



Ministry of Agriculture
of the Republic Kazakhstan

Agriculture and Food Industry of **Kazakhstan**

The main types of state support in the field of agriculture

1

Special tax regimes

The current tax legislation provides for the following special tax regimes for agricultural producers:

- 1) producers of agricultural products and agricultural cooperatives;
- 2) peasant or farm enterprises

2

Subsidies

The following types of subsidies are provided: subsidizing seed production, subsidizing the cost of mineral fertilizers and herbicides, subsidizing the cost of services for the delivery of irrigation water, subsidizing insurance in crop production, investment subsidizing, subsidizing interest rates on loans, as well as leasing, subsidizing of cattle breeding, improving productivity and quality of livestock products, subsidizing the costs of purchasing raw materials, subsidizing as part of guarantee and insurance of loans, subsidies to procurement organizations in the field of agriculture the amount of tax on ext depreciated value paid to the budget within the calculated value added tax and subsidizing reimbursement of investor expenses)

3

Concessional lending and leasing

The KazAgro National Management Holding JSC state-owned company provides loans for spring field and harvesting operations, loans secured by grain receipts, leasing of agricultural machinery, lending to credit partnerships, lending to consumer cooperatives, etc.

For reference: *The interest rate is reduced by 7% per annum in tenge and by 5% per annum in foreign currency. On loans and leasing for the purchase of machinery and equipment used in the livestock and feed production sectors, the interest rate is reduced by 10% per annum in tenge and by 7% per annum in foreign currency.*

