

Авори Омувай Симе, студент магистратуры,
Финансовый университет при Правительстве
Российской Федерации, г. Москва
Awori Omuvai Sime, master's student, Financial University
under the Government of the Russian Federation, Moscow

Лив Соксан, студент магистратуры,
Финансовый университет при Правительстве
Российской Федерации, г. Москва
Liv Soksan, master's student, Financial University
under the Government of the Russian Federation, Moscow

**УГЛУБЛЕННОЕ ИССЛЕДОВАНИЕ УСТОЙЧИВОСТИ
ИРАНСКОЙ ЭКОНОМИКИ И ВОЗМОЖНОГО ПОТЕНЦИАЛА РОСТА
IN-DEPTH STUDY ON THE SUSTAINABILITY OF IRANIAN ECONOMY
AND POSSIBLE GROWTH POTENTIAL**

Аннотация. Эта работа представляет собой углубленный обзор состояния иранской экономики, областей ограничений, возможного роста и инвестиций. Это подчеркивает постоянное стремление к поддержанию экономики посредством государственных доходов, создания рабочих мест и валютных резервов в экономике. Цель этой статьи - обсудить необходимость диверсификации экспорта Ирана как страны и снижения зависимости от экспорта сырой нефти и зависимости от импорта других стран для достижения устойчивого экономического роста. Мы использовали методы сравнительного анализа, дедуктивного анализа, а также анализа исторических данных и текущего состояния экономики. Хотя результат показывает, что концепция увеличения прямых иностранных инвестиций, диверсификация экономики и продвижение сильного и конкурентного рынка являются путем вперед для иранской экономики. Ключевым выводом является изучение зависимых переменных, которые можно предсказать, и независимых переменных, которые могут повлиять на зависимые переменные по отношению к экономике, с акцентом на важность открытости торговли, государственных расходов, уровня инфляции и роста ВВП.

Abstract. This work provides an in-depth and overview of the state of Iranian economy, areas of limitation, possible growth and investment. It highlights the constant push for economic sustenance, through government revenue, job creation, and foreign exchange reserves in the economy. The aim of this article is to discuss the need for Iran as a country to diversify its exports and reduce dependence on crude oil exports and its import reliance on foreign countries in order to attain sustainable economic growth. We have employed the methods of comparative analysis, deductive analysis, as well as the analysis of historical data and the current state of the economy. Although the result shows that concept of increased foreign direct investment, diversification of the economy, and promotion of strong and competition market are the way forward for the Iranian economy. The key conclusion is the examining of the dependent variables that can be predicted and the independent variables that can affect the dependent variables in relation to the economy, with a focus on the importance of trade openness, government expenditure, inflation rate, and GDP growth.

Ключевые слова: экономический рост, ВВП, государственные доходы, нефтепродукты экспорт, диверсификация, ПИИ.

Keywords: economic growth, GDP, government revenue, non-oil exports, diversification, FDI.



INTRODUCTION

This paper focuses in deeply on the Iranian economy, Iran's economy is characterized by its hydrocarbon, agricultural, and service sectors, as well as a noticeable state presence in manufacturing and financial services. While relatively diversified for an oil exporting country, economic activity and government revenues still rely on oil revenues and have, therefore, been volatile. A new five-year development plan is under preparation. Iran's economy is slowly emerging from a decade-long stagnation bogged by two rounds of economic sanctions, marked oil price cyclicity, and the COVID-19 pandemic. Despite adjustments that partially mitigated the impact of external shocks, the economy remains constrained by widespread inefficiencies and price distortions.

ECONOMICS OVERVIEW OF IRAN

Iran's economy continues its gradual recovery that started in mid-2020, driven by the oil sector and services. However, water and energy shortages led to a contraction of the agriculture and industry sectors. Only a third of the pandemic-period jobs losses have so far been recovered. Oil revenue shortfalls led to a growing budget deficit, adding to inflationary pressures through the government's deficit financing operations.

