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Iraq

Grain and Feed Annual

Iraqi Grain Production Revives in the Rain

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Report Highlights:

Iraqi grain production is rebounding in 2019, following a difficulty and dry 2018. Post expects strong production in wheat, barley and corn, as farmers expand acreage after recent rains. A production ban remains in place for Iraqi rice for the foreseeable future, creating opportunities for increased rice exports. Consumer food demand is growing as birthrates remain high and Iraqi refugees return home following years of conflict. The Iraqi livestock sector will continue to grow further expanding demand for feed grains.

WHEAT

Table 1: Wheat Production, Supply, and Demand Statistics

Wheat Market Begin Year	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
Iraq	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2200	2200	1700	1700	0	2200
Beginning Stocks	881	881	1289	1289		1259
Production	4000	4000	3000	3070	0	4071
MY Imports	4108	4108	4400	4700	0	4000
TY Imports	4108	4108	4400	4700	0	4000
TY Imp. from U.S.	670	670	0	0	0	0
Total Supply	8989	8989	8689	9059	0	9330
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1300	1300	900	1100	0	900
FSI Consumption	6400	6400	6700	6700	0	6935
Total Consumption	7700	7700	7600	7800	0	7835
Ending Stocks	1289	1289	1089	1259	0	1495
Total Distribution	8989	8989	8689	9059	0	9330
Yield	1.81	1.81	1.74	1.81	0	1.85

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

Production:

Iraqi farmers plant wheat in October and November. The harvest generally begins in April and runs through May. Occasionally, some farmers may delay in delivering until June. The Iraqi government begins to purchase locally produced wheat annually on April 16, early in the harvest season.

Post estimates Iraq's wheat production in market year 2019/20 to be 4.07 million metric tons (MMT). This estimate is 1.0 MMT, or 32.5 percent, above post's MY 2018/19 production estimates. Production in MY 2019/20 is up on greatly improved weather conditions. Rainfall began in October 2018 and has surpassed early expectations. Based on high rainfall and filling reservoirs, post expects farmers to plant more than the area allocated in the Iraqi government's annual agricultural plan. Further pushing up production, the Iraqi Ministry of Agriculture is distributing improved, certified seeds and fertilizers at a discount to most producers. Post is increasing both yield and area harvested to reflect these changes.

Post estimates MY 2018/19 production at 3.07 MMT on drought conditions throughout much of the year. This is a 23 percent decrease from MY 2017/18's estimate of 4.0 MMT. Low rainfall and shrinking reservoirs led producers to reduce area from MY2017/18 levels. In addition to the dry conditions, many farmers reportedly used low-quality seeds, which negatively affected crop quality and yield. Post is increasing MY 2018/19 feed and residual consumption to reflect the lower quality crop. Table 2 lists estimates of Iraqi wheat production by province.

Table 2: Production Estimates by Region

MY 2018/19: Iraqi Wheat Production Estimates (MT)

Governorates	Production
Kirkuk	201,591
Diyala	209,748
Baghdad	91,141
Babil	222,086
Karbala	28,723
Wasit	731,767
Najaf	124,286
Qadisiyah	283,964
Muthana	48,188
Dhi Qar	85,479
Maysan	135,275
Basrah	15,637
Anbar**	89,501
Ninawa**	143,067
Salah al Din**	330,087
Kurdish Region*	330,000
Total	3,070,540

Sources: Iraqi Ministry of Agriculture (2018 harvest); **Extrapolated based on Iraqi Grain Board Deliveries; *Estimated on multiple sources; Includes Dahuk, Erbil, Sulaymaniyah, and Halabja regions.

Production in Nineveh, Salah Al-Din, and Al-Anbar provinces suffered in recent years due to low rainfall and insecurity associated with ISIS control of the region. Production trends are expected to normalize in MY 2019/20 as the security situation stabilizes. Above-normal rainfall in late 2018 will further improve crop yields in these regions. As most of these areas are rain fed, they tend to see large decreases when rainfall is scarce. If favorable weather continues, farmers will increase planted area in 2019.

