

A General Guide for Trading with Iran

(Scheda Paese)



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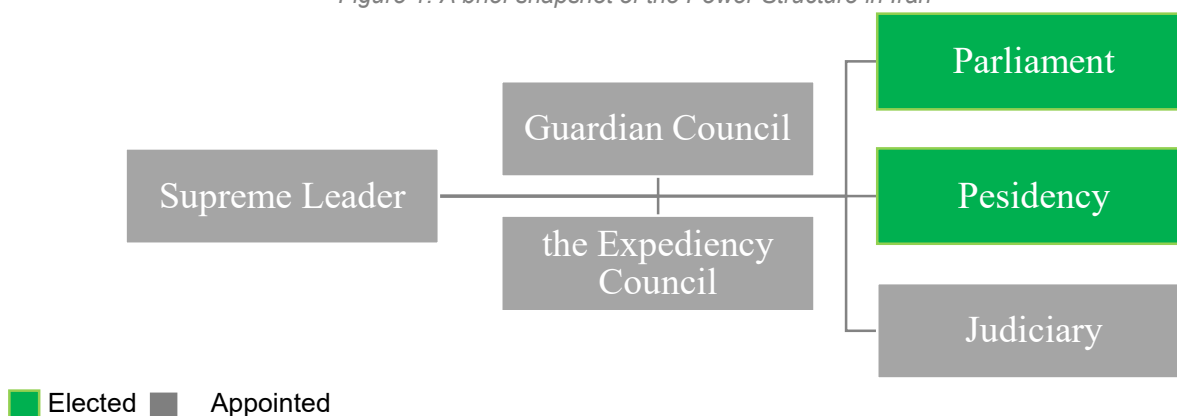
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Political Overview

The institutional form of Iran is Presidential, Islamic and Theocratic Republic. The power separation in Iran includes the presidency, parliament and the judiciary system, currently all controlled by the Principlists (the Right, Right-wing). This unifies the decision-making in the country. Both the executive and the legislature are under the surveillance of Iran's vetting and arbitration bodies, the Guardian Council and the Expediency Council respectively. The Guardian Council plays a dominant role in ensuring that any laws emanating from the Parliament conform to the principles of the Islamic Revolution.

Figure 1. A brief snapshot of the Power Structure in Iran



The most challenging aspect of Iran's foreign policy can be its relationship with the US, which is currently imposing wide-ranging and damaging economic sanctions on Iran, having withdrawn from the Joint Comprehensive Plan of Action (JCPOA, the 2015 nuclear deal) in 2018. This has pushed the Iranian policy makers to design a comprehensive support for the national production and improving the business environment, which leads to severe limitations on the import of 2150 goods to the country. Alongside this, Iran's Leader named the New Year 1402 (21 March 2023-20 March 2024) as the Year of "Inflation Control, Growth in Production".

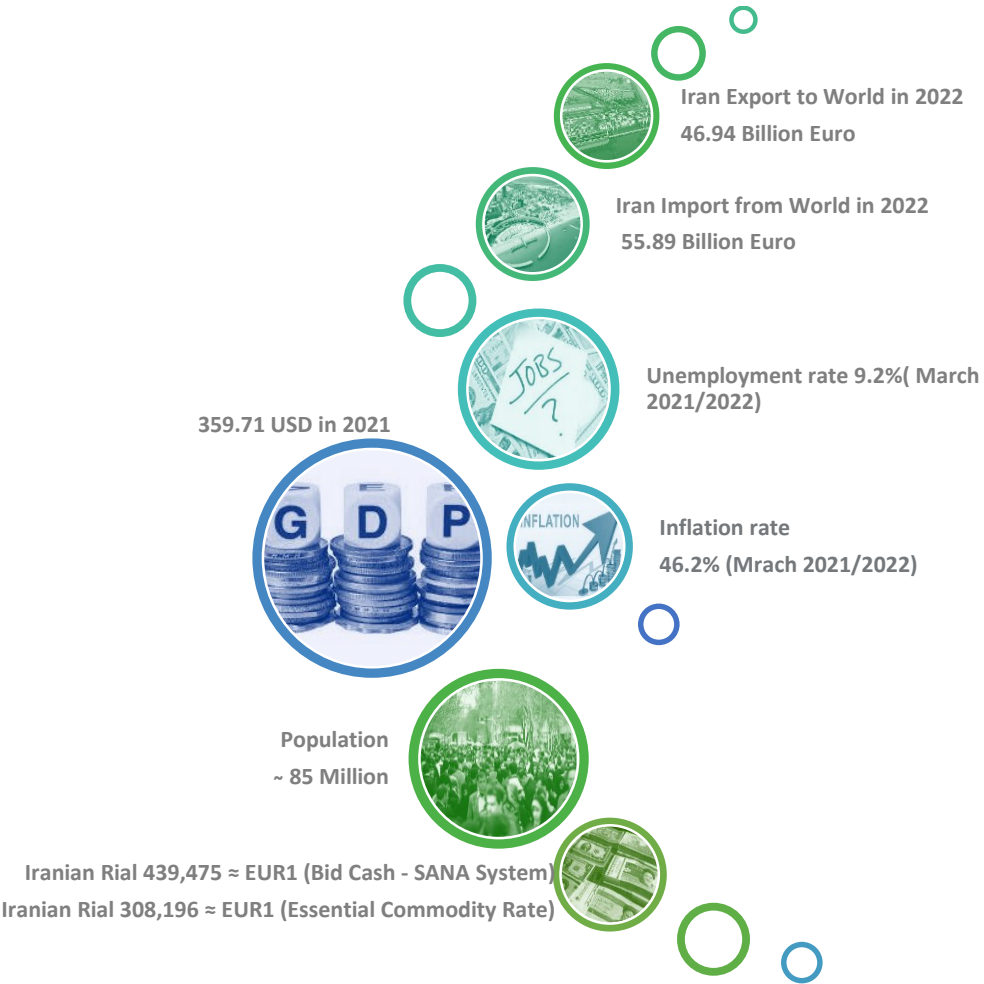
On the other hand, Iran turn on developing relations with Russia and China. This will involve expanding trade ties and sales of cut-price oil to China in exchange for inward infrastructure investment.

Apart from the power separation mentioned in Iran, the presence of the Islamic Revolutionary Guard Corps (IRGC) and Bonyads (powerful Islamic charities with extensive business interests) should be considered. The IRGC's extensive influence over the political environment is growing, owing to the increasing number of IRGC members both in parliament and in the government. Even if the political will existed, the country would find it difficult to liberalize the economy and allow greater international involvement, given the threat that such changes would pose to the IRGC's extensive business interests. Also, the Bonyads, which are required to provide only limited disclosure of their accounts, often use their personal and political connections to win public-sector contracts. Therefore, the fairly competitive market for all private and public players under their presence is seen as a mystery.

Overall, the threat of re-emerging US sanctions still continues to restrict some trade and financing, most of which is conducted in US dollars, and deter investment; therefore, most of the Italian firms having interest in the US seems reluctant to risk an uncertain US-sanctions outlook.

