



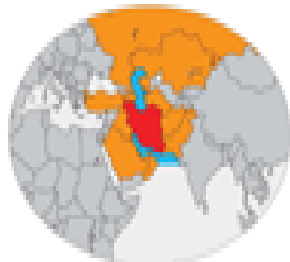
# IRAN

A New Era  
2017



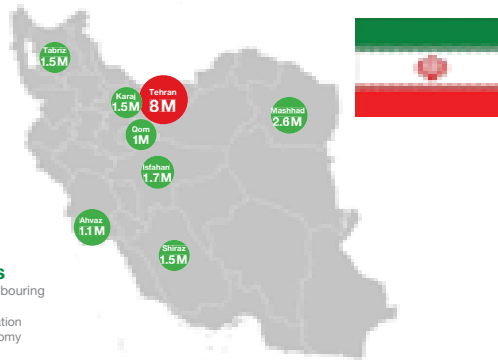
# Islamic Republic of Iran: Country Overview

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

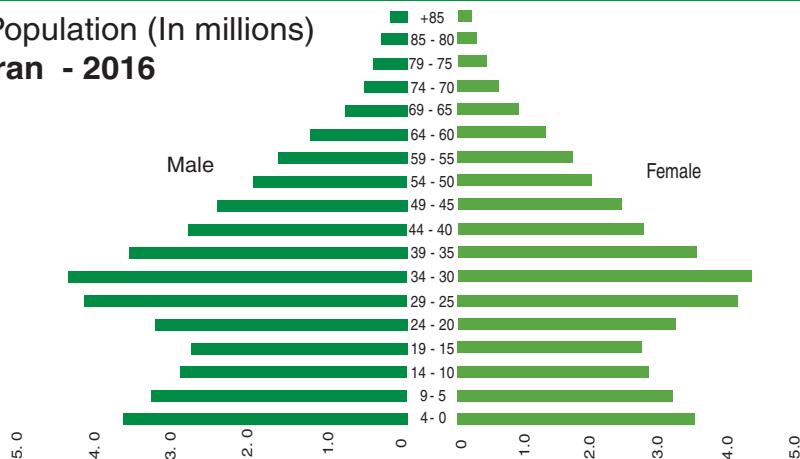
**WORLD  
ECONOMIC  
FORUM**  
**32nd**  
Foreign Market Size Index



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 - 2016**



## Population Census 2016

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



Number of  
Households  
**24.2 M**

Median Age  
**30 Years**

Population  
Growth Rate  
**1.24 %**



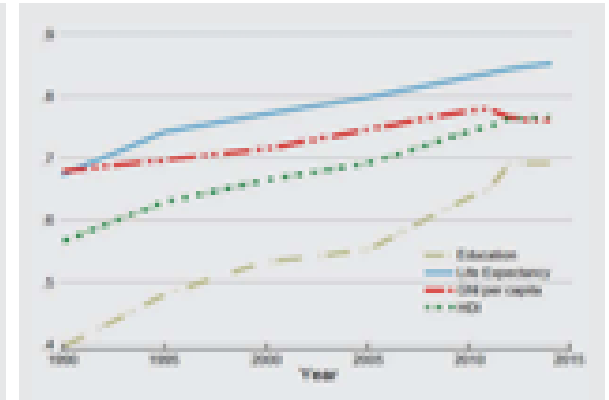
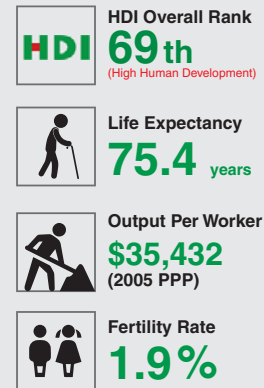
Urban  
**74 %**



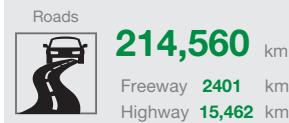
Rural  
**26 %**

## Human Development Index (2015)

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



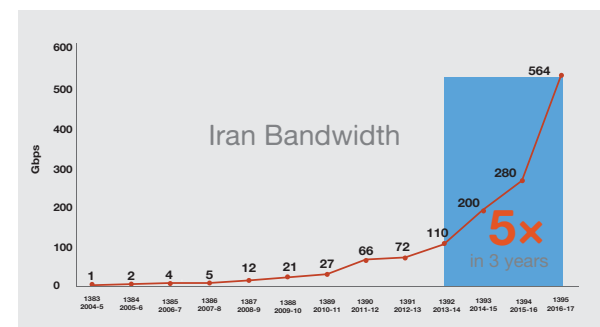
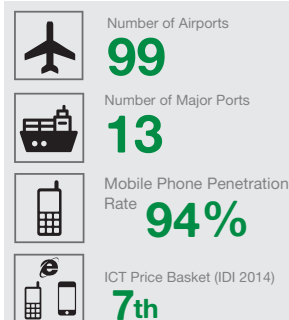
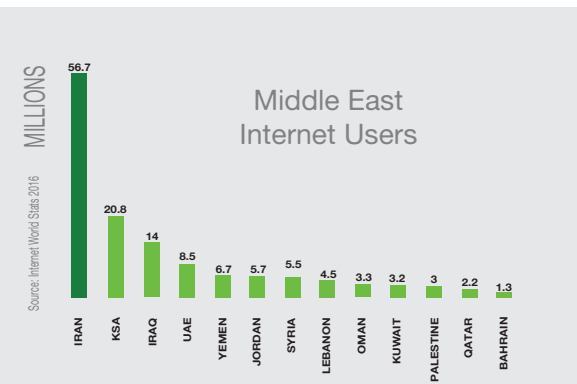
## Infrastructure



