



Economic Newsletter on Kazakhstan

| May 2018

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The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and persons from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

MACRO-ECONOMICS & FINANCE

Kazakh GDP grew 3.8% in January-April 2018

Kazakh economic activity continues to maintain positive dynamics, though with some slowdown. GDP growth from January-April fell slightly to 3.8%, compared to the growth of 4% year on year last year, noted Minister of National Economy Timur Suleimenov during the May 15 government meeting.

"In the meantime, the labour market remains stable. Since the beginning of this year, 134,800 people have been employed. The real wage rate grew 1.2%. In January-April, the average monthly salary was 152,300 tenge (\$462.20)," he said.

National Bank gold and foreign currency reserves grew 3% to \$30.6 billion against the corresponding period last year, according first deputy chair Oleg Smolyakov. At the same time, the bank's assets decreased 5.6% to \$59.3 billion.

The foreign trade turnover for January-March reached \$21 billion, with \$13.8 billion in exports and \$7.2 billion in imports.

Minister of Finance Bakhyt Sultanov noted the national budget received 1.78 trillion tenge (\$5.4 billion), 16 billion tenge (\$48.5 million) more than scheduled. The 110.7% growth rate was achieved mainly through tax contributions. The excess profit tax provided 8.5 billion tenge (\$25.8 million), as the export customs duty on crude oil generated 32.1 billion tenge (\$97.4 million).

Reporting on the January-April preliminary results of the energy sector's main economic indicators, Energy Minister Kanat Bozumbaev noted the volume of oil and condensate production stood at 105.9% compared to the same period last year.

"Approximately 24.1 million tons of oil were exported over four months. The volume of oil refining was 5.1 million tons," he said.

The demand for diesel fuel was fully covered in accordance with the Agriculture Ministry request. The recommended price of diesel fuel in March to complete spring field work was 130 tenge (\$0.40) per litre.

Following the meeting, Prime Minister Bakytzhan Sagintayev instructed the relevant ministers to take adequate measures to ensure further economic growth, Astana Times reported.

Kazakhstan takes an active position in international trade

The country exports mainly fuel and energy products, and imports machinery and equipment.

The foreign trade turnover of Kazakhstan increased by 24.3% year-on-year, to \$21 billion in the first quarter of this year.

The main growth of foreign trade is ensured by export expansion. The volume of goods delivered by Kazakhstan to foreign markets increased by 27%, to \$13.8 billion.

Import also increased by 19.4% per year, to \$7.2 billion.

Almost 46% of Kazakhstan's commodity turnover fell on the countries of Europe, 42.9% directly to the EU countries.

Kazakhstan exports mainly to Europe, comprising 59.1% of export volumes and 55.2% directly to the European Union. Imports are mainly made from CIS countries to 43.9%, and partners in the Eurasian Economic Union to 39.4%.

The main export position of Kazakhstan is fuel and energy products, for more than \$10 billion, 33.8% more than a year ago. Moreover, 92.4% of exports in the sector came from non-CIS countries, mainly European countries.

Also, among the key export positions are metals and metal products for \$2.3 billion, plus 13.3% on-year, and products of agro industrial complex and food industry for \$787.1 million, plus 49.9% year-on-year.

The main import positions are vehicles, machinery and equipment for \$2.8 billion, plus 25.7% on-year, chemical products for \$1.1 billion, plus 11% on-year, and food products for \$806.1 million, plus 16.3%, according to Energyprom.

EAEU, Iran sign interim agreement on free trade zone

The Eurasian Economic Union (EAEU) and Iran signed an interim agreement on a free trade zone May 17 during the Astana Economic Forum. Two years of negotiations resulted in a three-year arrangement to reduce import customs duties on approved goods.

“Signing the agreement between EAEU and Iran will create new ways for development and the first step to ensuring further integration of the country,” said Armenian Deputy Prime Minister Tigran Avinyan.

The agreement is based on World Trade Organisation (WTO) and international law rules that outline and facilitate trade procedures. It will primarily regulate applying sanitary and phyto-sanitary measures and technical barriers to trade, customs procedures and regulations for determining a product’s country of origin. As a result of the negotiations, Iran will provide tariff concessions on 246 goods and the EAEU on 175 products.

Kazakhstan and Iran have favourable mutual trade. Statistics show trade between the two states increased \$170 million in the first three months of this year, a 70% hike compared to the same period in 2017.

