



EMBASSY OF THE ISLAMIC
REPUBLIC OF IRAN
BUCHAREST - ROMANIA

DOING BUSINESS IN IRAN

AN OVERVIEW FOR ROMANIA

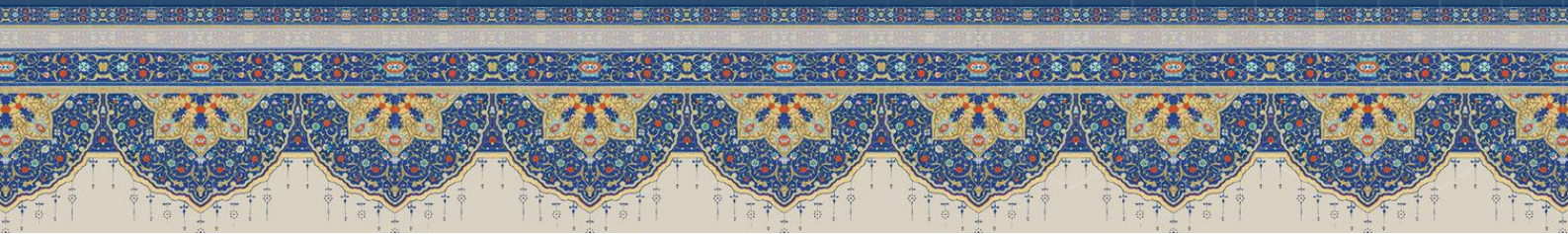


TABLE OF CONTENT

Iran's ambassador
message

Iran's economic relations
with Romania and the E.U.

Iran's economy

Iran's economic
Advantages

Iran's business
opportunities

Starting a business in Iran

Iran's economic institutions

4

5

6

7

8

9

10



WHY IRAN

The strengths of the Iranian market include:



Large Population: Iran has a population of approximately 88 million, making it the second-largest in the Middle East after Egypt.



Young Generation: Around 60% of Iran's population is estimated to be under 30 years old.



Highly Educated Nation: Iran has a strong emphasis on education, with a high literacy rate and a large number of universities and research institutions.



Rich Natural Resources: Iran is blessed with abundant natural resources, including vast reserves of oil, natural gas, minerals, and agricultural products.

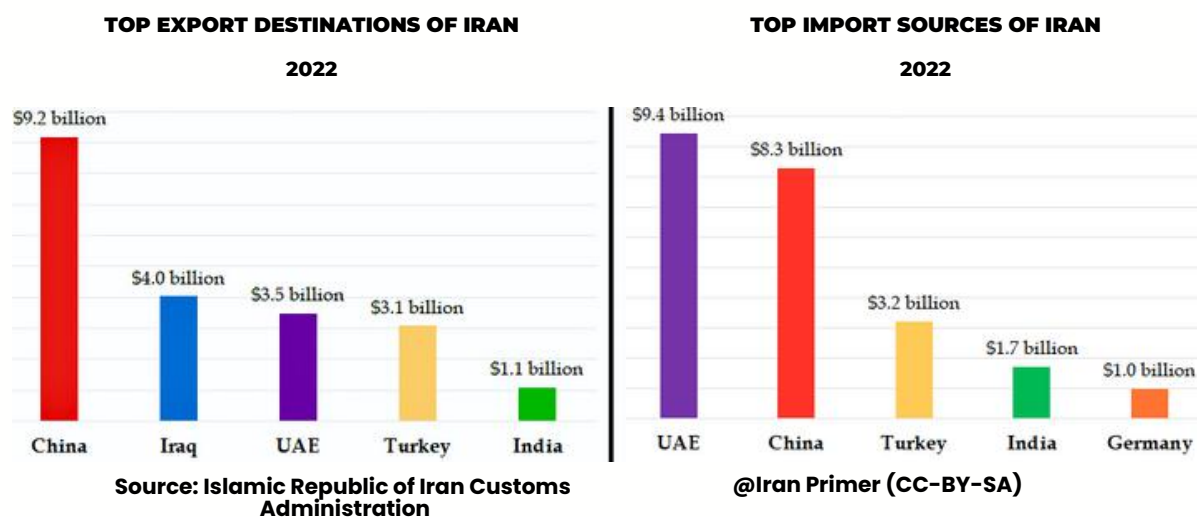


Strategic Geographical Location: Iran's geographical location plays a significant role in its market potential. It shares borders with several countries, including Iraq, Turkey, Afghanistan, Pakistan, and the Persian Gulf states.