Macro Economy Overview

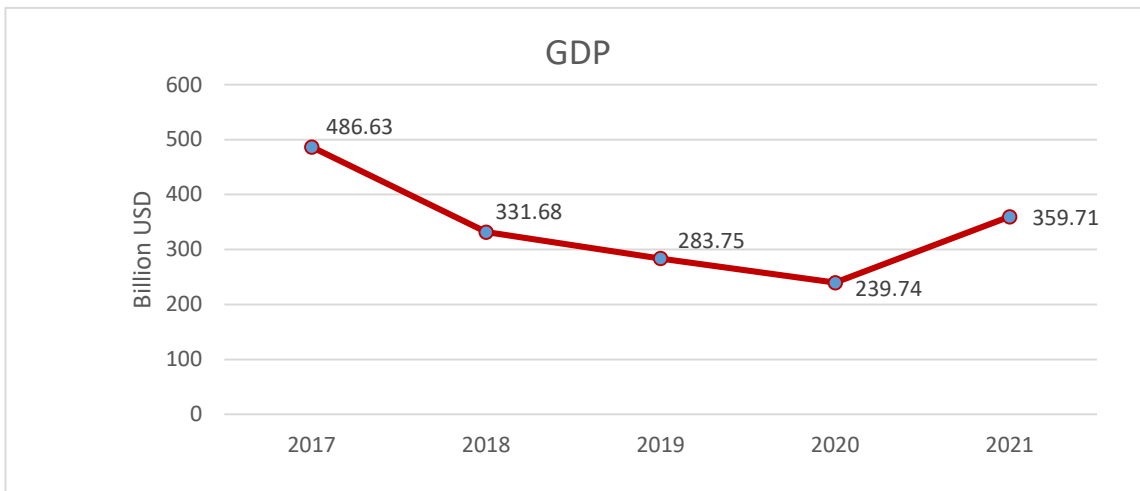
Figure 2. Economy Dashboard of Iran



Source: Central Bank of Iran, The Islamic Republic of Iran Customs Administration (IRICA) compiled by Trade Data Monitor; sanarate.ir; World Bank; last visited on 08 April 2023;

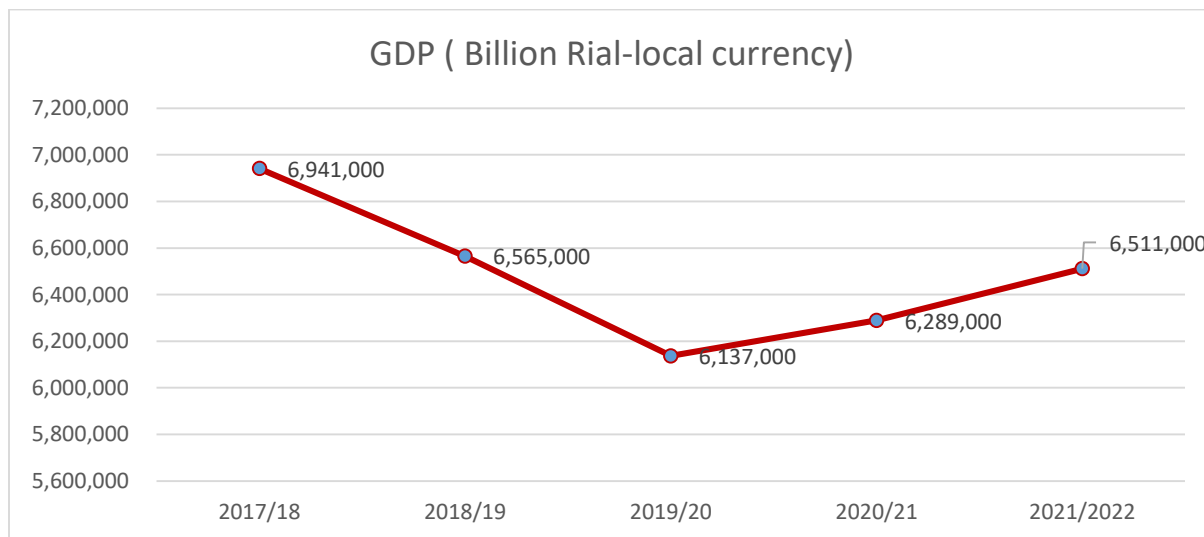
The economy in Iran is relatively diversified compared to many other Middle Eastern countries, but it still relies on petroleum and other liquids revenues. Iran holds some of the world's largest deposits of proved oil and natural gas reserves, ranking as the world's third-largest and second-largest reserve holder of oil and natural gas, respectively, in 2021¹. At the end of 2021, the ministry of petroleum accounted for 24% of oil reserves in the Middle East and 12% in the world.

Figure 3. Iran GDP; in Billion USD World Bank



Source: World Bank; last visited on 08 April 2023

Figure 4. Iran GDP; in Billion Rial Central Bank of Iran



Source: Central Bank of Iran; last visited on 07 April 2023

(based on at constant market prices of 1395 (March 2016/17))

¹ Iran Petroleum Ministry; the latest available data is for 2021

The Iranian authorities have adopted a comprehensive strategy of market-based reforms for their 20-year economic vision. The 7th quinquennial development plan focuses on economic progress. The plan includes seven main chapters about economic issues, infrastructural affairs, cultural and social subjects, scientific, technological and educational issues, political and foreign policy affairs, defense and security, as well as administrative, legal and judicial issues. The all detail of this plan has not announced, yet.

According to the general policies, the 7th development plan's main goal and priority is economic progress coupled with justice with an average rate of 8 percent during the five-year period, with an emphasis on increasing the productivity of production factors, including human resources, capital, technology and management.

According to the national accounts, Iran's economy witnessed a moderate growth in March 2021/22. A gradual recovery in global demand and limited COVID-19 lockdowns led GDP to grow by 4.4% in March 2021/22. The composition of GDP in Iran is Agriculture≈ 7%, oil 7%, Industry and Mine≈ 33% and Services ≈ 53%in March 2021/2022.

Table 1-Iran GDP descriptive March 2020-March 2022- growth rate

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
<i>Agriculture</i>	3.2	-0.9	8.8	3.2	-2.6
<i>Oil</i>	0.9	-18.1	-38.7	9.6	10.1
<i>Industry and Mine</i>	5.1	-4.3	2.3	7.3	1.1
<i>Services</i>	4.4	-0.6	-0.2	2.2	6.5
Real GDP Growth, at constant market prices of 1395 (March 2016/17) without Oil	4.6	-1.8	1.1	3.6	3.9
Real GDP Growth, at constant market prices of 1395(March 2016/17)	3.7	-5.4	-6.5	4.1	4.4

Source: National Accounts; Central bank of Iran; Last visited on 08 April 2023

Inflation

High and volatile inflation has been an endemic economic and social issue in Iran that has contributed to rising poverty and social tensions. With the COVID-19 pandemic hitting Iran's economy on top of preexisting U.S. trade and financial sanctions and exacerbating the supply constraints, annual inflation reached 46.5 percent at the end of Persian year 2022/23.

CPI inflation rose 46.5 percent (from 2021/2022 to 2022/2023) driven by inflationary expectations due to uncertainties in the economic outlook, ongoing nuclear talks and the domestic unrest. This came as the currency devaluated again pushing up the price of imported goods.

Table 2. Inflation rate and CPI in Iran

	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Inflation rate (%)	31.2	41.2	47.1	46.2	46.5
CPI	143.8	203.15	298.9	437.0	640.2

Source: Central bank of Iran; Last visited on 08 April 2023

* The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by the Iranian urban consumers for a market basket of consumer goods and services.

Unemployment rate

According to Statistical Center of Iran (SCI), the unemployment rate in 2021/22² was 9.2% down 0.4% compared to the previous year. This improvement is because of the less economic participation population. The unemployment rates for men and women were 7.9% and 16%, respectively, which constituted 1.7 million men and 0.7 million women. Economic participation rates for men and women were reported 68.7% and 13.3% respectively in the same period.

Table 3. Unemployment rate (%) in Iran

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
Unemployment rate (%)	12.1	12.0	10.7	9.6	9.2

Source: Statistical Center of Iran; last visited on 08 April 2023

Currency Decline

Depreciation of the Rial on the parallel market, sanctions-related shortages and monetisation of the fiscal deficit have driven rapid inflation. With monetisation of the deficit set to continue to fuel short-term money-supply growth, Iran is in a hyperinflationary spiral. This money growth drives inflation only in the long term, while currency depreciation, fiscal deficits, and sanctions (proxied by oil exports) drive inflation both in the short- and the long term.

