CHAPTER-II
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2.1. The Islamic Republic: Summary

The Islamic Republic of Iran came to exist in the Middle East in 1979 after the ruling monarchy\(^1\) under “Mohammad Reza Pahlavi”\(^2\) was overthrown. The country is bounded by the Gulf of Oman, the Persian Gulf and the Caspian Sea, between Iraq and Pakistan. The nation is the 18\(^{th}\) largest country in terms of population (around 77 million people) in the world (SCI 2011). The country has been one of the regional economic powers in Persian Gulf as result of having large resources of petroleum and natural gas. It has the second largest proven natural gas reserves and the fourth largest proven petroleum reserves in the world (OPEC 2013).

<table>
<thead>
<tr>
<th>Table 2.1: Iran’s Oil and Natural Gas reserves</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proven Crude Oil Reserve (Billion barrels)</td>
<td>137620</td>
<td>137010</td>
<td>151170</td>
<td>15458</td>
<td>15730</td>
</tr>
<tr>
<td>Natural Gas Reserves (Billion cu m)</td>
<td>29610</td>
<td>29610</td>
<td>33090</td>
<td>33620</td>
<td>33780</td>
</tr>
<tr>
<td>Crude Oil Production (1000b/d)</td>
<td>4055</td>
<td>3557</td>
<td>3544</td>
<td>3576</td>
<td>3740</td>
</tr>
<tr>
<td>Export of Crude Oil Products (1000b/d)</td>
<td>2574</td>
<td>2406</td>
<td>2583</td>
<td>2537</td>
<td>2120</td>
</tr>
<tr>
<td>Natural Gas Export (Billion cu m)</td>
<td>4110</td>
<td>5670</td>
<td>8429</td>
<td>9114</td>
<td>9152</td>
</tr>
</tbody>
</table>

*Source: OPEC*

After the Revolution in 1979, a theocratic system of governing, based on the 1979 constitution has been shaped. The system has some characteristics of a modern Islamic

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\(^1\) The word “monarch” refers to a single absolute ruler. Monarchy generally refers to the form of government in which a single individual has sovereign power and control.

\(^2\) Mohammad Reza Shah Pahlavi (1919 –1980) was the king of Iran from 1941 until his overthrow by the Iranian Revolution on 1979.
theocracy with some considerable elements of secular democracy. The Supreme Leader has the absolute power. Governance is divided between popularly elected and clerical (non-elected) councils and assemblies. (that have different areas of influence and responsibility with numerous rights to veto the others)

The Supreme leader is the chief of the state, the top of the government structure, the ultimate decision maker, Commander-in-Chief of the armed forces and has absolute power to declare war or peace. Most importantly, the leader sets the general direction of the nation’s policy. There are no limits on the leader’s term in office. He will appoint the heads of the judiciary and six of the twelve members of the Guardian Council. The Guardian Council must approve presidential candidates. The President will be selected by universal election (Constitution of Islamic Republic of Iran 1979).

The country has passed through several stages that affected the nation’s economy. There were many shocks and regime shifts in the pre and post-Revolution period such as the 1974 Oil shock, the Iranian Revolution (1979), the Iran-Iraq war (1980-1988)\(^1\) and the aftermath of the war.

Prior to 1979 during Shah’s regime, economic development was rapid. By 1970, the nation had achieved a significant development in industrialization and economic modernization due to the growing worldwide demand for oil. During 1957-77,\(^2\) income from export of crude oil has been the main source of revenue for government funds for investments in infrastructure and industrial development (Looney 1986; Kavoussi 1986 and Curtis & Hooglund 2008). The Islamic Revolution of 1979 also deteriorated living standards of people. During 1960-77, GDP per capita grew at a 6 percent rate per year. However, by 1978, just before the Islamic Revolution, the economic growth had slowed dramatically (Amuzegar 1992).

After the Islamic Revolution, the Revolutionary Council started a radical transformation of the economy, from its basically Western-oriented free-enterprise system to a state-
managed theocratic oligarchy which caused a decline in production and income, accompanied by high inflation and unemployment. These conditions were worsened by the war with Iraq and the decline in world oil prices beginning at the end of 1985. The war with Iraq had put enormous pressure on the economy\(^1\). The economic effects of war, embargoes and sanctions of the USA, and the nationalization of the financial and banking sectors and foreign exchange market caused an adverse effect on GDP in real terms and GDP per capita. Between 1978-79 and 1980-81, GDP declined by 20 percent in real terms, and the value of the Iranian Rial plummeted from Rls 70=$1 to Rls 235=$1(WB 1983).

