Iran accession to WTO and its effects on textile industries

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Abstract

Considering the development of world trade and importance of international economy show that a country without international trade couldn't have an effective economic and commercial activity. Subject of Iran's WTO accession is an important national issue that the government should consider it seriously because it has great affect on exportation development especially in products that has proportional advantage. textile industries are important among the other industries and have effective role in country's economy because of, having an appropriation advantages in export, creating job opportunities, entering foreign currency and etch. The goal of this paper is to investigate Iran accession to WTO and its effects on textile industries, mentioned goal will consider by variable factors such as competitive strength of textile industries, job opportunities in textile industries, foreign exchange earnings, domestic markets, foreign markets, quality of textile products, price of row material., foreign investment in textile industry and scientific research regarding textile industry. The type of this paper is descriptive-cognition and the related information for this scope have been collected by using library resources such as books, scientific journals and moreover for collecting necessary data in order to accept or reject the research hypotheses a questionnaire made by researchers have been used The statistical society of research includes a group of textile industries experts of Isfahan province and the method being used has been random sampling. Results of this research shows that Iran accession to WTO has great influence in above mentioned variables.

Keywords: Textile industries, compatibility, export, World Trade Organization (WTO).

1-Introduction

Industrial revolution has begun with automation of textile production, and many of current developed countries has begun their progress and development with textile industry and it owes main part of its progress to development of this industry in primary stages of industrialization. Being a user, its relationship with one of human basic needs and especially technical knowledge and simple technology for textile production is most important features of this industry (Seyf, 2001). Iran like many developing countries has begun its industrialization with textile. This industry is the oldest-industry and from the aspect of engagements Iran is biggest industry that with using long background, quantity of investment, high rate of value added, extensive links with other industries and abundant great human resources have many potential facilities for its quantitative and qualitative and national economic promotion (Azizi and Pasban, 2002).

In addition, it doesn't need great and unavailable finance resource in the first stages of its process ,its technology is not very complicated, it uses local components cotton, wool, silk and synthetic fibers from oil and it is based on domestic market depended on a rising population. The primary needs of human to textile products ,rising human population and their variety seeking have caused that there will be large markets in the world for producing goods in this kind of industry .Presenting in this markets and having a substantive ,is needed to be active in standard frameworks and international trade laws and get along with other countries in globalization .Moreover in current dynamic economic world the only way of countries' development is their globalization .

Most of the countries around the world are trying to join world trade organization to get along with developed countries and not to have delayed from this developing process. WTO is the just international organization which works related with international trade laws. In fact being a membership in world trade organization is a hatch better use of countries sources and investment but it is possible that some countries which have not active and powerful industry will be sacrificed in this big economic arena of developed and industrialized countries (Esfandiyari, 2005). So before joining to world trade organization we should decide some policies to become ready to enter to this arena. Iran has decided to present his member ship suggestion after some years of study about the positive and negative effects of its concatenation to this organization at and finally year 2005 it was accepted as the supervisor member. And it is continuing his activity with this title until now and has done some actions in recent years .Privatization, compete in economical activities and setting the monopolies, correcting the tax system and making a spread net of trade information are the including actions that have been don

2-Textile industry

Weaving and sewing clothes are among primitive needs of human being, but this fact is ambiguous or not clears that in what time herbaceous apparel and use of skins of herbs and animals to cover the body was made into a particular form of a textile clothes and also men started learning how to weave. In Iran with the oldest evidences of human life, there are signs and tools of weaving technique which show that the ancient Iranians had been professional in weaving and spinning industry, and they used to wear colorful & nice textile and would transfer and sell them to neighbors and other regions every so often (Azizi and Pasban, 2002). Studies in this field show that textile industry has played a deep-seated role in economic development of developed countries, but at the present time majority of the countries incline toward industries which have more added value in comparison with textile industry and they have rendered competitive arena of this industry to developing countries which is an opportunities for them , with rising needs and promotion of different styles, ,to organize their economy by gaining more share of international markets (Behkish.Mohammad 2001).

Despite having too many relative advantages in this industry which can be noted as a positive point to satisfy the needs of textiles and clothing and reaching exportation markets and bringing currencies, Iran doesn't have good position in the world's economy. Iran's textile industry has faced numerous troubles since World War 2; however most of the Iran's provinces have various companies of textile industry at the moment. Old machinery, Lack of spare part and preventing the entrance of them are main troubles of these companies. This is why 40% of Iran's needs for products of this industry are imported from countries like China, Australia, Dubai and turkey which has a loss about millions dollar a year for the national economy.

