

## EVALUATION OF SPORTING GOODS FOREIGN TRADE IN THE 5TH DEVELOPMENT PLAN OF IRAN

Farnaz Fakhri<sup>1</sup>, Mohammad Hossein Razavi<sup>1</sup>, Fariba Askarian<sup>2</sup> and Farzam Farzan<sup>1</sup>

<sup>1</sup>University of Mazandaran, Iran

<sup>2</sup>University of Tabriz, Iran

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### Abstract

According to the importance of foreign sporting goods trade in economic developing and the lack of clarity in its share in the sports industry in Iran, the researcher decided to collect data on foreign trade statistics for sports goods in 2011-2015 according to the category of goods to achieve this is essential. The data of this research were firstly determined by descriptive statistics and preliminary study. Then, by using the one-way test, using Z scores at 0.05 level. Foreign trade in sporting goods was investigated in two parts: import and export. In 2011, imports of \$ 114.93 million worth of sports accounted for nearly 0.14 percent of total import and 0.019 percent of the country's gross domestic product. Sports import of \$ 15.85 million in 2015 amounted to 0.15% of total imports and 0.02% of GDP. The country's import of sports in the year 2015 has been negative compared to the 2011. Sports exports of \$ 4.63 million in 2011, close to 0.003% of total exports, 0.013% of non-oil exports and 0.77% of GDP. While the share of sports exports in 2015 with a negative growth of \$ 2.95 million, 0.004% of total exports, 0.008% of non-oil exports and 0.0007% of GDP. The amount of Iran international exchanging rather than other advanced country is so low that the most important reason of this lack is small sporting goods market And the sports expenses of the household, the lack of quality goods for sports, the lack of adequate advertising and marketing, economic sanctions, and the rise in the price of goods and inequality of the country's currency compared to other countries.

**Key words:** gross domestic product, sport industry, foreign trade of sporting goods.

### Introduction

Sport as an industry is one of the diverse industries in the business world. Economically it is considered one of the significant factors for revitalization of the national economy in many countries (Gholamzadeh, 2016). Researchers believe that the sports industry creates direct economic benefits through employment, income from events, consumption and public taxes. In fact, sport may be considered as a compound component that leads to the development of various industries, such as tourism, textile, and employee productivity through activity and health. (Luise and fadal, 2010). In addition, the economic benefits of selling sports goods and services have reached the point where the sports industry is one of the high-income industries (Sadeghi & Mirghafouri, 2009). The sports industry, with the involvement of a stimulating factor such as a mega sporting event, has made it possible to take advantage of advertising opportunities and the media, which has created the necessary framework for the interaction between industry, trade and sport, which is a strategic way in it serves the development of sport and its economic prosperity (Askarian & Jafari, 2007). One of the most important direct economic benefits of sport is the impact of the industry on foreign exchanges, which has allowed the industry's share of global trade is up to 2.5 percent. Although import and export of sporting goods account for a negligible share of 0.04 to 0.2 percent of GDP, the amount of international trade in sporting goods in each country is proportional to the development of the country's sport and industry (Askarian & Jafari, 2007).

According to the national sporting goods association (NSGA) reports, the purchase of sports equipment in 2011 was 5% higher than in 2009, reaching 26 billion dollars in 2011 from \$ 27.7 billion in 2009 (Sarlab, 2013). Also, according to United Nations statistics in 2015, exports of sporting goods were \$ 107.7 billion and imports of goods was \$ 92.1 billion, which is 0.6% and 0.5% of global trade. In China, sporting goods, including apparel and sports equipment, account for 80% of the sports industry. According to available statistics, China is worth \$ 12.2 billion, with 41 percent of the world's sporting goods market, the world's largest sports goods market (United Nations statistics, 2015).

Also, the value of US imports and exports of sporting goods is \$ 29 billion and \$ 7.7 billion (United Nations Trade Statistics, 2015). Detailed trade data records the export of 21.2 m units of sports clothing from Hong Kong at a value of \$1.9 bn. The majority of this clothing consists of ski jackets and anoraks, which accounted for 15.4 m units at a value of \$1.7 bn. Other items of sports clothing exported included swimwear, ski suits and track suits. On the other hand, the export of sports equipment from Hong Kong was negligible. However, the contribution of re-exports to the Hong Kong economy is far more significant. Trade data recording imports and re-exports of the same commodity can be used to gauge the degree of this added value. For example, import statistics show that 86.4m units of swimwear were imported into Hong Kong in the year 2000 at an average unit cost of \$19.97.

