

GUIDELINES ON DOING BUSINESS WITH IRAN

**PREPARED BY:
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY**



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1. BACKGROUND

The lifting of economic and financial sanctions on Iran in January of 2016 has opened up Iran's economy for businesses to re-engage with the country.

The sanctions that were lifted on 16 January 2016, the Implementation Day of the Joint Comprehensive Plan of Action (**JCPOA**) include in sectors such as:

- i) Financial, banking and insurance;
- ii) Oil, gas and petrochemical;
- iii) Shipping, shipbuilding and transport;
- iv) Gold, other precious metals, banknotes and coinage; and
- v) Software.

The complete list of sectors and details of sanctions-related commitments can be found in Annex II of JCPOA.

2. OPPORTUNITIES FOR MALAYSIAN COMPANIES

Malaysian companies can now take advantage of this latest development to establish business linkages with Iran.

i) Iran's Key Indicators

- 2nd largest economy in Middle East and North Africa (**MENA**) after Saudi Arabia, with GDP of US\$406.3 billion (2014);
- 2nd largest gas reserves in the world, and 4th largest oil reserves;
- 2nd largest population in MENA, after Egypt, with 78.5 million people; and
- Upper middle income country with a young population and highly educated workforce.

ii) Potential Products and Services

Products that Malaysian companies could offer:

- Oil and Gas;

- Raw material & semi manufactured products, industrial supplies and equipment;
- Automotive and automotive parts;
- Chemicals and chemical products;
- Building materials;
- Medical devices;
- Rubber products; and
- Food products.

Services that Malaysian companies could offer:

- All services related to the Oil and Gas sector;
- Consultancy on machinery & improvement processes technologies;
- Maintenance, repair & operations (**MRO**) for aerospace and maritime; and
- All services related to airports, rails and infrastructures.

3. CHALLENGES OF DOING BUSINESS IN IRAN

Malaysian companies keen to do business with Iran, need to be cognizant of and adhere to:

i) Restrictions and Prohibitions Related to Remaining Sanctions

- Key players in the world economy namely the United States and the European Union still maintain some sanctions on Iran, particularly, sanctions related to nuclear proliferation, human rights and terrorism.
- Primary US sanctions that are still in force restrict the following from engaging in transactions or dealings with Iran or its government:
 - US individuals (US persons);
 - US entities/companies/institutions including banks; and

- Transactions using US dollars.
- ii) **Enhanced Due Diligence (EDD)** undertaken by financial institutions as part of their risk assessment entailing additional requirements and procedures.
- Financial institutions are required to implement additional measures on customers intending to deal/have been dealing with non-listed Iranian individuals/entities. This is because Iran remains as one of the high risk jurisdictions identified by the Financial Action Task Force as having strategic Anti-Money Laundering/Counter Financing Of Terrorism (AML/CFT) deficiencies and has not made sufficient progress in addressing those deficiencies. Refer also to <http://amlcft.bnm.gov.my/index.html>.
 - As such financial institutions may conduct enhanced due diligence (EDD) on companies transacting / proposing to conduct business relationship with Iranian individuals/entities, and enhance monitoring of on-going of customer transactions. This may include requirements such as:
 - additional information on the customer and beneficial owner (e.g. volume of assets);
 - source of wealth or source of funds;
 - additional documents relating to the transactions; and
 - companies to purchase financing insurance/credit insurance.
 - Companies are advised to fulfill all the conditions required by the financial institution by furnishing the relevant documents requested by the financial institution.
 - More information may be obtained from Bank Negara Malaysia:
 - visit <http://www.bnm.gov.my> and email enquiries to: bnmtelelink@bnm.gov.my.

4. COMPLIANCE TO STRATEGIC TRADE ACT (STA) 2010

The Strategic Trade Act (STA) 2010 controls the transaction of strategic items i.e. goods and technology used to facilitate the design,

development and production of weapons of mass destruction and their delivery systems. This is as prescribed under international export control regimes as well as the relevant United Nations Security Council Resolutions.

Iran is one of the countries listed as a 'restricted end-user' under the Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010. It sets the requirement for a Special Permit to be obtained prior to export, transit, transshipment and brokering of strategic items to Iran.

The complete list of Strategic Items can be accessed here: [www.miti.gov.my>Our Services> Strategic Trade Act 2010> Resources>Guidelines>Strategic Items under the STA 2010](http://www.miti.gov.my/Our_Services/Strategic_Trade_Act_2010/Resources/Guidelines/Strategic_Items_under_the_STA_2010).

However, there are circumstances where the activities of export, transit, transshipment and brokering of strategic items are totally prohibited. These apply if they are meant for Iranian individuals and entities listed as prohibited end-user' in the Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010.

http://www.miti.gov.my/miti/resources/STA%20Folder/PDF%20file/Restricted_End_Users_and_Prohibited_End_Users.pdf

Please refer to MITI's website: <http://www.miti.gov.my/index.php/pages/view/sta?mid=105> for more information.

