



## COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS

### Socio-economic context and role of agriculture

The Republic of Kazakhstan is a landlocked, upper middle income country located in Central Asia. It has a population of 17.54 million inhabitants and one of the lowest population densities in the world (6 people per sq. km of land area).<sup>1</sup> Kazakhstan became an independent country in 1991 after the collapse of the Soviet Union. The stabilization of the national economy and the transition to a market economy have been its main economic challenges.<sup>2</sup> The country is rich in oil and mineral resources and has enjoyed steady economic growth since 2000. GDP per capita has risen six-fold since 2002,<sup>3</sup> while the incidence of poverty has fallen sharply – from 46.7 percent in 2001 to 2.7 percent in 2015.<sup>4</sup>

During the transition period, the agricultural sector has been affected by economic shocks, land reform and reduced public support. Although agricultural contribution to GDP has declined sharply, it remains an important pillar of economic development, contributing to 24.2 percent of total employment as of 2013. Kazakhstan's agricultural sector is recovering partly thanks to the introduction of policies and laws encouraging agricultural growth and rural development. Currently, the most important crops are wheat, maize, rice, oats, buckwheat, cotton, potatoes, vegetables, sugar beets and sunflowers. Kazakhstan is one of the world's largest exporters of grain, but the country is

| Selected indicators  |  | 2007                       | 2011   | 2015          |  |
|--|--|----------------------------|--|---------------|--|
| SOCIO-ECONOMIC   | GDP (current billion US\$) *                             | 104.8                      | 192.6  | 184.3         |  |
|  | GDP per capita (current US\$) *                          | 6 771                      | 11 634   | 10 510        |  |
|  | Agricultural value added (percent of GDP) *              | 6.1                        | 5.4  | 4.9           |  |
|  | Agricultural value added (annual percent growth) *       | 8.9                        | 26.5   | 3.5           |  |
|  | Total population (million)                               | 15.7                       | 16.5   | 17.6          |  |
|  | Rural population (percent of total)                      | 46.6                       | 46.4   | 46.7          |  |
|  | Employment in agriculture (percent of total employment)* | 31.2                       | 26.5   | 24.2 (2013)   |  |
|  | Human Development Index**                                | [2015]                     | 0.794 (ranking 56 out of 188 countries)                |               |  |
|  | Gender Inequality Index (GII)**                          | [2015]                     | 0.202 (ranking 42 out of 188 countries)                |               |  |
| AGRICULTURAL PRODUCTION & TRADE                              | Area equipped for irrigation (ha)                        | [2014]                     | 2 066 000  |               |  |
|  | Value of total agriculture (current million US\$)        | 5 609                      | 10 364   | 9 138 (2013)  |  |
|  | Yield for cereals (hg/ha)                                | 13 324                     | 16 886   | 11 729 (2014) |  |
|  | Cereal import dependency ratio (percent)                 | [2007-2009]                | -66  |               |  |
|  |  | [2013-2015]                | NA   |               |  |
|  | Top 3 commodities  | Production quantity (2013) | Wheat; milk, whole fresh cow; potatoes                 |               |  |
|  |  | Production value (2013)    | Wheat; milk, whole fresh cow; meat indigenous, cattle  |               |  |
|  |  | Import value (2013)        | Food prep nes; chocolate products nes; meat, chicken   |               |  |
|  |  | Export value (2013)        | Wheat; flour of wheat; cotton lint                     |               |  |
|  | Top 3 commodities available for consumption              | [2013]                     | Wheat and products; milk- excluding butter; vegetables |               |  |
| Per capita food supply (kcal/capita/day)                     |  | 3 161                      | 3 207  | 3 264 (2013)  |  |
| Prevalence of undernourishment (percent)                     | [2008-2010]  | <5                         |  |               |  |
|  | [2014-2016]  | <5                         |  |               |  |
| Obesity (body mass index ≥ 30), age-standardized (percent) ^ | Male [2014]  | 21.3                       |  |               |  |
|  | Female [2014]  | 23.9                       |  |               |  |
| Global Hunger Index ^  | [2016]   | 7.8 (Low)                  |  |               |  |
| Access to improved water sources (percent of population)*    |  | 93.4                       | 93.1   | 92.9          |  |

Source: FAOSTAT; \*WB; \*\*UNDP; ^WHO; ^ ^IFPRI; accessed in May 2017.

