

IRAN

MARKET GUIDE



NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

ABOUT IRAN

Home to one of the oldest civilisations and greatest empires of the ancient world, Iran is full of diversity – from landscapes and ethnic groups to industries and business opportunities.

The Islamic Republic of Iran is a sovereign state in Western Asia. Also known as Persia, Iran has a population of more than 80 million and is the world's 18th largest nation. It comprises 30 provinces and 336 districts.

Iran has special economic and geopolitical significance in the Middle East region. It is located at one of the world's most strategic crossroads, linking Asia to Turkey (the gateway to Europe) and Russia and the Commonwealth of Independent States (CIS) to the energy-rich region and strategic waterways of the Persian Gulf.

It holds the fourth and second largest proven oil and natural gas reserves in the world respectively. According to the Organization of the Petroleum Exporting Countries (OPEC), at the end of 2016, 9.3 percent of discovered crude oil and 18 percent of natural gas reserves in the world were in Iran, [OPEC](#) and [BP](#) have further details of world energy reserves.

The Economist Intelligence Unit (EIU) puts Iran's gross domestic production (GDP) at USD\$443.4 billion in 2017. According to the [World Bank](#), this makes it the second largest economy in the Middle East region after Saudi Arabia.

Iran boasts a strong human capital base and one of the highest growth rates in science for the past decade.

It is a major regional producer of steel, cement and petrochemicals. It is also a leading producer and exporter of several agricultural products, including saffron and pistachios.

In January 2016, the world powers and Iran reached a significant deal based on Iran limiting its nuclear programme in exchange for sanctions relief. It is considered a major turning point for the Iranian economy and the country's re-engagement with the international system.

According to the World Bank, the Iranian economy strongly recovered in 2016 on the back of a significant rise in oil production and exports following the removal of nuclear related international sanctions. However, unemployment remains high and non-oil sector activity remains subdued as anticipated foreign investment flows have not materialised. This is attributed to the absence of a full integration of the banking sector with the global banking system and continued uncertainties regarding full implementation of the nuclear deal. Growth prospects in the medium term are modest.

CONTENTS

Quick facts	2
Trade agreements	2
Opportunities for New Zealand businesses	3
Things to consider when evaluating the market	4
Things to consider when the first point of contact has been established	4
Travel and visiting Iran	6
Visas and immigration	6
Safety and security	6
Public holidays	6
Accommodation	6
Currency, credit cards and ATMs	7
Internet	7
Roaming services	7
Useful phrases	7
Working hours	7
Business culture and etiquette	7
Setting up operations and establishing a business in Iran	9
Taxation	10
Agreements to avoid double taxation	11
Local news and online media	11
Exhibitions	11
Production registration	11
Customs and import regulations	11
Opening a bank account	12
Local government directory	12
NZTE/Embassy contacts	12

QUICK FACTS

GDP: US\$443.4 billion (2017)

GDP per capita: US\$5,464 (2017)

Official languages: Farsi (Spoken languages: Azeri Turkic and Turkic dialects, Kurdish, Gilaki and Mazandarani, Luri, Balochi, Arabic)

Currency: Iranian Rials (IRR)

Ease of Doing Business ranking (2018): 124 out of 190 (NZ ranked 1 of 190)

Corruption Perceptions Index ranking (2017): 130 out of 176 (NZ ranked 1 of 180)

Value of NZ exports: US\$85.8 million (2017)

New Zealand's 44th largest export market in 2017

Population: 79.9 million (2016)

Land area: 1,531,595 sq km

Density: 54 people per sq km

Iran is:

- A significant regional economy that is influenced by oil market developments
- A market of different sectors including hydrocarbon, agriculture and services
- Made up of a large state-owned sector and smaller agricultural and services sectors
- A multicultural country with numerous ethnic and linguistic groups
- Home to diverse landscapes and geographies.

TRADE AGREEMENTS

If you are a goods exporter, use the Ministry of Foreign Affairs and Trade [tariff finder](#) to find out the appropriate tariff rates for Iran, plus harmonised system (HS) codes, documentation and shipping requirements.

The Ministry of Foreign Affairs and Trade (MFAT) has resources online on [free trade agreements](#)

OPPORTUNITIES FOR NEW ZEALAND BUSINESSES

New Zealand has had an Embassy in Tehran, Iran's capital, since 1975, making it New Zealand's longest-standing mission in the Middle East.

The majority of New Zealand's exports to Iran in 2017 were dairy products. Apart from New Zealand's traditional export products such as meat, wool and butter, Iran is a growing market for a range of New Zealand products and services other than low-cost commodities. These include food and health supplements, education, telecommunications, aviation, software systems, geothermal expertise, agricultural technology, food services and specialised manufacturing.

The NZ\$117 million of exports may be insignificant when compared to New Zealand's exports to other countries in the region; however, now that the sanctions have been lifted against Iran, New Zealand exporters can take advantage of Iran's market potential.

Food and beverage

New Zealand continues to be a major exporter of dairy products, primarily butter, to Iran. New Zealand dairy products used as ingredients, such as different types of industrial milk powders and whey and milk protein concentrates, have good market potential in Iran.

Another New Zealand food product currently sold to Iran is fish, mostly frozen headed and gutted Hoki; this is an area with further growth potential.

Following the removal of sanctions, as well as the New Zealand and Iran Governments' positive steps towards resolving meat trade regulatory issues, New Zealand lamb meat was exported to Iran in 2017 for the first time in close to 20 years. As a result, New Zealand meat exporters are expected to benefit from Iran's huge consumer market.

In addition, with the lifting of sanctions and ongoing changes in consumer habits and infrastructure, Iran is expected to see a growth of chain restaurants, hotels and malls in the coming years. This will create business opportunities for New Zealand exporters of different types of food products.

According to Business Monitor International (BMI), the outlook for food and drink retail in Iran is broadly positive. Average household income rates are improving, supported by economic growth as a result of higher oil revenues and the easing of some international sanctions. This is boosting spending rates in a number of segments, although basic staples continue to dominate the food market, while the drinks segment is entirely reliant upon non-alcoholic beverages.

BMI forecasts that strong sales growth in basic food staples (primarily bread, rice and cereals, and meat and poultry products) will support overall growth of 13.2 percent in 2018 when measured in local currency terms. This equates to 1.9 percent growth in US dollar terms.

Health and pharmaceutical

Iran's healthcare and pharmaceutical sector is one of the most developed in the region. The country benefits from a large and growing population and relatively widespread access to healthcare services.

