



COMMERCE VII. IN THE PAHLAVI AND POST-PAHLAVI PERIODS

COMMERCE

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The data

Although statistics on foreign trade are among the most systematically collected economic data in Persia and official figures have been published since 1318/1900, shortly after Belgian advisers took over administration of the [customs](#) (see also [belgian-iranian relations](#)), they nevertheless present difficulties in analysis and interpretation. These difficulties are of four basic kinds. First, as the figures are published in current prices, evaluating changes in the real value of trade is a major problem. Since 1315 Š./1936 an index of the wholesale prices of imports and another for exports have been available. The former is, however, based on the domestic prices of imported goods, rather than on prices at the border, and thus reflects changes in customs duties and domestic supplies (e.g., shortages resulting from import quotas). The index of export prices does not include oil. To the extent that the commodity composition of trade has remained constant, comparisons of volume figures provide some indication of changes in real value over short intervals but not



for the entire Pahlavi and post-Pahlavi periods, during which the pattern of trade has undergone major transformations (see below).

Problems of valuation also arise in interpreting trade statistics. Merchants may underreport the value of their goods in order to evade duties and to circumvent trade and exchange regulations. Ordinarily, imports are overvalued and exports undervalued, but particular circumstances may produce other biases. For example, after the passage of the Trade-monopoly act (Qānūn-e enḥešār-e tejārat-e kārejī) of 1309 Š./1931 there was a brief period when export certificates (see below) commanded a substantial premium and there was a definite tendency to overvalue exports (Yaganegi, p. 120). The proper valuation of exports and imports has often been a source of disputes between merchants and customs officials (*Majalla-ye oṭāq-e tejārat [MOT]* 34-35, 1311 Š./1932, p. 37). A more serious distortion of the value of imports has resulted from the use of the official exchange rate in converting foreign-currency costs into rials, a practice introduced after July 1936 (Moghadam, p. 67). The relative share of oil exports is also subject to distortion because of reporting in rials converted according to the official exchange rate. Inconsistency in the application of this method further complicates the problem. For example, for a number of years goods imported from the U.S.S.R. were reported at the prices set by the Soviet trading agency in Persia (Agah, p. 76). Such inconsistencies in the data led officials of the Bānk-e mellī-e Īrān to conclude that “the customs figures for several years and even the figures showing the exports and imports within one year are not comparable” (*Majalla-ye Bānk-e mellī-e Īrān [MBMI]* 93, 1327 Š./1948, p. 15). Such valuation problems are generally more acute for periods when there were strict trade and exchange controls and free-market foreign-exchange rates diverged widely from official rates.

A third source of difficulty in interpreting trade statistics is their coverage. For example, official statistics do not include data on the importation of armaments. Furthermore, smuggling has often been widespread, though naturally fluctuating with the level of governmental restrictions on trade. In the early 1930s merchants complained that a government proposal to monopolize the tea trade had led to increased smuggling (*MOT* 51, 1311 Š./1932, pp. 6-9). The American A. C. Millspaugh alleged (p. 133) that during World War II a large proportion of Persian opium was exported illicitly. Owing to exchange controls imposed by the Islamic regime since 1358 Š./1979, Dubai has become the center of world trade in smuggled Persian carpets.



Finally, official Persian statistics have been presented in a confusing manner. Between 1307 Š./1928 and 1344 Š./1965 a distinction was made between duty-exempt and nonexempt imports, the former consisting primarily of imports by the Anglo-Iranian Oil Company (see [anglo-persian oil company](#)) and, after 1333 Š./1954, by the Consortium and other oil companies and by various public bodies (Bharier, p. 104). Oil and other exports were reported separately. Published summary statistics on the commodity composition and direction of trade are drawn only from nonexempt imports and from exports other than oil, yet radically different patterns emerge when total imports and exports are examined (see below). Before 1315 Š./1936 some goods were specified by weight and others by unit (Bharier, p. 103). If these limitations are kept in mind, statistics on volume of trade can provide useful information, especially on individual commodities, as they do not pose the kind of valuation problems discussed above.

The volume and value of foreign trade

From the middle of the 19th century to the eve of World War I the foreign trade of Persia underwent considerable growth and structural change (Issawi, ch. 3; see vi, above). During the war and the immediately following period there was a marked drop in imports and especially exports, which were adversely affected by the Revolution of 1917 in Russia, Persia's main trading partner at the time (Moghadam, pp. 40-43). The volume and value of imports and exports for the period 1339=1300-65 Š./1921-86, are given in [Table 8](#). Figures on nonexempt imports are provided for years from which data are available. They reveal that exempt imports (the difference between total and nonexempt imports) accounted for about 20 percent of total imports by value. The volume figures show an expansion of imports during the first years of Pahlavi rule, a period of recovery to the prewar level. In the early 1930s, during the worldwide depression, imports dropped, but a substantial rise began in 1313 Š./1934, largely owing to increased domestic investment (Moghadam, p. 65). Imports had already begun to decline again before World War II but were cut back even more sharply during the war. After the war there was a general rise in imports, with two brief interruptions, resulting from the oil-nationalization crisis in 1330 Š./1951 and the stabilization program of the early 1960s. The rise was particularly rapid during the first half of the 1970s, when oil revenues surged. After the Revolution of 1357 Š./1979 there was again a sharp drop, followed by a period of extreme volatility, during which the volume of imports remained fairly high, reflecting



a shift to less expensive food and intermediate products. The real value of imports (current value deflated by the index of prices of imported goods) followed the same basic historical pattern, except that it rose more sharply than volume, reflecting an overall shift to costlier goods throughout the period. In the early 1960s imports of merchandise amounted to about 15 percent of Gross National Product (G.N.P.), but by the mid-1970s they had risen to about 23 percent, suggesting that the economy had become much more open. After the Revolution this ratio fell, but, because the rial became increasingly overvalued (see below), it is impossible to gauge the extent of the decline.

A prominent feature of Persian export trade was the steady rise in both the value and volume of oil shipments through almost the entire Pahlavi period until the Revolution, when this trend was reversed. Because of the large increase in price in 1352 Š./1973 the value of Persian oil exports climbed substantially more than the volume in the 1970s. Other exports fared less well. Following the initial period of recovery after World War I there was no noticeable long-term trend in terms of volume until the 1950s. The subsequent rise partly reflected a shift to products of lower value, like mineral ores. After the Revolution there was a substantial cutback in exports other than oil; the rise in value shown in [Table 8](#) mainly reflected price increases. In real terms such exports were only marginally greater in 1330 Š./1951 than in 1315 Š./1936. In the following two decades, however, there was steady growth in exports until the trend was reversed in the 1970s. At the beginning of the 1960s exports other than oil constituted about 3 percent of G.N.P., but by 1355 Š./1976 they amounted to only 1 percent.