- 1 World Bank. Kazakhstan. Country at a Glance (available at <http://www.worldbank.org/en/country/kazakhstan>). Accessed 24 March 2017.
- 2 Kazakhstan-2030 Strategy. 1997 (available at [http://www.akorda.kz/en/official\\_documents/strategies\\_and\\_programs](http://www.akorda.kz/en/official_documents/strategies_and_programs)).
- 3 World Bank. 2016. World Development Indicators (databank). Accessed 24 March 2017. URL: <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>
- 4 Poverty rates refer to poverty headcount ratio at national poverty line (as a percentage of the population).

import-dependent in several food products.<sup>5</sup> Although endowed with fertile land, the country suffers from environmental issues such as water scarcity and harsh climate conditions. Moreover, important structural challenges affect its agricultural development, such as weak integration of domestic food chains, poor access to external markets and low credit resources.<sup>6</sup>

The prevalence of undernourishment in Kazakhstan is less than 5 percent; however, just like many other Commonwealth of Independent States (CIS) members, it faces the problem of the “triple burden” of malnutrition as stability and household incomes continue to increase. As a result, a large proportion of the population is increasingly at risk for non-communicable diseases.

## 1. Government objectives in agriculture and food and nutrition security

Kazakhstan has adopted several national development programmes aimed at supporting overall economic development as well as the development of agriculture. In 1997, the government set out its vision in the **Kazakhstan-2030 Strategy: Prosperity, Security and Improvement of Welfare of the Citizens of Kazakhstan**. It highlights the importance of agriculture, forestry and food industry development to addressing structural issues such as employment and poverty. Kazakhstan-2030 is being implemented through a series of ten-year plans, the current one being the **Strategic Plan for Development of the Republic of Kazakhstan until the Year 2020**, approved in 2010. It identifies agriculture and the food processing industry as key areas for economic diversification and food security: namely, agricultural exports, increased labour productivity, and processing of meat, milk, fruits and vegetables. After reviewing the Kazakhstan-2030 Strategy, the government in 2012 adopted the **Kazakhstan-2050 Strategy** in order to preserve the high rate of economic growth and improve resilience. With regard to agriculture, key issues of the new economic strategy are modernization of the agricultural sector, development of farming and small and medium-sized enterprises (SMEs) in agricultural processing and trade, and enhancement of water resources policy.

Ten-year plans are transformed into sequential five-year development programmes. In 2013, the Government of Kazakhstan approved the **Agricultural Development Programme for 2013–2020** (also known as **Agribusiness-2020**) aimed at increasing the competitiveness of agricultural producers through increased financial assistance, improved marketing of agricultural products and enhanced governance.<sup>7</sup> In 2017, the government adopted the new **Agro-industrial Development**

**State Programme for 2017–2021**, which seeks to increase agricultural production and exports. Over the next four years, Kazakhstan expects to improve the profitability of its grain industry by 30–40 percent through the introduction of a new state grant distribution scheme, new organic standards, and by shifting cultivation from wheat toward maize and soybeans.<sup>8</sup>

The **State Programme on Forced Industrial-Innovative Development of Kazakhstan for 2010–2014 (SPFIID) and SPFIID 2015–2019** were developed in accordance with the Strategic Development Plan 2020 to guarantee stable and well-balanced economic growth. In terms of agricultural development, they aim to increase labour productivity and support agro-industries. They also promote infrastructure development for both the agricultural and food industries.

To address maternal and infant mortality, in 2014 the government approved the **2014–2017 Plan on Reduction of Maternal and Infant Mortality** with an annual US\$5 million provided for flour fortification, vitamin A supplementation, and the improvement of mother and child health centre (MCH) services.<sup>9</sup>

Kazakhstan and other CIS members have recently adopted the **Concept on Food Security of CIS 2010** with the goal of guaranteeing food security as an integral part of economic security and preservation of sovereignty. The main purpose of this document is to form a coherent agro-industrial policy as well as timely responses to fluctuations in global food markets. The concept envisages measures to ensure mutually beneficial trade relations, the establishment and functioning of meat and dairy product markets, and trade turnover of fruits and vegetables in the CIS.

