DRAFT OIC PROGRAMME OF ACTION FOR DEVELOPMENT OF WHEAT

1. INTRODUCTION

Wheat is one of the oldest food sources for humans. According to the FAO[1], wheat is the second most important food crop after rice, providing 20% of daily protein and calories for 4.5 billion people across the world. Currently, wheat is the most widely grown crop cultivated in 128 countries with a global production of 772 million tonnes in 2017. Globally, about 61% of wheat production is used for food and 17% for animal feed.

2. CURRENT STATE

i. Production

Wheat is also one of the most popular cereal crops produced in majority of OIC member countries. According to the latest estimates of FAO, production of wheat in OIC countries was recorded at 119 million tonnes in 2017 compared to 86 million tonnes in 2000. During the same period, the total area for wheat harvest has also climbed from 48.4 to 51.6 million hectares. On the other hand, the share of OIC countries in the total production of wheat in the world has witnessed a mix trend averaging around at 15% in 2017. As of 2017, 38 member countries were producing wheat with a total harvested area of 51.6 million hectares, corresponding to 17.5% of their total arable land and permanent crops area.

At the individual country level, cultivation and production of wheat remained highly concentrated in a handful of OIC countries. In 2017, top-10 producers accounted for around 91% of OIC wheat production. Among these major wheat-producing countries, Pakistan alone accounted for nearly a quarter (22.3%) of OIC total production followed by Turkey (18.0%), Kazakhstan (12.4%) and Iran (11.7%). Currently, six OIC member countries are ranked among the top-20 wheat producers in the world. Among these members, Pakistan is ranked 8th, Turkey is ranked 11th, Kazakhstan is ranked 14th, Iran is ranked 14th and Egypt is ranked 17th.

Wheat is mainstay of agriculture across the major wheat producing OIC member countries. In Pakistan, the largest OIC wheat producer, over 80% of farmers are growing wheat on about nine million hectares of land, constituting around 40% of total cultivated land in the country[2]. More than half of wheat in Pakistan is produced in the irrigated land of Punjab. Over the years, the government has developed a national wheat policy to encourage and support the farmers through various subsidies and price control measures. In general, government buys the wheat from the farmers through Pakistan Agricultural Storage and Corporation (PASSCO) at Federal level and Food department in Punjab. Although, private sector dominates wheat production,

[1] https://bit.ly/2pToIpj
[2] https://bit.ly/2S0crPf

transportation and milling, there is very limited role for it in wheat trade[3]. Agricultural activity is mostly dominated by small scale farmers in Turkey with approximately 3.5 million farmers taking care of 20 million hectares of productive land[4]. On average, Turkey is producing over 20 million tonnes of wheat annually. Under the National Agricultural Project, the Government has introduced a special incentive scheme for farmers to grow high quality wheat across the 940 designated agricultural basins[5]. Over the years, efforts have been made to encourage the use of certified seeds to improve yield; and currently around 50 to 60% of the wheat production is made with certified seeds[6]. The Turkish Grain Board, a limited liability and autonomous state economic enterprise, over sees and regulate the wheat market vis-à-vis developments in international commodity market[7].

Figure 1: Wheat Production and Area (rhs)

