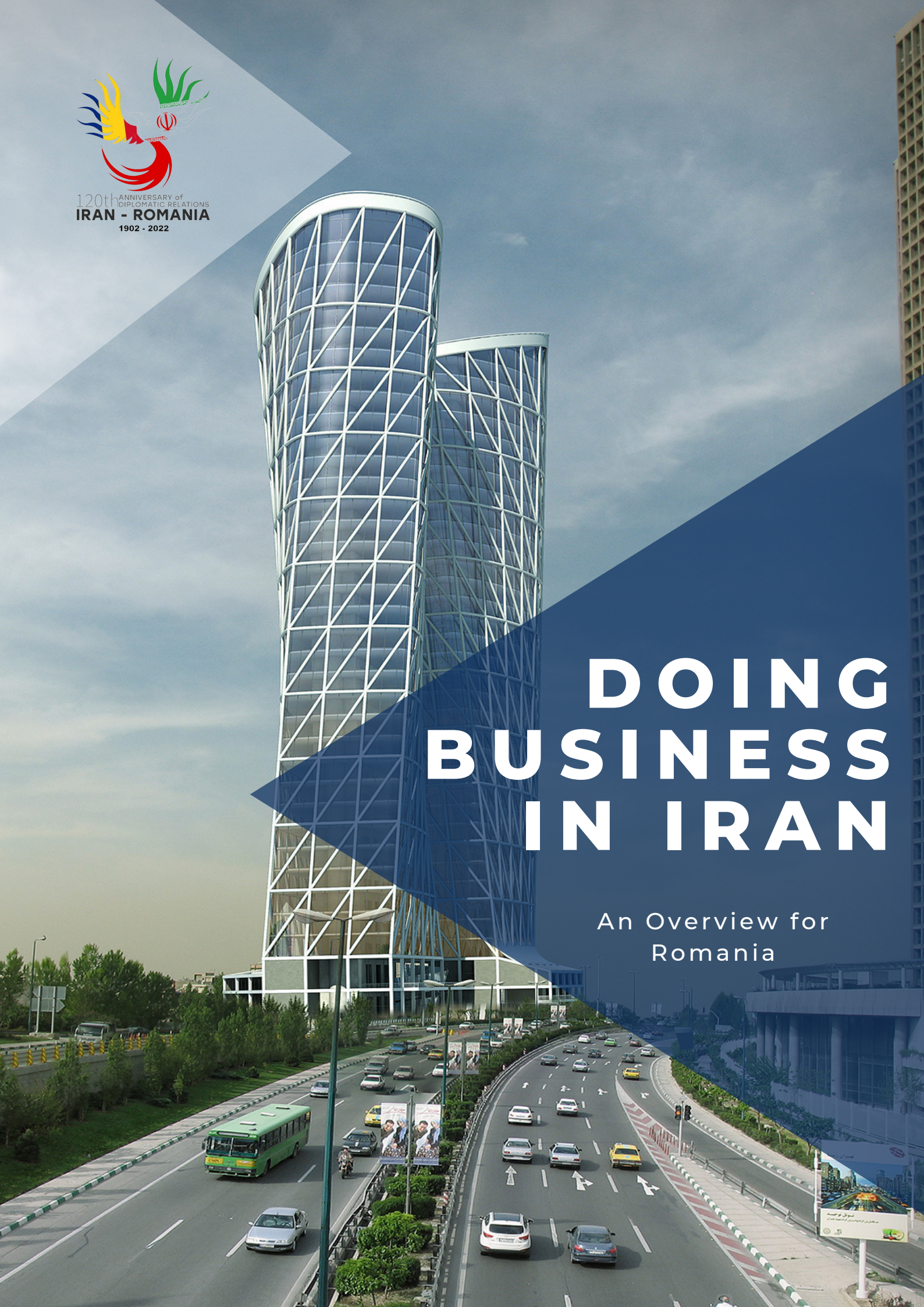
120th ANNIVERSARY of DIPLOMATIC RELATIONS
IRAN - ROMANIA
1902 - 2022

DOING BUSINESS IN IRAN

An Overview for Romania





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The 120th anniversary of the establishment of diplomatic relations between Romania and Iran in 1902 will be celebrated in 2022. Over the years, the two countries have grown closer and developed a cooperative partnership in a variety of areas, including economics, academia, and culture. Romanian and Iranian citizens are determined to make efforts that will help to strengthen ties between the two countries through such chances.

