

An art work used in Tohyi Qasim, 16th century, Gilguzi, Iran



# IRAN

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A New Era  
2016

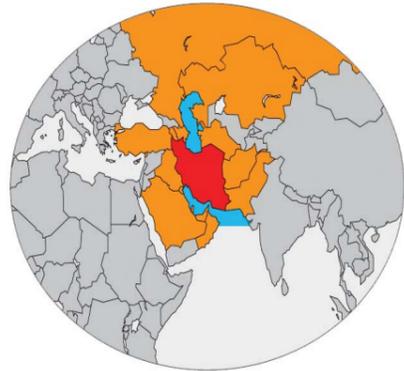
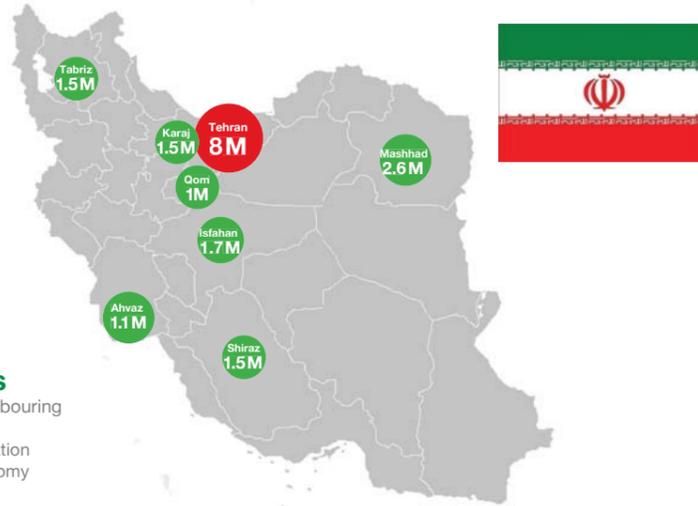


Iran Chamber of Commerce, Industries,  
Mines & Agriculture  
May, 2016

[www.iccima.ir](http://www.iccima.ir)

# Islamic Republic of Iran: Country Overview

Since the 2nd Century BC, Iran has been at the heart of the Silk Road, facilitating trade and acting as a hub for the exchange of ideas and knowledge between the East and the West. The economics that governed trade for 2 millennia are still in place; at the crossroad of the East and the West and straddling the Persian Gulf and the Caspian Sea, Iran is a natural hub for the production of goods and services to serve a vast regional market.



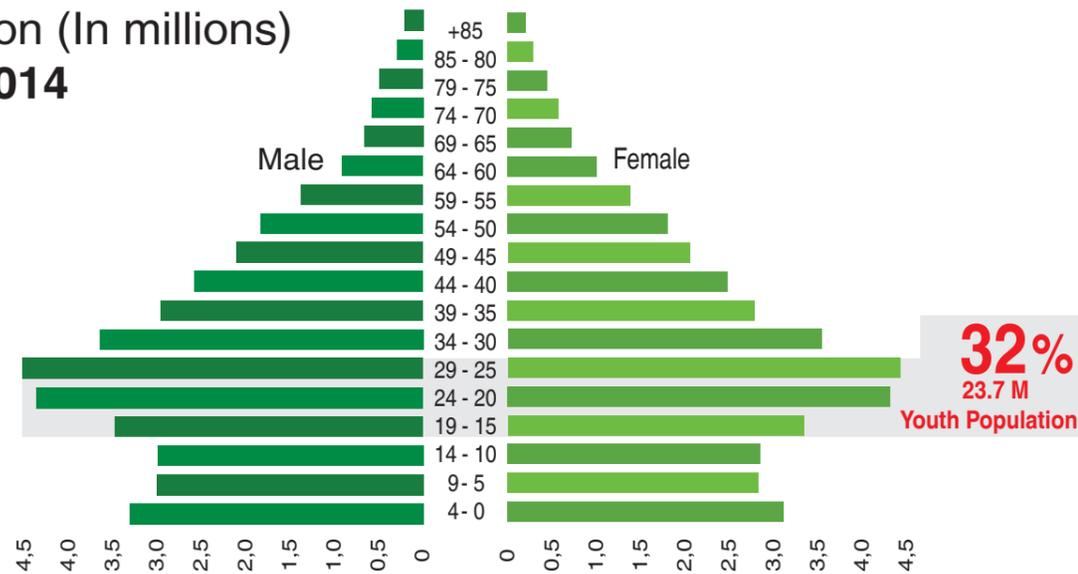
**Neighbours: 15 Countries**  
Population of Neighbouring Countries >600M  
8% of Global Population  
12% of Global Economy

**WORLD ECONOMIC FORUM**  
**28th**  
Foreign Market Size Index

Total Area (17th)  
**1,648,195 km<sup>2</sup>**  
Mexico 1,964,375 km<sup>2</sup> / Alaska 1,723,337 km<sup>2</sup>

## Demography

### Population (In millions) Iran - 2014



### Population 2016 (April)

**79.2 M**  
**1st** in the Middle East  
**17th** in the World

### Census 2011



Number of Households  
**21.1 M**

Median Age  
**27 Years**

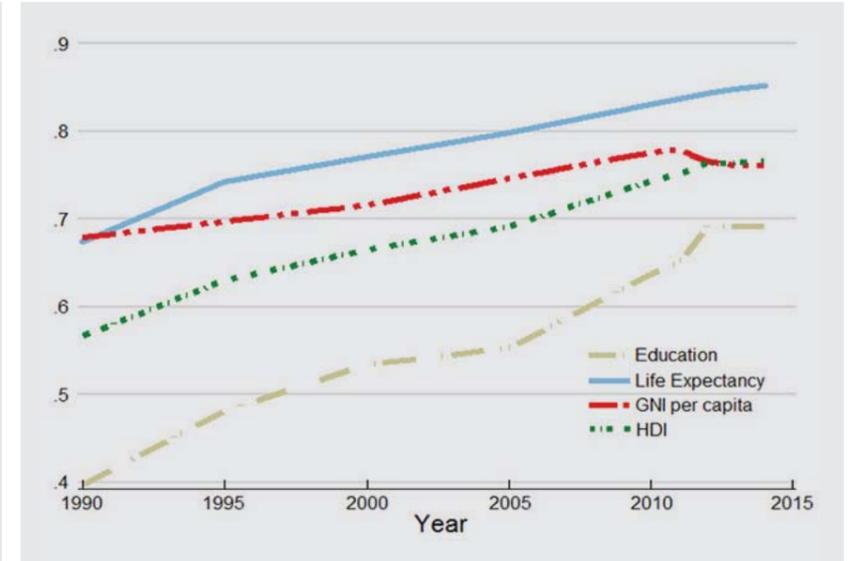
Population Growth Rate  
**1.29 %**

Urban  
**71.5 %**

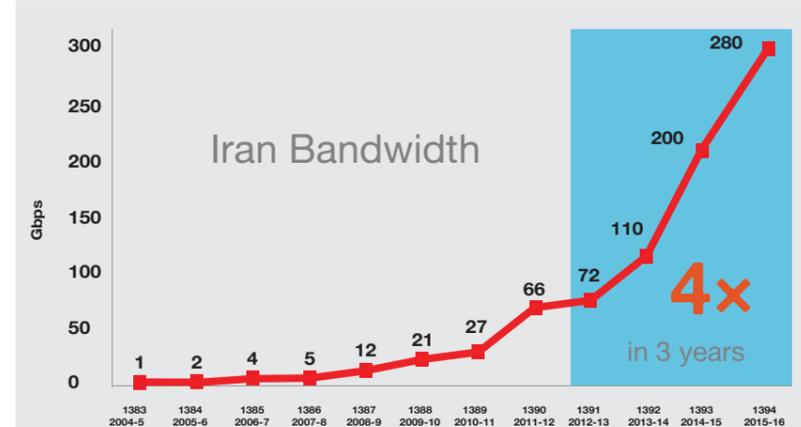
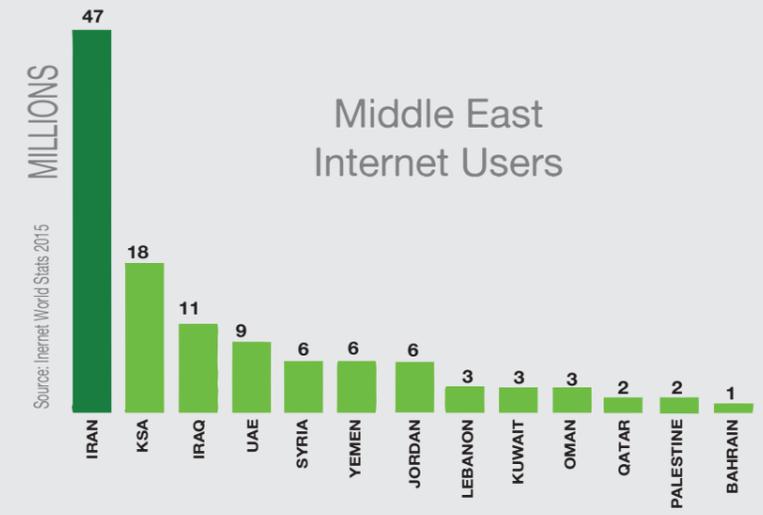
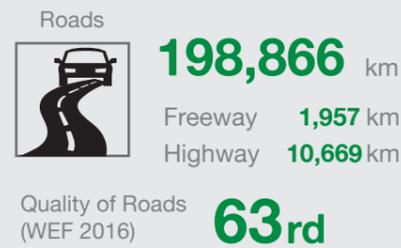
Rural  
**28.5 %**

## Human Development Index (2015)

The Human Development Index (HDI) illustrates key dimensions of human development. People and their capabilities are the most important enabling factor to ensure economic growth and country development.



## Infrastructure



# Islamic Republic of Iran: An Overview of The Economy

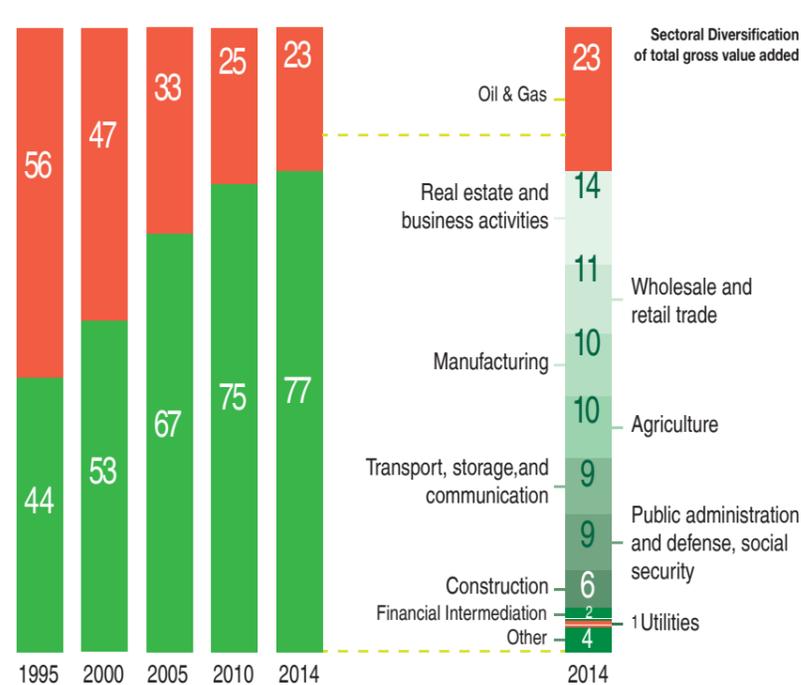
## National Accounts

Iran is the world's eighteenth largest Economy by Purchasing Power Parity. The country is a member of Next Eleven, because of its high potential for development. It is a diversified economy. Over 40 industries are directly involved in the Tehran Stock Exchange.

