



**OIC PROGRAMME OF ACTION
FOR DEVELOPMENT OF WHEAT**

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1. INTRODUCTION

Wheat is one of the oldest food sources for humans. According to the FAO¹, 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 country². 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, transportation and milling, there is very limited role for it in wheat trade³. Agricultural activity is mostly dominated by small scale farmers in Turkey with approximately 3.5 million farmers taking care

¹ <https://bit.ly/2pToIpi>

² <https://bit.ly/2S0crPf>

³ <https://bit.ly/2FGh5fQ>

of 20 million hectares of productive land⁴. 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 941 designated agricultural basins⁵. 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 seeds⁶. 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 market⁷.

Figure 1: Wheat Production and Area (rhs)

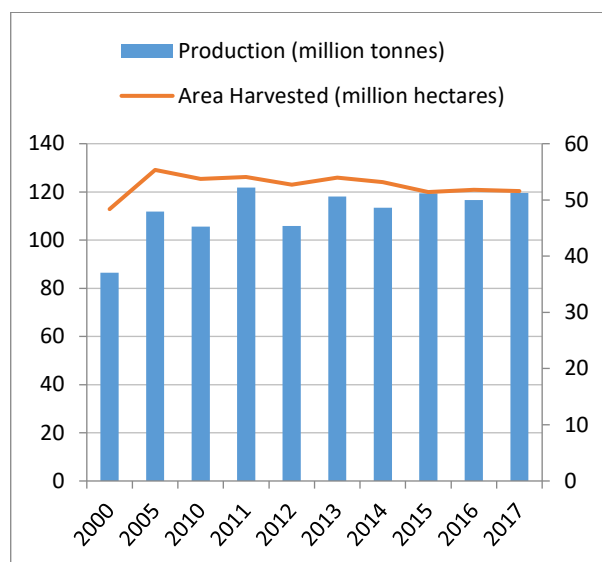
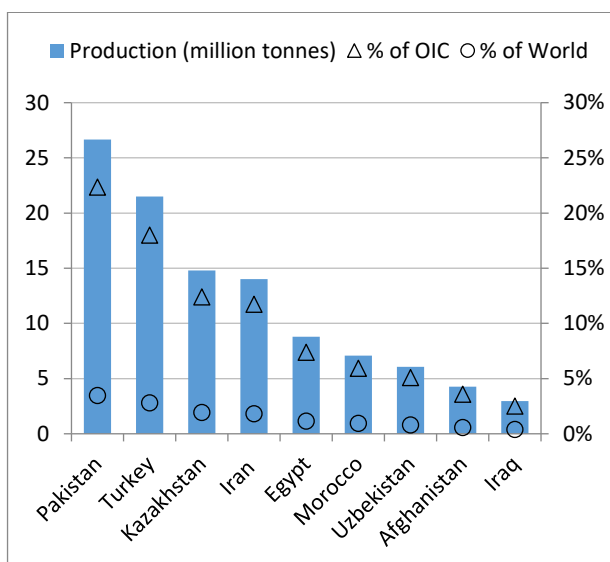


Figure 2: Top-10 OIC Wheat Producers, 2017



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 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

⁴ <https://bit.ly/2H9S3CB>

⁵ <https://bit.ly/2H9S3CB>

⁶ <https://bit.ly/2DsbRSv>

⁷ <https://bit.ly/2R5sAi3>

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

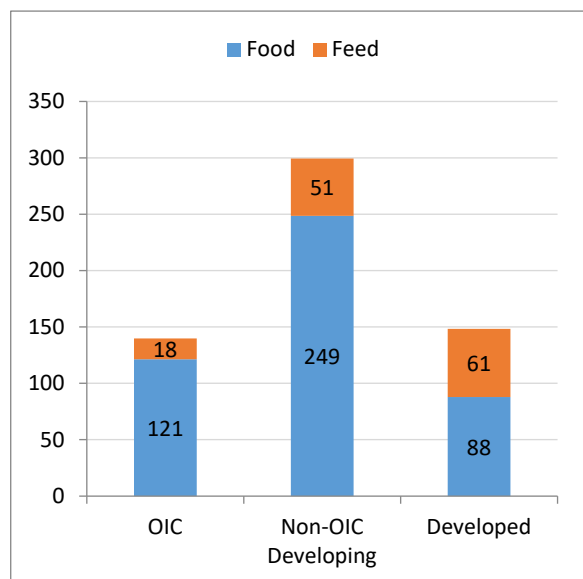
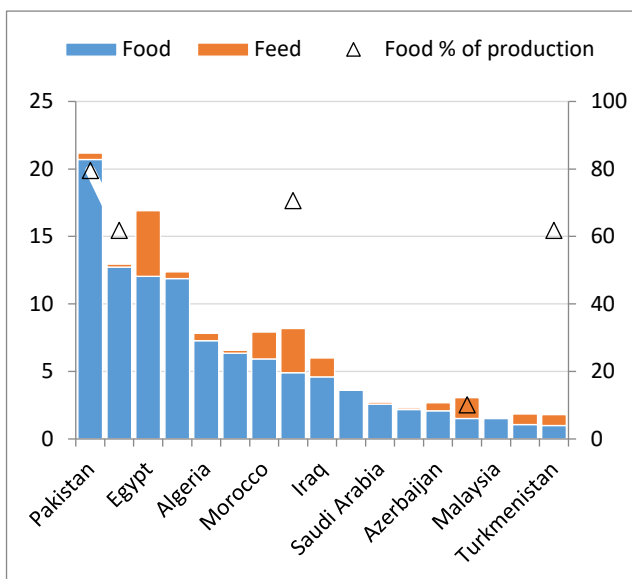


Figure 4: Top OIC Wheat Consumers, 2013



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 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

