

In 2020/21, the outbreak of COVID-19 and its consequential effect on economic activities caused the value of exports and imports (through Customs) to decrease compared with the year before. The main factor behind this decline was the fall in the production and consumption level of a variety of goods due to the implementation of stringent preventive measures, including stay-at-home lockdowns, social distancing, business closures, and the emergence of restrictions on international freight transport. The intensification of financial sanctions by the US was another factor responsible for the curtailment of foreign trade transactions in 2020/21.

13.1. Foreign Trade Transactions

In 2020/21, Iran's foreign transactions decreased in terms of both weight and value compared with 2019/20. The total value of foreign trade decreased by 13.7 percent to \$73.4 billion and the weight of foreign trade

fell by 13.5 percent to 146.3 million tons. The higher decrease in the value of the exports than that in the value of the imports led to a rise in the deficit of foreign trade by 37.4 percent. The share of the imports in the total value of foreign trade increased by 1.1 percentage points to 53.0 percent, and that in the total weight of transactions rose by about 1.9 percentage points to 23.0 percent.

Figure 13.1. Export/Import Ratio in Terms of Value (goods)

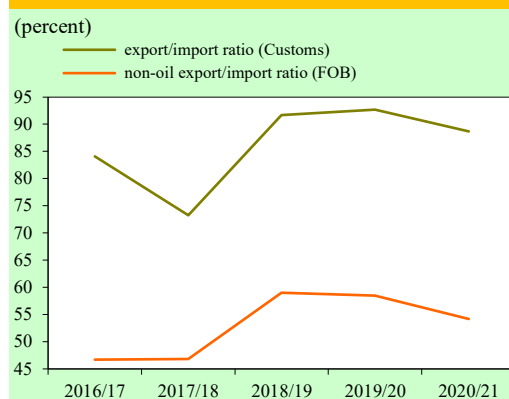


Table 13.1. Foreign Trade (excluding crude oil, gas, and electricity)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Value (million dollars)							
Imports	43,169	44,092	38,890	2.1	-11.8	51.9	53.0
Exports ¹	39,580	40,886	34,485	3.3	-15.7	48.1	47.0
Trade balance (exports minus imports)	-3,588	-3,205	-4,405	-10.7	37.4	N/A	N/A
Total value	82,749	84,978	73,376	2.7	-13.7	100.0	100.0
Weight (thousand tons)							
Imports	32,356	35,825	33,730	10.7	-5.8	21.2	23.0
Exports ¹	108,189	133,302	112,616	23.2	-15.5	78.8	77.0
Total weight	140,545	169,127	146,346	20.3	-13.5	100.0	100.0

Source: Iran's Customs Administration

¹ Excludes natural gas condensate.

13.2. Imports

In 2020/21, the CIF value of imports (through Customs) decreased by 11.8 percent to \$38.9 billion. Moreover, the weight of imports reached 33.7 million tons, down by 5.8 percent compared with the year before. Thus, the price of each ton of imported goods decreased by about 6.3 percent to \$1,153. A review of imports by use indicates that the share of "raw materials and intermediate goods" group in the total value of imports decreased by almost 0.4 percentage point to 68.7 percent. The share of "capital goods" rose by 0.3 percentage

point to 15.6 percent and that of "consumer goods" increased by 0.1 percentage point to 15.4 percent.

"Machinery and transport equipment" had a share of 35.0 percent in the total value of imports, followed by "food and live animals" by 19.7 percent, "chemicals" by 16.0 percent, and "crude materials, inedible, except fuels" by 7.6 percent. The total share of the mentioned groups in the value of imports remained rather unchanged at 78.4 percent.