Iran has officially removed its official subsidized exchange rate — IR42,000:US\$1 - on 11 May, 2022, President Ebrahim Raisi announced, which is locally known as preferential foreign currency, for importing essential goods, including corn, soymeal, unprocessed oil, oilseeds and barley, in addition to wheat, flour and medicine. The president explained that the former allocation system gave rise to corruption for years, which led his government to come up with the new scheme.

After Iran eliminated the official exchange rate of IR42,000:US\$1 for essential goods such as food and humanitarian goods the rial has been considerably depreciated, i.e. 439,475 ≈ USD1 on 08 April 2023, compared with about IR40,000:US\$1 in early 2018.

Iran Foreign Trade

The latest statistics for 2022 show that despite the intensification of the U.S sanctions and civil unrest, Iran exported its commodities and services to more than 143 countries and imported from 123 countries.



² Fiscal year in Iran starts from 20 or 21 March

According to Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; in 2022, the total value of imported goods from 123 countries was 55,809 million Euro, which increases 34.5% comparing to the last year, and the total value of the exports to 143 countries amounted to 46,936 million Euro, which increases about 30% comparing to the previous year.

As the table below shows, the two first Iran suppliers' countries are always China and United Arab Emirates (UAE), in which UAE has more than doubled its market share in 2022 comparing 2018; however, China has not experienced the same fluctuation, from 26.4% in 2018 to 30.7% in 2022.

In 2022, the countries that Iran imported most goods from included UAE with 17,120 million Euro, followed by the China with 14,789 million Euro and Turkey with 5,787 million Euro, followed by India with 2,576 million Euro, and Germany with 1,785 million Euro.

The market share of the European suppliers has been deteriorated in the last five years and eastern suppliers have won the race in the same period according to one of the foreign policy of Iran which is known as "Turn to East" and US withdrawal from JCPOA in 2018.

In the last five years Italy's position in Iran's import market has dropped from 10th position in 2018 to 14th in 2022, also in terms of value from 1,037 million Euro to 686 million Euro.

Table 4. Iran Import from the World by country – Million Euro

Rank	2018			2019			2020			2021			2022		
	Partner	Value (Million Euro)	Market Share	Partner	Value (Million Euro)	Market Share	Partner	Value (Million Euro)	Market Share	Partner	Value (Million Euro)	Market Share	Partner	Value (Million Euro)	Market Share
1	World	38,556	100.0%	World	35,681	100.0%	World	33,590	100.0%	World	41,502	100.0%	World	55,809	100.0%
2	China	10,193	26.4%	China	9,031	25.3%	China	8,770	26.1%	UAE	12,699	30.6%	UAE	17,120	30.7%
3	UAE	5,194	13.5%	UAE	6,810	19.1%	UAE	7,985	23.8%	China	9,558	23.0%	China	14,789	26.5%
4	South Korea	2,381	6.2%	Turkey	4,022	11.3%	Turkey	3,705	11.0%	Turkey	4,339	10.5%	Turkey	5,787	10.4%
5	Germany	2,345	6.1%	India	2,264	6.3%	India	2,041	6.1%	Germany	1,601	3.9%	India	2,576	4.6%
6	Turkey	2,190	5.7%	Germany	1,927	5.4%	Germany	1,630	4.9%	Switzerland	1,389	3.3%	Germany	1,785	3.2%
7	Switzerland	1,973	5.1%	Russia	1,109	3.1%	UK	1,057	3.1%	India	1,282	3.1%	Russia	1,445	2.6%
8	India	1,940	5.0%	Switzerland	1,078	3.0%	Russia	984	2.9%	Russia	1,237	3.0%	Switzerland	1,117	2.0%
9	France	1,223	3.2%	Netherlands	898	2.5%	Netherlands	788	2.3%	UK	998	2.4%	UK	901	1.6%
10	Italy	1,037	2.7%	UK	860	2.4%	Italy	731	2.2%	Iraq	801	1.9%	Netherlands	854	1.5%
11	Russia	956	2.5%	Italy	847	2.4%	Switzerland	647	1.9%	Netherlands	738	1.8%	Pakistan	747	1.3%
12	Netherlands	914	2.4%	South Korea	740	2.1%	South Korea	499	1.5%	Italy	566	1.4%	Oman	720	1.3%
13	UK	854	2.2%	Singapore	524	1.5%	Singapore	408	1.2%	South Korea	501	1.2%	South Korea	694	1.2%
14													Italy	686	1.2%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

Table 5. Iran Import from the world by top 10 categories of products–Ranked based on the value of 2022- Million Euro

Rank	HS Code	Description	2018		2019		2020		2021		2022	
			Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share
		all commodities	38,556	100.0%	35,590	100.0%	33,590	100.0%	41,502	100.0%	55,809	100.0%
1	10	cereals	3,210	8.3%	4,216	11.8%	4,683	13.9%	5,566	13.4%	8,042	14.4%
2	84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	7,123	18.5%	5,696	16.0%	5,130	15.3%	6,007	14.5%	7,121	12.8%
3	85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	3,620	9.4%	3,969	11.2%	4,571	13.6%	6,174	14.9%	6,762	12.1%
4	98	knocked down parts of road-building machines, cars, other machineries and Classic motorized vehicles (CBU)	3,092	8.0%	772	2.2%	825	2.5%	1,250	3.0%	3,087	5.5%
5	87	vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	1,722	4.5%	849	2.4%	600	1.8%	1,159	2.8%	2,634	4.7%
6	15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	871	2.3%	1,110	3.1%	835	2.5%	2,225	5.4%	2,562	4.6%
7	29	organic chemicals	1,233	3.2%	1,336	3.8%	1,287	3.8%	1,537	3.7%	2,126	3.8%
8	12	oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruits; industrial or medicinal plants; straw and fodder	1,309	3.4%	1,249	3.5%	1,152	3.4%	1,576	3.8%	2,026	3.6%
9	30	pharmaceutical products	1,353	3.5%	1,210	3.4%	1,041	3.1%	1,307	3.1%	1,797	3.2%
10	39	plastics and articles thereof	1,298	3.4%	1,122	3.2%	976	2.9%	1,143	2.8%	1,672	3.0%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

Iran imports main product typologies in 2022 included cereal- HS Code 11- (8,042 million Euro), mechanical machinery- HS Code 84- (7,121 million Euro) and electrical machinery- HS Code 85 (6,726 million Euro) which covered almost 40% of the Iranian import market.

The import of cereal - HS code 10- has increased dramatically in the last five years and experienced nearly 151% growth. Animal or vegetable oils -HS code 12- has stepped a head of cereal- HS code 10- by nearly 142% growth in import.

Table 6. Iran Export to World by Country -Million Euro

Rank	Partner	2018		Partner	2019		Partner	2020		Partner	2021		Partner	2022	
		Value (Million Euro)	Market Share		Value (Million Euro)	Market Share		Value (Million Euro)	Market Share		Value (Million Euro)	Market Share		Value (Million Euro)	Market Share
1	World	40,792	100.0%	World	38,333	100.0%	World	22,022	100.0%	World	36,115	100.0%	World	46,936	100.0%
2	China	7,942	19.5%	China	8,958	23.4%	China	6,442	29.3%	China	10,606	29.4%	China	14,797	31.5%
3	Iraq	7,422	18.2%	Iraq	8,050	21.0%	Iraq	4,461	20.3%	Iraq	6,876	19.0%	Iraq	6,949	14.8%
4	UAE	6,067	14.9%	Turkey	3,950	10.3%	Afghanistan	1,698	7.7%	Turkey	4,094	11.3%	UAE	5,698	12.1%
5	Turkey	3,614	8.9%	UAE	3,729	9.7%	UAE	1,624	7.4%	UAE	3,302	9.1%	Turkey	5,425	11.6%
6	Afghanistan	2,630	6.4%	Afghanistan	2,091	5.5%	Turkey	1,296	5.9%	Afghanistan	1,522	4.2%	India	1,799	3.8%
7	India	1,997	4.9%	South Korea	1,760	4.6%	India	908	4.1%	India	1,464	4.1%	Afghanistan	1,566	3.3%
8	South Korea	1,739	4.3%	India	1,395	3.6%	Indonesia	623	2.8%	Pakistan	941	2.6%	Pakistan	1,296	2.8%
9	Pakistan	1,019	2.5%	Pakistan	1,088	2.8%	Pakistan	559	2.5%	Indonesia	887	2.5%	Oman	1,070	2.3%
10	Thailand	716	1.8%	Indonesia	829	2.2%	Russia	455	2.1%	Thailand	633	1.8%	Indonesia	884	1.9%
	Italy (Rank 17)	296	0.7%	Italy (Rank 20)	173	0.5%	Italy (Rank 25)	94	0.4%	Italy (Rank 22)	154	0.4%	Italy (Rank 35)	104	0.2%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

The three major destinations for Iranian goods were China with 14,797 million Euro, Iraq with 6.949 million euro, and the UAE with 5,698 million.

