Legal framework and Investment Opportunities in Iran's oil & gas industry

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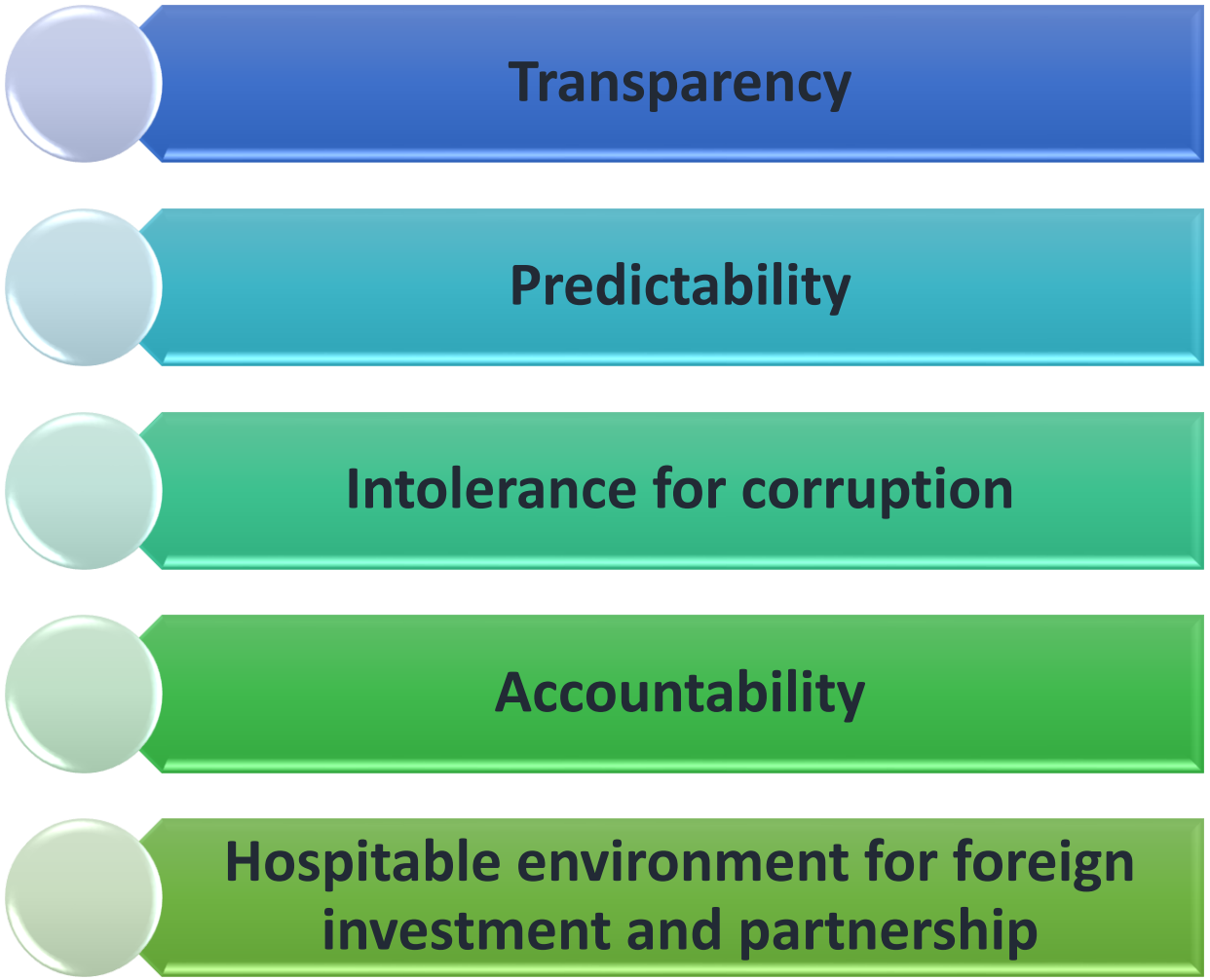
Post-JCPOA, IRAN business Environment



