



AGRICULTURE IN KAZAKHSTAN: CURRENT SITUATION, PROBLEMS AND POSSIBLE SOLUTIONS

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Republic of Kazakhstan

General Information

Capital	ASTANA
Population	16.6 mln
Territory	2.7 mln sq km
Currency	TENGE
GDP	\$193.8 billion (2010)



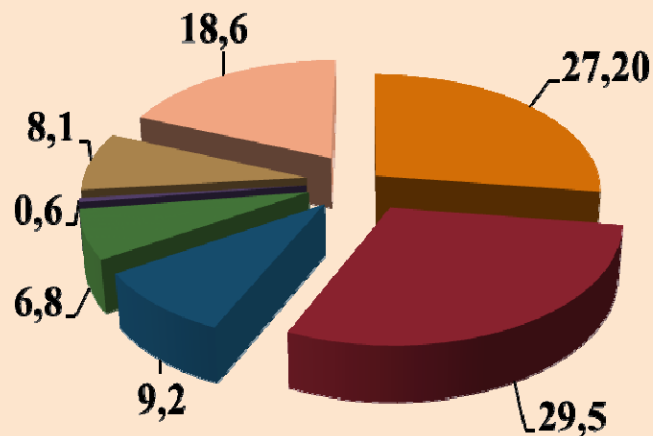
Main socio-economic indicators of Kazakhstan

<i>Year</i>	<i>Population</i>	<i>Average real GDP growth</i>	<i>Average real wage growth</i>	<i>Retail trading</i>	<i>Products (services) of agriculture</i>
2006	15,4 million	10,7%	19,8%	15,0%	6,2%
2010	16,4 million	7,0%	14,6%	12,3%	-11,7%

Population increased by 8,5 %. The average retail trading fallen down by 2,7%. Under the circumstances of decrease of average real GDP growth from 10,7% in 2006 to 7,0% in 2010.

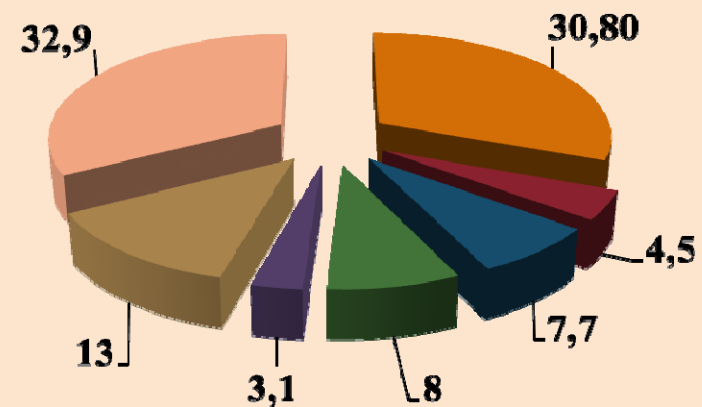
GDP by activity

1991, %



Industry Agriculture
Building Transport
Connection Trade
Other

2010,%



Industry Agriculture
Building Transport
Connection Trade
Other

Agriculture become less important sector for Kazakh economy from 30% in 1991 to 4,5% in 2010, which is decrease by over 6 times.

Market economy *in statu nascendi*

**From
Command economy**



**To market
economy**

- The specialization of Soviet states in the production of various agricultural products caused disruption in the production and supply of food as the Soviet Union disintegrated into independent states.
- In Kazakhstan the centralized control over economic decisions created the discordance of macroeconomic planning and microeconomic management that led to major distortions in the whole economy. Some of the distortions are listed, namely the hypertrophy of the producer goods and armament industries, excess raw material, and the preference of policy goals over accounting profits and efficiency.

**1) massive scale, (2) centralized control, and
(3) lack of competition**

Market economy *in statu nascendi*

From comand economy



To market economy

- Kazakhstan initiated privatization and restructuring programs in 1993.
- Kazakhstan's agricultural sector is focused on wheat and livestock production, and significant geographic specialization.
- Low level of technological sophistication. According to official estimates, 85% of the machinery currently being used in Kazakhstan is at least 12 years old and urgently requires replacement and huge amount of investment: 320 million USD according to some estimates.
- Non availability of sufficiently trained human resources.

