

How Iran scuttled US energy pipeline plans in region

A veteran energy expert said the implementation of the Turkmen gas swap agreement through Iran to Azerbaijan is set to strengthen Iran's role in energy relations in the Caspian region.

The beginning of the swap deal for up to two billion cubic meters of Turkmen gas on Saturday marked the first step in efforts to turn Iran into the center of gravity and gas hub of the region that began 25 years ago, Narsi Ghorban told Shana.

"Iran, due to its geographical location, can receive gas from producing countries and deliver it to the countries that have gas shortages on the other side of the border. With this, Iran will turn into a major gas transmission conduit in the region," he said, reported Press TV.

Iran is currently exporting gas to Turkey and Iraq, but other opportunities such as exports to Pakistan and India have not been utilized yet.

For the Turkmen gas swap, Iran is using the pipeline which it used to import gas. "If we want to increase the volume of the contract, we have to build more pipelines in the country," Ghorban said.

Iran's gas reserves are the second-largest in the world after Russia's and amount to about 16 percent of all world reserves.

According to the expert, Russia has many pipelines for gas exports, and "if Iran wants to achieve a prime position in global gas transactions, it must strengthen its infrastructure in terms of gas production and transmission, and put consumption optimization on its agenda".

Iran, Turkmenistan and Azerbaijan signed the gas swap deal on the sidelines of the 15th Summit of the Economic Cooperation Organization (ECO) in Ashgabat on Dec. 28, 2021.



SHANA

Under the swap deal, Iran will receive gas from Turkmenistan and deliver an equivalent amount to Azerbaijan at the Astara border. Turkmenistan will sell 5-6 million cubic meters of gas per day to Azerbaijan under the trilateral agreement.

Iran has major natural gas fields in the south, but has imported gas from Turkmenistan since 1997 for distribution in its northern provinces, especially during the winter.

"By signing this agreement, a step forward was taken in the energy relations between the two countries, which will also help provide sustainable fuel for Khorasan Razavi, North and South Khorasan as well as Golestan and Semnan provinces in the winter," Minister of Petroleum Javad Owji said in the Turkmen capital.

Why is it a big deal?

The gas swap deal – although not large but an important step from the perspective of energy experts – is the first achievement of his ministry which has put activation of energy diplomacy and development of Iran's cooperation with neighboring countries on the agenda since assuming office in August.

Many experts agree that even with 100% domestic gas supply, gas imports from Turkmenistan should not be cut off, because the gas received from the country is cheap and economically rational. It allows Iran to consume the imported gas in the country's north and export an equivalent amount at a higher price to neighboring countries.

They believe each of Iran's neighbors has advantages that should be taken into account in its international relations, especially with Turkmenistan which is a strategic neighbor.

"Therefore, the continuation of gas cooperation with Turkmenistan will have countless advantages for us," Shana wrote, criticizing the former ministry which was locked in a gas price dispute with the Central Asian country.

The news agency praised the new government for turning "the five-year failure of the gas agreement with the Turkmen into an optimal opportunity".

Owji said during the signing of the swap deal that Iran was moving to resolve the lingering gas debt dispute with Turkmenistan, which claimed in late 2017 that it was owed \$1.8 billion in payments for gas delivered to Tehran.

"We will soon pay the first installment to clear the gas debt that we owe to the Turkmen side, after talks that were held earlier," Owji said, without giving the amount of the debt.

According to former deputy oil minister Mansour Moazami, restoring economic relations with Turkmenistan is an important step.

"Turkmenistan is a neighbor of Iran, and by concluding the gas contract, we have strengthened our relations with Turkmenistan. This is definitely in our country's interest," he told Fars News Agency.

"In fact, my ideal is for Iran to buy all of Turkmenistan's gas for exports and given its privileged geopolitical position, export it to other countries."

Using Iran's vast area for swaps, transit and facilitating transportation of neighboring countries, senior energy expert Gholamhossein Hassantash says, is both economically positive and helps to strengthen political relations and reduce regional tensions.

"Such agreements are in the interests of both foreign policy and the energy sector," he said.

More importantly, the gas swap agreement has been implemented under a grand strategic plan to dismantle the US strategy against Iran in the regional gas market. In other words, with the conclusion of this agreement, the equations of the regional gas market have changed and the threat of the Trans-Caspian and TAPI pipelines to the Iranian gas market has been removed.

The Trans-Caspian Gas Pipeline is planned to transport Turkmen and Kazakh gas to the European Union through Azerbaijan. The TAPI pipeline aims to transport gas along a 1,800km route from Turkmenistan to India via Afghanistan and Pakistan.

