



**USAID** | **IRAQ**  
FROM THE AMERICAN PEOPLE

## REPORT OF THE DATES EXPORT SEMINAR January 21-22, Baghdad, Iraq



Prepared by

Rocky Walsborn

February 2006

USAID Contract No.  
#267-C-00-04-00435-00

THE **Louis Berger Group, INC.**  
Engineers Planners Scientists Economists



**TSG** THE SERVICES GROUP  
International Economic Consulting

This report was produced for review by the United States Agency for International Development. It was prepared by the joint venture partnership of The Louis Berger Group / The Services Group under Contract # 267-C-00-04-00435-00.



**USAID**  
FROM THE AMERICAN PEOPLE

**IRAQ**

**TABLE OF CONTENT**

---

**OVER ALL IMPRESSIONS .....2**

**GROWING METHODS .....2**

**HARVESTING ISSUES.....2**

**PACKING PROBLEMS .....2**

**FUMIGATION AND INFESTATION.....2**

**STORAGE CAPACITY .....3**

**SHIPPING .....3**

**CUSTOMS DUTIES .....3**

**INFESTATION – DUBAS.....3**

**VARIETIES – ZAHIDI VERSUS SAYER .....3**

    SAYER.....3

    ZAHIDI.....4

**MAJOR MISCONCEPTIONS.....4**

    SPRAYING FOR DUBAS.....4

    SAYER EXPORTS.....4

    ZAHIDI EXPORTS .....4

**PAYMENT ARRANGEMENTS .....4**

**NORTH AMERICAN MARKET .....5**

**RECOMMENDATIONS.....5**

**CONCLUSIONS – FOR THE SHORT TERM .....6**

**CONCLUSIONS – FOR THE LONG TERM .....6**

**U.S. BUYERS .....7**

**PICTURES .....9**

**THE Louis Berger Group, INC.**  
Engineers Planners Scientists Economists



**TSG THE SERVICES GROUP**  
International Economic Consulting

This report was produced for review by the United States Agency for International Development. It was prepared by the joint venture partnership of The Louis Berger Group / The Services Group under Contract # 267-C-00-04-00435-00.

## **OVER ALL IMPRESSIONS**

Due to the Iran-Iraq war and economic sanctions, Iraqi farmers and date packers/shippers have been out-of-touch with western markets for nearly 25 years. This has caused the industry in Iraq to fall well behind their competitors in agricultural education, harvest techniques, and up-to-date handling, processing, and packing standards.

The industry urgently needs to control a damaging infestation problem; an influx of money for new equipment, education for the farmers in better growing techniques and especially proper harvesting methods, short-term financing for desperately poor farmers, and export guarantees for packers.

## **GROWING METHODS**

Farmers continue to use flood irrigation rather than the drip system. There is no effort to control weeds or to fertilize. Farmers are using pollinating techniques long since discarded even in third world countries. Farmers do not prune palms; allowing sharp spines to damage ripening fruit. Clusters are not properly tied up to allow for a greater yield per acre. Ripening bunches of fruit are not "bagged" or covered allowing birds and insects to prey on the fruit.

## **HARVESTING ISSUES**

Date clusters are simply cut off whole rather than selectedly picked. This antiquated technique guarantees a cluster of fruit, at best, only half-ripe. Clusters are not lowered by block and tackle, but simply allowed to free-fall to the ground. Since Date palms grow to more than 60 feet in height, much of the fruit is destroyed when impacting with the ground.

Farmers do not coordinate with packers but harvest according to traditional timetables. Harvested fruit is not culled in the field and placed in plastic boxes, but put into plastic bags, straw baskets, or wrapped up in old newspaper. Fruit is stored unprotected outside or inside dilapidated buildings without benefit of cold storage. The upshot of this is a sky-high rate of infestation.

