

### The Iranian Budget 2008-2009

The budget for 2008 2009 was been negotiated and agreed between the government and the Majlis before Norouz. The comments of both the Expediency Council and the Council of Experts have been incorporated. In summary the numbers are as follows.

<b>Items</b>	<b>2007-08</b>	<b>Gov't Proposal</b>	<b>% Rise</b>	<b>Majlis Approval</b>	<b>% Rise</b>
Total Budget	\$258 Billion	\$306 billion	19%	\$318 Billion	23%
1. General	\$74 billion	\$87 Billion	18%	\$102 Billion	38%
- <i>Current</i>	-\$54.2 billion	-\$64.4 billion	19%	-\$75.5 billion	39%
- <i>Development</i>	-\$19.8 billion	-\$25.8 billion	31%	-\$26.4	33%
2. SOEs, Banks	\$184.4 billion	\$215 billion	17%	\$215 billion	17%

<b>Index</b>	<b>2007-08 Plans</b>	<b>2007-08 Performance</b>	<b>2008-09</b>
GDP Growth rate	7%	6.6%	6.7%
Liquidity Growth rate	30%	35%	35%
Inflation rate	11%	15.7%	15.5%
Investment Rate	8%	4.2%	4.5%
Unemployment rate	10.6%	10.8%	10.5%

- The total budget at US\$318 billion has increased 23%, split 32% for government expenditures and 68% for state owned enterprises
- Within government expenditures, US\$75.5 billion (74%) is current and is 39% higher than last year and US\$26.4 billion is development expenditure. The latter has been criticised by some who believe there is insufficient economic capacity to absorb such spending without a considerable increase in inflation
- GDP growth, liquidity and inflation are intended to remain at 2007-2008 levels
- Revenues are expected to come from Oil and gas (58%), taxes (25%) and other sources (17%), including privatisation. Oil revenues are calculated at US\$50 per barrel (US\$1 = Rial 9,000): surplus oil revenues will be paid into the OSF. The government intends to reinvest 3% of oil and gas revenues in extraction and production facilities

- The budget for fuel imports has fallen from US\$6 billion last year to US\$3.2 billion in 2008-2009 as the result of gasoline rationing which reduced consumption by approximately 20%
- The budget is different from those of previous years in two main respects. Firstly it shows only a general breakdown of revenues and expenditures – the ministries will be responsible for allocating expenditures in more detail. Secondly responsibility for planning has been moved to the government from the Management & Planning Organisation, which the government has disbanded. Critics argue that these changes will reduce Majlis control and scrutiny of government expenditures.