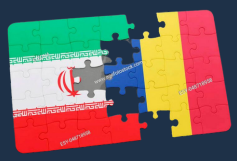


H.E. Dr. Seyed Hossein Sadat Meidani

Romania can be the eastern gateway to Iran's entry into the European Union, and on the other hand, Iran is not only a good market for Romanian goods and products for a population of 85 million people, but can also be a good route for transit and access to the markets of Iran neighboring countries and Central Asia for Romanian parties.
At the moment, the Coronavirus pandemic has affected the world economy in numerous ways. Many industries, SMEs, even international corporations have been negatively affected.

Despite the negative developments in the past few years, there are new opportunities that can be seized. As the COVID-19 pandemic has drastically impacted the supply chain, now it is time to reshape the post-crisis world.
Looking ahead, the post-pandemic world will be, and must be, very different. We need to adapt to the new reality, and to adopt policies that will lead to sustainable broad-based growth.
Statistics show businessmen in both Iran and Romania took account of the aforementioned realities and that's why we see a meaningful evolution in bilateral relations between the two countries which have increase almost 400 percent in 2021.
Imports of petrochemicals and related products, edible fruits, construction products such as stone and glass and ceramics, oil fuels and foodstuffs are the most important imports from Iran to Romania. Of course, the products produced in Iran have a high diversity and Romania also imports many of these products from sources other than Iran, among which are oils and minerals, plastics, iron and steel, copper, polyethylene products, etc.

Traditionally, Iran and Romania have always had good relations, official relations between Iran and Romania date back to ancient times. December 2021 marked 140 years since Iran's recognition of Romania's independence, Iran being one of the first non-European countries to recognize Romania, and since then, political and economic relations between the two countries are based on common cultural characteristics and mutual interests. Reciprocally, Romania was one of the first countries to recognize Iran's new government in the early days of the February 1979 Revolution, thus continuing to have normal relations with the Islamic Republic of Iran



Trade between the two countries peaked in the 1980s when it reached $ 1.5 billion. From 2018 to 2020, we have seen an unusual decline in economic relations, but given the historical trade relations between the two countries, it seems that businessmen from the two states have found ways to continue their activities. According to the latest statistics published by the National Institute of Statistics of Romania, fortunately, the volume of trade between the Islamic Republic of Iran and Romania in the first eleven months of 2021 has continued to increase and has now reached $ 395 million for that period. Iran exports to Romania are for most Styrene Polymers, Grapes, and Ethylene Polymers. Romania. Romania's most exports to Iran are Corn, vehicle parts, and heating machinery.





Why Iran?

Strenghts of the Iranian market include:

- A population of approximately 85 million (the 2nd largest in the Middle East after Egypt)
- **A young generation** (60% are estimated to be under 30 years old)
- **A highly educated nation**
- **Rich natural resources**
- **Strategic geographical location**

EU-Iran relations are based on the Joint Statement. From 16 April 2016 that proposed several areas of cooperation. To strengthen their bilateral cooperation on trade and investment matters, the two parties agreed to exchange visits of expert delegations at an appropriate level. The EU supports Iran to become a member of the World Trade Organization.

In 2020, Iran was the EU's 56th biggest trade partner. 17.5% of Iran's imports came from the EU and 5.1% of the country's exports went to the EU.

The EU is Iran's 2nd biggest trade partner, representing 12.3% of the country's total trade in goods with the world in 2020. Before the current sanctions regime, the EU used to be the most important partner of Iran.

