

# Current Business and Security Conditions in Iran

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## Islamic Republic of Iran

(Official name)

- Islamic Republic since 1979.
- Theocratic government, with ultimate political power held by a religious scholar.
- **Population :** 68 million
- **Capital:** Teheran
- **National Holiday:** Republic Day, 1<sup>st</sup> April, 1979

### Religions :

- Shi'a Muslim 89%
- Sunni Muslim 9%
- Others (Zoroastrian, Jewish, Christian, Bahai) 2%

### Languages:

- Persian (+ dialects) 58%
- Turkic (+ dialects) 26%
- Kurdish 9%
- Others 7%
- **Literacy** 79%
- **Currency:** Iranian Rial (IRR)
- **Exchange Rate:** JPY 10,000 = IRR 798,300  
IRR 10,000 = Yen 25.2
- **GDP** USD561 billion
- **Export Commodities:** Petroleum (80%), chemical and petrochemical products, fruits and nuts, carpets
- **Largest Export Partner:** Japan (18.4%)
- **International Dialling Code:** 98
- **Time:** GMT + 3.5

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## OPERATING ISSUES



### Corruption

Corruption remains a problem. The issue is receiving wide public attention and reformists and conservatives regularly accuse each other of bad practice; foreign companies should avoid the payment of "commissions" of any sort.

### Red Tape

The Iranian bureaucracy is vast and ponderous. There is a love of paperwork that reflects a tendency to avoid taking responsibility. Nevertheless, given time and patience, the system works relatively effectively. The temptation to cut corners through the payment of bribes should be avoided. If processes are taking too long, it is best to approach the relevant ministry. If that yields no positive result, the red tape may have been deliberately placed as either a negotiating tactic (to exhaust businesses) or to deter businesses altogether.

### Contracts and Tendering Processes

These are on the whole transparent where foreign companies are considered. However, in such a heavily politicised country, contracts are likely to be awarded for political as well as economic reasons. It is also useful to bear in mind that not all foreign companies may operate with complete transparency.

### Indigenous Peoples

Two potentially sensitive areas, especially for mining companies, are Kurdistan, where care must be taken not to be insensitive to Kurdish local demands, and Baluchestan in the east. Baluchestan may be more problematic because the Pakistani border areas have a tendency towards lawlessness.

