

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Kazakhstan - Republic of

Post: Astana

Sharply Lower Flax and Rapeseed Production to Cut Exports

Report Categories:

Oilseeds and Products

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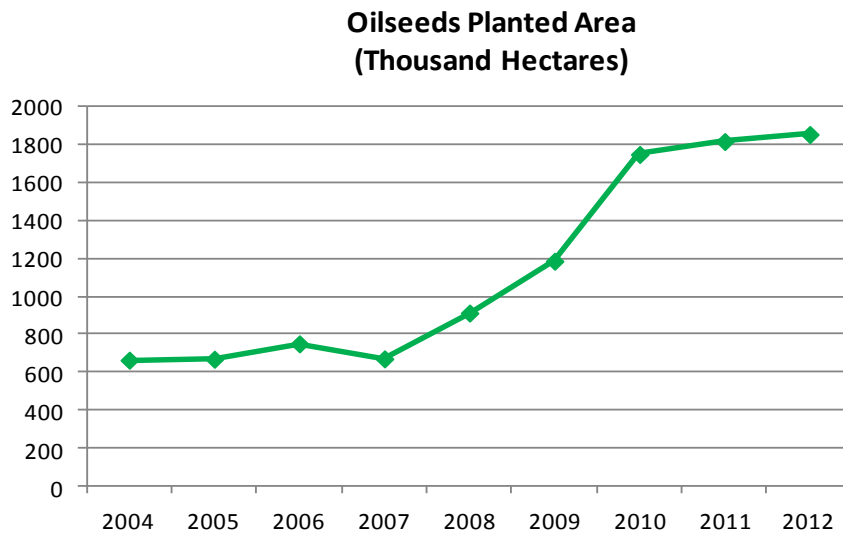
Levin Flake

Report Highlights:

2012 Kazakh oilseed production fell 14% as a severe drought in Northern Kazakhstan reduced production. Flax (for oil) and rapeseed were the most impacted oilseeds, as their production is focused in those areas hit hardest by the drought. As a result, exports of these products (which had been growing rapidly in recent years, primarily to the European Union) are expected to shrink in 2013.

Production

Kazakhstan oilseed production has shown dramatic growth in recent years, reaching a record in 2011 of 1.1 million metric tons. While overall crop area, and especially in North Kazakhstan, continues to be dominated by wheat, some better financed farmers have tried to diversify into oilseeds because of the high prices, agronomic rotational benefits, and strong export markets for some of these products to Europe. This has caused planted area to soar, reaching a record 1.85 million hectares in 2012. Area for sunflowerseeds (the dominant oilseed) actually fell in 2012, while area for other oilseeds such as flax (for oil/linseed) and rapeseed continued to expand.



Source: Kazakh Statistical Service

Despite increased area, oilseeds production in 2012 fell 14% to 977,000 tons as a result of a severe drought in many northern growing regions. This decline was especially severe in flax and rapeseed, as production for these crops is concentrated in these drought-impacted Northern provinces. Flax production was down 42% from 2011, and rapeseed down 21 percent. Sunflower production is located primarily in Eastern Kazakhstan (which was largely unaffected by the drought) and production fell only 2 percent. Soybean production is located in Southern Kazakhstan, and production actually increased 28 percent.

Total Oilseed Production (by Region) for Kazakhstan

	2010	2011	2012
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All Oilseeds (Thousand Metric Tons)

Kazakhstan Total	775.4	1,141.9	976.8
Akmola	28.4	95.2	71.5
Aktobe	3.1	10.4	2.9
Almaty	168.4	194.0	217.7
Atyrai	0.0	-	-
West Kazakhstan	7.7	25.3	5.2
Zhambyl	40.9	48.3	38.5
Karaganda	0.7	3.2	4.9
Kostanai	46.5	125.5	38.8
Kyzylorda	1.5	1.0	0.9
South Kazakhstan	78.8	72.0	72.6
Pavlodar	40.7	51.3	33.5
North Kazakhstan	164.9	299.2	215.4
East Kazakhstan	193.8	216.5	274.9
Astana City	-	0.0	-

Sunflowerseed Production

Kazakhstan Total	328.9	409.1	400.3
Akmola	9.5	23.6	18.4
Aktobe	3.0	10.4	2.8
Almaty	34.4	37.3	30.8
West Kazakhstan	4.4	12.8	4.4
Zhambyl	4.0	3.4	4.0
Karaganda	0.4	0.0	0.0
Kostanai	10.6	31.0	14.4
Kyzylorda	0.7	0.5	0.3
South Kazakhstan	14.9	8.2	6.5
Pavlodar	40.4	49.9	32.9
North Kazakhstan	17.1	21.0	21.0
East Kazakhstan	189.5	211.0	264.8

Year to Year Change in Oilseed Production (TMT)

Oilseed	2011	2012	Change
Sunflower	409	400	-2%
Rapeseed	149	117	-21%
Flax	273	158	-42%
Soybean	133	170	+28%

