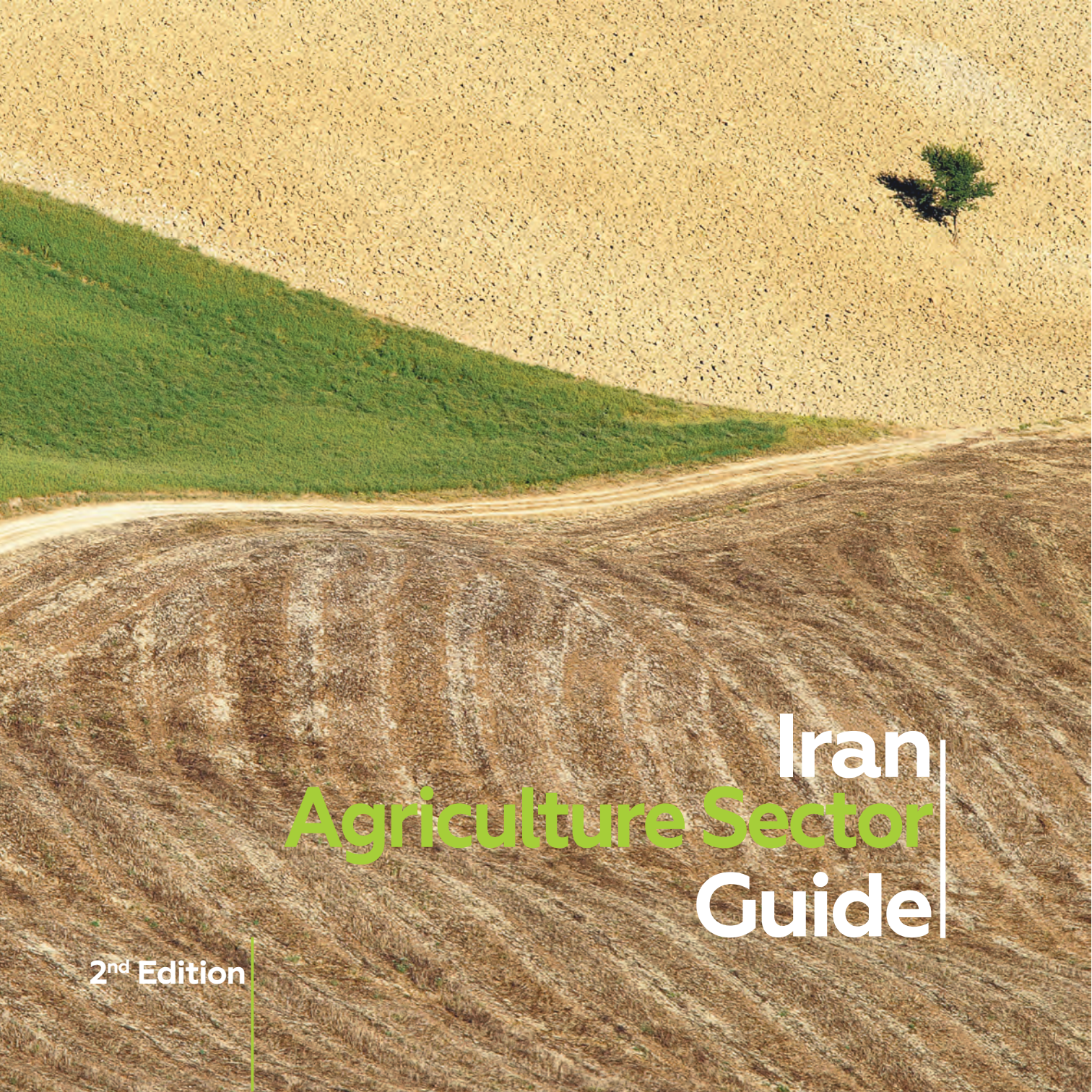


Iran Agriculture Sector Guide

2nd Edition

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Publisher | *Public Relations Department Tehran Chamber of Commerce, Industries, Mines and Agriculture*

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Message from the President of Tehran Chamber of Commerce, Industry, Mines and Agriculture (TCCIMA)



For centuries, Iran has been a central player in the Silk Road, fostering trade, commerce, and the interchange of ideas and knowledge between the East and West. Despite being a large economy, Iran has yet to fully tap into its potential in the global market by actively engaging with the international community.

At the **Tehran Chamber of Commerce**, our objective is to ensure the utilization of Iran's vast potential, including its valuable human resources, to drive robust economic growth. We achieve this by providing enticing investment opportunities that generate job prospects and contribute to high economic expansion.

To this end, TCCIMA has established an Investment Center comprising esteemed members of the TCCIMA board, who bring firsthand experience to facilitate connections between our members and their counterparts in the global ecosystem. The primary aim of this initiative is to provide a dynamic platform for exchanging ideas, sharing experiences, and developing new professional services. This platform is crucial for fostering new relationships and partnerships, which are imperative for creating and successfully realizing joint ventures that serve the interests of Iran and the region.

As the president of TCCIMA, I extend a warm invitation to you to visit Iran and witness the abundant opportunities our country has to offer as a foundation for mutually beneficial collaborations.

H.E. Dr. Mahmoud Najafi Arab
President of Tehran Chamber of
Commerce, Industries, Mines and Agriculture

Message from the President of Organization for Investment, Economic & Technical Assistance of Iran



Foreign investment plays a significant and multifaceted role in driving the growth and economic development of nations. It encompasses not only the acquisition of skills, technical expertise, and market supply but also the creation of value, fostering entrepreneurship, stimulating employment, expanding exports, and facilitating the infusion of essential currency and capital into investment endeavors. The establishment of a favorable economic environment, along with ensuring the security of foreign investments and implementing robust legal frameworks, while concurrently formulating investment incentives, lays the fundamental groundwork for attracting foreign capital. It is widely recognized that these factors collectively contribute to bolstering foreign investment inflows.

The Islamic Republic of Iran holds a prominent status on the global stage as an investment destination, thanks to its abundant mineral resources, expansive domestic and regional market, and strategic regional position. In line with the policies of the 13th government, which focus on fostering interaction and economic cooperation with neighboring and like-minded countries, the **Organization for Investment, Economic &Technical Assistance of Iran** has emerged as the official entity entrusted with attracting foreign capital from these nations. The primary objective is to facilitate collaborative Iranian-foreign investments, fortify economic ties with partner nations, and address the economic needs of regional countries through joint production of goods and services. By directing these investments towards fruitful economic and developmental activities, the aim is to create a conducive environment that promotes shared prosperity and sustainable growth.

H.E. Dr. Ali Fekry
President of Organization for
Investment,Economic & Technical Assistance of Iran

Message from the Head of Investment Center



TCCIMA has been a key player in the private sector of Iran and plays a central role in attracting foreign investment and sustaining economic development. The Chamber effectively communicates with the competent official and private authorities and helps the private sector by all facilities aiming at creating a better climate for business in the country. To boost the country's economic growth, there is need for a joint collaboration between Iran and other countries. In the **Investment Center**, it is our aim to provide foreign and also domestic investors with services and facilitate their investing process in Iran on the one hand, and on the other, offer a platform to Iranian private sector to flourish and reach its potentials.

Today, Iran is in a critical phase in terms of its economic history and it is our firm belief in the Investment Center that through sustainable investment, economic development of our country is not out of reach. Extending its cooperation with the international community can help highlight Iran as a new market of global significance and provide insight into the best practices.It is essential for Iran to move fast to identify gaps and provide solutions for investment promotion and economic growth. To achieve this, the private sector itself, and its chief arm, the Chamber of Commerce, adopt a leading role in defining the way forward. In the series of brochures that the Center has accumulated, an introduction and insight into investment opportunities of various economic sectors of Iran has been provided which we look forward to sharing with you.

Ferial Mostofi
President of Center of Investment & Consultancy Services

Center Missions

- To provide a platform for networking, cooperation, sharing and dissemination of ideas and information
- To provide consultation to investors on related issues (i.e. laws, regulations, tax, insurance, etc.)
- To outline different economic sectors' landscape and introduce investment opportunities and projects
- To identify investment regulation gaps, and propose mechanisms for facilitating investment processes to the related government bodies
- To facilitate more active participation of the private sector in the global value chains
- To hold training courses related to finance and investment training purposes





Overview

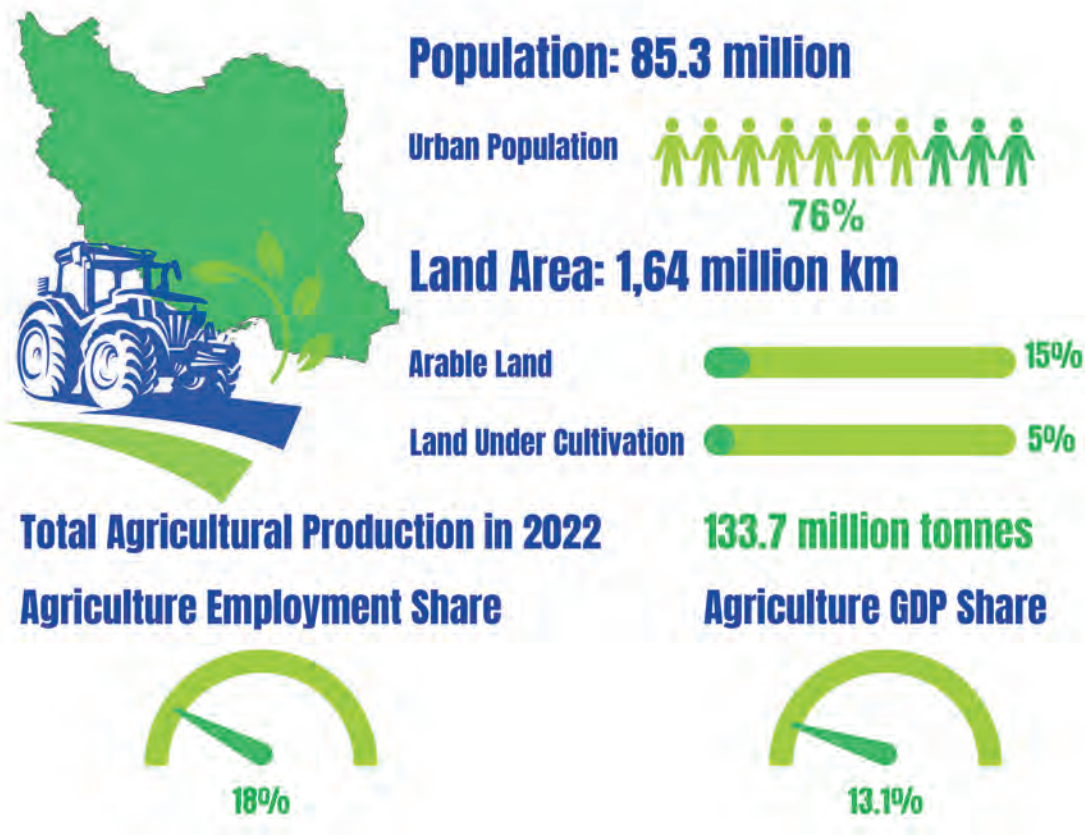
Overall Description of the Sector



Agriculture is a major economic sector in Iran, with a great potential for development. Since about 90% of the country's food requirements are met by domestic production, it has a huge share in country's GDP (13.1%) as well as total employment (18%). According to an estimation made by **McKinsey & Company**, a global management consulting firm, Iran's agricultural sector is going to grow by 4% annually and create an estimated number of 250,000 jobs by 2035. Such growth would require about USD 70 Billion worth of investment which needs to be placed on both productivity improvements and adaption of modern agricultural techniques and technologies.

