

# Iran Business Ecosystem

## Cultural Dimension

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[www.auryce.com](http://www.auryce.com)



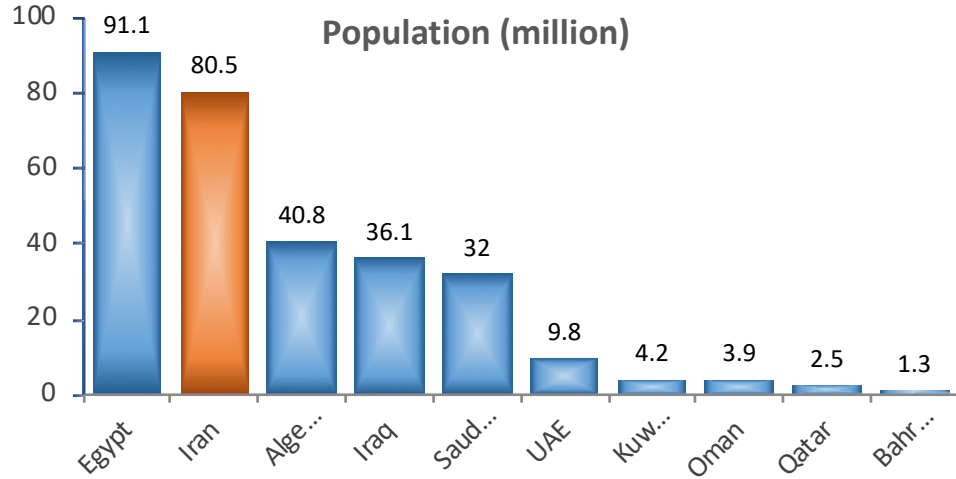
# Introductory

- Compared to the Middle Eastern oil-rich countries, Iran has the most diversified economy with a sizable natural resource and demography;
- According to IMF, Iran's economy registered a solid real GDP growth of 3.5% in 2017 with a projected growth rate of 3.8% and above from 2018 to 2020. Recovery in non-oil GDP at above 3.3% represents the highest growth rate in the last 5 years;
- Although Iran enjoys relatively balanced society between the traditions and modernity, it is however crucial to have some understanding of the Iranian culture of doing business;
- Iran offers a low cost business environments with highly educated workforce. The total higher education enrolment represents close to 6% of Iran 80 million population. As many as 60% of higher education students are women;
- Foreign companies especially from Europe, Japan and South Korea already have a solid presence in Iran and enjoy strong supports by their respective governments and export credit institutions.