On the other hand, over 80.6m units of swimwear were re-exported with revenue showing an average per unit price of \$25.46, suggesting 27.5% on top of the unit cost is 'added value' provided by the marketing, R&D, QA and trade services of the Hong Kong economy (Nana & et al, 2002). An example of the amount of import and export of sport from several selected countries is given in Table 1.

While, the real growth of imports and exports of Iranian sports goods in 2001 compared to 1998 was about 32.33% and 271.67% (askarian and Jafari, 2007). Iranian sports imports in 1998 and 2001 with 8 and 13 billion rials, accounted for almost 0.01% of total imports, 46.4% of GDSP, and 001% of GDP, and it grew 37.5%. The recent study shows that the value of Iran's sports goods exports in 2000 was \$ 30.03 million, which in 2010 increased to \$ 32.89 million (Sarlab, 2013). The strong dependence of Iran's economy on oil exports and its price volatility and the end-of-life of this economic resource has made it necessary to pay attention to other income-generating industries.

Studies have shown that non-oil export development policies, apart from the resulting currency, will provide significant assistance to other sectors and economic variables. In recent years, there has been a significant shift in the country's economic development strategy. In this new approach, export development with emphasis on non-oil exports is one of the most prominent strategies in the country's economic, social and cultural development programs. In following of this strategy, the need to take advantage of all commercial opportunities available to developing countries such as Iran that face the lack of currency income is indisputable and underscores the importance of paying attention to income-generating industries such as sports.

## Methods

This research is descriptive and it is documentary from data collection and statistics point of view. The data of the sport products export and import were collected from year books and statistics centers during 2011-2015. Iran international sport transactions were divided based on the Central Product Classification into six groups of shoe clothe, balls, recreational and sport boats treadmill and other equipment.

The statistics for various countries were also obtained through the World Bank website. After calculating the separate amount of imports and exports of sporting goods, in order to achieve the growth rate of sports exchanges in 2011 and 2015, the price of 2011 was considered the base year, and by dividing the difference between the final year and the base year based on the annual and multiplied by 100, Growth rate was achieved. The data of this research were firstly determined by descriptive statistics and preliminary study. Then, by using the one-way test, using Z scores at 0.05 level. Also, the net exports of sports goods were obtained from the difference in exports of sports goods and imports.

## Results

In explaining the situation of foreign trade in sporting goods, using data from the Customs of the Islamic Republic of Iran and the Trade Development Organization, data on import and export levels during the years 2011-2015 (Fifth Development Plan) were collected and then, using the Excel is categorized. According to Table 1, the highest level of exports of sports goods was in 2013, worth more than \$ 5.94 million. Also, the maximum import of sports goods worth \$ 114.93 million. On the other hand, the negative net export figures for five years show that Iran is a net importer of sporting goods that confirms trade deficit.

In the determination of the share of sporting goods, the amount of non-oil exports and exports of the whole country and the total import of the country were collected for import and export data for the years 2011-2015. According to Table 1, the highest share of sporting goods from non-oil exports and total exports was 0.018 and 0.006 in 2013. Also in 2015, the share of imports of sports goods from the total import of the country was 0.15 percent.

On the other hand, the share of sporting goods from the gross domestic product of the country was calculated during the fifth development plan. The results of Table 1 show that the maximum share of sporting goods exports from the country's gross domestic product is in 2013, and the maximum share of imports is related to the year 2015. Also, the share of foreign trade in gross domestic product has been declining since 2011-2014.

Table 1. Export and import of sporting goods and equipment of the selected countries (2011-2015) (million dollars).

country		2011	2012	2013	2014	2015	% Growth
India	Export	152	152	185	198	169	11.1
	Import	133	168	176	159	153	15
Hong Kong	Export	1280	1380	1460	1330	1100	-14
	Import	1170	1280	1300	1230	1010	-13.7
Germany	Export	1180	1050	1200	1290	1190	0.8
	Import	1400	1350	1340	1540	1440	2.8
Canada	Export	471	413	411	496	500	6.8
	Import	1260	1260	1300	1350	1190	-5
Australia	Export	61.1	59.7	64.3	67.6	63	-5
	Import	630	725	764	740	617	-2

Table 2. The share of sporting goods in total export and import (million dollars).

