
IRAN HOPES TO SETTLE GAS DISPUTE WITH TURKMENISTAN WITHOUT INT'L ARBITRATION

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Managing Director of National Iranian Gas Company (NIGC) Hamid-Reza Araqi says by next month, Iranian and Turkmen experts will investigate Iran-Turkmenistan differences concerning the natural-gas dispute between the two countries and the sides hope to reach an agreement on the issue so that the case is not referred to international arbitration, Irans IRNA news agency reported on April 24.

Speaking to reporters, Araqi commented on the quality of Turkmenistan's gas and said in case the quality is low, some penalties will be envisaged but Ashgabat has promised to upgrade the quality of its gas and we will in turn lower the penalty.

Late in January, Irans Minister of Petroleum Bijan Zangeneh said that Iran planned to take Turkmenistan to international arbitration over the price and quality of natural gas it had imported from the Central Asian neighbor.

Irans complaint had three parts: Turkmenistans cutting off the gas supply without prior notice on 1 January 2017, low quality of the gas, and the high price, IRNA reported in January.

Turkmenistan stopped gas exports to Iran on 1 January 2017, demanding quick payment of what it views as arrears which are disputed by Iran.

The row relates to Irans imports of gas for distribution in its northern provinces, especially during winters, because the country's natural gas fields are mostly located in the south.

Turkmenistan claims Iran owns it about \$1.8 billion, but Zangeneh reiterated that the figure is not correct.

The dispute dates back to the exports between 2007 and 2008 when freezing winters led to severe shortages across 20 Iranian provinces, forcing the country to raise gas imports from its northeastern neighbor.

At the time, Turkmenistan used the occasion to demand a nine-fold hike in the price up to \$360 from \$40 for every 1,000 cubic meters of gas.

Iran imported about 35-40 million cubic meters of gas a day from Turkmenistan under a deal which had stood for 20 years.

Kaynak/Source: