

Based on the data released by the Ministry of Agriculture-Jahad, major agricultural products, including farming, horticultural, livestock, and fishery products, amounted to 117.8 million tons in 2018/19, down by 0.8 percent compared with the previous year. Based on preliminary data, the agriculture sector indicated -0.9 percent growth in

2018/19 (at constant 2011/12 prices). According to the Ministry of Energy, in the farming year 2017/18¹, total precipitation amounted to 282.0 billion cubic meters (171.1 millimeters on average by area), showing 26.6 percent decline compared with the previous farming year and 31.6 percent decrease compared with the long-term average (49 years).

Table 2.1. Agricultural Products

(thousand tons)

	2017/18	2018/19	Growth rate (percent)	Share in total (percent)	
				2017/18	2018/19
Farming products	82,200	81,213	-1.2	69.3	69.0
Horticultural products	21,033	20,530	-2.4	17.7	17.4
Livestock products	14,232	14,765	3.7	12.0	12.5
Fishery products	1,202	1,262	5.0	1.0	1.1
Total	118,667	117,771	-0.8	100.0	100.0

Source: Ministry of Agriculture-Jahad.

Table 2.2. Cumulative Precipitation

(millimeters)

Water basins	Farming year		Percentage change compared with	
	2016/17	2017/18	The farming year 2016/17	Long-term average (49 years)
Caspian Sea	345.3	400.2	15.9	-6.8
The Persian Gulf and the Gulf of Oman	368.9	211.9	-42.6	-42.2
Lake Urmia	277.2	409.2	47.6	19.8
The Central Plateau	161.0	104.5	-35.1	-36.9
Lake Hamoon	62.4	40.4	-35.3	-63.4
Kara-Kum	180.3	142.5	-21.0	-36.0
Iran	233.2	171.1	-26.6	-31.6

Source: Iran Water Resources Management Company.

¹ The farming year 2017/18 begins as of October 2017 and continues until September 2018.

Farming¹ and Horticultural Products

Based on the data released by the Ministry of Agriculture-Jahad, in 2018/19, about 101.7 million tons of farming and horticultural products were harvested, showing 1.4 percent decrease compared with the previous year. Of total farming and horticultural products, 81.2 million tons (79.8 percent) were farming products, showing 1.2 percent decrease compared with the year before. Horticultural products amounted to 20.5 million tons, indicating 2.4 percent decline compared with 2017/18.

Grain production (wheat, barley, rice husks, and corn) increased by 4.1 percent to 20.5

million tons in 2018/19. Production of corn and rice husks decreased by 11.5 and 3.1 percent, respectively, while the production of wheat and barley increased by respectively 7.3 and 4.3 percent compared with 2017/18.

In 2018/19, total production of agro-industrial crops² fell by 19.8 percent to 13.2 million tons. Production of sugar beet and sugar cane, with 56.0 and 38.6 percent share among agro-industrial crops, amounted to respectively 7.4 and 5.1 million tons and the production of oilseeds experienced the highest rise among agro-industrial crops by 36.3 percent.

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

(thousand hectares-thousand tons)

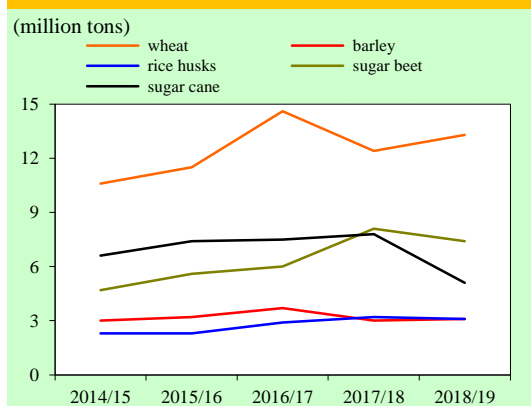
	2017/18		2018/19		Percentage change	
	Cultivated land area	Production	Cultivated land area	Production	Cultivated land area	Production
Farming products						
Wheat	5,438	12,400	5,400	13,300	-0.7	7.3
Barley	1,473	2,974	1,454	3,102	-1.3	4.3
Rice husks	598	3,206	623	3,106	4.3	-3.1
Corn	139	1,069	127	946	-8.6	-11.5
Cotton	75	180	71	165	-5.4	-8.3
Sugar cane	93	7,800	88	5,100	-4.9	-34.6
Sugar beet	141	8,080	119	7,394	-15.5	-8.5
Oilseeds	234	383	308	522	31.7	36.3
Tobacco	10	19	10	19	0.5	0.7
Pulses	799	700	867	748	8.5	6.9
Potatoes	147	5,019	148	5,143	1.3	2.5
Onions	54	2,305	55	2,421	1.5	5.1
Horticultural products						
Citrus fruits	257	5,114	260	5,342	1.2	4.5
Grapes	287	3,192	289	3,031	0.8	-5.0
Apples	217	3,716	219	2,944	0.9	-20.8
Pistachio	377	317	392	173	4.2	-45.6
Tea	18	108	21	113	16.9	4.2