European countries have not been among the main export destination countries for Iran in the last five years since U.S. withdrawal of the JCPOA in 2018.

Italy's position has almost a downward trend from 17th in 2018 to 35th in 2022 and in terms of value from 296 million Euro to 104 million Euro.

Table 7. Iran Export to the world by top 10 categories of products – Ranked based on the value of 2022- Million Euro

HS Code	Description	2018		2019		2020		2021		2022	
		Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share
	all commodities	40,792	100.0%	38,333	100.0%	22,022	100.0%	36,115	100.0%	46,936	100.0%
27	mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	13,543	33.2%	4,234	11.0%	0	0.0%	8,163	22.6%	13,452	28.7%
72	iron and steel	3,500	8.6%	3,772	9.8%	3,157	14.3%	5,935	16.4%	6,119	13.0%
39	plastics and articles thereof	5,027	12.3%	4,016	10.5%	3,635	16.5%	5,255	14.6%	5,500	11.7%
29	organic chemicals	3,843	9.4%	2,764	7.2%	2,193	10.0%	3,492	9.7%	4,088	8.7%
31	fertilizers	837	2.1%	640	1.7%	642	2.9%	1,214	3.4%	2,751	5.9%
8	edible fruit and nuts; peel of citrus fruit or melons	1,622	4.0%	1,766	4.6%	2,504	11.4%	2,259	6.3%	1,693	3.6%
74	copper and articles thereof	465	1.1%	963	2.5%	672	3.1%	1,348	3.7%	1,685	3.6%
76	aluminum and articles thereof	223	0.5%	144	0.4%	207	0.9%	634	1.8%	1,158	2.5%
26	ores, slag and ash	1,058	2.6%	1,160	3.0%	295	1.3%	433	1.2%	868	1.8%
25	salt; sulfur; earths and stone; plastering materials, lime and cement	719	1.8%	506	1.3%	435	2.0%	507	1.4%	781	1.7%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

Iran exports in 2022 included mineral fuels, oils and waxed- HS Code 27- (13,452 million Euro), iron and steel- HS Code 72- (6,119 million Euro) and plastics and articles thereof- HS Code 39 (5,500 million Euro).

In the last five years, Aluminum – HS Code 76-, Copper – HS Code 74-, and fertilizers- HS code 31- have shown the most export growth, 419.3%, 262.4% and 228.7% respectively. Nevertheless, ores – HS Code 26- is the only product typology that has almost a downward trend from 1,058 million Euro in 2018 to 686 million Euro in 2022.

Italy- Iran Trade

According to the latest data from IRICA compiled by Trade Data Monitor, total trade between Italy and Iran has increased by 9.86% in 2022 comparing to the previous year. Also, Italy export to Iran has increased by 21.20% in the same period. The following tables show that Italy import has decreased almost 32.47% and the main products are plastics and articles thereof. On the other hand, Italy's export includes machinery, cereal, pharmaceutical products, electrical machinery and medical devices respectively. Moreover, the share of Italy in the total trade of Iran has an almost downward trend in the past five years from 1.68% in 2018 to 0.77% in 2022.



Table 8. Italy-Iran Trade- Million Euro; Ranked based on the value of 2022

Title	2018		2019		2020		2021		2022	
	Value (Million Euro)	Market Share %	Value (Million Euro)	Market Share %	Value (Million Euro)	Market Share %	Value (Million Euro)	Market Share %	Value (Million Euro)	Market Share %
Italy exports to Iran	1,037	2.69	847	2.37	731	2.18	566	1.36	686	1.23
Italy Imports from Iran	296	0.73	173	0.45	94	0.43	154	0.43	104	0.22
Trade Balance	741		674		637		412		582	
Total Trade	1333	1.68	1020	1.38	826	1.49	720	0.93	791	0.77

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

Table 9- Top 10 categories of products Italy exports to Iran in 2022; Ranked based on the value of 2022

HS Code	Description	2018		2019		2020		2021		2022	
		Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share
	all commodities	1,037.10	100.0%	846.9	100.0%	731.4	100.0%	566.2	100.0%	686.3	100.0%
84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	516.4	49.8%	0.4	0.0%	248.4	34.0%	202.1	35.7%	262	38.2%
10	cereals	0.2	0.0%	13	1.5%	77.9	10.7%	19	3.3%	58	8.4%
30	pharmaceutical products	47.4	4.6%	61.8	7.3%	42.3	5.8%	47.7	8.4%	49.4	7.2%
85	electrical machinery and equipment and parts thereof; sound recorders and reproducers, television recorders and reproducers, parts and accessories	85.7	8.3%	70.4	8.3%	36.7	5.0%	32	5.7%	49.4	7.2%
90	optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	44.9	4.3%	44.7	5.3%	32	4.4%	31.5	5.6%	38.4	5.6%
29	organic chemicals	26.1	2.5%	29	3.4%	23.2	3.2%	25.3	4.5%	35.2	5.1%
38	miscellaneous chemical products	53.1	5.1%	28.2	3.3%	17.8	2.4%	29.4	5.2%	32.9	4.8%
32	tanning or dyeing extracts; tannins and derivatives; dyes, pigments and other coloring matter; paints and varnishes; putty and other mastics; inks	25.2	2.4%	23	2.7%	16.5	2.3%	13.2	2.3%	21.7	3.2%
39	plastics and articles thereof	39	3.8%	33.1	3.9%	18.1	2.5%	17.5	3.1%	15.4	2.3%
15	animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	2	0.2%	1.4	0.2%	23.8	3.3%	5	0.9%	15	2.2%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

As the table above depicts, the export of Italy in mechanical machinery- HS code 84- has been recovered nearly 30 % in 2022 comparing to 2021.

Also, the export of Italy in electrical machinery- HS code 85- has increased nearly 54 % in 2022 comparing to 2021. However, tannins and dyes – HS code 32- has gone further in terms of growth (by about 65%) in the same period.

In the last five years, plastics -HS Code 39- has a downward trend from 39 million Euro in 2018 to 15.4 million in 2022.

