

The transportation sector plays a crucial role as an essential intermediary link between various economic sectors, generating added value for all economic activities both directly and indirectly. There is no economic activity that does not benefit from the services offered by this sector. The transportation industry significantly influences key economic variables in the short, medium, and long term, including production, employment, prices across different sectors, and the cost of living index. Consequently, developing the transportation sector can facilitate the country's overall economic growth. Given Iran's strategic location in the region, establishing an efficient transportation system is vital for enhancing its position in international trade and promoting socioeconomic development. Based on national accounts data, the value added of the "transport and storage" sector rose by 6.9 percent in 2021/22 (at constant 2016/17 prices). The share of this group in GDP was 8.1 percent at current prices.

In 2021/22, the number of passengers transported in the land transport sector (rail

and road) increased by 20.0 percent to 123.7 million persons, while the weight of carried goods decreased by 0.4 percent to 592.9 million tons. In the sea and air transport sectors, 34.1 million passengers and 152.7 million tons of freight were transported, up by respectively 56.1 and 14.7 percent.

7.1. Government Investment

According to the Treasury General, a sum of Rls. 140.4 trillion was approved as credits to be allocated to projects related to the acquisition of non-financial assets in transportation sector (road, air, sea, and rail) in 2021/22, down by 48.5 percent compared with the approved figure for 2020/21. The amount actually allocated by the government fell by 44.8 percent to Rls. 124.1 trillion, which accounted for 88.4 percent of the approved figure. The "development of road transport" project enjoyed the highest share of paid credits by 70.6 percent, followed by the "development of rail transport" project by 27.1 percent. The credit performance of the mentioned sectors decreased by 39.6 and 43.3 percent, respectively.

Table 7.1. Performance of Transportation Fleet in 2021/22

	Passengers		Goods	
	Number (million persons)	Share (percent)	Weight (million tons)	Share (percent)
Road	103.0	65.2	546.0	73.2
Rail	20.7	13.1	46.9	6.3
Air	21.5	13.6	0.1	*
Sea	12.6	8.0	152.7	20.5
Total	157.9	100.0	745.7	100.0

Source: Statistical Yearbooks of the Islamic Republic of Iran Road Maintenance and Transportation Organization, Islamic Republic of Iran Railways, Ports and Maritime Organization, and Civil Aviation Organization

Table 7.2. Credits Paid on Acquisition of Non-financial Assets in Transportation Sector

(trillion rials)

	Year			Percentage change	
	2019/20	2020/21	2021/22	2020/21	2021/22
Transportation sector	19.5	224.6	124.1	#	-44.8

Source: Ministry of Economic Affairs and Finance, Treasury General

7.2. Freight and Passenger Transport

7.2.1. Road Transport

In 2021/22, the shares of the road transport sector in carried *passengers* and *goods* were 65.2 and 73.2 percent, respectively. Moreover, 546.0 million tons of goods (with and without bills of lading) were carried by road, showing a rise of 0.2 percent compared with 2020/21. Goods in transit by road amounted to an approximate 9.3 million tons, up by 92.1 percent compared with the year before. Out of 119 million passengers carried by road via the public transport system, 103 million were *with manifest*, indicating a rise of 12.0 percent. The number of carried passengers measured in persons-kilometers increased by about 29.2 percent to reach 29.7 billion. Meanwhile, the average number of carried passengers was about 8 persons in each trip and the average distance traveled by public transport was 230 kilometers (based on manifest).

The length of the roads under the supervision of the Ministry of Roads and Urban Development (excluding rural roads) reached

85.6 thousand kilometers by March 2022, of which 3.3 percent were freeways, 23.3 percent were highways, 29.5 percent were main roads, and 43.9 percent included side and other types of roads. Moreover, 31.1 percent of commercial vehicles, 4.9 percent of buses, and 60.3 percent of minibuses were more than 20 years old.

7.2.2. Rail Transport

In 2021/22, a total of 20.7 million passengers were carried by rail, registering an increase of about 86.7 percent compared with 2020/21. Accordingly, rail share in the total number of passengers carried via the public transport system was 13.1 percent. Goods carried by railway decreased by 7.2 percent compared with 2020/21 to reach 46.9 million tons in 2021/22. Rail share in total freight transport was 6.3 percent. Furthermore, oil and non-oil goods in transit by rail amounted to about 1,938.1 thousand tons, indicating an increase of 140.2 percent.

Table 7.3. Road Transport

	2019/20	2020/21	2021/22	Percentage change	
				2020/21	2021/22
Carried goods (million tons)	528	545	546	3.2	0.2
Goods in transit (million tons)	6.8	4.8	9.3	-29.0	92.1
Carried passengers					
Carried passengers based on manifest (million persons)	144	92	103	-36.1	12.0
Passengers carried via the public transport system (million persons)	269	106	119	-60.6	12.3
Share of carried passengers based on manifest in total (percent)	53.5	86.8	86.6	33.3 ¹	-0.2 ¹

Source: Statistical Yearbook of Islamic Republic of Iran Road Maintenance and Transportation Organization.

¹ In percentage points.