Due to the population growth and increased average age of Iranians, the Government is determined to further modernise the sector by building new hospitals, medical laboratories, and related facilities. This will enable foreign, including New Zealand, suppliers of healthcare products to take advantage of market opportunities.

BMI Research indicates that Iran is an attractive medical device market in the region. This is due to its large size and significant reliance on the importation of different types of medical devices. Following the removal of most sanctions, imports of medical devices will rise, however it is likely to be impacted by lower oil prices and the country's lack of investment over the past decade.

Although New Zealand is not a major producer and exporter of prescription drugs, there are specific opportunities in the pharmaceuticals space. These include exporting food and health/dietary supplements, including adult milk powders, anti-aging medicine, weight loss products, sports nutrition, and even cosmetics.

The Iranian Government heavily regulates the importation of pharmaceuticals and food/health supplements, particularly if similar products are available (and/or manufactured) locally. To develop its domestic pharmaceutical capability, Iran is asking (and sometimes pushing) foreign companies to form partnerships with their counterpart, transfer their technology to Iran and invest in Iran's healthcare sector.

Big multinationals dominate Iran's dietary supplements and vitamins market; however New Zealand manufacturers and exporters of different types of health/food or dietary supplements will have a niche in the market if they are not available locally and not a focus area of competitors.

Construction

Like New Zealand, Iran is situated in an earthquake prone zone. This means New Zealand suppliers of specific products/services such as earthquake-resistant and prefabricated housing technologies, can take advantage of the available opportunities.

The Iranian construction sector still heavily relies on the use of traditional construction methods. Given this, there is some resistance to the use of new technologies and advanced building material. Iran's construction sector has been in a state of recession since 2013, mainly because of a lack of demand due to limited purchasing power, particularly during the sanction era.

Despite this, each year over one million Iranians need new houses and the Government needs money and technology to run low-cost housing projects (affordable by the mass) and develop new cities. This could provide opportunities for New Zealand exporters.

Services

The biggest sector of Iran's economy is services. This makes up more than 50 percent of GDP. The main components of the services sector in Iran are transportation, communications, financial services, construction, retail, education, hospitality and hotels, and public services. Food services are still very much untapped in Iran, meaning possible opportunities for New Zealand exporters. Oilfield services is of high demand in the market, and New Zealand aviation and oil and gas companies would be able to enter that market. Other areas of potential interest to Kiwis include education and training services (including

vocational training and educational programmes offered by universities), retail management training, water resource management, cattle breeding services, pasture management and development and management of tourism infrastructure.

THINGS TO CONSIDER WHEN EVALUATING THE MARKET

International sanctions and financial restrictions

On 8 May 2018, US President Donald Trump announced America's intention to withdraw from the Joint Comprehensive Action Plan (JCPOA) and reinstate sanctions against Iran. These sanctions may affect New Zealanders doing business with Iran. The US' decision, however, does not trigger any unilateral action from New Zealand. New Zealand's previous sanctions related to Iran reflected UN Security Council resolutions that were largely revoked in 2016, following the JCPOA. For the latest information about these changes, visit the Ministry of Foreign Affairs and Trade's [Doing Business in Iran page](#).

As a result of the recent developments, access to financial services in Iran in particular is expected to remain very difficult. New Zealand banks will still be wary of processing transactions with Iran. This is largely because they are concerned that they may break existing United States sanctions and are unclear about what they are able to do. Before engaging in any business activity with Iran, New Zealand companies are recommended to consult their financial institution(s) to see if they handle financial transactions with Iran, and to assess viable legal options.

Conduct due diligence

Comprehensive due-diligence is also advised when it comes to assessing potential partners/agents in Iran. This is very important in terms of making sure that the local companies are both safe and legitimate. Many private companies work for some government-controlled entities that are still sanctioned by the United States. This might have some implications down the road for foreign companies, especially the ones dealing with American companies. This was very common during the Iran sanctions period when dealing with certain individuals/companies was not allowed.

Many interested parties may also promise their foreign counterparts the world. New Zealand companies are best to conduct their own due diligence to see whether these organisations are legitimate and can actually deliver what they have promised. This is not an easy practice in Iran as access to reliable information is extremely difficult and many companies are not transparent about their activities, financial statements, etc. The use of local consultants can help with the matter to some extent.

Understand method(s) of business

Do not be surprised to see Iranian companies having branch offices, affiliations, sister companies and partners in neighbouring states, such as the United Arab Emirates, Commonwealth of Independent States countries and Turkey. This method of doing business has become very common in Iran, especially in the past decade. Keep in mind that Iranian clients, especially the Government, only deal

with you (not your regional brokers, etc) or your authorised local agent/partner. It is important you are not breaching any laws by considering such business options.

Understand the difference between public and private sector

The public sector controls 80 percent of the economy and the private sector plays an insignificant role in the economy of Iran. Large economic activities remain in the hands of state or semi-state companies. This means a certain degree of monopolisation of Iran's market, especially in the manufacturing, commercial and financial sectors. To export certain products to Iran, you will eventually need to deal with government officials either directly or through a local agent or representative.

THINGS TO CONSIDER WHEN THE FIRST POINT OF CONTACT HAS BEEN ESTABLISHED:

Try to visit the market

Once you have done your initial homework and are certain about doing business with Iran, try to visit the market. Visiting the market will help with your due diligence (on potential clients/agents). It will also enable you to better understand market opportunities and challenges, meet with key local stakeholders and decision makers and move your business negotiations forward. After assigning a local agent/partner, they can work on your behalf and you can then visit the market more selectively, eg trade show participation, attending important meetings, reaching/signing business deals, etc. Iranians highly value foreign companies who take time to physically visit the market and meet them in person.

Evaluate the associated risks

It is important to ensure that your engagement in Iran does not impact and/or jeopardise your commercial relations with your other partners, especially with the Americans, Israelis and Saudis. Companies that have business with the United States should be aware of the United States' sanctions that remain in place. New Zealand businesses should, where relevant, ensure they are compliant with the United States' sanctions regime.

For more information on US and United Nations Security Council sanctions visit:

[The US Department of the Treasury](#)

[New Zealand Ministry of Foreign Affairs and Trade](#)

Proceed with caution in the beginning

Iranians can be very demanding during business negotiations. They might ask for exclusivity rights shortly after your first meeting. As a best practice, foreign companies usually sign a conditional one-year agreement with their Iranian counterparts. You can also start with small and trial orders in the beginning to test both the market and the agent. Over time, if you are happy with the agent's performance as far as hitting and exceeding sales targets, etc, exclusivity and other rights can be granted to the

¹ P5+1 is a group of six world powers that have joined together in 2006 to discuss Iran's Nuclear programme.

local company. Remember that your success in the Iranian market is largely determined by building a strong personal and business relationship with a capable local agent.