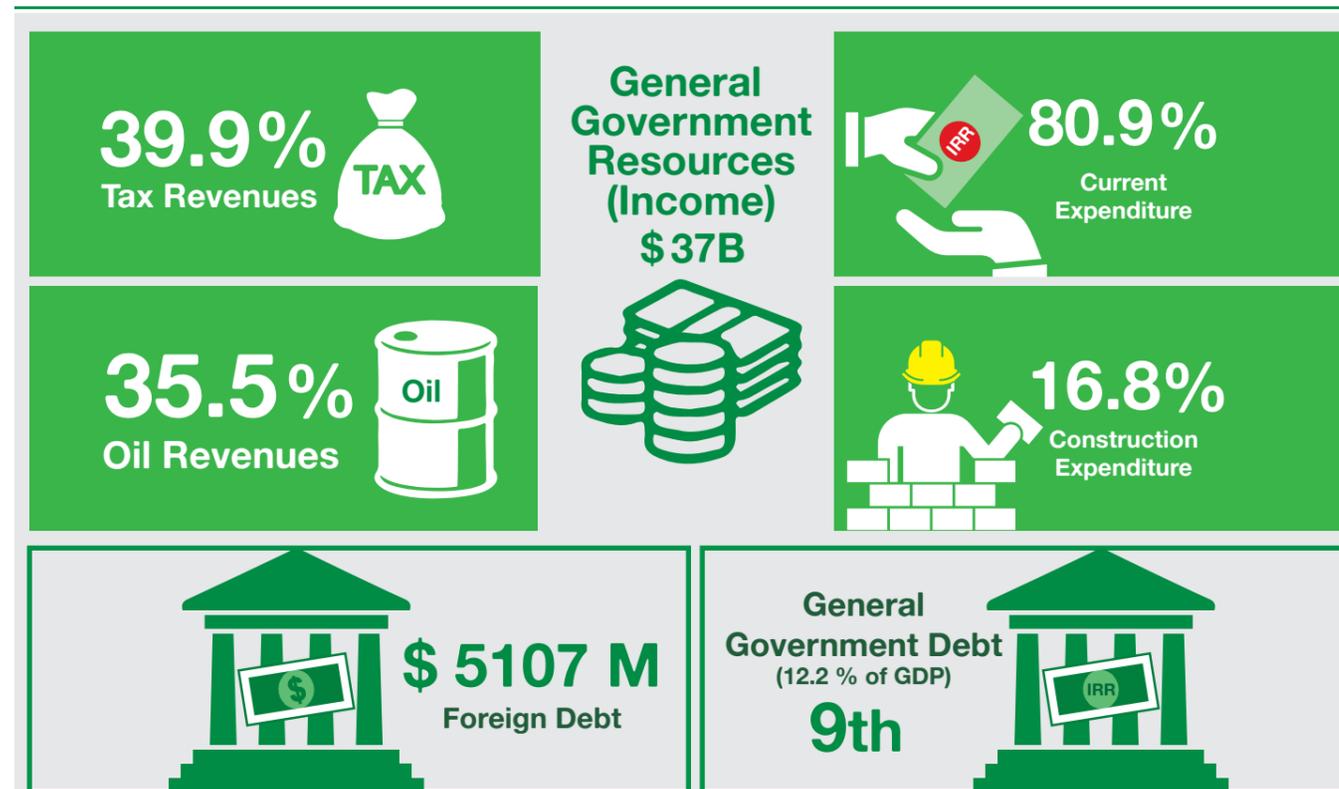
### GDP

|                      |                                    |             |
|----------------------|------------------------------------|-------------|
|                      | <b>3.0 %</b><br>Growth Rate (2014) |             |
| (2014) World bank    | PPP                                | Nominal     |
| GDP Value            | \$1352 B                           | \$425 B     |
| Rank                 | <b>18th</b>                        | <b>28th</b> |
| GDP Value Per Capita | \$17,303                           | \$ 5,443    |
| Rank                 | 64th                               | 92nd        |

Sectoral contribution to Iran's total gross value added



## Government Finances (2014)

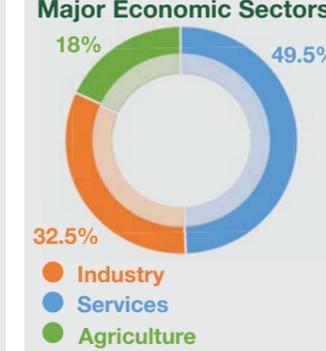


## Labour Market(2015)

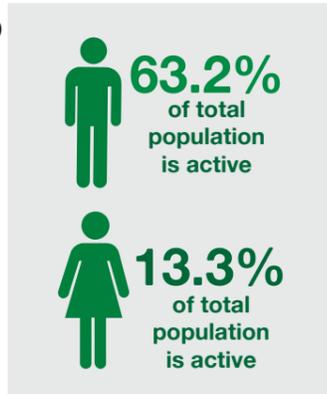
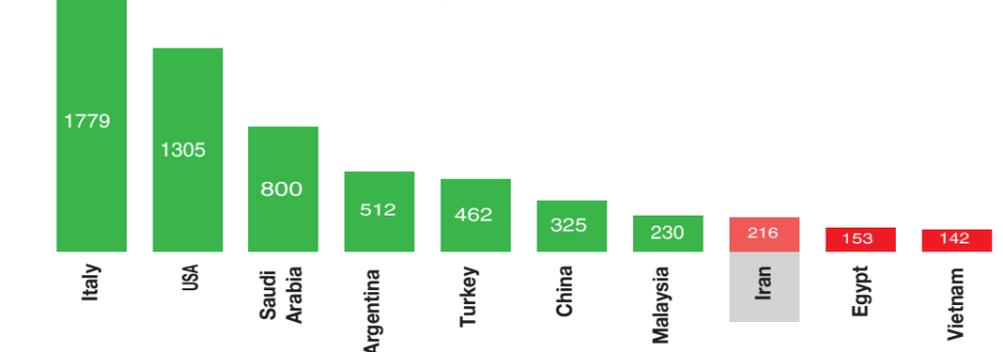
### Unemployment Rates



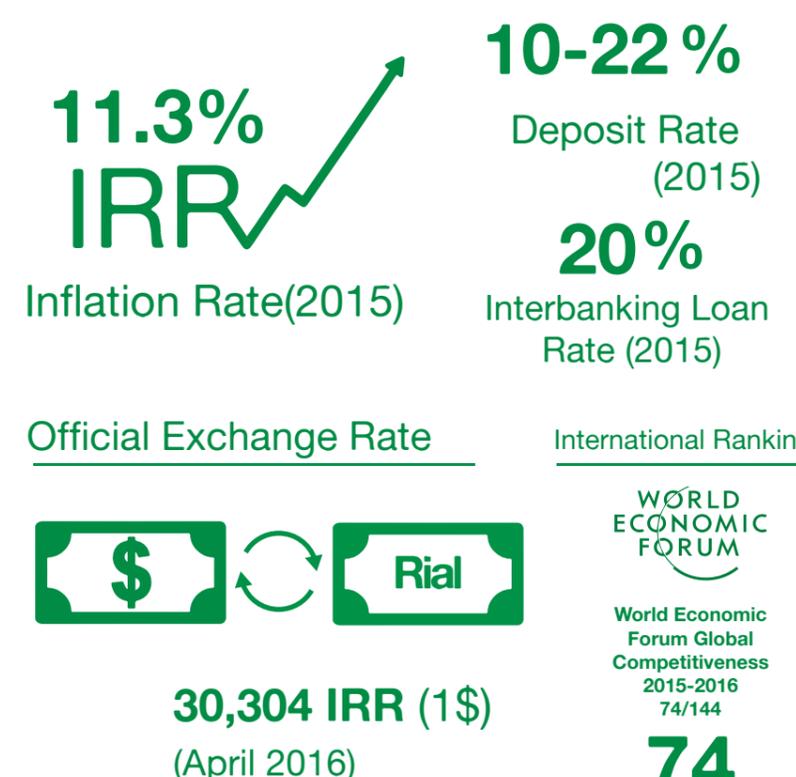
### Employment Share in Major Economic Sectors



### Monthly Minimum Wage Rates by Sample Countries (\$) (2014)

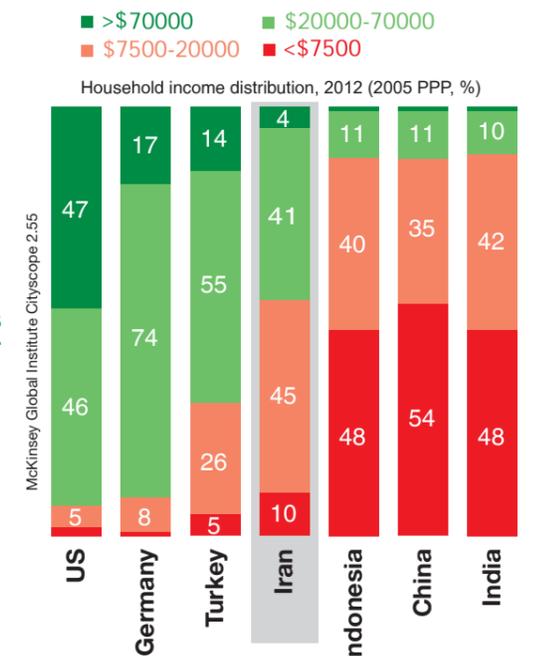


## Rates



## Consumer Spending

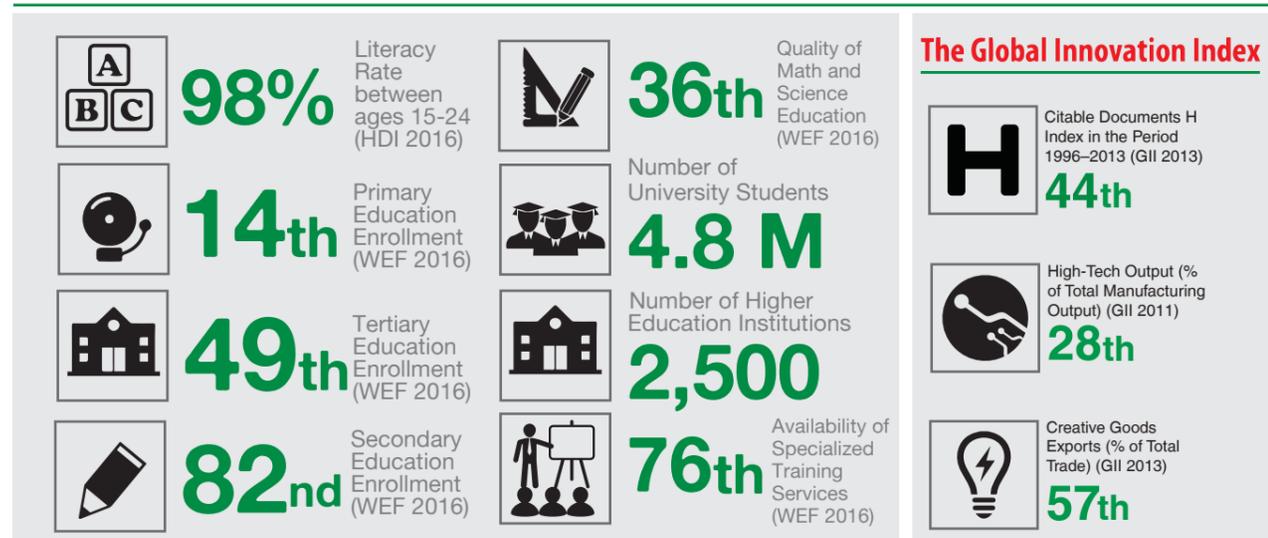
Some 45% of Iranian households already have an annual income exceeding \$20,000. A level which is referred to as "consuming households". The current proportion of consuming households in Iran is already four times that of China and India.



