

FOREIGN DIRECT INVESTMENT IN IRAN, BARRIERS AND SOLUTIONS

Shouhani Farid¹, Jamshidi Navid Babak²

¹ Department of Accounting, Ilam science and research branch, Islamic Azad University, Ilam, Iran

² Department of Accounting, Kermanshah science and research branch, Islamic Azad University, Kermanshah, Iran

**Author for Correspondence*

ABSTRACT

Decision of investment in businesses is the first and main decision to create entrepreneurship, make a project and so many, in other word develop and holding a business need investment and it is the motive power in all of economics sample and models. Today south-eastern countries of Asia with attraction of foreign investment get the last and modern technologies, in this article knowing some of barriers to attracting foreign direct investment in Iran like economics law, taxes laws, substructures and stability in foreign politics and case to case solutions to solve barriers in according to Iran position (economic and politic).

Keywords: FDI, Entrepreneurship, Modern Technologies, Investment

INTRODUCTION

Investing in a foreign country can be analyzed from several aspects, participation in regional trade groups, the extent of private sector participation in the economy, diversification of trade, foreign policy, tax, customs duties, political instability and corruption and so many, just a few parts of the things that has always attracted the attention of investors to invest in any country, and all of them is about the relative merits business in Iran, most of which should be analyzed by economists to be investing in Iran's interests better than investing in other areas, with other words, why should anyone invest in Iran. The present and past governments of Iran business rules to create a revolutionary change in the absorption of foreign and domestic investments have done? Iran in last year in terms of FDI (foreign direct investment) to attract about 5/2 billion, ranking 66th in the world and lower than countries such as Zaire, Cuba, Venezuela, Vietnam, Cyprus and Libya, according the resources and opportunities there have been many and exist. Compared to the first rank in the world the United States with \$ 450 billion and almost 40 percent's of total foreign direct investment figure will be much lower and the negligible. However, neighboring 20 countries and placed in the King's Road connecting Asia to Europe and having vital oil and rich mineral mine opportunity need to have a wider look .For this purpose, membership in regional organizations such as the Echo group can not any potential to actuality. In this article the most important challenges of nongovernmental investment - foreign direct investment - have been studied and solutions in order to facilitate its case to present.

Stabilization Policy and Investment

In almost developed countries policy is clearly a function of the economy, which means that the foreign policy effected on nation economy. In other words, the policy to serve surprisingly economy. Now imagine the opposite situation occurs when economic activity is a function of the policy, at this time the smallest unhappiness at the political level, risk capital rose in its place and willing to work in that area is reduced. So adopt policies that will lead to peace in domestic and foreign policy can be effective. According to 10-year-old dispute over Iran's nuclear program and international isolation, perhaps significant foreign direct investment (FDI) has been an unexpected increased. But certainly never expected to ceiling and potential compared to other countries with similar conditions has not been approached. The investigation revealed that a significant amount of economic growth and political

Review Article

stability are related to FDI (Russell 2007). This study of 52 developing countries in South and East Asia, Eastern Europe and Central African by Spain Research Institute Economo in the mid 80's to 2005 took in Oviedo. Thereby reducing tension in international relations and eliminating unnecessary stress level international cooperation with other countries can have an effective role to play in this regard.

Economic Laws

Today, one of the most interesting cases where multinational companies to invest in different parts of the world are encouraged to discuss the tax laws, the tax issues discussed new technologies such as telecommunications, modern energy, Internet and among companies that are international and multinational has many fans, some vacancies in Iran is clearly felt. To encourage more FDI flows related to infrastructure, economics laws must be more attractive to multinational companies. Communication and internet world as a giant tax in Ireland is much lower than the EU average and create a traffic for multinational companies in Europe as a place for direct investment While in developed countries the twenty-first century, two during the financial crisis put behind the year Ireland 5 billion pounds of profit in this way is a significant mean. In 2008, 290 billion dollars of reserves from the southern entrance to the East, over 32% of the total FDI inflow from the Arabian reserves. 14 percent of the United Arab Emirates, Lebanon, Egypt, 13 percent and 9 percent have at their disposal. Among these, only 6 percent of the share of government regulation can also contribute significantly to this problem, The statistics are interesting in regard to the laws of effect recalls in North America and in Canada and the United States, 5/1billion dollars of foreign investment to 7 projects used only while the 5/11 billion investment in the Middle East for more than 190 projects, which undoubtedly secure financing for large projects costs represents. In accordance with the laws and daily sudden changes in investment rules by the government and the parliament in Iran could be different. Be an important factor in the elimination of foreign direct investment and transfer balances to other countries like Saudi Arabia, Turkey, and even when the diameter, so the need for consistency in the rules and laws of foreign direct investment (FDI) effective as the key factor to be considered.

