

Based on the data released by the Ministry of Jihad-e-Agriculture, in 1389, total production of major agricultural crops including farming crops, horticultural crops, livestock products and fishery products were estimated at about 106 million tons, showing 13.7 percent increase compared with the previous year.

Based on national accounts data, the value-added of the agriculture sector picked up by 8.8 percent in 1389 (at constant 1376 prices), indicating a lower growth compared with the respective figure of the previous year (13.5 percent growth). Improved precipitation in the review year led to a rise in the production of agricultural crops as well as an increase in the value-added of the agriculture sector.

Table 2.1. Yield of Agricultural Products (thousand tons)

			Growth rate (percent)	Share in total (percent)	
	1388	1389		1388	1389
Farming crops	64,434	75,367	17.0	69.0	70.9
Horticultural crops	15,540	16,570	6.6	16.6	15.6
Livestock products	12,861	13,654	6.2	13.8	12.9
Fishery products	600	664	10.7	0.6	0.6
Total	93,435	106,254	13.7	100.0	100.0

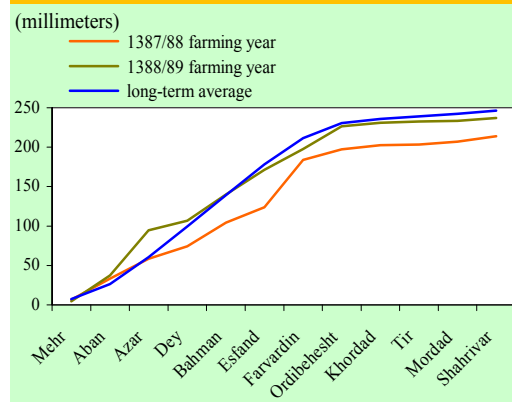
Source: Ministry of Jihad-e-Agriculture

According to the Ministry of Energy, in 1388/89 farming year¹, total precipitation

¹ Second half of 1388 and first half of 1389

amounted to 390.8 billion cubic meters (237.1 millimeters on average by area under cultivation), showing 10.9 percent rise compared with the previous farming year and 3.7 percent reduction compared with the long-term average (41 years). Furthermore, the volume of surface water flows reached 52.1 billion cubic meters, indicating an increase of 38 percent compared with the previous farming year and a fall of 43 percent compared with the long-term average.

Figure 2.1. Cumulative precipitation



Farming² and Horticultural Crops

Based on the data released by the Ministry of Jihad-e-Agriculture, in 1389, about 92 million

² 1388/89 farming year, beginning as of Mehr 1388 and continuing until Shahrivar 1389, is briefly referred to as 1389 in tables and figures.

Chapter 2 AGRICULTURE

tons of farming and horticultural crops were harvested, showing 15.0 percent growth compared with the previous year. Of total crops, 75.4 million tons (82 percent) were farming and 16.6 million tons horticultural crops, up by 17 and 6.6 percent, respectively. This was mainly attributable to the rise in precipitation in the review year.

Grain production (wheat, barley, rice (paddy), and corn) reached 22.2 million tons, up by 6.8 percent. Among cereals, production of wheat with the highest share (60.7 percent) amounted to 13.5 million tons. In this year, production of rice, corn, barley, and wheat increased by 33.7, 30.6, 3.9, and 0.1 percent, respectively, compared with the year before.

Total production of agro-industrial crops¹ experienced a rise of 87.5 percent and reached 10.4 million tons. In 1389, production of sugar beet and sugar cane amounted to 4.1 and 5.7

million tons, which had the highest growth of 103.2 and 101.4 percent, respectively, among other agro-industrial crops. Moreover, production of cotton and oilseeds, as major inputs of textile, livestock, and food industries, decreased for the third consecutive year.

