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for canadian
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IRAN

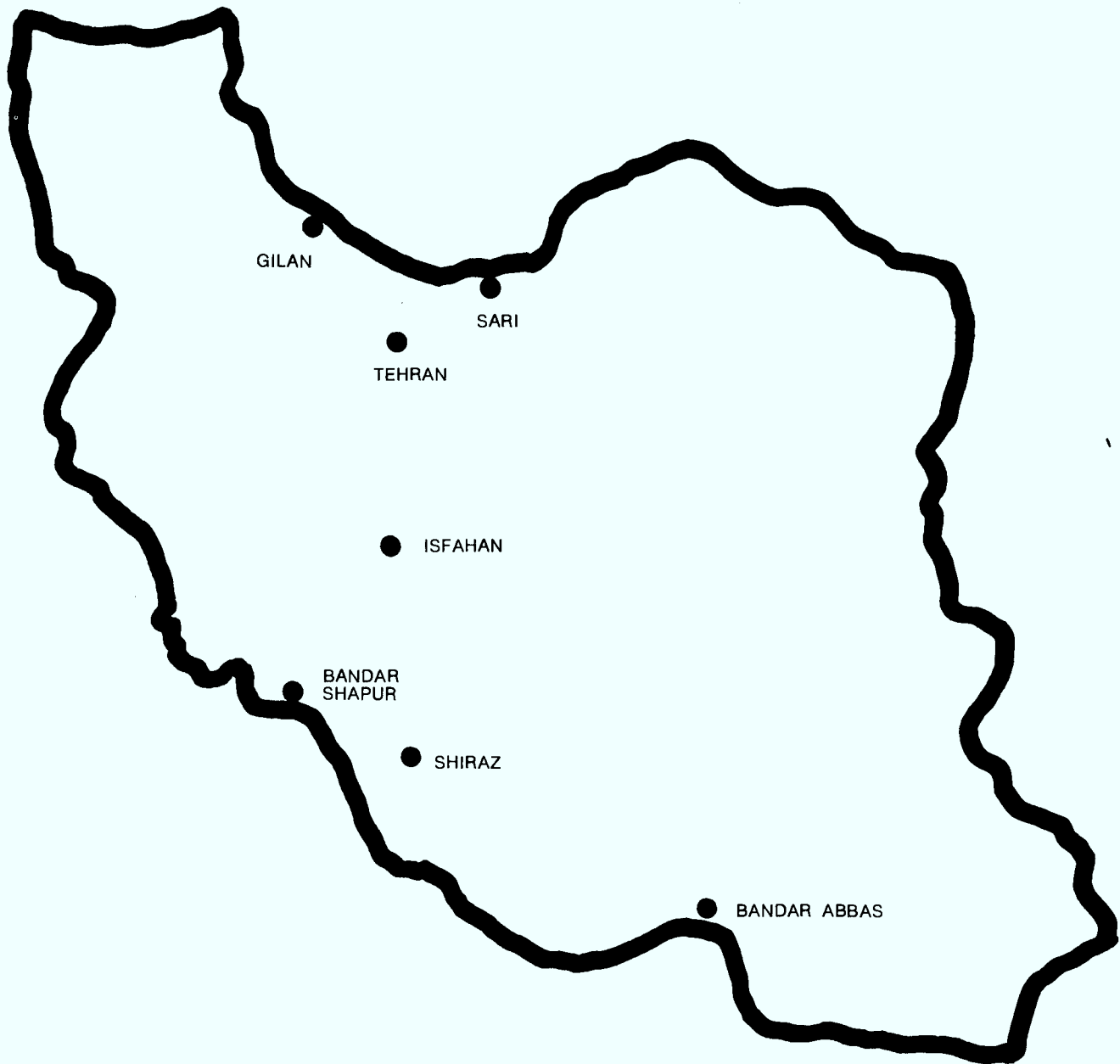


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Industry, Trade
and Commerce

Industrie
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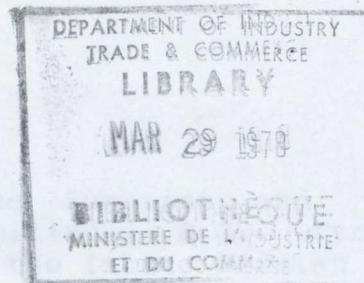
MARKETS FOR CANADIAN EXPORTERS

IRAN

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I. GENERAL

History

The history of Iran dates from the Sumerian and Elamite civilizations of the fourth and third millennia B.C. Cyrus the Great was responsible for establishing the first Persian Empire called the Achaemenid.

In 330 B.C., Alexander the Great conquered the Achaemenid Empire and introduced a variety of Greek cultural influences.

In 1501 a native Iranian dynasty, the Safavid, came to power when Persian art and literature had reached their zenith. The last Safavid ruler was deposed in 1736.

Iran entered the twentieth century a feudal and backward state subject to the competing interests of Britain and Russia. A coup d'état in 1921 brought to power Reza Khan who, in 1925, assumed the throne as Reza Shah. During his reign he restored order and re-established relations with foreign countries.

In 1941 Reza Khan abdicated in favour of his son, Mohammed Reza Pahlavi, the present ruler. With the cessation of hostilities, British and American forces withdrew but the Russians hindered restoration of sovereignty in the north. The power of the Shah was relatively weak, and in the early 1950's a split developed between him and Mohammed Mossadeq, the premier and leader of the National Front. Mossadeq's nationalization of the British-controlled oil fields led to a foreign boycott of Iranian oil and curtailment of American aid.

In August 1953, the Shah fled the country but was restored by an army coup against Mossadeq's faction. Successful negotiations with British and American interests for a solution to the oil problem followed.

