

Based on preliminary estimates of national accounts, in 1387, the value-added of the domestic trade sector rose by 21.3 percent to Rls. 353.2 trillion at current prices compared with 1386. The ratio of value-added in the domestic trade sector to GDP at current prices increased slightly to 10.5 percent, compared with 10.2 percent in previous year.

The value-added of domestic trade sector increased by 0.3 percent at constant (1376) prices compared with the previous year. Value-added of retail activities decreased by almost 5.7 percent, and that of wholesale activities went up by 2.3 percent, at constant 1376 prices.

Domestic Market Management and Essential Goods Procurement

The Ministry of Commerce took the following measures in 1387 to regulate goods and services domestic market and procure the essential needs of the public: revision of import tariffs of essential goods; purchase and storage of citrus fruits; procurement of the commodities basket of government employees, chicken, and production inputs such as seeds and fertilizers for wheat farming; and provision of subsidized milk.

With regard to the essential and strategic goods in short supply, and to regulate domestic market and maintain food security, the export of several goods such as forage, feedstuff,

rice, corn, soybean meal, chicken, and raw vegetable oil was subjected to export fees. Moreover, due to short supply of wheat and flour, their export fees were raised to respectively Rls. 4,000 and Rls. 5,000 per kilo in 1387, against Rls. 1,000 and Rls. 1,500 in the previous year.

Based on the Cabinet approval, as of the beginning of 1387, the market regulation workgroup was formed at the responsibility of the Ministry of Commerce in order to: prevent rise in the price of goods and services; supervise pricing by industrial units; implement the smart card system; advise on the appropriate structure, organization and workforce of productive entities to counter price rise; and adopt other necessary measures.

Import and Stock of Major Foodstuffs

According to data released by the Government Trading Corporation of Iran (GTC), sugar was not imported by the government in 1387, and its stock fell by 15.7 percent at year-end. Significant rise in imports and stock of sugar during previous years caused difficulties for domestic producers of sugar and cube sugar, reducing its imports by the government in 1387. Considering the unprecedented drought and reduction in wheat production, imports of wheat increased sharply in this year. Accordingly, about 5.9 million tons of wheat were imported in 1387.

Chapter 7 DOMESTIC TRADE

Moreover, according to data released by the State Livestock Affairs Logistics (SLAL), red meat was not imported by public sector as in previous years, and its stock rose more than 8 times to about 13 thousand tons at end-1387, compared with 1386.

Government Investment

In 1387, approved credits for acquisition of non-financial-national assets in domestic trade sector including "domestic market regulation program" and "e-commerce program" increased by almost 3.3 percent to Rls. 563.6 billion. Furthermore, the amount of credit paid to domestic trade sector rose slightly by one percent to about Rls. 398.7 billion.

Performance of the credits allocated for the acquisition of non-financial assets in domestic trade sector revealed a realization of almost 70.7 percent, showing a lower performance compared with the figure for

the year before (72.0 percent). "Domestic market regulation program" had the lion's share of the credits allocated to domestic trade sector by 85.3 percent, followed by "e-commerce program" by 14.7 percent.

Banking Facilities

Net outstanding facilities extended by banks and credit institutions to domestic trade sector rose slightly by 0.8 percent to Rls. 196.1 trillion compared with preceding year. This amount constitutes 36.4 percent of the facilities extended to "trade, services, and miscellaneous" sector, and accounts for 12.1 percent of net outstanding facilities extended to various economic sectors. Outstanding facilities extended to non-public domestic trade sector went up by 2.9 percent to Rls. 183.2 trillion, while the amount allocated to public domestic trade sector decreased by 22.5 percent to Rls. 12.9 trillion.

Import and Stock of Major Foodstuffs (thousand tons)

	Imports ¹		Percentage change	Year-end stock		Percentage change
	1386▲	1387		1386▲	1387	
Wheat	0.0	5,937.0	0	3,784.4	5,022.4	32.7
Sugar and cube sugar	445.0	0.0	-100.0	667.3	562.7	-15.7
Red meat	0.0	0.0	0	1.5	13.0	☐

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

¹Excludes imports by private sector.

Credits for Acquisition of Non-financial-National Assets in Domestic Trade Sector (billion rials)

	Approved figures		Performance		Percentage of realization		Share (percent)	
	1386▲	1387	1386	1387	1386	1387	1386	1387
Domestic market regulation program	466.7	479.5	326.2	340.2	69.9	70.9	83.0	85.3
E-commerce program	79.0	84.1	66.6	58.5	84.3	69.5	17.0	14.7
Total	545.7	563.6	392.8	398.7	72.0	70.7	100.0	100.0

Source: Budget Laws for 1386 and 1387, and Treasury General, Ministry of Economic Affairs and Finance

Net Outstanding Facilities Extended by Banks and Credit Institutions to Domestic Trade Sector¹

(billion rials)

	1386	1387	Percentage change		Share (percent)	
			1386	1387	1386	1387
Public and non-public sectors	194,604.8	196,099.5	47.1	0.8	100.0	100.0
Non-public sector	177,980.7	183,218.0	55.8	2.9	91.5	93.4
Commercial banks	100,043.8	95,447.5	33.9	-4.6	51.4	48.7
Specialized banks	738.9	589.8	▣	-20.2	0.4	0.3
Private banks and credit institutions	77,198.0	87,180.7	95.5	12.9	39.7	44.5
Public sector	16,624.1	12,881.5	-7.8	-22.5	8.5	6.6
Commercial banks	16,624.1	12,835.7	-7.8	-22.8	8.5	6.5
Specialized banks	0.0	45.8	0	0	0.0	0.0
Private banks and credit institutions	0.0	0.0	0	0	0.0	0.0

¹ Excludes profit and revenue receivables.

