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 edited by alexander cockburn and jeffrey st.clair

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July 18, 2008

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## Iran Rising

July 17, 2008

By ROBERT BRYCE

Paul Craig Roberts  
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The rise of Iran continues. And that rise was made abundantly clear during the 19th World Petroleum Congress in Madrid in early July.

James G. Abourezk  
[Big Oil's Raid on the  
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A large, supremely confident Iranian delegation attended the triennial gathering that brings together energy officials from all over the world. The Iranian contingent in Madrid was many times larger than the one that attended the 18th World Petroleum Congress in Johannesburg in 2005. Then, the National Iranian Oil Company had a small booth in the rear of the exhibit hall in Sandton, consisting of a small sign, two tables, a handful of chairs, and a couple bowls of pistachio nuts. This year, the Iranians had a huge installation inside the sprawling Madrid Fair exhibition space near the airport. The N.I.O.C. had a glitzy raised platform of glass, plastic, and colorful placards that rivaled the scale and flash of those of other national oil companies, including China's Sinopec and the Kuwait Petroleum Company. Indeed, the Iranians' exhibit was immediately next to (and almost exactly the same size as) Saudi Aramco's, the world's biggest oil producer.

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The Iranians' confidence was fully apparent during the July 2 "ministerial session" presentation made by Gholam-Hossein Nozari, Iran's minister of petroleum. Speaking in Farsi, Nozari said that Iran plans to increase its oil and gas output dramatically over the next few years. He claimed that by 2014, Iran's oil output will jump to 5.3 million barrels per day, from the current 4.35 MMbbl/d. Natural gas output is projected to soar to 1.5 billion cubic meters per day, from the current 540 million cubic meters per day. The Iranians also said they would invest some \$141 billion on new projects between 2005 and 2014. And the high price of oil is allowing them to finance much of that amount themselves, with some \$63 billion being provided internally.

July 16, 2008

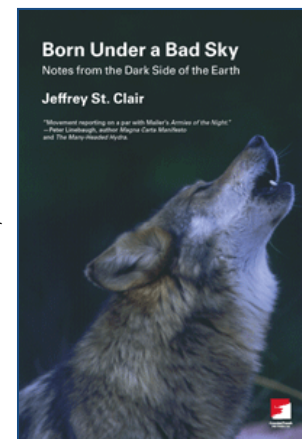
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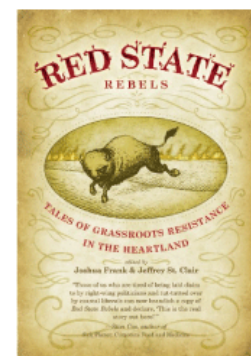
Of course, the broader question about Iran's energy sector is not about oil or gas. It's about nuclear power. Iran's nuclear power aspirations have been the pivot point for U.S. and European sanctions against the country. But have the sanctions made a difference? A look at the myriad projects now underway in Iran suggests that the impact has been limited. Several new greenfield refinery projects are underway, and the Iranians claim that they will



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July 12 / 13, 2008

Alexander Cockburn

have enough domestic refining capacity by 2011 to enable them to curtail their gasoline imports, which now average about 20 million liters per day, or almost one-third of the country's total gasoline consumption.

The confidence that the Iranians displayed in Madrid is further confirmation of their growing influence in Europe and the Mideast. Indeed, their presence at the conference bolsters the belief that Iran may be the biggest winner of the Second Iraq War. And the oil and gas deals they are doing – with the Malaysians, Indonesians, Syrians, Venezuelans, Chinese, and others – provide evidence that America's ability to influence global energy policy, particularly when it comes to policies that involve sanctions against Iran, is diminishing.

S.R. Kassaei Zadeh, managing director of the National Iranian Gas Company, reinforced that point in Madrid when he told me that the long-discussed Iran-Pakistan-India gas pipeline deal is done. Kassaei Zadeh insisted that the prolonged pricing negotiations had been completed, and that the only remaining detail was to determine the line's final route. "Yes, we are going to India," he said. Kassaei Zadeh's claim appears to be part of the ongoing push to finalize the years-long negotiations on the so-called "Peace Pipeline." For the last several years, the three countries have insisted that a final agreement on the proposed \$7.5 billion, 2,600-kilometer pipeline was imminent. And yet a settlement has remained elusive as the wrangles over pricing continued.

It's worth noting that on July 1, the day before the Iranians' presentation in Madrid, India's National Security Adviser, M.K. Narayanan, was in Tehran to continue talks. That visit prompted Iranian President Mahmoud Ahmadinejad to declare that the gas pipeline will help "regional security and fraternal cooperation....Iran considers implementation of the 'Peace Pipeline' project as an effective and helpful step which should be finalized and made operational as soon as possible."

The Iranians want to be a major player in the global gas market, but their plans have long been stymied by soaring domestic gas consumption and the lack of technical skill needed to develop new fields. There is no shortage of irony in Iran's failure to be a major gas exporter. Indeed, although Iran sits atop the world's second-largest natural gas reserves, it has been a net gas importer for more than a decade, and now relies heavily on Turkmenistan to help supply its internal needs.

Nevertheless, the Iranians declared in Madrid that by 2025 they want to be the second-largest gas producer in the world (they currently trail Russia, the U.S., and Canada), and claim a 10 percent share of the global gas trade, either through pipelines or liquefied natural gas. While Nozari mentioned several other projects, including the hoped-for growth in Iran's LNG production capacity, he notably commented, "In our strategic gas export plan, we have allocated 150 million cubic meters per day [for] export to Europe via pipeline."