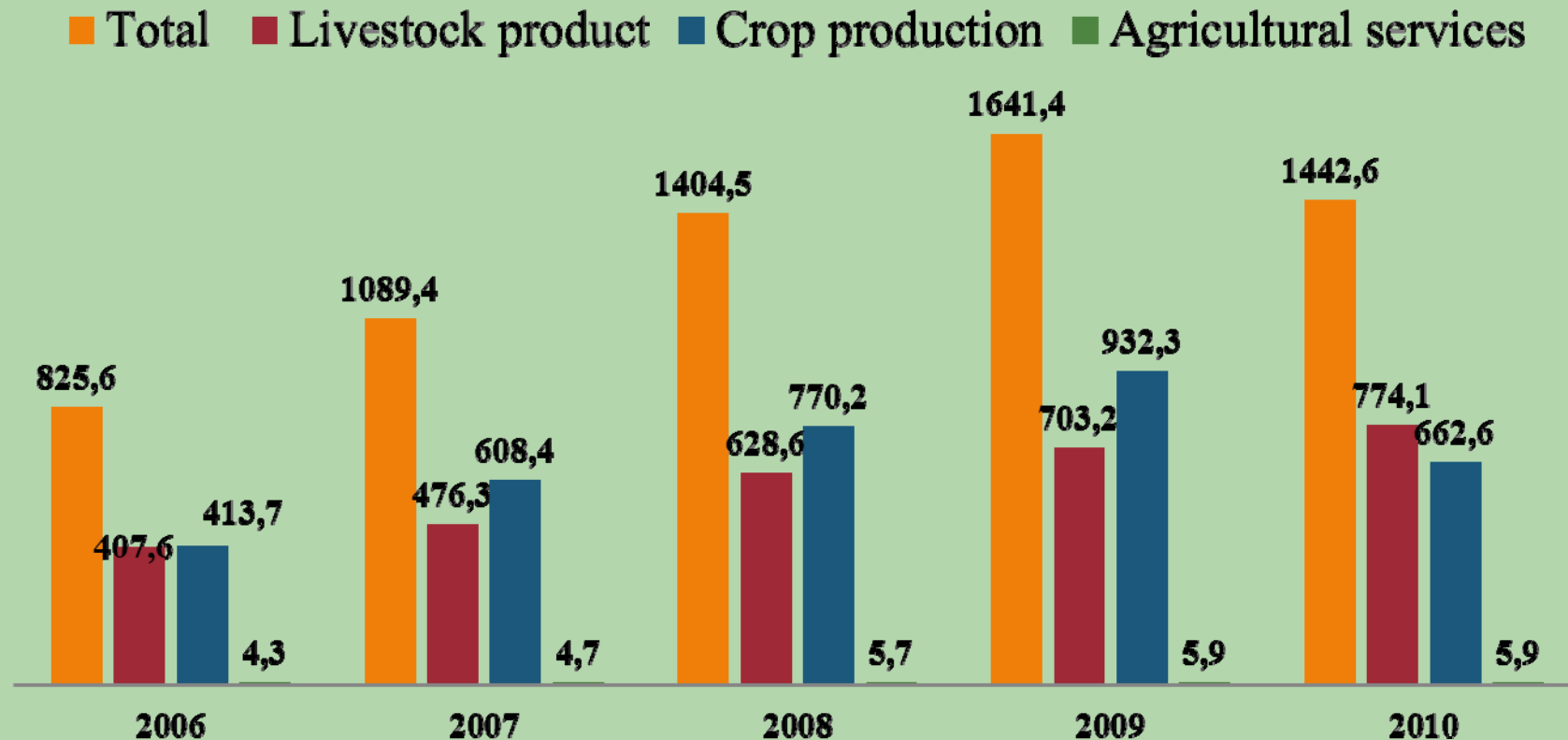
After 20 years of market driven economy the agricultural sector is still in nascent phase of developing cometitive conditions.

The number of agricultural units in the Republic of Kazakhstan (*units*)

Title/ year	2006	2007	2008	2009	2010	Rate, %
Total of agricultural units:	196 417	200 812	201890	201072	200876	102,2
of them functioning	161962	173132	174608	174651	175636	108,4
including:						
State agricultural enterprises	65	65	79	25	35	53,8
Non -state agricultural enterprises	4919	5224	5203	5145	5408	109,9
Farms	156978	167843	169326	169481	170193	108,4

The number of state agricultural enterprises decreased however by 30 units over the period 2006-2010. The reason is because the state agricultural enterprises have proved unprofitability in the market of agricultural products.