Recent Developments

Iran's economy is slowly emerging from a decade-long stagnation bogged by two rounds of economic sanctions, marked oil price cyclicity, and the COVID-19 pandemic. Despite adjustments that partially mitigated the impact of external shocks, the economy remains constrained by widespread inefficiencies and price distortions that have contributed to the economy's subpar performance. While social protection measures partly mitigated pressures, the lack of targeting and inflation indexation reduced their impact over time. Furthermore, climate change challenges in Iran have hurt growth, especially in labor-intensive agriculture and industry sectors, following record high temperatures and low rainfalls. These factors constrain the pace of recovery and the dynamism of the economy in the outlook.

The United States has implemented economic sanctions against Iran for almost 30 years in an effort to lessen Iran's support for terrorism. The United States' current sanctions strategy was first put into place in 1984 as a result of Iran's involvement in the bombing of the Marine Corps barracks in Beirut. Since then, the United States has gradually added further trade restrictions with Iran with the aim of hindering the growth of the Iranian oil industry, decreasing its principal source of export revenue, and limiting its ability to support terrorism. The sanctions policy's objectives have lately been widened to impede Iran's nuclear program and the development of nuclear weapons.

U.S. sanctions have mostly been designed to discourage foreign investment in Iran's energy sector. Companies investing more than \$40 million a year in Iran's oil and gas industry were subject to sanctions under the 1996 Iran and Libya Sanctions Act (ILSA). After the first two years of sanctions, the threshold was lowered to \$20 million annually. Following presidents extensively abused this power to avoid putting sanctions on significant European oil companies. The ILSA provided the President the ability to waive the sanctions if the move was in the U.S. national interest. The ILSA's five-year expiration date was twice extended, in 2001 and 2006. Because of the combined effects of the sanctions and the egregious mismanagement of those restrictions throughout those 15 years, the rise of Iranian oil production stagnated.

Maintaining pressure on Iran won't be simple. The diplomatic equivalent of Muhammad Ali's well-known "rope-a-dope" strategy of wearing down opponents, Iran will undoubtedly attempt to split the sanctions coalition by offering to negotiate restrictions on its nuclear program in exchange for a relaxation of the restrictions on the purchase of its oil. Iranian leaders will test the resilience of the sanctions coalition in the hopes that in a short amount of time, their main consumers will resume regular purchases and break with the transatlantic powers-who in turn would



not risk significant trade disruptions with the major Asian economies as a result of the imposition of the harsh financial sanctions.

Outlook

Average GDP growth is projected to remain modest in the medium term as the economy remains constrained by the continued impact of the pandemic through weaker domestic and global demand, while trade, especially oil exports, remains restricted by ongoing sanctions. Iran's economic outlook is subject to significant risks. On the upside, further increase in oil prices can directly boost fiscal revenues and indirectly lead to a faster growth in oil export volumes. Downside risks relate to the resurgence of new COVID-19 variants, worsening climate change impact, and heightened geopolitical tensions including the war in Ukraine's impact on global food prices and Iran's imports.

RESEARCH AND DEVELOPMENT POLICY FOR IRAN

In the Iranian context, due to the lack of important tacit information, case studies were seen as the best approach to assessing policy learning's contribution to strategic planning. More important science, technology, and innovation policy areas were identified, the corresponding sections of the economic development plans approved in the last two decades analyzed, and the main PL types, mechanisms, and participants described. The tools used to collect field data included semi-structured interviews, expert publications, development plans, and an analysis of the research and development (R&D) sphere. Officials, experts, scientists, and practitioners involved in the development, approval, and implementation of the plans were interviewed. The questions asked during the interviews concerned changes in the development goals and areas, visions of the innovation policy vector, arguments used by supporters and critics of various initiatives, ways to obtain relevant competencies, and key participants in the system.

