



# Syrian Wheat 2015

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**Analytical Study**

May 2015

# Syrian Economic Forum

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## Research Summary

(This policy paper was prepared upon the request of the Ministry of Local Administration in the Syrian Interim Government (SIG) to participate in the workshop on Syrian wheat in 2015, which is set up to take place inside Syria on 25 - 5-2015, in order to study the purchase price and adopt mechanisms and methods of procurement. Participants: the Local Councils of Aleppo Province, Idlib Province, Hama Province, and Lattakia Province; civil society organizations; and businesspeople working in the field of wheat and mills.)

For the first time in four years the decision has been made to unite efforts and combine all different parties concerned with the matter of Syrian wheat marketing.

This was done to review the most important figures and statistics related to the matter in order to reach a common vision to work upon and adhered to.

Wheat sector has suffered a lot in the past years from a severe decrease in yield, to a decreased contribution to the GDP, and finally the high cultivation costs. Therefore, to be the needs of farmers and the needs of the citizens of wheat had to be aligned, as the Syrian Interim Government, civil society organizations, regional and international supporting entities are all working to secure flour.

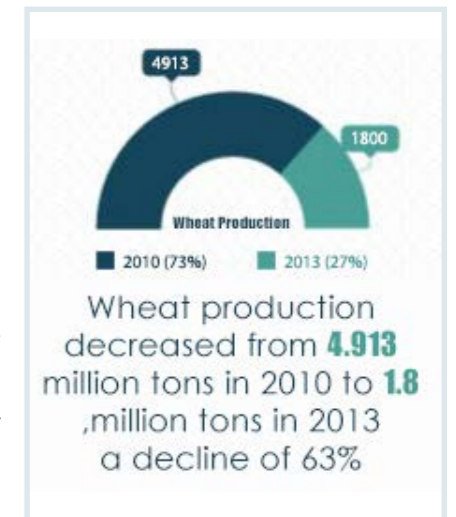
In this study, we review the average price of wheat worldwide, in addition to a simple equation for the rate of each individual's daily consumption of bread and how to calculate the annual needed amount of wheat. Thus, we created a formula through which any local council can calculate the expense of its area's needed amounts of wheat based on population estimations and the funds required for that. Knowing that the price of a loaf of bread in Syria is still the lowest when compared to its price in other neighboring countries.



## Introduction

The agricultural sector is one of the economic sectors most affected by the crisis in Syria, as its contribution to the GDP declined from 17.9% in 2010 to 5% in 2013. Wheat is the basic material in food needed daily. If we look at the annual increase of the population (2.6% to 2010), we can see how the need for wheat increased year after year. This requires efforts to maintain a balance between supply of wheat and demand by searching for new scientific methods to develop the cultivation of wheat and optimizing available methods of production from land, water, seeds, and fertilizer to maximize production in terms of both quality and quantity.

Wheat is the most important crop in Syria, as it constitutes almost 20% of the total arable land. The production of wheat in Syria differs from year to year depending on climatic conditions, service plans, and methods used in cultivation. Wheat production decreased from 4.913 million tons in 2010 to 1.8 million tons in 2013, a decline of 63%. Production is expected to increase to three million tons this year due to increased rainfall.



## Wheat strains planted in Syria:

In Syria, as in most Mediterranean countries, spring wheat is grown and divided into two groups:

### ► High-yield wheat:

Studies and experiments conducted by the Agricultural Research Directorate in the SIG Ministry of Agriculture revealed that types of high-yield wheat include:

- A. *Triticum durum*:** (Cham types, Bohoth types, Al Jazeera types, in addition to Jori and Exad).
- B. *Triticum aestivum*:** (Cham types, Bohoth types, and Maxibak).

### ► Local and existing wheat:

- A. *T.durum*:** (Hourani - Himari - Senator Capelli).
- B. *T.aestivum*:** (Florence Aurore).

## Assad regime government:

The Assad regime government wants to buy wheat from farmers in the liberated areas to demonstrate its control and to ensure abundant supply of bread to citizens under its control.

The main challenge ahead is the extent of its ability to lure farmers to sell their crops to the Assad government and secure the transfer of crops to collection centers in its areas of control. The head of the General Establishment for Grains Processing and Trade said, "We want to buy the entire wheat production for this season." He announced, this month, the price of a kilo of wheat, which is 61 SP (25 cents).



## Identification of the problem:

The 2015 wheat harvest season has come, so the farmers need to sell their crops. Crop sales must take into account costs and productivity, residents' need for wheat, and the possibility of local councils, the SIG Ministry of Agriculture, businesspeople, civil society organizations, and other supporting entities securing wheat to provide bread to all Syrian citizens.

## Objective and importance of this research:

The goal of this policy paper is to determine the appropriate sale price for farmers and supporting entities such as the SIG Ministry of Agriculture, local councils or other organizations, in addition to the estimated amount of wheat required for citizen, and the value of wheat or flour required for residents in the liberated areas.

