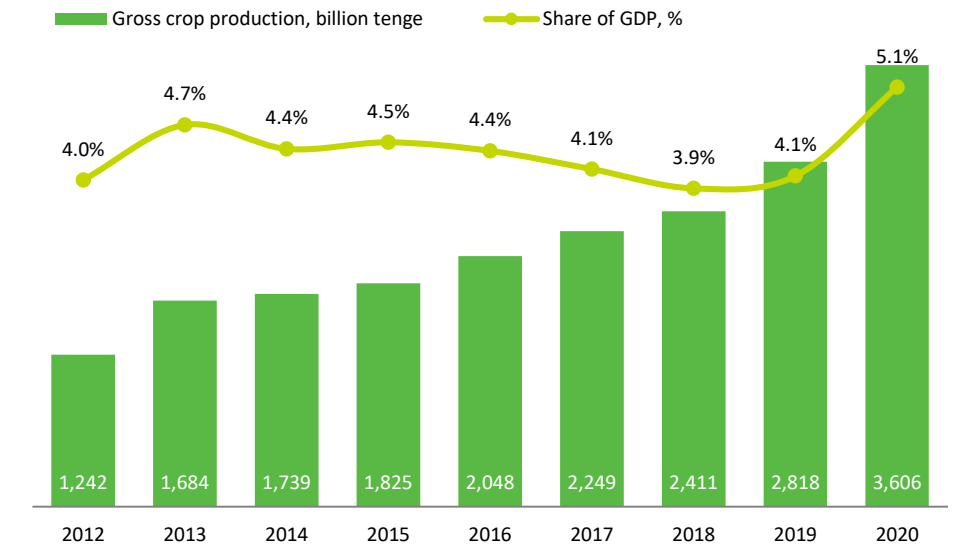
Conclusions and recommendations

List of abbreviations

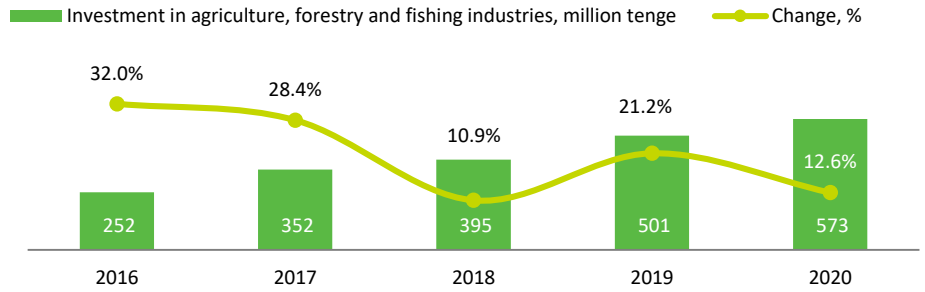
Overview of crop production in Kazakhstan

- Crop production is the basis of agriculture. Summer wheat, oats, barley, corn, millet, buckwheat and rice are all grown in Kazakhstan. Oil-bearing crops and sugar beet, grape vines, melons, apples, potatoes, flax and cotton are also grown in quantity.
- The main cereal crop areas are in the north of the country – Kostanai, Akmola and North-Kazakhstan Oblasts thanks to their chestnut, chernozem, sandy loam and moderate climate. Oil-bearing crop areas are concentrated in the north and east of the country – in North-Kazakhstan, East-Kazakhstan, Kostanai and Akmola Oblasts – thanks to the loamy and chernozem soil. There has been geographical displacement from the main producing regions to zones with potential, for example wheat, beet, sunflower, cotton, soya and rapeseed sowing areas. Production and technical facilities are improving and work is being performed to improve irrigation.
- The average annual growth in Kazakhstan gross crop production in 2012-2020 was 31.6%. In 2020, gross crop production decreased by 27.9% to 3,606 billion tenge. Crop production's share of the country's GDP is 5.1% for 2020. In 2020, investment in the agriculture, forestry and fishing industries grew 12.6% year-on-year to 573 million tenge. Average annual growth in 2016-2020 was 22.8%.
- In 2020, the main grain sowing regions of North-Kazakhstan, Akmola and Kostanai Oblast sent 242 billion tenge to the sector, which is 42% of total investment in the agriculture, forestry and fishing industries. 88% of investment in agriculture, forestry and fishing industry capital was used to grow annual and biennial crops.

Gross crop production in Kazakhstan, billion tenge



Investment in the Kazakhstan agriculture, forestry and fishing industries, million tenge

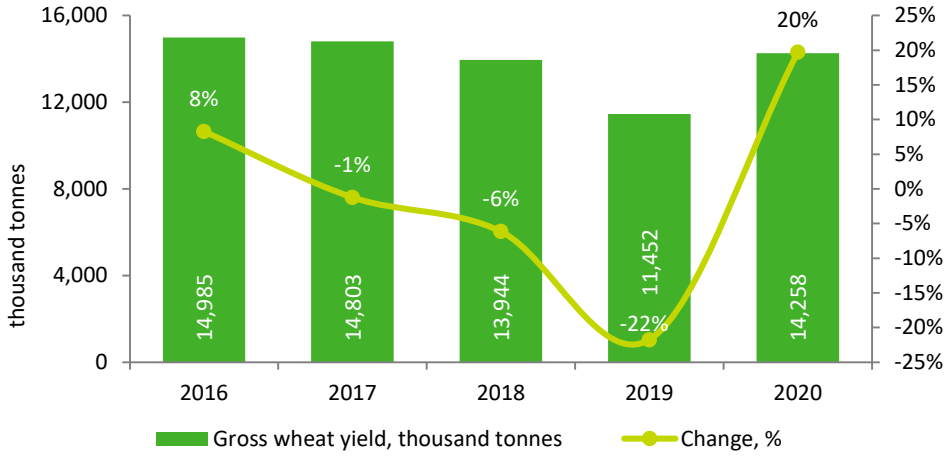


Source: Kazakhstan Statistics Committee

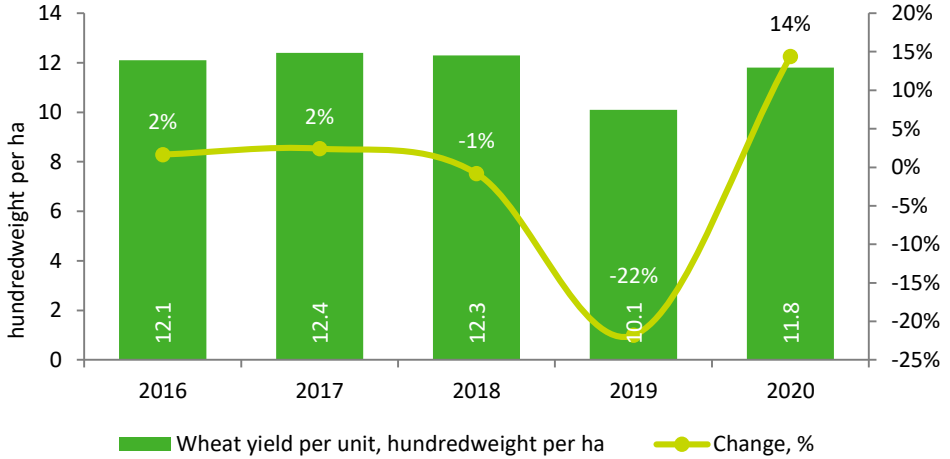
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Wheat production in Kazakhstan

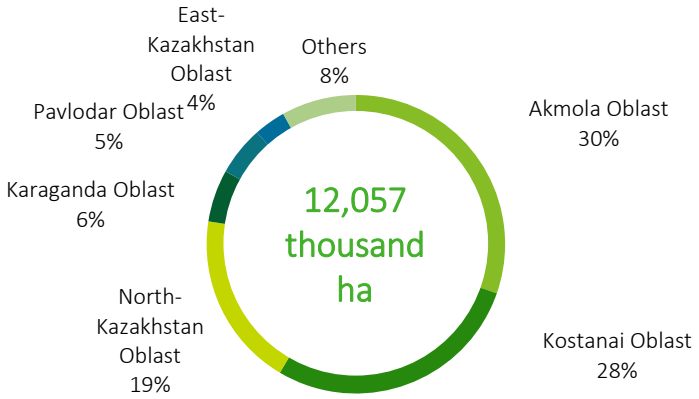
Gross wheat yield in Kazakhstan for 2016-2020, thousand tonnes



Wheat yield per unit in Kazakhstan for 2016-2020, hundredweight per ha



Sowing area in Kazakhstan in 2020, ha



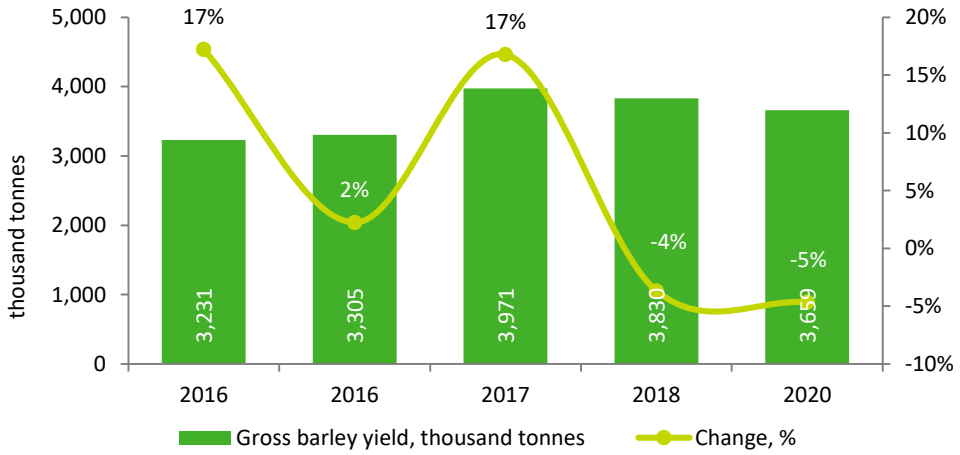
- The gross wheat yield in Kazakhstan in 2020 was 14,258 thousand tonnes. Average annual wheat yield growth in 2016-2020 was -1.2%. Wheat yield per unit in 2016-2020 was stable at 11.7 hundredweight per ha.
- The total wheat sowing area in 2020 was 12,057 thousand hectares. The largest sowing areas are traditionally in the north of the country, such as Akmola Oblast – 30%, Kostanai Oblast – 28% and North-Kazakhstan Oblast – 19%. Wheat sowing areas have declined by 2.6% compared to 2016.
- A total of 186 countries are involved in organic agriculture. Export-focused organic production in Kazakhstan is in the early stages, with only approximately 60 certified producers, accounting for 192 thousand hectares of land used for organic production, which is significantly less than in 2016 (303 thousand hectares).

Source: Kazakhstan Statistics Committee

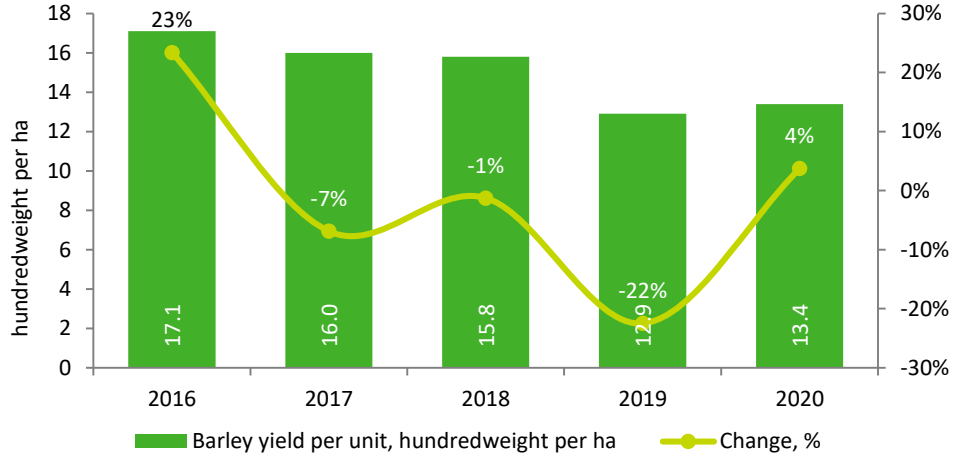
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Barley production in Kazakhstan

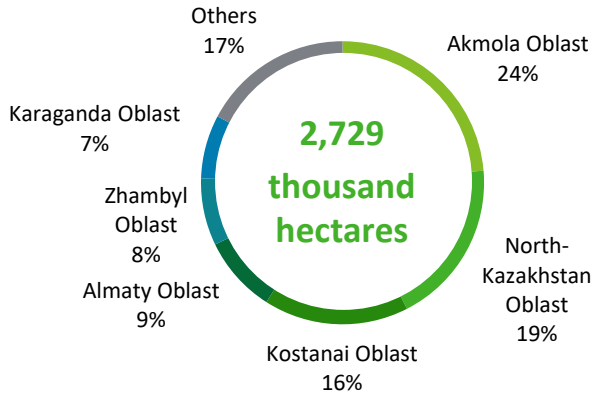
Gross barley yield in Kazakhstan in 2016-2020, thousand tonnes



Barley yield per unit in Kazakhstan in 2016-2020, hundredweight per ha



Barley sowing area in Kazakhstan in 2020, ha



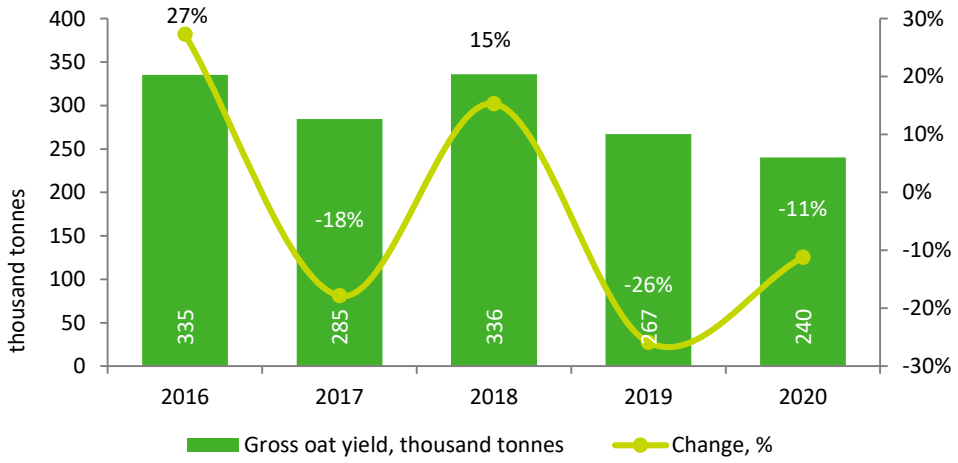
- The gross barley yield in Kazakhstan in 2020 fell 5% to 3,659 thousand tonnes. Average annual growth in the barley yield in 2016-2020 was 3.2%.
- The barley yield in 2016-2020 was unstable and averaged 13.4 hundredweight per ha.
- The total barley sowing area in 2020 was 2,729 thousand hectares. The largest sowing area has traditionally been in the north of the country: Akmola Oblast – 24%, North-Kazakhstan Oblast - 19% and Kostanai Oblast – 16%.
- Kazakhstan wheat yield has been forecast to decline by 2050 due to reduced access to water during the vegetation period and a 12-16% increase in thermal resources, which exceeds the optimum value for growing and developing wheat.

Source: Kazakhstan Statistics Committee

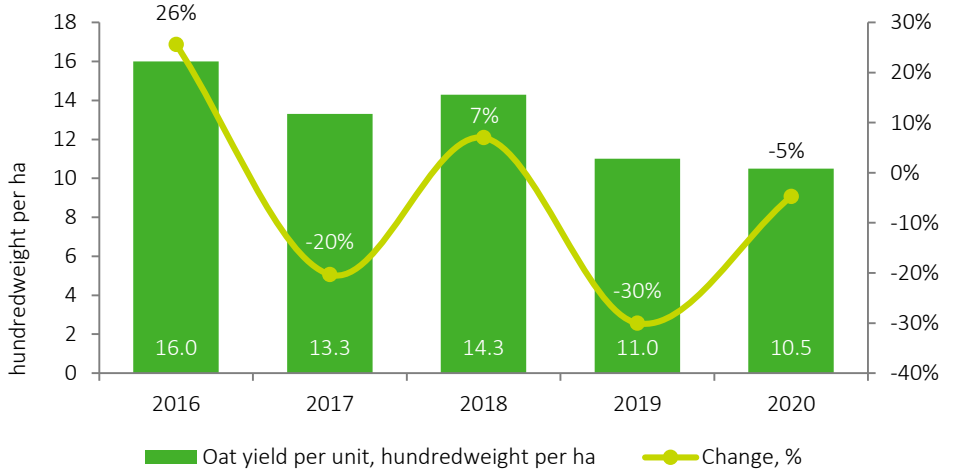
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Oat production in Kazakhstan

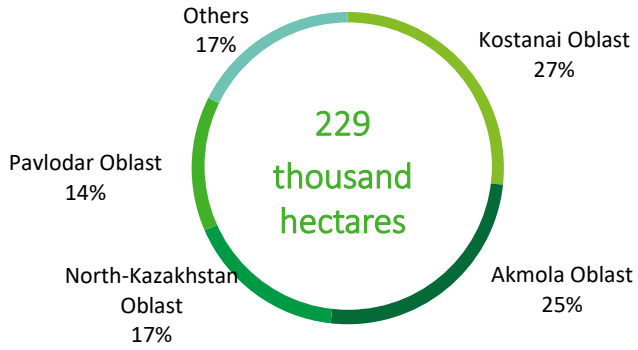
Gross oat yield in Kazakhstan for 2016-2020, thousand tonnes



Oat yield per unit in Kazakhstan for 2016-2020, hundredweight per ha



Oat sowing area in Kazakhstan in 2020, ha



- In 2020, gross oat yield in Kazakhstan was 240 thousand tonnes or 11% lower than in 2019. Average annual growth in oat yield for 2016-2020 was -8%.
- Oat yield per unit in 2020 was 10.5 hundredweight per ha, which is a 5% decline year-on-year. In the last 5 years, the oat yield per unit averaged 13 hundredweight per ha.
- The total oat sowing area for 2020 was 229 thousand hectares. The largest sowing area is in the north of the country due to its natural and climatic conditions: Kostanai Oblast – 27%, Akmola Oblast – 25% and North-Kazakhstan Oblast – 17%.

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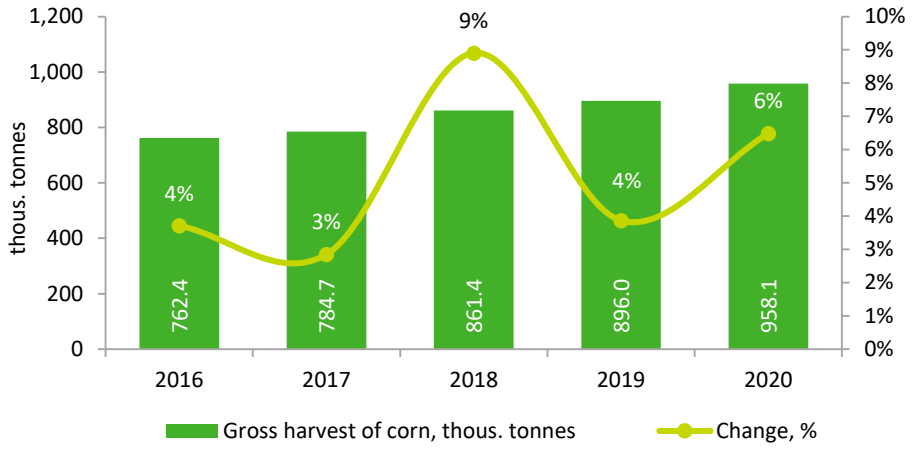
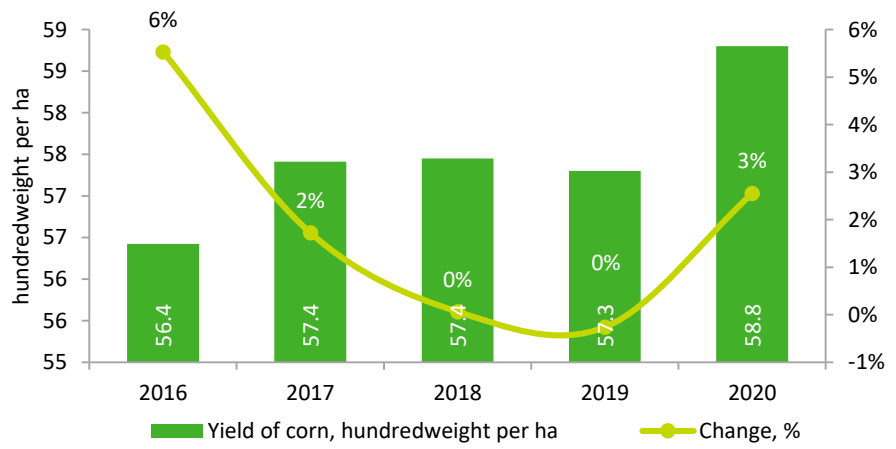
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Corn production in Kazakhstan

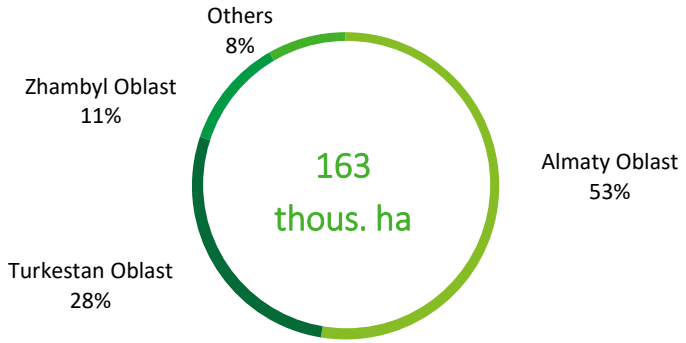
Gross harvest of corn in Kazakhstan for 2016-2020, thous. tonnes



Corn yield in Kazakhstan for 2016-2020, hundredweight per 1 ha



Corn sowing area in Kazakhstan in 2020, ha



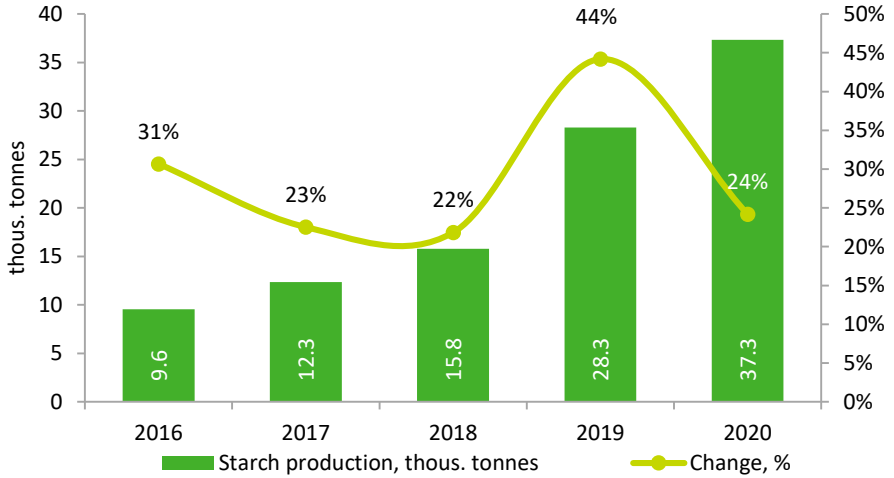
- In 2020, the gross harvest of corn in the country amounted to 958.1 thousand tonnes, which is 6% less than in 2019 The average annual growth rate of corn harvest for the period 2016-2020 is 12.1%.
- Corn yield in 2020 reached 58.8 hundredweight per 1 ha, an increase of 3% by 2019 Over the past 5 years, corn yield averaged 57.5 hundredweights per 1 ha.
- The total area of sowing for corn in 2020 amounted to 163 thousand hectares. the Largest area of sowing for corn is located in the south of the country, which is explained by the natural and climatic features of the regions: Almaty region - 53%, Turkestan region - 28%, Zhambyl region. - 11%.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

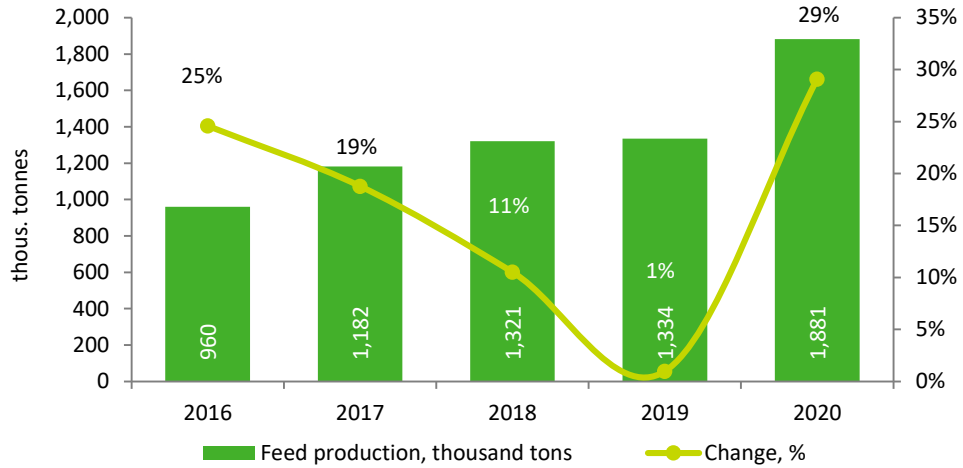
Production of grain processing products in Kazakhstan

Dynamics of starch production in Kazakhstan, thous. tonnes



- Starch production in Kazakhstan is a relatively new direction. In 2019, there was a significant increase in production volumes by 79%, which is partly due to the restart in 2018 of the starch and gluten production plant in the North Kazakhstan region. At the end of 2020, the production volume reached 37.3 thousand tonnes.
- As of today in Kazakhstan there are only 3 domestic enterprises of the grain processing industry (1 for wheat and 2 for corn), where the production of native starch molasses, gluten (dry wheat gluten), food alcohol and other processed products has been established.
- According to KazNII in the food industry of Kazakhstan there is no production of modified starches (native starch with primary characteristics changed during processing). The demand for this type of product is met 100% by imports.

Dynamics of production of feed ready for farm animals, thous. tonnes



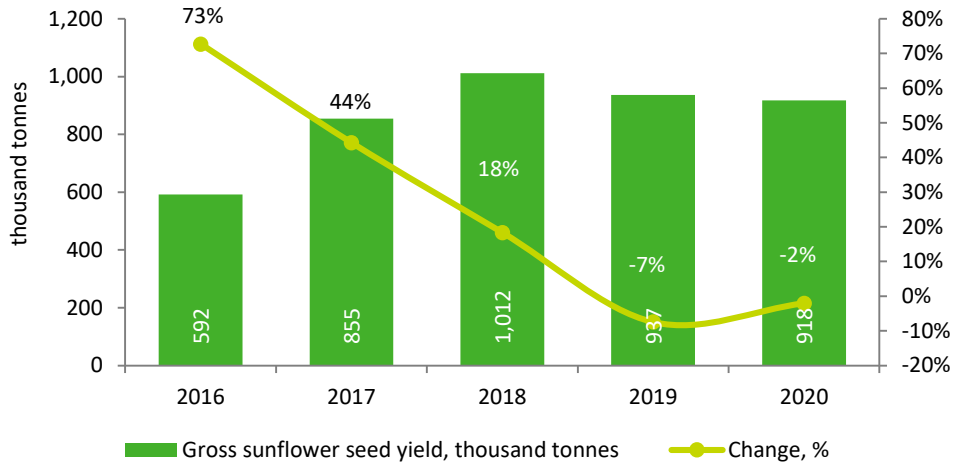
- In 2020, the volume of production of feed from grain crops for farm animals increased by 29% and amounted to 1,861 thousand tonnes. The main volume of production falls on 3 regions - Almaty (34%), Akmola (17%) and North Kazakhstan Oblast (10%).
- According to the Moscow Agriculture AD, for 2020 there are more than 400 enterprises producing feed and feed additives. Among the largest enterprises are JSC "Feed Mill", Plant Bio Operations, LLP "Agro-Trading 2007".

Source: Kazakhstan Statistics Committee

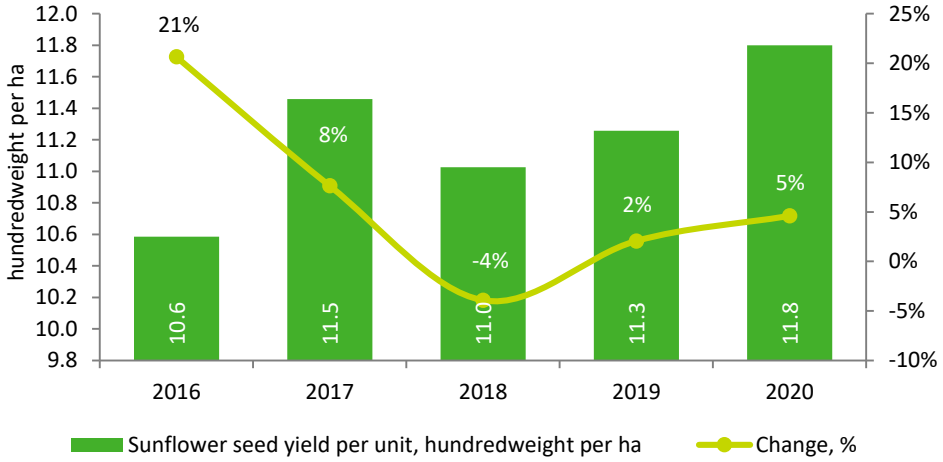
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sunflower seed production in Kazakhstan

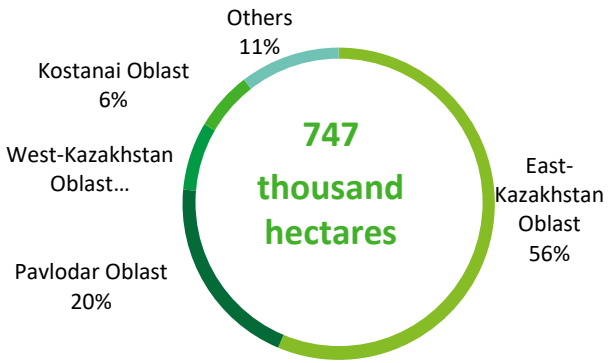
Gross sunflower seed yield in Kazakhstan for 2016-2020, thousand tonnes



Sunflower seed yield per unit in Kazakhstan for 2016-2020, hundredweight per ha



Sunflower seed sowing area in Kazakhstan in 2020, ha



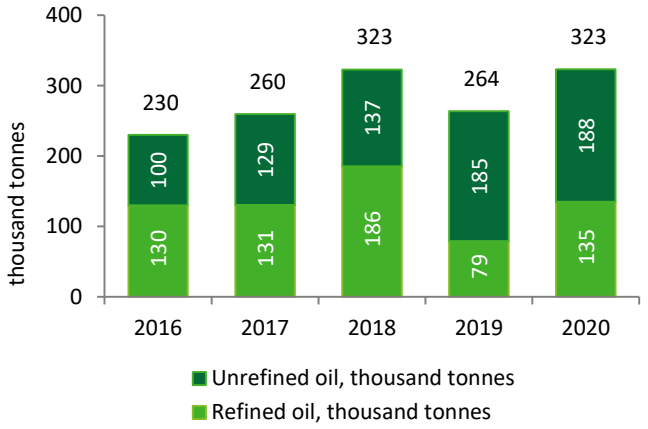
- Gross sunflower seed yield in Kazakhstan in 2020 was 918 thousand tonnes. Average growth in sunflower seed yield in 2016-2020 was 11.6%.
- The sunflower seed yield per unit in 2016-2020 was stable, averaging 11.2 hundredweight per ha.
- The total sunflower seed sowing area in 2020 was 747 thousand hectares. The largest sowing area has traditionally been the north and east of the country: East-Kazakhstan Oblast – 56%, Pavlodar Oblast – 20% and Kostanai Oblast – 6%. Sunflower seed exports currently drive the growth in sowing areas, which have increased by 5% since 2016.

