



Iran

Agriculture Sector

Guide



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Major Sectors



Message from the President of Tehran Chamber of Commerce, Industry, Mines and Agriculture (TCCIMA)



Since the 2nd century BC, Iran has been at the heart of the Silk Road, facilitating trade and commerce, as well as acting as a hub for the exchange of ideas and knowledge between the East and West.

Being one of the largest countries in the world, Iran has yet to reach its full potential in the international market, which can be achieved by joining the international community.

It is our goal in Tehran Chamber of Commerce to ensure that Iran's potentials besides its human resources are utilized to boost high economic growth, through offering opportunities to

investors and the job opportunities that are created as a result of these investments.

While oil and gas are undoubtedly crucial to our economy and capable of creating a win-win situation both for the country and its partners, it is also imperative to consider Iran's investment potentials in other economic sectors in order to achieve economic prosperity via the participation of the private sector.

To this end, TCCIMA has formed an Investment Center comprising prominent members of the TCCIMA board with first-hand experience to facilitate contact between its members and their counterparts in the global ecosystem.





The Center provides a platform for offering services, exchange of ideas, sharing of experiences and has helped foster new relations and partnerships which is imperative for enabling an active participation of the private sector in the country's economy and investment.

As the president of TCCIMA, I invite you to visit Iran and witness the opportunities our country has to offer as a basis for mutually beneficial co-operations.



*H.E. Masoud Khansari
President of Tehran Chamber of
Commerce, Industries, Mines and
Agriculture*

Message from the Head of Investment Center

 TCCIMA has been a key player in the private sector of Iran and plays a central role in attracting foreign investment and sustaining economic development. The Chamber effectively communicates with the competent official and private authorities and helps the private sector by all facilities aiming at creating a better climate for business in the country. To boost the country's economic growth, there is need for a joint collaboration between Iran and other countries. In the Investment Center, it is our aim to provide foreign and also domestic investors with services and facilitate their investing process in Iran on the one hand, and on the other, offer a platform to Iranian private sector to flourish and reach its potentials.

Today, Iran is in a critical phase in terms of its economic history and it is our firm belief in the Investment Center that through sustainable investment, economic development of our country is not out of reach. Extending its cooperation with the international community can help highlight Iran as a new market of global significance and provide insight into the best practices. It is essential for Iran to move fast to identify gaps and provide solutions for investment promotion and economic growth. To achieve this, the private sector itself, and its chief arm, the Chamber of Commerce, adopt a leading role in defining the way forward. In the series of brochures that the Center has accumulated, an introduction and insight into investment opportunities of 7 economic sectors of Iran has been provided which we look forward to sharing with you.

Ferial Mostofi
& President of Center of Investment
Consultancy Services



Center Missions

- To provide a platform for networking, cooperation, sharing and dissemination of ideas and information
- To provide consultation to investors on related issues (i.e. laws, regulations, tax, insurance, etc.)
- To outline different economic sectors' landscape and introduce investment opportunities and projects
- To identify investment regulation gaps, and propose mechanisms for facilitating investment processes to the related government bodies
- To facilitate more active participation of the private sector in the global value chains
- To hold training courses related to finance and investment training purposes



Overview



COUNTRY AREA

174515

(1000 ha)

FAO estimate, 2016



LAND AREA

162876

(1000 ha)

FAO estimation, 2016



AGRICULTURAL AREA

45954

(1000 ha)

FAO estimation, 2016



FOREST AREA

10691.98

(1000 ha)

FAO estimation, 2016



Overall Description of the Sector

Agriculture is a major economic sector in Iran, with a great potential for development. Since about 90% of the country's food requirements are met by domestic production, it has a huge share in country's GDP (11.6%) as well as total employment (18%). According to an estimation made by McKinsey & Company, a global management consulting firm, Iran's agricultural sector is going to grow by 4% annually and create an estimated number of 250,000 jobs by 2035. Such growth would require about 70\$ Billion worth of investment which needs to be placed on both productivity improvements and adaptation of modern agricultural techniques and technologies. These efforts will need to be accompanied by careful management of water resources, which are scarce.

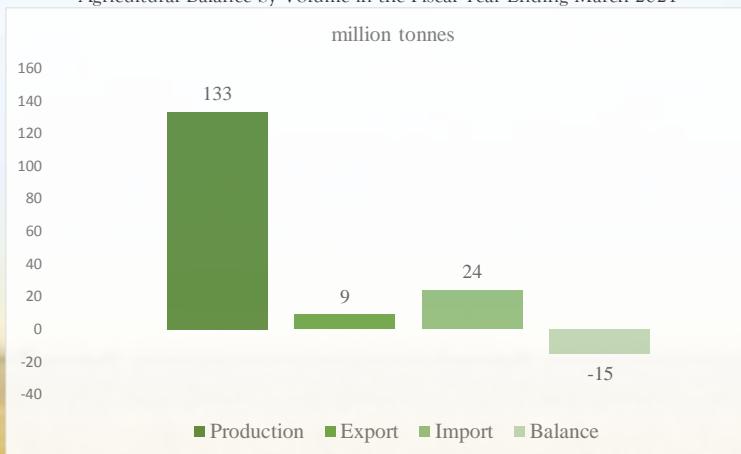
Iran is one of the top exporters of agricultural products (17.7% of Iran's total non-oil exports) in the region. Due to its proximity to a large regional market, that of its neighboring countries as well as Gulf countries some of which lack any agricultural potential, and its adequate land and air transit infrastructure.

An important part of Iran's appeal is that it is a four-season country. Different climate zones that create diverse ecological foundations for agriculture when coupled with Iran's fertile and abundant soil and land offer unique agricultural opportunities throughout the country.