Ownership rules

What over others in attracting foreign investment and private sector has an impact on the discussion of property rules, in accordance with the bureaucracy, the length and even the taste of surveillance devices in dealing with economic laws and the decisions of the incremental changes legislation creates instability and economic cooperation will satisfy investors .such contracts are imposed on Iran because there was no public awareness contracts and is seen historically as Turkmanchay contract .we hope to adopt this kind of contract, but such contracts are not only a matter of time and opportunity costs unless they surely burn a deeper impact on the economy and the entry has the technology and innovation including other interests BOT contract can not be helping the government to reduce external borrowing .investors are also encouraged . Assessment of the risks of investing in reducing the number 6 in 1998 to number 4 in 2004, indicating a reduced rate risk due to the policies of a foreign field that was considered a successful. Although 51 percent of the seventh parliament should share capital of Iran and 49% accrues to the foreign partner, in this case showed that even with the changes parliament rules and regulations change, let alone the other factors.

The infrastructure needed to attract foreign investment

Different infrastructure to attract foreign capital must take into consideration that perhaps the most appropriate and proportionate regulation - Relations between employer and employee - a real effort to reduce the rate of corruption and of course the private in relation to the privatization of the first and most important step towards the privatization of the global economy and the king of a country to attract foreign sources, to show good faith and to engage multinationals, automobile as industries for the reducing creating supporting actual competition of the firms contracts due to multiple monitoring devices,

Review Article

sometimes this process may take years for a multinational company, this problem can only be overcome by clear laws in this case will be done. is very effective. According to the President of the Chamber of Commerce in 2012 net worth of Iranians living abroad 3/1 trillion and \$ 200 billion of this amount has been owned by the Iranians in the UAE which these statistics clearly cumbersome laws is very effective. Thus remedy corruption and reforming the labor laws and privatization as an important factor in attracting foreign direct investment can be efficient and powerful transnational corporations easier for the Iranian election.

CONCLUSIONS

Economic development requires certain economic activities that are necessary investment, and this investment must take place either through external borrowing or foreign direct investment (FDI) to the country with the circumstances of the sector by empty capacity in industry, transportation, communications, and is foreign borrowing means that the government should decrease the level of public services and industrial development in different sectors to choose, and addressing their provides background to the investor is persuaded to do so in this regard the efforts in the areas of property law, providing beds, bids to tax, a stable political and economic laws and legal issues related to transparency in it can be achieved. Undoubtedly achieve the required coordination between the executive and regulatory.

REFERENCES

- Kasperowcz, Pete (9 September 2013).** "House passes bill aimed at boosting foreign direct investments in the U.S.". The Hill. Retrieved 11 September 2013.
- Slaughter and May (2012).** "Legal Regimes Governing Foreign Direct Investment (FDI) In Host Countries". Advocates for International Development. Retrieved 21 August 2013.
- Transparency International (2011).** "Corruption Perceptions Index". Transparency International. Retrieved 1 December 2011.
- UNCTAD (2010).** Foreign direct investment, the transfer and diffusion of technology, and sustainable development (2010)
- Iran offers more incentives to foreign investors". Tehran times. Retrieved 2012-01-23.
<http://www.al-monitor.com/pulse/originals/2013/06/production-sharing-contracts-for-iran-oil.html>