

Required Report: Required - Public Distribution

Date: March 14, 2021

Report Number: IZ2021-0001

Report Name: Grain and Feed Annual

Limited Water and Financial Resources Impact Iraq Grain Sector

Country: Iraq

Post: Baghdad

Report Category: Grain and Feed

Prepared By: Olutayo O. Akingbe, Agricultural Attaché and FAS Cairo

Approved By: Ali Abdi, Minister-Counselor for Agricultural Affairs

Report Highlights:

Except for wheat, MY 2021/22 Iraq grain production is expected to fall on reduced planned planted area as early intermittent rainfall puts a strain on limited water resources. MY 2020/21 surplus production of barley led the Iraqi government to announce plans for exporting large volumes of this crop, however this has been put on hold for the time being. Water availability in summer 2021 may jeopardize the production of rice and corn. Iraq's financial crisis resulting from the decline of the international oil prices and the devaluation of the Iraqi Dinar will negatively impact its support to farmers, but the consumption of grain and feed is expected to rise as a result of population growth. The crisis has also encouraged more investment in the agriculture sector compared to other sectors which have weakened during this time.

WHEAT

Table 1: Wheat Production, Supply, and Demand Statistics

Wheat	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		July 2021	
Iraq	USDA Official	New Post	USDA Official	New Post	USDA	New Post
Area Harvested (Ha)	2400	2350	2400	2945	0	3488
Beginning Stocks	866	887	616	1187	0	1595
Production	4800	6600	4635	6238	0	7260
MY Imports	2050	2050	2600	1870	0	1700
TY Imports	2050	2050	2600	1870	0	1700
TY Imp. from U.S.	52	52	0	0	0	0
Total Supply	7716	9537	7851	9295	0	10555
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	400	1150	400	700	0	850
FSI Consumption	6700	7200	6800	7000	0	7600
Total Consumption	7100	8350	7200	7700	0	8450
Ending Stocks	616	1187	651	1595	0	2105
Total Distribution	7716	9537	7851	9295	0	10555
Yield	2.00	2.81	1.93	2.12	0	2.08
(1000 Ha), (1000 MT), (MT/HA)						

Production

Post estimates wheat production in market year (MY) 2021/2022 to be 7.26 million metric tons (MMT) on expanded planned planted area.

Post revises its wheat production estimate for MY 2020/2021 from 6 to 6.2 MMT based on official data. It was anticipated that COVID-19 restrictions would negatively impact wheat production in MY 2020/2021 by limiting access to fields, but in the end, this had little effect. Favorable weather conditions also contributed to this. Moreover, the availability of both rainfall and irrigation water in the upper regions contributed to the larger wheat harvest. Post is also revising down MY 2020/21 wheat area from 3.1 to 2.9 million hectares based on official data from the Iraqi Ministry of Planning (MOP) Central Statistics Office (CSO). Table 2 lists the production, average yield, and area for MY 2020/21.

Table 2. Cultivated Area, Average Yield per Hectare and Production of Wheat by Governorate for MY 2020/21