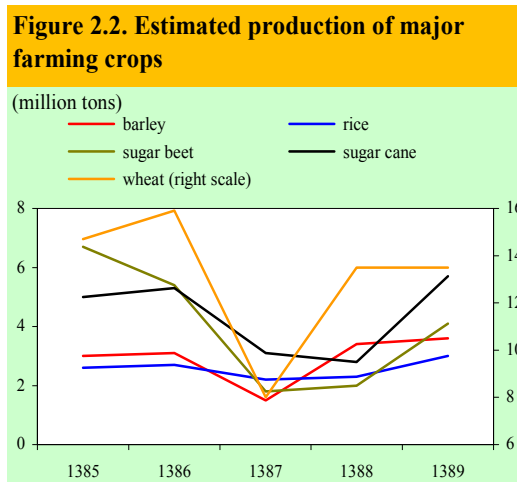


Table 2.2. Production and Area under Cultivation of Major Farming and Horticultural Crops

(thousand hectares-thousand tons)

	1388		1389		Percentage change	
	Area	Production	Area	Production	Area	Production
Farming crops						
Wheat	6,647	13,484	7,035	13,500	5.8	0.1
Barley	1,676	3,446	1,584	3,580	-5.5	3.9
Rice (paddy)	536	2,253	564	3,013	5.2	33.7
Corn	226	1,643	240	2,145	6.5	30.6
Cotton	105	254	91	167	-13.6	-34.0
Sugar cane	60	2,823	68	5,685	13.6	101.4
Sugar beet	56	2,016	99	4,096	76.8	103.2
Oilseeds	241	442	256	429	6.2	-2.9
Tobacco	8	9	10	14	19.9	60.3
Pulses	869	508	790	716	-9.0	41.0
Potatoes	154	4,108	146	4,274	-5.0	4.1
Onions	47	1,512	56	1,923	17.5	27.2
Horticultural crops						
Citrus fruits	283	4,399	289	4,559	2.0	3.7
Grape	321	2,636	317	3,073	-1.1	16.6
Apple	244	3,209	247	2,904	1.3	-9.5
Pistachio	453	302	463	347	2.1	14.9
Tea leaves	32	207	32	131	-1.3	-36.6

Source: Ministry of Jihad-e-Agriculture

¹ Includes cotton, sugar cane, sugar beet, oilseeds, and tobacco.

Table 2.3. Yield of Major Farming and Horticultural Crops per Unit Area of Land Cultivation¹ (kilogram/hectare)

	1388	1389	Percentage change
Farming crops			
Wheat	2,029	1,919	-5.4
Barley	2,057	2,260	9.9
Rice (paddy)	4,206	5,346	27.1
Corn	7,280	8,929	22.7
Cotton	2,407	1,839	-23.6
Sugar cane	46,937	83,174	77.2
Sugar beet	35,816	41,168	14.9
Oilseeds	1,830	1,673	-8.6
Tobacco	1,104	1,476	33.6
Pulses	584	906	55.0
Potatoes	26,674	29,217	9.5
Onions	31,868	34,498	8.3
Horticultural crops			
Citrus fruits	15,535	15,780	1.6
Grape	8,222	9,695	17.9
Apple	13,170	11,765	-10.7
Pistachio	667	750	12.5
Tea leaves	6,396	4,108	-35.8

Source: Ministry of Jihad-e-Agriculture

¹ Calculated based on the ratio of production to the area under cultivation

Livestock and Fishery Products

According to the Ministry of Jihad-e-Agriculture, total livestock products (red meat, poultry, milk, eggs, and honey) amounted to 13.7 million tons in 1389, which rose by 6.2 percent. Among livestock products, milk with a share of 75.0 percent enjoyed the highest increase of 7.2 percent.

Table 2.4. Livestock Products (thousand tons)

	1388	1389	Percentage change
Red meat	902	934	3.5
Milk	9,552	10,242	7.2
Poultry	1,610	1,666	3.5
Eggs	751	767	2.1
Honey	46	45	-3.0
Total	12,861	13,654	6.2

Source: Ministry of Jihad-e-Agriculture

Fishery products totaled 664 thousand tons, showing 10.7 percent growth compared with the previous year. Of the mentioned amount, 55.5 percent were produced from the Persian Gulf, about 37.9 percent from aquaculture centers, and the remaining from the Caspian Sea. The amount and value of fishery exports were 45 thousand tons and \$160 million, up by 33.1 and 61.4 percent compared with the previous year, respectively. Rise in the exports of caviar and various fish by 900 and 41 percent, respectively, were the main factors behind the increase in the export value of fishery products in the review year.

