

Production of farming crops, horticultural produce, and livestock and fisheries products increased in 1385. In the implementation of support policies for agricultural crops, government distributed 4,574.1 thousand tons of chemical fertilizers among farmers, up by 19.6 percent compared with the previous year. Meanwhile, 20.8 thousand tons of pesticides and 224.3 thousand tons of seeds were provided to farmers, showing respectively 5.1 percent increase and 16.8 percent decrease compared with the year before.

According to the data released by the Ministry of Energy, average precipitation in 1384/85 farming year ⁽¹⁾ amounted to 213.4 millimeters, showing a reduction of 25 percent compared with the previous farming year and 15 percent as compared with the long-term average (37 years). Moreover, the volume of surface water flows amounted to 90.3 billion cubic meters, indicating a fall of 3 percent compared with the previous year and 4 percent as compared with the long-term average.

Production

Farming Crops and Horticultural Produce

According to the data released by the Ministry of Agriculture Jihad, in 1384/85 farming year, production of farming crops in an area of 13 million hectares of land

amounted to 71 million tons, showing 1.9 percent increase in the amount of production and 0.7 percent decrease in the area under cultivation, as compared with the previous farming year. Of total farming crops, 89.7 percent (64 million tons) were produced in irrigated lands and the remaining were rainfed crops. The corresponding figures for the previous farming year were 89.6 and 10.4 percent, respectively. Horticultural produce in an area of 2.7 million hectares of land amounted to 15.5 million tons, showing 2.9 and 4.6 percent rise, respectively, in the area under cultivation and amount of production, as compared with the previous farming year.

Grain production (wheat, barley, rice (paddy) and corn) reached 22,398 thousand tons, up by 2.3 percent as compared with the previous farming year. Despite a decline in the area under cultivation of wheat, the production of this crop increased by 2.5 percent to 14,663.7 thousand tons. Meanwhile, the production of barley and corn went up by 3.5 and 8.6 percent, respectively, and that of rice (paddy) decreased by 4.6 percent.

During the review year, total production of agro-industrial crops, with 10.7 percent increase, amounted to 12,582.7 thousand tons. This was mainly attributable to the surge in the yield per hectare of sugar beet and oil seeds.

(1) Second half of 1384 and first half of 1385

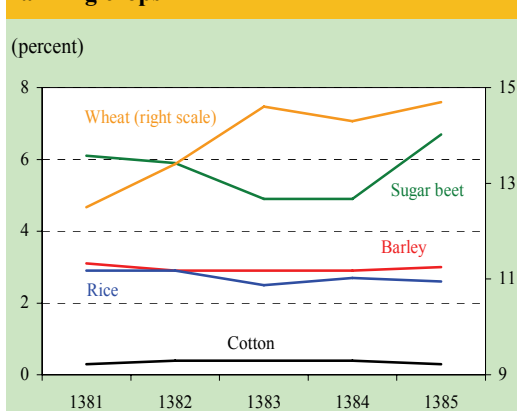
Chapter 2 AGRICULTURE

YIELD OF MAJOR FARMING CROPS (kilogram/hectare)

	1384▲	1385	Percentage change
Wheat	2,058	2,132	3.6
Barley	1,722	1,886	9.5
Rice (paddy)	4,357	4,142	-4.9
Corn	7,222	7,423	2.8
Cotton	2,276	2,433	6.9
Sugar beet	32,068	36,090	12.5
Sugar cane	87,235	74,465	-14.6
Green leaflet tea	5,781	4,844	-16.2
Oil seeds	1,745	1,856	6.4
Tobacco	1,607	1,303	-19.0
Pulses	704	721	2.4
Potatoes	25,475	25,754	1.1
Onions	33,777	34,432	1.9
Pistachio	522	563	7.9

Source: Ministry of Agriculture Jihad

Figure 2.1. Estimated production of major farming crops



ESTIMATED PRODUCTION AND AREA UNDER CULTIVATION OF MAJOR FARMING CROPS

(thousand hectares-thousand tons)

	1384		1385		Percentage change	
	Area	Production	Area	Production	Area	Production
Wheat	6,951	14,308	6,879	14,664	-1.0	2.5
Barley	1,659	2,857	1,568	2,956	-5.5	3.5
Rice (paddy)	628	2,737	631	2,612	0.4	-4.6
Corn	276	1,995	292	2,166	5.6	8.6
Cotton	160	363	117	284	-26.9	-21.9
Sugar beet	153	4,902	186	6,709	21.6	36.9
Sugar cane	63	5,530	67	4,959	5.1	-10.3
Green leaflet tea	34	197	32	155	-6.1	-21.4
Oil seeds	316	551	331	615	4.9	11.6
Tobacco	14	22	12	16	-13.8	-30.1
Pulses	908	639	941	678	3.6	6.1
Potatoes	190	4,830	164	4,219	-13.6	-12.7
Onions	50	1,685	59	2,038	18.6	20.9
Pistachio	440	230	444	250	0.9	8.9

