EMBASSY OF
BRAZIL
SECOM - TEHRAN

# Guide on
# How to Export to Iran 2023

**Guide on How to Export to Iran 2023**
**Embassy of Brazil - Tehran,**
**Trade Promotion Section (SECOM)**

**Commissioned to: Sayeh Gostar Pars Managers Ltd**
**Date: 10 October 2023**

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## 1. Executive Summary

The Guide How to Export to Iran is drafted in over 150 pages. The report starts with the trends in the economy of Iran. Section A reviews the population demographics, income and expenditure data and employment status. Section B is more related to the economic and financial condition of the country. The inflation rate, devaluation of local currency and government debt have experienced unfavorable trends that have negatively affected the economic growth.

Section B also covers the trends in the main economic sectors: oil and gas, agriculture, industry, mines, services, and banking. The sectors with the most growths are services and industry. The government sector is also reviewed with respect to its finances.

Section C is devoted to the trade picture of Iran. The top export/ import products and countries are listed in this section. The main trade partners of Iran during 2020-2023 were China, the UAE and Turkey. The Brazil-Iran trade relations are examined in the report. According to the Comex Stat the trade between Brazil and Iran for the past three years were:

**Table 1 Bilateral Trade Brazil-Iran 2020-2022**

| Year | Brazil Exports to Iran (FOB $) | Brazil Imports from Iran (FOB $) |
|---|---|---|
| 2020 | 1,157 MLN | 116 MLN |
| 2021 | 1,941 MLN | 65 MLN |
| 2022 | 4,286 MLN | 139 MLN |

*Source: Comex Stat (http://comexstat.mdic.gov.br/en/geral)*

The main products exported from Brazil to Iran in this period were sugar cane, edible oil corn, animal feed, coffee, soyabean, beef, pharmaceuticals, tobacco and hand tools.

Since the reinstatement of USA sanctions on Iran in May 2018, the indirect exports to Iran via the United Arab Emirates (UAE), Switzerland and Turkey have increase. This is due to the payment and transportation services provided by these two countries to Iranian traders. There are no statistics available to show the exact value of indirect exports to Iran. In 2022-2023 the UAE exported $18.4 BLN to Iran. From this value $5.1 BLN was related to soyabean, wheat, sunflower oil, palm oil, sugar, and corn animal feed.

According to the Turkish Embassy's Commercial Department in Tehran the value of indirect exports to Iran in 2022 was $3 BLN. This value is related to goods that were exported to Turkish special free customs zone in Mersin Port and were re-exported as Turkish goods to Iran. This activity requires depot of goods in Mersin Port's storage facility and then resell to Iran with Turkish Certificate of Origin.

This report will show that some of these indirect exports to Iran was from Brazilian suppliers, but the exact figure is not known through official statistical sources.

The regulation and operations for exports to Iran are listed in Section D. This section contains regulations with regards to import permits, currency allocation method, protection of local manufacturing, taxation payments and customs clearance procedure.



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The most extensive chapters in this report are devoted to the sector analysis in Section E. The sectors considered in this section are essential food items, machinery, information technology, consumer goods and healthcare. Each sector is reviewed based on subjects such as imports/exports statistics, import regulations and market trends.

The report ends with an annex containing a contact list in excel format. Importers and producers in Iran active in the food, healthcare, technology, agriculture, and petrochemicals.

# Section A

## 2. General Characteristics

Iran is the most populated country in the Middle East with over 84.6 MLN people and a life expectancy of 76.8 years for women and 71.3 years for men. Iran shares 5,894 Km of land borders and 2,440 KM of coastlines with 13 countries, the breakdown of which is as follows:

- *Land Borderline Distances*
  - Afghanistan- 921 km
  - Armenia- 44 km
  - Azerbaijan- 611 km
  - Iraq- 1,599 km
  - Pakistan- 909 km
  - Turkey-1,148 km
  - Turkmenistan- 1,148 km
- *Maritime*
  - Kuwait
  - Saudi Arabia-
  - Bahrain
  - Qatar
  - UAE
  - Oman

Iran is a developing nation with population density at approximately 52.3 people per square kilometer. The countrycomprises of 31 provinces, 429 counties, 1057 districts, 1245 cities and 2589 villages. The map below shows the location of the main provinces in Iran.



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**Map 1 Iran's Provinces**


*Source: Wikipedia*

The map below shows the neighboring countries' locations around Iran. Iraq has the largest boarder line with Iran.



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**Map 2 Iran's Bordering Countries**


As with most other countries around the world, the population of urban dwellers is much higher than rural inhabitants. However, this was not the case in Iran four decades ago. Prior to the 1979 Islamic Revolution, the country's economy revolved around the petroleum and the agricultural sector. The industrial sector was only starting to develop, and a slow pace of urbanization was taking place. However, after the country's oil income continued to increase and once the Islamic Republic came to power, focus shifted to the development of urban areas as well as the urbanization of the country. This resulted in the agricultural sector no longer being the number one employer and many people living in villages migrated to the cities in search of a better life in the services and industrial sectors.

Despite the economic struggles Iran has been facing over the past four decades, the population is continuing to rise. In the 1980's, Iran's population experienced an increase by 3.9%. This was due to the government's lack of population control together with the outbreak of the Iran–Iraq war and the need for soldiers. In the 1990's the government introduced birth control strategies that led to a decrease in population growth to 1.5%. This downward trend has continued and during the March 2013-2018 time frame, the average



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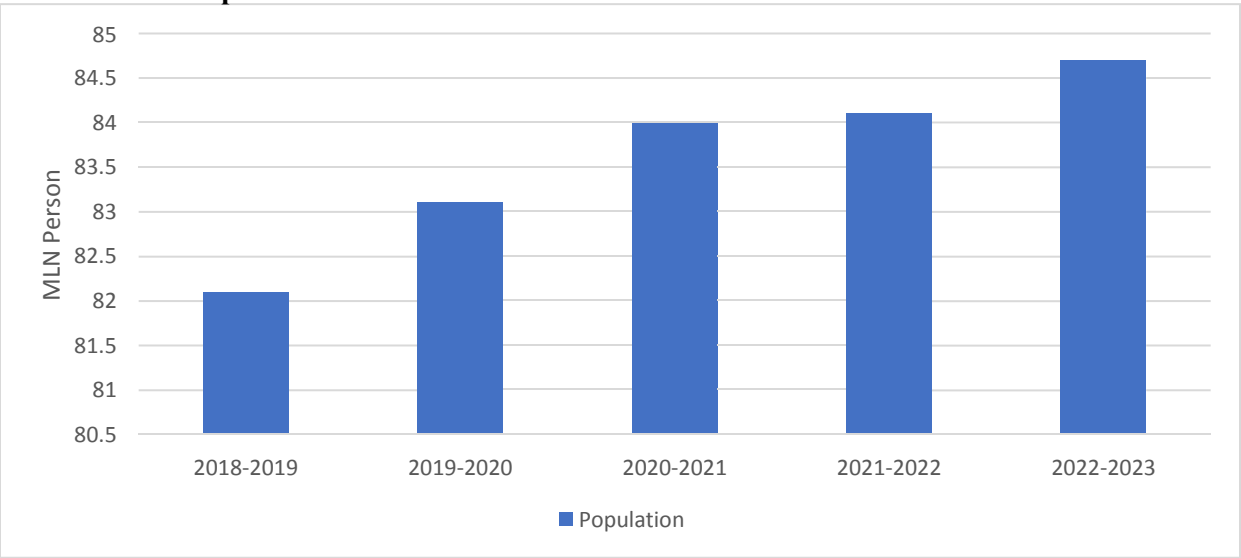
population increase stood at 1.2% while the March 2018-2023 timeline has illustrated an average increase of only 0.8% per annum. There are many reasons behind this decline including an increase in the age of marriage, high divorce rates, lower birth rates, infertility issues and economic hardship. In late 2021, the Supreme Leader determined that measures and incentives be put in place to promote an increase in the number of children in families. In fact, the Supreme Leader stated that it would be ideal for him if the population will reach 100 MLN people.

### 2.1 Population, Urban Centers, and Indicators

As mentioned, Iran's population growth is on the decline. However, this has not reached a rate that there is an actual decrease in the population. During the 2018 to 2023 timeframe, the overall population of the country has increased by 2.6 MLN people. Please refer to the chart below for further information.

**Chart 1 Iran's Population 2018-2023**




*Source: Statistical Center of Iran*

When looking into the breakdown of population, as with most countries, Iran's urban population far exceed its rural population. The migration to the cities is due to a number of reasons including the government's focus of developing cities and converting villages into urban areas, higher economic development in urban areas, access to healthcare and education, more job opportunities as well as migrations resulting from natural disasters and climate change. The move towards urban life in Iran over the past 100 years can be broken down into two main timelines:

- From the 1920's to the 1979 Revolution oil revenues helped Iran pursue a path of modernization resulting in social change as well as government policies being focused on urbanization. However, Iran's rural population was higher than urban dwellers up to the 1979 revolution since agriculture had a major contribution to the economy and families would farm crops for a living for generations.
- From the Islamic Revolution of 1979 to the present following the revolution and the 8-year Iran-Iraq war; the political, social, and economic development of the country underwent



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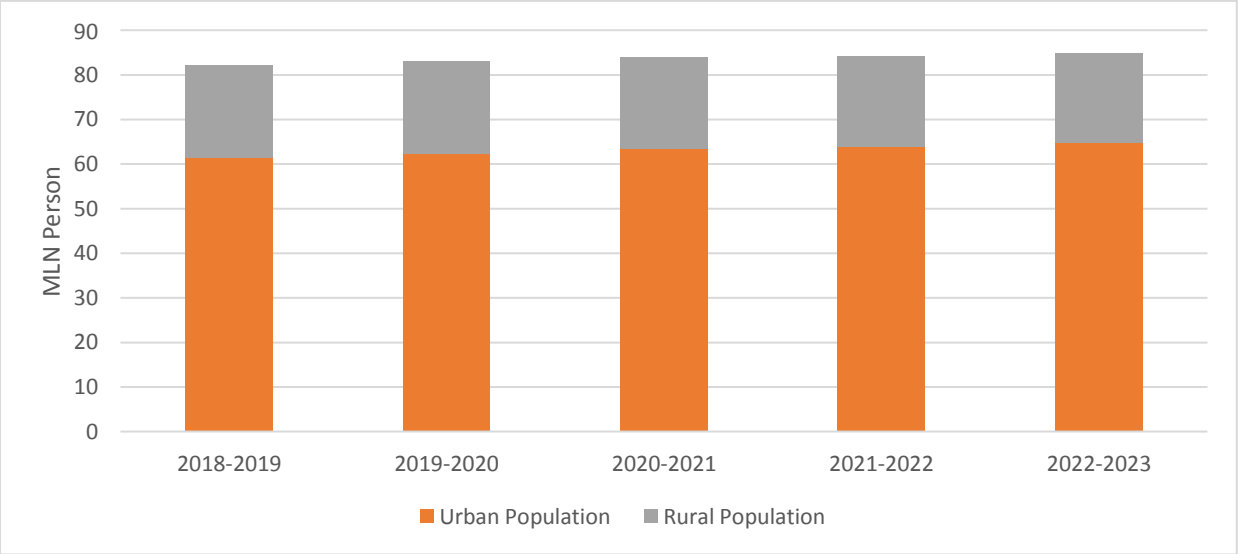
fundamental changes. The government was more inclined to pursue independence and

republicanism. Over thepast 44 years, urbanization has been seen as a means for national growth and development. In fact, many villages have been transformed into cities during that time leading to an increase urban inhabitants.

During the five-year timeframe ending in March 2023, the population of Iran's urban dwellers has increased by 4.3 MLN people; close to double that of total population increase during the said time. In terms of percentage of urban population, the figure has increased from 74.7% in March 2018-2019 to 76.4% in March 2022-2023. In terms of rural population, there has been a decrease of 2 MLN people during the five-year timeline ending March 2023. This clearly by itself illustrates the increase in urban population density over the years. Please refer to the following chart for further information.

**Chart 2 Urban vs Rural Population of Iran March 2018-2023 (MLN Persons)**




*Source: Statistical Center of Iran*

According to the Statistical Center of Iran, Iran's urban population is set to increase even further from 2023 onwards and hit over 80% by March 2037; an increase of 4% points during a 14-year time frame. The UN has predicted that this trend in urbanization will continue to grow and reach close to 86% by 2050; a staggering increase of over 11% points compared to 2018 figures. Please refer to the following chart for further information.



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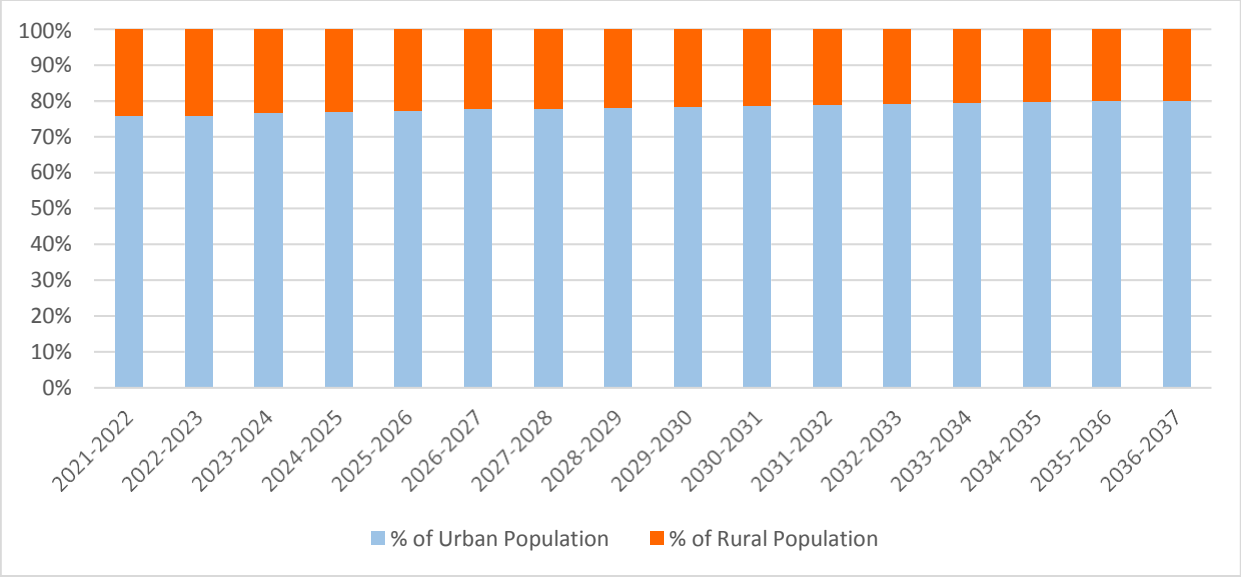
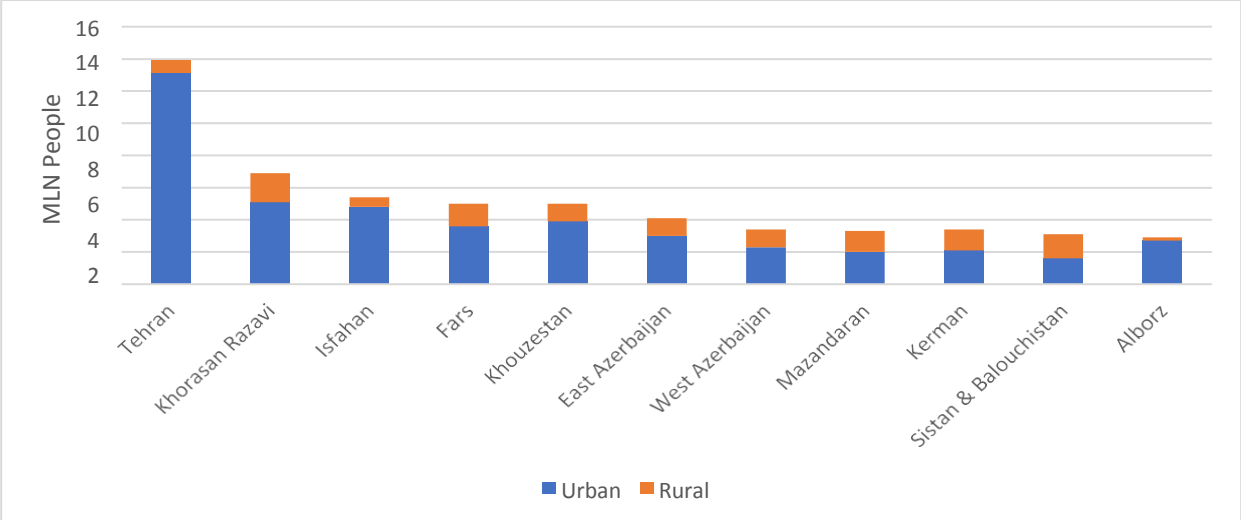
**Chart 3 Urban vs Rural Population of Iran March 2018-2037 (%)**




*Source: Iran Statistical Center*

The ten most populated provinces in Iran account for 66.8% of total population according to 2021-2022 figures. The vast majority of this population is urban, while only 14.4% of the population of the ten most populated provinces are rural. In general, the least populated province is Ilam with only 600,000 people while Tehran is the most populated province with 14.1 MLN inhabitants. Please refer to the below chart for further information.

**Chart 4 Population Breakdown in 10 Most Populated Provinces in Iran 2021-2022**




*Source: Iran Statistical Center*



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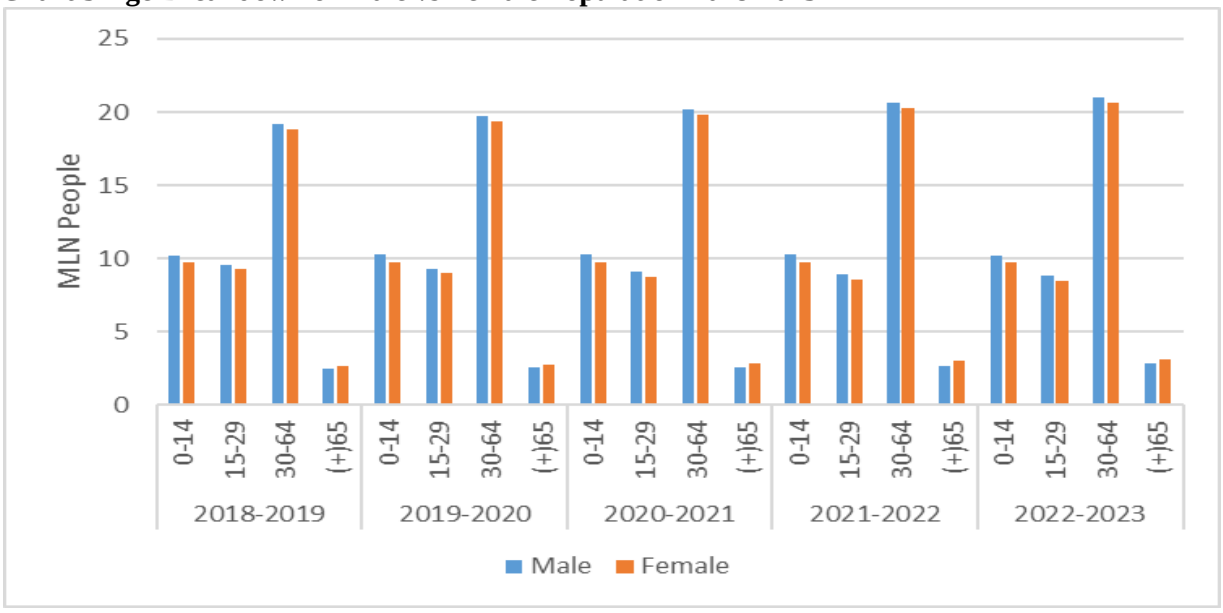
Iran's population is balanced in terms of the number of male and females in various age groups. Please refer to the below chart for further information.

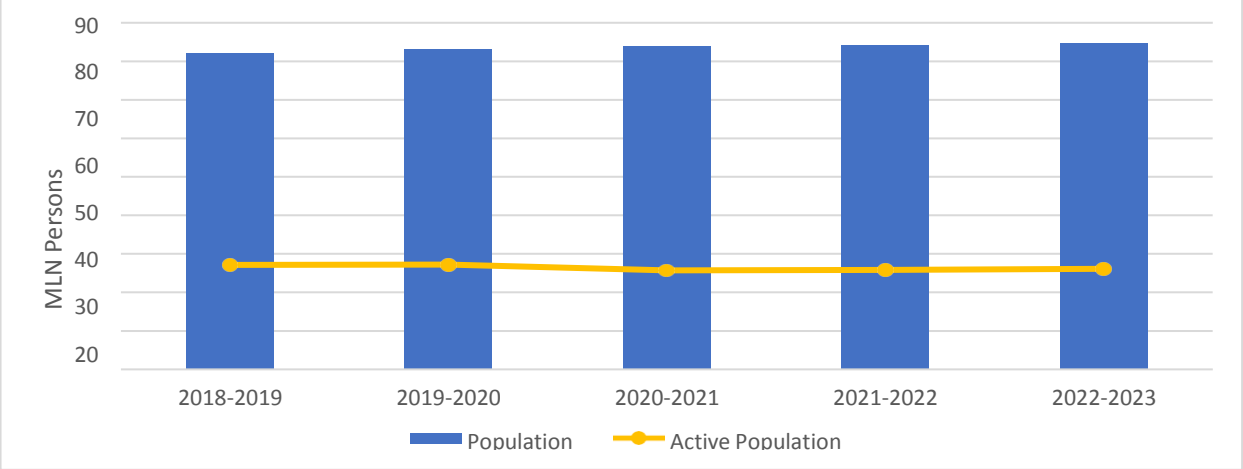
**Chart 5 Age Breakdown of Male vs Female Population 2018-2023**




*Source: Iran Statistical Center*

Iran is a country with a young population. According to reports issued by the World Bank, an average of 69% of the population is between the ages of 15 and 64 years. The breakdown of female and male population within the 15–64-year age group as a percentage of total population at present stands at 29.5% for females and 30.1% for males, a relative balance in this regard.

**Chart 6 Iran's Active Population 2018-2023**




*Source: Iran Statistical Center*



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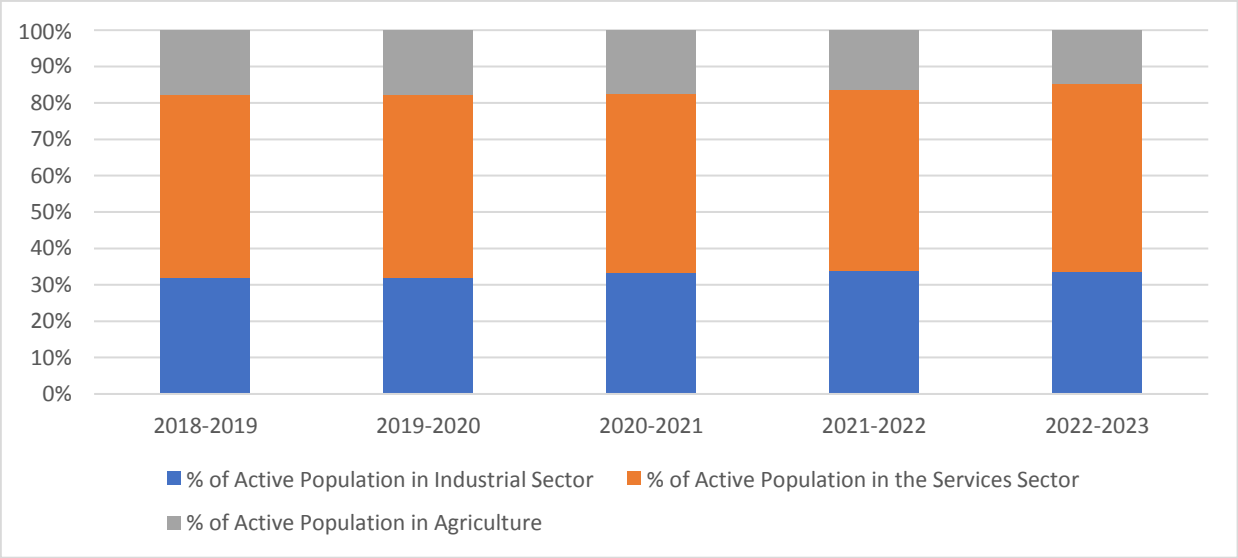
The majority of employment in Iran is related to the services sector; accounting for over half of all active employment during the March 2018 to March 2023 timeline. The industrial sector is the second largest employer at an average of over 33% while the agricultural sector is half of that 16.7% during March 2018-2023 timeframe. It is worth noting that, as opposed to the agricultural sector, which is focused in rural areas of the country, the industrial and service sector of the workforce are concentrated in the urban sectionsof Iran. Please refer to the chart below for further information.

**Chart 7 Share of Each Sector in Active Population 2018-2023 (%)**




*Source: Iran Statistical Center*

In terms of unemployment, official figures illustrate that there is a downward trend. However, with regards to the economic and political climate of the country following the re-instatement of sanctions by the USA in 2018, together with limited economic growth as well as the global Coronavirus pandemic, there have been unfavorable Job opportunities for those seeking employment. It is crucial to take into account that this official decrease in the unemployment rate does not essentially mean that the number of employed individuals has increased. There are several factors which have contributed to the decline in Iran's official unemployment rate, which have been explained below:

- According to the regulation of the Social Security Organization (SSO), if someone files for unemployment, the individual will obtain benefits for three months and will be categorized as unemployed. If during this time he/she is not able to find employment, they must renew their unemployment case with SSO. However, many persons lose hope in finding new work or start working in unregistered jobs – hence falling out of the unemployment category and go into the non-active workforce category instead. This trend has been clearly illustrated in the chart below, where the number of non-active workforce has increased by 3 MLN persons during the 2019-2023 time frame. Please be advised that the age of the workforce for 2018-2019 has been set at 10-64 years; hence the significant decrease in terms of population and non-active workforce in the following year. It was in 2019-2020 that the government increased the employment age to 15 years.



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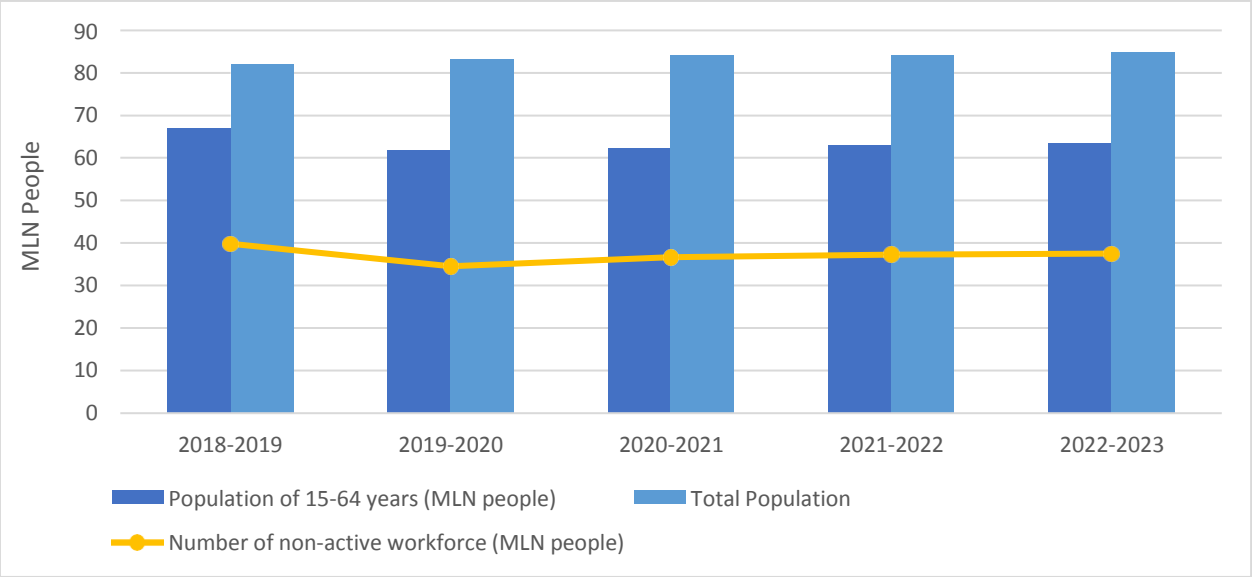
**Chart 8 Non-Active Workforce, 15-64 Population and Total Population 2018-2023**




*Source: Iran Statistical Center*

- One of the most prominent forms of unofficial employment in recent years has been working for various online taxi and delivery services such as Snapp, Tapsi, Alo Peyk and Miyarim. Due to the mounting economic pressure over the past three years, many people have looked to working in such areas whether full-time or part time to make-up for financial shortfalls. Interestingly, Snapp announced that in 2021-2022 over 3.8 MLN drivers were working with the company illustrating the huge influx of people to this line of work a number of which are working outside their professional experience and education and are under-employed. Although millions of people earn a living through these applications, they are not considered officially employed by SSO nor are considered unemployed but are seen as part of the non-active workforce category.
- Other indicators of non-active workforce such as the number of retired people and housewives, as wellas people undergoing education, have increased over the past five years.

In general, it is worth noting that over the past decades the government's rhetoric has been to downplay the true impact of sanctions against the country. Therefore, it is not farfetched to believe that it may weak various factors affecting the variant in question to achieve a result that is more in line with rhetoric, as opposed to realities on the ground.

## 2.1 Participation in International Organizations and Agreements

Iran is an active member in a total of 52 international organizations which have been listed below:

1. Colombo Plan (CP)
2. Economic Cooperation Organization (ECO)
3. Food and Agriculture Organization (FAO)



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4. Group of 15 (G15)
5. Group of 24 (G24)
6. Group of 77 (G77)
7. International Atomic Energy Agency (IAEA)
8. International Bank for Reconstruction and Development (IBRD)
9. International Chamber of Commerce (ICC)
10. International Civil Aviation Organization (ICAO)
11. International Criminal Court (ICC) (signatory)
12. International Criminal Police Organization (Interpol)
13. International Development Association (IDA)
14. International Federation of Red Cross and Red Crescent Societies (IFRCS)
15. International Finance Corporation (IFC)
16. International Fund for Agricultural Development (IFAD)
17. International Hydrographic Organization (IHO)
18. International Labor Organization (ILO)
19. International Maritime Organization (IMO)
20. International Mobile Satellite Organization (IMSO)
21. International Monetary Fund (IMF)
22. International Olympic Committee (IOC)
23. International Organization for Migration (IOM)
24. International Organization for Standardization (ISO)
25. International Red Cross and Red Crescent Movement (ICRM)
26. International Telecommunication Union (ITU)
27. World Tourism Organization (UNWTO)
28. World Trade Organization (WTO) (observer)
29. International Telecommunications Satellite Organization (ITSO)
30. Inter-Parliamentary Union (IPU)
31. Islamic Development Bank (IDB)
32. Multilateral Investment Guarantee Agency (MIGA)
33. Nonaligned Movement (NAM)
34. Organization of Islamic Cooperation (OIC)
35. Organization for the Prohibition of Chemical Weapons (OPCW)
36. Organization of Petroleum Exporting Countries (OPEC)
37. Permanent Court of Arbitration (PCA)
38. Shanghai Cooperation Organization (SCO) (observer)
39. South Asian Association for Regional Cooperation (SAARC) (observer)
40. United Nations (UN)
41. United Nations Conference on Trade and Development (UNCTAD)
42. United Nations Educational, Scientific, and Cultural Organization (UNESCO)
43. United Nations High Commissioner for Refugees (UNHCR)
44. United Nations Industrial Development Organization (UNIDO)
45. United Nations Institute for Training and Research (UNITAR)
46. Universal Postal Union (UPU)
47. World Confederation of Labor (WCL)
48. World Customs Organization (WCO)



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49. World Federation of Trade Unions (WFTU)
50. World Health Organization (WHO)
51. World Intellectual Property Organization (WIPO)
52. World Meteorological Organization (WMO)

In addition, the country singed 105 treaties which have been listed below:

1. 1973 Sale and Purchase Agreement
2. Agreement for the Establishment of the Indian Ocean Tuna Commission
3. Agreement to establish the South Centre
4. Algiers Accords
5. Animal Production and Health Commission for Asia and the Pacific
6. Ashgabat Agreement
7. Asian-Pacific Postal Union
8. Ballast Water Management Convention
9. Cartagena Protocol on Biosafety
10. Caspian Summit
11. Charter of the Indian Ocean Rim Association for Regional Co-operation
12. Chemical Weapons Convention
13. CMR Convention
14. Consortium Agreement of 1954
15. Constitution of the Asia-Pacific Telecommunity
16. Constitution of the International Organization for Migration
17. Constitution of the United Nations Industrial Development Organization
18. Convention concerning International Carriage by Rail
19. Convention establishing the Multilateral Investment Guarantee Agency
20. Convention for the Safeguarding of the Intangible Cultural Heritage
21. Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation
22. Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency
23. Convention on Biological Diversity
24. Convention on Early Notification of a Nuclear Accident
25. Convention on Limitation of Liability for Maritime Claims
26. Convention on Psychotropic Substances
27. Convention on the Conservation of Migratory Species of Wild Animals
28. Convention on the International Mobile Satellite Organization
29. Convention on the legal status of the Caspian Sea
30. Convention on the Protection of the Underwater Cultural Heritage
31. Convention on the Recognition and Enforcement of Foreign Arbitral Awards
32. Convention on the Rights of Persons with Disabilities
33. Convention on the Rights of the Child
34. Convention relating to International Exhibitions
35. Diplomacy of the Caspian littoral states
36. Eastern Regional Organization for Public Administration
37. Framework Convention for the Protection of the Marine Environment of the Caspian Sea
38. Hostages Convention
39. Human Resources Development Convention, 1975



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40. Intergovernmental Agreement on the Asian Highway Network
41. International Agreement on Olive Oil and Table Olives (2005)
42. International Convention against Apartheid in Sports
43. International Convention Against Doping in Sport
44. International Convention for Safe Containers
45. International Convention on Civil Liability for Bunker Oil Pollution Damage
46. International Convention on Civil Liability for Oil Pollution Damage
47. International Convention on Maritime Search and Rescue
48. International Convention on Oil Pollution Preparedness, Response and Co-operation
49. International Convention on the Control of Harmful Anti-fouling Systems on Ships
50. International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage
51. International Convention on the Harmonization of Frontier Controls of Goods
52. International Convention on the Harmonized Commodity Description and Coding System
53. International Convention on the Suppression and Punishment of the Crime of Apartheid
54. International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties
55. International Grains Agreement
56. International Plant Protection Convention
57. International Regulations for Preventing Collisions at Sea
58. International Sugar Agreement
59. International Treaty on Plant Genetic Resources for Food and Agriculture
60. Iran–China 25-year Cooperation Program
61. Kyoto Protocol
62. Lisbon Agreement for the Protection of Appellations of Origin and their International Registration
63. London Agreement on German External Debts
64. London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter
65. Madrid Agreement
66. Madrid Protocol
67. Maritime Labor Convention
68. MARPOL 73/78
69. Memorandum of understanding between Argentina and Iran
70. Memorandum of Understanding on the Conservation and Management of Marine Turtles and their Habitats of the Indian Ocean and South-East Asia
71. Montreal Protocol
72. Nairobi International Convention on the Removal of Wrecks
73. Network of Aquaculture Centers in Asia-Pacific
74. Optional Protocol on the Sale of Children, Child Prostitution and Child Pornography
75. Paris Agreement
76. Protection of Diplomats Convention
77. Protocol amending the Single Convention on Narcotic Drugs
78. Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf
79. Protocol for the Suppression of Unlawful Acts of Violence at Airports
80. Protocol to Eliminate Illicit Trade in Tobacco Products
81. Rotterdam Convention



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82. Siberian Crane Memorandum of Understanding
83. Single Convention on Narcotic Drugs
84. SOLAS Convention
85. Statute of the International Renewable Energy Agency
86. Statutes of the International Centre for Genetic Engineering and Biotechnology
87. STCW Convention
88. Stockholm Convention on Persistent Organic Pollutants
89. Terrorist Financing Convention
90. TIR Convention
91. Trans-Asian Railway Network Agreement
92. UNIDROIT Convention on Stolen or Illegally Exported Cultural Objects
93. United Nations Convention Against Corruption
94. United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
95. United Nations Convention on Jurisdictional Immunities of States and Their Property
96. United Nations Convention to Combat Desertification
97. United Nations Fish Stocks Agreement
98. United Nations Framework Convention on Climate Change
99. Vienna Convention for the Protection of the Ozone Layer
100. WHO Framework Convention on Tobacco Control
101. WIPO Convention
102. World Heritage Convention
103. WIPO Convention
104. World Heritage Convention
105. Worst Forms of Child Labor Convention

# Section B

### 3. Economy, Currency, and Finances

*General Characteristics of the Economy*

The economic system of Iran is based on state capitalism. According to the Ministry of Economic Affairs and Finance in 2022-2023:

- The government was responsible for 40% of the Gross Domestic Product (GDP)
- The religious foundations and public funds were responsible for 22%
- Semi-governmental companies privatized since 2008 were responsible for 21%
- Private sector was responsible for 16%

The Iranian economy relies heavily on exports of crude oil and petroleum products. According to the Organization of Petroleum Exporters Countries (OPEC), the Iranian crude oil reserves were 208,600 MLN barrels (b) and natural gas reserves were 34 trillion cubic meters (cm) in December 2022. However, the continued energy and banking sanctions on Iran has prevented the Ministry of Petroleum to engage International Oil Companies in its projects and raise foreign investment.



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The economy of Iran has shifted its dependence from sales of crude oil and natural gas to more industrial goods. Whereas in 2018-2019 the country's income from exports of crude oil was $60,715 MLN in 2022-2023 this value has decreased to $38,723 MLN. This occurred as a result of renewal of USA sanctions since April 2018. These sanctions included restrictions on:

- Iranian exports of oil and gas
- International banking and transportation activities
- Engagement with major Iranian public companies

The sanctions forced the Iranian government to follow an austerity policy since 2018. The public sector's development budget has been drastically reduced over the years, the government's expenditures and subsidies observed modifications and the government is actively selling its idle and unprofitable assets and capital.

The government's austerity policy had positive results for the growth of the local industrial sector, taxation performance and privatization policies in Iran. The Tehran Stock Exchange (TSE) enlisted 367 companies in February 2023. The TSE Index, TEDPIX, had a record high of 2,078,546 marks in August 2020. TEDPIX in April 2023 was 1,367,000 marks, showing a decrease of -16% from April 2022.

A characteristic of the Iranian economy is the interference of the state on different markets. This includes markets such as the TSE, foreign currency and gold, medical services, utility and energy and food products. The government is involved in pricing and setting supply quotas for these markets that are usually pilers of free market economic mechanisms. Other than utility and energy that still benefits from stable prices, markets have seen frequent volatilities in the period 2018-2023.

*Current Development Stage*

The international sanctions increased during 2022, where European countries followed a more trade restrictive policy towards Iran as a result of the country's alleged military assistance to Russia in its war with Ukraine.
The glim performance of the oil sector and its failure to raise sufficient foreign currency income encouraged the government to follow more economic liberalization and austerity policies some examples are:

- Subsidy Reform Policy adapted in 2018 that has since raised prices of gasoline, utilities and government services and offered direct financial assistance to low-income population. The increase in utility and gasoline's current prices is taking place at a faster rate since 2019.
- Money Generation from Government Assets Plan adapted in 2022 that reduces public expenditure by sales of its idle assets.
- Continued privatization of government companies through the TSE and Money Generation from Government Assets.

However, at the same time since 2018 the government has followed protectionist policies to combat inflation and income inequality some examples are:

- Price fixing for pharmaceuticals, medical services, and food stuffs
- Foreign currency rationing by the Central Bank of Iran (CBI) for imports
- Increase in tariffs for consumer goods to protect local production



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- Limitation for free trade and restriction on imports of most noncapital goods

The government's economic policies have failed to achieve their long-term economic development goals.

The government's last long-term plan was the 6th Five Year Economic Development plan that envisioned 8% annual GDP growth for 2019 and 2020 was not achieved. In addition, the 6th plan indicated that the Iranian economic position would eventually increase to first in the Middle East region after the plan goals are achieved. However, this also did not materialize.

The government counted on the Joint Comprehensive Plan of Action (JCPOA), an agreement signed in 2015 between Iran and seven industrial countries and regions: USA, China, Russia, Germany, UK, France, and European Union. This agreement removed international sanctions on Iran (2015-2018), but in April 2018 the USA administration left JCPOA and reinstated sanctions on Iran.

In particular, the banking sanctions that have been accompanied by Iran's failure to sign the Financial Action Task Force (FATF), which is internationally organized against money laundry, prevented Iran from injecting its exports income back to the local economy. Also, Iranian reserves in international banks have been blocked. Funding for development projects and capital goods have been limited since 2018. Khabar Online website on April 4th, 2023 provided the estimated figures on Iran's frozen assets with the following four countries, which are as follows:

China – 22 to 30 BLN
Iraq – 11 BLN
S. Korea – 7 BLN
Japan – 2 BLN
USA – 2 BLN

The public sector budgets as the driving force of the economy have not introduced a significant amount of infrastructure projects since the re-instatement of the US sanctions. According to the Parliaments Research Institute from 2001 until 2019, 80% of the Iranian trade was with 23 countries. In the period 2019-2022, 54% of the Iranian trade was with only four countries: China, Iraq, Turkey, and the UAE. Most of the historic trade partners of Iran use a third party these days, which is usually one of the four countries mentioned.

### 3.1. Macro-Economic Statistics

The negative trends in the Iranian economy since 2019 are shown in the below table. The table shows devaluation of local currency (Iranian IRR), decrease in public and private investment, and increase in income inequality.



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**Table 2 General Economic Indicators of Iran**

| Indicator | 2019-2020 | 2020-2021 | 2021-2022 | 2022-2023 |
|---|---|---|---|---|
| GDP Growth (%) | -2.9 | 4.1 | 4.4 | 5.1 |
| Value of GDP in Constant Prices (USD) | 91,052,631 | 96,315,789 | 78,960,000 | 46,414,000 |
| Purchasing Power Parity (GDP per Capita in USD) | 14,903 | 14,971 | 15,100 | 15,300 |
| Inflation | 34.6 | 36.4 | 40.1 | 39 |
| Unemployment | 12.2 | 10.7 | 9.6 | 9.2 |
| Ave Free Market Exchange Rate (IRR for $1) | 130,000 | 190,000 | 250,000 | 420,000 |
| Gross Capital Formation (USD) | 2.6 BLN | 1.3 BLN | 1 BLN | 630 MLN |

*Sources: Central Bank of Iran (CBI) and OPEC*

The table above shows that unemployment has decreased since 2019, although the value of GDP and capital formation (investment) have declined as well. The growth in the industrial sector as well as the departure of the qualified labor from the market are attributed to the favorable statistics for unemployment.

The unemployment rate is different for women and men in Iran. Table below shows unemployment for different genders:

**Table 3 Unemployment Rate Based on Gender 2022**

| | | |
|---|---|---|
| Unemployment University Graduate | Men 12% | Women 26% |
| Unemployment Youth (15-24) | Men 17% | Women 29% |
| Total | Men 7% | Women 14% |

*Source: World Bank*

The table shows that unemployment rate for women is high in Iran. The rate of university graduates for women is higher than men. In 2022-2023 there were 200,000 more female university students than men. The uneven employment is not compatible to the number of female university students in Iran.

The devaluation of IRR and double-digit inflation since 2019 has negatively affected the performance of the GDP and investment. However, income from exports of crude oil has risen in recent years with China increasing its demand for Iranian oil.

The government's main sources of income are taxation and sales of services in 2023. The government also borrows from the Central Bank of Iran and the local banking sector. The National Reserves Fund has also frequently been used to finance public sector expenses. The government borrowing is seen as cause for devaluation of IRR and double-digit inflation.



