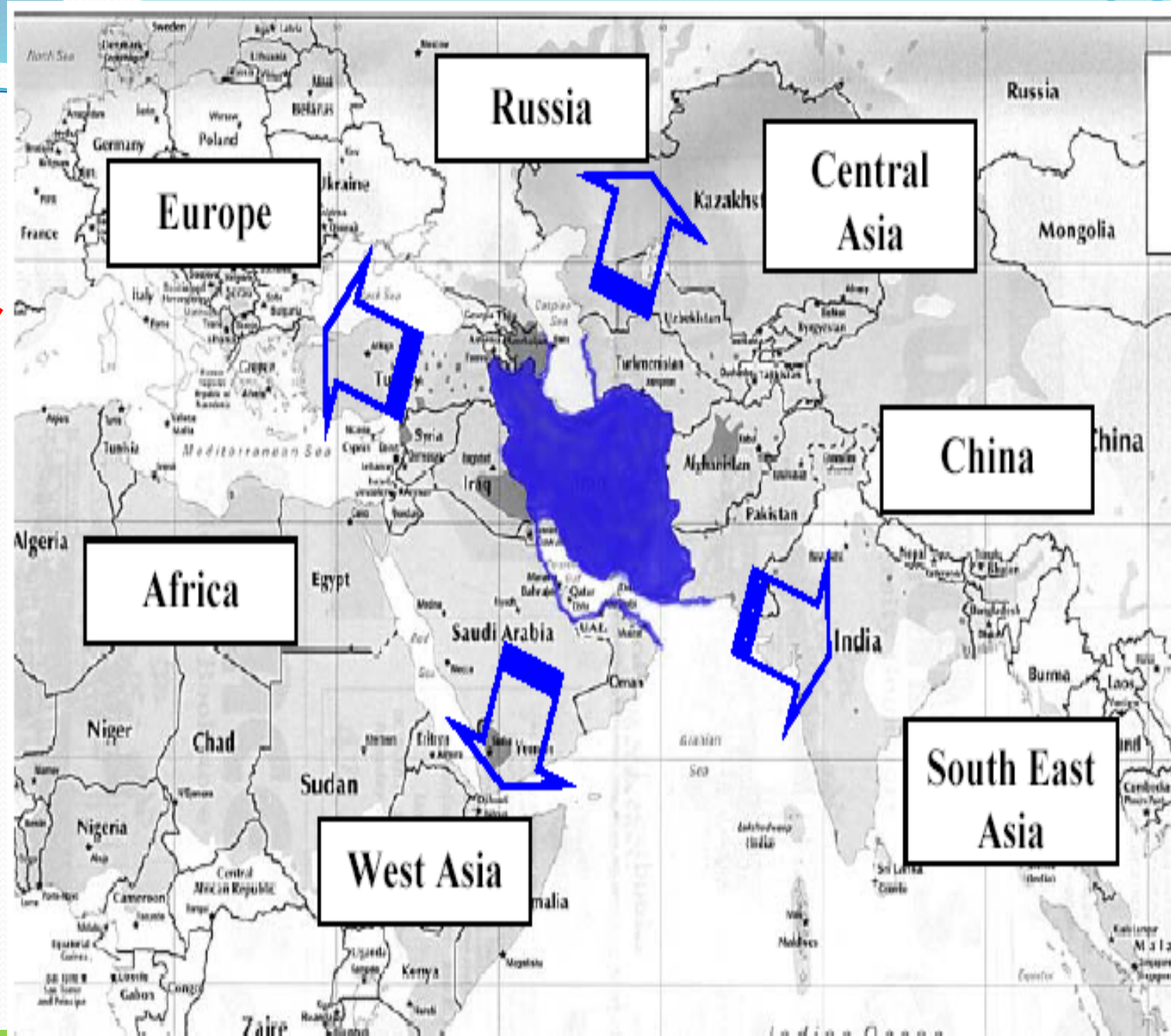


Foreign Investment in Iran

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

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Director General for Foreign Investments
30 June 2016