Source: Kazakhstan Statistics Committee

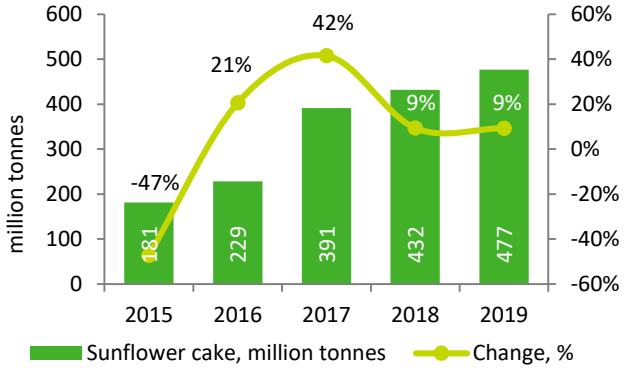
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sunflower products in Kazakhstan

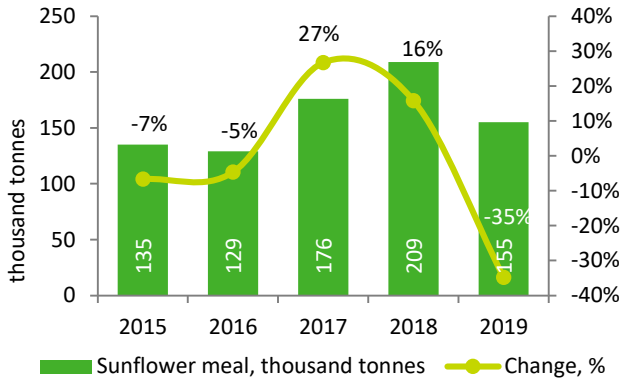
Sunflower oil production in Kazakhstan in 2016-2020, thousand tonnes



Sunflower cake production in 2015-2019, million tonnes



Sunflower meal production in 2015-2019, thousand tonnes



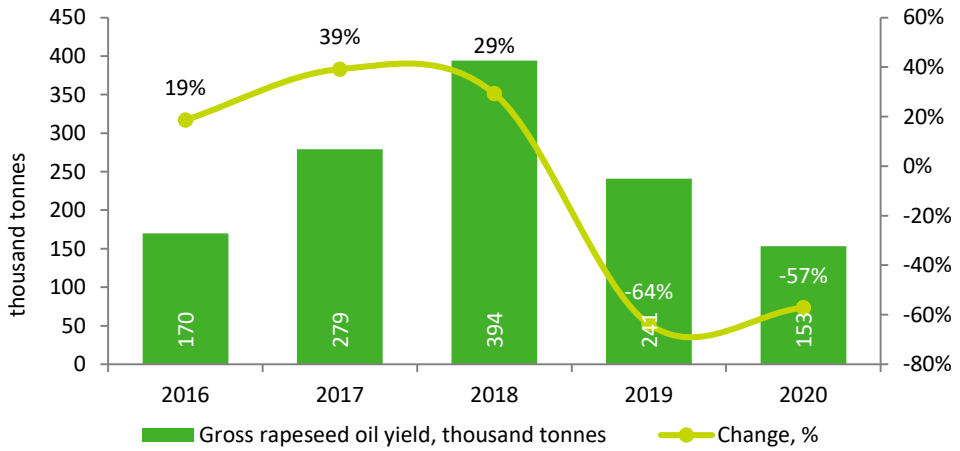
- In the last five years, average annual growth in sunflower oil production was 8.9%. In 2020, production capacity reached 434 thousand tonnes per year. The greatest capacity was registered in East-Kazakhstan Oblast (216 thousand tonnes), Aktobe Oblast (65 thousand tonnes) and North-Kazakhstan Oblast (59 thousand tonnes).
- In 2020, using available processing capacity, sunflower oil production capacity increased to 264 thousand tonnes. At the same time, major, modern oil extraction plants provided 100% of raw materials, because the processing cost is significantly lower than in smaller and older facilities.
- Unrefined sunflower oil accounted for 53% of total sunflower oil production in the last five years. In 2020, unrefined oil production grew by 1.9% year-on-year, while average annual production growth in 2015-2019 was 17.1%.
- By-products of vegetable seeds are cake, meal, lecithin and husk, which are used as animal fodder. Sunflower cake production tripled between 2015 and 2019 to 477 million tonnes (CAGR 27%). In 2019, sunflower meal production declined 35% year-on-year to 115 thousand tonnes due to a reduction in oil production.

Source: Kazakhstan Statistics Committee

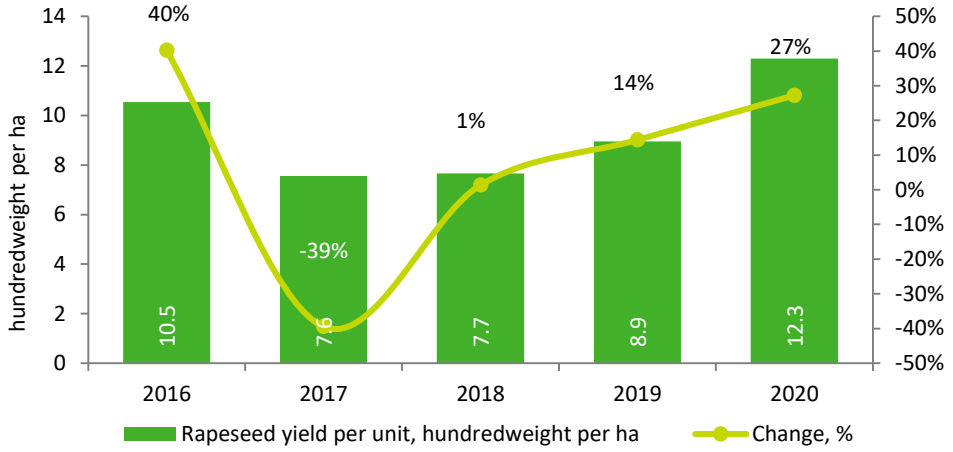
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Rapeseed production in Kazakhstan

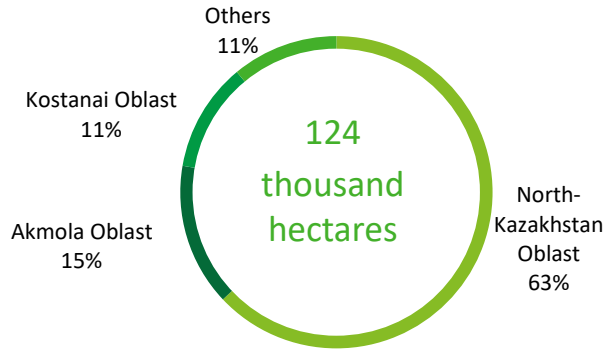
Gross rapeseed yield in 2016-2020, thousand tonnes



Rapeseed yield per unit in 2016-2020, hundredweight per ha



Rapeseed sowing area in 2020, ha



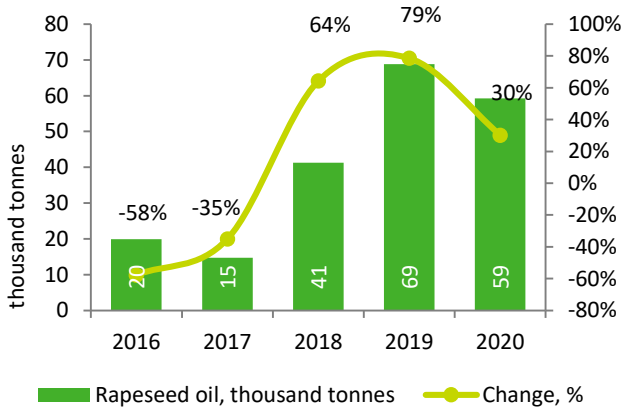
- Average annual growth in rapeseed yield in 2016-2020 was -2.5%. In 2020, gross rapeseed yield fell 57% to 153 thousand tonnes predominantly due to the decrease in rapeseed sowing areas following a cabbage fly outbreak, which has a negative impact on yield quality, and also farmer error.
- Total rapeseed sowing area in 2020 amounted to 124 thousand hectares. Rapeseed grows best in moderate climates, which is why the sowing areas are in the north of the country: North-Kazakhstan Oblast – 63%, Akmola Oblast – 15% and Kostanai Oblast – 11%. At the same time, rapeseed yield per unit in 2020 was 12.3 hundredweight per ha (27% growth year-on-year).

Source: Kazakhstan Statistics Committee

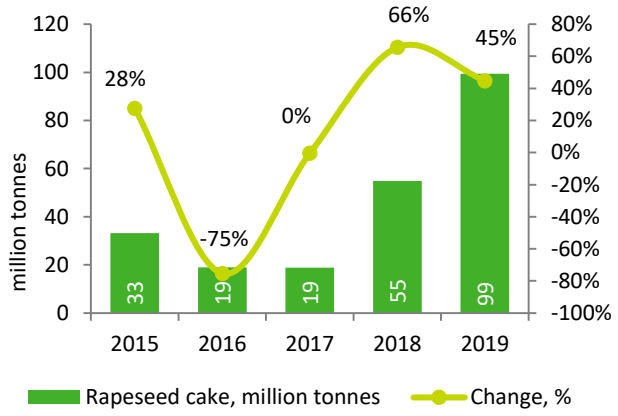
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Rapeseed product in Kazakhstan

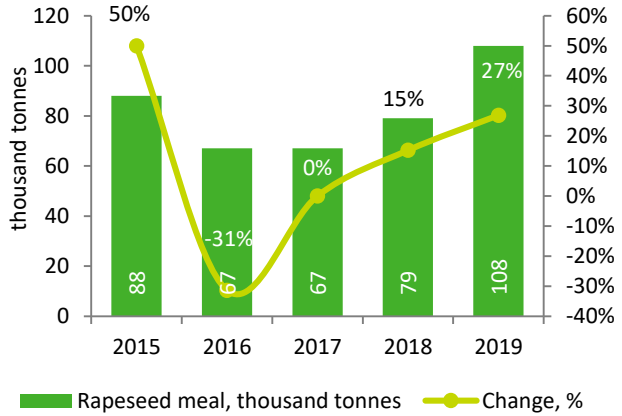
Rapeseed production in 2016-2020, thousand tonnes



Rapeseed cake production in 2015-2019, million tonnes



Rapeseed meal production in 2015-2019, thousand tonnes



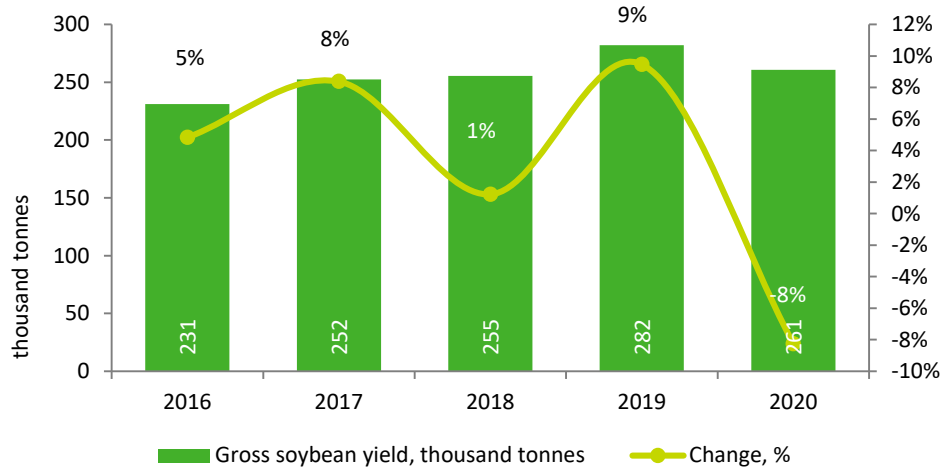
- The majority of rapeseed was processed in Kazakhstan. Rapeseed oil production nearly tripled in the last three years to 59 thousand tonnes in 2020. Average annual growth in rapeseed oil production in 2016-2020 was 31%. Yield declined in 2019-2020 leading to a drop in rapeseed oil production in 2020 compared to the previous year.
- According to the Kazakhstan Statistics Committee, in 2020, unrefined rapeseed oil production capacity amounted to 161 thousand tonnes per year.
- Rapeseed cake production in 2019 amounted to 99 thousand tonnes, which is a 45% increase year-on-year, while average annual production growth for the last five years was 22%.
- Rapeseed meal production also grew in 2019, reaching 108 thousand tonnes of finished product and exceeding the previous year's figure by 27%.

Source: Kazakhstan Statistics Committee

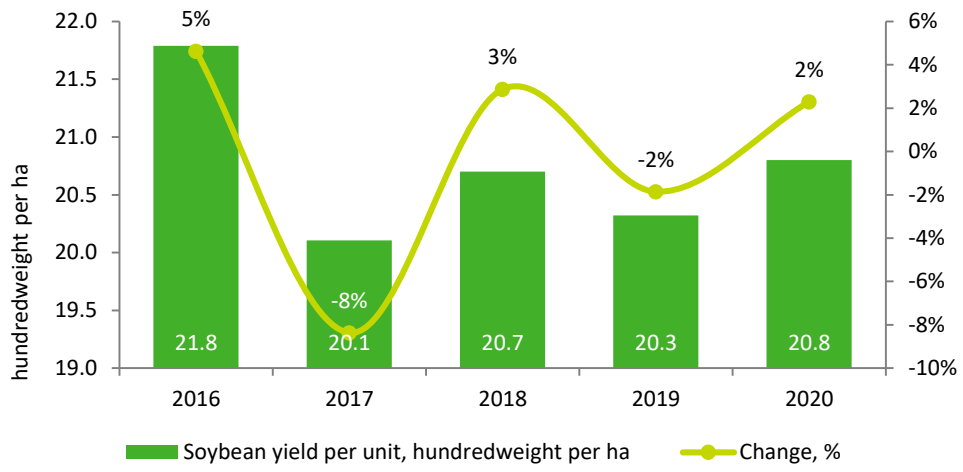
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Soybean production in Kazakhstan

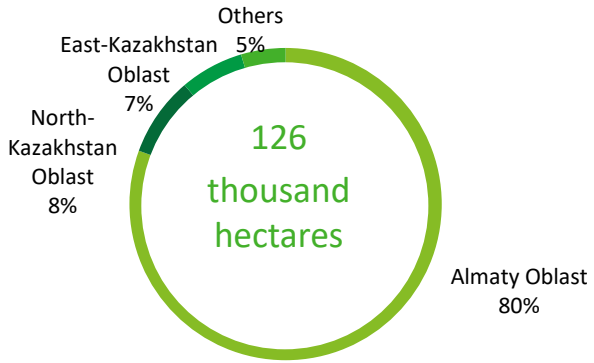
Gross soybean yield in 2016-2020, thousand tonnes



Soybean yield per unit in 2016-2020, hundredweight per ha



Soybean sowing area in 2020, ha



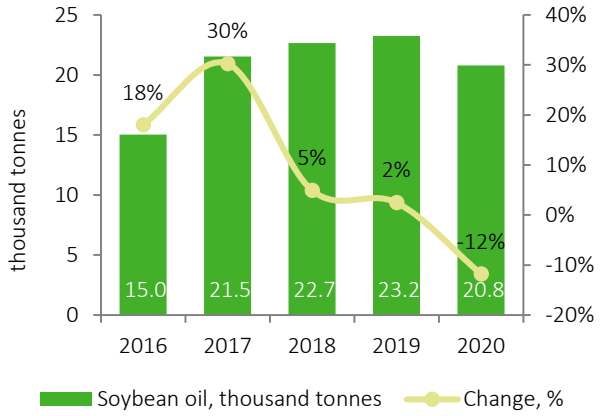
- Gross soybean yield has been growing gradually in the last five years, but fell by 8% in 2020 to 261 thousand tonnes. Average annual growth in 2016-2020 was 3%. Soybean yield per unit is 21 hundredweight per ha, but in other climates the yield can reach 30-40 hundredweight per her.
- The total soybean sowing area in 2020 was nearly 126 thousand hectares. The largest sowing areas are in Almaty Oblast – 80%, North-Kazakhstan Oblast – 8% and East-Kazakhstan Oblast– 7%. Seeds adapted to northern climates were purchased in Austria and Russia's Altai Region. Small farms account for 67% of sowing area in 2020, while agricultural enterprises accounted for 33%.

Source: Kazakhstan Statistics Committee

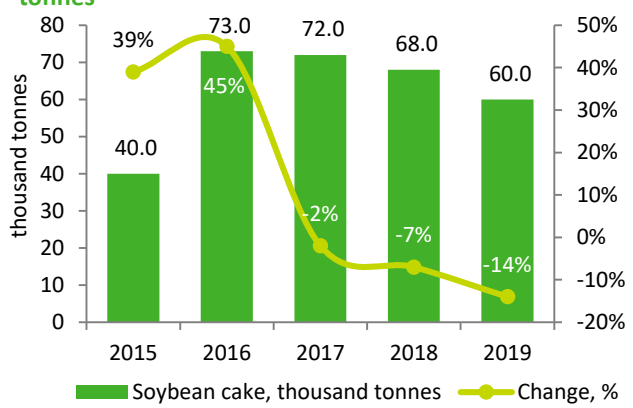
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Soybean products in Kazakhstan

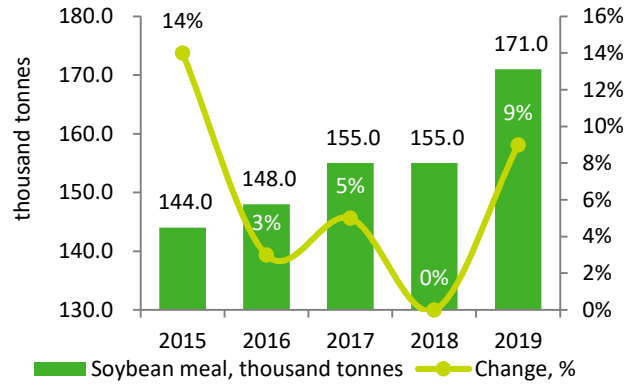
Soybean oil production in 2016-2020, thousand tonnes



Soybean cake production in 2015-2019, thousand tonnes



Soybean meal production in 2015-2019, thous. tonnes



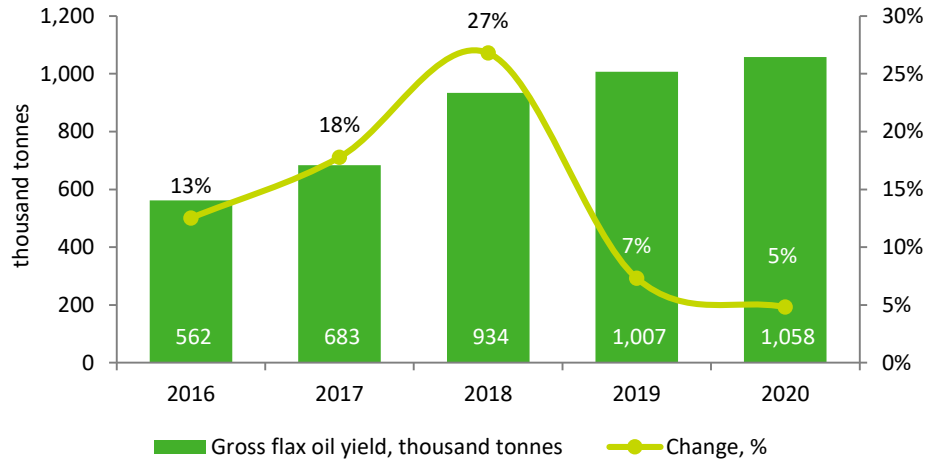
- The last five years have seen soybean oil production in Kazakhstan grow to reach 21 thousand tonnes in 2020. Average annual soybean oil production was 8.5%. The majority of soybeans are exported.
- According to the Kazakhstan Statistics Committee, unrefined soybean oil producers produce 125 thousand tonnes per year. Production capacity is focused on Almaty Oblast - 101 thousand tonnes per year and Akmola Oblast – 10 thousand tonnes per year.
- Soybean cake production in 2019 amounted to 60 million tonnes, which is a 14% decline year-on-year. In 2019, a total 171 thousand tonnes of soybean meal was produced, which is 9% higher than in 2018.

Source: Kazakhstan Statistics Committee

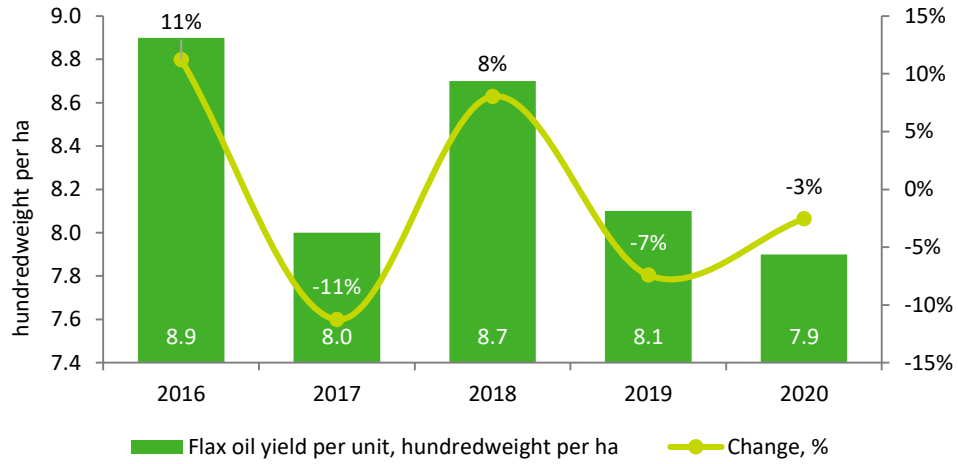
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Flax seed production in Kazakhstan

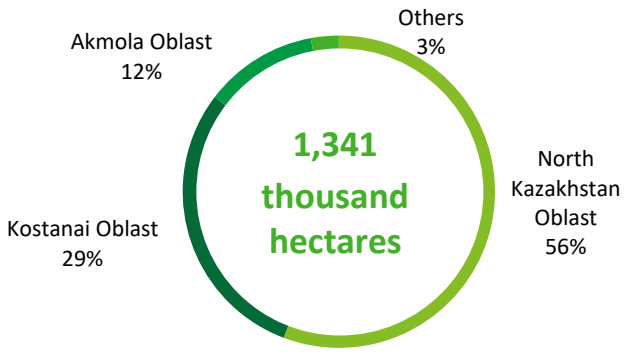
Gross flax seed yield in 2016-2020, thousand tonnes



Flax seed yield per unit in 2016-2020, hundredweight per ha



Flax seed sowing area in 2020, ha



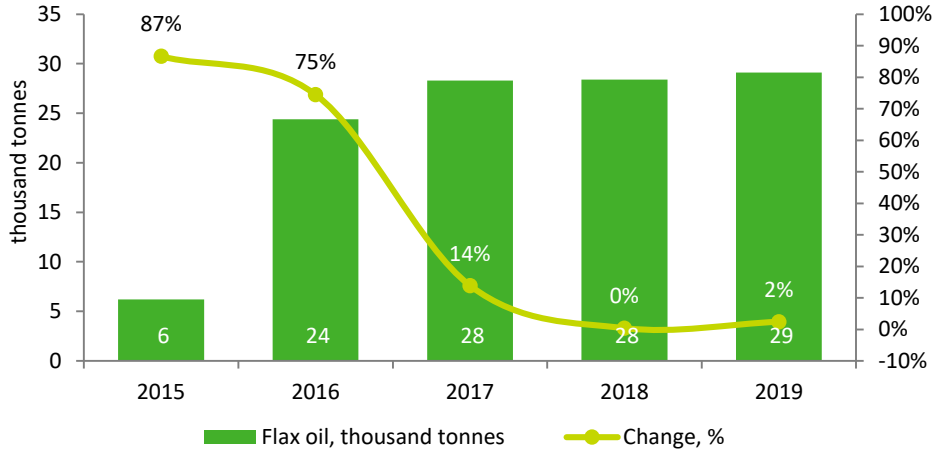
- Gross flax seed yield has been increasing gradually over the last five years, reaching 1,058 thousand tonnes in 2020, which is 5% higher than in 2019 (CAGR 17.1%). Flax seed yield averaged 8.3 hundredweight per ha.
- Total flax seed sowing area in Kazakhstan covered nearly 1,341 thousand hectares. The largest sowing areas are focused in North-Kazakhstan Oblast – 56%, Kostanai Oblast – 29% and Akmola Oblast – 12%.
- Small farms account for 55% of sowing area in 2020, while agricultural enterprises accounted for 45%.

Source: Kazakhstan Statistics Committee

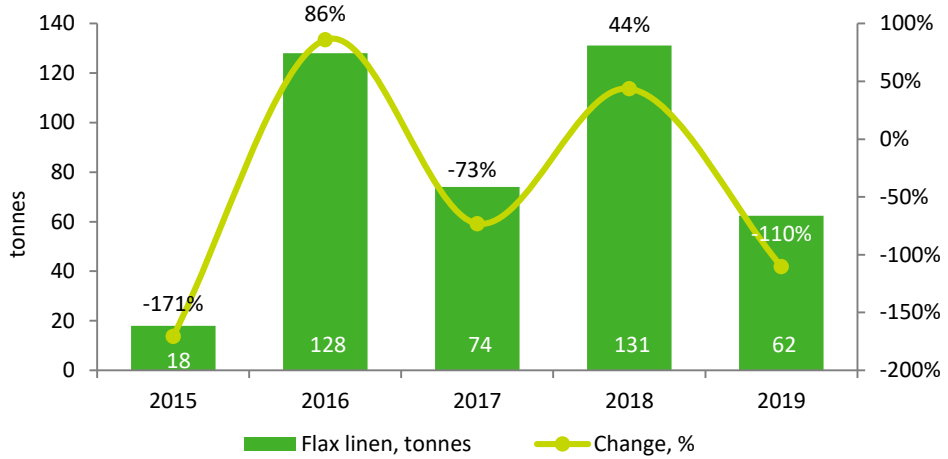
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Flax products in Kazakhstan

Flax oil production in 2015-2019, thousand tonnes



Flax linen production in 2015-2019, tonnes



- Flax oil production in Kazakhstan grew 2% in 2019, while average annual growth in 2015-2019 was 48.3%. Practically all flax oil produced in Kazakhstan is exported, as it is not used in the country and is recognised as a dietary form of oil.
- In 2019, Kazakhstan produced 62 tonnes of flax linen, which is 110% less than in 2018. Average annual growth in flax linen production in 2015-2019 was 36.2%.
- Flax oil is a health food. Its main effect is to normalise the metabolism due to the large quantity of unsaturated fatty acids. Taking flax oil regularly gives the body the nutrients it needs and removes of the need for snacks.

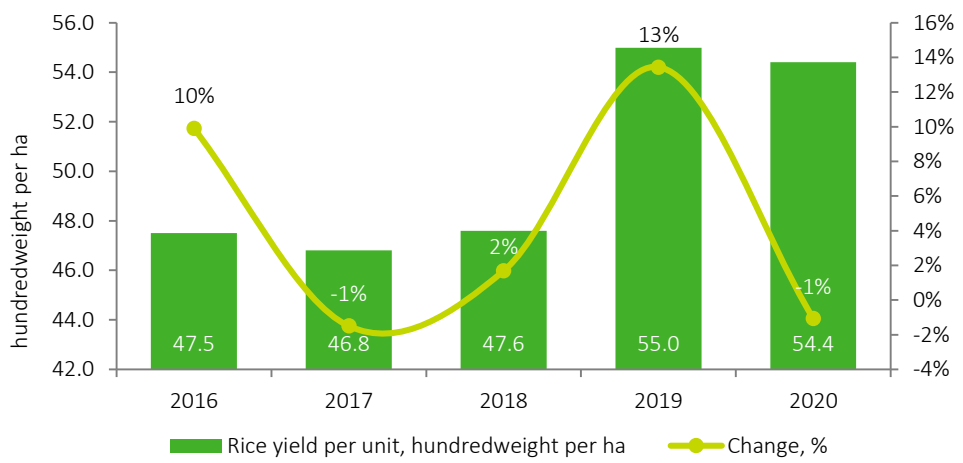
Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

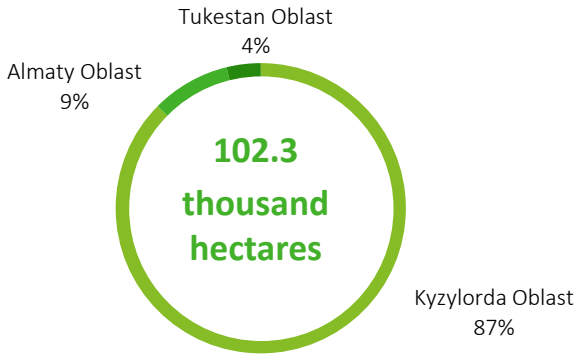
Rice production in Kazakhstan

Gross rice yield in Kazakhstan in 2016-2020, thousand tonnes

Rice yield per unit in Kazakhstan in 2016-2020, hundredweight per ha



Rice sowing area in Kazakhstan in 2020, ha



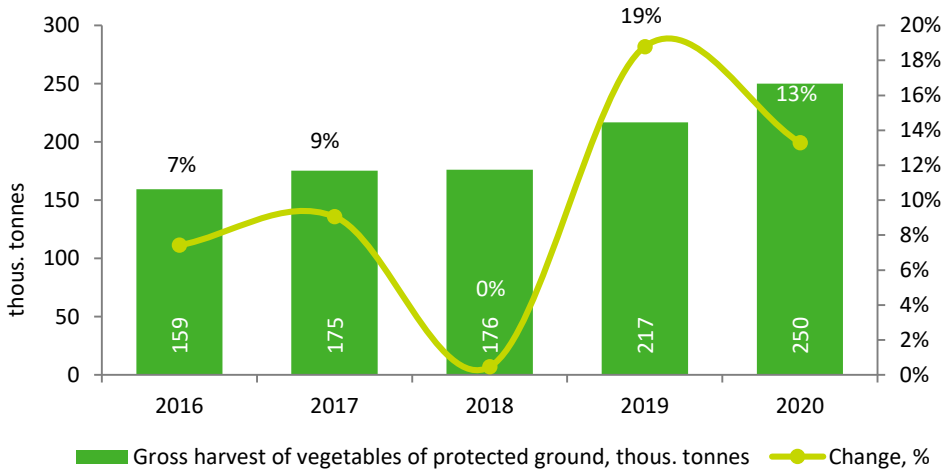
- The gross rice yield in Kazakhstan in 2020 was 557 thousand tonnes. Average annual growth in rice yield 2016-2020 was 5.6%.
- Rice yield per unit in 2016-2020 was unstable, reaching 54.4 hundredweight per ha in 2020.
- The total rice sowing area in 2020 was 102.2 thousand hectares. The largest sowing area is in the south of the country: Kyzylorda Oblast – 87%, Almaty Oblast – 9% and Turkestan Oblast – 4%.
- The rice market is controlled by local companies and demand for husked or split rice is covered by Kazakhstan production.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

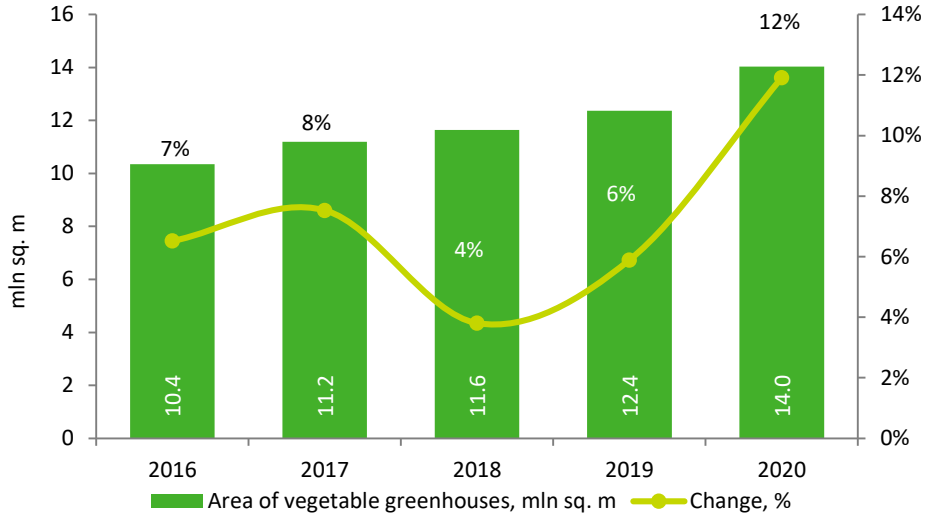
Gross harvest of vegetables of protected ground

Gross harvest of vegetables of protected ground in 2016-2020, thous. tonnes



- In Kazakhstan, the gross harvest of vegetables from closed ground in 2020 amounted to 250 thousand tonnes. The average annual growth rate of vegetable harvest for the period 2016-2020 was 25.2%.
- The gross harvest of vegetables from greenhouses was mainly recorded in the Turkestan Oblast - 60%, Almaty Oblast - 14%, East Kazakhstan Oblast - 6%.
- The state reimburses part of the costs in the construction and expansion of the greenhouse complex and in the creation and expansion of irrigation systems of drip irrigation. In the country, in order to develop the cultivation of vegetables of closed ground, measures of state support are applicable by subsidizing the cost of fertilizers, herbicides, bioagents and biological preparations.