These efforts will need to be accompanied by careful management of water resources, which are scarce and at times used wastefully.

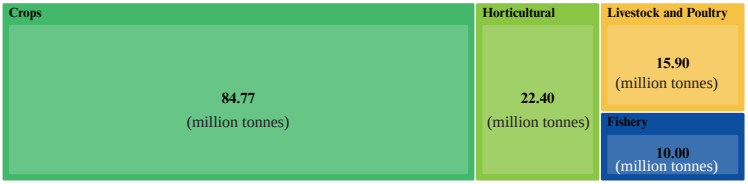
Drawing on its diverse climate, natural resources and ecological foundations, Iran produces a long array of agricultural products some of which, such as saffron, pistachios and caviar, hold worldwide reputations. According to FAO, Iran and Turkey share the third rank following China and the United States in terms of the diversity of the agricultural products they produce.


Population: 85.3 million
Urban Population
76%
Land Area: 1,64 million km
Arable Land
15%
Land Under Cultivation
5%
Total Agricultural Production in 2022
133.7 million tonnes
Agriculture Employment Share
18%
Agriculture GDP Share
13.1%

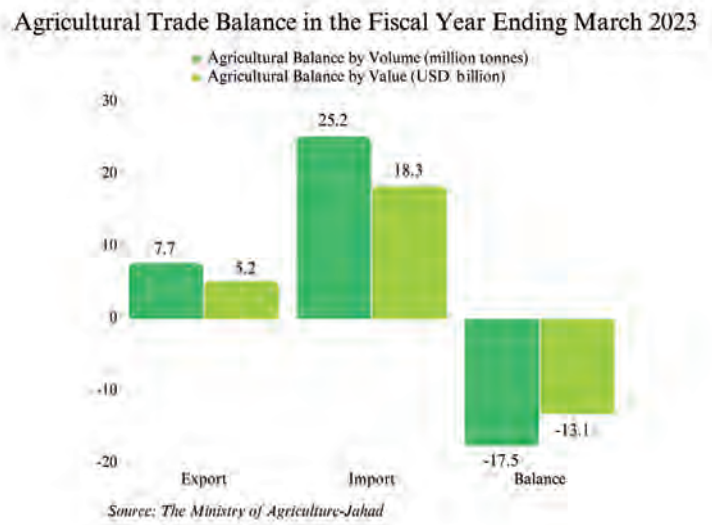
An important part of Iran's appeal is that it is a four-season country. Different climate zones that create diverse ecological foundations for agriculture when coupled with Iran's fertile and abundant soil and land, offer unique agricultural opportunities throughout the country.

Iran's proximity to a large regional market, that of its neighboring countries as well as Gulf countries some of which lack any agricultural potential, and also having adequate land and air transit infrastructure has made Iran one of the top exporters of agricultural products exporting a total of USD 5.2 billion (6.37% of Iran's total non-oil exports) in the fiscal year ending March 2022.

Compression of Agricultural Production by Volume in the Fiscal Year Ending March 2022

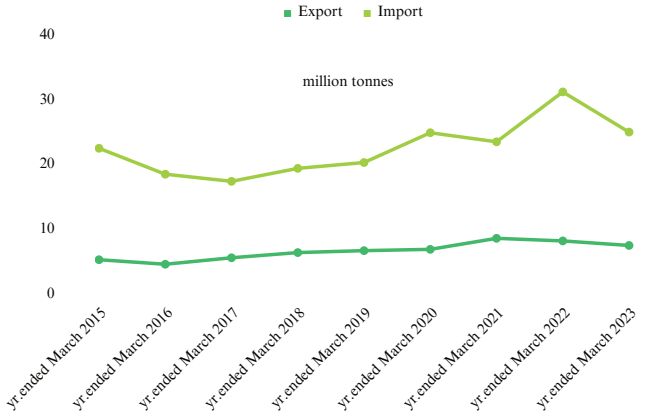


Source: The Ministry of Agriculture-Jahad



Major Trade Figures

Export and Import of Agricultural Products by Volume (2015-2023)



Source: The Ministry of Agriculture-Jahad

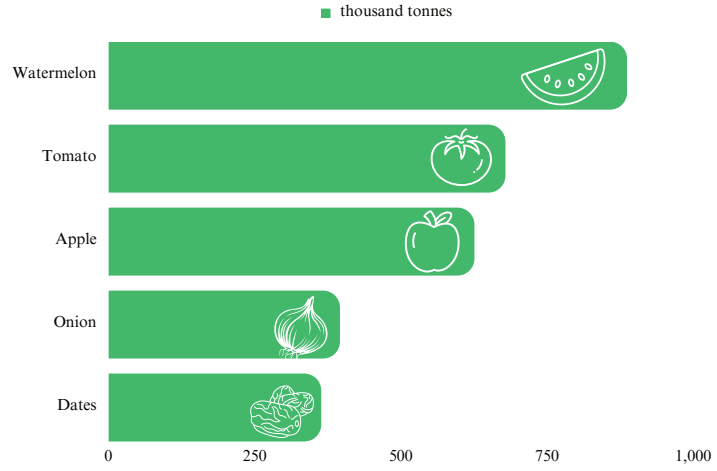
Export and Import of Agricultural Products by Value (2015-2023)



Source: The Ministry of Agriculture-Jahad

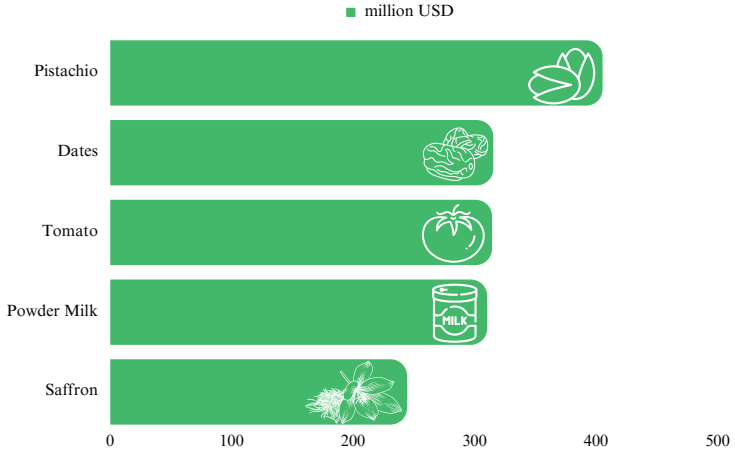


Major Agricultural Export Commodities by Volume in the Fiscal Year Ending March 2023



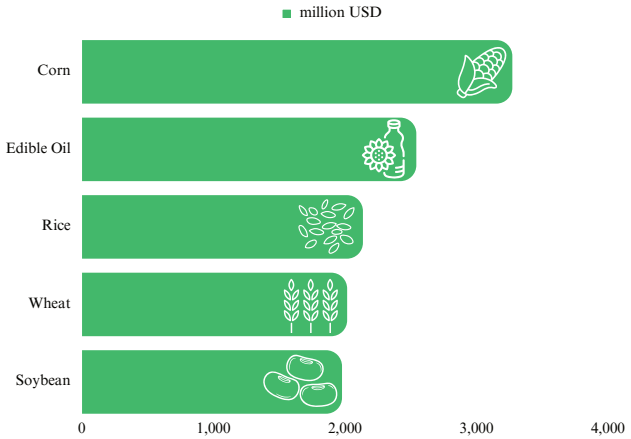
Source: The Ministry of Agriculture-Jahad

Major Agricultural Export Commodities by Value in the Fiscal Year Ending March 2023



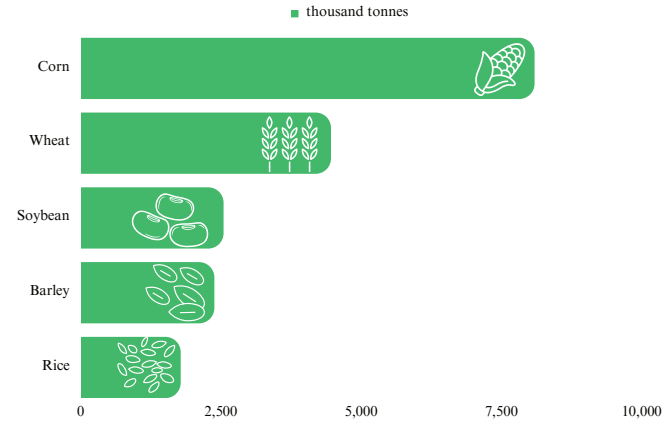
Source: The Ministry of Agriculture-Jahad

Major Agricultural Import Commodities by Value in the Fiscal Year Ending March 2023



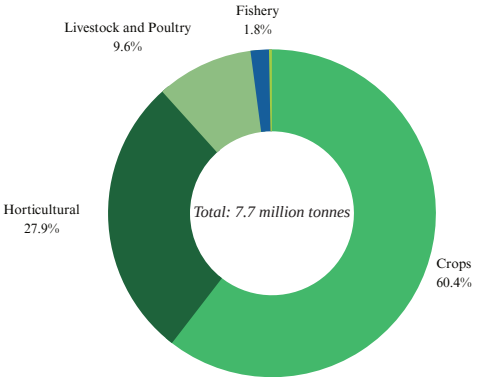
Source: The Ministry of Agriculture-Jahad

Major Agricultural Import Commodities by Volume in the Fiscal Year Ending March 2023



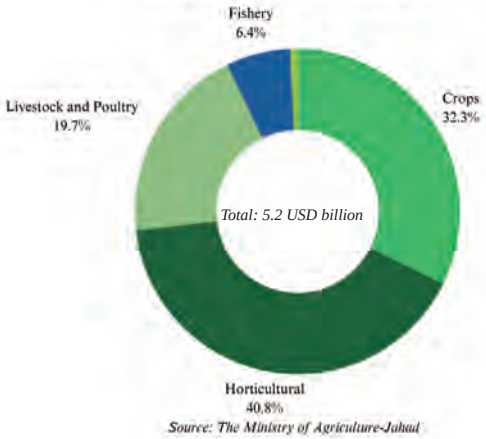
Source: The Ministry of Agriculture-Jahad