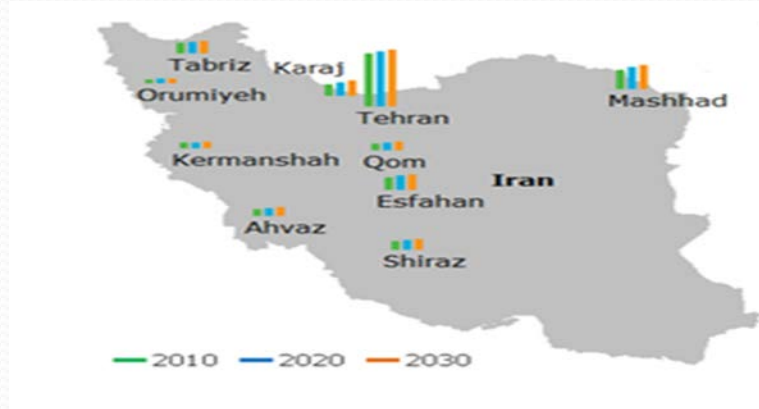


Outline

- **Iran's Economic Strengths, Potentials and Investment Opportunities**
- **Policy for Attracting FDI**
- **Organization for Investment, Economic & Technical Assistance of Iran
O.I.E.T.A.I**
- **“Foreign Investment Promotion and Protection Act” (FIPPA)**
- **Foreign Investment Services Center (FISC)**
- **Foreign Investment Licensing Procedure**
- **Incentives of Investment in Iran (Tax, Custom, Free Zones)**
- **Other Provinces of Iran**

Iran's Economic Strengths, Potentials and Opportunities

- 1,65 M Km²(70% urbanized)
- 79 M inhabitants (3 M diaspora / 40% below 25 y/o)
- GDP 1,284 Bn USD – 18th largest economy
- 2nd gaz reserves / 4th oil reserves
- 68 different minerals