Market access

It is a good idea to monitor and keep informed of market access issues, especially if you are intending to sell food, dairy, health and pharmaceutical products to Iran. Dealing with the Government on these issues can be challenging, so it is best to have your Government, partner or client front the process rather than yourself. They are expected to have several interactions with the responsible authorities – this may include the Ministry of Health or Iran Veterinary Organization. These discussions are expected to help resolve market access and technical trade barrier issues, particularly for agri-food and dairy products. Just like you, your partner/client is also determined to have a problem resolved as soon as possible and is the best person to engage on your behalf.

Export controls

Lifting of sanctions does not necessarily mean that any sort of goods/services can be exported to any individual/entity in Iran. Certain goods, eg dual use items, will continue to be subject to control and may not be exported from New Zealand unless an export license or permission has been obtained from the Secretary of Foreign Affairs and Trade.

[The Ministry of Foreign Affairs and Trade](#) is a good starting place for more information on this area.

Stay vigilant about unethical demands

When/if encountering what seems as unethical demands (bribery, etc) by local authorities/ organisations, you should avoid making any payments. Stick to your principles and, to avoid any complications in the long-run, stay away from making any payments that are considered unethical. Foreign companies in general are advised to be transparent, practise full disclosure and avoid getting into the trap of corruption, even if it means short-term losses. According to Transparency International, in 2017 Iran's corruption perceptions index was 130 among 180 countries worldwide, New Zealand was ranked first, meaning it was the least corrupt country in the world.

Report all actual or suspected incidences or bribery

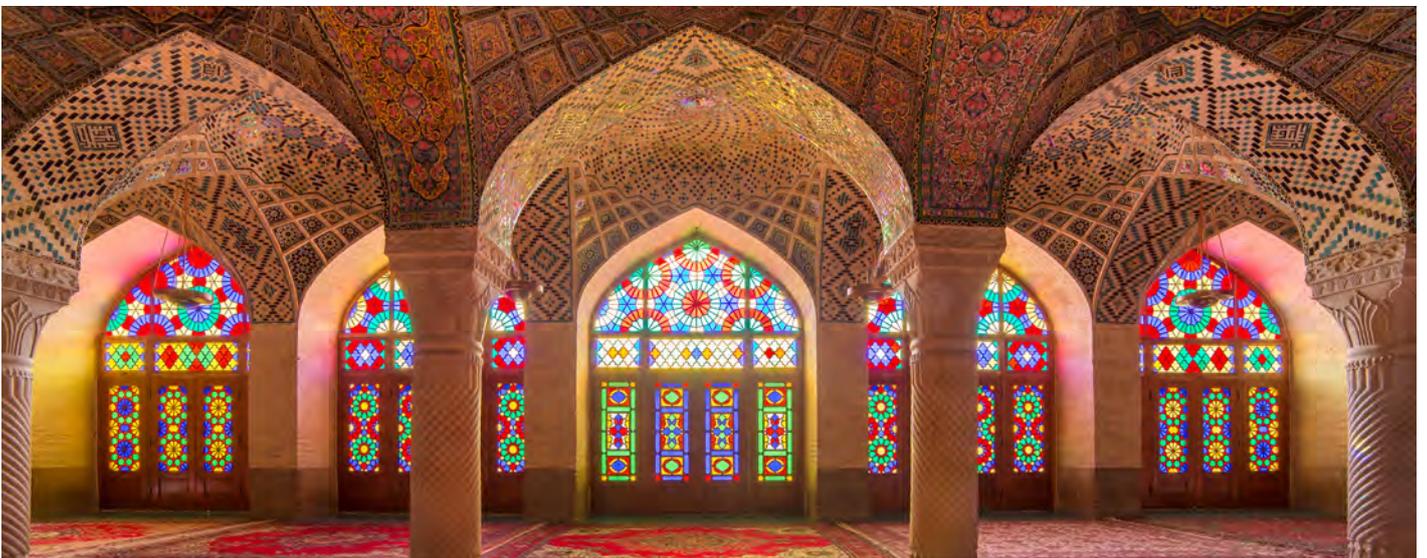
Bribery is a form of corruption where one party wrongly gives or receives something to influence an outcome in their control. Bribes can involve anything of value (eg money, goods, hospitality, employment) and can take various forms (eg secret commissions, kickbacks and other forms of unlawful payments). It is best to report any actual or suspected incidences of bribery to the New Zealand Government through the Ministry of Foreign Affairs and Trade, or NZTE.

New Zealand businesses should put in place anti-corruption policies and practices. Anticorruption guidelines, training, internal audit procedures and reporting requirements can minimise risks. Some specific measures that could be implemented include:

- establishing an anti-corruption policy
- ensuring employees are familiar with relevant bribery and corruption laws and know what to do if they suspect corrupt activity
- ensuring commercial agents and partners who represent your business have adequate and valid credentials for the activities they undertake
- establishing monitoring and reporting requirements for your business agents and partners.

Try to verify suspicious claims

Many Iranian businesspeople might make claims about their businesses, achievements and strong business connections. Having strong relationships with key decision makers from the Government (as the market door opener and largest end-user) is considered an asset. Do not be surprised if Iranians brag about knowing/having dealt with such people either directly or through other people. To check these statements, research the company, also seek assistance from consultants, ask for references and relevant documentation/proof. There have been cases where a company is just a one-man-show run by one person, or an intermediary/broker looking for commission. Some companies might even discuss various business opportunities which do not necessarily fall under their own field of business activity. This is because they do not want to put all their eggs in one basket, especially during tough economic times when certain markets are slow.



Business deals/negotiation

While your dealings may at times seem slow by Western standards, in a meeting and over the course of the development of the deal or negotiation, you must remember that you are laying the groundwork of personal trust. This is important in Iranian business dealings. Iranians are also deliberate negotiators who can drive a hard bargain. They can be very demanding and may ask for all kinds of incentives especially discounted prices over the course of a negotiation.

TRAVEL AND VISITING IRAN

Visas and immigration

New Zealanders may apply for an Iranian tourist visa prior to arrival, or get a visa on arrival to Iran. For more information visit the [Embassy of the Islamic Republic of Iran](#).

