

Based on the data released by the Ministry of Agriculture-Jahad, major agricultural products, including farming, horticultural, livestock, and fishery products, amounted to about 118.7 million tons in 2017/18. Based on preliminary data, the agriculture sector indicated 3.2 percent growth in 2017/18

(at constant 2011/12 prices). According to the Ministry of Energy, in 2016/17 farming year¹, total precipitation amounted to 384.3 billion cubic meters (233.2 millimeters on average by area), showing 13.7 percent decline compared with the previous farming year and 6.9 percent decrease compared with the long-term average (48 years).

Table 2.1. Agricultural Products (thousand tons)

	2016/17	2017/18	Growth rate (percent)	Share in total (percent)	
				2016/17	2017/18
Farming products	82,992	82,200	-1.0	69.9	69.3
Horticultural products	21,021	21,033	0.1	17.7	17.7
Livestock products	13,567	14,232	4.9	11.4	12.0
Fishery products	1,094	1,202	9.9	0.9	1.0
Total	118,674	118,667	-0.01	100.0	100.0

Source: Ministry of Agriculture-Jahad.

Table 2.2. Cumulative Precipitation (millimeters)

Water basins	Farming year		Percentage change compared with	
	2015/16	2016/17	2015/16 farming year	Long-term average (48 years)
Caspian Sea	534.6	345.3	-35.4	-19.9
Persian Gulf and Sea of Oman	398.0	368.9	-7.3	0.7
Lake Urmia	443.3	277.2	-37.5	-19.2
Central basin	153.7	161.0	4.7	-2.8
Eastern border	130.1	62.4	-52.0	-43.9
Ghare-Ghum	295.4	180.3	-39.0	-19.4
Iran	270.2	233.2	-13.7	-6.9

Source: Iran Water Resources Management Company.

¹ The 2016/17 farming year begins as of October 2016 and continues until September 2017.

Farming¹ and Horticultural Products

Based on the data released by the Ministry of Agriculture-Jahad, in 2017/18, about 103.2 million tons of farming and horticultural products were harvested, showing 0.7 percent decrease compared with the previous year. Of total farming and horticultural products, 82.2 million tons (79.6 percent) were farming products, showing 1.0 percent decrease compared with the year before. Moreover, horticultural products amounted to 21.0 million tons, indicating 0.1 percent growth compared with 2016/17.

Grain production (wheat, barley, rice husks, and corn) decreased by 12.3 percent to 19.6

million tons in 2017/18. Among these products, rice husks experienced the highest increase by 9.8 percent while the production of barley, wheat, and corn decreased by respectively 20.1, 15.0, and 8.7 percent.

In 2017/18, total production of agro-industrial crops² rose by 17.9 percent to 16.5 million tons. Moreover, production of sugar beet and sugar cane, with 49.1 and 47.4 percent share among agro-industrial crops, amounted to respectively 8.1 and 7.8 million tons. Production of sugar beet experienced the highest rise among agro-industrial crops by 35.4 percent.

Table 2.3. Production and Cultivated Land Area of Major Farming and Horticultural Products¹

(thousand hectares-thousand tons)

	2016/17		2017/18		Percentage change	
	Cultivated land area	Production	Cultivated land area	Production	Cultivated land area	Production
Farming products						
Wheat	5,929	14,592	5,438	12,400	-8.3	-15.0
Barley	1,760	3,724	1,473	2,974	-16.3	-20.1
Rice husks	596	2,921	598	3,206	0.2	9.8
Corn	159	1,171	139	1,069	-12.3	-8.7
Cotton	71	161	75	180	6.0	11.8
Sugar cane	90	7,480	93	7,800	3.7	4.3
Sugar beet	110	5,966	141	8,080	27.8	35.4
Oilseeds	209	332	234	383	12.1	15.5
Tobacco	11	21	10	19	-13.1	-8.2
Pulses	787	671	799	700	1.5	4.4
Potatoes	159	4,995	147	5,019	-7.9	0.5
Onions	62	2,401	54	2,305	-13.5	-4.0
Horticultural products						
Citrus fruits	257	5,073	257	5,114	-0.1	0.8
Grapes	289	3,450	287	3,192	-0.9	-7.5
Apples	217	3,434	217	3,716	*	8.2
Pistachio	359	304	377	317	4.9	4.3
Tea	20	144	18	108	-10.2	-25.0

Source: Ministry of Agriculture-Jahad.

