



## IRAN

### What's happening in this economy

Iran's energy-rich economy boasts a significant manufacturing sector and sizeable consumer market.

Large state-owned companies hold dominant positions in key industries, accounting for around 60% of Iran's GDP. The energy sector remains dominant, with 30 to 45% of the country's budget dependent on oil revenue.

Economic diversification is key for Iran to generate economic growth in line with its 2025 economic plan.

The Iranian Government has announced major infrastructure spend, supported by oil sector diversification and investments in heavy industry and mining. However the IMF predicts that the Iranian economy will contract by 9.3% in 2019 due to limitations on Iranian oil exports and the re-imposition of US sanctions.

#### Key Facts and Figures

- Population: 82.4 million (2018)
- GDP growth: – 6% (2019)
- GDP per capita PPP: AUD 18,504 (2019)
- Political system: Islamic Republic
- Two-way trade/key goods and services traded: AUD 524 million

### Trade, investment, and commercial opportunities and activities

- Around 20 Australian companies are doing business with Iran, largely through indirect transactions through the United States, Europe and Asia:
  - ATC Williams and Labwest Mineral Analysis are major Australian companies established in Iran and servicing the mining sector.
- The Iran–Australian Water Research Centre (IAWRC) was established in April 2017 as a joint research program between the Australian Water Partnership and Sharif University:
  - IAWRC has been mandated to identify practical solutions to the desiccation of the Lake Urmia basin, caused by damming upstream rivers and drought
  - IAWRC is an instrumental platform for Australian infrastructure and water management companies to provide expertise, and
  - the centre is working to share knowledge with Iranian stakeholders.
- Food and agriculture constitutes the largest share of Australian exports to Iran:
  - recent Iranian government policy changes and the removal of subsidies on meat imports are being assessed, and
  - Australia will explore other channels to support this trade, including through high end hospitality networks.
- Cochlear has been active in Iran since the 1990s:



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- Austrade recently worked with the company to help with product certification and FDA approval processes.
- The University of Sydney signed a memorandum of understanding with the Business School of Sharif University in 2017 to deliver executive training courses in Tehran:
  - Macquarie University has also signed a memorandum of understanding with Tehran University and Sharif University for research and joint PhD programs. It has 54 Iranian PhD students (all fully funded by research grants) with a total of 120 Iranian students, and
  - Curtin University offers 10 scholarships for Iranian PhD students every year. The university has 25 Iranian PhD students and has signed an agreement with Sharif University to increase student intake and collaboration on environmental research. The current travel advice limits the extent of possible collaboration.

## Trade policy and negotiations

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**Mining:** Iran holds around 7% of the world's mineral resources, with vast areas unexplored using advanced techniques. Given the geological and environmental similarities between Australia and Iran, Australian METS and mining companies are well placed to participate in some of the largest mining projects in the Middle East, particularly in:

- drilling
- pit-to-port infrastructure
- mine remediation, and
- corporate social responsibility.

Australian METS companies can provide relevant expertise to bring local Iranian mining practices to international standards and improve their efficiency.

**Infrastructure:** Iran is in urgent need of water management solutions as it develops its domestic agricultural production. Drought and inefficient agricultural practices have negatively affected Iran's water supplies, resulting in the loss of around 40% of the country's renewable water resources. The Iranian Government has introduced a water management plan to boost water efficiency from 36% to 70% by 2025 by introducing modern irrigation techniques.

**Education:** 150,000 Iranians study overseas every year, the majority on scholarships. Australian vocational education and training providers can assist Iranian companies to:

- upgrade their workforce skills and capabilities to compete in an international market
- address deficiencies in managers' soft skills, such as communication and delegation, and
- build technical skills: 3,000 Iranian students are enrolled in Australian universities at any one time, including around 1,200 Iranian PhD students working in advanced research fields.

Iran is one of the largest food/agri markets in the Middle East. There are significant opportunities for Australian exporters, as well as Australian water management and AgriTech experts. The Iranian Government



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removed subsidies on major imports such as red meat in 2019 and is encouraging foreign entities to invest in Iranian production capacity in food/agri to gain access to the market.

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