Source: Ministry of Agriculture Jihad

Livestock and Fisheries Products

Based on the data released by the Ministry of Agriculture Jihad, livestock products (red meat, poultry, milk and eggs) grew by 6.4 percent in 1385 and amounted to 10,607 thousand tons. Among these products, poultry enjoyed the highest growth by 10 percent, while eggs experienced negative growth.

Fisheries products increased by 10.1 percent to 575.6 thousand tons as compared with the previous year. Of this figure, 65.1 percent was produced from the Persian Gulf, 26.9 percent from inland waters, and the remaining from the Caspian Sea. The exports of various fisheries products reached 26.9

thousand tons, worth \$48 million, up by 59.4 and 22.9 percent, respectively, compared with the previous year.

LIVESTOCK PRODUCTS

	(thousand tons)		
	1384	1385	Percentage change
Red meat	800	829	3.6
Milk	7,179	7,741	7.8
Poultry	1,237	1,360	10.0
Eggs	758	677	-10.7

Source: Ministry of Agriculture Jihad

PRODUCTION & EXPORT OF FISHERIES

	(tons-thousand dollars)		
	1384▲	1385	Percentage change
Production	522,559	575,560	10.1
Persian Gulf	343,492	374,447	9.0
Caspian Sea	44,887	46,435	3.4
Inland waters	134,180	154,678	15.3
Export			
Value	39,034.0	47,977.4	22.9
Amount	16,881.3	26,912.8	59.4

Source: Ministry of Agriculture Jihad

Guaranteed Purchase of Agricultural Products

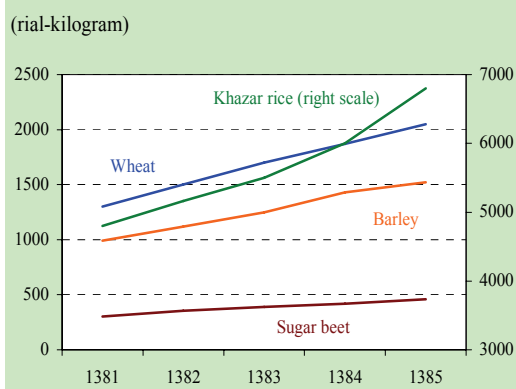
To support farmers in the production of basic agricultural crops, to establish equilibrium in the production system, and to maintain farmers' income level, the guaranteed purchase price of agricultural crops increased within a range of 1.7 to 16.7 percent in 1385. This was less than the rate of inflation for this year at 13.6 percent. The guaranteed purchase price of wheat increased by 9.6 percent to Rls. 2,050 per kilogram, compared with the previous year. According to the Ministry of Agriculture Jihad, excess wheat purchased from farmers amounted to 11.4 million tons, showing 4.6 percent rise compared with 1384.

GUARANTEED PURCHASE PRICE OF AGRICULTURAL PRODUCTS

	(rial/kilogram)		
	1384	1385	Percentage change
Wheat	1,870	2,050	9.6
Barley	1,430	1,520	6.3
Rice (Khazar, Fajr, and Sahel varieties)	6,000	6,800	13.3
Sugar beet	420	460	9.5

Source: Ministry of Agriculture Jihad

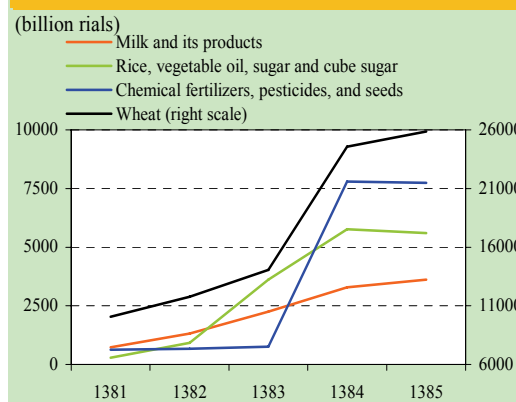
Figure 2.2. Guaranteed purchase price of major agricultural products



Subsidies

Based on the data released by the Ministry of Economic Affairs and Finance, and Consumers and Producers Protection Organization, during the review year, subsidy paid on major agricultural crops amounted to Rls. 43.2 trillion, up by 3.1 percent compared with the year before. The share of the mentioned subsidy in total subsidy paid by the government fell from 80.9 percent last year to 75 percent in 1385. Meanwhile, the amount of subsidy paid on wheat, with 5.3 percent growth compared with last year, reached Rls. 25.9 trillion, the highest share (44.9 percent) in total subsidy payment as before.

