CHAPTER NINE

FOREIGN EXCHANGE AND TRADE POLICY

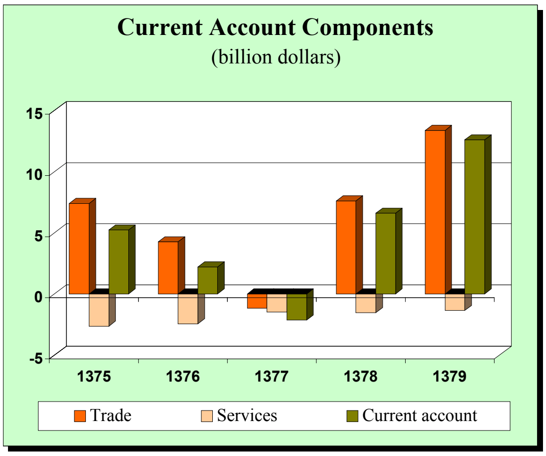
In 1379, the continuing boom in the global oil market led to a 36 percent increase in crude oil prices and a significant improvement in Iran's oil revenues and foreign trade balance. This improvement along with deregulation and streamlining of foreign trade procedures, and stability of the foreign exchange market, caused a growth in imports and an improvement in non-oil exports. The trade surplus caused by increase in oil revenues, created the means for repayment of a considerable portion of foreign debt, increase in net foreign assets of the banking system, and also the establishment of the Oil Stabilization Fund (OSF).

Balance of Payments

The balance of payments in 1379 was greatly influenced by developments in the global oil market. The 36 percent rise in oil prices and the increase in exports of crude oil led to a 42 percent increase in export revenues from the oil sector. The export earning of the oil sector is composed of $20.8 billion of crude oil, $2.6 billion of refinery products, gas and liquid gas products and $0.8 billion of exports for the repayment of buy-back obligations.

In this year, non-oil exports increased by 6.1 percent to total $4,181 million, up from $3,941 million in 1378. In addition to the export reported by the Customs, this figure includes export of electricity, cross border trade, shuttle trade, buoys, scrap oil tankers, etc. Increase in export revenues to $28,461 million along with the easing of foreign trade regulations led to a 12.3 percent growth in imports. This resulted in a $13,375 million surplus in the trade balance.

The balance of payments' receipts from the services sector grew by 1.4 percent while payments were reduced by 5.5 percent. Freight and insurance, and tourism (travel and traveling services) receipts of $450 million and $677 million respectively, comprised 79.6 percent of the foreign exchange receipts from this sector. In the payments sector, freight and insurance, interest payment, and other public services, including embassies, technical and engineering services, communications, cultural affairs, etc. by $1,347, $370 and $766 million respectively, comprised 89.7 percent of total imports of services. The balance of services account registered a $1,351 million deficit in this year.



The transfer account in the current account of BOP registered a $610 million surplus owing to receipts from Kuwait War compensation and transfer of resources related to the import account without transfer of foreign exchange. The current account increased by 91.7 percent and registered $12,634 million surplus compared to the previous year. This was mainly utilized for the repayment of foreign debts, creation of the OSF, and resulted in a net increase the net foreign assets of the banking system.

The capital account deficit grew by 22.4 percent and reached $ 4,573 million. In the government's long-term account $2,464 million was allocated for the repayment of foreign debt and $833 million to repay buy-back contract obligations. In the government's short-term account, net clearing accounts showed $260 million in receipts. In the banking section, banks' net foreign assets increased by $1,795 million and obligations for opened letters of credit were reduced by $ 60 million. The CBI's net foreign reserves and the balance of the OSF account increased respectively by $585 and $5,944 million. The overall balance of BOP showed a $6,529 million surplus.

