



Petrochemical sector in dire need of investment: *OPEX*

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Iran has built petrochemical plants, with a total production capacity of 95 million tons, which currently produce about 70 million tons of petrochemical products per year, announced a member of the Iranian Oil, Gas and Petrochemical Products Exporters' Union (OPEX). Talking to Iran Daily on the occasion of the National Petrochemical Industry Day, Hamid Hosseini added that it is a fact that our country needs the required feedstock to produce pet-

rochemical products. Iran has all kinds of feedstock that can be used by petrochemical industries, including gas, oil, liquefied gas and condensates, he explained, adding that an energy giant like Saudi Arabia does not have gas resources. "According to the advantages that Iran has, the petrochemical industry is one of the most important industries that has received attention." Hosseini noted that our country enjoys an educated manpower to drive the petrochemical industry to further development. In terms of technical knowledge, we have reached a level where, due to

sanctions, our petrochemical industry is able to carry out most of the work by indigenized technology. A petrochemical complex must be constructed in a zone where there is plenty of water, he said, adding that some plants will be built in Chabahar in the near future. Another important need of the industry is access to the market, Hosseini said, noting that a great market is in Asia, while consumption of petrochemical products has been spread to all industries. In home appliances, medicine, and many other industries, we can see polymer and other petrochemical products which have replaced steel

products and other materials, he explained. "Furthermore, in the near future, carbon-based fuel consumption for cars and power plants will decrease as the world will move toward renewable energies." We could be hopeful for petrochemical industries as Iran can allocate the greater part of its oil production to petrochemical producing plants. "Iran has the second rank, after Saudi Arabia, in the Middle East in terms of the weight of petrochemicals production. In Saudi Arabia, the tonnage of products is much greater than in Iran." This industry is very capital inten-

sive rather than labor intensive, Hosseini said, adding that the country is in dire need of investments for modernization. "Until two years ago, our oil exports and imports were in balance, as the export value of oil products and petrochemical products was \$25 billion, but now our exports have decreased." Iran's trade balance is positive thanks to its oil exports, Hosseini said, noting that due to the decrease in global prices of petrochemicals, the revenues for our exports have decreased by 14 percent, while the weight of our exported petrochemical products has increased.

Iran's resilient petrochemical industry helps offset sanctions

Economy Desk

Iran's petrochemical industry has continuously withstood illegal US sanctions, demonstrating remarkable resilience in the face of economic barriers. Despite efforts to restrict Iran's access to global markets and technology by western countries, the petrochemical sector has continued to thrive, underscoring the limitations of sanctions in achieving their intended outcomes.

Diversification of markets and trade partners

One of the primary factors contributing to the limited impact of sanctions on Iran's petrochemical industry is the industry's adeptness at diversifying its market reach and forging trade partnerships with non-sanctioning countries.

By strategically cultivating new trade channels and expanding its customer base beyond traditional markets, Iran has effectively mitigated the adverse effects of restricted access to certain regions, thereby preserving its export capacity and revenue streams.

This adaptability has proven instrumental in offsetting the impact of sanctions, allowing the industry to sustain its operations and contribute to the national economy.

Indigenous technological development and self-reliance

The imposition of sanctions has prompted Iran's petrochemical sector to invest in indigenous technological development and foster self-reliance in various facets of production and operations.

By leveraging domestic expertise and innovation, as well as adapting existing technologies to suit local requirements, the



industry has maintained its competitive edge and minimized the disruptive effects of external technological restrictions. This cultivation of self-sufficiency not only bolsters Iran's petrochemical autonomy but also serves as a deterrent against over-reliance on foreign resources, thus insulating the industry from the full impact of sanctions.

Strategic investment in infrastructure and upgrading facilities

In response to sanctions, Iran's petrochemical industry has undertaken strategic investments in infrastructure development and the modernization of production facil-

ities, enhancing operational efficiency and cost-effectiveness.

By prioritizing the refurbishment and expansion of existing petrochemical complexes, as well as integrating advanced technologies for process optimization, the industry has bolstered its production capacity and product quality, positioning itself as a formidable player in the global market.

These proactive measures have enabled Iran to not only sustain its petrochemical output but also elevate its competitiveness, despite external economic pressures.

Global demand and essential products

The inherent global demand for petro-

chemical products, coupled with the industry's production of essential commodities with widespread applications, has acted as a buffer against the full ramifications of sanctions.

Key petrochemical derivatives, such as polymers, fertilizers, and basic chemicals, constitute integral components of various industries and consumer goods, ensuring sustained market demand for Iran's petrochemical exports.

This intrinsic necessity and versatility of petrochemical products have conferred a degree of resilience upon the industry, enabling it to navigate geopolitical constraints and sustain its relevance in the global supply chain.

Adaptive financial mechanisms, bartering arrangements

In response to financial restrictions imposed by sanctions, Iran's petrochemical industry has demonstrated adaptability by devising alternative financial mechanisms and engaging in barter trade arrangements with partner countries.

Through creative financial structuring and utilizing non-dollar denominated transactions, the industry has circumvented certain limitations on banking and monetary transactions, facilitating continued trade operations and revenue generation.

Moreover, the exploration of bartering agreements, wherein goods are exchanged directly without relying on conventional currency transactions, has provided a pragmatic avenue for sustaining international trade amidst financial constraints.

Regional geopolitical alliances and collaboration

Iran's petrochemical industry has capitalized on regional geopolitical alliances and collaborative initiatives with neighboring countries, fostering mutually beneficial partnerships that mitigate the impact of sanctions.

By leveraging shared infrastructural projects, joint ventures, and cooperative trade agreements within the region, Iran has expanded its market access and diversified its export routes, thereby circumventing some of the barriers imposed by extraterritorial sanctions.

This strategic engagement with neighboring nations reinforces the industry's resilience and amplifies its interconnectedness within the broader regional economic landscape.

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