

## Importance of Iran's Gas in present and future international marketing

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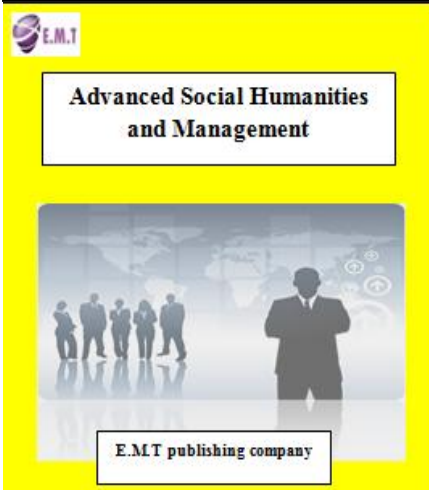
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### Abstract

The world market's developments have changed the OPEC to the undeniable necessity through the main countries which produce the gas. In this regard, the Gas OPEC establishing pattern was mentioned through the meeting of Iran's leader with Igor Ivanove Russian Secretary of Security Council in January 30<sup>th</sup>, 1980. Iran is aware about the importance of Energy in present and future international marketing. Being in the second rank from the Gas resources after Russia and utilizing the concentrated tools monopolized to energy in the special geopolitics, and being in the energy oval from Caspian to Persian Gulf with dominant position potential and geopolitical situation in the directions of transferring energy to consuming markets have caused that Iran would have this potential to reach the goal to increase the currency revenues obtained from selling gas in medium term while Iran presents in the local and regional and also European marketing if these countries need and depend to natural gas energy and decreases the political stresses to itself. Therefore, attending to its

importance has been paid through this research.

### 1.Introduction

Iran can be changed to the effective power in regional and international arena by having 14/9 % of world gas resources and special geopolitical situations and by using the created chances resulted from establishing the Gas OPEC. Therefore, it has attempted to point in summary to some chances which may be created by establishing and reinforcing this organization. Iran is aware about the importance of Energy in present and future international marketing. Being in the second rank from the Gas resources after Russia and utilizing the concentrated tools monopolized to energy in the special geopolitics, and being in the energy oval from Caspian to Persian Gulf with dominant position potential and geopolitical situation in the directions of transferring energy to consuming markets have caused that Iran would have this potential to reach the goal to increase the currency revenues obtained from selling gas in medium term while Iran presents in the local and regional and also European marketing if these countries need and depend to natural gas energy and decreases the political stresses to itself and think about Gas as a political tool. In this regard, utilizing this tool for solving and reducing the international stresses is the first goal of Iran. So, Iran can have the political approach to the energy issue. The other goal of Iran is the economy identity, increasing the foreign exchange earnings obtained from Gas selling which will be possible by increasing the price in terms of supply control in Gas convention (Ofogh Energy Management Institution, 2009, 147). The Gas exporting countries' ministers selected Iran as the head of Gas exporting countries' convention's ministers in Equatorial Guinea in 2013. In this economy situation which the other countries' increased sanctions are going on, this selection is the valuable chance for our country to use and utilize the obtained event (Ebrahimi, 2010, 1).

### 2.Iran's Gas resources



Iran with 27583 BCM is the second country which has the World Gas source, but the great gap between the inner consuming value and production has changed Iran to a great Gas importer. While in 2007, Iran produced just 101 BCM in front of the mean 102.4 BCM daily using. The consumption value in winter in 2010 was estimated about 570 BCM, the lack of production to the inner consumption was supplied by increasing the imports from Turkmenistan and improving it to 30 BCM or even 42 BCM. In base of country's Gas director's statement in 10<sup>th</sup> November, 2009, the mean daily inner consumption of Gas in that year passed from 140 BCM and changed Iran to the third largest consumer of natural gas worldwide ([www.safirnews.com](http://www.safirnews.com), 11/24/2009). The basement issue of Iran's Gas industry is a locked cycle or chain for going out from this deadlock. In one hand, Tehran needs more production for doing its international commitments; on the other hand, the inner high consumption and its increasing are not compatible with its annual slight increase. For producing in large-scale which covers and supports the inner consumption and exports, the decision makers of energy policy in Tehran are going to face with financial, credit resources and limited accessing to novice and developed technologies.

### 3.Size and trends of foreign investment of Iran's Gas

In base of Reuters' investigative report, Iran attracted foreign investment about 218 billion dollars through the 2000-2007 (Reuters, 2008).