Foreign Exchange Obligations

The foreign exchange obligations declined by 10.8 percent from $ 20.9 billion at the end of 1378 to $18.6 billion at the end of 1379. This decline led to changes in composition of foreign exchange obligations, so that, the percentage share of contingent obligations increased from 45.7 percent at the end of 1378 to 53.4 percent at the end of 1379. The change in the composition of foreign exchange obligations and predominant share of contingent obligations provided more flexibility in foreign exchange obligations than in the previous year. In this period, external debts showed a 23.2 percent reduction to become $7,953 million against $10,357 million in the year before. The share of short and long- term debt based upon initial maturity dates, out of total foreign debts, changed from 34.9 and 65.1 percent at the end of 1378 to 46.2 and 53.8 percent respectively at the end of 1379. At the end of this period, short and long-term debts comprised respectively $3,678 million and $4,275 million out of total actual debts, $5,291 million of which will reach maturity during 1380.

In 1379, short-term debts increased by $60 million and medium and long-term debts declined by $2,464 million, which in sum led to a reduction of foreign debts to reach a maximum of $7,953 million. In this period, net repayment of rescheduled contracts, oil prefinance, and Finance contracts respectively by $862, $1,208 and $404 million had the highest share in reducing long-term and total actual debts.

COMPOSITION OF FOREIGN DEBTS

(million dollars)

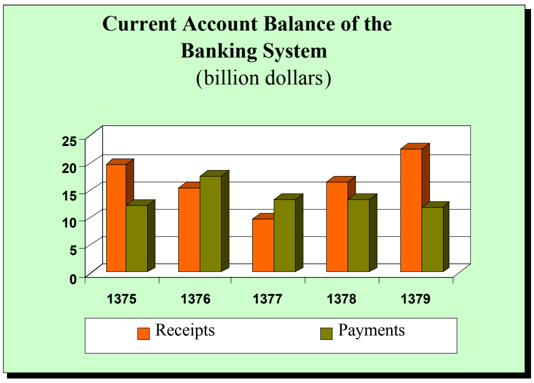
	1378	1379	Percentage change
Contingent obligations	9,538	9,959	4.4
External debts	10,357	7,953	-23.2
Interest	990	713	-28
Total obligations	**20,885**	**18,625**	**-10.8**

Foreign Exchange Balance of the Banking System

The current foreign exchange receipts of the banking system rose by 35.4 percent in 1379 to reach $22,649 million, owing mostly to the increase in oil export revenues. Current foreign exchange payments declined by 11.1 percent and reached $12,005 million due mainly to a significant reduction in imported goods particularly by the private sector, as compared to the previous year. The resultant net current account for the foreign exchange balance showed a surplus of $10.6 billion.

In this year, the net capital account and unclassified items in the foreign exchange balance, showed a deficit of $4,491.6 million. Capital receipts increased by 28.8 percent and reached $2,115 million, mainly due to receipt of $1,800 million in foreign loans and credits by the government.

Hence, overall balance which is the sum of net current and capital accounts, and unclassified items, registered $6.2 billion surplus.



SUMMARY OF FOREIGN EXCHANGE BALANCE OF THE BANKING SYSTEM

(million dollars)

	1377	1378	1379
Net current account	-3,484.6	3,222.1	10,644.3
Net capital account & unclassified items	-911.9	4,392.9	-4,491.6
Overall balance	**-2,572.7**	**7,615.0**	**6,152.7**

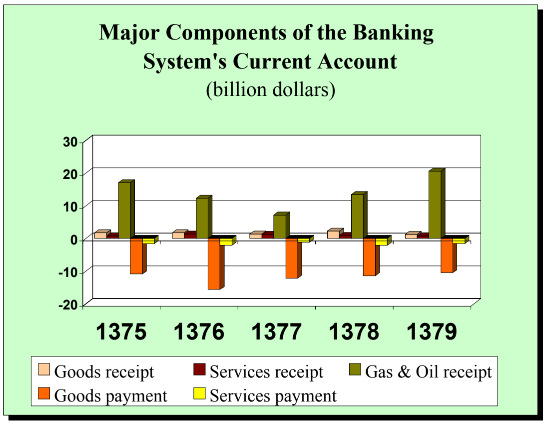
Current Receipts

The current foreign exchange receipts of the banking system significantly increased by $5.9 billion as compared to the previous year and reached $22.6 billion. The increase in crude oil prices in international markets caused a rise in foreign exchange receipts from oil exports of 53 percent and reached $20.3 billion. The percentage share of foreign exchange receipts from oil exports to total foreign exchange receipts increased from 79.3 percent in 1378 to 89.6 percent in the year under review.