Figure 13.2. Growth Rate of Imports

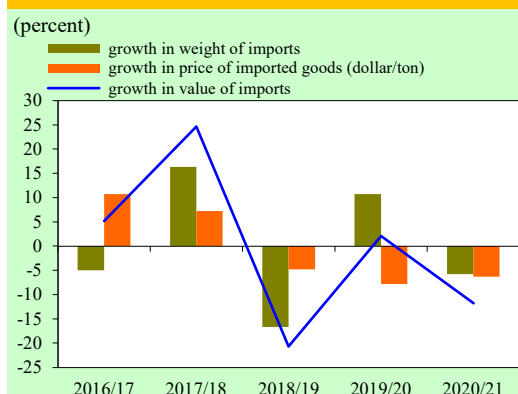


Figure 13.3. Composition of Imports by Use

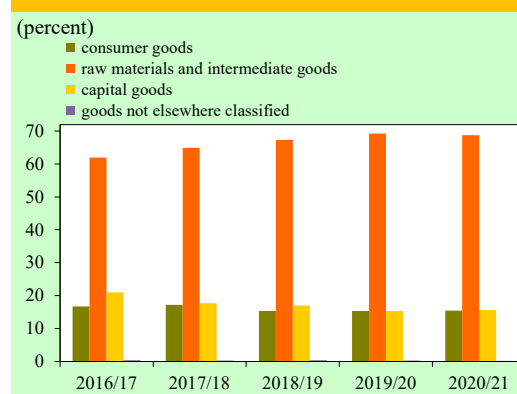


Table 13.2. Composition of Imports by Use¹

(million dollars)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Raw materials and intermediate goods	29,042	30,505	26,733	5.0	-12.4	69.2	68.7
Capital goods	7,332	6,746	6,081	-8.0	-9.9	15.3	15.6
Consumer goods	6,623	6,727	5,991	1.6	-11.0	15.3	15.4
Goods not elsewhere classified	172	113	86	-34.2	-24.2	0.3	0.2
Total	43,169	44,092	38,890	2.1	-11.8	100.0	100.0

Source: Iran's Customs Administration

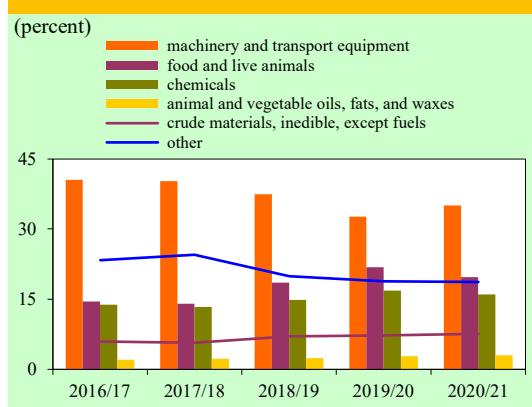
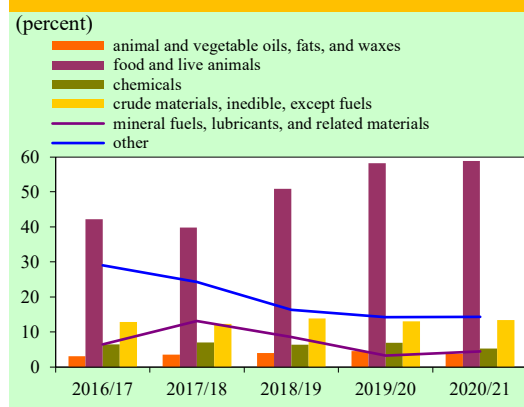
¹ Breakdown is based on the CBI's guidelines.

Table 13.3. Value of Imports by Major Components

(million dollars)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Machinery and transport equipment	16,151	14,373	13,616	-11.0	-5.3	32.6	35.0
Food and live animals	7,971	9,596	7,672	20.4	-20.1	21.8	19.7
Chemicals	6,386	7,419	6,216	16.2	-16.2	16.8	16.0
Crude materials, inedible, except fuels	3,024	3,157	2,966	4.4	-6.0	7.2	7.6
Other	9,637	9,546	8,420	-0.9	-11.8	21.7	21.6
Total	43,169	44,092	38,890	2.1	-11.8	100.0	100.0

Source: Iran's Customs Administration

Figure 13.4. Composition of Imports in Terms of Value**Figure 13.5. Composition of Imports in Terms of Weight**

China, the United Arab Emirates, Turkey, India, Germany, Russia, the United Kingdom, Switzerland, the Netherlands, and Italy were Iran's main trading partners in terms of imports in 2020/21, ranking 1st to 10th. Concentration indices¹ of Iran's imports from the first 3, 5 and 10 countries increased compared with the year before, to respectively 61.7, 72.0 and 84.0 percent in the year under review. Meanwhile, the value of imports from Asia, as the most important provider of Iran's import requirements, fell from \$33.1 billion in 2019/20 to \$29.9 billion in 2020/21, while its share increased by 1.9 percentage points from 75.0 percent in 2019/20 to 76.9 percent in 2020/21.

