



**Kazakhstan Canada Business Council - 4th Meeting
Agriculture and Ag-tech Working Group Report, November 23 2020**

Background:

Co –Chairs:

- Mr Aarij Bashir, Trade and Investment Officer, Ministry of Agriculture and Forestry, Government of Alberta (Canada)
- Mr. Beibit Yerubayev, Director General KazBeef Group (Kazakhstan)

Host

- Mr. Frank Kense, Regional Director, Alberta CERBA Chapter

Speakers:

Kazakhstan:

- Vice Minister Mr. Nurbek Dairbekov (Ministry of Agriculture)
- Ms. Saule Sabyr (Deputy Director "Kazakh Invest “)
- Mr. Dauren Matabayev (CEO, Qazaq Aqbaz Association)

Canada:

- Assistant Deputy Minister Fred Gorrell (Agriculture and Agri-Food Canada)
- Mr. Vitaliy Praylov (Marketing Manager - Bourgault Industries),
- Mr. Andrey Semin (Territory Manager – Valmetal),
- Dr. Eric Behlke (Partner – Feedlot Health Management Services)
- Ms. Lisa Rumsfeld (VP of International Commercial Operations – Growsafe Systems)

- Participants (list attached)

REPORT

Frank Kense (CERBA Regional Director, Alberta Chapter) welcomed everyone to the event, followed by thanking the sponsors and the team. Frank also mentioned the 5 Working Groups part

of Kazakhstan Canada Business Council IV Meeting and went over the housekeeping items including translation features.

Aarij Bashir (Trade and Investment Officer, Government of Alberta and Canadian co-chair) delivered opening remarks with a focus on similar climate and the opportunity in the areas of ag-tech and equipment. Aarij focused on the format of the working group and how the issues and opportunities discussed in this meeting will be shared with political and bureaucratic leadership on both sides with the aim of influencing policies in the agriculture sector for increase cooperation between Canada and Kazakhstan. Aarij then introduced the Kazakh co-chair, Beibit Yerubayev.

Beibit Yerubayev (Director General, KazBeef) welcomed the group and talked about the KazBeef operation, which is a vertically integrated beef processing and packing now. They are exporting their product and focus on high quality genetics imported from North America. They have a 10,000 head feedlot and have partnered with Feedlot Health Management Services. KazBeef has been a success story for technology transfer between the two countries. In spite of COVID-19, KazBeef has been very successful in utilizing Canadian agriculture technology. Beibit also mentioned there is tremendous potential for cooperation in the agriculture sector including both crop and livestock sectors. They have been able to access opportunities with regards to learning and genetics.

Ms Saule Sabyr (Deputy Director, Kazakh Invest) highlighted the important niche in the agriculture machinery sector of Kazakhstan. They have companies working internationally on machinery production as well as ongoing agreements with manufacturers. 85% of tractor fleet and 68% of harvester fleet have been operation for more than 10 years in Kazakhstan. They have subsidy assistance for up to 25% of the machinery cost and preferential treatment for required for input costs. Special discussions are going on to include both imports/export customs preferences as well. Investors' rights are also protected through a variety of councils that are also addressing business climate issues, laws and practices in line with international standards like the English Common Law. Kazakh Invest has a "one stop shop" approach and they have representatives in several regions in KZ as well as internationally. Kazakhstan has 13 special economic zones that have investment preferences including 0% corporate taxes, land use taxes and others. Government support for subsidies and parameters depend on size of foreign investment and location. There are 24 industrial zones and a 25% rate of investment subsidy. There are more than 20 financial institutions with government participation for financing of priority sectors in Kazakhstan including KazAgro Finance, Kazakhstan Investment Development Fund, Samruk-Kazyna Invest, etc. They also work with International Financial Institutions including Asian Development Bank, CitiBank and World Bank. They currently have 40 investment proposals in the livestock, fish farming and processing, crop production and other sectors.

Maksat Zhanabayev (Director of Department of International Relations and Investment Attraction, Kazakhstan Ministry of Agriculture) highlighted that Kazakhstan agriculture products are exported to 70 countries abroad. There are 1 billion consumers in EU, China and Russia with Caspian basin being a priority now. They are looking to expand their exports to other EU markets, Israel and Japan. They provide 25% subsidies in meat, oilseeds, wheat, dairy, fruits and vegetable sectors. They are also investing in value added processing in these sectors but there are still some barriers. They now

have export protocols with Iran, Saudi Arabia, UAE, Russia, EU and China. There is potential for dairy product exports but don't have enough production to meet the needs of both domestic and international markets. There is export market potential in Turkey, Mongolia, Uzbekistan, Kyrgyzstan, China and Russia. Wheat Processing and oilseed products have huge potential for exports, as well as fruits and vegetables.

Vitaliy Praylov (Bourgault) provided a summary of agriculture equipment that Bourgault manufactures with technical details. They have more than 45 years of experience in the sector and started working in Kazakhstan in 2002. They produce a wide range of equipment including new Air seeders and Mid Row Banders critical in the mix. They have approximately 1000 different working units in the fields of Kazakhstan, which include seeders and tillage products. They also highlighted Hlighthouse that manufactures equipment with focus on livestock sector include bale processors, feed mixers and rock pickers.

