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Wheat Export Competitiveness of Kazakhstan on Global Market

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Abstract: Kazakhstan is number ten in exports of wheat according to the estimation of 2018. Although Kazakhstan's cereal industry is performing well however, there is more potential in the sector of crops and hence for the exports wheat to all over the world. The study in hand is designed to explore the current performance and completeness of wheat exports of Kazakhstan. Keeping the importance of the cereal industry of Kazakhstan, the study in hand is conducted to explore the wheat exports from Kazakhstan and to figure out the potential markets for Kazakhstani wheat. The purpose of this paper is to evaluate the level of competitiveness for Kazakhstani wheat among other competitors and opportunities in world market to identify the new destination for Kazakhstani wheat. To that end, the research will attempt to measure the competitiveness of the Kazakh wheat export and its behavior during a time period considered. This will be based on the Nominal Protection Coefficient (NPC), Revealed Comparative Advantage (RCA), and Revealed Symmetric Comparative Advantage (RSCA).
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1. Introduction

Due to the geographical location Kazakhstan is one of the most suitable countries for producing variety of cereals, and different regional environment allow diversity type of grain to be produced in each region and each season. Among the produced and exported grain, wheat is the absolute leader in Kazakhstan – about 80% of the total grain volume. Global wheat exports reached at $41,2 billion and Kazakhstan marginally contributed with worth of $965.4 million with far less than 2,4 % share in world export (Statistics committee MNE RK, 2018). Looking at the size and growing demand of wheat exports in the world market there is great potential for increasing export of premium quality wheat, from Kazakhstan if unachieved potential is realized. However, it is an established fact that Kazakhstan is under performing as far as its wheat exports are particularly focused on the issues of global export competitiveness, which are of increasing business and policy concerns.

Kazakhstan is in the first ten exporting countries in terms of wheat supplies abroad, accounting for about 2.3% of the international market, followed by Russia, Canada, USA, France, Australia, Argentina, Ukraine, Romania, and Germany Feher et al. (2017). The average annual output of Kazakh wheat during 2008-2018 is 15.622 million tons (table 1.1), with the areas mainly concentrated in central and southern Kazakhstan. Since Kazakhstan, provides itself with wheat in full, the share of imports is insignificant.

Table 1.1: Market Summary: Kazakhstan Wheat Market

Elements	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Production	12,538	17,052	9,638	22,732	9,841	13,941	12,997	13,748	14,985	14,803	13,947
Domestic Supply	17,643	21,285	15,485	26,007	17,948	18,059	15,078	16,463	16,997	17,456	16,178
Domestic Utilization	7,199	7,6	6,71	7,4	7,34	7,48	7,2	7,025	7,056	6,785	6,42
Export (NMY)	6,3	7,86	5,5	10,5	6,5	8,4	5,756	7,526	7,368	8,5	8
Import (NMY)	0,089	0,022	0	0	0,01	0,002	0,593	0,1	0,08	0,06	0,06
Closing Stocks	4,233	5,847	3,275	8,107	4,118	2,081	2,715	2,012	2,653	2,231	1,818

Source: Own compilation based on AMIS Statistic Source: FAO-AMIS, figures in million tones, 2020.

As the volume of production increases, the total exports of wheat and the total value of trade are also on the rise. In 2018, Kazakhstan exported about 8 million tons of wheat to the rest of the world with total trade value of 862,5 million U.S. dollars (Statistics committee MNE RK, 2018). Uzbekistan was the

largest market for exports of this commodity group from Kazakhstan ($ 250,6 million or 29% of total exports of the commodity group) (table 1.2). Other important directions of exports of the group 1001 "Wheat and meslin" from Kazakhstan in 2018 were: Tajikistan – 630 thousand tons (93.8 million dollars, -0.4% for the year) and Azerbaijan – 177 thousand tons (30.6 million dollars, growth for the year – immediately 12.7 times), China – 394 thousand tons (67.9 million dollars, + 74.9% for the year), Italy – 258 thousand tons (52.9 million dollars, +31.4% for the year) and Turkey – 244 thousand tons (51 million dollars, an increase for the year in comparison with January-August 2017 – 4.4 times).