Eurasian Economic Commission Board Chairperson Tigran Sargsyan noted on average custom duties on industrial goods for Iran are expected to decrease 7%, while a 3.3% decrease is anticipated for EAEU countries. For agricultural commodities, the average level of import duty rates for Iran will drop 19%; for EAEU states, 5%.

Kazakhstan exports beef, lamb, butter, chickpeas, lentils, peas, barley, corn, vegetable oils, pasta, confectionery, steel rolled products, rails, batteries, fittings, pipes and other goods to the Iranian market, and Iran will reduce import customs duties on the main items. First Deputy Prime Minister Askar Mamin, who represented Kazakhstan at the signing, noted Iran is a promising market for increasing Kazakh exports.

Customs duties will be reduced on Iranian goods including pistachios, dates, figs, raisins, shrimp, melons, oranges, lemons, limes, confectionery, some types of juices, paints and varnishes, dishes, detergents, carpets and plastic products. The EAEU provides only seasonal concessions on Iran’s leading export interest products, including apples, tomatoes and cucumbers, due to the absence of production from November-March.

Single custom tariff rates are low or close to zero within the EAEU. Iran’s exported goods, in addition to those of other developing countries, will receive preferential treatment, translating to a 25% import tax reduction, Astana Times reported.

Common EAEU financial market to be created by 2025

Preparation of the Concept for the formation of the general financial market of the Eurasian Economic Union (EAEU) countries was started. The financial market will be created by 2015, Kazpravda quotes Timur Zhaksylykov, Minister for Economic and Financial Policy of the Eurasian Economic Commission as saying at the first meeting of the task group on ensuring the functioning of the single market of services within the EAEU framework.

“We are now at the stage of preparing the Concept for the formation of a Common Financial Market, which should be created by 2025. National and central banks, governments and commissions of all the member countries are actively working at the Concept. A step-by-step plan will be prepared for transition to the general financial market,” Zhaksylykov said, noting that the companies are not required to obtain an additional license and pass the permitting procedures that they passed in their country.

The task of the Eurasian Economic Commission is to create equal conditions for all the companies to access the single market, Zhaksylykov added.

Kazakhstan’s trade with EAEU states nears \$4.2 billion in the first quarter of 2018

The trade of Kazakhstan with the Eurasian Economic Union member states in the first quarter of 2018 amounted to \$4.185 billion, which is for 9.1% more than in 2017.

Exports amounted to \$1.328 billion (+8.5%), imports stood at \$2.858 billion (+9.3%), the Statistical Committee of Kazakhstan said.

Russia holds 92.1%, Kyrgyzstan – 4.3%, Belarus – 3.5%, Armenia – 0.1% in foreign trade structure of Kazakhstan, AKIpress reported.

BANKING

National Bank suspends deposit license of Qazaq Banki

Kazakhstan's National Bank suspended the license of Qazaq Banki JSC for accepting deposits and opening bank accounts for individuals for a period from April 28 to July 27, the press service of the National Bank of Kazakhstan said in a message.

"The validity of the license of Qazaq Banki JSC for accepting deposits of individuals and opening bank accounts for individuals was suspended from April 28, 2018 until July 27, 2018 by the Resolution No. 67 of the Board of the National Bank of the Republic of Kazakhstan, dated April 27, 2018," the message said.

The decision was made within the supervisory response to certain violations of requirements of banking legislation on the grounds provided for by Clause 1, Article 48 of the Law of the Republic of Kazakhstan "On Banks and Banking Activity in the Republic of Kazakhstan" due to systematic inadequate performance of contractual obligations on payment and transfer operations, as well as, systematic violation of prudential standards and other binding norms and limits.

"The license for attracting new deposits and opening new bank accounts for individuals has been suspended and does not concern servicing of existing deposits and bank customers," according to the National Bank.

The volume of individual deposits accepted by Qazaq Banki amounted to 41 billion tenge as of April 1, 2018, according to AzerNews.

Bad loans of the banking sector down to 9%

Recognition of problem loans occurs against the entry of IFRS 9 into force, the Association of Financiers of Kazakhstan informed.

The share of all loans with arrears in the system for January-April 2018 increased from 14.6% to 15.3%. This is stated on the website of the Association of Financiers of Kazakhstan (AFK).