Production in the Kurdish region was noticeably low in MY 2018/19. The Iraqi Ministry of Trade reported that Kurdish farmers delivered only 247 thousand metric tons (TMT) of wheat to government buyers. Post estimates that wheat consumption in the Kurdish governorates is normally around 600 TMT per year. As across much of Iraq, Turkish flour imports filled the gap in domestic production. Prior to the recent drought, wheat production estimates in the region reached around 900 TMT. Post estimates that Kurdish production will rebound to normal levels in MY 2019/20.

National Agricultural Plan

The Iraqi Ministry of Agriculture maintains a *national agricultural plan*, which prescribes the areas farmers may plant in specific crops. The plan is broadly assumed to lay out the ministry's understanding of the best combination of production and import decisions needed to meet the country's demands. The ministry gives farmers incentives to follow the plan. Incentives allow farmers producing within the plan to gain access to discounted inputs (i.e. fertilizers and seeds), as well as to improved marketing through the Grain Board of Iraq. Farmers planting areas not included in the plan must procure their own inputs at full market value and can only sell their wheat as feed grade at a reduced price.

The Iraqi Ministry of Agriculture is working to increase wheat production. The ministry is distributing improved seed varieties to farmers across the country producing within the *national agricultural plan*.

Additionally, for farmers in the plan, the Ministry of Agriculture is subsidizing seeds and fertilizers, as well as offering free pesticides and discounted laser leveling of wheat fields. Currently, the government is distributing wheat seeds with a 70 percent discount, while offering fertilizers at half their market price.

The winter 2018 agricultural plan, which would influence the MY 2019/20 crop, provided for the planting of 1.8 million hectares (7.2 million *donums*) of wheat. Farmers operating within the plan received subsidized seeds at a rate of 120 kilograms per hectare (30kg per *donum*). Farmers operating outside of the plan buy seeds on the open market or plant grain saved from the previous year's harvest. Planting non-certified seeds may negatively impact yields. Post anticipates 2019 planting to be greater than the areas specified by the agricultural plan as farmers anticipate improved weather and better harvests.

Currently, there are no indications that the MY 2019/20 crop will be of substandard quality. Post is decreasing the feed and residual use in MY 2019/20 to reflect improved quality over the previous year. Farmers producing in areas outside of the *national agricultural plan* must market their crop as feed grade, regardless of quality.

Consumption:

Post estimates that MY 2019/20 wheat FSI (Food, Seed, Industrial Use) consumption will reach 6.9 MMT, 3.5 percent above the previous year. Population growth is driving increases in consumption. The population of Iraq is 40.2 million and the growth rate is 2.6 percent. In addition to the high birth rate, many Iraqis who left during the war are now returning, adding further upward pressure on consumption. Post expects MY 2018/19 wheat consumption to reach 6.7 MMT, on steady population growth; 4.7 percent above the previous year.

Post increased MY 2018/19 feed and residual use 200 TMT due to the impact of drought conditions on the crop. In MY 2019/20, post decreased feed and residual use to 900 TMT as rain improved the crop quality.

PDS

The Public Distribution System (PDS) was created in September 1990, following the implementation of UN Security Council sanctions on Iraq for their invasion of Kuwait. Though the system has been updated a number of times, it has consistently provided Iraqis access to a range of staple commodities, including flour, sugar, and rice. In its current iteration, the system distributes shares of flour, rice, sugar, cooking oil, and infant formula. The program allocates nine kilograms of flour eight times per year, and allots other staples six times per year. Program participants pay 500 dinars (\$0.42) for each quota of food. In 2019, the government is adding one kilogram of 72 percent extraction (fine) flour during the month of Ramadan. Other flour distributed through PDS is higher yield 80 percent extraction.

The PDS system accounts for a large percentage of Iraqi flour consumption. Each of the eight PDS distributions consumes a reported 425,000 MT of wheat, or 3.4 MMT per year. This is equivalent to 340,000 MT of flour per distribution. The Ministry of Trade reported that 38.2 million people participated in the program as of January 2019. In 2018, the Iraqi government took steps to limit participation, removing repeated names, deceased participants, and most non-Iraqi citizens.

