

Expert Group Meeting on Distributive Trade Statistics

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*Statistical Centre of Iran
Department of Trade Statistics*

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Preface:

What is understood from UN's 1975 and 1977 compiled manuals on distributive trade statistics covers a wide range of activities which includes wholesale and retail trade, repair and some other enterprises providing services. However due to the fact that the title of UN's Expert Group Meeting in August 2005 is related to distributive statistics, the main focus of the current report will be on that group of statistics which are considered in the Statistical Centre of Iran as "Domestic Trade Statistics" and include retail and wholesale and repair statistics .

It should be mentioned that for other service-providing establishments, different statistical surveys are conducted by the SCI every years. These surveys are mainly done to calculate the value added meant for being used in national accounts.

The background of production of domestic trade statistics in Iran goes back to 1950s when a statistical survey was conducted in some selected cities of the Country. After that survey, the Survey on Trade Statistics was conducted for 15 times in an irregular manner and in different years. The last statistics and data on domestic trade statistics now, are available for urban and rural areas of the country and at the provincial level for the year 2003.

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1. Scope and Classification.

Based on the existing definitions, trade establishment is a place, a part of a place or a number of definite places in which a collection of production factors/agents are practicing buying and selling activities (without any kind of transformations), repair and maintenance of motor vehicles or repair of personal or household goods.

According to the last classification of the ISIC, Revision 3.1, distributive trade activities are categorized under following groups:

ISIC group	Activity
G	Wholesale and retail trade Repair of motor vehicles, motorcycles and household goods
50	Sale, maintenance and repair of motor vehicles, motorcycles and retail sale of automotive fuel
51	Wholesale trade and commission trade except of motor vehicles and motorcycles
52	Retail trade, except for motor vehicles and motorcycles, repair of personal and household goods

Due to the fact that the structure and nature of expenditure in establishments with buying and selling activities is different from establishments with repair activities, in recent years, in the Statistical Centre of Iran (SCI), surveys on trade establishments, have been conducted under following five groups:

1. Group 50 except for 502. Establishments for sale of motor vehicles and motorcycles
2. Group 502. Establishments for repair of motor vehicles
3. Group 51. Wholesale trade and commission trade
4. Group 52 except for 526. Retail trade establishments
5. Group 526- establishments for repair of personal and household goods

During the first years of this statistical survey in Iran, the publication of the survey result was limited to city or some selected cities levels. However the coverage of the census was gradually expanded to some provinces (ostans) and recently it could

be generalized to cover all rural and urban areas of the provinces and the whole country.

Based on the last General Census of Establishments (2002) in Iran, conducted by the SCI , there were about 1500000 active trade establishments in Iran which include 60% of all establishments in the Country.

It should be mentioned that due to lack of an effective administrative registers system in Iran some general censuses on establishments have conducted with about 10 years intervals, they were mainly in order to up-date the statistical data on establishments. The Censuses were conducted for preparation of required frameworks for sample surveys. The last case of these censuses was conducted in 2002 at country level.

2. Statistical and Reporting Units.

In the statistical survey on trade establishments , the surveys statistical society is comprised of all establishments in rural and urban areas of the Country which are performing trade activities either dependently or independently. The statistical framework of the Survey includes all listed establishments that makes this statistical society(i.e. code 50 except for 502, code 502, code 51 and code 52 except for 526 and code 526 itself). It is based on the listing resulted from 2002 General Census on Establishments.

As it is inferred from the above mentioned definitions, in the 2002 General Census on Establishments, the status of establishment was inquired based on the type its management and existence of an independent or affiliated accounting and for selection of required samples all independent or affiliated establishments are considered, in other word all accounts related to these establishments are locally accessible otherwise, if there are affiliated establishments included in the samples, they will be removed from the list. In this manner, the statistical unit and reporting unit in this survey are usually the same so referring to other establishments could be refrained as far as possible

3. Data Items and their Definitions:

In the statistical survey on trade statistics following data items are included. The definition of each data item is also given accordingly:

- **Establishment for Sale of Motor Vehicles and.....:**

It is a place, a part of a place or a number of places in which a collection of production factors/agents are performing (wholesale or retail) trade activities under the supervision of the same management and accounting unit and production is without any kind of transformation(wholesale or retail).

