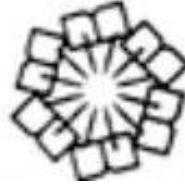


In The Name of GOD



Institute for Management and
Planning Studies

Iranian Economic Outlook Targets, Challenges, and Opportunities

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Agenda

1. Introduction
2. Iran's main advantages for speeding up economic growth
3. Iran's main obstacles on its way to high economic growth
4. Goals of Resilience Economy Policies and the 6th Development Plan
5. Economic achievements during the last 3 years
6. Current Challenges
7. Future plan: Iran's post sanction policies
8. Conclusion



Iran in a Glance





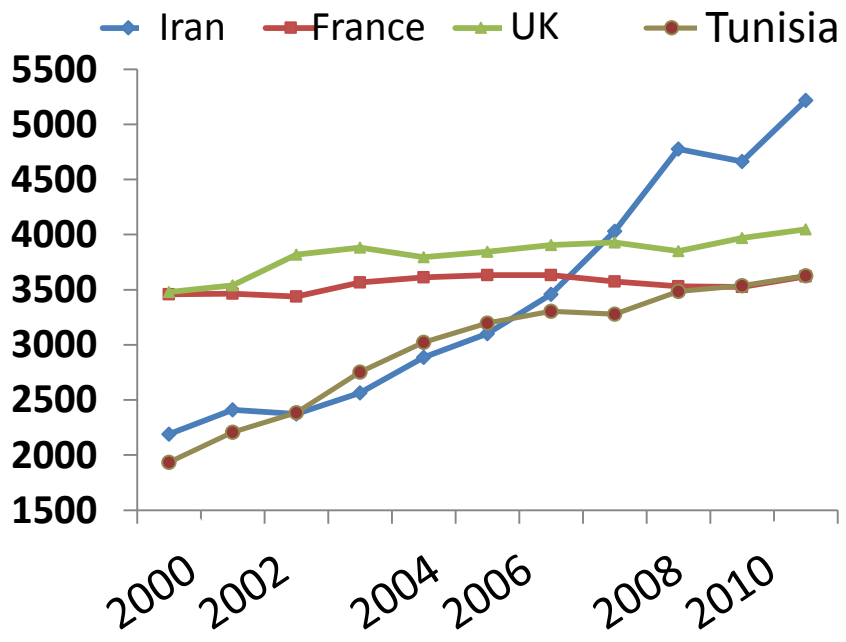
Iran's Competitive Advantages and Capacities

- Strong social solidarity despite the country's high ethnic diversity
- Stable and secured position within an unsecured surrounding region
- A relatively robust infrastructure
- 50 years (approx.) of experience in manufacturing
- Outstanding investment in higher education especially during the last decade

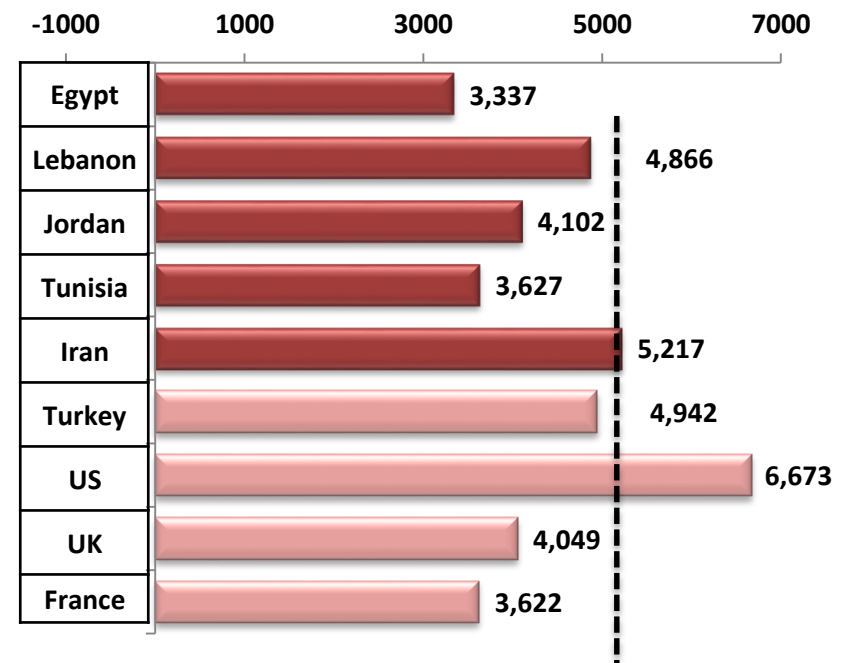


Outstanding Investment in Higher Education

The number of university students in every one hundred thousand people since 2000

