CHAPTER 8

DOMESTIC TRADE

According to preliminary estimates on national accounts, the value added of the domestic trade sector increased by 3.7 percent in 2021/22, at constant 2016/17 prices. The value added of this sector, at current prices, increased by 59.0 percent compared with the year before, to reach Rls. 8,020.6 trillion in 2021/22, constituting a share of 12.3 percent in GDP. This is indicative of a decrease of 0.4 percentage point in the share of this sector in GDP compared with 2020/21.

8.1. Market Regulation and Procurement of Essential Commodities

In 2021/22, the government appointed a special working group to address the shortage of basic goods and to prevent any issues in their provision. Additionally, the government prioritized reforming the distribution system, reducing the role of intermediaries, regulating the market, and improving coordination among different government administrations. Other measures adopted by the government in 2021/22 included weekly monitoring of price fluctuations and daily supervision of price trends for one hundred selected goods. The government also focused on making short-term and timely decisions and coordinating with the Consumers and Producers Protection Organization, the Discretionary Punishments Organization, and the Chambers of Guilds. This was guided by the goal to combat hoarding, concealing, overpricing, and smuggling.

8.1.1. Performance of the Consumers and Producers Protection Organization

The measures adopted by the Consumers and Producers Protection Organization for 2021/22 were as follows:

- Adopting support policies in respect of domestic production and products;

- Supporting consumers against fluctuations in domestic and global prices;

- Collaboration with relevant organizations active in the exports of goods;

- Identifying foreign markets to promote domestic products;

- Establishing and determining prices for goods with exclusive representation;

- Examining, determining, adjusting, and regulating the prices of various services and manufactured goods, including those from agricultural, industrial, and mining sectors;

- Conducting required investigations to monitor the prices of imported goods at both wholesale and retail levels.

8.1.2. Imports and Stock of Red Meat

According to the State Livestock Affairs Logistics Company (SLAL), red meat stock increased by 243.8 percent compared with March 2021, to amount to approximately

24.1 thousand tons in March 2022. Meanwhile, the imports of red meat rose by 45.7 percent to almost 20.3 thousand tons.

8.2. Government Investment

According to the Treasury General, the credits approved to be allocated to projects related to the acquisition of non-financial assets of the domestic trade sector, including "market regulation of goods and services", "supervision of the domestic market regulation", and "organization and improvement of the production and processing of green tea leaves" amounted to Rls. 37.8 billion in 2021/22, indicating a sharp fall compared with the approved figure of the year before. Moreover, 48.2 percent of all the credits were paid to the market regulation of goods and services project. The credits allocated to the market regulation of goods and services constituted a share of 65.8 percent of the approved figure, which was Rls. 18.9 billion.

8.3. Banking Facilities

The outstanding facilities (net) extended by banks and non-bank credit institutions to the domestic trade sector indicated an increase of 45.3 percent compared with March 2021 to reach Rls. 2,971.3 trillion in March 2022. The outstanding facilities (net) extended to the non-public domestic trade sector experienced an increase of 43.3 percent, to reach Rls. 2,749.7 trillion and the sum extended to the public domestic trade sector indicated a rise of 77.5 percent, amounting to Rls. 221.6 trillion. The share of the domestic trade sector in the outstanding facilities (net) extended to "trade, services, and miscellaneous" group was 17.0 percent and that in the outstanding facilities (net) extended to all economic sectors was 8.6 percent. In March 2022, the non-public domestic trade sector enjoyed the highest share of the outstanding facilities (net) by 92.5 percent.

Table 8.1. Credits Paid on Acquisition of Non-financial Assets in Domestic Trade Sector

(billion rials)

	Approved figures		Performance figures		Performance [1] (percent)		Share (performance, percent)	
Projects	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Market regulation of goods and services	1,538.6	18.9	591.1	12.4	38.4	65.8	98.1	48.2
Supervision of the domestic market regulation	11.8	16.5	10.0	12.1	84.7	73.1	1.7	46.7
Organization and improvement of the production and processing of green tea leaves	1.7	2.4	1.7	1.3	100.0	53.4	0.3	5.0
Total	**1,552.2**	**37.8**	**602.8**	**25.8**	**38.8**	**68.2**	**100.0**	**100.0**

Source: Ministry of Economic Affairs and Finance, Treasury General

[1] Calculated by dividing the "performance" by the "approved" figures, multiplying the result by 100.

