



West Asia and Europe Energy Business

Political and Economic Challenges

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Content

- War and Political Uncertainty in West Asia. Is there a Prospects of more Cooperation between Iran and Europe
- The Vision of Iran Energy Industry and the Emerging Role of Private Sector in Energy Business.
- Potential Energy Cooperation with European companies.

Direct and Proxy Wars and Conflicts in West Asia



- Syria: involving, Russia, US and all Regional Actors
- Turkey: ISIS, PKK, Syria, Iraq
- Iraq / ISIS
- GCC/ Yemen, Syria, Iraq Lebanon and Bahrain and now QATAR
- Iran: Syria, Iraq, Lebanon, GCC
- Arab/ Israel Conflict
- Azerbaijan / Armenia

Challenges Facing the European Countries

- The union of Europe in view of the UK Exit and the recent Parliamentary Election.
- The Economy of Europe and Immigration Dilemma particularly after the Conflicts in West Asia
- The Confusion on US New Administration Policies with regards to Russia, NATO, Conflicts in Syria, Iraq, Iran and now Qatar/Saudi Arabia/UAE
- The Divergence of European and American visions on Climate Change and Energy

CLUB of 300

Countries with more than 300 billion barrels of Hydrocarbons

- If a Barrel of oil is equal to 155 Cubic Meters of natural Gas based on heat content, only 4 countries are in this CLUB

Oil and Gas Reserves in Billion barrels of oil equivalent

- Iran 377
- Venezuela 337
- Saudi Arabia 321
- Russia 311

Two of four are situated in West Asia

- British Petroleum Review of World Energy Statistics June 2016

Iran's Position in the Oil Reserves, Production and Consumption

	Percent West Asia	Percent World
Reserves	19.3	9.3
Production	12.6	4.2
Consumption	21.2	2.2

US with 3.2% of the world oil reserves Produces 13.0% of the world oil

Iran with 9.3% of the world reserves (nearly 3 times US reserves) produces 4.2% of the world oil (less than a third of US production)

Iran's Position in the Gas Reserves, Production and Consumption

	Percent West Asia	Percent World
GAS		
Reserves	41.9	18.2
Production	30.3	5.4
Consumption	32.5	5.5

US with 5.6% of the world gas reserves Produces 22.8% of the world gas

Iran with 18.2% of the world reserves (3.25 times US reserves) produces 5.4% of the world gas (less than a quarter of US production)

FIVE YEAR VISION FOR OIL INDUSTRY

- Increase oil production capacity to 4.7mb/d from 3.9mb/d and condensate production to 1mb/d.
- Signing 10 oil and gas agreement with international oil companies with the aim of increasing production and recovery factor. Also adopting advance technology for Enhanced Oil Recovery (EOR).
- After becoming self sufficient in Petroleum Products in 2017, aim to increase crude oil and petroleum products trade.
- This will require over \$150 billion investment

FIVE YEAR VISION FOR GAS INDUSTRY

- Increase gas production from 220 to 350 billion cubic meters per year. Iran is already the third largest gas producer in the World
- Replace demand for petroleum products with gas. The share of **gas in Iran's energy basket will become** 80 percent.
- Supply Gas Based Industries and Petrochemicals.
- Supply Power sector completely with gas.
- Gas Export to Iraq starting with 14million cubic meters per day (mcm/d) in 2017 increasing to 25mcm/d
- Gas Export to the regional states, India Subcontinent and south Europe.
- This requires capital investment of over \$100 billion

VISION FOR ELECTRICITY INDUSTRY

- Current Demand 5300 MW
- Demand Growth of around 8% per Year
- Ideally part of the growth must be met from Renewable (Solar).
- Iran is one of the most suitable location for Solar electricity in the world.
- With the right policies export of Electricity to Neighbouring countries has Economic Logic compare to export of gas. Big Debate goes on

Private Sector has Gained Experience in Oil & Gas Business due to 20 years of Sanctions

1. NIOC, NIGC and NPC were forced to relay on domestic companies in the past 20 years.
2. Private Sector gained experience and self reliance to engage in the projects with limited cash.
3. Private Sector had to execute hydrocarbon projects facing hostility in the world business and banking community.
4. Over 50% of oil and gas equipment's are now made in Iran by semi private and private companies.

Joint Venture with Iranian Private Sector is a win-win for European Energy Companies

- Iranian partner can handle complex internal political and social issues and help to win projects quickly
- Bulky fixed equipment and Machineries could be supplied from Iran at a lower price.
- Iranian qualified and experienced, engineers can Execute the projects and provide maintenance and up-grading after the completion of the project.
- As some big companies are worried about US Policies, Joint Ventures between European firms and Iranian companies will ensure profitable growth.

Conclusion

- War and Terrorism in West Asia and Political Confusion in the US and Europe Economic condition has changed established business patterns.
- US and Europe diverge on their business outlook with Iran. Iran needs capital and technology to catch up with the lost opportunities and SE European companies are in good position to engage with Iran.
- **Cooperation with Iran's Private Sector in gas based Industry and Export of Gas and Electricity** can be a win-win scenario.



Thank You

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