

Production of farming and horticultural crops and livestock products grew in 1386. This led to a rise in the value-added of the agriculture sector by 6.4 percent, indicating a notable rise compared with the 4.7 percent growth in 1385. The growth of agriculture sector was mainly due to the increased and well-distributed rainfall as well as government support policies through annual budget and administered funds.

In this year, in spite of the rise in production of farming and horticultural crops, distribution of chemical fertilizers indicated a fall of 25.3 percent compared with the previous year, and amounted to 3,416.5 thousand tons. Meanwhile, 12.2 thousand tons of pesticides and 183.6 thousand tons of seeds were supplied to farmers, showing 41.2 and 18.1 percent fall, respectively, compared with the previous year. Performance of this sector points to the important role of government investment as well as distributed rainfall in the growth of agricultural products.

According to the Ministry of Energy, in 1385/86 farming year ⁽¹⁾, average precipitation amounted to 458.3 billion cubic meters (278.1 millimeters), showing 30 percent increase compared with the previous farming year and 12 percent rise as compared with the long-term average (38 years). Furthermore, the volume of surface water flows reached 83.8 billion cubic meters, in-

(1) Second half of 1385 and first half of 1386

dicating a reduction of 7 percent compared with the previous year and 11 percent compared with the long-term average.

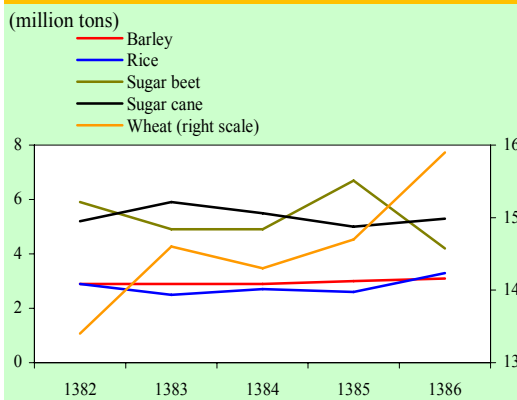
Production

Farming and Horticultural Crops

Based on the data released by the Ministry of Agriculture Jihad, in 1385/86 farming year, approximately 90.1 million tons of farming and horticultural crops were harvested, showing 3.9 percent rise compared with the previous year. Of total crops, 73.6 million tons (81.7 percent) were farming and 16.5 million tons horticultural crops, up by 3.3 and 6.6 percent, respectively.

Grain production (wheat, barley, rice (paddy), and corn) reached 24,016 thousand tons, up by 7.2 percent. Among cereals,

Figure 2.1. Estimated production of major farming crops



**Estimated Production and Area under Cultivation
of Major Farming Crops** (thousand hectares-thousand tons)

	1385		1386 □		Percentage change ○	
	Area	Production	Area	Production	Area	Production
Wheat	6,879	14,664	7,222	15,887	5.0	8.3
Barley	1,567	2,956	1,642	3,104	4.7	5.0
Rice (paddy)	631	2,612	616	2,664	-2.3	2.0
Corn	292	2,166	307	2,361	5.2	9.0
Cotton	117	284	125	313	6.8	10.3
Sugar beet	186	6,709	160	5,407	-14.0	-19.4
Sugar cane	67	4,959	61	5,315	-8.1	7.2
Green leaflet tea ⁽¹⁾	32	155	..	166	..	6.8
Oil seeds	331	615	325	628	-1.8	2.2
Tobacco	12	15	8	12	-29.1	-24.8
Pulses	941	678	957	711	1.7	4.8
Potatoes	164	4,219	149	4,026	-9.0	-4.6
Onions	59	2,038	59	2,014	-0.8	-1.2
Pistachio ⁽¹⁾	444	250	..	315	..	26.2

Source: Ministry of Agriculture Jihad

(1) Figures related to green leaflet tea and pistachio are not finalized.

production of wheat grew by 8.3 percent to 15,887 thousand tons, and that of corn, barley, and rice rose by 9, 5, and 2 percent, respectively.

