

## Business

# Pandemic has silver lining for Iraq: Food self-sufficiency

## Ministry accelerates campaign to make Iraqi food markets self-sustainable

**AFAK, Iraq:** Unlike in years past, Iraqi farmer Ahmed Mohsen now walks past his local market with a smile on his face. The pale green melons he harvested are selling fast, thanks to the coronavirus pandemic. Iraq, in a bid to prevent the spread of the deadly COVID-19 pandemic, shut its 32 border crossings to goods and people coming from Iran, Turkey, Syria, Jordan and Saudi Arabia in mid-March.

That helped Iraq's agriculture ministry accelerate a campaign to make Iraqi food markets self-sustainable, after they had spent years relying on foreign imports for half of their supply. The land fit for farming in Iraq is roughly 9.3 million hectares (23 million acres) — much less than Iran's nearly 46 million or Syria's almost 14 million hectares.



**Iraq's 40 million people still rely on farming to live**

"For years, farmers have been working at a loss with little support from the state," said Mohsen, who lives in Iraq's agricultural heartland, the southern province of Diwaniyah. "But with the new coronavirus, the authorities have begrudgingly been forced to close the border."

Every year, Iraq would buy \$2.8 billion in goods from regional trade giant Turkey, with Iranian imports coming in second with \$2.2 billion in products sold to Baghdad. It was a grim reality for a country whose ancestral civilization, Mesopotamia, has been hailed for its pioneering agricultural and irrigation technologies for thousands of years. The land of two rivers is now making a small comeback. Every day, Mohsen's melons make their way from his home village of Afaq to be sold en masse to the rest of the country.

"The authorities didn't want to help farmers, but in the end they allowed us to prove that we can provide for the nutrition needs of Iraqis," said Mohsen, a 32-year-old farming engineer.

### 'The state is late'

A third of Iraq's 40 million people still rely on farming to live, but the industry is riddled with inefficiencies. As a holdover from the socialist era of ex-dictator Saddam Hussein, the government provides subsidies in water, fertilizer and equipment and purchases certain products—particularly wheat, barley and lentils—from Iraqi farmers at a price above the market rate.

But the state usually also imports cheap foodstuffs from Iran and Turkey at huge volume, causing an imbalance in the market, experts wrote in the "Sustainability" environmental magazine last year. Their research found that Iraqi farmers often opted not to work their land because they did not expect to sell the harvest, given the oversupply from neighboring countries.

Local farmers usually provide about five million tons of wheat products yearly, complemented by around three million tons imported from neighboring countries, mostly flour. Those who did sell their harvest to the government reported months-long delays in getting paid, which are still ongoing today.

That's why the coronavirus, despite bringing death and suffering to many, was also a blessing in disguise for their sector, farmers told AFP. "Each year, the state is late in paying farmers and this slaps us with losses," said Khashan Karayiz, 70.

He comes from a long line of wheat farmers and this year, for the first time he can remember, he has already sold all of his harvest by July. With little competition from Turkish or Iranian rivals, he was able to sell directly to the private sector, earning more money more quickly.

"I hope Baghdad will stop imports, in order to financially and morally support Iraqi farmers," Karayiz said. A little further on at the market, Hani Shayer offers melons, aubergines, cucumbers and tomatoes. It is the



ARBIL, Iraq: A worker inspects grain at a silo in the capital of the northern Iraqi Kurdish autonomous region on July 5, 2020. — AFP

first time, he told AFP proudly, that his produce has been able to reign supreme in local markets. With no competition, his wares—which he insists "are much better quality than imports"—can be sold at lower prices.

### Reaping what you sow

Already, Iraq's agriculture ministry has placed bans or new tariffs on 25 fruits and vegetables. Across the border, Syria and Turkey have also stopped selling their agricultural goods abroad due to COVID-19. That has helped Iraq become self-sufficient in 28 food products for the first time in years, said Mohammed Kachach, who heads Diwaniyah's Farming Confederation. Egg production, for example, steadily grew from 11 million eggs a month in January to 17 million in April, May and June, according to Iraq's agriculture ministry.

But structural problems remain. According to a government source, wheat and barley is still being smuggled in from Syria, Iran and Turkey and then being mixed into Iraqi farmers' harvests to pass them off as local and therefore win government subsidies.

And according to a recent report by the United Nations' World Food Programme and the Farming and Agricultural Organization, the lower prices in the market do benefit consumers, but still hurt local producers. Finally, Iraq continues to face chronic water shortages.