## 2. Trends in key policy decisions (2007 to 2017)

### 2.1 Producer-oriented policy decisions

In Kazakhstan, the main agricultural sector policies are geared towards decreasing food import-dependency and increasing domestic food production. The Ministry of Agriculture (MoA) together with the Ministry of Industry and New Technology

have introduced several incentives for local producers to improve efficiency, increase local food consumption, encourage the development of the national agro-industrial complex, and promote agriculture as part of economic diversification. Under the Kazakhstan-2030 Strategy, the government has begun to

5 FAO. 2014. *Eastern Europe and Central Asia Agro-industry Development Country Brief. Kazakhstan*. Rome (available at [http://www.fao.org/fileadmin/user\\_upload/Europe/documents/Publications/AI\\_briefs/AI\\_briefs2014/AI\\_Brief\\_Kazakhstan\\_new.pdf](http://www.fao.org/fileadmin/user_upload/Europe/documents/Publications/AI_briefs/AI_briefs2014/AI_Brief_Kazakhstan_new.pdf)).

6 FAO. *FAO Country Programme Framework in the Republic of Kazakhstan 2014-2017*. Rome (available at <http://www.fao.org/3/a-bp564e.pdf>).

7 USDA. 2013. *Republic of Kazakhstan. Agricultural Development Programme 2013-2020*. Gain Report (available at [goo.gl/f2wKEI](http://goo.gl/f2wKEI)).

8 See <http://kazworld.info/?p=60531>

9 UNICEF. 2013. *Annual Report 2013 – Kazakhstan* (available at [https://www.unicef.org/about/annualreport/files/Kazakhstan\\_COAR\\_2013.pdf](https://www.unicef.org/about/annualreport/files/Kazakhstan_COAR_2013.pdf)).

provide direct assistance and subsidies to local food producers and processors.

### **Increasing production subsidies**

In recent years, the government has increased public investments and support programmes for food producers and processors in order to revitalize domestic agriculture and rebuild the national agro-industrial sector. Since 2000, the government has provided subsidized loans to agricultural enterprises, subsidies for machinery upgrades and construction, and funding for organizations developing veterinary and phytosanitary sectors as well as subsidies for industrial energy costs.<sup>10</sup> From 2007 to 2011, such subsidies accounted for around 28 percent of the total budget allocated to agribusiness development, with 50.8 percent dedicated to crop production and 32.9 percent to the livestock sector. According to the MoA, during 2007–2011 the agribusiness subsidy allocation was increased more than three-fold. However, as the efficiency of the allocation mechanism needed further improvement, agricultural subsidies were reformed in 2013 under the new Agribusiness-2020 Programme, which included a subsidy increase.<sup>11</sup> This programme supports cooperatives through subsidies for technological equipment, agrochemicals, financial and marketing services (among others), and human resources development. The total cost for 2013–2020 is estimated at T3.1 trillion (approximately US\$20.5 billion), and it is expected to help increase the competitiveness of local food producers and processors in the coming accession to the World Trade Organization (WTO). The new **Agricultural Development Programme for 2017–2021** has restructured the subsidies and will provide support to the industrial crop-processing sector, mainly for processing oilseed crops. Per-hectare subsidies for all other crops (wheat, oilseed, barley, potatoes, vegetables, etc.) have been cancelled due to their ineffectiveness in encouraging crop diversification.<sup>12</sup>

### **Increasing access to credit and services**

In December 2006, the Government of Kazakhstan established KazAgro, a state-owned agency responsible for supporting the agro-industrial complex as well as for managing national agricultural development projects. In addition, seven subsidiary companies were created to stimulate agribusiness development.<sup>13</sup> In order to provide effective resources and service infrastructure for the agro-industrial complex, the government launched the **Development Strategy of KazAgro (2011–2020)**. Under this

strategy, KazAgro is the leading financial operator for agriculture, and is responsible for the expansion of agribusiness financing and support services.<sup>14</sup> From 2007 to 2017, KazAgro actively promoted agriculture diversification and credit access for farmers by offering lending programmes for cattle breeding, plant growing, spring field work and rural consumer cooperatives, as well as recovery of agribusiness entities. The company also engaged in the sale of agricultural machinery and equipment leasing.<sup>15</sup> In 2016, KazAgro provided T72.6 billion (US\$ 212 103 000) to finance agricultural producers, of which T60 billion have been fully distributed among 2 627 farms. The remaining T8.6 billion has been lent to agricultural producers through second-tier banks.<sup>16</sup>