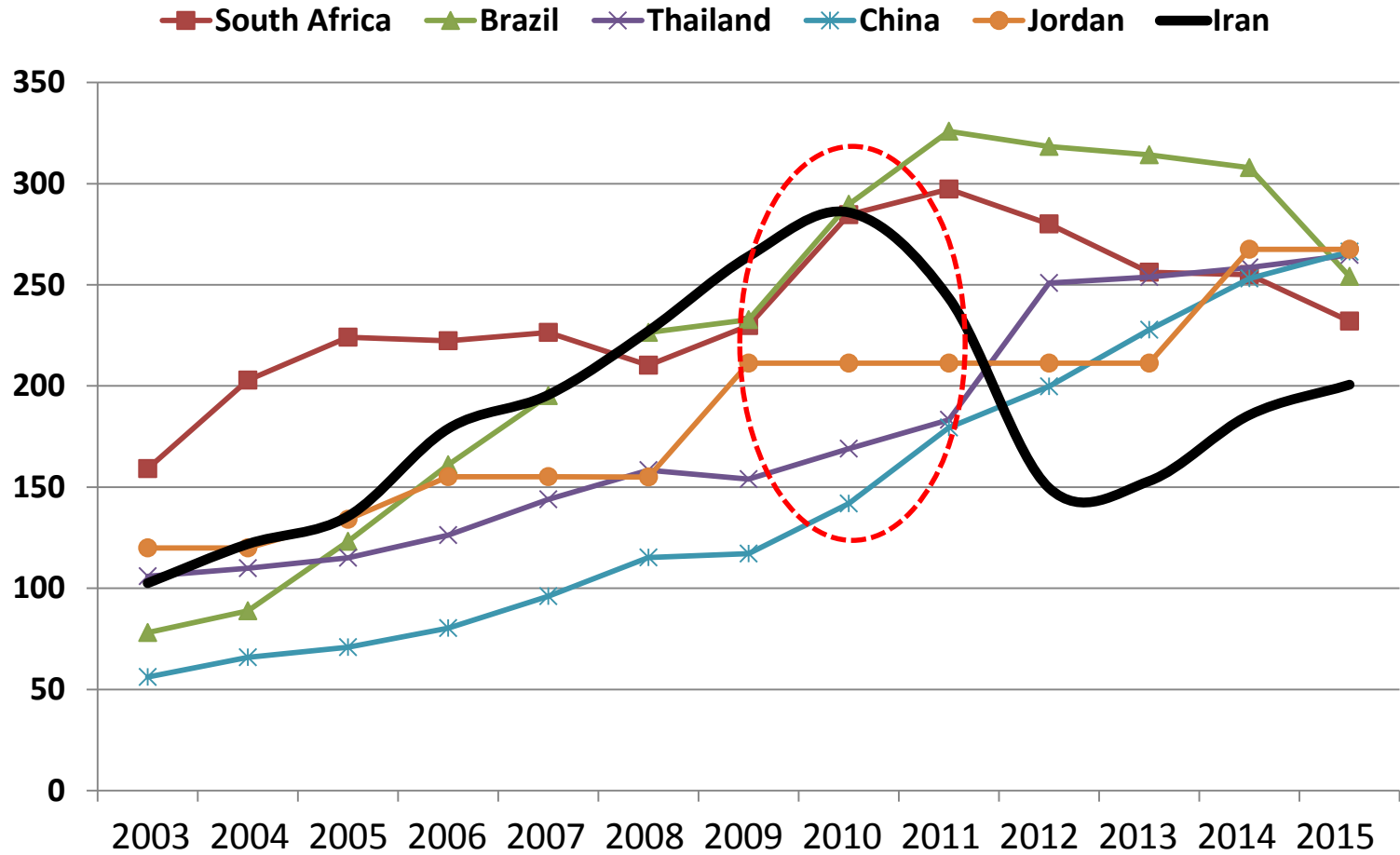


The number of university students in every one hundred thousand people in 2010





Competitive Wage Rate coupled with Skilful Labour Force





Iran's Competitive Advantages and Capacities

- Strong social solidarity despite the country's high ethnic diversity.
- Stable and secure position within an unsecure surrounding region
- A relatively robust infrastructure
- 50 years (approx.) of experience in manufacturing
- Outstanding investment in higher education especially during the last decade
- Competitive wage rate coupled with skilful labour force
- A Large energy consuming sector which provides profitable opportunities for energy saving investment

