



# The Bulletin

Home And Office Furniture Union  
( Export Hall For Hofex 2009 )

A look at the export hall of  
the international exhibition of  
Hofex (2009)

## From one exhibition to another



Previous year for the first time the export hall has been held in the furniture exhibition. This year the export union of office and home furniture has decided to continue what they have started the previous year. May this small step have increased the value of furniture export of the country in future! Of course people in charge believe that 2 years of experience is a very short time to solve all the disadvantages, but it has tried to prepare a good and satisfactory hall. The export commission of office and home furniture with the 1500 meter hall will attend the furniture exhibition of this year.

Anahita Mirsatari said due to the lack of sufficient area and decoration, some participants were dissatisfied. Previous year the export hall was 620 meters and this year it is 1500 meters. The secretary of the export union commission has mentioned the other differences of this year's stands compared to the previous year's. He said the stands we allocated for the participants are 30 to 100 meters and they can choose their intended areas. Twenty nine companies including Chob and Form, Sepehr Charm Khavaran, Farazin Tehran, Rayaneh sanat payam, Jahan Chideman(Jalice), idea form Pouya, office furniture of Dena, Livetob, RadSystem, Rahatiran, Rash Naghshineh, AzarAbadegan, Honarhaye Dakhelie Carno, Commercial and production company of Nilper, Arjan, Artaj, Arvand, Apadana, Semcha, Carno, Kamja, Italfoam, Tahsin, Nirvana, Iran decoration, Barin Choob and Idad Center will attend this hall.

### Discounts

Even though the prices of the stands have not changed, the discount that the export commission has given the members is different from the previous year. Mirsatari the director of the export hall in regards to this matter explained to the reporter that the participants in the year

of 1386 and 87 who had more than 20 thousand dollars export are able to receive a 10% discount and those who participated in the exhibition of the previous year in the export hall receive a 5% discount, and those who participated in the international exhibitions receive a 5% discount and those who were given memorial plaques, specify awards will be given 5% discount those possen local and international standards will be given 5% discount. On the whole the commission is considering utmost 30% discount for the participants of the exhibition.

### Participating organizations and institutes

Among other differences of this year's export hall we can name the presence of different export related companies and facilities .Some of these companies promised the members of the export commission to governmental and non-governmental institutes such as chamber of commerce and industry and mine, Commerce development ministry, Costums administration, Export confederation, Export development bank, Export guarantee found, Agricultural and natural Resources Engineering Organization, the custom of Islamic Republic of Iran. Mirsatari in relation to the export hall said the export hall of this year is the combination of companies and export system. The export commission has also decided to hold meetings with the managers and exporters of companies, organizations, institutions who have the authority and ideas and in these meetings they deal with problems and find solutions also expand facilities across their abilities.

### Relationship

Holding a perfect exhibition requires a good establishment of connections with other countries and initiation . Mirsatari in relation to this matter said to the Bulletin reporter that the commission has allocated 2 aspects for foreign guests in the

furniture exhibition. One aspect is marketing in target countries and due to this reason we invited guests from the targeted countries. The Other aspect is related to the educational purposes of the commission for this reason the industrial and developed countries are invited, so that members of the commission can learn from their experience and knowledge in order to expand the export system of our country.

"Provincial chambers" were created by the export commission due to their relationship with other countries by using the export marketing information and searches of chambers . Mirsatari in relation to this matter said the union has decided to expand its relation with this chamber and because entering the new markets is not secure and maintain its credibility in target countries. we as a union can create better conditions for merchants in this country. She believes the evaluation of companies in the export hall is not accidentaly and it is to present the abilities of the furniture industry to visitors and merchants

### And the others...

Anahita Mirsatari in relation to the advertisement and information transmission emphasized the export hall to have separate advertisements in magazines, in foreign newspapers, domestic related-field newspapers and on the internet.

According to her in addition to having a bulletin, this year we have a pocket sized book which allocates each 2 pages for one company and in other international exhibitions that the export union of office and home furniture has attended this book will be distributed.

Suitable domestic laws, presence of interpreters and better access to food, internet site, internet access through system network in the whole hall for participants are the new facilities taken into consideration by the commission.

# The companies' ability for export



According to the home and office furniture export union the main responsibility of it is to assist the development of the furniture export. Thus it can be said that the evaluation of the union activities plays a major role. Prior to the start of the furniture exhibition and at the peak of the export commission members work due to the planning of the Export Hall, we spoke to them about different issues of the home and office furniture export commission. Mr. Joshaghani the managing director of Nilper Company after the Superior General assembly started acting as the head of the export commission with the consideration of the efforts of the other members of the commission, activities of the same have improved. Ms. Anahita Mirsatari the Secretary of Export Commission, Mr. Dadkhah, Mr. Ghezlbash and Mr. Shahbaz are the other members of the commissions. Their activities have been individually commerce. The meetings of the export commission with the sense of humor of its members especially the Director contain a great deal of cheerfulness even though the meetings are very long and various discussion are made, exhaustion does not overcome the members. In continuation you will read 1 and ½ hours of talks with the commission.

## **The interest of the exports subject among the members**

Ms. Mirsatari was the commencer of the discussion. She had been present at this time of the previous members and said the following about the current commission: "After the nomination of Mr. Joshaghani as the head of commission many things changed. We tried to select more active members who are familiar with exports. Mr. Dadkhah has been with us from the previous commission. Mr. Ghezlbash and Shahbaz newly joined us. They come from active companies currently working with us.

Mr. Dadkhah from Tadjiz payam and Mr. Ghezlbash from Sajiran, both of them declared

their reason for participation to be their interest in export and import and their willingness to improve the same.

## **A Commission with strategy**

Ms. Mirsatari and Mr. Shahbaz (who came with a delay) are the only full time active members. Ms. Mirsatari has high motivation at work and has a description of the export commission overall situation.

The first factor was that due to the description of the home and office export union we naturally had to have a subdivision of exporters. At first no basis information about the members of the union of export was at hand, we tried to concentrate on this problem considering the basic philosophy behind the existence of the union, we tried to analyze the export potential of the union members.

The next step was to facilitate export activities for companies that had an actual intend for the same and give them more precise planning.

She mentioned one of the Union's Responsibilities to be the obtaining of information regarding export and holding educational programs about furniture exports development and continued: "a project was done in the union. We succeeded in gathering useful statistical information about the export and import situation of furniture in Iran and in continuation found the target import countries.

Mr. Ghezlbash continued with the statement that the Commission has created a three part model and said: "We identify the target countries, members and connection channels then we work based on the model.

After the target countries have been selected and connection channels are being analyzed, the final stage would be the identification of the members' potential after the accumulation of information and the assistance which will be given in order to increase their capabilities.

It was the head of the Commission who arrived late for interview due to an illness and said the

following in completion of the other members' statements:

First we try to group the members based on their export capability by identifying the members next we start our educational programs. The promotion of the members is done through short term and long term processes.

Mr. Joshaghani declared information transmission to be one of the most important issues of his Commission and said: "We want to have a permanent information transmission to the members. Currently we are identifying the related exhibitions and after negotiation, we will enable our members' attendance in the same.

## **The Commission's job is not export**

Mr. Joshaghani emphasizes the fact that it is not under the duty of the Commission to export the products of a company. He believes that the Commission is only able to make

the process easier. We must assist the exporters as far as we are capable of and one of these includes the facilitation of good conditions for the attendance in the exhibition.

Mr. Joshaghani stated the Commission's board of director's approach to be exports and added: "we have spoken to the BD about this matter several times: what will make us proud if we were to ever leave? The BD also agrees with us and has given us any assistance we have requested so far.

## **The impact of the Commission cannot be evaluated**

Mr. Joshaghani believes that the Commission's impact cannot be evaluated: "our goal is to increase the export knowledge of the members. We might know some member's whose exports have increase with the assistance of the Commission but our impact on the society cannot be evaluated".

He continued: "We have to make exporters! On our agenda we are planning to convey the outcome of our researches by educational means and to correct all false beliefs that currently exist. Some



believe that a target export country is suitable for any kind of furniture export, but our researches show that for example Syria is not a suitable place for the export of classic furniture; we have to point to this during our information transmission. Generally we provide the members with all analyzed outcomes of our researches.

#### **We do not have a certain description for export products**

The head of the Commission continued by saying that we do not have a specific description for export products and added: "It is a general believe that a high quality product can be exported, I believe this is not correct.

When you go shopping in countries such as Canada 90% of the products are imported from china with low quality. In this regard we have to take a look at the target country and based on their culture, yearly income and other characteristics identify suitable export products. It should be compete able in comparison to the characteristics of other exported products in the target country.

He continued this discussion by giving an example: "If a high quality table is produced in a country what guarantee does there exist for it to be sold in a country with low average yearly income?"

Mr. Joshaghani named one of the other strategies of the Commission to be the activation of connection channels: "Which has a statement, a receiver, a sender and a connection channel.

When a receiver and sender are available, a connection channel is required and necessary. It is possible that a good product is produced in Iran which has consumers in other countries, but the connection between the two sides has to be made by Institutions, Governmental and None Governmental Organizations.

Mr. Shahbaz who has apparently been very active in regards to connection channels said the following about the interaction of Institutions, Governmental and None Governmental Organizations : "We divided the connection channels into three section, Domestic, Foreign and Foreign and Domestic-Foreign(international) and see them as facilitators. In Iran the correct role in international trades is very vital and we have to use our relation with various Organizations in order to ease our work. Thus we have invited several Organizations and Institutions to participate in the hall of export.

