CHAPTER 13

FOREIGN TRADE, FOREIGN EXCHANGE AND GOLD MARKETS

In 2021/22, the easing of COVID-19 restrictions on international trade, particularly those affecting the transportation of freight and passengers, facilitated trade in goods and services, contributing to significant global economic growth compared with 2020/21 and aiding recovery from recession. Despite continued US financial and economic sanctions, the country experienced year-over-year growth in both the weight and value of its foreign trade.

13.1. Foreign Trade Transactions

In 2021/22, Iran's foreign transactions increased in terms of both weight and value compared with 2020/21. The total value of foreign trade increased by 38.0 percent to $101.3 billion and the weight of foreign trade rose by 11.6 percent to 163.3 million tons. Foreign trade balance showed a deficit of $4.7 billion in 2021/22, up by 6.7 percent compared with the year before. The share of the imports in the total value of foreign trade decreased by 0.7 percentage point to 52.3 percent, and that in the total weight of transactions increased by about 2.2 percentage points to 25.2 percent.

Figure 13.1. Export/Import Ratio in Terms of Value (goods)

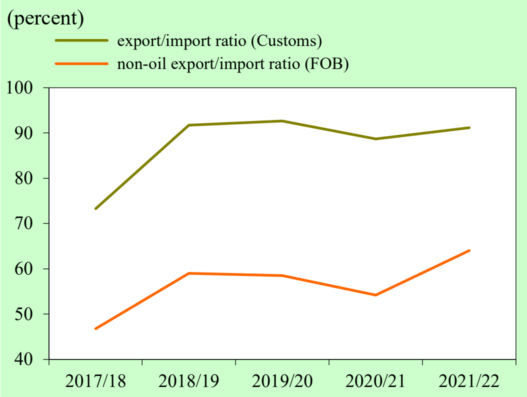


Table 13.1. Foreign Trade (excluding crude oil, gas, and electricity)

	2019/20 □	2020/21□	2021/22 □	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Value (million dollars)							
Imports	44,092	38,890	52,996	-11.8	36.3	53.0	52.3
Exports[1]	40,886	34,485	48,297	-15.7	40.1	47.0	47.7
Trade balance (exports minus imports)	-3,205	-4,405	-4,699	37.4	6.7	N/A	N/A
Total value	**84,978**	**73,376**	**101,294**	**-13.7**	**38.0**	**100.0**	**100.0**
Weight (thousand tons)							
Imports	35,825	33,730	41,193	-5.8	22.1	23.0	25.2
Exports[1]	133,302	112,616	122,137	-15.5	8.5	77.0	74.8
Total weight	**169,127**	**146,346**	**163,330**	**-13.5**	**11.6**	**100.0**	**100.0**

Source: Iran's Customs Administration

[1] Excludes natural gas condensate.

13.2. Imports

In 2021/22, the CIF value of imports (through Customs) increased by 36.3 percent to $52,996 million. Moreover, the weight of imports reached 41,193 thousand tons, up by 22.1 percent compared with the year before. Thus, the price of each ton of imported goods increased by about 11.6 percent to $1,287. A review of imports by use indicates that the share of the "raw materials and intermediate goods" group in the total value of imports decreased by 1.4 percentage points to 67.3 percent and the share of the "capital goods" group rose by 0.5 percentage point to 16.1 percent. Moreover, the share of the "consumer goods" group rose by 1.1 percentage points to 16.5 percent. Based on the international classification of goods, "machinery and transport equipment" had a share of 35.6 percent in the total value of imports in 2021/22, followed by "food and live animals" by 22.0 percent, "chemicals" by 14.7 percent, and "crude materials, inedible, except fuels" by 6.8 percent. The total share of the mentioned groups in the value of imports rose by 0.8 percentage point to almost 79.2 percent.