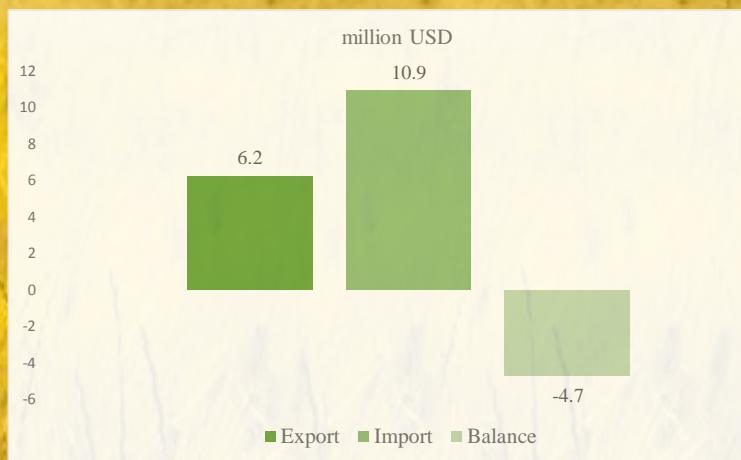


Agricultural Balance by Volume in the Fiscal Year Ending March 2021



Source: Ministry of Agriculture-Jahad

Agricultural Balance by Value in the Fiscal Year Ending March 2021



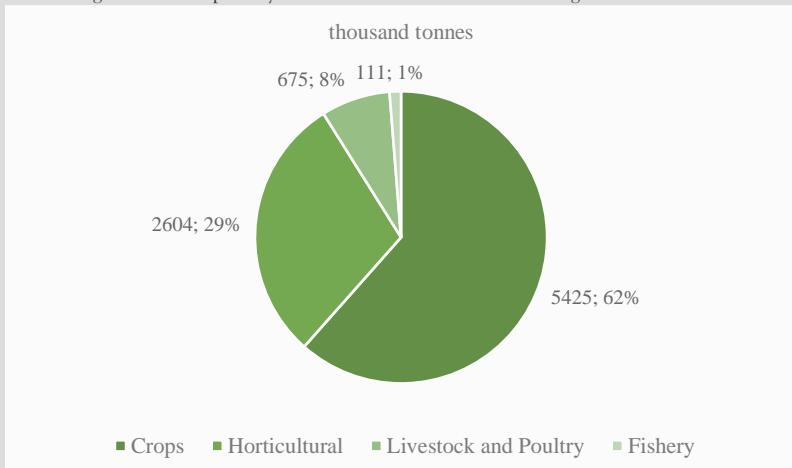
Source: Ministry of Agriculture-Jahad



Major Trade Figures

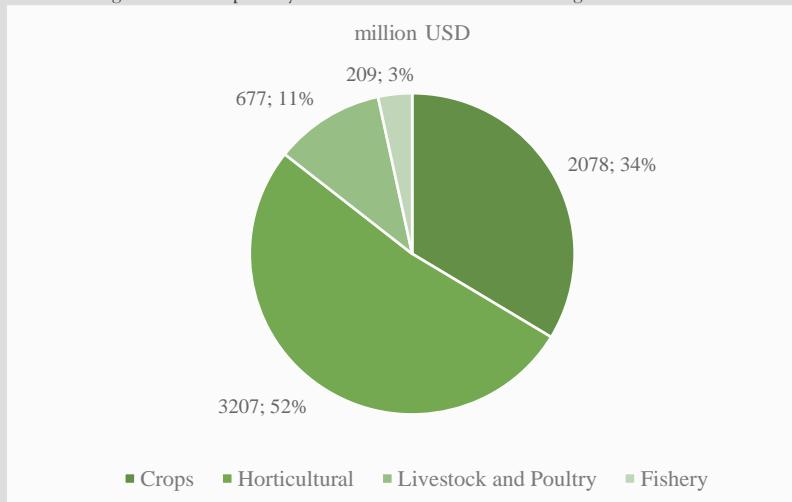
There has been an upward trend in both import and export of agricultural products. Iran exports 23.7 million tonnes of agricultural products worth USD 10.9 billion and imports 8.8 million tonnes of agricultural products estimated at USD 6.2 billion.

Agricultural Export by Volume in the Fiscal Year Ending March 2021



Source: Ministry of AgricultureJahad

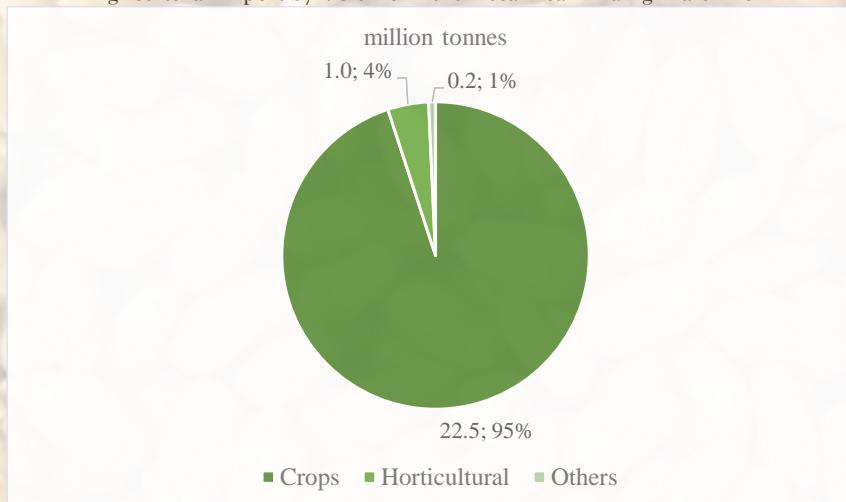
Agricultural Export by Value in the Fiscal Year Ending March 2021



Source: Ministry of AgricultureJahad

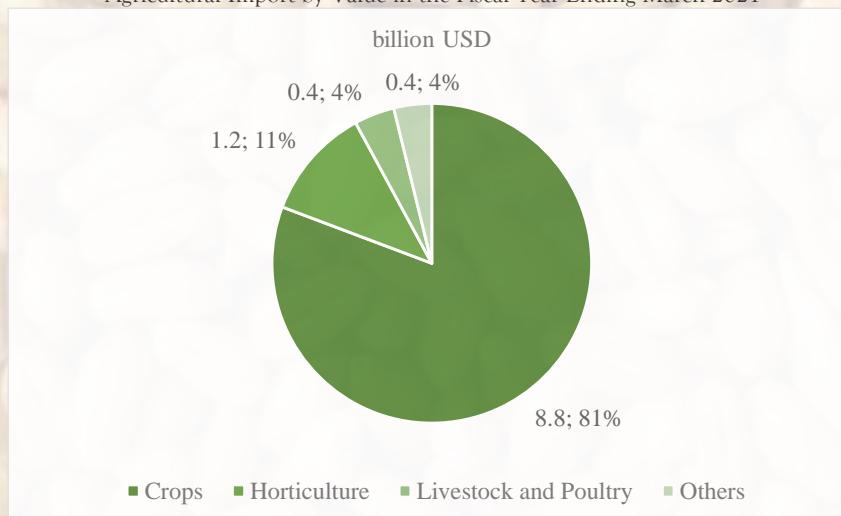


Agricultural Import by Volume in the Fiscal Year Ending March 2021



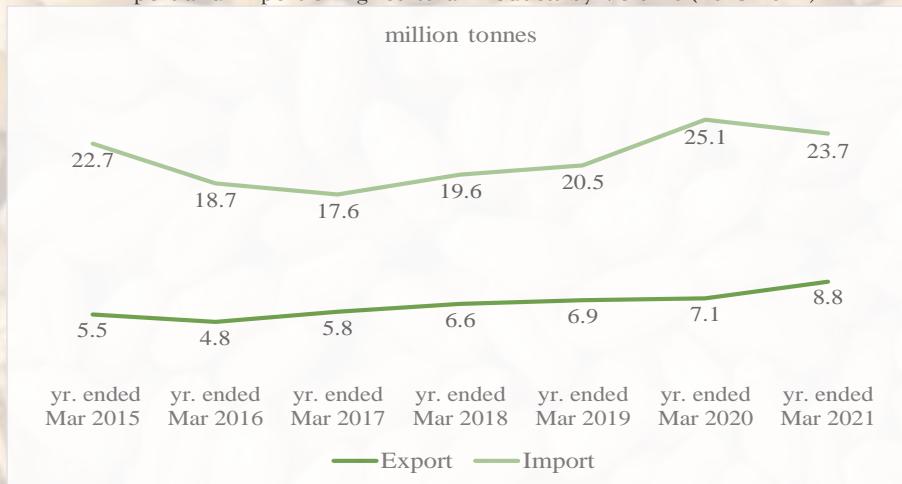
Source: Ministry of Agriculture-Jahad

Agricultural Import by Value in the Fiscal Year Ending March 2021



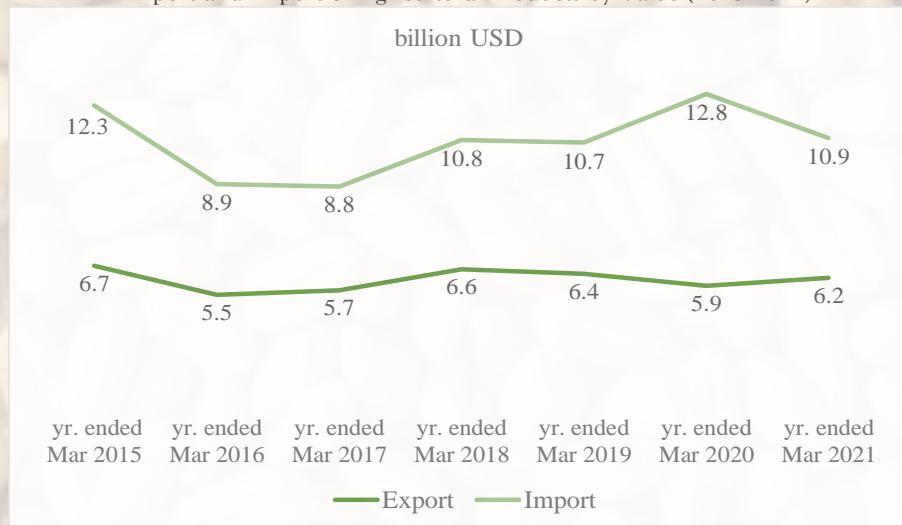
Source: Ministry of Agriculture-Jahad

Export and Import of Agricultural Products by Volume (2015-2021)



