

According to preliminary estimates derived from national accounts data, the value added of the domestic trade sector indicated a decline of 3.2 percent in 2019/20, at constant 2016/17 prices. The value added of this sector, at current prices, rose 34.7 percent to Rls. 3,214.9 trillion, constituting a share of 12.1 percent in GDP. This indicated a rise of 0.7 percentage point compared with 2018/19.

7.1. Market Regulation and Procurement of Essential Commodities

Improvement of distribution networks, procurement and supply of basic and essential goods, and the oversight of the prices of covered goods were among the government's major accomplishments in 2019/20 to realize a regulated market. In addition, the Ministry of Industry, Mine and Trade kept constant supervision over the market, procurement procedures, imports, and inventories of essential goods, as well as shortages in the market, aimed at ensuring the accessibility of goods to final consumers. Following the approval of the relevant Guideline in the Market Regulation Headquarters, the Ministry of Industry, Mine and Trade took important steps towards regulating the market. These measures included establishing spring fairs for the direct supply and sales of goods in high demand; offering special sales through chain stores, guilds, and the Fruit and Vegetable Association;

providing and distributing essential goods; regulating the fruit and citrus fruit markets; and intensifying oversight on business establishments, in coordination with the Consumers and Producers Protection Organization in provinces. The widespread implementation of comprehensive anti-smuggling measures, especially the smuggling of basic and essential goods in border provinces, and expediting and easing of Customs clearance for required commodities were among the other policies adopted by the Ministry of Industry, Mine and Trade for regulating the domestic market in 2019/20.

7.1.1. Performance of the Consumers and Producers Protection Organization

The measures adopted by the Consumers and Producers Protection Organization for 2019/20 were as follows:

- Adoption of targeted support policies for domestic producers;
- Adoption of support policies for producers subject to statutory prices and ceilings, and control of their adherence to consumer protection policies;
- Addressing the impediments confronting industries and manufacturing units;
- Oversight of prices and quality of goods and services;

- Detection and seizure of smuggled goods;
- Ensuring the sound implementation of regulations governing the pricing policies and distribution of goods and services;
- Planning and implementing market oversight plans (for Ramadan, reopening of schools, Nowruz, and similar events);
- Prediction of likely crises in terms of provision of goods and services and management of imports;
- Preventive measures over supply and distribution networks as well as investigation of violations committed by traders active in the guild and/or individually.

7.1.2. Imports and Stock of Red Meat

According to State Livestock Affairs Logistics Company (SLAL), red meat stock increased by 494.3 percent to approximately 30.7 thousand tons in March 2020. Meanwhile, the imports of red meat increased by 169.4 percent to 34.3 thousand tons.

7.2. Government Investment

According to the Treasury General, the government credits approved to be allocated

to projects related to the acquisition of non-financial assets of the domestic trade sector, including "market regulation" and "other" projects amounted to Rls. 3,341.7 billion in 2019/20, up by 106.6 percent compared with the approved figure in the year before. The amount of credits allocated to "market regulation" project decreased by 73.4 percent compared with 2018/19, to reach Rls. 206.8 billion. This constituted a share of 6.2 percent of the approved figure (Rls. 3,341.7 billion).

7.3. Banking Facilities

Outstanding facilities (net) extended by banks and non-bank credit institutions to the domestic trade sector increased by 41.2 percent compared with March 2019 to reach Rls. 1,399.1 trillion in March 2020. Outstanding facilities (net) extended to the non-public domestic trade sector grew by 37.1 percent to reach Rls. 1,320.4 trillion and the sum extended to the public domestic trade sector increased by 179.8 percent to Rls. 78.7 trillion. The share of the domestic trade sector in the outstanding facilities (net) extended to "trade, services, and miscellaneous" group was 20.3 percent and that in the outstanding facilities (net) extended to all economic sectors was 8.3 percent. In March 2020, the non-public domestic trade sector enjoyed the highest share of the outstanding facilities (net) by 94.4 percent.

Table 7.1. Credits Paid on Acquisition of Non-financial Assets in Domestic Trade Sector

(billion rials)

Projects	Approved figures		Performance		Performance ³ (percent)		Share (percent)	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Market regulation ¹	1,576.9	3,341.7	777.7	206.8	49.3	6.2	96.0	100.0
Other ²	40.9	..	32.6	..	79.6	..	4.0	0.0
Total	1,617.8	3,341.7	810.3	206.8	50.1	6.2	100.0	100.0

Source: Ministry of Economic Affairs and Finance, Treasury General. ¹ Includes equipment, restoration, and maintenance of wheat storage silos; repair and maintenance of machinery and equipment; provision of technical and credit assistance for the maintenance and processing of agricultural products; establishment of wheat storage silos; renovation of bakeries; provision of raw materials for hand-woven carpets; and construction of carpet-weaving establishments. ² "Other" relates to research and investigation on anti-competitive practices and complaint settlements in 2018/19. ³ The percentage of performance is calculated through dividing the "performance" by the "approved" figures, multiplying the result by 100.