Figure 13.2. Growth Rate of Imports

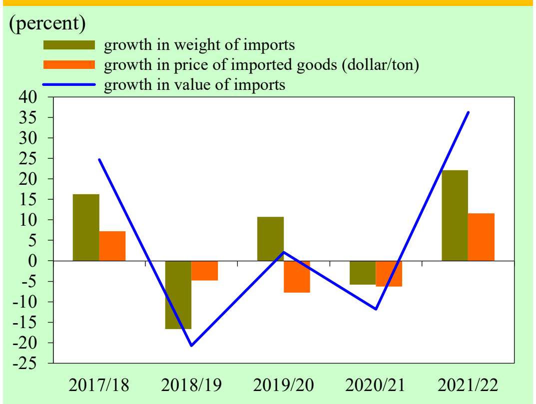


Figure 13.3. Composition of Imports by Use

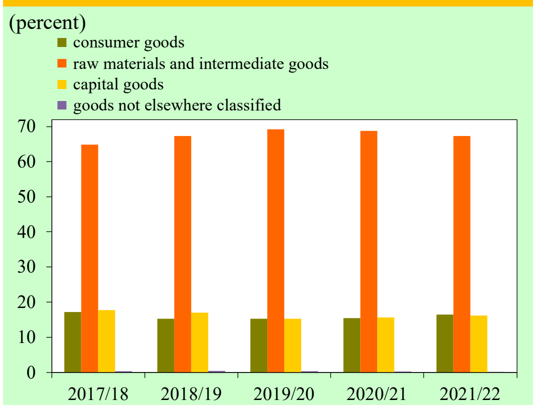


Table 13.2. Composition of Imports by Use[1] (million dollars)

	2019/20 □	2020/21□	2021/22 □	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Raw materials and intermediate goods	30,505	26,733	35,677	-12.4	33.5	68.7	67.3
Capital goods	6,746	6,081	8,551	-9.9	40.6	15.6	16.1
Consumer goods	6,727	5,991	8,726	-11.0	45.7	15.4	16.5
Goods not elsewhere classified	113	86	42	-24.2	-51.4	0.2	0.1
Total	**44,092**	**38,890**	**52,996**	**-11.8**	**36.3**	**100.0**	**100.0**

Source: Iran's Customs Administration
[1] Breakdown is based on the CBI's guidelines.

Table 13.3. Value of Imports by Major Components (million dollars)

	2019/20	2020/21	2021/22	Percentage change		Share (percent)	
				2020/21	2021/22	2020/21	2021/22
Machinery and transport equipment	14,373	13,616	18,854	-5.3	38.5	35.0	35.6
Food and live animals	9,596	7,672	11,680	-20.1	52.2	19.7	22.0
Chemicals	7,419	6,216	7,802	-16.2	25.5	16.0	14.7
Crude materials, inedible, except fuels	3,157	2,966	3,624	-6.0	22.2	7.6	6.8
Other	9,546	8,420	11,036	-11.8	31.1	21.7	20.8
Total	**44,092**	**38,890**	**52,996**	**-11.8**	**36.3**	**100.0**	**100.0**

Source: Iran's Customs Administration

Figure 13.4. Composition of Imports in Terms of Value

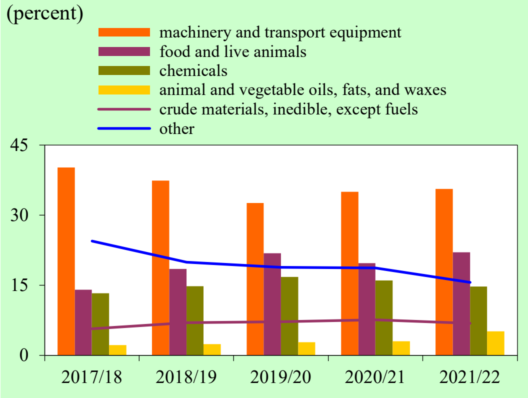
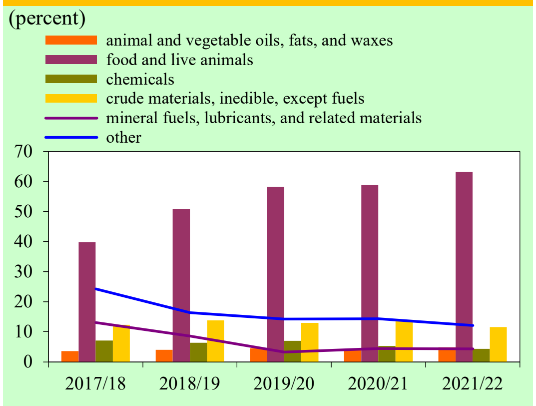