Planting area of vegetable greenhouses in 2016-2020, million square meters



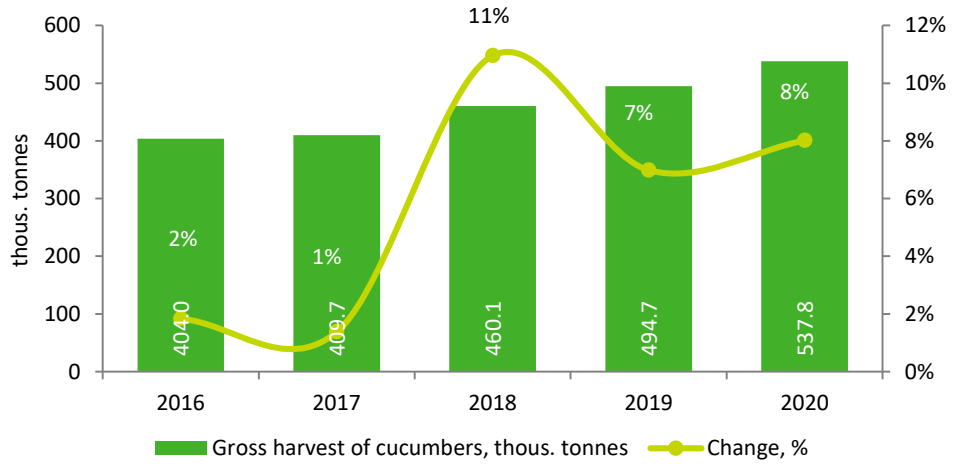
- The planting area of vegetable greenhouses in Kazakhstan in 2020 amounted to 14 million square meters. The average annual growth rate of planting areas of vegetable greenhouses for the period 2016-2020 was 16.4%.
- The largest planting area of vegetable greenhouses is located in the Turkestan Oblast - 71%.
- The high cost of greenhouse products due to the high cost of utility tariffs makes it uncompetitive in comparison with cheap imported. The share of imports in the Kazakhstan market of greenhouse vegetables now reaches 80%. It mainly comes from Uzbekistan and Turkmenistan.

Source: Kazakhstan Statistics Committee

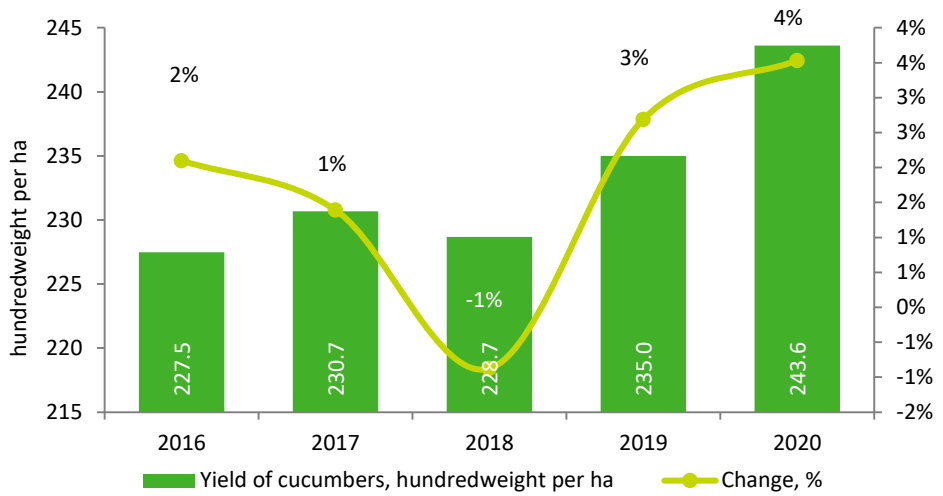
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross harvest of cucumbers in Kazakhstan

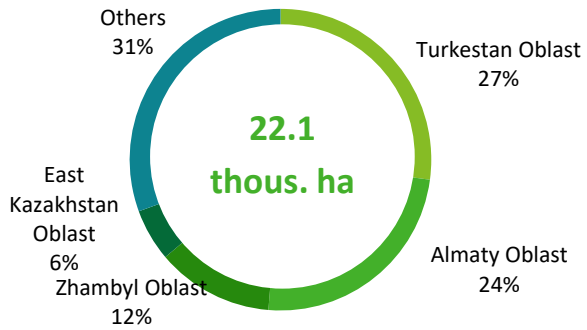
Gross harvest of cucumbers in Kazakhstan for 2016-2020, thous. tonnes



Yield of cucumbers in Kazakhstan for 2016-2020, hundredweight per 1 ha



Area of sowing cucumbers in the Republic of Kazakhstan in 2020, ha



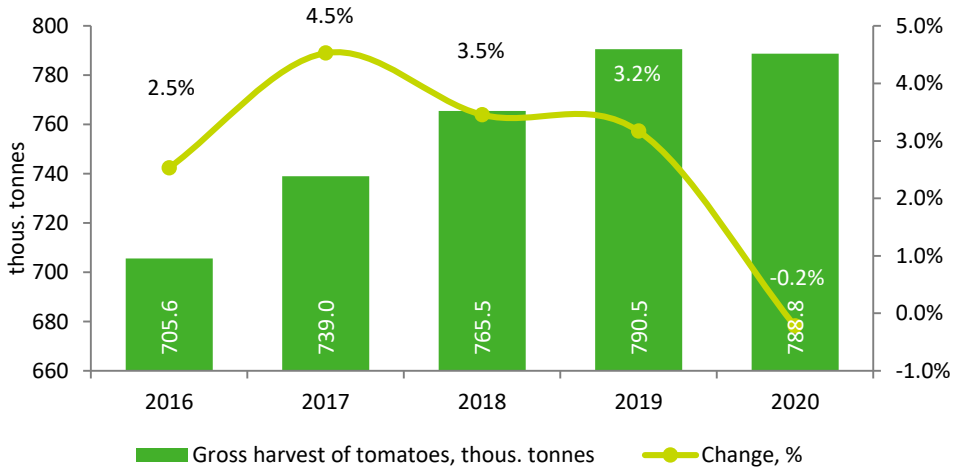
- The gross harvest of cucumbers in Kazakhstan in 2020 amounted to 537.8 thousand tonnes, an increase of 8% by 2019 The average annual growth rate of the cucumber harvest for the period 2016-2020 was 15.4%.
- The yield of cucumbers for the period 2016-2020 was unstable and averaged 461.3 hundredweights per 1 ha.
- The total area of sowing cucumbers in 2020 amounted to 22.1 thousand hectares. the Largest area of sowing is traditionally concentrated in the southern regions of the country: Turkestan Oblast - 27%, Almaty Oblast - 24%, and Zhambyl Oblast - 12%.

Source: Kazakhstan Statistics Committee

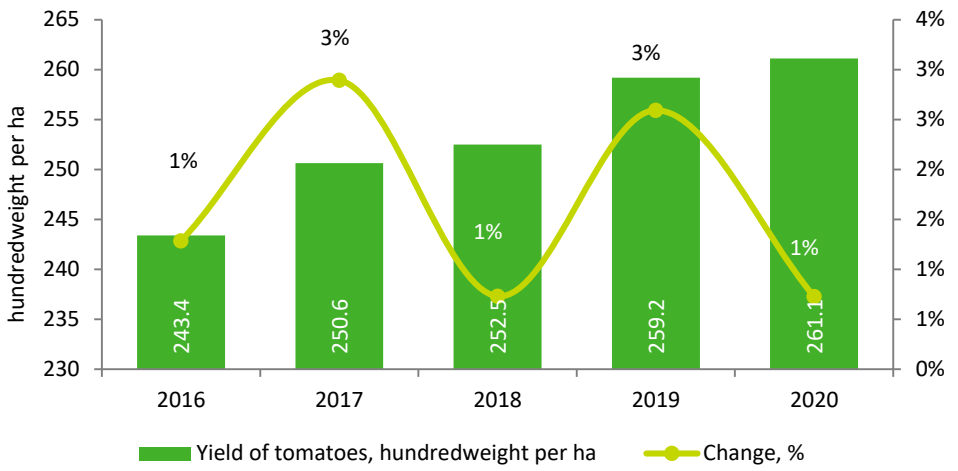
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross harvest of tomatoes in Kazakhstan

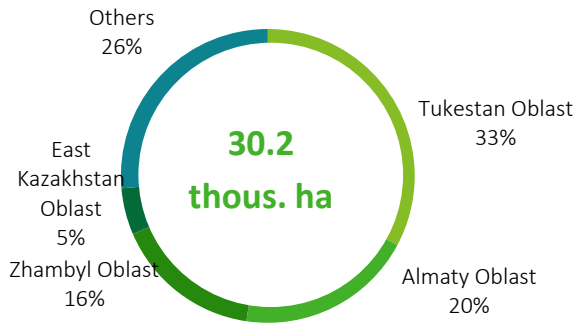
Gross harvest of tomatoes in Kazakhstan for 2016-2020, thous. tonnes



Yield of tomatoes in Kazakhstan for 2016-2020, hundredweight per 1 ha



The area of sowing tomatoes in Kazakhstan in 2020, ha



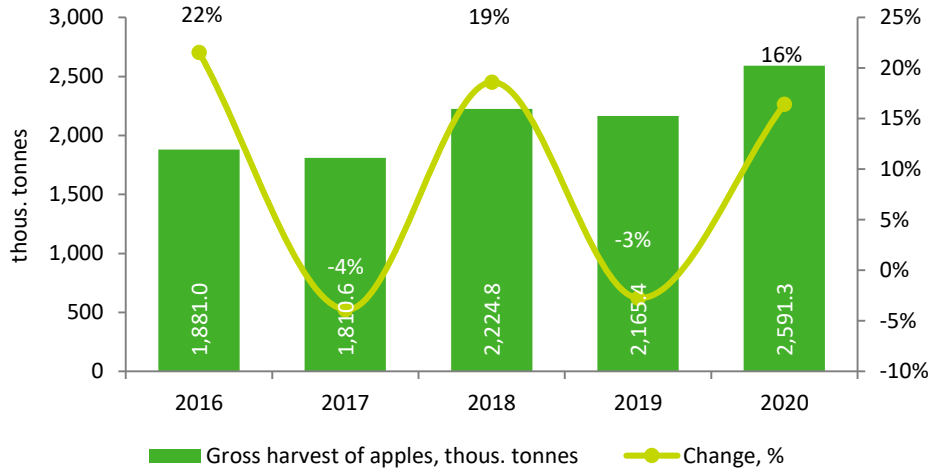
- In 2020, the gross harvest of tomatoes in Kazakhstan amounted to 798.8 thousand tonnes, which is 0.2% less than in 2019 The average annual growth rate of tomato harvest for the period 2016-2020 is 5.7%.
- The yield of tomatoes in 2020 amounted to 261.1 hundredweight per 1 hectare, falling by 1% by 2019 Over the past 5 years, the yield of oats on average reached 253.4 hundredweights per 1 ha.
- The total area of sowing for tomatoes for 2020 amounted to 30.2 thousand hectares. the Largest area of sowing for tomatoes is located in the south of the country, which is explained by natural and climatic features: Turkestan Oblast - 33%, Almaty Oblast - 20%, Zhambyl Oblast - 16%.

Source: Kazakhstan Statistics Committee

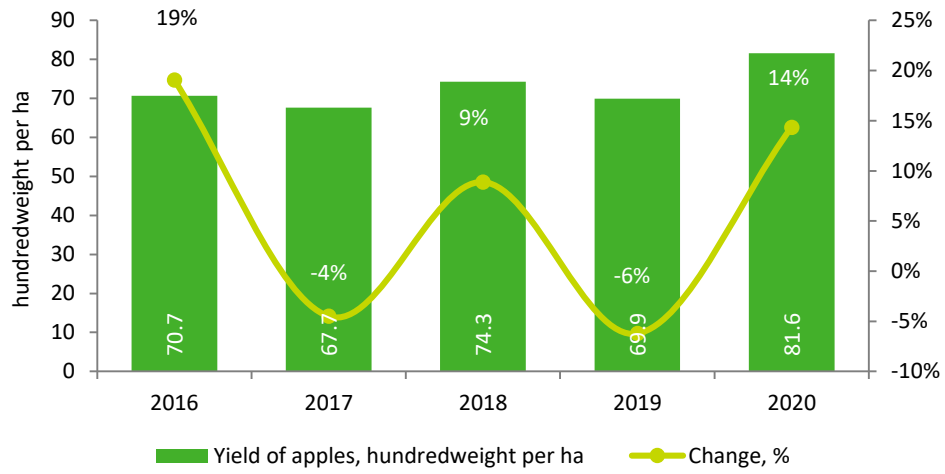
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross harvest of apples in Kazakhstan

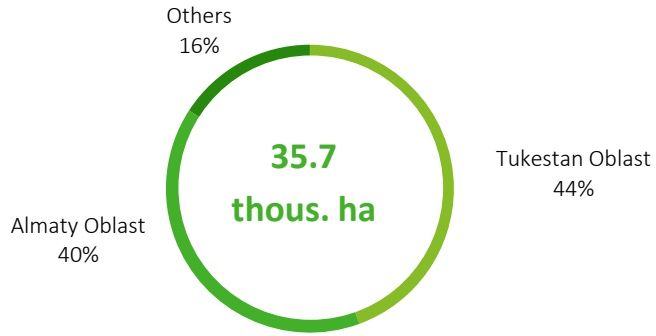
Gross harvest of apples in Kazakhstan for 2016-2020, thous. tonnes



Yield of apples in Kazakhstan for 2016-2020, hundredweight per 1 ha



Area of apple orchards in Kazakhstan in 2020, ha



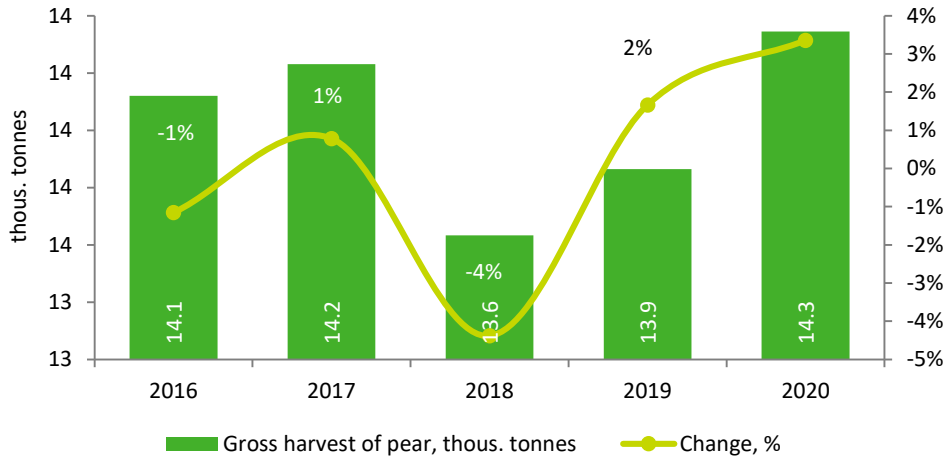
- The gross harvest of apples in Kazakhstan in 2020 amounted to 2,591.3 thousand tonnes. The average annual growth rate of apple harvest for the period 2016-2020 is 17.4%.
- The yield of apples for the period 2016-2020 was unstable and averaged 72.8 hundredweights per 1 hectare.
- The total area of apple orchards for 2020 amounted to 747 thousand hectares. the Main harvest of seed and stone fruits falls on the Turkestan Oblast. - 44% and Almaty Oblast. - 40%.
- 51% of the total area of plantations of seed and stone fruits belong to individual entrepreneurs and peasant or farm enterprises, 23.8% to agricultural enterprises and 25.2% to farms of the population.

Source: Kazakhstan Statistics Committee

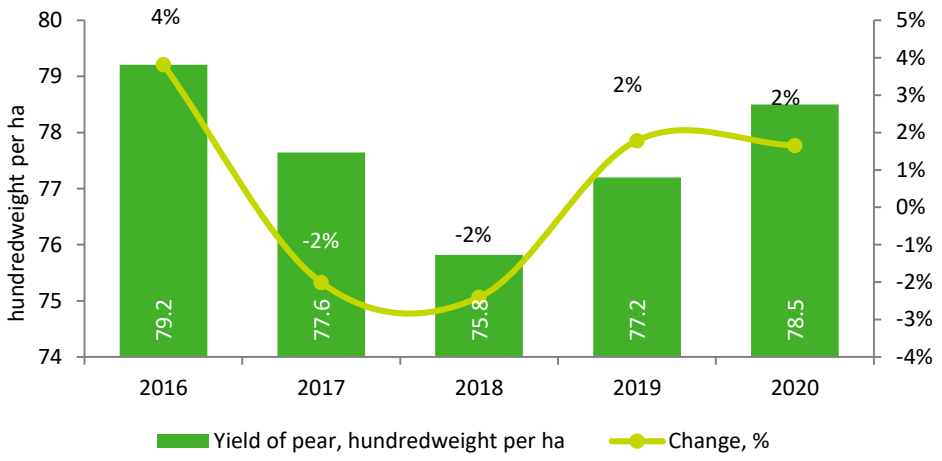
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross pear harvest in Kazakhstan

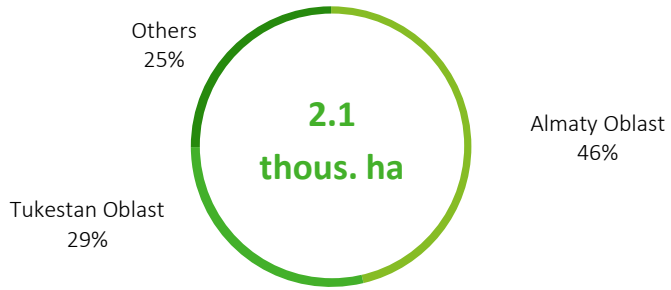
Gross harvest of pear in Kazakhstan for 2016-2020, thous. tonnes



Pear yield in Kazakhstan for 2016-2020, hundredweight per 1 ha



The area of gardens for pears in Kazakhstan in 2020, ha



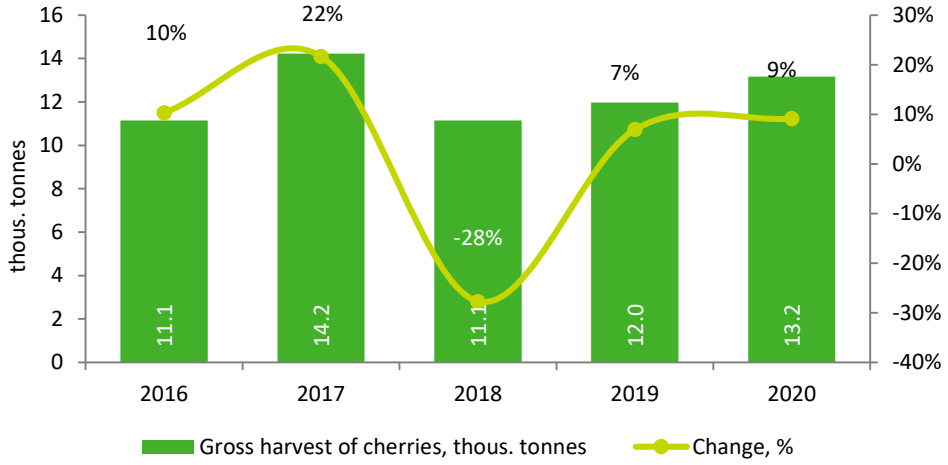
- The average annual growth rate of pear harvest for the period 2016-2020 was -0.8%. In 2020, the gross harvest of pears reached 14.3 thousand tonnes, increased by 3% by 2019.
- The total area of pear gardens in 2020 amounted to 2.1 thousand hectares. Seed and stone fruits grow better in the southern regions of the country, respectively, sown areas are concentrated in: Almaty Oblast. - 46%, Turkestan - 29%, etc.
- Along with this, the yield of pear in 2020 amounted to 77.7 hundredweights per 1 hectare (an increase of 2% compared to 2019).

Source: Kazakhstan Statistics Committee

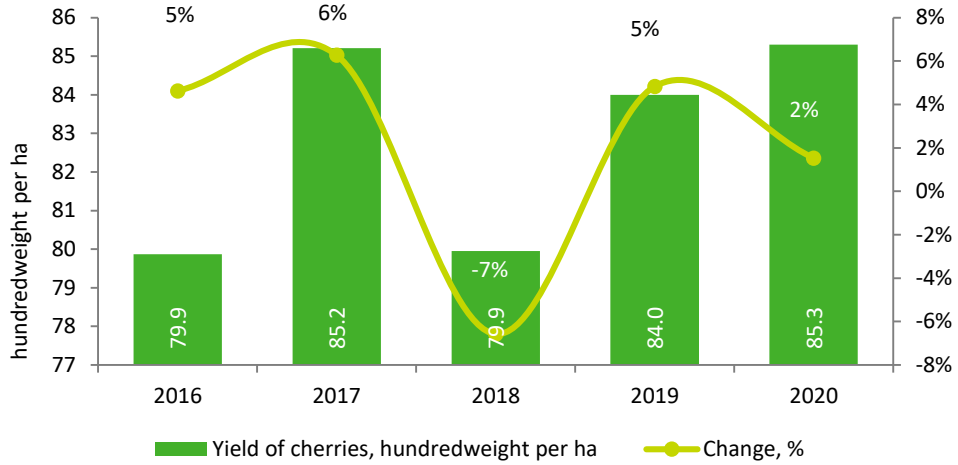
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross harvest of cherries in Kazakhstan

Gross harvest of cherries in Kazakhstan for 2016-2020, thous. tonnes



Yield of cherries in Kazakhstan for 2016-2020, hundredweight per 1 ha



Area of cherry gardens in Kazakhstan in 2020, ha

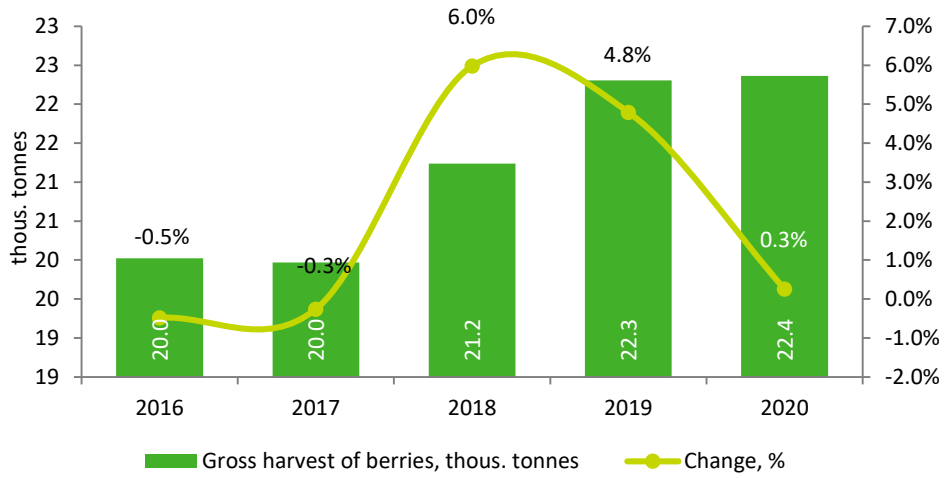
- The gross harvest of cherries over the past 5 years has been unstable. In 2020, the gross harvest amounted to 13.2 thousand tonnes, an increase of 9% by 2019, the average annual growth rate for 2016-2020 was 8.7%.
- The yield of cherries is within 83 hundredweights / ha.
- The total area of gardens for cherries in the country according to the results of 2020, amounted to almost 1.7 thousand hectares The largest areas are concentrated in the Turkestan Oblast. - 33%, Zhambyl Oblast. - 16% and Almaty Oblast. - 11%.

Source: Kazakhstan Statistics Committee

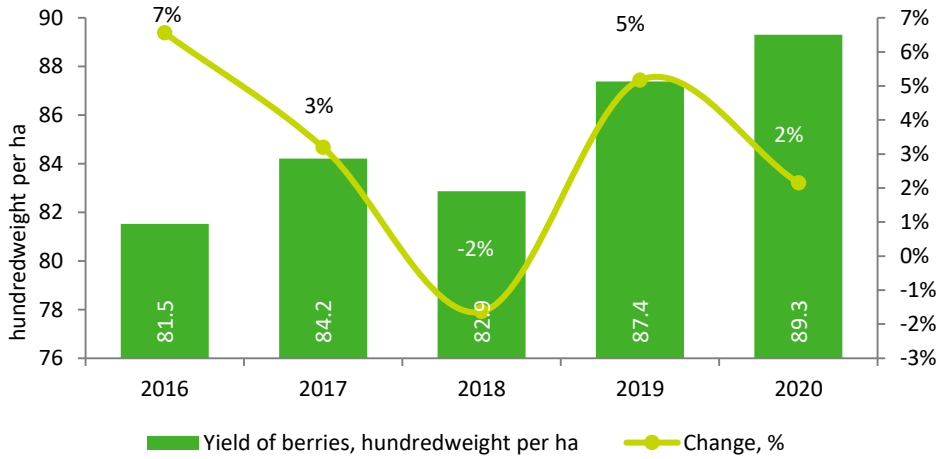
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Gross harvest of berries in Kazakhstan

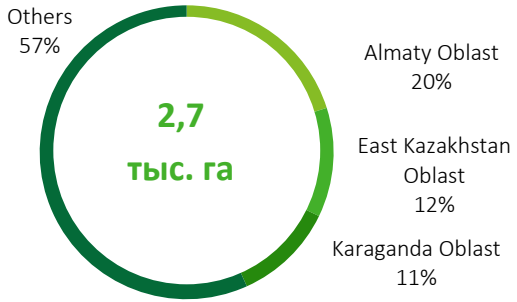
Gross harvest of berries in Kazakhstan for 2016-2020, thous. tonnes



Yield of berries in Kazakhstan for 2016-2020, hundredweight per 1 ha



Area of berry crops in Kazakhstan in 2020, ha



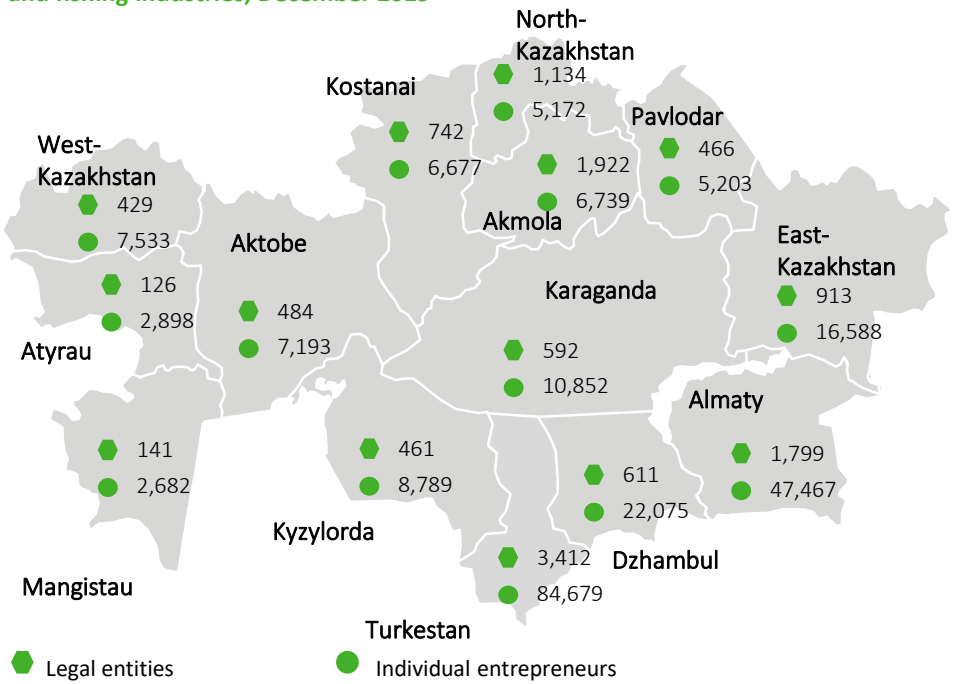
- The gross harvest of berries in Kazakhstan in 2020 amounted to 22.4 thousand tonnes. The average annual growth rate of berry harvesting for the period 2016-2020 is 5.7%.
- The yield of berries for the period 2016-2020 was unstable, reaching in 2020 an indicator of 89.3 hundredweights per 1 ha.
- The total area of berry crops in 2020 amounted to 2.7 thousand hectares. The largest area for berry crops is concentrated in: Almaty Oblast. - 20%, East Kazakhstan Oblast - 12% and Karaganda Oblast. - 11%.
- In Kazakhstan, the berry business is not developed: the market is mainly imported berry.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Enterprises

Locations (oblasts) and numbers of operating enterprises in the agriculture, forestry and fishing industries, December 2019



By the end of 2019, a total of 13,232 Kazakhstan legal entities were operating in the agriculture, forestry and fishing industries, of which small businesses accounted for approximately 97%. The majority of legal entities are in Turkestan Oblast (26%), Akmola Oblast (15%) and Almaty Oblast (14%). In addition, 234,547 individual entrepreneurs were registered as operating in the sector, of whom 36% were located in Turkestan Oblast and 20% in Almaty Oblast.

Number of legal entities in the agriculture, forestry and fishing industries, December 2019

	Total	of which			
		state-owned	business partnership	joint stock company	other organisational and legal forms
agriculture, forestry and fishing industries	13,232	39	8,901	29	4,263
small	12,901	32	8,598	19	4,252
medium-sized	277	5	258	4	10
large	54	2	45	6	1

Number of individual entrepreneurs in the agriculture, forestry and fishing industries, December 2019

	Total	including those operating	
		individually	as joint entrepreneurs
Republic of Kazakhstan	1,072,936	1,002,811	70,125
agriculture, forestry and fishing industries	234,547	164,514	70,033

The principles of a mixed economy aid the joint existence of agricultural formations with farming and individual farms. The current stage is noted by an increase in the role of small businesses and household farms in producing the main crops needed by the population. Large agricultural organisations are capable of producing output that requires advanced technical skills and a smooth operating mechanism with industrial enterprises — grain, sunflowers and sugar beet. Small businesses and household farms hold priority positions in potato production and the production of other fruit, berries and vegetables that are constantly in demand.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Local grain and oil-bearing crop producers

The majority of cereal crops are grown in the north of Kazakhstan, mainly due to the higher levels of precipitation and fewer hot days compared to the south of the country. Sowing areas for oil-bearing crops are predominantly in the north and east of the country – in North-Kazakhstan, East-Kazakhstan, Kostanai and Akmola Oblasts – thanks to loamy and chernozem soil.

