

## Attacks on Iran Threaten Helium Supply

By Phil Kornbluth

The recent attacks on Iran by the United States and Israel are likely to disrupt the flow of helium from Qatar to European and Asian markets due to full or partial closure of the Strait of Hormuz by Iran.

Qatar accounts for approximately 30% of the world's helium capacity and over 80% of Qatar's output is produced as a by-product of LNG production from their Helium1 and Helium2 facilities in Ras Laffan Industrial City. While helium containers are able to circumvent the Strait of Hormuz via overland routes to the Omani port of Salalah or the Saudi port of Jeddah, LNG tankers filled at Ras Laffan must pass through the Strait of Hormuz to get to market. Once all available LNG tankers and storage capacity have been filled, QatarEnergy would be forced to shut down LNG production. When LNG production is shut down, helium production from Helium1 and Helium2 would also be interrupted.

Going forward, the big questions are:

***With the U.S. and Israel continuing their intense attacks on Iran, for how long will Iran be able to disrupt shipments of LNG tankers through the Strait of Hormuz?*** If

shipments are disrupted for a few days or a week, this will not have a significant impact (beyond near term inconvenience and increased transportation cost) on helium markets, which have been experiencing oversupply. But if shipments are disrupted for a month or longer, the helium market could tighten up and, depending on how long it takes before shipping returns to normal, the helium market could return to shortages.

Also, with Iran retaliating against U.S. military bases in the Middle East as well as other targets in countries that are home to U.S. military installations, there is concern about whether energy infrastructure and ports could be attacked. There have already been reports of several attacks on cargo ports within the region.

At a minimum, helium shipments from Qatar will be delayed and rerouted in the near term due to the disruption of cargo shipments to/from major ports like Hamad and Dubai. While it is still very early days in this conflict, and the outcome remains somewhat unpredictable, this is a reminder of the fragility of the helium supply chain. However, given that this is close to a worst-case scenario for the Strait of Hormuz, if the U.S. is able to quickly re-establish freedom of navigation through the Strait of Hormuz, it could actually increase

confidence that Iran's ability to carry out its threat to close the Strait of Hormuz is actually quite limited.

***About the author – Phil Kornbluth is President of Kornbluth Helium Consulting, a leading consultancy specializing in commercial issues related to the global helium business, and is a member of Gasworld's Editorial Advisory Board.***