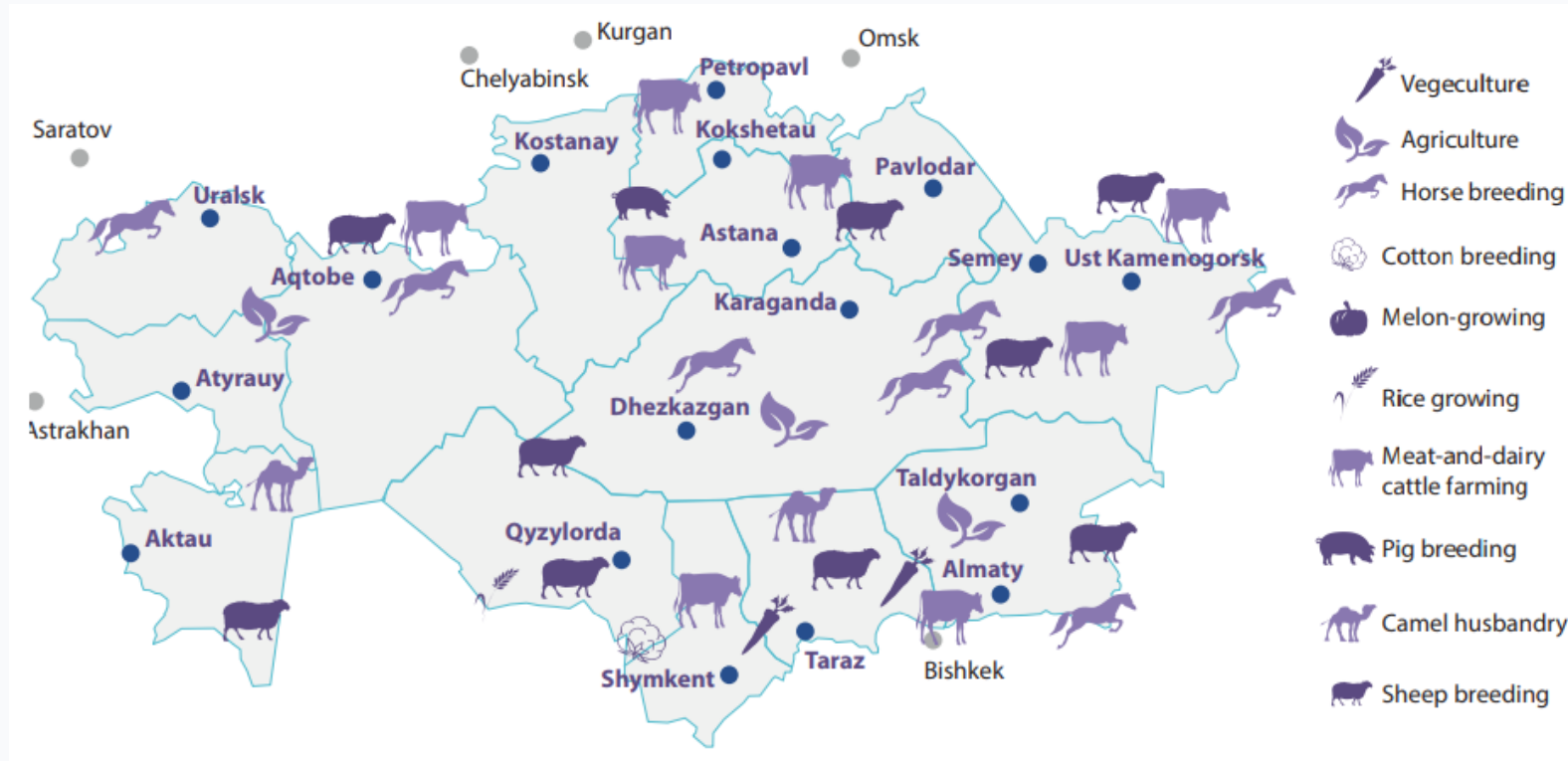
Agribusiness in Kazakhstan

Agro-Industrial Complex is one of the most important strategic sectors of Kazakhstan economy.

1. **200 million hectares of agricultural lands** (world ranking #2 by arable land per capita), including 180 million hectares allocated for pastures.
2. **Access to world's major markets** (China, Russian Federation, Middle East, and Southeast Asia).
3. **Comprehensive support by the Government.** Various incentives & subsidies, business-friendly environment, investors' rights protection.
4. **Significant social impact and skilled labor force.** 30% of the employed population is engaged in agriculture and food production.
5. **Vast opportunities across the subsectors.** The five directions have chances for global expansion.



Priority Subsectors



Oilseeds



Deep processing of wheat



Dairy



Fruits and Vegetables



Meat

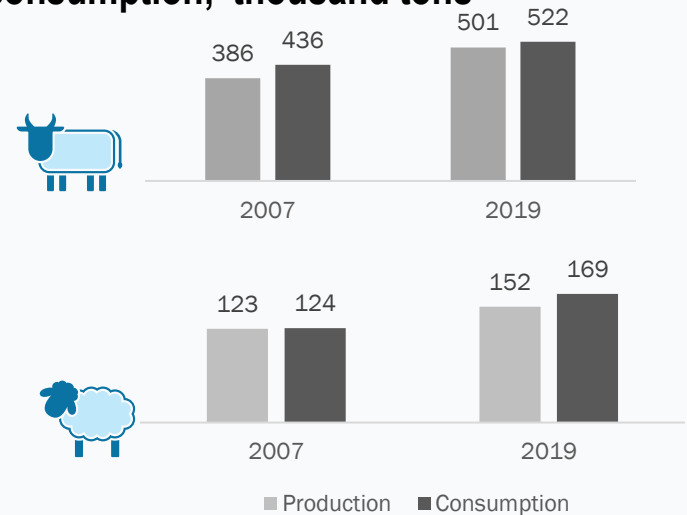
Meat Production







Cattle/Sheep breeding

Key factors:

- 5th place in the world by pasture lands, 30% are used currently
- 43% population live in rural areas, 2.3M people are self-employed or unemployed
- proximity to the main growing markets with a total import of more than 2 million tons per year (China, Russia).
- Kazakhstan is FMD (Foot-and-mouth disease) free zone.

