Analysis of meat market and meat products market in Kazakhstan

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Abstract

This article considers the market of meat and meat products in Kazakhstan, the annual rate of consumption of meat and meat products and their production since 2006 to 2012 (slaughter weight), the gross output of agricultural products for the period 2006-2012. The market of the meat and meat products is an economic relation between buyers and sellers, or consumers and producers on sales of meat products and the appropriate auxiliary services.

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1. Introduction

In 2010 the volume of meat production in the world amounted to 286 million tons, including 65 million tons of beef, 96 million tons of poultry, 107 million tons of pork, 13 million tons of mutton, more than in 2009 for 2.5%. Due to rising world prices for meat, today cattle meat market becomes more profitable and beneficial.

The meat industry from North America to Australia expects a significant increase. In South America export-oriented farming is growing rapidly from year to year. Asia also aims to increase its meat production. If in the early 90s developing countries accounted for 43% of global consumption of meat, now it equals to 58%. However, the per capita statistics are different, to be exact, global per capita average consumption equals 42 kilos annually, 84 kilos in developed states and 31 kilos in developing countries [1].

In Kazakhstan, the production of meat is increasing year to year; that the increase in the production of meat (slaughter weight) in 2006 (808.6 tons), compared to 2011 (939.4 tons) increased by 16%. Meat and meat products refer to a traditional food in Kazakhstan. But despite this fact, the consumption compared to the pre-reform period has declined; as a result, the certain amount of population diet lacks the animal protein. Whereas the normal per capita consumption of meat and meat products should annually be 86 kilos in Kazakhstan, the actual rate of consumption in 2010 amounted to only 48 kilos per year. This figure shows that Kazakhstan consumption rate is below than the accepted average rate of meat consumption.

The indicators of the per capita consumption of meat are following:

- sales of food in the households;
- of nutrients and calories of consumed food;
- an average consumption of meat products of one household member;
- consumption of meat products of various socio-economic groups;
- real and normative consumption of meat products by population;
- structure of the population diet;
- real and normative content of nutrients in the population diet;
- annual level of per capita consumption of meat in developed countries;

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– shortage of meat consumption compared to the norms of rational consumption;
– structure and priorities of the consumption of meat products in various categories of the population;
– Annual self-sufficiency by meat products, per capita.

The market of the meat and meat products is an economic relation between buyers and sellers, or consumers and producers on sales of meat products and the appropriate auxiliary services [2].

The subjects of the market of meat and meat products are: a farmer (peasant farms), private farms and agricultural enterprises which produce meat and provide production facilities for the second and third spheres of the meat production sub-complex, meat industry facilities and market infrastructure to facilitate the conditions for the processes of production and sale.

The market of meat and meat products market conditions can be folded as follows:
– an equilibrium, if the quantity demanded is equal to the quantity supplied;
– the meat scarce, if demand exceeds supply;
– The meat excess, if supply exceeds demand.

Currently, the markets store a wide range of meat products. The apparent abundance of meat products is reasoned by the fact that meat products are not economically available for some part of the population.

Thus, the amount of supply of meat and meat products basically depend on the activity of agricultural enterprises and the meat industry. Prior to these industries, the full capacity of production of meat products and the market saturation are problematic issue for the industry. But every industry has its own characteristics and metrics included in the toolkit for the analysis, which differ significantly.

For this reason, in the indicators characterizing the efficiency of agricultural enterprises should include following:
– the amount of meat in slaughter weight;
– resources and the consumption of meat and meat products in terms of meat;
– structure of meat production by type of livestock and meats;
– volume of livestock and poultry;
– the volume sold for meat (live weight);
– the per capita amount of meat in the country and region;
– profitability of livestock by sub-sectors;
– Indicators of meat quality and competitiveness of domestic producers.

The production functions for consumption. To meet the needs better it is necessary to know “your own” customers and their preferences.

Figure 2 shows the dynamics of the gross output of agriculture for the period of 2006-2010.

The figure shows that during the analyzed period, the growth rate of gross output has a positive trend KZT 1641352.4 mln in 2009, and fell to KZT 1,442,630.1 mln in 2010. During these period livestock products in 2006 was KZT 407,545.2 mln and increased to KZT 774,105.8 mln in 2010 [3].

Table 1. Gross output of livestock products by region, January-February of 2012.