- **Establishment for Repair of Motor Vehicles:**

It is a place, a part of a place or a number of places in which a collection of production factors/agents are doing motor vehicles repair and maintenance activities under the supervision of the same management and accounting unit.

- **Wholesale Trade and Commission Trade Establishment:**

It is a place, a part of a place or a number of places in which a collection of production factors/agents are doing buying and selling activities without any kind of transformations. Wholesale is selling the new or used goods to retail vendors , to industry, commercial and office users and other wholesalers as well as the sale agents and dealers of the goods. Wholesalers are usually packing or grading the goods in large-sized packages or they change the large packages to smaller units for redistribution of them.

- **Retail Sales Establishment:**

It is a place, a part of a place or a number of places in which a collection of production factors/agents are doing purchase and sales activities without any kind of transformations. Trade sales means selling the new or used goods to common people for personal or household uses. This is done by stores, chain stores and consumption cooperative companies as well as vending booths.

- **Personal or Household Goods Repair Establishments:**

It is a place, a part of a place or a number of places in which a collection of production factors/agents are doing repair and maintenance of personal or household goods.

- **Types of Establishments:**

Personal: It is an establishment that its capital belongs to one person.

Informal Unregistered Corporation: It is an establishment that its capital was provided by two or more people but it was not registered as a registered corporation.

Cooperative Corporation: It is an establishment that was founded for improving the economic status of its members and supplying their needs. This type of establishments are founded according to laws on cooperative sector and registered as cooperative corporation.

Governmental or Public Corporation: It is an organizational unit which is created in compliance with the laws and regulations and is recognized as a public corporation. More than 50% capital of a governmental corporation belongs to government. Every commercial corporation that is established through investment of public corporation(which are affiliated to government) are considered as public corporations as long as more than 50% of their capital belongs to the government.

Other Types of Registered Corporations:

This type of corporation refers to other public joint-stock corporations, private joint-stock, limited, general partnership, mixed joint stock and mixed non –joint- stock corporations.

- **Private Management:**

The management of establishment is practiced by persons or private Institutions.

- **Public Management:**

The management of this type of establishments is done by ministries, governmental organizations or Islamic Revolutionary Institutions regardless of their capital source (public or private).

- **Sales on Own-Account:**

It is an establishment which buys and sells its own goods. It should be mentioned that the sale value of that group of establishment goods which are sold by other parties were considered as sales value of that establishment.

- **Sales on Others-Account:**

In this case, the establishment receives goods which belong to other persons, institutions or establishments (except for the trade establishments) and sells them to receives its sales commission.

- **Received Value for Repairing Motor Vehicles and Personal and Household Goods:**

This value refers to the total value of sums received by the establishment for repairing any kind of motor vehicles or personal or household goods.

Repair is a term which refers to changes in condition of a good or instrument aimed at increasing its efficiency, capacity or useful life or restoring its default condition (by replacing damaged or faulty parts).

- **Purchase Value of Sold Goods:**

It refers to purchase value of goods that the establishment has sold them without any changes or transformations. The good purchase value refers to the sum paid for purchase of good costume tariffs, storage and warehousing costs and the like(except for the costs paid for transportation)The value of sold goods is at the market price.

- **Value of Raw Materials Used for Production of Goods:**

It refers to value paid for purchasing raw materials and other goods that the establishment has consumed for production of other goods within a statistical period.

- **Value of Materials, Instrument and Parts Used by the Establishment for Repair of Motor Vehicles and Personal and Household Goods:**

It refers to purchase value of materials spare parts and instruments used by the establishment for repairing and maintenance of costumers' goods (all types of motor vehicles and personal or household goods).