### **Increasing crop diversification**

To increase crop diversification, the MoA implements a **Crop Diversification Policy** aimed at reducing the area planted for wheat and increasing the area of forage crops and oilseeds. This policy is influenced by Kazakhstan's geographic position as a landlocked country, which makes delivering wheat from the main production zone to distant export markets both costly and logistically difficult. Consequently, the government aims to increase domestic grain consumption through increased feeding of livestock, and to substitute exports of wheat with exports of higher value meat products. The MoA also aims to increase the share of oilseed crops used in farmers' crop rotations. Oilseeds (along with corn, barley and forage crops) are the government's "priority" crops, and are thus highly subsidized. The use of direct subsidies constitutes one of the government's most effective measures for the implementation of its crop diversification policy. Over the past ten years, total oilseed area has increased from 0.67 million hectares in 2007 to 2.04 million hectares in 2016.<sup>17</sup>

## **2.2 Consumer-oriented policy decisions**

The Government of Kazakhstan prioritizes social spending through various programmes to support the well-being of its population. After the collapse of the Soviet Union, the national social protection system of Kazakhstan experienced several changes. But during the last decade, the country has enjoyed steady economic growth, and the government has increased public expenditures on social protection and poverty-targeted transfers. Efforts have also been made to decrease poverty rates as well as social and economic vulnerabilities.

10 Embassy of the Republic of Kazakhstan to the United States. 2014. *Agricultural Sector Overview. An Introduction to Kazakhstan for American Businesses* (available at <http://www.kazakhembus.com/Kazakhstan-Agriculture-Sector>).

11 USDA, 2013. (Op cit.)

12 USDA. 2017. *Grain and Feed Update for Kazakhstan* (available at [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Astana\\_Kazakhstan%20-%20Republic%20of\\_4-28-2017.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Astana_Kazakhstan%20-%20Republic%20of_4-28-2017.pdf)).

13 Food Contract Corporation, Fund of Financial Support of Agriculture, Kazagrofinance, Agrarian Credit Corporation, Kazagromarketing, KazAgroGarant and KazAgroProduct.

14 Development Strategy of "KazAgro" national management holding "joint stock company" for 2011–2020 (available at <http://bit.ly/2nACEKE>).

15 Memorandum on the main principles of "KazAgro" national management holding "joint stock company" activities, approved by Resolution of the Government of the Republic of Kazakhstan; dated 23 December 2006 No. 1247.

16 USDA. 2016. *Grain and Feed Update for Kazakhstan* (available at [https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update\\_Astana\\_Kazakhstan%20-%20Republic%20of\\_10-14-2016.pdf](https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update_Astana_Kazakhstan%20-%20Republic%20of_10-14-2016.pdf)).

17 See [https://pecad.fas.usda.gov/highlights/2016/09/kaz\\_16sept2016/index.htm](https://pecad.fas.usda.gov/highlights/2016/09/kaz_16sept2016/index.htm)



To increase crop diversification, the government aims at increasing the amount of area planted to corn..

### Increasing social expenditures

Under the Kazakhstan-2030 and Kazakhstan-2050 strategies, targeted social assistance (TSA) for vulnerable groups is a critical means of supporting low-income households.<sup>18</sup> The Kazakh Government started to provide TSA to low-income families after the approval of the **Law "On targeted State social assistance"** in 2002. From 2008 to 2015, social payments were increased for many other vulnerable categories.<sup>19</sup> In order to further improve social assistance coverage, the government plans to double its TSA by 2020. In July 2016, TSA was assigned to 23 600 citizens with incomes below the poverty line, of which 53.8 percent lived in rural areas. From January 2018, the government will introduce a new TSA system for families with incomes below 50 percent of subsistence level (the threshold today is 40 percent). The new TSA will be divided into unconditional and conditional cash assistance. The unconditional cash assistance will be provided to families not having able-bodied members (for example, families of disabled persons or elderly pensioners), or families whose able-bodied members cannot participate in measures to promote employment due to objective reasons (for example, a single mother with preschool-age children). Meanwhile, the conditional cash assistance will target families having at least one able-bodied member, subject to the conclusion of the social contract and the mandatory participation of all able-bodied family members in

