

**World Trade**

In 2013, global trade surged in terms of quantity, while the decline in prices of tradable goods continued. Based on the IMF Report, the quantities of world trade for two main groups of "goods and services" and "goods" increased by 3.3 and 3.0 percent, respectively, indicating 0.4 and 0.5 percentage points growth compared with corresponding figures in 2012. The relevant global trade deflations of these two major groups, namely "goods and services" and "goods", declined by 0.6 and 1.0 percent, respectively.

**Table 11.1. World Trade Growth (percent)**

	2011	2012	2013
<b>Goods and services</b>			
Quantity	6.7	2.9	3.3
Price (in US\$)	11.2	-1.7	-0.6
<b>Goods</b>			
Quantity	6.7	2.5	3.0
Price (in US\$)	12.6	-1.7	-1.0

Source: World Economic Outlook, IMF, October 2015.

Current account imbalances in different economies, resulting from the 2008 financial crisis, were largely controlled in 2013. Ratio of current account to GDP in Commonwealth of Independent States and the emerging market economies of Asia and Europe decreased. For advanced economies, this ratio increased by 0.4 percentage point. Fall in current

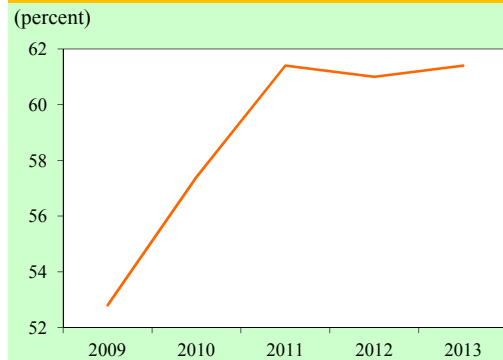
account surplus of oil-exporting countries and increased surplus in current account position of EU countries reduced trade imbalances among different economies during 2011-12<sup>1</sup>.

**Table 11.2. Ratio of Current Account to GDP (percent)**

	2011	2012	2013
Advanced economies	-0.1	0.0	0.4
Emerging market economies in Europe	-6.4	-4.5	-3.8
Commonwealth of Independent States	4.3	2.5	0.7
Emerging market economies in Asia	0.9	1.0	0.7
Middle East, North Africa, Afghanistan, and Pakistan	13.0	12.0	10.2

Source: World Economic Outlook, IMF, October 2015.

**Figure 11.1. Ratio of world trade (sum of exports & imports of goods & services) to world GDP**



<sup>1</sup> World Economic Outlook, IMF, October 2013.

## Chapter 11 BALANCE OF PAYMENTS

The ratio of current account balance to GDP at global level remained unchanged at 0.5 percent in 2013.

### Balance of Payments Developments

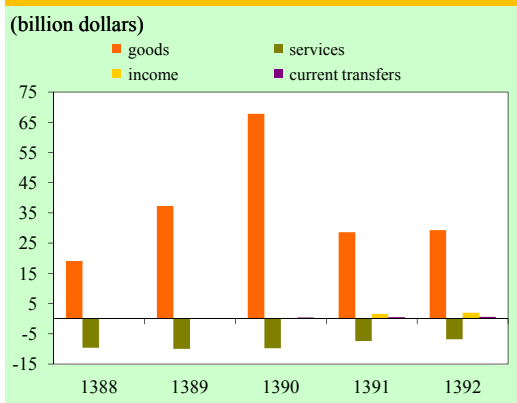
Despite the decline in oil export revenue, which was mainly related to sanctions imposed on oil transactions and the fall in the oil and oil products prices, goods account surplus increased in 1392. This, coupled with the decline in services account deficit, led to a rise in current account surplus compared with 1391.

#### A. Current Account

Current account posted a surplus of \$25.1 billion in 1392, indicating 7.5 percent rise compared with the respective figure of the year before. This increase was largely due to the rise in the surplus of goods account. Moreover, deficit of the non-oil current account decreased by 14.0 percent to roughly \$36.2 billion. In 1392, importers delayed imports as they were hopeful and optimistic about the positive outlook of nuclear

negotiations and the lifting of financial sanctions. Therefore, non-oil imports decreased more than non-oil exports. Fall in the imports of goods and reduction of services account deficit were the main factors behind the fall in the non-oil current account deficit. Non-oil foreign exchange earnings increased by 0.4 percent and constituted 51.5 percent of foreign exchange requirements of current account, up by 3.2 percentage points compared with 1391<sup>1</sup>.