## **PACKING PROBLEMS**

Weak and flimsy cartons are a major problem. There does not appear to be an Iraqi carton-manufacturer capable of producing telescopic cartons that will meet U.S. standards. Until and unless this problem is rectified Iraqi date shippers will face constant FDA rejection.

I was not allowed to visit a packing and handling facility, however, from the description of the facilities given to me by the packers there is no doubt their plants are well below accepted standards.

## **FUMIGATION AND INFESTATION**

Iraqi's have had some problems obtaining methyl bromide due to sanctions. With the end of sanctions they should have no problems purchasing this fumigant. The U.S. and EU have agreed to a 5-year extension allowing methyl bromide to be used for fumigating fruit and vegetables. Alternative fumigants already exist including phosphoxin.

Infestation remains the biggest single problem. FDA standards allow no *live infestation*; dead infestation or larvae cannot exceed 5%. It is recommended a laboratory be established for testing. Packers should know before they ship fruit whether or not it will pass FDA inspection.

## **STORAGE CAPACITY**

If fruit cannot be immediately fumigated it must be put in cold storage. After fumigation if fruit cannot be immediately processed and packed it must be put in cold storage. After processing and packing if fruit is not immediately shipped it must be put into cold storage.

There is an appalling lack of cold storage in Iraq. Without cold storage to hold the fruit initial infestation will occur and after processing re-infestation will likely take place. Lack of cold storage facilities is a major hurdle for the industry.

## **SHIPPING**

Iraq does not have a natural deep-water port. Containers have to be shipped by launches or barges to either Dubai or Abu Dhabi. Dubai has increasingly become the hub of shipping in the Persian Gulf. Although this adds a minor expense to the overall shipping costs it is not a major impediment.

## **CUSTOMS DUTIES**

In July of 2006 the U.S. Congress dropped all duties on certain imported date products. Duty on whole and pitted was removed. Duty remains in place on all other products including processed dates which would include packaged product (retail), chopped and diced, syrup, and paste.

Duty on *whole* fruit was \$12.00 a metric ton. Duty on *pitted* fruit was \$28.00. Removal of these duties does not provide much advantage; it may not significantly impact Iraqi exports.

## **INFESTATION – DUBAS**

*Ommatissus binotatus* is a major disease and pest of the date palm. Iraqis commonly refer to it as *Dubas*. This microscopic leaf-hopping aphid causes considerable damage and left unchecked can take on epidemic proportions.

In less than 20 years this infestation destroyed more than 12 million palms in Morocco, ending commercial production of dates in that country.

*Aerial spraying can effectively control Dubas*. The spraying has not taken place for three consecutive years. *Dubas* has moved relentlessly through the orchards, decimating palms. Farmers have begun to abandon their groves, and are no longer considering date production to be economical.

## **VARIETIES – ZAHIDI VERSUS SAYER**

Over 600 varieties of dates are grown in Iraq, however, only two varieties account for the majority of exports to western markets.

### **SAYER**

The sugar in the *Sayer* is fully inverted. Inverted sugar is 20% sweeter than simple sugar and this makes the *Sayer* ideal as a baking ingredient. The *Sayer* is the most in-demand variety of imported date in the North American market, almost exclusively so.

## ZAHIDI

Sugar in the Zahidi is only somewhat inverted. Consequently, the demand for this variety in the North American market is limited.

The fronds of the Zahidi palm are much more upright and are much denser than *Sayers*. Zahidi fronds create a canopy spreading out over 25 feet. Not all, but the majority of farmers growing Zahidis do so to provide cover from the sun for citrus and tomatoes grown between the palms.

## MAJOR MISCONCEPTIONS

### SPRAYING FOR DUBAS

Spraying for *Dubas* in the provinces other than Basra also helps citrus and tomato production. It is erroneous to assume spraying for *Dubas* outside of Basra is only for the benefit of date production. **It is not.**

### SAYER EXPORTS

*Dubas* has contributed to the demise of *Sayer* production, but most of the 11 million palms destroyed in Iran-Iraq war were of the *Sayer* variety.

