

Iraq Rice



Introduction

Capital: Baghdad

Population: 30,399,572 (July 2011 est.)

Location: Middle East, bordering the Persian Gulf, between Iran and Kuwait.

Government: Parliamentary democracy. Chief of State: President Jalal Talabani (since April 6, 2005); head of government: Prime Minister Nuri al-Maliki (since May 20, 2006).

Economy: An improved security environment and an initial wave of foreign investment are helping to spur economic activity, particularly in the energy, construction and retail sectors. Broader economic improvement, long-term fiscal health, and sustained increases in the standard of living still depend on the government passing major policy reforms and on continued development of Iraq's massive oil reserves. Although foreign investors viewed Iraq with increasing interest in 2010, most are still hampered by difficulties in acquiring land for projects and by other regulatory impediments.

GDP per capita: \$3,800 (2010 est.); **inflation:** 2.4% (2010 est.); **unemployment** 15.3% (2009 est.).

Currency Iraqi dinar (IQD): 1,165 Iraqi dinars equal 1 U.S. dollar (Jan. 26, 2012).

Exports: \$51.76 billion (2010 est.): crude oil 84%, crude materials excluding fuels, food and live animals.

Imports: \$43.92 billion (2010 est.): food, medicine, manufactures.

Major crops/agricultural products: Wheat, barley, rice, vegetables, dates, cotton; cattle, sheep, poultry.

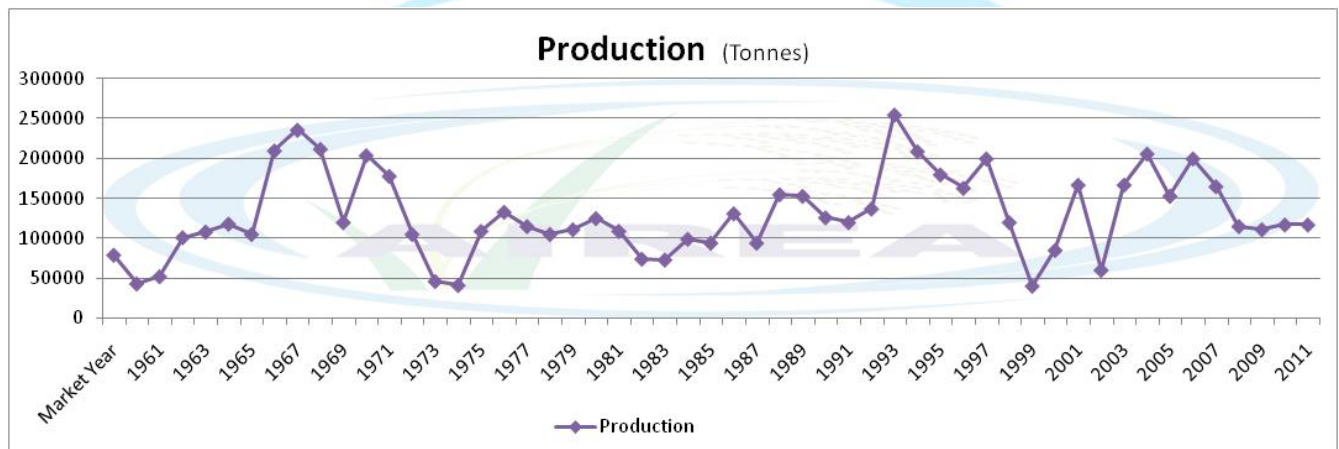
Agriculture: 9.7% of GDP and 21.6% of the labor force