Both projects and other schemes have been conceived with the US idea of bypassing most viable Iranian routes.

"In fairness, the logic of the gas swap agreement from Turkmenistan to Azerbaijan is very precise. The issue is not just the supply or non-supply of gas to the five northern provinces of Iran; rather, Iran has found a positive window for cooperation with the Lapis Lazuli corridor – something that seemed very unlikely until two months ago," economic expert Majid Shakeri told Fars news agency, referring to an international transit route opened in 2018 linking Afghanistan to Turkey via Turkmenistan, Azerbaijan and Georgia.

Iran's nine-month aluminum output rises 23%

Production of aluminum ingot in Iran rose 23 percent during the first nine months of the current Iranian year (March 21-December 21, 2021), compared to the same period of its preceding year.

The country's aluminum ingot output stood at 400,481 tons in the nine-month period of the present Iranian year, while the figure was 325,200 tons in the same time span of 2020, data released by the Iranian Mines and Mining Industries Development and Renovation Organization (IMIDRO) showed, IRNA reported.

The country also produced 175,284 tons of alumina powder during the nine months to December 21, 2021, marking one percent of drop compared to corresponding figure of 2020 which was 177,239 tons.

The report added that 677,604 tons of bauxite were produced in Iran during the said period, showing an 11 percent rise compared to the related output of 2020 which was 608,195 tons.

Iran produced 446,800 tons of aluminum ingots during the year to March 20, 2021, according to statistics released by the IMIDRO.

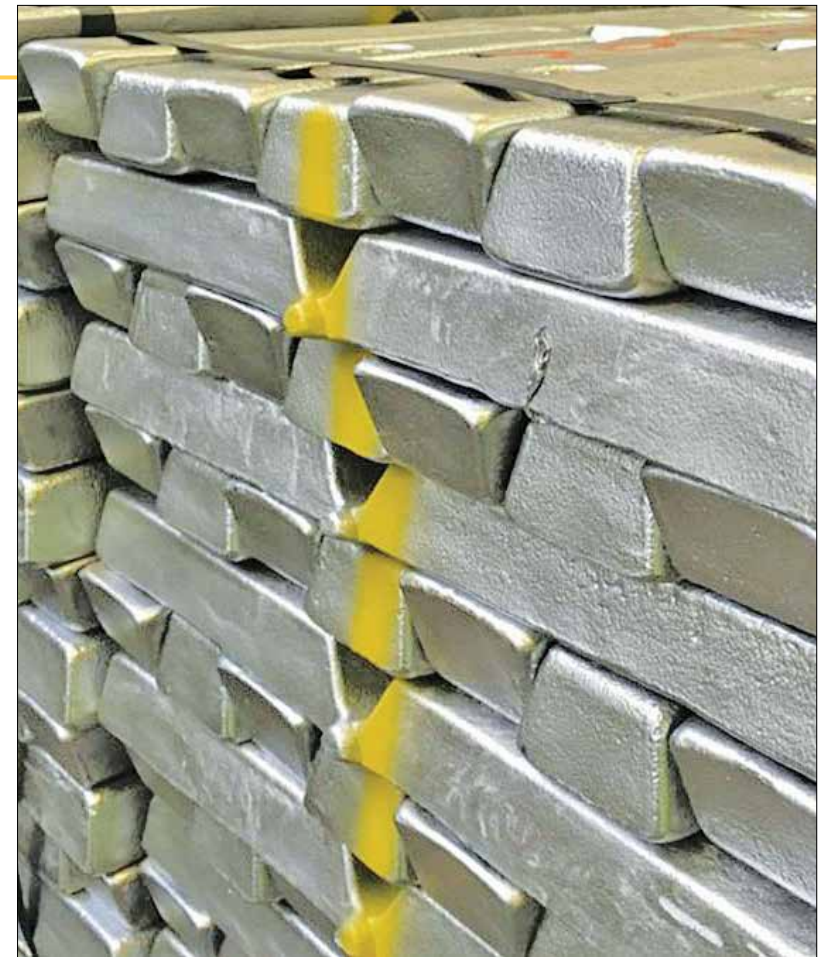
The figure shows an increase of 61 percent compared to the corresponding figure for preceding year, which was 277,716 tons.

Based on the data, among the country's top producers, Iranian Aluminum Company (IRALCO) had the best performance, with an output of over 185,000 tons during the said period.

IRALCO was followed by Hormozal Aluminum Company, with 163,000 tons, South Aluminum Corporation (SALCO) with 72,100 tons, and Iran Alumina, with 25,400 tons.