- **Commission:**

It refers to the sum of money paid by the establishment to other people or establishments for selling its goods or received for selling goods of others.

- **Cost of Minor Repairs of Building:**

It refers to all costs, which are paid by the establishment to others for maintenance of the building (such as plastering, painting of the walls, doors, and windows).

- **Cost of Minor Repairs of Facilities, Tools and Instruments and Motor Vehicles:**

It refers to costs paid to others by the establishment in order to keep its facilities and instruments in standby condition.

- **Other Payments:**

It refers to a sum of money paid by the establishment for instruments, tools or construction materials used for performing minor or fundamental building repairs(provided that the mentioned repairs are done by the establishment workers) .

- **Sales Value of Good:**

It refers to money received by the establishment for selling goods without any kind of transformation.

- **Foreign Sales Value (Direct Export) :**

It refers to sales or supply of the goods or services of the establishments to the foreign countries, according to pertinent rules and after passing costumes formalities.

- **Value of Produced Goods:**

It refers to value of goods at sale price.

- **Subsidy:**

It refers to a sum of money received by the establishment for reimbursing losses or keeping low the prices of its goods.

- **Employees of the Establishments:**

It refers to people who have worked as full time or part time employee of the establishment including wage and salary earners and un-paid employees.

- **Paid Employees:**

It refers to people who receive a definite wage or salary for the work they have done for the establishment. Managers, board of directors, stockholders, owners or share holders of the establishments who receive salary for their work in the establishment are considered among this group.

- **Un-paid Employees:**

It refers to owners, active share holders and family workers (such as spouse, children and.....) who work for the establishment regularly and at least for the minimum length of the daily activity (typical working hours).

- **Compensation for Services by Wage and Salary Earners:**

The compensation for services offered by the wage and salary earners refers to their wage and salary as well as other payments.

- **Wage and Salary:**

It refers to the whole payments by the establishment in-cash or in-kind under the title of wage and salary to the wage and salary earners.

- **Other Cash and Non-cash Payments:**

It refers to payments like premiums, over time wage, food and clothing bonus, transport (travel) cost, family allowance, remuneration for service in area of bad climate, quarter allowance, employer's share of social security insurance premium and value of goods offered free of charge to the paid employees.

- **Capital Assets:**

All instruments and facilities which are used in production activities or rendering services by the establishment provided that their useful life is longer than one year are capital assets. They also include durable tools and instruments, machinery and office facilities, motor vehicles and buildings (but not the land of the building).

- **Formation of Fixed Asset:**

It includes the total value of purchase acquiring and increasing the fixed asset of the establishment minus its net sale.

- **Purchase Value of the Capital Assets:**

It refers to the value of capital assets of the establishment which are purchased or received free of charges either as a new or used item within in a statistical period. The cost of ownership transfer like commission and notary office fees are included in purchase value.

- **Making or Manufacturing Value of the Capital Assets:**

It refers to the production value of the capital assets of the establishment whether their manufacturing is ordered to second party or it is done by the establishment by using materials purchased by the and labor force inside or outside of the establishment.

- **Cost of Over haul of Capital Assets:**

It refers to the costs paid by the establishment for repairing its capital assets to increase their useful life or value.

- **Sale and Transfer of Capital Assets:**

It refers to the value of capital assets of the establishment which were sold or their ownership has transferred to others. Transfer costs have been subtracted from the sales or transfer value.

- **E-commerce:**

Electronic Commerce refers to all processes in which purchase, sale and exchange of goods is done through the computer networks.

- **Agent Establishment:**

It is an independent establishment that has its own separate accounts and profit and loss. The agent's activity is in the line with the source of agency.

- **Branch:**

It is an affiliated establishment whose accounts are kept by the parent headquarter

- **Business or Establishment Permit:**

It refers to any kind of permission documents that are issued by the executive authorities under different titles and are submitted to the establishment. Examples are permanent permits, temporary permits (from Ministry of Trade) establishment permit, establishment decree, exploitation permit and ID card....and the like(from Ministry of Industries and Mines).

