Persian Mining Product (PMP) Is Future of Iranian Minerals Branding

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Abstract— **This electronic document is browsing across history of Iranian minerals export to clarify the key factors which helped to achieve the success or loose the chance on the subject. Iran with great reserve of minerals which consisting of 68 types has a great potential to substitute minerals export income instead of oil. This is the same scenario that Kingdom of Saudi Arabia also is planning to do so.**

To achieve this goal, need more attention and focus on mining activities such as exploration, extraction, production, processing of ore as well as export. During a last decade which Iran imposed under tremendous and hard European and United States sanctions, had less chance and hope to follow up this plan. But since beginning 2016 which the most of trading and business sanctions have been removed, Iran not only can equip its mines by brand new machinery and technology but may get much better interest from foreign mining companies and investors to do finance or invest as FDI (Foreign Direct Investment) in Iranian mines.

Iran needs by proper planning increase share of GDP for mining production from some existing figure below 1% to above 5% to rely less on oil income, which has already had a share of 23% in Iran's GDP.

We believe to bypass this road need to create a professional brand for Iranian minerals. Hereby we are introducing for the first time a new abbreviation for branding of Iranian minerals named PMP (Persian Mining Product) as a solution for this purpose.

Index Terms: **Iranian, Persian, Branding, Minerals, Mining, Iron Ore, Limestone, Dolomite, Chromite, Steel, Marble, Onyx, Travertine, Granite, Gypsum, Copper, Manganese, Kaolin.**

I. INTRODUCTION

It would definitely be said that the aspect of branding in the country's mining industry has been neglected. A few people have been active in this field in the past 25 years, but as these activities have not been constantly and permanently supported by the country's private sector mining assemblies, Iran Chamber of Commerce and its branches across the country, as well as, the state, so far no positive outcome has been achieved yet.

If we look back at its background, we would see that the gypsum has always been exported from the country's southern ports, particularly from Bandar Abbas and Bandar Bushehr and a port called Sarouj Jetty in Kangan region. Kangan is located between Assaluyeh and Bushehr Cities. Gypsum export destinations were mainly GCC countries, particularly UAE as well as India.

Limestone is used as a flux in steel industry. Indian steel mills are mainly using BF process which is fed by scrap metal and iron ore as a raw material, as well as, dolomite and limestone as flux. Unluckily, limestone export has been halted for more than 15 years ago, but a limited export to India has been started recently from Bandar Abbas and Sarouj-Kangan Jetty.

Almost 13-15 years ago, a project called "Palm Island" was introduced in Dubai-UAE which prompted the export of sand and gravel and larger stones under the title of Armor and Filter to be used for jetty construction of the said project. From the start of Palm Island project, a good amount of sand and gravel was exported to UAE from Iran. Besides, cement plants began to export to Kuwait and Saudi Arabia's Eastern Province, in Damman region, also imported limestone from Iran. Sand and gravel export from Hormozgan Province's is still going on to UAE to some extent.

We venture to say that export volume has been diminished considerably to its lowest level during the past 20 years. Besides these exports, iron ore export was also beginning around 15 years ago, which almost more than 90 percent was sent to China. Iron ore export had a good income, but it needs to be remarkably invested to enhance it.

It is worth noting that due to Chinese growth rate changes sometimes in the past 2-3 years, its steelmaking raw material demand has been declined tangibly, but it was improved somehow within the past 8-9 months. As you see in "Fig. 1" the highest bulk of iron ore export amounting 23.5 Million Tons to china appeared in 2013 which dropped to 18.9 Million Tons and 13.8 Million Tons in 2014 and 2015 by both private and government sectors, respectively. In 2016, China market status improved to some extent, and it is expected that the country's iron export reached to 20 million tons.

Chinese economic apex growth goes back to start of global economic downturn in 2008. China's economic growth ranked fourth after U.S., Japan and Germany during 2000-2007, but could surpass the Germany and Japan, as the second top world economy in 2009 & 2010.

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Figure 1: Iran Iron Ore Export by Sector (Million Tons)

As the global economic downturn in 2008 could blow China's economy less than US, thus, its economy flourished in 2009-2010. In 2010, China's economic growth rate hit a new record of 10.3 percent, but decreased gradually and fell to 9.2% in 2011, and later experienced 7.8, 7.6 and 7.4 percent in 2012, 2013 and 2014 respectively. But, when it dropped below 7 percent in 2015, the iron ore export from Iran to China shrank simultaneously with its global price weakening.