Table 2.5. Fishery Products and Exports (thousand tons-million dollars)

	1388	1389	Percentage change
Production			
Persian Gulf	600	664	10.7
Caspian Sea	348	369	5.9
Aquaculture centers	44.3	43.8	-1.1
Exports			
Value	207	251	21.2
Amount	99	160	61.4
	33	45	33.1

Source: Ministry of Jihad-e-Agriculture, Iran Fisheries Organization

Guaranteed Purchase of Agricultural Products

The guaranteed purchase of agricultural products with the aim of producing basic agricultural products, establishing a balanced production system, and maintaining farmers' income level continued in 1389. In 1388/89 farming year, among 22 farming crops, the guaranteed purchase price of 9 crops showed an increase while that of 11 crops remained relatively unchanged compared with the previous farming year, except for the guaranteed purchase price of barley and safflower which declined by 3.7 and 0.3 percent,

respectively. The highest increase in the guaranteed purchase price of farming crops was related to silkworm cocoon by 29.8 percent.

Figure 2.3. Guaranteed purchase price of major agricultural products

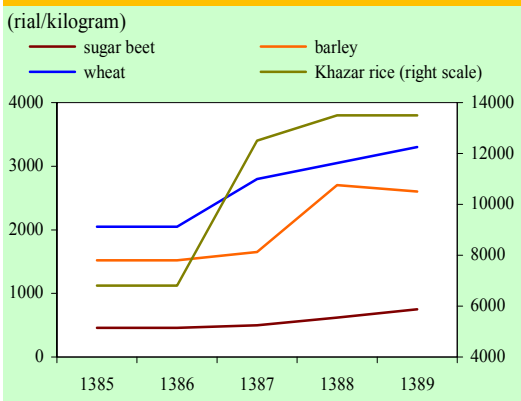


Table 2.6. Guaranteed Purchase Price of Major Agricultural Products (rial/kilogram)

	Price (rial/kilogram)		Percentage change
	1388	1389	
Wheat	3,050	3,300	8.2
Barley	2,700	2,600	-3.7
Khazar rice	13,500	13,500	0.0
Sugar beet	620	750	21.0

Source: Cabinet approvals

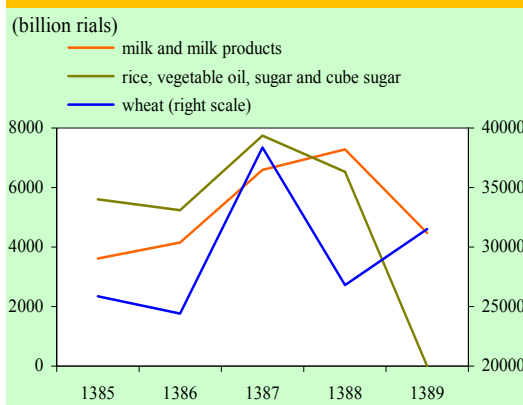
Subsidies

Based on the data released by the Ministry of Economic Affairs and Finance and Consumers and Producers Protection Organization, subsidy paid on major agricultural crops amounted to Rls. 42.1 trillion, indicating a fall of 21.4 percent compared with the previous year.

In the review year, the subsidy paid on wheat and flour increased by 17.5 percent to Rls. 31.5 trillion, accounting for 36.5

percent (the highest share) of total paid subsidy as in previous years. The shares of subsidies for "agricultural inputs" and "milk and milk products" in total were 6.6 and 5.2 percent, respectively. In 1389, subsidy paid on "rice, vegetable oil, sugar and cube sugar" was removed while that of "milk and milk products", "other basic goods" and "agricultural inputs" declined.