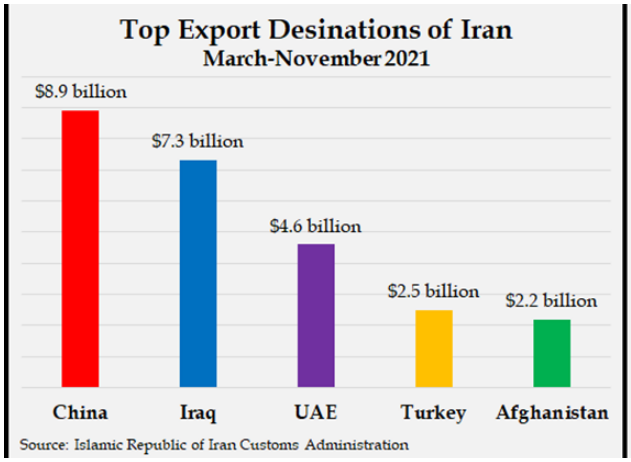
Total trade in goods between the EU and Iran in 2020 amounted to €4.5 billion. The EU's imports were worth €0.7 billion and were dominated by agriculture and raw materials (€0.4 billion, 57.1%), followed by chemicals (€0.1 billion, 14.2%) The EU's exports amounted to €3.8 billion and were led by machinery and transport equipment (€1.3 billion, 34.2%), chemicals (€1.0 billion, 26.3%) and agriculture and raw materials (€0.7 billion, 18.4%).

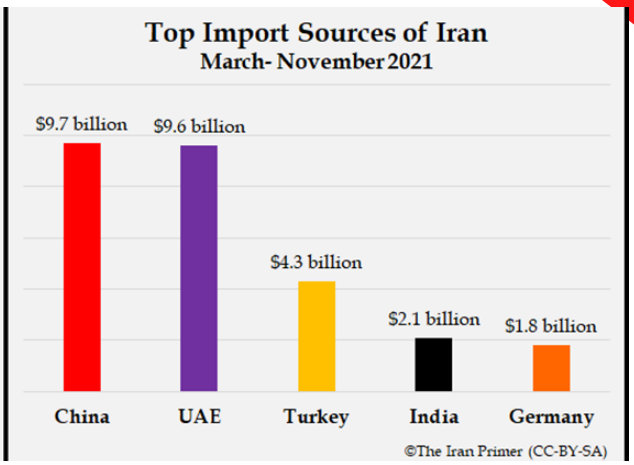
Two-way trade in services totaled €1.5 billion in 2019, with EU imports of services representing €0.7 billion and exports €0.8 billion.

FDI flows remained relatively steady between 2017 and 2019, resulting in total EU FDI stock of €2.6 billion.

Figures extracted from Eurostat's datasets show Germany remained the top trading partner of Iran during the five months under review, as the two sides exchanged €732.6 million worth of goods, 6.05% less than the year before. The Netherlands with €197.5 million (up 5.41%), Spain with €131.3 million (up 19.13%%) and Belgium with €96.2 million (up 8.5%) were Iran's other major European trading partners. Malta registered the highest growth of 8,862.2% in trade with Iran during the period and was followed by Estonia with 382.2, Croatia with 281.2% and Romania with225%

Iran's economy expanded modestly in 2021 as trade picked up. Some of the disruptions caused by the pandemic eased as Iran vaccinated more of its population. Iran's non-oil trade sharply increased in 2021 compared to the previous year, as the economic disruptions caused by the pandemic started to dissipate. From March to November 2021, total non-oil trade was $63.1 billion, a 41 percent increase over the same period in 2020, and 14 percent higher than the pre-pandemic year of 2019.





In 2021, Iran's top non-oil trade partner was China, followed by the United Arab Emirates, Turkey, and Iraq. If Iranian trade continues at the monthly average for 2021, it will notch more than $90 billion in imports and exports for the Iranian year ending in March 2022. This would be the highest level since 2017/18.

	2018/19	2019/20	2020/21	2021/22 e	2022/23 f	2023/24 f
Real GDP growth, at constant market prices	-6.0	-6.8	3.4	3.1	2.4	2.2
Private Consumption	-2.6	-7.7	-0.4	2.1	1.8	1.5
Government Consumption	-2.9	-6.0	-2.3	2.4	1.7	1.5
Gross Fixed Capital Investment	-12.3	-5.9	2.5	1.2	2.1	2.7
Exports, Goods and Services	-12.5	-29.9	-5.4	12.0	7.1	5.9
Imports, Goods and Services	-29.5	-38.1	-29.2	9.8	4.8	3.9
Real GDP growth, at constant factor prices	-5.4	-6.5	3.6	3.1	2.4	2.2
Agriculture	-0.9	8.8	4.5	1.6	2.1	4.0
Industry	-11.0	-15.9	8.4	3.6	3.5	3.4
Services	-0.7	-0.5	-0.1	2.9	1.6	0.9
Inflation (Consumer Price Index)	31.1	41.3	36.4	42.9	41.6	40.3
Current Account Balance (% of GDP)	9.1	1.5	-0.3	1.4	1.5	1.7
Fiscal Balance (% of GDP)	-1.7	-5.0	-6.9	-7.3	-6.9	-6.8
Gross Public Debt (% of GDP)	38.5	48.0	52.0	53.7	53.2	52.6
Primary Balance (% of GDP)	-1.5	-4.3	-5.9	-6.2	-5.9	-5.8
GHG emissions growth (mtCO2e)	1.7	-4.6	3.4	3.0	2.6	2.6
Energy related GHG emissions (% of total)	70.9	69.7	70.1	70.1	70.0	69.7