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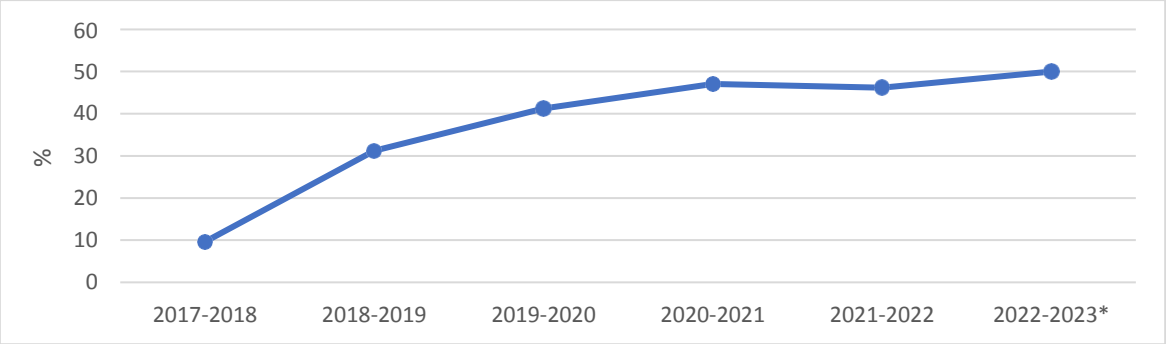
Inflation has stood at an average of 35% during the 2017-2022 timeframe, with highs of 47.1% in the year to March 2021 and lows of 9.6% in the year to March 2018 (prior to the US pulling out of the JCPOA). Official figures suggest inflation for the year to March 2023 is set to stand at close to 50% while unofficial figures have estimated anywhere between 60% and even three-digit figures. There are many issues that have led to this phenomenon including high liquidity, the devaluation of the rial, scrapping of subsidized FOREX for imports, mismanagement in government expenditure, low GDP and the inflammatory division of the country's budget bills.

We cannot quote unofficial sources for inflation, the inflation statistics outside what is calculated by the CBI are not reliable and the assessments conducted by the data analyzers are not comprehensive enough. Studies were previously conducted for international organizations located in Iran as salary studies. No study has been published for independent inflation rate calculations used in employment salary reviews since 2018. Atieh Roshan was the company conducting such studies.

**Chart 9 Inflation 2017-2023**




*Source: CBI; *SGPM prediction*

When looking into the Gini Coefficient of the past four decades, the highest figures were related to the 1990's and the 2000's where the coefficient stood at over 0.41. This reduced slightly during the 2010's and hit an average of 0.39. During the JCPOA era (2015-2018) when GDP was high and the economic climate was favorable, the Gini Coefficient stood at an average of 0.391. However, with the reinstatement of US sanctions, the coefficient increased to an average of 0.4 during 2018-2022.



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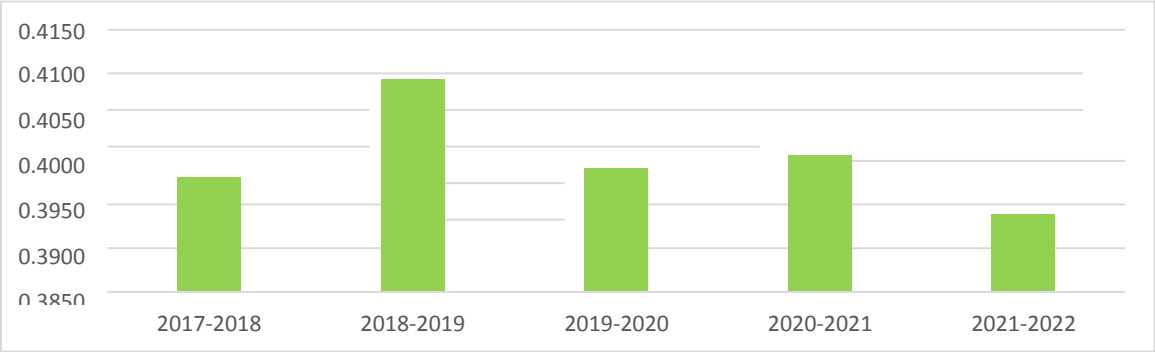
**Chart 10 Gini Coefficient 2017-2022**




*Source: IRISC*

### 3.2. Principal Economic Sectors

The main economic sectors in Iran are oil and gas, agriculture, industry and mines and services.

The percentage of contribution of economic sectors to GDP is shown below:

**Table 4 Share of Economic Sector From the GDP**

| Economic Sector | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---|---|---|
| Agriculture Sector | 8.6% | 8.3% | 9.5% |
| Industrial Sector | 15.8% | 18.6% | 17% |
| Services Sector | 46.4% | 45.5% | 43.5% |
| Upstream Oil and GasSector | 15.1% | 13.6% | 16.6% |
| Mining Sector | 16.3% | 14% | 13.4% |

*Source: Statistical Center of Iran*

The services sector has the highest share among the economic sector in the GDP. The industrial sector's share is steadily increasing. The value added of each sector is shown on the table below:

**Agriculture Sector**

Iran has a long history in agriculture and horticulture production. Considering a population of over 84 MLN, the per capita agricultural production in Iran is one ton per person. The total agriculture land use was 19 MLN Hectare in 2022. The majority of agricultural production in Iran is consumed locally. The surpluses for some products are exported mainly to regional countries. As the table shows, most of the agriculture items are imported to Iran.



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**Table 5 List of Agricultural Sector Imports/Exports**

| Imports | Exports |
|---|---|
| Wheat, rice, vegetable and flower seeds, edibleoils, sugar, cow meat, barley, soya feed, watering systems, food processing machinery, organic growing and cultivation machinery,heavy tractors, agricultural survey systems, garden tools, fertilizers, pesticides, green house technology | Light tractors, cut flowers, chickens, eggs, processed foods, vegetables, dried fruits, fresh fruits |

*Source: SGPM*

Some of the products listed on the table above will specifically be explained in chapter 8. These products are red meat, poultry meat, egg, sugar, animal feed, food processing machinery.

Table below shows the main agriculture sector products exported to Iran. Some of the products listed in the table below are explained in chapter 8 such as animal feed, fertile egg, agriculture machinery, poultry, sugar beets and corn.

**Table 6 Main Agriculture Sector's Imported Products 2022**

| | | | | | |
|---|---|---|---|---|---|
| Cow sperms | One-day-old chick fertilized egg | Sugar beet seeds | Corn seed | Flower seed | Vegetable Seed |
| Fertile egg for meaty ancestorial Chicken | Fertile egg for meaty mother chicken | Tillage Agriculture Machinery | Soil Conservation Tillage | Combine Harvester | Rotary Cultivator |
| Fertilizer | Pesticide | Greenhouse Design and Systems | Soya Feed | Cold Storage Facility | Stacking and Packaging for vegetables |

*Source: Iran Customs Administration*

Due to the prospects of a growing food demand, there are opportunities for investment and modernization of the Iranian agricultural sector and food industry. Furthermore, modern and improved technologies and machinery are required to raise efficiency and reduce production burden on Iran's relatively scarce natural resources. In particular, water consumption in the food industry and the agricultural sector needs to be reduced substantially to prevent a future water crisis in Iran.

The government has encouraged local production for agriculture and animal husbandry activities such as:

Greenhouse vegetable cultivation, greenhouse control room systems, animal feed production, chicken breeding, cow ranch, animal sperm production, animal genetics production, gardening goods production, agriculture machinery manufacturing, water irrigation and high-pressure water system design and implementation



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Production activities such as above benefit from government tax breaks and low, 12% interest rate loans

from the Iran Bank of Agriculture. A major plan of the Ministry of Agriculture Jihad is to lower the cost of production from efficient input utilization methods. The input also includes equipment and hardware used for production. According to the Food and Agriculture Organization (FAO), Iran ranked 53 among 93 countries when it came to efficiency in agriculture production in 2022. The ministry intends to increase this efficiency by investing on research and development, training for growers and manufacturers, efficiency in water use, soil reclamation, hydroponic greenhouse utilization, adaptation of temperature control and humidity systems and agriculture machinery.

**Industrial Sector**

The industrial sector has observed growth since 2020. The renewal of USA sanctions in 2018 encouraged the government to follow protectionist and incentive-based policies for local industries. The government lifted the subsidized foreign currency exchange rate for imports and raised customs tariffs. The government also assisted local industries through tax breaks and low customs tariffs for imports of machinery and raw material. The table below shows the performance of the industrial sector since 2018.

**Table 7 Growth of the Industrial Sector 2018-2022**

| Year | Growth |
|---|---|
| 2018-2019 | -8.2% |
| 2019-2020 | -1.8% |
| 2020-2021 | 1.8% |
| 2021-2022 | 3.1% |
| 2022-2023 | 5.1% |

*Source: Ministry of Industry, Mines and Trade (MIMT)*

The industrial sector performed positively during the JCPOA agreement's full implementation, which is reflected in the 9.9% growth in 2017-2018. After the USA sanctions, the growth of the industrial sector became negative in 2018-2019 but is slowly recovering. The incentives offered by the government to this sector improved its growth performance to 5.1% in 2022-2023. In 2021-2022 the share of the industrial sector from GDP increase to 17% from 15.8% of 2019-2020.

According to the Ministry of Industries, Mines and Trade (MIMT) the automotive industry is the largest in Iran followed by the edible oil and pharmaceuticals. Table below shows the main manufactured goods in Iran during 2020-2022.



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**Table 8 Main Industrial Manufactured Goods in Iran**

| Title | Unit Production Figures | Year 2020-2021 | Year 2021-2022 | Percentage Change |
|---|---|---|---|---|
| Automobile | Thousand Vehicle | 903.9 | 864.4 | - 4.4 |
| Van | Vehicle | 80,598.0 | 79,382.0 | -1.5 |
| Bus | Vehicle | 1,915.0 | 2,769.0 | 44.6 |
| Truck | Vehicle | 6,568.0 | 13,265.0 | 102.0 |
| Combine | Vehicle | 649.0 | 669.0 | 3.1 |
| Tractor | Vehicle | 21,735.0 | 22,358.0 | 2.9 |
| Edible Oil | Thousand Ton | 1,618.6 | 2,031.0 | 25.5 |
| Pharmaceutical | Billion Pills | 50.2 | 50.6 | 0.9 |
| Detergent | Thousand Ton | 634.7 | 515.9 | -18.7 |
| Tire | Thousand Ton | 275.3 | 260.0 | -5.6 |
| Paper | Thousand Ton | 1,034.1 | 1,094.4 | 5.8 |
| Cardboard | Thousand Ton | 573.6 | 566.8 | -1.2 |
| Chipboard | Thousand Cubic Meter | 796.0 | 883.3 | 11.0 |
| Fiber | Thousand Cubic Meter | 1,601.4 | 1,362.7 | -14.9 |
| Pesticide | Thousand Ton | 33.6 | 24.1 | -28.1 |
| Automobile Oil | Thousand Ton | 668.9 | 692.7 | 3.56 |
| Soot | Thousand Ton | 141.4 | 164.6 | 16.4 |
| Petrochemicals | Million Ton | 60.77 | 62.06 | 2.1 |
| Acrylic | Thousand Ton | 5.7 | 1.4 | -76.0 |
| Polyester | Thousand Ton | 275.4 | 309.0 | 12.2 |

*Source: MIMT*

**Mining Sector**

The share of mining sector from GDP has decreased to 13.4% in 2021-2022 from 16.3% of 2019-2020. This is mainly due to the decrease in investment in this sector. The value of investment in the sector during 2020-2021 was $542 MLN, but it decreased in 2021-2022 to $308 MLN. The main manufactured goods in the mining sector are shown in the table below. Six of the twelve main mining products observe negative growth during 2020-2022.



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**Table 9 Main Mining Manufactured Goods in Iran**

| Title | Unit | ProductionFigures | Year 2020-2021 | Year 2021-2022 | Percentage Change |
|---|---|---|---|---|---|
| Crude Steel | Thousand Ton | | 28,644.7 | 28,115.7 | -1.8 |
| Steel Products | Thousand Ton | | 26,524.2 | 25,127.7 | -5.3 |
| Copper Cathode | Thousand Ton | | 290.8 | 299.0 | 2.8 |
| Aluminum Ingot | Thousand Ton | | 456.4 | 571.1 | 25.1 |
| Aluminum | Thousand Ton | | 456.4 | 2,30.7 | 0.7 |
| Coal Concentrate | Thousand Ton | | 1,691.8 | 1,474.4 | -12.8 |
| Cement | Thousand Ton | | 6,9408.8 | 6,3076.9 | -9.1 |
| Ceramic Tile | Thousand | Cubic Meter | 450,172.2 | 455,885.3 | 1.3 |
| Glass Cup | Thousand Ton | | 1,158.8 | 1,362.3 | 17.6 |
| Glassware | Thousand Ton | | 744.7 | 728.6 | -202 |
| Porcelain Ware | Thousand Ton | | 56.6 | 61.1 | 8.1 |
| Sanitary Porcelain | Thousand Ton | | 118.0 | 100.9 | -14.5 |

*Source: MIMT*

Another obstacle for the mining sector is the increase in government duties. The government duties have increased by 910% in the period 2018-2022. These duties are determined on a yearly basis from public sector budgets. In addition, the mining activities need to follow strict environmental regulations. The MIMT's operation permit is granted to mines after a long assessment procedure, which is between four to six months.

## Services Sector

The services sector in Iran is the driving force of the economy and the main source of job creation in the country. This is a sector which potentials are not fully utilized. The main groups considered in the services sector are:

**Table 10 Services Sector Categories**

| Service | Growth in 2021-2022 |
|---|---|
| Transportation and Warehousing | 0.9% |
| Retail and Wholesale | 0.7% |
| Information Technology and Communication (ITC) | 1.2% |
| Banking, Finance and Insurance | -0.2% |
| Real Estate | 2% |
| Restaurant and Hotel | 1.2% |
| Government Services | -0.5% |
| Training and Education | 2.5% |
| Healthcare | -0.8% |

*Source: Eghtesad Online*



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The services with the most growth are ITC, restaurant and hotel and education. Banking, government, and healthcare observed negative growths in 2021-2022. The services sector has replaced the industrial sector since 2001 as the biggest employer in the Iranian economy.

**Table 11 Share of Economic Sectors from Employment 2021-2022**

| Economic Sector | Share From Employment |
|---|---|
| Services | 53.7% |
| Industry | 32.2% |
| Agriculture | 13% |

*Source: Statistical Center of Iran*

## Oil and Gas Sector

According to the Organization of the Petroleum Exporting Countries' (OPEC) Annual Statistical Bulletin 2023, Iran has 34 trillion cubic meters (cum) of natural gas reserves and 13.5 MLN barrels of crude oil reserves. Iran is ranked second in the world for natural gas reserves. Iran produced 1.6 MLN b/d of refined oil products in 2021- 2022.

The crude oil exports of Iran have been limited to supply to China and natural gas exports have been halted as a result of an increase in local consumption. Although some recovery has occurred in recent years, the table below shows the unfavorable performance of oil and gas in generating foreign currency income for Iran.

**Table 12 Performance of the Oil and Gas Sector**

| Item | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Crude Oil Production (b/d) | 3.5 MLN | 2.3 MLN | 1.9 MLN | 2.3 MLN | 2.5 MLN |
| Crude Oil Exports (b/d) | 1.8 MLN | 651,000 | 404,000 | 763,000 | 1.3 MLN |
| Natural Gas Production (cm) | 233.1 BLN | 232.9 BLN | 249.6 BLN | 256.7 BLN | 259.9 BLN |
| Natural Gas Exports (cm) | 12.2 BLN | 12.4 BLN | 12.7 BLN | 18.9 BLN | 19.6 BLN |
| Income From Exports of Crude Oil (USD) | 61 BLN | 29.1 BLN | 21 BLN | 38.7 BLN | 40.2 BLN |

*Source: OPEC*

In 2018, Iran produced 3.7 MLN b/d of crude oil and exported $61 BLN and in 2017 it produced 3.9 MLN b/d of crude oil and exported $66 BLN. When comparing these figures with the ones stated in the table above, one can see that since the US sanctions of 2018 the income from crude oil exports has drastically reduced.



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Most of the activities in the sector are related to downstream sectors such as petrochemicals and oil refineries. Upstream projects in the offshore sector and South Pars Gas Field require field pressure boostingtechnology that does not exist in Iran. The international oil companies no longer invest and introduce newtechnology to Iran. In the petrochemical and refinery projects the technology license exists locally. However, equipment related to processing and piping are imported.

The table below shows the consumption in different energy categories. While the consumption of oil products and electricity has increased, the natural gas and renewable energy usage in Iran has declined in the period 2016-2021. The transportation and industrial sectors have observed the most growth when it comes to energy consumption during the period under study.

**Table 13 Consumption in the Energy Sector (MLN Tons Equivalent of Crude Oil)**

| Consumption | 2016 - 2017 | 2020 -2021 |
|---|---|---|
| *Oil Product* | | |
| Household, Government and Commercial | 42.5 | 29.9 |
| Household | 34.6 | 23.8 |
| Commercial and Government | 7.9 | 6.1 |
| Industry | 23.0 | 29.6 |
| Transport | 268.9 | 277.7 |
| Agriculture | 19.6 | 21.3 |
| Other Uses | 1.1 | 0.1 |
| Non-Energy Consumption | 61.2 | 167.4 |
| Total Consumption of Petroleum Products | 416.3 | 526.0 |
| *Natural Gas* | | |
| Household, Government and Commercial | 364.9 | 237.6 |
| -Household | 317.1 | 388.5 |
| -Commercial and Government | 47.8 | 49.1 |
| Industry | 252.3 | 328.7 |
| Transport | 48.2 | 51.1 |
| Agriculture | 12.4 | 23.2 |
| Non-Energy Consumption | 91.0 | 115.2 |
| Total Consumption of Natural Gas | 768.9 | 955.9 |
| *Coal* | | |
| Household, Government and Commercial | 0.1 | 0.1 |
| -Household | 0.1 | 0.1 |
| -Commercial and Government | - | - |
| Industry | 1.0 | 1.4 |
| Non-Energy Consumption | 3.0 | 4.4 |



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| Table 13 Consumption in the Energy Sector (MLN Tons Equivalent of Crude Oil) | | |
|---|---|---|
| Total Consumption of Coal | 4.1 | 5.9 |
| *Combustible Renewable Resources* | | |
| Household, Government, Commercial | 8.4 | 0.6 |
| Household | 8.4 | 0.6 |
| Commercial and Government | - | - |
| Total Consumption of Combustible Renewable Resources | 8.4 | 0.6 |
| *Electricity* | | |
| Household, Government and Commercial | 69.9 | 80.3 |
| Household | 26.1 | 54.3 |
| Commercial and Government | 23.8 | 26.1 |
| Industry | 47.4 | 61.5 |
| Transport | 0.3 | 0.3 |
| Agriculture | 21.3 | 24.0 |
| Other Uses | 2.8 | 2.9 |
| Total Consumption of Electricity | 141.7 | 169.0 |
| Total Final Consumption | 1339.3 | 1657.3 |
| Total Final Energy Consumption | 1184.1 | 1370.3 |
| Total Non-Energy Final Consumption | 155.3 | 287.0 |

*Source: Energy Balance 2021-2022*

### 3.3. Currency and Finance

According to the CBI, Iran ranked 168th from a total of 178 countries in the category "Index of Economic Freedom" in 2021-2022. Iran has a centralized economy with minimal independence for its central bank. Iran has 24 public and private banks.

In 2023, the Iranian banking system includes 16 private and eight public banks. According to the Ministry of Economic Affairs and Finance, 10 Iranian banks were loss making in 2022-2023 Ayandeh, Iran Zamin and Shahr that are private banks saw the most significant losses. Input on public and private banks are shown on the below table:



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**Table 14 Information on Iranian Banks**

| Bank | Main Ownership | Profit- Loss in 2022-2023 ($) | History of Money Laundry |
|---|---|---|---|
| Sepah Bank | Iranian Army Pension Fund | -380 MLN | NA |
| Meli Bank | Min of Eco Affairsand Finance | 0 | NA |
| Post Bank | Min of Eco Affairs and Finance | 14 MLN | 2016 for 420,000 IRR |
| Housing (Maskan) Bank | Maskan Bank Financial Group | 35 MLN | |
| Agriculture (Keshavarzi) Bank | Min of Agriculture Jihad | 200,000 | 2020 for 269,000 BLN IRR |
| Industry and Mine (Sanaat va Madan | MIMT | 4 MLN | NA |
| Exports and Development (Tossei Saderat) Bank | Min of Eco Affair sand Finance | 4 MLN | NA |
| Cooperative Development (Tossei Taavon) Bank | Ministry of Cooperatives, Labor, and Social Welfare | 400,000 | NA |
| Ayande Bank | Mr. Ali Ansari | -926,000 | |
| Sarmayeh Bank | Private Shareholders | -240 MLN | 2021 for 100,000BLN IRR |
| Shahr Bank | Municipality of Tehran | -960,000 | NA |
| Saderat Bank | Ghadir Investment Company | -168 MLN | 1996 for 1,230BLN IRR |
| Melat Bank | Melat Bank | 37 MLN | 2021 for 8,000 BLN IRR |
| Day Bank | | -411 MLN | 2020 for 50,000BLN IRR |
| Pasargad Bank | Pars Aryan Investment Company | 21.6 MLN | NA |
| Parsian Bank | Iran Khodro | -205 MLN | NA |
| Iran Zamin Bank | Movali Almovahedin Charity Organization | -595 MLN | NA |
| Sina Bank | Mostazafan Janbazan Foundation Financeand Credit Company | NA | NA |
| Middle East (Khavar Mianeh) Bank | Private Shareholders | NA | NA |



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| | | | |
|---|---|---|---|
| Karafarin Bank | Association of Industrial Managers of Iran, Association of Construction Engineers of Iran, Association ofUtility Engineers,and Consulting Engineers andArchitects | 32 MLN | NA |
| Saman Bank | Private Shareholders | 44 MLN | NA |
| Refah Kargaran Bank | Social Security Organization of Iran | NA | NA |
| Eghtsad Novin Bank | Private Shareholders | 26 MLN | NA |
| Bank Gharzolhasaneh Mehr Iran | Min of Eco Affairs and Finance | NA | NA |
| Tourism (Gardeshgari) Bank | Tourism Financial Group Construction Engineers of Iran,Association of Utility Engineers,and Consulting Engineers and Architects | NA | NA |
| Saman Bank | Private Shareholders | 44 MLN | NA |
| Refah Kargaran Bank | Social Security Organization of Iran | NA | NA |
| Eghtsad Novin Bank | Private Shareholders | 26 MLN | NA |
| Bank GharzolhasanehMehr Iran | Min of Eco Affairs and Finance | NA | NA |
| Tourism (Gardeshgari) Bank | Tourism Financial Group | NA | NA |

*Source: SGPM*

The table shows eight loss making banks. These banks have negative balance sheets and have borrowed from the CBI since 2019. Some of the banks in the list do not have complementary information since it was not open to the public. However, the table lists all private and public banks operating in the country. The banking sector in Iran has been negatively affected by the inflation, devaluation of IRR and balance of payment.



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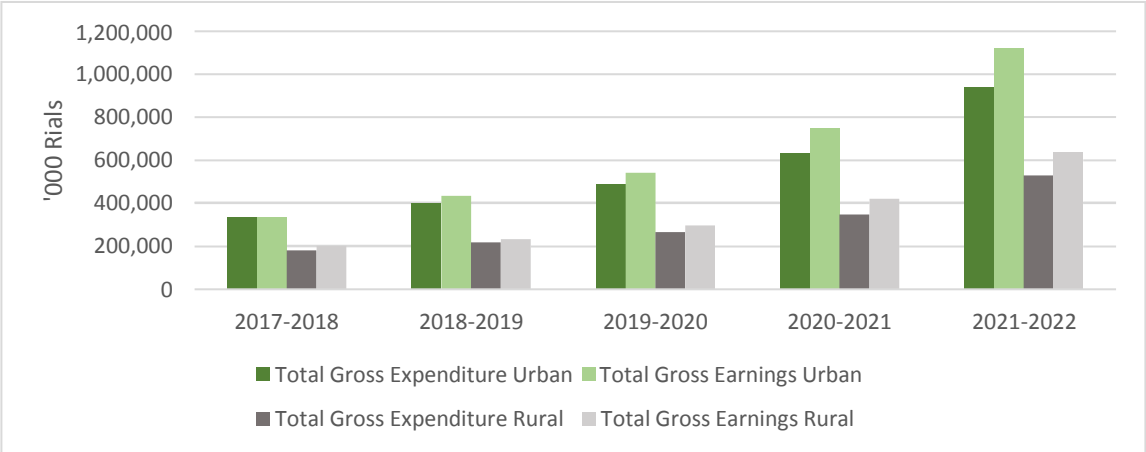
The banking sector also suffers from corruption and unfair practices when it comes to loans and their repayments. The failure of the Iranian government in signing the Financial Action Task Force (FATF), which is an international system against money laundering, has deprived the commercial banks in engaging with foreign banks. This is in addition to the re-instatement of the international banking sanctions on Iran through the USA Treasury Department in April 2018. The loss inquired by banks is related to limitations in their trade and investment related transactions. Also, the savings strategy is moving away from currency to commodity due to the continued inflation.

**Gov Debt to GDP**

Household expenditure and earnings have had a positive trend during the 2017 to 2022 timeframe in both rural as well as urban areas. Overall gross earnings for urban dwellers have increased by 3.3 times, while for rural inhabitants it has increased by 3.16-fold. Other interesting facts and figures include:

- Food and tobacco expenditure for urban and rural inhabitants has increased by 3.21 and 3.11 times respectively during 2017-2022
- Non-food and tobacco expenditure for urban and rural inhabitants – which includes housing, fuel and electricity, health, transportation and communication, clothing and shoes, other household goods and services, cultural expenses as well as furniture – has increased by 3.21 and 3.11 times respectively during 2017-2022
- Total earnings have increased by 3.3 times for urban inhabitants, while the increase for rural dwellers is 3.2 times during the 2017-2022 timeframe

**Chart 11 Household Expenditure & Earnings, Urban vs Rural 2017-2022**




*Source: IRISC*

The chart below shows the government debt against GDP. The reduction in oil and gas exports, banking sector's borrowing from the CBI, the social security's debt and government subsidies have created non-balance in government's income and expenditure.



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**Table 15 Government Income and Expenditure**

| | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---|---|---|
| Government Income | $12.3 BLN | $9.5 BLN | $8.4 BLN |
| Government Expenditure | $12.5 BLN | $10.1 BLN | $9.3 BLN |
| Balance | -$0.2 BLN | -$0.6 BLN | -$0.9 BLN |

*Source: CBI*

The chart below shows the percentage of budget deficit and government debt to GDP. The chart shows that CBI is planning to reduce the government debt. CBI can reduce inflation with this method, but this process could be time consuming.

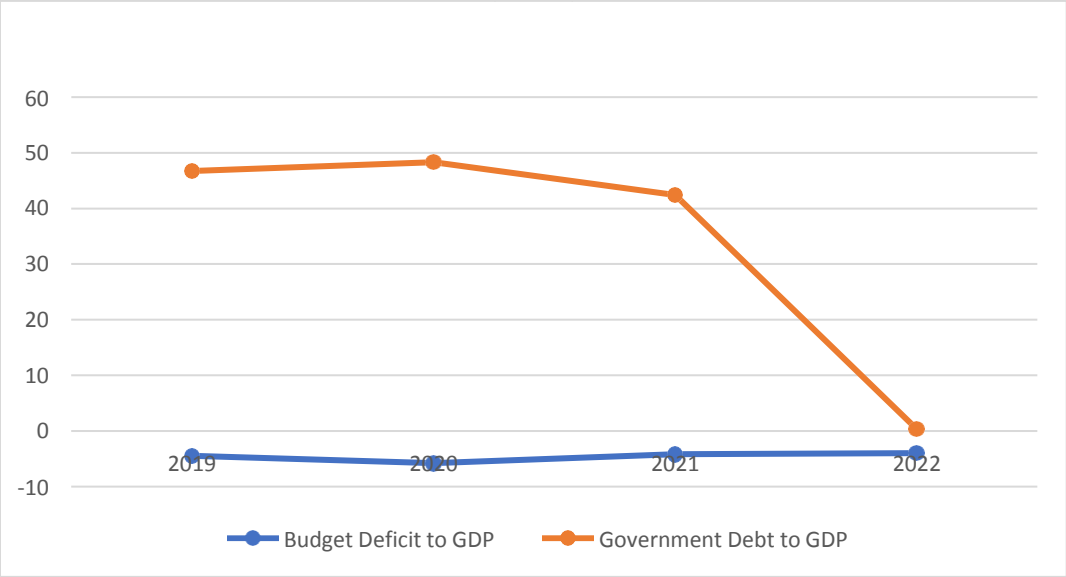
The government income in Iran is usually raised from:

- Crude Oil Exports
- Taxation on Companies and Assets
- Utility and Services
- Sales of Assets

The government expenditures are:

- Food, Energy, and Medical Subsidies
- Imports Subsidy
- Development Budget
- Current Expenditures
- Welfare Organization

**Chart 12 Government Debt 2019-2022 (BLN$)**




*Source: CBI*



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**Taxation Revenues**

The government is counting on tax revenues to balance its finances. The tax income has increased in recent years through a more transparent taxation on companies and real people.

**Table 16 Government Tax Revenues**

| | 2020-2021 | 2021-2022 | 2022-2023 |
|---|---|---|---|
| Tax Revenue | $10.1 BLN | $13.2 BLM | $11.1 BLN |

*Source: Iran Taxation Administration*

**Other Financial Indictors**

The bank interest rate in Iran is determined through the government and not the free market. The Committee of Money and Credit determines the rates and not CBI. The current official bank interest rate for one-year deposits is 23%.

The exchange rate of Iran IRR has observed drastic devaluations since 2019. The reason behind this is:

- Reduced oil exports
- CBI's Integrated Currency Trading System (NIMA system) that introduced multiple foreign currency rates and restricted the free usage of foreign currency for trade
- Withdrawal of IRR from banks by general public and investment in gold and FOREX
- Gold and Forex exchange market that added another foreign currency exchange rate to the market and created more control over foreign currency demand



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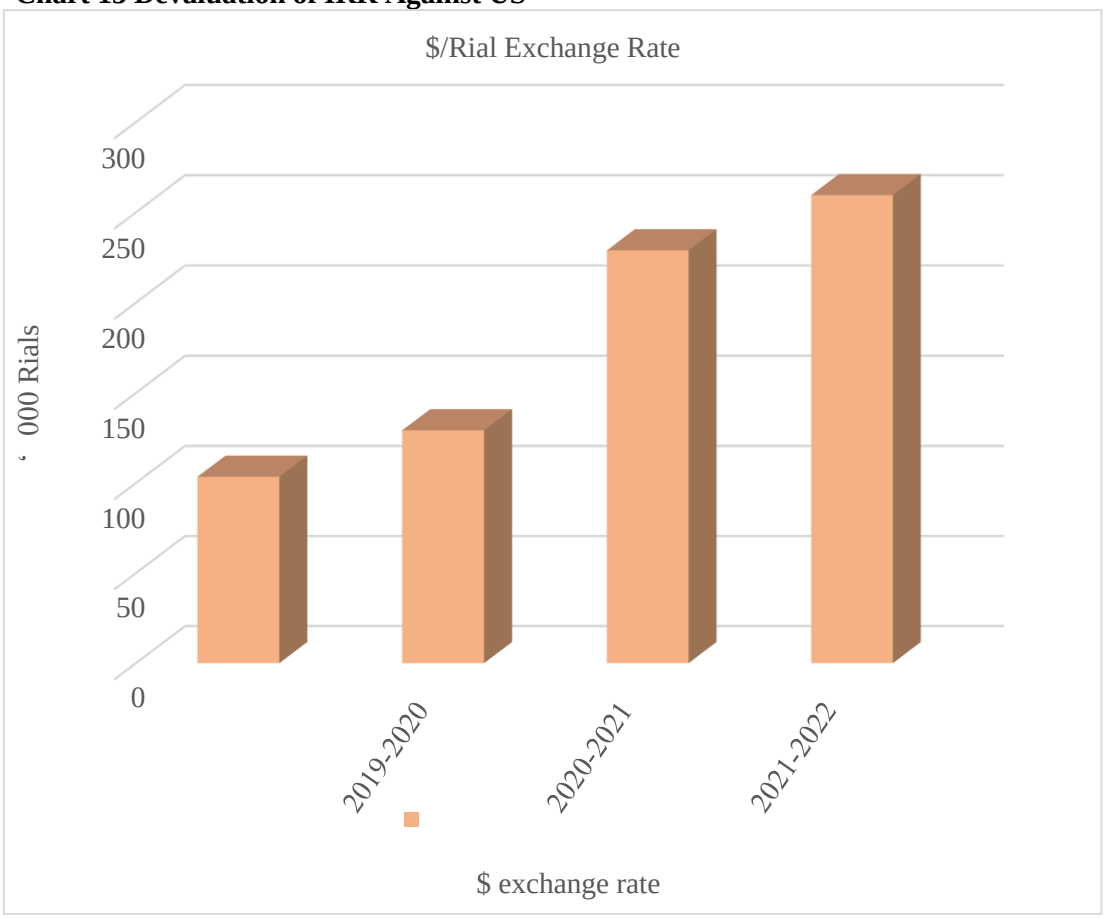
**Chart 13 Devaluation of IRR Against US**




*Source: Press Reports; Bonbast.com*

Iran's foreign currency exchange regime is explained in detail in chapter 6.4.

# Section C

## 4. Overall Trade Picture

Iran is a country that is dependent on imports. Although there has been a push by the government to increase and develop local production of goods, raw materials and machinery are mostly imported into the country. It is also worth noting that prior to the pull out of the USA from the JCPOA, oil exports accounted for a large portion of exports. Since 2018, crude oil exports are no longer reflected in Iran's export figures due to sanctions and possible ramifications for oil purchasers. Having this in mind, Iran's trade balance has seen a negative trend for the past three years. In fact, the average annual trade balance during March 2020-2023 timeframe is -$6.6 BLN. Please see the chart below for further information.



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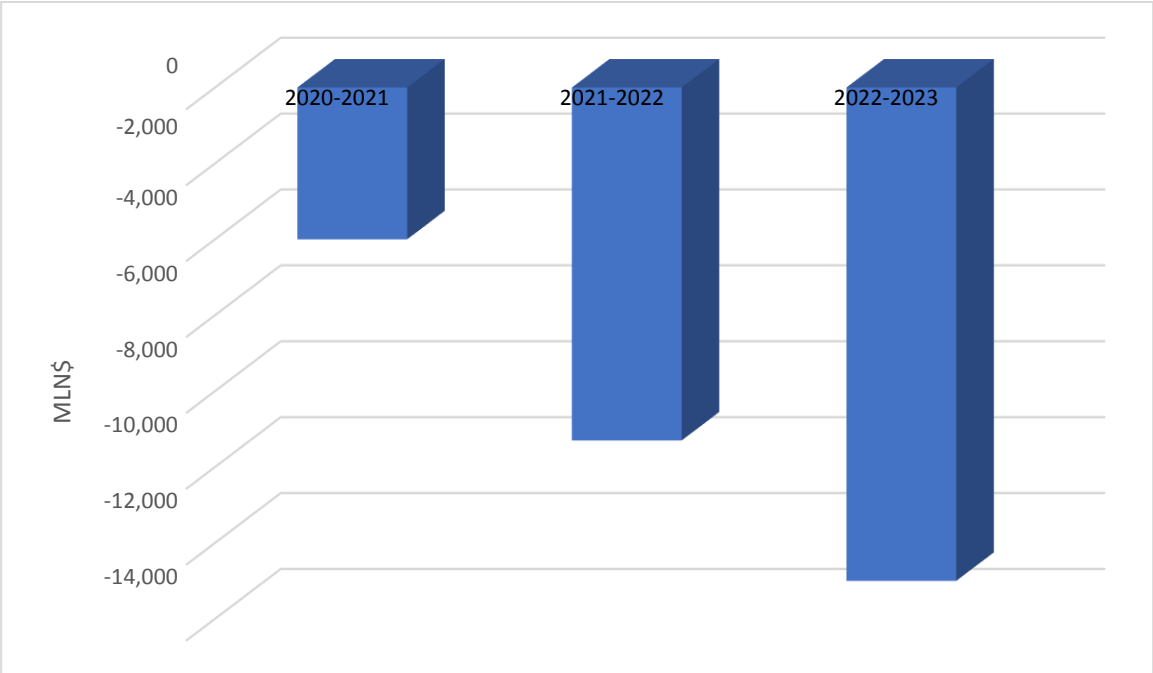
**Chart 14 Iran's Trade Balance 2020-2023**




*Source: IRICA, Mehr News*

It is also worth noting that Iran has been faced with a smuggling issue for decades. Although many rules and regulations have been put in place to combat illegal imports and a government organization called Headquarters to Combat Smuggling of Goods and Foreign Exchange was established in 2002, the influx of smuggled goods continues to this day. Interestingly, when looking into the statistics related to smuggled goods to Iran, figures vary depending on the source of information. For example, for the year to March 2023, the Chairman of the Board of Directors of Iran's Supreme Council of Imports, Mr. Managhebi, reported that goods smuggled to Iran exceeds $30 BLN while Mr. Shayesteh, the Deputy Head of Iran's Headquarters to Combat Smuggling of Goods and Foreign Exchange, says the figure stands at $12 BLN.

Although the actual figure of smuggled imports to Iran remains debated, the fact remains that there are certain goods that are smuggled into the country at high rates. These products are:

- Home appliances: the market is worth some $6 BLN of which $2.4 BLN is illegally imported
    - The share of smaller items such as kitchenware, crockery and crystals are higher
- Clothing: the market is worth $8 BLN of which 25% is smuggled to the country
    - Shortages in raw materials and equipment has led to a downfall in domestic production and since imports are banned, there has been a surge in smuggling of clothing especially in the year to March 2023
- Cosmetics: the market is worth $3 BLN of which 63% is illegally imported to the country
    - There has been little government incentive to develop this sector of the economy and many raw materials needed for the production of cosmetics have been banned



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- Automotive spare parts: the market is reportedly worth $13 BLN of which $3 BLN is related to illegally imported spare parts
    - The import of spare parts for foreign vehicles is banned while there are 1 MLN foreign vehicles on Iran's roads today
- Cigarettes: in the year to March 2022 illegal cigarette imports have been estimated at 20 BLN units with a value of approximately over $1 BLN
    - Iran's local production of cigarettes stands at approximately 55 BLN units

### 4.1. Key Points in Trade Operations with Iran

The companies engaged in trade with Iran must first conduct a due diligence research from their Iranian buyer. The main lists for companies not suitable to conduct business with are listed in the USA Treasury Department and the European Union.

The USA and EU sanctioned entities and real persons are listed in the websites below:

https://emea01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fsanctionssearch.ofac.treas.gov%2F&data=04%7C01%7C%7C3bb76c5d4c4f4ce3a67008d9f56c8a23%7C84df9e7fe9f640afb435aaaaaaaaaaaa%7C1%7C0%7C637810668780313804%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=HYTKh6l0FW%2BKWyI4DaAoFZ3Ke3t%2Fw13s9lFHzwbNPrY%3D&reserved=0

https://emea01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.sanctionsmap.eu%2F%23%2Fmain&data=04%7C01%7C%7C3bb76c5d4c4f4ce3a67008d9f56c8a23%7C84df9e7fe9f640afb435aaaaaaaaaaaa%7C1%7C0%7C637810668780313804%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000&sdata=or9sF%2BiDKxo3shLIWIjORApxqjDc%2F1qfo3%2B6gqPrqwg%3D&reserved=0

https://www.sanctionsmap.eu/#/main/details/17/?search=%7B%22value%22:%22%22,%22searchType%22:%7B%7D%7D

In some economic sectors the introduction of a local partner is mandatory for the foreign supplier. The sectors such as oil and gas, electric power generation, agriculture, medical and pharmaceuticals are examples of economic activities that need the introduction of a local agent. When registering an imported product at MIMT or MOH the credentials of the local partner and the type of agreement must be submitted. However, for machinery and raw material imported to the industrial sector the international supplier can work directly with the buyer and MIMT is more lenient in issuing import permits in these cases.

Traditionally the suppliers of machinery, finish products and raw material appoint an agent for doing business in Iran. This agent is usually a small size company with managers that have a sufficient buyer's network. The agency contracts are usually based on a success fee commission. However, in some cases the agency contract includes a retainer fee that also covers the local marketing costs in addition to a success fee commission. The agent is responsible for sales and marketing. Also, they arrange for payment and transportation logistics.



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During the JCPOA's full execution (2015-2018) many international companies re-activated or newly opened representative offices. If a representative office does not engage in commercial transactions, issue an invoice, or place project guarantees it could apply for a tax exemption at the Ministry of Economic Affairs and Finance. After the USA sanctions in April 2018 several foreign company representative offices suspended their activities, but in the food business only a few companies departed from the market. Some international companies with offices in Tehran are: Inoxpa Spain, Unilever UK and the Netherlands, Tetra Pak Switzerland, GEA Engineering Greece, Nestle Switzerland, Bel France and Dannon France. These companies register their investment and direct presence for protection in the Iranian Ministry of Economic Affairs and Finance, Organization for Investment Economic and Technical Assistance (OIETA).

In case of Unilever, Nestle, Bel and Dannon they have engaged in joint ventures with local companies or have directly purchased a food production plant in Iran. This sort of engagement is difficult to arrange in 2023 due to the USA banking sanctions.

Opening a company in Iran for foreign nationals is easy. The company can have 100% of its shares owned by non-Iranian nationals. These types of companies fall under the Commercial Code of Iran and the country's taxation law and must obey them. The company can have a corporate bank account, rent an office, sign contracts, issue invoices, and place project bank guarantees. A number of these companies remained active since 2018, the USA Treasury Department has no interest so far in tracing these types of business activities.

Acceptance of Iranian law as the governing law of the contract together with provisions for international arbitration for dispute resolution are satisfactory and safe for entering into sensitive and large contracts with Iranian parties. UNCITRAL and ICC rules are frequently accepted by Iranian parties and the preferred venues for the conduct of arbitrations are in the order of Switzerland, The Hague and Paris.

Iranian institutions generally respect the awards rendered through international arbitration and voluntarily perform the objects thereof. Iran has acceded to the "Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York 1958)" through a bill passed by the Parliament in 2001. Since then, any foreign arbitral awards duly issued outside the country shall be recognized and enforced in Iran in accordance with the provisions of the Convention. The Convention limits the grounds based upon which the Iranian courts may intervene and stop the enforcement of a foreign arbitral award in Iran, regardless of whether such foreign arbitral award has been issued under the control and management of an institutional arbitration such as ICC or based on ad hoc arbitration under e.g., UNCITRAL Arbitration Rules.