Source: Ministry of Agriculture-Jahad.

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

¹ The farming year 2017/18, beginning as of October 2017 and continuing until September 2018, is briefly referred to as 2018/19 in tables and figures.

²Includes 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)

	2017/18	2018/19	Percentage change
Farming products			
Wheat	2,280	2,463	8.0
Barley	2,018	2,134	5.7
Rice husks	5,366	4,986	-7.1
Corn	7,690	7,451	-3.1
Cotton	2,407	2,335	-3.0
Sugar cane	83,981	57,768	-31.2
Sugar beet	57,376	62,153	8.3
Oilseeds	1,638	1,695	3.5
Tobacco	2,026	2,030	0.2
Pulses	876	863	-1.4
Potatoes	34,252	34,646	1.1
Onions	42,780	44,259	3.5
Horticultural products			
Citrus fruits	19,873	20,510	3.2
Grapes	11,126	10,485	-5.8
Apples	17,091	13,426	-21.4
Pistachio	843	440	-47.8
Tea	6,021	5,368	-10.8

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 14.8 million tons in 2018/19, showing a rise of 3.7 percent compared with the year before.

Table 2.5. Livestock Products (thousand tons)

	2017/18	2018/19	Percentage change
Red meat	835	830	-0.7
Milk	10,184	10,589	4.0
Poultry	2,237	2,355	5.3
Eggs	888	901	1.6
Honey	88	90	2.6
Total	14,232	14,765	3.7

Source: Ministry of Agriculture-Jahad.

In 2018/19, fishery products grew by 5.0 percent and totaled 1,262 thousand tons, with 57.9 percent of fishery products being related to the Persian Gulf, 3.3 percent to the Caspian Sea, and 38.8 percent to the aquaculture centers. The weight and value of fishery exports were 143 thousand tons and \$528 million, up by respectively 4.0 and 4.2 percent compared with the year before.

Table 2.6. Fishery Products and Exports

	2017/18	2018/19	Percentage change
Production (thousand tons)			
Persian Gulf	691	731	5.8
Caspian Sea	34	42	25.0
Aquaculture centers	477	489	2.5
Exports			
Value (million dollars)	507	528	4.2
Weight (thousand tons)	138	143	4.0

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

Guaranteed Purchase of Major Agricultural Products

Setting the guaranteed purchase price on agricultural products, aimed at encouraging farmers to produce basic agricultural goods,

Chapter 2 AGRICULTURE

establishing a balanced production system, and maintaining the farmers' income level, has been the government policy of recent years. In the farming year 2017/18, the guaranteed purchase price of farming products increased within a range of 1.0 to 4.0 percent compared with the previous year. The guaranteed purchase price of wheat remained unchanged compared with the year before while pulses and tea experienced the highest increase in the guaranteed purchase price by 4.0 percent.

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

	2017/18	2018/19	Percentage change
Wheat	13,000	13,000	0.0
Barley	10,300	10,300	0.0
Rice (Khazar variety)	38,368	38,368	0.0
Sugar beet	3,091	3,122	1.0

Source: Cabinet approvals.

Subsidies

Subsidy paid on goods and services (subject to Budgetary Measure No. 520000) reached Rls. 23.4 trillion in 2018/19. Of this

amount, a sum of Rls. 22.4 trillion was paid on agricultural goods, services, and activities, constituting 95.6 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 paid on the acquisition of non-financial assets for the development of "agriculture and natural resources" and "water resources" increased by 29.0 percent to Rls. 86.3 trillion in 2018/19. Compared with the approved figure (Rls. 118.0 trillion), the mentioned Rls. 86.3 trillion is indicative of 73.1 percent realization.