Quality of Roads  
(WEF2016\_2017) **68th**



Quality of Railroads  
(WEF 2016\_2017) **46th**



# Islamic Republic of Iran: An Overview of The Economy

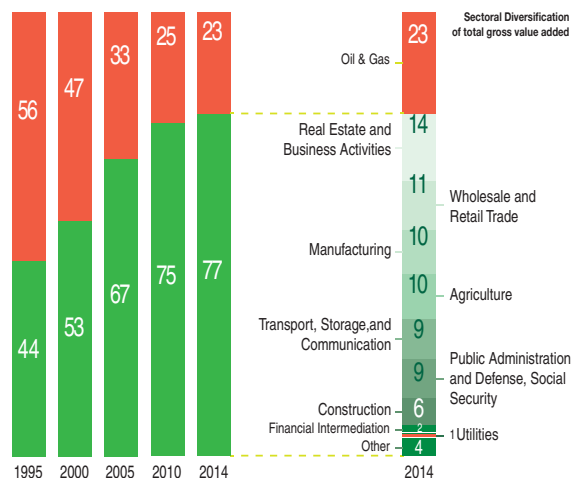
## National Accounts

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 present in the Tehran Stock Exchange.

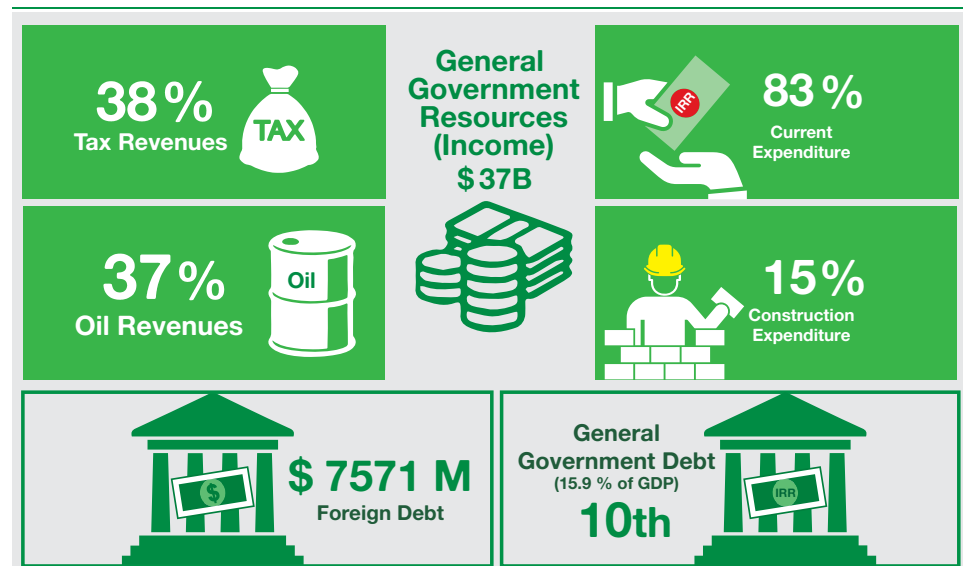
### GDP



Sectoral contribution to Iran's total gross value added

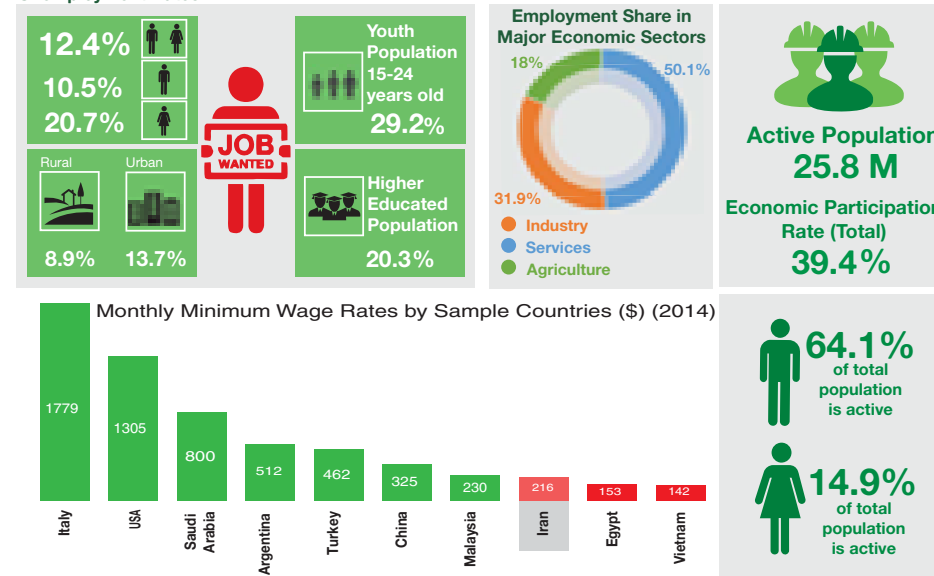


## Government Finances (2015)

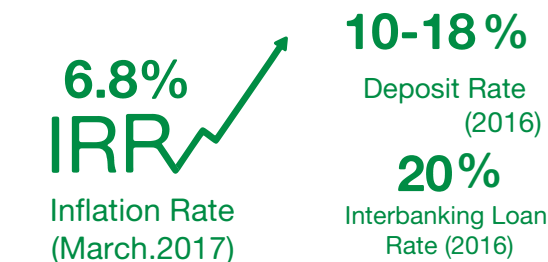


## Labour Market(2016)

### Unemployment Rates



## Rates



### Official Exchange Rate



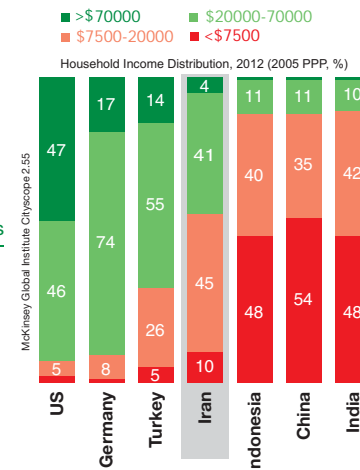
### International Rankings

**WORLD ECONOMIC FORUM**  
World Economic Forum Global Competitiveness 2016-2017  
76/138

**76**

## Consumer Spending

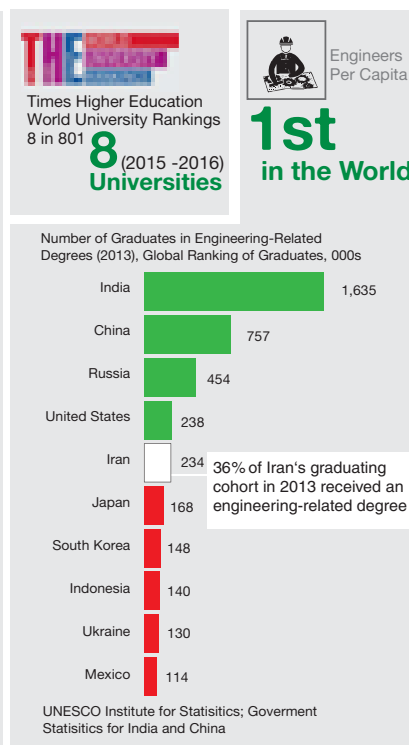
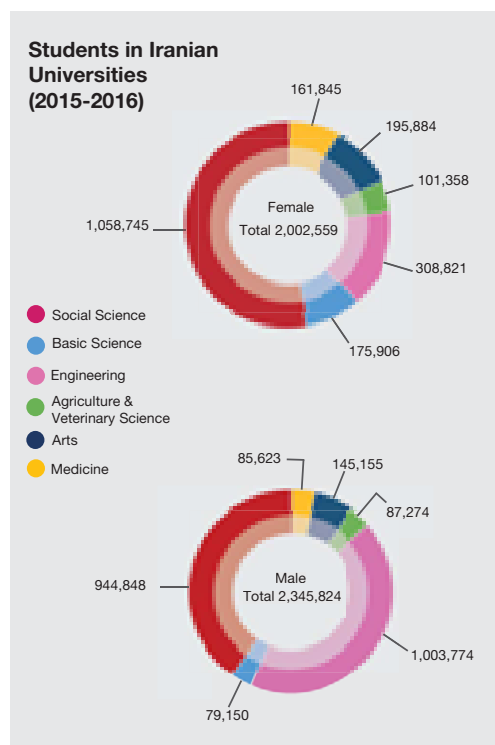
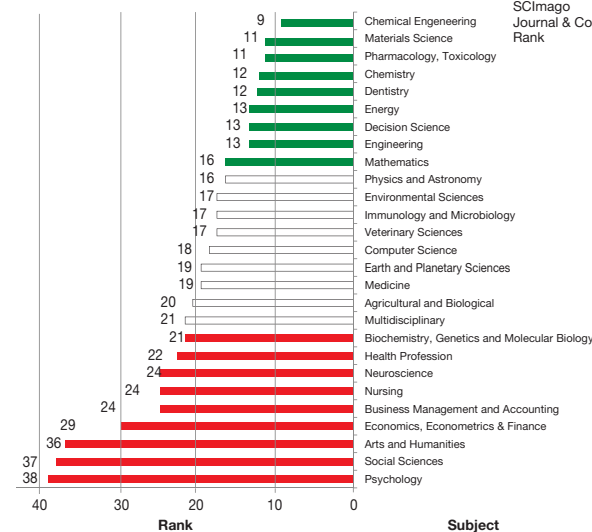
Some 45% of Iranian households already have an annual income exceeding \$20,000. A level which is referred to as "consuming households". The current proportion of consuming households in Iran is already four times that of China and India.



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.

**2016**

Metric	Value	Source/Period
Literacy Rate between ages 15-24	98%	HDI 2016
Quality of Math and Science Education	48th	WEF 2016
Number of University Students	4.3 M	
Primary Education Enrollment	11th	WEF 2016
Number of Higher Education Institutions	2,767	
Tertiary Education Enrollment	33rd	WEF 2016
Secondary Education Enrollment	79th	WEF 2016
High-Tech Output (% of Total Manufacturing Output)	28th	GI 2011
<b>Global Innovation Index</b>	<b>44th</b>	GI 2013

[illegible]



# 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 has the fourth largest crude oil reserves.

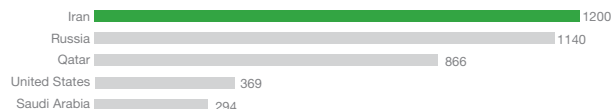
## Gas



**1st** World's largest gas reserves  
Over 1200 trillion cubic feet

**Gas** **1/5** Proven Global Gas Reserves

Proven Reserves of Natural Gas 2015 (Trillion Cubic Feet)