SWOT ANALYSIS OF THE ECONOMY

Strength:

- Iran's gargantuan wealth of hydrocarbon resources multiplies its economic strength.
- The Islamic Republic of Iran is also rich in human capital. It is the land of young and highly-educated people.

Weakness:

- One of the biggest weaknesses of the Islamic Republic of Iran, according to some political luminaries,
- Iran's economy is in doldrums due to sanctions imposed by exogenous powers and the endogenous bottlenecks.

Opportunities:

- It's ideally located between the Middle East and Central Asia.
- Economically, there is a great room for growth and development. Iran's gas sector is currently under-developed.
- So far, Iran enjoys support from China and Russia; both oppose the sanctions against Iran. Iran should continue to cement its ties with these powers.

Threats:

- One of the biggest threats currently hovering over Iran is the ongoing escalation of tension between Washington and Tehran.
- Saudi Arabia, an old adversary of Iran and a close ally of America in the region, also poses a big threat to Iran.
- Another big threat that Iran is confronted with is its economy. Despite being resilient to the US sanctions for a long time, it has eventually started feeling the impact of the sanctions on its economy.



FORECASTING METHODOLOGY

Economic forecasting involves using data and indicators to determine how much an economy will grow in the future. Most of the time, this process is used to determine the expected growth (or decrease) in the GDP of the next quarter or year. Economic forecasting models can be causal, qualitative, or use a time series. Sometimes, economists use several models to check whether the economy is moving as they think or not. Both the private and the public sector benefit from looking at the analysis, as it helps them to determine what actions they may take in the following years if they have a better grasp of how the economy will evolve.

PLANNING AND FORECASTING THE IRAN'S MACROECONOMIC DEVELOPMENT

Gross national product (GNP)

Key information about Iran's GNP:

- Iranian GNP was reported at 833.301 USD Bn in Dec 2020.
- This records an increase from the previous number of 581.698 USD bln for Dec 2019.
- Iranian GNP data is updated yearly, averaging 159.810 USD bln from Dec 1959 to 2020, with 62 observations.
 - The data reached an all-time high of 833.301 USD bln in 2020 and a record low of 3.758 USD Bn in 1959.
 - CEIC shifts year-end for annual GNP and converts it into USD. The Central Bank of the Islamic Republic of Iran provides GNP in local currency. The Central Bank of the Islamic Republic of Iran average market exchange rate is used for currency conversions.

Purchasing power parity (PPP)

The data for Iran from 1990 to 2020. The average value for Iran during that period was 12908 U.S. dollars with a minimum of 9346.33 U.S. dollars in 1990 and a maximum of 15883.39 U.S. dollars in 2017. The latest value from 2020 is 14971.25 U.S. dollars. For comparison, the world average in 2020 based on 185 countries is 20516.94 U.S. GDP per capita in Iran and other countries is calculated as the Gross Domestic Product (GDP) divided by the population. We show the GDP per capita in Purchasing Power Parity (PPP) terms, i.e. we calculate the GDP per capita in different countries using U.S. prices. The PPP measure is useful to compare income across countries. It allows us to answer the following question: What can the average person in some country buy if they paid U.S. prices?

Real GDP

The data for Iran from 1961 to 2020. The average value for Iran during that period was 4.03 percent with a minimum of -21.6 percent in 1980 and a maximum of 23.17 percent in 1982. The latest value from 2020 is 1.76 percent. For comparison, the world average in 2020 based on 188 countries is -4.98 percent. See the global rankings for that indicator or use the country comparator to compare trends over time.

COMPONENTS FOR FORECASTING THE IRAN'S MACROECONOMIC DEVELOPMENT

Economic growth forecast

The data for Iran from 1980 to 2027. The average value for Iran during that period was 2.38 percent with a minimum of -21.6 percent in 1980 and a maximum of 23.17 percent in 1982. The latest value from 2027 is 2.05 percent. For comparison, the world average in 2027 based on 183 countries is 3.42 percent.



