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Custom Union Reported Oilseeds and Oils Export Ban from Kazakhstan

Report Categories:

Oilseeds and Products

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Report Highlights:

Although Kazakhstan was not as severely affected by drought and bad weather as the Russian Federation, it banned for 6 months exports of buckwheat, major oilseeds, and vegetable and animal oils and fats. The Custom Union Commission invited Russia and Belarus to join the ban.

General Information:

Kazak Agriculture did not suffer as severely as Russia from the 2010 drought and fires; however, the Government decided to introduce a 6-months' ban on exports of buckwheat, oilseeds, and vegetable oils and animal fats in order to maintain domestic supply with these commodities. In 2009 Kazakhstan was an insignificant exporter of these commodities. Surprisingly the ban includes all countries including other Custom Union members. The list of commodities with the Custom Codes of the Foreign Trade Activities of the Customs Union (TN VED TC) is the following:

- Buckwheat (code 1008 10 000);
- Buckwheat groats (Code 1103 19 900 9);
- Soybeans (Code 1201 00);
- Sunflowerseeds (Code 1206 00);
- Cottonseeds (Code 1207 20);
- Other oilseeds (Code 1207 99);
- Soybean oil (Code 1507);
- Sunflowerseed oil, safflor oil, cottonseed oil (Code 1512);
- Rapeseed oil, mustard oil (Code 1514);
- Flaxseed oil, raw (Code 1515 11 000 0);
- Flaxseed oil, other (Code 115 19);
- Vegetable and animal fats and oils (Code 1516)

The Commission of the Customs Union takes this decision of the Republic of Kazakhstan into account at the meeting held on October 14, 2010, and requested the Republic of Belarus and the Russian Federation to consider joining this ban (Commission's Decision #425 of October 14, 2010 (http://www.tsouz.ru/KTS/KTS20/Pages/R_425.aspx)). Members of the Custom Union have not responded to this request so far.

The Ministry of Economic Development and Trade (MEDT) justified the ban on oilseeds citing that the gross harvest of oilseeds is expected to decline in both Kazakhstan and most of Europe.

According to forecast data for the marketing year 2010-2011, drought has caused an expected decline in production and supply of oil-bearing crops in some exporting countries (Russia, Ukraine) which has in turn contributed to lower levels of global production and supply of oilseeds.

According to MEDT, the Russian gross yield in 2010 is expected to reach 8 million tons of oilseeds (compared to 2009 at 9 million tons), Ukraine is projected collection of 9 million tons of oil (compared to 2009 at 10 million tons).

In Kazakhstan an increase in acreage of oil-bearing crops by 47% (from 1.1 million hectares to 1.7 million hectares) has resulted in a projected gross yield of oilseeds slightly above the 2009 levels (780 tons). This amount of raw materials will provide about 270 tons of vegetable oil, which fully meets the needs of the population. However GOK fears that given the negative impact of the dryness throughout Europe will result increased demand and upset domestic prices.

Regarding buckwheat, adverse weather conditions also contributed to lower forecasts for buckwheat harvest in some countries, resulting in very high demand and volatility in grain prices.

According to MEDT this year, the acreage of buckwheat in Kazakhstan consists of 92.1 thousand hectares, which is 54.5% more than last year (59.6 thousand hectares). The expected gross yield is 48.8 tons. From a given amount of raw material can produce about 34 tons of buckwheat, which fully meets the needs of the population to minimum standards (32.1 tons). However, shortages of buckwheat in Russia have grabbed numerous headlines and driven the public to hoarding the commodity.

According to MEDT the restrictions will ensure the country's demand of domestic products at reasonable prices and processing enterprises sufficient raw material for production of vegetable oils, fat and oil products and cereals.