

# **Danger is approaching the agricultural industry; Wheat falls in the swamp of smuggling like gasoline**

It seems that the planning and budgeting organization will totally destroy the achievement of wheat self-sufficiency until the law guaranteeing the purchase of basic agricultural products is not amended and the government is not really required to enforce this law.

One of the most important supporting policies in the agricultural sector is the provision of a law guaranteeing the purchase of basic agricultural products- a law which was passed in 1368 with the aim of supporting the production of basic agricultural products. Of course, over the past thirty years, the law has been violated in various states and under various pretexts e.g. the violation of Note 2 which affirms the announcement of prices until the first of October each year and the violation of Note 6 of the Act. According to Note 6 of this law, the Economic Council shall declare the purchase price of basic agricultural products in accordance with the declared inflation rate by the Central Bank. However, despite the fact that this law should support the country's hardworking farmers, it has been abolished practically by neglect of the government as well as the ineffective pursuit of parliamentarians.

## **Savings of government on the currency with self-sufficiency of wheat**

Looking at the price of wheat in neighboring countries, we realize that whenever a government wants to delay wheat pricing like the past three years, the possibility of smuggling wheat will increase to those countries. In this regard, according to the vice president of the wheat

empowerment foundation, "When a farmer feels that the price of wheat does not cover the costs and is not beneficial, he will go to a dealership. The dealer will also abuse the wheat market circumstances and takes the product out of the country in the forms of either wheat or flour since some of the neighboring countries want wheat from Iran. According to Haji Daligani, a member of the Planning, Budget, and Calculating Committee of the Parliament, due to the high price of wheat in neighboring countries, some part of the wheat may be taken officially or unofficially to other countries. In the years 1392 and 1393 when we did not have self-sufficiency in wheat, every year, six million and 300 thousand tons of wheat was imported, amounting to over \$ 2 billion. But at the moment, wheat self-sufficiency is saved by nearly 20 trillion Tomans."

**The possibility of smuggling wheat to neighboring countries; Will the tragedy of gas smuggling also occur for wheat?**

Over the past years, the government has insisted on violations of the law on the purchase of wheat, which continuity of the process has resulted in reducing the production and intensification of smuggling. In the past few months, some news has been raised about buying and hoarding of wheat by dealers and trafficking to neighboring countries. Reduced purchasing prices and delayed payment of wheat traders' claims are among the most important reasons for the diversion of this strategic product from its legal purchase cycle. The issue of gasoline has also come about because of the high price difference with neighboring countries. The following two tables illustrate well the price difference of wheat and gasoline between the country and neighboring countries that has caused smuggling of large quantities of gas abroad over the past few years, and it is feared that in the event of continued mismanagement by the planning and budget organization and Mr. Nobakht's delays in the timely announcement of wheat purchase price in accordance with the current inflation, wheat trafficking to these countries will increase day by day. About 700,000 tons of wheat has been

exported from the country's borders, which is an alarm for smuggling this essential commodity from the country.

According to the following table, there is a huge difference between the prices of wheat in other countries. It is also necessary to note that if the government increase wheat prices in line with inflation over the past 3 years, the price of this strategic product will be 1775 Tomans in the upcoming year.

<b>Country</b>	<b>Rate per ton (dollars)</b>	<b>Price per kg with a currency rate of 8500 Tomans</b>	<b>Price of wheat with a free currency rate of 12,000 Tomans</b>
Pakistan	280	2380	3360
Turkey	200	1700	2400
Afghanistan	300	2550	3600
Iraq	479	3200	5664

### **The plan and budget organization must be responsive**

The issue of smuggling wheat to neighboring countries is most likely to be effective, considering the embargo conditions enforced by American authorities on the food industry. There is no doubt that the US government and its other friends do not condone any pressure on Iran to achieve their intentions. But it should be borne in mind that planning and budgeting officials should, if they continue to mock the law, be responsive to the consequences of reduced production and dependence on wheat imports. It is also surprising to see that the Iranian Parliament representative pass a law without any discretion for them to pursue and demand enforcement of that law. It should be noted that the honorable MPs, due to the fact that they have no authority to oblige the plan and budget organization to enforce the law of guaranteeing the purchase of basic agricultural products, only annually ask the government to announce prices for agricultural products.