Governorate	Average Yield KG/Ha		Production (Ton)	Cultivated Area (Hectare)		
	Harvested Area	Total Area		Damaged Area	Harvested Area	Total Area
Ninevah	2,113.2	2,099.2	1,417,208	4,418.8	670,663	675,081.5
Kirkuk	3,850	3,840.8	627,324	377.5	162,946	163,323.75
Diala	3,426.4	3,360.4	571,748	3,287	166,865	170,151.5
Anbar	2,643.6	2,308.8	285,088	15,640	107,846	123,485.5
Baghdad	3,438.4	3,438.4	133,831	0	38,920.75	38,920.75
Babylon	3,932.4	3,930	295,465	42.5	75,137.5	75,180
Karbala	3,853.2	3,775.2	98,040	525.5	25,444.25	25,969.75
Wasit	3,426	3,426	811,384	20	236,823.5	236,843.5
Salah-Aldeen	3,388.8	3,384.8	633,101	215.25	186,832	187,047.25
Al-Najaf	2,932.8	2,929.6	186,730	68.5	63,668.5	63,737
Al-Qadisiya	3,594.8	3,594.8	495,224	0	137,761.25	137,761.25
Al-Muthnna	2,441.6	2,441.6	154,975	0	63,474.5	63,474.5
Thi-Qar	2,950.8	2,950.8	257,243	0	87,177.5	87,177.5
Maysan	2,842	2,837.6	248,296	135	87,365	87,500
Al-Basra	2,927.2	2,827.2	22,735	0	7,767	7,767
Erbil	data unavailable	3,016	759,924	data unavailable	251,903	251,903
Dohuk	data unavailable	3,000	624,857	data unavailable	208,286	208,286
Sulumanyia	data unavailable	2,872	816,344	data unavailable	284,364	284,364
Kalar	data unavailable	2,636	163,263	data unavailable	61,905	61,905
Halabja	data unavailable	3,200	62,574	data unavailable	19,555	19,555
Total	2,944.4	2,925.2	6,238,392	24,730	2,944,703.75	2,969,432.45

Source: Iraqi Central Statistics Office (CSO), Ministry of Planning (MOP), and Ministry of Agriculture and Water Resources Planning Office in Kurdistan Regional Government (KRG)

Rainfall was intermittent at the beginning of MY 2021/2022 but improved by late January/early February 2021. The plan for MY 2021/2022 is to increase planted wheat area by approximately 370,000 hectares in rain-fed areas over the previous season. Wheat fields are anticipated to be infested by the sunn pest (*eurygaster integriceps*) which is mitigated by aerial spraying.

Agriculture Strategies in Iraq

The Ministry of Agriculture (MOA) annual plan lays out the ministry's understanding of the best combination of production and import decisions needed to meet the country's demands. The MOA gives farmers incentives to follow the plan by allowing them to access subsidized inputs as well as to improved marketing through the Grain Board of Iraq. In MY 2020/21, farmers operating within the plan received subsidized seeds at a rate of 30 KG per *donum* (approximately 120 KG/Ha). Post predicts that the MY 2021/22 government policy will remain the same as the previous season regarding the purchasing of the wheat grain. This is also dependent on oil prices and its impact on Iraq's financial resources.

MOA's plan for MY 2021/22 was to plant 2.62 million hectares of wheat throughout Iraq, in both rain fed and irrigated zones. This plan did not include the area in Iraqi Kurdistan (KRG) where an additional 826,012 hectares was planned for wheat. The plan increases planted area in central and southern Iraq by about 370,000 hectares over last year, most of it in the rain fed zone. Planting is still ongoing especially in the rain fed zone which constitutes the major part of Iraq's wheat crop and output depends on the rainfall conditions.

Consumption:

Post estimates MY 2021/22 total consumption to reach 8.45 MMT based on the 2021 population estimate of Iraq and its growth rate and eating habits. Ongoing annual consumption drawn from the Public Distribution System and the import of wheat and flour for different purposes contributes to the consumption rate as well. Post is revising down MY 2020/21 total consumption to 7.7 MMT based on market observations.

Public Distribution System (PDS)

Although the Public Distribution System (PDS) created in September 1990 remains in place, it has gone through several reductions in the variety and quantity of covered items. Previously, the PDS provided beneficiaries access to a range of staple food in higher quantities and a very timely manner. Unfortunately, it is now only providing wheat flour, sugar, cooking oil, and rice. In its current iteration, program participants pay 500 Iraqi dinars (\$0.32) for each quota. The program allocates 9 KG of flour eight times per year and in some years (such as in 2020) the wheat flour was allocated 10 times. Other staples are allotted three to four times per year, but not on a regular basis. Currently, there are many debates on whether this system should continue or be replaced by cash payments to the participants, but such a system is unlikely to be implemented in the next year.