Figure 2.3. Subsidy paid on major agricultural products and foodstuffs



SUBSIDY PAID ON MAJOR AGRICULTURAL PRODUCTS AND FOODSTUFFS

(billion rials)

	1384	1385	Share (percent)	
			1384	1385
Basic goods	33,630.4	35,087.4	64.9	60.9
Wheat	24,577.8	25,869.7	47.4	44.9
Rice, vegetable oil, sugar and cube sugar	5,765.8	5,599.8	11.1	9.7
Milk and milk products	3,286.8	3,617.9	6.3	6.3
Agricultural inputs	8,284.8	8,140.0	16.0	14.1
Pesticides, seeds, and chemical fertilizers	7,794.8	7,740.0	15.0	13.4
Veterinary drugs and vaccines	490.0	400.0	0.9	0.7
Total subsidy paid on agricultural products	41,915.2	43,227.4	80.9	75.0
Total subsidy paid	51,840.4	57,631.4	100.0	100.0

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

Government Investment

In 1385, government payments for the 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), decreased by 37.1 percent to Rls. 11.7 trillion as compared with the previous year. This indicates 54.5 percent realization of the target set in the Budget Law for 1385 (Rls. 21.5 trillion).

Credits paid for the acquisition of non-financial assets for the expansion of agriculture and natural resources amounted to Rls. 4 trillion, up by 14.7 percent compared

with the previous year. In the agriculture and natural resources sector, the project of “farming and horticulture” absorbed the highest share of credits (37.2 percent).

National expenditures for the acquisition of non-financial assets projects for the “provision and development of water resources and facilities” fell by 49.1 percent to Rls. 7.7 trillion. 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 75.7 percent of national expenditures.

CREDITS FOR ACQUISITION OF NON-FINANCIAL ASSETS PROJECTS FOR EXPANSION OF AGRICULTURE AND WATER RESOURCES

(billion rials)

	1384▲	1385	Percentage change	Share (percent)		Approved for 1385	
				1384	1385	Value	Realization (percent)
Agriculture and natural resources	3,523.6	4,040.0	14.7	18.9	34.4	3,633.3	111.2
Water resources	15,121.9	7,693.5	-49.1	81.1	65.6	17,901.2	43.0
Total	18,645.4	11,733.5	-37.1	100.0	100.0	21,534.4	54.5

Source: Ministry of Economic Affairs and Finance, and Budget Law for 1385

Banking Facilities

By the end of 1385, outstanding facilities extended by banks and credit institutions to public and non-public agriculture sectors⁽¹⁾ amounted to Rls. 163.2 trillion, indicating 42.3 percent growth. Of this amount, 98.2 percent (Rls. 160.2 trillion) was extended to the non-public sector. Part of the increase in the outstanding facilities extended by banks to the agriculture sector, as in the previous year, was due to the rescheduling of farmers' debt resulted from losses related to the drought of the previous years.

The share of outstanding facilities extended by commercial banks to public and non-public agriculture sectors reached 49.4 percent at end-1385, against 43.7 percent at end-1384. Conversely, the share of facilities extended by Bank Keshavarzi (Agriculture Bank) decreased in this year. Moreover, outstanding facilities extended by private banks and non-bank credit institutions, with a slight increase, amounted to Rls. 46.3 billion, against Rls. 46.1 billion in the previous year-end.

In the review year, overdue and non-performing claims of banks and credit institutions on the non-public agriculture sector increased by 40.2 percent to Rls. 23.5 trillion. The ratio of the mentioned claims on the agriculture sector to total outstanding facilities extended to the non-public sector was 14.7 percent.

Outstanding facilities extended by Bank Keshavarzi to public and non-public agriculture sectors grew by 27.9 percent to Rls. 81.7 trillion. In this year, Bank Keshavarzi paid Rls. 52.9 trillion as statutory and non-statutory facilities and administered funds to farmers, up by 6.1 percent compared with the previous year.

Composition of facilities extended by Bank Keshavarzi according to Islamic contracts is indicative of the highest share of installment sale by 43.4 percent. In this year, Rls. 22.9 trillion facilities in the form of installment sale were paid, showing 2.6 percent rise when compared with the previous year.

