

## **Pakistan & Iran**



### **Country Information:**

- Iran's economy is marked by statist policies, inefficiencies, and reliance on oil and gas exports, but Iran also possesses significant agricultural, industrial, and service sectors.
- The Iranian government directly owns and operates hundreds of state-owned enterprises and indirectly controls many companies affiliated with the country's security forces. Distortions - including inflation, price controls, subsidies, and a banking system holding billions of dollars of non-performing loans - weigh down the economy, undermining the potential for private-sector-led growth.
- Private sector activity includes small-scale workshops, farming, some manufacturing, and services, in addition to medium-scale construction, cement production, mining, and metalworking.
- Significant informal market activity flourishes and corruption is widespread. Fiscal and monetary constraints, following the expansion of international sanctions in 2012 on Iran's Central Bank and oil exports, significantly reduced Iran's oil revenue, forced government spending cuts, and sparked a sharp currency depreciation. Iran's economy contracted for the first time in two decades during both 2012 and 2013, and grew only slightly 2014.
- Iran continues to suffer from high unemployment and underemployment. Lack of job opportunities has prompted many educated Iranian youth to seek employment overseas, resulting in a significant "brain drain."
- In connection with ongoing international negotiations over Iran's nuclear program the limited sanctions relief for Iran provided under the Joint Plan of Action of November 2013, helped to forestall the decline in the economy in 2014.

### **GDP (purchasing power parity):**

- \$1.357 trillion (2014 est.)
- \$1.301 trillion (2013 est.)
- \$1.326 trillion (2012 est.)

### **GDP (official exchange rate):**

\$416.5 billion (2014 est.)

## Pakistan & Iran



### GDP - real growth rate:

- 4.3% (2014 est.)
- -1.9% (2013 est.)
- -6.6% (2012 est.)

### GDP - per capita (PPP):

- \$17,400 (2014 est.)
- \$16,700 (2013 est.)
- \$17,000 (2012 est.)

### GDP - composition, by end use:

- Household consumption: 50.6%
- Government consumption: 10.7%
- Investment in fixed capital: 26.2%
- Investment in inventories: 7.2%
- Exports of goods and services: 24.2%
- Imports of goods and services: -18.9%
- (2014 est.)

### GDP - composition by sector:

- Agriculture: 9.2%
- Industry: 37.7%
- Services: 53.1% (2014 est.)

### Inflation rate (consumer prices):

- 15.5% (2014 est.)
- 34.7% (2013 est.)

### Industries:

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

### Industrial Production Growth Rate:

- 4.9% (2014 est.)

## Pakistan & Iran



### Pakistan Export to Iran by Products in US Dollars:

Product code	Product label	Pakistan's exports to Iran, Islamic Republic of		
		Value in 2012	Value in 2013	Value in 2014
TOTAL	All products	141,954	62,635	43,049
'48	Paper and paperboard, articles of pulp, paper and board	8,020	23,112	23,896
'10	Cereals	68,857	15,642	5,973
'02	Meat and edible meat offal	31,520	5,308	5,216
'84	Machinery, nuclear reactors, boilers, etc	334	204	1,587
'39	Plastics and articles thereof	1,838	2,292	1,295
'90	Optical, photo, technical, medical, etc apparatus	2,262	1,913	1,067
'17	Sugars and sugar confectionery	281	2,492	1,013
'89	Ships, boats and other floating structures	2,385	676	690
'52	Cotton	2,371	1,235	393
'20	Vegetable, fruit, nut, etc food preparations	2,194	916	391
'41	Raw hides and skins (other than furskins) and leather	51	636	345
'63	Other made textile articles, sets, worn clothing etc	859	735	148
'30	Pharmaceutical products	773	110	119

### Iran Export Commodities:

Petroleum 80%, chemical and petrochemical products, fruits and nuts, carpets, cement, ore

### Exports - partners:

China 29%, India 11.9%, Turkey 10.4%, Japan 6.5%, South Korea 4.8% (2014)

## Pakistan & Iran



### Pakistan Imports from Iran by Products in US Dollars:

Product code	Product label	Pakistan's imports from Iran, Islamic Republic of		
		Value in 2012	Value in 2013	Value in 2014
TOTAL	All products	120,338	167,777	185,731
'27	Mineral fuels, oils, distillation products, etc	35,057	59,315	58,101
'89	Ships, boats and other floating structures	0	14,269	27,990
'72	Iron and steel	19,431	23,217	21,099
'07	Edible vegetables and certain roots and tubers	5,744	4,969	15,607
'41	Raw hides and skins (other than furskins) and leather	8,158	29,633	13,823
'85	Electrical, electronic equipment	568	4,633	9,549
'25	Salt, sulphur, earth, stone, plaster, lime and cement	3,679	6,080	9,048
'08	Edible fruit, nuts, peel of citrus fruit, melons	3,941	2,313	7,088
'39	Plastics and articles thereof	5,376	2,952	4,800
'09	Coffee, tea, mate and spices	2,668	1,477	4,115
'29	Organic chemicals	17,521	4,745	3,813
'69	Ceramic products	63	389	2,807
'73	Articles of iron or steel	290	1,568	1,281
'04	Dairy products, eggs, honey, edible animal products	257	619	933

### China Import Commodities:

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

## Pakistan & Iran



### Imports - partners:

UAE 30.6%, China 25.5%, Algeria 8.3%, India 4.6%, South Korea 4.4%, Turkey 4.1% (2014)

### Agreements:

#### Preferential Trade Agreement:

1. Pakistan signed a Preferential Trade Agreement with Islamic Republic of Iran on 4th March 2004. The Cabinet ratified the agreement on 25th May 2005. As mutually agreed the agreement has become operational from 1st September 2006.
2. Under the Agreement, Pakistan offered concessions to Iran on 338 tariff lines, whereas Iran gave concessions on 309 tariff lines. Preferences granted by both countries to each other cover approximately 18% of MFN tariff of both countries.
3. To implement the Pak-Iran PTA the following S.R.O.(s) have been issued:
  - i. SRO 872(I)/2006 dated 24th August, 2006 (issued by Ministry of Commerce)
  - ii. SRO 894(I)/2006 dated 31st August, 2006 (issued by Federal Board of Revenue)

## Pakistan & Iran

Sr. No.	Agreements	Year	Purpose
1.	Preferential Trade Agreement	March 2004	Under the Agreement, Pakistan offered concessions to Iran on 338 tariff lines, whereas Iran gave concessions on 309 tariff lines. Preferences granted by both countries to each other cover approximately 18% of MFN tariff of both countries
2.	Agreement on Transfer of Offenders (Transfer of Sentenced Persons)		
3.	MoU on Anti-Money		
4.	. MoU on Statistical Cooperation		
5.	Renewal of the Cultural Exchange Programme		
6.	MoU on Sports Cooperation		
7.	MoU on Cooperation in Preventing and Combating Pollution from Ships		
8.	MoU on		

## Pakistan & Iran



	<b>establishment of Joint Border Commission</b>		
<b>9.</b>	<b>MoU between TDAP and IIEC</b>		