Total output of Agricultural products and services, billion tenge



In 2010 the output of agricultural products and services increased 617 billion tenge compared to 2006. The crop production decreased 269, 7 billion tenge in 2010 compared 2009. The cause of the decrease is shortage of irrigation water.

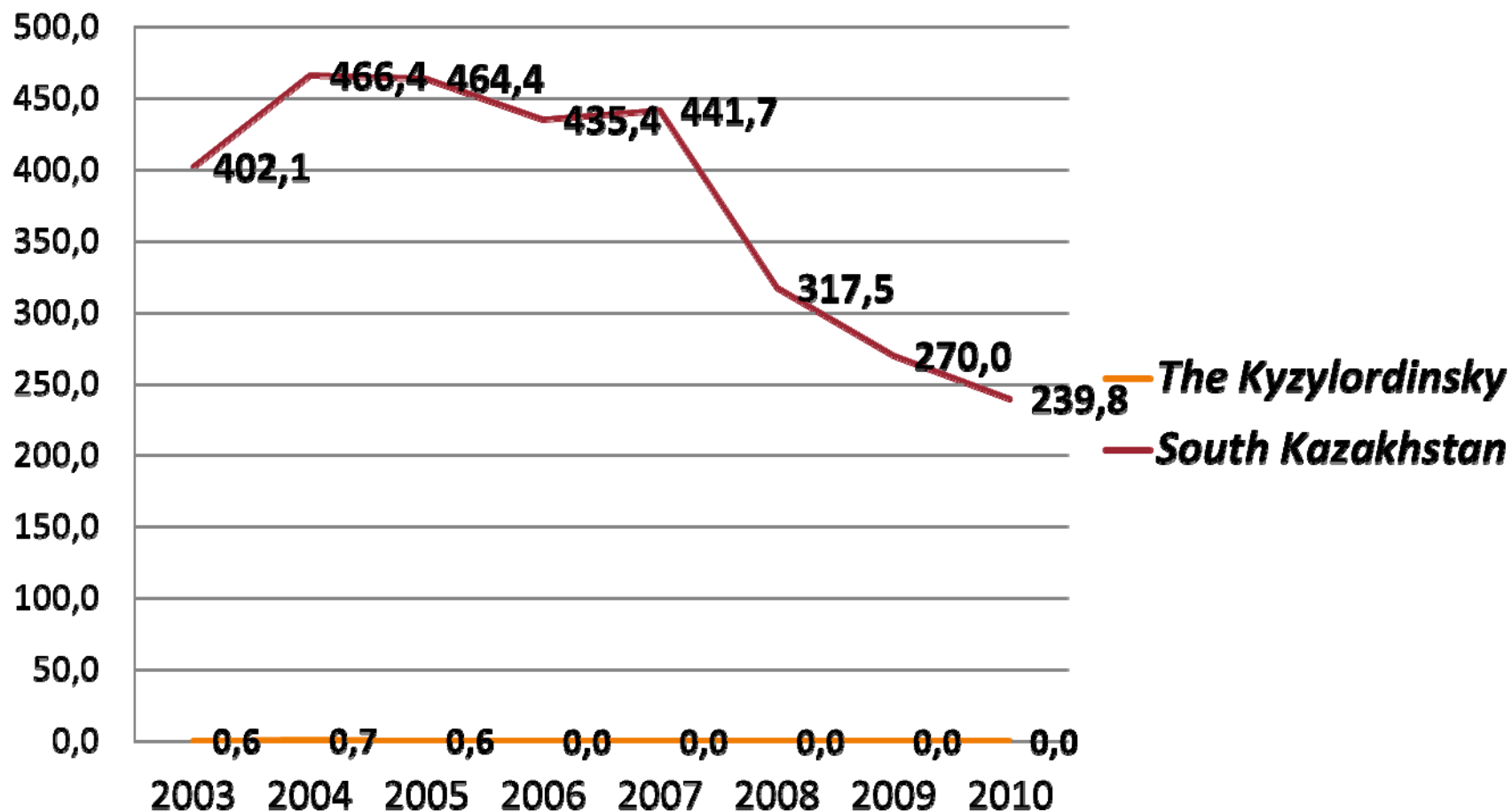
Cotton area under crops

thousand hectares

	2003	2005	2006	2008	2009	2010
Republic Kazakhstan	199,9	204,2	200,1	178,6	139,8	137,2
The Kyzylordinsky	0,4	0,1	0,0	0,0	-	-
South Kazakhstan	199,5	204,1	200,1	178,6	139,8	137,2

