

CHINA TO EXPAND ENERGY FOOTPRINT IN IRAN

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The next episode of friction between Beijing and Washington could be staged in Iran, where a top Chinese energy firm, defying latest U.S. sanctions, is likely to expand its stake in a giant Iranian gas field.

Iran's state-run news agency IRNA has reported that China National Petroleum Corporation (CNPC), the world's third-largest oil and gas firm, has replaced Total, the French energy giant, in the South Pars 11 project. "China National Petroleum Corp (CNPC) has replaced Total of France with an 80.1% stake in the phase 11 of the South Pars (gas field)," IRNA quoted Mohammad Mostafavi, director of investment of Iran's state oil firm NIOC, as saying.

World's largest gas field

South Pars is the world's single largest natural gas field, which is being developed in several phases. In 2017, Total acquired a 50.1% stake in the South Pars 11 project, following the 2015 sanctions-easing Iran nuclear deal. CNPC held a 30% stake, while the rest was allocated to Iran's Petropars Ltd. But after its withdrawal from the Iran atomic deal in May, Washington gave foreign firms 90 to 180 days limit to scrap their businesses from Iran.

Following the U.S. demand, Total has apparently fallen in line. Bloomberg quoted Total head Patrick Pouyanne as saying last month that, "Within the U.S. legal framework, we can't work in Iran."

Reuters had previously reported that the \$1 billion deal signed last July gave the Chinese firm the option to take over Total's stake if it left Iran. Tweaking remarks made earlier to IRNA, Mohammad Mostafavi of NIOC said on Saturday that there is change in the contract to develop the South Pars 11 gas field. "The role of the members of the consortium developing this project is in accordance with the provisions of the contract, and there is still no formal change in these provisions."

Chinese Foreign Ministry in the past has maintained that it is opposed to "unilateral sanctions" imposed by the U.S. against Iran.

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