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Akmola</td>
<td>3725</td>
<td>3354.5</td>
<td>90</td>
</tr>
<tr>
<td>Aktobe</td>
<td>5454.7</td>
<td>4772.1</td>
<td>87</td>
</tr>
<tr>
<td>Almaty</td>
<td>9133.5</td>
<td>7503.1</td>
<td>82</td>
</tr>
<tr>
<td>Atyrau</td>
<td>1770</td>
<td>1489.8</td>
<td>84</td>
</tr>
<tr>
<td>West Kazakhstan</td>
<td>1755.9</td>
<td>1974.7</td>
<td>112</td>
</tr>
<tr>
<td>Zhambyl</td>
<td>3023.2</td>
<td>3009.3</td>
<td>99.5</td>
</tr>
<tr>
<td>Karaganda</td>
<td>4424.9</td>
<td>3370.0</td>
<td>76</td>
</tr>
<tr>
<td>Oil and Gas Industry</td>
<td>5868.9</td>
<td>6235.7</td>
<td>106</td>
</tr>
<tr>
<td>Kyzylorda</td>
<td>1335.8</td>
<td>1326.5</td>
<td>99.3</td>
</tr>
</tbody>
</table>
The table shows that during February of 2012 the gross output of livestock products in Kazakhstan was KZT 57138.6 mln, whereas in January – KZT 59696.9 mln.

Meat and meat products are relatively expensive food. The indicators characterizing the economic availability of meat products to the population include following:

- food basket content;
- prices for meat products in Kazakhstan and abroad;
- Per capita average income;
- proportion of expenditure on the purchase of meat products in general consumer spending of the population;
- purchasing power by average per capita income;
- structure of household consumption expenditure on food;
- Commodity structure of retail trade;
- distribution of incomes and socio-economic differentiation of the population;
- population with incomes below the subsistence level;
- subsistence minimum;
- structure of a living wage;
- Amount of the population with incomes below the cost of food basket.

The level of consumption of meat products depends on the health of the population, especially the younger generation. Therefore, a group of indicators characterizing the influence of physical and economic availability of meat products for safety, health, socio-demographic situation and the overall human development should include following:

- Life expectancy at birth;
- mortality rates;
- structure of general morbidity in the general population and disease groups;
- proportion of defective and unhealthy meat products;
- Hygienic standards of quality and safety of meat products.

Problems of optimal functioning of the market of meat are very complex, multifaceted and multi-level, for instance:

- small-scale production (over 80% of cattle located in private farms);
- lack of selection and breeding work and the low coverage of artificial insemination breeding contingent of animals;
- low genetic potential of the herd and the proportion of breeding stock of beef;
- poor food supply (low productivity of natural grassland);
- lack of land for annual and perennial herbs, grasses and legumes, and energy crops (corn, soybean meal, oil cake);
- low productivity (average daily weight gain) of cattle;
- Underdevelopment of beef cattle farming.

The behavior of many businesses affect on the solution of the above-mentioned issues: agricultural producers, processors, traders, transporters, and therefore, the research need to improve the issues of the effectiveness of all market participants, coordination of their efforts to solve common strategic objectives on improving the economic relations between subjects, and the study on the market prospects for the market of meat and meat products. The issues on the development and activation of market research, market development strategies, meat and meat products, the mechanism of its implementation, identification of priority areas to increase the resources of meat, as well as the compilation of evidence-based multivariate forecasts of the market of meat and meat products require newer approaches.

The forecast of production of agricultural products made up of JSC "KazAgroMarketing" in 2014 can be seen from the Table 2.

<table>
<thead>
<tr>
<th>Types of products</th>
<th>unit</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>in all categories of farms</td>
<td>thousands of tons</td>
<td>930</td>
<td>970</td>
<td>1025</td>
<td>1080</td>
</tr>
<tr>
<td>formations in the agri-cultural formations</td>
<td>thousands of tons</td>
<td>210</td>
<td>240</td>
<td>273</td>
<td>310</td>
</tr>
<tr>
<td>weight in the agri-cultural formations</td>
<td>%</td>
<td>22.6</td>
<td>24.7</td>
<td>26.6</td>
<td>28.7</td>
</tr>
</tbody>
</table>

The table shows that forecast for 2014 the meat slaughter weight will be 1140 tons in all categories of farms, while the weight of agricultural formations reaches 30.3% [3].

As the demand for meat and meat products is the most urgent and preferable part of the gross demand of the population of Kazakhstan, the overall condition of the economy and even the quality of life of every Kazakhstani citizen would depend on the demand for the meat and meat products.
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