



सत्यमेव जयते
Embassy of India
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MONTHLY COMMERCIAL REPORT

Important news reports related to Iran

Bilateral Trade

1) Over 1.3 million tons of basic goods transported from Chabahar port

The Head of the Goods Transportation Office of Road Maintenance and Transportation Department of Sistan- Baluchestan province, Mehrollah Damough stated that 1.3 million tons of basic commodities like wheat, rice, corn and barley were transported from Chabahar port in the first ten months (March, 2022 – January, 2023) of the current Iranian calendar year.

2) Ban on rice imports not yet lifted

The Secretary of Iran Rice Suppliers Commission, Masih Keshavarz, while denying media reports stated that the ban on rice import has yet not been lifted. He added that Iran has so far imported 1.5 million tons of rice in the current Iranian calendar year and needs another 300,000 tons to be imported to cater to the increasing domestic demand.

3) Iranian kiwis exported to India sent back

The Head of Agricultural Products Exporters Union of Iran, Seyed Reza Noorani, stated that due to the presence of mulberry weevil, India has sent back 8 out of 10 consignments of exported Kiwi fruit. He continued by saying that only efficient exporters should be permitted to do as sending faulty products may damage the reputation of Iranian goods around the world.

Iran's Economy

1) Majlis revamps CBI policymaking structure

Iranian Majlis on 07 February, 2023 voted to restructure the top policy making and decision making body of the financial markets. A new body to be designated as Higher Board of the Central Bank is proposed to replace the existing Money and Credit Council (MCC). The new body will be headed by the Governor of CBI and Economy Minister or

his deputy, Head of Plan and Budget Organisation, two economists specialized in monetary and banking policy making, two banking experts, the CBI Deputy for monetary policy making and the CBI deputy for regulatory and supervisory affairs will be members of the board. The Majlis also approved formation of a separate body headed by the Deputy CBI governor, called Regulatory and Banking Supervision Committee to focus exclusively on supervising the banking industry. The exercise has been undertaken on the premise that it will reduce the government dominating role and influence in CBI decision making.

2) Iranian economy grows 3.6% in Q2 : CBI

As per the latest data released by the Central Bank of Iran (CBI) on 12 February, 2023, Iran GDP grew by 3.6% in the Q3 (July- September, 2022) of the current Iranian calendar year. The data further revealed that during the period, the GDP in the non-oil sector grew by 3.1%. CBI uses 2016 as the base year to calculate GDP (at fixed prices).

3) Monthly inflation increases significantly

As per latest data released by the Statistical Center of Iran (SCI), the annualized inflation rates for the month of Jan-Feb, 2023 stood at 47.7%. Hotels and Restaurants sector of Iranian economy registered the highest inflation at 76.4% YoY while the lowest figures were recorded for communications sector at 9.8% YoY. During the period (21 January-19 February,2023), the food and beverages sector recorded the highest increase of 4.8% in monthly inflation figures, while Education sector recorded lowest increase of 0.5% in monthly inflation figures. Further as per the data, Urban centers saw annualized inflation of 46.9% whereas for rural areas it stood at 51.7%.

4) Average housing price in Tehran increases

As per the latest data released by the Statistical Center of Iran (SCI), the average housing price in the capital Tehran increased by 5.7% (on monthly basis) during the tenth month of the current Iranian calendar year (21 December, 2022 – 20, January 2023). The report further stated that during the period, the average price of 1 sq meter of residential unit in Tehran stood at \$1375. The statistics further revealed that the inflation rate of residential buildings in Tehran stood at 40.6% in the tenth month and that the sale of residential buildings in Iran has increased by 9.8% on monthly basis.

5) Unemployment rate in Iran decreased: Finance Minister

The Iranian Finance Minister, Ehsan Khandouzi during a press conference stated that the net employment in Iran in the current Iranian calendar year has increased by more than 535,000 persons compared to the same period last year. He added that the unemployment rate has decreased to 8.2% and the total number of employed individuals has reached 24.7 million, which corresponds to a 0.1% increase in the participation rate.

6) Iran foreign debt decreases: CBI

As per the latest announcement made by the Central Bank of Iran (CBI) on 12 February, 2023, the total foreign debt of Iran decreased by \$2.64 billion and stood at \$6.42 billion at the end of November, 2022. Out of the total foreign debt, \$4.67 billion (approx 75%) constituted medium and long term debt, while short term debt stood at \$1.74 billion.

