

Tire Production and Marketing in Iran

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Ladies and Gentleman,

I would like to express my gratification and my appreciation to members of executive committee, especially Dr. Smith, Secretary General of IRSG for inviting me to this assembly, which gave me an opportunity to participate and present my paper. And specially thanks to warm people of Sri Lanka for their hospitality.

I am Saeed Tahgvaei; Managing Director of Iranian Rubber Industries Engineering and Research Company and member of executive commite of Iran Tire and Rubber Association. I have come with two of my collogues Mr. Eng. Emami and Mr. Eng. Tanha the member of Tire Executive committee of Iran Tire & Rubber Association.

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1. Iran located in Middle East extended 1648000 km² bordering the gulf of Oman and the Persian gulf in the south, and the Caspian sea in the North, between Iraq and Pakistan.
 2. Iran is 18th populated country in the world with 67503205 population.
 3. Iran's economy is marked by a great reliance on the Oil sector including Petrochemical and natural gas sector.
- **Car manufacturing as a growing industry in Iran**
1. In Iran it seems to be logical to pay attention to industries affiliated with car manufacturing industry.
 2. Central government control in industries in Iran was substantially reduced by beginning of the 5 years government's expansion program which started in 1991.
 3. Gradual elimination of government's involvement called for increasing of multi-national companies' interest in investment on Iranian car industry.
 4. These investments had slow growth as the result of rejection of Iranian application as a WTO member.
 5. Iranian car industry is 40 years old (tire manufacturing as a subsequent industry is about 50 years old)
 6. Currently, the car manufacturing industry by having advanced technical know-how (in planning and assembling) is moving forward faster than tire industry.
 7. Foreign investors increased their activities in Iranian car market. The examples are Peugeot (France), Mercedes Benz (Germany), Volvo (Sweden), Nissan (Japan), Devo and Kia Motors (Korea) and Citroen (France).

Table 1: Statistics of available cars production in 2004, imported cars in 2004, (forecast of need RT Tires in 2005)

Car group	Number of Available Till March 2003	Number of Production in 2004	Imports until March 2005	Total of each Group	Number of Tires Used per Year	Total of replaced Tires need (RT) for 2005(pcs)
Passenger	3434292	751345	418770	4504407	1.2	5405288
Light Truck	1046155	74587	198400	1319142	1.5	1978713
4 Wheel Drive	267888	6479	46321	320688	1.7	545170
Van Ambulance	8770	1487	1724	11981	2	23962
Total Light Vehicles	4757105	833897	525373	6156218	-	7953133
Mini bus	121191	805	17104	139100	3.5	486850
Bus	60858	4377	4043	68278	4.2	286768
Truck	348704	27051	118657	494412	4.6	2274295
Total – Heavy Vehicles	530753	32233	138804	701084	-	3047913
Agricultural, Industrial, Off the	466819	38662	243603	749084	0.6	449450
Grand Total	5754677	904793	907780	7607092	-	11450496

Table 2: Forecast of car production in Iran in 2005 (prediction of demand for OE Tire in 2005 and country's need for OE and RT Tiers in 2005)

Car group	Forecast of car Production in 2005	Prediction of Demand for OE Tires in 2005(pcs)	Demand of Replacement Tires in 2005	Prediction of demand for RT Tires +OE in 2005(pcs)
Passenger	826480	4132400	5405288	9537688
Light Truck	82046	410230	1978713	2388943
4 Wheel Drive	7127	35635	545170	580805
Van Ambulance	1636	8180	23962	32142
Light Vehicles-Total	917289	4586445	7953133	12539578
Mini bus	886	5316	486850	492166
Bus	4815	28890	286768	315658
Truck	29756	446340	2274295	2720635
Total – Heavy Vehicles	35457	480546	3047913	3528459
Agr. Ind., OTR	42528	255168	449450	704618
Grand Total	995274	5422159	11450496	16772655

- **Tire Production In Iran**

Development and expansion of tire production in Iran always had a rising trend. In some groups such as Truck and bus, light truck, the technology at time being does not meet the latest one. Of course now some producers are in technology updating and upgrading process and some have moved forward and signed contracts with western companies to transfer the new technology and pursue a bilateral cooperation. The new production will hit the market late this year or next year. In passenger group have more advanced and updated technology in comparing to other tire groups. (steel belted radial tire)

However, in general there are some other problems in Iranian tire industry such as low capacity scale and high production cost in all groups.

