

The Ranking of Date Export Development Obstacles and Providing Solutions by Using of AHP Technique 1

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Abstract: The aim of the present study is to identify and rank foreign and domestic obstacles against export date industry and to provide solutions for those limitations. The conceptual framework of this study is based on obstacles in the way to export date and its statistical coverage including all date exporters in Kerman province which is selected by the method of configuring the data gained from 23 exporters. Export obstacles as well as the solutions have been ranked by using AHP technique. Findings indicated that the main domestic obstacles in the way to export date, are as follows: prime cost, weakness of marketing and advertising, poor packing and so forth.

Key words: Date export, obstacles to develop date export, AHP technique, threats and weaknesses, poor

INTRODUCTION

Governments usually advocate export strategies because it increases domestic production and employment rate and helps to create the balance between the country's rates of payments. According to FAO statistics, countries such as Tunisia and Algeria, having small proportions in global production of date, have obtained the highest foreign exchange earnings, by applying appropriate management and targeted investments in processing and packing industries of the product. Finding the causes and classifying them into two categories including domestic weaknesses that is treated inside the country and the other as threats that is out of the exporters' control will be effectively useful. Consequently, this study, by the help of other related studies, aims at quantitatively rank the obstacles to develop export by utilizing AHP technique and to develop date export and to introduce the solutions to overcome obstacles.

Statement of the problem: One million tons of date are produced in Iran each year, from which only 12% is to be exported. Nevertheless, Iran is the largest date producer in the world, it is not successful in export industry due to lack of packing units and therefore, 80% of the production is consumed inside the country from which 30% is turned to lesion.

Despite of a production rate of one million tons, Iran's date export in recent years has faced large lesions and exports have been in the minimal rate. Low export and currency absorbing of Iran's date industry has led the palm owners and date exporters to economic strait and fall into doubt as to whether replace it with any other products or not.

According to the Food and Agriculture Organization, Egypt, Iran, UAE, Algeria, Pakistan, Saudi Arabia, Iraq and Tunisia are major producing countries. Having about 16% of total production of date in the world and annual production of about one million tons, Iran is among the biggest date producers in the world. But despite of high production capacity and high demand on world markets, Iran's date export volume is low. Most of the produced date in Iran belongs to Kerman province so that it has been in the first place with a 16.5% share in the production of date. The average production of each fertile palm in major producing countries, such as Iraq, Pakistan, Saudi Arabia and Egypt is >80 kg but it is estimated to be 25-35 kg ha⁻¹ in Iran. The rate of production in the world is 5831 kg ha, from which Iran's production is 800 kg lower (Table 1). From this point of view, Egypt and Iran are respectively ranked first and sixth in the world. In terms of price, Iran's date is in the ninth place and in terms of weight and value is ranked first to third in global markets.

The main research question: How is the priority of obstacles to develop date export?

Table 1: Comparing the major producers' level of production based on one thousand tons

Country	Production rate 2007	Production rate 2008	Production rate 2009
Egypt	17	1130	1175
Iran	16	1000	1000
Saudi Arabia	15	970	970
United Arabic Emirates	12	755	755
Pakistan	8	510	507
Algeria	7	468	491
Other countries	25	1589	1585
Total	100	6422	6483

FAO Statistics Division (2009)

Table 2: The process of non-oil export development (Planning and Economic Affairs understanding of the Ministry of Commerce, 1385)

Variables	Values	Results
First development plan (1989-1993)	11.7	About 66
Second development plan (1996-2000)	Expected to be 27	About 60
Third development plan (2001-2005)	Expected to be 27.7	About 94
Fourth development plan (2006-2010)	Expected to be 52.8	137.2a

aThis statistics is for the first quarter of 1385

Sub-questions:

- How is the priority of domestic obstacles to date export
- How is the priority of Foreign obstacles to date export
- How is the priority of solutions to overcome domestic obstacles to date export
- How is the priority of solutions to overcome Foreign obstacles to date export

Literature review: According to the research conducted by the office of economic studies of the Ministry of Commerce in July 2006 on “the obstacles to non-oil exports and policies to overcome them”, the process of the export development plan is summarized during the first to the fourth economic development plan as in the Table 2.

Problems of exporting date: According to the conducted investigations following issues are identified and introduced as obstacles to export date.