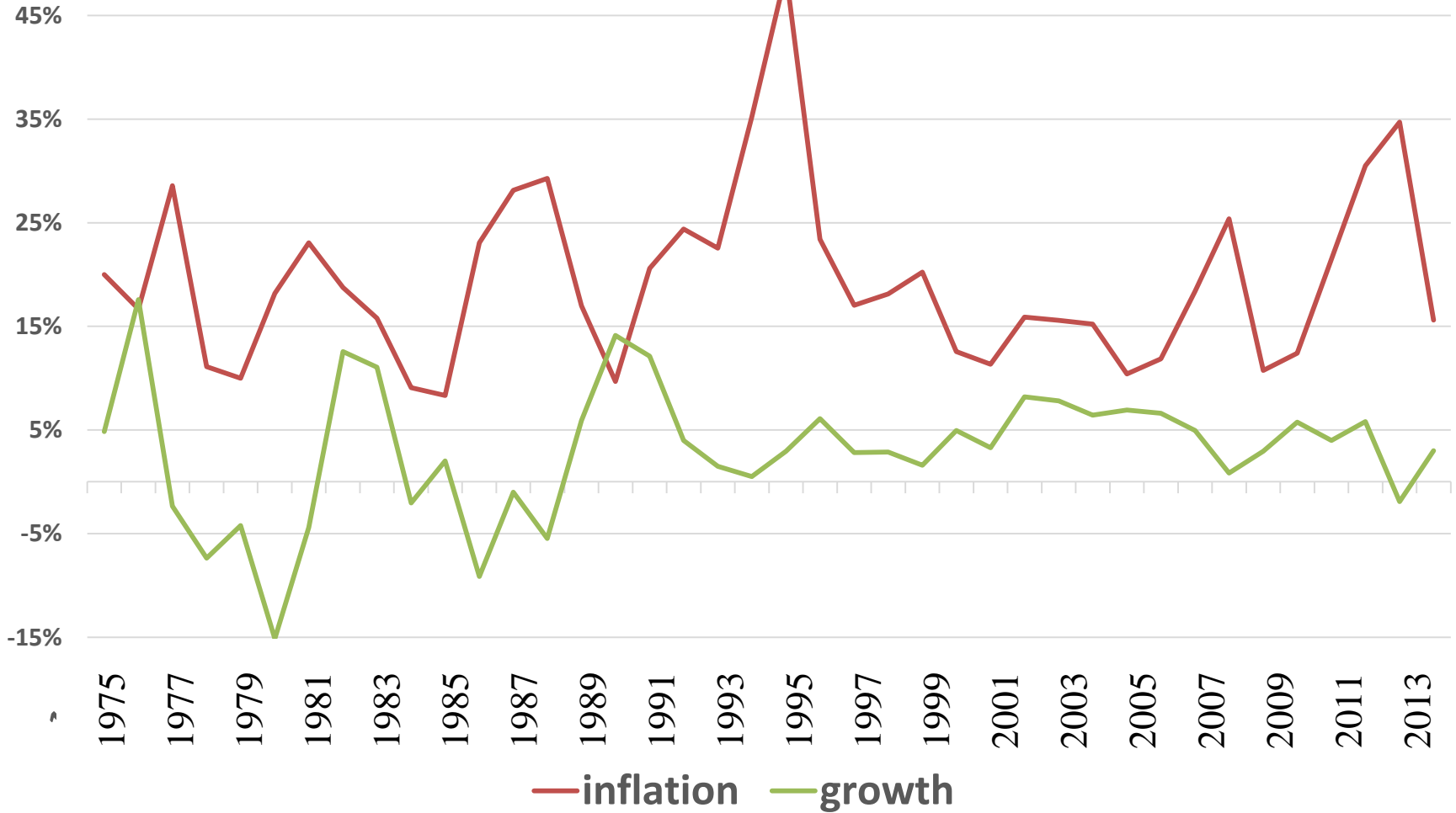


Iran's Exceptional Comparative Advantages

- First position in world gas reserves,
- Third position in world oil reserves,
- Affluent mineral reserves,
- An exceptional situation in terms of transit (west-east and north-south connecting point) which could make Iran the most facilitating trajectory in the Middle East
- Enormous capacities in religious, historical, cultural and health tourism