Table 1.2: Kazakhstan's export of the group "Wheat and meslin". January-august 2018

	2018		2017		growth for the year	
	tones	thousand US dollars	tones	thousand US dollars	Tones	thousand US dollars
Wheat and meslin	5 528,9	862 515,1	3 711,3	579 527,3	49%	48,8%
CIS countries	3 755,7	521 887,7	2 788,9	389 252,4	34,7%	34,1%
Uzbekistan	2 039,2	250 627	1 455,4	171 686	40,1%	46%
Tajikistan	928,4	140 534,9	939,0	149 166,6	-1,1%	-5,8%
Azerbaijan	244,5	42 769,8	60,8	10 576,2	301,8%	304,4%
Turkmenistan	218,8	34 846,2	-	-	-	-
Russia	193,4	36 876,6	124,9	22 768,5	54,9%	62%
Kyrgyz Republic	129,8	15 929,3	208,8	35 055,1	-37,8%	-54,6%
Other countries	1 773,2	340 627,3	922,4	190 274,9	92,2%	79%
China	503,3	89 292,6	260,2	47 842,6	93,4%	86,6%
Afghanistan	351,4	59 489	233,2	37 902,8	50,7%	57%
Italy	319,6	63 160,9	214,6	55 130,9	48,9%	14,6%
Turkey	238,5	58 792,1	121,5	25 620,7	133,3%	129,5%
Georgia	74,2	14 815,5	1,3	209,1	5583,2%	6986,8%
Iran	50,2	9 591,5	11,7	2008,6	331,2%	377,5%
Norway	39,0	8 726	-	-	-	-
Sweden	31,0	9 154,5	38,4	11 702,9	-19,3%	-21,8%
Tunisia	28,9	6 664,3	18,9	4 094,9	53%	62,7%
Spain	26,7	5 552,7	6,0	1 391,8	344,2%	298,9%

Source: Ministry of National Economy of the Republic Kazakhstan Statistics committee, 2020

Although Kazakhstan's wheat industry is performing well however, there is more potential in the sector of crops and hence for the exports of grain to all over the world. The competitiveness of Kazakhstani wheat exports to international markets to find out the potential markets as target future markets there was need of study particularly for grain industry. Erokhin et al. (2011) concluded that Kazakhstan's agricultural sector witnessed a competitive position of some of its sectors, but these trends were not uniform across all sectors. Comparative advantages were measured by Rigaux (2008) for commodities sector wheat and meslin using RCA index for Canada. Schmitz, Meyers and William (2015) measured the revealed comparative advantage for agriculture by application Balassa RCA in Kazakhstan, Russia and Ukraine. Akhtar et al. (2009) conducted a research about the global competitiveness of fruit exports of by using the revealed comparative advantage (RCA) approach. Bozduman et al. (2019) examined Kazakhstan's competitiveness in export of selected commodities by employing set of revealed comparative advantage (RCA) and revealed competitive advantage indices with respect to global trade.

The study in hand is designed to explore the current performance and competitiveness of grain industry of Kazakhstan. Keeping the importance of the grain industry of Kazakhstan the study in hand is conducted to explore the wheat exports from Kazakhstan and to figure out the potential markets for Kazakhstani wheat. The results will be used to identify and to solve the problems in existing circumstances in grain exports.

2. Methodology and Data

The main objective of this paper is to evaluate the level of competitiveness for Kazakhstan wheat among other competitors and opportunities in world market to identify the new destination for Kazakhstani wheat. The study is based on secondary data. Time series data on world trade of grain produce and wheat is collected from the databases of Food and Agriculture Organization of the United Nations (FAO) and United Nations International Statistical Database (COMTRADE of UNSD). Commodity-wise and

market-wise data on exports is collected from the Monthly Statistics on Foreign Trade published by Statistics Committee Ministry of National Economy of Republic Kazakhstan (Statistics committee MNE RK). For estimating competitiveness of Kazakhstani wheat in international markets time series Data about prices of agricultural products is taken from statistical yearbooks of Kazakhstan and Agricultural Price Institution, Nursultan, Kazakhstan.

