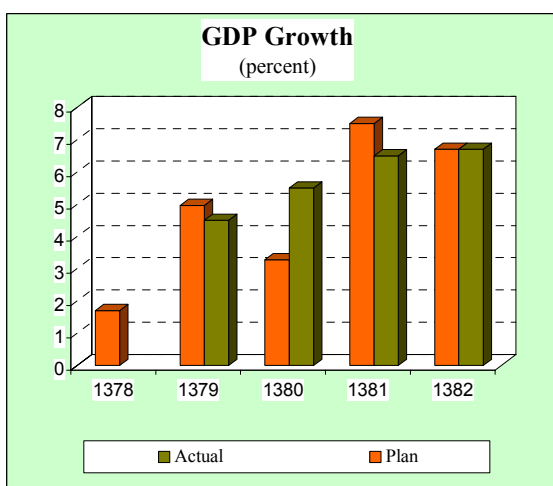


CHAPTER TWO

NATIONAL PRODUCT, EXPENDITURE AND INCOME

In 1382, the fourth year of the 3rd Development Plan, the economic policies were designed within the framework of the 3rd Plan Law. Production and investment growth, provision of liquidity required for productive sectors, reducing the unemployment rate and curbing inflation were among the major priorities of government in 1382.

Despite economic impediments and political tension in the region, the Iranian economy enjoyed a positive and relatively balanced condition, thanks to the sound economic policies adopted together with high crude oil prices in international markets. According to the preliminary data and considering the positive performance of sectors such as services, manufacturing and mining, oil and agriculture, GDP growth in 1382 reached 6.7 percent in real term, which is indicative of realization of the growth target in the 3rd Plan set for 1382 (6.7 percent) and the average target set in the 3rd Plan (6 percent). Services, manufacturing and mining, oil and agriculture sectors had a great contribution to GDP growth. In the review year, non-oil GDP growth with a reduction of 2.1 percentage point was limited to 5.9 percent as compared to 1381.



GDP GROWTH BY ECONOMIC SECTORS
(at constant 1376 prices)

	1379	1380	1381	1382
Agriculture	3.5	-2.3	11.4	7.1
Oil	8.3	-11.1	3.6	12.9
Manufacturing and mining	9.5	10.2	12.3	7.4
Services	2.9	5.7	5.5	5.1
GDP (at basic price)	5.0	3.3	7.5	6.7

GDP

According to the preliminary data in 1382, GDP grew by 6.7 percent to reach Rls. 379,009 billion. Oil, manufacturing and mining, agriculture and services sectors grew by 12.9, 7.4, 7.1 and 5.1 percent, respectively.

Agriculture

According to the preliminary data, the value-added of agriculture sector grew by 7.1 percent in real term to Rls. 53,345 billion, while its share in GDP in nominal term, with a negligible reduction compared with the year before, reached 11.6 percent. The growth in the value-added of agriculture sector was mostly due to growth in activities of two sub-sectors of farming and animal husbandry and hunting. These two sub-sectors with 53.5 and 33.6 percent share in the growth of value-added of agriculture sector had the highest contribution. Fishing and forestry sub-sectors with 0.4 percent share in GDP in nominal term, grew by 10.7 and 7.1 percent in real term, respectively.

VALUE-ADDED IN THE AGRICULTURE SECTOR

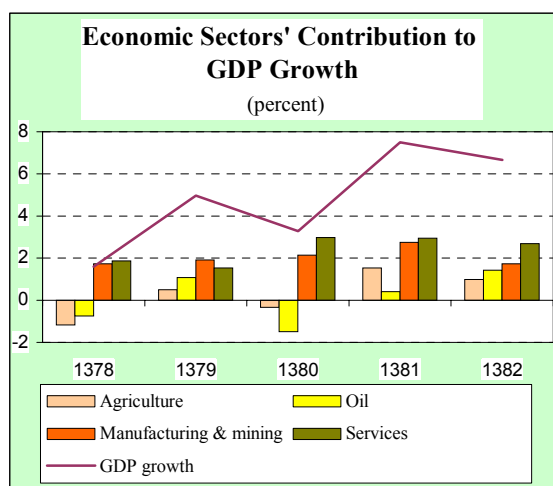
(at constant 1376 prices)

(billion rials)

			Percentage change		Share (percent)		Contribution to the growth of the sector (percent)	
	1381	1382	1381	1382	1381	1382	1381	1382
Farming	30,883	32,767	17.2	6.1	62.0	61.4	88.9	53.5
Animal husbandry and hunting	15,333	16,514	2.6	7.7	30.8	31.0	7.8	33.6
Fishing	1,169	1,294	0.8	10.7	2.3	2.4	0.2	3.6
Forestry	644	690	-11.8	7.1	1.3	1.3	-1.7	1.3
Agricultural services	1,796	2,080	15.9	15.8	3.6	3.9	4.8	8.0
Agriculture sector	49,825	53,345	11.4	7.1	100.0	100.0	100.0	100.0

Oil and Gas

In 1382, political developments in the Middle-East, observance of OPEC quota by member countries, and also non-realization of forecasts crude output rise in Iraq raised the oil prices in world markets. Average export of crude oil (direct and under buy-back contracts) picked up by 15.7 percent to reach 2,442.6 thousand b/d. Increase in crude oil export and the significant rise in export of liquefied gas, raised the export of oil products and helped the value-added of oil sector grow by 12.9 percent in real term to Rls. 44,493 billion. Its share in nominal GDP remained relatively unchanged at 23 percent as compared with the previous year.