**4.2. General Observation**

When looking into the imports of goods during the March 2022-2023 time frame, the highest imports are related to spare automotive parts closely followed by mobile phones. The remaining top imports are related to commodities such as wheat, rice and oil seeds. Overall, imports for the year to March 2023 stood at $119.2 BLN and the top seven goods accounted for roughly 15% of total imports. Please find below the list of goods that are the top seven for the year to March 2023:



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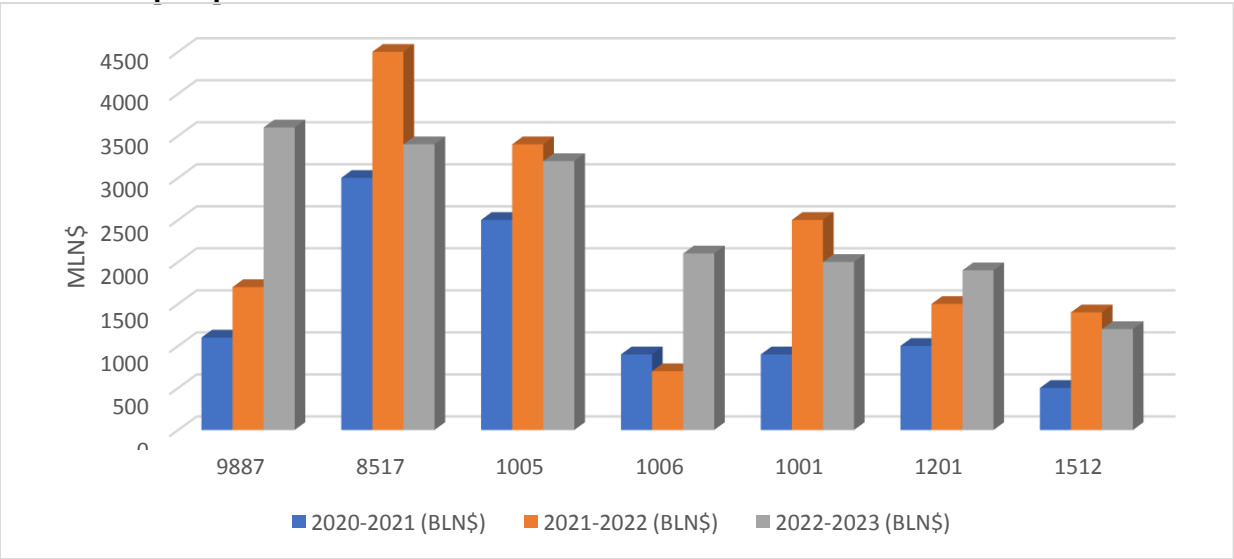
- HS code 9887; automotive parts
- HS code 8517; mobile phones
- HS code 1005; maize or corn
- HS code 1006; rice
- HS code 1001; wheat
- HS code 1201; soybeans
- HS code 1512; oil seeds

It is noteworthy that the highest increase in imports from the above list during the 2020-to-2023-time frame is related to automotive spare parts, increasing by over three times. Rice has also increased by over twofold, as has wheat imports. Please refer to the following chart for further information.

**Chart 15 Top Imports of 2020-2023**




*Source: IRICA*

When looking into the export of goods during the March 2022-2023 time frame, the highest exports are related to petroleum gas and other gaseous hydrocarbons at $13.7 BLN, followed by ethylene at $3.9 BLN. Overall, exports for the year to March 2023 stood at $106.2 BLN and the top seven goods accounted for roughly 27% of the total exports. Please find below the list of goods that are the top seven for the year to March 2023:

- HS code 2711; petroleum gas and other gaseous hydrocarbons
- HS code 3901; polymers of ethylene, in primary forms
- HS code 2710; petroleum oils and oils obtained from bituminous minerals (excluding crude)
- HS code 2905; acyclic alcohols and their halogenated, sulphonated, nitrated or nitro sated derivatives
- HS code 3102; mineral or chemical nitrogenous fertilizers



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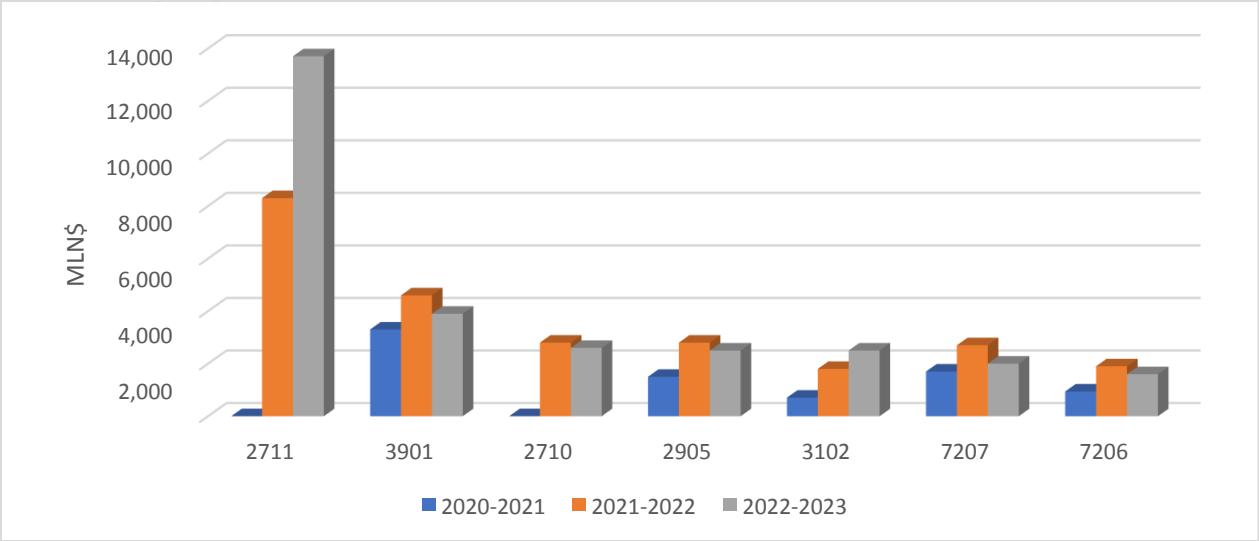
- HS code 7207; semi-finished products of iron or non-alloy steel
- HS code 7206; iron and non-alloy steel in ingots or other primary forms

It is noteworthy that the highest increase of exports from the above list during the 2020-to-2023-time frame is related to petroleum gas and other gaseous hydrocarbons which has increased from zero to $13.7 BLN over the past three years. The export of petroleum oils and oils obtained from bituminous minerals (excluding crude) has also increased from near zero levels to $2.6 BLN during the March 2020-2023 time frame. Please refer to the following chart for further information.

**Chart 16 Top Exports 2020-2023**




*Source: IRICA*

### 4.3. Origin and Destination

In 1396 (March 2017-2018), prior to the US reinstatement of sanctions on Iran, the top exporter countries to Iran were:

1-China 2-UAE 3-Korea 4-Turkey 5-Germany 6-India 7-Switzerland

Based on statistics from IRICA, the main exporters to Iran have remained relatively constant over the past three years. The main change has been Russia gaining an increasingly larger foothold in terms of exports, replacing Korea, while the UK has replaced France as one of the top exporters to Iran. As can be seen in the below chart, the bulk of exports to Iran originates from UAE, close to 18% of the total exports for the year to March 2023. This is due to the re-export of goods mainly due to limitations imposed by sanctions. Many foreign companies prefer to export their goods to the UAE and then for the goods to be re-exported to Iran in order to bypass sanctions. Interestingly, exports from the UAE to Iran have increased by close to two-fold during the 2020-to-2023-time frame. The UAE is followed by China with the second highest exports to Iran at $15.7 BLN in the year to March 2023, illustrating an increase of $5.9 BLN compared to the year to March 2021.



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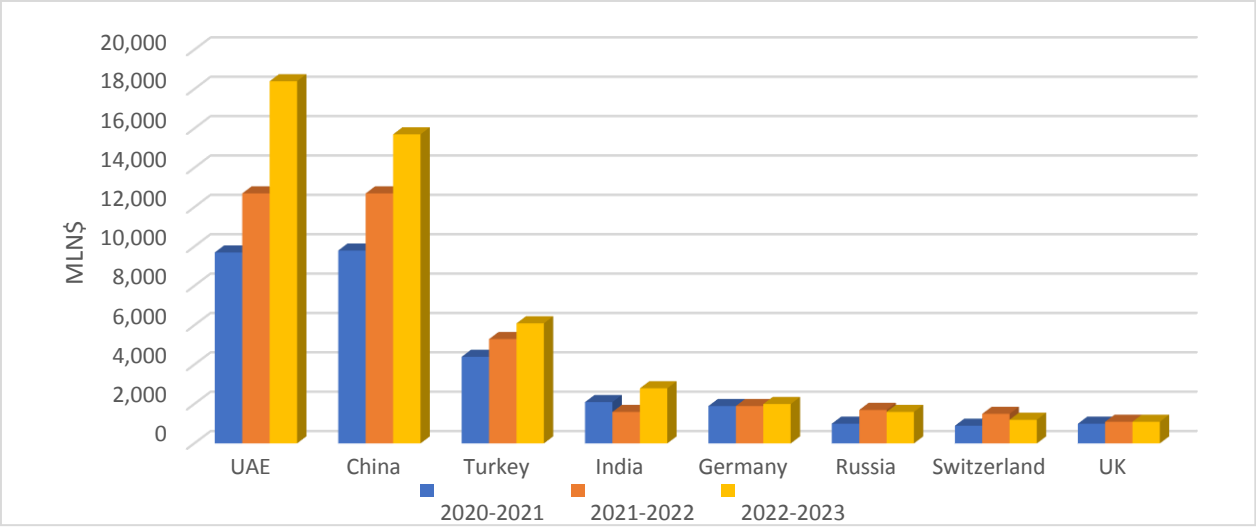
**Chart 17 Top Exporter Countries to Iran 2020-2023**




*Source: IRICA*

In terms of the export of Iranian goods, the top destinations in the year to March 2018 – prior to the reinstatement of US sanctions on Iran in 2018 were:

| | | | | | | |
|---|---|---|---|---|---|---|
| 1-China | 2-UAE | 3-Iraq | 4-Korea | 5-Turkey | 6-Afghanistan | 7-India |

This has remained relatively stable, with the only change being that Korea is no longer a main destination for Iranian goods; it has been replaced by Indonesia. As can be seen in the below chart, the highest export destination in terms of value for all three years is China. Exports to China have increased by 70% in the year to March 2023 compared to the year to March 2021; some $6 BLN. Another high increase is Turkey, where exports of Iranian goods to the country have increased by over three and a half fold over the past three years and hit $7.5 BLN in the year to March 2023. Interestingly, the top seven export destinations account for over 40% of total Iranian exports in the year to 2023.



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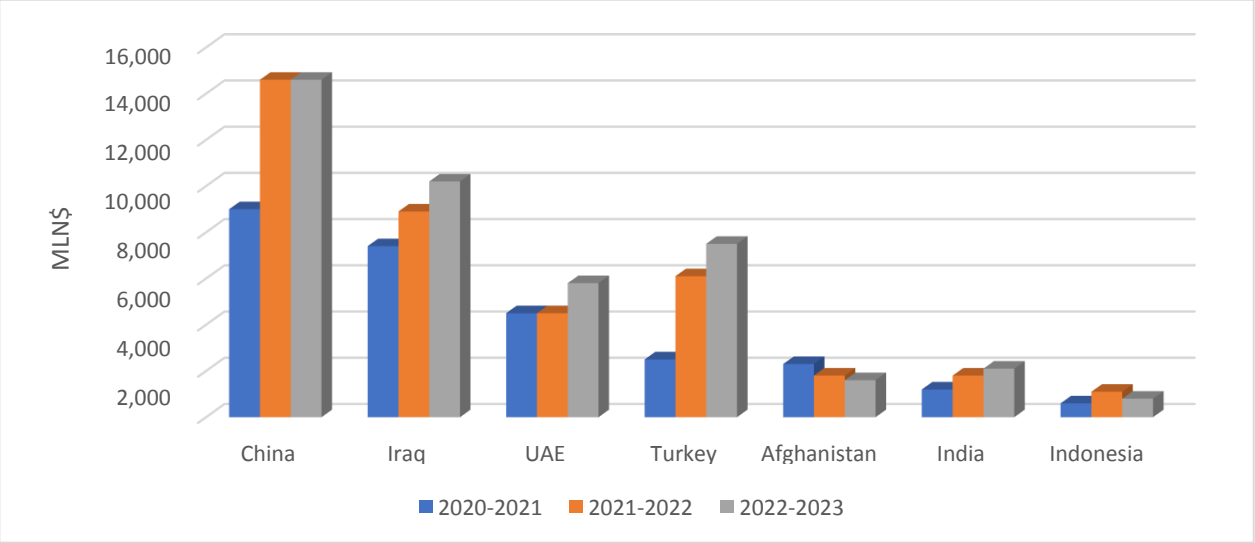
**Chart 18 Top Export Destinations 2020-2023**




*Source: IRICA*

## 5. Iran Brazil Economic Ties

When looking into trade figures between Iran and Brazil during the March 2018-2023 time frame, the main driver has been the food and agriculture sectors. Although there were major Brazilian oil operating companies such as Petrobras active in the Iranian market prior to the Ahmadinejad era (2005-2013), there were no agreements signed in the oil and gas industry during the JCPOA (2015-2018). The same applies for the automotive and pharmaceutical industries. This comes as many foreign companies were keen on gaining afoothold in the Iranian market during 2015-2018 and were negotiating for an array of contracts in various fields of the economy. In general, most of the business between the two sides is conducted by SMEs. However, large government owned companies such as the Government Trade Company (GTC) and State Livestock Affairs Logistics (SLAL) and semi-governmental companies such as Modalal Company, Petrochemicals Commercial Company (PCC) and Khuzestan Sugar Cane Complex are also active in business between Brazil and Iran. SLAL is affiliated to the Ministry of Agriculture Jihad and is the main livestock products and animal feed importer in the country.

Interestingly, Iran is an observing member of BRICS and is hoping to become a permanent member of the group. If accepted, the country would be able to benefit from the BRICS mechanisms in bilateral trade.

### 5.1 Bilateral Trade

Diplomatic relations between Iran and Brazil dates to 1903; 120 years ago. However, it was from 1957 when a cultural agreement was signed between the two parties that relations took a promising turn. Shortly after that, Brazilian legation in Tehran was elevated to the condition of an embassy. Following the cultural



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boost in relations, an economic and technical cooperation commission was established in 1975; four years before the Islamic Revolution. The years following 1979 have been full of ups and downs but it was during the Brazilian President, Lula de Silva's tenure of 2003-2011 those relations developed. This is in line with Iran's continued isolation from the international arena. Over the years, there has been a shift from trading with Europe to Eastern Asian as well as Latin American countries. Although relations between the two sides are strong, the trade relations have also shown positive trends. As chapter 1 showed the exports of Brazil to Iran has increased. The same table as chapter 1 is shown below:

**Table 17 Bilateral Trade Brazil-Iran 2020-2022**

| Year | Brazil Exports to Iran (FOB $) | Brazil Imports from Iran (FOB $) |
|---|---|---|
| 2020 | 1,157 MLN | 116 MLN |
| 2021 | 1,941 MLN | 65 MLN |
| 2022 | 4,286 MLN | 139 MLN |

*Source: Comex Stat (http://comexstat.mdic.gov.br/en/geral)*

The main drivers of this trade are foods, agriculture, and fertilizers. It is noteworthy that many companies export their goods to Iran through third party countries such as the UAE, Switzerland and Turkey in order to bypass sanctions. Brazil is no exception. However, there are no statistics identifying the amount of trade that is re-exported from each country of origin to Iran via these intermediary countries. The consultant requested from trade authorities of the UAE, Switzerland and Turkey to provide re-exports figures, only the Commercial Department of the Turkish Embassy in Iran stated that in 2022 estimates show that $3 BLN of the Turkey's exports to Iran was related to goods originating from other countries.

The Turkish special customs regime allows imports of goods from different countries destined for Iran to be depot in the Mersin Port. In special locations in the port the merchandise is stored in bounded warehouses. The facilities offered by Mersin Port authorities are exempt from customs duty up to five months.

Trade statistics available to the public are based on the trade partner and the good's value and quantity. The trade statistics source of the Iran Customs Administration is:
https://www.irica.ir/web_directory/73903-آمار-سال-جاری.html

The statistics are not based on the certificates of origin therefore some products exported from the UAE, Tukey and Switzerland might be originally from Brazil. As an example, the Turkish exports to Iran since 2019 includes the untraditional items such as soya bean, corn, edible oil, banana and flour. In addition, the UAE exports figures to Iran includes an increasing quantity of pharmaceuticals since 2019 that is not seen in UAE's past exports to Iran.

As mentioned in Section 5 of the report, the majority of Brazilian exports to Iran are related to the agricultural and food sectors. When looking into the top seven Brazilian exports to Iran during the years 2021 and 2022 the products corn and maize, soya bean, edible oil, red meat and sugar cane dominate the list of products exported to Iran. Our source of investigation in this section is:



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http://comexstat.mdic.gov.br/en/geral

The HS codes taken into account are as follows:

- HS code 020230, 020712; meat of bovine animals, frozen and chilled
- HS code 1005; maize or corn
- HS code 1507; soyabean oil and its fractions, whether or not refined, but not chemically modified
- HS code 1701; cane or beet sugar and chemically pure sucrose, in solid form
- HS code 210111; extracts, essences and concentrates of coffee,
- HS code 902139; dental instruments and articles
- HS code 120190; soya beans

The table below shows the Brazil- Iran exports statistics for years 2021 and 2022:

**Table 18 Seven Most Brazilian Exports Products to Iran 2021**

| Product | HS Code | Value FOB in USD) |
|---|---|---|
| Maize and Corn | 1005 | 702 MLN |
| Soya Beans | 120190 | 560.7 LN |
| Animal Feed | 230400 | 264.5 LN |
| Sugar cane | 170114 | 260.1 LN |
| Crude soya bean oil | 150710 | 95.8 MLN |
| Cow meat | 02023, 02022, | 49 MLN |
| Pharmaceuticals | 300439 | 2.3 MLN |

*Source: http://comexstat.mdic.gov.br/en/geral*

**Table 19 Seven Most Brazilian Exports Products to Iran 2022**

| Product | HS Code | Value (FOB in USD) |
|---|---|---|
| Maize and Corn | 1005 | 2 BLN |
| Soya Beans | 120190 | 1.4 BLN |
| Sugar cane | 170114 | 369 MLN |
| Animal Feed | 230400 | 330 MLN |
| Crude soya bean oil | 150710 | 202.1 MLN |
| Cow meat | 02023, 02022, | 25 MLN |
| Dental Article | 902139 | 396,012 |

*Source: http://comexstat.mdic.gov.br/en/geral*

During the years 2021 and 2022, corn was the highest export product from Brazil to Iran. Other products which were also essential feed items exported from Brazil to Iran were soya bean, sugar, and animal feed. As mentioned, majority of Brazilian exports to Iran is related to the food sector. In the past pharmaceuticals, medical products, chemicals, automotives and oil and gas equipment were also listed as goods traded from Brazil to Iran.



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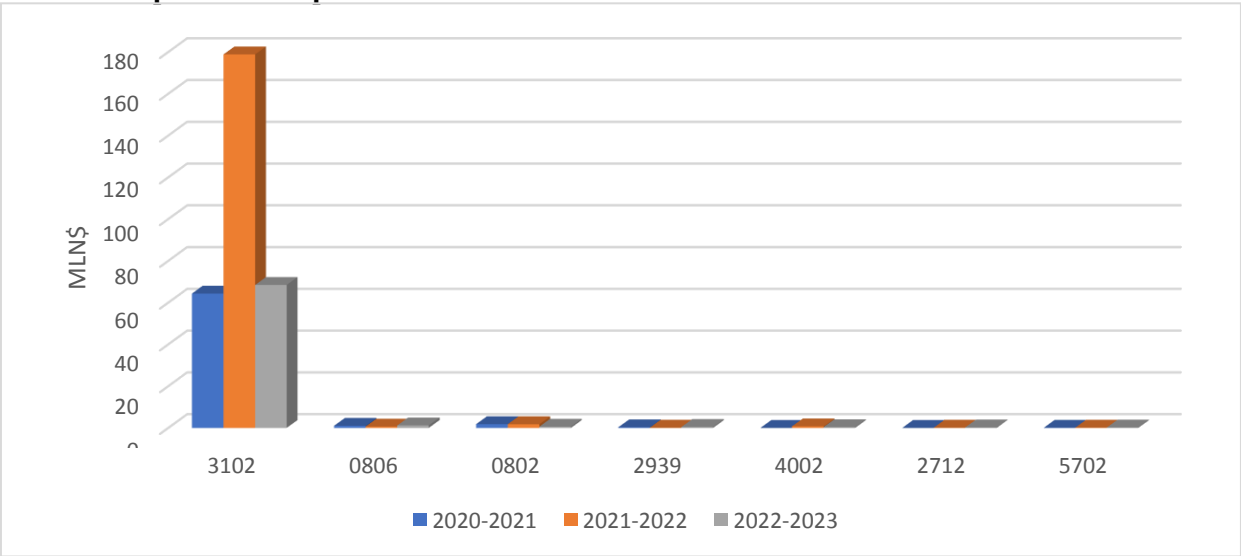
When looking into the top seven Brazilian imports from Iran during the year to March 2023, over 95% were related to food and agriculture; some $372 MLN. Only $14.2 MLN was related to wood pulp and essence extracts. The HS codes taken into account are as follows:

- HS code 3102; mineral or chemical nitrogenous fertilizers
- HS code 0806; grapes fresh or dried
- HS code 0802; other nuts, fresh or dried, whether shelled or peeled (excluding coconuts,Brazil nuts and cashew nuts)
- HS code 2939; vegetable alkaloids, natural or reproduced by synthesis, and their salts, ethers, esters, and other derivatives
- HS code 14002; synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strips
- HS code 2712; petroleum jelly, paraffin wax
- HS code 5702; carpets and other textile floor coverings, woven, not tufted, or flocked, whether or not made up, incl. Kelem, Schumacks, Karamanie and similar hand-woven rugs

The highest reduction in terms of value for Brazilian goods imports is related to HS code 1302; mineral or chemical nitrogenous fertilizers, which have experienced a reduction of over 60% compared to the year to March 2022, but remain at similar levels to that of the year to March 2021. The highest increase in terms of percentage is related to HS code 5702; carpets and other textiles, which has increased by over 150% compared to March 2020-2021 figures and hit $18,000 in the year to March 2023.

**Chart 19 Top Iranian Exports to Brazil 2020-2023**




*Source: IRICA*



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## 5.1 Trade Balance

As explained in Section 4 of this report, Iran's overall trade balance is in the red and trade with Brazil is no exception. The reasons behind this trade deficit includes:

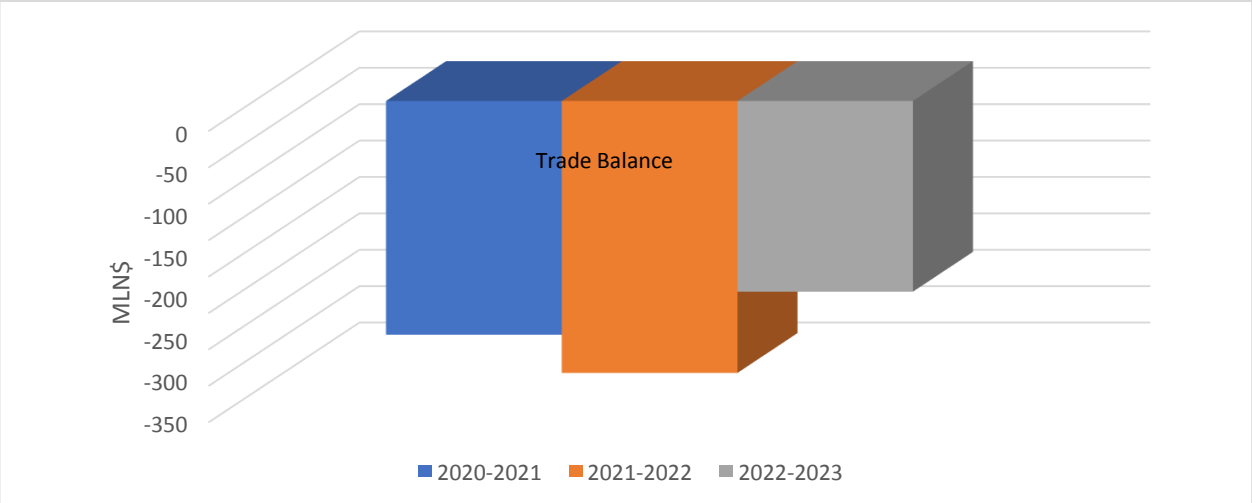
- Sanctions; resulting in an evident decreased in not only Iran's oil sales but also the sales of metals and minerals

- Reliance on imports for local manufacturing
- Reliance on the import of goods with the latest technology such as mobile phones; of which domestic expertise is far behind today's knowhow
- General preference of Iranians for the purchase of foreign products; the quality of foreign made products are deemed higher than locally produced items

In the following section, the consultant will look into the exports of Brazilian goods to Iran as well as the import of Iranian goods to Brazil according to HS codes.
The largest amounts of goods that Iran imports from Brazil is HS code 0202; meat of bovine animals, frozen, which stood at $127.5 MLN in the year to March 2023. This is followed by HS code 1005; maize or corn, standing at $64.2 MLN and HS code 0207; meat and edible offal of fowls, which stood at $60.5 MLN during the mentioned time frame. Combined, these three HS codes account for over 64% of total Brazilian exports to Iran during the year to March 2023.

In terms of the export of Iranian goods to Brazil, the HS code 3102; mineral or chemical nitrogenous fertilizers, had the biggest share at 95% of exports in the year to March 2023. This is followed by HS code 0806; fresh or dried grapes, at $1.2 MLN. The following charts illustrated the trade balance between Iran and Brazil during the 2020-to-2023-time frame.

**Chart 20 Iran/Brazil Trade Balance 2020-2023**




*Source: IRICA*



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# Section D

## 6. Trade Structure

There are many government bodies that directly play a hand as to which goods can enter and exit the country. Many of these decisions are made due to domestic availability/shortage of the product in question, the country's policies regarding the goods as well as regional and international politics. However, there is also the cabinet of the Supreme Leader who can dictate trade policies as was illustrated in 2018 when he announced that the import of "luxury goods" and goods of which a similar version is being produced domestically is banned. This was aimed at supporting locally made products as well as boosting domestic production. Although the decision led to many developments in sectors such as food and drink, it has also led to limited competition and a partly monopolized market for other sectors such as automotives.

The main government entities that play a role in trade in Iran include:

- Ministry of Industry Mine and Trade (MIMIT)
- Ministry of Cooperatives, Labor and Social Welfare
- Ministry of Economic Affairs and Finance
- Trade Promotion Organization
- Islamic Republic of Iran Customs Administration (IRICA)
- Iran Chamber of Commerce, Industries, Mines and Agriculture
- Ministry of Health
- Central Bank of Iran (CBI)

Please refer to the following section of the report for further insight regarding the role each of the entities play.

### 6.1 Regulations of Foreign Trade Activities

Trade is a very popular form of business in Iran. The country has the largest population in the Middle East and is highly dependent on the import of raw material for local production. However, as with all other countries, there are certain rules and regulations that apply for starting a trade company in the country.

In terms of exports to Iran, the first step a business must take is registering on the http://sherkat.ssaa.ir/ website. Another useful website containing information on company and investment registration law and procedure belongs to the Organization for Investment Economic and Technical Assistance of Iran (OIETA): https://ipa.investiniran.ir/en/Investment-Guide/Company-Registration

OIETA is an affiliate organization of the Ministry of Economic Affairs and Finance. It promotes and protects foreign investment in Iran. OIETA provides mechanisms for registration of investment and operations of international companies.

The businesses can be registered in the mainland or in one of the economic free zones. Non- Iranians can



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establish a private joint stock company, limited liability company, branch office, or a representative office in Iran. The most common business set up is "joint stock companies." It is noteworthy that all official company documents must be in Farsi. Any documents that need to be filed with an Iranian court also need to be translated by an official translator and certified by the judiciary or notarized by the Iranian Embassy in the country in question.

The most important document required for importing any goods is a "Commercial Card." For further information related to trade rules and regulations related to MIMIT and the "Commercial Card" please refer to Section 6.2 of this report.

Once the "Commercial Card" is granted, foreign investors need to register with the following government authorities:

- Iranian Foreign Investment Board (https://www.investiniran.ir/en/investmentguide/registeration) and OIETA (https://ipa.investiniran.ir/en/)
- Company registrar (http://sherkat.ssaa.ir/)
- Ministry of Cooperatives, Labor and Social Welfare (https://www.mcls.gov.ir/en/home)
- Local municipality
- Iranian National Tax Administration (https://www.intamedia.ir/en)

Once the company has been registered and the "Commercial Card" has been issued, importers must register with the Ministry of Economic Affairs and Finance (www.mefa.english.ir) for customs duty and tax payments and must also register online with the Trade Promotion Organization of Iran (www.tpo.ir) and in English: https://en.tpo.ir/.

Once the pro-forma has been issued, an eight-digit Product Order Registration License must be obtained from the Import and Export Department of the Trade Promotion Organization through the following website (www.ntsw.ir). Please refer to the following link for a 20-minute explanatory video (http://tradeclass.ir/ministery-of-commerce-registration/). The product order registration website is in Farsi language. The local buyer of the goods traded must complete the Product Order Registration forms.
Please ensure that the Product Order Registration License is issued before paying the exporter to guarantee the product is permissible to be imported to Iran. For further information related to which goods are permitted and banned for import to the country, please refer to Section 6.3 of this report. Once the Product Order Registration License has been issued, the importer can move on to obtaining forex; an issue which has been explained in detail in Section 6.4 of this report.



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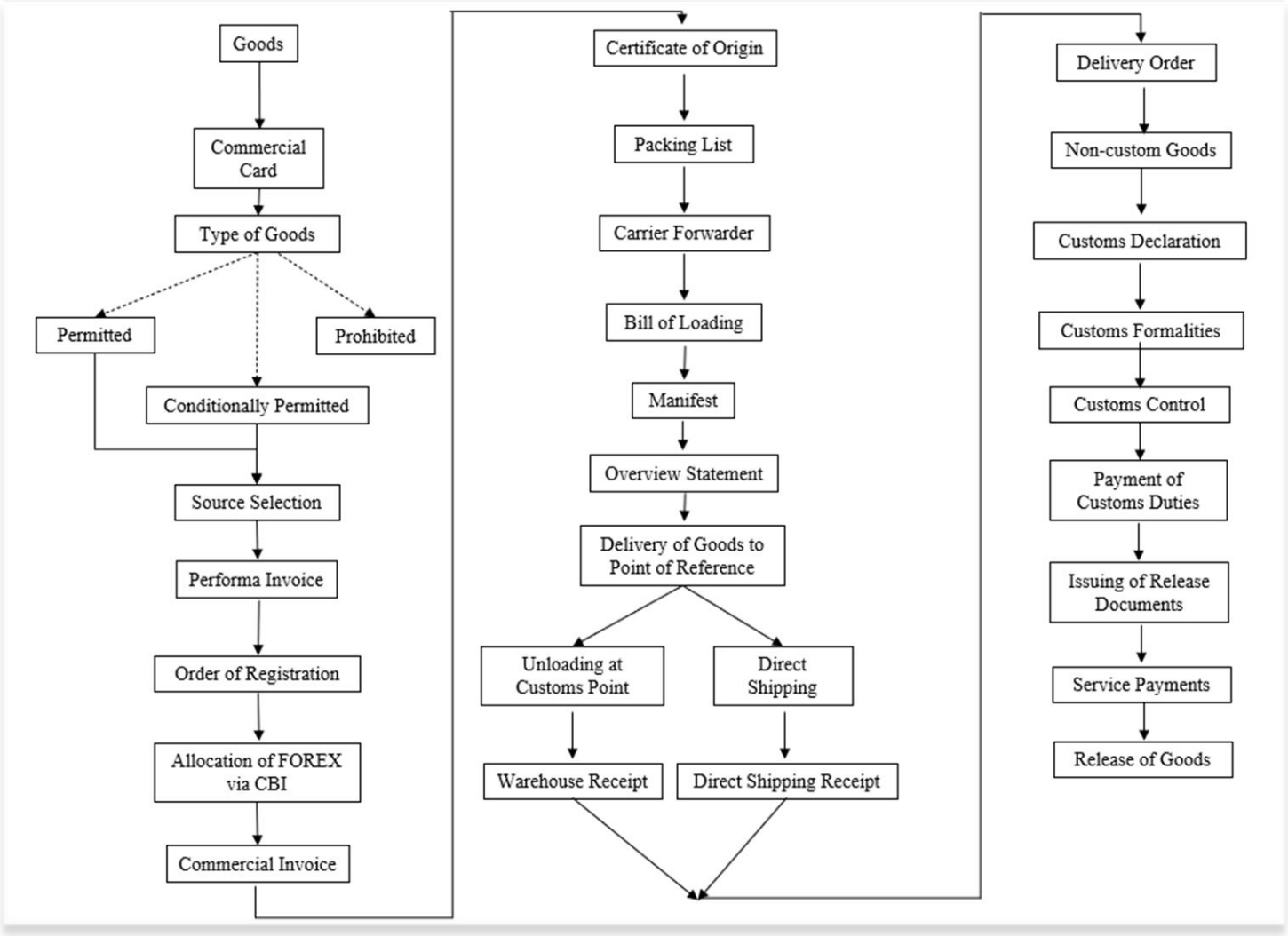
The following figure depicts the flow of importing goods to Iran:

**Figure 1: Various Steps for Importing Goods**




*Source: IRICA, SGPM*

### 6.2 Regulations of Imports with the Ministry of Industries, Mines and Trade

As mentioned in Section 6.1 of the report, the "Commercial Card" is the pre-requisite for all traders in Iran. This card is issued by MIMT. The company must initially register with the Iran Chamber of Commerce, Industries, Mines and Agriculture (www.iccima.com) and in English: https://en.iccima.ir/ which initiates the request. The Ministry of Industry, Mine and Trade (https://en.mimt.gov.ir/) collects the needed documents and issues the card; the validity ofwhich is one year.



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Please be advised not all good imports require a registered "Commercial Card." The exemptions are:

- Import of samples
- Import of machinery, equipment and parts for a producing factory which will be used at the facility
- Import of goods for research, scientific, medical, educational and laboratory units together with goods required by contractors and consultants
- Catalogs, notebooks, technical maps, and illustrations

For the latest list on exemptions, please refer to the book on imports and exports issued by the Islamic Republic Iran Customs Administration (IRICA) on an annual basis. The latest edition was published in June 2023. Online versions of the Iran Exports and Imports Regulation book can be seen in Farsi language at: https://www.bazarganinavid.com/wp-content/uploads/2023/06/1401-کتاب-تعرفه.pdf

https://ixport.ir/1401-سال-گمرکی-تعرفه/

To obtain a "Commercial Card," Iranian nationals must meet the criteria explained below. As it will be explained below the foreign nationals do not need to meet all the criteria and documents listed:

- At least 24 years of age
- No prior criminal background
- Military service completion card for male applicants
- At least three years' trade experience
- Legal books and tax payments
- Having a bank account and no bounced cheques
- Economic code
- Not having a full-time government job
- Minimum education of a high school diploma

There are 16 documents required for a company to apply for a "Commercial Card" which have been listed below:

1. The original certified declaration of registration from the Company Registrar Office is required from the applicant.
2. The original office seal certificate issued by the Company Registrar Office is required from the applicant.
3. In the case of limited liability companies, a copy of the company registration application made in Iran together with an official company letter stamped by the Company Registrar Office is required. If the card is being requested from a private and public joint-stock company, submission of a stamped and sealed copy of the declaration of registration of private or public joint-stock companies from the Company Registrar Office is necessary.
4. Certification of No-Criminal Record for the managing director from the Regional Judicial Office is required.
5. Completion of Form D – which can be reached by entering the following website (https://cscs.chambertrust.ir/); the form must be signed and stamped by the managing director. Also, a certificate of signature from the notary public office must be included among the documents
6. presented. The local buyer must complete the required forms since they are in Farsi language.
7. Certificate of approval of Article 186 of the Civil Code related to the last year of operations, stating that the issuance of a Commercial Card is unimpeded in the current year must be presented. This must be addressed to the company's head office.



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8. The company description must be in line with imports/exports; in addition, all changes made within the company that has been submitted and published by the national registrar (www.rrk.ir) must be included; changes include board of directors, change in managing directors, and a change of address.
9. Melli Card (national Iranian ID card) of the managing director must be submitted.
10. Two passport-size photos must be presented.
11. Original high school diploma or university degree of the managing director must be submitted.
12. Military service card (for males only) of the managing director must be included in the documents.
13. The managing director must at least be 24 years of age
14. Original certification from the cooperate bank stating the credit rating of the company.
15. Proof of address of the head office by the Company Registrar Office.
16. For non-Iranians applying for a "Commercial Card," steps 3, 8 and 11 are not necessary; however, a certification of foreign managers from their relevant embassy is needed together with their work permit and immigration status.
17. Provision of a new economic code or pre-registration economic code approval by the National Tax Organization (https://www.intamedia.ir/en ) must be submitted.

The process for applying for a "Commercial Card" is online via https://cscs.chambertrust.ir/. Registration is done by providing the website with your National Company ID Number and your cell number; after which a password will be sent. All the above-mentioned documents must be uploaded to the website.

### 6.3 Specific Regulations

It is worth noting that a number of goods are prohibited from being imported to Iran. This list is continually changing due to the market demand and changes in regulations. The most significant change made to the list of prohibited imports occurred in 2018, following an announcement by the Supreme Leader stating that domestically made products should be supported and backed by the public and therefore the import of these goods must be banned. Following this announcement and to date over 1,550 products have been added to the existing list of prohibited goods for entry. For the latest developments please refer to (www.irica.ir).

The main groups of products that are prohibited for import into Iran are:

- Goods that are illegal according to Islam, such as pork and alcoholic drinks
- Goods which are being domestically made, such as kitchen appliances and clothes
- Goods that do not meet with standards of the Iran National Standards Organization

A handful of the new additions mentioned in the latest list of prohibited goods issued by the Ministry of Industry, Mine and Trade include:

- Lobsters
- Packaged butter weighing less than 500 gr
- Cucumber
- Salmon
- Chewing gum
- Safes
- Buttons



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- ATV vehicles
- Sunglasses

In addition to the list of 1,550 prohibited goods, there is a list of temporarily prohibited goods that change on a regular basis; depending on the country's need for a certain product, seasonality and so on. The latest list on temporarily prohibited goods includes 660 items of which a few have been listed below:

- Buffalo meat
- Frozen tilapia "Oreochromis spp."
- Fresh or dried pineapples
- Oregano and bay leaves
- Peanut oil
- Cigarettes containing tobacco
- Tugs and pusher craft
- Dental floss

In the case of food and pharmaceutical exporters to Iran, obtaining a Halal certificate is compulsory. The two websites that are in charge of issuing Halal certificates in Iran are www.ttac.ir & www.halal.gov.ir. Some Brazilian Halal certificate issuers include Fambras Halal (https://www.fambrashalal.com.br/) and Siil Halal (https://www.siilhalal.com.br/en/). The certificate issued from Iran is valid for one-year and costs differ based on product type. An applicant must submit the relevant documents and papers and pay the necessary fee for issuing and renewal of the license.

The process of halal food certification in Fambras is shown below:

- The first stage of the certification process is to send the certification request with the main information about the production process of the products to be certified.
- The certification analysis is carried out by the FAMBRAS Halal team, and the audit time is calculated. After acceptance of the proposal and signature of the contract, the team carries out the entire documentary evaluation of the product and raw material.
- The initial audit process consists of two stages: stage 1 audit and stage 2 audit. The objective is to seek the conformity of the process in accordance with the requirements established by international standards. If an audit finding is evidenced at any of these steps, the company must submit evidence of correction and corrective action. Only when the audit finding is completed the certification process will continue.
- Whenever there is a need for laboratory analysis, samples are collected during the audit. The analyzes carried out are animal PCR (pork, cattle and chicken) and gas chromatography of residual ethanol. The need for each analysis is assessed by the FAMBRAS Halal team, depending on the risk for Halal. Analyzes are performed only by ISO 17025 certified laboratories.
- With the conclusions of the audit, the certification decision is made by a Decision Committee composed of at least two religious' specialists, a technical specialist and the technical manager. All committee members are not part of the audit process, ensuring the impartiality of the entire certification process.
- If approved, payment is made and the certificate is issued.



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According to the Iranian Food and Drug Administration, the following drink and food items must obtain a Halal certificate prior to import to Iran. In terms of pharmaceuticals, all products must obtain Halal certificate:

- Goods that have been produced from materials that are derived by cattle (red meat, chicken, gelatin, and fish)
- Goods that are produced using enzymes
- Goods that are produced using fermentation
- Non-alcoholic beer and fruit juices whether pasteurized or sterilized
- Goods that are produced by utilizing alcohol concentrate or goods that can produce alcohol during the production process
- Goods which production and process includes binding additives

The needed documents and papers for obtaining a Halal certificate differ depending on whether they are processed goods or raw goods.

In terms of processed goods, there are six documents required for obtaining a Halal certificate which are:

- A formal written request for a Halal certificate with the company letterhead and details included as well as the company stamp, signature of the managing director and the technical manager as well as the address and telephone number of the producing unit
- The production license of the product as well as import permit
- A picture of a Halal certificate from Islamic centers (if applicable)
- If the product is derived from meat an import permit is needed
- Six packs of the product which include the name of the product, the production lot number, as well as production and expiration dates

In terms of raw goods, there are six documents required for obtaining a Halal certificate which have been listed below:

- A formal written request for a Halal certificate with the company letterhead and details as well as the company stamp, signature of the managing director and the technical manager as well as the address and telephone number of the producing unit
- The composition and formula of the item in addition to the origin of each one (animal – plant – mineral – laboratory); this must be written in a formal company letterhead, signed, and stamped by the managing director
- In terms of composition factors that are derived from animals, stating the type of animal, origin as well as the tissue it has derived from together with the process method is compulsory
- A picture of a Halal certificate from Islamic centers (if applicable)
- Six 30-gr packs of the raw product which include the name of the product, the production lot number as well as production and expiration dates
- In case the raw product is derived from marine species, documents related to the exact species and its scientific name must be included



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When importing items that have the Halal certificate, please note that each batch will be tested via one of the following approved laboratories:

- Parsian Biotech (https://parsianbiotech.com/en/)
- Dana Gene (https://danagene.com/)
- Monitoring the Human Hygiene Condition and Standard of Qeshm (https://mhcs.ir/fa/index.php/services/laboratory-services)

### 6.4 Exchange Rate Regime

Iran's exchange rate regime has an incredibly complex system. The country has always had multiple exchange rates; a subsidized rate, the official rate announced by the CBI as well as the free market rate.

Historically, there has always been a healthy flow of foreign exchange to and from the country, fueled by the sale of oil. Prior to 2018, many goods were imported through heavily subsidized FOREX; the majority being commodities and pharmaceuticals. However, with the reinstatement of sanctions following President Trump's pull out from the Joint Comprehensive Plan of Action (JCPOA) in 2018, the once well-oiled wheels of trade were faced with obstacles.

Iran's oil sales experienced a sudden fall, dropping from over 4 MLN bpd in 2017 to just above 400,000 bpd in 2020. This decrease was topped by the fact that FOREX generated by these sales were not able to enter the country due to banking limitations. Add to that the aftermath of the COVID pandemic as well as the cost-of-living crisis; the decrease in the value of the rial (IRR) to a fifth of its value compared to 2018 free market rates and hyper-inflation; have caused havoc on Iran's once stable exchange rate.

Iran has multiple exchange rates. The Integrated Currency Trading System (NIMA) exchange rate is offered for trade, which is lower than the free market rate. NIMA is offered at two rates: one for essential food and pharmaceutical products and the other at a higher rate for industrial goods and other items.

CBI also has a Center for Foreign Currency and Gold Exchange. This center offers free market exchange rates and is open to the public.

At the moment the FOREX system in Iran possesses the following exchange rates and systems:

- Free market rate: determined by market mechanism and is the highest currency exchange rate in the country and most accessible. The rates for this exchange rate are determined in FOREX markets in Tehran, Harat Afghanistan and Erbil Iraq. The CBI interferes in this market by phycological means and injection of foreign currency. Due to the accessibility of this market many traders use this market for imports. Since 2018 the devaluation of IRR has increased in the free market FOREX.

