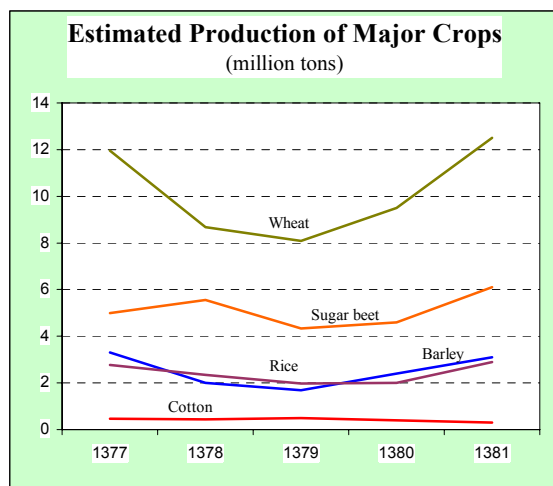


# CHAPTER THREE

## AGRICULTURE

In 1381, with the continuation of El Nino event, precipitation level edged up in Iran. Increased amount of rainfall, along with infrastructure development in the area of water reservation and transmission helped increase output and area under cultivation of farming crops by 58.2 million tons and 12.1 million hectares, respectively. Production of cereals (wheat, barley and rice) enjoyed a remarkable growth, in that wheat output surged by 3 million tons to 12.5 million tons. Horticulture output increased and amounted to 13.6 million tons. Livestock and fisheries products went up as well. Production of milk and poultry edged up, while production of eggs and red meat edged down.



In the review year, guaranteed purchase of farming crops continued as in previous years to encourage farmers for producing basic agricultural products. The guaranteed purchase price of most crops edged up between the range of 16.2 to 48.1 percent. This was more than the inflation rate of 15.8 percent for this year. The guaranteed purchase price of wheat rose by 23.8 percent to Rls. 1,300 per kilogram. This, in tandem with output rise, resulted in 83.3 percent increase in the amount of wheat purchased from farmers to 8.8 million tons.

Government support policies in the form of supply of agricultural inputs at support prices and extending banking facilities at preferential rates continued in this year. New policies in the area of price reform, market mechanism and optimizing the consumption of production input resulted in reduction in the amount of fertilizers and pesticides.

Subsidy paid on major agricultural crops, with 28 percent growth, amounted to Rls. 12,116 billion in 1381. The share of this subsidy out of total government payments was 92.1 percent. The amount of subsidy paid on wheat, pesticide, seed, fertilizer and veterinarian vaccine and drugs increased, while for other items decreased.

In the review year, outstanding facilities extended by banks and credit institutions to public and non-public agriculture sector increased by 37.9 percent to Rls. 51.9 trillion, 96.7 percent of which was extended to non-public sector. Part of this increase was attributable to rescheduling of farmers' overdue debts, as a result of the drought. The outstanding facilities extended by Bank Keshavarzi with 38.9 percent growth reached Rls. 31,773.9 billion at the end of 1381.

In 1381, agriculture and livestock sectors incurred losses of equal to Rls. 20,191 billion. The Insurance Fund for Agricultural Products insured 3,062.3 thousand hectares of land under

cultivation of 25 farming and horticultural products against natural disasters. In the review year, about 978.5 thousand hectares of insured land incurred loss and the Fund paid Rls. 403.4 billion as compensation. Moreover, 1,083 thousand hectares of insured lands were under the coverage of drought insurance.

Government expenditures under acquisition of non-financial assets for “expansion of agriculture and water and natural resources” with the inclusion of payments for “research on agriculture and natural resources” program (excluding provincial credits) surged by 140.6 percent to Rls. 8,689.7 billion.

On the basis of the data released by the Customs, 1,516 thousand tons of agricultural products valuing at \$ 1.3 billion were exported, accounting for 11.3 and 27.2 percent of the weight and value of non-oil exports, respectively. Export of dried fruits (including pistachio) enjoyed the highest share of 50.7 percent in total agricultural exports. The value per ton of agricultural export rose by 24 percent to \$ 827 against \$ 667 in the previous year.

EXPORT OF AGRICULTURAL PRODUCTS					(thousand dollars, ton)	
	1380		1381		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Dried fruits	511,581	394,971	635,416	428,264	24.2	8.4
Vegetables	250,841	815,608	257,489	710,287	2.7	-12.9
Livestock products	140,080	81,673	145,700	63,089	4.0	-22.8
Sea products	48,553	5,173	57,822	15,009	19.1	190.1
Agricultural processing industries products	149,634	353,928	157,209	299,319	5.1	-15.4
<b>Export of agricultural products</b>	<b>1,100,689</b>	<b>1,651,353</b>	<b>1,253,636</b>	<b>1,515,968</b>	<b>13.9</b>	<b>-8.2</b>
<b>Export of non-agricultural products</b>	<b>3,123,356</b>	<b>14,562,741</b>	<b>3,354,793</b>	<b>11,845,913</b>	<b>7.4</b>	<b>-18.7</b>
<b>Total non-oil exports</b>	<b>4,224,045</b>	<b>16,214,094</b>	<b>4,608,429</b>	<b>13,361,881</b>	<b>9.1</b>	<b>-17.6</b>

Source: Customs' foreign trade statistics

In this year, a total of 9,556 thousand tons of agricultural goods, valuing at \$ 2.4 billion were imported, showing 29.8 and 11.4 percent reduction in weight and value, respectively. The value per ton of agricultural import was \$ 248, up by 25.9 percent as compared with respective figure of the previous year. Unlike previous years, vegetable oil with the highest share substituted for wheat in the value of imported agricultural crops. The amount of wheat imports bottomed out during the past years to 2.8 million tons, due to output rise. To support domestic producers, tea import was prohibited.

IMPORT OF AGRICULTURAL PRODUCTS					(thousand dollars, ton)	
	1380		1381		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Wheat	923,792	6,881,083	380,390	2,839,075	-58.8	-58.7
Barley	128,356	924,261	2,717	24,818	-97.9	-97.3
Rice	190,120	698,925	292,007	1,047,499	53.6	49.9
Tea	32,426	12,056	33	12	-99.9	-99.9
Sugar and cube sugar	216,178	938,657	158,131	825,364	-26.9	-12.1
Vegetable oil	382,661	994,194	477,345	983,631	24.7	-1.1
Animal oil	5,869	11,552	11,061	13,800	88.5	19.5
Red meat	64,420	30,176	25,753	15,786	-60.0	-47.7
Fish	3,198	3,118	9,824	11,840	207.2	279.7
Poultry	0	0	6,655	7,528	0	0
Other agricultural goods	730,137	3,112,871	1,007,116	3,786,242	37.9	21.6
<b>Import of agricultural products</b>	<b>2,677,157</b>	<b>13,606,893</b>	<b>2,371,032</b>	<b>9,555,595</b>	<b>-11.4</b>	<b>-29.8</b>
<b>Import of non-agricultural products</b>	<b>14,949,619</b>	<b>13,857,068</b>	<b>19,904,157</b>	<b>17,371,370</b>	<b>33.1</b>	<b>25.4</b>
<b>Total imports</b>	<b>17,626,776</b>	<b>27,463,961</b>	<b>22,275,189</b>	<b>26,926,965</b>	<b>26.4</b>	<b>-2.0</b>

Source: Customs' foreign trade statistics