



Achieving Gasoline Self-Sufficiency in Iran

OE Watch Commentary: While Iran has long been an oil exporter, it has become dependent over the decades on imports of gasoline in order to meet its domestic needs. At the beginning of Mahmoud Ahmadinejad's presidency in 2005, imports accounted for 40 percent of Iran's domestic needs. Through both rationing and production schemes, Ahmadinejad managed to get imported gasoline dependency down to 20 percent, before interest groups seeking rationing exemptions and increased demands again increased the proportion of gasoline imported to previous levels. Of course, gasoline imports are not simply about driving cars and trucks: Iran uses gasoline to generate electricity and, because of their declining condition, Iranian engineers often inject gasoline into wells in order to increase the volume of oil extracted.

It is against this backdrop, that Mohammad Reza Ne'matzadeh, Minister of Industries, Mines and Commerce during President Hassan Rouhani's first term (2013-2017), contributed an essay to Iran, in the accompanying excerpt, which argues that building a new refinery to make Iran self-sufficient in gasoline should be a key national security priority. While Ne'matzadeh is correct that achieving production rates of more than 26 million gallons of gasoline per day would reduce pressure on the Iranian economy, his article avoids a basic question many have been asking: if Iran were truly capable of building such a refinery by itself, why would it have sought the participation of foreign firms to build the refinery in the first place? Those solicitations suggest that Iranian technological know-how and/or its ability to produce precision equipment remain deficient. Also important is the underlying assumption of the article, that despite diplomatic rhetoric to the contrary, Iranian authorities fear the pressure upon the economy which a renewal of sanctions will bring. **End OE Watch Commentary (Rubin)**

Source: "Palayashgah-ye baraye 'Abor az Tahrirha (A refinery to overcome sanctions)," *Iran*, 29 June 2018. <http://iran-newspaper.com/newspaper/item/472213>

While America is threatening the buyers of Iranian oil to cut off their imports from Iran, on Thursday last week, the president opened the second phase of the Star of the Persian Gulf refinery. This is another step towards self-sufficiency and the export of [refined] petroleum. The Star of the Persian Gulf Refinery, as the biggest natural gas condensate refinery in the world, will be completed in three phases, and each phase will have a daily production capacity of 3.17 million gallons of petroleum with the Euro-5 standards.

So far, two phases of the refinery with the production of 6.34 million gallons of petroleum per day with the Euro-5 standards have been completed. According to the plans that had been prepared in advance, the third phase of the project will be completed before March 20, 2019, the end of the Iranian year. At that time, the total amount of petroleum produced would reach 9.51 million gallons of petroleum per day and the total amount of petroleum produced by the country would reach 26.41 million gallons per day. With the completion of the third phase, alongside providing for all the domestic needs of the country, Iran can also join the club of the countries that export petroleum.

At a time when with its unilateral withdrawal from the JCPOA and re-imposing oil sanctions, the American government is trying to increase pressure on our country, the completion of a major refinery most of whose equipment and investment have been supplied from inside the country will convey a clear message to the world. At the start of the planning of that refinery, foreign investors entered Iran in order to implement that project but later on, as the result of the sanctions they were forced to stop their work....

Whether under normal circumstances, or under sanctions, an Iran that possesses one of the biggest oil and gas resources in the world must move towards the production of petroleum products with the added value, instead of just exporting crude oil. Increasing production of different forms of petroleum bi-products under the conditions of sanctions can be one of the ways to cope with the restrictions...

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Gas Station, Borujerd, Iran (2016).

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