

Production of farming crops, horticultural produce, and livestock and fisheries products went up in 1384. The government continued its support policies for agricultural crops, in the form of provision of various production inputs such as improved seeds, chemical fertilizers, and pesticides to farmers, as before.

The guaranteed purchase price of most agricultural crops increased within a range of 3.9 to 14.4 percent. Despite an increase in the guaranteed purchase price of wheat, barley, and cotton, the output of these crops faced 1.8, 2.8, and 13.6 percent reduction, respectively. In the review year, the outstanding facilities extended by banks and credit institutions to the public and non-public agriculture sectors grew by 34.9 percent.

According to the data released by the Ministry of Energy, average rainfall in 1383/84 farming year ⁽¹⁾ was 285.9 millimeters, showing 18 percent rise as compared with the previous farming year, and 15 percent increase as compared with the long-term average (36 years). As a result, the volume of surface water flows amounted to 93.2 billion cubic meters, indicating 10 percent increase compared with the previous year, against one percent decline compared with the long-term average.

Production

Farming Crops and Horticultural Produce

According to the data released by the Ministry of Agriculture Jihad, production of farming crops in an area of 13 million hectares of land amounted to 70 million tons in the farming year 1383/84, showing 9.4 percent rise in the amount of production and 4.8 percent increase in the area under cultivation, as compared with the previous farming year. Out of total farming products, 89.6 percent (62.7 million tons) were produced in irrigated land and the remaining were rainfed crops. The corresponding figures of the previous farming year were 88.3 and 11.7 percent, respectively. Horticultural produce in an area of 2,056.6 thousand hectares of land amounted to 14.9 million tons, showing 2.4 and 14.6 percent rise, respectively, in the area under cultivation and amount of production, as compared with the previous farming year.

Grain production (wheat, barley, rice and corn) decreased by 0.4 percent to 21,897 thousand tons as compared with the previous farming year. This figure was 1,403 thousand tons less than the amount envisaged for this year and indicates a realization of 94.4 percent of the target for grain production.

(1) Second half of 1383 and first half of 1384

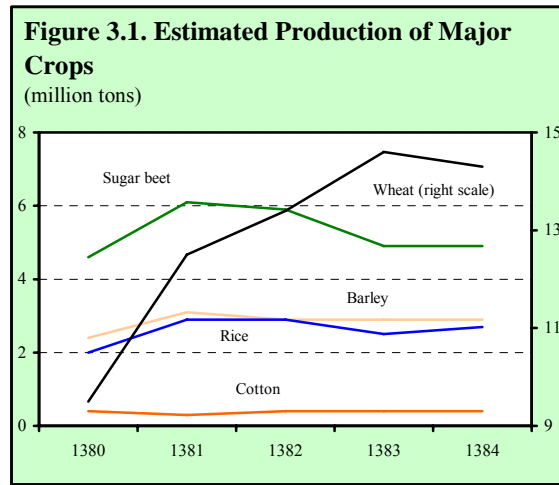
During the review year, total production of agro-industrial crops, with 2.5 percent reduction, stood at 11,369 thousand tons. Among these crops, the production of cotton, sugar cane, and sugar beet declined by 13.6, 6.4, and 0.3 percent, respectively. On the other hand, the production of oil seeds and tobacco increased by 37.1 and 69.2 percent, respectively.

YIELD OF MAJOR FARMING CROPS

(kilogram-hectare)

	1383	1384	Percentage change
Wheat	2,206	2,058	-6.7
Barley	1,838	1,722	-6.3
Rice (paddy)	4,160	4,357	4.7
Corn	7,029	7,222	2.7
Cotton	2,515	2,278	-9.4
Sugar beet	31,513	32,068	1.8
Sugar cane	96,902	87,235	-10.0
Green leaflet tea	4,323	5,789	33.9
Oil seeds	1,771	1,745	-1.5
Tobacco	1,182	1,607	36.0
Pulses	715	704	-1.6
Potatoes	24,207	25,469	5.2
Onions	33,896	33,743	-0.4
Pistachio	566	522	-7.8

Source: Ministry of Agriculture Jihad



ESTIMATED PRODUCTION AND AREA UNDER CULTIVATION OF MAJOR FARMING CROPS

(thousand hectares-thousand tons)