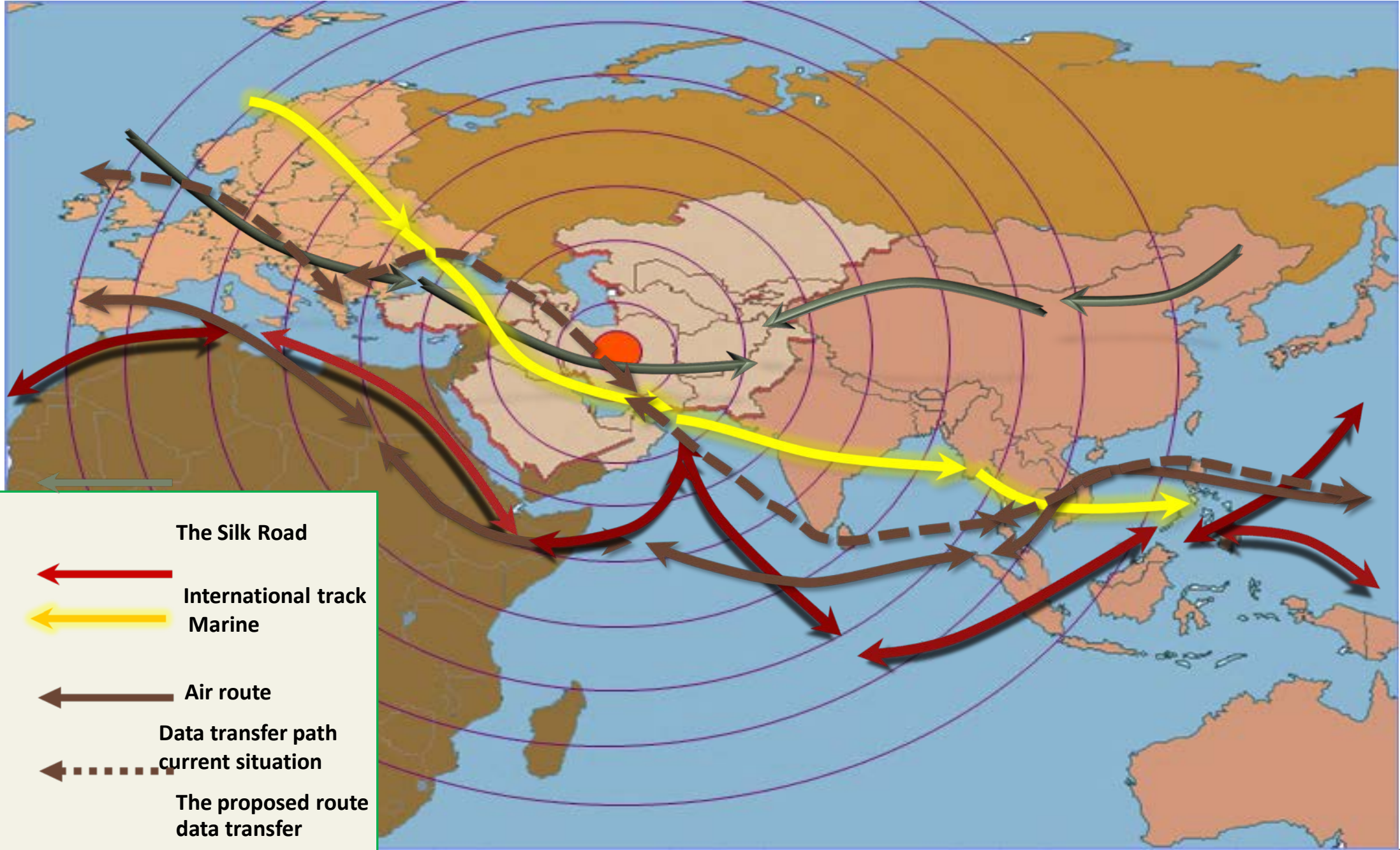






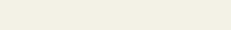
- 75 GW installed capacity (interconnected)
- 13 000 km railway tracks / 90 airports / 7 ports (corridor)
- 15 borders (2 seas)
- Sophisticated (3,7 M students / 98% literacy)
- +120% mobile/internet penetration rate (social networks oriented)

