

Based on national accounts statistics, in 1386, about Rls. 349.4 trillion agricultural goods, Rls. 798.1 trillion domestically manufactured products, and Rls. 525.4 trillion imported goods and services entered the domestic market, bringing the value-added of the domestic sector to Rls. 291.1 trillion at current prices. The ratio of the value-added in the domestic trade sector to GDP at basic price (including oil) declined to 10.1 percent, against 10.5 percent in the year before. The value-added of the trade sector indicated 6.4 percent growth at constant 1376 prices, compared with 1385. Value-added of retail and wholesale activities, up by 3 and 7.6 percent at constant 1376 prices, held respectively 29.5 and 70.5 percent shares in the value-added of domestic trade sector.

Government Initiatives to Regulate Domestic Market and Procure Essential Needs of the Public

The Ministry of Commerce took the following measures in the review year to regulate goods and services domestic market

and procure the essential needs of the public: storing frozen chicken and meat, pulses, and citrus; designing the mechanized system of bran supply; distributing fully enriched flour since Khordad 1386; and prioritizing establishment of units for industrial production of bread by control and supervision councils of provinces.

Moreover, based on the decision of the Ministers as members of the Commission of Article 1 of the Executive Bylaw on the Export-Import Regulations Act, the import tariff of goods in short supply (such as rice, butter and dried milk) as well as required inputs for livestock and poultry (such as corn, soybean meal and barley) was removed to provide the above-said through import, and regulate the domestic market. Furthermore, in order to prevent increased export of potato and rise in its domestic price, export tariff of potato reached 100 percent of its basic price.

Import and Stock of Major Foodstuffs

According to data released by the Government Trading Corporation of Iran (GTC),

	Import and Stock of Major Foodstuffs (thousand tons)					
	Imports		Percentage change ○	Year-end stock		Percentage change ○
	1385 ▲	1386 □		1385	1386	
Wheat ⁽¹⁾	977.8	0	-100.0	4,099.1	3,784.4	-7.7
Sugar ⁽²⁾	923.4	245.3	-73.4	773.0	669.1	-13.4
Red meat ⁽²⁾	0	0	0	13.4	0.4	-96.7

Source: Government Trading Corporation of Iran (GTC) and State Livestock Affairs Logistics (SLAL)

(1) Includes wheat imported by public sector.

(2) Excludes imports by private sector.

Chapter 7 DOMESTIC TRADE

imports of raw sugar decreased by 73.4 percent to 245.3 thousand tons in the review year. This was due to the sharp rise in the imports of sugar that caused difficulties for domestic producers of sugar and cube sugar.

Regarding the appropriate level of wheat production in 1386, wheat was not imported in this year and its stock decreased by 7.7 percent. Moreover, based on the data released by the State Livestock Affairs Logistics (SLAL), red meat was not imported by public sector as in the previous year, and its stock declined by 96.7 percent to 0.4 thousand tons at end-1386.

Government Investment

In 1386, approved credits for acquisition of non-financial-national assets in domestic trade sector including "domestic market regulating program" and "e-commerce program" rose 9.7 percent against the approved figure for the preceding year, reaching Rls. 533 billion. Moreover, the amount

of credits paid for domestic trade sector increased by 16.7 percent to Rls. 392.8 billion. Performance of the credits allocated for acquisition of non-financial assets in domestic trade sector represented 73.7 percent realization, indicating a better performance compared with the figure for the preceding year (69.3 percent). "Domestic market regulating program" enjoyed the lion's share in the credits allocated to domestic trade sector by 83 percent, followed by "e-commerce program" by 17 percent.

Banking Facilities

Net outstanding facilities extended by banks and credit institutions to domestic trade sector increased by 47.1 percent to Rls. 194.6 trillion at end-1386 compared with the previous year. Outstanding facilities extended to non-public domestic trade sector rose by 55.8 percent to Rls. 178 trillion, while the amount extended to public domestic trade sector declined by 7.8 percent to Rls. 16.6 trillion.

