

# Trends

SPRING 2020



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- \* (No other fees of any kind)

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## Reza Nayebi

A native New Yorker residing in Tehran founded Talkbama, which is now an exclusive language school.



Mr. Nayebi has been featured on CNN and was also a TV host for Iran's PressTV. With all of his formal education in the United States, Mr. Nayebi's understanding and knowledge of the English language is epic in every shape, way and form.

Reza Nayebi and his well-trained staff of IELTS and general english teachers stand by their slogan, "At Talkbama We Do Not Just Teach English, We Change Lives."

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# Trends | BUSINESS

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The writing style of our content may differ from article to article and is based on subject matters as well as our contributors' diverse backgrounds and writing styles. Certain statements in our content may also be the personal opinions of our contributors and not necessarily those of Trends Magazine.

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### On the cover

Iran is home to some of the most influential and highly developed start-ups in the Middle East. Trends, our newly launched Business and Lifestyle magazine, is covering the country's technological development in its first edition, with some of the main topics revolving around the start-up ecosystem. This is why we have placed one of Tehran's key landmarks, Milad Tower, at the center of our cover page surrounded by the logos of various Iranian tech companies, some of which are now worth billions of dollars.



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# Editor-in-Chief & Chairman

## MESSAGE



### Welcome to Trends!

We are delighted to finally fulfil a lifelong dream; launching an English language business and lifestyle magazine in Iran! In fact, it was one of the original reasons I personally left London for Tehran some years ago. It took many years for Trends to materialize. First it was the shortage of time; after all, there is very little time in the consulting world for one to have a side passion. Then it became a moving target, and every time we worked on the concept, some rather unexpected events (such as sanctions and now the pandemic) happened that distracted us and our potential audience. Then there was a lengthy process of obtaining a license and, once we got it, many friends and colleagues called us insane for launching an English language publication while the country is going through the "harshest sanctions in history" and foreign companies and expats are leaving.

In all honesty, there is never a perfect time to launch any venture in volatile and unpredictable conditions, but then again, there is also no better time to do so! We believe in the strong economic fundamentals of Iran and its potential to eventually become a major regional industrial and trade hub. Sanctions will sooner or later be lifted again, and even if they don't, Iran will remain a powerhouse in the region and an interesting case study in geopolitics and political economy for the curious ones out there. Nobody can claim to fully understand Iran's economy, business environment, its consumers or even investors' behaviors! Every time someone predicted the complete collapse of the Iranian economy, they were proved wrong shortly after. It has, after all, shown great resilience despite massive pressures from the inside and outside, but can it continue on the same path for the foreseeable future? What can we expect in 2020 in light of historically low prices of oil and the coronavirus crisis? What about its vibrant tech sector, which we will be covering in this edition? What lies ahead for the local tech giants and the startup community? What is happening in Iran's cultural and art scenes? These are among some of the key questions that we will be trying to address in this and future editions of Trends.

There will be teething problems, no doubt. This is the first issue of Trends and we rely on your feedback to improve the content, format and our distribution and delivery mechanism. We thank you for your generous support and eagerly look forward to hearing from you.

**Amir Cyrus Razzaghi**  
Editor-in-Chief

### Happy 1399!

A McKinsey report back in June 2016 called Iran "the world's biggest untapped market with around 1 trillion USD worth of investment potential." A lot has changed for Iran since then, unfortunately in negative ways. The arrival of the new US President at the White House has, by far, been the biggest reason for the reversal of Iran's fortune. The US imposed economic sanctions along with regional tensions and mismanagement of the domestic economy have all contributed to the lack of confidence by foreign and local investors. They have also been the main reasons for the reversal of inflation and forex trends of the past few years. Add to this the far-reaching impact of the coronavirus crisis of the past quarter and it would be hard to have high expectations for the Iranian economy in 2020! None of this, however, changes anything about the fundamental potential of Iran; it is now among the handful of countries with advanced stem cell research and nanotechnology and is consistently among the top nations when it comes to scientific growth. Iran remains one of the best North-South, East-West transit routes in West Asia, needless to mention the amazing natural and human resources. One of our main objectives in publishing Trends is to highlight such potential and also put forward potential solutions, through our contributors, to address the existing issues in Iran's economy and business environment. Another goal is to showcase the highlights of Iranian lifestyle, from culture and art to architecture and travel.

Our main audience consists of not only foreigners interested in Iran, both inside and outside of the country (embassies, chambers and businesses), but also Iranians inside the country interested in an international perspective of Iran's economy and business environment, as well as Iranian expats curious about what is happening inside their native country. Trends will be published quarterly in both print and digital formats and our distribution model uses stands at key locations such as bookstores, shopping malls, etc. complemented by online/mobile delivery for our digital subscribers. We hope you enjoy reading Trends and help us improve it.

**Aram Razzaghi**  
Chairman



# Iran's Economic Outlook 2020

Farid Atighehchi

Just when everyone thought the Iranian economy has seen it all and that things couldn't possibly get any worse after the US implemented the so-called "harsh sanctions in history," the coronavirus pandemic hit the country and the price of oil started to plummet into historic lows. While it is too early to fully understand and predict the overall impact of these developments on the Islamic Republic, the region and the rest of the world, two things are clear; first, 2020 will possibly be one of the bleakest years in recent memory for the world and certainly for Iran; and second, the Iranian economy, while badly bruised, will once again be able to absorb the shock, be it at high costs (higher unemployment, inflation, forex rates, lower productivity, lower production levels across industries with a few exceptions, foreign investment and spending in development projects).

In a series of articles by multiple authors starting with this one, Trends will be covering major economic developments in Iran from the past year to the present, analyzing the impact of the coronavirus pandemic and low energy prices, while trying to predict what lies ahead for Iran's economy and business community in 2020 and early 2021.

Two major economic developments have happened since the beginning of 2020. One is the pandemic which is troubling some economies and sectors more than others. The other is the sharp drop in oil prices which, despite the end of the short-lived price war between Saudi Arabia and Russia, is still declining further away from its 67 USD Brent value at the start of 2020 to historical lows of under 10 USD. Since Iran has been under US sanctions, its oil sales have dropped to unverified amounts. High estimates are 500 thousand barrels per day. Assuming Iran keeps up with that number, the drop in oil prices to an average 33 billion USD forecast by the US Energy Information Administration, translates to 34% lower revenues than the government planned for, or around 3 billion USD short of expectations. That is a tough situation for the Iranian oil

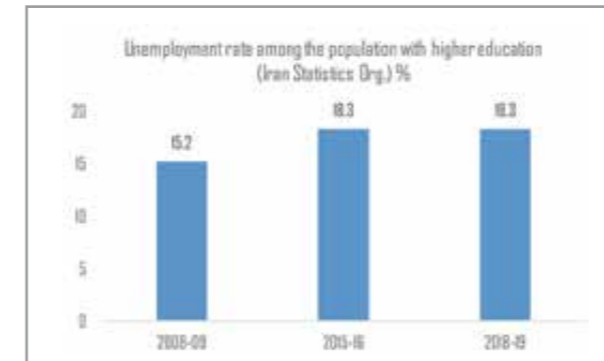
What is easier to evaluate is on the macro level where again the effects in Iran are relatively lower than most countries because only a small share of the economic output actually comes from production. Although trade was also hit and the non-oil exports did drop by 30% in March, by anecdotal accounts of customs officials, trade and intermediary activities are rather impervious to the outbreak. For Iran, the problem the pandemic poses is less about the economic value and more about the social issues it exacerbates.

Official estimates project the economic output in the current year will decrease by anywhere between 7.4% to 11%. These are mostly felt in wholesale, retail, cargo and passenger transportation, rubber and plastic production and food and beverage services. Iranian businesses have been quick to adapt via provisional processes and arrangements that may well linger afterwards. However, even many online businesses are feeling the pressure as we see in the interviews of this issue of Trends. What truly cuts deep will be the forecast of the 2.9 to 6.4 million who are currently employed and will lose their jobs, sending a raft of people into distress. The government has to keep the economy afloat for another year before the implications of today's policies and issues are better understood.

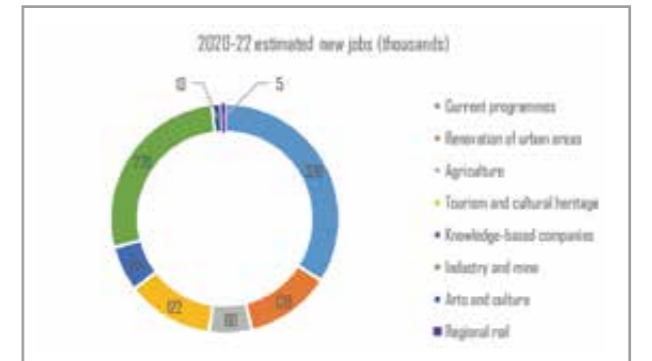
Iran is a market of eighty-four million people, a pioneer among Middle Eastern oil exporting countries in diversifying against its oil revenues and a progressive among the Muslim countries, characterized by high internet and mobile phone penetration, relatively advanced healthcare and an educated and young population. However, the US reneged on its deal with Iran and other world powers, and stood in the way of Iran's growing integration into the world economy. The year 2020 marks the second year after the US withdrew from the nuclear deal. Once ready to celebrate its jumpstart, the government officials instead have been, for the past months, allaying domestic fears of an economic nosedive. The early panic and frustration after the return of the sanctions is giving way to

of vehicles are projected bear the brunt of the cutbacks. Among consumers, purchasing power is still ailing but an inflow of cash from the Central Bank, in an expansionary mood, will marginally support consumption levels. Mass market shifts to lower price ranges and substitute products compete for a place in the consumer basket. The risk of hyperinflation is minimal as the government, the Central Bank and policy makers promise to rein in the growing money supply.

The current administration set its heart on strengthening the private sector from the outset. Notwithstanding, and as a matter of pragmatism, it capitalizes on public debt rather than public-private partnerships. The government is fully supporting the Tehran Stock Exchange, is developing new financial instruments and is expanding the financial and debt markets. Meanwhile, production is impacted by high price inflations. Iran has lowered its expectations of revenues from exports of oil and gas by 68% – still assuming sales of a million barrels of oil per day – and is shifting its focus of income to taxes and the debt market.



Government investments in fixed assets continue to rise. And critical risks in the economy will be avoided as the Central Bank chief promises restraint in using foreign exchange reserves.



2020 and the push by the government will slightly alleviate the situation. For the government, one hurdle in this front is that matching a person to a job is somewhat out of its control. As a result by lower economic activity, fewer have been participating in the labor market. This may change in 2020, but not enough to conspicuously affect the unemployment rate.

## Consumers and the Consumer Market Employment

The high unemployment rate, especially among the youth and the population with higher education has been a sore point for decades. The government plans to create close to a million new jobs in 2020 by ramping up several programs to stimulate economic activity and directing its relevant platforms towards this agenda. For example, the government is changing its criteria for rewarding projects in the knowledge-based economic program, prioritizing job creation. The start-up scene in Iran has especially been a magnet for fresh capital. On the other hand, the government has facilitated credits to commercial banks for their customer loans and projects that they have put forward. For projects resulting in new jobs the facilities have been an average of 4,000 USD per each new job created. All this is for good reason as with every single person losing their job, an average family of 3.4 persons may plunge into poverty.

There are also plans to export labor. This is a rather underdeveloped initiative with a 6% success rate in 2018. The aim is two-fold: first, employment producing foreign currency remittances, second, changing international labor trade balance – enacting a new policy which extricates job positions occupied by non-nationals and gives the positions back to nationals. The official unemployment rate stood at about 11% by early

On the demand side of the labor, the shortage of jobs for the population below 35 years old is especially visible. Most of the new jobs are low-quality work which do not require high skilled labor and may help towards reversing the trend of a higher unemployment rate among the youth in comparison with the older generation.

Many of the new jobs are part of government-subsidized projects but a lot of them never actually launch. This reduces the number of genuine new jobs with pay and curbs any breakthrough in the employment agenda in 2020.

The government admits that this is an "increase in employment without an increase in production activity," as labor efficiency has decreased by 3.3% in one year. Full-time jobs are shrinking and part-time jobs are growing. Most of these new vocational positions happen to be in small operations where they do not reap cost advantages of scale.

Officials fear for the people who may experience job insecurity, low wages and a lack of insurance coverage. With this insight into a persistent unemployment trend, the government will try to lower household income risk. For example, some of the other programs starting in 2016 have shown progress in rural

Index	2019 Figures	2020 Forecast	Unit
GDP	485	456	USD billion
GDP per capita	5843	5595	USD
Real GDP growth	-7.6 (2019)	-6 to 0	Percent
GDP growth, excluding oil	-2.4 (2019)	-	Percent
GDP PPP per capita	19,377 (2018)	-	USD
GDP PPP world ranking	18 (2018)	-	-
Consumer price inflation*	38.6 to 50	30 to 50	Percent
Unemployment*	10.7	-	Percent
Population	83	84	Million people
Forex reserves	100	73 to 100	USD billion
External Debt	6.3	7	USD billion
Import*	43.7	35 to 40	USD billion
Export (w/o crude oil)*	41.3	35 to 40	USD billion
Crude oil export*	500 to 700	200 to 300	Thousand barrels per day
Government budget*	125	142	USD billion

\*correspond to one year in the Iranian calendar starting from March 21

industry, but for an entire economy which went from 2 million barrels of exports a day in 2017 to 500 thousand, the changes in oil prices are simply another inconvenience. The situation with the pandemic is a little different. The human calamity is not quantifiable in its entirety simply in monetary terms that could account for the investments in education lost, the absence of services that could have been provided by the victims and the healthy lives they could have led. However, one of the measures we have to try to understand this crisis is the years of life lost, or YLL, which is used in the field of public health. Analysts at Ara Enterprise find this number to be more than 55,000 by mid May. This means that around six thousand reported deaths due to COVID-19 in Iran by this time, amount to over ten thousand years of life lost.

a sober anticipation of recession and continuous belligerence from the US. Nevertheless, with a strong focus on job creation, economic development in urban and rural areas and negotiating the diverse interests in its vast economy, Iran seems committed to avert having the same fate of countries such as Venezuela which is experiencing hyperinflation. Still, given the recent economic setbacks, the government cannot help but abandon its earlier ambitions such as its plan to lower unemployment rate to 7%. This year the unemployment rate would have been persistent if it was not for the impact from the pandemic, which will force the lay-off of 2.9 to 6.4 million employees. The lay-offs are distributed across most sectors of the economy but people in wholesale and retail, cargo and passenger transportation, textile and clothing manufacturing, food and beverage services and sales and after-sales

**The government plans to create close to a million new jobs in 2020, by ramping up several programs to stimulate economic activity and directing its relevant platforms towards this agenda.**

# Iran's Economic Outlook 2020

Farid Atighehchi

areas, with provincial employment growth rates being higher than those of urban areas. This trend seems to correlate with increasing urbanization, reversing migration flows back to rural areas. The trend will continue this year.

## Wages, Consumption and Inflation

Iran has seen many periods of high inflation during the past five decades. It is usually the minimum wage growth that is sacrificed in the name of controlling inflation and this threatens consumption. Even the official wage growth of 15% is way below inflation. In the past few decades, wages rarely got on par with the inflation rates. Now, the calculation of consumer basket inflation seems to have become skewed and reflects realities on the ground less accurately. The year 2020 will be no different. The government raised its own employees' salaries by 15%. Labour unions negotiated with the Supreme Council of Labour a raise of 21% for the minimum wage. While proponents of the 21% increase argue that there have been increases of more than 21% in some benefits, the gap between inflation and income is very much felt in retail as the purchasing power of low- and middle-income classes declines. Still, the government will try to improve the livelihood of workers. For example, it is entertaining the idea of using part of the gains from the recent fuel price increase to insure undocumented employees in rural areas. Furthermore, in 2020, it will hand out 5 billion USD in cash to 78 million Iranians.

This may provide a feeble sense of stability and a semblance of normality which could boost consumption. Spending was mostly lowered in 2019 in the shock of major economic misfortunes, including a critical bout of currency devaluation, starting in mid 2018. The Supreme Council of Labor estimates that the cash hand-outs will cover about 3% of the household basket.

The slow growth in wages changes the consumer market landscape. The mass market will see a shift in market shares as cheaper goods will take over brands which previously dominated the low and premium price ranges. Competition between substitute products will be fierce, largely surpassing competition between brand names. Manufacturers who cannot adapt to new price ranges by sacrificing quality, as is somewhat traditional, will lose their scale advantages. Failure to adapt will pave the way for new entries. However, the merger and acquisition activity will remain very limited and mostly in-house among niche or large operators. One of the few reasons is that a government working against unemployment frowns upon anything which may counteract its efforts.

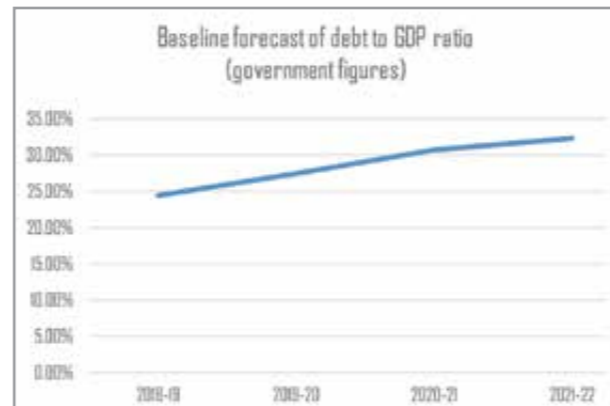
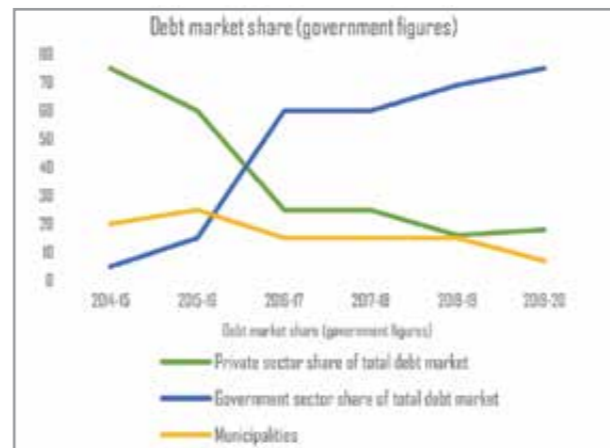
A recent program limits the sale of businesses in financial distress. In 2018 alone, about 34,000 jobs were saved through this restriction. This was done by bailing out 5,600 companies that were loss-making or outright bankrupt, some of which were found by officials to have no marketable products at all. Business loans, even if thinly stretched over a large population, and the cash hand-outs subsidizing people out of poverty will raise the money in circulation between them. Nonetheless, the Central Bank is demonstrating strenuous efforts to escape the risk of hyperinflation. The Bank's policies are more than coordinated with the state, including with bodies such as the Expediency Council. Hyperinflation is an inherent risk to the expansionary monetary policies, especially in the face of the current budget deficit and the lower economic activity. Because of this, the Council stresses that it is preparing by setting up mechanisms for the eventuality of contractionary monetary policies.

## Investment and Manufacturing

### Monetary Policies

As the government prioritizes employment and consumption, it will persuade the Central Bank of Iran, CBI, to facilitate investment to those ends. As Iran entered into recession in 2019, CBI lowered the rate of interest charged on short-term loans among banks to below the rate of inflation to stimulate debt market exchanges. This year, CBI lowered the rates from around 20% down to 18.5%. It appears likely that CBI would keep the short-term rates below inflation rates for a more extended period, during 2020 and probably beyond. However as the banking system's role in the current crises becomes stronger, banks find it easier to negotiate regulatory leeways. Government bonds and sokuk, an Islamic form of bonds, in the debt market are currently exchanged at 21%; interest rates fluctuated from 15 to 30% between early 2018 and early 2020.

The government has been relying on issuing bonds for its financial needs more and more. This results in the financing of 17% of all government revenues through sokuk. That is about 4 billion USD worth of sokuk for all expenditure and another 3 billion USD exclusively for expenses upstream OGP. All together this value is twice that of 2019. Historically, the government has raised interest rates on bonds to attract capital. However, this trend inadvertently renders the debt market uncompetitive for the private sector. In January, CBI started its first ever Open Market Operation, or OMO, an operation that gives and takes liquidity from banks to increase or reduce the supply of money. Critics argue that OMOs should be operated in a floating foreign exchange rate model, not a fixed one like the one in Iran. Others find it counterintuitive



to conduct the transaction through Tehran Stock Exchange, as CBI does. However, in an interview with Resalat, a former high-ranking bank executive, Hatami Yazdi, identifies OMOs' intended role, not as a mechanism to control interest rates, but as a means to "cover banks' deficits and save them from bankruptcy." It is unlikely that CBI puts much effort in curbing interest rates. The uncontrolled interest rates may lead the total debt stock to reach an equivalent of 30% of the GDP in 2020.

The lowered short-term rates along with the introduction of OMOs may signal efforts to lower the cost of capital, especially through lowering the risk of default on public debt. Although the rising levels of debt may make controlling the fluctuations of interest rates difficult, the government is resolved to prove otherwise. In 2020, the risk of default might be lowered and the government will facilitate further private and semi-private investment. The question is if it can realise these new prospects, especially through public-private partnerships. Despite the government's intentions, not all the money from CBI, which is supposed to stimulate investment, will end in real production.

As exports are expected to fall, the Rial will be devalued, interest rates on loans will be lower than the expected devaluation of the Rial and there will be a consequent inflation of land prices. Realizing this, debtors take out credits to buy existing land on the promise of new ventures, buildings or plants. The act of buying existing land adds nothing to the real gross domestic product while constructing buildings and plants does.

At the same time, CBI cannot afford to raise interest rates in the short-term because it is trying to control the growth of the money base. Overall, 2020 ushers a period of high leverage activity. While the mergers and acquisitions, or M&A, market is very small, capital will find its way to investments in purchasing lands disproportionate to production requirements of the projects. For businesses where export is still operational despite sanctions, a growth in M&A activity is expected. The real estate market will be buoyed as demand to exchange existing land is rising and this increased activity does not mean there will be a change in the mix of homeowners and tenants, but will raise the price and rent of small apartments.

The government is aware of this effect and is rather actively trying to take advantage of it. The buzz phrase is "leveraging (budget's) construction credit," by which the government wishes to engage private capital in public-private partnerships by leveraging its low cost of capital. Eventually this will translate to riskier businesses with high debt ratio, as the government's actual success

in engaging private capital has been debatable. State and the parastatal are still the dominant part of the economy. Their continued growth despite their sheer size relative to the whole economy is unmistakable. At about 142 billion USD, the government budget in 2020 alone is equivalent to more than a third of GDP forecasts. Parliament argues for most of the credit to go to the state and the parastatal, which fosters higher credit risks for projects.

### Public-Private Partnership

As yet another indicator, non-current credits in the banking system have a high ratio at 10%, well above the desired 5%, in proportion to all credits. CBI tries to redirect credits, mostly toward mining operations in hopes of quicker foreign exchange returns from exports. The government will encourage public-private partnerships by locking resources at a provincial level. All projects defined at the provincial level can access 10% of the allocated resources for the province. To dip in beyond that 10%, new initiatives must be defined through public-private partnerships. Nonetheless, neither the previous performance in engaging the genuine private sector has been stellar nor can the current plans ensure their fate in the hands of the commercial banks.

The government will especially try to refocus its and others' investments to oil and gas upstream – in fields jointly owned by other countries – on mining and industrial production in underdeveloped regions and on sugar beet processing.

### Tehran Stock Exchange

Tehran Stock Exchange has flourished in early 2020 as an important state platform to attract parastatal, institutional capital and retail investors. As the government puts it in its analysis of the budget, "the majority of financial activities in the stock market belongs to the state." The government is keen to keep the Exchange not only lively but maybe bullish.

During the week after the assassination of Major General Soleimani, TSE was in shock. The government intervened by lowering the spread from the usual 5% to 2% and by allowing companies to raise their price per equity through revaluing their assets. CBI also intervened by offering loans through commercial banks for purchasing public shares. We could expect the Exchange's growth in 2020 to come not from initial public offerings, or IPOs, but from the effects of such interventions, though more IPOs are expected of state companies. In 2020, this takes the shape of exchange traded funds, or ETFs, affiliated with the government and state.

# Iran's Economic Outlook 2020

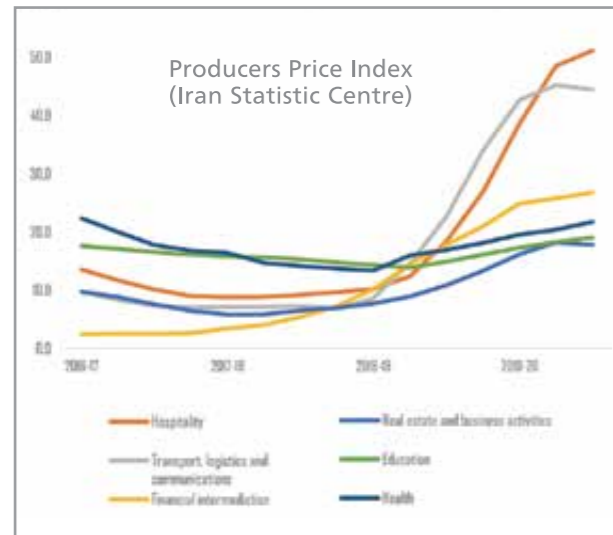
Farid Atighehchi

Overall, the Stock Exchange promises more immediate success in attracting capital than public-private partnerships.

## Manufacturing and Services

Although lower demand because of the pandemic is balancing out the producer price index, or PPI, in the first quarter, the rising costs of imports, low domestic consumption and lower domestic supply will raise the PPI in 2020.

As, regardless of the sanctions, exports of raw material prove easier than finished goods, the downstream will be more affected by the rise in the PPI. In October 2019, the Ministry of Industry, Mine and Trade raised export tariffs on raw materials to an average of 25%. However, by early 2020, it faced strenuous opposition from upstream producers and cut



the tariffs in half. The government does not have enough mechanisms and clout over the mostly parastatal producers to effectively control price inflations, and it appears to withdraw from this in 2020, leaving PPI's fate to the market. PPI will then rise or, as demand lowers by a contracting economy, stay at the current levels. The government tries to compensate by providing incentives for production and foreign investment.

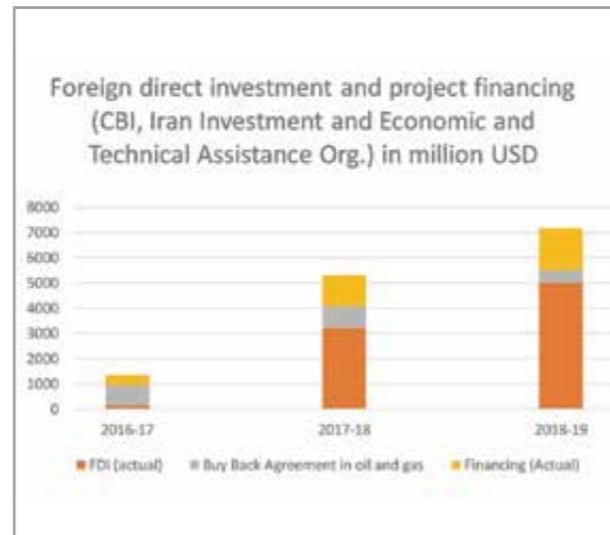
**In addition to sanctions, there are no improvements in sight in investment infrastructure. The Iranian economy suffers from an underdevelopment in mechanisms and instruments necessary to facilitate foreign investment.**

However, efforts such as extending the visa of foreign investors have no real impact on investment returns. Investment in the downstream of many value chains will especially suffer as it takes time to adjust to the new situation, and producers are not equipped to compete in other markets, that is, if they bypass the sanctions and export their goods. Other efforts, such as reining in a rogue banking system, have been instrumental in directing the flow of capital to real production.

Starting from as far back as 2016 the government has been assuming the debts of banks to CBI in exchange for its own debts to outside creditors. This year, CBI will try to merge loss-making or poorly-managed banks therefore credit risks of banks should decrease, making them more of eligible partners for both CBI and the market.

## Government Spending

The government plans to spend 26 billion USD in the 2020-21 fiscal year. It also plans to attract 15 billion USD in foreign direct investment and another 20 billion USD in foreign investment in public-private partnerships but this might prove to be too ambitious. For one, it has not historically been able to do so and this year, with the sanctions back in place, and the



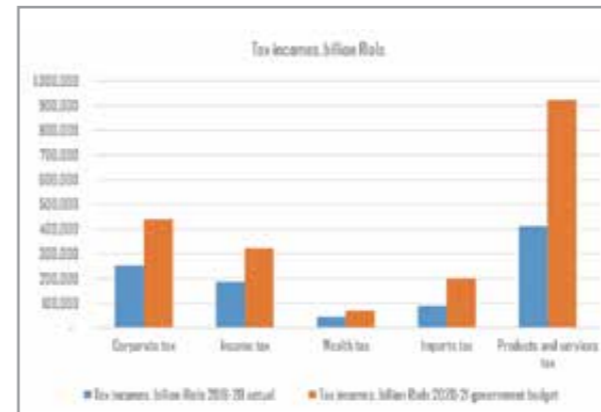
pandemic, it seems to be an impossible job. In 2017, before the US left the Joint Comprehensive Plan of Action, JCPOA, Iran made agreements worth 32 billion USD. However, afraid of primary and secondary sanctions and a growing credit risk, only a small fraction has been realized, mostly from Chinese investors and the Islamic Development Bank. There is also almost no cross-border M&A activity.

There are no improvements in sight in investment infrastructure. The Iranian economy suffers from an underdevelopment in mechanisms and instruments necessary to facilitate foreign investment.

This year, Iran hopes to realize previous agreements with China for infrastructure, oil, gas and petrochemical sectors' development. The rest, including actual new investments, will be random and perhaps rare occurrences.

The government itself is not to lower its expenditures. About 114 billion USD, 74% of its budget or an equivalent of 24% of the GDP, will be spent on government-affiliated companies, a 16% increase compared to last year and above the 14% growth of the total budget expenditure.

There is news from the US Treasury that Iran has access to only about 10% of its 90 to 100 billion USD foreign exchange reserves. While the limited access appears highly plausible, there has been no official acknowledgement of the situation from Iranian officials except for the CBI Chief asserting that he will not dip into the reserves to handle the current situation. This further signals that critical risks in the economy will be avoided this year. In 2019 and after the previous US departure



from the JCPOA, Iran still managed to reach 73% of its crude oil volume sale, and the difference was balanced out by a 25% higher than anticipated price increase at the time. Emboldened by extrapolation of rising crude oil prices and despite a forecast of more than 7.6 billion USD deficit for 2020, the government intended to keep its expenditures high. However, the anticipated oil revenues were not realized and taxes and debt were considered to fill that void. However the pandemic hit the oil market and those high expectations in neither oil nor tax revenues are any longer within reach. Recently it was enacted to tax economic activities under the military and paramilitary, along with two of the top parastatal powerhouses, the Execution of Imam Khomeini's Order and the Astan Quds Razavi. Despite their gargantuan income, the tax revenues from these organizations are not reflected in the yearly budget. The easy taxation targets seem to be downstream production, sales and retail.

The government expects a 31.2% increase in tax income on products and services. That does not bode well for producers and businesses that are closer to end users who now see difficult times ahead. In terms of current prices, government investment in fixed assets will increase, but these investments mostly end up in buying land rather than adding to production. This is evident in the government's official measure of efficiency of yearly -1.1% between 2012 to 2018. In the same period it is also symptomatic that the number of public construction projects have doubled but their completion has taken longer, increasing from 11 to 16 years. This trend is expected to continue in 2020. However, this year, a good part of loans

from commercial banks are advertised to be directed to non-oil exports. As incentives with low interest rates, they could cover the working capital of export-oriented businesses in order to improve the chances of the funds ending up in real production. The funding was secured in early February, but the pandemic may heavily impact this plan in details or its entirety, while real growth in production has to tackle high producer inflation and a tighter grip by taxes.

## Exports

### Oil and Gas Exports

In early 2020, Iran projected to sell one million barrels of oil per day, which seems unlikely given the expiration of US sanctions' waivers and the forecasts putting possible sales at no more than 200,000 to 300,000 barrels of oil per day. To offset the drop in oil exports, at least partially, the government intends to offer crude oil in its specialized commodity exchange in hopes of attracting private buyers who may then consume or resell. The first such transaction was concluded in November 2018, with the offering of 300,000 barrels. Before this date, the Kish Island Commodity Exchange had only dealt in oil products. However, buyers did not show up and it seems counterintuitive to expect a transparent exchange market to bypass the sanctions.

There is also the matter of oil prices. The Iranian government calculates its finances for 2020 at 40 to 50 USD per barrel. However the outbreak of coronavirus disrupted an already-decelerating Chinese demand and that of other markets and pulled Brent prices down to under 10 USD per barrel. Even the hopeful post-pandemic global outlook does not promise to resurrect oil prices.

The US Energy Information Administration estimates Brent crude oil price to be 33 USD per barrel in 2020. In Iran, the plan is to continue and develop oil-for-goods exchange plans with oil and gas importers, but that future is complicated with sanctions on oil exports and banking activity. Iraq, for example, continues to receive waivers to import gas and electricity from Iran, as otherwise the disruption in energy supply to the country might jeopardize the security and social order, something neither Iran nor the US would want. However, with most of its budget locked in a US controlled account, Iraq cannot afford to face sanctions. Even with the waivers, the payments do not make it through to Iran as the value of gas exports from Iran to Iraq are disproportionately higher than imports by Iran.

# Iran's Economic Outlook 2020

Farid Atighehchi

Iran's trade-to-GDP ratio, an indicator of the amount of trade and integration with the global economy, has been about 20 to 25%, excluding oil exports. In 2018 and 2019, this dropped to 19% and 14%, respectively. After several interventions, the non-oil exports are increasing in volume, but have declined in value.

## Impact of the Sanctions

The latest sanctions by President Trump in January target construction, mining, manufacturing, and textile industries. In 2018 terms, this affected 30.7 billion USD worth of trade where the GDP is less than half a trillion dollars. Unlike previous sanctions, the scope of the targeted sectors are not limited, giving the US Treasury leeway to include "any other sector." The Treasury immediately issued a list of 20 Iranian companies in aluminium, steel and copper. No textile manufacturing company was listed so far – possibly because the industry is highly fragmented and does not have an oligopoly. By threatening about half of Iran's total exports, minus crude oil, in the recent sanctions alone, the economy is put in a precarious position. Steel and aluminium manufacturers, for example, could lose significant income, which impedes government plans to expand steel production to close to 50 million metric tons a year.

Their current production is at about 24.5 million tons, ranking 11th in the world, with 9 million tons of exports, and a current capacity of about 30 million tons. The Central Bank will not be able to keep the Rial from further devaluation. As the domestic demand for goods and services has lowered and the large gap of the Rial to Dollar exchange rate renders exports more attractive, excess production will eventually head outwards. However, the US sanctions are effective and cover almost all categories of goods. This is shifting trade toward transactions of smaller scale, more compromises and to more favorable destinations.

## Countering the Sanctions

Among the top export partners, the UAE and to some extent Turkey, act as trade hubs. The intermediation through the UAE and land routes spanning into Turkey may help save the trade to some extent. Trade with neighboring countries and the former Soviet Republics is intensifying. With Iran as a new member of the Eurasian Economic Union, the volume and value of goods that Iran has exported to the EAEU states have risen in just three quarters by 116% and 72%, respectively, which defies the current negative growth in export value. If successful in establishing free trade agreements with markets closer to home, this could boost trade in late 2020. There are decade-long plans to increase the share of service exports with a special focus on cultural and medical tourism. As leisure and security concerns in the region do not mix, investments in these sectors will flow towards incoming medical visitors. Iran has a reputable health system that will support the inflow from neighboring countries.



Advanced hospitalization, for example in fertility treatments, will probably attract a growing number of international patients. Imports.

The government is parsimonious in controlling the outflow of capital. The austerity measures include an ever-expanding list, currently with 1,400 products, including most consumer goods, furniture, cars, foods and beverages, which are prohibited from importation.

This has caused the government to lose its income from customs, traditionally a large part of its total income, and to adjust its expectations. The weighted average of import tariffs is estimated to be 11.3% this year and 5% for the category known as essential goods – strategically significant goods including food and medicine. While it is relatively inexpensive to import these essential goods many other businesses dispute the ban. They argue that their respective products are required for the industry and are not manufactured domestically – the latter is the grounds for prohibition. This signals a heightened political uncertainty around imports operations that will probably continue well into 2020.

The 1,400-goods list of banned products for imports presents an opportunity for the local production of international brands that look to Iran as a large market. Many established, international brands are switching to this option. Majority of the activities and entities in Iran are not subject to sanctions, but transactions in US dollars are, and international companies with US operations would be cautious. However, low labor and electricity costs have made the switch much more feasible. Notwithstanding, it is more probable that the total amount of trade and production will lower because not all businesses show such extreme dexterity in changing their business model from imports to manufacturing. In response to prohibitions also, imports will switch further to cheaper goods and complementary products in importers' portfolios.



This year, Iran hopes to realize previous agreements with China for infrastructure, oil, gas and petrochemical sectors' development.

With Iran as a new member of the Eurasian Economic Union, the volume and value of goods that Iran has exported to the EAEU states have risen in three quarters by 116% and 72%, respectively, which defies the current negative growth in export value.

## What Lies Ahead

The impact of US sanctions on the global integration of Iran has proven to be detrimental. More than 50% of Iran's 2018 non-oil exports were affected merely by the latest round. Aggravated by producer price inflation, costs of re-routing to new markets and rising total costs, these inhibit the growth of non-oil exports in 2020 to a bare minimum. However, the anemic trade will find hope in the Commonwealth of Independent States, where Iran is a member of the Eurasian

Economic Union. The country also finds an opportunity to have less costly exports in inward health tourism. As for imports, they historically follow non-oil exports which this year could be in the range of USD 30 to 40 billion. Crude oil and gas exports are highly uncertain, but independence from oil revenues has been a fervent belief among policy-makers.

Ten years ago, Iran considerably reduced its energy subsidies – a first among major Middle Eastern oil-exporting countries. Last year the government reduced its subsidies on petrol, leading disgruntled crowds to turn to the streets in protest. This reduction was not ad hoc though, but part of a longer-term plan to diversify away from oil. The subsidies were not fairly distributed, and the reduction is meant to redirect those subsidies to be more evenly distributed amongst the population. This year the government would probably reduce petrol subsidies by another 15% if the pandemic-era sentiment allows. That could increase inflation by a few percentage points – the impact of the petrol subsidy's reduction on inflation in 2019 was four percentage points, according to CBI.

We will also see frameworks for contractual agreements in the oil and gas industry revised, changes to retirement policies and a transition to a multi-year budget by implementing the current

2-year plan and introducing a 3-year program for the next year. Iran could see more prosperous times if it lets the private sector thrive. While government pushes for private sector growth and away from oligopolies through privatization, major powerhouses prefer privatization to be a problem of rearranging their current structures or rather an opportunity for their growth.

The difference of opinion appears unyielding and the government is going back to simpler solutions to sustain the private sector. It is now trying to place about 43 billion USD worth of investment in abandoned construction plans. It will not be easy to make them attractive to private capital.

The offer is asking too much for too little, but there is not much else going on, and the government can only finance itself by debt for so long.