employment-promotion measures.<sup>20</sup> In addition, in July 2017 the government will increase solidarity pensions by 11 percent and the basic pension by 20 percent; the one-time state allowance will be increased by 27 percent by July 2017 as well. The amount of state benefits for the birth of the first, second and third child will increase as well as the amount of state subsidy for the birth of a fourth child and beyond.<sup>21</sup>

### Termination of "social bread" subsidies

In 2009, the Government of Kazakhstan implemented the policy known as "social bread", wherein mills and bakeries could purchase wheat from the State Reserves at prices lower than market price. The government subsidized the difference between the prime cost and the price of bread so the price of social bread was lower than its cost.<sup>22</sup> According to the MoA, from 2009 to 2015 the government spent annually around 7–8 billion tenge (US\$22–25 million) on this measure. The budget gradually reached 12–15 billion tenge (US\$38–47 million). However, the Ministry of Labour and Social Protection calculated that only T1.5 billion (US\$4.7 million) was needed to provide social bread for targeted groups.<sup>23</sup> Bread manufacturers were also lobbying the government to liberalize prices, as high production costs yielded little profit from producing subsidized loaves. As a result, in January 2016 Kazakhstan cancelled the social bread subsidies. Despite this decision, some regional governments decided to continue subsidizing bread production because of the benefit for low-income populations. For example, in the Almaty region after bread prices increased from 62 tenge (US\$0.19) to 67 tenge (US\$0.21) per loaf, regional authorities allocated T60 million (US\$189 000) from the regional budget for 2016 bread subsidies.<sup>24</sup>

### Promotion of healthy diets

High obesity levels and increasing incidences of non-communicable diseases are serious public health problems in Kazakhstan. According to the World Health Organization, 23.9 percent of females and 21.3 percent of males were obese in 2014.<sup>25</sup> The intake of fruit and vegetables, a vital component of a healthy diet, is very low in Kazakhstan, with 1 out of 3 people eating fruit and 1 out of 4 people eating vegetables just once a week or less.<sup>26</sup> In order to address the obesity problem and improve the population's health, the Ministry of Health in 2008 launched the

18 UNICEF. 2015. *Analysis of social transfers for children and their families in Kazakhstan* (available at <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9449.pdf>).

19 Payments for income lost during child care of one-year old children increased by a factor of 4.6, while social benefits in case of loss of income due to pregnancy, childbirth, or adoption of a newborn child grew by a factor of 3.5. In 2015 the average social payment in case of disability increased by a factor of 5.2, survivors' benefits increased by a factor of 5.3, and social payments in the case of loss of work increased by a factor of 7.3. The Ministry of Labour and Social Protection of Population of the Republic of Kazakhstan. *Data on the assigned state targeted social assistance in the Republic of Kazakhstan for 1 October 2016* (available at <http://www.enbek.gov.kz/en/node/340359>).

20 Government of the Republic of Kazakhstan. 2016. *Kazakhstan Citizens Get Social Assistance Payment if Agreed on Doing Any Work*, 13 May 2016 (available at <http://www.government.kz/en/novosti/1000973-kazakhstan-citizens-get-social-assistance-payment-if-agreed-on-doing-any-work.html>).

21 Office of Prime Minister of the Republic of Kazakhstan. 2017. *Government of Kazakhstan adopted a bill on social security of the population*, 14 March 2017 (available at <https://primeminister.kz/en/news/all/pravitelstvo-rk-prinyalo-zakonoproekt-po-voprosam-sotsialnogo-obespecheniya-naseleniya-14223>).