The PDS system accounts for a large percentage of Iraqi wheat consumption. Each of the eight to ten PDS distributions consumes 496 TMT of wheat per month, or approximately 5.952 MMT per year. However, there are additional amounts consumed annually in the form of grain or flour, increasing total consumption. A large quantity of the wheat flour distributed under the PDS ends up either as animal or fish feed due to poor quality or because families are unable to bake the flour at home. Most families in rural areas purchase their daily bread needs from local bakeries. These bakeries are using imported flour mostly from Turkey and Iran.

The Ministry of Trade (MOT) in cooperation with the World Food Program launched a new program where PDS distribution agents will use fingerprints instead of the paper ration supply card called *Al Butaka Al Tamwnyia*. This program was tested on a very small scale last year but has not yet been generalized across Iraq. MOT officials have reemphasized the need to implement this program as soon as possible in order to prevent beneficiary duplication and minimize corruption.

Flour Mills

According to the Iraqi Millers Association, there a total of 282 licensed flour mills in Iraq, constituting 97 percent for the private sector located in 19 governorates. The remaining 3 percent of Iraq's milling capacity belong to the public sector. However, much of the private sector milling capacity remains underutilized. As the number of new private sector mills has increased, the share of grain received per mill has decreased. In addition, millers point out that there is a decline in the frequency in which the mills are receiving the grain. The State Company for Grain Processing only offers flour under the PDS eight months of the year, which leads them to halt operations for the remaining 4 months, despite having to pay operational costs year around. Private sector mills receive wheat supplies after the public sector capacity is filled.

The Iraqi government retains ownership of wheat and wheat products throughout the production process. MOT pays private firms \$10/MT to mill wheat for the PDS. Until 2008, millers retained the entire quantity of the wheat bran produced in the milling process. In 2008, the MOT asked millers to provide 13 percent of its bran to the State Company for Grain Processing so they can then sell it at public auction. This was intended to be a temporary measure, but it remains in place, creating an additional burden on the millers.

In April 2019, nine flour mills began milling 72 percent extraction (fine) flour for sale in the Iraqi market. Prior to this change, the only fine flour available in the Iraqi market was imported from Turkey, Iran, and very small quantities from Kuwait or Jordan, as Iraqi mills produce only 80 percent extraction flour. All wheat purchased by these nine firms must comply with Iraqi standards and be shipped through Umm Qasr port. However, many Iraqi mills interested in becoming wheat importers do not have storage silos so the Iraqi Grain Board agreed to purchase the wheat on their behalf under the existing tender system. The Grain Board then maintains the private sector wheat in separate sealed hatches and releases it only after receiving payment. MOT aims to produce all the fine flour inside Iraq by upgrading its flour mills in order to decrease the country's dependence on imports.

Trade:

Post expects Iraqi wheat imports in MY 2021/22 to reach 1.7 MMT. Higher production in the forecast year will lower the need for imports. Post also lowers MY 2020/21 imports to 1.87 MMT based on recent import trends. Exports of U.S. wheat to Iraq in MY 2020/21 is not yet known, but may not exceed the import quantity of last year which was only 52 TMT in MY 2019/20. This is due to higher domestic production along with delays in issuing tenders by the Iraqi Grain Board as a result of recent government changes.

Wheat Flour Imports

Iraq imports sizable volumes of wheat flour from different countries. Traders estimate that around 85 percent of flour imports are from Turkey, while the remaining 15 percent come from other countries. Reportedly, around 100 Turkish mills are producing only for the Iraqi market and specifically for Iraqi buyers' specifications. As the Iraqi population is beginning to consume more barley bread over wheat bread for dietary reasons, some wheat flour imports from Turkey are being replaced by barley flour or mixture of wheat and barley, which is becoming an important source for bread in almost all private sector bakeries.

Reliable statistics on cross-border trade are not available and large volumes of unregistered product are likely flowing to Iraq from different countries. Table 3 shows the available statistics for import of wheat, flour, and barley for 2019. The table is derived from official sources but built on the basis of the import licenses, however most of these licenses are not executed.

