The oil exports of Iraq

Earlier this summer, a long-term energy strategy was announced in Iraq. The developers of this document forecast that, by the year 2030, the country will have managed to sell 6 trillion dollars’ worth of oil and gas in external markets, thus taking second position in the world suppliers ranking, overtaking Russia.

The plans of Baghdad provide for an increase in oil production to 4.5 million barrels per day by the year 2014, and, by the end of the decade, crude oil production is expected to be approximately 9 million barrels per day. In the long term, Baghdad is planning to reach the level of 12 million barrels per day. For comparison: the current major producers of "black gold" – Russia and Saudi Arabia – produce approximately 10.5 million and 9.5 million barrels per day respectively.

Over the next 20 years, investments in the Iraqi oil and gas industry are expected to be at the level of 620 billion dollars.

At the end of last year, the International Energy Agency (IEA) published the World Energy Outlook, which outlined the trends for the development of the hydrocarbon sector of the Iraqi economy in the future.

In particular, according to this document, Iraq makes the largest contribution to the growth of the world’s oil production, and the state’s ambitions to increase significantly the existing volume of crude oil production after the protracted conflicts and instability are not constrained either by the size of energy reserves or the cost of their development.

However, coordinated and balanced actions will be required of the Iraqi leadership to improve the entire chain of supplying energy abroad, precise clarity as to how Iraq is planning to extract long-term dividends from its hydrocarbon wealth, as well as the attainment of internal consensus between the country's various ethnic and religious groups on the oil policy.

According to the IEA projections, in 2020 oil production in Iraq will exceed 6 million barrels per day, and, in 2035, this figure will increase to 8 million barrels per day. The country is gradually turning into a key supplier to the fast growing Asian markets, mainly to China, and, by the 2030s, it is capable of taking second position in the world oil suppliers ranking, overtaking Russia.

China is already the world leader in the volumes of oil imports (50% of "black gold" comes from the Middle East) and continues to invest significant funds in foreign oil and gas fields.

Without growing supplies from Iraq, the oil markets will experience difficult times characterised by high prices for hydrocarbons. Iraq can get almost 5 trillion dollars from oil exports over the period up to 2035, that is, an average of 200 billion dollars a year, and thus it can have an opportunity to change the country's future.

The collection and processing of associated gas, most of which is currently burned in flare stacks, and the
development of gas fields give hope for a more effective electric power industry through the use of natural gas as fuel. After the domestic needs are met, the export of Iraqi natural gas to external markets will be quite possible.

_Eldar Kasayev, an expert on energy investments in the Middle East and North Africa, exclusively for the online magazine "New Eastern Outlook"._