

CHAPTER XIV

AGRICULTURE

1. MAIN DEVELOPMENTS

The total agricultural output at constant (producer) prices increased in 1976/77¹ by about 4 percent as against about 6 percent in 1975/76 and the average in the years 1970/71–1974/75. The main reason for the decrease in the growth rate of output this year is the slowdown in the growth of the poultry and dairy farming branches, accompanied by a decrease in livestock. The gross agricultural product (at producer prices) increased by about 8 percent, similar to 1975/76 and to the average in the years 1970/71–1974/75. The difference between the growth rates of the product and output stems from the decrease of the purchased water input due to a year of good precipitation and inhibition of the growth of the livestock branches; the product component in these branches is lower than in the crop farming branches.

The halt of growth in livestock farming is one of the most important changes that took place in agriculture, and its first signs were already noticeable in 1975/76. These branches were not profitable to the economy in their previous scope (at least marginally), while being profitable to the growers only owing to considerable government subsidizing, which, in the dairy branch for example, amounted in 1975/76 to about 36 percent of total output at producer prices.

The accumulation of surpluses in the livestock branches brought about a relative decrease of their prices to the producer in 1976/77, both in relation to prices of other agricultural output (see Table XIV-6), as well as in relation to the Consumer Price Index (33.2 percent in 1976/77). The relative decrease of prices would have been sharper if subsidies in these branches had not been increased, both in 1975/76 and in 1976/77. Surplus accumulation and the need to increase subsidies apparently led to the renewal of production quota arrangements and their enforcement in 1975/76. It can be assumed that the introduction of quotas and the estimated decrease of the profitability of these branches brought about a considerable decline in the growth of their output.

¹ All data in this chapter refer to agricultural years, beginning on October 1 and ending on September 30. The 1976/77 agricultural year is the period between 1.1.76 and 30.9.77.

TABLE XIV-1
CURRENT ACCOUNT OF AGRICULTURE, 1975/76 AND 1976/77

	Value at current prices		Annual increase or (-) decrease				
			Quantity		Price		
	1975/76 ^a	1976/77	Average 1970/71- 1974/75 ^a	1975/76 ^a	1976/77	1975/76 ^a	1976/77
	(IL million)		(percent)		(percent)		
1. Total output at producer prices	11,838.1	15,973.6	6.2	6.0	4.3	31.1	29.3
2. Agricultural intermediates	895.9	1,121.6	5.3	-5.1	-2.4	32.5	28.3
3. Agricultural output at producer prices (1)-(2)	10,942.2	14,852.0	6.3	7.0	4.9	31.4	29.3
4. Purchased inputs	5,064.5	6,595.0	4.8	5.8	1.1	30.0	28.8
5. Agricultural product at producer prices (3)-(4)	5,877.7	8,257.0	7.7	8.0	8.3	32.6	29.7
6. Depreciation	838.2	1,128.7	6.5	6.6	4.1	33.0	29.4
7. Net agricultural product at producer prices (5)-(6)	5,039.5	7,128.3	7.7	8.3	9.0	32.7	29.8
			Increase or (-) decrease in value (percent)				
			1975/76	1976/77			
8. Net agricultural product at producer prices	5,039.5	7,128.3	43.7	41.4			
9. Drought and war compensation	50.5	68.5	138.2	35.6			
10. Total income from agriculture (9)+(8)	5,090.0	7,196.8	44.3	41.4			
11. Interest and rent	475.0	742.7	35.7	56.4			
12. Wages of hired labor	1,001.5	1,479.0	41.1	47.7			
13. Income of farm owners from agriculture (10)-(11)-(12)	3,613.5	4,975.1	46.3	37.7			

NOTE: The rates of change were calculated from unrounded figures.

^a Revised figures.

SOURCE: Central Bureau of Statistics.

Along with the freeze of growth in the livestock branches, another development is worth mentioning this year -- the continuing rapid growth of export, with the exception of citrus exports, which were hit by frost. Total agricultural exports rose in 1976/77 by 9.4 percent, as against 9.6 percent in 1975/76, and an average of 5.9 percent in the years 1971/72--1974/75.

Exports, except for citrus, increased in 1976/77 by about 21 percent, as against about 24 percent in 1975/76 and about 11 percent on the average in the years 1970/71--1974/75.