Figure 13.5. Composition of Imports in Terms of Weight



The United Arab Emirates, China, Turkey, Germany, Russia, India, Switzerland, Iraq, the United Kingdom, and the Netherlands were Iran's main trading partners in terms of imports in 2021/22, ranking 1st to 10th. The concentration indices[1] of Iran's imports from the first 3, 5 and 10 countries increased compared with the year before, to respectively 65.2, 71.9 and 84.0 percent in 2021/22. Moreover, the value of the imports from Asia, as the most important provider of Iran's import requirements, increased from \$29.9 billion in 2020/21 to \$41.9 billion in 2021/22, with its share increasing by 2.1 percentage points. The value of imports from Europe increased by 20.5 percent to \$9.8 billion in 2021/22. The share of Europe in Iran's total value of imports declined by 2.5 percentage points compared with the year before. However, the share of America rose by 0.5 percentage point, and the shares of Africa and Oceania remained relatively unchanged. The value of imports from the ESCAP member states amounted to \$27.1 billion, constituting a share of 51.1 percent in the total value of imports. Meanwhile, imports from the EU, ECO, and ACU member countries amounted to \$6.5 billion, \$5.9 billion, and \$2.0 billion, respectively, accounting for 12.3, 11.2 and 3.9 percent of the total value of imports through Customs in the year under review.

[1] Concentration indices are calculated as the sum of the shares of the first 3, 5 and 10 countries in the total value of imports.

13.3. Exports

In 2021/22, the value of exports[1] through Customs increased by 40.1 percent to $48.3 billion, and the weight of exports rose by 8.5 percent to 122.1 million tons. The value of the exports of "metallic mineral ores" and "industrial goods" increased by respectively 92.5 and 51.4 percent, while the value of the exports of "agricultural and traditional goods" fell by 12.5 percent compared with 2020/21. The value of exports per ton rose by 29.1 percent to reach $395 in 2021/22.

The total value of industrial exports amounted to $42.8 billion in 2021/22. The share of the exports of industrial goods in the total value of exports through Customs reached 88.7 percent in 2021/22, indicating an increase of 6.7 percentage points compared with the year before. "Gas and oil products", "basic metals and articles of basic metals", and "rubber and plastics products" enjoyed the highest shares in the value of industrial exports.

Figure 13.6. Growth Rate of Exports

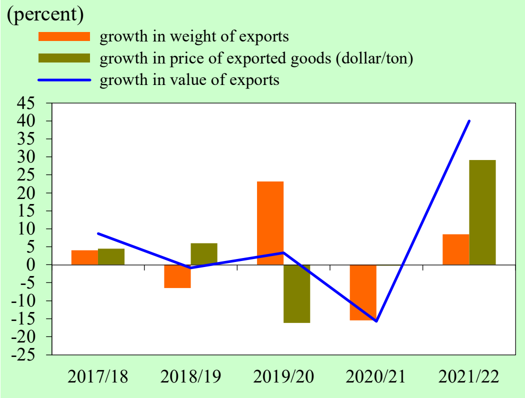


Table 13.4. Value of Exports[1] (through Customs) (million dollars)

	2019/20	2020/21	2021/22	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Agricultural and traditional goods	4,978	5,301	4,638	6.5	-12.5	15.4	9.6
Metallic mineral ores	1,085	291	560	-73.2	92.5	0.8	1.2
Industrial goods	34,704	28,288	42,828	-18.5	51.4	82.0	88.7
Goods not elsewhere classified	119	605	271	410.1	-55.1	1.8	0.6
Total	**40,886**	**34,485**	**48,297**	**-15.7**	**40.1**	**100.0**	**100.0**

Source: Iran's Customs Administration
[1] Excludes natural gas condensate.

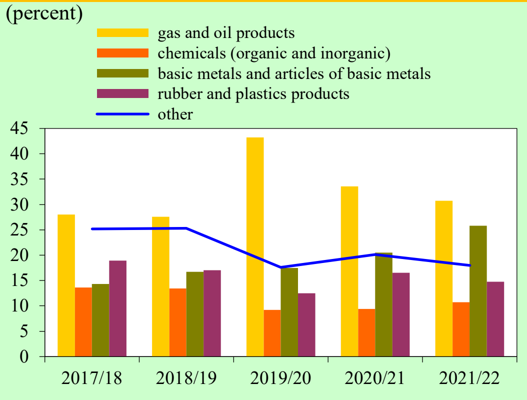
Table 13.5. Value of Exports of Industrial Goods[1] (million dollars)

