

Iran's Natural Gas Riches: US Knife to the Heart of World Future Energy

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The scheduled start of drilling this month by China National Petroleum Company (CNPC) in Iran's South Pars gas field could be both a harbinger and explanation of much wider geopolitical developments.

First of all, the \$5 billion project – signed last year after years of foot dragging by western energy giants Total and Shell under the shadow of US-led sanctions – reveals the main arterial system for future world energy supply and demand.

Critics have long suspected that the real reason for US and other western military involvement in Iraq and Afghanistan is to control the Central Asian energy corridor. So far, the focus seems to be mainly on oil. For example, there have been claims that a planned oil pipeline from the Caspian Sea via Afghanistan and Pakistan to the Arabian Sea is the main prize behind the US's seemingly futile military campaign in those countries.

But what the CNPC-Iranian partnership shows is that natural gas is the bigger prize that will be pivotal to the world economy, and specifically the dual flow of this fuel westwards and eastwards from Central Asia to Europe and China.

Michael Economides, editor of the Houston-based Energy Tribune, is one of a growing number of industry observers who is convinced that natural gas will supplant oil as the primary energy source, not only in the coming decades but over the next several centuries.

He points to the recent forecast by the International Energy Agency (IEA), based in Paris, which has dramatically revised its estimates of recoverable global natural gas reserves by 100 per cent. Economides ascribes this huge upgrade to rapid technological improvements in tapping hitherto inaccessible gas fields. He says that the IEA estimates of natural gas amount to 300 years of supply at current world demand. "If one only just fantasises any future contributions from the orders-of-magnitude larger resource in the form of natural gas hydrates, it is easy to see how natural gas is almost certainly to evolve into the premier fuel of the world economy," he adds.

The rising importance of natural gas as an energy source has been steady and inexorable over many years. Between 1973 and 2007, oil's contribution to world energy supply dropped from 46.1 per cent to 34.0 per cent, with the increasing use of natural gas accounting for that decline, according to the IEA. Other sources, such as the US-based Energy Information Administration (EIA), predict that global natural gas consumption will treble between 1980 and 2030, by which date it will mostly likely become the primary energy source of choice for industrial and public needs.

There are sound scientific reasons why natural gas (methane) is becoming the kingpin of fossil fuels. Firstly, it has a much greater calorific value than either oil or coal. That is, more heat is produced per unit of fuel. Secondly, it is a cleaner fuel, emitting 30 per cent less carbon dioxide when burned compared with oil and 45 per cent less compared with coal. Thirdly, gas is more efficient for transport, both as a raw material in compressed form along land-based pipelines, and as a fuel to drive transport.

All energy industry agencies recognize that far and above the premier sources of future natural gas are the Middle East and Eurasia, including Russia. The US-based EIA puts the natural gas reserves in these regions as nine and seven times those of North America's total – the latter itself being one of the world's top sources for that fuel.

Within the Middle East, Iran is the undisputed top holder of gas reserves. Its South Pars gas field is the world's largest. If converted to barrel-of-oil equivalents, Iran's South Pars would dwarf the reserves of Saudi Arabia's giant Ghawar oilfield. The latter is the world's largest oilfield and since it came into operation in 1948, Ghawar has effectively been the world's beating heart for raw energy supply. In the soon-to-come era of natural gas dominance over oil, Iran will oust Saudi Arabia as the world's beating heart for energy.

Both Europe and China stand to be arterial routes for Iranian and Central Asian gas generally. Already, the infrastructure is shaping up to reflect this. The Nabucco pipeline is planned to supply gas from Iran (and Azerbaijan) via Turkey and Bulgaria all the way to Western Europe (signaling an end to Russian dominance). Iran also exports gas via pipelines separately to Turkey and Armenia and it is also following up export deals with other Gulf countries, including the United Arab Emirates and Oman. Another major arterial route is the so-called peace pipeline from Iran to Pakistan and on to India, through which Iran will export this fuel to two of the region's most populous countries. But perhaps the most tantalizing prospect for Iran is the 1,865-kilometre pipeline that supplies natural gas from Turkmenistan through Uzbekistan and Kazakhstan into China and is due to operate at full capacity in 2012. Turkmenistan shares a 300-kilometre border with Iran to its south and already has a gas export deal with Tehran. If the Iranian-Chinese South Pars gas field development can be incorporated into the above transnational pipelines that would confirm Iran as the beating heart of a world economy in which gas is the primary energy source. This is amplified further by rapidly growing demand for gas by China which the EIA predicts could be dependent on imports for over a third of its natural gas consumption by 2030.

In this context of a major realignment in the world's energy economy – one where there will be a continuing diminished role for the US – Washington's blustering rhetoric about democracy and peace and war on terror or alleged Iranian nuclear weapons can be seen as a desperate attempt to conceal its fear that it stands to be a big loser. Encircling Iran with wars and threatening gas supplies to possibly the world's top future gas customer – China – is the real deal. US actions are more accurately seen as putting a knife to the energy arteries of a world economy that it will no longer be able to dominate.

A further twist in this tale is the position of Russia. With its own vast reserves of natural gas, it can be seen as a competitor to Iran. Arguably less well positioned than Iran to supply both Europe and China, Russia is nevertheless a major player and has been assiduously courting China with an export deal since 2006. However, as Economides observes, "negotiations between the two countries have been on and off and, especially, the pipeline construction has been painfully slow".

But Russia's ambitions to expand its natural gas exports may explain why it has shown itself to be such a mercurial ally to Iran. Moscow's ambivalent position towards US-led sanctions against Iran, suggests that Russia has its own agenda for hampering the Islamic republic as a regional energy rival.

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Finian Cunningham has written extensively on international affairs, with articles published in several languages. Many of his recent articles appear on the renowned Canadian-based news website Globalresearch.ca. He is a Master's graduate in Agricultural Chemistry and worked as a scientific editor for the Royal Society of Chemistry, Cambridge, England, before pursuing a career in journalism. He specialises in Middle East and East Africa issues and has also given several American radio interviews as well as TV interviews on Press TV and Russia Today. Previously, he was based in Bahrain and witnessed the political upheavals in the Persian Gulf kingdom during 2011 as well as the subsequent Saudi-led brutal crackdown against pro-democracy protests.

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