The Shah consolidated his power and launched programs to modernize the country. A bilateral defence arrangement with the United States led to considerable American assistance and a system of five-year economic development plans was introduced. In 1963 the Shah launched the "White Revolution", an ambitious social and economic development program which included the partitioning and redistribution of large land holdings. Greatly augmented oil revenues since 1973 have helped accelerate the modernization program.

Geography

Iran has a land area of approximately 628,000 square miles (1,419,280 km²), about the size of Western Europe. It is bordered on the west by Turkey and Iraq, on the east by Afghanistan and Pakistan, on the northeast by the Caspian Sea and the U.S.S.R. and on the south by the Persian Gulf and the Gulf of Oman.

Iran, a roughly triangular central plateau ranging between 3,000 (914 m) and 5,000 feet (1,524 m) high is almost entirely surrounded by two great mountain ranges which cover more than half the country. The Alborz mountains form a crescent stretching across the north from the U.S.S.R. and Turkey in the west to the U.S.S.R. and Afghanistan in the east. The highest peak in Iran, Mount Damavand, rises to more than 19,000 feet (5,791 m) northeast of Tehran. On the western side of the central plateau, the Zagros mountains begin near the U.S.S.R. and Turkish borders and stretch southeast towards the Gulf of Oman.

Fertile lowland areas are found in two narrow belts, one around the shores of the Caspian Sea in the north and another along the Persian Gulf. The Caspian coast is a lush semi-tropical area of heavy rainfalls. The central plateau is dry and consists mainly of salt swamps and a desert which bisects the country between east and west. In southwest Khuzistan, where most of Iran's oil is located, rivers supply sufficient water distributed via canals for irrigation.

Climate

The climate is one of extremes. For example, sea level areas are hot and humid. In the central plateau and most of the country summers are extremely hot and dry with temperatures soaring at times to 57°C. In winter the thermometer may plunge to -18°C.

Tehran's temperatures range from -14°C in winter to 38° C in summer. The level of relative humidity is quite low. Tehran experiences a short rainy season in the spring. In early winter snow can be expected.

Rainfall is sparse over much of the country, with most of the central plateau receiving an annual average of only five to ten inches (127-254 mm). An exception is the area bordering on the Caspian Sea where as much as 70 inches (178 cm) may fall in one year.

Population and Cities

The population of Iran is estimated at 33.6 million, about half under 18 years of age. Roughly 47 per cent of the country is urbanized. Population is increasing by approximately three per cent per year, and is expected to reach about 41 million by 1981.

Two-thirds of the Iranian population is of Aryan (Indo-European) stock. Other ethnic groups include Turks, Kurds Baluchis and Armenians.

Major Cities:

Tehran (4.5 million)

Tehran is the principal business centre and major market for consumer goods, the centre of a wide range of industries and the focal point for national transportation and communications facilities. Here most representatives of foreign companies are located as many of the major purchasing decisions are made in Tehran.

Tabriz (600,000)

Tabriz is the distribution centre for a large area in northwestern Iran where carpets, textiles, matches, tractors and dried fruit are produced.

Isfahan (700,000)

The textile industry is centred in Isfahan which is the marketing centre for central Iran. It is considered Iran's most interesting city to visit from the historical and artistic viewpoint.

Mashad (700,000)

One of the two major religious centres, Mashad is also the market centre for northeastern Iran.

Shiraz (420,000)

Shiraz is the market centre for south central Iran. Carpets and various agricultural products come from this area which contains a fertilizer factory, several textile mills, sugar refineries and a cement plant.

Ahwaz (330,000)

Ahwaz is the capital of the oil producing province of Khuzistan, an area with great potential for economic development. With a plentiful supply of waterpower it is rapidly becoming an important industrial centre.

Government

Iran is a hereditary constitutional monarchy. The Shah is the Head of State with supreme executive power. He appoints the Prime Minister who selects a cabinet subject to the Shah's approval.

The legislative branch of the government is bicameral and serves a four-year term of office. The two chambers are the Majlis, a consultative assembly which is the lower house, and the Senate. The Majlis can remove the Prime Minister from office by a vote of no confidence.

Provision is made for representation of the various religious minorities in the legislature. In 1975 the two party system was dissolved and replaced by a single political party, the Rastakhiz or Resurgence Party.

Religion

Islamic influence in Iran is deep-rooted, dating from the seventh century. The official religion of Iran is the Shi'a Sect of Islam of which about 85 per cent of the population are followers (98 per cent of the population are Moslems). One in ten Iranians are Sunni Moslems as are the Kurds, situated in the western part of the country.

There are approximately 250,000 Armenians, 80,000 Jews, 30,000 Zoroastrians (the state religion of ancient Persia), and 25,000 Assyrians in Iran. Freedom of worship is assured.

Language

Farsi (Persian), the official language of Iran, is the most widely spoken. Turkish and Kurdish dialects are heard in certain border areas of the country. For interested visitors basic Persian is relatively easy to learn. Farsi as it is spoken today is based on Iran's deep-rooted literary heritage and is close to ancient Persian.

French, German and especially English are used in commercial transactions and the public sector.

II. ECONOMY AND FOREIGN TRADE

Fifth Development Plan

The Iranian economy is currently operating within the general economic framework of the Fifth Development Plan (1973/74 - 1977/78) as revised in mid-1974/75. The main emphasis of the plan was on improved living standards, education and training, agriculture, industry and infrastructure. In this last sector the removal of infrastructural bottlenecks (ports, distribution) was given high priority as were industries for which Iran has an adequate resource base, such as petroleum, petrochemicals, natural gas, steel, copper and machine tools.