#### **The Export Hall, different from last year**

Ms. Mirsatari considered the most important difference between this year's exports hall and last year's to be the presence of Institution, Governmental and None Governmental Organization and three specialized magazine press at the side of furniture companies and continued: "Our purpose for the presence of Institutions was the creation of suitable ground for the exchange of information between them and the providing of this industry's capabilities. We also tried to optimize the people in charge's view in regards to the furniture industry and the export commission."

Mr. Dadkhah declared one of the obvious differences between this year's and last year's Export Hall to be the educational programs and said: "We have made a tremendous change in the educational section and will use the experience of Organizations and Institutions in our educational programs.

We will also hold seminars with the assistance of friends who are experienced and have the knowledge of exports inside and out of the country. We have come to the conclusion that majority of the member companies do have the capability of export but are faced with difficulty in the process of

it; therefore the educational section is of great value in the export commission.

#### **We did have an mechanism but did not take it seriously**

Mr. Ghezlbash answered the question: have you set any limits for the participation of companies as follows: "For the participation of companies in the Export Hall we have defines mechanism factors such as: Domestic and Foreign Standards, a list of export prices, a catalogue of standard products, active sites, Coding of products and export categorization which is required for export.

We have done an overall examination of the companies' information based on these factors. We were interested in the participation of companies with high export potential but we were not very strict on the participation of other companies."

He also commented on the present companies in the Export Hall: "The present companies have the potential and active capability of export. Some of them are following exports very seriously today and others have a suitable basis for the same, hence you might find companies in the Export Hall who do not even have a one time experience of direct export.

The head of the commission said the following about the participating companies in the Export Hall: "As we do not have a standard definition for export products we cannot give a standard definition for export companies.

Regarding the candidate companies' participation, we did consider their export background but did not prevent other companies who did not reach a certain score from participating in the Export Hall. Mr. Dadkhah said in completion of his colleagues words:

"The purpose of the hall is to assist companies who are willing to export in choosing a better path. In general the commission is supposed to enable companies' export and one of the possible ways is the Export Hall.

Ms. Mirsatari pointed to a positive event during this year Export Hall: "The question was raised by many first time exhibition participating institutions regarding the fact that they were allowed to participate in our exhibition and were curious to know what kind of organization we are.

#### **We want to be strict with the visitors of export**

Last year the Export Hall was not to be free for the public to attend and specific card were to be issued at the front door in order to professionalize the hall's act but this did not happen overall.

This decision stands for this year's hall as well but the strictness of the people in charge is required as well.

Mr. Joshaghani states in this regard: "We would like professionals, active and export related individuals, big domestic consumers to visit the hall. I do not see any reason for none professionals to visit the hall."

In this relation the matter of the public's interest came up and Mr. Dadkhah jokingly recommended the use of glass walls in order for the public to view the inside. Mr. Ghezlbash also believes that the over population of the crowd can disturb the professionals.

Mr. Shahbaz also named the purpose of the hall to be the simplification and facilitation of exports and said: "Our technique is interaction. The Export Commission has sent 3000 invitation (Governmental and None Governmental Organizations, Institutions, Foreign Guests from target countries and the guest of the Export Hall's participants) in order for the hall to be more professional.

Ms. Mirsatari also said the guests to be mainly from neighboring target countries.

#### **Export is its own function evaluation**

Mr. Joshaghani gave several definitions for export; each of them clearly shows the importance of it: "Export is the acquaintance with the open market. Export is the acquaintance with the competing market. Export is the familiarity with the reduction of expenses and prices and overall all export is the evaluation of our own function.

He continued: "When we enter the international market the possibility ensues for us to evaluate our functions in comparison to the world's market. But we have built walls around ourselves and are only able to interact with our own small world. Sometimes a person copies our product and we consider this a huge disaster but once you participate in the world's market due to it tremendous size, you will not pay attention to these details any longer.

Currently we produce products for a limited number of consumers but the advantage of export is the production for an endless number of the same.

The head of the export commission believes that export is a long process and that companies have to be patient during this time. In our country the establishment of a branch takes about six months of work due to the costumes' struggle and the intimacy of the culture.

Thus the presence in another country should be more time consuming. Today we should not look at the international market with the hopes of high profit in order to be able to realize our actual situation in the world. Mr. Ghezlbash considered the loss of belief in export to be the missing piece in the export puzzle: "Due to the size of furniture in Iran it has not yet been demanded by other countries leading to the false disbelief in the export of it in companies. In my opinion an export belief system should be formed in the industry.

Possibly our furniture export is currently not considerable but we can change this by choosing countries with similar conditions such as turkey as our model. In order to change our industry we have to study their conditions in the past ten years.

He continued: "The movement that was done under the name of Export Hall helped us in making some people understand that Iranian furniture does have the capability of export, in other words Iranian furniture gained identity.

We have to move step by step, due to the lack of a competitive environment we have not yet though about decreasing our final product's price. This member of the Commission believes that with the changes that will be made in the future this industry will require a strategic view.

#### **Every country needs reasonable Import and Export**

In answer to the question: Is the reason for the importation of furniture to Iran the lack of response from the domestic producers in comparison to the high demanding market of Iran?

Mr. Joshaghani said: "It is not true that importing is bad and exporting very good. Each country depending on their circumstances and time requires reasonable imports and exports.

For example: If we consider saffron and mango two strategic goods, no problem is caused if we produce saffron, export it and import mangos with the currency received by the export of saffron, with a much lower cost of 300 tomans per kilo instead of the production cost of 10000 Toman per kilo of mango inside of Iran.



# Hall 35 of the International Exhibition, a goal for the future of furniture export.



Export commission which is a part of the furniture union and interior design in its second attendance at this exhibition will be the host of visitors in the hall number 35. People in charge of the export union commission said this year the Export Hall of the exhibition decided to present a different style compared to previous year from different aspects such as design, presented areas, people who were invited and varied programs. Due to this reason many active furniture industry's members and those who have different stands in other halls of this exhibition requested to have stands in the Export Hall in order to attract visitors from abroad for selling their products. Some members believe that this attendance is not only for sales and advertisement, but also for the continuation of long-term program of Iran's furniture export industry. We met members of companies in the Export Hall and asked them some questions in relation to their activities, reasons for being in the Export Hall, performance of export commission, and their expectations from the export commission and their comments.

## Long-term export among the company's goals

"Young company" is the name given to the company of Samcha by its manager, due to the fact that this company is the youngest company in the export commission. Seyyed Ehsan Hassani said the company was recently established and its employees are young. This company has a three thousand meter area of production, modern machinery and three designers are present in the central office for special customers. According to Hassani Samcha it is able to increase the official production to two thousand and five hundred sheets each month. Samcha has started its activity from Tir of 1387 and for its first attendance in the exhibition it has chosen a seventy meter stand in the Export Hall. Hassani in relation to the Samcha activities said: "certainly, the company who has recently started its activity needs to get into the domestic market and attract domestic buyers then they are able to think of exporting products to other countries. He believes even though the infrastructure of export in our country is weak, for sure exporting products is long-term goal of this company and because of this reason they attend the Export Hall. The managing director of Samcha about his company's presence in Export Hall said "the Export Hall had a poor performance in the previous year and due to this reason our company attended this exhibition with doubts; however, it must be said until now the export commission made lots of effort for holding the Export Hall and continued its effort much longer than the last year".



## Export Hall a step for better quality of production

AzarAbadegan company produces artificial leather for the cover of home and office furniture. It was also active in the production of hospitals' bed mattresses and tents. Until now it has exported tents and other products except furniture to other countries such as France, Afghanistan and Iraq.



Fereshteh NadAli, sales manager and the person in charge of the exhibition's activities, has mentioned her concern for locating stands above anything. She said in regards to the Export Hall and the attendance of her company, that this is our first attendance in the Export Hall. We want to present our products with quality that is comparable to the quality of exported products. By our attendance in the exhibition, we intend to introduce our company and its products to the foreign visitors the best possible way compared to the past.

# Our goal is to introduce the name of the company



Sales manager and stockholders of Carno company who is the founder of interior design in Iran said before 1370 which is the year that Carno was established, decorating had been done by carpenters who had the experience rather than the education. For the first time Carno has offered interior design academically. According to, Dariush Ballai who is the founder of this company and a studied industrial designer, before the establishment of this company he was active in creating picture frames. He was the first producer of Aluminum frames. After that, he established Part system. Then he started his activities in making counters, shelves of stores and holding exhibition. In 1382 due to the illegal usage of the name and work of the company he changed the company's name to Honarhaye

Dakheli Carno. From that year, they produced new products in addition by using modern machinery, various colors, powerful production the work changed.

## Have you ever exported products?

Only once; we had sent products to the value of 12 thousand dollars to Canada, we have also sold products indirectly to countries such as Azerbaijan, Armenia and etc. but exporting products has not been in its real sense and systematic.

## By considering the fact that the export of products is not among the priorities of Carno Company what is your reason for attending the Export Hall?

