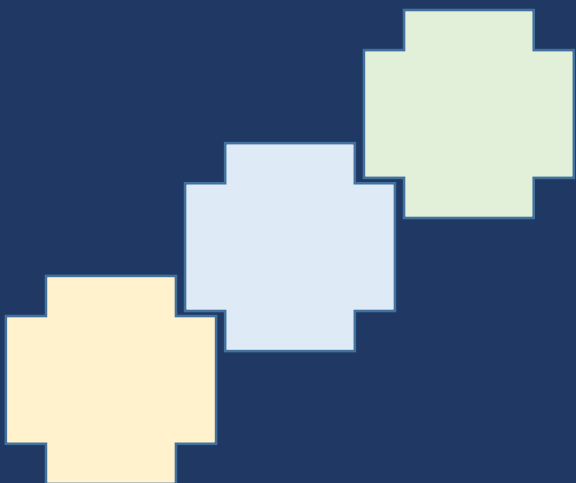




Agriculture and Food in Iran



Economic Research Department
TCCIM
Nov. 2017

Contents



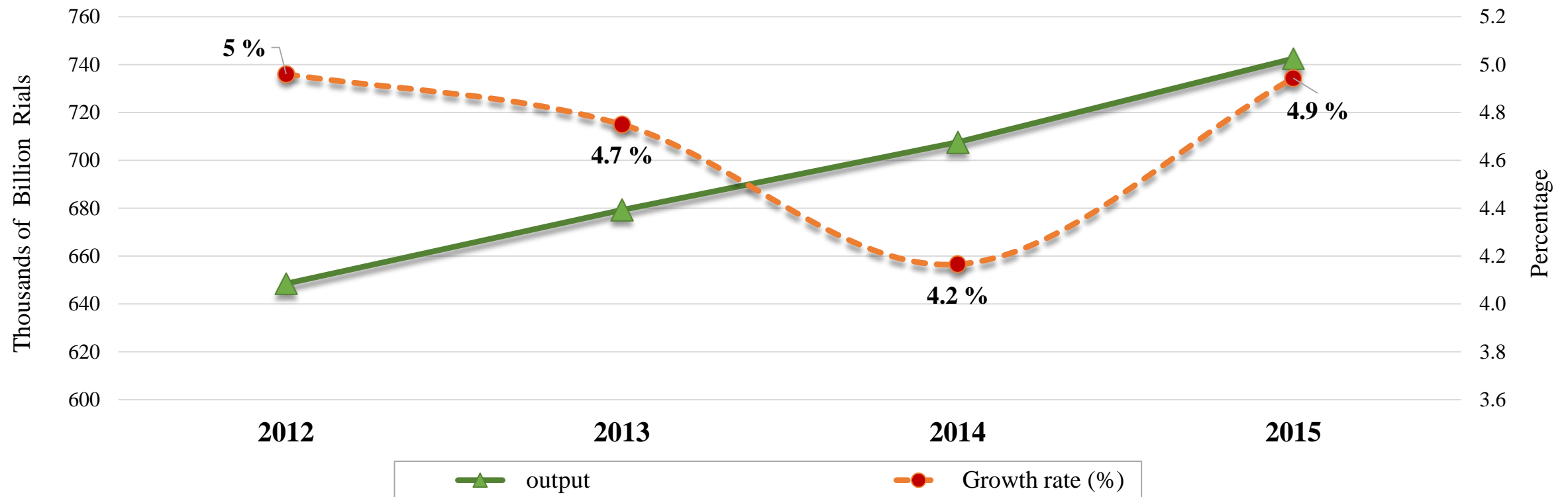
- **Production**
- **Trade**
- **Consumption**
- **Transportation**
- **Price**
- **Capital Market**
- **Laws and Regulations**

Production

Continuous agriculture output growth over the last 5 years



Agriculture Group's Output and Growth Rate in 2012-2015
(Rial at constant 2011 price)

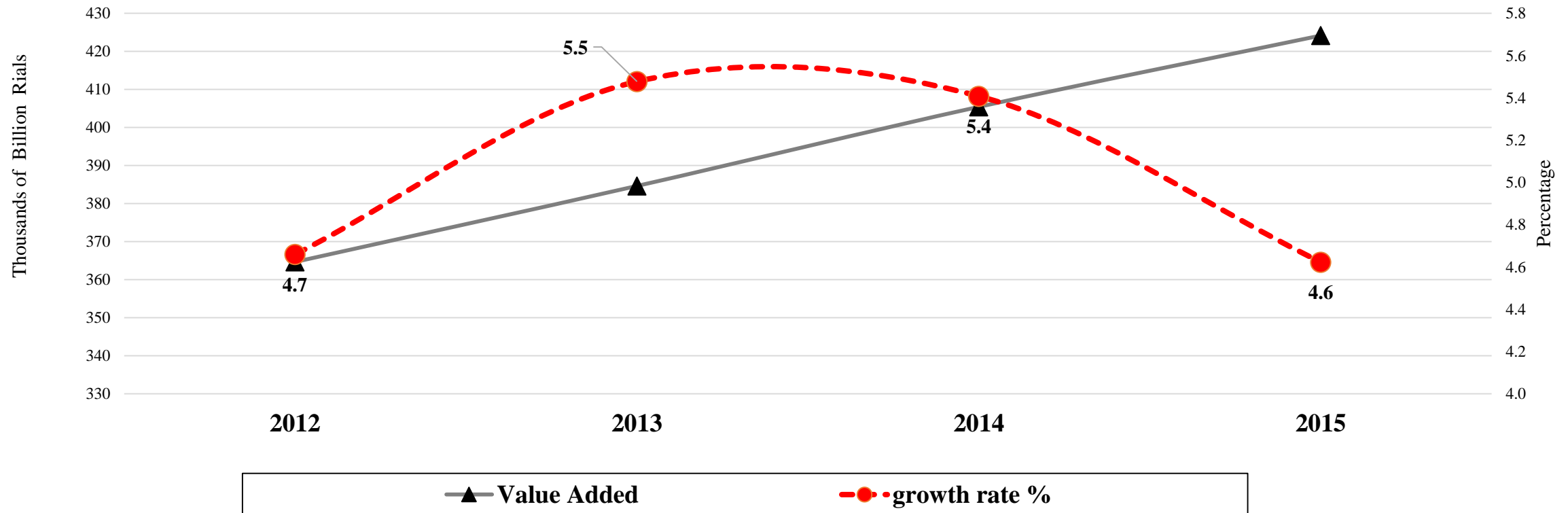


Source: Central Bank of Iran

Positive growth rate of value added in agriculture group during 2012 - 2015



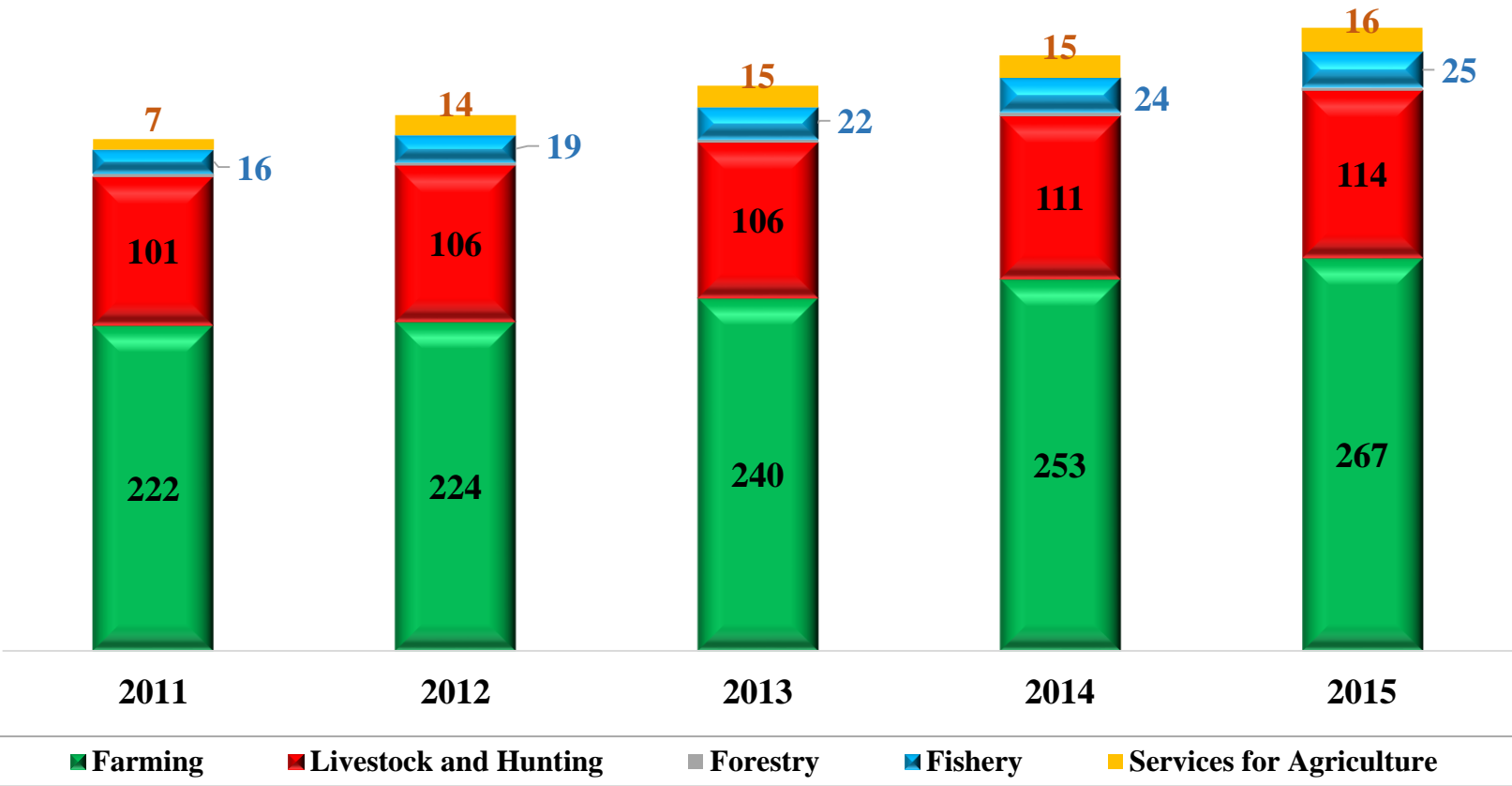
Agriculture Group's Value Added (at Constant 2011 Prices)



The high contribution of the farming and livestock sectors in the agriculture value added



Agriculture Group’s Value Added (at Constant 2011 Prices)
Thousands of Billion Rials



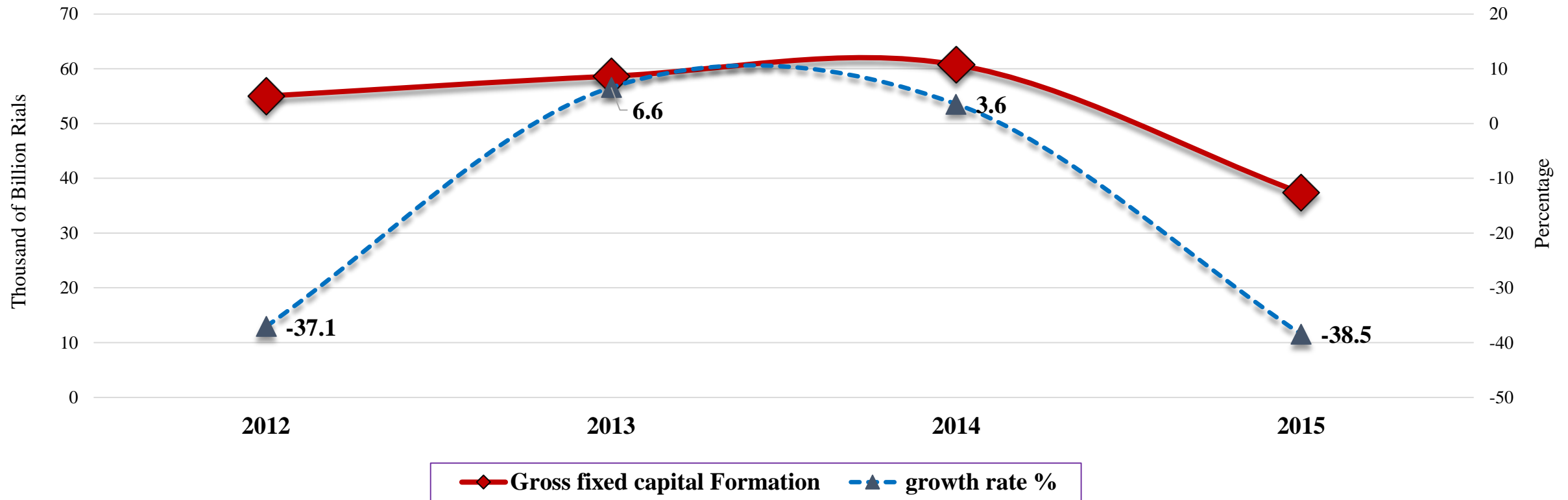
Sectors of Agriculture	Average annual growth rate (2011-2015)
Farming	4.8 %
Livestock and Hunting	3.1%
Forestry	-0.9 %
Fishery	11 %
Services for Agriculture	26.2 %

Source: Central Bank of Iran

The downward trend of investment in the agricultural sector



Agriculture Group's Gross fixed capital Formation (at Constant 2011 Prices)

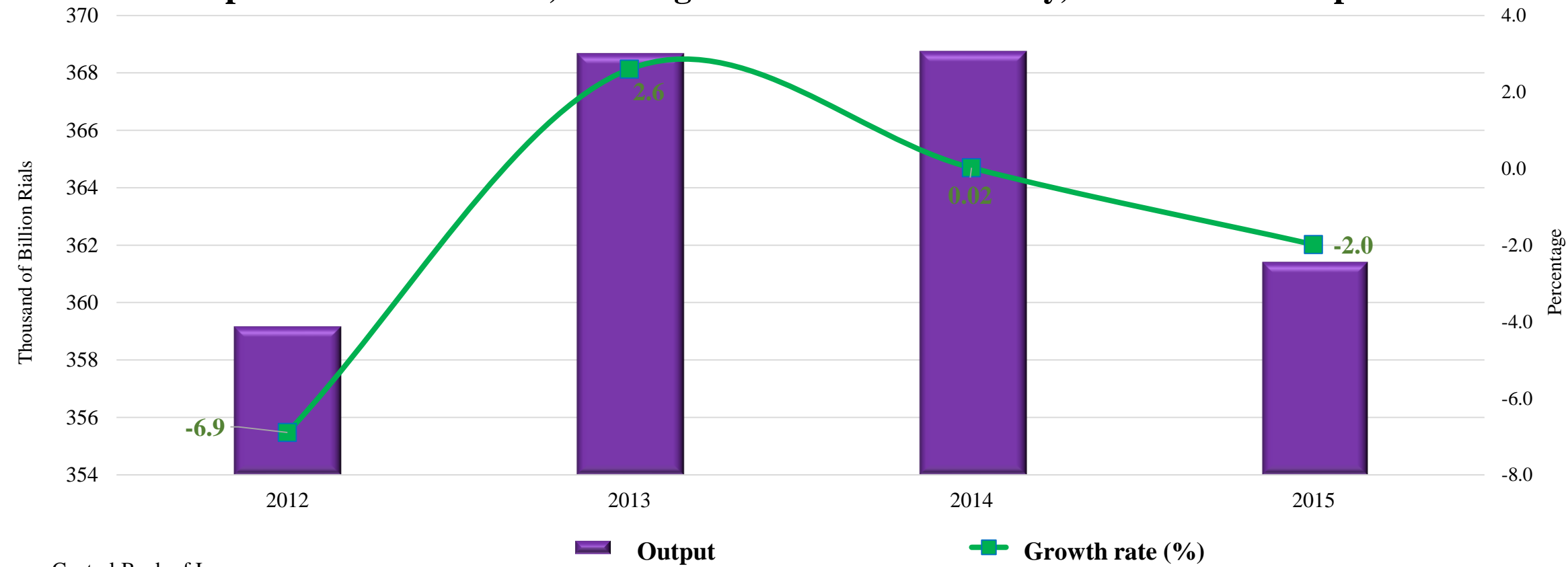


Source: Central Bank of Iran

The Output of Food Products, Beverages and Tobacco has been reduced in 2015, Compared to the previous year.