Table 3 shows the quantity of tire production in different groups during 6 consecutive years (1999-2004).

Table 3: Production of tires in 1999-2004 (pcs)

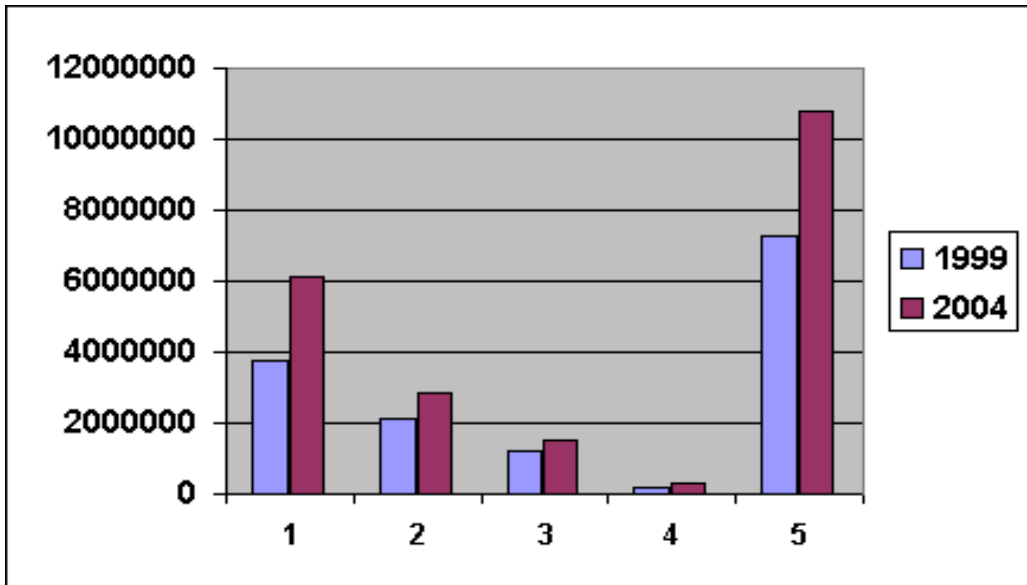
Production year	1999	2000	2001	2002	2003	2004	Total
Production group							
Passenger	3762497	3921626	4565519	4931316	5689317	6144462	23325420
Light Truck	2137297	2528906	2558354	2526000	2636119	2847008	12597565
Truck Bus	1196540	1309573	1374412	1404625	1392933	1504368	6790018
Ind., OTR ,Agr	157717	209745	176088	247489	255299	275723	1066762
Total	7254051	7969850	8674373	9109430	993668	10773565	43779765

Table 4 compares the rising trend in 1999 and 2004

Table4: Change in number of production 1999 and 2004

Production year Production group	1999	2004	(%)Change
Passenger	3762497	6144462	63
Light Truck	2137297	2847008	33
Truck Bus	1196540	1504368	26
Agr., Ind., OTR	157717	275723	75
Total	7254051	10773565	48

As it is shown in graph 1, more than 43 million tires produced in above mentioned 6 years. The highest quantity belongs to passenger tires.



1- Passenger 2-Light truck. 3-Truck Bus 4- Agr., Ind., OTR 5-Total

Graph1: Comparison of tire production by different groups 1999-2004
 Currently, the production of heavy vehicle tires continues with old technology (bias). Some reasons are as below:

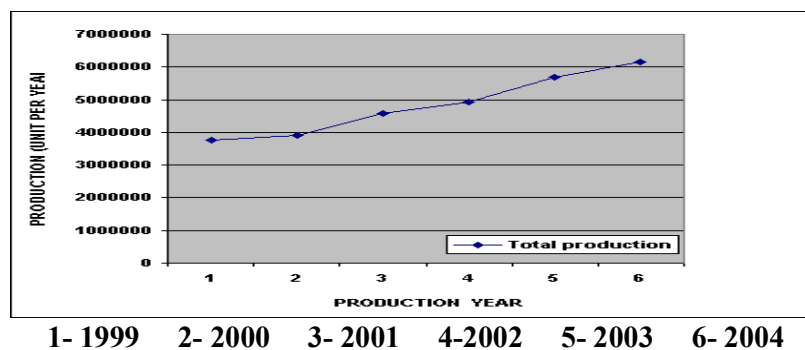
- Just limited number of Iranian producers are going to produce all steel truck and bus radial tires in near future and others are still producing bias tires.
- The complicated production process of all steel radial truck tire.
- High investment cost and low profit margin.
- The price of radial tires is too much higher than bias tires, and this price difference is too much for consumers with limited annual income.
- The old road transportation fleet.

Above mentioned situation is only on heavy vehicle group and passenger group has completely different conditions. Therefore, in order to improve customizing radial consumption in Iran we must consider following facts:

- Improving of consumption culture, propagating of radial tires advantages. (durability, high mileage, smooth driving, high speed, regrooving...)
- Improving of road quality and expansion of highways.
- Encouraging joint venture with famous world leader tire producers.

Tables 5-8 show the production of tires in different groups during 1999-2004 and graphs 2-5 show the changing of the production amounts:

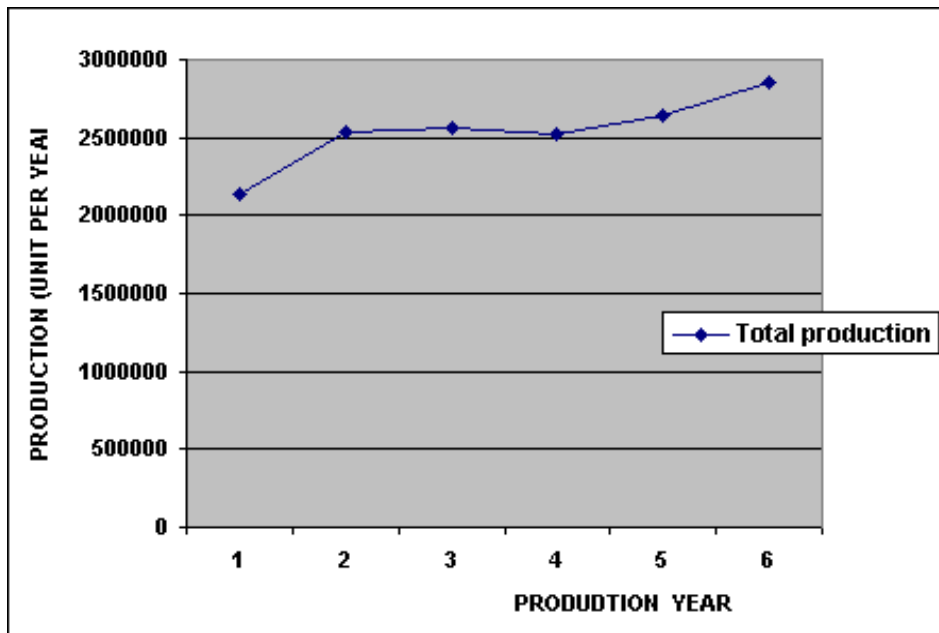
Year Company	1999	2000	2001	2002	2003	2004	Total production
Kian Tire	401614	477333	589161	587494	535837	578704	3170143
Iran Tire	552395	531065	594575	624303	648271	700132	3650742
Dena Tire		705160	615693	767755	798239	862098	4484083
Pars Tire	138896	118226	155149	175627	108849	117556	814303
Kerman Tire	658327	711077	794383	559762	1241342	1340619	5305540
Artavil Tire	690729	809229	984971	1034214	1019612	1101181	5639936
Yazd Tire	583746	512124	519085	631398	648029	699871	3594253
Kavir Tire	1652	57412	312502	550763	689138	744269	2355736
Total production	3762497	3921626	4565519	4931316	5689317	6146434	29014736



Graph 2: Total production of passenger Tires by different producers 1999-2004

Table 6 : Total Production of Tires for light truck by different producers 1999-2004