Iran's Main Obstacles on its Way to High Economic Growth



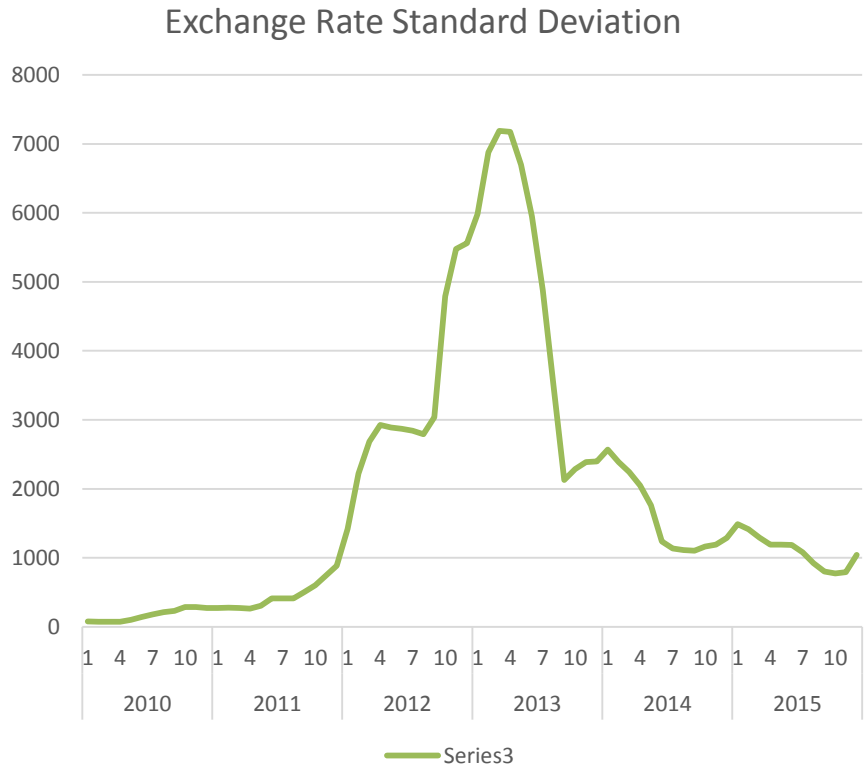


- The Islamic Republic of Iran has set its goal for “**accelerating**”, “**sustainable**” and “**job-creating**” economic growth.
- The outlines of the policies include:
 - Reducing the government budget dependency on oil revenues
 - Continuation of the subsidy reform program
 - Increasing transparency in the economy and fighting against corruption
 - Reforming and strengthening the financial sector