The first one is the failure to develop an export culture, importers complain of contractual obligations, quality and time of delivery and that the goods do not conform to the presented examples (Goharian, 2000). Due to its heavy weight, date is costly to transport. It is also a putrefying kind of food and therefore strict sanitary and vegetable regulations are established by importing companies (Research, 2005). Tax incentives and export rewards to encourage exporters to work harder, do not seem to be attractive. Results of a survey released on the United Nations Industrial Development Organization (UNIDO) website, introduces Iran as the biggest producer

of date with a 17 % proportion of global production that brings 250,000 hectares under cultivation and two-thirds of its date is produced in Kerman, Khuzestan, Sistan, Bushehr and Hormozgan. Correspondingly, it is said that the manner of keeping, packing and the lack of hygienic and quality standards are as the main obstacles to trade in the national and international markets as well as the main obstacle to develop date industry in Iran (WWW.UONIDO.ORG). Currently, only 10 thousand tons out of one million and 100 thousand tons of produced date are supplied into international markets with proper packing.

The second one is Export in a bulk manner and lack of proper processing of Iranian date, lack of convenient transportation system. Exported goods are mainly carried indirectly, through other countries, so that, often the consignment is carried from the ports of Dubai and Muscat to the final destination, so the delay has a significant influence on the quality of date.

The third one is lack of knowledge and access of export firms to the target export markets of dates, lack of financial strength to work in advertising and marketing and the traditional structure of trading dates in the country.

The fourth one refers to political issues and the main date importers, do not import Iran's date, so exporters have to export the production to the Middle East countries at a low price. The embassies of date producing countries have thrived by their consulates and about 190 countries are active in this field, in other words, it can be said: date world market is marketing in these countries embassies and it causes private sector to activate. While in Iran, embassies are the only entities that avoid involving in the world market of a strategic product as date is. (Scientific-investigation quarterly Journal of Economics College of Sistan and Baluchistan, 2005).

The next one goes to the issues of non-mechanized operation and high production costs, low investment in reconstruction and modifying palm groves and processing and complementary industries, high custom tariffs and payments for importing cartons and raw materials of packing to export date have caused the expenses of packing dates to increase in Iran, in comparison with other countries such as UAE (www.demoparsiaportal.com).

The other one is that Dried date have about 85% sugar and more calories and are easier to transport and storage and have more demands in global markets and importing countries. While fresh date (routab) that is less exported is more cultivated, for example Mazafati that is a variety of fresh date is cultivated >200 thousand tons and Pyarm and Sayer and Zahedy that have more demand, are cultivated around 80-90 thousand tons each year (Jahani, 2008).

Table 3: Comparing the amounts of Iran's date export in last 7 years

Year	Weight (tons)	Value (million \$)	Average price per ton (\$)
2002	120	29.5	246
2003	116.5	34	292
2004	88	36.9	419
2005	95.6	62.3	652
2006	145	94.5	651
2007	125.3	100.8	804
2008 (first 10 **months of the year)	82.2	73	888

Islamic Republic of Iran's Customs Administration (2009); **the statistics of 2008 has not been expertised

Table 4: countries to which Iran's date is exported

The correspondent country	Weight (thousand tons)	Value (million \$)	Total exports (weight) (%)	Weight of per ton (\$)
United Arabic Emirates	29.8	15.9	24	533
Russia	20.0	14.0	16	700
Turkey	11.8	16.0	9	1.356
Pakistan	9.6	7.6	8	792
Afghanistan	8.8	5.0	7	568
England	5.7	5.0	5	877
Other countries	39.6	37.3	31	941

Islamic Republic of Iran Customs Administration (2007)

Table 5: countries to which Iran's date is exported

The correspondent country	Weight (thousand tons)	Value (million\$)	Total exports (weight) (%)	Weight of per ton (\$)
United Arabic Emirates	18.7	14.0	23	749
Russia	14.0	11.0	17	757
Turkey	5.0	4.7	6	940
Pakistan	3.6	4.0	4	1.111
Afghanistan	2.6	4.0	3	1.538
England	4.0	3.6	5	900
Other countries	34.3	31.7	42	924

IRI Customs (first 10 months of 2008)

The next obstacles refer to insanitary harvest and collecting, instability in general regulations of export and import, lack of active economic advisers on the international market, factory owners' liquidity shortage, non-expert individuals coming to export inferior product at a rate lower than the market due to the lack of control, exporters' unfamiliarity with the standards of the consumer market, lack of standard branches in all areas with export importance.

Finally, lack of enough information on internal and external markets, lack of active trade and export associations in relation with date export, cumbersome official rules and regulations, lack of special export terminals in the county's output ports and private sector's non-actively participation in foreign exhibitions due to financial problems and allocating improper facilities, has directly negative impacts on the demand for the product.

Evaluating date export condition in recent years:

According to the Trade Development Organization of Iran, currently there are about 200 companies working in the field of exporting date. However, in 2007 only 12% of produced date is exported and about 45% was wasted due to lack of proper maintenance and other problems.

