

Prosperity of Agriculture in Kazakhstan

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State-Run Program of Rural Territories Development.

This year, Kazakhstan celebrated its independence about 17 years. The state locates in Central Asia. Having the area of 2.7 million sq. km., Kazakhstan is the 9th largest country in the world.

Solutions to the acute problems of rural territories were defined as priorities in the strategic course taken by the Kazakhstan Government for 2003-2005.

Presidential Decree as of July 10, 2003 approved the State-run Program of Rural Territories Development for 2004-2010. Against the background of overall economic growth, disproportions in the income levels of urban and rural population have been growing; regional income differences have also become considerable. 43% of the population of the country lives in rural areas, third of it has income below subsistence level. Further in attendance to this condition would intensify income differentiation, would have a negative impact on social-political atmosphere of the society, and would be reflected on the indicators of human development and investment image of the country.

Taking into consideration development of agro-production sector and growth of revenues coming from agriculture, current excess of rural population is one of the reasons behind hindered growth of the population's living standards, and it has become a serious issue in planning of sustainable development of the country.

The major objective of the State program of development of rural territories is to ensure adequate life support to rural territories, based on optimization of rural population's spatial distribution. 1

Agricultural sector

Kazakhstan is rich in land resources; more than 74% of the country's territory is suitable for agricultural production, representing 5.5% of GDP and employing over 20% of the labor force with 43% of population living the rural area. Although Kazakhstan's vast territory ranges from forest-steppes and steppes to half-deserted and deserted zones, the natural and climatic conditions in Kazakhstan are highly favorable to growing a wide variety of crops. It is expected that in 6-7- years' agricultural development of Kazakhstan may reach the level of the Eastern European countries. Meanwhile the Agro-Industrial Complex of Kazakhstan still suffers from a number of problems which bar from productivity and profitability. According to the World Bank, currently Kazakhstan's labor efficiency in agriculture five times lowers than in the Eastern Europe, even lower than in Russia and Ukraine. In order to reach the European level it is also necessary to enhance production and competitive ability of the national producers. It is also necessary to implement international quality standards; including switching to modern technologies, thus the Kazakh producers will be ready for accession to the WTO.

At five times the size of France, it is no great surprise that Kazakhstan is one of the world's largest grain producers and exporters. The main grain crop is milling wheat, which is typically high in quality and protein. There is a growing trend for Kazakhstan to export its grain to other international markets, apart from its traditional market in the CIS.²

Table 1. Wheat growing area

thous. ha	2000	2001	2002	2003	2004	2005	2006	2007
Kazakhstan	10.05	10.766	11.657	11.256	11.785	11.813	11.861	12.683

Source: FAOSTAT, ATFBank Research

In 2007 Kazakhstan produced 22 million tons of wheat, exporting around 9 mln. tons. Other food crops include barley, maize, rice, potatoes, soybeans, and sugar beets, cotton, tobacco, sunflower, flax, soybean, and mustard. Cotton is the most important industrial crop grown on the irrigated soils of southern Kazakhstan. Orchards and vineyards are widespread. The rich soil and climate provide ideal conditions for growing wheat, barley, rice, corn, millet and buckwheat.

Food industry is one of the fastest growing sectors of the Kazakh processing industry. The growth of the food industry in 2007 reached \$5.0 bln.

"We are now one of the leading producers in the region," farmer Darkhan Tishabayev says proudly of his company, which cultivates wheat in southern Kazakhstan. "But just a few years ago, we were lagging behind others, struggling to survive." Tishabayev attributes the change to the loan he received as part of a World Bank-supported project to support private farming in Kazakhstan. A better environment for rural finance.

The World Bank and the Kazakh government launched the US\$ 15 million project as the first part of a larger program that focused on improving the country's policy and legal framework for rural finance, providing advice and training to newly emerging rural enterprises, and improving farmer's access to commercial financial services.