Under U.S. pressure, Europe has refused to strike a deal with the Iranians for gas supply, even though it is in the E.U.'s strategic interest to do so. Bargaining with Iran would give the Europeans some leverage with Russia, which currently has a near-monopoly on the E.U.'s future gas supply plans, or at least on any gas that would be moved via pipeline. By including the mention of gas for Europe, Nozari made it clear that the Iranians are open to doing business with the E.U. It's also worth noting that the title of the Iranians' presentation was "Iran, Reliable Source of Energy Supply."

In addition to the Bush Administration's efforts to keep Iranian gas out of Europe, it has also been a leading opponent of the Peace Pipeline, first proposed in 1993. A leading critic of the pipeline project is Ariel Cohen, a research fellow at the Heritage Foundation who specializes in Russia and Eurasian studies. On May 30, Cohen and two other Heritage researchers, Lisa Curtis and Owen Graham, published an article arguing that the U.S. should do all it can to stop the pipeline project, because it "would give Iran an economic lifeline and increase its leverage and influence in South Asia. U.S. policymakers argue that allowing the IPI pipeline to proceed would encourage the Iranian regime to defy the will of the international community, develop nuclear weapons, and support terrorism."

Cohen and his cohorts argue that instead of getting gas from Iran, Pakistan and India should import gas from Turkmenistan via a pipeline through Afghanistan. This line has been discussed for more

## How the Press Led the US into War



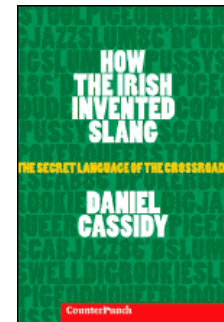
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than a decade and has long been a non-starter due to the perpetual instability in Afghanistan.

Jeffrey St. Clair  
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Of course, none of this is to suggest that the Peace Pipeline is actually a done deal. Three years ago at the World Petroleum Congress in Johannesburg, the Indian oil minister assured me that a deal was imminent.

James Abourezk  
[Talking World War III Blues: From Dylan to Iran](#)

So what about the ongoing sanctions against Iran? Have they been effective? Perhaps predictably, top N.I.O.C. officials say no. Mohammad Reza Nematzadeh, president of the National Iranian Oil Refining and Distributing Co., told me, "Over the past 30 years we [have gotten] used to it. In reality, we are not worried about it...There is enough money in the world, and it flows, you know. You cannot stop it."

Nicole Colson  
[The Ethanol Scam](#)

Stan Cox  
[Fixing a Broken Agriculture](#)

It is impossible to know how much of the Iranians' attitude is bluster and how much is deserved self-confidence. Their showing in Madrid and apparent ability to self-finance many of their energy projects certainly imply that their regional aspirations may be fulfilled.

Ismael Hossein-Zadeh  
[Is There an Oil Shortage?](#)

Several weeks after the Iranians' presentation in Madrid, it is easy to look back and understand some of the reasons for their ebullience. It is now apparent that the Iranians were in negotiations with Russian gas giant Gazprom. On July 13, Gazprom's CEO, Alexey Miller, was in Tehran to finalize an agreement on a "full package of projects" with N.I.O.C. that will give the Russians access to Iran's vast oil and gas reserves. If George W. Bush and the E.U. were worried about the Russians' ability to control gas flows to the West, they should be scared out of their wits at the prospect of a Russian-Iranian energy alliance. That new alliance likely makes the probability of any type of military action against Iran by the U.S. or the Israelis more remote. Why? Well, one obvious reason is that the Israelis are heavily dependent on Russia for their oil imports.

Wajahat Ali / Omid Safi  
[The Future of Iran: an Interview with Iranian Nobel Laureate Shirin Ebad](#)

John Stauber  
[There May be a Left. But is it Moving? An Interview with David Sirota](#)

One other look back at Madrid Perhaps the most notable comment from the Iranians came after most of the crowd had left and the Iranian delegation was standing in the cavernous hallway that connected the various meeting rooms. A tall, distinguished-looking man, Nozari was surrounded by a dozen or so businesspeople, ministry personnel, and conference delegates. He was still fending off questions about the nuclear power program when he was asked, "Are you worried about Israel?"

Alan Farago  
[The Crash of the King of Liquidity](#)

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Nozari looked directly at his interrogator, an English-speaking woman (who was not a reporter), and laughed loudly. His peers from the oil ministry joined in the merriment. And then – speaking in English for the first (and only) time – Nozari said, "This is a joke."

Rannie Amiri  
[Mubarak Hires the Mosque](#)

Nozari was then hustled off to an interview with Spanish television, during which he gave several more non-substantive answers to questions about his country's nuclear power plans.

Gregory Kafoury  
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**Robert Bryce** is the author of [Gusher of Lies: The Dangerous Delusions of "Energy Independence."](#)

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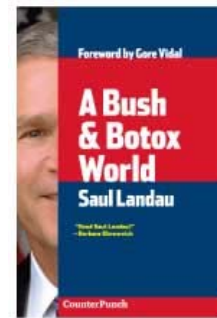
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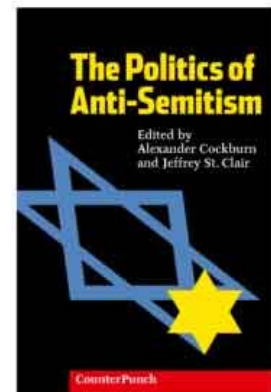
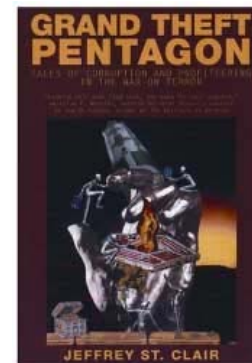
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