Economic Achievements During the Last 3 Years

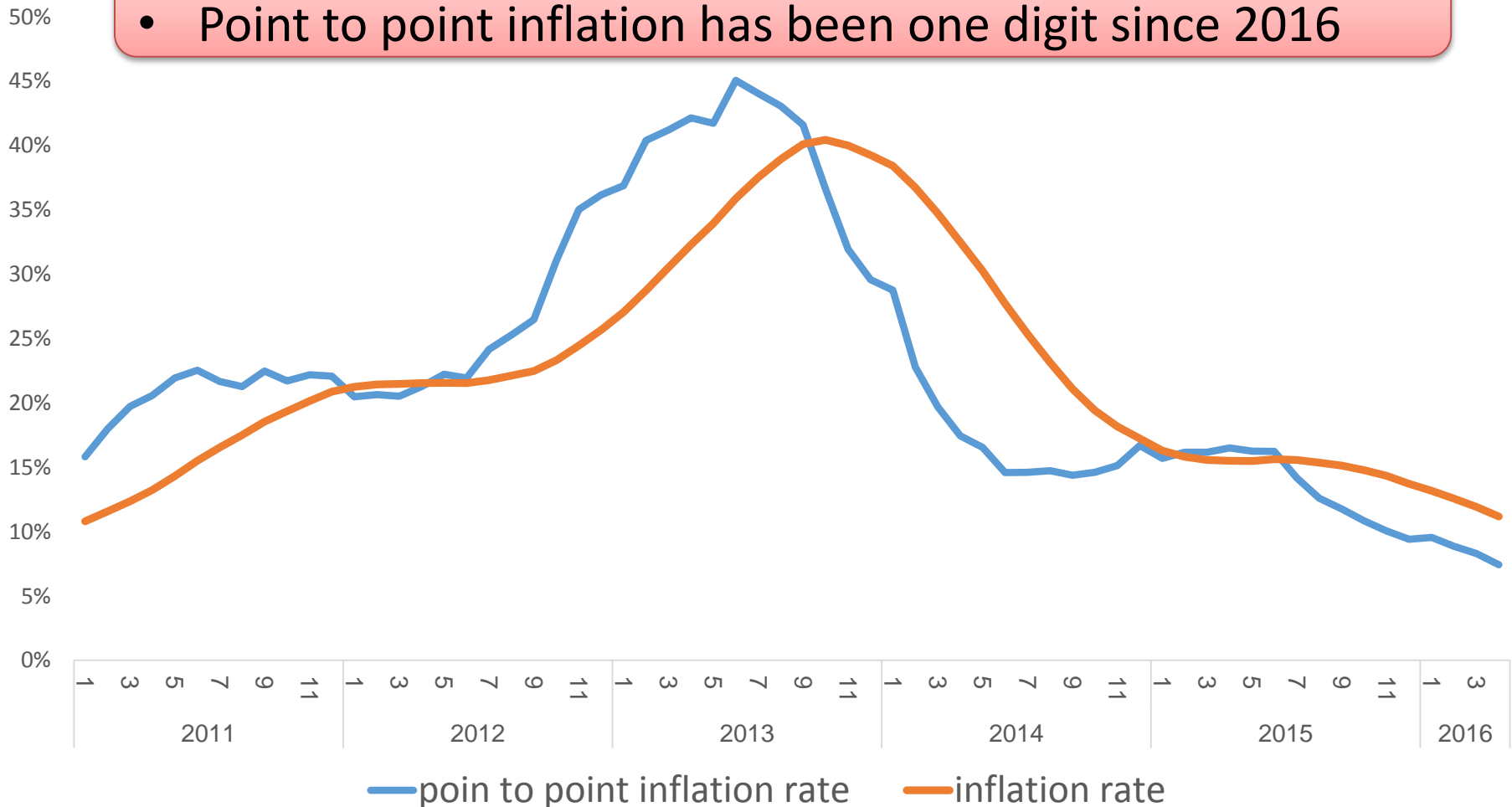
- Within less than 3 months, the foreign exchange market was stabilized