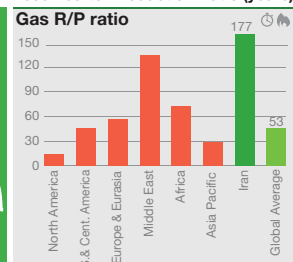


**36,000km**  
Natural Gas Transportation Pipeline  
**273,000km**  
Natural Gas Distribution Pipeline

**96%** Cities Supplied with Piped Gas  
**68%** Villages Supplied with Piped Gas

**70%**  
Proportion of Natural Gas in Primary Energy Consumption

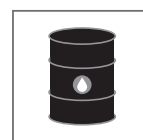
Reserves-to-Production Ratio (years)



Gas Production 2015 (Billion Cubic Meter) **193**

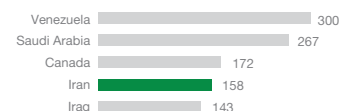
Gas Consumption 2015 (Billion Cubic Meter) **191**

## Oil



**4th** World's 4th largest oil reserves  
158 billion barrels

Crude Oil Proven Reserves 2015 (Billion Barrels)

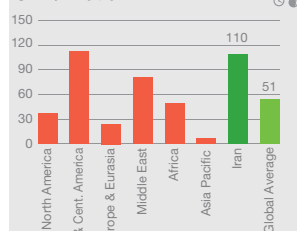


Oil Production 2015 (Thousand Barrels Per Day) **3,920**

Oil Consumption 2015 (Thousand Barrels Per Day) **1,947**



Oil R/P ratio



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).

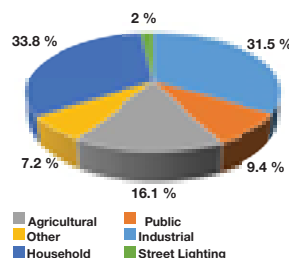
## Electricity

Reliable and growing energy supply is practically available to all firms and households in Iran (World Development Indicator, 2015).

The World Bank's 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, 2015



## Renewable Energy

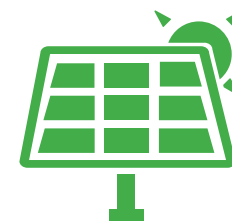
Iran has an average irradiation of 4.5 to 5.5 kilowatt hours per square meter per day



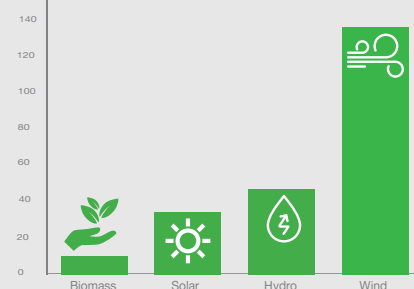
Iran has 300 sunny days in a year in more than two-thirds of the country



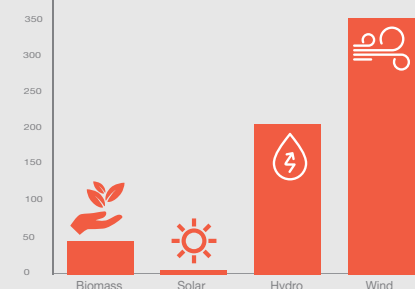
Iran has more than 2800 hours of sunshine on average per year. A number which reaches 3200 hours in arid regions such as Yazd



Installed Capacity 2014 (MW)



Electricity Production 2014 (GWh)



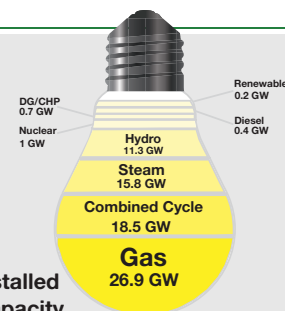
Now **74,103 MW**

Installed Capacity By 2020

**110,000 MW**

Iran exports electric power to Pakistan, Turkey, Iraq, Afghanistan and Azerbaijan. Iran also exchanges power with Armenia and Turkmenistan.