Flour Mills

Total Iraqi milling capacity is 14.7 MMT per year, of which 92 percent is operated by the private sector and 8 percent by the public sector. Much of the private sector milling capacity remains underutilized. Private sector mills receive wheat supplies after the public sector capacity is filled. Some private millers have stopped or limited production due to security concerns. In MY 2018/19, the private sector distributed an estimated 3.3 MMT of wheat and products, just under half of the total 6.7 MMT. Post expects private sector sales to increase to 3.5 MMT in MY 2019/20.

The Iraqi government retains ownership of wheat and products throughout the production process. The ministry pays private firms \$10 per metric ton to mill wheat for the PDS. Additionally, millers retain 87 percent of the wheat bran produced in the process. The General Company for Grain Processing collects the remaining 13 percent of bran, which is sold at a public auction. Certified agents from the Ministry of Trade distribute PDS commodities including flour to residential areas. Often consumers will opt to take less than their offered allocation of flour, selling it back to the agent for cash or other staples. Reportedly, many Iraqi families do not have ovens in their homes and are unable to use subsidized flour for baking.

In April 2019, nine flourmills began milling 72 percent extraction (fine) flour for sale in the Iraqi market. Prior to this change, only fine flour imported from Turkey, Iran, or Jordan was available as Iraqi mills produce only 80 percent extraction flour. The Ministry of Industry approved these nine mills to import wheat for the production of fine flour. The mills have approval to import 735 TMT of wheat in 2019. The ministry based this level of imports on the nine firms' milling capacity with 300 days of operation (2450MT/day). All wheat to be purchased by these firms must comply with Iraqi standards and be shipped through the Umm Qasr port. Distributors will offer 72 percent extraction flour on the general market.

Many Iraqi mills interested in becoming wheat importers do not have storage silos. The Iraqi Grain Board agreed to purchase the wheat on their behalf, under the existing tender system. The board will maintain the private-sector wheat in separate sealed hatches and release it only after receiving payment. Numerous other firms have received approval to establish new mills producing 72 percent extraction flour, or convert existing production to the higher-quality flour, though they have not yet been approved for wheat imports.

Trade:

Post expects Iraqi wheat imports in MY 2019/20 to reach 4.0 MMT. This is a decrease of 700 TMT, or 15 percent from MY 2018/19. Improved production in the forecast year will decrease dependence on imports. With private sector millers importing wheat in MY 2019/20, post anticipates some shifting of imported wheat from the public sector to private sector millers. Additionally, a strong harvest will likely create some substitution away from Turkish flour imports to domestic production.

Post expects MY 2018/19 Iraqi wheat imports to reach 4.7 MMT, up 592 TMT or 14 percent from MY 2017/18. The increase is on low production associated with drought conditions throughout much of the country. Around half of the MY 2018/19 imports are flour and products, while half remain bulk wheat. This is down from MY 2017/18, when around 70 percent of Iraqi imports were flour and products.

Wheat Flour Imports:

Iraq continues to import sizable volumes of wheat from both Turkey and Iran. Traders estimate that around 85 percent of flour imports are Turkish, while the bulk of the remaining 15 percent is Iranian. Imports of flour and bran face a 10 percent duty, with the exception of product from the Gulf Cooperation Council (GCC) trading block. The duty increased from five percent on February 17, 2019. Industry sources indicate that the duty is designed to support the growth of the Iraqi flour milling industry.

Reportedly, around 100 Turkish mills are producing only for the Iraqi market. Turkish millers produce specifically for the Iraqi market and products are labeled in Arabic as per the buyers' specifications. Turkish millers sell flour to Iraqi importers on credit, which is paid on a weekly basis after the product is sold. Turkish flour prices are reportedly competitive and stable, in spite of wheat market fluctuations. As crossings are limited in the mountainous border region, an advanced logistics and shipping system has developed around the city of Zakho near the border. Reliable statistics on cross-border trade are not available and large volumes of unregistered product are likely flowing to Iraq from both Iran and Turkey.