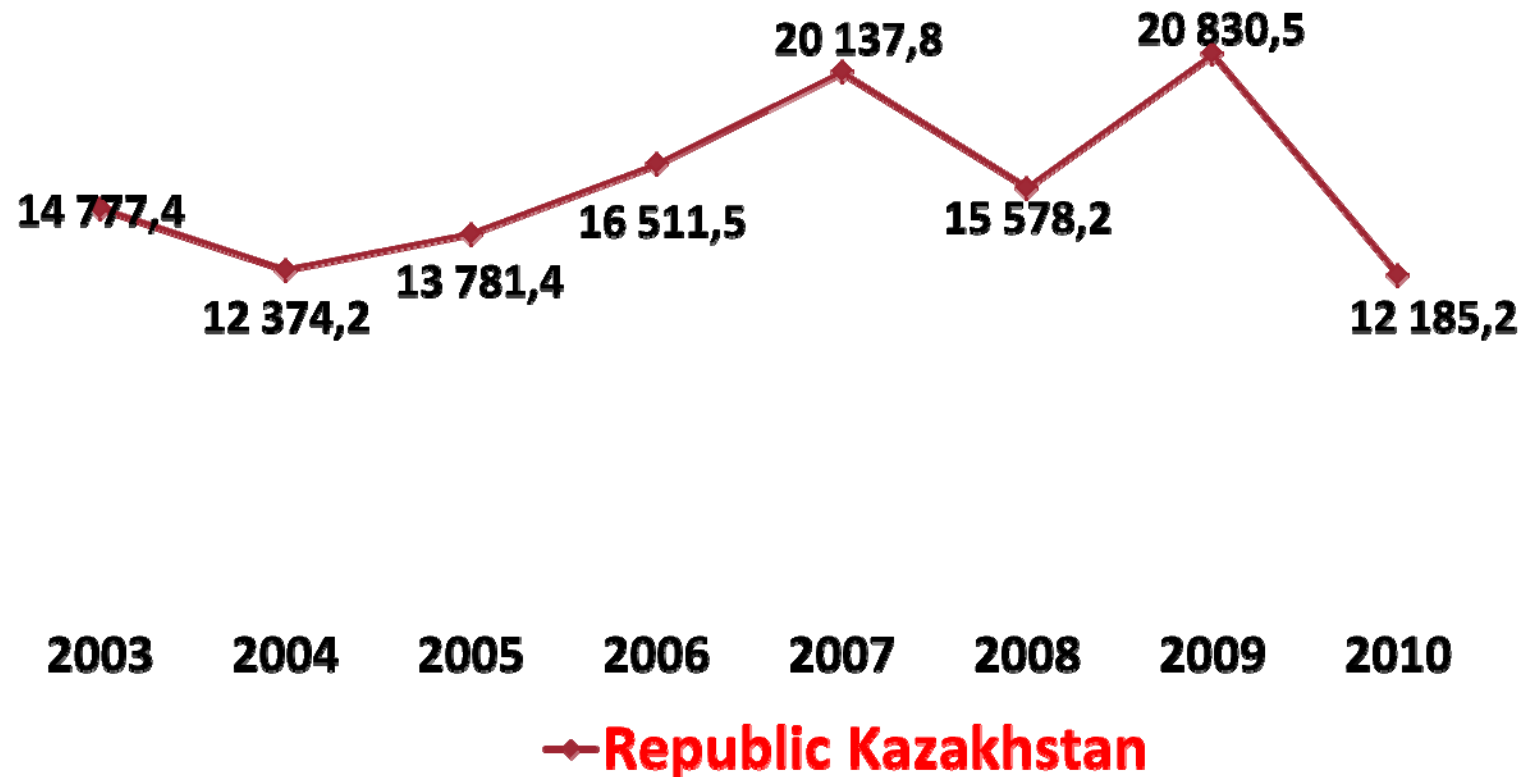
Total gathering of a cotton

thousand tons



Total gathering of grain (including rise) and legumes cultures

thousand tons



Total gathering of wheat

thousand tons

	2003	2004	2007	2009	2010	Rate +/-
Republic Kazakhstan	11 537,4	9 937,0	16 466,9	17 052,0	9 638,4	83,5
<i>Akmolinsky</i>	2 680,1	2 215,4	3 942,0	4 413,8	1 968,8	73,5
<i>Kostanajsky</i>	3 026,2	2 217,9	5 442,7	4 626,4	2 858,9	94,5
<i>South Kazakhstan</i>	369,4	367,7	260,1	290,6	244,1	66,1
<i>Pavlodar</i>	212,6	255,3	353,6	643,5	194,2	91,4
<i>North Kazakhstan</i>	2 376,9	2 429,4	4 259,9	4 836,5	3 081,2	129,6