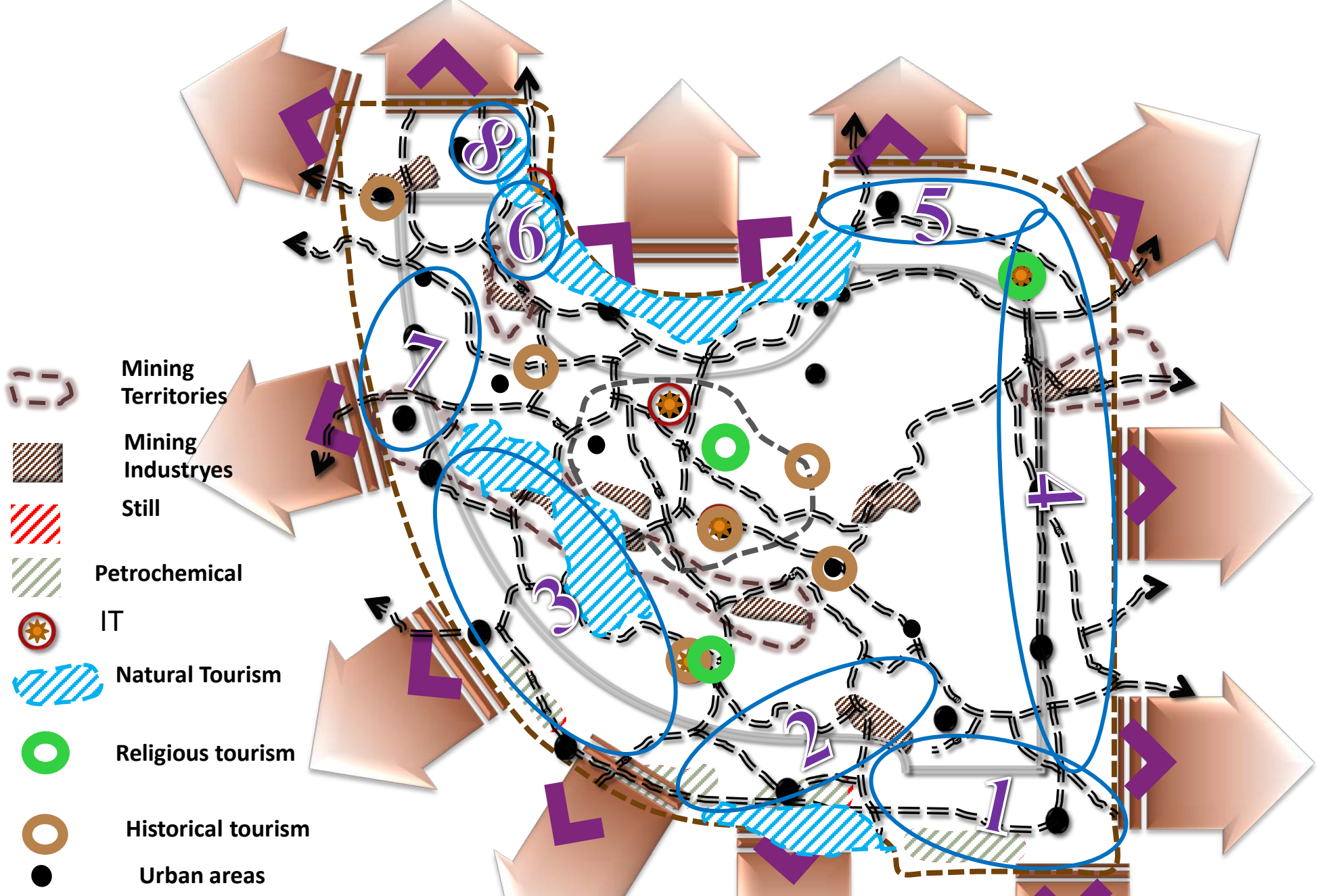


Iran's Economic Strengths, Potentials and Investment Opportunities

- Scale and geographical location right in the approximate center of the world's largest land,
- Proximity to numerous countries with common customs and culture
- Located on communication paths, air, land, rail, sea and international exchange of information
- Political stability, educated and young human resources, solidarity and national unity and has had a long-standing history of civilization
- Climate variability, having 11 climate of the 13 known climate of the world
- Huge reserves of oil and gas
- Numerous and Varied rich mineral deposits
- Have a huge market and can be generalized to the region
- Natural and broad cultural heritage attractions which can enjoys high functionality tourism