Due to elimination of the surrender requirements for certain non-oil exports, the foreign exchange purchased from export of these items fell by 43.6 percent compared to the previous year and reached $1,287.2 million. This constituted 31 percent of the total value of non-oil exports for 1379. During the year under study, foreign exchange receipts from the services sector declined by 20.4 percent and reached $755 million from $947.6 million in the previous year. Meanwhile, foreign exchange receipts from the non-public sector declined by 58 percent. The amount of interest received, increased by 184.5 percent and reached $515.7 million, 60.3 percent of which was related to interest received from CBI's deposits abroad, and treasury bills and foreign bonds. The percentage share of the banking system's interest receipts from sight and term deposits made up 35.3 percent of total interest received.

Current Payments

In 1379, the current foreign exchange payments of the banking system declined by 11.1 percent to reach $12,005 million, 87.7 percent of which was related to goods imports. Foreign exchange payments for non-public sector imports showed a 5.2 percent reduction and totaled $5,811.6 million in 1379 against $6,127.6 million in 1378. Non-public sector share of foreign exchange payments increased from 53.8 percent in 1378 to 55.2 percent in 1379. The current foreign exchange payments for services declined by 29.8 percent compared to the previous year, and reached a figure of $1,476.7 million. The public sector share of these payments was 52.3 percent. The total interest paid increased by 130.9 percent and reached $419.7 million, 52.1 percent of which was related to interest paid on deposits of foreign banks with the CBI. Taking into account the interest paid on foreign exchange term and sight deposits for the banking system as a whole with the exception of the CBI, this percentage share was 56.4.



Net Current Account

In 1379, the increase in current foreign exchange receipts along with reduction in current foreign exchange payments, led to a $10,644.0 million surplus in the net current account of foreign exchange balance.

SUMMARY OF CURRENT ACCOUNT BALANCE OF THE BANKING SYSTEM

(million dollars)

	1377	1378	1379
Current receipts	9,782.2	16,724.7	22,649.0
Current payments	13,267.2	13,502.6	12,005.0
Net current account	-3,484.6	3,222.1	10,644.0

Foreign Exchange and Trade Policies

The policies pursued in the external sector in 1379 were aimed at creating transparency in the foreign exchange market, reduction of non-tariff and administrative barriers in the importation of goods, and easing conditions for non-oil exports. The CBI was successful in managing the fluctuations in the foreign exchange market by abolishing the export rate from the beginning of 1379 and substituting the certificate of deposit rate (CD) instead of the import certificate rate. In line with this policy the exporters would receive CDs after surrendering foreign exchange proceeds from exports and have the choice for selling these either to the banking system within the specified time frame or through the TSE to other importers or otherwise using this foreign exchange to directly import goods and services.

Following the improvements in global oil market and the marked rise of foreign exchange revenues in 1379, an amendment was made to the 3rd FYDP Law. This amendment made provision for the establishment of an oil stabilization fund to help realize the goals of the 3rd FYDP. Any oil revenues in excess of those projected in the approved annual budget were to be held in the form of a government deposit account at the CBI. In accordance with this law, the government is authorized to allocate up to fifty percent of this fund for investment and financing manufacturing, mining, agriculture, transportation, and technical and engineering services of non-public sector projects whose technical and economic justifications have been approved by the relevant experts from the respective ministries. These funds are to be extended as foreign exchange facilities through the resident and non-resident Iranian banks.