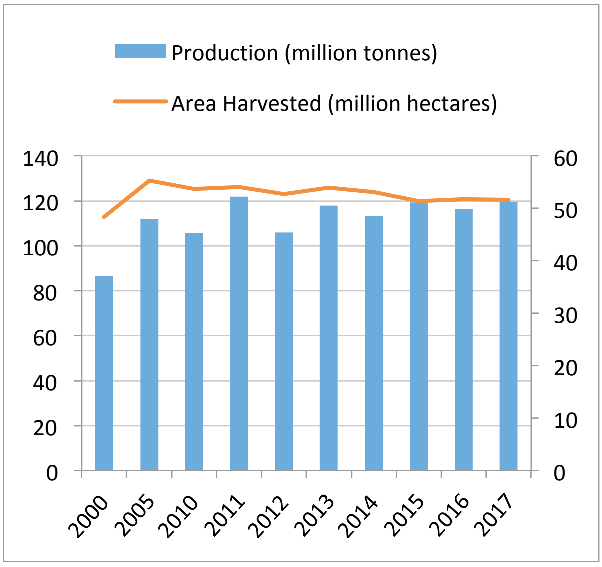
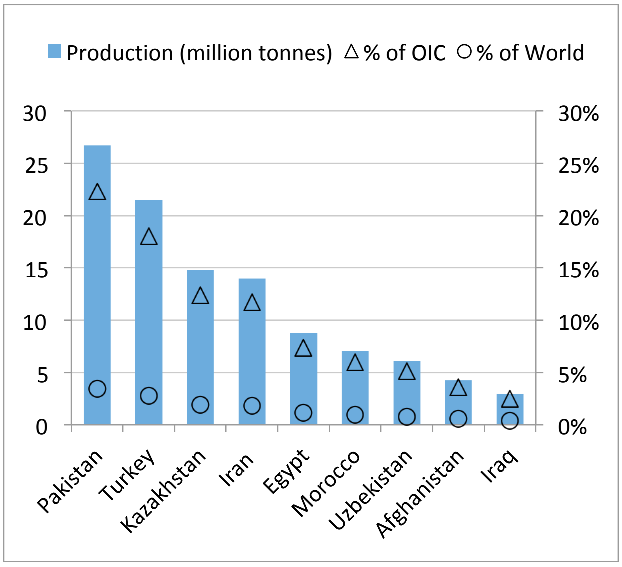


Figure 2: Top-10 OIC Wheat Producers, 2017



Source: FAOSTAT Online Database

ii. Consumption

As a primary source of nourishment, wheat is consumed as food widely across the world. According to the latest estimates, more than 61% of global wheat (750 million tonnes) is used for food, 17% is used for livestock feed and the rest for other purposes (like seed, industrial use). In line with the global trends, most of the wheat in OIC countries is also consumed as food. As shown in Figure 3, 121 million tonnes of wheat was used as food in OIC countries which is even about 7 million tonnes higher than their total production. On the other hand, 18 million tonnes of wheat were used for feeding livestock, corresponding to 16% of OIC total wheat production.

In absolute terms (Figure 4), the highest amount of wheat is used for food in Pakistan (20.7 million tonnes), followed by Turkey (12.7 million tonnes), Egypt (12 million tonnes) and Iran (11.9 million tonnes). The relative share of wheat used for food in total production varies greatly across the major producers and consumers of wheat in OIC countries. Among the top-20 consumers of wheat, food use of wheat is higher than the local production in 12 member countries. In other words, majority of these countries depend on imports to satisfy the local

[3] https://bit.ly/2FGh5fQ
[4] https://bit.ly/2H9S3CB
[5] https://bit.ly/2H9S3CB
[6] https://bit.ly/2DsbRSv
[7] https://bit.ly/2R5sAi3

demand of wheat. Among others, over 60% of wheat production is used for food in Pakistan, 71% in Uzbekistan, 61% in Turkey and Turkmenistan (Figure 4). On the other hand, Egypt is the top OIC country with respect to feed use of wheat (4.9 million tonnes) followed by Uzbekistan (3.3 million tonnes) and Morocco (2 million tonnes).

Figure 1: Utilization of Wheat (million tonnes), 2013

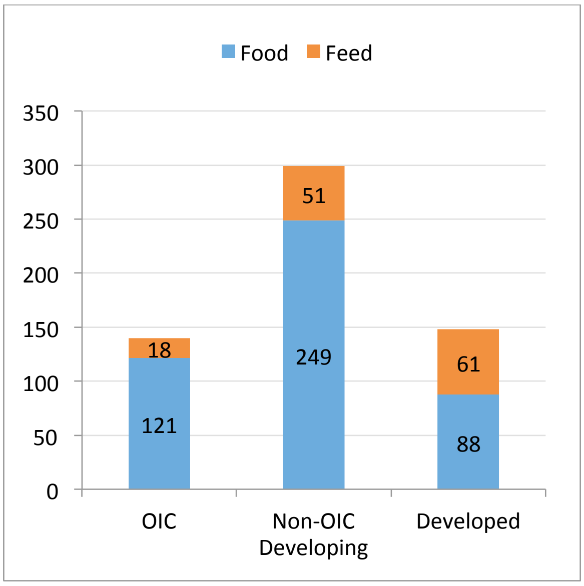
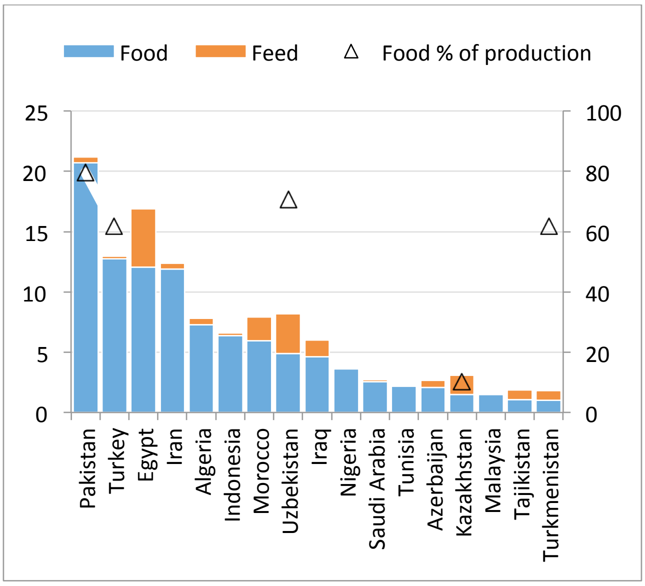


