

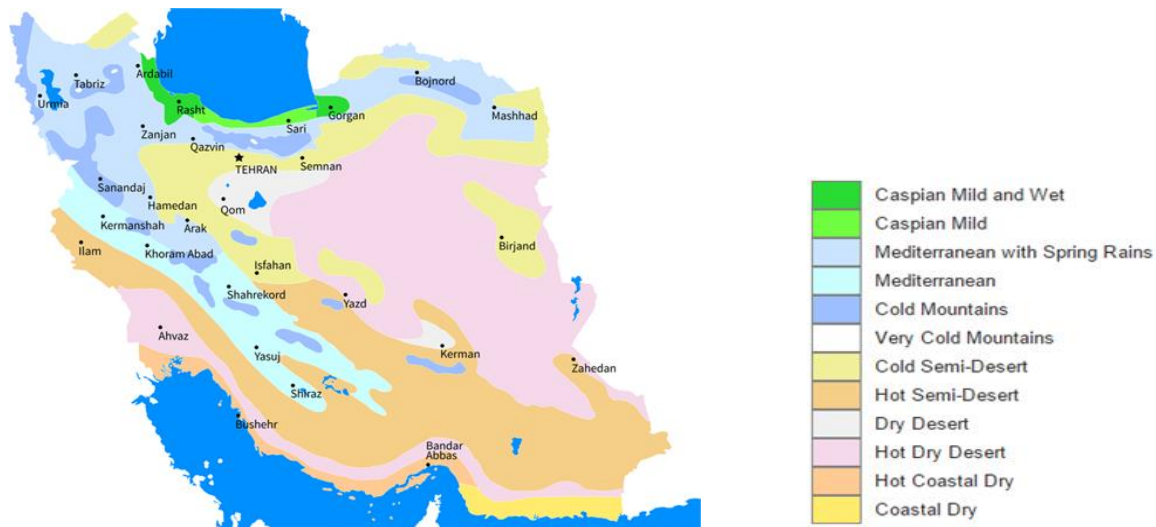
# 1-Country Overview

To get a vivid view of where our customers are going to invest, before we start discussing about the market we prefer to provide them with an overview of the country in terms of geography, demography, economy, culture and customs, and political structures. According to our experience, every single one of these items can affect the given market and pose a risk to the ongoing investments. So let's have a quick journey to Iran and get to know this beauty country which is the host of best opportunities.

## 1-1 Geography

Locating in MENA, Iran has a geopolitically strategic location in the region. It has a wide land with an area of 1,648,000 square kilometers (636,000 sq. mi), access to international waters through Oman

Map 1 Climate map



Source: Wikipedia

Map 2 Location in the world



Source: Wikipedia

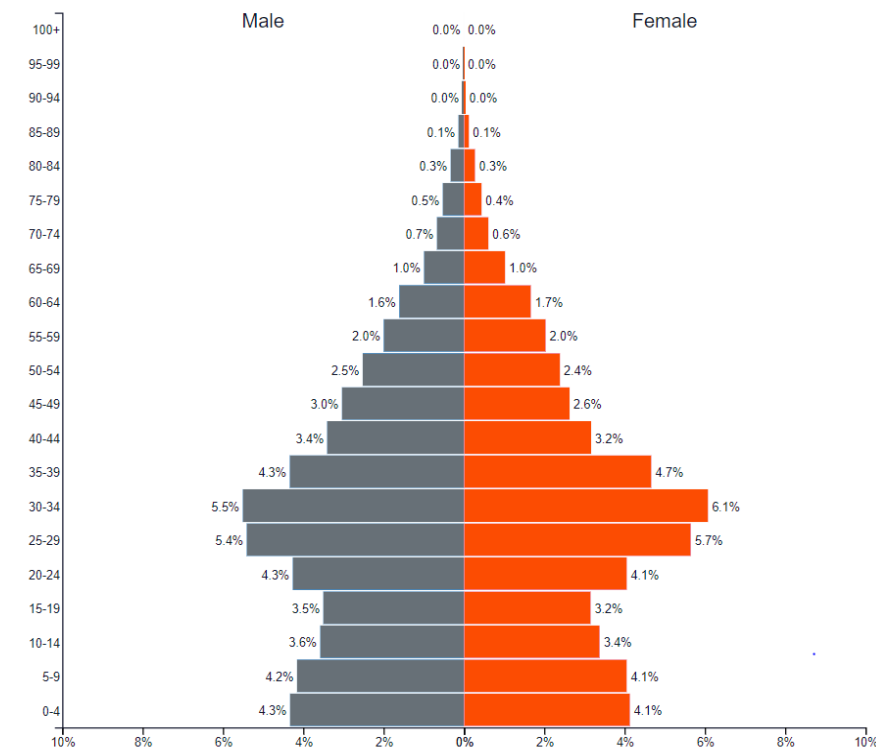
Sea, and is connected to Europe through Caspian Sea. All around its large land which ranks eighteenth in the world, Iran has 15 neighbors: Armenia, Azerbaijan, Turkmenistan, Afghanistan, Pakistan, Iraq, and Turkey. Through its water boundaries in North and South, Iran neighbors with Russia, Kazakhstan, Oman, United Arab Emirates, Qatar, Bahrain, Kuwait, and Saudi Arabia.