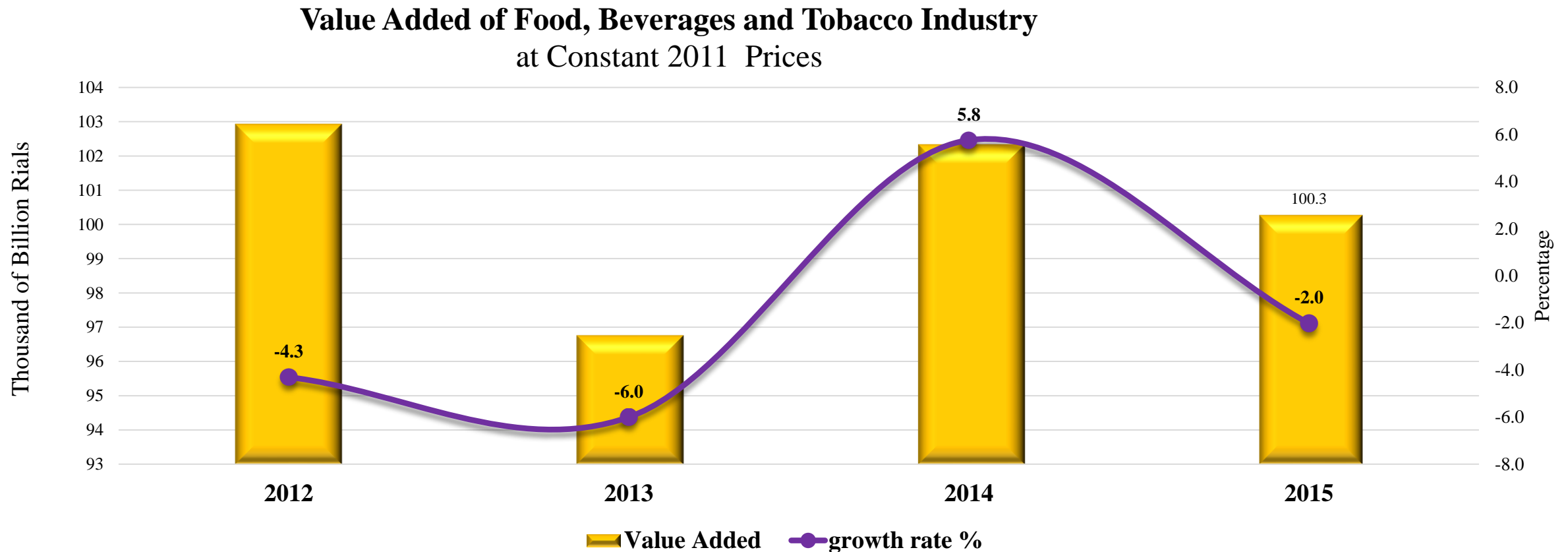


Output of Food Products, Beverages and Tobacco industry, at constant 2011 price



Source: Central Bank of Iran

Value Added of Food, Beverages and Tobacco Industry in Iran has been annually declined by 1.7% during 2012-2015.

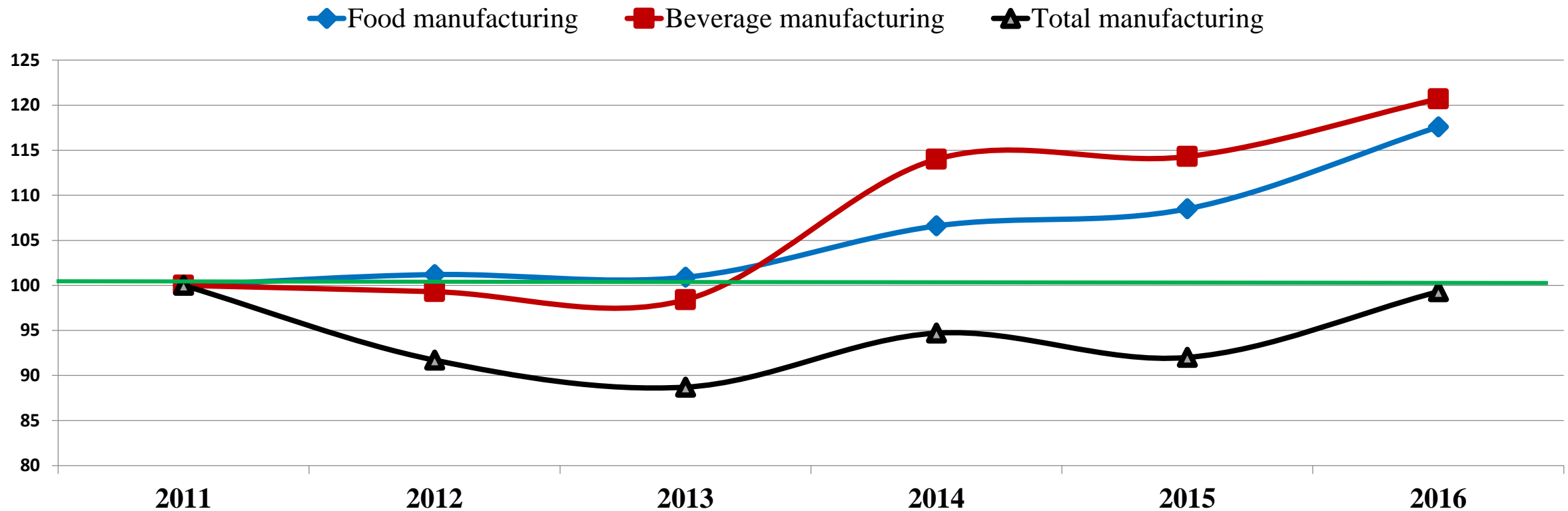


Source: Central Bank of Iran

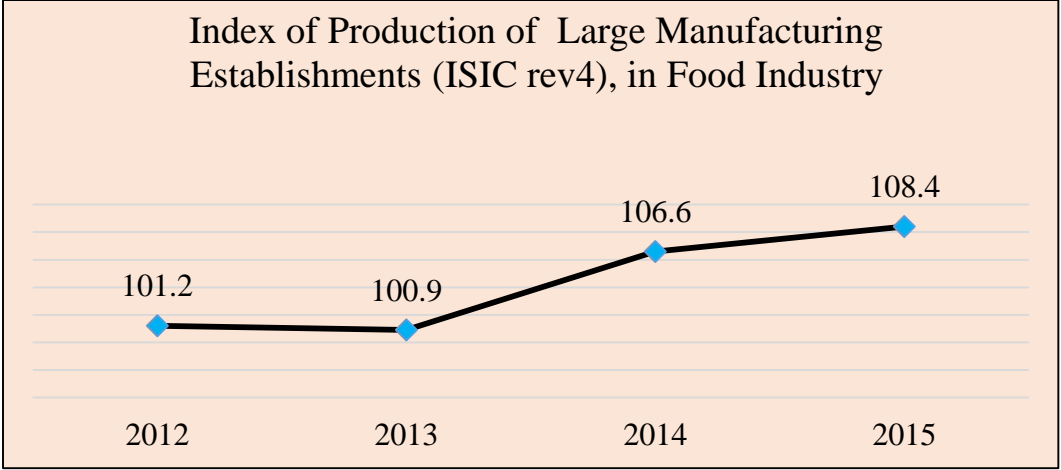
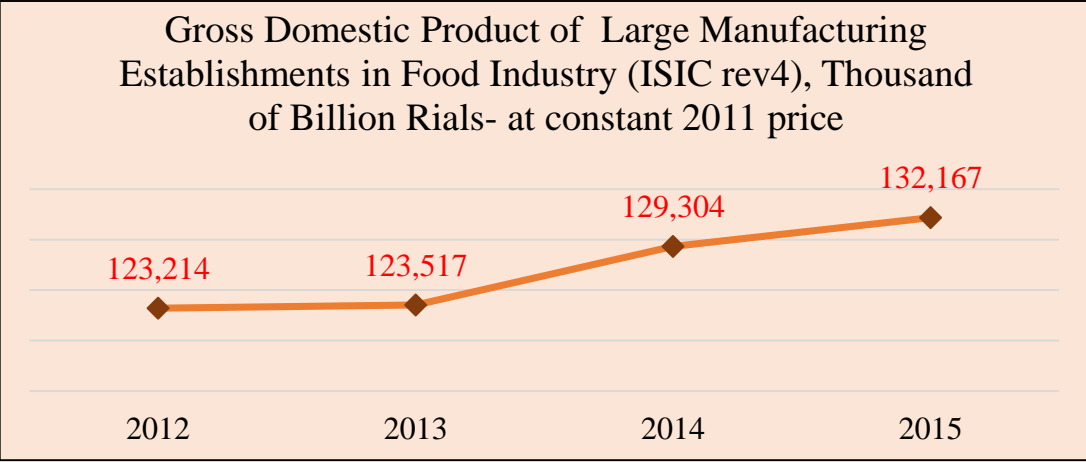
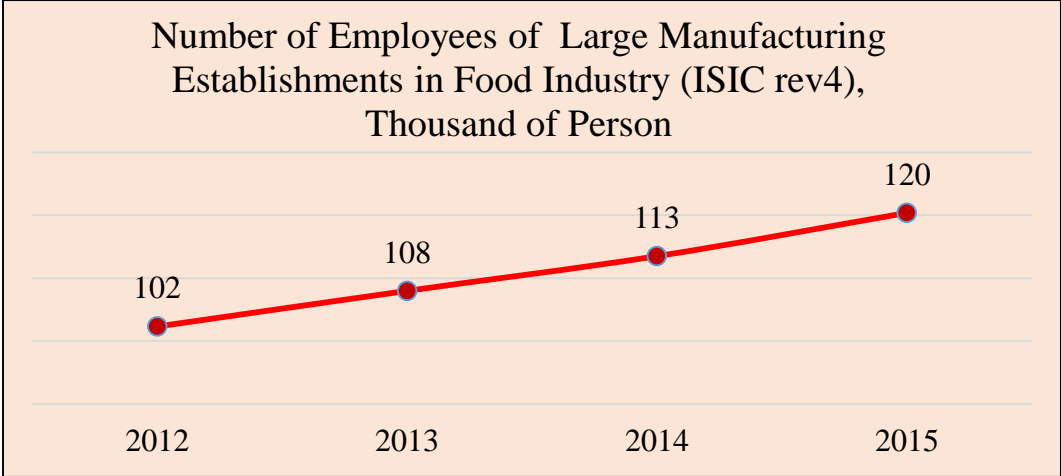
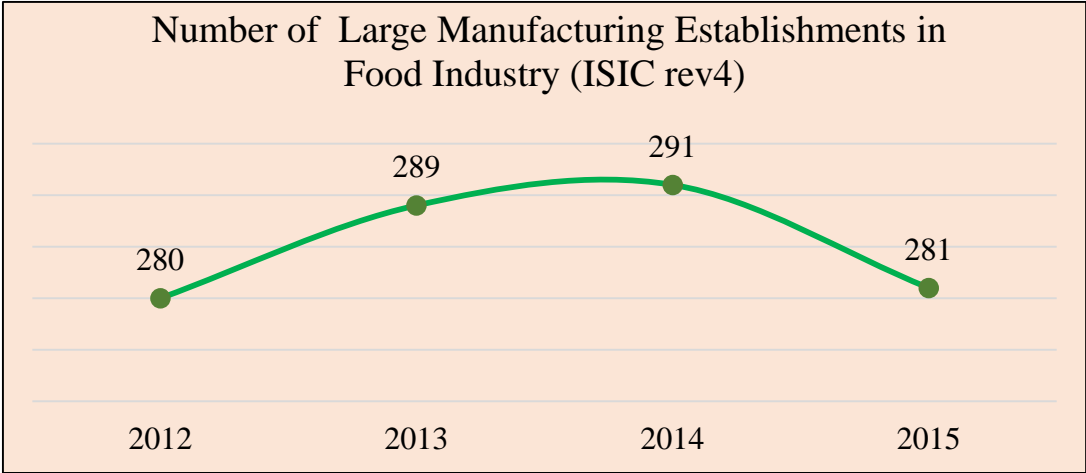
Food and Beverage as dynamic and booming industries



Index of production of large manufacturing establishments 2011-16



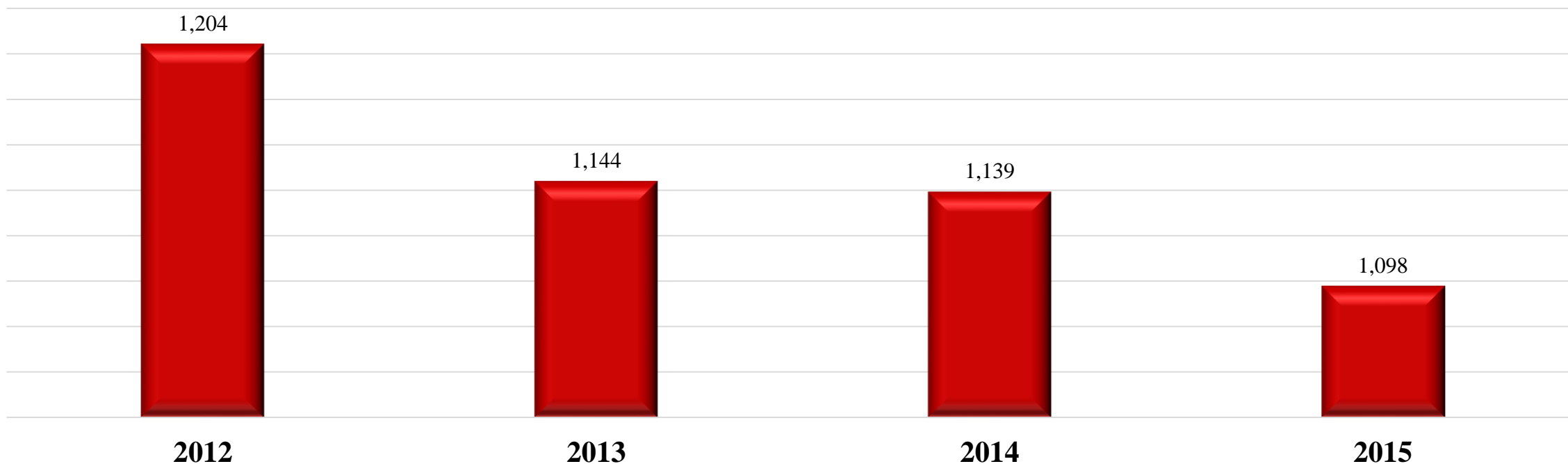
A growing trend in the food industry production index, value added and number of establishments



The challenge of reducing productivity in the food industry



Labor productivity of Large Manufacturing Establishments in Food Products Industry (ISIC Rev4)- at constant 2011 price (Million Rials per person)



Source: Central Bank of Iran and Research Calculation

Only 21% of food and beverage manufacture establishments (with 10 and over employees) , with about 79% of employees, produce over 84% of value added of this establishments.