  On September 7, 2023 the free-market exchange rates were as follows:
  1 Euro = 531,500 IRR
  $1 = 496,000 IRR
- Nima rate: FOREX is determined in two floors. One at a higher rate for most imports and one with a lower rate for imports of essential food and medical products. CBI manages the NIMA mechanism. The system of FOREX allocation in NIMA is bureaucratic and time consuming. That



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is why many importers look for FOREX from the free market. The rates of NIMA for general imports fluctuate as free market FOREX rate increases and decreases. The NIMA system uses the Iranian non-crude oil and natural gas exports income for FOREX generation. These exports funds will be allocated to importers participating in NIMA outside the country. So NIMA does not provide FOREX transactions inside Iran and as a result does not control and improve the exchange rate in free market FOREX. By law all exporters and importers must participate in NIMA, but since the system is complex traders do not use the system for all their foreign transactions. The Nima rates for September 5, 2023, were as follows:

*Nima FOREX Rate in Floor No. 1:*
1 Euro = 305,340 IRR
$1 = 285,000 IRR
*Nima FOREX Rate in Floor No. 2:*
1 Euro = 398,489 IRR
$1 = 371,936 IRR

- The Center for Foreign Currency and Gold Exchange was created by CBI in 2023. This center provides FOREX to all Iranians no matter what the purpose is. The FOREX rate offered in the center is usually 10% lower than the free market rate. All participants in the center must possess a FOREX account in a reputable local commercial bank. The income made from FOREX and gold exchange center is taxable
- Although the government's official FOREX rate of 42,000 IRR for 1 USD is no longer used in non-public sector trade, the government still uses this rate for some of its balance sheets and book keepings.

With regard to the beforementioned, Iran was faced with a FOREX deficit, leaving the government no choice but to set up a new system for providing FOREX to importers as well as reduce the number of imported goods covered by the heavily subsidized exchange rate. To continue trade with the outsideworld, the government devised a plan through which FOREX would be provided to companies seeking to import permitted goods to Iran in a third country; namely the United Arab Emirates (UAE). The process isas follows:

- Importing companies need to apply for FOREX at the market rate via a system named NIMA
- There are two halls in NIMA: NIMA 1 (Talar Aval Nima) and NIMA 2 (Talar Dovom Nima)
- NIMA 1 is for selected importing commodities, medical devices, and essential goods
- Exchange rate was 285,000 IRR to the USD in 7 September 2023
- Goods include milk powder, wheat, rice, tea, animal feed, edible oil and whey protein
- Timing of FOREX allocation can be up to 31 days
- NIMA 2 is for imports not included in NIMA 1
- Exchange rate was 371,936,000 IRR to the USD in 5 September 2023
- Goods include raw materials for the food industry, flour, corn, fruits, coffee, medical equipment, chemicals, pharmaceuticals, industrial raw material and machinery, auto-parts and drilling machinery
- Timing of FOREX allocation can be between 35 days to four months depending on the type and category of goods



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- An approved Iranian FOREX company then provides the equivalent amount to a person/entity in the UAE
- The UAE entity will pay the company in question

As mentioned, the price allocated to FOREX differs depending on the product which is set to be imported to Iran. This issue has caused problems for many importers as their products which were previously being imported with subsidized FOREX from NIMA 1 have now been allocated to NIMA 2 rates. The NTSW website is where one can see whether the HS code of the goods (www.ntsw.ir), they seek to import are admissible for NIMA 1 or NIMA 2 rates; however, they are subject to continuous change. Prior to the NIMA system, there was a 10 rated priority for the allocation of FOREX for the import of goods and the groups of goods that benefited from subsidized FOREX were much more than at present.

This complicated process is time consuming as being approved for FOREX involves a vast amount of bureaucracy; it involves risk as the entity which is in the third country is not guaranteed by the Central Bank of Iran (CBI) and is expensive as money changes hands multiple times before reaching its final destination. The percentage that the foreign exchange office charges differs depending on the final destination of the money.

In addition to NIMA – which is dedicated to importers of goods to Iran – as explained at the beginning of this chapter there is another FOREX platform which is called the "Gold and Currency Exchange Center". This center was inaugurated in February 2023. This center provides hard currency in USD, Dirham and Euros as well as quarter-gold-coins for the service' sector as well as non-trade activities. The "Gold and Currency Exchange Center" was established with the aim of attracting foreign currency earned by exporters including those in the petrochemical, copper, and steel sectors. The currency will be put up for offer within the center at a price that is higher than that of NIMA 2 but lower than free market prices.

The people engaged in the Gold and Currency Exchange Center must open a FOREX bank account in a local commercial bank. The FOREX transactions will take place through the banking system.

**a. Customs Clearance**

Customs clearance in Iran is a lengthy process that involves a lot of bureaucracy.

According to the Iranian Customs Administration, there are 14 necessary documents for importing goods to Iran which have been stated below. Please be advised the list is in alphabetical order:

- Bank-confirmed foreign exchange statement
- Bill of lading
- Certificate of inspection
- Certificate of origin
- Commercial ID card
- Delivery order
- Import declaration
- Insurance policy
- Invoice



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- Legal permission for clearance including standard certificate
- Order of registration by the Ministry of Industry, Mine and Trade
- Packing list
- Pro-forma invoice
- Warehouse receipt

There are eight main steps to clearing your goods from customs which have been explained below:

1. Completion of the customs clearance declaration form in the following website (https://epl.irica.ir/login?1). The following documents will be needed to be uploaded on the website:
    a. Final import declaration
    b. Photocopy of a "Commercial Card"
    c. Electronic warehouse receipt
    d. Bill of lading
    e. Customs clearance papers
    f. Certificate of origin
    g. Purchase receipt
    h. Foreign exchange supply declaration; CBI tracking code
    i. Proforma invoice
    j. Order of registration
    k. Packing list
    l. Insurance papers
    m. Operational license
    n. Catalogs and brochures
    o. Obligatory licenses: This differs based on the goods that are being imported into the country; they include the fowling:

*1. Standard License*

The vast majority of goods imported to the country require standard licenses. The list of goods conformity assessment can be observed in the website:
https://en.inso.gov.ir/portal/file/?823218/Executive-Method-Imported-Goods-Conformity-Assessment.pdf
The latest list of goods that require a standard license which was updated in June 2023 can be found through the following link:
https://www.inso.gov.ir/portal/file/?911362/%D9%81%D9%87%D8%B1%D8%B3%D8%AA-%DA%A9%D8%A7%D9%84%D8%A7%D9%87%D8%A7%D9%8A-%D9%88%D8%A7%D8%B1%D8%AF%D8%A7%D8%AA%D9%8A-%D9%85%D8%B4%D9%85%D9%88%D9%84-%D9%85%D9%82%D8%B1%D8%B1%D8%A7%D8%AA-%D8%A7%D8%B3%D8%AA%D8%A7%D9%86%D8%AF%D8%A7%D8%B1%D8%AF-%D8%A7%D8%AC%D8%A8%D8%A7%D8%B1%D9%8A-%D8%AE%D8%B1%D8%AF%D8%A7%D8%AF1402.pdf



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*2. Special Ministerial Import License*

There are numerous goods that require special licenses from specific ministries upon import.

A number have been explained below:

*i. Ministry of Roads and Transportation license*

If the goods being imported to the country is carried out through a non-Iranian transportation company, a license from the Ministry of Roads and Transportation is required. If the goods are being shipped by an Iranian shipping company that has changed its flag due to sanctions, this license is still required.

*ii. Quarantine License of the Ministry of Agriculture Jihad*

There are two types of goods that require quarantine licenses; plants and animals. Please be advised oil and agricultural seeds require this license as well.

*iii. Ministry of Health License*

This license is required for a large variety of goods including food stuff, raw materials for the food industry, drinks, hygiene related products, medicines, medical devices, makeup, and pharmaceuticals

*iv. Ministry of Culture and Islamic Guidance License*

The goods that require this license are cultural related articles including books or other printed goods and art work

*v. Atomic Energy Organization License*

Lab kits that include radioactive materials under HS code 38220000, goods that are related to X-rays and fall under HS code 84561000, microwaves that fall under HS code 85165000, telecommunication stations that fall under HS code 85176100, mobile phone transmitters that fall under HS code 8526030, all wireless devices that fall under HS code 85234090, ultra violet or infrared lights that fall under HS code 85394900, various magnetrons, laser machines, medical devices that fall under HS code 90181300, medical or dental lasers that fall under HS code 901849 and 90185090 and 902212000, machinery that use X-rays, alpha, beta, gamma rays, radiology as well as radiotherapy and sonography scanning machines

*vi. Center for Intellectual Development of Children and Teenagers License*

This license is required for importing toys to the country

2. Authentication and routing; the documents will be analyzed by experts in the customs office and a registration number will be issued
3. Goods control: goods will be cleared via three routs: green, yellow or red depending on whether the documents are aligned with the goods in question; this is determined by customs office experts
4. Additional licenses: the customs expert will determine whether the clearance of goods require any additional licenses
5. Customs tariff and confirmation of goods; the customs experts will determine what customs tariff must be paid by the importer based on submitted documents and goods as well as HS codes; this issue will be explained in further detail in the next section of this chapter
6. Clearance document and payment; the amount determined by customs experts must be paid after which a receipt will be issued, illustrating the fact that the goods are ready for clearance
7. Warehouse and transportation; once the document for clearance of goods has been issued, the document for loading will be issued and warehouse costs must be paid
8. Exit from customs; following a final check the goods can leave customs



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As mentioned in the above, tariffs play a huge part as to the cost of imports into Iran. The minimum tariff rate is 4% at present. All custom tariffs are based on HS codes but can differ from year to year depending on the needs and policies of the country. To define the HS code of your goods, please refer to the following website (https://irancode.ir/). Once the correct HS code has been defined, please refer to the annual customs book issued by IRICA for customs tariffs. The following link possesses HS tariff codes from Iran Customs Administration:
https://www.irica.gov.ir/index.php?newlang=eng

# Section E

## 7. Legal Environment for Trading Services

The main bodies involved in the import of commodities and services to Iran are Trade Promotion Organization (TPO), MIMT, Ministry of Health and Medical Education (MoH), CBI, Ministry of Economic Affairs and Finance, Islamic Republic of Iran Customs Administration, Chamber of Commerce, Industries and Mines and their affiliates.

Importers and exporters must register in their regional Chamber of Commerce, Industries and Mines. All importers are required to have a "commercial card" which is issued by Chamber of Commerce, Industries and Mines of every region.

An importer should apply for the order registration at MIMT. The ministry will check and see whether similaror exact goods are being produced locally. If they are, the import of the product is prohibited. If not, the order will be granted. The importer of machinery and raw material can also prove to MIMT that the replica Iranian made model has a lower quality and would result in deterioration of the finished product's market potential and, as a result, obtain an import permit for the foreign machinery brand.

Iran Customs Administration observes both commercial card and the order registration form. The Iranian Customs Administration requires documents for the clearing of imported goods that were listed in chapter 6.5.

The main legal obstacles for trade in Iran are sanctions. These sanctions have been in place for years from countries and regions such as the USA and E.U. and international organizations such as the United Nations. When the Joint Comprehensive Plan of Action (JCPOA) was signed between Iran and the countries and unions: USA, Russia, China, UK, Germany, France and E.U. in 2015 most sanctions were lifted from Iran. As explained in different chapters of the report, USA unilaterally pulled out of the JCPOA in 2018 and re-instated banking and transportation sanctions on Iran. Also lists of forbidden goods, individuals and companies for trade with Iran are frequently published by the USA Treasury Department.

Food, agriculture, and medical sectors are exempted from the USA sanctions, but that is related to the trade of essential food items. Machinery, raw material, and equipment used for manufacturing is a gray area. Companies in South America can obtain an Office of Foreign Asset Control (OFAC) permit from the USA Treasury Department. This can be done for those companies that possess a USA business interest. If no



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USA business interest exists, or the international company has no business engagement in the U.S. territory, there are no requirements for the OFAC license. The OFAC license can arrange for legal trade transaction and transportation of goods.

Unlike the international sanctions imposed on Iran during 2011-2015 where international private and public sector companies continued trade with Iran, in the new U.S. round of sanctions companies mostly withdrew their direct involvement in the market. Especially since the reinstatement of the U.S. sanctions in April 2018, the transportation and payment operations with Iran have become a complex affair. Direct foreign investment in Iran has been minimal. Since 2018, none of the international banks can engage with Iran. The reason for the international companies' difficulties in doing trade transactions with Iran after April 2018 are listed below:

- Iran not signing the compliance with Financial Action Task Force (FATF) international anti money laundering agreement
- Banking sanctions and SWIFT international banking system's suspension of Iranian banks
- U.S. sanctions of all Iranian commercial and specialized banks
- Noncompliance of Iranian banks to the FATF regulations except the Middle East Bank Munich Branch. This bank has received an OFAC license for humanitarian transactions, according to the bank officials
- Iranian import restriction regime led by MIMT
- Shortage of foreign currency in Iran because of the ban of crude oil exports

The local partners and agents of international equipment suppliers play an important role for transfer of project funds. The local partner can arrange for the compliance investigation of the project owners and contractors. They also approach the buyers for transaction possibilities from sources outside Iran.

The USA sanctions announced in August 2018 imposed a framework for strict transport limitations on Iran. The U.S. Treasury Department listed several Iranian commercial vessels and tankers as sanctioned entities and included the two major Iranian shipping lines: Islamic Republic of Iran Shipping Lines (IRISL) and the National Iranian Tanker Company in the sanctions list.

After the renewal of the USA sanctions, direct shipping to Iranian ports by foreign shipping lines have been limited to those with permission from the U.S. Treasury Department. No Chinese, Indian, UAE, or Omani vessels can make shipments directly to the Iranian ports, except for the Chabahar Port in the Southeast of Iran in Sistan and Baluchistan Province. The Chabahar Port has received investment from India for development and has been given a special waiver by the U.S. Treasury Department. However, the port is not yet a commercially important hub for Iran's foreign trade. In the south of Iran, the main hub for commercial trade shipping is the Shahid Rajaee Port in Hormozgan Province and Bandar Imam Khomeini Port in Khuzestan Province.

### 7.1. Market Access and National Treatment

Since the 2018 USA sanctions, Iran has been faced with difficulties in raising foreign currency. This has created an inward-looking policy for the Iranian government. The authorities are promoting local manufacturing over foreign trade.



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MIMT is strict with import permission and the CBI with foreign exchange allocation. The systems adapted in the Iranian government since 2018 are not friendly to free market mechanism. Even exports are controlled and not allowed if a market shortage can occur.

The market access for international companies in Iran is limited to government protectionist policies. Some of the businesses that promote Iranian manufacturing such as those related to engineering, technology, equipment, and raw material are easier to get imported. In addition, essential products related to agriculture, food, medical and pharmaceuticals can penetrate the markets.
Finished products, consumer products and luxury goods are not favored for imports to Iran. The Iran Customs Administration levies high import tariffs on these types of products.

### 7.2. Money Transfer

CBI plays a crucial role in the allocation of foreign exchange for imports. In addition, CBI control the foreign exchange income raised from exports. A subsequent "approval of foreign currency origin" is issued without which no goods can be released from customs. There is more than one foreign currency exchange rate used in Iran. The one used for imports is called NIMA that is different from the free-market rate, and usually lower. The NIMA exchange rate allocation application usually takes a month. The local importer applies for NIMA, and its permits are checked at Iran Customs Administration as a document required for clearance of the food production machinery.

1- CBI allocates the required FOREX to the chosen bank and the importer can go to the www.ntsw.ir website for the purchase of forex through a list of money exchanging agencies MIMT has approved.
    a. There are two NIMA floors in CBI: the first NIMA floor is for essential products at the lowest foreign exchange rate; the second floor is for machinery, raw material, and other imports; it is difficult to have a permit for first floor NIMA rates
    b. Banks will require a 35% guarantee deposit of the value of the goods set to be imported at the current exchange rate, which can be in the form of a bank cheque, property deeds etc.
    c. Once the goods have been cleared from customs, the importer must apply for "cancellation of foreign currency obligation" to recoup the 35% guarantee
    d. In addition to this 35% guarantee deposit, an additional deposit of 5% of the value of imports in IRR must be made. Once FOREX has been transferred, an application request for freeing the funds will be initiated will take up to 10 days to finalize
    e. From this point on, there is a strict 1-month time frame for the goods to arrive in Iran
    f. If an importer is importing a product for the first time, they are only allowed to import up to a total value of $500,000 for the year
    g. For importers that have imported the product over the past two years, they are permitted to import up to a maximum of the average imports of the past two years
2- The proforma must be insured.
    a. Iranian insurers will carry out the insurance
3- Request for inspection of goods from an Iranian inspection company
    a. One of the most reputable is the Industrial and Engineering Inspection Company of Iran https://ieico.com/en/
4- Once the goods arrive in the country, the importer must take all documents to the bank to insert the



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relevant information into the www.ntsw.ir website and obtain a key document for the clearing and exit of goods from customs; the "approval of foreign currency origin"

a. Without this document, goods will not exit customs

Local banks mainly use foreign exchange offices and their banking relations abroad. The payment systems mainly used for trade transactions are:

- Dubai foreign currency exchange offices
- Turkish foreign currency exchange offices
- Chinese and Hong Kong foreign currency exchange offices
- Trading companies in Europe and Asia (food product traders)

International banks and financial institutions can not engage in placement of bid bonds and bank guarantees. Some examples of international banks engaged in the essential goods, medical, agriculture and food sectors are:
EIH Germany ( http://www.eihbank.de/en/ ) , Middle East Bank Munich (https://www.middleeastbank.de), Banca Popolare di Sondrio (https://istituzionale.popso.it/en), Banque Banorient France (https://istituzionale.popso.it/en), KBC Belgium (https://www.kbc.com/en.html), Cajamar Caja Rural Spain(https://www.cajamar.es/en/particulares/), Bunq Mobile Bank (https://www.bunq.com/about-us), Al Masraf Netherlands Branch (https://almasraf.ae)

A new gold and foreign exchange market, inaugurated on 21 February 2023, offers foreign exchange to the general public. To use the market, the buyers must possess a foreign exchange bank account in a local commercial bank. The rates offered at this market are lower than the free market foreign exchange rate.

Although CBI offers lower than free market foreign exchange rate, it has difficulties in allocating sufficient foreign currencies to the market. Most importers acquire their required import foreign exchange currency from the free market at high rates. The money transfer for imports is mostly conducted via foreign exchange currency offices.

### 7.3. Tax Regime

Taxation in Iran is levied and collected by the Iranian National Tax Administration under the Ministry of Finance and Economic Affairs of the Government of Iran. As part of the Iranian Economic Reform Plan, the government has proposed income tax increases on traders in gold, steel, fabrics, and other sectors, prompting several work stoppages by merchants. The government aims to increase tax revenues by simplify tax calculation method, introduce double taxation, mechanize tax system, regulate tax exemptions, and prevent tax evasion.

There are six groups of income tax in Iran as follows:

- Income tax on the revenue of the real states
- Salary tax
- Income tax on professions and businesses
- Income tax on companies



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- Accidental income tax

All foreign companies that operate in Iran are subject to taxation. All taxation on companies doing business within the country are subject to a corporate tax of 25 percent payable on all profits made. The only type of foreign company that is exempted from taxation are those that open a Liasson Office for technical support or marketing purposes. These companies do not issue any proforma invoices or sales receipts. Opening such company is time consuming, and a permit is required by the Organization for Investment, Economic & Technical Assistance of Iran (OIETAI) of the Ministry of Economic Affairs and Finance.

Since 2018 the Budget is more reliant on tax earnings than oil earnings. When considering both tax earning and customs tariff income of the government a noteworthy growth is observed. In 2022-2023 the tax and customsearnings stood at $20.7 BLN, which was 47% higher than the Budget Act for tax income in the same year.

During March 2022 to February 2023, tax earnings exceeded the same year's budget act aims by 3% at $10.7 BLN, 60% of these taxes were direct and 40% indirect tax as Value Added Tax. For 2023-2024 budget bill, the following taxes are foreseen:

- Customs earnings from vehicle imports at $750 MLN; import of up to $2 BLN worth of vehicles approved
- Import of second-hand cars approved and taxation levied
- Domestic cars sold through the government and Competition Council
- Tax on vehicles worth over $58,000 and homes over $392,000
- Tax on production units levied at 18%
- Import duty for mobile phones worth over $600 at a minimum of 15%
- Tax levied on cooperation levied at 25%

# Section G

## 8. Sector Analysis

In chapters 8.1 until 8.6 six economic sectors are analyzed. These sectors are:

*Food and Beverages, Agriculture, Machinery and Equipment, IT and Technology, Health, and Pharmaceuticals and Chemical and Petrochemical*

Each sector is reviewed based on their Harmonized System (HS) Tariff Codes. The import tariff rates are specified, and trade statistics offered. Also import regulations and methods are listed for each sector. Lastly local production and the latest market growth situation are explained with regards to each sector.

### 8.1. Food and Beverages

The food and beverages industry in Iran has observed a significant growth in the past decade, therefore creating the means for a new exports income in the country. The industry's international accreditation and



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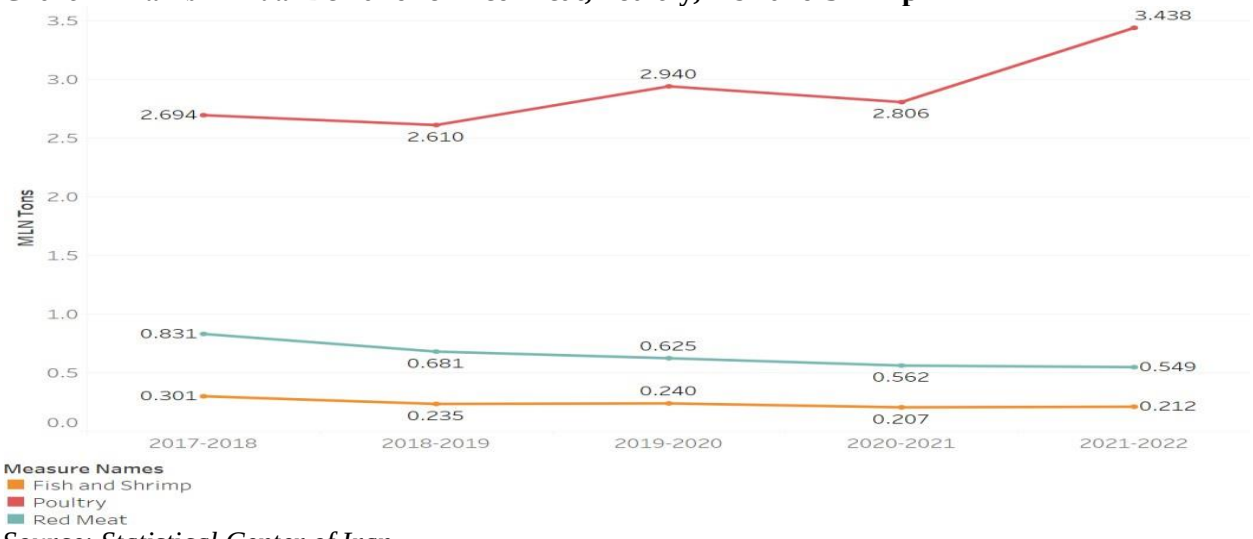
standardization are an essential part of the food and beverage industry's exports aspirations, this can materialize with know-how and equipment from abroad.

In December 2022, the Consumer Price index (CPI) for food and beverages experienced a 41.8% increase compared to December 2021. Also, CPI for food and beverages during January to December 2022 rose by 58.3% compared to the previous year. The highest inflation rates were for edible fats and oil with 85.9%, milk and dairy products with 71.4%, fish and shrimp with 66.9%, red meat with 53.5% and poultry with 51.5%.

According to the Statistical Center of Iran, a household with 4 members would allocate 33% of its income to food and beverages expenditure in 2001-2002. This figure reached 50%-60% in 2020-2021. In other words, what people spent on 26 items of essential food and beverages products (including dairy products, rice, legumes, sugar, fruit and meat and poultry) in 2001-2002 has increased by 890% in 2020-2021.
According to the Statistical Center of Iran per capita consumption of red meat fell from 13 kg in 2001-2002 to about 6 kg in 2020-2021, showing a 53% decrease. But what is worrying is the 16% drop in consumption of milk and dairy products in the mentioned timeframe. With a 21 kg drop, per capita consumption of milk and dairy products stood at 106 kg in 2020-2021.

The chart below shows the meat consumption in Iran. Poultry has replaced the consumption of red meat and fish in Iran in recent years. This is since meat and fish are imported and local producers of these items also rely on imported feed. The foreign currency fluctuations have caused a rise in prices of meat and fish and as a result consumers shied away from these products and moved towards poultry meat. One must also consider that due to high prices Iranian households have moved away from red meat to products such as locally made cold cuts, sausage, and soya beans.

**Chart 21 Iran's Annual Demand for Red Meat, Poultry, Fish and Shrimp**




*Source: Statistical Center of Iran*



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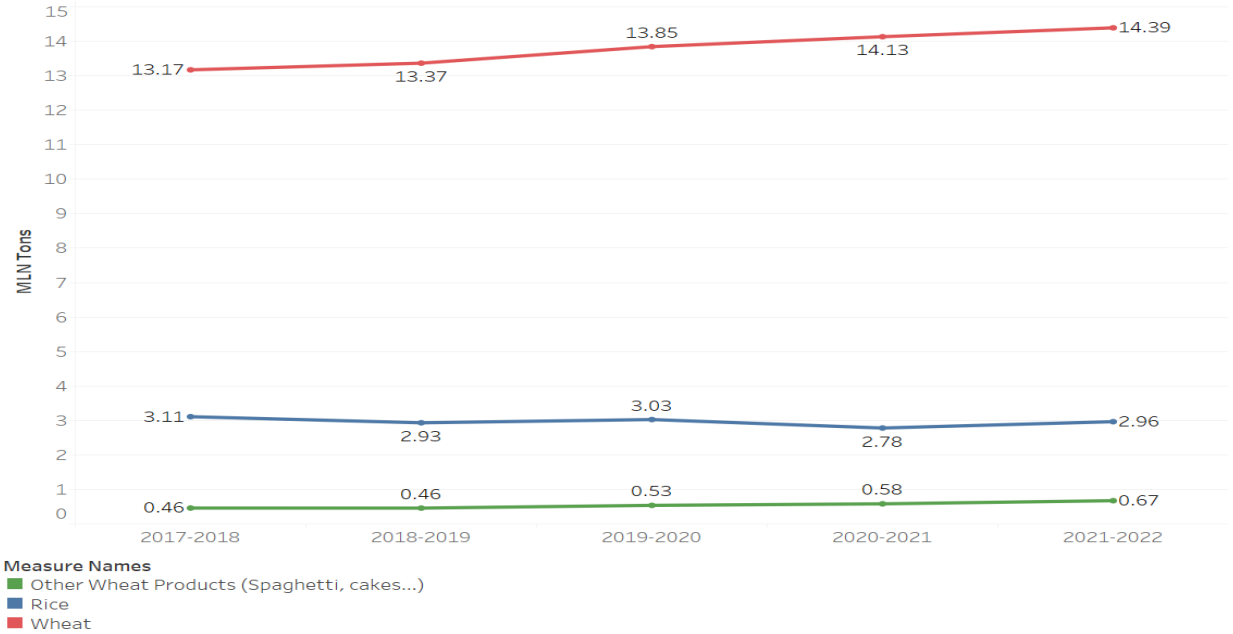
One of the main food items for Iranians is bread. The chart below shows that wheat products in Iran such as bread, cake and spaghetti have experienced increase in production.

**Chart 22 Iran's Annual Demand for Rice, Wheat, and Other Wheat Products**




*Source: Statistical Center of Iran*

The Statistical Center of Iran has announced that wheat, rice, red meat, poultry, fish and shrimp, milk and dairy products, edible fats and oil, sugar, and tea are considered as essential food commodities in the country. To supply essential food commodities and not to reduce the strategic reserve at different times, the government needs accurate information about the consumption of such items which is provided by the Statistical Centre of Iran. Essential food commodities are provided both via domestic production and imports. The essential products benefit from a favorable import foreign exchange rate. The FOREX system of the country was explained in chapter 6.4.

This price increase has encouraged the food and beverage industry to look for alternative exports markets specially in regional markets such as the UAE, Iraq, Turkey, Oman, Afghanistan, Pakistan, Armenia, Turkmenistan, Uzbekistan, Tajikistan, and Yamen.

In this chapter food items analyzed are rice, coffee, red meat, poultry meat and fruits and nuts. In the chapter related to imports and exports data and the chapter on import regulations the listed products are commonly analyzed and in the last chapter related to local production and latest market growth each food item is individually measured.



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### 8.1.1 Import & Export Data

Food and Beverages chapter in this report is analyzing based on products such as: rice, coffee, red meat, poultry and fruits and nuts. For this chapter of the report, the HS codes that have been considered are as follows:

**Table 20 HS Codes for Food and Beverage Sector**

| HS Code | Description |
|---|---|
| 1006 | White rice, brown rice, Basmati rice and milled rice |
| 0901, 2101 | Coffee beans, coffee beans unroasted, coffee machinery |
| 0202 | Beef meat boneless of bovine, frozen and chilled; machinery for beef preparation |
| 02071 | Chicken meat chilled and frozen |
| 2007, 2008 | Banana, passion fruit, pineapple, peanuts, orange and citrus; fruit process machinery |

*Source: Foreign Trade online*

The table below shows the trend in imports of selected food items. These are mainly the essential food products. As the table indicated the fluctuations in some of the value of imports for products such as rice, coffee and meat are quite high. The reasons behind this are market shortages, controlling the inflation rate by increase in commodity supply, low yields in agriculture production and shortages of water.

**Table 21 Imports of Selected Food Items 2020-2023**

| HS Code | Description | 2020-2021 $ | 2021-2022 $ | 2022-2023 $ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 1006 | White Rice and Brown Rice | 932.1 MLN | 732.7 MLN | 2,136.6 MLN | 129% |
| 2101, 0901 | Coffee Unroasted Coffee Beans | 55 MLN | 70MLN | 104.8MLN | 90% |
| 85167100 | Coffee Making Machine | 42,474 | 1.6 MLN | 1.9 MLN | 4478% |
| 02071200, 0207 | Poultry Meat and Edible Offal, Fresh,Chilled, or Frozen | 203,408 | 60 MLN | 99.2 MLN | 48674% |
| 02044200 | Frozen Lamb | 2.4 MLN | 3 MLN | 12.3 MLN | 413% |
| 2007 | Fresh Fruits | 49 MLN | 52 MLN | 18.9 MLN | -61% |
| 84386000 | Fruits and Vegetable Processing Machinery | 4.2 MLN | 8.4 MLN | 4.7 MLN | 12% |
| 84385000 | Red Meat and Poultry Processing Machinery | 2.2 MLN | 5 MLN | 7.3 MLN | 230% |
| 0202 | Red Meat | 132 MLN | 138.5 MLN | 193 MLN | 46% |

*Source: IRICA*



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Some products covered in this sector observe a significant rise in their productions.

Rice faced a significant increase in imports in 2022-2023. This is due to the 2021-2022 low production and seasonal fluctuations. The main rice exporters to Iran are India and Pakistan. During the rice harvest season which is July to November each year imports of this food material is prohibited.

The coffee consumption in Iran is rising and imports figures show this fact. The number of coffee shops and restaurants serving coffee has increased significantly since 2015. The unroasted beans are imported but unofficial imports of processed and packaged coffee also take place. The taste of Iranian public is not always compliant with locally roasted coffee.

The red meat imports in Iran decreased by 31% from 2020 to 2023. This was due to the high production prices for cow farms due as a result of the government decision to lift subsidies of animal feed imports. The poultry and lamb meat replaced the red meat consumption in Iranian households.

When it comes to fruits the imports are related to those not produced locally such as banana, passion fruit and citrus. The fruit process and packaging machinery observed an increase in imports due to the growth of the local processing and packaging industries.

### 8.1.2 How to Import

For imports of food items to Iran permits and certifications are required by the following Iranian government agencies, details on each organization and the relevant procedure can be observed in chapter 6:

1- Iran Food and Drug Administration (IFDA) – affiliated to the Ministry of Health & Medical Education (MOHME)
2- Iran Customs Administration (ICA)
3- Iran National Standards Organization (INSO)
4- Halal World Institute (certification for all meat & poultry imports)
5- Iran Veterinary Organization (IVO) - affiliated to Ministry of Agriculture (MOA) (permit for meat, fish & poultry products).



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The required certificates are shown below:

**Table 22 Type of Food Import Certification Required in Iran**

| Organization | Permit / Certification & Remarks |
|---|---|
| MOHME -FDA | - GMP Audit - ISO 22000-HACCP-BRC-IFS<br>- Visual Free Sale Certificate |
| ICA | - Issuance of "Green permission' or customs clearance document |
| INSO | - Issuance of the certificate of conformity (COC) based on Iran NationalStandards |
| Halal World | - Issuance pf Halal Conformity Assessment Report (HACR) |
| MOA – IVO | According to the Article of Veterinary Law enacted in 1971, the importation and exportation of live animals of any kind, hatching eggs, animal semen, raw animal products and meats, concentrated feed and supplements are subject to the approval of the Ministry of Agriculture Jihad, primarily through the MOA's Iran Veterinary Organization. IVO certification must indicate that the product is free from disease and toxicity<br>- Issuance of Health Certificate for Importation of Meat, Poultry & Fishproducts |

*Source: Ministry of Health*

The import of food products is only possible if the item is not being made locally. This will be determined by the MIMT once the application for purchase order has been submitted. There are eight main steps that need to be undertaken for the import of food products which have been stated below:

1- The proforma invoice must be registered at MoH to obtain an IRC code.
   - Each product has an individual IRC code
2- Once the IRC code is obtained, it must be registered in the www.ttac.ir website which is managed by the IFDA and oversees food and drug imports to the country.
   - In some cases, a Halal certificate may also be required
3- Registering the order with the relevant IRC codes in the Comprehensive Trade System of Iran www.ntsw.ir website which is managed by MIMT and obtaining the relevant 8-digit code which will be required for the next step.
   - From this point on, the importer has six months to import the product. If not, they must restart the whole process
4- With the 8-digit code and all relevant documents related to the import of the goods, the importer must go to a bank and apply for a "statistical registration certificate for currency allocation." This process confirms the required amount of FOREX needed for the import of good(s) from CBI.
   - The import company must have an open account with the bank in question
   - The importer can choose which bank they prefer to work with
   - The process takes 1 month
5- CBI allocates the required FOREX to the chosen bank and the importer can go to the www.ntsw.ir



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website for the purchase of forex through a list of money exchanging agencies MIMT has approved.

- Banks will require a 35% guarantee deposit of the value of the goods set to be imported at the current exchange rate, which can be in the form of a bank cheque, property deeds etc.
- Once the goods have been cleared from customs, the importer must apply for "cancellation of foreign currency obligation" to recoup the 35% guarantee
- From this point on, there is a strict 1-month time frame for the goods to arrive in Iran
- If an importer is importing a product for the first time, they are only allowed to import up to a total value of $500,000 for the year
- For importers that have imported the product over the past two years, they are permitted to import up to a maximum of the average imports of the past two years

6- The proforma must be insured
   - Iranian insurers will carry out the insurance
7- Request for inspection of goods from an Iranian inspection company.
   - One of the most reputable is the Industrial and Engineering Inspection Company of Iran www.ieico.com
8- Once the goods arrive in the country, the importer must take all documents to the bank to insert the relevant information into the www.ntsw.ir website and obtain a key document for the clearing and exit of goods from customs; the "approval of foreign currency origin."
   - Without this document, goods will not exit customs

The Iran Customs Administration uses high import duties for products with a local replica. The products with high local demand have lower import duties. Table below shows the range of import duties of selected food items.

**Table 23 Import Tariff of Selected Food Items**

| HS Code | Description | Import Duty % |
|---|---|---|
| 1006 | Rice | 1 |
| 0202 | Red Meat, Bovine Animal, Frozen or Chilled | 15 |
| 0207 | Poultry Meat, Frozen | 55 |
| 20071010 | Fruits such as Banana, Pasion Fruit, Pineappleand Mango | 15 |
| 20079100 | Fruits such as Oranges and Lemon | 15 |
| 2101 | Unroasted Coffee Beans | 4 |

*Source: IRICA*

Other than customs related fees mentioned above a 9% value added tax (VAT) is also applicable. The table shows that Iran Customs Administration has divided its import tariff fees into different categories to protect local production. For products with sufficient local supply such as poultry meat the import tariff rates are high. However, as the shortage of white meat occur seasonally in the market the import tariff rate might



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decrease. For products that have high demand such as rice and coffee and local supply is limited the import tariff rates are low.

### 8.1.3 Local Production & Latest Growth Situation

Iran's food industry has the highest penetrations of the private companies in the country. Many experts believe the development of Iran's food sector is due to this issue, making companies compete with one another and creating a healthy business environment destined to thrive. Some reports indicate that Iran's food sector is between 90% to 97% owned by the private or semi-private sector. The semi-private companies do not use the annual government budget but are affiliated to a public institution, bank or an Islamic foundation.

The turnover in Iran's food industry was reported by MIMT at $100 BLN for 2021-2022. In fact, this sector of the economy is reportedly the highest employer with over 297,000 workers active in 2020-2021. Forecasts suggest that the food industry will continue developing and will remain the highest employer in the industrial sector in the years to come. . With regards to Iran's geographical location, there is the potential to developthe sector further and export food stuff to the neighboring countries; the most significant of which are Russia, UAE, Iraq, and Oman.

In the Iranian food sector industry, the main players are active in the dairy, meat, confectionary, bakery, sugar, and edible oil business. According to the MIMT in 2021-2022 there were 2500 large food producing factories and 13,000 food producing workshops active in the country. The ministry indicated that 8% of the industrial employment is related to the food sector.

The largest food company in Iran is Sina Food Industries and Development Group belonging to the Mostazafann and Janbazan Foundation (affiliated to the Leadership Office and a major financial and industrial holding). According to the Iran Food and Beverage Importers Association Sina Group sold domestically and outside Iran for about 2.7 BLN Euro in 2020-2021. Some of the famous brands carried by Sina are: Pakdis Juice, Sandis Juice, Tak Macaroni, Zam Zam Pepsi, Delster Non-Alcoholic Beer and Behnoush Beverage. The second largest food company in Iran is Pegah Group, which had domestic sales plus exports with a value of 529.7 MLN Euro in 2020-2021. Pegah Dairy is the largest company in the group with production plants for dairy products in Esfahan, Tabriz, Tehran, Hamedan, Golpaygan, Mashhad and Urumieh. Mino Industrial Company is also a major food producer. The company sold 30 MLN Euro in 2020-2021. Table below lists the major food companies in Iran.



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**Table 24 Food Companies with Largest Turnover in Iran 2021-2022**

| Sector | Company | Website |
|---|---|---|
| Beverage | Sina Food Industries DevelopmentHolding Co. | https://sinafood.bonyad.net/ |
| Edible oil | Khorramshahr Oilseed Extraction Co. | n/a |
| Dairy | Margarine Factory | https://www.mmc.ir/ |
| Dairy and beverage | Pak Dairy Co. | http://pakdairy.com/ |
| Sugar | Paniz Fam Sugar Co. | https://www.dnb.com/business-directory/company-profiles.paniz_fam_sugar.c1e90677be34da1bf905b90b4154bf11.html |
| Beverage | Behnoush Iran Co. | https://behnoushiran.com/ |
| Poultry | 1&1 (Dasht Morghab Co.) | https://en.1and1group.com/ |
| Meat | Ferdows Pars Agricultural Livestock Development Co. | https://agri.bonyad.net/ |
| Dairy | Esfahan Pegah Dairy Co. | https://pegahesfahan.pegah.ir/ |
| Dairy | Khorasan Pegah Dairy Co. | https://khorasan.pegah.ir/ |
| Sugar | Esfahan Sugar Co. | https://esfahansugar.com/ |
| Sugar | Naghsh-e Jahan Sugar Co. | http://sugarnj.org/ |
| Grains | Glucosan Wheat Co. | https://www.glucosan.ir/ |
| Dairy | Kalber Dairy Co. | https://kalber-dairy.com/home/ |
| Dairy | West Azerbaijan Pegah Dairy Co. | https://urmia.pegah.ir/ |
| Process food and sauce | Mahram Food Industries | https://mahramco.com/?lang=en |
| Sugar | Qazvin Sugar Co. | http://ghazvinsugar.com/ |
| Confectionary | Salemin Co. (Shirin Asal) | https://www.shirinasal.com/pages/OurGroupsDetail.aspx?V1=salemin&V2=24&L=2 |
| Confectionary | Pars Mino Group | https://www.minoogroup.com/FA/Home |

*Source: Jahan Eghtesad*



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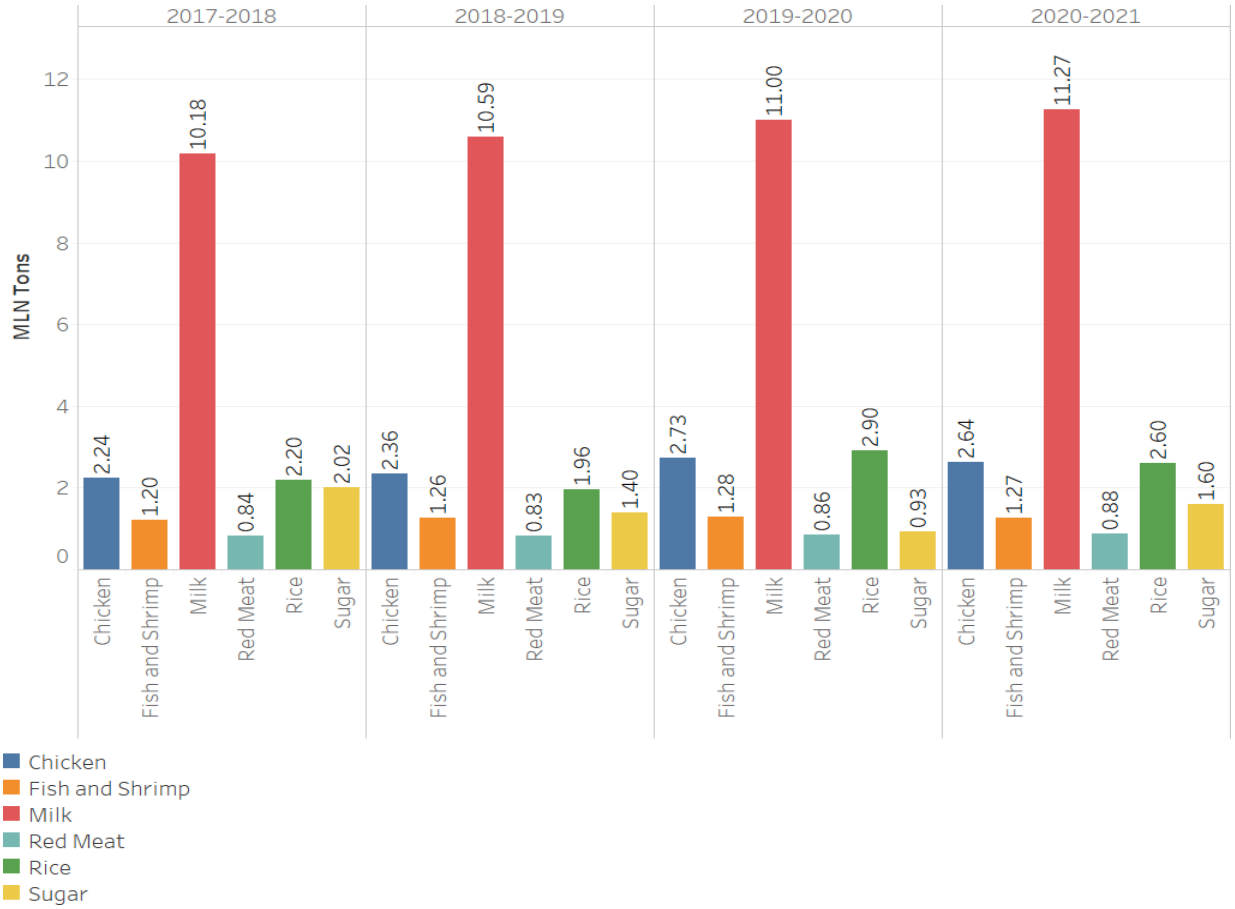
**Chart 23 Production of Various Food Products 2017-2021**




*Source: Ministry of Agriculture Jihad, Statistical Center of Iran*

The table below shows the production of food items in more recent years compared to the chart above. The period considered in the table are 2021-2022 and 2022-2023.