- Agricultural fertile lands and numerous products and good quality
- Despite substantial capital in the hands of Iranians abroad



- The Silk Road**
-  International track
-  Marine
-  Air route
-  Data transfer path current situation
-  The proposed route data transfer



-  Mining Territories
-  Mining Industries
-  Still
-  Petrochemical
-  IT
-  Natural Tourism
-  Religious tourism
-  Historical tourism
-  Urban areas

The Policy

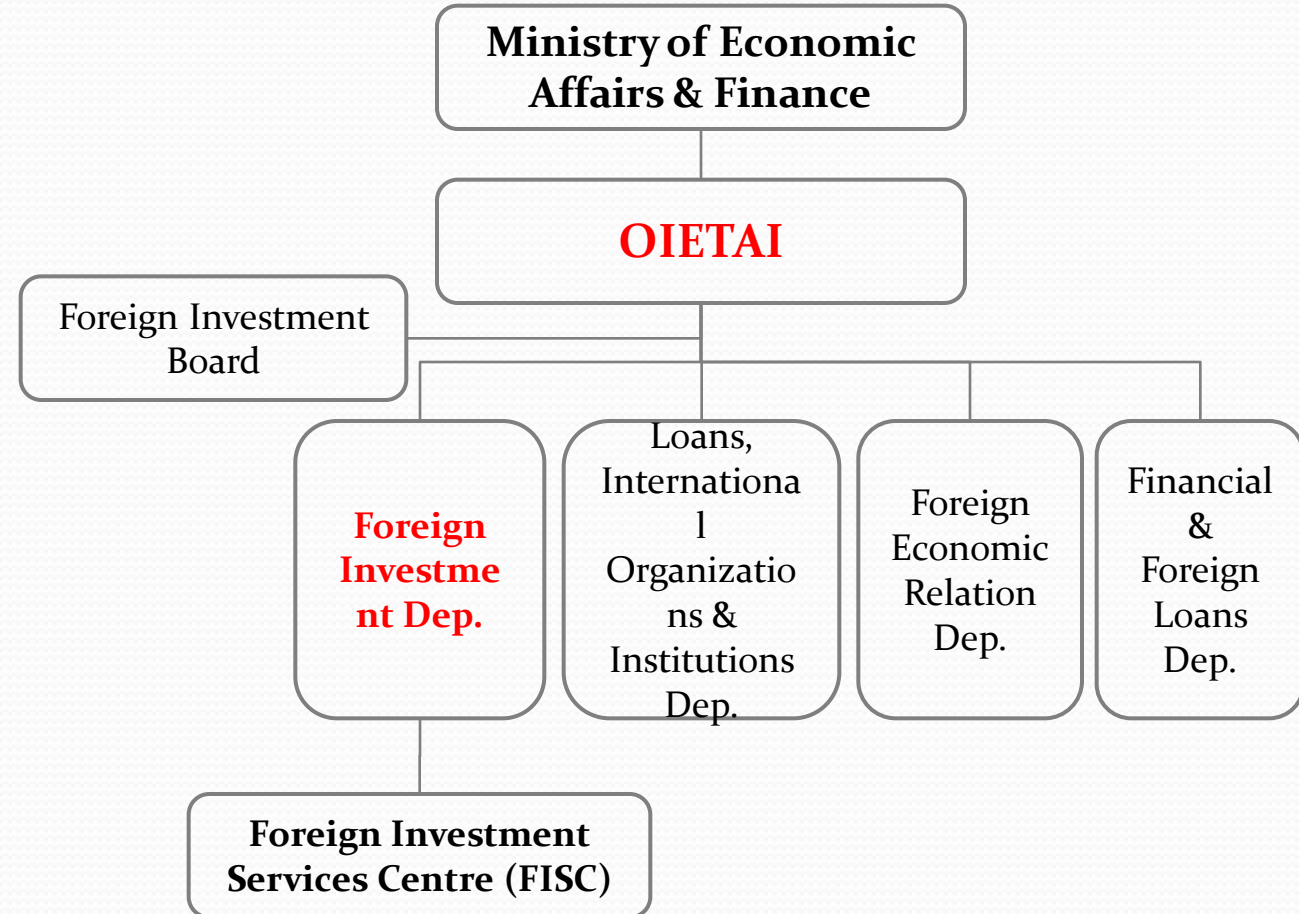
- Contribution to Economic Development in Industry, Mining, Agriculture and Services
- Upgrading Technological & Management Skills
- Improving Products with High Quality and Competitive in International Scale
- Increasing Employment & Exports
- Sharing Benefits and Risks on Equal Term without Discrimination