All in all, despite showing great resilience in 2019, in light of adversity in the form of unprecedented economic sanctions, Iran's economy is about to get a real feel for the impact of the coronavirus pandemic and to some degree the low oil prices, both of which will surely contribute to a dreary 2020 and perhaps 2021. This however, doesn't mean that an economy used to massive pressures from inside and outside can't absorb the shocks.

In fact, Iran may be better prepared to cope with such shocks than most other conventional economies, both in developed and developing worlds. With proper crises management, optimized resource allocation and better planning, Iran will certainly be able to pass yet another major stress test on its economy.

Tehran Stock Exchange has flourished in early 2020 as an important state platform to attract parastatal, institutional capital and retail private investors. As the government puts it in its analysis of the budget "the majority of financial activities in the stock market belongs to the state."

# Tehran Stock Exchange Overview

Turquoise Partners

INVESTMENT

## Market Commentary

We monitor two categories of data to understand in which direction the Tehran Stock Exchange (TSE) will be heading in 2020. The first is the examination of valuation metrics such as market cap to GDP (Gross Domestic Product) and P/E (Price-earnings ratio). The second category is economic variables i.e. exchange rate, inflation, etc. The first factor is to analyze how valuation metrics are moving with respect to their long-term levels. The long-term average value of the market cap of the Tehran Stock Exchange and Iran Fara Bourse (IFB) in USD terms are at circa 103 billion USD (ending March 2020). In 2011 and 2018, when the IRR per USD depreciated sharply, the value plunged to 55 billion USD. As of the month end in March 2020, the total Iranian market cap reached 160 billion USD, well above the historic average.

## Historic Trends & Sector Insight

A strong rally after a sharp depreciation of the exchange rate is what happened over the past two devaluations. These rallies shifted the markets' value back to its long-term equilibrium levels and the stock market compensated for the loss of IRR depreciation with a lag of 6 months to 1 year. The TSE continued its positive performance in April 2020, recording one the best performing month in USD currency terms, as the overall index rose by 7% in USD. Retail money continued to flow in to the stock market as the geopolitical tension somewhat eased and the gradual IRR depreciation continued.

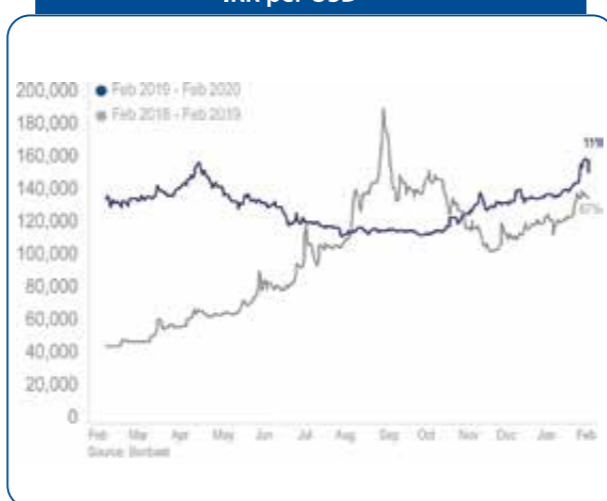
An excessive flow of money has been coming to the equity market from retail investors who are betting on the current upward trend to carry on in the months to come. The CBI tight capital control in the exchange market and a deep recession in the real estate transactions have also left retail investors with very little alternatives, and as a result, the stock market has been the main benefactor. Moreover, how the trailing twelve-month P/E of both TSE and junior market has been rising recently is phenomenal and is about to hit a new record high in the foreseeable future. An important observation is that the P/E's in the junior market, which mainly consists of small caps, is even higher and stood at 16.4 folds by the end of March 2020.

This reiterates the point that buyers have become less sensitive toward fundamentals and much prefer high risk small caps over blue-chip stocks in the main market.

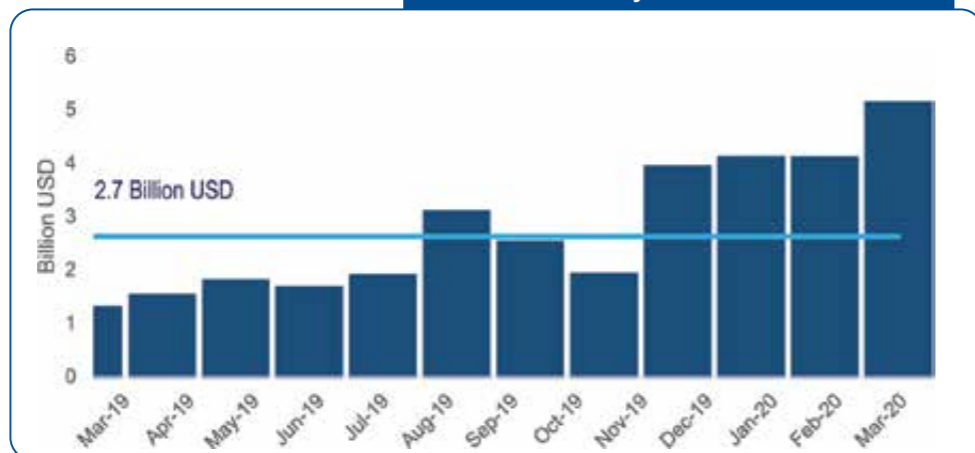
Long-Term Overall Index (Normalized in USD)



IRR per USD



Monthly TSE Volumes



Other factors also increased interest in investing in the stock market, a part of this boom results from the increase in retail investors entering the market and investing in small cap stocks, introduction of Exchange-traded funds, the sale of government shares, and registration of 35 million Justice Stock holders.

As a result of recent rally in the stock market, a divergence has been emerged between the stock prices and their underlying fundamentals.

In addition, ending March 2020, volumes, were of a huge surprise and reached an all-time high of 5 billion USD in March, 84% higher of that of the 12-month trailing average. In regards to currency, despite all the systemic risks surrounding the economy, the Central Bank of Iran (CBI) has been able to curb the uprising volatility that came after coronavirus and consequent falling oil prices. Daily fluctuations have been limited significantly with the USD/IRR at around 150,000 IRR per USD through end of Feb 2020. On a larger scale, the local currency depreciated by around 11% in 1398 Iranian calendar year (March 2019 to March 2020) compared to 67% decline over the same period last year.

Commodity prices also used to play a crucial role in directing the Tehran stock market since related industries contribute to more than 50% of the weighting of the market cap. This time around, nonetheless, the Iranian market has shrugged off the meltdown of the commodity global prices that has emerged from the spread of COVID-19 globally. In the chart titled "Financial Crisis of 2008" you can see how the market reaction this time has been different than that of 2008.

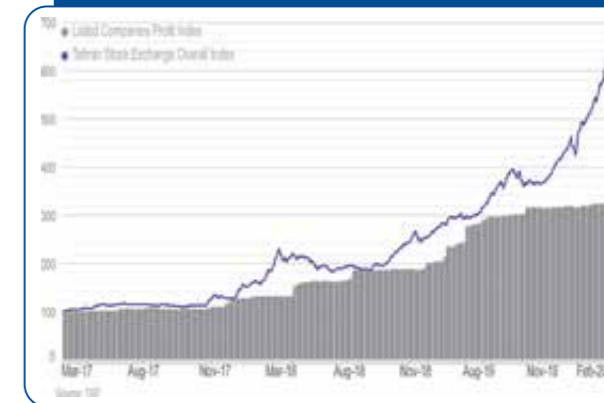
One of the reasons of this divergence is the uncertainty toward the prospect of the local currency which did not exist in 2008. However, one could argue that the devaluation of IRR this year to date has been minimal compared to the expectations.

In Feb 2020, mining and metal sector led the gains by recording rises 15% and 14% in USD terms in their respective sub-indices. However, it should be of no surprise that sectors such as banks, automotive and telecommunication have been unable to adjust their topline in line with the devaluing currency.

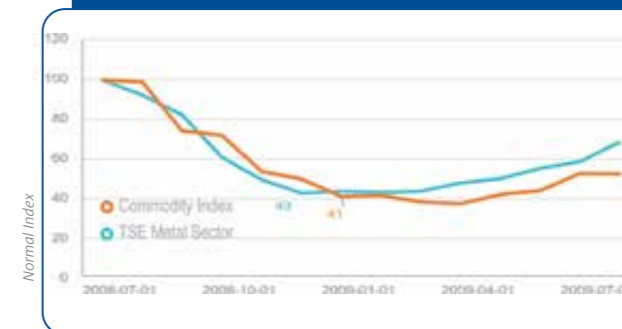
We remain cautious toward the possibility of significant further devaluation of IRR before the US election and believe the central bank of Iran have a good handle on the currency market using its own reserves to curb volatility in the short term. Post US election, however, it could be a different era and the election outcome will set the stage for inflation expectations and the currency path.

With that in mind, we are of the view that the fixed income market in Iran remains an attractive option in the short term given the fact that stock valuations have become so rich and it makes sense to strike a balance between equities and bonds to manage the risk.

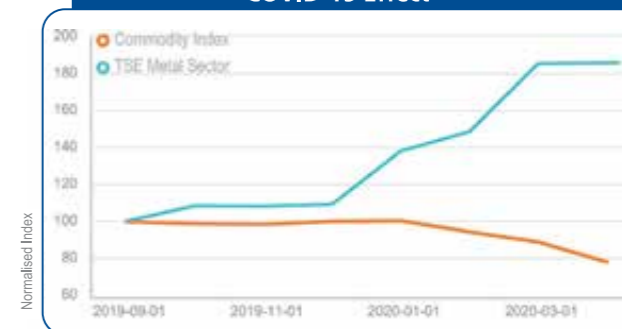
TSE Overall Index & Listed Firms Profits (Normalized in IRR)



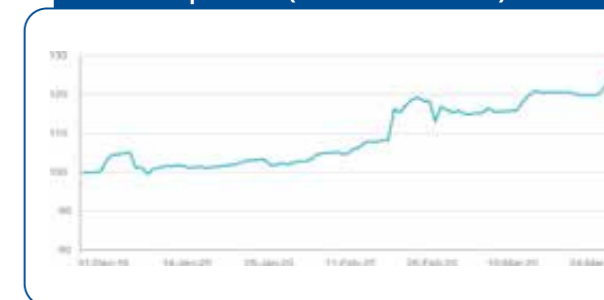
Financial Crisis of 2008



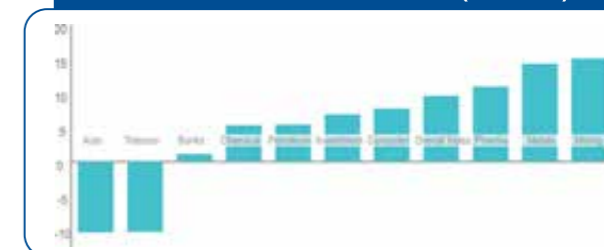
COVID-19 Effect



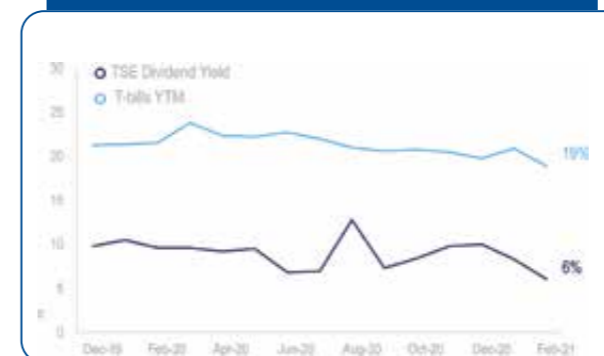
IRR per USD (Normalised Index)



Sectors Performance MOM - Feb 2020 (% in USD)



Dividend Yield vs. T-bills



To receive the latest updates on Turquoise Partners investment funds and managed accounts, contact us through the following email:  
assetmanagement@turquoisepartners.com

# Doing Business in and with Iran

Jean-Charles Albitre



## A legal overview of possibilities and opportunities

Doing business with Iran seems, from the outside, difficult at a time where US secondary sanctions are rising. However, there are still foreign companies coming in and Iranian ones developing their commercial flow with the outside. The circumstances require more and more legal compliance and, therefore, a good practice of both Iranian and international legal and business background. Ferdowsi Legal with its Iranian lawyers and managing partner Jean-Charles Albitre offer us a legal overview of these issues from their daily practice in Tehran.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Jean-Charles Albitre, you are one of the founders of Ferdowsi Legal and the current managing partner. Could you present your firm and its activity in Iran?**

My partner Baki Maneche and I arrived in Iran in 2015 to develop the activity of another law firm. In 2016, we decided to open our own practice, Ferdowsi Legal, to assist foreign companies.

We are based in Iran and, most likely, the only international law firm having senior foreign partners full-time on the ground. Our aim is to provide international know-how with local experience, covering companies' needs. That is why we have a mixed team of Iranian and foreign law and tax practitioners based in Tehran. We offer a full range of legal and tax services.

Our clients are foreign companies, mostly European, but also Iranian family businesses. We assist them in doing business to and from Iran despite sanctions and overcompliance from banks.

We have now extended our activity to the Middle East at large through various partnerships, including with FIDAL, the largest French law firm, who we represent in the Middle East.

**Are there still European undertakings willing to come and invest in Iran? What kind of projects and issues do they have?**

Our French roots and international experience make us a first choice for many French-speaking companies, including top tier groups.

Many other large SMEs, or small- and medium-sized enterprises, and industrial companies with a footprint from Europe, Asia and the Middle East are also among our clients since they are key vectors of foreign investments in the Middle East, not only Iran.

Nowadays, the bigger the company, the more exposed to US secondary sanctions it is. We note that SMEs are more willing to enter the Iranian market, but they just don't communicate and remain cautious.

**Most of the time, we hear about overcompliance and lack of information being the real barriers to trade with Iran; Do you agree?**

Of course, it is! Let's take the example of a company working in the humanitarian sectors such as agri-food, pharmaceuticals and medical equipment. They should, in theory, have no specific problem in dealing with a bank. However, most banks close the doors as soon as they hear the word "Iran." The combination of an unclear regulation from OFAC, or the Office for Foreign Assets Control, with excessive fines in the past, like for French bank BNP Paribas, make them reluctant to engage in a compliance process. Though, the most ridiculous thing with the bank's attitude is that Iran's transactions represented less than 7 percent of the grounds for BNP's fine! But for banks, all eyes are on Iran.

Banks have enough experts to handle compliance; it is a lack of will and interest! However, there are still several, even if not numerous, trustworthy financial channels to operate to and from Iran.

**Would you recommend asking for a license from OFAC or go through the so-called "US humanitarian scheme"?**

When it comes to legal analysis over Iranian business, there are no general rules, just specific case-by-case analyses. However, I would recommend being extremely cautious with it, for two reasons.

The first is that you have no guarantee to have a positive outcome. OFAC is understaffed and is not bound by any specific deadline to revert to you after you have applied for a license. This means that your activity will be on hold for an undefined amount of time. Moreover, if you have been on OFAC's radar, you will always be scrutinized in the future. The other reason is a high risk of being bound to disclose strategic information on your current commercial and financial schemes with Iran. I mean, the controversial "US humanitarian scheme" is very intrusive and you expose business-sensitive information that may be conveyed to US competitors. Moreover, unveiling your Iranian partners and schemes, which is counterintuitive to creating trustworthy schemes and

partnerships. This may expose them to US threats, which risks losing them all!

I would add that, if your current scheme is functioning, keep it as long as you are in the situation of humanitarian trade

**What about INSTEX? How can European and Iranian companies benefit from the barter? Do you see any future for the scheme?**

I would first specify that INSTEX seems, in theory, easier than the Swiss banking channel since the company does not handle compliance. Therefore, you don't have to give the amount of information required in the Swiss channel. Despite a first successful transaction, this banking channel is limited in its scope due to Swiss companies being prioritized and the high risk of sensitive information required by the US administration.

So far INSTEX has had one test transaction to its credit. It consisted of a shipment of medical goods to Tehran to help fight the coronavirus outbreak. Even though it was not a big amount, it was an important symbolic step that could boost confidence in the mechanism. The German Ministry of Foreign Affairs already announced that more transactions are expected.

However, two main difficulties remain. The first difficulty comes from the relevant volume of trade so that enough liquidity is obtained. The second difficulty comes from banks' overcompliance. Even with a swap system, a European bank will have to pay another European bank, even in Europe and with Euros, for a deal pertaining to Iranian trade. Will they accept to do so even if legally permitted?

However, after the psychological step of a first transaction, wait-and-see positions are evolving.

**Our aim is to provide international know-how with local experience covering companies' needs. That is why we have a mixed team of Iranian and foreign law and tax practitioners based in Tehran.**

**How do you see the future of this mechanism now that the first transaction has taken place?**

Again, it is a very symbolic step. European companies were waiting for someone to be the first and they now have the proof that it works. So far, the United States has no issues with the mechanism but European companies may wait a bit more to be sure that it is a secured position. In the long run, I foresee three possibilities of evolution but not all with the same likelihood.

In the first case, INSTEX stays limited to humanitarian transactions since the US seems to tolerate this use and it is now technically working. This is the most likely possibility at this stage.



In the second case, INSTEX is extended to non-humanitarian goods. This was planned at the creation of INSTEX despite the mechanism being limited to humanitarian trade right now. Subject to no major US reaction and with European political will, this is now possible but not in the short-term.

In the third case, INSTEX becomes an international trade tool. This scenario depends on bilateral relations of the US with countries that have or had significant trade relations with Iran and showed interest in INSTEX (Turkey, China, Russia and Central Asian countries). This is, at this stage, unlikely and depends on too many political elements.

I would like to add that we can see certain recent positive elements. The Chief of the Central Bank of Iran has requested the International Monetary Fund to approve a 5 billion USD loan to assist Iran with the outbreak of COVID-19. CBI has suggested the loans be processed via INSTEX.

This could be a game changer since it would temporarily solve the first problem I previously stressed: We need cash flow in the system to make it work!

**Is the Iranian legislation sufficiently business-friendly? What main points of attention would you draw to a potential European client?**

In Iran, foreign investments can reach most sectors, contrary to most cases in the GCC countries, without requiring a majority local sponsor.

There is no black or white when it comes to Iranian business law. I can point out several little-known assets, a few difficulties that could be overcome and important advice for all.

Firstly, certain legal provisions, like the Foreign Investment Promotion and Protection Act, are more practical than they appear, and a lot can be done!

Secondly, the lack of protection of foreign copyrights is a real issue when it comes to knowledge-based businesses. There are solutions to manage this, but again, with a case-by-case analysis. Other weak points are the need to modernize companies' laws and the totally archaic insolvency law.

Lastly, my general advice for a potential willing European company is the following: Go over the general ideas that you may have and seek local support. Iran is an interesting market and certain difficulties are overcome from local ground. Paradoxically, it may be the right moment to come to Iran. It takes time to settle in. By investing now, you lay the foundations for the future.

# Investment Prospects in Iran

Fahimeh Davari

INVESTMENT

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. If you were to summarize the state of affairs in today's investment atmosphere in Iran, how would you describe it? What would you say are the opportunities and challenges at the moment?**

Given the circumstances in which we are faring, economically and politically, and the crippling sanctions imposed upon us, stalling is not the answer and we should not let the current

**What is foreign investment currently like in Iran?**

Foreign investment is presently a cul-de-sac in our country and foreign investors are impeded by the sanctions; Nonetheless, at a micro-level – for instance, clothing and coffee companies – there are still businesses entering into partnerships with Iranian companies which will have more leverage when the climate is more business-friendly.

**What are your views on Iran's Technology sector and its potential? Can Iran become a major producer and exporter of knowledge and technology?**

Knowledge-based export from our country, considering the immense potential of our students and freelance workers, could easily go beyond borders and gravitate an inflow of foreign currencies. Owing to talents and available resources, our low-waged workers can hog a lion's share of the market of providing expertise.

**What, in your opinion, do local companies lack when it comes to going international and expanding regionally or even globally? How can they address the shortcomings?**

Iran's lackluster economic performance internationally could be ascribed to external factors such as sanctions, which have confined our economy to only Middle Eastern markets. This presents our companies from showcasing their products at the international level. Also self-imposed elements like mismanagement, ignorance of trade laws or even of the English language could be factors.

enabled our colleagues to feel at ease and to feel a sense of belonging, which has led to internalizing the values and visions of the company. In the end, adhering to my principles, I rose to the challenge.

**As a board member of the Association of Investment Consulting and Supervision in the Chamber of Commerce and a member of the Supreme Council of Association of Banking & Credit Investment Consultants, what measures would you propose to better economic conditions?**

**As a female entrepreneur, what is your outlook on women's role in business?**

Iranian women have begun to gain a foothold in business, proving themselves to be astute managers and businesswomen, sloughing off the consumer-mentality and enhancing productivity, which now can be looked upon as an invaluable asset to families and the national economy alike.



climate thwart our plans of reaching international markets. However, self-sufficiency can be deemed as an opportunity in the long run for many investors. Raising the potential of domestic production to meet our needs, where the possibility of import is almost ruled out, there is a chance that domestic investors could capitalize on.

In terms of high-tech machinery, our country is lagging behind, a far cry from a developed country; nevertheless, upward of 60 percent of our immediate needs can be met internally which affords opportunities for investors.

Regarding the challenges before us, we should free ourselves of our protective shells, namely our taxing policies and social security, both of which place a burden on the investors and affect the job security of workers adversely.

**What industry sectors have the most potential in Iran right now, in terms of return on investment, contribution to the GDP as well as exports?**

The packaging industry, if developed and standardized to meet the international requirements, mining with enriched end-products, and IT-based industries are sectors which could grow significantly, becoming pillars of export.

**What advice do you have for Iranian manufacturers and brands to expand in the region and become more export-oriented? Which countries regionally and globally do you consider most promising for Iranian companies who are looking at outside markets?**

Countries in the region, which are replete with opportunities, should be scouted. Countries such as Qatar and Oman, for example, with a burgeoning market for knowledge-based services are worthy of being mentioned. What we have been doing at Shabahang Baretkat Co., as a part of the private sector, is prospecting the region for places in which Iranian products and services could be showcased and employed.

“ Given the circumstances in which we are faring, economically and politically, and the encountering crippling sanctions imposed upon us, stalling is not the answer and we should not let the current climate thwart our plans of reaching international markets. ”



**How did you enter the business industry and tackle the problems you were faced with?**

I was 25 when I first entered the business industry under the auspices of my accounting professor. I had to put far more effort to be acknowledged as the only woman in a textile company with a supervising position in industrial management. Afterwards, I started working in the male-dominated atmosphere of Zob Ahan (Esfahan Steel Co.) with the same position. It was a demanding endeavor to juggle work, kids, studies while also shattering the glass ceiling. Being assertive, having faith in myself, delineating a clear trajectory, and setting realizable goals all earned the trust of both management and the ranks. Also, bringing a sense of maternal care to the rough atmosphere of the workplace

Given the existing inflation rate and government's intervention in terms of controlling the prices of immediate necessities, which is temporary and ineffective in the long run, I believe that a two-pronged approach should be adopted. On a household level, people should be more budget-conscious, staving off unnecessary expenses and incurring only necessary costs such as those of staples and education. On a macro-level, we should turn to a more export-oriented economy, which needs comprehensive education of employees at every echelon and a boost too IT-based businesses for which there is no paucity of talent and human resources in our country. In addition, our heavy dependence on natural resources as the main source of revenue should be lessened and value-added products should replace the export of raw materials.

“ Iranian women have begun to gain a foothold in business, proving themselves to be astute managers and businesswomen. ”

“ It was a demanding endeavor to juggle work, kids and studies while also shattering the glass ceiling. ”

## 25%

### of the population will be over 65 by 2050

Currently there are 8 million elderly. In contrast, at the end of the second millennium, 40% of Iranians were under the age of 14. The ageing population is growing three times faster than the overall population. In preparation, cities are aiming to be more age-friendly. Various programmes are under way, and recently Isfahan was inaugurated by its mayor and UNFPA as the pilot age-friendly city.



## \$700,000,000

### Yearly turnover of knowledge-based companies

The phrase "knowledge-based" is coined as part of a long-term programme which covers a good part of incubation and technology park systems. The umbrella programme has seen the growth of the so-called knowledge-based companies to reach about 6,500 strong.



## 100

### Number of fertility centres

More Iranian couples experience infertility than the world average. The country utilises all modern techniques, approaches and technologies available in the world. IBF, IVF, and ICSI are among the common treatments in use. The costs are relatively low: successful treatments cost less than 2,000 USD. Infertility treatment has become a strong part of Iran's health tourism attraction to expats and people from neighbouring countries.



## 100,000,000

### Square metres

### Total carpet production in Iran

Until 2017, 1900 tons or 125 million USD of Iranian handwoven carpets, about a third of the export value, found their way to the US. Other top destinations are Germany, Lebanon, UK and UAE. Iran holds about 20% of all international trade of woven carpets. Together with machine-woven carpets, the production has risen from about 70,000,000 square meters in 2009 to just short of 100,000,000 square meters in 2019.



## 6,000,000 Hectares

### Area of land producing wheat

Iran has been self-sufficient in the production of wheat since 2016. In 2019 production reached 11 million tons and in 2020 this is expected to become 14 million. The state aspires for 95% self-efficiency in main agricultural products. This means there are 14.5 million tonnes of wheat, 3.6 million tonnes of barley, 10 million tonnes of sugar beet, 7.5 million tonnes of sugar cane, 5.5 million tonnes of potatoes and about 1 million tonnes of colza, among others. The plan strongly favors organic food while tightening control on genetically modified foods.



## 148,000

### Number of hospital beds



The provinces of Tehran, Khorasan Razavi and Fars have the most number of beds between them with 22%, 8% and 8% of the total number of hospital beds, respectively. By 2025 it is planned to add another 113,000 beds which will raise the current per-thousand index of 1.8 to 3.

## 35,000,000 USD

### The estimated amount of yearly transactions handled by Iranian fintech start-ups in 2019

A recent study identified the players in the booming fintech scene, with 8 policy and regulatory players, 9 trade associations, 80+ start-ups in payment, 15 in international transactions, 15 in blockchain technologies, 25 in wealth management, 25 in crowdfunding and microlending, 30 in personal finance, 15 in insurance and 5 in the banking segment.



## 1888

First railroad in Iran connected Tehran to the city of Rey. In 1926 the line from Torkaman Port in the North to Imam Khomeini Port in the South ushered an era of the development of railroad infrastructure that later became a turning point in World War II.



## 14,000 Kilometres

### Total railroad network

The railroad network, which accommodates 11 international stations, is supervised by the Iranian Railroad Organisation employing more than 9,000 people. The government is providing incentives to correct the unbalanced distribution of commercial activity between the land- and rail-roads, where the railroads take only a small share. Its share of cargo is planned to reach 91 million tonnes by 2025, from the current 34 million. By then the network is to reach 25,000 km. This takes 250 km of new lines and an additional 150 km of renovations every year.





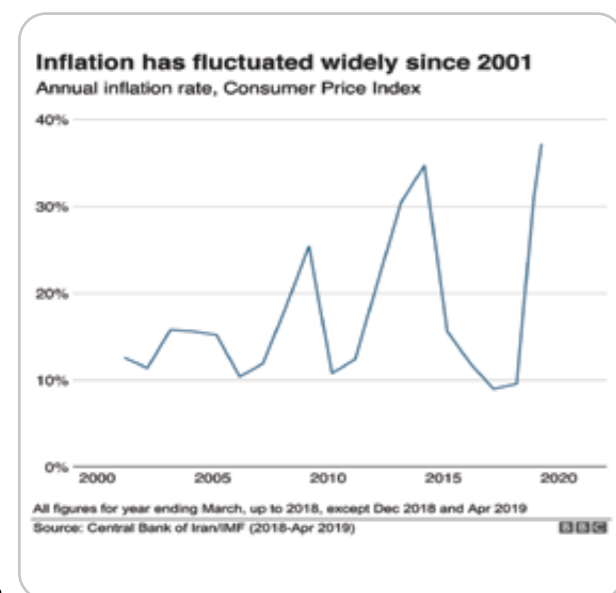
# Where does INSTEX stand now, in 2020?

Arjan Capital



When it comes to business, the words “Iran” and “sanctions”, unfortunately, are heard or seen side-by-side. Sanctions are an intricate part of dealing with today’s Iran, and this sadly exemplifies the intermixing of business, politics, and even the law. The US’s withdrawal from the Joint Comprehensive Plan of Action, or JCPOA, is an unwelcome move – at the very least from a business point of view – when it comes to the West’s relationship with Iran. But it doesn’t ultimately bring the curtain down on business with Iran. It is an obstacle, but not an impossible one to hurdle – unless of course, you are a US passport holder, in which case the issue is most certainly a legal one above all else.

Ever since President Trump took a much stricter approach towards Tehran, Europe has been trying to come up with solutions, though rather lukewarmly. The European Union has not withdrawn from the JCPOA and has said it has no plans to do so unless the Islamic Republic doesn’t keep up its end of the bargain. Such withdrawal plans might, however, become a worrying reality given the dramatic events towards the end of 2019, sparked by the killing of top Iranian official General Qassem Soleimani by US forces. His assassination comes at a time when the Iranian economy is in dire straits. Whatever its motives, many Iranians felt that they had been undercut enough by the Trump regime, long before the killing. The damage caused to the Iranian economy by the US withdrawal from JCPOA is overtly evident.



One of the solutions mooted in 2018 by the other side of the Atlantic was INSTEX (Instrument in Support of Trade Exchanges) – the SPV (special purpose vehicle) set up by the UK, France, and Germany, to facilitate deals with Iran that would be palatable even to a hardliner Trump administration. One imagines this would mean, at the very least, that Instex could be a platform to trade humanitarian goods and medicines. Amongst all the turbulence and instability caused to the Iranian economy – crudely manifested by the severe depreciation of the Iranian Rial - the Iranian pharma industry, in particular, has taken a heavy blow. Medicines and treatments are in short supply in a country that prides itself on a high level of education, especially in vocational industries such as medicine. INSTEX has been in the making for nearly two years, and yet there is little to no tangible progress. The market has heard about it but seen little. The lack of successful trades since its founding comes down to a combination of factors:

Firstly, for humanitarian products, the big names in the field are already transacting with the Iranian government and have little need for or interest in using a platform in the limelight, like INSTEX. Secondly, the Europeans are wary of exhausting American patience which is even more acute in the face of Iranian activity, or the lack of it. The US insists that Iran should reform its opaque financial system which Iran does at a languid pace. Reacting to the US abandonment of JCPOA and the slow- or close to no-motion by the Europeans, Iran is gradually stepping away from the JCPOA itself - in reversible steps, as Iran assures. Rightly or wrongly, Iran feels that with the US withdrawal and being short-changed by the promised economic advantages ever since the signing of the JCPOA agreement, there is not much incentive left for Iran keeping to the non-nuclear commitments. These Iranian withdrawal moves led the E3 countries – Britain, France, and Germany, the very nations who founded INSTEX – to invoke the dispute mechanism in the JCPOA.

**“Sanctions are an intricate part of dealing with today’s Iran, and this sadly exemplifies the intermixing of business, politics, and even the law.”**

Such levels of mutual intransigence will get business nowhere fast and put the EU in an awkward position. The organisers of INSTEX are keen to handle even small transactions to get the ball rolling.

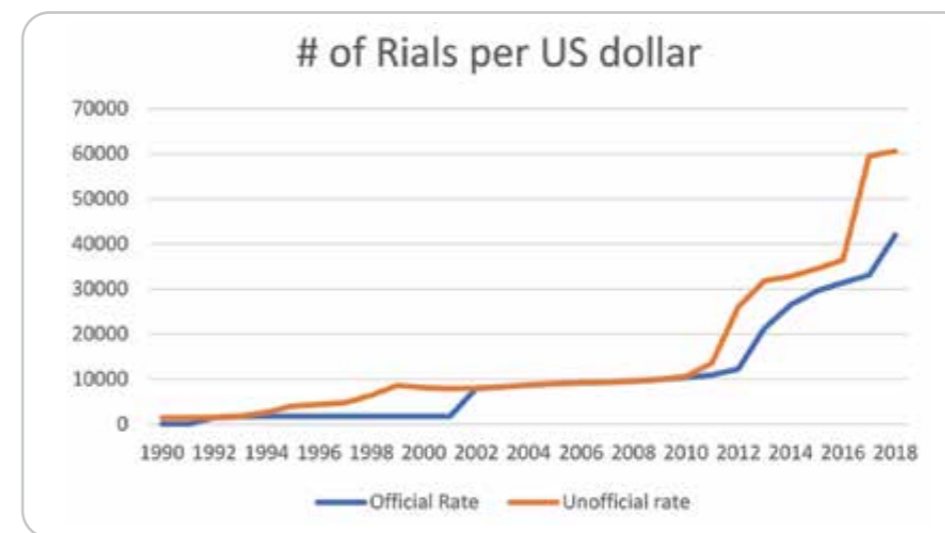
A third factor to consider, though less critical, is Switzerland’s own SPV as a national alternative to INSTEX, exclusively for qualifying Swiss companies. But this platform is not moving in the fast lane either and still negotiating OFAC approval. Business considerations differ here from political and legal ones, as it is not illegal for non-US persons or entities to do business with Iran – it is, however, a case of corporate, rather than legal policy and the attitude a company takes will depend heavily on the US exposure a European exporter has. The annual sales of a large European food company in Iran is equal to one day of sales in the USA. This is the US government’s leverage.

Towards the end of 2019, INSTEX didn’t look doomed, but somewhat lifeless. Its chances of being a success look even slimmer after the killing of General Soleimani. Intransigence turned into raw aggression from both sides.

The Iranian retaliation was a bombardment on an American base in Iraq, carefully avoiding any human casualties.

Europe has been keen not to let the work done so far go to waste, but patience and composure on all sides are running low. Despite invoking the UN dispute mechanism, INSTEX seems to simmer on the backburner.

**“Amongst all the turbulence and instability caused to the Iranian economy – crudely manifested by the severe depreciation of the Iranian Rial - the Iranian pharma industry, in particular, has taken a heavy blow.”**



Source: The European Economic Forum

*P.S. When this edition went to print, the INSTEX and the Swiss payment channel did an initial small transaction, however neither have yet reached a breakthrough in the international Iranian payment market and doubts remain that it will have a large following. Hope, though, prevails.*

European diplomats claim that the point of triggering the dispute mechanism was to do exactly that - to resolve an issue through the very JCPOA agreement that all had signed - and not to re-impose sanctions. Hope is not completely lost yet – but it was telling that European officials were barely able to namedrop INSTEX upon release of the E3 joint statement on January 14th, 2020.

With the Rial at an all-time low, and with a contrarian approach, Iran provides a significant yield-driven investment opportunity for non-US parties, though not for widows and orphans (as the bankers’ saying goes).

The graph demonstrates the degree of the severe depreciation of the Iranian Rial, and it has only worsened over recent months. Foreign companies who are willing to produce locally and have little or no US exposure are encouraged to consider this opportunity. Growth in some sectors, such as Iranian e-commerce, can see numbers as high as 50% per half- or even quarter-year.

As it stands, companies are currently doing business with Iran and will continue doing so. New business has declined dramatically since the US withdrawal from the JCPOA in May 2018. Big names will continue to avoid Iran, at least in name. But in particular for small- and medium-sized enterprises, or SME’s, willing to take the risk, the Iran glass is still very much half-full rather than half-empty.

Arjan Capital Ltd, January 2020  
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Note: At the time of writing, news was released that, despite its apparent lack of news and activity, the Swiss investment vehicle has been established. The Swiss Humanitarian Trade Agreement (SHTA) set up a successful trial run on January 27th, for medicines needed for cancer and organ donation, and valued at approximately 2.3 million Euros. The Swiss banks involved in the trade have received reassurances from US authorities that the transactions can be processed in accordance with American legislation, in return for the data collected by Swiss authorities on the Iranian partners involved in the deal. As things stand, it looks like SHTA has got a head-start on INSTEX, but it is good news either way.

# EU Incentives for Iran after the Renewed Sanctions

Khosrow Salour

After the signing of the Joint Comprehensive Plan of Action (JCPOA) between Iran and the six industrial countries (USA, China, Germany, Russia, UK and France), the European Union-Iran economic relations began to rise. In the period between June 2015 and May 2018, a number of European multinationals resumed business in the country and plenty of Memorandums of Understanding (MOUs) were signed between EU member countries and Iran. In this period, a significant amount of foreign investment entered the country (shown in Table-1).

After May 2018, the United States of America withdrew from the JCPOA agreement. Since then, the US Treasury Department has imposed numerous sanctions on industries, companies and individuals. Only humanitarian sectors such as: agricultural, food, medical, pharmaceutical and to some extent environmental are exempted from the US sanctions.

Iran has threatened to also withdraw from the JCPOA. US sanctions are blocking any economic benefits expected from the JCPOA, so Iran is not willing to remain in the agreement as long as economic pressure remains. The EU has tried to provide some economic support to convince Iran to remain in the JCPOA. However, the US is blocking Iranian firms from conducting international banking transactions, free shipping and free trade and that disturbs the EU's planning. EU's financial and technical incentives in the humanitarian fields are currently the most practical tool to economically support Iran. The EU incentives were initially approved in 2015 with the intention to expand sustainable economic growth for the Iranian SME's, implement environmental projects and introduce prevention and treatment methods for HIV patients and drug use. The most prominent projects defined among the EU incentives are as follows.

## Definition of the above project's components:

### \* Component 1

#### EU project name:

Prosperity: trade-related technical assistance, capacity building, and value chain development for inclusive and sustainable trade-led growth. Indirect management with an international organization

#### Purpose of the project:

The specific objective of component 1 is increased and diversified trade in goods and services. The indicative outputs are:

- \* Trade policy, market intelligence, investment framework, and mechanisms for addressing bilateral trade irritants are improved.
- \* Inclusive access to markets and/or value chains is improved;
- \* Capacity for business innovation and entrepreneurship, including: sustainable and digital solutions is increased.
- \* Project is under execution.

#### Iranian Stake Holders:

Ministry of Industry, Mine and Trade (MIMT), Trade Promotion Organization of Iran (TPO), Ministry of Agriculture Jihad, Ministry of Health and Medical Education, and other agencies dependent on the ministries mentioned, e.g. the Food and Drug Organization of Iran (FDO), Iran's Youth Chamber of Commerce, Iran's Small Industries and Industrial Parks Organization (ISIPO) as well as the International Trade Center (ITC). Final beneficiaries will be SMEs and in particular young entrepreneurs running high-potential SMEs  
Value: 8,000,000 EUR



Table-1 Foreign Direct Investment for Iran 2015-2017

	2015	2016	2017
FDI Value (\$ MLN)	2,050	3,392	5,019

Source: UNCTAD

Table-2 E.U Project Components

	EU Contribution (Amount in EUR)	Indicative Third-Party Contribution (Amount in EUR)
Prosperity: trade-related technical assistance, capacity building, and value chain development for inclusive and sustainable trade-led growth. Indirect management with an international organization	8,000,000	0
Planet: enhancing self-reliance in addressing water pollution and integrated water resources management, air pollution, waste management and soil degradation. Indirect management with (a) Member State Organization(s)	8,000,000	0
People: strengthening service provision for drug use prevention, treatment and rehabilitation and HIV/AIDS care for injecting drug users. Grants: call for proposals (direct management)	2,000,000	500,000
<b>Total</b>	<b>18,000,000</b>	<b>500,000</b>

Source: E.U.