Problem loans overdue for over 90 days decreased from 9.3% to 9.0%. Positive impact on the reduction of aggregate problem loans in April was their decrease at Kazkommertsbank from 35.4% to 25.7%, by 215.6 billion tenge. Against the backdrop of writing off bad loans of the bank, the total provisions of the sector decreased in April by 182.4 billion tenge, or 8.5%, to 2.0 trillion tenge.

"We note that the recognition of problem loans and the growth of provisions in the banking sector occur against the backdrop of the entry into force of IFRS 9, including a more conservative approach in the evaluation of loan portfolios and the introduction of more stringent requirements for determining deteriorating loans. It is expected that the full effect of the transition will be visible at the end of 2018," the text says.

In addition, the expansion of the supervisory powers of the central bank will allow to intervene quickly in the activities of financial organizations to minimize the losses of depositors and creditors, which will accordingly affect the credit policy of the second-tier banks.

At the same time, AFK notes that the profit of the banking sector increased by one third, or 69.6 billion tenge, to 283.9 billion tenge in April. At the same time, the biggest profit in the last month was earned by Halyk Bank, 35.5 billion tenge; Kazkommertsbank, 10.2 billion tenge; Caspi Bank, 7.6 billion tenge.

According to the financial statements for the first quarter, the profit in the sector is growing mainly on the background of an increase in net interest and commission income. The ROE of Kazakhstan's assets and equity continued to improve noticeably. The return on assets ratio amounted to 1.2%, while return on equity to 9.2%, more than four times higher than the inflation rate at 2.2% in January-April 2018, Kapital reported.

Bank of Astana has problems with liquidity

Bank of Astana is experiencing difficulties associated with the outflow of liquidity since the beginning of this year, the National Bank of Kazakhstan said, when commenting on the situation with Bank of Astana at the presentation of the report on financial stability, Kazinform reported.

The message says the clients of Bank of Astana continue to face difficulties with cash withdrawals and other operations. Meanwhile, the work to improve the situation is still continued.

"The bank has problems with liquidity, and these problems are associated with the outflow of this liquidity since the beginning of this year. Now, discussions are being held and measures are being developed by shareholders, executive staff of the bank and potential investors together with the National Bank, in order to improve the situation," Deputy Director of the Department of Banking Supervision of the National Bank of Kazakhstan Dauren Salimbayev explained.

The deputy director of the department said until recently, all the financial reports of the bank were positive, however, a difficult situation emerged overnight.

After the introduction of restrictions on transfers and withdrawal of funds on April 20, 2018, Bank of Astana sent an appeal to the National Bank of Kazakhstan on the provision of emergency liquidity.

"As far as I know, the National Bank sent a letter of refusal to issue a loan to the Bank of Astana," said Salimbayev.

The representative of the National Bank did not mention specific terms when the decision on stabilization of the situation in Bank of Astana will be made.

Taking into account the latest developments around Bank of Astana JSC, including unexpected liquidity outflows and restrictions on cash withdrawals by clients imposed on May 2, S&P Global Ratings has lowered the long-term and short-term credit ratings of Bank of Astana from CCC / C to D / D (default), and the rating on the national scale has also been reduced to D.

"We strengthen the supervisory mandate of the National Bank, and we introduce risk-based supervision, the central element of which is the supervisory judgment of the regulator on the quality of assets, cohesion of the bank's entities, the business reputation of executive staff and shareholders, and quality of risk management system as a whole," Salimbayev said, according to MENAFN.

ENERGY & NATURAL RESOURCES

Kazakhstan exceeds annual oil production plan in 2018

According to the estimates of the Ministry of Energy, Kazakhstan will over-fulfil its oil production plan in 2018, exceeding the target of 87 million tons, Kazakhstan's Energy Minister Kanat Bozumbayev said.

"In 4 months of this year, the country's production reached 30 million tons, showing an increase of 6% over the same period last year. This year, oil production is expected to reach 87 million tons. This is our preliminary forecast, but it seems that there will be a little more. Including on Kashagan we expect 11 million tons of oil and 6.8 billion cubic metres of gas," he said, speaking at the government hour in the Parliament.

The Minister noted that for 2017 and 4 months of this year, in the context of the oil and gas sector, there has been a noticeable increase. At the same time "oil and gas projects of Tengiz, Karachaganak and Kashagan remain the growth drivers in the oil production sector".