Figure 4: Top OIC Wheat Consumers, 2013



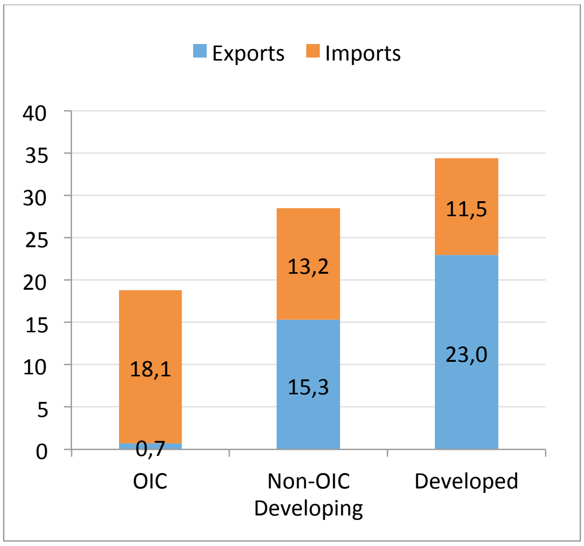
Source: FAOSTAT Online Database

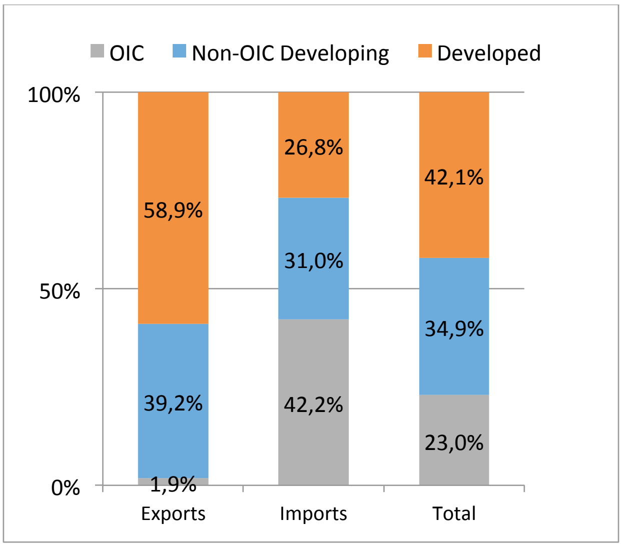
iii. Trade

Global wheat trade was recorded at US$ 81.7 billion in 2017, including US$ 39.0 billion in exports and US$ 42.8 billion in imports. United States, the fourth largest producer of wheat in the world, is the top exporter accounting for 15.6% of global exports followed by Russia (14.9%) and Canada (13.1%). On the import side, Indonesia is the largest importer accounting for 8.5% of global imports of wheat followed by Egypt (6.1%), Algeria (4.2%) and Italy (4.0%). OIC member countries, as a group, are an important player in global wheat trade with a total value of US$ 18.8 billion, corresponding to 23% of global wheat trade (Figure 6). However, imports account for the bulk of wheat trade in OIC countries. In 2017, wheat exports by OIC countries totaled only US$ 0.7 billion compared to only US$ 18.1 billion in imports (Figure 5). The relative share of OIC countries in global wheat exports and imports was recorded at 2% and 42.2%, respectively.