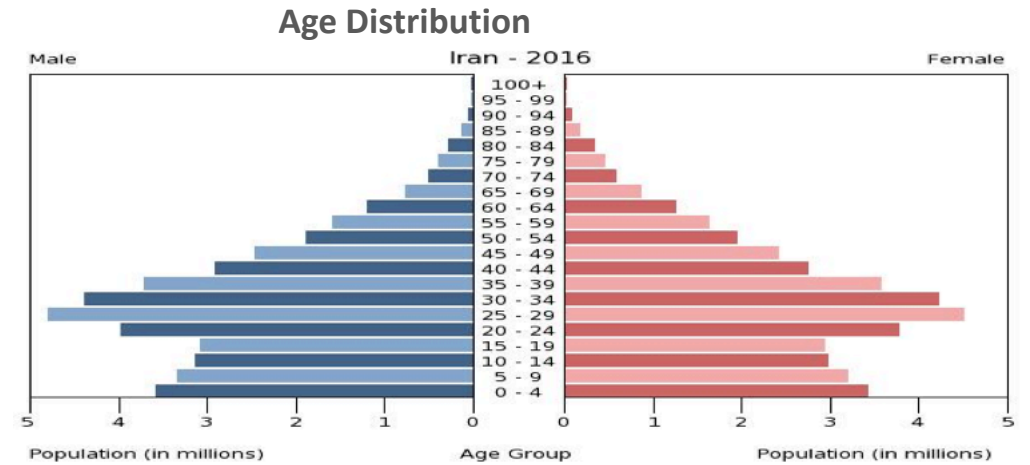
# Business Ecosystem Drivers

Young and highly educated population

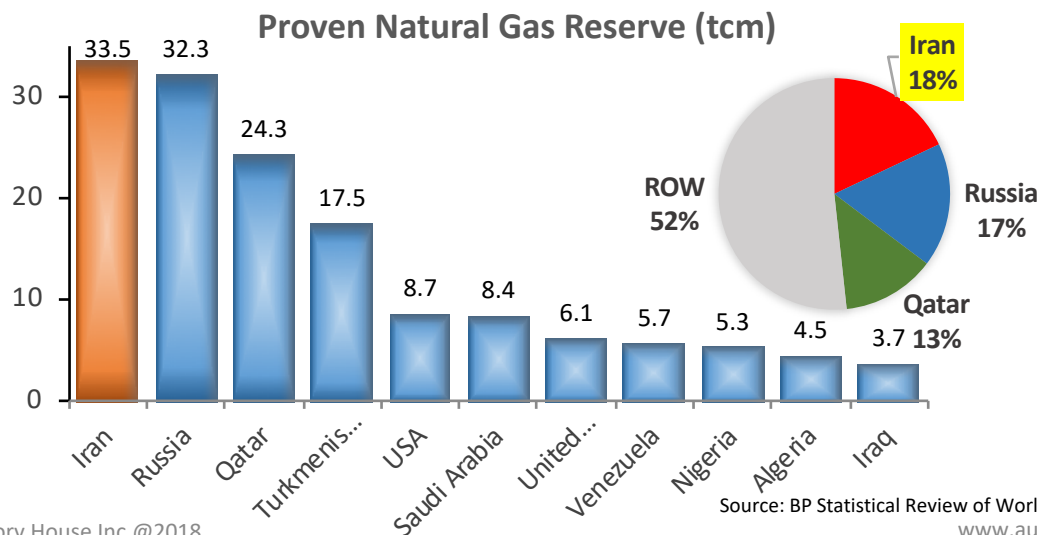
Massive untapped natural resources



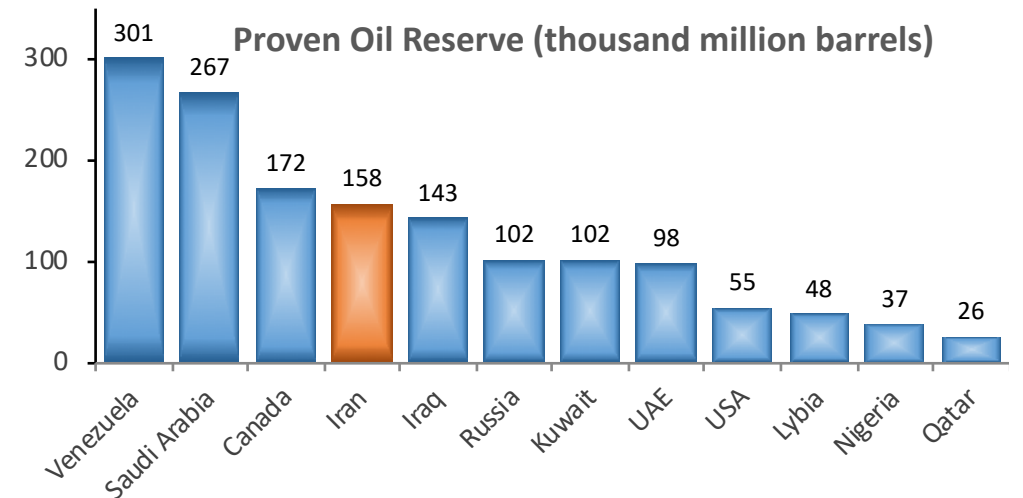
Source: IMF World Economic Outlook Database - October 2017