"In 2017 with the output for industrial development of Kashagan, the annual volume of oil production in the country increased to 86.2 million tons from 78 million tons in the previous year. Including Kashagan, 8.3 million tons were extracted last year. Thus, the

level of the country's annual oil production has risen to a new level," Bozumbaev stressed.

The head of the Ministry of Energy also said that in 2019 in Kashagan, the production level is expected to reach 370,000 barrels per day, and by 2024, according to the expansion project, production is expected to increase to 450,000 barrels per day.

"More than 30,000 Kazakhstanis are already working at Tengiz within the framework of the project of future expansion. The investment in the project amounted to \$38 billion, over \$11 billion in two years. In 2018, the plan for the development of funds amounted to over \$7 billion. After 2022, oil production in Tengiz will increase from the current 26 to 39 million tons of oil per year," he said.

At the same time, in other groups of fields there is a decrease in the level of production due to the late stage of development and significant depletion of reserves, Kursiv reports.

Kazakhstan exported above 24 million tons of crude so far

Since the beginning of the year Kazakhstan has exported 24 million tons of oil, Kazakh Energy Minister Kanat Bozumbayev told a governmental meeting in Astana, Kazinform reports.

Since the start of the year the country's crude oil and condensates output made 29,900,000 tons that is 6% more against the same period of 2017.

The oil recovery at three large projects, namely, Kashagan, Tengiz and Karachaganak reached 17.9 million tons.

The volume of oil export made 24.1 million tons that is 4.3% more as compared to the same period of the previous year. The refining output hit 5.1 million tons growing by 12% against the same period of 2017, the overall production of oil products at three refineries achieved 3.6 million tons that is 7% more than in the report period of 2017.

Kashagan output to fall in July due to maintenance at Bolashak complex

Production from the Kashagan oilfield in Kazakhstan will fall in July due to planned maintenance at the Bolashak onshore processing complex, Kazakhstan's Energy Ministry said.

A gas processing unit at Bolashak will be stopped in July for 14 days, meaning gas production at the oilfield will fall by 17-20% from daily averages while oil production will be lowered in accordance, the ministry said in a written answer to a Reuters request by email.

The site's operator aims for an average daily production level in December 2018 of 272,000 barrels per day, the ministry said in reply to a question about expected production.

At the end of April Kashagan production rose to 300,000 barrels per day after works carried out in the first half of April.

The Kashagan oilfield is operated by North Caspian Oil Consortium, which includes state oil firm KazMunaiGas, Eni, ExxonMobil, Royal Dutch Shell, Total, China's CNPC and Japan's Inpex, Reuters reported.

Where is Kazakhstan's fourth oil refinery to be built?

Kazakhstan's fourth oil refinery can be built in Shymkent, Aktau or Aktobe, Central Asian media outlets reported.

KazMunaiGas is developing a feasibility study for the refinery, which should be completed by the end of the second quarter of this year, according to Kazakhstan's Energy Ministry.

After the scale of the project is determined, a decision on the location of the plant will be made. After the development and presentation of the feasibility study, the question of where from the raw materials will be supplied to the new refinery will be resolved.

Kazakhstan's Energy Minister Kanat Bozumbayev earlier spoke in favor of the need to build a fourth refinery in the republic.

According to the forecasts of the Energy Ministry, there will be a need to increase imports of petroleum products by 2022. By this time, the fourth plant should already be built. In 2019, it is planned to attract investors and begin construction.

Kazakhstan has three major oil refineries - Atyrau, Shymkent and Pavlodar. Pavlodar refinery has already completed its modernization program. Atyrau refinery plans to launch new units by June, while Shymkent is expected to wrap up a modernisation in September.

The refining capacity of all the three plants will increase from 13.8 to 16.5 million tons after modernization of the refinery completes. Production of all types of light oil products, gasoline, diesel fuel and aviation kerosene will increase. All plants will produce gasoline for 2.3 million tons more. The production of diesel fuel will increase for 917,000 tons and aviation kerosene for 539,000 tons.

As a result of 2017, the production of oil refined products reached 709.6 billion tenge in value terms – showing an increase of 14.2% compared to 2016. As many as 59.3% of the output fell to the Atyrau Refinery, 12% – to the Pavlodar Petrochemical Plant and 11.2% - to the Shymkent oil refinery. The refineries plan to increase their oil products throughput to 15.3 million tons this year, from 14.2 million tons last year, AzerNews reported.