¹ Concentration indices are calculated as the sum of the shares of the first 3, 5 and 10 countries in the total value of imports.

The value of imports from Europe decreased by 17.2 percent from \$9.8 billion in 2019/20 to \$8.2 billion in 2020/21. The share of Europe in Iran's total value of imports declined by almost 1.4 percentage points, that of America fell slightly, and those of Africa and Oceania remained relatively unchanged. The value of imports from the ESCAP member states amounted to \$22.7 billion, constituting a share of 58.2 percent in the total value of imports. Moreover, imports from the EU, ECO, and ACU member countries totaled \$6.1 billion, \$4.8 billion, and \$2.4 billion, respectively, accounting for 15.6, 12.4 and 6.3 percent of the total value of imports through Customs.

13.3. Exports

In 2020/21, the value of exports¹ through Customs decreased by 15.7 percent to \$34.5 billion, and the weight of exports fell by 15.5 percent to 112.6 million tons. The value of the exports of "metallic mineral ores" and "industrial goods" declined by respectively 73.2 and 18.5 percent, while the value of the exports of "agricultural and traditional goods" rose by 6.5 percent compared with 2019/20. The value of exports per ton fell by 0.2 percent to reach \$306 in 2020/21.

The total value of industrial exports amounted to \$28.3 billion in 2020/21. The share of the exports of industrial goods in the total value of exports through Customs reached 82.0 percent in 2020/21, indicating a decrease of 2.9 percentage points compared with the year before. "Gas and oil

products", "basic metals and articles of basic metals", and "rubber and plastics products" enjoyed the highest shares in the value of industrial exports.

Figure 13.6. Growth Rate of Exports

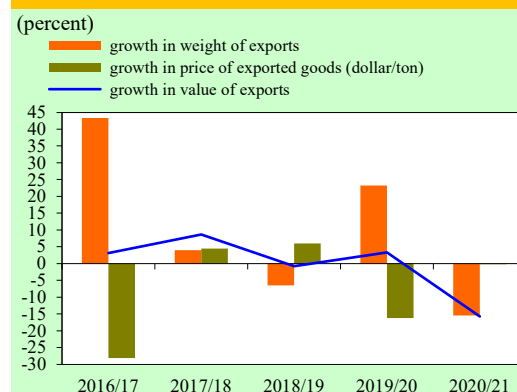


Table 13.4. Value of Exports¹ (through Customs)

(million dollars)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Agricultural and traditional goods	5,186	4,978	5,301	-4.0	6.5	12.2	15.4
Metallic mineral ores	1,139	1,085	291	-4.8	-73.2	2.7	0.8
Industrial goods	33,233	34,704	28,288	4.4	-18.5	84.9	82.0
Goods not elsewhere classified	22	119	605	451.1	410.1	0.3	1.8
Total	39,580	40,886	34,485	3.3	-15.7	100.0	100.0

Source: Iran's Customs Administration

¹ Excludes natural gas condensate.

Table 13.5. Value of Exports of Industrial Goods¹

(million dollars)

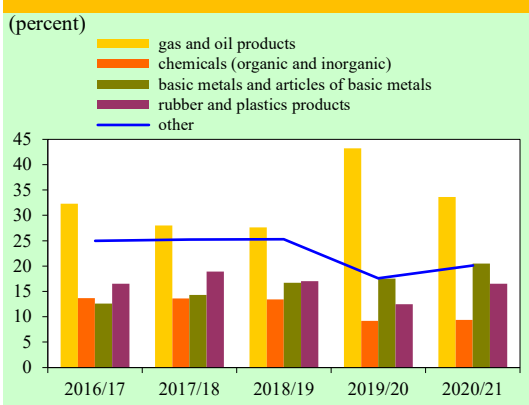
	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Gas and oil products	9,184	14,998	9,506	63.3	-36.6	43.2	33.6
Chemicals (organic and inorganic)	4,469	3,210	2,649	-28.2	-17.5	9.2	9.4
Basic metals and articles of basic metals ²	5,537	6,063	5,794	9.5	-4.5	17.5	20.5
Rubber and plastics products	5,639	4,333	4,658	-23.2	7.5	12.5	16.5
Other	8,404	6,100	5,682	-27.4	-6.8	17.6	20.1
Total	33,233	34,704	28,288	4.4	-18.5	100.0	100.0

Source: Iran's Customs Administration

¹ Excludes natural gas condensate.