7) Rial falls to record low value

As per reports, the value of rial depreciated to a new low on 20 February, 2023 and stood at 500,180 IRR against 1 USD. To control the depreciation of rial, the Governor of Central Bank of Iran (CBI), Mohammad Reza Farzin said that CBI plans to undertake certain steps to control the depreciation of rial which includes launching of a new currency and gold market to stabilize forex rates. CBI also claimed to have accessed some of its blocked funds in foreign countries which it aims to use for payments of imports.

8) Industrial Producer Price Index (PPI) stood at 783.5 during Q3

As per the data released by the Statistical Center of Iran (SCI), the PPI for industrial sector stood at 34.4% at the end of Q3 (September-December, 2022) of the current Iranian calendar year, registering an increase of 23.6% YoY. Separately, the annualised inflation rates for construction sector in Tehran city stood at 36.7% during the Q3.

9) Broadband mobile penetration rate at 121% in Iran

As per the latest data released by the Communication regulatory authority of Iran, the mobile internet penetration rate in Iran increased by 14% to reach 121% in 2022. The data further revealed that the total internet subscribers in Iran had reached 102.3 million in December, 2022, registering an increase of 11% YoY.

10) Iran launches Currency and Gold Trade Center

The Central Bank of Iran (CBI) on 20 February, 2023 launched the Currency and Gold Trade Center in an attempt to control the depreciation of rial. During the Launch ceremony, the Governor of CBI, Mohammad Reza Farzin stated that the rates in the center will act as reference rates in the market based on demand and supply of currency and gold, as well as key economic indicators. The new center will have a floor for remittances where export companies can sell their revenues in the form of hawala.

11) Government bonds auction fails to gain investors attention

As per CBI, in the 39th Bond Auction organized on 15 February, 2023 to raise funds for the government deficit spending, banks refused to participate and only Institutional investors bought Government bonds worth \$46,000. Interestingly in the previous bond auction (38th auction), none of the participants had expressed interest in purchasing debt. The next round (40th Bond auction) is scheduled for 22 February, 2023 and aims to sell \$133.4 million worth of government bonds.

12) National Business Environment Index (NBEI) in Iran worsens during Q3: TCCIMA

As per the latest report by the Tehran Chamber of Commerce, Industries, Mines and Agriculture (TCCIMA), the NBEI figures stood at 6.05 in Q3 (September – December 2022) of the current Iranian calendar year, registering an increase of 2.89% as compared to the figures of Q2. The index assesses the business friendliness of the Iranian economy, with a score of 10 signifying the worst grade and a decrease indicating an improvement in the business landscape. The reports holds unpredictability and fluctuations in the price of raw materials; instability of government policies and regulations for businesses; and difficulties in obtaining credit from banks as the reasons for deteriorating business environment during Q3.

13) Major industries mandated to invest in green energy

Mahmoud Karimi, Member, Board of Directors, Iranian Renewable Energy Equipment Manufacturers and Suppliers Association stated that, as per a recent legislation passed in Majlis, all Iranian industries with energy consumption requirements of more than 1 MW per day are mandated to meet 1% of their total energy demand via investing in green and renewable sources of energy. He added that industries which will not comply to this rule will be charged at least 10 times higher than the subsidized rates of each KW-h of electricity they consume.

14) Renewables can help reduce annual gas usage by 70 bcm: Secretary General, IREA

The Secretary General of the Iran Renewable Energy Association (IREA), Mohammad Amin Zanganeh stated that close to 70 billion cubic meters (bcm) of gas is burnt annually in thermal power stations of Iran to generate 300 billion Kwh. He added that the same amount of power could be generated by using renewable sources of energy, if the potential of wind and solar energy is unlocked in Iran. He further added that in the year 2022, \$85 billion worth liquefied fuels were burnt to produce electricity which led to shortage of domestic supply of gas to households during winters. He attributed cheaper prices of fossil fuels as one of the reasons for neglect of renewable energy sector.

15) Iran produces over 9 billion Kwh of electricity from renewable sources

As per the latest data, Iran produced 9.18 billion kilowatt hours (Kwh) of electricity from renewable sources during the first 10 months (March, 2022- January, 2023) of the current Iranian calendar year. As per the report, electricity generated from renewable sources constitutes 5% of the Iranian energy matrix and has led to saving of 24 million cubic meters of gas and 20 million liters of water.