Commodity composition of exports

Over a period of more than six decades the commodity composition of Persian exports changed fundamentally, as oil came to account for an ever-increasing share. At the time of the [coup d'état](#) in 1299 Š./1921 oil exports were already about half the total, having risen from almost zero before World War I. With the exception of some minor fluctuations and a major drop after the nationalization of the industry in 1330 Š./1951, the share of oil in total exports has continued to rise, to more than 98 percent in the mid-1980s. The net contribution of the oil industry to the Persian balance of payments has been much lower than these figures might suggest, however, as a large portion of oil earnings was claimed in profits by foreign oil concessionaires (Moghadam, pp. 58-60, 78-87; Katouzian, pp. 92-94, 182-84; see [concessions iii](#)). Since the rise in



prices in 1352 Š./1973, and especially since the expulsion of the foreign oil companies in 1358 Š./1979, Persian foreign-exchange earnings from oil have corresponded more closely to oil exports.

The commodity composition of Persian exports other than oil has been remarkably stable, dominated for the past sixty years by carpets and a few agricultural products (Table 9). Before World War I those items were primarily destined for Russia and constituted the bulk of Persian exports. During the drastic economic decline following the war and the Revolution of 1917 there was a shift to items of high value in relation to weight, like carpets and opium, from cotton and rice, which could not be profitably rerouted to new markets. During the reign of Reżā Shah (1304-20 Š./1925-1941) exports remained fairly diversified; trade in cotton and rice revived somewhat, though the share of opium declined after the 1920s as a result of international efforts to restrict the narcotics trade. By 1319 Š./1940, when Persian trade was dominated by Germany and the U.S.S.R., the share of carpets and rice, neither of high priority for rearmament programs, had declined. During World War II, when the real value of commodity exports fell by about 75 percent, supplies of cotton were diverted to domestic mills established in the previous decade and ceased to figure at all in the export trade. Although suffering domestic food shortages during the war, the U.S.S.R. managed to secure supplies of Persian rice, which thus came to constitute about 10 percent of the country's exports other than oil.

After the war there were several important developments. Exports became concentrated in fewer products; carpets, cotton, and dried fruits accounted for about 60 percent of exports during most of the postwar period. Exports were more diversified only under the government of Moḥammad Moṣaddeq (May 1951-August 1953), when adjustment to the drop in oil revenues encouraged exports of a wide variety of products, though still primarily of agricultural origin (Clawson and Sassanpour, p. 10). Cotton exports recovered and in some years were the primary source of foreign exchange, but, with the decline in local production after the Revolution, exports of cotton all but ceased. Rice exports experienced a short-lived surge immediately after World War II but declined as Persia became an importer of food. Owing to rising wage rates, restrictions designed to prevent soil erosion, and synthetic substitutes, export products like gum tragacanth gradually became uncompetitive in the export market. On the other hand, in the 1960s new industries began to provide new export products, comprising a whole range from shoes and knitwear to



chemicals. With the onset of the oil boom in 1352 Š./1973 buoyant domestic demand and rising costs stifled the growth of these industries, though their relative share of exports did rise somewhat until the Revolution. The disruption of production after 1358 Š./1979, coupled with rising domestic inflation and inappropriate foreign-exchange policies, drastically reduced both the value and the share of these exports, though since the drop in oil revenues in 1365 Š./1986 the government has announced plans to encourage such exports.

Commodity composition of imports

Before and immediately after World War I consumption goods constituted more than 90 percent of Persian imports (Moghadam, p. 51). The main items were textiles, sugar, and tea (see *čāy*), which together accounted for about 60 percent of the total value of imports. By the end of the first decade of Pahlavi rule the share of consumer goods had fallen to about 80 percent of nonexempt imports; the remaining 20 percent was divided about equally between capital goods and raw materials, including fuels. Julian Bharier has estimated that the share of capital goods reached 25 percent of total imports in 1312 Š./1933. During the 1930s, when the government's industrialization program and railway construction were in full swing, the share of capital goods rose still higher, peaking in 1315-17 Š./1936-38 at an average rate of 40 percent of nonexempt imports (Moghadam, p. 72) and more than 30 percent of total imports (Bharier, p. 107). The share of raw materials began to decline after 1311 Š./1932, as imports of fuel and yarn declined, owing respectively to a new agreement with the Anglo-Iranian Oil Company and to expansion of domestic production. During World War II imports of capital goods dropped sharply, but, though recovery was slow at first, by the mid-1950s they once again matched the prewar share of total imports, owing to new development projects and full resumption of operations by the oil consortium (Bharier, p. 107). The share of textiles, sugar, and tea had fallen to about 40 percent of nonexempt imports before the war and continued to fluctuate around that level until the Moṣaddeq period; by the early 1960s, however, it had declined to about 12 percent, as rising incomes and domestic projects designed to provide import substitutes altered the structure of imports.

Since 1338 Š./1959 the Bānk-e markazī-e Īrān has published import statistics broken down into three broad categories: capital, intermediate, and consumer goods. The definitions of these categories are not consistent with those discussed above, but the data cast some light on developments in the last three



decades (Table 10). The period 1340-50 Š./1961-1971, during which there was a marked shift in the shares of intermediate and consumer goods, coincided with the period when a broad array of processing and assembly plants were established in Persia under heavy protection in order to produce substitutes for imported goods. The rise in investment expenditures and more liberal trade policies during the oil boom of the 1970s resulted in a drop in the share of intermediate goods and a rise in those of consumer and capital goods. Disruptions in industrial production and the abandonment of many development projects after the Revolution resulted in a marked drop in the share of capital goods at the same time that total imports fell precipitously. By the mid-1980s this share had recovered somewhat, though not to the prerevolutionary level. Even though imports of many luxury items were banned after 1358 Š./1979, the share of consumer goods in total imports at first rose sharply before beginning a decline in the early 1980s. By the middle of the decade it had risen again because cutbacks in imports of basic consumer goods were not as drastic as in total imports.

