

Persian Gulf Mining and Metal Industries Special Economic Zone



Engineer Masoud Hendian, Managing Director of the Persian Gulf Mining and Metal Industries Special Economic Zone, in a press conference answered question of our reporter:

Would you please elaborate on the performance and development of the Persian Gulf Metal and Mining Special Zone in the past years?

The performance of the Persian Gulf special economic zone for mining and metal industries can be studied in two areas: investment attraction and supply and development of investment infrastructures.

In the field of investment attraction the performance of the zone has enjoyed a growing and outstanding trend in recent years so that the amount compared to the previous decade has witnessed a growth of 450%. The amount of investment in the zone which was \$2 billion during the 1376 – 86 decade (1997-2007) has increased to about \$9 billion in the past few years.

The zone has attracted about \$3281 million in the area of energy consuming industries and related projects have been put into operation. Projects worth \$1900 million in the field of energy intensive, industrial and mining, petrochemical and upstream and downstream industries are in the stage of construction and installation of equipment. Over \$3700 million worth of investment projects are ready

for commencement of executive operations. The zone, with investment projects worth \$8.9 billion and over \$2 billion of projects in the stage of negotiation or signing of contracts is trying to contribute to the country's economic boom.

At present, 13000 people are directly working in the zone. In comparison to the first decade of its operation, the figure has increased several folds. The zone is making efforts through attracting domestic and foreign investment to increase the number to 30 thousand people. Upon commissioning of Hormuzgan Steel and Kaveh South Steel projects steel output capacity in the zone will increase from 1.8 million tons to 4.2 million tons. Through implementation of ongoing projects such as Saba Steel of the Persian Gulf and Mobasher Noor Darya for production and rolling of steel as well as the project for development of Hormuzgan Steel the output will reach 10 million tons.

Making investment in upstream steel industries has started in the zone in recent years and now two phases of Maad Koush pelletizing project with a capacity of 5 million tons and Kaveh Steel Pelletizing with a capacity of 5 million tons are under construction. Maad Koush concentrate plan with a capacity of 2.5 million tons will start operation soon.

The output capacity of aluminum ingots in the zone

with the exploitation of Al-Mahdi Aluminum and Hormuzal Aluminum plants has increased from 110 thousand tons to 257 thousand tons. Efforts are being made to increase the figure to 200 thousand raw anodes and 150 thousand baked anodes through attracting domestic and foreign investment. This will turn the zone into a hub for production of aluminum anode.

The production capacity of zinc ingots in the region has increased from 12000 to 18000 tons and several industrial and mining projects are under way in the zone. Meanwhile, attraction of investors for the implementation of infrastructural and prioritized projects in the zone is among the achievements during recent years. Through implementation of two desalination projects in Kaveh South Steel and Mobin Mehr Nasab Fars with a total capacity of 155 thousand cubic meters per day the capacity of production of edible water in the zone has made a multiple increase. Also, construction operations for the two Oxin Deutschland 235 megawatt and Al-Mahdi 500 megawatt with a total capacity of 735 megawatt have started in the zone and two 1000 and 500 megawatt power plants have been put on the agenda of the zone.

In the area of development of investment infrastructures in the zone reference can be made to the implementation and exploitation of

very important infrastructural projects in recent years such as Genou post and transfer lines with a capacity of 600 megawatt and investment of \$40 million; Shahid Lashkari 400 to 230 kw post with a capacity of 1000 megawatt and investment of \$45 million; plan for development of loading and reloading pier for bulk minerals from 6 to 12 million tons with an investment of \$56 million; development of grantable land of the zone from 2000 hectares to 5000 hectares, preparation of comprehensive plans for water, electricity, and gas in the zone, implementation of fencing and building roads, several bridges and development of green space up to 200 hectare are among the important plans in this regard.

Would you please specify on the responsibility and characteristics of the Special Zone? What plans do you have for foreign investors?