16) Iran to enhance total power generation capacity by 7000MW

The spokesperson for Iranian Electricity Industry, Mostafa Rajabi Mashhadi stated that in order to meet high power demand during summer, Iran aims to increase its electricity generation by 7,778 MW by June, 2023. He further added that the Energy Ministry has defined 140 executive programs for ensuring sustained supply of electricity during summer.

Foreign Trade, Investment and Infrastructure

1) Iran can boost oil production to 6 million barrels per day (bpd) from 3.8 million

The Managing Director of Persia Oil and Gas industry Development Company, Jafar Hejazi stated that the total crude oil production capacity of Iran can be enhanced from the present 3.8 million bpd to 6 million barrels in the next five years by employing three methods, viz, using advanced pumps (increase of 780,000 bpd), using Hydrocracking method (increase of 850,000 bpd) and expansion of new oil fields.

2) Iran plans to increase its oil prices for Asian customers in March:

Reuters

As per reports, Iran has decided to increase the prices of its crude oil supply to Asia from March, 2023. As per the report, Iran Light will be sold at \$2 per barrel higher than the Dubai/ Oman Average whereas the price of Iran Heavy will be raised by \$0.35 per barrel above the Dubai/ Oman Average.

3) President Ebrahim Raisi visit to China

During his recent state visit to China, the President of Iran, Ebrahim Raisi signed 20 MoUs which inter alia include, an agreement worth \$12 billion to develop high speed railway link between Tehran and Mashhad, an agreement on investment in Imam Khomeini Airport City, investment in Iran Makran coast; and agreement on purchase of Iranian oil. Further, Iran has offered \$40 billion worth investment projects in its petroleum sector to China. These projects include the construction of methanol to olefins (MTO) units as well as petrochemical refinery complexes in Iran. In addition to these investment, Iran also sought \$20 billion worth financial package from China to expedite the development works in its petroleum sector. Separately, the Head of Trade Promotion Organization (TPO) of Iran, Alireza Peyman-pak, who had accompanied President Raisi to China, said that Iran and China have signed contracts worth \$3.5 billion in the fields of industry, mining, and Trade.

4) Iran aims to eliminate use of Dollar and Euro in trade with Russia and China

The Iranian Minister of Finance, Ehsan Khandouzi stated that the current Iranian administrations policy is to reduce excess reliance on currencies such as the US dollar and the Euro, and instead conduct trade with Russia and China in their own currencies. He went on to say that these efforts are important to avoid the negative consequences of sanctions on Iranian trade. He further said that the Governor of the Central Bank of Iran (CBI) held consultations with relevant Chinese officials during the recent visit of Iranian President Ebrahim Raisi to China from 14-16 February, 2023.

5) CBI allocates \$6.5 billion for import of essential items

As per reports, the Central Bank of Iran (CBI) since 01 January, 2023 had paid \$6.5 billion through NIMA system, to the importers of essential goods which include wheat, rice and feedstock. Of the total amount \$500 million was paid to import essential pharma

items, however, majority of the funds (\$4 billion) were utilised to import raw material for industries, including fibers, wool, rubber and material for tyre companies. (NIMA is an online platform managed by CBI where exporters sell the proceeds from exports to importers who wish to import items in Iran. The banks and authorised money exchange houses function as broker).

6) Iran reminds Pakistan of its obligation under the Iran-Pakistan Gas Pipeline Project

According to the Office of the Ministry of Energy, a delegation from Pakistan visited Iran three weeks ago and was informed that Iran had fulfilled its obligation under the Iran-Pakistan pipeline project and that Pakistan needed to finish building the pipeline on its territory by February or March of 2024 to avoid paying a penalty of up to \$18 billion.

7) Iran-Pakistan open their 5th border crossing

The Director (Border Markets) of Sistan and Baluchestan province, Mobin Ali Mir said that Iran and Pakistan had opened their 5th border crossing in the Saravan county of Sistan and Baluchestan province. He further added that the crossing was opened with an aim to enhance unity, support job creation and maintain security in the region.

8) Pakistan plans to import additional 100 MW from Iran

As per reports, Pakistan plans to import an additional 100MW of electricity from Iran as the Pakistan National Transmission and Despatch Company Limited (PNTDCL) has completed the construction work on 29km long, double circuit transmission line from Polan to Gwadar.