Table 10. Top 10 categories of products Italy imports from Iran- Million Euro; Ranked based on the value of 2022

HS Code	Description	2018		2019		2020		2021		2022	
		Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share	Value (Million Euro)	Market Share
	all commodities	295.8	100.0%	172.6	100.0%	94.3	100.0%	154.2	100.0%	104.2	100.0%
39	plastics and articles thereof	25.8	8.7%	14.9	8.6%	3.7	3.9%	13.1	8.5%	20	19.2%
73	articles of iron or steel	12.2	4.1%	18.6	10.8%	12.6	13.3%	19.2	12.5%	17.3	16.6%
30	pharmaceutical products	0.4	0.1%	0	0.0%		0.0%	4.9	3.2%	11.1	10.7%
87	vehicles, other than railway or tramway rolling stock, and parts and accessories thereof	4	1.3%	22.5	13.0%	2.8	2.9%	5.9	3.8%	10.7	10.3%
72	iron and steel	143.7	48.6%	46	26.7%	11.5	12.2%	48.6	31.5%	8.5	8.1%
8	edible fruit and nuts; peel of citrus fruit or melons	11.8	4.0%	15	8.7%	40.8	43.3%	35.8	23.2%	7.4	7.1%
9	coffee, tea, mate and spices	4.6	1.5%	3.7	2.2%	3.2	3.4%	1.5	1.0%	4.2	4.1%
40	rubber and articles thereof	0.7	0.2%	1	0.6%	0.6	0.6%	2.2	1.4%	3.2	3.0%
84	nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	7	2.4%	6	3.5%	3.8	4.0%	3.6	2.3%	2.7	2.6%
41	raw hides and skins (other than furskins) and leather	4.6	1.5%	5.2	3.0%	3.9	4.1%	2.6	1.7%	2.6	2.5%

Source: Islamic Republic of Iran's Customs Administration (IRICA); compiled by Trade Data Monitor; last visited on 26th March 2023

According to the table above, import of Iron and Steel – HS code 72- has decreased in the last five years from 143.7 million Euro to 8.5 million Euro. This, also, leads to a considerable reduction in the market share from 48.6% in 2018 to 8.1% in 2022.

In the last two years, Italy imported more pharmaceuticals – HS code 30- and vehicles and parts – HS code 87- from Iran; in other words, 126.5% and 81.4% growth from 2021 to 2022, respectively.

Trading with Iran

Due to supporting local manufacturing, Iranian parliament has ratified a law of maximum use of local technical capabilities and engineering in industrial production and projects. Therefore, export of 2150 products to Iran is prohibited or requires special permits and it would be subject of higher customs duties.

Effective trading requires finding the capable local trading partner either for export or import. These partners help with challenges posed by the regulatory framework and unfamiliar business environment. However, even with a good local trading partner, it makes sense to know the steps involved in trading especially in a complicated market like Iran (check Annex I).

All the Iranian ministries are obliged to send the list of their requirements to the Ministry of Industry, Mine and Trade before end of each year, and Ministry of Trade will announce the import/export instruction and regulations to the Iranian Customs Administration (IRICA). Our office can assist you in finding the latest status regarding exporting Italian products to Iran.

The imported/exported goods are categorized to three groups of:

- allowed goods (there is no need to obtain import permit)
- conditional goods (import/export of these group is possible after obtaining permit)
- prohibited goods (it is banned by local or national law).

Any import is according to INCOTERMS 1990 and can be done by registration of the purchase opening and letter of credit or without using Iranian banking system (without transfer of hard currency- using foreign resources). Iran still holds some promise for Italian SMEs despite its challenges as follow.

Opportunities:

- Market size, demographics, high rate of urbanization, an educated, young middle class, taste for international brands.
- Underdeveloped infrastructure, need for new technologies, with major industries requiring Investment, modernization and knowhow

Challenges:

- High duties, currency devaluation, isolation from international payment and banking systems.
- The high degree of fragmentation in local retail and distribution in order to reach end-users. This can require developing tailored business models, which differ from those that European producers may be accustomed to.
- The general market volatility of the Iranian economy and subsequent year-over-year variations in the purchasing power of Iranian consumers underscore the importance of cultivating brand loyalty. European exporters should be prepared with a multi-year strategy considering different scenarios in the Iranian economy affecting demand for imported goods.

Sanctions

Numerous governments have imposed sanctions against Iran over the past several decades. Iran sanctions measures entail a variety of economic restrictions and have broadly been imposed in response to the Iranian government's involvement in incidents of international terrorism, to its involvement in human rights violations, and to its development of nuclear weapons.

US Sanctions on Iran

The United States initially imposed sanctions against Iran in 1979 following the Iranian Revolution and the seizure of the American Embassy in Tehran in which US diplomats were held hostage. While those original sanctions were lifted in 1981, new sanctions were imposed throughout the 1980s by the Carter and Reagan administrations in response to Iran's actions in the Persian Gulf and its support for militant groups associated with terrorist activities.

In 1995 the US' Iran sanctions program expanded, banning all US trade with the country. The tough new measures came in response to Iran's nuclear program and to the Iranian government's

support for Hezbollah, Hamas, and Palestine Islamic Jihad – groups designated by the US as terrorist organizations.

After criticizing the 2015 deal as ‘one-sided’, the Trump administration withdrew the US from the JCPOA in May 2018. Later that year, the US government re-introduced sanctions against Iran in order to encourage the Iranian government to alter its Middle East policy and to halt its development of ballistic missiles.

In early 2021, President Biden raised the possibility of lifting US sanctions if Iran achieved compliance with the terms of the JCPOA. The Iranian government previously stated that it would only return to the JCPOA if the US first lifted all sanctions.

In June 2021, the US dropped some sanctions against Iran, in what the Biden administration described as a “good faith approach” to the ongoing negotiations. The move followed concerns that the sanctions imposed against Iran would exacerbate the health crisis caused by the coronavirus pandemic and hamper the Iranian government’s efforts to acquire and distribute Covid-19 vaccines.

After this quick relief, the treasury department of the US imposed some sanctions on international network of companies helping Iran in selling petrochemical products and oil (the last one on the 2nd March 2023) and some others in response to the use of Iranian drones in Russian aggression (the last one on the 21st March 2023).

UN Sanctions on Iran

The United Nations imposed [sanctions against Iran](#) in 2006 after the International Atomic Energy Agency (IAEA) found that Iran’s government had failed to comply with nuclear weapon non-proliferation agreements³. The sanctions introduced embargoes on materials used in the development of nuclear weapons. The UN strengthened those sanctions measures in 2007 and 2008.

In 2010, the UN aligned with the US Iran sanctions program by targeting Iran’s oil and financial services sectors with [new sanctions measures](#).

the UNSC⁴ adopted unanimously resolution 2231 on 20 July 2015. It stipulated it would change the UN sanctions on Iran as soon as the International Atomic Energy Agency (IAEA) provided a report to the UNSC which conforms that Iran has taken the actions related to its nuclear program specified in the JCPOA. From the JCPOA Adoption Day, which occurred on 18 October 2015, the provisions related to restrictions on the export from and transfer to Iran of conventional weapons or related goods and services were no longer blanket embargoes.

Instead the Security Council decides on a case-by-case basis whether to permit the transfer of goods and technology that could contribute to the development of nuclear weapon delivery systems based on the inclusion of appropriate end-user guarantees and Iran committing not to use such items for nuclear weapon delivery systems. This provision will be lifted 8 years after the JCPOA Adoption Day, i.e. on 18 October 2023.

³ <https://www.iaea.org/newscenter/news/report-irans-nuclear-programme-sent-un-security-council>

⁴ United Nations Security Council

EU Sanctions on Iran

In addition to compliance with the UN sanctions regime, the European Union has pursued its own [Iran sanctions](#) in response to the Iranian government's nuclear program and its human rights violations.

In 2007, the EU imposed sanctions that froze the assets of individuals associated with Iran's nuclear weapons program. In 2010, the EU strengthened those measures, aligning with the US program by prohibiting trade with all Iranian banks and financial institutions, and restricting trade with a range of Iranian industrial sectors including oil, gas, and petrochemicals. In 2012, the EU introduced a new oil and petrochemical product embargo on Iran and froze assets relating to Iran's central bank.

In line with the Joint Comprehensive Plan of Action (JCPOA), the EU lifted all its economic and financial sanctions imposed in connection with the Iranian nuclear program. However, as a number of EU restrictions concerning Iran remain in place, the two online platforms aim at assisting economic operators when engaging with Iran. These platforms thus underscore the continued EU commitment to the full and effective implementation of the JCPOA. The European Commission has launched the [Due Diligence Helpdesk](#) and the '[Sanctions Tool](#)', aiming to support economic operators, and in particular Small and Medium-sized Enterprises (SMEs), interested in doing legitimate trade with Iran. Both online platforms are free-of-charge.