Figure 2.4. Subsidy paid on major agricultural products



Government Investment

Based on the data released by the Ministry of Economic Affairs and Finance, in 1389, government credits for the acquisition of non-financial-national assets for the development of "agriculture and natural resources" and "water resources" amounted to Rls. 22.0 trillion, down by 21.8 percent compared with the previous year. Therefore, of total Rls. 30.1 trillion credits for the acquisition of non-financial-national assets approved in the Budget Law, 72.9 percent were realized.

Credits for the acquisition of non-financial-national assets projects paid to "agriculture and natural resources" sector increased by 23.7 percent to Rls. 3.8 trillion. "Improvement of agricultural lands" had the lion's share of

Table 2.7. Subsidy Paid on Major Agricultural Products (billion rials)

	1388	1389	Percentage change	Share (percent)	
				1388	1389
Basic goods	40,605.2	35,970.0	-11.4	58.7	41.7
Wheat and flour	26,798.5	31,500.0	17.5	38.8	36.5
Rice, vegetable oil, sugar and cube sugar	6,529.7	0.0	-100.0	9.4	0.0
Milk and milk products	7,277.0	4,470.0	-38.6	10.5	5.2
Agricultural inputs	11,222.0	5,700.0	-49.2	16.2	6.6
Others¹	1,685.0	400.0	-76.3	2.4	0.5
Total subsidy paid on agricultural products	53,512.2	42,070.0	-21.4	77.4	48.8
Subsidy paid to other sectors	15,640.7	44,163.0	182.4	22.6	51.2
Total subsidy payment	69,152.9	86,233.0	24.7	100.0	100.0

Source: Ministry of Economic Affairs and Finance, and Consumers and Producers Protection Organization

¹ Includes subsidy paid to the Ministry of Jihad-e-Agriculture (out of Supplement to the Budget Law for 1387) on the purchase of forage, financing of veterinary costs, and provision of livestock supplements, etc.

credits allocated to the "agriculture and natural resources" sector by 36.9 percent.

National expenditures for the acquisition of non-financial assets projects for the development of "water resources" amounted to Rls. 18.2 trillion, showing a decrease of 27.4 percent compared with the year before.

Banking Facilities

By the end of 1389, outstanding facilities extended by banks and credit institutions to public and non-public agriculture sectors grew

by 15.9 percent to Rls. 289 trillion. The share of non-public sector in outstanding facilities was 99.0 percent.

By the end of Esfand 1389, outstanding facilities extended by Bank Keshavarzi Iran (Agriculture Bank of Iran) to non-public agriculture sector increased by 18.4 percent and amounted to Rls. 143.5 trillion.

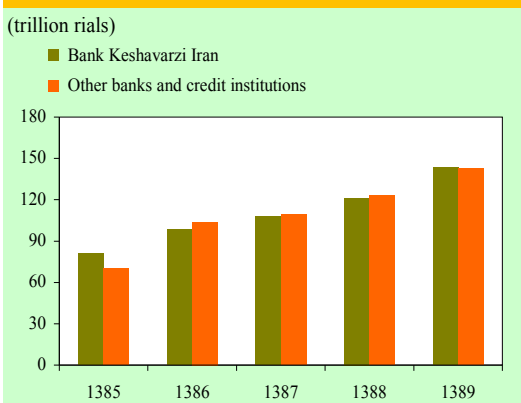
In this year, share of Bank Keshavarzi Iran in total outstanding facilities extended to public and non-public agriculture sectors remained relatively unchanged at about 50.0 percent compared with 1388.

Table 2.8. Credits for Acquisition of Non-financial–National Assets for Development of "Agriculture and Natural Resources" and "Water Resources" (billion rials)

	1388	1389	Percentage change	Share (percent)		1389	
				1388	1389	Value (approved)	Realization (percent)
Agriculture and natural resources	3,045.7	3,766.3	23.7	10.8	17.1	5,813.6	64.8
Water resources	25,057.1	18,199.0	-27.4	89.2	82.9	24,324.4	74.8
Total	28,102.8	21,964.9	-21.8	100.0	100.0	30,137.9	72.9

Source: Ministry of Economic Affairs and Finance, and Budget Laws for various years

Figure 2.5. Outstanding facilities extended by banks to non-public agriculture sector



In 1389, Bank Keshavarzi Iran paid Rls. 94.2 trillion to farmers through non-statutory and statutory facilities, administered funds, and contracts, up by 39.1 percent compared with the year before. Of total credits paid by this bank, 85.9 percent (Rls. 81 trillion) were from non-statutory resources, and the remaining credits (14.1 percent) were in the

form of statutory facilities, administered funds, and contracts. In 1388, share of non-statutory resources in total was 75.5 percent, which shows a remarkable rise of its share in the performance of Bank Keshavarzi Iran.