² Includes "cast iron, iron, steel and their articles" and "aluminum, copper, zinc and articles thereof" groups.

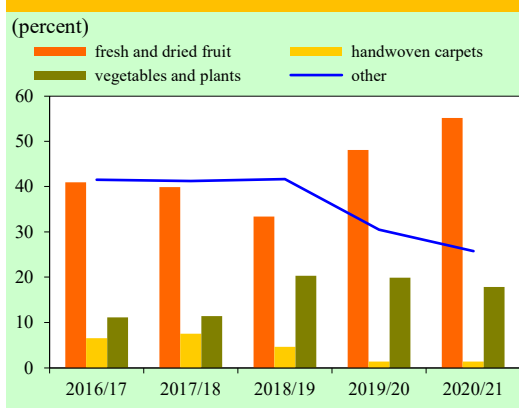
¹ Refers to exports through Customs, excluding natural gas condensate.

Figure 13.7. Composition of Exports of Industrial Goods in Terms of Value

The value of the exports of agricultural and traditional goods increased by 6.5 percent to \$5.3 billion in 2020/21. The share of this group in the total value of exports through Customs rose by 3.2 percentage points compared with the year before, to 15.4 percent in 2020/21. The value of the exports of "fresh and dried fruit" increased by 22.0 percent, leaving the biggest impact on the rise in the value of the exports of agricultural and traditional goods.

Based on the international classification of goods, the lion's share in the value of exports in 2020/21 belonged to "mineral fuels,

lubricants, and related materials" by 27.5 percent, followed by "chemicals" by 23.4 percent, and "food and live animals" by 17.1 percent. The collective share of these groups in the value of exports was almost 68.1 percent, indicating a decrease of about 2.5 percentage points compared with the year before. "Mineral fuels, lubricants, and related materials", "chemicals", and "crude materials, inedible, except fuels" enjoyed the highest shares in the weight of exports by 31.0, 20.4 and 10.3 percent, respectively. These groups together accounted for about 61.8 percent of the total weight of exports, down by almost 5.4 percentage points.

Figure 13.8. Composition of Exports of Agricultural and Traditional Goods in Terms of Value**Table 13.6. Value of Exports of Agricultural and Traditional Goods¹**

(million dollars)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Fresh and dried fruit	1,731	2,394	2,920	38.3	22.0	48.1	55.1
Handwoven carpets	239	72	72	-69.9	0.5	1.4	1.4
Vegetables and plants	1,055	993	941	-5.9	-5.2	19.9	17.8
Other	2,161	1,520	1,368	-29.7	-10.0	30.5	25.8
Total	5,186	4,978	5,301	-4.0	6.5	100.0	100.0

Source: Iran's Customs Administration

¹ Excludes natural gas condensate.

Table 13.7. Value of Exports according to International Classification of Goods¹ (million dollars)

	2018/19□	2019/20□	2020/21□	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Food and live animals	5,964	5,573	5,908	-6.6	6.0	13.6	17.1
Mineral fuels, lubricants, and related materials	9,161	14,974	9,499	63.4	-36.6	36.6	27.5
Chemicals	10,725	8,317	8,071	-22.5	-3.0	20.3	23.4
Machinery and transport equipment	1,607	1,069	793	-33.5	-25.9	2.6	2.3
Other	12,122	10,954	10,215	-9.6	-6.7	26.8	29.6
Total	39,580	40,886	34,485	3.3	-15.7	100.0	100.0

Source: Iran's Customs Administration

¹ Excludes natural gas condensate.

Based on the international classification of goods, Iran was a net exporter of "mineral fuels, lubricants, and related materials", "chemicals", "manufactured goods", and "goods not elsewhere classified" in terms of the value of exports and imports in 2020/21, while a net importer of "machinery and transport equipment", "food and live animals", "crude materials, inedible, except fuels", "animal and vegetable oils, fats, and waxes", "miscellaneous manufactured articles", and "beverages and tobacco". "Mineral fuels, lubricants, and related materials" group enjoyed the highest positive balance, whereas "machinery and transport equipment" accounted for the highest negative balance.