**Table 25 Production of Selected Food and Beverages in the Period 2021-2023**

| Food Item | Production 2021-2022 (tons) | Production 2022-2023 (tons) |
|---|---|---|
| Poultry Meat | 2.6 MLN | 2.7 MLN |
| Red Meat | 624,000 | 880,000 |
| Fish | 1.5 MLN | 1,8 MLN |
| Milk | 13 MLN | 11.1MLN |
| Rice | 1.6 MLN | 1.4 MLN |
| Sugar Beats | 5.1 MLN | 4.8 MLN |
| Sugar Cane | 8.2 MLN | 8.5 MLN |

*Source: Ministry of Agriculture Jihad*



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#### 8.1.3.1. Rice

Rice is mostly produced in the North of Iran. There are numerous small and medium size rice producers in Iran. According to the MIMT the rice production in Iran depends on the amount of rain fall. In the period 2017-2021 the production of rice has been below 3 MLN tons, due to the drought in this timeframe.

According to the Office of Grains and Basic Products of the Ministry of Agriculture Affairs:

- Gilan with 220,000 hectares of land
- Mazandaran with 214,000 hectares
- Golestan with 100,000 hectares
- Khuzestan with 180,000 hectares

The above areas contain the main rice producers in the country. In Iran there are a total of 90,000 hectares of rice cultivation. The rice producers are private entities and only a few government companies are involved. Rice is also imported at great quantities from India, Pakistan UAE, and Turkey. Sadaf Sefid Bandar Company is a specialist in imports of Indian and Pakistani rice. From the listed countries UAE and Turkey are the only hubs for re-exports of rice produced in other countries.

#### 8.1.3.2. Coffee

The coffee business is growing in Iran. The number of coffee shops is increasing and according to IRICA in 2021-2022, 666 tons of coffee beans and unroasted coffee was imported to the country from which 300 was from Italy, Turkey, and Indonesia. The local producers of coffee conduct roasting and packaging and produce: Cappuccino, Americano, Espresso, Turkish and Latte. The largest portion of the market belongs to Nestle in Iran.

Other examples of companies that produce coffee in Iran are:

- Santos Coffee Company (www.santos.ir); espresso powder producer
- Zar Avaran Zarif Mandegar Company (http://www.venzcafe.com/) producer of instant coffee, powder, espresso coffee drinks and roasted beans; has a roastery facility; brand name is Venzcafe (https://www.instagram.com/venzcafe/)
- Verato Coffee Company (https://verato.co/product/); cappuccino and espresso coffee drinks and coffee powder mix; has a roastery facility; brand name is Verato
- Aram Coffee company (www.aramcoffee.com); producer of cappuccino instant coffee, coffee mix powder, roasted coffee beans; has a roastery facility; brand name is Aram

The ready-made and packaged coffee is not allowed for imports to Iran and a levied customs tariff rate of 60% and a VAT of 9% makes its imports expensive. Sabaghizadeh Trading Company is a major importer of unroasted coffee beans from Brazil. The standards of the Ministry of Health and Plant Protection Organization must be followed for imports of unroasted coffee beans.

#### 8.1.3.3. Beef Meat

As explained the local consumption of most food items has decreased in 2017-2022. Therefore, most food



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industries in Iran have turned to the exports markets. A major dairy and meat producing company Kaleh

also has production plant outside the country and in Iraq. Kaleh is also a major meat process company.

A variety of meat is produced in Iran such as cow, fish, chicken, turkey and lamb. The cattle production has decreased in recent years due to its high manufacturer's costs. The sheep, goat, and poultry production show positive trends in the period 2020-2023. Sheep and goat are popular in Iran, not only as a delicate meat, but also used in religious ceremonies to prepare high quantity meals. As for poultry we showed in the table above that its production has decreased.

Robat Meat Company aspires for expansion into UAE and Iraqi markets. This company intends to purchase new thin meat cutting machines for white and red cold cut production. A major meet producer and brand is Solico Food Industries. Kaleh is part of the Solico Group. The company supplies meat products to 10 countries. Solico has expansion plans in the Kaleh Tehran plant for white meat packaging and preservation. Machinery is planned to be procured for this purpose in 2023.

There are importers of red meat products that supply to local producers. A major importer company is Motmaen Protean Sepahan Company in Esfahan city that imports red meat from Brazil.

Canned meat and tuna fish are a major business in Iran. According to the MIMT there were 100 red meat, tuna and poultry canning companies in 2022-2023. The consumption of canned meat decreased from 400 MLN cans in 2020-2021 to 300 in 2021-2022. This was mainly due to the high price of imported red meat and fish that need to be used in the cans. The consumption of canned meat is higher than local production and is estimated to be 500 MLN cans per year in 2021-2022. The industry needs raw material and speedy canning machinery.

**8.1.3.4. Poultry**

As mentioned, the poultry industry is taking the place of red meat. The consumption of poultry increased from 2.7 MLN tons in 2017-2018 to 3.4 MLN tons in 2022-2023. Poultry meat is produced locally and is imported. The imports are seasonal and fluctuates based on a spread of disease in local poultry farms and scarcity of feed. In these circumstances frozen poultry meat gets imported.
The local poultry farms produce egg laying chicken, one-day chicks, eggs, meaty chicken, mother chicken and ancestorial chicken. However, most of these poultry farms conduct traditional operations. Some mechanized poultry farms exist in the country that possess mechanized systems and follow strict health measure.

In 2022-2023 the number of active poultry farms was 16,452 from which only 500 are considered modern. More than 2000 poultry farms in the same period declared themselves in active.

**8.1.3.5 Fruits and Nuts**

According to the Iran Juice and Concentrated Association the production capacity for juice and beverages industry was 130,000 tons per year in 2020-2021. However, due to the COVID pandemic, U.S. sanctions



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and increase in prices of raw material 20% of this capacity has decreased in 2021-2022. The fresh fruit

production has declined in Iran since 2019 that gravely affected the juice industry. Another shortage for juice and beverage industry is usable water.

The beverages business is highly concentrated on mineral water and malt beer. Several international companies are active in this sector such Bavaria (Bavaria Iran) and Heineken (Shams Stout). Alifard Sunich company is a major juice producer. The company has plans to establish new juice and beverage factories in Damavand and Firouz Koh close to Tehran. This company will use Tetra Pak packaging machinery. It also has procurement plans for filler machines with 25,000 bottle speed.

Kalber Dairy is involved in juice production and fizzy drinks. This company has plans for adaptation of wastewater recycling systems to be used as the required water. Kalber is also a dairy company.

Behnoush is a major soft drink producer with 651 tons of production in 2021-2022. The company has nine factories. Behnoush has plans for adaptation of water circulation systems and anaerobic wastewater systems. The company intends to organize a tender in 2023 for the purchase of high-speed filler machinery and control systems in Behnoush Arak, Markazi Province. Other major beverage companies in Iran are: Zam Zam-Pepsi Iran, Dina Food-Coke Iran, Takdane Juice Company, Damavand Mineral Water and Yogurt Drink, Arom Narin Company-Shadlee Juice and Zarin Jam Marina Company-Sun Star Juice.

### 8.2 Agri Business

The Agri Business for this report covers the essential food items. The products covered are cotton, sugar, corn, flour, animal feed, edible oil and soyabean. Iran mostly imports the listed products although there are local industries for all the listed products.

This chapter will cover the import/ export data and import regulations collectively for all the essential food products under study. The chapter will then individually assess each product's local production capacity and market growth.

#### 8.2.1 Import & Export data

For this section of the report, the HS codes that have been considered are as follows:

5201, 5202; Cotton
1701; Sugar cane, sugar unrefined and sugar beets
1005; Maize and Corn
1208; Flour
2309, 2302, 2304,2306,1005; Animal Feed
1507, 1508, 1509, 1511, 1512,1515, 1516, 1517, 1518: Vegetable oil and fats
1201; Soya Bean



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**Table 26 Imports of Agribusiness Products 2020-2023**

| HS Code | Description | 2020-2021 ($) | 2021-2022 ($) | 2022-2023 ($) | % Change 2020-2023 |
|---|---|---|---|---|---|
| 5201 | Cotton | 136.3 MLN | 214 MLN | 268.3 MLN | 98% |
| 1701 | Unrefined sugar and sugar beets | 370.7 MLN | 545 MLN | 621.5 MLN | 68% |
| 1005 | Maize and corn | 2,522 MLN | 3,397 MLN | 2,402 MLN | -4.8% |
| 1208 | Flours | 0 | 0 | 0 | 0 |
| 2302<br>2304<br>2306<br>2309 | Animal feed | 3.3 BLN | 4.6 BLN | 4.2 BLN | 27% |
| 1507<br>1518 | Edible Vegetable Oil | 1.1 BLN | 2.2 BLN | 2.5 BLN | 127% |
| 1201 | Soya beans | 1 BLN | 1.5 BLN | 1.7 BLN 7 | 61% |

*Source: IRICA*

Table above shows that from the agriculture products that are considered as essential products, soya beans, cotton and sugar beets have seen increases in imports. Cereal and flour have not been imported in the period 2020-2023. The animal feed and edible oil have experienced the largest imports value for the period of under study. Exports of the same essential agriculture goods are shown in the table below:

**Table 27 Exports of Selected Goods for Agribusiness 2020-2023**

| HS Code | Description | 2020-2021 ($) | 2021-2022 ($) | 2022-2023 ($) | % Change 2020-2023 |
|---|---|---|---|---|---|
| 5201 | Cotton | 38,240 | 11,842 | 1,018 | -97 |
| 1701 | Sugar and sugar beets | 13.2 MLN | 7.6 MLN | 30.7 MLN | 132 |
| 1103 | Cereal, meal, and pellets | 3 MLN | 2.3 MLN | 260,204 | -91 |
| 1005 | Maize and corn | 0 | 330,850 | 49,937 | 85 |
| 1208 | Flours and oil seeds | 294,827 | 248,962 | 207,335 | 29.6 |
| 2309 | Animal feed | 5.5 MLN | 11.5 MLN | 31.2 MLN | 471 |
| 1515 | Fixed vegetable fats and oils, whether or not refined | 5,359 | 17,591 | 22,424 | 318 |
| 1201 | Soya beans | 8,8891 | 184,794 | 24,739 | -17.8 |

*Source: IRICA*



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The table above shows drastic increase in exports of many agribusiness products in 2022-2023. This is due to the following:

- Supply of essential food items to Russia
- Resolve the COVID Pandemic related transportation and logistics
- IRR devaluation

Some of the agriculture goods mentioned were re-exported to Russia due to the country's international sanctions after its war with Ukraine. The items are mainly sugar, animal feed, vegetables and grain.

Some of the commodities such as animal feed has large values for imports and exports. The low import figures for flour and sugar shows that the local industry can cover the market and exports. When it comes to soyabean and corn their exports are limited and import value high, which shows inefficient development of local industry.

Soybean meal is the most important input for meat production in Iran since 2018. This product, which is extracted from soybeans, forms the main part of poultry and livestock feed in the country, along with corn. Iran is highly dependent on the import of soybeans and corn as animal feed.

Before the renewal of U.S.A. sanctions against Iran in 2018 the import of soybeans from Argentina and Brazil was more than 70% of the total. Currently, a large number of soybeans and soybean meal are imported from India to Iran. Some European countries such as Germany, France and Romania are also responsible for the export of soybean meal. The quality of soybean and soybean meal imported from India is lower than that imported from Brazil and Argentina. However, all health and safety standards are checked for imported products. The import of these products in the group of livestock inputs is under the supervision of the Iran Veterinary Organization (IVO).

Another way to gain protein in Iran is by edible oil. The consumption of this item has increased since 2018. In 2022-2023 the imports of edible oil have observed a 6% decrease. The policy of the Ministry of Agriculture Jihad is to increase the consumption of soyabean oil in place of rapeseeds and canola oil due to its low import costs. The figures related to rapeseeds and canola oil have decreased and soyabean oil increased in the period 2018-2023.

When it comes to sugar the consumption has decreased since this food item experienced price fluctuations in the period 20018-2023. For the same reason imports of animal feed and flour has decreased as well. Lifting of foreign exchange currency subsidized by CBI has made imports of sugar, flour, and animal feed costly. In addition, the process of foreign currency allocation for imports of these products is time consuming. On the other hand, exports of animal feed and flour has increased during 2020-2023.

The imports of unrefined sugar have observed a 68% increase in the period 2019-2022. According to the MIMT the quantity of refined and unrefined sugar and sugar beads imports was as follows:



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**Table 28 Quantity of Sugar Imports (tons)**

| | 2019-2020 | 2020-2021 | 2021-2022 |
|---|---|---|---|
| Refined and Unrefined Sugar and Sugar Beads | 1 MLN | 1.2 MLN | 1.3 MLN |

*Source: MIMT*

### 8.2.2 How to Import

The imported tariff rates for the products from agribusiness under review by SGPM can be seen below:

**Table 29 Import Tariff Rates for Agribusiness Products**

| HS Code | Description | Import Duty % |
|---|---|---|
| 5201 | Cotton | 15 |
| 1701 | Unrefined sugar and sugar beets<br>Refined white sugar | 2<br>55 |
| 1103 | Cereal, meal, and pellets | 15 |
| 1005 | Maize and corn<br>Corn as animal feed | 4<br>1 |
| 1208 | Flours and oil seeds | 55 |
| 2309 | Animal feed | 4 |
| 1515 | Fixed vegetable fats and oils, whether or not refined | 4 |
| 1201 | Soya bean | 2 |

*Source: IRICA*

As the table shows the import tariff rates for refined sugar and flour is high since the local production can cover the demand.

The imports regulations for food were explained in chapter 8.1, here are more information on agribusiness import regulations:

1. An importer of any goods to Iran must hold a valid 'Commercial Card issued by the Iran Chamber of Commerce
2. Registration of Purchase Order, at this stage a completed 'Product Order' form, product catalogues/booklets, product specification as well as other detailed company and product information willbe required. The Purchase Order Permit is called Sabt Sefaresh in Persian Language and is issued by the Ministry of Industries, Mines and Trade
3. Health Certificates
4. The essential goods must be again categorized according to the 'Determination of the Custom Regime'
   - This is based on the following: (A) National consumption; (B) Import of item into warehouse
   -



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under the bond system up to 6 months; (C) Temporary Import of item for display at fairs & exhibitions, re-export, or repackaging/grading/sorting/finishing or repair at one of Iran's Free Trade Zones

5. Entry of good(s) through one of Iran's air, sea, or land ports to Iran Customs Administration
6. Procedures for Customs Clearance

The Iranian Ministry of Health and Medical Education (MOH) audits the foreign production sites through third party inspection companies when importing food products. These are often referred to as Good Manufacturing Practice (GMP) Audits, which are based on international standards of the food industry such as HACCP, ISO 22000, BRC or IFS. Furthermore, a so-called Visual Free Sale Certificate Approval (VFSC) is usually also requested. Visual Free Sale Certificates (or Free Sale Certificates) should state that sold commodities are in free circulation in the exporting country.

Customs regulations in Iran can be fairly complicated, and it is advised that a good customs clearance company be hired. Importers or their agent must register with the Ministry of Economic Affairs and Finance for customs duty and tax payments and must also register online with the Trade Promotion Organization of Iran, which is an entity under the jurisdiction of the MIMT. Chapter 6.5 explained the customs regulations in general. The documents needed by customs for the essential agribusiness products reviewed in this chapter are:

- Product Order Registration Form by MIMT
- Customs Import Declaration
- Copy of Importer License or 'Commercial Card'
- Certificate of Origin
- Bill of Lading
- Commercial Invoice (certified by the Chamber of Commerce)
- Pro forma Invoices
- Packing List along with cover letter from the Ministry of Industry, Mines and Trade
- Certificate of Inspection or Pre-shipment Inspections (PSI) according to the Letter of Credit (ifapplicable).
- Health Certificates & Usability Certificates from country of origin.
- Relevant Import Permit by Iran Ministry of Agriculture and/or Ministry of Health.
- Insurance Policy
- Weight Certificate
- Warehouse Receipt
- Clearance Certificate
- Copy of the Letters of Credit
- Receipt of the Payment for Customs Fees
- Phytosanitary and Fumigation Certificates
- Shelf Life (Certificate of Crop Year)
- Certification of Veterinary Products

The Iran National Standards Organization (INSO) publishes a list of items containing goods requiring certification together with the associated standards, which the goods must comply with. The following website lists the required standards for imported products: http://standard.isiri.gov.ir. The INSO website



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lists the inspections companies and laboratories that are recognized by INSO:

https://www.inso.gov.ir/portal/home/.

Some of the INSO's food regulations relevant to this chapter are as follows:

- The Certificate of Inspection (COI) issued at the country of origin is required for testing antioxidants in different types of cooking oil
- Specification test of food materials including physical, chemical, microbial, and biological
- Testing of mycotoxins must be conducted based on Iran National StandardNo. 5925
- Corn product microbial test and characteristics test outside Iran and before shipment. A COI is issued in favour of the exporter
- Soya Oil needs characteristics test outside Iran. A COI is issued in favour of the exporter
- Edible and palm oil needs refined bleached, deodorized and free fatty acids test. A COI is issued in favour of the exporter
- Animal Feed needs INSTITUTE OF STANDARDS AND INDUSTRIAL RESEARCH OF IRAN (ISIRI) compliance certificate and mycotoxin test under the standard number2288
- Flour and paste needs INSTITUTE OF STANDARDS AND INDUSTRIAL RESEARCH OF IRAN (ISIRI) compliance certificate of characteristics test

Soya and soyabean meals must follow the MIMT, IRICA, MOH and INSO regulations listed. Since there are no standard conditions for storage of soybeans and soybean meal, and a lot of time must be spent on IRICA clearance procedure, imports of this product has creating hold ups for transportation companies involved.

The country's need to import and produce soybean meal is more than 3 MLN tons per year. This amount should reach the consumption of animal husbandry industry, bird breeding and aquaculture. Transportation of these livestock inputs is usually done in bulk. Price fluctuations in the market, supply of required currency at the right time and export and import laws are important factors in soybean and soybean meal import operations.

When it comes to corn imports one of the conditions is to perform quality control tests on imported samples. Samples are taken from the shipments that enter the customs and tests are performed on them in the laboratory in accordance with the standards.

Quality control tests are defined based on Iran's national standard number for all livestock inputs and corn animal feed. The import standard of livestock corn is number 1445. According to the standard No. 1445, there are factors for the analysis of imported corn samples. Any cargo that does not meet the necessary standards will not be allowed to import into the country.

The INSO standards for food products usually measure the component levels of vitamin, iron, acids, enzymes and etc. The INSO food standards also define measures such as laboratory tests, sterilization methods, and production process. In 2023 INSO has 1621 standards for different food products. Some of the INSO standard numbers relevant to the food items under study in this report are:

- Grains- INSO 2087 and 3004
- Food machinery- INSO 3515
- Poultry Meat- INSO 3663



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- Flour- INSO 3293, 2357
- Red Meat- INSO 4614, 524
- Frozen Processed Food- INSO 3038, 3039
- Wheat- INSO 103, 104, 1301
- Rice- INSO 127, 2349
- Fruits- INSO 279, 1003, 1272
- Fruit Juice- INSO 4083, 4308
- Edible Oils- INSO 162
- Coffee- INSO 3321, 3323
- Sugar- INSO 7577
- Soya Beans- INSO 3322
- Animal Feed- 1759

### 8.2.3 Local Production & Latest Growth Situation

### 8.2.1. Cotton

Cotton is used in various industries, including:

- Textile industry
- Refrigerator fume hood
- Removes molds
- Freshener
- Antiseptics

In 2022-2023, a total of 114,000 hectares of land was devoted to cotton cultivation. The cotton production in the same period stood at 65,000 tons. According to MIMT the demand for cotton is 150,000 tons in 2023-2024.

Cotton harvesting requires warm climate and moderate rain fall. The suitable areas for cotton are Khorasan Razavi, Fars and Golestan Provinces. However, the irrigated open field farming in Iran is faced with water supply problems. In particular during 2018-2023 Golestan Province has lost its significance as a cotton producer.

According to the Institute of Education and Promotion of the Ministry of Agriculture Jihad cotton cultivation is damaged by different pests, in 2022-2023 alone eight pests were identified. The productivity of cotton harvesting in 2022-2023 was 762 kg/ hectares. This rate for 2021-2022 was 871 kg/ hectares.

The cotton cultivation and textile production in Iran is faced with problems such as the lack of investment in cultivation machinery and textile production machinery, unofficial imports of clothing, water scarcity and inflated prices for seeds, pesticide, and fertilizer. According to the Ministry of Agriculture Jihad in 2021-2022 the value of pesticide and fertilizer imports for cotton harvesting was $142 MLN.

Wash cotton is harvested from the fields and converted into fibers and cotton seeds in the factory. The conversion rate of cotton wool to fiber was 33% and to cotton seed was 55% in 2022-2023. Oil can be



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extracted from cotton seeds; but with the cut of the government's direct subsidy in 2001 a great number of factories for extracting oil from cotton have shutdown.

In 2020-2021 the Ministry of Agriculture Jihad introduced a program for the country's development of cotton production. This plan includes:

- Improving the yield of cotton per unit of land and per unit of water used
- Reducing the total cost of cotton production by offering loans and subsidies
- Amending the cotton import customs tariff to create equal competitive conditions for the domestic producer
- Completing the value chain of this product in provinces such as Khorasan Razavi, Fars and Golestan
- Improving the technology of downstream industries such as cotton ginning factories and textile industries
- Use of irrigation bridge watering method for cotton production
- The production of lint-free cotton seeds, this method reduces the use of soil and water

### 8.2.2. Sugar

The white and brown sugar in Iran is produced from sugar beets and sugar cane. There are 19 sugar beet producer companies in Iran. In addition, there are 16 sugar refineries and seven Agri industries related to sugar production. The table below shows the sugar production in different periods:

**Table 30 Sugar Production in Iran (tons)**

| | 2020-2021 | 2021-2022 | 2022-2023 |
|---|---|---|---|
| Sugar Produced from Beets | 513,301 | 767,047 | 881,480 |
| Sugar Produced from Cane | 1.6 MLN | 835,592 | 580,465 |
| Total Sugar Produced | 927,258 | 1.6 MLN | 1.5 MLN |
| | | | |
| Total Sugar Beets Produced | 3.8 MLN | 5,522,620 | 7 MLN |
| Total Sugar Cane Produced | 46 MLN | 7.8 MLN | 5.9 MLN |

*Source: Iran Sugar Factories Syndicate*

As the table shows the production of sugar from beets is on the rise but not with sugar cane. Also, the quantity of sugar cane produced is decreasing. The sugar beets' productivity is 53 tons per hectares. In 2022-2023 the total area devoted to sugar beets production was 115,000 hectares.

Sugar like other crops in Iran is faced with increase in price of input, shortage of water and the lack of capital for the purchase of machinery. The local demand for sugar was 1.8 MLN tons in 2021-2022 and 2.3



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MLN tons in 2022-2023.

### 8.2.3. Corn

Corn is consumed in animal husbandry as feed and for human consumption as sweet corn. In total demand for corn in 2021-2022 was 11 MLN tons. In the same period 1.1 MLN ton was produced locally and the rest which was 9.9 MLN tons was imported.

In total 160,000 hectares of land was used for corn cultivation and the yield was 7.5 tons per hectares in 2021-2022. The provinces of Fars, Khuzestan, Kermanshah, and Kerman are engaged in corn production.

The National Corn Development Company of the Ministry of Agriculture Jihad sets policies and farmers' purchasing prices for corn in Iran. IVO also checks the animal feed corn for certification and conducts quality tests.

The agribusiness in Iran is growing both in terms of imports and production. The products we examined such as soyabeans and corn have both potentials as animal feed and human meals. The edible-oil business is also used as a source of protein for the population just like soyabean. The other commodities examined which were cotton and sugar need irrigated land for production. The water shortage problems in Iran have limited their development.

The government's 7th Five Year Economic Plan (which is not finalized yet) has emphasized on limiting imports of essential food commodities such as soyabean, corn, animal feed and edible oil and expand local capacities. Some of the 7th economic plan's agendas could face problems due to the traditional agriculture methods and water shortages. The lack of modern cultivation machinery, irrigation systems and preservation equipment are creating shortfalls for the development of crops such as soyabean, corn and oil seeds. The high local demand for such commodities will put pressure on local producers to find more mechanical and efficient methods of production. The government emphasizes the self-sufficiency by up to 90% on some agribusiness commodities by 2030. The imports need to be cut to relieve the pressure from the CBI in allocating foreign currency.

### 8.2.4. Soya

The Ministry of Agricultural Jihad sets the soybeans purchase price for the farmers. The main buyers of soybean oilseeds are edible-oil production companies.

The maximum yield of soyabean harvesting in optimal conditions is 2.4 tons per hectare in irrigated lands and 1.5 tons per hectare in rainfed lands, depending on the type and time of seeds planting and crop care. Mechanized cultivation of seeds is also possible in Iran.
Soybean meal is an important livestock input, which directly affects the poultry and red meat markets. Soybean production and import also affect the edible-oil and eggs markets, therefore the Ministry of Agricultural Jihad balances the market by buying soybeans locally or import from aboard to meet the demand.

Due to the increase in the price of red meat, people in Iran tend to buy soyabean to get the necessary protein. When soybeans are pressed and water and oil are extracted, what remains is called soybean animal feed



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meal. Soybean meal is not used for human food, but it is a good material for livestock, poultry, fish, and other animals.

The domestic soyabean production of the country in 2022-2023 was 165,000 tons. The production took place in 17 factories located in the northern provinces of the country. According to the Ministry of Agriculture Jihad there are 18 types of soybeans in Iran, which are distinguished by their amount of oil, and protein and shape and size. The food items driven from soybean include soy milk, tofu, soy sauce, transgenic products, and soy oil. The demand for soyabean oil seeds and soyabean animal feed is 400,000 tons in 2023-2024.

According to the Soybean Producers Association soybean oil seed cultivation in Iran does not require a lot of water, but it does not require rainfed cultivation either. Soyabean is cultivated in the provinces of Khuzestan, Zanjan, Albourz, Gilan, East and West Azerbaijan, Isfahan, and Fars. In total 8400 hectares was devoted to the soyabean production in 2022-2023.

### 8.2.5. Animal Feed

The animal feed industry in Iran is in decline. In 2022-2023 the total production of animal feed for cows, poultry, fish and others were 7 MLN tons which is 20% lower than the production in 2021-2022. This is due to the government decision to lift the FOREX subsidies from the animal feed imports.

The demand for animal feed in the cow farms is 5 MLN tons per year and poultry industry 2 MLN tons. The Iranian Association of Feed Industry has announced that the figures above show that imports of animal feed will increase in 2023-2024.

Besides the demand of local animal husbandry industry, in particular Iran is becoming a hub for animal feed exports to Russia. This is important when considering the exports figures value of animal feed increasing from $5.5 MLN in 2020-2021 to $31.2 MLN in 2022-2023. Turkey is the hub for re-exports of animal feed from Iran to Russia. The exports of animal feed from Iran to Turkey in 2022-2023 amounted to 3 MLN tons.

### 8.2.6. Edible Oil

The amount of the production of different types of oilseeds in the country is estimated to be around 393,000, 70% of which is obtained from irrigated cultivation and 30% from rainfed cultivation. The Golestan province is the first producer of this product with 42% of the country's oilseed production, and Mazandaran, West Azerbaijan and Fars provinces are in the second to fourth place with 19%, 7% and 5% of the country's oilseed production, respectively in 2021-2022. The four mentioned provinces account for a total of 73% of the production.

The production efficiency per hectare of blue oilseeds in the country is 1,740 kg and the dry yield is 1,366 kg. The highest water yield with 4,090 kg belongs to Gilan province and the lowest one with 649 kg belongs to the Hormozgan province. Gilan and Qom provinces have the highest and lowest yields of dry oilseeds with 2,417 kg and 101 kg per hectare, respectively.



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Every year, based on the law on guaranteed purchase of agricultural products, the price of oilseeds (sunflower, soybean, canola, and rapeseed) is determined by the government. The first oil extraction factory was established in the Varamin region, Tehran Province in 1950 with a capacity of 3500 tons per year. After that, Iran's first hydrogenated vegetable oil factory was established in Ray City, Tehran Province in 1951. Hydrogenated vegetable oil is also imported from the Netherlands.

In 2022-2023 there were 19 edible-oil extraction and refining factories with a total capacity of 3 MLN tons in the country. MIMT supports these factories with low tariff rate for imports of machinery and raw material needed.

As mentioned, the main edible-oil production in Iran consists of sunflower, canola, soybean, and rapeseed. Sunflower is a plant in two types of oil and nuts, the nut types have less oil and special fatty acid composition, and the oil types have 43 to 49% oil in free pollinated cultivars with new hybrids. Sunflower is produced in the first crop and the second crop and in wet and dry conditions. The maximum yield in optimal conditions is 4200 to 4500 kg per hectare in irrigated lands and 2500 kg per hectare in rainfed lands. Mechanized cultivation of sunflower is common in the country.

The cultivation areas of sunflower reached 28,500 hectares in 2022-2023. The cultivation level of this product has been facing severe fluctuations in the past years. The provinces of Golestan, Mazandaran, East Azerbaijan and Kurdistan can be called the major sunflower production regions.

Rapeseed cultivation has a long history in Iran. Rapeseed entered the country in 1974-1975. This crop was grown in the form of research and experimental fields from 1999-2000 and then in the form of evaluation and adaptation fields.

The cultivation of rapeseed in Iran takes place in spring and autumn. With its strong roots, this plant takes advantage of the amount of moisture in the soil better than cereals in autumn crops and can easily absorb and consume the moisture in the depth of 80-100 cm.

Rapeseed is a plant that can withstand the cold, but by adjusting the temperature and potential planting time, it can be produced in subtropical conditions (southern regions of the country). In addition, due to the effect on soil fertility, it is considered as an efficient crop.

Canola has special characteristics for cultivation in most agricultural climates. This plant has been produced in the four climates of Iran (cold, temperate, subtropical, and tropical climates) with good performance in recent years and has been welcomed by farmers.
The production and consumption of proteins that can be consumed by humans in the form of artificial meats is conducted by canola and soyabean oil seeds. In addition, there are direct consumption of soyabean and canola meal in the diet of livestock, poultry, and aquatic animals.

A major industry Behshahr Oil Extraction Company is emphasizing on production of soyabean oil in place of rapeseeds and canola. According to Behshahr Industries the oil extraction from canola and rapeseeds is more expensive than soyabean. In 2021-2022 the quantity of soyabean imports for oil extraction was 200,000 tons.



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Some of the raw edible-oil is also imported to Iran. This edible-oil is refined and packed in local plants to cover the increasing demand. The consumption of edible oil in Iran:

2019-2020--1.8 MLN tons
2020-2021--1.6 MLN tons
2021-2022 it returned back to 1.8 MLN tons

### 8.3. Machinery and Equipment

This chapter reviews selected machinery types. The selection of business activities reviewed were mainly related to the energy, automotive and agriculture machinery.

#### 8.3.1. Oil, Gas and Biofuels

For this section of the report, the HS codes that have been considered are as follows:

**Table 31 HS Codes for Oil, Gas and Biodiesel**

| HS Code | Description |
|---|---|
| 8481 | Aps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. |
| 7307 | Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel |
| 7318 | Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel threaded articles |
| 9015 | Surveying (including photogram metrical surveying), hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances, excluding compasses; rangefinders |
| 8430 | Moving, grading, levelling, scraping, excavating, tamping, compacting, extracting, or boringmachinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow ploughs and snowblowers (excluding those mounted-on railway wagons, motor vehicle chassis or lorries), self-propelled machinery |
| 8402 | Steam or other vapor generating boilers (excluding central heating hot water boilers capablealso of producing low pressure steam); superheated water boilers; parts thereof |

*Source: Foreign Trade Online*

##### 8.3.1.1 Import & Export Data

In general, the overall import figures far exceed export figures in terms of oil, gas and biodiesel related parts and machinery. Exports in 2022-2023 stood at $28.8 MLN while imports were over 14 times higher; standing at $407 MLN. This illustrates the fact that the country is highly dependent on the import of oil, gas and biodiesel related goods and has limited export opportunities; partly related to the banking sanctions imposed on the country. The main countries Iran was importing these goods from in the year to March 2023 were Turkey, UAE, China, South Korea and Italy; In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.



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During the 2020 to 2023 timeframe, the overall value of the export of these goods have decreased by over 40%, going from $42.4 MLN down to $28.8 MLN. The reason behind this decrease is the fact that exporting Iranian goods has become increasingly difficult due to sanctions. The major change in terms of percentage for this category was related to HS code 7318, which decreased by over 94% during the mentioned time, due to increased production costs which has led to Iranian made products less affordable as well as an increase in domestic demand. Although this change does seem significant, in terms of value, the reduction stands at just over $3.4 MLN. This is closely followed by HS code 9015 ata reduction of 92% and value of just under $50,000. The only increase was related to HS code 7307; at just 1.6% during the three-year timeframe ending March 2023. Interestingly, the HS code with the highest share of exports in this section in terms of value is related to 8481 at $21.1 MLN, accounting for close to 90%. Interestingly, the main destinations for Iranian oil, gas and biodiesel goods were Iraq, Afghanistan, and Turkey. Furthermore, Brazil did not import any of these goods in the year to March 2023. Please refer to the following table for further information.

**Table 32 Export of Selected Goods for Oil, Gas and Biodiesel 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8481 | Aps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. | 31.02 | 22.45 | 21.13 | -31.9 |
| 7307 | Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron orsteel | 4.52 | 3.84 | 4.60 | 1.6 |
| 7318 | Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter- pins, washers (including spring washers) and similar articles, of iron orsteel threaded articles | 3.61 | 6.58 | 0.21 | -94.3 |
| 9015 | Surveying (including photogram metrical surveying), hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances, excluding compasses; rangefinders | 0.05 | 0.01 | 0.00 | -92.6 |
| 8430 | Moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow ploughs and snowblowers (excluding those mounted-on railway wagons, motor vehicle chassis or lorries), self- propelled machinery | 0.24 | 0.24 | 0.17 | -28.9 |



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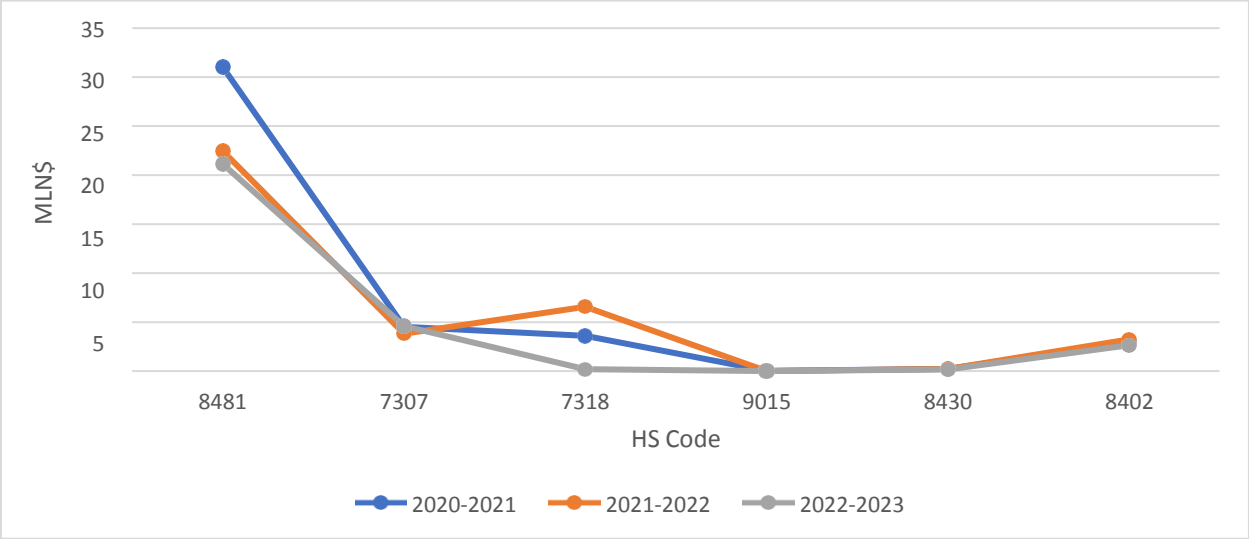
| | | | | | |
|---|---|---|---|---|---|
| 8402 | Steam or other vapor generating boilers (excluding central heating hot water boilers capable also of producing low pressure steam); superheated water boilers; parts thereof | 2.96 | 3.26 | 2.64 | -10.7 |

*Source: IRICA*

**Chart 24 Export of HS Codes Related to Oil, Gas and Biodiesel 2020-2023**




*Source: IRICA*

Although there has been a slowdown in Iran's petroleum sector development due to sanctions and the lack of interest of foreign companies to invest in this sector of the economy, the import of goods related to this field has experienced a rise of over 14% during the three-year timeframe ending March 2023 and hit $407.5 MLN. The most significant increase in terms of percentage is related to HS code 8402, which increased by close to 144% and hit $23 MLN in the year to March 2023; an increase of approximately $10 MLN compared to the year to March 2020. This was followed by HS code 8430, which rose by 83% and $12.5 MLN in terms of value and reached figures of $27.7 MLN during the mentioned time. In terms of value, the highest HS code was related to 8481 at over $239 MLN in 2022-2023; accounting for over half of all imports related to this section. The main countries that Iran imports its oil, gas and biodiesel related goods are China, UAE, Turkey and South Korea. Brazil's share of exports to Iran in this category stands at $478,000, well under 1% of the total.



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**Table 33 Import of Selected Goods for Oil, Gas and Biodiesel 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8481 | Aps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. | 228.0 | 217.48 | 239.8 | 5.2 |
| 7307 | Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel | 48.8 | 48.1 | 47.8 | -2.1 |
| 7318 | Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter- pins, washers (including spring washers) and similar articles, of iron orsteel threaded articles | 51.6 | 47.1 | 63.5 | 23.3 |
| 9015 | Surveying (including photogram metrical surveying), hydrographic, oceanographic, hydrological, meteorological or geophysical instruments and appliances, excluding compasses; rangefinders | 3.1 | 5.4 | 5.6 | 82.3 |
| 8430 | Moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow ploughs and snowblowers (excluding those mounted-on railway wagons, motor vehicle chassis or lorries), self- propelled machinery | 15.1 | 30.5 | 27.6 | 83.0 |
| 8402 | Steam or other vapor generating boilers (excluding central heating hot water boilers capable also of producing low pressure steam); superheated water boilers; parts thereof | 9.5 | 15.18 | 23.1 | 143.8 |

*Source: IRICA*



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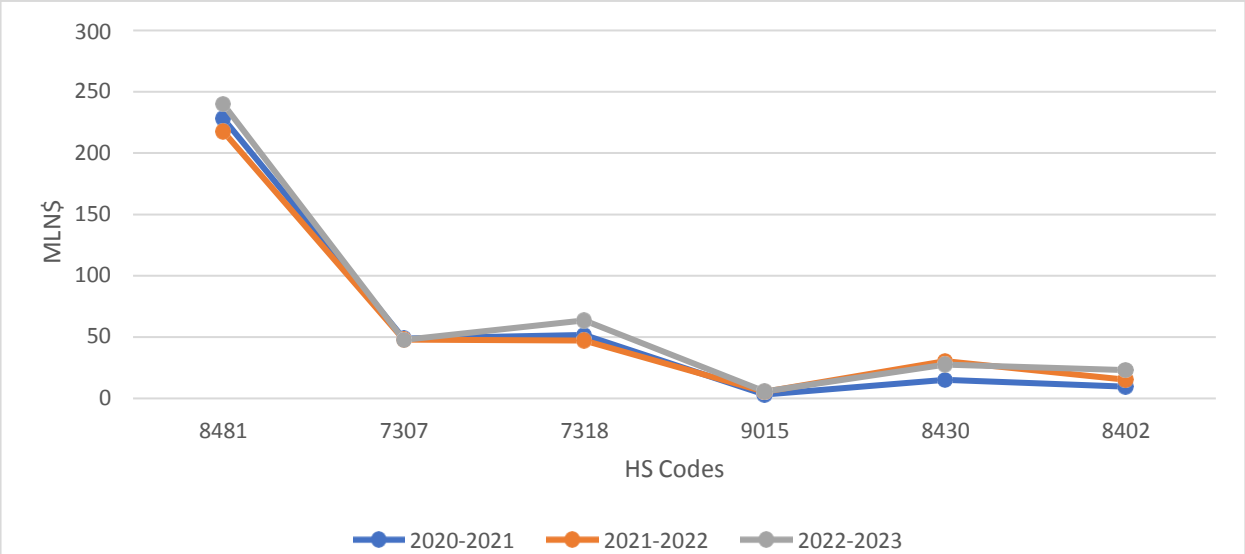
**Chart 25 Import of HS Codes Related to Oil, Gas and Biodiesel 2020-2023**




*Source: IRICA*

### 8.3.1.2 Import Regulations

Iran's oil and gas sector was once the beating heart of the economy. The country has limited technological knowhow regarding the development of fields, construction of refineries as well as petrochemical complexes. Therefore, Iran is heavily dependent on foreign machinery, parts, and investment when it comes to the petroleum sector. The sanctions imposed by the U.S. in 2018 has led to adrastic downfall in terms of Iran's development of oil and gas fields as well as the sale of crude oil and its derivatives.

One important issue that foreign manufacturers of goods related to the petroleum sector must take into account is that in order for the Ministry of Petroleum or any of its affiliates to utilize foreign goods, they must be approved and entered into an "Approved Vendors List" (AVL). Please be advised entry to AVL can be done either via an Iranian representative office or an official sales representative of the company. In addition, it is important to note that some MoP subsidiaries have their own criteria for being approved in their own separate vendors lists. In the below section, the consultant will look into how to enter the MoP's AVL. There are five main step that need to be taken which have been explained below:

1. Please go to the www.irancode.ir website and obtain a five-digit code for your company and a 16-digit code for each of the products you intend to add to the list
2. Please go to www.oict.ir for electronic signature certification and a safety token
    a. This is a USB that has the necessary software
    b. Once it has been installed, please go to the next step
3. lease go to www.ep.mop.ir and install your security token in order to retrieve the self-declaration questionnaire regarding non-domestic producers
4. Please fill in the necessary information in this website and tap on the approval tab
    a. You can edit the information whenever necessary, prior to final approval
5. Your form will be processed and if approved, your company and good(s) will be added to AVL



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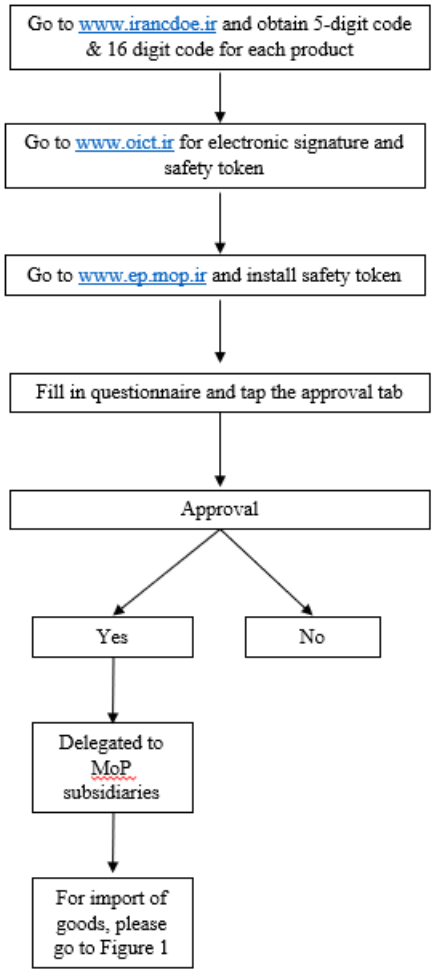
a. Depending on the field of activity of the company in question, the form will be delegated to one of the four main subsidiaries of MoP; the National Iranian Oil Company, the National Iranian Gas Company, the National Iranian Oil Products Distribution Company or the National Iranian Oil Refining and Distribution Company

**Figure 2: Flow Chart for Entry to MoP AVL**




*Source: MoP, SGPM*



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The tariff rates for machinery related to oil, gas and biodiesel is as follows:

**Table 34 Import Tariff of Selected Goods for Oil, Gas and Biodiesel**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 8481 | aps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, incl. | 4-55 |
| 7307 | Tube or pipe fittings (for example, couplings, elbows, sleeves), of iron or steel | 4-10 |
| 7318 | Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel threaded articles | 5-20 |
| 9015 | Screws, bolts, nuts, coach-screws, screw hooks, rivets, cotters, cotter-pins, washers (including spring washers) and similar articles, of iron or steel threaded articles | 4-5 |
| 8430 | Moving, grading, levelling, scraping, excavating, tamping, compacting, extracting, or boring machinery, for earth, minerals or ores; pile-drivers and pile-extractors; snow ploughs and snowblowers (excluding those mounted on railway wagons, motor vehicle chassis or lorries, self-propelled machinery | 4-5 |
| 8402 | Steam or other vapor generating boilers (excluding central heating hot water boilers capable also of producing low pressure steam); superheated water boilers; parts thereof | 4-5 |

*Source: Heyvalaw*

### 8.3.1.3 Local Production & Latest Growth

Iran's petroleum sector is one of the most fundamental aspects of its economy. The country is extremely dependent on oil earnings, an issue which has hindered the country in more ways than one since the re-instatement of sanctions by the U.S. in 2018 and a ban on the purchase of Iranian crude oil. Despite having an abundance of oil and gas reserves, Iran's petroleum sector has not been developed to its full potential. The latest reports suggest that oil production for the year to March 2023 stood at approximately 3.8 MLN bpd. This is set to increase to 5.7 MLN bpd by March 2031 via two methods: enhanced oil recovery (EOR) and increased oil recovery (IOR) as well as the development of green and brown oil fields. It is noteworthy that in order to reach target production for 2031, an investment of $89 BLN is required in the oil sector alone.