	1383		1384		Percentage change	
	Area	Production	Area	Production	Area	Production
Wheat	6,605	14,568	6,951	14,308	5.2	-1.8
Barley	1,600	2,940	1,659	2,857	3.7	-2.8
Rice (paddy)	611	2,542	628	2,737	2.8	7.6
Corn	274	1,926	276	1,995	0.8	3.6
Cotton	167	420	160	363	-4.5	-13.6
Sugar beet	156	4,916	153	4,902	-2.0	-0.3
Sugar cane	61	5,911	63	5,530	3.9	-6.4
Green leaflet tea	31	134	34	197	9.9	47.0
Oil seeds	227	402	316	551	39.1	37.1
Tobacco	11	13	14	22	25.4	69.2
Pulses	930	665	908	639	-2.4	-3.9
Potatoes	184	4,454	190	4,830	3.0	8.5
Onions	48	1,627	50	1,685	4.0	3.6
Pistachio	327	185	440	230	34.6	24.3

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 7.1 percent in 1384 and amounted to 9,975 thousand tons. Among the said products, production of eggs enjoyed the highest growth (15.9 percent).

Fisheries products increased by 10 percent to 522 thousand tons as compared with the previous year. Out of this figure, 65.7 percent was produced from the Persian Gulf, 25.7 percent from inland waters, and the remaining from the Caspian Sea. The exports of various fisheries products amounted to 16.8 thousand tons, valuing at \$39 million, down by 17.4 and 54.2 percent, respectively, compared with the previous year. Despite a rise in the production of various aquatics,

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production of shrimp declined. This reduced the value of fisheries exports drastically, since shrimp enjoys the highest share in the export value of aquatics.

LIVESTOCK PRODUCTS

	(thousand tons)		
	1383	1384	Percentage change
Red meat	785	800	1.9
Milk	6,720	7,179	6.8
Poultry	1,152	1,237	7.4
Eggs	655	759	15.9

Source: Ministry of Agriculture Jihad

PRODUCTION & EXPORT OF FISHERIES

	(tons-million dollars)		
	1383	1384	Percentage change
Production	474,500	522,051	10.0
Persian Gulf	314,165	343,000	9.2
Caspian Sea	35,775	44,887	25.5
Inland waters	124,560	134,164	7.7
Export			
Value	85.2	39.0	-54.2
Amount	20,329	16,783	-17.4

Source: Ministry of Agriculture Jihad

Import and Stock of Major Foodstuffs

In the review year, the government continued imports of raw sugar and red meat to provide the required foodstuff, regulate the market and contain inflation. Based on the data released by the Government Trading Corporation of Iran (GTC), the imports of raw sugar faced a remarkable growth of 417 percent. Meanwhile, imports of red meat were limited to 2 thousand tons, down by 92.9 percent compared with the previous year.

IMPORT AND STOCK OF MAJOR FOODSTUFFS

	(thousand tons)					
	Imports		Percentage change	Year-end stock		Percentage change
	1383 ▲	1384		1383 ▲	1384	
Wheat (1)	0	0	0	3,300.0	..	0
Sugar and cube sugar (2)	121.4	627.6	417.0	305.9	296.2	-3.2
Red meat (2)	28.2	2.0	-92.9	9.9	0.6	-93.9

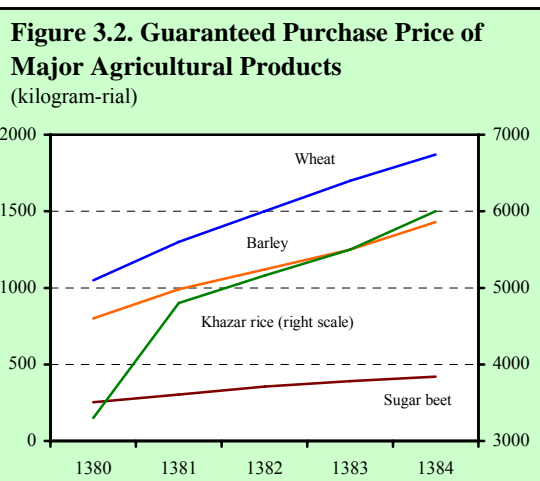
Source: Government Trading Corporation of Iran (GTC) and State Livestock Affairs Logistics (SLAL)

(1) Includes wheat imported by the public sector.

(2) Excludes imports by the private sector.