The credits paid on the acquisition of non-financial assets of the agriculture and natural resources sector reached Rls. 35.2 trillion, up by 15.8 percent. The highest share of these credits by 39.7 percent was related to the improvement of agricultural lands project. For the development of water resources, the mentioned credits amounted to Rls. 51.1 trillion, up by 40.0 percent compared with the year before.

Table 2.8. Subsidy Payments under Budgetary Measure No. 520000 in 2018/19 (billion rials)

	Value	Share in total (percent)
Agricultural inputs and factors of production	2,997	12.8
Basic goods ¹	300	1.3
Guaranteed purchase of wheat	16,880	72.2
Organizing the production and guaranteed purchase of tea requirements	1,343	5.7
Assistance for the compensation of Iran Water Resources Management Company (Holding)	855	3.7
Total subsidy payment to the agriculture sector	22,375	95.6
Subsidy payment to other sectors	1,020	4.4
Total subsidy paid under Budgetary Measure No. 520000	23,395	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.

Table 2.9. Credits Paid on Acquisition of Non-financial Assets for Development of "Agriculture and Natural Resources" and "Water Resources" (billion rials)

	Year-end		Percentage change	Share (percent)		2018/19	
	2017/18	2018/19		2017/18	2018/19	Approved	Realization (percent)
Agriculture and natural resources	30,416.3	35,222.5	15.8	45.5	40.8	51,219.1	68.8
Water resources	36,483.9	51,061.4	40.0	54.5	59.2	66,775.1	76.5
Total	66,900.2	86,283.8	29.0	100.0	100.0	117,994.2	73.1

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 17.1 percent to Rls. 910.4 trillion by March 2019. The share of non-public agriculture sector in the outstanding facilities was 98.5 percent. By March 2019, net outstanding facilities extended by Bank Keshavarzi (Agriculture Bank of Iran) to the non-public agriculture sector rose by 20.4 percent to Rls. 584.0 trillion. The share of Bank Keshavarzi in the total net outstanding facilities extended to the non-public agriculture sector was 64.2 percent, showing 1.8 percentage points growth compared with 2017/18. Bank Keshavarzi paid Rls. 479.5 trillion through non-statutory and statutory facilities, administered funds, and contracts in 2018/19, up by 23.5 percent compared

with the year before. Of total credits paid by this bank, 76.4 percent (about Rls. 366.5 trillion) were from non-statutory resources and 23.6 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 by 53.4 percent. A sum of Rls. 256.0 trillion was paid in the form of such contracts, showing 9.3 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 by 41.0 percent, increased by 9.9 percent to Rls. 196.7 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)	
	2017/18	2018/19		2017/18	2018/19
Non-public sector	767.5	896.8	16.8	98.7	98.5
Bank Keshavarzi	485.1	584.0	20.4	62.4	64.2
Other banks and credit institutions	282.3	312.7	10.8	36.3	34.4
Public sector	10.2	13.6	33.9	1.3	1.5
Total	777.6	910.4	17.1	100.0	100.0

¹ The net outstanding is calculated upon the deduction of the exchange rate differential, future profit and commission, receipts from Mudarabah, the banks' contributions to legal partnership accounts, and overdue profit and commission headings from the outstanding debts of customers and extended facilities. Net outstanding facilities include legal partnership and direct investment contracts.