9) Electricity exports from Iran to neighboring countries decreased by 40%

The Iran Power Generation, Distribution, and Transmission Company (Tavanir), Mostafa Rajabi-Mashhadi stated that in order to meet the domestic electricity demand, exports of electricity to neighboring countries including Iraq, Afghanistan, Pakistan and Azerbaijan have been reduced by 40%. Thermal power contributes 80% to total energy matrix in Iran. However, in the recent months due to decreased gas supply to thermal power stations the production has declined leading to export cuts.

10) Exports of natural gas from Iran to Iraq & Turkey decline by 75%

The Head of the Board of Directors, Iranian Oil, Gas and Petrochemicals Products Exporters Association, Hamid Hosseini stated that exports of natural gas from Iran to Iraq & Turkey were reduced by 75% or 46 million cubic meters per day on account of exponential rise in domestic gas supply demand in Iran due to severe cold weather conditions.

11) Iran organizes conference on Iranian Rail Transport

A conference on capacities and potentials of Iranian rail transport network was organised on 07 February, 2023 in Tehran. The participants from Uzbekistan, Belarus, Russia, Kazakhstan, Tajikistan, Turkmenistan and Kyrgyzstan attended the conference. It was aimed to exhibit the importance of International rail corridors that pass through Iran.

12) China pursuing development of Tehran-Isfahan Railway

The Iranian Deputy Minister of Road and Urban Development, Kheyrollah Khademi, stated that the Chinese side is eager to finance the construction of Tehran-Isfahan railway. He added that the project, which is entirely financed by China, has reached the upper ceiling limit of 3.8 billion yuan, and a proposal to increase the finance ceiling is currently under consideration by the Economic Council.

13) Iran planning to launch trade center in China by March, 2023

The Head of the Iran-China Joint Chamber of Commerce, Majid Reza Hariri said that Iran plans to open a trade center in China by late March, 2023. He added that the center will be launched with an aim of pursuing the implementation of the recently concluded agreements between Iran and China during the visit of President Ebrahim Raisi to China from 14-16 February, 2023.

Trends in Bilateral trade and investment

i. Bilateral Trade

(in million USD)

	Export	Import	Total	Exports % Change	Imports % Change
Iran's monthly non-oil trade with India (December 2022) Source: DoC, India	161.50	46.41	207.91	-4.70	24.46
Iran's cumulative non-oil trade with India (April to December 2022) Source: DoC, India	1,336.93	484.67	1,821.60	42.04	64.03
Iran's non-oil global trade (December 2022) Source: Islamic Republic of Iran Customs Administration	2,231	4,148	6,379	-38.40	-8.45
Iran's cumulative non-oil global trade (April to December 2022) Source: Islamic Republic of Iran Customs Administration	45,319	48,485	93,804	17.66	16.86

ii. India's top 10 exports to Iran (in million USD)

S.No	Commodity (HS code)	Period	Total (mn \$)	% Growth	% share in total export
1	Basmati Rice (10063020)	December 2022	91.09	-15.46	81.72
2	Other compounds containing an unfused imidazole ring (w/n hydrntd) in structure (29332990)	December 2022	12.72	3,673.43	74.69
3	Other cane sugar excl. those specified in note 2 (17011490)	December 2022	12.22	-	18.93
4	Tea black in pckt >3kg but <= 20 kg (09024010)	December 2022	3.87	-15.62	6.55

S.No	Commodity (HS code)	Period	Total (mn \$)	% Growth	% share in total export
5	Bananas, fresh (08039010)	December 2022	2.98	-36.70	15.90
6	Kernels, H.P.S. (12024210)	December 2022	2.97	-28.27	16.28
7	Tea black, leaf in bulk (09024020)	December 2022	2.90	-39.79	4.91
8	Rice parboiled (10063010)	December 2022	2.62	18.58	10.33
9	Boneless meat of bovine animals, frozen (02023000)	December 2022	1.95	75.81	47.56
10	Styrene	December 2022	1.66	114.63	25.18

Source: Department of Commerce, India

iii. Iran's top 10 imports from the World (in million USD)