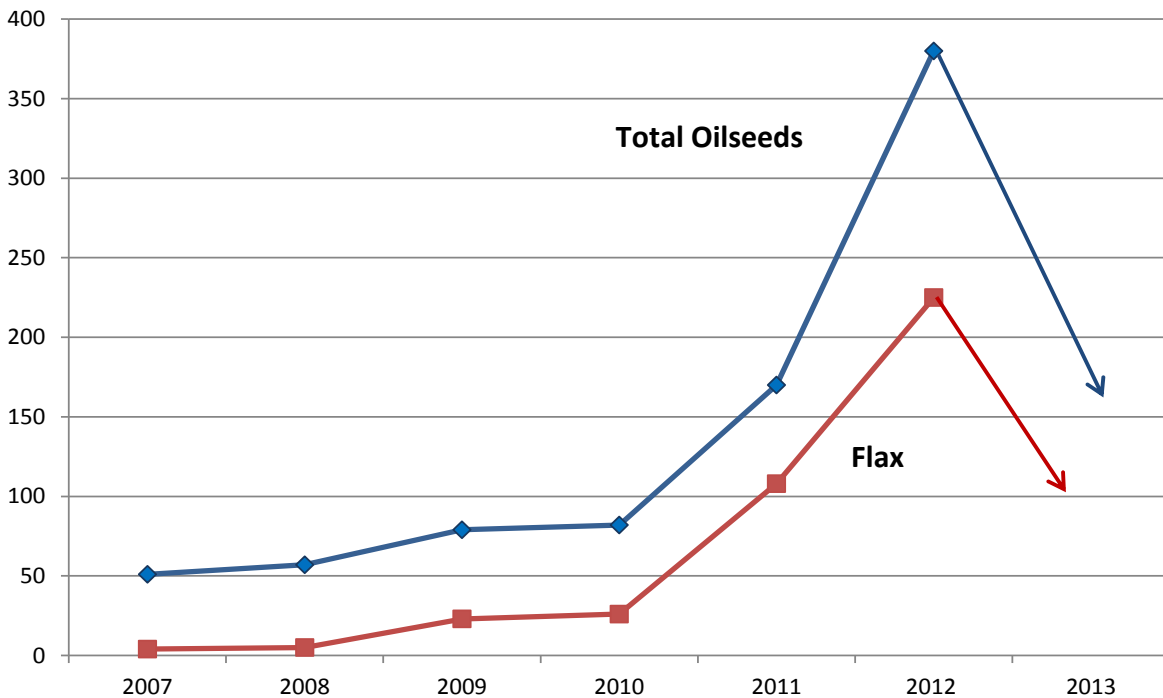
Source: Kazakh Statistical Service

Trade

Although still relatively minor compared to grain exports, oilseed exports have seen very rapid growth in the past few years, increasing from just 50,000 metric tons 5 years ago to an estimated 380,000 metric tons in CY 2012. Flax exports have been one of the largest drivers for this growth, increasing from almost zero just 5 years ago to an estimated 230,000 metric tons in CY 2012. The lion's share (90% in CY 2012) of these exports is to the EU, especially Belgium. Rapeseed exports have also expanded, doubling in the past 5 years to an estimated 65,000 in CY 2012. These exports also are almost entirely destined for the EU. Small, yet significant exports of soybeans and sunflowerseeds also occurred in 2012.

In 2013, however, because of the smaller oilseed crops, exports are expected to drop sharply from last year's record. This drop is expected to be especially severe in flax, as it was the most impacted by the drought in Northern Kazakhstan and has current stocks of only half last year's level.

**Kazakh Oilseed Exports Had Soared but are Expected to Drop in 2013
(TMT)**

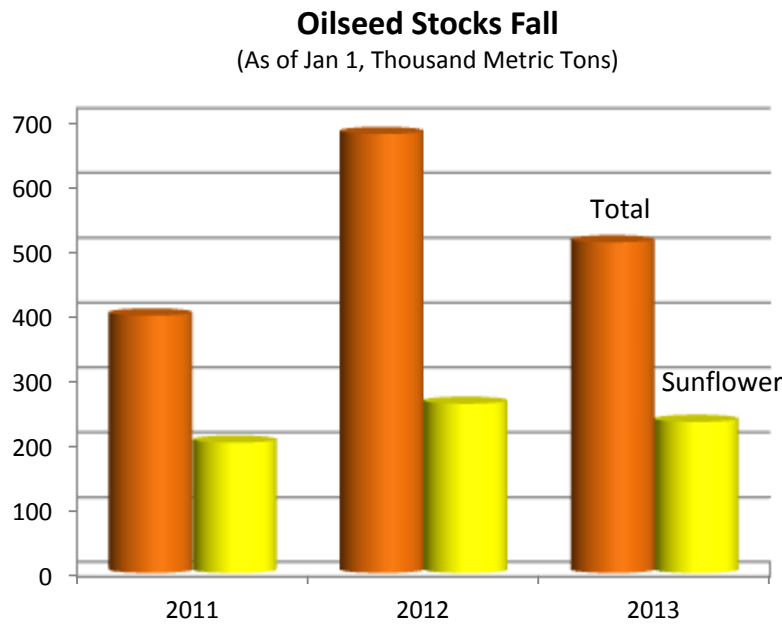


Data Source: Kazakh Customs for CY through 2012

Stocks

With lower production, oilseed stocks have also fallen compared last year, from 677,000 tons on January 1, 2012, to 510,000 tons on January 1, 2013. The decline in sunflowerseed stocks is much less than other oilseeds as the drought did not impact sunflower growing areas as severely. Sunflowerseed stocks fell only 10% from the previous year, while rapeseed stocks down 17%, flax down 54%, and soybean stocks were actually up 15 percent.

Reported oilseeds stocks on January 1, 2013 included: sunflowerseeds (46% of the total), followed by flax (19%) and rapeseeds (15%).



Data Source: Kazakh Statistical Service