Stocks:

Contacts report that the Iraqi Grain Board has a storage capacity of 4.1 MMT. Of total government storage, 2.6 MMT is held in bunkers, 1.4 MMT is in silos, and 0.15 MMT is 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 three months of PDS demand. Assuming an annual distribution of 3.4 MMT, a three-month supply would require 850 TMT. There is interest in expanding the strategic reserve to a six-month supply, or 1.7 MMT.

Post estimates MY 2018/19 ending stocks at 1.26 MMT, which would supply the PDS for four months. Post expects MY 2019/20 ending stocks to reach nearly 1.495 MMT, or 5.2 months of PDS 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

Prior to the end of 2018, the Grain Board of Iraq was the only organization that imported wheat to Iraq. Now, private sector mills holding import licenses may import wheat. The Ministry of Trade, through the Grain Board, purchases wheat through international tenders from three origins. Currently, the United States, Canada, and Australia are the only origins allowed to participate in tenders. Prior to 2015, Russia, Romania, and Kazakhstan were also approved sources.

After May 2017, Iraq began purchasing some wheat for the PDS through direct negotiation. Details on direct negotiation are scant, though the negotiation must consider prevailing international price when the contract is signed. Sources indicate that Iraq permitted direct negotiation after having difficulty attracting traders to participate in tenders.

Talks between the government of Iraq and the Russian Federation are ongoing to approve Russia as an origin for wheat imports. Iraqi authorities remain concerned with the low gluten rate of Russian wheat,

as well as the high occurrence of smut. Russian authorities refuse to provide a phytosanitary certificate specifying that wheat shipments are free of smut. Iraqi specifications require imported wheat to be free from kernel bunt and wheat smut.

Farm Support

The Iraqi Government buys local wheat from farmers at prices above the international price. The wheat is sold to the Ministry of Trade for milling and distribution through the Public Distribution System. A cabinet decision (249/2016) set the farm-gate price of wheat through 2019. The ministry announced that the price will remain stable for the 2019 harvest. Table 3 lists current wheat procurement prices.

Table 3: Iraqi Wheat Procurement Prices

Grade	Farm-Gate Price	Approx USD/MT
First Grade Wheat	560,000 Iraqi Dinars	\$466/MT
Second Grade Wheat	480,000 Iraqi Dinars	\$400/MT
Third Grade Wheat	420,000 Iraqi Dinars	\$350/MT

The current support prices are below their pre-2016 levels, though well above international price. The price differential creates an arbitrage opportunity to sell lower grade, imported, or mixed wheat to the public sector. Allegations of corruption within the system were not uncommon, though contacts expect fewer violations in the current marketing year.

BARLEY

Table 4: Barley Production, Supply, and Demand Statistics

Barley Market Begin Year Iraq	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	775	775	600	775	0	825
Beginning Stocks	85	85	11	11	0	16
Production	975	975	780	975	0	1070
MY Imports	1	1	30	20	0	5
TY Imports	1	1	30	20	0	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1061	1061	821	1006	0	1091
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	850	850	650	790	0	860
FSI Consumption	200	200	160	200	0	200
Total Consumption	1050	1050	810	990	0	1060
Ending Stocks	11	11	11	16	0	31
Total Distribution	1061	1061	821	1006	0	1091
Yield	1.26	1.26	1.3	1.26		1.3

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

Production:

Post estimates MY2019/20 barley production to reach 1.07 MMT, 95 TMT above the previous year. Similar to the case of wheat, wet weather in late 2018 and early 2019 is driving higher production. Farmers increased area marginally, to 825 hectares from 775 the previous year. Additionally, yields are higher as farmers can now access subsidized seeds, fertilizers, and pesticides. Contacts indicate that harvests could have been higher; however, farmers planted much of the crop late in the season, fearing continued dry weather.