Source: CIA World Factbook 2016



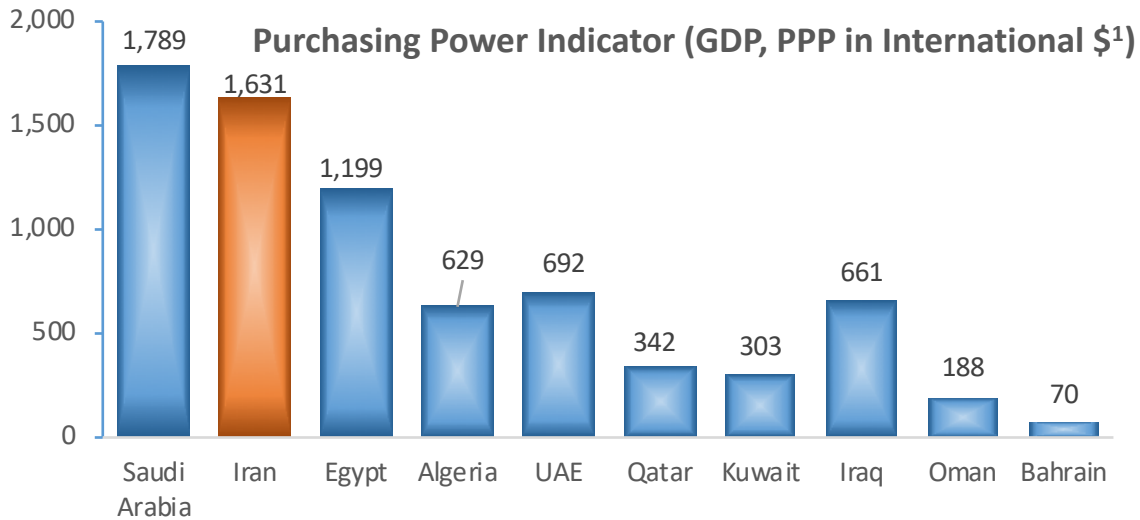
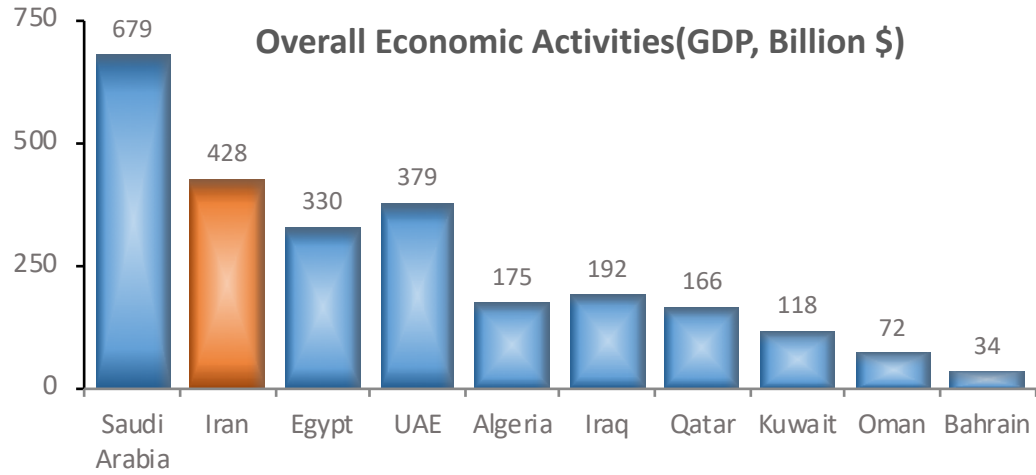
Source: BP Statistical Review of World Energy – update June 2017  
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# Economy Indicators

Substantial domestic market upside

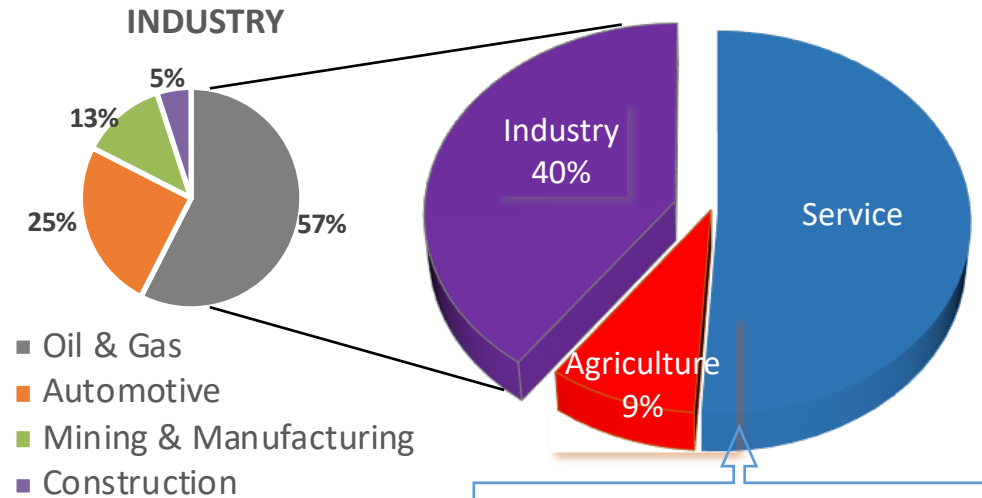
Diversified economy



Source: IMF, World Economic Outlook Database - update Oct.2017

(1) An international dollar would buy in the cited country a comparable amount of goods and services a U.S. dollar would buy in the US