Iran is one of the rare lands with almost all aspects of nature: Jungle, Sea, river, mountains, desert, fields, fountains, and etc. these different aspects have caused the diversity of climate in Iran. As a matter of fact, Iran has one of the most beautiful natures in the world. And its diversity of climate has created many opportunities for different fields of business.

## 1-2 Demography

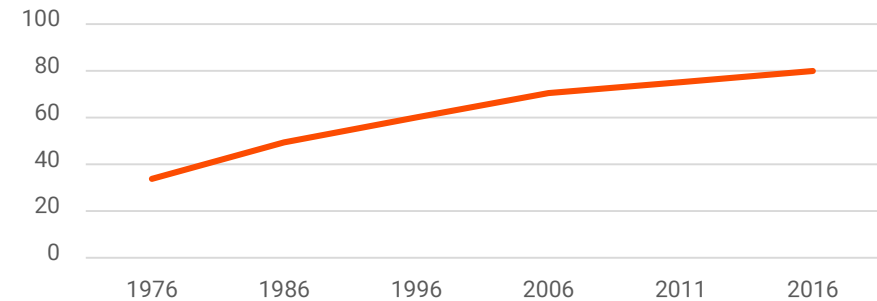
According to the last population census in 2016, the country's population is 79,926,270 with a gender ratio of 1.03. The population growth trend in recent years shows a decreasing growth rate which probably will move faster in the future due to governmental plans for increasing the population.

*Graph 1 Population age pyramid – Iran 2016*



Source: Populationpyramid.net

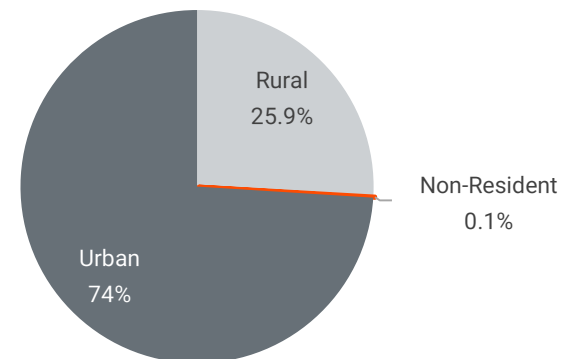
*Graph 2 Total Population (Million People)*



Source: SCI, IranPartner

Being in a developing phase, the major part of population in Iran have settled in urban areas.

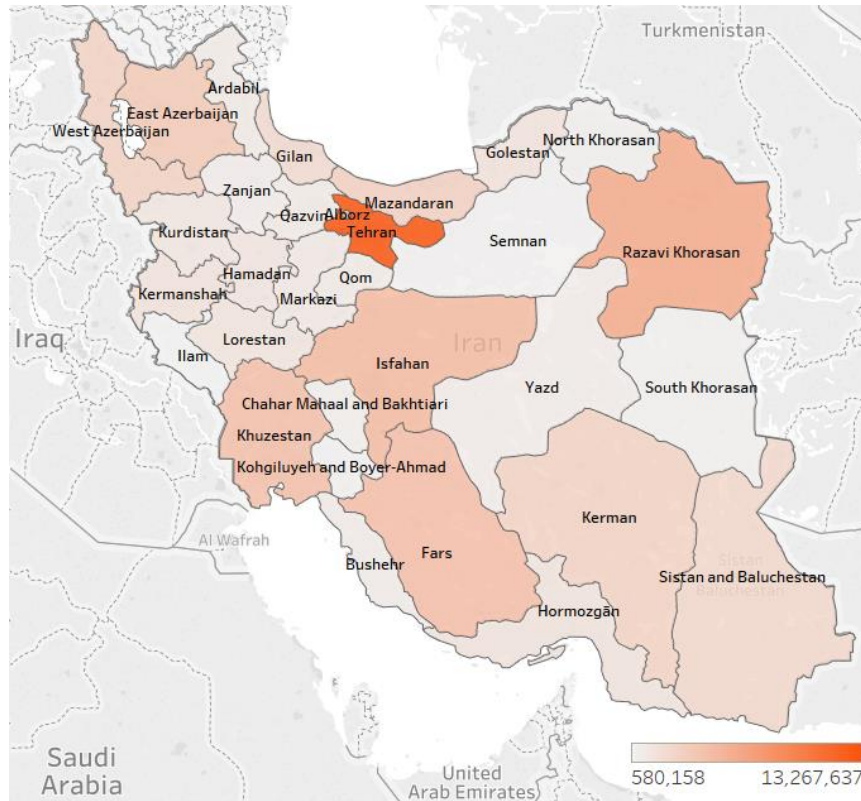
*Graph 3 Residential Status 2016*



Source: SCI, IranPartner

The most populated states are Tehran, Razavi Khorasan, Isfahan, Fars, Khuzestan, and East Azerbaijan.