Compression of Agricultural Export by Volume in the Fiscal Year Ending March 2023



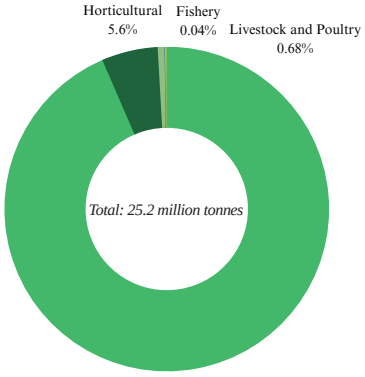
Source: The Ministry of Agriculture-Jahad

Compression of Agricultural Export by Value in the Fiscal Year Ending March 2023



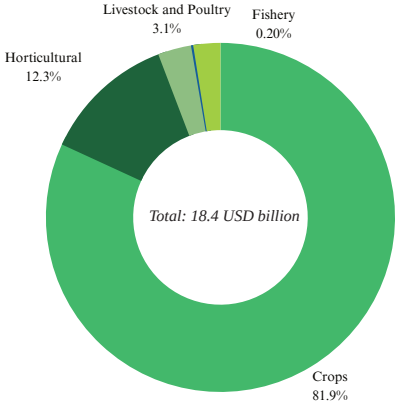
Source: The Ministry of Agriculture-Jahad

Compression of Agricultural Import by Volume in the Fiscal Year Ending March 2023



Source: The Ministry of Agriculture-Jahad

Compression of Agricultural Import by Value in the Fiscal Year Ending March 2023



Source: The Ministry of Agriculture-Jahad

Iran is...

The Global Producer of

No 1

Saffron
Barberry
Pomegranates

No 2

Pistachios

No 3

Dates

Apricots

Quinces

Unshelled Walnuts

Natural Honey

The Global Exporter of

No 2

Pistachios

No 3

Concentrated Yogurt

No 4

Dates
Cucumbers and Gherkin
Anise, Badian, Fennel, Coriander



Why to Invest

Iran is...

- The 1st producer of, saffron and caviar, 2nd in pistachio and 3rd in dates at present,
- A country with all four seasons,
- The world's 3rd country in food diversity and one of the most significant players in the Middle East producing 30 out of 70 types of food products,
- A gateway to export markets in the region.

It offers...

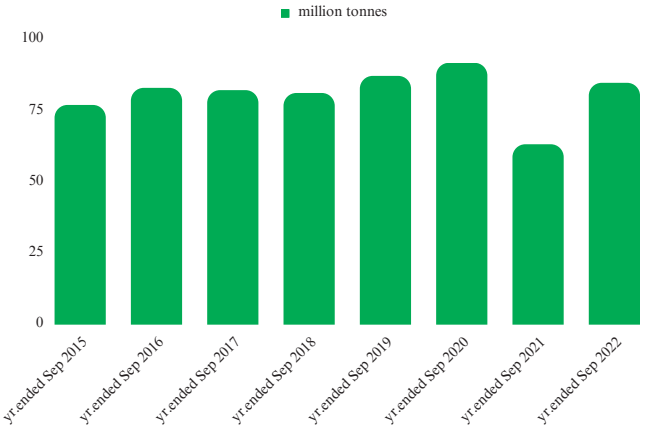
- Complete income tax exemption in the income gained through investments made in agriculture sector by investors.
- 100% tax exemption for export of agricultural products including crops, horticulture, livestock and poultry, fisheries, forest and rangelands, and process industries.
- Great investment opportunities in process industries by using modern technology in packaging and processing industries.

Crops

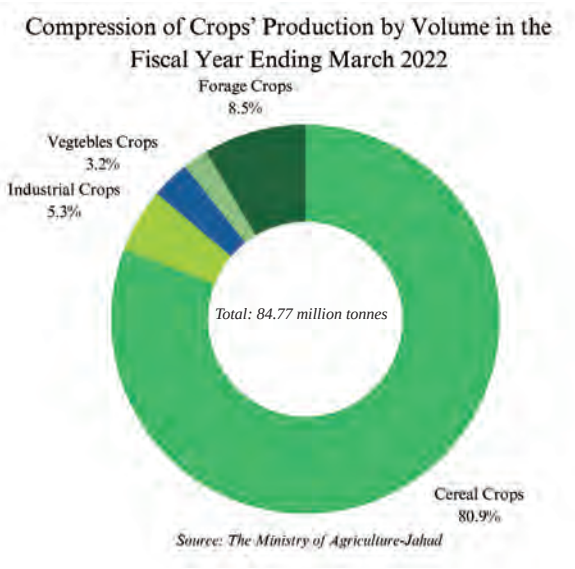
Iran's agricultural sector is known for its diverse range of crop production, thanks to the country's varied climate and fertile soil and crops have a share of 63.4% of the total agricultural production of Iran. According to the country's Ministry of Agriculture. Wheat, barley, rice, and corn are among the major cereal crops cultivated in Iran. These staples form the backbone of Iran's food security, providing sustenance for its population and serving as a key component of the national diet. Iran is also renowned for its production of cash crops such as pistachios, saffron, and tea. Overall, Iran's crop production plays a crucial role in supporting its economy, ensuring food security, and generating revenue through agricultural exports. The country's diverse range of crops, both staple and high-value, showcases its agricultural prowess and highlights the significance of the sector in Iran's socio-economic development.



Production of Crops by Volume (2015-2022)



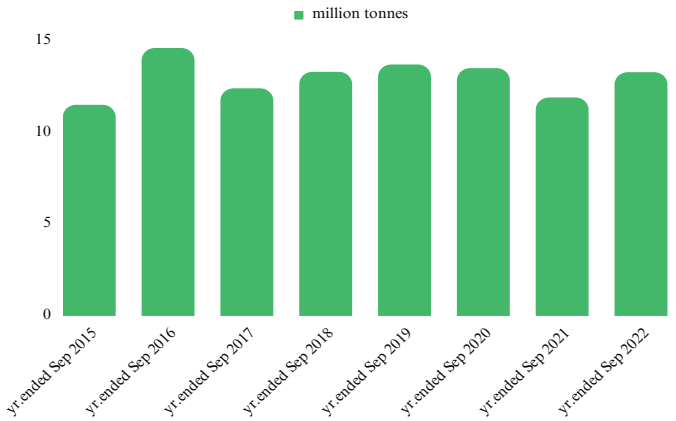
Source: The Ministry of Agriculture-Jahad



Wheat

Iran has a long-standing history of wheat production and is among the top wheat-producing countries in the world. Wheat is a vital staple crop in Iran, serving as a dietary staple and playing a crucial role in ensuring food security for its population. Iran's use of improved seed varieties over the past five years has boosted the country's self-sufficiency in wheat by more than 30%. Iran's wheat production not only satisfies its domestic needs but also contributes to international markets. Iranian wheat is known for its quality, with favorable protein content and gluten characteristics, making it suitable for various food products.

Production of Wheat by Volume (2015-2022)



Source: The Ministry of Agriculture-Jahad



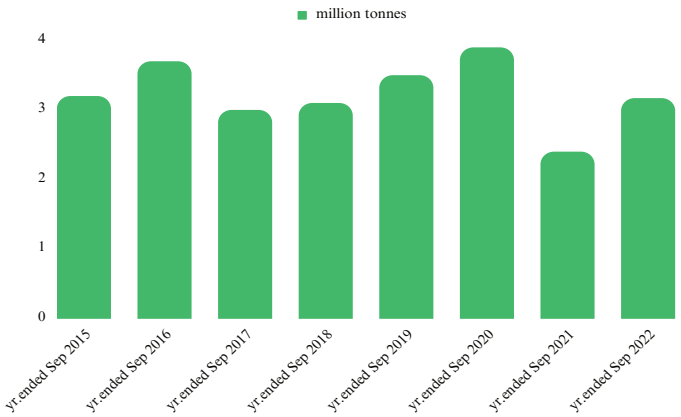


Barley

The cultivation of barley in Iran, like that of wheat, goes back to the origin of agriculture itself. Throughout history, barley has been one of the two main staple crops in Iran, after wheat, and is mainly grown as a subsistence crop.

Barley is primarily grown in Iran's cool and temperate regions, including the northern provinces. The crop is well-suited to the country's climate and soil conditions, allowing for successful cultivation. Iranian barley is known for its high quality and nutritional value. It is used as animal feed and serves as a vital component in the livestock industry, supporting the dairy and meat sectors. The cultivation of barley also contributes to crop rotation practices, helping to maintain soil fertility and prevent pest and disease issues.

Production of Barley by Volume (2015-2022)

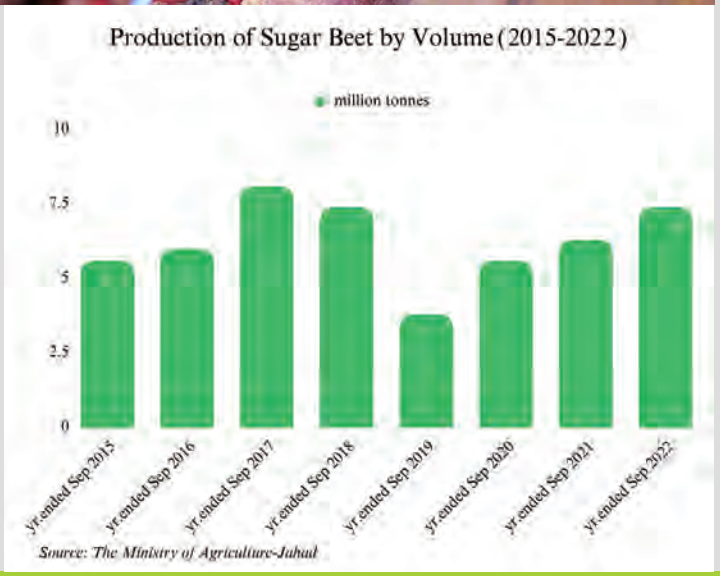


Source: The Ministry of Agriculture-Jahad



Sugar Beet

Sugar beet production in Iran has been steadily growing, making it an important crop in the country's agricultural sector. The crop is known for its high sugar content, which makes it a valuable raw material for the sugar industry. Iranian farmers employ modern farming techniques, including precision agriculture and advanced irrigation systems, to optimize sugar beet yields and quality. The government has also supported the sugar beet industry through subsidies, research programs, and investments in processing facilities, enhancing the sector's productivity and competitiveness. Iran's sugar beet production satisfies a significant portion of the domestic sugar demand. The country's sugar industry plays a vital role in ensuring food security and meeting the sweetener needs of its population. Additionally, Iran exports sugar beet products, including sugar and molasses, to various international markets. Iranian sugar is known for its quality and purity, making it sought after in global trade.