Table 3: 2019 Private Sector Imports of Wheat and Countries of Origin

Commodity	Country	القيمة بالدينار	القيمة بالدولار	الوزن (كغم)
		Value (ID)	Value (\$)	Weight (KG)
Durum wheat	Turkey	57,667,400	48,460	35,000
Total		57,667,400	48,460	35,000
Wheat, normal	Spain	71,400,000	60,000	300,000
	China	3,479,636,160	2,924,064	10,003,000
	Turkey	704,480,000	592,000	2,960,000
	United States of America	252,990,430	212,597	850,388
Total		4,508,506,590	3,788,661	14,113,388
Wheat Flour	Syria	30,571,100	25,690	77,070
	Jordan	5,413,667,020	4,579,858	18,762,600
	Kuwait	4,467,606,290	3,754,291	15,251,476
	Saudi Arabia	4,712,400	3,960	11,880
	United Arab Emirates	310,228,240	260,696	1,291,508

	Italy	11,471,600	9,640	28,920
	Denmark	859,950,000	735,000	60,000
	European Union	10,981,320	9,228	14,853
	China	3,754,093,000	3,154,700	5,271,375
	Turkey	26,197,574,250	22,014,935	66,881,273
	Iran	7,302,230,385	6,153,143	21,573,863
	India	57,656,690	48,451	146,811
	Thailand	21,437,850	18,015	54,045
	Canada	43,396,010	36,583	85,590
Total		48,485,576,155	40,804,190	129,511,264
Other Cereal flours other than of wheat or meslin.	Iran	9,520,000	8,000	40,000
Total		9,520,000	8,000	40,000
Wheat groats	Syria	9,014,250	7,575	30,300
	Kuwait	2,998,800	2,520	10,080
	Turkey	421,603,910	354,289	1,424,316
	Iran	110,744,970	93,063	372,252
Total		544,361,930	457,447	1,836,948
Wheat meal	China	13,447,000	11,300	22,600
Total		13,447,000	11,300	22,600
Crushed grains of dark wheat	Turkey	88,893,000	74,700	170,000
Total		88,893,000	74,700	170,000
Rolled or flaked wheat grains	Turkey	6,842,500	5,750	23,000
Total		6,842,500	5,750	23,000

Wheat starch	China	156,254,150	133,181	4,430,000
	Iran	2,975,000	2,500	10,000
Total		159,229,150	135,681	4,440,000

Source: Iraqi CSO and MOP

Stocks:

Post estimates MY 2021/22 ending stocks to reach 2.1 MMT. This is 510 TMT higher than MY 2020/21 ending stocks due to higher anticipated production in the forecast year. The storage capacity of the Iraqi Grain Board remains at 4.5 MMT. Of this amount, 2.6 MMT is held in bunkers, 1.1 MMT is in silos, and the remainder is held in barns. The governorates of Baghdad and Nineveh have the largest wheat storage capacity at 588 TMT and 506 TMT, respectively.

The Iraqi government maintains a strategic reserve to cover at least three months of PDS wheat demand which translates to approximately 1.5 MMT. The government is considering expanding the strategic reserve to six-month supply. It is unclear what percentage of stocks are privately held, though contacts indicate that private millers currently have very limited storage capacity.

Policy:

Tenders

The Grain Board of Iraq is the only organization that imports wheat to Iraq and purchases the wheat through international tenders from only three origins – United States, Canada, and Australia. Iraqi specifications require imported wheat to be free from kernel bunt and wheat smut. Iraq purchases some wheat for the PDS through direct negotiations if there is difficulty attracting traders to participate in tenders.

Farm Support

The MOT buys local wheat from farmers at prices well above the international price for milling and distribution through the PDS. MY 2021/22 wheat procurement prices have not yet been announced. However, due to the devaluation of the Iraqi Dinar, there will likely be a price increase from last year in order to support farmers, despite the drop in international oil prices that puts a strain on government resources. Table 4 lists current wheat procurement prices. The Iraqi government begins its annual purchase of locally produced wheat in July of each year.

