

**W**ith the implementation of the JCPOA as of late-1394, which led to sanctions relief and suspension, Iran's foreign trade<sup>1</sup> sector expanded in 1395. The surge of exports was mainly attributable to increase in the sales of petrochemical products. Meanwhile, imports of various kinds of transportation tools and vehicles accounted for the highest share of growth in the value of imports.

### Trade

Given the favorable growth of foreign transactions in 1395 compared with 1394, the

total value of foreign trade increased by 4.2 percent to \$80.4 billion and the volume (weight) of foreign trade rose by 28.3 percent compared with 1394, to reach 144.6 million tons in 1395. The higher increase on the imports' side of foreign trade as compared to exports, in terms of value, raised the trade balance deficit by almost 17.4 percent. The share of imports in the total value of transactions increased by 0.5 percentage point to 54.3 percent. The remarkable increase in the weight of exports, on the other hand, led to a notable decline in the share of imports in the weight of transactions by 8.1 percentage points to bring it to 23.1 percent in 1395.

**Table 12.1. Foreign Trade (excluding oil, gas, and electricity)**

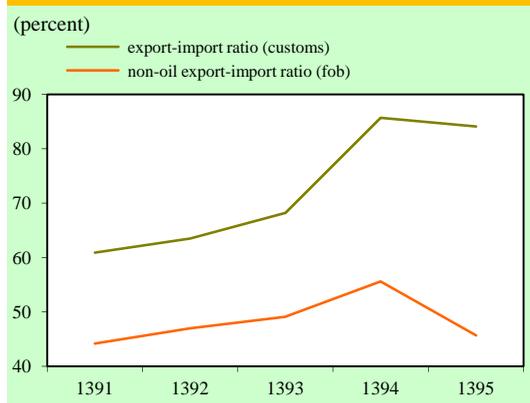
	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
<b>Value (million dollars)</b>							
1. Imports	53,569	41,539	43,684	-22.5	5.2	53.8	54.3
2. Exports <sup>1</sup>	36,555	35,609	36,723	-2.6	3.1	46.2	45.7
Deficit (2-1)	-17,014	-5,930	-6,961	-65.1	17.4	-	-
<b>Total (1+2)</b>	<b>90,125</b>	<b>77,148</b>	<b>80,407</b>	<b>-14.4</b>	<b>4.2</b>	<b>100.0</b>	<b>100.0</b>
<b>Volume (thousand tons)</b>							
1. Imports	43,016	35,152	33,399	-18.3	-5.0	31.2	23.1
2. Exports	81,634	77,596	111,232	-4.9	43.3	68.8	76.9
<b>Total (1+2)</b>	<b>124,650</b>	<b>112,748</b>	<b>144,631</b>	<b>-9.5</b>	<b>28.3</b>	<b>100.0</b>	<b>100.0</b>

Source: Foreign Trade Statistics, Islamic Republic of Iran Customs Administration.

<sup>1</sup> Excludes natural gas condensate.

<sup>1</sup> Figures and analyses mentioned in the present chapter are based on the data released by the Islamic Republic of Iran Customs Administration.

**Figure 12.1. Export-import ratio (goods)**



### Imports

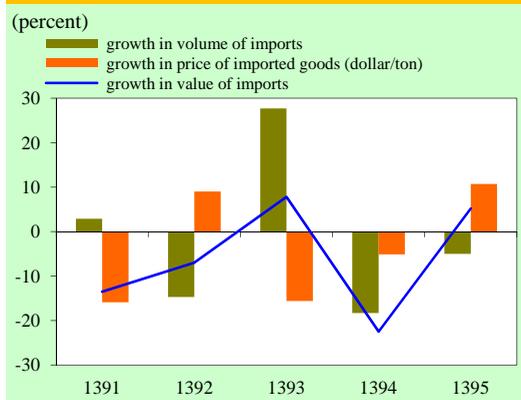
In 1395, the CIF value of imports (through Customs) increased by 5.2 percent to \$43.7 billion. Moreover, the volume of imports reached 33.4 million tons, down by 5.0 percent compared with the year before. The price of each ton of imported goods increased by 10.7 percent to reach \$1,308 in 1395.