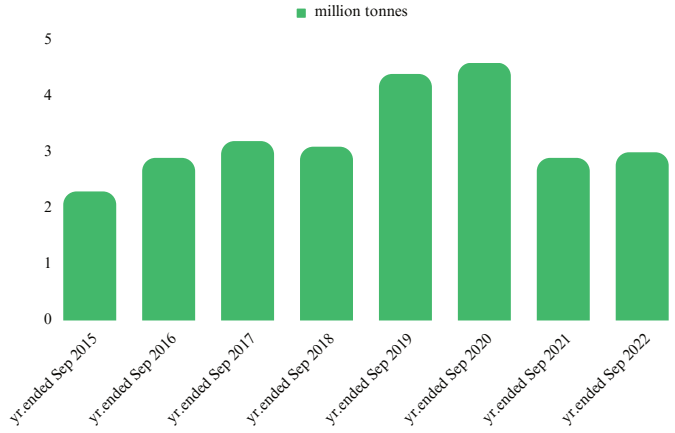


Rice

Rice production holds significant importance in Iran's agricultural sector. The country's favorable climate, including hot summers and abundant water resources, makes it suitable for rice cultivation, particularly in the northern regions. Iranian rice is highly regarded for its quality and taste. The varieties produced in Iran, such as Basmati and Domsiah, are known for their distinct aroma, long grains, and excellent cooking properties. Iranian rice is sought after in international markets, attracting buyers who appreciate its premium quality.

Iran's rice production meets a substantial portion of the domestic demand, as rice is a staple food in Iranian cuisine.

Production of Rough Rice by Volume (2015-2022)



Source: The Ministry of Agriculture-Jahad

Horticultural Products

Iran is renowned for its pistachios, saffron, pomegranates, and dates, which are highly sought after both domestically and internationally. These crops thrive in the arid and semi-arid regions of the country, where the warm summers and mild winters create ideal conditions for their growth. In recent years, Iran has made significant strides in modernizing its horticultural sector through improved farming techniques and advanced technologies. The government has prioritized investment in irrigation systems, greenhouses, and agricultural research to enhance productivity and ensure sustainable practices. As a result, Iran has experienced notable increases in horticultural yields and quality. The country's horticultural exports have also seen substantial growth, contributing to its economy and establishing Iran as a prominent player in the global horticultural market. Furthermore, Iran's horticultural production plays a vital role in providing employment opportunities and supporting rural communities, as many Iranians are involved in farming and related industries.

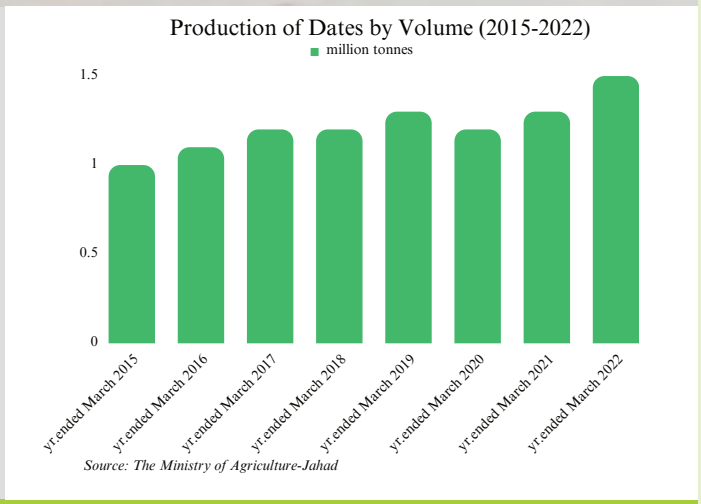




Dates

Iran is renowned for its dates production, as the country has a long history of cultivating and exporting this prized fruit. Iran's warm and arid climate, particularly in the southern regions, provides ideal conditions for date palm cultivation. The country boasts a wide variety of date cultivars, including Mazafati, Piarom, Zahedi, and Kabkab, each with its own unique flavor and texture. Iranian dates are highly sought after globally due to their exceptional taste, softness, and nutritional value.

The dates industry contributes significantly to Iran's agricultural trade and economy, while also providing employment opportunities for many farmers and workers involved in the cultivation, harvesting, and processing of dates.

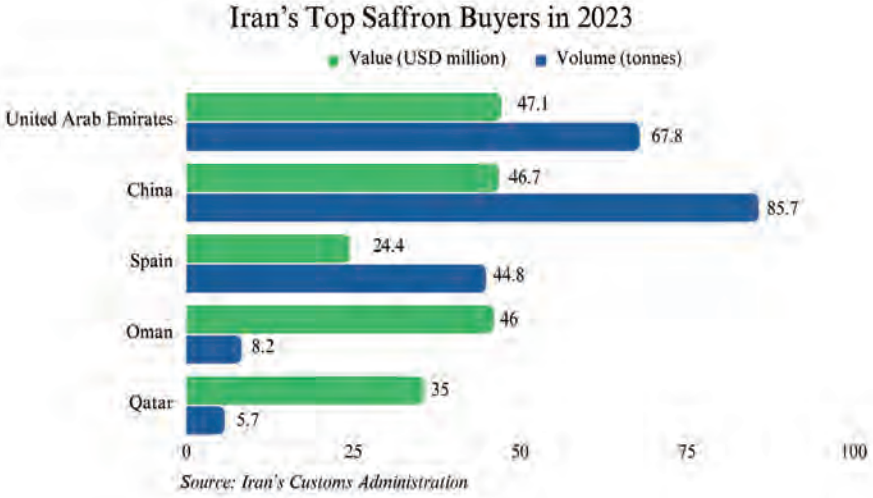


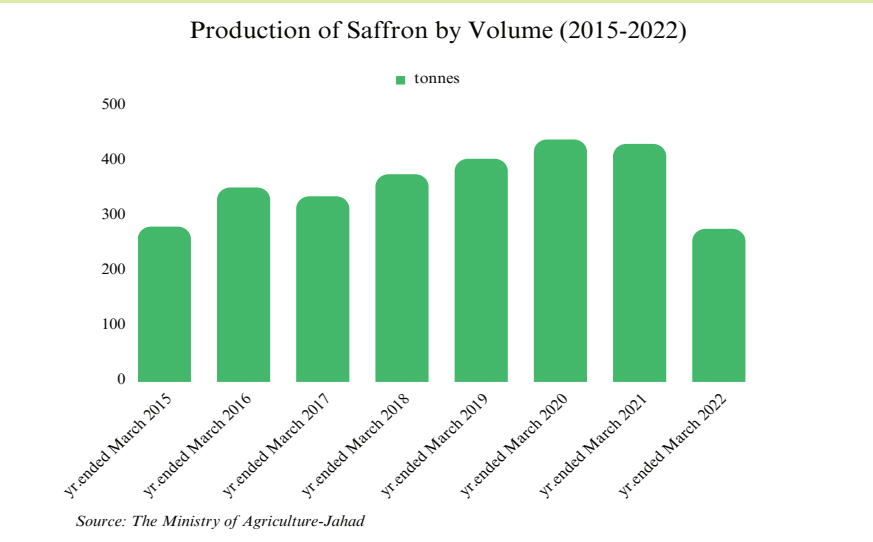
Saffron

Iran is the largest producer of saffron in the world, renowned for its high-quality and aromatic spice. The country's climate and soil conditions, particularly in the northeastern regions, provide an ideal environment for saffron cultivation. Iranian saffron, known as «red gold» is sought after for its vibrant color, potent flavor, and distinct fragrance.
The history of Saffron cultivation goes back to some 2500 years ago. Although this plant is known to be native to Greece and The Mediterranean region, some believe that the first habitat of Saffron was at the mountain range of Zagros and to be more precise at the Alvand region in Iran.
More than 90% of saffron production is exported and Iranian saffron farmers exported 239 tonnes of saffron worth over USD 244 million to 59 foreign destinations during fiscal year ending March 2023.






Iran's Top Saffron Buyers in 2023
Value (USD million)
Volume (tonnes)
United Arab Emirates
47.1
67.8
China
46.7
85.7
Spain
24.4
44.8
Oman
46
8.2
Qatar
35
5.7
0
25
50
75
100
Source: Iran's Customs Administration


Production of Saffron by Volume (2015-2022)
tonnes
500
400
300
200
100
0
yr.ended March 2015
yr.ended March 2016
yr.ended March 2017
yr.ended March 2018
yr.ended March 2019
yr.ended March 2020
yr.ended March 2021
yr.ended March 2022
Source: The Ministry of Agriculture-Jahad

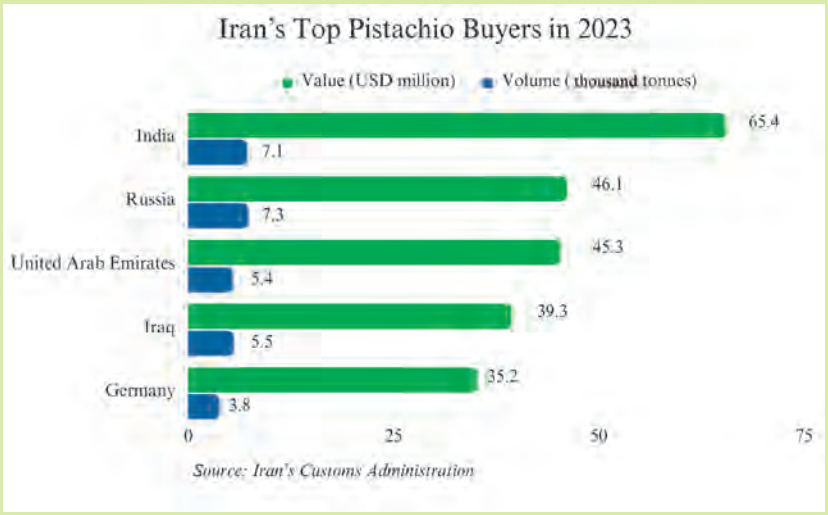


Pistachio

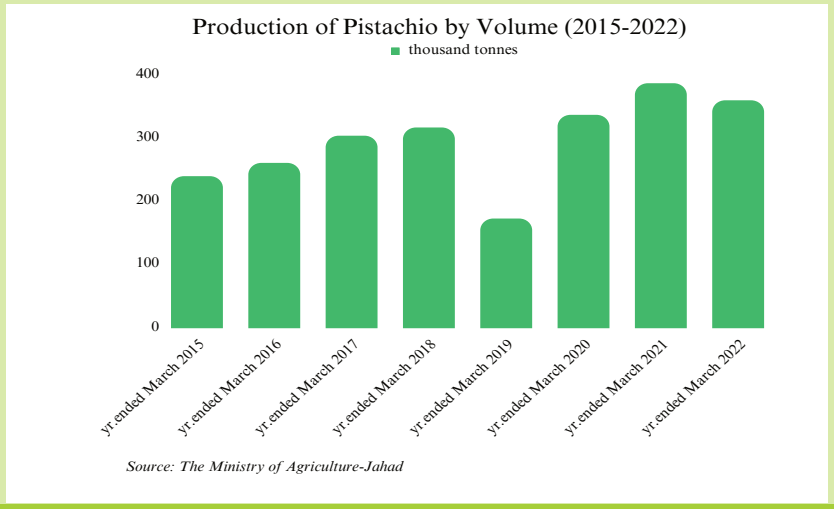
Iran is renowned for its pistachio production, as the country is the largest producer and exporter of this popular nut. The favourable climate and soil conditions in Iran's southern regions, particularly in Kerman province, provide ideal conditions for pistachio cultivation. Iranian pistachios are known for their exceptional quality, distinctive flavour, and vibrant green colour.

