

CHAPTER THREE

AGRICULTURE

The increased amount of rainfall in 1382 helped increase the output of most agricultural crops, including wheat, barley and rice. Data on livestock products reveals that the production of red meat, poultry, milk and egg also increased when compared with the previous year.

The guaranteed purchasing price of most agricultural crops went up in 1382. Increase in the guaranteed purchasing price of wheat in this year resulted in the self-sufficiency in wheat production. Thus, the government purchasing of wheat from farmers reached 10.5 million tons, up by 19.3 percent as compared with the previous year.

Water Resources

According to the data released by the Ministry of Energy, average rainfall in 1381/82 farming year⁽¹⁾ was 246.7 millimeters, showing a slight increase of 0.4 percent as compared with the previous farming year, and 2.8 percent as compared with the long-term average.

To provide and expand water resources, various projects were implemented in 1382 aiming at expansion of water reserves and transfer capacity, so that water reserves capacity increased by 615.8 million cubic meters. During this year, a total of 88.6 thousand hectares of land were covered by irrigation and drainage networks through expansion and improvement of main and secondary networks.

Production

Farming Crops

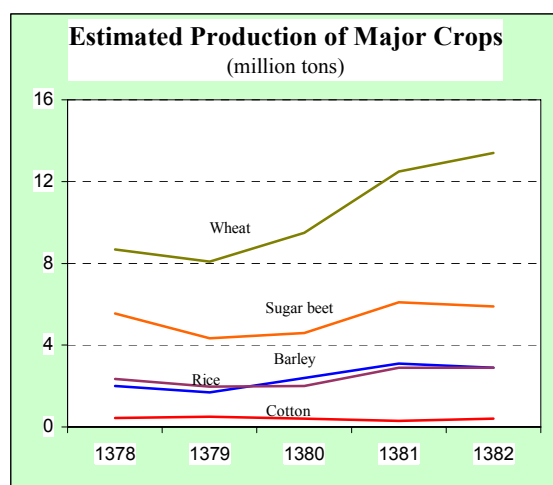
According to the data released by the Ministry of Agriculture Jihad, total agricultural output amounted to 62.7 million tons in the farming year 1381/82, which registered a rise of 7.7 percent over previous farming year. The area under cultivation reached 12.2 million hectares, showing a negligible change as compared with the previous year. Out of total farming products, 88.8 percent (55.7 million tons) was produced in irrigated land and the remaining was the share of rainfed crops with no change as compared with the previous farming year. Horticultural produce in an area of 1,894.3 thousand hectares of land amounted to 13.8 million tons, showing 0.8 and 1.5 percent rise, respectively, in the area under cultivation and amount of production, as compared with the previous farming year.

(1) Second half of 1381 and first half of 1382

YIELD OF MAJOR FARMING CROPS
(kilogram-hectare)

	1381	1382	Percentage change
Wheat	1,995	2,097	5.1
Barley	1,847	1,926	4.3
Rice	4,727	4,766	0.8
Cotton	2,285	2,514	10.0
Sugar beet	31,760	33,331	4.9
Sugar cane	86,326	94,473	9.4
Tea (green)	6,871	6,839	-0.5
Oil seeds	1,461	1,604	9.8
Tobacco	1,286	1,571	22.2
Pulses	611	662	8.2
Potatoes	22,627	24,341	7.6
Onions	33,978	34,217	0.7
Pistachio	844	753	-10.8

Source: Ministry of Agriculture Jihad



ESTIMATED PRODUCTION AND AREA UNDER CULTIVATION OF MAJOR FARMING CROPS

(thousand hectares-thousand tons)

	1381		1382		Percentage change	
	Area	Production	Area	Production	Area	Production
Wheat	6,241	12,450	6,409	13,440	2.7	8.0
Barley	1,670	3,085	1,510	2,908	-9.6	-5.7
Rice	611	2,888	615	2,931	0.7	1.5
Cotton	151	345	140	352	-7.3	2.0
Sugar beet	192	6,098	178	5,933	-7.3	-2.7
Sugar cane	43	3,712	55	5,196	27.9	40.0
Tea (green)	31	213	31	212	0	-0.5
Oil seeds	232	339	245	393	5.6	15.9
Tobacco	21	27	14	22	-33.3	-18.5
Pulses	1,096	670	1,014	671	-7.5	0.1
Potatoes	166	3,756	173	4,211	4.2	12.1
Onions	45	1,529	46	1,574	2.2	2.9
Pistachio	295	249	312	235	5.8	-5.6

Source: Ministry of Agriculture Jihad

Livestock and Fisheries Products

On the basis of the data released by the Ministry of Agriculture Jihad, livestock products (red meat, poultry, milk and eggs) grew by 8.5 percent in 1382 as compared to the previous year and amounted to 8,801 thousand tons, which is indicative of increase in livestock output. In 1382, fisheries output increased by 10 percent to 441.9 thousand tons.