### \* Component 2

#### EU project name:

Planet: Enhancing self-reliance in addressing water pollution and integrated water resources management, air pollution, waste management and soil degradation.

#### Purpose of the project:

The specific objective of component 2 is the decoupling of economic growth from environmental degradation. The indicative outputs are:

- \* Air quality plans are implemented at national, regional and local levels.
- \* Waste management plans are implemented at national, regional and local levels.
- \* Less waste is produced and dumping of waste is reduced
- \* River basin, flood and drought, wetlands, and other water resource management plans are implemented at national, regional and local levels.
- \* Plans relating to resource efficient and biodiversity-preserving agricultural practices are implemented at national, regional and local levels.
- \* Soil quality indicators are improved;
- \* The awareness, knowledge and capacities of policy makers and other stakeholders on sustainable resource management, resource efficiency and Inclusive Green Economy issues are improved.
- \* 6 million EUR are still available for project definition and execution that fit the component requirements.

#### Iranian Stake Holders:

Department of Environment, Department of Air Pollution, Ministry of Energy and Water, Alliance of Iranian Recycling Industries, Forests Rangeland and Watershed Management Organization, and so on.

Value: 8,000,000 Euros

### \* Component 3

#### EU project name:

People: Strengthening service provision for drug use prevention, treatment and rehabilitation and HIV/AIDS care for injecting users.

#### Purpose of the project:

The specific objective of component 3 is comprehensive and evidence-based drug use prevention, treatment, rehabilitation and social reintegration.

The indicative outputs are:

- \* Tailor-made drug treatment programs are introduced and/or strengthened, with special emphasis on women, children and Amphetamine-type stimulants and polydrug users.
- \* The coverage and quality of HIV prevention, treatment and care and harm reduction services for people who use and/or inject drugs is expanded and enhanced.
- \* National, regional and international networking on HIV/AIDS and harm reduction and for knowledge sharing and dissemination of stigma-free advocacy messages is supported;
- \* Most of this component's budget is available

#### Iranian Stake Holders:

Include drop-in centers, medium-term residential rehabilitation centers, NGOs, and potentially the Drug Control Headquarters  
Value: 2,000,000 EUR



## The countries and institutions involved in the above projects:

-Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; Germany in particular has utilized 200,000 Euros in 2019 for air and water quality assessment in Ahwaz, Khuzestan Province with Khuzestan Water and Electricity Company and Iran Department of Environment.

-The Finnish Meteorological Institute assisting its Iranian counterpart and providing training during 2019 and 2020. The project is under execution.

-Institute of Atmospheric Pollution Research (IIA) Italy drafting the Iran water map with a project worth 500,000 Euros in 2019.

-European Water Partnership advising the Iranian Ministry of Energy in flood control mechanisms.

-The European House of Ambrosetti S.p.a Italy and International Trade Center (ITC, which is a joint agency of UN and WTO supporting sustainable and inclusive trade in developing countries) to implement the Iran SME trade empowerment projects. The potential Iranian exports sectors identified by Iran and EU for SMEs are: fresh fruit and vegetable, downstream petrochemicals, herbal medicine, saffron, automobile parts, ICT such as application startups and tourism. In part one of the project, 200 local SME companies will be introduced from the Iranian side.

The EU will sponsor the following activities related to the mentioned sectors: training on export strategies, cooperate capacity building, women employee empowerment and sustainable growth possibilities. UNDP is involved in the project as well. The value of the phase one of the project is 1 million EUR.

## Projects Planned for 2020 and Beyond:

-Expansion of renewable energies (wind, solar, biomass) in Iran; under its planning stage; European Commission's special mission visited Iran in January 2020.

“Only humanitarian sectors such as: agricultural, food, medical, pharmaceutical and to some extent environmental are exempted from the U.S. sanctions”

# Iran-Brazil Relations

H.E. Ambassador  
Rodrigo de Azeredo Santos



**H.E. Ambassador de Azeredo Santos, thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. If you were to summarize the state of affairs between Iran and Brazil, in terms of political relations as well as trade activities and cultural exchanges, how would you describe it?**

Brazil and Iran have always had very good political and diplomatic relations. We had some high-level visits, for example, the Minister of Foreign Affairs, Dr. Zarif, was in Brazil about 2 years ago. This year we are expecting some technical meetings in Tehran and visits from the Brazilian Minister of Agriculture and the Ministry of Health of Brazil, who will be coming to Iran to discuss bilateral cooperation on agriculture and health. I would say the political relations are still going very well. We had a change in the Brazilian government last year, a change in presidency, and each president has their own orientation in terms of foreign policy. As far as Iran is regarded, I can tell that it is being very pragmatic. We consider Iran a regional power and important partner and we want to maintain our positive political and diplomatic relations.

**Do you see any major emerging trends or patterns for example, the expansion of trade beyond meat and agricultural commodities into other sectors?**

As far as trade relations are concerned, everything is going very well. We had a bilateral trade last year of almost 2.5 billion USD. Most of these represent Brazilian exports to Iran. In regards to agricultural commodities, Iran is the largest market for Brazil, for Brazilian corn and one of the top markets for Brazilian soya and beef. We also export sugar and coffee, so in terms of agriculture, the bilateral trade is developing very well.

Due to the sanctions, there are exports coming from Brazil to Iran through third countries. We would like to see these coming directly so as to reduce costs. This figure can increase rapidly because of the potential of the market in Iran.

We are also working to have good cooperation on other areas such as pharmaceuticals, medical devices, medical equipment, products for agricultural machinery, irrigation, water treatment and goods and services for other sectors which are not under sanctions.

**What do you see as the biggest hurdles on the way of doing business between the two countries?**

First of all, I would say the biggest hurdle is the lack of information on both sides on the potential of business between the two countries. I believe Brazil and Iran may not exactly know all the business opportunities that they may find

in both countries. This is something that we have to overcome by spreading information, participating in fairs and exhibitions and organizing trade delegations. This is very important because, as I said before, our bilateral trade is very concentrated in Brazil's exports even though there is a potential of Iranian exports to Brazil. This has to do with the second hurdle, which is the sanctions. The sanctions make it very difficult, for example, for Iranian exporters to export products that Brazil imports from other countries including products such as Rea, bio-oil products such as Diesel and petrochemical products. We could have a better balance of bilateral trade but because of the US sanctions, it is more difficult. Finally, the banking relations are a big hurdle. Today, we have two Brazilian banks that have corresponding relations with Iranian banks. They also use European banks as an intermediary for exchange, operations and transactions in Euros. But of course, this is not enough. It's good that we have them, they are doing a very good job and helping to keep our bilateral trade. However, we need more alternatives including financing, which we are working on as well, and establishing a mechanism that can facilitate financing of Brazilian exports to Iran. We're still working on this and have an ongoing dialogue with the Iranian government on this subject so, hopefully, we can have some mechanism in place soon.



**You are among the very few diplomats who visited Iran several times in the past 10 years and long before your Ambassadorial tenure. Tell us about your overall experience please. Have you observed major changes between Iran today and 10 years ago?**

Yes, I have visited Tehran many times before I moved here as an ambassador. What I can say is that with every visit I could feel the hospitality and kindness of Iranian people. This made me comfortable during each visit I had to Iran, not only in Tehran but also Isfahan, Shiraz and many other places. In terms of differences, of course, 10 years ago there was a different political situation in Iran. There was a conservative president, and compared to today we can see more tolerance to some behaviours, especially in young people. During the past decade, social media has also become much more popular and accessible to young people in Iran and this brings some changes in the behaviour and even the business environment. Ten years ago there was also a complicated period for sanctions, not only from the US but also the EU. They worked together on sanctions against Iran. Lately, we know the situation after the JCPOA didn't really reach the point that Iranians were expecting. We could develop more businesses with Iran in the past 4-5 years than 10 years ago. The level of our bilateral trade has practically doubled, if you compare the figures from a decade ago with the figures we have now. On both sides, we have done a lot during this time to improve our trade and economic cooperation.

**What do you see as the opportunities and challenges for Iran in 2020 and beyond?**

Well, there is no doubt about the economic potential in Iran but as we know, the biggest challenges, I believe, for Iran in 2020 would be reaching an agreement with the US and European countries in regards to the nuclear agreement, and also achieving peace with neighboring countries. Therefore, I would say the biggest challenge in 2020 would be on the political side, both internally and externally.

Another important challenge for Iran, internally and domestically, would be introducing some economic reforms. There are many economists and analysts that rightfully say that Iran's economic problems come, not only from the sanctions, but also from the lack of reforms in the economy. In the fiscal area, for example, solutions would include introducing more productivity, efficiency and good governance in the business environment. In order to again become part of the international, let's say "financial" scenario, Iran needs to approve those important legislations of the Financial Action Task Force (FATF). There are many challenges that Iran will face but I am sure the Iranian government is paying attention to these and will put in their best efforts to reach those goals.



**What is the trade volume between Iran and Brazil today? What would be the potential if the sanctions were one day gone?**

Bilateral trade last year, from January to December 2019, reached around 2.5 billion USD, mostly represented by Brazilian exports, as I previously stated. If the sanctions did not exist, I would say that we could easily double the exports and could import a lot from Iran, maybe reaching a balanced trade. I would say in the short term, it could easily go from 2.5 to 6 or 7 billion USD with more Brazilian exports and, improving rapidly, Iranian exports of chemicals, petrochemicals and bio-oil products.

**Are there any business delegations visiting either side these days? If so, in what sector(s) and when?**

As I mentioned before, we are working on delegations on the health sector with the Brazilian Food and Drug Administration representatives coming to Iran and representatives of the Brazilian Ministry of Health following up on a meeting that we had two years ago in São Paulo. The Brazilian and Iranian Food and Drug Administrations signed a Memorandum of Understanding during Minister Zarif's visit to promote and facilitate cooperation in the segment of pharmaceuticals and medical devices. This year we are planning to have a technical and business delegation on the health sector in Iran.

Another would be the business delegation from the agricultural sector, we expect to have people from the Brazilian Ministry of Agriculture on a technical level so we can have the next meeting of Agriculture Consultative Bilateral Committee. These are the two business delegations that we are expecting to visit this year.

**Are there any major cultural, artistic or sport activities between the two countries planned for 2020?**

In terms of cultural cooperation, the ambassador in Iran has been very active in the last 2 years. We had a Brazilian movie festival in Tehran, Isfahan and Shiraz. It was very successful; we showed 10 Brazilian movies. This year we are planning the second Brazilian movie festival. We've also had some attractions and people coming from Brazil. Yamandu Costa, today considered the best Brazilian guitar player in Brazil, was in Tehran 2 years ago. We also had a group of Sertanejo, which is a typical Brazilian music style and this group was in Tehran last year. One of Brazil's best saxophone players visited Tehran last year. Altogether, we have been very active in the cultural sector.

“During the past decade, social media has also become much more popular and accessible to young people in Iran and this brings some changes in the behaviour in people and even the business environment.”

This year we are planning two photograph exhibitions. In April, we will celebrate 60 years of Brasília, the Brazilian capital. We also had a book about street art in Tehran and São Paulo. An Iranian photographer came to São Paulo to take pictures of the street art and a Brazilian photographer went to Iran to do the same. We printed and launched this book in Tehran.

The embassy of Iran in Brazil has been very active in bringing Iranian musicians to Brazil. There's been a lot in the cultural section and on tourism as well. We've been encouraging Iranian tourism to Brazil and Brazilian tourism to Iran and have noticed that last year there was an increase of Brazilian groups going to Iran. There is a lot of interest in Iranian culture, which is very positive.

**When it comes to football, there seems to be a fascination among Iranians, especially among the people of Abadan, about Brazilian football. In fact, the obsession in Abadan is such that they consider Brazil a part of Abadan! Any ideas where this has historically come from? How do you feel about it?**

# Iran-Brazil Relations

H.E. Ambassador  
Rodrigo de Azeredo Santos

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Abadan is a special chapter in our bilateral relations. I had the privilege and honour to visit Abadan last year. I was very impressed and, more than this, I was touched by the sympathy and love that they had for Brazil. It was very nice to see the people in the stadium, in the streets and the shops with Brazilian flags.

We are working on the follow-up of what we discussed last year in Abadan, for example, cooperation between Abadan and the city of Santos. Santos, the club of famous football player Pelé, has a good track record with the social inclusion of poor kids. These kids participate in a football program in the Santos club where they are educated alongside practicing football. This is something they could bring to Abadan. Santos is also a port city, very similar to Abadan in terms of population, a bit larger than Abadan but they have a lot of similarities. We'd also like to bring a Brazilian film festival to Abadan like we had before in Tehran. We'd like to keep this relationship with the people of Abadan who love Brazil.



**Can we expect further improvement of relations between Iran and Brazil in the foreseeable future, given the challenges including political climate in both countries, sanctions, etc.?**

I do believe that we can improve both our political and economic cooperation. We are working for this; there is a lot of interest from both sides to improve the bilateral relations in many aspects. There is no doubt about the potential of trade relations. The capacity to improve it would depend on how we can overcome the hurdles that I mentioned before, but, yes, we are finding solutions and alternative ways to improve our trade relations. The political relations have always been very important and good between the two countries and still are very important for us and Iran. In multilateral organizations, we share common positions, exchange votes and are planning some delegations to come to Iran this year. However, it is also very important to follow-up on the political discussions that we have had before on very important segments of our bilateral relations. Yes, I do believe we can improve in both ways.

“  
We consider Iran a regional power and important partner and we want to maintain our positive political and diplomatic relations.  
”



“  
What I can say is that with every visit I could feel the hospitality and kindness of Iranian people.  
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# Trends Quotations

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H.E. Ambassador  
Macaire, UK

Despite the challenges, there are tremendous synergies between the UK and Iran when it comes to trade. The dedicated UK trade team works full time to promote trade in our countries by providing advice to new companies exploring opportunities and supporting UK and Iranian companies already active in sectors such as pharmaceuticals and agri-technology.



H.E. Ambassador Sachs,  
Australia

As one of the world's leaders in Mining, Agri-food, Water Management and Renewable Energies, Australia is in a prime position to share our experience with Iran. Australia has also been one of the main destinations of talented Iranian graduate students.



H.E. Ambassador Hamish MacMaster,  
New Zealand

For New Zealand, Iran has always been one of the most significant trade relationships in the region. Our first embassy in the Middle East was in Tehran, and today Iran represents an important market particularly for New Zealand agricultural produce. Despite the current challenges, New Zealand companies continue to sell to and buy from Iran and the New Zealand Embassy has recently expanded to include a dedicated trade section to help support this relationship.



Andreas Schweitzer, Founder of Arjan  
Capital UK

As a UK-based and FCA authorised and regulated corporate and trade finance house with a Central Asia focus that includes Afghanistan and Iran and despite all the current hindrances, we see in particular great trade possibilities for today and even more so in the future. We continue to support our clients' trading in these markets since years in a safe and compliant way.

# UK & IRAN: Trade Relations and Prospects

Oliver Todd



**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Please tell us about yourself and UK Department for International Trade? What is the mandate of your office and scope of activities in Iran?**

I am the Director for the Department for International Trade in Iran. The Department for International Trade (DIT) is the UK government department responsible for supporting British exporters, promoting investment into the UK and negotiating our trade policy with partners around the globe. To achieve this, we work closely with our Foreign & Commonwealth Office colleagues in 180 diplomatic missions, from Tehran to Sydney and everywhere in between.

**Given the current conditions (political tensions and US sanctions), one can only presume that economic relations between Iran and the UK are at their lowest historical point. Is that true? If so, how bad is the situation, say compared to the pre-Trump era?**

Well, I am not sure our trade relations are "at their lowest historical point." In fact the UK exported 350 million GBP worth of goods to Iran last year and both Iranian and UK companies continue to show significant interest in each other's goods and services.

It is worth remembering that under the multilateral sanctions, the UK government was discouraging trade with Iran, today we are actively promoting it. The most significant impact on UK-Iran trade is clearly US sanctions, which make trade very difficult as banks are unwilling to handle payments, but as I say to UK businesses, it's not impossible! The DIT team works tirelessly to promote trade with Iran as part of the UK's commitment to the JCPOA. We do this through

DIT's network of export advisors across the UK, through trade missions, DIT presence at trade fairs and with Chambers of Commerce to provide advice to UK companies. So while UK and European trade with Iran has declined with the return of US secondary sanctions, there is still plenty of activity and opportunities for those willing to grab them.

**If the above is true, then trade relations can only go up in a post-sanction era! What are the potentials for industrial and economic cooperation between the 2 countries? How high, realistically, can the numbers eventually go? Where do you see trade levels between Iran and the US, say in 5 years?**

I am optimistic about the prospects for UK-Iran trade in the years to come. The DIT team and I are working on understanding the Iranian economy in detail to better lay the foundations for post-sanctions trade. In doing so, I have had the chance to witness the business culture and human capital that underpins the Iranian economy and believe that so many of the sectors in which the UK has world class companies and capabilities, from pharmaceuticals, to retail, to oil & gas and urban planning matches Iran's requirements for its diversifying and modernizing economy and can help to unlock this potential.

Of course, like anywhere, the political realities inform the trade and business relationship between Iran and the UK, but when I look at the interest from major UK companies and the economic appeal of Iran, I believe that there will be no ceiling to our trade relations when the time is right.

**How many British companies are currently active in Iran? What industries do they represent?**

Despite the number of UK companies operating in Iran declining recently, DIT Iran has advised over one hundred UK companies on trade with Iran since April 2019. There are many more who trade with Iran without accessing the support DIT offers. UK companies are incredibly diverse in their work here, though humanitarian sectors are the most common focus, we continue to prioritize our work on the pharmaceutical and healthcare sectors to help Iranians access the goods they need.

**With regards to the humanitarian sectors, we know that British companies are very advanced and competitive in several areas from food, water treatment or management, etc., to pharmaceuticals and medical equipment. What efforts are underway by your office to attract them to the Iranian market?**

Well, our staff based across the UK work to promote opportunities in Iran which the team here discovers by getting out and meeting Iranian companies. We then work together to locate the right UK supplier and introduce the two sides. This can either be digitally or at trade shows in the wider Middle East, the UK or Europe such as Arab Health, Gulf Food and the World Travel Market in London or MEDICA in Germany. We also organize trade missions.

For example, in October 2019, we took a mission of 17 Iranian companies to meet UK suppliers of animal feed and livestock to London and the Midlands.



## Department for International Trade

important to future business success. I'm glad to say that, at the moment, British companies tend to prefer finding a local partner, a result that develops Iranian companies' international business methods and in the long run can offer stable returns for both partners.

**The theme of this issue of our magazine being Technology, what are some of the core competencies of the UK in the high-tech sectors such as Information and Communications Technology, nanotechnology etc.? Are there any areas (for example joint research) that universities and/or tech companies from Iran and the UK are cooperating (or can cooperate in the future)?**

An excellent choice! The UK has world-leading capability in A.I., fintech, robotics, nano and biotechnology and other knowledge-intensive industries. Not many people realize that the microchips in their iPhone were designed by ARM near Cambridge or that the UK exported over 40 billion GBP in digital services last year. The UK is now home to over 70 tech unicorns, with more than double the amount of the next highest-ranking European country, placing the UK third globally behind the US and China. The digital sector as a whole contributed 130.5 billion GBP to the UK economy in 2017 and attracted 106 billion GBP of international investment. We know of several universities exploring joint opportunities here, particularly in medical and advanced veterinary research. In short, the UK is a vibrant and sophisticated technology partner for the Iran of today, and the Iran of tomorrow.

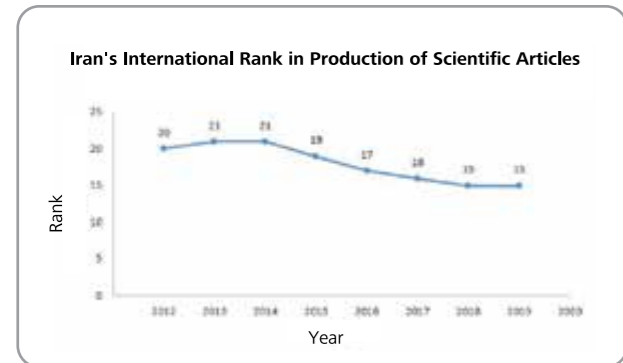
**Finally, a big decision, but not necessarily a barrier, for UK companies is deciding on whether to establish a presence themselves in Iran, or as is more common, to pick a local partner to operate on their behalf.**

**UK companies are incredibly diverse in their work here, though humanitarian sectors are the most common focus and so we continue to prioritize our work on the pharmaceutical and healthcare sectors to help Iranians access the goods they need.**



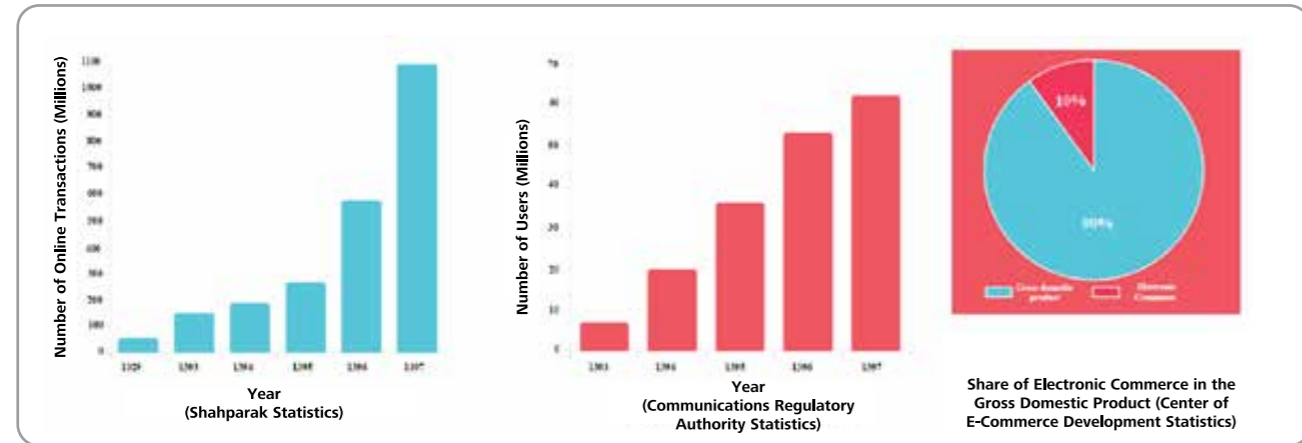
# Tech Industry Analysis

Iran has made great progress in terms of scientific growth in the past couple of decades and is now considered a leader, not only in the region and in the Muslim world, but also globally. With the fastest scientific growth in the world in recent years (measured by the number of cited published articles) Iran is now among the leading countries in several strategic and emerging fields such as stem cell (1st in MENA, 2nd globally), nanotechnology (1st in MENA, 4th globally), biotechnology (1st in MENA, 12th globally) and aerospace (1st in MENA, 11th globally). While Iran has not generally been successful in the commercialization of its scientific achievements, the mentioned growth has been very impressive.



For Iranian consumers and businesses, however, nowhere has this phenomenon been more visible than the vibrant tech sector, especially Information and Communication Technology (ICT). Despite the US sanctions, this sector has managed to thrive, and without the sanctions, could undoubtedly have been the leader in the region and perhaps even a global player. While the launch of new startups and the survival of the existing ones have been negatively impacted by the toughest economic period the country has ever experienced and the absence of proper foreign and local funding, the technology ecosystem in Iran is still evolving, be it at a slower pace.

Government support, although too little too late compared to many other developing economies, is also growing to both facilitate the incubation of new ideas as well as to help the growth of tech companies in their commercialization phase. The number of technology parks, startup incubators and venture funds have all been on the rise, despite the absence of foreign capital. Banks, insurance companies, private investment firms and individual angel investors have been responsible for 41.5 million USD in tech investment in the past 12 months alone. Tehran Stock Exchange is also paving the way for tech IPOs, with the first major one expected in mid-2020.



In a series of articles, starting with this one, we will be covering Iran's technology sector through interviews and analyses, initially focusing on well-established companies in e-commerce and mobile applications before going deeper into the startup ecosystem and the challenges and opportunities it is faced with. We will also compare Iran's tech development with other countries, starting with China. Some of Iran's tech companies have been successful in replicating global leaders in their domains; Digikala is often dubbed as Iran's Amazon and Snapp is the Iranian equivalent

motorbike courier services, for example, has been developed to cater to a growing demand for such services in large cities such as Tehran, where the ratio of motorbikes to cars is one of the highest in the world (1 to 3.5). Others like Sheypoor, the Iranian version of Craigslist, are capitalizing on the growing demand for used products and equipment amid the economic downturn and forex crisis the country has been experiencing in the past few years. Due to sanctions, new products in most categories including mobile phones and cars too expensive for most consumers to afford.

## International Apps and Their Iranian Counterparts

goldtag	digikala	amazon
TAPSI	Snapp!	Uber
تصاوتا	Aparat	YouTube
hotberg!	Takhfifan	GROUPON
AloPeyk	استنپ بار! Snapp Bar	gojek
NAMAVA	FILIMO	NETFLIX
sheypoor	دیوار DIVAR	craigslist
ایچی	آزاد cafebazaar.ir	Google Play

“With the fastest scientific growth in the world in recent years (measured by the number of cited published articles) Iran is now among the leading countries in several strategic and emerging fields such as stem cell (1st in MENA, 2nd globally), nanotechnology (1st in MENA, 4th globally), biotechnology (1st in MENA, 12th globally) and aerospace (1st in MENA, 11th globally).”



of Uber, with both companies vying to become the country's first billion-dollar unicorn. Others have developed unique business models based on Iran's domestic urban conditions. AloPeyk, an online and mobile application for B2B and B2C

We have had the chance to sit down with the founders and CEOs of both companies to get a better insight into Iran's tech industry, hear their views on what's needed to boost the sector and what's next for their companies as they grow.

# Tech Company Profile

Mehdi Nayebi



TECHNOLOGY

Mehdi Nayebi was born in Iran in the '80s. After growing up in France, he moved to London and worked for more than 10 years in investment banking at Deutsche Bank and Bank of America. He then entered the internet world and launched a company in the event management and ticketing space before moving to Tehran in 2016 to launch AloPeyk.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. If you were to summarize the state of affairs in the technology sector, especially startups, how would you describe it? What do you see as the opportunities and challenges? What are the key developments and trends (such as consolidation)?**

This last year was difficult for all Iranian startups. We faced issues in every single way, with the return of the sanctions, the economic issues that the return of the sanctions caused, and all the different political problems: the protests in November, the coronavirus now, before that, the problems caused by shooting down the plane. All of these things create volatility in the market and uncertainty for the investors. For us, it was a very challenging year especially with the newest round of sanctions that are supposed to come in effect through FATF (Financial Action Task Force). We think that this is going to continue impacting us in a general way. Of course, for AloPeyk specifically, the volatility that we faced a year ago in the currency market was very bad because all of the businesses that used to work with AloPeyk on a daily basis didn't have the ability to export anymore, at least they didn't know what price to sell at, therefore they didn't have anything to send and reduced the activity they had with AloPeyk. To follow up, indeed there were a lot of consolidations in the market, but frankly speaking, they did not create true value. For example, the Reyhoon-Chillivery merger did not create anything stronger by merging those two companies. The main issue we all face at this stage is a complete lack of clarity and an inability to predict the future, whether that's two years or even three months. Another huge issue that we're facing is the absence of proper funding in the startup sector ecosystem. We have a number of companies that have been funded but by very small amounts and mostly by non-professional investors.



**What do you see as the main obstacles on the growth of startups in Iran? How can they be overcome? Is going public an option at some point to raise funds for more established or mature startups?**

First of all, funding is an obstacle when it comes to companies that need follow up rounds, or what we call "growth rounds". There is no investor that has the ability to sustain funding to companies like AloPeyk, DigiKala or Tap30. At this stage we need an institutional investor base that not only has the right amount of money to invest in companies like ours but also the technical know-how and experience on the operational side to be able to assist entrepreneurs on their journey. Of course, going public at some point is interesting but the regulations in Iran are so stringent with regards to how and when one can go public that it is effectively beyond reach for most of us.



**What have been the impacts of the US sanctions on Iran's tech sector? What are the workarounds for local developers to get their hands on the development tools and solutions they need?**

Of course the sanctions have had a big impact, as I mentioned earlier. We've tried to replace all the international tools that were important to us from Google Maps to Cloud services with local equivalences but local equivalences are much weaker and less tested compared to the international ones. For a lot of problems, we had to find internal solutions. We developed our own tools which takes a lot of our development time and effort away from our core expertise, and this is causing product release cycles to be much slower for most of us.

**What does it take, in your opinion, for Iran to develop its tech sector, despite the sanctions? What kind of government support or private initiatives does it take to do so?**

For Iran to develop a tech sector again we need a very big base of at least semi-knowledgeable investors that could act as angel networks.

Then we need a bunch of very big VC funds that specifically come from the private sector and we need government assistance to provide help to startups, in terms of tax incentive policies for investors, like the UK did with the enterprise investment scheme. Separately, I think we need the government to place much more focus on the local startup scene, as in they need to provide as much help as possible to local companies through local champions in the shape of insurance of the employees, helping to find offices in technological parks in Tehran and also providing them with and simplifying access most importantly to the various bureaucratic processes we need to go through.

**Tell us about AloPeyk. How did you come up with the idea? What's the business model?**

AloPeyk started three years ago and we looked at ideas that had been successful elsewhere in the world and one of them was specifically in the logistics base. The business model is simple, at least in the beginning it was simply us acting as a middle man between the drivers and customers. Now we've expanded that to more than motorcycles; we have vans and cars and on top of the initial product offering which was specifically focused on the on-demand delivery, we now have next-day delivery, you can also hire couriers through us. We've become basically a 360 logistics solution.

**How is AloPeyk doing in-country? How does it compare with similar companies in other countries?**

AloPeyk completes around 1 million deliveries per month, give or take. We've continued developing new product lines which will help us continue to grow the number of deliveries per day.

Looking at the international market and comparing ourselves, we're clearly in the top 20 worldwide in terms of sheer size, number of deliveries per day and number of drivers that have been signed onto the platform; we've signed up more than 100,000 couriers, both motorcycles and vans. Unfortunately, these numbers don't get reflected in our valuation. Anywhere else in the world, with these kinds of numbers you'd be worth hundreds of millions of dollars. For us, it is barely 10 million dollars.



**Nobody thought an Iranian motorcycle courier service can be organized in a chaotic city like Tehran. How did you do it? Do you attribute the success of AloPeyk to technology, business or marketing?**

To make something like AloPeyk work, you need a number of factors: execution skills, a very good technical team, funding, good timing, the right access to various initial adopters, and you need to quickly get yourself partnered with a parastatal. Myself and my co-founder had most of these experiences and managed to quickly adapt ourselves to the local Iranian market in order to develop this model that had been successful in other jurisdictions.

**As a young entrepreneur who came back to Iran after a long time, please tell us about your experience. What have been the challenges for you to adapt to the local business culture, raise funds, etc.?**

Coming back to Iran was a challenge but at the same time the opportunity in the market is so huge that, with the right product that can solve a real problem, you can get immediate response from consumers and the market. That's how we managed to explode in the initial launch base of AloPeyk. The level of bureaucracy that one faces when doing business in Iran can be very challenging if you come from other countries that have been in the business of startups for longer as they've developed specific and fast-track policies for companies like AloPeyk. In our case, as I've said, we've tried to push as hard as possible from the beginning to get the product adopted by consumers and then, in a way, it was a de facto company that had to be agreed upon by the

various authorities, licensing entities, and government sections that have to give you authorization to work, so we pushed our way in being authorized in the market.

**What advice do you have for other young entrepreneurs who aspire to launch their startups?**

To be honest, the market has reached such a difficult level that, although the potential is still there, the execution challenges are enormous from the lack of funding, the completely unpredictable future, the future of the currency level and all of these which, of course, impact someone that wants to launch a business today. I would say that, at this stage, if one wants to solve any problem, one needs to be sure that they can rely on a lot of funding, that they have very high execution and technical skills, and also a very fast trajectory to profitability. AloPeyk reached profitability within two years which, in this category, is exceptional, especially in comparison to international benchmarks. It would be very wise for anyone doing a startup business to think about profitability from day one, even though this is not the norm anywhere else in the world.

**In the last year, we've faced issues in every single way, with the return of the sanctions, the economic issues that the return of the sanctions caused, and all the different political problems.**

**What is next for AloPeyk? Can the technology and business model be replicated in other markets? What are the growth and expansion plans?**

For AloPeyk the next step is to become a true one-stop shop and 360 logistics platform whereby one can send anything anywhere through any means, whether it is in the next hour, next day or next week, to Tehran or other cities. We're making progress very fast towards that goal and have reached a very important agreement with the national post service that allows people to send their packages anywhere in the country. Now, we've launched our new product lines and are cooperating with a number of customers such as DigiKala, Chillivery and most other prominent startups in the Iranian base, so we're very well-integrated in the mesh network of Iranian startups. For us at this stage, we really need to push hard to become the go-to place for anyone looking for delivery services.

**How has the coronavirus affected your business? What changes have you made in the face of this crisis?**

The coronavirus has not had a severe impact on AloPeyk. The number of orders from some of the businesses that we work with has decreased due to the limiting or shutting down of their operations. However, we gained new customers due to people staying at home and relying more on delivery services. Overall we have had a 10 percent decrease in deliveries compared to that of the same quarter last year. We have taken precautions to endure this crisis, and we have made adjustments including signing up new employees online instead of doing so in person.





# Tech Company Profile

Reza Arbabian



TECHNOLOGY

Reza Arbabian was born in Iran, moved to Canada when he turned 14 and spent his teenage and adolescent years there. He studied economics in university and after graduation began working in a small import-export business, which worked with Iran and China. He acquired his MBA afterwards and eventually moved back to Iran and began working in the family business, which was in the production of cotton and towels. However, this would not last long; after a couple of years he left the family business and due to his previous interest in classifieds he decided to start Sheypoor in 2012.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. If you were to summarize the state of affairs in the technology sector, especially startups, how would you describe it? What do you see as the opportunities and challenges? What are the key developments and trends (such as consolidation)?**

If I were to describe it, I would say it is "on pause." The internet startup ecosystem is less than ten years old in Iran and it had been growing very nicely, especially after the removal of sanctions in 2015. Iran has an entrepreneurial culture and startups were the new big thing; anyone you talked to those days was thinking of starting one.

However, all of this came to a standstill after Trump brought back the sanctions. All foreign investors left the country and unfortunately there is not much cash available for internal investors. As a result, other than the first rounds of startups which are more established and can take care of themselves, the rest have either shut down or gone on survival mode which is very unfortunate.

Opportunity wise, the challenges mentioned above create the perfect opportunity to invest in great companies at a bargain. Iran is one of the last remaining untapped markets in the world and being one of the first ones in will have significant rewards in the future, especially when the market size is eighty million.

Some of the developments that we are seeing right now as a result of the sanctions and shortage of cash is consolidation. The biggest was the consolidation of the two groups buying startups, NetBarg and Takhfifan, who after years of competing head-to-head decided to join forces and use their combined resources in a more efficient way. I think we will be seeing more of such consolidations during the next couple of years.

One of the main challenges our ecosystem is facing right now is brain drain. Due to the current conditions of the country, many of our top talents are leaving Iran. I would say this is the biggest cost of sanctions on the country and is something that can't be recovered from easily. Any startup you talk to nowadays is complaining about how their top employees are leaving the country.

**What do you see as the main obstacles in the growth of startups in Iran? How can they be overcome? Is going public an option at some point to raise funds for more established or mature startups?**

The main obstacle of growth in Iran right now is the shortage of cash and unfortunately there are not many solutions available in the near future. In my opinion, one way to overcome this would be by educating the private sector on the investment potential of such businesses. For most business people in Iran,



startups are something completely new and foreign and since they don't have a clear grasp of how such businesses function and their investment potential, it becomes a risky investment for them. Going public is a good solution for more established players but the challenge with that is that our stock market is not really structured for such businesses and needs modifications. Lastly, an obvious solution would be for the government to step in and provide proper funding for qualified startups at different stages.

**What have been the impacts of the US sanctions on Iran's tech sector? How can local developers work around the sanctions and get their hands on the development tools and solutions they need?**

The good thing about technology solutions is that in most cases there are alternatives. Sure, some of the services that were available to Iranian developers stopped, but I think developers have been able to find alternatives for most of these. The biggest challenge has been with Apple, who decided to completely remove Iranian apps – even the free ones – from its App Store and unfortunately, there is only one Apple App Store.

**What will it take, in your opinion, for Iran to develop its tech sector, despite the sanctions? What kind of government support or private initiatives does it take to do so? What role can the Iranian expats outside of the country play?**

I think China is a good role model to follow. They fully supported their startups and gave them all the resources they needed and now China has become a giant, especially in the mobile sector. If the sanctions on Iran continue and the shortage of cash worsens, the only thing that can rescue the ecosystem will be the help of the government which, as of now, we haven't seen much of.

Iran has an entrepreneurial culture and startups were the new big thing; anyone you talked to those days was thinking of starting one. However, all of this came to a standstill after Trump brought back the sanctions.

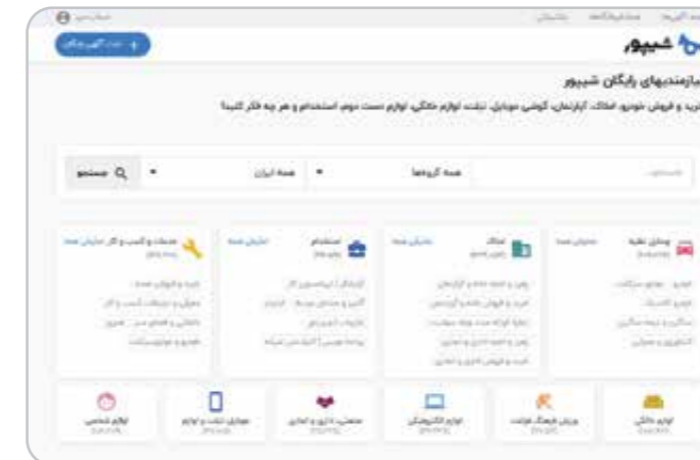
**Tell us about Sheypoor? Where did it start? How did you come up with the idea? What's the business model?**

Sheypoor is a general classified online platform that allows Iranians to exchange goods and services, find work, and build their businesses locally. Our two biggest categories are auto and real estate. I started Sheypoor a couple of years after I moved back from Canada. In Canada, I grew up using sites such as Craigslist and Ebay and when I moved back to Iran and saw that there weren't such sites, I knew I had to start one because I had experience with how it can make people's lives easier. It has been 8 years since that time and now Sheypoor is one of the biggest platforms in Iran with over 10 million users on a monthly basis. Our vision still hasn't changed and we are still working on making Iranian people's lives easier while giving them the best experience possible.

**What advice do you have for other young entrepreneurs who aspire to launch their startups?**

My first advice is to find a co-founder. Having a co-founder who compliments your skillset will, in my opinion, quadruple your chances of success. It will also give you moral and emotional support during the tough days, which any startup will face at some point in its lifetime.

My second advice is to either go fully in without a plan B or not go in at all. In my opinion, you can't succeed in passing the early stage of a startup unless you make it your number one priority and give it your all. Lastly, under the current circumstances, I would recommend starting something that has revenue from the beginning. This way you have better chances of raising money.