IRAN'S ECONOMY

Iran's economy expanded modestly in 2022 as trade picked up. Some of the disruptions caused by the pandemic eased as Iran vaccinated more than 70% of its population. Iran's non-oil trade sharply increased in 2022 compared to the previous year, as the economic disruptions caused by the pandemic started to dissipate. Iran has achieved an all-time record of \$53.166 billion in non-oil exports, representing a 10% growth during the last Iranian calendar year from March 20, 2022, to March 22, 2023.

In 2022, Iran's top non-oil trade partner was China, followed by the United Arab Emirates, Turkey, Iraq India and Germany.



Islamic Republic of Iran / Macro poverty outlook indicators	(annual percent change unless indicated otherwise)					
	2020/21	2021/22	2022/23e	2023/24f	2024/25f	2025/26f
Real GDP growth, at constant market prices	3.3	4.7	2.7	2.0	1.8	1.7
Private Consumption	0.5	3.9	3.7	1.8	1.5	1.4
Government Consumption	-0.9	8.3	0.5	2.4	2.5	2.7
Gross Fixed Capital Investment	3.2	0.0	3.9	2.6	2.3	2.2
Exports, Goods and Services	-12.8	5.2	7.3	4.7	3.6	3.3
Imports, Goods and Services	-29.7	24.1	9.2	3.7	3.3	3.1
Real GDP growth, at constant factor prices	4.1	4.4	2.7	2.0	1.8	1.7
Agriculture	3.2	-2.6	1.4	1.2	1.0	1.0
Industry	7.8	3.2	4.4	2.5	2.0	1.9
Services	2.2	6.5	2.1	1.9	1.7	1.7
Inflation (Consumer Price Index)	47.1	46.2	46.1	49.1	44.3	40.4
Current Account Balance (% of GDP)	-0.3	3.5	3.8	3.1	2.3	2.0
Fiscal Balance (% of GDP)	-5.8	-2.0	-2.3	-2.5	-2.9	-3.2
Revenues (% of GDP)	7.3	11.1	11.4	10.8	10.3	10.0
Gross Public Debt (% of GDP)	39.2	42.4	38.0	38.5	39.0	40.0
Primary Balance (% of GDP)	-5.3	-1.6	-1.9	-2.1	-2.5	-2.8
GHG emissions growth (mtCO2e)	-2.4	2.4	2.1	1.6	1.5	1.5
Energy related GHG emissions (% of total)	66.2	66.6	66.2	65.8	65.3	64.8

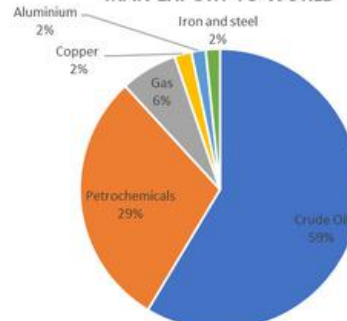
Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.

IRAN'S IMPORT STRUCTURE

Iran's key Export -2022

Iran is a founding member of OPEC and the Organization of Gas Exporting Countries. The value of Iran's non-oil exports is increasing in a year basis. Crude oil, petrochemicals, gas, copper, aluminium, iron and steel are the major non-oil exports. Cement, leather, textiles, fruits, saffron and caviar are also export items of Iran.

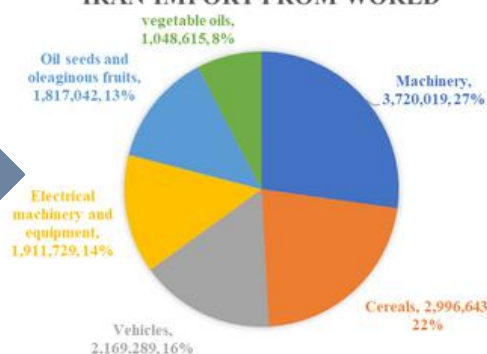
IRAN EXPORT TO WORLD



Iran's key import -2022

The top imports of Iran are Machinery \$3.7B, Cereals \$3B, Vehicles \$2.1B, Electrical machinery and Equipment \$1.9B, Oil seeds and Oleaginous fruits \$1.8B and Vegetable oils \$1B.

IRAN IMPORT FROM WORLD



IRAN'S ECONOMIC ADVANTAGES

Iran is situated at the geographic nexus of the Middle East, Levant, Russia, Central Asia and Indian subcontinent. It connects the Caspian Sea and the Persian Gulf, and lies on the ancient and modern route from the Mediterranean to the subcontinent and China. It shares land borders with Afghanistan, Armenia, Azerbaijan, Iraq, Turkey, Turkmenistan, and Pakistan; and is a maritime neighbour of Russia, Kazakhstan, Oman, UAE, Qatar, Bahrain, Saudi Arabia and Kuwait. Iran is the only country connecting the two large energy fields of the Caspian Sea and Persian Gulf regions, and itself ranks among the top five countries globally in both oil and gas reserves.