Installed Capacity **74,1 GW**



## Electricity Network

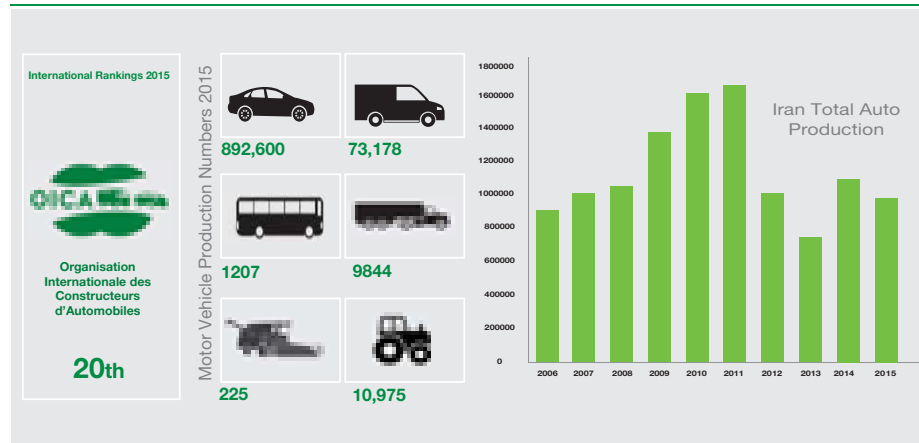
Transmission Network **121,653 km**

Distribution Network **730,000km**

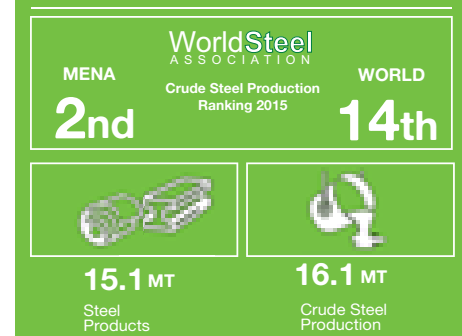


# Islamic Republic of Iran: Industries & Mineral Resources

## Automotive Industry



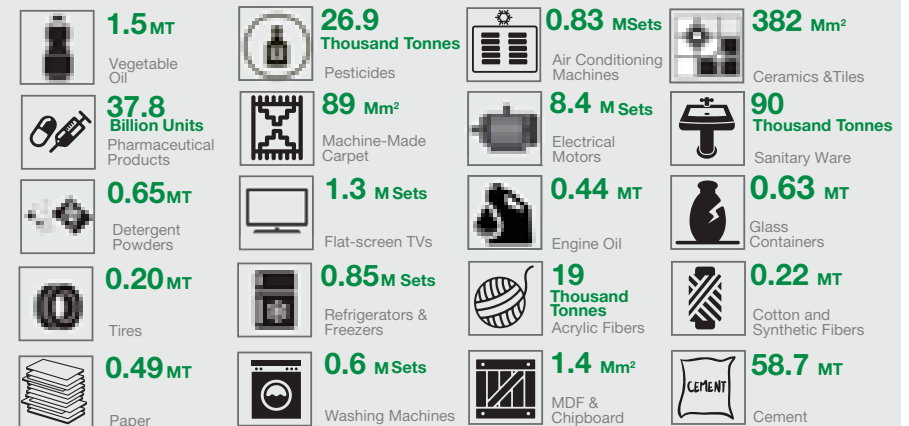
## Steel Industries 2015



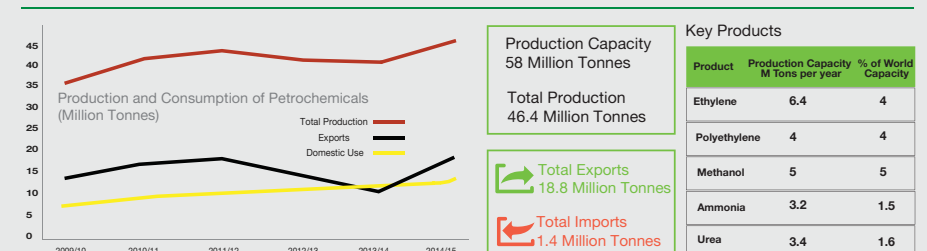
## Value of Top 6 Industrial Exported Items 2015 (\$ Million)