Table 7.2. Outstanding Facilities (Net) Extended by Banks and Non-bank Credit Institutions to Domestic Trade Sector¹

(trillion rials)

	March			Percentage change		Share (percent)	
	2018	2019	2020	March 2019	March 2020	March 2019	March 2020
Public and non-public sectors	730.0	991.2	1,399.1	35.8	41.2	100.0	100.0
Non-public sector	719.3	963.0	1,320.4	33.9	37.1	97.2	94.4
Public sector	10.6	28.1	78.7	164.9	179.8	2.8	5.6

¹ Outstanding facilities (net) are calculated upon the deduction of the outstanding debt of customers and extended facilities under the exchange rate differential, future profits, future profits and commissions, receipts from Mudarabah, partnership contracts (with the bank as partner), and outstanding profits and commissions headings. Outstanding facilities include legal partnership and direct investment contracts.

7.4. Trade Transactions

The number of transactions registered in notary public offices rose by 3.1 percent to almost 16.7 million in 2019/20. Out of total transactions, 25.4 percent was closed in Tehran Province, down by 0.6 percent. Meanwhile, a sum of Rls. 648.6 billion worth of promissory notes and bills of exchange were sold in Tehran, up by about 29.1 percent compared with 2018/19. The value of protested promissory notes and bills of exchange decreased by almost 25.8 percent to reach Rls. 1,907.5 billion.

7.5. Cooperatives

Out of 86.2 thousand active cooperatives¹, 7.6 thousand were dealing with the procurement of the needs of producers, consumers, and service businesses by March 2020², up by about 1.0 percent compared with March 2019. The registered capital of active cooperatives reached Rls. 17.6 trillion, showing an increase of 0.5 percent. Moreover, the number of created employment opportunities increased by 0.9 percent to 275 thousand and the members of active cooperatives rose by 0.1 percent to 6.3 million persons.

Table 7.3. Cooperatives Active in Domestic Trade

	March 2019	March 2020	Percentage change	
			March 2019	March 2020
Number	7,538	7,611	1.1	1.0
Procurement of producers' needs	1,878	1,933	3.8	2.9
Procurement of the needs of service businesses	473	473	0.4	0.0
Procurement of consumers' needs	5,187	5,205	0.2	0.3
Capital (billion rials)	17,477	17,561	0.3	0.5
Procurement of producers' needs	3,221	3,245	1.2	0.7
Procurement of the needs of service businesses	3,706	3,706	*	0.0
Procurement of consumers' needs	10,550	10,610	0.1	0.6
Employment opportunities (thousand persons)	273	275	0.5	0.9
Procurement of producers' needs	35	38	3.3	6.0
Procurement of the needs of service businesses	61	61	0.0	0.0
Procurement of consumers' needs	176	176	0.1	0.1
Members (thousand persons)	6,293	6,302	0.1	0.1
Procurement of producers' needs	239	241	0.8	0.8
Procurement of the needs of service businesses	105	105	0.0	0.0
Procurement of consumers' needs	5,949	5,956	0.1	0.1

Source: Ministry of Cooperatives, Labor, and Social Welfare; Statistics and Strategic Information Center

¹ Out of 219.2 thousand cooperatives registered by year-end, 86.2 thousand were active, 39.0 thousand were under construction, and 50.2 thousand were inoperative.

² Other types of cooperatives include multi-purpose, services, industrial, mining, utility, agriculture, hand-woven carpets, housing, and transport cooperatives as well as credit unions.

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It is important to note that the cooperatives active in the procurement of consumers' needs held the highest share of the number of cooperatives by 68.4 percent in March 2020. This was 0.4 percentage point lower than the respective share in the year before.

7.6. Business Establishments

Based on data released by the Guilds and Merchants Center of Iran, the number of

entities holding a business permit increased by 2.5 percent to 2,719.8 thousand units in March 2020. It is to be noted that 48.7 percent of these business establishments were in the form of distribution units, 32.1 percent were services units, and 19.2 percent were dealing with manufacturing activities. The number of services, distribution, and manufacturing units holding a business permit rose by 3.6, 2.3 and 1.5 percent, respectively, compared with March 2019.

Table 7.4. Number of Entities Holding a Business Permit (thousand units)

	March			Percentage change		Share (percent)	
	2018	2019	2020	March 2019	March 2020	March 2019	March 2020
Business establishments	2,534.6	2,652.3	2,719.8	4.6	2.5	100.0	100.0
Manufacturing	492.3	514.2	522.0	4.4	1.5	19.4	19.2
Distribution	1,244.7	1,294.5	1,324.0	4.0	2.3	48.8	48.7
Services	797.6	843.7	873.8	5.8	3.6	31.8	32.1

Source: Ministry of Industry, Mine, and Trade; Guilds and Merchants Center of Iran