Year	1999	2000	2001	2002	2003	2004	Total production
Kian Tire	344101	515810	399168	357189	379343	409690	2405301
Iran Tire	368726	386601	331072	347620	415400	448632	2298051
Dena Tire	679259	738076	810818	758189	656306	708870	4351458
Pars Tire	182108	158477	150015	141395	132896	143527	908418
Kerman Tire	252532	313885	365137	347693	420496	454135	2153879
Artavil Tire	235905	253021	280277	294287	304234	328572	1696297
Yazd Tire	31894	48841	59840	75614	74218	80155	370562
Kavir Tire	42772	114195	162027	204013	253226	273484	1049717
Total Production	2139296	2530906	2560355	2528002	2638122	2849069	15233683

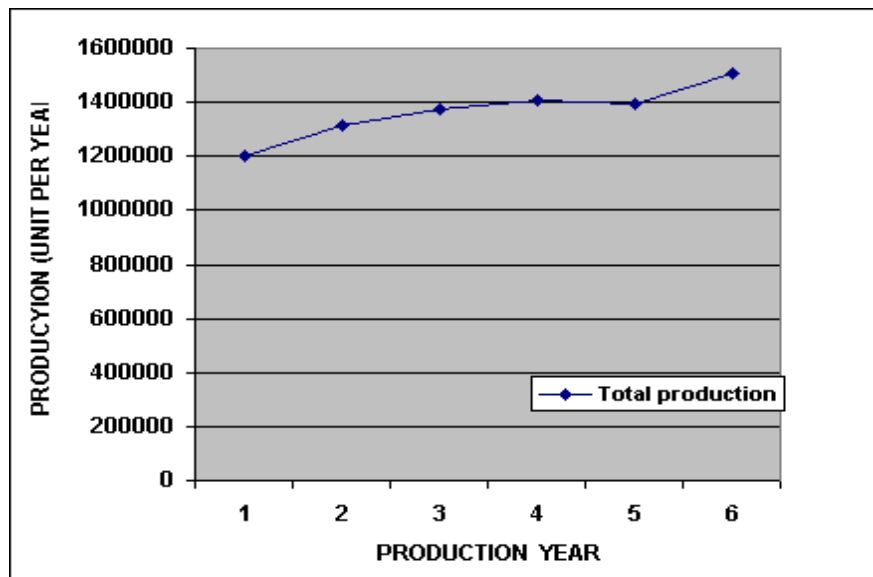


1- 1999 2- 2000 3- 2001 4-2002 5- 2003 6- 2004

Graph 3: Total Production of Tires for light truck by different producers 1999-2004

Table 7: Total Production of Tires for heavy Truck and bus by different producers 1999-2004

Year	1999	2000	2001	2002	2003	2004	Total production
Company							
Kian Tire	147358	136086	162257	156187	150973	163050	915911
Iran Tire	195349	186421	203306	213468	212987	230026	1241558
Dena Tire	173852	211625	206781	205588	175499	189538	1162884
Pars Tire	398096	427567	425927	410555	399746	431725	2493617
Kerman Tire	196295	219976	211390	222097	231807	131551	1213117
Artavil Tire	48744	50547	60246	63256	90988	98267	412048
Yazd Tire	0	0	0	0	0	0	0
Kavir Tire	36846	77351	104505	133474	130932	141406	627511
Total production	1198539	1311573	1376413	1406627	1394935	1387567	8066646