**Composition of Food and Beverages Manufacturing Establishments with 10 or over Employees
the Number of Employees in 2014**

	Small (10-49 Employees)	Large (Over 50 Employees)	Overall
Number of Manufacture Establishment	1928	851	2779
Value Added (% of total food and beverage value added)	15.8	84.2	100
Number of Employees (thousand of person)	45.1	171.1	216.2
Direct Export (million dollars)	207.7	1286.3	1494

Source: statistical center of Iran

Most of Area of cultivated in Iran is related to wheat by 56%, 18 % to barley and 3% to rice. Khuzestan Province is one of the 5 major provinces in the production of this products.



Top Provinces in Wheat

Area of cultivated -2014

Major province	Area cultivated (thousands Hectare)	Share (%)
Khuzestan	854	13.2
Kordestan	560	8.7
East Azarbayejan	483	7.5
Khorasan-Razavi	430	6.6
Lorestan	370	5.7

Top Provinces in Barley

Area of cultivated -2014

Major province	Area cultivated (thousands Hectare)	Share (%)
Lorestan	206	9.9
Khorasan-Razavi	203	9.8
Khuzestan	162	7.8
Fars	147	7.1
Kermanshah	138	6.7

Top Provinces in Rice

Area of cultivated -2014

Major province	Area cultivated (thousands Hectare)	Share (%)
Mazandaran	140	36.6
Gilan	127	33.2
Khuzestan	34	9
Golestan	26	6.7
Fars	21	5.5

Source: statistical center of Iran

Approximately 37% of total agricultural operations in Iran is belong to wheat and share of barley and rice of total agricultural operations is respectively 20% and 12%. Khorasan Razavi is the major producer of wheat and barley by the number of operation.



Top Provinces in Wheat Number of operations -2014

Major province	Number of operations	Share (%)
Khuzestan	854	13.2
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Top Provinces in Rice Number of operations -2014

Major province	Number of operations	Share (%)
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Gilan	127	33.2
Khuzestan	34	9
Golestan	26	6.7
Fars	21	5.5

Source: statistical center of Iran

In arable land 68% of operations belong to irrigated farming. This ratio is 91% in the gardens. About 59% of arable land is allocated to rain fed farming, This ratio is 9% in the gardens.



Number of operations and Area of Arable Land of Iran-2014					
Number of operations			Area (Hectare)		
Total	Irrigated farming	Rain fed farming	Total	Irrigated farming	Rain fed farming
2,470,140	1,687,204	1,173,376	14,687,053	5,996,635	8,690,419

Number of operations and Area of Gardens of Iran-2014					
Number of operations			Area (Hectare)		
Total	Irrigated farming	Rain fed farming	Total	Irrigated farming	Rain fed farming
1,704,193	1,550,539	177,084	1,789,555	1,622,584	166,971

Source: statistical center of Iran

Chicken Meat and Egg Production and Consumption- 2016



Chicken Meat production (Million of tones)	1905
Chicken Egg production (Thousand of tones)	940
Chicken Meat consumption per capita (Kg)	25.5
Chicken Egg consumption per capita (Kg)	11.7

Source: Iran Ministry of agriculture-Jahad

Over 31 million holdings with sheep and lambs has operated in 2014.



Holdings with Livestock in 2014

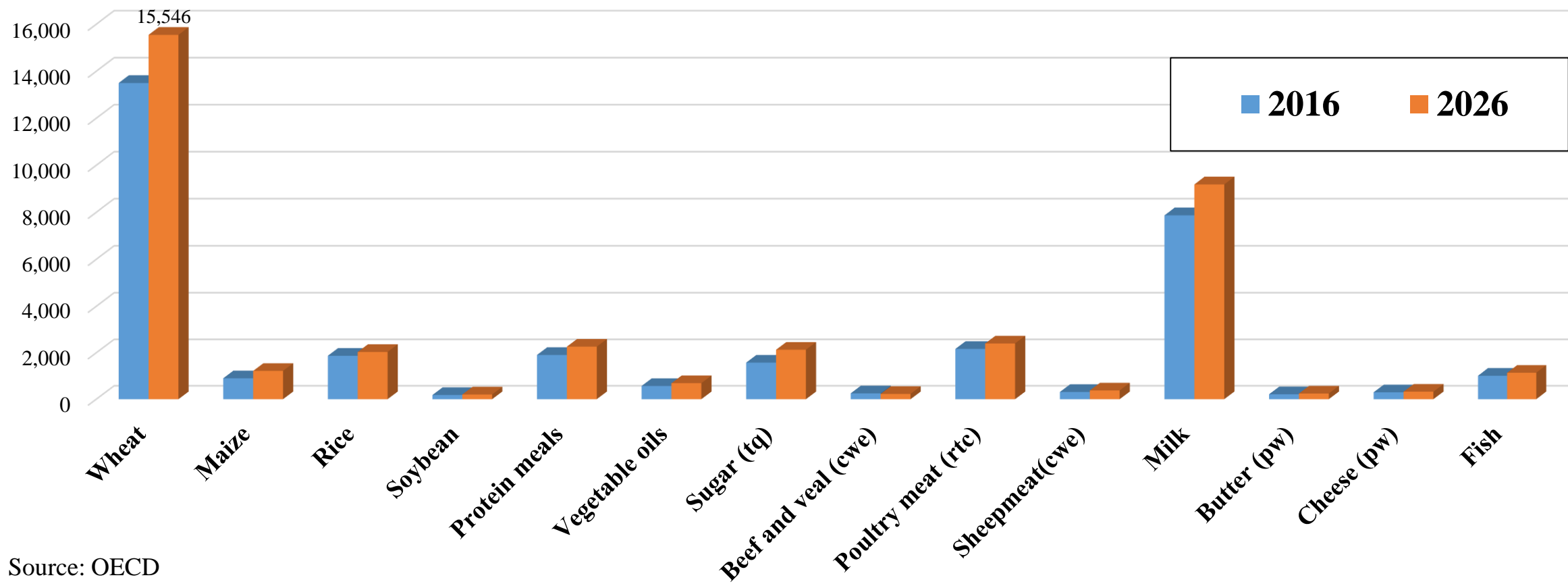
Cattle and Calves		Sheep and Lambs		Goats and Kids	
Number of holdings	Total Number of livestock	Number of holdings	Total Number of livestock	Number of holdings	Total Number of livestock
695,526	4,231,993	881,271	31,420,569	657,371	12,333,273

Source: statistical center of Iran

Prospect of Iran agriculture sector indicates that production of wheat and milk will increased till 2026.



Iran's Agricultural Outlook- Production of selected commodities (Thousand of tones)

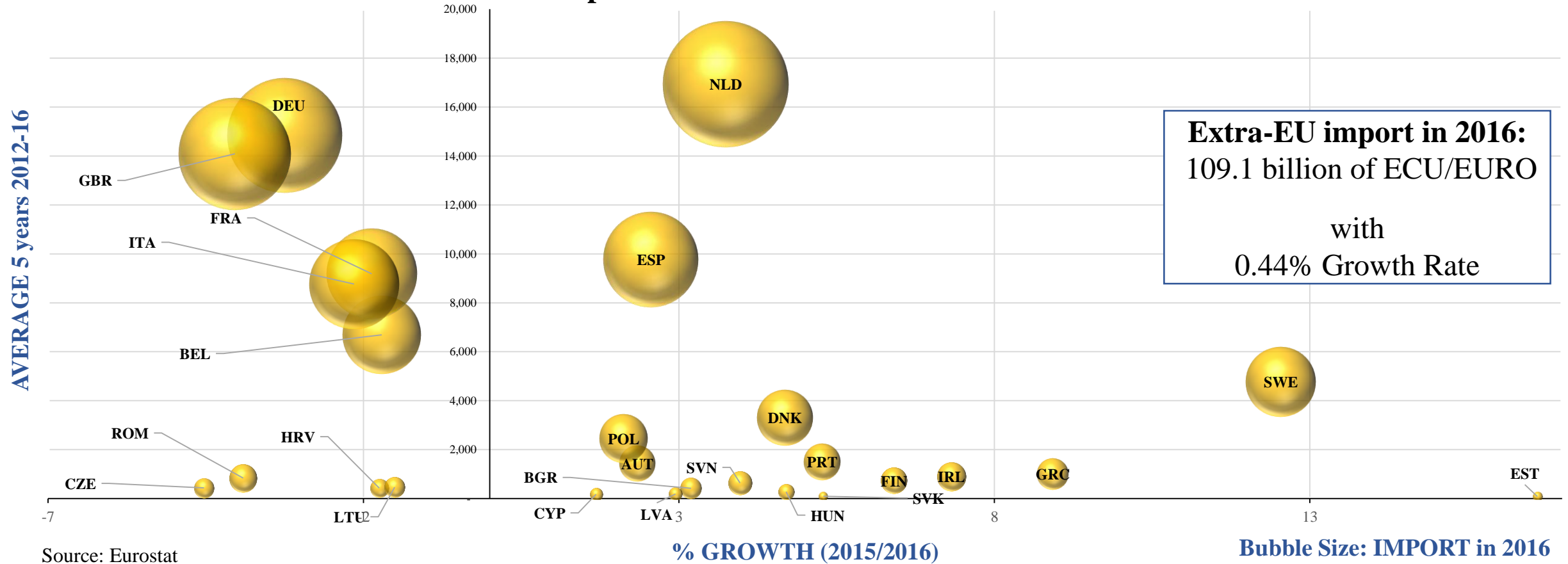


Source: OECD

Trade

The size of import food market in the EU is notable

**Extra-EU28 trade of food, drinks and tobacco (SITC 0+1), by Member State,
Imports in million of ECU/EURO**



Source: Eurostat

Despite positive growth in import, Iran's share of EU market is low



Extra- EU28 Import of food, drinks and tobacco (SITC 0+1), by main partners

Top Partners in Import in million of €	Average 5 years 2012-16	2016	% Growth(2015/2016)
United States	8007	8523	-9.9
Brazil	10572	9598	-11.2
Russia	1472	1595	3.0
Switzerland	4195	4433	1.8
China (except Hong Kong)	4570	4948	2.3
Norway	5427	6819	17.8
Turkey	4286	4795	-5.9
Argentina	5489	5662	2.4
Japan	194	272	23.9
Canada	1750	1813	-10.8
Iran	281	333	4.2

A 18.7 reduction of food and drink trade between the EU and Iran



EU's Import from Iran

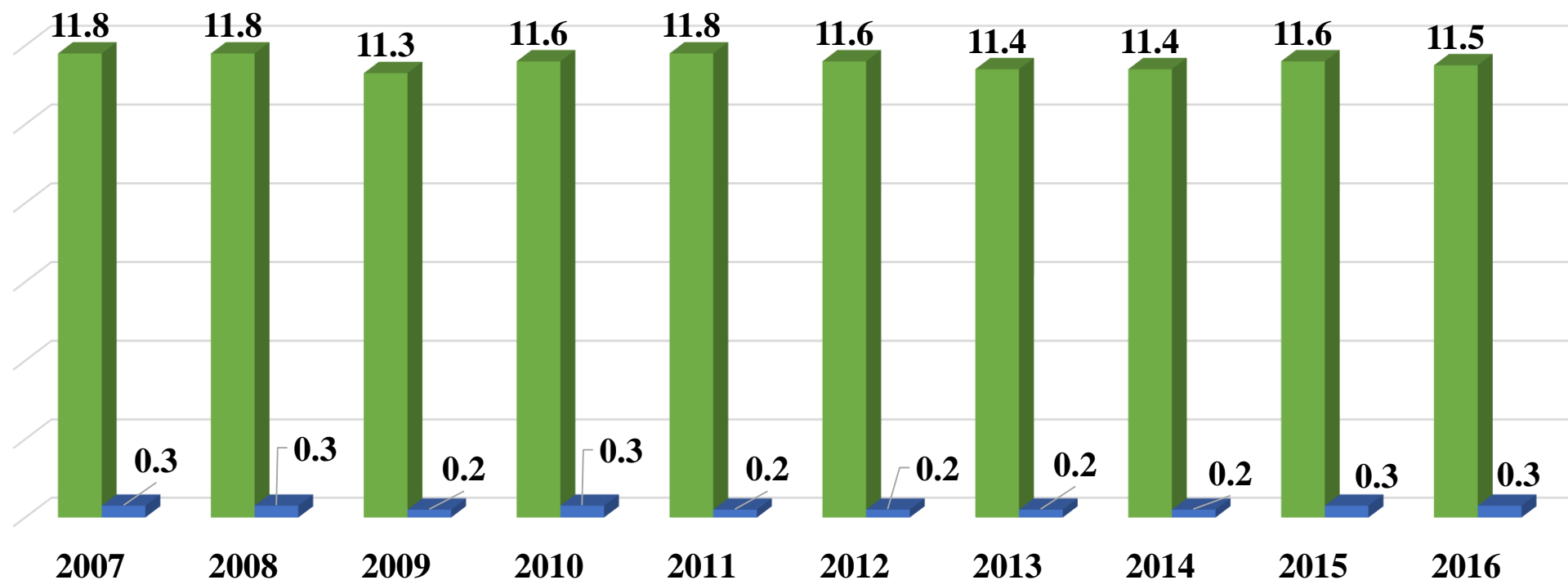
EU's Export to Iran

	Seven Months of 2017	changes(%)	Seven Months of 2017	changes(%)
Total - all products	5,817	171.1	5,759	37.5
Food, drinks and tobacco	206	-12.2	275	-22.9
Food and live animals	206	-12.1	243	-24.5
Beverages and tobacco	0	-	32	-8.8
Animal and vegetable oils, fats and waxes	0	-	8	6.3

