

Transport infrastructure plays a key role in the country's economic development and progress. Efficient transportation through the expansion of domestic and foreign trade, improvement of the tourism industry, and the development of other sectors lowers the finished costs of products and accelerates the country's economic growth. Iran has advantages and a great potential in transit, tourism, mining, and energy, the utilization of which requires comprehensive development of the transport infrastructure. Based on national accounts' statistics, the value-added growth figure of transport, storage, and communication sector increased by 7.1 percent compared with the year before, at constant 2011/12 prices. Moreover, the share of this group in GDP was 10.3 percent in 2017/18, at current prices.

In the land transport sector (rail and road), 178.5 million passengers and 526.8 million tons of goods were transported in 2017/18, indicating respectively 6.1 percent decrease and 10.1 percent rise compared

with the previous year. In 2017/18, in the sea and air transport sectors, 55.1 million passengers and 156.9 million tons of goods were transported, showing about 9.9 and 7.5 percent increase, respectively, compared with the year before.

Government Investment

According to the Treasury General, a sum of Rls. 142.8 trillion was approved as credits for acquisition of non-financial assets' projects in transportation sector (road, air, sea, and rail), down by 7.5 percent compared with 2016/17. The government allocated Rls. 98.1 trillion for the implementation of transportation sector projects, accounting for 68.7 percent of the approved figure. The amount of paid credits indicated 6.9 percent rise. Accordingly, the road and rail transport sectors had the highest shares of paid credits by 52.8 and 46.0 percent, respectively. Additionally, the credit performance of road and rail transport sectors showed 1.5 and 22.0 percent growth, respectively.

Table 6.1. Performance of Transportation Fleet in 2017/18

	Passengers		Goods	
	Number (million persons)	Share (percent)	Weight (million tons)	Share (percent)
Road	154.0	65.9	480.0	70.2
Rail	24.5	10.5	46.8	6.8
Sea	19.4	8.3	156.8	22.9
Air	35.7	15.3	0.1	*
Total	233.6	100.0	683.7	100.0

Source: Statistical Yearbooks of the Islamic Republic of Iran Road Maintenance and Transportation Organization and Islamic Republic of Iran Railways, Ports and Maritime Organization, and Civil Aviation Organization.

Table 6.2. Credits Paid for Acquisition of Non-financial Assets in Transportation Sector

(billion rials)

	2016/17	2017/18	Percentage Change
Transportation sector	91,752.0	98,058.5	6.9

Source: Ministry of Economic Affairs and Finance, Treasury General.

Freight and Passenger Transport

Road Transport

In 2017/18, the share of road transport sector in total carried passengers was 65.9 percent and in total carried goods, 70.2 percent. Moreover, 480.0 million tons of goods (with and without bill of lading) were carried by road, showing 9.6 percent rise compared with 2016/17. Approximately 9.3 million tons of goods were transited by road, showing 18.8 percent increase compared with the year before.

In this year, 154 million passengers were carried by road via the public transport system (based on manifest), indicating 7.8 percent decline. The number of carried passengers measured in persons-kilometers decreased by 6.6 percent to reach 43.9 billion. In 2017/18, the average number of carried passengers was 10 and the average distance traveled by public transport was 214 kilometers (based on manifest). The total number of passengers using public transport system was 250 million in 2017/18, 154 million of whom were related to trips with manifest.

In 2017/18, the length of the roads under the supervision of the Ministry of Roads and Urban Development (excluding rural roads) reached 88.0 thousand kilometers by March 2018, of which 2.7 percent were freeways, 19.1 percent highways, 29.4 percent main roads, and 48.8 percent side roads.

Rail Transport

In 2017/18, a total number of 24.5 million passengers were carried by rail, registering 6.3 percent increase compared with 2016/17. Accordingly, rail share in total carried passengers was 10.5 percent.

Total goods carried by railway increased by 16.1 percent compared with 2016/17 to reach 46.8 million tons in 2017/18. Rail share in total freight transport was 6.8 percent in this year. Furthermore, about 1,590 thousand tons of goods (including oil and non-oil goods) were transited by rail, indicating 39.1 percent increase compared with the year before.

Table 6.3. Road Transport

	2015/16	2016/17	2017/18	Percentage change	
				2016/17	2017/18
Carried goods (million tons)	403	438	480	8.7	9.6
Transited goods (million tons)	10.9	7.8	9.3	-28.4	18.8
Carried passengers					
Total carried passengers based on manifest (million persons)	179	167	154	-6.7	-7.8
Total passengers carried via public transport (million persons)	290	271	250	-6.6	-7.7
Share of carried passengers based on manifest in total (percent)	61.7	61.6	61.6	-0.1 ¹	* ¹

Source: Statistical Yearbook of Islamic Republic of Iran Road Maintenance and Transportation Organization. ¹ In percentage points.

The number of locomotives reached 917 in March 2018, up by a mere 0.2 percent compared with 2016/17. The ratio of operating locomotives to total locomotives (operation coefficient) was 63.0 percent, showing 2.0 percentage points increase compared with the previous year. Moreover, 132.0 kilometers of railroads were renovated and 107.0 kilometers of railroads were reconstructed.