Composition of facilities extended by Bank Keshavarzi Iran according to Islamic contracts reveals that partnership contracts had the highest share of 43.7 percent (Rls. 41.1 trillion), indicating a rise of 89.8 percent compared with last year's performance.

Composition of facilities extended by Bank Keshavarzi Iran by use indicates that the highest share of facilities by 35.7 percent was allocated to farming and horticultural activities, which increased by 58.6 percent to Rls. 33.7 trillion compared with the previous year. In this year, facilities paid by Bank Keshavarzi Iran to all activities increased. The highest increase by 60.4 and 58.6 percent was related to "other sectors"¹ and "farming and horticulture", respectively.

Table 2.9. Outstanding Facilities Extended by Banks and Credit Institutions to Public and Non-public Agriculture Sectors¹

	Year-end		Percentage change	Share (percent)	
	1388	1389		1388	1389
Non-public sector	244,395.0	286,077.6	17.1	98.1	99.0
Bank Keshavarzi Iran	121,236.6	143,486.5	18.4	48.6	49.7
Other banks and credit institutions	123,158.4	142,591.1	15.8	49.4	49.3
Public sector	4,847.4	2,862.4	-40.9	1.9	1.0
Total	249,242.4	288,940.0	15.9	100.0	100.0

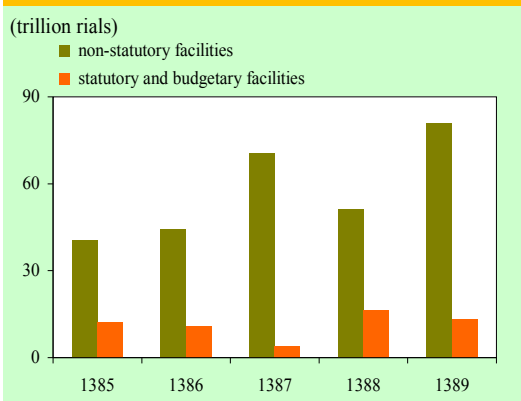
¹Excludes profit and revenue receivables.

Table 2.10. Facilities Extended by Bank Keshavarzi Iran by Term of Repayment

	Year-end		Percentage change	Share (percent)	
	1388	1389		1388	1389
Short-term	45,353.7	69,215.0	52.6	66.9	73.4
Medium-term	20,510.7	22,054.6	7.5	30.3	23.4
Long-term	1,884.7	2,968.0	57.5	2.8	3.1
Total	67,749.1	94,237.6	39.1	100.0	100.0

Source: Bank Keshavarzi Iran

¹Includes all industries, other than agriculture, as well as trade services.

Figure 2.6. Facilities extended by Bank Keshavarzi Iran

Insurance Fund for Agricultural Products

In 1388/89 farming year, about Rls. 5.7 trillion was paid by Agricultural Insurance Fund as compensation, showing a rise of 16.4 percent compared with the previous farming year. Due to the fact that this Fund is a loss-making institution, a large proportion of its commitments on compensations is financed through government subsidies. Share of government subsidies in total compensation

was about 76 percent on average during 1384-1389, while only 24 percent was allocated from farmers' premium payments.

According to the report released by the Agricultural Insurance Fund, in 1388/89 farming year, this Fund insured 4.6 million hectares of lands under cultivation of more than 50 farming and horticultural crops against losses from natural disasters. This shows 12.8 percent decrease compared with the previous year. Of total insured lands, approximately 2.6 million hectares were damaged for which Rls. 4.0 trillion was paid by the Fund as compensation, down by 2.6 percent compared with the year before.