The quick growth of exports continued despite the decrease of citrus exports (due to damages caused by nature) and a decline in the export of unplanned surpluses in livestock farming (eggs and fatlings). The source of the main contribution to the increase of exports is the crop farming branches (except citrus), whose export increased in 1976/77 by about 20 percent as against about 15 percent in 1975/76, and a similar average percentage in the years 1970/71--1974/75.

The real increase (in CPI terms) in the income of farmers continued in 1976/77, although the rate was lower than in past -- about 3.5 percent in 1976/77 as against about 12 percent in 1975/76, and about 7 percent per year on the average in 1970/71--1974/75. It should be pointed out that the annual agricultural product is subject to relatively sharp random fluctuations, and therefore no great significance should be attributed to changes that take place in a single year in such rates; at the same time, this decrease may reflect the inhibitions of growth in the livestock branch.

2. OUTPUT DESTINATIONS

Contrary to the trend in the previous years, 1970/71--1974/75, when output of production assets increased on the average by 13 percent, in 1976/77 a marked change took place, the beginning of which was already noticeable in 1975/76: the output of production assets declined by about 9 percent, following a drop of about 2 percent in the previous year. The main decrease took place in investment in livestock, which decreased in 1976/77 by about 83 percent, following a decline of about 10 percent in 1975/76 (in previous years investment in this destination increased by about 25 percent per year). The decrease of investments in livestock is the combined result of the action of market forces and the enforcement of production quotas; from the point of view of the economy as a whole, this decline is positive.

TABLE XIV-2

TOTAL AGRICULTURAL OUTPUT BY ECONOMIC DESTINATION, 1975/76 AND 1976/77
(at current producer prices)

	Value		Annual increase or (-) decrease				
			Quantity		Price		
	1975/76 ^a	1976/77	Average 1970/71- 1974/75	1975/76 ^a	1976/77	1975/76 ^a	1976/77
	(IL million)			(percent)		(percent)	
1. Direct domestic consumption	3,603.1	4,978.0	5.9	-5.8	4.9	28.5	31.6
2. Industry	3,693.1	4,749.9	8.2	22.6	2.3	29.8	25.7
3. Direct exports	3,050.5	4,333.3	5.9	9.6	9.4	35.9	29.8
4. Marketing outside the Agricultural Sector (1)+(2)+(3)	10,346.7	14,061.2	6.5	7.6	5.3	31.1	29.0
5. Own consumption	340.1	453.5	2.6	2.3	0.3	28.2	33.0
6. Production assets	252.5	330.3	12.9	-2.4	-9.3	30.1	44.2
of which: Livestock	(69.4)	(14.5)	(24.9)	(-9.7)	(-83.4)	(20.3)	(26.1)
7. Agricultural raw materials	895.9	1,121.6	5.3	-5.1	-2.4	32.5	28.3
8. Agricultural Sector uses (5)+(6)+(7)	1,488.5	1,905.4	5.4	-2.9	-2.8	31.0	31.6
9. Crops destroyed	2.9	7.0	-	-16.7	58.6	32.9	52.2
10. Grand total (4)+(8)+(9)	11,838.1	15,973.6	6.2	6.0	4.3	31.1	29.3

^a Revised figures.

NOTE: Rates of change have been calculated from unrounded figures.

SOURCE: Central Bureau of Statistics.

Agricultural exports, at constant producer prices,² increased in 1976/77, as in 1975/76, by 9.4 percent, a rate higher than the average in the years 1970/71–1974/75 (5.9 percent). An examination of the components of this growth reveals that the main contribution to the increase of exports was made by the crop farming sectors (except for citrus): their export increased in 1976/77 by about 20 percent as against an increase of about 15 percent for 1975/76 and the average in 1970/71–1974/75.

This increase offset about 2 percent of the reduction of citrus exports (as a result of damages caused by nature) and the decline in export growth in livestock farming products (about 27 percent in 1976/77, compared to about 112 percent in 1975/76).

The considerable growth in livestock branch exports in 1975/76 stemmed mainly from the export of unplanned production surpluses of eggs and fatlings, at a loss to the economy; in 1976/77 the growth continued, but its rate declined considerably, which is a welcome development.

The general picture is one of change in the composition of agricultural output, towards an increase in the weight of exports products at the expense of import substitutes (livestock branches) and fresh produce (which is in a way also an import substitute).

