Gas bagged

Photo: Martin Erhard

Kuwait regains its self-sufficiency in natural gas

REPORTS from Middle East point towards another income stream for Kuwait. It is already thought to be the recipient of $100Bn from the sale of crude and oil products and its overseas investments.

It has now discovered a large gas field in northern Kuwait with estimated reserves of one trillion cubic metres.

This will be a relief to the country's rulers; negotiations to run a pipeline across Saudi Arabia to bring in gas from Qatar have stalled.

Kuwait has also been in negotiations with Iraq and Iran to import its gas requirements.

This gas find, in the Um Niga-1 and Sabriya oil fields in the north and two other fields in the west, will give Kuwait independence in gas supplies for the foreseeable future.

One trillion cubic metres (Tm^3) is not a huge amount in world terms. Qatar is thought to have 26Tm^3,while Canada has 1.6 Tm^3.

It has also been suggested that the United Arab Emirates has sufficient gas supplies to last about 175 years. This find should last for a similar length of time, based on current consumption.

Kuwait had provisionally agreed an import contract with Iraq for 6M m^3 a day and with Iran for a quantity of 9M m^3/day.

However, Sheikh Ahmad Fahd al-Sabah, the Kuwaiti energy minister, told reporters: "The reserves we have discovered will allow us to do without imports. There is great potential for larger reserves as exploration is still ongoing."

A separate government report estimates that it will take about six months to quantify precisely the amount of recoverable reserves in the country. So in the meantime, Kuwait will avail itself of the imports from its neighbours to fuel its large petrochemical industry, its power stations and its desalination plants.

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China ore talks continue

MIXED messages are coming from Beijing over price talks between the Chinese steelmakers, represented by Baosteel, and the three main iron ore suppliers: CVRD, Rio Tinto and BHP-Billiton.

Industry sources suggest that the steelmakers will accept the 19% increase in the price of fines, an amount already accepted by ThyssenKrupp, Arcelor and Posco, as well as the Japanese buyers.

But a report from Xinhua, the Chinese government's main news agency, stated that steel prices are too low to support a big increase in raw material costs and that the China Iron & Steel Association is holding out for a smaller increase.

The three iron ore producers supply 75% of the seaborne ore trade, gving them a strong bargaining position. Talks have continued for about six months. Any accord will be backdated to 1 April.

At a glance: week-on-week changes in the major market sectors

Baltic Dry Index	Baltic Capesize Index	Baltic Panamax Index	Baltic Supramax	Baltic Crude Oil
+82 +3.3%	+199 +6.3%	+58 +2.4%	-12 -0.6%	-37 -3.1%