5. FREQUENTLY ASKED QUESTIONS (FAQS)

WHICH ARE THE SANCTIONS THAT REMAIN?

Activities that remain banned under the proliferation related sanctions include:

- i) transactions with Iran-related persons who are still on the Specially Designated Nationals (SDN) List, after Implementation Day (16 January 2016), or
- ii) trade in certain materials involving Iran.

Primary US sanctions, including the US trade embargo will also remain in force.

Further details can be found on the FAQs section of the OFAC website at: <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>

WHAT GOODS OR BUSINESS ACTIVITIES WILL REQUIRE PERMITS UNDER THE STRATEGIC TRADE ACT 2010?

The activities of exports, transits, transshipments and brokering of strategic items will require permits/certificates (for brokering) under STA 2010.

ARE THE FINANCIAL TRANSACTIONS TO AND FROM IRAN ALLOWED AFTER THE ECONOMIC AND FINANCIAL SANCTIONS RELIEF?

Any financial transactions to and from Iran are allowed depending on financial institution's readiness and risk assessment undertaken.

WHERE CAN I FIND FURTHER GUIDANCE ON UN AND US SANCTIONS?

Further details on the United Nations Security Council Resolution 2231 (2015) can be found at www.un.org/en/sc/2231.

Guidance issued by the US Office of Foreign Assets Control (OFAC) on the US unilateral sanctions can be found at <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/iran.aspx>

DOES MALAYSIA HAVE AN EMBASSY IN TEHRAN?

Yes, please refer to the Contact Details section of this guideline book.

DO MALAYSIANS NEED VISA TO ENTER IRAN?

No visa is required for up to 14 days.

For stays longer or more than 14 days and up to 60 days, a visa is required. The fee is RM60.00.

Note : All foreigners entering Iran must have a valid Health and Accident Insurance Coverage.

HOW DO I GET ASSISTANCE ON MATTERS PERTAINING TO DOING BUSINESS WITH IRAN?

You may contact the respective authorities/agencies as listed in Contact Details section of this guidelines.

6. CONTACT DETAILS

- You may contact relevant persons as listed below for further information on:

i) Business opportunities & matching:

Mr. Remee Yaakub
Trade Commissioner
Malaysia External Trade Development Corporation
(MATRADE)
Dubai Office (covering Iran)
Tel:
+971-4-335 5528
+971-4-335 5538
Email: dubai@matrade.gov.my
ice@matrade.gov.my

OR

Mr. Mohd Amin Yatim
Senior Manager
West Asia Unit
MATRADE Kuala Lumpur
Tel: 03-6207 7273 / 7077
Email: mamin@matrade.gov.my

Mr. Hadzizi Noor Shaidan
Assistant Manager
West Asia Unit
MATRADE Kuala Lumpur
Tel: 03-6207 7669 / 7077
Email: hadzizi@matrade.gov.my

ii) Financial related issues:

BNM TELELINK
Tel: 1-300-88-5465 (LINK)
Fax : 03-2174 1515
Email: bnmtelelink@bnm.gov.my
Web : www.bnm.gov.my

iii) Invest in Malaysia:

Mr. Sukri Abu Bakar
Consul (Investment)
Malaysian Investment Development Authority (MIDA)
Dubai Office
Tel: (9714) 4343 696 / 4343 697
Email: mida@midadubai.ae

OR

Mr. Mohd. Riduan Abd. Rahman
Deputy Director
Foreign Investment Coordination Division,
Malaysian Investment Development Authority (MIDA)
Tel: 03-2267 6700
Email: riduan@mida.gov.my

iv) Strategic Trade Act 2010:

Tel: 03-6200 0585 (STA Hotline)
Email: admin.sts@miti.gov.my

OR

Mr. Faizal Mohd. Yusof
Deputy Strategic Trade Controller
Strategic Trade Secretariat
Ministry of International Trade and Industry (MITI)
Tel: 03-6208 4863
Email: faizal@miti.gov.my

v) Consular services:

Consular Division
Ministry of Foreign Affairs
Tel: 03-8887 4645
03-8887 4367
Email: konsular@kln.gov.my

vi) Malaysian Embassy in Tehran:

No. 25, Second Alley,
Zarafshan Street, Eyvanak Blvd,
Phase 4, Shahrak-E-Qods,
Tehran.

Tel : +98 21 8807 2444
Faks : +98 21 8807 8716
Email: mwtehran@kln.gov.my

vii) Iranian Embassy in Kuala Lumpur:

1, Lorong U Thant Satu, Off Jalan U Thant, 55000 Kuala Lumpur.

Tel: 03-4251 4824
Email: iranemb.kul@mfa.gov.ir
Website: <http://kualalumpur.mfa.ir>