**Do you attribute the success of Sheypoor to technology, business model or marketing?**

I would say a combination of both technology and marketing. I am not a technological person myself, therefore the technology of Sheypoor was not initially very competitive. However, over the years we have managed to change that weakness into a strength and we are now pretty proud of our technology. We have also been pretty bearish when it comes to marketing. We were the first startup in Iran to do an ATL (Above the Line) campaign and some of our campaigns have gone viral which has helped us with our brand recognition.

**As a young entrepreneur who came back to Iran after a long time, please tell us about your experience. What have been the challenges for you to adapt to the local business culture, raise funds, etc.?**

I think I have had the experience of a lifetime. The learning curve for me during the last few years has been amazing and I doubt I would have learned as much anywhere else. Dealing with continuous changes and ups and downs in Iran teaches you strength, patience, flexibility and adaptability, which are all good assets to have.

**What is next for Sheypoor? What are the growth and expansion plans?**

Sheypoor still has a long way to go before it reaches its vision and our plan is to stay focused on reaching exactly that. Each category in Sheypoor has a potential to become a unicorn business on its own and we are just at the tip of the iceberg.

**How has the coronavirus affected your business? What changes have you made in the face of this crisis? Are any of these changes going to be permanent?**

Much of our income is from businesses and the agreements that we have with them. Since most businesses have not been operational, our income has been affected and has decreased, but this is a short-term issue and will be resolved when everything goes back to normal. As for the long-term effects, due to a decrease in income we have re-evaluated our business model and looked for ways to make it more efficient. We have tried to reduce non-essential costs, and have tried to find better ways of conducting our business; some of our employees might even continue to work from home permanently. These will cause the company to run more smoothly.

# Iran-China Technology Cooperation Prospects

Kevin Wen



Kevin Wen graduated from Tianjin University in 2001, then worked for Huawei and Harbour Networks in telecommunication system software programming, and holds several Telecommunication patents. He then transferred to work in the marketing department, and became one of the pioneers to develop overseas telecom markets, and manage strategic cooperation with European companies. After 2008, Wen started his own business Silk-road LinkedNet Technologies Limited, which delivers end-to-end VoIP solution, WiFi commercial operation solutions, Instant Messenger and Social Networking platforms with large-scale users for Tier 1 operators overseas, service to South-East Asia, the Middle East and Russia. Since 2018, Wen has also been devoted to the research and development of

Blockchain and Token Economy to integrate with social networking and fintech applications. In 2018, Wen participated and initiated "Silk-road Bridge" which introduced China's New Four Inventions of "Mobile Payment, Sharing Economy, E-commerce and Blockchain" to overseas markets, bridged the cooperation and provided the first internet study tour in the Middle East to China for entrepreneurs.

Wen cooperated with top level consultancy companies in the Middle East, participated in the Z-Park Internet of Things Industry Alliance, providing services for Chinese companies and organizations to develop the market in the Middle East, supplied in-depth policy and marketing strategy consultancy, and investment and capital raising services.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Please introduce yourself and tell us more about your new role as the Head of Iran-China Internet Of Things Innovation Center.**

Thanks for the opportunity to interact with readers of Trends Magazine. I have worked in research, development and marketing for Huawei and other major telecom companies for 7 years, then proceeded to start my own international telecom and internet business and have been working in the Iranian market for 10 years. Before the sanctions, we supplied IT and telecom equipment and services here.

We have witnessed the growing cooperation between the two countries and the big improvement of internet applications in Iran after 3G and 4G capabilities were deployed, but there is still huge potential for development when compared to China's internet economy.

I plan to do more to help deepen cooperation between the two countries in internet-related fields and remove the barrier of language and culture. China has some of the best internet applications these days, but because most of the contents are in Chinese, it is hard for other countries to understand them. Based on our experience in both countries for the past 10 years, we set up this platform to achieve the goal of "Copy China to Iran," very similar to "Copy Silicon Valley to China," which was used at the early stages of the internet industry's development in China.

**Despite the massive trade and industrial cooperation between Iran and China, there seem to be very little going on between the two countries when it comes to technology, innovation and R&D cooperation. Why is that?**

Good question. That's what made us decide to launch this service platform. As stated above, today many people know that China has good internet industries and telecom companies, high-speed trains and so on, but when it comes to cooperation, the cultural and language barriers make it quite challenging to proceed further. When I came to Iran, I noticed that local companies were learning and copying US Internet companies, but almost none were copying Chinese ones. When I communicated with these companies,

I noticed that they knew almost nothing about Chinese companies. Again, the main barrier is language and culture, and of course, it is also due to the fact that China's domestic market is big enough for internet and high tech companies to grow into giants without paying attention to the international market. Ever since China's market reached a heavy competitive situation and the leverage of the big population was almost used up, more and more companies set up strategies to enter the international market, especially after the Chinese government launched the Belt and Road Initiative. There will definitely be rapid growth in cooperation between China and other countries. Iran will be one of the main countries for such cooperation. We set up this type of service platform to speed up the cooperation between the two countries.

region. However, because of the issue of sanctions, the progress rate is often subject to change. From a long-term point-of-view, Iran can be a great tech hub for the Middle East and Asia.

We are doing what we can under the sanctions and preparing for when sanctions are lessened or removed.

**You have visited Iran numerous times in the past decade. Please tell us about your overall experience. How do you assess the tech sector and startup ecosystem in Iran and how does it compare to China?**

**How does it compare to other countries in the MENA region, considering that it has been under significant sanctions for the past many years?**

funds but because of its lack of an ecosystem platform, the effectiveness is limited. Iran is actually at a phase in which it is more important to grow ecosystem platform level companies, rather than relying on existing ecosystems. Startup opportunities are very rich in this field. Professional VC and capital markets are urgently needed; professional VC funds are the blood for high tech startups. As far as comparison to the MENA region goes, I am not very familiar with other countries in this region, I only know that Dubai is open and attracts global players to startup there. Based on the high tech projects that the UAE invests in more and more startups are growing rapidly. In Iran, because the sanctions severed the connections with the professional global capital market, the challenge is huge and requires the study and development of new and innovative solutions for new types of capital market. I think it is possible.

**Iran seems to be one of the most strategic places in China's One Belt, One Road Initiative. Beside investing in Iran's road, rail and port infrastructure, there will also be a need to invest in Iran's ICT infrastructure, isn't that the case? If so, can that be achieved any time soon and given the current "Maximum Pressure" policy imposed on Iran by the US?**

Sure, if there is an opportunity that does not violate the sanctions, they will definitely also invest in ICT (Information and Communications Technology) infrastructure. In regards to the time needed to achieve it, sanctions will definitely make it take longer. We are studying to do as much as possible without going against the US sanctions.

**What do you see as the key success factors in China's technology achievements? To what degree has government support played a role in the growth of the technology sector? What would take for China to become a major player beyond its borders and become a Tier 1 global player like the US?**

Firstly, China has clear five year, ten year, and even longer overall time objectives and planning that acts as a guide for all; secondly, based on the objectives and planning, related markets are opened for competition globally. Government projects are opened for bidding, supportive policy regarding high tech parks and supportive industrial funds are setup to support high tech companies. Finally, because of



**Except for Huawei a few years ago and before the recent sanctions, almost none of China's tech giants have had any presence in Iran, why is that? What does it take for them to consider Iran, both as a market as well as a potential tech hub in the region? Do you foresee any such scenario?**

Every year over the past decade, I have visited Iran several times, even under significant sanctions, and I was still able to see the fast improvement in its tech sector and also see more and more incubators being set up. The large-scale coverage of 3G and 4G are significant improvements in the Iranian tech sector; we can see the growth rate of these networks is high, which can benefit startups as more and more innovative applications are created each day. However, when compared to China – from a technical standpoint – Iran is still lacking an "ecosystem platform" or the platforms that are qualified to set up existing ecosystems are purely American-based. They have no plan to set up ecosystems based on their own platforms. From an investment and marketing point of view, Iran is still short of professional Venture Capital, or VC. The government has shown support through policy and

Firstly, it is not fully like what you feel. Actually, a number of China's tech giants are present in Iran, but they are not promoted publicly. Huawei is one of the most famous, as it has a mobile phone business which makes the brand name easy to remember. Iran is the biggest potential market in the Middle East for high tech industries. Most tech giants from China want to set up win-win businesses here and transform Iran into a regional hub, since Iran has some of the best university education in this

So, in general, we call the ABCD+5G+IOT+X Industries the new digital revolution that is coming. "A" means "AI," "B" means "Blockchain," "C" means "Cloud Computing," "D" means "Big Data."



# Iran-China Technology Cooperation Prospects

Kevin Wen

TECHNOLOGY

China's big market, new companies have more opportunities to grow. So, in general, China has a meticulous system to support and grow its high tech sector while opening the market to meet the increase in demand. China is a developing country and we study the high tech sectors of developed countries but also do innovative localization and upgrades to keep up with them. We have the benefit of a large population that requires every successful company to be able to overcome the most large-scale applications that even US companies seldom have the opportunity to get involved with and practice. When it comes to the current era that is about big data and AI and about higher and higher broadband networks, China has a unique advantage to become a top player. Furthermore, the Belt and Road Initiative is to expand the overall market; most of the countries of the Belt and Road region can copy China's model to improve quickly. It is an opportunity but also a challenge, as said before, because of the language barrier, other countries cannot rapidly and easily understand the most essential advantages of the China model; now our aim is to reduce this obstacle, to enable other countries to quickly understand and reap the benefits.

**China seems to be ahead of everyone else, including the US when it comes to 5G implementation. Why is 5G so strategic? How does it impact our personal and business lives? Will the US crack down on Huawei slow down the adoption of 5G outside of China?**

Exactly, because China has its own huge market with the largest user base, the demand for higher broadband is much greater than other countries and causes tech giants to grow quickly. When we come to 5G, not only will broadband bandwidth increase 10 times and release more video and Augmented Reality or AR-based applications, it will also connect everything into the internet, meaning there will be 10 times more terminals connected to the internet. The US tries to slow down Huawei, and I think everyone can easily see why. Regarding whether it will slow down the adoption of 5G outside of China, I think it has an impact for sure. However for developing countries, I think it is a better opportunity; if more resources are available for supporting deployment of 5G infrastructure quickly then they will have a better opportunity to upgrade traditional industries, and benefit their overall economy and lifestyle.



**When it comes to Blockchain technology, China is also a global leader, not just in mining but in using it in various industries, including Fintech. How is Blockchain impacting various industries and can we expect any cooperation between Iran and China in that area?**

As I said, 5G will increase mobile broadband bandwidth by 10 times, increase connected terminals by 10 times, and that means it really is the Internet of All Things, but they are just connections. How do we evaluate the value of the huge data running over the connections? Blockchain plays the role of defining the value of data carried, so Blockchain is also called "Internet of Value". So, in general, we call the ABCD+5G+IOT+X Industries the new digital revolution that is coming. "A" meaning "AI," "B" meaning "Blockchain," "C" meaning "Cloud Computing," "D" meaning "Big Data." As for how Blockchain is used for fintech, because Blockchain has unique distributed database architecture, non-changeable character, open-source, peer-to-peer, self-healing, and so on, it's naturally matched for the financial industry. Before, in order to set up secure transactions, finance systems were complicated, inefficient, costly and still had many issues with hacking that brought huge losses for the financial industry. Finance + Blockchain is going to create a new generation of finance services. In general, for the internet field, we say that "The Singularity is Near," The Big Bang is going to happen.

**From a long term point-of-view, Iran can be a great tech hub for the Middle East and Asia.**

All of what you saw until now is what was before the Singularity, ABCD+5G+IOT+X Industries, will bring The Big Bang. As for the cooperation between Iran and China in the field of Blockchain, Blockchain is an open-source technology, and is great for letting developer communities communicate more. Then we can see how a deep cooperation can take place.

**What does it take, in your opinion, for Iran to develop its tech sector, despite the US sanctions? Many believe that China managed to insulate itself against the US tech dominance by developing its own solutions, from search engines and social media to communications protocols and so on.**

Firstly, China was not developing its own solutions, but rather was developing and creating global standards and actively participating in them. In technology development, China is always open and wants to be a member of the global family. What you mean, I think, is more about the feeling outside of China and how China limits US players. But actually, it is about Chinese regulations; some companies don't want to obey the regulations, so they are not qualified to participate in the market. Actually, in regards to what you said about search engines and social media, Microsoft Bing and Yahoo search services have continuously worked in China; Microsoft and Apple social media and communication platforms have always worked in China as well. Moreover Amazon has also always worked in China. But when these giants face local companies who study technologies quickly, and have a more user-centric service philosophy, by and by, those global giants fall behind. Furthermore, many of these giants still hugely benefit from the Chinese market via capital

investment. Most of these domestic giants have big investors and shareholders from other countries. In my opinion for Iran to develop its tech sector, China is definitely a great example for Iran to follow. The key is, not to be isolated: embrace open technologies, but learn fast; open for capital market; create and earn profit together; manage regulations well; maximize users-centric attitude and protect national security with a balance. It's definitely a systemic solution to develop the tech sector.

**With regards to Iran-China IOT Innovation Center, please tell us about any initiatives or projects we can expect in 2020?**

First of all, we saw that Iran has a good engineering culture along with a good number and quality of engineers. From a human resources point-of-view, outsourcing will be further developed.

**You have almost 10 years of experience in the Iranian market, and almost 18 years in China. China has achieved great success in these 18 years. Based on that success, what would you like to share with Iran to help the country follow in the footsteps of China in the field of technology?**

When I look back at almost 10 years of experience in Iran, and 18 years of experience in China, something indeed touched me deeply. During entrance training at my first job with Huawei, we were told that they had set a company law which stated that more than 10% of the annual revenue must be invested in Research and Development, or R&D. At that moment, I did not know what that meant. But today, when I look back, I realize how great it was for Huawei founder Ren Zhengfei to setup this company law when Huawei was only a trading company which resold private branch exchange from foreign

countries. Today Huawei has a revenue stream of almost 200 billion USD annually, and still they insist on spending more than 10% of the revenue on R&D. When I worked for Huawei from 2001 to 2003, they had a difficult time due to the global internet industry crisis, but they still insisted on investing 10% of the revenue on R&D, which finally led to Huawei having success in 3G and 4G networks. For Iran, unfortunately, no company has had such a vision, too many companies only consider immediate profits. Iran is among the top ten countries with the highest number of engineering graduates, annually, therefore it has potential for technological development. So, this is what I want to share, why did Huawei achieve huge success? I believe that the company policy of investing 10% of the yearly revenue in R&D is one of the key factors. While Huawei started by trading foreign telecom equipment, what made them different and led to the company reaching such great heights, I believe, is the aforementioned company policy.



We know that there is not enough info on successful models, both technical and business, in China to enable other countries understand and copy them, such knowledge bases and training will be set up.

Based on the above basis, more projects will be created in accordance with the UN sanction regulation. In the Iran-China Internet of Things Innovation Center, China is a Z-Park Internet of Things Industry Alliance member, which has covered nearly 7,000 key core companies in the IOT industry. It has served nearly 3,000 companies in the related areas of the IOT and smart cities, forming an open, cooperative mechanism for production, learning, research and development. In general, we have good potential to start with outsourcing development, knowledge database, training and so on, and to deepen cooperation in some projects. We welcome readers to contact us via Trends Interview for a partnership in ABCD+5G+IOT+X Industries.

**Most tech giants from China want to set up win-win businesses here and transform Iran into a regional hub because Iran has some of the best educational programs in this region. However, because of the issue of the sanctions, the progress rate is often subject to change.**

Today, Iranian trading companies that have decent profits should deeply consider reinvesting their profits in R&D. This principle is simple, but actually very hard to execute; let Huawei's success be a testament of the long-term value. Of course how to do R&D more efficiently has to be discussed on its own in length, it cannot be summed up in a few words. Anyone that has interest can contact me through Trends to discuss how to setup a powerful R&D division.

# Global Power Struggles and the New World Order

Dr. Parag Khanna

GLOBAL PERSPECTIVE



Dr. Parag Khanna is a leading global strategy advisor, world traveler, best-selling author, founder & Managing Partner of FutureMap, a data and scenario based strategic advisory firm. Born in India, he grew up in the United Arab Emirates, New York, and Germany, he is an accomplished adventurer who has traveled to nearly 150 countries on all continents. He has been honored as a Young Global Leader of the World Economic Forum and has served on the WEF's Global Future Council on Mobility, Global Agenda Council on Geoeconomics, and advisory board of its Future of Urban Development Initiative.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. If you were to summarize the state of affairs in the world today, both in terms of geopolitics as well as economy, how would you describe it?**

I believe the most appropriate word would be "transition." Many people confuse transition with "disorder" or "chaos" or "ungovernability." That is not correct. Just because the future does not look like the past, it does not mean it is chaotic. Geopolitics has a clear multipolar structure today in which the US, EU, and China are the most decisive players. There are tensions among them, but there has been no major great power conflict in many decades.

The same is true of the world economy. Those three powers, plus Japan, are the most capable monetary players as well in terms of providing global liquidity. The world is awash in capital and looking for returns. We also have a synchronized convergence towards moderate growth and deceleration of global goods trade, but a continuous surge in the value of global services trade. So there is a transition from unipolarity to multipolarity, but as one would expect, there is a deepening sense of spheres of influence into which others do not excessively intrude.

**Related to the above, do you see any major emerging trends or patterns, for example, shifts in terms of growing economic and technological power of Asia at the US's or even the EU's cost?**

First, on the economics. The rise of Asia has of course meant that the US and EU now control a smaller relative share of the global economy, but they are still the largest economic powers in the world. The same is true in terms of technological

innovation. According to the Atlas of Economic Complexity, which measures how sophisticated an economy is, the US, Japan, Germany and others still rank well ahead of China. However, innovation lies in application and adaptation not just invention. So, in this respect, Asia is surging ahead because it has adapted the internet, social media, AI, robotics, and other technologies very rapidly. India and China both are heading towards universal identification and AI recognition. China is by far the world's largest mobile payments market. To be "digital first" is crucial in terms of indicating future success, irrespective of today's economic size.

**Many observers are again talking about a worrying trend; a faster than ever growing gap between the rich and the poor, both internationally (among nations) as well as within individual nations. Are there any merits in these observations? How worried are you about it? Would it lead to more migration, unrest and perhaps conflicts in your opinion?**

Ever since the global financial crisis of 2008, international inequality ceased to be the defining economic divide. Instead, domestic inequality is more severe. As a result, we no longer have "anti-globalization" protests but instead we have "Occupy Wall Street" and similar movements of the "99% against the 1%," such as the Arab Spring and protests across Latin America today. All of these movements are against domestic inequality, poor public services and corruption. And indeed, they are the cause of much of the new international migration today as people are either forced from their homes due to political violence (as in Syria) or grow frustrated with stagnation and leave. On the whole, the world is actually demonstrating a shift towards more countries improving their governance capacity but these gains are mostly in Asia. In Africa and the Arab world and parts of South and West Asia, the combination of economic stagnation, political corruption and environmental decay will continue to push people away.

**Many believe the US has once and for all lost credibility as a sober and relatively fair superpower, with what the Trump administration has been doing: getting out of international treaties such as climate change and the Iran Nuclear Deal, killing the prospect for a 2-state solution for the Israeli-Palestinian conflict, etc. What are your views on that?**

China is by far the world's largest mobile payments market. To be "digital first" is crucial in terms of indicating future success, irrespective of today's economic size.

In geopolitics we began to speak about a shift away from US unipolarity as far back as the 1970s, not because of the Soviet Union or the rise of China, but because of the consolidation of the European Union! Now we have had 30 years of the post-Cold War era and clearly the world has multiple superpowers competing in what I called, in "The Second World," a "geopolitical marketplace."

The US is not alone as a monopolistic provider of global utilities and services such as finance, military protection, and technology. Europe, Russia, China, Japan, India, and others all compete with the US and each other to be a leading provider for their friends and allies. Thus, even if Trump had never been elected, we would still find ourselves in this geopolitical marketplace of competitive powers.

Of course, the combination of Bush's failed Afghanistan and Iraq wars, Obama's inability to restore American leadership and credibility in the Middle East and Asia (and on global trade), and now the Trump administration's withdrawal from major treaties all compound the fact that the US is no longer a reliable global partner on key normative issues.

In my writings I have always emphasized that, in any case, Europe plays this role more actively on a day-to-day basis.

**The US-China trade war, despite being instigated by President Trump, seems to have deeper roots with fundamental issues between the two economic superpowers. Many believe this is the beginning of a prolonged and perhaps dangerous power struggle. What do you think about such a notion?**

I do not believe we are in a "G-2" world and the US-China trade relationship is in any case not the dominant axis of world trade. We have over-blown this "trade war." Europe trades much more with Asia in general and China in particular than the US does. Furthermore, China now trades more with Southeast Asia (ASEAN) than it does with the US! So, clearly, we are in a Eurasian system when it comes to trade. The US is a much larger economy than its role in global trade, but this also means it has less leverage in trade negotiations than it thinks. Ultimately, we are heading for a decoupling from Euro-Asian which Eurasia North America provides much of what it needs in terms of food, labor, and need for North America. So the future is again more about spheres of influence than a G-2 power struggle to be "number one." There will not be a "number one."



**While your current country of residence, Singapore, is doing great, its regional rival, Hong Kong, seems to be getting deeper into chaos and uncertainty with no solution on the horizon. With China not willing to loosen its grip and demonstrators not budging on their demands, what would be, if any, a solution to this dilemma?**

Hong Kong will unfortunately not return to the status quo ante, but it has benefited economically from integration with the rest of the Greater Bay Area into which it has channeled investment, and whose companies have been listed on the Hong Kong Stock Exchange. So if we look beneath the political tension, there is the possibility of peaceful co-existence and gradual integration. Naturally, the Hong Kong people deserve to have local autonomy given their colonial history and democratic system, but that is within the context of the fact that it has been for more than two decades part of China.

**You are among the very few high-profile foreigners who visited Iran before the return of the US sanctions. Please tell us about your overall experience. How did you assess the political and economic climate in Iran as well as its potential in the region?**

I was amazed by Iran's vibrant society, commercial dynamism, and social cohesion. Iran is a truly deep civilization and one feels it at every moment. Its cultural and artistic accomplishments and the visibility of women across the educational system struck me as well. Iran also has incredible demographic and geographic potential given its population size and location at the heart of the Eurasian Silk Roads. I believe there is a pathway to reconciliation with Arab neighbors in terms of creating a regional security management mechanism, and also perhaps with the US on the nuclear program and sanctions, but it has to be handled in a more technocratic and apolitical fashion with a long-term vision in mind that is mutually beneficial. I am very keen to come back!

Many people confuse transition with "disorder" or "chaos" or "ungovernability." That is not correct. Just because the future does not look like the past, it does not mean it is chaotic.

**Many believe that Dubai is losing its appeal to investors and even traders due to increasing costs of doing business, VAT, ongoing economic recession, etc. How worried are you about Dubai?**

After four decades of breakneck population growth, there are new challenges now in light of the over-capacity in the real estate market and rising costs of doing business. There is also the continued geopolitical anxiety, tensions within the GCC that hurt Dubai as Qatari investors were forced out, and even longer-term issues, such as climate change and its impact on livability in the region. Dubai persists, however, as a model of city-state governance and economic diversification that serves the region very well. Its dynamism is also based on this relative advantage in that it is still a far more livable place than much of the rest of the region, so it will continue to attract talent. So I do believe that it will recover, continue to expand its business model and remain attractive.

# Global Power Struggles and the New World Order

Dr. Parag Khanna

GLOBAL PERSPECTIVE

*Your books are quite popular all over the world, in political, academic and business circles. Is there a particular one that you are really proud of and consider your best one, with the most proprietary idea(s)?*

I had the most fun writing "The Second World" because it allowed me to travel for almost three years non-stop to about forty countries. I cherish that experience. But "Connectography" is the book that presents a uniquely new paradigm for understanding the foundations of global society through the lens of connective infrastructures. I am certain this thesis about globalization will stand the test of time, and that connectivity is the true source of power and influence in the 21st century. It was my most massive intellectual effort and I don't think I need to compete with myself to outdo it!



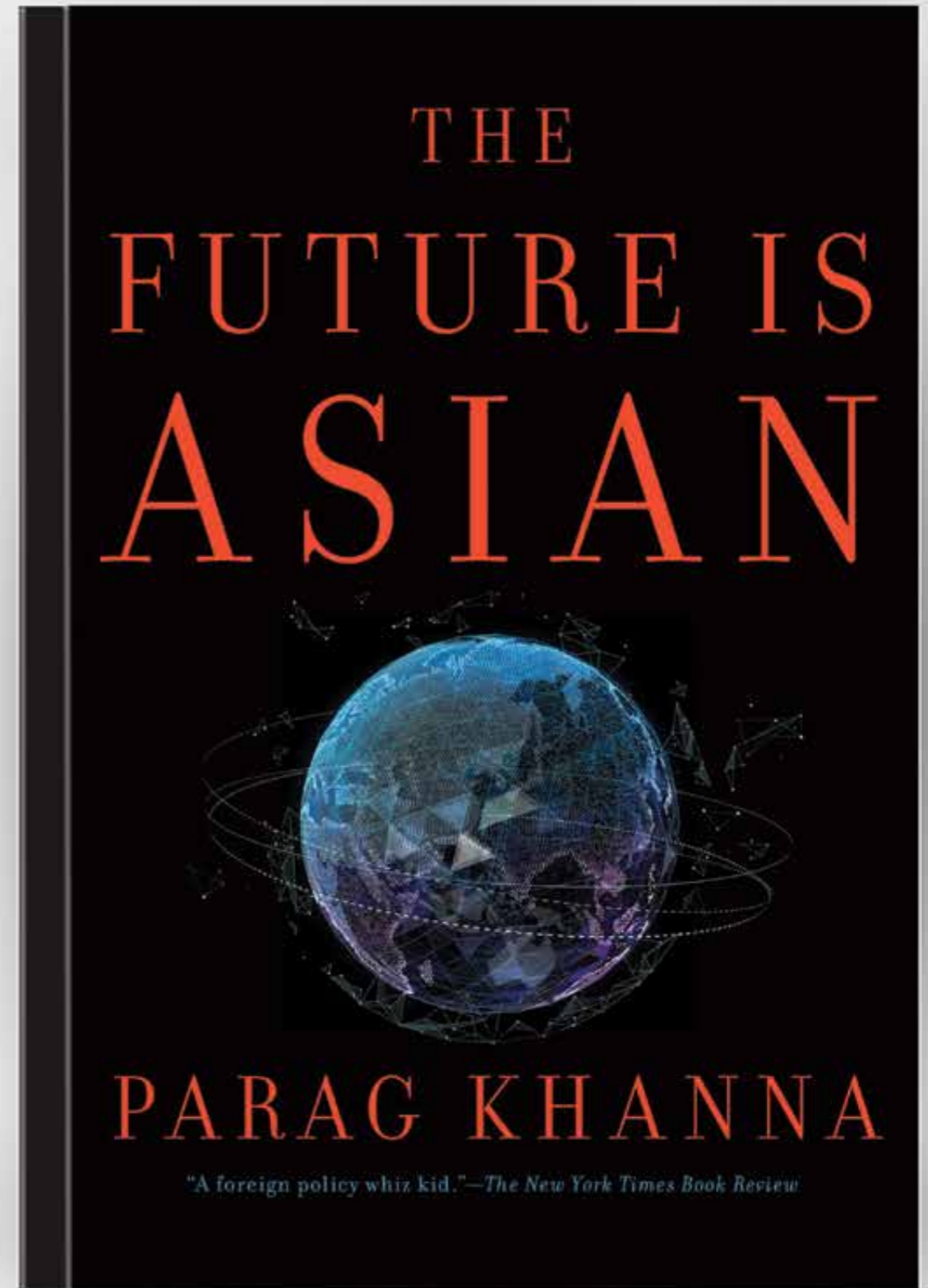
*Can you tell us about your next project(s): book(s), event(s) or trip(s)?*

I am focused on the diverse and highly engaging clients of my company FutureMap, in which my partners and I use big data and scenario planning to help with corporate and government strategy. We are multi-disciplinary master planners. I am also writing a new book about the emerging global war for talent and the future of global migration in light of economic, technological, political, and environmental disruptions.

*You changed your country of residence from the US to Singapore. Why, was it for career/financial reasons or quality of life?*

Singapore is the city I have long called the "capital of Asia" and after five years it certainly has proven to be the case more than ever. It is not only a tropical urban paradise in its own right, providing good governance, safety, high-quality education and public services, and so forth, but also the perfect base for my weekly travels all across Eurasia from the UK to Dubai to Australia to Japan.

Iran's cultural and artistic accomplishments and the visibility of women across the educational system struck me as well. Iran also has incredible demographic and geographic potential given its population size and location at the heart of the Eurasian Silk Roads.



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## Technology and Innovation in the MENA Region

Christopher Schroeder

Christopher M. Schroeder is an American entrepreneur, advisor and investor in interactive technologies and social media. Schroeder is the co-founder and general partner of Next Billion Ventures which invests in and advises growth stage tech companies in rising markets. Previously, he was the CEO and Publisher of Washingtonpost Newsweek Interactive and co-founder of the Silicon Valley venture-capital-backed startup HealthCentral's website.

He is an investor in disruptive enterprises including unicorns Vox Media and iBotta, Signal and the fintech enterprise in Segovia — Africa — among others. He is also a limited partner in leading Silicon Valley venture capital funds and on the investment and advisory committees of top funds in the Middle East. He is the author of the recent best-seller, and first book on startups in the Arab World, "Startup Rising — The Entrepreneurial Revolution Remaking the Middle East" —with a forward by Marc Andreessen.

He co-lead the Economic Recovery and Revitalization working group of the Atlantic Council's Middle East Strategy Task Force, co-chaired by Madeleine Albright and Steve Hadley. Schroeder serves on the board of advisors of American University School of International Service, Endeavor Global, 500 Startups, the Global Entrepreneurship Network, 1776 venture capital fund and the boards of directors of the American University of Beirut, The German Marshall Fund and the American Council on Germany.

He has written and speaks extensively on startups and innovation as well as emerging markets and the Middle East for The Washington Post, Wall Street Journal, Fortune, Politico, Fast Company, ReCode, TechCrunch, Business Insider, MIT Technology Review, among many others, and has been featured regularly on leading news shows. He was named one of LinkedIn's first 50 Influencers. He graduated from Harvard College and Harvard Business School.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful if you were to summarize the state of affairs in the world today, in terms of the general economy as well as technology and innovation, how would you describe it?**

It is easy to be very confused, even overwhelmed, by the macro trends and uncertainties today. Trade conflict, negative interest rates and political changes — why not hunker down? At the same time, life is always uncertain and we tend to forget the surprises and challenges we have always had to navigate. My favorite question to ask business and economist friends is, "what do you find most interesting and hopeful?" It tends to surprise them and compel them to look beyond macro trends and often incomplete, if not inaccurate, headlines.

We are also living in an age of wonder— with technological innovation opening up possibilities to better life in ways unimaginable even only a few years ago. Yes, each one — AI, genomics, robotics — raises profound questions as well. But this has always been true in technology innovation. Do we think the Wright brothers thought on that December day in Kitty Hawk that their invention would also be used to bomb people? We need to balance important discussions and the opportunities innovation is bringing.

The tech innovation today that interests me most is not the tech itself but the near universal access to it. In less than a decade, billions have access to smart devices — each a supercomputer with more power than all of NASA had to put a man on the moon. It is unleashing massive new customers consuming all sorts of services to better their lives and leapfrog them years ahead of the traditional growth expectations of the past. And it is unleashing a generation of innovators everywhere committed to solving problems in their country, region and other rising market terms.



**Do you see any major emerging trends or patterns, for example, shifts in terms of growing economic and technological power of Asia, etc.?**

What has struck me is how universal this shift is, and how shared innovation and entrepreneurial experiences are, especially among rising markets. I spend a great deal of time with startups from South East Asia, The Middle East and Africa — 80% of what they wrestle, for all the significant cultural, historic, language, and geographic differences, are shared. How to navigate last mile logistics and rising but still limited infrastructure; how to educate a massive consumer base to transact with mobile devices who never had a credit card or were comfortable using credit cards online if they have them; how to find enough tech talent, software engineering and now machine learning; how to manage in changing and unexpected regulatory environments — these are all shared with great similarity and, by the way, almost not shared with Silicon Valley at all!

The greatest manifestation of all this is China of course. In one decade, China has emerged as one of the greatest technology innovation based economies, well beyond the copy-cat companies servicing a large and highly protected market most Americans think they are. Second, many "Chinas" are rising from Jakarta to Nairobi to Dubai to São Paulo, all with their own scaling enterprises on their terms. And China speaks their language, the language of innovation in shared rising market needs and experiences.

I do not buy into the "decline of the West" meme at all — but it means Western innovation and investors need to look abroad and through very different lenses and ways.

**How do you assess the current state of the MENA region's technology and startup scene?**

The essence of any great startup scene is at least two-fold: first, success breeds success; second, network effects of talent in one geographic area tends to lift a region.

**Many believe Dubai is losing its status as an economic center and trade hub. What are your views about that; are you worried about Dubai? How do you say its tech sector and hubs, such as the Internet City, are doing?**

There is no guarantee a city can keep this presence, but history shows that once network effect of talent happens and the city is a place where people want to live and feel like they can win, then there will be a stronger foundation for a bigger network effect of talent. Even if there is a slowing of the economy more broadly in Dubai or the region as a whole, if it keeps encouraging innovation, pushing for a regulatory and legal regime to embrace it, and for the best talent of the region (and globally) to come there and win, that is a powerful recipe which is hard to bet against. But it is also a lot of "ifs." It will take continued leadership there, or in any country, to ensure growth and strength. Great talent is the most mobile in history, and I don't mean devices this time. Talent can and will go where they can win. Governments who don't take this seriously, beware!



On the former, the more great enterprises that get built successfully, the more (almost psychologically) the environment believes in the potential and more young people enter the fray and have experience in how to scale up companies. In the US, for years, we called this the "PayPal Effect," where a successful exit both is a model to others but also spins out hundreds of entrepreneurs who now know how to do it. We should now be talking about the "Souq Effect" or "Careem Effect" and I'm seeing a caliber of entrepreneurs in the region now better, more experienced and more innovative than ever before.

Second, Dubai has simply become a hub of talent. The city works well and rule of law has a way to go but is the most innovation-friendly in the region; the more talented great people who go there, the more want to join them. It is a real network effect of talent. Saudi Arabia and other countries are trying to find this path too. It will be exciting if there will be more than one.

**In less than a decade, billions have access to smart devices —each a supercomputer with more power than all of NASA had to put a man on the moon.**

# Technology and Innovation in the MENA Region

Christopher Schroeder

GLOBAL PERSPECTIVE

**Any comments on recent M&A activities in the MENA region, most importantly the acquisition of Careem by Uber? Was the valuation about right, in your opinion?**

Stop and think about what happened here. When a company is about to go public, it is THE most conservative time in their history. They want to make NO mistakes, hit EVERY number, introduce NO risk. Uber, a complicated company to begin with, did their largest acquisition in their history, in cash, just as they were planning to go public in the Middle East! It is mind-blowing, really.

Why? Because they knew Careem was an outstanding company with outstanding leadership and a team that understood the nuance of the region which capital, data and Silicon Valley know-how alone couldn't replicate. They knew they couldn't win big in a region of 400 million people without smart consolidation. And they knew if they didn't step up, someone — maybe even in China — might! Uber also wanted investors to know what kind of company they are day-to-day and that they will make smart and big bets when the market justifies it, regardless of market timing. I believe the valuation was sound and am very excited by this and to see where the combinations go.

**What would you say the single biggest tech initiative has been in the MENA region in the past decade and since you started traveling to the region?**

I think it's important to define terms. Innovation often — and excitingly — means the next shiny new thing, and that is awesome. But innovation is also in unleashing unique and specific ways to make things better, more efficient, more beautiful, and more affordable than they were previously. We've not seen yet out of MENA the great leapfrog application of AI, for instance. But what we do have are amazing, scaling enterprises with massive unique data sets which are the foundation of any great AI-driven company going forward. In this vein, Souq and Careem have paved a way — and we are seeing countless entrepreneurs thinking region-wide and globally from day one, solving very thorny, hands-dirty challenges, and layering on tech and data science to scale them. This is in fintech, health, consumer and larger industry needs in manufacturing, water, etc. I'd list my favorites, but I want to invest in them first...

**You are among the very few high-profile Americans who visited Iran before the return of the US sanctions. Tell us about your overall experience. How do you assess the tech sector and startup ecosystem in Iran? How does it compare to other countries in the MENA region, considering that it has been under significant sanctions for the past many years?**

I last was in Iran in 2014 and 2015 as a tourist while also meeting the extraordinary tech entrepreneurs there. I recently re-read my article in Politico Magazine (also available online) on my last experience there, and I wouldn't change it, except for one thing. I know that since then, so many companies have grown and become more successful and young people have launched more since. I would say, when it comes to the people generally, the magnificent history and culture, and, of course, the food, it was one of the greatest two trips of my life. A country of this heritage, of entrepreneurial success, with among the greatest trained

engineers in the region, a tech savvy market and prime geographic location — it could be a global, not merely a regional, hub.

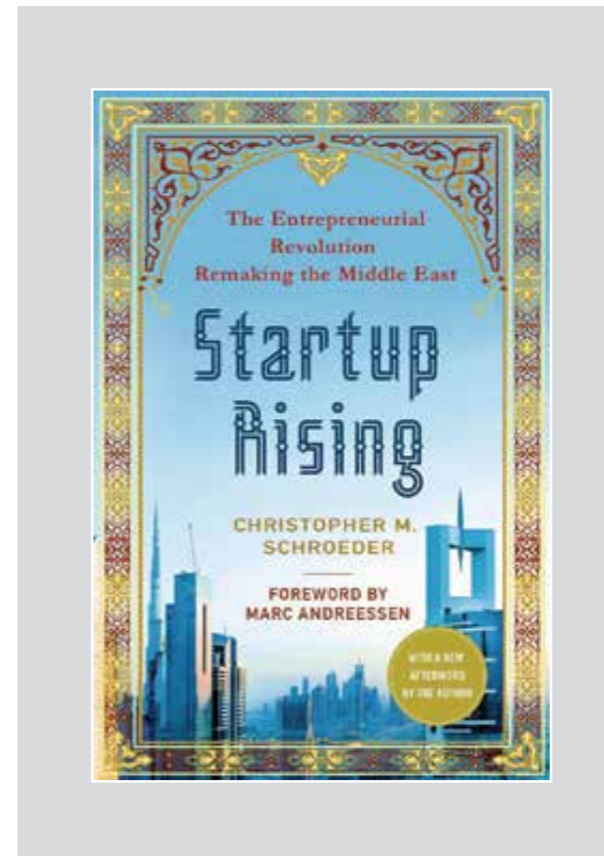
Some have argued to me that oddly the Iranian tech ecosystem has benefitted from being isolated — it has risen protected from the big Western juggernauts like Google, etc. I don't buy it. We may be seeing a Balkanization of tech — a US/Western internet, a Chinese one, an Iranian one, and others — but the greatest possibility in innovation comes from the talents exposed to all of it. On the upside, greater enterprises will be built progressively on in-market terms; on the downside, we can lock arms on the "red lines." We should be talking about globally, about what our hopes and concerns are around AI and other unprecedented technologies today. We are not living in a time that seems to embrace that as it should be. I hope this changes.