Great importance has been attached to expansion of the power sector and the production of construction materials. Agriculture has been emphasized to provide primary inputs for the expanding industrial sector and to meet rising domestic demand resulting from substantially increased disposable income. The plan also includes a nationwide health program, the expansion of primary education, low income housing projects and increased subsidies for basic foodstuffs.

Oil and Gas

Iran's oil resources were the first to be developed in the Middle East. Iran's first oil discovery occurred in 1908. The oil fields are situated mainly in the southwestern part of the country near the outer slopes of the Zagros mountains. Recent estimates place reserves at between 70 and 75 billion barrels.

The industry was predominantly in the hands of foreign companies until nationalization in 1951. Now complete government control is exercised by the National Iranian Oil Company (NIOC). A fully integrated national oil company -- the third largest in the world -- NIOC is responsible for distribution, marketing, drilling, refining and transportation.

Oil Service Company of Iran (OSCO) acts on behalf of the consortium as exploration and production contractor for NIOC. Shareholders in OSCO are the same companies that formed the old Iranian Oil Participants consortium, including British Petroleum, 40 per cent; Shell Petroleum N.V., 14 per cent; Gulf Oil Corp., 7 per cent; Standard Oil Co. of California, 7 per cent; Mobil Oil Corp., 7 per cent; Exxon Corp., 7 per cent; Texaco Inc. 7 per cent; Compagnie Française des Pétroles, 6 per cent; and the Iricon Group of Companies, 5 per cent. Under this arrangement OSCO looks after about 85 per cent of Iran's current oil production onshore.

Iran's refinery development program is aimed principally at serving its domestic market. For the year ending March 20, 1977, domestic consumption of oil products is estimated at 430,000 b/d against a refining capacity of approximately 736,000 b/d. It is estimated that Iran will need additional refining capacity over the next decade to meet its expanding petroleum products demand. By 1980, some \$3 billion will have been invested in new refinery facilities.

To exploit the natural gas reserves of 375 trillion cubic feet proven and 445 trillion probable, an NIOC subsidiary, the National Iranian Gas Company (NIGC) was organized.

Iran plans to use an increasing proportion of its hydrocarbon resources for the production of petrochemical products. With this in mind the National Petrochemical Company, another NIOC subsidiary, was established to encourage private enterprise to invest in facilities for producing fertilizers, paints, synthetic fibres, plastics and tires. Iran is especially interested in attracting industries which have substantial export potential, and thereby upgrade its natural resources. Iran's petrochemical development over the ten years ending in 1976 resulted in the establishment of five centres of chemical production at Abadan, Bandar Shahpur, Ahwaz, Kharg Island and Shiraz. It plans to double the production capacity of these facilities by the end of 1979 at a cost of some \$3 billion.

Agriculture

Approximately 53 per cent of the population lives in rural areas, and some 40 per cent of the work force is engaged in agriculture. Less than ten per cent of the total land area is under cultivation although it is estimated that this could be increased to 20 per cent by standard irrigation and reclamation methods. During the period 1975/76 the gross agriculture product of Iran ranged between \$10 and \$11 billion and accounted for 15 to 16 per cent of the GNP.

Chief food crops are the cereals grown in the highlands and on irrigated land. Wheat and barley account for 70 per cent of total cereal production. Also important are sugar beets, rice, sugarcane, barley, cotton, potatoes, dates, onions, pulses, citrus fruits, apples, tea, corn, pistachios and tobacco. Dates and other fruits are grown in areas where the climate is appropriate.

The semi-arid and mountain regions of Iran are ideal for raising sheep and goats, an activity carried on especially by the nomadic population. Cattle and poultry populations are small but significant new developments to improve strains and increase herds and flocks are planned.

A central element of the White Revolution was the redistribution of most large landholdings among peasant farmers. The new owners have access to a wide variety of training and credit facilities to assist in the modernization of the agricultural sector. Special assistance in the form of credit, equipment and technology is offered co-operative or joint-stock corporations formed by groups of farmers to increase efficiency.

Industrial Development

Historically, there have been formidable barriers to economic diversification and advancement in Iran. The relative isolation of many communities and climate extremes have limited the development of communications and transportation facilities.

Nevertheless, a number of secondary industries have been established. The government is emphasizing the development of steel, agricultural processing and construction equipment industries for production of essential machinery and materials. The construction industry's importance to the economy is recognized. Food processing and sugar refining are significant. Numerous flour mills are situated throughout Iran. Fishing potential in the Gulf of Oman and the Persian Gulf is perceived as a source of economic strength. In addition there are distilleries, canneries and tea plantations.

Carpets are an important export, contributing significantly to foreign exchange reserves. Cotton and woollen finished goods, jute and other fibres are produced in substantial quantities. Isfahan is the traditional textile centre where velvet and brocades are manufactured. Expansion of the leather industry is planned.

Iran encourages domestic and foreign private participation in the industrialization process. A certain amount of investment outside the country is considered necessary to secure access to foreign technology, raw materials and export markets. The greater part of currency reserves will be used to implement the immense domestic industries development program which began in earnest in 1973.

The government intends to decentralize industry from Tehran to various industrial townsites, based on the concentration of related industries in each area.

Mining

Iran has abundant mineral deposits. Lead, zinc, chromite, phosphates, barites, gypsum, building stones and industrial salts exist in commercial quantities. About 200 million metric tonnes of high-grade coal deposits are located in a 400 km² area in the northeast. A private consortium plans to construct a 100,000 metric tonne colliery the capacity of which will be expanded to 300,000 metric tonnes at a later stage. In addition, about 100 million metric tonnes of new coal deposits have been discovered in the Kerman region of southeastern Iran.