I have to mention that due to the high amount of work and orders, Carno Company has cancelled

its stand in the Common hall and we

intend not to accept any more orders; however, we will attend the Export Hall because we believe that we need to pave the way for the export of products. If for instance five years later we decide to export products, we do not need to start from the very beginning. Our goal is to introduce the name of our company to the target countries and the union and this is making the future ground ready. For instance you want to buy a television or any other products. You may not buy Sony, Samsung or any other brand; however, you know the name of these brands and perhaps one day you will buy other products of these brands

## We should choose our intended market

FarAzin Company is the producer of furniture and office partitions (especially double-shelled). Soltan Mohamadi, the manager of this company said that the idea and the design of these products are under the name of this company.

The idea of this product was proposed at the beginning of 1382 and by the end of 1384 designing, molding and testing of it, was finished and gone into the production. For the first time it came on stream at 1384 exhibition. From that year on, this company has attended the exhibition each year. The production of office partitions for Imam Khomeini airport,

railway, Iran's broadcasters, the central control of Tehran's traffic are among the projects of FarAzin Company. This company produces 30000 square meter partitions annually and with the establishment of the new factory its production will be increased to 50000 square meters for each year. Along with that, 5000 furniture will be added to the production of it.

## Has FarAzin Company ever exported products?

In actuality the production of this company is only sufficient for its orders and needs. We don't possess additional products for export.

We only had single purchases during the 2 past years from Dubai and Sweden.

## Do you think these products are competitive compared to exported products of other countries?

Our production system is in a way that is appealing when it goes to other countries; however, we do not have sufficient financial support. We should determine out intended market. It is for sure that we are not supposed to consider all the countries. If exporting products to the European countries is demanding, we can consider our neighboring countries.

## Our goal is to attend

The Livetob Company has registered its named in 1384 and attended the furniture exhibition of that year. In 1385 it started to sell its products and succeeded in obtaining ISO. This company like some other members of the export union has never had a direct export; however it has sold products to Iraq, Azerbaijan, and Emirates up to now. This year the company will attend the Export Hall of the exhibition with the work group. Even though Masoud Joshaghani, the member of directors board of Leatop Company,

declared this company's only purpose to be the attendance at the exhibition and said: "our goal is to attend; however, we know nothing special will occur, nothing that can lead to export".

In regards to his expectations from the export commission he said: "the commission can open ways for the attendance of foreign companies. Recognition of target markets, advertisement, marketing, inviting the representatives of other countries, providing the suitable conditions can be among these ways".



## Attendance at the exhibition is necessary for us

31 years have passed since the start of Naghshineh Company in wood industry. Household appliances and furnitures are major product of this company. Despite the fact that this company has been active in this industry for many years, has chosen the modern style for its products. In the previous exhibition had won the prize of the greatest modern furniture Naghshineh has attended the Hofex exhibition every year. Except for that, he attended two other exhibitions in Turkey and Syria. Also this company in this year has decided to attend the Export Hall of the exhibition in regards to tables and chairs. The manager of Naghshineh wants to pull company's activities more towards export. The Export Hall

is in fact a cooperation that draws the attention of another kind of visitor and creates two way interactions.

Mohammad Reza Sajadi in relation to the attendance of his company in the hall number 35 said: "naturally, the exhibition is a gathering place for the people who are active in this industry and Naghshineh is one of them, so being present at the exhibition is essential for us. By attending the exhibition we can meet our competitors, and become familiar with the prices and the quality of their products so we can compare them with our own. After that, we recognize our advantages and disadvantages. Naghshineh's managing director emphasized that another point is Iran's furniture

exhibition has always included buys and sales; however, this time sales are in secondary position. This means that we distribute our catalogues and brochures and advertise our products this then will lead to the purchase of our products during the year.



## Cyber environment, proper channel for exhibiting products

Nirvana is the first company that prepares the accessible environment, whenever and wherever for( ) customers to purchase necessary goods and decoration services through internet network .

### What is your plan in exporting field?

This virtual environment is an appropriate infrastructure to standarize and customize products for the target markets. By comparison, this method has high expenses and more benefit than traditional trade.

### What is your goal for attending at the export hall?

Due to our previous successful experience in "decoration engineering " which was desirable for other companies, we hope to be a pioneer in providing virtual services in office furniture industry .

### What are your expectations from export hall?

As this is an action from the export commission, it can be useful way to prepare export infrastructure.



We expect the commission invite the accurate people from target countries.

## Radsystem co.



Radsystem Company has started its work since 1330. At that time the company's name was Mina's Office Furniture and it was active in LaleZar Street. The name then changed Totan and some years later they named it RadSystem. Currently, it is the representative of 4 foreign countries. According to Shafi Rad the manager of RadSystem this company will attend the exhibition with work groups. We consist of 6 companies and will have 6 by 26 meter stands in the Export Hall .We will present our

products under the logo of group work.

### Elaborate on your export experience?

We have started exports for some years, of course not directly. We sold products to Dubai, Kazakhstan, Afghanistan, and Turkey indirectly. In fact merchants have purchased our products. Currently, we are trying to establish an office in a foreign country. We also attended the Afghanistan's exhibition with the work group. We have been active in Iraq as well; however, people who we were working did not make the necessary collaboration, therefore we decided to get involved ourselves. Currently we are collecting information. Target countries should be chosen from among those markets that we are capable of competing with. The political expansion is also an issue. In fact we cannot compete with developed countries. We are seriously working on this issue and the internal policies of the company are in process in this regard.

**Do you think participation in the Export Hall is also along with the export purposes of the company?**

We participated previous year as well either way the beginning of this movement is important for us. As a member of the union, in case the union decides to perform any other activities in regards to this, we will cooperate with them. We are willing to participate as a work group. They should have said that the Export Hall did not have a good overall performance. In fact, they invited people who insulted us. I want to request for this to not happen again this year. We come to the Export Hall based on this belief. We ask the commission to give directions for the export process, but if it does not happen, we cannot wait forever.

### What are your expectations from the commission regarding this issue?

To recognize the right path and have foresight. This can have a group profit. We should not be subjected to personal opinions. We should act instead of talking otherwise we will eventually lose our face.

## Arvand co.

This company along with its 6 members will participate in the Export Hall this year. AslanBeigi said in regards to the Arvand Company's activities regarding the previous years when his father was the manager of this company." We are the Arvand group industry. We have started our activities from 1338. My father started his activity in the business of making office furniture from that year. From products of those years I can name hospital furniture and also a kind of lifting chair that could be used in beauty salons. We engraved our Farsi logo on those chairs; however, due to the complexity of that Logo we stopped using it. It is our honor that after 30 years these chairs are still useable. Only once in a while you should change their Hydraulic oil. It is almost about 49 years that Arvand Company is active in furniture making business. In 1388, we celebrate our 50 anniversary. We have done major projects on amphitheater chairs, for the Council, Milad amphitheater, Central Bank, National Library and many other projects.

**Have you been active in the export of products?**

Directly no, but there were companies who bought our products for Aljazeera's Congress, the Iranian hospital in Iraq, the national project of Afghanistan's Congress and many other major projects. We were also active in Iraq. Due to high demand of work, we had no time to export products; however, currently, that group work has been suggested, we consider it a good opportunity to take the export of products seriously. Many producing companies mentioned that the country's export problems are caused by the lack of facilities, the high outcome price of the products and other similar factors, are you faced with all of the above mentioned issues as the managing director of Arvand Company? Do you believe that **our country does not have export capabilities?**

None of the above mentioned problems are true. There are some traditional industries in our country such as carpet and saffron and other countries are well aware of these 2 industries in Iran. Serious attention is only paid to these industries. We have always imported luxurious products and never exported them, but it is only about a few years that the furniture industry has been valued. The union has

been formed with new ideas and they have held meetings and exhibitions. Exhibitions have become more specialized and its member realized that they should attend the exhibition more actively.

### What are the reasons behind your attendance at the exhibition?

Arvand has not attended the exhibition alone. I have a position in group work, so my expectations from the group work are higher. Our goal is to do a group work and move along this path like the experience we had in Afghanistan Reconstruction exhibition. Even though it did not meet our expectations, it was not awful. Arvand is a very experienced company and no company in our field has more experience, but we attend the exhibition like other members and there is no difference between us.



# Middlemen are producers' problem

Dena Company started its work in the field of office chairs in 1379. Among all the products of this company Dasteh Dena is very popular. Managing director of this company said Dasteh Dena was designed in 1379 with wood, and then in 1380 it came to production and was very welcomed. Dena's chair can compete with the standards of European chairs in regards to quality and construction mechanism. We have constantly chosen innovation, quality and customer service as our top basis of priorities.

Dena Company did not attend the previous year's exhibition, but according to Mohammad Zarafshar, they will attend this year exhibition with 2 new products

## What are your reasons for attending the Export Hall?

Our reason for attending the exhibition is to evaluate products' sales ground. We want to compare our range of work with other companies,

to become familiar with the needs of foreign buyers and to evaluate the quality of our products in comparison with other countries.

## What are Dena Company's reasons for attending the number 35 hall of the exhibition as a member of the office and amphitheater chairs' group work?

As we are the member of the work group, we decided to participate in the exhibition in order to maintain the unity of the group work. We believe this unity among the group work can help us in overcoming the problems and obstacles. One of our goals is to cut out middlemen in sales and buys. Currently all products which are to be sold have to pass 20 middlemen and this is a great problem that producers are faced with.