Meat production by carcass weight and consumption, thousand tons



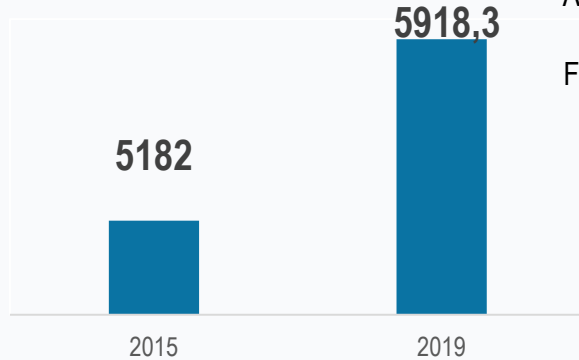
Country	Agreed veterinary certificates and phytosanitary protocols*
 CHINA	Beef, lamb, pork, fish, honey, wheat and flour, soy beans and others
 IRAN	Lamb, beef, meat sub-products, live cattle, egg
 SAUDI ARABIA	Lamb, beef, live animals
 UAE	Lamb, beef, live cattle, egg
 EU	Fish and fish products, crops
 RUSSIA (Eurasian Economic Union)	All livestock and crop products due to unified requirements in the Eurasian Economic Union

*Export of crops (except China) does not require agreement of a phytosanitary certificate. The crops intended for export are certified in accordance with IPPC standards.

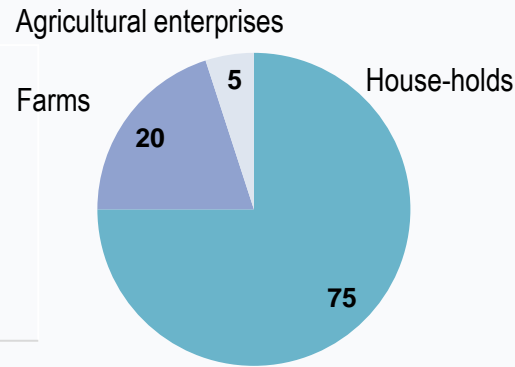
Dairy Products

Availability of raw materials

Raw milk production (Kilo-tonnes)



Cattle livestock structure by farm types



Around **30%** of milk manufactured in Kazakhstan is processed.

Large players occupy only **~5%** of the local market (*Danone, Lactalis, Agroproduct, Eurasian Food Corporation*).

Potential location

11 regions with favorable climatic conditions for dairy production.

Export potential:

Turkmenistan, Uzbekistan, Kyrgyzstan, China, Russia.

Commodity Codes 0401-0406 import by:

- China in 2017 – 1.7 million tones (4.1 billion USD)
- Russia - 1 million tones (2 billion USD)

Deep Processing of Wheat

Region	Gross output of grain, thousand tons in 2019
Kazakhstan	11 451,6
Akmola	3 293,6
Aktobe	254,1
Almaty	245,4
Atyrau	-
West-Kazakhstan	195,4
Zhambyl	275,7
Karagandy	596,4
Kostanay	2 330,6
Kazylorda	12,7
Turkestan	374,9
Pavlodar	422,5
North-Kazakhstan	2 874,2
Est-Kazakhstan	590,2

Source: Statistics Committee, Ministry of Agriculture

Production of derivative products of wheat, potato, soy, and other cultures, such as starch and sweeteners as glucose-fructose syrup (GFS) for use as sugar substitutes in Kazakhstan's domestic market, and such as gluten for potential exports to Europe and the Middle East