After the end of Iran-Iraq war, Iran’s economic situation began to improve. The government had framed various strategies and policies to liberalize economy with a series of new five-year development plans (FYDP). The first FYDP succeeded in reconstructing the economy quickly and the second initiated the capacity expansion. In 1993 low foreign exchange rate and the increase of imports\(^2\) resulted in the rapid accumulation of foreign debt\(^3\) (Pesaran 1996; Dadkhah 1996; Valadkhani 2001). In 1999, the country emerged from its debt crisis and partially recovered from crises of foreign reserves due to the significant rise in oil prices during the first three years of the second plan. The government established an exchange rate unification policy (MPO\(^4\); Vladkhani 2001). Economic reform has slowly been occurring through the third (1999-2003) and fourth (2003-2008) FYDPs. Since 1990, economy grew by 5 percent per year due to the rise of oil prices.

\(1\) According to Statistical Center of Iran, unemployment rate that was 4.4 percent in 1975 has increased by 15.3 in 1986 and in the period of 1978-1988, the average annual rate of inflation was 18.1. IFS data showed the rate of 23.5 for inflation in 1980.


\(3\) External debt was estimated to be $US 23.4 billion in 1993 (Dadkhah 1996).

Oil growth in post-Revolution appears to decrease poverty and increase per capita income. (See also Figure 1.6 and Table 1.4)

![Figure 2.1: Annual Growth of GDP (1990-2000)](image)

Although the country is benefiting from the increase in oil revenues and moderate economic development, some fundamental economic problems remain such as inadequate rate of investment, persistent unemployment, and the burden of governmental bureaucracy because of its big size and low participation of private sector in the economy. The country still suffers from inefficient agricultural land usage. The agriculture sector faced setback in production and still suffers from shortages of capital, raw materials, and equipment problems in post Iran-Iraq war (Curtis & Hooglund 2008; Ilias 2009 and US department of state 2012). Presently, economy of the country is struggling because of sanctions, inefficient state sector, and dependence on the oil sector.

In recent years, the effects of sanctions (2011-2012) are reducing Iranian energy exports and revenues, deteriorating foreign direct investment and creating serious banking and

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1 Unemployment continues to affect a large portion of Iran’s young, educated workforce. Unemployment rate from 4.4 in 1976 rose by 13.2 in 1996, 13.4 in 2006 and 12.3 in 2010. (SBI)
trade problems. Iran’s oil exports have declined by an estimate of 40 percent since the beginning of the year (See also Table 1.1 and Figure 1.2). The sanctions, combined with withdrawing subsidies have caused the price of basic foodstuffs to rise dramatically. The value of the Iranian Rial had lost 80% of its value since the start of the year (Sadeghi-Boroujerdi 2012).

2.2. Overview of Iran’s Economy

2.2.1. Economy and Financial Affairs

The economy of the Islamic Republic of Iran, with its objectives of achieving the economic independence of the society, uprooting poverty and deprivation and fulfilling human needs in the process of development while preserving human liberty, consists of three sectors: state, cooperative, and private, and is based on systematic and sound planning.

The state sector includes all large-scale and mother industries, foreign trade, major minerals, banking, insurance, power generation, dams and large-scale irrigation networks, radio and television, post, telegraph and telephone services, aviation, shipping, roads, railroads and the like; all these are publicly owned and administered by the State.

The cooperative sector includes all cooperative companies and enterprises concerned with production and distribution, in urban and rural areas, in accordance with Islamic criteria.

The private sector includes agriculture, animal husbandry, industry, trade, and services that supplement the economic activities of the state and cooperative sectors.

So long as the ownership in each of these three sectors is in conformity with the other articles of this chapter, has not crossed the bounds of Islamic laws, contributed to the economic growth and progress of the country and not harmed society, is protected by the laws of the Islamic Republic.

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1The Constitutions of Islamic Republic of Iran was adopted in 1979 and improved in 1989. Chapter IV, Article 43-55 of Constitution of Islamic Republic of Iran include The Economy and Financial Affairs
2.2.2. Iran’s Economy in the World

The country was 22nd largest economy in the world in 1980, however, the nation’s position slipped down to 39th level in 1994 and 2000. In 2007, the country improved its position to 29th (IMF 2007). In 2012, the country was the second-largest economy in the Middle East and North Africa (MENA) region in terms of GDP, second in the world in natural gas reserves and second largest OPEC oil producer\(^1\) (See also Table 1.1 and 1.2). The country is the third in oil reserves (WB 2013 and OPEC 2013).