Source: The Ministry of Agriculture-Jahad

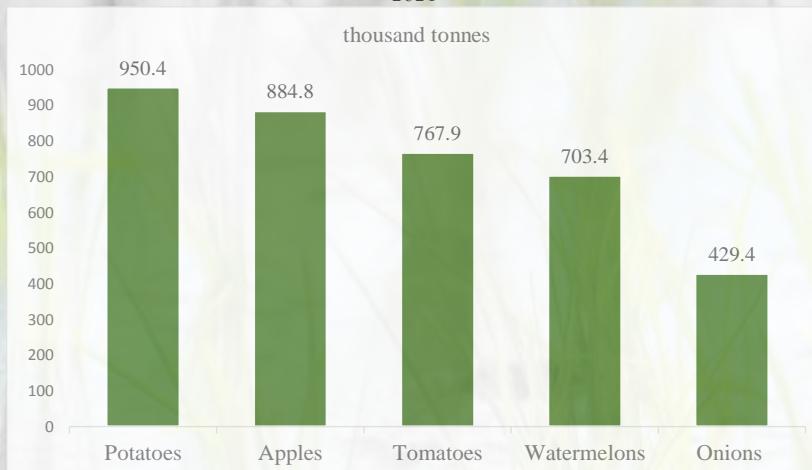
Export and Import of Agricultural Products by Value (2015-2021)



Source: The Ministry of Agriculture-Jahad



Major Agricultural Export Commodities by Volume in the Fiscal Year Ending March 2021



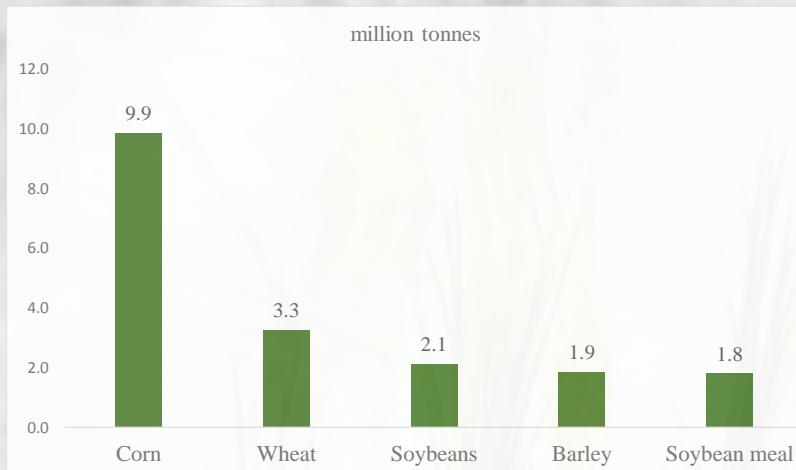
Source: The Ministry of Agriculture-Jahad

Major Agricultural Export Commodities by Value in the Fiscal Year Ending March 2021



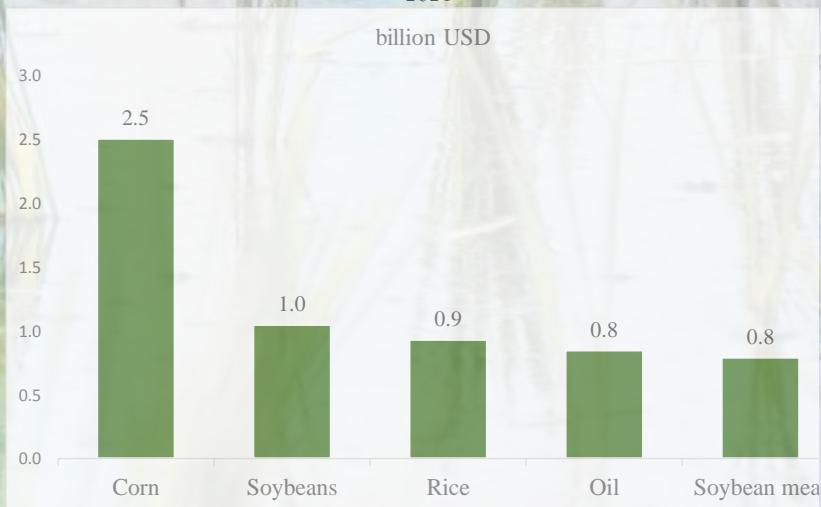
Source: The Ministry of Agriculture-Jahad

Major Agricultural Import Commodities by Volume in the Fiscal Year Ending March 2021



Source: The Ministry of Agriculture-Jahad

Major Agricultural Import Commodities by Value in the Fiscal Year Ending March 2021



Source: The Ministry of Agriculture-Jahad

Iran is...

The Global Producer of

No
1



Saffron
Barberry
Pomegranates

No
2



Pistachios

No
3



Dates
Apricots
Quinces
Unshelled
Walnuts
Natural
Honey

The Global Exporter of

No
2



Pistachios

No
3



Concentrated
Yogurt

No
4



Dates
Cucumbers
and Gherkin
Anise,
Badian,
Fennel,
Coriander



Why to Invest

Iran is...

- The 1st producer of, saffron and caviar, 2nd in pistachio and 3rd in dates at present,
- A country with all four seasons,
- The world's 3rd country in food diversity and one of the most significant players in the Middle East producing 30 out of 70 types of food products,
- A gateway to export markets in the region.

It offers...

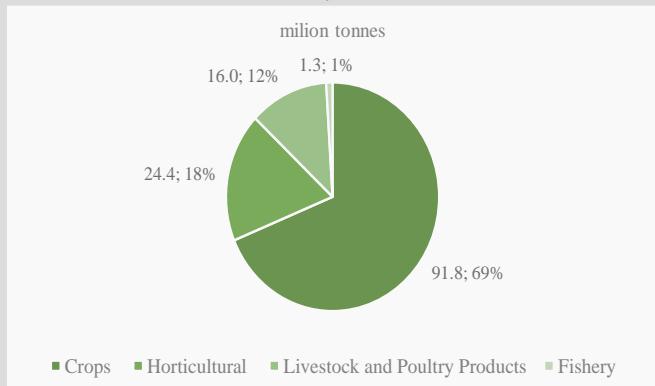
- Complete income tax exemption in the income gained through investments made in agriculture sector by investors.
- 100% tax exemption for export of agricultural products including crops, horticulture, livestock and poultry, fisheries, forest and rangelands, and process industries.
- Great investment opportunities in process industries by using modern technology in packaging and processing industries.



Agricultural Products

Drawing on its diverse climate, natural resources and ecological foundations, Iran produces a long array of agricultural products some of which, such as saffron, pistachio and caviar, hold worldwide reputations. According to FAO, Iran and Turkey share the third rank following China and the United States in terms of the diversity of the agricultural products they produce.

Comparison of Agricultural Production by Volume in the Fiscal Year Ending March 2021



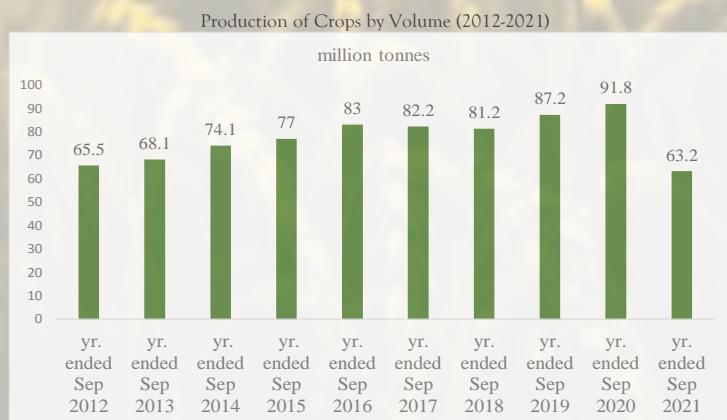
Source: The Ministry of AgricultureJahad



Crops

Crops have a share of 70% of the total agricultural production of Iran. According to the country's Ministry of Agriculture, Iran meets 84% of its demand for agricultural products domestically and the remaining 16% is met through import.

According to the Ministry of Agriculture-Jahad, Iran's total grains production in the crop year ending September 2021 reached 17.9 million tonnes. There has been a rise in the production of crops in the past few years, the total amount of crops reaching 91.8 million tonnes with a 40% rise in crop year ending September 2020 compared to the same period in 2012. In the following section, a more detailed discussion on some of Iran's main crops are presented:



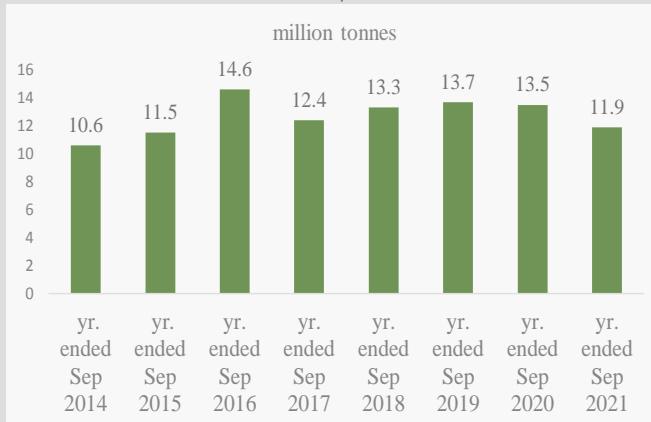
Source: Ministry of Agriculture-Jahad



Wheat

Iran's use of improved seed varieties over the past five years has boosted the country's self-sufficiency in wheat by more than 30%. Iran's wheat production is enough to make the country self-sufficient in the production of this strategic crop for the fifth year in a row. Based on the data released by the Ministry of Agriculture, Iranian farmers produced nearly 11.9 million tonnes of wheat in crop year ending September 2021.