**Figure 11.2. Current account balance components**



**Table 11.3. Current Account Balance**

(million dollars)

	1390	1391▲	1392	Percentage change	
				1391	1392
<b>Current account balance</b>	<b>58,507</b>	<b>23,362</b>	<b>25,105</b>	<b>-60.1</b>	<b>7.5</b>
Goods	67,779	28,563	29,326	-57.9	2.7
Services	-9,771	-7,359	-6,820	-24.7	-7.3
Income	93	1,649	2,034	▣	23.3
Current transfers	406	509	565	25.4	10.9
<b>Current account balance (non-oil)<sup>1</sup></b>	<b>-54,915</b>	<b>-42,069</b>	<b>-36,173</b>	<b>-23.4</b>	<b>-14.0</b>

<sup>1</sup> Excludes the value of crude oil, oil products, natural gas, and natural gas condensate and liquids (tariff codes: 2709, 2710, and 2711) exported by NIOC, NIGC, NIORDC, petrochemical companies and others (customs and non-customs).

<sup>1</sup> This ratio is calculated by dividing the sum of "non-oil exports, exports of services, and credit entries of income and current transfers accounts" to the sum of "imports of goods, imports of services, and debit entries of income and current transfers accounts" times 100.

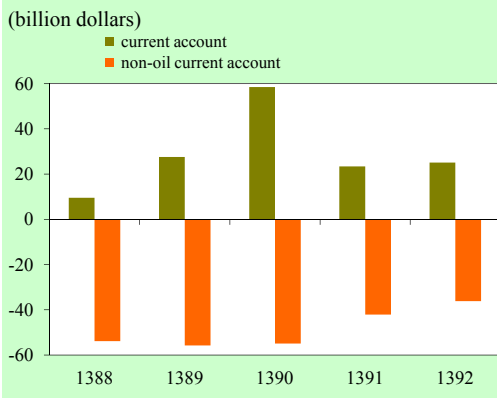
**Goods Account (trade balance)**

In 1392, FOB values of the exports and imports of goods amounted to \$92,910 million and \$63,584 million, respectively. Therefore, goods account registered a surplus of \$29,326 million, up by 2.7 percent compared with the year before. Despite the continued downward trend in oil exports, higher decrease in the imports of goods compared to exports led to an increase in goods account surplus. In 1392, the non-oil goods account had a favorable condition as the FOB value of non-oil imports decreased more than non-oil exports. As a result, the deficit in the non-oil goods account

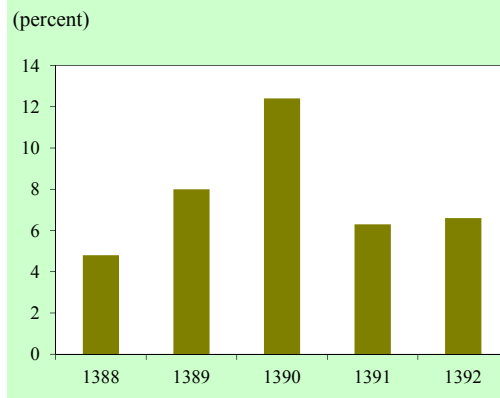
declined by 13.3 percent, from \$36,868 million in 1391 to \$31,951 million in 1392.

In 1392, the FOB value of exports reached \$92,910 million and the value of oil exports amounted to \$64,540 million, showing respectively 4.5 and 5.2 percent decrease. Moreover, the value of non-oil exports fell by 2.9 percent, from \$29,213 million in 1391 to \$28,369 million in 1392. The share of oil exports in total exports decreased by 0.5 percentage point from 70.0 percent in 1391 to 69.5 percent in 1392. Oil exports through Customs amounted to \$3,116 million in 1392, indicating 4.5 percent increase.