Iran's low share of EU food import from Asia



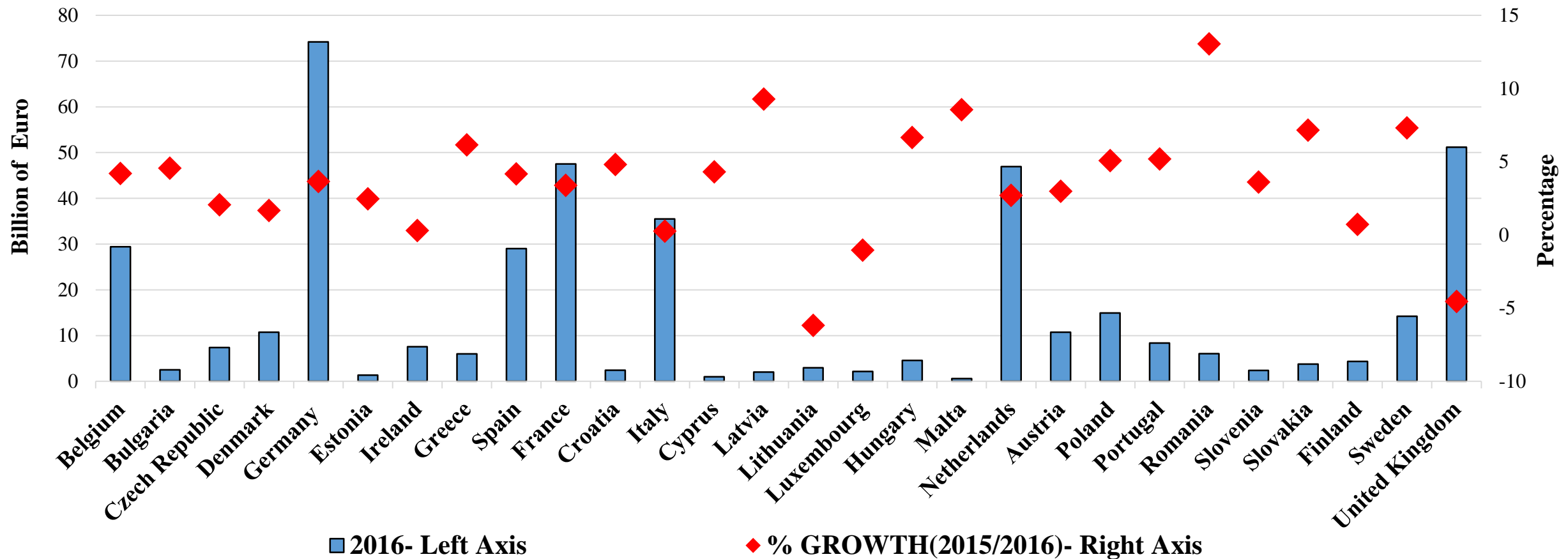
Share of Asia in EU's Import



Europe food Import from the world has climbed by almost 2.4% and reached to € 430 billion in 2016.



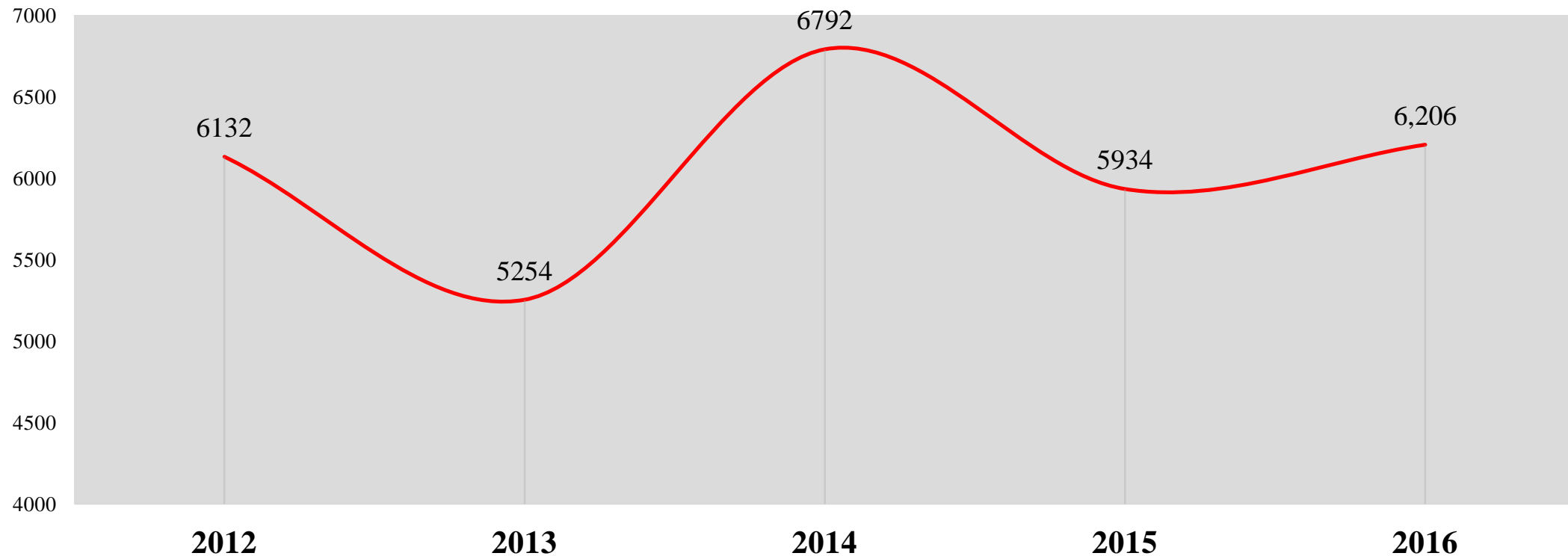
EU's import in Food, drinks and tobacco from the world



Iran's Export of Agriculture and Food to the world has been annually grows up by 0.3% during of 2012-2016.



Iran's Export of Agriculture and Food to the world (Million dollars)



Source : Islamic Republic of Iran Customs

Top ten major commodities consist of approximately 40% of total agriculture and food export of Iran to the world.

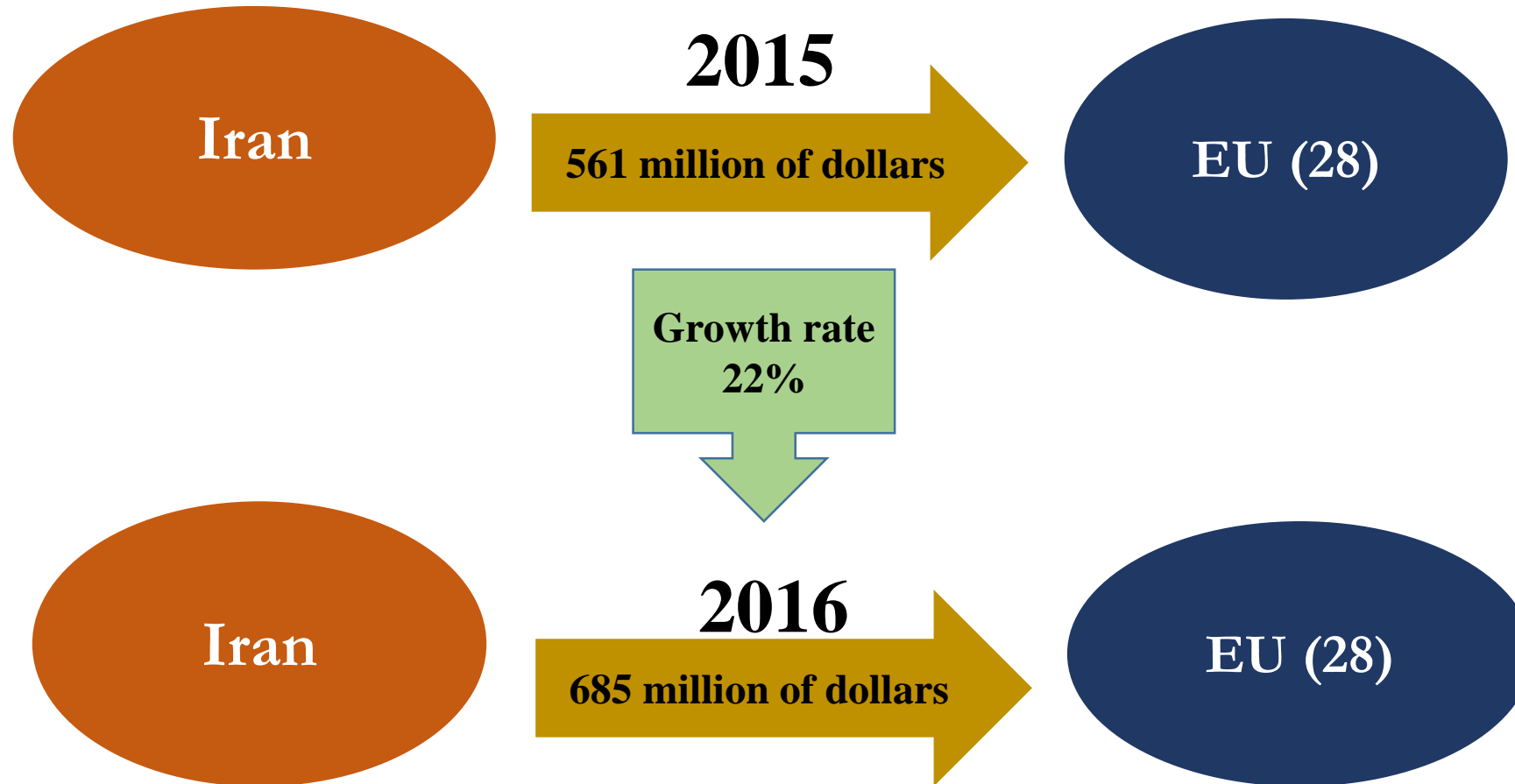


Top major commodities in agriculture and food export of Iran, 2016

Tariff Code	Description	Quantity (thousand of tons)	Value (million dollars)	share of total agriculture and food Iran's export (%)
08025100	Pistachios in shell	114	967	15.6
20029010	Tomato paste	150	208	3.4
08025210	Pistachio nut	14	203	3.3
09102090	saffron in more than of 30 grams packaging	0	194	3.1
01041090	Sheep except purebred producer sheep	37	185	3.0
04069000	Other cheese	48	163	2.6
04031090	Other Yogurt	149	146	2.4
07020000	Tomatoes, fresh or chilled	535	139	2.2
17049000	Sugar confectionery (including white chocolate), not containing cocoa Not mentioned elsewhere	44	133	2.1
08062060	Angouri, seedless	49	131	2.1

Source: Islamic Republic of Iran Customs

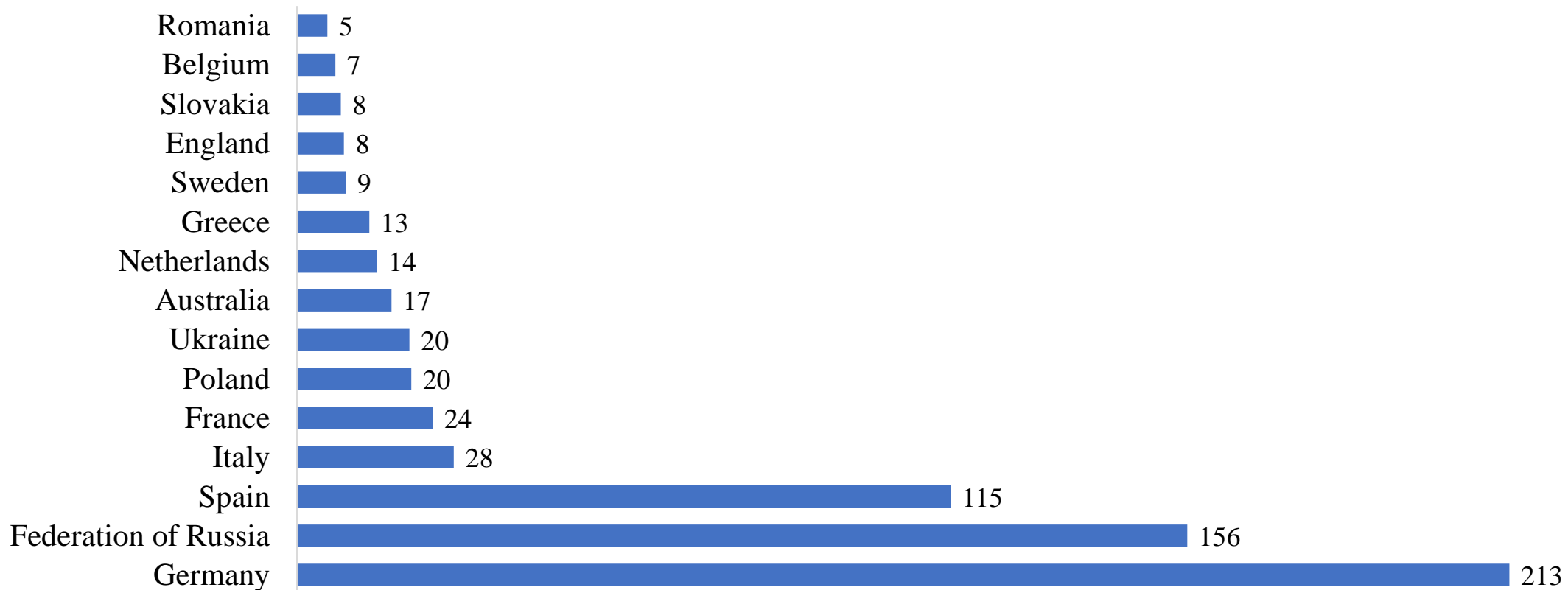
Iran's Agriculture and food Export to Europe has been grown up to 22% from 2015 till 2016



Over 70% of agriculture and food export of Iran to Europe is exported to Germany, Russia and Spain.



Top major destinations in agriculture and food export of Iran to Europe (million dollars), 2016



Source : Islamic Republic of Iran Customs

Top ten major commodities consist of almost 77% of total agriculture and food export of Iran to Europe.