	2019/20	2020/21	2021/22	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Gas and oil products	14,998	9,506	13,160	-36.6	38.4	33.6	30.7
Chemicals (organic and inorganic)	3,210	2,648	4,591	-17.5	73.3	9.4	10.7
Basic metals and articles of basic metals[2]	6,063	5,794	11,052	-4.5	90.8	20.5	25.8
Rubber and plastics products	4,333	4,658	6,321	7.5	35.7	16.5	14.8
Other	6,100	5,682	7,703	-6.8	35.6	20.1	18.0
Total	**34,704**	**28,288**	**42,828**	**-18.5**	**51.4**	**100.0**	**100.0**

Source: Iran's Customs Administration
[1] Excludes natural gas condensate.
[2] Includes "cast iron, iron, steel and their articles" and "aluminum, copper, zinc and articles thereof" groups.

[1] Refers to exports through Customs, excluding natural gas condensate.

Figure 13.7. Composition of Exports of Industrial Goods in Terms of Value



The value of the exports of agricultural and traditional goods decreased by 12.5 percent to $4.6 billion in 2021/22. The share of this group in the total value of exports through Customs reached 9.6 percent, indicating a decline of 5.8 percentage points compared with the year before. The value of the exports of "fresh and dried fruit" fell by 19.2 percent, leaving the biggest impact on the reduction in the value of the exports of agricultural and traditional goods.

Based on the international classification of goods, the lion's share in the value of exports in 2021/22 belonged to "mineral fuels, lubricants, and related materials" by 27.2 percent, followed by "chemicals" by 26.5 percent, and "food and live animals" by 10.5 percent. The collective share of these groups in the value of exports was almost 64.3 percent, indicating a fall of about 3.8 percentage points compared with 2020/21. "Mineral fuels, lubricants, and related materials", "chemicals", and "crude materials, inedible, except fuels" enjoyed the highest shares in the weight of exports by 34.6, 19.2 and 9.4 percent, respectively. These groups together accounted for about 63.1 percent of the total weight of exports, up by 1.4 percentage points.

Figure 13.8. Composition of Exports of Agricultural and Traditional Goods in Terms of Value

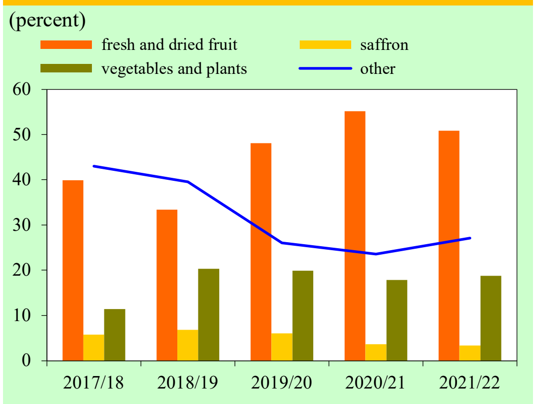


Table 13.6. Value of Exports of Agricultural and Traditional Goods[1] (million dollars)

	2019/20□	2020/21□	2021/22 □	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Fresh and dried fruit	2,394	2,920	2,358	22.0	-19.2	55.1	50.8
Vegetables and plants	993	941	870	-5.2	-7.6	17.8	18.8
Saffron	297	190	154	-36.0	-18.8	3.6	3.3
Other	1,294	1,250	1,255	-3.4	0.4	23.6	27.1
Total	**4,978**	**5,301**	**4,638**	**6.5**	**-12.5**	**100.0**	**100.0**

Source: Iran's Customs Administration
[1] Excludes natural gas condensate.

Table 13.7. Value of Exports according to International Classification of Goods[1] (million dollars)

	2019/20□	2020/21□	2021/22□	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Food and live animals	5,573	5,908	5,074	6.0	-14.1	17.1	10.5
Mineral fuels, lubricants, and related materials	14,974	9,499	13,155	-36.6	38.5	27.5	27.2
Chemicals	8,317	8,071	12,815	-3.0	58.8	23.4	26.5
Machinery and transport equipment	1,069	793	1,135	-25.9	43.2	2.3	2.4
Other	10,954	10,215	16,119	-6.7	57.8	29.6	33.4
Total	**40,886**	**34,485**	**48,297**	**-15.7**	**40.1**	**100.0**	**100.0**

Source: Iran's Customs Administration

[1] Excludes natural gas condensate.