Exports Policies

The policies for the promotion of non-oil exports consisted mainly of the easing of rules and regulations pertaining to export documentation procedures and increasing exporters' options in utilizing their export proceeds. In line with export promotion policies, entities rendering engineering services abroad, and manufacturers who directly export their own products, were exempted from export obligation ceilings and provision of collaterals in issuance of non-oil export foreign exchange surrender guarantees. These exporters could also import their required raw materials, spare parts, equipment, and machinery through the Ministry of Commerce, within a stipulated time frame, in lieu of their exports, irrespective of the countries from which the imports originated and to which their exports were made. In addition, all exporters exporting any goods, with the exception of hand-woven carpet, pistachio, hide, unprocessed skin, leather, and flour, to Central Asian and African countries could import authorized goods against these exports from the same country irrespective of the country of origin for the goods, either themselves or on their behalf, through other authorized exporters. Moreover, the period for settlement of foreign exchange obligations for exports of goods through long-term export LCs on consumer goods was increased to 360 days and for capital goods, up to 5 years.

To promote exports through raising the competitiveness of Iranian exportable goods and services and reduce risk in export activities, commercial banks have been authorized to extend short and medium-term facilities up to a maximum of 85 percent of the foreign exchange value of the sales contract based on the credit worthiness of buyers and sellers. These facilities would be granted to exports of those goods of which at least 70 percent of the value is manufactured in Iran, or for those services at least 70 percent of whose value was rendered by Iranians. Furthermore, the CBI specified that the cash portion of the collateral requirement for the issuance of foreign exchange guarantees related to technical and engineering services would be from 3 to 5 percent of the guarantee amount, payable in rials. The balance could be financed through promissory note. A rial commission fee of 0.5 percent would be charged for issuance of guarantees up to US$50 million and in excess of that figure the commission fee would be 0.3 percent.

Import Policies

Cutting red tape and simplifying the regulations on foreign trade paved the way for improving the economic situation. As a result, import policies dealt with easing import conditions, tariffication of non-tariff barriers and increasing the coverage of authorized imported goods. In accordance with the 3rd FYDP Law, the government is required to abolish non-tariff and non-technical barriers while observing Islamic restrictions, and provide a time frame for modifying the relevant tariff rates to promote foreign trade. Henceforth, by agreement of the Ministry of Commerce and the CBI, imports under 2,500 headings of industrial goods were exempted from the requirement of obtaining permission from the Ministry of Industry.

In an effort to assist importers, the minimum advance deposit requirement for opening of LC/order registration drafts was reduced to 10 percent at the CD rate, which is payable on the day the LC/draft is opened. The advance payment required for imports of goods by ministries and government institutions using general budget funds is one hundred percent. Imports of goods without requiring the transfer of foreign exchange from the banking system was authorized in the form of bill or cash against document through opening LCs and payment of order registration fees. The order registration of imports of authorized goods at CD rate was authorized through term bills with at most six month maturity.

The possibility of extending the maturity dates and easing conditions for opening LCs was another import facility in 1379. In Esfand 1379 extension of maturity dates for all LCs opened at floating and export rates was authorized. These LC extensions could be made several times and had a ceiling of up to 18 months from the date of their original opening. Similarly for LCs opened through customers' valid import certificates or import certificates purchased through the TSE at CD rates, it was permissible to extend the maturity date several times up to a maximum of 24 months from the date of opening as well as modifying the conditions several times.

Foreign Exchange Policies

Following the abolition of the export rate, the CD, and the negotiated rates were applied along with the floating rate, as the basis for foreign exchange transactions. Since Ordibehesht 1379, revenues derived from sale of fuel to ships, airplanes and foreign trucks, revenues from servicing foreign ships, revenues derived from rail car and land transportation transits, and revenues from crossing and dock services were calculated at the CD rate. The negotiated rate was applied for calculating purchase of foreign exchange proceeds of handicraft sellers, hotels, and tourist offices, purchase of foreign exchange from tourists, embassies, agents of international organizations, and representatives of foreign banks. Sale of foreign exchange for travel and medical purposes, for opening LCs and documentary bills for imports of authorized goods to Free Trade and Industry Zones (FTZ's) and special economic zones, for transfer of foreign exchange for membership fees for organizations, companies and real and legal persons in international organizations and scientific societies, for salaries and allowances of foreign employees working in ministries, government institutions and affiliated corporations and public, cooperative, and non-public sector corporations was also authorized at negotiated rates.

