

According to the preliminary data on national accounts, the value-added of the domestic trade sector increased by 36.8 percent, at current prices, to Rls. 859.1 trillion in 1390. This growth resulted from the production of domestic agricultural and industrial commodities worth Rls. 608.3 trillion and Rls. 2,075.3 trillion, respectively, as well as the supply of imported goods into the domestic market valued at Rls. 852.9 trillion.

In 1390, the share of domestic trade sector in GDP was 13.8 percent, indicating an increase as compared with the corresponding figure for 1389 (13.2 percent). The value-added growth of the domestic trade sector, at constant 1383 prices, was 4.4 percent.

Domestic Market Regulation and Essential Goods Procurement

The Ministry of Commerce is responsible for the formulation and implementation of trade policies and regulations, and maintenance of equilibrium between the domestic and imported goods markets through constant supervision. Regulation and oversight of prices and national distribution networks as well as coordination and harmonization of measures related to distribution of goods and services are also within the sphere of the responsibilities of the Ministry of Commerce.

Performance of Market Control Working Group

Government commitment to economic development always encompasses domestic market regulation and control. Thus, with the aim of maintaining equilibrium in the market and supporting consumers and producers, the Market Control Working Group held 21 meetings during 1390 and agreed on 16 approvals, 12 of which were communicated to the relevant executive organizations. This Working Group, in view of the continuation of the first phase of Subsidy Reform Plan in 1390, set to constantly supervise the developments of 22 groups of commonly used essential goods in the household basket with the aim of reducing price fluctuations and controlling supply and demand in the market. The major approaches taken by the Market Control Working group in 1390 were as follows:

- Making necessary arrangements for the storage of strategic goods, with the assistance of the public and private sectors;
- Controlling the prices of goods and services during special events such as the Ramadan and the last days of the Iranian year preceding the Nowrouz celebrations;
- Precluding the foreseeable shocks in the aftermath of the implementation of Subsidy Reform Plan using appropriate controlling instruments with the aim of regulating the market;

- Raising the price of milk, aimed at rationalizing the milk price and supporting milk producers;
- Supplying goods at affordable prices through establishing Commodities Fairs;
- Distributing fruits aimed at regulating the market;
- Supplying rice, cooking oil, and meat at prices set by the government in chain stores;
- Eliminating limitations on red meat imports as authorized by the Ministry of Jihad-e-Agriculture, prioritizing live animals;
- Importing wheat for human use by government and non-government agents;
- Distributing stored goods aimed at maintaining market equilibrium.

Imports and Stock of Major Foodstuffs

According to the data released by the Government Trading Corporation of Iran (GTC), sugar and cube sugar stock decreased by 92.4 percent in 1390 year-end. Moreover, wheat stock declined by 53.3 percent to roughly 2.5 million tons.

A total of 1.1 thousand tons of red meat were imported by the public sector in 1390. Based on the data released by the State Livestock Affairs Logistics Company (SLAL),

red meat stock reached approximately 0.4 thousand tons at end-1390, indicating 94.6 percent decrease compared with the respective figure for the preceding year.

Government Investment

In 1390, approved credits for the acquisition of non-financial–national assets of the domestic trade sector, including domestic market regulation and electronic commerce programs, increased by nearly 219.9 percent to Rls. 1,292.7 billion.

In this year, credits paid for the domestic market regulation program surged by 261.3 percent to approximately Rls. 1,078.9 billion, showing a realization of about 91.0 percent.

Banking Facilities

Net outstanding facilities extended by banks and non-bank credit institutions to domestic trade sector increased by 21.0 percent to Rls. 368.4 trillion in 1390 year-end. Net outstanding facilities extended to non-public domestic trade sector went up by 23.9 percent to Rls. 352.8 trillion, and the amount extended to public domestic trade sector declined by 20.9 percent to Rls. 15.6 trillion. Share of domestic trade sector in net outstanding banking facilities extended to "trade, services and miscellaneous" sector was 33.6 percent and in net outstanding facilities extended to all economic sectors, 10.7 percent.

Table 7.1. Imports and Stock of Major Foodstuffs¹ (thousand tons)

		1389	1390	Percentage change
Wheat	Imports	0.0	9.9	θ
	Year-end stock	5,311.1	2,482.7	-53.3
Sugar and cube sugar	Imports	0.0	0.0	θ
	Year-end stock	26.4	2.0	-92.4
Red meat	Imports	9.3	1.1	-88.0
	Year-end stock	6.8	0.4	-94.6

Source: Ministry of Industry, Mine, and Trade and State Livestock Affairs Logistics Company (SLAL)

¹ Excludes the private sector.

In 1390, the non-public domestic trade sector enjoyed the highest share of outstanding facilities (net) extended by the banking sector by 95.8 percent. This indicated 2.3 percentage points rise compared with the previous year.

Trade Transactions

The number of transactions registered in notary offices increased by 7.7 percent to almost 4 million in 1390. About 36.6 percent of total transactions were related to Tehran Province, up by 12.4 percent compared with 1389.