Figure 5: Wheat Trade (billion US$), 2017

Figure 6: Share in Global Wheat Trade, 2017





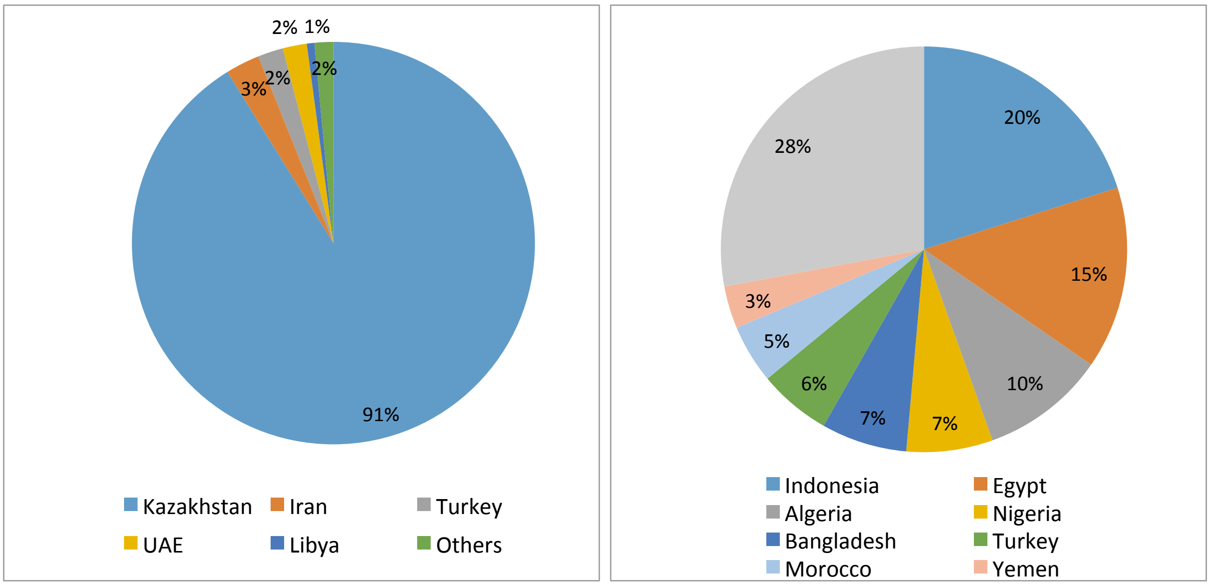
Source: UN COMTRADE and ITC statistics

At the individual country level, wheat trade remained highly concentrated among a few OIC member countries. As shown in Figure 5, over 98% of total wheat exports for 2017 are coming from only five OIC members. Among these, Kazakhstan is the largest wheat exporter with a lion share (91.2%) of OIC total followed by Iran and Turkey. Though a relatively better distribution can be observed with respect to imports, top-5 importers still account for 58% of total wheat imports in OIC countries. Among these countries, Indonesia is the largest importer accounting for 20.1% of OIC total wheat imports followed by Egypt (14.5%), Algeria (9.9%), Bangladesh (6.9%) and Turkey (6.8%).

Kazakhstan and Turkey are ranked among the top exporters of wheat flour in the world. The main consumers of Kazakh wheat are located in Asia, including Uzbekistan, Tajikistan, Afghanistan and China. On the other hand, main customers of Turkish wheat flour are Iraq, Syria, Sudan, Angola and Somalia. It is worth highlighting that despite being self-sufficient in wheat production, Turkey continued to import wheat especially from Russia for milling due to low quality of locally produced wheat[8].

[8] https://bit.ly/2DsbRSv

Figure 5: Top OIC Wheat Exporters (lhs) and Importers, 2017



Source: UN COMTRADE and ITC statistics

3. CHALLENGES AND OPPORTUNITIES

i. Major problems

OIC member states face a wide range of challenges in the production of the wheat. Key among these challenges are:

- Soil degradation;
- Rising temperatures, severe weather conditions and decreasing water availability;
- Rapid population growth;
- Poor mechanization and high production cost;
- Inadequate or weak policy environment;
- Low funding of the national agricultural research and extension institutions;
- Lack of investment in infrastructure such as roads, storage and market facilities;
- Poor access to improved varieties/seeds.

ii. Opportunities

- Natural resource endowments;
- Growing consumer demand;
- Attaining food security;
- Introducing and transferring modern farming technologies, equipment, and skills;
- Increasing wage and self-employment opportunities for the rural community.