A review of imported goods by use indicated that the share of "raw materials and intermediate goods" group in the total value of imports decreased by 1.8 percentage points to 61.9 percent. On the other hand, the shares of "capital goods" and "consumer goods" groups in total imports reached 21.0 and 16.7 percent in 1395, indicating 2.1 and 1.7 percentage points increase, respectively.

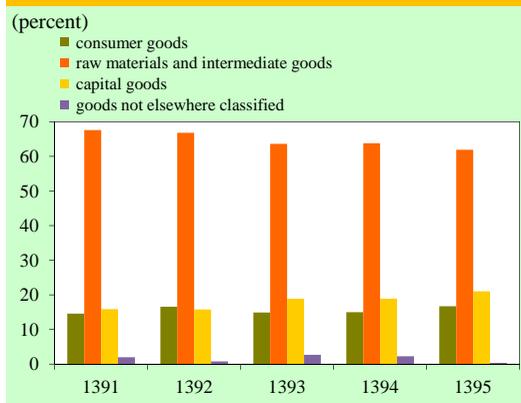
In 1395, "machinery and transportation vehicles" had a share of 40.5 percent in the total value of imports, followed by "food-stuffs and live animals" by 14.5 percent, "chemicals" by 13.8 percent, and "iron and steel" by 5.7 percent. The total share of the mentioned groups in the value of imports increased by almost 0.5 percentage point compared with 1394, to reach 74.6 percent.

Among these groups, share of "machinery and transportation vehicles" in total imports increased while the shares of other groups were lower than 1394.

**Figure 12.2. Growth rate of imports**



**Figure 12.3. Composition of imports by use**



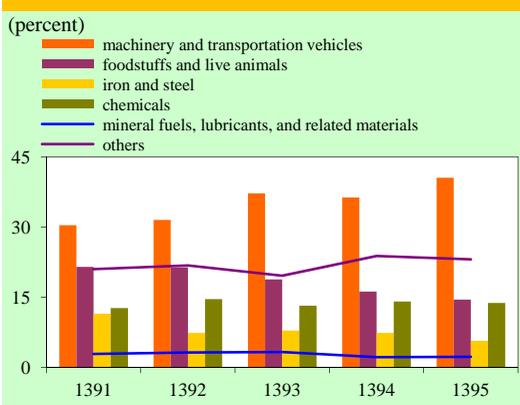
In this year, China, the United Arab Emirates, South Korea, Turkey, Germany, India, Russia, Italy, Brazil, and Switzerland were Iran's largest trading partners in terms of imports, ranking 1<sup>st</sup> to 10<sup>th</sup>. France and the Netherlands which were on the list of top ten importing countries in 1394 were replaced

by Brazil and Russia in 1395. Concentration indices<sup>1</sup> of Iran's imports from the first 3, 5 and 10 countries decreased to respectively 47.2, 59.3, and 75.6 percent in 1395.

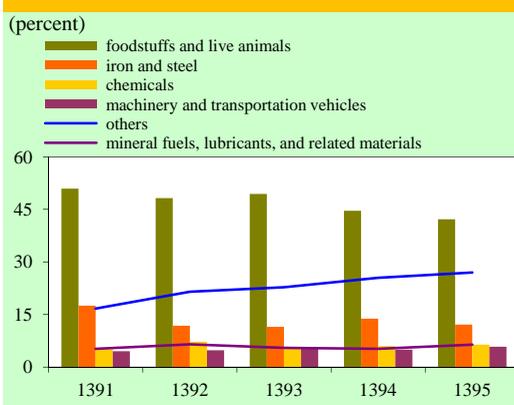
In 1395, the value of imports from ESCAP<sup>2</sup> member countries amounted to \$26.4 billion,

constituting a share of 60.4 percent in the total value of imports. Meanwhile, imports from the EU, ACU, and ECO member countries totaled \$8.3 billion, \$2.5 billion, and \$3.5 billion, accounting for 19.0, 5.7, and 8.1 percent of the total value of imports through Customs, respectively.