22 Given a loaf of bread weighing 600 grams.

23 Kazpravda. 2015. *Mamybekov: bread subsidies cost KZT 7-8 bln annually*. Kazpravda, 9 November 2015 (available at <http://www.kazpravda.kz/en/news/economics/mamybekov-bread-subsidies-cost-kzt-7-8-bln-annually>).

24 USDA, 2016. (Op cit.)

25 WHO. 2014. *Global Health Observatory Data Repository*. URL: <http://apps.who.int/gho/data/node.main.A900A?lang=en>

26 HIIT-CIS. 2013. *Health in Times of Transition: Trends in Population Health and Health policies in CIS countries* (available at [https://www.ecoi.net/file\\_upload/4232\\_1417435533\\_hitt-2013-04-growing-obesity-epidemic-in-kazakhstan.pdf](https://www.ecoi.net/file_upload/4232_1417435533_hitt-2013-04-growing-obesity-epidemic-in-kazakhstan.pdf)).

**"Healthy Lifestyle" Programme for 2008–2016.** Its main goals include increasing physical activity and the consumption of fruits and vegetables, along with reducing the prevalence of overweight and of cardiovascular diseases.<sup>27</sup> The government also adopted the health development programme **"Salamatty Kazakhstan" for 2011–2015** to raise healthy lifestyle awareness and improve public health, with about T1 billion (US\$3.1 million) allocated annually.<sup>28</sup> According to the government, the target indicators of this programme have been achieved. In January 2016, Kazakhstan approved the next health development programme **"Densaulyk" for 2016–2019**, which aims to promote a healthy lifestyle through nutrition awareness, among other objectives.<sup>29</sup> In addition to obesity, the high prevalence of anaemia still poses a challenge that needs further attention from the government.

### 2.3 Trade-oriented and macroeconomic policy decisions

Kazakhstan has prioritized participation in the Customs Union and the Eurasian Economic Union as well as the accession negotiations with the WTO. The government seeks to promote agricultural exports to further improve economic development and support agricultural producers by taking advantage of trade facilitation agreements.

#### *Agricultural export promotion measures*

Kazakhstan's agricultural exports mainly consist of wheat, flour and vegetable oil. In order to promote export of Kazakh products and support for export-oriented agricultural enterprises, the government created Kaznex Invest in 2008. It provides export support measures for more than 200 agricultural enterprises, including export grants and promotion of Kazakhstan's non-oil exports. For instance, during 2010–2013 the government spent T494 million (US\$1.5 million) to reimburse agricultural exporters for their export costs, which included advertising domestic products abroad, participation in international exhibitions, development and publication of catalogues, opening representative offices, trademark registration and certification of products, and staff training.<sup>30</sup> Moreover, KazExportGarant was established in 2010 to facilitate the development of export-oriented industries and protect Kazakh exporters against financial risks.<sup>31</sup> At the same time, in response to large wheat harvests, the government provided a transport subsidy for wheat exports between 2009 and mid-2012 to compensate for the cost of railway transport

through territories of the Russian Federation and China. According to the OECD, the subsidy was originally set at US\$20 per tonne and increased to US\$40 per tonne in April 2011, but reduced to US\$27 in May 2012 and discontinued in August 2012. A total of T26.8 billion (US\$182 million) was spent on export transportation subsidies between 2009 and mid-2012.<sup>32</sup>

#### *Introduction of a single customs tariff under the Customs Union and the Eurasian Economic Union*

In October 2007, the Russian Federation, Belarus and Kazakhstan, based on the EurAsEC Treaty of 10 October 2000, signed the **Treaty on the Creation of a Single Customs Territory and the Formation of the Customs Union (CU)**. It introduced a single customs tariff and unified customs duties on one hand, and unified non-tariff regulation of foreign trade on the other. In 2010, these same countries formed the Eurasian Customs Union, imposed the Russian tariff as the common external tariff of the CU, and abolished internal customs borders in July 2011.<sup>33</sup> In January 2012, the CU countries agreed to form a common economic market for further economic integration, which led to the creation of the Eurasian Economic Union (EEU) in January 2015. EEU countries (including Armenia and Kyrgyzstan) opened their markets to each other, exposing domestic producers to more competition and forcing Kazakhstan to raise customs duties on non-members, which led to price hikes on goods coming from outside the EEU.<sup>34</sup> The maximum import tariff for agricultural products is 30 percent, with an average level of 17 percent. An exception is provided for a number of products, including beef, pork and poultry meat, in relation to which EEU member states apply tariff quotas. No import bans, quantitative restrictions, quantitative quotas, minimum export prices or licensing rules were applied to agricultural products in 2014 and 2015.<sup>35</sup>

