

A SUMMARY OF WHEAT PURCHASING PROCESS

WHEAT PRICE JUNE, 2023

Table of Contents

Document Objective:	3
Acronyms & keywords:	3
Situation Overview:	3
Assessment Process of Wheat Prices:	4
• Data Collection and Discussion with Partners:	4
• Agreed Wheat Prices:	4
• Discussing CARE & Shafak Wheat Prices Assessment:	6
Challenges:	6
Notes:	6
Recommendation and Conclusion:	7

Document Objective:

The objective of this document is to enhance collaboration between the Food Security and Livelihoods (FSL) Cluster and the Agriculture Technical Working Group (ATWG) partners in Northwest Syria (NWS) regarding wheat procurshaising for the 2023 season. It also aims to establish a unified approach for determining wheat prices by considering multiple price sources in the areas of Northwest Syria, consedering the local wheat collection points in Northwest Syria. Furthermore, this document aims to provide an overview of prices in regions outside northwestern Syria for a comprehensive market analysis.

Acronyms & keywords:

- **FSL:** Food Security and Livelihoods Cluster
- **ATWG:** Agriculture Technical Working Group
- **NWS:** Northwest Syria
- **WoS:** Whole of Syria
- **GoS:** Government of Syria
- **SIG:** Syrian Interim Government
- **SSG:** Syrian Salvation Government
- **EuS:** Euphrates Shield Area
- **NES:** Northeast Syria
- **GOSM:** General Organization for Seed Multiplication
- **TMO:** Toprak Mahsulleri offisi
- **NGO:** Non-governmental organization
- **SYP:** Syrian Pound
- **TRY:** Turkish lira
- **MT:** Metric Ton

Situation Overview:

With the onset of each harvest season, competition for wheat purchases intensifies, particularly between the Syrian government and other relevant actors, and to a lesser extent the SSG and SIG. The competition in 2022 has intensified due to the ongoing drought in Syria. In addition, the Russia-Ukraine conflict has led to an increase in international wheat prices, making it difficult for the Syrian government to import wheat due to its limited foreign exchange reserves.

In previous years, Syria has relied heavily on wheat imports from Russia and Ukraine. However, the ongoing conflict and supply chain disruptions will limit wheat imports starting in 2022. The

steep rise in wheat prices exacerbates concerns about potential famine, as Syria was ranked as the most food insecure country in the world in February 2022, according to a statement from UN.

In contrast, wheat production for the current year has improved, according to evidence shared by I/NGOs during FSL cluster and ATWG meetings. In addition, global grain prices have declined due to the agreement with Russia to facilitate the transportation of wheat and other major grains through the southern Black Sea ports, which has reduced concerns about the food supply chain. Even with the mentioned increased production, it is still insufficient for the huge population in NWS. Furthermore, iMMAP WHEAT TO BREAD assessment report indicated that NWS depends on imported flour by 80%.

It is worth noting that the Syrian government has announced a 40% year-on-year reduction in wheat prices. While this development represents progress in terms of food security, it also poses challenges for wheat farmers in the current strategic wheat season.

Assessment Process of Wheat Prices:

- **Data Collection and Discussion with Partners:**

An online (Wheat procurement plan tracker) has been set up to identify the expected quantity, locations, and supposed prices that NGOs want to set for their continued plan to buy from farmers. Five partners reported their plan for wheat procurement, which (Shafak/CARE, ONSUR/QC, Global Communities, ATAA, and Kidse Paradise/Ai.Bi) in seven sub-districts [Albab, Ghandorah, Ar-Ra'ee, Afrin, Azaz, Maaret Maasrin, Ariha] on June 18, 2023.

On 19th an ad-hoc meeting was conducted where 30 partners participated in discussions on how many factors affect wheat prices and how they will set the harmonized price according to the outcomes of the meeting.

- **Agreed Wheat Prices:**

A promising wheat and barley harvest is expected in WoS, sparking optimism about production among farmers in northwestern Syria. Based on data collected by partners, the Syrian government has set the purchase price for a kilogram of wheat from farmers at about \$0.3.