1446 Propane	950 Methanol
880 Butane	1108 Polyethylene
1238 Pitch	1092 Steel Products

## Selected Industrial Products 2015



## Petrochemical Industries 2015

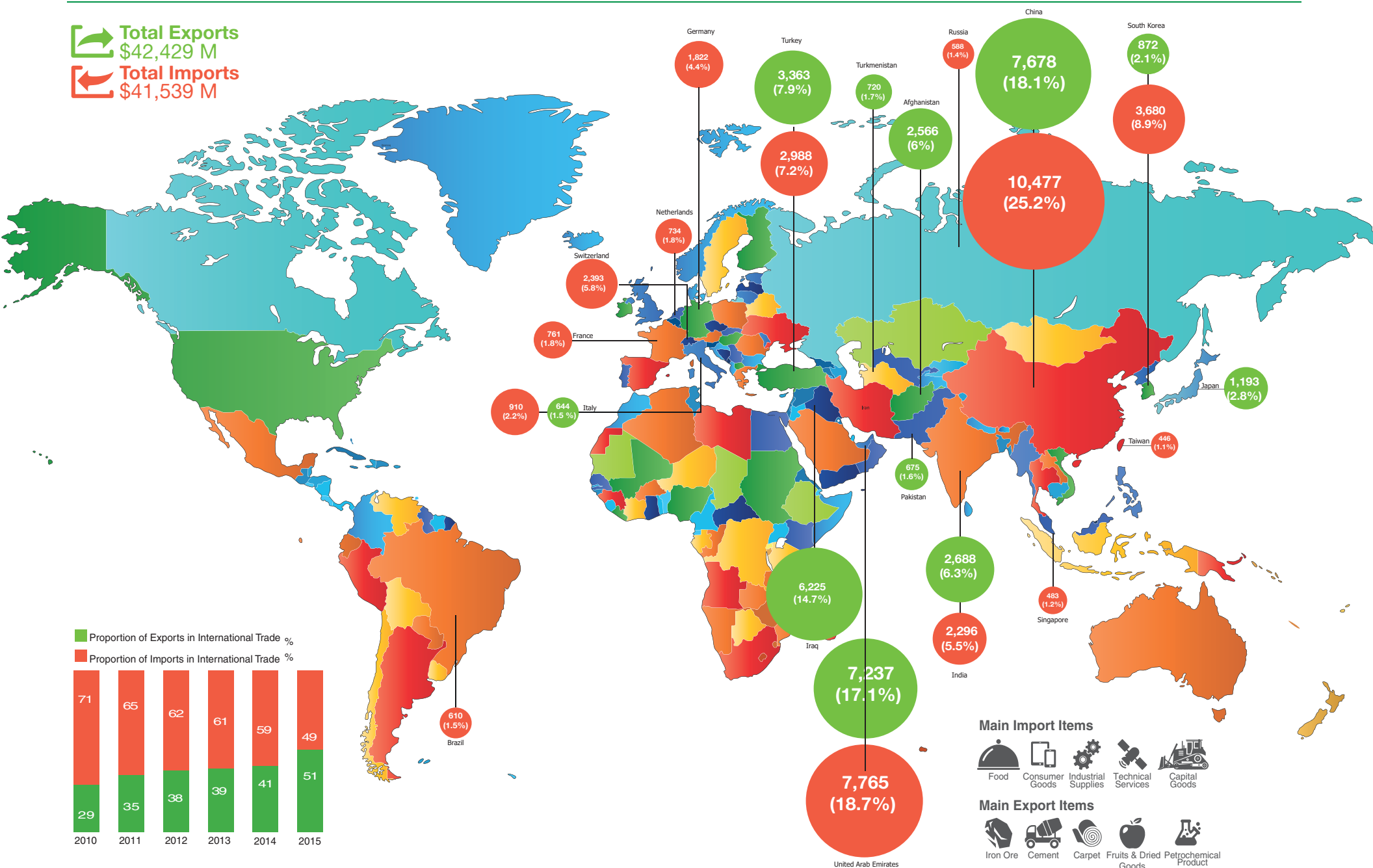


# Islamic Republic of Iran: International Trade (Main Trading Partners 2015)

(Excluding Oil - \$ Million)

 **Total Exports**  
\$42,429 M

 **Total Imports**  
\$41,539 M



## Main Import Items

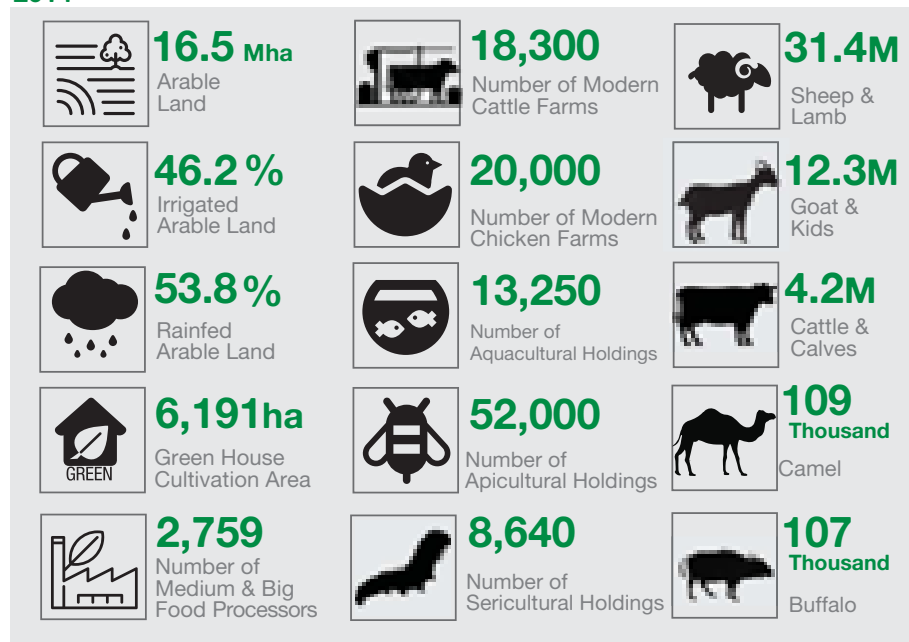


## Main Export Items

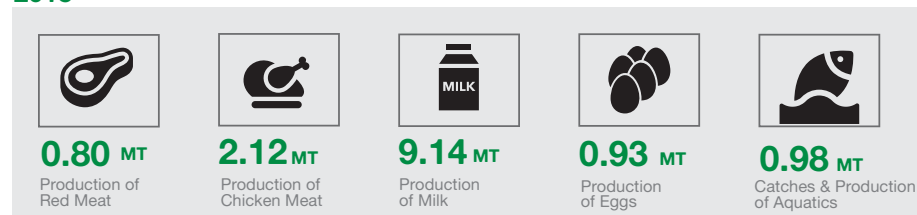


# Islamic Republic of Iran: Agriculture & Food Production

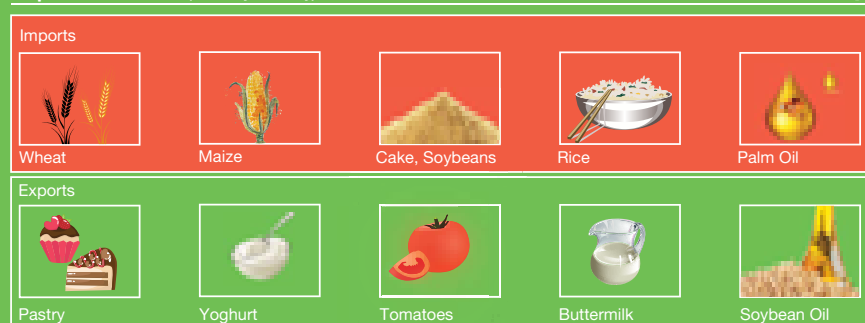
2014



2015



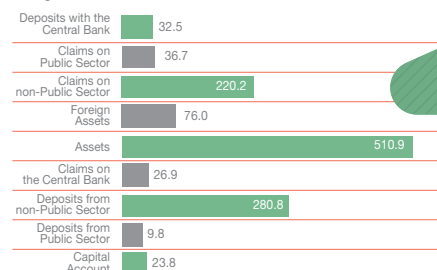
## Top Five Products (Order by Quantity) 2013