## Why do you believe middlemen are the problem of export?

When we compare the price of products in Iran with other countries, we realize that the outcome

price in Iran is higher than other countries while the workers' wage is lower in Iran and the money we pay for water, electricity and gas is not too much; however, at the end we see that the outcome price of products are very high and one of the reasons are middlemen. Also the transportation expenses and custom costs could be another reasons. If the price of raw material was cheaper, then the producers could sell their products with more suitable prices.

## What are the government and export union commission of office and home furniture's duties?

Government plays a vital role, but I think they cannot do anything in this regard. They are faced with their own problems which in fact creates more obstacles. I think if the export commission and these little groups start their work and cooperate with one another. They can overcome obstacles with their unity.

# Nilper 260,000\$ export in the recent two years

Nilper is established in 1992 based on providing one kind of chair and expanding its production in Iran through years with 30 kinds of chair. Nilper has achieved different memorial plagues and awards. The Nilper manager introduced its company as the first company that provide nessacery services after purchasing its products. This company is one of the members of the export commission of Home and Office Furniture Union, that export chairs directly to the countries such as Algeria, Iraq, Canada and indirectly to Armenia, Iraq. Reza Joshaghani, Nilpers' company manager, indicated that 2% of their companies benefit is related to the export which is 260,000\$ in the recent years.

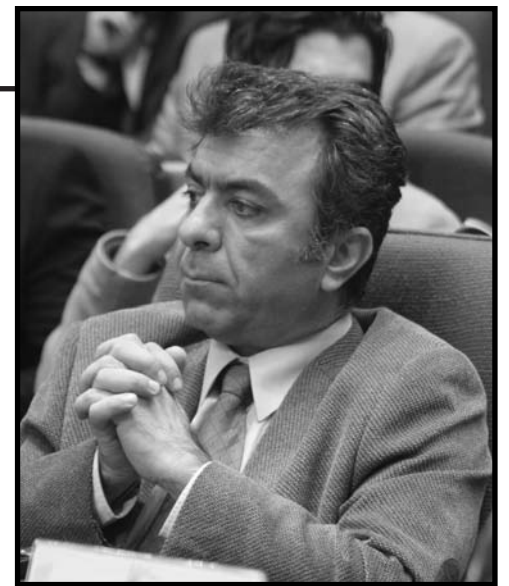
## Would you please introduce Nilper export

## methods?

Although it was costly but Travelling to different countries for identifying the target market, setting up different exhibitions and polling was our selected method for exporting from 6 years ago.

## Whats your opinion about the furniture industry in your country?

I should point that however the chair industry is beneficial, exporting is not beneficial as a result of traveling cost. The purchasing is related to the culture, international conection, tranortation, banks,connection and target country abilities. Additionally, cooperating with international countries is more difficult and needs more accurate plans.



# Compassionate individuals support furniture



Chob and Foam is another company that attends the number 35 hall of the international exhibition with its good experience in the field of furniture.

The managing director of this company said: "like other companies we have never exported products directly".

Changiz Nikhbakht in relation to the export of their products said: "up to now we have indirectly exported products to Canada 5 times with the trade card of other companies".

## What are your suggestions for having more exported products?

If we go under the cover of one specific export

company and each company provides a part of the orders, we will succeed.

## Generally, how do you evaluate Iran's export conditions?

Unfortunately, we are far from the actual export capacity of products.

The export sector should collect about 20 companies under the name of one company for export affairs. Compassionate people will support this sector; the government should also act supportively for this sector. We should solve problems as soon as possible. I believe in four years we will obtain our goal.

## What is the purpose of your attendance at the export hall?

Our company's purpose is to present our superior domestic furniture, capabilities, talents, innovations and in order to attract specialists and target markets. If we achieve our goal and come to agreements, we can say we were successful to

some extent.

## What are your expectations from the export hall?

We expect them to invite people from the target markets and at the end of each day ask them to give their opinions regarding the same. In this way members can identify the advantages and disadvantages of their work.

Holding such exhibitions can help domestic visitors to become familiar with the furniture industry of our country and then be encouraged to purchase domestic produced furniture.

## How do you evaluate the exhibition of this year compared to the last year?

The previous year's exhibition was held with efforts of the export commission. It was a good start, even though it wasn't successful. Last year the Turk merchants humiliated us partly reality based. We will give comments about this year's exhibition when it is finished.

# We do not have a systematic export

About 20 years ago Rahatiran Company started its activity in a very small place for specialized chairs and executive furniture production and expanded thereafter. In 1380, it expanded the production of office furniture to most of the provinces' centers and has representative offices. According to Iraj Ahmadi, sales manager of the

company, Rahatiran until now has never had a systematic export and has only had scattered sales in Afghanistan, (Gorjestan), and Azerbaijan. In relation to the reasons behind the reluctance of Rahatiran in regards to export the following was said: set limitations, the high outcome price, competitive issues of global market and lack of

suitable infrastructure made lowered the export possibilities. Ahmadi said it will be more helpful if the relation between the producers increases and specialized issues should be dealt with in multiple and continued meetings. Members of the export commission together should give direction to the issue of export.



## The first furniture e-catalog & e-directory

Naser Asadi is implemented the first art and furniture industry e-catalog by his cultural experience in the furniture industry.

**Could you please describe "e-Iran Decoration" briefly?**

e-Iran Decoration is the first art and furniture industry e-catalog and data bank. This e-catalog is a complete directory which contained 20 specify groups such as: office furniture, home furniture, modern and classic home furniture,... that are classified based on different layer of furniture industry supply chain.

**What is your purpose of attending at the export hall?**

Our company purposes are having both international relation across the geographical borders and showing Iranian products without any limitation. The international people can get in touch with the Iranian market through this e-catalog and this site can be a connection line between Iran furniture industry and international market.

## Trading is one of the important aspects

Sajiran is one of the other members of the export hall in this year. Soheil Abedi, the General Manager, said: due to the entrance of modern machinery for industrial products in the recent years and also lack of capacity in the production line which is related to the production amount there is nothing remain to be concerned about.

**What is your opinion for the export?**

The most important aspects are believing the export and tolerating the trade problems. As a result

achieving the export market with its differences from the local market for Iranian companies that consider their oil income is very difficult. The main competition is over the borders and in this case the competition strategy analysis can be felt.

**What is your solution for this problem?**

Training is a priority in company performance. For instance, bench marking from Turkey as a successful member of international furniture market can be an appropriate solution.



## Export 170,000 Euro to middle Asia

Artaj proficiencies are Interior design, office furniture, exhibition .... Khademzadeh, the Artaj manager, exported 170,000 Euro to middle Asia and achieved the award for stand design and office furniture.

The company goal for participating in the export hall is that their productions would have the export opportunity and ability for competing in the global

market. He indicates that inviting the traders from target market could be helpful for export development.

The first step for exporting furniture is expanding the related products. He stated that the future of furniture export is positive and can have remarkable achievements as soon as possible by continuing the export and improving the quality of products.

## Leather has good conditions for export

Sepehr Charm Khavaran is one of the companies that attended the export hall and is very experienced in the field of artificial leather. Alireza Malekpour the managing director of this company said we started our job since 1382 and each year we added to the value and weight of our products.

Tell us about your purposes for attending the export hall. With the purpose of increased growth, becoming familiar with the new technology, and different designs we was mainly the reason for our attendance.

**How do you evaluate the commission's**

**function in holding stands in the export hall this year and last year?**

Firstly, it is expected from the commission to invite specialists who have the knowledge required. Secondly, we also expect the commission to have broad advertisements for visitors inside and out of Iran.

Thirdly, try to expand the cooperation between members of the union and companies. At the end, it is expected from the commission to pay careful attention to the export hall.

**What is your opinion regarding the condition**

**of export?**

Sepehr Charm Khavaran is the producer of artificial leather, it can be said that the export of this product has suitable conditions.

Of course it needs more attention by the people in charge in order to expand this sector.

**What are your other plans for the export of your products in the future?**

Due to the common demand for this product and the capability of domestic producers, the company is planning to export this product to other countries.

# An overall view on economical condition and furniture market of Armenia

## A country with a good political and economical relations with Iran

In spite of the religious differences between Iran and Armenia, they have close a relationship and they cooperation goes back to thousand years ago. The most important factor that plays an important role in this relationship is Armenia's energy safety and the reduction of this country's dependence on Russia along with the gas transmission to the European market. By considering the good political relationship of the 2 countries and suitable condition of furniture export, we count Armenia as a target market for the Iranian furniture. This country's area is 29800 square meters and its population is 3200000. It borders Georgia from the north and from the west Turkey, from east with Azerbaijan and from south with Iran. The value of the gross production of this country is about 18 billion dollars and is highly dependent on the investments and support of foreign countries. Armenia is the eldest Christian land in the world; the construction of the churches that exist there date back to the 4th century.

Wall street journal and the Heritage Found introduced Armenia as the most liberal and open economy among the country members of CIS (commonwealth of independent states) in their recent report. According to the report 69.4% of Armenia's economy is liberal, it is in the 32nd place of the world liberal economy and the 19th place among the forty one European countries.

### Economy and Armenia's Industry

The economy of Armenia is concentrated and before the collapse of the Soviet Union it worked with the tremendous investments of the Soviets. After the independence of Armenia all the Soviets investments were pulled out and many production and industrial units were not able to function any longer.

