

STATE AND PROSPECTS OF DEVELOPMENT OF AGRICULTURAL COOPERATION IN THE REPUBLIC OF KAZAKHSTAN

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Agriculture plays an important role in the economic, social and environmental development of Kazakhstan Republic. In 2019 the share of agriculture in the country's GDP represented about 4.4%. Agricultural production has remained unchanged over the past 9 years.

However, the economic contribution of agriculture in the 1990s was 7.7 times higher, amounting to 34% of GDP. The volume of gross agricultural output for 2019 increased by 0.9% compared with 2018 and amounted by 5.1 trillion tenge (Figure 1).

Meanwhile, the production of livestock products increased by 4% and amounted to 45.6%, the production of crop production decreased by 1.7% - 53.6%.



Fig.1. Dynamics of gross agricultural output from 2010 to 2019 (trillion tenge) [1]

Despite the relatively low share of investments in fixed assets of 4.6 % in 2019, the volume of investments in January-September 2020 amounted to 380.6 billion tenge, exceeding the corresponding period of 2019 by 16.7 % (Figure 2). About 88 % of fixed capital investments in agriculture were directed to the cultivation of one-or two-year crops (61.3%), as well as to the development of animal husbandry (26.6%) [2].

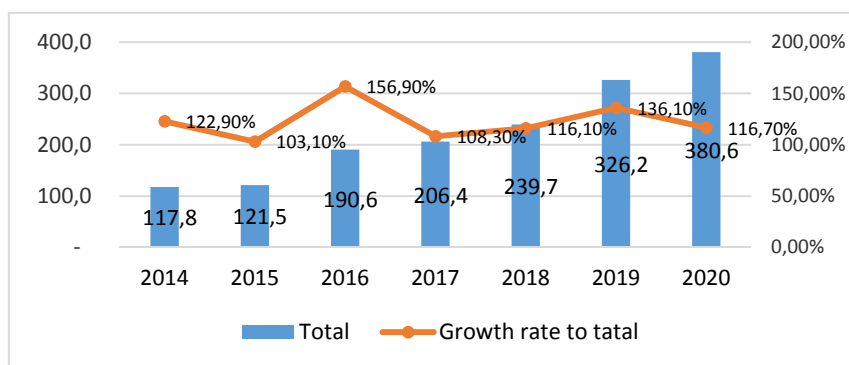


Fig. 2. Investments in agriculture. January-September (billion tenge) [2]

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As of January 01, 2020, in the sectorial breakdown of loans from second-tier banks, agriculture accounts for 1.8 % (255.1 billion tenge) (as of January 1, 2019 – 3.7%) (Figure 3).

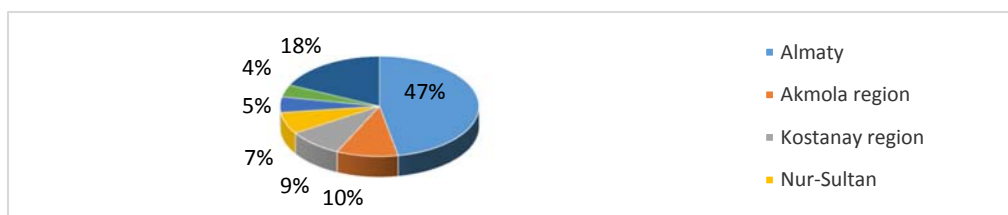


Fig. 3. Loans from second-tier banks to agriculture in the regional context, in %

An important role in the activation of investment activity in the industry was played by KazAgro, an Agricultural Credit Corporation., the company allocated 53 billion tenge for the implementation of 117 investment projects [2] by the end of 2019 71 thousand borrowers from 1.6 million households, 196.6 thousand peasant and farm households, as well as 12420 legal entities of the agro – industrial complex (small – 12065, medium – 296 and large-59) use the loans of the DO "KazAgro" system. However, personal farmsteads and small peasant farms are not covered by these programs.

In rural areas resides 42% of the population, which constitute about 7.7 million people. The industry employs 14% of the total number of people employed in the economy. Table 1 shows the number of registered producers of agricultural products as of January 1, 2020. [3].

Table 1- Registered producers of agricultural products as of January 1, 2020

Producers of agricultural products	Quantity
legal entities, branches and representative offices	17403
peasant or farm farms	219449
households of settlements, villages, rural districts	1 638 561
individual entrepreneurs	30195

Statistical data over the past 20 years indicate an increase in the number of privately owned enterprises. Thus, there are registered 17403 out of the total number of legal entities in agriculture: state ownership - 71; private ownership - 17069 (including joint ventures with foreign participation-400); foreign – 263.

In general, there are 66 service and procurement centers with an authorized capital of 1805.6 million tenge and the number of employees of 238 people operated in the republic in the 2nd quarter of 2019. In January-June 2019, service procurement centers produced products and provided services for 664.1 million tenge, in purchasing products - for 58.7 million tenge.

The total sown area of agricultural crops in 2019 was 22.2 million hectares (Table 2). According to the results of the first half year results of 2019, the share of agricultural exports in the total export volume of Kazakhstan is 5.7%. Meanwhile, the share of imports is 10.3% of the total volume of imports of the country.

Table 2. Sown area of grain crops

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Acreage	million hectares	%
Cereals and legumes	15,4	69,2
Fodder crops	3,3	15,1
Oilseeds	2,9	13
Vegetables and melons, root crops and tubers	0,5	2,1

The key commodity positions of Kazakhstan in the structure of supplies to the common market of the EAEU are cereals, vegetables, dairy products, tobacco, alcoholic and non – alcoholic beverages, oilseeds and fruits, products of the flour and cereal industry, finished products from grain, sugar, fats and oils, meat and offal, cocoa, tobacco.

According to The Global Food Security Index, Kazakhstan ranked 32nd among 113 countries (in 2019 – 48th place) participating in the rating by the end of 2020.

All these factors prove the failure of agricultural cooperatives in the improving the quality indicators of agricultural production growth, producers ' incomes in the development of infrastructure and providing basic means of production.

In this regard, for the development of agricultural cooperation in the subjects of the Republic of Kazakhstan, we recommend implementing measures in the following areas:

- to improve information and consulting services and scientific support, to strengthen and develop the system of personnel training for agricultural cooperation;
- to maintain priority when providing subsidies of up to 50% for the purchase of technological equipment and agricultural machinery;
- reduce the number of documents, the time frame for reviewing the application, change the collateral policy and facilitate the procedure for preferential lending to agricultural cooperatives;
- to develop and implement pilot projects in the regions of the Republic of Kazakhstan for the development of a cooperative chain in rural areas "from field to counter" in order to form an effective mechanism for promoting agricultural products along the technological chain "production-storage-processing - transportation - sales".

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