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

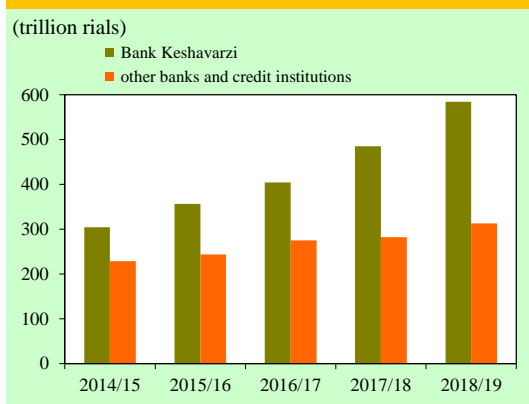


Figure 2.3. Facilities extended by Bank Keshavarzi

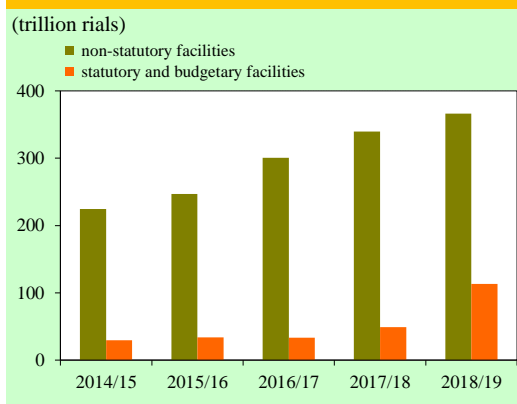


Table 2.11. Facilities Extended by Bank Keshavarzi by Term of Repayment (trillion rials)

	2017/18	2018/19	Percentage change	Share (percent)	
				2017/18	2018/19
Short-term	287.6	347.5	20.8	74.1	72.5
Medium-term	96.2	118.1	22.8	24.8	24.6
Long-term	4.6	14.0	202.8	1.2	2.9
Total	388.4	479.5	23.5	100.0	100.0

Source: Bank Keshavarzi.

Agricultural Insurance Fund

In the farming year 2017/18, about Rls. 13.1 trillion was paid to farmers by Agricultural Insurance Fund as compensation, showing an increase of 17.6 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 the total paid compensation was about 66.8 percent in the farming year 2017/18, while only 33.2 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 a report released by the Agricultural Insurance Fund, in the farming year 2017/18, this Fund insured 3.9 million hectares of lands under cultivation of 143 farming and horticultural products against losses from natural disasters. The cultivated land area covered by the insurance scheme shows 0.5 percent decrease compared with the previous year. A sum of Rls. 11.5 trillion was paid by the Fund as compensation on farming and horticultural products, up by 34.0 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 6,451 by March 2019. These cooperatives covered 5.8 million rural dwellers. This indicated 1.9 percent increase in terms of the number of cooperatives and 0.1 percent fall in terms of the members. By year-end, the number of rural agricultural and production unions reached 493, showing 2.9 percent increase compared with March 2018. Meanwhile, the number of companies as member to these unions fell by 5.1 percent to 5,033 in 2018/19.

Rural cooperatives purchased about 3.3 million tons of various agricultural products at agreed prices in 2018/19, up by 10.0

percent compared with 2017/18. Cooperatives purchased 25.8 thousand tons of various agricultural products at guaranteed prices in 2018/19.

Table 2.12. Rural, Women, Agricultural, and Production Cooperatives and Unions

	Year-end		Percentage change
	2017/18	2018/19	
Cooperatives			
Number	6,332	6,451	1.9
Members (thousand persons)	5,809	5,805	-0.1
Capital (billion rials)	5,539	5,689	2.7
Unions			
Number	479	493	2.9
Member companies	5,306	5,033	-5.1
Capital (billion rials)	1,231	1,336	8.5

Source: Central Organization for Rural Cooperatives.

Table 2.13. Performance of Agricultural Insurance Fund

	Area of insured land			Compensation paid (billion rials)		
	2017/18	2018/19	Percentage change	2017/18	2018/19	Percentage change
Farming (thousand hectares)	3,460	3,166	-8.5	2,706	3,389	25.2
Horticulture (thousand hectares) ¹	475	749	57.9	5,853	8,082	38.1
Livestock (thousand)	3,619	7,487	106.9	731	798	9.2
Poultry (million)	693	906	30.7	1,811	754	-58.4
Aquaculture centers (thousand hectares)	3	4	26.8	21	50	141.8
Natural resources (thousand hectares) ²	2,057	1,720	-16.4	9	17	85.9
Total	-	-	-	11,132	13,090	17.6

Source: Agricultural Insurance Fund.

¹ Includes "tree trunk" subgroup.

² Includes "hay sheds" subgroup.

Table 2.14. 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)
	2017/18	2018/19			2017/18	2018/19		
Wheat	2,816	2,752	-2.3	70.3	2,126	2,600	22.3	22.7
Rice	78	63	-19.0	1.6	33	360	□	3.1
Barley	251	190	-24.4	4.8	218	228	4.4	2.0
Sugar beet	45	27	-40.8	0.7	23	20	-12.7	0.2
Colza	183	56	-69.4	1.4	225	74	-67.1	0.6
Pistachio	109	212	93.6	5.4	1,471	3,029	105.9	26.4
Others	451	615	36.3	15.7	4,462	5,160	15.6	45.0
Total	3,934	3,915	-0.5	100.0	8,559	11,471	34.0	100.0

Source: Agricultural Insurance Fund.