¹ Figures are related to the arable cultivated land area of horticultural products.

¹ The 2016/17 farming year, beginning as of October 2016 and continuing until September 2017, is briefly referred to as 2017/18 in tables and figures.

² Includes cotton, sugar cane, sugar beet, oilseeds, and tobacco.

Figure 2.1. Production of major farming products

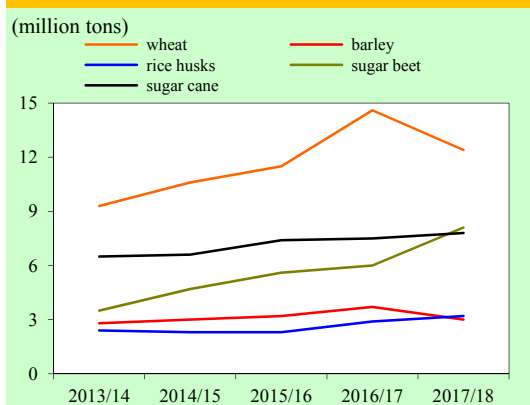


Table 2.4. Yield of Major Farming and Horticultural Products, Per Unit of Cultivated Land Area¹ (kilogram/hectare)

	2016/17	2017/18	Percentage change
Farming products			
Wheat	2,461	2,280	-7.4
Barley	2,117	2,018	-4.6
Rice husks	4,901	5,366	9.5
Corn	7,384	7,690	4.1
Cotton	2,282	2,407	5.5
Sugar cane	83,510	83,981	0.6
Sugar beet	54,133	57,376	6.0
Oilseeds	1,589	1,638	3.1
Tobacco	1,918	2,026	5.7
Pulses	852	876	2.8
Potatoes	31,405	34,252	9.1
Onions	38,535	42,780	11.0
Horticultural products			
Citrus fruits	19,704	19,873	0.9
Grapes	11,920	11,126	-6.7
Apples	15,801	17,091	8.2
Pistachio	848	843	-0.6
Tea	7,204	6,021	-16.4

Source: Ministry of Agriculture-Jahad.

¹ Ratio of production (unrounded figures) to the arable cultivated land area.

Livestock and Fishery Products

According to the Ministry of Agriculture-Jahad, total livestock products (red meat, milk, poultry, eggs, and honey) amounted to

14.2 million tons in 2017/18, showing a rise of 4.9 percent compared with the previous year.

Table 2.5. Livestock Products (thousand tons)

	2016/17	2017/18	Percentage change
Red meat	823	835	1.5
Milk	9,653	10,184	5.5
Poultry	2,070	2,237	8.1
Eggs	940	888	-5.5
Honey	82	88	8.3
Total	13,567	14,232	4.9

Source: Ministry of Agriculture-Jahad.

Fishery products totaled 1,202 thousand tons, showing 9.9 percent growth compared with the previous year. It is to be noted that 57.5 percent of fishery products were related to the Persian Gulf, 2.8 percent to the Caspian Sea, and 39.7 percent to the aquaculture centers. The volume and value of fishery exports were 138 thousand tons and \$507 million, up by respectively 24.6 and 22.9 percent compared with the year before.

Table 2.6. Fishery Products and Exports

	2016/17	2017/18	Percentage change
Production (thousand tons)			
Persian Gulf	601	691	15.0
Caspian Sea	33	34	0.7
Aquaculture centers	460	477	3.9
Exports			
Value (million dollars)	413	507	22.9
Volume (thousand tons)	110	138	24.6

Source: Ministry of Agriculture-Jahad, Iran Fisheries Organization.

Guaranteed Purchase of Major Agricultural Products

Setting the guaranteed purchase price of agricultural products, aimed at encouraging farmers to produce basic agricultural goods, establishing a balanced production system,

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and maintaining the farmers' income level, has been a government policy over the recent years. In 2016/17 farming year, the guaranteed purchase price of all farming products increased within a range of 1.8 to 10.0 percent, with the guaranteed purchase price of wheat growing by 2.3 percent to Rls. 13,000 per kilogram.