Cooperatives

Reviewing the performance of operating cooperatives¹ across the country by end-1390

reveals that out of 72 thousand operating cooperatives, about 7 thousand cooperatives were active in the fields of procurement and distribution of goods and services among producers, consumers, and service sector associations², showing 2.6 percent increase compared with 1389 year-end. Total registered capital of these cooperatives amounted to Rls. 17.2 trillion, indicating 0.1 percent increase compared with 1389 year-end. The number of employment opportunities created by cooperatives active in the domestic trade sector rose 1.0 percent to 255 thousand. By end-1390, the number of the members of the mentioned cooperatives was 6.2 million persons, up by 1.6 percent compared with 1389 year-end. Furthermore, the highest number of cooperatives was related to those cooperatives active in the field of "procurement of consumers' needs", constituting

Table 7.2. Credits for Acquisition of Non-financial–National Assets in Domestic Trade Sector

	(billion rials)							
	Approved figures		Performance		Percentage of realization		Share (percent)	
	1389▲	1390	1389	1390	1389	1390	1389	1390
Domestic market regulation program ¹	328.7	1,185.9	298.6	1,078.9	90.9	91.0	85.2	92.2
E-commerce program	75.4	106.8	51.7	91.3	68.5	85.5	14.8	7.8
Total	404.1	1,292.7	350.3	1,170.2	86.7	90.5	100.0	100.0

Source: Budget Laws for 1389 and 1390, and Treasury General, Ministry of Economic Affairs and Finance

¹ Includes construction and development of silos; equipment, restoration and maintenance of wheat storage silos; repair of machineries and equipment; and provision of technical and credit assistance for the maintenance and processing of agricultural products, establishment of wheat storage silos, and renovation of bakeries.

Table 7.3. Net Outstanding Facilities Extended by Banks and Non-bank Credit Institutions to Domestic Trade Sector¹

	(billion rials)							
				Percentage change		Share (percent)		
	1388	1389	1390	1389	1390	1389	1390	
Public and non-public sectors	228,922.0	304,541.0	368,394.3	33.0	21.0	100.0	100.0	
Non-public sector	213,904.1	284,806.4	352,783.0	33.1	23.9	93.5	95.8	
Public sector	15,017.9	19,734.6	15,611.3	31.4	-20.9	6.5	4.2	

¹ Excludes profit and revenue receivables.

¹ By end-1390, a total of 175.5 thousand cooperatives were registered. However, only 72 thousand cooperatives were active and operating. The conditions for the remaining cooperatives were defined as under construction, inoperative, dissolved, etc.

² Other types of cooperatives are as follows: credit unions, new generation cooperatives, multipurpose cooperatives, services cooperatives, industrial cooperatives, utility cooperatives, hand-woven carpets cooperatives, agricultural cooperatives, housing cooperatives, and transport cooperatives.

Chapter 7 DOMESTIC TRADE

71.8 percent of total cooperatives active in the domestic trade sector in 1390.

Business Establishments

According to the data released by Iran Trade and Traders Center, at end-1390, total entities holding business permits increased

by 14.5 percent to over 2 million units. It is to be noted that 46.7 percent of these business establishments were distribution units, 33.3 percent were services units, and 20.0 percent were manufacturing units. Among these entities, the number of services units holding a business permit enjoyed the highest growth by 16.8 percent.

Table 7.4. Cooperatives Active in Domestic Trade Sector

	1389	1390	Percentage change	
			1389	1390
Number	6,857	7,035	3.0	2.6
Procurement of producers' needs	1,512	1,574	4.9	4.1
Procurement of service sector associations' needs	342	407	11.0	19.0
Procurement of consumers' needs	5,003	5,054	1.9	1.0
Capital (billion rials)	17,190	17,209	0.1	0.1
Procurement of producers' needs	3,103	3,108	0.2	0.2
Procurement of service sector associations' needs	3,676	3,677	0.1	*
Procurement of consumers' needs	10,411	10,424	0.2	0.1
Employment opportunities (thousand persons)	252	255	0.9	1.0
Procurement of producers' needs	22	23	5.4	3.4
Procurement of service sector associations' needs	59	59	0.3	1.4
Procurement of consumers' needs	172	173	0.5	0.6
Members (thousand persons)	6,127	6,222	0.8	1.6
Procurement of producers' needs	221	224	0.7	1.1
Procurement of service sector associations' needs	101	102	0.7	1.4
Procurement of consumers' needs	5,805	5,896	0.8	1.6

Source: Statistics and Strategic Information Center, Ministry of Cooperatives, Labor, and Social Welfare

Table 7.5. Number of Entities Holding Business Permits¹ (thousand units)

	1388	1389	1390	Percentage change		Share (percent)	
				1389	1390	1389	1390
Total business establishments	1,428.8	1,800.1	2,060.5	26.0	14.5	100.0	100.0
Manufacturing	308.2	357.9	411.2	16.1	14.9	19.9	20.0
Distribution	768.7	854.4	962.6	11.2	12.7	47.5	46.7
Services	351.9	587.8	686.7	67.0	16.8	32.7	33.3

Source: Ministry of Industry, Mine, and Trade and Iran Trade and Traders Center

¹Data refer to cities with business establishments.