In terms of GDP on a PPP, the country ranked as the 19th largest economy in the world in 1980, the 17th in 2007 and the 18\(^{th}\) in 2013 (CIA world Factbook 2013). In terms of per capita income, the country slipped down from the 49\(^{th}\) position in 1980 to 99th in 1994 and 87th in 2007. In 2013, the country was ranked at 97\(^{th}\) position (WB 2013).

According to World Bank that classified countries based on their GNI per capita, the nation was placed at 116th level in the world, and classed as a lower-middle income country in 2007. In 2009, the country slightly improved its position to 111\(^{th}\) level and so its category changed as upper middle-income country (WB 2013).

2.3. Macro-Economic Trends

Macroeconomic indicators provide a mixed picture of the country’s economic situation. The government asserted that the economy has been adequately performing as expectations and targets\(^2\). However, the economic conditions showed different pictures opposite to the government claims. Some of the evidences are as follow: raising imports at the expense of domestic production, devaluation of the Rial, unacceptable inflation and, unemployment\(^3\). The economy’s long-term viability and development goals are

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1. According to the latest OPEC report (See Figure 1.4 and 1.5), in 2012, Iran lost her position as the second oil exporter among OPEC countries and slipped to 5th place after Saudi Arabia, United Arab Emirates, Qatar and Kuwait.
2. In 2006, 2007 and 2008, Iranian economists in three separate open letters warned the president about using increased oil revenues to expand government expenditures. They asked him to review the government policies to improve economic conditions. However, in a meeting with economists in 2007, Ahmadinejad insisted that his administration's performance in economy is much better compared to the previous government (Atashbar 2013).
3. See details in Wright 2010, Press TV 2014, Habibi 2013 and Maloney 2013. Their explanations were based on the performances of the Iranian economy. These sources did not accept the claims made by Ahmadinejad.
affected by oil price fluctuations, dependency on gasoline imports to meet domestic energy consumptions, high inflation, high unemployment rate, perpetuate poverty levels and foreign relations with the US and the West and their sanctions\(^1\), etc.

2.3.1. Economic Growth

Apart from a decline in the economy in 1992-93 and 1993-94 (by 1.6 percent and 0.4 percent respectively), the economy grew by 5.4 percent in annual average during 1989-2008. After a decline in 2008, the economy has been growing in the following years (3 percent in 2009-10 and about 6 percent in 2010-11).

Based on CBI estimations, GDP at basic and current prices increased in the first half of 2008-09. GDP also rose by 2.7 percent (at constant 1997-98 prices) in the first half of 2008-09. It was around 8 percent in the previous year. The economy performed relatively better and stable conditions in 2010-11 compared with the previous year. Data compiled by CBI on the real sector of the economy showed that GDP rose by 5.8 percent in 2010-11. The GDP surged by 4.0 percent in 2011-12.\(^2\) (See Figure 2.2 and 2.3)

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\(^1\) U.S. sanctions against Iran dates back to Islamic Revolution of 1979, when Iranian students attacked U.S. Embassy in Tehran and took diplomats hostages. In 2010, the United States instituted new sanctions against Iran to stop Iran’s nuclear program. The U.N., the European Union, and other countries around the world also have sanctions against Iran (Katzman 2013).

\(^2\) Growth related data during 2009-2010, was not available. According to other sources, GDP growth was about 1.5 and –2.5 percent in 2009 and 2010 respectively (Atashbar 2013 and WB 2012). According to latest report, economic growth was 3 and -5.8 in 2012 and 2013 respectively (WB 2014).
2.3.2. Inflation

The economy has experienced many periods of high inflation even in pre-Revolution era; however, it was under controlled and normal range (CBI 2012). In post-Revolution period, Inflation remained at double digit for most of the review years (See Figure 2.5).
In 1994-95, it reached to the highest rate of 49.4 percent and the country experienced a persistent high inflation in the following years. In recent years, the nation’s economic growth slowed down by these double-digit rates of inflation. Although a high inflation rate has been a measure issue among the oil-exporting countries in the Middle East and Central Asia, the country has intolerable inflation rates (IMF 2008). The country’s annual average inflation rate was about 19.2 during 1990-2011.

