



# **The Potential Impact of US Shale Revolution and the Conflict in Syria on the Geopolitics of West Asia and Energy**

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# Two Issues that will have a major impact on the region in 2013-2018

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- The US energy independence from the Persian Gulf Region due to **"Shale Revolution"**
- The conflict in **Syria** and the impact it may have on the geopolitics of **"West Asia"**

# Why West Asia as an alternative to the Middle East



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# US will no longer need oil from the Persian Gulf Region from 2016

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- **US oil production has increased by over 30% in the last five years from 7.6mb/d in 2007 to 8.9mb/d in 2012**
- **US gas production has increased by over 26 % in the last five years from 540 BCM in 2007 to 681BCM in 2012**

# US will no longer need oil from the Persian Gulf Region by 2016 (cont.)

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- **US has shown the largest oil and gas production increase in the world and largest oil gain in its history in 2012**
- This will lead to shift of strategic priority for access to oil from this region
- **It may also lead to less military presence in the region in the coming years**

# **If Syrian Conflict is not resolved by Military action or negotiation**

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- **Syria will be divided into three regions of influence. Sunnis, Awaits and Kurds**
- **Iraqi Sunnis may join the Syrian Sunnis leading to division of Iraq based on religious and ethnic forces**
- **This Tsunami will hit Lebanon and Jordan**

# West Asian Region in Turmoil if Syrian conflict is not resolved

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- This is referred to as "Revenge of Geography" by Mr. Kaplan. It is based on the arbitrary division of the region by UK and France after the collapse of the Autumn Empire
- Persian Gulf States will be effected by these developments
- **Extremism will not be easy to control**



# The Importance of Iranian Factor

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- Iran's Geography, Population, Culture and influence are important factors in the future peace in the region
- **West Asia's problems can be resolved easier with a strong and democratic Iran**
- **Economic, Social and Political difficulties in Iran will intensify the present and future regional problems**



# Both Sides need successful negotiations

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## ○ Iran:

- 1- Main issue is job for 70% of the population below 35 years old.
- 2- Sanctions have drastically reduced rate of growth.
- 3- The development of the oil and gas resources are delayed with severe cut in oil revenues.
- 4- Banking and insurance restrictions have created major problems

## ○ The West:

- 1- Major upheaval in West Asia (Syria, Iraq, Lebanon, and now Turkey)
- 2- Conflict in Afghanistan and Pakistan is not over .
- 3- The economic outlook in Euro zone is not bright
- 4- There is no unity in 5+1 actions
- 5- Potential conflict with Iran will exaggerate the present instability in West Asia and has major consequences on supply of energy to the world .

# What would be the mutual benefit to the parties

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- The value of business transactions with Iran will be around **One Trillion Dollars** billion 2013-2020
- Private consortium initiatives will take over from the governments to government gas trade as privatization and less regulations take shape in both gas consumer and producer states
- Development of oil and gas resources in Iran and Gas Export to Europe will follow by 2020



# Iranian Presidential Election

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- **This Election was a very positive development possibly leading to;**
  1. **Resolving the nuclear issue provided that both sides recognize the opportunity created by this election**
  2. **Economic prosperity which will lead to regional stability and help to resolve the present conflicts peacefully**

# Main Points

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- Iran is by far the largest producer and consumer of gas and gas based products in the Middle East and Caspian Region. The country is strategically located to benefit from regional and international gas trade.
- Sanctions have deprived Iran from gaining its right place in the world gas business. If a Win/Win scenario is found in the upcoming negotiations after the positive Iranian Election, there will be a major change in gas trade
- Export of gas by Pipeline to East and South of Europe will happen if a political solution is reached with Iran
- The recent Iranian election is a good opportunity for both parties to resolve their differences and work to reduce tension in West Asia



# THANK YOU

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