Map 3 Population distribution 2016



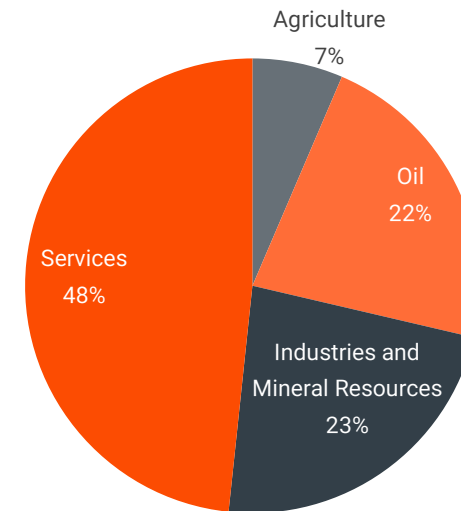
Source: SCI, IranPartner

### 1-3 Economy

With a GDP of \$ 412.2 b, Iran is the second largest economy in the region after Saudi Arabia in 2016. Although Iran is recognized as an oil-dependent

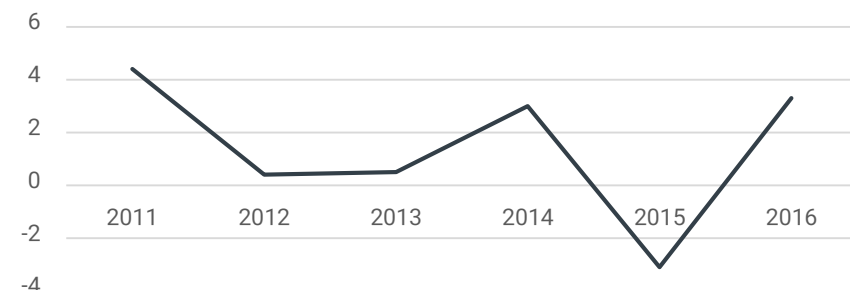
economy, official data reveals that Services section with 48% (in 2016) has had the biggest share in GDP.

Graph 4 Share of economic sections in the generating value added 2016



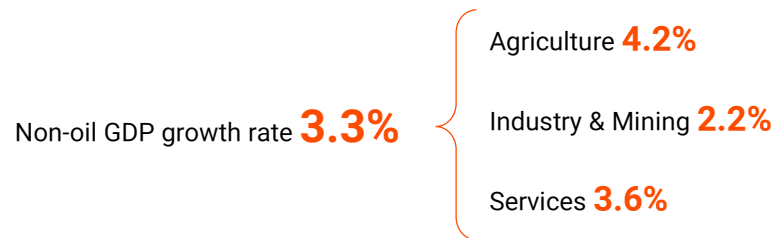
Source: CBI, IranPartner

Graph 5 Non-Oil GDP Growth trend 2016 (%)



Source: CBI, IranPartner

Despite some reports about depression in the economy in 2016, the country has achieved a positive growth in three of its main sections in this year.



The only section which had a negative growth was the construction section (-13%). With the structural and planned changes in the economy, there is a hope for more rapid growth rates in the Iran Population distribution following years.

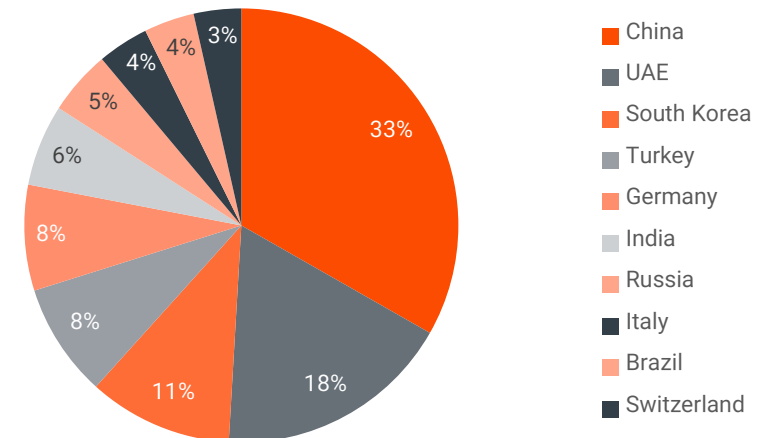
### 1-3-1 Foreign Trade

After many years with a negative trade balance, Iran had a positive trade balance in 2016. So that exports with a value of \$ 43.8 b exceeded imports with a worth around \$ 42.7 b. From the exported items, the main ones were from Oil group: Gas condensate, Light oils and products thereof except for gasoline, Liquide natural gas, liquefied propane, Petroleum gases, Liquefied gaseous hydrocarbons. And the main import items by value were Corn Feed, Soybean, Cars, Vehicle Parts, Rice.

