

NEWS IN BRIEF

Oil prices slip



CNBC – Oil prices were down on Monday as concern over rising interest rates, the global economy and the outlook for fuel demand outweighed the prospect of tightening supplies.

Brent crude slipped 86 cents, or 1.1%, to \$82.52 a barrel by 1415 GMT. U.S. West Texas Intermediate crude was down 83 cents, or 1.1%, at \$78.70.

Both contracts fell more than 5% last week for their first weekly declines in five as U.S. implied gasoline demand fell from a year earlier.

Argentina to launch lithium project



AFP – In Argentina's mountainous north, a strong pipeline of lithium projects close to coming online looks set to unlock a wave of production that could see its output of the key electric vehicle battery metal as much as triple within the next two years.

The world's fourth largest producer of the silvery-white metal sits within the so-called "lithium triangle" and has been luring investment from Canadian to Chinese mining firms with a regional and market-led model, even as a wave of resource nationalism has spread in the region.

Türkiye year-end inflation seen at 46%



REUTERS – Turkish inflation will dip to 46.4% by end-2023, a Reuters poll showed on Monday. Türkiye's consumer price index surged in the wake of a currency crisis sparked by an unorthodox easing cycle in late 2021.

Iran's petrochemical sector gets \$2.5b foreign investment offer



● SHANA

Iran has received an offer for \$2.5 billion investment in its petrochemical sector from a foreign country, said Chief Executive of the National Petrochemical Company (NPC) Morteza Shahmirzaei. "Amicable countries have many requests to invest in Iran in order to build petrochemical hubs in Makran and Jask. For example, one of the countries has put an investment proposal of \$2.5 billion on the table. Unfortunately, due to sanctions, we cannot provide more details," he said on Monday, according to Press TV.

Tehran will host the 14th International Iran Petrochemical Forum (IPF) next week. Shahmirzaei said experts and entrepreneurs of the petrochemical industry from 15 countries, including Brazil, Russia, China and several European countries will attend the event.

Seventy petrochemical plants are currently operational in Iran, churning more than 550 grades of products. The official said 10 more facilities will come on stream by the end of the current Iranian year (March 20, 2024).

"The capacity of Iran's pet-

rochemical industry has reached 92 million tons, and with the opening of new projects this capacity will reach 95 million tons by the end of the year," he said.

Petrochemical products are a crucial boon to Iran's drive to weather draconian U.S. sanctions, which mainly aim to dry up the Islamic Republic's oil exports.

Iranian officials say the wide diversity of petrochemical products and huge international demand for them due to their quality and price make the industry unsanctionable.

Washington imposed its initial sanctions on Iran's petrochemical sector back in June 2019. It banned purchases of Iranian aromatic, olefin, and synthesis gas, and any of their derivatives, including ethylene, propylene, butadiene, benzene, toluene, xylene, ammonia, methanol, and urea.

The U.S. Treasury Department said in a statement at the time that the sanctions aimed to choke off financing for Iran's largest and most profitable petrochemical group.

In February, the Biden administration imposed a

fresh round of sanctions on several Iranian petrochemical manufacturers and their subsidiaries.

The sanctions also targeted three firms in Malaysia and Singapore over their role in the "production, sale, and shipment of hundreds of millions of dollars' worth of Iranian petrochemicals and petroleum to buyers in Asia."

Among the targeted Iranian companies were Amir Kabir Petrochemical Co. (AKPC), its subsidiary Simorgh Petrochemical Co., and four subsidiaries of the previously sanctioned Marun Petrochemical Co.

"Iran is increasingly turning to buyers in East Asia to sell its petrochemical and petroleum products, in violation of U.S. sanctions," Undersecretary of the Treasury for Terrorism and Financial Intelligence Brian Nelson said then.

Iran's petrochemical industry is largely self-sufficient, but it is dependent on imports for more than 25 percent of goods, equipment and chemicals, Shahmirzaei said.

"Even in some units, this amount of dependence reaches 30 percent. We have agreed with domestic technologists and knowledge-based companies to localize the equipment, which are mostly high-tech,"

he said.

Currently, the localization of rotating machines is on the agenda, he added.

"We must produce all the world's strategic petrochemical products in Iran, and it is necessary to move from selling raw materials to producing and selling final products."

In 2021, Iranian experts updated for the first time a distributed control system (DCS) built by U.S. industrial conglomerate Emerson Electric at a petrochemical plant in the southwestern port of Mahshahr.

