

REGIONAL INTEGRATION OF ARAB GAS NETWORKS PROSPECTS & CHALLENGES

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presentation are those of Naji Abi-Aad and
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Three Different Gas Strategies

- Using gas domestically in order to release more crude oil and petroleum products for export
- Using gas domestically to moderate the growing dependence on petroleum products, thus minimising fuel imports and helping to achieve as much energy self-sufficiency as possible
- Enhancing gas production to increase export share in the global energy market at a time when oil output and revenues are limited either by production quotas or output capacities

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Oil or Gas?

- Why the Arab World would not be more interested in domestically using crude oil and petroleum products rather than natural gas? Especially when holding 66% of the world's oil reserves?
 - Environmentally damaging
 - Costly (OPEC quotas), high oil prices
 - Losses in export revenues
 - Saving the costs of new refineries, and keeping the "saved" products for exports
 - Need for a suitable industrial and efficient power fuel

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Advantages of Larger Gas Utilisation

- **Environment-friendly, more efficient, of practical use**
 - **In industrial applications**
 - **For generating power and desalinating water**
 - **In residential applications**
 - **For transport use**

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National Disparity

- **Many advantages for using natural gas rather than crude oil and petroleum products in the different economic sectors of the Arab countries**
- **But not every country there is endowed with large gas reserves**
- **In fact, while the Arab World holds huge proven reserves and large potential of undiscovered resources of natural gas, those reserves and resources are unevenly distributed among its countries**

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- **In those Arab countries with modest gas reserves or where such reserves and output are in associated form, and where crude oil production and the subsequent output of associated gas are not anticipated to grow in the foreseeable future at the same rate as their gas demand, growing serious gas deficits are to be expected**
- **To face this mounting challenge, those countries need to put greater emphasis on developing their domestic proved gas reserves, especially those in non-associated form, and on forcefully exploring for new, undiscovered gas resources**

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Logic Behind Gas Interconnections

- **In the mean time, as another way to face the gas deficit challenge in many Arab states, there would be a need to establish a regional gas network, under which gas-rich countries would supply this cleaner energy source to gas-poor nations or provinces**
- **For such interconnection, many issues need to be addressed**

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Challenges Facing Gas Interconnections

- **Swing demand between summer and winter, and ways to handle it**
- **Ample supplies of attractively-priced gas, at a time when petroleum products are highly subsidized in many Arab countries**
- **Transit fees**
- **Transit issues/WTO**
- **Energy independence and self-sufficiency**
- **The emergence of LNG trade**

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- **Fortunately, many of those issues have been positively treated, and, as a result, some of the countries in the region have been linked through gas pipelines**
- **It is hoped those pipelines to be the precursor to establishing a regional gas network. Such a wider network will surely increase the resources available to the internal Arab economy and will create a strong development drive, will boost intra-regional trade and will be an important step towards the long-sought public objective of political co-operation and economic integration**

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The Arab countries, which are already interlinked through various historical, cultural, economical and political relationships, will then be able to commonly enjoy the energy richness of their region in all its forms

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Thank You !

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