

Transport infrastructure plays a key role in any country's economic development and progress as it adds, to a large extent, to the value of the economy and leads to the generation of both direct and indirect employment opportunities. This sector is the mainstay integrating various sectors of the economy including services, trade, industry, and agriculture at both national and international levels and has a major impact on growth in these sectors. Therefore, developing different modes of transport infrastructure can effectuate economic productivity. Due to Iran's geographical and regional advantages, the advancement of its transport infrastructure is believed to play a pivotal role in bringing about growth and development. Based on national accounts statistics, the value added of the "transport and storage" sector fell by 1.7 percent in 2020/21 (at constant 2016/17 prices). The share of this group in GDP was 7.9 percent at current prices.

In 2020/21, the number of passengers transported in the land transport sector (rail and road) decreased by 40.3 percent to 103.1

million persons, while the weight of carried goods increased by 3.6 percent to 595.6 million tons. In the sea and air transport sectors, 21.9 million passengers and 130.5 million tons of freight were transported, down by respectively 50.2 and 13.3 percent compared with 2019/20.

7.1. Government Investment

According to the Treasury General, a sum of Rls. 272.4 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 2020/21, up by 612.6 percent compared with the approved figure for 2019/20. The amount actually allocated by the government rose by 1,052.3 percent to reach Rls. 224.6 trillion, which accounted for 82.5 percent of the approved figure. The "development of road transport" project enjoyed the highest share of paid credits by 64.6 percent, followed by the "development of rail transport" project by 26.4 percent. The credit performance of the mentioned sectors increased by 25,610 and 278.6 percent, respectively.

Table 7.1. Performance of Transportation Fleet in 2020/21

	Passengers		Goods	
	Number (million persons)	Share (percent)	Weight (million tons)	Share (percent)
Road	92.0	73.6	545.0	75.1
Rail	11.1	8.9	50.6	7.0
Air	13.3	10.6	*	*
Sea	8.6	6.9	130.4	18.0
Total	125.0	100.0	726.0	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 7.2. Credits Paid on Acquisition of Non-financial Assets in Transportation Sector

(trillion rials)

	Year			Percentage change	
	2018/19	2019/20	2020/21	2019/20	2020/21
Transportation sector	65.7	19.5	224.6	-70.3	#

Source: Ministry of Economic Affairs and Finance, Treasury General

7.2. Freight and Passenger Transport

7.2.1. Road Transport

In 2020/21, the share of the road transport sector in carried passengers was 73.6 percent and that of the road transport in total carried goods was 75.1 percent. Moreover, 545.0 million tons of goods (with and without bills of lading) were carried by road, showing a rise of 3.2 percent compared with 2019/20. Goods in transit by road amounted to an approximate 4.8 million tons, down by 29.0 percent compared with the year before. Out of 106 million passengers carried by road via the public transport system, 92 million were *with manifest*, indicating a decline of 36.1 percent. The number of carried passengers measured in persons-kilometers decreased by about 46.9 percent to reach 23.0 billion. Meanwhile, the average number of carried passengers was about 7 persons in each trip and the average distance traveled by public transport was almost 213 kilometers (based on manifest).

The length of the roads under the supervision of the Ministry of Roads and Urban Development (excluding rural roads) reached

84.8 thousand kilometers by March 2021, of which 3.2 percent were freeways, 22.7 percent were highways, 29.7 percent were main roads, and 44.3 percent included side and other types of roads. Moreover, 32.3 percent of commercial vehicles, 4.0 percent of buses, and 58.6 percent of minibuses were more than 20 years old.

7.2.2. Rail Transport

In 2020/21, a total of 11.1 million passengers were carried by rail, registering a decrease of about 61.2 percent compared with 2019/20. Accordingly, rail share in the total number of passengers carried via the public transport system was 8.9 percent. Goods carried by railway increased by 7.6 percent compared with 2019/20 to reach 50.6 million tons in 2020/21. Rail share in total freight transport was 7.0 percent. Furthermore, oil and non-oil goods in transit by rail amounted to about 807 thousand tons, indicating an increase of 29.7 percent compared with the year before.

Table 7.3. Road Transport

	2018/19	2019/20	2020/21	Percentage change	
				2019/20	2020/21
Carried goods (million tons)	502	528	545	5.2	3.2
Goods in transit (million tons)	9.1	6.8	4.8	-25.0	-29.0
Carried passengers					
Carried passengers based on manifest (million persons)	148	144	92	-2.7	-36.1
Passengers carried via the public transport system (million persons)	278	269	106	-3.2	-60.6
Share of carried passengers based on manifest in total (percent)	53.2	53.5	86.8	0.3 ¹	33.3 ¹

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

Table 7.4. Rail Transport

	2018/19	2019/20	2020/21	Percentage change	
				2019/20	2020/21
Carried passengers (million persons)	28.1	28.6	11.1	1.8	-61.2
Carried goods (million tons)	50.5	47.0	50.6	-6.9	7.6
Oil and non-oil goods in transit (thousand tons)	1,585.0	622.0	807.0	-60.7	29.7

