

PRESS RELEASE
Construction of a New Refining Plant Will Start
to Increase the Quantity and Quality of High-Value Oil Products of
Basrah Refinery
with Supports of Japanese ODA Loan

On 1st October, 2020, South Refineries Company (SRC), Iraq's Ministry of Oil (MOO) signed the contract with JGC Corporation to start the construction of a new refining plant called Fluid Catalytic Cracking (FCC) Complex in Basrah Refinery under JICA's ODA (Official Development Assistance) Loan project. The contract ceremony was successfully held at the Governmental Palace with the presence of H.E. Mr. Ihsan Abdul Jabbar Ismael, Minister of Oil, H.E. Dr. Eng. Khaled Battal Najim Abdullah Al-Jujifi, Minister of Planning, Mr. Husam Hussein Weli, Director General, SRC, Mr. Shu Nakagawa, Charge d'Affaires ad interim, Embassy of Japan in Iraq, Mr. Yutaka Yamazaki, President of JGC Corporation, and Mr. Kei Toyama, Chief Representative of JICA Iraq Office. At the sideline of the ceremony, H.E. Prime Minister Mustafa Al-Kadhimi hosted the meeting with the participants.

For this project named "**Basrah Refinery Upgrading Project (I)(II)**", JICA has so far concluded three loan agreements for (i) engineering services loan in the amount of JPY 2,079 million, (ii) first tranche loan in the amount of JPY 42,435 million, and (iii) second tranche loan of JPY 110,000 million. This project is the largest Japanese ODA loan project in Iraq. Under the assistance of JICA's concessional loans (low interest rate at 0.20% and the repayment period of 40 years including 10-year grace period), the project is expected to be completed in 2025.

Iraq has the world's fifth-largest proven oil reserves and is currently OPEC's second-largest producer. Nevertheless, as many of the existing refineries in the country have been aged in the previous decades of conflicts and the plans to construct new refineries are yet to materialize, the refining capacity of high-value outputs, such as gasoline, diesel and kerosene, are limited. Given the ongoing reconstruction efforts in liberated areas and the revitalization of socio-economic activities across the country, Iraq has no choice but to import the significant amount of oil products from neighboring countries so as to meet the demand for transport, power generation and industrial production.

Against this backdrop, the project to construct Iraq's first-ever FCC Complex will unleash the potential of Iraq's refining sector to produce the larger volume of the high-value outputs, promote the transfer of refining technologies from Japan and help save valuable foreign currencies to import huge amount of fuels. The new plant will also reduce sulfur content in the oil products in accordance with the international environmental standards. Furthermore, the project is expected to pave the way for energizing private sector involvement in the downstream of Iraq's energy industry and provide economic and employment opportunities for the people of Iraq, especially in Basrah.

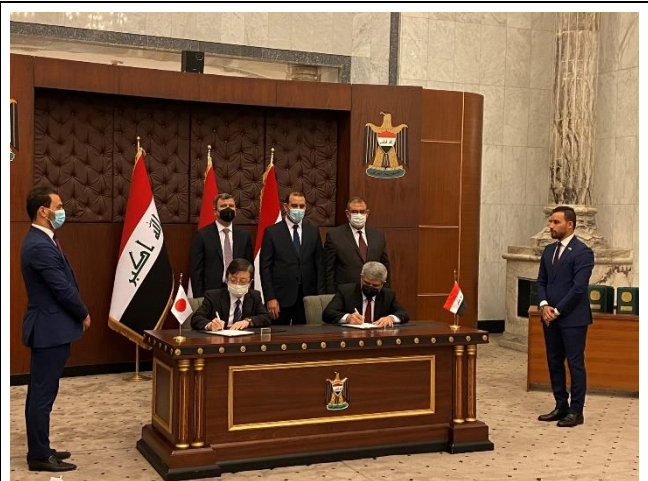
JICA looks forward to the collaborative efforts made by Iraqi government and the contractor to overcome every challenge to be encountered during project implementation, including the ongoing COVID-19 pandemic. JICA reaffirms its commitment to making every possible means to support in delivering the project benefits and realizing its effectiveness.

End

The Japan International Cooperation Agency (JICA) is a development aid agency under the Japanese Government. It provides official development assistance (ODA) in the forms of technical cooperation, grant and ODA loan worldwide. JICA has signed 31 ODA loan agreements, total amount of which is approximately JPY 830 billion (equivalent to USD 7.7 billion), with Iraqi Government for economic and social infrastructure projects and programs in Iraq since 2008. The Agency has also provided the grant-based training programs for nearly 10,000 Iraqi officials as well as several technical cooperation projects since 2003.



Existing plant of Basrah Refinery, next to which the new plant will be constructed under Basrah Refinery Upgrading Project funded by JICA's loans



Mr. Toyama
Chief Representative of JICA Iraq Office



Photos during the Ceremony

Please have a look!

Official HP of JICA Iraq Office:

<https://www.jica.go.jp/iraq/english/>

JICA Iraq Office on Social Media (Facebook):

<https://www.facebook.com/jicalraq>