	2011	2012	2013	2014	2015	% Growth
Sporting goods export	4.63	5.8	5.94	4.14	2.95	-36.2
Sporting goods import	114.93	67.01	50.08	74.63	80.15	-30.2
Net exports	-110.3	-61.21	-44.14	-70.49	-77.2	
non-oil exports	33819	32567	31552	36555	35609	
Total exports	145806	97296	92910	88976	64597	
Total import	78027	68734	63584	70915	52419	
Gross domestic product	592037.8	587209.36	511620.84	425326.06	393400	
Share of sporting goods in total imports	0.14	0.09	0.07	0.1	0.15	
Share of sporting goods in non-oil exports	0.013	0.017	0.018	0.011	0.008	
Share of sporting goods in total exports	0.003	0.005	0.006	0.004	0.004	
Share of sporting goods exports in GDP	0.0007	0.0009	0.001	0.0009	0.0007	
Share of sporting goods import in GDP	0.019	0.011	0.009	0.017	0.02	
Share of Foreign trade in GDP	0.02	0.012	0.01	0.018	0.02	

## Conclusion

Foreign trade in sporting goods was investigated in two parts: import and export. In 2011, imports of \$ 114.93 million worth of sports accounted for nearly 0.14 percent of total import and 0.019 percent of the country's gross domestic product. Sports import of \$ 80.15 million in 2015 amounted to 0.15% of total imports and 0.02% of GDP. The country's import of sports in 2015 has been negative compared to the 2011.

Sports exports of \$ 4.63 million in 2011, close to 0.003% of total exports, 0.013% of non-oil exports and 0.0007% of GDP. While the share of sports exports in 2015 with a negative growth of \$ 2.95 million, 0.004% of total exports, 0.008% of non-oil exports and 0.0007% of GDP.

## Discussion

Import and export of sporting goods account for a significant share of the GDP of the countries (askarian & jafari, 2007), but in Iran, this share is much lower than its global standard (average net exports of 0.019% of production GDP of the country). However, the growth of imports and exports of sports goods in Iran in 2015 compared to 2011 was about -30.2 and -36.2 percent, which was negative.

One of the possible reasons for the low share of the country's sporting goods trade in gross domestic product should be related to the small size of the sports goods market and the sports costs of the households in that country. Studies show that China's largest sports equipment market is \$ 51661.7 million and united states with \$ 38626.6 million and Germany with \$ 11172 million are second and third (UN, 2015).

Andreff (2003) explores the international trade in sports goods in the developed countries, the three countries of NAFTA (USA, Mexico and Canada) and the 15 EU member states, accounting for 75% of the total trade 1981-2001.

The World of Sporting Goods was examined and, according to the export / import ratio of sporting goods, showed that Italy was a significant net exporter while Belgium, Finland, France, Germany, Hungary, Portugal, Sweden and the UK were net importers of sports goods.

This confirms that developed countries were net importers rather than net exporters of sports goods, and this is partly due to the relocation of the sports goods industry in some developing countries. NAFTA countries and EU countries are also keen on bilateral trade in sporting goods.

The amount of international trade in sports goods of each country is proportional to the development of its sports and industry.

The results of the studies show that exports have a very high production and employment potential and improve government revenue in terms of income (askarian, 2004).

According to a tangible shift in the country's economic development strategy, relying on non-oil exports, studies in Iran suggest that non-oil export development policies, apart from earning foreign exchange earnings, help other sectors and economic variables.

However, factors such as the poor quality of sporting goods to the extent expected by other countries, the lack of adequate advertising and marketing in the supply of goods, the lack of proper quality in packaging, economic sanctions and increased commodity prices and inequality in the currency of the country have caused more than other countries So that the sports sector does not play a significant role in advancing this strategy, but has grown very well in the last few years.

Therefore, due to the importance of the sports industry's share of global trade (2.5%) and the existence of the potential and actual economic capabilities of the country, the need for more serious attention to this sector is very significant.

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*Correspondence to:*

*Farnaz Fakhri*

*University of Mazandaran, Iran*

*Faculty of Physical Education and Sport Sciences*

*E-mail: Farnaz.fakhri@gmail.com*