#### *Livestock export/import regulations*

The development of the livestock industry is one of the top priorities for Kazakhstan. However, the industry faces several constraints related to the quality of the breeding stock and deficiency of high-quality feed. Extensive subsidies have been provided for imports of foreign cattle as well as semen and embryos in order to improve the genetics of domestic livestock. In 2011, the MoA launched the **Programme on the Development of Beef Export Potential for Kazakhstan**, and in 2013 it approved the **Master Plan for Beef Cattle Sector Development till 2020**. These measures are designed to support the rapid expansion of high-yielding

27 Resolution of the Government of Kazakhstan of 21 December 2007 No. 1260, "On Approval of the Programme Healthy" (available at [goo.gl/ovJkLB](http://goo.gl/ovJkLB)).

28 Decree of the President of the Republic of Kazakhstan No. 1113 dated 29 November 2010 on "Salamatty Kazakhstan" 2011–2015 (available at [http://www.akorda.kz/en/official\\_documents/strategies\\_and\\_programs](http://www.akorda.kz/en/official_documents/strategies_and_programs)).

29 National Health Policy "Densaulyk" 2016–2019 (available at <http://www.npzdavr.kz/index.php/health-c/112-2>).

30 Invest in Kazakhstan. *About KAZAKH INVEST* (available at <http://invest.gov.kz/pages/about>).

31 KazExportGarant. *Our advantages* (available at <http://keg.kz/en/useful-links/750>).

32 OECD. 2013. *Agricultural Policy Monitoring and Evaluation 2013 OECD Countries and Emerging Economies* (available at [http://www.oecd.org/tad/agricultural-policies/agmon\\_2013\\_kazakhstan\\_eng.pdf](http://www.oecd.org/tad/agricultural-policies/agmon_2013_kazakhstan_eng.pdf)).

33 AO. 2012. *Eastern Europe and Central Asia Agro-industry Development Country Brief. Kazakhstan*. Rome (available at [http://www.fao.org/fileadmin/user\\_upload/Europe/documents/Publications/AI\\_briefs/AI\\_briefs2012/fao\\_kazakhstan.pdf](http://www.fao.org/fileadmin/user_upload/Europe/documents/Publications/AI_briefs/AI_briefs2012/fao_kazakhstan.pdf)).

34 See <https://www.export.gov/article?id=Kazakhstan-Import-Tariffs>

35 FAO. 2016. *Agricultural Trade Policies in the Post-Soviet Countries 2014/15. A Summary*. Rome (available at <http://www.fao.org/3/a-i6160e.pdf>).

breeding cattle in Kazakhstan and to increase beef exports.<sup>36</sup> In addition, since 2013, livestock producers are given incentives to increase the volume and quality of livestock output through cost reimbursements and cost reduction of high-quality feed.

### WTO accession

After 19 years of accession negotiations, Kazakhstan became the 162nd WTO member in November 2015. The agricultural sector was one of the stumbling blocks of the negotiations, specifically regarding market access for agricultural goods, domestic support for agriculture, and sanitary and phytosanitary measures.<sup>37</sup> According to Kazakhstan's WTO commitments, the government is

not allowed to apply any agricultural export duties, except on hides and skins and on wool. Kazakhstan also agrees to fix its tariff rates for all agricultural products at an average of 7.6 percent (down from 16.7 percent). In addition, tariff rate quotas, used by WTO members to protect their domestic products from competitive imports, will be applied at 15 percent in-quota and 40 percent out-of-quota for beef and poultry products.<sup>38</sup> Finally, Kazakhstan reserves the right to subsidize its agro-industrial sector at a level of 8.5 percent after joining the WTO (the standard rate for other WTO members is 5 percent), as well right the right to provide unlimited support measures aimed at institutional development of the agriculture sector and infrastructure in rural areas.<sup>39</sup>

