



There's A New Kid In Town -- Iran Versus Kazakhstan

Posted by [Dave Cohen](#) on November 23, 2005 - 2:58pm

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Tags: [domestic consumption](#), [exports](#), [iran](#), [kazakhstan](#), [peak oil](#) [[list all tags](#)]

The world oil peak is obviously a popular topic here and many reports look at depletion & production as a function of world supply and demand as a whole. For countries, Chris Skrebowski speaks of [Type III depletion](#) which he defines as the tipping point "when a country produces less oil in a year than it did the year before". But what the [OECD](#) countries, along with India and China, are most interested in is the oil export capacity of producing countries because almost without exception (Canada), each OECD member plus China and India must import large volumes of oil to meet their internal demand. If a producer is in Type III depletion or close to it, how severe that depletion is as regards exports will depend on it's own internal consumption as well as the geology or economics of its existing production. If that domestic demand is high, this describes the worst case for big consumers who can not meet their own demand. [Iran](#) is such a country. On the other hand, the best of all possible worlds is a producer country with little domestic consumption and growing export capacity. And that would be [Kazakhstan](#).

This story examines a hypothetical scenario regarding our best and worst cases regarding their export capacity out to 2012. That in turn is a good measure of how geopolitically important a country is to the US, the Europeans, Japan, China, India and the rest. Afterall, I haven't noticed much interest in Ethiopia or the Falkland Islands lately which, according to the CIA World Factbook (July 28 2005), both produce the same amount of oil--0/kbd.

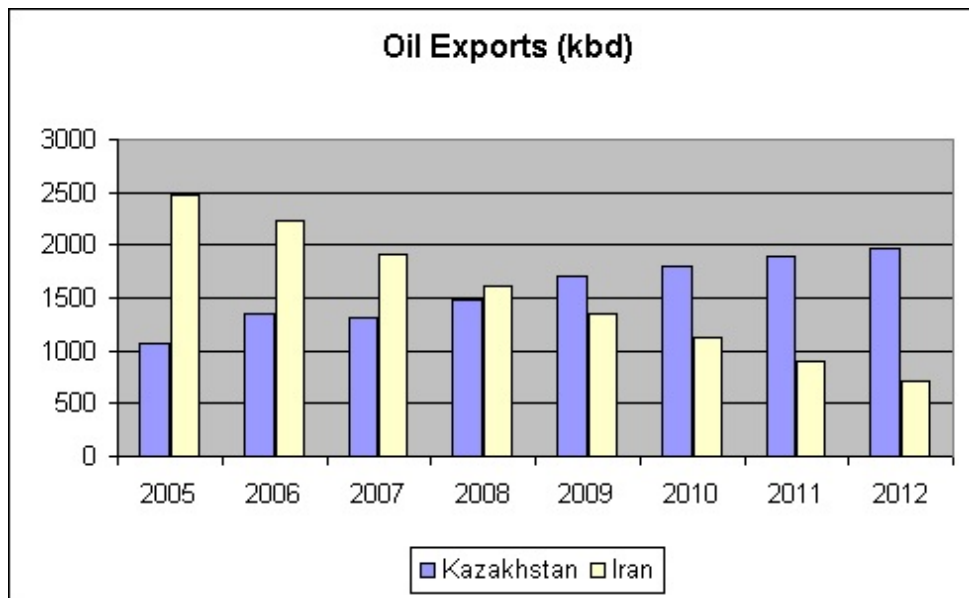
According to the [BP 2005 Statistical Review](#), in terms of production (page 4) and proven reserves (page 2), Iran is still a giant and Kazakhstan is a middle tier country among the world's oil suppliers. Iran produced 4081/kbd in 2004, 5.2% of the world's total while Kazakhstan produced 1295/kbd, a paltry 1.6% percent of the whole. Iran has 132.5 billion barrels in proven reserves, 11.1% of the world's total while Kazakhstan has 39.6 billion barrels, a 3.3% world share. But let's look into our chrystal ball to see what the future may look like.

According to the EIA, Iran ([link above](#)) with a population of 68,017,860 exports 63% of its oil production, using the rest for internal consumption. On the other hand, tiny Kazakhstan ([link above](#)) has a mere 15,185,844 people and uses only 18% of its production to meet internal demand. In addition, the EIA estimates Iranian FIP declines at between 8 and 13%. For our purposes, we'll use a hypothetical 10% nearer the lower end. Kazazkstan's current main production is from its [Tengiz](#) field, discovered in 1979. Whether it is in any kind of decline at all is unknown but for our purposes, a general 2% rate is assumed for all of Kazakhstan's production. As regards consumption, it is assumed here that Iranian demand remains constant at 37% of all oil produced there. A similar (and generous) assumption is made for Kazakhstan--demand will remain at 18% of all oil produced and the remaining 82% will be available for export.

This is an exercise looking to identify a trend and not make an exact prediction. So, these further assumptions are made in addition to those mentioned above concerning depletion and domestic

- Landlocked Kazakhstan can actually transport all of its exports via pipelines like the Caspian and the [BTC](#).
- No "above the ground" (eg. terrorism) incidents inhibits production in either country.
- All of the projects mentioned in Skrebowski's Megaprojects document happen without delays in the time frame he gives. For example, a project like [Kashagan](#) in Kazakhstan has 3 phases. Skrebowski lists Kashagan Phase 1 as coming onstream 2008 as adding 450/kbd (2009). In this case, I add half (225/kbd) in 2008 and the remainder in 2009--similarly for other cases.

So, what finally after all that does the future look like? Here is the export capacity for each country for the years 2005 to 2012 based on our best Wild Ass Guess.



Whoa! As The Eagles once said in a [song](#), it looks like "there's a new kid in town". Around the years 2008 to 2009 period, Kazakhstan is exporting more total oil supply to the OECD countries, China and (perhaps) India than Iran is. Maybe this would explain why all the Big Boys (the US, the Europeans, Russia, China, India, Iran itself) are so anxious to talk to and bribe the [Sultan of the Steppes](#), Nursultan Nazarbayev who is almost, but not quite, the Kim Il Sung of Central Asia. On the other hand, Iran is easily pounced upon as a part of the "Axis of Evil" over their nuclear program and their stated desire to rid the world of the Zionist Entity and fight the "The Great Satan". Despite the idealized assumptions made in this post, the trend seems clear. Maybe there's more to all this than meets the eye?

[editor's note, by Prof. Goose] Look at Dave go with the Excel! Get on with your bad self, Dave...



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