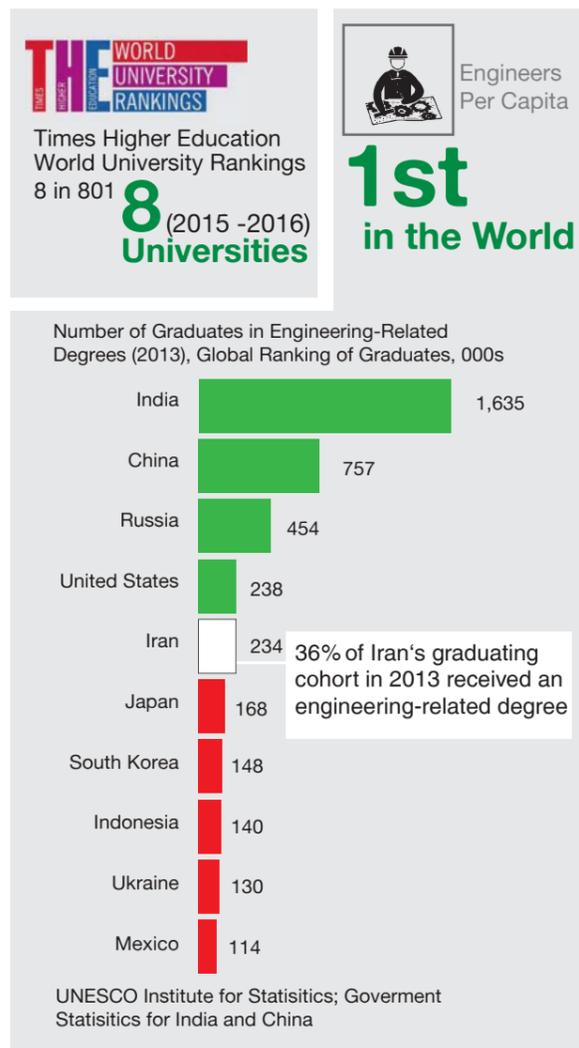
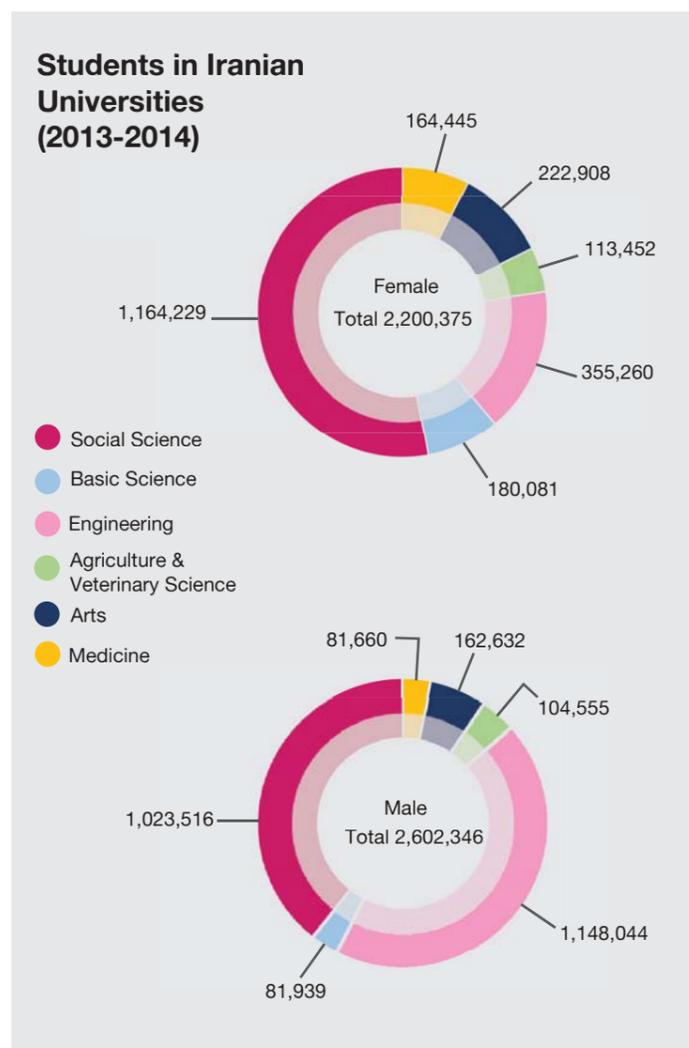
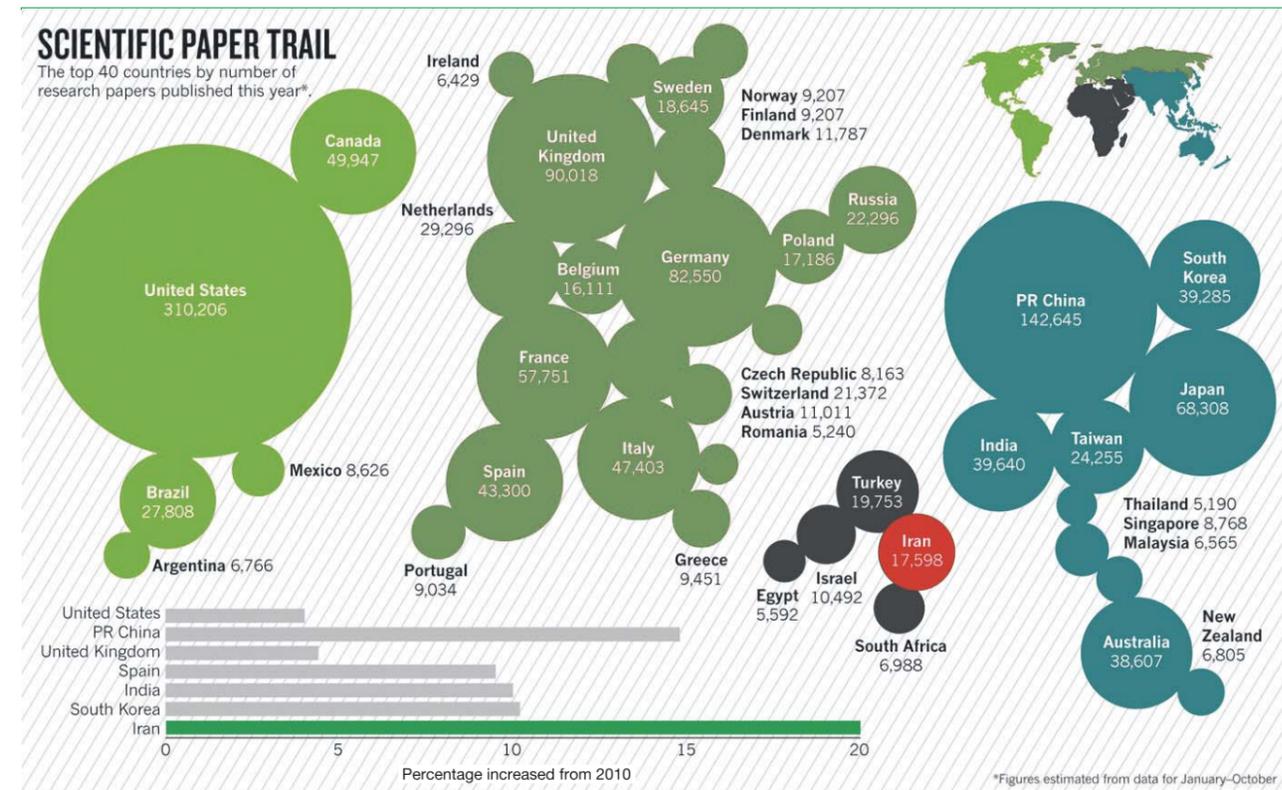
# Islamic Republic of Iran: Human Capital

Iran's technically literate workforce can rapidly generate wealth and employment if its talents are properly employed in high quality jobs. Here are some facts and figures.