Before the independence of this country, Armenia's economy was based mainly industrial based. Active industries in the years prior to the independence were: industry of chemical material production, industrial equipment production, food processing, textile and electronics. The important factor was the need for importing the raw material from foreign countries, which caused their weakening.

In the nineties the most weakening factor of the Armenian economy was the dispute of Gharebagh which caused the borders of Turkey and Gurjistan to be closed. This lead to a declination of raw material and economic crisis took over Armenia. During this time the inflation increased to an inconceivable rate, unemployment, poverty and economic problems overtook the Armenian people. In 1994 the Armenian Economy improved with the announcement of cease fire. Near the end of the nineties the inflation rate decreased to a one digit number, this process has been continuing to the point that their central bank announced the inflation rate to be close to zero in the recent years. This bank reported the growth of the Armenian economy to be equal to 10.2% in the year 2006. In this regards the salary of the Armenian people increased by 18% compared to the same period of time the previous year and equaled 207 dollars monthly. The European Development and Reconstruction Bank announced Armenia's economy growth to be 12.6% in 2006. This bank announced the Armenian economy growth to be 8.2% in 2007 and named the main reason to be the increase in construction activities. Based on the World Banks calculation 50% of the economic growth of Armenia was related to the Construction Industry. The service sector also plays a major role in the gross production of Armenia. This share is growing with the increase use of cellular phones and their operators. Agriculture has an insignificant role in the economic growth of Armenia. In the nineties only about 20% of the gross production was related to the agriculture section of which only 10% of the work force were employed.

Nowadays however due to the presence of new industries especially the telecommunication industry the share of Agriculture has been reported to be less that 14%. Among the new industries that are currently active, the valuable stone and jeweler industry, information and communication technology and tourism, can be mentioned. These industries have been growing with an incredible rate during the recent years and with the continuation

of this process they will acquire a great deal of the small Armenian Economy.

### Iran and Armenia's Business Relations

Currently the volume of trade between the two countries stands at more than 180 million dollars of which 140 million dollars is the export amount of Iran and 40 million dollars goes to the export of Armenia. Tehran and Irvan are trying to increase the volume of trade 5 times more than it currently is. The basic goal however is to increase the trade volume to 500 million dollars. If we take technical and engineering services into consideration this amount can increase to one billion dollars commercial and service trades between the two countries.

Armenia had more than 3.3 billion dollars import of which Russia, Ukraine and Kazakistan had the majority of export and Iran is in the 6th place. The majority of export to this country includes mineral fuel, mineral and valuable stones, Nuclear Reactors, Electronic equipment and machinery of which Iran role in export to this country is mainly Mineral and steel material, Plastic and related products and dried nuts. In the past year the exports of this country exceeded one billion dollars which were mainly steel, metals, mineral stones, various drinks, aluminum and salt. Russia, Germany, Netherlands, Belgium and Gurjistan had the most shares. Iran has imported mainly mineral products and electrical equipment.

### Furniture Market

Iran has had good furniture exports to Armenia like the other newly independent countries since the seventies which have been lost for several reasons similar to many other industrial export markets in this country. The furniture market has gradually grown in other words the development of the Armenian market has had an impact of it. This has lead to the furniture production by small and medium sized companies in this country. This country does not have an incredible furniture industry and only a few small and medium size companies are currently active. This obvious matter is due to the low export of about 200 thousand dollars of which the majority is exported to Gurjistan. As opposed in the year 2006 about 25 million dollars worth of furniture were imported, which shows a demanding market compared to the population of this country.

China has found a suitable market in Armenia likewise in other countries and has exported 7.5 million dollars of furniture in 2006 followed by Greece, Italy and the Emirates, Iran is in the lower place of the export table. The Islamic Republic of Iran had 2.5 million dollars of export to this country in 2006, with this amount Armenia stand in the fourth place among the countries to which furniture is exported from Iran. It should be taken into consideration that the furniture export to this country has had a slight decline in the recent years from the year 2003 during which we had an export amount of 3 million dollars of furniture. Armenia has all the characteristic of a target export country for Iran; constant exports, high currency value, short distance and shared borders and good political relations and etc. call for a more planned and active presence in the market of this country.



# Assessment of conditions regarding the export to the Iraq requires more planning

By considering the fact that Iraq is a war-torn country, it attracted many countries to its market and because of the enormous income from the oil, it gained the attention of the world for its needs to produced goods, consumers goods, and also reconstruction. Iran as a neighbor of this country is among 10 countries that have the most amount of export to Iraq; however, many experts believe the commercial trades between these two countries are insufficient. In the current situation, the commercial trades between Iraq and Iran are not satisfactory. They believe other countries have a better standing in the Iraqi economy. They mentioned domestic problems of Iran and security problems in Iraq are avoiding the expansion of these two countries' commercial relations.

## Increased Iranian export to Iraq

When the imposed war was over in 1367, the political and economical relationship broke off. Gradually, the tendency for the friendship between these 2 countries increased. It was in this situation that Iraqis' economical crises caused by multiple wars, doctorial regime and the needs for the other countries' support especially economical ones has increased that tendency. The first official statistics related to the exports of Iran to Iraq is in the year 1371 in which 41110 dollars have been registered, which mainly included food. In the following years the statistics were low. In 1377 Iran's export to Iraq had a remarkable growth to 29.7 million dollars. This amount increased to 98.1 million dollars in 1378 with the raise of 330% and in 1379 it increased to 101.4 million dollars. additionally , it reaches 145 million dollars in 1380. In 1383 the amount of Iran's exports to Iraq compare to 1382 has decreased, but experts said it is only a silence before the storm. In 1384 Iran's export has increased remarkably and exceeded the amount of 1 million dollars and reached 1.197 billion dollars.

This development continued and in 1385 the amount of Iran's export reached 1.22 billion dollars. The most important items that were sent to Iraq during these 15 years are chemical and petrochemical materials, gas, dried nuts, different metallic materials, vehicles, tires, different machinery, carpets, rugs, detergents, building materials, fruits, vegetables, biscuits, cookies, ice creams, water and other beverages, edible and industrial oil, household appliances, air-conditioners, clothes, dairies, grains, and blankets.

## Export of furniture

Iraq has been recognized as a suitable market for the export of Iranian products in the recent years, this is also true for the furniture industry. Recently, the majority of exported furniture was to Iraq. For this reason and for the continuation of it , analyzing the exports in this country is necessary, finally we evaluate Iran's and other countries' roles.

Iraq, due to its internal conditions has not been a good export entity in 2006 and generally in the recent years. However it has a suitable and active import market for the other countries. It has imported more than 200 million dollars of tariff 94 (various furniture).

Tariff 94 is related to the production of furniture and co. which have been imported to Iraq at the exceeding amount of 19 million dollars only in the year 2002, out of which France(26.05%), Germany (17.76%), Emirates(12.05%), Jordan(10.57%) and Italy(7.12%) are among the top 5 countries of furniture export in this year to Iraq.

Iran has not had a considerable export in comparison to the high demanding market of Iraq. In the year 2003 Iran had an export amount of ½ million dollars which placed them at the fifth position together with Jordan. The difference stands t 7.5 million dollars. The interesting fact in this year is however Turkey's stand at the fist position.

Turkey was not active in the top 5 in the year 2003 during which 71 million dollars of the 94 tariff were exported to Iraq.