**Figure 11.3. Total and non-oil current account balance**

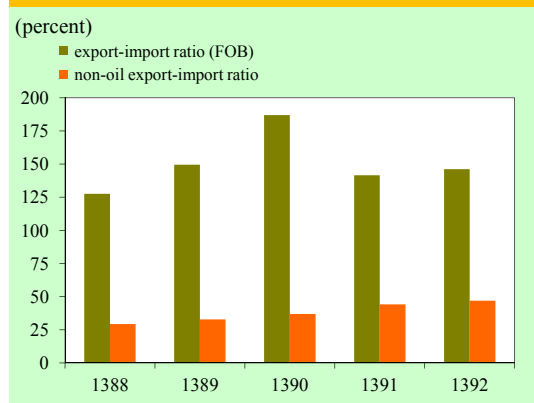


**Figure 11.4. Ratio of external trade balance to GDP**



**Table 11.4. Goods Account**

				(million dollars)	
	1390	1391 ▲	1392	Percentage change	
				1391	1392
<b>Goods account (trade balance)</b>	<b>67,779</b>	<b>28,563</b>	<b>29,326</b>	<b>-57.9</b>	<b>2.7</b>
Exports (FOB)	145,806	97,296	92,910	-33.3	-4.5
Imports (FOB)	78,027	68,734	63,584	-11.9	-7.5
<b>Non-oil goods account (trade balance)</b>	<b>-45,643</b>	<b>-36,868</b>	<b>-31,951</b>	<b>-19.2</b>	<b>-13.3</b>
Non-oil exports	26,658	29,213	28,369	9.6	-2.9
Non-oil imports	72,301	66,082	60,321	-8.6	-8.7

**Figure 11.5. Export-import ratio**


The FOB value of total imports reached \$63,584 million in 1392, down by 7.5 percent compared with the previous year. Of this figure, \$3,263 million (5.1 percent) was related to gas and oil products and \$60,321 million (94.9 percent), to other goods. In 1392, imports of gas and oil products increased.

Current account to GDP ratio increased by 0.6 percentage point compared with 1391, to 5.7 percent. This ratio for "Middle East, North Africa, Afghanistan, and Pakistan" group was 10.2 percent in 2013, down by 1.8 percentage points compared with 2012. In 1392, the ratio of goods account to GDP increased while that of exports and imports of goods to GDP was lower than 1391.

**Table 11.7. Ratio of Current Account, Goods Account, Exports, and Imports of Goods to GDP<sup>1</sup>** (percent)

	1390	1391	1392
Current account to GDP	10.7	5.1	5.7
Goods account to GDP	12.4	6.3	6.6
Exports of goods to GDP	26.6	21.4	21.0
Imports of goods to GDP	14.2	15.1	14.3

<sup>1</sup> At market price, current prices.

**Table 11.5. Exports**

(million dollars)

	1390	1391▲	1392	Percentage change		Share (percent)	
				1391	1392	1391	1392
<b>Exports of goods (FOB)</b>	<b>145,806</b>	<b>97,296</b>	<b>92,910</b>	<b>-33.3</b>	<b>-4.5</b>	<b>100.0</b>	<b>100.0</b>
<b>Oil exports<sup>1</sup></b>	<b>119,148</b>	<b>68,083</b>	<b>64,540</b>	<b>-42.9</b>	<b>-5.2</b>	<b>70.0</b>	<b>69.5</b>
Recorded in Customs data <sup>2</sup>	6,801	2,980	3,116	-56.2	4.5	3.1	3.4
<b>Non-oil exports</b>	<b>26,658</b>	<b>29,213</b>	<b>28,369</b>	<b>9.6</b>	<b>-2.9</b>	<b>30.0</b>	<b>30.5</b>

<sup>1</sup> Includes the value of crude oil, oil products, natural gas, and natural gas condensate and liquids (tariff codes: 2709, 2710, and 2711) exported by NIOC, NIGC, NIORDC, petrochemical companies and others (customs and non-customs).

<sup>2</sup> Includes the value of natural gas condensate and liquids as well as oil products (tariff codes: 2710 and 2711) exported by petrochemical companies and others mentioned in Customs data.

**Table 11.6. Imports**

(million dollars)

	1390	1391▲	1392	Percentage change	
				1391	1392
<b>Total imports (FOB)</b>	<b>78,027</b>	<b>68,734</b>	<b>63,584</b>	<b>-11.9</b>	<b>-7.5</b>
Gas and oil products <sup>1</sup>	5,726	2,652	3,263	-53.7	23.0
Other goods (non-oil)	72,301	66,082	60,321	-8.6	-8.7

<sup>1</sup> Includes the value of natural gas, natural gas condensate and liquids, and oil products (tariff codes: 2710 and 2711) imported by NIOC, NIGC, NIORDC, petrochemical companies and others (customs and non-customs).

*Services Account*

Services account deficit fell by 7.3 percent to \$6,820 million in 1392. Total services export receipts reached \$9,374 million, indicating 10.5 percent increase compared with 1391. Moreover, services import payments rose by 2.2 percent to \$16,194 million. In 1392, "transportation", "travel", and "construction services" had the biggest impact on the credit and debit entries under the services account. These three groups together accounted for 88.4 percent of the value of exports and 81.4 percent of the value of imports of services. Corresponding figures for 1391 were 87.0 and 78.2 percent.