Commodity that a nation should produce and export is determined by the principal of comparative advantage. The comparative advantage tells about that capability of the country to export a commodity, while the competitiveness of the commodity in the world market is determined by the measure of export competitiveness. Both the competitive and comparative advantage of wheat are computed and presented in this section. For export competitiveness, the nominal protection coefficient is computed, while revealed comparative advantage is computed to check the export comparative advantage among major exporters of wheat.

Revealed comparative advantage (RCA) offer convenient way of analyzing a country's comparative advantage, based on actual export performance. The RCA index, thus, categorizes industries according to ability to compete in a specific market. The idea to determine a country's strong sectors by investigating the actual export flow was pioneered by Liesner (1958). Since this procedure was polished and popularized by Balassa (1965, 1989), who defined the export performance of a specific product/industry from a country – as measured by revealed comparative advantage index – as the relative share of the country's export of the product in the world export of the same product, divided by the overall share of the country in world exports. The RCA was used for wheat exports from Kazakhstan to international markets.

$$RCAij = \frac{Xij}{Xwj} \div \frac{Xi}{Xw}$$

Where:

RCAij – Revealed Comparative Advantage Index of Wheat Exports.

Xij – Country i^{th} export of commodity j (wheat).

Xwj – World export of commodity j (wheat).

Xi– Country i^{th} total export.

Xw – Total world export.

A comparative advantage is "revealed" if RCA>1, while if RCA is less than unity, means Kazakhstan has comparative disadvantage in the wheat export on global market. In common, the higher the RCA index of a specific product, the greater a country's comparative advantage in that specific product line. The RCA measure according to Nwachuku et al. (2010) could be made symmetric by obtaining an index called "Revealed Symmetric Comparative Advantage (RSCA)". This is computed as (RCA-1/RCA+1) and it varies from -1 to +1. The closer the value is to +1, the higher the competitiveness of a country in the commodity of interest. These two measures of RCA and RSCA were estimated for the exports of wheat from Kazakhstan to the international markets.

Another measure, nominal protection coefficient, was estimated for the wheat export from Kazakhstan to international markets. Among numerous methods applied to estimate competitiveness, nominal protection coefficient (NPC) is widely used (Corden, 1971; Balassa and Achydlowsky, 1972; Gulati et al., 1990; Rakotoarisoa and Gulati, 2006). NPC is the ratio of the price of domestic produce to the price of imported/exported products, after accounting for transportation cost and other marketing costs. In other words, it is the ratio of a commodity's domestic price to its international reference price and that is computed as per equation:

$$NPCw = \frac{Pwd}{Pwb}$$

Where:

NPCw – Nominal Protection Coefficient for the Commodity Wheat.

Pwd – Domestic price for the commodity wheat in domestic currency.

Pwb – World reference price (border price equivalent) of commodity wheat, adjusted for transportation, handling and marketing expenses.

If NPC is less than 1 then the produce is supposed to be competitive, which implies that domestic price is less than the international price and thus Kazakhstan's produce is internationally competitive.

3. Results and discussion

Wheat export value from Kazakhstan is 1003207 thousand USD for the year 2019. This export of wheat is for only 26 markets. Uzbekistan is the 1st major market for Kazakhstan, followed by Tajikistan and China. About 56% of total wheat export is sent to only above three markets: Uzbekistan, Tajikistan, China. The growth of export was increasing every year from 321071 thousand USD in 2001 and it reached at highest during the year of 2012 which is 1599128 thousand USD. The main reason of huge increase in export value from Kazakhstan was CIS countries, however, from 2013 to 2017 the export of wheat value fluctuated upward and down, due to the main competitors of Kazakhstan in this region – Russia and Ukraine. Kazakhstan in recent years entered some new markets but in these markets the share of Kazakhstani wheat was below than 2 %. These new markets are Sweden, Vietnam, Belgium, Tunisia (Figure 3.1). The demand of the wheat is all over the world, but the