#### 1- Subcontinent market (peace pipeline)

Peace pipeline (IPI) with 2700 kilometers longitudinal, was going to send Iran's export Gas about 150 million cubic metric in a day and 22 BCM in a year to India by Pakistan until the end of 2009 which 90 million cubic metric was for India and 60 million cubic metric was for Pakistan.

The final cost of the pipeline was estimated about 4.5 to 7 billion dollars; in the beginning of 2010 the piping work would be reached to Iran and Pakistan borders, but this pipe which was done after Iran's 20-year attempt for capturing the subcontinent billion market at least has 5 leading weak point in the geopolitical point of view.

- 1- Establishing the sustainable or stability critical areas among India and Pakistan
- 2- Increasing inner insecurity of Pakistan especially in North, West and South-West
- 3- Dangerous insecurity passageway of this pipe in Baluchistan of Iran and the Baluchistan state of Pakistan
- 4- The poverty of goaled countries in paying well-timed the cost of importing Gas; therefore, this factor caused that Iran distinguished 35% discount for these countries.

5- No solving the deep differences between India and Pakistan because of business rules, these two countries have not reached to a primary agreement for the cost of the IPI passageway tariff (BBC, Persian, 1388)

For India, paying hundred million dollars in a year for passageway role to Pakistan is so hard, India believes that Pakistan can spend this income for modernizing the army (Pandian, 2005, p. 659-670).

The collection of these factors especially the diplomatic successful of Washington in New Delhi for retiring India in 2009 from IPI reached to the goal, and India came out from this pattern ([www.dolat](http://www.dolat), 88/9/11).

### 4.Arabic Marketing

Islamic Republic of Iran had some meetings with Syria and other countries which are in southern part of Persian Gulf for exporting Gas to those countries. For example, in some valid references, there were some statements about contract, agreements and negotiations as follow:

Oman: attempt to perform the contract of sale about 10 Bcm/yr in a year. The negotiation between Iran and Oman reached to its tipping point in 2008.

Bahrain: some negotiations were done in December 2007 to sale 10 Bcm/yr to Manama.

United Arab Emirates: a contract to sale 5 Bcm/yr for 25 years. In 2009the negotiation of Iran-Emirates continued.

Kuwait: negotiation for pulling underwater pipeline

Syria: the contract in 2007 to sale 3 Bcm/yr, since 2009 and by Tabriz- Ankara pipeline (LEA,2008,pp.30- 34).

These contracts' situations or agreements are foreseen worse than peace pipeline while it is related to Syria and other economy possible profits.

### 5.China's Market



Likely, China has stayed and acted as the base backup in Iran's Southern Pars pattern even France's Total Company and other investments existed from Iran. China's perspective is strategic and long-time for hydrocarbon resources of Iran and Persian Gulf. China supplied at least 45% of its imports from Persian Gulf until 2008. Also, China will enter at least 70 % of its energy needs by this area until 2015 (Medvedev.A. 2009, pp. 135 –137). In 2007, Qatar after Indonesia and Malaysia which are LNG classic exports joined to the collection of LPG dealers to China. Kazakhstan has chosen China as the aimed marketing and has reached to main goals in this filed. The Gas pipeline of Turkmenistan-China was opened in 12<sup>th</sup> December 2009 and is going to reach China to 42 Bcm until 2020. This pipeline will be reached to 2010 to halfway. Of course, China's need to Gas imports will be staggering. Because at least the next 30 years, the energy policy of Pagan will be in base of coal. Of course, in the convention in December 2009 the climate change of Copenhagen, China as a greatest global greenhouse gases producer did not ready to cooperate, which had been the idea of Japan, U.S.A. and Europe, for reducing the using coal and that was one of the important factors which caused to failure of that convention (Wood, 2008).