In addition a decreasing productivity and losing internal and external markets despite the rivals like China, India and Thailand, has ruined so many opportunities of textile industry of Iran in recent years and has been criticized by employees in this industry (Seyf, 2001). Despite of mentioned excessive problems, it is explicit that private segment have commenced to heal the deficiencies and reform the machineries, using authentic and reliable actions. However these actions are inadequate and due to abundant relative advantages of this industry, for instance employees with long work background, possibility of affording most primary materials required in domestic markets, having knowledge and required proficiency, it has significant role in economy and it's rooted in the art and culture of the country, should be observed by the government in order to meet the internal needs and being one of the most affluent source of currency income.

3-World trade organization

The world trade organization WTO is an international organization dealing with the rules of trade between nations and resolving trade disputes among members. This organization which is established in 1995 has started its work with a formal meeting in Geneve. WTO have some goals included raising levels of living, providing engagement in member countries , developing production and trades, optimal using of the worlds resources, eliminating trade and tariff restrictions and establishing an authentic , constant tariff system and ensuring the environment safety (Esfandiyari, Amir 2005). According to the rules establishment agreement of WTO, each country is able to become a member order by doing two important terms: first the country must reach an agreement with the organization for incorporation conditions and second it must accept all multilateral agreement attached to the establishment agreement organization in additive to the establishment agreement (WTO, 2004). A substantial policy of Iran has been attending and active membership in international institutions.

Due to significance of international organizations, especially trade and economic ones, there has always been a specific sensibility about effects and consequences of membership in such institutions. There have been different and paradoxical comments about the terms of Iran's incorporation to WTO since many years ago. Some of the experts believe that Iran's membership in this organization will make 70-million-populated country to a thriving market for importing and consuming foreign goods and the least consequences will be unemployment and suspension of productive companies who don't have enough compatibility in this competitive arena. These experts believe that in this case the country will never be industrialized. In contrast, there are experts who think that the only way for economic growth of Iran is registering in WTO and entering the field of international trade and economy. This group believes that the alternative for Iran's economic problems is quick registering in WTO and they insist that development of non-oil exports could be happened only with joining in WTO (Kalbasi, Hassan, 2004). Islamic republic of Iran considered all aspects of WTO-membership and decided to join to this significant international institution and has dispatched its first membership application in 1996. Unfortunately Iran's application for membership has been rejected 21 times by USA and became a supervisor member in WTO on May 26, 2005 with an agreement of members. And it has continued its activities till now.

4- Competitiveness

The rising growth of population and expanding needs of people in current world , have introduced the clothes and textile products as one of the basic and important element in providing human's basic needs and have kept these textile goods in the center of attention . On the other hand, science and knowledge progression has made new methods of living with different habits that shows the variety-seeking in human's life. Also science and knowledge progression causes increase in the level of expectance and the level of consumers' selections. New methods of living have created different customs and habits in people and have raised the level of expectance, too (Adock, Dennis 2000). Simpleminded and satisfied people of past not only can't live with old methods but also they don't want to do it any more. Simple living, less eating and simple clothing is not their dream. They want to have good living, perfect jobs, nice cars, and eat different foods and wear different and chic clothes. In this situation, Its obvious that providing customers' satisfaction and selling products are very difficult. Therefore, successful participation in domestic and foreign markets needs to have concentration on factors like emphasizing consumers' tastes, production with high quality, using new technologies and using modern and effective methods of marketing (Valibeigy, Hassan 2003).

In the global fields, preserving available markets isn't adequate enough to compete with other competitors and increasing competitive power. Without any doubt, using a modern marketing system for discovering new markets or extending current markets is highly recommended. Being aware of the lifestyles, cultures and habits of the customers and accentuating their tastes and producing goods according to what they like and desire can increase the company's competitive power either in internal markets or the external ones domestic and foreign markets, and also promote the impressibility of marketing activities. There are different point of view towards the relationship between competing and quality, where they all can't be effective in the same way in creating competitive advantages. The most effective theory is the value pivot theory which regards to customer's benefit and producers expenses in a balanced way. It is clear that having these theories in mind in order to achieve a reasonable quality has an effective role in increasing competitive power, though how can we expect producers to achieve this goal and produce high quality goods using old machinery and material?

On the other hand, old machinery causes the increase in number of losses and wasting source human resources, raw materials and finally it raises goods cost price because of increasing expenses. Therefore in order to increase the Competitiveness in international arena and producing goods that can participate in international markets, Attention to mentioned factors is crucial.

5-Exportation

Terminable sources of oil and gas, their disability of dependability and needing foreign exchange and also necessity of become industrialization and accession to economic development makes the scientific and practical recognition ways of country's industrial production growth unavoidable. Realization of economical, social and cultural goals of country's development programs and gaining constant development and internal growth depends on knowing its position and real function. According to this subject, recognition the importance of non-oil products and good exportation and its roles and effect on growth of industrial segmentation, determining the amount of industrial exportation helps and the guideline in non oil exportation development is really important (Behkish.Mohammad, 2001).