On April 23, 2020, during the inauguration ceremony of Iran's biggest aluminum production complex in Fars Province in southern Iran, the former industry minister said the country's aluminum production is expected to double with that unit going into operation.

The official put the value of the



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Iranian mining industry's production at about \$22 billion, saying that the country is relatively self-sufficient in minerals and a great amount is also exported every year.

He emphasized the country's ca-

pacities in the sector, saying that Iran ranked 18th among the world's top aluminum producers, and with this new plant going into operation, the country will climb four ranks to stand at 14th place.

Japan preparing roadmap for boosting trade ties with Iran: Businessman

An Iranian businessman said the Japan External Trade Organization (JETRO) is preparing a major document for expanding trade relations with Iran, adding that the move is a sign that Tokyo is positive about the future of ongoing efforts to revive a 2015 nuclear deal between Iran and world powers.

"The JETRO has prepared a document for cooperation with Iran and (it) is keen to expand ties. This is a sign that the Japanese have a positive view of the future," said Bahram Shakouri, who heads Iran-Japan Joint Committee of Commerce, Press TV reported.

Shakouri said that economic authorities in Japan have been pressing for face-to-face meetings between Iranian and Japanese businesses as they anticipate that ties will improve in the near future with a potential easing of US sanctions on Iran.

The businessman said that Iran's exports to Japan could increase massively from a current meager figure of below \$40 million per year if normal



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trade ties are restored between the two countries.

Japan was a major buyer of Iranian

oil before the US imposed its unilateral sanctions on Tehran in 2018. Suppliers from the East Asian country have a

long history of presence in the Iranian heavy industries, including in mining and manufacturing sectors.

Japan has vowed it will swiftly restore its economic ties with Iran if American bans on banking transactions and energy trade are lifted. That comes as Japanese banks have been unable to repatriate funds owed to Iran for Japan's imports of crude that took place before US sanctions were imposed.

Shakouri said JETRO's new document for expanding trade ties with Iran does not make any mention of the Iranian funds blocked in Japan as he insisted the issue should be resolved in higher-level talks between governments of the two countries.

Speaking to ILNA, he said, however, that new JETRO plans should be viewed as a sign that Japan, a country with massive trade and economic ties with the US, is expecting a major breakthrough in ongoing nuclear deal revival talks between Iran and world powers in Austria.

OPEC, allies agree to pump more oil, shrugging off Omicron

OPEC and its allies decided on Tuesday to maintain their policy of modestly boosting oil output next month as the rapidly spreading Omicron variant has so far not heavily hit demand.

The OPEC+ grouping, including top producers Saudi Arabia and Russia, has resisted US pressure for a wider opening of the taps in response to high energy prices fuelling a surge in inflation across the world, AFP reported.

The 13 members of the Organization of the Petroleum Exporting Countries (OPEC) and their 10 allies drastically slashed output in 2020 as the pandemic wreaked havoc with demand.

Last year they decided to step it up again gradually as prices recovered, while reviewing the situation every month.

After a short videoconference meeting on Tuesday, the group said it had agreed to raise output by 400,000 barrels per day in February, the same level as in previous months.

The club's members approved a previous hike at their December meeting despite the emergence of Omicron, which had caused prices to fall as markets fretted over its potential impact on the global economy.

The price of Brent, Europe's benchmark oil contract, hit \$79.76 at 1325 GMT on Tuesday – 15 percent higher than before the group's December 2 meeting.

OPEC analysts told the group on Monday that Omicron would have a moderate impact on demand and the rise in price is expected to continue in 2022.

While the new COVID variant is spreading like wildfire around the world, it appears to be far less severe than initially feared, raising hopes that the pandemic could be overcome and life return to a little more normality.

In remarks on Monday, OPEC Secretary General Mohammed Barkindo emphasised the need to "remain highly nimble and adaptable to the constantly changing situation".

He said the group's "flexible approach has helped provide an added sense of stability, reassurance and continuity to the market and investors".

OPEC on Monday named Kuwaiti oil executive Haitham al-Ghais to succeed Barkindo on August 1.

Ghais, who was Kuwait's OPEC governor from 2017 to June 2021, is a deputy managing director of the Kuwait Petroleum Corporation (KPC).

Iranian Minister of Petroleum Javad Owji said on Monday that OPEC's new secretary general was elected via consensus.

While OPEC+ countries have been gradually increasing output again since last year, analysts note some countries, such as Nigeria and Angola, have been struggling to lift production.

"Important here is that Russia did not lift production in December which could be a sign that they are getting closer to their capacity," SEB chief commodities analyst Bjørne Schieldrop said.



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