## 6.Europe Marketing

When in June 2006, Russia cut off its Gas pipeline to Europe for imposing its political asks on Ukraine or other reason. Warning was called for this union, and this action was repeated in June 2009 and it was the verification on making gas resources multifaceted strategy from this union (Elder, 2009). Creating the BTE pipeline between Azerbaijan-Turkey was a ground to Nabokov the great project. Nabokov the Coalition Company includes the OMV of Austria, the Botas of Turkey, the Bulgar gas of Bulgaria, the Trans gas of Romania and the mol of Hungry, and the RWE of Germany. This company is trying to find the consistent, secure and safe gas resources for supplying the natural gas for Europe (Bilgind, 2003). The Nabokov's research in this filed caused to know two great areas includes Azerbaijan, Turkmenistan, Kazakhstan and Middle East which includes Iran, Egypt and Iraq. Then, the geopolitical deep researches by Nabokov showed that Turkmenistan and Kazakhstan will need Russian soil for exporting gas to Europe. This event was intentionally and it will cause to the geopolitical dependent of Europe to Russia. In one hand, the tendency of Turkmenistan and Kazakhstan s to China; and on the other hand, Neil delta reserves in Egypt are estimated less to supply the gas of Europe. Yet, two scenarios of passing pipeline from Egypt to Jordon, Iraq to Turkey and or Egypt, Israel and Turkey are not guarantee mid-time and long-time. Also, establishing the critical space in Iraq especially the increased differences in the quality of utilizing, exporting the oil-gas resources through the three Kurdish, Sunni Arab and Shiite Arab parts has faced the Nabokov with a country which is three-part with three different perspectives. Republic of Azerbaijan has suitable situation in this filed, but at first Azerbaijan cannot supply 40% of the pipeline needs of Nabokov, second, Russia' threat is stayed. Of course, the three-dimension differences between Azerbaijan, Turkmenistan and Iran in south Caspian have created the insecure space for Baku's energy policy. The difference can cause to bring Moscow to there. Nabokov counts Azerbaijan as the important part of the pipeline which is the substitution and helpful of the transport line of Europe and Russia, while Iran has all suitable indexes for supplying the gas of Europe; for example,

- 1- Europe-Iran a tube graft in the passageway point of view doesn't have any geopolitical complexities of Caspian area and the rest of Middle East.
- 2- The gas resources of Iran are not compared with Azerbaijan, Egypt, Iraq and Kyrgyzstan.
- 3- The proximity of Iran-Europe by delivering the gas in Erzurum (Turkey), the costs of investment will be reduced to the other projects.
- 4- In the direction of gas link of Iran-Europe, there is just one passageway to Europe, in front of two passageways for Azerbaijan and three passageways for Egypt and two to four passageways for Turkmenistan and Kazakhstan.
- 5- It is one of the secure passageways from the geopolitical indexes' point of view.
- 6- Iran's low gas costs for supplying and producing the gas than the others and increasing the bargaining power of Europe for identifying the cost.

But Europe market for Iran is the market-aimed and market-oriented because of these mentions:

- 1- It is counted as the developed, consistent, secure and continual market
- 2- Europe's dependency to Iran's gas resources will create the international security and backup for Iran.
- 3- Iran's joining to this market will make up the mustiness of diagonal in the common field.



Moscow always encourages Tehran's designs in IPI gas pipelines or the pipelines of Iran-China to distance the strategic of Iran to reach to Europe gas marketing. Moscow wants Iran Forgets the West by looking at East (Karimipour, 2010, 46).

## 7.Iran's goals

Some experts believe that forming the union of the gas exporting countries is one of the long-time plans of Iran, and it has been formed by diplomatic suggestion and consistency of Iran. Iran is in the political and international stresses especially the tension on the peaceful nuclear activities, and Iran's heading issue in gas union and the political possibility to use energy tools will cause to increase the West's sensitivity and the possibility to increase the stresses from those countries on Iran. Iran is aware about the importance of Energy in present and future international marketing. Being in the second rank from the Gas resources after Russia and utilizing the concentrated tools monopolized to energy in the special geopolitics, and being in the energy oval from Caspian to Persian Gulf with dominant position potential and geopolitical situation in the directions of transferring energy to consuming markets have caused that Iran would have this potential to reach the goal to increase the currency revenues obtained from selling gas in medium term while Iran presents in the local and regional and also European marketing if these countries need and depend to natural gas energy and decreases the political stresses to itself and think about Gas as a political tool. In this regard, utilizing this tool for solving and reducing the international stresses is the first goal of Iran. So, Iran can have the political approach to the energy issue. The other goal of Iran is the economy identity, increasing the foreign exchange earnings obtained from Gas selling which will be possible by increasing the price in terms of supply control in Gas convention (Ofogh Energy Management Institution, 2009, 147).

The Gas exporting countries' ministers selected Iran as the head of Gas exporting countries' convention's ministers in Equatorial Guinea in 2013. In this economy situation which the other countries' increased sanctions are going on, this selection is the valuable chance for our country to use and utilize the obtained event (Ebrahimi, 2010, 1). One of the current and important barriers to success Gas Association is the lack of a coherent market that it is difficult for the parties involved in the gas business; this is the suitable chance for Islamic Republic of Iran by using the situation and having good interaction with the world's main and great producers and consumers to solve the problem and increase the diplomatic statue specially the gas diplomacy. The gas exporting association may be able to create this interaction and present a framework to Iran's authorities for acting in this filed through the world (Ebrahimi, 2006, 1).