New Zealanders who are travelling for business (and other non-tourist purposes) to Iran need to apply for an entry visa prior to arrival through a local sponsor/inviter (ie their agent or partner). Please visit the [Embassy of the Islamic Republic of Iran](#) for more information.

Kiwi business visitors are advised NOT to apply for an entry visa upon arrival. The arrival process can be very long and there is a risk that you may not be granted a visa as border officials will need to verify your invitation to Iran with your host/inviter.

Kiwi businesses that travel to Iran should also note that the recently modified United States visa waiver programme requires New Zealanders who have visited Iran since 2011 to secure a visa prior to visiting the United States.

For those Kiwis holding dual Iran/New Zealand citizenship, you must enter Iran on your Iranian passport as the Iranian Government does not recognise dual nationality. Given this, it is highly unlikely that the New Zealand Government would be allowed to provide consular assistance, should anything arise that requires their help.

Safety and security

Visit the [Safe Travel website](#) for the latest travel advisory updates. New Zealanders in Iran are strongly encouraged to register their details on Safe Travel.

MEDICAL SERVICES AND HOSPITALS

There are several private and public hospitals across Iran.

A list of these hospitals can be found on [Wikipedia](#).

The Embassy of New Zealand in Tehran also has details of medical facilities that speak some English.

The phone number for emergency services in Iran is 110.

Health

New Zealanders are advised to check health information on websites like Safe Travel before travelling to Iran.

Insurance

New Zealanders in Iran are advised to have a comprehensive travel insurance cover including provision for medical evacuation by air.

Public holidays

When planning your business trip and meetings, it's important to check if your schedule falls on an Iranian public holiday or Ramadan. The Iranian calendar (which is a solar calendar) varies from year to year, usually beginning March 21 and ending March 20 the following year. Some holidays are officially announced by the Islamic Consultative Assembly (Majilis). Given this, it's best to check before scheduling meetings or travelling to see if any of your plans coincide with public holidays.

Here is a list of holidays for the 2018/19 Iranian year:

2018

21 Mar	Nowruz (Iranian New Year)
22 Mar	Nworuz
24 Mar	Nowruz
31 Mar	Birth of Imam Ali
01 Apr	Islamic Republic Day
02 Apr	Nature Day
14 Apr	Prophet Mohammad's ascension
02 May	Birth of Imam Mahdi
04 Jun	Demise of Imam Khomeini
05 Jun	Khordad national uprising (1963)
06 Jun	Martyrdom of Imam Ali
16 Jun	Eid-al-fitr
09 Jul	Martyrdom of Imam Sadeq
22 Aug	Eid-e-Ghorban (Feast of Sacrifice)
30 Aug	Eid-al-Ghadir
19 Sep	Tassua
20 Oct	Ashura (Martyrdom of Imam Hossein)
30 Oct	Arbaeen of Imam Hossein
07 Nov	Martyrdom of Prophet Mohammad
08 Nov	Martyrdom of Imam Reza
25 Nov	Birth of Prophet Mohammad

2019

09 Feb	Martyrdom of Fatima
11 Feb	Revolution Day
20 Mar	Oil Nationalisation Day

(Then continue on with the 'Other important occasions to note).

Other important occasions to note:

Ramadan

The month of Ramadan is the month of fasting for Muslims in Iran and the rest of the Middle East. Muslims fast from dawn till dusk which involves refraining from eating, drinking and smoking. During business hours, activity may be reduced depending on the nature of the organisation. To show respect for etiquette during Ramadan (month of fasting), even non-Muslim foreigners are highly recommended not to eat, drink or smoke in public.

This Iranian year, Ramadan starts on 17 May 2018 in Iran..

Accommodation

It is normal for hotels in Iran to hold your passport until check-out.

Many lodgings/hotels in Iran are below international standards.

For a list of recommended hotels contact the [Embassy of New Zealand to Iran](#).

Currency, credit cards and ATMs

Although Iran's national currency is Rials; Iranians refer to and employ the term "Tomans". Each Toman is 10 Rials.

Exchange rates may vary on a daily (sometimes even hourly) basis. Very few money exchange offices buy/sell New Zealand dollars so New Zealand visitors are advised to bring American dollars or Euros when travelling to Iran. The maximum permitted amount of foreign currency visitors can bring with them into Iran is US\$10,000 (or its equivalent in other hard currencies).

International credit or debit cards are not accepted in Iran and it is recommended that you bring cash with you while travelling in Iran. The same applies to ATMs, which only accept local (rial) debit cards. Travellers won't be able to use (and are advised not to use) their international debit or visa cards at an ATM in Iran. While most hotels accept hard currency such as US dollars and Euros, you need to change your money at your hotel or money exchange offices for shopping etc. There are plenty of exchange offices across Tehran and you will have no problem finding one.

Internet

Internet speed in Iran is relatively slow and access to the internet is monitored by the Government. Many websites including news, social media (such as Facebook, Twitter, YouTube) etc are filtered in Iran.

Internet banking tip: Do not access your online banking in Iran as this may cause issues with your banks in your home country (or other countries).

Roaming services

Although Iran has international roaming agreements with a number of countries, depending on which New Zealand mobile network you are using your mobile phone might not work in Iran, and even if it does, roaming will be very expensive. However, prepaid phone cards are cheaply and widely available in Iran should you need to make international calls. Inexpensive prepaid mobile sim cards are also available for local calls.

Useful phrases

Iranians really appreciate foreigners' efforts to speak their language, Farsi. The most common greeting in Iran is 'sa-laam' (meaning "hi"). People would also reply with "sa-laam". When leaving, Iranians will generally usually use, 'Khoda-hah-fez' (may God preserve you). Other useful words/phrases are:

Farsi (Persian)	English
Ba-lay	Yes
Nah	No
Mam-noon Merci (like the French)	Thank you
Khoo-bam Khoob-hass-tam	I'm fine
Khoo-bid? Hah-lay-show-maa-che-tow-re	How are you
Sob-be-kheyr	Good morning
Bad-as-zor-be-kheyr	Good afternoon
Shab-be-kheyr	Good night
Khosh-bakh-tam	Nice to meet you
(Peter) hass-tam	My name is (Peter)

Be-bakh-shied	Excuse me
Farsi ba-lad-niece-tam Farsi so-bat-ne-me-kow-nam	I do not know Farsi I do not speak Farsi
In-sha-allah	God willing
Khaste-nah-bah-shied	Strength to your elbows
Sa-laa-mat-bah-shied	Stay healthy
Be-omi-deh-di-daar	Hope to see you (again)

Working hours

Friday is not a working day in Iran and most companies and organisations are closed on Thursday as well. Foreign embassies are closed on Fridays and Saturdays.