Distributed control systems are computerized platforms for automated control and operation of a plant or industrial process, usually with many control loops, in which autonomous controllers are distributed throughout the system.

The Emerson DCS used at the Shahid Tondgooyan Petrochemical Company (STPC) was obsolete, which had caused major production problems at the plant's PET 1 unit, the company said in a statement.

The U.S. company's refusal to cooperate and provide support because of the American sanctions prompted Iranian experts to revamp and update the system without disabling production units, it added.

Challenges of Iran's foreign trade despite 19% growth

Economy Desk

Iran's foreign trade has experienced a 19% growth from 2012 to 2023 despite the fluctuations and disturbances that have plagued traders during this period. Sanctions, the lack of a proper government policy, and foreign currency instability have all contributed to these ups and downs in commerce.

Pinch of sanctions

The effects of sanctions on Iran's trade reveal that the largest growth in trade volume occurred after the Joint Comprehensive Plan of Action (JCPOA), with the greatest diversity in export destinations also occurring during this time. However, a sudden 13% drop in trade occurred in 2018 after the US withdrew from the JCPOA, which persisted for two years thereafter.

Iran's commercial policies seem not to be geared toward development, and the frequent changes in policy directives and contradictory directives that are sometimes suddenly issued further impede foreign trade. Currency uncertainty also hinders businessmen from planning business and production, with the biggest currency shock occurring in 2017. These fluctuations affect both imports and exports, with production dependent on imported in-

puts being particularly affected, leading to increased production costs.

Lack of effective policy

Iran's non-oil foreign trade has been influenced by various political, economic, and social trends and shocks, with significant consequences for Iran's economy. The lack of an effective government policy has been a major hindrance to Iran's foreign trade. Studies reveal that such risks and uncertainties increase a country's distance from global trade and result in harmful fluctuations in commercial and societal welfare indicators.

Shrinking domestic demand

Over the 11-year period between 2012 to 2023, which encompasses three presidential terms, the volume of foreign trade experienced many ups and downs, with the volume exceeding \$95 billion at the start of the period and reaching \$113 billion by the end. However, the 19% growth in trade volume over this period highlights the shrinking of domestic demand and foreign supply as well as the loss of opportunities to participate in global markets and contribute to global trade. The last Iranian calendar year recorded the highest trade volume in the period with a value of \$113

billion, while 2019 had the lowest value of \$74 billion.

Highest surge in trade

The post-JCPOA period witnessed the highest surge in trade volume. In line with this, 2015 and 2016 marked a growth rate of 4% and 16%, respectively. It is noteworthy that the JCPOA was signed in 2015. However, with the abrupt withdrawal of the United States from the agreement, the growth plummeted by 13% in 2017, followed by two further drops of 3% and 13% in 2018 and 2019, respectively.

Decrease in added value

The dollar value of each ton

of export exceeded \$520 in 2012, which has since nosedived to \$435 in 2023, signifying a remarkable dip in the added value of Iran's exports. In contrast, the dollar value of each ton of imports continued its upward trajectory, surging from \$1,354 per ton in 2012 to \$1,604 per ton in 2023. As a result, Iran's exports were more than 3.6 times cheaper than its imports, implying an increase in reliance on the import of high-value-added goods and a decrease in the export of such products.

This trend could be a cause of concern for Iran's economy as it may result in a trade deficit, which can lead to a depreciation of the national currency and inflation. In



● IRNA

addition, the decline in the dollar value of Iran's exports could also be attributed to the US sanctions, which have impacted the country's ability to sell its oil and other goods on the global market.

What should be done?

To mitigate these challenges, Iran may need to focus

on diversifying its economy and increasing the production and export of high-value-added goods. This could involve investing in research and development, promoting entrepreneurship, and attracting foreign investment. By doing so, Iran could enhance its competitiveness in the global market and reduce its reliance on imports.



Vacancy Notice

The Office of the United Nations Population Fund (UNFPA) in I.R.Iran, intends to recruit a Communication Assistant (TA) at GS4 level for its office in Tehran, Iran.

Details of the Advertised vacancy can be found on UNFPA website on the following link:

<https://iran.unfpa.org>

Please apply online by 10 May 2023, 5 PM Tehran Time. This vacancy is open only for Iranian Nationals.

Important Note:

- There is no application, processing or other fees at any stage of the application process
- UNFPA does not solicit or screen for information in respect of HIV or disabilities and does not discriminate on the basis of HIV status or disabilities.
- Suitable candidates with disability are encouraged to apply