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مركز المنصة للتنمية المستدامة
Platform Center for Sustainable Development



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Policy Briefs

Restructuring Central Markets: A Necessity to Protect the Iraqi Market

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A brief overview of the Iraq Policy Program

The Iraq Policy Program aims to bridge the gap between youth elites and decision-makers by training young elites to effect positive change through influencing the decision-making process. The program aims to empower participants to prepare policy papers and propose policy alternatives aimed at enhancing system performance and supporting its legitimacy. This program enables participants to communicate with decision-makers and understand the main difficulties and problems affecting the implementation and follow-up of public policies. Additionally, the program seeks to provide participants with a realistic understanding of the decision-making environment in Iraq, as well as an understanding of the opportunities and challenges of change.

The program stages

Preparation: Assisting participants in acquiring the fundamental skills to prepare policy papers and effective advocacy campaigns. **Discovery:** Clarifying important public policies in Iraq by experts through stakeholder engagement, frameworks and institutional procedures, practical realities, and discussions surrounding each public policy, as well as reform prospects. **Engagement:** Training participants to develop promotional campaigns and coordinate meetings with government officials to initiate their campaigns. **Enrichment:** Supervising participants to prepare a policy paper in their area of interest to enrich dialogues, develop policy alternatives, which can help address current challenges.

About the Center

The Platform for Sustainable Development is a registered center with the Non-Governmental Organizations Department at the General Secretariat of the Council of Ministers under the number (1S2106012). It serves as a space for thought, dialogue, and action towards positive change.

Vision

We seek to establish a platform for dialogue and policies that contribute to achieving the Sustainable Development Goals in Iraq.

Mission

Filling the gap between the state and society to ensure the essence of democracy by engaging citizens in the decision-making process through training, monitoring, analysis, research, awareness, and advocacy.

Strategic Goals

- Preparing a youth elite that rises to its social responsibilities through studying problems, proposing policy alternatives, and working towards their implementation.
- Utilizing knowledge outputs and encouraging youth to work towards achieving the Sustainable Development Goals
- Presenting statistics and issues that occupy the political arenas and societal circles to reflect a deeper understanding of the Iraqi reality.
- Creating a network of active, informed, and committed citizens dedicated to the project of building the Iraqi government.



Iraq has been facing an unstable economic situation due to its heavy reliance on oil in implementing its financial Iraq annual budgets. This reliance exposes its economy to periodic crises, necessitating the search for policy alternatives to alleviate these crises.

Before 2003, Iraq had multiple institutions responsible for ensuring food security and economic stability, including the Ministry of Trade. This ministry managed Iraq's domestic and international trade, distributed items for the ration card system, and supported the economy through the presence of central markets operated by the General Company for Central Markets in all provinces, including those in the Kurdistan Region. These markets provided imported goods from global sources as well as local products at affordable prices, often subsidized for various segments of the population.

However, the activity of the General Company for Central Markets in the market significantly declined or stopped altogether after the change in the regime in 2003 for various reasons. In 2017, the Cabinet issued Resolution No. 128, which included transferring the sites of the General Company for Central Markets to investment, sale, and lease, as well as restructuring the company. This led to a significant reduction in the number of its employees, from 6,000 to only 800. The resolution also involved transferring 22 markets for investment, selling 6 warehouses out of 19 pieces, and selling or leasing 38 .

This restructuring has resulted in several problems, including the weakened control of the Ministry of Trade over a portion of the markets and trade in the country, jeopardizing economic and food security. It allowed market dominance by a few entities and caused significant losses to local production, both agricultural and industrial. These problems have multiple causes, including the weakness of the state and its inability to assert control. Some of the apparent consequences of this issue include:

1. Multiple tariff entry points and a lack of unity between the central government and the region.
2. Control of influential groups over some official and unofficial border crossings, leading to smuggling.
3. The Ministry of Trade's lack of technical, administrative, and financial capabilities.