**Talking about the sanctions, how, as an American technology evangelist, do you explain the policy of US tech giants such as Microsoft, Apple, Google and Amazon cutting services and access to development tools to Iranian tech companies and startups? One would think that technology and innovation should be above and beyond politics and yet we see major US companies simply following the official policies of the Trump administration.**

It should be until it isn't. There is always a challenge of balancing top-down machinations (governments, large organizations and lobbying) with the unleashing of the bottom-up globally because of access to tech.

I spend almost all of my time with the bottom up, and almost none with the top down except when asked for ideas. Any tools, shared learning, and market opportunities afforded to entrepreneurs and shared among them — because great entrepreneurship is as much a co-authorship today as one side leading another — unleash massively better outcomes. This isn't just about our President alone (and the even bi-partisan support he gets for being more focused at home), but about any government and the political will that embrace being open, transparent and global-minded. Innovation should be above and beyond politics, but it also can't be entirely because the stakes are so large today with new technologies. Too often today, however, political leadership is hunkering down and trying to re-create positions of the past rather than asking what is the best engagement for a different century. This is both a bi-partisan and multi-lateral affliction, but it is also an opportunity.



**Your book "Startup Rising — The Entrepreneurial Revolution Remaking the Middle East" has been popular, especially in our region and in academic, business and technology circles. Can you tell us about it? What are some of the key takeaways for its readers? Will it one day be available in Farsi?**

Any book on technology is dated the moment it is published, because things are changing so rapidly! The last edition came out in 2016 and I added Iran into it then, as I had visited it. Having said that, the book remains relevant as, while focused on the Middle East, the shifts happening there are happening everywhere. Who are these entrepreneurs and why are they jumping in? How has technology empowered them and offered opportunities without precedence? What are the essential parts of an ecosystem to win? How are women changing the game in powerful ways? How can there be such success in economies and political environments of great uncertainty? The lessons are all there and as universal today as the last publication. I'd love to have it in Farsi.

**We may be seeing a Balkanization of tech — a US/Western internet, a Chinese one, Iranian one, and others — but the greatest possibility in innovation comes from the talents exposed to all of it.**

**Can you tell us about your next project(s), book(s), event(s) or trip(s)?**

I am spending most of my time mentoring, advising, bridge-building and investing in growth stage companies out of three rising hubs: Dubai for the Middle East; Singapore for South East Asia and São Paulo, Mexico City and some Colombian cities in Latin America. I have had a vehicle, Next Billion Ventures — the "next billion" being customers and innovators! I am thinking about a new book that will explore the great shift in technology innovation from the West to China and other rising markets, and how it is not a zero-sum game. I also will be exploring a new podcast that will focus on the stories of the greatest female and male innovators I'm seeing among rising markets and the globe. They have very hopeful stories and are scaling rapidly, but most of the news doesn't cover them at all!

**Innovation should be above and beyond politics, but it also can't be entirely because the stakes are so large today with new technologies.**

## 1,200,000

### Number of daily trips using Snapp



Snapp is Iran's top ride-hailing company. It was in March 2018 when Snapp first recorded more than 1 million trips in a day. It now serves 24 million users and has employed 1.5 million drivers in 80 cities in Iran. Snapp is the world's 7th largest ride-hailing service in terms of number of daily trips.

## 23

### Number of Digikala's warehouses throughout Iran

This is the number of Digikala's warehouses throughout Iran, reaching over 11,000 towns. The e-commerce giant features more than 1.7 million products and its market share has been speculated anywhere between 70 to 90% of all online retail sales in Iran. It has more than 2 million visits a day and 20 million users returning monthly. Its more than 30,000-strong suppliers sell about 1,600 USD on average every month, with the highest sales per supplier reaching 1.5 million USD in one month, in one instance. Digikala plans to reach 40 million unique users by 2022, about half of the population of Iran.



## 22,000,000,000

### Barrels of Oil

Volume of new oil reserves discovered in Nam'avaran field in Iran by November 2019. At a 10% net recoverable amount, this means an addition of 2.2 billion barrels of production. With explorations pushed to more remote areas, global discovery rate has fallen from 20 billion barrels a year to 9 billion barrels of oil equivalent in less than a decade.



## 10

### %

Share of online orders of all food deliveries. Most of these go through two major competitors: Chilverly, which recently acquired a rival, Reyhoon; and SnappFood, formerly ZoodFood, rebranded after being acquired by Snapp. Chilverly now represents 4,000 restaurants and SnappFood about 13,500 in 70 cities. SnappFood enjoys more transactions, recording up to 70,000 orders in a single day.



## 7 out of 10

### Number of Iranians on social media.



## 160,000

### Number of apps on Iran's Android app market, Cafe Bazaar

30,000 of which are mobile games. Cafe Bazaar has more than 40 million active users and about half a million users outside Iran, who last year downloaded 1.6 billion times. The platform facilitated about 15 million payments including for paid apps and in-app purchases that in total benefited their developers a net value of 18 million dollars. Cafe Bazaar hosts more than 22,000 developers, about 1,600 of whom have apps with more than 10,000 active downloads.



## \$15,000,000,000

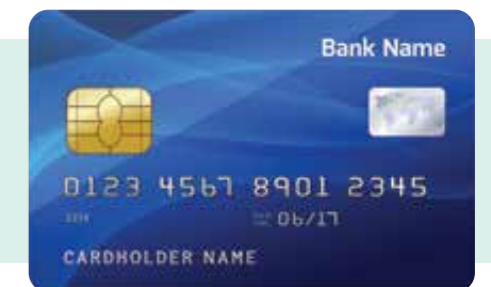
### Total annual online financial turnover in Iran

This includes more than a billion transactions from e-commerce to payment of bills and other payments, or on average 14 transactions per person in Iran, half of which are done by younger demographics and almost none by the elderly. Close to 70% of all transactions are done by men. E-commerce, with over 750 million transactions, also takes about 10 billion USD of the total 15 billion USD. The total turnover is expected to grow close to 28 billion USD in 2020.



## 17,000,000,000

### Number of total point-of-sale, debit card transactions in a year.



## Deadpool 2



### The most watched film on the online media service Filimo.

Viewers in Filimo use the service for subscriptions of less than \$2 a month, and watch about 60% Iranian content and 40% non-Iranian content and more than half of them watch media on their mobile devices. A rather new startup, Filimo jumped into the production arena and so far has produced 8 TV series employing about 9,000 people per month in the process.



# Asia Instruments

Nosrat Al Molook Mahbod

INDUSTRY

**Thank you so much for giving Trends this exclusive interview despite your busy schedule. We are very grateful. Please introduce yourself and tell us more about your background and experience. Where did you start and how has your journey been as one of the few female business leaders in the energy sector?**

I completed my studies in England, came back to Iran, and worked at our family company for 10 years. Our family company's field was in promotion, marketing and representing internationally well-reputed European and American manufacturers of metering systems, loading systems, control systems and instrumentation mainly for the oil, gas, petrochemical and power industries. During all these years of working with my family, visiting many of our partners' facilities in Europe and the USA, I decided to start my own company based on our capabilities in Iran. My aim was to enter into fabrication and manufacturing and, as a part of the country's self-sufficiency goals, I gathered experience, knowledge and an understanding of the oil industry's market and other necessary requirements of manufacturing.



**What has your experience been like as a successful businesswoman working in this field? What advice do you have for other aspiring female entrepreneurs?**

The industry worldwide has been male-dominated and I would say in Iran it is more challenging for women. I can claim that when I first started working, I was the first woman in Iran entering a business related to the oil industry. As a female entrepreneur in a male-dominated industry, earning respect has been a struggle and I had to learn to build my confidence. I faced a lot of obstacles and had to work really hard to overcome them. My advice to female entrepreneurs is to be yourself and have confidence in your abilities. You made it to where you are through hard work and perseverance so own your accomplishments.

**Despite keeping Iran's economy from growing, sanctions have made Iranian industries, most notably the energy sector, more self-sufficient to some degree. How true is that in your line of business, in terms of equipment and measurement instruments? How far are we from full self-sufficiency?**

It is true that sanctions have impacted the Iranian economy, but it has had its benefits as well, which have made industries move towards self-sufficiency. In our case, I must say that we

have achieved 100 percent self-sufficiency; we have the technical know-how, design, engineering, fabrication facilities and tests which are done in-house. We have been able to contribute to the oil industry by producing measurement systems and providing services which used to be imported and have saved millions of dollars for our clients.

**Please tell us more about Asia Instruments. What products and services do you offer to the oil, gas and petrochemical industries? Do you have any exports?**

Since the days when Asia Instruments had started with manufacturing measurement systems, we have grown and expanded our production line. Presently we are producing controls systems, loading arms, process packages and filter separators. All of these packages used to be imported but are now made in Iran. All parts and equipment for the systems are manufactured in Iran, except the flowmeter which we are currently working on by collaborating with a manufacturer. We are bringing in the technology and will soon go into production of flowmeters in-house too; the controls systems are also made in-house. All of our products are state-of-the-art and are made based on international standards. We have also started exporting to a number of regional markets through dealers and agents.

**Your manufacturing plant is considered a state-of-the-art facility. How did you manage to build it despite obstacles, such as financing, sanctions, and local and international competition?**

We built Asia Instruments' facilities through my personal financing and have not used any banking facilities, nor any government funds. My passion for serving our country and creating jobs for our young talented engineers influenced me to personally finance and put all my efforts in the creativity and growth of Asia Instruments. The government does not really help the private sector or self-made entrepreneurs. Also, the banking system's high interest rates are not helpful at all.

**What's next for Asia Instruments, in terms of growth, diversification, and expanding into other markets, in light of the current economic conditions?**

Asia Instruments is expanding its business and facilities. We are investing in new manufacturing facilities and have already obtained a 100-acre land for our plans. The goal is to mainly enter into the field of new technologies and environmentally-friendly products.



**We built Asia Instruments' facilities through my personal financing and have not used any banking facilities, nor any government funds. My passion for serving our country and creating jobs for our young talented engineers influenced me to personally finance and put all my efforts in the creativity and growth of Asia Instruments.**

# Instrumentation Systems Demystified

## The Critical Role of Metering and Measurement Systems in the Energy Sector

What is instrumentation? This might seem a bit ambiguous at first to our audience but we aim to familiarize them with the concept of instrumentation.

Let's begin the discussion with the word "measuring." We are all familiar with the concept of measuring in our daily lives in different ways without being conscious of it. Let's guide your attention toward the daily tasks that you perform, from buying fruits to monthly necessities at a market or buying a cup of coffee from a coffee shop.

When we intend to buy a kilogram of apples we visit the grocery store, or the market to buy a liter of water or when we want a cup of coffee we go to Café Viuna and we pay a certain amount in exchange for each purchase. A clearer example would be the water and utility bills, which, on a bimonthly basis, charge us based on our usage or cellular internet packages which allocate a certain amount to be used.

The common theme among all of the aforementioned examples is the method of measurement and payment to the seller. The interesting point here is the unwritten agreement between the buyer and seller based on the measurement, which means the necessary condition for buying or selling is having standards and units of measurement.

The standard and unit of measuring one kilogram for the seller are the weight and scale. For the water bill, the value and flow through the flowmeter the standard for measurement and for a bottle of water, the volume that fits inside the bottle is the unit and standard for payment.

The house gasometer is the most tangible example that can aid us to having a better understanding of an instrumentation system. The house gasometer possesses a function that determines the usage of a single housing unit. The usage is the volume that passes through the gasometer which is evaluated based on cubic meters. This method of measurement is accepted by the gas company and the consumer. The producers of the gasometers are required to follow certain standards in accordance with the gas company.

Based on the above topics we can deduce a few points that can help us in continuation of this topic.

- 1) For each measurement, a certain unit and standard must exist such as kilograms, liters, etc.
- 2) The standards and units related to measurement must be acceptable to both buyers and sellers and they should be based on the standard international references.
- 3) Any kind of payment between buyers and seller will only be done in accordance to precise and accurate measurements.



These three important conclusions are the basis and foundation of instrumentation in any industry. The same principals apply to the oil and gas industries but with much more precision and lower margin of error. Let us continue with the field of oil, gas and petrochemicals as our primary focus.

Millions of years have had to pass for a single drop of oil to be formed. The effects of this black gold are undeniable in the global markets and economic formulations. For many countries, this is the bloodline that moves the economic cycle and these countries need this black liquid to manufacture their goods and offer them in the market. In today's market, oil is so valuable that countries are willing to pay a huge price for its control and possession; its treatment has been a great challenge to the world's governments. In addition to oil, which is mainly sold in crude form, oil and gas products possess a higher value and will have a higher value-added, which is due to the raw materials being processed and turned into refined materials which possess a higher value compared to that of crude oil. High value derivatives include

natural-gas condensate, propylene, olefin, aromatic, etc. The value of these products in comparison to that of crude oil is in a manner that the income generated can be many folds more than that of petroleum. So, based on the value that this material has and the income that can be made through the sale of its derivatives, it goes without saying that we must plan for each drop in order to prevent any waste. By this logic, its measurement with minimal error is the most important issue between the buyer

and seller. Here, the value of instrumentation is brought to light. Instrumentation assists us in having precise measurements with a low margin of error to prevent the waste of even a single drop of this product.

"Oil export of 2 million barrels per day," "3 million barrels per day" or "300 thousand barrels per day" are sentences that we are all familiar with because news outlets and social media repeatedly report the amount of oil exports of countries using these sentences. The question is, what equipment is used to make these measurements? This responsibility belongs to instrumentation systems.

An instrumentation system is present at the input or output of a refinery. If the instrumentation system is located at the input of the refinery, it is used to measure the amount of input and unrefined liquid, and if it is placed at the output it is used to measure the materials produced, refined or exported. An instrumentation system is made up of different components which, at the end, lead to the precise measurement of the liquid.

The heart of this system is the flowmeter which, after measurement of the flow passing through the pipes and sending a signal to a programmed controller, will calculate the precise flow volume through the pipe and provide the data to the user. However, this measurement must be accurate to the point of not wasting a single drop. Often a refinery and petrochemical complex exchange materials. This measurement is done in a way that they both agree upon which is due to the standards and units that must be followed in manufacturing these systems which in this case are based on the international manuals and standards.

All the calculations done by the controller are based on the American Gas Association, or AGA, and/or the American Petroleum Institute, or API, international standards. These standards are the criteria accepted by the buyers and sellers. The calculations done by the controller are considered the standard for financial exchange, which means in exchange for the volume passing through, usually done based on barrels, money is exchanged. In the field of oil, gas and petrochemicals in Iran, this is referred to as custody transfer. Asia Instruments is the first producer of instrumentation systems in Iran and the Middle East which plays a major role in



measurement of oil, gas and petrochemicals. Over the past 30 years, this company, with the great effort of its managers and exceptional employees by obtaining knowledge and technologies, has been able to localize the production of these instruments and rid the country of any need for foreign companies. One of the most important managerial goals of this company is holding itself accountable to international standards and being accepted by clients in production of these systems which can be seen through its resumé and numerous projects which have always been

approved by inspectors and clients. By creating an appropriate factory and workshop space in the Payam Special Zone, located in the province of Alborz, Asia Instruments has been able to be a pioneer in this field, and prevented the exit of large quantities of currency by the presence of foreign companies. As a frontrunner in the high-tech industries, it has surpassed its American and European competitors and established itself as the first and only knowledge-based company



in the field of manufacturing instrumentation systems in Iran. This company has the ability to manufacture instrumentation systems for the measurement of liquid gas products, which are mainly extracted from the shared sources of the Southern and Northern Pars gas pockets, and also the measurement of liquid petroleum products, which are extracted and refined in many areas across Iran, making it the largest supplier of measurement instruments in the field of oil, gas and petrochemicals.

Today, Asia Instruments, with reliance on human resources, knowledge and experience and the use of capacities of internal knowledge-based companies, has been able to become a major competitor among international companies, a majority of which belong to Western European and American countries, and participate in international projects including gas pipelines to Turkey, Iraq and Russia.

“Millions of years have had to pass for a single drop of oil to be formed. The effects of this black gold are undeniable in the global markets and economic formulations. For many countries this is the bloodline that moves the economic cycle and these countries need this black liquid to manufacture their goods and offer them in the market.”

# Coal-Based Steel Manufacturing in Iran

Simmer Sawhney

Simmer Sawhney is an entrepreneur and businessman who grew up in Iran and is the third generation of his family to reside in Iran. His grandfather came from India to Iran as a soldier, fell in love with the country and decided to stay. He established one of the first logistical companies in Esfahan, naming it "Garaj-e Hend." Having finished his high school at Tehran International School, Sawhney went on to pursue his graduate and post-graduate degrees in England and graduated from the prestigious Cass Business School in London with a masters in Logistics, Trade and Finance. After moving back to Iran to take over the family company which was involved in infrastructural projects, Sawhney decided to venture into steel manufacturing and in 2014 became the majority shareholder and managing director of Kavir Steel Cooperative.



Kavir Steel Cooperative of Ardestan has the capacity of 120,000 metric tons of sponge iron, 16 megawatts of power generation utilizing Waste Heat Recovery Boiler and 120,000 tons of Steel Billet manufacturing, and is one of the few companies which are involved in coal-based sponge iron production and intends to be manufacturing at full capacity by mid-2020.

**Simmer Sawhney, thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Please introduce yourself and tell us more about the coal-based steel manufacturing project you're involved in.**

I am a foreign investor of Indian descent in Iran and the managing director of Kavir Steel Cooperative. Kavir Steel Cooperative is among the first sponge iron manufacturing facilities in Iran utilizing SL/RN technology. The SL/RN, or Rotary Kiln, is a way of manufacturing the raw material needed for the steel industry namely sponge iron (DRI- Direct Reduced Iron) by reducing it using coal. We are based in Ardestan, Esfahan.

Coal-based production of sponge iron using a Rotary Kiln is a German technology that has been modified in India. The attraction towards this sort of production is firstly that it uses iron ore hematite and thermal coal; both items are available in Iran but are not used in any other industries. Secondly, the initial capital expenditure required is significantly less than other DRI methods such as MIDREX.

**If you were to summarize the state of affairs in Iran's steel industry, how would you describe it? What are the opportunities and challenges?**

Steel is a commodity and its price is set globally. In light of this, the domestic sales price has been on an upward trajectory. Share prices of most domestic steel manufacturers at Tehran Stock Exchange have shown significant gains over the past year and have been one of the driving forces for the upward trajectory of the TSE.

Currently, Iran has a competitive advantage in production due to the industrial energy rates, which is the primary influence on production cost.

Current industrial power usage rates are the lowest in the region and are a quarter of the rates in India. Labor costs are also significantly low and raw materials for production are mostly available domestically.

The opportunity is significant but the major challenges, as with most other industries in Iran, are barriers to exports which include banking channels and exchange rate complications.

**Despite the massive potential between Iran and India, there seem to be very little going on between the two countries when it comes to investment, trade and industrial cooperation. Why is that?**

India has been traditionally interested in the oil and gas sector. In the current state of affairs, this trade has been limited due to political lobbying against Iran. The potential is immense, but in my view, there are certain barriers for improving trade relations between the two countries, particularly with the overall perceived risk of doing business with Iran and Iran's reliance on China and Chinese products.

**As someone who is of Indian origin but raised in Iran with deep roots in both countries, how do you think entrepreneurs and business leaders from both sides can address the aforementioned issues?**



Unfortunately, the general attitude towards Iran has been one of "wait and see." With the increased pressure and threats from the US towards anyone interested in certain sectors in Iran, including oil, gas and now steel, Iran is seen as a high-risk option. Furthermore, this and other factors have led to increased volatility within Iran, drastically affecting the exchange rate, hence business projections. I believe business leaders can potentially be drawn to initiate potential projects; the objective should be to seek increased stability within Iran. Only then, projections, business models, and returns on investment can be reliable and attractive for investors. Easing of bilateral trade barriers and tariffs can help in this regard. If at a governmental level there is consistent incentive to increase trade and investment, it will be very much possible.

**Iran seems to be one of the key countries in India's long-term strategic plan for West Asia and MENA. Can the two countries achieve anything tangible in terms of joint investment in projects like the Chabahar Port any time soon and given the current "Maximum Pressure" policy imposed on Iran by the US?**

The potential there is immense. It just remains to be seen how a general atmosphere of stability and improving bilateral trade can be established. In terms of Chabahar, it is significantly

important for the Indian government in terms of trade and providing a platform of geopolitical influence in the region since it is exempt from US sanctions for reconstruction assistance and economic development for Afghanistan. This is especially because the Chinese have constructed the Gwadar Port in Southern Pakistan that will serve as the trade nerve center for China. Again, what can be seen and the possibilities for a port such as Chabahar are very attractive, especially if the trade terms can be enhanced and tax incentives can be promoted for manufacturers located in and around that area to have access to markets of both countries. If such a structure can be obtained the possibilities are immense.

**Your steel plant seems to be the first coal-based project in Iran. Why has coal not been used in similar projects in the past? What about environmental concerns with anything coal-based?**

The reason coal has not been used in the past is the increased reliance of Iran on other fuels. Gas reserves are immense and most technologies that have been introduced to Iran are oil and gas-based. This predominant reliance on oil and gas has not required investigation in coal. Iran currently has almost no use for thermal coal, therefore it has limited mining activity. There is demand for coking coal which is exported. However, thermal coal has very limited usage but is immensely available in mine reservoirs. As far as the environment is concerned, we have modified the technology so that the heat and gases generated from reduction of iron ore are utilized in generating electricity, using WHRB, or Waste Heat Recovery Boiler. During the first phase of our production we will generate approximately 16 megawatts of power using this technology which will make us the largest waste heat recovery power plants in Iran.



Apart from this, we are utilizing advance scrubbers for all pollutants which brings us down well below the required PPM of Iran's steel industry.

**What does it take, in your opinion, for Iran to further develop its steel sector, despite the US sanctions?**

We live in a time in history where trade and global interaction are increasingly important for the progress of any nation. Becoming self-reliant is always a priority if there is competitive advantage in certain manufacturing sectors, but once that has been achieved the only way to expand is through trade. With Iran's steel industry, it is very much the same. It intends to achieve 50 million tons in production annually by 2025, which will not only cover most of Iran's requirements, but also allow the steel industry to seek competitive advantage in particular products globally. This in turn will allow for possibilities of further growth.

**How do you describe or rate the legal system in Iran, especially with regards to foreign investment?**

Iran's legal system and its authority for foreign investment has been very supportive of foreign investors. They provide specialized services such as a three-year resident permit

for foreign investors without the requirements of an exit visa every time one intends to leave. Many of your readers might not be aware of this, but Iran has a very interesting regulation of obligating most foreigners to seek an exit visa every time they want to leave the country. This, thankfully, is not levied on foreign investors. Also, this authority provides the possibility of repatriation of the principle amount of funds that have been brought into Iran along with profits earned through a special permission and coordination with the Central Bank of Iran.

**How hard has it been for you to secure local financing of your project? What advice do you have for local authorities such as investment organizations, CBI, etc.?**

Financing in Iran is a very interesting practice. Interest rates of 18 to 20 percent on loans are very unattractive for industries. There are specialized institutions which provide loans at a lower rate for particular industries but the procedures are long and complicated.

My only advice and request from authorities would be to seek much more efficient routes to promoting business models and industries. There is certain amount of bureaucracy and barriers to entry which can make the processes tedious and lengthy, to which I would recommend that the private sector be more involved and private consultants be more active in reducing the time and energy that is required to get business initiatives up and running.

**The potential in Iran is immense, it just remains to be seen how a general atmosphere of stability and improving bilateral trade can be established.**

**As an Indian investor in Iran, what would your advice be to others who are considering Iran as an investment destination? What are the pros and cons? What would you describe as key success factors in this country?**

I grew up in Iran and have always been fascinated by the culture and the people and I had a certain affinity to come back after I had left for my higher education. My advice would not be limited to Indian investors, as I believe there's a lot of uncharted spaces that can be utilized only if certain parameters such as security, stability, promotion for investment, trade incentives, reduced barriers and reduced risk can be achieved. The pros and cons of investment in Iran I think can both be shown in the closed or semi-closed economy that has prevailed over the last 20 years. The disadvantage of this is that it has led to all those factors that I have described such as lack of security, lack of stability, etc., but the advantage of this is that it provides a very large vacuum for catching up to the rest of the world.

We have seen this in various different industries. Business models and technological advances that have proven successful outside Iran have a lapse of time before they are implemented in Iran. Companies like DigiKala and Snapp have introduced the business models of Amazon and Uber possibly 10 to 15 years after the success of these global companies. This lapse is shorter in other nations and allows for tried and tested formulas to be implemented domestically with ample opportunity.

# The Journey of Building a Shopping Mall

Rosa Safaeifar

Interview By: Shadi Amirikia

*Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. What are the benefits of shopping malls?*

In recent years, a great change has taken place in Iran's shopping centers. Stores, offices, service centers and small boutiques on the sides of streets are slowly being replaced with grand shopping centers.

We can currently claim that the growth of shopping malls has caused Iran to be able to compete with developed countries in this regard, whether we're considering the diversity of users, current technology, international standards or even unique architectural designs of shopping malls.

Our belief is that in order to modify the structures of metropolises of the world and Iran, shopping malls need to expand which will help correct urban issues in the long run with the demise of boutiques, which lack parking and the necessary facilities needed by society. Easy parking, entrances and exits will save time, be more enjoyable and reduce social stress. Therefore, an increase in shopping malls will be of benefit to society and people.

*What have been some of the more challenging parts of this project?*

International and up-to-date concepts have been the most challenging part of building a shopping mall in Iran, but also:

\* The fluctuation of the market, i.e. problems in procuring materials due to the existence of sanctions upon imports, especially in the limitation of a variety of imported brands and innovative imported materials.

\* Keeping up with building codes and important regulations, which are constantly changing and evolving.

\* Obtaining permits and licenses, including permits from the municipality, fire department, gas and other utility companies with daily positive changes have a negative impact on the planning and schedule of the project.

\* Dealing with tardy subcontractors.

\* Coordination of the different disciplines within the project (e.g. architectural, mechanical, electrical and executive).

*Why did you decide to start this project?*

Truth be told, the initial idea for this project formed in my father's head due to a conversation with someone that had traveled on the same flight from Tehran to Dubai as him. My father had asked whether he was traveling for business or pleasure and the response was that "due not having a decent and complete shopping mall in our own country, my family and I always have to travel to Dubai or Turkey in order to shop." This one sentence is the reason we are currently of service to you with Rose Mall and my father's decision to construct a shopping mall in Tehran.

The main goal in Rose Mall is to fulfill 100% of a person's needs and the project is constructed with the goal of covering all of the daily needs of each member of a family, eliminating issues pertaining to traffic and pollution of metropolises, preventing of traffic caused by movement throughout the city and saving time and money.

*What facilities does Rose Mall have?*

The area of Rose Mall is estimated at greater than 200,000 square meters covering 25 floors; it is considered the second biggest shopping center in Tehran. It has 210 office units,



approximately 400 commercial units belonging to different guilds, 7 theaters, a 1,500-person performance hall, a 7,000 square meter roof garden, a swimming pool and gym complex with several professional spas, a Hypermarket on the first floor and a 4,000 square meter indoor amusement park – which is among the 5 biggest amusement parks in Iran. Rose Mall currently has one of the biggest food courts with 16 restaurants and a sitting capacity of 2,600 people with a unique view of a lake, mountains and a waterfall. In addition, there are 7 international restaurants with one-of-a-kind views and the presence of world-renowned chefs. Many of the office units are also occupied by doctors. These different utilizations allow people to meet all of their needs under the roof of Rose Mall with the best facilities in an interesting environment.

The night façade of Rose Mall is unique and one-of-a-kind in Iran, due to the lighting that with programming capabilities can show any movie clip or text on the entire surface of the façade. It is impossible for traffic to exist within Rose Mall due to the three ramps in an island formation on each side of the building while entering and exiting the complex and presence of numerous elevators and escalators inside the complex. The architectural design of the project, which I personally manage with diligence, is reaching its conclusion and often causes great astonishment among renowned constructors in Iran and abroad due to the project beautifully reaching its end despite the lack of experience with a project of this size, design and finishing, tardy contractors, sanctions, unique materials and costly nature of the project.

*What made you choose the name Rose?*

Rose Mall is named after me. My brother was able to register this name in Iran with great effort and perseverance due to both "Rose" and the word "mall" not being permitted in Iran. Since my master's degree is in architecture and interior design, I based the concept of the project on the rose flower and tried to utilize the same elegance, beauty, softness, peacefulness and boldness as the rose in the interior design of Rose Mall. My bachelor's degree was in Industrial Engineering and System Analysis from Tehran Shomal University, which I graduated from in 2012. My master's degree is from University of British Columbia in Interior Design. Due to the attachment and affection that I feel towards my father, I decided to return from Canada and help him with this project, not knowing that this could be my greatest learning experience in life. My father and I had the responsibility of being the client, the project manager, executive managers, architects, HSE, mechanical and electrical managers from start to finish. Even though this was a challenging task and that was often overwhelming in that we need to spend 85% to 90% of our time each day on

this project, it could at times also be pleasant. I must say, where there is a will, there is a way. I truly believe in this sentence and have learned from my father that if you want to be successful in life you must be honest with yourself and others, be fair, have the power to recognize things for what they are, have perseverance, and above all be present in the field so you can manage properly and grow.

*What has helped you reach the end of this project?*

My mother has supported us from the beginning, even though every once in a while, we do not see each other for days and even months at a time. My brother has helped and provided financial support and caused daily progress in Rose Mall. If it weren't for their support and my father's efforts, the conclusion of such a project would not have been possible.

*How will the sanctions and current economic climate affect the mall's performance?*

It is true that the absence of foreign brand names will be felt in the project but this is one of the rules of society and no one is exempt from them; with tact and knowledge, we can find many replacements for them. Guilds such as apparel are also growing rapidly, and with the presence of creative designers and Iranian artists, I don't think the place of foreign goods will remain vacant, and as far as restaurants go, we all know that Iranian food is one of the tastiest in the world.

*Why west of Tehran?*

Since my father has a good eye and is deeply perceptive in choosing a location, from day one, he strongly believed in this area and used to claim that the future of Tehran will be in this region and the growth of Tehran will be westward in the coming years, which has turned into reality. Rose Mall is exactly on the corner of Hemmat highway. The special access to this region, including many highways from Tehran to Karaj, 5 subway lines, different modes of transport such as buses and cabs and the unique and one of a kind view that Rose Mall possesses which includes the Chitgar Lake.

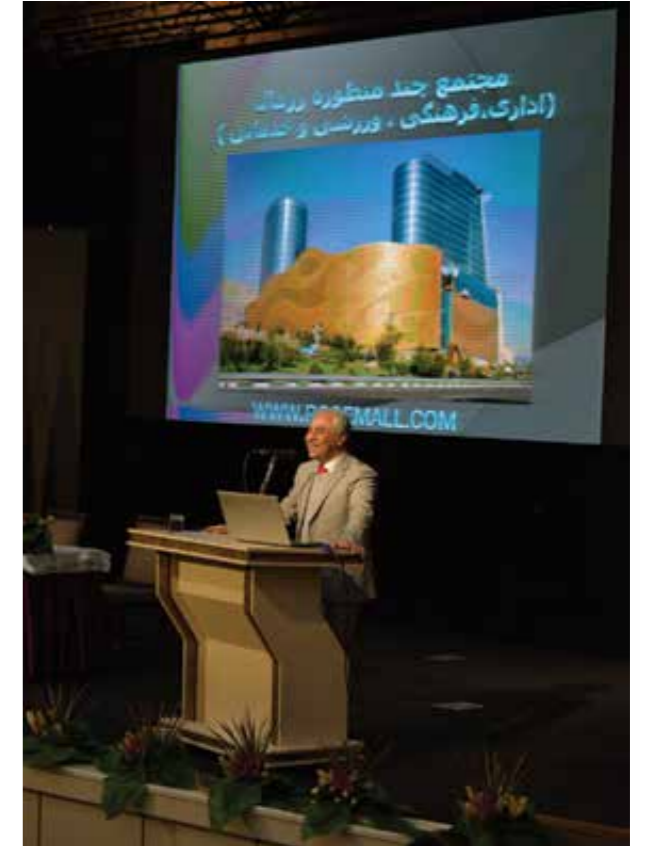
All kinds of hospitals, big construction projects and amusement parks, etc., have caused this region to have a bright future; also the odd lack of this type of shopping center in the past in this region is one of the reasons for creating Rose Mall in this area.

*How did you manage a project of such scale? Was it difficult for you?*

From the time that I realized who I was, my father only had one request for me: for me to know that I could move the world and move mountains if I willed it. My role model had always been my mother, who was truly a strong woman who had perseverance and managed with two children to become a pediatrician. You must be different.

I always wanted to start this difference with a grand gesture. Luckily when I decided to move back from Canada to Iran to complete Rose Mall, I didn't know that I would be entering the greatest learning experience. At first it was very challenging, complicated and sometimes it seemed impossible.

Now, after three years, I can say that where there is a will, there is a way and with strong will, talent and perseverance, we can accomplish anything. Let's prove our strength; it doesn't matter whether our job is big or small, we must do it with power, be confident, risk a little and carry a positive mindset.



# Iran's Beverage Industry Overview

Farzin Ataeyyar

INDUSTRY



Farzin Ataeyyar has an MS in Entrepreneurship Management and a PhD in Commercial and Marketing management. Ataeyyar has been active in the marketing and sales management of the food industry, especially the beverage market, as well as in the strategic planning of some of the leading companies since 1996. He is currently representing the Turkish Anadolu Efes International Company in Iran.

**Thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Given your experience, please describe the current state of the beverage industry in Iran.**

In recent years, two international brands, Coca-Cola and Pepsi, have been active in the Iranian carbonated beverage market, accounting for over 75% of the market share, with the ZamZam Group (the largest carbonated beverage brand in Iran) ranking third. The consumption of soft drinks in Iran has declined and it is estimated at about 30 liters per capita annually. Given the recommendations by health and nutrition organizations to reduce sugary drink consumption, people are more likely to drink juice, doogh (a yoghurt-based beverage) and non-alcoholic beer (NAB). Consumption of fruit drinks and beverages has grown significantly over the last 20 years. These products are marketed in carbonated, non-carbonated and pulp-containing fruit beverages with varying percentages of fruit concentrate available in a variety of packaging. Most of the fruit beverages are packaged by Tetra Packs. This group of products includes domestic brands such as Sunich and Takdaneh and international brands such as Rani and SunStar as the main players in the market. In the field of sparkling fruit beverages, the Sandis brand owned by Pakdis, and Taak owned by Behnough Iran have the main market share. Juice consumption per capita is

estimated at about 12 liters annually. However, one of the major challenges in the doogh market is the less-controlled supply of local and traditional doogh. In the energy drink group, Hype is considered the market leader, with the Iranian brands of Synergy and Start, and the foreign brand of Big Bear being subsequent major beverage companies. Various imported brands are also found in the market but they do not have a significant market share. In the alcohol-free beer group, domestic manufacturer Behnoosh Iran produces Delester and is the market leader. Other main players in this group include Arpanoush with brands Istak and Jojo, Danjeh Aria with Hoffenberg, and Khoshgovar with Hey Day, Istak and Jojo brands are domestic manufacturers. Efes, Barbican, Bavaria and Big Bear are international manufacturers. The per capita consumption of alcohol-free beer in Iran is estimated to be about 6 liters annually.

**What opportunities and threats do you think our beverage industry is facing?**

The threats can be summarized as follows. **Sugar:** As you know, sugar is one of the major raw materials in this industry. Its scarcity and price fluctuations in recent years have caused the sugar-based industries, especially the beverage industry, to face serious problems including shutdowns and increased cost of production, a problem which still persists.

**Taxes:** The government has imposed significant charges on sugary drinks, which has put the profit of manufacturers at serious risk due to the decline in consumer purchasing power.

**Supply of raw materials:** There are currently only two aluminum can manufacturers in Iran. Imports of cans from overseas have also been largely halted due to sanctions and foreign exchange problems; therefore, these two domestic manufacturers have full control over the market. In addition, a third manufacturer in ZamZam Group will soon be launched in Kermanshah province. There is also a relatively similar situation in glass bottle production. Takestan, Shisheh and Gas, Shisheh Mina, Shisheh Hamedan and Crystal are currently among the major manufacturers in this group, who are also faced with the crisis of increased prices for bottles and the limitations of the furnaces in

manufacturing different colors used in the production of green and brown bottles. The imports of other raw materials have also faced serious restrictions due to sanctions, allocation and transfer of currency, tariffs and restrictive customs regulations and priorities. Concerning PET packaging production, we are also faced with the increased or sharply fluctuating price of resin due to its import problems and limited production capacity in the domestic petrochemical industry.

**Agriculture and animal agriculture:** The cultivated areas of orchards and barley fields, as raw materials for the fruit and vegetable industries, are declining for a variety of reasons, which directly affects the production and cost price of the products in these industries. The main reasons for these limitations include water scarcity, lack of economic justification of agricultural activities, conversion of farmland and agricultural land into residential units and middlemen. In the animal agriculture area, we also have problems supplying milk for dairy drinks. The high price of livestock inputs has also caused activity in this area to be unjustifiable so much so that all dairy companies are currently facing the problem of supplying their needed milk.

**Reduced purchasing power:** Unfortunately, the real rate of inflation in the market has gradually reduced the purchasing power of consumers. Today, most consumers in the middle and lower classes of the market inevitably prefer to spend a larger portion of their income on the supply of essential goods rather than unnecessary ones such as packaged drinks. This has led the high-volume products in PET packaging to account for about 75% of beverage consumption, while PET containers are neither environmentally friendly nor capable of preserving the quality of beverages. This is why companies have to consider a short shelf life (of 4 months) for these products or use preservatives that pose a risk to consumers.

**Opportunities:** The government has recently banned the imports of foreign beverages in order to support domestic industries and prevent unauthorized foreign currency outflows. Therefore, foreign companies have had to produce and supply their products in Iran in order to continue their activities in the Iranian market. This can be considered a positive measure due to the government's support for the domestic industry, but

the absence of international brands and a reduction of competition in the market will, in the long run, lead to a decline in quality and a lack of innovation in the industry, in addition to depriving consumers of their right to choose their desired products. Few activities have been performed in Iran regarding sports drinks including beverages consumed before, during and after sports, in accordance with the international standards and anti-doping codes. There is also a big vacuum in Iran regarding kids' drinks and functional beverages. These are both good opportunities for innovation in this industry.

**Why do you think Iranian companies need to partner with famous foreign companies?**

This is an important strategic question that managers must pay close attention to. Having worked with foreign brands for over 12 years, I think this strategic partnership can have many positive effects, including:

1- Iranian companies can acquire technical know-how and managerial knowledge from famous foreign companies if they select appropriate foreign partners and set up a comprehensive contract with them.

2- Iranian companies usually operate in the mainstream market – meaning the middle segment of the market – or in the economy segment – meaning the lower segment. The presence of a famous foreign brand can help the Iranian company enter the premium segment of the market in line with its market development strategies.

3- One of the major weaknesses of our companies is the lack of development of the "marketing" sector, specifically in the scientific and operational sense. Basically, our companies are "sales-oriented" rather than "customer-centric" and are far away from the "relationship marketing" strategy. Most well-known foreign companies have been more successful in the scientific and operational development of "marketing" activities than our companies due to their presence in a large number of countries. Because of these factors and due to the stronger competition they deal with, famous foreign companies can be good and sincere advisors to our domestic companies through partnership agreements.

