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In The Name of God

Strategic Alliances for energy Security Iran's Role

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It gives me great pleasure to share with you today, some thoughts about the I.R. of Iran Ministry of Petroleum programs with regard to the need for regional and international cooperation to secure needed investment for oil and gas projects and to overcome current global financial crisis.

I would like to speak about Energy Security and the importance of Iran's role in developing regional and international cooperation in resolving the current and future problems on major energy projects in the Persian Gulf and Caspian Sea region.

We all know that Security of supply contains two parts: Physical access to the resources and the price. Considering that energy price has an intense effect on economic growth, wealth and industrial competency, price and physical access are strongly interrelated. Security of supply also means to prevent any disruption in domestic and international flow of energy technical, natural or even political aspects.

From the past two decades the structure of international energy market as well as their related industries has been basically reformed due to the globalization and ever-increasing demand of energy. Here, emerging the new economies i.e. China & India while reaching the oil summit and production downfalls are among the main accelerating issues. Simultaneously, different environmental concerns, global geopolitics

and of course recently fiscal crisis consider as the barriers which limits the new investment needed for the development.

But the new threads are:

1. Uncertainties about crude oil prices,
2. Uncertainties about the current and future of US Dollar
3. Disappointing exploration results in some sectors of the Caspian Sea and,
4. Credit problems due to crisis that international financial and capital markets are facing today.

Apart from the new issues we still consider producers and consumers as the market share mentioned.

Producers

- Middle East
- Africa
- Russia
- Caspian Region
- Canada
- Venezuela

Consumers

- North America
- Europe
- China
- India

Share of Total (2007)

Oil: 66.7 %

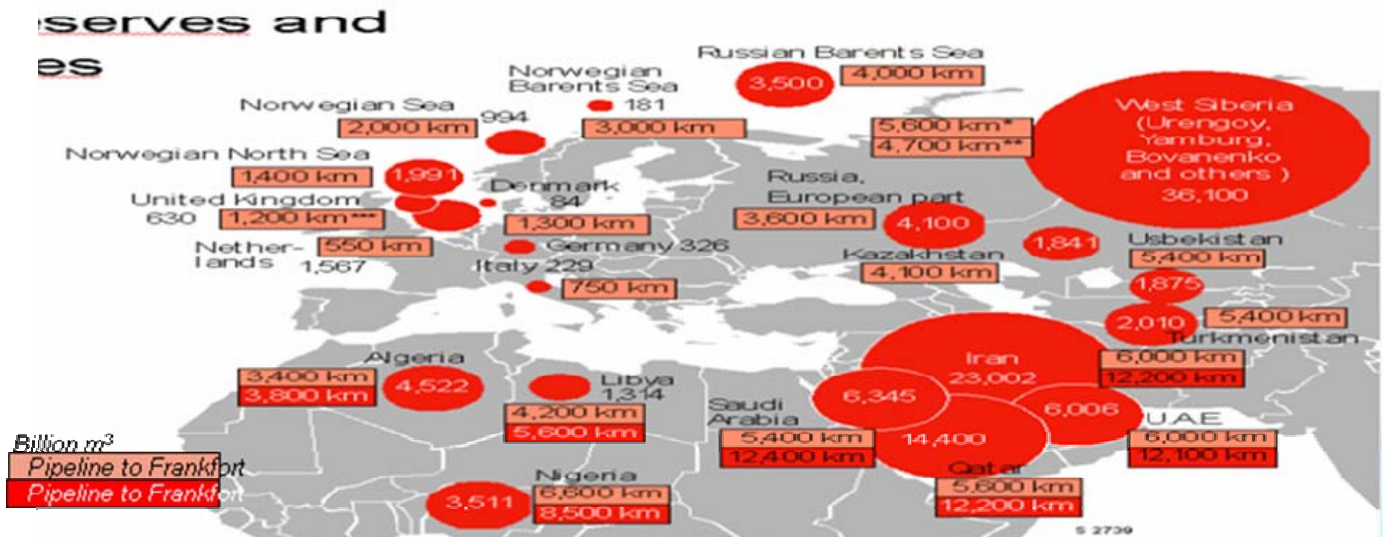
Gas: 54.3 %

Share of Total (2007)