In 1388/89 farming year, 10 million livestock, 594 million poultry, and 39.5 million square meters of aquaculture centers were insured by this Fund. The performance of the Insurance Fund indicates that 10.2, 48.0 and 11.8 percent of the insured were damaged, respectively, which resulted in payment of Rls. 1.8 trillion as compensation, up by 103.4 percent compared with the previous year.

Table 2.11. Performance of Agricultural Insurance Fund

Sectors	Area of insured land			Area of damaged land			Compensation (billion rials)		
	1388	1389	Percentage change	1388	1389	Percentage change	1388	1389	Percentage change
Farming (thousand hectares)	4,927	4,214	-14.5	3,222	2,249	-30.2	2,375	2,173	-8.5
Horticulture (thousand hectares)	394	427	8.4	335	314	-6.1	1,680	1,776	5.7
Livestock (thousand)	14,148	9,989	-29.4	886	1,021	15.3	378	460	22.0
Poultry (million)	505	594	17.7	41	285	□	488	1,298	166.0
Aquaculture centers (thousand square meters)	38,795	39,465	1.7	1,212	4,644	283.1	9	19	121.1
Natural resources (thousand hectares)	3,670	3,090	-15.8	980	1,778	81.4	9	20	130.0
Total	-	-	-	-	-	-	4,938	5,746	16.4

Source: Agricultural Insurance Fund

Table 2.12. Insured Farmlands and Amount of Compensation

	Area of insured land (thousand hectares)				Area of damaged land (thousand hectares)				Compensation (billion rials)			
	1388	1389	Percentage change	Share (percent)	1388	1389	Percentage change	Share (percent)	1388	1389	Percentage change	Share (percent)
Wheat	3,431	2,980	-13.2	64.2	2,364	1,674	-29.2	65.3	1,632	1,554	-4.8	39.3
Rice	125	159	26.8	3.4	75	49	-35.4	1.9	237	137	-42.1	3.5
Barley	778	558	-28.3	12.0	465	311	-33.1	12.1	233	233	-0.2	5.9
Sugar beet	40	71	75.2	1.5	10	16	56.7	0.6	20	34	64.6	0.8
Colza	79	70	-11.0	1.5	39	40	4.2	1.6	41	39	-4.0	1.0
Pistachio	73	90	23.7	1.9	71	63	-11.2	2.5	245	252	3.0	6.4
Others	795	714	-10.2	15.4	533	411	-23.0	16.0	1,647	1,703	3.4	43.1
Total	5,321	4,641	-12.8	100.0	3,557	2,563	-28.0	100.0	4,055	3,952	-2.6	100.0

Source: Agricultural Insurance Fund

Performance of Rural, Women, and Agricultural Cooperatives and Unions

According to the Central Organization for Rural Cooperatives, 5,281 rural, women, and agricultural cooperatives were active by end-1389, covering 5.6 million rural dwellers. This shows 2.1 percent decrease in terms of the number, and 0.9 percent increase in terms of the members of cooperatives.

In 1389, cooperative unions in small cities increased by 2.9 percent to 393 and the number of member companies reached 4,063, up by 0.8 percent.

Table 2.13. Rural, Women, and Agricultural Cooperatives and Unions

	1388	1389	Percentage change
Rural, women, and agricultural cooperatives			
Number	5,397	5,281	-2.1
Members (thousand persons)	5,574	5,622	0.9
Capital (billion rials)	2,015	2,165	7.4
Paid loan (billion rials)	294	320	8.9
Cooperative unions			
Number	382	393	2.9
Member companies	4,031	4,063	0.8
Capital (billion rials)	355	390	9.9
Paid loan (billion rials)	94	102	8.6

Source: Central Organization for Rural Cooperatives

In this year, rural cooperatives purchased 1.6 million tons of various agricultural products at guaranteed prices and 1.3 million tons, at agreed prices, down by 31.0 and 52.8 percent, respectively, compared with the year before.