4- We should note that we cannot limit the market to ourselves and be its sole dominant ruler. The pressure of demand, international economic-political relations, etc. will open the doors to foreign companies. Therefore, choosing a strategy alongside potential foreign brands or the strategy of confronting



and competing with them is considered one of the most important decisions of senior managers.

5- Usually, well-known foreign companies can provide significant assistance to their partner companies in Iran by providing them with high-quality and affordable materials.

**One of the concerns of domestic companies in partnership with major foreign brands is the likelihood of corporate cannibalism. In other words, companies are worried about making themselves a powerful competitor. What do you think about this?**

Yes, this is possible. We should note that adopting partnership strategies such as freelance production, licensed production, JV partnerships, etc. require compliance with certain rules and principles that can bring great success. In other words, the cost-benefit analysis must be performed and the benefits of this kind of cooperation can be increased by making the right decisions. One of the major weaknesses of our companies is their lack of attention to the so-called STP principle in marketing. I'm not going to discuss this in detail, but to sum it up, market segmentation, targeting, and brand positioning in the market are the key to this puzzle. Simply put, an Iranian company must choose a partner brand that can work in a different segment of its products. As mentioned earlier, if Iranian products are in the mainstream or the middle market, the new foreign brand should be in the premium or

possibly the super-premium segment; for example, at least 20% of the price difference should be taken into account. Cannibalism of brands occurs when both brands have the same target market and position, which is a strategic mistake. However, there are a number of technical and legal points to be considered by experts when concluding international partnership agreements.

**Iranian companies have a good knowledge and understanding of traditional and modern domestic markets across the country, which can make a foreign company more successful in supplying its products rapidly and gaining market share.**

**What benefits or opportunities does this type of strategic partnership provide for foreign companies?**

Basically, the Iranian market is one of the largest markets in the region with few brands and significantly lower competition than, say, European countries. Surveys show that Iranian people show a very positive reaction to brands' countries of origin. A foreign company can make the most use of its machinery and partnership within Iran and manage multiple risks in light of a local partner. Iranian companies have a good understanding of traditional

# Iran's Beverage Industry Overview

Farzin Ataeyar

INDUSTRY

and modern domestic markets across the country, which can make a foreign company more successful in supplying its products rapidly and gaining market share. Domestic production also leads to the supply of more affordable products to the market compared with imported products.

## **Please tell us about the Efes brand.**

As you may know, Efes is the fourth largest European NAB producer and the 16th global company in terms of volume. Most Iranians are well aware of this brand, its diversity and high quality due to their travel to Turkey, and this is considered a great opportunity for this brand in the Iranian market. Until 2017, Iran imported alcohol-free beer products from Efes at various stages, but high consumer prices prevented brand development. From mid-2018, its products, licensed by Turkish Anadolu Efes company in Iranian Behnoosh

centric strategies in most countries around the world. It considers customers to be the center of all its activities, so it emphasizes providing them with high-quality services and products. While respecting its competitors, Efes intends to expand its scope of activity in Iran, and soon we will see more innovations from it throughout the Iranian market.

## **What advice would you give to the administrators of this industry?**

As I had stated previously, through years of activity with great domestic companies, I am familiar with managerial views and a fundamental mindset, and as the saying goes, I have seen and continue to see my share of ups and downs. Therefore, my advice to managers is as follows.

\* Look at the market as a living being that is constantly changing and evolving. Unfortunately, most company meetings

our time to, as the saying goes, "reinventing the wheel." Benchmarking and best practices are among the frequently used scientific methods in all of the world's industries that positively impact a company's overall efficiency including productivity and performance of various tasks and functions.

\* Do not become negligent of potential international rivals waiting to enter Iran's market, and stay vigilant and alert under all conditions by acquiring proper strategies.

\* Transform your organization to a "learning organization" so you are not left behind from the market and the competition.

\* Be mindful of your human resources more so than instruments, machines and, in short, technology, thus transforming your administrative management section to a human resource management unit

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**Today, most consumers in the middle and lower classes of the market inevitably prefer to spend a larger portion of their income on the supply of essential goods than unnecessary ones such as packaged drinks.**

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**Utilize your strategic cooperation with foreign companies correctly and properly. We are not supposed to dedicate all of our time to, as the saying goes, "reinventing the wheel."**

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company, were supplied to the market in packages of 330cc in five flavors and full compliance with the strict standards of that company as well as imports of raw materials for production. In 2019, Efes products were supplied in packages of disposable bottles and 500-cc cans. Thanks to the modern machinery and advanced formulation of Efes, its products were positioned in the premium segment of the market. Its products are now widely distributed throughout Iran by the distribution and sales system of Behnoosh Company. Its goal is to supply high-quality, alcohol-free beer products in the Iranian market in accordance with the world standards at a fair price. Fortunately, these products have received a great deal of attention from distribution channels, well-known hypermarkets, supermarkets, restaurants, fast food restaurants, and consumers in most Iranian provinces since the short period it entered the Iranian market. Efes uses a highly scientific, yet fully operational procedure based on the needs of consumers and markets. It strongly believes in and emphasizes customer-

focus on solving and discussing internal issues while 90% of the meetings and consultation among the managers should be focused on the parameters of the market and the preferences of users and customers.

\* Do not become trapped by retrospection or strategic short-sightedness based on your previous experiences. Pay serious attention to smart innovations in accordance to market demands in the area of products and also new methods of management and processing.

\* Expand upon the marketing unit of the company both in its scientific theory and execution.

\* Move along with a previously set plan based on a marketing program and do not lose sight of immediate and far market vicinities.

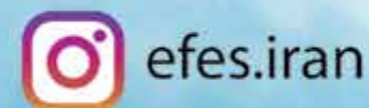
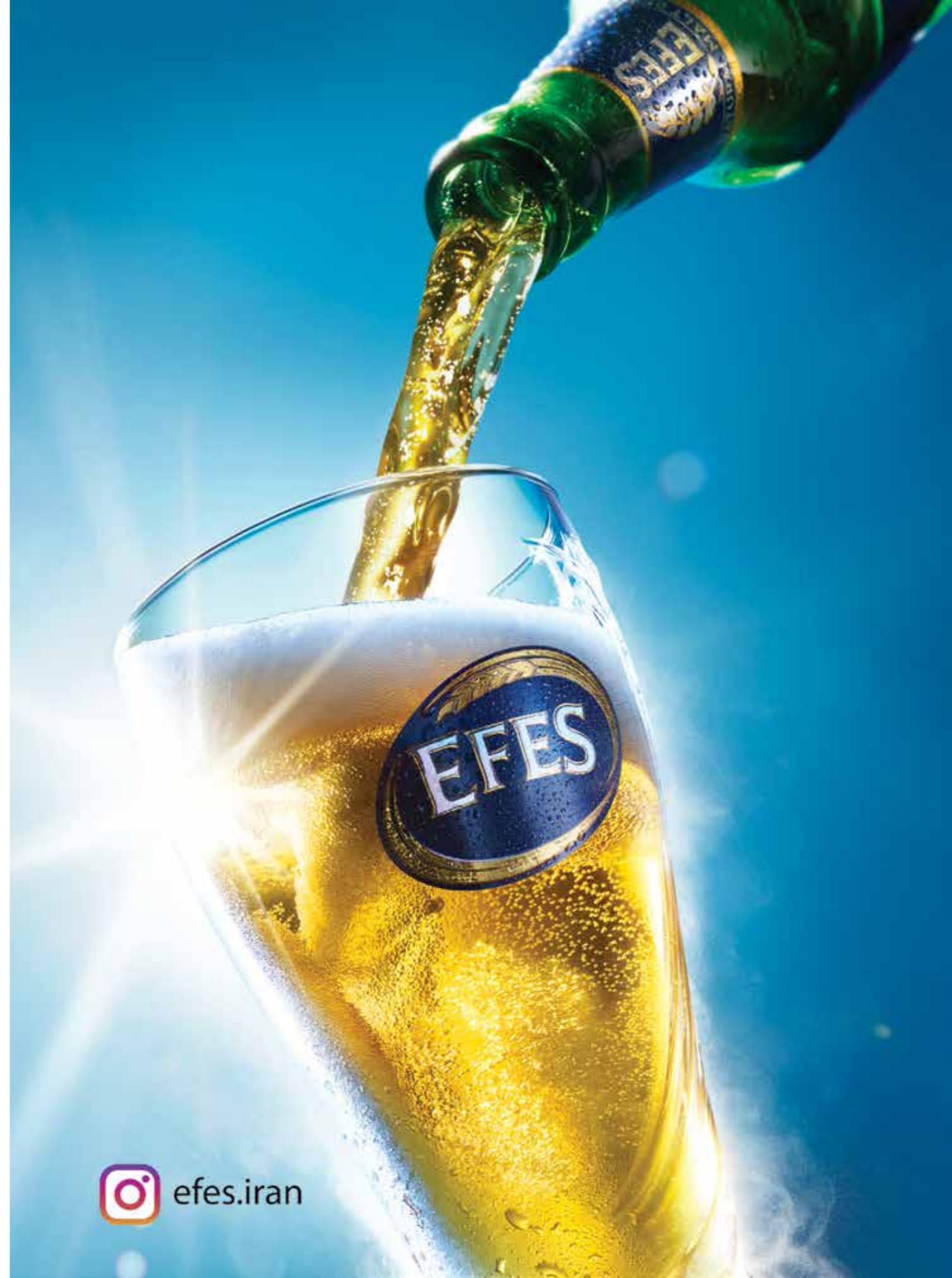
\* Utilize your strategic cooperation with foreign companies correctly and properly. We are not supposed to dedicate all of

based on its scientific meaning.

\* Pay more attention to niche markets, and the segmentation of the market because extensive distribution in all segments of the market requires a great deal of investment in today's market, the supply of which is not in everyone's power and regardless does not seem logical in the current economic climate.

\* The sales and marketing organizational flow chart must be completely dynamic and flexible. Therefore, procure an appropriate marketing and sales organizational flow chart based on the market and its changes and expand upon it annually in accordance to the market, competition conditions and the reexamination of the company's strategies.

\* We tend to believe that visitors are unable to execute all of the company's strategies and executive plans. This is a wrong belief that subconsciously resides in our minds, which leads to all plans concluding with visitors.



# The Future of Plastics

Thorsten Kühmann

Interview By: Claudia Frey



Thorsten Kühmann is the Managing Director of the Plastics and Rubber Machinery Association and one of VDMA's (The Mechanical Engineering Industry Association) 36 specialized trade associations.

**Thorsten Kühmann, thank you so much for giving Trends this exclusive interview despite your busy schedule. We are very grateful. Your association's member companies, the manufacturers of machinery and plant to process plastics and rubber are one of the pivots when it comes to criticism on plastics. How do those companies face up to this criticism?**

Of course we recognize the problems caused by plastics and dismiss any downplaying. We assume responsibility and take appropriate action. We speak for a moderate handling of plastics materials, nevertheless we oppose a ban of individual products made from polymer materials.

**Let's get into details. Are plastics and products made out of plastics a symbol of our throw-away society?**

Natural resources do not go astray if they are recycled, reclaimed and brought into use again. Each and every product made from plastics becomes refuse after a certain period of utilization. After collecting, sorting and conditioning, this refuse can be

turned into re-granules and in a next step into a new product. This is called circular economy and is urgently needed for the plastics industry too and it is achievable. However, circular economy must be profitable; currently virgin materials are less expensive than recycled plastics materials.

**What is the plastics recycling situation like in Germany and the European Union as a whole?**

In Europe, we do have established systems for collecting and reclaiming refuse. Out of the overall post-consumer waste collected in European countries, 73 percent are reclaimed: 31 percent by mechanical recycling, 42 percent by energy recovery and a slight share by chemical processes. The EU Commission has set targets regarding plastics, including the goal that all plastics packages need to be recyclable by 2030.



**As of today are there any examples for closed circuits?**

Yes, there are. Let me give you two examples: frames of old discarded windows are collected by a certified collecting system recycled, and new window profiles are then manufactured from the recyclate obtained. Another rather well-known example are bottles made from PET.

They are almost completely reclaimed and new bottles for beverages as well as textiles are produced from recycled materials.

**Both your examples rely on operative collecting systems. Is that right?**

That's correct. Functioning collecting systems as well as efficient refuse systems are necessary pre-conditions. However, such systems are not available in many countries worldwide. Around 3 billion people, or 40 percent of the world's current population, have no access to working waste disposal systems and controlled further processing.

**Around the world people complain about plastics littering the environment, particularly about the most obvious marine litter. What are your thoughts on this issue?**

80 to 90 percent of plastics litter in the world's oceans originate from land-based sources; the balance comes from fishery, aquaculture and marine traffic. Out of the overall landbased refuse, 90 percent are transported to the sea by ten rivers in Asia and Africa.

The shores of those rivers are densely populated and the majority of people living there do not have any access to proper waste disposing and utilization systems. We help to empower those countries to set up such systems by supporting respective initiatives.



**Among all the waste, refuse from packaging is catching our eyes by its sheer volume. Couldn't we do without? Are packages made from plastics dispensable?**

Every year around 1.3 billion tons of food perish due to improper packaging.

Plastic packaging is indispensable when it comes to food packaging; it protects the product on its way to the consumer and extends the shelf life of perishable foods.

Safe packages guarantee that non-food products are not damaged while being transported and make sure that no resources needed to manufacture these products are wasted. Light packages do not only economize fuel for transports but also save CO2 emissions.

However, we favour plastic packaging that is reasonable, suits its application and will not spoil the environment as a lost resource.

**Finally the most important question: How do you see the future of plastics? Will plastics still play a role 50 years from now?**

I am convinced that plastic materials and products made from polymers will continue to play a major role. Plastics are reusable materials and contribute to the protection of natural resources, the saving of energy and climate protection. Plastics support and foster the quality of life. They are part of the solution.



The Mechanical Engineering Industry Association has its headquarters in Frankfurt am Main, Germany, and represents around 3,200 members, making it the largest industry association in Europe.

## IRANIAN HOLIDAYS in 2020

IRANIAN date:  
● EVENT

Month	Iranian Date	Event
MARCH	1 FARVARDIN	● Beginning of Nowruz
	2 FARVARDIN	● Nowruz
	3 FARVARDIN	● Mabaas Hazrat Rasoul Akram
	4 FARVARDIN	● Nowruz
	8 FARVARDIN	● Friday
	12 FARVARDIN	● Day of Islamic Republic
APRIL	13 FARVARDIN	● Nature day (Sizdah bedar)
	15 FARVARDIN	● Friday
	21 FARVARDIN	● Birthday of Hazrat Ghaem
	22 FARVARDIN	● Day of the Oppressed
	29 FARVARDIN	● Friday
MAY	12 ORDIBEHESHT	● Friday
	19 ORDIBEHESHT	● Labor day
	26 ORDIBEHESHT	● Friday
	2 KHORDAD	● Martyrdom of Imam Ali
	2 KHORDAD	● Friday (Last Friday of Ramadan)
JUNE	4 KHORDAD	● Fetra Eid
	5 KHORDAD	● Fetra Eid
	9 KHORDAD	● Friday
	14 KHORDAD	● Anniversary of Imam Khomeini's Demise
	15 KHORDAD	● Anniversary of the Uprising Against the Shah
	16 KHORDAD	● Friday
JULY	13 Tir	● Friday
	20 Tir	● Birthday of Imam Reza
	27 Tir	● Friday
	3 MORDAD	● Friday
	10 MORDAD	● Ghorban Eid
AUGUST	17 MORDAD	● Friday
	18 MORDAD	● Ghadir-E Khom Eid
	24 MORDAD	● Friday
	31 MORDAD	● Friday
	7 SHAHRIVAR	● Beginning of Hejri Year 1442
SEPTEMBER	14 SHAHRIVAR	● Friday
	21 SHAHRIVAR	● Friday
	28 SHAHRIVAR	● Friday
	4 MEHR	● Friday
OCTOBER	11 MEHR	● Friday
	17 MEHR	● Arbabeen-E Hosseini
	18 MEHR	● Friday
	25 MEHR	● Friday
	26 MEHR	● Anniversary of Rasoul Akram's Death/ Martyrdom of Imam Hassan Mojtaba
	26 MEHR	● Martyrdom of Imam Reza
NOVEMBER	2 ABAN	● Friday
	4 ABAN	● Martyrdom of Imam Hassan Askari
	9 ABAN	● Friday
	13 ABAN	● Birthday of Hazrat Rasoul Akram
	16 ABAN	● Friday
DECEMBER	23 ABAN	● Friday
	30 ABAN	● Friday
	7 AZAR	● Friday
	14 AZAR	● Friday
JANUARY	21 AZAR	● Friday
	28 AZAR	● Friday
	5 DEY	● Friday
	5 DEY	● Christmas Day
	5 DEY	● Birthday of Jesus Christ
FEBRUARY	12 DEY	● Friday
	19 DEY	● NEW YEAR'S DAY 2021
	26 DEY	● Friday
	28 DEY	● Martyrdom of Fatema-Zahra
	3 BAHMAN	● Friday
	10 BAHMAN	● Friday
MARCH	17 BAHMAN	● Friday
	22 BAHMAN	● Victory Day of Revolution in Iran
	24 BAHMAN	● Friday
	1 ESFAND	● Friday
	1 ESFAND	● Birthday of Imam Ali (Father's Day)
APRIL	7 ESFAND	● Friday
	8 ESFAND	● Friday
	15 ESFAND	● Friday
	21 ESFAND	● Mabaas Hazrat Rasoul Akram

## IRANIAN EVENTS & EXHIBITIONS in 2020

Event Name	Date	Location	Category
Iran Finex	April 20-23	Tehran International Exhibition Centre	Iran International Exchange, Bank & Insurance Exhibition
Tehran CERAFAIR	June 25-28	Tehran International Exhibition Centre	Building, Construction & Architecture
Natural Stone, Mine, Related Machinery & Equipment Exhibition (IRSE)	June 25-28	Tehran International Exhibition Centre	Mining & Natural Stones
Iran PLEX	July 5-8	Tehran International Exhibition Centre	Livestock & Poultry
Elecomp	July 14-17	Tehran International Exhibition Centre	Computer & Network
Iran Confair	July 23-26	Tehran International Exhibition Centre	Building, Construction & Architecture
Floor Covering, Moquette & Machine Made Carpet Exhibition	September 2-5	Tehran International Exhibition Centre	Building, Construction & Architecture
Iran Electricity Exhibition (IEE)	September 2-5	Tehran International Exhibition Centre	Electronics & Electrical Engineering
Iran HVAC&R Expo	September 29-October 2	Tehran International Exhibition Centre	Iran International fisheries & seafood industries (Ifex)
Tehran International Industry Exhibition (TIIE)	October 9-12	Tehran International Exhibition Centre	Agriculture, Forestry & Fisheries
Iran Water & Wastewater Exhibition (WATEX)	October 20-23	Tehran International Exhibition Centre	Tehran Health, Safety, Environment, Firefighting & Rescue Exhibition (HSE Expo)
Iran Meat Exhibition (MeatEx)	November 16-19	Tehran International Exhibition Centre	Safety & Security
Iran Plast	November 29-December 1	Tehran International Exhibition Centre	Tehran International Industry Exhibition (TIIE)
			Iran International Exchange, Bank & Insurance Exhibition
			Iran Water & Wastewater Exhibition (WATEX)
			Iran Meat Exhibition (MeatEx)
			Iran Plast
			Iran ConMin
			Iran Telecom
			Iran Water & Wastewater Exhibition (WATEX)
			Iran Meat Exhibition (MeatEx)
			Iran Plast

**Important Note:**  
Please note that the calendar is pre-Coronavirus Pandemic and there may have been changes (postponements/cancellations) as a result of the COVID-19 crisis.





# Trends

LIFESTYLE

*Trends Lifestyle covers a wide variety of interesting topics such as:*  
*art, fashion, cinema, music, books, travel, sports, biographies and much more!*

*A big thanks to our knowledgeable contributors who wrote the articles or were interviewed on these subject areas.*  
*We hope you enjoy!*

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**Disclaimer:**

The writing style of our content may differ from article to article and is based on subject matters as well as our contributors' diverse backgrounds and writing styles. Certain statements in our content may also be the personal opinions of our contributors and not necessarily those of Trends Magazine.

# 100 Years of Style:

## A Brief History of Fashion Trends

As Heraclitus—the pre-Socratic Greek philosopher—said, “the only thing that is constant is change”, and this very statement embodies what fashion is all about. Looking back at the history of fashion, it is apparent that the changes in fashion trends and adaptation of new styles are highly influenced by the socioeconomic, cultural, and sociopolitical environment of the time. Although the evolution of fashion has been quite gradual throughout the history, there are a few defining moments and radical shifts in the world of fashion that unsurprisingly coincide with major historical events and cultural transformations.

In the 1800s and early 1900s, fashion was synonymous with sheer opulence and extravagance. Women’s clothing silhouettes were extremely complex and consisted of bustled dresses, voluminous floor-length skirts made of luxurious heavy fabrics, tightly laced boned corsets, hats adorned with piles of feather and flowers, and heavily embellished accessories. However, the outbreak of World War I in 1914 forever changed women’s fashion and a new era of style was born out of necessity. During the war, the lives of women, even the rich, required them to walk, bike, ride buses, and even drive ambulances, which meant they needed clothing that allowed them to move about freely. Gabrielle “Coco” Chanel was at the forefront of modern fashion with her innovative, simplistic and practical designs that reflected this new austerity during the war but also created a minimalistic trend that continued well into the post-war era. She completely eliminated the corset and her loose-fitting designs were made of light weight fabrics with higher hemlines.

An avid equestrienne and tennis player herself, she was one of the first designers who made pants and sportswear for women. Coco Chanel freed women of restrictive clothing and spearheaded the fashion industry into the modernism

by Rana Nabati  
Rana Nabati holds an Engineering degree from the University of California, Berkeley and started off her Tech career in San Francisco. However, her true passion was in the world of fashion, which led her to move to New York City. She studied Fashion Business Management at the Fashion Institute of Technology followed by an MBA, specializing in Luxury Marketing from New York University, Stern School of Business. In the past 10 years, Rana has worked with global fashion and luxury brands such as Louis Vuitton and Dolce & Gabbana, as well as museums and art institutes, including the world-renowned Metropolitan Museum of Art.



Women dressed in Edwardian fashion 1890-1914



Christian Dior's New Look

era, which already had widespread support in the art and literary world. Another radical shift in history, which is believed to have revolutionized fashion, was the creation of the “New Look” by Christian Dior. Dior’s first runway show in 1947 after the second World War was a direct backlash to the somber wartime

Gabrielle “Coco” Chanel in her iconic suit

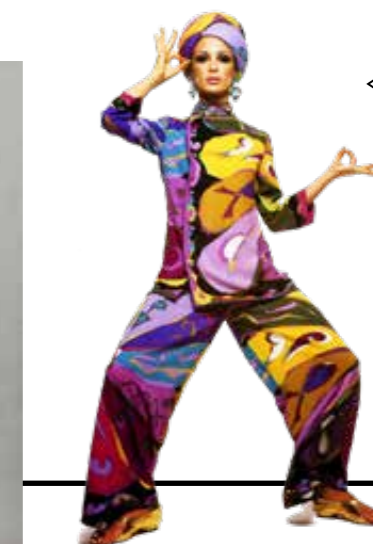


uniform. The collection revealed in the unapologetic luxurious and lavish styles of the late 19th century, which was reinterpreted and redefined for the modern woman. The New Look was a resounding success among the war-weary population and evoked a sense of optimism and hope for a better future. Over 70 years after the conception of the New Look, Christian Dior’s visionary designs continue to influence and inspire today’s fashion designers. The next turning point on the fashion history timeline would be the 1960s and the dramatic impact of youth culture on the fashion industry. This is the decade of the counterculture movement and social revolution in which the youth rebelled against the establishment and refused to conform to the conservative rules of the past. During this era, Pop Art was born to democratize the arts by erasing the boundaries between “high” art

and “low” culture, bringing popular culture into the arts and making it available to the masses. In parallel to the Pop Art movement, a new wave of young fashion designers challenged the dominance of Paris couture as the global fashion authority and broke the hierarchical traditions to democratize fashion and make it accessible to all social classes. Mary Quant, the prominent London-based designer who is credited with creating the highly popular and controversial miniskirt, once said “we wanted to increase the availability of fun for everyone. We felt that expensive things were almost immoral and the New Look was totally irrelevant to us.” Her audacious statement strikingly captures the essence of everything that the 1960s youth stood for. The daring and provocative trends of the Sixties forever changed the face of fashion by blurring the gender lines, embracing bold colors and unusual silhouettes, and experimenting with new materials.

Fast forward to the 1990s and the rise of streetwear, which was the beginning of a major transformation in the fashion industry. The streetwear movement originated in California from the casual and care-free skateboarding and surf culture. The trend moved its way from Los Angeles to New York with the opening of Supreme as a skateboard and clothing store in 1994, which quickly established a cult following. The streetwear trend—defined by having its roots in the streets and everyday lives of ordinary people and taking inspiration from popular culture and commonly used objects—started with small niche brands but quickly took off. Streetwear’s down-to-earth quality and inclusive nature was highly relatable to the generation of Millennials who pushed back against the elitist culture, valued diversity, inclusion, and equality, and sought social justice for all. By the 2010s, the trend had become mainstream and streetwear brands such as Alexander Wang, OFF-WHITE, and Vetements have since taken the fashion world by storm and managed to surpass some of the world’s most prominent fashion houses in popularity and demand. The streetwear phenomenon completely overhauled the traditional dynamics of trend-setting within the fashion industry. Historically, styles and trends were strictly dictated by few established fashion houses and followed the trickle-down model. Trends started on the high fashion and couture runways, accessible only to the

Mary Quant's iconic miniskirt



1960s Emilio Pucci original design

OFF-WHITE Fall-Winter 2019 runway show by Virgil Abloh



wealthiest upper class, and were eventually imitated by contemporary and fast fashion brands for the mass market. Today, for the first time in the history of fashion, the highest echelons of the industry take trend inspiration and direction from streetwear brands and mass culture and we have streetwear designers such as Virgil Abloh—founder of OFF-WHITE and current creative director of Louis Vuitton Men’s—and Demna Gvasalia—founder of Vetements and current creative director of Balenciaga—at the helm of some of the most prestigious and prominent fashion houses in the world.

It is hard, if not impossible, to predict what the future holds for fashion, but one thing is certain and that is constant change. Whether these changes and trends are evolutionary or revolutionary, will highly depend on the global political, cultural, and social climate and how these transformations get reflected in the world of fashion. As the highly regarded fashion designer Tom Ford said: “Real

fashion change comes from real changes in real life. Everything else is just decoration.”



Balenciaga's IKEA-inspired blue bag by Demna Gvasalia



Vetements lighter-heel Boots by Demna Gvasalia



# 2020's Evolutionary Steps Towards a Sustainable Fashion Industry

by Ghazal Mostafa

Stepping into 2020 this spring, runways have an important message to send: reminding us of the significance of the environmental impact of our clothes. As we saw in fashion month, designers are bringing more eco-conscious concepts and upcycling excessive fabrics from previous collections, such as Sarah Burton. These are the evolutionary steps that the fashion world is taking towards reaching a more sustainable take on the industry and building long-lasting wardrobes. Let's not forget Stella McCartney's massive influence on reaching a sustainable mindset and sustainability in the fashion industry. Among all the standout moments, we have decided to review 8 of the most eye-catching trends from spring 2020 runways.



## Modernized Wide Collars

There is no doubt that these collars, which are best-known as "disco collars," were one of the eye-catching comebacks of the season, as we saw in Victoria Beckham and Lanvin.

## Artisanal Craftsmanship

Crochet, macramé and other handmade techniques are becoming more than just a "trend" as sustainability is becoming more and more important in the fashion industry.



## Vibrant Shades

Let's just say tangerine orange is having its reigning moment in spring 2020 runways in a variety of pieces. Lively blue was also another trending color, as seen in many designers' collections.

### Retro Prints

Another fashion moment to celebrate is definitely retro prints. These playful late '60s and '70s inspired wallpaper prints invigorated dresses.



PRADA



MARNI

GUCCI

MARC JACOBS



### Spring Feathers

Feathers are here to stay. For spring, feathered tops and trimmings in dresses were another standout moment.

PRABAL GURUNG



VALENTINO



RICHARD QUINN



BOTTEGA VENETA

COACH 1941

### Leathers

Forget all the achromatic basic leather goods you have, this new decade spring runways are daring you to add colorful leathers to your wardrobe.



TOD'S

PRADA

BOTTEGA VENETA

BOTTEGA VENETA



CAROLINA HERRERA

ALEXIS

DARES VAN NOTEN

### Polka Dots

One of the next spring must-haves is the new version of this delightful print. The print appeared in new patterns and silhouettes. No one does the polka dot game better than Carolina Herrera, and that is a fact!



ALTUZARRA



DOON LEE

HARDO

BOTTEGA VENETA

### Short Shorts

From hot pants, very short and fitting shorts that came in a variety of colors, shapes and material such as leather, knitted, denim and satin, to bermuda shorts that are best paired with suits on the runway.



ISABEL MARANT

PRADA

When the novel coronavirus began spreading to European countries and especially when it reached the US, it was taken more seriously as an international matter. In the beginning, the main focus was on healthcare and providing healthcare workers with supplies. However soon after there were articles coming out every day about its impact on the economy. Let's take a look at what was and is currently going on in the fashion industry.

When Christian Siriano announced that he and his team were available and willing to help fight against this pandemic, he offered the governor of New York his help by making face masks. With Governor Cuomo's support, the well-known Project Runway judge and fashion designer started making masks and shared every step of the process through social media; this of course attracted the fashion community's attention. Soon after, other designers such as Michael Leyva began making not only face masks, but also gowns and scrubs for doctors and nurses. Many other fashion brands have designed medical face masks and other personal protective equipment, giving away a portion to health facilities and people in need every time a customer purchases their own face masks. Some of these cotton face masks can be quite expensive, costing up to 100 USD each! Collina Strada, Jonathan Simkhai, Reformation and Good American are some of the fashion brands that took part in fighting against the pandemic by making face masks.

If we were to say the fashion industry wasn't highly involved in public affairs before, this changed when the virus reached the US. The whole fashion industry has come together for a humanitarian cause. Their goal was to unite people and keep them safe without thinking of personal gain. Numerous manufacturers, such as LVMH, announced that they are converting three of their perfume manufacturing facilities where they normally make fragrances for Christian Dior, Givenchy and Guerlain to make hand sanitizer instead. By the end of the first week of production, LVMH made 12 tons of hydroalcoholic gel. These gels have been given free of charge to French authorities and the largest hospital system in Europe. This move was very important since it kept companies active and workers remained employed while also keeping public interest at heart.



## COVID-19 & The Fashion Industry

by Ghazal Mostafa

Instagram influencers, bloggers and celebrities also started to talk about how the pandemic was going to affect the industry and began writing about their own experiences and the changes they've made in their lifestyles. Almost instantly, what was once only a health problem began to take a new shape and has now changed everyone's life. Fashion community members started broadcasting live with photographers and designers, discussing a variety of topics such as telling the stories behind cover shoots, from what the concept was to why this is a good opportunity to invest in online stores. Influencers and celebrities began writing about their own experiences and the changes they've made in their lifestyles.

What needs to be mentioned is that it is not very common to see the fashion industry being inclusive and boldly participating with other parts of the community. Many designers, fashion bloggers, influencers and even fashion magazines began broadcasting live videos to speak about how they are coping with this crisis. For example, Edward Enninful, the editor-in-chief of British Vogue, went Live on Instagram to speak about what this situation has taught him. The official Instagram page of Vogue magazine posted a picture of Anna Wintour spreading a message to stay home as we are all in this together. Vogue Italia, rarely doing so before, also went live on Instagram and discussed many of the current issues raised by the pandemic.

Models and photographers have also shared their personal experiences and thoughts on their

work, such as magazine covers. For their "Postcards From Home" project, Vogue asked models, designers, editors, artists, celebrities,



Marine Serre  
Black Crescent Moon Anti-Pollution Mask



OFF-WHITE Logo Face Mask



Christian Siriano started making masks for medical professionals treating coronavirus patients in New York

photographers and other creatives to send their own postcards from home which reflect their shifting routines and lives during lockdown. These postcards show what others in the fashion industry are doing to help with the pandemic, while staying at home of course or working in a safe manner, and are inspiring others to do the same. In addition to the postcards, the fashion world is helping in other ways. Since Fashion Weeks and runways around the world have been cancelled, to further save us from our fashion woes, the first virtual fashion show has been aired online! In the "CR Runway with amfAR Fights COVID-19," followers get to see models, beauty directors, designers, etc. collaborate together for a stay-at-home fashion runway show that raises money to help the fight against COVID-19.

Along the same lines and with the effects of the outbreak at every level of business, from young designers to international brands, Vogue and the CFDA, The Council of Fashion Designers of America, have launched "A Common Thread," a fundraising initiative that highlights the struggles and hopes of the fashion community. This initiative was kicked off with a daily video series using the hashtag #CVFFACommonThreadstories. Each video has stories about how designers and their workers and colleagues are coping, how businesses have been affected, what the plan is in moving forward and

information in the video description box on how to donate. The stories will not only go behind the scenes to show the people involved in this creative, vibrant, and incredibly important industry, but they also remind the viewer that fashion is not just an industry of glamour, but one that employs millions of people around the world who bring joy, hope, and optimism to all of our lives.

### Fashion in Iran

In the same spirit as their international counterparts, Iranian designers such as La Femme Roje and Mah Shid are also making fashionable masks. Some of these masks are even made from fabrics that were leftover from previous designs; going green and being sustainable is gaining popularity in the fashion industry and Iran is following suit. The Iranian platform aasstiinn began partnerships with other designers and also discussed the importance of going green and being more sustainable. Designers have begun spreading this message and advising people to use fabrics that are unused at home to make masks.

An important message that has come from Fashion Revolution Week, an annual event created by the Fashion Revolution Organization where they demand for greater transparency in the fashion supply chain, was the importance of our

role in the world. Looking at our human footprint and what our actions have led to is why now is the most important time to inform people and consumers about the process of making these fashion products and taking them behind the scenes to be more aware of the manufacturing process. This is why making cotton masks from recycled fabrics is important! Going green means less waste of fabrics, saving earth resources like water — for example taking in consideration the massive water waste in producing jeans — better work regulations for fashion industry workers such as child labor laws, insurance and fair payment, all of which is not considered by most massive fashion production companies.

Recycling and upcycling are other important subjects that were discussed. An inspiring example was aasstiinn going live on Instagram with a variety of creatives and designers to talk about the issue and streaming videos that taught audiences how to use a piece of clothing using unused fabrics, which was taught by the creative director and owner of the Iranian fashion brand Foje. Last but not the least, this stay-at-home situation made us all wonder about different aspects of our lives and how much our actions can affect our quality of life and planet Earth. Saving more resources, considering a more sustainable lifestyle, taking a step away from the consumer culture that mass production companies have advertised instead of supporting creative designers and small businesses while bringing more awareness to the harms of a throw-away society and setting this mindset about upcycling and recycling, is the answer. These were some of the fashion lessons that we owe to the coronavirus.



LA FEMME ROJE

**M**ahla Zamani Nia is a fashion designer and expert on traditional clothing. She believes Iranians need to revive their past and dress in elegant and traditional styles that focus on Persian and Baluch dress styles. Some of the inspiration in her designs comes from Baluch embroidery.

Iran is ancient and vast with various climates where people have their own conventions and dialect and show their own culture and art. Areas that are tropical or cold and mountainous or desert areas differ from other regions in regards to the architecture, decorations, colours, designs, even tools and their use of fabric. The art of embroidering is one of the most influential art forms. Baluch embroidering is a native and original art and the types of embroidery which were done were some of the first weaves of humankind. We can see these patterns are massively present in brick work and rugs from different areas of the world, particularly Iran and Anatolia. Nowadays, you can find great influence from embroideries similar to the hand-woven objects of the Baluch. These are maintained at the border of Central and South American countries today.

What is interesting is the similarities between the patterns woven by Red Indian women, who preferred geometric patterns, and men, who preferred more realistic patterns, and the hand embroidered pieces from the Baluch tribe.

In regards to general patterns and colour palettes of Baluch embroideries and other nations, we come to one common conclusion that all people, using the simplest forms and lines, try to send their message and communicate their identity, cultural and historical development of their people and nation. The origin of patterns used in embroideries is inspired by nature and the reality of the environment around artists.

The patterns are mainly a reflection of imagination, wishes, images, images of the mind, epic and holy mythology, lifestyle, rituals and beliefs which symbolize the imagination and fantasies of embroiders and their ancestors.



## Baluch Embroidery

Mahla Zamani Nia



Mahla Zamani Nia was asked to design this dress for Queen Saleha of Brunei as a gift from Iran.

Afsaneh Shojaei has travelled Iran to research native Iranian attire. Soon after, she acquired a studio to make and sell clothes which led to the opening of a few private galleries ranging from London to Dubai. She also has a small, private collection of antique clothes she collected out of passion – not to sell – all kept on display, similar to a small museum, in her house.

As a designer, she has two fashion lines for sale. One line is completely modern, abiding by current worldwide trends, and the second is a fusion between traditional and modern clothes with Iranian elements. For the second line, Shojaei sets out to buy handmade pieces of fabric from Iranian villages of different heritages, such as Baluch, and uses these in her designs. She also uses her knowledge of field research at each place she visits to learn about the people, their culture and native clothing. One of the highlights of her career is the revival of Kalat clothing.

**Kalat (New Layeen)**

Khorasan consists of different tribes, each with different ancestral backgrounds, such as Kurds. One of the most special and well-known garments from Khorasan is that of the Kurds, which is from the Kalat-E Naderi region, known as "Layeen Kurdish clothes." Kalat clothes from North Khorasan are worn by Kalati people during various ceremonies and events. The upper section of the garment is hand-embroidered from locally-made



**Modernizing Kalat Clothes**

Afsaneh Shojaei

strips of fabric called "Madakhel." The skirt uses 6 meters of fabric (or more) and resembles pants, the tunic comes over the skirt and is specially embroidered, the coat has a paisley pattern on it and the vest has coins sewn onto it. Each of these can differ from garment to garment based on financial status, family, type of fabric and the coins. These are all made from silk which are made by Kalati women from beginning to end, meaning they have been woven and coloured by hand. Shojaei's Kalat line is lighter, more practical and made completely out of pure silk, the same silk that is made in Kalat. It is easy to wear,

wherever and by whomever. There is a difficulty in keeping traditional clothes alive, partly because they are simply so outdated that they've practically become extinct, but also because they are both expensive and heavy to wear. For these reasons, Shojaei has aimed to make traditional clothes more appealing to the modern day consumer, preserving both the memory of the clothes and the various elements in Iranian clothes. The pieces she chose to revive reflect her personal preferences. The Kalat clothing she has revived are both light and easy to wear; her customers can wear it at any time and place with ease.



photo by: Morvarid Omidfar



“These are all made from silk which are made by Kalati women from beginning to end, meaning they have been woven and coloured by hand ;”





## NILLGOL

Nillgol is the place where we want to gift amazing feelings and how wonderful would it be if you accompanied us. Here we have paired the art of flower arrangement with other art forms. If you want to gift your true feelings use our artful hands at Nillgol where we will paint your feelings through our arrangements.