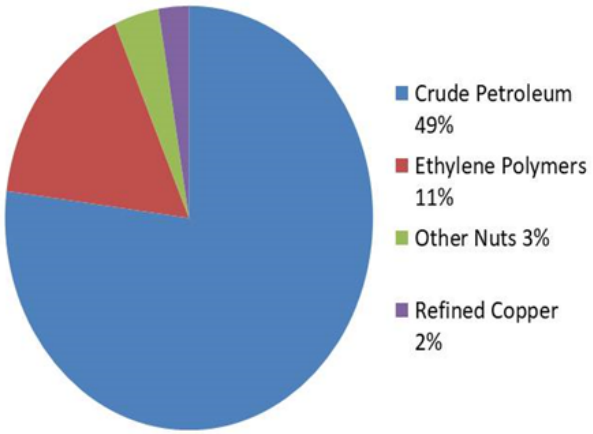
Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast.







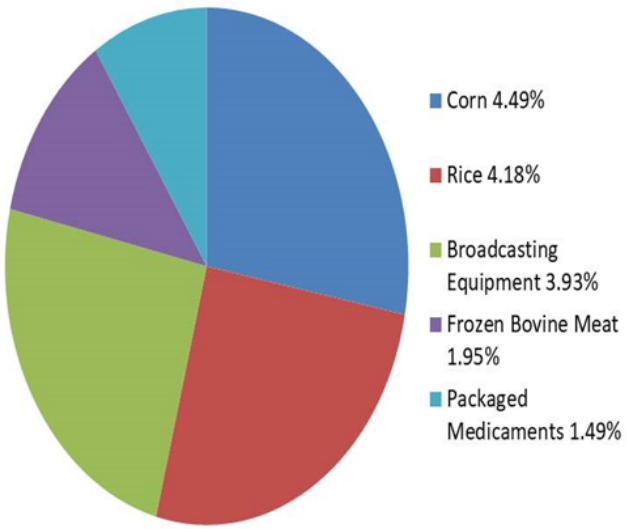
Iran Export (2019)
Iran is a founding member of OPEC and the Organization of Gas Exporting Countries. Petroleum constitutes 56% of Iran's exports. The value of Iran's non-oil exports is increasing in a year basis. Pistachios, liquefied propane, methanol (methyl alcohol), hand-woven carpets and automobiles are the major non-oil exports. Copper, cement, leather, textiles, fruits, saffron and caviar are also export items of Iran.







Iran Import 2019
The top imports of Iran are Rice ($1.47B), Corn ($1.42B), Broadcasting Equipment ($1.38B), Soybean Meal ($853M), and Soybeans ($788M), importing mostly from China ($9.61B), United Arab Emirates ($7.08B), India ($3.86B), Turkey ($2.6B), and Brazil ($2.19B).



Iran's Economic Advantages

Iran is situated at the geographic nexus of the Middle East, Levant, Russia, Central Asia and Indian subcontinent. It connects the Caspian Sea and the Persian Gulf, and lies on the ancient and modern route from the Mediterranean to the subcontinent and China. It shares land borders with Iraq, Turkey, Armenia, Azerbaijan, Turkmenistan, Afghanistan and Pakistan; and is a maritime neighbor of Russia, Kazakhstan, Oman, UAE, Qatar, Bahrain, Saudi Arabia and Kuwait. Iran is the only country connecting the two large energy fields of the Caspian Sea and Persian Gulf regions, and itself ranks among the top five countries globally in both oil and gas reserves.