Access to resources

~11,5 Mt

Availability of raw materials of wheat in 2018

1,5 ha

Availability of irrigated lands

~3.3 Mt

Flour produced in Kazakhstan in 2019

+0.6 m ha

Additional by 2020

Market perspectives

38 thousand tons

USD 26 million

The volume inulin imports to Russia in 2017

USD 4,4 million

The volume of wheat gluten imports to Russia in 2017

2.4 million tons

USD 835 million

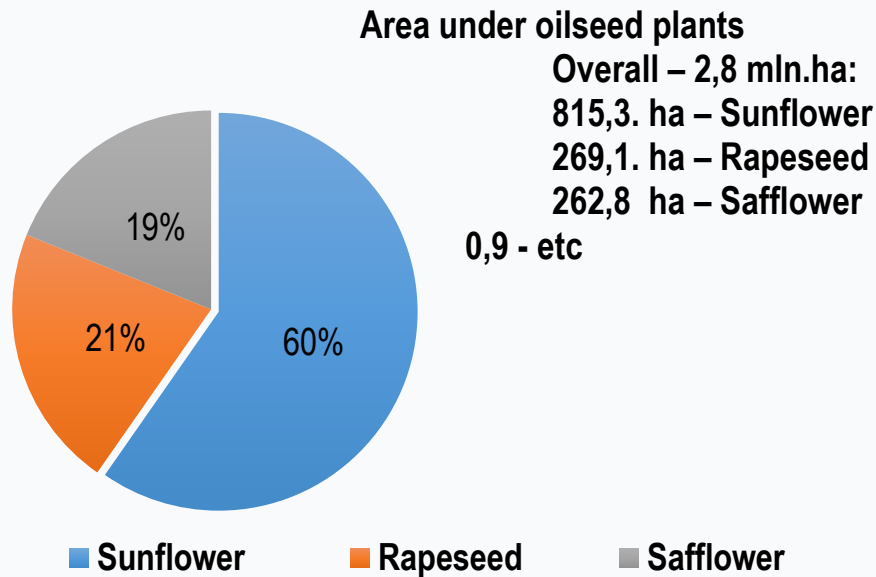
The volume inulin imports to China in 2017t

USD 2.6 billion

The volume of wheat gluten imports to China in 2017



Oilseed Products



Market perspectives

745 thousand metric tons

622 million USD

The volume of sunflower-seed, safflower or cotton-seed oil imports to China in 2017 (Commodity Codes 1512 trademap.com)

757 thousand metric tons

629 million USD

The volume of rape, colza or mustard oil and fractions imports to China in 2017 (Commodity Codes 1514 trademap.com)

Access to resources

- **2,6 million tons** of oilseeds were produced in Kazakhstan in 2019 (stat.gov.kz)
- sunflower – 838,7 thousand tons in 2019 (stat.gov.kz)

Potential location

11 regions with favorable climatic conditions for dairy production.

Fruits and Vegetables

Market perspectives

Import of vegetables by Kazakhstan in 2018
(Commodity Codes 0706-0709) – **166 kt**
Kgd.gov.kz

Import of vegetables by Russia (Commodity Codes
0709) – **273 kT**, 290 mln.USD in 2017
trademap.org

Vegetables. Potential location.

14 areas that are most attractive for vegetable production due to favorable climatic conditions.

Market perspectives

Import of fruit and berries by Kazakhstan in 2018
(Commodity Codes 0809-08010) – **267 kt**
Kgd.gov.kz

Import of vegetables by Russia (Commodity Codes 0808
- 0810) – **1,7 kT**, 1bln.USD in 2017
trademap.org

Fruits and berries. Potential location.

The Ministry of Agriculture has identified intensive gardening as a priority direction. 3 areas (Almaty, Turkestan and Zhambyl regions) are most attractive for development of intensive gardening due to favorable climatic conditions.



40 Niche Projects in Agriculture

- project initiator - stable local partner
- a business plan and financial model of projects were developed by international consulting agencies (as Deloitte, PWC)

Poultry farm construction



Project cost: \$ 329 million?
Almaty region

Construction of a tomato paste factory



Project cost: \$ 23 million
Kyzylorda region

Construction of a plant for the production of vegetable oil



Project cost: \$ 114 million
Kostanay region

Expansion of the beef reproducer and meat processing plant



Project cost: \$ 24 million
Aqmola region

Expansion of sugar beet sugar factory



Project cost: \$ 51 million
Almaty region

Construction of a greenhouse complex



Project cost: \$ 39 million
West Kazakhstan region