Air Transport

The total number of air passengers in 2017/18 increased by 8.5 percent to 35.7

million. Therefore, air share in total passenger transport equaled 15.3 percent. The share of non-public sector in domestic flights was 90.5 percent and in international flights, 80.1 percent.

In 2017/18, the number of passenger aircraft belonging to the national air fleet increased by 7.7 percent compared with the year before to reach 309. The amount of cargo carried by air (domestically and abroad) amounted to 110.0 thousand tons in 2017/18. This indicated 13.3 percent increase compared with 2016/17.

Figure 6.1. Growth in the number of carried passengers

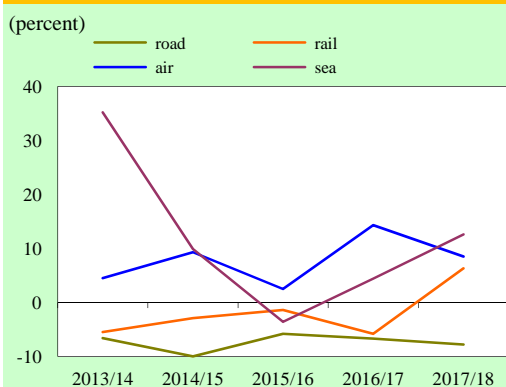


Figure 6.2. Shares of passenger and freight vehicles based on age of vehicles by March 2018

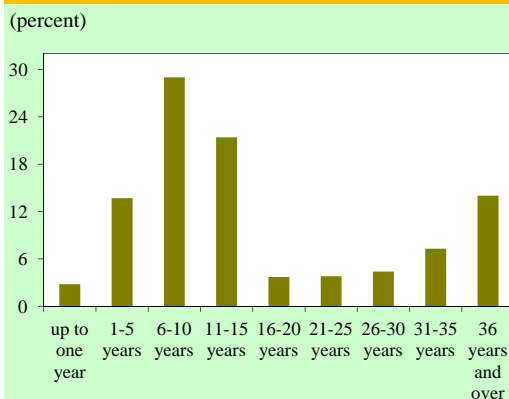


Table 6.4. Rail Transport

	2015/16	2016/17	2017/18	Percentage change	
				2016/17	2017/18
Carried passengers (million persons)	24.5	23.0	24.5	-5.8	6.3
Carried goods (million tons)	35.6	40.3	46.8	13.1	16.1
Transited goods (thousand tons)	1,435.0	1,143.0	1,590.0	-20.3	39.1

Source: Statistical Yearbook of Islamic Republic of Iran Railways.

Table 6.5. Air Transport

	2015/16	2016/17	2017/18	Percentage change	
				2016/17	2017/18
Carried passengers (million persons)	28.8	32.9	35.7	14.3	8.5
Domestic flights	18.2	22.0	23.7	21.0	7.6
International flights	10.6	10.9	12.0	2.7	10.2
Carried goods (thousand tons)	86.2	97.1	110.0	12.6	13.3
Transit flights (thousand)	346.0	382.0	427.0	10.4	11.8

Source: Civil Aviation Organization.

Sea Transport

The nominal capacity of commercial ports (oil and non-oil goods) reached 232.8 million tons in 2017/18, indicating 7.3 percent growth compared with the previous year. Moreover, the capacity of the commercial sea transportation fleet was about 4.5 million tons in this year, down by 13.5 percent compared with 2016/17. Port container traffic increased by 15.6 percent from 2,660.9 thousand TEU¹ in 2016/17 to 3,077.1 thousand TEU in 2017/18. Furthermore, port container capacity amounted to 7,062 thousand TEU, showing 35.8 percent growth compared with the previous year.

Performance of ports in the year 2017/18 indicated that loading and unloading of oil products² increased by 3.8 percent to 47.8 million tons and loading and unloading of

non-oil goods rose by 9.2 percent compared with 2016/17 to reach 109.0 million tons.

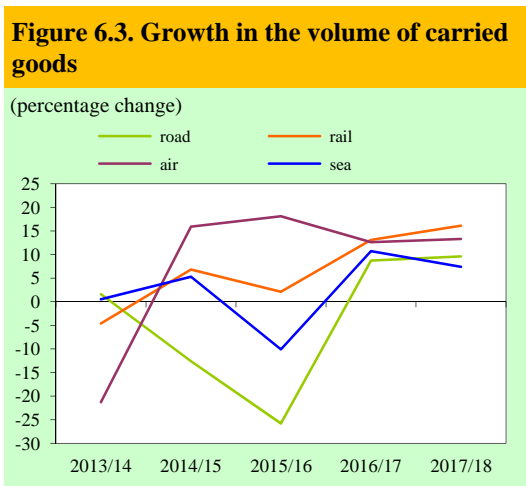


Table 6.6. Loading and Unloading of Goods at Ports (million tons)

	2015/16	2016/17	2017/18	Percentage change	
				2016/17	2017/18
Non-oil goods	85.9	99.9	109.0	16.3	9.2
Oil products	45.9	46.0	47.8	0.2	3.8
Total	131.8	145.9	156.8	10.7	7.5

Source: Ports and Maritime Organization.

¹ Twenty-foot Equivalent Unit.

² Includes crude oil, various kinds of gasoline, gas oil, oils, lubricants, bitumen, as well as other oil and fuel products.