Production of Wheat by Volume (2014-2021)



Source: Ministry of Agriculture-Jahad

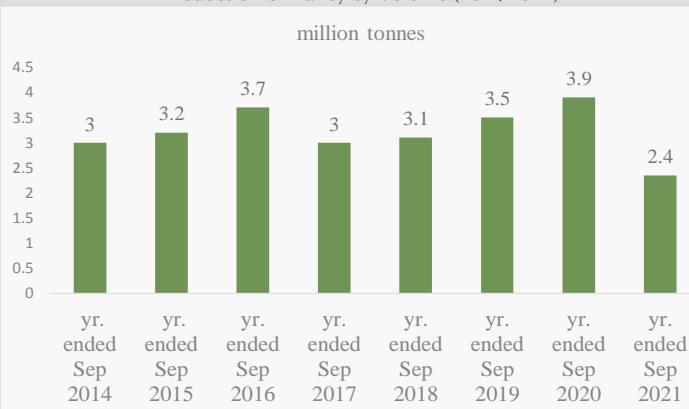


Barley

The cultivation of barley in Iran, like that of wheat, goes back to the origin of agriculture itself. Throughout history, barley has been one of the two main staple crops in Iran after wheat, and is mainly grown as a subsistence crop.

More than 2.4 million tonnes of barley was produced in crop year ending September 2021, registering a 40% decline compared to the previous year, according to the Ministry of Agriculture-Jahad data.

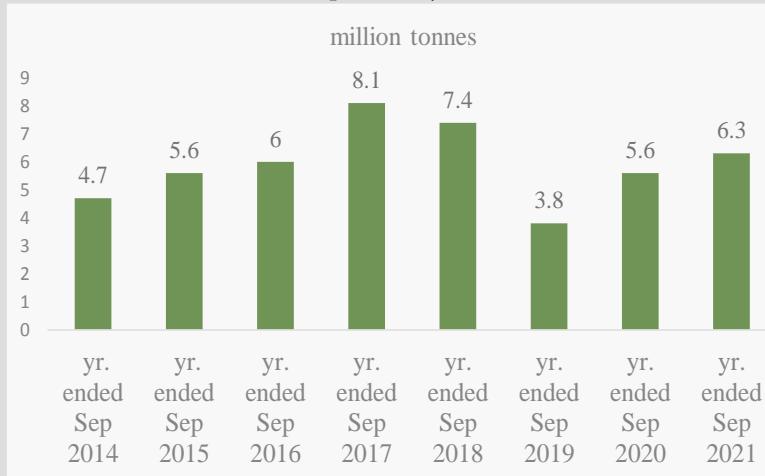
Production of Barley by Volume (2014-2021)



Source: Ministry of Agriculture-Jahad



Production of Sugar Beet by Volume (2014-2021)

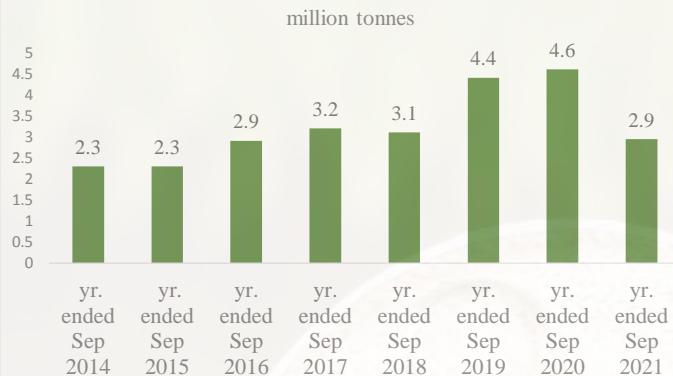


Source: Ministry of Agriculture-Jahad

Sugar Beet

A sugar beet is a plant whose root contains a high amount of sucrose and is grown for sugar production for commercial purposes. Iranians consume 2.2 million tonnes of sugar annually which indicates that there is a large market and favorable opportunity in developing the production of sugar beet.

Production of Rice by Volume (2014-2021)



Source: Ministry of Agriculture-Jahad

Rice

Iranian farmers produced 2.4 million tonnes of rice during 2020, according to the Director-General of the Ministry of Agriculture's Grains and Essential Goods Department. The country's total annual demand for rice is about 3 million tonnes, 80% of which is met domestically.



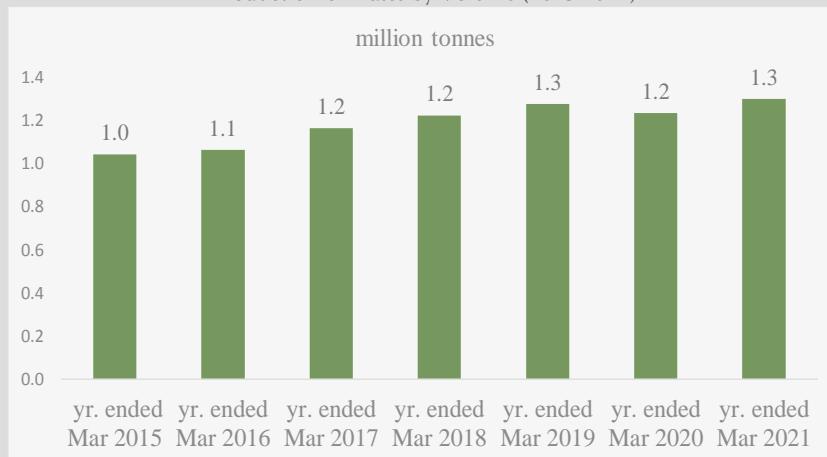


Dates

Iran exports seven varieties of dates, about 40% of which are Mazafati dates, in both fresh and dried forms. Major date cultivating provinces in Iran are Kerman, Sistan and Baluchestan, Bushehr, Hormozgan, Fars, Khuzestan and Yazd. About 1.3 million tonnes of different types of dates were produced in fiscal year ending March 2021, according to the Ministry of Agriculture-Jahad data. North American and European Union countries, as well as Russia, India and China, are the main export destinations for Iranian dates.



Production of Dates by Volume (2015-2021)



Source: Ministry of Agriculture-Jahad





Saffron

Iran is one of the world's top saffron producers and over 90 percent of its production is exported. The history of Saffron cultivation goes back to some 2500 years ago. Although this plant is known to be native to Greece and The Mediterranean region, some believe that the first habitat of Saffron was at the mountain range of Zagros and to be more precise in Alvand region in Iran. Iran saffron production was 431 tonnes in the fiscal year ending March 2021. Iranian saffron farmers exported 325 tonnes of products worth over 190\$ million to 60 foreign destinations during fiscal year ending March 2021.

