Introduction

Iran is a country located in the Middle East bordering the Gulf of Oman, the Persian Gulf, and the Caspian Sea. It has a strategic location on the Persian Gulf and Strait of Hormuz, which are vital maritime pathways for crude oil export. Neighboring countries include Afghanistan, Armenia, Azerbaijan, Iraq, Pakistan, Turkey, and Turkmenistan. The government system is a theocratic republic; the chief of state is the supreme leader, and the head of government is the president. Iran has a largely controlled economic system in which the central government directs the economy regarding the production and distribution of goods, but there is some private sector activity.

Key Economic Facts

Income Level (by per capita GNI): Upper Middle Income
Level of Development: Developing
GDP, PPP (current international $): $1,600.56 billion (2022)
GDP growth (annual %): 2.75% (2022)
GDP per capita, PPP (current international $): $18,075.05 (2022)
External debt stocks, total (DOD, current US$): $10,348,874,166.90 (2021)
Manufacturing, value added (% of GDP): 21.22% (2021)
Inflation, consumer prices (annual %): 43.39% (2021)
Labor force, total: 28,819,421 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate): 10.96% (2022)
Imports of goods and services (current US$): $69.45 billion (2022)
Exports of goods and services (current US$): $76.92 billion (2022)

GDP Composition %

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>47</td>
<td>40</td>
<td>0</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>147 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>60 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>99 / 141</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>132 / 136</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>153 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>64 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>61 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>154 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>92 / 139</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: E - The highest-risk political and economic situation and the most difficult business environment. Corporate default is likely.

Business Climate rating: D - The business environment is very difficult. Corporate financial information is rarely available and when available usually unreliable. The legal system makes debt collection very unpredictable. The institutional framework has very serious weaknesses. Intercompany transactions can thus be very difficult to manage in the highly risky environments rated D.

Strengths
- Second largest proven oil and gas reserves in the world
- Highly diversified economy with a strong manufacturing sector
- Low penetrated, large consumer market
- Possibly improved relations with the new U.S. administration

Weaknesses
- International sanctions weighing on trade, investments and capital flows
- Limited foreign exchange reserves, existence of multiple exchange rates
- Restricted availability of banking funds for companies due to the fragility of the financial system
- High level of inflation trimming purchasing power of households
- Lack of employment opportunities, especially for youth
- Heavy bureaucracy

U.S. Embassy

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