## WINDOW Collective

Window Collective is the first platform that has brought Iranian designers who appreciate and integrate Iran's rich art and handicrafts into their work together under the same roof, promoting a sustainable lifestyle with a focus on the use of natural fabrics, materials, dyes and essences.

With online shopping increasingly becoming the norm, bricks and mortar stores need to deliver more than just the goods. They must be experiential, beautifully designed "mastershops", enticing visitors to go off of their apps and through their doors.

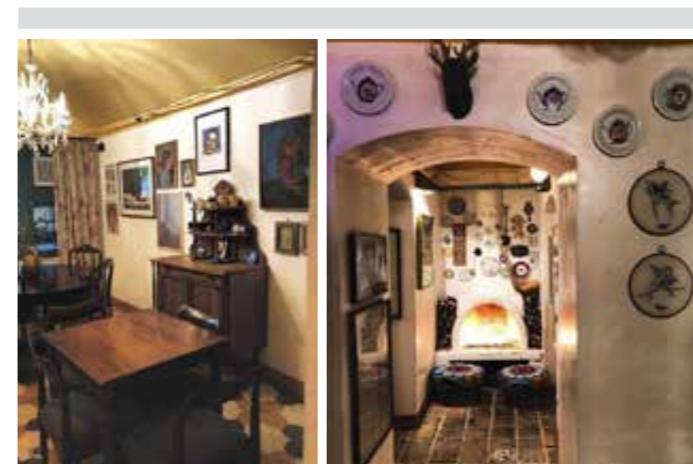
In its first year, Window Collective has tried to create the space for such an experience by introducing different themes and presenting the products in harmony.

It is home to a cultural program showcasing works from designers and artists, with a focus on those with a commitment to innovation.

Starting its second year, Window Collective aims to appear more in the online scene with the same concept and mission, since we are working on exciting new projects, so stay tuned!



BOOMI is a passenger! A very passionate and adventurous one! It loves to experience and taste different kinds of flavors of food, from traditional dishes to modern cuisines. It has travelled from Safavid periods, taken advantage of traditional flavours like Javaher Polo, then had a modern taste of salmon with pomegranate dressing from the North of Iran, Azerbaijan, Kordestan and so on. BOOMI now continues its adventurous journey, aiming to bring new tastes and flavors all the way from Europe, Africa and the Mediterranean and adds its flavors to the delicious food selection on its menu.



## IN/JA

In/Ja is a cultural center and complex which is divided into three subdivisions.

**In/Ja Master Class** is an acting school. At In/Ja we think of new workshops, and new days where we must go on stronger and more hopeful of the days to come.

Administrative manager: Saber Abar  
Educational manager: Pantea Apnaha

**In/Ja Book Cafe** is a library and cafe that caters to members and students. You can enjoy this space without a membership on your first visit and, if In/Ja was to your liking, you are more than welcome to come back.

Managment: Arad Khodabandeloo

**In/Ja Gallery** is an atmosphere to ponder about works of art.



Calligraphy, derived from the Greek word “καλλιγραφία,” is a visual art form related to writing and the art of lines. This term is most likely a combination of the Greek words “kallos,” meaning “beauty” and “graphein,” meaning “writing.” Altogether, these create the artwork of calligraphy. In this unique art, the first notable thing is the feature of visual art. The art of calligraphy must be able to grab the viewers’ attention.

## The History of Calligraphy

Western calligraphy was used and is identifiable in Latin texts. The history of the Latin alphabet goes back to about 600 B.C.E in Rome. At the time of the Roman Empire, Romans made use of calligraphy in their texts which were imperatively counted and carved onto stone, walls and table coverings. When calligraphy made its way to monasteries, it was used in holy books and other religious texts.

When the Roman Empire fell from power, calligraphy was still used for many years to come. The reclaiming of calligraphy for modern styles began at the end of the 19th century, affecting the philosophy and aesthetic of artist, William Morris, and the movement of handmade art took place.

Calligraphy can be categorized in Western, Islamic, East Asian, South Asian, Iranian and Mayan regions. In the Middle East and East Asia, calligraphy was one of the main and most important forms of art. Calligraphy in Iran (during the Qajar era) was practiced during the time of Mirza Gholamreza Amirkhani, a calligrapher who used black “nastaliq” (a Persian script with fine curves and round strokes), which took shape and is still popular amongst artists today.

## Fazel Shams

The impression Fazel Shams has made on calligraphy is well-known. A young and completely self-taught artist, he creates modern decorations and signs out of the writings of other artists. He also improvises his drawings alongside photographs without a writing plan made in advance. One of the most outstanding points



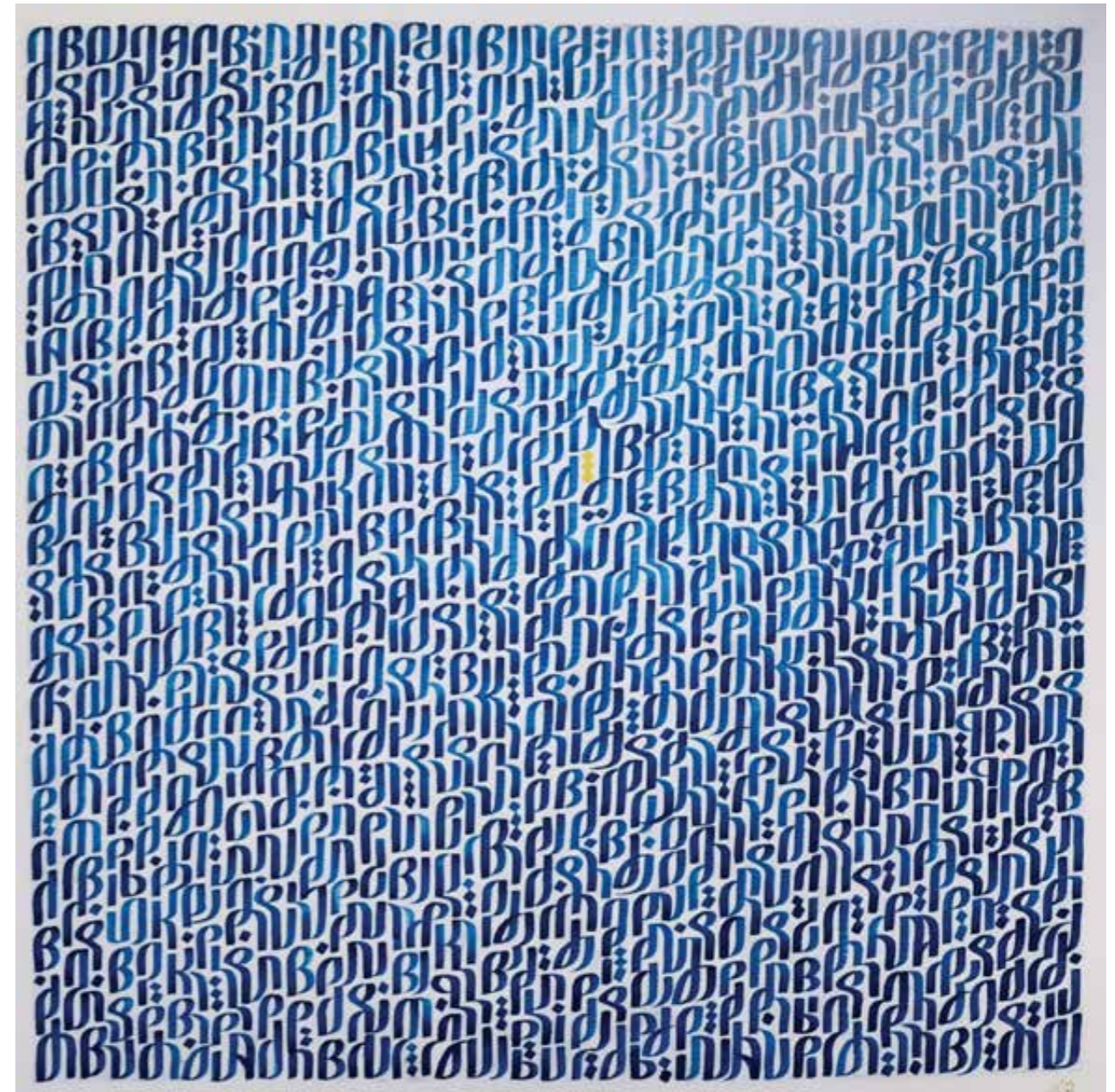
# Calligraphy

Concept & History  
Fazel Shams



in the impressions and induction of modernized and nativist art is that, with one look, you can see the most beautiful shapes imaginable. The unique art form of Fazel Shams and altogether the beauty of calligraphy is in the softness and calm dance of each letter which, in reality, is a form of line composition. This form of art, in comparison to other

artistic impressions, is distinctive with art in the past, and is a memorable creation that has taken shape. The impression of Fazel Shams is reputable, whether in Iran or on an international level, and will soon be exhibited in the Nicolas Flamel gallery in Paris.



**B**orn in Tehran, Iran in 1971, Pooya Aryanpour obtained a B.A. and M.A. in Painting at the School of Plastic Arts and at the Azad University, Tehran, Iran. He currently lives and works in Tehran and teaches Painting, Drawing and Art History at Azad University, Tehran.

Pooya Aryanpour's intellectual foundation in Persian cultural symbols and artistic techniques, coupled with his exploration of abstract art, create artworks where colour, line and form unite to create a mysterious whole infused with mysticism and suspense. Abstract shapes and vivid colours harmoniously morph and fuse to become new forms: organisms, architectural constructions, maps, flowers, letters, etc.

The artist freezes and crystallizes a moment in time that captures the vaporous natural forms and fleeting symbols of the world before they dissolve into ether.

Aryanpour's practice is preoccupied with the exploration of painterly and sculptural abstraction and the relationship between humans and their natural environment.

As he explains, "I have always tried to find the romance and poetry in shapes and colours and explore their properties."

The artist questions the philosophical and artistic ideals of finitude and perfection by deconstructing reality and emphasizing the inherent gaps in human perception. For the artist, nothing is ever complete; reality is in a constant and never-ending state of flux and evolution.

His artworks are therefore "accidental events," dynamic creations subject to change. Aryanpour's mirror sculptures explore this sense of fluidity and instability.

The tradition of mirrorworks (ayeneh-kari) in Iran takes its roots in the ceilings of Iranian mosques, which are often covered in highly elaborate mirror mosaics, representing the heavens and the worship of God.

While the artist also uses the traditional craftsmanship of ayeneh-kari to create his contemporary artworks, he is the first Iranian artist who has chosen to use the medium to depict non-religious concepts. By replacing the sacred with the profane, for example through his use of the human body as a subject matter, Aryanpour's sculptures contradict and subvert the original



## Mirror & Glasswork Sculptures

Pooya Aryanpour

by Christa Paula

notion of ayeneh-kari.

Pooya Aryanpour grew up in Tehran in a family of academics. His father is an emblematic figure of Iran's intellectual sphere and a pioneer in adapting modern social sciences to the Iranian context in the 1960s. The artist experienced an unusual upbringing and was home schooled from childhood in order to learn about life and art through freedom and self-discovery.

His upbringing is reflected in his artworks, which aim to search for "truth by deconstruction at the visible." Aryanpour's work draws its conceptual roots in Jacques Derrida's theory of "Deconstructivism," which

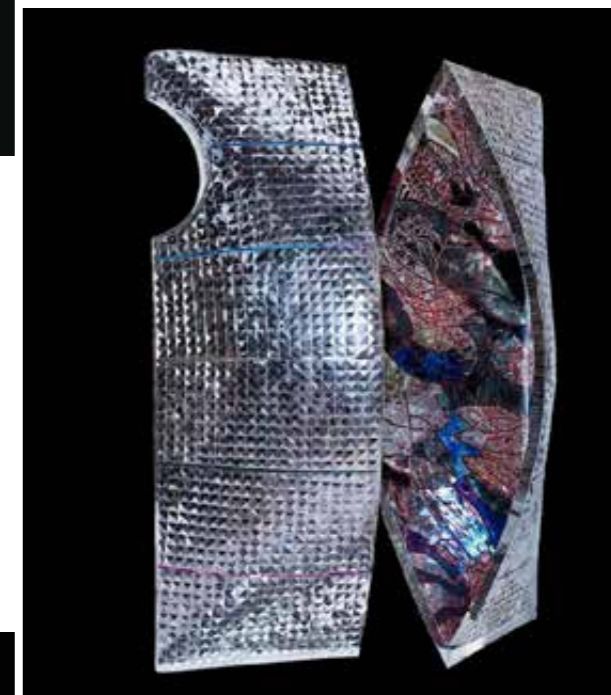
his father helped introduce to the Iranian academia and which shaped the artist's philosophical and artistic vision.

Aryanpour participated in more than 30 group exhibitions since 1990 in Iran, Turkey, Dubai, UK, USA, France, Switzerland, Kuwait, etc. He also had his solo exhibitions in Iran, Sweden, Dubai as well as the UK. Besides his exhibitions he has been a university professor since 1996 and a freelance multimedia artist. Moreover, Aryanpour directed more than ten documentaries since 2001. He started directing with Farideh Lashai in 2001 and his last work was "Jury of Insomnia" in 2016.



△ Continuous Feast, Mirror Painting, Plaster on Wood, 270 x 395 cm, 2014

▽ Temptation, Mirror-Painting Glass, Plaster on Wood, 203 x 140 x 73 cm, 2015



△ Temptation, Mirror-Painting Glass, Plaster on Wood, 203 x 140 x 73 cm, 2015



△ The Red Evidence, Mirror and Painted Glass on Papier-Mâché, Diptych, 150 x 180 x 70 cm, 2018

**What made you change careers to become a filmmaker?**

Well, I was born into an industrial and business-oriented family, so the world of business seemed to be the correct course of action for me, but if I were to name three things I have always been passionate about, they would have to be travelling, cinema and literature. Curiously, the Che Guevara project offered me a chance to realize all three; I was in my late thirties and I knew if I didn't take the opportunity, I probably never would! So I completely switched careers. My friends called it a midlife crisis and I am fine with that!

**Alright! So why Che Guevara?**

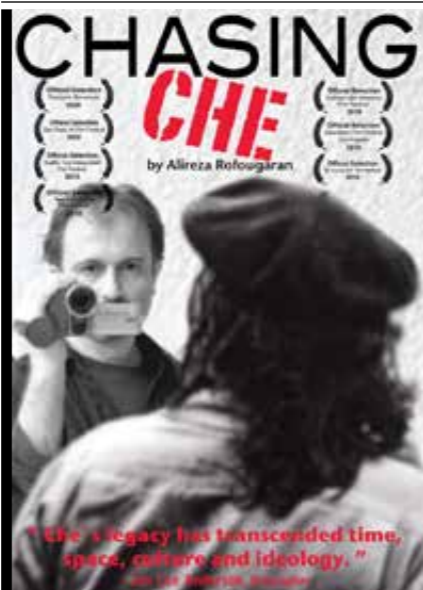
Well I had obviously known of Che for most of my life, and I had repeatedly seen that iconic photo that has circled the world many times and has come to be known as a "symbol of the 20th century" which, by the way, is one of the most reproduced images of all time! Anyhow, this photo had been hanging on a wall in my mind for years and, at one point, I realized I really didn't know much about him. It seemed strange for a personality to be simultaneously so close, yet so mysterious! So I began researching and reading about him extensively.

**Tell us about the book you translated.**

As I said, I did a lot of research and read different biographies among them, Jon Lee Anderson's "Che Guevara: A Revolutionary Life." I realized that in this book, Anderson had lived up to his claim of "separating the man from the myth." It is neither a demonization of Che, as many of his enemies had done before, nor does it portray him as a saint! And this is precisely what I was interested in, I wanted to know Che as the man he was not as the myth he had become! So after reading the book thoroughly, I decided to share it with the many Farsi-speaking people who may also have been interested in reading about him. Therefore, I began translating the lengthy volume, which took a good year and half and came to over 1000 pages! The book was a success in Iran and it is now in its sixth edition! I also incorporated some of my own findings at the end of every chapter, extracted from the interviews I had conducted with many of Che's friends and foes during my trips to Europe and Latin America, whilst making the film.

**I was about to come to that! How did the translation lead to the making of Chasing Che?**

Ok, the book is a classic biography in that it depicts Che's life from



Alireza Rofougaran is an Iranian documentary filmmaker. He was a businessman until 2004 when he changed careers to make his first film "Chasing Che," after translating into Farsi, a biography of the iconic Argentine revolutionary, Ernesto Che Guevara. He has also acted in several motion pictures including the 2016 Oscar winning film, "The Salesman." We interviewed him at the editorial office about this life transition and the subsequent ripple effects of the Che Guevara project.

(interview)

## «Chasing Che»: An Inside Look

Alireza Rofougaran

birth to death! While reading it, I became interested in travelling to Latin America – which I had always wanted to do by the way – to follow Che's footsteps as closely as I could. At the suggestion of a few friends with whom I had shared my plans, I bought a regular home video camera and set off on my journey, recording what I encountered, using the book not only as my main reference for travel but also to retrace the footsteps of Che's friends and enemies. During these travels, I visited as many places as I could and interviewed many of the characters in the book, who were still alive and willing speak. Ironically and in retrospect, the timing couldn't have been better! It all wouldn't have been possible today, because many

of them have since passed away. One aspect that is thoroughly researched in the book and subsequently reflected in my film is the emphasis on Che's childhood and adolescence. When I met Anderson at his home in England, he explained to me how understanding and knowing the young Ernesto was crucial to the understanding of Che; "I couldn't know one without understanding the other," said Anderson.

I also spent time with some of Ernesto's childhood friends in Argentina and they gave me a first-hand account of the kind of environment in which Ernesto Guevara grew up and how it helped shape him into the famous Guerrillero Heroico we have come to know as El Che.

**Tell us about the interviews with Che's friends and foes. How did you go about it? Apparently you had little to no experience!**

Well it all happened out of passion and curiosity, so I wasn't really conscious of the rules and guidelines of journalism. There was just a lot of interest and persistence. I'll give you a couple of examples: I interviewed a Bolivian army officer in the town of Santa Cruz. His name was Colonel Miguel Ayoroa Montano. He was the commander of the unit that captured Che near the hamlet of La Higuera in East Bolivia. I went to his home one night and he spoke extensively on camera, but since I had forgotten my tripod I

asked him for a few books to lift the camera up.

This simple manner of filming with no tripod and with a home video camera appealed to his sense of trust and he revealed information about his interrogations of Che Guevara and his last hours, before he was executed; things he had never said before!

Another interesting interview was in Malmö, Sweden with the Ex-Guerrilla and painter, Ciro Roberto Bustos. Bustos was captured in Bolivia alongside the famous French politician Regis Debray, after visiting Che in his clandestine training camp in East Bolivia.

He was later accused of having revealed Che's presence in Bolivia because of being under pressure in detention; he drew pictures of Che and some of the Guerrillas. After his release, Bustos returned to Argentina but had to flee his home country and come to Sweden as a refugee, after receiving threats from right-wing groups and also for fear of reprisals from Che's supporters who considered him a traitor! I had been in touch with him from Iran and he had agreed to meet me in Malmö, but when I called him on arrival and told him I would be coming with a friend, I could sense his hesitancy over the phone. When I showed up at his doorstep he wouldn't open the door and I spent a few long hours walking on the sidewalk, calling him repeatedly from my mobile phone and wondering what to do!

I finally contacted Jon Lee Anderson, who had befriended Bustos while writing the Che book and whom Bustos greatly admired. Jon Lee gave me a sort of coded message which I left on Bustos's answering machine. A minute later Bustos came to the door.

**How was the film received by the public, here in Iran and abroad?**

The film has been screened several times in Tehran by different cinematic institutions and we distributed a DVD version of the film, mainly in bookstores. Unfortunately, it wasn't well received by domestic film festivals, despite its overwhelming success abroad, with screenings at over 60 international film festivals ranging from Pyongyang to Sydney, all across the Middle East and Europe and ironically, at 22 film festivals in the US alone. It also received several awards and nominations at these events.

**You have also been acting in films.**

**Tell us about that!**

I have had roles in several films, namely, "The Salesman" by the acclaimed Asghar Farhadi, which won the Oscar for Best Foreign Film at the 2016 Academy awards and also "Meeting Leila" by Adel Yaraghi, who was a student of the late acclaimed director, Abbas Kiarostami and co-wrote the script with him; it is noteworthy, much to my sense of joy and pride, that the scene I was in was actually directed by Kiarostami himself.

**Have you continued translating and making films?**

I have! I translated a biography of Eva Perón, Evita, whose mythological status in the Western hemisphere compares with Che, but is less known here in Iran. I came to know more about Evita on my travels to Latin America and the book I translated is also a demythification of the famous First Lady of Argentina.

I am also finishing up a docu-fiction called "Ali Vs. Ali," on the subject of the late legendary boxer, Muhammad Ali! I have been working on it for the past few years and it should be released within the next couple of months.

**You seem to like biographies!**

I do! I think reading about successful people and watching films about them is a good source of inspiration, it allows us to dream and envision what may otherwise seem less likely or even impossible!

**So what's your next project?**

I don't know, Bruce Lee, maybe! (Laughter)

With Bolivian Army Officer Colonel Miguel Ayoroa Montano, Santa Cruz, Bolivia, 2005

“And this is precisely what I was interested in, I wanted to know Che as the man he was not as the myth he had become!”



With Ernesto's childhood friend and fellow traveler, Carlos (Calica) Ferrer, Buenos Aires, Argentina, 2005



With the Ex-Guerrilla and painter Ciro Roberto Bustos, Malmö, Sweden, 2006



**B**orn in Tehran, Iran in 1985, Ramin Sohrab is a director, actor and stunt coordinator with many years of experience in the entertainment industry.

**Tell us a little about yourself. Where you were born and raised, and where you are currently living?**

I was born in Tehran, Iran. I moved to Finland when I was 6-years-old. I practiced martial arts from the age of 4 with my father, who was also my teacher. After moving to Finland, I became interested in film and television. I moved to Los Angeles when I was 21 and later graduated from the Stella Adler film school in Hollywood.

**How does a 4-year-old develop an interest in martial arts? Did your father introduce you to it? What did you learn from him?**

When I was a kid I used to hate martial arts, because I wanted a normal life. You know, be a kid, play with other kids and own a Transformers toy. But my father forced me to practice every day. I remember doing shows around Iran when I was a boy. What I am today and what I can do is all because of that hard training. So I'm thankful for that.

**Did the martial arts skills come naturally to you, even at a young age?**

They say that to achieve mastery in anything you do, you must put in at least 10,000 hours of practice. I believe we all possess certain latent talents as human beings, but we have to practice multiple hours to find those talents inside ourselves.

**As a professional martial artist, how did you get into acting, and now into directing?**

I was always fascinated by acting and knew that if I wanted to do it, I needed to study and become comfortable in front of the camera, so that's why I moved to Hollywood. It wasn't until later, though, that I realized I also wanted to be a director. I had lots of great action-scene ideas and I eventually understood that the only way for me to explore them properly was to direct films myself.

**What inspired you to make Layers of Lies?**

I always wanted to do something big, something that would scare me but also have an impact.



(interview)

## «Layers of Lies»: The First Finnish-Iranian Joint Film Production

Ramin Sohrab

For me, connecting Finland and Iran onscreen was a big enough challenge to inspire me. I knew when I started Layers of Lies that it was going to be a long, hard and sometimes lonely road, but I also knew that this is the movie I have to make so I can pursue bigger projects in the future.

**Can you tell us what this movie is about? And when is the launch date?**

The premiere is planned for the end of 2020. Firefighter Sam Kashani intervenes in a desperate hostage situation between business rivals while evacuating a burning office complex in Tehran. The hostage that Sam rescues rewards him with enough money to start a new life overseas in Finland, while the other man is sentenced to prison for the arson and attempted murder. Years later when Sam returns to Iran, his wife is kidnapped and Sam finds himself at the center of a revenge plot between the arsonist who set the fire and his former business partner who has since built a vast criminal empire on illicit human trafficking.

As Sam takes matters into his own hands, his vigilante actions catch the attention of the Iranian police who believe that Sam is working for the same organized crime syndicate that has taken his wife.

**How did you decide on the locations for this movie, and did you learn anything interesting about the two countries while directing the film?**

I always wanted to shoot a movie in Iran, so for me it made sense to shoot the first co-production between Iran and Finland. Of course, it was a very difficult combination, especially for an action movie. There were definite cultural differences between working in Iran and working in Finland, but ultimately a movie is a movie no matter where you shoot it.

**What message are you trying to convey through your movie?**

**Through making the film:** That the most difficult and unusual film production is still possible if you don't stop believing in yourself.  
**Through the story of the film:** That true love can make you jump

over walls and keep fighting for the people you care about, no matter what obstacles you face.

**What was the hardest part of this project?**

It's one thing to believe in yourself, but another thing to convince others to believe in you, particularly if you

combine Finland, Iran and action film-making in a way that no one has done before.

**What was the most rewarding?**

There have been many rewards in making the film. For example, working with Mohsen Sarafi, my producer in Iran, and getting to

know the Finnish Ambassador, Mr. Keijo Norvanto. But I believe the true reward is on its way, and trust me, you will see it when it's there.

**What advice would you give to the younger generation of Iranians and Finns who look up to you?**

We've now opened the door to Finnish-Iranian co-productions, so use that possibility and you will be amazed how many opportunities these two countries will give you as a filmmaker.

**What is the next project in the pipeline?**

The next project is Violin, a great action story with a script by Christopher Larsen. We already promoted Violin at the American Film Market this year, and people were excited.



True love can make you jump over walls and keep fighting for the people you care about, no matter what obstacles you face ;

It's difficult believing in yourself, but a different story convincing others to believe in you, particularly if you combine Finland, Iran and action film-making in a way that no one has done before ;

The most difficult and unusual film production is still possible if you don't stop believing in yourself ;



**B**orn in 1981 in Tehran, Iran, Gelareh Kiazand studied Fine Arts in London, England before pursuing a degree in Media Arts at Sheridan College in Oakville, Canada. By the time she graduated in 2003, she had made two short films that were shortlisted for various festivals such as the Montreal International Film Festival, the Student Showcase at TIFF, New York Independent Film Festival and the Fajr Film Festival.

Kiazand returned to Iran in 2003, working in the film industry for six years, initially as a film photographer on six feature films by world-renowned directors such as Bahman Farmanara, Khosrow Sinai, Ebrahim Hatamikia and Kiarostami. Later she began filming short films and documentaries for directors such as Rakhshan Bani-etemad and Houman Seyedi. She received three separate nominations in film photography at the Fajr Film Festival and was chosen to be a part of a group exhibition at Tehran's Museum of Modern Art, curated by Seifollah Samadian. Alongside this, she had her solo photography exhibits on Iran's theatre performances as well as her behind the scenes film photography. In 2007 and 2008, she was awarded best cinematography for Houman Seyedi's short film and shared an award for her first feature documentary at the Tehran Film Festival. Her co-produced feature documentary was a chronicle of the behind the scenes of 15 short films by Iran's top directors called "Persian Carpets."

Following her work in Iran, she began work in Kabul, Afghanistan between the years of 2010 and 2013. One of her roles was as a creative director for a young Afghan team within Afghanistan's top media company. She also shot and directed documentaries that focused on women's issues and healthcare. This led her into working with Vice, where she produced and did correspondent work on stories in Tehran, Kabul, Kandahar, India and Antarctica. In 2015, she joined efforts with producers from Bill Murray's film, Paramount Pictures and Brad Pitt's Company, Plan-B to produce and film for their 2nd unit in Afghanistan.

She has recently set up her own company, Seeto Productions, which



## A Pioneering Female Director of Photography

Gelareh Kiazand

means "for you" in the Lorry dialect, with colleagues Katty Arsanjoon and Reza Ghiabi, producing, directing and filming for both fiction and feature non-fiction projects for various local and international clients. She became Iran's first female Director of Photography, post-revolution, for a feature Iranian film in 2016 directed by Ali Ahmadzadeh. She chronicles some of her travels in her TEDxTehran talk and samples of her work can be seen on Seeto Productions' website.

**The photographs below take you on a journey through some of these projects:**



*Kiazand's first photo to be published in Iran, January 2004. Scene from "Be Rangeh Arghavan" Hatamkia. "I believe this was the photo that essentially paved the way for my photography work"*

*Sampat Pal's Gulabi Gang, the vigilante group from Uttar Pradesh India.*



*Part of the 100 PORTRAITS exhibition on Kiarostami's film – SHIRIN*



*Kandahar with the Afghan Army during the withdrawal of US.*



[www.gelarehkiazand.com](http://www.gelarehkiazand.com)  
[www.seetoproductions.com](http://www.seetoproductions.com)

**M**ohamad Hosein Moslemi was born in Tehran on the 13th of June, 1991. He began composing at a young age, starting with basic systems, and has been active in music for the past twelve years. His first few jobs included work in retail alongside various performances. However his first serious job was a commercial business partnership related to music in Sam Center (located in Fereshteh), which he recalled as being a success. His creative name and name of his business is "M.H Project," a shortened version of his name.

**How did you get into music? And how long have been being producing for?**

I started producing music 12 years ago. I have enjoyed playing and listening to music since I was 10. I remember when I was 10 or 11 years old, there was a PlayStation game called "MTV Music Generator" which gave the user the opportunity to create simple music. While all my classmates used to save games on their PlayStation memory cards, I used to save my music on it.

**Tell us about your background and if your educational background or life experiences affected your current character?**

Undoubtedly during the past 12 years, my work and my personal life were interrelated and linked and affect each other. Generally, the more I'm under pressure or under the influence of a certain matter in my personal life, the more I become focused and creative in my work. All I am now is based on my own experience, dedications and my unlimited desire in learning and understanding the art of music production. Being a music producer changed my path, it makes me lonely and different from others. All I'm searching for is success and I would rather become professional than famous.

**Why M.H?**

M.H are my initials (Mohamad Hosein).

**And why Project?**

Because I'm aiming to create and produce not only music to hear but an influential art. Therefore, the



(interview)

## M.H Project

Mohamad Hosein Moslemi

whole process is more like a PROJECT to me.

**Tell us how you started your professional career and what was the turning point in your career?**

I started my professional career when I was 16 with the previously mentioned game in PlayStation. I tried to produce the best with the least tools and equipment. All I wanted was to generate and pass good vibes on to others.

I faced lots of ups and downs in my professional career, but the most important point in my life, which I count as a turning point, and boosted my popularity was when our song with the Rebeat Band (disbanded now) was played by Tiesto (an international DJ). That was truly a turning point because when an international and well-known DJ plays your song and talks about you, the music industry will know you and believe in you.

After that I released my song "If You Go Away" in Buddha-Bar XVI.

**What inspires you the most and makes you want to keep producing music?**

I got my inspiration only by music. For me music is metaphysical. However, I have some other goals, mainly to change the position of Iran's music industry into a better place.

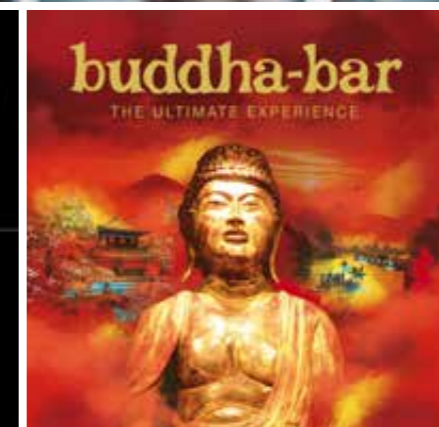
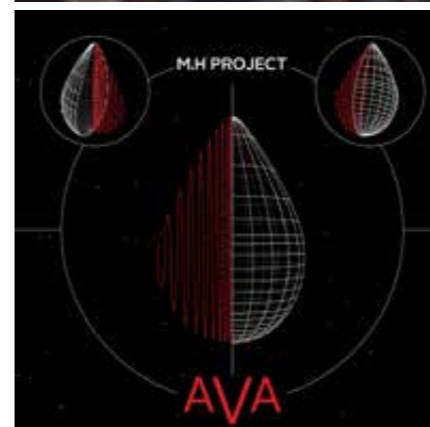
**How do you usually find the perfect tune and what is the process like? What kind of equipment you usually use?**

I usually start with a bass, kick or pad; it really depends on my mood. The main tool for me as an electronic music producer is the synthesizer. Synthesizers vary from monophonic to hybrid. I do have a mini keyboard which helps me produce the needed sounds. Furthermore, I use an audio plug in software interface (VST).

**Where do you usually record your productions? Do you have a home studio?**

Since the time I started producing, I had a home recording studio (my own room) with average quality tools and equipment.

I really achieved the best with the least tools so I strongly believe that today that I have better tools and



more experience; becoming more successful won't be complicated.

**What is your description of an amazing producer? Is it more a technical know-how or innate musicianship?**

In my opinion being a good producer only depends on the producer's character and the way they interact with the audience. Having professional equipment or tools won't make you a good producer, they are only means to help you along the way.

**What is distinctive about M.H production?**

I just tried to be me and listened to my inner soul.

My production in electronic field differs from others and is a combination of acoustic and electronic tools.

The way which I use subgenres of electronic makes M.H Project distinctive.

**How did you build and grow your community?**

I grew my community only through the internet because I didn't have

the opportunity to market my career in Iran. My main interaction with my audiences is through social media.

**Do you focus more on what you enjoy or what your audiences like to hear?**

A very good question, I have always said that primarily I care mostly about myself rather than audiences. I have to be satisfied with my own work, and if I don't like it, then they probably won't like it either. Artists define and shape the society, not their audience.

**Who you are currently working with?**

I worked with a number of artists which I can't name one by one. I work on musicians' works once they come to me.

**Which one of your productions is your favorite one and why?**

Hard question! I like them all, but some give me different feelings, like the track "If You Go Away" which was heard by millions and also "Poem of the Atoms" by Salar Aghili were very influential.

Having professional equipment or tools won't make you a good producer, they are only means to help you along the way.

All I am now is based on my own experience, dedications and my unlimited desire in learning and understanding the art of music production;

**What can your fans expect from M.H Project in the near future?**

No planned events. I'll plan to attend and play in famous festivals once I leave Iran.

**Where and how do you usually release your music?**

I was one of the first artists that opened my SoundCloud account and mostly release my works on it.

**We see that you started your professional career a long time ago. Do you have any advice from what you have learned for aspiring musicians or producers?**

Be unique, don't infringe the copyrights, try your best to work individually and avoid partnership.

**Lastly, what project you are most proud of?**

I can't be proud of any specific project but I am proud of myself because regardless of all the obstacles along my way, the world heard my voice.



(interview)

## Incorporating Persian Elements in Interior Design

Rana Khadem

### What made you start your own line of fashion, accessories and handicrafts?

I have been passionate about art and design from a young age – having started drawing Persian miniature paintings from the age of nine. I decided to further pursue my interests for the arts during my time in high school and university. I formally started my career by holding small public exhibitions during my time at art school in Tehran. After finishing my Art degree in London, I decided to focus full-time on creating my own brand, Rana Khadem, which was initially showcased through private exhibitions. Since then, the Rana Khadem brand has expanded its product line into the design of home décor, fashion, furniture, and event displays.

### Which one of the two are you more passionate about: fashion or handicrafts/decorative items?

While I enjoy the designing process for both, I am more passionate about handicrafts and decorative objects and prefer them to my other works. This is mostly due to the freedom I have during the creation process, which enables me to draw inspiration from a wide variety of experiences and themes.

We see a lot of old Persian/Iranian symbols in your work. Is that what inspires you the most, Iran's history?



Rana Khadem

Rana Khadem is an Iranian designer and artist who is well-known for her expertise in designing home decor accessories, event decorations, and fashion items. Her works draw inspiration from Iranian symbols and poets, integrating traditional motifs with modern designs. We recently sat down with her to talk about how she entered the design industry, where her passion for design comes from, and what new products she is currently working on.

I've always been very fond of Iranian symbols, but what influences me the most – despite my own intention – is people's increasing desire for Iranian symbols and poetry. I strongly believe that if you wish to stand out in a competitive market, you have to listen to your customer's needs. As a result, I focus on incorporating Iranian symbols within my works, combining traditional motifs with modern designs.

### How do you produce your work? Do you do it all by yourself or have a team? Considering that handmade work is time-consuming, how do you intend to mass produce if the demand for your work increases?

Initially I had a private studio in which I used to personally create my products. As the Rana Khadem brand gained more recognition and the demand for these products increased, I started to focus more on the design and material aspects, and outsourced the production of my designs to my trusted suppliers and workshops. And you're right, as demand for my work increases, I have to focus more on mass production of my designs. For instance, the popularity of our China line has forced us to move away from hand-painted finishes and more towards prints for mass production. Furthermore, in regards to our event decoration services such as wedding tables, or "Sofre Aghd," or holiday

decorations, I personally create the layout and design, and then outsource its implementation to my team. I feel that's the only way we can meet all of our clients' needs effectively.

### Have you sold your work outside of Iran? What is your ambition with regards to your label?

I work with a variety of boutique galleries in London and Paris, with a focus on home decor and fashion. My designer pillows have proven to be a popular product outside of Iran. I also have a line of Rana Khadem purses by the name of UFO that is currently available in London. Furthermore, I recently exhibited a series of photographs called "Que le vent l'emporte" (let the wind prevail) in Gallery Linda Farrel in Paris. These photographs drew inspiration from traditional female clothing found in Iran's southern province of Hormozgan. I've incorporated the themes of this exhibition into a new series of designer pillows which will be released this winter. My ambition for the Rana Khadem brand is to increase its presence internationally. Naturally, every business looks for ways in which to expand its products into new markets. And while my designs are heavily influenced by Persian designs and themes, I believe they have a universal appeal to foreign consumers – especially those in Western Europe.

### What are your upcoming projects?

I have numerous new projects that I am currently working on:

#### Fashion:

For years I had been designing clothes for myself and I've recently



decided to share my designs through a new line of clothing. My new collection is currently available in concept stores in various locations in Tehran, London, and Paris. My collection is also available on Instagram for those interested to see more: Rana\_Kh\_collection2.

#### Event Decorations:

I have been designing wedding tables or "Sofre Aghd" inside and outside of Iran for numerous years, and I am currently focused on increasing the size of this division. Furthermore, I am currently cooperating with commercial properties such as Palladium Mall with respect to holiday displays. We recently created displays for their Yalda and Christmas events in their main lobby.

#### Décor Elements:

We are currently producing a new line of crystal elements intended to be used by designers and event planners as table décor for weddings and other events. I design and produce these crystal elements in-house with the assistance of my team.

I believe this is a field that has great potential for the future, as there is currently an absence of high quality elements in the Iranian market.





## Fashion Designer and Founder of Personal Tailoring Studio "Dukard"

Having an important business meeting, a get-together with friends, a governmental session, or want to shine in your own field as a successful and diligent manager? During all of these and many other occasions, it is impossible for the influence of a proper suit to go unnoticed. Success in different domains is primarily attributed to expertise, knowledge, commitment, experience and hard work; nevertheless, a neat outfit and groomed appearance could, undoubtedly, play a crucial role in the realization of all those factors. This influence is a fact which should be acknowledged in any professional setting. For example, in business psychology and marketing there is a topic called "semiotics and symbols" which explains how to examine each detail in a person's appearance, from their clothes to their choices in colors, accessories, etc. Altogether, these are related to a person's character and will inevitably affect how you proceed to work with an individual. There is no denying that suits are of consequence among visual factors, bearing all the hallmarks of professionalism which are universally acknowledged. In the last few years, the fashion industry has seen an increase in fast fashion. However, one cannot ignore the elegance of personal tailoring. I remember I once designed a suit for a friend who was invited to a wedding in London. After this friend of mine entered the garden and socialized with the guests, a gentleman whom he did not know approached him and began to ask questions about his suit, saying that it's similar to those tailored for celebrities on High Street. This story made me think about the power of a personally tailored suit and impacted my decision to dedicate my career to designing custom-made suits. The first step in personal tailoring is for the tailor to get to know the customer's dispositions and physical features. The tailor must put all their effort into understanding their customer's positive aspects, physically and mentally, and showcase them in their suit. We must also be able to cover certain other physical attributes. If these are done properly, a flawless suit will be tailored.