The area is also rich in copper with total reserves estimated at more than 400 million metric tonnes. Another large copper deposit is situated in Baluchistan where educated guesses put the amount of reserves at 100 million metric tonnes. Consideration is being given to constructing a copper smelter if feasible.

There are iron deposits north of Bandar Abbas with reserves estimated in the range of 200 million metric tonnes of high-grade ore. The National Iranian Steel Industries Company (NISICO) plans to produce between four and five million metric tonnes per year.

There are turquoise mines in northeastern Iran which have produced some of the world's finest quality gemstones. There are also deposits of antimony, strontium minerals, manganese, molybdenum, tungsten, asbestos, mica, cobalt, nickel and borates.

The government plans to invest almost \$1 billion in the mining industry in the 1970's while encouraging as much private participation as possible. Approximately half the area of the country has been surveyed but to date only about 15 per cent of the total has been explored for mineral resources.

Tariff System and Taxes

The Brussels Nomenclature system prevails in Iran. A few specific duties are applied but for the most part Iranian tariffs are assessed on an ad valorem CIF value basis and range from one per cent to 200 per cent. Duties are payable in Rials at rates of exchange fixed by the Central Bank.

Although Iran extends no preferences and is not a member of GATT, Canada maintains Most Favoured Nation (MFN) status on a reciprocal basis with Iran under an Order in Council.

Its tariff system is designed to protect new industry from import competition as much as possible. In some cases the government may decide that an added element of foreign competition would counteract some degree of domestic inflation, or that demand for a particular item has exceeded the local supply and will lower tariffs. On the other hand, the government may impose prohibitions on certain imports. Current rules and tariff rates are published annually in the General Import and Export Regulations.

A Commercial Benefits Tax (CBT) is levied on many items on the same basis as that upon which duty rates are assessed. The CBT can be adjusted from year to year or more frequently, under certain circumstances, without specific statutory authority.

Other taxes levied on imports are:

- A) Municipal taxes of one to 1.5 per cent of landed cost of goods (Tehran charges one per cent, Khorramshahr 1.5 per cent);
- B) Ministry of Interior tax, six per cent of duty and CBT; and
- C) Red Lion and Sun Society tax, 1.5 per cent of duty and CBT.

The trend in recent years has been toward trade liberalization, with reductions in, or elimination of, some CBT's and import duties announced on a number of consumer and producer goods. In addition, more liberal licensing procedures were applied to a wide range of imported items. The import registration fee, charged on all private and public sector imports with the exception of certain capital goods, was lowered from 5.5 per cent to one per cent in 1974/75. The authorities also exempted most food imports and some basic consumer goods and products from the advance import deposit requirement, and permitted a general reduction in the deposit applicable to all other imported commodities to a flat 15 per cent; previously, rates of 100 per cent, 40 per cent and 15 per cent had been in effect.

Foreign Trade

Iran is attempting to increase the number and diversity of its export-oriented industries. However, most remain oriented principally toward the domestic market. Resulting from internal and external circumstances, the proportion of non-hydrocarbon goods exported, especially carpets, cotton and fruit, has actually declined over the past two years relative to total export sales.

The bulk of Iran's crude oil exports are destined for Western Europe, Japan and North America. Of Iran's non-hydrocarbon exports, which include textile products and motor vehicles, Eastern Europe purchases about 30 per cent and the EEC countries absorb some 25 per cent.

Imports of goods and services have increased substantially over the past few years. Iran's surplus on current account declined from \$8.5 billion in 1974/75 to \$2.8 billion in 1975/76. Foreign exchange payments allocated to imports increased from less than \$2 billion in 1970/71 to almost \$16 billion in 1975/76. Chief suppliers have been the EEC countries, accounting for 30 per cent of imports, the United States 20 per cent and Japan 16 per cent.

Canada/Iran Trade Relations

1. Basis of Trade

Canada grants Most Favoured Nation tariff treatment to Iran subject to reciprocity, under an Order in Council of February 1, 1951. Iran, which granted similar treatment to Canada September 5, 1956, is also a beneficiary under Canada's General System of Preferences (G.S.P.).

2. Trade

Exports: The relative increase in Canadian exports to Iran has been dramatic over the six years to 1976 when they reached \$144.1 million against \$17.5 million in 1971. Chief exports to Iran in 1976 were motor vehicles (\$35 million), telecommunications equipment (\$21.6 million), prefabricated buildings and structures (\$10.8 million) and pulp and paper industry machinery (\$10 million).

Imports: In 1976 Canada's imports from Iran reached \$694.9 million with crude petroleum representing 99 per cent of the total.

CANADA/IRAN TRADE STATISTICS
(Can. \$'000)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
Exports to Iran	\$ 22,341	\$ 53,657	\$ 59,765	\$ 146,066	\$ 144,126
Imports from Iran	70,881	131,676	618,002	758,076	694,862

Exports to Iran

	<u>1976</u>
Passenger automobiles and chassis	\$ 25,904
Telecommunications and related equipment	21,587
Prefabricated buildings and structures	10,782
Pulp and paper industry machinery	10,016
Barley	9,466
Trucks, truck tractors and chassis	8,562
Other general purpose industrial machinery	7,664
Copper and alloys	6,418
Engines and turbines, general purpose	4,904
Motor vehicle parts, except engines	4,222

Imports from Iran

Crude petroleum	694,416
House furnishings	446

III. DOING BUSINESS IN IRAN

Payment

For commercial imports, the validity of sight documents against payment documentary letters of credit may be three months after the date of the credit opening. A maximum of two extensions of two months each are allowed. Any further extensions are subject to approval by the Central Bank.