## 8.Chances and opportunities

### 1. Using this organization's economy chances for Iran

Increasing the current earnings obtained from gas will be possible by increasing the cost through the controlled supply. Islamic Republic of Iran has been trying to diversify its income resources. Gas and its exports can be the suitable option for this.

### 2. Increasing the current earning and economy development of Iran by suitable pricing

Formation of a gas OPEC can coordinate the active countries in this field and prevent the damages resulted from countries' inconsistency. Experts anticipate that the cost of each 1000 of cubic meters will be increased from 265 dollars to 350 to 400 dollars for each Muslim member of a gas OPEC and especially who have reserves after formation the gas OPEC organization ([www.petronews.ir](http://www.petronews.ir)).

#### 1. Using the natural gas and increasing the members' maneuverability and bargaining

The Muslim countries of gas OPEC by having the maximum members in this organization and also 55 percent of gas can use the gas lever in taking economy and political points from Europe and U.S.A. So, they create a strong balance among countries and different areas and also have an important and effective role in moderating the relationships and reducing the offensive domination relationship of West with Iran (Behruzifar, 2005, 60).

#### 1. The great gas reserves of Muslim countries is the giant reserve of wealth and a geopolitical tool

Energy and increasing the gas reserves value of Islamic countries in front of reducing and decreasing the gas reserves of other countries have let the Islamic countries follow their political and geopolitical goals by using these wealth reserves.

#### 2. A gas OPEC is the convergence factor of Iran with other Islamic countries





Gas OPEC supplies a suitable field and ground for more cooperation in different fields like extracting, producing, sale the natural gas, establishing the abroad pipelines and improving the Iran's economy relationships with Islamic countries. Also, it has created the commercial novice chances with producing Islamic countries, and for improving the cooperation in the future it can supply a regional economy-political pole with Islamic countries' orientation (Ram, 2007, 8).

3. Increasing the geopolitical weight of Iran, member and changing the world's geopolitical and strategic plan U.S.A. is one of the important countries which use gas. And it views suitable and effective the formation the organization in increasing the geopolitical weight of competitors and its enemy (Iran); therefore, experts believe that creating the organization of gas exporting countries, which is supportive mostly by Iran and Russia, will cause to change the geopolitical and strategic plan of world and reduce the role of U.S.A.

4. West's defense and strategic industries vulnerability because of dependency to gas derivatives  
The natural gas derivatives include the wide application in producing the defense products and the lack of its export will cause to slack the industry bases of USA and West. This shows the gas reserves of Iran (Shoaib, 2008, 3).

4. Using Iran's geopolitical situation

Iran is the closest reserve to North-west Asia, especially India and China, and it can export its gas by Turkey to Europe. This suitable situation can be used for exporting gas; of course, this situation is possible for oil, too. By formation the gas OPEC, Iran's marketing relationship will have some important merits with regional markets by pipeline; moreover, it will have some economy reserves resulted from gas exporting. And encouraging the regional statues and security coefficient will be this formation's achievements.

5. Political use of this convention for Iran

By attending to this fact that, Iran is the head of Gas exporting countries' convention's minister in 2013, it has created a valuable chance for Iran to use by the obtained event. It is thought that, Iran can have more penetration through the gas markets by counseling; by attending to this that Iran has gas reserves. Of course, the president of the assembly of gas will be created a chance for Iran to utilize through the competition with Qatar and Russia ([www.gecf.org](http://www.gecf.org)).

6. Improving the relationship between Iran and Russia

## 9.Challenges

The strong development in using natural gas has limited the gas exporting. Therefore, Russia, the greatest actor of the convention, will have the effective possibility in specifying the convention's politics. So, Iran can lean back the statue of secretary of gas exporting countries and also becomes the strong power when it will be able to find ways to reduce the gas consumption and increase the production in country. While the gas exporting countries convention started its function with convergence politics among the gas countries, but after exploring the function of that convention it shows that the gas market is going ahead as like as the past. Every gas country tries to attract the consumers by reducing the cost of gas exporting, so, this has caused to reduce the cost of gas through the world markets. In these situations, the other challenge which has been created for Iran is Russia's control on it and its orienting the organization for Moscow's interests. In reals, Russia wants to appear as a great power by having power factors like Veto right in Security Council, nuclear weapons and so on. Therefore, because of Russia's role as the greatest power and actor can be the important factor in affecting the policies of convention. In this organization, Russia's proceedings can be splurge for Iran in orienting the organization's policies especially in emergency situations like Saudi Arabia in OPEC (Esmaeili, 2010,4; Rouhani, 1987).