Table 4: Iraqi Wheat Procurement Prices

Grade	Farm-Gate Price	Approx USD/MT
First Grade Wheat	560,000 Iraqi Dinars	\$386/MT
Second Grade Wheat	480,000 Iraqi Dinars	\$331/MT
Third Grade Wheat	420,000 Iraqi Dinars	\$290/MT

The price differential creates an arbitrage opportunity to sell lower grade, imported, or mixed wheat to the public sector. Also, when wheat in neighboring countries is less expensive, traders smuggle wheat and sell it to the government silos at the announced price

as if it were locally produced.

BARLEY

Table 5: Barley Production, Supply, and Demand Statistics

Barley	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
Jul 2022	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1200	1000	1200	1284	0	999
Beginning Stocks	11	11	331	26	0	345
Production	1600	1650	1550	2029	0	1580
MY Imports	0	5	0	0	0	0
TY Imports	0	5	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1631	1666	1881	2055	0	1925
MY Exports	0	0	400	0	0	0
TY Exports	0	0	400	0	0	0
Feed and Residual	1000	1330	1000	1400	0	1470
FSI Consumption	300	310	300	310	0	310
Total Consumption	1300	1640	1300	1710	0	1780
Ending Stocks	331	26	181	345	0	145
Total Distribution	1631	1666	1881	2055	0	1925
Yield	1.33	1.65	1.29	1.58	0	1.58

Production:

Post estimates MY 2021/2022 production of barley to be 1.58 MMT, a 22 percent reduction from MY 2020/21 production. This is due to MoA's plan to drop barley cultivation area by 285,000 hectares, likely for two reasons: first, to increase wheat area over barley area and second, to address criticism that Iraq is using its limited water resources to produce barley which is purchased by the government at a high price (\$290/MT) and then sold to traders at a low price (\$125/MT). Iraqi barley farmers largely follow government plans for cultivating crop areas, otherwise they risk access to irrigated water and input subsidies.

Post is raising MY 2020/21 barley production from 1.675 MMT to 2.029 MMT based on new data. MY 2020/21 barley production greatly exceeded expectations and Iraq's surplus led it to export the grain. Nineveh governorate ranked first producing 1.36 MMT or 77 percent of total production. Barley production in the rain fed zone was also 1.363 MMT representing 77 percent of total production. Barley production in the Kurdistan region totaled 272,853 MT.

Consumption:

Post estimates total consumption of barley for MY 2021/22 at 1.78 MMT. Large carryover stocks from MY 2020/21 offset lower production allowing for a slight rise in feed consumption. Iraq mainly uses barley as animal feed for cows and small ruminants. It is used similarly as feed grade wheat and other residual, non-palatable grains as feed. A small amount is used for human consumption as barley bread, but the flour is normally imported from Turkey.

Trade:

Iraq does not import substantial quantities of barley. The sector mostly consumes what it produces and farmers keep some seeds to plant the next season. Official sources report that Iraq imported a small quantity of barley from Spain in 2019 (see Table 6), however, it is unclear for which purpose it was used.

Table 6: 2019 Private Sector Imports of Barley and Countries of Origin

Commodity	Country	Value (ID)	Value (\$)	Weight (KG)
Barley	Spain	158,885,000	133,500	178,500

Source: Iraqi CSO and MOP

In MY 2020/21, the Iraqi government announced the export of 700,000 MT of barley due to surplus production. However, to date, no trade has taken place yet and Post projects that exports is unlikely to happen in MY 2021/22 as well. Three countries showed interest in purchasing this barley, namely Saudi Arabia, Iran, and Qatar. The barley would be exported via MOA public auction at which traders can buy 50,000 MT at a time at a price not less than \$125/MT. The government will also sell barley to local farmers as feed at 200,000 ID/MT (\$138/MT).

Selling subsidized crop yields in Iraq such as wheat, barley, and corn require ministry approval.

Stocks:

Post estimates MY 2021/22 ending stocks to reach 145 TMT. Lower production and stable consumption in the forecast year contributes to the drawing down of barley stocks. Post revises up MY 2020/21 carryover stocks to 345 TMT on higher production. Barley is stored in two main storage facilities, one belonging to the government-owned *Mesopotamian State Company for Seed Production* and the other belonging to the *Iraqi Seed Company*, a public-private entity. Both companies also have rented spaces to store barley in different locations in the governorates. There are also ample stocks stored on-farm.