The emphasis on non-petroleum exports has presented as a growth strategy and economical development in Iran due to their terminable resources of oil and gas and the disability of permanent reliability. The development of non-petroleum exports not only can cause increase in the non-petroleum's exchange incomes but also can have intensive effect on Iran trade participation in international markets and can increase relative and competitive advantage of the country. The resulted problems of single product economy and being so reliance to petroleum incomes have intensively influenced on the oscillations of oil international cost.

In recent studies the idea of being pioneer in export section is introduced as the motives of growth and development of internal economy specially because of getting income from foreign countries and improvement of payments levels, is related to the development of international compete via export growth, making growth in industry and domestic productions employment and having fame and validity in international arena. Since the international trade trend has has got along with decreasing the raw material share and agricultural productions and the only reliable source to insure the national growth and increasing the currency incomes is exporting the industrial products specially textile industry which has more experience and more spread than other industries. Therefore paying attention to non-petroleum exports development and industrial goods is a national necessity (Kalbasi, Hassan, 2004).

Regard to the development of exports and increase in total productivity, decrease in production factors' cost has also caused the decrease in average costs of goods production and services in market and increase in the profit amount of products in production units. The conclusion of such evolution, have a substantive effect on rising demand and increase in compatibility of domestic products in domestic and foreign markets and this fact can cause the production development and using the maximum capacity of production and finally can develop the amount of the new investment and consequently can develop using new information and technologies and can cause the increase in total productivity which can cause the decrease in domestic production costs comparing with imported goods and can cause to increase the foreigners demands for domestic goods and at finally led to increase in the non petroleum goods exportation and include increase in the red cost of currency. Increase in the red cost of currency can cause increase in income and the profitability for exporters and can cause some incentives for increasing the export and investment in the field of producing export goods.

6-*Methodology*

This research is a descriptive –cognition and related information regarding this scope have been collected by using library resources such as books and scientific journals , for collecting necessary data in order to accept or reject research hypotheses , a questionnaire designed by researchers has been used , mentioned questionnaire has five selective choices and their answers are varied between very more and very less .furthermore the scope of research from aspect of subject is Iran accession to WTO and its effects on textile industries.

This research has been done on February 2011 and the statistical society of research includes fifty expert persons from textile industries of Isfahan province and random sampling method was used in this research.

Independent variables of research include, increasing competitive strength, increasing job opportunities, increasing foreign exchange earnings, decreasing of domestic markets, developing foreign markets, increasing quality in textile products, decreasing row material price, increasing foreign investment, increasing Scientific research regarding textile industry and dependent variable is WTO's effects on textile industries.

In this study for summarizing extractive data to accept or reject the hypotheses of research used SPSS software and statistics presumption methods (like T as single sample) have been used Which T refers to statistic data, in case the sig (meaningful level) is less than (0.05) hypothesis H0 will be rejected and hypothesis H1 will be accepted as well as Df shows the degree of freedom.

H0: μ ≤ 0.05

H1: μ > 0.05

7) *Data analysis*

In this section by using mentioned statistical methods, collected information and extractive results from questionnaires the research hypotheses have been tested.

7-1) First hypothesis.

Iran accession to WTO will increase the competitive strength of textile industries.

H0: Iran accession to WTO will not increase the competitive strength of textile industries.
H1: Iran accession to WTO will increase the competitive strength of textile industries.

The analysis of finding related to the first research hypothesis in the error level of 0.05 and reliability level of 0.95 shows that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table,1).

7-2) Second hypothesis.

Iran accession to WTO will increase the job opportunities in textile industries

H0: Iran accession to WTO will not increase the job opportunities in textile industries.
H1: Iran accession to WTO will increase the job opportunities in textile industries

Regarding to the second hypothesis, base on analysis of data from response of statistical society, and our findings indicated that the significant level of .000 is less than 0.05, therefore the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table, 2).

7-3) Third hypothesis.

Iran accession to WTO will increase the foreign exchange earnings.

H0: Iran accession to WTO will not increase the foreign exchange earnings.
H1: Iran accession to WTO will increase the foreign exchange earnings.

The analysis of finding related to the third research hypothesis in the error level of 0.05 and reliability level of 0.95 shows that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will accepted (Table, 3).

7-4) Fourth hypothesis.

Iran accession to WTO will decrease the domestic markets.

H0: Iran accession to WTO will not decrease the domestic markets.
H1: Iran accession to WTO will decrease the domestic markets.

The analysis of finding related to the fourth research hypothesis in the error level of 0.05 and reliability level of 0.95 shows that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table, 4)

7-5) Fifth hypothesis.

Iran accession to WTO will develop foreign markets.

H0: Iran accession to WTO will not develop foreign markets.
H1: Iran accession to WTO will develop foreign markets.