Top major commodities in agriculture and food export of Iran to Europe, 2016

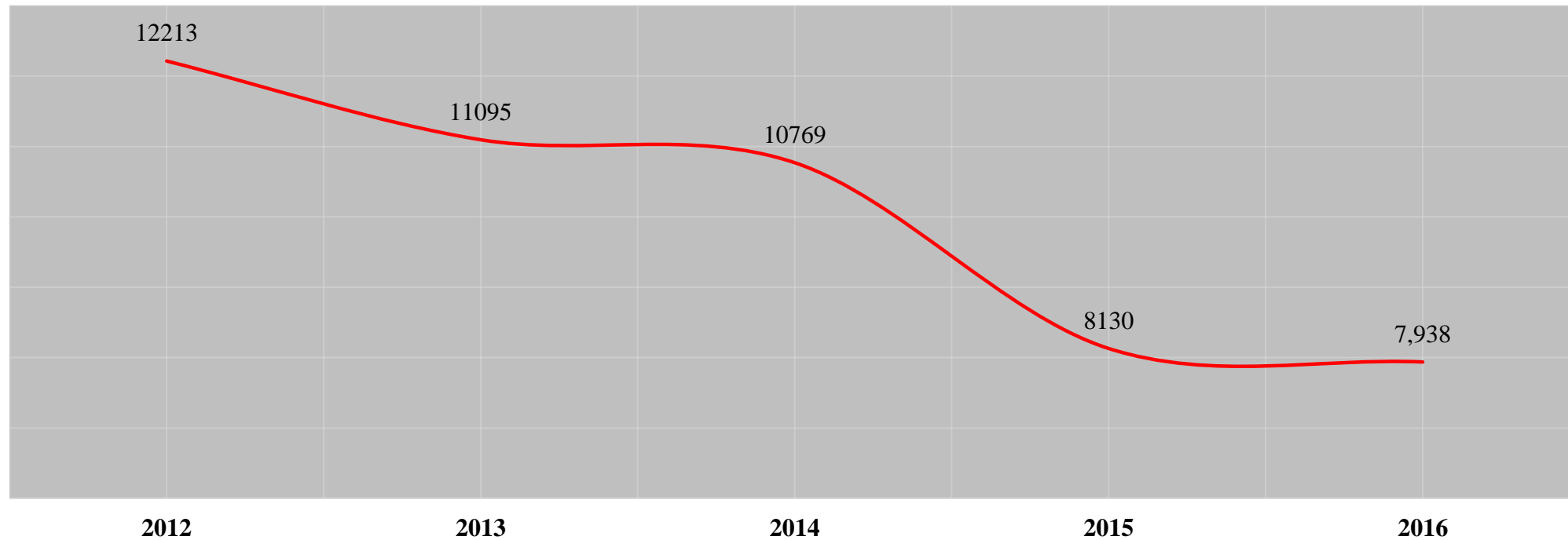
Tariff Code	Description	Quantity (thousand of tons)	Value (million dollars)	share of total agriculture and food Iran's export to Europe (%)
08025100	Pistachios in shell	16.8	140	21
09102090	saffron in more than of 30 grams packaging	0.1	84	13
05040000	Guts, bladders and stomachs of animals (other than fish), whole and pieces thereof, fresh, chilled, frozen, salted, in brine, dried or smoked	1.8	74	11
08062030	Tizabi (nitrated), seedless	35.5	56	8
08025210	Pistachio nut	3.1	52	8
08105000	Kiwifruit	50.3	29	4
08062060	Angouri, seedless	9.5	26	4
07070000	Cucumbers and gherkins, fresh or chilled.	62.3	23	4
08041040	Date (Mozafaty)	11.6	16	2
13021200	Vegetable saps and extracts Of liquorice	3.5	16	2

Source: Islamic Republic of Iran Customs

Iran's Import of Agriculture and Food from the world has been annually declined by 10.2% during of 2012-2016.



Iran's Import of Agriculture and Food from the world (Million dollars)



Source : Islamic Republic of Iran Customs

Top ten major commodities consist of about 67% of total Iran's import in agriculture and food from the world.

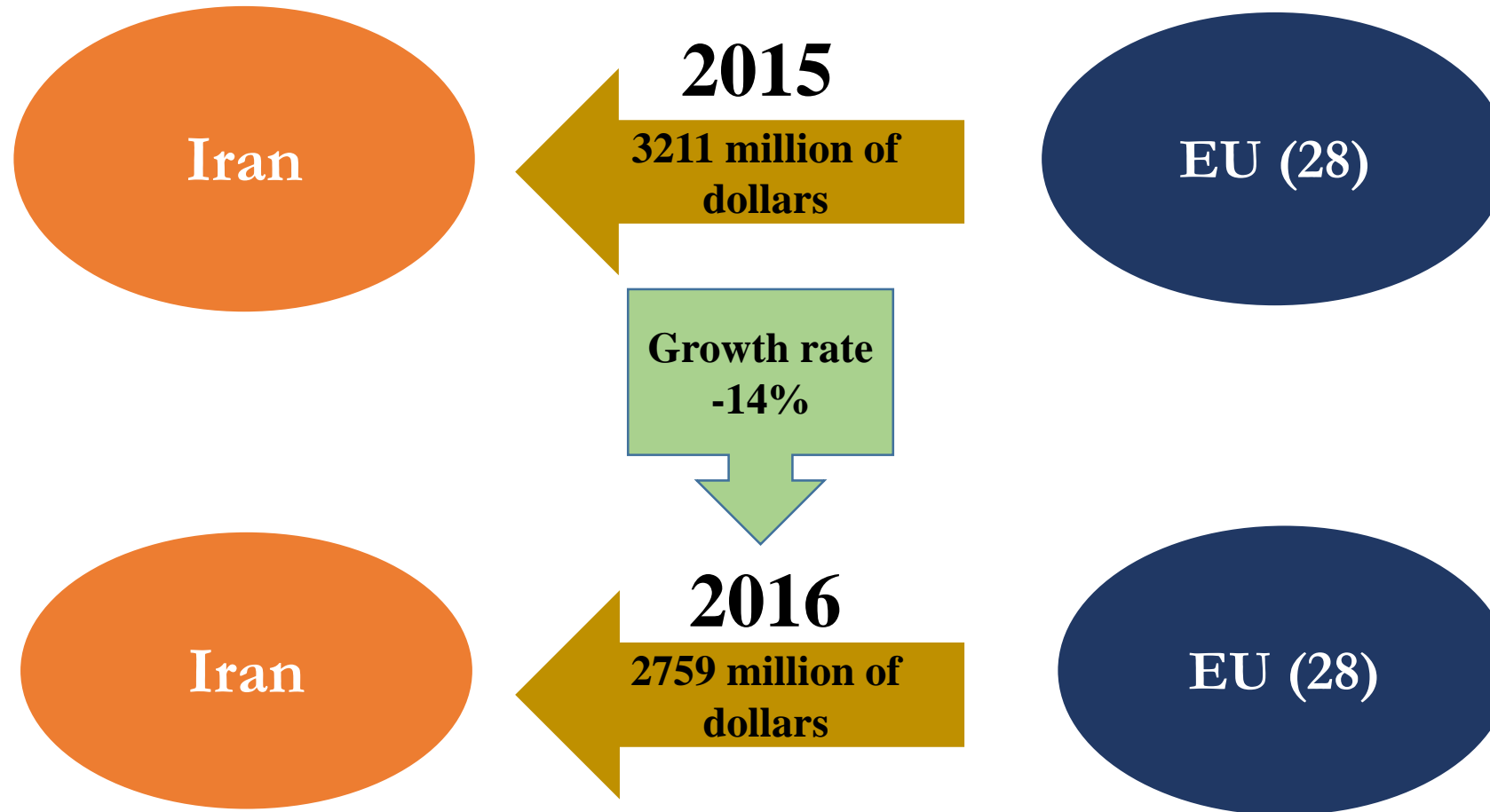


Top major commodities in Iran's import in agriculture and food from the world, 2016

Tariff Code	Description	Quantity (thousand of tons)	Value (million dollars)	share of total agriculture and food Iran's import (%)
10059010	Animal's corn	6,458	1,413	18
12019000	Other Soybeans, even chopped	2,084	909	11
10063000	Semi-milled or wholly milled rice, whether or not polished or glazed	839	690	9
00 10 0803	Plantains	609	469	6
10011990	Other Animal wheat	1,429	366	5
02023090	Other Boneless cuts of bovine animals, frozen	84	342	4
17011300	cane sugar	639	308	4
15119010	Palm oil (R.B.D	415	300	4
10039000	Other Barley	1,333	265	3
15121100	Crude Sunflower-seed or safflower oil and fractions thereof	283	253	3

Source : Islamic Republic of Iran Customs

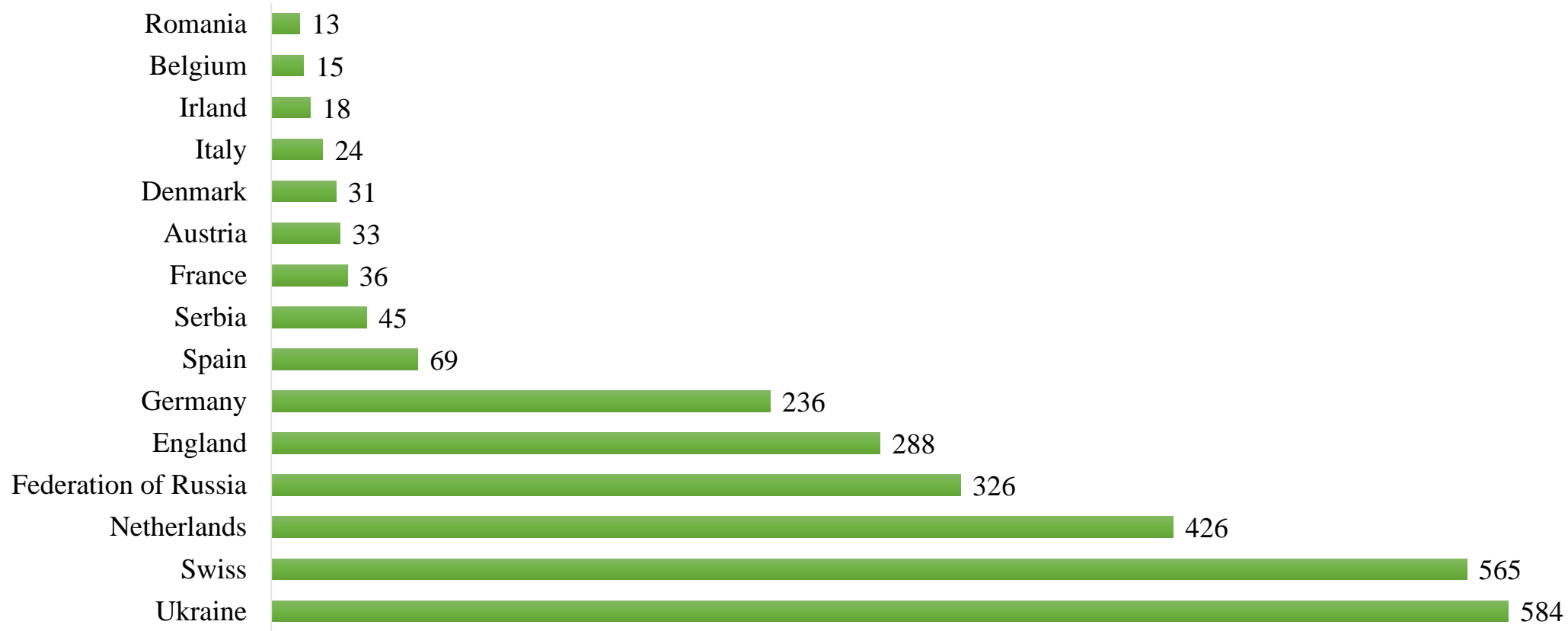
Iran's Agriculture and food import from Europe has been declined to 14% from 2015 till 2016



Over 57% of Iran's import in agriculture and food from Europe is imported from Ukraine, Swiss, Netherlands.



Top major origins in Iran' import agriculture and food from Europe (million dollars), 2016



Source : Islamic Republic of Iran Customs

Top ten major commodities consist of almost 87% of total Iran's import in agriculture and food from Europe.



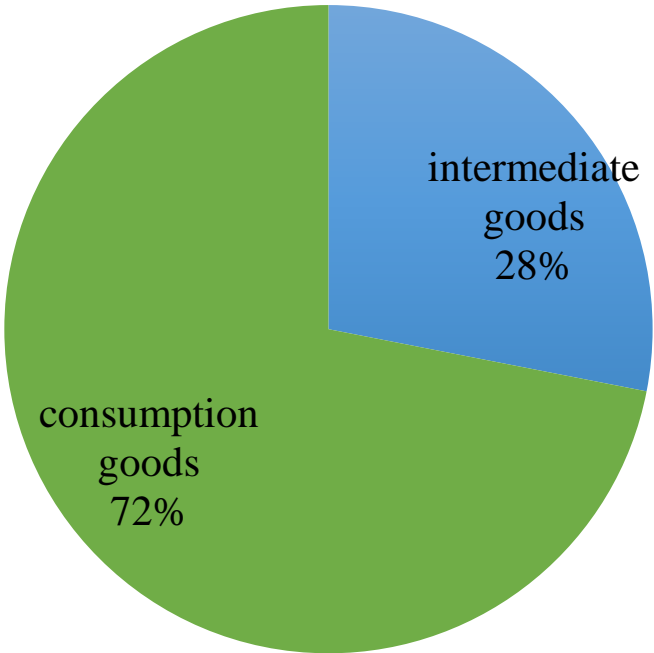
Top major commodities in Iran's import in agriculture and food import from Europe, 2016

Tariff Code	Description	Quantity (thousand of tons)	Value (million dollars)	share of total agriculture and food Iran's import from Europe (%)
10059010	Animal's corn	4,883	1,050	38
12019000	Other Soybeans, even chopped	1,113	495	18
10011990	Other Durum except Animal wheat	1,031	258	9
15121100	Sunflower-seed or safflower oil and fractions thereof	219	193	7
10039000	Other Barley except Seed	639	133	5
21069080	Complementary food	3	73	3
17011300	Raw sugar not containing added flavouring or colouring matter from cane sugar	110	54	2
15071000	Crude oil, whether or not degummed from Soya-bean	60	49	2
12099100	Vegetable seeds	1	48	2
12051000	Rape or colza seeds with Law erucic acid	79	39	1