Policy:*Farm Support*

The MOA subsidizes inputs to barley production. Farmers can purchase seeds at 70 percent of their value, fertilizers at half price, and aerial pest spraying is often free. In MY 2020/21, the ministry bought barley from farmers at a set procurement price of 420,000 ID/MT (\$290) which is the same price as feed grade wheat. The barley is then distributed to livestock farmers through a number of state-owned firms. This set procurement price is likely to increase in MY 2021/22 due to the devaluation of the Iraqi Dinar.

Companies affiliated with the MOA purchase domestic barley from farmers. These firms then resell the grain to farmers and fisheries as feed at a reduced rate. Animal breeders may buy up to 30 MT of barley per season. Currently, farmers pay 200,000 ID/MT (\$138) for barley. Often farmers keep a large share of their barley production for feeding livestock throughout the year.

RICE

Table 7: Rice Production, Supply, and Demand Statistics

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Begin Year	Oct 2019		Oct 2020		Oct 2021	
Iraq	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	110	163	100	102	0	82
Beginning Stocks	407	23	558	165	0	124
Milled Production	347	383	266	309	0	249
Rough Production	521	575	399	464	0	373
Milling Rate (.9999)	6660	6660	6660	6660	0	6660
MY Imports	1154	1154	1000	1100	0	1200
TY Imports	970	970	1000	1100	0	1200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1908	1560	1824	1574	0	1573
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	1350	1395	1400	1450	0	1500
Ending Stocks	558	165	424	124	0	73
Total Distribution	1908	1560	1824	1574	0	1573
Yield (Rough)	4.74	3.53	3.99	4.55	0	4.55

Paddy rice planting in Iraq starts from the second half of May for the early varieties *Meshkab 1* and *Eba 1*, while the planting of the late varieties – namely *Amber 33*, *Amber Baghdad*, *Amber Furat*, and *Amber Manathera* – start in June. In northern Iraq, planting of the *Bazyan 56* variety begins in April and continues through the end of May. Rice harvesting takes place in October for the early varieties.

Normally, cultivation of paddy rice in southern Iraq is prohibited due to the high amount of water required for its cultivation. The prohibition initially included rice, corn, cotton, and sesame. However, this was lifted for the 2019 and 2020 growing seasons and it is forecasted that it will remain lifted during the 2021 season, but possibly to a lesser extent, in light of the expected water availability this summer. The decision on this vital issue and planned planted area for paddy will be made in the spring of 2021.

Production:

Post estimates that MY 2021/22 paddy cultivation will be 373 TMT from an area harvested of 82,000 hectares. The plan for paddy cultivation in MY 2021/22 has not yet been approved as the MOA is awaiting instruction from the Ministry of Water Resources on the availability of water for the summer crops, namely rice and corn. However, Post forecasts that MY 2021/22 production will be less than the previous market year due to intermittent early rainfall leading to a reduction in planted area in order to conserve water.

Post raises MY 2020/21 production based on MOP CSO official data. Najaf and Qadissyia governorates cultivate the most rice paddy in Iraq.

Consumption:

Post estimated that MY 2021/22 consumption at 1.5 MMT, a slight increase from MY 2020/21 consumption. This estimate is based on the expected population of Iraq reaching 40.7 million in 2021 and the current PDS rice ration at 3 KG/person.

The frequency of PDS rations changes from year to year. For example, in 2020, PDS participants received 3 KG of rice only four times that year compared to six times the previous year.

Since 2018, the price of imported rice on the local market has only changed slightly, although international prices have risen. This is likely due to the prevalence of imported Indian rice whose prices have largely remained unchanged, as well as private sector stocks of rice available on hand. However, shortly after the devaluation of the Iraqi Dinar against the U.S. dollar in late 2020, the prices of the private sector long grain imported rice has increased together with many food items.

