

Canada's Market Access Priorities for 2005

- Finalize a revision of the existing sanitary and phytosanitary protocol between Canada and Iran, which stipulates a number of requirements for the import of cattle. The revision is expected to significantly enhance the potential for live cattle exports to Iran.
- Conclude a general protocol between the Iranian Health Ministry and the Canadian Food Inspection Agency to cover all Canadian food manufacturing and/or products. The protocol will expedite logistical procedures for exports of Canadian processed food products to Iran.
- Continue work to finalize a bilateral double taxation agreement between Canada and Iran. The agreement would provide additional reassurance to Canadian companies considering the Iranian market.
- Continue representations aimed at removing Iran's remaining BSE measures on imports from Canada.

IMPROVING ACCESS FOR TRADE IN GOODS

Livestock and BSE

Following Canada's May 20, 2003, announcement of a BSE case, Iran banned the import of live animals, beef and beef products from Canada. Canada has kept all its trading partners, including Iran, fully informed of the results of its investigations and regulatory response, and it is requesting a resumption of trade on scientific grounds. On July 29, 2004, Iran confirmed that beef coming from Canada must be de-boned, from cattle under 24 months, and follow Halal requirements. (For further information, see the BSE overview in Chapter 2.)

While the Iranian Ministry of Agriculture has approved in principle the import of live cattle into Iran, thereby reversing a ban that has been in place for the last 12 years, the Iranian Veterinary Organization has not signed any protocol with major live cattle exporters such as Canada and Australia.

Processed Food

High tariffs continue to apply to some processed food products, although graduated tariff reductions are planned between 2004 and 2014. Canada will continue to seek reductions in tariffs. Canadian exporters should note the following:

- exporters must have a local agent or distributor in Iran;
- entry processes in Iran often delay cargoes, which can sit at the port of entry for up to three weeks as food and drug laboratories conduct analysis on samples. However, this obstacle can be overcome by obtaining a permanent warrant for the import of a particular processed food item. To obtain the warrant, a Canadian company, through a local agent or distributor, must pay for two Iranian health inspectors to visit the Canadian manufacturing facility.

Information and Communications Technology

Until recently, Iran Telecom maintained a monopoly on the provision of telecommunications services in Iran. Although the telecommunications industry was one of the least developed sectors of the Iranian economy until the late 1980s, the strong demand for modern technology brought rapid structural changes in the following decade. This has created business opportunities for foreign firms in conventional as well as emerging technologies, and the industry's development in the last 10 years has been unprecedented. As a result, the communications market in Iran is not only the largest and most significant in the Middle East, but it also provides access to other regional markets.

Iran's very young population is a market force behind the rapidly growing Internet services and the high demand for cell phones, pagers, telecom services, software and hardware. In 2004, the Iranian government announced new regulations requiring all ministries to spend 2% of their total budget on ICT-related goods and services. During 2004, Iran spent US\$1.1 billion on Internet connectivity and infrastructure. Moreover, in its proposed fourth five-year development plan, the government has established a budget of US\$5 billion for the development of this promising sector.