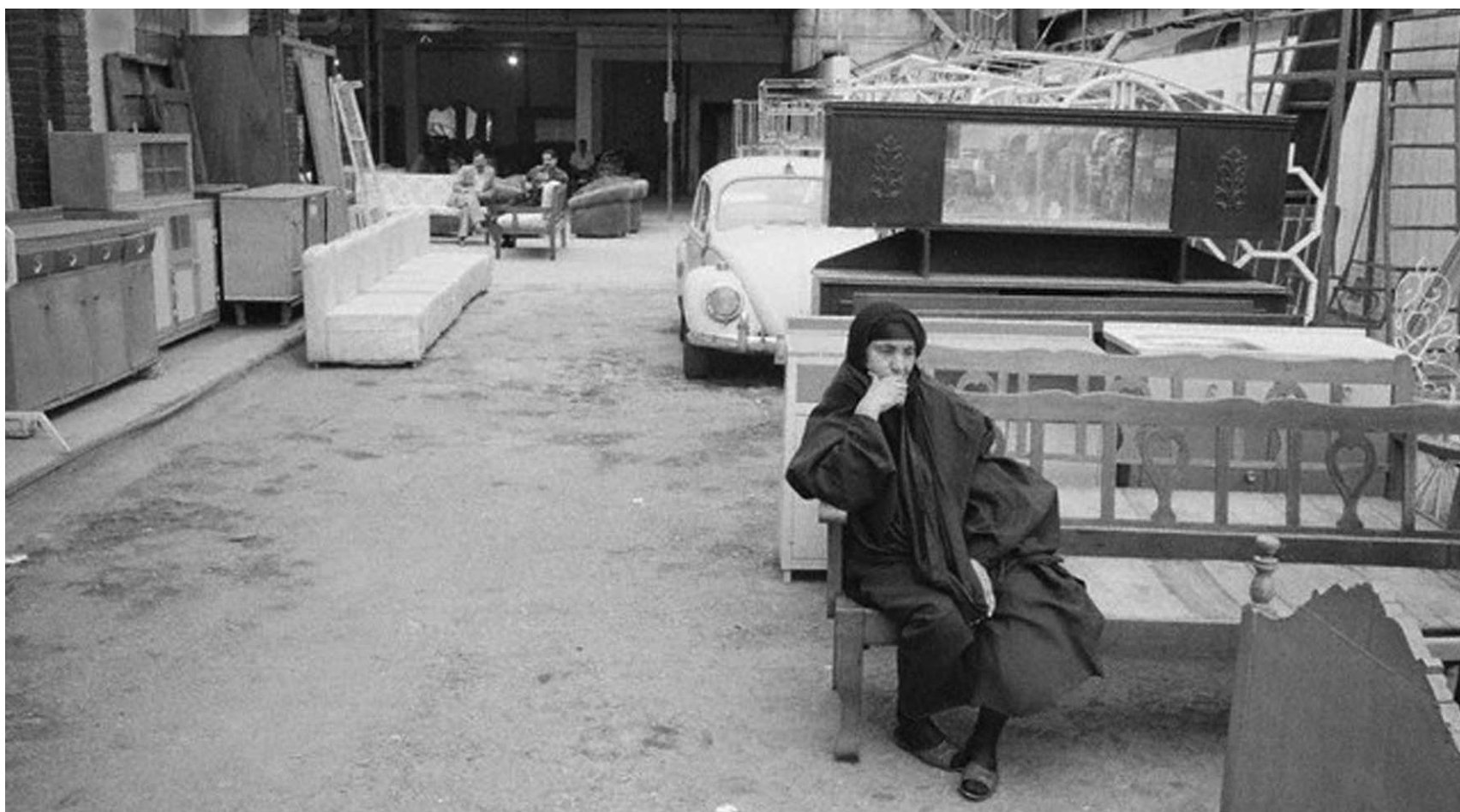
In the first place higher than Italy in this year were Lebanon & Eslonia. In the year 2003 exports of furniture exceeded the amount of 157 million dollars. France, Emirates and Germany lost the Iraqi market by not placing the top 5 countries. The Iranian furniture industry had its highest export to Iraq in the year 2006 with 4.3 million dollars and did not succeed I keeping up with the top 5 countries. Turkey succeeded in raising its value to 50.5% thus keeping its position as the top exporter. In this year the whole furniture export amounted to 266million dollars from which consecutive positions after Turkey were Italy (19.48%), Emirates ( 7.13%), Jordan ( 5%) and Lebanon ( 3.7%).

In the year 2005 the volume of export decreased to 200 million dollars. Turkey ( 49.7%), Italy( 19/03%), Jordan(8.6%), China( 5%) and USA (4.8%) had the highest 94 tariff exports during this year to Iraq.

Syria increased its furniture export to 14 million dollars in 2006 and was at the third place. During this time Iran's 94 tariff exports amounted 8.2 million dollars. Turkey, Italy, Syria, Jordan and China were the consecutive top 5 export countries.

## Exports to Iraq require more planning

Iraqi furniture import has a high value, an average of 200 million dollars of this tariff are imported yearly. Due to its bordering situation the similarity in culture and the demanding market, Iran can increase its exports like Turkey with more precise planning. Syrian similar to Turkey is planning its entry into the Iraqi market. In comparison to Italy, Iran has a better opportunity for exporting goods to Iraq and is able to increase its exports likely as Syria. Otherwise exports to Iraq will be lost in the future as well.





## Turkey the main Iranian competitor

The Iranian furniture industry with the high claims has not yet been able to win an appropriate position in the world nonetheless Iraq is among the top countries to which furniture is exported from Iran in the recent years. This opened an opportunity for gaining information in regards to his market by speaking to Dr. Tizmaghz the head of the Iranian chamber of commerce. Dr. Tizmaghz is among the experienced Iranian Chamber Representatives and emphasizes the importance of the increase of the Iranian activity in the Iraqi Market.

### More than 4 billion dollars export

Tizmaghz at the beginning of the interview evaluated the Iranian situation in the Iraqi Market as suitable and said: Last year 2.8 billion dollars were exported to Iraq and we have had 4 billion dollars exports to Iraq up to this point during the current year. I imagine we will have an export amount of 4.2 billion dollars by the end of this year. He considered this country ( Iraq) a safe and demanding market and continued : “ We have tried to export high quality products to Iraq and have enforced a standard quality for this purpose”. The head of the Iranian- Iraqi Chamber of Commerce also commented on the technical and engineering services: “ Last year we had more than 250 million dollars and this year approximately 500 million dollars of exports in this regards and I believe the situation will improve in the close future. This year Iraq’s budget is 54 billion dollars of which the main proportion goes to building facilities and projects. This can provide the means for a better activity of the contractor companies and the exporters of

technical and engineering services.

### Iran the third top country of Iraqi export

He declared Iran to be in the third place of exporting countries to Iraq and stated: “Turkey and the USA are higher than us but we are the exporter of certain products. The current situation however does not fit the Iraqi demands and does not ensure our active presence in its market.

By stating that we have to increase our exports to the amount 10 billion dollars he added: “by having 1300km of dry borders and lots of coastal borders, Iran can have more exports to Iraq. We have good plans in this regard.”

### Holding Congress and exhibitions

In regard to the current activities, Dr. Tizmaghz stated: “At the zero point borders, we hold well organized exhibitions to enable the private sectors to display their products for the Iraqi merchants and business men. Border standards have well cooperated with us in this regard. We are trying to hold more exhibitions at the border with the increase of cooperation of the private sectors in order for the Iraqi merchants to observe the products without the requirement of visa and signing of agreement at the same time.” He continued: “We have held high-quality exhibitions inside Iraq and will continue to do so. Among them to be mentioned is the specialized Iranian exhibition in Karbala which will be held in February with the presence of the entire products, technical and engineering services. We will also hold congress in this regard in Iraq in order to observe and analyze all required items for export”.

### Turkey, Iran’s main competitor

Dr. Tizmaghz commented on the main exported products to Iraq: “Generally we export all sorts of product to Iraq among them are mainly: building material, food products and other consumer products. He declared Turkey to be Iran’s main competitor and said: Considering Turkey’s dispute with Iraq , it has invested a great deal in its market due to the support of its government which shows their special attention given to Iraq .

He continued: Taking Iraqi peoples interest in the consumption of Iranian products into consideration, we can easily compete with other countries and be placed at the top of the chart instead of Turkey.

### Transit, the most important factor of export

Dr. Tizmaghz, as opposed to the published news considered the Iraqi security above 85% and stated: The most important factor in export is the transit issue during which products are harmed due to the back to back shafting at target. Negotiations have taken place in order to enable Iranian trucks to enter Iraq which are coming to conclusion.

The Head of the Iranian Iraqi Chamber of Commerce continues: The issuance of visa is one of the other issues present which have been resolved in negotiation with Iraq ’s Kurdistan with the agreement of receiving a temporary 10 day passport enabling the traffic in this area.

### Standard, the basis of export

He mentioned the following about the quality control of Iranian export products: “we have enforced and set required standards for products exported to Iraq. We give the needed consultations in this regard for the purpose of ensuring our position in the Iraqi market. We are very strict on the quality of products”. Dr. Tizmaghz continued: “a quality control company has been placed at borders in order to prevent products without proper standard and low quality from being exported. We will certainly be faced with problems if we export low quality products as we lose the consumers trust”.

### Furniture has a suitable market in Iraq

In the expansion of the furniture industry of Iraq, Dr. Tizmaghz stated: “The furniture industry of Iraq is high demanding. Many countries are acting effectively in this regard. Iran can also increase its activity accordingly”.

He added: Iranian furniture is also being exported but compared to the market capacity of Iraq; the same has to be increased. In regards to assisting furniture export Dr. Tizmaghz said: “For information distribution and advertisement, the active entities of this industry can participate in exhibitions organized by the chamber and or hold exhibitions with the existing assistance of the Iranian Iraqi Chamber or Commerce. In continuation he notified the commencement of various shops in Iraq : “These shops have been considered under the condition of the presence of various products in specific departments. A number of these shops are to be specifically Iranian according to agreement. Furniture can also be sold in these shops”.

### Joint production in Iraqi soil

Dr. Tizmaghz also provided recommendations for producers and said: “Due to the competition with other countries, the volume of furniture, the damage possibility during transit and the decrease of the final cost, producers can start their production in Iraqi soil using their raw material. We highly support this process and can introduce foreign investors”.

In conclusion Dr. Tizmaghz encourages the more effective presence of merchants, producers and business men in Iraq in order to take advantage of the current market demand.



# Afghanistan, a suitable market for Iranian products



Due to the economic situation of Afghanistan and lack of production capacity and also the cultural closeness with Iran, it can be a good market for Iranian furniture. The furniture industry of Iran had more than 1.2 million dollars of exports to Afghanistan in 2006. Considering the 55 million dollar furniture export to this country, Iran can have a greater share.

Afghanistan with more than 650000km area (encircled by dry land) is located in the south of Asia and is considered as one of the Middle Eastern countries. Afghanistan is one of the few countries surrounded by mountains and dry land. The majority of this land area includes mountains but in the south a south west there are some low land. The most crowded cities of Afghanistan are consecutively Kabul, Quandehar, Mazar-Sharif and Jalal Abad. Family relations in Afghanistan are very close.

