

Part One

**Economic Developments
of Iran in 1389**

*In the Name of God,
The Compassionate, The Merciful*

Gross Domestic Product

The Iranian economy had a favorable performance in 1389. Based on preliminary estimates, GDP rose by 5.8 percent at constant prices and reached Rls. 4,304 trillion at current prices. The value-added of the agriculture sector grew by 8.8 percent, oil 1.9 percent, manufacturing and mining 9.3 percent, and services 4.0 percent, at constant prices. The share of the agriculture sector in GDP was 10.2 percent, oil 22.7 percent, manufacturing and mining 19.5 percent, and services 51.1 percent, at current prices.

In 1389, non-oil GDP grew by 6.1 percent at constant prices, which was 0.3 percentage point higher than GDP growth. This was due to the low growth in the value-added of the oil sector by 1.9 percent, at constant prices.

In the review year, the value-added of the agriculture sector was estimated at Rls. 437 trillion at current prices, up by 8.8 percent at constant prices compared with the year before. This was mainly attributable to appropriate rainfall and favorable climatic conditions. The share of the value-added of this sector in GDP decreased from 10.3 percent in 1388 to 10.2 percent in 1389, at current prices.

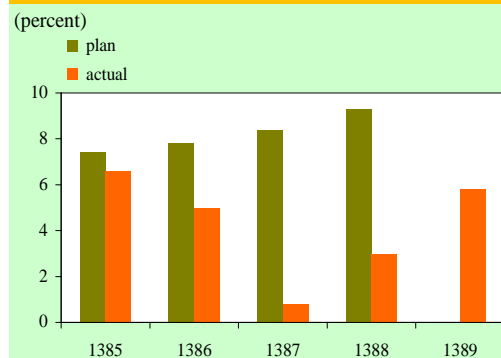
According to preliminary data, the value-added of the oil sector increased by 1.9 percent

at constant prices, to Rls. 978 trillion at current prices in 1389. Share of the value-added of the oil sector in GDP rose from 20.5 percent in 1388 to 22.7 percent in 1389, at current prices.

Table 1.1. Gross Domestic Product by Various Economic Sectors
(at constant 1376 prices) (percentage change)

	1387□	1388□	1389□
Agriculture	-11.8	13.5	8.8
Oil	-2.0	-3.9	1.9
Manufacturing and mining	5.5	2.8	9.3
Services	2.4	2.2	4.0
GDP	0.8	3.0	5.8
Non-oil GDP	1.2	3.7	6.1

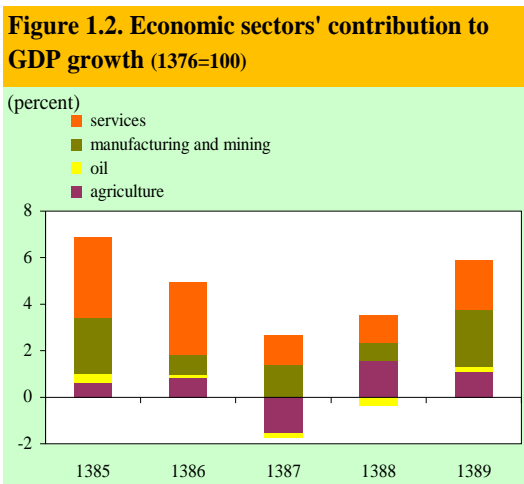
Figure 1.1. GDP growth¹ (1376=100)



¹ Plan target during the 4th FYDP (1384-1388) is based on 1381.

Based on preliminary estimates, the value-added of the manufacturing and mining sector experienced 9.3 percent growth in 1389, at constant prices. Meanwhile, the value-added of the "mining", "manufacturing", "electricity, gas, and water", and "construction" sectors increased by 10.1, 10.0, 4.7, and 7.3 percent, respectively, at constant prices.

Private sector investment in new buildings in urban areas (including Mehr Housing Program) picked up by 12.3 percent at current prices. This growth was adjusted to 5.6 percent at constant 1376 prices, given the value-added growth of buildings in rural areas. Considering this figure and rise in the value-added of government buildings, the growth rate of construction sector is 7.3 percent at constant prices.



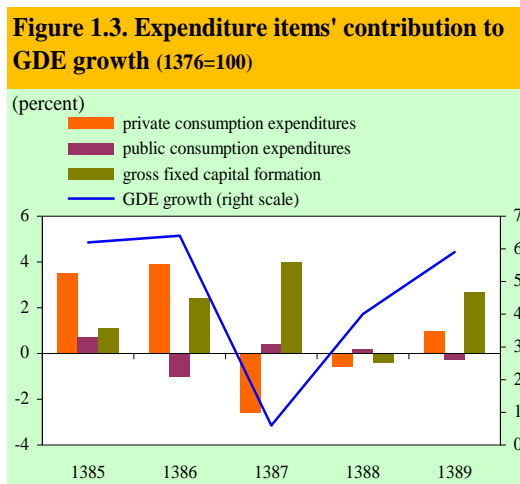
The value-added of the services sector, which had the highest share in GDP, grew by 4.0 percent, at constant prices, in 1389. The share of the value-added of the mentioned group in GDP was 51.1 percent at current prices. In this group, the share of "trade, restaurant and hotel" in GDP was 11.7 percent; "transport, storage, and communication" 9.0 percent; "financial and monetary

institutions' services" 3.9 percent; "real estate, specialized and professional services" 14.1 percent; "public services" 9.6 percent; and "social, personal and household services" 2.8 percent, at current prices. The growth rates of these groups were respectively 6.9, 4.6, 8.4, 0.0, -0.6, and 4.9 percent, at constant prices.

Gross Domestic Expenditure

Based on preliminary data, GDE growth was estimated at 5.9 percent, at constant prices, in 1389. A review of the components of GDE reveals that private consumption expenditures accounted for the highest share in GDE by 40.8 percent at current prices. Meanwhile, it rose by 1.9 percent at constant prices.

Public consumption expenditures in ministries and affiliated institutions, municipalities, and Social Security Organization (SSO) had 11.1 percent share of GDE at current prices, down by 2.8 percent at constant prices. Gross fixed capital formation, with a share of 26.5 percent in GDE at current prices, amounted to Rls. 1,146.9 trillion. Moreover, it increased by 6.9 percent at constant prices.



Gross fixed capital formation for machinery and construction grew by 6.2 and 7.8 percent, respectively, at constant 1376 prices.

Imports of goods and services rose by 8.2 percent, and exports of goods and services increased by 11.3 percent at constant prices. Therefore, gross domestic expenditure reached Rls. 542.2 trillion at constant prices, indicating 5.9 percent growth.

Table 1.2. Gross Domestic Expenditure
(at constant 1376 prices) (percentage change)

	1387□	1388□	1389□
Private consumption expenditures	-4.5	-1.1	1.9
Public consumption expenditures	4.1	2.3	-2.8
Gross fixed capital formation	10.9	-0.9	6.9
GDE	0.6	4.0	5.9
National income	-1.2	-1.0	7.6