*Income Account*

Net transactions of the income account, including receipts and payments under the "compensation of employees, including border and seasonal workers" and "investment income and expenditure" led to a capital inflow of \$2,034 million. Receipts under "compensation of employees, including border and seasonal workers" from non-resident entities increased by 9.8 percent and reached \$351 million and payments on this purpose amounted to \$290 million, down by 30.6 percent compared with 1391. The profit received from investment abroad came to \$2,858 million, up by 2.3 percent. The amount paid to foreign investors decreased by 15.3 percent to \$886 million.

**Table 11.8. Services Account**

(million dollars)

	1390	1391▲	1392	Percentage change		Share (percent)	
				1391	1392	1391	1392
<b>Services account</b>	<b>-9,771</b>	<b>-7,359</b>	<b>-6,820</b>	<b>-24.7</b>	<b>-7.3</b>	<b>-</b>	<b>-</b>
<b>Exports</b>	<b>8,442</b>	<b>8,483</b>	<b>9,374</b>	<b>0.5</b>	<b>10.5</b>	<b>100.0</b>	<b>100.0</b>
Transportation	3,203	3,391	3,717	5.9	9.6	40.0	39.7
Travel	2,348	2,345	3,054	-0.1	30.2	27.6	32.6
Construction services	1,697	1,647	1,514	-2.9	-8.1	19.4	16.2
Other services	1,194	1,100	1,089	-7.8	-1.0	13.0	11.6
<b>Imports</b>	<b>18,213</b>	<b>15,843</b>	<b>16,194</b>	<b>-13.0</b>	<b>2.2</b>	<b>100.0</b>	<b>100.0</b>
Transportation	3,365	2,930	2,667	-12.9	-9.0	18.5	16.5
Travel	9,775	7,825	8,839	-19.9	13.0	49.4	54.6
Construction services	1,370	1,634	1,676	19.3	2.5	10.3	10.3
Other services	3,703	3,453	3,013	-6.7	-12.7	21.8	18.6

**Table 11.9. Income Account**

(million dollars)

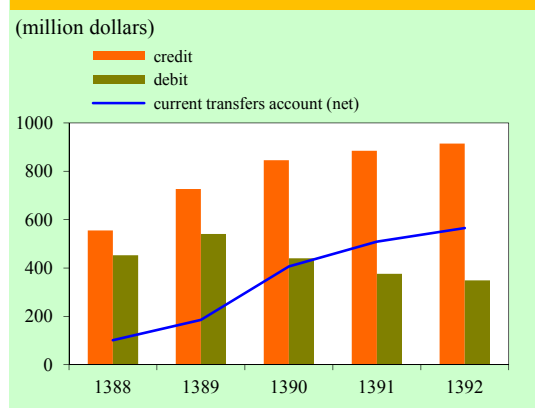
	1390	1391▲	1392	Percentage change	
				1391	1392
<b>Income account</b>	<b>93</b>	<b>1,649</b>	<b>2,034</b>	<b>⊖</b>	<b>23.3</b>
<b>Credit</b>	<b>2,132</b>	<b>3,112</b>	<b>3,209</b>	<b>46.0</b>	<b>3.1</b>
Compensation of employees, including border, seasonal workers	354	320	351	-9.8	9.8
Investment income	1,777	2,793	2,858	57.1	2.3
<b>Debit</b>	<b>2,039</b>	<b>1,463</b>	<b>1,175</b>	<b>-28.2</b>	<b>-19.7</b>
Compensation of employees, including border, seasonal workers	513	417	290	-18.7	-30.6
Investment expenditure	1,526	1,046	886	-31.4	-15.3

**Current Transfers Account**

In 1392, the surplus of current transfers account amounted to \$565 million, indicating 10.9 percent increase compared with the surplus of this account in 1391.

portfolio investment, other investments, and changes in CBI foreign assets (gross).

**Figure 11.6. Current transfers account**



**Capital Account**

Capital account registered outflows of \$541 million in 1392, down by almost 33.6 percent compared with last year.

**Financial Account**

Financial account outflows rose by 2.9 percent to \$22.0 billion in 1392. Net figures of "other investments" are indicative of the rise in Iran's capital and financial assets in other countries. Conversely, net figures of "foreign direct investment" and "portfolio investment" are indicative of capital inflows. Furthermore, foreign assets of the Central Bank (reserve assets) increased by \$13.2 billion in 1392.