Production /Consumption

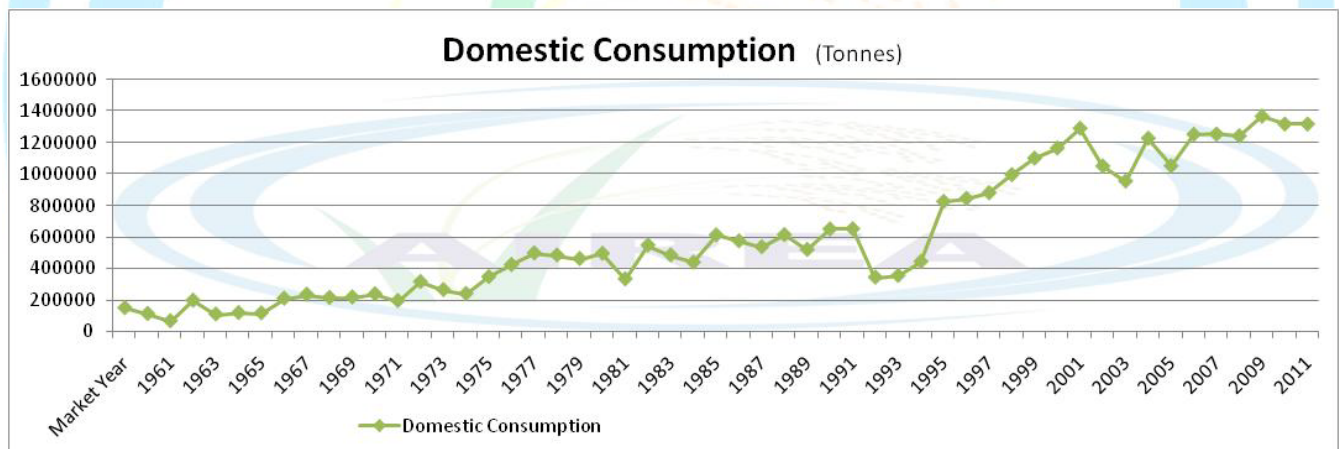
- **Rice production in 2011 on a rough basis is estimated to be approximately 175,000 metric tons**, a 12 percent increase over the 2010 crop. Plantings and production were down in 2010, primarily as a result of a sharp drop in the official procurement price paid producers.
- **Iraq consumes 1.25 million tonnes of rice a year, according to Iraqi Grain Board.**
- The 2010 procurement price was lowered by 33 percent, from 900,000 ID per metric ton in 2009 to 600,000 ID per metric ton in 2010. For 2011, the price was increased to 750,000 ID per metric ton (US\$635). The Ministry of Trade reported purchases from producers of 112,000 metric tons, an increase of 35 percent over year-earlier purchases.
- The difference between Ministry of Trade purchases and total production is an indicator that rice growers market their premium Anbar rice through private channels. Increased marketing to the Ministry of Trade of the 2011 rice crop is likely an indicator of both the higher procurement price and the likelihood that the premium price paid by private rice millers has dropped over the last year. If that is the case, it is consistent with reports of increased private sector imports of Indian "Basmati" rice, a fragrant rice that competes directly with locally produced Anbar rice. The "official" procurement price paid by the Ministry of Trade of 750,000 ID per metric (US\$635) is paid on a rough rice basis. Using a milling rate of 0.66 yields a milled rice procurement price of approximately US\$950 per metric ton, well above world prices for long grain rice delivered to Iraq.
- Irrigation water availability will continue to limit Iraqi rice production. While winter rains within the Euphrates River basin have been greater than those across the Tigris River basin, they will not be

enough to allow an increase in the summer rice planted area. Planted area in 2012 is forecast to remain unchanged at 55,000 hectares. Discussions with private sector traders and businessmen indicate that private sector imports of rice are growing rapidly in Iraq.

- A number of private sector food importers are currently importing, promoting, and distributing Indian basmati rice in major Iraqi markets. The Office of Agricultural Affairs in Baghdad is working with an importer interested in importing U.S. long grain rice to compete with imported Indian rice. A major importer of food products into Iraq has also shown interest in private sector imports, with the caveat that promotion efforts would be needed to establish a market foothold.



