



## **Ahmad Imandoost**

Managing Director of Sohatoos Industrial Consulting Company  
(& Premium plus Member of London Chamber of Commerce and Industry)

**November 2017**

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

[info@sohatoos.com](mailto:info@sohatoos.com)

## **Ten Investment attractions in Iran**

Iran with about 80 million populations, has terrestrial borders with Turkey, Azerbaijan, Armenia, Pakistan, Afghanistan, Iraq and blue borders with Oman, Qatar, Bahrain, United Arab Emirates, Kuwait and Saudi Arabia. It also has access to high seas which has made it a special zone in the center of the Middle East.

Iran is the most powerful country in Middle East which plays the main role in securing the strait of Hormuz, the second international and crowded strait in the world. The length of this strait is 158 Kms and the width of it is from 56 to 180 Kms. Around 16.5 million barrels of oil per day pass through this strait. This is equivalent to 40 percent of the oil shipped by the oil tankers and 25 percent of total global oil supply.

Since concluding BARJAM (Joint Comprehensive Plan of Action), Iran managed to attract foreign capital of 11 billion and 800 million dollars. In the last year, Industry, Mine and Trade section attracted 5.5 billion dollars' capital in 83 projects. In general, it can be said that Iran, as a wealthy country which steps into development path has various sources not exploited and this is an appropriate investment base for foreign investment.

A total of about \$ 100 to \$ 156 billion worth of exports, of which \$ 44 billion of non-oil exports are expected to increase by \$ 80 billion, including exports of goods and services, next year. In addition, \$ 46 billion of this figure is related to oil exports, which will account for oil prices in September 2017, which is \$ 53 per barrel, with oil exports going up to about \$ 76 billion in the

New Year. In 2016, the country's gross domestic product has been 412 billion and 304 million dollars which was ranked as the 27<sup>th</sup> according to the International Monetary Fund in the world.

Recently, an € 8 billion deal with Korea, \$ 35 billion with China and € 1 billion with Austria, and a \$ 500 million contract with Denmark have been signed.

In this article, we have introduced 10 investment attractions of Iran:

### **1. Oil:**

Considering the conclusion of a nuclear agreement between Iran and the European Union and the P5+1 on July 14, 2015, and Iran's compliance with its obligations, as well as reaching an annual production of 3.8 million barrels of crude oil, Iran has managed to take back 80% of its share of market which was gone during the time of sanctions.

Planning to attract more than 60 billion dollars of foreign investment for priority projects and recovering Iran as the second producer of OPEC oil after Saudi Arabia, have made the oil industry one of the most attracting fields in the country. It should be noted that according to the US Energy Information Administration (EIA), Caspian oil reserves are about 20 to 40 billion barrels. Investments in this area are priorities and supported by the Ministry of Oil. Iran plans to increase its crude oil production by 2021 to 5.7 million barrels a day, of which 25 percent is to European buyers. The realization of this goal requires about \$200 billion of investment which according to oil ministry, 70% of this amount have to be provided by foreign investment.

### **2. Gas:**

Gas reserves of Iran are one of the best and most profitable fields to invest. One example of investment in this field is the 5 billion-dollar contract between Iran and Total (company) to develop the South Pars gas field. Its area is 9700 square kilometers and its gas reserves are 14 trillion cubic feet, with 18 billion barrels of gas condensation. This is 8% of the world's gas resources. The company's profit from the south phase of this contract was announced 12 billion dollars. The Caspian area is also a good place to invest in this field. According to EIA, the amount of gas reserves in Caspian Sea is around 30 trillion cubic feet. The oil minister has invited foreign investors to participate in oil and gas exploration in the Caspian Sea.

### **3. Petrochemicals**

The share of Iran in the production of petrochemical products in the world is 2.54% and in the Middle East is 23.64%, indicating high readiness for the financing of petrochemical projects. Its nominal capacity of this industry by 50 years of experience is 60 million tons annually. There are currently 70 projects in the field of petrochemicals with an investment capability of \$ 40 billion, and about \$ 131 million is ready to be presented to the investors.

#### **4. Wind Energy**

Since the wind energy produced by wind was 5.5% of the world's total electrical energy in 2015, construction of electric power plants is a good opportunity for foreign investors. About 80 countries are looking to increase their capacity to develop wind turbines or renewable technologies. Iran also has a strong wind turbine with well-ventilated areas.

According to the Atlas of wind power from 60 stations in different regions of the country, the capacity of wind farms is estimated at 60,000 MW and the country's energy content is estimated at an economic level of 18,000 MW. With a cost of \$ 4 million for the construction of a 2 MW power plant, as well as a government action to purchase electric power supplies for 20 years, a total of \$ 2 is needed for each kilowatt at least. The return on capital will also take place within 5 to 7 years.