According to an annual production rate of 100 thousand tons in Bam, 15-40 thousand tons are turned

to lesions. Date lesions include rancidity, decay and drying. The lesions will be burned due to the small number of companies that benefit from them (<http://www.rasekhon.net>) (Table 3).

Statistics of iran's date export to the target countries:

Because of insufficient and disproportionate number of packing and processing date factories to the level of date production, it is impossible for date industry to have a hand in the developed countries and about 80% of date is exported in bulk and there is a low price for other countries. IRNA, according to the General Manager of export goods and services of trade development organization stated at 11th, December, 2006 that "referring to this point that Iran's date is exported to 73 countries, 84% of this amount is exported to 10 countries".

Comparing Table 4 and 5 indicates that the country's main export in the past two years has been to the UAE. Though, the lowest rate of sales has also been to this country (UAE). Statistics of date price and export in global markets (2007) shows that while the price of per ton of high quality date has increased up to 8000\$ and the average price of per ton has reached to 4000\$, 125,000 tons of Iran's date is exported in bulk or in old packages at a price of each ton 800\$ and as a result, due to weakness of packing system and exporting in bulk, Iran's date failed to win a 3,200\$ profit per ton.

Table 6: comparing the export value of one ton date in some exporting countries

Country	The value of per ton/dollar	Value of per ton/dollar (2004)	The value of per ton/dollar 200	The value of per ton/dollar (2006)
US	3500	3250	3425	5333
Israel	3941	5100	4556	4537
France	2530	2750	2444	3000
Tunisia	1973	2100	2014	2143
Algeria	1600	1813	1800	1667
Saudi Arabia	707	524	627	818
Iran	289	381	585	641
Pakistan	352	338	352	360

FAO, 2009, <http://faostat.fao.org/site/339/default.aspx>

According to the report released by the United Nations Industrial Development Organization (UNIDO), Iran's packing industry as the arm of exporting goods, has a major weakness. In other words, due to weakness in the country's packing industry, after being exported, most of non-oil goods are packaged again and re-exported and sold very higher the real price. Investigating Iran's exported date, this international organization has concluded that this production is exported to France and England for the estimated cost of 500\$ per ton and these two countries after re-packing the imported date from Iran, re-export it for 3000\$ per ton. So the best effective solution to fix this shortage is to export date in a non-bulk manner and in very small packages or upgrading the level of packing ([Http://www.rasekhoon.net](http://www.rasekhoon.net)).

Iran's date export value compared to other countries: According to remarks of the public relations of the "Ministry of Jihad-e-Agriculture", due to carried out planning, it is expected that in the last year of the fifth development plan date export will reach to 150000 tons and the value of one hundred million dollars. The average value of per kg date will reach to 1\$ (Table 6).

MATERIALS AND METHODS

Analytic hierarchical process of ahp model: Hierarchical process helps us make proper decisions for complex matters, by easing and conducting the procedure of decision making. In this method, a complex situation is broken down to its smaller parts and then these parts will be placed in a hierarchical structure. In this method according to the importance of each variable, numerical amounts are allocated to mental judgments and those variables that have the most importance will be identified. In other words, the order of variables priority will be determined (Azar and Zadeh, 2011) (Fig. 1).

Research methodology: The method of the present research is functional in terms of purpose, qualitative (descriptive) in terms of the type of data. Besides, the scale of measuring the data is ranking and the analysis has been done using AHP technique. In this study, the statistical coverage includes 20 date exporters in Kerman