Total production of agro-industrial crops in this year, despite a rise in the production of sugar cane, cotton, and oil seeds, fell by 7.2 percent to 11,675 thousand tons. This was mainly attributable to a sizeable reduction in the production of sugar beet.

**Yield of Major Farming Crops by
the Area under Cultivation ⁽¹⁾**
(kilogram/hectare)

	1385 ▲	1386 □	Percentage change ○
Wheat	2,132	2,200	3.2
Barley	1,886	1,891	0.2
Rice (paddy)	4,143	4,326	4.4
Corn	7,422	7,691	3.6
Cotton	2,434	2,513	3.3
Sugar beet	36,092	33,840	-6.2
Sugar cane	74,490	86,875	16.6
Green leaflet tea	4,844	..	0
Oil seeds	1,856	1,931	4.0
Tobacco	1,304	1,383	6.1
Pulses	721	743	3.1
Potatoes	25,747	27,014	4.9
Onions	34,404	34,273	-0.4
Pistachio	563	..	0

Source: Ministry of Agriculture Jihad

(1) Performance figures are a ratio of production figures to the area under cultivation.

Livestock and Fishery Products

According to the Ministry of Agriculture Jihad, total livestock products (red meat, poultry, milk, eggs, and honey) amounted to 11,335 thousand tons in 1386, up by 6.5 percent. All the mentioned products registered growth, with honey enjoying the highest growth at 30.3 percent.

Fishery products totaled 562.4 thousand tons, indicating a fall of 2.3 percent. Of the mentioned amount, 58.6 percent was produced from the Persian Gulf, 34.4 percent from aquaculture centers, and the remaining from the Caspian Sea.

Livestock Products
(thousand tons)

	1385	1386 □	Percentage change ○
Red meat	829	866	4.4
Milk	7,741	8,251	6.6
Poultry	1,360	1,468	7.9
Eggs	677	703	3.9
Honey	36	47	30.3

Source: Ministry of Agriculture Jihad

Production & Export of Fisheries
(thousand tons-million dollars)

	1385 ▲	1386 □	Percentage change ○
Production	575.6	562.4	-2.3
Persian Gulf	374.4	329.6	-12.0
Caspian Sea	46.4	39.2	-15.6
Aquaculture centers	154.7	193.7	25.2
Export			
Value	60.3	60.6	0.5
Amount	30.3	33.4	10.2

Source: Ministry of Agriculture Jihad, 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 1386. Accordingly, the guaranteed purchase price of pulses, potatoes, green leaflet tea, and cotton increased; however, that of strategic crops such as cereals and oil seeds remained relatively unchanged. In fact, increase in the guaranteed purchase price of most agricultural products (except for pulses) was lower than the inflation rate in this year.

Guaranteed Purchase Price of Agricultural Products
(rial/kilogram)

	1385	1386	Percentage change
Wheat	2,050	2,050	0
Barley	1,520	1,520	0
Rice (Khazar, Fajr, and Sahel varieties)	6,800	6,800	0
Sugar beet	460	460	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. 42.2 trillion, showing a reduction of 2.3 percent compared with the previous year. However, the share of the mentioned subsidy in total subsidy paid by the government rose from 75 percent in 1385 to 77.2 percent in this year, mainly attributable to the higher reduction in total government subsidy compared with the subsidy on agricultural products. In the review year, the subsidy paid on wheat fell by 5.6 percent to Rls. 24.4 trillion, accounting for 44.6 percent (the highest share) of total paid subsidy as in previous years.