In the case of documents against acceptance documentary letters of credit, the maximum term is nine months after the date of the Bill of Lading. Interest may be calculated and transferred abroad at the maximum rate of 8.5 per cent per annum.

For government agency imports, letters of credit can be opened for indefinite periods.

Suppliers should ensure that letters of credit are opened prior to shipment. As outlined above, a cash deposit must be made for imports by the importer.

Debt Collection

It is possible to retain lawyers in Tehran to undertake debt collections.

Price Quotations

Prices should be quoted C & F as importers must arrange insurance locally. This does not apply to goods imported on a collection basis, which may be insured abroad.

Shipping Services

Shipping services from eastern Canadian ports to Persian Gulf ports improved considerably with the reopening of the Suez Canal in June 1975, and in response to increased imports by the oil producing countries. Currently, there are six lines operating monthly sailings from eastern Canadian ports and sailings at least monthly from Vancouver to principal ports in the Persian Gulf.

A major problem in shipping to countries of the Middle East is the serious congestion resulting from the inability of ports to handle the substantial increase in imports. Shipments to the more congested ports can face significant surcharges, depending on delays. Port conditions are likely to remain unpredictable for the balance of the 1970's. Close consultation with a knowledgeable freight forwarder or shipping line will be necessary to select the most cost efficient system at time of shipment.

Air Services Between Canada and the Middle East

At present there are no scheduled air services between Canada and Iran. Passenger or cargo charter services, however, can be arranged on an "As Required" basis to most major airports in the Middle East. Air Canada and CP Air can provide connections with scheduled carriers serving the Middle East at such gateways as New York, London, Paris, Frankfurt and Rome.

Government Procurement

Bank guarantees of performance must be provided; bank guarantees for any down payments are also frequently required. Approximately ten per cent of purchasing is by open tender but most procurement is by negotiated contracts. The use of agents is forbidden in dealing with the Ministry of War, and most other ministries discourage use of intermediaries.

Affidavit/Unethical Business Practices

In 1975 the Iranian government announced that all foreign companies supplying services to it or any of its agencies are required to sign sworn affidavits testifying that they have not paid "any fees, commissions, bonuses, gratuities or other payments" to brokers or agents in connection with the award of a contract or its execution, "other than those that appear on the affidavit".

The signing of the affidavits is required as a condition of doing business with government agencies. If any violation of the provisions of the affidavit takes place, the signatory is liable to prosecution for criminal offence, including perjury. This may result in the termination of the business and assessment of punitive damages against a company.

Patents and Trademarks

Iran is a subscriber to the International Convention for the Protection of Industrial Property. Canadian firms wishing patent or trademark protection must apply to the Patent and Trademark Registration Centre. The application will be printed in the official gazette. It is best to retain an Iranian law firm familiar with this branch of law. Patents are granted for terms of five, ten, 15 or 20 years at the option of the applicant and are subject to payment of annual renewal fees. Trademarks may be registered for ten years and renewed for a similar period with application for renewal in the last six months of registration.

Customs

New articles and foodstuffs to a value of 20,000 rials and luggage and (used) personal possessions are admitted duty free for travellers with valid passports entering Iran. There may be delays in bringing film into the country.

Banking

Iran has a mixed banking system with extensive participation by government and commercial interests, foreign and domestic. The most important financial institutions are the 35 separate banking entities which operate under the supervision of the Central Bank (Bank Markazi Iran).

In general, commercial banks confine their activities to providing chequing, savings and overdraft facilities and to discounting commercial bills and promissory notes. They provide most of the short-term credit granted by the banking system. The commercial banks do not usually make medium-term loans although they may occasionally lend for a term of more than one year.

Collateral requirements are restrictive, traditionally being limited to immovable property. Foreign exchange deposits and moveable property have become more acceptable recently.

Specialized banks have been set up to satisfy growing requirements for development financing. Funded by the government, these institutions are the principal sources of medium and long-term, low cost loans to industry, becoming involved especially in plant construction expansion projects. Most notable are the Industrial Mining and Development Bank of Iran (IMDBI), the Development and Investment Bank of Iran (DIBI) and the Industrial Credit Bank (ICB).

Participation by the government in the banking system is a well established tradition. Bank Melli and Bank Sepah, the two largest commercial banks, as well as Bank Bimeh Iran and the Workers' Welfare Bank are wholly owned by the government of Iran, which also owns four of the seven specialized banks and actively supports the other three.

Advertising

Radio:

Through National Iranian Radio and Television, the Ministry of Information allocates advertising time and generally supervises commercial broadcasts. Because of difficult internal communication conditions, a significant degree of illiteracy and the vast number of outlets, radio is considered the most effective advertising medium and has the widest coverage. In addition to Persian there is some broadcasting in English, French, Russian, Turkish and Arabic.

Television:

Iran was among the first countries of the Middle East to initiate commercial television. There are three main channels in Tehran, one of which broadcasts in English, and 21 in the provinces which accept commercials and screen commercially sponsored films.

Newspapers:

There are six daily newspapers, three published in each language, Persian (Farsi) and English. Although they are based in Tehran the three Persian dailies circulate widely in the main provincial towns. There is also a "cross-selection" of weekly and monthly periodicals.

Cinemas:

There are approximately 130 cinemas in Tehran and 320 in the provinces, all are generally well attended. Short films and slides are employed for advertising.

Income Tax Clearance

Visitors to Iran who remain three or more months must obtain clearance from income tax authorities (which takes a few days) before applying for an exit visa.

Weights and Measures

The metric system is used.

Electricity Supply

In Tehran, 220 volts 50 cycles AC. Plug fittings are generally 2-pin round; lamp fittings are screw type.