Gas production in Iran stands at over 1 BLN CUM/d; however, due to excessive domestic consumption, gas exports are limited. In addition, sanctions have led to Iran failing to obtain the needed technology for the production of liquified natural gas (LNG), making exports via pipeline the only possible method. According to NIOC, gas production is set to hit 1.5 BLN CUM/d by March 2031. It is noteworthy that in order to reach target production for 2031, an investment of $71 BLN is required in the gas sector alone.
In the short-term, the priority for the current Iranian year (ending March 2024) is the completion of ongoing projects and the development and commissioning of shared oil fields. In addition, the Economic



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Commission has approved allocating $3.6 BLN for increasing production from 13 operational phases of the South Pars Gas Field. There are also gas field development plans that aim to increase gas production by 142 MLN CUM/d and gas condensates by 100,000 bpd.

Biodiesel production in Iran is extremely limited. According to reports, the first biodiesel refinery, named Green Products Refinery and located in Khorasan Razavi Province, was set to be inaugurated in late-2009. There are conflicting reports regarding the production capacity of this refinery ranging from 600 tons per day to 25,000 bpd. However, no further news regarding this refinery is available and no pictures of the official inauguration are reported. Latest reports suggest that the Takestan Sanat Gharb Industrial Group has constructed a biodiesel refinery in Oroomiyeh City of West Azerbaijan Province which was inaugurated in June 2023. The refinery's production capacity is 12,000 ton per year The fuel is set to be exported to Europe and countries bordering the Persian Gulf. Domestic consumption of the biofuel is being negotiated with NIOC; however the process has proven very lengthy. It is worth noting that the government had put forward plans to utilize biodiesel in public transport as a means to tackle air pollution since 2016. However, due to the lack of initiative as well as production limitations, the plan has not come into effect. Reports suggest that during the 2016 to 2019 timeframe, only 60,000 liters of biodiesel fuel was used in public transport across the country.

According to the latest report issued by MIMT, a total of 342 operation licenses attributed to coke and oil products were issued in the year to March 2022. This illustrates a decrease of 21 licenses compared to the year to March 2021. In addition, there are a total of 696 ongoing projects related to oil and gas products in the year to March 2022.

### 8.3.2 Automotive Spare Parts

For this section of the report, the HS codes that have been taken into account are as follows:

**Table 35 HS Codes for Automotive Spare Parts**

| HS Code | Description |
|---|---|
| 8512 | electrical lighting or signaling equipment (excluding lamps of heading 8539), windscreen wipers, defrosters, and demisters, of a kind used for cycles or motor vehicles; parts thereof |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading 8407 or 8408 |
| 8708 | Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705 |
| 8707 | Motor vehicles for the transport of goods, incl. |

*Source: Foreign Trade Online*



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#### 8.3.2.1 Import & Export Data

In general, the overall import figures far exceed export figures in terms of automotive spare parts. Exports in 2022-2023 stood at $76.4 MLN, while imports were over 16 times higher; standing at $1,272 MLN. This illustrates the fact that the country is highly dependent on the import of automotive spare parts and has limited export opportunities; partly related to the banking sanctions imposed on the country. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

During the 2020 to 2023 timeframe, the overall value of the export of these goods have remained unchanged at $76.4 MLN. However, the breakdown of automotive spare part exports has changed, with the most significant related to HS code 8409, increasing by over seven and a half fold during the 2020-2023 timeframe. This is due to an increase in domestic vehicle production and their spare parts due to the import ban of vehicles imposed since 2018 as part of the drive to boost domestic producers. This comes as HS codes 8707 and 8512 have both seen drops of over 70% in terms of percentage which translates to a reduction of $20 MLN and $600,000 respectively in terms of value. The HS code with the highest share in terms of value is 8708 with over 70% to its name; some $55 MLN. The export destination of these goods is mainly Iraq, Italy and Venezuela, while Brazil's share stands at under $200 in the year to March 2023. Please refer to the following table for further information.

**Table 36 Export of Selected Goods for Automotive Spare Parts 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8512 | Electrical lighting or signaling equipment (excluding lamps of heading 8539), windscreen wipers, defrosters, and demisters, of a kind used for cycles or motor vehicles; partsthereof | 0.89 | 0.26 | 0.26 | -71.1 |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading 8407 or 8408 | 1.37 | 23.87 | 1.69 | 751.9 |
| 8708 | Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles ofheading 8701 to 8705 | 45.38 | 63.37 | 55.96 | 23.3 |
| 8707 | Motor vehicles for the transport ofgoods, incl. | 28.74 | 23.06 | 8.46 | -70.5 |

*Source: IRICA*



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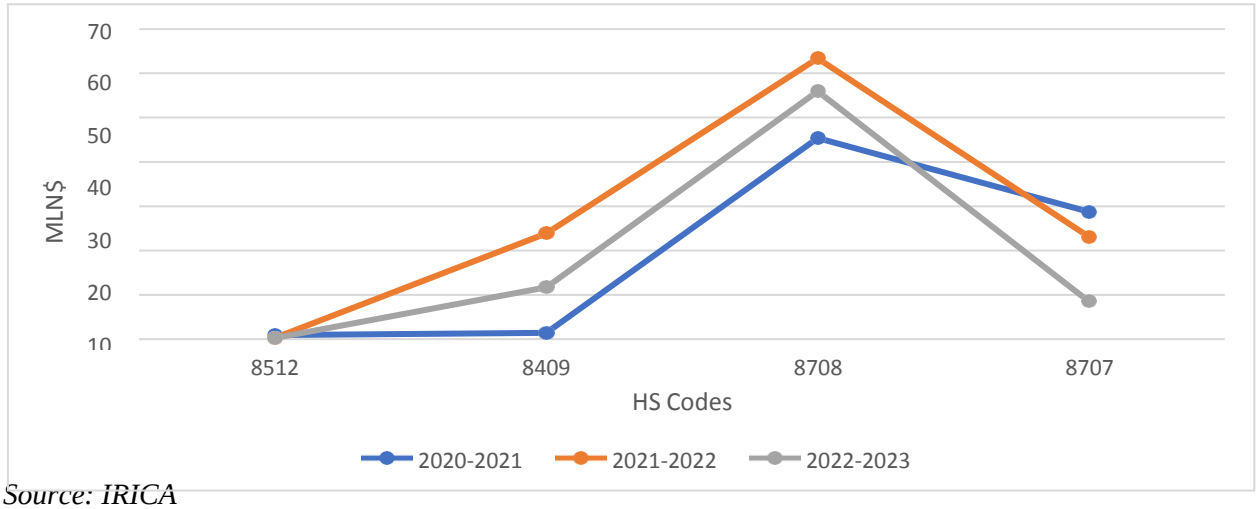
**Chart 26 Export of HS Codes Related to Automotive Spare Parts 2020-2023**




*Source: IRICA*

During the 2020 to 2023 timeframe, the overall value of the import of these goods has increased by close to two-fold and reached $1,272 MLN. When looking into the breakdown of automotive spare part imports, all HS codes envisaged for this section of the report have increased; the most significant related to HS code 8708, increasing by over 135% during the 2020-2023 timeframe. This is followed by HS code 8707, which has increased by close to 83% over the past three years. This illustrates Iran's requirement for spare parts related to heavy and larger sized vehicles. The main imports of automotive spare parts to Iran is from the UAE, China and Turkey. Brazil's share stands at $244,000 in the year to March 2023. Please refer to the following table for further information.

In this chapter we selected important automotive parts for our analysis, since the number of parts were numerous. This selection took place based on our previous research projects on Iranian automobile sector and the MIMT's statistics. Also, for comparison of imports and exports values between two identical automotive spare part we chose the same HS codes for our analysis.



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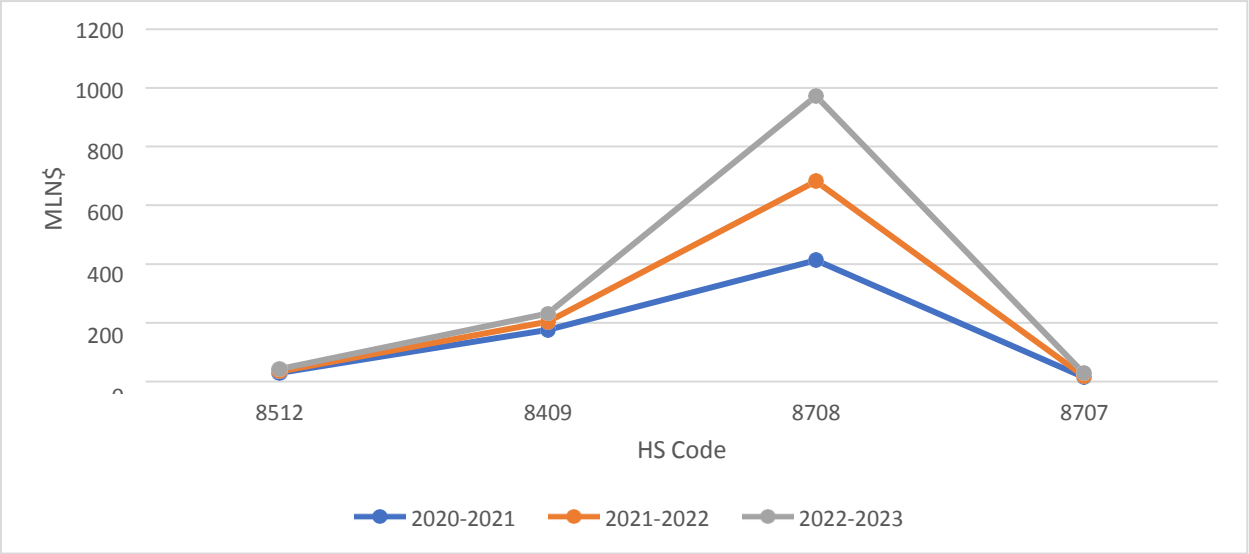
**Table 37 Import of Selected Goods for Automotive Spare Parts 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8512 | Electrical lighting or signaling equipment (excluding lamps of heading 8539), windscreen wipers, defrosters, and demisters, of a kind used for cycles or motor vehicles; parts thereof | 29.5 | 34.28 | 41.72 | 41.4 |
| 8409 | Parts suitable for use solely or principally with internal combustion piston engine of heading 8407 or 8408 | 176.2 | 203.45 | 231.38 | 31.3 |
| 8708 | Parts and accessories for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705 | 412.8 | 681.84 | 972 | 135.4 |
| 8707 | Motor vehicles for the transport of goods, incl. | 14.8 | 17.46 | 27.02 | 82.8 |

*Source: IRICA*

**Chart 27 Import of HS Codes Related to Automotive Spare Parts 2020-2023**




*Source: IRICA*



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### 8.3.2.2 Import Regulations

All international and local auto part manufacturers must register their products in the Institute of Standards and Industrial Research of Iran (ISIRI) As examples, some of the standard auto part codes are:

- Brakes 71/320/EEC
- Steering Wheel 70/311/ECC
- Speed Meter 75/1443/EEC
- Windshield Wiper 76/1318/EEC
- Lights 76/1761/EEC
- Seat Belt 77/1541/EEC

Parts related to the following international automobile manufacturing companies or auto part manufacturer qualify for standard tests in Institute of Standards and Industrial Research of Iran (ISIRI): Peugeot, Renault, Delmar Chrysler, Kia Motors, Hyundai, Nissan, Citroen, Mazda, Toyota, Nicnaman Sweden, Daewoo, BMW, Neoplan GmbH Germany, Santaz Spain, Volvo, Voith Germany, Libher and Landover.

Each auto part reviewed in ISIRI must receive a Certificate of Conformity (COC) for an entry into the market. International manufacturers with accepted standards receive COC's with a less time-consuming process. The Japanese National product standards accepted in ISIRI are: Japan Industrial Standard (JIS) and Japanese Automobile Standards Organization (JASO). Legally imported automotive spare parts are given a special hologram sticker that will not only define the origin of the part, but will also help consumers distinguish between fake, smuggled and legally imported/manufactured parts. In order to obtain the hologram sticker, there are two main phases that must be completed, which will be explained below:

*Phase 1: Obtaining a Product ID*

- The importer must go to the www.ntsw.ir website and enter their username and password
- The importer must enter the specifications of their "Commercial Card"
    - This has been explained in detail in Section 6 of the report
- Following this step, the importer must choose the "Registering a New Good" on the righthand side of the web page
- Please define the type of spare parts you wish to export to Iran
- Please enter the GTIN number of the goods as well as the specifications of the products that are set to enter the country
- Once all these steps have been taken, please confirm the data is correct and submit the request
- It is at this stage that the product ID will be issued

*Phase 2: Obtaining a Hologram Sticker*

- Go to the www.ntsw.ir website and enter their username and password and click on the "Inventory Statement" tab
- Please enter the product ID and the number of units of each product that will be entered into the country
- An excel file or a follow up code will be created by NTSW, which will include the necessary information

In the following section, the auto parts customs clearance documents have been listed:

- Bill of lading



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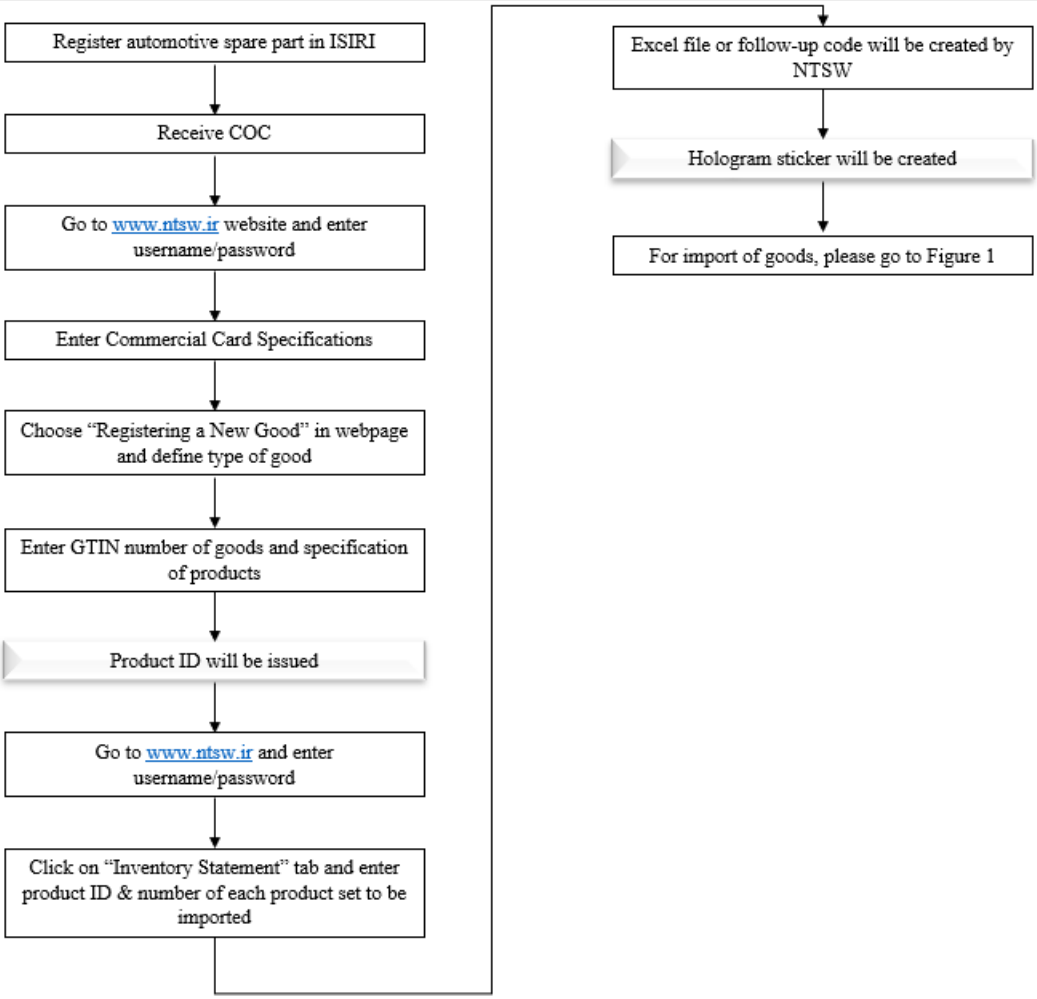
- Clearance (clearance is the importer's account with the carrier of the consignment)
- Certificate of origin
- Performa invoice
- Warehouse receipt
- Order registration (is certified by the MIMT for import of goods)
- Stamp listing (shows how to place the goods on the consignment)
- Inspection certificate from ISIRI
- The importers exclusive agency contract from the auto part manufacturer

**Figure 3: Obtaining Product ID and Hologram Sticker for Automotive Spare Parts Flow Chart**




*Source: MIMT, SGPM*



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After the documents have been handed over to customs, the importer must set up and register the declaration. The customs compare all price and import process declarations with the common prices and then provide a goods clearance.

**Table 38 Import Tariff of Selected Goods for Automotive Spare Parts**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 8512 | Electrical lighting or signaling equipment (excluding lamps of heading 8539), windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles; parts thereof | 4-15 |
| 8409 | Parts suitable for use solely or principally with internal combustion pistonengine of heading 8407 or 8408 | 4-15 |
| 8708 | Parts and accessories for tractors, motor vehicles for the transport of ten ormore persons, motor cars and other motor vehicles principally designed forthe transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles of heading 8701 to 8705 | 4-32 |
| 8707 | Motor vehicles for the transport of goods, incl. | 5-10 |

*Source: Heyvalaw*

### 8.3.2.3 Local Production and Latest Growth

Iran's automotive spare parts market has been subject to controversy over the years. Prior to the ban on the import of vehicles into the country, spare parts were readily available and imported with ease. However, the import ban together with high customs tariffs on automotive spare parts has led to a vast black market in this regard. In fact, the Headquarters for Combatting the Smuggling of Currency and Goods announced in November 2022 that the smuggled automotive spare parts market stands at $2.5 BLN. With this in mind, it comes as no surprise that the sale of domestically made vehicles together with their spare parts has increased significantly.

According to the Automotive Spare Parts Association, 70% of parts are produced domestically. It is worth noting that within the 1402 (March 2023-2024) Budget Act, the import of foreign vehicles as well as secondhand vehicles that are under five years has been approved. Although it will not have an immediate impact on the sale of spare parts, there may be a slight shift towards foreign-made parts in the near future. Should MIMT continue this policy, the number of foreign vehicles will continue to rise, and their required spare parts will inevitably enter the country.

Interestingly, MIMT issued a report stating the number of operation licenses related to the transportation equipment reduced by 20 in the year to March 2022 compared to the previous year and reached 220. In addition, there are a total of 365 ongoing projects related to transportation equipment production.



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### 8.3.3 Agricultural Machinery

For this section of the report, the following HS codes have been taken into account:

**Table 39 HS Codes for Agricultural Machinery**

| HS Code | Description |
|---|---|
| 8432 | Agricultural, horticultural or forestry machinery for soil preparation or cultivation (excludingsprayers and dusters); lawn or sports-ground rollers; parts thereof |
| 8434 | Milking machines and dairy machinery (excluding refrigerating or heat treatment equipment cream separators, clarifying centrifuges, filter presses and other filtering equipment); parts thereof |
| 8433 | Harvesting or threshing machinery, incl. straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit, or other agricultural produce; parts thereof |
| 8436 | Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, incl. germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof |

*Source: Foreign Trade Online*

#### 8.3.3.2 Import & Export Data

In general, the overall import figures are roughly ten times that of export figures in relations to agricultural machinery. Exports in 2022-2023 stood at over $16 MLN, while imports were over $163 MLN. This illustrates the fact that the country is highly dependent on the import of agricultural machinery and has limited export opportunities; partly related to the banking sanctions imposed on the country. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

During the 2020 to 2023 timeframe; the export of agricultural machinery has dropped by $5 MLN and reached just over $16 MLN. In fact, all HS codes related to this section have experienced a drop in export figures during the mentioned time. The most significant drop was related to HS code 8436 with a reduction of 46.2%. HS code 8433 was the lowest decrease at only 1% during the three-year timeframe ending March 2023. The main export destination for these goods are Iraq, Turkmenistan, Tajikistan and Uzbekistan. Interestingly, Brazil has not imported any of these products from Iran in the year to March 2023. Please refer to the below table for further information.



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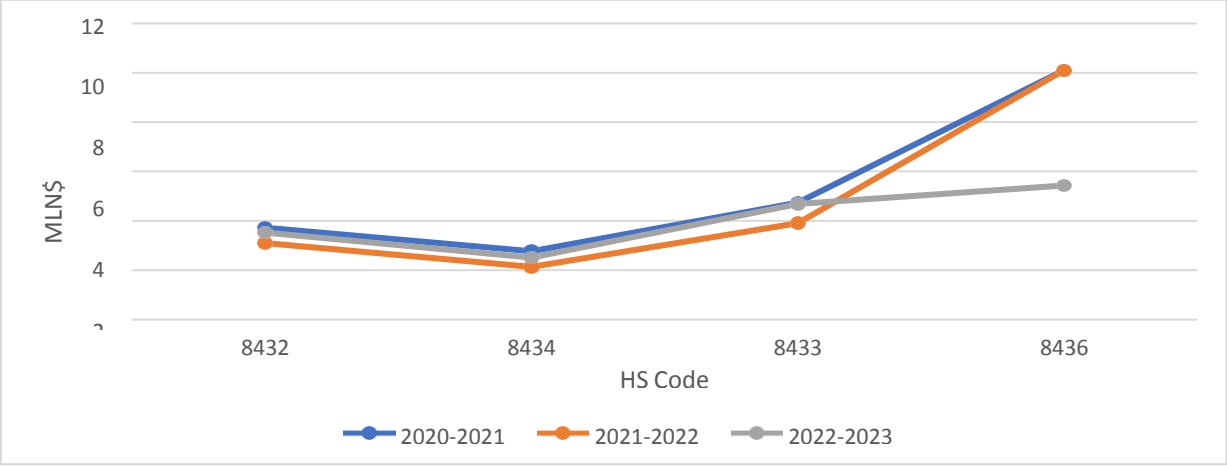
**Table 40 Export of Selected Goods for Agricultural Machinery 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8432 | Agricultural, horticultural or forestry machinery for soil preparation or cultivation (excluding sprayers and dusters); lawn or sports-ground rollers; parts thereof | 3.72 | 3.10 | 3.53 | -5.2 |
| 8434 | Milking machines and dairy machinery (excluding refrigerating or heat treatment equipment, cream separators, clarifying centrifuges, filter presses and other filtering equipment); parts thereof | 2.77 | 2.13 | 2.51 | -9.4 |
| 8433 | Harvesting or threshing machinery, incl. straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit, or other agricultural produce; parts thereof | 4.74 | 3.90 | 4.69 | -1.0 |
| 8436 | Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, incl. germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof | 10.11 | 10.11 | 5.43 | -46.2 |

*Source: IRICA*

**Chart 28 Export of HS Codes Related to Agricultural Machinery 2020-2023**




*Source: IRICA*



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During the 2020 to 2023 timeframe, the overall value of the import of these goods decreased by close to $60 MLN and reached $163.3 MLN. When looking into the breakdown of agricultural machinery imports, all HS codes apart from HS code 8433 experienced a decrease. The largest reduction was related to HS code 8436, decreasing by over 72% during the 2020-2023 timeframe. As explained in previous sections of the report, the scrapping of subsidized FOREX allocated to the import of agricultural machinery has resulted in high prices and has made the purchase of this machinery unaffordable for farmers. Therefore, the import of agricultural machinery has experienced a decrease in recent years with poultry keeping and bee keeping equipment undergoing the largest drop. Imports of HS code 8433, related to harvesters has increased by only $12 MLN during the three-years ending March 2023 and hit just under $55 MLN; the equivalent of 28.5%. The main countries Iran imports goods related to this section of the economy is from the UAE, China and Turkey. Interestingly, Brazil did not export of the mentioned HS codes to Iran in the year to March 2023. Please refer to the following table for further information.

**Table 41 Import of Selected Goods for Agricultural Machinery 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 8432 | Agricultural, horticultural or forestry machinery for soil preparation or cultivation (excluding sprayers and dusters); lawn or sports-ground rollers; parts thereof | 25.3 | 13.80 | 20.94 | -17.2 |
| 8434 | Milking machines and dairy machinery (excluding refrigerating or heat treatment equipment, cream separators, clarifying centrifuges, filter presses and other filtering equipment); parts thereof | 86.4 | 39.47 | 69.41 | -19.7 |
| 8433 | Harvesting or threshing machinery, incl. straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce; parts thereof | 42.8 | 34.34 | 54.94 | 28.5 |
| 8436 | Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, incl. germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof | 64.6 | 10.16 | 17.97 | -72.2 |

*Source: IRICA*



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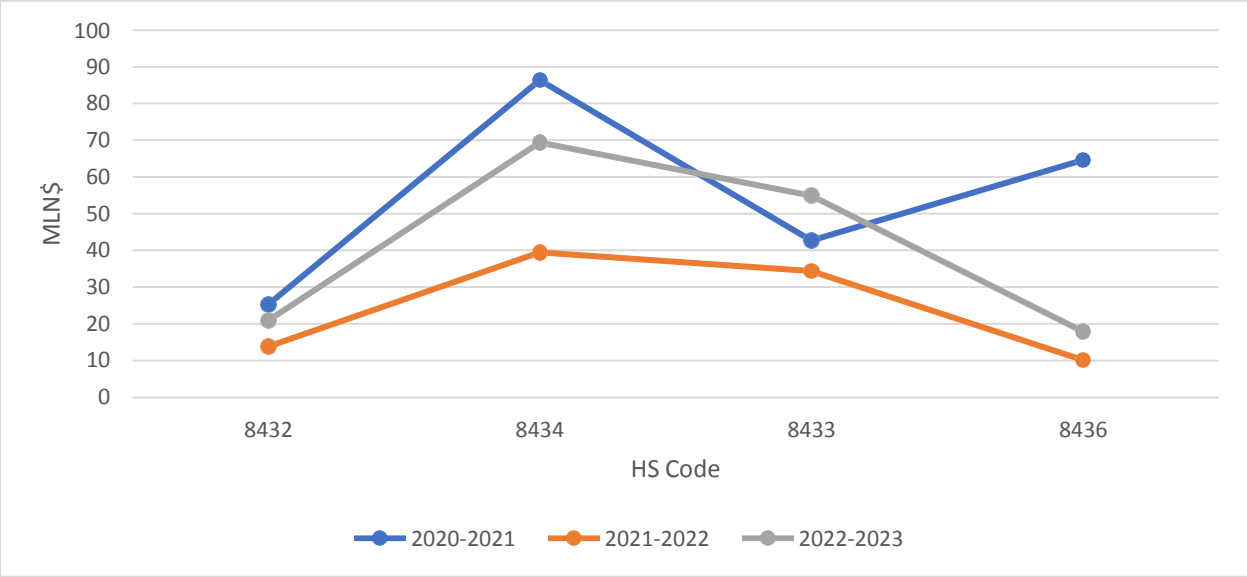
**Chart 29 Import of HS Codes Related to Agricultural Machinery 2020-2023**




*Source: IRICA*

### 8.3.3.2 Import Regulations

The main bodies involved in the import of machinery are the Trade Promotion Organization (TPO), the Ministry of Industry Mines and Trade (MIMT), the Central Bank of Iran (CBI), Ministry of Economic Affairs and Finance, Islamic Republic of Iran Customs Administration (IRICA), Chamber of Commerce, Industry and Mines and their affiliates. The two bodies that issue permits for the import of agricultural machinery are the Center for the Development of Mechanized Agriculture together with the ISIRI.

All importers are required to have a "commercial card;" an issue which has been explained in detail in Section 6 of the report. As mentioned in Section 6 of this report, it is crucial to check to see whether similar or exact goods are being produced locally. If they are, the import of the product is prohibited. If not, the order will be granted. The importer of machinery can also prove to MIMT that the replica Iranian made model is of a lower quality and would result in deterioration of the finished product's market potential and obtain an import permit for the foreign machinery brand. It is noteworthy that the tariff rates for the import of goods is based on the HS code they belong to and can vary depending on the specifications of the product.

As of mid-2016, the registration of imported agricultural tractors is subject to type approval from the Ministry of Industries, Mines and Trade, the Police Force of the Islamic Republic of Iran for license plates and the Iranian National Standards Organization (ISIRI).
For obtaining Iran's obligatory standard certificate – which all agricultural machinery requires – the following documents are needed:

- Supplier and manufacturer declaration (SD and MD) through which the supplier certifies the goods are in line with the general standard requirements
- Verification of conformity
- Certificate of inspection



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- Test certificates of imported goods
- Proforma invoice

It is noteworthy that the types of tractors which are permitted to be imported to Iran have been listed in the following link which was updated in mid-February 2021. If the tractors do not meet these specifications, they will not be cleared from customs. This rule is also applicable to semi knock down (SKD) agricultural tractors.

https://www.inso.gov.ir/portal/file/?794010/%D9%81%D9%87%D8%B1%D8%B3%D8%AA-%D8%AA%D8%B1%D8%A7%DA%A9%D8%AA%D9%88%D8%B1%D9%87%D8%A7%D9%8A-%D9%88%D8%A7%D8%B1%D8%AF%D8%A7%D8%AA%D9%8A-%D8%AF%D8%A7%D8%B1%D8%A7%D9%8A-%DA%AF%D9%88%D8%A7%D9%87%D9%8A-%D8%AA%D8%A7%D9%8A%D9%8A%D8%AF-%D9%86%D9%88%D8%B9-%D8%A8%D9%87%D9%85%D9%86-%D8%B3%D8%A7%D9%84-1401.pdf

There are five steps needed to be taken for the approval of ISIRI agricultural tractor type, which have been elaborated on below:

*Step 1:* Acquisition of an authorized aftersales agency in the country
*Step 2:* Submission of the documents for type approval to a certified inspection company including:

1. The type approval certificate issued by centers authorized to issue such certificates
2. The test results carried out by an accredited laboratory
3. Manufacturer's technical specifications

*Step 3:* Review of the documents by the inspection company and their subsequent submission together with the approval of the chamber of commerce of the manufacturing country and the confirmation of the Islamic Republic of Iran Embassy in that country to Bureau of Assessment of Imported and Exported Goods
*Step 4:* Examination of the type approval documents and issue of the type approval certificate for the considered tractor once the final confirmation has been granted
*Step 5:* Declaration of the list of tractors with the type approval to the Iran Trade Development Company in order to have the said list uploaded on the website

The approval of the type of agricultural tractors is carried out based on Iran National Standard No. 13259 titled 'Automobile – Tractor – Regulations and Procedure Methods for Approving the Type of Tractors, Trailers and Multi-Application Trailer Machines' along with 23 required references. Please refer to the following document for further information.: http://isiri.gov.ir/portal/file/?579989/Agricultural-Tractors-Type-Approval.pdf



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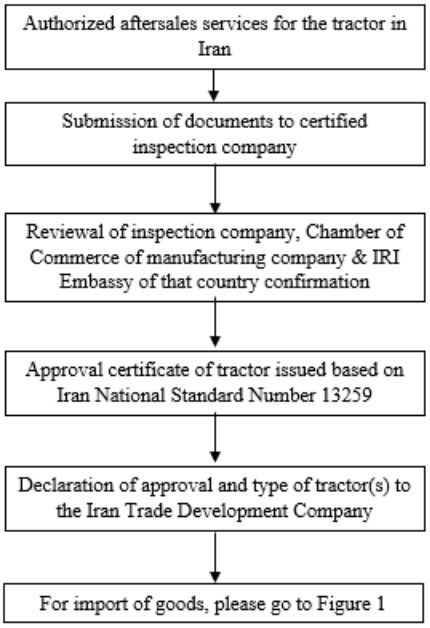
**Figure 4: Steps on Agricultural Tractor Type Approval by ISIRI**




*Source: MOAJ, SGPM, ISIRI*

It is worth noting that the local production of agricultural machinery is limited and the technology utilized is very dated. Therefore, it comes as no surprise that the import tariff imposed on these goods is very low; ranging from 1% to 5%. Please refer to the below table for further information.

**Table 42 Import Tariff of Selected Goods for Agricultural Machinery**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 8432 | Agricultural, horticultural or forestry machinery for soil preparation or cultivation (excluding sprayers and dusters); lawn or sports-ground rollers;parts thereof | 1-5 |
| 8434 | Milking machines and dairy machinery (excluding refrigerating or heat treatment equipment, cream separators, clarifying centrifuges, filter pressesand other filtering equipment); parts thereof | 1-5 |
| 8433 | Harvesting or threshing machinery, incl. straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce; parts thereof | 1-5 |
| 8436 | Agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery, incl. germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders; parts thereof | 1-5 |

*Source: Heyvalaw*



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#### 8.3.3.3 Local Production and Latest Growth

Iran's agricultural industry has experienced a growth over the past decades as the government has been adamant on maximizing domestic production of agricultural goods and being less dependent on imports; especially for commodities such as wheat. Although this plan does have its flaws the main being dated machinery and practices, low efficiency, and crop yield, together with high water intensity agricultural production is on the rise.

One issue that must be taken into account is the fact that automating the farming industry and replacing dated machinery and methods with the latest technology is costly, especially in recent years where the value of the IRR has plummeted. However, when looking into statistics related to machinery within the agricultural sector, numbers are on the rise. As an example, the number of tractors has increased by close to 30,000 units in 2022-2023 compared to the previous year and hit 572,043. Combine harvesters have also increased by over 6,000 units in the year to March 2023 compared to the previous year and reached 19,951 units. According to the Agricultural Machinery and Equipment Producer's Association, 95% of agricultural machinery demand is met by local production and at present there are 200 companies active in the production of agricultural machinery. In fact, the production of agricultural, mining and construction machinery doubled during the March 2021 to January 2022 timeframe compared to the similar timeframe the previous year and hit over 1,800 units.

It is worth mentioning that the MIMT stated in March 2023 that the ministry is seeking to promote local production of agricultural machinery and that additional bans will be imposed on the import of agricultural and industrial machinery that is being produced in the country.
Interestingly, MIMT issued a report stating the number of operation licenses related to the construction of machinery amounted to 2558 in the year to March 2022, a reduction of 82 licenses compared to the year to March 2021. In addition, there are a total of 4362 ongoing projects related to machinery construction in the year to March 2022.

### 8.4 Technology

This chapter shows that startups and information technology has observed significant growth in Iran. The mobile, data processing system and electronics industry is reviewed in this chapter. For this section of the report, the HS codes that have been taken into account are as follows:



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**Table 43 HS Codes for Technology**

| HS Code | Description |
|---|---|
| 9001 | Optical fibers and optical fiber bundles; optical fiber cables (excluding made up ofindividually sheathed fibers of heading 8544); sheets and plates of polarizing material; lenses |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connectionsto or from electrical circuits |
| 8526 | Radar apparatus, radio navigational aid apparatus and radio remote control apparatus |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machinesfor transcribing data onto data media in coded form and machines for processing such data |
| 8517 | Telephone sets including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless network |

*Source: Foreign Trade Online*

### 8.4.1 Import & Export Data

In general, the overall import figures far exceed export figures in terms of technology. As mentioned, Iran is heavily dependent on foreign technology and has not been able to domestically develop and produce the vast majority of its technological requirements. There is a need for upgrading to the latest technology available in the world in many industries. However, the downfall of the IRR, banking sanctions and low economic growth have all contributed to the limited import of technology to the country.

Overall, exports of technology in 2022-2023 stood at $10.4 MLN while imports were over 400 times higher standing at $4.3BLN. The main import of technology related goods was HS code 8517 which stood at $3.4 BLN, 79% of overall imports of this sector of the economy. This illustrates the fact that the country is highly dependent on the import of technology related goods and has limited export opportunities. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

During the March 2020 to March 2023 timeframe, the overall export value of these goods has decreased by 7%, from $11.2 MLN to $10.4 MLN. The major change in this category was related to HS code 8526 (Radar and Radio) which reached zero in March 2020-2023 from highs of $7,000 in 2020-2021. This is followed by HS code 8471 (Data Processors) at a reduction of 50% and reached $100,000. The highest increase was related to HS code 8517 (Mobile Phone) which doubled in terms of value during the three-year timeframe ending in March 2023. Interestingly, the HS code with the highest share in terms of value is related to 8536 (Electronics) at $8.2 MLN, accounting for close to 79% of all technology related exports. The main export destinations for Iran's technology related products are Syria, Afghanistan and Turkey. Interestingly, Brazil did not import any goods from Iran under the mentioned HS codes during the year to March 2023. Please refer to the following table for further information.



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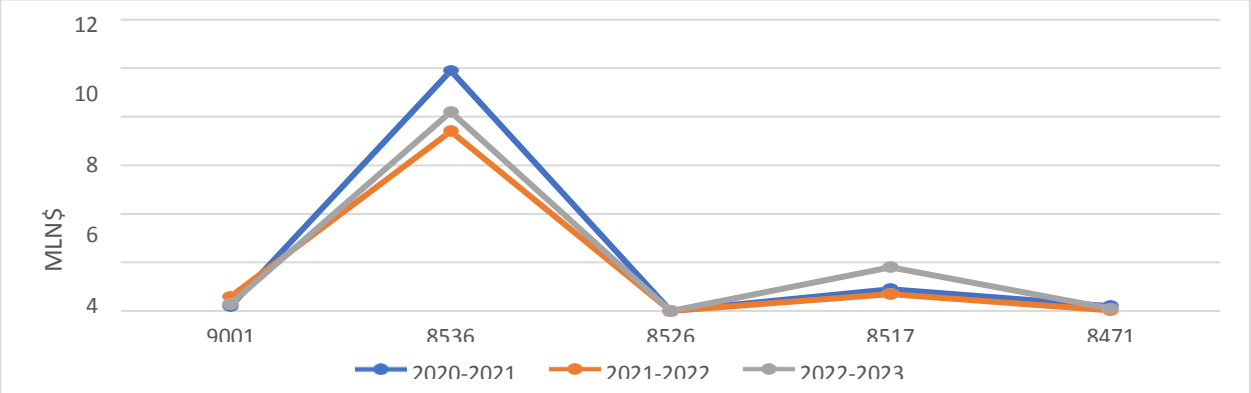
**Table 44 Export of Selected Goods for Technology 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 9001 | Optical fibers and optical fiberbundles; optical fiber cables (excluding made up of individually sheathed fibers of heading 8544); sheets and plates of polarizing material; lenses | 0.2 | 0.6 | 0.3 | 50 |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or from electrical circuits | 9.9 | 7.4 | 8.2 | -17.2 |
| 8526 | Radar apparatus, radio navigational aid apparatus and radio remote control apparatus | 0.0007 | 0.004 | 0 | 100 |
| 8517 | Telephone sets including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless network | 0.9 | 0.7 | 1.8 | 100 |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data | 0.2 | 0.03 | 0.1 | -50 |

*Source: IRICA*

**Chart 30 Export of HS Codes Related to Technology 2020-2023**




*Source: IRICA*



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In terms of imports, the selected HS codes have experienced a rise of over 22% during the three-year timeframe ending March 2023 and hit $4.3 BLN. It is worth noting that one of the top three goods of Iran's annual imports for the past three years is mobile phones, falling under HS code 8517. The most significant increase in terms of percentage is related to HS code 8526 (Radar and Radio) which increased by close to 147% and hit $10.4 MLN in the year to March 2023. This was followed by HS code 9001 (Fiber Optic Cable) which rose by 130% and reached over $40 MLN during the mentioned time. This is partly due to the diversification of optical fiber landlines in the country. In terms of value, it comes as no surprise that the highest HS code was related to 8517 (Cellular Phone) at over $3.4 BLN in 2022-2023; accounting for over 79% of all imports related to this category. The main countries that Iran imports technology related goods from are the UAE, China, and Turkey. Interestingly, Iran did not import any of the goods under the mentioned HS codes from Brazil in the year to March 2023.