following countries are the topmost numbered countries who import the wheat from all over the world. For instance, Turkey is the top first importer of the wheat with about 5.7% share in the total import quantity of the world. Egypt is at number two with about 5.1% share in the world's imports value. Italy imports are the 4.7% of total mutton imports from the world (FAO,2019). Over the years, the share of other countries in wheat imports has been increasing indicating the emergence of new markets. Kazakhstani exporters export less the wheat to the world's top ten importers. Although these markets have lot of potential for Kazakhstan's wheat market and Kazakhstan also got the status of most favored nations (MFN) from European Union, then what are the factors that Kazakhstan could not target better these markets? Is there any difference in the quality demand in these top markets? Is there any different price behavior in these markets? There is needed to fully explore the matter.

The comparative advantage of wheat exports of Kazakhstan is measured with ten major global exporters by applying Balassa RCA index and revealed symmetric comparative advantage (RSCA). All the ten exporters including Kazakhstan are among the top ten exporting countries, according to FAO statistics, for the period 2001-2019. Three of them belong to CIS, the Russian Federation and Ukraine posing strong competition to Kazakhstan as they operate in same export markets. The other competitors are the United States, Canada, France, Australia, Argentina, Romania and Germany creating a major threat for Kazakhstan export in EU markets. RCA indices of all countries from 2001 to 2019 on triennium year's average basis are presented in Table 3.2.

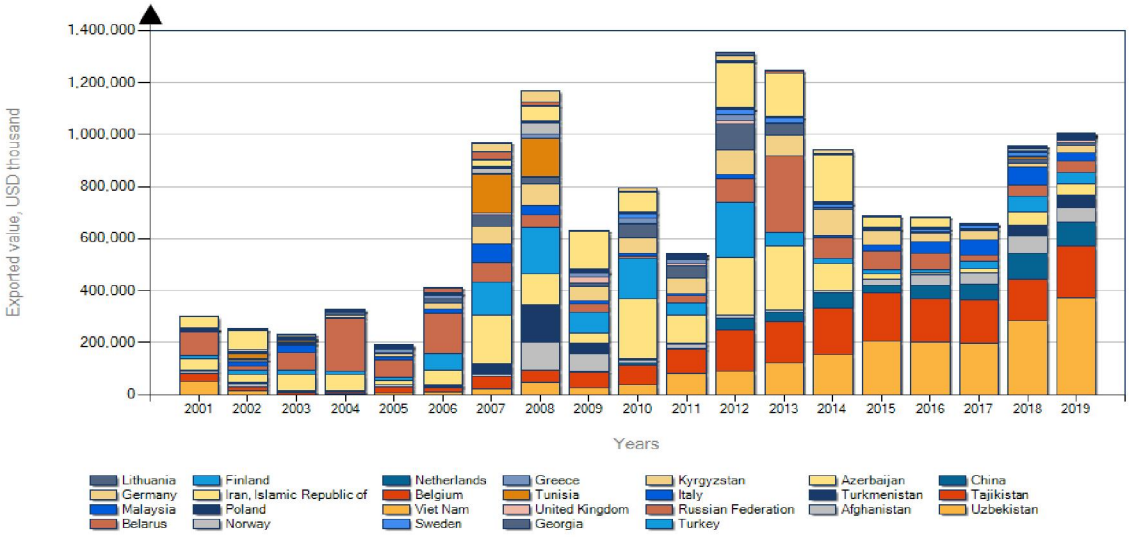

Figure 3.1: Wheat exports from Kazakhstan
Source: International trading center.