**Figure 12.4. Composition of imports in terms of value**



**Figure 12.5. Composition of imports in terms of volume**



**Table 12.2. Composition of Imports by Use**

(million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Raw materials and intermediate goods	34,046	26,498	27,061	-22.2	2.1	63.8	61.9
Capital goods	10,133	7,863	9,153	-22.4	16.4	18.9	21.0
Consumer goods	7,970	6,239	7,292	-21.7	16.9	15.0	16.7
Goods not elsewhere classified	1,421	939	179	-33.9	-81.0	2.3	0.4
<b>Total</b>	<b>53,569</b>	<b>41,539</b>	<b>43,684</b>	<b>-22.5</b>	<b>5.2</b>	<b>100.0</b>	<b>100.0</b>

**Table 12.3. Value of Imports by Major Components**

(million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Foodstuffs and live animals	10,091	6,733	6,345	-33.3	-5.8	16.2	14.5
Mineral fuels, lubricants, and related materials	1,770	896	1,018	-49.4	13.6	2.2	2.3
Chemicals	7,069	5,849	6,016	-17.3	2.9	14.1	13.8
Iron and steel	4,210	3,089	2,509	-26.6	-18.8	7.4	5.7
Machinery and transportation vehicles	19,935	15,090	17,704	-24.3	17.3	36.3	40.5
Others	10,494	9,882	10,091	-5.8	2.1	23.8	23.1
<b>Total</b>	<b>53,569</b>	<b>41,539</b>	<b>43,684</b>	<b>-22.5</b>	<b>5.2</b>	<b>100.0</b>	<b>100.0</b>

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

<sup>2</sup> Economic and Social Commission for Asia and the Pacific.

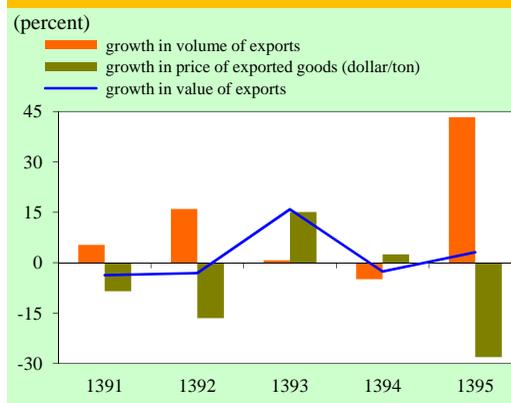
### Exports<sup>1</sup>

In 1395, the value and volume of exports (through Customs) reached \$36.7 billion and 111.2 million tons, up by respectively 3.1 and 43.3 percent compared with 1394. "Industrial goods", "agricultural and traditional goods" and "metallic mineral ores" experienced favorable growth in terms of the value of exports in this year. The unit value of exports (value per ton) declined by 28.1 percent and reached \$330. The high increase in exports of raw materials and other low value-added products was highly responsible for the sharp decline in the unit value of exports in 1395.

The share of industrial goods' exports in the total value of exports through Customs reached 81.7 percent, 6.2 percentage points higher than the year before. In 1395, the total value of industrial exports grew by 11.6 percent compared with 1394, to reach \$30

billion. "Gas and oil products", "rubber and plastic products", and "organic and inorganic chemicals" enjoyed the highest shares in the value of industrial exports as in the year before.

**Figure 12.6. Growth rate of exports**



**Table 12.4. Value of Exports**

(million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Agricultural and traditional goods	6,119	5,170	5,523	-15.5	6.8	14.5	15.0
Metallic mineral ores	1,287	727	1,103	-43.5	51.8	2.0	3.0
Industrial goods	29,132	26,886	30,004	-7.7	11.6	75.5	81.7
Goods not elsewhere classified	17	2,827	93	⊖	-96.7	7.9	0.3
<b>Total</b>	<b>36,555</b>	<b>35,609</b>	<b>36,723</b>	<b>-2.6</b>	<b>3.1</b>	<b>100.0</b>	<b>100.0</b>

Source: Islamic Republic of Iran Customs Administration.

