

## The Narrow Corridor of Sanctions: Impact of Sanctions on CSPF's Investment on Petrochemical Industry

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### ABSTRACT

Resources of petrochemical products are spread over different parts of the world. Therefore, each region plays its role according to competitive privileges they possess in value chain. The turnover of this industry in 2017 was more than 3.8 trillion USD all over the world, and IEA projections show that the demand for petrochemical products as of 2030 will increase up to 30 percent, and as of 2050 it will raise up to 60 percent. The matter of variety of products in this industry is one of the most important factors ensuring sustainability and stability of the industry. Accordingly, it can be said that Iran holds quite a good position in this regard in the world by producing around 100 products. The average proportion of non-oil export was 25% from 2012 to 2018. It ranked sixth compared to the other economic sectors. Therefore, it can be pointed out that petrochemical industry holds a very strategic position in Iran's industry. On average, in the past decade, 40% of the petrochemical products has been exported to other countries, this is equal to 25 percent of non-oil exports and 40% of industrial exports. The major petrochemical products being exported are Polyethylene, Methanol, Ethylene glycol, Urea, Isoprene, PVC, Ammonia and Xylene, all together comprise 80 percent of Iran's exported petrochemical products. In 2018 total petrochemical products of CSPF was 13.34 tons with approximate value of 40 thousand billion Tuman, which comprised more than 25 percent of total products of the country. In this year, CSPF exported 5,671 tons of its petrochemical products, which was 28 percent of total exported petrochemical products of the country with the approximate value of 208,000 billion Rial. In 2012 and 2013, the export of petrochemical products was negatively affected by the sanctions imposed by the US government, as a result the export of the products decreased for almost 15 percent, especially Methanol and Natural Gas. In the past few years, foreign companies' investments in this field significantly decreased as well, and the government had to use its domestic resources and rely on the participation of banks, loans of national development fund, private sector capital, and open up lines of credit with China so as to compensate for the negative impacts of the sanctions. The petrochemical industry had encountered some problems in terms bank to bank transfers due to US sanctions, that is, there have been some problems as regards transferring money even from China, which limited the amount of imported petrochemical products from Iran.