Investment forecast

The data for Iran from 1980 to 2027. The average value for Iran during that period was 35.2 percent with a minimum of 16.01 percent in 1987 and a maximum of 48.14 percent in 2003. The latest value from 2027 is 38.55 percent. For comparison, the world average in 2027 based on 165 countries is 24.10 percent.

Inflation forecast

The data for Iran from 1990 to 2027. The average value for Iran during that period was 23.1 percent with a minimum of 7.74 percent in 2005 and a maximum of 48.82 percent in 2018. The latest value from 2027 is 25 percent. For comparison, the world average in 2027 based on 184 countries is 3.63 percent.

GDP per government expenditure

The data for Iran from 1960 to 2020. The average value for Iran during that period was 14.64 percent with a minimum of 9.48 percent in 2007 and a maximum of 23.84 percent in 1975. The latest value from 2020 is 14.46 percent. For comparison, the world average in 2020 based on 161 countries is 17.91 percent.

GDP per FDI

The data for Iran from 1970 to 2020. The average value for Iran during that period was 0.5 percent with a minimum of -0.29 percent in 1990 and a maximum of 2.74 percent in 2002. The latest value from 2020 is 0.58 percent. For comparison, the world average in 2020 based on 182 countries is 3.84 percent.

GDP per household consumption

The data for Iran from 1960 to 2020. The average value for Iran during that period was 55.02 percent with a minimum of 36.75 percent in 1974 and a maximum of 81.84 percent in 1960. The latest value from 2020 is 47.92 percent. For comparison, the world average in 2020 based on 161 countries is 63.16 percent.

Export of goods and services per GDP

The data for Iran from 1960 to 2020. The average value for Iran during that period was 20.75 percent with a minimum of 3.73 percent in 1986 and a maximum of 47.37 percent in 1974. The latest value from 2020 is 20.75 percent. For comparison, the world average in 2020 based on 164 countries is 39.34 percent.

Import of goods and services per GDP

The data for Iran from 1960 to 2020. The average value for Iran during that period was 20.64 percent with a minimum of 8.73 percent in 1987 and a maximum of 35.38 percent in 1975. The latest value from 2020 is 25.53 percent. For comparison, the world average in 2020 based on 164 countries is 44.57 percent.

Consumer price index

The data for Iran from January 1983 to June 2022. The average value for Iran during that period was 46.95 index points with a minimum of 0.3 index points in January 1983 and a maximum of 504.8 index points in June 2022.

GDP deflator

GDP deflator (base year varies by country) in Iran was 539.86 as of 2020. Its highest value over the past 60 years was 539.86 in 2020, while its lowest value was 0.03 in 1969.

Households debts to banking sector

Bank credit in Iran and other countries is defined as the credit extended by the banking institutions to the private sector only: both firms and households. It does not include lending to the government.



Credit is essential for the economy to function well. It funds new investments and allows people to purchase houses, cars, and other items. Of course, excessive lending and borrowing usually end up in financial crises but, in principle, credit availability is good for economic development.

- Iran Private Debt accounted for 60.30 % of its Nominal GDP in Dec 2016, compared with a ratio of 56.37 % in the previous year.
- Iran Private Debt contribution to Nominal GDP ratio is updated yearly, available from Dec 1961 to Dec 2016, with an average share of 21.49%.
- The data reached an all-time high of 60.30% in Dec 2016 and a record low of 12.98% in Dec 1962.

Business sector debts to banks

The value of domestic assets of Central Bank of Iran (CBI), other Iranian banks and financial institutions amounted to 30.3 quadrillion rials (about \$723 billion) in total at the end of the 3rd month of the current Iranian year (June 22, 2021), Trend reports citing the statistics of the CBI.

According to the statistics, this is an increase of 41.6 percent compared to the same period last Iranian year. So, the figure was 21.4 quadrillion rials (about \$510 billion) in the same period last Iranian year.