Manufacturing and Mining

According to the preliminary data, the value-added of manufacturing and mining sector enjoyed a growth of 7.4 percent in real term in 1382, more than 93 percent of which was due to the growth in manufacturing sector. The value-added of mining, manufacturing, electricity, gas and water sub-sectors grew by 12.7, 9.9 and 9.2 percent, respectively.

In the review year, the value-added of construction sector, in real term, with a reduction of 1.3 percent compared to the previous year, was limited to Rls. 18,369 billion. However, the private sector investment in urban areas grew by 13.7 percent in nominal term.

VALUE-ADDED IN THE MANUFACTURING AND MINING SECTOR(1)

(at constant 1376 prices)

(billion rials)

			Percentage change		Share (percent)		Contribution to the growth of the sector (percent)	
	1381	1382	1381	1382	1381	1382	1381	1382
Manufacturing	58,230	63,995	11.0	9.9	70.0	71.6	63.5	93.3
Mining	2,425	2,732	12.0	12.7	2.9	3.1	2.9	5.0
Electricity, gas and water	3,888	4,243	8.3	9.2	4.7	4.7	3.3	5.7
Construction	18,619	18,369	17.4	-1.3	22.4	20.6	30.3	-4.0
Manufacturing and mining sector	83,162	89,339	12.3	7.4	100.0	100.0	100.0	100.0

(1) Minor discrepancies in total are due to rounding.

Services

According to the preliminary data, the value-added of services sector, with a share of 49.5 percent in GDP, grew by 5.1 percent at constant 1376 prices. The share of trade, restaurant and hotel was 12.0 percent, and that of transportation, warehousing and communication 7.6 percent. The share of financial and monetary institutions' services was 2.7 percent in GDP in nominal term. Real estate and professional and specialized services, public services, social, personal and household services with 13.3, 11.2 and 2.6 percent shares, respectively kept the same trend as previous year. In the review year, the mentioned sectors enjoyed 7.5, 6.1, 12.8, 4.3, 0.5 and 4.3 percent growth, respectively. Trade, restaurant and hotel, real estate and professional services and transportation, warehousing and communication, with a total share of 86.7 percent in the growth of the value-added of services sector, were the main driving forces behind the growth of the value-added in this sector.

VALUE-ADDED IN THE SERVICES SECTOR

(at constant 1376 prices)

(billion rials)

			Percentage change		Share (percent)		Contribution to the growth of the sector (percent)	
	1381	1382	1381	1382	1381	1382	1381	1382
Trade, restaurant and hotel	55,769	59,952	9.5	7.5	29.8	30.5	49.6	43.7
Transportation, warehousing and communication	31,505	33,434	0.7	6.1	16.8	17.0	2.2	20.2
Monetary and financial institutions services	5,262	5,936	10.1	12.8	2.8	3.0	4.9	7.0
Real estate, professional and specialized services	50,654	52,832	7.9	4.3	27.1	26.9	38.2	22.8
Public services	33,565	33,727	-1.6	0.5	17.9	17.2	-5.5	1.7
Social, personal and household services	10,237	10,678	11.2	4.3	5.5	5.4	10.6	4.6
Services sector	186,992	196,559	5.5	5.1	100.0	100.0	100.0	100.0

Gross Domestic Expenditure

In 1382, gross domestic expenditure grew by 6.7 percent at constant 1376 prices. Constituents of gross domestic expenditures indicate that private consumption expenditures, with the highest share of 45.2 percent in gross domestic expenditures grew by 4.4 percent in real term to reach Rls. 202,082 billion. Public consumption expenditures, including ministries and affiliated institutions, municipalities, and Social Security Organization, with a share of 12.5 percent in gross domestic expenditure, reached Rls. 43,581 billion in real term.

Gross fixed capital formation, as the major component of gross domestic expenditure, with 28.8 percent share in GDE, grew by 10.1 percent in real term in 1382 to reach Rls. 133,855 billion. Gross fixed capital formation for machinery in private and public sectors kept its upward trend as in the previous year and for construction sector only in public sector grew positively. Gross fixed capital formation for construction by private sector with 0.9 percent reduction in real term was limited to Rls. 24,348 billion. This caused severe reduction in the value-added of construction in real term in the review year.

In 1382, despite the rise of oil price in international markets and 16.1 percent growth in export of goods and services, the net export of goods and services reached Rls. -13,077 billion in real term.

GROSS DOMESTIC EXPENDITURE (1)						
(at constant 1376 prices)						
(billion rials)						
	1381	1382	Percentage change		Share (percent)	
			1381	1382	1381	1382
Private consumption expenditures	193,565	202,082	11.7	4.4	53.9	52.7
Public consumption expenditures	43,560	43,581	2.0	0	12.1	11.4
Gross fixed capital formation	121,631	133,855	11.8	10.1	33.9	34.9
Change in stock	9,232	15,114	-34.3	63.7	2.6	3.9
Net export of goods and services	-4,393	-13,077			-1.2	-3.3
Statistical errors	-4,584	1,605			-1.3	0.4
Gross domestic product (at market price)	359,011	383,160	7.5	6.7	100.0	100.0

(1) Minor discrepancies in total are due to rounding.