Its two mighty rivers, the Tigris and Euphrates, risk are being slowly choked off by dams and over-use upstream by the very trade partners that have long brought the most agricultural goods, Turkey and Iran. — AFP



## CBK receives KD 500,000 prize winner

**KUWAIT:** The Commercial Bank of Kuwait (CBK) recently received Abdul Khaleq Ghloum Ismael, the lucky winner of the Al-Najma account biannual draw

award of KD 500,000 that was made on air through the FM 88.8 radio channel.

Received by CBK executives, Ismael expressed his joy noting that he has had the Najma account for years and that he was fully satisfied with the services the bank provides.

On his part, CBK's acting general manager for individual banking services, Hanadi Al-Mislem wished the winner good luck and stressed that CBK clients can still multiply their opportunities to win KD 5000 weekly, KD 20,000 monthly, KD 500,000 biannually in addition to the annual grand prize of KD 1.5 million.

## Tijo Thomas wins KD 4,000 in Burgan Bank Value Account draw

**KUWAIT:** Burgan Bank yesterday announced Tijo Thomas Manadan as the winner of the Value Account KD 4000 draw. The winner expressed his excitement of winning the cash prize of KD 4,000.

Dedicated to offer the best in-class services, Burgan Bank's Value Account presents customers with exceptional features which were specifically designed to suit the needs of expatriates living in Kuwait. Account holders will be able to enjoy matchless benefits that include receiving a free credit card for one year, application for a loan, in addition to a chance to enter the quarterly draw to win KD 4000 as well as other discounts from selected merchant stores. Burgan Bank will continue presenting exclusive services and draws with an aim of exceeding customers' expectations while offering them chances to win valuable cash prizes all year round. Opening a Value account is simple, interested Individuals with salaries starting from KD 150 and above are eligible to open a Value Account.

Established in 1977, Burgan Bank is the youngest commercial Bank and second largest by assets in Kuwait, with a significant focus on the corporate and financial institutions sectors, as well as having a growing retail, and private bank customer base.

Burgan Bank has majority owned subsidiaries in the MENAT region supported by one of the largest regional branch networks. The Bank has continuously improved its performance over the years through an expanded revenue structure, diversified funding sources, and a strong capital base. The adoption of state-of-the-art services and technology has positioned it as a trendsetter in the domestic market and within the MENA region. Burgan Bank's brand has been created on a foundation of real values - of trust, commitment, excellence and progression, to remind us of the high standards to which we aspire. 'People come first' is the foundation on which its products and services are developed.

## Towards a productivity oriented economic discourse

By Manaf Abdulaziz Al-Hajeri

Since the outbreak of the COVID-19 pandemic, it is obvious to those keeping up with economic developments in Kuwait that there is a clear dilemma in the decision-making process. This is with regard to two specific key issues, namely the growing budget deficit and the consequent concern for the sustainability of the economy, and the private sector's position and role in this context. Regardless of which of these two issues we begin with, the immediate thought that comes to mind is the state's economic model. A model which is regarded by the majority as a rentier model that has made it difficult to integrate new ideas and concepts, since they may be construed as favoritism towards specific segments of society. This, in turn, has built up our appetite to explore the current and prevailing economic discourse and ideologies such as the fair distribution of benefits, the right of some segments to potential governmental support as opposed to others, and more importantly, the dire absence of key concepts to date, specifically the productivity of our economy.

In the past three months, I have realized the multitude of reports concerning the status of the economy that remain pending. Among them is a report issued by The Conference Board (TCB) on priority sectors in terms of productivity. According to the report, labor productivity declined by 2 pa on average from 2000 to 2018. In most other regions of the world, labor productivity growth has been the major source of output growth for decades. Negative productivity means that the potential of the GCC is not realized. If productivity growth had remained flat, economic growth in the region would have been faster than the average for emerging and developing economies. A recovery to positive productivity could accelerate economic growth in the region beyond that of major emerging economies in the next decade.

A careful reading of this report and developing well-thought-out solutions can ensure a quantum leap for our rentier economy. The report underscores the urgency for GCC countries to come together and reach a consensus on which are the productivity sectors such as financial services, telecommunications services, and alternative energy,

in order to move beyond this current sustainability predicament.

Here is an important thought: what if we introduced the word "productivity" as a fundamental concept that can drive significant change for a new economy? How about swapping a rentier economy that is laden with employment in the government sector, regardless of this sector's productivity level, for an economy that believes in strong modern governance with its sights set on the productivity of a private sector, which operates according to the highest standards of transparency?

In short, what if we trigger a productive economic discourse, rather than the worn-out rentier one?