In addition, the total debts to the CBI, banks and financial institutions in Iran amounted to 26.9 billion trillion rials (about \$641 billion) at the end of 3rd month. This figure increased by 49.5 percent, compared to the same period last Iranian year. So, this figure was 18 quadrillion rials (about \$429 billion) in the same period last Iranian year, the statistics said.

“Thus, the Iranian government's debts to the CBI, other banks and financial institutions at the end of the third month amounted to 3.84 quadrillion rials (about \$91.4 billion). This is an increase of 40.5 percent compared to the same period last Iranian year. During the same period of the last Iranian year, this figure was 2.73 quadrillion rials (about \$65 billion),” the statistics said.

Government debt in Iran

According to IMF's Middle East and Central Asia economic outlook report, Iranian government's net debt equaled to 41.5% of nominal GDP or \$591 billion (based on official USD rate at 42,000 rials) in 2021. It was only \$45 billion during 2000-2018 on average, or 11.8% of nominal GDP. The figure reached \$214 billion in 2019 and increased to \$351 billion in 2020.

During last three years only 70% of government's annual budget has been realized due to US sanctions and plunging oil exports. Therefore, the government had to borrow a huge amount of money from the Central Bank, The National Development Fund and other internal financial entities to compensate the budget deficit. Last year, the Supreme Audit Court of Iran announced that the government's net debts reached 10,000 trillion (10 quadrillion) rials by May 2021, which equals \$238 billion based on official USD rate or \$37.5 billion based on USD rate in open markets (1 USD: 26,500 rials).

The Supreme Audit Court hasn't released a new report, but last year it warned that government debt is increasing rapidly, rising 72% only during March-May 2021.

The heavy borrowing from the central bank leads to printing money and a dangerous rise in liquidity since 2017, which in turn fuels inflation currently standing at more than 40 percent. Iran's oil and gas condensate export declined from 2.5 million barrels per day (mb/d) in 2018 to 320,000 b/d in 2020 due to the US sanctions, but increased to around 670,000 b/d during last year, according Kpler data intelligence firm. The oil price has also been increasing from \$41 in 2020 to above \$100 now.

Interest rate risk

In Iran, the Central Bank of Iran does not use the benchmark interest rate. Instead, the Central Bank of Iran sets the Bank Profit rates for lending and borrowing. It has remained at 18% for over 5 years.



Financial market index in Iran

In 2019, the Iranian stock market was the best performing equity market in the world. Over the course of the year, the market doubled in value in dollar terms, with the capitalization of the Tehran Stock Exchange exceeding \$300 billion. Yet, while the equity markets were reaching historic highs, Iran's economy remained in a recession as sanctions continued to stymie economic growth.

Part of the reason as to why stock soared while the economy languished is that sanctions make it difficult for Iranians to invest abroad. High-net worth individuals and cash-rich companies have sought ways to invest their cash, particularly as a hedge against inflation and general economic uncertainty.

Part of the reason for the market's strong performance has been the expansion in the number of retail investors. Ordinary Iranians are becoming more interested consumers of financial products—often with the help of the government.

Credit Risk

- Sovereign risk: The sovereign risk rating is B. The government still faces a wide fiscal deficit, owing to difficulties in exporting crude oil in the face of US sanctions, which also make securing external financing extremely hard. However, the growing likelihood of US sanctions relief in 2022 provides upside risk.

- Currency risk: Currency risk is CCC-rated. Loose monetary policy and high inflation continue to drive severe imbalances, and risk creating a hyper-inflationary spiral if US sanctions relief fails to materialize. However, stronger demand in China and an elevated oil price environment both support rising oil export revenue.

- Banking sector risk: Banking sector risk is CC-rated. Credit growth to the public and private sectors remains high. Asset bubbles, difficulties in accessing external finance and weak regulatory oversight also pose risks, even if US sanctions are lifted in 2022.

Market risk analysis

Strengths:

- Iran has the world's fourth largest proven oil reserves, and the world's second largest proven gas reserves after Russia.