Guaranteed Purchase of Agricultural Products

To support farmers in the production of basic agricultural crops, to establish equilibrium in the production system, and to maintain farmers' income level, the policy of guaranteed purchase of agricultural crops, which was started in 1368, continued in the review year. In 1384, the guaranteed purchase price of agricultural crops increased within a range of 3.9 to 14.4 percent which, except for barley, was less than the rate of inflation (12.1 percent) for this year. The guaranteed purchase price of wheat reached Rls. 1,870 per kilo, up by 10 percent compared with the previous year. Excess wheat purchased from farmers was 10.9 million tons, showing 2.2 percent decline compared with 1383.



GUARANTEED PURCHASE PRICE OF AGRICULTURAL PRODUCTS

(rial/kilogram)

	1383	1384	Percentage change
Wheat	1,700	1,870	10.0
Barley	1,250	1,430	14.4
Rice (Khazar, Fajr, and Sahel varieties)	5,500	6,000	9.1
Rice (Sefidrood variety)	4,750	5,200	9.5
Rice (Neda and Nemat varieties)	4,600	5,000	8.7
Rice (Amol, Cheram, and Yasouj varieties)	3,850	4,200	9.1
Corn	1,350	1,480	9.6
Sugar beet	390	420	7.7
Sunflower (seed)	2,880	3,100	7.6
Soya	2,600	2,770	6.5
Green leaflet tea (1)	2,050	2,900	
Lentil	3,260	3,390	4.0
Kidney bean	2,840	2,950	3.9
Navy bean	3,120	3,250	4.2
Pinto bean	3,120	3,250	4.2
Pea	3,000	3,120	4.0
Potato (fall harvest)	670	740	10.4
Cotton (raw)	3,800	4,150	9.2
Colza	3,110	3,420	10.0
Onion (fall harvest)	515	540	4.9

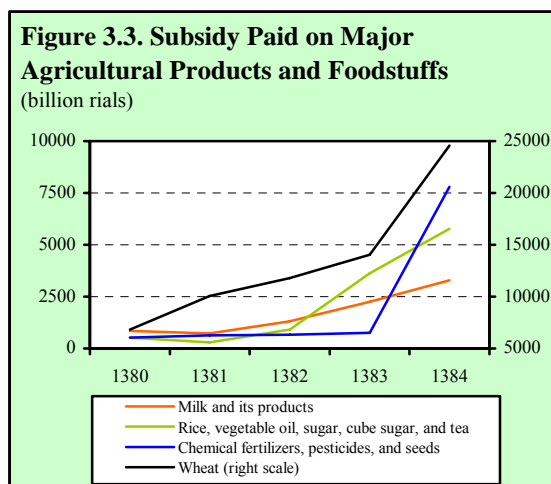
Source: Ministry of Agriculture Jihad

(1) In 1383, guaranteed purchase price of green leaflet tea was the weight average of purchase price of grade one and grade two green leaflet tea. In 1384, however, it only includes grade one green leaflet tea.

Subsidies

Based on the data released by the Ministry of Economic Affairs and Finance and Consumers and Producers Protection Organization, total subsidy paid by the government (including subsidy on medicine and powdered milk and the subsidy as subject to Article 46, 3rd FYDP Law) amounted to Rls. 51,840.4 billion in 1384, up by 88.2 percent. During this period, the ratio of subsidy paid by the government to GDP at basic price (including oil) reached 3.1 percent at current prices, showing 2 percent increase compared with that of the previous year.

During the review year, subsidy paid on major agricultural crops, with 95.5 percent growth, amounted to Rls. 41,915.2 billion. The share of the said subsidy in total subsidy paid by the government increased from 77.9 percent to 80.9 percent. This was basically due to the remarkable increase in the subsidy allocated to wheat following wheat self-sufficiency plan.



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SUBSIDY PAID ON MAJOR AGRICULTURAL PRODUCTS & FOODSTUFFS (billion rials)

	1383	1384	Percentage change	Share (percent)	
				1383	1384
Wheat	14,048.8	24,577.8	74.9	51.0	47.4
Rice, vegetable oil, sugar and cube sugar	3,622.9	5,765.8	59.1	13.2	11.1
Milk and milk products	2,257.5	3,286.8	45.6	8.2	6.3
Meat	504.0	0	-100.0	1.8	0
Pesticides, seed and chemical fertilizers	750.0	7,794.8	▣	2.7	15.0
Veterinary drugs	38.6	490.0	▣	0.1	0.9
Oil seeds	15.0	0	-100.0	0.1	0
Poultry and eggs	68.0	0	-100.0	0.2	0
Export of agricultural crops	138.3	0	-100.0	0.5	0
Total	21,443.1	41,915.2	95.5	77.9	80.9
Total subsidy paid	27,538.4	51,840.4	88.2	100.0	100.0

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

Government Investment

In 1384, the 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 (excluding provincial expenditures), increased by 58.9 percent and amounted to Rls. 18,794.5 billion as compared with the previous year.