In addition, following the 1991 Persian Gulf War the Shi'a rose up in a failed insurrection. To punish the population Saddam systematically drained the southern marshlands, denying date farmers vitally needed water, thus destroying their means of livelihood. The number of existing date palms declined by half, the majority of which were *Sayers*, thus exacerbating further the decline of *Sayer* production.

### ZAHIDI EXPORTS

A major reason of planting Zahidis is to provide protection against the sun for other crops. It must be stressed most farmers planting Zahidis do so never expecting to realize any real monetary gain from the sale of dates. Any fruit harvested from these palms is essentially "found" money.

Due to a high sugar content Zahidis are ideal for fermenting into a cheap alcohol widely consumed in India. This explains why Zahidis are sold to Indian dealers in Dubai for as little as \$150.00 a ton. Common economic sense would dictate this price to be well below the cost of production.

## PAYMENT ARRANGEMENTS

A fully functional banking system does not exist in Iraq at this time. All companies exporting in Iraq maintain bank accounts in Lebanon, Jordan, Kuwait, and especially Jordan or Dubai. Payments would have to be transferred to accounts outside Iraq.

Given their long absence from western markets, a widely held perception of Iraq as a war-torn country, and fears the country will splinter apart in a civil-war, it must be recognized no buyer of Iraqi dates is likely to establish a Letter of Credit. Packers would have to ship product either on consignment or cash against documents.

## **NORTH AMERICAN MARKET**

Total North American consumption of imported dates does not exceed 4,000 metric tones. The *Sayer* variety represents over 90% of demand.

Prices vary from one crop year to the next. Last year hand pitted *Sayers* from Iran were \$400 a metric ton FOB Dubai. Pakistani *Zahidi's* were \$350 a metric ton FOB Karachi.

Provided spraying takes place for *Dubas*; packers can meet U.S. standards, and they are price competitive, Iraqi shippers could begin exporting in 2006. Harvesting usually begins in mid-September; first shipments typically begin by mid-October.

Given all the obstacles facing the industry only the most capable packers have any real possibility of meeting FDA requirements. These packers would include Al-Bunnia, Al-Rawi, Al-Daoud, Al-Moosawi, and Al-Khaledi.

If the Government of Iraq is not able to spray throughout the country, packers cannot expect to ship more than 500 tons of *Zahidis* to the North American market.

## **RECOMMENDATIONS**

- 1) Every possible effort should be made to encourage the MOA to spray for *Dubas* in all regions of Iraq.
- 2) All possible means should be undertaken to save and revitalize the *Sayer* variety. The *Sayer* is without a doubt the variety in most demand for industrial use.
- 3) Financial assistance is desperately needed for farmers. Any assistance should be directed to the farmers in Basra province as they are the real date farmers.
- 4) Some form of loan repayment or export guarantee should be made available to packers/shippers. No buyer will issue a standard Letter of Credit to shippers given the present state of conditions in Iraq.
- 5) With the decline in California date production there is now a chance for Iraqi date farmers to grow "table" fruit. To capitalize on this opportunity, along with an increase in *Sayers*, farmers should be encouraged to plant the *Deglet Noor*, *Barhi*, and *Medjool* varieties.
- 6) Institute a program of farmer & packer education.

In the spring period, May through July, educate farmers in drip irrigation, modern pollinating techniques, tying up clusters, pruning palms, and bagging ripening fruit.

In the fall or harvest period, mid-September through January, educate farmers in selective versus whole cluster picking, block and tackle techniques of harvesting, use of plastic boxes, field fumigates, proper storage, and coordinating harvesting with the packing houses.

Also in the fall packers should be educated concerning culling, grading, and sorting methods, proper method of fumigating, packing, storing, and shipping.

## **CONCLUSIONS – FOR THE SHORT TERM**

Failing to spray in Basra province will likely have a profound impact on the *Sayer* harvest. The *Sayer* crop will be small; prices will rise above competitive levels, and infestation rates will likely be too high to pass FDA inspection.