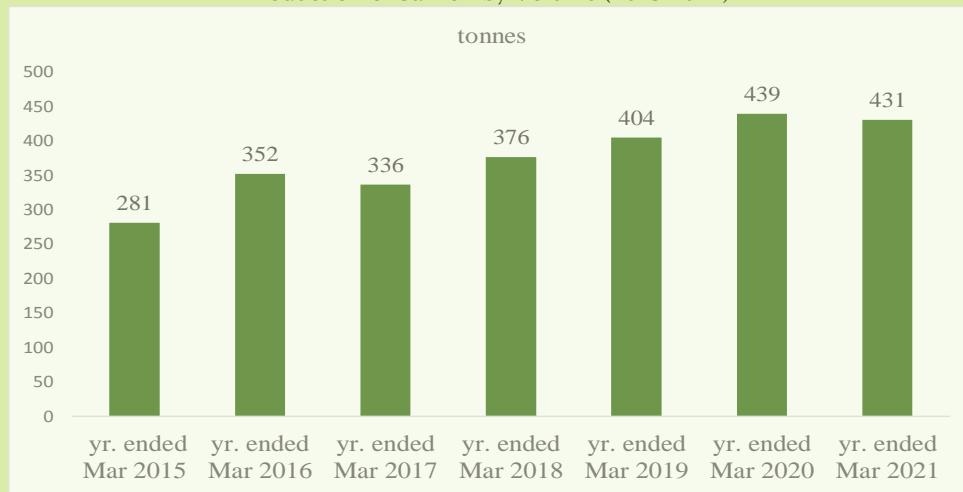


Iran's Top Saffron Buyers in 2020



Source: Ministry of Agriculture-Jahad

Production of Saffron by Volume (2015-2021)



Source: Ministry of Agriculture-Jahad

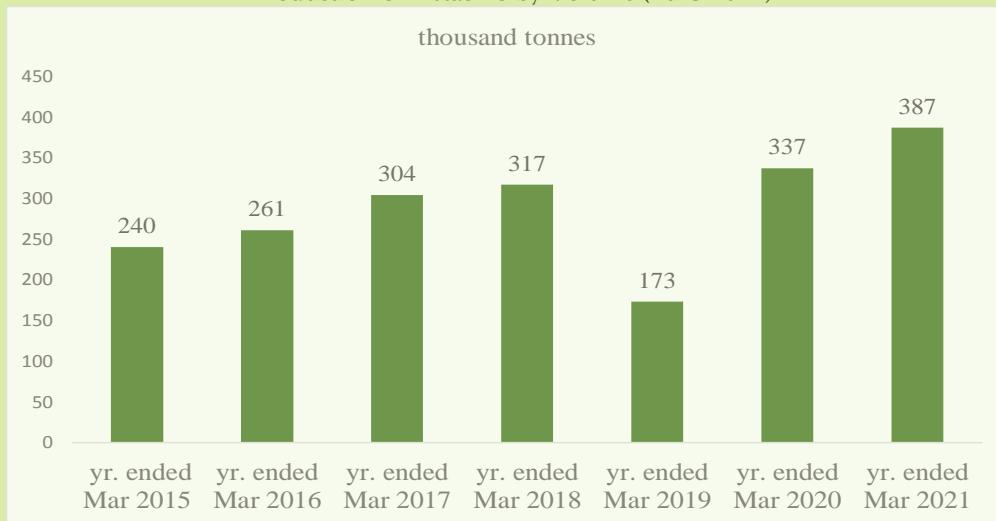


Pistachio

Iran supplies %19 of the world pistachio market demand and is one of the top 2 pistachio producers and exporters along with the US state of California in the world. The main customers of Iranian pistachios are Ukraine, UAE, Italy, Bahrain, Brazil, Bulgaria, Turkey, Canada, Qatar, Switzerland, France, Poland, Sweden, Malaysia, Vietnam, the Netherlands, Thailand, Japan, Romania and Hong Kong.

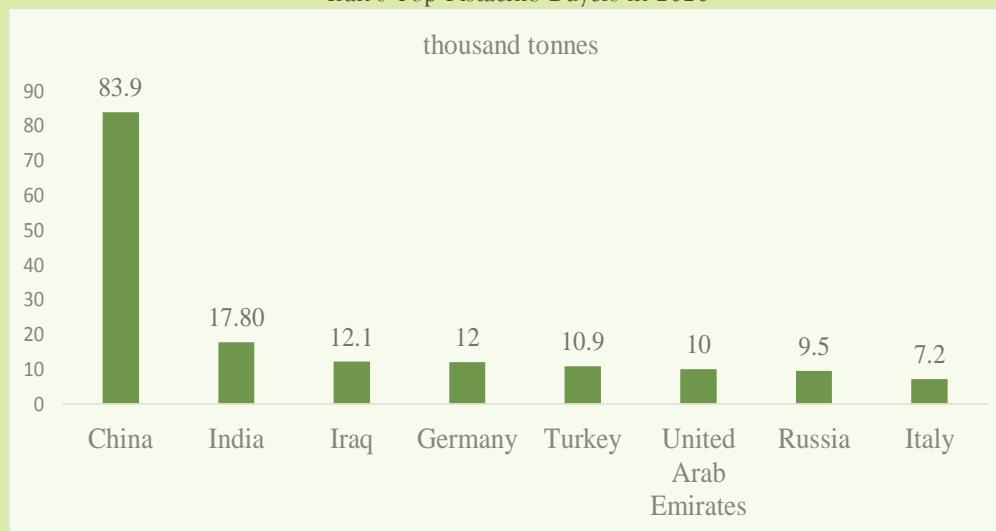
Iran exported 203.6 thousand tonnes of pistachio worth USD 1.4 billion in the fiscal year ending March 2021.

Production of Pistachio by Volume (2015-2021)



Source: Ministry of Agriculture-Jahad

Iran's Top Pistachio Buyers in 2020

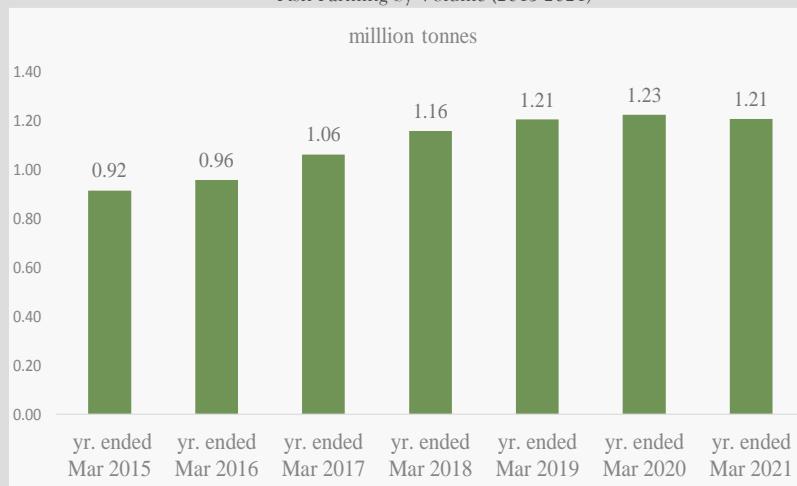


Source: Ministry of Agriculture-Jahad



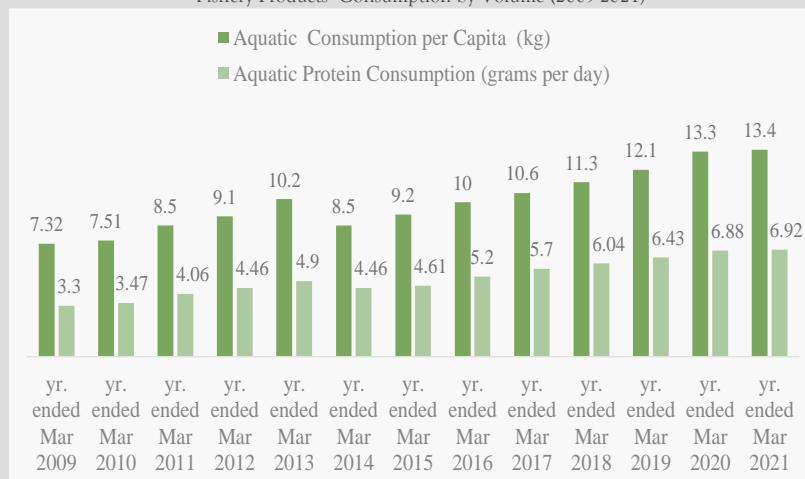
Fishery Products

Fish Farming by Volume (2015-2021)



Source: Ministry of Agriculture-Jahad

Fishery Products' Consumption by Volume (2009-2021)



Source: Ministry of Agriculture-Jahad

Fishes

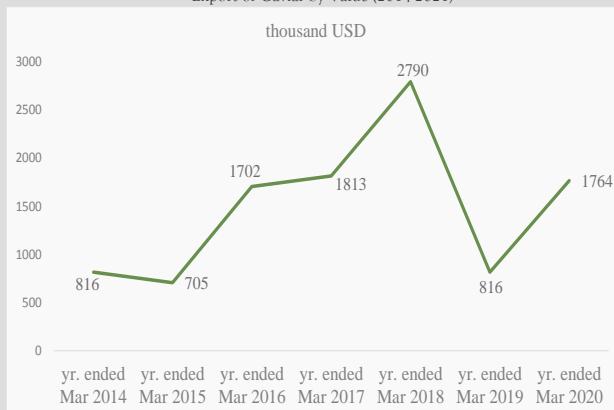
With a total coastline of 2,440 km and being bordered to the north by the Caspian Sea and the south by the Persian Gulf, Iran is endowed with resources and opportunities to farm and cultivate different types of fishery products.

