



Impact of developments in Syria on energy

Description

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Developments in Syria have been precipitous and momentous. Ahmad al-Sharaa, the leader of the Sharaa's Hayat Tahrir al-Sham (HTS) group that deposed al-Assad last Sunday, has already installed an interim government in Damascus. Despite promises of inclusiveness and toleration of other ethnicities and religions, it is too early to say what will be the direction of travel of the Syria that emerges out of this process.

But what is the impact of these developments on global energy prices, on regional and on domestic energy? So far, events in Syria have not really impacted global oil and gas prices and, provided the inevitable instability does not get out of hand, any future impact will remain minimum. Syria is not an oil and gas exporter, and regional energy routes do not involve the country.

In 2011, prior to sanctions, Syria produced 383,000 barrels/day and 8.7 billion cubic metres (bcm) natural gas. Some of this was exported. Its oil exports accounted for about a quarter of government revenue in 2010.

But 13 years of war decimated the industry, making it reliant on Iran for its oil supplies. According to the Statistical Review of World Energy, published by the Energy Institute, by 2023 Syria's indigenous oil production was limited to 40,000 barrels/day and natural gas to about 3 bcm.

Small quantities, but important in a, now, impoverished country. Rebuilding Syria will be an immense task and energy will be key.

As a result, control of these resources could become a source of conflict, particularly if, as expected, Iran stops supplying Syria with oil, something that would threaten the country's energy security.

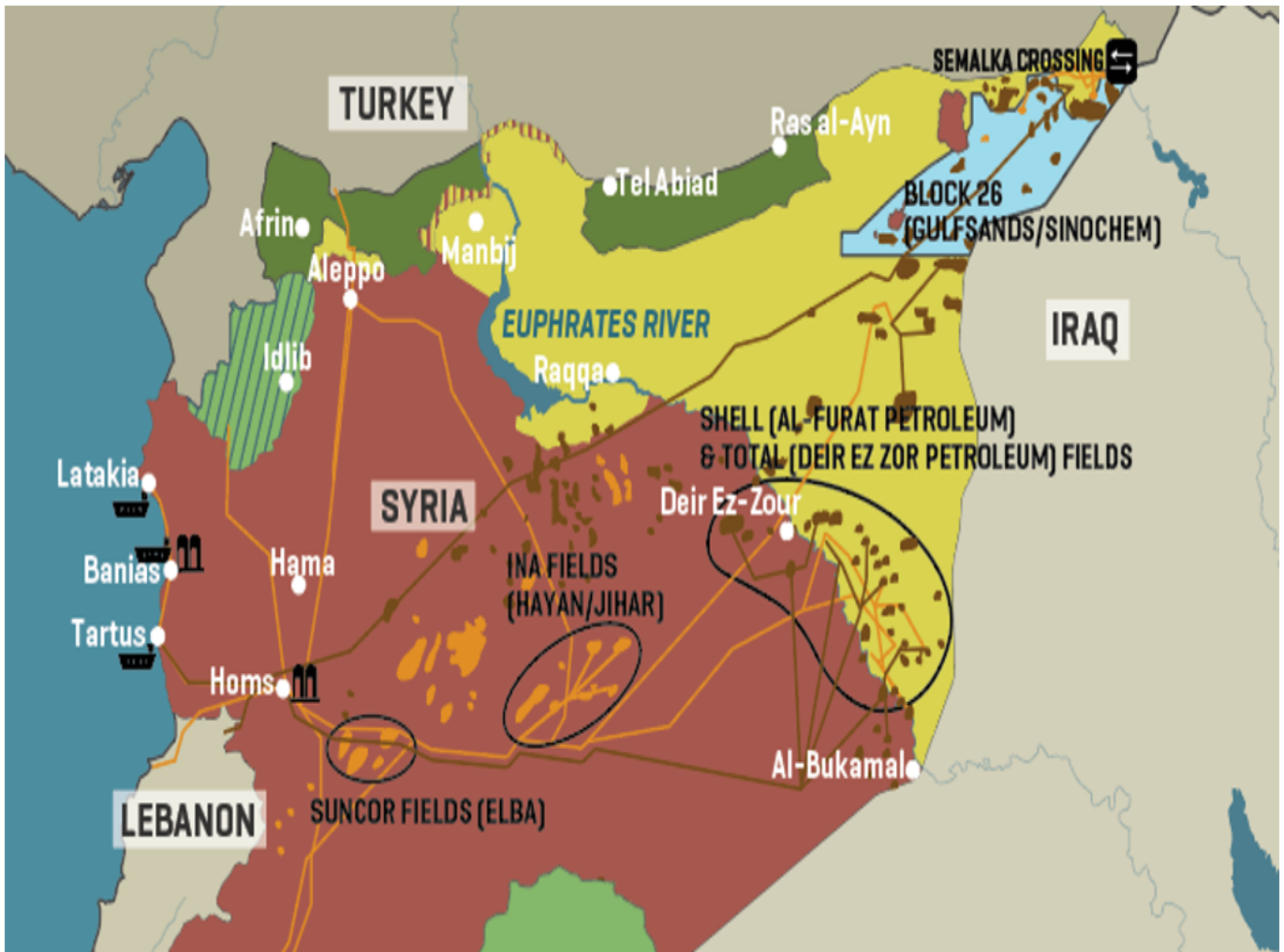
Most oilfields are in the north-east of the country, controlled by Syrian Kurds, while most gas fields are in the south-west is areas previously controlled by Assad's government forces and now controlled by HTS, as are the country's refineries.