<i>East Kazakhstan</i>	439,4	488,7	461,2	626,8	316,6	72,1

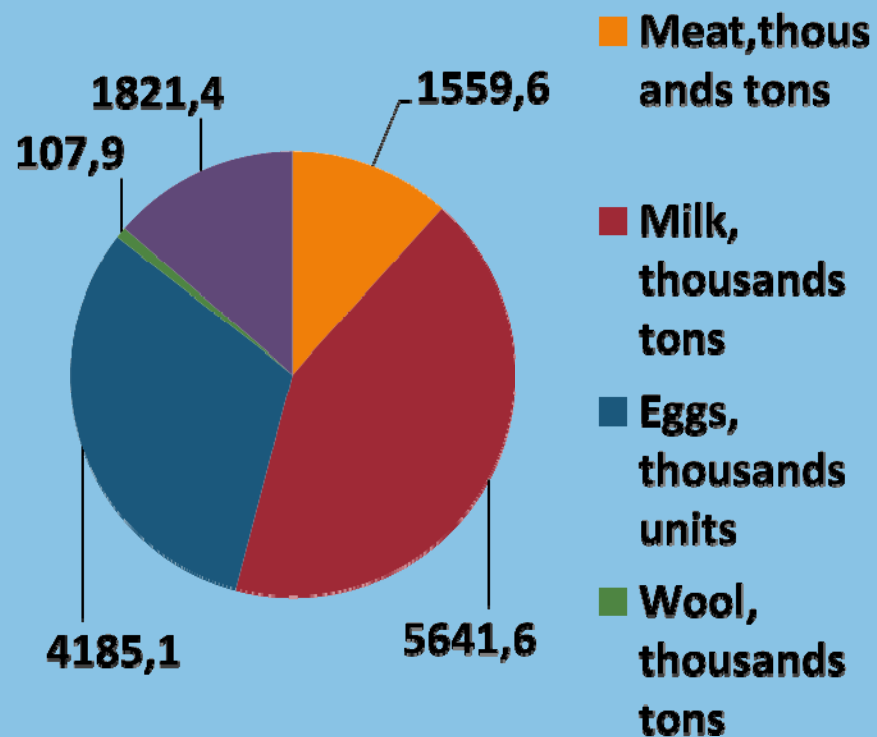
Main indicators of livestock in farms of all categories in Kazakhstan (thousand heads)

<i>Type</i>	2006	2007	2008	2009	2010	Rate of increase 2010 to 2006, %
Cattle	5457,4	5660,4	5840,9	5991,6	6095,2	111,6
including: Cows	2442,6	2569,0	2605,6	2675,4	2717,3	111,2
Sheeps	14334,5	15350,3	16080,0	16770,4	17369,7	121,2
Horses	1163,5	1235,6	1291,1	1370,5	1438,7	123,6
Camels	130,5	138,6	143,2	148,3	155,5	119,2
Pigs	1281,9	1304,9	1352,7	1347,3	1326,3	103,4
Birds	26215,5	28239,3	29506,8	30148,4	32686,5	124,7