Figure 2.2. Guaranteed purchase price of major agricultural products

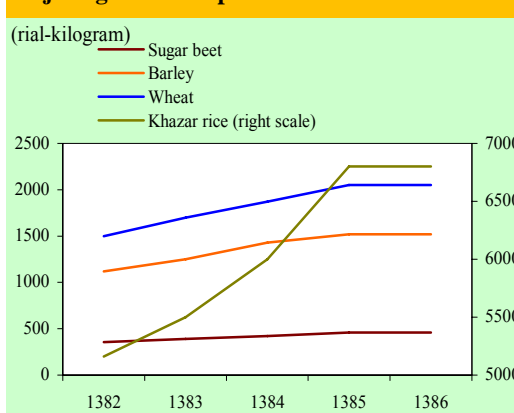
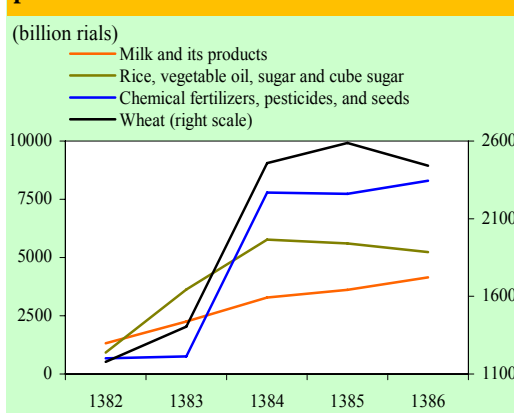


Figure 2.3. Subsidy paid on major agricultural products and foodstuffs



Subsidy Paid on Major Agricultural Products and Foodstuffs

(billion rials)

	1385 ▲	1386 □	Percentage change ○	Share (percent)	
				1385	1386
Basic goods	35,087.7	33,804.2	-3.7	60.9	61.8
Wheat	25,870.0	24,415.0	-5.6	44.9	44.6
Rice, vegetable oil, sugar and cube sugar	5,599.8	5,235.4	-6.5	9.7	9.6
Milk and milk products	3,617.9	4,153.8	14.8	6.3	7.6
Agricultural inputs	8,140.0	8,420.6	3.4	14.1	15.4
Pesticides, seeds, and chemical fertilizers	7,740.0	8,289.6	7.1	13.4	15.2
Veterinary drugs and vaccines	400.0	131.0	-67.3	0.7	0.2
Total subsidy paid on agricultural products	43,227.7	42,224.7	-2.3	75.0	77.2
Total subsidy paid	57,631.4	54,683.7	-5.1	100.0	100.0

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

Government Investment

In 1386, government credits for the acquisition of non-financial—national assets for the development of agriculture and water and natural resources, including research on agriculture and natural resources, amounted to Rls. 17.7 trillion, up by 21.3 percent compared with the previous year. Therefore, of total Rls. 24.3 trillion credits for the acquisition of non-financial assets approved in the Budget Law for 1386, about 72.8 percent was realized.

Credits paid for the acquisition of non-financial assets for the development of agriculture and natural resources increased by 13.8 percent to Rls. 3.4 trillion. "Improvement of agricultural lands" had the lion's share of credits allocated to the agriculture and natural resources sector by 31.3 percent.

National expenditures for the acquisition of non-financial assets projects for the "provision of water resources and establishments" amounted to Rls. 14.3 trillion, showing an increase of 23.2 percent compared with the year before. As in previous years, "supply and provision of water" project including dam construction, irrigation and drainage networks, and supplying water to cities and industries enjoyed the greatest share of expenditures by 75.9 percent.

Banking Facilities

In 1386, outstanding facilities extended by banks and credit institutions to public and non-public agriculture sectors grew by 36.2 percent to Rls. 208.6 trillion. The share of non-public sector in these facilities was 96.9 percent (Rls. 202 trillion).