Kazakhstan aims to end row over Karachaganak field within a month

Kazakhstan aims to settle its profit-sharing dispute with energy majors developing the Karachaganak gas condensate field within a month, the energy minister said on Thursday. The former Soviet republic expects a large one-off payment from the companies and a higher share of future revenues from the development of one of the Central Asian nation's biggest hydrocarbon fields, Kanat Bozumbayev told Reuters.

Kazakhstan said in 2016 it disagreed with how the consortium led by Italy's Eni and BG, which has since been taken over by Anglo-Dutch firm Shell, calculated the parties' shares in the income from the Karachaganak field.

Settling the dispute which according to Lukoil, another partner in the project, involved a \$1.6 billion claim, could pave way for expanding the project at Karachaganak and secure higher revenue for the Kazakh government.

"The talks are in the final stage. There are optimistic expectations that they will be concluded within a month," the minister said in an interview. "We have agreed the key principles, (but) there are technical nuances."

Foreign firms are developing Karachaganak under a production sharing agreement that allows them to recover some costs before sharing a part of the remaining revenue with the state.

But arguments about what costs are eligible for recovery can become tricky and technical. Minister Bozumbayev said that Kazakhstan was seeking "compensation for the past years", saying the figure was "more than hundreds of millions of dollars" without naming a precise number.

He said Kazakhstan had also "demanded that they change the way" profit share for the parties was calculated in future.

"We can say we have almost agreed the sum of the compensation, and reached a compromise on the calculation method. Some of our demands are being met, roughly a half of them," the minister said.

Minister Bozumbayev said there could also be other forms of compensation, such as a long-term loan for constructing an oil refinery and supplies of oil and gas for the domestic market. In addition, he said there could be other investment commitments.

Eni and Shell each own 29.25% of the Karachaganak project in northwest Kazakhstan, while Kazakhstan's KazMunaiGas owns 10%, U.S. Chevron Corp has 18% and Russia's Lukoil owns 13.5%.

Karachaganak produced 4.2 million tons of gas condensate, a product marketed the same way as oil, in January-April, 0.7% less than in the same period of 2017.

Kazakhstan puts focus on renewable energy

Kazakhstan wants renewable energy (RE) to reach 50% of its energy mix by 2050, with intermediate targets of 3% (or new 2,000 MW investment) by 2020 and 10% by 2030. Kanat Bozumbayev, Minister of Energy of Kazakhstan, pointed out that one of the main instruments to attract the required investments will be the RE Auctions Mechanism to be launched in May 2018.

The minister was speaking at the opening of the Renewable Energy Policy Hard Talk, a high-level policy dialogue on Renewable Energy Investment organized by the Ministry of Energy of the Republic of Kazakhstan with the support of UNECE, the European Commission and USAID (Astana, 26-27 April 2018). The event gathered a broad range of stakeholders, including policy-makers, public administrations, private developers and investors, financial institutions, donors, experts and civil society representatives to discuss the opportunities and challenges of renewable energy investment in Kazakhstan.

Participants agreed on the multiple benefits of renewable energy in terms of energy security, economic development and protection of the environment. They also identified several barriers that are still faced by investors as well as best practice policies and tools to overcome them.

To further foster the deployment of RE in Kazakhstan, a set of priority actions have been proposed as outcome of this two-day Hard Talk.

As follow-up, Kazakhstan may receive support to reach their renewable energy objectives by the European Commission which can mobilise upon request specific technical assistance under the EU Technical Assistance Facility for Sustainable Energy, Modern Diplomacy reports.

For more news on Kazakhstan's energy sector, please see our **Special Energy Issue**, which is available on a monthly basis at the Embassy's website:

<https://www.netherlandsandyou.nl/your-country-and-the-netherlands/kazakhstan>.

MINERAL RESOURCES

Kazchrome produced a record volume of ferrochromium

The world's largest producer of high-carbon ferrochromium Kazchrome produced a record volume of chrome ore and ferroalloys, Kazinform reports with reference to the press service of the company.

"We are impressed with the achievements of 2017, because we managed to produce record volumes of both chromium ore and ferroalloys. Kazchrome is one of the most efficient producers of ferrochrome on the world cost curve and has the largest reserves of chrome ore of the highest quality, which allows us to meet the growing global demand for ferrochromium," the chairman of the Eurasian Group, which includes Kazkhrom, Serik Shakhazhanov says.