**Table 12.5. Value of Exports of Industrial Goods**

(million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Gas and oil products	7,465	7,198	9,686	-3.6	34.6	26.8	32.3
Chemicals (organic and inorganic)	5,036	4,220	4,104	-16.2	-2.8	15.7	13.7
Base metals and articles of base metals	3,540	3,189	3,773	-9.9	18.3	11.9	12.6
Rubber and plastic products	5,075	4,744	4,940	-6.5	4.1	17.6	16.5
Others	8,016	7,535	7,502	-6.0	-0.4	28.0	25.0
<b>Total</b>	<b>29,132</b>	<b>26,886</b>	<b>30,004</b>	<b>-7.7</b>	<b>11.6</b>	<b>100.0</b>	<b>100.0</b>

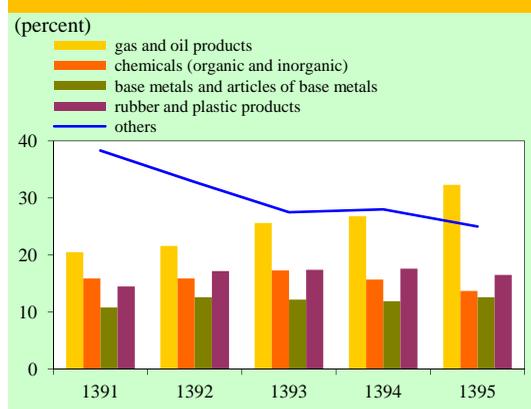
<sup>1</sup> Refers to exports through Customs, excluding natural gas condensate.

In 1395, the value of exports of agricultural and traditional goods increased by 6.8 percent to \$5.5 billion, raising the share of this group in total exports through Customs by 0.5 percentage point, from 14.5 percent in 1394 to 15.0 percent in 1395. Among the major subgroups of agricultural and traditional goods, "saffron" enjoyed the highest increase while "vegetables and plants" experienced the highest decrease compared with the year before.

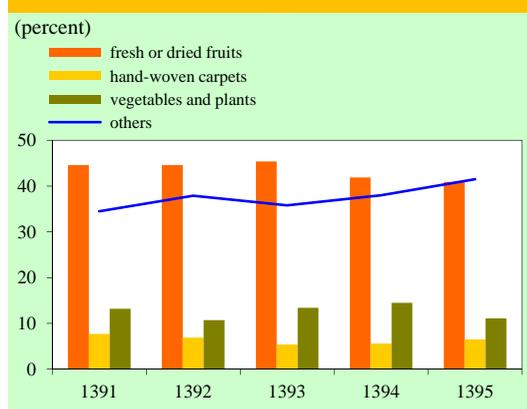
Based on the international classification of goods, the lion's share in the value of exports in 1395 belonged to "chemicals" by

28.1 percent, followed by "mineral fuels, lubricants, and related materials" by 26.3 percent and "foodstuffs and live animals" by 16.3 percent. The total share of these groups in the value of exports was 70.8 percent, up by 5.6 percentage points compared with 1394. Meanwhile, "crude materials, inedible, except fuels", "mineral fuels, lubricants, and related materials" and "chemicals", with respectively 27.7, 27.7, and 16.5 percent, had the highest shares in the total volume (weight) of exports in 1395. These groups together accounted for 71.9 percent of the total volume of exports, indicating 8.3 percentage points increase compared with 1394.

**Figure 12.7. Composition of exports of industrial goods in terms of value**



**Figure 12.8. Composition of exports of agricultural & traditional goods in terms of value**



**Table 12.6. Value of Exports of Agricultural and Traditional Goods**

(million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Fruit, fresh or dried	2,779	2,168	2,257	-22.0	4.1	41.9	40.9
Hand-woven carpets	331	291	360	-12.1	23.9	5.6	6.5
Vegetables and plants	818	748	615	-8.6	-17.8	14.5	11.1
Others	2,191	1,963	2,291	-10.4	16.7	38.0	41.5
<b>Total</b>	<b>6,119</b>	<b>5,170</b>	<b>5,523</b>	<b>-15.5</b>	<b>6.8</b>	<b>100.0</b>	<b>100.0</b>

## Chapter 12 FOREIGN EXCHANGE AND TRADE POLICY

Comparing the value of exports and imports based on the international classification of goods indicates that Iran was a net exporter of "mineral fuels, lubricants, and related materials" and "chemicals" and a net importer of other commodities. "Mineral fuels, lubricants, and related materials" enjoyed the highest positive balance while "machinery and transportation vehicles" had the highest negative balance.