With the increase in foreign exchange transactions in the banking system, the CBI authorized banks to transfer abroad wholly or partially, the outstanding amounts of internal origin foreign exchange accounts for coverage of their interbank operations with their corresponding banks. At the same time the distinction between foreign exchange accounts of internal/external origin was eliminated enabling account holders to transfer funds between the two categories of accounts. In another step the CBI approved that the amount of foreign exchange sold to passengers for each foreign trip made by air, land, or sea, up to three times a year, would be $2,000 per passport holder plus $1,000 for each accompanying person up to a total of four persons.

In order to help economic development, promote exports and generate employment, banks were authorized to extend foreign exchange facilities to exporters and producers in any form of contract authorized under the Usury-free Banking Law. The general ceiling for extended facilities by all banks was determined to be US$ one billion and the individual ceiling of extendable facilities was to be $5 million for each entity. 60 percent of the extended facilities had a one-year maturity and was allocated for the purchase of raw materials, while 40 percent of facilities, with two-year maturity, was allocated for the purchase of manufacturing machinery and related services or for the completion of the semi-finished projects. These facilities are funded out of customers' foreign exchange deposits with banks, foreign exchange reserves of banks, and reserves of foreign branches and banks' agents, and extended at a 2.5 and a 3 percent rate of interest above international rates

(Labor of relevant foreign exchange) respectively for short and medium-term facilities to exporters of non-oil commodities and owners/managers of self reliant projects with priority being accorded to semi-finished projects.

Foreign Trade Performance

Implementation of trade promotion policies in 1379 led to a significant growth of both exports and imports. The major policies in this respect for the promotion of non-oil exports were the exemption of exports of non-oil goods from payment of any charges, the exemption of exports of handicrafts, except hand-made carpets, from surrender requirements, the authorization of phased issuance of CDs for exporters who export goods through phased LCs and the authorization of foreign exchange transactions from internal or external origins at negotiated rates in banks branches inside and outside the country.

In the case of imports, the policy of easing regulatory requirements for trade was implemented. Reduction of the minimum advance payment for opening LCs and determination of the foreign exchange rate through the supply and demand in the CD market are among these policies. The price setting committee of the Export Promotion Center by adjusting and increasing most of the basic rates for the surrender requirement, moved towards registering the actual value of non-oil exports. As a result, the value of exports, excluding oil, gas, and electricity increased by 11.9 percent compared to the previous year and reached $3,762.7 million. An interesting fact was the 18.7 percent reduction of the weight of non-oil exports, which resulted in a 38 percent growth of unit value of exported goods up to a maximum of $264.

In 1379, the CIF value of imported goods increased by 13 percent and reached US$14,347 million, which was mainly due to improvement in foreign exchange earnings owing to improvements in the appropriate world energy market and increase in foreign exchange facilities allocated to imports and easing import regulations. The CIF value of adjusted imports (after deduction of the cost of order registration fees) increased and reached US$13,187 million against US$11,972 million in 1379. The weight of imports increased by 20.6 percent, and owing to a greater growth in import weight, the unit value of imported goods declined by 6 percent to total $552 in 1379 as opposed to $589 in 1378.

FOREIGN TRADE
(Excluding Oil, Gas and Electricity)