Table 3.2: Balassa RCA Indices of 10 major world wheat exporters for 2001 to 2019 on three years moving average basis

Year	2001	2004	2007	2010	2013	2016	2019
Russia	0,61	1,36	4,63	2,39	2,54	6,07	7,41
USA	1,95	2,92	3,24	2,42	2,57	1,53	1,87
Canada	4,05	3,89	4,69	5,38	5,51	4,75	5,91
France	2,60	2,83	2,96	4,17	4,17	2,82	3,85
Australia	14,87	16,40	5,14	8,31	8,83	7,86	4,52
Argentina	21,60	18,14	16,33	6,06	3,67	13,28	18,43
Ukraine	6,03	4,06	1,74	6,81	11,48	30,73	16,93
Romania	1,49	0,09	0,71	4,67	7,58	8,18	8,09
Germany	0,64	0,36	0,40	0,71	0,71	0,60	0,41
Kazakhstan	**15,93**	**8,91**	**11,07**	**7,30**	**5,69**	**7,66**	**8,51**

Note: Computation made by author on basis of FAO statistics.

Table 3.2 illustrates that Kazakhstan has remarkably high comparative advantage in wheat export. Among other wheat exporters USA, Australia and Germany the major competitors in the world market, were on declining side in competitiveness, but Russia, Ukraine and Kazakhstan (Former Soviet Union countries, FSU) were improving their competitiveness, as their RCA indices for the period under study were rising. This result shows that their share of exports relative to domestic production had increased over the study period. Similarly, Romania and Argentina are on increasing side in their competitiveness which matches with increasing export share in domestic production. The RCA index of Canada is low but did not fluctuate very sharply displaying its little competitiveness in world mango market.

In order to make better assessment of competitiveness for exporting commodities, the indicators of the RCA index were improved, one is the RSCA which lies in the range from -1 to +1. For better analysis, the competitiveness of major wheat exporters in the world and compare with Kazakhstan RSCA indices were also calculated and given table 3.3.

Table 3.3: RSCA Indices of 10 major world wheat exporters for 2001 to 2019 on triennium ending average basis

Year	2001	2004	2007	2010	2013	2016	2019
Russia	-0,24	0,15	0,64	0,41	0,43	0,72	0,76
USA	0,32	0,49	0,53	0,42	0,44	0,21	0,30
Canada	0,60	0,59	0,65	0,69	0,69	0,65	0,71
France	0,45	0,48	0,50	0,61	0,61	0,48	0,59
Australia	0,87	0,89	0,67	0,79	0,80	0,77	0,64
Argentina	0,91	0,90	0,88	0,72	0,57	0,86	0,90
Ukraine	0,72	0,60	0,27	0,74	0,84	0,94	0,89
Romania	0,20	-0,83	-0,17	0,65	0,77	0,78	0,78
Germany	-0,22	-0,47	-0,43	-0,17	-0,17	-0,25	-0,42
Kazakhstan	**0,88**	**0,80**	**0,83**	**0,76**	**0,70**	**0,77**	**0,79**

Note: Computation made by author on basis of FAO statistics.

The table above represents the RSCA indices for the top ten major wheat exporters, including Kazakhstan for the same period (triennium ending average as shown above). The results of the RSCA indices are consistent with previous RCA indices indicating the ability to assess the competitiveness of export commodities or a group of commodities. There is a significant decrease in the RSCA indices for Kazakhstan, Australia and Argentina. Russia substantially improved its competitiveness reflecting implementation of positive export policy measures and complying international quality standards (Ishchukova et al, 2013). RSCA indices for other three countries, viz Canada, France and Ukraine were maintained indicating that no significant changes occurred during the period of study in their competitiveness. It has already been mentioned that Russia and Ukraine are regional competitors for Kazakhstan, supplying to almost same export market and emerging as a real threat to Kazakhstan. Romania's RSCA was negative during the 2004-2007 but it improved its RSCA index slightly, and this causes substantial difference since it is the largest wheat exporter supplying to Egypt, Jordan and Sudan. Germany's RSCA indices remained negative throughout the period which shows that Germany is no more in competition for export of wheat.