# Islamic Republic of Iran: Banking System & Stock Market

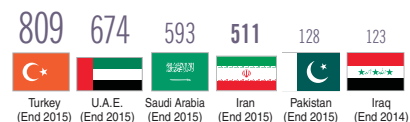
## Iranian Banking System

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



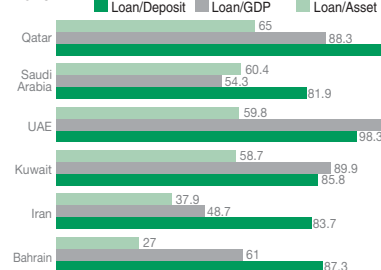
## Comparison of Regional Banks

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

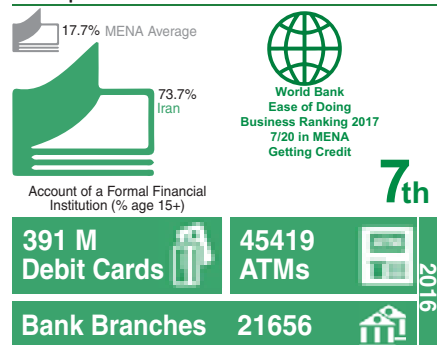


### Loan/Deposit, Loan/Asset & Loan/GDP Ratios

2015

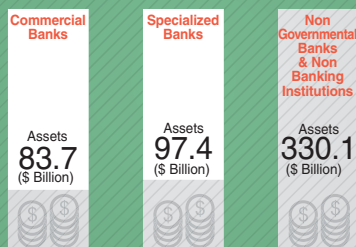


## Developed Infrastructure and Institutions



## Banking System in Iran

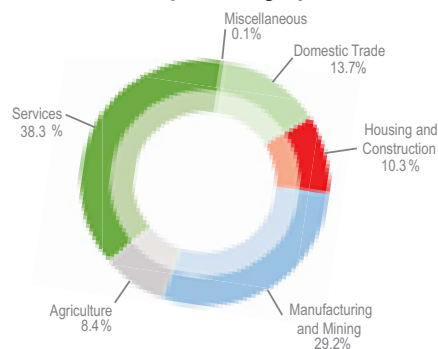
### Types of Banks



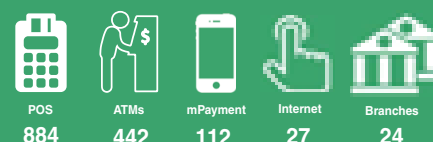
The Largest Islamic Banking System in the World

2014 Banker

## Share of Major Economic Sectors in the Facilities Extended by Banking System 2015



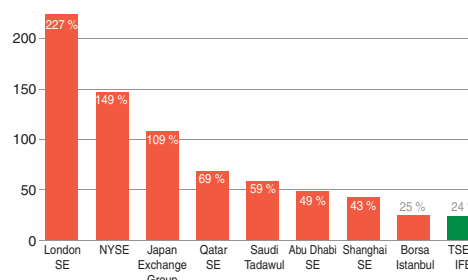
## Average Number of Banking Transactions per Month in 2016 (Million)



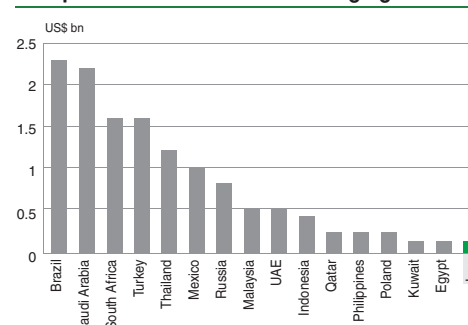
## Comparison with Well-known Markets

	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

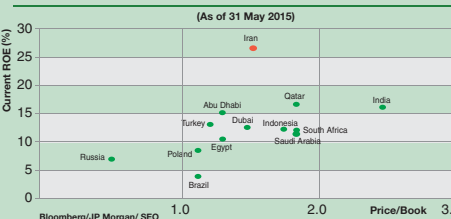
## Market Cap/GDP Comparison with Well-known Markets, December 2015



## Comparison of the ADVT of Emerging Markets



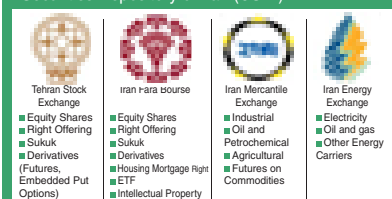
## Current ROE vs Price/Book



## Iran Capital Market

### An Untapped Market

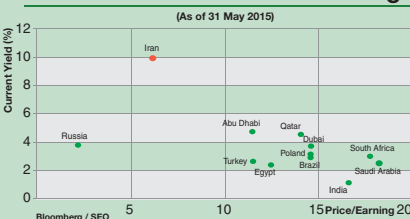
As the oldest capital market in the region, Iran's capital market enjoys more than half a century of experience. Over these years, the capital market of Iran has fulfilled the investors' expectations and as a result it has been the most attractive market in the MENA Region. The Iranian capital market 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).