Iran's population of approximately 88 million people, with about half under the age of 30. A quarter of the population has university degrees and nearly 60% of university age people are enrolled in university. Iran has an industrialized and relatively diversified economy. While oil, gas and petrochemicals are preponderant, there are notable manufacturing, mining, metals, agriculture, power and water sectors. In the past decade, Iran has witnessed rapid growth in the renewables, technology and e-commerce industries as well.

Iran's area approximates Western Europe's. Ringed by mountains and waters, it has had stable and secure borders for centuries, and benefits from internal stability in a tumultuous region. Iran's civilization, culture and language have long been resonant throughout the region. Persian was the language of administration and culture and is spoken in over 25 countries today.



- Iran is the 2nd Gas Reserves in the World.
- Iran is the 8th Oil Producer in the World.
- The 10th largest steel producer in the world.
- Iran ranks 14th in the world in gasoline production.
- The 22nd largest Economy in the World by Purchasing Power Parity (PPP).
- The Diversified Economy and Broad Industrial Base directly involved in Tehran Stock Exchange (TES) and Iran Fara Bourse (IFB) are the Largest Industrial Base in the MENA region.
- Labor-Rich Economy.
- The Middle East market as a Prime Market Opportunity for Iran's Non-Oil Exports.
- Developed Infrastructure in Transportation, Telecommunications and Energy.
- Strategic Location, surrounded by 15 Land and Sea Neighbors, Serve as a Lucrative Trade and Transit Route in both North-South and East-west Directions.
- Tax Exemptions and Incentives.
- Diversified hydrocarbon-rich economy.
- One of the Top Producers of Zinc, Lead, Cobalt, Aluminium, Manganese and Copper in the World.
- Iran ranks 5th in the world, In the field of drones or unmanned aerial vehicles.
- Iran ranked 3-19 worldwide in production of 20 important agricultural products

Infrastructure and Population

Sector	Capacity
Population	88 Million
Telephones main-lines in use	38 Million
Telephones mobile cellular	141 Million
Airports	230
Railways	15,000 km
Roadways	232,535 km
Electricity production	385 billion kwh

IRAN AGRICULTURE

Roughly one-third of Iran's total surface area is arable farmland. The wide range of temperature fluctuation in different parts of the country and the multiplicity of climatic zones make it possible to cultivate a diverse variety of crops, including cereals (wheat, barley, rice, and corn [maize]), fruits (dates, figs, pomegranates, melons, and grapes), vegetables, cotton, sugar beets and sugarcane, nuts, olives, spices, tea, tobacco, and medicinal herbs. The Iran agriculture sector projected to register a CAGR of 3.80%, during the forecast period (2020–2025). Government is supporting the development of the agriculture sector to meet the local demand and agricultural exports as well. The government of Iran is planning to increase the area under greenhouse cultivation to 48,000 hectares by 2027. This will boost the production of fruits and vegetables which would result in an incline in the overall agricultural export.

HEALTHCARE INDUSTRY

The Iranian Health Care eCommerce market is predicted to reach US\$26.5 million by 2023 and accounts for 1.8% of the Personal Care eCommerce market in Iran. It is expected to increase over the next years. The expected compound annual growth rate for the next four years (CAGR 2023–2027) will be 18.6%, resulting in a projected market volume of US\$52.5 million by 2027. Iran's health expenditure is set to reach \$961 per person by 2026, a 0.1% decrease from 2021. Since 2005, Iranian demand has dropped 4.2% annually. In 2021, Iran ranked 84th in the world, with Croatia overtaking them with \$969 per person. Switzerland, Norway, and Germany took the top three spots in the rankings. The Iranian healthcare industry can be compared a little to the country's automobile and defense industries. Iran has a very young population, which means that the population is expected to increase significantly in the coming years, hence, increasing the scope for considerable investments in the sector. Iran's domestic pharmaceutical industry is one of the most developed in the MENA region. According to the World Health Organization all the medicine incorporated into the latest version of the WHO Model List of Essential Medicines is available in Iran. The combined sales of prescription drugs and over-the-counter (OTC) medicines in Iran increased to \$0.3 billion in 2022, reflecting a 9.5% year-on-year growth rate (4.2% in US dollar terms). Estimations suggest that by 2026, Iran's pharmaceutical market will reach a value of \$0.6 billion, indicating a local five-year compound annual growth rate (CAGR) of 3.4% (15.6% in US dollar terms).

