

Transport infrastructure plays a key role in any country's economic development and progress as it has a large influence on production, distribution, and consumption of goods and services and accelerates economic growth. Due to the geographical and regional advantages of Iran, the advancement of its transport infrastructure is believed to play a pivotal role in improving economic, social, and cultural activities. Based on national accounts statistics, the value added of the "transport and storage" sector posted a growth rate of 3.1 percent in 2019/20 (at constant 2016/17 prices). The share of this group in GDP was 8.0 percent at current prices.

In the land transport sector (rail and road), 172.6 million passengers and 575.0 million tons of goods were carried in 2019/20, indicating a decrease of 2.0 as against an increase of 4.1 percent, respectively, compared with 2018/19. In the sea and air transport sectors, a total of 43.9 million passengers were transported, showing

a decrease of about 7.7 percent. Goods carried by the sea and air transport sectors collectively amounted to 150.5 million tons, indicating an increase of 9.1 percent compared with the year before.

6.1. Government Investment

According to the Treasury General, a sum of Rls. 38.2 trillion was approved as credits to be allocated to projects related to the acquisition of non-financial assets in transportation sector (road, air, sea, and rail) in 2019/20, down by 58.4 percent compared with the approved figure for 2018/19. The amount actually allocated by the government decreased by 70.3 percent to reach Rls. 19.5 trillion, which accounted for 51.0 percent of the approved figure. The "development of rail transport" project enjoyed the highest share of paid credits by 80.3 percent, followed by the "leadership for development of road transport" project by 9.3 percent. The credit performance of the two mentioned sectors showed a fall of 11.0 as against a rise of 2,365.8 percent, respectively.

Table 6.1. Performance of Transportation Fleet in 2019/20

	Passengers		Goods	
	Number (million persons)	Share (percent)	Weight (million tons)	Share (percent)
Road	144.0	66.5	528.0	72.8
Rail	28.6	13.2	47.0	6.5
Air	27.0	12.5	*	*
Sea	16.9	7.8	150.5	20.7
Total	216.5	100.0	725.5	100.0

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

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

(trillion rials)

	Year			Percentage change	
	2017/18	2018/19	2019/20	2018/19	2019/20
Transportation sector	98.1	65.7	19.5	-33.0	-70.3

Source: Ministry of Economic Affairs and Finance, Treasury General

6.2. Freight and Passenger Transport

6.2.1. Road Transport

In 2019/20, the share of the road transport sector in carried passengers was 66.5 percent and that in carried goods was 72.8 percent. Moreover, 528.0 million tons of goods (with and without bills of lading) were carried by road, showing a rise of 5.2 percent. Goods in transit by road amounted to an approximate 6.8 million tons, down by 25.0 percent compared with 2018/19. In the year under review, 144 million passengers were carried by road via the public transport system, *with manifest*, indicating a decline of 2.7 percent. The number of carried passengers measured in persons-kilometers decreased by about 1.0 percent to reach 43.2 billion. Meanwhile, the average number of carried passengers was 10 persons in each trip and the average distance traveled by public transport was 220 kilometers (based on manifest). The number of passengers using the public transport system was 269 million, 144 million of whom were related to trips with manifest.

The length of the roads under the supervision of the Ministry of Roads and

Urban Development (excluding rural roads) reached 84.0 thousand kilometers by March 2020, of which 3.0 percent were freeways, 21.6 percent were highways, 30.7 percent were main roads, and 44.7 percent included side and other types of roads. Meanwhile, 31.5 percent of commercial vehicles, 3.8 percent of buses, and 57.3 percent of minibuses were more than 20 years old.

6.2.2. Rail Transport

In 2019/20, a total of 28.6 million passengers were carried by rail, registering an increase of about 1.8 percent compared with 2018/19. Accordingly, rail share in the total number of passengers carried via the public transport system was 13.2 percent. Goods carried by railway decreased by 6.9 percent compared with 2018/19 to reach 47.0 million tons in 2019/20. Rail share in total freight transport was 6.5 percent. Furthermore, oil and non-oil goods in transit by rail amounted to about 622 thousand tons, indicating a decrease of 60.7 percent compared with the year before.

Table 6.3. Road Transport

	2017/18	2018/19	2019/20	Percentage change	
				2018/19	2019/20
Carried goods (million tons)	480	502	528	4.6	5.2
Goods in transit (million tons)	9.3	9.1	6.8	-2.2	-25.0
Carried passengers					
Carried passengers based on manifest (million persons)	154	148	144	-3.9	-2.7
Passengers carried via the public transport system (million persons)	250	278	269	11.2	-3.2
Share of carried passengers based on manifest in total (percent)	61.6	53.2	53.5	-8.4 ¹	0.3 ¹

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

Table 6.4. Rail Transport

	2017/18	2018/19	2019/20	Percentage change	
				2018/19	2019/20
Carried passengers (million persons)	24.5	28.1	28.6	14.8	1.8
Carried goods (million tons)	46.8	50.5	47.0	7.9	-6.9
Oil and non-oil goods in transit (thousand tons)	1,586.0	1,585.0	622.0	-0.1	-60.7

Source: Statistical Yearbook of Islamic Republic of Iran Railways

The number of locomotives reached 954 in March 2020, indicating an increase of 2.8 percent compared with March 2019. The share of operating locomotives in total (operation coefficient) was 59.7 percent, showing a decrease of 3.1 percentage points compared with the year before. Moreover, 56.5 kilometers of railroads were put under renovation programs and 45.0 kilometers of railroads underwent reconstruction.

