



# Swiss Textile Machinery Seminar

Transactions, Payments

& Legal Aspects

(Dr. Holly H. Akhlaghi, Me Adib Tohme, Arjan Legal)

**Andreas Schweitzer**

Managing Partner, Arjan Capital Ltd.

**Hotel Simorgh, Tehran, April 25, 2016**



ARJAN CAPITAL



SWISSMEM

*What do I know about the textile industry?*

*Probably very little,  
I grew up in a second generation terry cloth family business,*



*with the pleasures and the pains of the industry and – most importantly:*

*In the middle of many great SWISS textile machines!*



ARJAN CAPITAL



SWISSMEM

## *My / our own Iran Activities*

- 2009:** *I came as part of a Swiss-Iranian group that decided to invest in Iran*
- *Established our own engineering office in Tabriz (renewable energy)*
  - *Developed sanction compliant industrial and financing strategy for import and local manufacturing / assembling*
- 2014:** *Arjan Capital Ltd in Malta and Tehran (by demand of European Multinat.)*
- *Support from within Iran to international companies, in:*
  - *Finance, Law, Industry and Trade Transactions (Iran Solution Tool Box)*
- 2016:** *Invited to lecture @ Faculty of Entrepreneurship, University of Tehran*
- Key issue and Key opportunity for industrial companies I see:*
- *Trade and Equipment Financing*
  - *Industrial Private Equity*



ARJAN CAPITAL

*It is all about financing..*

*.. the issues*



**SWISSMEM**

- *Many larger banks remain absent – and for a while*
- *Talks and actions differ (time intensive, result often negative)*
- *LC credit financing difficult at best, non or silent confirmed LCs on sight possible with some banks*
- *S.W.I.F.T. reconnected for most Iranian banks, though many Swiss and EU banks still don't accept payments involving Iran*
- *Iran reminds me of ex GDR/DDR 1989 - and before*



ARJAN CAPITAL



SWISSMEM

## Business in Iran

The over-promised land

**It is proving harder than expected for investors to make a start**

Apr 23rd 2016 | TEHRAN | [From the print edition](#)

The  
Economist

### ..“Lacking lubrication

“We can’t sell to Iran because our bank won’t accept payment,” says a British producer of drilling parts for oil platforms, who has stayed out of Iran’s market for the past six years. European export credit agencies are issuing some credit notes, such as a recent Italian one for \$5 billion. A few European banks, including Belgium’s KBC and Germany’s DZ Bank, have started handling transactions, probably because neither has a big presence in America. Even so, they cannot trade in dollars (unless, America says, those dollars were already abroad) and appear only to be testing the water.

In Tehran, businessmen and officials say everything is stymied from afar. Ayatollah Ali Khamenei, Iran’s religious leader, says Americans lifted sanctions only “on paper”. Hamidreza Taraghi, who advises the Supreme Leader, says deals announced, including the largest with Airbus, were “just show”. (Airbus executives have been in Tehran this month, but the deal is yet to be finalised.) An international trade forum due in Tehran this autumn has been cancelled for lack of interest. Iran’s oil ministry has delayed a promised shindig in London five times...



*How can we deal with the situation?*



**SWISSMEM**

ARJAN CAPITAL

***Legal and sanction compliant alternatives we consider are:***

- 1. Smaller regional banks in Europe with little or no US exposure*
- 2. Also for large transactions: Barter/Compensation (eliminates cross border, while still as well documented as a cash transaction)*
- 3. Sell to alternative buyer familiar and active inside and outside Iran*
- 4. Discount your trade receivable with private sector (forfeiting initiatives like Helvetic.Capital are coming up now.)*

***Other funding initiatives, depending on products and industries***

- Private Trade & Equipment Financing Funds (import / export goods)*
- Project Finance (build, own, possibly operate your asset (power stations))*
- Take off Agreements (Petro-chemical industry)*



ARJAN CAPITAL

*A common sense Minimum  
of due diligence to start with  
(feel free to ask Arjan Legal)*



SWISSMEM

*Iran transactions should be best in class for any third party financing*

*Iran transactions are mostly **BESPOKE**, not off the rack (sur mesure, nach Mass)*

*Doing business in Iran after implementation day is now often more a matter of corporate policy - before it was clearly a matter of law*

*What do I need to know / how detailed do I have to enquire as a strict minimum:*

- *Details about customer*
- *Key persons involved (management, board, shareholders..)*
- *Product (are all high tech textiles off all the sanction list?)*
- *Banks and other intermediary companies involved on either side*
- *All of the above often requires more time then expected, as well as a budget*
- *Personally I keep a mindset and behaviour as if sanctions were still in place*



ARJAN CAPITAL

# My personal SWOT analysis - and why for me the lift side wins



SWISSMEM

## STRENGTHS

- Germany-like market in many respects (size, industrial backbone, industrially ambitious)
- Particularly good in industry, medicine & engineering
- Clear religious situation, Shiite mainly
- Educated nation, very willing to learn

## WEAKNESSES

- Yet lack of (international) management expertise.
- Need for on the job training (expats, Russia 94)
- Financial sector remains limited for at least 2 years to come
- You need to bring time, money- and good nerves

## OPPORTUNITIES

- Similar to East Germany (ex GDR) in 1989
- Early mover advantage still remains for a while, though might be fading soon.
- Special Economic Zones for industrial activity
- Significant M&A opportunities now (investor readiness)

## THREATS

- Strong Government influence in economy
- Iranian trading mentality can lead to disappointment of international investor / seller / buyer
- Beware of the middleman - not the agent
- Lack of int. staffing for rapid know how transfer



**M E R C I**

---

**Andreas Schweitzer**  
Senior Managing Partner

**Arjan Capital Ltd** [www.arjan.capital](http://www.arjan.capital)

**Int: +41 79 211 65 60 - Iran +98 912 092 8513** [ams@arjan.capital](mailto:ams@arjan.capital)



**Senator, h.c. Andreas Schweitzer**  
Bundessenat für Wirtschaft und Technologie®  
**Federal Senate for Economy and Technology**