Oil: 61.3 %

Gas: 50.1 %

Natural Gas Reserve & Supply Distance from the Eurpian cuntries

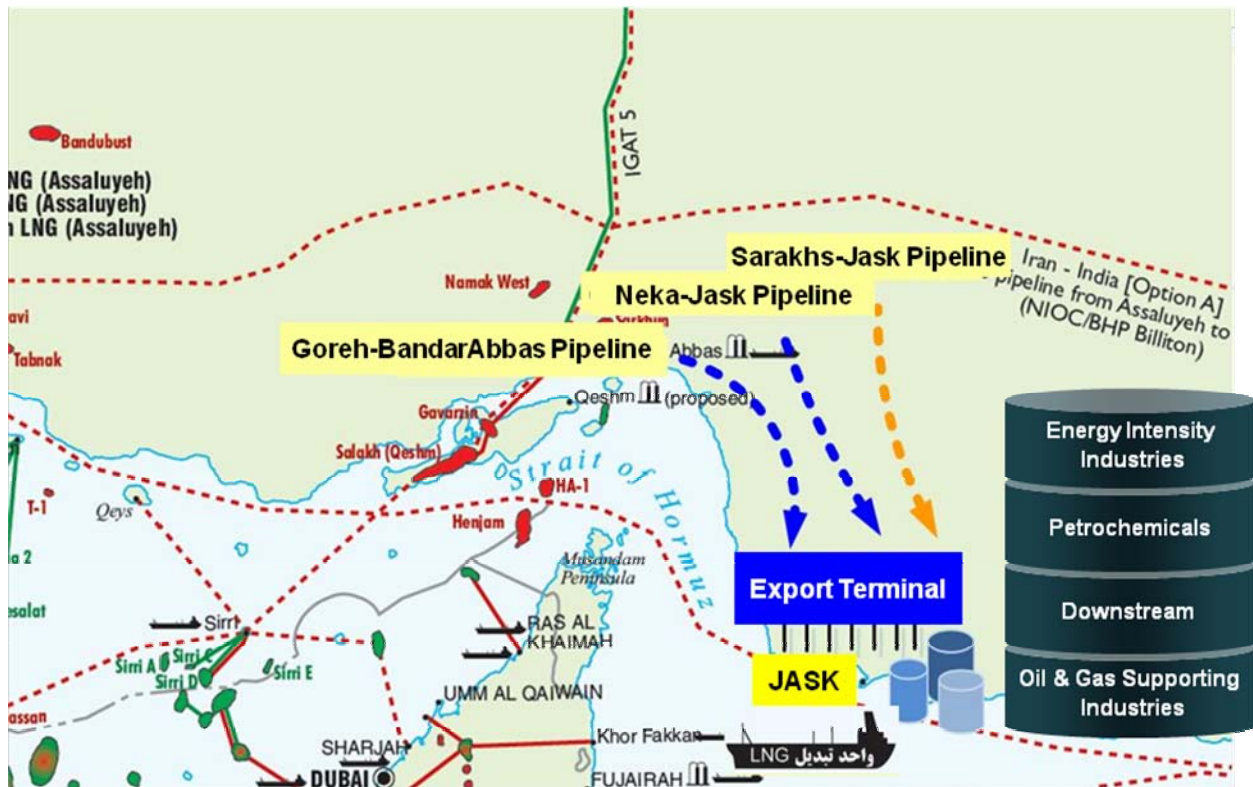


But Iran Geopolitical Location tell us that, Iran has the second largest gas reserves in the world. As a OPEC member Iran is the second largest producers among the member states. We believe that after Cacusas confilct the responsibility of Iran in ensuring "energy security" for the region has been increasd. Iran, given it,s strategic and geographical position and huge resourses enjoys a high capacity to be the most reliable and secure road for energy transit to Europe. Iran has the advantage that it lies between two of the world's largest energy producing areas. It is also advantaged by the fact it can reach consuming markets easily by pipeline. With the 100 years of experieced it introduces the best engineering experiences in constructing Oil & Gas infrastructures in the region.

The export routes from the region via Iran



New Export Terminal - JASK



- Iran & Caspian Sea Region:

The Caspian region is a large territory, locked in not only by land, but also by different political interests and ideologies of surrounding countries. The opening up of the hydrocarbon export of the Caspian Sea region particularly has been considered important because of the many geopolitical, environmental and economic viability issues associated with this part of the world. Pipeline projects for the export of hydrocarbon resources from the region to world markets have been the major issues of oil industry and bankers alike for a long time. Now due to break down of financial structures and trust this issue has become even more difficult. In fact liberalizing energy markets and rapid economic growth make I.R.Iran a natural destination for a significant share of Caspian region oil and gas. Iran is the best outlet for Shah Deniz phase 2 gases as well as extra volume of gas that will be produced in the Central

Asia. Markets elsewhere in Europe are important, too. Development of these supplies and markets is the impetus for Nabucco, for Turkey-Greece-Italy and other pipeline ideas now on the table, can become a reality via Iranian territory. TAP pipeline has already taken steps to supply around 50 percent of its capacity by purchasing natural gas from Iran.

Persian Gas pipeline to Europe planned by I.R. of Iran Ministry of Petroleum for ensuring the European energy security



I.R. of Iran Ministry of Petroleum required investment 20 years program

(Billion USD)	4 th Plan	5 th Plan	6 th Plan	7 th Plan	Total
Upstream Oil Sector	32.19	28.51	18.24	14.99	93.93
Downstream Oil Sector	26.59	10.54	5.18	4.89	47.206
Total Oil Sector	58.78	39.05	23.42	19.88	141.136
Upstream Gas Sector	26.52	26.16	37.39	11.69	137.75
Downstream Gas Sector	24.32	31.45	46.69	70.18	172.64
Total Gas Sector	50.84	57.61	84.08	81.87	310.39
Petrochemical Sector	12	12	13	13	50
Grand Total	121.61	144.66	120.5	114.75	501.52

To conclude I.R. of Iran Ministry of Petroleum required investment 20 years program, it will therefore make sense to invite all stakeholders that have a genuine interest in their success in the region and financing it on a project basis that will include international investors as stakeholders. This of course

could include and involve various oil companies, both Western, Eastern and indigenous, as well as the sovereign states. For Ministry of Petroleum of Iran, as a player, it will be very exiting to be involved and it will certainly be rewarding for entire region and that is why we would like to contribute to this region oil and gas project success. That success will in the end be measured in the economic benefits that it brings to the Caspian and Persian Gulf region. I.R. of Iran Government attaches great importance to that, because, as a major Caspian Sea littoral state it is important to develop and promote the region's energy cooperation within and with its neighbors, in particular with the Persian Gulf region. Finally Iran as a founder member of both OPEC and ECO, in line with its objectives, will continue its efforts to enhance **"CO-OPERATION"** Inside and outside the Caspian Sea and the Persian Gulf regions in order to manage the uncertainties that we all face today.