The definitions of domestic price, border price/reference price are explained in detail before the results are presented. The data required for this computation was extracted from the World Bank and Statistics Committee Ministry of National Economy of Republic Kazakhstan. The domestic prices are computed by using the State-wise wholesale Monthly Price of wheat for the spring which is the main season of wheat in Kazakhstan. The annual price is the average of monthly prices of all states. The data is used for year 2001 to 2019 till July. Border price can be computed either by using the international price adjusted for cargo and insurance. Since the information on these components is not readily available or just approximations, the study uses the other way of computing border price. The unit export price that is the 'Free On board' (FOB) price, has been used which is derived by dividing value of exports by their respective quantities. In case of wheat, the FOB prices are used due to lack of information on international prices. The relevant border price or reference price, used for calculations, is obtained after deducting the transportation costs that is deducting both the domestic and international costs, port clearing charges, marketing costs, trader's margin and the processing cost, if any.

The prices used in computation of the NPC are presented in Table 3.4, based on the methodology

discussed above. The average difference in the FOB/ Unit Level price and reference price is about 20 per cent of the FOB price. This assumption is used for computing the results and under this scenario, the prices are presented in the column of reference price 1. Further, if we want to make our commodities more competitive in future then transportation costs need to be reduced. Keeping this into consideration, the results for the scenario, if the transportation cost, processing and margins cost are reduced to 20 per cent of FOB price and 15 per cent of FOB price, are also presented. Based on these prices, the nominal protection co-efficient is computed and presented in Table 3.5.

Table 3.4: Domestic price, FOB price and reference price from 2001-2019 USD per metric ton

Yearly	Domestic Price	FOB/Unit level Price	Reference Price1	Reference Price 2
2001	105	123,79	108,04	102,79
2002	82	149,31	137,01	132,91
2003	146	131,62	109,72	102,42
2004	151	166,58	143,93	136,38
2005	116	143,87	126,47	120,67
2006	125	202,43	183,68	177,43
2007	189	238,41	210,06	200,61
2008	295	192,25	148	133,25
2009	196	129,5	100,1	90,3
2010	180	168,25	141,25	132,25
2011	211	197	165,35	154,8
2012	214	260	227,9	217,2
2013	246	190,25	153,35	141,05
2014	228	170,5	136,3	124,9
2015	189	185,75	157,4	147,95
2016	154	165,75	142,65	134,95
2017	155	171,25	148	140,25
2018	157	200,5	176,95	169,1
2019	187	174,75	146,7	137,35

Note: Reference price 1 is the price with the transportation cost etc. as 20 per cent of the domestic price. Reference price 2 is the price with the transportation cost etc. as 15 per cent of the domestic price.

Table 3.5: Nominal Protection Coefficient for wheat from 2001 to 20019

Yearly	NPC Under Scenario 1	NPC Under Scenario 2	NPC Under Scenario 3
2001	0,56	0,62	0,64
2002	0,73	0,81	0,85
2003	1,01	1,20	1,27
2004	0,97	1,14	1,21
2005	0,83	0,95	1,00
2006	0,82	0,93	0,98
2007	0,83	0,94	0,99
2008	1,04	1,24	1,32
2009	0,94	1,09	1,15
2010	0,80	0,91	0,95
2011	0,67	0,74	0,77
2012	0,72	0,80	0,84
2013	0,81	0,92	0,97
2014	0,82	0,94	0,98
2015	0,83	0,95	1,00
2016	0,80	0,91	0,96
2017	0,78	0,88	0,92
2018	0,73	0,82	0,86
2019	0,86	0,98	1,04

Note: Scenario 1 if FOB price actual; Scenario 2 if reference price 1 and scenario 3 if reference price 2.

Based on the domestic price and reference price, the NPC is computed which shows that from 2001 to 2019 in scenario 1 expect 2003 and 2008, the NPC is less than one (Table 3.5). Thus, in other years, Kazakhstan was competitive in wheat export. Even after 2010, the commodity was highly competitive because the NPC is around 0.50. The NPC ratio was on margin for the year 2004 and 2009. As the total cost of transportation, handling and margins got reduced, the FOB price also diminished as compared to domestic price which further reduced the competitiveness of particular commodity. Also, it is seen that, since the agro gate prices were less than the market price, thus, a direct procurement from agro gate would reduce the in-between costs of transportation and commissions of the middlemen. This would help to make the commodities more competitive for exports.