The export of pistachios contributes significantly to Iran's agricultural trade balance, bolstering the country's economy and supporting the livelihoods of farmers and workers involved in the pistachio industry. Iran supplies 19% of the world pistachio market demand and is one of the top 2 pistachio producers and exporters along with the US state of California in the world. Iran exported 56.3 thousand tonnes of pistachio worth USD 405 million in the fiscal year ending March 2023.



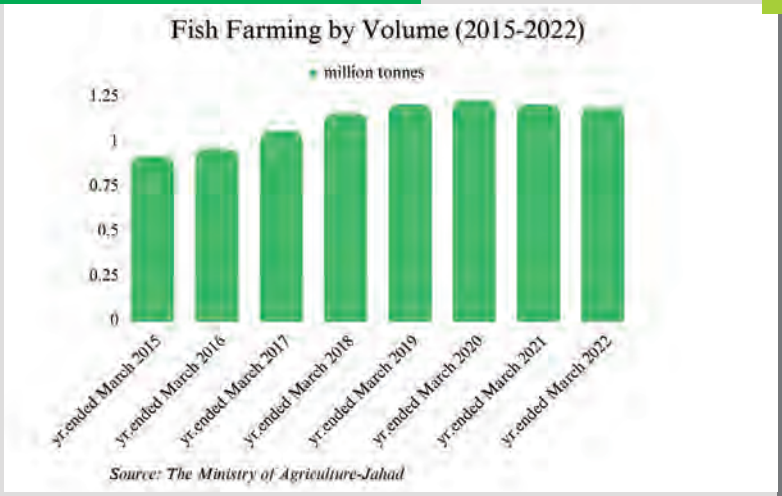


Source: Iran's Customs Administration

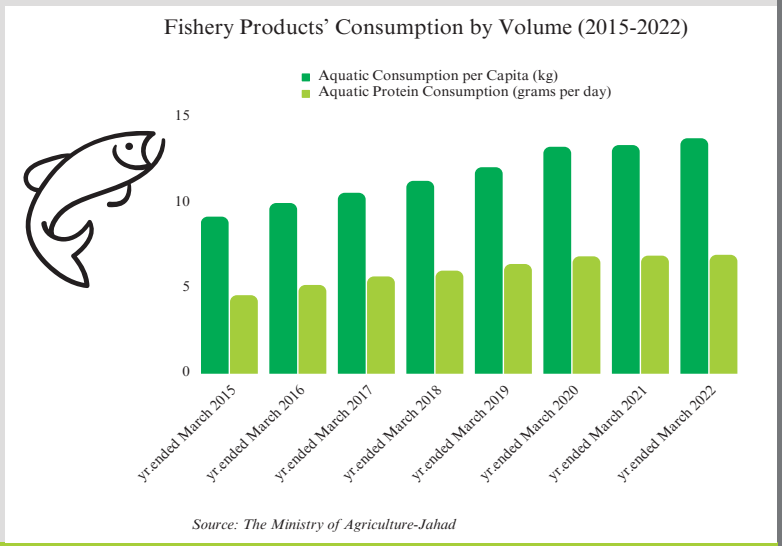


Source: The Ministry of Agriculture-Jahad

Fishery Products



Source: The Ministry of Agriculture-Jahad



Source: The Ministry of Agriculture-Jahad

Fishes

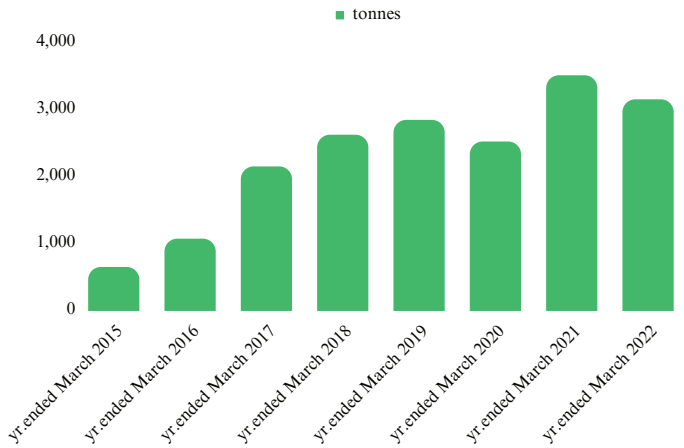
With a total coastline of 2,440 km and being bordered to the north by the Caspian Sea and the south by the Persian Gulf, Iran is endowed with resources and opportunities to farm and cultivate different types of fishery products.

The Fishery sector has an important share in both providing food for society and in balancing the ecosystem. The Food and Agriculture Organization (FAO) has defined a significant role for aquaculture in the future in terms of food supply, employment, foreign currency gains and rural development.

The country's fishery export stood at 140.96 thousand tonnes worth USD 332.2 million in 2023, while the import was 11.15 thousand tonnes valued at USD 36.34 million, making Iran's fishery trade balance USD 295.8 million.

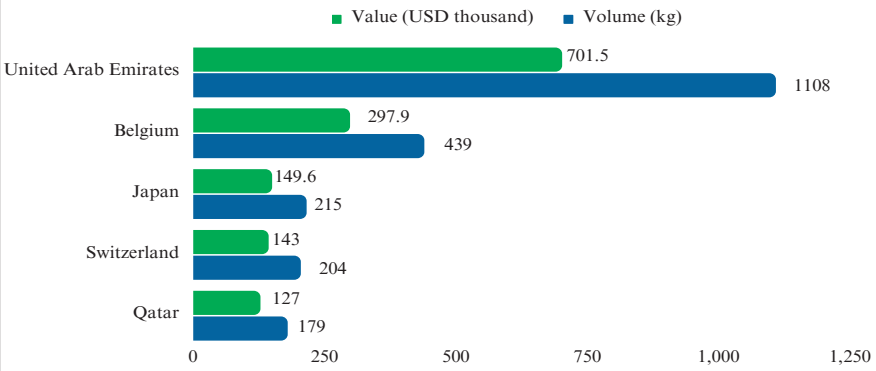


Sturgeon Fish Farming by Volume (2015-2022)



Source: The Ministry of Agriculture-Jahad

Iran's Top Caviar Buyers in 2023



Source: Iran's Customs Administration

Caviar

The Caspian Sea is home to a variety of fish and aquatic creatures; however, it is mostly known for its caviar and its world's primary and largest habitat of the most famous sturgeon species Beluga.

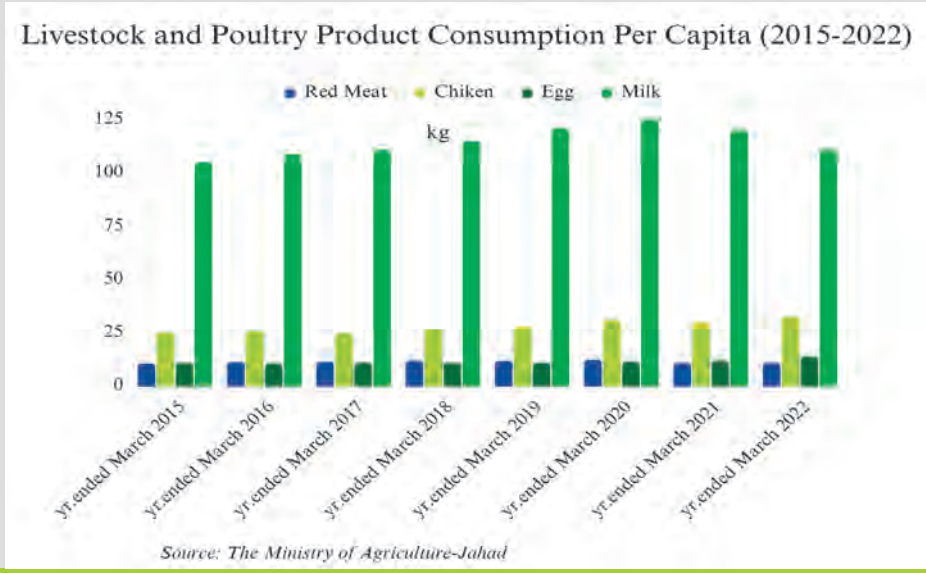
Aquaculture farms for caviar fishes have been set up in 22 out of 31 Iranian provinces as part of IFO's plan to increase output and export of caviar. Based on statistics released from Customs Administration, more than 14.4 tonnes of caviar worth over USD 2.4 thousand was exported from Iran during fiscal year ending March 2023.



Livestock and Poultry Products

Livestock is an important national resource in Iran. More than half of the rural population depends at least in part on livestock for their livelihood. Livestock plays a key role in the lives of the rural population, generating employment and often providing about 80 % of their cash income. Sheep, goats, cattle, donkeys, horses, water buffalo, and mules are amongst Iran's livestock animals. On average, 31.8 % of the gross value of agricultural production is attributed to livestock production, which provides the main source of income and an important component of the average diet. In the last four decades, large amounts of capital have been invested in this sector and poultry production has become one of the most important economic activities in Iran.

The growth in demand for livestock products equals a consequent rise in demand for animal feed, not only of cereals but also of other types of feeds and particularly proteins.