3. MAIN SUBBRANCHES

A. LIVESTOCK

The changes that took place in livestock during 1976/77 should be examined against the background of their development since the beginning of the seventies. Following the worldwide "food crisis", a policy aimed at quickly enlarging the livestock branches was adopted, both by the abolition or enlarging of production quotas and by increasing their share in the development budget, as well as by adopting a policy of product subsidizing. This policy was maintained mainly in the years 1972/73–1974/75, and its effect was felt in the growth of local production of import substitutes: the production of local meat (fatlings and turkeys) replaced frozen meat imports; dairy farming was expanded and the import of milk powder was virtually discontinued. However, as early as 1974/75, production surpluses started appearing on the market, and were absorbed only after a reduction of prices resulting from the subsidy increase. Despite the continuation of

² Export data in this chapter are not comparable to data contained in the chapter on export, since the periods discussed are different (agricultural year against calendar year) and the definition of prices is different as well: here, producer prices are considered, and in some of the products (such as cotton), there are "full" prices, both for export and for the domestic market.

TABLE XIV-3
MARKETED AGRICULTURAL OUTPUT BY ECONOMIC DESTINATION, 1975/76 AND 1976/77
 (at current producer prices)

	Value		Annual increase or (-) decrease			
			Quantity		Price	
	1975/76 ^a	1976/77	1975/76 ^a	1976/77	1975/76 ^a	1976/77
	(IL million)		(percent)		(percent)	
Crops						
1. Direct domestic consumption	1,697.1	2,382.0	9.5	0.3	32.8	40.0
2. Industry	1,320.3	1,890.6	-2.0	12.7	32.5	27.1
3. Direct export	2,855.1	4,023.1	5.9	8.2	37.0	30.2
4. Marketing outside agricultural sector (1)+(2)+(3)	5,872.5	8,295.7	5.0	6.9	34.8	32.1
Livestock						
5. Direct domestic consumption and industry	4,278.8	5,455.3	8.5	2.1	26.8	24.9
6. Direct export	195.4	310.2	111.6	27.4	21.7	24.6
7. Marketing outside agricultural sector (5)+(6)	4,474.2	5,765.5	11.0	3.2	26.6	24.8
8. Total agricultural output marketed (4)+(7)	10,346.7	14,061.2	7.6	5.3	31.1	29.0

^a Revised figures.

NOTE: Rates of change have been calculated from unrounded figures.

SOURCE: Central Bureau of Statistics.

subsidy policy, large surpluses began to accumulate in 1975/76, a phenomenon that led in 1975/76 to the renewal of production quota arrangements in dairy farming (where control is easy) and the enforcement of quotas in the poultry sector. This policy led to a halt in the growth of milk production and the deceleration of growth in the poultry for meat branch. As to edible eggs, the real subsidy per eggs was reduced, but this was not accompanied by a parallel increase of the market price. This reduction, and the relative drop in the price of eggs, reduced the profits of the branch due to the productivity of previous years. The decline of profitability weakened the motive for enlarging the branch; indeed, this branch hardly grew at all in 1976/77. The enforcement of quotas also contributed to the inhibition of growth.

The surpluses created in the livestock branches were directed to export (eggs and poultry) and sold abroad at a loss to the economy. The surplus increases led to an increase in the export of table eggs and poultry in 1975/76 and in 1976/77: by 140 percent and 23 percent respectively, as against an annual average increase of about 3 percent in 1970/71–1974/75; poultry exports increased in 1975/76 by 1.35 percent and in 1976/77 by about 19 percent, as against an annual average of about 9 percent in 1970/71–1974/75.

The reduction in dairy farming was accompanied by a decrease of investments in livestock and early slaughter of dairy cows. As a result, meat production increased: in 1975/76 by 14.6 percent and in 1976/77 by 6.7 percent as against an average standstill in the years 1971/72–1974/75. It is important to note that along with exporting of surplus livestock products at a loss, planned exporting is also developing, mainly of chicks and other livestock, motivated by profitability considerations. This export increased in 1976/77 by about 40 percent following an increase of about 50 percent in 1975/76.