						Percentage change		Share (percent)	
	1375	1376	1377	1378	1379	1378	1379	1378	1379
Amount (million $)									
1. Imports	15,117	14,196	14,323	12,683	14,347	-11.5	13.1		
2.Adjusted imports (1)	14,467	13,633	13,708	11,972	13,187	-12.7	10.1	78.1	77.8
3. Exports	3,106	2,876	3,013	3,362	3,763	11.6	11.9	21.9	22.2
Deficit (3-2)	-11,361	-10,757	-10,695	-8,610	-9,424				
Total (3+2)	**17,573**	**16,509**	**16,721**	**15,334**	**16,950**	**-8.3**	**10.5**	**100.0**	**100.0**
Weight (thousand tons)									
1. Imports	21,009	21,845	16,297	21,549	25,980	32.2	20.6	55.1	64.5
2. Exports	7,041	8,690	14,460	17,567	14,281	21.5	-18.7	44.9	35.5
Total (1+2)	**28,050**	**30,535**	**30,757**	**39,116**	**40,261**	**27.2**	**2.9**	**100.0**	**100.0**

(1) In foreign trade statistics, the value of imports includes value of goods plus order registration fee; therefore, order registration receipts have been deducted from the value of imports and have come under adjusted imports.

Imports

In 1379, about 26 million tons of goods valued at US$ 14.3 billion were imported showing a 20.6 percent increase in weight and 13.1 percent rise in value. The composition of imports indicate that raw materials and intermediate goods imports significantly increased by 18.9 percent and reached $7,401 million and imports of capital goods rose by 7.2 percent to reach $4,834 million from $4,510 million a year earlier. However, the share of consumer goods out of total imports declined slightly, though its value increased by 8.4 percent and reached $2,112 million.

COMPOSITION OF IMPORTS BY USE

(million dollars)

			Percentage change		Share (percent)	
	1378	1379	1378	1379	1378	1379
Raw material & intermediate goods	6,225	7,401	-1.3	18.9	49.1	51.6
Capital goods	4,510	4,834	-24.9	7.2	35.6	33.7
Consumer goods	1,948	2,112	-3.1	8.4	15.3	14.7
Total	**12,683**	**14,347**	**-11.5**	**13.1**	**100.0**	**100.0**
Imports (adjusted)	**11,972**	**13,187**	**-12.7**	**10.1**		

According to international classification of goods, the value of machinery and transportation vehicles imports registered an 8.1 percent growth to reach $5,172 million, attaining the greatest weight of imports and registering a 36.1 percent share out of total imports in 1379. Second to this, imports of non-electric machinery with a share of 20.7 percent out of total imports and with 1.5 percent reduction in value reached $2,976 million. Imports of basic manufactured goods(1) increased significantly by 44 percent and reached $3,185 million in the year under study from $2,213 million in 1378 which constituted 22.2 percent of total imports.

The top five exporting countries to Iran were Germany, U.A.E., Russia, Italy and South Korea which together accounted for 36 percent of Iran's imports this year. The highest increase in the growth in import value by countries, belonged to Kazakistan with a 161 percent, followed by Sweden with 158 percent, and Argentina with 132 percent increase. These countries were respectively ranked fourteen, seventeen and eighteen in the table. Belgium whose exports declined by 28.6 percent compared to the previous year to reach $ 426 million registered the highest reduction in imports.

IMPORTS ACCORDING TO INTERNATIONAL CLASSIFICATION OF GOODS

(million dollars)

			Percentage change		Share (percent)	
	1378	1379	1378	1379	1378	1379
Machinery & transportation vehicles	4,785	5,172	-24.6	8.1	37.7	36.1
Goods classified according to their compositions	2,213	3,185	-12.2	43.9	17.5	22.2
Foodstuff & live animals	1,953	1,977	23.4	1.2	15.4	13.8
Chemical materials	1,894	2,027	6.8	7.0	14.9	14.1
Others	1,838	1,986	-12.4	8.1	14.5	13.8
Total	**12,683**	**14,347**	**-11.5**	**13.1**	**100.0**	**100.0**
Imports (adjusted)	**11,972**	**13,187**	**-12.7**	**10.1**		

(1) Goods that are classified according to materials used.

Based on the table showing the origin of imports according to group of countries, imports from member countries of the European Union with a 3.4 percent growth, reached $5,321 million compared to $5,147 million in 1378, which constituted 37.1 percent of total imports. Imports from ESCAP countries increased by 14.6 percent and reached $4,742 million, which constituted 33.1 percent of the total import needs of the country.