**Table 45 Import of Selected Goods for Technology 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 9001 | Optical fibers and optical fiberbundles; optical fiber cables (excluding made up of individually sheathed fibers of heading 8544); sheets and plates of polarizing material; lenses | 17.4 | 26.5 | 40.1 | 130.5 |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or from electrical circuits | 152.5 | 72.5 | 188.2 | 23.4 |
| 8526 | Radar apparatus, radio navigational aid apparatus and radio remote control apparatus | 4.2 | 2.4 | 10.4 | 147.6 |
| 8517 | Telephone sets including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless network | 2,973.4 | 4,472.7 | 3,372 | 13.4 |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data | 368.4 | 636.3 | 681.6 | 85 |

*Source: IRICA*



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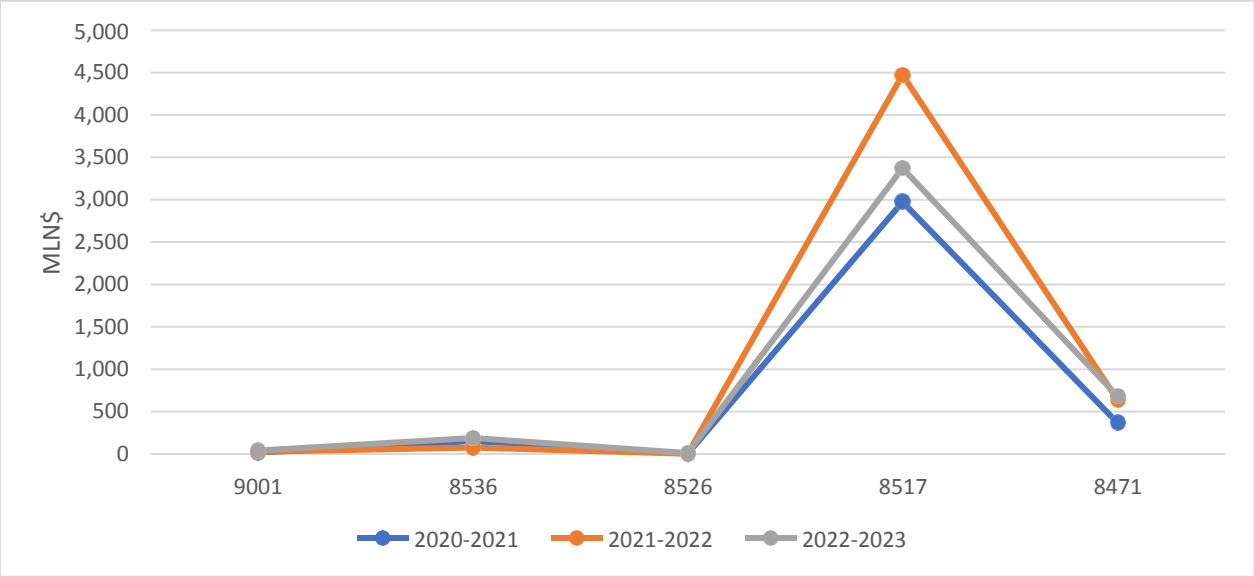
**Chart 31 Import of HS Codes Related to Technology 2020-2023**




*Source: IRICA*

### 8.4.2 How to Import

In order to import technologically related goods, there are a number of licenses that must be obtained from the Regulatory Organization and Radio Communications which have been listed below. It is worth noting that exporters of these goods to Iran must first ensure that the goods planning to be exported are permitted and not included in the list of prohibited goods:

- Approval of sample product
- Approval document
- Clearance papers
- Operation license
- Import/export as well as purchase/sale license
- Operating or operator license for use in the network subject to the license

Once the necessary licenses and documents have been obtained, there are three main steps that must be taken for the import of technology related goods:
1. Registering the products you set to export to Iran via the following website which is related to the Information and Communications Technology Organization of the Ministry of Information and Communications Technology:
https://sso.cra.ir/Account/login?service=https%3a%2f%2ftarkhis.cra.ir%2fdefault.aspx
1.1 For obtaining a username and password, please go to the following link: https://sso.cra.ir/account/Register
1.2 Once the username/password has been created, please go to the link mentioned in step 1
2. Please upload all the necessary documents and send your request



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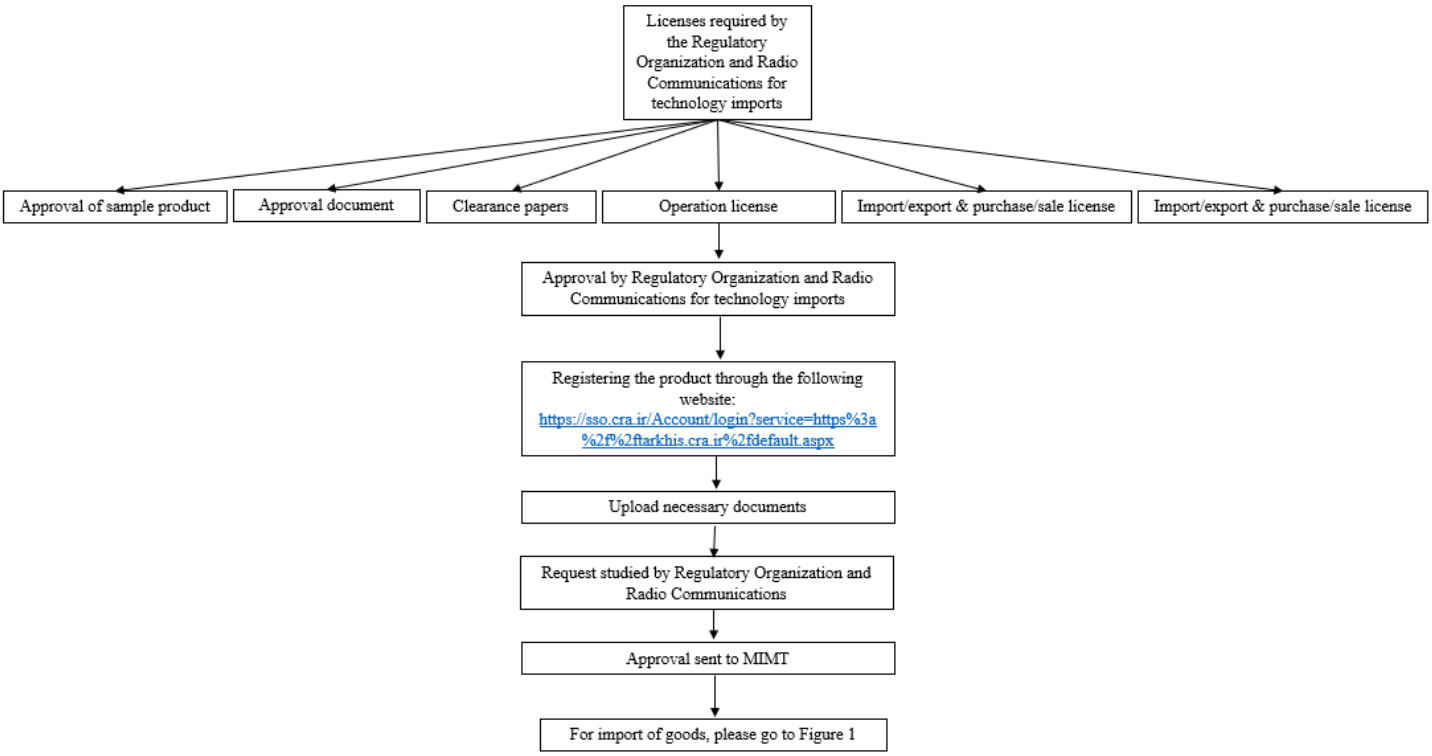
3. Your request will be studied and approved by the Regulatory Organization and Radio Communications
4. The approved request will be sent to the Ministry of Industry, Mine and Trade portal

Please be advised, all mobile phones as well as tablets entering Iran must have a product ID from the following website: www.cid.ntsw.ir and their phones and tablets must be registered. Unregistered phones and tablets will only work for a month, after which they will be blocked from making calls and sending text messages.

**Figure 5: Flow Chart for Import of Technology Related Products**




*Source: Ministry of Information and Communications Technology, SGPM*



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The tariff rates for machinery related to technology is as follows:

**Table 46 Import Tariff of Selected Goods for Machinery Related to Technology**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 9001 | Optical fibers and optical fiber bundles; optical fiber cables (excluding made up of individually sheathed fibers of heading 8544); sheets and plates of polarizing material; lenses | 4-15 |
| 8536 | Electrical apparatus for switching or protecting electrical circuits, or for making connections to or from electrical circuits | 4-20 |
| 8526 | Radar apparatus, radio navigational aid apparatus and radio remote control apparatus | 4 |
| 8517 | Telephone sets including telephones for cellular networks or for other wireless networks; other apparatus for the transmission or reception of voice, images or other data including apparatus for communication in a wired or wireless network | 4-55 |
| 8471 | Automatic data-processing machines and units thereof; magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data | 4-15 |

*Source: Heyvalaw*

### 8.4.3 Local Production & Latest Growth Situation

As can be seen from the import/export figures related to technology and technological goods, the country is dependent on foreign technology. This was reiterated by the Head of the Iran Chamber of Commerce, Mr. Gholam Hossein Shafeii, who stated in 3 September 2022 that the industrial sector is in dire need of the latest technology. The U.S. sanctions depreciation of the value of the IRR, increase in taxes, problems related to procuring raw materials, government pricing of certain goods, inefficient machinery, and production practices together with the utilization of dated industrial machinery have all led to the need for upgrading existing technology within the country's industrial sector.

Interestingly, there has been talk of the latest technological developments being implemented in Iran. In 2021, the Communications Research Institute head stated that the institution is in talks with a domestic vehicle manufacturer and is planning to produce e-vehicles, smart cars, self-driving vehicles and smart transportation by 2031. Mr. Vahid Yazdanian, the head of the Communications Research Institute, added that the implementation of the fifth generation of cellular communication within the country is a necessary step that must be taken in order to achieve this goal, an issue which is currently underway. As mentioned, mobile phones have been part of Iran's top imports in recent years. Due to the huge potential market for this product, the Ministry of Industry, Mine and Trade has mentioned that it aims to reach 10 MLN domestically produced mobile phones in the year to March 2026.

According to the Ministry of Information and Communication Technology, the country does have the capabilityto produce mobile phones domestically. This is contradictory to the Computer Technology Guild



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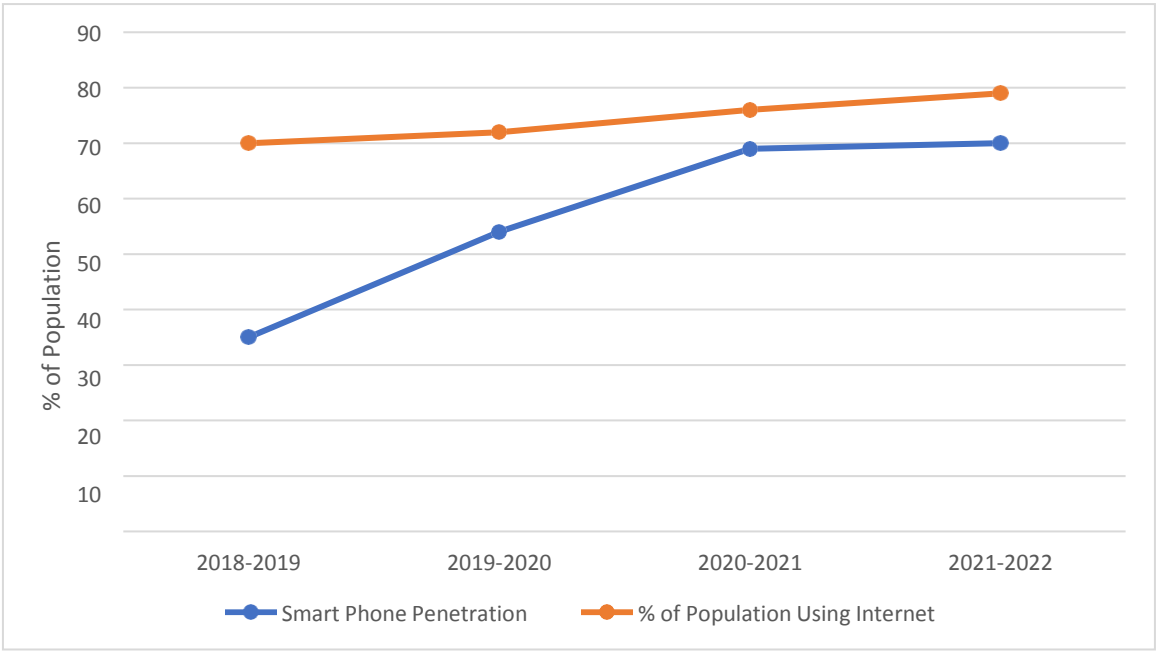
Union of Tehran's statement that the country does not have the required technology for the production of mobile phones, tablets, and laptops. The union believes that sanctions have impaired Iran's capability to obtain thetechnology required for domestic production of smart devices. The Computer Technology Guild Union ofTehran head's, Mr. Faraji Tehrani, said that the development of an operating system is also not feasible andwill not be made operational.

Despite conflicting reports of whether Iran does or does not have the required technology for the local production of mobile phones, tablets and laptops, the Information Technology Organization announced in June 2023 that a total of $10 MLN of financial assistance has been envisaged for the domestic production of 1 MLN mobile phones. In addition, the Ministry of Information and Communication Technology stated that a domestically made operating system is set to be developed and installed on mobile phone devices. According to the head of the Telecommunications Devices Guild Union, Mr. Mehdi Mohebbi, there are eight companies active in the production of domestic mobile phones and operating systems which are set to sell their products by September 2023.

Based on the latest statistics issued by the Iran Statistical Center in the year to March 2020, there are a total of 20,234 people employed in science-based companies; 75% of which are male. In addition, there are 16,460 ongoing projects; half of which are related to development projects. Interestingly, there were a total of 254,796 research fellows in the year to March 2020 of which 68% are male.
Iranians are generally tech savvy. According to statistics, internet penetration and smartphone penetration stood at 79% and 70% respectively in the year to March 2022, much higher than the global average. Please refer to the below chart for further information.

**Chart 32 Internet and Smartphone Penetration in Iran 2018-2020**




*Source: MICTI, MIMT, World Bank*



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In addition, the country's innovation index is continuing to thrive. While Iran's Global Innovation Index stood at 106 out of 132 countries in 2015; it ranked 53rd in 2022, an improvement of 49 ranks over the past seven years. Startups in Iran are continuing to thrive. The first wave started in 2000, but things really took a positive turn in 2012 due to initiatives taken by universities, individuals as well as the return of foreign educated people back to the country. Interestingly, a major growth spurt in Iran's startups ecosystem was evident since 2018, the re-instatement of U.S. sanctions on Iran. Many believe that being cut off from international competitors has made startups grow in a safe space with easy competitors. Another reason for their growth is being banned from the international payment systems and online transaction methods. This is considered the golden ticket for Iranian entrepreneurs in order to create their localized version of these business models with in-house solutions for transaction methods.

Companies and startups were forced to collaborate with other national companies, which empowered the infrastructure of Iran's tech world. There has also been government support for innovation. The National Development Fund and National Innovation Fund allocated loans and grants to existing and emerging startups. However, it must be mentioned that the funds are relatively small compared to the size of the Iranian startup ecosystem.

The domestic and foreign appetite for investments in Iranian technology startups has reduced substantially since 2018. In addition, the lack of licensed access to many European and American hardware and software solutions have taken a serious toll on technology startups as many of their productsrun on European and American IT machines, platforms, and applications. With this in mind, sanctions arenot the only issue hindering Iran's startup scene. Due to the internal political and social unrest during the past year, the country's internet was shut down for 2,179 hours and was working at reduced speed for 130 hours. In addition, there are numerous limitations to access websites and social media platforms. The before mentioned combined with limited investment in this sector of the economy, together with many Iranian entrepreneurs and those with startup expertise immigrated abroad have led to a slowdown in the development of startups in Iran.

Some of the large-scale startups in Iran include:

- Café Bazar; smartphone applications for Farsi speakers
- Digikala; digital online store
- Divar; similar to Craigslist
- Jabama; application for accommodation booking
- Navasan; online platform for currency trading signals
- Snapp; similar to Uber
- Tapsi; similar to Uber

### 8.5. Health

In this chapter businesses related to medical equipment, pharmaceuticals and cosmetics are reviewed.



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### 8.5.1. Medical, Dental and Hospital Equipment

For this section of the report, the HS codes that have been taken into account are:

**Table 47 HS Codes for Medical, Dental and Hospital Equipment**

| HS Code | Description |
|---|---|
| 9018 | Instruments and appliances used in medical, surgical, dental, or veterinary sciences including scientific graphic apparatus, other electromedical apparatus and sight-testing instruments, electro diagnosis apparatus |
| 9022 | Apparatus based on the use of x-rays or of alpha, beta or gamma radiations, whether or not for medical, surgical, dental or veterinary uses |

*Source: Foreign Trade Online*

#### 8.5.1.1 Import and Export

In general, the overall import figures are far higher than that of export figures in relations to medical, dental and hospital equipment. Exports in 2022-2023 stood at roughly $16 MLN, while imports were at $670 MLN. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

In terms of exports, both categories have seen an increase of $13 MLN over the past three years. The vast majority of this increase is related to HS code 9022. The main export destination for Iran's production of products under HS code 9018 are Iraq, Sweden and Turkey. Interestingly, Brazil has not imported any Iranian goods under the mentioned HS code in the year to March 2023. In terms of HS code 9022, the main countries importing these goods are Syria, Iraq and Turkey and similar to HS code 9018, Brazil has not imported these goods from Iran during the mentioned timeframe. Please refer to the following table for further information.

**Table 48 Export of Selected Goods for Medical, Dental and Hospital Equipment 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 9018 | Instruments and appliances used in medical, surgical, dental, or veterinary sciences including scintigraphy apparatus, other electromedical apparatus and sight-testing instruments, electro diagnosis apparatus | 2.96 | 2.28 | 3.46 | 16.9 |
| 9022 | Apparatus based on the use of x-rays or of alpha, beta, or gammaradiations, whether or not for medical, surgical, dental, orveterinary uses | 0.03 | 0.18 | 12.64 | 42033.3 |

*Source: IRICA*



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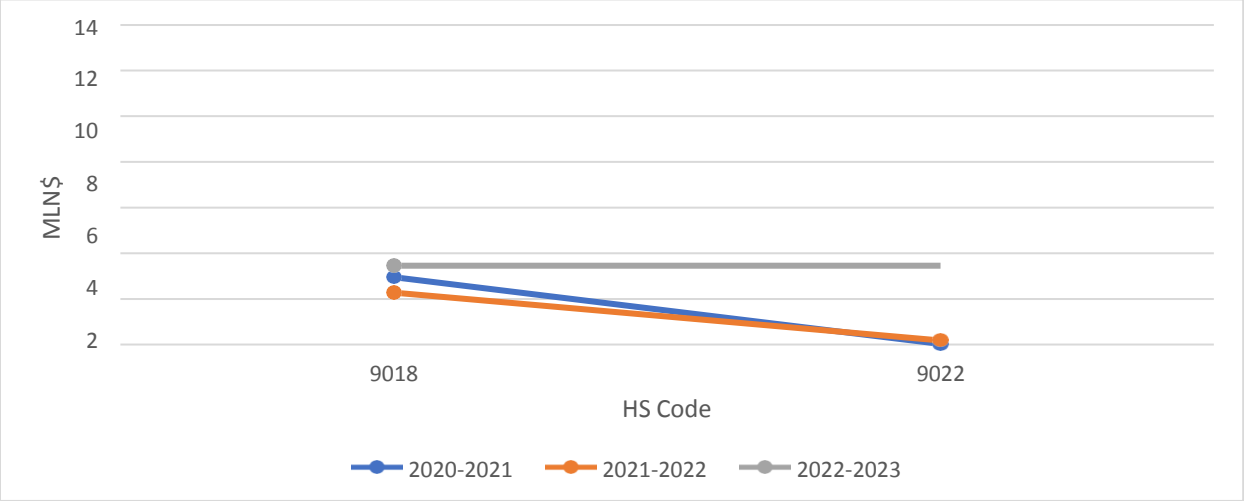
**Chart 33 Export of HS codes related to Medical, Dental and Hospital Equipment 2020-2023**




*Source: IRICA*

In terms of imports, figures have not seen a major change. HS code 9018 has experienced an increase of $66 MLN during the three years ending March 2023 some 12.9%, while the imports of HS code 9022 has decreased by over $25 MLN during the mentioned time frame some 20.7%. The main countries exporting goods under HS code 9018 were UAE, the Netherlands and Austria. Interestingly, Iran did not import any goods under the mentioned HS code from Brazil in the year to March 2023. In terms of HS code 9022, the main countries exporting these goods to Iran are UAE, the Netherlands and Germany. Interestingly, Brazil did not export any goods under the mentioned HS code to Iran in the year to March 2023. Please refer to the following table for further information.

**Table 49 Import of Selected Goods for Medical, Dental and Hospital Equipment 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 9018 | Instruments and appliances used in medical, surgical, dental, or veterinary sciences including scintigraphy apparatus, other electromedical apparatus and sight-testing instruments, electro diagnosis apparatus | 510 | 585 | 576 | 12.9 |
| 9022 | Apparatus based on the use of x-rays or of alpha, beta or gamma radiations, whether or not for medical, surgical, dental or veterinary uses | 118 | 93 | 93.4 | -20.7 |

*Source: IRICA*



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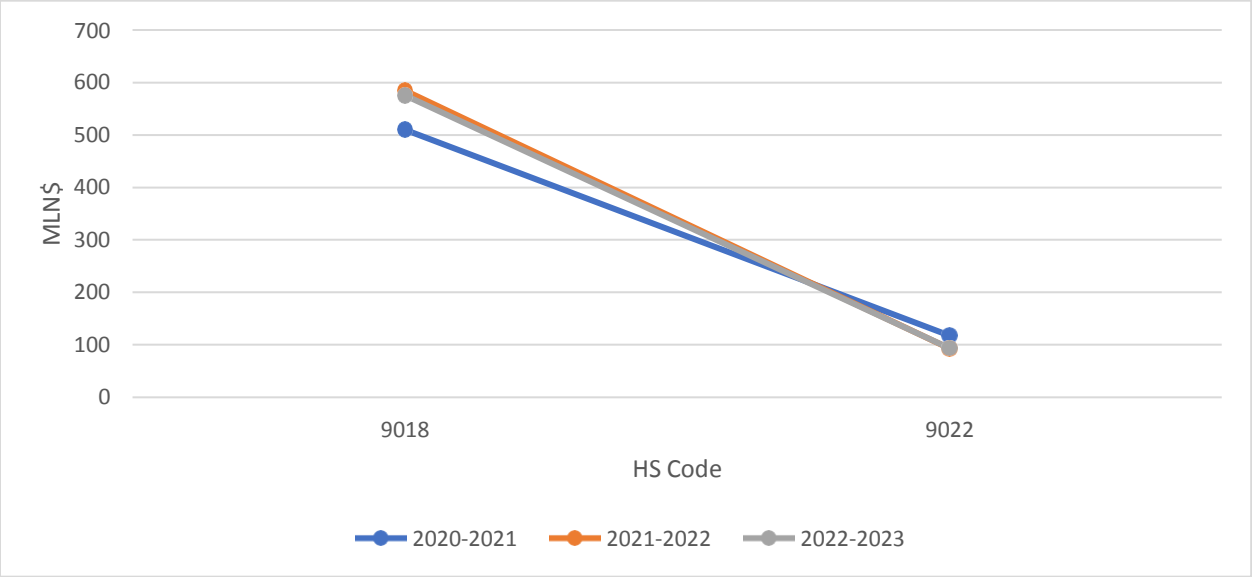
**Chart 34 Import of HS Codes Related to Medical, Dental and Hospital Equipment 2020-2023**




*Source: IRICA*

### 8.5.1.2 Import Regulations

The main body in charge of the import of medical, dental and hospital equipment is the National Medical Device Directorate, which is under the jurisdiction of the Foodand Drug Administration (FDA); a subsidiary of the Ministry of Health (MoH). According to IMED, the definition of medical device or equipment has been stated as follows:
Any product, devices, equipment, tools and accessories, machinery, implant, material, reactive, laboratory calibrator, software, intended by the manufacturer to be used (alone or in combination with other items for humans) for the following purposes:

- Diagnosis
- Monitoring
- Prevention or treatment of disease reduction
- Continue life support or support
- Control and contraception
- Create a process sterilization or disinfection and cleaning equipment,
- Providing information for medical purposes by laboratory methods on human samples
- Diagnosis, monitoring, treatment, relief, compensation or correction of injury or disability
- Replacement or modification of physiological or anatomical processes.
- Study, evaluation and replacement or correction of physiology or anatomic process

The following flow chart illustrates the various stages required for importing medical devices:



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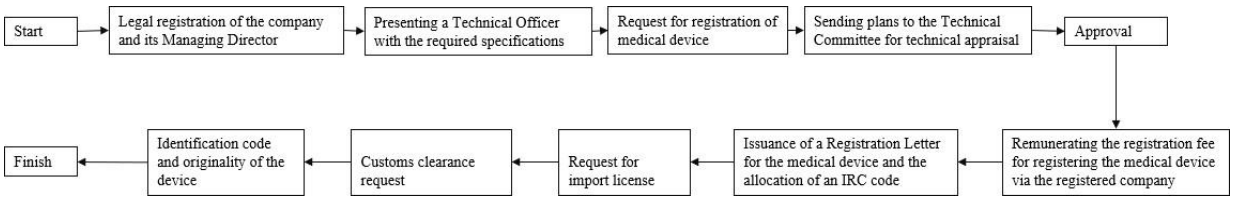
**Figure 6 Flow Chart of Importing Medical Equipment**

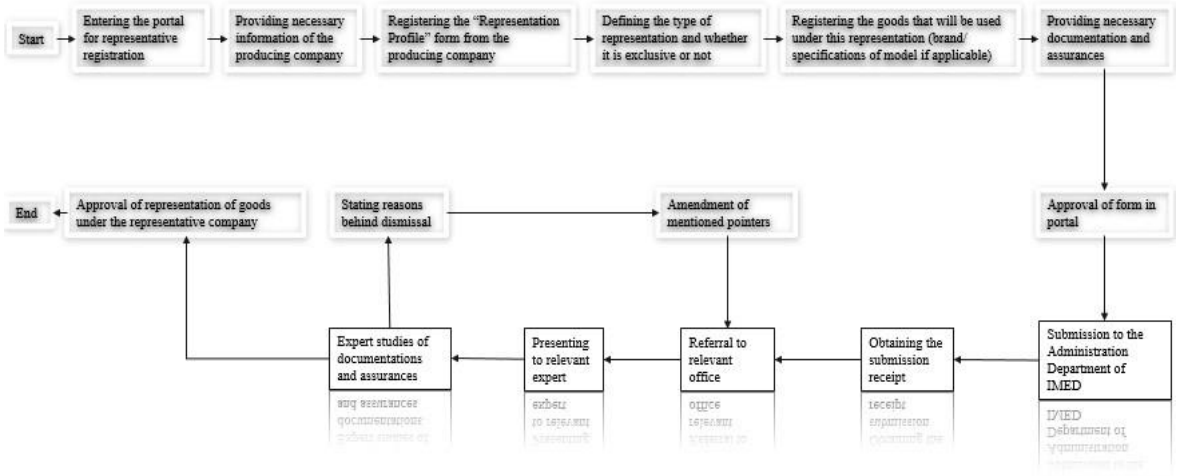



*Source: MoH*

As can be seen, there are nine main stages for importing a medical device. Below, the consultant has provided a step-by-step explanation for each stage:

1. The registration of the representative office in Iran is the first stage for importing a medical deviceto the country. In order to register such a company, the following points must be completed. Pleasebe advised the highlighted boxes are related to the requesting company while the plain boxes are related to the IMED General Office:

**Figure 7 Flow Chart for Registering a Representative Company for Import of Medical Device**




*Source: IMED, MoH*

2. The registered company must introduce a Technical Officer via the following method:
    a. Visit http://www.imed.ir/defaulten?language=2 and go to the link for registering a Technical Officer and complete theonline form
    b. Obtaining a username and password for the applicant and visit www.import.imed.ir with your username and password and complete registration
    c. Obtain a follow-up code from the mentioned website
    d. Go to Medical Science University and Health Services Center which has been allocated to the applicant and show follow-up code to relevant expert



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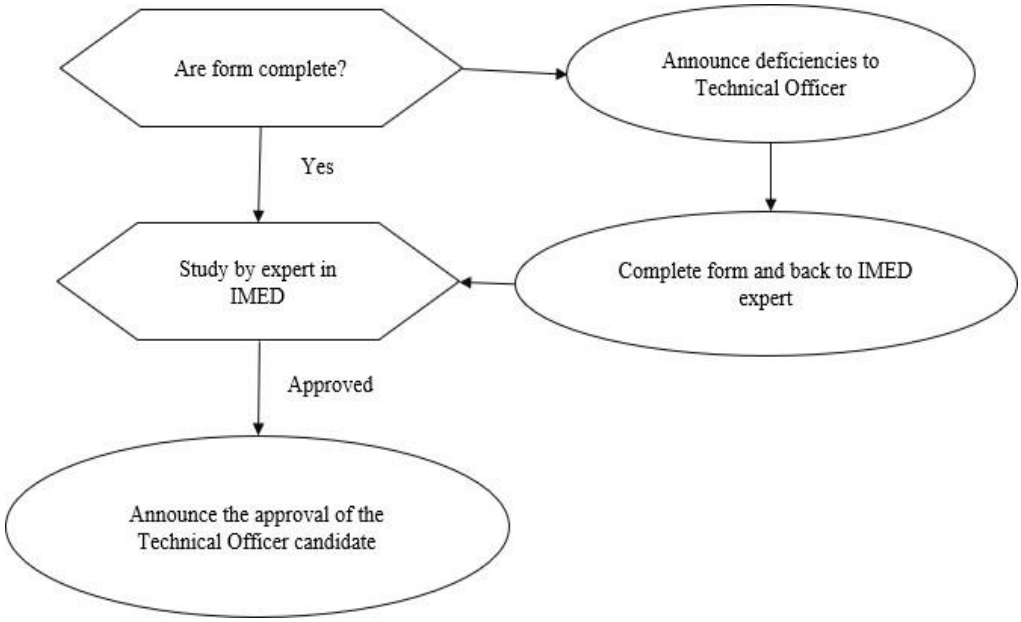
e. The expert will study the form and the following chart will illustrate the remaining steps that need to be taken:

**Figure 8 Necessary Steps for Approval of Technical Officer**




*Source: IMED*

3. A request must be sent to IMED for the registration of a medical device(s)
4. Following this, the plans of the device(s) must be sent to the technical committee of IMED for approval
5. Once approved, the registered company must pay a registration fee
6. Following the previous stage, a registration letter will be issued for the importation of the medical device(s) and an IRC code will be issued for the good(s)
    f. A separate IRC code will be required for each model and size of the medical device set to be imported to the country
7. An import license request must be sent to IMED
8. The Iranian Customs Administration must issue a clearance request
9. Upon clearance, the originality of the device together with the IRC code must be crosschecked



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**Table 50 Import Tariff of Selected Goods for Medical, Dental and Hospital Equipment**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 9018 | Instruments and appliances used in medical, surgical, dental or veterinary sciences including scintigraphy apparatus, other electromedical apparatus and sight-testing instruments, electro diagnosis apparatus | 4-15 |
| 9022 | Apparatus based on the use of x-rays or of alpha, beta or gamma radiations, whether or not for medical, surgical, dental, or veterinary uses | 4-5 |

*Source: Heyvalaw*

#### 8.5.1.3 Local Production and Latest Growth

In terms of medical equipment for hospitals and dentistry, the country is highly dependent on imports. While exports of medical devices stood at just $16.1 MLN in the year to March 2023, imports were close to $670 MLN illustrating this industry's dependance on foreign technology and machinery. Although there are plans to develop this part of the economy, the current economic climate and the ever-increasing depreciation of the national currency has slowed down its potential. According to reports, approximately 56% of medical items available worldwide have Iranian versions. The Ministry of Health claims that 60% of medical devices are imported to Iran, while 40% are domestically produced.

It is worth noting that MIMT issued a report stating the number of operation licenses related to the construction of medical equipment decreased by close to half of that of the year to March 2021 and hit 671 licenses in the year to March 2022. In addition, there are a total of 1,351 ongoing projects related to medical devices in the year to March 2022.

The Iranian government has displayed its interest in deepening trade exchanges with Brazil in the medical equipment sector. This is specially illustrated by the participation of Iran Trade Promotion Organization in Hospitalar 2023 exhibition, and the subsequent dispatch of an Iranian trade attaché to Brazil.

### 8.5.2 Personal Hygiene, Perfumery and Cosmetics

For this section of the report, the HS code that have been taken into account are:



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**Table 51 HS Codes for Personal Hygiene, Perfumery and Cosmetics**

| HS Code | Description |
|---|---|
| 3303 | Perfumes and toilet waters (excluding aftershave lotions, personal deodorants, and hair lotions) |
| 3305 | All goods, i.e., preparations for use on the hair such as shampoos; preparations for permanent waving or straightening; hair lacquers; brilliantines (spirituous); hair cream, hair dyes (natural, herbal, or synthetic) other than hair oil |
| 3401 | Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or cream |
| 3307 | Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories, and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included prepared room deodorizers, whether or not perfumed or having dye |
| 3304 | Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations |

*Source: Foreign Trade Online*

#### 8.5.2.1 Imports and Exports

In regard to personal hygiene, perfumery, and cosmetics, it is important to note that the import of the vast majority of these products have been banned since 2018, as similar locally made products are being produced. Many newly established domestic companies have entered the market and have been providing Iranians with the products that were once imported to the country. However, both imports and exports of the products have seen an increase over the past three years. Imports have increased by $24 MLN in March 2022-2023 compared to March 2020-2021 and reached $55.5 MLN. HS code 3304 has the largest share in terms of imports in all three years at an average of 60% in terms of value. Exports of the HS codes have increased by $7 MLN in March 2022-2023 compared to March 2020-2021 and reached $53.7 MLN. Exports of HS code 3401 have seen the highest increase in terms of value and accounts for an average of 53% of exports of the mentioned HS codes over the past three years. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

The export of all products mentioned in this chapter has seen an increase of just over 12% over the past three years in terms of value; the equivalent of $8 MLN. The HS code with a decrease in terms of exports is 3303. It is noteworthy that this HS code is the least significant with exports amounting to $270,000 in its height in March 2021- 2022. HS code 3303 reduced by over 68% in 2022-2023 compared to March 2020-2021 and hit only $40,000. The highest increase was related to HS code 3401, increasing by $9 MLN, and reaching $25.3 MLN in March 2022-2023. The main export destination for Iran's personal hygiene, perfumery and cosmetic products are Afghanistan, Iraq and Turkmenistan. Interestingly, Brazil did



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not import any of the goods under the mentioned HS codes from Iran in the year to March 2023.

Please refer to the below table for further information.

**Table 52 Export of Selected Goods for Personal Hygiene, Perfumery and Cosmetics 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 3303 | Perfumes and toilet waters (excluding aftershave lotions, personal deodorants, and hair lotions) | 0.14 | 0.27 | 0.04 | -68.6 |
| 3305 | All goods, i.e., preparations for use on the hair such as shampoos; preparations for permanent waving or straightening; hair lacquers; brilliantines (spirituous); hair cream, hair dyes (natural, herbal, or synthetic) other than hair oil | 10.91 | 9.64 | 11.66 | 6.9 |
| 3401 | Soap: organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic Surface-active products and preparations for washing the skin, in the form of liquid or cream | 16.23 | 25.54 | 25.29 | 55.8 |
| 3307 | Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included prepared room deodorizers, whether or not perfumed or having dye | 2.03 | 1.82 | 2.93 | 44.0 |
| 3304 | Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations | 5.71 | 5.93 | 7.20 | 26.1 |

*Source: IRICA*



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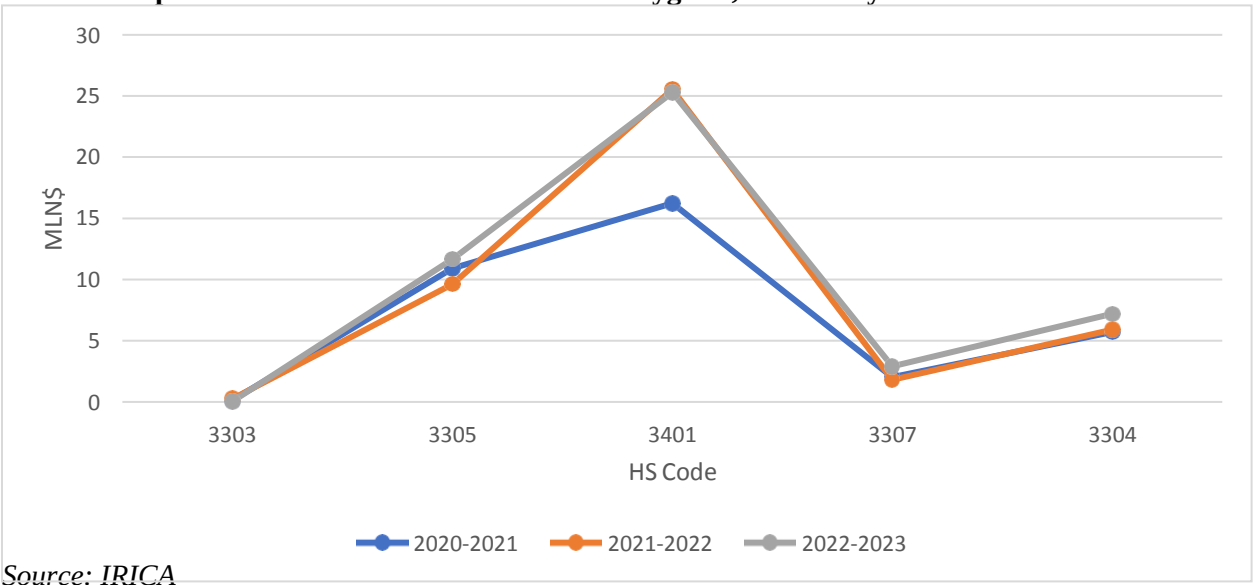
**Chart 35 Export of HS Codes Related to Personal Hygiene, Perfumery and Cosmetics 2020-2023**




*Source: IRICA*

In terms of the import of these products, there has been an increase of 162% over the past three years. The highest change in terms of percentage is related to perfumes, HS code 3303, which increased by close to 700%. However, in terms of value, the figure increased from $1 MLN in March 2020-2021 to $7.8 MLN in 2022-2023. This is due to an increased local production of perfumes; the raw materials of which are imported to the country. The second highest increase in terms of percentage was related to HS code 3304, increasingby close to 160% during the mentioned timeframe. The main countries Iran imports personal hygiene, perfumery and cosmetics from are South Korea, Italy and France. Interestingly, Brazil did not export any of these goods to Iran in the year to March 2023. Please refer to the following table for further information.



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**Table 53 Import of Selected Goods for Personal Hygiene, Perfumery and Cosmetics 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN $ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 3303 | Perfumes and toilet waters (excluding aftershave lotions, personal deodorants, and hair lotions) | 1.0 | 5.4 | 7.8 | 686.9 |
| 3305 | All goods, i.e., preparations for use on the hair such as shampoos; preparations for permanent waving or straightening; hair lacquers; brilliantines (spirituous); hair cream, hair dyes (natural, herbal or synthetic) other than hair oil | 1.2 | 2.6 | 1.5 | 26.8 |
| 3401 | Soap: organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic surface-active products and preparations for washing the skin, in the form of liquid or cream | 11.8 | 10.2 | 6.6 | -43.8 |
| 3307 | Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories, and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included prepared room deodorizers, whether or not perfumed or having dye | 3.0 | 1.3 | 2.4 | -18.6 |
| 3304 | Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations | 14.3 | 40.6 | 37.1 | 159.9 |

*Source: IRICA*



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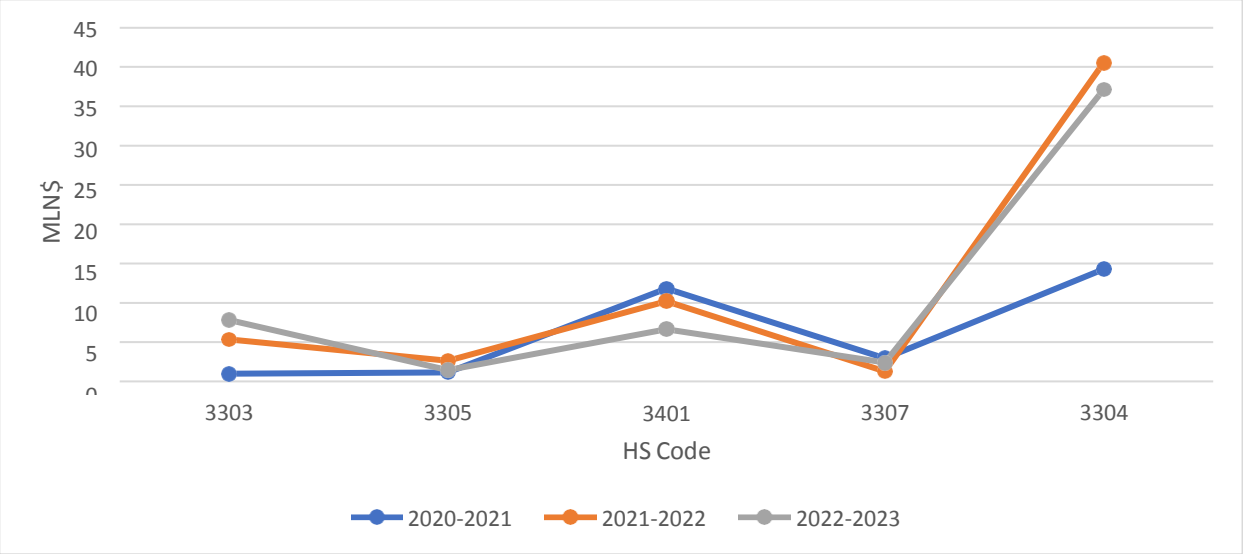
**Chart 36 Import of HS Codes Related to Personal Hygiene, Perfumery and Cosmetics 2020-2023**




*Source: IRICA*

### 8.5.2.2 Import Regulations

As previously mentioned in this report, the import of personal hygiene, perfumes and cosmetics was largely banned since 2019. However, there are limited imports of these goods to the country. In order to export these group of goods to Iran, the importing company must be a representative of the producing company. The process of importation is very bureaucratic and involves 17 steps which have been listed below:

1. Certificate of origin
2. Packing list
3. Proforma invoice that is approved by the MoH
4. Commercial card
5. Customs declaration
6. Green customs slip
7. A yellow authentication sticker
8. GMP certification
9. An import permission license from the MoH
10. Clearance letter
11. Iran code of the good(s)
12. Label that includes name of importing company and illustrates that the good(s) are being imported legally
13. Handing in of documents related to the Technical Manager of the importing company
14. Certificate of free sales, which illustrates that the good(s) can be sold worldwide
15. All goods must be approved by IRISL prior to release of good(s)
16. Consumer certificate that is approved by one of the subsidiaries of the MoH, including the University of Medical Sciences
17. Formulation of the product that indicates the ingredients of the product



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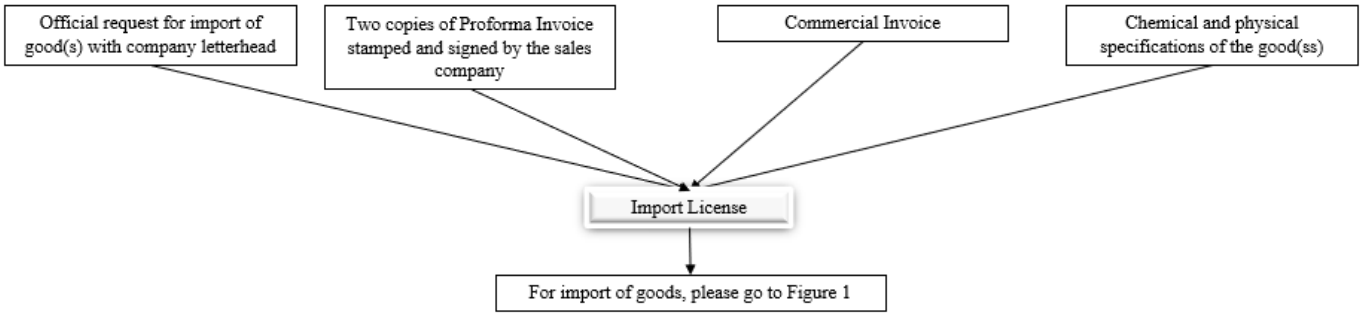
**Figure 8 Flow Chart for Importing Personal Hygiene, Perfumery and Cosmetics**




*Source: Doushizeh, SGPM*

**Table 54 Import Tariff of Selected Goods for Personal Hygiene, Perfumery and Cosmetics**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 3303 | Perfumes and toilet waters (excluding aftershave lotions, personal deodorants and hair lotions) | 15 |
| 3305 | All goods, i.e. preparations for use on the hair such as shampoos; preparations for permanent waving or straightening; hair lacquers; brilliantines (spirituous); hair cream, hair dyes (natural, herbal or synthetic) other than hair oil | 15 |
| 3401 | Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap; organic Surface-active products and preparations for washing the skin, in the form of liquid or cream | 5-15 |
| 3307 | Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included prepared room deodorizers, whether or not perfumed or having dye | 4-55 |
| 3304 | Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations | 5-15 |

*Source: Heyvalaw*

### 8.5.2.3 Local Production and Latest Growth

Iran's cosmetics industry has boomed in recent years. Iranians have gone from being the Middle East region's 2nd largest consumer of cosmetics in 2010, to the number one in 2021. According to the Perfume, Cosmetics, Hygiene Import Association, the country's cosmetics market stands at $1 BLN while the cosmetics sector together with body and face creams as well as perfume market stands at $3 BLN. However, according to the Headquarters for Combatting the Smuggling of Currency and Goods, 63% of this figure is



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related to illegally imported goods as well as fake products. It is noteworthy that the import of the vast majority of cosmetics and perfumes has been prohibited in line with the Supreme Leaders decree to support locally manufactured since 2019, leading to a sudden influx of smuggled and fake goods to the country. It is worth noting that there are a number of foreign personal hygiene brands that are producing locally in Iran. The major international player is Unilever.