In 2017, Kazchrome produced about 5.6 million tons of chrome ore, 15% more than a year ago, and over 1.6 million tons of ferroalloys, 8% higher than last year.

The volume of social investments of the company in 2017 exceeded \$57 million, which is 80% higher than in 2016.

Kazakhstan plans to sell 25% of Kazatomprom uranium company

Kazakhstan intends to sell at least 25% of the world's largest uranium miner Kazatomprom, Wall Street Journal said referring to Akhmetzhan Yesimov, CEO of the National Welfare Fund Samruk-Kazyna, Kommersant.ru reports.

Kazakhstan government has already applied to several banks, including JPMorgan Chase & Co, to offer the company's shares on the stock exchanges in London or Hong Kong.

"We want the shares of our companies to be traded on the stock exchange. It is a priority for us," Yessimov said.

According to him, everyone in the country's leadership understands that this step is necessary to improve the competitiveness of Kazakhstan.

Akhmetzhan Yesimov said that in May he visited China, whose investors show interest in the planned IPO of Kazatomprom. Next week, Yessimov intends to present plans for the company privatization to Russian investors.

As the newspaper writes, the cost of 25% stake in the company can be worth \$ 3.5 billion. JPMorgan Chase declined to comment on the possible involvement in the IPO.

According to the National Welfare Fund Samruk-Kazyna, the nominal value of one share is 1 000 tenge.

The last changes in the number of announced shares of JSC NAC Kazatomprom took place on February 22, 2017.

In April 2017 it was reported that before the end of 2017 Kazatomprom intends to sell four non-core assets. It was planned to put up for sale Caustic JSC, KazSilicon metallurgical plant, Kazakhstan Solar Silicon LLP and Astana Solar LLP, according to Kazpravda.kz.

TRANSPORT & COMMUNICATIONS

Yema Group considers establishment of logistical hub for import of Kazakhstan products to China

Yema Group may open a logistical hub at Ekibastuz airport for export of Kazakhstan products to China, Pavlodar region administration said, according to AKIpress.

The Ekibastuz airport does not work for almost 10 years.

“You could open a logistical center here. Ekibastuz is just 120 km away from Pavlodar and 280 km away from Astana. I think it is a very convenient location for a hub, which can be used for import of Kazakhstan products to China,” Pavlodar region governor Bulat Bakauov told the Yema Group Vice President.

Potential investors also visited the greenhouse of the QazTomat venture, where around 1,200 tons of tomatoes were cultivated in 4 months. Around 10 tons of tomatoes are exported to Russia annually.

“We are building a new greenhouse on 16 ha now, we plan to launch it in the first half of 2019. This will allow to increase yield to 35 tons of tomatoes. Probably, we will begin cultivating cucumbers and egg plants as well,” greenhouse chief Yerlan Matymov said.

AGRICULTURE

In 2017, Kazakhstan increased the exports of agricultural products

In 2017, Kazakhstan increased the export of agricultural products by 12.5%, including crop by-products — up 10.7%, declared the First Vice-Minister of Agriculture of the Republic of Kazakhstan, Arman Evniev on May 2.

According to him, the country managed to reach the figures due to harmonization of the animal health and phytosanitary requirements with China, countries of the Middle East and Europe. It was noted that wheat, flour, oilseeds, barley, vegetable oils were the main export items. Uzbekistan, Afghanistan, Russia, Tajikistan, China, Iran, Kyrgyzstan, Turkey, Italy and Latvia were the key sales markets.

In addition, in the reporting year Kazakhstan opened the Chinese market for wheat bran and soybeans exports, which allowed increasing the exports of agricultural products to China by 34.3%. For the first time, in 2017 Kazakhstan exported 7,700 tons of soybeans to China estimated at \$3.1 million, and increased the exports of vegetable oils and oilseeds in 3.1 times, APK Inform reports.

Kazakhstan to plant grains throughout nearly 15 million hectares

In 2018, in Kazakhstan the planting campaign rates became somewhat lower compared with last year, due to cool weather conditions and late maturity of the soil, declared the First Vice-Minister of Agriculture of the Republic of Kazakhstan, Arman Evniev on May 22.

