Phase II of Mahshahr Petrochemical Zone: Accelerating the Value Chain Toward National Development

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The development of Phase II of Iran's Petrochemical Special Economic Zone marks a strategic step toward completing the petrochemical value chain. This initiative, aimed at attracting new investments and establishing specialized infrastructure, can play a pivotal role in enhancing efficiency, reducing raw material exports, and elevating Iran's position in global markets.

During the annual general assembly of the zone, Mr. Hassan Abbaszadeh, Deputy Minister of Petroleum and CEO of the National Petrochemical Company, emphasized the need for precise planning by applicant companies regarding financing, construction of industrial units, and compliance with legal and civil defense requirements. His remarks reflect a thoughtful, expert-driven approach to advancing the country's industrial infrastructure.

National Perspective

Iran's experience with the Pars Energy Special Economic Zone in Assaluyeh demonstrates a growing trend of domestic and foreign investment in the petrochemical sector. For example, in 2021, over 70 trillion rials and €500 million were invested in the region—a 46% increase compared to the previous year. Furthermore, Iran's petrochemical production capacity is projected to reach 60 million tons annually by 2025, with more than half already achieved. These figures underscore Iran's strong potential for balanced petrochemical development across special economic zones.

Global Perspective

Globally, several countries have achieved remarkable success by developing petrochemical hubs. Saudi Arabia, through its Jubail Industrial City and SABIC, surpassed $40 billion in petrochemical exports in 2022. This success stems from foreign investment, modern infrastructure, and robust government support. China's Ningbo Economic Zone attracted over $20 billion in petrochemical investments in 2021, focusing on downstream industries to generate high added value. In the United States, petrochemical zones along the

Gulf of Mexico—particularly in Texas and Louisiana—hosted over $50 billion in new investments in 2022, leveraging shale gas resources and advanced transportation infrastructure to gain a competitive edge.

Drawing on these global experiences, Phase II of Iran's Petrochemical Special Economic Zone can harness domestic capabilities, attract foreign investment, and implement specialized projects to generate added value, create jobs, boost non-oil exports, and strengthen economic security. Achieving these goals requires precise development planning, effective oversight by the zone's administration, and constructive collaboration between public and private sectors.

Strategic Recommendations for Phase II Development

1. Establishing Mechanisms for Foreign Investment Attraction

- Inspired by successful models in Saudi Arabia and China, it is recommended to develop legal frameworks and financial incentives for foreign investors in Phase II.
- Creating a one-stop investment window and streamlining licensing procedures can accelerate capital inflow.

2. Focusing on Downstream Industries and Value Chain Completion

- Instead of expanding basic production units like methanol or urea, efforts should shift toward manufacturing final products such as specialty resins, polymers, and pharmaceutical precursors.
- This approach enhances added value, generates employment, and reduces reliance on raw material exports.

3. Developing Logistics and Transportation Infrastructure

- Connecting the zone to rail networks, specialized ports, and export terminals can reduce transportation costs and improve product competitiveness.
- Feasibility studies for a dedicated export terminal in Mahshahr are recommended.

4. Establishing Innovation and R&D Centers

- Launching joint research centers between universities, petrochemical companies, and the zone's administration can foster indigenous technologies and improve product quality.
- These centers may focus on catalyst recycling, energy optimization, and bio-based product development.

5. Implementing Civil Defense and Industrial Risk Management

- Given Mahshahr's strategic sensitivity, a comprehensive civil defense plan should be prioritized.
- Real-time monitoring systems, crisis management protocols, and specialized training for plant personnel are essential.

Conclusion

Phase II of the Petrochemical Special Economic Zone presents a unique opportunity to transform Iran's petrochemical industry. By leveraging domestic strengths, learning from global best practices, and executing strategic recommendations, this zone can become a regional hub for innovation, production, and petrochemical exports.

Success hinges on synergy between government, private sector, regulatory bodies, and academic institutions. If pursued with precision and commitment, this initiative will not only complete the petrochemical value chain but also deliver substantial benefits to the national economy.

Resources & Links

1. https://freena.ir/detail/64316
2. https://www.mizanonline.ir/fa/news