Although the main exported items show that Iran still depends on oil & gas revenues, comparing imported items in recent decade reveals a slow shift from importing consuming goods toward capital ones. Another important matter in this regard is the Iran's trade partners that will be more expanded

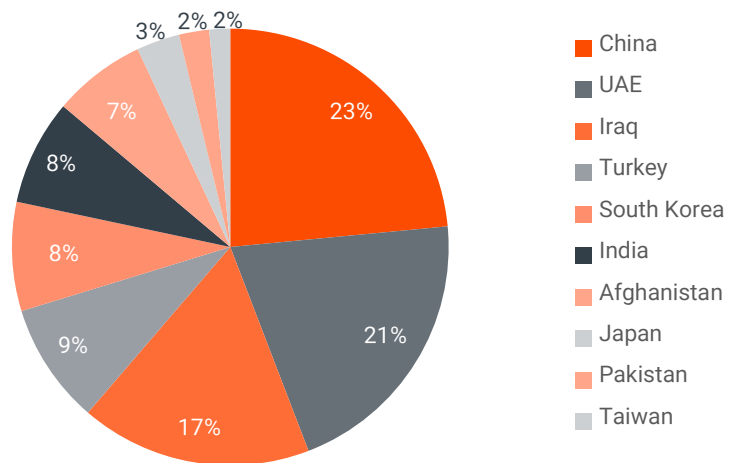
significantly after Iran and P5+1 came to an agreement about nuclear sanctions' removal on July 14, 2015.

*Graph 6 Top 10 Import Origins 2016*



Source: TCCIMA, IranPartner

*Graph 7 Top 10 Export Destinations 2016*



Source: TCCIMA, IranPartner

### 1-3-2 Agriculture

Nature has given the country the best opportunity for agricultural activities. In fact, Iran is very talented in producing the best of many agri products even though it has no industrialized agriculture section. That is inefficient traditional methods are the dominant farming method.

*Graph 8 Iran's global rank for various products*

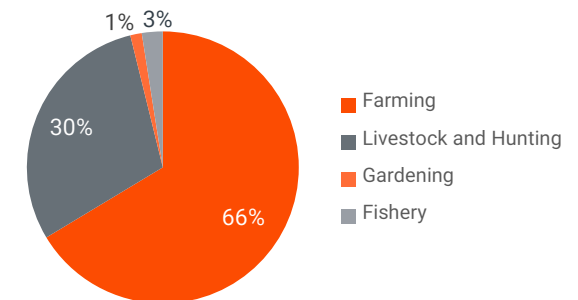


Source: FAO

Lack of modern irrigation systems in agriculture section when it is blame for consuming the major part of water reserves while Iran is a dry country and deals with a water stress challenge, is the most important challenge in this section.

Graph 9 Share of each section in producing value added

### 1-3-3 Main Industries



Source: CBI

Table 1 Selected agricultural products 2016

Products - Ton	Red Meat	815,000
	Milk	9,510,000
	Chicken Meat	2,092,000
	Egg	940,000
	Honey	81,500
Machinery and Equipment (set)	Wheat	11,500,000
	Tractor	471,289
	Combine (Grains and Rice)	20,694
	Tiller	154,815
	Reaper (Grains and Forage)	17,320
	Chopper	400
	Soil processing equipments	866,180
	Planting tools	132,001
	Growing and Maintenance tools	261,184
	Harvesting tools	356,696

Source: MAJ

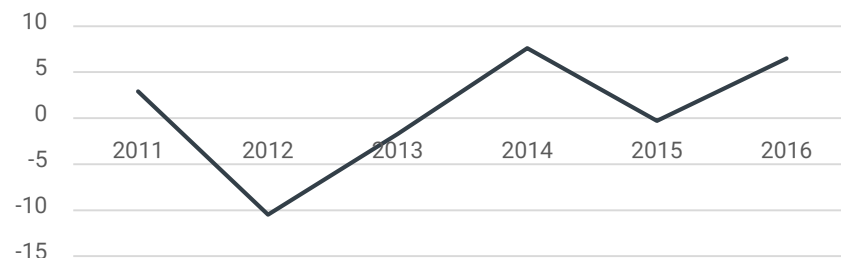
Although Iran is not an industrial country, some industries have been grown good enough to have a global rank. Like cement industry in which Iran is the forth in the world and Iron production that has brought about a global rank of ninth for the country.