One notable aspect of the commodity composition of imports has been the fluctuation in food imports. Before World War II the major imported food items were sugar and tea, which comprised about 15 percent of all imports. After the war this share was higher but declined gradually to an average of 6.5 percent in 1339-41 Š./1960-62, when all imported food items together constituted 12.4 percent of total imports. With rising incomes and increased imports this share had fallen to 6.9 percent by the end of the decade. Domestic agriculture failed to keep pace with the surge in demand for food during the oil boom, and, as a result, food and other agricultural imports rose more rapidly than total imports. In addition to sugar, tea, and vegetable oils, they included large quantities of grain, fodder, animal products, and even fruit. Since the Revolution the government has been unable to reduce food imports appreciably, despite attempts to curb luxury food imports, encouragement of domestic production, and the introduction of food rationing. Consequently foodstuffs now constitute more than 20 percent of total imports.

The geographical pattern of trade

At the beginning of the Pahlavi period Persia traded primarily with the U.S.S.R. and the British empire (Table 11 and Table 12), although war and revolution had reduced the Soviet role from the prewar peak, when Russia accounted for about half of Persian imports and more than two-thirds of exports. Although various commercial agreements were reached, the Soviet Union's share never



again matched prewar levels (Moghadam, pp. 188-202). The most significant change during the reign of Reżā Shah was the rise in trade with Germany, especially after the Clearing agreement of 1314 Š./1935 (Moghadam, pp. 203-10). There were also more gradual increases in the share of imports from the United States and Japan. These developments meant that imports from the United Kingdom and India fell proportionally, but the fall is overstated in [Table 11](#), as exempt imports by the Anglo-Iranian Oil Company came almost exclusively from those areas (Bharier, p. 106). During World War II, when trade with Europe was disrupted, India's share grew sharply, but immediately after the war the United States became the largest exporter to Persia; it remained a major trading partner until the Revolution. During the 1950s, when a large proportion of exempt imports came from the United States, its share in total imports was higher than that shown in [Table 11](#) (Bharier, p. 107). In the same period the shares of the United Kingdom, India, and Russia in the Persian import market declined, while Germany and Japan became major trading partners and France, Italy, the Netherlands, and Switzerland also became important sources of imports. One result was much more diversified sources of imports to Persia. This trend toward diversification continued after the Revolution, as Germany, Japan, and other major European industrial nations became the main sources of Persian imports. The share of the United States declined precipitously, and several exporters of agricultural products, particularly Argentina, Australia, and Brazil, became major exporters to Persia. Turkey, the United Arab Emirates (mainly in reshipping), South Korea, and several eastern European countries also emerged as significant trading partners (Markaz-e āmār-e Īrān, *Sāl-nāma-ye āmārī-e 1367*, p. 339). These shifts resulted from a combination of factors, including government policy, changes in the commodity composition of imports, and the rise of newly industrialized nations in world trade.

The geographical pattern of Persian exports other than oil also underwent considerable change during the Pahlavi and post-Pahlavi periods ([Table 12](#)). The decline in trade with Russia at the beginning of Reżā Shah's reign meant that Persian exporters had to look for other markets, with the result that the destinations for Persian exports became more diversified than the sources of imports. During the 1930s the Soviet Union still took the largest share of Persian exports, but Germany became increasingly important. As with imports, there was a shift to trade with India and the United States during World War II. After the war the United Kingdom and India gradually lost their shares, while Germany reemerged as the most important export market,



followed by the Soviet Union and the United States. Other eastern and western European nations and Kuwait became major customers for Persian exports in the next three decades. After the Revolution the German share of the Persian export market surged, while that of the United States dropped sharply. The United Arab Emirates, Switzerland, and Italy became the most important export destinations after Germany (*Markaz-e āmār-e Īrān, Sāl-nāma-ye āmārī-e 1367*, p. 339).

When oil exports are included, however, total exports reveal a substantially different geographical pattern. Before World War II the United Kingdom took about half of Persian oil exports (*Administration Générale des Douanes, Statistique annuelle du commerce extérieur de l'Iran*, 1319 Š./1940, p. 17; for the different titles under which these reports appeared, see Bharier, pp. 283-84). Immediately after the war, though the United Kingdom accounted for only 40 percent of total exports, it claimed the largest share of oil exports, despite a decline in that share after the nationalization of the oil industry. In the mid-1960s Japan became the largest importer of Persian oil, purchasing about 20 percent of total Persian exports; its share rose above 30 percent in the late 1970s and early 1980s before declining to about 15 percent after the Revolution ([Table 13](#)). The United States' share increased in the 1970s, when it became a large importer of oil but fell after the Revolution, when it was also subject to sharp short-term fluctuations owing to embargoes. Germany's share of total Persian exports was not nearly so commanding when oil exports were factored in; rather, it was comparable to those of other European industrial nations. After the Revolution the export market for Persian oil shifted sharply from industrial countries to such developing countries as Turkey, Syria, and Singapore, which became large importers (*Markaz-e āmār-e Īrān, Sal-nāma-ye āmārī-e 1367*, p. 357).

Commercial policy

Under Pahlavi rule the state adopted a more interventionist role in the economy. The scope of government regulation of foreign trade and payments expanded radically in the 1930s, as the result partly of world events and partly of the government's energetic development policies. Regulatory measures encompassed such narrowly defined instruments of commercial policy as tariffs, quotas, and licenses; government monopoly; and regulations on foreign exchange, all so closely intertwined that it is difficult to provide separate accounts of each.



For much of the 19th century Persian commercial policy had been determined by terms of the treaty of *Torkamānčāy*, including a maximum levy of 5 percent on both exports and imports from Russia. Although Great Britain and other European nations later obtained comparably favorable terms from Persia, they never granted similar low rates to their imports from Persia (Yaganegi, p. 48). Persian merchants paid lower duties on imported goods but were subject to internal tolls from which foreign merchants were exempt under the capitulations granted in the same agreements. These and subsequent treaties in 1319/1901 and 1321/1903 (Yaganegi, pp. 50-51) favored Russia as a trading partner until conclusion of the [Anglo-Persian Agreement](#) of 1337/1919, under which higher tariffs were imposed on goods chiefly imported from Russia, thus favoring British imports. The Soviet-Persian treaty of 1339=1300 Š./1921 nullified all tsarist treaties, but the Soviet authorities insisted that Soviet trade with Persia continue under the preferential terms of the 1319/1901 agreement (Davenport, p. 34).

