

# Country Brief

On

# IRAN



**MARKETING DIVISION (ASIA & EUROPE), TDAP**

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## **ECONOMIC OVERVIEW OF IRAN**

### **Population**

78,868,711 (July 2012 est.)

### **GDP (Purchasing power parity)**

\$928.9 billion (2011 est.)

### **GDP – composition by sector**

Agriculture: 11.2%

Industry: 40.6%

Services: 48.2% (2011 est.)

### **Inflation rate**

22.5% (2011 est.)

### **Agriculture products**

Wheat, rice, other grains, sugar beets, sugar cane, fruits, nuts, cotton; dairy products, wool; caviar.

### **Industries**

Petroleum, petrochemicals, fertilizers, caustic soda, textiles, cement and other construction materials, food processing (particularly sugar refining and vegetable oil production), ferrous and non-ferrous metal fabrication, armaments.

### **Exports**

\$131.8 billion (2011 est.)

### **Export commodities**

Petroleum 80%, chemical and petrochemical products, fruits and nuts, carpets.

### **Export partners**

China 19%, India 14.8%, Japan 11.6%, Turkey 8%, South Korea 6.7%, Italy 6.2%, Spain 4.7% (2010).

### **Imports**

\$54.6 billion (2011 est.)

### **Import commodities**

Industrial supplies, capital goods, foodstuffs and other consumer goods, technical services.

### **Import partners**

1) UAE 28.6%, 2) China 10.4%, 3) Germany 8.16%, 4) South Korea 6.7%, 5) Turkey 4.2%, 6) Switzerland 3.91%, 7) France 3.64%, 24) Pakistan 0.74% (2010).

(Source: CIA Factbook-www.cia.gov)

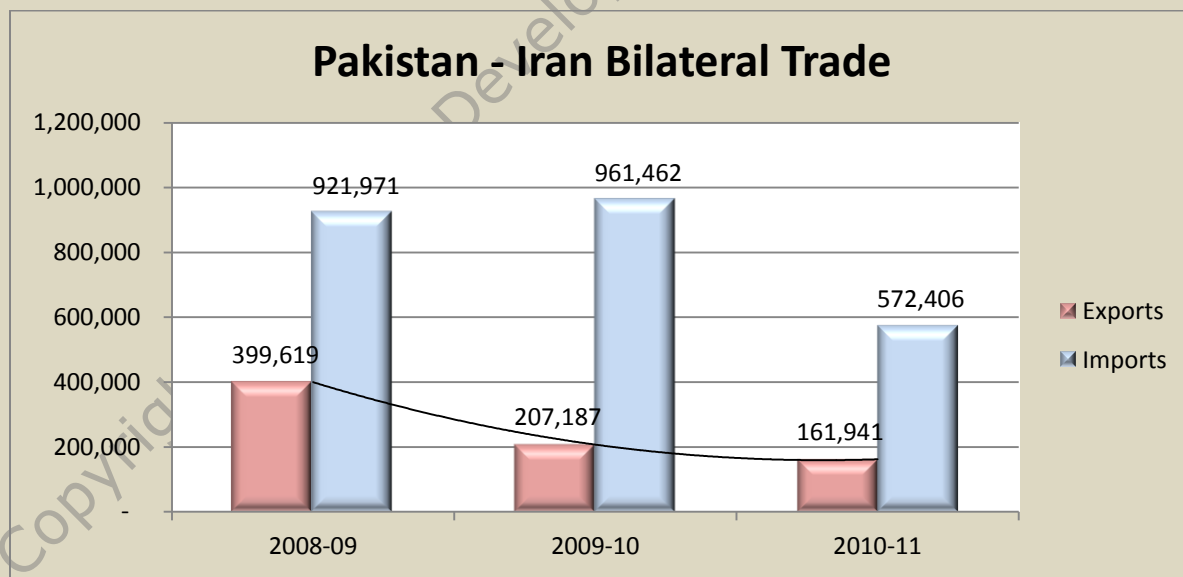
## PAKISTAN - IRAN BILATERAL TRADE

The table below illustrates the pattern of trade during the last 03 years. The statistical data of bilateral trade reveals that our exports have decreased from US\$ 399M in 2008-09 to 161M in 2010-11 indicating a decrease of 59.4%. Our imports have also decreased from US\$ 921M in 2008-09 to US\$ 572M in 2010-11 by 37.9% during last three years. As the table shows Pakistan has negative trade balance with Iran. Our major exporting products to Iran are rice, fruits & vegetables, textiles, surgical goods, chemicals, molasses etc. Our major importing products from Iran are mineral fuels, chemicals, plastics, iron & steel, fertilizers, leather & leather products etc.

