

## NEWS ABOUT IRAN

### INFORMATION FOR BUSINESS SECTION



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### Iran's annual car imports exceed \$1b

Source: [Tehran Times](#)

Iran imported over 44,000 cars, worth more than \$1 billion, during the past Iranian calendar year, which ended on March 20, ISNA reported. The imports showed 11.3 percent rise year on year. The average price of the imported cars was \$24,441, according to the report.



luxury cars in the streets of Tehran

The UAE, South Korea, and Kuwait were the main sources of exporting cars to Iran, with 57 percent, 27 percent, and 4 percent shares of the total number of exported cars, respectively.

On February 3, ISNA reported that the Iranian administration has decided to reduce car import charges by 5 percent in a

bid to create a balance in prices of cars in the domestic market.

The car import charges will be decreased by 5 percent in the next Iranian calendar year, which begins on March 21.

Industrial Development and Renovation Organization's chairman Gholamreza Shafei said in December 2012 that the main problem facing the Iranian car industry is not the international sanctions, but is the shortage of revolving capital.

Iranian carmakers are manufacturing at 50 percent of their nominal capacity, he said. This is due to the shortage of capital, the Fars News Agency quoted him as saying.

Iran plans to manufacture at least three million cars by 2025 and export some one million sets, Iranian Industry, Mines, and Trade Minister Mehdi Ghazanfari said on June 16.

## Dodging sanctions in Iran

### How Iranian companies manage to keep trading with foreigners

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“IT’S all about the documents,” says Sajad, a manager of an Iranian shipping firm. “Iran is in the printing business now.” He is referring to the lengths to which Iranian companies go to circumvent sanctions. In this case, the documents are faked to make Iranian oil look as if it came from Iraq. Iraq exports a lot of oil through Iran by lorry. Iranians who handle Iraqi documents can easily copy and reuse them.

The past 15 months have been grim for Iranian businesses which trade with the outside world. America has tightened sanctions against Iran’s financial system; the European Union has put an embargo on its oil; and international traders are wary of dealing with the country.

But Iranian businesses are used to fighting for survival. The Islamic Republic has faced sanctions of one sort or another since its creation in 1979. Parts for Iran’s ageing civilian airliners trickle in from the black market. A host of sanctioned products, from industrial chemicals to anti-aircraft missiles, come from China. Almost any good can be found in Iran, at a price.

Amir, a manager in a mining business, says he regularly meets British and German suppliers in Turkey, to obtain the most advanced equipment to tap Iran’s mineral wealth. “Foreign firms are terrified of doing something illegal, but in the end they are businessmen,” he says. “The Europeans send our cargoes to Dubai, documented as the final destination. From there we are in charge.” Amir uses Gulf middlemen to change the documents, for a fee of 3-5%, before the goods are shipped to Bandar Abbas, Iran’s largest port.

Because few international banks deal with sanctioned Iranian institutions, Iranian importers have to find roundabout ways of paying suppliers. Amir uses a network of Iranian go-betweens who own companies in South Africa and Malaysia to pay his suppliers’ Western banks. He says 30% of his revenues are spent on

avoiding sanctions—not counting the time involved.

The sanctions have hit Iran’s oil industry the hardest. Iran’s government depends on oil for more than half of its revenue, but exports have fallen and grown more volatile. The country’s total production is a quarter less than the 3.6m barrels per day it pumped in 2011.

One way of keeping sales going is to dress up Iranian oil as Iraqi. Another trick is to move Iranian oil onto foreign tankers on the open sea. Once crews have switched off their ships’ tracking beacons, this is all but undetectable. The oil is sold at a discount. Fujairah, in the United Arab Emirates (UAE), is a big market for Iranian oil. Business is down, says Sajad, but European firms still trade with Iran, using Swiss subsidiaries which broker deals with the Iranians and collect the crude using tankers under the flag of a third country.

The sanctions have been a fillip for the few institutions still handling Iranian money. One foreign bank charges 5% on cash moving in or out of Iran, says an Iranian shipping source. Normal business rates are a fraction of a percent, but Iranian firms have little choice.

Sometimes the fear of sanctions is more effective than the sanctions themselves. A customer in the UAE owed \$1.3m to Sajad’s shipping firm but would only send it in costly small instalments. Sajad flew to the Gulf to pick up the balance in cash. “I was nervous about what I would say to customs from either country if they checked my suitcase,” he says. “I decided I would tell the truth. I am not a criminal.” But no one did.

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