**Figure 2.4: Consumer Price Index for all Urban Consumers in Iran**

![Chart showing the Consumer Price Index for all Urban Consumers in Iran from 1990/91 to 2010/11.](chart.png)

*Source: CBI*
2.3.3. Population

According to 2006-07 Census, the population of the country was 70495782 (35866362 male and 34629420 female). It is estimated that the population would be around 77 million in 2012. Around a fifth of the population is between 0 and 14 years of age. Almost three quarters of the population is in age group 15 and 64 and 5 percent of population is above age of 65 (SCI 2011).

Just before the Islamic Revolution during 1970-79, the average annual growth rate of population was about 3 percent. It was moderated during 1980-2000 (about 2.7 percent annual average). From 2004 to 2012, it grew by just 1.5 percent (SCI 2011 and UN 2012).

Economic participation rate (of populating aged 10 and over) was 14.5 for female and 62.8 for male in 2009. In winter and autumn of 2012, it was 11.9 and 13.7 for female, and 61.3 and 59.5 for male. (SCI 2013)
2.3.4. Unemployment

The country still has a high unemployment rate (See Figure 2.7). The double-digit unemployment rate is one of the biggest challenges of economy (12.3 percent in 2010-2011). Based on a new definition of the government for employment, all people aged 10 or over who have worked at least one hour\(^1\) during the reference week or have left job temporarily for one reason or another, are reckoned as employed (SCI 2013). However, some observers, question the validity of the official statistics of the unemployment rate (Atashbar 2013). They estimated that the unemployment rate probably is more than 30 percent\(^2\), higher than figure reported by the government.

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1 According to ILO definition, Persons in employment comprise all persons above a specified age who during a specified brief period such as one week or one day, (a) performed some work for wage or salary in cash or in kind. (b) had a formal attachment to their job but were temporarily not at work during the reference period, (c) performed some work for profit or family gain in cash or in kind, (d) were with an enterprise such as a business, farm or service but who were temporarily not at work during the reference period for any specific reason.

2 Saeid Madani, a social expert, Abotorabi and Ghanbari, parliament members asserted that unemployment rate must be more than 30 percent. Fereydoun Khavand, economic expert, asserted that the real unemployment rate is double time bigger than formal figure given by government. (Aftabnews, Tabnak and DW)
The official figure show that unemployment rate (of population 15 and over) in 2012, was 17.7 percent for female and 9.8 percent for male. In 2013, it grew and reached to 19.7 percent for female and 10.8 percent male (SCI 2013).

![Figure 2.7: Annual rate of Unemployment in Iran](image)

2.4. Main Economic Sectors

There are four key sectors in economy of Iran as; oil and gas, agriculture, services, and manufacturing and mining. The country’s economy is mainly dominated by industrial sectors; oil and gas, petrochemicals, steel, textile and automotive manufacturing, which represent about 45 percent of the country’s GDP. The services sector accounts for another 43 percent of the economy, while agriculture accounts for about 11 percent.

Based on primary figures in 2010-11, “services” sector contributed 51 percent share in GDP. This sector is followed by “oil” which contributed 22.7 percent, “manufacturing and mining” (19.5 percent), and "agriculture" (10.2 percent).

2.4.1. Agriculture

Out of total area of 1,468,195 square kilometers, total farmland area has been 17 million hectares (11 percent of total area). The main agricultural products are wheat and barley, potatoes, sugar beet, rice and onions. The nation is a major world exporter of caviar,
saffron and pistachio nuts. The country’s climate and land also support tobacco, tea, wheat and barley. Agriculture policy is also economically and politically important in the economic development of the agriculture sector. In winter 2013, agriculture’s share of the total employment was 16.9 percent.

In post-Revolution period, an increase in urbanization rates and industrialization declined agricultural production. In 1990s, production and productivity of this sector improved moderately. However, this sector performed better than other sectors, its annual growth was not more than in the 1970s and 1960s. From 1998 to 2001, drought severely decreased the production of cereals such as wheat, barley and pulses. Agriculture productions are always vulnerable to periodic droughts. In addition to climate change, Over fishing and environmental degradation always threaten the agriculture sector. Based on primary data in 2010-2011, agricultural production grew by 14.8 percent and the value-added of this sector also increased by 8.8 percent (at constant 1997-98 prices), accounting for 1.1 percentage points of 5.8 percent GDP growth. (Alvari Rad 2011; Amuzegar 1999 and CBI 2012) (See Figure 2.11 and 2.12)

2.4.2. Oil and Gas
The country is a member of the OPEC. It produces and consumes a massive range of energy materials such as oil, gas, coal, etc. Due to the great resources of hydrocarbons, this sector is a dominant industry, main foreign exchange earner and the main source of government revenue.