Table 2- Value Added generated by middle sized and big industrial workshops - 2014

\$ m	Section Name	\$ m	Section Name
43,800	Manufacture of coke, refined petroleum products and nuclear fuel	772	Manufacture of radio, television and communication equipment and apparatus
25,492	Manufacture of chemicals and chemical products	701	Manufacture of other transport equipment
18,357	Manufacture of basic metals	503	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
13,985	Manufacture of food products and beverages	448	Manufacture of medical, precision and optical instruments, watches and clocks
13,499	Manufacture of motor vehicles, trailers and semi-trailers	412	Manufacture of furniture; manufacturing n.e.c.
5,906	Manufacture of other non-metallic mineral products	282	Publishing, printing and reproduction of recorded media
3,496	Manufacture of machinery and equipment n.e.c.	243	Manufacture of office, accounting and computing machinery
2,882	Manufacture of rubber and plastics products	224	Tanning and dressing of leather; luggage, handbags, saddlery, harness and footwear
2,820	Manufacture of fabricated metal products, except machinery & equipment	211	Manufacture of tobacco products
2,386	Manufacture of textiles	151	Manufacture of wearing apparel; dressing and dyeing of fur
2,359	Manufacture of electrical machinery and apparatus n.e.c.	26	Recycling
1,241	Manufacture of paper and paper products		

Source: SCI

Graph 10 Industry growth trend (%)



Source: SCI

Due to a depression in the economy in the recent years, Industry section should have shown a negative growth rate but instead it has paved an unstable path. The reason probably is the fluctuations of oil price in the global market. When the oil price goes up, the oil export revenue helps the industry to show a positive growth rate and when it goes down, general depression in the economy will reveal itself in terms of a decreased growth rate.

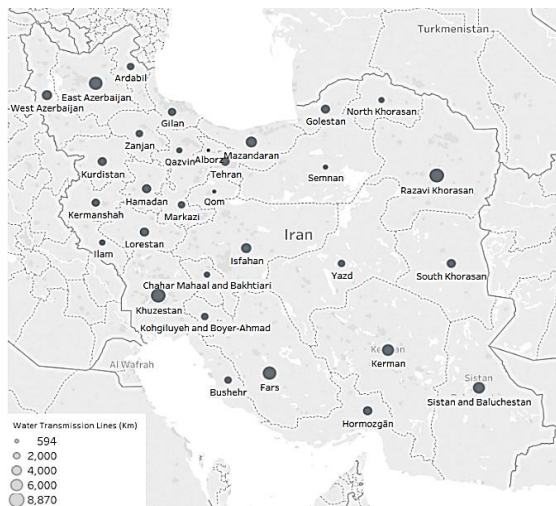
In summary, Iran has a natural resource dependent economy which includes not only oil and gas reserves but mineral resources too.



### 1-3-4 Infrastructures

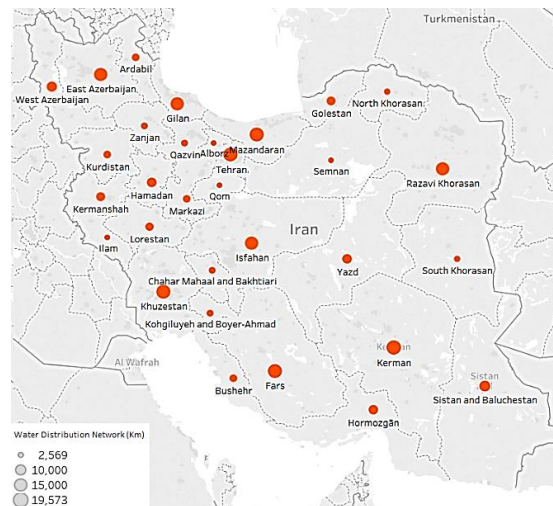
Infrastructures include all systems that are the basic and vital pillars of an economy in the way of development and prosperity. Here we map the network of sewage, water, electricity power, and gas coverage network throughout the country as well as seaports, airports, roads, and railroads' network as the main infrastructures in an economy.

