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سفارت ایتالیا بخش توسعه بازرگانی



IRAN FRUITS & VEGETABLE MARKET

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1. Iran Overview

Iran is the second largest economy in the Middle East and North Africa (MENA) region after Saudi Arabia, with an estimated Gross Domestic Product (GDP) in 2015 of 413 billion USD. It also has the second largest population of the region after Egypt, with about 80 million people in 2014.

Iranian economy is characterized by a large hydrocarbon sector, a small-scale agriculture and services sectors, and a noticeable state presence in manufacturing and financial services. Iran ranks second in the world in natural gas reserves and fourth in proven crude oil reserves.

Economic activity and government revenues still depend to a large extent on oil revenues and therefore remain highly influenced by international oil prices. From 1963 until 2015 the average GDP Annual Growth Rate in Iran has been 4.52 percent, reaching an all-time high of 23.1 percent in the second quarter of 1992 and a record low of -12.54 percent in the fourth quarter of 1979.

Following two years of recession induced by international sanctions, the Iranian economy recovered during the 2014 Iranian calendar year (*i.e.*, March 2014-March 2015) as the new administration led by President Rouhani took office in July 2013 and a partial lifting of sanctions was enacted under the Joint Plan of Action (JPOA).

The economy expanded by 3% in 2014, on the heels of annual economic contractions of 6.6% and 1.9% in 2012 and 2013, respectively. The inflation rate declined from a year-on-year peak of 45.1% in 2012 to 15.6% in June 2015 in line with the lifting of sanctions and the tightening of monetary policy by the Central Bank of Iran. The unemployment rate reached 11.4% in 2014, up from 10.4% in 2013.

Growth decelerated from 3% in 2014 to 1.9% in 2015 (March 2015-March 2016) against the backdrop of low oil prices despite a projected increase in oil production by 200,000 barrels per day from 3.1 million barrels per day in 2014.

With the suspension of secondary sanctions from January 16th, 2016, real GDP is estimate to rise to 5.8 % and 6.7 % in 2016 and 2017, respectively, as oil production is expected to reach 3.6 and 4.2 million barrels per day.

According to domestic and international main economic forecast center the medium-term economic outlook of Iran is positive following JCPoA enactment and implementation provided that the government tackles much-needed reforms to unleash growth and private-sector led job creation

2. Overview of Fruits and Vegetables Production

Roughly one-third of Iran's total surface area, 1.648 million km², is suitable for farmland but only 36-40% of is cultivated (arable land, orchards, and vineyards), less than 15% of it is irrigated; the rest is devoted to dry farming due to the poor quality of soil and/ or lack of adequate water distribution.

According to 2015 FAO data, with about 12 million tons of fresh fruits and 23 million tons vegetables Iran ranks as the eighth and fifth world producer, respectively.

The wide variety of Iran climates allows an extremely wide range of agricultural products. A glimpse of Iran fruits & vegetable production variety and related global position may be catch from the

following table based on 2007 FAO data. Although today's world rankings may have changed, the information summarized below give a quick profile of Iran's agriculture sector.

World Ranking	Commodity
1 st	Pistachio, Barberries, Saffron, Stone fruits
2 nd	Dates, Apricots
3 rd	Watermelons, Cherries, Cantaloupes & other melons, Apples, Figs, Gherkins
4 th	Quinces, Almonds, Walnuts
5 th	Anise, Fennel, Chickpeas
6 th	Hazelnut, Tomatoes
7 th	Grapes, Onions, Sour cherries, Kiwifruit
8 th	Spices, Peach, Nectarines, Tangerine, Mandarin Orange, Clementines, Lemons & Limes, Oranges, Pumpkins, Squash & Gourds
9 th	Lentils
10 th	Persimmons, Tea
11 th	Hempseed
12 th	Citrus fruits, Wheat, Plum and sloes
13 th	Melon-seeds, Eggplants (Aubergines)
14 th	Sugar beet, Fresh vegetables, Barley, Potatoes
15 th	Safflower seed, Artichoke

