

## The Impact of Price Distortions on the Competitiveness of Tabriz Petrochemical Complex in Iran

Reza Najarzadeh (Ph.D.) \*

Received: 30/9/2006

Accepted: 4/1/2007

**Abstract:**

*The growing trend of the globalization process and how to deal with this phenomenon has become a major challenge for countries around the world in general and the developing countries in particular. The knowledge of comparative advantages and disadvantages of the home industries could be of great help to the countries trying to join the World Trade Organization (WTO). In this article an attempt has been made to compute the comparative advantage and the competitiveness of Tabriz Petrochemical Complex in Iran. Using the Unit Cost Ratio approach, the findings of this research show that the Tabriz plant can compete in domestic markets as well as foreign markets. However, in case Iran joins the WTO, the plant cannot compete with its rivals. If the opportunity cost of capital is taken into account, the complex can neither compete in domestic markets nor in the markets abroad. The Price distortions analyses show that the government policies have been channeled to protect this firm. Such protections have increased the competitiveness of this firm by 33%.*

**JEL classification:** M11, F14

**Keywords:** Comparative Advantage, Competitiveness, World Trade Organization, Price Distortions, Tabriz Petrochemical Complex

---

\* Assistant professor at the University of Tarbiat Modares, Tehran, Iran