Cereal crop producers

Company name	Location
Zharkent Starch Plant LLP	Zharkent, Almaty Oblast
JSC Aziya Agro Food	Kaskelen, Almaty Oblast
Altyn Invest LLP	Fyodorovka, Kostanai Oblast
Agrotechmash LLP	Kostanai, Kostanai Oblast
Agrofirma Diyevskaya LLP	Diyevka, Kostanai Oblast
Agrofirma Diyevskaya LLP	Silantyevka, Kostanai Oblast
Agrofirma Kzyltu-Nan LLP	Kishkenekol, North-Kazakhstan Oblast
Taiynsha-Astyk LLP	Yasnaya Polyana, North-Kazakhstan Oblast
TNS-2020 LLP	Sergeyevka, North-Kazakhstan Oblast
Agrofirma Rodina LLP	Rodina, Akmola Oblast
Zhuravlevka-1 LLP	Kapitanovka, Akmola Oblast
Altyn Bidai LLP	Urumkai, Akmola Oblast
JSC Akmola Service	Akmol, Akmola Oblast
Zaporozhye LLP	Zaporozhye, Akmola Oblast

Oil-bearing crop producers

Name	Trade marks	Plants and factories
Maslo-Del LLP	Zhailyau butter, Maslo Delnoye, O'live and dairy products	Maslo-Del Food in Almaty, plant in Petropavlovsk, Maslo-Del Petropavlovsk plant (elevator), Novoisihim oil pressing Plant and Almaty oil plant
JSC Mai	Maslozavod No. 1, Zabota, Kunkei and Maiskoye oil	Plant in Ust-Kamenogorsk
Taiynsha-Mai LLP	Unrefined oil (hot press)	Plant in Ilichevka, North-Kazakhstan Oblast
JSC Eurasian Foods Corporation	Shedevr oil	JSC EURASIAN FOODS CORPORATION plant in Almaty and JSC EURASIAN FOODS plant in Karaganda
Aktobe Foods LLP	Zolotaya Semechka oil	Plant in Aktobe
Savola Foods CIS LLP	Leo oil	Plant in Aktobe
Sei-Nar Food Complex LLP	Unrefined oil	Plant in Ust-Kamenogorsk
Vostokselkhozprodukt LLP	Solnechnoye and Altyn Mai oil	Plant in Ust-Kamenogorsk
EFKO Almaty LLP	Sloboda oil	Plant in Almaty
Ust-Kamenogorsk Oil Factory LLP	Zarechnoye, Askan and Altyn Toi oil	Plant in Ust-Kamenogorsk
OJSC Shymkent-Mai	Donya oil	Plant in Shymkent
OJSC VITA	Unrefined oil	Plant in Almaty
MS LLP	Irtysh, Extra and Slavnoye oil	Plant in Almaty

Source: KazData

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

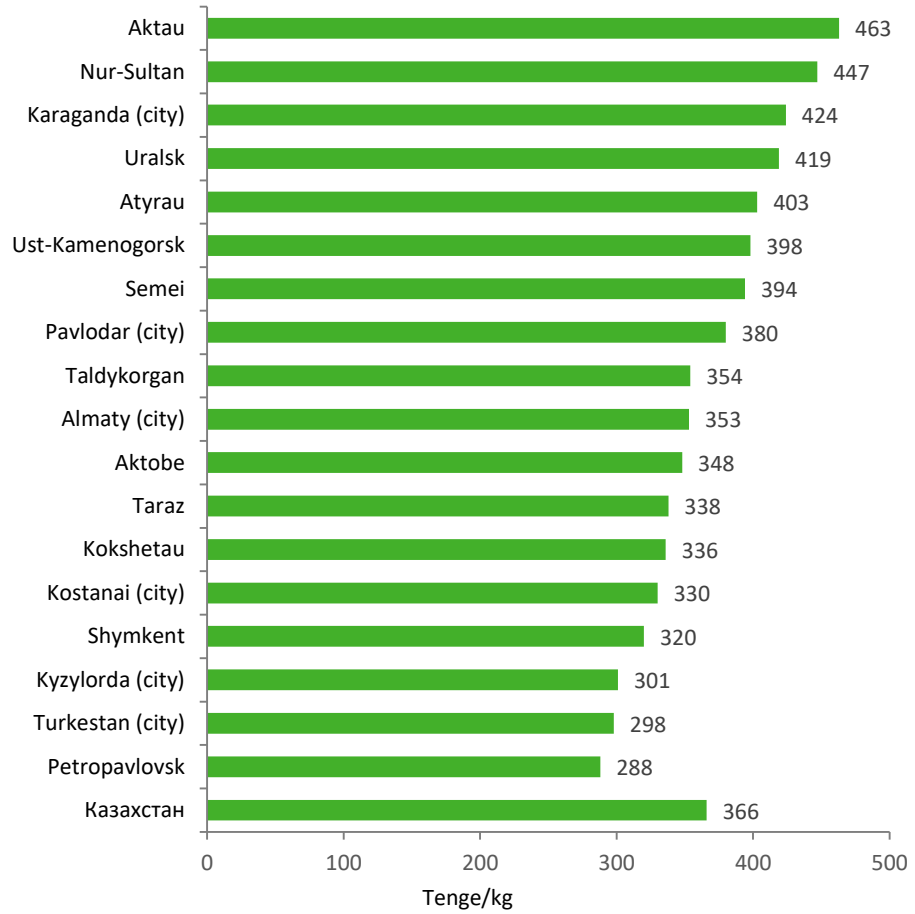
Local rice producers

Rice producers

No.	Company name	Location
1	Turmagambet LLP	Turmagambet, Kyzylorda Oblast
2	Altyn-Dan PVA LLP	Zhalagash, Kyzylorda Oblast
3	Madi Khadzhi LLP	Shirkeili, Kyzylorda Oblast
4	RZA-Agro LLP	Muratbayev, Kyzylorda Oblast
5	Magzhan I K LLP	Ilyasov, Kyzylorda Oblast
6	Tasbolat-A LLP	Zhanakorgan
7	Kyzylorda-Agroservice LLP	Kyzylorda Oblast
8	Asyl Den LTD	Kyzylorda Oblast
9	Abzal I K	Kyzylorda Oblast
10	Nai-Mir LLP	Kyzylorda Oblast
11	Zhan-Arai LLP	Kyzylorda Oblast
12	Abai Daulet LLP	Kyzylorda Oblast

The greatest number of rice producers in Kazakhstan are in Kyzylorda Oblast and in the south of the country.
The national average price for rice is 366 tenge/kg. The highest prices are in Aktau – 463 tenge/kg, Nur-Sultan – 447 tenge/kg and Karaganda – 424 tenge/kg.

Prices for rice in Kazakhstan cities as at May 2021



Source: KazData, Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Local fruit and vegetable producers

Vegetable greenhouse complexes

Name	Description
Green Land Alatau LLP	It is based in Kapchagay. The area of the complex is 5.1 hectares. The complex was built according to the Dutch technology with drip irrigation and illumination systems.
Greenhouse Technologies of Kazakhstan LLP	Based in Stepnogorsk, Akmola Oblast. The area of the greenhouse complex is 3.6 hectares. the Company grows cucumbers. The yield of the greenhouse varies from 1000 to 1500 tonnes of cucumbers per year.
Greenhouse – Green House LLP	Based in Tekeli, Almaty Oblast. The greenhouse complex has an area of 3.65 hectares. The yield is approximately 3025 tonnes of vegetable products per year. In 2003, the project was financed by Kazakhmys JSC and built by the Russian company Agrisovgaz.
Astana Eco Standard LLP	The greenhouse complex is based in Nur-Sultan since 2012, the area of the complex is 3 hectares. Products with a volume of 1950 tonnes are grown, including: tomatoes - 900 tonnes; cucumbers – 1050 tonnes.
Nauryz-2030 LLP	Based in Petropavlovsk, North Kazakhstan Oblast. The area of the greenhouse complex is 6 hectares. The main type of products are cucumbers.
AlzhanAgroTrade LLP	It is based in Ust-Kamenogorsk. The gross harvest of tomatoes and cucumbers is 480 and 1200 tonnes per year, respectively. The area of the greenhouse is 9.6 hectares.
Topar greenhouses LLP	It is located in the village of Topar in the Karaganda Oblast. The gross harvest of tomatoes and cucumbers is 1189 and 2151 tonnes per year, respectively.
Izet Greenhouse LLP	Based in Aktobe. The gross harvest of cucumbers is 1300 tonnes per year. The area of the greenhouse is 3 hectares.
Pavlodar Greenhouse Plant LLP	Located in Pavlodar. The gross harvest of tomatoes is 1,103 tonnes per year. It has the lowest cost of tomato production (182 tenge per 1 kg) among industrial greenhouses of the Republic of Kazakhstan.

Source: company websites

Intensive fruit gardens

Name	Description, Location	Products
Apple World LLP - (Brand Altyn – Alma)	Turgen region of Almaty region. Intensive gardens of 200 hectares	Apples
Kulan Agropark	Zhambyl Oblast. Cultivation of fruit and berry products At the stage of implementation - 1 000 hectares, a cherry garden on 100 hectares was laid	Cherry
Production cooperative Arsenal Garden LLP	Atameken, Turkestan Oblast. Intensive orchards of 650 hectares	Apricots, grapes, cherries, apples, peaches, etc.
Amangeldy LLP	Kazgurtsky district, Turkestan region. Intensive orchards of 500 hectares	Apples and grapes
Alma Green Fields LLP	Tausugur, Almaty Oblast. Intensive gardens of 400 hectares	Apples, cherries and plums
Astana Fruits LLP (Amal Bio brand))	Foothills of the Zaili Alatau, Almaty region. Cultivation of intensive orchards, garden area – 150 ha	Apples, cherries, peaches, nectarines, apple juice of direct pressing
Agrofirma Keruen (brand ECO juice and ECO jam)	Foothills of the Zaili Alatau, Almaty region. Cultivation of intensive apple orchards, production of eco jams and juices. Garden area – 100 ha	Apple and other fruit juices of direct pressing ECO JUICE
Fresh Land LLP	Production and sale of apples, Almaty Oblast (55 ha)	Apples
Zhemis LLP	Production and sale of apples, Almaty Oblast (75 ha)	Apples
Badenko peasant farm	Production and sale of fruits and seedlings, Almaty Oblast (55 ha)	Apples, prunes, seedlings
Baimene LLP	Production and sale of apples, Almaty Oblast (70 ha)	Apples

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Human resources (1/2)

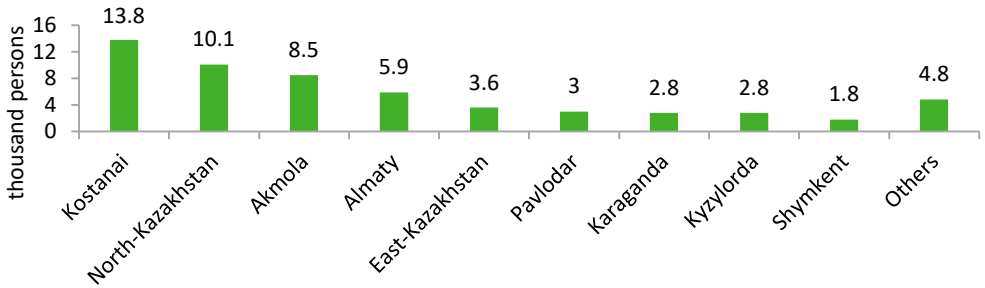
Kazakhstan work force

9.2 million people in 2020

9.7 million people in 2024

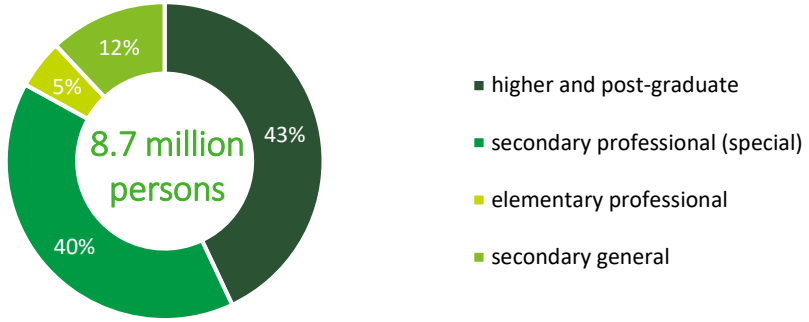
The Kazakhstan work force is made up of 9.2 million people, of whom 95% (8.7 million) are employed and 5% (0.5 million) are unemployed.

People working in plant and animal breeding, hunting and related services by oblast for 2021 Q1



By region, the greatest number of people working in plant and animal breeding, hunting and related services are in Kostanai Oblast – 23%, North-Kazakhstan Oblast – 18% and Akmola Oblast – 15% of total employees in the sector for the country

Allocation of employed persons, by level of education, 2020 QIV



In this respect, the working population (8.7 million persons) includes 3.7 million persons with higher and subsequent education; 3.5 million persons with secondary (specialised) professional education; and 1.5 million persons with initial professional or secondary general education.

Headcount by economic activity, thousand persons

Index	2020 QI	2021 QI
Construction	151	130
Agriculture, forestry and fishing industries	58	57
Wholesale and retail trade	195	202
Education	999	1,011
Transportation and storage	223	214
State management and defence	397	395
Professional, academic and technical activities	78	75

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Human resources (2/2)

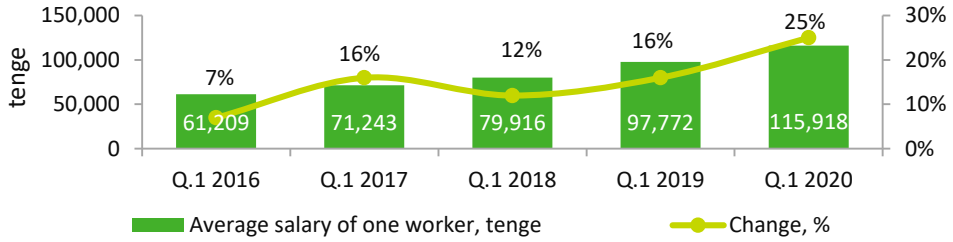
Number of people working in plant and animal breeding, hunting and related services in 2021 QI

57
thousand persons

96%
share of persons working in the agriculture and forestry industries, fishing

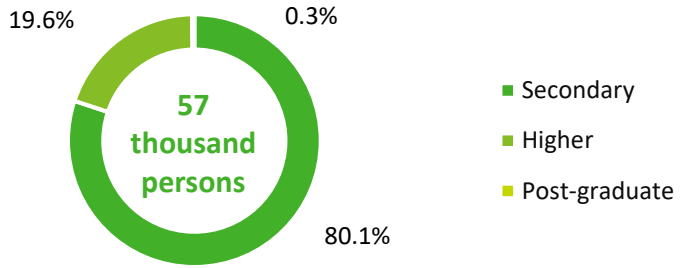
People working in plant and animal breeding, hunting and related services make up 4.9% of total agricultural workers as at 2021 QI.

Average monthly nominal salaries of employees in plant and animal breeding, and hunting and related services for the country as a whole



Average annual growth in nominal salaries was approximately 14%. Salaries grew significantly (by 23 thousand tenge) in 2020.

Allocation of people working in plant and animal breeding, by level, as at 2021 QI



The working population in plant and animal breeding (57 thousand) includes 46 thousand with secondary education; 11 thousand with a higher education; and 166 with a post-graduate education.

Agriculture and forestry industry, fishing worker headcount, by position

	2017 Q1	2018 Q2	2019 Q1	2020 Q1	2021 Q1
Agriculture, forestry and fishing industries	60.0	59.1	60.0	58.3	59.1
Plant and animal breeding, hunting and related services	57.9	57.2	57.9	56.6	56.6
Forestry and lumbering	1.6	1.6	1.7	1.3	2.1
Fishing and aquaculture	0.5	0.3	0.3	0.4	0.4

Average annual growth in the number of people employed in the agriculture, forestry and fishing industries between 2017 Q1 and 2021 Q1 was -0.3%. In this respect, plant and animal breeding employees accounted for 96% of the total.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Crop consumption in Kazakhstan

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

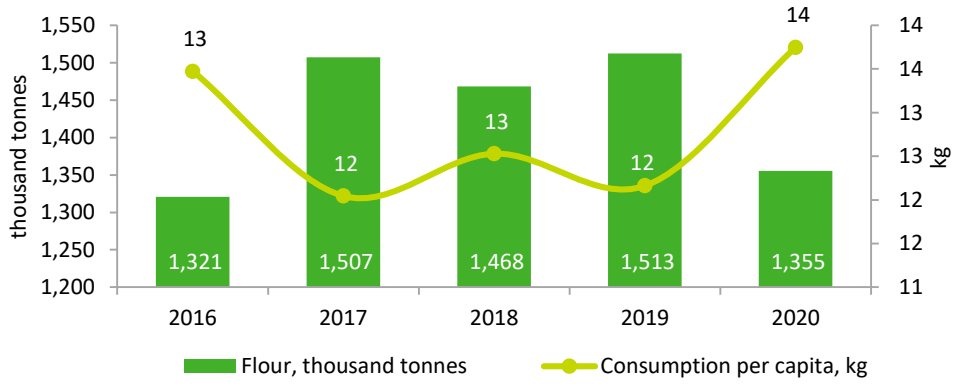
Brief global market overview

Conclusions and recommendations

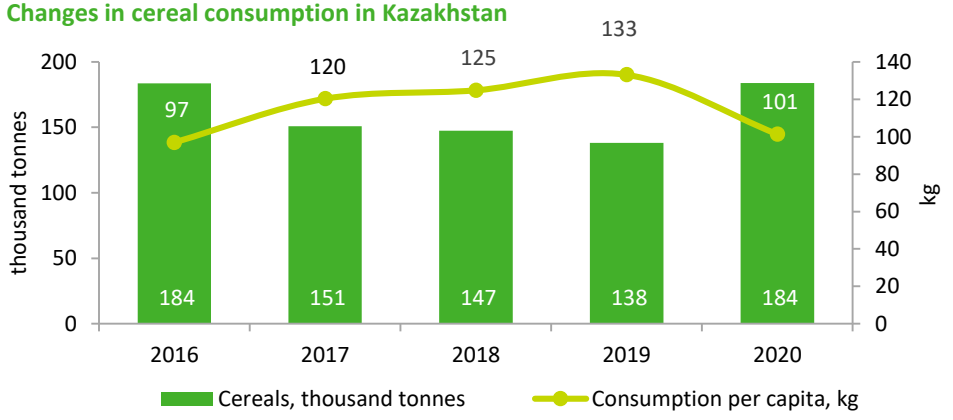
List of abbreviations

Flour, cereal, rice and grain consumption

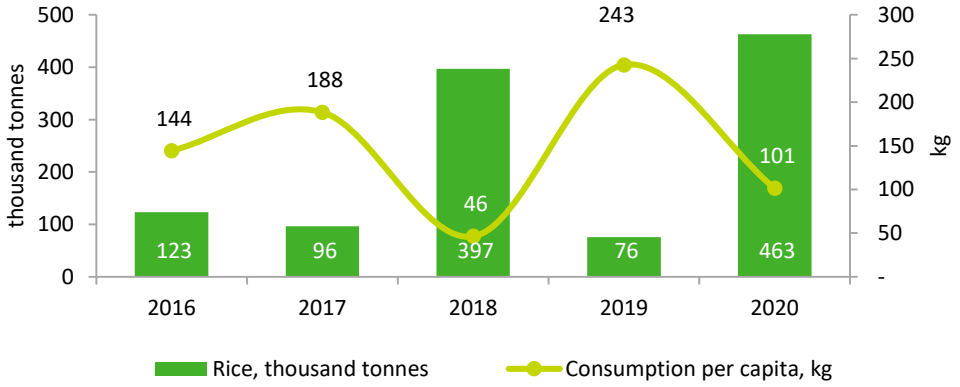
Changes in flour consumption in Kazakhstan



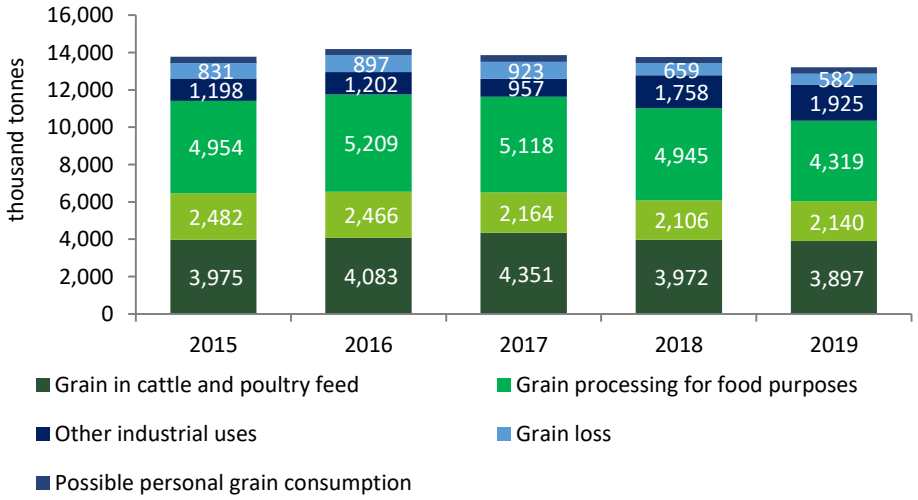
Changes in cereal consumption in Kazakhstan



Changes in rice consumption in Kazakhstan



Changes in grain consumption in Kazakhstan

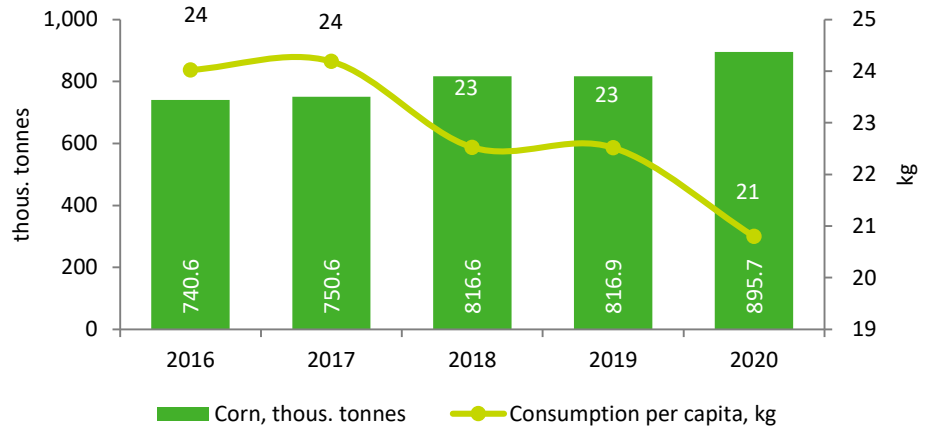


Source: Kazakhstan Statistics Committee

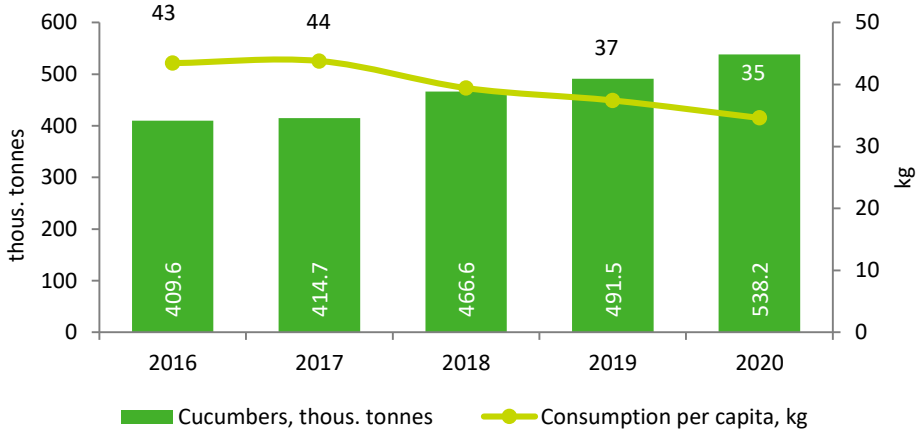
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Consumption of corn and cucumbers, tomatoes and apples

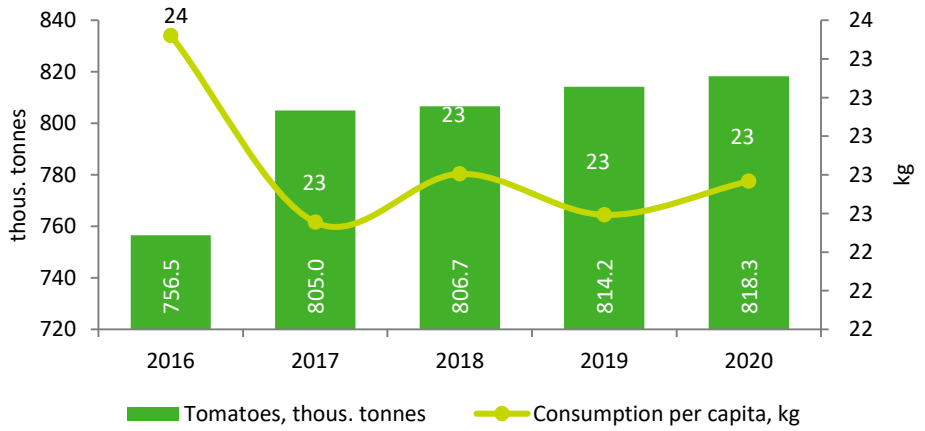
Dynamics of corn consumption in Kazakhstan



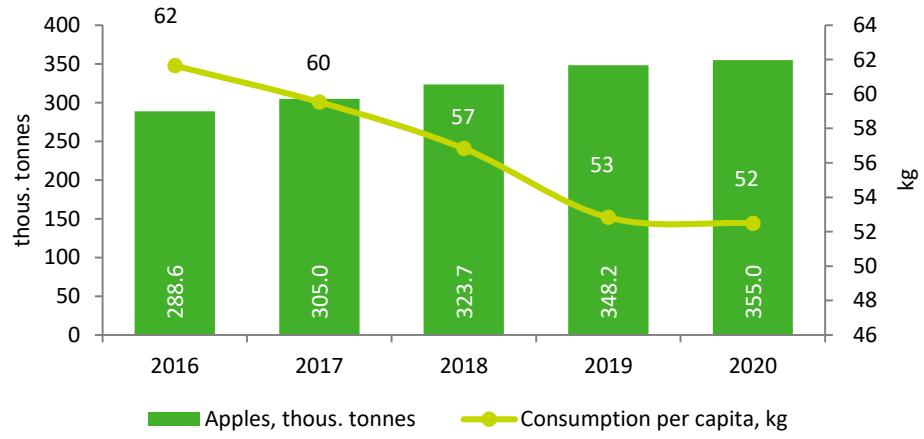
Dynamics of consumption of cucumbers in Kazakhstan



Dynamics of consumption of tomatoes in Kazakhstan



Dynamics of consumption of apples in Kazakhstan

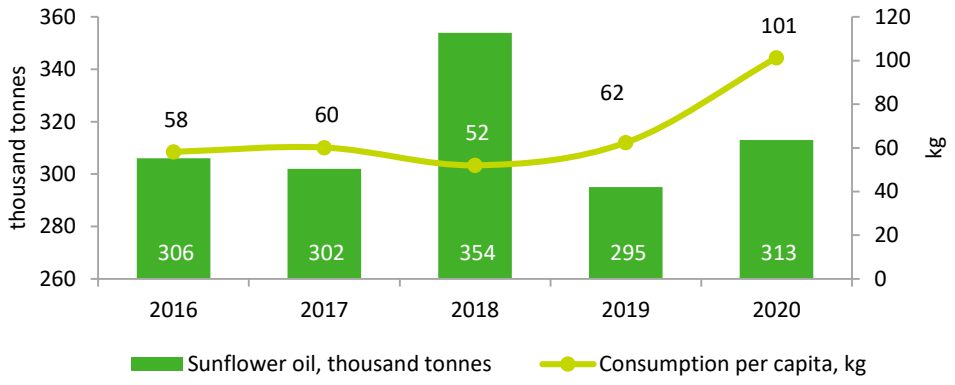


Source: Kazakhstan Statistics Committee

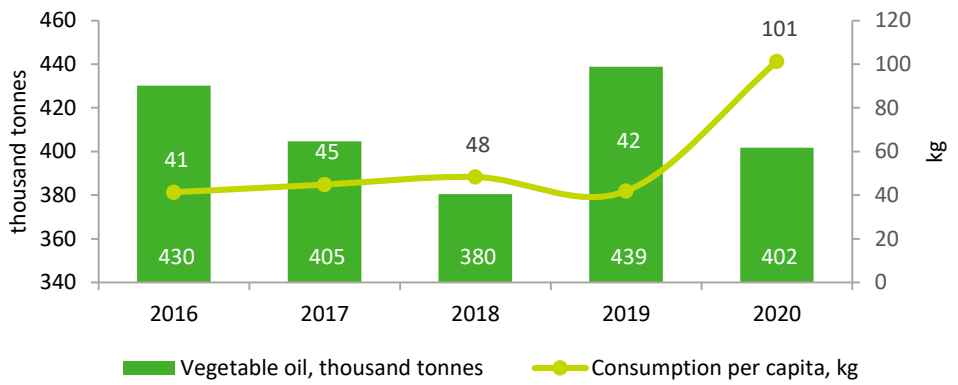
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sunflower and vegetable oil, nitrogen and phosphorous fertiliser consumption

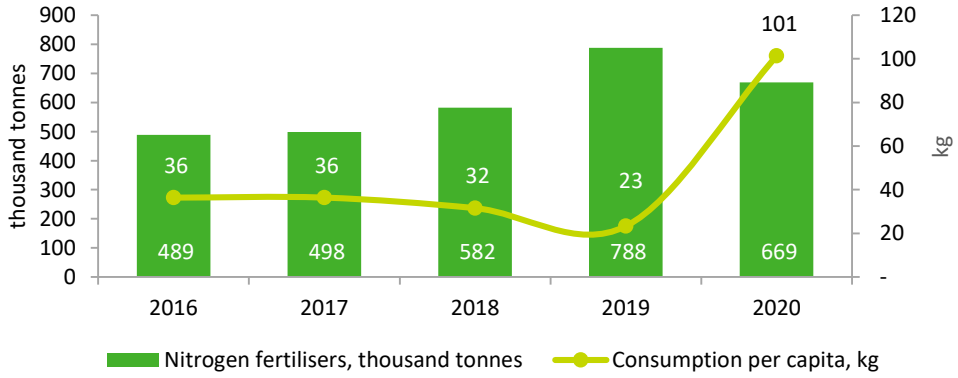
Changes in sunflower oil consumption in Kazakhstan



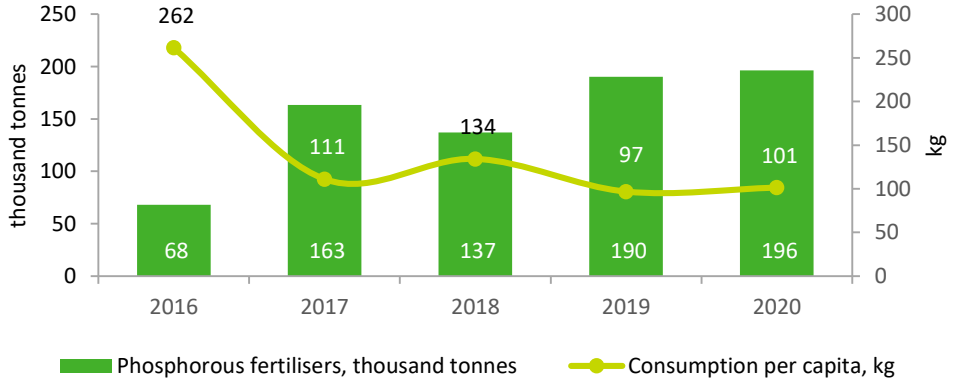
Changes in vegetable oil consumption in Kazakhstan



Changes in nitrogen fertiliser consumption in Kazakhstan



Changes in phosphorous fertiliser consumption in Kazakhstan



Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Crop imports into Kazakhstan

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

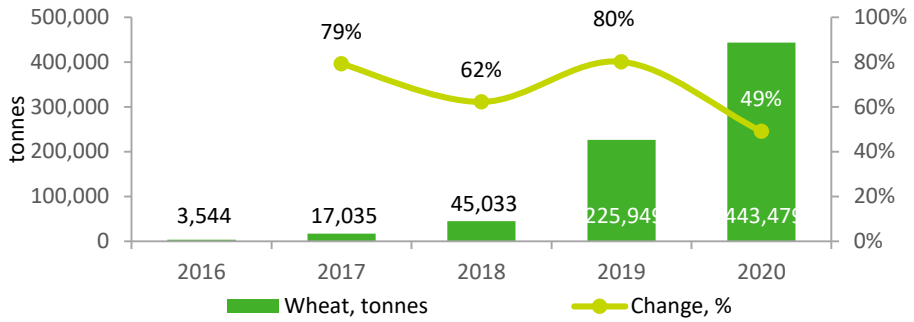
Brief global market overview

Conclusions and recommendations

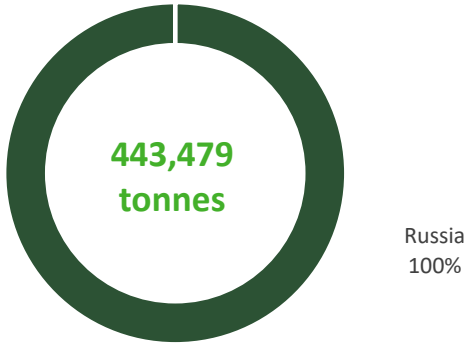
List of abbreviations

Wheat and wheat flour imports

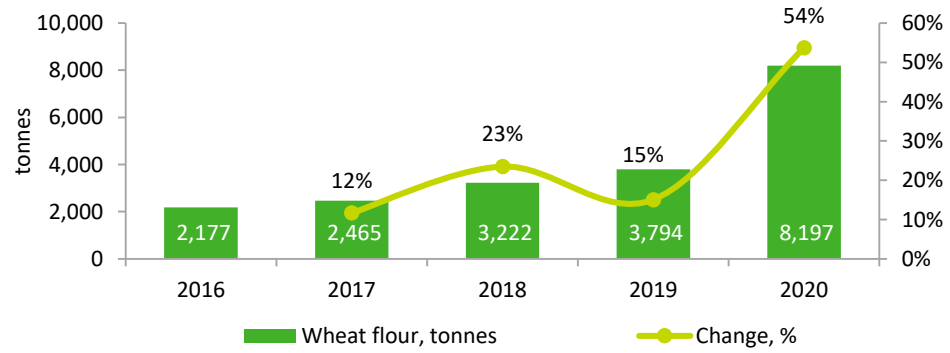
Changes in wheat imports



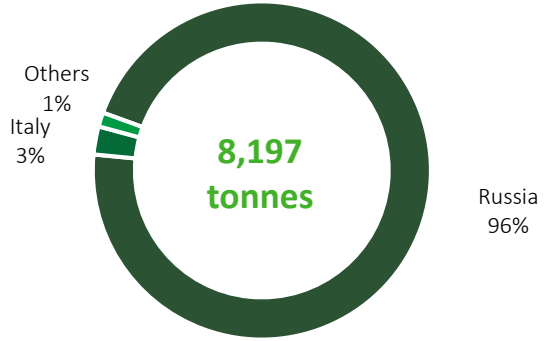
Structure of wheat imports



Changes in wheat flour imports



Structure of wheat flour imports



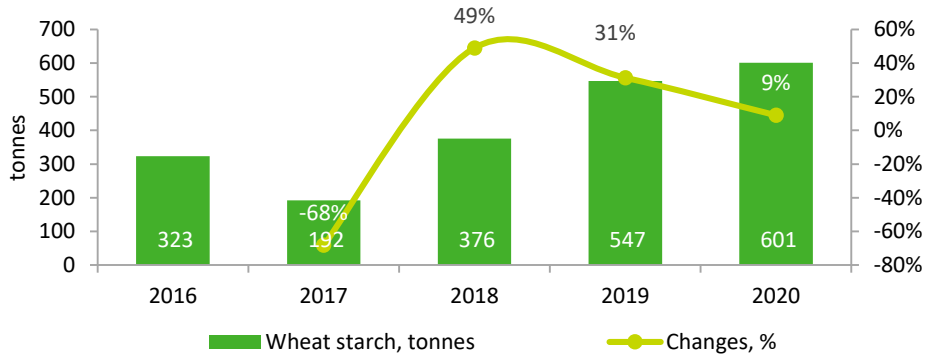
- In 2020, wheat imports into Kazakhstan amounted to 443 thousand tonnes. Average annual growth in wheat flour imports in the last five years amounted to 30%. In 2020, practically all wheat flour imports came from Russia (7,866 tonnes or 96%).
- Kazakhstan does not have sea access, which is why it makes logistic sense for the country to process and supply flour to Central Asian countries. Russian wheat is also used to produce flour in Kazakhstan.