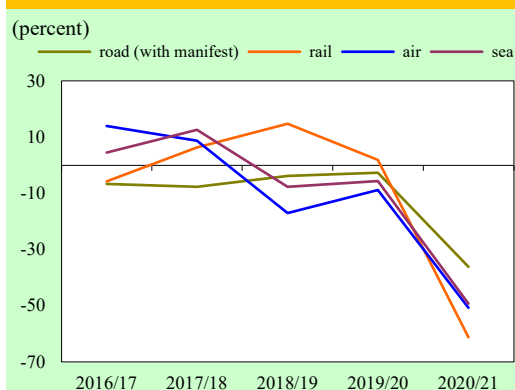
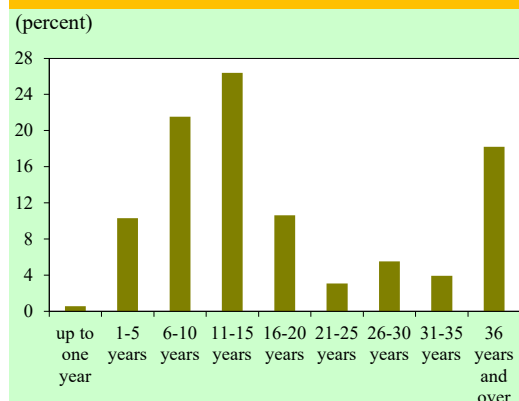
Source: Statistical Yearbook of Islamic Republic of Iran Railways

The number of locomotives reached 954 in March 2021, remaining almost unchanged compared with March 2020. The share of operating locomotives in total (operation coefficient) decreased by about 3.5 percentage points to 56.3 percent. Furthermore, 15.8 kilometers of railroads were put under renovation programs and 20.0 kilometers of railroads underwent reconstruction.

7.2.3. Air Transport

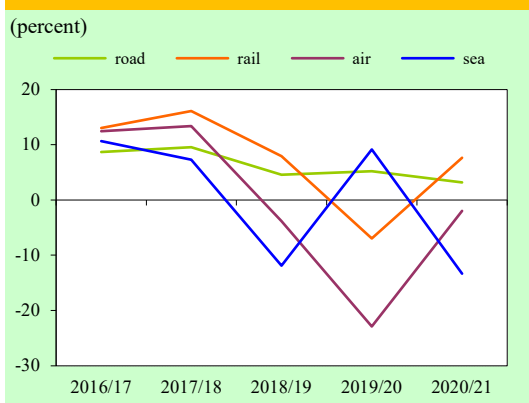
The number of air passengers in 2020/21 decreased by 50.8 percent compared with the

year before to reach 13.3 million persons. Therefore, air share in total passenger transport equaled 10.6 percent in 2020/21. The share of non-public sector in domestic flights was 84.8 percent and the share of non-public sector in international flights was 76.5 percent. Furthermore, the number of passenger aircraft belonging to the national air fleet was 317 in the year under review, remaining relatively unchanged compared with the year before. The amount of cargo carried by air (domestically and abroad) amounted to 80.0 thousand tons, indicating a decrease of 2.0 percent compared with 2019/20.

Figure 7.1. Growth in Number of Carried Passengers**Figure 7.2. Composition of Passenger and Freight Vehicles by March 2021 by Age****Table 7.5. Air Transport**

	2018/19	2019/20	2020/21□	Percentage change	
				2019/20	2020/21
Carried passengers (million persons)	29.6	27.0	13.3	-8.9	-50.8
Domestic flights	19.9	18.5	12.1	-6.9	-34.6
International flights	9.7	8.5	1.2	-13.1	-86.2
Carried goods (thousand tons)	105.8	81.6	80.0	-22.9	-2.0
Transit flights (thousand)	369.0	298.0	108.0	-19.2	-63.8

Source: Civil Aviation Organization

Figure 7.3. Growth in Weight of Carried Goods

7.2.4. Sea Transport

The nominal capacity of commercial ports (oil and non-oil goods) reached 264.0 million tons in 2020/21, indicating a growth rate of 7.3 percent compared with 2019/20. Moreover, the capacity of the commercial sea transportation fleet remained unchanged at 7.1

million tons in 2020/21. Container port traffic decreased by 10.3 percent from 2,061 thousand TEU (Twenty-foot Equivalent Unit) in 2019/20 to 1,848 thousand TEU in 2020/21. Furthermore, container port capacity amounted to 8.0 million TEU, showing a rise of 3.9 percent compared with 2019/20. Reviewing the performance of ports in 2020/21 indicates that loading and unloading of "oil products"¹ and "non-oil goods" decreased by respectively 3.8 and 17.7 percent compared with the year before, to reach 45.4 million tons and 85.0 million tons, respectively, in 2020/21.

7.3. Price Indices in Transportation Sector

The CPI of "transport" rose by 87.1 percent in 2020/21, at constant 2016/17 prices, and the PPI of "transportation and storage" registered a growth rate of 88.6 percent. The share of "transportation" in the total relative weight of the "transportation and storage" group was 95.0 percent.

Table 7.6. Loading and Unloading of Goods at Ports

(million tons)

	2018/19	2019/20▲	2020/21□	Percentage change	
				2019/20	2020/21
Non-oil goods	92.1	103.3	85.0	12.1	-17.7
Oil products	45.8	47.2	45.4	3.1	-3.8
Total	137.9	150.5	130.4	9.1	-13.3

Source: Ports and Maritime Organization

Table 7.7. Price Indices in Transportation Sector

(base year 2016/17)

	Relative weight in base year (percent)	2018/19	2019/20	2020/21	Percentage change	
					2019/20	2020/21
CPI of transport	8.90	153.8	241.1	451.1	56.7	87.1
PPI of transportation and storage	16.91	149.2	237.1	447.1	58.9	88.6

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