LIVESTOCK PRODUCTS

(thousand tons)

	1381▲	1382	Percentage change
Red meat	742	752	1.3
Milk	5,877	6,316	7.5
Poultry	942	1,104	17.2
Egg	547	629	15.0

Source: Ministry of Agriculture Jihad

FISHERIES PRODUCTS

(ton-million dollars)

	1381	1382	Percentage change
Production	401,670	441,871	10.0
Export			
Value	60.7	87.4	44.0
Amount	14,052	20,647	46.9

Source: Ministry of Agriculture Jihad

Guaranteed Purchase of Agricultural Products

The policy of guaranteed purchase of agricultural crops implemented since 1368, aiming at encouraging farmers to produce basic agricultural crops, and maintaining farmers' income level continued in 1382 as well. In this year, the guaranteed purchasing price increased within the range of 4.3 and 17.2 percent (except for sugar beet), which was less than the inflation rate (15.6 percent). The guaranteed purchasing price of wheat grew by 15.4 percent to Rls. 1,500 per kilogram. Increase in guaranteed purchasing price of wheat in tandem with production rise led to increase in wheat purchases from farmers by 19.3 percent to reach 10.5 million tons.

Subsidies

The amount of subsidy paid on major agricultural crops with 25.7 percent growth amounted to Rls. 15,223.8 billion in 1382. The share of this subsidy out of total government subsidy payments declined from 92.1 percent in 1381 to 78.7 percent in the review year.

The amount of subsidy paid on wheat, with 61 percent share in total subsidy payments, grew by 17.2 percent compared to the previous year and amounted to Rls. 11,788.1 billion. In 1382, government policies aiming at price reform and optimizing the consumption of production inputs continued, in that the price of chemical fertilizers increased by 10 percent on average as compared to the previous year. Despite this increase, amount of subsidy paid on pesticides, seed and chemical fertilizers with 6.8 percent growth reached Rls. 670 billion, about 83.7 percent of which was allocated to chemical fertilizers.

	SUBSIDY PAID ON MAJOR AGRICULTURAL CROPS			(billion rials)	
	1381	1382	Percentage change	Share (percent)	
				1381	1382
Wheat	10,060.5	11,788.1	17.2	76.5	61.0
Rice, vegetable oil, sugar & cube sugar	289.9	915.7	215.9	2.2	4.7
Milk and its products	729.4	1,314.3	80.2	5.5	6.8
Meat	298.5	415.0	39.0	2.3	2.1
Pesticides, seed & chemical fertilizers	627.5	670.0	6.8	4.8	3.5
Veterinary drugs	21.1	17.0	-19.4	0.2	0.1
Oil seeds	29.8	55.4	85.9	0.2	0.3
Poultry and eggs	4.3	0	-100.0	*	0
Export of agricultural crops (1)	55.0	0	-100.0	0.4	0
Losses of Cotton Fund	0	48.3	0	0	0.2
Total subsidy on agricultural crops	12,116.0	15,223.8	25.7	92.1	78.7
Total subsidy paid	13,152.5	19,322.8	46.9	100.0	100.0

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

(1) Includes subsidy on textiles.

Government Investment

In 1382, government payments for acquisition of non-financial national assets for the expansion of agriculture and water and natural resources, including research on agriculture and natural resources surged by 45.8 percent to Rls. 12,666.9 billion. Credits paid for acquisition of non-financial assets for expansion of agriculture and natural resources and research on agriculture with 54.3 percent growth compared to the previous year reached Rls. 2,541.4 billion.

National expenditures for acquisition of non-financial assets projects of water resources in 1382 with 43.8 percent growth amounted to Rls. 10,125.5 billion, indicating 91.5 percent realization as compared to approved amount for this year.