Graph 1 - Production



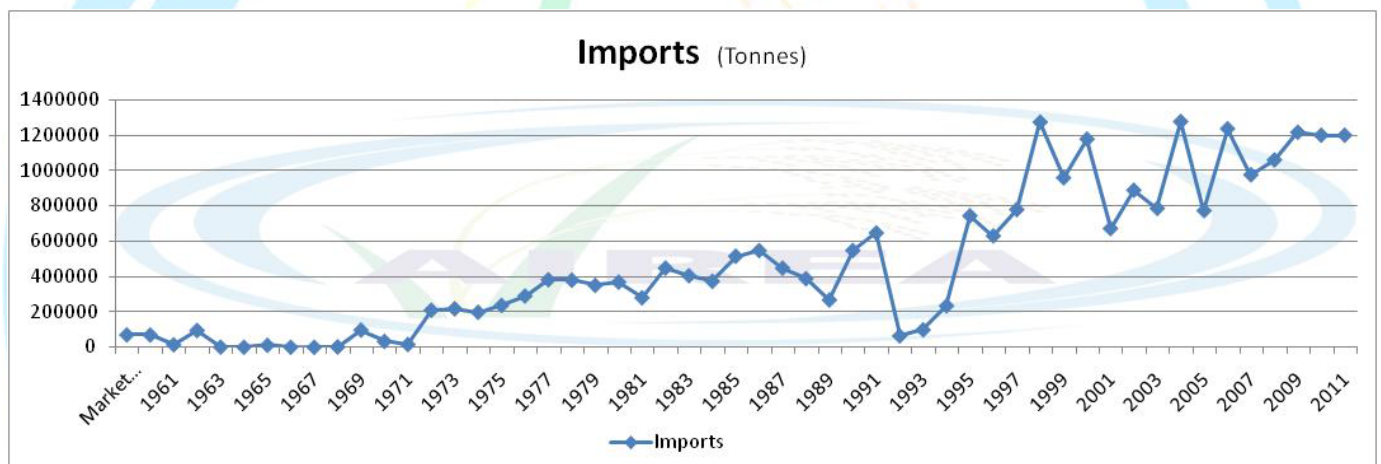
Graph 2 - Consumption

Trade/Imports

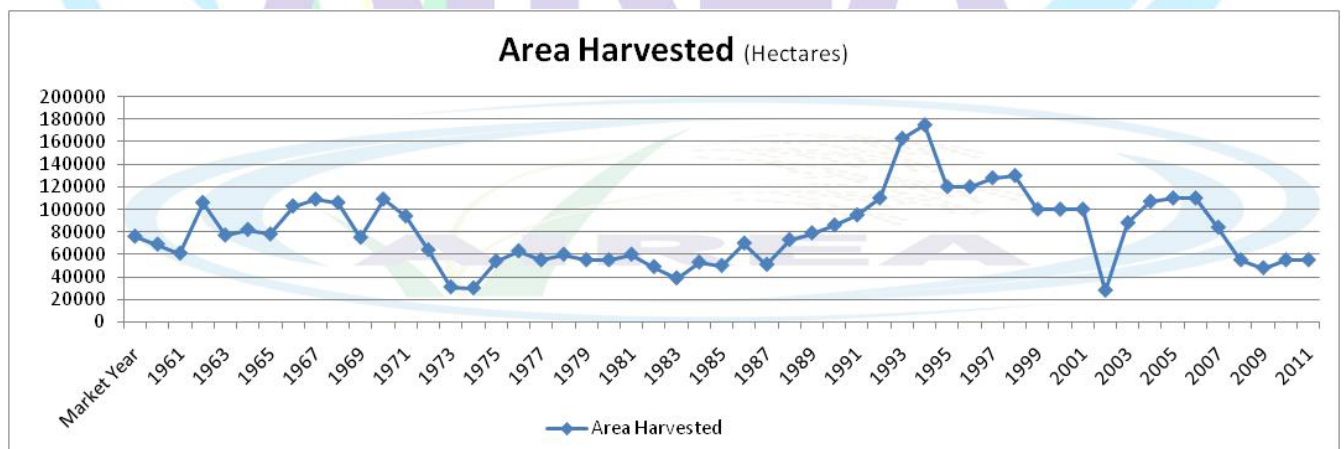
- The Iraqi grain board has said it decided to buy cheaper basmati rice from India. Baghdad hasn't bought US rice since late 2010. Iraq's trade ministry has said that much of the shift is a function of the Iraqi public preferring India's basmati rice, which the US doesn't produce.
- Iraq bought 100,000 metric tonnes of rice from Thailand, according to Iraq's Trade Ministry. The purchase followed a tender for 30,000 tonnes of rice that closed on Oct 7 2012.
 - Olam International will supply 70,000 tonnes of Thai rice, and
 - Louis Dreyfus will supply the remaining 30,000 tonnes, it said.