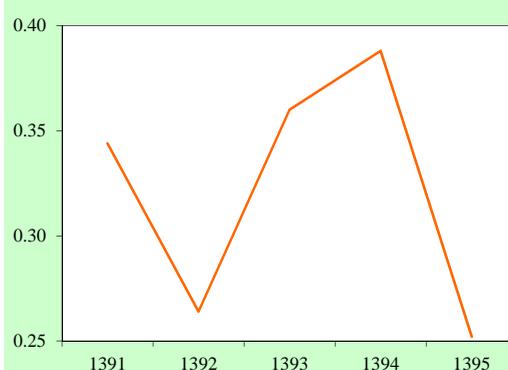
The geographical distribution of exports by group of countries indicates that the value of Iran's exports to ESCAP, EU, ACU, and ECO member countries amounted to \$21.1 billion, \$1.5 billion, \$3.1 billion, and \$8.0 billion, respectively, in 1395.

### Terms of Trade<sup>1</sup>

The 10.7 percent increase in the value of imported goods per ton and 28.1 percent

decrease in the value of exported goods per ton severely weakened the country's terms of trade position in 1395. This variable decreased by 35.0 percent, from 0.388 in 1394 to 0.252 in 1395.

**Figure 12.9. Terms of trade**



**Table 12.7. Value of Exports according to International Classification of Goods** (million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Foodstuffs and live animals	6,451	5,661	5,987	-12.3	5.8	15.9	16.3
Mineral fuels, lubricants, and related materials	7,446	7,189	9,674	-3.5	34.6	20.2	26.3
Chemicals	11,358	10,371	10,336	-8.7	-0.3	29.1	28.1
Iron and steel	2,396	2,461	2,629	2.7	6.8	6.9	7.2
Machinery and transportation vehicles	1,275	1,074	1,004	-15.8	-6.5	3.0	2.7
Others	7,629	8,853	7,092	16.1	-19.9	24.9	19.3
<b>Total</b>	<b>36,555</b>	<b>35,609</b>	<b>36,723</b>	<b>-2.6</b>	<b>3.1</b>	<b>100.0</b>	<b>100.0</b>

**Table 12.8. Terms of Trade (through Customs)** (dollars)

	1393	1394	1395	Percentage change	
				1394	1395
Value of exports per ton	448	459	330	2.5	-28.1
Value of imports per ton	1,245	1,182	1,308	-5.1	10.7
<b>Terms of trade</b>	<b>0.360</b>	<b>0.388</b>	<b>0.252</b>	<b>8.0</b>	<b>-35.0</b>

Source: Foreign Trade Statistics, Islamic Republic of Iran Customs Administration.

<sup>1</sup> Includes Iran's exports and imports through Customs only, and is therefore different from the figure mentioned in Chapter One (National Product, Expenditure, and Income).

## 5<sup>th</sup> Five-Year Development Plan (1390-1395)

### *Policy, Regulatory, and Institutional Developments*

Major developments took place in the foreign trade sector in 1395, of which certain measures and advancements can be highlighted as follows:

- Abandonment of non-tariff barriers on imports, except for agricultural products and items prohibited by Sharia;

- Priority loans and facilities and incentives to industrial networks, clusters, unions, and export management companies aimed at enhancing participatory roles, and enlarging shares of such entities in foreign trade sector;

- Prohibition of collection of any type of tax or duties on the exports of non-oil goods and services;

- Authorization of the government to impose special duties on exports of raw materials and low value-added products aimed at protecting country's resources;

- Elimination of the license requirement for exports of goods and services except for obligatory standards and normal certificates required in foreign trade practices;

- Adoption and implementation of efficient protective, compensatory, and anti-dumping measures by government in non-conventional cases;

- Requiring the government to harmonize the foreign trade rules and regulations of the country with those of regional and international common practices;

- Obligating the government to reduce goods' release period from Customs as well as from the less busy ports of entry and exit

by a minimum of 30 percent until the end of the 3<sup>rd</sup> year of the Plan.