B. CROPS

The citrus branch suffered in 1976/77 from damages caused by nature, mainly affecting the “shamouti” orange crop and resulting in a decline in the output of this branch and its direct exports. A larger quantity of fruit was directed to industry, which also exports the bulk of its production. In most other fruit, the expansion of planted areas continued during the year under review, mainly for sub-tropical fruit (avocados, persimmons) and other fruit that are marketable abroad (such as peaches and early grapes). Contrary to 1975/76, the output of the crop farming branches did not grow in 1976/77, due to alternation and damages caused by nature, though their exports increased by 14 percent. As a result, domestic prices rose considerably this year (about 47 percent). The increase of exports, despite the standstill in output, may stem partly from the fact that areas

TABLE XIV-4
 DIRECT AGRICULTURAL EXPORT,^a 1975/76 AND 1976/77
 (at current producer prices)

	Value		Annual increase or (-) decrease				
	1975/76 ^b	1976/77	Quantity			Price	
			Average 1970/71- 1974/75 ^b	1975/76 ^b	1976/77	1975/76 ^b	1976/77
	(IL million)		(percent)			(percent)	
Field crops and industry	669.2	997.2	15.7	23.5	16.0	54.6	28.4
Vegetables, potatoes, melons	234.2	376.8	11.9	1.0	9.2	69.2	47.3
Noncitrus fruit	207.0	305.7	18.9	15.7	13.9	41.9	29.6
Flowers, seedlings, plants, vegetable seeds	181.4	370.9	27.2	6.8	57.7	32.2	29.6
Total crops, excl. citrus	1,291.8	2,050.6	14.5	15.1	20.3	51.2	32.0
Citrus	1,563.3	1,972.5	2.7	0.5	-1.8	27.5	28.5
Total crops	2,855.1	4,023.1	5.9	5.9	8.2	37.0	30.2
Eggs	100.0	149.2	2.6	142.4	23.4	17.4	20.9
Meat	48.3	68.3	8.6	134.9	19.3	34.7	18.6
Fish	8.9	18.6	51.3	91.8	61.8	34.4	29.2
Livestock, miscellaneous ^c	38.2	74.1	3.2	50.2	40.1	16.0	38.5
Total livestock branches	195.4	310.2	0.3	111.6	27.4	21.7	24.6
Total agricultural exports	3,050.5	4,333.3	5.9	9.6	9.4	35.9	29.8

^a Includes exports to administered areas.

^b Revised figures.

^c Including: honey and royal jelly, export of chicks, export of livestock, wool for animals, misc.

NOTE: Rates of change have been calculated from unrounded figures.

SOURCE: Central Bureau of Statistics.

planted with fruit destined for the domestic market were replaced by fruit mainly for export.

The increased output of industrial crops (cotton), directed mainly to export, continued in 1976/77. A similar trend was noticeable in the output and export of flowers and decorative plants: quantitative exports of this branch increased in 1976/77 by about 58 percent, after a year of relatively slow growth in 1975/76 (about 7 percent). In the years 1970/71–1974/75 exports of this branch increased at a yearly average of about 27 percent. The flower and decorative plant branch is based on exports, and about 98 percent of its output is directed to this destination. It should be noted that this export is dependent on air transport, and it can reasonably be assumed that the reduction of transport rates (about 25 percent in dollar terms) has contributed significantly to its increase.

5. INPUTS

In 1976/77 there was a significant decline in the purchase of inputs from other sectors (see Table XV-7). Part of the decrease (fodder) apparently stems from the standstill in the growth of the livestock branches, while the decrease in the purchase of water stems from a year of good precipitation.

Labor input did not undergo any significant change, remaining at the 1974/75 level, following a downward trend in the decade preceding 1974/75 (see Table XIV-8). The 5 percent growth rate of capital stock in 1976/77 is similar to that of recent years. The comparison between the growth of capital and labor inputs and the growth of the product reveals a continuous growth in the ratio between product and labor in the agricultural sector, a phenomenon characteristic of the economy as a whole, except in periods of recession. A gradual upward trend can also be seen in the ratio between product and capital, but, contrary to the growth in the output/labor ratio, this phenomenon is not generally characteristic of economies, but rather is particular to the agricultural sector. A slight downward trend is noticeable in the productivity of production factors, as shown in Table XIV-8. However, it can be said that the effect of the economic recession in recent years was not felt in the productivity of the agricultural sector, partly due to the fast growth in the exports of this branch.

5. SUBSIDIES

The subsidies to agriculture, given mainly to the livestock branches, increased considerably in 1976/77 (see Table XIV-9), and their weight amounted to 24 percent of the value of output in these branches, at producer prices, as against an average of 12.7 percent in the years 1970/71–1975/75.