The transportation cost in Kazakhstan was about 20-30 per cent higher than that in other countries, which worked as a hindrance and a lack to Kazakhstan's exports. When the air transportation was used for exporting produce then the price was about 45 per cent higher than the retail price and in case of maritime transport, the price was 25 per cent higher than the retail price. This calls in for development of ports in major port cities exclusively for export of perishables (Yugay and Yemelina, 2013). Due to expensive transportation, the Kazakhstan produce becomes expensive and loses its competitiveness. Within the country also the transportation infrastructure is expensive. The fuel price and border taxes make the transportation of produce from one part of the country to other more expensive. In addition, there is a traders' margin which is estimated to be 6-8 per cent of the landed cost (import CIF price + port charges). This, on one side, increases the cost of transportation and on the other side, it is time consuming.

4. Conclusion

Wheat is commercially grown in more than 80 countries in the world. Major producers are China, India, Russia, USA, France, Australia, Canada, Pakistan, Ukraine and Germany. Major exporting countries viz. Kazakhstan, Russia, Canada, USA, France, Australia, Argentina, Ukraine, Romania, and Germany, have consistently enhanced their production and correspondingly increased their share of export in the world mango market. Russia is the leading global exporter with $ 6,399 billion and occupies 3ed rank in wheat production in the world. The share of Russia, Ukraine, China, India and Pakistan in total world wheat production had been consistently surging up. Looking at the trend of wheat imports by countries, the total volume of wheat import increased from $ 15,534 billion in 2001 to $ 43,560 billion in 2018. Turkey, Egypt, Italy, Philippines, Indonesia, Japan and Algeria are the major wheat importing countries of the world accounting for more than quarter of the total world imports of wheat in 2018. Over the years, the share of other countries in wheat imports has been increasing indicating emergence of new markets.

Currently Kazakhstan's export markets are Uzbekistan, Tajikistan, China, Afghanistan, Turkmenistan, Azerbaijan, Turkey, Russia, Italy, Kyrgyzstan, Georgia. Among these markets Turkey, Italy and China are attractive markets for wheat exports due to high prices. There is need to explore the more potential markets for wheat to get high margin which are Egypt, Philippines, Indonesia, Japan, the Republic of Korea, Morocco, Mexico, Brazil, Bangladesh, Thailand, Viet Nam. Through the study underhand it was found that there is more potential in cereal and Kazakhstan can easily compete any of its competitor whether it is Russia or Ukraine. There are different categories of international markets with high market prices where Kazakhstan can compete easily but their major factor of less performance of Kazakhstani wheat export is the smaller number of exporters and transportation costs. The government should try to increase the number of total exporters from Kazakhstan, only about 30 exporters are performing well in the huge internationally demand of grain, and suggestions are to focus on the markets. Moreover, need to improve supply chain management on internationally regulations. The government should try to facilitate these exporters to the specific identified markets of the world. It is the quantitative study and to and for the identified markets the government should try to help the industries to improve qualitative aspects in the grain industry of Kazakhstan.

According to the finding of the current study under hand by using NPC, RCA and RSCA the internal markets showed that Kazakhstan was enjoying competitiveness at international level. NPC level detect that throughout the period from 2001-2019 except 2003 and 2008 Kazakhstan was competitive in wheat export. Moreover, the RCA comprising ten major global wheat exporters identified that Russia, Ukraine and Kazakhstan (FSU) were improving their competitiveness, as their RCA indices for the period under study were rising. This result shows that their share of exports relative to domestic production had increased over the study period. Although, since expensiveness of transportation, the Kazakhstan produce becomes expensive and loses its competitiveness. Within the country also the transportation infrastructure is expensive. The fuel

price and border taxes make the transportation of produce from one part of the country to other more expensive. In this struggle there is definite need for support from government, what crop companies, wheat exporters, workers and trade unions. It is time that all of them to work together to sustain grain industry in a much more responsible manner.

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