

# CHAPTER EIGHT

## DOMESTIC TRADE

The preliminary figures indicate that approximately Rls. 199.9 trillion of agricultural goods, Rls. 472.8 trillion of domestically manufactured products and Rls. 319.5 trillion of imported goods entered the domestic market in 1383. This brought a value-added of Rls. 155.2 trillion at current prices in domestic sector, which with 11.2 percent share in GDP at basic price (oil included), posted a decline of 0.4 percentage point as compared with the previous year. Moreover, growth of value-added in wholesale and retail activities, at constant 1376 prices, was 5.2 and 9.2 percent, respectively and their shares in the value-added in domestic trade sector were 65.9 and 34.1 percent, respectively.

### Policies and Regulations

With the approval of the Cabinet, the Articles of Association of the specialized holding company of Iran's Public Trade was approved in 1383. The mentioned company was established with the merger of Iran's Public Trade Corporation and the Organization of Trade Services Expansion. Major responsibilities to be shouldered by this company include regulating supervision and conducting required commercial activities in line with market regulation and domestic trade support programs enforced by the government, rendering commercial services such as importation, purchase, procurement of maintenance equipment, storage (warehouse, silo, etc.), preparation, distribution, sale and export of goods through utilization of market instruments such as cash and futures markets, option, and construction of silos and warehouses.

Moreover, the Cabinet approved a project to regulate the wheat, flour and bread market. This aimed at improving the quality and consumption of bread, wheat and flour, and streamlining subsidy payments on them.

### Government Investment

In 1383, the estimated credit allocated for acquisition of non-financial assets in commercial affairs was Rls. 366.2 billion. Of this amount, Rls. 289 billion was paid, up by 2.3 percent, which showed a better performance, with a realization of 78.9 percent as compared with the 77.1 percent in the previous year. The credits paid for essential goods and foodstuff market regulating program accounted for the lion's share of 48.3 percent of credits for acquisition of non-financial assets in commerce sector.

**CREDITS FOR ACQUISITION OF GOVERNMENT NON-FINANCIAL ASSETS** (billion rials)

	Approved figures		Performance		Percentage of realization	
	1382▲	1383	1382	1383	1382	1383
Commerce	366.2	366.2	282.5	289.0	77.1	78.9
Essential goods and foodstuff market regulating program	343.6	343.6	268.4	139.5	78.1	40.6
Supervision on trade affairs	0	0	0	137.3	0	0
Procurement of equipment and machinery and basic repairs' program	22.6	22.6	14.1	12.2	62.4	54.0
<b>Total</b>	<b>81,919.7</b>	<b>99,841.3</b>	<b>60,986.6</b>	<b>79,106.7</b>	<b>74.4</b>	<b>79.2</b>

Source: Budget laws and Treasury General of the Ministry of Economic Affairs and Finance

### Banking Facilities

Outstanding facilities extended by banks and credit institutions to domestic trade sector increased by 48.6 percent compared to 1382 to Rls. 59.6 trillion. The outstanding facilities extended to non-public and public sectors of domestic trade, with 50.5 and 44.7 percent growth, amounted to Rls. 40.7 and 18.9 trillion, respectively, compared to the previous year. Review of the performance of banks and credit institutions indicates that non-public sector accounted for the main share of outstanding facilities by 68.3 percent. In the review year, the shares of public commercial banks, private banks and credit institutions, and specialized banks in total outstanding facilities extended to domestic trade sector were 89.6, 10.2, and 0.2 percent, respectively.

**OUTSTANDING FACILITIES EXTENDED BY BANKS AND CREDIT INSTITUTIONS TO DOMESTIC TRADE SECTOR** (billion rials)

	1382	1383	Percentage change	Share (percent)	
				1382	1383
<b>Public and non-public sectors</b>	<b>40,089.9</b>	<b>59,573.9</b>	<b>48.6</b>	<b>100.0</b>	<b>100.0</b>
<b>Non-public sector</b>	<b>27,028.8</b>	<b>40,673.0</b>	<b>50.5</b>	<b>67.4</b>	<b>68.3</b>
Public commercial banks	25,857.6	34,515.0	33.5	64.5	57.9
Specialized banks	59.3	100.0	68.6	0.1	0.2
Private banks and credit institutions	1,111.9	6,058.0	444.8	2.8	10.2
<b>Public sector</b>	<b>13,061.1</b>	<b>18,900.9</b>	<b>44.7</b>	<b>32.6</b>	<b>31.7</b>
Public commercial banks	13,061.1	18,900.9	44.7	32.6	31.7
Specialized banks	0	0	0	0	0
Private banks and credit institutions	0	0	0	0	0

In the review year, 313 cooperatives were registered to provide the needs of producers, consumers and services unions dealing with procurement and distribution of goods. This number shows 9.8 percent reduction compared to the previous year. The number of registered cooperatives' members declined by 31.5 percent to 53.1 thousand persons. The greatest number of members was related to procurement of consumers' needs companies by 47.3 thousand persons, down by 32.7 percent compared to the previous year.

According to the Trade Union Act, unions are categorized into four groups, i.e. manufacturing, technical services, distribution, and services. In 1383, total unions holding business permits, with an increase of 31.9 percent compared to the year before, were 1,469.3 thousand units, about 47.5 percent of which were distribution unions, and the shares of technical services, manufacturing and services unions out of total unions were 20.3, 17.3 and 14.9 percent, respectively.

## COOPERATIVES

	1382 ▲	1383	Percentage change
<b>Number</b>	<b>347</b>	<b>313</b>	<b>-9.8</b>
Procurement of producers' needs	151	139	-7.9
Procurement of consumers' needs	172	142	-17.4
Procurement of services unions' needs	24	32	33.3
<b>Capital (million rials)</b>	<b>28,023</b>	<b>40,527</b>	<b>44.6</b>
Procurement of producers' needs	8,656	23,664	173.4
Procurement of consumers' needs	18,309	15,584	-14.9
Procurement of services unions' needs	1,058	1,279	20.9
<b>Employment (person)</b>	<b>2,142</b>	<b>1,894</b>	<b>-11.6</b>
Procurement of producers' needs	1,283	1,061	-17.3
Procurement of consumers' needs	716	631	-11.9
Procurement of services unions' needs	143	202	41.3

Source: Ministry of Cooperative

## NUMBER OF UNIONS HOLDING BUSINESS PERMIT (1)

(thousand units)

	1382	1383	Percentage change	Share (percent)	
				1382	1383
<b>Total unions</b>	<b>1,114.2</b>	<b>1,469.3</b>	<b>31.9</b>	<b>100.0</b>	<b>100.0</b>
Manufacturing	198.3	254.4	28.3	17.8	17.3
Distribution	554.4	698.4	26.0	49.8	47.5
Services	131.4	218.0	65.9	11.8	14.9
Technical services	230.1	298.5	29.7	20.6	20.3

Source: Ministry of Commerce

(1) Data refers to cities with union organizations.