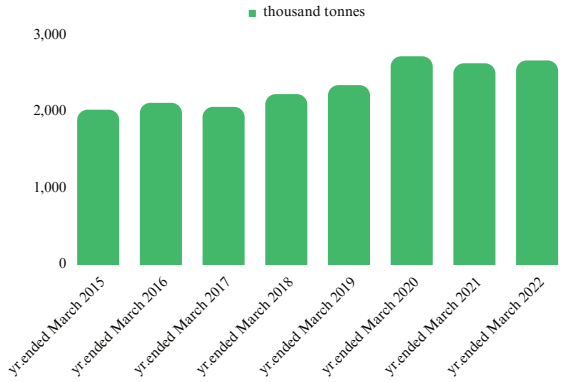
Chicken and Egg

Iran poultry industry has experienced considerable growth in terms of quality and quantity in the past 60 years.
The raising of poultry for eggs and meat is prevalent and one of the areas in which production infrastructure has progressed rapidly is the poultry sector.
Iran exports chicken to other countries as well. The top three export destinations for the export of chicken are Afghanistan, Iraq, and Emirates.



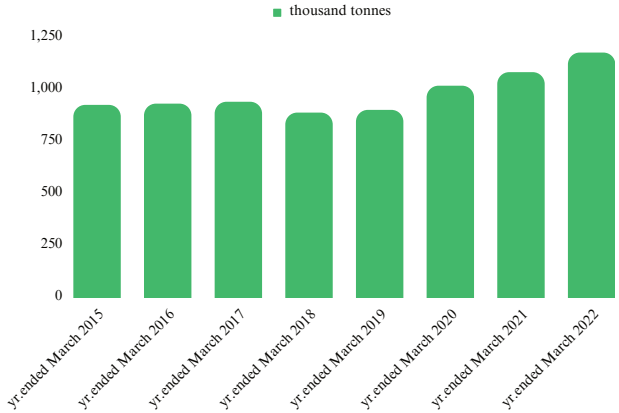


Production of Chicken by Volume (2015-2022)



Source: The Ministry of Agriculture-Jahad

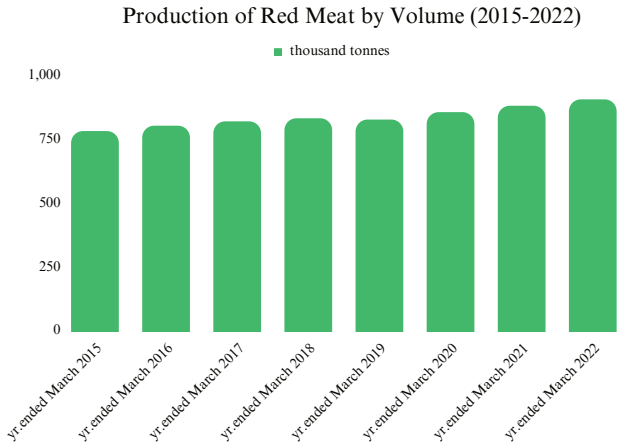
Production of Eggs by Volume (2015-2022)



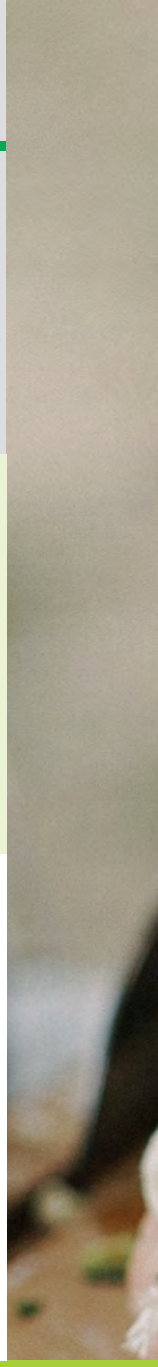
Source: The Ministry of Agriculture-Jahad

Red Meat

Iran is among the leading consumers of red meat in the West Asia region with lamb being the most popular one. According to the Statistical Center of Iran (SCI) report, beef and veal had the largest share in the country's red meat output.
According to the officials, 900 thousand tonnes of red meat including beef and mutton, is needed annually, up to 860 thousand tonnes of which is produced in the country every year.



Source: The Ministry of Agriculture-Jahad





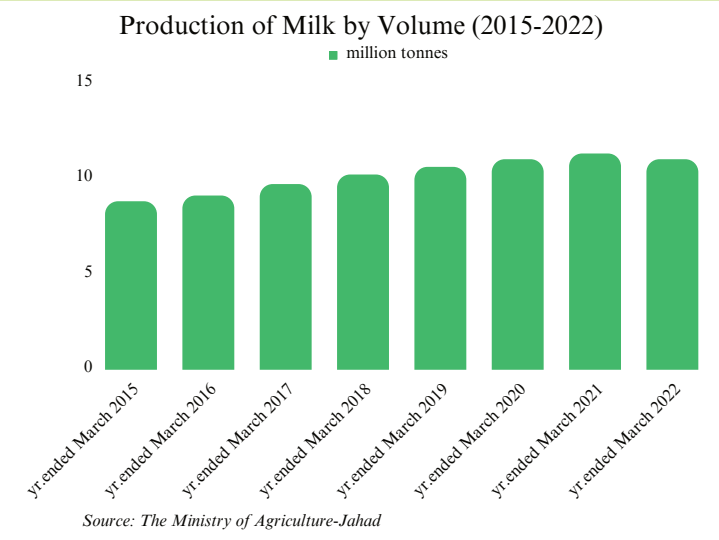


Dairy Products

Iran is currently the 2nd exporter of milk and dairy products in the region, after Turkey.

Iranian dairy products have been exported to 30 countries including Canada, Germany, Britain, Russia, Malaysia, United Arab Emirates, Iraq, Bahrain, Afghanistan, Pakistan, Kazakhstan, and New Zealand.

Iraq has been the first major export destination of Iranian dairy products, while Afghanistan and Pakistan are the second and third export destinations for Iran.



Source: The Ministry of Agriculture-Jahad





Investment Incentives

Income Tax with Rate of 0.0%	Duration of Exemption
Industry, Mining & Services (Hospital & Hotels)	5 Years
Industry, Mining & Services (Hospital & Hotels) in Industrial Parks and Especial Economic Zones	7 Years
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas	10 Years
Industry, Mining & Services (Hospital & Hotels) in Less Developed Areas located at Industrial Parks and Especial Economic Zones	13 Years
100% of Income Derived Agricultural Activities	Perpetual
100 % of Income Derived From Export of Services, Non-oil goods, Agricultural Products and 20% of Income Derived from Export of Non – Processed goods	Perpetual

*Fixed Corporate Income Tax at a Flat Rate of 25%

Incentives Offered by Features & Advantages of Foreign Investment Promotion & Protection Act (FIPPA)

The decree that protects and encourages foreign investors and provides a framework for activities of foreign investors in Iran referred to as Incentives Offered by Features & Advantages of Foreign Investment Promotion & Protection Act (FIPPA) was passed in 2002. This decree enables foreign investors to make investment in all economic sectors in Iran while receiving incentives and protections that are offered by the Organization for Investment, Economic and Technical Assistance of Iran.

It needs to be noted though that only investors who have obtained FIPPA license will receive these incentives and protections. The Organization for Investment, Economic and Technical Assistance of Iran is responsible for granting foreign investors with these licences and upon receiving them, the investors will receive the services offered by this organization for as long as they are carrying their businesses in Iran.

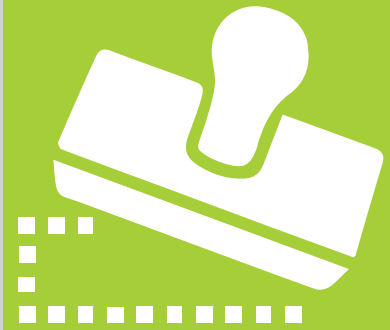
Upon receiving the FIPPA licence, all rights and interests of foreign investors are acknowledged and protection against non-commercial risks is granted.

Further, this licence ensures that the Iranian government would not only facilitate swift return of the investments made to the home country (or any other country for that matter) that the investors wish to transfer their assets to, but would also pay the full compensation price in occasions that the activities of foreign investors have been disrupted or delayed illegally.

The Organization for Investment, Economic and Technical Assistance of Iran has set up investment centers in Tehran and other major cities in Iran to offer services in all areas that are related to investment.

FIPPA License Facilities:

- Transfer of capital, dividend and the profits gained in the form of currency or goods.
- Unrestricted partnership percentage for foreign investors.
- Possibility of registering an Iranian company with 100% foreign capital.
- Same behavior with both foreign and domestic investors.
- Investment possibility for foreign real and legal persons and Iranians residing abroad.
- Investment possibility in all areas permitted to the private sector.
- Providing protection for all foreign investment plans.
- Fast and short application and approval process for foreign investors.
- Issuance of a 3 -year residence permit for investors, managers, foreign experts and their first-degree relatives.
- Receiving full protection by the government against all non-commercial risks.
- Paying towards due commitments of foreign investors by Iranian government in occasions that an investment project has been stopped or delayed by the government.
- If foreign companies use the capacity of domestic production units and export at least 20% of the total production, from the day they start their collaboration with the domestic unit, they will enjoy one year of tax-break followed by a 5-year tax exemption of 50% which is extended to 11 years in underdeveloped areas.



Investment Incentives in Special Economic Zones

An overview of the performance of Special Economic Zones indicates that those zones are particularly points for production, export, transit, technology transfer and provision of resources, utilizing geographical capacities and economic advantages, within the goals set by the legislator for specific regions. So far, the Islamic Consultative Assembly (the Parliament) has approved the law on the establishment of 79 Special Economic Zones and 33 Zones have a State responsible organization.

The Most important Special Economic Zones include: ***Energy Pars, Bandar Imam Khomeini Petrochemicals, Persian Gulf Mining and Metal Industries, Persian Gulf Shipbuilding, Bushehr, Salafchegan, Shiraz, Sarakhs, Yazd, Sirjan, Arg Jadid Bam, Lorestan, Payam, Shahid Rajaee Port, Bushehr Port, Amirabad Behshahr Port, Lamard, Dogharoon, Imam Khomeini Port, Noshahr Port, Rafsanjan, Lavan, Kaveh, Zarandieh, Sahlan, Astara Port, Islam Abad Gharb***.

Investment Incentives in Trade-Industrial Zones

«Trade-Industrial Zones», have been included in the program of work of the Government of the Islamic Republic of Iran from two decades ago. Today, development of their domain of action, with the purpose of boosting and facilitating production of goods and services, and their export, alongside assisting with and contributing to the transfer of advanced technologies, boosting and facilitating the provision of requirements and urgent needs, as well as provision of financial resources and foreign investment, together with development of strategic ties and expansion of cooperation and participation of countries from the region and the world, have been all emphasized at the highest levels of policy-making of the country which have also been ratified by the Supreme Leader of the Islamic Republic of Iran. To achieve the above-mentioned objectives, the eight Iranian trade-industrial free zones of ***Kish, Qeshm, Chabahar, Arvand, Aras, Anzali, Maku, Imam Khomeini Airport*** located in all around boundaries of the country, welcome investors and international economic activists to participate in a variety of opportunities for investment and business in those free trade industrial zones. They are ready to facilitate and expedite all the relevant process as they have prepared the physical infrastructures of utilities, transportation and communications, while introducing facilitating rules and regulations beside financial and tax incentives. The Iranian Free zones are prepared and attractive platforms for small European and non-European companies and enterprises.

