

The guaranteed purchase price per kg of wheat in Iraq is 4150 Tomans

Iraq consumes more than 5 million tons of wheat annually, of which 2 million tons are imported through imports. However, the government has put in place a guarantee of wheat purchase at a price well above world prices, with the aim of protecting domestic wheat and reducing its import share. Currently, the Iraqi government buys each ton of wheat from domestic farmers for 487 Tomans per hectare, with a nominal exchange rate of Nimaee, equivalent to 1,450 Tomans per kilogram.

Iraq, one of the neighboring countries of Iran, with a population of about 37 million, has an oil-dependent economy and, due to the military situation that has taken place in the country over the past years, has no good agricultural production.

The basic food of the Iraqi people is wheat, rice and barley, which, due to its geographical condition, is part of the demand of the people through domestic products.

According to global reports, Iraq annually produces about 3 and 1 million tons of wheat and barley, which has grown negatively on wheat production in recent years.

The instability of wheat production in Iraq is the great concern of the country's government:

However, the Iraqi Agricultural Statistics Agency recently expressed concern over the decline in the cultivation of these products by publishing a report referring to agricultural production such as barley and wheat in the country.

The report highlights the major factors behind the decline in the cultivation of these products to the spread of drought, water shortages and the lack of proper investment by the government in purchasing water supply facilities on farms.

Most of the Iraqi people are in the agricultural sector, and as a result, reducing the country's wheat cultivation in addition to the growing import and cultivation of crops such as corn and rice, also reduces the income of Iraqi farmers.

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In order to meet the needs for wheat and barley, Iraq has sought to protect farmers and, through supportive policies, is trying to stabilize the position of production of these products.

Reducing production costs, such as purchasing fertilizers, seeds and agricultural machinery, and setting a guaranteed purchase price, are some of the Iraqi government's support for the farmers of this country.

While previous surveys showed that the price per ton of wheat in Iraq would reach 472 tomans, the price of

wheat in Iraq has risen to more than 487 tomans by the start of the New Year.

In other words, the price of one kilogram of wheat in Iraq is priced at about 4150 tomans by the government and purchased from farmers, according to Nimae's exchange rate system (8500 Tomans).

The growing trend of wheat production in Iraq due to the determination of the price and the appropriate rainfall

While wheat prices in Iraq have been increasing over the past two years, the Iraqi Agriculture Minister has recently estimated the production of this product positively by presenting statistics on the state of wheat in Iraq.

According to the statistics, Iraqi wheat production will reach about 3 million tons this year due to the favorable status of hectares, which will reduce the import of this product.

According to the US Department of Agriculture, Iraq's wheat imports are expected to drop from 4 to 3.7 million tons in the coming year due to the favorable situation of wheat prices and recent rainfall.

Wheat smuggling because of the price difference of wheat in Iran and Iraq

Wheat prices in neighboring countries of Iran and Iraq will lead to the phenomenon of wheat trafficking, since the price per kg of wheat in Iran is currently 1600 tomans.

In other words, wheat traffickers can sell it to the government more than three times as much as moving the product from the Iranian-Iraqi border. In order to prevent this, wheat prices in Iran should increase in line with rising production prices, in order to reduce the incentives for wheat trafficking to Iraq and to ensure self-sufficiency in wheat production in recent years.