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.

Location: Southern Asia
Capital City: Tehran (+3.5 GMT)
Chief of State: Supreme Leader Ali Hoseini-Khamenei
Head of Govt.: President Hasan Ruhani
Currency: Iranian Rial (IRR)
Major Languages: <p>Persian (official), Azeri Turkic and Turkic dialects, Kurdish, Gilaki and Mazandaran, Luri, Balochi, Arabic, other</p>
Primary Religions: <p>Muslim (official) 99.4% (Shia 90-95%, Sunni 5-10%), other (includes Zoroastrian, Jewish, and Christian) 0.3%, unspecified 0.4%</p>
Calling Code: 98
Voltage: 230

Key Economic Facts

Income Level (by per capita GNI): Upper Middle Income Level of Development: Developing
GDP, PPP (current international $): $1,695.06 billion (2017)
GDP growth (annual %): 3.76% (2017)
GDP per capita, PPP (current international $): $20,884.74 (2017)
External debt stocks, total (DOD, current US$): $6,276,233,935.50 (2017)
Inflation, consumer prices (annual %): 9.99% (2017)
Labor force, total: 27,580,400 (2018)
Imports of goods and services (current US$): $108.23 billion (2017)
Exports of goods and services (current US$): $113.24 billion (2017)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>10%</td>
</tr>
<tr>
<td>Services</td>
<td>65%</td>
</tr>
<tr>
<td>Industry</td>
<td>21%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
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</tbody>
</table>

*RAlthough 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>130  / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>60   / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>89   / 139</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

- Large gas and oil reserves (respectively second and fourth largest in the world)
- Very low level of external debt
- Strategic location in the sub-region

Weaknesses

- High inflation
- Social tensions
- Unfavorable business climate

U.S. Embassy

Virtual Embassy Tehran
https://ir.usembassy.gov

Country Memo Provided by: globalEDGE.msu.edu and EXPORT.GOV