A comparison of Privileges and Legal Exemptions between Mainland, Free Zones and Special Economic Zones			
Topic	**Mainland**	**Free Zones**	**Special Economic Zones**
Foreign nationals visa	Visa Requirement	No Visa Requirement	No Visa Requirement
Foreigners' employment	Subject to the issuance of an employment permit and in accordance with the rules of employment of foreign nationals	Specific incentives in accordance with the regulations of the Employment of Manpower	Specific incentives in accordance with the regulations of the Employment of Manpower
Possibility of importing goods and raw materials without paying customs duties and customs benefit taxes	In limited particular cases	Exempted	Exempted
Customs duties on import of manufactured goods to mainland	Subject to customs procedures	In- part exemptions on the basis of added value and domestic raw materials (Value Added Commission)	In- part exemptions on the basis of added value and domestic raw materials (Value Added Commission)
Export of goods and equipment abroad	Subject to mainland export regulation	Without the changes subject to export regulations	Without the changes subject to export regulations
Import of commercial goods into mainland	Subject to customs procedures	Applying specific incentives to reduce customs benefit taxes	Subject to customs procedures
Tax exemption on economic activities	Only in industrial parks and deprived regions from 5 to 13 years	20-year exemption	Between 7 to 13 years
Monetary and banking operations	In accordance with national monetary and banking regulations	Establishment of bank and credit institutions with domestic and foreign capital is permitted	In accordance with national monetary and banking regulations
Cross border banking	Not allowed	Possibility to establish branch and foreign bank	Not allowed
External car traffic	Allowed temporary passage in limited time	Allowed in the authorized radius	Not allowed
Import of machinery and equipment	Tariff payment according to the year of manufacture required	Exempt from paying tariffs disregard of year of manufacture	Exempt from paying tariffs disregard of year of manufacture



Other Tax Incentives

- Taxable incomes of knowledge-based institutions resulting from the contracts, research and development activities, commercialization and knowledge-based services are exempted from tax for 20 years
- Companies with more than 50 employees: in case of increasing the employment volume up to 50% in comparison to the previous year,they will enjoy one added year of exemption.
- If foreign companies with the capacity of domestic production units start business with authentic brands and export at least 20% of their total production, they can benefit 50% of tax exemption.
- If the total taxable income is equal to or less than the registered capital, 50% of the income will be tax free.

Less Developed Areas

- If the total taxable income capital is equal to or less than the double of registered capital, 100% of the income will be tax free.
- In case of each 5% foreign investment, 10% will be added to the two incentives for a maximum of 50%.



Export Tax Exemption

- 100% of the income gained through export of non-oil goods and services and agricultural products, and 20% of raw materials is exempted from tax.
- 100% of the income gained through export of products that have been imported to Iran in the form of transit is exempted from tax payment.
- 50% tax rate discount for exporting at least 20% of the manufactured goods that are produced with foreign investment input.



Further Incentives in Agriculture

In order to maintain food security and self-sufficiency in production of agriculture, horticulture, crops, fishery, livestock and poultry products, and increase export of these products and also improve water and soil efficiency, the government should take the following measures:

- Develop the agriculture sector with concentration on optimization of breeding and cultivation of seeds in order to achieve self-sufficiency in production.
- Guarantee the purchase of agricultural products or paying compensation to farmers in case of delay in purchase.
- Increase the production of strategic products and change 500 thousand hectares of hilly lands to gardens.
- Optimize the usage of pesticides and chemical fertilizers and increase the consumption of compost and organic formulations of pesticides and fertilizers.
- Invest in conducting studies on developing and transferring new technologies and also support start-ups that are active in this field.
- Regulate and subsidize vaccination of livestock and poultry animals.
- Develop a smart infrastructure to track down agricultural products from the starting point up until they reach consumers.
- Support expansion of export capacity of products of forage factories, fishery and poultry animals and packaging industries.
- Pay compensation to insurers of agricultural products and develop an agriculture insurance fund.
- Provide financial and technical support to renovate existing gardens and farms.
- Allocate an equivalent of 10% of the National Development Fund to non-governmental investor applicants in agriculture sector and process industry.
- Allocate 20% of agricultural support funds for export facilities.
- Facilitate export of agricultural goods by allocating export incentives.

- The government has to pay the compensation derived from the gross domestic production price with the final price of the product in export destinations and pay it to farmers from the source of government subsidies.
- Decrease the price difference between the final cost of production and the market price by 10%.
- Mandate insurance of livestock and poultry animals against epidemic diseases and having 50% of the insurance cost covered by the government.
- Increase investment share in agriculture sector by a minimum of 2%.
- Waive farmers' loan fees and profits when they have faced losses from unforeseen events and accidents and extend the payback time by three years.
- Create and propagate educational contents on the national radio and television about managing water consumption and preserving and protecting the nature.
- Allocate 15% of non-specialized banks' loan facilities to the agriculture sector.
- Exclude packaging, freezing, grading, peeling and drying of agricultural products from paying taxes since these actions are not part of the processing of these products.
- Grant 85% of the development cost of new irrigation methods and therefore foresee this in annual budget plan.

In addition to the above-mentioned incentives, it must be noted that all income gained from agricultural activities, livestock farming, fishing and bee breeding, poultry breeding, fodder, forests and gardens are exempted from tax for Iranian and foreign investors. Furthermore , 100% of the income gained from export of industrial and agricultural goods (including agriculture, gardening, livestock and poultry and fish) and its transformative and supplementary industries, and 50% of income from the export of other goods that are exported to other countries are exempt from tax.



Government Vision/Outlook

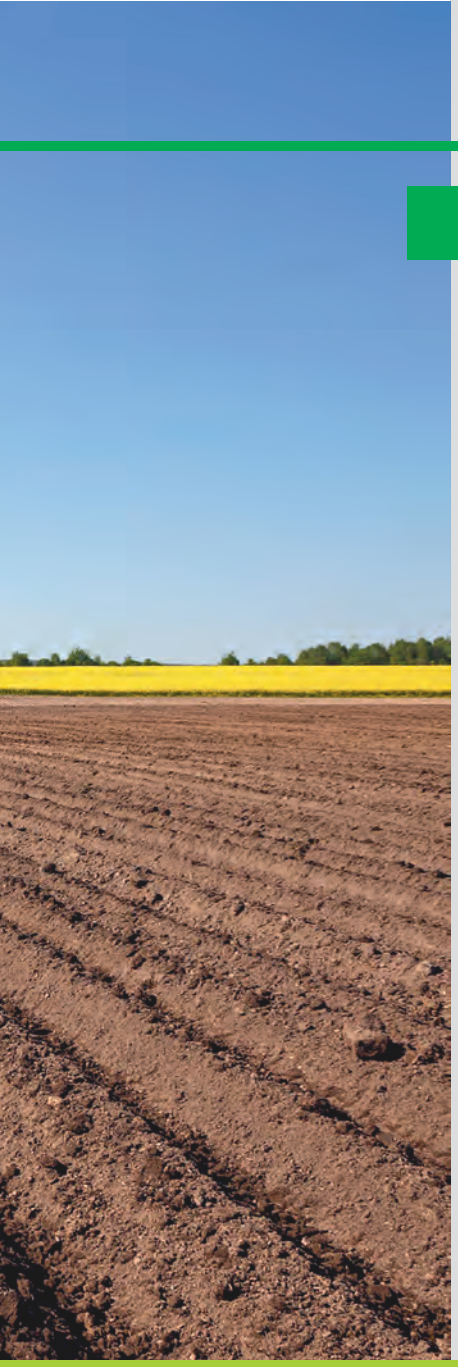


Iran's Five-Year Development Plans set out the goals and objectives to be achieved by the country during five-year timespans. The 7th Development Plan,(2023-2027)which is about to be launched, emphasizes on sustainable economic development and also foresees an economic growth rate of 8%. Along with this goal, the general policies of the 7th program have been approved in 7 areas including: «**Economic**», «**Infrastructural Affairs**», «**Cultural and Social**», «**Scientific, Technological and Educational**», «**Political and Foreign Policy**», «**Defense and Security**», «**Administrative and Legal**» and «**Judicial**».



The overall goals of the 7th Development Plan

- To generate an annual economic growth of 8%
- To generate an annual gross investment capital formation of 22.6%
- To increase oil exports by an average of 12.4%
- To increase non-oil exports by an average of 22.6%
- To increase products' imports by 16.2%