Post is raising MY 2018/19 barley production estimates to 975 TMT. The increase is based on revised official data showing higher than anticipated production.

Consumption:

Post expects MY 2019/20 barley consumption to reach 1.06 MMT, an increase of 7.1 percent over the previous year. The increase is driven by higher production, as well as some substitution back to barley from feed wheat. Iraqis generally use barley as animal feed, which would compete directly with feed grade wheat. Some breads and other dishes for human consumption are produced with barley, though the volumes remain low.

Companies affiliated with the Iraqi Ministry of Agriculture purchase domestic barley from farmers. These firms then resell the grain to farmers and fisheries as feed at a reduced rate. Sheep and goat farmers are able to purchase up to eight kilograms of subsidized barley annually. Buffalo or cattle

farmers may buy up to 30 kg. Currently, farmers pay 278,500 dinars (\$232) per ton for barley. Often farmers keep a large share of their barley production for feeding livestock throughout the year. In 2018, Iraq was home to 16.1 million sheep and 2.9 million goats.

Post adjusted MY 2018/19 barley consumption to 990 TMT, which is 60 TMT below the previous year. Higher than expected production drove up consumption for both food and feed uses.

Trade:

Iraqi import volumes of barley are negligible. Post estimates that MY 2019/20 barley imports will reach 5.0 TMT. This is down 15 TMT from MY 2018/19 as domestic production increases on improved weather. Official Iraqi data show that Iran, Turkey, China, and Italy were the only suppliers of barley in 2017, the latest year for which data were available. Iraq bans barley imports annually during the local harvest, generally from mid-April until late July. The ban is lifted only after local production is exhausted.

Stocks:

Post estimates MY 2019/20 ending stocks to reach 31 TMT. This is up from 15 TMT in MY 2018/19.

Policy:

Farm Support

As with wheat, the Iraqi Ministry of Agriculture subsidizes inputs to barley production. Farmers are able to purchase seeds at 70 percent of their value, fertilizers at half price, and pest spraying is often free. The ministry buys barley from farmers at a set procurement price of 420,000 dinars (\$350) per ton, which is the same price as third grade (feed grade) wheat. The barley is then distributed to livestock farmers through a number of state-owned firms.

RICE

Table 5: Rice Production, Supply, and Demand Statistics

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Iraq	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	85	85	20	5	0	2
Beginning Stocks	73	73	133	133	0	145
Milled Production	210	210	43	12	0	5
Rough Production	315	315	65	18	0	7
Milling Rate (.9999)	6660	6660	6660	6660	0	6660
MY Imports	1150	1150	1300	1250	0	1300
TY Imports	1150	1150	1300	1250	0	1300
TY Imp. from U.S.	157	157	0	180	0	180
Total Supply	1433	1433	1476	1395	0	1450
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Consumption and Residual	1300	1300	1325	1250	0	1290
Ending Stocks	133	133	151	145	0	160
Total Distribution	1433	1433	1476	1395	0	1400
Yield (Rough)	3.71	3.71	3.25	3.35	0	3.35

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

Production:

Following the announcement of a complete ban on rice cultivation in early June 2018, the Iraqi Ministry of Water Resources agreed to allow farmers to produce 1,250 ha (5000 *donum*) of rice later the same month. The drought spurring the ban continued until November 2018, forcing Iraqi officials to direct available water resources to drinking water, industrial use, and horticulture crops. The prohibition initially included corn, cotton and sesame, though the ban on corn was subsequently lifted. It is unclear if Iraqi officials will lift the restrictions in the future.

With the ban ongoing, post is revising down rice production estimates for MY 2018/19 and the forecast for MY 2019/20. In MY 2018/19 rough rice production reached 18 TMT, a decrease of 297 TMT from the previous year. Iraqi official data report MY 2018/19 area harvested as 5,422 hectares. Rice was only cultivated in five governorates: Najaf, Diyala, Qadisiyah, Babil, and Maysan. Contacts indicate that the difference between the permitted area (1,250 ha) and the area harvested reflects illegal plantings and fields planted prior to the June ban.