- Iran is rich in other resources, such as coal, chromium, copper, iron ore, lead, manganese, zinc and Sulphur; and has a strong agricultural sector in addition to automotive and mining industries.

- It has particular geostrategic significance owing to its location in the Middle East and central Eurasia. The population is large and relatively well educated.

Weaknesses:

- Sanctions are having a negative effect on trade and foreign investment.
- The banking sector is highly fragile and under-competitive in terms of governance and transparency.

- The military retains a large presence in the economy, making it difficult for private actors to compete.

- Large firms dependent on US withdrew from Iran, causing considerable lack of foreign investment.

Opportunities:

- The gas sector still remains underdeveloped, but there is a set of promising projects that will attract new partners.

- Iran represents a large consumer market and is supported by all the remaining signatories of JCPOA.

- Once the sanctions will be lessened, the economic growth will become extremely fast.



Threats:

- Lower oil production may affect the economy as a whole.
- If Iran decides to stop its commitment to JCPOA, the trade relations with China, Russia, India and others will become almost improbable.
- The lack of regional commitment and investment threatens the gas sector development and moves Iran away from becoming a world energy hub.

Exchange rates in Iranian rial

Currency values in Iran and elsewhere have different driving forces over the short-run and the long-run. Countries may have fixed or floating exchange rate regimes or be part of monetary unions.

The series for Iran are available from September 2004 to December 2022. For that period, the average exchange rate for Iran was 57235.3302 Iranian rials per USD with a minimum of 9002.1636 Iranian rials per USD in April 2008 and a maximum of 297167.2816 Iranian rials per USD in October 2020. The most recent available data point is 280819.9877 Iranian rials per USD, a change of 0% from the previous data point of 280819.9877 Iranian rials per USD and a change of -3.99% from a year ago when the level was 292483.1826 Iranian rials per USD.

Iranian Rial Exchange Rates Table

Iranian Rial	1.00 IRR	inv. 1.00 IRR
US Dollar	0.000024	41994.207302
Euro	0.000022	44593.631374
British Pound	0.000020	50598.487859
Indian Rupee	0.001969	507.884249

Balance of payment for Iran

- Iran Current Account recorded a deficit of 707.7 USD mln in Mar 2021, compared with a surplus of 3.8 USD bn in the previous year.
- Iran Current Account Balance: USD mln data is updated yearly, available from Mar 1997 to Mar 2021, with an averaged value of 9.5 USD bn.

The trade balance for Iran and other countries is calculated as the difference between the exports and imports of goods and services, as percent of GDP. A positive number means trade surplus and a negative number means trade deficit.

Financial conditions index

Iran's economy continues its gradual recovery that started in mid-2020, driven by the oil sector and services. However, water and energy shortages led to a contraction of the agriculture and industry sectors. Only a third of the pandemic-period jobs losses have so far been recovered. Oil revenue shortfalls led to a growing budget deficit, adding to inflationary pressures through the government's deficit financing operations.

Monetary conditions index

The completed MCI includes three main channels of interest rate, exchange rate and credit rate. In developing countries such as Iran, this indicator, which contains a credit channel, could be better used to illustrate the country's monetary condition.



Mechanisms of monetary policy transfer

In general, there are two Keynesian and Monetarist's main views related to the mechanism of monetary transfer and its impact duration. Keynesians, with particular emphasis on interest rates and the link between all markets through it, only consider the interest rate channel and the monetary policy transfer effects from this channel, but monetarist assuming that the elasticity of the demand for money is low, and the LM curve is approximately vertical, believes that the monetary policy is effective through channels other than interest rates. According to the monetarist, increasing the money volume leads to total demand increase, and given the delay in adjusting wages in the labor market or the lack of prices flexibility, the price and product levels increase, and if wages are fully adjusted, increasing uniquely the money volume will lead to higher prices. Thus, in general, monetarist believes that an increase in the money volume, leads to an increase in nominal production, and over time, wages which are fully adjusted, show increasing the money volume in increasing prices, and production returns to its initial level.