The Fishery sector has an important share in both providing food for society and in balancing the ecosystem. The Food and Agriculture Organization (FAO) has defined a significant role for aquaculture in the future in terms of food supply, employment, foreign currency gains and rural development. The country's fishery export stood at 110.66 thousand tonnes worth USD 208.66 million in the year ended in March 2021, while the import was 19.76 thousand tonnes valued at USD 47.56 million, making Iran's fishery trade balance USD 188.9 million.



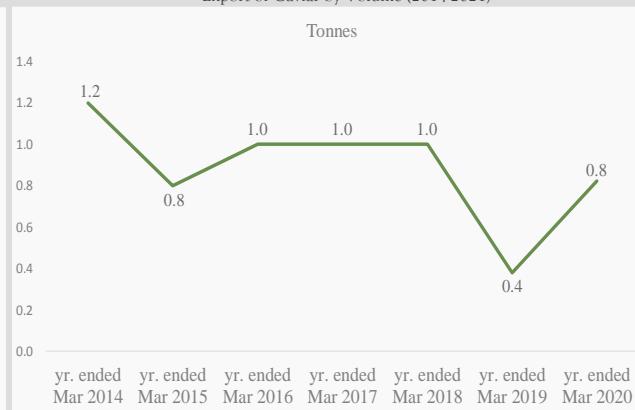


Export of Caviar by Value (2014-2021)



Source: Ministry of Agriculture-Jahad

Export of Caviar by Volume (2014-2021)



Source: Ministry of Agriculture-Jahad

Sturgeon Fish Farming by Volume (2014-2021)



Source: Ministry of Agriculture-Jahad

Caviar

The Caspian Sea is home to a variety of fish and aquatic creatures; however, it is mostly known for its caviar and its world's primary and largest habitat of the most famous sturgeon species Beluga.

Aquaculture farms for caviar fishes have been set up in 22 out of 31 Iranian provinces as part of IFO's plan to increase output and export of caviar. Based on statistics released from Customs Administration, more than 560 kilograms of caviar worth over USD 1.5 Million was exported from Iran during the fiscal year ending in March 2020. The main export destinations for Iranian Caviar are Germany, Italy, Belgium, France, UK, US, UAE, Hong Kong, Spain and Japan.





Livestock and Poultry Products

Livestock is an important national resource in Iran. More than half of the rural population depends at least in part on livestock for their livelihood. Livestock plays a key role in the lives of the rural population, generating employment and often providing about 80 percent of their cash income. Sheep, goats, cattle, donkeys, horses, water buffalo, and mules are amongst Iran's livestock animals. On average, 31.8% of the gross value of agricultural production is attributed to livestock production, which provides the main source of income and an important component of the average diet. In the last four decades, large amounts of capital have been invested in this sector and poultry production has become one of the most important economic activities in Iran.

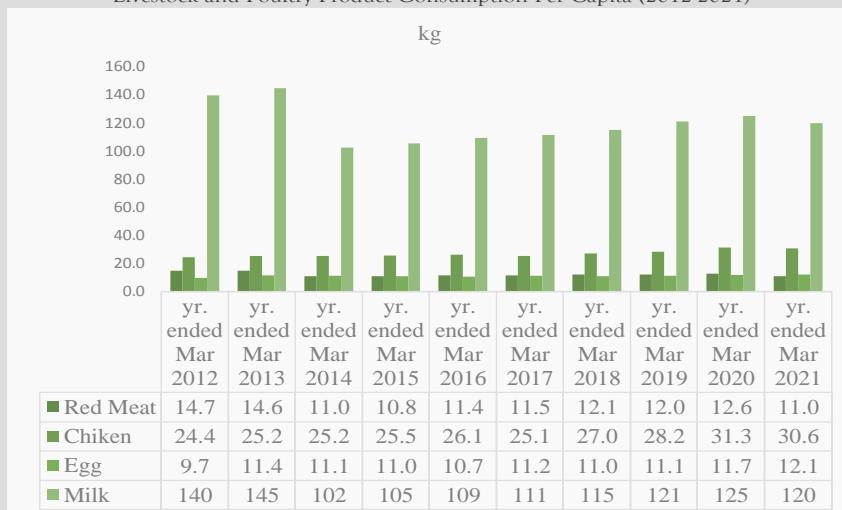
The growth in demand for livestock products equals a consequent rise in demand for animal feed, not only of cereals but also of other types of feeds and particularly proteins.

In the fiscal year ending in March 2021, there was a 1.7% rise in the production of livestock and poultry products compared to the previous year and more than 675 thousand tonnes of

livestock and poultry products worth USD 677 million were exported, registering a 232\$ million trade surplus in the sector.

As can be seen in the table below, the total of livestock and poultry product consumption per capita has witnessed a steady growth over the past few years.

Livestock and Poultry Product Consumption Per Capita (2012-2021)



Source: Ministry of Agriculture:Jahad





Chicken and Egg

Iran poultry industry has experienced a considerable growth in terms of quality and quantity in the past 60 years ranking 10th and 19th globally in chicken and egg production, respectively in 2020.

The raising of poultry for eggs and meat is prevalent and one of the areas in which production infrastructure has progressed rapidly is the poultry sector.

The importance of poultry industry in the Iranian food supply chain can be seen in per capita consumption of chicken and egg which was 30.6 Kilograms and 12.1 Kilograms with 25% and 26% growth in the last decade, respectively.

Iran exports chicken to other countries as well. The top three export destinations for the export of chicken are Afghanistan, Iraq, and Venezuela.



Production of Chicken by Volume (2012-2021)



Source: Ministry of Agriculture/Jahad

Production of Eggs by Volume (2011-2021)



Source: Ministry of Agriculture/Jahad



Red Meat

Iran is among the leading consumers of red meat in the West Asia region with lamb being the most popular one. According to the Statistical Center of Iran (SCI) report, beef and veal had the largest share in the country's red meat output.

According to the officials, 900,000 tonnes of red meat including beef and mutton, is needed annually, up to 860,000 tonnes of which is produced in the country every year.

Production of Red Meat by Volume (2011-2021)



Source: Ministry of Agriculture-Jahad





Dairy Products

Iran is currently the 2nd exporter of milk and dairy products in the region, after Turkey.

Iranian dairy products have been exported to 30 countries including Canada, Germany, Britain, Russia, Malaysia, United Arab Emirates, Iraq, Bahrain, Afghanistan, Pakistan, Kazakhstan, and New Zealand.

Iraq has been the first major export destination of Iranian dairy products, while Afghanistan and Pakistan are the second and third export destinations for Iran.

Production of Milk by Volume (2011-2021)



Source: Ministry of Agriculture-Jahad



Investment Incentives

Fund Corporate Income Tax at a Flat Rate of 25%	
Income Tax with Rate of 0.0%	Duration of Exemption
Industry, Mining & Services (Hospital & Hotel)	5 Years
Industry, Mining & Services (Hospital & Hotel) in Industrial Parks and Special Economic Zones	7 Years
Industry, Mining & Services (Hospital & Hotel) in Less Developed Areas	10 Years
Industry, Mining & Services (Hospital & Hotel) in Less Developed Areas Located at Industrial Parks and Special Economic Zones	13 Years
100% of Income Derived Agricultural Activities	Perpetual
100% of Income Derived From Export of Services, Non-oil Goods, Agricultural Products and 20% of Income Derived from Export of Non-Processed Goods	Perpetual



Incentives Offered by Features & Advantages of Foreign Investment Promotion & Protection Act (FIPPA)

The decree that protects and encourages foreign investors and provides a framework for activities of foreign investors in Iran referred to as Incentives Offered by Features & Advantages of Foreign Investment Promotion & Protection Act (FIPPA) was passed in 2002. This decree enables foreign investors to make investment in all economic sectors in Iran while receiving incentives and protections that are offered by the Organization for Investment, Economic and Technical Assistance of Iran. It needs to be noted though that only investors who have obtained FIPPA license will receive these incentives and protections. The Organization for Investment, Economic and Technical Assistance of Iran is responsible for granting foreign investors with these licences and upon receiving them, the investors will receive the services offered by this organization for as long as they are carrying their businesses in Iran.

Upon receiving the FIPPA licence, all rights and interests of foreign investors are acknowledged and protection against non-commercial risks is granted.