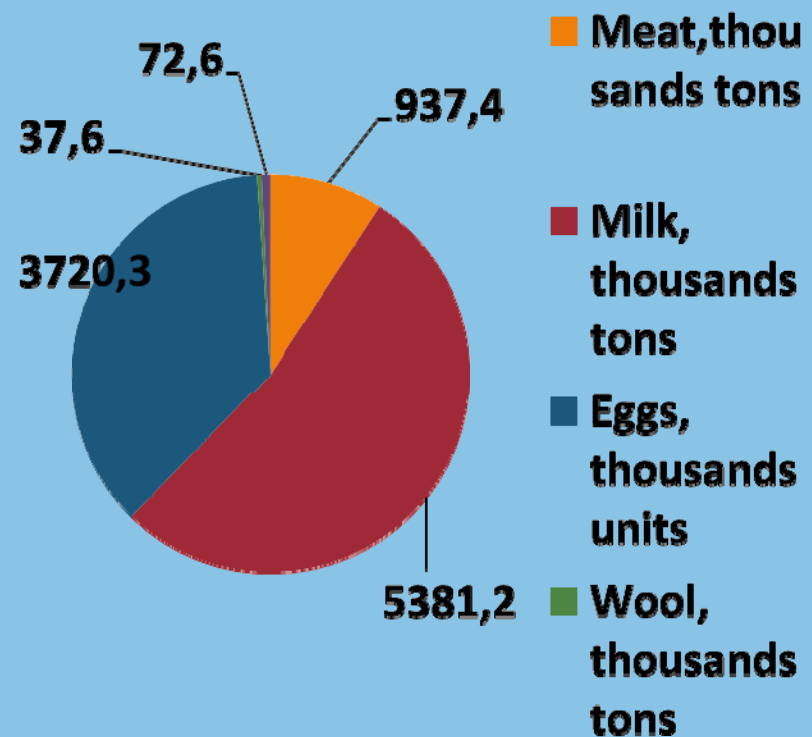
The highest increase was observed for birds and horses and the lowest for pigs and cows.