Exports of Agricultural Products

Based on the data released by the Ministry of Agriculture-Jahad, 6.9 million tons of various agricultural products worth \$6.4 billion were exported in 2018/19, indicating 5.4 percent increase in terms of the weight and 2.8 percent decrease in terms of the value compared with the previous year. Exports of agricultural products accounted for 6.4 percent of the weight and 16.1 percent of the value of non-oil exports through Customs.

In 2018/19, "farming products" accounted for 67.1 percent of total agricultural exports in terms of the weight. "Horticultural products", despite a lower share of 21.7 percent in the weight of agricultural exports, accounted for 35.6 percent of the total value of agricultural exports.

Imports of Agricultural Products

According to the Ministry of Agriculture-Jahad, approximately 20.5 million tons of various agricultural products valued at \$10.7 billion were imported in 2018/19, showing 4.7 percent increase in terms of the weight and 0.4 percent decrease in terms of the value. Imports of agricultural products accounted for 24.8 percent of the value and 63.3 percent of the weight of total imported products. The average value of each ton of imported agricultural products was \$523, down by 4.9 percent compared with the year before. Imports of wheat amounted to 390 tons in 2018/19, indicating 99.5 percent decline compared with 2017/18. This sharp reduction resulted from lower domestic requirements due to adequate production and inventory levels.

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

	2017/18		2018/19		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Livestock and poultry ¹	1,180	645	1,093	631	-7.4	-2.2
Fish and fishery products	428	118	333	121	-22.1	2.5
Farming products	2,056	4,203	2,630	4,659	27.9	10.9
Horticultural products	2,849	1,595	2,278	1,503	-20.1	-5.7
Forest and grassland products	65	24	58	27	-11.4	14.0
Total agricultural exports	6,578	6,584	6,392	6,941	-2.8	5.4
Share of agricultural exports in total non-oil exports (percent)²	16.5	5.7	16.1	6.4	-0.3	0.7

Source: Ministry of Agriculture-Jahad.

¹ Includes exports of pharmaceuticals related to the veterinary medicine.

² Non-oil exports through Customs exclude natural gas condensate. Percentage change is in percentage points.

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

	2017/18		2018/19		Percentage change	
	Value	Weight	Value	Weight	Value	Weight
Livestock and poultry ¹	1,292	300	1,310	266	1.4	-11.1
Fish and fishery products	141	55	59	24	-58.2	-56.9
Farming products	7,582	17,642	8,020	19,041	5.8	7.9
Horticultural products	1,701	1,524	1,292	1,122	-24.1	-26.4
Forest and grassland products	44	29	36	25	-19.1	-13.0
Total agricultural imports	10,760	19,550	10,717	20,479	-0.4	4.7
Share of agricultural imports in total imports (percent)²	19.8	50.3	24.8	63.3	5.1	13.0

Source: Ministry of Agriculture-Jahad.

¹ Includes imports of pharmaceuticals related to the veterinary medicine.

² Percentage change is in percentage points.

A review of the developments of foreign trade shows that the trade deficit of the agriculture sector increased by 3.4 percent to \$4.3 billion in 2018/19. The increase in the trade deficit of the agriculture sector was the result of the sharp fall in the export value of pistachio and the increased imports of basic agricultural goods such as corn, rice, oilseeds,

red meat, and meals. Meanwhile, the average per ton value of exported agricultural products decreased by 7.8 percent to \$921 in 2018/19. Considering the composition of agricultural imports and exports, the terms of trade of the agriculture sector decreased by 3.1 percent from 1.82 in 2017/18 to 1.76 in 2018/19.

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

	2017/18	2018/19	Percentage change
Imports	10,760	10,717	-0.4
Exports	6,578	6,392	-2.8
Trade deficit	4,182	4,325	3.4

Source: Ministry of Agriculture-Jahad.

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

	2017/18	2018/19	Percentage change
Per ton value of exports	999	921	-7.8
Per ton value of imports	550	523	-4.9
Terms of trade	1.82	1.76	-3.1