Table 2.7. Guaranteed Purchase Price of Major Agricultural Products (rial/kilogram)

	2015/16	2016/17	2017/18	Percentage change
Wheat	11,550	12,705	13,000	2.3
Barley	9,200	10,028	10,300	2.7
Rice (Khazar)	32,000	36,800	38,368	4.3
Sugar beet	2,700	2,916	3,091	6.0

Source: Cabinet approvals.

Subsidies

Subsidy paid on goods and services (subject of Budgetary Measure No. 520000) reached Rls. 163.9 trillion in 2017/18. Of

this amount, a sum of Rls. 97.8 trillion was paid on agricultural goods, services, and activities, constituting 59.7 percent of total subsidy payment out of the mentioned Budgetary Measure.

Government Investment

According to the data released by the Ministry of Economic Affairs and Finance, government credits approved for the acquisition of non-financial assets for the development of "agriculture and natural resources" and "water resources" increased by 80.6 percent to Rls. 66.9 trillion in 2017/18 which, compared with the approved figure (Rls. 133.4 trillion), indicates 50.2 percent realization. It is worth mentioning that credits allocated for the acquisition of non-financial assets paid to agriculture and natural resources amounted to Rls. 30.4 trillion, up by 123.4 percent compared with 2016/17. National expenditures for the acquisition of non-financial assets' projects for the development of water resources amounted to Rls. 36.5 trillion, up by 55.7 percent compared with the year before.

Table 2.8. Subsidy Payments under Budgetary Measure No. 520000 in 2017/18 (billion rials)

	Value	Share in total (percent)
Subsidy paid on agricultural inputs and factors of production	4,950	3.0
Subsidy paid on basic goods ¹	1,100	0.7
Payments for loss compensation and subsidy related to guaranteed purchase of agricultural products ²	700	0.4
Financing the differential of determined and scheduled prices of goods and services, loss compensation, and debt settlement	1,100	0.7
Assistance for the compensation of Iran Water Resources Management Company (Holding)	1,000	0.6
Capital increase of non-public funds for the support of investment projects in the agriculture sector	330	0.2
Subsidy paid on bread	88,634	54.1
Total subsidy payment to the agriculture sector	97,814	59.7
Subsidy payment to other sectors	66,131.9	40.3
Total subsidy paid under Budgetary Measure No. 520000	163,945.7	100.0

Source: Ministry of Economic Affairs and Finance. ¹ Includes subsidy paid on basic goods, expenses on market control and regulation of agricultural, livestock, fishery, and other products; expenses on supervision of goods and services; subsidy on principal and profit and penalty on overdue loans and facilities; differential of profit and commission; and other subsidies, debt, and commitments. ² Includes subsidy on principal and profit, penalty on overdue loans and facilities, differential of profit and commission, and other subsidies, debt, and commitments.

Table 2.9. Credits for Acquisition of Non-financial Assets for Development of "Agriculture and Natural Resources" and "Water Resources"

(billion rials)

	Year-end		Percentage change	Share (percent)		2017/18	
	2016/17	2017/18		2016/17	2017/18	Approved	Realization (percent)
Agriculture and natural resources	13,612.5	30,416.3	123.4	36.8	45.5	60,566.5	50.2
Water resources	23,425.5	36,483.9	55.7	63.2	54.5	72,823.7	50.1
Total	37,038.0	66,900.2	80.6	100.0	100.0	133,390.2	50.2

Source: Ministry of Economic Affairs and Finance, Treasury General.

Banking Facilities

Net outstanding facilities extended by banks and non-bank credit institutions to public and non-public sectors for agricultural activities grew by 13.5 percent to Rls. 777.6 trillion by March 2018. The share of non-public agriculture sector in outstanding facilities was 98.7 percent. By March 2018, net outstanding facilities extended by Bank Keshavarzi (Agriculture Bank of Iran) to the non-public agriculture sector rose by 20.0 percent to Rls. 485.1 trillion. The share of Bank Keshavarzi in total net outstanding facilities extended to the non-public agriculture sector was 62.4 percent, showing about 3.3 percentage points growth compared with 2016/17.