- Traditional Interest Rate Channel: Money supply \uparrow \Rightarrow real interest rate \downarrow investment expenses \uparrow \Rightarrow production \uparrow
- Duct Exchange: Money supply \uparrow \Rightarrow real interest rate \downarrow \Rightarrow local currency valuation \downarrow \Rightarrow export balance \uparrow Production \uparrow
- Stock Price Channel: Money supply \uparrow \Rightarrow stock price \uparrow \Rightarrow value of financial wealth \uparrow \Rightarrow consumption \uparrow \Rightarrow production \uparrow

Human development index for Iran

The Human Development Index for Iran published by the United Nations is a composite measure including life expectancy, educational attainment, and income level. It aims to measure not only incomes but life quality as well. Iran is now more developed than 115 countries in the world, the United Nations Development Programme (UNDP) announced. According to the latest report on the human development index issued by the UNDP, Iran has stood in a better position in comparison to 115 other states. The report, which contains information related to HDI in 191 countries, reveals that Switzerland, Norway, and Iceland are at the top of the list. Iran has ranked 76th higher than 115 states in the world, the report adds.

The position of the Islamic Republic has improved from 77 in 2020 to 76 in 2021. The human development index in Iran is better than in countries such as China, India, Brazil, South Africa, Indonesia, Ukraine, Jordan, Lebanon, Algeria, Egypt, Cuba, and Iraq.

Net migration rate for Iran

Experts, political activists, and Iranian media have recently warned of increased Iranian emigration. While emigration is not new, the renewed discussion of the phenomenon and its ramifications provides further evidence of the growing sense of despair among the Iranian public, especially the younger generation. Factors contributing to this sentiment in recent years include the collapse of the nuclear deal, the renewal of the sanctions, the heightened economic crisis, and the disappointment at President Rouhani's failure to fulfill his promises of economic improvement and the expansion of civil liberties. The COVID-19 crisis and the conservative takeover of the political institutions, particularly the election of President Raisi, have deepened the lack of hope and the fear of increased political and civil repression. The sense of frustration could provide fertile ground for renewed popular protest in the future. However, at the same time, it is possible that the increased desire to emigrate signals a search for other ways to cope with the despair that do not encourage political change and could even delay it, including political apathy and severe social phenomena such as suicide and drug addiction.



Iran - Historical Net Migration Rate Data		
Year	Net Migration Rate	Growth Rate
2023	-0.463	-8.500%
2022	-0.506	-7.830%
2021	-0.549	-7.110%
2020	-0.591	-6.780%
2019	-0.634	-6.350%
2018	-0.677	-16.000%
2017	-0.806	-13.700%
2016	-0.934	-12.140%
2015	-1.063	-10.750%
2014	-1.191	-9.770%
2013	-1.320	-4.210%
2012	-1.378	-3.970%
2011	-1.435	-3.880%
2010	-1.493	-3.680%
2009	-1.550	-3.610%

Pension plans policy for Iran

The Iranian Constitution mandates the government to protect the elderly and women; Iran has thus developed contributory and non-contributory pension schemes that cover close to 50 percent of the labor force and 40 percent of the population older than 60. Contributory systems in Iran-including occupational funds-regroup close to 9.5 million employees. The resulting coverage rate is high compared to the 30-40 percent observed in other countries with similar levels of income. Coverage, however, is concentrated in urban areas (close to 80 percent of the labor force). Thus, large segments of the rural labor force remain uncovered. Non-contributory schemes seem well developed, reaching 40 percent of the population older than 60. Unfortunately, in the absence of data about beneficiaries, it is not possible to assess whether these schemes are reaching the most vulnerable.

CONCLUSIONS AND RECOMMENDATIONS

Base on available data, information and present global economic situation, I suggest that the Iranian government should increase funding of research and development sector and as well SMEs which will in a long run reduce raising unemployment and labour exportation. The result of such funding would as see an increase in real GDP growth.