Credits for Acquisition of Non-financial Assets Projects for Development of Agriculture and Water Resources

(billion rials)

	1385 ▲	1386 □	Percentage change ○	Share (percent)		1386	
				1385	1386	Value (approved)	Realization (percent)
Agriculture and natural resources	2,949.8	3,356.0	13.8	20.2	19.0	4,708.8	71.3
Water resources	11,619.1	14,310.0	23.2	79.8	81.0	19,557.0	73.2
Total	14,568.9	17,666.0	21.3	100.0	100.0	24,265.8	72.8

Source: Ministry of Economic Affairs and Finance, and Budget laws for 1385 and 1386

By the end of 1386, outstanding facilities extended by commercial banks to the agriculture sector amounted to Rls. 108.3 trillion, indicating a rise of 50.5 percent compared with the preceding year. Meanwhile, outstanding facilities extended by Bank Keshavarzi (Agriculture Bank) to public and non-public agriculture sectors increased by 23.4 percent and amounted to Rls. 100.1 trillion.

The share of commercial banks in total outstanding facilities extended to the public and non-public agriculture sector rose from 47 percent in 1385 to 51.9 percent in 1386. Conversely, the share of outstanding facilities extended by Bank Keshavarzi in total extended facilities decreased as in the previous year.

In the review year, Bank Keshavarzi paid Rls. 55.4 trillion to farmers through statutory and non-statutory facilities and administered funds, up by 4.7 percent compared with the year before. Of total credits paid by this bank, 80.3 percent (Rls. 44.5 trillion) were from non-statutory resources and the remainder (19.7 percent) in the form of statutory facilities, administered funds, and contracts. The corresponding figures of previous year were 76.8 and 23.2 percent, respectively.

Composition of facilities extended by Bank Keshavarzi according to Islamic contracts reveals that installment sale has the highest share of 47.8 percent (Rls. 26.5 trillion), indicating 15.4 percent growth compared with last year's performance.

Figure 2.4. Outstanding facilities extended by banks to Agriculture Sector

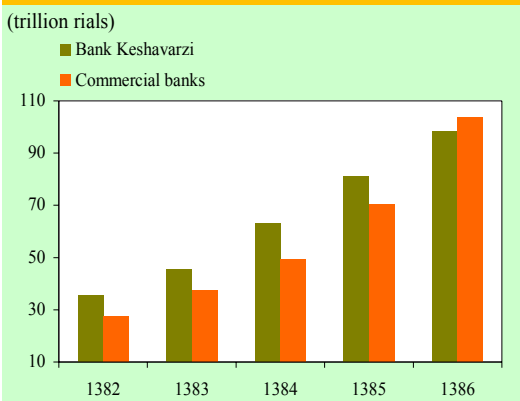
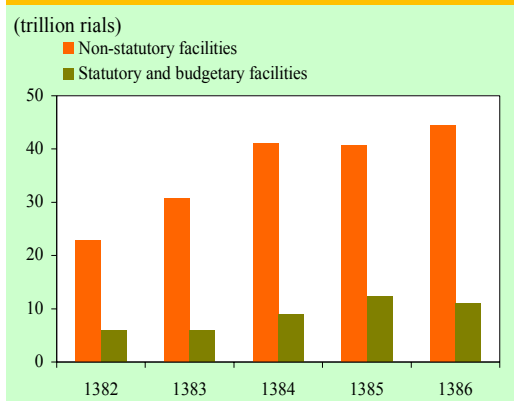


Figure 2.5. Facilities extended by Bank Keshavarzi



Outstanding Facilities Extended by Banks and Credit Institutions to Public and Non-public Agriculture Sectors ⁽¹⁾ (billion rials)

	Year-end		Percentage change ○	Share (percent)	
	1385 ▲	1386 □		1385	1386
Public sector	1,785.8	6,517.6	265.0	1.2	3.1
Commercial banks	1,651.3	4,655.4	181.9	1.1	2.2
Bank Keshavarzi	134.5	1,862.2	□	0.1	0.9
Non-public sector	151,333.4	202,033.4	33.5	98.8	96.9
Commercial banks	70,334.2	103,675.0	47.4	45.9	49.7
Bank Keshavarzi	80,944.4	98,193.9	21.3	52.9	47.1
Private banks and credit institutions	54.8	164.5	200.2	0	0.1
Total	153,119.2	208,551.0	36.2	100.0	100.0

(1) Excludes profit and revenue receivables.