The project disbursed 141 loans totaling US \$19 million (with the Bank contributing \$12.3 million) through seven commercial banks, in addition to providing technical assistance and training. The repayment rate was over 98 percent—an outcome that made many bankers reassess their original perception of rural enterprises as risky and unstable. During field visits, it was evident that the project had enabled most participating farmers to improve their income and living standards, and some were even able to contribute significantly to their communities' economic and social activities.

Easing farmers' transition to the new economy.

The project helped bring about legal reforms as well, and allowed several thousand rural entrepreneurs to receive training in economics, marketing, and technical issues—easing the transition of restructured farms and associated enterprises to the new economy.

"The support from the World Bank was huge—and timely," Tishabayev says, pointing out that the new funds enabled the purchase of modern equipment and expands farming activities. "Instead of putting our energies into fixing our prehistoric machinery, we can concentrate on our land full time—and cultivate all of it," he says, adding that thanks to new resources, he and his associates even rent additional land to work on. 3

The steppe covers the largest territory of the country and it is widely under agricultural exploitation. Total area of agricultural lands is 222 million ha.

This year (2010), Kazakhstan is going to sow 19.1 million hectares during spring-field works, informed the Minister of Agriculture of Kazakhstan, Akylbek Kurishbayev.(Gazeta.kz)

"According to akimats' forecasts, 19.1 million hectares will be sown this year in the country. It is by 265 thousand hectares more than last year," A. Kurishbaev said.

"Despite the economic crisis, agriculture is one of the few sectors where prices have not fallen": Mr. Madinov, Chairman of the Agriculture Committee of the Parliament.

According to Mr. Madinov, the volume of production has not fallen either. "They say all the time that we [Kazakhstan] have very small land productivity. However, let's compare USA, where the average land productivity is 4 tons per 1 hectare, while it is 1 ton per 1 hectare in Kazakhstan. This is obviously less, but we spend in average \$100 per hectare, while USA \$500. Therefore the cost of Kazakhstan's grain is below \$100 and that is our competitive advantage".4

So, with the help of abundant summer rains, farmers in Kazakhstan harvested a record crop of wheat. "National grain yield amounts to 22.7 million tons in bunker weight, which is 5.7 million tons or 34% more than last year's level," reported the Minister of Agriculture of Kazakhstan, Akylbek Kurishbayev, at a press conference in October. 5

Farms in Kazakhstan

According to the RK Statistics Agency, the number of farms has been growing with each coming year. The total number of peasant (farmer) households in Kazakhstan as of 1 January 2009 reached 170,000 farms, or 9.2% over the corresponding date of the last year. In 2008, Kazakhstan farmers produced estimated KZT 158.5 billion worth agricultural products, including crop production – at KZT 144.9 billion, and livestock – at KZT 13.6 billion (5%).6

Conclusion

We know that in Kazakhstan 1st place of large amount of export product is oil, and in 2nd place is coming from agricultural product is wheat and wheat production. So, all resources will finish with the laps of time. Instead of spending our all forces and times to energy, we have to support rural environment and make new economical strategy for a future.

Let's take United Arab Emirates, is one of the leader oil export country in the world. Also, they famous by inimitable projects that long time planned and did

them. For example, create new islands and 7 stars of hotel only in the world (Burj Al Arab). Why United Arab Emirates started these projects? Geologists predicted that the oil may finish at 2016. So, economy will slow down. That's why; Sheikh of United Arab Emirates well planned his future development of economy by innovating environment and technologies.

Let's get down our country Kazakhstan, Kazakhstan Today agency reports 24 August 2009 the President of Kazakhstan, Nursultan Nazarbayev, "Kazakhstan increases investments into agriculture while in the conditions of the world crisis the investments in agriculture are being decreased. That means that we are on the right track, » informed during his working trip to the Northern Kazakhstan area. 7 The immense steppe lands exhibit prime agricultural potential. Kazakhstan's economic outlook depends upon the extraction and subsequent processing of these natural resources.

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Summary

Stages of development of Kazakhstan's agriculture, access to the world market, the course of development and success after a period between 2003 and 2005, the "Village".