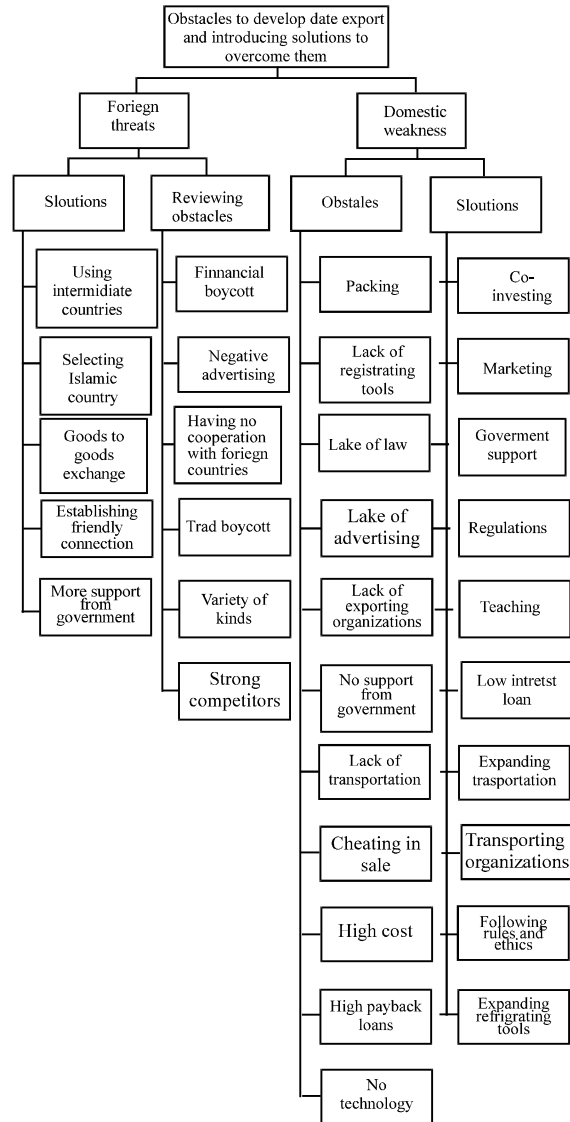


Fig. 1: Conceptual model of the research

province. The data collection instrument was questionnaire in which the paired comparison spectrum was used. Because the consistency index is less than (CR<0.1), the present questionnaire is reliable enough.

Table 7: Prioritizing obstacles to date export in the domestic weaknesses and Foreign threat section

Order of priority	Domestic weaknesses	Foreign threat
1	High prime cost	Powerful competitors
2	Weakness of marketing and advertising	Lack of commercial interaction
3	Weakness of packaging	varietal diversity
4	High interest rates on loans	negative advertising
5	Lack of government support	trade sanction
6	lack of export associations	Financial sanction
7	Weakness of rules and regulations	
8	weakness of transportation system	
9	in the sale of examples abroad	
10	Lack of refrigeration and labs	
11	weakness in processing	

Table 8: Solution to reduce domestic weaknesses solution to reduce Foreign threats

Order of priority	Solution to reduce domestic weakness	Solution to reduce foreign threats
1	Marketing and advertising	Government's assistance
2	attracting governmental support	Expanding relations
3	Joint investment	Bartering goods
4	teaching grove owners observing the ethics in business	Selecting Muslim countries
6	Reducing interest rates on loans	
7	Establishing export associations	
8	Increasing the exporters' knowledge	
9	developing transportation system	
10	Developing refrigerators and labs	
11	Simplifying regulations	

RESULTS AND DISCUSSION

The findings of this study have been analyzed using Export Choice Software. Ranking obstacles to date export and related solutions are given in Table 7 and 8. Following points are to be considered as the most important obstacles (threats) to export (they are ranked from most important to least important): The presence of strong competitors (such as Tunisia, Algeria, Saudi Arabia and Iraq) in the date target market has been prioritized as the most important obstacle (in the foreign obstacles/threats section) by date exporters of Kerman province. Tunisia and Algeria have been exporting their date abroad coherently and in a planned manner for many years. They put the emphasis on improving the quality and reducing price and applying other effective factors such as proper packing, in order to permanent presence in the market. Iraq that was the second date producer someday, now is supplying its date species in bulk and at a low price and has limited Iranian exporters' access with an unknown variety in kinds to the global market.

The second obstacle to develop date export is the lack of commercial interaction between the government and other countries, that practically doesn't attract necessary priority and authorities' strong determination and is influenced by political fluctuations and due to the lack of a long-term plan, it is exposed to fluctuate and its huge expense is turned to the exporters.

The third obstacle is variety in kinds of Iranian dates that exceeds 400 species. Though, it could be a good competitive opportunity, it is treated as a threat. Not

being introduced during many years, it is unknown to foreign market (customers) and now needs huge investment with Iran's embassies assistance. It should be marketing according to the strategy of Tunisia and Algeria, to focus on the country's some important species (such as Mazafati, Pyam, Zahedi and Sayer) instead of all products. Replacing old groves with these market-friendly species and utilizing comprehensive advertising programs would lead to access to market proportion.

Least important part is financial sanction which is an obstacle to make new currency from the sale of exporting goods, for the exporters. But currently it seems that this obstacle has been less effective or ineffective by adopting some strategies.

Results of prioritizing the solutions to threats, reveals the following points: In order to make it possible to compete with strong competitors, exporters are firstly waiting for government help, because >90% of the economy is managed and administered by the government. Usually successful Foreign companies, in their first days of establishment, have benefited from this policy by their respective country as scheduled.