*Map 4 Water Transmission Lines Network*



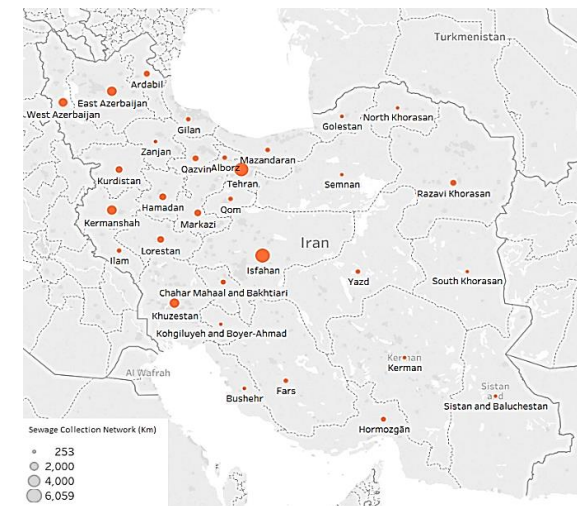
Source: Ministry of Energy (MOE), IranPartner

*Map 5 Water Distribution Network*



Source: Ministry of Energy (MOE), IranPartner

*Map 6 Sewage Collection Network*



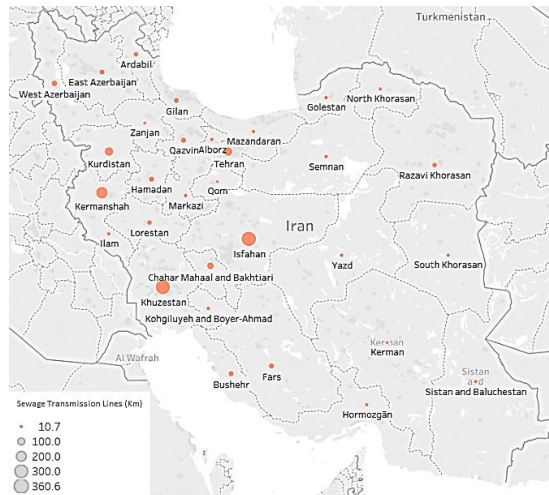
Source: Ministry of Energy (MOE), IranPartner

Looking at the water transmission lines and distribution networks, reveals that this part of infrastructures has been developed unevenly throughout the country. In the sewage collection network the situation is worse. While Tehran and Isfahan are by far more developed sewage collection network than other provinces, for sewage transmission lines Isfahan, Kermanshah, and Khuzestan are more developed than other regions in the country.

Gas split network has no better condition than water and sewage system and only high populated states like Tehran, Isfahan, and Razavi Khorasan have been developed. Power distribution lines in Iran have been distributed through the country far better than water, sewage, and gas. But this section also need to be developed in the less developed regions like northeast and west. Iran has also 11 seaports, 32 airports, 7 freeways, 63 roads, and 12,998 km of railroads. Detailed information of these items are presented in the following tables and maps.

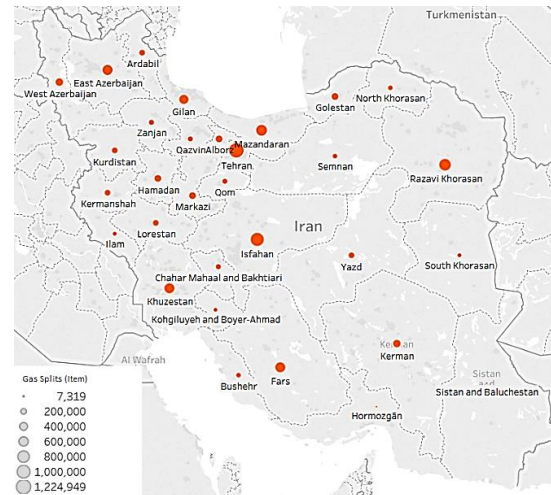


Map 7 Sewage Transmission Lines Network



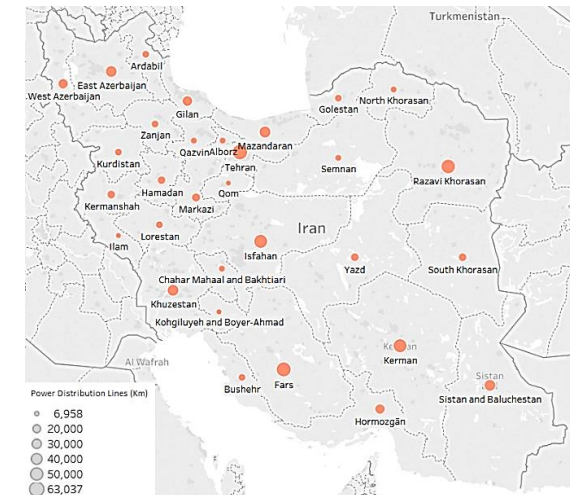
Source: Ministry of Energy (MOE), IranPartner