Although this price is lower than the 2022 price of \$0.5 - it is still considered "encouraging" by the government. In addition, local authorities in NWS have announced the official wheat purchase prices for various regions. In Idleb, W. Aleppo, Olive Branch, EuS, and Peace Spring areas, where the SIG and SSG governments control, the range for soft and hard wheat is between \$295 and \$330 per ton. Meanwhile, in NES area, the mandated authorities set the highest wheat price at \$420 per ton. The following table provides an overview of recent wheat prices set by various stakeholders in WoS:

Actor	Hard Wheat \$/MT	Soft Wheat \$/MT	Average \$ of both wheat types	Notes
SIG	\$330.00	\$285.00	\$307.50	LINK
GOSM	\$363.00	\$313.50	\$338.25	The formal pricing decision has not been issued yet, Shafak communicated bilaterally with GOSM, and they said that will be about 10% as a premium to their contracted farmers
SSG	\$320.00	\$300.00	\$310.00	LINK
GoS	\$311.11	\$311.11	\$311.11	(Exchange rate 1 USD = ± 9,000 SYP)
NES	\$430.00	\$430.00	\$430.00	LINK
TMO	\$402.10	\$367.13	\$384.62	LINK (Exchange rate 1 USD = 21.45 TRY) at the date of announcement



- **Discussing CARE & Shafak Wheat Prices Assessment:**

A joint committee of Shafak and CARE representatives conducted an assessment and review of wheat prices for the 2022-2023 season. The committee tracked and collected wheat price data from various stakeholders inside and outside NWS hub. In addition, the committee examined prices reported by grain traders operating in the project's area of operation to gain a comprehensive understanding of wheat prices at the formal and informal levels.

The data collection process occurred up until June 15, 2023, and encompassed inputs from significant actors in the wheat market. The results obtained aligned closely with the prices collected by partners involved in the ATWG, further reinforcing the reliability and accuracy of the findings. For more detailed information, please refer to the CARE & Shafak assessment [report](#).

Challenges:

Farmers constantly face challenges during agricultural seasons, including the persistent concerns of bombings and fires. They encounter difficulties such as soaring input prices and meager purchase prices, which significantly impact their livelihoods. Moreover, farmers also grapple with additional issues such as security concerns, the threat of landmines in the fields, and the risk of worker injuries. Among these challenges, the matter of establishing fair purchase prices for wheat and barley remains the most critical and attractive to various involved stakeholders.

Notes:

- The GoS authorities used the Syrian Pound (SYP) as the currency for purchasing wheat, setting the rate at 2,800 SYP per kilogram for both hard and soft wheat types.
- In contrast, the NES authorities have established their wheat prices at \$0.43 per kilogram for both hard and soft wheat types.
- On June 14, the General Organization for Seed Multiplication (GOSM) communicated that their prices are aligned with those set by the SIG, and they will provide a 10% premium to contracted farmers.

- The TÜRKİYE Republic-Toprak Mahsulleri offisi (TMO) refers to wheat prices in TÜRKİYE, denominated in Turkish lira, and including incentives. At the time of publication, the exchange rate was 1 USD = 21.45 TRY.

Recommendation and Conclusion:

1. Taking into account the prices set by the authorities in each governorate, it is suggested to establish the price for hard wheat at 350 USD/MT and for soft wheat at 305 USD/MT. In addition to the prices, it is recommended to add 20\$ to the price of one ton of wheat that is used for bread production.
2. This recommended increase is intended to cover expenses related to transportation, cleaning, and packaging and to serve as a subsidized price.
3. All partners operating within the same sub-district should align their prices and adopt the same pricing approach in addition to conduct their own price assessment as well.
4. Partners who plan to make modifications to their ongoing projects are kindly requested to provide justifications and conduct a separate market assessment.
5. These recommendations aim to ensure consistency in pricing approach across all partners and wheat types, and it is not mandatory for any of partners or stakeholders.



SYRIA CROSS-BORDER HLG (NWS)
FOOD SECURITY & LIVELIHOODS
CLUSTER

FSL Cluster. A Summary of Wheat Purchasing Process | Wheat Price 2023

<https://fscluster.org/gaziantep>
info.syria@fscluster.org