6.2.3. Air Transport

The number of air passengers in 2019/20 decreased by 8.9 percent compared with the

year before to reach 27.0 million persons. Therefore, air share in total passenger transport equaled 12.5 percent in 2019/20. The share of non-public sector in domestic flights was 89.0 percent and that in international flights was 79.0 percent.

In 2019/20, the number of passenger aircraft belonging to the national air fleet slightly increased by 1.9 percent compared with the year before to reach 317. The amount of cargo carried by air (domestically and abroad) amounted to 81.6 thousand tons, indicating a decrease of 22.9 percent compared with 2018/19.

Figure 6.1. Growth in Number of Carried Passengers

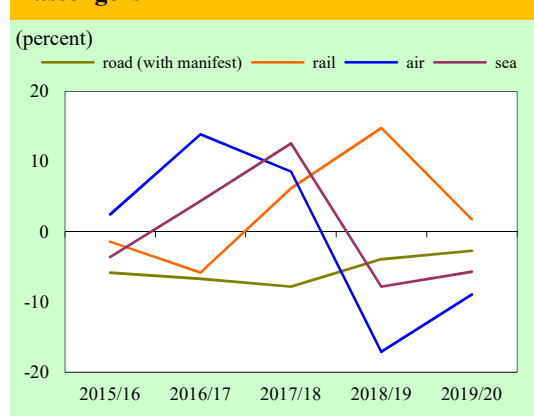


Figure 6.2. Composition of Passenger and Freight Vehicles by March 2020 by Age

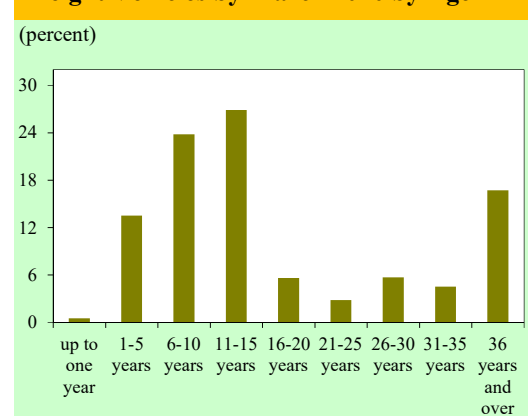
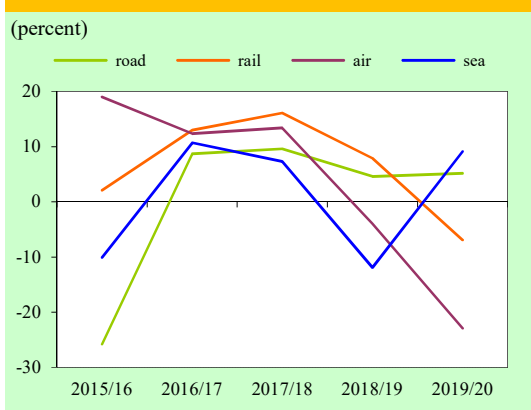


Table 6.5. Air Transport

	2017/18	2018/19	2019/20	Percentage change	
				2018/19	2019/20
Carried passengers (million persons)	35.7	29.6	27.0	-17.1	-8.9
Domestic flights	23.7	19.9	18.5	-16.0	-6.9
International flights	12.0	9.7	8.5	-19.2	-13.1
Carried goods (thousand tons)	110.1	105.8	81.6	-3.9	-22.9
Transit flights (thousand)	427.0	369.0	298.0	-13.6	-19.2

Source: Civil Aviation Organization

Figure 6.3. Growth in Weight of Carried Goods



6.2.4. Sea Transport

The nominal capacity of commercial ports (oil and non-oil goods) reached 246.0 million tons in 2019/20, indicating a growth rate of 2.5 percent compared with 2018/19. Moreover, the capacity of the commercial sea transportation fleet was about 7.1 million

tons in 2019/20, up by about 9.2 percent. Container port traffic increased by 5.2 percent from 1,959 thousand TEU (Twenty-foot Equivalent Unit) in 2018/19 to 2,061 thousand TEU in 2019/20. Furthermore, container port capacity amounted to 7,700 thousand TEU, showing a rise of 1.9 percent. Reviewing the performance of ports in 2019/20 indicates that loading and unloading of "oil products"¹ and "non-oil goods" increased by 4.1 and 11.6 percent to 47.6 million tons and 102.8 million tons, respectively, compared with the year before.

6.3. Price Indices in Transportation Sector

The CPI of "transport" rose by 56.7 percent in 2019/20, at constant 2016/17 prices. Meanwhile, the PPI of "transportation and storage" registered a growth rate of 58.8 percent, with "transportation" accounting for 95.0 percent of the total relative weight of the "transportation and storage" group.

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

	2017/18 ▲	2018/19 ▲	2019/20	Percentage change	
				2018/19	2019/20
Non-oil goods	108.9	92.1	102.8	-15.4	11.6
Oil products	47.6	45.8	47.6	-3.9	4.1
Total	156.5	137.9	150.5	-11.9	9.1

Source: Ports and Maritime Organization

Table 6.7. Price Indices in Transportation Sector (base year 2016/17)

	Relative weight in base year (percent)	2017/18	2018/19	2019/20	Percentage change	
					2018/19	2019/20
CPI of transport	8.90	106.5	153.8	241.1	44.4	56.7
PPI of transportation and storage	16.91	106.5	149.2	237.0	40.1	58.8

¹ Including crude oil, various kinds of gasoline, gas oil, oils, lubricants, bitumen, as well as other oil products and fuels.