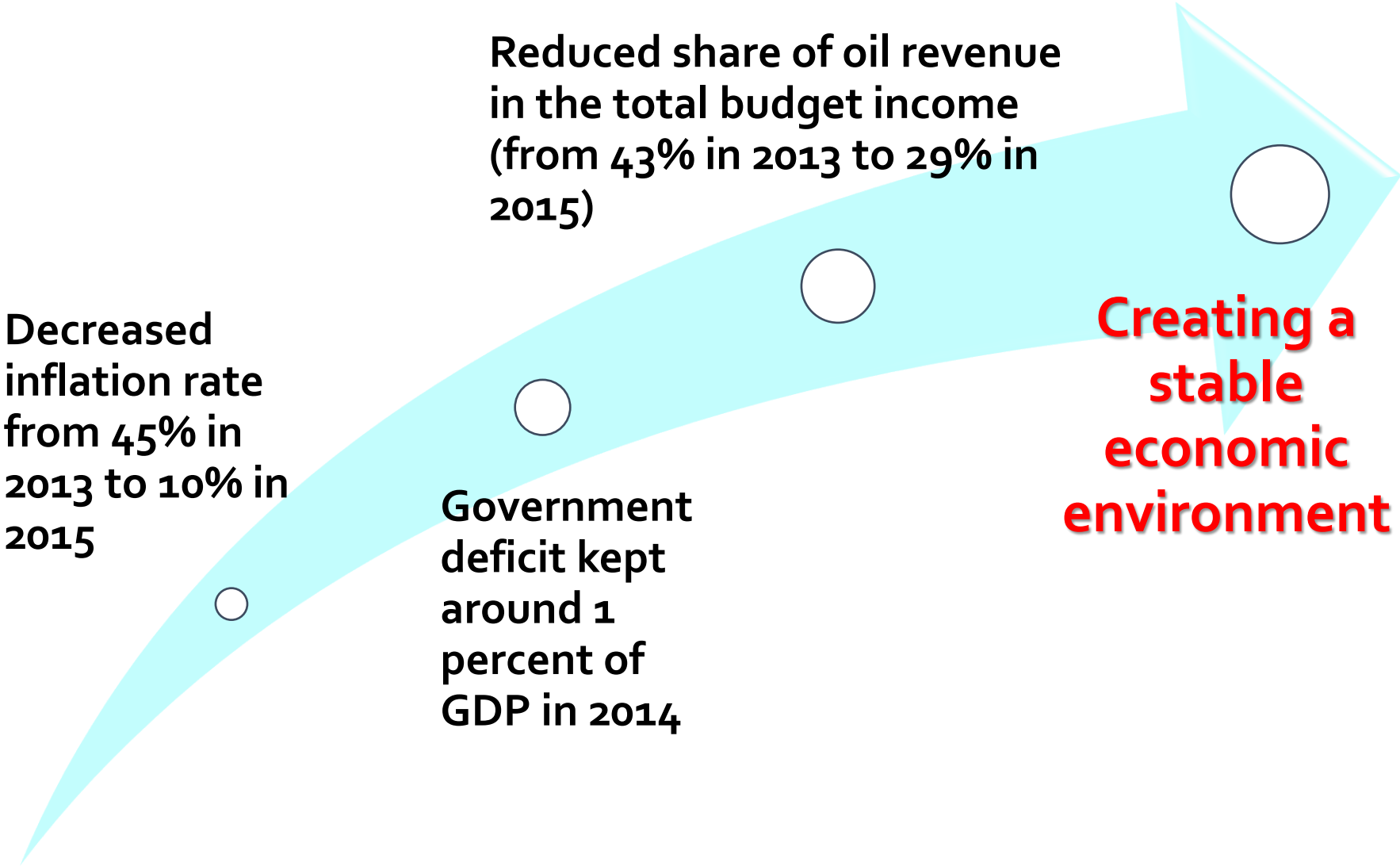
Why Engage in Iran's Oil and Gas Industries?