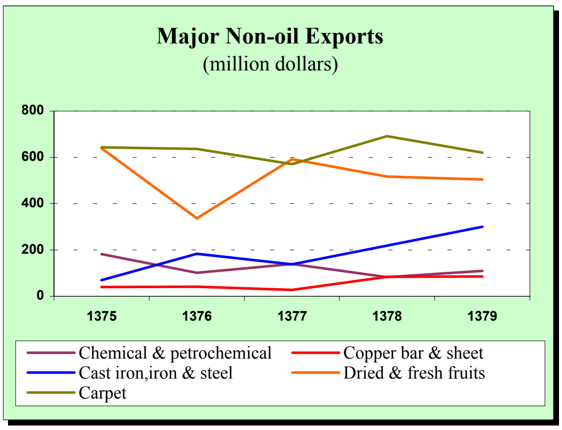
Distribution of imports according to continents indicates higher share for Europe and Asia as markets of origin for Iran, so that the total value of imports from these continents to Iran reached $12,108 million, which constituted 84.4 percent of total imports.

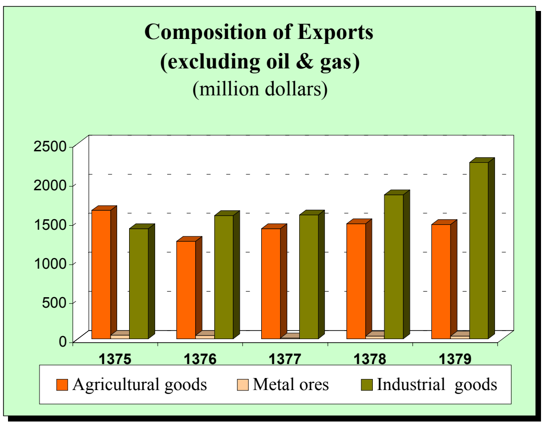
Non-oil Exports

In 1379, about 14,281 thousand tons of goods, valued at $3,763 million were exported which showed a 18.7 percent reduction in weight and an 11.9 percent increase in value compared to the previous year. Taking into account the cross border and shuttle exports valued at $111 and $73 million respectively, the total value of non-oil exports (excluding oil, gas and electricity) reached $3,947 million.

The export value of agricultural and traditional goods declined slightly and reached $1,466 million, compared to the previous year. This decline along with significant growth of exports of other groups reduced the share of exports of agricultural and traditional goods to 39 percent in the year under study compared to 44 percent in the previous year. The 10.4 percent reduction in the export value for carpets, and a 2.6 percent reduction in the value of exported fresh and dry fruits, were the main factors behind the decline in the value of exports for this group. In contrast, the export value of cotton increased significantly by 107.7 percent and changed the export outlook for this item whose export proceeds were $5.4 million.

The export value of all industrial products increased significantly, leading to a growth of 22.3 percent, to reach a figure of $2,259.2 million which constituted 60 percent of non-oil foreign exchange export earnings. The export of chemical and petrochemical goods and gas hydrocarbons which are the most important items of this group, increased in 1379 after a period of significant decline, and export proceeds from these items were $110.2 and $194.2 million, respectively. The export value of other items of this group increased, so that exports of ready made clothes, tricots, and all types of fabric grew by 108.1 percent, transportation vehicles grew by 14.2 percent, and shoes grew by 53.2 percent, respectively. Exports of metallic mineral ores showed no significant change this year, and the export value for this group grew by 3.9 percent and reached $37.7 million.





In 1379, there was no significant change in the composition of non-oil exports (excluding oil, gas and electricity) according to use, in that the export of consumer goods with a 53.2 percent share in total exports grew by 6.7 percent compared to the previous year and reached $2,000.5 million. The export of capital goods significantly increased this year by 52.3 percent and amounted to $138.9 million constituting 3.7 percent of the total exports. The export of raw materials and intermediate goods grew by 16.3 percent and reached $1,623.3 million. Among the constituents of this group, exports in the textile industry registered the greatest growth in value showing a 162.4 percent rise. Export of fur and leather registered a 31.5 percent decline and was the only item, which showed a reduction in value in this category.