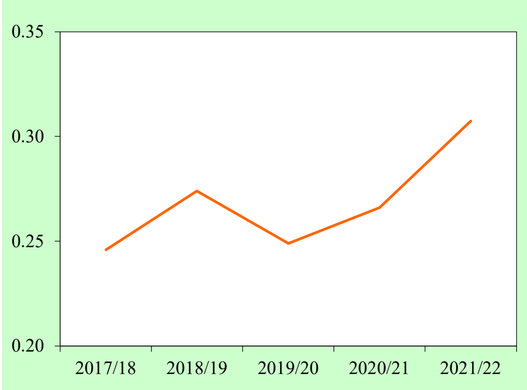
Based on the international classification of goods, Iran was a net exporter of "mineral fuels, lubricants, and related materials", "chemicals", "manufactured goods", and "goods not elsewhere classified" in terms of the value of exports, while a net importer of "machinery and transport equipment", "food and live animals", "crude materials, inedible, except fuels", "animal and vegetable oils, fats, and waxes", "miscellaneous manufactured articles", and "beverages and tobacco", in 2021/22. "Mineral fuels, lubricants, and related materials" group accounted for the highest positive balance, whereas "machinery and transport equipment" group enjoyed the highest negative balance.

Reviewing the distribution of exports by country indicates that China, Iraq, Turkey, the UAE, Afghanistan, India, Pakistan, Indonesia, Thailand, and Oman were the main export destinations for Iran's goods in 2021/22. Over the 2021-2022 period, Azerbaijan and Russia were excluded from the list of the first ten importers from Iran, to be replaced with Thailand and Oman. In 2021/22, the export concentration indices for the first 3, 5 and 10 destination countries decreased to 60.9, 74.0 and 85.7 percent, respectively, compared with the year before. Meanwhile, Asia accounted for 93.3 percent of Iran's exports, with a value of $45.1 billion. Next on the list was Europe with an export value of $1.8 billion and a share of 3.7 percent. Moreover, Africa, America, and Oceania continents followed Europe in terms of imports from Iran. Reviewing the distribution of exports by country group indicates that the value of Iran's exports to ESCAP, ECO, ACU, and EU member states amounted to $30.8 billion, $10.8 billion, $3.4 billion, and $1.0 billion, respectively.

13.4. Terms of Trade [1]

The rise in the per-ton value of imports by 11.6 percent and that in the per-ton value of exports by 29.1 percent boosted the country's terms of trade position. Thus, the terms of trade rose by 15.7 percent from 0.266 in 2020/21 to 0.307 in 2021/22.

Figure 13.9. Terms of Trade



[1] Includes Iran's exports and imports through Customs only, and is, therefore, different from the figure mentioned in Chapter 2 (Gross Domestic Product and Expenditure).

Table 13.8. Terms of Trade (through Customs) (dollars)

	2019/20	2020/21	2021/22	Percentage change 2020/21	Percentage change 2021/22
Value of exports per ton [1]	307	306	395	-0.2	29.1
Value of imports per ton	1,231	1,153	1,287	-6.3	11.6
Terms of trade [2]	**0.249**	**0.266**	**0.307**	**6.6**	**15.7**

Source: Iran's Customs Administration. [1] Excludes natural gas condensate. [2] The value of exports per ton divided by the value of imports per ton.

13.5. Developments in Foreign Exchange and Gold Markets

The improved global trade conditions in 2021/22, stemming from the lifting of pandemic restrictions and the adoption of proper economic and monetary policies, contributed to a decline in the exchange rate of the US dollar against the euro, British pound, and Swiss franc compared with the year before. Concurrently, the improvement of global economic prospects led to a rise in the price of gold per ounce.

In addition to the currency and trade measures adopted by the Central Bank and the government, several economic and political factors, including speculation and news surrounding the revival of the JCPOA negotiations, the continued easing of the pandemic restrictions, and the rise in oil prices, helped reduce tensions within the foreign exchange market in 2021/22.