National Credits for Acquisition of Government Non-financial Assets (billion rials)

	Approved figures		Performance		Percentage of realization		Share (percent)	
	1385	1386	1385▲	1386□	1385	1386	1385	1386
Domestic market regulating program	405.8	454.0	300.6	326.2	74.1	71.8	89.3	83.0
E-commerce program	80.0	79.0	36.0	66.6	45.0	84.3	10.7	17.0
Total	485.8	533.0	336.6	392.8	69.3	73.7	100.0	100.0

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

Net Outstanding Facilities Extended by Banks and Credit Institutions to Domestic Trade Sector⁽¹⁾ (billion rials)

	1385	1386□	Percentage change ○	Share (percent)	
				1385	1386
Public and non-public sectors	132,284.2	194,604.8	47.1	100.0	100.0
Non-public sector	114,248.3	177,980.7	55.8	86.4	91.5
Commercial banks	74,701.3	100,043.8	33.9	56.5	51.4
Specialized banks	64.4	738.9	□	0	0.4
Private banks and credit institutions	39,482.6	77,198.0	95.5	29.8	39.7
Public sector	18,035.9	16,624.1	-7.8	13.6	8.5
Commercial banks	18,035.9	16,624.1	-7.8	13.6	8.5
Specialized banks	0	0	∅	0	0
Private banks and credit institutions	0	0	∅	0	0

(1) Excludes profit and revenue receivables.

Review of banks' and credit institutions' performance in 1386 reveals that the highest share (91.5 percent) in net outstanding facilities belonged to non-public domestic trade sector. This share indicates a rise of 5.1 percentage points compared with the corresponding figure of the preceding year. Of total outstanding facilities, 60.3 percent was extended by public commercial and specialized banks and the share of private banks and credit institutions was 39.7 percent, up from 29.8 percent in 1385.

Trade Transactions

The number of transactions registered in public notary offices grew by 7.5 percent to 3.6 million compared with the year before. Of total transactions, 34.4 percent were processed in Tehran Province, showing 4.6 percent decrease compared with 1385.

Cooperatives

The number of cooperatives active in provision and distribution of goods and services to producers, consumers, and services unions registered in 1386 fell by 28.1 percent to 451 in the review year, as compared with the previous year. The initial capital of these cooperatives amounted to Rls. 157.2 billion, indicating a sharp rise against the year before. Employment opportunities created by these

cooperatives were 4,910, showing a reduction of 23.9 percent compared with the preceding year.

The members of these cooperatives declined by 43.4 percent to 25 thousand persons compared with 1385. The highest number of members belonged to the cooperatives active in procurement of consumers' needs, which decreased by 46.9 percent to 19.4 thousand persons in 1386 against the corresponding figure of the previous year. The per capita capital of the cooperatives active in procurement of producers' needs was Rls. 9.9 million, that of the cooperatives active in procurement of consumers' needs Rls. 5.4 million, and that of the cooperatives active in procurement of services unions' needs Rls. 5.9 million.

Unions

According to the Trade Union Act, unions are categorized into manufacturing, technical services, distribution, and services groups. In the review year, unions holding business permits totaled 1,611.3 thousand, down by 14.9 percent compared with 1385. The share of distribution unions was 44 percent, technical services unions 23.2 percent, manufacturing unions 19.8 percent, and services unions 13.1 percent.

Cooperatives

	1385 ▲	1386 □	Percentage change ○
Members	44,168	25,017	-43.4
Procurement of producers' needs	6,556	5,077	-22.6
Procurement of consumers' needs	36,520	19,404	-46.9
Procurement of services unions' needs	1,092	536	-50.9
Number	627	451	-28.1
Procurement of producers' needs	365	240	-34.2
Procurement of consumers' needs	183	171	-6.6
Procurement of services unions' needs	79	40	-49.4
Capital (million rials)	35,912	157,239	337.8
Procurement of producers' needs	12,810	50,067	290.8
Procurement of consumers' needs	19,343	104,009	437.7
Procurement of services unions' needs	3,759	3,163	-15.9
Employment (person)	6,450	4,910	-23.9
Procurement of producers' needs	4,028	2,508	-37.7
Procurement of consumers' needs	1,898	2,009	5.8
Procurement of services unions' needs	524	393	-25.0

Source: Deputy of Planning and Programming, Ministry of Cooperative

Chapter 7 DOMESTIC TRADE

Number of Unions Holding Business Permit ⁽¹⁾ (thousand units)

	1384	1385 ▲	1386 □	Percentage change ○	Share (percent)	
					1385	1386
Total unions	1,671.6	1,893.6	1,611.3	-14.9	100.0	100.0
Manufacturing	269.6	344.0	318.5	-7.4	18.2	19.8
Distribution	806.2	883.6	708.4	-19.8	46.7	44.0
Services	231.2	253.0	211.0	-16.6	13.4	13.1
Technical services	364.6	413.0	373.4	-9.6	21.8	23.2

Source: Iran Trade and Traders Center, Ministry of Commerce

(1) Data refer to cities with union organizations.