The government should assist producers and exporters by smoothing the competition and stimulate interest and intention of foreign investors, in form of a joint company and if necessary, it should lift legal obstacles to develop exports by adjusting bills to the parliament. Obligating and encouraging Foreign commercial attendant, residing in the embassies are considered as effective helps to realize this purpose.

Bartering goods; selecting Muslim countries and selecting intermediate countries are strategies introduced to confront with sanctions and negative publicity that will be adopted, if necessary.

The following points are considered in relation with the solutions to overcome domestic weaknesses: In order to compensate some parts of the exporters' expenses and to reduce domestic weaknesses, to the priority order, three cases including high prime cost of products, weakness of marketing and then weakness of packing are introduced and three solutions with the priority of overcoming the weaknesses are stated, respectively: marketing, attracting government support and joint investment. The significant point is attracting government support that is mentioned as solution in both weaknesses and threats. Marketing and advertising as the first offered solution can play very important roles in introducing products, specially Mazafati and other unknown Iranian date species to target markets. Separating target markets to European, Asian, African and Muslim countries, proportionate to demands and attitude of each one to dates, parallel to government support and joint investment with domestic producers in order to access to appropriate packaging technology will lead to an increase in the added value of date.

SUGGESTIONS

According to the findings of the research, following points are suggested: Adjusting bills from the government in order to attract foreign investors and stimulate them to participate To equip the resources in order to achieve export goals, preserve and maintain experts of economy section such as customs, export development center and the central bank, who are proficient in rules. Usually the change in governments leads to change some experts and causes the exporters to be mixed up and regulations to repetitively change.

Teaching and explaining macro non-oil export strategies to experts and law executives in sections related to exports. That is ordaining executive regulations in contrary with the nature and contain of the law should be prevented. An obvious example of this kind is the tax exemption of agricultural products from tax on added value, approved in 2008. These incentives are practically ineffective due to experts' inappropriate interpretations Interacting and developing mutual economic relations with countries of non-oil target market.

In order to reduce the costs of production, the government can expand its protection and security and continue it and provide a proper competitive

opportunity in order to compete with exporters of other countries by influencing three elements of prime cost including (materials, wages and super additional costs).

Materials: Low efficiency of one hectare of under cultivation grove in Iran, in comparison with foreign competitors and unknown pests appearing in the time of harvest, seem to be factors for being expensive and noncompetitive. Technical and increase the production rate and decrease the prime cost of material.

Wages: It determines the minimal wages of workers and employees and its annual increase by the Ministry of Labor and Social Affairs, in addition to 23% employer insurance contribution and other advantages such as redemption, new year gift, annual vacations, that cause the prime cost to increase. So instead of focusing on entering to the special markets, employees worry about decreasing the cost of wages and export sales being competitive and export their products in bulk and with lower added value. Therefore review of labor law and making it flexible in some areas, by submitting bill from government to the Parliament, seems necessary. However, approving some job creation laws from the government side like the impunity of employer insurance contribution for employing new people in periods of time has led to decrease the cost of production but due to significant utilizing human labor force for sorting dates, parallel to machinery and observing labor law and insurance, the cost of production is still high and it is necessary to continue periods of impunity of employer insurance contribution without cumbersome regulations for one more period (5 years) by the government extending the past supportive laws. On the other hand, monthly paying subsidies to low-income people, due to the low expectation of life in working class of Kerman mainly women, has reduced the tend to work for earning income. So it has been difficult to find cheap labor force, adopted with minimal wage and this is added to producers' problems. Therefore, reviewing in this case will increasingly thrive the producers' business.

The third element of the prime cost is super addition cost (machinery and energy forms). Removal of energy subsidies such as fuel, electricity, gas, water and etc, has caused the production to be more expensive than in the past. Although, the cost of production is calculated with lower tariffs for producers, especially companies in the industrial zone but this aid will not be enough to compete with strong competitors in the foreign market and there is no choice but to pay subsidies to producers in the form of logical plans.

Second priority of domestic weakness is marketing that requires exporters' investment in target countries. Due to the lack of proper perspective and active target market with other countries from government side,

Kermani companies and exporters have not prepared any clear, long-term plan for marketing and advertising Iranian dates that have different variety of kinds and are unknown to many of customers. Therefore, this weakness is considered as the second obstacle to develop exports. It is suggested that the commercial attendants in Iran's embassies in target countries, should provide proper context to cooperation and partnership between foreign marketing institutions, communication media such as TV and newspapers and showing a good prospect (of Iran) to exporters and stimulate them to invest in this section.

CONCLUSION

Also, as the exporters benefit from tax exemption, it is necessary to provide tax incentives for companies such as

packing, that play the complementary role in the process of exports and cause to increase tax bill as well as software context.

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