Last year, the Syrian Economic Forum (SEF) published a policy paper, "Repercussions of the Syrian Crisis on Agriculture," which examined the effect of the crisis on strategic crops such as wheat. SEF's study revealed that the average productivity of wheat is 204 kg per acre, with an average cost of #46.6 per acre in 2014.

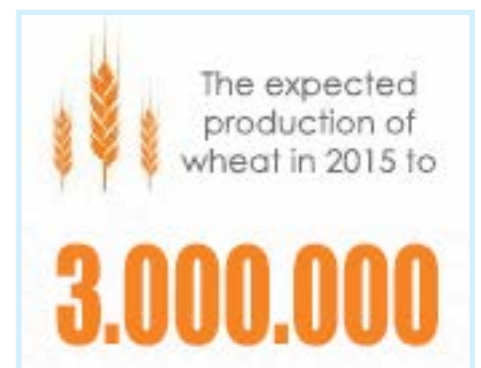
SEF confirmed that the reasons for the sharp decline include the following:

- ▶ A large number of farmers were prevented from providing agricultural services to their lands—such as tillage, irrigation, harvest, and transport—because of the shelling and the wide spread of Assad regime checkpoints in their lands.
- ▶ The burning of great amounts of agricultural crops by tanks and machines of the brutal war.
- ▶ A large number of farmers refused to plant their lands because production costs increased three to four times since before the revolution. For example, fuel, transportation, irrigation, and crops harvest costs increased greatly, in addition to the scarcity of fertilizers, seeds, pesticides, and disinfectants.

SEF stressed that the decline in wheat production will lead to disastrous repercussions on the future of economic and social life in Syria, which threatens a terrible famine for the Syrian people.

## Wheat Production:

The expected production of wheat is almost three million tons, divided between the liberated areas and areas controlled by the Assad regime. Syria produces two types of wheat: Triticum durum, which is used mainly for pasta and pastries, and Triticum aestivum, which is used in the bread industry.



## Global wheat prices:

The U.S. Wheat Associates global wheat prices report, dated May 22, 2015, shows the following:

- The price of a ton of Triticum aestivum is between \$213 and \$279.
- The price of a ton of Triticum durum is between \$323 and \$436.

The Assad regime adopted the price of \$250 per ton for Triticum aestivum, and they will buy in Syrian pounds (SP).

The official price of a U.S dollar is 245 SP, making the price of 1 kg of wheat 61 SP.

On the other hand, the SIG fixes the price of a ton of Triticum aestivum at \$250.

The SIG, local councils, and supporting entities will be required to pay in U.S. dollar currency regardless of the exchange rate.

Thus, the price imposed by the SIG is more fair and equitable to the farmers due to the fact that the price adopted by the Assad regime changes based on fluctuations in the U.S. dollar exchange rate.



## Needs Assessment:

Syria's population is about 25 million people. The United Nations (UN) estimates the number of refugees in neighboring countries at 4.5 million people. The population in the liberated areas inside Syria currently reaches about 10.5 million people, 3.5 million of which live in ISIS-controlled areas and the other 7 million in the areas liberated by other opposition forces.

## Estimation of wheat requirements for 7 million people for one year:

Average daily consumption per capita (young or adult, male and female) is 275-300g of flour. Calculated the average amount of 280 g × 365 day = 102.200 kg annual consumption per capita. 102.2 kg/ person × 7 million = approximately 700,000 tons. Thus, 7 million Syrian citizens require approximately 700,000 tons of wheat for one year of consumptions. 700,000 tons × 250 dollars/ ton = \$175 million annually.



## Another estimation method that depends on counting the number of bread loaves:

The average daily consumption per capita is 2.5 loafs.

The weight of a loaf is 130-140g.

2.5 loaf × 135g = 337.5g of bread.

337.5 g × 365 day = 123.187 kg annual consumption per capita.

123.187 kg × 7 million people = 500,312,862 kg of bread.

However, we know that every 1 kg of flour produces 1.2 kg of bread.

Then the estimation of the required amount of flour is:

500,312,862 kg of bread ÷ 1.2 = approximately 700,000 tons of wheat (700,000 tons required annually).

700,000 tons × 250 dollars/ ton = \$175 million annually.

NOTE: purchase can be made upon the estimation of the current population in the administrative unit.



Country	Price (Cent)
Lebanon	11
Saudi Arabia and Kuwait	10
Iraq	15
Egypt	7
Gaza	13
Syrian Liberated Areas	2.5

## Prices in the liberated areas:

2.5 loaf/ person × 2.5 cents = 6.25 cents daily.  
 6.25 cents daily × 365 day = 2281.25 cents. \$23 annually.  
 23\$/ year × 7 million people = almost \$160 million.

