

Middle east: New Market Trend

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Outline

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- Risks & Opportunities in Iran
- How Iranian see Hong Kong (China Vs. HKG)
- Case Studies
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- Basio Introduction

Biography

- Established his base in Hong Kong since 1997
- MBA from University of Western Ontario in Canada
- Senior partner of Basio Consultants and Services Limited
- Vice Chairman of Asia Africa Committee of HKGCC
- Co-opted member of Equal Opportunity Commission

Introduction of Iran (1)



Introduction of Iran (2)

- Capital: Tehran
- a country in Southern and Western Asia
- in the Middle East and central Eurasia
- Climate: 4 seasons
- 5 major business cities: Tehran, Mashhad, Esfahan, Tabriz, Shiraz

Introduction of Iran (3)

- Population: 77 Million (2011 Statistic)
- Median age : 25
- Language: Mainly Persian, Kurdish, Arabic, Balochi, Turkmen
- Currency: Rials
- Diverse ethnicity with different background
- Mix of ancient pre-Islamic culture and Islamic culture

Introduction of Iran (4)

- Area : 163.6m ha
- Climate : Continental, with extremes of temperature
- Hottest month, July, 22-37°C coldest month, January, minus 3-7°C; driest month, July, 3 mm average rainfall; wettest month, January, 46 mm average rainfall
- The Iranian year begins on March 21st, and contains 31 days in each of the first six months, 30 days in the next five months and 29 in the 12th month
- Currency: Rial (IR); IR10=1 toman. (Although all government statistics are given in rials, in
- Conversation Iranians refer to tomans.) The double exchange rate, Government rate USD1.00 = 1087Toman and Free Market rate USD1340Toman as per 30 Nov 2011 <http://www.mesghal.com/>
- 3.5hrs behind Hong Kong in the first half of the Iranian Calendar Year and 4.5hrs behind in the 2nd half of the year
- Many holidays are religious and based on the Islamic year. Exceptions include
- New Year (Now Rouz) celebrations (March 21st-24th)

Risk & Opportunities for SME in Iran

- Opportunities
 - **Trade:** Strong demand for import of , garments, electronic gadget mainly, mobile phone, tablet PCs and personal computer, Home appliances, cable and wires, building materials and toys
 - **Manufacturing:** partnership with local manufacturers in making Automotive parts for both OEM and after sales market and Home appliances manufacturing
 - **Services:** taking advantage of fast growing tourism industry both Inbound and outbound

Risk & Opportunities for SME in Iran(Con't)

- Risks
 - Local currency depreciation which encourage more export than Import and delays making payment
 - Payment: mostly indirect through UAE and Turkey
 - Custom tariffs and standard requirement
 - Intellectual Property right

China VS Hong Kong

How Iranian see Hong Kong

- Reputation for Hong Kong companies
- Hong Kong Brand already established in the market, Bossini and Giordano
- Quality consistency
- On time shipment with quality packing
- Honoring contract and terms agreed
- Intellectual property protection and trade dispute platform

Case Study

Hong Kong Pistachio Importer

- Importing USD50 million per year
- Re-export to China for roasting and packing
- 10% down payment balance in exchange of B/L
- Building trust and long term business relationship is a “must”
- Payment settlement in USD or RMB in HKG
- Hong Kong as a bridge to China

Case Study

Hong Kong Automotive parts Exporter

- Exporting worth of USD5 million per year
- Directly ship from China after quality assured and inspected by HK company
- 30% down payment balance before shipment
- Open a line of credit after a year for 60% of the export Value
- Payment settlement in USD/EUR or RMB
- Hong Kong as a facilitator and service provider

Case Study

Hong Kong Tour Operator

- Organizing business travelers tours to Hong Kong 3500 people per year targeting 10,000 in 2012
- Business + Leisure high spending travelers
- Hong Kong – Macau 10 days tours very common
- Each traveler average spending USD3000 excluding air ticket and Hotel charges
- Most of travelers want to visit 2nd and 3rd time
- Great potential for professional tours, event, conferences and workshops

Basio Consultants & Services Ltd

- Corporate Services, secretarial services and company formation
- Visa services including business visit visa to Iran and Hong Kong
- Business advisory services for both Iranian and Hong Kong traders

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Thank you!