

ARE THE IRANIAN MANUFACTURERS AS THE BEST BUSINESS PARTNERS IN EXPORTING AND MANUFACTURING TILES THROUGHOUT THE WORLD?

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This article, which presents a study on Iranian tile, shows that Iran, as one of the most important manufacturers in the world and especially in the Middle East, can be considered a center of progressive and manufacturing organization of the world and traders, in terms of investing in exports & manufacturing tiles for the global markets, particularly the Middle East Markets and neighboring countries.

year	2003-2004 Million Square Metre	2004-2005 Million Square Metre	2005-2006 Million Square Metre	2006-2007 Million Square Metre
Manufacturing Capacity	130	176	292	336
Real Manufacturing	110	123	220	270
Domestic Consumption	80	80	80	80
Export	6	9/5	10	11

Table 1. The current year statistic and estimations until the year 2007 shows the trend of tile manufacturing, consumption and exports.

The following question will be brought up by checking this table:

- Why are the manufacturing capacity and real trend developing so swiftly?
- What should we do with the excessive production considering the fixed consumption trend?
- Why does not the export volume change in accordance with the subject rate of excessive production?
- Is the quality of Iranian production the reason for the lack of exports?

Before dealing with the questions above, it is necessary to describe in detail the ceramic tile and industry position.

The tile industry in Iran, taking into account its many relative advantages, such as geographical situation, existence of rich mines and various cheap sources of energy, especially the natural gas, cheap and skilful manpower and the existence of various factories with high manufacturing capacity of which approximately 90 percent are equipped with Italian technology and machinery – two third of these factories are young and have the advantages of the latest technology, is in a position to introduce Iran as the most prominent player in the Middle East, and one of the most prominent in the world.

The geographical situation is another factor, since Iran has open seas to the south and to Central Asia from north, and to the two reconstructing countries (Afghanistan and Pakistan) from two the west and east. On the other hand, the existence of considerable resources of energy in this country, especially gas and rich mines, all these indicate that this country could be a prominent manufacturer country in construction materials and ceramic industry.

And on the route to joining the WTO, and considering the high relative advantages of Iran in ceramic manufacturing particularly tile, the policy of tile industry development and increasing the manufacturing capacity have been kept in mind, so that the tile capacity has rapidly had 300 percent growth rate over a few years.

year	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Manufacturing capacity	31.5	37.3	46.1	56	62.1	62.9	70.9	80.25	92	117	130	176	292	336
Manufacturing trend	32	37	46.3	51	55	56	60.9	65	75	95	110	123	220	270

Table 2. Manufacturing Capacity (million square metre)

Now we are going to answer to the question at the first part of the article:

Why are the manufacturing capacity and real trend developing so swiftly?

Certainly, due to the aforesaid reasons, it means because of the high relative advantage of this industry, and high profitability and low cost, and the desirable geographical position from a transportation point of view, adopting the decision to use more effective technological and experimental management has led to this advantageous situation.

However, as a result of the small-scale consumption of this production in Iran, with its 80 million square metre tile, this trend remains stable.

year	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Consumption	29	32	40	46	49	50	55	59	70	80	80	80	80	80

Table 3. Consumption in Iran (million square metre)

It is so clear that considerable trend of manufacturing, i.e. about 70% , remain as excessive production and this subject shows itself as a great threat by looking to the statistic and export process in the country which is presented in the table 4, and if the manufacturers couldn't export their production, they are sentenced to fail.

year	1993-1994	1994-1995	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Export	3.5	5	6.3	5.2	6.1	6	5.5	6.4	4.71	5.4	6	9.3	10	11

Table 4. Export (million square metre)

Since this changing in manufacturing capacity has occurred explosively and in only 3 years, and since tile import was very limited, all of manufacturers commercialised their tile in the domestic market and this production and brand (Iranian tile) never achieved exporting characteristics. And now that manufacturing developed three times all at once during three years, analyzing this place seems a hard work. And it means that a country and a brand need a period of time to be matured in its exportation characteristic. This matter shows that other countries with export characteristic can easily use the relative advantages of this country to advance their economical aims through the cooperation with Iranian manufacturers. One question is brought up and that is: whether the quality of Iranian products is acceptable or not. The quality itself can be considered in two respects: the first one is a physical, chemical and superficial characteristic of a tile and the other is the designing quality. In the first respect, Iranian tiles are produced completely in adoption with international standard norm. EN & ISO and recently the national standard were reviewed and severe approach forced all of manufacturers to observe the criterions presented in standard as much as possible. But relating to the project, it is necessary to explain that in a study it became utterly clear that generated plans, which their roots are from domestic and Iranian designers in the domestic markets and neighboring countries which are almost close to this country in the cultural aspect and also it is one of the best exportation markets, are much more successful than the plans which were generated by the prominent Italian and Spanish designing companies. And this indicates that this cooperation in manufacturing can

be a very outstanding advantage for other prominent manufacturer countries that is they can have a more successful presence in this market through profiting by Iranian manufacturers ability. Meanwhile, the tile import statistic from different countries can somehow demonstrate that domestic consumers taste coincide with domestic products.

year	2001-2002	2002-2003	2003-2004	2004-2005
Importing	0.31	1.60	1.64	3.50

Table 5. Importing tile to Iran (million square metre)

And it is necessary to explain that on the direction of joining WTO, Iran starts its reformatory policies relating to the suppression of obstructive strategies and relating to foreign investment from many years ago and it is reforming its policies along the WTO prism. And all of these reformations smooth the way for successful investment in this country, without the previous obstructions.

We must say that:

Aren't the Iranian Manufacturer as the Best business Partners in Exporting & Manufacturing Tiles throughout the World?