The country has estimated 154 billion barrels of proven oil reserves, 9 percent of global proven oil reserves and more than 12 percent of OPEC reserves, the world’s third largest proven petroleum reserves behind Saudi Arabia and Canada. Among OPEC countries members, the nation is the second largest oil producer behind Saudi Arabia (OPEC 2013).Number of the following factors limits the country’s oil production levels. Oil production started in 1908 at the Masjid-i-Suleiman oil field and the oil sector is one of the oldest in the world. The country has one of the world’s most mature oil sectors and about 80 percent of its reserves were discovered before 1965 (Wright 2010:101). A negative aspect of this matter is aging infrastructure and old technology. Structural
upgrades and access to new technologies, such as natural gas injections and other enhanced oil recovery efforts, have been limited by lack of investment partly due to US sanctions. The oil industry faces a high rate of natural decline of mature oil fields and low oil recovery rates. Millions of barrels of oil are lost annually because of damage to reservoirs and these natural declines (Ilias 2010).

The country’s share of world oil exports was almost 20 percent in 1974. It declined to 9 percent in 1979 and 5 percent in 1980 and has been 9-10 percent for the last decade. In 2011, Iran was the forth-largest oil exporter in the world after Saudi Arabia, Russia and Iraq (OPEC 2013). (See also Table 1.1, 1.2 and 2.1; Figure 1.2, 1.4 and 1.5)

The ratio of oil exports to domestic output which declined between 1979 and 1988, started to rise slowly at the end of the Iran-Iraq war. The 1979 Revolution, the eight years Iran-Iraq war and the US economic sanctions imposed on the nation, not only reduced the country’s oil revenues but also resulted in falling real output, which took almost 30 years to return to its pre-Revolution levels.
Figure 2.9 shows oil export value for different governments of the country. During Iran-Iraq war (1980-89), the value of oil export of the government (Prime Minister Mousavi) was about $113 billion. In 1990-96 (President Rafsanjani government), the value of oil export accounted to about $102 billion. During seventh and eighth government (1997-2995), the oil export revenue of the President Khatami government reached to about $201 billion. During President Ahmadinejad government (2006-2011), oil export value reached to around $269 billion, highest in post-Revolution era.

![Figure 2.9: Oil Export Value for Different Governments of Iran](image)

After Russian Federation, the country has the second largest gas reserves in the world (OPEC 2013). For more than twenty years, the country’s production of gas has increased 10 percent a year on average. However, Iran has only depleted 5 percent of its gas reserves (Wright 2010:102). During the 1970s, the majority of the country’s gas production was for export. Exports stopped during Iran-Iraq war. For the most of the 1990s gas production was very low and have only recently reached to the maximum level of the 1970s. The country is the world’s third largest consumer of natural gas after US
and Russia. With an annual average growth of 9.3 percent in the period 2000-2011, domestic consumption has been around 95 percent of production in recent years mostly due to economic and population growth (BP Statistical Review of World Energy and OPEC 2013). Liquefied natural gas has been used as a substitute for transport fuels. Furthermore, the government has had to use more gas for injection into maturing oil fields in order to maintain oil production. Both the oil and gas sectors are heavily state-dominated (Wright 2010:102).

2.4.3. Manufacturing and mining
The manufacturing sector includes various industries like handicrafts and small rural or urban workshops, large- scale consumer-goods enterprises and modern heavy industries. Medium and large-scale manufacturing companies include nine major groups: foods, beverages, tobacco, textile, leather and wood products, pulp and paper, chemicals and petrochemicals, non-metals and minerals, machinery and transport equipment and others.

Industries, which are still the weakest sectors in the economy, depend mostly on imports of raw materials and processed goods. Manufacturing units depend on imports from Europe. In recent years, access to imported intermediate goods has been difficult due to the international sanctions. Moreover, in the past years the nation’s manufacturing sector
has declined because oil export revenues have increased country’s exchange rate and has made the manufacturing sector less competitive. Furthermore, the industrial sector remains dominated by inefficient state-owned companies (Ilias 2010).