Figure 2.4. Outstanding facilities extended by banks to Agriculture Sector

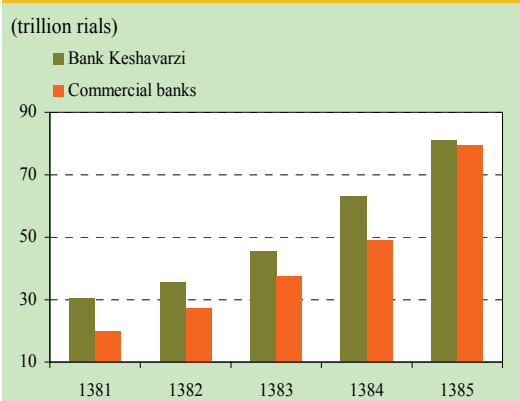
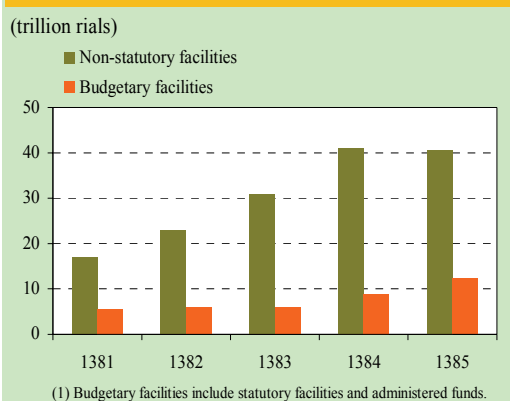


Figure 2.5. Facilities extended by Bank Keshavarzi⁽¹⁾



(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.

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

	Year-end		Percentage change	Share (percent)	
	1384	1385		1384	1385
Commercial banks	49,055.3	79,201.7	61.5	43.7	49.4
Bank Keshavarzi	63,102.4	80,944.4	28.3	56.2	50.5
Private banks and credit institutions	46.1	46.3	0.4	0	0
Total	112,203.8	160,192.4	42.8	100.0	100.0

Insurance Fund for Agricultural Products

In 1384/85 farming year, the Insurance Fund for Agricultural Products insured 5,715.8 thousand hectares of land under cultivation of 36 farming and horticultural products against losses from natural disasters. The area under insurance coverage remained relatively

unchanged compared with the previous year. Of the mentioned area under cultivation, 2,688.5 thousand hectares were damaged for which a sum of Rls. 2,380.4 billion as compensation was paid by the Fund.

INSURED FARMLANDS AND AMOUNT OF COMPENSATION

	Area of insured land (thousand hectares)				Area of damaged land (thousand hectares)				Compensation (billion rials)	
	1384▲	1385	Percentage change	Share (percent)	1384▲	1385	Percentage change	Share (percent)	1384▲	1385
Wheat	4,004.3	3,868.0	-3.4	67.7	1,566.5	1,796.7	14.7	66.8	591.5	708.1
Rice	206.5	208.2	0.8	3.6	82.6	120.3	45.7	4.5	232.0	287.8
Cotton	68.6	40.0	-41.7	0.7	21.3	10.4	-51.2	0.4	14.5	13.4
Sugar beet	154.0	163.6	6.2	2.9	18.5	23.7	28.1	0.9	24.0	44.0
Barley	440.5	447.0	1.5	7.8	94.5	225.0	138.1	8.4	35.9	82.8
Pistachio	76.4	105.5	38.2	1.8	67.2	82.7	23.0	3.1	358.5	178.7
Others	765.1	883.5	15.5	15.5	324.7	429.6	32.3	16.0	846.1	1,065.5
Total	5,715.4	5,715.8	*	100.0	2,175.3	2,688.5	23.6	100.0	2,102.5	2,380.4

Source: Insurance Fund for Agricultural Products

Rural Cooperatives and Cooperative Unions

Based on the report released by the Central Organization for Rural Cooperatives, by end-1385, rural cooperatives and their members remained virtually unchanged at previous year level of 2,937 cooperatives with 4.6 million members.

In the review year, rural cooperatives purchased 3,825.3 thousand tons of various agricultural products, valued at Rls. 8.6 trillion at guaranteed prices. This shows 49.7 and 54.2 percent decrease, in terms of amount and

value, respectively, mainly attributable to a fall in the guaranteed purchase of wheat.