The Iranian and British authorities have recently signed a contract to build a large solar power plant with a capacity of 600 MW. The amount of foreign investment on this project is estimated to be 600 million euros, which will be operational by early 2018.

#### **5. Solar Energy**

Iran with more than 300 sunny days and an average radiation of 2800 hours a year is one of the best countries in the world to produce and use solar energy.

Today, the country is capable of producing 210 MW of solar panels. There were \$ 3.6 billion demands in foreign investment this year. Among countries, Germany, Greece and Switzerland are the countries that have already invested in this area. Moreover, the newest \$ 27 million power plant with a capacity of 20 MW this year has been opened in Iran with the participation of a Swiss company. Under the Paris treaty, Iran is required to produce about 7,500 MW of electricity from renewable energy sources by the end of 2030.

Until now nearly 300 MW of different renewable Wind and Solar power plant have been set up in the country and annually more than 300 million kw electricity is produced from these power plants and distributed across the country. Ministry of Power will guarantee producing electricity for 20 years from wind and solar power plants.

#### **6. Development of Airports and Equipment for Aviation Industry**

Although Iran has 54 passenger terminals (airports)- which consists of 20 domestic airports, 25 air-board airports, and 9 International airports, with 16 million square meter area for terminals, runway and different flight stages-; it does not have enough parking for 500 airplanes. This item requires foreign investment and finance cooperation.

Recently Iran Air Company has signed a contract of purchasing 100 Airbus airplanes that

approximately costs 10 billion dollars. Moreover, it has carried out the purchase contract of buying 20 ATR airplanes that has the capacity of 77 passengers; ATR is a sub-division of Airbus.

Regarding the trip of Boeing vice president to Iran, after 48 years; purchase contract of 80 Boeing airplanes was signed which costs 80 billion dollars. Also 15 Boeing 777-300ER (77W), with 350 seats and 15 huge 777 airplanes with more than 350 seats has been purchased with the aim of increasing the number of seats to 11100. It should be mentioned that for all the airplanes, auxiliary and support equipment on the runway and also equipment in hangar are needed.

## **7. Rail Transport Industry**

Iran has been geopolitically special since the last 1500 years. In the world, some corridors have been defined that Iran is the corridor of the East to the West and North to South. It connects China to Europe and India to the North. Since the Iranian government is willing to increase rail passenger capacity by 25 million to 45 million passengers, investment in this sector is necessary. For example, the volume of the electric power project contract for the Tehran-Mashhad railway project (about 900 km) is equivalent to \$ 1.7 billion.

## **8. Developing Mine Section**

Iran is one of the low costs countries of mine and mining industries products for its exceeding energy, low ownership interest rate, low wage rate, international waters and railways accessibility and low transport system tariffs. Performing development of mine and mining industries extensive plan including cooper, zinc, steel, exploration and infrastructure need capital of 40 billion dollars. Today, %50 of a comprehensive plan of increasing exploration activities in the area of 250.000 Km<sup>2</sup> has been achieved. Moreover, developing projects are planned for mine production such as: titanium, petroleum coke, coal and strategic products and rare earth elements. In detailed, there exists aluminum and cooper capacity building plans up to year 2025 and it is supposed to increase production of cooper to 450.000 tons and aluminum to 1.5 million tons, which indeed needs a capital of 10 billion dollars. A notable point in this regards is that the whole procedure of foreign investment is supported by the government to guarantee the principle of capital and remove the principle of capital and its profits from the country.

## **9. Waste Management**

According to several countries interest in importing garbage in the year 2017 to introduce electricity, the waste management has significant capacity for investors. The first waste incinerator was invented in England in 1874 by MANLOVE and ALLIOTT companies.

In Iran 50.000 tons of garbage are produced every day of which 8.000 tons are produced in Tehran. Only %7 of this amount is being separated. Until now factories are established for solely 500 tons of garbage, which equals to %6.25 of the whole, to produce electricity.

## **10. Investing in the treatment sector**

Japan has at least 13.4 hospital beds per 1,000 people. This is about 9.56 in South Korea and about 8.27 in Germany. We now have 95,000 hospital beds in the country, which equals 1.7 beds per 1,000 people. According to the sixth country economic development plan, if we want to reach this level of 2.6 beds per 1,000 people, we need more than 100,000 hospital beds. We have negotiated with countries such as South Korea, Japan and Italy about building 24 hospitals. According to the current budget of the treatment sector in the country, only 1600 hospital beds can be created annually. Therefore, foreign investment in this sector is necessary. Also, the tariffs for private hospitals in Iran are at least 4 times higher than those for public hospitals. Only about \$100,000 investment is needed to create any hospital bed in Iran.