The MOT purchased locally produced rice in paddy form at two prices: ID 900,000/MT for *Amber* variety and ID 700,000/MT for *Jasmin* variety. The MOT then processes the paddy to milled rice and adds it to the PDS ration. Amber is the most popular rice variety favored in Iraq, however, production is well below the capacity to cover consumption demands. Seed companies also pay farmers an additional 30, 20, and 10 percent above market prices for the foundation, registered, and certified seeds categories respectively.

Non-PDS, private sector rice accounts for about 44 percent of total consumption. Private firms mill domestic rice and sell the product on the local market. The cost of locally produced rice after milling is about \$2/KG higher than the price of the long grain imported rice.

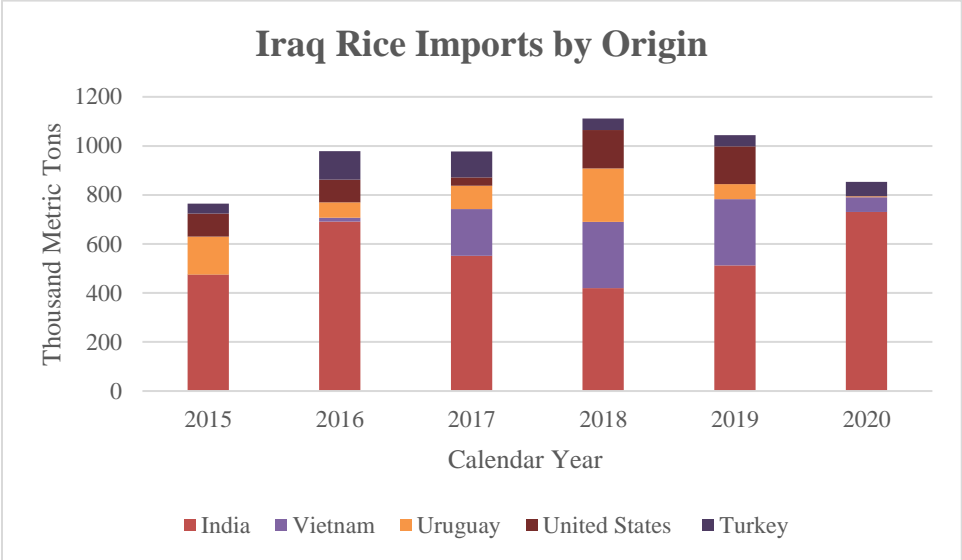
Trade:

Post estimates MY 2021/22 imports to reach 1.2 MMT. Poor early rainfall in the MY 2021/22 planting season may lead to a reduction in the rice planted area leading to a need for more imports to meet consumption demands.

Currently, private importers are importing 50, 30, 20, 10 and 5KG bags of rice to Iraq. Some of the product is sold directly, while much of it is repackaged and sold in

wholesale markets or supermarkets. Long-grain variety *Basmati* rice is mainly imported from India and other Southeast Asian countries via UAE (See Figure 1).

Figure 1: Iraq Rice Imports by Origin



Source: FAS office research

The Grain Board of Iraq holds tenders to buy medium grain rice from approved origins, which include the United States, Vietnam, Argentina, Brazil and Uruguay. These imports supply the needs of the PDS program. In January 2021, the MOT issued an international tender to import 30,000 MT of rice which was filled by Uruguay-origin. According to the MOT, Iraq needs between 1-1.25 MMT of rice annually to support the PSD program.

Stocks:

Post estimates MY 2021/22 ending stocks at 73 TMT. Most people prefer not to keep rice stocks for more than three months at the risk of insect/pest infestation due to the high temperatures in Iraq and lack of appropriate storage facilities. Especially during the summer months, it is recommended to keep stocks for much less time in order to maintain good quality.

Policy:

On November 20, 2020, the Minister of Agriculture convened a high-level meeting after the MY 2020/21 paddy harvest season in order to discuss the best way for farmers to market their paddy to government silos. Farmers typically get paid upon delivery of their crop, but there have been issues with the quality of rice received. This resulted in farmers receiving a price based on delivery specifications, such as purity and percentage moisture.