The country has the second largest manufacturer of petrochemicals in the Middle East (12 percent), after Saudi Arabia (50 percent). About half of the petrochemical products are for domestic uses. The industry currently faces some challenges from state interference, supportive policies and price-fixing. Additionally, international sanctions have reduced commercial banks’ willingness to finance international deals for the petrochemical sector (Ilias 2010 and Iran Petrochemical Report 2012).

After oil and gas industry, automobile industry is the second most active industry of the country producing both light and heavy vehicles. “Iran Khodro” and “Saipa” are the largest car manufacturers in the Middle East. In 2012, the country was the 18th largest motor vehicle producer in the world, with production decreasing by 40 percent compared to the previous year (OICA 2012). In recent years, foreign companies have entered the Iranian auto market with some caution in concerns about US reaction and reputation risks (Ilias 2010).

### 2.4.4. Services

Services sectors include trade, restaurants and hotels; transport, storage and communication; financial and monetary institutions services; real estate, specialized and professional services (including banking, insurance, consulting, etc); public services (Including training and education, health care, security, research, etc) and social, personal and household services (CBI 2011). In 2010, the services sectors represent about 45 percent of the economy and contribute (Including government)\(^1\) 55 percent to GDP. (Ilias 2010 and WB 2013)

This sector rose at an average annual rate of 5.8 percent in real terms during 1998-2001. Over the past few years, the telecommunication and tourism sectors have increased their share within the service sector’s contribution to the GDP. In services group in 2010-2011, “trade, restaurant, and hotel”, “transport, storage, and communication” and “financial and

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\(^1\) Includes military expenditures, government salaries and social security expenditure.
monetary institutions service” had the greatest contribution to economic growth, with 1.1, 0.7, and 0.2 percent respectively (Alvari Rad 2011 and CBI 2011).

Since 1997, economic sectors except oil have experienced double-digit growth rates for most of review years. In 2002-03, agriculture sector reached to the highest growth rate of 34.2 percent. Manufacturing and mining (33.4 percent) and service (34.7 percent) experienced the peak of growth in 2004-05. During 1997-2011, annual average growth rates for agriculture, oil and gas, manufacturing and mining, and services sectors were about 20, 25.2, 22.6 and 23.2 percent respectively. (See Figure 2.11 and 2.12)
2.4.5. External Sector

International trade plays a major part in providing access to technology and a wide variety of products, which are used as an important element for investment and growth. Foreign trade is also beneficial to the economy. The country adopted an open economy approach to international relations in recent years. The trade policies adopted in the external sector were aimed to create transparency in the foreign exchange market, reduction of non-tariff and administrative barriers in the field of importation of goods, and easing conditions for non-oil exports. Before 2002, the NTS was a complex one, in which tariffs comprised several elements. However, since then and specifically after the enforcement of the "Act on Consolidation of Duties" in March 2003, the NTS has been significantly simplified. At present, tariffs are denominated "import duties" in the NTS. (Ministry of Commerce of Islamic Republic of Iran 2009:43 and Alvari Rad 2011)

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The structure of foreign trade of Iran including, history, trade system, trade policy, trade direction and volume and composition of trade will be discussed in chapter V, in this part we just review a general trend of external sector of Iran’s economy.
Pistachios (fresh or dried), fruits, saffron and caviar, methanol (methyl alcohol), carpets and other textile floor coverings (wool or knotted), automobiles, copper, cement, liquefied propane (and other liquefied natural gas), leather, textiles, etc. are the major non-oil exports. The major import items include industrial raw materials and intermediate goods, capital goods, foodstuffs and other consumer goods and technical services. (IRCA 2011)

In 2011-2012, exports of goods and services rose by 28 percent. In same period, imports of goods and services experienced a growth of 3 percent. The exported goods, in terms of value, indicate that "gas and oil products" had the highest share in total by 25.1 percent, followed by "chemicals" by 13.5 percent, "plastic materials and their products" by 10 percent, "fresh or dried fruits" by 6.5 percent, and "base metals and articles of base metals" by 4.5 percent. The imported goods, in terms of value, indicate that the highest share belonged to "machinery and transportation vehicles" by 35.8 percent, "iron and steel" by 13.5 percent, "chemicals" by 12.0 percent, and "foodstuffs and live animals" by 12.0 percent. (CBI 2011)
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