Further, this licence ensures that the Iranian government would not only facilitate swift return of the investments made to the home country (or any other country for that matter) that the investors wish to transfer their assets to, but would also pay the full compensation price in occasions that the activities of foreign investors have been disrupted or delayed illegally.

The Organization for Investment, Economic and Technical Assistance of Iran has set up investment centers in Tehran and other major cities in Iran to offer services in all areas that are related to investment.



FIPPA License Facilities

- Transfer of capital, dividend and the profits gained in the form of currency or goods.
- Unrestricted partnership percentage for foreign investors.
- Possibility of registering an Iranian company with 100% foreign capital.
- Same behavior with both foreign and domestic investors.
- Investment possibility for foreign real and legal persons and Iranians residing abroad.
- Investment possibility in all areas permitted to the private sector.
- Providing protection for all foreign investment plans.
- Fast and short application and approval process for foreign investors.
- Issuance of a 3 -year residence permit for investors, managers, foreign experts and their first-degree relatives.
- Receiving full protection by the government against all non-commercial risks.
- Paying towards due commitments of foreign investors by Iranian government in occasions that an investment project has been stopped or delayed by the government.
- If foreign companies use the capacity of domestic production units and export at least 20% of the total production, from the day they start their collaboration with the domestic unit, they will enjoy one year of tax-break followed by a 5-year tax exemption of 50% which is extended to 11 years in underdeveloped areas.





Other Tax Incentives

- Taxable incomes of knowledge-based institutions resulting from the contracts, research and development activities, commercialization and knowledge-based services are exempted from tax for 20 years.
- Companies with more than 50 employees: in case of increasing the employment volume up to 50% in comparison to the previous year, they will enjoy one added year of exemption.
- If foreign companies with the capacity of domestic production units start business with authentic brands and export at least 20% of their total production, they can benefit 50% of tax exemption.
- If the total taxable income is equal to or less than the registered capital, 50% of the income will be tax free.

Less Developed Areas

- If the total taxable income capital is equal to or less than the double of registered capital, 100% of the income will be tax free.
- In case of each 5% foreign investment, 10% will be added to the two incentives for a maximum of 50%.



Export Tax Exemption

- 100% of the income gained through export of non-oil goods and services and agricultural products, and 20% of raw materials is exempted from tax.
- 100% of the income gained through export of products that have been imported to Iran in the form of transit is exempted from tax payment.
- 50% tax rate discount for exporting at least 20% of the manufactured goods that are produced with foreign investment input.



Investment Incentives in Special Economic Zones

- Import from economic zones for domestic consumption would be subordinate to export and import regulations, while export from the areas will be carried out without any formalities.
- Import from abroad, free zones, or industrial areas would be carried out with minimal customs formalities, and domestic transit are performed in accordance with the relevant Regulations.
- Goods imported from abroad, industrial areas or other commercial zones could be exported with no formalities.
- All the goods imported to the region for the required production or services are exempted from the general import-export laws. Import of goods to other parts of Iran will be subordinated to export and import regulations.
- All the goods imported to the region for the required production or services are exempted from the general import-export laws. Import of goods to other parts of Iran will be subordinated to export and import regulations.

14 special economic zones

- Salafchegan Special Economic Zone
- Shiraz Special Economic Zone
- Assaluye Special Economic Zone
- Arge Jadid Special Economic Zone
- Lorestan Special Economic Zone
- Sarakhs Special Economic Zone
- Sirjan Special Economic Zone
- Yazd Special Economic Zone
- Bushehr Special Economic Zone







Further Incentives in Agriculture

In order to maintain food security and self-sufficiency in production of agriculture, horticulture, crops, fishery, livestock and poultry products, and increase export of these products and also improve water and soil efficiency, the government should take the following measures:

- Develop the agriculture sector with concentration on optimization of breeding and cultivation of seeds in order to achieve self-sufficiency in production.
- Guarantee the purchase of agricultural products or paying compensation to farmers in case of delay in purchase.
- Increase the production of strategic products and change 500 thousand hectares of hilly lands to gardens.
- Optimize the usage of pesticides and chemical fertilizers and increase the consumption of compost and organic formulations of pesticides and fertilizers.
- Invest in conducting studies on developing and transferring new technologies and also support start-ups that are active in this field.
- Regulate and subsidize vaccination of livestock and poultry animals.
- Develop a smart infrastructure to track down agricultural products from the starting point up until they reach consumers.
- Support expansion of export capacity of products of forage factories, fishery and poultry animals and packaging industries.
- Pay compensation to insurers of agricultural products and develop an agriculture insurance fund.
- Provide financial and technical support to renovate existing gardens and farms.
- Allocate an equivalent of %10 of the National Development Fund to non-governmental investor applicants in agriculture sector and process industry.
- Allocate 20% of agricultural support funds for export facilities.
- Facilitate export of agricultural goods by allocating export incentives.

- The government has to pay the compensation derived from the gross domestic production price with the final price of the product in export destinations and pay it to farmers from the source of government subsidies.
- Decrease the price difference between the final cost of production and the market price by 10%.
- Mandate insurance of livestock and poultry animals against epidemic diseases and having 50% of the insurance cost covered by the government.
- Increase investment share in agriculture sector by a minimum of 2%.
- Waive farmers' loan fees and profits when they have faced losses from unforeseen events and accidents and extend the payback time by three years.
- Create and propagate educational contents on the national radio and television about managing water consumption and preserving and protecting the nature.
- Allocate 15% of non-specialized banks' loan facilities to the agriculture sector.
- Exclude packaging, freezing, grading, peeling and drying of agricultural products from paying taxes since these actions are not part of the processing of these products.
- Grant 85% of the development cost of new irrigation methods and therefore foresee this in annual budget plan.

In addition to the above-mentioned incentives, it must be noted that all income gained from agricultural activities, livestock farming, fishing and bee breeding, poultry breeding, fodder, forests and gardens are exempted from tax for Iranian and foreign investors. Furthermore, 100% of the income gained from export of industrial and agricultural goods (including agriculture, gardening, livestock and poultry and fish) and its transformative and supplementary industries, and 50% of income from the export of other goods that are exported to other countries are exempt from tax.



Government Vision/Outlook



The production of agricultural products is going to reach 200 million tonnes a year by 2023 if agriculture sector is provided with necessary facilities. Iran's Five-Year Development Plans set out the goals and objectives to be achieved by the country during five-year timespans. There are 3 defining elements including: the creation of a sustainable economy, scientific and technical progress, and the pursuit of cultural excellence. The development plan foresees an average of 8% of economic growth rate and a five-year restructuring of state-owned companies, the financial and banking division and also the allotment and allocation of oil revenue among the government's main goals.

Despite its promising features and potentials to shine in agriculture market, Iran's agriculture sector is currently operating at a very low standard that has resulted in vast misuse and exploitation of the country's energy and water supplies to the extent that its water resources are in great risk of running out in the near future.

However, today, the Iranian officials have come to realize that in order for the



agriculture industry to survive and maintain water and other vital natural resources, the old-fashioned and abolished cultivation and farming methods need to be replaced with more eco-friendly and up-to-date approaches and standards. To this end, USD 2.658 billion was allocated to the Ministries of Agriculture and Energy by the National Development Fund of Iran for improvement of water supply infrastructures. Further to that, another USD 1.3 billion worth of investments have gone into the mechanization of different fields of agriculture in order to upgrade the country's agriculture facilities and infrastructure.

In order to help achieve the goals set for this sector, the government is going to increase its investment in agriculture sector infrastructure and move towards improving the sector business environment which can help with the growth of private investment. Hence, the government is now paying special attention to the important issue of financing (investors) for the purpose of renovation of farms and gardens, including completion of new irrigation grids, upgrading irrigation systems of farms and gardens, modernizing agriculture equipment and enhancing technologies of breeding, husbandry and aquatics as well as protection and revival of natural resources. Furthermore, a major priority of the government is the implementation of health and bio-environmental standards in accordance with the latest world scientific developments in production and processing of agro-products, reduction of waste during production stages, cropping, transport, storage and delivery.