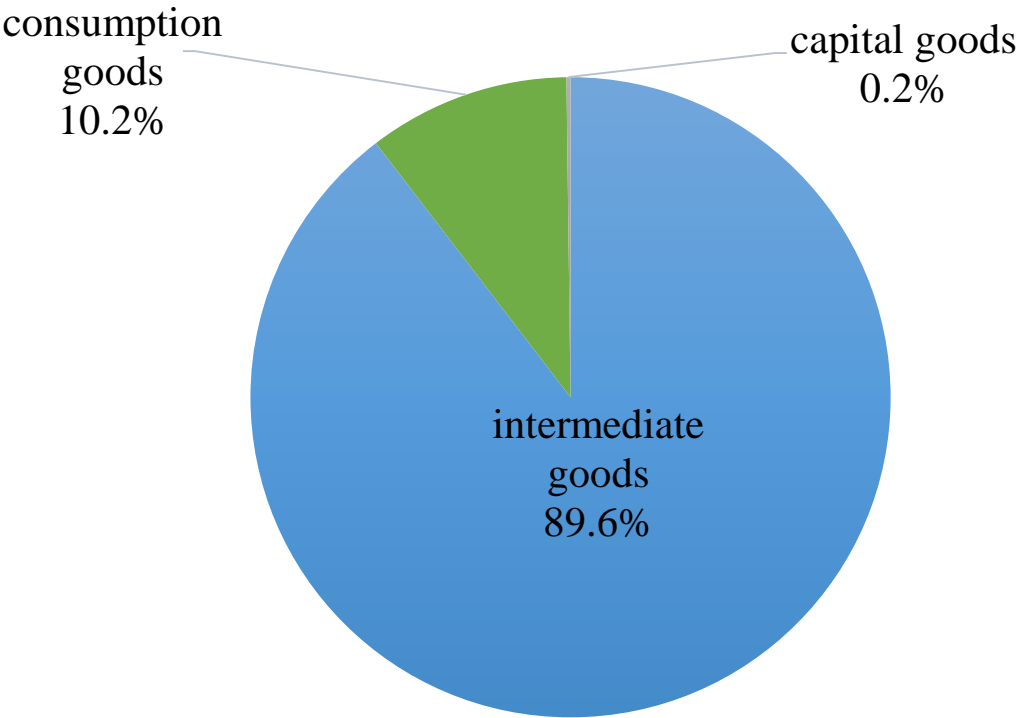
Source : Islamic Republic of Iran Customs

Composition of Goods in Iran- Europe trade

Iran’s Export to Europe Composition by basic Classes of Goods in Agriculture and Food-2016



Iran’s Import from Europe Composition by basic Classes of Goods in Agriculture and Food-2016



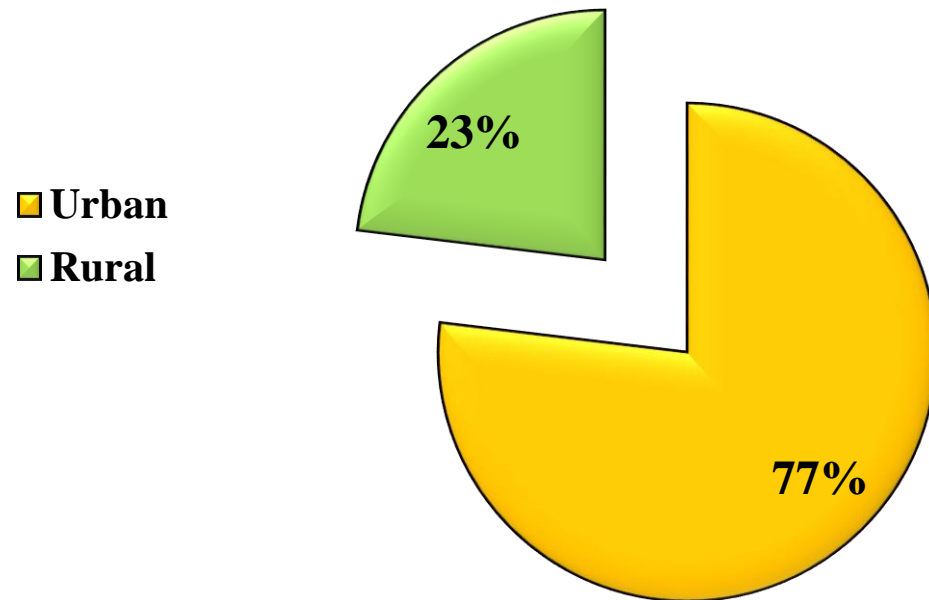
Source: United Nation and research calculation

Consumption

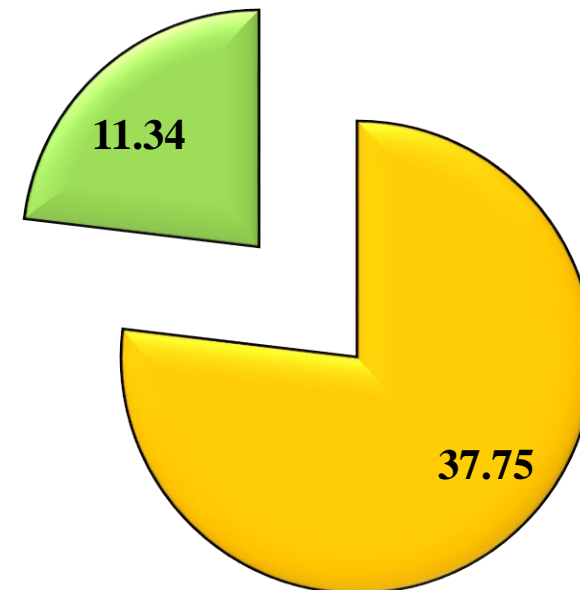
An attractive and growing food market- \$49 billion



Expenditure of Iranian households for food and beverages -Percent 2016



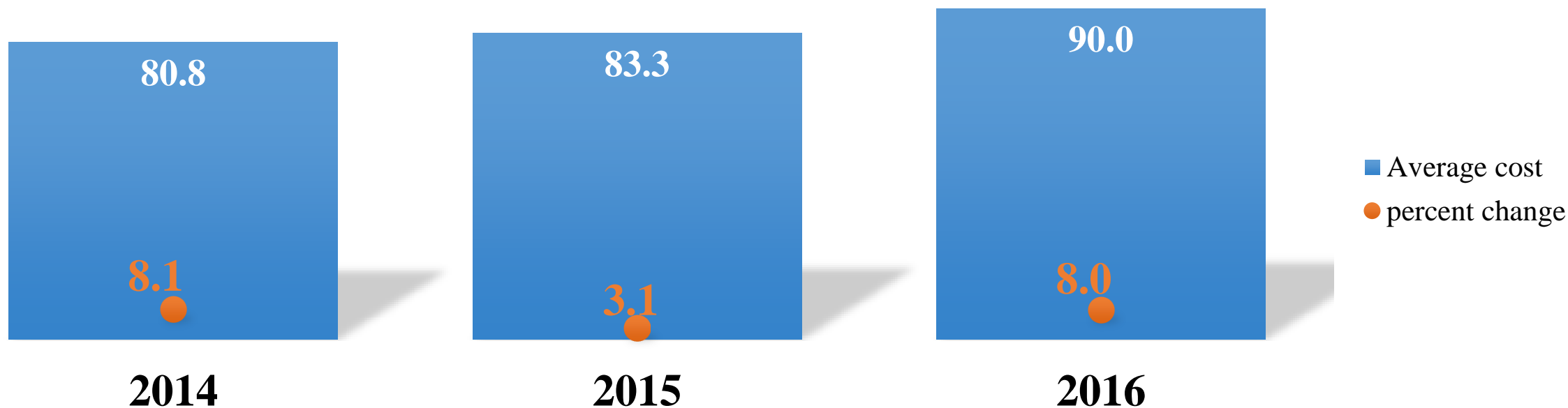
Expenditure of Iranian households for food and beverages - \$ billion 2016



The annual average expenditure of food and beverages for an Iranian household has been increasing between 2014 to 2016.



Annual Average Household Expenditure of Food and Beverage (million rials)

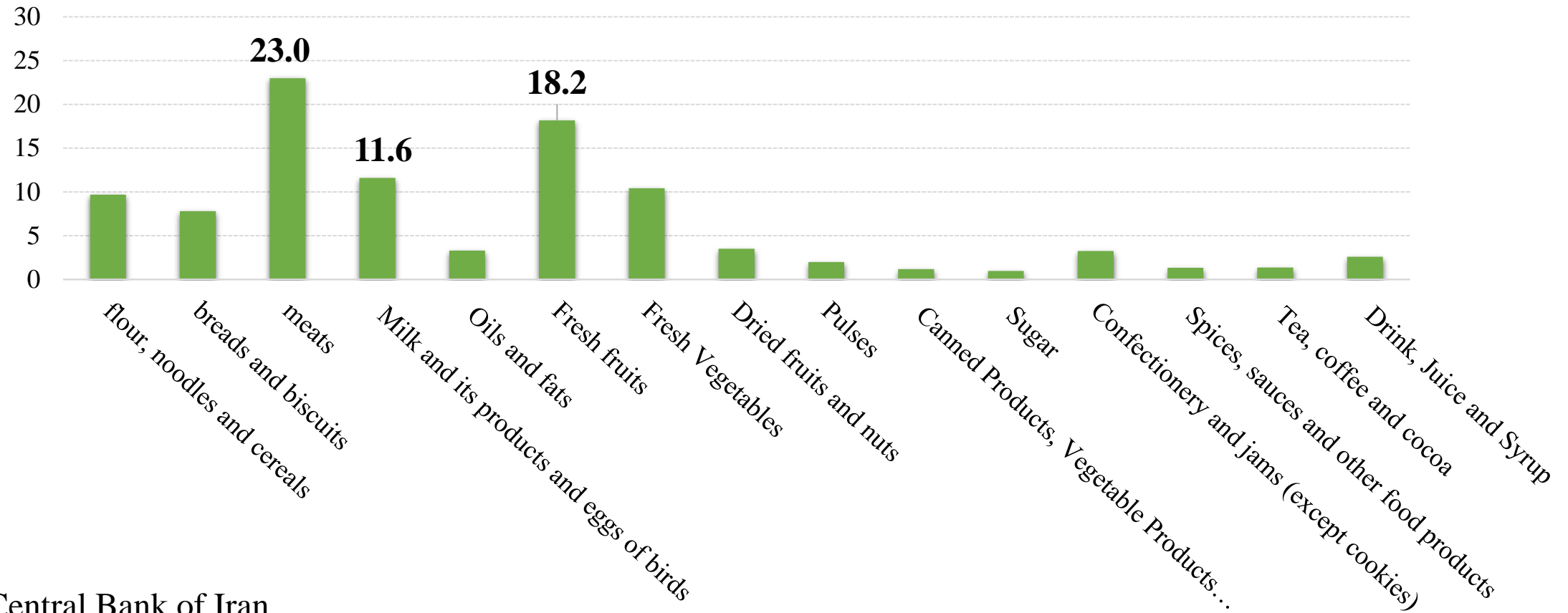


Source: Central Bank of Iran

The predominance of Meat, Fresh fruits and Dairy products in the food and beverage expenditure of households-2016



share of total annual expenditure of food and beverage for a household (%)

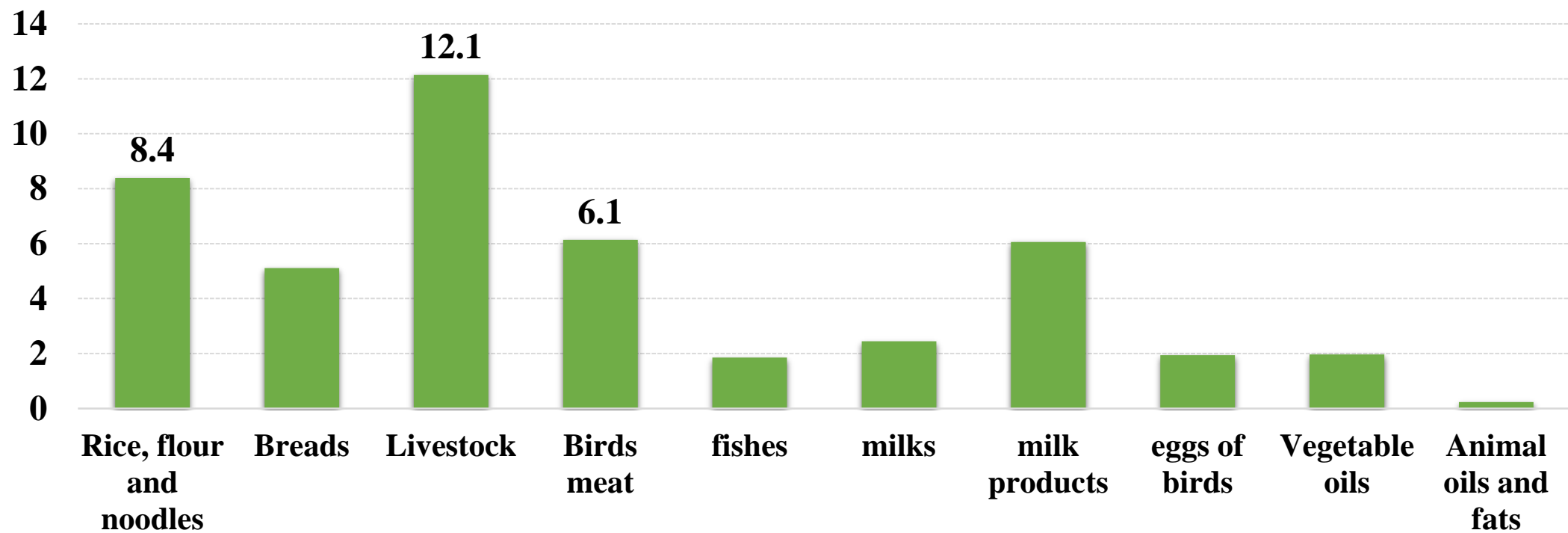


Source: Central Bank of Iran

The annual average expenditure of “livestock”, “Rice, flour and noodles” and “Birds meat” for an Iranian household in 2016 is almost 12.1 million rials , 8.4 million rials and 6.1 million rials; respectively.