Post estimates MY 2019/20 milled rice production will reach only 5.0 TMT, from an area harvested of just under 2,000 hectares.

The Ministry of Agriculture reportedly opposed the ban on rice and corn plantations, since both are considered strategic crops. Officials gave a lower priority to rice, as Iraq is already a large importer of

the grain and Iraqi consumers are accustomed to imported varieties. The move is strongly opposed by farmers and is leading some farmers to leave their farms and move to cities in search of employment.

Consumption:

Post estimates that consumption of rice in MY 2019/20 will reach 1.29 MMT. This is 40 TMT or three percent above MY 2018/19 consumption. With population growth of 2.6 percent and an influx of Iraqis returning after the war, the forecast increase reflects steady per capita consumption.

Rice consumption under the Public Distribution System currently reaches around 720 TMT annually, six distributions of 120 TMT. Currently, program participants receive three kilograms of rice every two months. Consumers pay 500 dinar (\$0.42) for each PDS distribution, which include rice among other staples. According to Ministry of Trade data, the January 2019 rice distribution used 117,262 metric tons of product. The average price of imported rice in 2018 was around \$567 per ton (assuming \$1=1182 Iraqi dinar).

Non-PDS, private sector rice accounts for about 44 percent of total consumption. In past years, private firms milled domestic rice and sold product on the local market. With the current production ban, non-PDS rice will be imported. Currently, private importers are importing 50-kg bags of rice to Iraq. Some of the product is distributed directly, while much of it is repackaged and sold in wholesale markets or supermarkets.

Trade:

The prohibition of planting rice in Iraq is putting upward pressure on imports to compensate for the decline in domestic production. Post estimates Iraq's rice imports in MY 2018/19 to reach 1.25 MMT, up 100 TMT compared to post's MY 2017/18 figures. Similarly, post forecasts MY 2019/2020 imports to reach 1.3 MMT, 50 TMT above the previous year.

Both the Iraqi public and private sectors import rice. The Grain Board of Iraq holds tenders to buy long grain rice from approved origins, which include the United States, Vietnam, Argentina, and Uruguay. These imports supply the needs of the PDS program. Table 6 lists Grain Board imports from all sources in recent years. Suppliers to private sector importers include: India, Turkey, Vietnam, Thailand, Argentina, and the United States.

Table 6: Grain Board of Iraq Imports by Origin

Year	Thailand	USA	India	Vietnam	Argentine	Uruguay	Brazil	Paraguay	Total
2011	610,475	240,000	-	-	-	-	-	-	850,475
2012	873,000	270,000	83,000	-	-	-	-	-	1,226,000
2013	605,000	40,000	99,000	-	120,000	120,000	-	-	984,000
2014	111,500	216,098	-	-	189,123	316,369	30,000	-	863,090
2015	83,350	62,501	237,540	-	116,100	154,860	42,000	-	696,351
2016	-	92,941	179,500	-	31,400	62,220	-	-	366,061
2017	-	31,461	-	120,000	63,000	93,085	-	-	307,546
2018	-	126,131	-	330,235	63,081	185,707	-	30,362	735,516

Stocks:

Post estimates ending stocks in MY 2019/20 will reach 160 TMT, up 15 TMT from the previous year. The Iraqi government announced that they plan to maintain a three-month reserve of certain commodities, including rice, in stock. Forecast stock levels for MY 2019/20 would provide over a one-month reserve of total consumption, or nearly three-months of PDS supply. Post estimates MY 2018/19 ending stocks at 145 TMT.