Type	Working hours
General business hours	Saturday to Thursday 9am to 5pm
Ministries and some private companies	Saturday to Wednesday but some may open half a day on Thursday
Banks	Saturday to Wednesday 7.30am to 3.30pm and until 1pm on Thursdays
Shops and bazaars	Open all week except on Friday 8.30am to 8.30pm
Prayer time	Usually an hour at 12.30pm and work is resumed after

BUSINESS CULTURE AND ETIQUETTE

General cultural 'need to knows'

Iranians differentiate themselves from Arabs. Iran only uses the term 'Persian Gulf' and not 'Arabian Gulf'.

The official language of Iran is Persian - known as 'Farsi' to Iranians. Although it uses many words from Arabic, it is a unique language. Its influence can be seen in Turkish, Hindi and many other Central Asian languages.

Making appointments

If you plan to do business in Iran, appointments should be made in advance both via telephone and in writing. Prior to arriving in Iran it is best to phone again to confirm time and place. In some instances, a firm date, especially when meeting government officials, may not be settled until being physically present in the country. Given this, it's important to allow some flexibility in your schedule.

Travelling to meetings

The traffic in Tehran is extremely heavy. If travelling to a meeting by road, leave plenty of time.

Meeting cancellations

In some cases, business visitors should also be prepared for the possibility of meeting cancelled or postponed meetings with little or no notice. Showing flexibility is important.

Punctuality

Occasionally meetings may not start on schedule; however, as a guest you are expected to be punctual. Please expect delays in your meetings when you are meeting government officials. The administration and bureaucracy in Iran can be busy, meaning that officials may need to address an important issue before seeing you. It's important to be patient and courteous.

Language

Many Iranians in business and in the higher levels of government have studied or worked abroad and will have a good understanding of English. Regardless, it is best to check and see if you need to arrange for your own interpreter to accompany you, especially to meetings with government officials.

Conversations to avoid

It is recommended to avoid questions around the official religion (Islam); however, inquisitive questions about Islam are acceptable. Do not ask personal questions unless a very close relationship has been established. Similarly, do not reveal personal information about yourself. Avoid making any negative comments about Iran, especially regarding the leadership and do not take part in political discussions.

Decision making

Decision making can be slow. Companies are hierarchical, meaning decisions are made at the top of the company, either by one person or a small council. It is most likely you will meet and negotiate with less senior members of a family or state department first. Once you are viewed as trustworthy, you will then move on to meet more senior members. Implementing decisions can also be lengthy and slow. Iran's red tape and layered bureaucracy means a lot of waiting. Applying pressure in a non-confrontational way can help speed matters up, although the most effective way to do so is to use people of influence to help you, including gatekeepers and your own local agent/partner.

Greetings

Greetings in Iran tend to be warm and hospitable. Physical contact of the same gender is not uncommon and they greet each other with a hug and three pecks on the cheek. When meeting someone in a business or official context always shake hands. As a male you should wait to see if women extend their hands, if they do not, then simply nod your head and smile. As a female you should not offer to shake hands with men or even women, unless they take the lead.

Honorifics: Men are addressed with 'Aaqa-ye' (Mr) followed by the surname. So, Alan Jones will be 'Aaqa-ye Jones'.

With women, you would use 'Kha-noo-meh' (Ms). So, Samantha Jones will be 'Kha-noo-meh Jones'.

Professionals with titles will be addressed similarly. The title "doktor" is used for both MDs and PhDs (for example, 'Doktor Jones') and engineers are called "mow-hand-ess" (for example mow-hand-ess Jones).

Avoid: Do not sit in way that the soles of your shoes are pointing at someone else as this is considered a mark of disrespect to your Iranian (especially from the government sector) host.

Dress Code

When doing business in Iran you will notice that most Iranian officials and business people wear conservative business attire of trousers, shirt and jacket. Many officials will be seen with collarless shirts. Ties are very uncommon and government employees do not wear tie at all. As a male you would be expected to dress in a smart and conservative fashion. A suit is standard although wearing a tie is not necessary.

Whether doing business in Iran or visiting, women should wear conservative clothing that covers arms, legs, neck and hair. When in public women must cover their hair with a scarf and wear non-revealing, loose-fitting clothing (such as coat or manteau) that covers at least to mid-thigh.

Shorts are never worn in public, even to go jogging, and men should never appear bare-chested in public. Short-sleeved shirts are acceptable in the summer, but it is best not to wear them during Ramadan or the mourning month of Moharram if they take place during summer.

Addressing your counterparts

When doing business in Iran, stick to formalities and address your Iranian business associates by their title (Mr/Mrs) and their surname. Once a relationship has been established your Iranian counterpart will quickly start to address you with your first name.

Business cards

It would be helpful to have your business cards that have both English and Farsi. When business cards are exchanged, present your card with the Farsi side to the recipient.

Business cards are usually exchanged by senior-level people.

Since rank/position are very important, make sure your business card includes your title.

Marketing material

The concept of using both English and Farsi can also be applied to marketing and promotional materials. This approach will be greatly appreciated.

Refer to the region as the 'Persian Gulf' and avoid using pictures of unclothed women and alcohol in your brochures, presentations, etc.

During the meeting

Iranians are known for their hospitality and will offer lots of tea and food during the meeting. It is considered impolite to refuse these offers in any social or business setting. If offered tea, you should drink or at least sip it. Don't ask for coffee unless offered some initially. If/when served fruit, cakes or food during the meeting you should take one after your host has offered.

If invited for dinner

If invited to lunch or dinner at a restaurant as a guest you will be invited to start eating first. The protocol of Iranian hospitality dictates that the host always pays for the meal. The concept of sharing a bill is unfamiliar. You may try and offer to pay, which may be seen as polite, but you would never be allowed to do so. The best policy is to graciously thank the host and then later on invite that person to lunch/dinner at a restaurant of your choice.

If you feel uncomfortable accepting such invitations simply say "Thank you but I have prior engagements" so they do not get offended.

Exchange of gifts

Business gifts can be exchanged but the intentions behind doing so must be made very clear to avoid misunderstandings. Unfortunately, bribery exists at practically every level of government and public offices so it may be misunderstood.