Value in 000 \$

Source: FBS

	2008-09	2009-10	2010-11
<b>Exports</b>	399,619	207,187	161,941
<b>Imports</b>	921,971	961,462	572,406
<b>Balance</b>	(522,352)	(754,275)	(410,465)

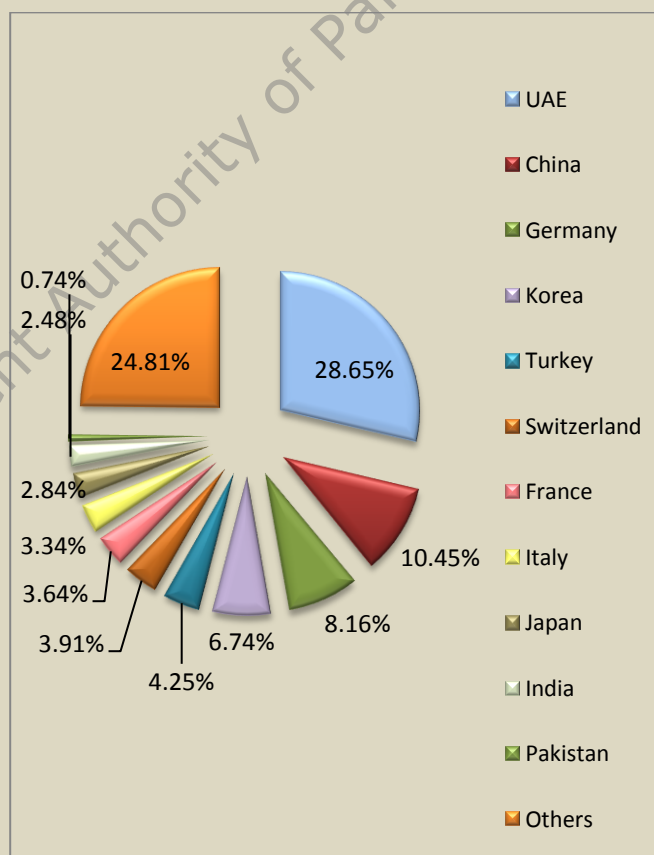


## TOP 10 EXPORTERS TO IRAN

Value in 000 \$

Source: ITC

S#	Exporters	2010	Share % 2010
	<b>World</b>	<b>54,697,236</b>	
1	UAE	15,670,557	28.65%
2	China	5,714,520	10.45%
3	Germany	4,463,577	8.16%
4	Korea	3,687,112	6.74%
5	Turkey	2,323,535	4.25%
6	Switzerland	2,140,296	3.91%
7	France	1,988,504	3.64%
8	Italy	1,824,701	3.34%
9	Japan	1,554,814	2.84%
10	India	1,354,001	2.48%
<b>24</b>	<b>Pakistan</b>	<b>402,670</b>	<b>0.74%</b>
	Others	13,572,949	24.81%



## TOP 20 PRODUCTS IMPORTED BY IRAN

Value in 000 \$  
Source: ITC

S#	Code	Product label	2010
	<b>TOTAL</b>	<b>All products</b>	<b>54,697,236</b>
1	'84	Machinery, nuclear reactors, boilers, etc	11,589,577
2	'72	Iron and steel	7,706,764
3	'85	Electrical, electronic equipment	3,018,533
4	'99	Commodities not elsewhere specified	2,835,019
5	'87	Vehicles other than railway, tramway	2,479,636
6	'10	Cereals	2,284,792
7	'39	Plastics and articles thereof	2,165,046
8	'73	Articles of iron or steel	1,838,166
9	'27	Mineral fuels, oils, distillation products, etc	1,472,534
10	'90	Optical, photo, technical, medical, etc apparatus	1,392,992
11	'30	Pharmaceutical products	1,255,177
12	'48	Paper & paperboard, articles of pulp, paper and board	1,148,530
13	'29	Organic chemicals	1,146,252
14	'15	Animal, vegetable fats and oils, cleavage products, etc	1,137,671
15	'02	Meat and edible meat offal	890,593
16	'23	Residues, wastes of food industry, animal fodder	843,491
17	'17	Sugars and sugar confectionery	790,029
18	'40	Rubber and articles thereof	775,816
19	'38	Miscellaneous chemical products	738,839
20	'44	Wood and articles of wood, wood charcoal	619,817