## A Fashion Designer's Passion for Made-to-Measure

Abouzar Mirzaei



"Never underestimate the magic power of a well-made suit"

This, however, is not confined to our apparel and is easily applicable to our home or office interior design, vehicles, watches and jewelry, which could enable us to exude confidence. Each individual can attain items customized to their liking in design, cut, pattern and sewing outside of major production and the mass market. You in your own clothes. As we all know, some brands are favored over others as they are viewed as more unique, valuable, or more alike to ourselves. We can be partially identified by our shoes and shirts in our closets, watches and ties inside our drawers, perfumes and colognes in our cabinets and certainly by our suits. The benefit of personal tailoring is that you can make your own specifications to it. Take pleasure in the colors and details, feel more comfortable, breathe and move easier, boost your self-confidence, all of which contribute to your success. Take a look at your suit. Surely it's not bad, but was it tailored to your size and anatomy?

Have you noticed whether or not your pants are a bit loose or your vest clings to your chest? Does the length of your sleeve match the length of your coat? Have you payed attention to the interior of your suit? Do the buttons on your coat resemble the buttons on all other coats in the market? Have you thought about the lining of your coat? Do you also think about how the lining in your coat is not visible to others and if this has an importance? Do you know how much the length of your suit affects the way your height looks to others? Do you know what an effect the crotch of a pair of pants has on the pants as a whole? All of these are realized when you have your suit personally tailored. During these years, I have tried to create patterns that are unique and flattering to each person. My belief is "there is nothing wrong with paying attention to every little detail". I cannot explain the pleasure in

getting Italian or English fabrics. They are so powerful and influential that I am often in awe of their beauty. I consider it to be my duty to express feelings and put effort in creativity and individuality within my designs, from my handmade buttons to the specifications within the lining of a suit. The interior of each suit represents your spirit and the details of all clothes represent your attitude and attention to detail. Dukard always tries to be different and avant-garde on this path and make customers feel special and at home. They will find balance in the pieces they wear and balance without the necessity of symmetry. *As a final note, I would like to add that personal tailoring is not necessarily a "luxury" service. What makes an individual a customer within a personal tailoring studio is not their economic or social standing, but their practical obsession and the importance given to their appearance.*

Manteau: **Mehrnoosh Shahhoseini**  
 Scarf: **Sheida Erfanian.apparel**  
 Earrings: **Arghavan Rouzbeh**  
 Rings & Bracelets: **Kiana Karimi.Tehran**  
 Bag: **Avers.Design**  
 Pants: **Hannas.fashion design**  
 Shoes: **Artman.World**



# GINZZAA

## Tech and Design, Unifying Two Thriving Industries in Iran

The growing demand for contemporary, handmade and original fashion wear has made way for Iranian designers to enter the spotlight. The parallel development and blooming of the start-up ecosystem has set the stage for new opportunities to emerge, hence the marriage of two industries.

With barely 10 years of history, the rebirth of the fashion industry is a relatively new phenomenon in Iran. Some years ago, the majority of the fashion designers followed European and American trends as both designers and their audience were more engaged with Western looks. On the other hand, the abundance of international products gave little chance for new local creatives to thrive. Meanwhile, designers had very limited channels to display their work; a few private showrooms with limited customers and little exposure to a larger audience.

Iran has been recognized as one of the centers for arts and handicrafts throughout the centuries. During the past few years, the formation of related academic fields along with mentorship and apprenticeship of seasoned masters have helped young Iranian designers take the stage. Moreover, the growing demand and support for locally made products encouraged more enthusiasts to enter the industry and put their creativity to work. This created a mutual trust between the newly shaped brands and their audience.

As the industry has grown, more public showrooms and concept stores have emerged in larger cities, giving exposure to young designers to demonstrate their creativity and target a larger market. In the last decade, the tech movement has disrupted a majority of industries. Furthermore, it has also changed the game in exposure and accessibility of services as well as products. Ginzzaa, as a tech start-up, has seized this opportunity to play an active role in addressing the needs of Iranian designers to capitalize on a proper platform and effective tool to expand their online presence.

Ginzzaa is an online platform for creative Iranian designers and entrepreneurs to showcase their unique items to a vast audience, seeking products made with heart and passion. Young professionals express their individuality and uniqueness by what they wear, how they decorate their home and their lifestyles. Ginzzaa aims to be a home to Iranian designers to present their collections and realize the vision behind their brand and a one-stop platform for shoppers to enjoy a variety of designs and styles, easily and securely.

By connecting the desire to express individuality and a growing number of creative designers, Ginzzaa online platform creates a win-win situation for both consumers and creatives.



1  
 Manteau: **Farda.Basic**  
 Scarf: **Sheida Erfanian.apparel**  
 Earrings: **Arghavan Rouzbeh**  
 Clutch: **Noorarash Designs**  
 2  
 Rings & Bracelets: **Su Studio**  
 Belt: **Noorarash Designs**  
 3  
 Manteau: **Mehrnoosh Shahhoseini**  
 Bag: **Setipi Product**

 [ginzzaa.com](http://ginzzaa.com)  
 [ginzzaacom](https://www.instagram.com/ginzzaacom)



3

**Tell us about your background. What did you study? How have your educational background and other experiences contributed to your evolution as an artist?**

My name is Noorarash Charlie. I was born on the 6<sup>th</sup> of June, 1986, in a multiracial family. I was raised in the States and then we moved to Shiraz where I got to learn Farsi at the age of 10.

I was always fascinated by the Persian art and culture and very interested in acting, but despite my interests I got my BA in Law at Shiraz Azad University and MA in International Law at the International branch of Tehran University, graduating in 2011. I started designing bow ties while I was living in Dubai. At that time, I was working in an art gallery and was doing modelling and TVC. After a while, I moved to Tehran and started my own fashion line with my friend and partner, Maso Kia, which I took over after she moved from Iran.

In 2017, I started taking some acting classes and graduated from IN/JA masterclass in 2018 and have been acting since. Crazy background, no?

**What do you love most about being an artist? We see that besides designing clothes, clutch bags and bowties you've started a new career in filming. Tell us more about it.**

I love anything that triggers an emotion in you in some way and that's what art does to you. With art, you are telling a story and that's how I feel about my designs or my acting. What I love the most about being an artist is that you have the chance to always tell the story to your audiences.

**How have you developed your career as an actor?**

Well, my grandfather was a very famous comedian in India. He was known as the comedy king or Charlie Chaplin of India, so I think it's kind of in my blood and I was impressed by him. I remember that since I was a little kid I was always acting and entertaining my friends or any new group of people I use to meet. Not shy at all. I knew desire and passion wouldn't be enough to become professional in this competitive market, so I immersed myself in the related educational field. I acted in a few theaters while I was in school and, as I mentioned earlier, I enrolled for IN/JA Academy which is where I learned a lot and started acting in short movies and theater and I hope there is much more to come.

**Where did you get your inspiration for Persian embroidery? Did cultural**



(interview)

## Sermeh Embroidery: A New Take on Accessories

Noorarash Charlie

**heritage influence your works?**

Everything about Iran is beautiful; I always thought the Sermeh embroidery is the richest thing you can find on a piece of clothing; it gives it power and extreme beauty. That's what I thought when I use to see the old uniforms and couture from the Persian royal dynasty and that's mainly where I got my inspiration. While I was in Shiraz, I used to walk around Vakil Bazaar so I got to see the craft from up close. That's where I thought this should be used on modern accessories as well and aimed to combine this beautiful ancient handcraft with modern fashion. And, hello, I'm half Indian so of course I'm all about the bling bling.

**What does your art represent?**

**How do you make your clutch bags and bowties? What material do you use? What is the exact process?**

Like I said, each one tells you a story and the story can even be personal. Each season, I try to come up with new ideas but mainly I work with velvet and leather in my bow ties, clutches etc. Sermeh embroidery is one of the handcrafts I try to use on any piece I think that's what make them so unique.

**Please explain what goes into a**

**piece that can help buyers better grasp the significance of your work.**

When I design a piece I see it as artwork and anyone who purchases one of them thinks the same. I always hear this comment that I'm going to wear it once and frame it afterwards.

**How do you usually promote your work? Do you have any exhibitions in the near future?**

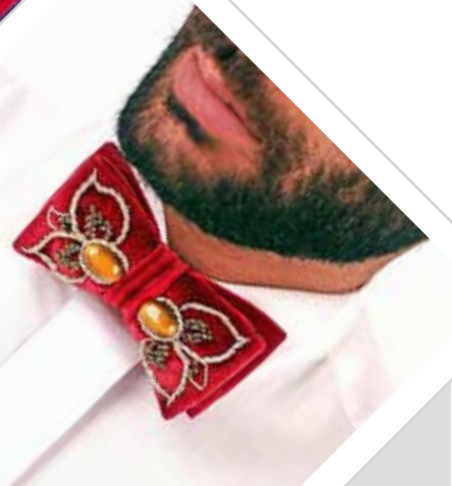
I have my online website [www.noorarash.com](http://www.noorarash.com) in which you can find all the works and stores you can find the pieces and I participate in group events. Zeen shop in Palladium and Aasstiinn online store is mainly where you can find my stuff.

**Tell us one unique thing about you and your arts.**

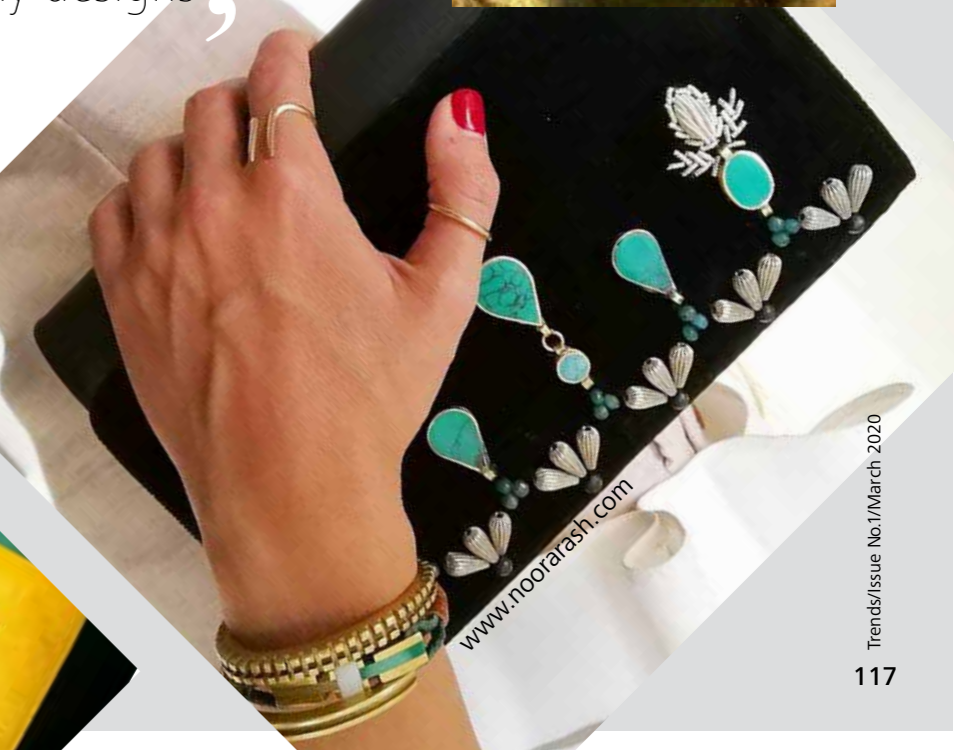
Some thing unique about me which could relate to this subject is that I have deep appreciation for beauty and excellence and I try to bring it in my daily life.

**Lastly, how do you identify yourself?**

I identify myself by the love I have for my friends and family, especially my sister who I feel is a blessing in my life and can't imagine it without her. My life events, the ups and downs that made me who I am today. I am a boy with a voice who leaves only good wishes behind. Well, at least I try.



“With art, you are telling a story and that's how I feel about my designs”



## SHEIDA ERFANIAN

Sheida Erfanian, born in 1994, studied Fashion Design and began her professional career in 2016. She has presented several collections to this day.

One of her most successful collections is called "C H A D O R." In her initial experiments, she revived the traditional form of CHADOR, a floral large headpiece from southern Iran, and brought it to Tehran, the modern capital city.

Considering the success it received, she decided to redesign the CHADOR and add her signature details to it. The goal of creating this collection was to variegate the common style of Hijab worn in cities and to combine the traditional southern garment with modern fashion elements.

In addition to the permanent CHADOR collection, she creates seasonal collections like "Sakura," which was inspired by Sakura flowers and its value in Japanese culture.



# up&coming designers

## LA FEMME ROJE

"The beauty of life is to sew dreams, embroider stories and untie the knots of our days." La Femme Roje is a handcrafted vegan brand. It was founded on reflecting the art, design, and ideas of a young ambitious designer and stylist, Rojan Hooshyar. The brand was founded in 2013, mainly by designing handcrafted shoes which represent the main components of women clothing. Each collection has a different concept, from Rojan's personal style and her love of different cultures and heritage, a minimal approach to different traditions of a selected country, especially her own, and trying to speak in different languages with La Femme Roje clients through different collections. La Femme Roje started to distribute its design and products within three different provinces in Iran and some other cities such as Toronto, Dubai, Vancouver and Kuwait, with the aim to expand globally. One of her most successful collections, "Women's Journey in Time," was created with great



inspiration from ancient Persian heritage, including Pazirik carpet which is the oldest carpet of the world from woven fabrics of the Seljuk period during the 11th and 12th centuries. The star and the bird on this carpet demonstrate monuments away from its origin and the originality of Iranian motifs. Islamic geometric pattern is one of the main features information of Persian architecture and, historically, it plays an important role in Greek, Roman and even Moroccan designs and architecture. The patterns seem endless, swirling and intertwined, mesmerizing and stimulating to the extent that even Western art is inspired by it.

*La Femme Roje*



## NINA EBADI

Born in 1988, Nina Ebadi is a Tehran-based fashion designer. In January 2019 she launched her first collection named "Sorour." The designs were based on contradictory and asymmetric values; using both masculine and feminine elements. Working with both tweed fabric, which is a masculine fashion dominated fabric, with cold colors, alongside the tribal handmade antique pieces of fabric belonging to Qashqai tribal, with warm colors, which represent feminine force. All the dresses are a mix of simple fabrics along with glittering and colorful fabrics that have been adorned on the harp.

The brand's signature is modernizing Iranian original elements. Using Termeh, velvet, soutach, items are mainly sewed on silk. "Xat-O-Rabt" (meaning line and relevance) is the name of Nina Ebadi's second collection. The reason behind this name is that the clothes of this collection are designed primarily based on lines. The glamour of colorful fabrics has combined with plain fabrics to create a unique composition in the clothes. Also, these ornamental colorful fabrics are sewn on pieces of silk textiles which



are suitable for warm summer days.

Nina Ebadi is a successful brand in Iran's fashion community, offering practical limited edition designs using the combination of vintage and handmade fabrics with a modern twist.



## NAZANIN EBADI

Nazanin Ebadi studied graphic design in Tehran, always having a deep interest and an eye for handmade, bespoke individual art. Her culture of origin, Iran, is an important part of her art. Persian cultural motifs constitute the root of her work. Some architectural motifs and specific patterns of carpets are modernized or minimalized based on the potential of each conceptualization or scheme, giving them a unique character and exceptional appearance. The triangle, forming a pivotal shape for many architectural ornaments, does not cease to fascinate her artistic mind. Using this geometric form, her jewellery is either modern and considerably minimalistic or extremely detailed and deeply influenced by commonplace ornaments in Persian architecture. The most substantial materials used in her collection are Swarovski® stones, mirrors, crystals, pearls, Toho beads - the finest and tiniest beads - and silver. The silver is obtained from Tehran, Iran, and the



other elements are largely obtained from Germany. The exceptional sparkle of Swarovski® crystals gives the jewellery a majestic appearance. Nazanin Ebadi "Medals" are one of the brand's beloved designs. Seeing that medals have hardly ever been used in creating women's jewellery, it is an exciting and intriguing venture to use these to design a new type of jewellery. In general, they are mostly inspired by Army Commendation Medals. On the obverse side, the front of the medal that faces out when worn is greatly inspired by the windows made up of colorful glass and had formerly been used in the houses in Iran, called "Owrsi."

## ELUXE

Eluxe is a luxury designer brand founded and designed by Elham Taghavi who is the fashion designer and creative mind behind the brand. She graduated from Wind Virtual University in Virtual Design and launched her brand in 2014. The main concept behind Eluxe is created around following trends that are set by luxury world leader brands and what is new in fashion industry. This is done by observing Paris and Milan Fashion Week, having its own sense of fashion and not following others' tastes. Eluxe uses a pastel color palette or neutrals, since it goes better with colorful scarfs as Iranians' common outerwear. Oversized silhouettes along with the use of a variety of collars and sleeves are the main focus of the brand. Using simple fabrics but with a touch of trimmings is also another signature look. Offering limited edition costumes with high quality fabrics is important for the brand. Working on a daily basis on designing and updating their gallery with new designs is another success for Eluxe.



ELUXE

# up&coming designers

## SUN.NAFISSI

Sunny Nafissi was born in Tehran to an artisan family, adoring art and jewelry from a young age. She studied Graphic Design and was always fascinated by the beauty of craft. Nafissi intended to take her endless ideas and create jewelry, so she took on a jewelry course. Her final designs were met with positive feedback and so she decided to start her own brand, SUN.NAFISSI. Her designs are bold, chunky and may have sharp edges, drawing inspiration from her passion for rock music. Other elements and



symbols used in Nafissi's designs are old, spiritual and meaningful with a positive backstory behind every piece. Rumi's poetry also inspired her to use natural elements in her work. Nafissi wants her clients to feel good wearing her jewelry since in each piece lies a positive story and can be an optimistic reminder. The main material used is silver along with 14k and 18k gold. The reason so many of her works are limited edition is because each needs to be powerful, unique and slightly different in design.



sun nafissi  
jewelry

## NASTARAN HASHEMI

Born in 1995, Nastaran Hashemi graduated with a B.A in Fashion Design in Tehran, Iran and an M.A in Fashion Design at IED. Her brand "Nastaran Hashemi" was launched in 2015, starting with a collaboration with DFW. The story behind the general theme arises from Iranian culture throughout history, and it is mostly oriented on evoking various forms of Iranian art, combined with contemporary fashion movements, to achieve a modern image that can be worn and understood globally. The traditional Persian motifs are usually used as a basis for each project or collection and they come alongside a theory which gives direction towards a new message to deliver every time. These motifs are usually but not always visible, as they are just supposed to retain the roots of Iranian art and culture, so they are either beneath the main structure, used in the cuts, transformed into a new shape, or simply out there exposed to sight. The brand's longtime purpose is to focus on creating a wide variety of looks, as an encouragement for women to admire and praise themselves as



Nastaran Hashemi

they are. To embrace their roots, their inherent identity, their backgrounds and their very personal features, which differs from one to another: your style is your fingerprint. Color blocking, graphical and geometrical transformations are the main features of most of the designs, and a way to connect the ancient forms of clothing into modern ones. The material changes as the mood board does. For every project, a new mood board specifies the theme, patterns, silhouettes, and the material of each garment, based on a particular concept.

## HANIYEH ZAHABI (HZ)

Haniyeh Zahabi, born 1985, is a handbag and accessory designer and the founder of Haniyeh Zahabi (HZ) based in Tehran, Iran. In 2001, she obtained her diploma in mathematical sciences. Due to her immense passion in fashion and design she took the challenge and did her pre-university education in the field of art and achieved her certificate in 2002. 2009 saw the birth of her label HZ, after she successfully completed a B.A degree in Product Design and Development for the Fashion Industry (PDDFI) at London College of Fashion, University of the Arts, London.

The inspiration for Haniyeh's designs comes from geometric objects, experience, nature and even a conversation with a friend. Haniyeh works closely with her small team of extraordinarily talented people who transform her designs into beautiful and unrivalled handcrafted products



HZ  
Haniyeh Zahabi

made out of real leather. Simplicity, precision and attention to detail takes precedence in every step of creating HZ products. HZ aspires to furnish the fashion industry with unique, distinctive, modern designs in high-end fashion accessories for today's connoisseur. HZ fashion labels' objective is to secure the market, not only in the Middle East, but also in European countries alongside other well-known brands in the fashion industry.



# GIFTAMOON

Giftamoon is an art-based "Gift" concept store. It offers a variety of carefully selected locally produced products. This unique selection is offered at the most affordable prices while staying true to its strict principals of creativity. Giftamoon aims to showcase Iranian talent as well as provide a springboard for local startups thriving within the realms of creative creations.

- Giftamoon.com is an online gift store that offers creative and affordable gifts, produced by local talent through a modern user-friendly e-commerce platform.
- Giftamoon department store is an offline art-based "Gift" concept store with a more high-end selection of carefully curated pieces by local artists with a touch of uniqueness.



GIFTAMOON  
DEPARTMENT STORE

# سام کافه رستوران SAM COFFEE ROASTERS

# SAM COFFEE



In the past, the traditional Iranian urban design has been in such a way that public places such as mosques, squares and so on have been a place for gatherings and daily interactions among people, which at the end turned into places for socializing. Today, these places have been replaced by new locations such as cafés and locations with a functionality between public and private to increase the quality of life, create a social environment, communications, etc. Sam Café Roasters group began work in October 2013, and tried to have a different vision from the beginning in order to eventually turn that view into a culture. We here at Sam Café try to have a new outlook towards cafés and the creation of an environment centered around coffee, but coffee is not our only subject. Instead of costumers, we have guests and audiences. Every day we welcome any ideas for improvement and try to maintain our current quality. We do not see quality in simple a product, instead we explore all aspects of it. Originality has a meaning other than "being old" for us, we pay attention to traditions while keeping our vision focused on the future. It is important to us for everything to be "tailored." We try to pay attention to all of the details and solve problems in the best way possible.



NEGIMA  
CAFE RESTAURANT  
نِگِمَا رِستوران

# NEGIMA

Negima restaurant is a two-story complex which serves a variety of Iranian food in a classical setting on the first floor and serves international food and beverages in the open and vast environment of a roof garden located on the second floor.

Negima Restaurant began its operation in October 2018.

This complex is ready to welcome guests from 8 AM to midnight. Breakfast is served from 8 AM to noon. Live music is performed on the first floor on weekends. Take-out services will soon be available to the costumers.



# FLY BOARD



Our belief in creating this café restaurant is to produce an environment exuding with the infinite energy of the Persian Gulf, on the coral island of Kish.

The architectural style used here is a fusion of the graceful Mediterranean architecture and the colorful patterns of tropical regions. The created space within was been made completely by hand; we used natural materials which we had gathered from around Iran. We have also tried to hire professional staff and a head chef who have been present in international arenas. By gathering the best and freshest ingredient from different regions, we hope to provide the tastiest foods and drinks in a friendly environment.

**P**olo is an ancient Iranian sport that has now spread to all corners of the globe. The game is traditionally played in four to seven intervals, during which teams of four on horseback try to score against each other using a ball and mallet. One of Iran's most renowned polo players, Amiral Zolfaghari, has played for the Iranian national team for many years. He was born in 1973 and has lived in Iran since. Outside the polo arena, he studied business while maintaining his passion for polo and animals.

**Mr. Zolfaghari, thank you so much for giving Trends this exclusive interview despite your busy schedule, we are very grateful. Please introduce yourself and tell us about your history in the field of polo. What interested you in this sport?**

I have been riding horses since childhood as both my father and grandfather participated in the sport of polo, with my father holding the nation's highest handicap in this sport back in his day. I didn't begin playing polo until I was in my twenties due to complications caused by the revolution. I have been a part of the national team for multiple terms. Polo is a special sport to me due to the interaction with animals and the emotional bond that is created between the horse and its rider. I have a great passion for animals and own multiple polo horses.

**Could you tell us about the history of polo?**

Polo began long ago in ancient Persia as means to train soldiers by having them participate in this rhythmic and athletic task. The famed Naqshe-Jahan Square used to be a polo field. Polo is also the world's oldest known team sport. It found its way from Iran to India and from there spread throughout the world.

**What is the best part of this sport for you?**

The greatest part of this sport for me is the excitement and the adrenaline rush that I get; it is incomparable to anything else. While playing, I don't think of anything but the game itself.

**How does Iran compare to other countries in this sport?**

It's true that this sport originated in Iran but it lacks support and is not given the value that it deserves.



(interview)

## A Talk with Iran's Renowned Polo Player

Amiral Zolfaghari

Currently, Argentina is one of the world's top countries in regards to polo due to the low price of horses and suitable terrain for the sport. It has also become a source of showing off for countries due to its wealthy sponsors. For example, Dubai invests a great deal in this sport and many international polo players play for Dubai's teams in their off season.

**How do you see the future of polo in Iran?**

That is a very difficult question. Polo has a lot to do with the country's financial climate. As the economic situation worsens, it becomes more difficult to care for horses and participate in the sport.

**What are the current challenges and limitations of this sport?**

Polo needs support. All over the world, this sport has patrons and sponsors and those are the people that help this sport grow by recruiting professionals to their teams. Polo requires adequate funds. A polo field is four times as large as a soccer field, therefore its maintenance can be quite costly. Polo horses also need at least two years of training which can also be quite costly. A polo horse can age from 5-17 but their golden age is 10; that is when they are still very vital

and have become mature enough for this sport. Polo is a unique sport and you see unique people participating in it.

**What is the biggest challenge of this sport for you personally?**

My greatest challenge is to get people involved with this sport. Since this is an ancient sport of our country I take a lot of pride in it and hope to reinvigorate it. There are currently only about 200 polo players in Iran, a number which I hope to increase. Is it possible to make this sport more accessible to the general population? Due to its great atmosphere and nature-friendly and green environment, it should be fairly easy to attract people to this sport, especially spectators. It's a wonderful place for people to bring their families. I'm sure that people will become interested in participating after seeing this sport played. However, the environment and the game need to be advertised.

**Could you tell us one of your fondest memories from playing polo?**

One of my greatest memories is from our game against Australia. I collided with one of my teammates early on in the game and broke both of my legs. However, due to the

excitement, I did not realize it until the game was over and I had taken off my boots. This just goes to show how immersive of an experience polo is.

**How has the coronavirus affected polo?**

Due to athletic facilities being closed, it is impossible to participate in this sport and it may cause some people who play to become disinterested and not return to this sport after this pandemic is over. Polo is considered by many to be an exclusive and luxurious activity.

**What are the requirements for participating in this sport?**

I wouldn't call polo a luxurious sport; I would call it unique. However, in order to participate, one requires a horse, which has a high maintenance cost and is not affordable for many people.

I personally love this sport and therefore pay the costs. I even try,

if possible, to help others who do not have the means to get on a horse and try this wonderful sport.

**Do you have any advice for anyone looking to participate in this field?**

Don't be frightened by the costs. It is never too late to start and you don't need to seek to become a champion; playing is a great experience on its own. My advice to those who have children is to get them involved with this sport. It will help them to grow and mature and will familiarize them with nature due to their constant interaction with a living creature. It can also help them become better and more distinctive individuals.



‘ Polo;  
Ancient  
Iranian sport ;

# A 22-Day Itinerary of Iran



## Claudia Frey

*Frey was born in Stuttgart, Germany in 1951. She graduated with a degree in microeconomics and later worked as a manager for market information at Frankfurt-based VDMA for 40 years. She loves traveling and Iran is the 54th country she's visited.*

- 14 UNESCO World Heritage Sites
- More than 2500 years of culture and civilization
- 3 weeks of brilliant sunshine and hot-summer temperatures



On the road to Kermanshah the steep 2600 meter high Bisotoun rocks surmount the high plateau. Reliefs and epitaphs carved into the rocks are another UNESCO world heritage. There are two reliefs from Parthian times during King Mithridates II rule around 100 BCE. The most famous relief, however, shows Darius I. For the very first time the Persian cuneiform writing – said to be invented by Darius – was used here. Next to our hotel in Kermanshah, in a wonderful serene setting made for a walk after breakfast, lies the Taq-e Bostan grottos.

We are headed for Khoram Abad, the capital of the Lorestan province. One of the most striking castles of Iran, Qaleh Falak-ol- Aflak, towers the city, providing lookouts worth-seeing; it hosts an interesting museum with insights into life and traditions in this part of the country.

In Shushtar, the band-e kaisar, a long dam over the Karun, Iran's most affluent river, was the core structure of the famous hydraulic system, a large irrigation complex from which Shushtar derived its agricultural productivity. Whooshing waters are a welcome air cooling the 41-degrees outside temperature.

Chogha Zanbil, an Elamite town founded circa. 1250 BCE and surrounded by a 4 km long wall, is home to the best preserved and largest, 5-tier Zikkurat, built from millions of air dried bricks made of mud and clay.

From Ahwaz we are heading towards Shiraz, a 600 km all-day trip. The very hot Khuzestan is a province of contrasts: abundant sub-tropical agricultural products vs. today's wealth of the country derived from oil and gas.

Midway in Bishapur: palaces from Sassanide times as well as more rock reliefs wait to be visited.

Shiraz: City of poets, of roses, of orange and lemon trees and – until the Islamic Revolution – also city of wines. It is compulsory for each and every tourist to honour the mausoleums and gardens where famous Hafiz and Sa'adi rest forever. We listen to some of their well-known poems – in Farsi and in German.

A long walk takes us to the fortress Arg-e Karim Khan and finally through the Vakil Complex with mosque, bazaar and hamam, but there is much more to be seen in this city. Persepolis, or Takht-e Jamshid, the ceremonial capital of the Achaemenid Empire is an age-old testimony of Persian architecture – and for sure THE highlight of each trip to Iran. It was here where the late Shah pompously celebrated two and a half

thousand years of Persian history.

The nearby Achaemenide tombs at Naqsh-e Rostam are the last resting places for the kings Darius I and II, Xerxes and Artaxerxes. Only Cyrus the Great rests at another place, at Pasargadae.

Despite it being sunset there is some time left for a short walk through the beautiful botanical Eram garden– and a trip back to downtown by modern Metro of Shiraz.

Along the Baghtegan salt lake our route takes us further East – almost

600 km to Kerman. Later we read in a local newspaper that the lake, too, will soon be dried out. In Sarvestan, another Sassanid palace waits to be visited.

Half way from Kerman to Bam, a city which was destroyed by a horrible earthquake in 2003, lies Rayen. Its citadel which is as impressive as the one in Bam, was constructed around 300 AD at the foot of a 4500 m high mountain range.

In Mahan we pay a visit to the mausoleum of mystic Nematollah Vali.



Chogha Zanbil



Shushtar hydraulic system



Persepolis



“The visit is way too short but gives a foreboding of what the cultural heritage of this country must be like ;

A spring in the mountain’s waters the enchanted, wonderful Shahzadeh garden, located outside Mahan.

Before we leave Kerman, we walk through the local bazaar and the Ganj Ali Khan Complex. The road, accompanied by pistachio trees, leads us along the Dasht-e Lut, heading for Yazd. At the outskirts of town, two Towers of Silence rise up to skies – places where the Zoroastrians exposed their dead to the birds thus avoiding contact with sacred earth and fire. At a rooftop terrace downtown, we enjoy a beautiful sunset with a panorama of the old town made from mud and clay, spellbound by its minarets, its mosques and the moon.

In Yazd’s Water Museum, a guide explains the ancient but still used irrigation system of the Qaranates.

In a Fire Temple we see the Eternal Flame and learn about the religion of Zartosh, which is still being practised today.

At Meydan-e Amir Chakhmaq, the mosque, wind towers and water reservoirs together form a superb ensemble. A must-go for every sweet tooth is the long established confectionary Shirini Haj Khalife.

At a very special request by the author we were admitted to watch local men do their traditional workout at the Zurkhaneh (Power House); this very special exercise of body and mind dates back to pre-Islamic times. Esfahan: Two palaces-Chehel Sotun and Ali Qapu - as well as three mosques: all visited in one day. But the highlight of course is overwhelming Meydan-e Imam, also known as Naqsh-e Jahan, or “the reflection of the world”. The second largest square worldwide. Horse-drawn carriages reminds me of Vienna, small cafés in side alleys invite us to relax. Ateliers



Rayen citadel



Shazdeh Garden



Ganj Ali Khan complex

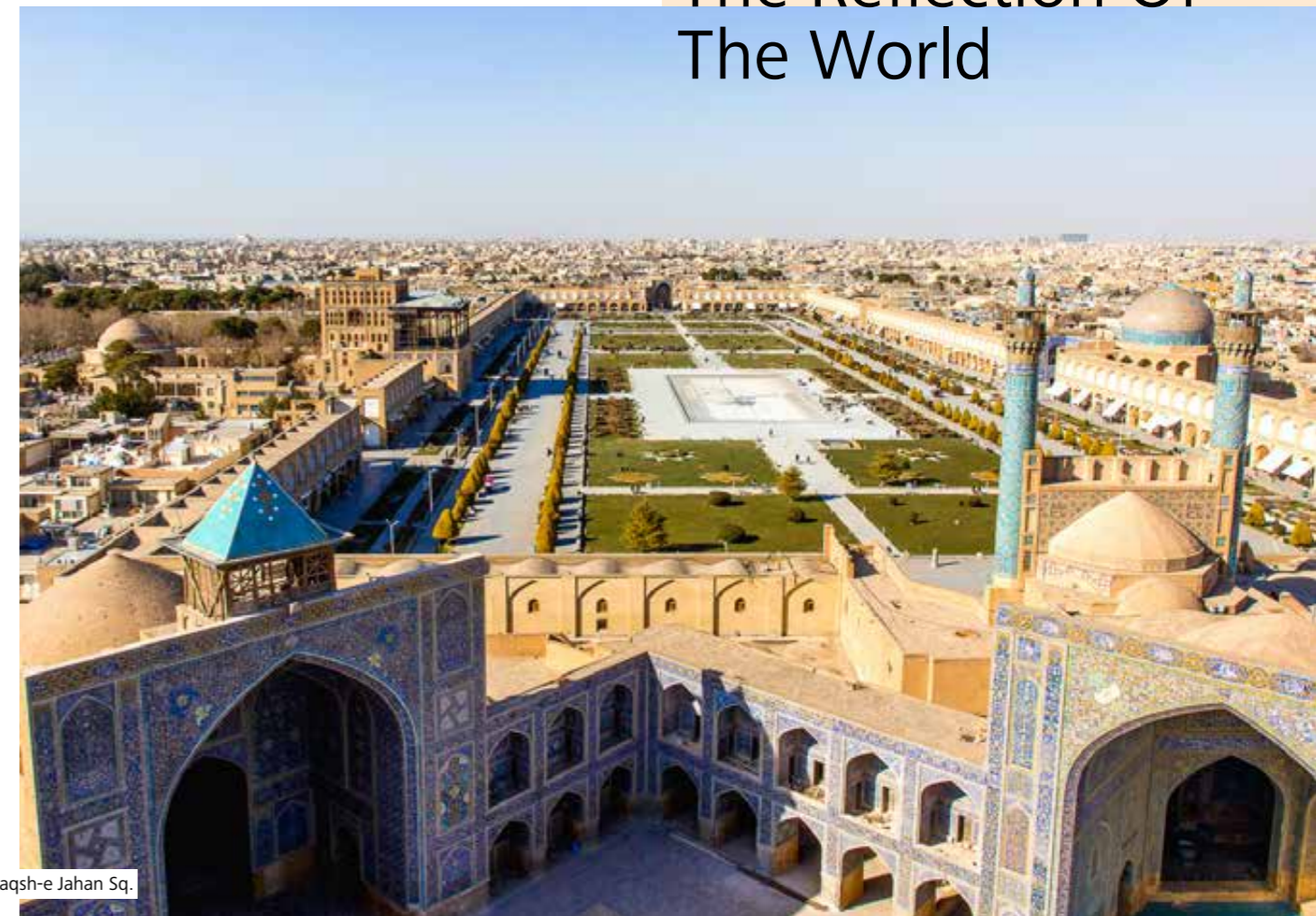


Meydan-e Amir Chakhmaq

show us how cloths are printed by hand and artisan craftworks tempt us to shop. Along with the Christian monastery high up in the North, the Jewish synagoge in Hamedan, the Zoroastrian fire temple in Yazd and the Christian Armenian Vank cathedral in Esfahan bear witness to the religious variety in Shi’a Iran. After its visit another dream of mine comes true: In the basement of the privately-run music instrument museum traditional music is being played by Daf, Taar, Tombak and Kamancheh and songs

are being sung. Finally we visit the famous bridges of Esfahan: Si-o Se Pol as well as Khaju Pol – but where is the river Zayandeh? No water as far as the eye can see. Pedal boats on the dry shores reflect the owner’s optimism. Last stop is Kashan with a couple of mansions belonging to rich merchants’ families. Then we are back to Tehran, safe and sound after more than 6000 km on the road through most parts of the country.

## The Reflection Of The World



Naqsh-e Jahan Sq.

“Iran is a great destination to travel with a terrific scenery, overwhelming history, culture and age-old civilisation, with amiable, open-minded, helpful and curious people. A land to fall in love with. ;



Niloufaraneh Beauty Salon offers over 35 years of professional experience in hair, makeup, manicures and pedicures. Niloufar Zand, the owner, has single-handedly managed to establish a successful salon.

Ms. Zand was born in Nowshahr into a well-known, prestigious family. As the eldest child in the family, her parents had high hopes and expectations for her. Consequently, she made every effort to ensure she keeps her parents proud by setting the right goals and ambitions for herself.

After completing her studies and getting married, Ms. Zand's ultimate goal was to find the right career for herself in order to become financially independent and successful. At the start of her marriage, she started to work at a well-known beauty salon and did so with perseverance and passion, determined to succeed.

"After some time, I realized beauty is something that every woman appreciates and enjoys," stated Ms. Zand. With this realization, she was ready to make her next career step, which led her to open her own beauty salon, Niloufaraneh, where she could have her own team and apprentices.

It had become imperative for Ms. Zand to apply her skills and talents towards her own salon and share her knowledge with her own team of apprentices. Currently, Niloufaraneh Beauty Salon has 36 young female employees. She wants to educate and empower these young girls and provide them with the space and opportunity to become professionals in this field and in their career paths.

Ms. Zand has made every effort to motivate entrepreneurship, abide by international health and beauty standards and respect equal rights for all her young employees. "I strongly believe that honesty and accountability are key to success and I have conveyed the importance of these two values to my employees as well," stated Ms. Zand.

She has often mentioned that her success is due to her wonderful team and their hard work and dedication to her salon. She is also a proud mother of her son, Shervin, whom she says has been the driving force behind all of her success.

Niloufaraneh Beauty Salon aims to deliver high quality services as a team, a friendly environment and are always delighted to take care of all new and old clients.

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