CORN

Table 7: Corn Production, Supply, and Demand Statistics

Corn Market Begin Year Iraq	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	75	75	50	75	0	80
Beginning Stocks	9	9	23	23	0	63
Production	300	300	200	300	0	320
MY Imports	304	304	300	240	0	310
TY Imports	304	304	300	240	0	310
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	613	613	523	563	0	693
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	540	540	450	475	0	605
FSI Consumption	50	50	50	25	0	20
Total Consumption	590	590	500	500	0	625
Ending Stocks	23	23	23	63	0	68
Total Distribution	613	613	523	563	0	693
Yield	4	4	4	4	0	4

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

Production:

Post estimates Iraq's MY 2019/20 corn production at 320 TMT, increasing around 20 TMT or about 6.7 percent above the previous year. While yields remain steady, post expects area to expand on abundant water.

Post estimates that Iraqi corn production in MY 2018/19 reached 300 TMT, in line with the MY 2017/18. Before the drought conditions ended in fall 2018, the Iraqi Ministry of Water Resources had planned to prohibit corn cultivation due to water scarcity. However, due to the strategic importance of the crop, the government allowed farmers to cultivate corn using underground water. This was especially important in the Kirkuk and Salah Al-Din governorates, which jointly produce a majority of the country's corn crop. With access to water for irrigation, as well as rainfall late in the season, MY 2018/19 production did not drop.

Yellow corn production in Iraq increased during the past years, as both yields and planted area increased. The Ministry of Agriculture has been promoting the higher yielding, Spanish hybrid corn variety, with yields reported at 10 MT per hectare. The harvest season for yellow corn in Iraq starts in October and runs until the end of December. Drying facilities commence accepting corn in November.

More than a third of yellow corn production comes from the Babylon Governorate south of Baghdad. Corn is not planted in the north of Iraq except in the Kirkuk Governorate. The Kirkuk Governorate is the second largest corn-producing region in Iraq.

The government of Iraq does not directly subsidize corn seeds, or seeds for other summer crops. The Ministry of Agriculture does however sell seeds to farmers at 250,000 dinars per ton (\$208). Farmers

buying imported Turkish seeds may pay 600,000-800,000 dinars per ton (\$504-627). Some imported hybrid seeds, known for exceptionally high yields, may reach 1,000,000 dinars (\$840).

Consumption:

Post expects MY 2019/20 feed and residual consumption to increase to 605 TMT, up 130 TMT from MY 2018/19. Feed corn consumption will increase as farmers use relatively less wheat for animal feed.

Yellow corn in Iraq is mainly used by poultry feed mills. As poultry production increases in the coming years, post expects increased demand for imported corn. Use of corn by ranchers and the aquaculture sector is also increasing. Traders supply most imported corn to feed mills. These suppliers generally price their product including freight and offer credit terms. Feed mills prefer imported corn, especially South American origin, due to the quality, moisture rate, and low occurrence of aflatoxins.

Trade:

Post estimates MY 2019/20 corn imports will reach 310 TMT, 29 percent over MY 2018/19 imports. Imports in MY 2018/19 are estimated at 240 TMT, down 64 TMT from the previous year. Recently, Iraq's corn imports have come from Argentina, Romania, and Turkey. Turkey supplies almost exclusively northern Iraq via land routes.

The government of Iraq frequently bans corn imports from November until May. The ban is designed to prevent imported corn from being mixed with domestic harvest and sold to the Ministry of Agriculture at a profit. The Ministry of Agriculture normally purchases the corn harvest at a fixed price, often above the international price, and distributes it to livestock farmers at a subsidized price. Occasionally, the government will put in place temporary bans to protect farmers from low prices driven by surplus product in the market. Feed mills maintain stores of imported corn to mill during the annual bans.

Stocks:

Post estimates MY 2019/20 stocks to reach 68 TMT. This is an increase of 5.0 TMT over the previous year, but 45 TMT over MY 2017/18 stock levels. Stocks are increasing on high imports and strong production.

Policy:

Farm Support

The Ministry of Agriculture, through the Mesopotamia State Company for Seeds, purchases the corn harvest from farmers at a subsidized price of 350,000 dinars per metric ton (around \$292). The company receives, separates, and dries the corn harvest to prepare it for distribution to poultry producers. The company has drying facilities spread throughout the country. Iraqi governorates count with limited storage and processing capabilities, hampering their ability to market corn.