4. OBJECTIVES AND TARGETS

The overall objective of the OIC Programme of Action for Development of Wheat is to ensure self-sufficiency in wheat in the medium term, and to export to the regional and international markets in the long term.

i. Specific objectives

- Increasing domestic wheat production to progressively reduce import dependence;
- Increasing the share of OIC countries in global wheat exports.

ii. Targets

- Achieving self-sufficiency in wheat;
- Increasing production of wheat through the use of modern technologies, including high grade wheat seedlings;
- Contributing to eliminating poverty;
- Generating employment in rural communities.

5. RESPONSES AND COOPERATION AREAS

The activities listed below represent what is necessary at local, national and OIC levels level to increase wheat production.

i. Local and Community-based

- provide rural people/farmers with the access to knowledge and information they need to increase productivity and sustainability of their production systems;
- providing specialized and intensive technical training to rural people/farmers on locally appropriate agricultural practices including crop, soil and water management for the purpose of enhancing productivity;
- distributing to rural community/farmers improved high-yielding, heat tolerant wheat varieties;
- improving access to inputs: seeds, fertilizer, pesticides, fuel, irrigation facility, etc. for farmers and farmers cooperatives;
- supporting rural community/farmers through the dissemination of proven technologies and other agronomic practices to ensure optimal growing conditions;
- developing rural infrastructure to improve potential output and connect farmers to other value chain actors and markets.

ii. National

- enhancing institutional and human capacity for increasing wheat production;
- improving data collection, compilation and processing capacity to develop sound policies in agriculture sector, including wheat;
- supporting development of R&D and enhanced national agricultural research capacity;

- creating enabling environment conducive to the expansion of wheat production, including the creation of public-private partnerships to fund mechanization and scaling-up of new technologies and the distribution of improved seeds;
- developing sound policies to encourage investments, including private investments, in wheat production;
- introducing new varieties in wheat production for increasing productivity as well as mitigating negative impacts of climate change;
- creating a market for domestic wheat with minimum price guarantees for farmers and incentives for millers to buy domestic wheat;
- developing wheat market value chain.

iii. Regional and intra-OIC

- fostering cooperation among the agricultural research centers of OIC member states;
- conducting joint research programmes and projects in wheat production among OIC member states;
- increasing seed trade among OIC member states;
- promoting transfer of knowledge and expertise among OIC member states in wheat production through capacity building programmes and sharing experiences;
- initiating the development of new collaborative programmes and coordinated actions across OIC countries (reverse linkage programmes) in the area of wheat production.

6. IMPLEMENTATION MECHANISM

Implementation of the OIC Programme of Action for Development of Wheat will be accomplished through incorporation of the agreed objectives in the national strategies for development of wheat.

In order to fast-track the formulation of projects and their effective implementation under the OIC Programme of Action for Development of Wheat, a Steering Committee comprising OIC member states, which are interested in value chain development of wheat, and relevant OIC institutions will be established. It is envisaged that the above Committee will hold regular meetings, with the objective of reviewing the progress made in the implementation of the OIC Programme of Action, identifying priorities and new opportunities for the development of wheat sector, as well as approving projects. In addition, a Project Committee comprising the project-owners and financing partners will also be established. The main task of the Project committee will be monitoring and ensuring the efficient implementation of the approved projects.

EXECUTIVE FRAMEWORK FOR IMPLEMENTATION OF

THE PROGRAMME OF ACTION (5 years)

