

THE IMPACT OF NATURAL GAS GEOPOLITICS IN WORLD GAS SUSTAINABLE MARKETS: OPPORTUNITIES FOR IRAN'S DEVELOPING GAS INDUSTRIES

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ABSTRACT

International energy trade is increasingly influenced by geopolitical considerations at the expense of the free play of open markets and commercial actions by a competitive energy industry. As demand grows, natural gas becomes strategic commodities susceptible to being used for geopolitical leverage. Alternative energy sources have the potential to become viable substitutes, but making them available at a scale that reduces global dependence on fossil fuels will take time. Meanwhile, global competition for natural gas is intensifying as new players enter the market; suppliers are increasingly seeking to exploit their resources also for political ends; and consumers are exploring new ways to guarantee sources of supply. The growing influence of geopolitical factors on global energy trade has profound implications for the world and there is now multiple evidence for this globalization process in the gas industry;

- *Technical developments* have lead to a drastic reduction of gas liquefaction and transport costs,
- The *regulatory environment* favors the intensification of gas trade.
- *Geopolitical issues* become more important as well. Over two thirds of the remaining proven gas reserves are located in politically sensitive regions (Russia, Middle East, North Africa). What is more, the eleven largest gas exporting countries have formed the so-called "Gas-OPEC" (Gas Exporting Countries Forum) with the objective to coordinate production and export policies. On the other end of the market, gas importing regions are increasingly concerned about their gas supply security, and are putting in place mechanisms to protect against supply disruptions or price hikes
- *corporate structures* as last but not least, in the gas industry are also becoming still more Internationally oriented, and of global size

Middle East countries with considerable increase in gas production and due to their economical, political and geopolitical situations could be the best players in the future demand-supply scenarios. Islamic Republic of Iran as a major state in Persian Gulf has the world's second largest natural gas reserves (around 16%, after Russia) and despite the fact that domestic natural gas demand is growing rapidly, Iran has the potential to become a significant natural gas supplier (exporter) due to its enormous reserves, key development projects, and geopolitical point of view. Based on natural gas developments which happen quickly in Persian Gulf region especially in Iran, most analysts are now predicting the competitive role of Iran in global natural gas markets. In this paper the analysis will be undertaken to cover the following areas:

- Iran's gas developing industries and key projects, 2009-2020
- Overview of Iran's geopolitical energy supply sources and accessibility on security
- Country natural gas facts and outlooks
- Iran's role and opportunities on gas market globalization
- Iran's goal at 2020