Iran's area approximates Western Europe's. Ringed by mountains and waters, it has had stable and secure borders for centuries, and benefits from internal stability in a tumultuous region. Iran's civilization, culture and language have long been resonant throughout the region. Persian was the language of administration and culture for the Mongols and Arabs and in India; it is spoken in over 25 countries today, about the same as Chinese and Spanish.

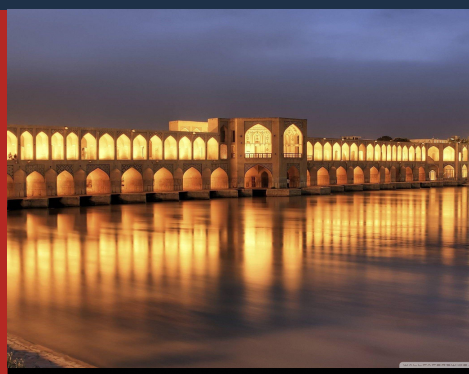
Iran's population of over 85 million people is slightly larger than Germany's, with about two-thirds under the age of 30. A quarter of the population has university degrees and nearly 60% of university-age people are enrolled in university.
Iran has an industrialized and relatively diversified economy. While oil, gas and petrochemicals are preponderant, there are notable manufacturing, mining, metals, agriculture, power and water sectors. In the past decade, Iran has witnessed rapid growth in the renewables, technology and e-commerce industries as well.



- 2nd Gas Reserves in the World
- 4th Oil Producer in the World
- The 13th largest steel producer in the world
- Iran ranks 16th in the world in gasoline production
- One of the top 10 countries producing anti-Coronavirus vaccine
- The 18th largest Economy in the World by Purchasing Power Parity (PPP).
- The Diversified Economy and Broad Industrial Base directly involved in Tehran Stock Exchange (TES) and Iran Fara Bourse (IFB) are the Largest Industrial Base in the MENA region
- Labor-Rich Economy
- The Middle East market as a Prime Market Opportunity for Iran's Non-Oil Exports
- Developed Infrastructure in Transportation, Telecommunications and Energy
- Strategic Location, surrounded by 15 Land and Sea Neighbors, Serve as a Lucrative Trade and Transit Route in Both North-South and East-west Directions
- Tax Exemptions and Incentives
- Diversified hydrocarbon-rich economy
- One of the Top Producers of Zinc, Lead, Cobalt, Aluminum, Manganese and Copper in the World
- In the field of drones or unmanned aerial vehicles, Iran ranks 5th in the world
- Ranks amongst the Top 7 Countries in Producing 22 Important Agricultural Products

Infrastructure and Population

Sector		Capacity
Population		82820766
Telephones-main lines in use		30944169
Telephones-mobile cellular		88341723
Airports		319
Railways		13437 km
Roadways		232535 km
Electricity-production		304.4 billion kwh







Iran agriculture

Roughly one-third of Iran's total surface area is arable farmland. The wide range of temperature fluctuation in different parts of the country and the multiplicity of climatic zones make it possible to cultivate a diverse variety of crops, including cereals (wheat, barley, rice, and corn [maize]), fruits (dates, figs, pomegranates, melons, and grapes), vegetables, cotton, sugar beets and sugarcane, nuts, olives, spices, tea, tobacco, and medicinal herbs.

The Iran agriculture sector projected to register a CAGR of 3.80%, during the forecast period (2020-2025).

Government is supporting the development of the agriculture sector to meet the local demand and agricultural exports as well. The government of Iran is planning to increase the area under greenhouse cultivation to 48,000 hectares by 2027. This will boost the production of fruits and vegetables which would result in an incline in the overall agricultural export.

Healthcare industry

The Iranian healthcare industry was estimated to be worth USD 33,401 million in 2015, with a massive growth potential expected in the future. The Iranian healthcare industry can be compared a little to the country's automobile and defense industries. Iran has a very young population, which means that the population is expected to increase significantly in the coming years, hence, increasing the scope for considerable investments in the sector.

Iran's domestic pharmaceutical industry is one of the most developed in the MENA region.

According to the World Health Organization all the medicine incorporated into the latest version of the WHO Model List of Essential Medicines is available in Iran.