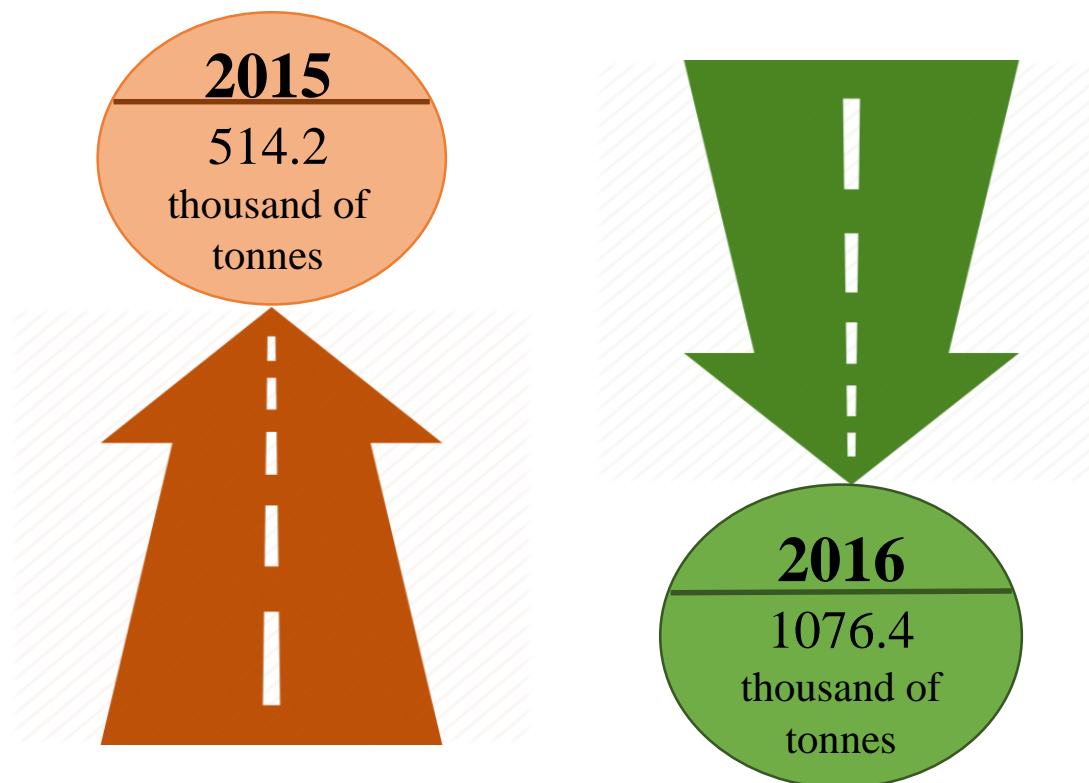
Annual household expenditure in selected products (million rials)-2016



Source: Central Bank of Iran

Transportation

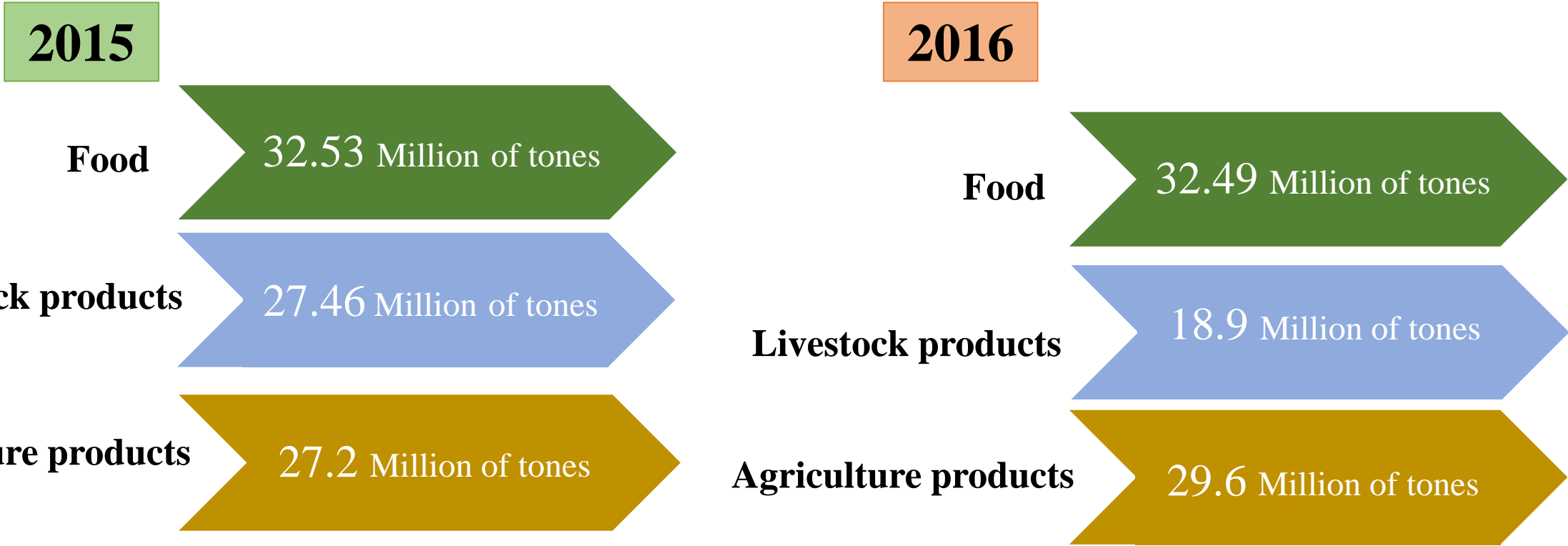
Agriculture and Food Transit



Source: Ministry of Industry, Mine and Trade

Total road transport for foods is 32534 thousand of tones which is greater than road transport for agriculture products and livestock products.

Road transport by type of goods



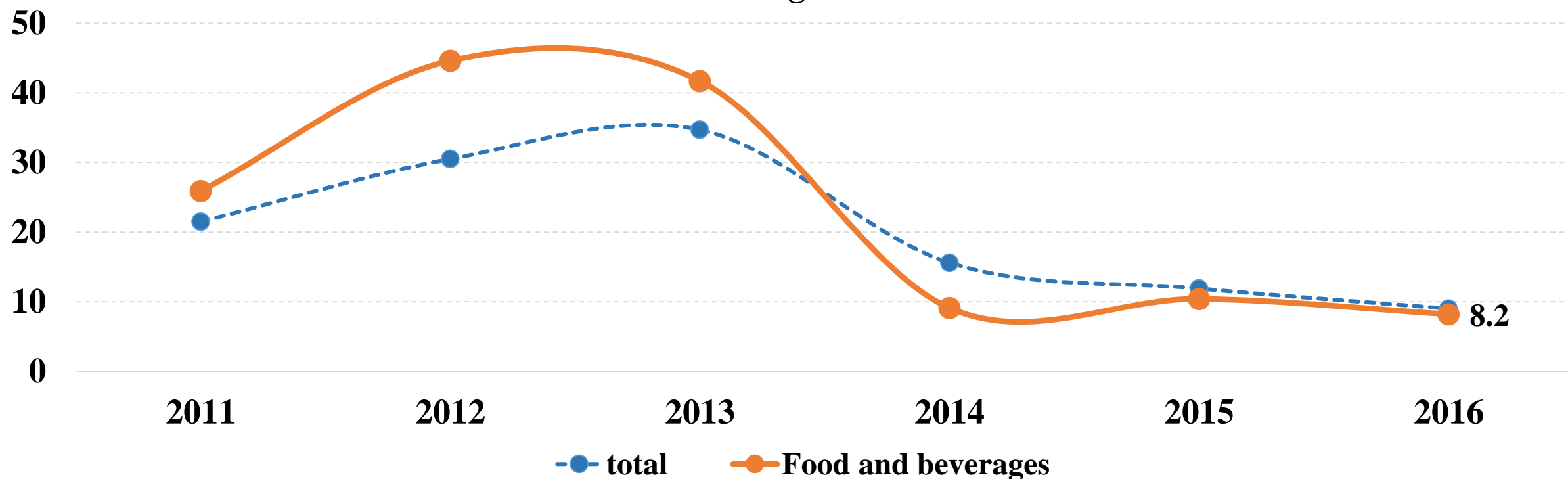
Source: Ministry of Industry, Mine and Trade

Price

A significant reduction in the food CPI alongside lowering gap between food CPI changes and inflation



Food and Beverages Consumer Price Index for Urban Consumers in Iran- Percent Changes

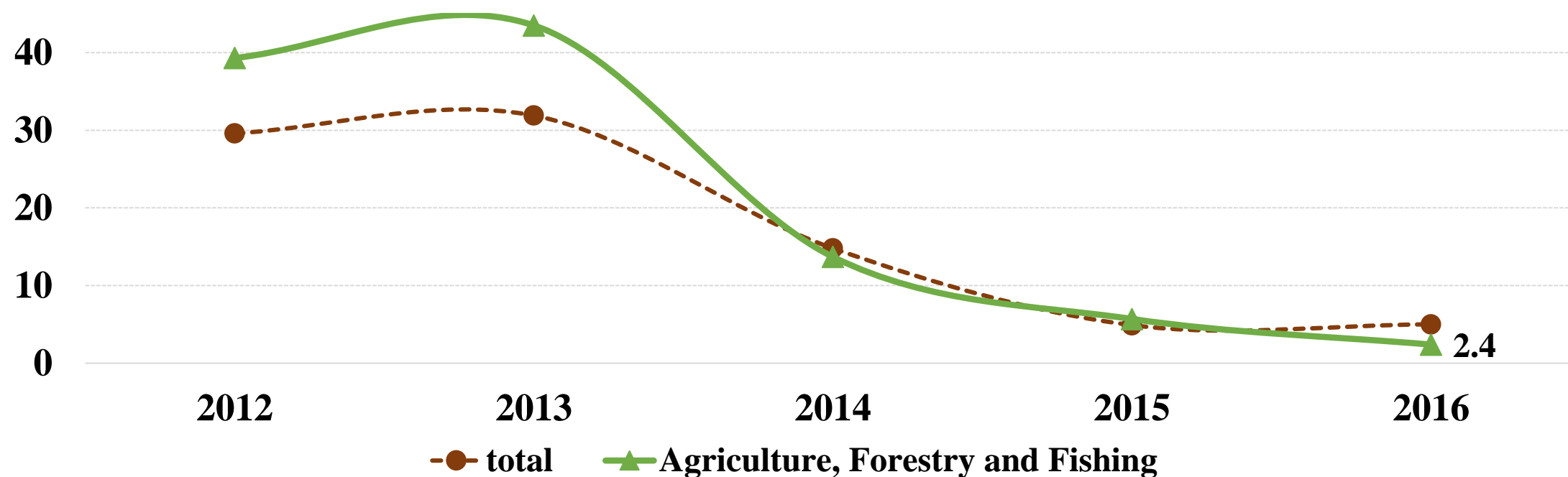


Source: Central Bank of Iran

Cutting the agriculture, forestry and fishing production price faster than total PPI



Agriculture, Forestry and Fishing Producer Price Index in Iran - percent change

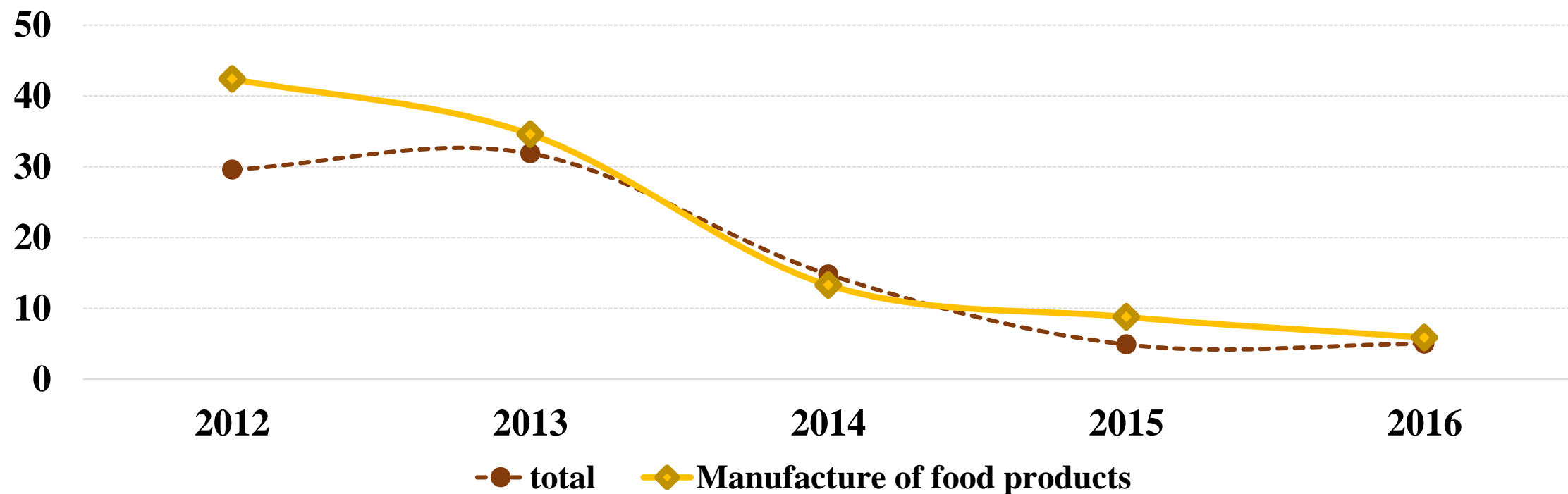


Source: Central Bank of Iran

Higher capacity of food industry to grow prices



Manufacture of food products Producer Price Index in Iran - percent change

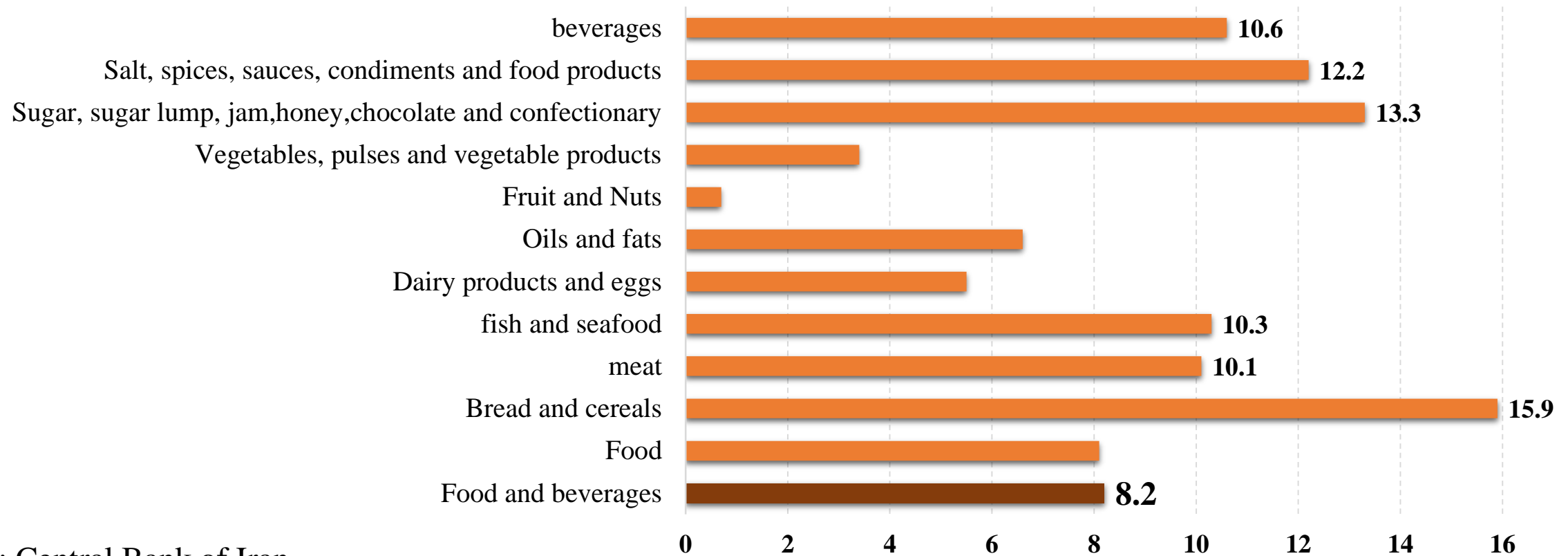


Source: Central Bank of Iran

High importance of food and beverage components in CPI (27.4 percent) Six food groups with higher CPI change than total food and beverage and inflation