Review of banks' and credit institutions' performance in 1387 indicates that the highest share (93.4 percent) in net outstanding facilities belonged to non-public domestic trade sector, up by 1.9 percentage points compared with the previous year. Of total outstanding facilities, 55.5 percent were extended by commercial and specialized banks and the share of private banks and credit institutions increased by 4.8 percentage points to 44.5 percent in the review year, compared with corresponding figure of 1386 (39.7 percent).

Trade Transactions

The number of transactions registered in public notary offices declined by 3.9 percent to 3.4 million, compared with the year before. Of total transactions, 33.9 percent were processed in Tehran Province, down by 5.5 percent compared with the preceding year.

In 1387, 63.6 million checks and drafts, worth Rls. 4,663.6 trillion were transferred in Tehran interbank clearing house. This indicated a reduction of 19.5 percent, in terms of volume, and a rise of almost 12.2 percent, in terms of value, compared with the year before. The ratio of value of transferred checks and drafts to nominal GDP at basic price in 1387 was 1.38 times, indicating a slight reduction compared with 1.45 times in the previous year. In the review

year, dishonored checks and drafts, in terms of volume and value, rose 26 and 41.8 percent, respectively, compared with 1386. Moreover, ratio of value of dishonored checks and drafts to total surged by 0.9 percentage point to 4.5 percent.

Cooperatives

The number of cooperatives active in provision and distribution of goods and services to producers, consumers, and service sector associations registered in 1387 decreased by 14.6 percent to 385. The initial capital of these cooperatives equaled Rls. 29.8 billion, showing 81.0 percent fall compared with previous year. Employment opportunities created by these cooperatives were 3,754, down by 23.5 percent compared with 1386. The amount invested for each employed person decreased sharply to Rls. 7.9 million, compared with the respective figure of preceding year (Rls. 32 million).

The members of these cooperatives decreased by 19.9 percent to 20 thousand persons compared with 1386. The highest number of members belonged to the cooperatives active in procurement of consumers' needs which fell by 19.2 percent to 15.7 thousand persons in 1387 compared with the year before. The capital contribution of each

Chapter 7 DOMESTIC TRADE

member of producer cooperatives, consumer cooperatives, and service sector cooperatives were respectively Rls. 3.6 million, Rls. 0.7 million, and Rls. 5.8 million.

Business establishments

According to data released by Iran Trade and Traders Center¹, in 1387, total entities holding business permits decreased by 30.3

percent to 1.2 million. Of this figure, the share of distribution units was 52.7 percent, services units 25.1 percent, and manufacturing units 22.2 percent. Among these entities, the number of distribution units holding a business permit, down by 17.1 percent, had the lowest reduction compared with the year before, while services units, by 51.7 percent, had the highest fall compared with the corresponding figure of 1386.

Cooperatives

	1386	1387	Percentage change
Members	25,017	20,033	-19.9
Procurement of producers' needs	5,077	3,052	-39.9
Procurement of consumers' needs	19,404	15,686	-19.2
Procurement of service sector associations' needs	536	1,295	141.6
Number	451	385	-14.6
Procurement of producers' needs	240	152	-36.7
Procurement of consumers' needs	171	166	-2.9
Procurement of service sector associations' needs	40	67	67.5
Capital (million rials)	157,239	29,818	-81.0
Procurement of producers' needs	50,067	11,080	-77.9
Procurement of consumers' needs	104,009	11,278	-89.2
Procurement of service sector associations' needs	3,163	7,460	135.9
Employment (person)	4,910	3,754	-23.5
Procurement of producers' needs	2,508	1,792	-28.5
Procurement of consumers' needs	2,009	1,195	-40.5
Procurement of service sector associations' needs	393	767	95.2

Source: Deputy of Planning and Programming, Ministry of Cooperative

Number of Entities Holding Business Permits¹

(thousand units)

	1385	1386▲	1387	Percentage change		Share (percent)	
				1386	1387	1386	1387
Total business establishments	1,893.6	1,731.4	1,206.2	-8.6	-30.3	100.0	100.0
Manufacturing	344.0	337.1	267.5	-2.0	-20.7	19.5	22.2
Distribution	883.6	766.4	635.6	-13.3	-17.1	44.3	52.7
Services ²	666.0	627.8	303.1	-5.7	-51.7	36.3	25.1

Source: Iran Trade and Traders Center, Ministry of Commerce

¹Data refer to cities with business establishments.

²Due to reclassification of figures in 1387, services include "services" and "technical services" units.

¹According to Article 4, Trade System Law, and Iran Trade and Traders Center in 1387, business establishments are classified by type of activity into production, distribution, and services units.