The period of Rezā Shah. When Rezā Khan assumed royal power in 1304 Š./1925 Persia was still bound by these treaties and thus lacked autonomy in setting tariff rates; it could, however, impose higher duties on certain goods through the creation of government monopolies, as it did for sugar and tea in that year. A new law declaring Persian autonomy over tariff policy was enacted in 1307 Š./1928; it established maximum and minimum schedules, the latter to be applied to imports from nations that concluded specific treaties with Persia, which soon included all its trading partners. The schedules were not very detailed, comprising 452 categories of which 387 were subject to duties, about equally divided between *ad valorem* and specific rates (Khorassani, pp 137-41). Export duties were included, but, as they did not exceed 2 percent of total customs receipts, it appears that exports were lightly taxed, though it is possible that high rates discouraged certain exports completely (Yaganegi, p. 59). Average annual tariff revenues (including those from exports) rose from about 10 percent of the value of total annual imports to about 30 percent in the five years after the law was passed. Some writers have argued, however, that the main objective of the law was fiscal rather than protection of domestic production (Yaganegi, p. 57; Khorassani, pp. 137-39). Although it remained in effect until 1314 Š./1935, as an instrument of commercial policy this law was soon superseded by various controls on foreign exchange and trade enacted after the onset of the Great Depression, which disrupted Persian currency and export markets.



In 1309 Š./1931 enactment of the Foreign-trade monopoly act (see below) provided for strict government control of trade, and in 1314 Š./1935 a new tariff law was enacted in response to both international and domestic developments: The deflationary trends of the early 1930s had lowered the revenues from ad valorem tariffs, and in addition the government sought greater protection for fledgling domestic industries. The new tariff schedule was more detailed than its predecessor, with 90 percent of the categories subject to specific duties. The overall rates were about 20 percent higher than before, but in most categories tariffs still constituted a small proportion of charges imposed on goods crossing the border (Khorassani, p. 160); chief among the latter were monopoly charges (*ḥaqq-e enḥeṣār*) imposed by the state. In the same year, as a substitute for the land tax, a 3 percent levy was imposed on agricultural and livestock products exported from the country. Shortly before the fall of Reżā Shah there was a further revision of tariffs; the number of categories almost doubled, and only about 1 percent were subject to ad valorem duties.

Until February 1930 the Persian currency, the kran (*qerān*), was based on a silver standard (see [coins and coinage](#)); as the foreign-exchange rate was thus determined by the international price of silver, the government was unable to exercise an independent foreign-exchange policy (Yaganegi, chap. 4). The fall in the price of silver in 1308 Š./1929 and a substantial trade deficit at the same time led to a sharp depreciation of the kran, forcing the government to go off the silver standard in 130S Š./1930, though silver was not completely demonetized until 1315 Š./1936 (Moghadam, p. 156). At the same time it instituted exchange controls and announced plans to adopt a gold standard, though they were abandoned two years later. The currency unit was officially changed to the rial. The new law also stipulated that all foreign-exchange transactions had to be concluded through authorized banks at the “official” rate set by the newly established Exchange-control commission (Komīsīūn-e arz). Exporters normally had to surrender 90 percent of their receipts, though they could retain up to 50 percent to pay for authorized imports. Purchase of foreign exchange for certain items (generally luxury goods and those competing with domestic production) required a license from the commission. Although other imports were not restricted, merchants often had to resort to the black market, which had quickly developed, to pay for them (Yaganegi, pp. 79-80; Moghadam, chap. 5). In effect, a system of multiple exchange rates, which prevailed for most of the next quarter-century, was put in place.



The Persian currency was overvalued, and controls intended to defend it proved inadequate; soon the government had to supplement them with severe quantitative restrictions on imports and a de facto depreciation of the rial for most commercial transactions. The foreign-trade monopoly act (Qānūn-e enḥeṣār-e tejārat-e kāreji), passed in February 1931 and amended in March, gave the government broad powers to set annual commodity quotas for imports, both general and individual, and to require that imports be tied to prior exports. These measures were designed to balance the merchandise trade of the country but did not apply to goods imported by the government or to private imports of machinery for establishment of industries to compete with imports; the main source of foreign exchange for those imports was the Anglo-Iranian Oil Company. For other commodities export certificates (*taṣḍīq-e ṣodūr*) were issued to merchants for the value of their exports; to obtain import licenses (within the quotas), they had to present export certificates of equal value. An active free market in export certificates emerged, and prices soared as high as 50 percent and averaged 25 percent of face value (Yaganegi, p. 82; *MBMI* 2, 1315 Š./1936, p. 6). Exporters were required to surrender their foreign exchange to the government at the official rate. Although this law established a state monopoly of export and import trade, the government could assign this right to private firms, and at that stage foreign trade was conducted primarily in the private sector. Even designated “monopoly” goods like opium were handled by private firms, though eligible for export certificates for only 20 percent of their value. Some scholars have argued that one reason for establishing a Persian trade monopoly was to counter the Soviet state monopoly of foreign trade (Banani, p. 130; Moghadam, p. 138). Although Persian merchants frequently complained about the unfair practices of the Soviet trading agencies in Persia (*MOT* 48, 1311 Š./1932, pp. 5-9), commerce between the two countries was regulated by a number of bilateral agreements and was usually exempt from monopoly and exchange-control laws (Davenport, p. 135). A new foreign-trade monopoly law, enacted in July 1932, further tightened controls on trade by granting the government the authority to make import licenses for some commodities contingent upon export of particular products and by allowing greater administrative discretion in setting quotas and issuing import licenses for specific items (for the text of the law, see *MOT* 42, 1311 Š./1932, pp. 4-9). Although the rules for surrendering proceeds from foreign exchange were made more stringent, international events, including Great Britain’s abandonment of sterling convertibility, caused the rial to appreciate against the pound, forcing the government to end the restrictions on foreign exchange in April 1933 (*MBMI*



97, 1327 Š./1948, p. 527). These developments also resulted in a steep decline in the premium for export certificates. In July 1934 the Persian government, concerned about the impact of these changes on exports, fixed the price of export certificates and centralized its trading in Bānk-e mellī, an arrangement that remained in effect until 1321 Š./1942, when the system of export certificates was abolished. Owing to an unsatisfactory balance of payments resulting from the decline in exports, a number of state monopoly companies were established in mid-1314 Š./1935, in the hope that centralized trading would improve exports and allow the government greater control of foreign-exchange transactions. Such attempts to monopolize trade were short-lived, however, and most of the companies were dissolved within a few years. The government also resorted to bilateral agreements (Moghadam, pp. 199-210). More rigorous exchange controls were reimposed in March 1936 under a resurrected exchange-control commission, and a new official rate was established; in view of much higher domestic expenditures, especially on development projects requiring large quantities of imports, and rising domestic prices, Persian currency turned out to be overvalued, which put severe pressure on the balance of payments. Since the introduction of an official exchange rate in 1308 Š./1930, the desire to profit from the Anglo-Iranian Oil Company's purchases of domestic currency had provided an incentive to keep the official exchange rate low, thus overvaluing the rial. This policy was counterproductive, however, as the oil company was reluctant to make local purchases (Moghadam, p. 173).