According to 1394 statistics (21 March 2014 – 20 March 2015) of Iran's Ministry of Agriculture Jihad, today's world rank of main fruits and vegetable products of Iran are as follows:

Commodity	World Ranking	Commodity	World Ranking
Pistachio	1 st	Date	2 nd
Saffron	1 st	Apricot	2 nd
Pomegranate	1 st	Almond	3 rd
Walnut	3 rd	Kiwi	3 rd
Cherry	3 rd	Quince	4 th
Apple	4 th	Hazelnut	4 th
Fig	5 th	Sour Cherry	5 th
Plum	5 th	Peach & Nectarine	6 th
Lemon	6 th	Orange	7 th
Grapes	11 th	Tangerine	12 th
Grapefruit	15 th	Pear	20 th
Strawberry	24 th	Tomato	5 th
Watermelon	3 rd	Onion	5 th
Eggplant	3 rd	Pumpkin & Gourd	4 th
Cucumber	3 rd	Cucurbita	5 th

3. Export of Fruits and Vegetables

During past few years, export of agricultural commodities has been mainly focused on neighboring countries, Russia, and some African countries including South Africa and Ecuador. Export to European countries has decreased considerably as a result of tightening the international sanctions and limitations in performing international financial transactions. Total exports of fruits (fresh and dried), fresh vegetables, and nuts (mainly pistachio) is summarized in the following table for the period 2012-2015.

It is observed that nuts, mostly pistachio, accounts for about 40% of the total exports. As a result, a great number of the exporting companies and individuals deal with fresh and dried pistachio.

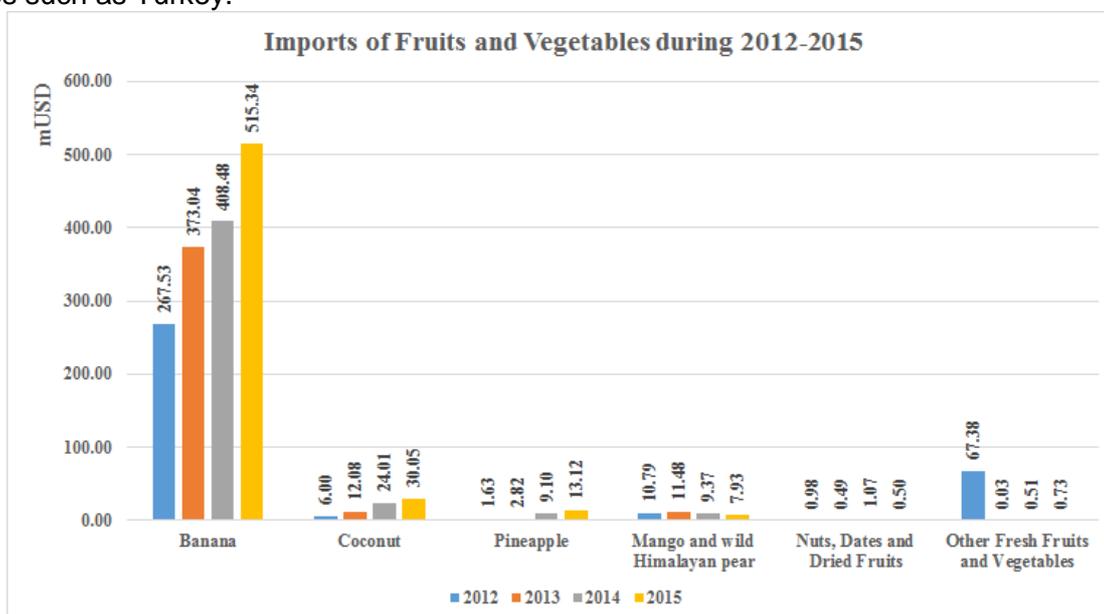
	2012	2013	2014	2015
Fruits (no nuts)	1,316,569,482\$	953,109,704 \$	1,109,620,866\$	861,965,515 \$
Vegetables	711,570,489\$	484,545,293 \$	818,264,285 \$	683,361,778 \$
Nuts	1,158,578,088\$	1,029,098,880 \$	1,668,882,856\$	1,111,863,632 \$
Sum	3,186,718,059\$	2,466,753,877 \$	3,596,768,007\$	2,657,190,925 \$

4. Import of Fruits and Vegetables

Contrary to exportation, few fresh fruits and vegetables are normally imported to Iran.

