

Ministry announced that in the near future, government procurement agencies will be obliged to procure pharmaceutical products only from company representatives inside the country.

Power and Energy

In 2004, the Iranian government reduced fines levied on financiers involved in build-operate-transfer deals (under the Foreign Investment Protection and Promotion Act). The move is intended to encourage the contribution of the private sector, as well as to minimize the risks for foreign investment, in Iran's power industry. Iranian officials in the power sector also announced that, with the launch of the proposed privatization program in Iran, 20% to 40% of companies currently affiliated with the Ministry of Energy will gradually be turned over to the private sector.

IMPROVING ACCESS FOR TRADE IN SERVICES

The business environment in Iran is constrained by ongoing government reluctance to allow substantial foreign investment into the country. Iran's Foreign Investment Protection and Promotion Act has improved regulation surrounding foreign investment; however, the level of investment still remains capped in most instances, and Iranian companies still need to hold the majority stake in most ventures. Excessive red tape makes most private sector investment a lengthy process, and the government continues to promise reductions in the bureaucracy.

Education

Generally, it is impossible for foreign universities to provide their services in Iran outside the free zones, unless they provide their courses or programs in conjunction with and as part of a local institution. That said, this year a foreign university was granted the privilege of setting up in Iran outside the free zones. Such special permission may be granted more often in the future, but the procedure is neither clear nor transparent, and it seems it will not become so in the near future.

Canada admitted over 500 Iranian students during 2002, the majority to university programs. Potential for recruitment to Canada is great since competition for a place in an Iranian post-secondary institution is intense. In 2003, there were approximately 350,000 places available (46% public sector, 54% private sector) for a total of three million applicants. The number of students enrolled in post-secondary institutions in 2000 was approximately 1.5 million (48% public sector, 52% private sector). The higher number of students registered with private institutions reflects the willingness and ability of students to pay to upgrade their skills if they are unable to gain admission to a public university. In lieu of university, they enrol in a myriad of programs offered locally both by foreign and domestic institutions.

OTHER ISSUES

Intellectual Property Rights

In November 2003, Iran signed the Madrid Agreement Concerning the International Registration of Marks (1891) and its Protocol (1989), thereby officially joining the International Registration of Marks system (the "Madrid system"). More than 70 countries (including industrialized and developing countries) are parties to the system, and many more countries are considering their accession. Should Iran's stated aspirations to join the World Trade Organization come to fruition, this will add considerably to the significance of intellectual property issues for all manufacturers, importers and exporters inside and outside Iran, particularly with respect to the recognition and enforcement of foreign patents and trademarks in the country.

Expatriates

Expatriates can be employed in Iran provided they have a work permit, which may be granted to foreigners only when there is no Iranian available for similar employment and the foreigner has the required expertise. The permit is valid for one year and is renewable at the end of each year. However, a levy of 30% of the expatriate employee's monthly salary, together with benefits (as determined by the Ministry of Finance) plus 3% of the base salary of the social security premium, may be collected by the