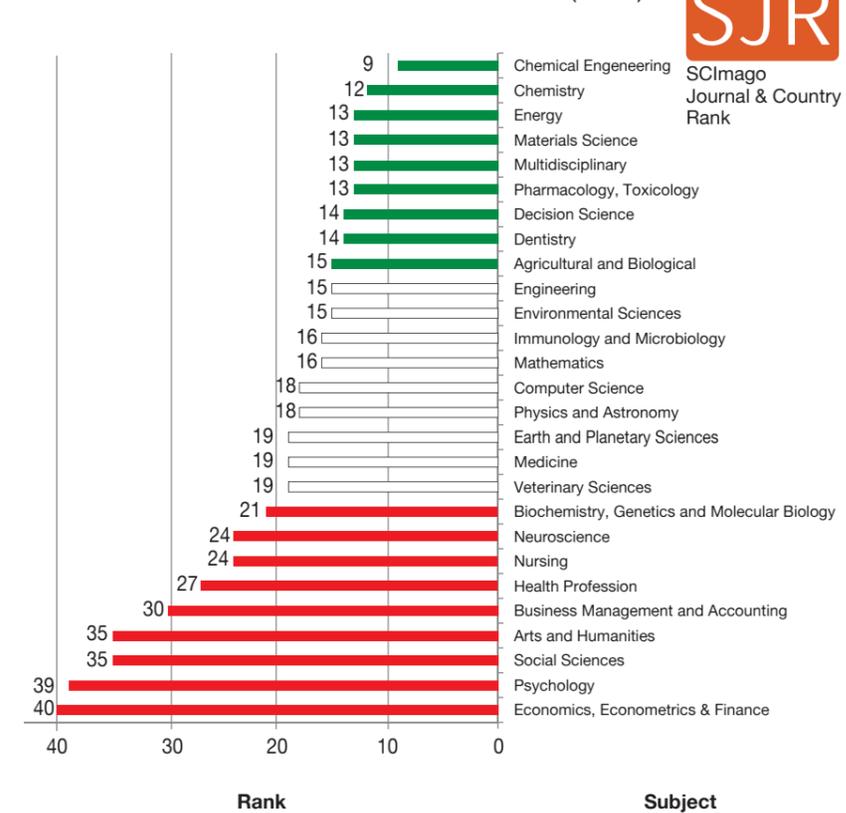
## Education



## Scientific Achievements (2013)



## Iran's Rank in Scientific Publications (2014)



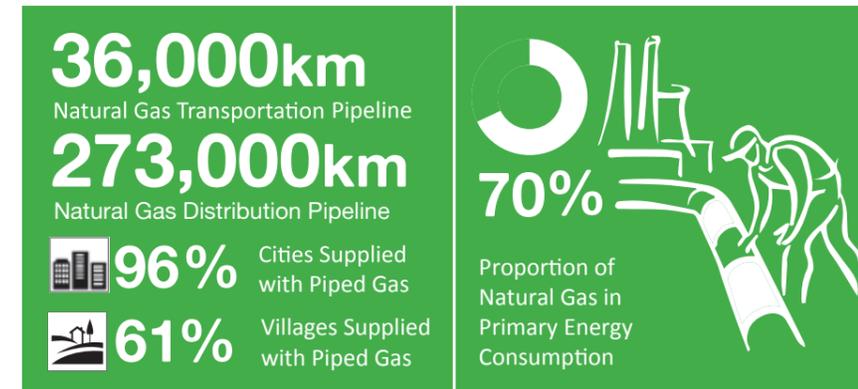
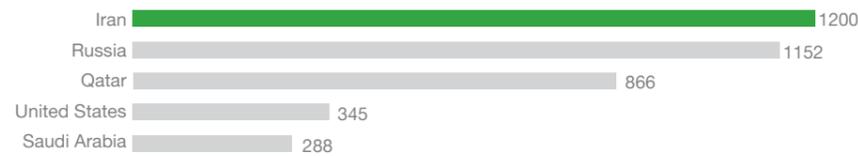
# Islamic Republic of Iran: Energy

Iran's Proven natural gas reserves are estimated to stand at 1200 trillion cubic feet, placing her in 1st spot amongst competitor nations, with the potential capacity to energize Europe for 90 years. Furthermore, with proven reserves of at least 158 billion barrels, Iran possesses the worlds fourth largest crude oil reserves.

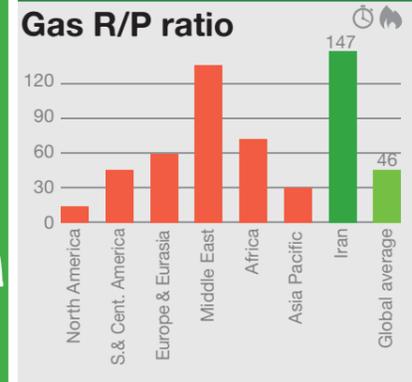
## Gas



Proven Reserves of Natural Gas 2015 (Trillion Cubic Feet)



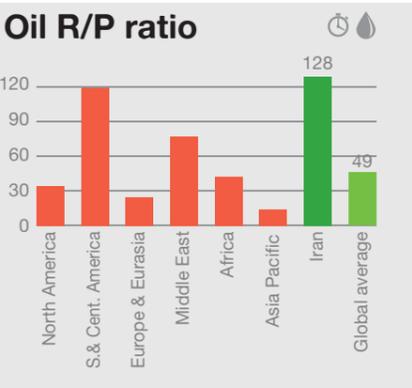
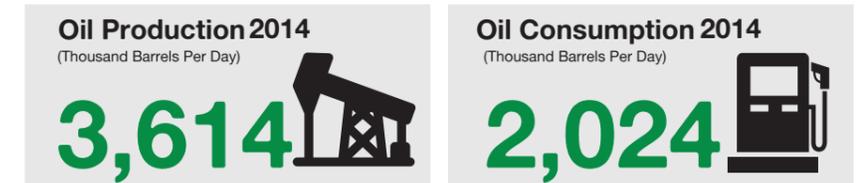
Reserves-to-Production Ratio (years)



## Oil



Crude Oil Proven Reserves 2015 (Billion Barrels)

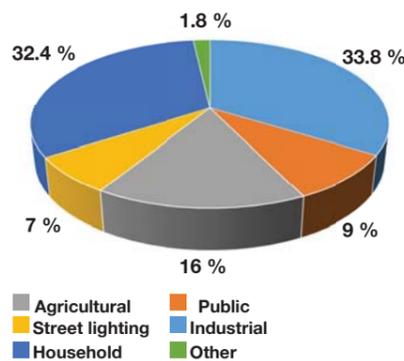


Iran's combined oil and gas production places her at the world's No.4 Spot. The nature of the reserves makes extraction less onerous; and drives down production costs to some of the lowest globally (e.g. less than half of those of Russia's).

## Electricity

Reliable and growing energy supply is practically available to all firms and households in Iran (World Development Indicator, 2015). The World Bank 'Doing Business Report' ranks access to electricity per capita production in Iran higher than other Emerging Markets such as China and India. In accordance with reports by institutions such as Renaissance Capital, the current generation capacity is sufficient to meet demand for doubling of GDP.

Domestic Sale of Electricity by Type of Use, 2014

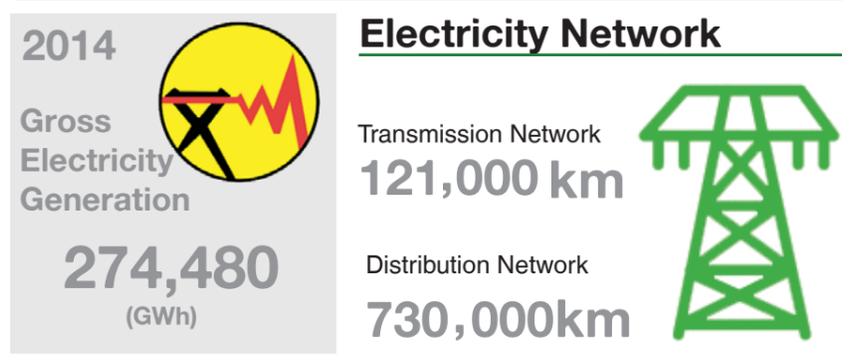
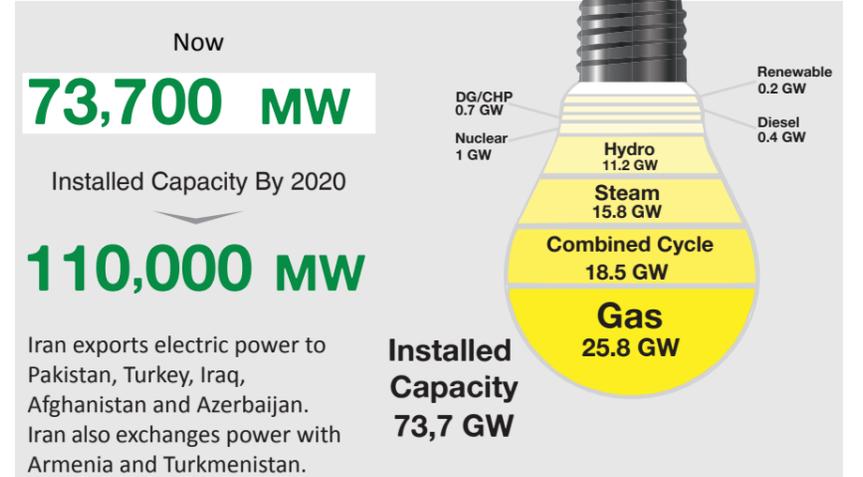
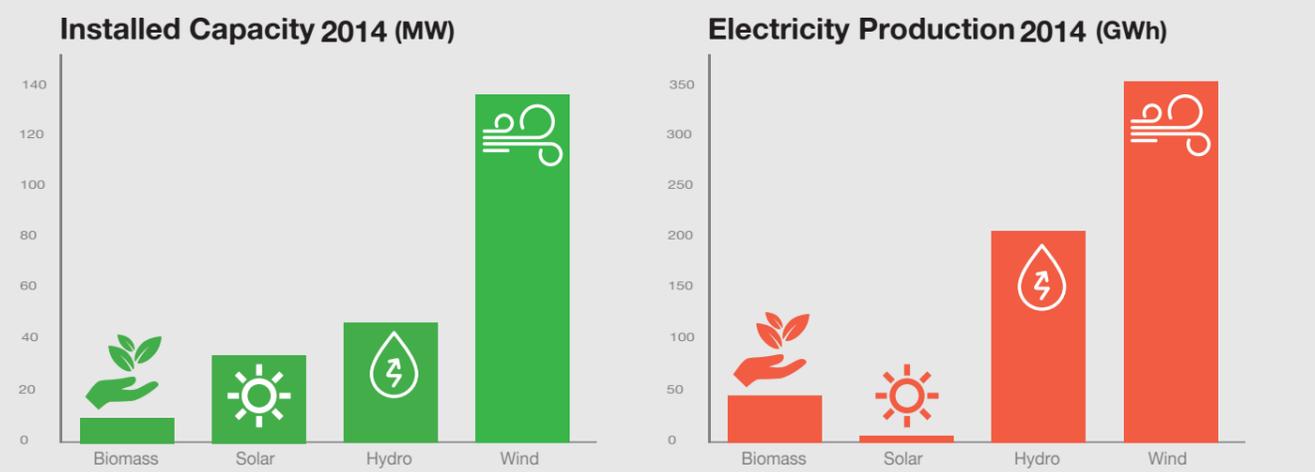


## Renewable Energy

Iran has an average irradiation of 4.5 to 5.5 kilowatt hours per square meter per day