According to the announcement, in the current year the planted areas under agricultural crops will total 21.8 million hectares, which meets the last year figures. So, the planted areas under grains will reach 14.7 million hectares, including wheat on 11.4 million hectares, down 544,000 hectares compared with 2017. At the same time, the areas under forage crops will increase by 49,000 hectares, to more than 2.5 million hectares. Oilseeds areas will total nearly 2.6 million hectares.

To date, agrarians still provide the spring crops planting campaign. As of May 21, agrarians already planted grains throughout 31% of the planned areas, and oilseeds on 50%. Also, Kazakhstan completed the planting campaigns of sugar beet and cotton seed, said Evniev, according to APK Inform.

In April 2018, Kazakhstan increased production of vegetable oils

According to the Statistics Committee at the Ministry of National Economy of the Republic of Kazakhstan, for the recent 6 months the country faced regular monthly records in the production of vegetable oils. So, in April 2018 Kazakhstan produced 32,900 tons of vegetable oils, up 26% compared with April 2017, which also became a historical peak for the reporting period. Since the beginning of 2017/18, the general production volumes of vegetable oils in Kazakhstan reached 271,400 tons (up 13% compared with the corresponding period in 2016/17 MY).

In particular, in April Kazakhstan demonstrated high production rates of sunflower oil, which totaled 24,100 tons. For 8 months of 2017/18 MY, Kazakh enterprises increased its production of sunflower oil by 15%, compared with the same period last season.

Also, in April 2018 the production volumes of flaxseed oil exceeded the figures in the same month last year in 1.5 times — 2,200 tons, against 1,400 tons. Generally, in September-April of 2017/18 MY the production of flaxseed oil decreased by 7% compared with the last year level, according to APK Inform.

Drones will be used in Kazakhstan agriculture

General Director of the Scientific Production Center of A.I. Baraev Grain Farm, Kenzhe Abdullaev told a briefing at the Central Communications Service that they plan to use drones in agriculture, Kazpravda reports.

“We have concluded an agreement with the Russian company NIT on unmanned aerial vehicles,” Abdullayev said, adding that with the help of drones, disease and pests are detected in the early vegetation stages.

Export potential of Kazakh meat products estimated at \$2.4 billion

The Ministry of Agriculture of Kazakhstan estimates the export potential of meat products at \$2.4 billion, Deputy Prime Minister and Minister of Agriculture Umirzak Shukeyev said during a government hour in the Parliament.

“The positions on which Kazakhstan has a high export potential have been determined. This is primarily meat products, including beef and lamb. The analysis showed that for these types of products, with the appropriate support, export earnings could reach \$2.4 billion. Beef and mutton production will increase from 600,000 tons to 1.6 million tons,” Shukeyev said.

He stressed that in Kazakhstan there are “key factors for the successful development of the meat industry, such as pasture lands, irrigated arable land, labour and nomadic past.”

“A number of countries in Asia and the Middle East are attractive export markets with a steady increase in imports of beef and lamb. Accordingly, our two neighbours Russia and China are major importers,” Shukeyev said.

Also, positions are defined, according to which there are free niches in the domestic market and it is necessary to get rid of imports. These are dairy products, poultry meat, fruits and vegetables. The potential for additional production is more than 1 billion dollar, Shukeyev added, according to Kursiv.

Italian company to build meat factory in Kazakhstan

Within the framework of the XI Astana Economic Forum, the Ministry of Agriculture signed a number of documents. Within the framework of the road maps and memorandums signed at the Astana Economic Forum, the Italian company Cremonini Group started construction of the KAZAK-BEEF plant. This was reported by the press service of the department.

The meat factory with a daily production capacity of 700 heads will include a full technological cycle for carcasses and meat processing, the production of ready-made meat products, as well as the processing of horns, hooves, hides and viscera. The total cost of the project is more than 15 billion tenge.

Administration of Almaty region has been allocated a land plot with a total area of 60 hectares for the construction of a meat processing complex.

The construction of the plant in this region was chosen on the basis of favourable climatic conditions, as well as high concentration of livestock of cattle meat direction of productivity, more than 16% of the total number of cattle meat.

The prefabricated feedlot capacity will amount to 10,000 heads of cattle at a time, the capacity of the meat-packing plant is 25,000 tons of beef per year. More than 70% of the enterprise's products will be export-oriented to the nearest major markets of China and Russia.