## **Economy and Commerce**

Afghanistan's economy is considered as one of the poorest in the world due to its political inconsistency. Afghanistan's economy is improving after the collapse of Taliban in the year 2001. The statistical range of under poverty in this country is horrifying, based on these statistical figure 55 out of 100 Afghans are living under the poverty limits. Approximately 81% of Afghans are farmers, 11% industrial workers (mainly weavers) and 9% in services. According to the statistic figure of 2004, 15 million Afghans are laborers. The inflation rate of this country in 2005 was 16.3% and in 2006 based on statistics 17%.

Afghanistan is a country that has been involved in war and insecurity for 30 years and has lost its infrastructure. Therefore this country is in need of any products that are vital for the survival and life of a human being. Currently the people of this country require a wide range of product starting from edibles, clothes, and household appliances, and sanitary products, medicines up to housing, automobiles and social services construction material. The Iranian private sector can be active in the edible, sanitary products, detergents and construction material market in Afghanistan. The Governmental sector can also play a major role in the construction projects, infrastructure and also be of assistance in the reconstruction and renovation

of the Industry. One of the advantages of Iran is the similarity of language, religion and the short distance. Iran was also the first country to have a joint chamber of commerce with Afghanistan. More than two years pass since commencing this chamber and the two countries are working closely together.

The main export products are to the three countries of Pakistan (27.5%), USA (23.6%) and India (23.4%), It is estimated to be around 325 million dollars. The majority of exports to Afghanistan are by Pakistan, USA, Iran, Emirates, Germany and India. The amount of these exports amounted 3.5 billion dollars in 2007.

The main products of this country are fruits and steel. Among other export goods of this country, the traditional wool costume, Tea, coffee, wood, hand-made carpets and various kind of animal skin. The majority of Iran's exports to Afghanistan include: Various kinds of carpets, Plastic products, medicine, detergents; various Edibles: Sodas, cans, macaroni, pickles and jam Construction material including: Tiles, Ceramics, Cement .

## **Iranian products are of great value in Afghanistan.**

In general considering the import amount of 3.5 billion dollars and the Iranian share of 500 million dollars, it can be concluded that Iran has not been successful in the Afghan Market. According to specialist Iranians are only interested in sales but countries like Turkey have won a great share with future planning. Based on the information provided on the Iranian Commercial Negotiation website in Afghanistan, difficulties and restrictions in export and investment, the lack of connection channels, illegal product trafficking, the lack of commercial guarantee letters and the lack of truck transfer.

According to commercial representatives of this country one of the reasons for the tremendous market loss of Iranians in the Afghan market is the lack of information transmission. No information is provided regarding the growth and improvement of Afghanistan and the only news that are reflected are negative.

The Afghan government has attracted many credential foreign investors. The Iranians however are asking after three years if Afghanistan is secure? This lack of due information transmission has

resulted in the Iranian's loss one after another.

## **Furniture Market in Afghanistan**

The entire export amount of Afghanistan in 2006 was 227 million dollars and their imports amounted 3.8 billion dollars, these statistics show an incomparable import and export fracture. From this amount of imports about 80 million dollars is related to furniture from which Iran's share is about 1 million dollars which is very insignificant compared to the advantages the market holds for Iran nonetheless Iran is among the top ten exporters of Afghanistan. At the same time, the exports related to the raw material of furniture (wood) from Afghanistan are about 5 million dollars which equals about 2.21% of its entire export but the import of this article is approximately 10 times more at the exceeding amount of 51 million dollars. The furniture export of Afghanistan in the year 2006 equaled 575000 dollars equivalent to 0.25% of its exports which is very low compared to their import rate.

The majority of these exports were to France and the USA. The reason for this can be the production of these countries in the Afghan soil.

Moreover the high rate of furniture import and its raw material export from Afghanistan show the suitable market for furniture producers that can purchase the raw material required from this country and have good exports to it as well. Based on the statistic acquired, the majority of furniture industry's raw material is exported to Pakistan, USA and Turkey from Afghanistan. The main exporters of furniture to Afghanistan are: Germany, Turkey, England and the Emirates. As mentioned above, Turkey imports a great amount of furniture raw material from Afghanistan, produces and after the raised final price again exports it to Afghanistan.

This country, due to the war situation it has been through and the current condition of Schools, Hotels and etc. is a good market for furniture.

The Iranian furniture industry in comparison to the Afghan's and the tremendous Iranian industrial export to this country still has not won a significant share in the market even though most of its raw material is exported to this country at a time that domestic producers are dissatisfied with the raw material conditions.



## The secretary-general of Iran- Afghanistan joint chamber briefs on the Afghan market

### Alikhani: Afghanistan is a potential and resource- rich market.



Undoubtedly, no markets throughout the world is willing to welcome enormous variety of the export products of Iran like the Afghan market. In spite of the customs statistics suggesting an insignificant part of Iran's non-oil exports, they're still an outward indication of our country's exports diversity to Afghanistan. According to the customs statistics released in 1380, Iran's export goods to Afghanistan introduce 517 main tariffs consisting each one of them of tens of sub-tariffs, and these goods cover a wide range of various kinds of our country's products. Some of them are worth mentioning as an example.

The secretary-general of Iran and Afghanistan's joint chamber, Mozafar Alikhani, who is also the director of the customs affairs of Iran's chamber of commerce and on the export confederation's board of directors, is an extremely cool and composed manager talking in a calm and reflective manner. His considerable experience and command of the Afghan market urged us to talk with him about the market of Afghanistan and its advantages for Iranian merchants, and Iran's competitors in Afghanistan.

#### **Afghanistan; a potential market**

The secretary-general of Iran and Afghanistan's joint chamber detailed the characteristics of the Afghan market for the Iranian industries saying, «Iran and Afghanistan share a lot of cultural, historical, and religious commonalities besides a 900 kms common border. After the Taliban's disintegration and when the Islamic and democratic government of Afghanistan took office, the two countries' political will rested upon the expansion of economic and commercial ties and Iran and Afghanistan's joint chamber was established with this aim.

The Afghan market is a potential one which can be a window for us to enter the E.U. and region markets. Meanwhile, the private sector has shown a great interest to cooperate in reconstruction of Afghanistan and also running the country's projects, he added.

#### **Investment rate with two different figures**

On Iran's export and investment in Afghanistan, the secretary-general of Iran and Afghanistan's joint Chamber maintains: the official statistics of our exports through the customs and border mini-markets to Afghanistan in 1381 amounts to \$50000000, but this much of export can be viewed closely only in one wholesale shopping center in Kabul, considering the fact that Douqaroon

### **The secretary-general of Iran and Afghanistan's joint chamber detailed the characteristics of the Afghan market For The Iranian Industries.**

customs is the only place along the 930 km border with Afghanistan through which the official exports are done. So, it would be unreasonable to expect beyond this rate of export to Afghanistan.

The things we see in the Afghan market are eloquent of \$700000000 to \$1000000000's worth goods export to Afghanistan to the extent that we are able to claim some Iranian micro and medium-sized

industries such as detergent, hygienic, plastic, and food industries largely depend on the Afghan market. A thorough analysis in the Afghan market

will reveal the fact, he further explained.

#### **Rival neighbors**

«China, Turkey, Pakistan, and India are our main rivals in Afghanistan. Turkey has got an active role in construction, an industry encompassing 400 other industries at its heart. China has developed a good market in Afghanistan due to the low price of its products, particularly the consumption ones. Pakistan and India, too, enjoy nearly as many benefits in the commercial arena in Afghanistan as Iran does. On the whole, today's Afghanistan displays a growing tendency towards the foreign investors through lack of capital and sufficient technology», Alikhani highlighted.

#### **Work situation for furniture industry**

He also went on remarking on the furniture market in Afghanistan and said: right now in Afghanistan, the situation is ready to work both in the office and home furniture. Office furniture is needed thanks to the new state office buildings and also private ones. On the other hand, the Afghans, especially those returning from other countries to their own land tend to purchase home furniture greatly.

#### **The union has taken huge steps**

Given the fact that the union is a young and new organization having been able to attract so many members and to examine the problems technically by forming up different work-groups, the director of the customs affairs of Iran's chamber of commerce made a remark on how he evaluated the office and home furniture exporting union.

He further continued by saying that the union has earned itself an exclusive position comparing with the other organizations and mentioned: the union aims at flourishing the industry, and promoting the exporting of the furniture. It has taken giant steps ahead, and I wish them luck too!



# The hall of export has a vital role in the distribution of information

The presence of political and commercial risks in the export process is among the factors that cause concern for the exporters because the realization of any of these risks can lead to the loss of product payment and export services. The absence of due payment by foreign buyers can lead to financial issues for the producers and in return the lack of promised services to domestic credit company's and finally lead to bankruptcy. In this regard and in order to provide financial safety for Iranian exporters for the expansion of effective none-gas exports the Iranian export Found was established as part of the commercial ministry with independent financial and legal authority. This Found with the financial support of the government in addition to the coverage of political and commercial export risks assists the security of the financial recourses of the exporters by issuing various credit guarantees. In continuation the head of IED Mr. Kamal Seyed Ali answered: Our questions regarding the Found and the area of activity.

### **What legal position does the Found hold?**

The Iranian Credit Guarantee Found is the only governmental company with export credit insurance dependent on the Ministry of Commerce. This Found is an independent legal financial and administrative entity but is financially supported by the government. The Article of Association of the Found is approved by the Islamic Consultative Assembly, the regulations for the management of the same is approved by the Board of Ministry.