Bank Keshavarzi paid Rls. 388.4 trillion through non-statutory and statutory facilities, administered funds, and contracts in 2017/18,

up by 16.3 percent compared with the year before. Of total credits paid by this bank, 87.4 percent (Rls. 339.6 trillion) were from non-statutory resources and 12.6 percent were in the form of statutory facilities, administered funds, and contracts.

The composition of facilities extended by Bank Keshavarzi according to Islamic contracts indicates the high share of civil partnership contracts in 2017/18. A sum of Rls. 234.3 trillion was paid in the form of the said contracts in this year, constituting 60.3 percent of facilities and showing 5.8 percent rise. The composition of facilities extended by this bank by use indicates that "agricultural industries and services" activity, enjoying the highest share in total facilities by 46.1 percent, increased by 21.1 percent to Rls. 179.0 trillion.

Table 2.10. Net Outstanding Facilities¹ Extended by Banks and Credit Institutions to Agriculture Sector (Public and Non-public)

(trillion rials)

	Year-end		Percentage change	Share (percent)	
	2016/17	2017/18		2016/17	2017/18
Non-public sector	679.4	767.5	13.0	99.2	98.7
Bank Keshavarzi	404.5	485.1	20.0	59.0	62.4
Other banks and credit institutions	274.9	282.3	2.7	40.1	36.3
Public sector	5.6	10.2	80.8	0.8	1.3
Total	685.0	777.6	13.5	100.0	100.0

¹ Net outstanding facilities are calculated after deduction of outstanding debts of customers and extended facilities related to the exchange rate differential, profit receivables, profit and commission receivables, receipts from Mudarabah, civil partnership (bank's share), outstanding profit, and outstanding commission. Moreover, net outstanding facilities include legal partnership and direct investment contracts.

Figure 2.2. Net outstanding facilities extended by banks to non-public agriculture sector

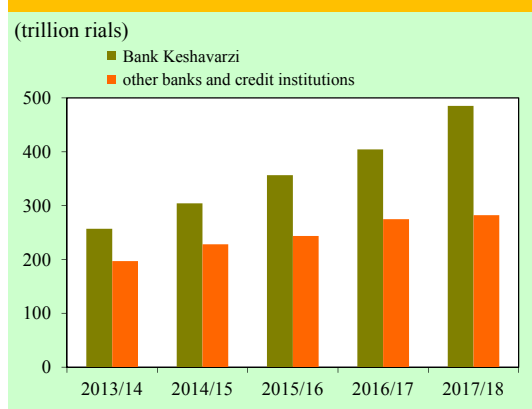


Figure 2.3. Facilities extended by Bank Keshavarzi

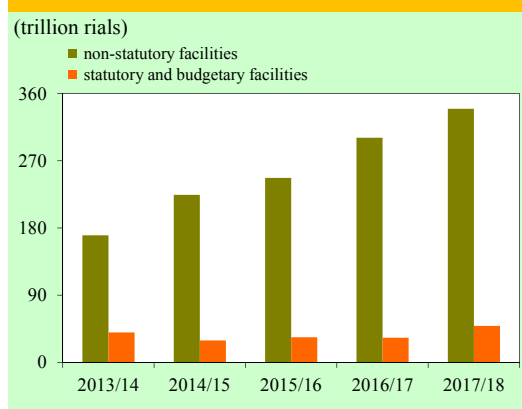


Table 2.11. Facilities Extended by Bank Keshavarzi by Term of Repayment (trillion rials)

	2016/17	2017/18	Percentage change	Share (percent)	
				2016/17	2017/18
Short-term	306.2	287.6	-6.1	91.7	74.1
Medium-term	23.9	96.2	302.2	7.2	24.8
Long-term	3.7	4.6	24.8	1.1	1.2
Total	333.8	388.4	16.3	100.0	100.0

Source: Bank Keshavarzi.

Agricultural Insurance Fund

In 2016/17 farming year, about Rls. 11.1 trillion was paid to farmers by Agricultural Insurance Fund as compensation, showing an increase of 23.5 percent compared with the previous farming year.