The Due Diligence Helpdesk provides concrete, tailor-made support to EU SMEs by carrying out due diligence and thereby checking if specific business projects comply with EU sanctions. In doing so, the platform aims to encourage EU SMEs to engage in legitimate business involving Iran and provide reassurance to other stakeholders, such as European banks. The Helpdesk will also publish guides, organize trainings and webinars and support business matchmaking events.

The Sanctions Tool is based on an easy-to-use interactive questionnaire. It provides EU SMEs with a general, non-binding guidance on whether their business projects could fall under EU sanctions concerning Iran.

Iran's Economic Solutions against Sanctions

Iran plans to mitigate the economic effect of sanctions.

- *Empowering non-oil export.* Iran has promoted sales of petrochemicals and nonoil products, and they constitute a steadily growing percentage of Iran's revenue.
- *Resistance Economy.* Sanctions compelled some Iranian manufacturers to increase domestic production of some goods as substitutes for imports. Supreme Leader Khamene'i publicly supports building a "resistance economy" that is less dependent on imports and foreign investment.
- *Privatization and intensifying IRGC presence in the Economy.* Since 2010, portions of Iran's state-owned enterprises have been transferred to the control of quasi-governmental entities, including Bonyads, holding companies, or investment groups. The IRGC's corporate affiliates play critical role in Iran's economy. Rouhani has sought to push the IRGC out of Iran's economy through divestment, but with limited success. However, President Raisi has expanded their presence not only in the economy but also in the government positions.

- *Subsidy Reductions.* President Ahmadinejad (2005-2013) reduced generous subsidies while temporarily compensating families with cash payments. Gasoline prices were raised to levels similar to those in other regional countries. Rouhani has continued that policy, and he has improved collections of taxes. President Raisi, also, eliminated the subsidized exchange rate.

Banking and Payment Systems

Iran's banking system is, for the most part, government owned or controlled, although a number of private banks have successfully emerged in the past decade. Bank loans are the most important source of debt financing, although banks are undercapitalized and laden with large arrears from the government, credit is limited, financing instruments are rigid and regulations can be out-dated. The government budget has limited development funding, and most project and infrastructure funding comes from the National Development Fund (NDF). A few banks act as agents and intermediaries for NDF's loans, which support projects that meet NDF's mandate. While Iran has a legal framework allowing foreign banks to open a local branch or representative office, there is no international bank present here due to sanctions.

Since the money market in Iran is regulated through the Central Bank of Iran the lending rate and deposit rate will be announced as the table below shows.

Table 11. Policy rates in Iran banking system

Date	Interbank Market Rate (%)	Standing Lending Rate (%)	Standing Deposit Rate (%)
5 th April 2023	23.46	24	17
29 th March 2023	23.36	24	17

Source: Central Bank of Iran; Last visited on 8th April 2023

Following the secondary US sanctions on banking and insurance services, many correspondent relations with Iranian banks have been closed or frozen. The updated list of banks and other companies under sanctions are available at this [link](#). In general, Italian banks working with Iran require certain documents (including End User Statement; Shareholders list; Payment Statement) to proceed with the accreditation of funds originating from Iran or deriving from transactions with Iranian operators. In this regard, ITA-Tehran can proceed free research in the Iranian public records, if requested.

Based on the information that we have, among the Italian institutions, Banca Popolare di Sondrio and BPER still carry out transactions with Iran, on a case-by-case basis.

Iran Foreign Investment

According to UNCTAD's [World Investment Report 2022](#), FDI inflows amounted to USD 1.42 billion in 2021, up from USD 1.34 billion in 2020 despite the country's political and economic instability and the global economic crisis triggered by the Covid-19 pandemic. The total FDI stock was estimated at USD 60.13 billion in 2021. The flows of foreign investment in Iran have remained very weak in recent years, compared to the enormous potential that the country can offer. This is due to several factors: omnipresence of the state in the economy, external political risks (the

American embargo, economic sanctions, nuclear issue), as well as internal issues (the impoverishment of the population, social risks, inflation, crisis of the political regime) and heavy bureaucracy in all sectors (the Gini index above 0.39⁵ and the inflation rate of 45.6 %⁶) and the heavy bureaucracy in all sectors⁷.

It is worth notice that FDI inflows had picked up rapidly after the Joint Comprehensive Plan of Actions signed on 14 July 2015 between Iran the E3 (Germany, France and UK)/EU plus 3 countries (US, Russia and China). However, the flow dropped after the unilateral withdrawal of the US on 8 May 2018. During the crisis Iran has attracted Chinese investments, especially in the oil and gas sector. Despite the feature and advantages of foreign investments in Iran such as no restriction on the percentage of foreign shareholding and tax exemptions policies, starting a business in Iran could be complicated because Iran ranked 127th among 190 in the 2020 (no more ranking reported since then).

Opportunities for Italian Companies

Machinery

Considering Iran's drive to diversify its economy away from oil in the past decades, demand for machinery in the country has been high and domestic production has often not kept the pace. As a result, machinery has consistently accounted for almost 25% of overall imports in Iran in the last year and represents 13.97% growth in 2022 comparing to 2021. Importantly, Iran's acute demand for machinery is compounded by the fact that secondary sanctions have further boosted the industrial and mine sector, which currently represents 33% of Iran's GDP and can be reach 37.4% in 2025 according to the forecast of Economic Intelligence Unit.

Overall, although Italian exports of machinery have significantly dropped (almost 50%) since 2018 sanctions renewal and Iran is pursuing import substitution policies, there is still enough opportunity for Italian machinery. Current shortages will likely bring a new push to Iranian demand. Italian companies are well-placed in Iran's market due to their reputation for high quality. Italian companies should understand that Iran's resistance economy drive more to indigenize machinery production in the long-term. Being able to market oneself as a foreign company able and willing to provide know-how on the ground could constitute a key marketing tool.

Despite having some domestic manufacturers of machinery, the Iranian market needs an update with the newest technologies to optimize the mechanization, basically in the food industry machineries, jewelry machineries, plastic machineries, stone machineries, agricultural machineries and pharmaceutical machineries,.

⁵ Statistical Center of Iran; last visited March 2023

⁶ Central Bank of Iran, Last visited March 2023

⁷ Doing Business Report 2020

Pharmaceutical

Considering sanctions against the country holds generally pharmaceutical products and more specifically the APIs and Machineries with a considerable potential for bilateral trade. An Italian SME considering exporting its products or services into Iran needs to appoint a local agent to register its pharmaceutical products in Iran. If the imported drug appears on the IML (Import Ministry List), the import is only subject to the approval of the MOHME's (Ministry of Health and Medical Education) accredited laboratories. Otherwise, the importer has to follow the registration process. The following documents are required for product registration:

- Legalized authorization letter;
- Legalized certificate of pharmaceutical product;
- Legalized list of importing countries or free sale certificate;
- Medicine master file for APIs, otherwise a registration dossier;
- Certificate of analysis (for APIs); and
- A medicine importing application form.

The Consulate of Iran must certify all these documents, which are then forwarded together with the quality control certificate from the manufacturer to the MOHME. Imports are subject to a decision by a committee at the MOHME and registration may take up to one year. In the case of new and unregistered companies, the MOHME inspects their foreign-based manufacturing facilities in order to evaluate its suitability in terms of Good Manufacturing Practices (GMP). However, if the manufacturing facility holds accreditation from the European Medicines Agency or the US Food and Drug Administration (FDA), then the GMP audit by the ministry will be waived.

Medical Devices

Iran possesses the fifth largest medical device market in the region. Although the local government is highly committed to self-sufficiency, compliance of its production sites with international standards and an increase in production, the industry is highly import driven and categorizes as humanitarian products meaning the non-sanction sector. According to the Iranian General Directorate of Medical Devices and Equipment (IMED) the market in March 2020/21 consisted of 88% imports with more than 70.4% of these imports coming from Europe. This market stands at €1 billion in the same year.