Over the course of the 5<sup>th</sup> FYDP, initiatives were taken to revise trade rules and regulations, rationalize imports, develop non-oil exports, expand and organize activities in Free Industrial Economic Zones, and tax exports of raw materials. These measures were not fully and successfully implemented, as the foreign exchange market was under severe shocks as of 1389. With the imposition of sanctions on the CBI, the external shocks were intensified in Dey 1390, reaching a peak in Tir 1391 in the aftermath of sanctions on oil exports. The sanctions on banks gradually bewildered the smooth flow of foreign exchange receipts into the country through the official channels and imposed hardships on payments for imports. As of Mehr 1389, the exchange rate in the parallel market gradually deviated from the rates in the interbank market and a multiple exchange rate system surfaced. Given the reduction in foreign exchange revenues and difficulties regarding the collection of export earnings on the one hand and the increase in demand for the official foreign exchange on the other, 10 priority lists were prepared for imports, with foreign exchange allocations at official rate of exchange. The 1<sup>st</sup> and 2<sup>nd</sup> lists included basic goods and pharmaceuticals and the 10<sup>th</sup> list included final products and consumer durables, industrial raw materials, and non-essential semi-finished and finished agricultural goods. Lists 3 to 9 constituted other goods and commodities. The foreign exchange allocation for the 1<sup>st</sup> and 2<sup>nd</sup> lists was based on the interbank market rate and for the 3<sup>rd</sup> to the 9<sup>th</sup> lists, at the transaction rate. Order registration for the 10<sup>th</sup> (lowest) priority was prohibited.

*Economic Indicators Performance*

During the course of the 5<sup>th</sup> FYDP, imports through Customs declined by an average rate of 6.3 percent from \$61.8 billion in 1390 to \$43.7 billion in 1395. Conversely, non-oil exports experienced an annual average increase of 5.6 percent, reaching \$36.7 billion from \$33.8 billion in the same period. Accordingly, the share of the value of imports in total trade decreased from 64.6 percent in 1390 to 54.3 percent in 1395.

A review of imports by commodity groups indicates that "iron and steel", "machinery and transportation vehicles", and "mineral fuels, lubricants, and related materials" had the highest impact on the decrease of imports' value during the 5<sup>th</sup> FYDP years. The shares of "iron and steel" and "mineral fuels, lubricants, and related materials" in the value of imports decreased in 1395 compared with 1390 while the shares of "machinery and transportation vehicles", "foodstuffs and live

animals", and "chemicals" in the total value of imports increased in the same period.

Reviewing the classification of commodities by use indicates that the share of "raw materials and intermediate goods" in total imports declined by 3.2 percentage points from 65.1 percent in 1390 to 61.9 percent in 1395. During the same period, the share of "capital goods" in total imports increased by 2.3 percentage points from 18.7 percent in 1390 to 21.0 percent in 1395. Meanwhile, the share of "consumer goods" rose from 13.9 percent in 1390 to 16.7 percent in 1395, indicating a growth rate of 2.8 percentage points.

The shares of "agricultural and traditional goods", "metallic mineral ores", and "industrial goods" groups in total non-oil exports were more or less the same over the years of the 5<sup>th</sup> FYDP, with "industrial goods" group enjoying the highest average share by 79.2 percent.

**Table 12.9. Foreign Trade Position during the 5<sup>th</sup> FYDP<sup>1</sup>**

	Year						5 <sup>th</sup> FYDP	
	1390	1391	1392	1393	1394	1395	Average performance	Share (percent)
<b>Value (million dollars)</b>								
1. Imports	61,808	53,451	49,709	53,569	41,539	43,684	50,627	59.5
2. Exports	33,819	32,567	31,552	36,555	35,609	36,723	34,471	40.5
Deficit (2-1)	-27,990	-20,884	-18,157	-17,014	-5,930	-6,961	-16,156	-
<b>Total (1+2)</b>	<b>95,627</b>	<b>86,018</b>	<b>81,261</b>	<b>90,125</b>	<b>77,148</b>	<b>80,407</b>	<b>85,098</b>	<b>100.0</b>
<b>Volume (thousand tons)</b>								
1. Imports	38,379	39,481	33,684	43,016	35,152	33,399	37,185	31.4
2. Exports	66,429	69,936	81,103	81,634	77,596	111,232	81,322	68.6
<b>Total (1+2)</b>	<b>104,808</b>	<b>109,417</b>	<b>114,787</b>	<b>124,650</b>	<b>112,748</b>	<b>144,631</b>	<b>118,507</b>	<b>100.0</b>

Source: Foreign Trade Statistics.

<sup>1</sup>Excludes electricity exports and exports by NIOC and NIGC.