The missions sketched for the zone are providing the requirements for the attraction of domestic and foreign investment and leading them towards establishment of industrial, mining, oil, energy consuming petrochemical industries (non-oil), services for the support of domestic products and development of exports and implementation of engineering plans for the operation of infrastructural projects such as development of infrastructures of jetties, pow-



er plants and water, electricity, gas, telecommunications, railroad, road and marine lines. Also, other responsibilities have been defined for the zone such as supporting economic activities, establishment of international trade relations and dynamism in regional economy and production and processing of commodities, transferring of technology, non-oil exports, creating productive employment, re-exports transit and transship, and transfer of commodities.

Generally, proximity to target markets, neighborhood with and access to international waters and closeness with the Persian Gulf and the Strait of Hormuz, access to north-south corridor and Central Asian with Caucasus, proximity to the largest trade port of the country (Shahid Rajaei), availability of nationwide railroad terminals and easy access to the mines of the country, presence of rich iron ore in the vicinity of the province, proximity to Bandar Abbas International Airport, closeness with 1200 megawatt

Bandar Abbas power plant and neighborhood with oil refineries, passage of nationwide gas pipeline known as the Peace Pipeline and acquiring government approval for transfer of gas to the zone, possessing mineral marine terminals with a capacity of 12 million tons and oil terminals with a capacity of 15 million tons.

In a near future with the preparation of a comprehensive plan for the large port of the zone and with the addition of 8 jetties posts the capacity of loading and reloading will increase up to 70 million tons. Enjoying mechanized infrastructures for unloading and reloading of bulk minerals, including mechanized machineries for stacking and reclaiming of materials, unloading and reloading of ships, loading and unloading of trains, 40 hectare depot for bulk minerals and 30 km of conveyor belts, 2000 hectares of land as southern northern and middle sites and 3000 hectares of land as the development site have increased the total span of the zone to 500 hectares.

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Proximity to Shahid Rajaei Highway, possessing the five-star Persian Gulf Hotel, closeness to the road, marine, air and rail connection lines for easy access to export of products, several desalination plants, stationing of a private customs office equipped with global ASYCUDA (automated system for customs data), a collection of steel and aluminum plants, power stations, and marine infrastructures, have all prepared the ground for investment.

With regard to the plans of the zone for attraction of foreign investors, currently negotiations are underway

with India and Kuwait and in this regard memoranda of understanding have been signed with the negotiating companies. The plans include two steel plants (1 million ton and 3 million ton), two pelletizing plans each with a capacity of 5 million tons, two rolling plans (1 million ton and 3 million ton), and two power plants each with a capacity of 500 megawatt. Meanwhile, the zone is prepared to hold negotiations and accept foreign investment in the field of steel production and steel downstream and upstream industries, aluminum production and downstream aluminum industries, establishment of desalination plant, construction of power plants, establishment of marine terminals, production of alloy and ferroalloy steel, production of aluminum alloy and other mineral and metal industries upon proposal of the investor.

Are the ports and marine terminals facilities of the country sufficient for the import and export of min-

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The Persian Gulf Mining and Metal Industries Special Economic Zone has been founded with an aim of creating and developing effective industrial and mining activities by attracting and leading domestic and foreign investment through using modern technology and offering special services in line with national qualitative and quantitative growth.

In line with this mission, the zone has attracted \$3,281 million investment in the field of energy industries and put related projects into operation. It has also concluded contracts worth over \$5,600 million in the field of steel, aluminum, zinc ingot, power plant, desalination unit, petrochemical and downstream and upstream steel industry cycle with some being at the stage of construction and equipment installation.