Competing claims on these resources could further complicate the situation, as has happened in Libya, especially if Turkey intervenes to contain the Kurds. Hopefully this will be avoided. Certainly, according to reports, "the oil ministry has called on all employees in the sector to return to their workplaces starting next week, assuring that protection will be provided to ensure their safety." The next few weeks will be crucial to the future of this sector in Syria.

In the meanwhile, Turkey could help ensure energy security by supplying Syria with oil to replace the Iranian supply.

Successful reunification of the country and return to stability could revive an old, largely forgotten, project first proposed by Qatar in 2009: the Qatar-Syria-Turkey gas pipeline to Europe. It was rejected by Assad in 2009, but his removal has reignited discussions bringing the proposal back to life.

The 1500km pipeline was estimated at the time to cost \$10 billion to construct, with the gas to be supplied from Qatar's vast North-Dome gas-field in the Persian Gulf. With estimated reserves exceeding 25 trillion cubic metres, and in shallow water, the cost of producing this gas is one of the lowest in the world.



Syria's oil and gas fields

Source: MEES

<https://s3.amazonaws.com/mees.com/design/country/images/38652923-7094-4310-990a-533e87eed0aa.png>



Qatar-Syria-Turkey gas pipeline to Europe

Source: Turkey-today

<https://i.turkiyetoday.com/image/resize/635x414/wp-content/uploads/2024/12/image-8.png>

When asked this week, Turkey's energy minister, Alparslan Bayraktar – with an eye on Turkey becoming a regional gas hub – said “For a Syria that has achieved unity and stability, why not?” adding, “... if this happens, the route must be secure. Hopefully, it will be, as that is our wish.” He also confirmed Turkey's support for energy investments in Syria.

With the supply of Russian gas to Europe through Ukraine expected to be terminated by the end of the year, the re-appearance of this pipeline could be quite timely.

However, Europe is committed to phasing gas out of its energy mix, with gas consumption declining by about 25% since 2021. With the European Commission proposing to reduce greenhouse gas emissions by 90% by 2040, EU companies are avoiding entering long-term gas contracts. In addition, there is pressure on the EU to commit to more US LNG imports to stave off President Trump's threat of new trade tariffs.

As a result, with a new pipeline requiring that will need to operate at full capacity for over 20 years to ensure commercial viability, the chances of the Qatar-Syria-Turkey gas pipeline to Europe becoming reality are slim. Nevertheless, this may not deter its backers from pursuing it.

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