Overall Strategies of the 7th Development Plan

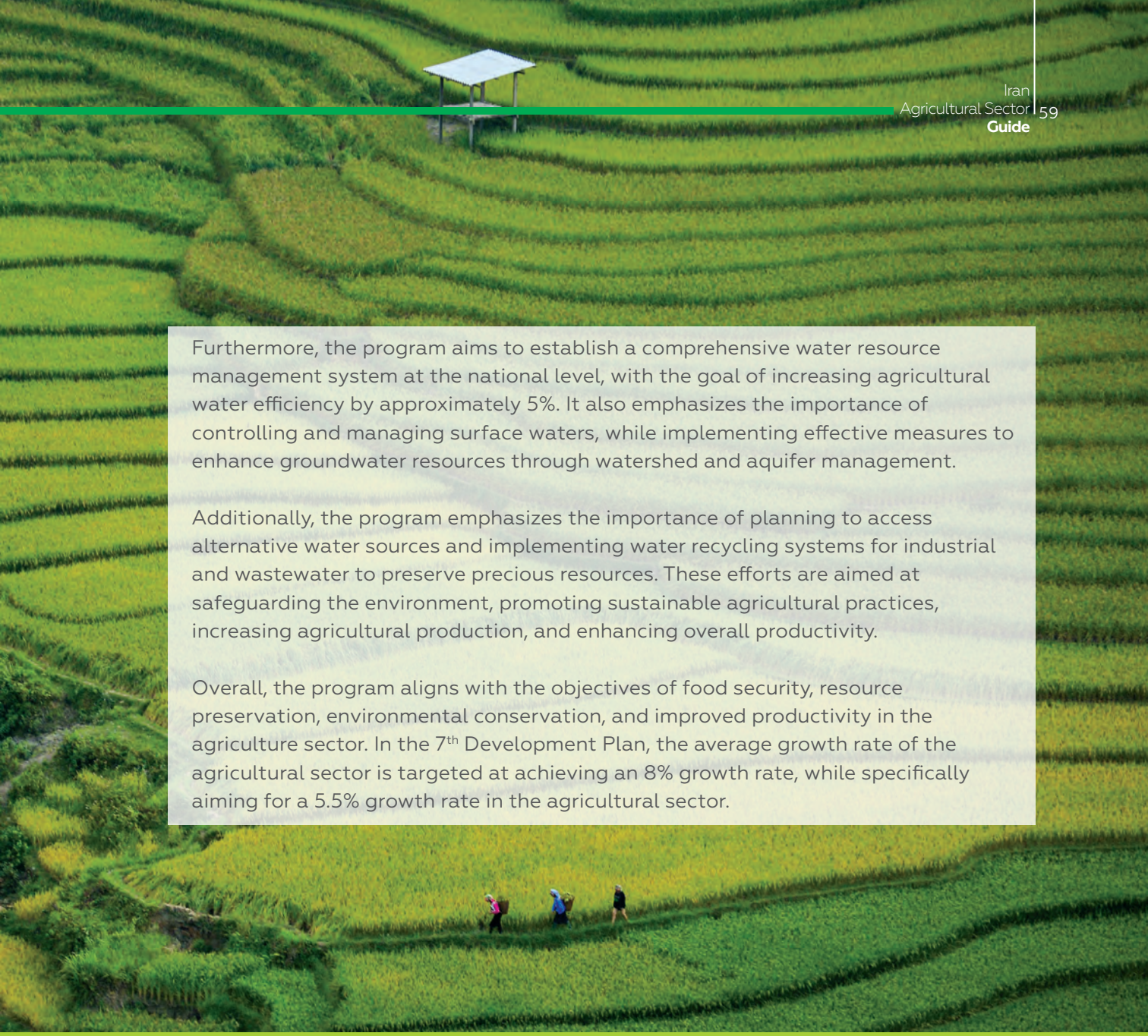
- To channel liquidity and banking credits towards productive activities while reducing investment in non-productive activities
- To transform the Islamic Republic of Iran into a prominent hub for trade, energy, communications, and transportation services by leveraging its geographical and political advantages through the streamlining of regulations and the establishment and development of essential infrastructure
- To implement comprehensive land development policies that leverage existing and potential advantages, with a particular focus on the sea, coasts, ports, and border waters, while simultaneously enhancing infrastructure
- To strengthen economic ties with neighboring countries, foster meaningful and constructive interactions with regional nations, and promote the development of non-oil exports by adopting an economy-centric approach in foreign policy and regional and global relationships
- To transform the administrative system and its structural reform, guided by comprehensive administrative policies, with a strong emphasis on digitalization and the implementation of e-government which entails the elimination of redundant and unnecessary institutions.
- To update laws and regulations, reforming methods, and combating corruption and its manifestations in administrative affairs
- To provide legal and judicial support for investment, economic security, and improvement of the business environment
- To reduce monopolies and government interventions in the economy, increase competition, transparency, and maximize private sector participation in the economy.
- To pay attention to transit and a maritime-oriented economy.

Agriculture Vision

Despite its promising features and potentials to shine in agriculture market, Iran's agriculture sector is currently operating at a very low standard that has resulted in vast misuse and exploitation of the country's energy and water supplies to the extent that its water resources are in great risk of running out in the near future. However, today, the Iranian officials have come to realize that in order for the agriculture industry to survive and maintain water and other vital natural resources, the old-fashioned and abolished cultivation and farming methods need to be replaced with more eco-friendly and up-to-date approaches and standards.

The new development program in the agriculture sector emphasizes the critical objectives of ensuring food security and achieving a minimum of 90% domestic production of essential commodities and food items. This objective is accompanied by the preservation and enhancement of genetic resources and water sources, as well as the promotion of health and safety standards in the food industry. The program also highlights the need to reform cultivation practices, taking into account regional advantages and water resources, with a particular focus on strategic agricultural products.





Furthermore, the program aims to establish a comprehensive water resource management system at the national level, with the goal of increasing agricultural water efficiency by approximately 5%. It also emphasizes the importance of controlling and managing surface waters, while implementing effective measures to enhance groundwater resources through watershed and aquifer management.

Additionally, the program emphasizes the importance of planning to access alternative water sources and implementing water recycling systems for industrial and wastewater to preserve precious resources. These efforts are aimed at safeguarding the environment, promoting sustainable agricultural practices, increasing agricultural production, and enhancing overall productivity.

Overall, the program aligns with the objectives of food security, resource preservation, environmental conservation, and improved productivity in the agriculture sector. In the 7th Development Plan, the average growth rate of the agricultural sector is targeted at achieving an 8% growth rate, while specifically aiming for a 5.5% growth rate in the agricultural sector.



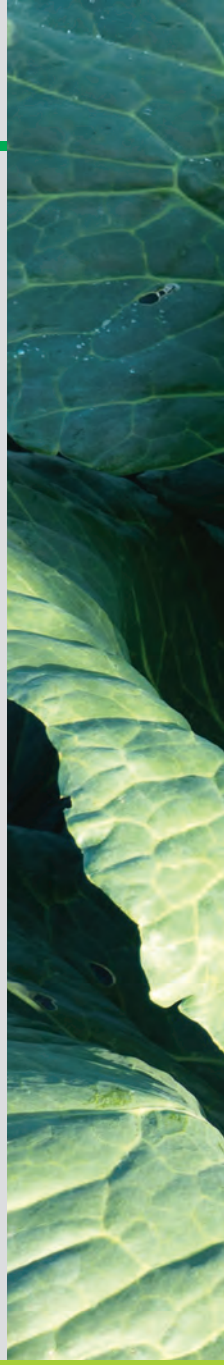




Agriculture Investment Opportunities

A study has been done based on MIC MAC model to analyze the interactions between various economic sectors in Iran. The following conclusions have been drawn which emphasize the important role that agriculture plays in Iran's economy:

- The agriculture sector is comprised of two dependent divisions of animal husbandry and agriculture, and gardening. There is also one independent division which is forestry and logging.
- Accounting for more than 12% of intermediary demands as well as raw material needs of other economic sectors, the agriculture sector divisions play a vital role in supply chain in the country.
- Accounting for more than 7% of final demand which includes family food demands, state demands and export, the agriculture sector divisions are one of the main parts of the capital and consumption basket in the country.
- Accommodating more than 10% of the total demand in Iran's economy (including final and intermediary demands), the agriculture sector divisions' roles are crucial in making a balance between the country's total supply and total demand.
- The agriculture sector divisions constitute more than 11% of raw and intermediary materials in Iran's economy with animal husbandry and agriculture and gardening accounting for 6% and 5% of this figure respectively.
- The agriculture sector divisions cover 8% of the country's total value added, 6% of which is generated by agriculture and gardening division.
- The agriculture sector divisions constitute about 9% of the total imports to Iran with agriculture and gardening division accounting for 5% of this figure and animal husbandry for the remaining percentage.





The agricultural products in Iran have a huge share in the country's economy. With a population of almost 84 million and access to a huge regional market (including Iraq, Afghanistan, Gulf countries, etc.), there are great investment potentials in the agriculture sector in Iran especially in the area of renovation, modernization and expansion of this sector and also development of process industry.

It is needless to say that water shortage is now a widespread global crisis and a concern; therefore, water resources need to be managed efficiently and with precision in order to maintain this sector. Iran's policy in agriculture has been moving towards self-sufficiency in agricultural production. However, water shortage problems and also the old-fashioned methods that are used in the agriculture sector are the obstacles that have prevented this sector to reach its full potentials.

There are indeed numerous investment opportunities in the agriculture sector as a promising sector that can help modernize and expand it, some of which have been outlined below:

Increasing Productivity and Mechanization

Given that a vast capacity of cultivated lands in Iran are still intact, by receiving investment in this sector, the productivity and efficiency of agriculture sector could witness an outstanding increase. Making investments on cutting-edge technologies and advanced machinery is indeed essential for increasing the productivity of the agriculture sector which currently suffers from old-fashioned and obsoleted methods and equipment. Following is a list of the areas that need investments in order to operate more efficiently:

- Using more advanced and efficient technologies for agricultural production and processing
- Using an automated animal husbandry system
- Setting up smart and technologically sophisticated greenhouses
- Using advanced machinery for farming rice
- Using advanced gardening tools
- Using organic cultivation machinery
- Improving soil and seed quality
- Using organic and less harmful pesticides
- Collecting and recycling agricultural waste





Water Management

Due to the water shortage in Iran and the fact that Iran is located on a desert belt it is of utmost importance to manage the water resources more efficiently and tactfully to avoid facing water crisis not just in agriculture sector but on a more general level as well.

- Using more advanced irrigation methods and renovating the existing ones
- Constructing new draining networks and renovating and optimizing the existing ones
- Regulating irrigations
- Implementing optimal water consumption system
- Implementing wastewater collection and recycling system
- Supporting the development of greenhouses and transferring cultivation from an open land to a controlled space in which water consumption can be better managed



Establishing a Distribution and Export Network

Agricultural products usually go through different stages within the distribution network before reaching the end consumer. The number of the middlemen involved in this process are at times a lot more than needed which results in a surge in the products' prices. Having a more efficient and faster distribution and export network would help amend this process. The average fruit and vegetable consumption in Iran is much lower than that of the global standard and by revising the distribution system and benefiting from the local market potentials, this figure can increase greatly. Moreover, given Iran's proximity to the huge local market of its neighboring countries as well as Gulf countries, by improving and modifying the distribution and export network, Iran has the potential to increase its export to these countries as well, which will generate huge amounts of revenue for the country's economy and also investors.

Increasing Production Rate

- Producing and modifying all types of seeds to improve the quality and increase the quantity of agricultural products
- Producing livestock fodder
- Farming and cultivating organic products and products that are not customarily produced in Iran such as aloe vera and sweet potato
- Optimizing technologies and machinery for breeding livestock and poultry
- Improving the efficiency of feed utilization and increasing animal productivity
- Industrialization of the fishing industry and investing in fishing ships that are also equipped with processing and packaging machinery and equipment



Development and Mechanization of Packaging

Iran is the top producer and exporter of a number of agricultural products which if packaged and presented with high quality and up-to-date standards and designs, can beat down competitions at any given market in the world. Given that there is still room for improvement in this area, there are investment potentials to consider in it as well.

- Processing, grading and pasteurization of pistachio and producing by-products from it
- Grading and packaging saffron
- Grading, packaging and producing by-products from dates
- Processing and packaging raisins
- Processing and packaging all types of nuts
- Grading, processing, drying and freezing fruits, fruit concentrates and vegetables

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