At the end of 2019, Iran's pharmaceutical industry was valued at two and a half billion euros annually and is expected to grow 3.1 billion euro by 2024.

Iran is currently manufacturing 90% of the medicine for its population, and Iranian manufacturers are prioritizing the development of partnerships with foreign pharmaceutical companies to improve industry and quality standards.

In 2020, Iran's pharmaceutical exports stood at 90 million euro, mostly destined for Central Asia. Other markets Also welcome Iranian pharmaceutical products. In 2019 for example, pharmaceutical imports from Iran into Germany stood at 26.95 million euro.

There are around 100 pharmaceutical manufacturing companies active in Iran with more than 60 plants committed to producing almost 40 billion drug units annually.

Medical instrument production industry is another field that have been improved during recent decades in Iran.





Construction Industry

The construction industry of Iran is divided into two main sections. The first is government infrastructure projects, which are central for the cement industry. The second is the housing industry. In recent years, the construction industry has been thriving due to an increase in national and international investment to the extent that it is now the largest in the Middle East region. The Central Bank of Iran indicate that 70 percent of the Iranians own homes, with huge amounts of idle money entering the housing market. Iran has three shopping malls among the largest shopping malls in the world. Iran Mall is the largest shopping mall in the world, located in Tehran. The annual turnover in the construction industry amounts to US$38.4 billion.

Energy

Iran has one of the largest reserves of proved oil and natural gas reserves. In terms of tons of oil equivalent, in 2015-2018 proved reserves of conventional hydrocarbons in Iran were: natural gas – 57.7%, oil – 40.7%, coal – 1.6%
Electricity production in Iran in 2020 was 304 TWh, dominated by fossil fuels – 89%; the share of hydropower was 9.1%, nuclear power – 1.9%, renewable resources – 0.3%
The natural gas processing infrastructure in Iran is represented by 8 large, and several smaller plants (Fig.5). The most powerful of these is Kangan-Nar with an installed capacity of 80 mcm/d [22]. The country's first LNG-terminal, Iran LNG, which is currently under construction, will have an installed capacity of 10.8 million tons per year and will be located in an area of 200 hectares on the western coast of the Islamic Republic of Iran in Tombaka [23]. Natural gas is transported through pipelines with a total length of 20 794 km; transportation of gas condensate is carried through pipelines with total lengths of 973 km and 7 km
The country has a significant number of stations for the production of electricity from fossil fuels, including six oil stations with a capacity of more than 500 MW, ten gas-fired power plants with more than 1 000 MW, nine combined-type power plants with a capacity of more than 500 MW, and one nuclear power plant





Foreign businesses generally establish a presence in Iran through branches and representative offices. Alternatively, certain foreigners prefer to conduct business through a limited liability company or a private joint-stock company, oftentimes with local partners. In addition, the Government of Iran has established various free zones, regulated by relevant free zone authorities. Free zones allow foreign companies to form wholly-owned subsidiaries.

As a further incentive for foreign investment in Iran, the Foreign Investment Promotion and Protection Act allows repatriation of sales-related profits for foreigners; provides for fair compensation in the event of nationalization; allows for international arbitration in the event of disputes; and provides for other investment incentives for foreigners.



Iran has recently implemented a new model for oil and gas contracts. The new Iran Petroleum Contract ("IPC") replaces the buyback agreements which prevented foreign investors from holding shares and from booking reserves. The IPC is, in general, more attractive to international oil companies as it offers more flexible terms with respect to price fluctuations and investment risks, and allows foreign investors to take equity stakes in joint venture companies, though the Iranian partner must hold the majority of the shares. The old buyback agreements covered only the exploration and development phases of a project and the fields were taken over by the National Iranian Oil Company once those phases were completed. In contrast, the IPC allows contract terms of up to twenty-five (25) years.

Iran Economic Institutions (Useful Links)

- Trade Promotion Organization of Iran - https://en.tpo.ir/
- Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA) - http://en.iccima.ir/
- International Exhibitions Company of Iran - https://en.iranfair.com/?&siteid=3&pageid=696
- Islamic Republic of Iran Shipping - http://www.irisl.net/default.aspx
- Organization for Investment, Economic and Technical Assistance of Iran - http://ipa.investiniran.ir/en/
- Iran National Innovation Fund - http://en.inif.ir



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