**CREDITS FOR ACQUISITION OF NON-FINANCIAL ASSETS FOR EXPANSION
OF AGRICULTURE AND WATER RESOURCES** (billion rials)

	1381(1)	1382(2)	Percentage change	Share (percent)	
				1381	1382
Agriculture and natural resources (3)	1,646.6	2,541.4	54.3	18.9	20.1
Water resources	7,043.1	10,125.5	43.8	81.1	79.9
Total	8,689.7	12,666.9	45.8	100.0	100.0

Source: Treasury General, Ministry of Economic Affairs and Finance

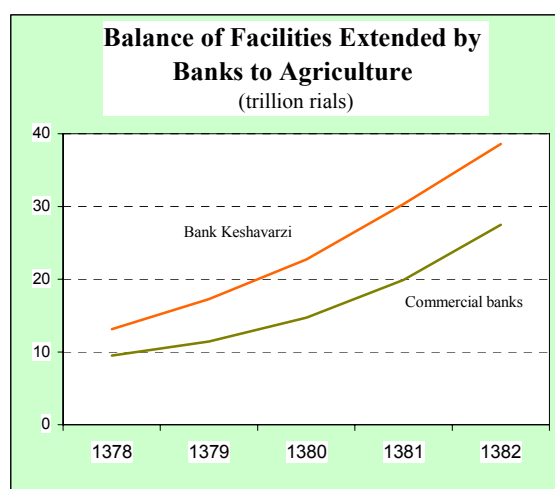
(1) Includes development expenditures out of Note 21 of budget law.

(2) Includes development expenditures out of Article 60, 3rd Plan Law in addition to the credits out of Note 21 of budget law.

(3) Includes development expenditures for research on agriculture and natural resources.

Banking Facilities

In 1382, the outstanding facilities extended by banks and credit institutions to public and non-public agriculture sector increased by 34.7 percent to Rls. 69.9 trillion, of which 94.6 percent (Rls. 66.1 trillion) was outstanding of private sector facilities. Part of increase in outstanding facilities was due to rescheduling of farmers' debts resulted from losses owing to the drought of the previous years.



OUTSTANDING FACILITIES EXTENDED BY BANKS AND CREDIT INSTITUTIONS TO NON-PUBLIC SECTOR(1) (billion rials)

	Year-end		Percentage change	Share (percent)	
	1381	1382		1381	1382
Commercial banks	19,918.0	27,469.2	37.9	39.6	41.6
Agriculture Bank	30,321.4	38,589.1	27.3	60.4	58.4
Private banks and credit institutions	4.0	7.4	85.0	0	0
Total	50,243.4	66,065.7	31.5	100.0	100.0

(1) Excludes profit and revenue receivables.

UNSCHEDULED FACILITIES EXTENDED BY AGRICULTURE BANK BY TIME OF REPAYMENT (1) (million rials)

	1381	1382	Percentage change	Share (percent)	
				1381	1382
Less than 2 years	12,603,138	17,610,511	39.7	74.3	77.0
2-10 years	3,683,705	4,293,632	16.6	21.7	18.8
10-15 years	676,448	975,391	44.2	4.0	4.2
Total	16,963,291	22,879,534	34.9	100.0	100.0

(1) Excludes profit and revenue receivables.

Insurance of Agricultural Products

According to the data released by the Agriculture Bank, in 1381/82 farming year, the Insurance Fund for Agricultural Products insured 4,983.3 thousand hectares of land under cultivation of 27 agricultural and horticultural products to compensate for losses resulted from natural disasters, showing 62.7 percent growth over the previous year. In the mentioned farming year, 3,729 thousand livestock, 105 million poultry and 4,654 hectares of fish and shrimp raising centers were covered by the Insurance Fund.