In 1316 Š./1937 a more complex system of multiple exchange rates was introduced. Exports were classified in three groups, and, though all proceeds still had to be surrendered to the government at the official rate, "exchange-sale certificates" (*govāhī-nāma-ye forūš-e arz*) were issued in varying amounts, depending upon the category of exports. Until the Allied occupation of Persia in 1320 Š./1941 a series of decrees were issued in efforts to control the prices and markets for the various categories of certificates (*MBMI* 97, 1327 Š./1948, pp. 527-31). Owing to this system of multiple exchange rates, in August 1938 the exchange rate for sterling varied between 88 and 170 rials, depending on the category of exports; the rate for imports varied between 80.5 and 175 rials (Moghadam, pp. 167-68).

The period of Moḥammad Reżā Shah (1320-57 Š./1941-79). Until the fall of Moṣaddeq in 1332 Š./1953 tariff changes played a relatively insignificant role in the commercial policy of the government. Because of World War II, prices



had risen, reducing the real value of specific tariffs. A stamp tax of 6 percent on import permits and 1 percent on export permits was imposed in 1321 Š./1942, and in 1325 Š./1946 an additional temporary import surtax of 10 percent was approved. These duties were minor, however, compared to the various levies imposed by virtue of the state monopoly of foreign trade. In the 1940s a new customs charge, the “commercial-profit tax” (*sūd-e bāzargānī*) was imposed on several monopoly items (primarily tea and sugar) when imported by the private sector. Although this tax at first appeared distinct from monopoly duties (*ḥaqq-e enḥešār*), there was actually little difference between them (Administration Générale des Douanes, *Statistique annuelle du commerce extérieur de l’Iran*, 1329 Š./1950, p. 8). It was only after 1336 Š./1957 that revenues from the commercial-profit tax were reported as a separate item in the customs receipts (Wezārat-e eqtešād, 1343 Š./1964, p. 4). This tax was later to become a major instrument of commercial policy. The tariff rates were revised in August 1950 and June 1955, with increases in specific duties and application of ad valorem rates to a broader array of items, mainly machinery and equipment. Most remaining export taxes were eliminated, and the road tax was also abolished.

In 1334 Š./1955 a law designed to promote exports exempted them from internal duties and income tax and set preferential transport rates as well. The central bank also provided export credits at subsidized rates. In 1337 Š./1958 a new tariff law was enacted, abolishing all export duties (Wezārat-e gomrokāt wa enḥešārāt, *Āmār-e wāredāt wa šāderāt*, 1337 Š./1958, p. 12). A novel feature of the new law was an explicit requirement that protective measures be adopted whenever competition from imports would cause a decline in domestic production. In the preceding year, “[f]or the purpose of protecting home manufactures and products,” quota regulations had extended the commercial-profit tax to all previously unauthorized (*ḡayr-e mojāz*) goods that had become authorized (*mojāz*) in that year. It was later applied to a wide variety of imports and became a major instrument of government commercial policy. In most instances the rates were specific and could be changed by executive decree without legislative approval. The commercial-profit tax was retained even after 1350 Š./1971, when Persia signed the new Brussels Tariff Convention, imposing ad valorem import duties. The Brussels classification system was adopted in Persia in March 1973. Measures to control imports also included registration fees and deposits from importers who wished to obtain letters of credit. These fees and deposits varied, depending upon the goods and were changed over time to restrict or encourage certain categories of imports.



Quantitative restrictions (quotas and licenses) remained a common tool for controlling foreign trade. The formal quota system that had been in effect since the inception of the state monopoly of trade (though ignored for a couple of years during the Allied occupation) does not appear to have had much influence on import levels, which often exceeded the quotas by wide margins; total bans on certain imports were generally effective, however (Motamen, p. 85). The quota system was prone to abuse because of frequent changes in the regulations, especially those related to prior licensing by the Ministry of national economy and the exchange-control commission, in the years 1325-1330 Š./1946-51 (Motamen; *MBMI* 97, 1327 Š./1948, pp. 533-39). It was finally abandoned in 1339 Š./1960. During the war years there had been many restrictions on exports, some of which were totally banned, and imports that were in limited supply abroad, notably tires, transport equipment, and grain, came under the effective control first of the Anglo-American Import Licensing Committee and later the Administrator General of Finances working closely with the Middle East Supply Center (Millspaugh, pp. 42-44, 96-102). Even after the formal abolition of quotas in 1339 Š./1960 a number of imports remained on the prohibited list, and others still required government permits. Such items were mainly of two kinds, those competing directly with domestic production (though permits were sometimes issued, contingent upon purchase of specified quantities from local manufacturers) and machinery and equipment the importation of which was controlled in order to restrict competition among domestic producers. The 1960s were a period of rapid growth of industries for import substitutes, and quantitative restrictions were frequently used to protect domestic industries.

After the oil-price increase in 1352 Š./1973 commercial policy became much more liberal, partly because of the greater availability of foreign exchange but also in the interest of domestic price stability. In March 1974 restrictions on the importation of forty-six items were removed or relaxed, and the commercial-profit tax was reduced or eliminated for 216 products, thus encouraging imports to meet expanded domestic demand. The ratio of import taxes to the total value of imports, which averaged 24 percent in 1349-52 Š./1970-73, was cut to 13 percent in 1353 Š./1974 (*Bānk-e markazī-e Īrān, Annual Report and Balance Sheet, 1353*, pp. 65, 70).

The system of multiple rates and exchange controls that had been in place at the time of Reżā Shah's abdication was almost totally dismantled during the Allied occupation of Persia, and for much of the remaining period of the war



there were few exchange restrictions, mostly on dollars. In response to demands from the occupying powers, seeking more favorable exchange rates for the local currency, the Persian government lowered the official exchange rate almost 100 percent, initially to 35 rials per dollar and then, in May 1942, to 32 per dollar, a rate that was to last for nearly fifteen years. Exchange-sale certificates and later export certificates were abolished temporarily. Heavy Allied demand for rials and the unavailability of goods in international markets increased Persian foreign-exchange holdings and led to progressive relaxation of exchange controls until all transactions became free in 1322 Š./1943; the exchange-control commission was effectively disbanded later that year, but two years later foreign-exchange shortages began to emerge, and the commission was reconvened to issue permits for the purchase of certain currencies (mainly the pound sterling) for essential imports. For nonessential imports foreign exchange had to be acquired on the free market that had been created with the reintroduction of exchange-sale certificates. Exchange-sale certificates were reintroduced in March 1946. The system of multiple exchange rates was thus operative once again.