Advantages and Strong Points

- Presence in the most important strategic point of the world and having easy access to open seas
- Massive oil and gas energy resources of the 8th Oil Refinery, the Persian Gulf and Hormuz Star with a capacity of one million barrels per day and gas refineries of Sarkhoon, Qeshm and Gavarzin
- Proximity of Hormuzgan Province with the country's most important iron ore mines (Chadormalou, Gol Gohar, Sirjan, Markazi Iron Ore) and easy access to other mines as the raw materials for the production of steel and aluminum
- Railway infrastructures: Possessing two nationwide railroads with exclusive maneuvering stations
- Aviation infrastructures: Easy access to Bandar Abbas International Airport
- Marine infrastructures: Availability of a dock for unloading and reloading minerals with a capacity of 12 million tons and an oil platform with a capacity of 15 million tons per year and capable of extending to 70 million tons, and proximity with Shahid Rajaei and Shahid Bahonar ports
- Power supply infrastructures: Operation of 1000 megawatt dispatching substation, 400 to 230 kilovolt, enjoying four power plant projects with a generation capacity of 2200 megawatt and planning for generation of 5600 megawatt electricity
- Water supply infrastructures: Operation of a desalination plant with a daily production capacity of 35,800 cubic meters which will be increased to 200 thousand cubic meters per day.
- Gas supply infrastructures: Obtaining approval of the National Iranian Gas Company for supplying 2.2 million cubic meters per hour, receiving government approval for transfer of gas from the seventh nationwide trunkline called "peace" to the special zone and planning for implementation of the comprehensive gas plan in the zone
- Enjoying mechanized infrastructures for unloading and reloading of bulk materials including: Mechanized machineries for accumulation and collection of materials, unloading and reloading by ship, unloading and reloading by train, 40 hectares of land for the depot of bulk materials and 30 km conveyor lines

Industries for Investment in Special Zone

No.	Investment Projects
1	Construction of steel, aluminum and pelletizing production plant
2	Construction of downstream steel and aluminum industries
3	Construction of a platform for the export of bulk and oil products to create 20 million tons capacity for unloading and reloading
4	Construction of a plant for production of oil and gas pipelines
5	Construction of a plant for petrochemicals and subsidiary industries
6	Construction of a refinery and subsidiary industries
7	Construction of a power plant
8	Construction of service units
9	Construction of other industries proposed by the investor in compliance with application in the special zone



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eral substances and mining industries? What are your suggestions for improvement in this regard?

Currently the present piers in the country can address import-export demands of the country and with regard to the development of export-oriented products, the zone has formulated a comprehensive plan for creation of a large port of the zone which through establishment of 8 new pier posts will increase the present unloading and re-loading capacity of the zone from 12 million tons of bulk minerals and 15 million tons of oil to a total capacity of 70 million tons.

What are your proposals for attracting foreign investors in special zones? Can the present regulations address demands?

Effective factors in attraction of foreign investment are:

- Enjoying domestic peace and security
- Support of the government
- Enjoying proper location
- Accepting targets for economic liberation
- Possessing proper rules and regulations in line with the requirements of the industry and mines sector
- Presence of infrastructure installations
- Access to facilities
- Skilled and specialized manpower
- Access to the market
- Easy business
- Ensuring infrastructures
- Strong insurance institutes
- Connection lines
- Access to raw materials
- Educational centers
- Proper land
- Access to suppliers and certainty over investment profitability
- Stability of rules and regulations
- Sound localization and

absence of bureaucracy

- Efficient and educated human resources
- High efficiency of the work force
- Presence of financial and liquidity facilities
- Strong systems for presentation of services
- Strengthening executive organs and information systems
- Allocation of the required credits
- Presence of professional consulting companies
- Acquaintance with investment rules and regulations
- Presence of resources (energy-mine)
- Taxes and duties
- Production costs and finished prices

Today one of the best places for investment is free and special economic zones which have high capacity for absorbing investment. In other points of the world large scale planning is made for the development of special and free zones and success of many countries of the world is indebted to the free and special zones. For becoming successful in this regard, paying attention to the following points is necessary:

1. Development and maintenance of the required infrastructures in the industry sector and other sectors
2. Development and education of efficient human resources with high value added who are considered the asset of the country
3. Supplying the raw materials required by the investors
4. Supplying the required energies (water, electricity and gas)
5. Improving economic, social, cultural, political and legal indicators in the society and appropriate demographic proportions