IV. CUSTOMS AND EXCHANGE REGULATIONS

Import and Exchange Controls

Import licences are not required as a rule. Instead, all orders for imports must be registered with the Bank Markazi (Central Bank of Iran) through authorized banks. The Ministry of Commerce determines which commodities may be imported on the basis of the following considerations: what items are deemed essential; national trade policy; and domestic requirements. The amount of foreign exchange available, for which the Central Bank has ultimate responsibility, is also a determining factor.

The General Import and Export Regulations are revised and issued annually by the Ministry of Commerce (with approval of the Council of Ministers). These regulations contain the tariff schedule, Commercial Benefits Tax (CBT) rates (see Tariff System and Taxes) and an import list.

Generally, goods entering the country fall into four categories:

- (i) authorized goods for which prior approval must be obtained -- usually from the Ministry of Commerce -- before an import order is placed;
- (ii) authorized goods not requiring prior approval for which there are no quantitative restrictions (these are non-luxury goods which cannot be adequately supplied from domestic sources);
- (iii) prohibited goods -- those which may not be imported e.g. opium and firearms;
- (iv) unauthorized goods -- those which are permitted to enter the country only if the domestic supply is inadequate (these include luxury items).

At present 26 products must meet a compulsory national standard which is enforced on importation.

Shipping Documents

Pro Forma Invoice:

Manufacturers and suppliers must supply a pro forma invoice to the importer who registers the import with the Iranian government. The number he receives from the government must be shown on all shipping documents.

Commercial Invoice:

Four copies are required which must be certified by an authorized Chamber of Commerce (one copy is retained), and legalized by the Iranian Embassy which retains one copy.

The original and one copy are sent to the importer for presentation to Iranian customs authorities in order to clear customs bond.

The invoice must contain an itemized statement of current export prices including the cost of cartage, ocean freight and insurance and CIF or C & F charges.

There must also be a declaration that the prices shown on the invoice are the actual prices quoted and charged for the goods or are prices in accordance with the special distribution list for Iran (a special distributors' list for motor vehicles and spare parts, bicycles, motorcycles and spare parts, pharmaceuticals and record players and parts must be lodged beforehand with the Iranian Embassy).

Three copies must accompany all shipments.

Certificate of Origin:

An importer may ask for or specify in his letter of credit that a certificate of origin be delivered. If so, three copies must be certified by a recognized Chamber of Commerce (which will retain one copy), legalized by the Iranian Embassy and the original forwarded with the invoice.

The certificate of origin should contain the names of the country of origin, shipper, consignee and a description of the goods.

Bills of Lading:

Four copies are required which need have no specific form but must have the name and address of the consignee, port of destination, description, freight and other charges, number of bills of lading in the full set, and date and carrier's signature acknowledging receipt on board.

Airway bills apply on air cargo shipments.

Import Licences:

Not required although many imports require prior authorization.

Parcel Post:

A commercial invoice showing the country of origin must accompany the package. This need not be legalized unless requested.

Special Requirements for Shipping Documents:

Facsimile signatures are not accepted on any documents.

Insurance must be obtained in Iran for shipments covered by documentary letters of credit.

A letter of correction is not allowed for mistakes, in which event fresh documents must be completed.

Pharmaceuticals are subject to licence, and cosmetics may be imported only under special permit from the Iranian Ministry of Health.

A veterinary certificate for plants, animals and sperm must be registered with the Iranian Ministry of Agriculture after being certified and legalized. Individual shipments during the Iranian Year (March 21 to March 20) require a health certificate that must be certified. Embassy legalization is not required.

A licence must be obtained from the Iranian Ministry of Health, Veterinary Department, for some veterinary drugs.

Pesticide imports must be approved in advance by the Plant Conservation Organization of Iran.

Marking and Labelling

All packages must be marked to show gross weights. The mark of origin must appear on all goods except jewellery and silverware.

Some products, particularly foodstuffs, medicines, drugs and cosmetics are subject to special marking regulations -- labels should bear trade name, trademark, country of origin, and for pharmaceuticals, serial number of the trademark in Iran, and number and date of authorization from the Ministry of Health. Although it may not be legally required in every case, labelling in Persian where possible is advised.

Cases should be limited in weight to 75 kilos (154 lbs.) and be strongly bound with steel strapping against breakage and theft.

NOTE: Goods destined for Iran should be labelled "Persian Gulf", as goods labelled "Arabian Gulf" may not be allowed to land.

Entry and Warehousing

Goods entering Iran must be declared and cleared from a customs house for one of the following purposes: definite entry into the country, temporary entry, re-export, transit. Goods not declared and cleared within an eight-month period will be considered abandoned. However, this period may be extended for up to 20 months subject to agreement of Customs and payment of storage charges. Goods may remain in private warehouses for one year.

Commercial Samples

In 1970 Iran became a member of the International Convention to Facilitate the Import of Commercial Samples and Advertising Material (A52). The Convention provides for exemption from import duty for samples of negligible value, temporary duty free admission of other samples and duty free admission of advertising materials.

Consular Fees

The fee for legalizing the certificate of origin is \$5.25 and is the same for legalizing commercial invoices (on shipments valued under \$10,000). Extra copies will be legalized on request, the fee for the first extra copy being 25 cents. A power of attorney legalization to designate an agent in Iran costs \$10.50.

For shipments covered by four commercial invoices, each invoice will be separately legalized. However, for shipments with more than four commercial invoices, a summary covering all commercial invoices must be prepared. Only the summary will be legalized but the fee will be based at \$5.25 for each original.

V. YOUR BUSINESS VISIT TO IRAN

Passports and Visas

A visa is required and may be obtained by application to the Iranian Embassy, 85 Range Road, Ottawa, Ontario, K1N 8J6. A visa, valid for one year, entitles the holder to multiple entries, each for up to three months duration. Seventy-two hour visitors' visas are available at the Tehran and Shiraz airports. Visitors are required to register with the police through their hotels.