As a consequence, altogether, the country's average minerals export approached the level of 20 years ago. Among the countries other minerals export is Chromite. Though, the major Iranian chromite mines have spread out across the Northern Khorasan, Khorasan Razavi and Southern Khorasan Provinces, as well as, Sistan Baluchestan Province, but due to its good quality, compared with Oman's chromite, has a profitable market. Hence, given that the country's minerals export is a new practice or strategy; it seems to be too early to manage its branding aspect effectively. This is the main reason why it has been paid less attention.

The same story goes for Iranian carpet, as we observed such a collapse of Iranian carpet export market during the past 15 years, many countries such as Pakistan, Belgium and even China started to copy and market Iranian carpet design. This in turn demolished the Iranian carpet brand and its' export market.

II. OBSTACLES IN THE WAY OF IRANIAN MINERALS BRANDING

It is natural that when we speak of Iranian Minerals Branding, we are facing with two serious obstacles. The first one is resistance from domestic market that is a classic and an underdeveloped market, because of its numerous uneducated miners with no required vision for a systematic activity. The issue of branding in mining was raised by experts in Iran Mining Annual Exhibition in Tehran in Nov 2016. For the first time, the branding topic was brought up by Prof. K. Jafari Tehrani, as a highly experienced and progressive expert active in mining industries and steel production chain, a global mining market participant, as well.

He referred to a branding title called PMP (Persian Mining Product) and argued that by promotion of such a branding in commercial documents including certificate of origin and invoice, which the former should be achieved by coordination of Chambers of Commerce all over Iran, aiming to develop its shape at the global level. Using the word "Persian" in PMP alludes to ten- year extension of Iran sanctions by United States in Nov. 3, 2016. This would preserve the word "Iran" in sanctions commercial documents, particularly in LCs and no one can use the name of Iran. It is evidence that at present the word "Persian" is an exception to this rule.

III. SANCTIONS IMPACT ON IRANIAN BRAND FABRICATION

One of the obstacles in the way of minerals branding is recent 8-10 year sanctions. The sanctions have had adverse impacts on the country's trade promotion. The sanctions caused many foreign investors to evade to trade with Iranian counterparts, because of their fears from U.S. and EU's heavy penalties.

Since the beginning of the Joint Comprehensive Plan of Action in Aug. 2015, useful steps have been taken to pave the road for foreign investments in Iran. Even a leading Swiss based firm active in mining and minerals trade, and among the top 20 mining companies in the world, submitted its tender to explore, develop; and to construct a processing plant for Mahdi Abad state-owned Lead and Zinc mine, which was winner of the tender with participation of an Iranian Construction & Mining Company. On the other side, another major Swiss based company, also active in the field of minerals and bulk commodities, has recently shown its interest to operate in Iran.

Numerous session and meeting were held with foreign companies from South Korea, Japan, China and European countries to invite them to participate in the country's mining projects. It should be noted that foreign companies' presence in Iran will be subjected to lifting of sanctions. But, we are still facing with extension of sanctions which made these companies temporarily rejecting or backing out, that it is a damaging blow on the country's mining and trading activities.

"To attract foreign investments some measures should be taken: such as introducing a real and appropriate attitude towards Iran in international gatherings through effective announcement. And to this end, it would be more constructive to use the existing foreign diplomacy, and economic and investment indicators, particularly, decreased investment risk, improved business environment, as well as, financial markets" said Mrs. Afrooz Bahrami, General Director of the Ministry of Industry, Mine and Trade's Investment Department.

"On the other hand, the major concerns of foreign investors are: a shaky aspects of a banking system accompaniment that should be rapidly conformed with international standards; the lack of accords has to be adjusted, and the country's banking system rules and regulations must be complied with the international conditions, a corporate governance must be

developed and the country's banking relationship has to be normalized in the international environment" he added.

IV. FACTORS EFFECTIVE ON MINERALS BRANDING IN IRAN

Two points should be considered in branding issue are product quality and its endurance. Any manufactured product has its own catalogue or brochure which is made according to a specific standard. But mining products are exception. And, nobody can assure that such a mining product has no limited quality variation. A mine is dissimilar to an industrial plant, and it is a gift of God and nature. So one of the mining challenges is the issue of quality endure. Business-like mining activities of Iran began 25 years ago. But due to sanction, import of machinery, equipment, parts, as well as, new technologies were limited.

