

Voluntary Report – Voluntary - Public Distribution

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Report Name: Iraq Passes New Measures to Ensure Food Security Amidst Tight Wheat Supply

Country: Iraq

Post: Baghdad

Report Category: Grain and Feed, Agricultural Situation

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Report Highlights:

On May 17, the Government of Iraq (GOI) announced higher purchase prices for locally-produced wheat in an effort to incentivize farmers to market their crop to the Ministry of Trade. On June 8, the GOI also passed a food security bill that allows the government to use public funds to meet urgent food needs, including issuing tenders to import wheat.

New Government Purchase Prices

In response to the steep rise of global wheat prices and tight domestic reserves, the Iraqi Council of Ministers established new prices for local wheat marketed to Ministry of Trade (MOT) silos (Table 1).

Table 1: Changes in Local Wheat Purchase Price

Grade	Former Price	March 8 Price	May 17 Price
First Grade Wheat	560,000 Iraqi Dinars (\$381/MT)	750,000 Iraqi Dinars (\$510/MT)	850,000 Iraqi Dinars (\$578/MT)

The GOI initially raised the purchase price by 34 percent at the start of the local harvest season, from ID 560,000 to ID 750,000 per metric ton. However, on May 17, it was raised again to ID 850,000/MT, more than 50 percent higher than the original purchase price. Moreover, the MOT now accepts all wheat that is locally produced, whether within the Ministry of Agriculture's (MOA) planting plan or not, in order to build its reserves. Prior to this season, the MOT only offered its marketing price to wheat planted within MOA's planting plan.

Emergency Law for Food Security and Development

Wheat production this current season is expected to reach approximately 2 million metric tons (MMT), which is less than half of domestic need, and is reportedly of lower quality. Crippling drought, high temperatures, and extreme water shortages in Iraq have contributed to a smaller crop.

Along with this gap between public demand for wheat and domestic supply, Iraq is also facing rising food prices exacerbated by the war in Ukraine. As a result, on June 8, the Iraqi parliament passed the [Emergency Law for Food Security and Development](#) which allows the government to expand food subsidies and access public funds to import food items, specifically wheat, to support its Public Distribution System.

The total allocated amount to support the law is ID 25 trillion (\$17 billion) which will go to the purchase of staple food supplies, gas, electricity, and public servant salaries. ID 5 trillion (\$3.4 billion) is allocated to MOT for the purchase of wheat. The GOI announced that it will import 3 MMT of wheat, though the need is as high as 5 MMT.

Attachments:

No Attachments.