In the next few years the essentials of the system remained generally unchanged, though there were frequent adjustments in the rules related to grouping of imports in different categories for the purpose of allocating foreign exchange at the official rate (from 0 to 100 percent), percentages of export proceeds eligible for exchange-sale certificates, and regulation of the market in such certificates. Although the free-market exchange rate with the dollar had risen as high as 76 rials in 1326 Š./1947, the increasing availability of foreign exchange from oil revenues had pushed it down to 48.25 by the autumn of 1329 Š./1950. In the late 1940s there was much debate within the government over a proposal to replace multiple commercial exchange rates with a simultaneous devaluation of the rial and elimination of exchange-sale certificates, while maintaining the existing official rate for purchases of foreign exchange from the oil company (*MBMI* 91, 1326 Š./1947, pp. 518-35; 97, 1327 Š./1948, pp. 533-35, 537), but no steps were taken.

The drastic loss of foreign exchange experienced after the nationalization of the oil industry in 1329 Š./1951 required substantial adjustments in the foreign trade of Persia. One mechanism for making this adjustment was to allow an effective depreciation of the currency through a rise in the price of exchange-sale certificates (with little government intervention in the market) while the official rate, though applicable to fewer and fewer transactions, remained



unchanged. Imports and exports were divided into two and later three categories, each with a different effective rate of exchange, but the spread was only a few rials. In June 1953 the rate for most imports was about 100 rials per dollar. The fall of Moṣaddeq brought an infusion of Western foreign aid, combined with the resumption of oil exports; as a result, the multiple exchange rates were gradually modified until a unified rate of 75.75 rials per dollar was established in March 1957. The foreign-exchange commission was disbanded a year later (March 1958), and responsibility for exchange controls was transferred to the Bānk-e mellī and later to the Bānk-e markazī. Toward the end of Moḥammad-Rezā Shah's reign the exchange rate again came to be used as an instrument of policy for controlling foreign trade. Once the convertibility of the dollar into gold was abolished in 1350 Š./1971, Persia maintained a fixed ratio between the rial and the dollar until February 1973, when the rial was raised by 11.1 percent against the dollar, followed by another small revaluation slightly later. The objective was to encourage imports and maintain domestic price stability. In order to limit the fluctuation of the rial against other currencies, the government broke the link with the dollar in late 1353 Š./early 1975, and the rial was pegged to the special drawing rights of the International Monetary Fund (Bānk-e markazī-e Īrān, *Annual Report and Balance Sheet, 1353*, p. 66). From late 1352 Š./early 1974 until the autumn of 1357 Š./1978 there were no restrictions on foreign-exchange transactions for noncommercial purposes (Bānk-e markazī, n.d., p. 325).

The post-Pahlavi period. After the Revolution of 1357 Š./1979 commercial policy became more restrictive because of the drop in oil revenues. Although the commercial-profit tax on many items was raised, rising domestic prices prevented this measure from effectively limiting imports. The main instruments for controlling imports were quantitative restrictions and licensing, which became increasingly complex and comprehensive. At first the tendency was to ban imports of such goods as automobiles, furniture, many building materials, and prepared foods, which were considered luxury items. After the outbreak of war with Iraq in 1359 Š./1980 the list of goods banned or subjected to licensing by numerous government agencies, including the various procurement and distribution centers (see below), increased sharply.

As in previous episodes of balance-of-payments difficulties, foreign-exchange policy was the main instrument for regulating trade after the Revolution. In April 1979 a decree requiring exporters to sell their foreign exchange to the government was issued at the same time that a more favorable rate (with an



11 percent premium) for export earnings was introduced, thus reestablishing multiple exchange rates. Steps were also taken to ensure more realistic customs valuation of exports to reduce underinvoicing. Because of domestic inflation the exchange rate for exports became increasingly overvalued, leading to a marked drop in exports other than oil. Regulations introduced in 1361 Š./1982 allowed exporters to use their foreign exchange to purchase imports, but the measure was not effective in boosting exports appreciably. Three years later the exchange rate for exports was further devalued through the introduction of an exchange-sale certificate at a fixed price of 350 rials per dollar. Certain items, especially raw materials and spare parts, could be imported on the basis of these certificates. This system, with some minor adjustments, remained in force until January 1991, when the exchange rate for exports was devalued to 1,330 rials per dollar and the certificates eliminated.

Imports that were permitted received foreign-exchange allocations at the official rate, which became progressively overvalued. As there was always great demand at these rates, the government limited imports through licensing. A foreign-exchange allocation commission (Komīsiūn-e taqṣīṣ-e arz) was set up in December 1981 to oversee the use and allocation of foreign exchange, and later a foreign-exchange budget became part of the annual government budget. At times limited amounts of certain commercial goods were allowed without transfer of foreign exchange; they were brought in by Persian workers in the Persian Gulf emirates, by travelers from abroad, and from the free zone on Kīš island. Since autumn 1368 Š./1989 commercial imports of some items have been permitted without transfer of foreign exchange. At the same time industrial units and some cooperatives have been allowed to import certain raw materials and food items at a greatly devalued preferential rate. This rate was originally fixed at 1,000 rials per dollar but was later reduced to 850 rials. The list of such imports has progressively expanded as the government has sought to relieve acute domestic shortages and to augment its revenues from the sale of foreign exchange at these higher rates. In 1369 Š./1991 a more simplified system of multiple exchange rates was introduced.

Organization of foreign trade

Over a period of nearly seventy years there have been considerable changes in the organization of foreign trade in Persia: the extent of direct government participation, the relative role of foreign merchants and companies, the degree of functional and commodity specialization among individuals and firms