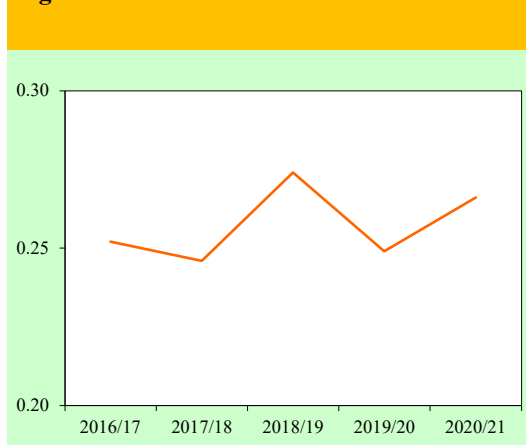
Reviewing the distribution of exports by country indicates that China, Iraq, the UAE, Turkey, Afghanistan, India, Pakistan, Indonesia, Azerbaijan, and Russia were the main export destinations for Iran's goods. Over the 2019-2020 period, Thailand and Oman were excluded from the list of the first ten importers from Iran, to be replaced with Azerbaijan and Russia. In 2020/21, the concentration indices for the first 3, 5 and 10 countries importing from Iran increased to 61.0, 74.7 and 86.3 percent, respectively, compared with 2019/20. Meanwhile, Asia accounted for 94.2 percent of Iran's exports, with a value of \$32.5 billion. Next on the list was Europe with an export value of \$1.2 billion and a share of 3.4 percent. Africa, America, and Oceania continents followed Europe in terms of imports from Iran.

Reviewing the distribution of exports by country group indicates that the value of Iran's exports to ESCAP, ECO, ACU, and EU member states amounted to \$20.2 billion, \$6.8 billion, \$2.6 billion, and \$0.6 billion, respectively, in 2020/21, decreasing by respectively 17.1, 30.2, 15.1 and 18.4 percent compared with the year before.

13.4. Terms of Trade ¹

The decrease in the per-ton value of imports by 6.3 percent and that in the per-ton value of exports by 0.2 percent boosted the country's terms of trade position. Therefore, the terms of trade increased by 6.6 percent to 0.266 in 2020/21 as against 0.249 in 2019/20.

Figure 13.9. Terms of Trade



¹ Includes Iran's exports and imports through Customs only, and is, therefore, different from the figure mentioned in Chapter 2 (Gross Domestic Product and Expenditure).

Table 13.8. Terms of Trade (through Customs)

(dollars)

	2018/19□	2019/20□	2020/21□	Percentage change	
				2019/20	2020/21
Value of exports per ton ¹	366	307	306	-16.2	-0.2
Value of imports per ton	1,334	1,231	1,153	-7.8	-6.3
Terms of trade²	0.274	0.249	0.266	-9.1	6.6

Source: Iran's Customs Administration.

¹ Excludes natural gas condensate.² The value of exports per ton divided by the value of imports per ton.

13.5. Developments in Foreign Exchange and Gold Markets

One of the most important factors affecting the global economy as well as monetary policymaking in 2020/21 was the outbreak of COVID-19. To contain the spread of the virus, the governments adopted measures to severely restrict the mobility of people and the operation of economic activities, which in turn led to the global economy's experiencing one of the harshest economic slowdowns in the history¹. The value of the US dollar against the euro rose during April-September 2020, attributable to the US robust economic foundation strengthening the dollar against the euro. In addition, during the mentioned period, the emergence of economic crises in the world motivated investors to buy the US dollar. However, as of October 2020 until March 2021, the US dollar sank in value, due to the US failed policy response to COVID-19, the decline of trust in the US economy by investors, and the intensification of political tensions prior to the US presidential elections. Overall, given the economic and monetary policy-making measures adopted by different countries, the parity rate of the US dollar against the euro, the British pound, the Japanese yen, and the Swiss franc decreased in 2020/21 compared with 2019/20. During this period, the price of an ounce of gold