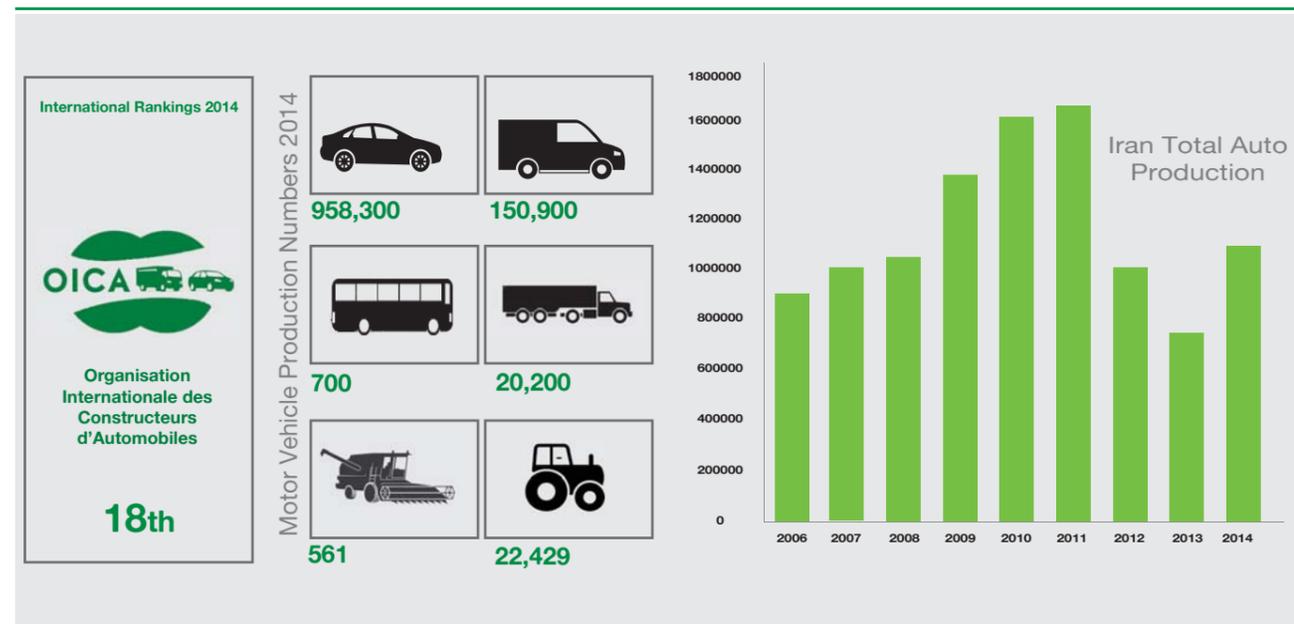
Iran has 300 sunny days in a year in more than two-thirds of the country

Iran has more than 2800 hours of sunshine on average per year. A number which reaches 3200 hours in arid regions such as Yazd

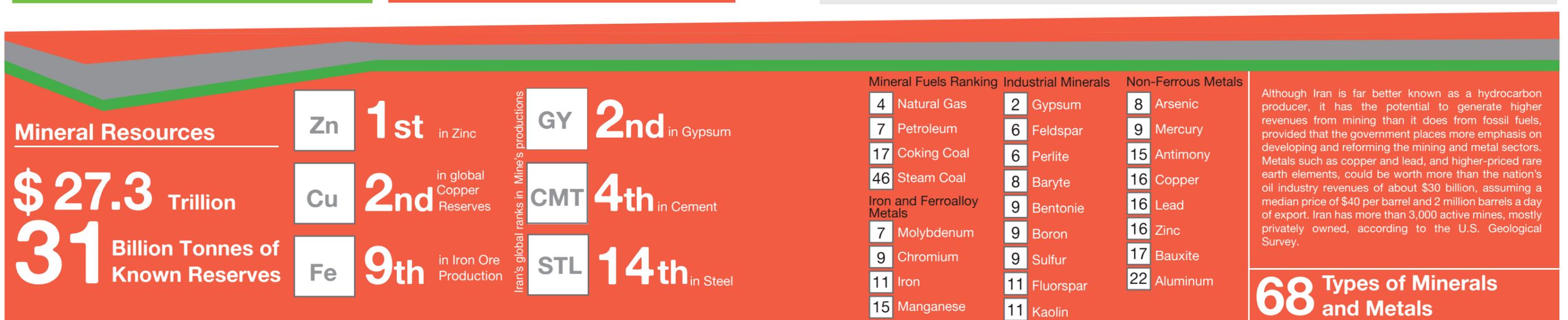
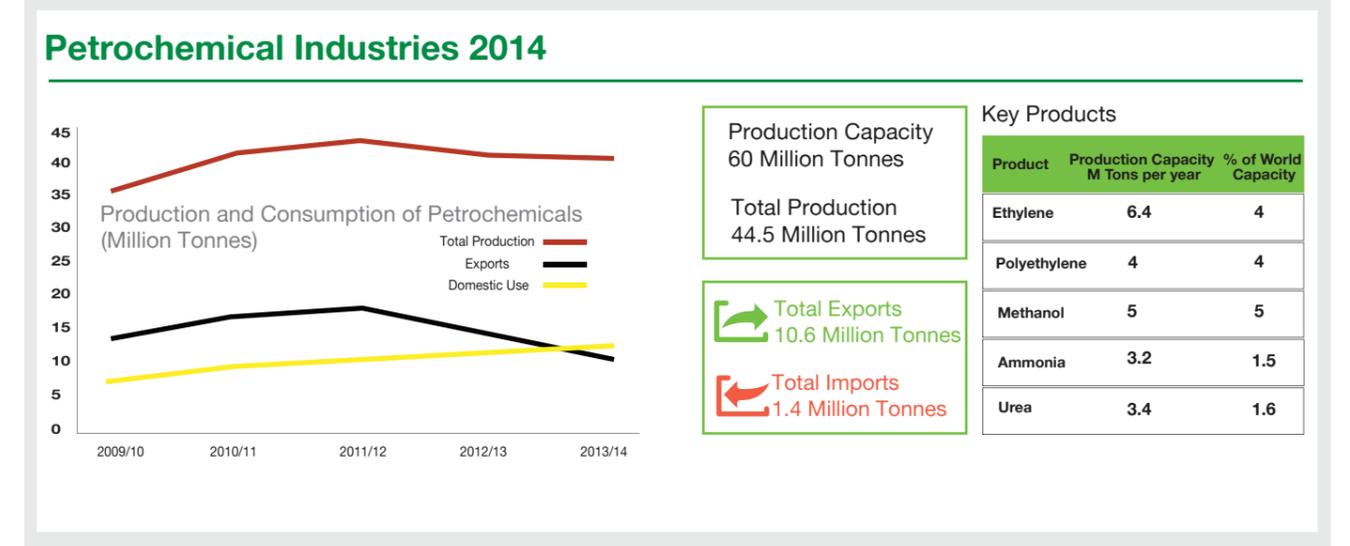
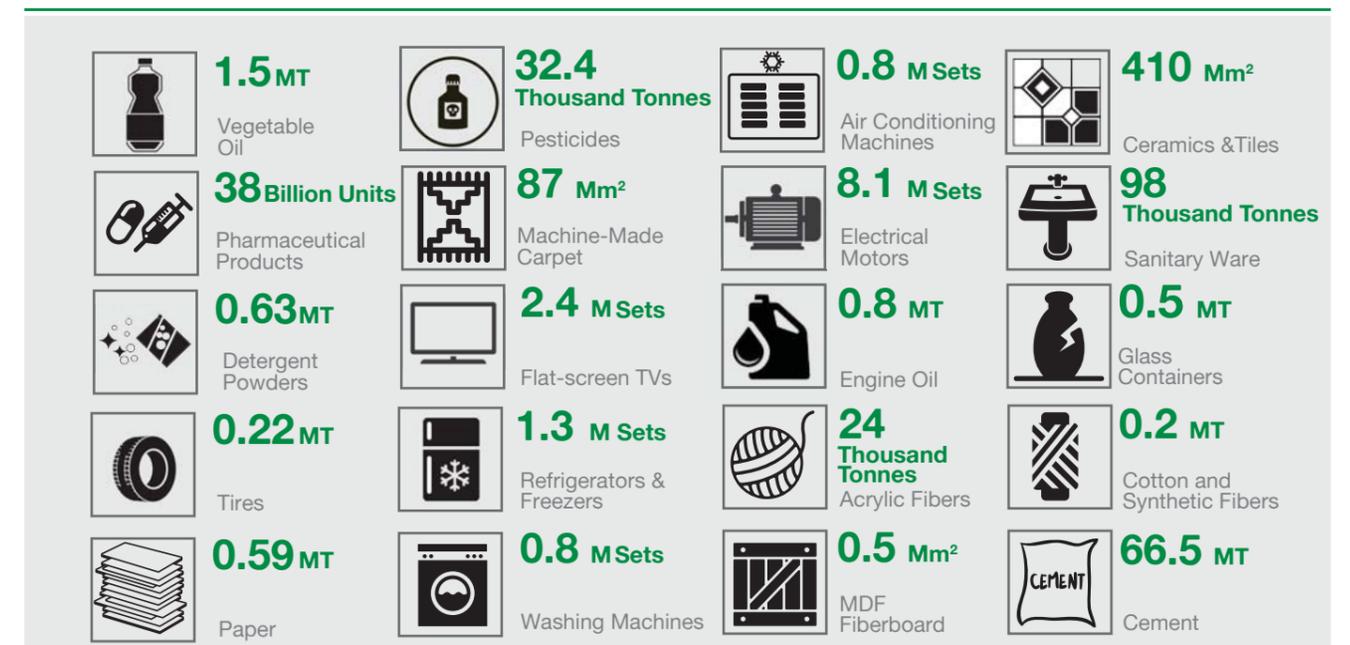