Most Iranians are Muslims, so do not bring or give items that are alcohol-related or contain pig derivatives (such as pork meat).

Rejecting a gift is considered rude unless it is extremely expensive and the intentions are not clear.

If giving a business gift, avoid overly expensive or lavish selections. Gifts of beauty and quality or food stuffs are generally well received. Pens, artwork and decorative ornaments are all safe choices.

Building a relationship

Building a relationship with your Iranian counterpart(s) is critical. The first meeting should be focused on getting to know each other. Once a relationship has been established you can safely move on to business matters. Iranians are smart business people. They enjoy haggling and getting concessions so be prepared for long negotiations.

Business is personal in Iran. Many businesses are family owned and run. Even within government, officials usually work within networks of friends and associates. If you have influential friends in Iran, do not be afraid to call in favours. Just be prepared to repay them in the future! This is all part of doing business in Iran.

It is important to understand that many Iranians see themselves as having two distinct identities - public and private. Unlike what is seen in public, Iranians have very high standards in their private lives. When they are in public, they must conform to accepted standards of behaviour. It is only in their homes and with their inner circle that they feel free to be themselves. Family members are always part of the inner circle. The inner circle forms the basis of a person's social and business network. Friendship is therefore very important and extends into business. The people from the inner circle can be relied upon to offer advice, help find a job, or cut through bureaucracy.

Local laws

Iran laws and customs are very different to those in New Zealand. Be aware of your actions to ensure that they don't offend. There may be serious penalties for doing something that might not be illegal in New Zealand. Given this, you are strongly advised to familiarise yourself with, and respect, local laws and customs.

Offensive behaviour

Swearing or making rude gestures is considered an obscene act. Take particular care when dealing with the police and other officials. Public displays of affection are frowned upon, and cross-dressing is illegal. Similarly, when in public, avoid making any critical comments about Islam, the regime, government policies and international affairs. These are best discussed in private with trusted associates. Note that in Iran, the 'thumbs up' gesture is considered an offensive insult.

Relationships outside marriage

Sex outside marriage is illegal and if any offenders are brought to the attention of the Iranian authorities they run the risk of prosecution, imprisonment and/or a fine and deportation. Same sex marriages are not recognised. Homosexual relationships are illegal and offenders are severely punished. It is against the law to live together or to share the same hotel room with someone of the opposite sex if you are not married or closely related.

SETTING UP OPERATIONS AND ESTABLISHING A BUSINESS IN IRAN

A wide variety of legal arrangements may be used by companies set up outside Iran to undertake business activity in the market. Some of the more commonly used arrangements are the registration of branch offices or the formation of joint stock companies, limited liability companies, limited partnerships, partnerships and co-ownership arrangements.

The selection of the appropriate form of business organisation will differ in each case. It will depend on the circumstances of the foreign exporter, the nature of the activity to be conducted, the method of financing, income tax ramifications and the potential liabilities related to the activity.

Appointment of agents: Unlike most countries in the Middle East, Iran does not have a specific Commercial Agency Law.

Three kinds of commercial representation are commonly used in Iran: brokers (other than registered securities brokers) who only act as intermediaries between the parties to a transaction; commission agents, who undertake business in their own name but on behalf of the principal; and agents. Under Iranian law agents do not have to be of Iranian nationality. However, given most business and professional activities require special licences that are typically issued to Iranian nationals, commercial agency arrangements have to be made, with Iranian individuals or companies.

Large public and private companies normally prefer to deal with agents that are registered companies rather than individuals. In addition, under a bylaw, governmental bodies and state companies are banned from purchasing any goods, facilities, equipment and services from a foreign supplier that does not have an officially registered agent or representation office in Iran. Furthermore, supplies of goods through non-registered agents can amount to smuggling of goods which is a punishable crime under Iranian law.

After a principal appoints an agent in Iran, the responsibilities of the two parties are generally recorded in an agency agreement. A copy of the agency agreement (in Farsi) is required to be supplied to the relevant Iranian authorities when the agency is registered. The parties' responsibilities may vary widely, and legal advice is important to understand the appropriate detailed rights and obligations of the parties under the governing law of Iran.

Generally speaking, the governing law of a contract is the law of the jurisdiction where the contract is settled, unless the parties are foreign nationals and shall, expressly or impliedly, subject the contract to another legal authority. However, if the contract has provisions for resolution of disputes through arbitration, then the choice of governing law by the parties stands, regardless of the place where the contract is settled and the nationalities of the parties.

Establishment of branch office: According to the law and regulations around the establishment of Branch Offices of foreign companies, the Branch operates under the exact trading name of the Principal.

The foreign company Principal is fully responsible for the activities of the branch. The law allows the branch office to be active in some areas. This includes gathering marketing information, providing after sales service and warranty in respect of goods and services, and performing the execution operations of contracts made between Iranian parties and foreign companies (eg the Principal in an agency or distributorship arrangement). There are also other areas of business activities that foreign companies could be permitted and justified to establish branch offices. These include, but are not limited to:

- appraisal and facilitation of investment by the foreign company in Iran
- increasing the exports of Iranian non-oil goods
- providing engineering and technical services
- transfer of knowledge and technology
- performing activities that have been issued a licence by the appropriate government organisation; this may include providing services in the areas of transportation, insurance and goods inspection, banking, marketing, etc.

The Government also requires the setting up (or appointment) of technical service offices to provide after sales support for goods that have been sold in Iran. However, there is no requirement for a foreign company operating through a branch office in Iran to have an Iranian manager (a resident of Iran holding an Iranian resident permit).

Forming joint ventures: Foreign contractors and manufacturers increasingly form joint ventures with local companies. This means they can meet the requirements of the Local Content Law and bid competitively in public sector tenders for projects and supply of equipment and material. In certain sectors, such as oil and gas, it is a requirement to form a partnership with a local company to be eligible to bid for projects.

Establishment of an Iranian company: Establishment of an Iranian company by foreign entities (private joint stock or limited liability) is appropriate for long-term foreign investors and traders in Iran.

There are two ways a foreign investor can establish and register a company in Iran. The preferred option is to apply for a foreign Investment Licence under the Foreign Investment Promotion & Protection Act (FIPPA). This allows the protections and facilities granted under FIPPA, which allows the foreign investor to register a company in Iran with or without Iranian partners, with up to 100 percent foreign shareholding. This is for the purpose of development and productive activities including industrial, mining, agriculture and services.