INSURED FARMLANDS AND AMOUNT OF COMPENSATION

	Area of insured land (thousand hectares)		Area of damaged land (thousand hectares)		Paid loss (million rials)	
	1381	1382	1381	1382	1381	1382
	Wheat	2,252.3	3,933.9	797.0	879.9	166,093
Rice	153.2	214.7	36.0	70.7	33,899	89,956
Cotton	66.5	70.5	5.6	9.3	2,325	4,100
Sugar beet	184.9	203.7	37.0	24.5	31,603	31,024
Soya	19.2	30.7	2.6	1.4	2,302	503
Potatoes	29.4	35.4	4.7	6.6	9,100	9,758
Sunflower	3.5	2.1	0.4	0.5	233	299
Corn	67.2	76.1	6.7	15.3	4,957	16,520
Barley	108.1	155.3	15.8	36.4	5,512	11,449
Onions	1.4	1.7	0.04	0.1	71	278
Grapes	11.1	16.0	4.9	11.0	16,962	51,343
Apples	6.9	19.9	5.8	7.6	19,425	37,326
Citrus	4.2	3.8	0.8	0.4	1,413	2,672
Dates	14.3	38.6	10.7	22.8	26,814	45,332
Pomegranate	1.2	2.2	0.6	0.8	1,272	3,728
Tea	16.5	22.5	15.5	0	31,203	193
Pistachio	30.1	16.8	3.2	12.9	13,183	57,489
Almond	5.3	13.4	3.9	8.7	17,083	40,312
Colza	67.0	94.7	22.0	28.0	12,472	17,727
Others	20.0	31.3	5.3	10.4	7,447	17,069
Total	3,062.3	4,983.3	978.5	1,147.3	403,369	755,872

Source: Insurance Fund for Agricultural Products

Export of Agricultural Products

In 1382, a total of 1,853.3 thousand tons of agricultural products valuing at \$ 1,663.1 million were exported, showing 22.3 and 32.7 percent rise in weight and value, respectively. Exports of agricultural products constituted 12 percent of the weight and 27.8 percent of the value of non-oil exports, indicating a relative improvement in the performance of exports of this sector, when compared with similar previous figures (11.3 percent of weight and 27.2 percent of value). The unit value of agricultural products export with 8.5 percent growth reached \$ 897.4. The major part of this increase was due to increase in the share of pistachio in the composition of export of agricultural products.

EXPORT OF AGRICULTURAL PRODUCTS					(thousand dollars-ton)	
	1381		1382		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Dried fruits	635,416	428,264	819,708	457,241	29.0	6.8
Vegetables	257,489	710,287	311,244	837,741	20.9	17.9
Livestock products	145,700	63,089	198,989	83,886	36.6	33.0
Sea products	57,822	15,009	85,906	19,515	48.6	30.0
Agricultural processing industries products	157,209	299,319	247,239	454,891	57.3	52.0
Export of agricultural products	1,253,636	1,515,968	1,663,086	1,853,274	32.7	22.3
Export of non-agricultural products	3,354,793	11,845,913	4,309,076	13,614,313	28.4	14.9
Total non-oil exports	4,608,429	13,361,881	5,972,162	15,467,587	29.6	15.8

Source: Foreign trade statistics, released by the Customs

Import of Agricultural Products

In the review year, 7,993.9 thousand tons of agricultural products valuing at \$ 2,650.4 million were imported, showing 16.3 percent decrease and 11.8 percent increase in weight and value, respectively. Imports of mentioned goods constituted 26.6 percent of the weight and 10 percent of the value of imported goods, showing reduction as compared with the previous year (35.5 percent of weight and 10.6 percent of value). The unit value of agricultural products imports was \$ 331.5, which grew by 33.6 percent as compared to the year before.

IMPORT OF AGRICULTURAL PRODUCTS					(thousand dollars-ton)	
	1381		1382		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Wheat	380,390	2,839,075	119,205	773,359	-68.7	-72.8
Barley	2,717	24,818	35,386	191,135	▣	▣
Rice	292,007	1,047,499	252,297	875,018	-13.6	-16.5
Tea	33	12	2	1	-93.9	-91.7
Sugar and cube sugar	158,131	825,364	59,082	287,628	-62.6	-65.2
Vegetable oils	477,345	983,631	669,063	1,173,470	40.2	19.3
Animal oils	11,061	13,800	6,534	10,249	-40.9	-25.7
Red meat	25,753	15,786	58,475	34,340	127.1	117.5
Fish	9,824	11,840	34,492	38,754	251.1	227.3
Poultry	6,655	7,528	738	1,219	-88.9	-83.8
Other agricultural products	1,007,116	3,786,242	1,415,087	4,608,709	40.5	21.7
Import of agricultural products	2,371,032	9,555,595	2,650,363	7,993,882	11.8	-16.3
Import of non-agricultural products	19,904,157	17,371,370	23,947,375	22,111,976	20.3	27.3
Total imports	22,275,189	26,926,965	26,597,738	30,105,858	19.4	11.8

Source: Foreign trade statistics