

In terms of a current situation on the world food market, the issue of food security has become one of the key questions in economic, political and social life of the countries. The sub-prime mortgage crisis, which hit the world financial system, galloping inflation growth, increase of energy prices and related to the latter slowdown of production development as a result of soaring prices for goods and services, have already placed many countries to a very difficult situation. Elsewhere, and first of all, in the developing countries, the livelihoods of wide part of population have decreased. Among the economic sectors, the crisis hurt particularly agriculture and, as a result, many countries are faced signs of food crisis.

Kazakhstan, which has already become the part of the world economy, also has being experienced negative outcomes of these events in the form of soaring prices on food and high inflation rate.

In such a situation, the objective raised up to the Government was prevention of the economic growth decline, restraining inflation, and fulfilling the internal market by food and, on that ground, securing stability of population livelihoods.

Meanwhile, I would emphasize that Kazakhstan is completely satisfying the internal demand for the main food products.

That has been reached due to implementation of concrete measures for strengthening country's food security, raising sectoral competitiveness and its exports potential.

At the present time, with the purpose to improve a legal framework, government is developing the draft of the law on country's food security.

In order to create incentives for production and to increase exports potential, the government is implementing direct and indirect measures, which help to attract investments and, in this way, allow for development of the agricultural sector.

For example, the growth rate of capital investments into the agricultural sector has increased more than twice in the last five years.

Yet, the agricultural sector of Kazakhstan has in disposal a wide opportunities for further increase of production. In addition to that, the availability of huge demand markets around Kazakhstan, tending to wide up, appears as a favorable factor for such increase.

The total area of the agricultural land in Kazakhstan is about 87 mln. hectares, among them 22 mln. hectares are arable land. It should be brought to the light, that country has sizeable reserves of land suitable for ploughing and, in case of efficient use of them, the total area of arable land can be increased as to 1,5 times compared to the present.

The total area of irrigated land in use up to date is 1, 3 mln. hectares. Meantime, rational use of available water resources and implementation of water saving technologies will allow for additional use of about 1.0 mln hectares of irrigated land without considerable expenses.

The natural climatic conditions in Kazakhstan are favorable for cultivation of grain-crops, and, first of all, of wheat. The country produces hard wheat with high content of gluten which is highly demanded on the world market.

The yield has been collected in 2007 reached 20.1 mln tones, that is 3,6 mln tones more than a level which was achieved in the 2006. This volume allows for total fulfillment of internal demand up to the next yield and for exports of about 10.0 mln tones.

Wheat production per capita has reached 1078 kg, that allows Kazakhstan to reach the first place in the world, leaving behind Australia.

Increase of grain production made possible to increase the value of its sales. About 6.8 mln. tones were loaded for exports in 2007. In addition, there were exported about 1.5 mln. of wheat flour, that has been about 2.1 mln. tones of wheat grain equivalent. Therefore, the total exports in 2007 in grain equivalent reached 8.9 mln. tones.

The consumers of wheat from Kazakhstan include about 45 countries in Asia, Africa and Europe.

Meanwhile, the countries, which have enough land, labor and material resources, are able to increase their grain production and exports in the nearest future.

In order to increase annual exports of grain, the country has initiated construction of grain terminals in the ports of the Caspian sea and Black sea.

As well, climatic conditions of Kazakhstan are favorable for cultivation of oil-yielding crops, maize, fruits and vegetables. In the south of the country traditional crops, along with fruits and vegetables, melons and gourds, include rice and cotton.

Cultivation of oil-yielding crops, sugar-beet, fruits and vegetables has become attractive for investments, because, at present, the majority of the demand on the internal market is covered by imports.

In order to increase incentives for farmers to produce crops, for which the internal demand is not satisfied, the government is implementing measures to increase value of subsidies on cultivation of these crops.

The government is undertaken all possible measures to boost production of fruits and vegetables by agricultural entities using greenhouses.

The moisture-saving technologies are widely used in the country.

Kazakhstan has auspicious conditions for development of the livestock sector. Particularly attractive for investments is pasture husbandry, where is an opportunity to produce competitive and ecological products applying efficient management of large natural pasture land. The country has enormous capacity and resources for using this opportunity. It would be enough to give an example. Nowadays, Kazakhstan is using only 40 percent out of 180 mln. hectares of natural pasture land.

Today, we have about 7 mln. heads of cattle, more than 21 mln. heads of sheep and about 30 mln. heads of poultry. By these indicators estimated per capita Kazakhstan is one of the leading countries in the world. The country has a real potential to increase 3 times number of livestock by all species in the nearest future.

Regarding the demand markets for livestock production, it should be noticed, that their size is enormous both inside of the country and in the boarding countries.

Along with that, the efforts are made for creation of large scale dairy farms for industrial production of dairy products using imported species with high productivity and fattening facilities for meat production.

The food processing is one of the prospective directions in the agro-industrial complex of the republic, and has a capacity for effective development.

It is remarkable that imports of processed food reach more than 1.9 bln. US dollars, and there is a potential for development of the food processing industry in Kazakhstan.

Important part of the agriculture is fishery. Our water basins are rich for such valuable fish species like beluga, stellate surgeon, surgeon, pike perch, and others. In order to attract investments to this industry and to improve protection and reproduction of fish resources, we have initiated securing a long-term use, from 10 up to 49 years, for those who work in fish fields and basins. That was resulted in growing interest of local

fishermen, but also of investors, because this industry has a huge potential for business.

It is common knowledge that success and prosperity of any business, including foreign business, first of all, depends on social and political stability in the country, degree of predictability of the government actions, clearness of the legislation, and degree of support for business initiatives. Kazakhstan contributes considerably for this purpose, and the government policy for support of foreign investments has focus on that. This is apparent for all foreign investors working in different sectors of economy.

The law currently in force in the agricultural sector is adequate to the requirements of the market economy, international legal regulations and has a focus on, first of all, protection and support of business initiatives of producers.

Besides of that, in accordance with the law in force, investors can benefit from tax preferences for a period up to 10 years, depending on a value of investments; exemption from custom duties; and government natural grants.

All that not only secures stability and guarantees for agro - business, but also provides a foundation for assured work of agricultural producers.

Therefore, the agro-industry of Kazakhstan has at disposal an enormous potential and has a significant development prospective. The strategic course, which has been chosen by Kazakhstan, having as an objective creation of the open economy closely integrated with the world, demonstrates absolute

appropriateness and high viability. The agricultural sector has become attractive for the business and this serves as an additional incentive for creation of a modern and competitive agro-industry in the country, for extension of the export capacity, and for improvement of livelihoods and well-being of the rural population.