Map 8 Gas Splits Network



Source: Ministry of Energy (MOE), IranPartner

Map 9 Power Distribution Lines



Source: Ministry of Energy (MOE), IranPartner

Table 3 List of Iran's Sea Ports by location and general specifications

Port Name	Province	City	Distant to the Center State (Km)	Distance to Tehran (Km)	Distance to Airport (Km)
<b>Shahid Rajaei</b>	Hormozgan	Bandar Abbas	32	1350	40
<b>Imam Khomeini</b>	Khuzestan	Mahshahr	100	1000	18
<b>Amirabad</b>	Mazandaran	Neka	60	300	50
<b>Boushehr</b>	Boushehr	Boushehr	-	1100	3
<b>Noshahr</b>	Mazandaran	Noshahr	180	215	3
<b>Anzali</b>	Gilan	Bandar Anzali	40	365	35
<b>Shahid Beheshti</b>	Sistan and Baluchestan	Chabahar	670	1961	45
<b>Khoramshahr</b>	Khuzestan	Khoramshahr	125	997	15
<b>Bandar Lengeh</b>	Hormozgan	Bandar Lengeh	185	1700	6
<b>Bahonar</b>	Hormozgan	Bandar Abbas	-	1500	17
<b>Abadan</b>	Khuzestan	Abadan	120	1000	5

Source: Iran Ports and Maritime Organization

Table 4 Road's network summarized data – 2016

<b>Freeways (Km)</b>	<b>2,401</b>
<b>Highways (Km)</b>	16,627
<b>Main Roads (Km)</b>	25,538
<b>Routes (Km)</b>	34,633
<b>Transit Routes (Km)</b>	24,942
<b>Rural Roads (Km)</b>	128,394
<b>Inter-city roads with lighting (Km)</b>	4,628
<b>Freeways with lighting (Km)</b>	557
<b>Highways with lighting (Km)</b>	2,741
<b>Tunnels (Number)</b>	321
<b>Tunnel (Km)</b>	157
<b>Tunnels with lighting (Km)</b>	131
<b>Bridges (Number)</b>	356

Source: Road Maintenance and Transportation Organization

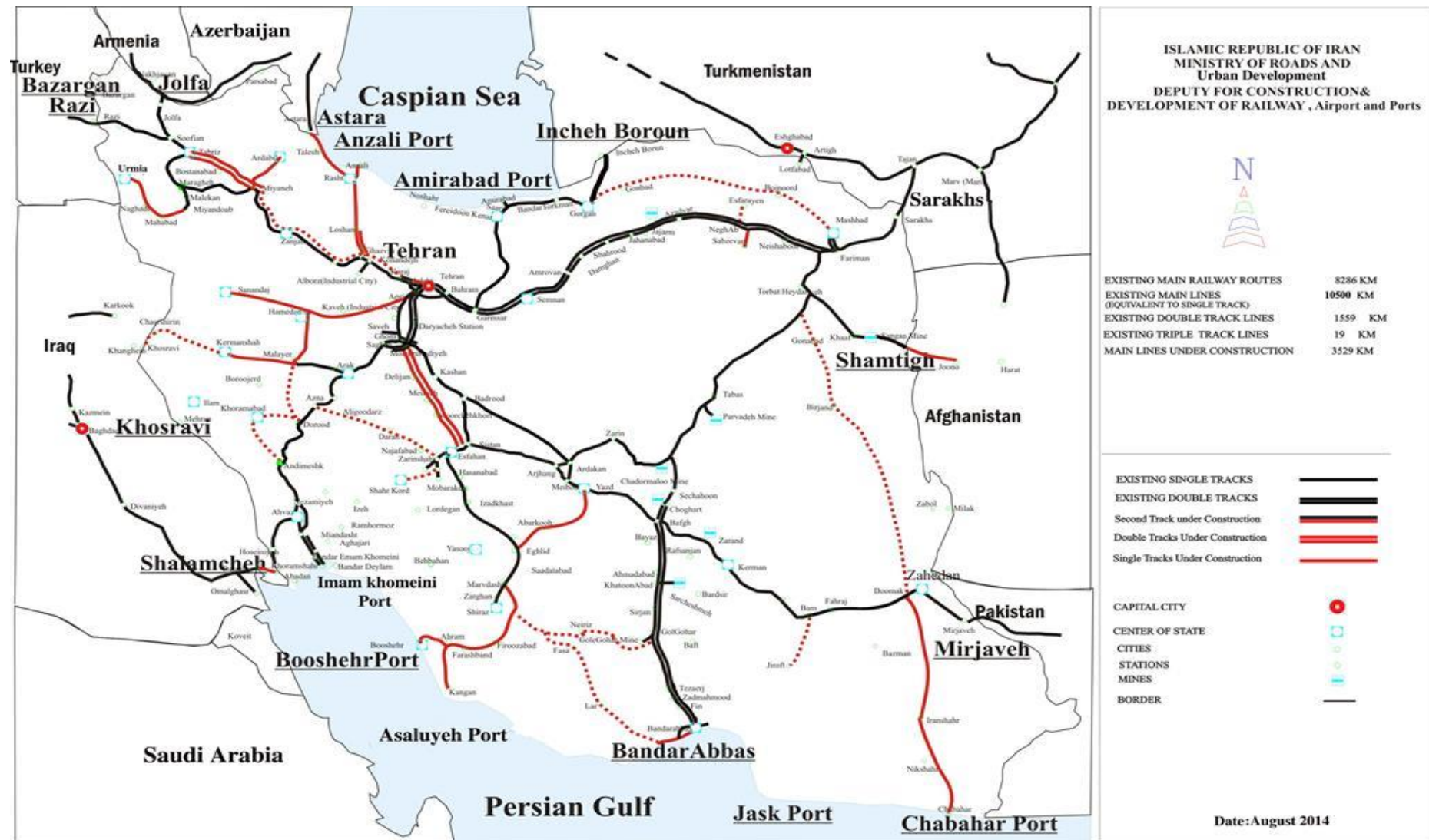
Table 5 List of Iran Airports by City and Airport Type