Iran is currently manufacturing 97% of the medicine for its population, and Iranian manufacturers are prioritizing the development of partnerships with foreign pharmaceutical companies to improve industry and quality standards. In 2022, Iran's pharmaceutical exports stood at 63 million euro, mostly destined for Central Asia. Other markets Also welcome Iranian pharmaceutical products. In 2021 for example, pharmaceutical imports from Iran into Germany stood at 36 million euro. There are around 100 pharmaceutical manufacturing companies active in Iran with more than 60 plants committed to producing almost 40 billion drug units annually. Medical instrument production industry is another field that have been improved during recent decades in Iran.

IRAN'S BUSINESS OPPORTUNITIES

CONSTRUCTION INDUSTRY

The construction industry of Iran is divided into two main sections. The first is government infrastructure projects, which are central for the cement industry. The second is the housing industry. In recent years, the construction industry has been thriving due to an increase in national and international investment to the extent that it is now the largest in the Middle East region. The Central Bank of Iran indicate that 68.34 percent of the Iranians own homes, with huge amounts of idle money entering the housing market. Iran has three shopping malls among the largest shopping malls in the world. Iran Mall is the largest shopping mall in the world, located in Tehran. The annual turnover in the construction industry amounts to US\$38.4 billion in 2022.

ENERGY

Iran has one of the largest reserves of proved oil and natural gas reserves. In terms of tons of oil equivalent, in 2022 proved reserves of conventional hydrocarbons in Iran were: natural gas – 79.27%, oil – 14.63%, coal – 0.18%. Electricity production in Iran in 2022 was 385 TWh, dominated by fossil fuels – 93.9%; the share of hydropower was 4.48%, nuclear power – 0.95%, renewable resources – 0.67%. The natural gas processing infrastructure in Iran is represented by 8 large, and several smaller plants . The most powerful of these is Kangan-Nar with an installed capacity of 80 mcm/d . The country's first LNG-terminal, Iran LNG, which is currently under construction, will have an installed capacity of 10.8 million tons per year and will be located in an area of 200 hectares on the western coast of the Islamic Republic of Iran in Tombaka. Natural gas is transported through pipelines with a total length of 20 794 km; transportation of gas condensate is carried through pipelines with total lengths of 973 km and 7 km The country has a significant number of stations for the production of electricity from fossil fuels, including six oil stations with a capacity of more than 500 MW, ten gas-fired power plants with more than 1 000 MW, nine combined-type power plants with a capacity of more than 500 MW, and one nuclear power plant.



STARTING A BUSINESS IN IRAN

Foreign businesses generally establish a presence in Iran through branches and representative offices. Alternatively, certain foreigners prefer to conduct business through a limited liability company or a private joint-stock company, oftentimes with local partners. In addition, the Government of Iran has established various free zones, regulated by relevant free zone authorities. Free zones allow foreign companies to form wholly-owned subsidiaries. As a further incentive for foreign investment in Iran, the Foreign Investment Promotion and Protection Act allows repatriation of sales-related profits for foreigners; provides for fair compensation in the event of nationalization; allows for international arbitration in the event of disputes; and provides for other investment incentives for foreigners.

Iran has recently implemented a new model for oil and gas contracts. The new Iran Petroleum Contract (“IPC”) replaces the buyback agreements which prevented foreign investors from holding shares and from booking reserves. The IPC is, in general, more attractive to international oil companies as it offers more flexible terms with respect to price fluctuations and investment risks, and allows foreign investors to take equity stakes in joint venture companies, though the Iranian partner must hold the majority of the shares. The old buyback agreements covered only the exploration and development phases of a project and the fields were taken over by the National Iranian Oil Company once those phases were completed. In contrast, the IPC allows contract terms of up to twenty-five (25) years.



IRAN ECONOMIC INSTITUTIONS (USEFUL LINKS)

- Trade Promotion Organization of Iran - <https://en.tpo.ir/>
- Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA) - <http://en.iccima.ir/>
- International Exhibitions Company of Iran - <https://en.iranfair.com/>
- Islamic Republic of Iran Shipping - <http://www.irisl.net/default.aspx>
- Organization for Investment, Economic and Technical Assistance of Iran - <https://www.investiniran.ir/en/home>
- Iran National Innovation Fund - <http://en.inif.ir>
- Deputy of Economic Diplomacy - <https://economic.mfa.ir/>



DESKTOP SPUTTER COATER



ROBOTIC TELESURGER SYSTEM