Iran is heavily investing in the medical industry by increasing the number of high-end medical facilities as well as providing incentives to the private sector to offer better medical services to both its citizens and the medical tourists to become the medical regional hub in the future.

Given the significant progress in the medical sector due to government funding and incentives available in this sector, Italian companies are poised to benefit from this market. The population welcomes and trusts European medical devices. Iranians trust the European and Italian products more than local products.

An Italian serum manufacturer has had a 30% market share used in operating theatres & dialysis, ampoules and blood transfusion in Mashhad in 2020. This company has established a local manufacturing plant as part of a joint venture with a local Iranian partner. It also exports some of its products back to Italy.

Annex I- Iran Trade Regulations

Annex I has been reported based on the data on the website of Trade Promotion Organization of Iran last visited on 26 March 2023.

Import regulations

The Islamic Consultative Assembly (the Parliament) and the Council of Ministers determine the main export-import regulatory rules through the "Act on Export-Import Regulations" and its' Executive Ordinance, annual Budget Acts and the circulars of the Central Bank.

The Islamic Consultative Assembly (the Parliament) enacts the "Act on Export-Import Regulations" as well as the annual Budget Acts, while the Council of Ministers is in charge of the enactment of the Executive Ordinance of the "Act on Export-Import Regulations". Central bank of I.R. Iran prepares the circulars regarding currencies and passes them to concerned institutes.

At present, the slightly modified version of the Iranian year 1372 (1993) "Act on Export-Import Regulations" and its affiliated by-law (ratified by the Council of Ministers in the Iranian year 1373 (1994)) are the main governing regulations on the export-import of goods and services.

Some parts of import-export general regulations e.g. registration and licensing requirements, list of the products necessary to meet certain technical regulations and other executive criteria are determined by the different ministries (Especially the Ministry of Industries, mine and Trade), the Central Bank and other agencies authorized by the more general rules governing the commerce sector. These regulations are administered by the responsible agencies, Customs in particular.

Registration Requirement for Engaging in Import

Having a commercial card

In general terms, in order to engage in foreign trade of goods in I.R. Iran, all persons whether natural or legal shall have a "Commercial Card", which is to be issued by the Ministry of Industry, Mine and Trade and with the Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA). In the first step, online registration is required with the [Comprehensive trade system](#) for electronic processing of trade transactions.

Import registration

According to Article 8 of the act on Export-Import Regulations, all importers whether from government or non-government sectors, shall only refer to the Ministry of industries, mine and trade for the registration of imports, and by virtue of Note 1 to this Article such registration is enough for the clearance of the imported goods from the Customs, and there is no need for any separate licenses for customs clearance purposes. In addition, According to Article 5 of the Executive Ordinance of the "Act on Export-Import Regulations" it is necessary for products to be registered in the Ministry of industries, mine and trade. Accordingly all importers whether from the state or from the private sector are required solely to register imports in the Ministry of industries, mine and trade. Same to commercial card, online registration in the Comprehensive trade system is required for getting the import license.

Customs regulations

IRICA, the Islamic Republic of Iran Customs Administration, is responsible for customs procedures at ports of entry into the country, see their website [here](#). Registration with the Ministry

of Economic Affairs and Finance will be necessary for customs duties and tax payments. The import registration / Import License gained from registering with the Ministry of Industry, Mine and Trade also serves as a customs clearance permit.

The Trade Promotion Organization of Iran provides further details on specific duties for all categories, divided into 21 different broad categories. For details please contact us teheran@ice.it.

The system of Import Duties and Tariffs

Before 2002, the National Tariff Schedule (NTS) in I.R. Iran was a complex one, in which tariffs comprised several elements. However, since then and specifically after the enforcement of the "Act on Consolidation of Duties" in March 2003, the NTS has been significantly simplified adding the transparency of the national tariff schedule.

At present, tariffs are denominated "import duties" in the NTS.

- Import duties" are tariffs levied on a 4 per cent, ad valorem basis of the custom value of the goods plus "trading profit" determined by the Council of Ministers, added to the amounts, which according to the Act, Customs are in charge of collecting against imported goods, not covering the services rendered by the Customs and ports.
- "Trading profit" is a type of indirect taxation, which the council of ministers determines upon proposal from the Standing Committee for Export-Import Regulations. In practice, there is no difference between tariffs and trading profit.
- According to a Parliamentary decision, there has been a bottom line of 4 per cent set for tariffs and the government is therefore not allowed to set any lower tariff rates. Government can determine tariffs, above the minimum 4 per cent rate, pro rata to the protection necessary for individual goods, and this need not be approved by the Parliament.

National Tariff Schedule

At present the 2017 version of Harmonized System with 8 digit codes is used in the Iranian National Tariff Schedule, which currently (2020) includes 8357 tariff lines. A Chapter 98 - comprising 86 tariff lines - has also been incorporated into the NTS from 2009, which includes vehicles and parts and accessories thereof.

Tariff Quotas and Exemptions

There is no tariff quota applied in non-agricultural section in I.R. Iran's trade regime. No country receives tariff exemption except those, which have preferential trade agreement with I.R. Iran. In addition, since March 2003, all tariff exemptions enjoyed by some government agencies have been eliminated by virtue of the "Act on Consolidation of Duties".

According to Article 66 of the Act on customs, import duties collected from imported goods, which are subject to further exports alongside substances, consumer products and packaging requisites, used in the process of production or packaging of exported goods shall be refunded to the exporter with respect to the Act, its bylaw and the time of the entrance.

In order to promote and protect mineral investments, Article 109 of the 1392 Act on Mines exempts the licensed import of industrial and exploration machinery and equipment needed for mining operations, production lines and industries from paying any importing duties.

Other Duties and Charges, Specifying any price received for services rendered

There are no taxes, fees or charges, other than "import duties" the last version of which is annually published as an attachment to "the Act on Export-Import Regulations Book" by the Ministry of Industries, Mine and Trade collected against imported goods.

- "Customs fees" are the amounts collected against the services rendered by the Customs and ports and have nothing to do with tariffs. These services include handling, loading and unloading, stacking, warehousing, and insurance for non-insured goods or those with expired insurance coverage.
- "Import registration fee" is another type of tax revenues, which importers have to pay precedent to the entree of their goods. The registration fee is limited to 0.05 per cent of the value of the pro forma invoice.

Non-tariff regulations

Quantitative Import regulations, including prohibitions Quotas and Licensing Systems

There exist no quantitative restrictions on imports in the trade regime of the I.R. Iran.

Import prohibitions in the I.R. Iran are only applied on such items whose sales, purchase and consumption are prohibited by the Islamic principles (includes 67 tariff lines) or according to laws as dictated by the specific exigencies of the country. By virtue of Note 2 of Article 2 of the "Act on Export-Import Regulations", the list of such prohibited items is determined by the Council of Ministers.

Licensing systems in I.R. Iran are non-discriminatory and transparent, in such a manner that they are fully predictable for importers. The latest import requirements and tariff rates for all tariff lines are annually annexed to "the Act on Export-Import Regulations Book" and published for public use. The licensing procedures are also applied impartially.

Import Licensing Procedure

The Ministries and government agencies, compliance with whose standards or acquirement of whose certificates is a requisite for import or export of some goods, shall notify the importers, exporters and the relevant executive bodies of their relevant conditions and criteria, through publication of the applicable regulations in the press. Such ministries and government agencies shall also formulate and publicize the timeframes of examinations they carry out. In cases where there have been mandatory standards set and publicly notified for the import of some goods by ministry of industries, mine and trade, the importers shall mention such standards in the documents of the contract as well as in the import registration form, so as to oblige the sellers of the goods to comply with them.

Institutions, which importers shall be subject to their licenses, are:

Ministry of Health and Medical Education, Ministry of Industries, Mine and Trade, Ministry of Information and Communication Technology, Ministry of Culture and Islamic Guidance, Ministry of Petroleum, Ministry of Foreign Affairs, Ministry of Defense and Logistics of the Armed Forces, State Veterinary Organization, Plant Protection Organization, Atomic Energy Organization, Department of Environment, I.R. Iran Cultural Heritage, Handicrafts and Tourism Organization, Central Bank of the I.R. Iran, Iranian National Standards Organization and Institute for the Intellectual Development of Children and Young Adults.