The Legislation

- The Foreign Investment Promotion and Protection Act (FIPPA):
 - Substitutes Former LAPFI
 - Ratified in 2002
- The Corpus:
 - Implementing Regulations of the FIPPA

OIETAI

- Founded in June 1975
- The main official authority to promote and protection of Foreign Investment
- Investigation of all issues related to foreign investment such as:
 - Admission
 - Importation
 - Utilization
 - Repatriation



Types of Investments

Direct Investment

(Equity Participation) in All Areas Open to Iranian Private Sector in Greenfield & Brownfield Projects

Investment through Contractual Arrangements

(Non-Equity Forms):

- Buy Back Arrangements
- Civil Partnership
- BOT Schemes

Features of Investment under FIPPA:

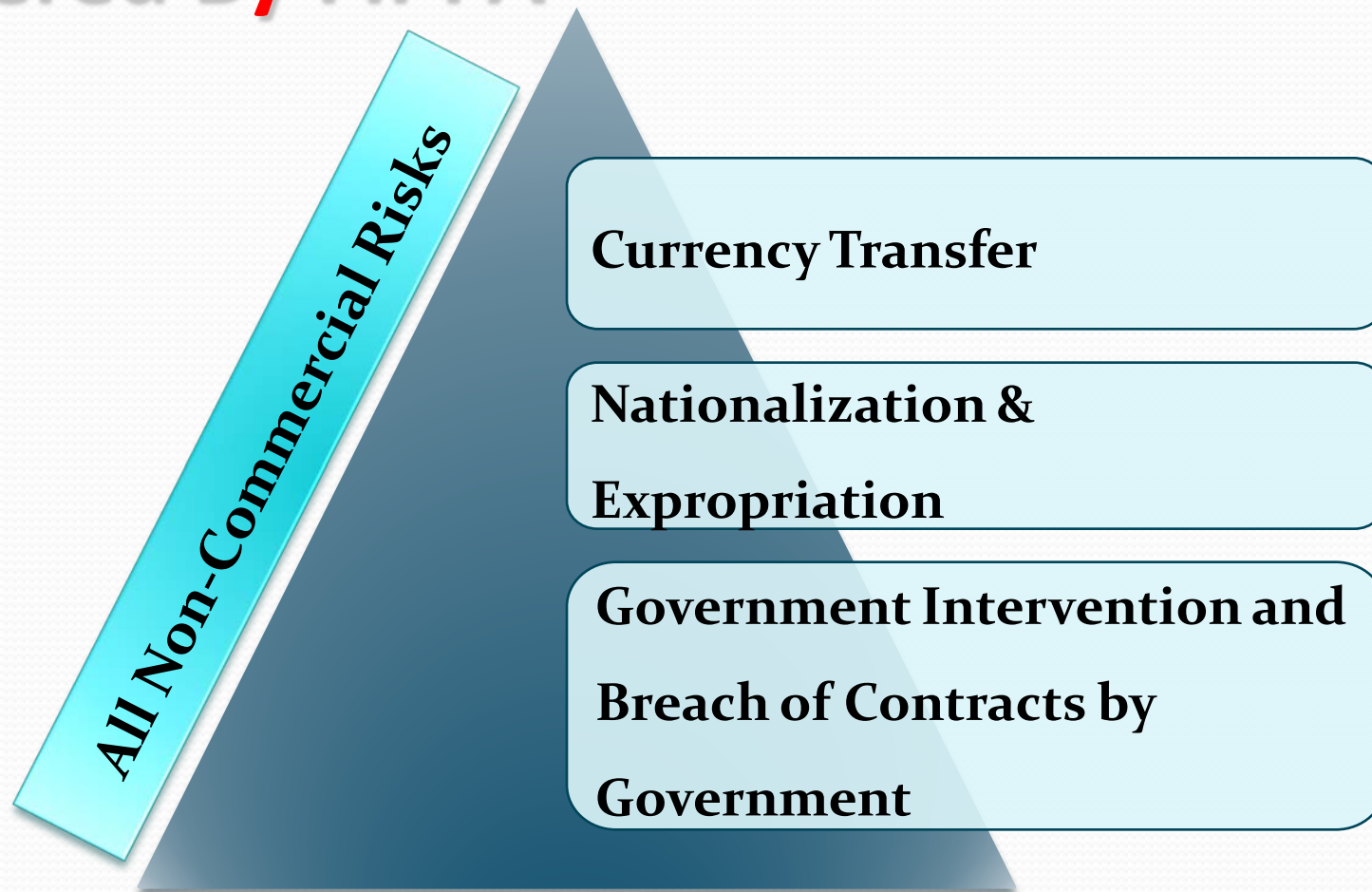
No Limitation on:

- **Equity Percentage,**
- **Volume of Investments,**
- **Profit Transfer,**
- **Capital Repatriation**
- **Types of Capital Imported**
- **No Import / Export Restriction**

Some other Features of FIPPA

- Possibility of Investment by foreign Natural and Juridical Persons and Iranians Living Aboard
- **Equal Treatment** with Foreign Investors as accorded to Domestic Investors
- Article 35 Services
 - 3 years Multi-entry Visa
 - 3 years Residence Permit
 - Work Permit

Risks Covered By FIPPA



Foreign Investment Services Center (FISC)

Established at OIETAI with objectives of:

- Facilitation of Issues related to the admission and activities of FDI
- Facilitation of official procedures for required permissions and licenses
- Coordination with Executing Agencies Related to Foreign Investment

FISC Members from Relevant Executing Agencies



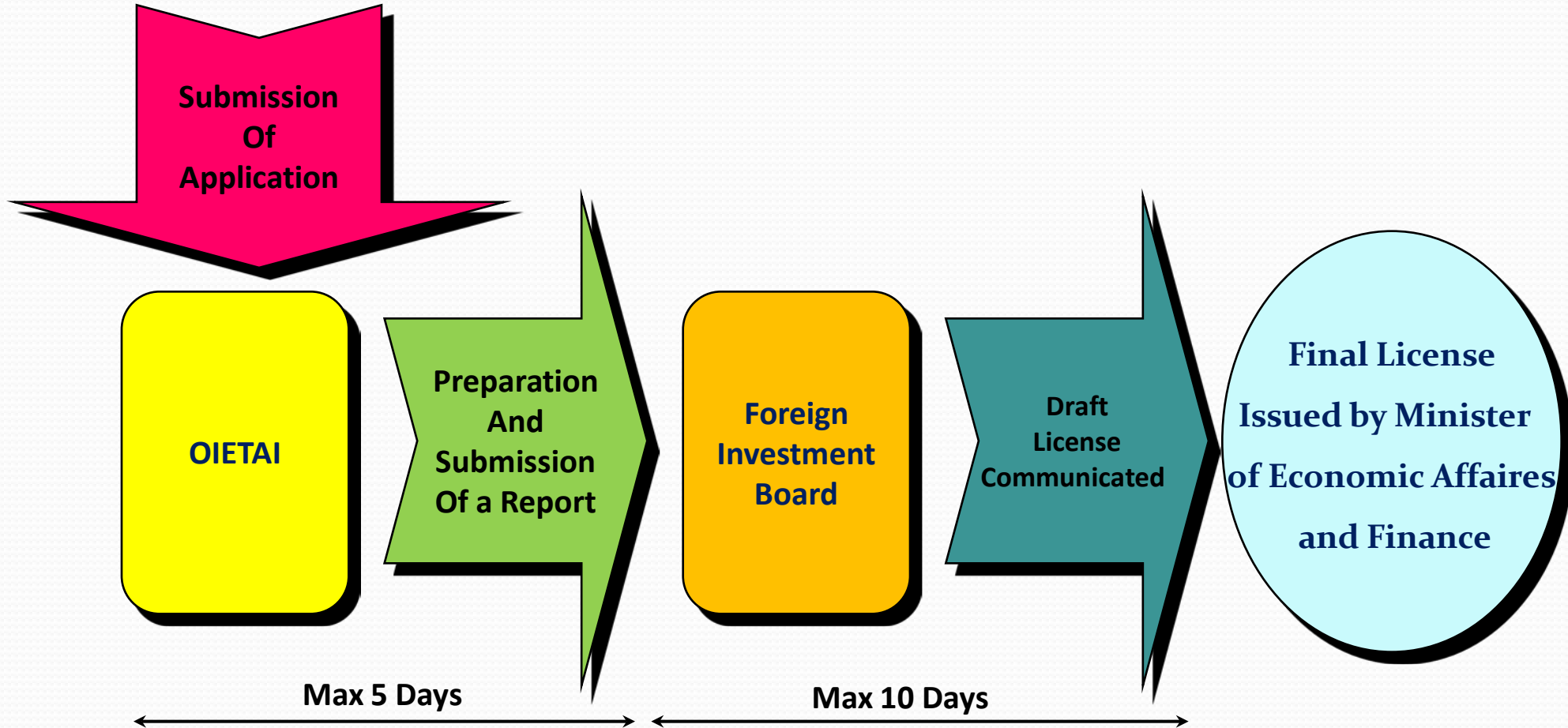
Key Services Offered by FISC

- Dissemination of information and provision of necessary **guidance** to foreign investors concerning investment in Iran.
- General **supervision** concerning the fulfillment of decisions surrounding foreign investment **projects**.
- Necessary **coordination** concerning the issues related to foreign investment including issuance of from the relevant authorities, prior to the issuance of the investment license including:
 - the **declaration** of establishment
 - the **environment** protection license
 - the **permits for subscriptions** relating to water, electricity, fuel and telephone
 - the **license** for exploration and exploitation of mines, etc.

Continued

- **Necessary coordination concerning issues related to foreign investment preceding, during and proceeding the issuance of the investment license including:**
- **registration of joint venture company**
- **registration of order for importation of machinery and equipments**
- **issues related to importation and repatriation of capital, customs and tax affairs, etc.**

Investment Licensing Procedure





Incentives and Benefits of Foreign Investment in Iran

Tax Incentives

Fixed corporate income tax at a flat rate of 25% ✓

Income Tax with Rate of 0.0%	Duration of Exemption
Industry, Mining & Services (Hospital & Hotels)	5 Years
Industry, Mining & Services (Hospital & Hotels) in Industrial Parks and Economic Especial Zones	7 Years
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas	10 Years
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas located at Industrial Parks and Economic Especial Zones	13 Years
100% of Income Derived Agricultural Activities	Perpetual
100 % of Income Derived From Export of Services ,non-oil goods, agricultural Products and 20% of Income Derived from Export of Non – Processed goods	Perpetual

Tax Incentives

After the Termination of Tax Holidays Period:

- Total Taxable income \leq registered Capital \longrightarrow 50% of income is free of tax

In less developed areas:

- Total Taxable income \leq **double of** registered Capital \longrightarrow **100%** of income is free of tax

NOTE:

In case of each 5% foreign investment, 10% will be added to above incentive, maximum up to 50%

Tax Incentives (Employment and JV)

- In companies with more than 50 employees, in case of increasing the employment volume up to 50% in comparison to last year, one-year exemption can be added to the duration of exemptions (mentioned in previous slide).
- In the case that foreign companies with reliable Brand produce goods using production capacity of Iranian companies and export at least 20% of total production, can enjoy 50% on Tax Rate for the income from sales of products (12.5 % instead of 25%) after the end of above duration.

Custom Exemption

- Import of Production Line Machineries and Equipment
- Import of Raw Materials used for Production of Export commodities
- Easy Circumstances & No Duty and Tax for Exportation of Products

Investment Incentives in Free Zones

- 7 free Zones in Iran:
 - 2 in North-West (Aras, Makou)
 - 1 in North (Anzali)
 - 3 in South (Kish, Geshm, Chabahar)
 - 1 in South-East (Arvand)
- 20 Years Tax Exemption for All Economic Activities
- No needed Visa for Entrance of Foreigners
- Custom Exemption for Raw materials and Industrial machineries of Producing units
- Possibility of Exporting Products to The Mainland
- Easy Circumstances for Re-export and Transit of Commodities

Iran Bilateral Investment Treaties

- Iran has signed its first Bilateral Investment Treaty with Germany in 1965, Second BIT Signed in the World.
- Since 1995, The Organization for Investment, Economic & Technical Assistance of Iran (O.I.E.T.A.I) has Negotiated & Signed 68 BITs with Different Countries from all over the World.
- Iran has Concluded BIT with Many Capital Exporting Countries such as: Austria(2001), China(2000), France(2003), Germany(2002), Italy(1999), Japan(2016), South Korea(1998), Singapore(2016), Spain(2002), Sweden(2005) Switzerland(1998)
- Iran-Luxembourg BIT: Draft Proposals have been exchanged & Negotiations Due to Be Held Soon.