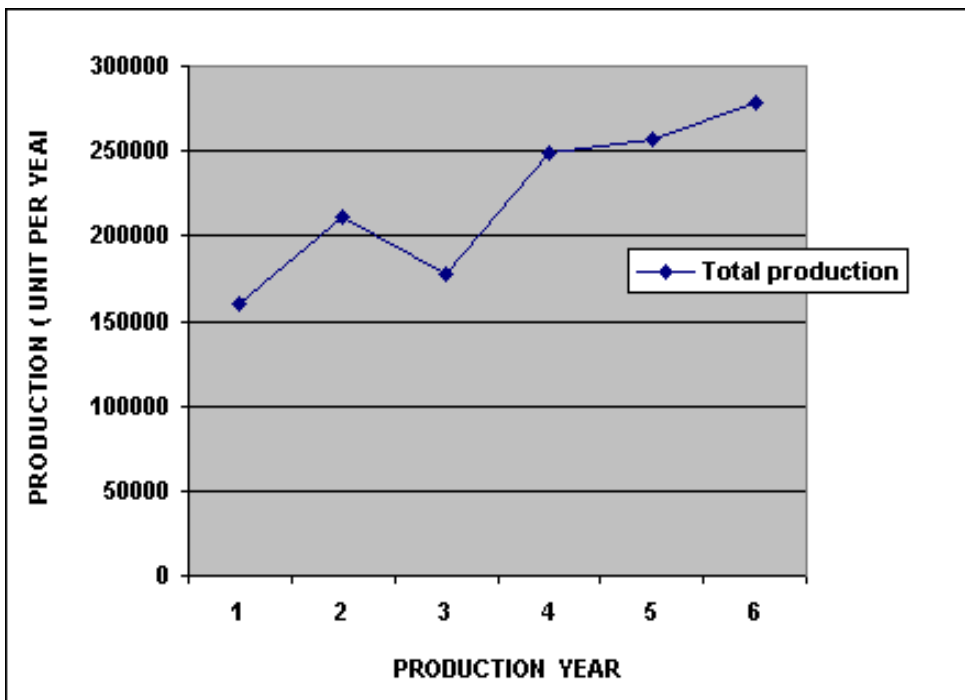


1- 1999 2- 2000 3- 2001 4-2002 5- 2003 6- 2004

Graph 4: Total Production of Tires for heavy Truck and bus by different producers 1999-2004

Table 8: Total Production of Tires for Agricultural, OTR, and industrial by different producers 1999-2004

Year Company	1999	2000	2001	2002	2003	2004	Total production
Kian Tire	38410	97236	51413	62983	57004	61564	368610
Iran Tire	13504	44710	30348	31861	40375	43605	204403
Dena Tire	23848	16406	28513	43088	26204	28300	166359
Pars Tire	0	0	0	0	0	0	0
Kerman Tire	65367	51393	65814	109557	130763	141224	564118
Artavil Tire	16588	0	0	0	953	1029	18570
Yazd Tire	0	0	0	0	0	0	0
Kavir Tire	0	0	0	0	0	0	0
Total production	159716	211745	178089	249491	257302	277726	1322060



1- 1999 2- 2000 3- 2001 4-2002 5- 2003 6- 2004

Graph 5: Total Production of Tires for Agricultural, OTR, and industrial by different producers 1999-2004

- Estimation of Tire production and Raw Material Consumption in Tire Industry (2005, 2008 and 2011)

In 2004 total tire industry production was about 200000T and natural rubber consumption was about 65000T which was mainly imported from Malaysia and Thailand . As much as 40000T of synthetic rubber including PBR, SBR 1500, SBR

1502, and SBR 1712 mainly produced in Iranian petrochemical plants were also used in Tire producing companies.

Annual consumption of other raw materials are approximately 50000T C-black, 20000T of Tire cords.

Table 9 shows the NR and SR increasing consumption regarding the tire expansion projects.

Table 9: Estimation of Tire production and Raw Material Consumption in Tire Industry (2005, 2008 and 2011)

	Installed capacity 2005	Forecasting capacity 2008	Forecasting capacity 2011
Tire production	250000T	350000T	630000T
NR consumption	80000T	110000T	200000T
SBR consumption	36000T	50000T	90000T
BR consumption	15000T	20000T	38000T

- **Brief Introduction of Tire producers in Iran**

There are 9 Tire producing companies in Iran, their Specifications and summary of their situation are shown below:

1) *Kian Tire*

Kian Tire was the first Tire producing company established in 1958 with Technical knowledge joint with B.F. Goodrich, built in Tehran. This Company produced more than 40 sizes for all group of tires.

Recently kian tire company produces tires with a new name of Alborz to keep its market share. This company produced about 1 million Tires in 2004. The expansion plan of this company includes production of Tires up to 30000T to 2008 and 50000T to 2011.