On the other hand, While the gas exporting countries convention started its function with convergence politics among the gas countries, but after exploring the function of that convention it shows that the gas market is going ahead as like as the past. Every gas country tries to attract the consumers by reducing the cost of gas exporting, so, this has caused to reduce the cost of gas through the world markets. While, all market activists verify that the future actors of the gas market will be three countries; that is, Iran, Russia and Qatar, and these countries are the member of this convention, but explorations show that these countries compete more than other countries, and Qatar and Russia try to attract consumer by reducing the prices of gas. It is possible to say that Qatar is the country which started this because this country tries to attract consumer because of increase uptake of shared gas filed with Iran and tries to take the gas market by reducing the gas cost ([www.sccim.ir](http://www.sccim.ir)).



### 10. Cost and merits of gas OPEC for Iran

By formation the gas OPEC, Iran's relationship with regional markets will have some merits and economy achievements by pipeline, and encouraging the regional statues and security coefficient will be the other achievement of this formation. In real, Iran has different options in the geographical point of view. Iran is the closest reserve to North-west Asia, especially India and China, and it can export its gas by Turkey to Europe. This suitable situation can be used for exporting gas; of course, this situation is possible for oil, but it is not possible to use it because of different reasons.

### 11. The important cost of formatting the gas OPEC for Iran

The important cost of formatting the organization for Iran is Russia's control on it and its direction the organization for Moscow's interests. In reals, Russia wants to appear as a great power by having power factors like Veto right in Security Council, nuclear weapons and so on. Therefore, because of Russia's role as the greatest power and actor can be the important factor in affecting the policies of convention ([www.aftabir.com](http://www.aftabir.com)). Also, the gas reserves volume will give the bargaining power to Iran; that is, Iran will not be under the orders of Russia perfectly. Formation the gas OPEC between two countries; one of these countries is as the world power and the other one is as the regional power, will give the strategic statue to these countries in international field. And in fact, creating the gas OPEC is profitable for Iran and Russia. By attending to the economy and political goals, Iran tries to release itself from isolation in energy market by improving its presence and reaches to foreign exchange earnings by exporting the gas. Also, because of complexity between Iran's economy with economy of other countries causes to create and link the security of Iran with world's security, and it causes to increase the security of Iran in front of other countries' attack like America. In sum, Iran can improve its situation in region and in the world by using these situations and become an effective sinker in political and economy equations (Khajavi, No., 122-123, 20).

### 12. Conclusion

The gas OPEC is the name of organization was established in December in 2008 for coordinating the production and controlling the prices in the world market in the sharp drop in oil price in the world by Iran, Russia and Qatar in producing exporting countries' convention in the world. Establishing this organization can lead to create the regional and international convergences and be as an important economy and political poles in region and international scene. In fact, by attending to the economy and political goals, Iran tries to release itself from isolation in energy market by improving its presence and reaches to foreign exchange earnings by exporting the gas. Also, because of complexity between Iran's economy with economy of other countries causes to create and link the security of Iran with world's security, and it causes to increase the security of Iran in front of other countries' attack like America. In sum, Iran can improve its situation in region and in the world by using these situations and become an effective sinker in political and economy equations. The presence of Iran in these markets requires a closed competition with countries like Russia and Qatar which have the suitable possibilities and financials than Iran. But Iran faces two important problems; that is, inner and outer problems in the organization. First, the differences among the members of organization about asks and the types of activities which the OPEC should do. Right now, some members like Saudi Arabia believes that the market should be increased and the production should be developed because of foreign powers' encourages like U.S.A. Second, the other members believe that the production should be developed by market's needs. These differences have caused to decrease the share of OPEC in production market from 40% to 30%; therefore, this factor has damaged the role of this international organization, recently. After 36 years, it is observable that Iran is the responsible for OPEC. While in selecting Iran as the president of OPEC its oil diplomacy and regional power was clear, it shows that the positions of some other developing countries have been closed to Iran, and the conspiracy and interference of U.S.A. and its West allies and also their so-called targeted sanctions against of Iran have been ineffective.



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