The government of Iran should take advantage of the present global political tension, to align itself with friendly super economic power like; Russia, China and BRICS nations. This move will strategically position the massive potential (nature resources, human capital and technological innovation) in the country of Iran among the major economies of the world.

The Iranian economy is at a critical juncture, facing a range of challenges and opportunities. This in-depth study has shed light on several aspects of the Iranian economy, including its dependence on hydrocarbons, agricultural and service sectors, and the ongoing challenges posed by external factors such as sanctions and climate change. To ensure the sustainability and growth of the Iranian economy, it is crucial to consider various economic indicators, policies, and potential strategies. One key takeaway from this study is the necessity of diversifying the Iranian economy away from its heavy dependence on crude oil exports. Achieving economic sustainability requires a



shift toward a more diversified export portfolio, increasing the role of non-oil sectors, and attracting foreign direct investment (FDI). The Iranian government should actively promote and facilitate FDI to encourage technology transfer, create jobs, and foster economic growth. A more diverse and competitive market can reduce the economy's vulnerability to external shocks. Iran's path to economic sustainability and growth lies in diversifying its economy, attracting foreign investment, and addressing geopolitical and environmental challenges. By implementing the suggested policy recommendations and leveraging its strengths, Iran can overcome its current limitations and emerge as a more resilient and prosperous economy on the global stage.

References:

1. Economist, T. (2003). Stunted and distorted. A survey of Iran.
2. Hufbauer, G. J. (2007). Economic Sanctions Reconsidered. Peterson Institute for International Economics., 3rd edn.,.
3. Janbazan, o.-e. M. (2011, February 6). Oppressed and Disabled Veterans Foundation (MJF). Globalsecurity.org. Retrieved.
4. Verleger, P. K. Using U.S. Strategic Reserves to Moderate Potential Oil Price Increases from Sanctions on Iran. Peterson Institute for International Economics, Policy Brief [12-6]. 2017.
5. Khajehpour, Bijan. "Can Iran combat corruption in petroleum sector?". Al-Monitor. Retrieved February 2, 2020.
6. Saki, M.A. "Blind subsidy system costing economy greatly". Tehran Times. Retrieved June 21, 2019.
7. "Why Fuel Is Smuggled Out of Iran And Why No One Stops It". Radio Farda. February 21, 2019. Retrieved July 18, 2019.
8. Hossein-Zadeh, Ismael (November 9, 2018). "Why Iran Needs a War Economy". Payvand.com. Archived from the original on May 2, 2019. Retrieved December 22, 2018.
9. Khajehpour, Bijan (July 17, 2015). "Preventing Iran's post-sanctions job crisis". Atieh Group. Al-Monitor. Archived from the original on August 11, 2016. Retrieved July 27, 2015.
10. Khajehpour, Bijan (April 10, 2015). "How the nuclear deal will help Iran's economy". Atieh Group. Al-Monitor. Retrieved April 12, 2015.
11. "Iran's Neoliberal Austerity-Security Budget". Hooshang Amirahmadi. Payvand.com. February 16, 2015. Archived from the original on August 21, 2016. Retrieved February 21, 2015.
12. Khajehpour, Bijan (January 8, 2015). "Iran's new budget to focus on privatization, subsidy reforms". Atieh Group. Al-Monitor. Retrieved February 2, 2015.
13. Khan, Jeremy (August 17, 2014). "Iran Lures Investors Anticipating Nuclear Deal May End Sanctions". Bloomberg News. Retrieved August 20, 2014.
14. Stecklow, Steve; Dehghanpisheh, Babak; Torbati, Yeganeh (November 11, 2013). "Assets of the Ayatollah". Reuters. Retrieved December 7, 2013.
15. "Iran's bold economic reform – Economic jihad". The Economist. June 23, 2011. Retrieved April 7, 2012.