## 3. Emerging issues

### Climate change adaptation measures

Agriculture in Kazakhstan is highly vulnerable to climate change, namely frequent droughts and water shortages that affect domestic production. To cope with climate change issues, the current approach is to focus on the development of low-carbon, renewable energy sources. As such, a number of key strategies and concepts have been adopted to outline strategic directions for national climate change mitigation and adaptation actions.<sup>40</sup> The Kazakhstan-2050 Strategy recognizes the need to develop renewable energy sources. Moreover, the **Concept of Transition of the Republic of Kazakhstan to the Green Economy 2013–2020** focuses on the careful use of water and widespread adoption of renewable energy technologies. The government also implements specific programmes to combat desertification, secure and preserve potable water, preserve forests, and encourage the sustainable use of biological diversity that may be considered as climate change adaptation measures.<sup>41</sup> However, the **Draft on National Concept on Adaptation to Climate Change (2010)**, developed with UNDP assistance and designed to carry out adaptation measures at the industry level and increase national climate change resilience, has yet to be adopted by the government.

### Land reform

Land reform is an extremely sensitive topic in Kazakhstan. With 43 percent of the workforce residing in rural regions and 18 percent engaged in agriculture, amendments to the Land Code directly impact a significant portion of the population. Seeking to increase the use of available agricultural land and therefore public revenues (in light of low oil prices), in November 2015 the government amended the land legislation,<sup>42</sup> allowing foreign tenancy of land for up to 25 years – a 15-year extension from the Land Code of 2011. This amendment facilitated tax administration and gave foreign investors preferred access to agricultural land. Moreover, the amendment also eliminated leases on agricultural land to residents of Kazakhstan, creating instead an auction-like mechanism wherein Kazakhs could purchase agricultural plots (and thereby acquire land titles).<sup>43</sup> But without the stability of a long-term lease, farmers were reluctant to invest significant resources in developing these plots. In response to mass public protests, in June 2016 the **Law "On suspension of certain provisions of the Land Code"**<sup>44</sup> imposed a moratorium on certain norms of the land provision. According to the revised law, the moratorium applies to land sales to foreigners until December 2021 as well as for provision of individuals and legal entities with private ownership of agricultural land owned by the state.

36 USDA. 2013. *Republic of Kazakhstan. Kazakhstan Outlines Continued Strategy and Support for Cattle Sector*. Gain Report (available at [goo.gl/f2wKEI](http://goo.gl/f2wKEI)).

37 See [https://en.tengrinews.kz/politics\\_sub/Kazakhstan-completes-WTO-accession-negotiations-260748/](https://en.tengrinews.kz/politics_sub/Kazakhstan-completes-WTO-accession-negotiations-260748/)

38 See <http://www.kazakhembus.com/content/kazakhstan%E2%80%99s-accession-wto-boosts-its-economy>

39 PWC. 2015. *Accession to the WTO. Tax and legal alert*. Issue No. 4, June-July 2015 (available at <https://www.pwc.kz/en/PwC%20News/tax-alerts/tax-legal-alert-4-special-eng.pdf>).

40 World Bank. 2013. *Kazakhstan. Overview of Climate Change Activities* (available at <http://documents.worldbank.org/curated/en/859941468040174046/Kazakhstan-Overview-of-climate-change-activities>).

41 Grantham Research Institute on Climate Change and the Environment. 2016. *Kazakhstan* (available at <http://www.lse.ac.uk/GranthamInstitute/legislation/countries/kazakhstan/>).

42 *Law on Introduction of Changes and Amendments to the Land Code of Kazakhstan* (available at [http://www.kazinform.kz/en/president-signed-amendments-to-land-code-of-kazakhstan\\_a2838360](http://www.kazinform.kz/en/president-signed-amendments-to-land-code-of-kazakhstan_a2838360)).

43 See <http://thediplomat.com/2016/06/kazakhstans-land-reforms/>

44 "On amendments and additions to the law of the Republic of Kazakhstan of June 30, 2016"; "On suspension of certain provisions of the Land Code of the Republic of Kazakhstan and enactment of the Law of the Republic of Kazakhstan of November 2, 2015".



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