Russia
Ukrainia
Kazakhstan
Connect to TANAP PIP
Gas Swap of Turkmenistan & Kazakhstan
Azerbaijan
Turkmenistan
Turkey
Tajikistan
China
Iran
Afghanistan
IPI Pipeline
Gas PIP to Iraq
Egypt
Sarakhs-Jask Pipeline
Pipeline to Persian Gulf countries

Iran's opportunity to reconnect with the global economy

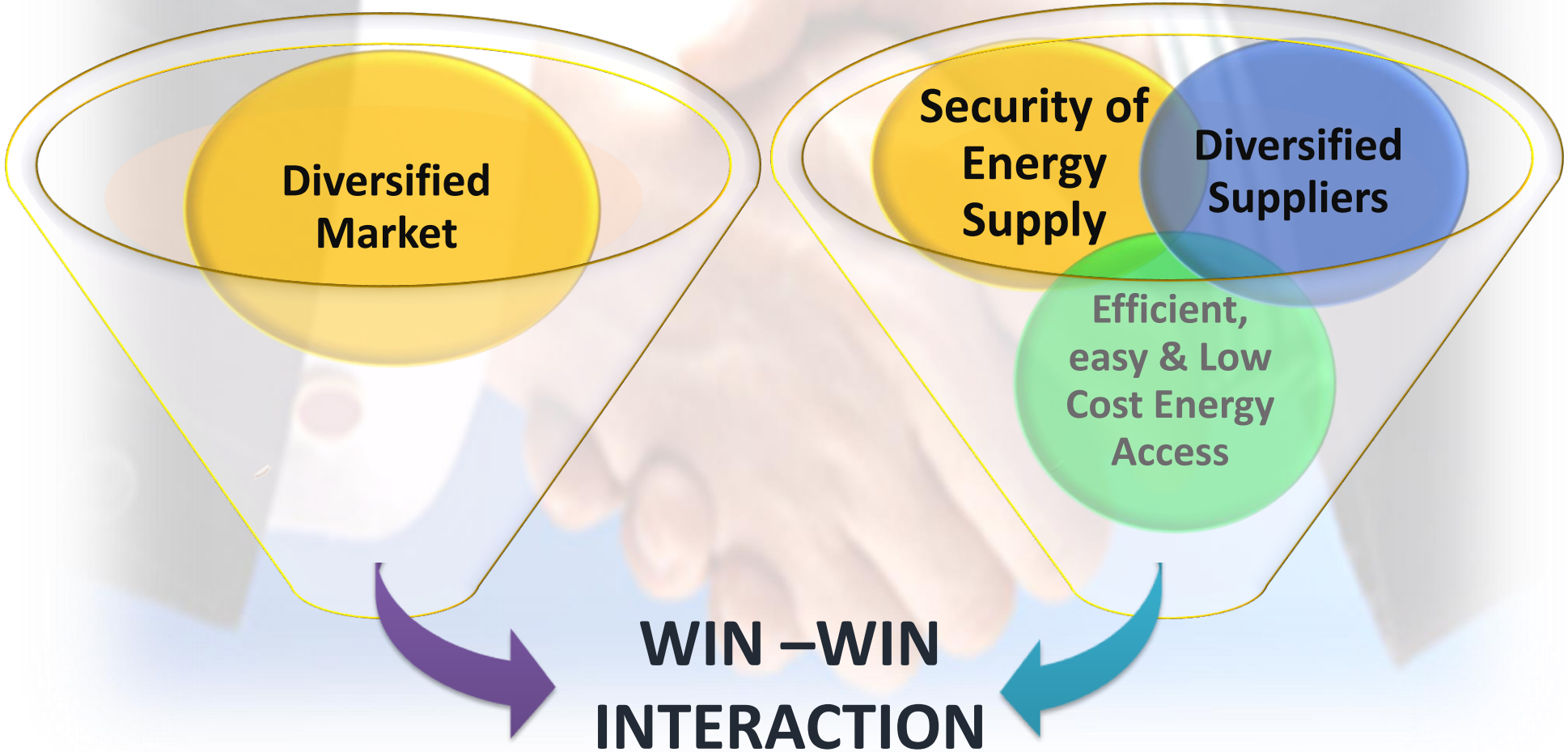
- The 18th largest economy in the world
- Population of almost 80 million young, urbanized and entrepreneurial.
- A wealth of natural resources
- Diversified economy(more than 20 Iranian companies have sales exceeding $5billion and only six of them are oil and gas firms)
- Least dependency on crude oil and gas among major Middle Eastern oil-producing countries(23% of real gross value added came from oil and gas.)

