The demand for natural gas is expected to double by 2025 and the share of gas in the world basket of energy would increase from 23 to 28 percent. Nearly seventy percent of the world gas reserves are situated in the Middle East, Caspian Region and Russia. Hence, West Asia is going to play a major role in the future gas trade in the region and worldwide. The increasing prominence of natural gas in the future world energy balance as a preferred fuel has also opened new export opportunities for gas producing countries. Most of the gas needed in Europe after 2010 would be supplied from this region. The security of supply and demand for gas would ultimately bring a higher degree of cooperation between the producers and consumers.

Iran with over 17 percent of the world gas reserves and unique geographical position, which links Russia and Caspian Sea countries to the Persian Gulf States, could provide the ideal infrastructure for such cooperation between gas consumers and producers particularly if Turkey joins the European Community in future. Iran’s pipeline network at present is extended from the shores of the Persian Gulf in the South to the Caspian Sea in the North and from Turkmenistan in the East to Turkey in the West. Iran’s gas network is already connected to that of Turkey, Azerbaijan and Turkmenistan and would be connected to Armenia and Georgia, Kuwait and UAE by 2006. Strengthening this infrastructure would be more economical than building new pipelines from each gas producer country to the markets.

This paper is aimed to discuss West Asia’s future potential in the development and monetizing its huge gas resources and focus on the basic opportunities and challenges that lie ahead. It would also point to the options for different gas producers to monetize their resources and their incentive for cooperation.