grew in global markets, affected by the intensification of tensions in the Middle East and the COVID-19 pandemic. In association with their central banks, the governments raised their demand for gold to hedge against the consequences of different economic risks and to compensate for the disruption in economic activities, the deterioration in global economic prospects, and the emergence of global economic slowdown upon the outbreak of COVID-19. Accordingly, the CBI put in place various foreign exchange and trade policy measures in 2020/21, in coordination with the Iranian government. However, Iran's foreign exchange market was still adversely affected by a number of political and economic factors, including the continuation of the US-imposed economic sanctions, the intensification of political disputes, the US presidential elections and resulted controversies over the revival of the JCPOA by the new administration, and the outbreak of COVID-19, which disrupted the business cycle and lowered the global oil prices.

13.6. Foreign Exchange Market and Local Currency

13.6.1. Rial vs. Hard Currencies

Pursuant to the approval of the Government's Economic Coordination Headquarters in April 2018, the US dollar parity rate was set at Rls. 42,000 for all foreign exchange uses. Accordingly, each dollar was offered at the fixed rate of Rls. 42,000 on average in the official foreign exchange market in

¹ Under these circumstances and due to the policy measures adopted by central banks around the world, the parity rates of different convertible currencies were adversely affected.

2020/21. The British pound, the euro, the Swiss franc, and the Japanese yen (one hundred) were offered in the official market at average rates of 54,552, 48,832, 45,457 and 39,639 Iranian rials, respectively, indicating increases of respectively 1.8, 4.5, 6.8 and 2.6 percent compared with 2019/20. Meanwhile, the coefficients of variation¹ of the British pound, the euro, the Swiss franc, and the Japanese yen were higher in 2020/21 than in 2019/20. The highest coefficient of variation by 4.11 was related to the British pound, while the coefficient of variation of the US dollar remained unchanged at 0.00 in 2020/21.

Iran's unofficial foreign exchange market underwent remarkable developments during April-September 2020, affected by the continuation of the intensified financial and economic sanctions, supply-demand imbalances in the secondary foreign exchange market, the emergence of shock waves in the global economy, the decline in trade transactions, the sharp drop in global oil prices, and the formation of negative inflation expectations. Under these circumstances, the government and the CBI joined forces to restore tranquility to the foreign exchange market, facilitate the return of foreign exchange receipts to the economy, and provide the foreign exchange required for the imports of basic goods and medicine. Thanks to all these measures and the formation of positive inflation expectations by economic players upon the favorable prospects

of the revival of the JCPOA in the US new administration, the exchange rate in the unofficial foreign exchange market followed a slightly falling trend as of November 2020. The totality of all these measures caused the exchange rate for the US dollar to increase by 77.1 percent in the unofficial foreign exchange market compared with the year before. In 2020/21, each US dollar was exchanged at an average rate of 228.8 thousand rials in the unofficial market. The parity rates of the Swiss franc, the Japanese yen (one hundred), the British pound, and the euro against the Iranian rial increased by respectively 93.4, 86.0, 83.2 and 84.9 percent compared with 2019/20.

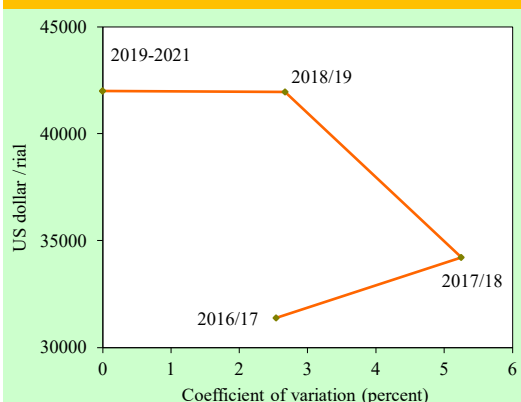
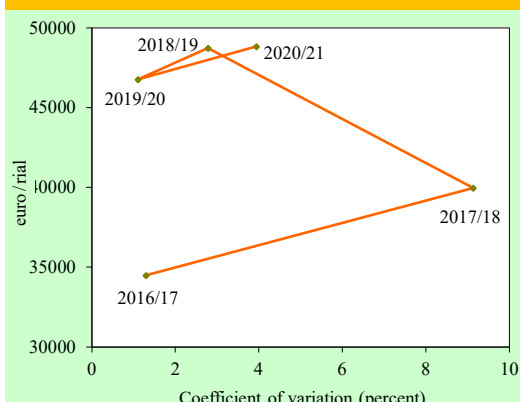
13.6.2. Developments in the Interbank Foreign Exchange Market