The second option is to set up a company without getting a foreign Investment licence to trade, provide services and other activities. According to changes made to regulations from December 2008, it is now possible to have up to 100 percent foreign shareholding in an Iranian company. This can be advantage to some companies wanting to be more involved in the Iranian market as it provides them with more security and stability as a foreign investor.

Joint Stock and Limited Liability Companies are two appropriate incorporations because they are regulated entities, have limited liability and offer investment security. The two types of incorporations have certain advantages,

disadvantages and flexibilities, and the choice depends on the business, investment sector, and level of foreign shareholding and safeguards required. Foreign Investment Licenses are not issued for purely trading activities in the mainland. For these activities the second option may be appropriate. For more information on how to set up a business and invest in Iran visit the [Organisation for Investment , Economic and Technical Assistance of Iran](#).

TAXATION

Foreign investors in Iran enjoy the same support and privileges offered to the Iranian investors. The Direct Taxation Law passed in 1987 and the subsequent amendments have considered no discrimination in taxation of domestic and foreign investors. This means both Iranian and foreign investors pay the same amount of taxes. Tax exemptions and discounts are also equally granted to domestic and foreign investors.

Based on the Direct Taxation law, the following real and legal entities are considered taxable in Iran:

- all owners, whether real or legal, for their properties inside Iran according to the taxation rules
- any real person residing in Iran for the incomes earned inside and outside the country
- any Iranian real person residing abroad for all the income the individual makes in Iran
- any Iranian legal entity for the incomes earned inside or outside the country;
- any non-Iranian real or legal entities for the income earned in Iran, and also for the income gained through delegation of authority dealership, technical and educational assistance or movie contracts (for any sort of income earned as rental, right of display and the like) in the territory of Iran.

The total income of companies from profit-making activities of other juridical persons derived from different sources in Iran or abroad - less the losses resulting from non-exempt sources, and minus the prescribed exemptions - is taxed at the flat rate of 25 percent. There is an exception for cases where separate rates are provided under the present Direct Taxation Law. Individuals, whether legal or real, will not be taxable for the stocks or the dividends of their shares in other capital corporations. Factory owners and legal entities are obligated to, even within the exemption period; submit profit or loss report, balance sheets provided from their official statutory books by four months after their tax year (March through February in Iran). They also need to provide the list of partners including number of shares and addresses to the appropriate tax department of the legal entity. If these legal entities do not submit the documents within the appropriate timeframe, any tax exemption will be null and considered void.

Types of taxes in Direct Taxation Law

Taxation for foreign investors fall under two categories of property and income tax in Iran. Since manufacturing units and economic enterprises are usually active as legal entities, we will focus on rules and regulations for taxation of legal entities income and their exemptions.

Tax holidays (tax incentives)

To encourage the development of Iranian industries, the tax laws of Iran provide great incentives for foreign investors. Given this, there are tax incentives in certain sectors such as mining, manufacturing, agriculture, exports, and also in certain deprived regions of the country.

Value Added Tax

Value-Added Tax (VAT) is set on foreign goods imported into the country. In 2016 the rate was nine percent. This is collected together with the import duties by Customs at the point of clearance of the goods.

In terms of applying VAT to foreign services supplied to the territory including engineering/construction services, if the contract for the services is directly between the foreign company and the Iranian client/customer, then it is the client who is responsible for the payment of VAT on the imported services. However, if the contract for the services is made between the Branch Office of a foreign company in Iran and an Iranian client then it is the Branch Office which is obliged to include the VAT applicable in the contract and the invoices issued for payment by the client and to pay the VAT received by the Tax Office.

Export of goods and services from Iran including any export of petroleum and petrochemical products, is exempt from VAT. For more information on taxation in Iran visit [Trade Promotion Organization website](#).

Agreements to avoid double taxation

Iran enjoys double taxation prevention treaties with many countries, however New Zealand is not among them. Iranian companies with foreign shareholdings are subject to company tax at a flat rate of 25 percent of their taxable income, as with other Iranian companies.

For additional information on foreign investment and taxation in Iran visit [Trade Promotion Organization website](#).

LOCAL NEWS AND ONLINE MEDIA

Major newspapers

A list of Farsi and English newspapers is available [here](#).

Popular social media

The telegram messaging application is extremely popular in Iran and is used by millions of users (as opposed to SnapChat, WeChat and WhatsApp which are more popular outside Iran)

EXHIBITIONS

There are a range of major international trade shows held in Iran as outlined on [Iran International Exhibitions](#).

PRODUCTION REGISTRATION

The Food and Drug Administration of the Ministry of Health of Iran is responsible for the regulation and registration of certain products such as food/health supplements, medical devices, medicine and cosmetics in Iran.

Foreign brands and exporters must have a local representative (importer) in Iran to register their products and import them into the market. Importers are required

to have a representative agreement with the foreign company and also introduce a local pharmacist as their official representative. The most common documents required for registration are a Site licence, GMP certificate, ITC (International Trade Certificate), Certificate of Analysis, Halal certificates, product formula and relevant standards.

Global brand presence in other countries is an important factor for the Ministry of Health to consider when issuing the required registration number. A list of exporting countries where products can be found will always be requested by the Ministry of Health. Proof of registration in Canada, the United States, Japan, Australia and/or Western Europe is almost sufficient. More information on import/export regulations can be found on the [Trade Promotion Organisation of Iran website](#).

Certain food products such as meat are also subject to import regulations including health requirements and halal certificate. For more information please refer to the [Iran Veterinary Organisation](#).

New Zealanders also need to check the Ministry of Primary Industry's [Overseas Market Access Requirements](#) to find out about the requirements they need to meet to access markets in different countries, including Iran.

CUSTOMS AND IMPORT REGULATIONS

The Iran Customs Administration is a government organisation under the supervision of the Ministry of Economic Affairs and Finance. It plays a vital role as protector of Iran's economic borders and coordinates the country's entry and exit points. It is also responsible for executing Customs laws and regulations related to export, import, and transit; collecting duties and customs taxes; presenting technical requirements; facilitating trade in the country.

The general Customs guidelines limit only a few categories of goods from entering the country as outlined below.

- Alcoholic drinks.
- Gambling tools.
- Weapons, ammunition and explosive goods.
- Narcotic drugs.
- Magazines, photos, film and those goods which is against religious and national dignity of the country.
- Any type of writings against the official religion of the country.
- Goods that have legitimate and legal prohibition and/or have not been allowed according to the customs tariff table or special rules.