The following figure illustrates the total imports of fresh and dried fruits and fresh vegetables from 2012 to 2015.

As for the case of fresh vegetables, there just exist rare cases of imports of lettuce from neighboring countries such as Turkey.



It is observed that the imports mainly include banana, coconut, pineapple, mango, and wild Himalayan pear which production is not much compatible with the different climates available in Iran.

Before 2013, it was legally possible to import different fruits and vegetables to Iran. As 2012 figure shows a rather considerable amount of fresh fruits and vegetables summing up to more than 67 million US\$ was regularly imported into the country (mainly citrus fruits and apples).

A law was enacted in 2012 has banned the imports of different fresh fruits and vegetables excluding just banana, coconut, pineapple, and mango. As a result, the imports of fresh fruits have decreased drastically and there have just been few cases of exotic fruits like papaya.

4.1 on Import of Fruits and Vegetables from Italy

If the import ban will be lifted, for exporting Italian fruits & vegetables in Iran, one needs to take note that:

- maybe not all varieties but certainly all types of Italian fruits are abundantly cultivated in Iran and put to market at more convenient price
- so far , the only Italian vegetables available in the Iranian market are Italian parsley and Swiss chard which are not much common. The usage of these vegetables in the Iranian cookery is very limited and often supply by fresh by small-scale greenhouses. (*As far as it is known, there is just one person, who is a chef himself, cultivating Swiss chard, Italian parsley, lollo rosso lettuce, lollo verde lettuce and some other specialties and he is supplying the entire limited market of these vegetables*).
- the Iranian fruits and vegetables distribution's laws and regulations are not as strict as the European ones. In Iran fruits and vegetables are supplied without much health executive supervision. Besides, the Iranian culture of using fruits and vegetables is not much buying neatly sorted and packaged products. Because of this, even in the most well-known Iranian chain stores, such as Hyper Star (founded by French investors) and Shahrvand, fruits and vegetables are sold in unsorted and unpackaged form.

5. Potential Partners

Exporting F& V in Iran

As seen, the possibility of exporting the Italian F&V in Iran is almost completely out of question until the import ban is in force.

To make sure, the trading companies available in the list of Iran potential partners can be easily contacted.

6. Purchasing F& V in Iran

If interested in buying F&V in Iran, the potential business partners can be clustered as follows:

- Farming Companies
- Trading Companies
- Individual Traders
- Individual Large-scale Farmers
- Agricultural Societies and Syndicates
- Provincial Branches of the Ministry of Agriculture Jihad
- Provincial Branches of Iran Chamber of Commerce, Industries, Mines, and Agriculture

Notes

- Most of the largest farming companies take care of their trading business themselves.
- Several trading companies deal with provision, sorting, packaging, and exportation of different commodities.
- In general, there is little published information available on farmers and traders companies. However, the provincial branches of the Ministry of Agriculture Jihad and their respective trade departments can serve as reliable sources in scouting and assessing these individuals since many of them may not be able to meet the F&V's required standards, sorting and packaging.
- For anyone interested to exploit the great potentials and opportunities of Iran's F&V sector it is highly recommended to
 - a) take note that in Iran there is a general lack of adequate management and competence for serving international markets due to the fact that for catering domestic market and exporting in the neighboring countries Iranian operators do not need to comply with strict standards
 - b) consider the possibility of establishing a local providing and trading company and/or a purchase center which takes care of/ supervise the more sensitive operations related to bulk provision, sorting, and packaging of target products exactly according to the desired standards.