- Iraq bought 100,000 tonnes of rice from Argentina, Uruguay and Thailand following a tender that closed on 10th June 2012:
 - 30,000 tonnes will be sourced from Argentina;
 - 30,000 tonnes from Uruguay; and,
 - Commodity trading firm Olam International will supply Iraq with the 40,000 tonnes of rice from Thailand.
- Iraq has bought 110,000 tonnes of rice from Thailand and Uruguay in a tender on July 26 2012, Iraqi Grain Board spokesman Amer Abdul-Aziz said.
 - Toepfer International will supply 40,000 tonnes of Thai rice,
 - Olam International another 40,000 tonnes from Thailand
 - Saif International will provide 30,000 tonnes of the rice from Uruguay.

European traders said the two 40,000 tonne consignments of Thai rice were purchased at \$6 23.89 a tonne c&f liner out and \$629 a tonne liner out. The Uruguayan rice was purchased at \$671 a tonne c&f free out, traders said. Liner out and free out terms have differing provisions for the cost of ship unloading. In its previous tender reported on July 12, Iraq bought 82,000 tonnes of Thai rice.



Graph 3 - Imports



Graph 4 - Area Harvested

Policy

Grain board of Iraq is one of the ministry of trades intuitions that started its job since 1939 and developed that job during the last century, GBI's concern at that time was on organizing the import process for grain and meet the Iraq's need of this basic item in addition to organizing the process of receiving the local product of grain (wheat, rice, barley) as well as planning for the mechanism of supplying the food stuff with rice to be distributed to Iraq's citizens under the food ration card.

For more than two decades, the Iraqi government has administered a massive public distribution system, under which all citizens are entitled to receive essential items for only symbolic payment. And the vast majority of Iraqis receive their share almost for free.

Market Year	Area Harvested	Domestic Consumption (MT)	Production (MT)	Imports (MT)
1960	76000	149000	79000	70000
1961	69000	112000	43000	69000
1962	61000	66000	52000	14000
1963	106000	196000	101000	95000
1964	77000	109000	108000	1000
1965	82000	118000	118000	0
1966	78000	116000	105000	11000
1967	103000	209000	210000	0
1968	109000	234000	236000	0
1969	106000	214000	212000	2000
1970	75000	217000	120000	97000
1971	109000	237000	204000	33000
1972	94000	194000	178000	16000
1973	64000	315000	105000	210000
1974	31000	264000	46000	218000
1975	30000	239000	41000	198000
1976	54000	346000	109000	237000
1977	63000	423000	133000	290000
1978	55000	497000	115000	382000
1979	60000	484000	105000	379000
1980	55000	461000	111000	350000
1981	55000	494000	125000	369000
1982	60000	332000	109000	280000
1983	49000	547000	74000	448000
1984	39000	484000	73000	405000
1985	53000	438000	99000	373000
1986	50000	611000	94000	515000

1987	70000	574000	131000	547000
1988	51000	536000	94000	448000
1989	73000	613000	155000	388000
1990	79000	519000	153000	268000
1991	86000	649000	126000	548000
1992	95000	650000	120000	647000
1993	110000	343000	137000	64000
1994	163000	354000	255000	99000
1995	175000	443000	209000	234000
1996	120000	824000	180000	744000
1997	120000	843000	163000	630000
1998	128000	879000	200000	779000
1999	130000	994000	120000	1274000
2000	100000	1099000	40000	959000
2001	100000	1163000	85000	1178000
2002	100000	1289000	167000	672000
2003	28000	1049000	60000	889000
2004	88000	953000	167000	786000
2005	107000	1225000	206000	1277000
2006	110000	1050000	153000	773000
2007	110000	1250000	200000	1237000
2008	84000	1252000	165000	976000
2009	55000	1240000	115000	1060000
2010	48000	1365000	111000	1217000
2011	55000	1315000	117000	1200000
2012	55000	1315000	117000	1200000

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