Imported goods into Iran are subject to Customs Duties and Commercial Benefit Tax which are determined on an ad valorem basis, applied to the CIF value of the goods. Iran follows the Harmonized Commodity Description and Coding System (HS) for classification of goods. The following documents are usually required for importation: proforma invoice, commercial invoice, packing list, bill of lading, insurance policy and certificate of origin. Other documents may also be required on a case-by-case basis: inspection certificate; freight invoice; any licence required from the relevant governmental authority; fair price certification from the local chamber of commerce.

At the time of order registration with the Ministry of Commerce, the identification number of the relevant standard or technical specifications of the goods acceptable to the Ministry of Industries and Mines will be stated in the application form. The conformity of the goods imported with such standards or specifications will be certified by an approved authority. All persons and companies supplying foreign products in Iran are required by law to: (a) register a branch or an agency at the Ministry of Commerce for the supply of their products; (b) provide after sale services; (c) provide to customers, along with the product, a brochure (manual) in Farsi, a warranty card, and an after sale service card in respect of durable products; and (d) supply and sell their products in particular packaging which shows the registration number of the company, specifications of the product, serial numbering and hologram.

For more information about customs and import regulations visit [Iran Customs Administration](#) and [Iran Trade Promotion Organization](#).

OPENING A BANK ACCOUNT

Foreign nationals are not allowed to open a bank account in Iran unless they have a minimum three-month Iranian visa in their passport and/or hold an Iranian resident permit. They would then be able (subject to identify authentication by the respective organisation) to open a savings account only.

International credit or debit cards are not accepted in Iran and foreign visitors are required to bring cash with them while traveling in Iran. Most hotels accept hard currency such as American dollars and Euros. Visitors are required to change money at their hotel or money exchange offices (available across town) for shopping, etc. The maximum permitted amount of foreign currency visitors can bring with them into Iran is US\$10,000 (or its equivalent in other hard currencies).

GOVERNMENT DIRECTORY

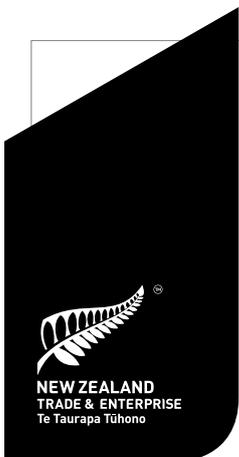
Here are contact details for Iran's local government:

Organisation	Address	Phone	Website
Food and Drug Administration	Fakhr Razi St, Enqelab Ave, Tehran	+98 21 6192 7000	www.fda.gov.ir/en
Ministry of Science, Research and Technology	Hormozan and Southern Piroozan crossroads, Khovardin St, Sana't Square, Tehran	+98 21 8223 4220	www.msrt.ir/en
Renewable Energy Organizaitions of Iran	Energy Affairs Deputy building, western end of Dadman (Poonak Bakhtari) Blvd, Shahrak-e-Qods, Tehran	+98 21 8808 5006-9	www.suna.org.ir/en/home
Trade Promotion Organization of Iran	Tehran Permanent Fairgrounds, Chamran Highway, Tehran	+98 21 2266 4044-5	eng.tpo.ir
Iran Customs Administration	Beheshti Ave (between Miremadi and Pakestan St), Tehran	+98 21 82991	www.irica.gov.ir
Ministry of Foreign Affairs	Imam Khomeini Avenue, Tehran	+98 21 6673 9191 +98 21 61151	www.en.mfa.ir
InvestinIran	Ministry of Economic Affairs and Finance, Davar St, Sur Esrafil St, Bab Homayun St, Imam Khomeini Sq, Tehran	+98 21 3396 7075 +98 21 3990 2115	www.investiniran.ir/en
Civil Aviation Organization of Iran	Parvaz St, Mehrabad, Tehran	+98 21 6607 8700-9	www.cao.ir/web/english
Iran Veterinary Organisation (IVO)	Yousefabad St, Vali Asr Ave, Tehran	+98 21 8895 3400	www.e.ivo.ir

NZTE / EMBASSY CONTACT DETAILS

NZTE and the New Zealand Embassy have offices in Iran:

Organisation	Address	Phone	Website / Email
New Zealand Trade and Enterprise (Operating out of the New Zealand Embassy)	No 1, Second Park Alley Sousan St North Golestan Complex (Shahid Ghasemi St) Aghdassiyeh Ave, Tehran Office hours: Sunday to Thursday, 8:00am to 4:00pm	+98 21 261 22 175 (ext. 230 & 231)	www.nzte.govt.nz exporthelp@nzte.govt.nz
Embassy of New Zealand	No 1, Second Park Alley Sousan St North Golestan Complex (Shahid Ghasemi St) Aghdassiyeh Ave, Tehran Office hours: Sunday to Thursday, 8:00am to 4:00pm	+98 21 261 22175	nzembassytehran@hotmail.co.nz www.nzembassy.com/iran



New Zealand Trade and Enterprise (NZTE) is the Government agency charged with a single purpose: growing companies internationally, bigger, better and faster, for the benefit of New Zealand.

We employ 600 people, have over 200 private sector partners and draw on a global network of thousands more. We have people based in 50 offices, working across 24 time zones and 40 languages to support New Zealand businesses in over 100 countries. Our global presence lets us deliver value to the businesses we support, through our unique know-how (knowledge and experience) and know-who (networks and connections).

Our know-how and know-who is expressed in our Maori name: Te Taurapa Tūhono. Te Taurapa is the stern post of a traditional Māori waka, which records

valuable knowledge, and stabilises and guides the craft forward. Tūhono represents connections to people and an ability to build relationships.

We provide customised services and support to ambitious businesses looking to go global. We help them build their capability, boost their global reach, connect to other businesses and invest in their growth. We also connect international investors with opportunities in New Zealand through a global network of investment advisors.

We call on our Government network and work closely with our NZ Inc partners and the business community, to grow our national brand and help businesses to open doors in global markets.

nzte.govt.nz

Disclaimer: This document only contains general information and is not formal advice. The New Zealand Government and its associated agencies ("the New Zealand Government") do not endorse or warrant the accuracy, reliability or fitness for any purpose of any information provided. It is recommended that you seek independent advice on any matter related to the use of the information. In no event will the New Zealand Government be liable for any loss or damage whatsoever arising from the use of the information. While every effort is made to ensure the accuracy of the information contained herein, the New Zealand Government, its officers, employees and agents accept no liability for any errors or omissions or any opinion expressed, and no responsibility is accepted with respect to the standing of any firms, companies or individuals mentioned.

June 2018