

PERSPECTIVE

Ethylene pipeline,
Iran's third petchem hub

Under Iran's Vision 2025, petrochemical industry has been chosen as an option for the country to move towards reducing crude oil and natural gas sales and generating value-added.

As a value-generating industry, Iran's petrochemical sector has experienced significant growth in the past decade. A major project which is banked in on is the West Ethylene Pipeline (WEP) and petrochemical plants located along this route.

Minister of Oil Bijan Namdar Zanganeh has said that once this project has become operational as the country's third petrochemical hub in western Iran, Assaluyeh and Mahshahr are currently two petrochemical hubs in Iran.

WEP is the most important investment project by Iran's oil and gas industry for developing western areas of the country. Once the downstream sectors of these petrochemical plants have been launched, final products could be exported to Iraq and Turkey, thanks to communications with these two countries and absence of any petrochemical plants in eastern Turkey and northern Iraq.

Iran's petrochemical industry, which is heading towards growth and development in light of appropriate infrastructure, needs to complete its value chain.

In coincidence with the development of upstream sector, particularly South Pars Gas Field development phases, the downstream sector of this industry must be taken into consideration as a national strategy.

In order to make arrangements for balanced development of petrochemical industry, we have to envisage downstream industries all over the country.

Iran is currently building the world's largest ethylene pipeline in its western provinces for the purpose of developing petrochemical industry and generating more value-added from ethane.

Iranian officials say output from petrochemical projects under construction in western Iran would reach \$8 billion by next March.

This year, petrochemical plants in western Iran are expected to supply a total of two million tons of products.

Senior Iranian petrochemical managers say WEP has potential to produce up to three million tons of products. So far, five compressors have been installed on this pipeline.

\$4.7b investment

The investment made in petrochemical projects located along this pipeline totals \$3.5 billion. The value of investment in projects under way reaches \$1.2 billion. Therefore, a total of \$4.7 billion will be invested in this project.

Last year, most of ethane produced in the refineries of different phases of South Pars was delivered to Kavian Petrochemical Plant to be converted to ethylene before injection into WEP.

Experts say WEP is the most important project remaining from Iran's 4th Five-Year Economic Development Plan in petrochemical industry.

WEP was approved by Iran's government in 2002 for the purpose of compensating for the backwardness of western provinces whose development index is lower than the state average index, creating jobs, engaging the private sector, stimulating production and upgrading technology in the oil sector.

The project was initially supposed to become operational in 2007, but due to many changes, technical challenges, increased costs and insufficient budget allocation, it has had just 80 percent of progress. Currently, 5,000 people are directly employed by petrochemical plants which are about to come online, and 3,000 more jobs are to be created. Downstream petrochemical sector is expected to drive this industry away from raw sales, as many plants would be fed by this pipeline in western Iran to supply petrochemicals.

Once operational, WEP would have the capacity of carrying 3.5 million tons of ethylene, 2.5 million tons of which would come from South Pars and the rest from Gachsaran. That would feed 12 petrochemical plants.

The WEP sections in Hamadan, Dehdasht, Mamasi, Borujen and Kazeroun have yet to start. Tabriz Petrochemical Plant has announced that it will build its own connection, like Ilam Petrochemical Plant.

This pipeline is 2,700 kilometers long and feeds petrochemical plants in Kermanshah, Andimeshk, Lorestan, Kurdistan, Miandoab and Mahabad.

The pipeline was officially inaugurated by President Hassan Rouhani and Zanganeh last year.

Along WEP are located Kavian Petrochemical Plant, Lorestan Petrochemical Plant, Mahabad Petrochemical Plant and Kermanshah Polymer Plant.

The ethylene produced at Kavian Petrochemical Plant is supplied to Kermanshah Petrochemical Plant. WEP carries the Kavian plant's products to western areas in the country for the purpose of developing petrochemical industry.

Iran's petrochemical industry, which has experienced growth over recent years, will enter a new phase once petrochemical plants in western Iran come online.

Hamedan Petrochemical Plant is in its final stages of construction. Kurdistan Petrochemical Plant came online earlier this year and the first phase of Ilam Petrochemical Plant became operational several months ago.

Iran's western area could turn into a reliable industrial hub in the near future once petrochemical industry has been developed and plans would get under way for building downstream industries.

Then, in addition to meeting domestic demand, the western area of Iran could export petrochemicals overseas.

Marzieh Shahdaei, former CEO of NPC, said recently that WEP would create new jobs in western Iran. Meantime, startup of several other petrochemical plants would create jobs in the provinces located near the pipeline.

Given the conditions of WEP, the only body competent to decide about the status of this project in terms of remaining in the hands of state of being privatized is the government. Maintenance and safeguarding of this pipeline and accountability to consumers of ethylene is an issue of extreme significance and sensitivity.

With the implementation of Article 44 of the Constitution, all petrochemical units located along the WEP route will be handed over to the private sector, while no decision has been made on the fate of the pipeline.

The issue of status of WEP remains complicated in Iran's petrochemical industry because maintaining a 2,865-km pipeline carrying ethylene is sensitive and costly.

This article originally appeared in Iran Petroleum Monthly, affiliated to Ministry of Oil.

Iran, Oman to launch
new shipping route

A senior trade official announced that a new shipping route between Iran's Khorramshahr Port and Oman's Sohar Port will be launched on December 30.

"The Iran-Oman Chamber of Commerce, Industries, Mining and Agriculture identifies the obstacles and provides the infrastructure for developing exports between the two countries," Chairman of Iran-Oman Joint Chamber of Commerce Mosen Zarabi was quoted as saying by Fars News Agency.