engaged in foreign trade, and the relative importance of the capital city. Before the Pahlavi period the treaties that governed Persian foreign trade allowed foreign merchants and firms to operate freely in Persia and accorded them a high degree of protection from government action and arbitrary taxation. A number of Persian merchants had even become British or Russian subjects, in order to benefit from the same protection. In addition, many prominent Persian merchants acted as agents or representatives for British and Russian firms. It is thus impossible to gauge accurately the foreign share of Persian trade, but it must have been quite substantial, for the exportation of carpets, cotton, piece goods, and silk was dominated by foreigners (Ašraf, pp. 50-56). Foreign involvement often extended beyond trade to procurement, processing, and, in the instance of carpets, even production of exports (Jamāl-zāda, p. 27; Litten, *passim*); Persian merchants also had correspondents, usually Persians, abroad (Ravāsānī, p. 67). Because Russia was Persia's dominant trading partner before World War I, Russian subjects played a particularly important role in Persian foreign trade, but their position declined precipitously after the Revolution of 1917, when Soviet trade was nationalized. For the first few years commerce between the two countries was in the hands of a combination of Soviet government organizations, mixed Soviet-Persian companies, and private Persian merchants who conducted their business at trade fairs in Baku and Nizhni Novgorod (Davenport, pp. 65-103). The Soviet government put increasing restrictions on the activities of Persian merchants, however, forcing them to deal with a few large organizations controlled by the state. Finally, in 1309 Š./1930, all Persian merchants were excluded from the Soviet Union, and subsequently the sole conduit for trade between the two countries was the various trade organizations working through the Soviet trade mission in Tehran (Davenport, pp. 133-34). Other foreign merchants and firms continued to operate in Persia during the reign of Reżā Shah, even after the abolition of the capitulations and the establishment of Persian autonomy over the customs, but it appears that their share of Persian foreign commerce, except for oil, declined. There was growing local demand for restrictions on the operations of foreign merchants in Persia (*MOT* 45, 1311 Š./1932, p. 14), but not until after World War II did the introduction of commerce permits (*kārt-e bāzargānī*) effectively limit trading by non-Persians for their own accounts (*Bānk-e mellī-e Īrān būletan [BMIB]* 99, 1328 Š./1949, p. 61). Since that time foreign firms have played only a minor role in Persian export trade, always excepting oil. Of 3,211 holders of commerce permits in 1337 Š./1958 only 113 were foreigners, among whom Indians constituted the largest group (*Majalla-ye oṭāq-e bāzargānī [MOB]* 80, 1338 Š./1959, p. 4).



Foreign firms continued to operate in Persia through local representatives and agents, and especially after the 1960s they often maintained their own branch offices in Persia. The number of such offices and agents soared with the volume of trade during the oil boom, but after the Revolution many Western firms left Persia, as the volume of trade declined and the government adopted more restrictive policies toward them. Throughout the Pahlavi period Persian merchants settled in India and Europe, especially Germany, were an important channel for Persian trade, even more so since the wave of emigration after the Revolution. Beside foreigners religious minorities, particularly Jews, Armenians, and Zoroastrians, played a significant role in Persian foreign trade under the Pahlavis. Their greater familiarity with foreign languages (often acquired at missionary schools) was an asset, especially in the early years. They were more active in the import trade and as agents and representatives of foreign firms until the Revolution (for those who held commercial permits, see, e.g., *Wezārāt-e gomrokāt wa enḡeşārāt, Āmār-e wāredāt wa şaderāt*, 1336 Š./1957, pp. 44-162). After 1358 Š./1979 their role diminished greatly, owing partly to emigration and partly to the decline in the importance of the private sector.

Persian foreign trade had been entirely in private hands in the Qajar period, though at times the government granted export monopolies for certain items to particular individuals. Under the Pahlavis the government took a more active part in commercial affairs, especially after passage of the foreign-trade monopoly law of 1311 Š./1932 (see above). A state tobacco company (*Şerkat-e doġānīyāt-e Īrān*) had already been established the year before. In 1312 Š./1933 a joint-stock company (*şerkat-e sehāmī*) for exportation of opium was established, followed during the next few years by several other government and joint-stock companies. Most important were *Şerkat-e sehāmī-e qomāş* (textiles), *Şerkat-e sehāmī-e şaderāt-e berenj* (rice), *Şerkat-e sehāmī-e panba, paşm wa pūst* (cotton, wool, and skins), *Şerkat-e sehāmī-e farş* (carpets), *Şerkat-e sehāmī-e şekar wa kebrīt* (sugar and matches), *Şerkat-e sehāmī-e katīrā* (gum tragacanth), *Şerkat-e sehāmī-e markazī* (a holding company and exporter of jute), and *Şerkat-e sehāmī-e kālā* (exporting saffron and manufactured goods and importing miscellaneous manufactured goods). Government participation in these companies was mostly through the state-owned banks, primarily the Agricultural and industrial bank (*BMIB* 9, 1315 Š./1936, p. 5). The participation of private shareholders in these firms was largely limited to the provincial branches established to procure or distribute items under state monopoly. It has been estimated that by 1316 Š./1937



government monopolies accounted for 46 percent of dutiable imports and 74 percent of exports exclusive of oil (Agah, p. 82). Several of the monopoly companies continued to operate until after the abdication of Reżā Shah, but for most items private trade was soon reestablished, subject to various monopoly fees and regulations intended to improve the quality, standardization, and packaging of exports (*BMIB* 20, 1938, pp. 1-11).

At the beginning of the reign of Moḥammad-Reżā Shah there was a surge of liberalization in import policy, but during the war a number of state monopolies were reinstated under the authority of the Allied military Price-Control Section, and, in addition, restrictions were imposed on the internal movement of many essential items (Millspaugh, pp. 96-102; *BMIB*, issues for the war years). After the war most such restrictions on trade were removed, but the government retained its monopoly of items like tobacco, opium, and sugar. In 1329 Š./1950 a government joint-stock foreign-trade company was established specifically to conduct trade with the U.S.S.R. (*BIMB* 107, 1951, p. 395). This company, later Šerkat-e mo'āmalāt-e kāreji (Foreign-transaction company) and now called Šerkat-e bāzargānī-e dawlatī (Government trading company), became the main trading arm of the government, handling large-scale purchases of basic equipment, supplies, and commodities constituting about 10 percent of all government procurement in the mid-1970s. As the role of the state in the economy expanded and development expenditures increased, government organizations and ministries became large importers of foreign products and equipment, often through their own purchasing departments (U.S. Department of Commerce, p. 7 and *passim*). At the height of the oil boom in the mid-1970s more than half the civilian imports were handled through the public sector (*Bānk-e markazī, Gozareš-e eqtešādī wa tarāz-nāma*, 1356 Š./1977, pp. 236-37).