Iran to Build an attractive economic environment



Iran as a major oil and gas supplier, seeks:

Oil and gas consumers, IOCs or NOCs, seek:

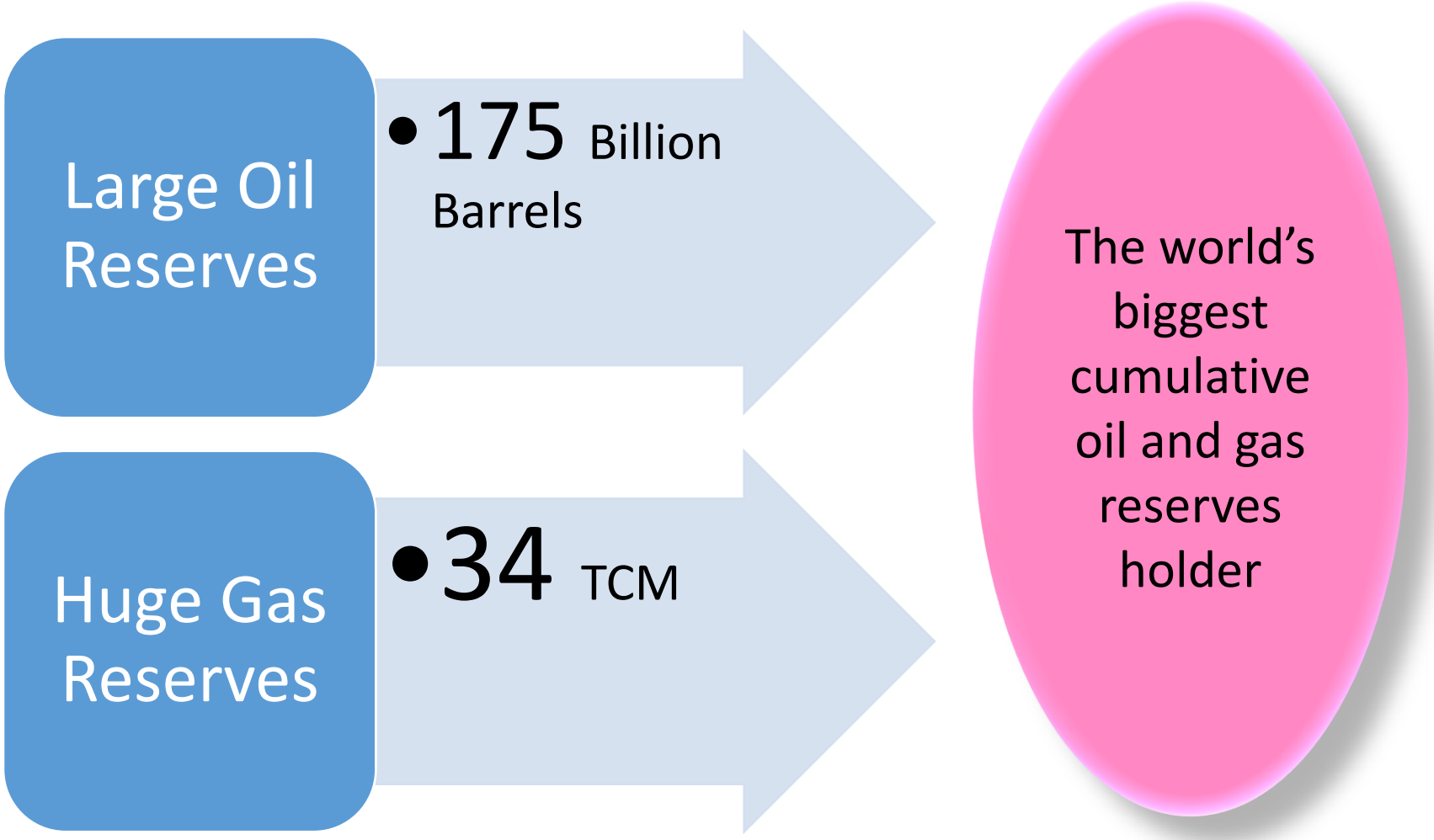


WIN –WIN INTERACTION

Iran Strengths and Opportunities

- Geopolitical and Strategic location
- Strategic offshore location due to 1800 km shore in Persian Gulf and Oman Sea
- Suitable and secure transit root due to its borders with 15 countries and access to the free waters
- Low-risk investment
- High capacity of development, production
- Security of installation and pipelines
- Inexpensive skilled human capital
- Profitability of projects
- Low-cost of Oil production(less than 10$ pb)

Iran’s Potentials in Oil and Gas



Certainty in Iranian Economic Environment

- Government Warranty for direct Investment
- Economic Stability
- Easy Access to ample supply of oil and gas as feed stocks
- Discounted price for oil and gas as feed stocks
- Additional incentive for investment at un-developed and economic free zones.
- Avoiding any discrimination act among investors.

Foreign Investment, Promotion and Protection Act (FIPPA)

- Dividends of foreign investments after deduction of taxes, dues and statutory reserves, upon the approval of the Board, and confirmation by the Minister of Economic Affairs and Finance, shall be transferable abroad.

- Payments related to the installments of the principal of the financial facilities of foreign investors and relevant expenses, agreements for patent rights, know-how, technical and engineering assistance, trade marks and names, management as well as similar agreements within the framework of the relevant foreign investment, upon the approval of the Board and confirmation by the Minister of Economic Affairs and Finance, are transferable abroad.