No.	Goal	Activity	Timeframe	Expected outcome
1	Fostering cooperation among the agricultural research centers of OIC member states	1. conducting joint research programmes and projects in wheat production among OIC member states; 2. promoting transfer of knowledge and expertise among OIC member states in wheat production through capacity building programmes and sharing experiences; 3. initiating the development of new collaborative programmes and coordinated actions across OIC countries (reverse linkage programmes) in the area of wheat production.		Cooperation of OIC stakeholders in elaborating joint research programmes. Identification and involvement of centres of excellence in ensuring experience exchange and capacity building. Elaboration of action plans, strategic documents in increasing wheat production levels.
2	Increasing seed trade among OIC member states	1. develop varieties that farmers want; 2. include smallholder farmers in planning seed production; 3. restructure trade distribution networks to be more inclusive; 4. introduce improved policies and regulations into practice.		Wheat varieties shall undergo permanent control and modification for increasing yield. In order to support of smallholder farmers and address the problems affecting trade, cooperation instruments to be introduced and adopted in each member country.
3	Enhancing institutional and human capacity for increasing wheat production	1. creating enabling environment conducive to the expansion of wheat production; 2. developing prospective policies for wheat production;		Rational use of resources involved in wheat production will imply higher yield levels positively affecting wheat production.

		3. conducting joint research programmes.		Elaboration of strategies/regulatory documents facilitating sustainable and increased wheat production. R&D programs to be elaborated and used for facilitating wheat-related researches.
4	Improving data collection, compilation and processing capacity to develop sound policies in agriculture sector, including wheat	1. implementing data collection from official governmental and non-governmental agencies, 2. conducting data analysis on a permanent basis; 3. collaboration with stakeholders in elaborating policies for agricultural sector, including wheat		Application of reliable data sources, collaboration with national statistics agencies, non-governmental statistics bodies. Use of analytical data to identify weaknesses/advantages in developing agricultural policies.
5	Creating a market for domestic wheat with minimum price guarantees for farmers and incentives for millers to buy domestic wheat	1. improving access to inputs: seeds, fertilizer, pesticides, fuel, irrigation facility, etc. for farmers and farmers cooperatives; 2. developing smallholder farmers through regulatory tools.		distributing to rural community/farmers improved high-yielding, heat tolerant wheat varieties;
6	Developing wheat market value chain and reducing post-harvest losses	1. investing in R&D for inducing and supporting technological innovations in all stages of the wheat value chain for productivity, higher quality and nutritional value; 2. improving pre-and-post harvest processing storage facilities for quality conservation; 3. identifying improved production/post-harvest technologies available in the OIC region for possible adoption in the needy OIC member states; 4. linking farmers to markets by providing		Islamic Food Processing Association (IFPA) to extend support to member countries in developing effective mechanisms of pre-and-post harvest facilities in order to avoid wheat loss. Interaction with OIC member countries for a better knowledge and experience-sharing in advanced production/post-harvest technologies. Enhancing farmers' awareness about pricing and market environment across the OIC area, as well as

		timely price and market information and improving transport network; 5. conducting collaborative trainings and workshops to develop new/improved technology in wheat production, post-harvest and processing activities.		cooperation with logistic/transportation companies. MoUs with centres of excellence for conduct of trainings and workshops within the above centres in new/improved technologies in wheat production, post-harvest and processing activities
7	Providing rural people/farmers with the access to knowledge and information they need to increase productivity and sustainability of their production systems	1. conducting targeted training programmes to build the capacity of farmers to access and effectively use new technology and information for wheat production; 2. creating farmer organizations/cooperatives to foster local development and community-driven approaches in the area of wheat production		Capacity-building of field workers for effective use of new technologies in production of wheat. Uniting farmers into a network of farmer organisations and/or cooperatives for elaboration and further use of innovative approaches in wheat production
8	Distributing to rural community/farmers improved high-yielding, heat tolerant wheat varieties	1. gene banks and/or other facilities possessing different types of wheat varieties to distribute improved high-yielding, heat tolerant wheat varieties' seeds		Growing wheat breeds with longer root systems may help the crop be more drought (and heat) tolerant
9	Supporting rural community/farmers through the dissemination of proven technologies and other agronomic practices to ensure optimal growing conditions	1. creating public-private partnerships to fund mechanization and scaling-up of new technologies and the distribution of improved seeds;		Interaction between farmer households and public authorities to be established for support of wheat sector development through regulatory framework
10	Developing rural infrastructure to improve potential output and connect farmers to other value chain actors and markets	1. investing in rural infrastructure and integrated industrial processing, branding, and packaging of wheat for both local and regional consumption and export		In order to support economic development of OIC member states and address the problems affecting trade, cooperation instruments to be introduced and adopted

				by each member country to facilitate export of surplus wheat in the OIC area and beyond