Credits paid for acquisition of non-financial assets for the expansion of agriculture and natural resources amounted to Rls. 3,672.6 billion, showing 53.2 percent rise as compared with the previous year. In the agriculture and natural resources chapter, the project of “technical and credit assistance to the private and cooperative sectors” absorbed the highest share of credits (27.1 percent). “Reviving and development of agricultural lands” project (mobilization and renovation of irrigated lands) accounted for 20.4 percent of total credits, equal to Rls. 749.3 billion.

National expenditures for acquisition of non-financial assets projects for the “provision and development of water resources and facilities” rose by 60.3 percent to Rls. 15,121.9 billion. In the review year, “supply and provision of water” project including dam construction, irrigation and drainage networks, and supplying water to cities and industries enjoyed the lion’s share of 86.6 percent of national expenditures.

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

	1383	1384	Percentage change	Share (percent)	
				1383	1384
Agriculture and natural resources (1)	2,397.7	3,672.6	53.2	20.3	19.5
Water resources	9,433.9	15,121.9	60.3	79.7	80.5
Total	11,831.6	18,794.5	58.9	100.0	100.0

Source: Treasury General, Ministry of Economic Affairs and Finance

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

Banking Facilities

The outstanding facilities extended by banks and credit institutions to the public and non-public agriculture sectors⁽¹⁾ increased by 34.9 percent to Rls. 114.7 trillion by the end of 1384, 97.8 percent of which (Rls. 112.2 trillion) was related to the non-public sector facilities. Part of the increase in the outstanding facilities extended by banks to the agriculture sector was due to rescheduling of the farmers' debt resulted from losses related to the drought of the previous years.

The outstanding facilities extended by commercial banks to public and non-public agriculture sectors, with a slight reduction, reached 44.3 percent at year-end 1384, against 44.7 percent at year-end 1383. Conversely, facilities extended by Bank Keshavarzi (Agriculture Bank) increased and those extended by private banks and non-bank credit institutions amounted to Rls. 46.1 billion, up by 80.1 percent, compared with the previous year (Rls. 25.6 billion).

The outstanding facilities extended by Bank Keshavarzi to public and non-public agriculture sectors grew by 35.9 percent to Rls. 63,863.9 billion. In this year, Bank Keshavarzi paid Rls. 49,894 billion facilities to farmers, showing 36 percent rise compared with the previous year. Out of total facilities, Rls. 41,031.5 billion (82.2 percent) was paid from non-budgetary resources and the remainder (Rls. 8,862.5 billion) from the budget law notes, administered funds, and contracts. The respective shares of the previous year were 87.7 and 12.3 percent, respectively.

Figure 3.4. Outstanding Facilities Extended by Banks to Agriculture Sector

(trillion rials)

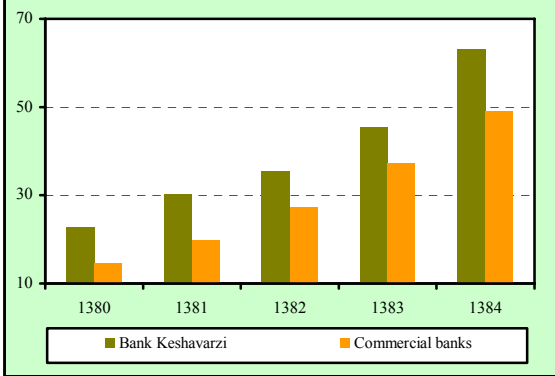
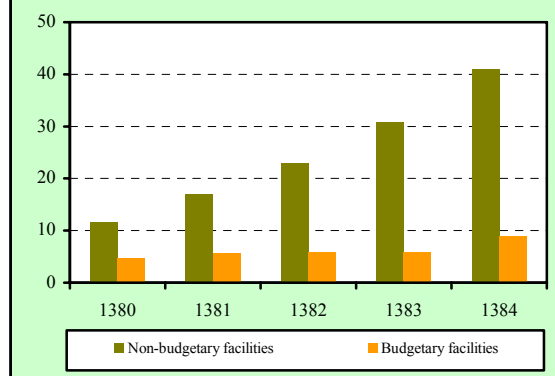