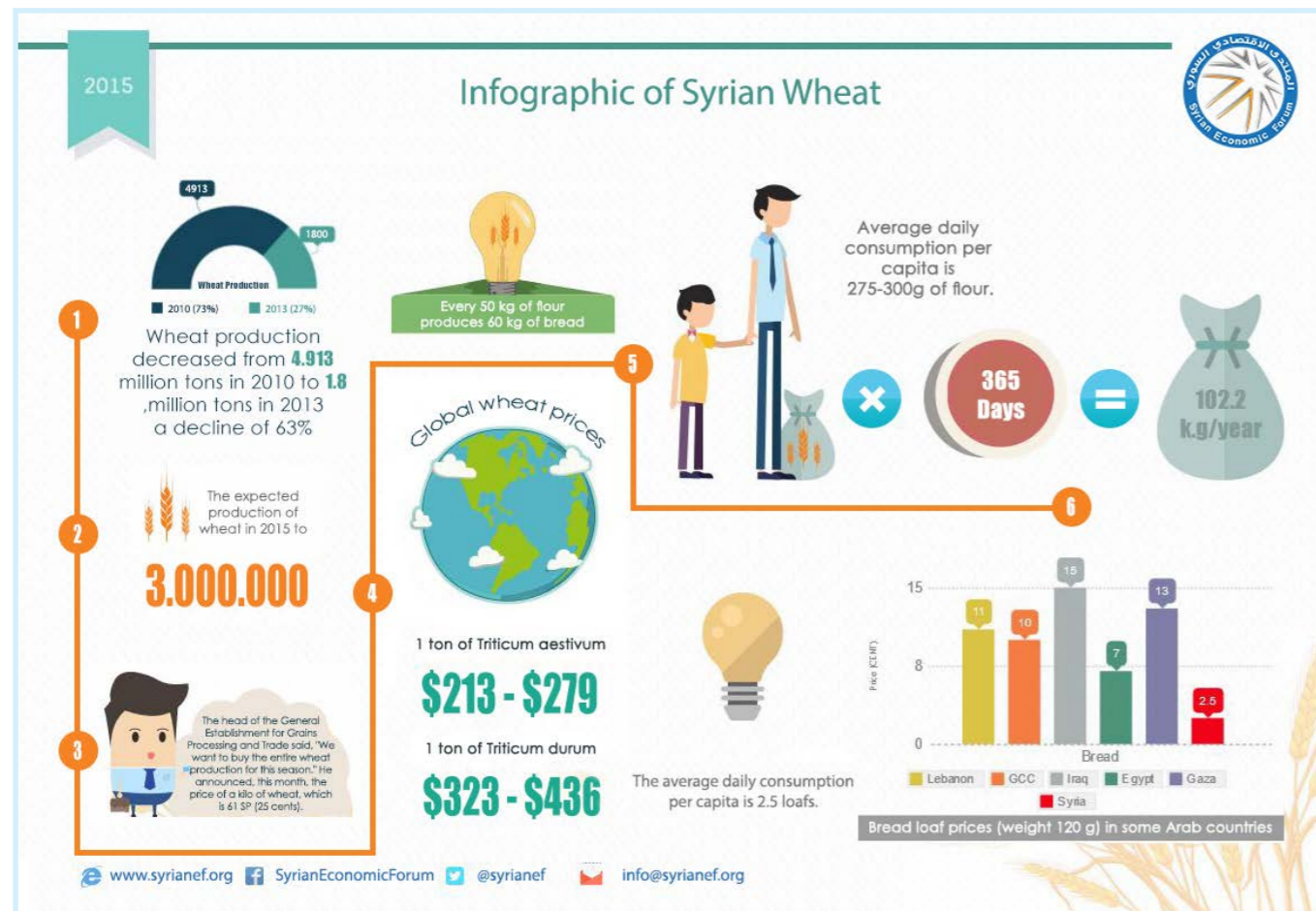
## Bread cost:

Cost in relation to the price of flour is 60%.

\$175 million × 1.60 = \$280 million for the annual cost of bread.  
 Citizens pay \$160 million and the international community bears the other \$120 million annually.



## Infographic of Syrian Wheat:



## Recommendations:

**Based on the above findings we recommend the following:**

1. We recommend that the price is close to the world price for both Triticum durum and aestivum.
2. We recommend that the purchased quantities of wheat should be kept in many separate secure places. Large quantities should not be stored in one place.
3. In case the required quantities for the consumption of people cannot be purchased, we advise allowing businesspeople, like grain traders, to contribute to the purchase of specific quantities of wheat. The businesspeople can then sell these quantities to private bakeries and not export them outside Syria, thus partially covering the needs of citizens, in order to ease the burden of financing procurement processes. In order to activate the role of the private sector in civil society.
4. We recommend buying the required amount of Triticum durum, and allowing the replacement of the surplus production of Triticum durum for Triticum aestivum, which is more suitable for bread making.
5. We recommend buying farmers' crops as fast as possible, to eliminate the Assad regime's attempt to lure farmers with prices of wheat.
6. Finally, we recommend that the Syrian interim government, appeals to the principles of free economy, especially regarding the wheat season, setting the price based on supply and demand. We also ask it to allow the private sector to buy, which helps in the recovery of many sectors of the economy and therefore benefiting the citizens.

## Resources:

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4. Rehab Ibrahim, 2013, Bread Industry...where is it headed? October, Damascus.
5. <http://www.uswheat.org/prices>, 22/05/2015.

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