Percent Changes of Consumer Price Index for All Urban Consumers in Iran in 2016

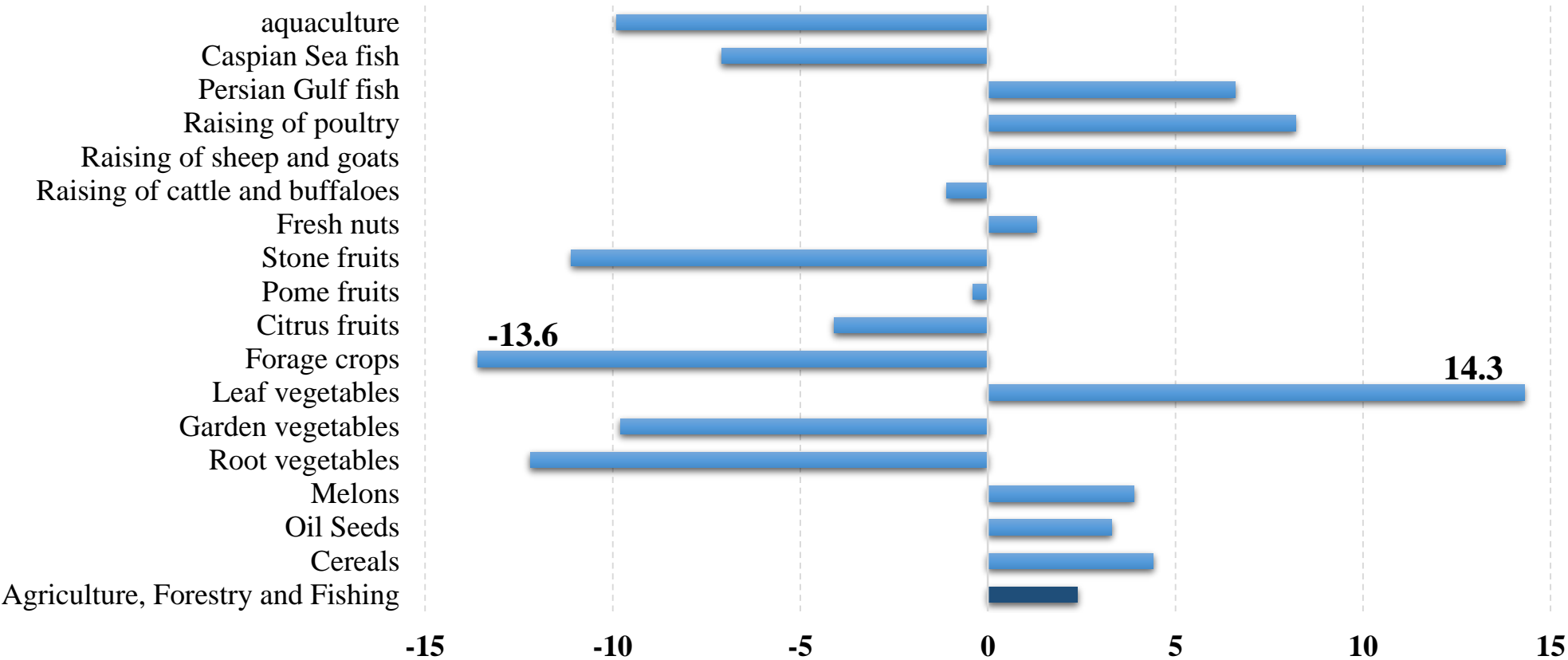


Source: Central Bank of Iran

The biggest increase in Agriculture, Forestry and Fishing products PPI is in “leaf vegetable” and the biggest decrease has happened in “forage crops”.



Percent Change of Producer Price Index in Iran for selected Agriculture, Forestry and Fishing products in 2016

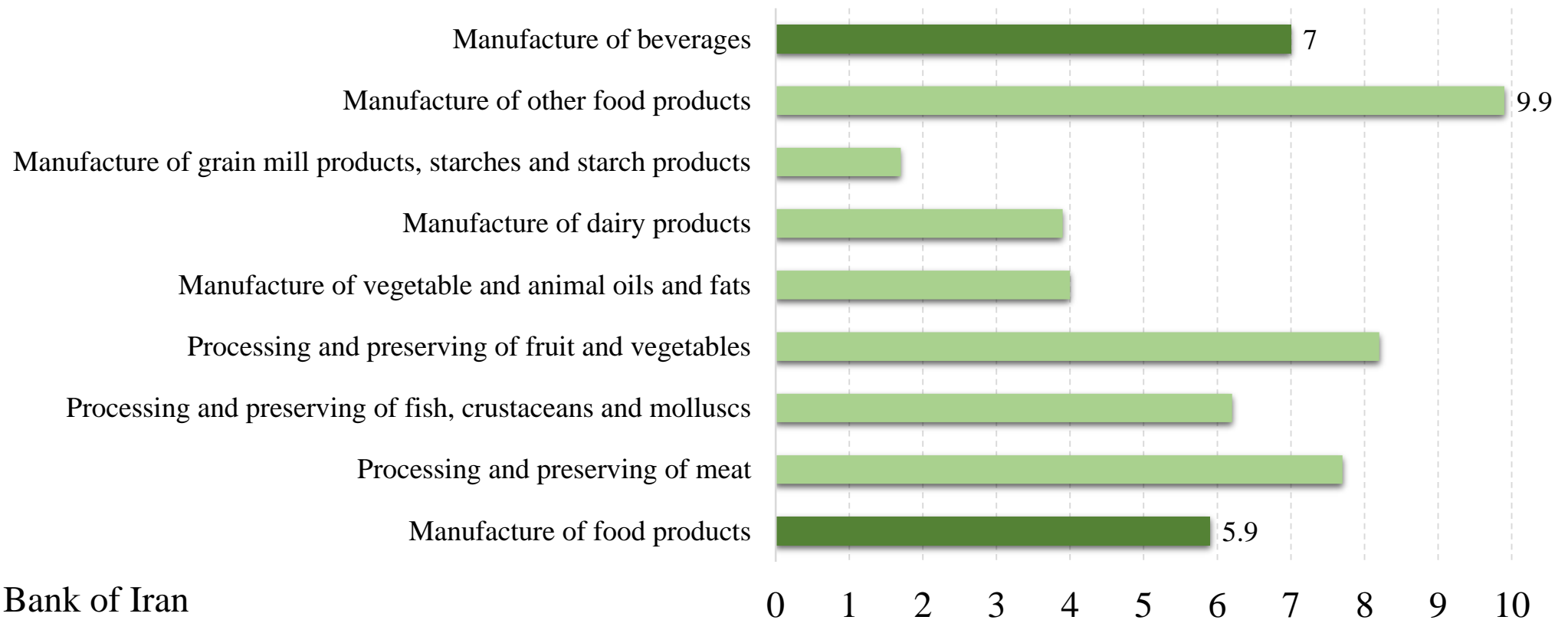


Source: Central Bank of Iran

Food products PPI increased 5.9 percent and beverages PPI increased 7 percent in 2016.



Percent Change of Producer Price Index in Iran for selected Manufacture of food products in 2016



Source: Central Bank of Iran

Capital Market

Low penetration of food and beverage industries in the capital market



	Market value (Rials)	Number of transactions	Turnover (Rials)	Transaction's value (Rials)
Foods except sugar	40,773.377 B	1,463	10.206 M	23.479 B
sugar	13,734.392 B	1,199	5.386 M	23.137 B

Number of food companies, member of the stock exchange	
Foods except sugar	20
sugar	12

Source: TSETMC, 8 Oct 2017

Iran mercantile exchange market



Offering of agricultural commodities in IME (Iran mercantile exchange) :

➤ 19 Main Group

Wheat, Durum Wheat, Sugar, Corn, Pistachio, Cotton, Peas, Rice, Date, Vegetable Oil, Raisin, Tea, Chicken Egg, Frozen Chicken, Barely, Lentils, Saffron, Cumin.

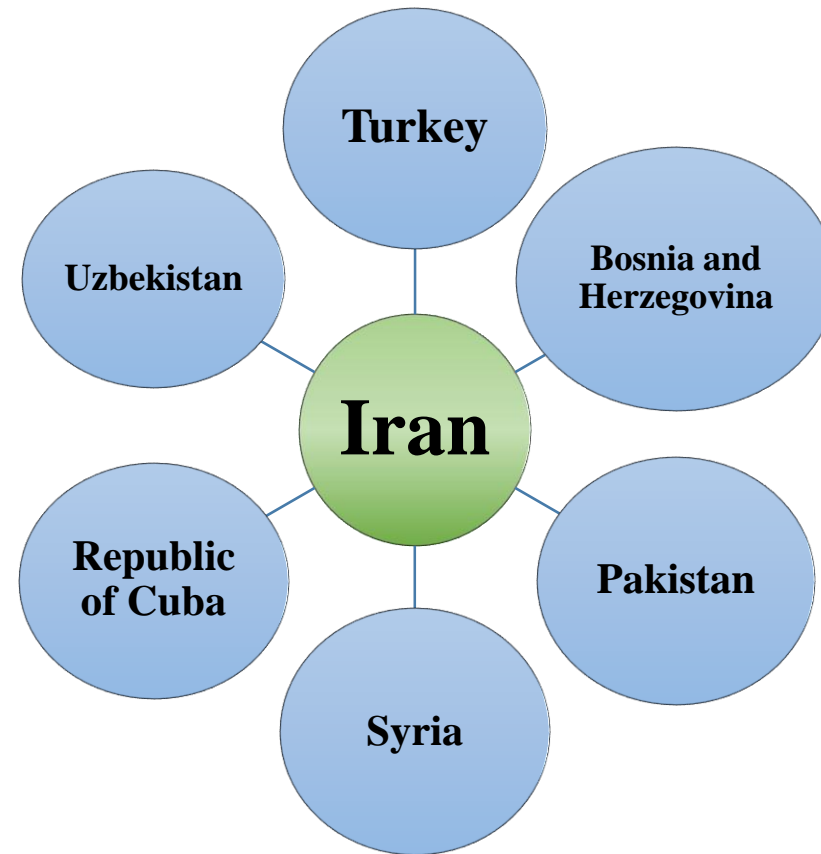
➤ 74 Sub-main Group

Laws and Regulations

6 countries are granted by Iran in tariff preferences on agriculture and food products.



Iran preferential trade agreements on agriculture and food products tariffs



Source: TPO

Mandatory standards for Import/Export of Food products



List of **imported** goods subject to mandatory standard regulations
182 goods

Link: goo.gl/RXjgLB

List of **exported** goods subject to mandatory standard regulations
231 goods

Link: goo.gl/vEpPL5

Import regulation



subject	Date	Circulars Number
اعلام شرایط قرنطینه ای واردات بذور مورینگا، کلم، اسطوخودوس، اویشن باغی، و... (فروردین ۹۶)	96/1/15	95/210/78548
لغو ممنوعیت واردات کمپوت آناناس تحت ردیف تعرفه ۲۰۰۸۲۰۰۰ (فروردین ۹۶)	96/1/28	96/210/2891
مجموع حقوق ورودی و سود بازرگانی انواع شکر خام (اردیبهشت ۹۶)	96/2/9	96/210/5088
ضوابط واردات کود و اخذ مجوزهای لازم از وزارت جهاد کشاورزی (اردیبهشت ۹۶)	96/2/11	96/210/5509
فهرست ارقام گیاهی مجاز (زراعی - سبزی - صیفی) مبنی بر واردات بدون نیاز به اخذ مجوز از دفتر مقررات و استانداردهای بازرگانی (اردیبهشت ۹۶)	96/2/3	96/210/4136
فهرست واردات کالاهای مربوط به کالاهای کشاورزی و نباتی که نیاز به مجوز کتبی از سازمان حفظ نباتات دارد (اردیبهشت ۹۶)	96/2/17	96/210/6300
اعلام شرایط قرنطینه ای واردات دانه ذرت فریز شده به روش IQF از کلیه کشورها (اردیبهشت ۹۶)	96/2/18	96/210/6880
اعلام شرایط قرنطینه ای واردات بذر کوبک از کشور هلند و بذر کدو تنبل از کشور ایتالیا (اردیبهشت ۹۶)	96/2/18	96/210/6785
آخرین فهرست ارقام گیاهی مجاز وارداتی (زراعی، سبزی و صیفی) بدون نیاز به اخذ مجوز واردات از وزارت جهاد کشاورزی (خرداد ۹۶)	96/3/7	96/210/11241

Source: Trade Promotion Organization of Iran

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Import regulation



subject	Date	Circulars Number
فهرست تعرفه های مربوط به کالاهای گیاهی وارداتی که ثبت سفارش آنها نیاز به مجوز کتبی از سازمان حفظ نباتات دارد (خرداد ۹۶)	96/3/13	96/210/12014
آخرین نسخه از فهرست ارقام گیاهی مجاز برای واردات بدون نیاز به اخذ مجوز موردی (تیر ۹۶)	96/4/17	96/210/18438
بلامانع بودن واردات ارقام کلزا ذیل تعرفه ۱۲۲۷۹۹۰۰ تا اطلاع ثانوی (تیر ۹۶)	96/4/17	96/210/18668
مهلت تمدید و ترخیص واردات برنج تا تاریخ ۱۳۹۶/۰۶/۰۱ (تیر ۹۶)	96/4/17	96/210/18700
ضوابط واردات آواکادو منوط به رعایت شرایط قرنطینه ای و بهداشتی (تیر ۹۶)	96/4/18	96/210/19042
اعلام شرایط قرنطینه ای واردات دانه ذرت بو داده یا پرک شده و طعم دار شده (شهریور ۹۶)	25/6/1396	144120/60
اعلام شرایط قرنطینه ای واردات پرک جو دو سر و پرک جو جهت مصارف خوراکی (شهریور ۹۶)	26/6/1396	144824/60
اعلام شرایط قرنطینه ای واردات دانه کینو آ پرک شده جهت مصارف خوراکی (شهریور ۹۶)	26/6/1396	144815/60

Source: Trade Promotion Organization of Iran

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List of some Laws and Regulations related to Agriculture and Food



- The Plant Protection Law and its Executive Resolution
- The Law on Foodstuff, Beverages, Cosmetics and Hygienic Material
- The State Veterinary Law
- Law on Exports of Goods and Services Exempt from Charges
- Article 16 of the Act to Increase Agricultural Productivity & Natural Resources