Source: ITC

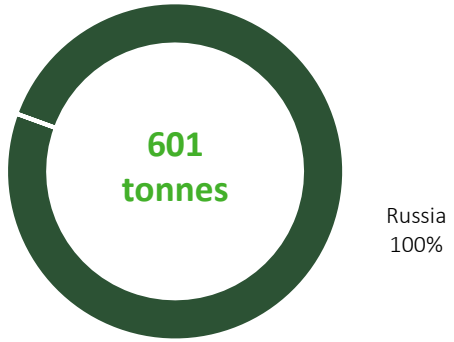
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Wheat starch and wheaten imports

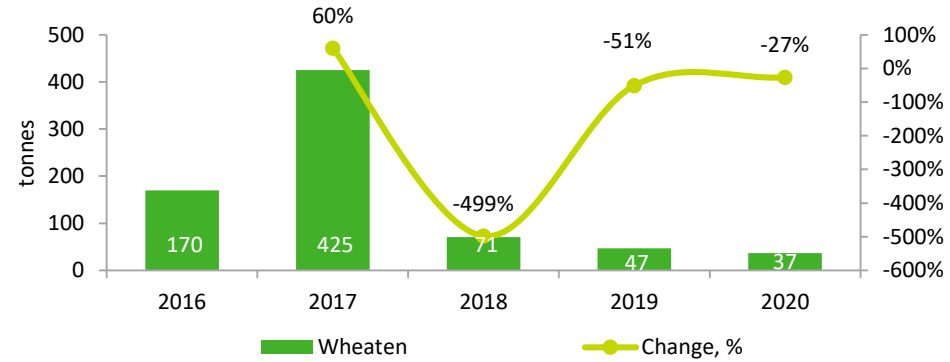
Changes in wheat starch imports



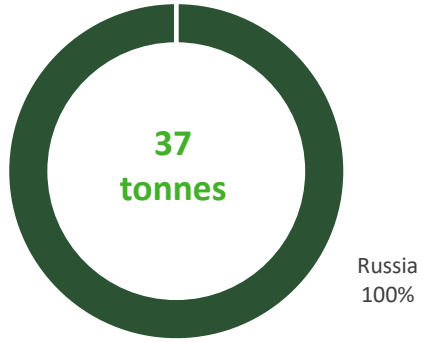
Structure of wheat starch imports



Changes in wheaten imports



Structure of wheat starch imports



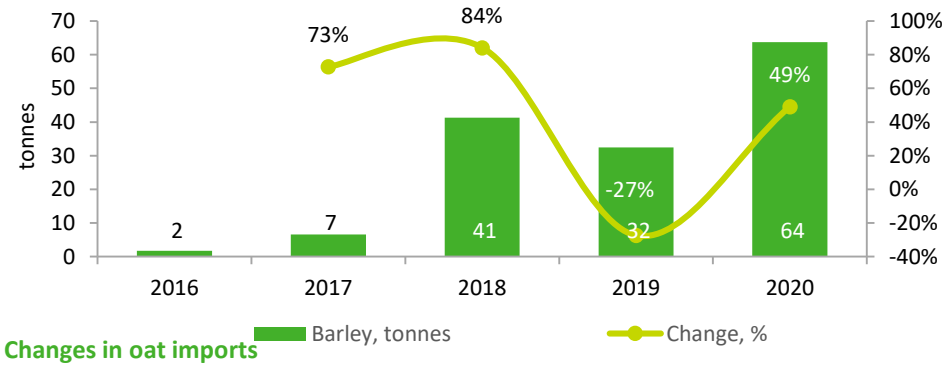
- In 2020, wheat starch imports increased 9.9% compared to 2019. Average annual growth in the last five years was 16.8%. In 2020, Russia accounted for 100% (601 tonnes) of wheat starch imports.
- Wheaten imports in the last five years have bene unstable, falling from 425 tonnes in 2017 to 37 tonnes in 2020. Russia was responsible for all imports (37 tonnes) in 2020. Kazakhstan's import dependency testifies to the clear imbalance between the production of advanced processed grain products. Domestic market saturation with domestic production helps supplant equivalents from overseas suppliers.

Source: ITC

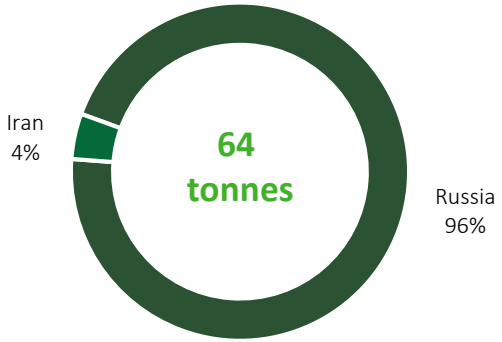
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Barley and oat imports

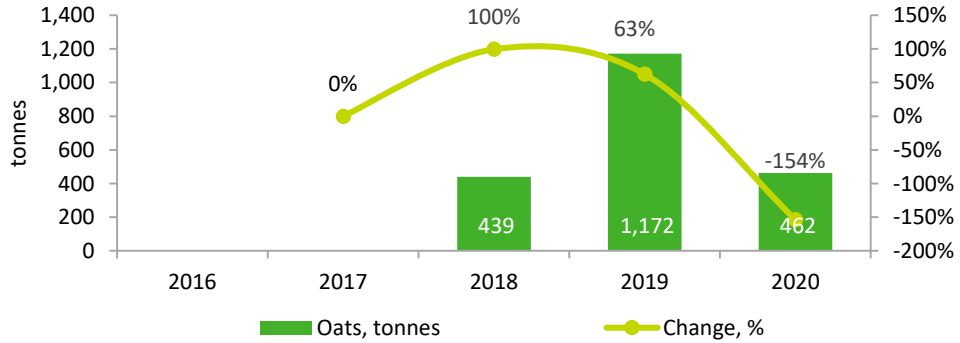
Changes in barley imports



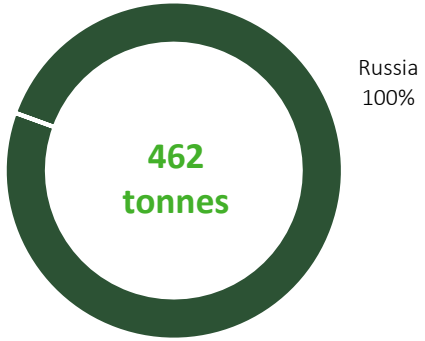
Structure of barley imports



Changes in oat imports



Structure of oat imports



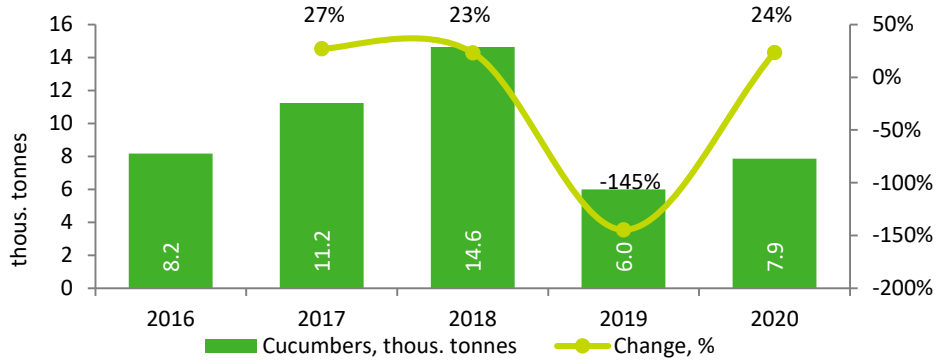
- The main exporters of commercial barley to Kazakhstan in 2020 were Russia – 63 thousand tonnes and Iran – 2.8 thousand tonnes. Exports to Iran declined due to competition with Russian exporters. The Chinese market may become an important stimulus for the development of agricultural production, including to export barley because Chinese companies have decided to move away from food strategy and open their markets to imported food.
- In 2016-2020, average growth in oat imports was 290%. In 2020, Kazakhstan imported 462 tonnes of oats, all of which came from Russia. Oats are used to produce oatmeal, flour and oat coffee. Oatmeal is used to make porridge, and oat flour is used in bread and baked goods.

Source: ITC

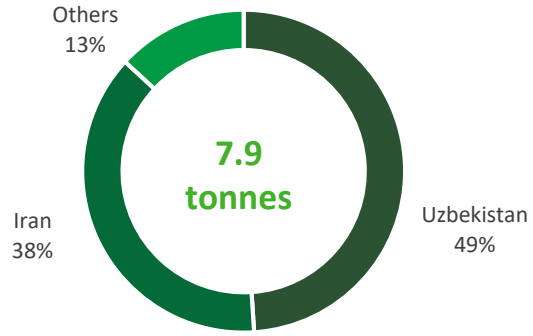
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Import of cucumbers and tomatoes

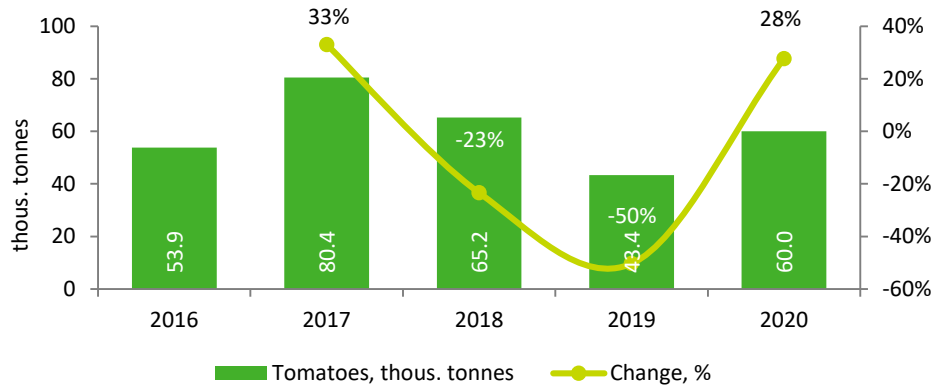
Dynamics of import of cucumbers



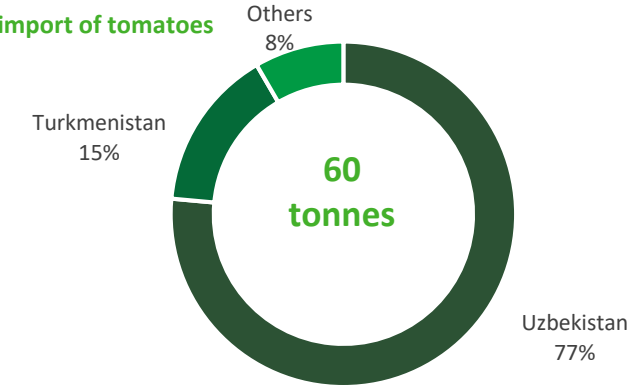
Structure of import of cucumbers



Dynamics of import of tomatoes



Structure of import of tomatoes



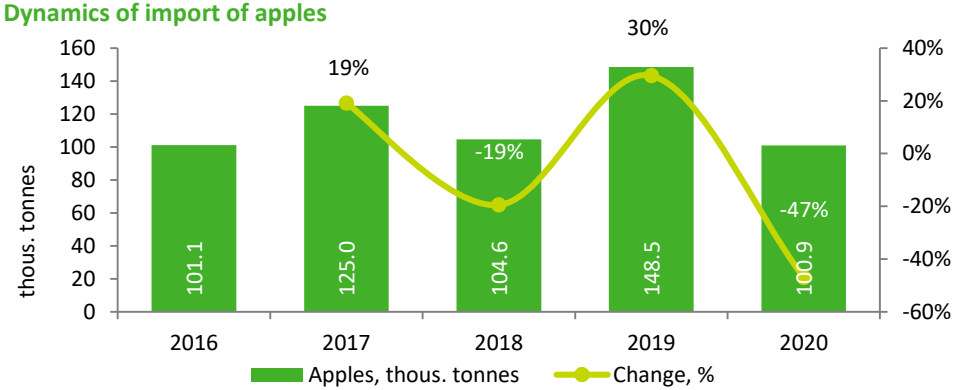
- At the end of 2020, the import of cucumbers to Kazakhstan amounted to 7.9 thousand tonnes. The average annual growth rate of imports of cucumbers over the past 5 years was -2%. In 2020, the volume of imports of cucumbers falls on Uzbekistan (3,845 tonnes or 49%) and Iran (2,976 or 38%).
- The main supplier of tomatoes to Kazakhstan in 2020 was Uzbekistan with 45.9 thousand tonnes, Turkmenistan with 9.1 thousand tonnes. The average annual growth rate of imports of tomatoes over the past 5 years was 5.5%.

Source: ITC

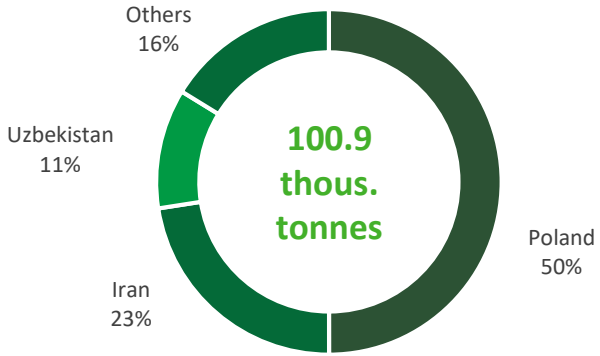
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Import of apples and pears

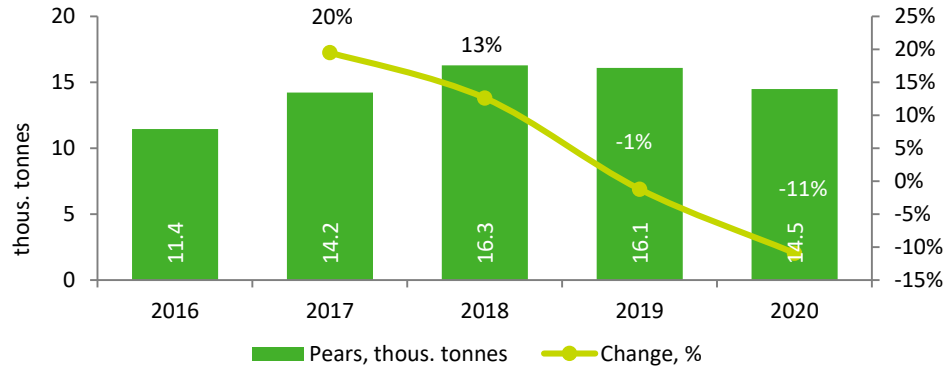
Dynamics of import of apples



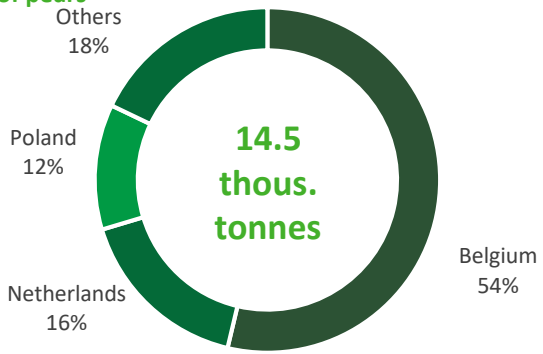
Structure of import of apples



Dynamics of import of pears



Structure of import of pears



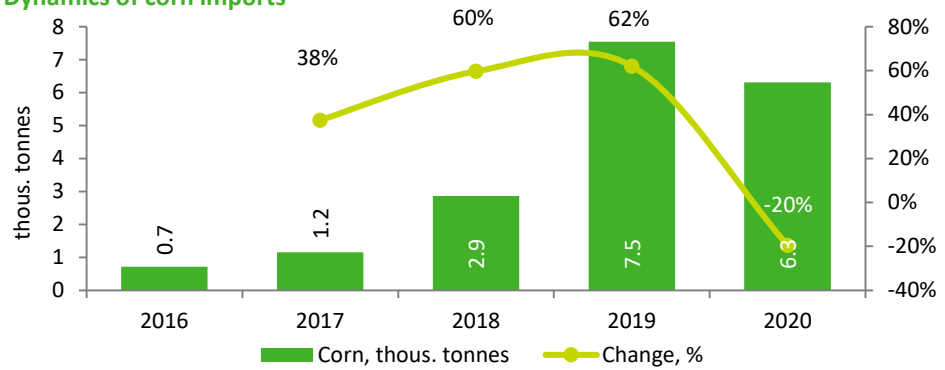
- In 2020, apple imports fell by 47% compared to 2019, with an average annual growth rate of -0.1% over the past 5 years. At the end of 2020, half of the volume of apple imports fell on Poland (50.5 thousand tonnes).
- Imports of pears over the past five years are unstable, the figure has decreased significantly from 16.1 thousand tonnes in 2019 to 14.5 thousand tonnes in 2020 More than half of the volume of imports in 2020 falls on Belgium (54%). Import dependence of Kazakhstan indicates a clear imbalance of fruit production. Saturation of the domestic market with its own products will displace expensive analogues of foreign suppliers.

Source: ITC

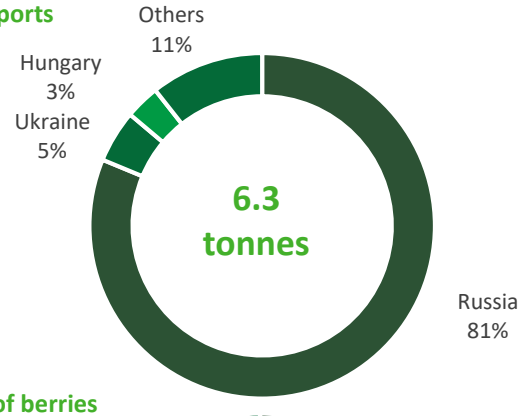
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Import of corn and berries

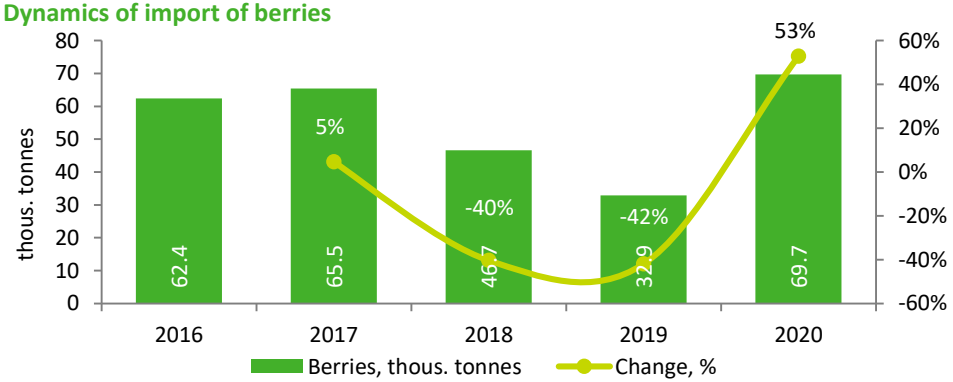
Dynamics of corn imports



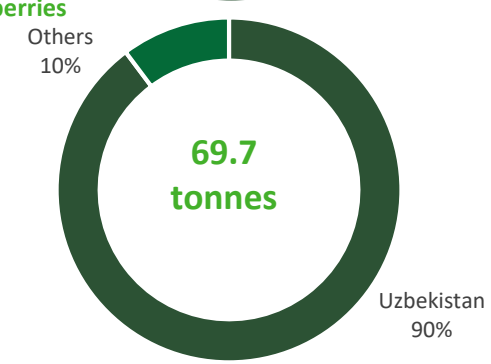
Structure of corn imports



Dynamics of import of berries



Structure of import of berries



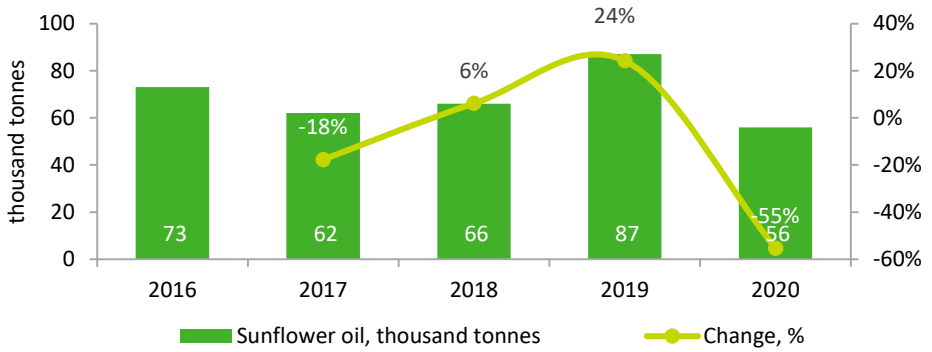
- The main supplier of corn to Kazakhstan in 2020 was Russia with 5.2 thousand tonnes. The Chinese market can become an important stimulus for the development of agricultural production, including the export of corn, as Chinese companies have decided to gradually move away from the food strategy and more actively open their markets to food imports.
- For the period 2016-2020, the average annual growth rate of imports of berries was 5.6%. The number of imports of berries to Kazakhstan amounted to 69.7 tonnes by the end of 2020 In 2020, the main exporter of berries to Kazakhstan was Uzbekistan (90%).

Source: ITC

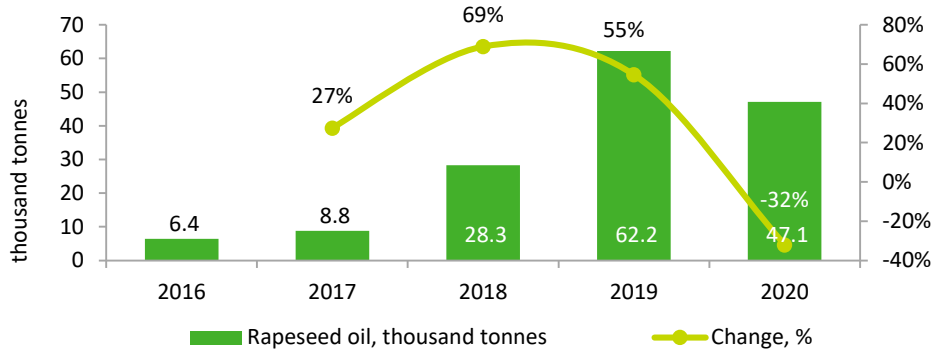
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sunflower and rapeseed oil imports

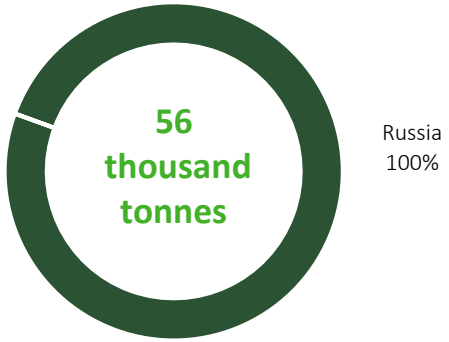
Changes in sunflower oil imports



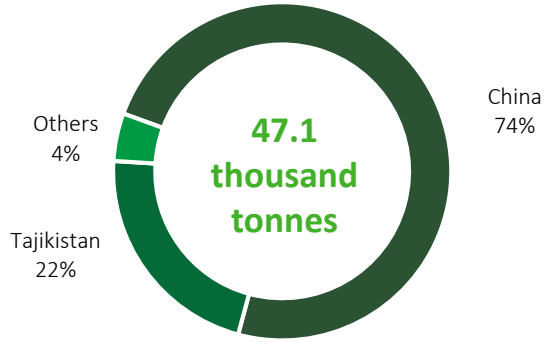
Changes in rapeseed oil imports



Structure of sunflower oil imports



Structure of rapeseed oil imports



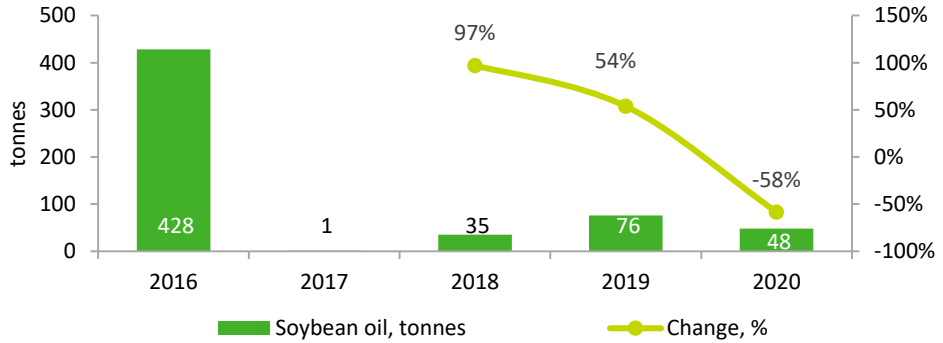
- Unrefined sunflower oil imports into Kazakhstan in 2020 fell to 56 thousand tonnes. In this respect, the cost for major oil extraction plants to process seeds from neighbouring countries is significantly lower than from some smaller and obsolete domestic producers. In 2020, Russia was responsible for all imported unrefined oil.
- Rapeseed oil imports into Kazakhstan in 2020 reached 4.3 thousand tonnes, which is 6 times higher than in 2019. This was due to greater export capabilities for domestic commodity producers, and improvements in trading conditions with China. 3.7 thousand tonnes of rapeseed oil were exported to China in 2020. Kazakhstan practically covers its rapeseed oil demand with domestic production.

Source: ITC

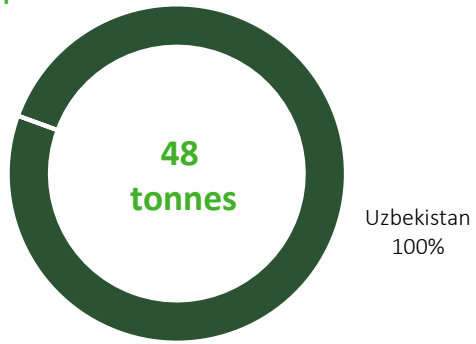
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Soybean and flax oil imports

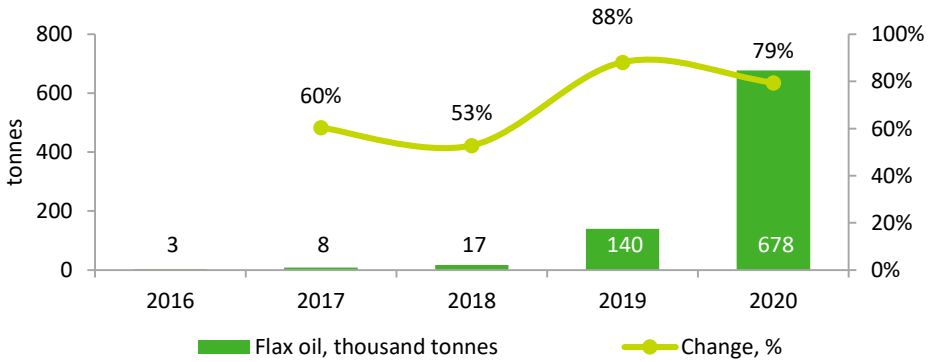
Changes in soybean oil imports



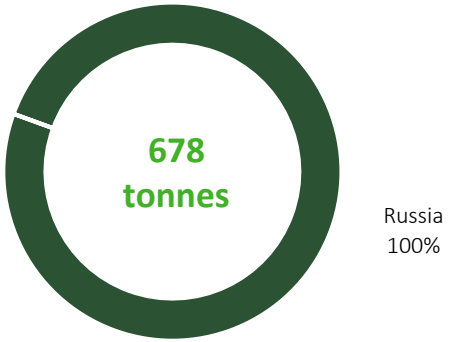
Cstructure of soybean oil imports



Changes in flax oil imports



Structure of flax oil imports



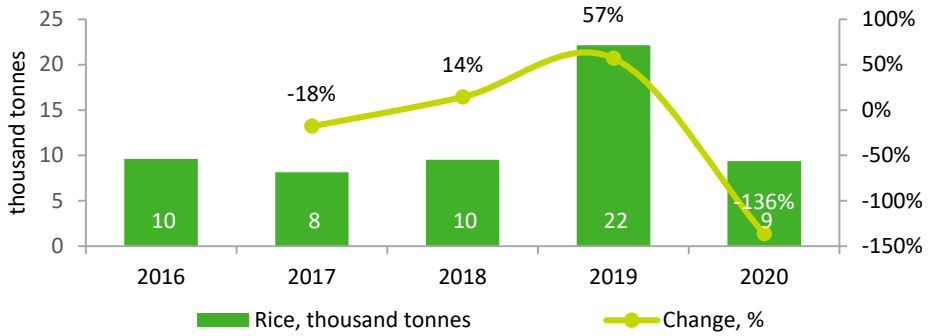
- In 2020, unrefined soybean oil imports into Kazakhstan amounted to 48 tonnes, which were imported from Russia for poultry farm and animal fodder plant needs.
- In 2020, all flax oil imports came from Russia (678 tonnes).

Source: ITC

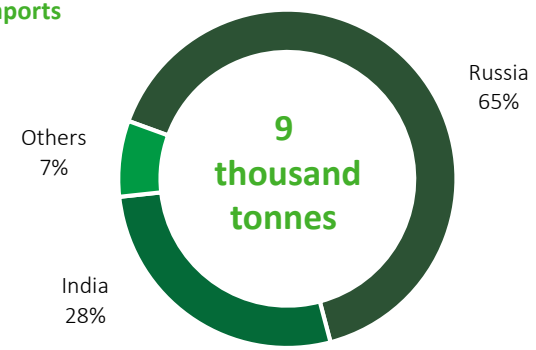
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Rice and organic fertiliser imports

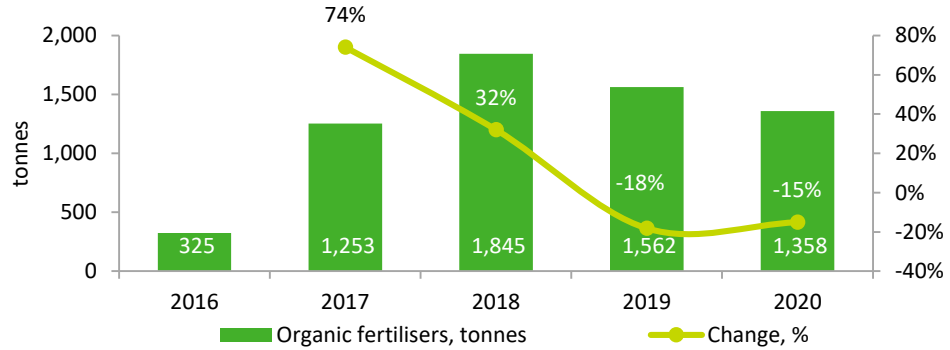
Changes in rice imports



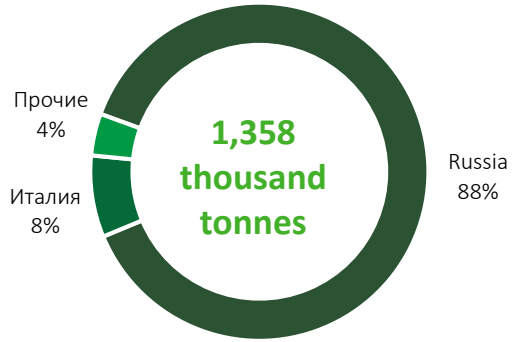
Structure of rice imports



Changes in organic fertiliser imports



Structure of organic fertiliser imports



- Average annual growth in rice imports amounted to -2.6% in 2016-2020. In 2020, Kazakhstan imported 9 thousand tonnes of rice. The main rice exporters to Kazakhstan in 2020 are Russia (6.1 thousand tonnes) and India (2.1 thousand tonnes).
- Organic fertiliser imports into Kazakhstan came predominantly from Russia. Imports from Russia have increased 7 times since 2016 from 171 tonnes to 1,196 tonnes. Organic fertiliser is a vegetable, animal, combined or mineral substance containing the required nutrients in the form of organic compounds subject to various levels of breakdown. Organic fertilisers include turf, manure, sludge, compost, agricultural waste and others. The majority of organic fertilisers are produced and consumed by farms and agricultural holdings, and do not make it to market.

