



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 5/31/2006

GAIN Report Number: AS6033

Australia

Grain and Feed

Wheat Australia Sells 350,000 MT to Iraq 2006

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Report Highlights:

In an historic sale, Wheat Australia has reached agreement to sell 350,000 tons of wheat worth A\$90 million to Iraq.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

In an historic sale, Wheat Australia has reached agreement to sell 350,000 tons of wheat worth A\$90 million to Iraq. Wheat Australia is a consortium formed by the eastern grains group GrainCorp Ltd, South Australian barley exporter ABB Grain Ltd and West Australian grains group Cooperative Bulk Handling. The cooperative was created to compete for sales to Iraq following the February 2006 Iraqi Grains Board (IGB) announcement that it would not conduct business with the Australian Wheat Board (AWB) pending the conclusion of the Cole inquiry into AWB's conduct in the United Nations Oil-for-Food program. (Note: The final report of the Cole inquiry is due on June 30; press reports speculate that Commissioner Cole may seek an extension of that deadline.)

In a May 30 press announcement, Deputy Prime Minister and Minister for Trade, Mark Vaile welcomed the news of the sale. Mr. Vaile said, "This is great news for Australia's wheat growers and I congratulate Wheat Australia on this outcome. I'm pleased that all parties were able to negotiate a commercially acceptable deal. Following my trip to Baghdad in February, the Iraqis agreed to keep the wheat market open to Australia and here's the proof of that commitment. Australia has been a major supplier of wheat to the Iraqi market for over 50 years and I will continue to do everything in my power to ensure that Australian wheat farmers can continue to sell their wheat to Iraq and the rest of the world."

The first shipment of wheat under the new contract is scheduled for June 2006 subject to Wheat Australia securing appropriate letters of credit from the Iraqi Grains Board. Via a statement Wheat Australia has said that a critical part of the negotiation process involved discussions to secure wheat at an acceptable commercial value from the national pool, something that it insisted upon to ensure that national pool participants were not disadvantaged by factors outside of their control.

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