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TITLE: AN ASSESSMENT OF QUOTA IN GASOLINE CONSUMPTION IN IRAN: AN AGE APPROACH

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ABSTRACT:

Because of high growth in gasoline consumption in Iran, it is supplied by quota. Although, it seems this decision leads to a considerable reduction in its consumption, it is possible it has some destruction effects on the economy. On the other hand, since the saved subsidies of the government are spent for investment in the country, it is expected it has some positive effects on the economy. This paper will assess the effects of the government decision in gasoline quota on trade balance and Gross Domestic Product (GDP) in Iran. An Applied General Equilibrium (AGE) model using a modified Social Accounting Matrix (SAM) for the year 2001-2 of Iran is employed as database. The result of the simulation demonstrated the quota on gasoline consumption leads to improve the trade balance but decline the GDP.