**Table 12.10. Share of Commodity Groups in Imports through Customs during the 5<sup>th</sup> FYDP**

	Year						5 <sup>th</sup> FYDP	
	1390	1391	1392	1393	1394	1395	Average share	(percent)
Raw materials and intermediate goods	65.1	67.6	66.8	63.6	63.8	61.9	64.8	
Capital goods	18.7	15.9	15.8	18.9	18.9	21.0	18.2	
Consumer goods	13.9	14.6	16.6	14.9	15.0	16.7	15.3	
Goods not elsewhere classified	2.3	2.0	0.8	2.7	2.3	0.4	1.7	
<b>Total</b>	<b>100.0</b>							

**Table 12.11. Share of Commodity Groups in Non-oil Exports through Customs during the 5<sup>th</sup> FYDP**

(percent)

	Year						5 <sup>th</sup> FYDP
	1390	1391	1392	1393	1394	1395	Average share
Agricultural and traditional goods	15.3	17.1	14.6	16.7	14.5	15.0	15.5
Metallic mineral ores	3.1	3.6	5.5	3.5	2.0	3.0	3.5
Industrial goods	81.6	77.2	79.6	79.7	75.5	81.7	79.2
Goods not elsewhere classified	0.0	2.2	0.3	0.0	7.9	0.3	1.8
<b>Total</b>	<b>100.0</b>						

### Foreign Exchange and Gold Markets Developments

US dollar developments in the international markets and concerns regarding the implementation of the JCPOA, especially after the inauguration of a republican president in the US, were among the most important factors affecting the parity of the US dollar vis-à-vis the Iranian rial in domestic markets in 1395. The average exchange rate of US dollar versus rial, affected by the rise in the value of dollar in international markets and the likelihood of the US withdrawal from the JCPOA, followed an upward trend in the unofficial market in this year.

In 1395, the coefficients of variation<sup>1</sup> of all major currencies, except for the Swiss franc and the US dollar, decreased in the unofficial market compared with the year before. Following the relative stability of the unofficial market and the gradual increase in the parity rates of hard currencies against the rial in the main interbank market (except for the British pound), the relative gap between the interbank and the parallel market rates was narrowed, remaining almost unchanged compared with 1394. Meanwhile, upon the rise in the global gold price and the parity rate of the US dollar versus the rial, the price of various gold coins in the domestic market increased.

<sup>1</sup> Standard deviation divided by mean.

### Foreign Exchange Market and Local Currency

#### *Rial versus Hard Currencies*

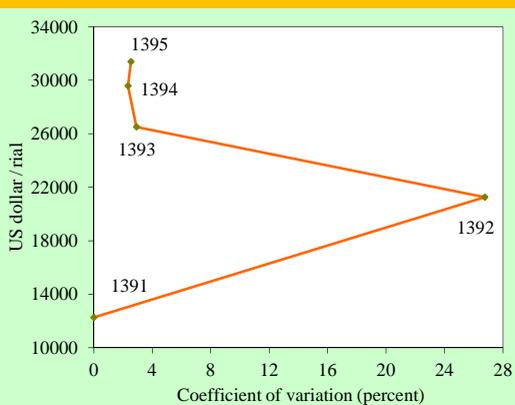
In 1395, the US dollar exchange rate to Iranian rial was largely affected by US dollar movements in the international market and the likelihood of US withdrawal from the JCPOA. The average parity rate for the US dollar against the rial in the interbank market reached Rls. 31,389. The average parity rate of the Japanese yen experienced the highest increase by 18.0 percent while the Swiss franc registered the lowest increase by 4.5 percent. Meanwhile, the parity rate of the British pound versus the rial in the interbank market decreased by 7.8 percent.

Reviewing the coefficients of variation of rates of hard currencies in the interbank market reveals that the fluctuations in the parity rate of the US dollar, British pound, and Japanese yen were higher in 1395 compared with 1394 while for the euro and Swiss franc, they were lower. The parity rate of the Japanese yen versus the rial had the highest coefficient of variation while the lowest coefficient of variation was related to euro.

The upward trend in the average parity rate of the US dollar against the Iranian rial in the parallel market was intensified in

the last months of 1395. This was mainly attributable to the US political developments, rise in the value of the US dollar in international markets, and increase in the key interest rates by Federal Reserve. The parity rate of the US dollar vis-à-vis the Iranian rial increased by 5.6 percent in the parallel market to reach Rls. 36,440 in 1395.