TABLE

CURRENT AGRICULTURAL OUTPUT^a BY
(at current)

	Value	
	1975/76 ^b	1976/77
	(IL million)	
Livestock		
Poultry		
Eggs	986.8	1,219.9
Meat	1,576.1	2,023.4
Miscellaneous	44.1	54.0
Total	2,607.0	3,297.3
Cattle		
Milk	1,248.5	1,678.9
Meat	460.7	572.8
Miscellaneous	46.7	70.1
Total	1,755.9	2,321.8
Other livestock		
Milk	123.3	192.8
Meat	229.0	288.3
Fish	220.7	283.7
Miscellaneous	32.0	52.6
Total other livestock	605.0	817.4
Total livestock	4,967.9	6,436.5
Crops		
Citrus	1,855.9	2,375.6
Other fruit	1,209.7	1,795.0
Vegetables	772.8	985.7
Melons	137.5	208.2
Potatoes	225.6	396.0
Cereals and legumes	457.9	569.9
Industrial crops	1,386.0	2,024.7
Fodder	239.0	278.2
Flowers, seedlings, ornamental plants	190.1	379.8
Other crops ^c	143.2	193.7
Total crops	6,617.7	9,206.8
Total current output	11,585.6	15,643.3

a Excluding production assets.

b Revised figures.

c Includes straw, green manure, forest products, citrons and vegetable seeds.

TYPE OF FARMING, 1975/1976 AND 1976/77
(producer prices)

Average 1970/71- 1974/75 ^b	Annual increase or (-) decrease				
	Quantity		Price		
	1975/76 ^b	1976/77	1975/76 ^b	1975/77	
	(percent)		(percent)		
	2.9	9.2	1.7	17.8	21.6
	11.9	9.0	2.8	28.4	24.9
	1.4	32.4	-5.4	22.6	29.5
	8.5	9.4	2.2	24.2	23.7
	6.4	13.0	2.4	31.2	31.3
	0.6	14.6	6.7	22.1	16.5
	1.3	6.0	16.9	47.2	28.4
	4.1	13.2	3.9	29.0	27.2
	0.4	3.8	6.5	29.7	46.8
	4.9	0.8	8.0	22.4	16.6
	0.8	10.6	1.0	34.1	27.3
	5.2	3.0	23.4	17.0	33.2
	2.4	4.8	6.0	27.6	27.5
	6.0	10.1	3.3	26.3	25.4
	3.1	0.3	0.0	31.2	28.1
	10.1	12.3	0.3	31.3	48.0
	6.8	1.5	-1.0	38.4	28.8
	1.0	7.1	-1.0	15.6	52.8
	5.0	7.1	22.5	36.8	43.3
	17.5	-17.9	4.1	34.5	19.5
	5.5	12.4	14.5	45.8	27.6
	-0.2	-8.7	-7.2	43.7	25.4
	28.0	9.0	56.2	24.0	27.9
	13.8	4.0	10.0	28.3	23.0
	6.3	3.4	5.6	35.0	31.8
	6.1	6.3	4.6	31.1	29.1

NOTE: Rates of change have been calculated from unrounded figures.
SOURCE: Central Bureau of Statistics.

TABLE XIV-6
CITRUS OUTPUT BY ECONOMIC DESTINATION, 1975/76 AND 1976/77
 (at current producer prices)

	Value		Annual increase or (-) decrease				
			Quantity		Price		
	1975/76 ^a	1976/77	Average 1979/71- 1974/75	1975/76 ^a	1975/77	1975/76 ^a	1976/77
	(IL million)			(percent)		(percent)	
Direct export	1,563.3	1,972.5	2.6	0.5	-1.8	27.5	28.5
Industry ^b	140.8	203.4	11.3	26.0	12.5	17.0	28.4
Private consumption ^b	134.6	178.2	-0.1	-32.8	7.6	155.0	23.1
Total industry and private consumption ^b	275.4	381.6	-	-1.4	10.1	60.8	25.9
On-farm consumption	17.2	21.5	2.2	1.5	1.2	-	23.6
Total	1,855.9	2,375.6	3.1	0.3	0.0	31.2	28.1

^a Revised figures.

^b See Bank of Israel Annual Report 1976.

NOTE: Rates of change have been calculated from unrounded figures.

SOURCE: Central Bureau of Statistics.