In MY 2020/21, the Iraqi government purchased a total of 259,888 MT of locally produced paddy rice, of which 57,777 MT was *Amber* variety and the remainder was of other varieties such as *Jasmine*.

CORN

Table 8: Corn Production, Supply, and Demand Statistics

Corn	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jul 2019		Jul 2020		Jul 2021	
Iraq	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	60	101	75	91	0	82
Beginning Stocks	69	10	95	48	0	47
Production	350	473	365	419	0	377
MY Imports	676	676	600	700	0	800
TY Imports	817	817	600	700	0	800
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1095	1159	1060	1167	0	1224
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	900	1061	900	1120	0	1180
FSI Consumption	100	50	100	0	0	0
Total Consumption	1000	1111	1000	1120	0	1180
Ending Stocks	95	48	60	47	0	44
Total Distribution	1095	1159	1060	1167	0	1224
Yield	5.83	4.68	4.87	4.60	0	4.60

(1000 HA), (1000 MT), (MT/HA)

Plantation of yellow corn (*zea maize*) in Iraq takes place twice a year. Spring corn is planted from the first week of March until around March 20 in the South and Central Iraq but extends until the end of March in Northern Iraq. The spring corn harvest takes place from June until early July. Autumn corn planting takes place in the first half of July and harvested in the second half of November until the end of December.

Production:

Post estimates MY 2021/22 corn production at 377 TMT on a harvested area of 82,000 hectares. Post forecasts that there will be a lower planned planted area due to limited availability of water for irrigation compared to last season, and lower production as a result

Yellow corn production in Iraq increased years past on both higher yields and fluctuating planted area size depending on water availability. The MOA has been promoting the higher yielding, hybrid corn variety, mostly imported by the private sector from the United States, with yields reportedly at 10 MT per hectare. Imported Turkish seeds cost 600,000-800,000

ID/MT (\$411-548/MT) while some imported hybrid seeds, known for exceptionally high yields, may reach 1,000,000 ID/MT (\$685/MT). The Iraqi government does not provide directly subsidize corn seeds, or seeds for other summer crops for its farmers.

Consumption:

Post estimates MY 2021/22 corn consumption to reach 1.18 MMT. Post revises up MY 2020/21 corn consumption estimates to 1.12 MMT. Nearly all corn consumption in Iraq is used as feed. Growing investment and demand in both the poultry and aquaculture sectors in Iraq contribute to this consumption increase.

Yellow corn in Iraq is mainly used by poultry feed mills but the use of corn by the aquaculture sector is increasing. Traders supply most imported corn to feed mills. Feed mills prefer imported corn, especially South American origin, due to the quality, moisture rate, and low occurrence of aflatoxins.

Trade:

Post estimates MY 2021/22 corn imports will reach 800 TMT taking into consideration recent import trends. In addition, Post forecasts a reduced planned planted corn area and production so imports will make up the difference with local demand. Iraq's corn import origins are typically Argentina and Turkey. Turkey supplies almost exclusively northern Iraq via land routes.

The government of Iraq frequently prohibits corn imports from November until May in order to prevent imported corn from being mixed with the domestic harvest and sold to the MOA at a profit. MOA purchases local corn at a fixed price that is often above international prices and distributes it to Iraqi livestock farmers at a subsidized price.

The government will also occasionally put in place temporary bans to protect Iraqi corn farmers from low prices driven by surplus product in the market. Feed mills maintain stocks of imported corn to mill during the import ban period.

Stocks:

Post estimates MY 2021/22 stocks to reach 44 TMT. Iraq has a limited capacity to provide good storage facilities and avoid aflatoxin.

Policy:

Farm Support

During harvest season, farmers deliver their harvest to MOA processing plants at a set announced price of 350,000 ID/MT (\$240/MT). This announced price may change given the devaluation of the Iraqi Dinar. Drying facilities accept corn twice a year to match with the spring and autumn harvest dates. The corn is then dried and prepared as grain for distribution to poultry producers. Corn processing plants administered by MOA have drying facilities spread throughout the country, however storage and processing facilities are not available in every governorate which hampers their ability to market corn.

Attachments:

No Attachments