Since this Fund is a loss-making institution, a large proportion of its commitments on compensations are financed through government subsidies. The share of government subsidies in total paid compensation was about 66.4 percent in 2016/17 farming year, while only 33.6 percent was financed out of farmers' premium payments. Due to the government's failure to fulfill its commitments in due time, Bank Keshavarzi has continually

been the body in charge of financing the deficit of the Agricultural Insurance Fund over the past years.

According to the report released by the Agricultural Insurance Fund, in 2016/17 farming year, this Fund insured 3.9 million hectares of lands under cultivation of 104 farming and horticultural products against losses from natural disasters. The cultivated land area covered by the insurance scheme shows 10.3 percent decrease compared with the previous year. A sum of Rls. 8.6 trillion was paid by the Fund as compensation in 2017/18, up by 23.0 percent compared with the year before.

Performance of Rural, Women, and Agricultural Cooperatives and Unions

According to the Central Organization for Rural Cooperatives, the number of active rural, women, agricultural, and production cooperatives reached 6,332 by March 2018. These cooperatives covered 5.8 million rural dwellers. This indicated 0.3 percent decrease in terms of the number of cooperatives and 0.4 percent fall in terms of members. By year-end, the number of rural agricultural and production unions reached 479, showing 0.8 percent decrease compared with March 2017. Meanwhile, the number of companies member to these unions rose 3.6 percent to reach 5,306.

Rural cooperatives purchased about 3.0 million tons of various agricultural products at agreed prices in 2017/18, down by 1.4

percent compared with 2016/17. Cooperatives purchased 100.2 thousand tons of various agricultural products at guaranteed prices in 2017/18.

Table 2.14. Rural, Women, Agricultural, and Production Cooperatives and Unions

	Year-end		Percentage change
	2016/17	2017/18	
Cooperatives			
Number	6,352	6,332	-0.3
Members (thousand persons)	5,830	5,809	-0.4
Capital (billion rials)	5,249	5,539	5.5
Unions			
Number	483	479	-0.8
Member companies	5,121	5,306	3.6
Capital (billion rials)	1,119	1,231	10.0

Source: Central Organization for Rural Cooperatives.

Table 2.12. Performance of Agricultural Insurance Fund

	Area of insured land			Compensation paid (billion rials)		
	2016/17▲	2017/18	Percentage change	2016/17▲	2017/18	Percentage change
Farming (thousand hectares)	3,813	3,460	-9.3	1,994	2,706	35.7
Horticulture (thousand hectares) ¹	571	475	-16.9	4,964	5,853	17.9
Livestock (thousand)	7,839	3,619	-53.8	783	731	-6.6
Poultry (million)	567	693	22.2	1,260	1,811	43.8
Aquaculture centers (thousand hectares)	4	3	-21.1	9	21	120.4
Natural resources (thousand hectares) ²	2,439	2,069	-15.2	4	9	106.8
Total	-	-	-	9,014	11,132	23.5

Source: Agricultural Insurance Fund.

¹ Includes "tree trunk" subgroup.

² Includes "historical buildings" subgroup.

Table 2.13. Insured Farming and Horticultural Lands and Amount of Compensation

	Area of insured land (thousand hectares)		Percentage change	Share (percent)	Compensation paid (billion rials)		Percentage change	Share (percent)
	2016/17▲	2017/18			2016/17▲	2017/18		
Wheat	3,207	2,816	-12.2	71.6	1,345	2,126	58.1	24.8
Rice	85	78	-7.7	2.0	276	33	-87.9	0.4
Barley	293	251	-14.5	6.4	181	218	20.3	2.5
Sugar beet	33	45	37.9	1.2	32	23	-27.3	0.3
Colza	35	183	417.5	4.6	40	225	466.2	2.6
Pistachio	115	109	-4.8	2.8	1,016	1,471	44.7	17.2
Others	616	451	-26.8	11.5	4,067	4,462	9.7	52.1
Total	4,384	3,934	-10.3	100.0	6,957	8,559	23.0	100.0

Source: Agricultural Insurance Fund.

Exports of Agricultural Products

Based on the data released by the Ministry of Agriculture-Jahad, 6.6 million tons of various agricultural products worth \$6.6 billion were exported in 2017/18, indicating 13.3 and 15.8 percent increase in terms of weight and value, respectively, compared with the previous year. Exports of agricultural products accounted for 5.7 percent of volume and 16.5 percent of value of total exports through Customs.