The Found is managed by a board of directors (4 members) who are selected by the commercial minister and selected as the head of the Founds council. The Head of Board of Directors is also the managing director.

### **Who are the members of the public council at the Found?**

The Minister of Commerce is the head of the public council. The Foreign minister, Industrial Minister, Minister of finance and economy, the head of planning and budget organization, the secretary of the development center of Iranian export and the Head of the Islamic Central Bank

### **How does the government financially support the Found?**

According to the official statement No. 58226 dated January 2003, the president ordered the 1% freight of the imported products value.

### **Which countries are under the Founds cover?**

All countries except Israel and the government sector of the USA are covered.

### **Why should an exporter bring his product under the cover of the Found?**

By obtaining an insurance letter/ guarantee from the Found, you cannot only protect yourself from the political and commercial risks of not receiving your due payment from foreign companies but you can also receive financial resources to support your export activities.

**A foreign customer is willing to make a credit purchase from me/ how is it possible to ensure**

### **payment of the credits given in addition to financial assistance?**

In order to enable foreign credit purchases from you, domestic banks might attempt to create a credit route for them. In other words, in the out line of this plan, you receive the timed L/C amount which the foreign buyer has opened for you as soon as hand over the B/L to the credit provider (the Iranian bank). As a result you sift the risk of none payment to the credit provider and give the buyer more time to repay the credit. It is possible for the credit provider (Iranian bank) to ask the buyer/ foreign bank to provide deposits in order to ensure the repayment of the credit, which can be impossible for the buyer to do. In such cases "buyers guarantee credit letter" can be useful, the Found can be useful, the Found can be a suitable substitute for the requested deposits.

In other words this guarantee letter covers the risk of none payment of the indebted (buyer/foreign bank) on the due late for the credit provider/Iranian bank before issuing this guarantee letter the Found usually proofs the credit liability of the buyer/ foreign bank an obtains suitable Founds(guarantee usually government).

### **How does the Found finance export activities?**

If you are planning to purchase your export goods by credit from domestic producers or you are willing to receive foreign currency Rials from banks/domestic and international institutions, you can give the credit provider the Founds various credit guarantee letters in replacement of the required deposits.

### **Is the Found active in marketing?**

It usually does not interfere in the exporters marketing activities and does not assist them in finding commercial partners but in case the

exporter introduces a foreign buyer the Found can assist by checking their credit background.

The Found does not cover the import activities, how ever if you are willing to produce and export goods and require importing raw material, the Found is ready to issue a credit guarantee letter.

### **Under what condition is a credit guarantee issued?**

After a credit check and according to the score result, acceptable deposits are defined.

### **What is the legal standing of the Founds guarantee letter?**

Based on various agreements of the board of ministry and the monetary council and the credibility if the guarantee letter of the Found, it is among the acceptable deposits of the bank system in assurance of the provision of facilities to exporter.

### **How do you evaluate actions taken by the office furniture union in regards to commencing an Export Hall in the exhibition?**

With the separation of furniture and office companies, specialized export visitors are able to more efficiently discuss and become aware of their abilities.

### **How can the presence of such a hall in the exhibition assist exports?**

With a look at the import and export statistics of furniture and office equipment in the first half of the year 87, and an import amount of 69 million dollar in comparison to an export amount of 9 million dollar we come to a differences of 60 million dollars. This is very unfortunate considering the capacity of producers and exporters. Hopefully this will improve with the presence of this hall and effective information transition. The export commission works with strategy.



Javad RajabiRad a member of the export confederation board of directors and senior member of furniture industry

## We do not have the competing countries' facilities

Javad RajabiRad is among those who are famous in the furniture industry of Iran and most of the active people in this industry know him. He was the director of the export union of office and home furniture previous year. He is also the representative of this industry in the export confederation board of directors which is under the supervision of the commercial chamber. We interview RajabiRad who know this industry very well.

### What was the reason behind creating the export confederation of Iran by commercial chamber?

As you are aware, organizations created the basis of common and legitimate profit of its members similar to the unions. Organizations, syndicates and NGOs who have common goals, in order to become specialized will create domestic expert groups and committees. The export confederation of Iran has 28 export committees related to the Iran's chamber (which is responsible for the 80% export of the non-oil products). It was created to give purpose to export and common goal exporters.

### What are the plans of the Export confederation which are related to the private sector for the expansion of exports in Iran?

The confederation has the scheduled plans for the Article 44 and has been preparing itself to take the

responsibility of the country's export as a private sector. For achieving this goal we held meeting with people in charge.

### Has the confederation done anything to solve the problems of exporters?

The confederation is trying to give comments and revise the laws in a way for the exporters to sign long-term contracts, the government should also support these contracts conducted by exporters with other countries and should not stop profit making long-term plans of exporters case by case legislations and instructions.

### By taking the other countries' plans into consideration, do you think Iran can play the vital role in the global market?

Other countries' plans are in the direction of export products and the government can never provide the facilities that competitor countries give to their exporters including the laws which were designed to support exports. For instance by comparing the sample of laws in the Iran and China the differences can be clarified (RajabiRad showed the report that compare Iran and China together which is enclosed to this interview)

According to the items in the report, it's the economists of the country who are to solve this

problem and how is it possible that the same products in these 2 situations could possibly compete with one another.

### By considering the fact that you are an expert in the furniture industry how do you assess the export conditions?

Our country does not have any advantages in the furniture export. This doesn't mean that our producers are not capable.

If our producers could have the facilities that were given to the other competitor countries, for sure they could have remarkable increase in export.

We have many successful Iranian producers in the furniture industry; however, due to the political reasons and the problems of currency exchanging, their presence and investments are difficult.

### Can we have hopes by considering the presence of countries and competitors in this industry?

For sure, we can succeed with acceptable and right plans and attracting credible managers.

Also the innovation of the union in establishment of Fipko and Brandy under the name of Iran can be effective.

### How effective do you think is the attendance of the export hall in the exhibition?

This attendance which has been planned by the union is very valuable. We hope this becomes a good example for other organizations and exhibitions. The export hall is specialized and people will visit this hall are those who are intended to export. The union spends a significant amount of money for this matter and we hope to achieve its goal, by the invited people and other visitors signing of contracts with the exporters.

---

Analyzing the exporting and importing of the furniture industry and identifying the target markets

## The union is seeking a strategic programming of export

Iran, as one of the developing countries, has suffered from the export instability and no effort has been spared to make it survive, but it has failed so far. In order to make the country's export revenues come out of instability or at least be less instable, at first, the country should abandon product centralization- dependent on exporting only one product which is oil. The aim can be pursued by expanding industries, creating variety in products and exports, and geographically, don't let the exports be limited to some specific countries, and the country should diversify its exports in terms of geographic variety. In the meantime, we shouldn't neglect the efficiency and influence of the private sector, unions, and exporting organizations. Unions, and exporting organizations are to have a clear strategy and strategic plan so that they can increase the competitive advantages and cooperate actively in the export expansion. This effort has also been supported by the Iran's trade development organization.

The office and home furniture export union, as the name speaks for itself, its main purpose should be promoting the export of furniture industry. The union's board of directors has also centered its purpose on this principle, and have some plans under way. In the following, We will discuss the project of "Analyzing the exporting and importing of the furniture industry and prioritizing the target markets".

### Identifying the target markets with sectional categorizations

On the project of analyzing the exporting and importing of the furniture industry during the past 16 years and identifying the target markets, the member of the union's board of directors, Hasan

Ahmadian, says: concerning the definition and the mission of the office and home furniture export

Union, which is facilitating the exporting process and opening a channel to the international markets in this industry, the recognition and analysis of the situation prior to any strategic measure is considered the initial step. Ahmadian, the project's supervisor, believes that there was no accurate and classified statistics and information on the industry's export and import in the different technical areas of raw materials, home and office furniture, and chairs. Therefore, the union launched a research project on the examination and analysis of the furniture industry's export and import trend over the past 16 years so that we can firstly, specify our place amongst the other industries in Iran and the world in terms of both export and import, and secondly, acquire adequate know-how about the expansion or prevention of the int'l transactions in each of the technical domains.

### There's nothing like systematic ways

The increase of the trade globalization across the world has underlined the significance of the int'l Marketing, and the globalization wave has compelled

the companies to expand their own markets, and to identify the markets beyond the borders, the project manager of analyzing the exporting and importing of the furniture industry said about this project.

Since the office and home furniture export Union is responsible for the country's furniture industry and art, it started a project in line with making suitable exporting infrastructure to analyze the exporting and importing trend of the furniture industry during the past 14 years, Malek Mohammadi added.

He identified the second phase of the project as the examination of the export and import Trend of the statistics and added: in this phase, the information on the int'l transactions categorized into years, countries, the customs, and producing provinces for each technical group has been obtained.

On the final phase of the project, Malek Mohammadi commented that in this part, we discovered the behavioral patterns of the various countries in cooperation with Iran through the data analysis tools and we also determined the target countries in each domain.

He added: those countries, for instance, which have acted similarly in terms of export frequency, newness, the lateness of the exports, and the export dollar volume were put in one cluster, and the strategies of the development and maintenance of markets were clarified based on each of these clusters' value.