Insurance Fund for Agricultural Products

According to the report released by the Insurance Fund for Agricultural Products, in 1385/86 farming year, this Fund insured 5,396.6 thousand hectares of lands under cultivation of 36 farming and horticultural crops against losses from natural disasters. This shows 5.4 percent decrease compared with the previous year. Of total insured lands, 1,548.3 thousand hectares were damaged for which Rls. 1,657.9 billion was paid by the Fund as compensation, down by 30.5 percent compared with the year before.

Performance of Rural, Women, and Agricultural Cooperatives and Unions

According to the Central Organization for Rural Cooperatives, 5,309 rural, women, and agricultural cooperatives were active, covering 5.6 million rural dwellers. This shows 3 and 0.3 percent increase, in terms of number of cooperatives and members, respectively.

In this year, rural cooperatives purchased 2,838.4 thousand tons of various agricultural products, valued at Rls. 1,543.8 billion, falling by 25.8 and 82.1 percent, in terms of amount and value, respectively. This was mainly attributable to the reduction in the guaranteed purchase of wheat.

Export of Agricultural Products

Based on the data released by Iran's Customs Administration, 4,263.7 thousand tons of various agricultural products, valued at

\$3,660.9 million, were exported in the review year, indicating 33.8 and 19.8 percent increase in terms of weight and value, respectively, compared with the previous year. Export of agricultural products accounted for 13.3 percent of weight and 23.9 percent of value of total non-oil exports, indicating a rise in the share of agricultural and agricultural processing industries products when compared with the corresponding figures of the previous year (11.5 percent of weight and 23.7 percent of value, respectively).

Export of livestock products, with 36.8 percent rise in value, and export of vegetable products, with 56.5 percent increase in weight, enjoyed the highest growth compared with the previous year. Export of dried fruits, with a share of 43 percent, and vegetable products, with a share of 57.6 percent, had the highest share in total value and weight of exports of agricultural products, respectively.

Rural, Women, and Agricultural Cooperatives and Unions

	1385	1386	Percentage change
Rural, women, and agricultural cooperatives			
Number	5,154	5,309	3.0
Members (thousand persons)	5,631	5,648	0.3
Capital (billion rials)	957	1,133	18.5
Paid loan (billion rials)	355	236	-33.4
Cooperative unions			
Number	344	365	6.1
Member companies	3,860	4,011	3.9
Capital (billion rials)	271	298	9.8
Paid loan (billion rials)	186	158	-15.0

Source: Central Organization for Rural Cooperatives

Insured Farmlands and Amount of Compensation

	Area of insured land (thousand hectares)		Percentage change	Share (percent)	Area of damaged land (thousand hectares)		Percentage change	Share (percent)	Compensation (billion rials)	
	1385	1386			1385	1386			1385	1386
Wheat	3,868.0	3,770.8	-2.5	69.9	1,796.7	955.2	-46.8	61.7	708.1	433.9
Rice	199.4	177.1	-11.2	3.3	120.3	43.0	-64.3	2.8	287.8	78.0
Cotton	40.0	30.7	-23.3	0.6	10.4	10.0	-3.7	0.6	13.4	13.0
Sugar beet	163.6	102.8	-37.1	1.9	23.8	8.2	-65.7	0.5	44.3	20.1
Barley	447.0	415.2	-7.1	7.7	225.0	127.3	-43.4	8.2	82.8	55.6
Pistachio	105.5	77.1	-27.0	1.4	82.7	63.2	-23.6	4.1	178.8	130.7
Others	883.8	823.1	-6.9	15.3	428.1	341.4	-20.2	22.1	1,068.7	926.6
Total	5,707.3	5,396.6	-5.4	100.0	2,687.0	1,548.3	-42.4	100.0	2,383.8	1,657.9

Source: Insurance Fund for Agricultural Products

Export of Agricultural Products (million dollars-thousand tons)