He noted that another route between Chabahar and Sohar will be launched in the near future.

"According to our agreements with the Oman Free Trade Zones Organization, Iranian companies can register a company in the country without the need to export goods," Zarabi said.

"We have also signed a memorandum of understanding with the Sohar Free Trade Zone which will increase the volume of Iran's date export to the country to 300,000 tons a year if implemented," he added.

In relevant remarks in June, Iranian Ambassador to Oman Mohammad Reza Nouri Shahroodi and Chairman of Oman's State Council Yahya bin Mahfouh al-Mandheri in a meeting discussed ways to broaden bilateral ties.

During the meeting in Muscat, Nouri Shahroodi and Yahya reviewed the ways to expand parliamentary relations between the two countries' parliaments.

The two sides stressed that the long-standing relations between Iran and Oman are an indication of wisdom and prudence of the two countries' senior officials.

Key oil players
presented Azadegan
plans: Official

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Iran discovered Azadegan oilfield in the oil-rich southwestern province of Khuzestan in 1999 in what was the country's biggest oilfield in decades.

The country accordingly teamed up with Inpex to push the project toward development. However, the Japanese company later quit the project in what appeared to be the result of US sanctions against Iran.

The NIOC later divided the project into South Azadegan and North Azadegan and both were awarded to China's CNPC.

The media reported in 2014 that Zanganeh had sidelined CNPC from South Azadegan due to its protracted delays in developing the field.

South Azadegan is believed to hold an in-place oil reserve of about 33.2 billion barrels and its recoverable resources estimated at about 5.2 billion barrels.

Azadegan is shared with Iraq and Iran is in a race with its neighbor to develop the reservoir. Royal/Dutch Shell has developed the Iraqi stretch of the reservoir, known as Majnoon oilfield in the southern city of Basra.

Majnoon came into production in 2014. Iraq is pumping between 220,000 and 230,000 bpd from Majnoon, nearly three times over the Azadegan output.

Iran to present economic potentials
at Euromoney 2018 in Paris

France will run its second Euromoney Iran Conference in Paris on February 8, 2018, co-organized by Central Bank of Iran.

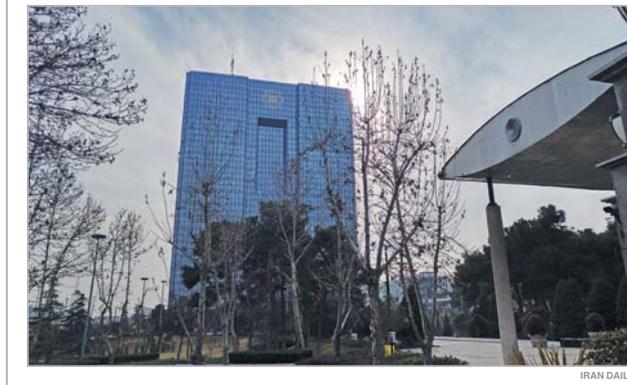
Two years after the implementation of JCPOA, with a focus on tourism potentials, Euromoney will once again bring

together Iranian bankers and industrial leaders with their international counterparts to discuss and debate the key issues around Iran's reintegration into the global economy, ISNA reported.

The conference will highlight successes in the banking sector

so far, the international correspondent banking relationships achieved and the cross border trade finance which is ongoing.

The conference aims to introduce investment opportunities which Iran offers in capital markets, oil and gas, aviation, automotive, tourism and insurance.



Iran: Aviation giants to fund plane purchases

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Abedzadeh said Iran had already become used to Trump's threats against its plane purchase agreements.

"From the very day President Trump took office, he kept making threats against Iran's plane agreements," he was quoted as saying by Iran's media.

"But there has been nothing in his remarks for which we and Iran Air should be worried about."

Elsewhere in her remarks, Iran Air chief Sharafbafi stressed that a recent bill by the US House of Representatives which envisaged a reporting mechanism over plane deals with Iran would not lead to the cancellation of those deals.

Nevertheless, she said, it could protect the process for the US Treasury Department to issue the necessary authorizations for the deals to proceed.

On the same front, CAO's head Abedzadeh further described the bill as illegal, stressing that the confidentiality clause in the agreement with Boeing would not allow any disclosure of purchase details.

US lawmakers on Thursday ap-

proved a bill that will bring the sales of American planes to Iran under the close scrutiny of Congress.

The bill – still pending the approval of the Senate – would oblige the Treasury to report to lawmakers on Iranian purchases of US aircraft and how those sales would be financed.

This provoked a reaction from Tehran over the weekend. Media quoted Asghar Fakhrieh Kashan, Iran's deputy minister of roads and urban development, as saying that the bill was in violation of the nuclear agreement that Iran had sealed with the five permanent members of the Security Council plus Germany – the P5+1 group of countries.

Fakhrieh Kashan emphasized that the nuclear agreement – the Joint Comprehensive Plan of Action or the JCPOA – clearly stipulated that the US would issue the required authorizations for sales of planes to Iran.

"[The JCPOA] goes even beyond merely planes and says spare parts, after-sales services and the related technologies should also be sold to Iran," he was quoted as saying by Iran's IRNA news agency.



The nuclear agreement was achieved after lengthy negotiations that eventually resolved disputes over the Iranian nuclear energy program. It envisages

certain measures by Iran to limit certain aspects of its nuclear energy activities in return for the removal of sanctions against it.