Export of Agricultural Products

Based on the data released by the Ministry of Jihad-e-Agriculture, 4.3 million tons of various agricultural products, worth \$5.3 billion, were exported in 1389, indicating 32.2 and 20.7 percent growth, in terms of weight and value, respectively, compared with the previous year. Exports of agricultural products accounted for 7.1 percent of weight and 20.1 percent of value of total non-oil exports.

In the review year, export of agricultural products showed an increase in terms of weight and value except for livestock and poultry group. Share of farming and horticultural products in total agricultural exports accounted for 76.9 and 67.4 percent in terms of weight and value, respectively.

Table 2.14. Export of Agricultural Products (million dollars-thousand tons)

	1388▲		1389		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Livestock and poultry ¹	224	83	201	106	-10.0	27.8
Fish and fishery products	94	31	148	41	57.5	32.9
Farming and horticultural products	2,849	2,381	3,589	3,298	26.0	38.6
Food products	1,245	749	1,388	842	11.5	12.4
Export of agricultural products	4,411	3,244	5,326	4,288	20.7	32.2
Share of agricultural products in total non-oil exports²	20.1	6.8	20.1	7.1	0.0	0.3

Source: Ministry of Jihad-e-Agriculture

¹ Includes figures for pharmaceuticals exports related to agriculture sector.² Changes are in percentage points.

Import of Agricultural Products

Based on the data released by the Ministry of Jihad-e-Agriculture, approximately 15.0 million tons of various agricultural products valued at \$9.3 billion were imported, indicating 19.0 percent fall in terms of weight and 8.4 percent rise in terms of value. Imports of agricultural products accounted for 14.4 percent of value and 32.9 percent of weight of total imported products, showing a slight decrease when compared with the corresponding figures of the previous year.

Imports of wheat amounted to 867 thousand tons, representing a reduction of 82.8 and 84.7 percent in terms of weight and value,

respectively, in 1389. Moreover, imports of rice faced 15.8 and 15.1 percent decline in terms of weight and value, respectively.

Despite decrease in total agricultural imports due to fall in the imports of wheat, barley, and rice as main agricultural products, imports of livestock and poultry, fish and fishery products, and food products experienced a remarkable rise.

The trade balance of the agriculture sector ran a deficit of \$3.9 billion in 1389, showing an improvement of 4.8 percent compared with the previous year.

Table 2.15. Import of Agricultural Products (million dollars-thousand tons)

	1388▲		1389		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Livestock and poultry ¹	547	151	1,136	268	107.7	78.0
Fish and fishery products	32	31	76	75	135.0	144.8
Farming and horticultural products	6,090	15,931	5,097	11,027	-16.3	-30.8
Food products	1,889	2,332	2,964	3,561	56.9	52.7
Import of agricultural products	8,559	18,445	9,273	14,933	8.4	-19.0
Share of agricultural products in total imports²	15.5	35.5	14.4	32.9	-1.1	-2.6

Source: Ministry of Jihad-e-Agriculture

¹ Includes figures for pharmaceuticals imports related to agriculture sector.² Changes are in percentage points.

Chapter 2 AGRICULTURE

Table 2.16 Trade Balance of Agricultural Products (million dollars)

	1388 ▲	1389	Percentage change
Exports	4,411	5,326	20.7
Imports	8,559	9,273	8.4
Trade balance	-4,148	-3,947	-4.8

Of special note is that the average unit value of exported agricultural products decreased by 8.7 percent to \$1,242 per ton in 1389. However, the average unit value of imported agricultural products amounted to \$621.0 per ton, up by 33.8 percent, mainly attributable to the sharp fall in wheat and

barley imports as main agricultural products as well as relative rise in the international prices of imported agricultural products. Therefore, terms of trade of the agriculture sector reached 2.0 in 1389, down from 2.9 in 1388.

Table 2.17. Terms of Trade for Agriculture Sector (dollar/ton)

	1388 ▲	1389	Percentage change
Average unit value of exports	1,360	1,242	-8.7
Average unit value of imports	464	621	33.8
Terms of trade	2.9	2.0	-0.9¹

¹ In percentage points