
Armenia Hopes To Be An Energy Exporter

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Armenia is becoming a regional leader in the gas distribution and storage market, as it brings its economy into the 21st century.

Armenia's economy has changed significantly over the last decade and it's now becoming an increasingly attractive location for foreign investment. Its capital, Yerevan, is currently undergoing a construction boom with new shopping centres and housing complexes springing up across the city.

The spotlight is currently on ArmRusGasprom, the gas monopoly, a company with close ties to Russia's Gazprom, which has been operating Armenia's gas sector since 1997. It receives gas from Russia, delivered via Georgia, and is investing in new technology and capacity.

ArmRusGasprom headquarters "Over the last five years gas consumption in Armenia has risen fivefold. We are planning to invest about \$US 650 million in new gas projects, with the most promising projects being the modernization of gas storage and the construction of an alternative pipeline," said Karen Karapetyan, the Chairman of ArmRusGasprom.

Currently Russia is the only supplier of natural gas to the country, but it will soon have access to Iranian supplies through the recently opened Armenia-Iran pipeline, which is owned by Gazprom. With the additional capacity coming in, attention is turning to the country's storage facilities.

Nelson Sarkisian, the head of Armenia's Abuvianskaya gas storage facility is looking forward to a major modernization programme, with ArmRusGasprom planning to invest up to \$US 2.5 million and to boost capacity to 120 million cubic meters in the near future.

He has been working there since 1983 and says that since that time the facility has not been modernized.

This gas storage facility is unique for Armenia as it can store gas in the salt in the earth. However it is expected to be modernized soon using the latest European technology. Gaz du France is providing technical support to its Armenian counterparts on this project.

Armenia is still receiving gas from Russia for \$US 110 per thousand cubic meters, and the new capacity from Iran should ensure continued low prices.

ArmRusGasprom is looking to diversify its activities with projects in oil refining and the electricity sector.

"With the construction of the oil pipeline being built from Iran to the south of Armenia and of the oil refinery in the south of Armenia, ArmRusGasprom can become a very important player on the oil market," pointed out Sevak Sarukhanyan, Deputy Director of Noravank in Yerevan.

The company also plans to invest up to \$US 170 million in electricity production with an eye to exporting energy to its regional neighbours.