## PAKISTAN TOP 20 EXPORTING PRODUCTS TO IRAN

Value in 000 \$  
Source: FBS

S#	H.S #	ITEMS	UNITS	JULY-JUNE 2010-11		JULY-JUNE 2009-10	
			QTY.	QTY.	000 \$	QTY.	000 \$
		<b>All Products</b>			<b>161,941</b>		<b>207,187</b>
1	10063010	RICE BASMATI	MT	146,004	87,970	186,872	126,576
2	10063090	RICE OTHER VARIETIES	MT	15,114	8,037	58,856	26,679
3	8052010	KINO, FRESH	KG	24,602,705	7,481	43,868,775	10,070
4	2045000	MEAT OF GOATS FRESH/CHILL/FROZ	KG	1,135,652	7,025	-	-
5	89019000	OTH VESSELS FOR PERSONS/GOODS	NO	26	4,591	30	4,833
6	2042100	OTH MEAT OF SHEEP,FR/CHILLED	KG	761,477	2,647	-	-
7	8045020	MANGOES	KG	4,417,202	2,478	2,687,194	1,101
8	2042200	OTH MEAT SHEEP,FR/CH BONE	KG	443,988	2,166	-	-
9	82122000	SAFETY RAZOR BLADES,	GR	115,909	2,121	66,981	1,288
10	1029040	OTHER OXEN	NO	6,820	1,938	-	-
11	12074000	SESAMUM (SESAME) SEEDS	KG	1,413,864	1,832	1,643,132	2,290
12	53109010	JUTE, HESSIAN CLOTH	MT	3,023	1,765	4,542	2,558
13	35030010	GELATIN	KG	413,302	1,755	352,500	1,357
14	90189090	OTH INST,APP MEDICAL/SUR/VETEN	NO	597,938	1,745	620,524	1,628
15	52094200	COTTON WOV FAB DENIM>200G/SQM	SQM	1,451,796	1,735	2,397,519	2,511
16	1021010	PURE BRED BREEDING BUFFALOES	NO	4,078	1,432	-	-
17	63051000	SACK/BAGS OF JUTE OTH TEX FIB	MT	877	1,399	436	475
18	10064000	BROKEN RICE	MT	2,080	1,116	1,217	580
19	39031100	POLYSTYRENE EXPANSIBLE	KG	558,800	844	36,000	48
20	52114200	W-FAB COT DENM,MX MFW>200G/SQM	SQM	655,840	797	360,876	411

## PAKISTAN TOP 20 IMPORTING PRODUCTS FROM IRAN VALUE IN 000 \$

SOURCE: FBS

S#	H.S #	ITEMS	UNITS	JULY-JUNE 2010-11		JULY-JUNE 2009-10	
			QTY.	QTY.	000 \$	QTY.	000 \$
		<b>All products</b>			<b>572,406</b>		<b>961,462</b>
1	27090000	PETROLEUM OILS FROM BITUMINOUS	MT	396,495	225,848	1,204,661	569,771
2	29024300	P-XYLENE	KG	85,394,091	110,450	99,397,220	104,336
3	39012000	POLYETHYLENE SP.GRAVITY>0.94	KG	49,436,375	58,100	43,717,327	53,795
4	26011100	IRON ORES, CONCEN,NON-AGGLOMERT	MT	166,568	26,539	306,499	41,006
5	72044990	OTH WASTE AND SCRAP	MT	104,967	26,406	175,047	41,554
6	39011000	POLYETHYLENE SP GRAVITY<0.94	KG	18,760,125	25,653	12,643,765	15,586
7	38170000	MIXE ALKYL-BENZEN&MIX AL-NAPHT	KG	6,346,556	10,392	2,183,468	3,229
8	27132000	PETROLEUM BITUMEN	MT	71,733	9,951	83,100	11,589
9	85043400	OTH TRANSFORMER-PHC>500 KVA	NO	25	5,523	-	-
10	27160000	ELECTRICAL ENERGY	K.W	92,116	5,037	36,036,712	16,723
11	41021020	SHEEP SKIN WITH WOOL,RAW FR/DR	KG	2,441,343	4,412	4,129,816	4,512
12	27111910	L.P.G. LIQUEFIED	KG	8,269,242	3,790	18,559,987	9,392
13	25030000	SULPHUR OF ALL KINDS	MT	20,552	3,749	21,912	2,162
14	8025000	PISTACHIO	KG	625,398	3,422	701,830	3,035
15	72083890	OTH COIL H-RILLED OF I/NA-STEEL	MT	4,849	3,136	3,001	1,608
16	41051000	WET BLUE LAMB,SHEEP SKIN	SQM	772,113	3,047	610,819	2,465
17	9092000	SEEDS OF CORIANDER	KG	7,301,875	2,402	5,296,460	1,873
18	84099910	OTH RING&PISTON FOR VEH CH-87	KG	424,612	2,278	846,354	4,819
19	39191090	OTH INSULATING TAPE IN ROLLS	KG	449,934	2,003	-	-
20	79011200	ZINC CON BY WT<99.99%	KG	893,350	1,900	-	-