Andrey Semin (Valmetal) presented on their milking equipment and their search for reliable commercial partners in Kazakhstan. Their main focus is on dairy farm machinery. Their aim is to provide farmers with innovative and reliable equipment to mechanize and automate including the chore of processing and distributing feed to herds, manure management and waste management. Valmetal group started almost 30 years ago as a machine shop manufacturing parts and components for other industries as well as custom made machinery. They now have 6 companies, over 500 employees and a worldwide distribution network. They are not new in the region. Part of their equipment is up and running for more than 10 years in different farms of Kazakhstan and Russia. They exported first equipment to Russia in 2006 and since that time they have installed more than 330 scrapers system as well as 230 manure pumps in Russia. In Kazakhstan, they equip 10 farms with their manure handling equipment. Feed cost comprises of up to 60% of price of milk and they have equipment that increases feed efficiency. Manure handling is the second direction for their company, where they have scrapers for making floors as clean as possible. The next step is manure recycling where they can use manure as an input. They have more than 10 projects in Russia with Ekoniva Holdings.

Eric Behlke (Feedlot Health Management Services) highlighted their work with KazBeef since 2019. Feedlot health is important. They currently provide subscription-based suite of professional services to beef feedlots and calf grower operations in Canada, United States, Mexico, Brazil, and Kazakhstan. Annual throughput of client operations is approximately 4 million beef cattle/year. From the air, KazBeef would look very similar to high tech feedlot in Western Canada. KazBeef is their only client in Eurasia. This is a perfect example of technology transfer and partnership in Ag-tech space as their technology was installed in KazBeef's new barn. They have chutes side data collection in Russian. They provide production consulting services including animal health, feeding, performance, animal management, procurement and certification with technology used throughout. They monitor feedlot performance including morbidity and mortality. They can do projections with the team through software that replicates daily performance collected in Kazakhstan and synchronized with Canada daily, 365 days a year.

Lisa Rumsfeld (Growsafe) and **Dauren Matakbayev (Qazaq Aqbaz)** presented on their partnership. Growsafe is precision livestock company that uses systems to capture animal weight and feed. They also provide In Vitro Fertilization services as well as phenotype data capture. Their artificial intelligence driven platform identifies combinatorial trait signatures providing accurate genetic insights for phenotype performance. GrowSafe is a platform of livestock monitoring solutions and includes world's largest multi-breed efficiency data base. They partnering globally with breeders, breed associations, feedlots, nutrition companies and academia. Their project with Qazaq Aqbaz focuses on building using technology to advance the breed and expand marketing opportunities. They have installed their system in four partner farms across Kazakhstan and aim to develop efficiency of top tier breeding farms, test up to 2000 animals per year, publish validated efficiency data and launch joint marketing campaigns.

Fred Gorrell (Agriculture and Agri-Food Canada) addressed importance of keeping the global supply chain going, minimizing COVID impacts and sustaining government to government relationships. Growth in the tech transfer industries is the key in promoting bilateral relationship. Supply chain disruptions with regards to agri-food has so far not affected Canada. This continues to be a critical challenge as well as an opportunity for establishing stable supply chains. We cannot all produce all the food we need domestically in Canada due to weather, transport and technology. Fred Gorrell also mentioned that food security is an increasing priority for governments and highlighted the importance of fair trade as it allows for predictability. Canada is the 5th largest exporter and 6th largest importer of agriculture and agri-food products. Canada Kazakhstan cooperation has continued since 1950s and the growing industry-level cooperation on genetics, agri-tech, and farm management is commendable. We are seeing growing business to business cooperation in research, livestock breeding, beef production, and farm management technology. We have a history of trade in genetics, live animals, agriculture machinery, fish and seafood as well as processed foods. Bilateral trade has declined over the years. Canada offers world-class food safety as health is a priority at home and internationally, strong ag-technologies, and reliable and high-quality food supply. We have numerous government programs to support the agriculture and agri-food industry including a department dedicated to science-based, rules-based market access supported by a trade commissioners' network abroad.

Vice Minister Nurbek Dairbekov (Ministry of Agriculture) responded to a question on soybeans mentioning that switching to production of oilseeds is as priority. The demand and prices are increasing, so we need to enhance this sector and need irrigation systems. Several associations and companies already heavily involved in soybean sector and we can organize bilateral exchanges. Kazakhstan and Canada have similar soil, climate conditions and people who put their soul and hearts into the agriculture sector. We can use modern technology to increase production of feedlots and we are open to cooperate. We have different measures of state support, investment incentives, protection of the rights of investors, and importantly great natural resources.

Closing remarks were provided by both co-chairs stressing the need for increased cooperation in the ag-tech sector for mutual benefit of both countries.

Frank Kense thanked everyone and acknowledged challenges with time zones and workloads. Aarij thanked Mr Gorrell, presenters and Vera for technical support.

OPPORTUNITIES

- Advancing productivity in the livestock sector through use of technologies with a focus on feed efficiency, waste management, genetic improvements and feedlot management.
- There are also opportunities in the area of no till farming for both feedlot development as well as crop sector.
- Canadian technology can help Kazakhstan farmers in efficient production and marketing of their products, resulting in increased revenues and a win-win situation for both countries.
- Need for practical training for farmers which can be achieved in partnership with Canadian agriculture colleges
- Government Funding for automation and ag-tech projects in Kazakhstan is the key in realizing the potential opportunities in collaboration with Canadian partners
- There is a need for pilot projects which utilize Canadian technologies in collaboration with Kazakh enterprises and/or post secondary institutions

ROADMAP: NEXT STEPS

- Trade mission from Kazakhstan to Canada in Summer 2021 with a focus on agriculture technology
- Potential visits to Alberta, Saskatchewan and Ontario
- CERBA and Government of Alberta's participation in KazAgro 2022 show in October 2021 with a focus on showcasing Canadian agriculture technology
- Kazakhstan Ministry of Agriculture may consider funding for pilot projects that use Canadian technology as well practical training programs for farmers