The value of the interbank market transactions (in Chinese yuan, euro, UAE dirham, US dollar, and other currencies) decreased by 36.9 percent compared with 2019/20, to reach \$20,505 million in 2020/21. The euro enjoyed the highest share in the interbank market transactions by 40.2 percent, up by 13.8 percentage points. The share of the Chinese Yuan fell by 13.7 percentage points to 13.0 percent. The UAE dirham and the US dollar had shares of 18.5 and 11.2 percent, respectively, in the total value of interbank market transactions. The total share of other currencies declined by 0.4 percentage point compared with the year before, to reach 17.0 percent in 2020/21.

Table 13.9. Interbank Market Transactions by Foreign Currency (million dollars)

	Buying and selling prices			Percentage change		Share (percent)	
	2018/19	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
Chinese yuan	10,149	8,678	2,662	-14.5	-69.3	26.7	13.0
Euro	17,859	8,595	8,247	-51.9	-4.1	26.4	40.2
UAE dirham	786	5,523	3,803	#	-31.2	17.0	18.5
US dollar	712	4,046	2,300	468.3	-43.2	12.4	11.2
Other	9,421	5,661	3,494	-39.9	-38.3	17.4	17.0
Total	38,927	32,504	20,505	-16.5	-36.9	100.0	100.0

¹ Standard deviation divided by mean.

Figure 13.10. Developments of the US Dollar in the Official Market**Figure 13.11. Developments of the Euro in the Official Market****Table 13.10. Rates of Major Currencies against the Iranian Rial in the Official Market**

	2018/19		2019/20		2020/21		Average annual growth (2020/21 compared with 2019/20, %)
	Average annual	Coefficient of variation	Average annual	Coefficient of variation	Average annual	Coefficient of variation	
US dollar	41,950	2.67	42,000	0.00	42,000	0.00	0.0
Euro	48,715	2.78	46,749	1.10	48,832	3.94	4.5
British pound	55,188	3.01	53,579	2.62	54,552	4.11	1.8
Japanese yen (one hundred)	37,901	2.34	38,637	1.51	39,639	1.55	2.6
Swiss franc	42,419	2.25	42,552	1.63	45,457	3.12	6.8

Table 13.11. Rates of Major Currencies against the Iranian Rial in the Unofficial Market

	2018/19□		2019/20□		2020/21□		Average annual growth (2020/21 compared with 2019/20, %)
	Average annual	Coefficient of variation	Average annual	Coefficient of variation	Average annual	Coefficient of variation	
US dollar	103,378	30.58	129,185	9.56	228,809	17.89	77.1
Euro	120,275	29.44	144,277	9.72	266,707	20.77	84.9
British pound	135,039	27.98	163,926	10.79	300,301	20.17	83.2
Japanese yen (one hundred)	94,866	26.88	119,138	9.01	221,626	18.38	86.0
Swiss franc	103,076	29.14	130,176	9.50	251,709	19.85	93.4

¹ The Cabinet announced a ban on the transactions of the unofficial market not conforming with the rules and regulations specified by the government for the period April 11-August 6, 2018. Therefore, in this table, the exchange rate of the US dollar against the Iranian rial has been calculated based on the exchange rate of the UAE dirham against the Iranian rial and the US dollar (cross-rate) in the unofficial market based on the data obtained from Gold, Coin, and Currency Information Network. The exchange rates of the euro, British pound, Japanese yen (one hundred), and Swiss franc against the Iranian rial in the unofficial market have been extracted from the same database.

Table 13.12. Average Prices of Gold Coins

(million rials)

	2018/19	2019/20	2020/21	Percentage change	
				2019/20	2020/21
One-quarter gold coin	10.3	15.1	35.2	46.6	133.9
Half gold coin	17.8	24.1	56.4	35.2	134.0
Full Bahar Azadi gold coin (old design)	33.7	45.2	102.7	34.2	127.0
Full Bahar Azadi gold coin (new design)	35.5	46.2	107.4	29.9	132.7