Iran Bilateral Investment Treaties(1)

Protections Offered to Investments and Investors within the framework of Iran BITs:

- National Treatment(NT)
- Most Favoured Nations Treatment (MFN)
- Compensation for Expropriation and Losses
- Permission of All Transfers Related to Investment into and out of Iran

Iran Bilateral Investment Treaties(2)

Effective Mechanism for Settlement of Disputes

1. Investor- State Disputes

- ✓ Negotiation& Consultations
- ✓ Courts, or
- ✓ Arbitral Tribunal, established under (UNCITRAL)

2. State-State Disputes

Investment Opportunities

Capability and Investment Opportunity of Mazandaran



- Mazandaran is located in north of Iran with the land area of approximately 23756.4 square kilometer which is about 1.46 percentage of Iran's mainland area.
- Population of province in 2014 was about 3156 thousand which is about 4.05 percentage of Iran's population. 39.2% of population of province is economically active, and 18.6% of employee's of province employed at agricultural sector, 33.4% employed at industry sector, and 48% employed at service sector.
- Nominal Gross Domestic Product of province was 10.35 billion dollars. Mazandaran has 3.6% of Iran's GDP and GDP per-capita of province is 3.31 thousand dollars.
- share of different sectors in GDP is as follows: 30.73% share of agriculture, 10.37 share of Industry and mining and 58.89 share of Service sector.

Continued

- First ranked in production of citrus, rice, kiwi, ornamental flowers, edible mushrooms, white meat, chicken and warm water fishes.
- Different natural and tourist attraction, rich mines, 3 airports, 3 seaports, 5 active custom office. It also have access to different transporting infrastructures
- **46 investment opportunities in Agrecultur sector**, with total investment of 232 million euro, Average 3 indices of NPV, internal rate of return (IRR) and Pay-back period are 5.56 million euro, 29.61% and 3.58 years respectively.
- **161 investment opportunities in industry and mining sector**, with total investment of 4234.9 million euro identified, Average 3 indices of NPV, internal rate of return (IRR) and Pay-back period are 85.05 million euro, 30.6% and 3.42 years respectively.

Continued

- **36 investment opportunities in Tourism sector**, with total investment of 888.68 million euro identified, Average 3 indices of NPV, internal rate of return (IRR) and Pay-back period are 11.02 million euro, 26.42% and 4.83 years respectively.
- **14 investment opportunities in Energy sector** with total investment of 170 million euro identified, Average 3 indices of NPV, internal rate of return (IRR) and Pay-back period are 14.79 million euro, 22.08% and 2.73 years respectively.
- **3 investment opportunities in construction sector** with total investment of 15.7 million euro identified, Average 3 indices of NPV, internal rate of return (IRR) and Pay-back period are 7.9 million euro, 36% and 4.2 years respectively.

Introduction to Semnan Province

- **Semnan is 7th largest province** of the country including eight cities and the area of 97491 square kilometer. (About 5.9 percent of the country's land) Semnan is adjacent to eight largest provinces of the country such as Tehran, Khorasan , Mazandaran .
- The northern area is under the influence of Alborz mountains and the climatic condition is mountainous. In the southern parts the spread of desert and salty lands has changed it into a dry and desert land.
- **It is justified to create sun and wind power stations** as it is located in a specific geographical situation (having 300 sunny days in a year), windy areas and non-polluting qualities of new energies.

The Situation of Mines in Semnan Province

Title	Number of Mines	Amount of Definite Reservoir (1000 Tons)	Amount of Potential Reservoir (1000 Tons)	Amount of Real Extraction (Ton)	Amount of Employment	Amount of Investment (Million Rial)
Mines Status	483	464282.24	721962.13	20347589	3922	1781445

The Definite Reservation of Minerals (1000 Tons) in Semnan Province

Row	Mineral Material	Definite Reservation (1000 Tons)
1	Glauber's Salt	995
2	Limestone	56452.3
3	Gypsum	171334
4	Zeolite	4885075
5	Silica	7033
6	Barite	504.54
7	Rock Salt	28317
8	Copper	2690
9	Coal	16897.94
10	Celestine	1690.5

Thank you

Q & A

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