# Islamic Republic of Iran: Industries & Mineral Resources

## Automotive Industry



## Selected Industrial Products 2014

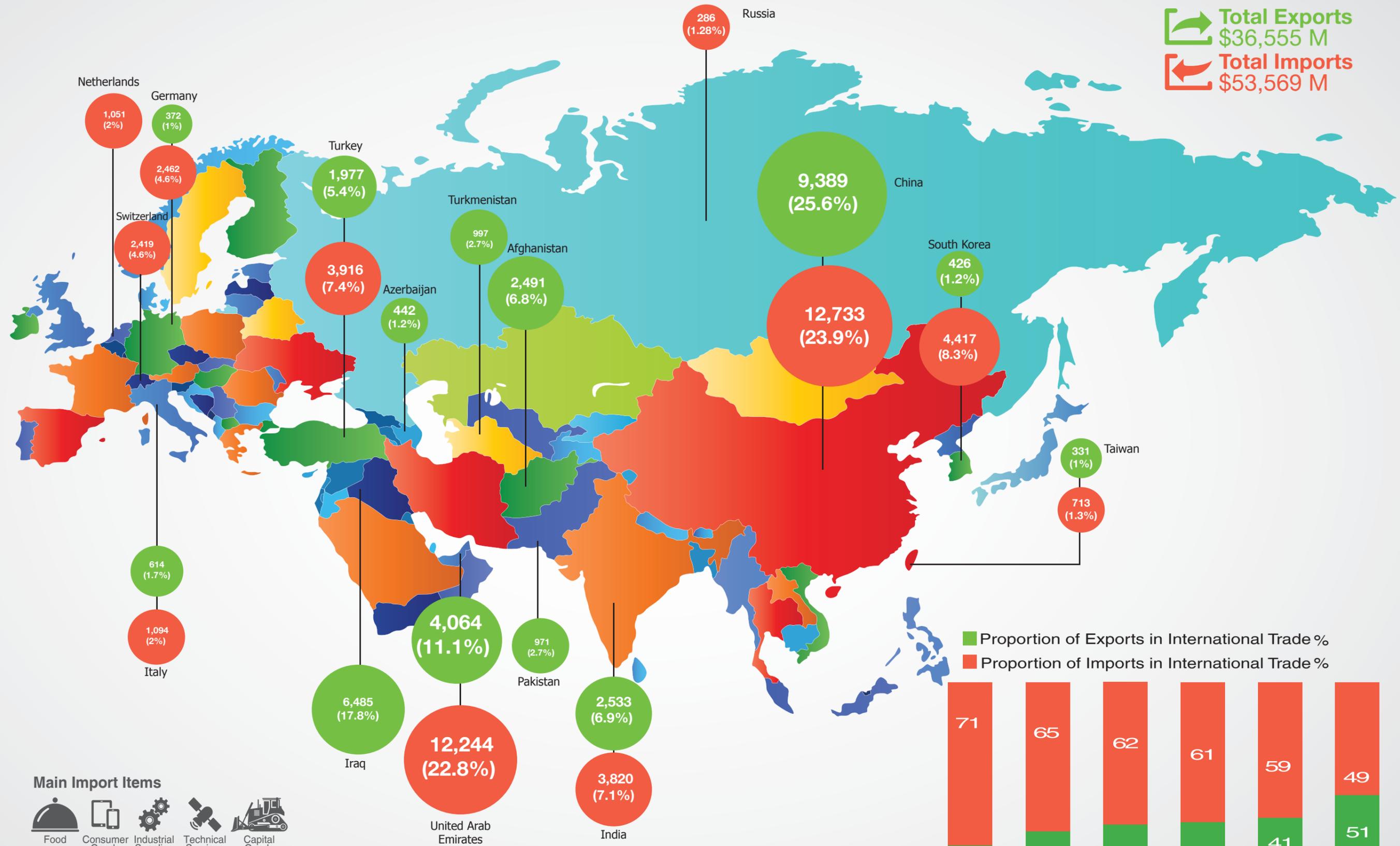


# Islamic Republic of Iran: International Trade (Main Trading Partners 2014)

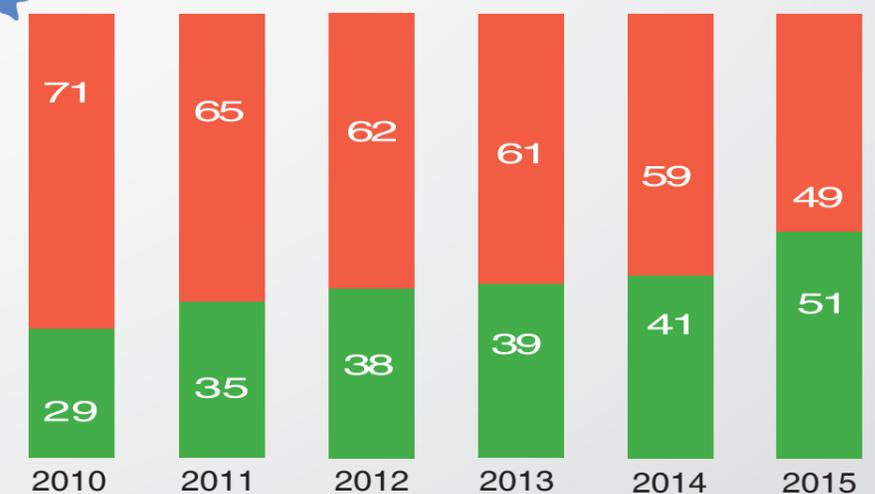
(Excluding Oil - \$ Million)

**Total Exports**  
\$36,555 M

**Total Imports**  
\$53,569 M



■ Proportion of Exports in International Trade %  
 ■ Proportion of Imports in International Trade %



## Main Import Items

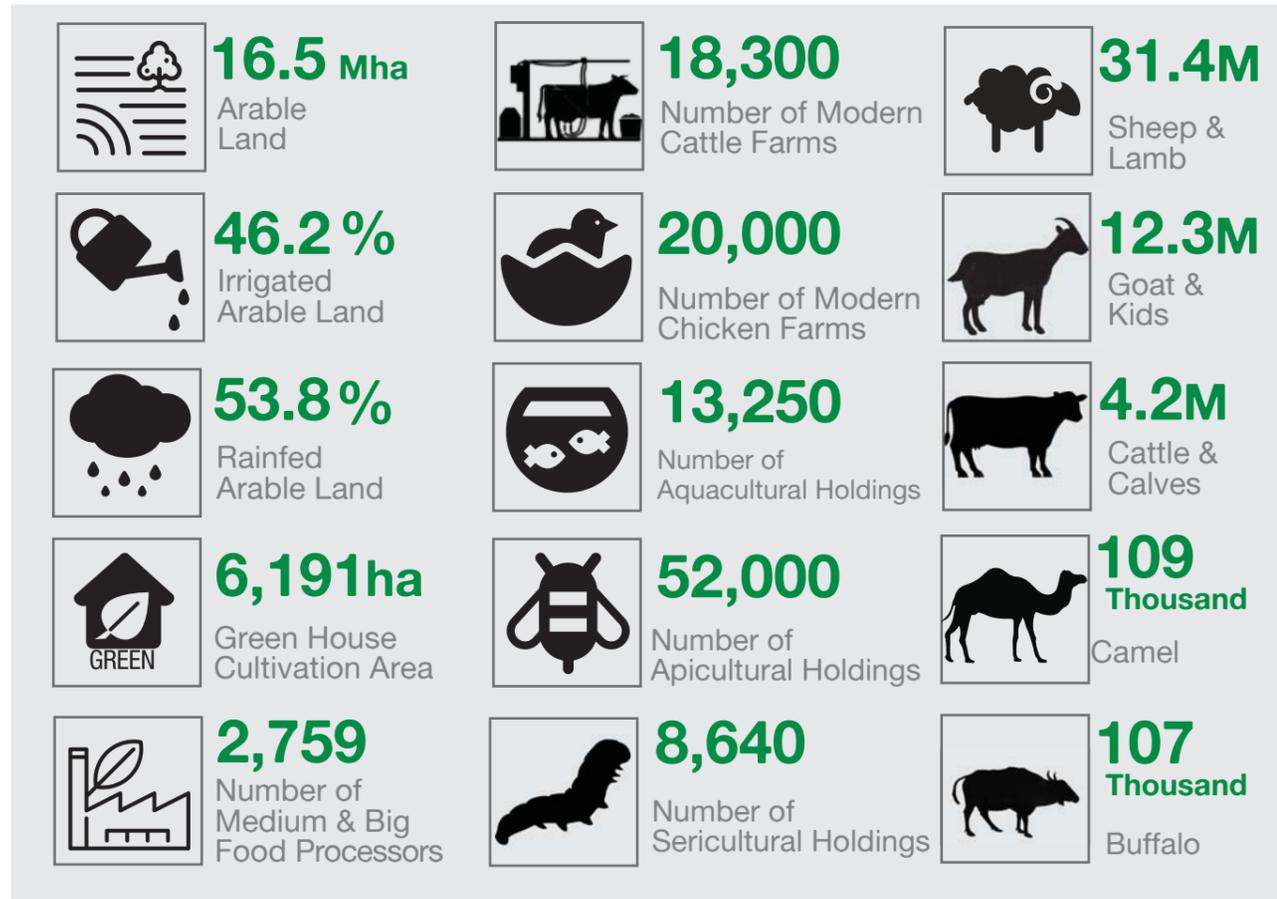


## Main Export Items



# Islamic Republic of Iran: Agriculture & Food

2014



2013



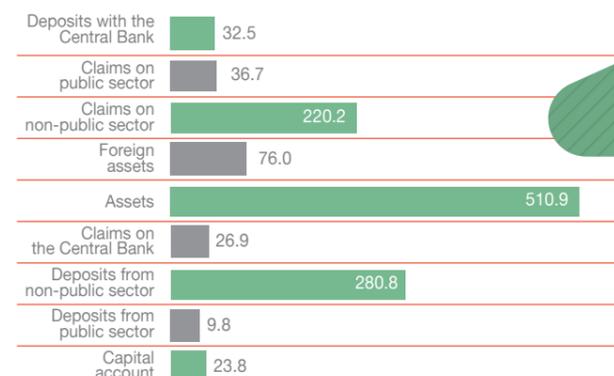
## Top Five Products (Order by Quantity) 2013



# Islamic Republic of Iran: Banking System & Stock Market

## Iranian Banking System:

### Key Financial Indicators, 2012-2015 (\$ Billion)

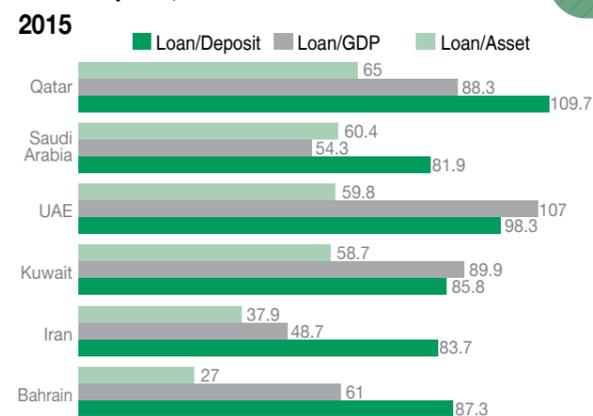


### Comparison of Regional Banks

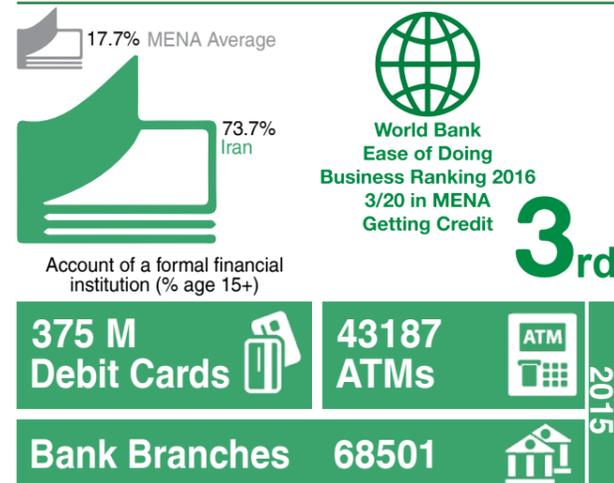
#### Consolidated Assets of Banks (\$ billion)