### 2015

Market Value (\$B)	114	Listed Companies	319
Trade Value (\$B)	16	Trade Value to Market Value	14%
Trade Volume	228 (B Shares)	No. of Trades	14 M
No. of Traders	4 M	No. of Trading Days	243

## Dividend Yield vs Price/Earning



# Islamic Republic of Iran: Travel & Tourism

## UNESCO World Heritage ( 21 Sites )



Shahr-e Sokhta  
3200 BC



Lut Desert  
3000 BC



Tchoghazanbil  
1250 BC



Susa, late 13th to  
5th century 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 Century BC



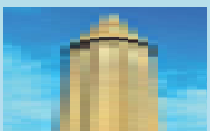
The Persian Qanat  
6th Century BC



Takht-e Soleyman  
6th Century



Armenian Monastery  
7th Century



Gonbad-e Qabus  
1006 AD



Masjed-e Jāmē of  
Isfahan 12th Century



Soltaniyeh  
1302–12 AD



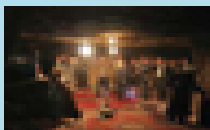
Tabriz Historic Bazaar  
Complex 13th Century



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



Golestan Palace  
18th Century



Cultural Landscape of  
Maymand

## International Rankings 2013



United Nations  
World Tourism Organisation

Tourist Attraction  
Ranking

**48th**



United Nations  
World Tourism Organisation

Ecotourism  
Ranking

**7th**



United Nations  
Educational, Scientific and  
Cultural Organization

World Heritage  
Sites Ranking

**11th**

## World Economic Forum, The Travel & Tourism Competitiveness Index (2015)



Number of Accommodations  
2014

**3,343**



Number of 4-Star & 5-Star  
Hotels

**113**



Number of Rooms

**84,499**



Number of Beds

**231,647**

Persepolis  
6th Century BC



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

The possibility of **Registering** an Iranian company with 100% foreign capital

The possibility of **Investment** by foreign natural and juridical persons and Iranians living abroad

Allowing investments in **All areas** which are permitted for the private sector

Direct Investment (Equity Participation) in All Areas Open to the Iranian Private Sector without Any Limitations on Percentage of Foreign Shareholdings

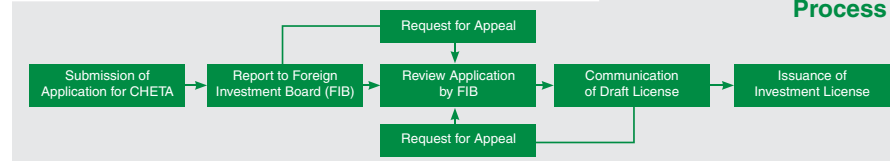
Issuing a **3-year** residence license for foreign experts

Quick approval of foreign investment applications and granting protection coverage for all foreign investment schemes

Expropriation and Nationalization

**Unlimited Transfer** of Capital and dividend

**Investment Licensing Process**



## Iran Tax System



Foreign investors in Iran can have 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 entities, 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, Providing support for previous investments of foreigners

## TAX REGIME

- 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

**TAX FREE**

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 required for 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

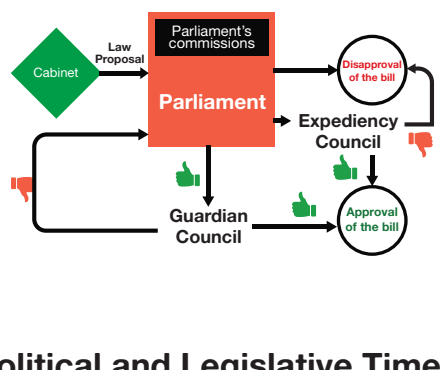
In a region faced with instability the Islamic Republic of Iran has been a stable and thriving state despite a plethora of domestic problems, international crises and sanctions imposed over the past 37 years, and confrontations designed to bring about regime change and the Iranian nation to its knees, 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.

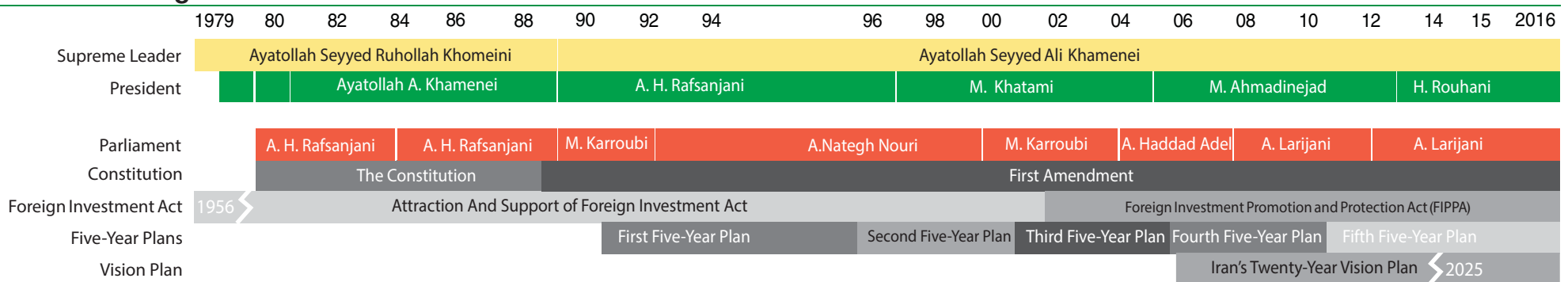
The Iranian Parliament (Majles-e Shoraye Eslami) is a directly-elected body tasked with overseeing the Cabinet and formulating legislation. All legislation must be approved by the Guardian Council (Shoray-e Negahban), an example of an indirectly-elected body. The Council consists of 6 Jurists elected 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



## Political and Legislative Timeline



## Supreme Leader

(Magham-e Moazam-e Rahbari)

### 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

### Expediency Council

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

### 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

## ELECTION

Determining the country's general policies and supervision over accuracy of executing general policies.  
Commander-in-Chief of the 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.

## 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 (MEAF)

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)