13.6. Foreign Exchange Market and Local Currency

13.6.1. Rial Versus Hard Currencies

Pursuant to the approval of the Government's Economic Coordination Headquarters in April 2018, the US dollar parity rate was set at Rls. 42,000 for the imports of basic goods, medications, and medical equipment. Accordingly, each US dollar was offered at the fixed rate of 42,000 rials on average in the official foreign exchange market in 2021/22. The exchange rates for the British pound, the euro, and the Swiss franc rose by respectively 5.3, 0.1 and 0.6 percent, while the rate for the Japanese yen (one hundred) decreased by 5.4 percent compared with the year before. The mentioned currencies were offered in the official market at the average rates of 57,439 rials, 48,887 rials, 45,724 rials, and 37,498 rials, respectively.

Meanwhile, the coefficients of variation[1] of the British pound, the Swiss franc, and the Japanese yen against the Iranian rial in the official market were within the range of 0.00 to 2.89. The highest coefficient of variation by 2.89 was related to the euro, while the lowest was related to the US dollar, remaining unchanged at 0.00 in 2021/22.

In 2021/22, similar to previous years, the government and the CBI joined forces to restore tranquility to the foreign exchange market, facilitate the return of foreign exchange receipts to the economy, and provide the foreign exchange required for the imports of basic goods and medicine. Thanks to all these measures and the formation of positive inflation expectations by economic players upon the favorable prospects of the revival of the JCPOA in the US new administration, each US dollar was exchanged at an average rate of 263.2 thousand rials in the unofficial market, up by 14.1 percent compared with the year before. In 2021/22, the parity rates of the British pound, the Swiss franc, the euro, and the Japanese yen (one hundred) against the

[1] Standard deviation divided by mean.

Iranian rial increased by respectively 19.0, 14.0, 13.6 and 7.6 percent compared with the year before.

13.6.2. Developments in the Interbank Foreign Exchange Market

The value of the interbank market transactions (in Chinese yuan, euro, UAE dirham, US dollar, and other currencies) increased by 13.9 percent compared with 2020/21, to reach $23,360 million in 2021/22. The euro enjoyed the highest share in the interbank market transactions by 69.2 percent, indicating an increase of 29.0 percentage points. The share of the Chinese Yuan experienced a fall of almost 6.9 percentage points to 6.0 percent. The UAE dirham and the US dollar had shares of 21.9 and 0.7 percent, respectively, in the total value of interbank market transactions. The total share of other currencies declined by 14.9 percentage points compared with the year before, to reach 2.1 percent in 2021/22.

Table 13.9. Rates of Major Currencies against the Iranian Rial in the Official Market

	2019/20		2020/21		2021/22		Average annual growth (2021/22 compared with 2020/21, %)
	Average annual	Coefficient of variation	Average annual	Coefficient of variation	Average annual	Coefficient of variation	
US dollar	42,000	0.00	42,000	0.00	42,000	0.00	0.0
Euro	46,749	1.10	48,832	3.94	48,887	2.89	0.1
British pound	53,579	2.62	54,552	4.11	57,439	1.99	5.3
Japanese yen (one hundred)	38,637	1.51	39,639	1.55	37,498	2.28	-5.4
Swiss franc	42,552	1.63	45,457	3.12	45,724	1.09	0.6

Figure 13.10. Developments of the US Dollar in the Official Market

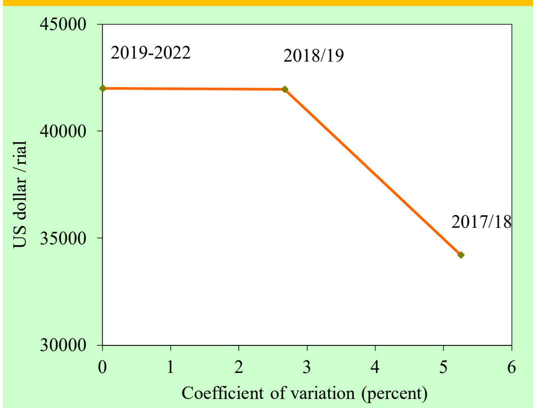


Figure 13.11. Developments of the Euro in the Official Market

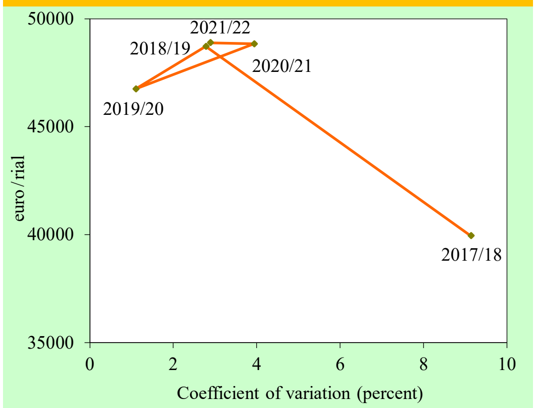


Table 13.10. Interbank Market Transactions by Foreign Currency (million dollars)