For Canadians working in Iran residence permits can be obtained and are renewable every six months. A work permit must also be obtained.

Hotels

As the number of business visitors to Tehran has increased dramatically in recent years, hotel space is at a premium. Space should be booked well in advance. It is advisable to request a written confirmation as well.

Based on the hotel grading system published by the Iranian National Tourist Organization (INTO), luxury hotels (five star) and four star hotels are considered suitable for visiting businessmen (prices and service charges vary accordingly).

The four hotels in Tehran in the luxury category are:

Royal Tehran Hilton	Pahlavi Avenue	Tel: 890011-5
Arya Sheraton	Pahlavi Avenue	Tel: 683021-9
Intercontinental	Iran Novin Avenue	Tel: 655021-9
Royal Gardens Hotel	Takhte Jamshid Avenue	Tel: 663291-5

Internal Travel

The best method of travel from Tehran to other major Iranian cities is by air. Frequent internal and local air services connect all the major cities and towns. There is adequate long distance inter-urban bus service, and for some destinations, good rail services.

Tehran has more than 70 bus routes but service, though inexpensive, is erratic.

Car rentals are available, by the hour or day, providing the visitor has an international licence (and steady nerves). Taxis are plentiful and inexpensive. Iranian driving habits certainly mitigate in favour of using taxis.

The orange cabs are inexpensive but often carry several passengers to different destinations, stopping frequently for new passengers. Service taxis which are light blue operate on fixed routes. Telephone taxis, which are more flexible, charge between 200 and 300 Rials per hour. There are also airport taxis available at Mehrabad Airport in Tehran.

Visitors who have remained more than 72 hours in Iran must pay an embarkation fee before leaving.

Health Regulations

Visitors from Canada must have an international certificate of vaccination against smallpox and are strongly advised to have inoculations against typhoid and paratyphoid (TAB), and cholera. Malaria is a risk in the Caspian Sea area of Iran.

Hours of Business, Public Holidays and Timing of Business Visits

The weekly holiday is Friday when all government offices, businesses and banks are closed. Most offices and commercial banks and some government departments are open Thursday mornings, which is increasingly being taken as a day of rest. Hours of business are:

Government:

Saturday - Wednesday	0800 - 1400
Thursday	0800 - 1200 or 1300

Businesses:

Winter	0800 - 1300
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Afternoon hours are variable -- many businesses now work standard hours from 0800 - 1700.

More traditional Iranian firms may close from 1300 -- 1700 and open again from 1700 -- 1900.

Summer	0800 - 1300 and 1800 - 2000
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Many are closed Thursday afternoons and most are closed Fridays.

Banks:

Summer:	Saturday - Wednesday	0730 - 1300
	Saturday - Wednesday	1700 - 1900
	Thursday	0730 - 1130

Winter: Saturday - Thursday 0800 - 1300
Saturday - Wednesday 1600 - 1800
(Closed Friday - Summer and Winter)

Stores:

Winter: Saturday - Thursday 0800 - 2000
Friday 0800 - 1200

Summer: Saturday - Thursday 0800 - 1300 and
1700 - 2100
Friday 0800 - 1200

The Iranian New Year falls on March 21, our calendar, and is one of several legal holidays during the year -- five are religious events, while others are in observance of festivities celebrating the anniversaries of Iran's constitution, the Shah's coronation and his birthday.

A week before Now Rooz (noh-rooz), the Iranian New Year, business begins to slow down. This period of relative inactivity may extend for another few days past New Year's, celebrated always on March 21.

There is no special buying season in Iran but the time between March and May, and September and October, is usually more comfortable from a climatic viewpoint.

Clothing

Light tropical clothing is necessary during the summer with medium weight clothing suitable for other times of the year. An overcoat would be worthwhile during the winter months.

Mail, Telephone and Telegraph

It is best to use air for all mail (air mail letters invariably take a week or more to arrive). Telegrams and telexes can be sent 24 hours a day from the Chief Telegraph Office. Some hotels also have telex facilities. Telephone service to Canada is available but expensive.

VI. SERVICES FOR EXPORTERS

Export Development Corporation

Of vital importance to Canadian businessmen is the Export Development Corporation (EDC), a Crown Corporation that reports to Parliament through the Minister of Industry, Trade and Commerce. Its purpose is to encourage, facilitate and develop Canadian export trade by providing credit insurance, guarantees, loans and other financial assistance to enable exporters to meet international competition.

The main functions of EDC are:

1. to insure the Canadian exporter against nonpayment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks, copyrights, etc.;
2. to issue appropriate guarantees to chartered banks or to any person providing nonrecourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;
4. to insure Canadian investments abroad against noncommercial risks such as loss through confiscation, expropriation, war or revolution or the inability to repatriate capital or earnings.

EDC, which succeeded the Export Credit Insurance Corporation in October 1969, has its head office in Ottawa (mailing address: P.O. Box 655, Ottawa, Ontario K1P 5T9). Branch offices are located in Montreal, Toronto and Vancouver. EDC is also represented by regional offices of the Department of Industry, Trade and Commerce in Halifax, Fredericton, Winnipeg, Regina and Edmonton.

