

Mitsui and Iran Sign Ilam HDPE Plant Contract

Japan's Mitsui Engineering & Shipbuilding Co., Ltd. (MES) and Mitsui Chemicals, Inc. (MCI), assisted by Mitsui & Co., Ltd. (MBK), jointly entered into a contract worth roughly 25 billion yen with Iran's National Petrochemical Company (NPC) on July 12, for construction of a high density polyethylene (HDPE) manufacturing plant, MES and MCI announced today.

HDPE is a plastic used for producing packaging materials, pipes and household articles..

The HDPE plant with a design capacity of 300,000 ton/yr, will be constructed under a technology license from MCI for its proprietary HDPE production process, in Ilam, Ilam State in western Iran, for Ilam Petrochemical Company (IPC) -- one of NPC's subsidiaries. Construction is scheduled to begin in April 2005, with completion expected in December 2007.

Representing NPC's first-time contract award on a full turnkey basis, the HDPE plant project this time received bids from many influential overseas competitors from Europe and Korea. The Mitsui partners successfully clinched the order this time based on the high regard for the outstanding technological capability of MCI with a large number of technology licensing achievements around the world, and MES's numerous achievements in polyolefin plant construction as well as its excellent engineering design, procurement and management capability demonstrated in plant construction projects.

As a result of the latest successful bidding, the number of HDPE plant order won by MES will total 25 units including this time. For MCI, this will be the 41st licensed plant using its HDPE technology, with the cumulative licensed capacity reaching 4.5 million ton/yr, which all together contributes to further strengthening MCI's presence in the polyolefins field.

In the prosecution of the project this time, MCI will be responsible for supplying the HDPE process technology, MES for the basic and detailed engineering, procurement of equipment and supervision of plant construction, respectively. MES and one of Iran's leading engineering company Energy Industries Engineering & Design Co. (EIED) will form

a consortium which will be entrusted with equipment procurement within Iran and executing the actual construction work.

Moreover, the project will be funded by export credit from Japan Bank for International Cooperation under favorable terms and conditions, and export insurance is expected to be underwritten by the Japanese government's Nippon Export and Investment Insurance.

Currently, construction of a large number of manufacturing plants in the petrochemicals field including HDPE are being planned in Iran. Given such a situation, MES intends to take advantage of the contract award this time in actively pursuing plant orders from Iran from now on.

With its proprietary polyethylene and polypropylene manufacturing technologies being highly regarded worldwide for their extremely high standards, MCI intends to actively develop licensing opportunities for those technologies from now on with the entire world in sight.

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