Economic Achievements During the Last 3 Years

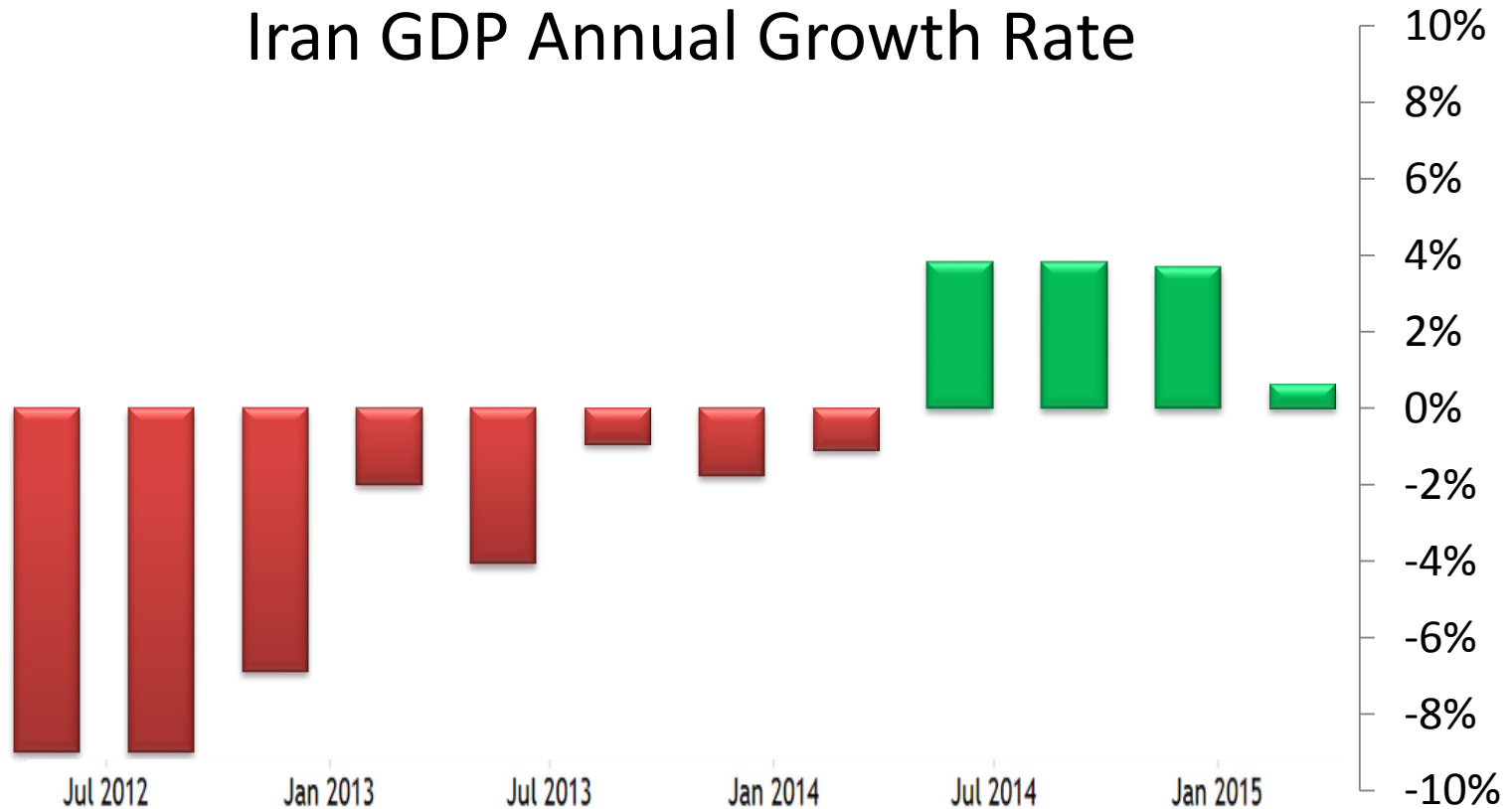
- Inflation rate has been declining since 2014
- Point to point inflation has been one digit since 2016



Economic Achievements During the Last 3 Years



Iran GDP Annual Growth Rate



Source: CBI



Current Challenges

- ❑ Falling oil prices and its impact on Iran's economic recovery
- ❑ Banking sector with specific need for restructuring
 - ❑ High interest rate
 - ❑ Low capital
 - ❑ Unlicensed financial institutions (UFI)
 - ❑ High nonperforming loan
 - ❑ Non-liquid assets
- ❑ Dual exchange rate regime



- Continuation of stabilization policy for establishing one digit inflation
- Attracting Foreign investment
 - Introducing attractive policy framework for FDI with export orientation in consumer durable goods, machineries, energy saving activities and oil and gas industries, etc.
- Unification of exchange rate
 - Creating a transparent and integrated exchange market
 - Access to released exchange resources after the relief of sanctions
 - Establishment of international correspondence banking relations



- Banking system reform is another priority of the government in 2016:
 - Strengthening interbank market and active intervention of CBI in order to solve short term liquidity shortages of banks and decrease interest rates.
 - Restructuring asset side of bad bank balance sheets and removing toxic assets.
 - Improving capital requirements of banks, according to Bazel requirements.
 - Organizing unlicensed financial institutions
 - Establishing Asset Management Companies for treating high level of NPLs
- Restructuring and securing part of the government frozen debt stock.



Conclusion

Sustainable and job-creating economic growth is the first priority of the Islamic Republic of Iran during the post sanction era.

Considering Iran's unrealized potentials and its competitive advantages including cheap labor, highly educated youth, inexpensive and reliable energy sources, diverse climate, robust infrastructure, etc it has high potential to play an active role in the global economy.