



INTRODUCTION TO IRAQ'S ENERGY POLICIES

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Iraq's energy sector holds the key to the country's future prosperity and can make a major contribution to the stability of global energy markets. Iraq is already the world's third-largest oil exporter and has the resources and plans to increase rapidly its oil and natural gas production as it recovers from three decades punctuated by conflict and instability.

Iraq has put its own programmes to increase its oil production to 8 million barrels per day and gas production to 4,000 mcf per day by the year 2020. Service contracts have already been signed with more than 20 international oil companies to develop more than 16 oil- and gasfields in Iraq to ensure this increase in oil and gas production.

Iraq is actively participating in most international energy conferences and workshops and co-operating closely with the International Energy Agency, thereby showing its willingness to share its energy programmes

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with others. Iraq is becoming a key supplier to Asian markets, mainly China, and by 2030 Iraq will be the second-largest global oil exporter.

Natural gas can play a much more important role in Iraq's future, reducing the dominance of oil in the domestic energy mix. Iraq's gas balance and its opportunity to have a surplus for export depend on creating incentives to develop its non-associated gas resources.

Catching up and keeping pace with rising demand for electricity is critical to Iraq's natural development. Power stations in Iraq produce more electricity than ever before. Iraq needs 70 percent more net power generation capacity to meet full demand.

Energy resources provide Iraq with means to revitalise its economy and take on a new global role and responsibilities that match its potential and the richness of its resources base. There is a strong alignment between the needs of the global market for growth in Iraq's production and the needs of Iraq for revenue to build the foundation of a modern and prosperous economy.

Energy is inevitable for human life and a secure and accessible supply of energy is crucial for the sustainability of modern societies. The

future of human prosperity depends on how successfully we tackle two central energy challenges facing us today: Securing the supply of reliable and affordable energy and transitioning to a low-carbon economy. The current energy system is based primarily on hydrocarbons, fossil fuels and coal. These are finite non-renewable resources that are only found in particular parts of the world. Thus, it is geology that determines the energy resources base that is the total amount of coal, oil and gas reserve that are in existence on the planet.

There has been a global shift in the geography of oil and gas production away from the industrially developed countries towards the developing world. Equally there has been a shift away from the international oil companies as the holders of oil reserves and the main producers of oil, towards national oil companies. Not only has there been a global shift in production, there are also new centres of demand in the developing world – such as China and India – that are changing the geography of demand. All of this means that there is a limited amount of energy production. Thus, it is far from certain whether it will be possible to deliver energy services in a way that is reliable and affordable and that will not damage the environment.

It is clear that no single country or group of countries can ensure energy security. It can only be achieved efficiently through international co-operation and that can coexist with international competition, but they need to be better balanced.

Finally, our focus here today, and the ongoing focus of the IEF is to increase co-operation to achieve energy security at an affordable price linked to timely investment to supply energy in line with economic development and environmental needs. ■



Natural gas could reduce the dominance of oil in Iraq's energy matrix