**B. Capital and Financial Account**

Net outflows in the capital and financial account increased by 1.6 percent to \$22.5 billion in 1392. This was mainly due to the financial outflows. The capital account of the balance of payments mainly includes capital transfers (debt relief or immigrants' transfers). The financial account constitutes transactions under foreign direct investment,

**Foreign Direct Investment (FDI)**

In 1392, net foreign direct investment<sup>1</sup> in Iran increased by about 189 percent to \$2,113 million. Net foreign investment in oil and gas projects in the form of buy-back contracts is included under "foreign direct investment" heading.

**Table 11.10. Capital and Financial Account**

(million dollars)

	1390▲	1391▲	1392	Percentage change	
				1391	1392
<b>Capital and financial account</b>	<b>-40,741</b>	<b>-22,161</b>	<b>-22,510</b>	<b>-45.6</b>	<b>1.6</b>
Capital account	-4,050	-815	-541	-79.9	-33.6
Financial account	-36,690	-21,346	-21,969	-41.8	2.9

<sup>1</sup> Sum of receipts and payments, under foreign direct investment.

**FDI Inflows**

According to data released by the Organization for Investment, Economic and Technical Assistance of Iran (OIETAI), FDI inflows totaled \$3,339 million in 1392. Approximately \$1,059 million of the mentioned amount was under the Foreign Investment Promotion and Protection Act, up by 54.3 percent compared with 1391. A sum of \$1,928 million was in the form of oil and gas buy-back contracts, down by 44.4 percent compared with the year before. Moreover, \$351 million was in the form of civil partnership contracts, construction, operation and transfer, buy-back contracts, and foreign investment in the stock exchange, up by 4.6 percent compared with 1391.

**Portfolio Investment**

Total transactions under the portfolio investment heading are indicative of net

inflows of \$1,899 million in 1392. These transactions were mainly in the form of purchase of company shares and securities in foreign currency.

**Other Investments**

Outflows under "other investments" account increased by 30.0 percent to \$12,792 million in 1392, mainly attributable to increased outflows under trade credits.

**External Debt**

Total foreign exchange obligations (actual and contingent obligations) amounted to \$19,858 million at end-1392. The value of contingent obligations was \$13,203 million, indicating an increase of 61.6 percent compared with end-1391, and constituting a share of 66.5 percent in total obligations.

**Table 11.11. Financial Account**

(million dollars)

	1390▲	1391▲	1392	Percentage change	
				1391	1392
<b>Financial account</b>	<b>-36,690</b>	<b>-21,346</b>	<b>-21,969</b>	<b>-41.8</b>	<b>2.9</b>
Foreign direct investment (net)	524	731	2,113	39.5	189.0
Portfolio investment (net)	-478	-26	1,899	-94.5	0
Other investments (net)	-15,300	-9,838	-12,792	-35.7	30.0
Reserve assets	-21,436	-12,213	-13,189	-43.0	8.0

**Table 11.12. Foreign Investment Inflows in the form of Foreign Direct Investment**

(million dollars)

	1390	1391	1392	Percentage change	
				1391	1392
<b>Foreign direct investment</b>	<b>4,322</b>	<b>4,489</b>	<b>3,339</b>	<b>3.9</b>	<b>-25.6</b>
Under Foreign Investment Promotion and Protection Act	1,175	687	1,059	-41.6	54.3
Oil and gas buy-back contracts	2,834	3,466	1,928	22.3	-44.4
Others	313	336	351	7.3	4.6

Source: Organization for Investment, Economic and Technical Assistance of Iran (OIETAI).

## Chapter 11 BALANCE OF PAYMENTS

Total value of actual obligations (external debt) was \$6,655 million by end-1392, indicating 13.4 percent fall compared with 1391. Of this amount, \$5,878 million was related to medium- and long-term debt and \$777 million, to short-term debt.

### *Reserve Assets (CBI foreign assets)*

Transactions in foreign exchange between Iranian and foreign entities caused the gross value of CBI foreign assets to increase by \$13,189 million in 1392, up by 8.0 percent compared with the previous year.

**Table 11.13. Foreign Exchange Obligations**

(million dollars)

	1390▲	1391▲	1392	Percentage change	
				1391	1392
<b>Actual obligations (external debt)</b>	<b>19,185</b>	<b>7,682</b>	<b>6,655</b>	<b>-60.0</b>	<b>-13.4</b>
Medium- and long-term	8,865	6,739	5,878	-24.0	-12.8
Short-term	10,320	943	777	-90.9	-17.6
<b>Contingent obligations</b>	<b>20,675</b>	<b>8,169</b>	<b>13,203</b>	<b>-60.5</b>	<b>61.6</b>
<b>Total</b>	<b>39,860</b>	<b>15,851</b>	<b>19,858</b>	<b>-60.2</b>	<b>25.3</b>