In terms of consumption of these goods, figures from the year to March 2021 suggest the following:

- Consumption of 175,000 tons shampoo; 2.1 KG/person
- Consumption of 70,000 tons of soap; 0.83 KG/person
- Consumption of 20,000 tons toothpaste; 0.2 KG/person
- Consumption of 170,000 tons liquid soap; 2 KG/person

### 8.5.3 Raw Pharmaceuticals and Medicines

For this section of the report, the HS codes that have been taken into account are:

**Table 55 HS Codes for Raw Pharmaceuticals and Medicines**

| HS Code | Description |
|---|---|
| Chapter 29 | Organic chemicals |
| Chapter 30 | Pharmaceutical products |

*Source: Foreign Trade Online*

#### 8.5.3.1 Imports and Exports

In general, raw pharmaceutical products and medicines are items which have high export and import values. While overall imports of products under Chapters 29 and 30 stood at $3.7 BLN in the year to March 2023, exports of the same products were $500 MLN higher and stood at $4.1 BLN. It is noteworthy to mention that in terms of exports, the vast majority is related to organic chemicals close to 97% while in terms of imports the share is relatively equal, with organic chemicals having a slightly higher value to their name. In the following section of the report, SGPM will look into export and import statistics of the mentioned HS codes during March 2020 to March 2023.

In regard to the export of organic chemicals, the products have experienced an increase of close to $1.7 BLN during the three-year timeframe ending March 2023; an increase of over 69%. This is due to an increase in petrochemical production in the country and the fact that since the U.S. pull out of the JCPOA and sanctions imposed on the sale of oil, focus has shifted to the export of petrochemicals in order to generate FOREX. Pharmaceutical product exports have increased by $7 MLN during the March 2020-2023 time frame hit over $103 MLN, an increase of 7.7%.

The main countries that import Iran's organic chemicals are UAE, China, Russian Federation and Iraq. Iran exported $441,000 worth of organic chemical to Brazil in the year to March 2023. In terms of pharmaceutical products, the main countries importing Iran's goods are Syria, Italy and Germany. Interestingly, Brazil did not import any goods under Chapter 30 from Iran during the mentioned time. Please refer to the following table for further information.



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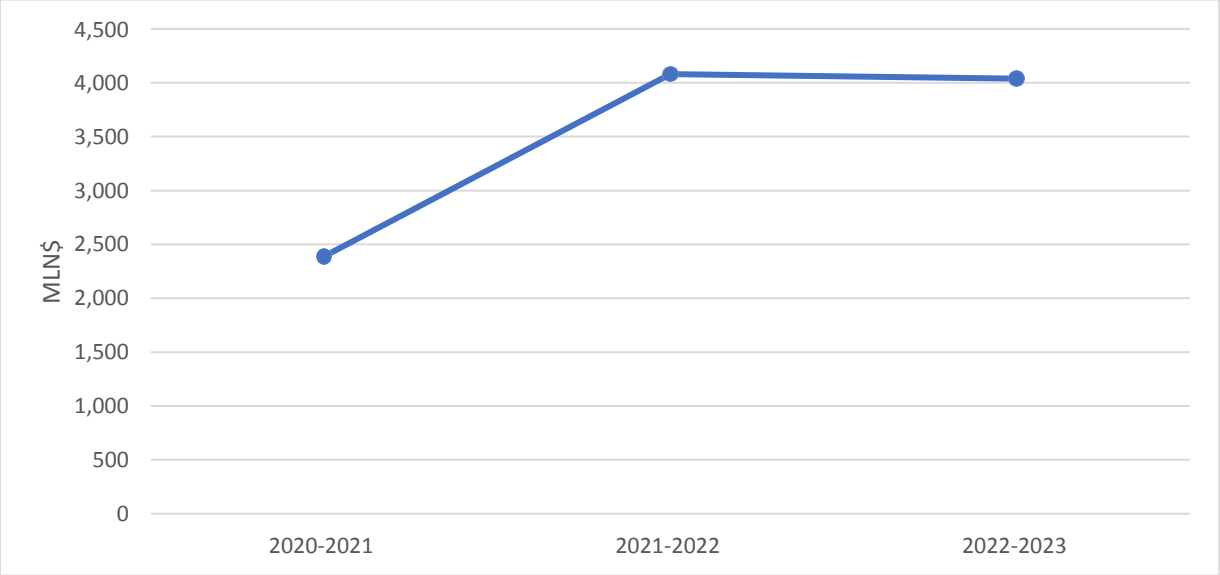
**Table 56 Export of Selected Goods for Raw Pharmaceutical Products and Medicines 2020-2023**

| HS Code | Description | 2020-2021 MLN$ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| Chapter 29 | Organic chemicals | 2,387.10 | 4,080.26 | 4,038.32 | 69.2 |
| Chapter 30 | Pharmaceutical products | 96.11 | 104.52 | 103.51 | 7.7 |

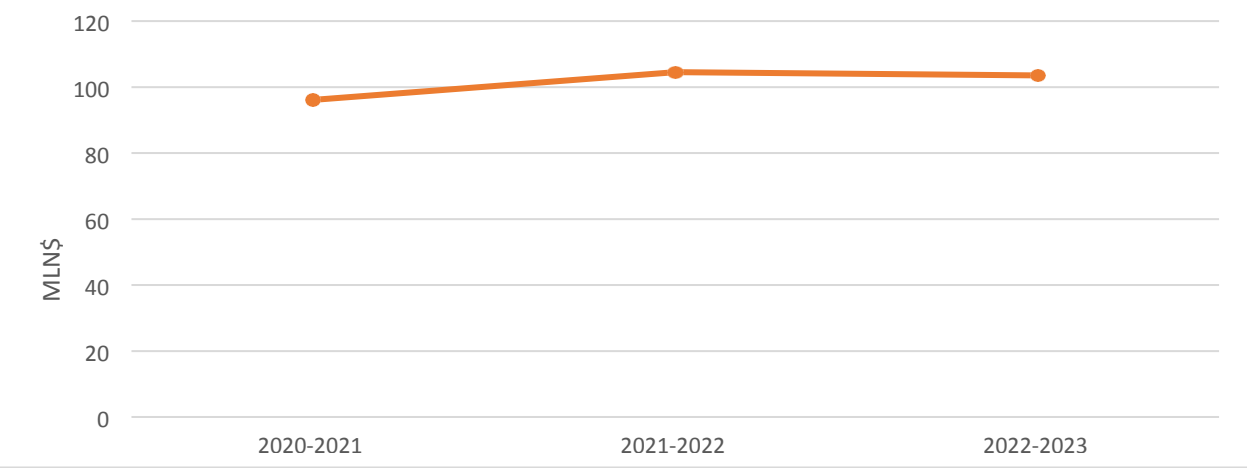
*Source: IRICA*

**Chart 37 Export of Organic Chemicals 2020-2023**




*Source: IRICA*

**Chart 38 Export of Pharmaceutical Products 2020-2023**




*Source: IRICA*



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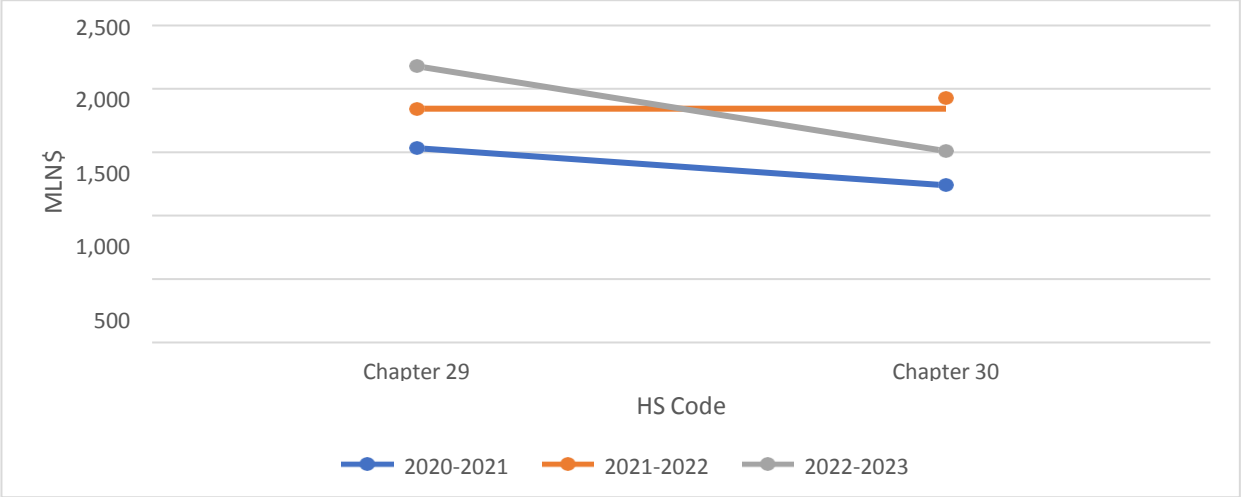
The main countries that export organic chemicals to Iran are UAE, India, China Turkey and the Russian Federation. Brazil's share in exports of organic chemicals stood at $174,000 in the year to March 2023 under 0.1% of the total. The main countries exporting pharmaceuticals to Iran are UAE, China, Turkey, Germany and Italy. Brazil's share in exports of pharmaceuticals stands at $1.3 MLN in the year to March 2023; less than 1% of the total.

**Table 57 Import of Selected Goods for Raw Pharmaceutical Products and Medicines 2020-2023**

| HS Code | Description | 2020-2021 (MLN$) | 2021-2022 (MLN$) | 2022-2023 (MLN$) | % Change 2020-2023 |
|---|---|---|---|---|---|
| Chapter 29 | Organic chemicals | 1,533 | 1,844 | 2,179 | 42.2 |
| Chapter 30 | Pharmaceutical products | 1,240 | 1,926 | 1,509 | 21.7 |

*Source: IRICA*

**Chart 39 Import of Raw Pharmaceutical Products and Pharmaceutical Products 2020-2023**




*Source: IRICA*

### 8.5.2. How to Import

### 8.5.3.2 Import Regulations

The government has been pushing for the protection of local pharmaceutical industries for many years and measures have been set to reduce the import of goods that are being manufactured locally.

According to the latest version of the protection of local industries law, the MOH, the medical research institutions as well as the medical science universities are all tasked with utilizing the minimum amount of government allocated foreign exchange and local IRR currency budget. In addition, the medical institutions and centers are to search for internal resources to pay for imported goods. In order to protect the domestic pharmaceutical sector, medical equipment and pharmaceuticals that are produced locally are not permitted for imports.



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Pharmaceutical products need to go through a registration process before an import permit can be issued to the Islamic Republic of Iran Customs Administration (IRICA). The first step is to register the foreign manufacturers and their local partners at the MIMT. The company's articles of association and the contract between the foreign supplier and local agent or representative office are registered at this ministry. The second step is to register the brand, genetics, and formulation of each drug on Iran Food and Drug Administration (IFDA)'s Iran Drug List (IDL). This registration process takes six months to one year and it is worth noting that for the registration of each drug in Iran's IDL will cost $5,000. The third step is to clear the imported goods from customs.

Pharmaceutical manufacturers must apply to the FDA's IDL Review Council before being listed on the council's new drug reimbursement list. A committee of experts will conduct an initial review based on the Iranian National Formulary (INF). All insurers in Iran use INF as their drug reimbursement acceptance requirement. After the initial acceptance, the council asks for the submission of the following documents:

- The exclusive agency or sales representation contract for the sale of the supplier's specific product(s) and the registration papers of the local agent
    - ***Note**: In order to control distribution and trace the imported products in the interest of the consumers, only one agent will be accepted for each imported brand*
- An original copy of the product's sales permit, using the same import trademark as used in the European Union (E.U.), United Kingdom (U.K.), USA, Canada, Australia, or Japan and if impossible, submission of the same document as used in the country of origin at the time of obtaining an import license from the listed countries
- A health permit confirming the safety of the product and verifying it was produced according to E.U., U.K., USA, Canada, Australia, or Japan standards (the quality standard reference number must be included)
    - ***Note**: The documents required in this article must be certified by the concerned authorities in the country of origin and the Iranian Embassy located in that country*
- A complete microbiological, chemical, and physical analysis of the product, listing its weight and the percentage of each ingredient it contains
    - ***Note**: In special cases it is obligatory to submit pre-samples for necessary tests, which will be performed under the supervision of pertinent specialists*
- A "Product Master File" and a "Plant Master File" from the supplier/manufacturer
- A written notification from the importer along with a written agreement from the supplier's plant that manufactured the concerned product, agreeing to a Good Manufacturing Practice (GMP) certification also visit to the production site by the MOH authorities might be necessary
- A Persian label providing the following information: name of the product, production and expiry dates, production serial number (including the related documents) and the MOH permit number (issued after approval)
    - **N*ote**: if there is not sufficient space to put the above mentioned label on the product's primary packaging, then it must be put on the smallest possible packing unit of the product in Persian*
- The United States Department of Agriculture (USDA) and the Food and Drugs Administration (FDA) standards are highly regarded by the Iranian authorities; therefore, a manufacturer possessing a certificate issued by one of these organizations can obtain MOH and Medical Education import permission with more ease



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- Certificate of analysis
- Certificate of free sales
- Micro-biological test report
- Production formulation and ingredients
- Specifications for raw materials, processing control, packing materials, labeling and general testing methods
- Contact details of the production site, general information on type and volume of the production, health and safety, training programs offered to the personnel, buildings and facilities, quality control as well as research and development
- VCD or DVD showing the plant's production site and batching and mixing processes

After the IDL registration the foreign manufacturer, together with the local importer, must apply for Order Registration from MIMT. Order Registration application forms must be obtained from the ministry. Questions are asked in these forms with regards to the product type and specifications, import tariff codes, means of transportation, transportation costs, detailed information on the transportation company, borders of departure and entry, type of payment transaction, etc. The documents, which must be submitted to the ministry together with the forms, are listed below:

- Proforma invoice
- Profile of the foreign manufacturer/supplier
- Health certificates
- Certificates of standards
- Proof of export inspection at the port of exit

After shipment, the goods arrive at the IRICA at the border area. This office follows the internationally recognized Harmonized Tariff System to determine the tariff rates for each imported product. The following documents are required for customs clearance of imported raw pharmaceuticals and medicines:

- Signed and sealed and recently dated formulation/analysis of the product including:
    - All necessary scientific data
    - Number/code and type of quality standards observed during the production
    - Original copy of the proforma invoice signed and sealed by the producer
- Original copy of the health certificate issued by the relevant authorities in the country of origin, legalized by the Iranian Embassy, including the following information: reference number and date of the commercial invoice, name, and complete specifications of the product, including the batch number
- Each unit of the imported product needs to bear the following information in Persian:
    - Production and expiry dates, batch number, formulation, country of origin, instructions for use, and any other relevant information

If a national quality standard has already been defined in Iran for the type of product being imported, then the formulation of the product must comply with that standard; otherwise, the relevant scientific committee must submit comprehensive quality standard data for assessment and decision-making.



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**Table 58 Import Tariff of Selected Goods for Raw Pharmaceutical Products and Medicines**

| HS Code | Description | Import Tariff % |
|---|---|---|
| Chapter 29 | Organic chemicals | 1-20 |
| Chapter 30 | Pharmaceutical products | 1-32 |

*Source: Heyvalaw*

### 8.5.3.3 Local Production and Latest Growth

In terms of domestic production of raw materials for the pharmaceutical industry, the latest statistics issued by the Iranian Food and Drug Administration in July 2019 indicate that there are 150 companies active in the production of 268 ingredients. More recently, the Iran Medical Science University stated that 40% of raw chemicals for the pharmaceutical industry are imported and that 60% is produced domestically. In other words, the raw chemicals required for the pharmaceutical industry that are produced locally are basic ones that do not require specialized methods or the latest technology for their production. Iran exports over two-fold organic chemicals than it imports. In fact, for the year to March 2022, exports of organic chemicals stood at just over $4 BLN, while imports were $1.8 BLN.

Iran's pharmaceutical market has seen a significant rise over the years. Domestic production of pharmaceuticals is on the up and the country's need for imports lays on specialized drugs for illnesses such as cancer, diabetes, heart disease etc. Iranians are vast consumers of pharmaceuticals with statistics suggesting per capita production of 340 units; making it the 20$^{th}$ largest consumer in the world and Asia the second largest. The production of pharmaceuticals has increased by close to 5 BLN units in the year to March 2022 compared to the previous year and hit over 49 BLN units. In March 2021-2022, some 98.6% of pharmaceutical sales were from domestic sources, leaving less than 1.5% for foreign imported products. Interestingly, the value of pharmaceutical imports during the year to March 2022 stood at close to $2 BLN while exports were reported at $105 MLN. This illustrates that although a very small amount of medication is imported to the country, they are expensive, since they require the latest technology and specialized methods to produce them; something that Iran has not been able to localize as of yet.

## 8.6 Chemical & Petrochemical

In this chapter of the report, SGPM will look into two products in the chemical and petrochemical sector. The first is the urea while the second is pesticides. Urea is the raw material used for fertilizers; therefore, our discussion will also review some aspects of the agriculture sector.



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**Table 59 HS Codes for Urea and Fertilizers**

| HS Code | Description |
|---|---|
| 310210 | Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with a gross weight of = 10 kg) |
| 310280 | Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution (excluding those in packages with a gross weight of = 10 kg) |
| 3808 | Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants, and similar products, put up for retail sale or as preparations or articles, e.g., Sulphur-treated bands, wicks and candles, and flypapers |

*Source: Foreign Trade Online*

### 8.6.1 Import & Export Data

With regards to Iran's huge gas reserves and its over 1 billion cubic meters per day (BCUM/d) of gas production, it comes as no surprise that the petrochemical industry of the country is on the up. This is reflected in the amount of urea that is produced and exported. During the March 2020 to March 2023 timeframe urea exports have increased by over two and a half fold and hit $2.5 BLN. The vast majority of exports are related to HS code 310210 while a small share is related to HS Code 310280. The main countries Iran exported urea to were Turkey, UAE, South Africa and Mozambique. According to Comex, Brazil imported $133 MLN worth of urea from Iran in the year 2022. Please refer to the table below and chart for information on Iran's total urea exports.

**Table 60 Export of HS Codes Related to Urea 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 310210 | Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with a gross weight of = 10 kg) | 704.8 | 1804.3 | 2543.3 | 260.9 |
| 310280 | Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution (excluding those in packages with a gross weight of = 10 kg) | 0.1 | 1 | 2.1 | 2,000 |

*Source: IRICA*



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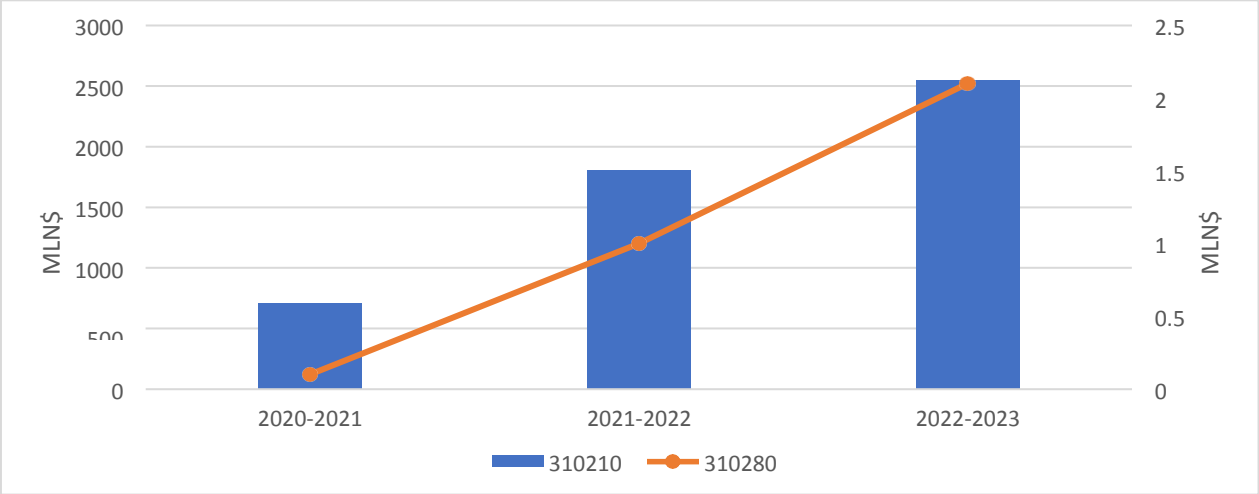
The trends in exports of urea are demonstrated in the graph below:

**Chart 40 Export of HS Codes Related to Urea 2020-2023**




*Source: IRICA*

Since agriculture is one of the main industries in Iran, the use of pesticides is inevitable. Iran has 1% of the world's arable land with 1.1% of agricultural and horticultural production. According to the Iranian Organization for Plant Protection the use of pesticides in Iran is 2,500 gr per hectare, some 300 gr less than the global average. Reports suggest that pesticide consumption in the country stands at 35,000 tons per year. However, imports exceed exports since the technology to produce various pesticides have not been fully developed in the country. In fact, over the past three years, exports have fluctuated from $2.8 MLN to $6 MLN. The main export destination for Iranian made pesticide is Iraq, Pakistan and Afghanistan. Interestingly, Brazil has not imported pesticides from Iran in the year to March 2023. Please refer to the below table and chart for further information.

**Table 61 Export of HS Codes Related to Pesticides 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 3808 | Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants, and similar products, put up for retail sale or as preparations or articles, e.g., Sulphur-treated bands, wicks and candles, and flypapers | 5.9 | 2.8 | 6 | 1.7 |

*Source: IRICA*



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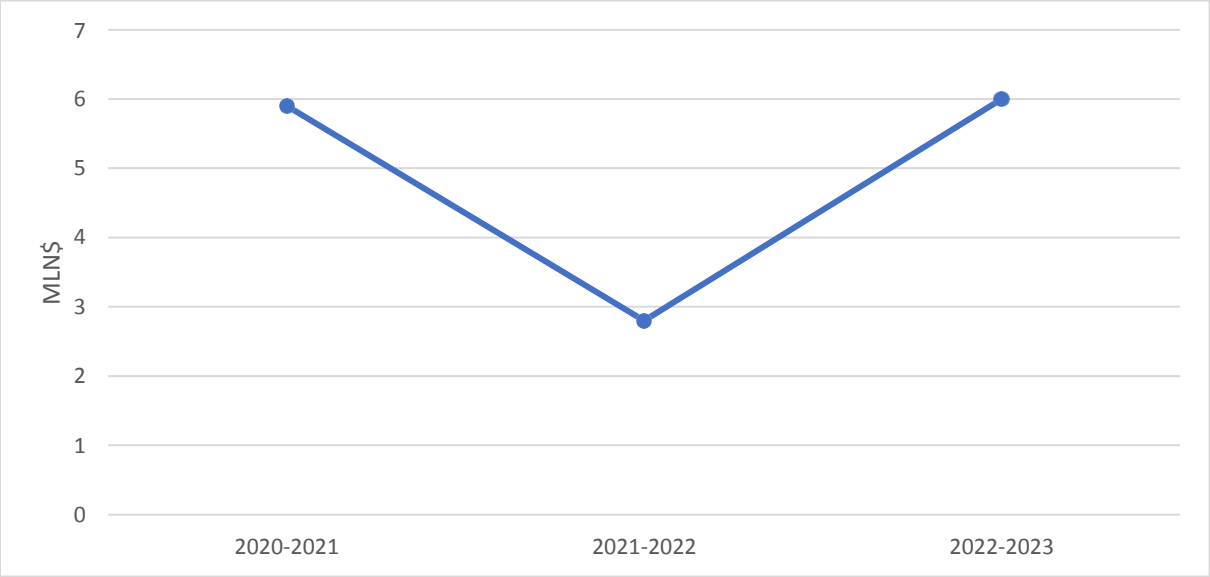
The chart below demonstrates the trend in pesticides exports.

**Chart 41 Export of HS Codes Related to Pesticides 2020-2023**




*Source: IRICA*

As Iran is a major petrochemical and urea producer, it comes as no surprise that the value of imports of urea is limited; with highs of only $150,000 in 2022-2023. In addition, only one HS code related to urea was imported: HS code 310210. The only country that exported urea to Iran was Turkey in the year to March 2023. Please refer to the below chart for further information.

**Table 62 Import of Urea 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 310210 | Urea, whether or not in aqueous solution (excluding that in pellet or similar forms, or in packages with a gross weight of = 10 kg) | 0.1 | 0.05 | 0.15 | 50 |

*Source: IRICA*



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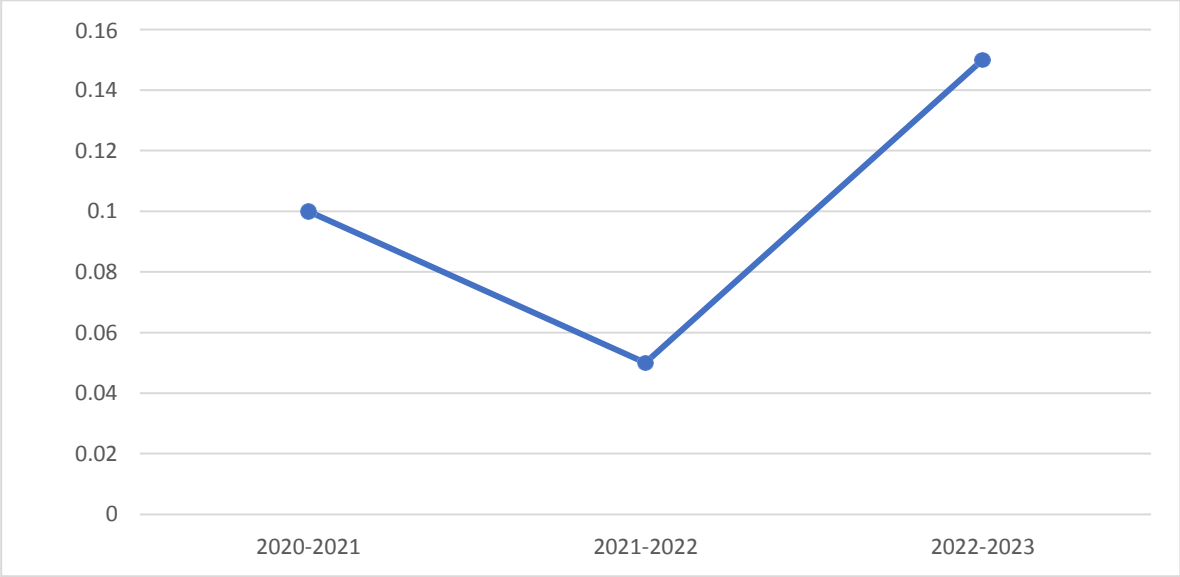
The chart below demonstrates the trend in imports of urea.

**Chart 42 Import of HS Codes Related to Urea 2020-2023**




*Source: IRICA*

Although Iran's petrochemical production is high, the technology and investment in this sector has been limited. Therefore, many petrochemicals are sold to the international market in their raw form and a selected few are processed and sold. The same goes for pesticides. Although the production of this product has increased over the years, there is still a deficit in terms of meeting with domestic demand, resulting in an increase of $40 MLN worth of pesticides imports over the past three years. The main countries that exported pesticides to Iran were China, India and the UAE. Interestingly, Brazil did not export any goods under the mentioned HS code to Iran during the year to March 2023. Please refer to the below chartand table for further information.

**Table 63 Import of Pesticides 2020-2023**

| HS Code | Description | 2020-2021 MLN $ | 2021-2022 MLN$ | 2022-2023 MLN$ | % Change 2020-2023 |
|---|---|---|---|---|---|
| 3808 | Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants, and similar products, put up for retail sale or as preparations or articles, e.g., Sulphur-treated bands, wicks and candles, and flypapers | 182.6 | 182.5 | 221.1 | 21.1 |

*Source: IRICA*



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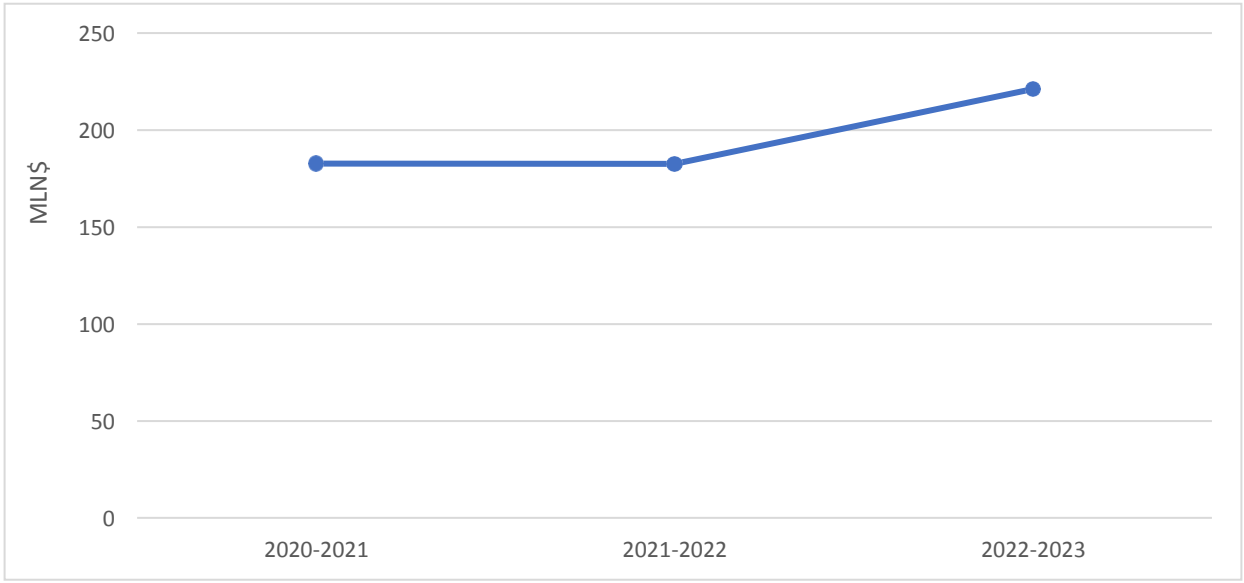
The chart below shows the trend in imports of pesticides to Iran.

**Chart 43 Import of HS Codes Related to Pesticides 2020-2023**




*Source: IRICA*

### 8.6.2 How to Import

The main bodies involved in the import of urea are the Ministry of Agriculture Jihad and the MIMT. In order to import urea, the following documents are needed:

- Technical License from the Soil and Water Research Institute, an affiliate of the Ministry of Agriculture Jihad
- Product ID
- Technical License from the Ministry of Agriculture Jihad
- Forex License from the Ministry of Agriculture Jihad
- Forex License from the Polymer and Chemical Industries Office, an affiliate of MIMT

One of the main bodies involved in the import of pesticides is the Plant Protection Organization, an affiliate of the Ministry of Agriculture Jihad. Prior to the import of any pesticides, the importing company must comply to the rules and regulations of the mentioned organization. Any changes regarding the import of pesticides or the operations of the importing company must be approved by the Plant Protection Organization. In addition, the importing company must state the import of pesticides as one of its company's operations.



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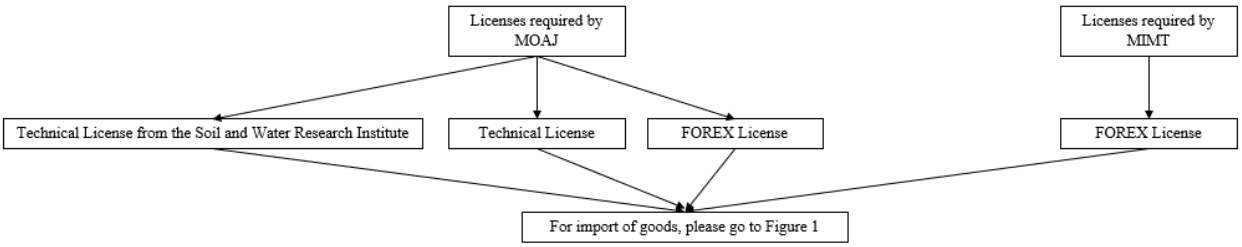
**Figure 9: Flow Chart of Importing Urea to Iran**




*Source: MOAJ, MIMT, SGPM*

The pesticide importing company must provide the following documentation in order to obtain an operating license:

- Written application from the source company
  - Copy of the company statute
  - Copy from the state registrar which announces the formation of the company together with the members of the board of directors as well as people who have signing rights
  - Proof regarding education of board members
  - Documents proving that the company registered in Iran is a representative of the foreign pesticide making company
- Providing a copy of the rental agreement for the appropriate storage space for the pesticides. The storage facility must have the following specifications:
  - Covered and roofed area
  - Adequate roofed space for spoiled/damaged goods
  - Adequate roofed space for quarantine of goods
  - A separate office for inventory
  - The storage facility must have the following physical specifications:
  - Sufficient lighting in the storage facility
  - Temperature control
  - Air conditioning systems
  - Appropriate floor cleaning appliances
  - The storage facility must have the following safety features:
  - Fire alarm

- The importing company must employ a full time Technical Officer



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The tariff rates for urea and pesticides related goods are as follows:

**Table 64 Import Tariff of Selected Goods for Urea and Pesticides**

| HS Code | Description | Import Tariff % |
|---|---|---|
| 310210 | Urea, whether or not in aqueous solution (excluding that in pellet or similarforms, or in packages with a gross weight of = 10 kg) | 4 |
| 310280 | Mixtures of urea and ammonium nitrate in aqueous or ammoniacal solution(excluding those in packages with a gross weight of = 10 kg) | 4 |
| 3808 | Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up for retail sale or as preparations or articles, e.g., Sulphur-treated bands, wicksand candles, and flypapers | 1 |

*Source: Heyvalaw*

### 8.6.3 Local Production & Latest Growth Situation

Iran's petrochemical industry is set to grow at a rapid pace. It is one of the few petroleum related sectors that has been privatized over the years. The country has grown more and more dependent on the petrochemical exports for the generation of foreign exchange currency; making it a high priority for the government.

At present there are 67 petrochemical complexes that have a nominal production capacity of 90 MLN tons per annum; that are working at 75% capacity. According to the National Petrochemical Company (NPC), the nominal petrochemical production capacity will hit 200 MLN tons per annum by 2032, an increase of over two-fold compared to 2022 figures. Plans for the next five years suggest that there will be a 51 MLN ton nominal capacity increase and petrochemical production capacity will hit 141 MLN tons per annum by 2027. Some interesting plans for the year to March 2028 are as follows:

- Increase in base chemical products from 40 MLN tons per annum at present to 74 MLN tons per annum by March 2028
- Methanol production increase from the current 12 MLN tons per annum to 30 MLN tons per annum by March 2028
- Polymer production increase from the current 8 MLN tons per year to 19 MLN tons per year by March 2028
- Aromatic production increase from the current 4 MLN tons per year to 5 MLN tons per year by March 2028
- Urea and phosphate fertilizer production to increase from the current 9 MLN tons per year to 11 MLN tons per year by March 2028

It is worth noting that there are 69 petrochemical plants under construction at present which require



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$36 BLN worth of investment. A total of $8.5 BLN of investment has been made so far.

In terms of urea, there are seven active urea and ammonia producing plants, the contact details of which have been listed below:

**Table 65 Urea and Ammonia Producing Plants Contact Details**

| Name of Petrochemical Urea & Ammonia Producing Plant | Website | Tel | Fax | Email |
|---|---|---|---|---|
| Hengam Petrochemical Company | https://www.hengampc.net/ | +9877 91570330 | +9877 91570728 | info@hengampc.net |
| Kermanshah Petrochemical Company | https://www.kpic.ir/index.aspx?siteid=2&fkeyid=&siteid=1&pageid=316 | +9883 3127 | +9883 31272491 to 4 | info@kpic.ir |
| Khorasan Petrochemical Company | https://khpc.ir/index.php/en/ | +9858 3133 | +9858 31553900 | https://khpc.ir/index.php/fa/?option=com_feedbackform&view=feedbackform |
| Lordegan Petrochemical Company | https://www.lufc.ir/ | +9821 75976000 | +9821 79596600 | info@lufc.ir |
| Masjid Soleiman Petrochemical Company | https://www.misipcc.com/en-US/MIS/1/page/Home | +9821 28147000 | +9821 26249698 | info@misipcc.com |
| Pardis Petrochemical Company | https://paupc.com/page-English2/en/0 | +9821 88603493 to 4 | +9821 88603502 | info@paupc.com |
| Razi Petrochemical Company | http://www.razip.com/en/home | +9861 52341517 to 8 | +9861 52262096 to 7 | info@razip.com |



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| | | | | |
|---|---|---|---|---|
| Shiraz Petrochemical Company | https://spc.co.ir/en-US/DouranPortal/1/page/Home | +9821 88729082 | +9821 88554626 | a.heidarnia@spc.co.ir |

*Source: Company websites*

The following table gives further details to the production capacity and products made in the seven urea and ammonia producing plants.

**Table 66 Urea and Ammonia Production in Iran**

| Name of Petrochemical Plant | Product(s) | Nominal Capacity in year to March 2021 (MLN tons per year) | Urea and Ammonia Exports |
|---|---|---|---|
| Pardis Petrochemical Company | Industrial Urea | 3.2 | N/A |
| | Ammonia | 2 | |
| Kermanshah PetrochemicalCompany | Urea | 0.7 | $144.3 MLN in year to March 2023 |
| | Ammonia | 0.4 | |
| Khorasan PetrochemicalCompany | Urea | 0.5 | $145.4 MLN in year to March 2023 |
| | Ammonia | 0.3 | |
| | Crystal Melamine | 0.02 | |
| Shiraz Petrochemical Company | Urea | 1.6 | $363.6 MLN in year to March 2023 |
| | UAN | 0.03 | |
| | Ammonia | 1 | |
| | Ammonium Nitrate | 0.2 | |
| | Methanol | 0.08 | |
| | Nitrate Acid | 0.3 | |
| | Argon | 0.005 | |
| Lordegan Chemical FertilizerCompany | Urea | 1.1 | N/A |
| | Ammonia | 0.7 | |
| Hengam Petrochemical Company | Ammonia | 0.7 | N/A |
| | Urea | 0.2 | |
| Masjid Soleiman Petrochemical Company | Urea | 1.1 | N/A |
| | Ammonia | 0.7 | |
| Total Ammonia | | 7.13 | N/A |
| Total Urea | | 5.8 | |

*Sources: Shana, Info saba, Hengam Petrochemical Company, Donyay-e Eghtesad*

In terms of pesticides, there are a total of 80 pesticide producing plants in the country that produce 28,000 tons per annum while demand stands at 35,000 tons per year. According to the Plant Protection Organization, 98% of active ingredients for pesticides are imported to the country.



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## 9. Sources

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Buskool.com
CBI
Chabok Online
Chamber Trust
Charisma
Clearance Iran
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Ministry of Economic Affairs and Finance
Ministry of Agriculture Jihad
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MoP
Naft-e Ma
NIPNA
Nokhotin Sabt
Office of Grain and Basic Products
OPEC
Otagh Iran Online
Plant Protection Organization
President.ir
PS Express
Qums
Rade.ir
RB Trading Group
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Seair.co.in
Shana
Siihalal
Site ISO
Snapp.ir
SNN.ir
Statistical Center of Iran
System Fartak
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## 10. Abbreviations

| | |
|---|---|
| Barrels per day | bpd |
| Billion cubic meters per day | BCUM/d |
| Billion | BLN |
| Central Bank of Iran | CBI |
| Certificate of Conformity | COC |
| Certificate of Inspection | COI |
| Colombo Plan | CP |
| Consumer Price Index | CPI |
| Cubic meters | CUM |
| Economic Cooperation Organization | ECO |
| Enhanced oil recovery | EOR |
| European Union | E.U. |
| Financial Asset Task Force | FATF |
| Food and Agriculture Organization | FAO |
| Food and Drug Administration | FDA |
| Food and Drugs Administration | FDA |
| Foreign exchange | FOREX |
| Good Manufacturing Practice | GMP |
| Gram | gr |
| Group of 15 | G15 |
| Group of 24 | G24 |
| Group of 77 | G77 |
| HS Customs Tariff Code | HS Code |
| Increased oil recovery | IOR |
| International Atomic Energy Agency | IAEA |
| International Bank for Reconstruction and Development | IBRD |
| International Chamber of Commerce | ICC |
| International Civil Aviation Organization | ICAO |
| International Criminal Court | ICC |
| International Criminal Police Organization | Interpol |
| International Development Association | IDA |
| International Federation of Red Cross and Red Crescent Societies | IFRCS |
| International Finance Corporation | IFC |
| International Fund for Agricultural Development | IFAD |
| International Hydrographic Organization | IHO |
| International Labor Organization | ILO |
| International Maritime Organization | IMO |
| International Mobile Satellite Organization | IMSO |
| International Monetary Fund | IMF |
| International Olympic Committee | IOC |
| International Organization for Migration | IOM |
| International Organization for Standardization | ISO |
| International Red Cross and Red Crescent Movement | ICRM |
| International Telecommunication Union | ITU |



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| | |
|---|---|
| International Telecommunications Satellite Organization | ITSO |
| Inter-Parliamentary Union | IPU |
| Iran Chamber of Commerce Industries and Mines | ICCIM |
| Iran drug list | IDL |
| Institute of Standards and Industrial Research of Iran | ISIRI |
| Iranian National Formulary | INF |
| Islamic Development Bank | IDB |
| Islamic Republic of Iran Customs Administration | IRICA |
| Islamic Republic Rial | IRR |
| Iran Veterinary Organization | IVO |
| Japan Industrial Standard | JIS |
| Japanese Automobile Standards Organization | JASO |
| Joint Comprehensive Plan of Action | JCPOA |
| Kilometer | KM |
| Kilogram | kg |
| Liquified natural gas | LNG |
| Million | MLN |
| Ministry of Health | MoH |
| Ministry of Health | MoH |
| Ministry of Industry Mine and Trade | MIMIT |
| Ministry of Information and Communication Technology of Iran | MICTI |
| Multilateral Investment Guarantee Agency | MIGA |
| National Iranian Oil Company | NIOC |
| National Petrochemical Company | NPC |
| Nonaligned Movement | NAM |
| Organization for the Prohibition of Chemical Weapons | OPCW |
| Organization of Islamic Cooperation | OIC |
| Organization of Petroleum Exporting Countries | OPEC |
| Permanent Court of Arbitration | PCA |
| Plant Protection Organization | PPO |
| Semi knock down | SKD |
| Shanghai Cooperation Organization | SCO |
| Small Medium Enterprises | SME |
| Social Security Organization | SSO |
| South Asian Association for Regional Cooperation | SAARC |
| Trade Promotion Organization | TPO |
| United Arab Emirates | UAE |
| United Kingdom | UK |
| United Nations | UN |
| United Nations Conference on Trade and Development | UNCTAD |
| United Nations Educational, Scientific, and Cultural Organization | UNESCO |
| United Nations High Commissioner for Refugees | UNHCR |
| United Nations Industrial Development Organization | UNIDO |
| United Nations Institute for Training and Research | UNITAR |
| United States Department of Agriculture | USDA |



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| | |
|---|---|
| United States of America | U.S. A, U.S. |
| United States Dollars | USD or $ |
| Universal Postal Union | UPU |
| World Confederation of Labor | WCL |
| World Customs Organization | WCO |
| World Federation of Trade Unions | WFTU |
| World Health Organization | WHO |
| World Intellectual Property Organization | WIPO |
| World Meteorological Organization | WMO |
| World Tourism Organization | UNWTO |
| World Trade Organization | WTO |

**11. Remark**

The sectoral contact lists of the Iranian potential importer/buyers are available upon your request. Please send your enquiry to our email address secom.teera@itamaraty.gov.br and it will be answered shortly.



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