City	Airport Type
<b>Aghajari</b>	Domestic
<b>Ilam</b>	Domestic
<b>Iranshahr</b>	Domestic
<b>Isfahan</b>	International
<b>Bam</b>	Domestic
<b>Bandar Abbas</b>	International
<b>Pars Abad Moghan</b>	Domestic
<b>Tehran-Mehrabad</b>	International
<b>Tehran-Imam Khomeini</b>	International

City	Airport Type
<b>Tabriz</b>	International
<b>Jahrom</b>	Domestic
<b>Jiroft</b>	Domestic
<b>Kish Island</b>	International
<b>Abumousa Island</b>	Domestic
<b>Khoy</b>	Domestic
<b>Darab</b>	Domestic
<b>Dezful</b>	Domestic
<b>Ramsar</b>	Domestic
<b>Zabol</b>	Domestic
<b>Zahedan</b>	International
<b>Saravan</b>	Domestic
<b>Semnan</b>	Domestic
<b>Shahrud</b>	Domestic
<b>Shiraz</b>	International
<b>Tabas</b>	Domestic
<b>Fasa</b>	Domestic
<b>Kalateh</b>	Domestic
<b>Maraghe - Sahand</b>	Domestic
<b>Mashhad</b>	International
<b>Pars Special Zone</b>	Domestic
<b>Noshahr</b>	Domestic
<b>Yasouj</b>	Domestic

Source: Iranian Aviation News Agency

Map 10- Iran's Railroad Map – 2016



Source: Islamic Republic of Iran Railways



## 1-4 Religion, Culture, and Customs

Despite being considered the biggest Shiite country in the world by 99.38% Muslim in the country mostly Shiite and ruling an Islamic regime, it is very important to understand that Iran certainly is NOT an Arabic country and Iranians are not Arabs.

In fact, Shia sect has become the official religion of the country since 1501 AD mostly to unify the country. But Islamic rules were not part of the governmental rules until the Islamic Revolution in 1979 that Iran became an Islamic country with Islamic rules in all aspects including economics, politics, and customs. But even then because of the rooted and rich culture in Iran, Iran did NOT become like other Islamic countries.

Part of these rules is about women appearance in the community.

Since 1979, HIJAB became mandatory for females older than 9 year-old. But the shape of HIJAB from the first days of being obligation until now has been changed dramatically so that many foreigners whom consider Iran to be similar to Arab countries, surprise at seeing women appearance in the streets. (*Figure 1*)

Iranian customs are a combination of ancient and Islamic traditions. This includes Iranian traditional celebrations like Nowruz, Yalda, Chaharshanbeh Souri, and Islamic rituals like Ashura, Qadr Nights, etc.

Among all of Iranian social behaviors, kindness, sensitivity, decency, patience, generosity, and hospitality, devoted and patriot are remarkable.

*Figure 1 Variety of Hijab in Iran*



*Source: IranPartner*

But Iranians have some special manners that separates them from other nations like Taarof. Taarof is an example of the distinction of public and private, a system of politeness, communicated both verbally and non-verbally, that has deep roots in the Iranian tradition of treating your guests better than your own family and in being great hosts.

So when an expatriate see an Iranian do something for him/her for nothing, he/she should not be surprised or think that this one is crazy or something, but should thank that person and remember that this is a common tradition in Iran.

Another important cultural characteristic of Iranians that influence their work, is that they are not good at team working and prefer to do works alone and by themselves, unless all team members be familiar and friend with each other.

Apart from a set of unified cultural and social behaviors that all Iranians respect to it, every region in the country has its own special norms, social behaviors, and customs. Variety of dishes and special regulations and customs for marriage, for example, are of these differences which makes Iran even more interesting place.

*Figure 2 Selected Iranian traditional dishes*



*Figure 3 Nowruz, Yalda, Chaharshanbeh Suri*