TABLE XIV-7

INPUT OF MATERIALS AND SERVICES IN AGRICULTURE^a, 1975/76 AND 1976/77

	Value		Annual increase or (-) decrease					
			Quantity			Price		
	1975/76 ^b	1976/77	1974/75	1975/76 ^b	1976/77	1975/76 ^b	1976/77	
	(IL million)		(percent)			(percent)		
Fodder	2,248.0	3,010.2	5.5	6.1	1.7	25.6	33.9	
Water	464.1	553.2	-0.8	9.3	-5.7	66.6	26.4	
Packing materials	448.3	555.5	7.9	3.6	-1.6	14.9	25.9	
Fertilizers	210.2	260.3	2.6	13.6	2.9	32.9	20.3	
Transportation	335.7	446.4	8.0	3.6	1.7	26.7	33.0	
Spare parts, repairs, tools	240.2	257.7	7.7	-13.5	-14.5	30.2	25.5	
Fuel, lubricants, electricity	274.8	349.7	1.6	5.1	6.9	37.1	19.1	
Pesticides and veterinary preparations	395.6	505.2	4.4	18.8	4.9	23.8	21.8	
Insurance and government services	278.8	380.1	6.6	4.4	4.7	39.4	30.2	
Miscellaneous	168.8	276.7	11.3	6.0	12.5	53.5	45.6	
Total purchases from other sectors	5,064.5	6,595.0	4.8	5.8	1.0	30.0	28.9	
Wages of hired labor	1,001.5	1,479.0	-	-	-	-	-	
Interest and rent	475.0	742.7	-	-	-	-	-	
Intermediate goods	895.9	1,121.9	5.3	-5.1	-2.4	32.5	28.3	
Depreciation	838.2	1,128.7	6.5	6.6	4.1	33.0	29.4	
Grand total	8,275.1	11,067.0	-	-	-	-	-	

^a Excluding labor and capital of farm owners.

^b Revised figures.

SOURCE: Central Bureau of Statistics.

TABLE XIV-8

**CHANGES IN PRODUCT, IN PRODUCTION FACTORS AND IN PRODUCTIVITY
OF PRODUCTION FACTORS IN AGRICULTURE, 1966/67-1976/77**

	Annual average			
	1966/67- 1970/71	1971/72- 1975/76	1975/76	1976/77
GNP at producer prices	7.8	7.2	8.2	8.3
Capital stocks	3.2	4.6	5.4	5.0
Hours of work	(-)4.6	(-)1.9	0.5	(-)0.9
Productivity of production factors ^a	9.7	6.7	6.7	7.1

^a The productivity was calculated according to the average weights of capital and labor in the years 1969/70-1971/72. A calculation according to the average weight change every year for the average of the three previous years gave similar results.

TABLE XIV-9

SUBSIDIES FOR AGRICULTURAL OUTPUT, 1975/76-1976/77

	Value at current prices		Proportion of subsidy in producer price ^a		
	1975/76 ^b	1976/77	Average 1970/71- 1974/75	1975/76	1976/77
	(IL million)		(percent)		
Eggs	240.2	275.3	13.7	24.3	22.6
Poultry	296.4	510.0	7.8	18.8	25.2
Milk	498.1	764.6	30.4	36.3	40.9
Other livestock	19.1	7.6	1.3	1.8	0.6
Total livestock	1,053.8	1,557.5	12.7	21.2	24.2
Total crops	79.3	86.7	1.2	1.2	0.9
Total subsidy to output	1,133.1	1,644.2	6.1	9.8	10.5

^a The rate of subsidy in the producer price is derived from dividing the value of the subsidy by the total output of that branch.

^b Revised figures.

SOURCE: Ministry of Agriculture.

The considerable increase in their weight took place mainly in 1974/75, and it is the result of a vigorous development policy for these branches at the beginning of the seventies, due to the worldwide "food crisis". The additional output created as a result of this policy and not absorbed by the market made increased subsidies imperative. It is hard to assume that this additional subsidizing reached the low-income consumer strata, since it was given primarily to products consumed by the middle- and high-income population (see Table XIV-9).

In addition to subsidies on output, the agricultural sector also benefits from subsidies given to production factors, in particular water. The calculation of the average price of water is not based on the real cost of water to the economy, since depreciation is low and the price of electricity is subsidized. In addition, the agricultural (and industrial) sectors are given preference in price through the Water Balance Fund.