## **PAKISTAN'S COMPETITORS WITH THEIR SHARE**

Rice has been the major item in Pakistan's exports to Iran and petroleum products constitutes the major import item from Iran. However, during recent years our export portfolio for Iran has been broadened by inclusion of items like fresh fruits, kinnow and mango, vegetable such as potatoes; polyester/acrylic synthetic staple fiber, woven fabrics of synthetic filament yarn, woven fabrics of cotton and cotton mix, jute and jute fabrics, terry towels, paper and paperboard coated, surgical instruments, sesame seeds and tents. However, it is estimated that around 85% of our exports consist of rice & fresh fruits (kinnow & Mangoes) and the details are as follows:

### **i. Rice:**

Iran produces 2.0-2.2 million metric tons of rice locally, while its annual requirements of rice are about 3.0 million M. Tons. Iran imports about 0.8-1.0 million Metric Tons of rice every year for fulfilling the demand. According to the data procured from Iranian Customs, Iran imports about 99% of rice from UAE, Pakistan & India. Pakistan holds about 40% of market share directly and about 20% via indirect exports via Dubai. India altogether hold about 30% of the market, while the rest 10% is shared by Thailand, Vietnam & Uruguay. In 2008-09 Pakistan exported 376,366 MT worth US \$ 330.5 million of rice to Iran, while according to FBS data, from Jul-May (FY 2009-2010), Pakistan has exported 246,945 M. tons worth US \$ 153 million and in 2010-11 Pakistan has exported 163, 198 M. tons worth US\$ 97.12 million to Iran. According to the data procured from Quetta Customs, Pakistan has exported 378,018.5 M.Tons of Rice through Taftan and other land customs stations to Iran during the financial year 2009-10, while during 2008-09, the quantity of rice exported via land routes was 383,779.7 M Tons. These figures show that the volume of rice exports are almost the same, while the unit value of rice has decreased almost by half, it is apprehended that the reason for decline in average unit price is mainly due to under invoicing by the exporters. In view of above, it can be said the Pakistan has almost maintained the share of Iranian market quantity-wise.

### **ii . Kinnows:**

Kinnow exports to Iran started in 2006 and with passage of time, kinnow has been established throughout Iran, as its taste is liked by Iranian. The volume of our annual exports of Kinnow ranges from 50,000-70,000 M. Tons per season, which fetch about US\$ 25-35 million foreign exchange. Iran also provide also important transit route for our kinnow exports to Iraq, Azerbaijan & Russia. In this category, we have no direct competitor. The main issue in our kinnow export is packaging which can be resolved by further research and investment in this area.

### **iii. Mangoes:**

Our mangoes exports to Iran started in 2008 and during the last three years, there have been a steady increase in the volume of exports to Iran. During 2009 season, the quantity reached 14,000 MT, while for 2010, the mangoes exports are estimated to be around 20,000 MT. In this category, we have some competition from India. However, Pakistan holds about 80% of the market.



#### **iv. Meat:**

Iran imports about 100,000-150,000 M. tons of meat annually majorly from Brazil and Argentine, Pakistan name has been included in the list of countries from where meat import is permissible. Iran Veterinary Organization (IVO) has approved about six units from Pakistan to export and export has already started by these units, there is a huge potential in the market. Pakistan's total meat export to Iran is approx US\$12.7 M in 2010-11 in which mutton export is US\$11.8M contributing almost 93% of total meat export to Iran.

#### **v. Textiles:**

The import duty on various textile items ranges from 70-100%, therefore, legal imports becomes very expensive. Most of the textile products available in Iranian markets are from Turkey and Dubai. Pakistan's textile products are also smuggled to Iran. Iranian wants quality textile products and many Turkish, Spanish and Chinese brands are popular in Iranian market. The image of Pakistani textile products in Iranian market is not very encouraging; there is no presence of Pakistan's high-end textile products due to high duty rates. Iranian market has a huge potential of our textile products especially garments and denim as 90% of Iranian women put on jeans in their routine life. Pakistan exports textiles to Iran worth US\$3M in 2010-11 which is only 0.02% of Pakistan's total textile exports to world. There is a bright chance for our leading textile exporters like Gul Ahmed, Al-Karam, Chen-one, Siddiqsons etc if they can enter Iranian market.

### **PAK - IRAN PREFERENTIAL TRADE AGREEMENT (PTA)**

On 4<sup>th</sup> March 2004, Pak-Iran Preferential Trade agreement was signed. The ratification process took about two years and it was implemented by Pakistan on 1<sup>st</sup> September, 2006 and by Iran on 6<sup>th</sup> November 2006. Tariff preferences granted by Iran to Pakistan under the PTA is available at:

[http://www.commerce.gov.pk/PIPTA/TARIFF\\_PREFERENCES\\_GRANTED\\_BY\\_IRAN\\_TO\\_PAKISTAN.pdf](http://www.commerce.gov.pk/PIPTA/TARIFF_PREFERENCES_GRANTED_BY_IRAN_TO_PAKISTAN.pdf)

Tariff preferences granted by Pakistan to Iran under the PTA is available at:

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(Source: Commercial Section Iran)



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