Assuming aerial spraying brings *Dubas* under control in the other date growing provinces, the *Zahidi* crop will be bountiful. Other than the ancillary markets, demand worldwide for the *Zahidi* is minimal and does not exceed 500 tons in the North American market.

## **CONCLUSIONS – FOR THE LONG TERM**

Reclamation of the marshlands in the south is a very positive step. However, restoring water resources to the farmers in this area will prove to be of no avail if *Dubas* continues to destroy both fruit and palms.

Date palm nurseries do bring hope, but it must be stressed that high market value varieties have to be planted. The *Sayer* variety is virtually native to the Basra area and is the most in-demand variety for industrial uses. *Barhi*, *Deglet Noor*, and *Medjools* are the highest value table-fruit varieties.

**It will be a monumental mistake to concentrate on propagating the *Zahidi* variety.**

Many countries have filled the void left by the cut-off of Iraqi supplies. Algeria, Egypt, Jordan, Syria, Iran beginning in 2004, especially Tunisia and Pakistan have eagerly stepped in to meet market demand once exclusively supplied by Iraq. Dates of any variety are not in short supply.

Without aerial spraying for *Dubas*, including the Basra area; educational programs for both farmers and packers, short-term financing for farmers, and export guarantees for packers, the industry will not be able to export on a meaningful scale.

An important generator of foreign exchange will fail to materialize, and a rare opportunity to create thousands of jobs quickly for people on the lowest rung of the economic ladder will be lost.

## **U.S. BUYERS**

*Hadley Orchards*  
83-555 Airport Blvd.  
Cabazon, Calif.  
1-800-854-5655  
[hadleyscom@hadleyfruitorchards.com](mailto:hadleyscom@hadleyfruitorchards.com)  
<http://www.hadleyfruitorchards.com>

*Kalustyan Corp.*  
855 Rahway Avenue  
Union, New Jersey 07003  
PHONE 908-688-6111/ FAX 908-688-4415  
<http://www.kalustyan.com>

*Kellogg Company*  
1 Kellogg Square  
Battle Creek, Mich. 49016  
(269) 961-2800  
[investor.relations@kellogg.com](mailto:investor.relations@kellogg.com)

*Otis McAllister*  
353 Sacramento Street, Suite 300  
San Francisco, Calif.  
Tel: 415-421-6010  
Fax: 415-421-6016  
[info@otismcallister.com](mailto:info@otismcallister.com)  
<http://www.otismcallister.com>

Purity Foods  
2871 West Jolly Road  
Okemos, Mich. 48864  
Phone: (517) 351-9231 - Fax: (517) 351-9391  
[purityfoods@voyager.net](mailto:purityfoods@voyager.net)  
<http://www.purityfoods.com>

*RDM International*  
11643 Otsego St., No Hollywood, Ca 91601  
Phone (818) 985-7654 Fax (818) 760-2376  
[rdmintl@aol.com](mailto:rdmintl@aol.com)  
<http://www.rdmintl.com>

*Setton International Foods*  
85 Austin Blvd.  
Commack, N.Y. 11725  
Phone: 631-543-8090 Fax: 631-543-8070

*Specialty Brands Inc.*  
4200 East Concourse  
Ontario, Calif. 91764  
909-477-4700  
<http://www.specialtybrandsinc.com>

*American Nuts*

8000 Wheatland Avenue  
Sun Valley, Calif. 91352  
818-768-1028

J.R. Braun  
265 Post Avenue  
Westbury, New York 11590

*Glory Bee Foods*  
120 N. Seneca Road  
Eugene, Oregon 97402  
Toll Free USA/Canada 1-800-456-7923  
[info@glorybeefoods.com](mailto:info@glorybeefoods.com)

*Health Specialties*  
2263 Lakewood Blvd. #205  
Long Beach, Calif. 90815

PICTURES