Trade Protection Measures

According to The Fourth Plan Act of Economic, Social and Cultural Development, an Executive Bylaw was enacted on Anti-dumping, countervailing duty and safeguard measures in 2007. Subsequently, [decision on anti-dumping measures to counter the negative effects of imports of goods priced below their normal value](#) in conformity with the WTO agreements, was ratified at The Cabinet Ministers in 2017 and is executive now.

Regulatory Requirement for Access of Goods to the Market in the field of Technical Regulation and Sanitary and Photosanitary Measures

Technical regulations

The [Iranian National Standards Organization](#) is the main agency dealing with technical standards in I.R. Iran. It is in charge of laying down standards and technical regulations and monitoring their implementation. It is also the main authority to ensure the compliance of domestic products as well as imports with such standards and regulations.

The [Atomic Energy Organization](#) is in charge of monitoring the observance of standards relating to the "Act on Protection against Radiation".

The [Ministry of Health and Medical Education](#) is in charge of setting and monitoring the implementation of standards of pharmaceuticals. About those products for which standardization is mandatory, according to Article 6 of the Law and Regulation on Import and Export, ratified in 1390, Iran Customs will prevent the import of those goods lacking a conformity certificate from a standard national organization. As regards import, the following are standards approved by the organization of Standards of I.R. Iran:

- National Standard of I.R. Iran (ISIRI);
- International standards including ISO, IEC, ITU and CODEX;
- European standards (BSEN and DINEN) and national standards of EU member countries, including the United Kingdom (BSI), Germany (DIN), France (AFNOR), Italy (UNI), the Netherlands (NNI), Spain (AENOR), Portugal (IPQ), Belgium (IBN), Austria (ON), Denmark (DS), Luxemburg (SEE), Finland (SFS), Sweden (SIS), Ireland (NSAI), Greece (ELOT); and
- Standards of North American countries including ANSI, ASME, ASTM, UL, API and AGI;
- Japan's National Standards (JIS).

Mandatory Technical Requirements and complementary information related to technical measures issued by Iran national standard organization:

- [Style manual for Exported Goods Conformity Assessment.](#)
- [Style manual Issuing Ratification License for TypeApproval and COC of Imported Automobiles](#)
- [List of imported goods subject to technical regulations \(mandatory requirements\).](#)
- [Imported Goods Conformity Assessment Method.](#)
- [List of authorized inspection companies for imported products.](#)
- [List of accredited technical inspection companies.](#)
- [List of accredited laboratories.](#)

Sanitary and Phytosanitary Measures

Sanitary and phytosanitary criteria shall be fulfilled in import in following cases:

Table 12- legal Sanitary and phytosanitary criteria by areas

AREA	LEGAL PROVISION
PLANTS AND PLANT PRODUCTS	<p>For the import of plants and plant products as well as seeds and seedlings, import approvals by the Ministry of Agriculture are mandatory. Goods subject to phytosanitary control will be inspected at the customs office of entry and must be accompanied by a Phytosanitary Certificate.</p> <p>Shipments of plants and plant products may only be entered into the country through specific customs offices of entry authorized in the respective provinces to inspect consignments subject to plant quarantine requirements.</p> <p>Plant Protection Act available on this website.</p>
ANIMALS AND PRODUCTS OF ANIMAL ORIGINS	<p>Animals and products of animal origin are subject to veterinary control upon arrival and must be accompanied by a corresponding veterinary health certificate.</p> <p>Act on veterinary Organization is available here.</p>
FOODSTUFFS	<p>Customs clearance of foodstuffs, cosmetics and sanitary materials requires an import license issued by the Ministry of Health and Medical Education. Obtaining this license shall be subject to the demonstration of the safety of related material or product as well as the observance of pertaining compulsory standards by their importers and the issuance of licenses is subject to the registration of producer and product at the Ministry.</p> <p>Act on Foodstuffs, Beverages, Cosmetics and hygienic products available here.</p>
MEDICAL OR BIOLOGICAL PRODUCTS	<p>According to the Act on Medical and Pharmaceutical Affairs and Foodstuffs and Beverages (1955), the import and Customs clearance of any medicine or biological product as well as the production, domestic distribution or sale, and export of any medicine or biological product shall be subject to acquiring a license issued by the Ministry of Health and Medical Education.</p> <p>Import, production, prescription and medicine submission is presented in the form of a permissible medicine list. This list is issued by The Ministry of Health and Medical Education. Assessment and Medicine Codification Council is responsible for the assessment, review, addition and omission of medicine from the list of permissible medicines.</p> <p>The production or import of the materials and goods used in medical and dental equipment and the primary and packaging materials thereof, the list of which is published by the Ministry, require the prior permission of the Ministry. At present, the issuance of a license for clearance from Customs of pharmaceutical products is subject to Confirmation of safety and quality of products and undertaking their full responsibility by the foreign producer (registered at the Ministry) and its official and exclusive representative which is in charge of import. It is worth mentioning that the compulsory standards shall also be observed with respect to medical engineering equipment, as well as other items covered by those standards.</p>

The I.R. Iran is a member of various international conventions and organizations concerning sanitary and phytosanitary measures, including:

- Office International des Epizooties (OIE);
- International Plant Protection Convention (IPPC);
- Basel Convention on the Control of Trans boundary Movements of Hazardous Wastes and Their Disposal (Basel Convention);
- Codex Alimentarius Commission (CAC) (A National Codex Committee has been established in I.R. Iran); and
- Rotterdam Convention on the Prior Consent Procedure for Certain Hazardous Chemical and Pesticides in International Trade (PIC);
- Stockholm international convention on resistant organic contaminants (POPS);
- Montreal protocol on the use of methyl bromide substitutes in pesticide agricultural products, soil, buildings and constructions.

Competition of Goods and Services

Competition Policies

[The law on General Policies of Principle 44](#) of the Constitution aims at providing a competitive environment for business in I.R. Iran and empowering private sectors. Chapter 9 of this law deals with competition policies in Iran and the prohibition of anticompetitive behaviors (price fixing, dividing territories, etc.). This law also establishes the Competition Council and National Center for Competition to determine anticompetitive behaviors in I.R. Iran's market.

It is worth noting that under Article 2 of "Act Amending Articles (1), (6) and (7) of Law on Implementation of General Policies of Principle (44) of Constitution" dated 04/16/1993, non-governmental public organizations and institutions provided for in Article (5) of the Act on the State Public Auditing (1987), and all of their subsidiaries and affiliates which are legally authorized to have economic activity, can be active in the production of goods and services market; unless their activities disrupt the competition. These institutions are required to report their total direct and indirect ownership of all subsidiaries and affiliates in any goods and services market to the Competition Council every six months.

Companies and firms belonging to these entities are also required to provide their financial information to be registered in the Securities and Exchange Organization according to the respective laws and regulations. If necessary, the above-mentioned enterprises are obliged to adapt their structures and methods of financial reporting to the laws and regulations of the capital market. The Securities and Exchange Organization must provide the relevant financial reports upon the request of the Competition Council.

Factors that Influence Pricing

Policies governing the pricing system in Iran are exclusively limited to some public commodities and services and subsidized essential products. These policies are applied in extraordinary situations and in a nondiscriminatory manner. According to the "Fifth Plan of Development Act", Article 101 Paragraph (d), goods and services are categorized into three types: (i) essential, (ii)

public, and (iii) monopolized are subject to pricing. The Council of Economy is responsible for the adoption of the list of these goods and services. Fulfilling its responsibility in this regard, The Council of Economy specified the characteristics, instances of, and price determining authority for these items, in January 9, 2012, and by means of an Instruction.

References

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