	1385▲		1386□		Percentage change ○	
	Value	Weight	Value	Weight	Value	Weight
Dried fruits	1,359.8	494.8	1,574.2	512.6	15.8	3.6
Vegetable products	680.5	1,569.4	838.6	2,455.6	23.2	56.5
Livestock products	354.2	151.9	484.5	231.3	36.8	52.2
Sea products	56.7	29.0	57.7	30.8	1.8	6.2
Agricultural processing industries products	604.2	941.4	705.8	1,033.4	16.8	9.8
Export of agricultural products	3,055.5	3,186.6	3,660.9	4,263.7	19.8	33.8
Share of agricultural products in total non-oil exports	23.7	11.5	23.9	13.3	1.2	15.7

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

Import of Agricultural Products

Based on the Customs' data, 10.9 million tons of various agricultural products, worth \$5.4 billion, were imported, indicating 15.2 percent fall in terms of weight and 10.4 percent rise in value. Imports of agricultural products accounted for 26.1 percent of weight and 11.2 percent of value of total imported products, showing a fall when compared with the corresponding figures of the previous year. In the review year, the unit value of imported agricultural products was \$496.4, growing by 30.2 percent compared with \$381.2 of the year before.

Imports of wheat decreased drastically to 189.3 thousand tons in 1386. Imports of barley also fell by 46.7 and 10.3 percent in terms of weight and value, respectively. On the other hand, imports of tea increased by 58 percent in value and 54.2 percent in weight while imports of sugar experienced a sharp decline. Sugar and cube sugar, with a share of 11.3 percent, had the highest share in imports and rice, with 9.8 percent, ranked second.

Import of Agricultural Products (million dollars-thousand tons)

	1385▲		1386□		Percentage change ○	
	Value	Weight	Value	Weight	Value	Weight
Wheat	190.1	1,155.5	34.1	189.3	-82.1	-83.6
Barley	77.5	375.0	69.5	199.9	-10.3	-46.7
Rice	404.5	1,220.7	429.2	1,067.2	6.1	-12.6
Tea	71.5	32.2	113.0	49.6	58.0	54.2
Sugar and cube sugar	1,017.5	2,526.2	428.9	1,236.2	-57.8	-51.1
Red meat	133.9	52.5	183.3	65.3	36.9	24.3
Fish	14.7	15.9	23.1	24.8	56.7	56.4
Poultry	0.9	0.6	54.9	32.7	⊠	⊠
Other agricultural products	2,991.1	7,479.6	4,074.2	8,032.7	36.2	7.4
Import of agricultural products	4,901.7	12,858.1	5,410.1	10,897.7	10.4	-15.2
Share of agricultural products in total imports	11.8	29.6	11.2	26.1	-5.4	-11.6

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

Chapter 2 AGRICULTURE

The trade balance of the agriculture sector ran a deficit of \$1.7 billion in 1386, showing an improvement when compared with the deficit of the year before. Growth in exports of agricultural products against imports is one of the main factors behind the reduction in the deficit of trade balance in this sector.

Of special note is that the average unit value of exported agricultural products decreased by 10.5 percent to \$858.6 in 1386. However, the average unit value of imported agricultural products amounted to \$496.4, showing 30.2 percent increase, which was due to the rise in the international prices of some agricultural products. Therefore, terms of trade of the agriculture sector reached 1.7 in 1386 from 2.5 in 1385, indicating a fall of 31.2 percent and adversely affecting exports in this sector.

Trade Balance of Agricultural Products

(million dollars)

	1385 ▲	1386 □	Percentage change ○
Exports	3,055.5	3,660.9	19.8
Imports	4,901.7	5,410.1	10.4
Trade balance	-1,846.2	-1,749.2	-5.3

Terms of Trade for Agriculture Sector

(dollars/ton)

	1385 ▲	1386 □	Percentage change ○
Unit value of exports	958.9	858.6	-10.5
Unit value of imports	381.2	496.4	30.2
Terms of trade	2.5	1.7	-31.2