



Mining to Iran.

Trends and opportunities

The market

Iran's mining industry is under-developed. Mineral production contributes only 0.6 per cent to the country's GDP. Add other mining-related industries and this figure increases to just four per cent. Many factors have contributed to this, namely lack of suitable infrastructure, legal barriers, exploration difficulties, and government control over all resources.

The government owns 90 per cent of all mines and related large industries in Iran and is seeking foreign investment for the development of the mining sector. In the steel and copper sectors alone, the government is seeking to raise around US\$1.1 billion in foreign financing.

In the early 1990s **the buy-back method of transaction was introduced** to bypass constitutional constraints on foreign investment and avoid potential political difficulties within the country. The scheme has government support for being an efficient means of attracting foreign capital, services and technical expertise, while reducing foreign exchange expenditures and expanding exports. If the Iranian Government is to fulfil its 20-year plan to improve the country's mining sector, it's estimated that US\$20 billion, mostly in foreign investment, will be required.

Projects eligible for buy-back agreements and foreign loan facilities are:

- ✍ Projects that complete aluminium metal production lines
- ✍ Projects that mobilise coal, iron ore, steel copper and pigment metals production
- ✍ Ferro alloys projects and gold production

To date, doing business in Iran has had political overtones. In this regard, Australia has an advantage since it maintains an impartial political image in the Middle East.

Opportunities

Iran imports the following equipment to support its mining sector:

- ✍ Mining equipment such as drills, loaders and shovels
- ✍ Support equipment such as dozers, graders, trucks and auxiliaries
- ✍ Utility equipment such as compressed air plant equipment, water and waste-water treatment equipment
- ✍ Mechanical equipment including equipment for crude ore handling, grinding, separation and treatment purposes
- ✍ Laboratory and workshop equipment
- ✍ Power supply and distribution equipment
- ✍ Process control instruments

Most of the electrical distribution equipment for water supply and treatment utilities, along with steelworks and storage facilities are manufactured locally. **There is a demand for high quality second-hand machinery in Iran.**

Manufacturers who can provide trade financing would be well received as would equipment suppliers ready to arrange counter trade deals.

Although a price-sensitive market, Iran has made efforts to improve the quality of services by foreign suppliers, asking them to establish local branches and provide after-sales and other relevant technical services.

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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