### Loan/Deposit, Loan/Asset & Loan/GDP Ratios

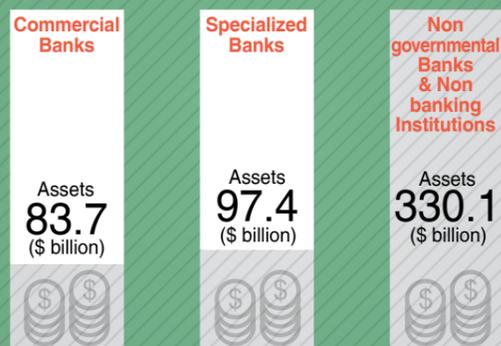


### Developed Infrastructure and Institutions



## Banking System in Iran

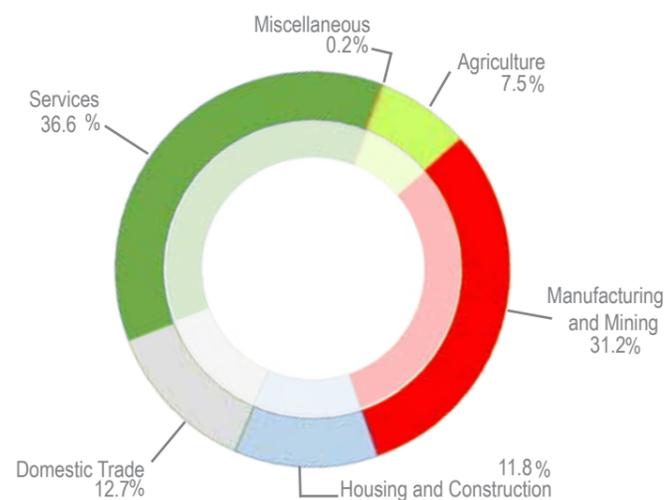
### Types of Banks



The **Largest** Islamic Banking System in the World

2014 Banker

### Share of Major Economic Sectors in the Facilities Extended by Banking System 2014



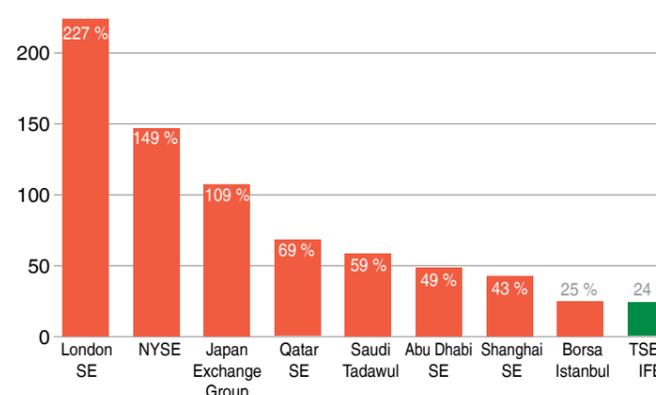
### Average Number of Banking Transactions per Month in 2015 (Million)



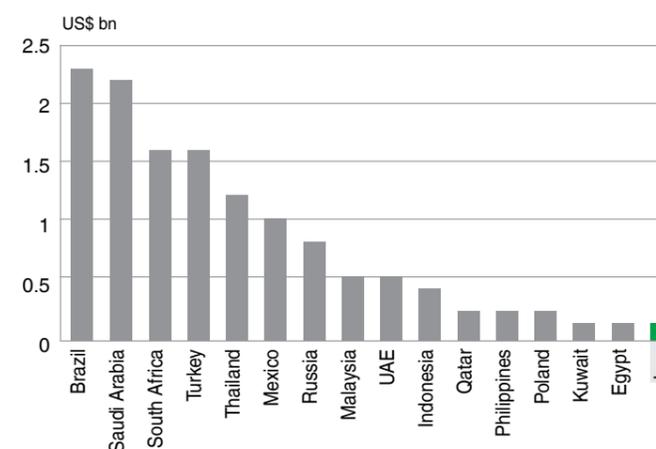
## Comparison with Well-known Markets

| Rank | Stock exchange       | Country      | Market capitalization (\$bn) |
|------|----------------------|--------------|------------------------------|
| 1    | NYSE                 | U.S.         | 25933                        |
| 2    | London SE            | U.K.         | 6796.75                      |
| 3    | Japan Exchange Group | Japan        | 5004.76                      |
| 4    | Shanghai SE          | China        | 4459                         |
| 5    | Tadawul              | Saudi Arabia | 441                          |
| 6    | Borsa Istanbul       | Turkey       | 196                          |
| 7    | Qatar SE             | Qatar        | 146                          |
| 8    | Abu Dhabi SE         | U.A.E.       | 197.3                        |
| 9    | TSE + IFB            | I.R.Iran     | 104                          |

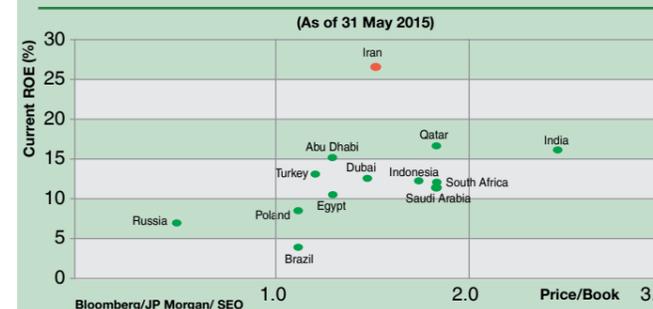
## Market Cap/GDP Comparison with Well-known Markets, December 2015



## Comparison of the ADVT of Emerging Markets



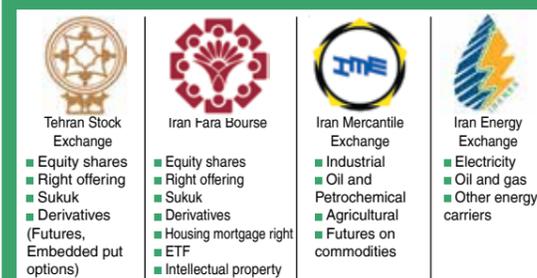
## Current ROE vs Price/book



## Iran Capital Market:

### An Untapped Market

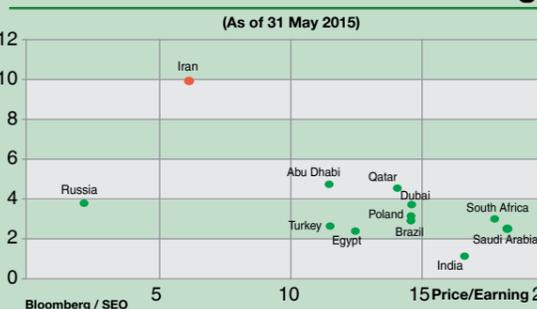
As the oldest capital market in the region, Iran's capital market enjoys more than half a century of experience. Over these years, the capital market of Iran has fulfilled the investors' expectations and as a result it has been the most attractive market in the MENA region. The Iranian capital market has followed global standards in its function as one of the major contributors to national economic growth. This market is supervised and regulated by the Securities and Exchange Organization of Iran (SEO) and includes four exchanges and a couple of corroborative bodies, such as the Central Securities Depository of Iran (CSDI).



### 2014

|                     |                |                             |      |
|---------------------|----------------|-----------------------------|------|
| Market Value (\$B)  | 112            | Listed Companies            | 386  |
| Trades Value (\$B)  | 28             | Trade Value to Market Value | 25%  |
| Trades Volume       | 218 (B Shares) | No. of Trades               | 20 M |
| No. of Traders      | 812,500        | No. of Trading Days         | 241  |
| Top 40 / Market Cap | 75%            | Top 40 / Trade Value        | 38%  |

## Dividend Yield vs Price/Earning



# Islamic Republic of Iran: Travel & Tourism

## UNESCO World Heritage ( 19 Sites )



Shahr-e Sokhta  
3200 BC



Tchoghazanbil  
1250 BC



Susa, late 13th to  
5th centuries BC



Pasargadae  
6th Century BC



The Persian Garden  
6th Century BC



Shushtar Historical Hydraulic  
System 5th Century BC



Bisotun  
521 BC



Bam and its Cultural Landscape  
6th to 4th centuries BC



Takht-e Soleyman  
6th Century



Armenian Monastery  
7th Century



Gonbad-e Qābus  
1006 AD



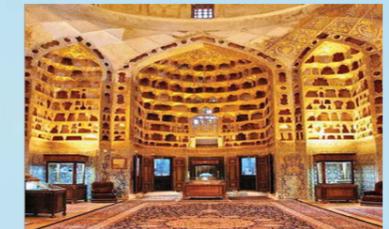
Masjed-e Jāmé of Isfahan  
12th Century



Soltaniyeh  
1302–12 AD



Tabriz Historic Bazaar  
Complex 13th Century



Sheikh Safi al-din Khānegāh  
16th & 18th Century



Golestan Palace  
18th Century



Cultural Landscape of Maymand

**International Rankings 2013**

UNWTO United Nations World Tourism Organisation

**Tourist Attraction Ranking**  
**48th**

UNWTO United Nations World Tourism Organisation

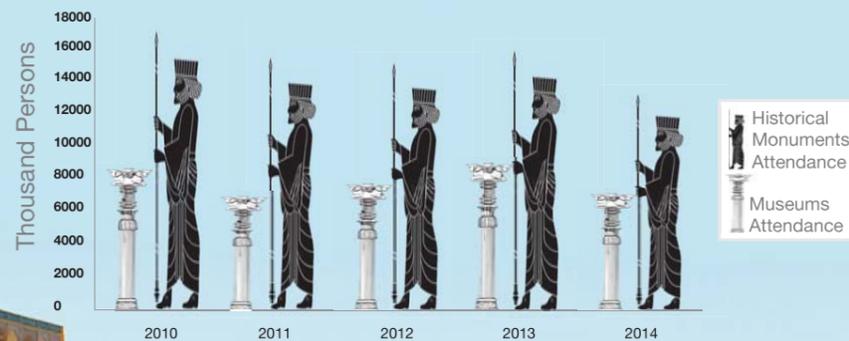
**Ecotourism Ranking**  
**7th**

United Nations Educational, Scientific and Cultural Organization

**World Heritage Sites Ranking**  
**11th**

Persepolis  
6th Century BC

Attendance at Museums and Historical Monuments Managed by Iran Cultural Heritage and Tourism Organization