2) *Iran Tire Company*

This company founded in 1963 with a joint venture with general Tire of USA, in Tehran. nominal capacity of this company is 28000T per year. The expansion projects in 2008 is 30000T per year and 45000T per year in 2011.

3) *Dena Tire production Complex*

This company with nominal capacity of 40000T per year. It was established in 1974 with cooperation of Bridgestone of Japan with original brand name of Bridgestone, but after revolution changed its name to Dena. In 2004 produced about 1800000 pcs. Dena's expansion plan is to increase its production by 12000T per year, and reaching to 52000T in 2008 and 60000T in 2011.

4) Pars Tire Company

Production activities of this company started in 1983 in the central city of Saveh with capacity of 40000T per year. It was founded in 1976, Pirelly was know-how supplier and shareholder of this company. After revolution they left the company. During the war between Iran and Iraq in 1983 the activities of this company with contributions made by domestic producers re-started. Over 90% of its production is heavy Truck Tires. The expansion project of this company is reaching to 50000T in 2008 and 60000T in 2011.

5) Kerman Tire

The nominal capacity of this company is 44000T per year, and is located in city of Kerman, South East of Iran. It started production after the revolution with support of domestic Tire producers in 1993.

The expansion project of this company is reaching to 70000T in 2008 and 120000T in 2011.

With technical assistance of Continental company the first all steel radial truck Tire of this company will be introduced to the market.

6) Yazd Tire

This company is located in the central part of Iran, in desert province, city of Yazd. Most of its production is bicycle and motorcycle type. Nominal capacity of this company is 14000T per year. The expansion project is reaching to 21000T in 2008 and 35000T in 2011. They are going to produce passenger radial tires with technical assistance of vredestein company.

7) Artavile Tire Company

This company established in the city of Ardebil, the center of Ardebil province, in North West of Iran in 1996.

Nominal capacity of this company is 25000T and expansion project is reaching to 40000T in 2008 and 75000T in 2011.

8) Kavir Tire

It is founded in 1997, located in the city of Birjand, Khorasan province, in north east of Iran. Nominal capacity of this company is 25000T per year. The expansion project of this company is reaching to 30000T in 2008 and 45000T in 2011.

9) Iran Yasa tire and rubber Company

This company founded about 40 years ago and located in Shahryar, near to Tehran. Currently its production is limited to bicycle and motorcycle Tires. The nominal capacity is 15000T per year. The expansion project of this company is reaching to 17000T in 2008 and 21000T in 2011.

There are two other companies in Iran which their activities are as follow:

1- Khoozestan company: It is located in south of iran and now it produces tubes with nominal capacity 3000T.

The expansion project of this company is tire and tube production and up to 10000T in 2008 and 25000T in 2011.

2- Kurdistan company: This company located in Kurdistan province in west of Iran. It planed to produce 100000T tire up to 2011.

It is worthy to note that all expansion projects in tire industries in Iran are focused on radial tire production and every company is in negotiation process with famous world tire company. It means that trend of tire production in Iran is changing from bias to radial technology.

- **The Horizon of Expansion and Innovation of Tire Industry in Iran**
 1. **The main deficiency in Iranian Tire industries is technological gap with its competitors in the world. About half century experience in Tire production, working independently for almost two decades in this complicated industry, having experienced manpower in executive and specialty level, access to low price energy, expansion of raw material producers, are all valuable assets which could substantially help reforming of this industry.**
 2. **Being neighbor with Arabic Middle Eastern countries with high consumption and limited production abilities, and being close to demanding African market is providing golden opportunities for expansion and modernizing of Iranian Tire industry.**
 3. **Regarding to expansion projects of tire industries in Iran up to 2008 which was mentioned in details about 400 million dollars is allocated by government to tire industries. Of course investing 400 million dollars on innovation and renovation of Tire industry in Iran which will up grade its abilities, and insure the national improvement of industry, is not a substantial amount.**



This is the unlimited road of Iranian Tire industries and we hope to promote our knowledge for producing Tires with the best quality by cooperating and jointing with famous Tire produces in the world in near future.

Thank you very much for your attention.