Export of Agricultural Products

Based on the data released by Iran's Customs Administration, 3,187.5 thousand tons of various agricultural products, valued at \$3,056.7 million, were exported in the review year, up by 25.9 and 28.5 percent in terms of weight and value, respectively, compared with the year before. Export of the

mentioned goods accounted for 11.5 percent of weight and 23.7 percent of value of total non-oil exports, indicating a rise when compared with the corresponding figures of the previous year (10.1 percent of weight and

22.8 percent of value, respectively). Export of dried fruits, with 31.6 percent rise in value and a share of 44.5 percent, had the lion's share in total value of exports of agricultural products.

EXPORT OF AGRICULTURAL PRODUCTS (million dollars-thousand tons)

	1384▲		1385		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Dried fruits	1,033.3	426.7	1,359.8	494.8	31.6	16.0
Vegetables	486.4	1,141.1	680.5	1,570.1	39.9	37.6
Livestock products	386.8	165.9	354.6	152.1	-8.3	-8.3
Sea products	37.4	18.1	56.3	28.8	50.2	59.2
Agricultural processing industries products	435.6	780.4	605.6	941.7	39.0	20.7
Export of agricultural products	2,379.6	2,532.2	3,056.7	3,187.5	28.5	25.9
Share of agricultural products in total non-oil exports	22.8	10.1	23.7	11.5	3.8	13.2

Source: Foreign Trade Statistics released by Iran's Customs Administration

Import of Agricultural Products

Based on the Customs' data, 12,857.4 thousand tons of various agricultural products, worth \$4,900.9 million, were imported in 1385. This indicates 47.8 and 51.3 percent increase in weight and value, respectively. Imports of agricultural products constituted 29.6 percent of weight and 11.8 percent of value of total imported products, which indicates an increase when compared with the corresponding figures of the previous year (24.5 percent of weight and 8.3 percent of

value of total imports). In the review year, the unit value of imported agricultural products grew by 2.4 percent to \$381.2 when compared with the figure for the previous year (\$372.2).

Imports of wheat soared to 1,155.5 thousand tons in 1385, mainly due to the rise in country's strategic reserves. Imports of barley, on the other hand, decreased by 69 and 60.7 percent in terms of weight and value, respectively.

IMPORT OF AGRICULTURAL PRODUCTS (million dollars-thousand tons)

	1384▲		1385		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Wheat	14.1	105.2	190.1	1,155.5	▣	▣
Barley	196.9	1,209.4	77.5	375.0	-60.7	-69.0
Rice	345.3	1,044.7	404.5	1,220.7	17.2	16.8
Tea	78.2	32.6	71.5	32.2	-8.5	-1.3
Sugar	197.4	707.1	1,017.5	2,526.2	415.5	257.3
Vegetable oils	638.0	1,242.6	688.0	1,251.6	7.8	0.7
Animal oils	6.8	9.4	4.9	3.0	-27.9	-68.4
Red meat	32.9	17.2	133.9	52.5	306.6	204.7
Fish	19.7	19.5	16.3	16.0	-17.1	-17.6
Poultry	0	0	0.9	0.6	0	0
Other agricultural products	1,709.7	4,313.9	2,295.9	6,224.2	34.3	44.3
Import of agricultural products	3,239.0	8,701.6	4,900.9	12,857.4	51.3	47.8
Share of agricultural products in total imports	8.3	24.5	11.8	29.6	42.4	20.5

Source: Foreign Trade Statistics released by Iran's Customs Administration

Chapter 2 AGRICULTURE

The year 1385 witnessed \$1,844.2 million deficit in trade balance of the agriculture sector, indicating a gargantuan rise of 114.6 percent compared with the previous year. This shows the unfavorable condition prevailing foreign trade in this sector. Growth in imports of agricultural products against exports together with the rise in the average unit value of imported goods against exported goods were the driving forces behind rise in the deficit of trade balance in this sector.

	1384▲	1385	Percentage change
Exports	2,379.6	3,056.7	28.5
Imports	3,239.0	4,900.9	51.3
Trade balance	-859.4	-1,844.2	114.6

Of particular note is that, in 1385, the average unit value of exported agricultural goods increased by 2 percent to \$959. The average unit value of imported goods reached \$381.2, up by 2.4 percent. Therefore, terms of trade of the agriculture sector reached 2.51 in 1385 against 2.52 in 1384, down by 0.3 percent. This adversely affects exports in this sector.

	1384	1385	Percentage change
Unit value of exports	939.7	959.0	2.0
Unit value of imports	372.2	381.2	2.4
Terms of trade	2.52	2.51	-0.3