After the Revolution there was a brief decline in state participation in foreign trade, but with the adoption of the new [constitution](#), which stipulated (art. 44) a state monopoly of foreign trade, and especially after the start of the war with Iraq in 1359 Š./1980, the role of the private sector was sharply curtailed. A bill to nationalize foreign trade never received the full approval of the Council of guardians (Šūrā-ye negahbān), but the government managed to restrict private trading activity considerably, through administrative measures. Already by the middle of the decade about 90 percent of civilian imports were in government hands; the administrative apparatus comprised new procurement and distribution centers (*marākez-e tahīya wa tawzī*) in the



Ministry of commerce, which were authorized to import directly, as well as to issue permits to other private and state-owned importers. One factor increasing the government share was the expropriation of many large private manufacturing units and trading companies. Another noteworthy development has been the emergence of “parastatals” like Bonyād-e mostaẓ’afān (Foundation for the deprived) and nonprofit Islamic foundations like Bonyād-e eqteṣād-e eslāmī (Islamic economic foundation) as significant participants in international commerce. The government has also favored various guild cooperatives with licenses to import supplies for their members or with less stringent foreign-exchange regulation on their exports. Since autumn 1368 Š./1989, however, there has been some relaxation of restrictions on the activities of the private sector in foreign trade.

On the export side government involvement has been more limited, except for oil, which has been entirely in government hands since the Revolution. The National Iranian oil company began direct exports in the 1970s and by 1356 Š./1977 controlled more than 25 percent of oil exports. Other exports were entirely in private hands during much of the postwar period. After the Revolution such state organizations as the Revolutionary guards (Sepāh-e pāsdārān-e enqelāb-e eslāmī), the Reconstruction crusade (Jehād-e sāzandagī), and Bonyād-e mostaẓ’afān also engaged in export trade to earn foreign exchange. In the 1980s the Rafsanjān pistachio growers’ cooperative became the largest single exporter in the country, but the bulk of exports remains in private hands.

In the 19th century foreign commerce had involved merchants’ local presence and close personal ties because of underdeveloped transportation, communication, banking, and legal systems. Import and export activities were usually carried out by the same firms and individuals, often to facilitate payment for goods. Despite marked improvement in communications and banking under Reżā Shah, many elements of the old international trading system persisted. In the 1920s Persian merchants still had to take their merchandise to Russia to sell it and buy goods to take back (Davenport, pp. 73-75). Complete specialization in a particular line was the exception, rather than the rule, especially among larger merchants (*MOT* 31, 1310 Š./1931, p. 11; for a list of merchants and their activities, see *BIMB* 9, suppl., 1315 Š./1936, pp. 1-84; *Wezārāt-e gomrokāt wa enḥeṣārāt, Āmār-e wāredāt wa ṣāderāt*, 1336 Š./1957, pp. 44-162). After the establishment of the state monopoly of trade the government imposed certain qualifications on exporters, in order to improve



the quality and standardization of Persian exports. Such requirements were soon abandoned, however. In 1338 Š./1959 several associations of exporters were established to promote the same objectives. Although there was a trend toward greater specialization during the Pahlavi period, nevertheless, according to a 1977 U.S. Department of Commerce report on the Persian market, “most importers are general traders and an importer often handles many different lines of products” (p. 6). In addition, there was little functional specialization, and no fine distinctions could be drawn among merchants, agents, and distributors. A firm could act as commission agent for some suppliers, as authorized distributor for others, and as importer on its own account. It appears, however, that there was a trend toward specialization within and among firms, especially those handling industrial equipment and other relatively high-technology goods (U.S. Dept. of Commerce, p. 6; Business International, 1978; idem, 1987). After the Revolution this trend was reversed, as many established merchants left the country and the role of the private sector in trade was reduced. Frequent changes in regulations forced those remaining continually to adjust their activities and to enter new lines; the parastatals also established trading subsidiaries handling wide ranges of products.

One important organizational change in Persian foreign trade during the last seventy years has been a long-term shift in the locus of import and export activity from provincial cities to Tehran. In the 19th century cities like Tabrīz, Shiraz, Rašt, Isfahan, Yazd, Būšehr, Moḥammara (Korramšahr), and Mašhad were important commercial centers. Foreign firms maintained offices and agents in these cities, and imports went directly there from the ports of entry. Local merchants handled both exports and imports and were in direct contact with merchants in other cities and abroad. Crucial to this trade were local agents (*ḥaqq al-ʿamal-kār*), who bought and sold goods and made arrangements for payments on behalf of their clients in other cities. Tehran’s share of Persian foreign trade began to increase during the reign of Reżā Shah for reasons that included the declining role of Russia as a trading partner, which undermined the position of the northern cities; the developing transportation network with Tehran as its hub; and growing state regulation of foreign trade. Especially the establishment of various state monopoly firms in Tehran in the 1930s forced many provincial merchants to move to the capital. Between 1310 Š./1931 and 1314 Š./1935 204 commercial companies with a total capitalization of 348 million rials were registered in Tehran; in the seven leading provincial cities combined commercial registrations totaled 241



companies with a total capitalization of 106 million rials (*BIMB* 1316 Š./1937, p. 6). The dominance of Tehran continued to grow after World War II; by 1335 Š./1956 3,025 firms and individuals in Tehran held commerce permits, compared to 914 in the rest of the country (*MOB* 50, 1336 Š./1957, p. 2). Because the more important merchants were concentrated in Tehran that city's share of foreign trade was even greater than these figures suggest. On the whole, provincial merchants were more likely to be engaged only in export trade. Nearly all foreign agents and representatives were stationed in Tehran. These trends continued through the 1960s and 1970s, as the direct role of the government in the import trade increased. After the Revolution the dominant position of Tehran was further enhanced, because nearly 90 percent of imports were in government hands and the rest strictly regulated.

One minor part of the foreign trade of Persia has always been conducted by residents of border areas with special permits to engage in limited barter with neighboring countries. In order to discourage smuggling, regulation of this trade has always been more liberal than that of other imports and exports.

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[Table 3.](#) Most Important Persian Imports (percentages of total)

[Table 4.](#) Most Important Persian Exports (percentages of total)

[Table 5.](#) The Value of Persian Foreign Trade, 1216/1801

[Table 6.](#) The Value of Persian Trade with Foreign Partners, 1237/1821

[Table 7.](#) Value of Persian Foreign Trade (in pounds sterling)

[Table 8.](#) Volume and Value of Persian Merchandise Trade in Current Prices, 1300-65 Š./1921-86 (in 1,000 metric tons and millions of rials)

[Table 9.](#) Commodity Composition of Persian Nonoil Exports (three-year average percentage of value)

[Table 10.](#) Commodity Composition of Imports (three-year average percentage of value)

[Table 11.](#) Origins of Persian Imports, 1300-65 Š./1921-86 (three-year average percentage of total imports by value)

[Table 12.](#) Destinations of Persian Nonoil Exports, 1310-65 Š./1931-86 (three-year average percentage of total value)

[Table 13.](#) Destinations of Persian Total Exports, 1335-65 Š./1956-86 (three-year average percentage of value of total exports)