	2019/20	2020/21	2021/22	Percentage change 2020/21	Percentage change 2021/22	Share (percent) 2020/21	Share (percent) 2021/22
Chinese yuan	8,678	2,662	1,409	-69.3	-47.1	13.0	6.0
Euro	8,595	8,247	16,163	-4.1	96.0	40.2	69.2
UAE dirham	5,523	3,803	5,116	-31.2	34.5	18.5	21.9
US dollar	4,046	2,300	170	-43.2	-92.6	11.2	0.7
Other	5,661	3,494	502	-38.3	-85.6	17.0	2.1
Total	**32,504**	**20,505**	**23,360**	**-36.9**	**13.9**	**100.0**	**100.0**

Table 13.11. Rates of Major Currencies against the Iranian Rial in the Unofficial Market [1]

	2019/20▲□		2020/21▲□		2021/22□		Average annual growth (2021/22 compared with 2020/21, %)
	Average annual	Coefficient of variation	Average annual	Coefficient of variation	Average annual	Coefficient of variation	
US dollar	129,786	9.69	230,687	18.00	263,194	7.93	14.1
Euro	144,983	9.80	268,816	20.91	305,330	6.27	13.6
British pound	165,720	11.14	302,198	20.20	359,581	6.63	19.0
Japanese yen (one hundred)	119,671	9.23	218,238	18.88	234,745	6.74	7.6
Swiss franc	132,512	10.67	251,268	20.00	286,440	7.56	14.0

[1] The unofficial market parity rate of the British pound, the Japanese yen (one hundred), and the Swiss franc against the Iranian rial has been calculated based on their official market exchange rates against the US dollar.

13.7. Gold Coin Prices in the Domestic Market

The average prices of various types of gold coins increased in 2021/22 compared with 2020/21, mainly attributable to the rise in the parity rate of the US dollar vis-à-vis the Iranian rial in the unofficial market. The half gold coin experienced the highest rise, while the one-quarter gold coin accounted for the lowest increase in the year under review compared with the year before. The price of a full Bahar Azadi gold coin (old design) was Rls. 113.2 million and that of a full Bahar Azadi gold coin (new design) was Rls. 116.0 million, indicating growth rates of 10.3 and 8.0 percent, respectively.

Figure 13.12. Gold Coin Price (new design)

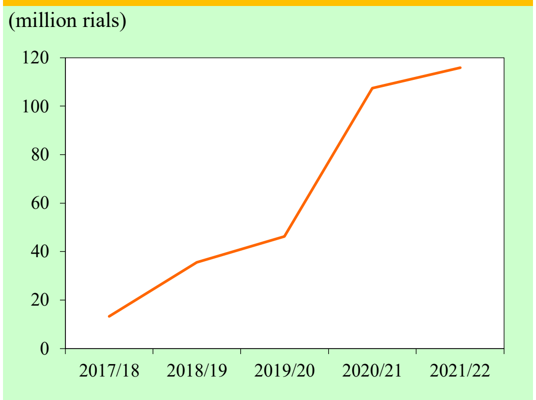


Table 13.12. Average Prices of Gold Coins (million rials)

				Percentage change	
	2019/20	2020/21	2021/22	2020/21	2021/22
One-quarter gold coin	15.1	35.2	37.4	133.9	6.3
Half gold coin	24.1	56.4	62.5	134.0	10.7
Full Bahar Azadi gold coin (old design)	45.2	102.7	113.2	127.0	10.3
Full Bahar Azadi gold coin (new design)	46.2	107.4	116.0	132.7	8.0

Table 13.13. Average Exchange Rate for the US Dollar and the Euro against the Iranian Rial in Iran Center for Exchange (ICE) (rials)

	2019/20		2020/21		2021/22		Percentage change (buying)	Percentage change (selling)
	Buying	Selling	Buying	Selling	Buying	Selling		
US dollar	127,407	128,221	222,118	224,946	250,179	252,428	12.6	12.2
Euro	142,580	143,523	259,306	262,062	290,702	293,271	12.1	11.9