This situation calls for a reconsideration of revitalizing central markets by transforming them into an investment system with private sector participation in their management and development. This alternative policy falls under the regulatory policy that aims to efficiently provide services to citizens, protect their food security by supplying their needs at reasonable prices, and safeguard their economic security by countering price increases and inflation caused by some traders responsible for raising prices.

This alternative falls under the category of mixed-market economics, where the state partially intervenes to correct some market failures and support poor segments of society through private sector participation within the mixed-sector companies. It is an alternative that does not contradict a market economy, nor does it affect the operation of the private sector and local traders. Instead, it collaborates with them to create a competitive environment that offers the best products at the lowest possible prices. The mechanism can be summarized as follows:

Restructuring the General Company for Central Markets within the Ministry of Trade with the aim of creating competition in the markets, supporting prices, and combating monopolies is a crucial step for the Iraqi economy. Here are the key points of this restructuring plan:

- **Restructuring:** The General Company for Central Markets should be restructured to promote competition in the markets, stabilize prices, and counter monopolistic practices.
- **Public-Private Partnership:** This company should be transformed through a public-private partnership where the private sector holds a 51% stake in the company's capital, with the state contributing its assets, including commercial land and central market buildings located throughout the country, while 49% of the shares are sold to investors.
- **Board of Directors:** The company's board of directors should consist of 7 members,



- with one seat allocated to each of the following ministries: Ministry of Trade, Ministry of Agriculture, Ministry of Industry, and Ministry of Transportation. The remaining seats should be held by the three largest private sector investors in the company. The company should be managed by the private sector while adhering to government directives and regulations.
- **Private Sector Management:** The management of the company should be in the hands of the private sector, and employment should be governed by private sector standards, including continuous evaluation and performance-based employment, while adhering to labor laws for private sector employees.
 - **Reopening Markets:** The company should reopen state-owned central markets and establish new stores and outlets throughout Iraq to ensure widespread access to its goods and services.
 - **Diversified Imports:** Diversify import sources to achieve economic independence from neighboring countries.
 - **Direct Purchases from Farmers:** The company should directly purchase agricultural crops from farmers at competitive prices, ensuring fair profits for farmers and competitive prices in the market.
 - **Self-Sustaining:** The company's salaries should be paid from its total revenues, making it self-sustainable. A minimum of 20% of profits should be allocated to company development, including the establishment of farms, factories, and stores within Iraq. Additionally, 49% of net profits (the remaining 80%) should be distributed to private sector shareholders. The state's profits, representing 51%, should support price stabilization and provide assistance to disadvantaged segments of the population through the issuance of smart cards for eligible families under social welfare programs.
 - **State Support:** The state should provide the company with facilitations and exemptions similar to those given to religious institutions, including tariff exemptions for its imported devices, tools, and other project-related imports.



- **State Support for Local Products:** The state should support the company's products that achieve self-sufficiency by increasing tariffs on similar imported products, generating higher customs revenue for the country, and promoting competitive national products in the market.
- **Price Stability:** The company should offer its products to stabilize prices without harming Iraqi traders or citizens. It should also support farmers by purchasing their produce at prices that ensure good profits for them while offering competitive prices to consumers.

In the current economic situation, providing alternatives is of utmost importance. All relevant authorities and stakeholders should take serious steps towards protecting citizens through the implementation of this plan to revitalize central markets, ensuring stability and control over trade both domestically and internationally.

This can be initiated with a cabinet resolution that offers the assets of the General Company for Central Markets for investment, leading to the restructuring or creation of an Investment General Company for Central Markets that serves food and economic security, as well as market stability and government control over domestic and international trade.

References:

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- <https://www.icrc.org/ar/what-we-do/ensuring-economic-security>
- An interview with the manager of Central Markets Company (Zahraa Shubian) as part of the "Voice of the People" program. <https://www.youtube.com/watch?v=PS4EVpcNBA8>

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YOUR JOURNEY IN POLICY WORK STARTS WITH US



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