

Statement
by
D-8 Secretary General Dr. Seyed Ali Mohammad Mousavi at the
D-8 Petrochemical Meeting 13 & 14 May, 2013, Tehran - Iran

Mr. Chairman,
Honorable Deputy Minister,
Distinguished Colleagues, Ladies
and Gentlemen,

On behalf of the D-8 Organization for Economic Cooperation, I would like to welcome you all to the **D-8 Petrochemical Meeting**.

It is my great honor and pleasure to be with you at the opening of this important Meeting. First, I would like to extend my heartfelt gratitude to government of the Islamic Republic of Iran, especially to the National Iranian Petrochemical Company for this well-prepared Meeting providing us with a very comfortable venue in the beautiful city of Tehran. I would also like to express my appreciation to my previous colleagues in the Ministry of Foreign Affairs of Islamic Republic of Iran and all delegates here, whose dedication and support has made this meeting possible.

Distinguished Delegates,

The petrochemical industry of today is a technology intensive one and an indispensable part of the manufacturing and consuming sectors, a large scale of products, which include paint, plastic, rubber, detergents, dyes, fertilizers, textiles, and even solvents are part of this industry. Therefore, ¹ petrochemical industry cannot develop deeply without strengthening the study towards such basic subjects as organic chemistry, high polymer chemistry, chemical engineering and automation, cultivating professionals with skills to help them grasp scientific achievements, and coordinating relevant engineering techniques.

Major consumption centers in this sector are swiftly shifting to Asia. Given the rapid growth in demand in China and owing to the chemical intensive and export driven industries in India, these two countries are emerging as global consumption centers in Asia. This trend is likely to also shake up the global petrochemical industry with emergence of National Chemicals and Oil Companies as global players. Established western companies are shrinking unless they realign by moving

eastwards through partnerships or strategic alliances to be near to the consumption centers to catch up with Asia Petrochemical boom.

However, as regional petrochemicals' development continues, particularly in D-8 Countries, the implications of any strategic decision is substantial due to the amount of investment involved, and careful analysis and evaluation of the available options is key to long-term success. Therefore “who will capture the new market demand” still remains as a completely open question. D-8 Governments and private sector entities play a key role in developing the petrochemicals industry by incentivizing the establishment of clusters and R&D activities, building the necessary infrastructure and setting up the supporting educational system.

Distinguished Colleagues,

Let me now turn to the Meeting here today. As you all know, this meeting is the follow up action of the outcomes from 2nd Task Force Meeting on Petrochemical and Fertilizer, which successfully held on 8 October 2012 in Dhaka, Bangladesh. That initial gathering was meant to generate discussion on the importance of petrochemical industry and its applied technology as well as the need for a strategy for developing inter-linkages among D-8 Member Countries.

I am confident that the trend of progress in petrochemical industry will assist us all to achieve some concrete objectives. The petrochemicals market is becoming increasingly globalized in terms of technology transfer, feedstock sourcing and market access. The companies active here all face the same basic issues of access to technology, feedstock and markets, but players have different starting points based on their respective strengths and weaknesses.

Moreover, while the strategic issues are specific to each D-8 member country, all of them are facing the basic issue of how to compensate for their weaknesses within this increasingly global market setup. Possible actions include joint ventures, merger & acquisition (M&A) or organic international expansion aimed at up- or downstream integration, product specialization or development of scale.

I would also like to emphasize that the Meeting here in Tehran has provided us all with a precious opportunity to communicate with each other better, at both public and private levels and also between the two complimenting sectors. We can - and we should - expand and institutionalize our connections and communications. I really doubt that you need to be further encouraged on the urgent need for sharing information, experiences and best practices to promote actual cooperation on petrochemical industry.

Distinguished Colleagues,

Upgrading the quality of industrialization in D-8 Countries, such as exporting quality petrochemical products, enhancing productivity, and cutting production costs to attain a higher level of competitiveness, is significant. Although the refined products industries and the exploitation of natural gas constitute the basis of industrial production in D-8 countries, petrochemicals and chemical fertilizers are considered the industries of the future in D-8 Community, as such, are given priority in the allocation of investments earmarked for industrial development.

Coming to the end of my remarks, let me underline that I find reassuring the growing petrochemical industry, especially that there appears to be an increasing tendency among governments to lend a helping hand, also assisted by a trend of transfer technology in the field of petrochemicals. In addition, my last word would be to urge all of you to focus on developing a good set of concrete project proposals, as part and parcel of a workable action plan for petrochemical industry cooperation which, as everybody knows, has been clearly stipulated in the industry cooperation, as an umbrella of industrial cooperation.

Finally, once again I am grateful to the government of Islamic Republic of Iran, especially the National Iranian Petrochemical Company for the warm hospitality extended to us and excellent arrangements made for this meeting.

I thank you very much for your attention and wish all of you every success in this meeting.