Table 8.2. Outstanding Facilities (Net) Extended by Banks and Non-bank Credit Institutions to Domestic Trade Sector[1]

(trillion rials)

	March			Percentage change		Share (percent)	
	2020	2021	2022	March 2021	March 2022	March 2021	March 2022
Public and non-public sectors	**1,399.1**	**2,044.3**	**2,971.3**	**46.1**	**45.3**	**100.0**	**100.0**
Non-public sector	1,320.4	1,919.4	2,749.7	45.4	43.3	93.9	92.5
Public sector	78.7	124.8	221.6	58.6	77.5	6.1	7.5

[1] Outstanding facilities (net) are calculated upon the deduction of the outstanding debt of customers and extended facilities under the exchange rate differential, future profits and commissions, receipts from Mudarabah, partnership contracts (with the bank as partner), and outstanding profits and commissions headings. Outstanding facilities include legal partnership and direct investment contracts.

8.4. Trade Transactions

The number of transactions registered in notary public offices fell by about 8.0 percent to almost 18.7 million in 2021/22. Out of total transactions, 23.6 percent was closed in Tehran Province. The number of transactions concluded in Tehran Province fell by 9.7 percent compared with 2020/21. Meanwhile, a sum of Rls. 1,431.9 billion worth of promissory notes and bills of exchange was sold in Tehran, up by about 70.7 percent. The value of protested promissory notes and bills of exchange increased by almost 88.4 percent to Rls. 4,429.9 billion[1].

8.5. Cooperatives

Out of 89.0 thousand active cooperatives[2], 7.7 thousand were dealing with the procurement of the needs of producers, consumers, and service businesses by March 2022[3], indicating an increase of about 1.5 percent compared with March 2021. The registered capital of active cooperatives rose by 0.5 percent to reach Rls. 17.6 trillion by March 2022. It is also important to note that the number of created employment opportunities in March 2022 experienced an increase of 1.4 percent compared with March 2021, amounting to 279 thousand.

Table 8.3. Cooperatives Active in Domestic Trade

	March 2021	March 2022	Percentage change	
			March 2021	March 2022
Number	**7,615**	**7,732**	**0.1**	**1.5**
Procurement of producers' needs	1,934	2,027	0.1	4.8
Procurement of the needs of service businesses	473	473	0.0	0.0
Procurement of consumers' needs	5,208	5,232	0.1	0.5
Registered capital (billion rials)	**17,561**	**17,649**	**0.0**	**0.5**
Procurement of producers' needs	3,245	3,283	0.0	1.2
Procurement of the needs of service businesses	3,706	3,706	0.0	0.0
Procurement of consumers' needs	10,610	10,661	0.0	0.5
Employment opportunities (thousand persons)	**275**	**279**	**0.0**	**1.4**
Procurement of producers' needs	38	40	0.1	7.5
Procurement of the needs of service businesses	61	61	0.0	0.0
Procurement of consumers' needs	176	177	0.0	0.5

Source: Ministry of Cooperatives, Labor, and Social Welfare; Statistics and Strategic Information Center

[1] The value of sold promissory notes and bills of exchange refers to the price of the bill, while that of protested promissory notes and bills of exchange equals the amount of the commitment.

[2] Out of 224.6 thousand cooperatives registered by year-end, 89.0 thousand were active, 41.6 thousand were under construction, and 50.3 thousand were inoperative.

[3] Other types of cooperatives include multi-purpose, services, industrial, mining, utility, agriculture, hand-woven carpets, housing, and transport cooperatives as well as credit unions.

8.6. Business Establishments

Based on data released by the Guilds and Merchants Center of Iran, the number of entities holding a business permit increased by 3.6 percent to 2,422.6 thousand units in March 2022. It is to be noted that 49.5 percent of these business establishments were in the form of distribution units, 31.7 percent were services units, and 18.8 percent were dealing with manufacturing activities. The number of services, distribution, and manufacturing units holding a business permit indicated increases of 2.6, 4.3 and 3.5 percent, respectively, when compared with March 2021.

Table 8.4. Number of Entities Holding a Business Permit (thousand units)

	March			Percentage change		Share (percent)	
	2020	2021	2022	March 2021	March 2022	March 2021	March 2022
Business establishments	**2,194.6**	**2,338.7**	**2,422.6**	**6.6**	**3.6**	**100.0**	**100.0**
Manufacturing	415.4	441.4	456.6	6.3	3.5	18.9	18.8
Distribution	1,077.5	1,148.6	1,198.0	6.6	4.3	49.1	49.5
Services	701.8	748.8	768.0	6.7	2.6	32.0	31.7

Source: Ministry of Industry, Mine, and Trade; Guilds and Merchants Center of Iran