Source: ITC

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Crop exports from Kazakhstan

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

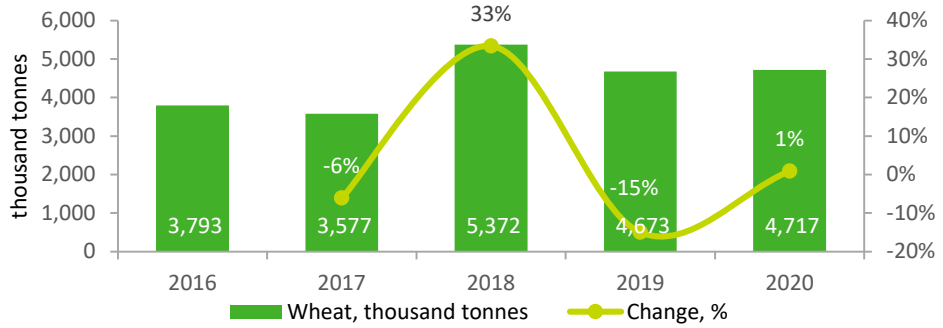
Brief global market overview

Conclusions and recommendations

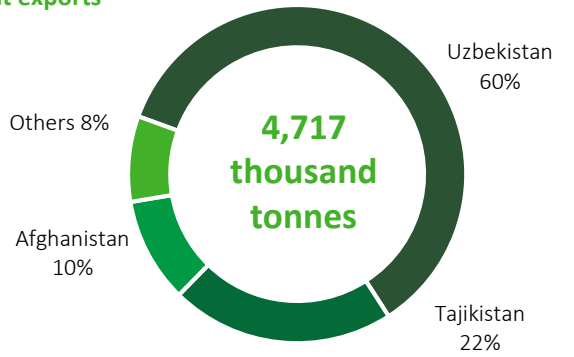
List of abbreviations

Wheat and wheat flour exports

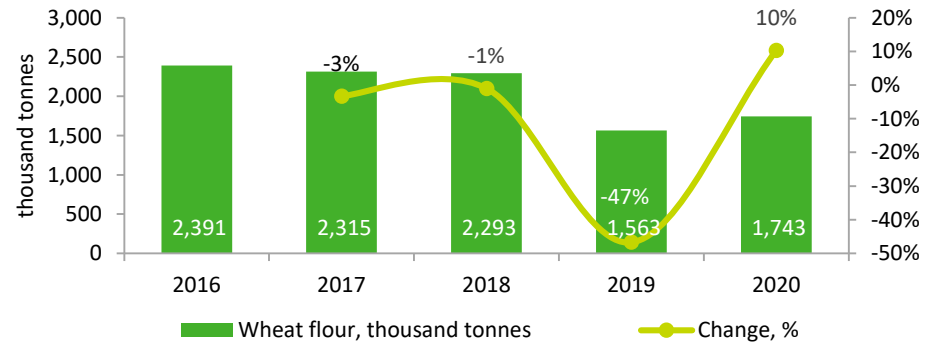
Changes in wheat exports



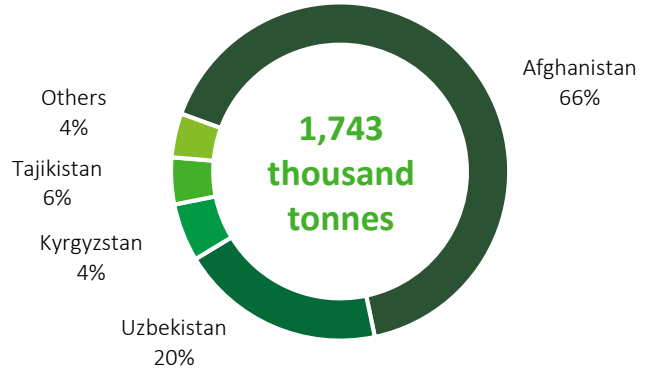
Structure of wheat exports



Changes in wheat flour exports



Structure of wheat flour exports



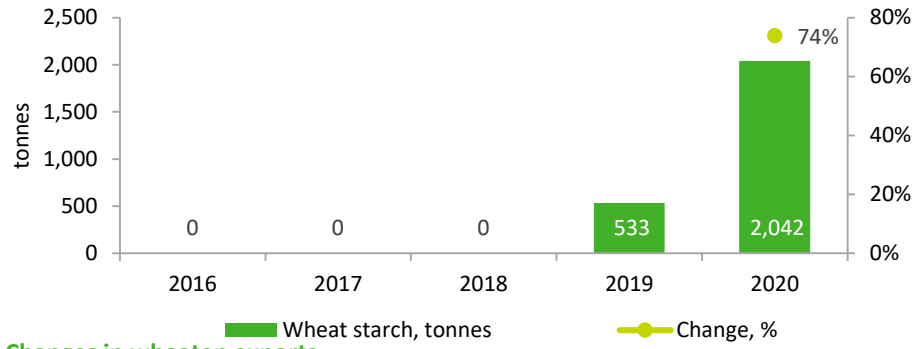
- In 2020, wheat exports from Kazakhstan amounted to 4,717 thousand tonnes. Average annual growth in wheat exports in the last 5 years amounted to 6%.
- In the last five years, Kazakhstan has exported up to 2 million tonnes of flour every year, only behind Turkey, which exports 3.5 million tonnes of wheat flour every year. In 2020, wheat flour exports amounted to 1.7 million tonnes, an 11% increase year-on-year. Importers of Kazakhstan wheat flour included Afghanistan – 66.1%, Uzbekistan – 19.6% and Tajikistan – 5.5%.

Source: ITC

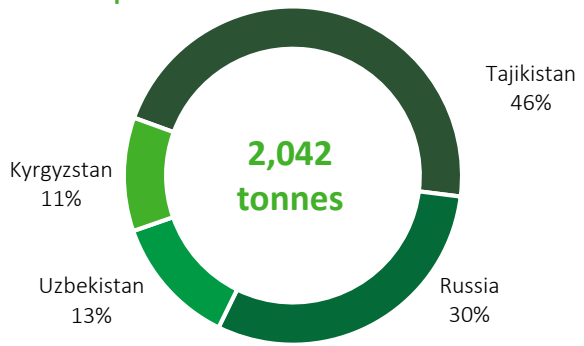
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Wheat starch and gluten exports

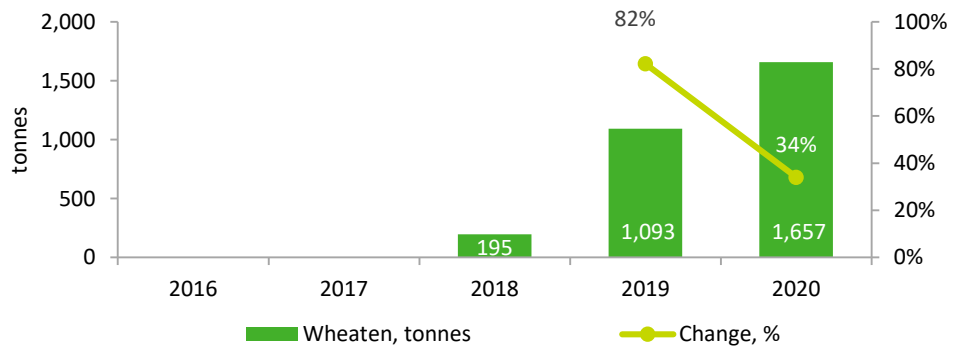
Changes in wheat starch exports



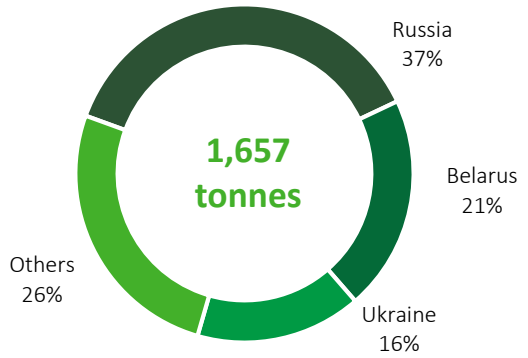
Structure of wheat starch exports



Changes in wheaten exports



Structure of wheaten exports



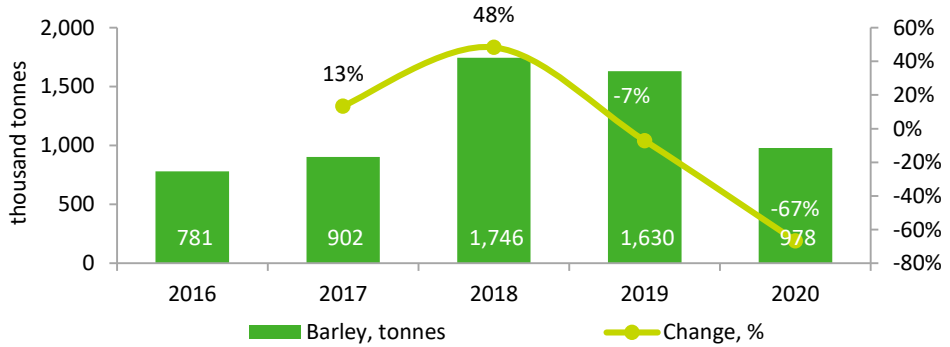
- Wheat starch exports from Kazakhstan started in 2019, amounting to 533 tonnes. In 2018, the Bio Operations plant in North-Kazakhstan Oblast began producing wheat starch and gluten, which helped increase its export.
- In 2020, wheaten exports amounted to 1,657 tonnes, a 51.6% increase year-on-year. wheaten importers were Russia – 37%, Belarus – 21%, Ukraine – 16% and others – 26%. wheaten producers in Kazakhstan are BioOperations LLP, Zharkent Starch Plant LLP and JSC Asia Agro Food.

Source: ITC

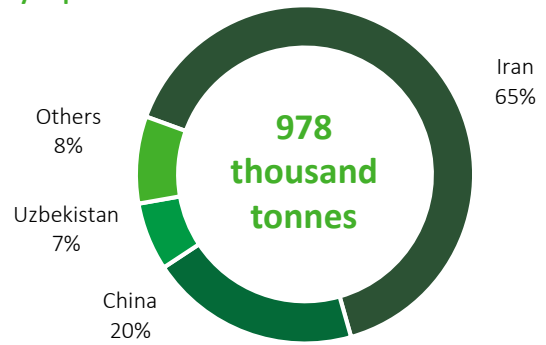
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Barley and oat exports

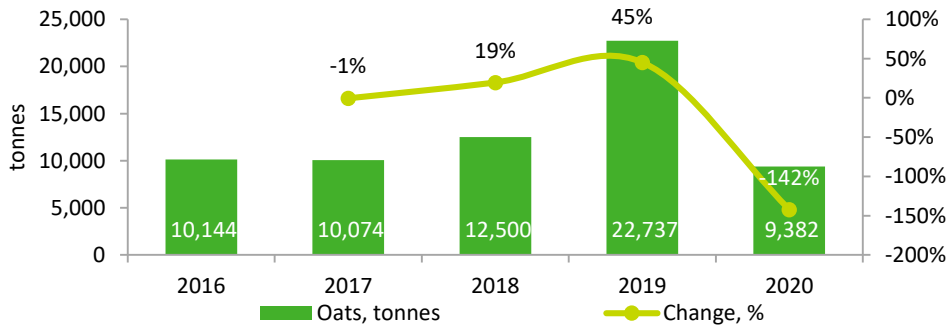
Changes in barley exports



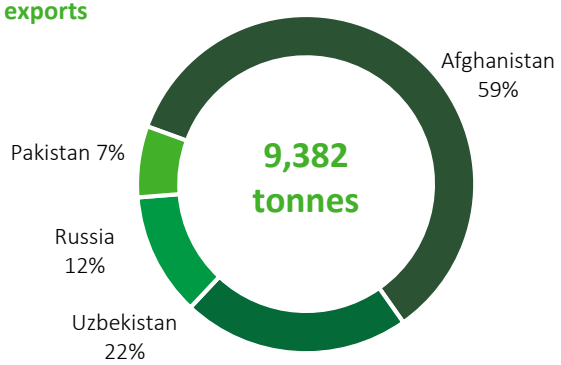
Structure of barley exports



Changes in oat exports



Structure of oat exports



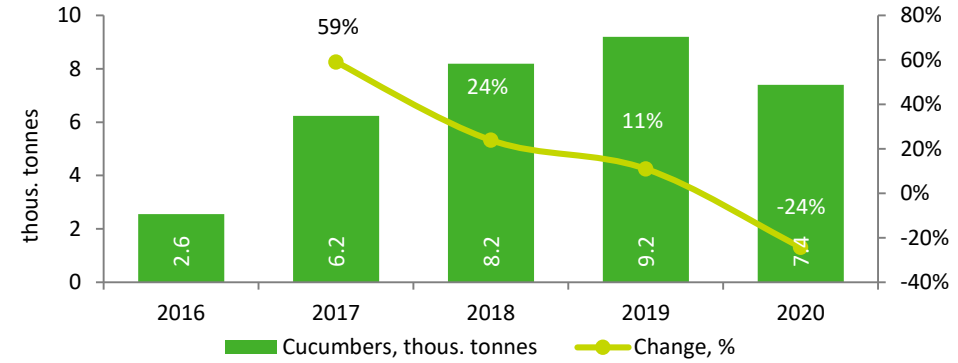
- In 2020, Kazakhstan exported 978 thousand tonnes of commercial barley, 40% less than in 2019. Nevertheless, average annual growth in barley exports in 2016–2020 amounted to 5.8%. In 2020, the main commercial barley importers from Kazakhstan were Iran – 636 thousand tonnes and China – 196 thousand tonnes. In 2016–2020, average annual growth in commercial barley imports amounted to 137.8%.
- In 2020, Kazakhstan exported 9,382 tonnes of oats, which is 58.7% than in 2019. In the last 5 years, average annual growth in oat exports was -1.9%. The main oat importers from Kazakhstan in 2020 were Afghanistan – 5,600 tonnes, Uzbekistan – 2,400 tonnes and Russia – 1,103 tonnes.

Source: ITC

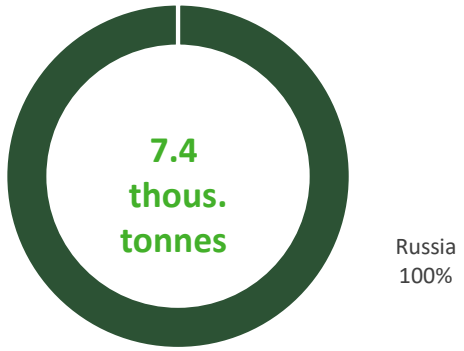
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Export of cucumbers and tomatoes

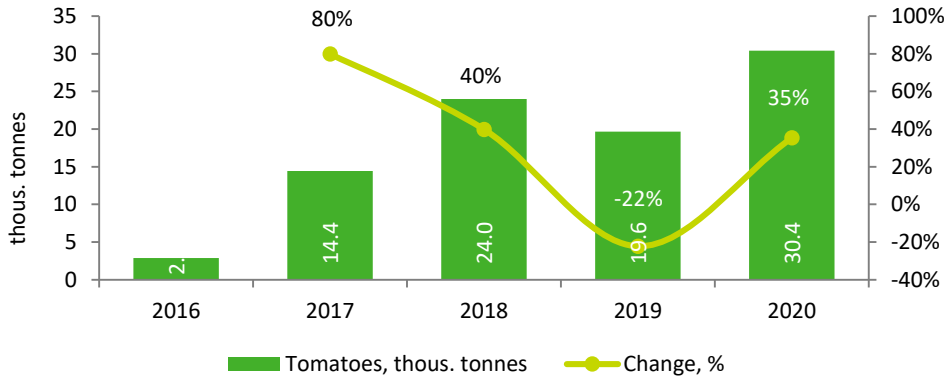
Dynamics of export of cucumbers



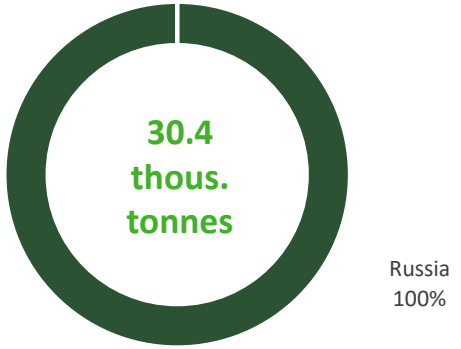
Structure of export of cucumbers



Dynamics of export of tomatoes



Structure of export of tomatoes



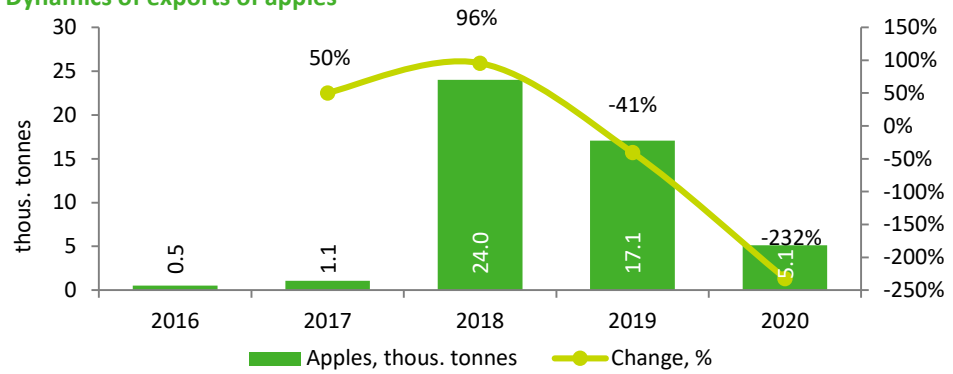
- At the end of 2020, the export of cucumbers from Kazakhstan amounted to 7.4 thousand tonnes. The average annual growth rate of cucumber exports over the past 5 years was 70%.
- At the end of 2020, tomato exports amounted to 30.4 million tonnes, an increase of 35% compared to the previous year. The only buyer of Kazakhstani tomatoes, like cucumbers, is Russia - 100%.

Source: ITC

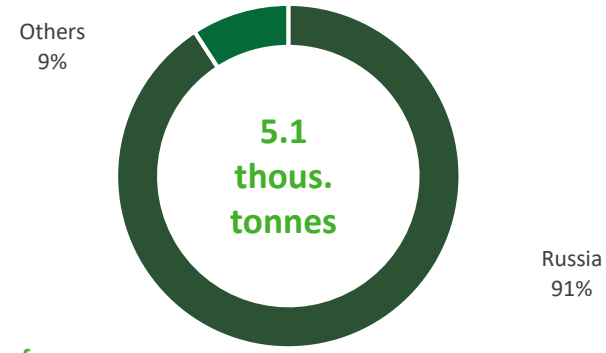
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Export of apples and pears

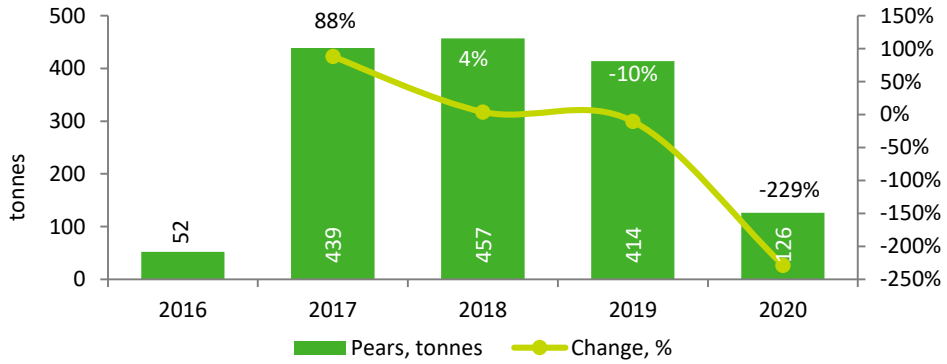
Dynamics of exports of apples



Structure of export of apples



Dynamics of export of pears



Structure of export of pears

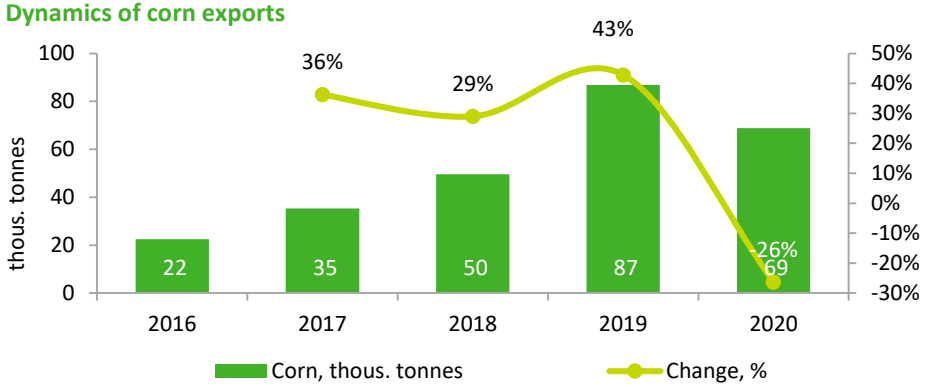
- Export of apples from Kazakhstan in 2020 amounted to 5.1 thousand tonnes. Kazakhstani apples were mainly imported by Russia (91%).
- At the end of 2020, the export of pears amounted to 126 tonnes, falling by 229% by 2019 The only buyer of pears was Russia - 126 tonnes or 100%.

Source: ITC

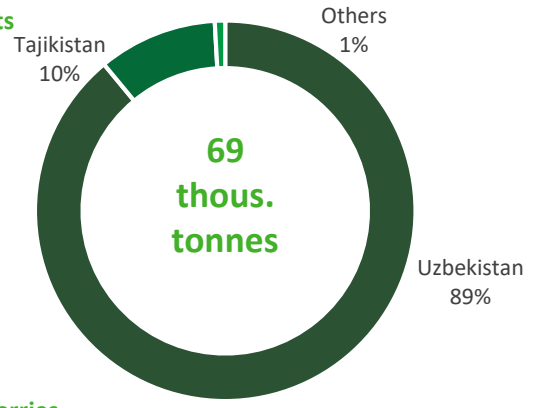
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Export of corn and berries

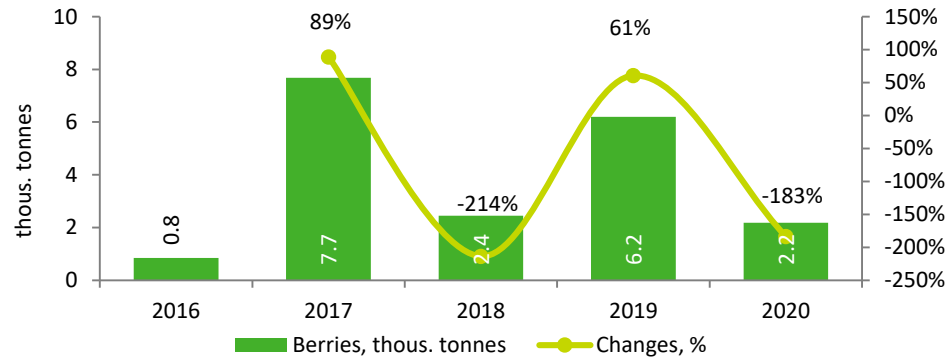
Dynamics of corn exports



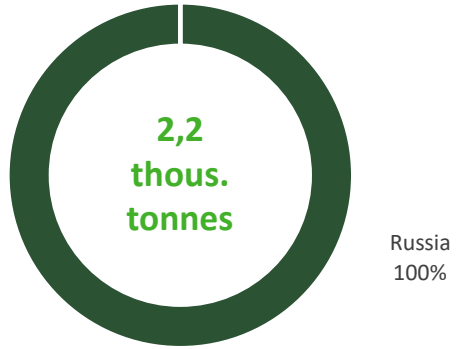
Structure of corn exports



Dynamics of export of berries



Structure of export of berries



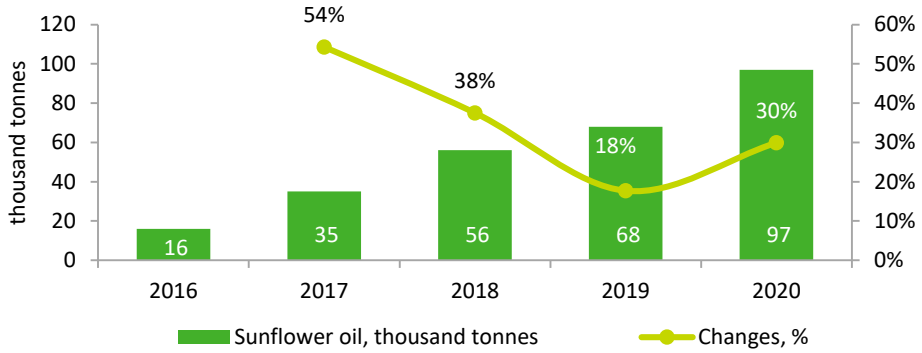
- At the end of 2020, Kazakhstan exported 69 thousand tonnes of corn, which is 26% less than in 2019, however, the average annual growth rate of corn exports for the period 2016-2020 amounted to 75%. In 2020, the main buyers of corn from Kazakhstan were Uzbekistan with 61.2 thousand tonnes and Tajikistan - 7 thousand tonnes.
- The volume of exports of berries over the past 5 years was insignificant. The main importing country of Kazakhstani berries was Russia - 100%.

Source: ITC

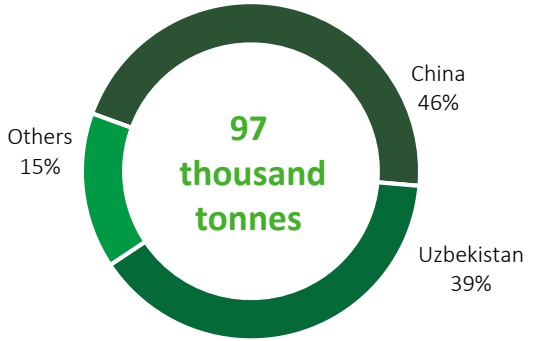
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sunflower and rapeseed oil exports

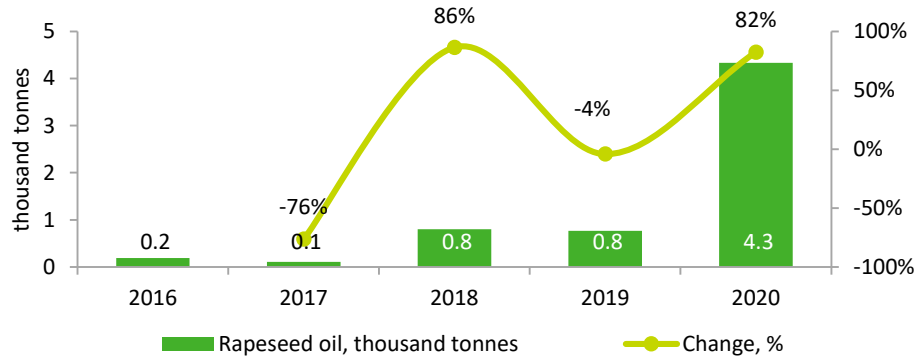
Changes in sunflower oil exports



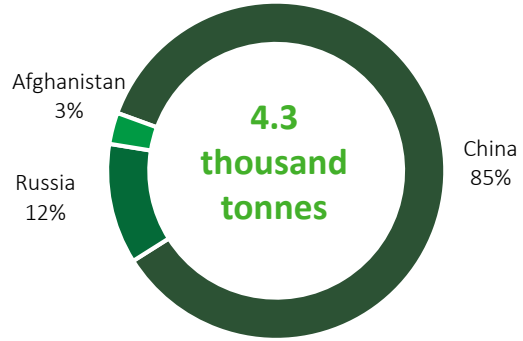
Structure of sunflower oil exports



Changes in rapeseed oil exports



Structure of rapeseed oil exports



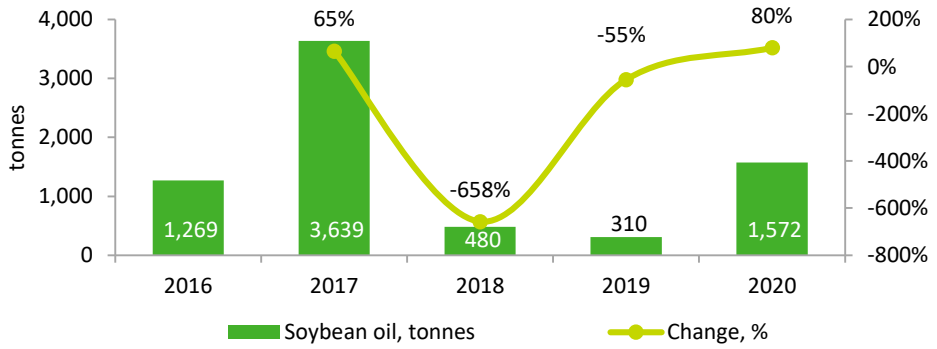
- Unrefined sunflower oil exports from Kazakhstan in recent years have grown dynamically, reaching 97 thousand tonnes in 2020. This was caused exclusively by export opportunities for domestic commodity producers. Export statistics for unrefined sunflower oil from Kazakhstan are as follows: China – 44 thousand tonnes, Uzbekistan – 38 thousand tonnes and others – 15 thousand tonnes.
- Rapeseed oil exports increased 7.4 times between 2016 and 2020, reaching a peak of 62.2 thousand tonnes for the last 5 years in 2019. In 2020, exports fell by 28% to 47.1 thousand tonnes. In 2020, the main importer of Kazakhstan rapeseed oil was China (34.7 thousand tonnes).

Source: ITC

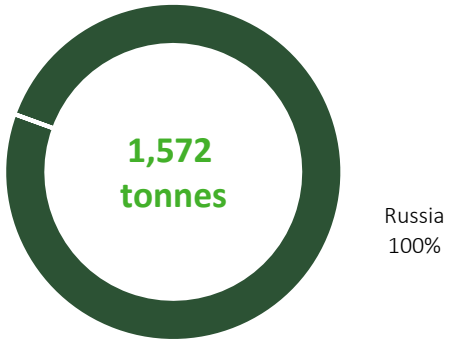
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Soybean and flax oil exports

Changes in soybean oil exports

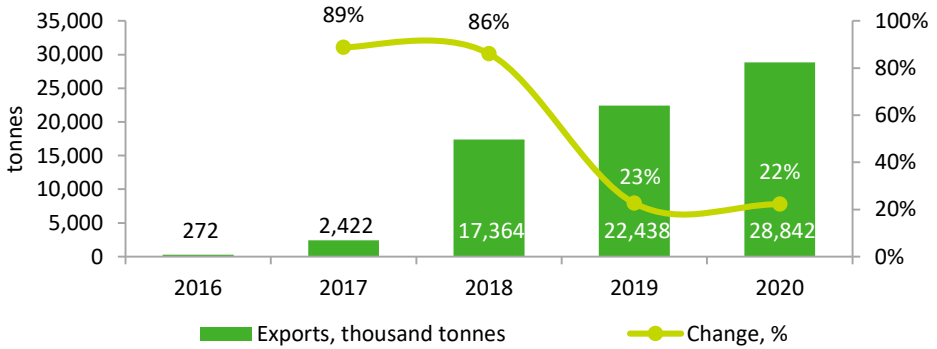


Structure of soybean oil exports

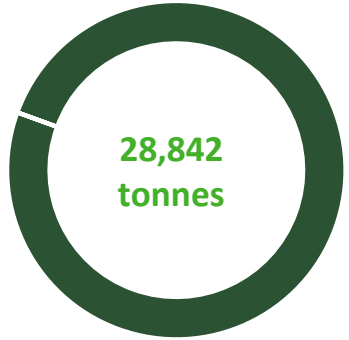


Russia
100%

Changes of flax oil exports



Structure of flax oil exports



Russia
0.02%

China
99.98%

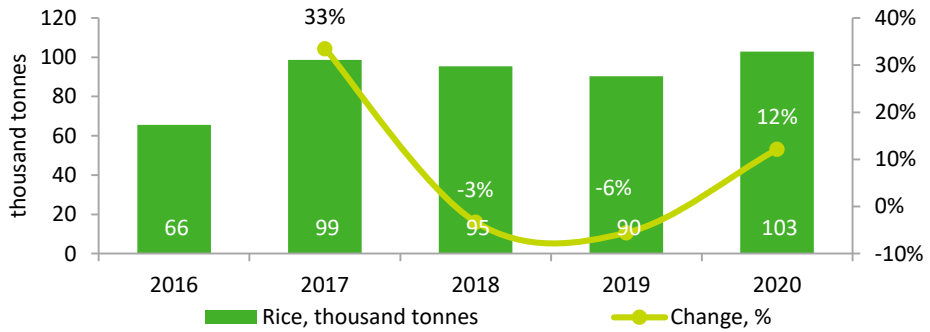
- Unrefined soybean oil exports from Kazakhstan grew sharply in 2020 to 1,572 tonnes. CAGR in 2016-2020 was 5.5%. As with soybeans, the majority of which are purchased seasonally at harvest time by Chinese and Uzbek buyers, the only importer of unrefined soybean oil is Uzbekistan (100%).
- Flax oil exports from Kazakhstan are significant, reaching 28,842 tonnes in 2020. As with rapeseed, the majority of which is purchased during the harvest season by Chinese consumers, the main importer of flax oil is China – 28,837 tonnes.