As no mining operation has been fully developed yet, it should not be expected that the mining production quality to be kept at a perfect level. While, the quality endure is very critical for branding issue, the same positive mentality, as for Iranian handmade carpet and Iranian saffron qualities, should be administered here for Iranian mining outputs.

The second important issue deals with profiteers who, by some improvement in global mining markets and prompting some Iranian mining industries made some investments in this field and entered the domestic mining market without making any commitment to the quality of their mining products and through coordination with some inspection and after-sale companies supplied low quality products, and then left the market with a huge profit.

V. THE ROLE OF PRIVATE SECTOR IN BRANDING

Private sectors have been very active in mining since a few years ago, and some associations like Iranian Iron Ore Producers and Exporters Association, could create some confidence among foreign purchasers. Some private sectors, as well as, other bodies could also acquire good benefit in this course. But, associations should always advise their members to avoid practicing any double-dealing regarding quality; otherwise they would discredit their country, without gaining any benefit. Although, it seems that they gain short-term profits.

Minerals branding needs constant follow up by private and public sectors and if the sanctions are completely removed, it would break ground for taking long step towards developing minerals branding.

VI. ROLE OF BRANDING IN DECORATIVE STONE EXPORT

Beside iron ore, export of decorative stone, such as granite, travertine, onyx and marble was considerably improved earlier, and Iranian decorative stones had something to say in the global markets. The export of Iran's decorative stones was a traditional industry before revolution, and its quality was accepted in a country such as Italy. But, unfortunately due to wrong policies made during the last 6 years to support the domestic production, an improper export duty was imposed.

The wrong policy resulted in seizure of Iranian market shares by Turkey and China. Decorative stones export value was about 1-1.5 billion US dollars per year before imposing export duty in 2011, but dropped to few hundred million US dollars in the recent years.

We should realize that brand building and marketing come together. This means that if we cannot find a bazaar for our products, branding just cannot save our market. As a solution, while we should avoid losing our market share, we must practice our branding perfectly. Unfortunately, the government by making imperfect law such as export duty put a shocking effect upon the credibility of Iranian products. Thus, to abstain from damaging the country's credibility and revenues, lawmaking output should be logical, rational and analytical.

There is, however, good opportunity to take necessary action to promote mining products', particularly, decorative stones' brand and quality in the global markets. We can even work through metallic mines just as, iron ore, copper, chromite, manganese, as well as, nonmetallic mine outputs, including dolomite, limestone, gypsum and kaolin.

Of course, the numbers of people involved in exporting such materials are less than people active in decorative stone market. The reason is that the activity in decorative stones turns back to many years ago. By 2011, more than 20,000 stone cutting factories and export companies were active in the country, which unfortunately are closed because of the status quo of the country. One of the factors adversely impacted on the production of decorative stone is slump in the country's construction and real-estate market. On the one side, due to depression of the Iran's construction market, demand for decorative stones declined. On the other side, export market was also declined, as the country lost its competition bazaars against Turkey and China.

European countries began to purchase large block or copestone of decorative stones from Iran since 6 years ago prior imposing export duty, then were cut and shaped into tile forms on shipboard and were prepared before reaching their destination. Export of raw or non-processed decorative stones, is putting heavy pressure on the country's economy. It holds true in the case of exporting high quality mining products (e.g. downstream products with low value added, rather than processed stone). Raw material means non-processed material with low added value. Besides branding, the other important issue attends to the export of mining products with higher value added (upstream products export) as domestic products.

VII. CONCLUSION

As a conclusion, it should be noted that there are just a few people who are informed of minerals branding benefit, but if we had been aware of the fact that after oil and its by-products export, the minerals export was the second highest source of the country's income during the imposed ruthless sanctions, we would have changed our disgraced outlook towards it. e.g. Iron ore export revenue reached more than 3 Billion US Dollar in 2013.

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PMP would estimate all these issues. Thus, both private and public sectors should cooperate and work together to accomplish the end. They should realize that more than 1.5 million out of 80 million populations of Iran are engaged directly and indirectly in mining industry during a flourishing market with lofty production.

Perhaps a mining industry would hire less manpower than oil industry, but mining industry is more related to manpower than oil industry and in case of any export, its income is directly fed the people, not by government which, as a result directly circulates the country's economic cycle.

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