

Energy War Not in West's Favor

Description

I think that we will see a much greater integration of Iran with Russia, recent actions point to this – [Iran increasing imports from Russia](#), and this [movement on the North-South transport corridor](#). There is also the coordination and agreement about the resources under the Caspian Sea. If the JCPOA is reinstated and Iran sanctions lifted, Iran can also build the pipeline through Pakistan and also the northern route to China (Iran, through Afghanistan or the other Stans to China).

I find it ridiculous that the West thinks that they can make up for the potential loss of Russian gas supplies to Europe by going nice on some of the nations that they have previously bullied mercilessly. They seem to forget that the Chinese demand for natural gas will probably double in the next decade, sucking up any available new sources. India and Pakistan can also very significantly increase natural gas usage in the next decade.

[This story gives some good background information, wrt to natural gas:](#)

- Germany imports 142 billion cubic metres (bcm) of natural gas each year, all by pipeline; 55% from Russia, 30% Norway, 13% from Holland (see Groningen field closure below – this source will soon disappear)
- Germany has no LNG terminals, and its domestic gas production of about 6 bcm is near depletion
- Germany plans to close its remaining nuclear and coal based electricity production, increasing the demand for natural gas (the whole reason NS2 was built!)
- Europe imports a total of about 168 bcm per year from Russia, about 45% of gas imports – the balance mostly from Norway.
- The Groningen field in Holland is already down to about 10 bcm / year and will be closed within the next few years due to land subsidence issues. German domestic natural gas production of 6 bcm/yr close to depletion.
- The move to renewables, and to reduce CO2 emissions, will increase the demand for natural gas across Europe
- Norway is pretty much maxed out, its actually pumping more than normal to help Europe out but must reduce that for required maintenance etc. It supplies about the same amount of gas to Europe as Russia.
- Qatar currently exports about 106bcm of LNG per year, which will double by 2025. Most of this gas is used in Asia, a market which has a rapidly growing level of demand.
- Iran has the second largest natural gas reserves in the world, but it also has a population of 90 million and an industrial sector that use pretty much all of that natural gas. It only exported about 17 bcm of natural gas in 2020. Also, why would Iran want to help out the Europeans who didn't

help it when the US walked away from the JCPOA. Iran also has a huge energy for investment trade deal with China.

Basically Europe is planning to cut itself off from Russian gas supplies at exactly the time when (i) its own gas production is finishing (ii) Norway is maxed out (iii) its own policies will significantly increase the demand for gas (iv) demand from Asia is set to expand substantially.

LNG tanker supplies are fundamentally more limited than pipeline supplies, and more expensive due to the cost of gassification/degassification and transport. The US may be able to supply more gas to Europe, but this will lead to increased domestic gas prices as domestic consumers compete with exports. Another hit to US consumers who are already paying the costs of increased oil prices and the sanctions on China.