Today, all that we fear in the sustainability of our model has swiftly surfaced due to the COVID-19 pandemic, as it has also brought to light, now more than ever, the contrast between the strength of our financial model on one hand, and the weakness of our economic model on the other. The Kuwaiti economic model is a democratic institutional one based on the diversity and free speech, which makes it distinct, but on the other hand, it is one based on a rentier system that relies heavily on oil as the only source of national income. It also suffers from a significant weakness in its overall structure in terms of productivity, which in turn, leads to a weakness in the sustainability of the economy's constituents. This contrast between weaknesses and strengths of models, and between what is financial and what is economic, has clearly created confusion in the economic decision-making process. For instance, when considering the measures taken by the government in response to the pandemic, we can see that the lack of a solid decision has stalled a number of pleas from businesses of all sizes that required the provision of liquidity to avoid detrimental actions, such as reducing salaries or laying off employees in large numbers, which may create a case of recession that is difficult to overcome. All of this comes at a time when the state is experiencing a major budget deficit in one of its most vital components: the expansion of public sector employment, and consequently, there is an urgent need for a unified decision with regards to creating more jobs in the private sector as a top economic priority.

### Uncertainty

This contradiction created evident uncertainty with regards to the private sector's positioning in all of this. That said, is there a clear government policy put in place that considers the private sector as a strong alternative for employment for the coming years, in response to the government's budget deficit and salaries component? And if so, will this create in turn, greater opportunities for the private sector, to grow and create jobs for a skilled workforce, while keeping up and competing with global labor markets?

Allowing for a confusing discourse to prevail and impact decision-makers is unwarranted; especially when we see that an environment of purposeless criticism has led to a state of paralysis in decision-making, whether in the government or the private sector. On the other hand, a coherent public opinion with long-term goals to build a productive, superior, and sustainable economy, away from skepticism in the private sector, is still non-existent. In fact, the recent discourse has taken a turn, reflecting a sentiment of hostility towards expatriates, regardless of caliber and skill, which in turn, has amplified the challenge faced by the nation in attracting talent from the global and regional labor markets. It has also become a substitute discourse that lacks any room for development or change. Unfortunately, it fails to address matters of employment in terms of deploying a more modern approach when it comes to managing skills and talent or enhancing productivity. It has even impacted Kuwait's relationship with other countries negatively.

As the New Kuwait 2035 vision testifies, the government's interest in the private sector is evident, but lacks enforcement and is tainted by hesitation. This is illustrated, for example, through the current model put in place to support private-sector employees, which is based on government support through the Manpower Support Fund, i.e. private companies with semi-governmental salaries. This model specifically defies the overall positioning of the private sector and its employees. That said, there is an urgent need for an in-depth understanding of the private sector, its strengths and weaknesses, and more importantly, a strong belief in its capabilities to manage financial resources and other resources effectively and productively. However, when referring to the private sec-

tor, there are many generalizations and risks that can only be taken on by a conscious government that is capable of managing the wild horse that the private sector can be; the risk of procurement, governance, and ensuring full alignment of both private and public interests are examples of areas that ought to be addressed therein. This level of awareness already exists to a reasonable degree as we had witnessed when the financial sector was successfully reorganized and was further demonstrated with the formation of the Capital Markets Authority. It was proven even more successful and showed great confidence with the privatization of the stock exchange, Boursa Kuwait.

### Rentier model

The prevailing rentier model and low productivity mindset are distorted concepts of citizenship that grant rights with no commitments in return, and these constitute a dysfunctional landscape. That said, new economic discourses must be based on the capabilities of building trust, by creating a solid reform plan that is rolled out among institutions to eliminate corruption, and in turn, lead to institutional excellence. Also, it is important that creativity is empowered within a framework of social responsibility for institutions, in order to transcend its narrow role to an active national role, and encourage the seeking of the necessary assistance from specialized authorities by focusing on the qualifications, merit, and the components of trust. Ultimately, implementing a movement of institutional excellence and a true institutional reform to confront corruption in all its forms is the need of the hour.

To that effect, we support the complete transformation of the economic discourse, as many others do, where the first statement should focus on facing economic challenges for what's to come post-COVID-19. It must be one that puts an end to the current rentier discourse that stands for quantity rather than quality, diminishes any sense of competition and confuses decision-makers. Undoubtedly, Kuwait is in want of a discourse that urges a true economic reform with clear objectives aimed at building a sustainable and productive economy. Note: Manaf Abdulaziz Al-Hajeri is Chief Executive Officer at Kuwait Financial Centre (Markaz)