In 2017/18, "farming products" accounted for 63.8 percent of total agricultural exports in terms of volume. "Horticultural products", despite a lower share of 24.2 percent in the volume of agricultural exports, accounted for 43.3 percent of the total value of agricultural exports, the highest compared to other groups.

Imports of Agricultural Products

According to the Ministry of Agriculture-Jahad, approximately 19.6 million tons of various agricultural products valued at \$10.8 billion were imported in 2017/18, up by 11.1 and 22.6 percent, respectively. Imports of agricultural products accounted for 19.8 percent of value and 50.3 percent of volume of total imported products. The average value of each ton of imported agricultural products was \$550, which increased by 10.3 percent compared with the previous year. Imports of wheat amounted to 74.0 thousand tons in 2017/18, indicating 95.0 percent decline compared with the year before. This sharp decline resulted from the government's ban¹ on wheat imports due to the rise in domestic production and the large wheat inventory of 2017/18.

Table 2.15. Exports of Agricultural Products (million dollars-thousand tons)

	2016/17		2017/18		Percentage change	
	Value	Volume	Value	Volume	Value	Volume
Livestock and poultry ¹	1,261	781	1,180	645	-6.4	-17.4
Fish and fishery products	346	104	428	118	23.6	13.7
Farming products	1,325	3,690	2,056	4,203	55.2	13.9
Horticultural products	2,698	1,223	2,849	1,595	5.6	30.3
Forest and grassland products	51	13	65	24	27.4	77.7
Total agricultural exports	5,681	5,811	6,578	6,584	15.8	13.3
Share of agricultural exports in total non-oil exports (percent)²	15.5	5.2	16.5	5.7	1.0³	0.5³

Source: Ministry of Agriculture-Jahad.

¹ Includes exports of pharmaceuticals related to the veterinary medicine.

² Non-oil exports include exports through Customs, excluding natural gas condensate.

³ Changes are in percentage points.

Table 2.16. Imports of Agricultural Products (million dollars-thousand tons)

	2016/17		2017/18		Percentage change	
	Value	Volume	Value	Volume	Value	Volume
Livestock and poultry ¹	872	268	1,292	300	48.2	11.8
Fish and fishery products	182	78	141	55	-22.8	-29.4
Farming products	6,245	15,874	7,582	17,642	21.4	11.1
Horticultural products	1,442	1,349	1,701	1,524	18.0	13.0
Forest and grassland products	35	21	44	29	26.0	41.2
Total agricultural imports	8,776	17,589	10,760	19,550	22.6	11.1
Share of agricultural imports in total imports (percent)	20.1	52.7	19.8	50.3	-0.3²	-2.3²

Source: Ministry of Agriculture-Jahad.

¹ Includes imports of pharmaceuticals related to the veterinary medicine.

² Changes are in percentage points.

¹ Circular No. 96/981134 dated December 4, 2017, Islamic Republic of Iran Customs Administration.

A review of the developments of foreign trade shows that the trade deficit of the agriculture sector increased by 35.1 percent to \$4.2 billion in 2017/18. The increase in the trade deficit of the agriculture sector was the result of the increased imports of basic agricultural goods such as barley, red meat, rice, oil, and lentil. Meanwhile, the average

per ton value of exported agricultural products increased by 2.2 percent compared with the year before to reach \$999 in 2017/18. Considering the composition of agricultural imports and exports, the terms of trade of the agriculture sector decreased by 7.4 percent from 2.0 in 2016/17 to 1.8 in 2017/18.

Table 2.17. Trade Balance¹ of Agricultural Products (million dollars)

	2016/17	2017/18	Percentage change
Imports	8,776	10,760	22.6
Exports	5,681	6,578	15.8
Trade deficit	3,095	4,182	35.1

¹ Source: Ministry of Agriculture-Jahad.

Table 2.18. Terms of Trade for Agriculture Sector (dollar/ton)

	2016/17	2017/18	Percentage change
Per ton value of exports	978	999	2.2
Per ton value of imports	499	550	10.3
Terms of trade	2.0	1.8	-7.4