**Figure 12.10. Developments of US dollar in official market**

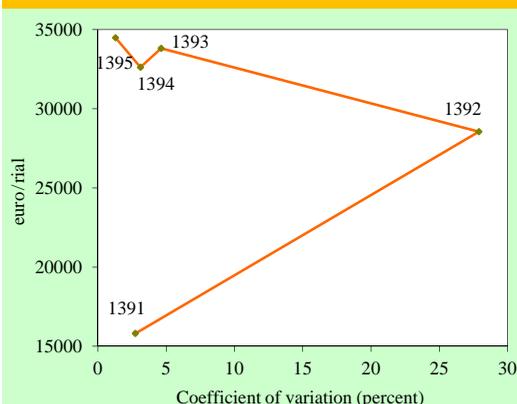


*Developments of the Interbank Foreign Exchange Market*

The value of interbank market transactions (in euro, the UAE dirham, Chinese yuan,

Korean won, and other currencies) grew by 73.2 percent to \$38,150 million in 1395. Euro enjoyed the highest share of 49.7 percent in the interbank market transactions, showing 22.5 percentage points increase compared with the year before. The share of the UAE dirham rose by 10.6 percentage points to 15.7 percent and the Chinese yuan and Korean won had respectively 11.9 and 8.6 percent shares in total interbank market transactions. In 1395, the total share of other currencies reached 14.0 percent, indicating 19.6 percentage points decrease compared with 1394.

**Figure 12.11. Developments of euro in official market**



**Table 12.12. Interbank Market Transactions by Foreign Currencies** (million dollars)

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Euro	13,515	5,987	18,969	-55.7	216.9	27.2	49.7
UAE dirham	1,244	1,113	6,005	-10.5	439.3	5.1	15.7
Chinese yuan	6,164	4,458	4,533	-27.7	1.7	20.2	11.9
Korean won	3,748	3,057	3,285	-18.4	7.4	13.9	8.6
Other currencies	9,446	7,408	5,357	-21.6	-27.7	33.6	14.0
<b>Total</b>	<b>34,117</b>	<b>22,023</b>	<b>38,150</b>	<b>-35.4</b>	<b>73.2</b>	<b>100.0</b>	<b>100.0</b>

### 5<sup>th</sup> Five-Year Development Plan (1390-1395)

Despite Central Bank authorities' efforts to stabilize the foreign exchange market in 1390 and 1391, factors like heightened speculation in the currency market, the CBI colossal financing of Mehr Housing Program, and escalation of western countries' sanctions against Iran's economy led to major volatility of the exchange rate in the unofficial market. General approaches of the CBI in terms of foreign exchange market management in the 1392-1395 period were focused on maintaining equilibrium in the market using all the existent capacities in the context of a sharp decline in crude oil prices. Main stabilizing measures adopted by the CBI over the

course of the 5<sup>th</sup> FYDP included appropriate policy response to foreign exchange requirements, gradual increase in provision of foreign exchange required by importers based on defined priorities, and the injection of the exporters' foreign exchange receipts (especially petrochemical companies) into the parallel market aimed also at offering incentives to domestic suppliers. These measures along with effective oversight of foreign exchange market and foreign exchange players and gradual and smooth eradication of exchange rate gap in the main and parallel markets helped in bringing stability back to the foreign exchange market.

**Table 12.13. Average Exchange Rate for the US Dollar and Euro in the Interbank and Unofficial Markets**

(rials)

	Performance of 4 <sup>th</sup> FYDP		Performance of 5 <sup>th</sup> FYDP					
	Average	Year						Average
	1384-1388	1390	1391	1392	1393	1394	1395	1390-1395
<b>Dollar</b>								
Interbank	9,399	10,962	12,260	21,253	26,509	29,580	31,389	21,992
Unofficial	9,454	13,568	26,059	31,839	32,801	34,501	36,440	29,201
<b>Euro</b>								
Interbank	12,708	15,120	15,809	28,552	33,813	32,619	34,485	26,733
Unofficial	12,795	18,679	33,960	42,637	41,980	38,215	40,390	35,977