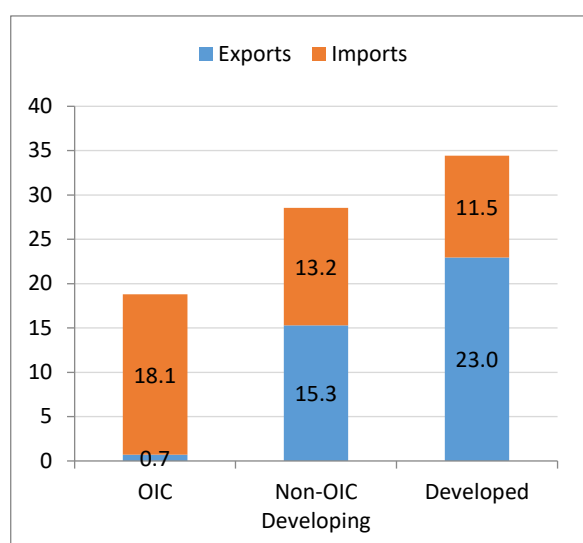
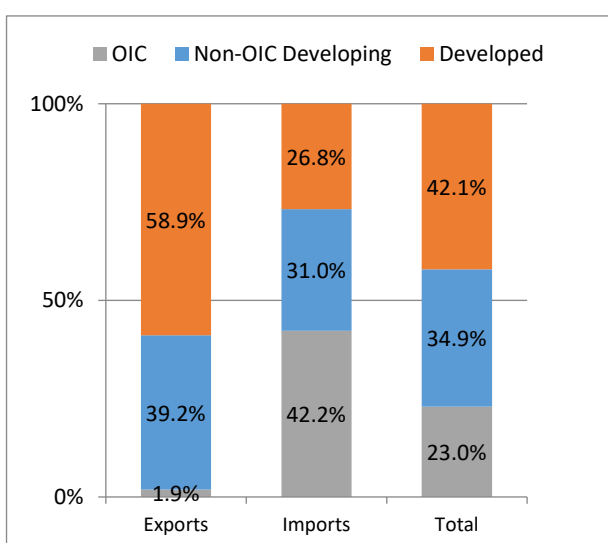


Figure 6: Share in Global Wheat Trade, 2017

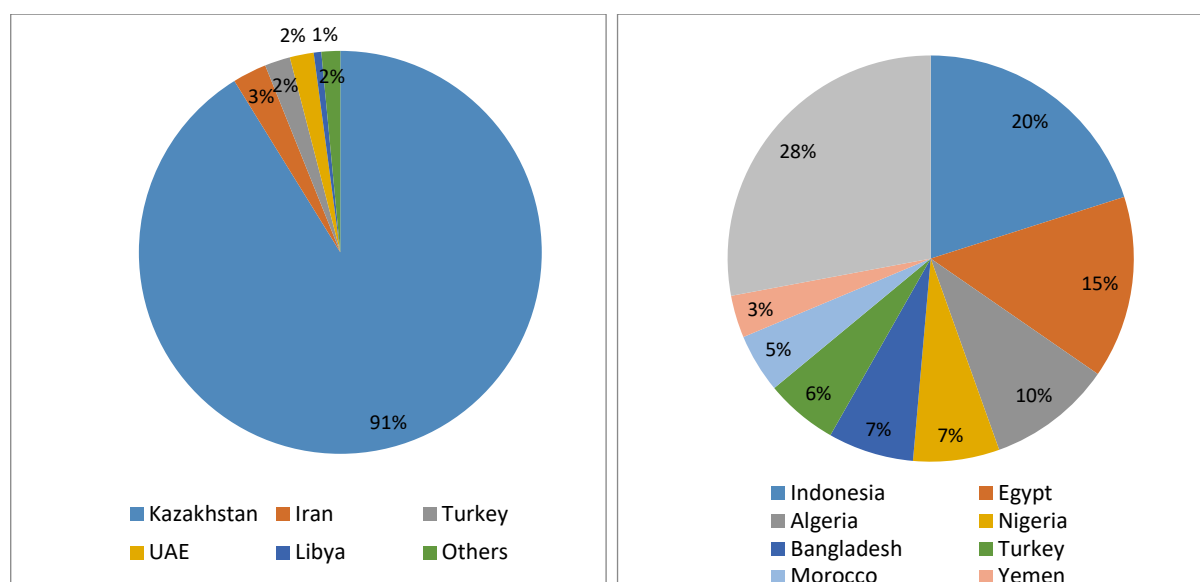


Source: UN COMTRADE and ITC statistics

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 wheat⁸.

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;

⁸ <https://bit.ly/2DsbRSv>

- 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;
- Milling wheat has low yield and extremely refined wheat flour consumption is insufficient.

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;
- Increasing awareness on benefits of whole wheat flour as the consumption of its products is growing.

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;
- Increasing consumption of whole wheat flour and higher yields milled wheat flour.

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 modern 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 with regard to wheat production and transformation, including conducting adaptability tests for the best wheat varieties in a multi-local network;
- 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;
- developing and introducing new varieties in wheat production for increasing productivity as well as mitigating negative impacts of climate change;
- registration of retained varieties in the national logbook towards their standardization;
- 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, including research and development structures, flour-mil industrialists, bakers, producers, etc;
- organizing the campaigns in order to increase the consumption of whole wheat flour and higher yields milled wheat flour;
- improving food standards for whole wheat flour, higher yields milled wheat flour and their products, especially bread and wheat flour;
- promoting biological value-chain in wheat sector.

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;
- fostering cooperation on popularizing the consumption of whole wheat flour, higher yields milled wheat flour and their products, especially bread;
- fostering cooperation to improve food standards, especially bread and wheat flour;
- strengthening and reenergizing the already existing cooperation between OIC member states.

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.