GDP by sector activities



- Hospitality and Hoteling
- Transportation
- Communications
- Financial Services
- Real Estate and Construction
- Public Services.

Source: World Bank, Statistical Center of Iran – 2016

# Market Penetration Considerations

## Cultural Considerations

- A country with a mixture of traditions and modernity;
- Iran is a country of indirect communication with non verbal cues and figurative style;
- “Be Formal”: It is crucial to use the correct title and formal language when meeting for the first time;
- “Negotiation”: Iranians are tough negotiators. They like flexibility from business partners. Start higher, be flexible but have your red-line;
- “Hierarchy”: Iranian business environment is mostly top down hierarchy;
- “Warm-up”: Don’t jump into the business talk. The Persian history and culture are very welcoming subjects but, avoid any comments/question about politics, religions and beliefs;
- “Be Patient”: Iranians have a flexible attitude toward time;
- “Hospitality”: It is an important part of the Iranian culture. Displaying welcoming behavior is essential for a host to illustrate his/her personality, character and reputation.

## Business Considerations

- Develop proper market entry strategy and business plan by considering:
  - Greenfield or existing local partner
  - Regional market opportunity
  - Low cost country sourcing and easy access to well educated local workforce
- Look for advices and understand the specifics of the Iranian market;
- Establish a strong and trusting relationship with the relevant stakeholders;
- Leverage the existing supplier and manufacturing base;
- Develop direct engagement strategy and avoid “middlemen approach”;
- Market entry strategy should also include a proper compliance review.

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[https://www.international.gc.ca/cil-cai/country\\_insights-apercus\\_pays/ci-ic\\_ir.aspx?lang=eng#cn-1](https://www.international.gc.ca/cil-cai/country_insights-apercus_pays/ci-ic_ir.aspx?lang=eng#cn-1)

Guide for Canadians Businesses Considering Iran:

<http://deleguescommerciaux.gc.ca/iran/market-facts-faits-sur-le-marche/0000465.aspx?lang=fra>

# Example of Recent Month Developments

- Iran and Italy sign framework agreement – Italy's Invitalia Global Investment and Iran's Bank of Industry and Mine and the Middle East Bank signed a master credit agreement of €5B;
- Total and the National Iranian Oil Company (NIOC)'s gas deal is being executed on schedule,
- France will start offering euro-denominated credits to Iranian buyers of its goods later this year, a move to bolster trade while keeping it outside the reach of U.S. sanctions. French exports to Iran for the first 11 months of 2017 rose 120 percent to 1.29 billion euros (\$1.6 billion) and imports grew 80 percent to 2.16 billion euros (Source Reuter)
- South Korea will provide €1.9 billion credit in relation to upgrading the Isfahan refinery
- Sinopec Engineering has agreed an EPC contract with the National Iranian Oil Engineering and Construction Company in relation to Phase II of the Abadan refinery project
- The Eximbank of Russia has signed a deal to supply a credit line to four Iranian banks to finance various projects.
- Iran and India have signed a US\$2 billion deal in relation to cooperation in the rail sector.
- South Korea's Hyundai Heavy Industries will deliver 10 commercial ships to Iran in 2018

# Closing Remarks

The sizable and growing communities of Iranian origin in Canada is an instrumental bridge between Canada and Iran. The Canadian government should leverage this unique asset to support our Canadian entrepreneurs and businesses to promote business partnership development between Canada and Iran.





# Auryce - Introduction

*Le cabinet de conseils Auryce est une entreprise Canadienne basée à Montréal qui accompagne les entrepreneurs et les investisseurs d'ici et d'ailleurs dans le développement des affaires et l'implémentation autour des secteurs des ressources naturelles, aluminium, technologies, manufacturiers et commerciales.*

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