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Both hardboard production plants in Iran closed by 2005 due to weak market demand. From 1996 to 2005, total annual production was an estimated 22,000 cubic meters. Over the past decade, hardboard imports (including dry process high-density fiberboard) rose to 130,000 cubic meters and then fell precipitously for the remaining five years. Also, about the Oriented Strand Board (OSB), according to the Iran Wood Industry Employers Association, there is no domestic production of OSB; the country's needs are met through imports.

Hardboard

The oldest form of furniture discovered in Iran are four-legged pottery chairs made about 8,000 years ago. Unique motifs and designs originating from thousands of years ago can be found in modern day wood furniture and crafts. The growth and development of the modern furniture industry in Iran began in the 1970s and large factories were active in the years before 1980. After that, and after the beginning of the Iran - Iraq war in 1980, the growth of the furniture industry, like other industries in the country, was interrupted. After a break in the development of the furniture industry, in 2001, the imports of new machinery and raw materials accelerated sector development.

Tehran, the capital of Iran, is the largest hub of the furniture trade. In addition to Tehran, the furniture industry has grown significantly in other cities such as Qom, Isfahan, Shiraz, Mashhad, Tabriz and Malayer.

Except for a few large producers, the furniture manufacturing sector is characterized by small and/or family-owned shops. Rough estimates from 2017 pegged the industry at about 65,000 enterprises of all sizes. For the same year, total sector revenue was estimated to be \$1.5 billion (Ministry of Industry, Mines and Trade 2019). Another source, the Union of Furniture Manufacturers and Exporters (2022), estimates that the furniture industry accounted for 8% of the country's employment in 2022.

According to the Iranian Wood Industries Employers Association in 2023, the value of imported wooden furniture has been decreasing during the period 2013-2022. One of the reasons for this decrease is the increase in domestic production, while a second reason is the increase in the import tax of these products. The import tax and fee are doubled during this period. Iranian imports in 2013 were less than 1,000 tons, with a value of \$1.7 million, a decline from an estimated value of \$6.5 million in 2004.

In the same time, exports have been increasing. Iran has become self-sufficient in the wooden furniture industry, and with an increasing exchange rate, it has adopted a policy of expanding exports. Furniture exports have grown since 2016, reaching nearly 16,000 tons with a value of \$45 million in 2022.

Furniture

Iran's most important export markets were analyzed for each product during the past 10 years as 59% of Iran's imported particleboard came from Turkey, with China in second place with 12% share. Turkmenistan, the most significant export destination for Iran's particleboard products, accounted for

60% of total particleboard exports for the same period, followed by Iraq and Afghanistan.

Turkey is the top exporter of MDF to Iran. This country is the source of 30% of Iran's imports. Thailand with 23%, China with 22% and the UAE with 15%, are in successive positions. Afghanistan accounts for 48%, and Iraq, with a share of 43% are Iran's main exports destinations for MDF.

From 2013 to 2022, the import of wood-based panels to Iran decreased while production and export capacity of these products increased. This is mainly because of increased MDF production in the country. MDF has the largest share of consumption within wood-based panels in Iran. However, Iran's share in the world trade of these products is negligible, accounting for 0.01% of the world trade.

According to statistics, China with 42%, and Turkey with 38% are the largest furniture import partners, while Afghanistan with 46% and Iraq with 28% are the largest export markets.

As mentioned, Iran's furniture industry has a share of less than one percent of the world markets. This amount shows many missed opportunities in this field. With proper investment and management, export destinations can be increased and by producing quality products, the industry can gain a suitable place in the world trade of furniture.

The Iranian furniture industry also exports some wooden furniture to high-income countries like Canada, Italy, and Germany. There is potential to increase the amount of exports to these countries and also add other high-income countries to the list of export markets. This needs more market study and promotional activities in these target markets.

The wood industry has been essential to Iran's economy and traditions going back thousands of years. If barriers to growth can be eased, it is believed that the sector could develop stronger competitive positions in domestic production, opening and expanding export markets, reducing reliance on product imports, and generally returning to a sector of strength.

Trade partners