Production of main livestock outputs

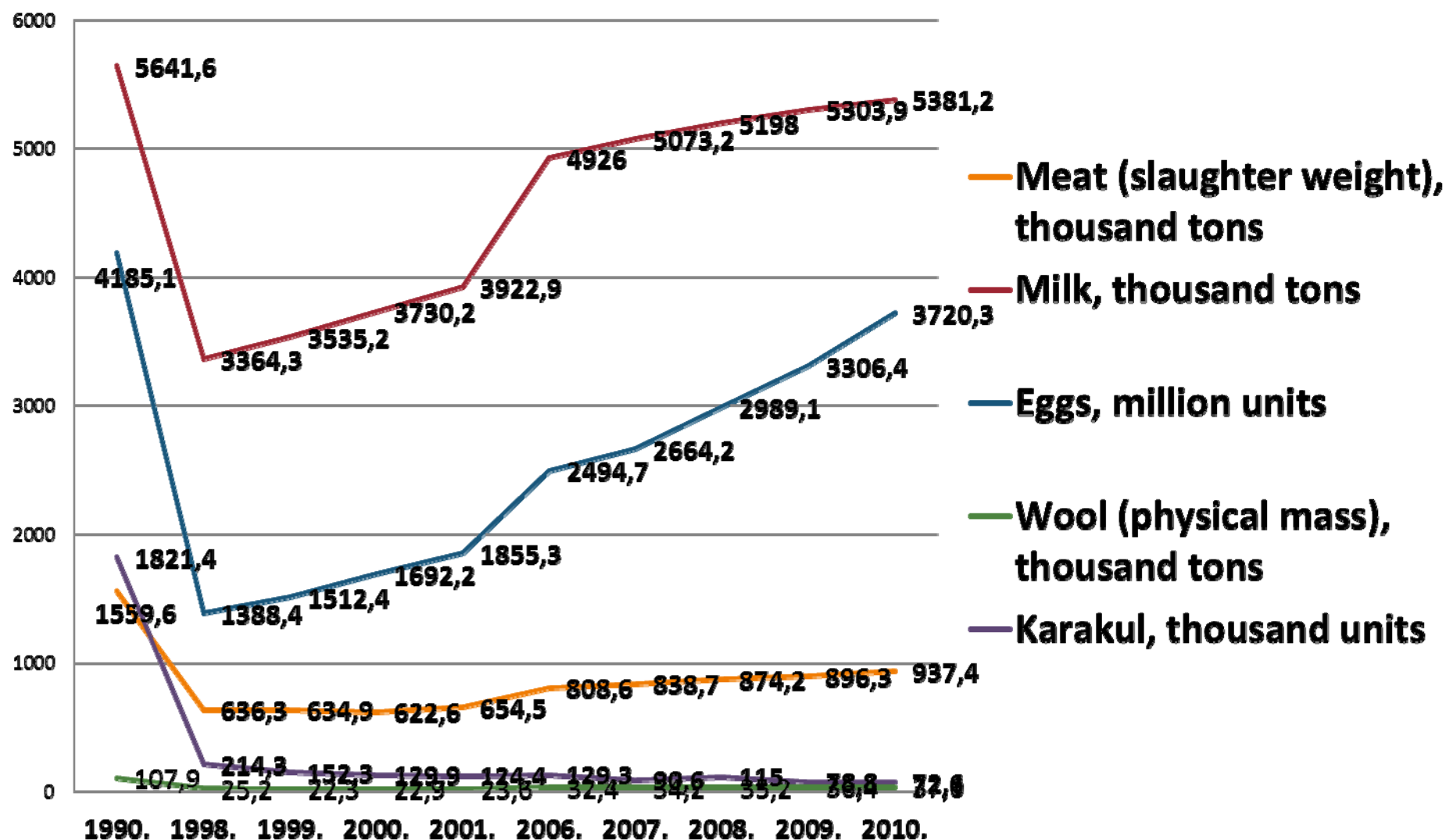
1990



2010

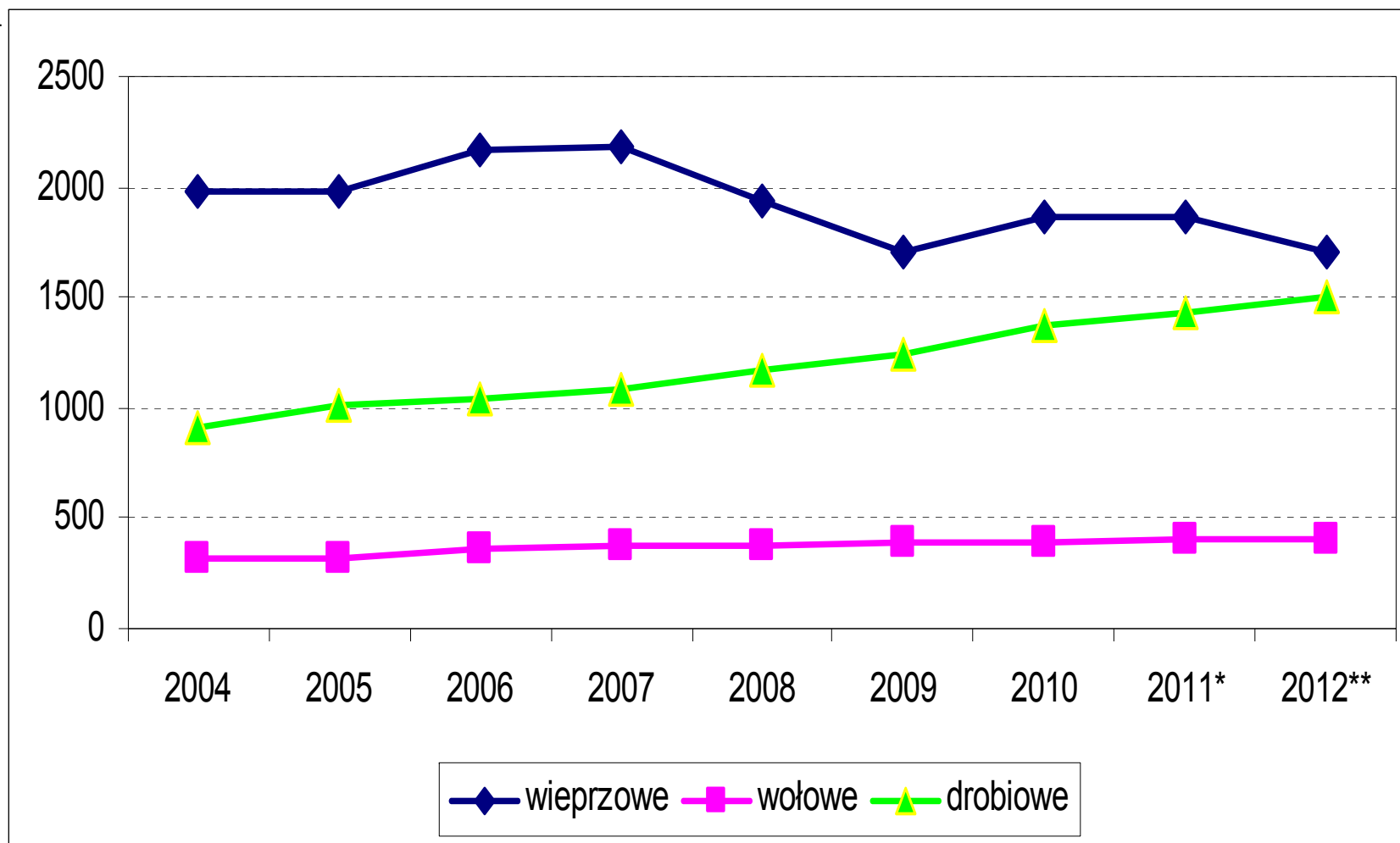


Production of main livestock outputs in Kazakhstan



From 1990 to 2010 meat decreased in 2 times, wool - 3 times, karakul-25 times. Also, milk fell down by 260,4 tonnes and eggs – 464,8 mln.units.

Production of main livestock outputs in Poland (thousands ton)



SWOT analysis of cattle sector of Kazakhstan

Strengths	Weaknesses
<ul style="list-style-type: none"> - In the south-eastern Kazakhstan Climatic conditions are favorable for grazing (low-cost) sheep; - in the North, Central, West and East regions there is a surplus unused grassland suitable for transhumance of livestock; - The competitiveness of Kazakhstan Meat market in Russia. 	<ul style="list-style-type: none"> - Small-scale production, more than 80% livestock is in the personal part-time farm; - Reducing the area under feed crops, reducing the volume of production and high cost of feed; - Sporadic cases of registration centers especially dangerous diseases of animals and birds in some regions; - Low proportion of tribal livestock; - High level of dependence on import of meat products; - The seasonal nature of livestock production.
Opportunity	Threat
<ul style="list-style-type: none"> - With population growth is expected increase of meat consumption. In this case, potential beef market for Kazakhstan is Russia. The entry of Kazakhstan into the Customs union raises competitiveness of domestic beef; - Production of ecologically production (without using gene engineering), as well as establishing production of meat industry standards of "Halal" is potential output domestic producers of meat markets of Arab countries and the Middle East. 	<ul style="list-style-type: none"> - High level of competition from major meat-importing countries: Argentina, Brazil, Australia, New Zealand. These countries export large amounts of frozen meat, which allows they offer meat at prices significantly lower than the product of Kazakhstan production; - A ban on the importation of products in connection with outbreaks of especially dangerous diseases of animals.

