

# Agriculture

**T**raditionally, Kazakhstan is a well-developed agricultural region: stock raising, sheep and horse farming, cattle-breeding, grain and corn raising were rapidly developing in the Soviet period. Agrarian specialization of Kazakhstan regions is determined by climate conditions. The republic can be divided into 6 primary agricultural areas:

- cattle-breeding and corn raising area in the steps of Northern Kazakhstan and Akmola region, Eastern Kazakhstan, Kustanai, Aktyubinsk and Karaganda regions;
- fine-wool sheep farming area in deserts and semi-deserts of Central Kazakhstan;
- sheep farming of Astrakhan breed in Atyrau and Magistau regions, as well as Zhambyl and South-Kazakhstan;
- cattle-breeding and fruit-growing area on the mountain footsteps and in mountain valleys of Almaty and Zhambyl regions;
- rice-growing area in Syrdarya river valley in Kyzyl-Orda region;
- cotton-growing area in the middle course of Syrdarya river and South-Kazakhstan region areas bordering with Uzbekistan.

In 2001, growth in agricultural production was mainly due to cultivation of crops. The volume of gross agricultural production reached 535,2 billion tenge in 2001, which is by 17% more than in 2000. A share of crops was 61%, while stock raising amounts to 39%.



There were more than 81 thousand agribusinesses operating in the republic by the end of 2000, including than 76 000 farms, 2.2 thousand partnerships, 1.1 thousand of co-operatives, and 0.2 thousand joint-stock companies. Only 74 enterprises remained in state ownership.

## Crop production

**Acreage planted in 2001 was (in million hectares):**

· cereal crops	—	13,2
· industrial crops	—	0,6
· potatoes, vegetables and melon"s	—	0,3
· forage crops	—	2,7

In 2001, production of crops increased by 28%, as compared to 2000.

Kazakhstan accounts for about 1 % of world grain production, and 1.4 % of world exports. Grain and grain products remain among the largest export items. Wheat accounts for about 88% of all Kazakh grain exports. Main export destinations include Iran, Uzbekistan, Belarus and Russia. During 9 months of 2001, grain harvest was 14.4 mln tons, which is 20% over the corresponding period of 2000.

The government realizes the importance of grain. It adopted measures that are targeted at high quality of wheat and other cereals, expansion of export markets, limitation of dumping measures on the internal market, and regulation of minimum corn prices.

In 2001, total yield of corn rose by 37% and was equal to 15.9 million tons after processing. Potato production in 2001 amounted to 2.2 million tons, that is by 0.5 million tons more than in the previous year. Vegetable production increased by 0.3 million and reached 1.8 million tons.

### **Government supports corn production by:**

- setting up a state purchase program;
- creating a state seed fund;
- regulating grain storage conditions by establishing licenses for elevators;
- conducting agricultural equipment leasing;
- carrying out elite seed growing.

### **The Government of the Republic of Kazakhstan also accepted special measures for rice and cotton production, which include:**

- support for production of elite seeds;
- support of the genetic selection project to create elite cotton seeds by the National Agrarian Research Academy;
- improvement of irrigation and drainage systems (in collaboration with credit institutions);
- state purchase of rice shala;
- improvement of rice processing;
- regulation of revenue redistribution among raw cotton processors and suppliers.

## **Stock raising**

In 2001 we experienced growth of all livestock improvement and poultry. There were 1,151 thousand tons of livestock and poultry produced for the slaughter. 3,882 thousand tons of cow milk was collected at the farms. Gross milk yield increased by 189 thousand tons as compared to 2002.

Livestock quantity in this period was the following: cattle — 4282.7 thousand heads; pigs — 1130.9 thousand heads; sheep and goats — 10400,0 thousand heads; horses - 985.5 thousand heads; poultry — 21.3 thousand heads.

In comparison to 2002, cattle quantity increased by 175.1 thousand heads; sheep and goats —by 418.9 thousand heads; horses — by 9.5 thousand heads, poultry — by 1.6 thousand heads.

In milk production, two centers of genetic selection and distribution of “milk belt” breeders obtained operation licenses for artificial insemination. Enterprises that provide storage facilities and work on cost reduction of artificial insemination received state subsidies.

Efforts are undertaken to launch breeding of poultry pedigree by achieving 50% cost reductions.

## **International collaboration**

There is a number of investment projects financed by international financial institutions. The Asian Development Bank provided \$40 mln for an Irrigation and Land Improvement project, focusing on the development of institutions involved in agricultural services and water management.

The World Bank has also extended credits for irrigation and drainage projects. In order to solve water supply problems, Kazakhstan is planning to build a water reservoir on the Syrdarya River, which requires financing of \$160 mln. As \$90 million loan from the World Bank will be used to clean the riverbed, while the rest will be provided through government resources and borrowing.

The reservoir will supply Kyzyl-Orda region with water for irrigation and will increase the area of irrigated land in south Kazakhstan by about 35,000 hectares.

## **Special tax treatment**

Special tax treatment allows for integrated land tax payments. The special treatment applies to agribusinesses that produce, process or sell agricultural products.

### **Agribusinesses are not subject to the following tax payments:**

- individual income tax from farm's activity;
- value added tax;
- land tax;
- transport facility tax;
- property tax.

Land tax base is calculated by applying an assessed value of the land. The assessment should be done in accordance with the legislation. Land tax is 0.1 % of the land value.

## **Land relations in agriculture**

### **According to the "Land Law", agricultural land is provided for:**

- tenure to physical persons and legal entities of the Republic of Kazakhstan for the production of agricultural commodities, protective afforestation, scientific research and experiments, secondary farming, truck farming and stock raising;
- private ownership to the citizens of the Republic of Kazakhstan for personal farming development purposes, gardening and residential houses;
- foreign citizens and non-residents for temporary land lease for a maximum of 10 years.