Federal Export Programs and Services

The Office of Export Programs and Services administers the export incentive programs of the Department under the Promotional Projects Program (PPP) and the Program for Export Market Development (PEMD). Through the PPP, Canadian trade fairs abroad, trade missions and trade visits are initiated, organized and implemented by the Department. The range of these activities

includes participation in international trade fairs, solo shows and in-store promotions; the organizing of technical seminars and trade missions abroad; and the sponsoring of foreign visits to Canada to stimulate the sale of Canadian products in various export markets. The Department also provides promotional publicity and specially designed exhibits for trade fair participants. Missions and technical seminars vary in type depending on the objective but, in general, outgoing missions are used for market investigation and evaluation and identification of technical market access problems, while incoming missions are designed to invite foreign government or company representatives, who can influence buying, to inspect the industrial capacity and technical capabilities of Canadian firms and the products and services they can supply. Technical seminars are used to acquaint potential buyers with Canadian expertise and technology in specific fields as a basis for joint ventures and/or sales of Canadian products and services. The Promotional Projects Program also provides financial assistance to take advantage, at short notice, of foreign market opportunities by bringing foreign government trade representatives, buyers and export-oriented trainees to Canada.

In contrast to the PPP, project initiatives under PEMD come from Canadian industry rather than the government. The objective is to develop and sustain exports of Canadian goods and services. To this end, the Department is prepared to make repayable contributions toward a company's costs in developing export business which because of costs and the risks involved might discourage such initiatives. There are several sections in PEMD each of which is designed to deal most effectively with a particular market, in terms of the regions, products or services and marketing techniques concerned. In all sections, companies are encouraged to develop self-sustaining export markets for their products. Section "A" deals with Canadian participation in capital projects abroad; Section "B" with the export of Canadian products and services; Section "C" with participation in trade fairs outside Canada; Section "D" with the bringing of foreign buyers to Canada; and Section "E" with the formation of export consortia.

VII. USEFUL ADDRESSES

Iranian Representative in Canada:

Embassy of the Imperial Government of Iran
85 Range Road, Suites 308-309
Ottawa, Ontario
K1N 8J6

Telephone: (613) 236-9108

Canadian Trade Representative in Iran:

Commercial Counsellor
Canadian Embassy
Avenue Takhte Tavoos
Avenue Daryaye Noor 57
Tehran, Iran

Mailing address:

P.O. Box 1610
Tehran, Iran

Telephone: 622310, 623549, 623192, 623629, 623302

Telex: 212337 (MCAN IR)

Industry, Trade and Commerce:

Enquiries about trade with Iran can be addressed to:

Task Force for Iran, Iraq and Saudi Arabia
Department of Industry, Trade and Commerce
240 Sparks Street, 11th Floor
Ottawa, Ontario
K1A 0H5

Telephone: (613) 996-9195

Individual industry sector branches within the department will be able to answer enquiries about marketing opportunities in Iran for specific commodities.

Information on specific trade promotion programs to Iran is also available from the department.

VIII. READING LIST

Bibliography

Dun and Bradstreet
Exporters' Encyclopedia
World Marketing Guide 1976

International Trade Reporter
Export Shipping Manual
The Bureau of National Affairs Inc.
Washington, D.C.
U.S.A.

The Middle East and North Africa
1975-76

British Overseas Trade Board
Hints to Businessmen - 1975

Price Waterhouse Information Guide
Doing Business in Iran
October 1975

The British Bank of the Middle East
Notes on Iran

Citibank
Investment Guide, Iran

REGIONAL OFFICES

IF YOU HAVE NOT PREVIOUSLY MARKETED ABROAD, CONTACT THE NEAREST REGIONAL OFFICE OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE IN YOUR AREA.

NEWFOUNDLAND LABRADOR	Director 210 Water Street St. John's, Newfoundland A1C 1A9	Tel: (709) 737-5511 Telex: 016-4749
NOVA SCOTIA	Director Suite 1124, Duke Tower 5251 Duke Street, Scotia Square Halifax, Nova Scotia B3J 1N9	Tel: (902) 426-7540 Telex: 019-21829
NEW BRUNSWICK	Director Suite 642, 440 King Street Fredericton, New Brunswick E3B 5H8	Tel: (506) 454-9707 Telex: 014-46140
PRINCE EDWARD ISLAND	Director P.O. Box 2289 Dominion Building 97 Queen Street Charlottetown Prince Edward Island C1A 8C1	Tel: (902) 892-1211 Telex: 014-44129
QUEBEC	Le directeur Bureau 2124, Place Victoria C.P. 257, Tour de la Bourse Montréal (Québec) H4Z 1J5	Tél: (514) 283- 6254 Télex: 055-60768
	Le directeur Suite 620, 2, Place Québec Québec (Québec) G1R 2B5	Tél: (418) 694-4726 Télex: 051-3312

ONTARIO	Director Commerce Court West 51st Floor P.O. Box 325 Toronto, Ontario M5L 1G1	Tel: (416) 369-3711 Telex: 065-24378
	Regional Officer 9th Floor 240 Sparks Street Ottawa, Ontario K1A OH5	Tel: (613) 996-1216 Telex: 053-4124
MANITOBA	Director Suite 1104 Royal Bank Building 220 Portage Avenue Winnipeg, Manitoba R3C 0A5	Tel: (204) 985-2381 Telex: 075-7624
SASKATCHEWAN	Director Room 980 2002 Victoria Avenue Regina, Saskatchewan S4P 0R7	Tel: (306) 569-5020 Telex: 071-2745
ALBERTA NORTHWEST TERRITORIES	Director 500 Macdonald Place 9939 Jasper Avenue Edmonton, Alberta T5J 2W8	Tel: (403) 425-6330 Telex: 037-2762
BRITISH COLUMBIA YUKON	Director P.O. Box 49178 Suite 2743 Bentall Centre, Tower III 595 Burrard Street Vancouver, British Columbia V7X 1K8	Tel: (604) 666-1434 Telex: 04-51191



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