- **Intermediate Consumptions Value:**

It refers to the value of the establishment's payments for feed stocks used for production of the goods, commissions paid for sales or materials, tools and parts used by the establishment, goods wastes, transportation, unloading, weighting, freightage, packaging materials, office accessories and other used low durable goods, rental fee of the place, minor building repairs, motor vehicles, tolls and facilities for the establishment, different types of legal services, accounting, computer, advertisement and other enterprise services , trade insurances, mission allowance, communications, water electricity fuel and the like (except for amortization, rates and taxes, fines and indemnities, payments for transfers and repayment of the interests and original amounts and other banking costs of the loans) which have been used for performing activities like buying and selling (without transformation) repairing of household and personal goods, repairing the motor vehicles as well as production of goods.

- **Out-put Value:**

It refers to value of goods and services produced by the establishment that are offered for consumption out of the establishment. It is a sort of out-puts that establishment provides it through sale of goods and services at an economically meaningful price(balanced market price).

- **Value Added:**

It is the out-put value of the establishment minus its input value.

- **Productivity of Employees:**

It results from value added subdivided by the number of employees.

4. Data Sources and Data Collection Method

Data sources in this survey are the data uttered by the respondents. The accounts of the establishments are usually kept in the form of official account books therefore the enumerator collects data and completes the questionnaire via face-to-face interview in the establishment. The respondent provides answers to the different questions by referring to these account books. It should be mentioned that in some cases such account books are not available so the respondent answer to question by relying on his/her mental background and his /her memory. As it was mentioned before, there are more than 1.5 million trade establishments in Iran which are classified based on the number of workers.

In the Statistical Survey on Trade Statistics, stratified sampling method is used. In this method, systematic random sampling technique will be applied for each stratum. Currently, according to ISIC codes, the optimum level of the survey for the whole country and its provinces are two digit codes. In the last Survey, about 22000 samples have been selected in all provinces. The information and Statistics Units of the Management and Planning Organization collects data. After completion of field operations and revising the stages, the questionnaires are sent to the Statistical Centre of Iran for data extraction. After data processing and verification, the subject matter program will be run and consequently the final tables, after allocating primary coefficients, will be forwarded to the Department of Trade Statistics for revision. The resulted statistics will be sent to be published.

- **Indices and Performance Indicator:**

In addition to calculation of the value added, other important economic indicators that can be calculated in the Trade Establishment Survey are labor force productivity index and mean annual paid salary and wage. Recently in the above mentioned Survey, other indicators such as the extent of e-commerce activities by the establishment, literacy level of the establishment employees, gender indicators of the establishment employees and managers, participation in international fairs and number of agencies, person/hour of trainings for the employees and the person/hour spent for research on the marketing of the establishment (product) could be also produced.

With regard to the important economic indices in trade sector such as price indices of the goods and services(wholesale and retail), continuous and regular activities in the Central Bank of the I.R. Iran and the Statistical Centre of Iran are currently conducted which are published on monthly, quarterly and annual basis.

- **Distributive Trade Statistics and Compilation of the National Accounts**

Based on the last available data, about 15% of the value added resulted from the economic activities in Iran is due to the activities of the trade establishment. As it was mentioned in the item 4 of this country note, the majority of the existing items in the questionnaires of the Surveys on Trade Statistics are structurally based on the value added therefore for calculation of national accounts in this sector, the results of the Survey could be used. Due to the fact that the Survey can be generalized at provincial level, regional accounts of the provinces could be extracted based on the result of the Survey. However the Department of Economic Accounts of the Statistical Centre of Iran does not put emphasis on annual conduct of this survey , therefore the Department for Trade Statistics of the SCI tries to produce the required data for the users of the statistics of this sector on an annual basis. It could be done by including other non- economic requirements and important indices of the sector.