Table 7.4. Rail Transport

	2019/20	2020/21	2021/22	Percentage change	
				2020/21	2021/22
Carried passengers (million persons)	28.6	11.1	20.7	-61.2	86.7
Carried goods (million tons)	47.0	50.6	46.9	7.6	-7.2
Oil and non-oil goods in transit (thousand tons)	622.0	807.0	1,938.1	29.7	140.2

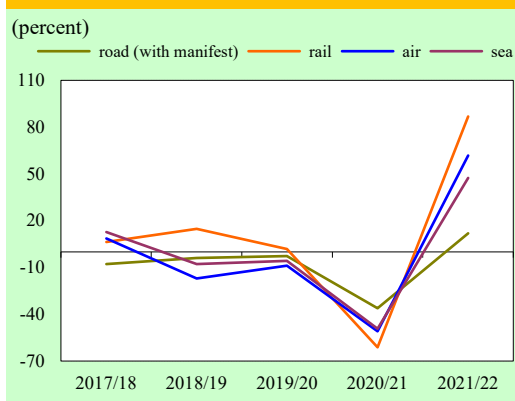
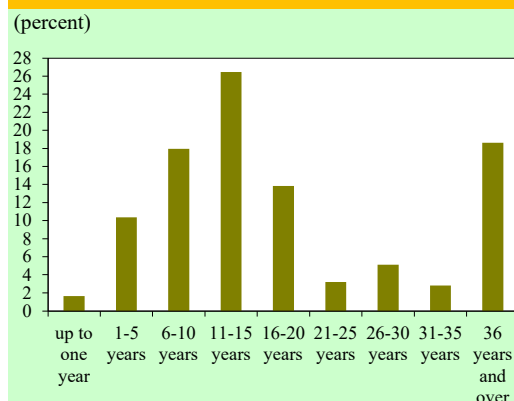
Source: Statistical Yearbook of Islamic Republic of Iran Railways

The number of locomotives reached 958 in March 2022, up by 0.4 percent compared with March 2021. The share of operating locomotives in total (operation coefficient) decreased by about 1.5 percentage points to 54.8 percent. Moreover, 101.6 kilometers of railroads were put under renovation programs and 7.9 kilometers of railroads underwent reconstruction.

7.2.3. Air Transport

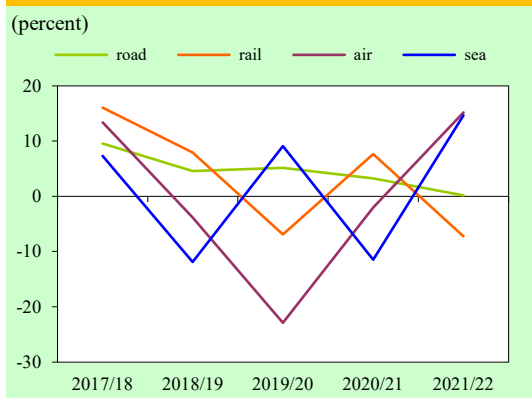
The number of air passengers in 2021/22 increased by 61.7 percent compared with the

year before to reach 21.5 million persons. Therefore, air share in total passenger transport equaled 13.6 percent in the year under review. The shares of non-public sector in *domestic* and *international* flights were 89.0 and 85.0 percent, respectively. Furthermore, the number of passenger aircraft belonging to the national air fleet was 325 in 2021/22, indicating a rise of 2.5 percent compared with the year before. The amount of cargo carried by air (domestically and abroad) amounted to 92.1 thousand tons in 2021/22, showing an increase of 15.2 percent compared with the year before.

Figure 7.1. Growth in Number of Carried Passengers**Figure 7.2. Composition of Passenger and Freight Vehicles by March 2022 by Age****Table 7.5. Air Transport**

	2019/20	2020/21	2021/22	Percentage change	
				2020/21	2021/22
Carried passengers (million persons)	27.0	13.3	21.5	-50.8	61.7
Domestic flights	18.5	12.1	16.0	-34.6	31.9
International flights	8.5	1.2	5.5	-86.2	372.4
Carried goods (thousand tons)	81.6	80.0	92.1	-2.0	15.2
Transit flights (thousand)	298.0	108.0	168.0	-63.8	55.6

Source: Civil Aviation Organization

Figure 7.3. Growth in Weight of Carried Goods

7.2.4. Sea Transport

The nominal capacity of commercial ports (oil and non-oil goods) reached 270.0 million tons in 2021/22, indicating a growth rate of 2.3 percent compared with the year before. Moreover, the capacity of the commercial sea transportation fleet declined by 13.5 percent to approximately 6.1 million tons. Container

port traffic increased by 16.6 percent from 1,850 thousand TEU (Twenty-foot Equivalent Unit) in 2020/21 to 2,157 thousand TEU in 2021/22. Furthermore, container port capacity amounted to 8,200 thousand TEU, showing a rise of 2.5 percent compared with 2020/21. Reviewing the performance of ports in 2021/22 indicates that loading and unloading of "oil products"¹ and "non-oil goods" increased by respectively 13.2 and 15.5 percent compared with the year before, to reach 51.9 million tons and 100.8 million tons, respectively, in 2021/22.

7.3. Price Indices in Transportation Sector

The CPI of "transport" indicated an increase of 42.4 percent in 2021/22, at constant 2016/17 prices, and the PPI of "transportation and storage" registered a growth rate of 68.2 percent. The share of "transportation" in the total relative weight of the "transportation and storage" group was 95.0 percent.

Table 7.6. Loading and Unloading of Goods at Ports

(million tons)

	2019/20	2020/21 ▲	2021/22	Percentage change	
				2020/21	2021/22
Non-oil goods	103.3	87.3	100.8	-15.4	15.5
Oil products	47.2	45.8	51.9	-2.9	13.2
Total	150.5	133.1	152.7	-11.5	14.7

Source: Ports and Maritime Organization

Table 7.7. Price Indices in Transportation Sector

(base year 2016/17)

	Relative weight in base year (percent)	2019/20	2020/21	2021/22	Percentage change	
					2020/21	2021/22
CPI of transport	8.90	241.1	451.1	642.4	87.1	42.4
PPI of transportation and storage	16.91	237.1	447.1	752.0	88.6	68.2

¹ Including crude oil, various kinds of gasoline, gas oil, oils, lubricants, bitumen, as well as other oil products and fuels.