Figure 3.5. Facilities Extended by Bank Keshavarzi

(trillion rials)



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

(billion rials)

	Year-end		Percentage change	Share (percent)	
	1383▲	1384		1383	1384
Commercial banks	37,241.9	49,055.3	31.7	45.0	43.7
Bank Keshavarzi	45,495.7	63,102.4	38.7	55.0	56.3
Private banks and credit institutions	25.6	46.1	80.1	0	0
Total	82,763.2	112,203.8	35.6	100.0	100.0

(1) Excludes profit and revenue receivables.

(1) Less exchange rate differential, profit and commission receivables, receipts from Mozarebeh, civil partnership joint account (bank's share), overdue payment of profit and commission profit.

Insurance Fund for Agricultural Products

In the farming year of 1383/84, the Insurance Fund for Agricultural Products insured 5,712.3 thousand hectares of land under cultivation of 40 farming and horticultural products against losses from natural disasters, up by 7 percent as compared with the previous year. Out of the mentioned area under cultivation, 2,118.4 thousand hectares were damaged for which a sum of Rls. 2,096.6 billion as compensation was paid by the Fund. During the same period, 3,813.1 thousand hectares of land under cultivation of farming products were insured against drought, showing 41.5 percent rise compared with the previous farming year.

INSURED FARMLANDS AND AMOUNT OF COMPENSATION

	Area of insured land (thousand hectares)		Area of damaged land (thousand hectares)		Compensation (million rials)	
	1383▲	1384	1383▲	1384	1383▲	1384
Wheat	4,079.6	4,004.3	1,047.5	1,512.2	466,942	588,719
Rice	250.8	206.5	78.1	82.6	131,452	232,031
Cotton	70.0	68.6	19.8	21.3	13,626	14,489
Sugar beet	166.4	153.1	8.9	18.5	10,879	23,704
Soya	47.5	50.0	5.6	6.8	4,315	8,213
Potatoes	58.5	50.5	16.3	13.0	42,396	23,954
Sunflower	6.0	6.8	0.7	1.0	435	739
Corn	94.6	109.7	19.6	26.6	25,352	25,299
Barley	207.8	440.7	96.1	92.6	29,329	35,721
Onions	3.2	3.5	0.2	1.1	427	3,721
Grapes	25.9	39.2	14.3	24.8	73,227	95,255
Apples	19.2	42.6	13.2	26.2	105,867	157,250
Citrus	7.3	13.5	1.9	3.3	3,365	8,604
Dates	57.8	57.1	33.2	35.9	118,551	90,865
Pomegranate	3.3	8.1	2.7	6.8	14,551	33,264
Tea	20.7	2.7	1.9	2.8	1,934	10,049
Pistachio	45.3	76.4	40.0	67.2	218,333	358,533
Almond	18.6	38.6	14.9	27.9	143,303	164,711
Colza	80.6	168.1	33.5	56.2	22,582	34,991
Others (1)	77.7	172.3	28.2	91.6	77,982	186,520
Total	5,340.8	5,712.3	1,476.6	2,118.4	1,504,848	2,096,632

Source: Insurance Fund for Agricultural Products

(1) Includes pulses, sugar cane, safflower, olive, walnut and saffron.

Rural Cooperatives and Cooperative Unions

Based on the report released by the Central Organization for Rural Cooperatives, the number of rural cooperatives and their members, with negligible change over the previous year, amounted to 2,936 with 4.5 million members. The capital of these cooperatives was Rls. 513.6 billion, showing 14.7 percent increase.

During this period, rural cooperatives purchased 7,608.1 thousand tons of various agricultural products, with a value of Rls. 18.9 trillion, at guaranteed prices, showing 3.2 percent decrease and 44.3 percent increase in terms of amount and value, respectively.