Problems:

- **Backwardness of agricultural technologies, physical and moral deterioration of equipment;**
- **Small-scale agricultural production;**
- **Low genetic potential of used seeds and farmed livestock;**
- **Weak fodder base, degradation of pastures;**
- **Lack of a uniform system of identification of farm cattle and the electronic database on it;**
- **Low levels of investment in the agricultural sector;**
- **Lack of implementation of scientific developments into production;**
- **Lack of qualified personnel;**
- **Lack of development of rural co-operatives;**
- **Insufficient financial resources to fully satisfy the needs of rural producers in credit facilities.**
- **Absence of a “law part-time farm”.**

POSSIBLE SOLUTIONS:

Develop drop irrigation in South Kazakhstan;

1. Biological progress.

3. Creation of the infrastructure of tribal service.

4. Strengthening of material-technical base;

5. The purposeful selection of agricultural equipment, petroleum products, and preferential credit;

6. Creation of consolidated enterprises (cooperatives) and the solution of marketing problems through the cluster approach;

7. Creation of a market infrastructure for processing, harvesting, storage and export products;

8. Increased area of □□ fodder crops up to 30% in crop rotation;

**9. Conduct advisory and advocacy and practical work on the rational use of distant pastures among pet owners. –
“Extension service”**

Conclusions

Livestock in Kazakhstan can be profitable. To do this, farmers must comply with the advanced technology of growing, feeding and housing of livestock; use a livestock breeding on pastures, for which the country has a chance.

Kazakhstan has 182 million hectares of pasture – it is a huge potential that few country have in the world.

The Customs Union, removal of administrative barriers, harmonization of veterinary standards make it possible to export meat to Russia, which annually imports 1.8 million tons of meat, of which 800 thousand beef.

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**THANK YOU FOR
YOUR
ATTENTION!**

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