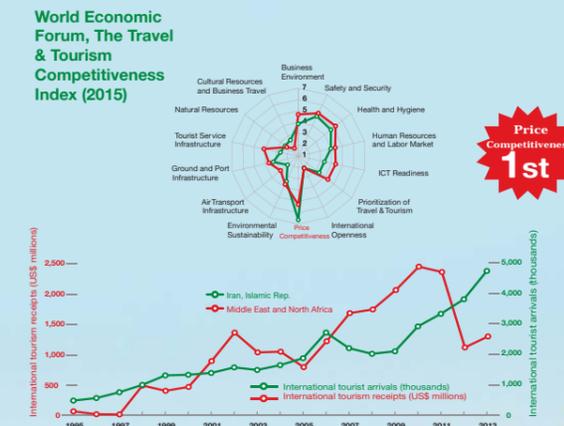


Number of the Nation's Accommodations 2014  
**3,343**

Number of 4-Star & 5-Star Hotels  
**113**

Number of Rooms  
**84,499**

Number of Beds  
**231,647**



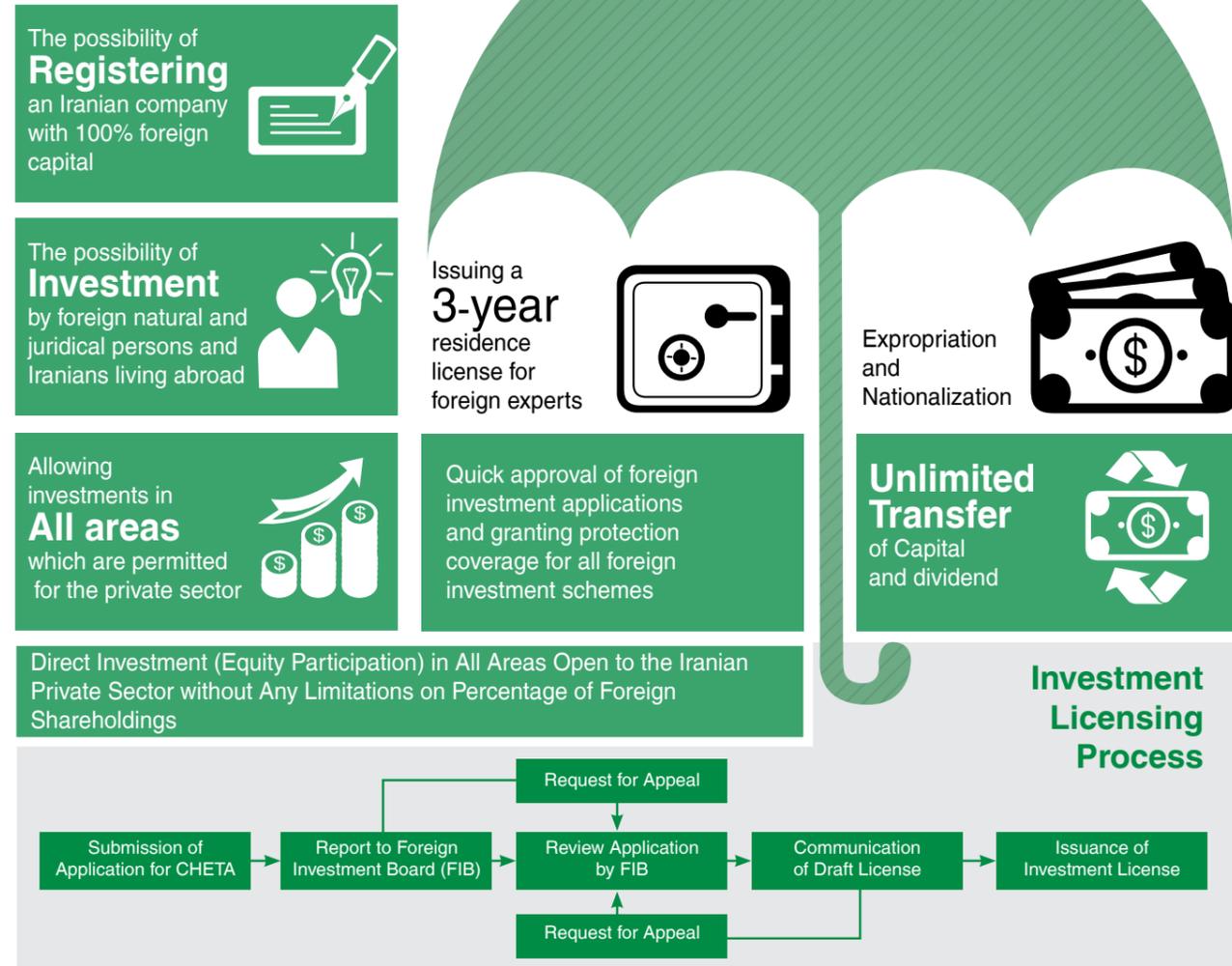
Meidan-e Emam, Isfahan  
17th Century

# Islamic Republic of Iran: Laws & Regulations

(Related to Foreign Investors)

## Foreign Investment Promotion and Protection Act (FIPPA)

Some Features & Advantages of FIPPA



## Iran Tax System



Foreign investors in Iran enjoy the same supports and privileges that are offered to the Iranian investor. This means that both Iranian and foreign investors pay the same rates of tax. Tax exemptions and discounts are also equally granted to domestic and foreign investors.

## Taxable Entities

- 1 All proprietors, whether natural or legal, for their properties inside Iran
- 2 Any natural person residing in Iran for income earned inside and outside of the country
- 3 Any Iranian natural person residing abroad for all incomes earned in Iran.
- 4 Any Iranian legal entity for the incomes earned inside and outside of the country.
- 5 Any non-Iranian real or legal entities for the income earned in Iran and for the income gained through delegation of authority, dealership, technical and educational assistance or movie contracts in the territory of the Islamic Republic of Iran.

## Legal Framework

Advantages of Foreign Investment Promotion and Protection Act

- ∞ No limits on: Investment Volume, Types of Capital Imported, Profit Transfer, Equity Percentage, Capital Repatriation
- Facilitating the entry and residence of foreign investors, Hedging non-trade risks
- Reducing the process of admission and licensing of foreign investment, Admitting investments by foreign public companies
- Compensating the loss incurred due to expropriation or nationalization, Allowing Iranian nationals to invest capitals of foreign origin, as foreign investors
- Making possible the referral of disputes to international arbitration, Having support for previous investments of foreigners

## TAX REGIME

- TAX FREE**
- 25% Flat Rate as Fixed Corporate Income Tax
  - 100% Exemptions of Income Tax for 20 Years in Less Developed Regions (All Activities)
  - 100% Exemptions of Income Tax for 20 Years in Free Trade Zones (All Activities)
  - 100% Exemptions of Income Tax Derived from Exportation for Unlimited Time
  - 80% Exemptions of Income Tax for 4 Years in Production Activities
  - 50% Exemptions of Income Tax for Unlimited Time Derived from Tourism Activities
  - 100% Exemptions of Income Tax for Unlimited Time Derived from Agricultural Activities

Numerous Double Taxation Conventions (e.g. Germany and France)

## Knowledge Based Companies Legal Advantages

- 15 years exemption from Tax, Customs Tariff, Export Tariff
- Financing knowledge based companies
- Insurance coverage to reduce risk
- Facility to participate in tenders
- Priority to attend in Sci & Tech Parks, Special Zones

## Free and Special Economic Zones



## Investment Facilities In Free Zones

- A 20-year-tax exemption
- No visa for the entrance of foreigners
- Custom exemption
- Easy registration of companies
- Easy circumstances for re-export and transit of commodities
- Possibility of exporting products to the mainland
- Long-term lease of land to foreigners
- Suitable rates for energy consumption

## In Special Economic Zones:

- Reducing customs procedures for import of goods from abroad or free trade zones
- No customs procedures for export of goods

# Islamic Republic of Iran: Political Structure & History

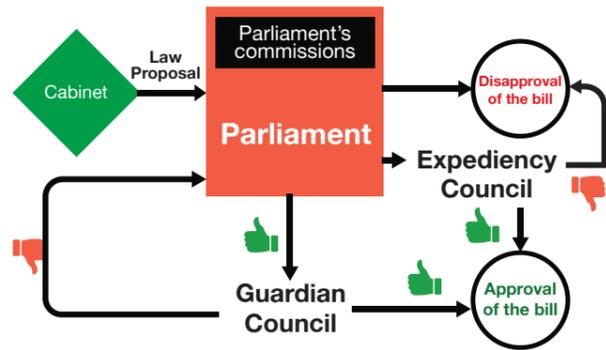
In a region faced with instability, the Islamic Republic of Iran has been a stable and thriving state despite a plethora of domestic problems, international crises and sanctions imposed over the past 37 years, and confrontations designed to bring about regime change and the Iranian nation to its knees, which instead have served to build the region's most resilient economic and political system.

A complex hybrid system of governance, combining both directly and indirectly elected and appointed expert-run institutions, has allowed Iran to steadily achieve its strategic objectives built on consensus of the nation's citizens.

The Iranian Parliament (Majles-e Shoraye Eslami) is a directly-elected body tasked with overseeing the Cabinet and formulating legislation. All legislation must be approved by the Guardian Council (Shoray-e Negahban), an example of an indirectly-elected body. The Council consists of 6 Jurists elected by the Parliament and 6 Theologians appointed by the Supreme Leader, who are elected and supervised by the Assembly of Experts (Majles-e Khobregan), a directly elected chamber of 88 representatives.

The Supreme Leader has the power to appoint the heads of the judiciary and the armed forces to ensure separation of administrative branches. The Supreme Leader also relies on a group of experts, the Expediency Council (Majma-e Tashkhis-e Maslahat-e Nezam), to facilitate decision-making and resolve administrative conflicts between the branches.

## The Legislative Process



## Supreme Leader

(Magham-e Moazam-e Rahbari)

Determining the country's general policies and supervision over accuracy of executing general policies.  
 Commander-in-chief of armed forces.  
 Resolving issues and overseeing the relationship between the three branches of the government.  
 Resolving issues facing the government that cannot be resolved through other means.  
 Solving the government's calamities which are not resolvable through ordinary methods.

### The Guardian Council (Shoray-e Negahban)

12 members (6 Theologians, 6 Jurists)  
 Membership made up of 6 theologians selected by the Supreme Leader and 6 jurists elected by the Majles from a list of jurists nominated by the Chief Justice.

- Supervises elections for the Assembly of Experts, the President and Parliament and vets candidates.

- Power to examine the compatibility of legislation with Islam and the constitution and to veto legislation.

- Power to approve/reject political appointments and electoral candidate

### Chief Justice

Appointed by Supreme leader (5-year term)

Managing the affairs of the judiciary, Preparing judicial bills, Recruiting, and appointing and dismissing judges.

### Assembly of Experts (Majles-e khobregan)

88 Seats, Elected by public vote (8-year term)

Selection and dismissal of, and supervision over, the Supreme Leader

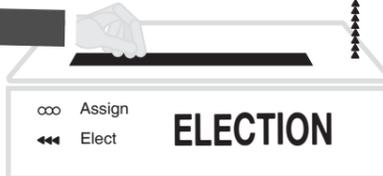
### Islamic Parliament of Iran (IPI)

-290 Seats Elected by public vote (4-year term)

- Supervision over president and the delegation of ministers  
 - Approval of Foreign contracts  
 - Ordaining the laws

### Expediency Council

Appointed by Supreme Leader (5-year term)  
 Expediency Council plays a mediating role between the Parliament and the Guardian Council



## President

Executive management of the country  
 Execution of constitution  
 Elected by direct vote (4-year term; may not serve more than two consecutive terms).

### National Organizations, including:

Management and Planning Organization (MPO)

Iran Cultural Heritage, Handicrafts and Tourism Organization (ICHTO)

Central Bank of Iran (CBI)

The Islamic Republic of Iran Customs Administration (IRICA)

Securities & Exchange Organization (SEO)

Organization for Investment, Economic and Technical Assistance of Iran (OIETAI)

Trade Promotion Organization of Iran (TPO)

### Ministries, including:

Ministry of Economic Affairs and Finance (MEFA)

Ministry of Industry, Mine and Trade (MIMT)

Ministry of Petroleum (MOP)

Ministry of Energy (MOE)

Ministry of Roads & Urban Development (MRUD)

Ministry of Information and Communications Technology (MICT)

Ministry of Agriculture Jihad (MAJ)

## Political and Legislative Timeline