RURAL COOPERATIVES AND COOPERATIVE UNIONS

	1383	1384	Percentage change
Rural cooperatives			
Number	2,939	2,936	-0.1
Members (thousand persons)	4,516	4,532	0.4
Capital (billion rials)	447.8	513.6	14.7
Paid loan (billion rials)	339.5	352.2	3.7
Cooperative unions			
Number	264	274	3.8
Member companies	2,989	2,993	0.1
Capital (million rials)	147,148	164,614	11.9

Source: Central Organization for Rural Cooperatives

Export of Agricultural Products

Based on the data released by the Customs, 2,673.6 thousand tons of various agricultural products, with a value of \$3,193.9 million, were exported in the review year. This amount indicates 44.0 and 54.8 percent increase in terms of weight and value, respectively, compared with the year before. Export of agricultural products, constituting 10.7 percent of weight and 30.5 percent of value of non-oil exports, remained relatively unchanged when compared with the same figures of the previous year (10.3 percent of weight and 30.1 percent of value of non-oil exports).

	EXPORT OF AGRICULTURAL PRODUCTS (thousand dollars-tons)					
	1383 ▲		1384		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Dried fruits	1,263,739	517,148	1,850,117	568,264	46.4	9.9
Vegetables	321,836	658,853	486,425	1,141,150	51.1	73.2
Livestock products	197,881	60,705	385,157	165,941	94.6	173.4
Sea products	65,339	16,038	36,609	17,796	-44.0	11.0
Agricultural processing industries products	214,643	604,162	435,620	780,429	103.0	29.2
Export of agricultural products	2,063,438	1,856,906	3,193,928	2,673,578	54.8	44.0
Total non-oil exports	6,847,303	18,077,078	10,474,294	24,982,846	53.0	38.2

Source: Foreign Trade Statistics, released by the Customs

Import of Agricultural Products

Based on the Customs' data, in the review year, 8,701.6 thousand tons of various agricultural products, valuing at \$3,239 million, were imported, indicating 9.4 and 4.3 percent increase in weight and value, respectively. Imports of the mentioned goods accounted for 24.5 percent of weight and 8.3 percent of value of total imported goods, which remained relatively unchanged when compared with the previous year (23.1 percent of weight and 8.8 percent of value of total imports). The unit value of the imported agricultural products was \$372.2, indicating a fall of 4.7 percent, compared with the respective figure of the previous year (\$390.5). Reduction in the unit value of imported agricultural products compared with the 30.3 percent rise in the value of exported agricultural products indicates that terms of trade have improved in this sector.

Following increase in production of wheat in recent years which is almost very close to self-sufficiency level, imports of this crop amounted to 105.2 thousand tons in 1384, showing a reduction of 43.2 percent in value and 38.3 percent in weight compared with the previous year. Along with this development, imports of wheat by public sector was ceased and that of non-public sector reduced.

	IMPORT OF AGRICULTURAL PRODUCTS (thousand dollars-tons)					
	1383		1384		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Wheat	24,762	170,459	14,074	105,172	-43.2	-38.3
Barley	106,481	844,537	119,778	730,373	12.5	-13.5
Rice	356,130	1,142,402	345,284	1,044,659	-3.0	-8.6
Tea	57,501	21,716	78,193	32,580	36.0	50.0
Sugar	40,866	189,595	197,380	707,114	383.0	273.0
Vegetable oils	608,055	987,449	638,043	1,242,629	4.9	25.8
Animal oils	3,979	4,843	6,813	9,447	71.2	95.1
Red meat	96,661	52,132	32,922	17,233	-65.9	-66.9
Fish	11,181	11,334	19,671	19,463	75.9	71.7
Poultry	13,946	14,404	0	0	-100.0	-100.0
Other agricultural products	1,787,203	4,517,775	1,786,855	4,792,915	0	6.1
Import of agricultural products	3,106,765	7,956,646	3,239,011	8,701,583	4.3	9.4
Total imports	35,388,553	34,448,497	39,247,582	35,465,626	10.9	3.0

Source: Foreign Trade Statistics, released by the Customs

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In 1383 and 1384, trade balance ran a deficit in this sector. In 1384, trade balance deficit reached \$45 million, showing 95.7 percent reduction compared with the previous year. This indicates an improvement in foreign trade. The remarkable growth in exports of agricultural products against imports led to the reduction in the deficit of trade balance. Among the exported agricultural products, dried fruits and agricultural processing industries products enjoyed the significant growth.

TRADE BALANCE OF AGRICULTURAL PRODUCTS

	(million dollars)		
	1383	1384	Percentage change
Exports	2,063	3,194	54.8
Imports	3,107	3,239	4.3
Trade balance	-1,044	-45	-95.7