



An Iranian couple at a shopping center in Tehran

## Food Prices Continue To Rise In Iran With No Hope In Sight

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### Iran International Newsroom

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Prices for essential food items continued to grow in Iran last month, with red meat registering an 82-percent jump compared to the same month one year ago.

The galloping inflation report published by the Statistical Center of Iran (SCI), a government outfit, comes after warnings last week that a \$14 billion government outlay for importing food and medicine next year will be insufficient to address needs.

In Iran's closed economic system importers have no direct access to foreign currencies and can only receive US dollars or euros from the government. **Local media have pointed out** that \$14 billion proposed in next year's budget for food and medicine would only be enough for importing essential food such as grains and protein sources but cannot also pay for medicine.

According to the SCI report, other food items also experienced serious inflation. Prices of fish increased by 72 percent compared with prices in October-November 2022. Overall, the point-to-point inflation rate for a basket of essential daily needs was almost 40 percent.

Other recent reports have put the inflation rate at more than 50 percent. Also, overall inflation for retail food prices was reported to be 37 percent.

Despite higher oil exports this year, the Iranian government seems unable to lower inflation and its restrictive foreign currency policies continue. The national currency rial, still hovers around its all-time low of 500,000 per US dollar, a 12-

fold fall in value since early 2018 when the United States withdrew from the JCPOA nuclear deal and imposed economic sanctions on Iran.



The exact amount of oil revenues is a state secret, but it is believed Iran is selling Cina around 1.1 million barrels of oil per day, with large discounts. Experts estimate that with the discount, and additional costs related to the illicit shipments of oil, Iran is probably receiving around \$50 per barrel, which would mean \$21 billion of income per year, hardly enough to finance the food imports and other needs. Other Iranian oil shipments to Venezuela or Syria hardly return any hard currency to Tehran's coffers.

This is why next year's draft budget bill presented to parliament **has increased taxes** to deal with persistent deficits.

The government has projected a 50-percent increase in taxes of various kind compared to the current budget. Total expected tax revenues will reach over 11,220 billion rials (\$22.44 billion), Jahan-e-Sanat said. This would be equal or greater than the annual oil income.

The total government budget will reach 24,620 billion rials (\$49.2 billion) next year, which shows an increase of 18.2 percent compared to this year's budget, the report added. That is to say, the **tax revenues will account for more** than 45 percent of the Iranian government's operating budget.

The inflation rate in Iran has stayed at or above 40 percent for at least three years, increasing political instability. After last year's anti-government unrest, more economic protests are taking pace in recent weeks. Workers in different sectors and retirees of state enterprises stage daily protests demanding higher pay, as millions of previously middle-class people are now considered poor. Next years budget, forecasts a 16-percent pay increase for workers, less than half of the current rate of inflation.