Source: ITC

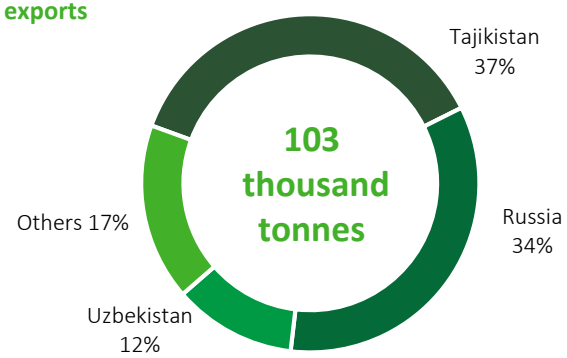
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Rice and organic fertiliser exports

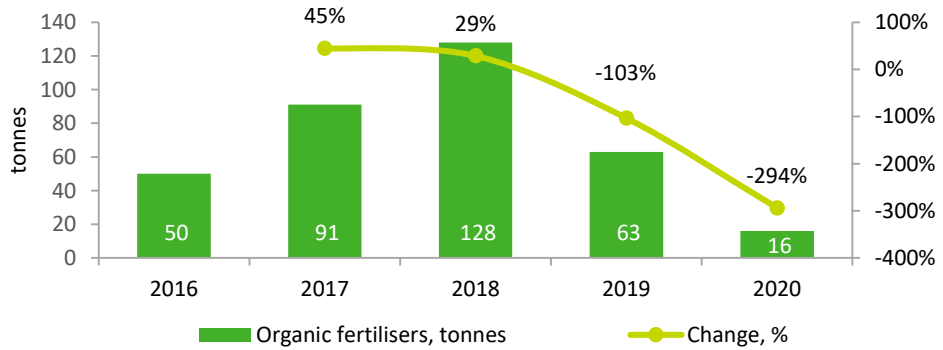
Changes in rice exports



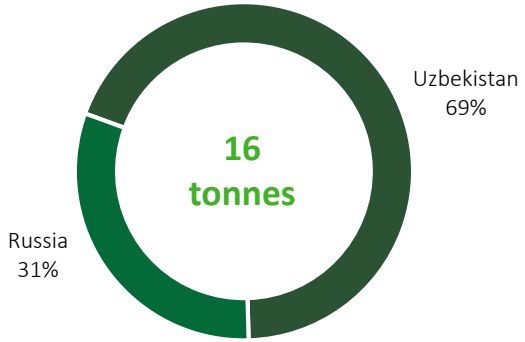
Structure of rice exports



Changes in organic fertiliser exports



Structure of organic fertiliser exports



- In 2020, rice exports from Kazakhstan reached a peak for the last five years of 103 thousand tonnes. Average annual growth in rice exports was 11.8% in 2016-2020. The importers of Kazakhstan rice were Tajikistan – 38.1 thousand tonnes, Russia – 35.2 thousand tonnes and others.
- Organic fertiliser exports in the last five years were insignificant. The main importing countries of Kazakhstan organic fertilisers are Uzbekistan and Russia, with Uzbekistan accounting for over 69% or 11 tonnes of exports in 2020.

Source: ITC

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Balance of production and consumption

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

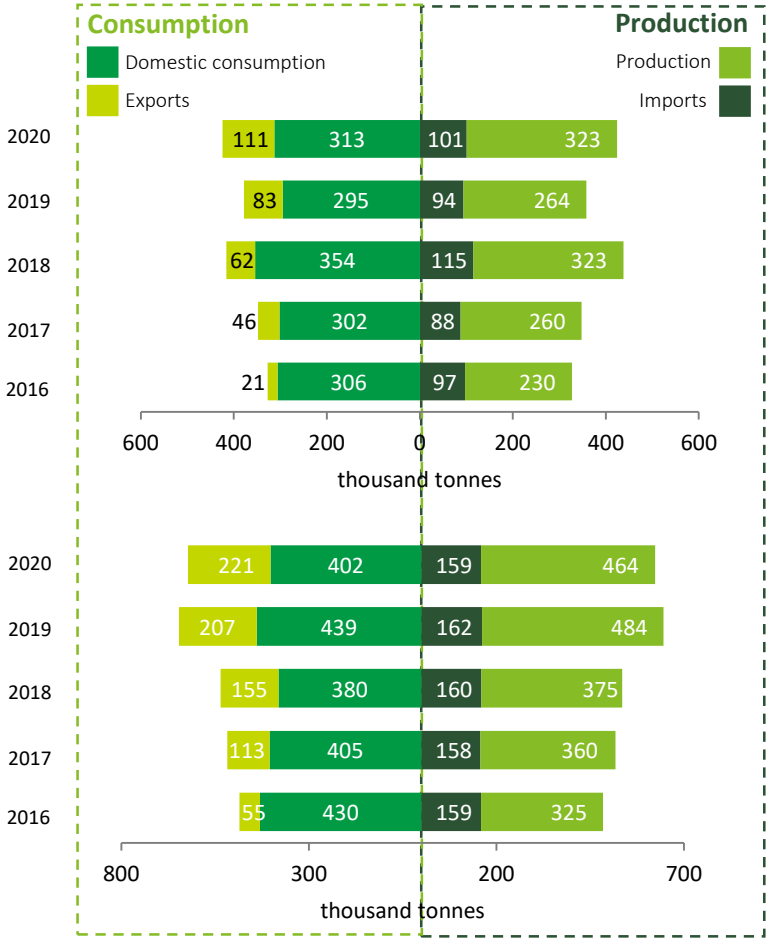
State support

Brief global market overview

Conclusions and recommendations

List of abbreviations

Sunflower and vegetable oils



Sunflower oil

Deficit Surplus	Low deficit
Deficit level	11%
Supply	Moderate import dependence
Import share	31%

- In 2016-2020, sunflower oil production in Kazakhstan was relatively stable at 280 thousand tonnes per year.
- In 2020, Kazakhstan was practically independent of external sunflower oil supplies as Kazakhstan capacity met domestic demand, and imports accounted for up to 31% of consumption.
- Despite the insignificant exports (111 tonnes in 2020), sunflower oil has unrealised export potential.

Vegetable oils (except for sunflower oil)

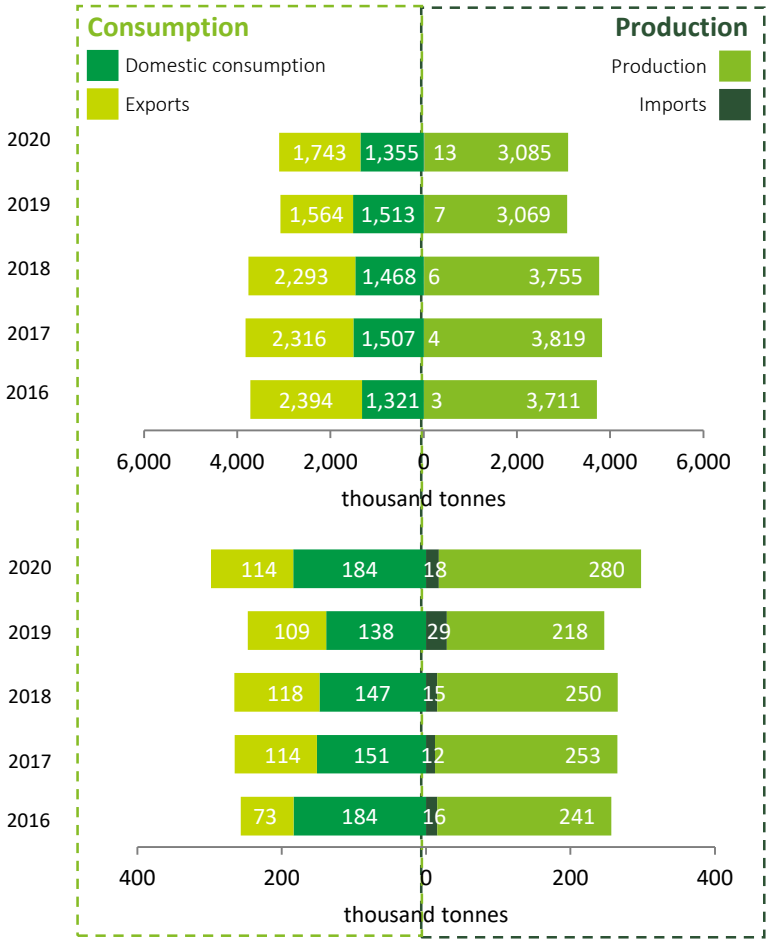
Deficit Surplus	Low deficit
Deficit level	2%
Supply	Moderate import dependence
Import share	39%

- Vegetable oil production in Kazakhstan is in moderate deficit, as production, on the whole, matched domestic demand, except in 2020.
- Imports cover 25% of demand while the main portion is covered by own production.
- The sunflower oil deficit is only 2%, and available capacity can meet domestic demand. Production has high export potential.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Flour and cereals



Flour

Deficit Surplus	Surplus
Surplus level	144%
Supply	Export potential
Import share	0%

- Flour produced in Kazakhstan is made from wheat, barley, oat and others.
- Domestic flour producers cover domestic demand in full. In 2020, Kazakhstan produced 3,085 thousand tonnes of flour and consumed only 44% domestically.
- Kazakhstan has export potential for its flour products due to a surplus of 144%.

Cereals

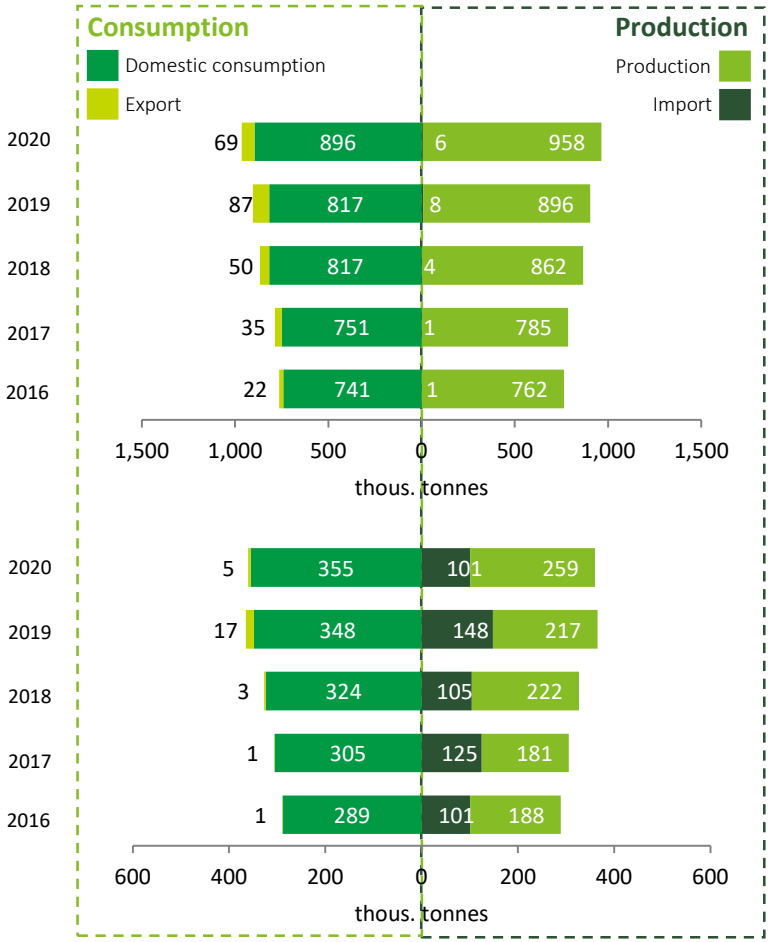
Deficit Surplus	Surplus
Surplus level	56%
Supply	Low import dependence
Import share	12%

- In Kazakhstan, cereal production covers domestic demand in full. In 2020, the country produced 280 thousand tonnes of ready product with consumption of 184 thousand tonnes.
- Kazakhstan registers a surplus of 56% in this area.
- Cereal production has high export potential, while imports make up around 12%.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Corn and apples



Corn

Deficit Surplus	Surplus
Surplus level	6%
Supply	Export potential
Import share	0%

- Over the period 2016-2020, corn production in Kazakhstan increased annually, with an average annual growth rate of 12.1%.
- At the end of 2020, Kazakhstan is not dependent on external corn supplies, since the existing Kazakh capacities are able to meet domestic demand, the share of imports has been at zero over the past 5 years. The surplus level for corn will be 6% in the country.

Apples

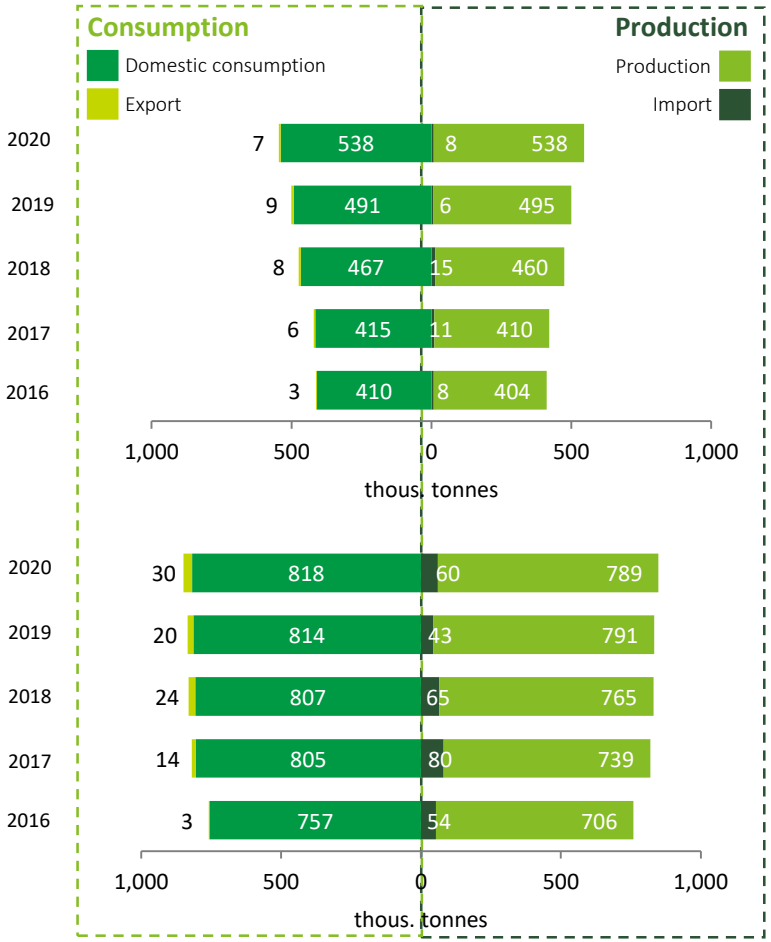
Deficit Surplus	Deficit
Surplus level	34%
Supply	Import dependence
Import share	36%

- There is a deficit in the production of apples in the country, since production volumes partially cover domestic demand.
- The share of imports is 36% of demand, while the deficit level has reached 34%.
- The available capacity is unable to meet domestic demand. There is import dependence in the country.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Cucumbers and tomatoes



Cucumbers

Deficit Surplus	Deficit
Surplus level	1%
Supply	Export potential
Import share	2%

- In 2016-2020, there was a low level of shortage for cucumbers: domestic production of cucumbers almost completely satisfied domestic demand. At the end of 2020, the country produced 538 thousand tonnes of cucumbers with equivalent consumption.
- The production of cucumbers has export potential. Over the past five years, production has increased by 1.5 times, and the volume of exports has almost more than 2 times, reaching 7 thousand tonnes.

Tomatoes

Deficit Surplus	Surplus
Surplus level	5%
Supply	Low import dependence
Import share	8%

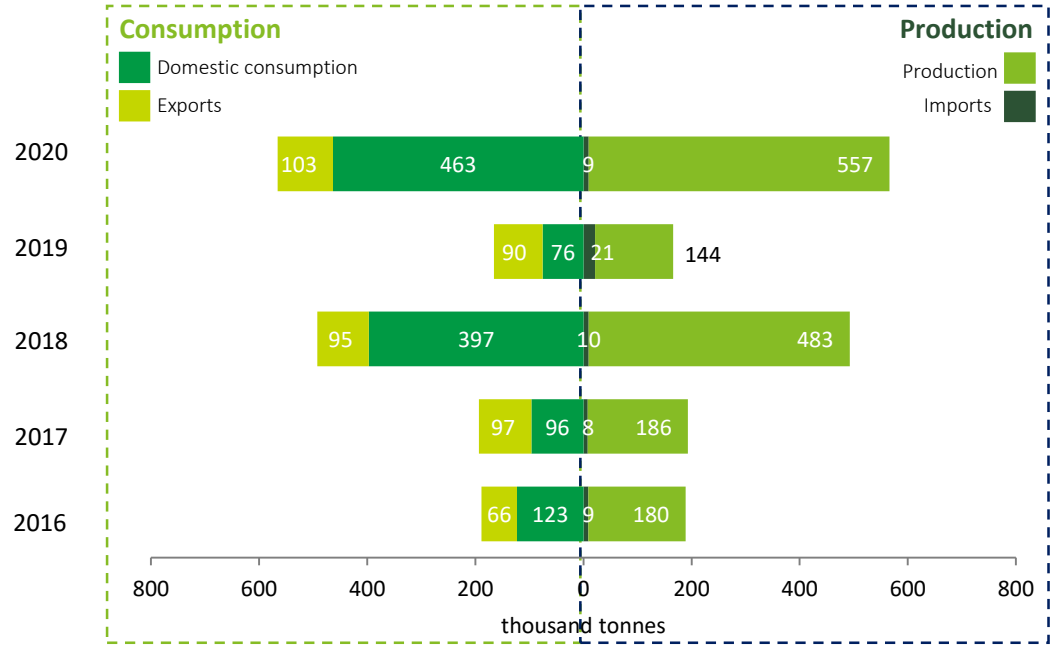
- In Kazakhstan, the production of tomatoes almost completely covers domestic demand. At the end of 2020, the country produced 789 thousand tonnes of finished products with consumption of 818 thousand tonnes.
- The country has a low level of deficit (5%) in this area of production.
- Tomato production has a high export potential, and the share of imports is only 8%.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Rice

Resources and use



Характеристики отрасли

Deficit Surplus	Surplus	*Surplus level*	54%
Supply	Low import dependence	*Import share*	10%

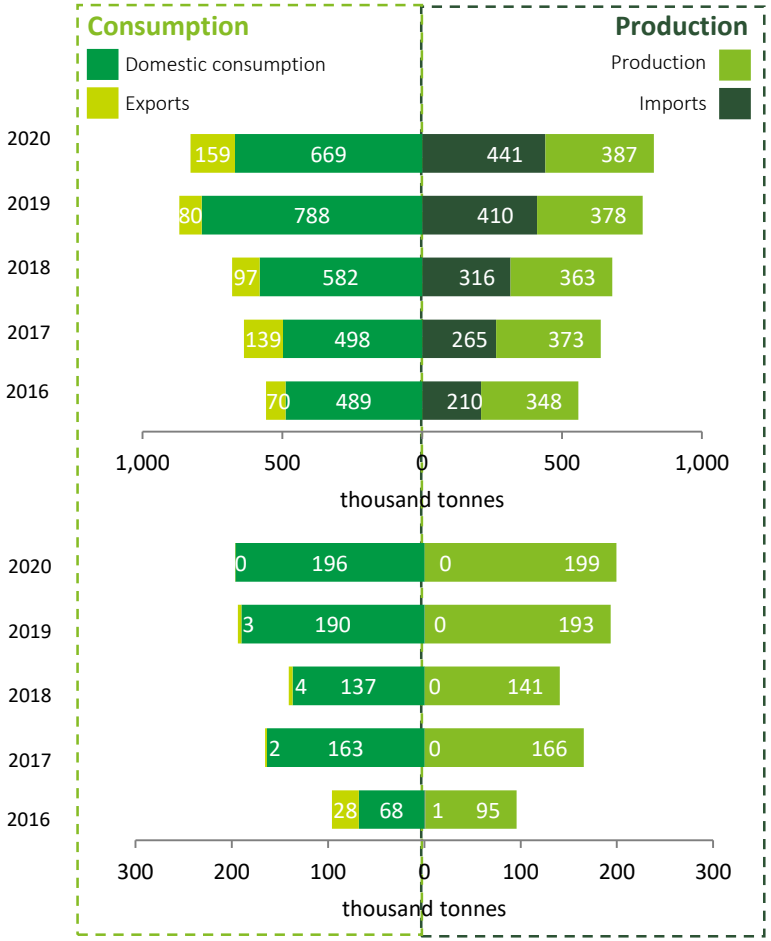
Source: Kazakhstan Statistics Committee

Unhulled rice

- In 2016-2020, rice registered a surplus: domestic rice production met domestic demand in full. In 2020, Kazakhstan produced 557 thousand tonnes of rice with consumption of 463 thousand tonnes.
- Rice production has high export potential. In the last five years, production more than tripled, while exports nearly doubled, reaching 103 thousand tonnes.
- Rice is a high-demand product. Due to its geographic location and adherence to agricultural technology, Kazakhstan, without affecting crop rotation, may increase rice sowing areas several times over. New, modern rice plants are being built to process rice at costs significantly lower than at small and obsolete enterprises

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Nitrogen and phosphorous fertilisers



Nitrogen fertilisers

Deficit Surplus	Deficit
Surplus level	37%
Supply	Export potential
Import share	54%

- Between 2016 and 2020, nitrogen fertiliser production in Kazakhstan increased annually at an annual average rate of 2.7%.
- In 2020, Kazakhstan was practically dependent on nitrogen fertiliser imports as current Kazakhstan capacity is unable to meet domestic demand, and imports were at 54% in the last 5 years. The nitrogen fertiliser deficit is 37% across the country.
- Mangistau Oblast is responsible for over 89% of nitrogen fertiliser production, with the key production enterprise being JSC KazAzot and production also in Dzhambul, Almaty, North-Kazakhstan and Karaganda Oblasts.

Phosphorous fertilisers

Deficit Surplus	Surplus
Surplus level	9%
Supply	Low import dependence
Import share	0%

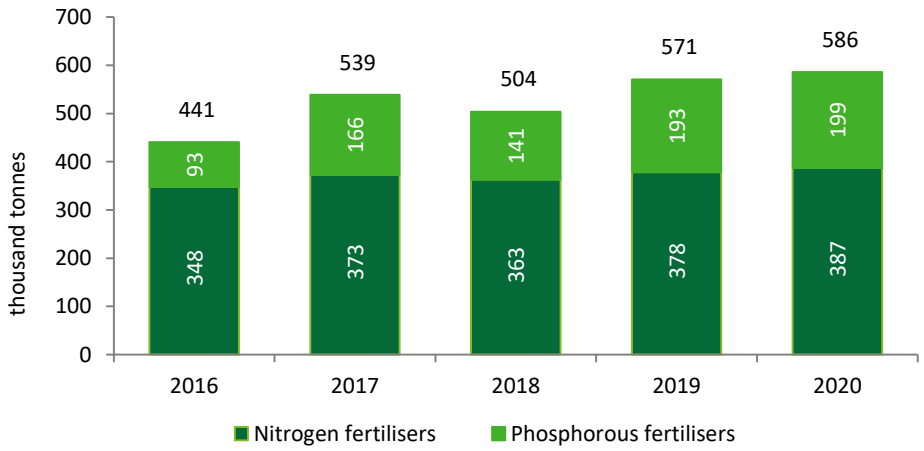
- Phosphorous fertiliser production in Kazakhstan is in surplus, as production covers domestic demand in full.
- Imports make up 0% of demand, while the surplus level is 9%.
- Available capacity meets domestic demand. Production has high export potential.
- Nearly 95% of phosphorous fertilisers is in Dzhambul Oblast, which is home to the giant Kazphosphat LLP, with production also in Shymkent and North-Kazakhstan Oblast.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

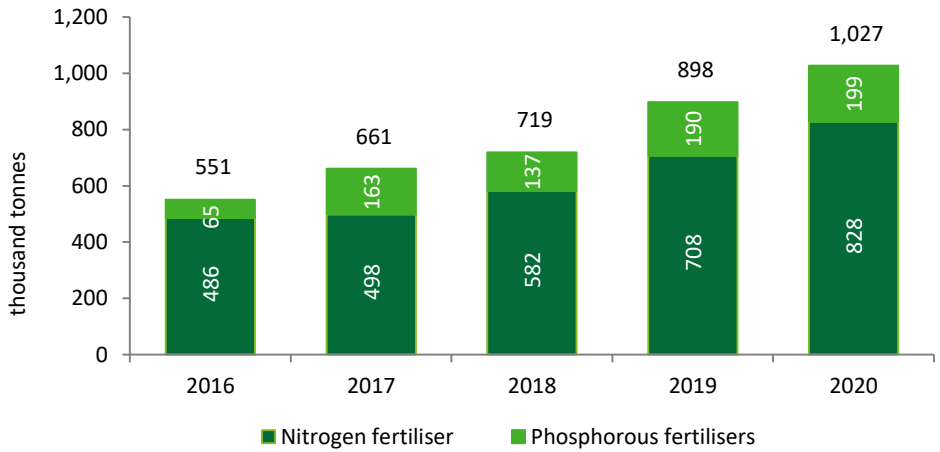
Mineral fertiliser production and consumption in Kazakhstan

Changes in mineral or chemical fertiliser production in 2016-2020



- Mineral fertiliser production in 2020 amounted to 586 thousand tonnes, which is 2.6% higher than in 2019. Average annual production growth was 7.4% in 2016-2020.
- Mineral fertiliser consumption in 2020 reached 1,027 thousand tonnes, which is almost double the 2016 figure. Average annual consumption growth was 16.8% in 2016-2020.
- Fertiliser use by land workers is low: with a requirement of 2.5 million tonnes in Kazakhstan, only 586 thousand tonnes are actually used. For this reason, main crop yield averages 12 hundredweight per ha, while that figure in Russia is 25-26 hundredweight and 36 hundredweight in Belarus.

Changes in mineral or chemical fertiliser production in 2016-2020



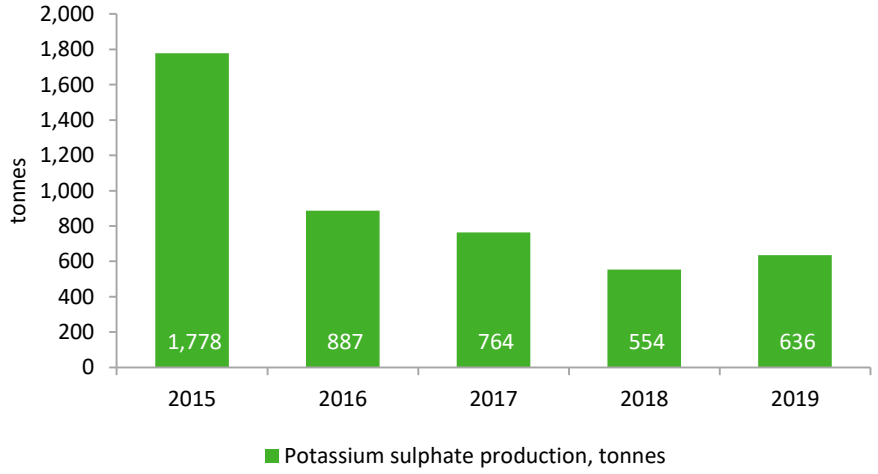
- Nitrogen fertiliser production in 2020 was 66% of total mineral fertiliser production in Kazakhstan. Practically all fertiliser (378 thousand tonnes) is produced in Mangistau Oblast at KazAzot.
- Phosphorous fertiliser accounted for 34% of Kazakhstan mineral fertiliser production in 2020. Over 181 thousand tonnes is produced in Dzhambul Oblast at the Kazphosphat plant.

Source: Kazakhstan Statistics Committee

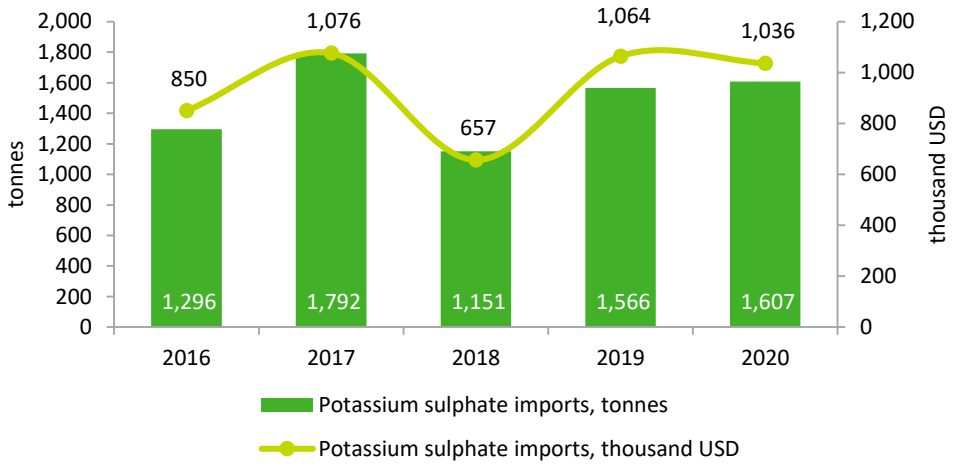
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Potassium sulphate fertiliser production and consumption in Kazakhstan

Changes in potassium sulphate fertiliser production in 2015-2019

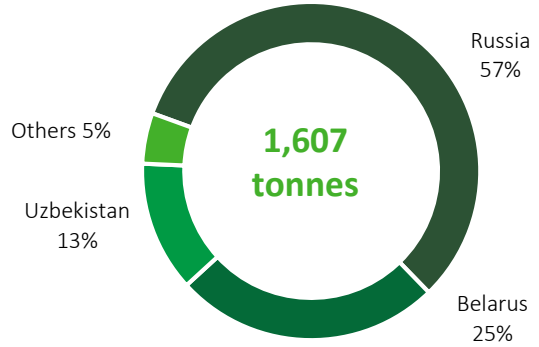


Changes in potassium sulphate fertiliser imports in 2016-2020



- Kazakhstan currently does not produce potassium sulphate fertiliser from domestic raw materials. However, given the demand for potassium sulphate fertiliser, small enterprises have set up small plants processing sylvinite into potash fertiliser imported from Russia and Belarus.
- According to Trademap, in 2020, Kazakhstan imported 1,607 tonnes of potassium sulphate for a total value of 1,036 thousand USD, which is 3% lower than in 2019.
- In 2020, potassium sulphate exporters to Kazakhstan were Russia (57%), Belarus (25%) and Uzbekistan (13%).