Agriculture Investment Opportunities



A study has been done based on MIC MAC model to analyze the interactions between various economic sectors in Iran. The following conclusions have been drawn which emphasize the important role that agriculture plays in Iran's economy:

- The agriculture sector is comprised of two dependent divisions of animal husbandry and agriculture, and gardening. There is also one independent division which is forestry and logging.
- Accounting for more than 12% of intermediary demands as well as raw material needs of other economic sectors, the agriculture sector divisions play a vital role in supply chain in the country.
- Accounting for more than 7% of final demand which includes family food demands, state demands and export, the agriculture sector divisions are one of the main parts of the capital and consumption basket in the country.
- Accommodating more than 10% of the total demand in Iran's economy (including final and intermediary demands), the agriculture sector divisions' roles are crucial in making a balance between the country's total supply and total demand.

- The agriculture sector divisions constitute more than 11% of raw and intermediary materials in Iran's economy with animal husbandry and agriculture and gardening accounting for 6% and 5% of this figure respectively.
- The agriculture sector divisions cover 8% of the country's total value added, 6% of which is generated by agriculture and gardening division.
- The agriculture sector divisions constitute about 9% of the total imports to Iran with agriculture and gardening division accounting for 5% of this figure and animal husbandry for the remaining percentage.





The agricultural products in Iran have a huge share in the country's economy. With a population of almost 84 million and access to a huge regional market (including Iraq, Afghanistan, Gulf countries, etc.), there are great investment potentials in the agriculture sector in Iran especially in the area of renovation, modernization and expansion of this sector and also development of process industry. It is needless to say that water shortage is now a widespread global crisis and a concern; therefore, water resources need to be managed efficiently and with precision in order to maintain this sector. Iran's policy in agriculture has been moving towards self-sufficiency in agricultural production. However, water shortage problems and also the old-fashioned methods that are used in the agriculture sector are the obstacles that have prevented this sector to reach its full potentials.



There are indeed numerous investment opportunities in the agriculture sector as a promising sector that can help modernize and expand it, some of which have been outlined below:

Increasing Productivity and Mechanization

Given that a vast capacity of cultivated lands in Iran are still intact, by receiving investment in this sector, the productivity and efficiency of agriculture sector could witness an outstanding increase. Making investments on cutting-edge technologies and advanced machinery is indeed essential for increasing the productivity of the agriculture sector which currently suffers from old-fashioned and obsoleted methods and equipment. Following is a list of the areas that need investments in order to operate more

efficiently:

- Using more advanced and efficient technologies for agricultural production and processing
- Using an automated animal husbandry system
- Setting up smart and technologically sophisticated greenhouses
- Using advanced machinery for farming rice
- Using advanced gardening tools
- Using organic cultivation machinery
- Improving soil and seed quality
- Using organic and less harmful pesticides
- Collecting and recycling agricultural waste



Water Management

Due to the water shortage in Iran and the fact that Iran is located on a desert belt it is of utmost importance to manage the water resources more efficiently and tactfully to avoid facing water crisis not just in agriculture sector but on a more general level as well.

- Using more advanced irrigation methods and renovating the existing ones
- Constructing new draining networks and renovating and optimizing the existing ones
- Regulating irrigations
- Implementing optimal water consumption system
- Implementing wastewater collection and recycling system
- Supporting the development of greenhouses and transferring cultivation from an open land to a controlled space in which water consumption can be better managed





Establishing a Distribution and Export Network

Agricultural products usually go through different stages within the distribution network before reaching the end consumer. The number of the middlemen involved in this process are at times a lot more than needed which results in a surge in the products' prices. Having a more efficient and faster distribution and export network would help amend this process. The average fruit and vegetable consumption in Iran is much lower than that of the global standard and by revising the distribution system and benefiting from the local market potentials, this figure can increase greatly. Moreover, given Iran's proximity to the huge local market of its neighboring countries as well as Gulf countries, by improving and modifying the distribution and export network, Iran has the potential to increase its export to these countries as well, which will generate huge amounts of revenue for the country's economy and also investors.

Increasing Production Rate

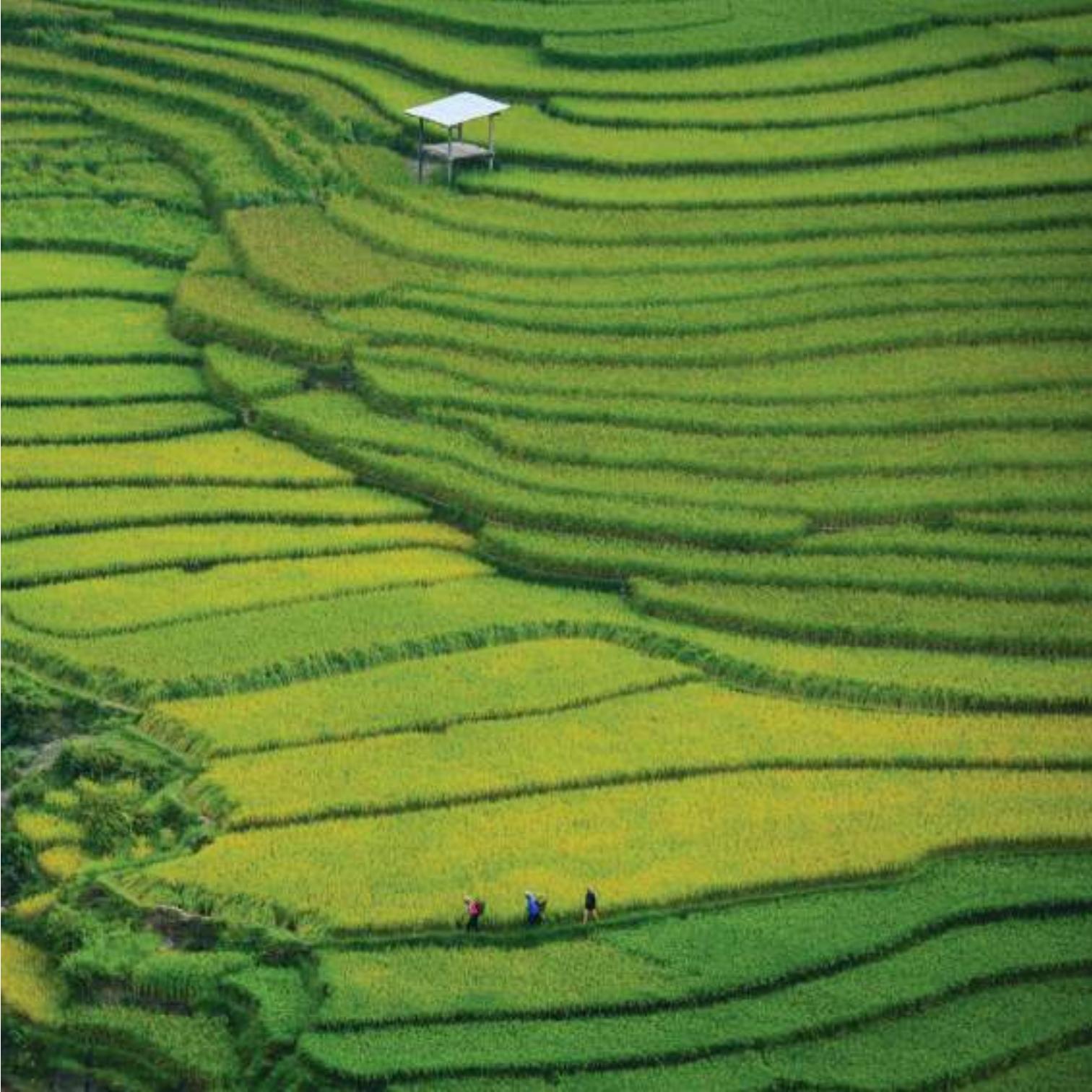
- Producing and modifying all types of seeds to improve the quality and increase the quantity of agricultural products
- Producing livestock fodder
- Farming and cultivating organic products and products that are not customarily produced in Iran such as aloe vera and sweet potato
- Optimizing technologies and machinery for breeding livestock and poultry
- Improving the efficiency of feed utilization and increasing animal productivity
- Industrialization of the fishing industry and investing in fishing ships that are also equipped with processing and packaging machinery and equipment



Development and Mechanization of Packaging

Iran is the top producer and exporter of a number of agricultural products which if packaged and presented with high quality and up-to-date standards and designs, can beat down competitions at any given market in the world. Given that there is still room for improvement in this area, there are investment potentials to consider in it as well.

- Processing, grading and pasteurization of pistachio and producing by-products from it
- Grading and packaging saffron
- Grading, packaging and producing by-products from dates
- Processing and packaging raisins
- Processing and packaging all types of nuts
- Grading, processing, drying and freezing fruits, fruit concentrates and vegetables





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