To date, fattening areas and peasant farms in the region are ready to supply meat to the meat factory for steers for slaughter.

The creation of a favourable investment climate contributed to an increase in the investment attractiveness of the country's agricultural sector. The volume of investments in the livestock sector in 2017 amounted to 154.1 billion tenge, which is 6.9% more compared to 2016.

To date, in fulfilment of the 100 concrete steps for the nation's plan and for the development of processing industries for livestock products, such world companies as Lactalis, Cedar Meats Australia, Golden Camel Group, CITIC have been involved, Kapital reports.

Kazakh Prime Minister learns about Smart Poultry Farm project in Rudny

During a trip to the Kostanay region, Prime Minister of Kazakhstan Bakytzhan Sagintayev visited Zhas-Kanat 2006 LLP in Rudny, where he was presented information about the pilot project Smart Poultry Farm implemented under the Digital Kazakhstan state programme.

During the visit to the enterprise, the director of Zhas-Kanat 2006 LLP, Kairat Maishev, spoke about the modernization under the Business Roadmap 2020. In general, the enterprise passed three stages of modernization, installed all necessary infrastructure, purchased the most high-tech equipment. Investments amount to more than 3 billion tenge.

The automation of the processes increased the production of eggs from 7 million to 250 million per year, i.e. about 35 times, meat – from 30 to 500 tons, or 15 times. The number of poultry has been increased from 100 thousand to 1.4 million, or 14 times. Labor productivity has grown more than 1.5 times.

Sagintayev was demonstrated Japanese equipment Nabel, the capacity of which is 120 thousand eggs per hour. New technologies have allowed to avoid manual marking and sorting of products. In addition, the company launched a line for the production of tray. Automation of production allows transportation and packing of up to one million eggs during an eight-hour working day.

The production is sold in all regions of the country, and also exported to Russia, Afghanistan, Tajikistan and Kyrgyzstan. This year, new markets in Iran and China to be covered, AKIpress reported.

Medium-scale family-run farms in Kazakhstan to receive state support to increase their numbers

Family farms were first introduced in till then mainly roaming, cattle-breeding Kazakhstan in the XVI Century by Cossack communities migrated from Russia. The trend was taken over by Kazakhs from the XIX Century on, but disrupted by farm collectivization by the Soviets. Now, the government of Kazakhstan opines that they should make up for the core of agriculture in times to come.

Chairman of the Meat Union of Kazakhstan, Maksut Baktibayev, told a government hour in Majilis that in keeping with the concept of the 2018-2027 National Programme for meat livestock development, the number of family farms in Kazakhstan is to increase from 20 to 100 thousand by the year 2027, Kazpravda.kz reports.

“The programme will increase the number of family farms from the current 20 thousand to 100 thousand by 2027. In addition, 500 000 jobs will be created in the village, and the use of pastures will increase to 100 million hectares,” Maksut Baktibayev said.

It is also planned to increase the cattle stock from 7 million to 15 million heads, sheep from 18 to 30 million and bring meat export income to \$2.4 billion. Beef and mutton production is to go up to 1.1 billion tons, said Baktibayev, listing conditions to attain such results: priority allocation of pastures for farmers, concessional lending, simplified unified agricultural tax, synchronization with other existing programs, and other requirements.

EXHIBITIONS IN KAZAKHSTAN (June 2018)



AMM

Astana International Mining and Metallurgy Congress

19 – 22 June 2018, Astana

Organizer: Iteca

www.amm.kz



Kazcomak

Kazakhstan International Road and Heavy Construction,
Communal Machinery Exhibition

19 – 22 June 2018, Astana

Organizer: Iteca

www.kazcomak.kz



Mining World Central Asia

Central Asian International Mining Exploration & Mining
Equipment Exhibition and Forum

19 -21 June 2018, Astana

Organizer: Iteca

www.miningworld.kz



WMC

World Mining Congress

19 – 22 June 2018, Astana

Organizer: Iteca

www.wmc2018.org



Furniture and Interior, Architecture and Design, Timber and Woodworking

13 – 16 June 2018, Almaty

Organizer: Atakent-Expo

www.atakentexpo.kz

Exhibitions dates are subject to change. For a complete overview and more information on exhibitions in Kazakhstan, please visit:

www.iteca.kz

www.expocentralasia.com

www.tntexpo.kz

www.atakentexpo.kz

<http://10times.com/>

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