Structure of potassium sulphate fertiliser imports in 2020



Source: FAO ORG

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

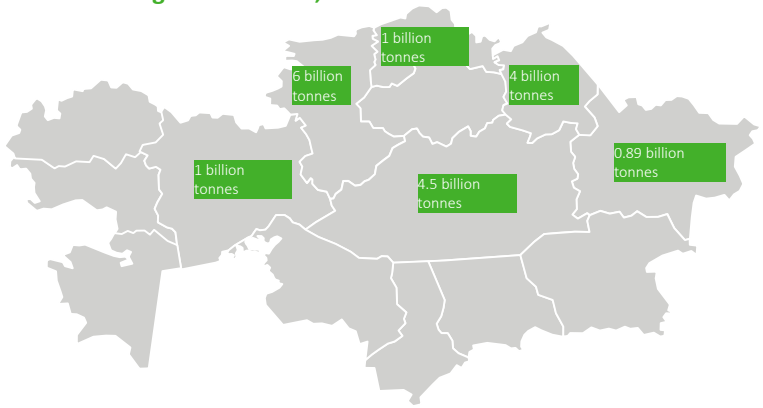
Raw materials used to produce organic fertilisers

Main raw materials

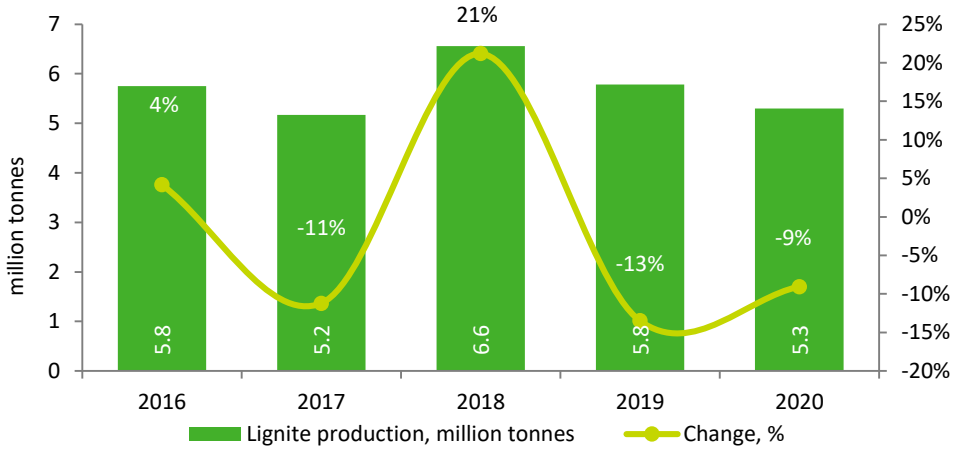
The main raw material is brown coal (lignite).

- According to the World Energy Council's Survey, global coal reserves amount to roughly 860 billion tonnes, including 195 billion tonnes (23%) of lignite. Kazakhstan has the 6th largest lignite reserves in the world.
- The state balance has 49 fields with reserves of 33.6 billion tonnes, including black coal of 21.5 billion tonnes and lignite of 12.1 billion tonnes. The majority of coal fields are in central Kazakhstan (Karaganda and Ekibastuz coal basins, and Shubarkol) and in the north of the country (Turgai coal basin).
- In 2020, Kazakhstan produced 5.3 million tonnes of lignite, which is 9% less than in 2019. The majority of lignite fields are in Karaganda Oblast, and include the Kusmykkuduk site, the Kuznetsk pit and the Ekibastuz basin field. Karaganda basin lignite includes up to 75-80% humic substances on an organic mass basis. The mineral part is also rich in rare earth micro-elements.

Reserves of the 20 largest coal fields, billion tonnes



Changes in lignite production in Kazakhstan in 2016-2020, million tonnes



- Humic substances are required to produce activated fertilisers and include turf (25-50%), earthy and glance lignite (45-60% and 5-15% respectively), oxidised black coal (up to 60%) and soil (up to 10%), from which they are removed by processing weak alkaline water solution. It is believed that coal containing at least 30% humic acid in organic mass is useful for generating quality humic fertiliser.
- Humic-containing activated fertilisers help increase crop yield on average by 15-45% and reduce vegetation and ripening periods by 10-12 days.
- Humate-containing activated fertilisers are important in resolving soil degradation issues, because they are capable of restoring the fertile layer and increasing soil humus content. 65% or 179 million ha of land is currently suffering from degradation in Kazakhstan. That figure in Russia is 42%, in Uzbekistan – 80% and in China – 58%.

Source: Kazakhstan Ministry of Ecology, Geology and Natural Resources

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Water resources in Kazakhstan

Irrigated areas in Kazakhstan

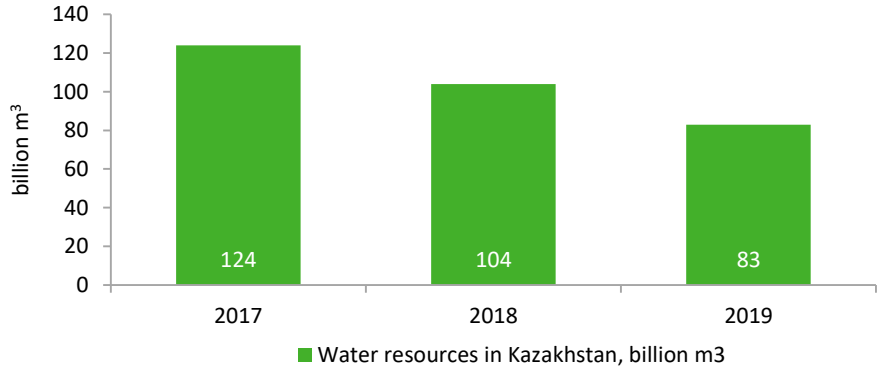
- In 2020, irrigated agricultural land in Kazakhstan increased by 100 thousand hectares to 1.5 million ha. According to a Ministry of Ecology, Geology and Natural Resources plan, in 10 years this figure will have doubled in Kazakhstan. For this reason, the issue of supplying water for irrigation purposes is very topical.
- Irrigated agricultural land is predominantly in the south of Kazakhstan, and in Turkestan Oblast it accounts for 38%, in Almaty Oblast - 29%, in Kyzylorda Oblast - 14% and Dzhambul Oblast - 8%. Nevertheless, the north of the country has immense land farming potential.
- It is also worth noting that total water resources in Kazakhstan are unstable. In recent years, water inflow declined to 83 billion m^3 in 2019 for the entire country. For example, the same figure in 2018 was 104 billion m^3 and in 2017 – approximately 124 billion m^3.
- The Irtysh water basin, which is formed in China, accounts for around 50% of total water inflow. China's active use of Irtysh water impacts Kazakhstan, which is located lower along the river's course

irrigated land

1.5 million ha in 2020

3 million ha by 2030

Changes in Kazakhstan water resources



Non-irrigated regions with very frequent drought OR Irrigated land with very high water resource shortages			Non-irrigated regions with very frequent drought AND Irrigated regions with very high water resource shortages			Non-irrigated regions with frequent drought OR Irrigated regions with high water resource shortages		
Area, ha	Rural population	City population	Area, ha	Rural population	City population	Area, ha	Rural population	City population
3,071	378	638	1,696	1,000	688	31,540	4,560	4,945

Source: FAO ORG, Kazakhstan Ministry of Ecology, Geology and Natural Resources

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Pricing

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

Brief global market overview

Conclusions and recommendations

List of abbreviations

State pricing regulation

Kazakhstan legislation

According to Order of the Acting Minister for the National Economy of the Republic of Kazakhstan No. 264 dated 27 March 2015 *On the Approval of Domestic Trading Rules* (with amendments from 14 October 2020):

1 **Commodity prices**

Commodity prices are determined by trading entities themselves, with the exception of prices for socially significant food products.

2 **Prices for socially significant goods**

According to Order of the Acting Minister for the National Economy of the Republic of Kazakhstan No. 264 dated 27 March 2015 *On the Approval of Domestic Trading Rules*, entities trading in socially significant food products set a maximum trade mark-up of 15% of the producer selling price or the wholesale supplier purchasing price referred to in supply agreements for socially significant food products. Trading entities, if socially significant food products have been received from several producers or wholesale suppliers set a maximum trade mark-up of up to 15% of the producer selling price or the wholesale supplier of socially significant food products with the lowest cost indicated in the supply agreement for socially significant food products.

The list of socially significant food products approved by Government Resolution No. 145 dated 1 March 2010 *On the Approval of a List of Socially Significant food products*, includes first class wheat flour, moulded wheat bread made from first class flour, husked rice (round and sold by weight), sunflower oil and macaroni (sold by weight).

3 **Trade mark-ups**

Maximum trade mark-ups are set when concluding supply agreements for socially significant food products. A trade mark-up may be increased by costs to transport and/or store and/or import socially significant goods, and the natural loss of food products up to approved limits. Trade mark-ups do not include expenses for fees paid to trade entities to purchase a specific quantity of food products from a supplier.

4 **Loose goods**

If loose goods produced by the seller are packaged for sale, packaged perishable goods should not exceed the volume sold over a one-day period. Packaging should show the name of the goods, weight, price per kg, weighing costs, packaging date and best before date. Loose food products are transferred to customers in packaged form with no additional packaging charge. The price of food products sold loose is determined according to net weight.

Source: Order of the Acting Minister for the National Economy of the Republic of Kazakhstan No. 264 dated 27 March 2015 *On the Approval of Domestic Trading Rules,* Government Resolution No. 145 dated 1 March 2010 *On the Approval of a List of Socially Significant food products*

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Comparison with competitors in foreign markets

Price per tonne of cereal production as of May 2021, USD

Country	Wheat	Barley	Oat	Corn	Rice
Kazakhstan	193	148	91	221	163
Russia	164	130	114	185	574
Belarus	138	-	136	173	-
Ukraine	268	-	-	-	-
Kyrgyzstan	207	160	-	802	-
Germany	187	163	163	196	-
France	212	-	-	-	-

Price per tonne of oilseed production as of May 2021, USD

Country	Sunflower seeds	Rapeseeds	Sunflower oil
Kazakhstan	332	433	1,452
Russia	672	638	1,523
Ukraine	817	47	1,200
Germany	-	428	-
France	499	-	1,017

Price per tonne of vegetables and fruits as of May 2021, USD

Country	Cucumbers	Tomatoes	Apples	Pears	Cherries	Berries
Kazakhstan	792	649	465	616	542	436
Russia	1,010	967	772	886	1,195	1,263
Ukraine	886	897	698	1,236	917	864
Germany	1,178	-	1,112	1,444	2,007	-
France	1,225	1,418	922	1,196	-	-

Source: Kazakhstan Statistics Committee, Rosstat, Belstat, Mundus Agri, Commodity3

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

State support

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

Brief global market overview

Conclusions and recommendations

List of abbreviations

Sector support within the framework of the State Programme for Agricultural Development 2017-2021

In 2017, the Government launched a Programme to develop the Kazakhstan agriculture industry in 2017–2021 in conjunction with interested ministries, local executive bodies and the National Bank.
The points below show the main areas and measures incorporated in the Programme:

01 **Food security**
- improve production using two organisational cooperation mechanisms: horizontal cooperation and vertical (anchor) cooperation

02 **Increase access to financing for agricultural entities and ensure optimal taxation regimes for them**
- engage private financial institutions to finance the agriculture industry
- update the loan guarantee system
- introduce agrarian receipts
- develop agricultural insurance
- improve the credit partnership system

03 **Improve the efficiency of land use**
- research soil to determine an agricultural soil quality and yield index
- introduce unused land agricultural circulation
- maintain and improve the institution of agricultural land lease

04 **Improve the efficiency of water resource use**
- restore irrigation and drainage networks to supply irrigation water to land in need
- improve the system for monitoring water resources

05 **Ensure access to sales markets and export development**
- create wholesale distribution centers to form large consignments of goods
- create an electronic system for trading in agricultural products
- ensure phytosanitary and veterinary security
- ensure technical regulation and its compliance in the EAEU
- develop the production of organic and halal food products

06 **Ensure the development agricultural science, agriculture industry knowledge sharing**
- integrate science and agriculture industry staff
- improve the quality of academic organisations through amalgamation

07 **Improve agriculture industry technology intensiveness and production intensification**
- ensure agricultural producers have access to new operating techniques through investment subsidies and loan/lease interest subsidies

08 **Improve the quality of state services and ensure the implementation of digital technology in the agriculture industry**
- digitise the agriculture industry
- automate processes (subsidies; track animal products; agriculture industry trading; agricultural producer lending and insurance)
- implement elements of precision farming and SMART-farms

Source: primeminister.kz

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

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, billion tenge

Index	2021	2022	2023	2024	2025
National budget	637.1	970.5	1,035.1	1,115.1	1,151.2
Total	**637.1**	**970.5**	**1,035.1**	**1,115.1**	**1,151.2**

Source: adilet.zan

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Support of the industry from the Ministry of Agriculture of Kazakhstan (1/2)

- Order of the Minister of Agriculture of Kazakhstan dated March 30, 2020 No. 107 "On Approval of the rules for subsidizing the increase in yield and quality of crop production" regulates subsidies for agricultural producers in the field of crop production.

- Funding will be carried out in the manner established by the budget legislation of Kazakhstan on the basis of the resolution of the IAO within the funds provided for in the regional budget, the budget of the city of republican significance, the capital for the relevant year.

- The program provides 5 directions:
  - subsidizing the development of production of priority crops;
  - subsidizing the production of perennial plantations;
  - subsidizing the development of seed production;
  - subsidizing the cost of fertilizers (except organic);
  - subsidizing the cost of pesticides, bioagents (entomophages) intended for treatment against harmful and especially dangerous pests with a number above the economic threshold of harmfulness and quarantine objects.

The tables on the right and the tables on the next slide illustrate the subsidy standards under this law.

Standards of subsidies for the production of planting material of fruit and berry crops and grapes

Name	Standard of subsidies, 1 piece, tenge
Rootstocks	25
Rosettes	15
Offspring	15
Cuttings	10

Standard of subsidies for elite seedlings of fruit and berry crops and grapes

Crop	Standard of subsidies for 1 seedling, tenge
Fruit	344
Berry	275
Grape	96

Source: adilet.zan.kz

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Support of the industry from the Ministry of Agriculture of Kazakhstan (2/2)

Standards of subsidies for seeds

№ p/p	Crop	Standard of subsidies, tenge					
		For 1 tonn					per 1 seed unit of hybrids of the first generation
		original seeds	elite seeds	seeds of the first reproduction	seeds of the second reproduction	hybrids of the first generation	
1	Wheat	120,400	78,000	53,500			
2	Barley	96,600	69,000	49,500			
3	Oat	77,000	52,200	39,000			
4	Millet	140,000	94,800	69,000			
5	Buckwheat	137,900	100,800	72,000			
6	Winter rye	115,500	81,000	57,500			
7	Triticale	96,600	69,000	49,500			
8	Pea	171,500	92,313	84,700			
9	Lentil	239,300	181,113	160,100			
10	Chickpea	411,300	328,542	221,900			
11	Other pulses	133,000	96,000	70,000			
12	Corn					400,000	13,305
13	Rice	175,000	132,000	100,000			
14	Colza	301,000	240,000	190,000		2,800,000	28,071
15	Sunflower	297,500	237,000	187,500		250,000	16,917
16	Soya	306,600	178,200	141,500			
17	Safflower	161,000	120,000	96,500			
18	Mustard, other oilseeds	186,200	141,600	108,000			
19	Flax	189,000	144,000	108,000			
20	Annual herbs	224,000	160,800	117,000			
21	Perennial grasses	1,190,000	906,000	597,500			
22	Cotton	497,000	300,000	175,000	137,500	825,000	17,000
23	Sugar beet:						
	Inlaid						16,174
	dried						27,175
	Semi-dried						18,312
24	potato	231,000	114,000	70,000			
25	sorghum					280,000	

Source: adilet.zan.kz

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

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

Priority investment project (create new production)
- Customs duty exemptions
- State grants
- Tax exemptions
- Investment subsidies

Priority investment project (expansion of existing projects)
- Customs duty exemptions
- State grants
- CIT exemptions

Special investment project
- Customs duty exemptions
- Import VAT exemptions

Order of the Minister of Agriculture No. 107 dated 30 March 2020, registered with the Ministry of Justice as No. 20209 on 31 March 2020 *On the Approval of Rules for Subsidising Yield and the Quality of Plant Breeding Product*

Section	Area	Subsidy
04.1	Develop the production of priority crops, including perennials	Partial (70%) refund of the costs of elite agricultural businesses to purchase original seeds of recognised and potential sorts
04.2	Develop seed production	Partial (70%) refund of the costs of agricultural businesses and agricultural producers (agricultural cooperatives) to purchase elite seeds
04.3	Reduce the cost of fertiliser (except for organic fertiliser)	Partial (50%) refund of the costs of agricultural producers (cooperatives) to purchase first reproduction and/or second reproduction cotton seeds
04.4	Reduce the cost of pesticides and bioagents (parasites) used to quarantine facilities against harmful and highly harmful infestations that have been recognised as economically harmful	Partial (50%) refund of the costs of agricultural producers (cooperatives) to purchase first generation hybrid seeds

Source: Kazakhstan Entrepreneurial Code

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Sector support from the “Business Road Map 2025” Programme

- The Business Roadmap 2025 Program 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.
- 421 billion tenge 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 1 billion tenge and up to 50% of the guarantee amount
Loan amount	up to 7 billion tenge
Subsidy period	up to 5 years

Source: official website of the Kazakhstan Prime Minister

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

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.

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

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

40% Large businesses

50% Medium-sized businesses

60% Small businesses

Source: adilet zan

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

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 64.5 billion tenge in 2019 (subsidies paid amounted to 1.1 billion tenge). In 2020, 169 projects were subsidised for 95 billion tenge (subsidies paid amounted to 2.7 billion tenge).
- 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.

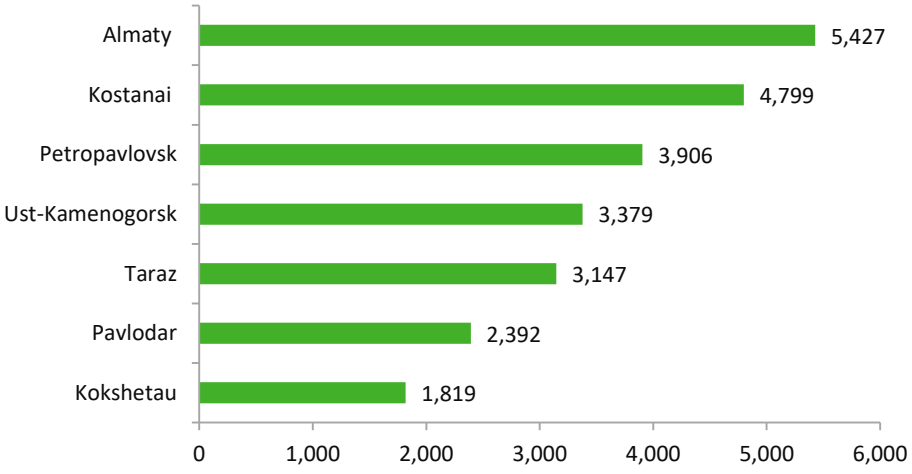
Programme conditions	
Eligible entities	private businesses (small, medium-sized and large businesses)
Loan interest rate	15% per annum
Subsidised amount	up to 9% of the nominal interest rate
Purpose of projects	investments and replenishment of working capital; replenishment of working capital is allowed 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

Source: official website of the Kazakhstan Prime Minister

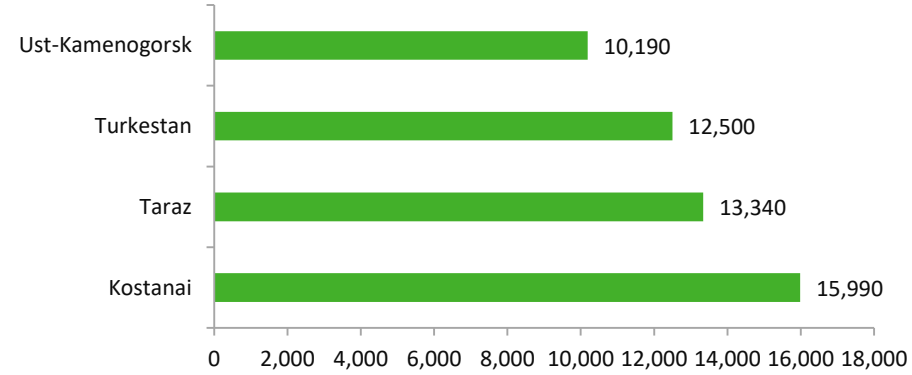
Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

State regulation of utilities tariffs

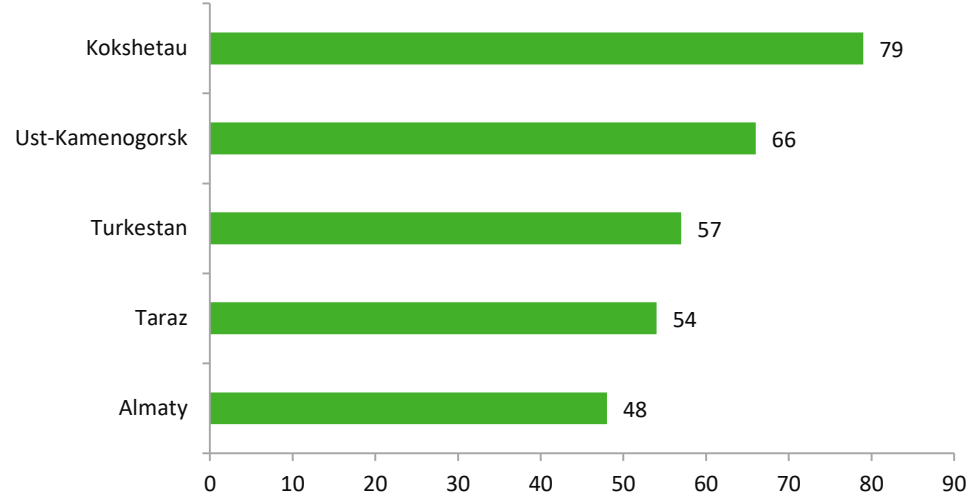
Thermal power price by region, in March 2021, tenge per Gcal



Electricity price by region, in March 2021, tenge/1,000 kWh



Cold water price by region, in March 2021, tenge per m^3



- Kazakhstan operates a state policy of tariff setting for natural monopolies, and regulates prices and controls compliance with pricing procedures and the obligations of socially significant market entities. Utilities tariffs are regulated.
- As at March 2021, the average price for 1 Gcal of thermal energy in Kazakhstan cities was 3,643 tenge.
- In March 2021, the average price for 1,000 kWh of electricity was 11,690 tenge, and the price for 1 m^3 was 78 tenge.

Source: Kazakhstan Statistics Committee

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Brief global market overview

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

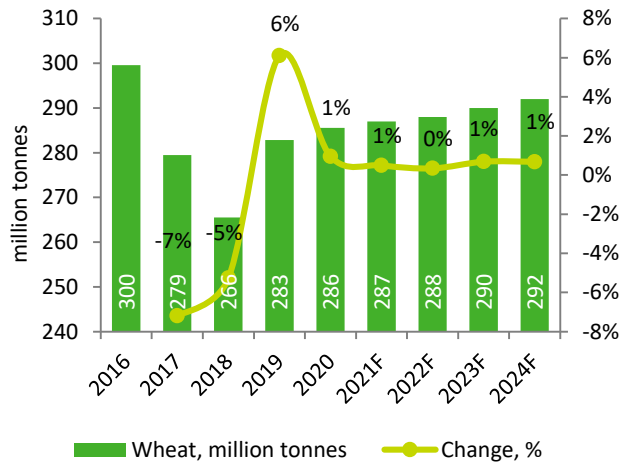
Brief global market overview

Conclusions and recommendations

List of abbreviations

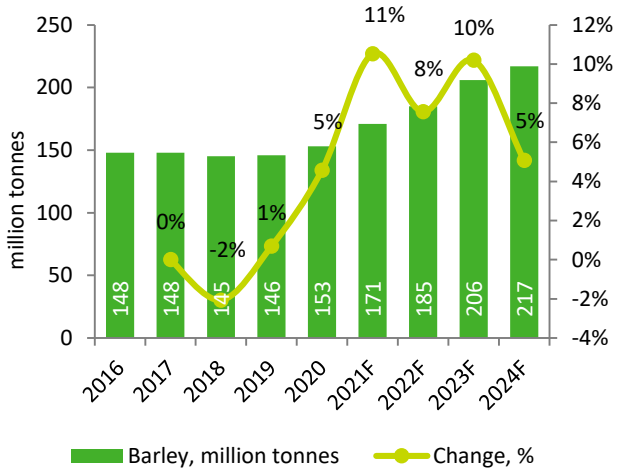
Global wheat, barley and oat production

Global wheat production



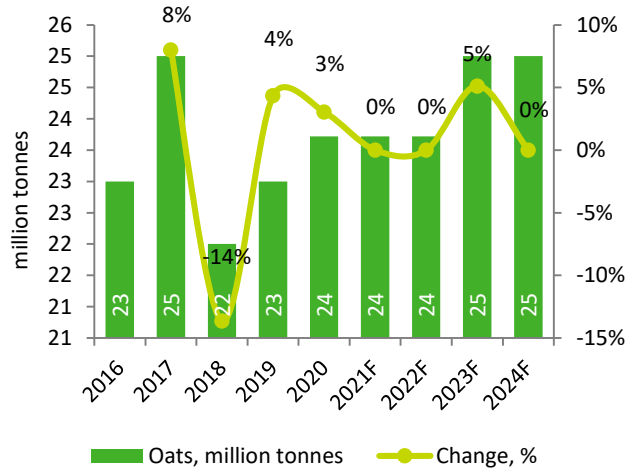
- Average annual growth in wheat production in 2016-2020 was -1.2%. According to the OECD, global wheat production in 2020 grew by 1% year-on-year.
- The decline in production in 2018 was mainly caused by production decline in Russia, the EU and Australia, while its subsequent recovery in 2019 was mainly due to production in the EU and record harvests in India and Ukraine

Global barley production



- Global barley production reached 153 million tonnes in 2020, which is a 4.8% increase year-on-year.
- The main global barley producers are Russia, France, Germany, Ukraine and Australia.
- The largest Kazakhstan exporter of cereal crops is KazExportAstyk, supplying grain, oil-bearing crops, flour, wheat, barley, rapeseed, flax seeds, sunflowers, plant means of protection, fertiliser and seeds.

Global oat production



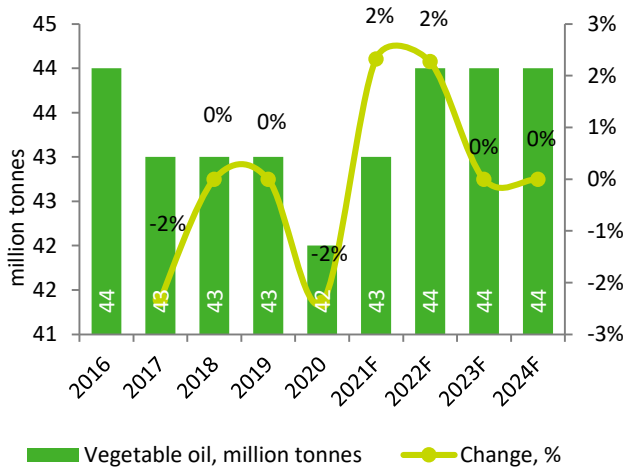
- In 2020, global oat production amounted to 24 million tonnes, which is an increase of 1 million tonnes year-on-year.
- In 2016–2020, average annual oat production growth amounted to 0.8%.
- The main global oat producers are Russia, Canada, China, Poland and Australia.

Source: OECD, Fitch Solutions

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

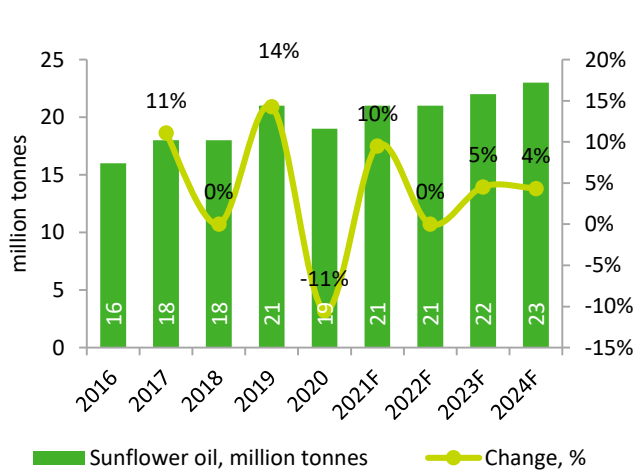
Global vegetable and sunflower oil and rice production

Global vegetable oil production



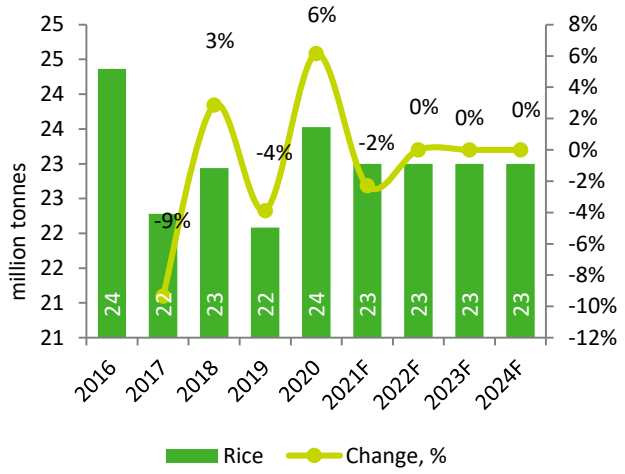
- Global vegetable oil production amounted to 42 million tonnes in 2020, which is a 2.3% decline year-on-year. Average annual growth in vegetable oil production in 2016-2020 was -1.2%.
- According to the OECD, global vegetable oil production will grow reach 45 million tonnes by 2029.

Global sunflower oil production



- In 2020, global sunflower oil production amounted to 19 million tonnes, which is a 9.5% decline year-on-year. Average annual growth in sunflower oil production in 2016-2020 was 4.4%.
- The main producers of sunflower oil across the world are Russia, Ukraine and Argentina. The OECD has noted a drop in demand for sunflower oil in China and India.

Global rice production



- On average, global rice production amounted to 23 million tonnes in 2016-2020. The decline in rice production in 2019 was caused by irregular precipitation, which led to a sowing reduction in Asian countries. The reduction in sowing areas in North and South America also impacted the global decline.
- Average annual rice production in 2016-2019 amounted to -1%.

Source: OECD, FAO UN

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

Conclusions and recommendations

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

Brief global market overview

Conclusions and recommendations

List of abbreviations

Conclusions and recommendations

Export potential

- Kazakhstan is a major exporter of cereal and oil-bearing crops. The State takes active measures to develop the agriculture industry.
- The main advantages of Kazakhstan product overseas is its high quality, ecological safety and high production standards.
- Kazakhstan is favourably located in relation to larger markets such as the CIS and Asia, in particular:
  - Russia
  - China
  - Central Asia
- The country's transit potential has not been sufficiently developed: the Western Europe – Western China highway passes through the south and west of Kazakhstan.

Sector problems

Crop production, according to the Ministry of Agriculture, has four problems: the dependence of crops on climate conditions, underuse of mineral fertilisers, underdeveloped domestic seed production and low upgrade to agricultural technology.

The Ministry of Agriculture has drafted a list of solutions enabling sector growth: compliance with crop rotation principles and the introduction of crop insurance in crop production. It is also important to introduce advance subsidising and subsidise the industrial production of organic fertilisers. To aid the development of seed production, the concept describes creating a system of tracking seeds and automating sort testing, among others.

Work force requirements

- 2016-2020 saw a rise in the economically active population.
- The economically active population of Kazakhstan aged over 15 in 2020 was 9.2 million persons, which is 48% of the total population of Kazakhstan.
- According to the EIU, this figure should reach 9.7 million by 2024.
- Southern regions of the country are the most densely populated with a cheaper work force.

Attractive investment climate:

- The agriculture industry, including crop production, is a priority sector for the Kazakhstan economy.
- Concessionary economic conditions exist for reducing the financial burden on enterprises based on the following programmes:
  - Development of the Agriculture Industry 2017-2021
  - Sector support within the framework of the National Project for Agriculture Industry Development 2021-2025
  - Order of the Minister of Agriculture No. 107 dated 30 March 2020, registered with the Ministry of Justice as No. 20209 *On the Approval of Rules for Subsidising Yield and the Quality of Plant Breeding Product*
  - Other state support measures including cheap loans to purchase agricultural technology and equipment, and others.

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

List of abbreviations

Sector overview

Sector classification

Crop production in Kazakhstan

Crop consumption in Kazakhstan

Crop imports into Kazakhstan

Crop exports from Kazakhstan

Balance of production and consumption

Pricing

State support

Brief global market overview

Conclusions and recommendations

List of abbreviations

List of abbreviations

CAGR	Compound Annual Growth Rate
CCEA	Compound Annual Growth Rate
CIS	Commonwealth of Independent States
CIT	corporate income tax
EAEU	Eurasian Economic Union
EIU	The Economist Intelligence Unit
EU	European Union
Gcal	gigacalorie
GCEA	General classification of types of economic activities
GDP	gross domestic product
JSC	joint stock company
kg	Kilogram
kWh	Kilowatt-hour
LLP	Limited Liability Partnership
LTD	Limited
m^3	cubic metres
n/a	not applicable/not available
No.	number
OJSC	Open joint stock company
Q	Quarter
USD	US Dollar
VAT	value added tax

Sector overview
Sector classification
Crop production in Kazakhstan
Crop consumption in Kazakhstan
Crop imports into Kazakhstan
Crop exports from Kazakhstan
Balance of production and consumption
Pricing
State support
Brief global market overview
Conclusions and recommendations
List of abbreviations

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