About the fifth hypotheses, base on analysis of data from response of statistical society, our findings indicated that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table, 5).

7-6) Sixth hypothesis.

Iran accession to WTO will increase the quality of textile products.

H0: Iran accession to WTO will not increase the quality of textile products.
H1: Iran accession to WTO will increase the quality of textile products.

Analysis of finding data related to the sixth research hypothesis in error level of 0.05 and reliability level of 0.95 indicates that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table, 6).

7-7) Seventh hypothesis.

Iran accession to WTO will decrease the price of row material.

H0: Iran accession to WTO will not decrease the price of row material.
H1: Iran accession to WTO will decrease the price of row material.

Analysis of finding related to the seventh research hypothesis in the error level of 0.05 and reliability level of 0.95 shows that the significant level of .002 is less than 0.05, Therefore the hypothesis H_0 will be rejected and the hypothesis H_1 will accepted (Table, 7).

7-8) Eighth hypothesis.

Iran accession to WTO will increase foreign investment in textile industry.

H0: Iran accession to WTO will not increase foreign investment in textile industry.
H1: Iran accession to WTO will increase foreign investment in textile industry.

Regarding to the eighth hypothesis, base on analysis of data from response of statistical society, and our findings indicated that the significant level of .000 is less than 0.05, therefore the hypothesis H_0 will be rejected and the hypothesis H_1 will be accepted (Table, 8).

7-9) Ninth hypothesis.

Iran accession to WTO will increase scientific research regarding textile industry.

H0: Iran accession to WTO will not increase scientific research regarding textile industry.
H1: Iran accession to WTO will increase scientific research regarding textile industry.

Analysis of finding data related to the ninth research hypothesis in error level of 0.05 and reliability level of 0.95 indicates that the significant level of .000 is less than 0.05, so the hypothesis H_0 will be rejected and the hypothesis H_1 will are accepted (Table, 9)

8) Conclusion and Suggestions

Certainly having a good position is necessary for doing any work, otherwise its disadvantages will be more than advantages .regarding Iran accession to WTO which is very important, from one view can be like a storm and destroys the producing companies, but from the other hand can be a golden chance and good opportunity for putting the country in the way of growth and development provided we make a fundamental basis and suitable condition before joining to that.

Iran which in present time act as supervisor member of the world trade organization should try best in order to conform its situation and facilities with the condition and rules of WTO and by following them attracts its members attention and becomes a permanent member. Increasing population and growing daily needs of society to textile products, are the most important reasons that reveal the important of textile industries. Unfortunately nowadays although plenty of Iran's textile products have high competitive advantages in compare with the same foreign products but still are not successful in foreign markets just because of lacking have international standard requirements. In This study was an attempt to discovered the effects of WTO on textile industries The results confirmed all of the hypothesis and showed, Iran accession to WTO increases competitive strength, increases job opportunities, increases foreign exchange earnings, decreases domestic markets, develops foreign markets, increases quality in textile products, decreases row material price, increases foreign investment and increases Scientific research regarding textile industry.

Therefore we offer that the government should pay special attention to these industries and make a fundamental basis and suitable condition for them before joining WTO as permanent member. Helps to producers in order they renovate or change their old machinery and increase the quality of their products and raise their competitive ability, Incourage foreign investor and prepare good condition for them in order to invest more in Iran's textile industries, helps to producer to reduce the final cost and produce according to customer's income, needs and likes and reforms custom's laws. So that the textile industries be able to compete with foreign competitors. The producers also should visit the related exhibitions in textile industry so that they become more familiar with new products and increase their knowledge to improve their own products and finally if the government of Iran wants to reach a sustainable development should try best in order to become a permanent member of world trade organization as soon as possible.

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WTO (2004), trade policy reviews

WITS (2005), world integrated trade solution

Table 1.First hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
6.924	3.685	49	.000

Table 2. Second hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
5.083	3.465	49	.000

Table 3. Third hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
7.506	3.650	49	.000

Table 4. Fourth hypothesis test in the error level of 0.05 and reliability level of 0.9

T	AVERAGE	DF	SIG
4.985	3.565	49	.000

Table 5. Fifth hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
7.365	3.740	49	.000

Table 6. Sixth hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
7.531	3.766	49	.000

Table 7. Seventh hypothesis test in the error level of 0.05 and reliability level of 0.95

T	AVERAGE	DF	SIG
3.226	3.380	49	.002

Table 8. Eighth hypothesis test in the error level of 0.05 and reliability level of 0.95

T	AVERAGE	DF	SIG
9.610	3.910	49	.000

Table 9. Ninth hypothesis test in the error level of 0.05 and reliability level of 0.95.

T	AVERAGE	DF	SIG
12.150	3.960	49	.000