EXPORTS VALUE
(excluding oil, gas and electricity)

(million dollars)

			Percentage change		Share (percent)	
	1378	1379	1378	1379	1378	1379
Agricultural & traditional goods	1,478.0	1,465.8	4.7	-0.8	44.0	39.0
Metallic mineral ores	36.3	37.7	183.6	3.9	1.0	1.0
Manufactured goods	1,847.7	2,259.2	16.3	22.3	55.0	60.0
Total	**3,362.0**	**3,762.7**	**11.6**	**11.9**	**100.0**	**100.0**

The geographical distribution of non-oil exports according to countries indicates that the first five trade partners of Iran (U.A.E., Germany, Azerbaijan, Italy and China) with $1,408.8 million, acquired a share of 37.4 percent of total non-oil exports, while the first two trade partners had a decreasing share of imports from Iran. The geographical distribution of non-oil exports according to group of countries indicates that ESCAP member countries had the highest shares of imports from Iran by $ 1,605 million .The member countries of European Union with a share of 22.4 percent stood the second importer group and in total imported $ 842.2 million from Iran.

COMPOSITION OF EXPORTS ACCORDING TO USES
(Excluding Oil, Gas and Electricity)

(million dollars)

			Percentage change		Share (percent)	
	1378	1379	1378	1379	1378	1379
Raw material & intermediate goods	1,396.3	1,623.3	15.3	16.3	41.5	43.1
Capital goods	91.2	138.9	31.4	52.3	2.7	3.7
Consumer goods	1,874.5	2,000.5	8.2	6.7	55.8	53.2
Total	**3,362.0**	**3,762.7**	**11.6**	**11.9**	**100.0**	**100.0**

The geographical distribution of exports according to continents indicates that the intensity of geographical concentration of exports is very high, in that 93.5 percent of Iran's exports went to Asia and Europe. The growth of exports to USA and Africa declined and in total, these two countries only imported $230.9 million from Iran.

Bilateral Trade

Barter transactions in 1379 were carried out within the framework of clearing transactions, special account transactions and the Asian Clearing Union. In this year, in the context of special and clearing accounts, $394.2 million was received; $348.3 million of which came from special account transactions, which showed an increase of 18.4 percent compared to the previous year. During this year, the total amount of barter transaction payments was $587.2 million, which was totally realized through special accounts, registering 164.5 percent rise when compared to the previous year. This was mainly for imports of goods by government and receipts from upswing operations and interests of CBI deposits abroad.

In 1379, the volume of transactions through the Asian Clearing Union reached $1,629.3 million, which included interest received and paid, registering a 105.5 percent increase compared to the previous year. This union showed a trade surplus of $1,195 million, which showed a 166.7 percent growth when compared to trade surplus of the previous year. This surplus was due to receipts of $1,412.2 million exports and $217.1 million payment for imports. Iran stood first in terms of the amount of her trade surplus among the member countries in the union while in terms of volume of total exports, she was ranked second after India. In the year under study, the member countries of the union were permitted to carry out swap transactions up to a maximum of $541.6 million, $47.8 million of which belonged to Iran.

Transit Transactions

In 1379, 3,628.4 thousand tons of goods transited into the country which compared with the previous year showed a growth of 8.6 percent. Out of total transit goods 2,770.4 thousand tons or 76.4 percent were transported by truck and rail, and the balance of 23.6 percent, consisting of 858 thousand tons of oil products, was transported through swap arrangements. The shares of oil and non-oil goods out of total transit goods entering the country (excluding the swap) were 25.3 percent and 74.7 percent, respectively. If the swap of oil product arrangements were taken into account, the share of oil products transiting the country would increase to 48.9 percent. Transited goods entering the country excluding swap transactions were transported as follows: sea to land, 38 percent; land to land, 31.4 percent and rail transport, 22.5 percent.