S.No	Commodity	HS Code	Period	Total	% share in total import
1	Of a domestic manufacture from 20 percent to 30 percent excluding Tires	98870312	December 2022	297.55	7.17
2	Oilcake	23040000	December 2022	277.36	6.68
3	Animal corn	10059010	December 2022	236.27	5.69
4	Machines and devices for manufacturing semiconductor devices, electronic integrated circuits	84862000	December 2022	222.34	5.36
5	Components and parts of nuclear reactors	84014000	December 2022	110.40	2.66
6	Wheat	10019920	December 2022	100.54	2.42
7	Rice semi-milled or wholly-milled rice, whether or not polished or glazed	10063020	December 2022	84.50	2.03
8	Soya	12019010	December 2022	83.98	2.02
9	Sunflower seed oil, safflower oil or false saffron (Carthame), raw	15121100	December 2022	83.90	2.02
10	Unrefined sugar	17011300	December 2022	81.54	1.96

S.No	Commodity	HS Code	Period	Total	% share in total import
Source: Islamic Republic of Iran Customs Administration					

iv. India's top 10 imports from Iran (in million USD)

S.No	Commodity (HS code)	Period	Total (mn \$)	Percentage Growth (%)	% share in total Export
1	Petroleum bitumen (27132000)	December 2022	7.95	115.06	8.71
2	Liquified butanes (27111300)	December 2022	7.11	-	6.40
3	Saturated Methanol (methyl alcohol) (29051100)	December 2022	5.17	-	9.59
4	Dry dates soft, khayzur or wet dates (08041020)	December 2022	4.76	23.92	15.78
5	Liquified propane (27111200)	December 2022	3.91	-	1.72
6	Shelled (08025200)	December 2022	2.84	137.20	32.23
7	Apples fresh (08081000)	December 2022	2.83	-75.92	15.61
8	Shelled almonds frsh or dried (08021200)	December 2022	2.78	246.91	17.61
9	In shell (08025100)	December 2022	2.19	-52.42	14.97
10	Asafoetida (13019013)	December 2022	1.03	182.51	2.98
Source: Department of Commerce, India					

v. Iran's top 10 exports to world (in million USD)

S.No	Commodity	HS Code	Period	Total	% share in total export
1	Liquified: Propane	27111290	December 2022	253.27	11.35
2	Cathode and cathode parts made of refined copper	74031100	December 2022	179.41	8.04
3	Other liquefied butane	27111390	December 2022	138.11	6.19
4	Polyethylene film grade with specific weight (density) less than 94%	39011030	December 2022	115.41	5.17

S.No	Commodity	HS Code	Period	Total	% share in total export
5	Methanol	29051100	December 2022	82.95	3.71
6	Semi-finished products of iron or unalloyed steel with a square or rectangular cross-section whose width is less than twice its thickness with a thickness of more than 200 mm	72071190	December 2022	72.08	3.23
7	Natural gas, liquefied	27111190	December 2022	60.88	2.72
8	Other aromatic hydrocarbon mixtures of which 65 % or more by volume	27075000	December 2022	54.30	2.43
9	Light, oils, preparations	27101290	December 2022	49.35	2.21
10	Lubricating oils and other heavy oils and preparations n.e.s., containing by weight >= 70% of petroleum oils	27101990	December 2022	39.52	1.77
Source: Islamic Republic of Iran Customs Administration					

vi. Potential products of exports for India

S.No.	HS Codes	Description	Rationale
1	85171210	Mobile phones	These are amongst the top import items in Iran with high percentage of growth which can be capitalized by Indian exporters
2	98870312	Of a domestic manufacture from 20 percent to 30 percent excluding Tires	
3	84862000	Machines and devices for manufacturing semiconductor devices, electronic integrated circuits	

Market Access

- i. Alerts on tariff changes, non-tariff barriers (SPS/TBT measures, import and export procedures/restrictions/prohibitions/licensing etc); trade policy developments:

S.No	Notification no. and dated or other references	Details	Effective from
1	NA		

- ii. Alerts on Trade Defense Measures taken by Iran (safeguards including special safeguards, antidumping, CVD or Anti-subsidy)

S.No	Notification no. and dated or other references	Details of products/sectors affected (including HS codes)	Effective from
	NA		

- iii. Feedback on major trade fairs/BSM including Indian participation (whether or not supported by MAI funds)

S.No	Particulars of trade Fair, dates etc	Number of participants from India	List of Large participants	Feedback received
1	NA			

- iv. Total trade enquiries received

S.NO	Month	Enquiries received
1.	April 2022	37
2.	May 2022	52
3.	June 2022	69
4.	July 2022	70
5.	August 2022	74
6.	September 2022	72
7.	October 2022	54
8	November 2022	38
9	December 2022	35
10	January 2023	80
11	February 2023	41
Total		501