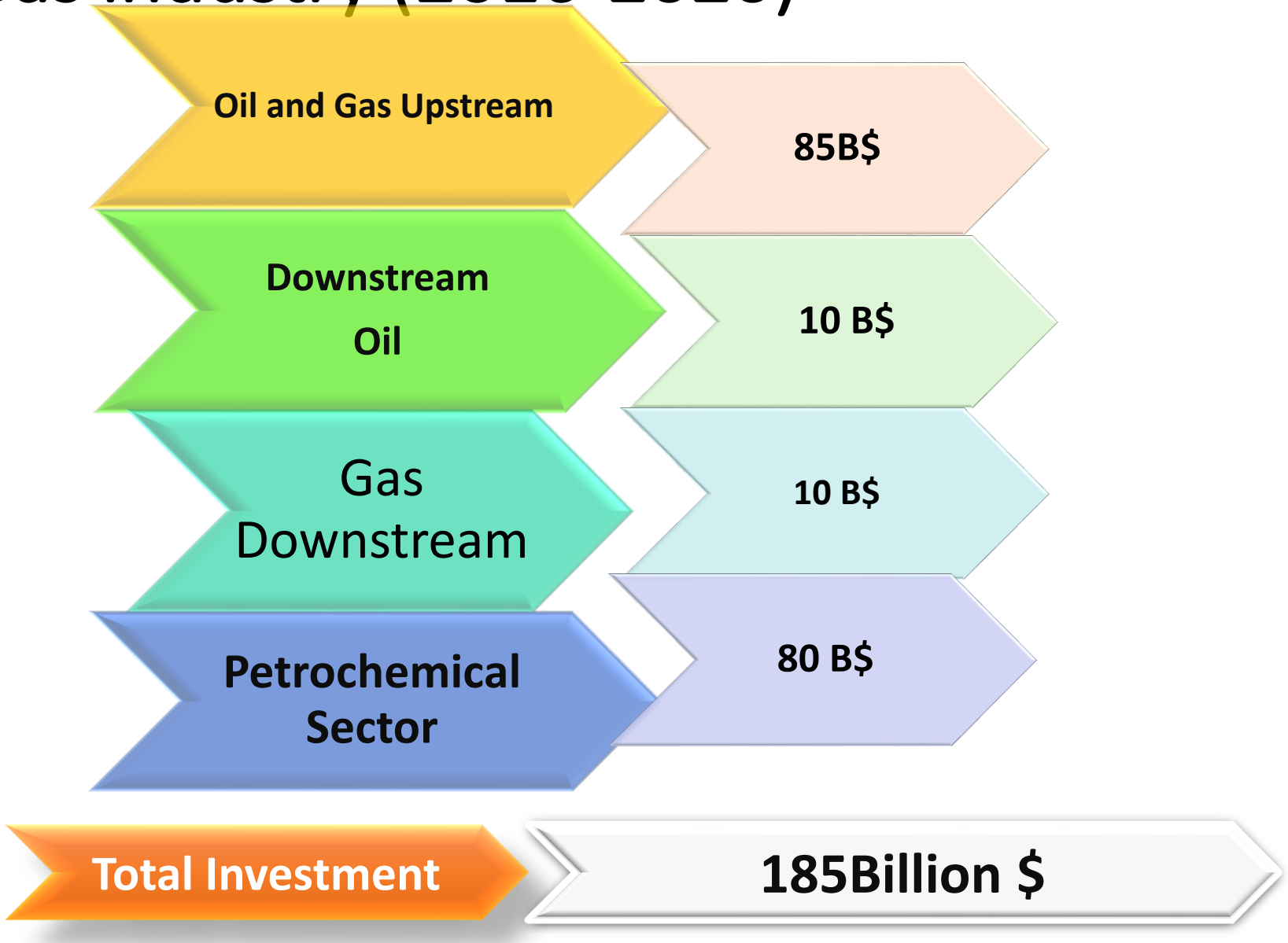
- Disputes arising between the Government and the foreign investors in respect of the mutual obligations within the framework of investments under this Law, if not settled through negotiations, shall be referred to domestic courts, unless another method for settlement of disputes have been agreed under the Law for Bilateral Investment Agreement with the respective Government of the foreign investor.

Major Policies and MOP Targets

Iran 6th Development Plan 2016-2020

- **Diversification of export target markets**
- **Increasing the share of gas export up to 10 percent of gas production through pipelines and LNG**
- **Increasing swap of crude oil and petroleum products**
- **50% reduction of the burning associated gas**
- **10% reduction in the share of fuel oil production of refineries**
- **Increasing the refining capacity of the country up to 3 million barrels per day**
- **Increasing recovery factor of the oil fields at least 1 percent**
- **Promoting the crude oil and condensate production capacity up to 5.7 million barrels per day**
- **Increasing natural gas production up to 1,300 million cubic meters per day**
- **Expanding production and export of petrochemical products to $ 80 billion**
- **Promoting energy efficiency and fuel consumption optimization in various sectors**

Investment required in Iran`s Oil and Gas industry (2016-2020)



Attractively of Iranian Oil &Gas Upstream Investment

Vast and Mostly untapped oil and gas reserves

Skewed relation between hydrocarbon reserves and production; leaving vast opportunities for work over a long period of time.

High quality engineering industrial base and infrastructure as the hallmark of Iranian oil and gas industries.

Skilled human resources, comparatively inexpensive labor force.

Low cost extraction of Oil and Gas

Major policies and MOP Targets

Scope of the New Iranian Petroleum Contract Models

- Exploration (Integrated with Development)
- Development & Production of the field
- Capacity Maintenance & Enhanced Oil Recovery
- Technology transfer

Thank You