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Hotel Grande Bretagne

Christos Folias: The Critical Year 2013

Upstream Oil & Gas Development the Caspian and SE Mediterranean.

This year, 2013, is evolving as the most crucial year for the wider region's energy future as a series of developments link two ostensibly unconnected regions: the Caspian Sea and the Eastern Mediterranean.

In the Caspian Sea region, the Shah Deniz consortium has announced that it would take its final decision on the selection of its main export pipeline between TAP and Nabucco West by June 2013.

Now, Greece is expecting this decision, supporting the TAP, as it will be a very big investment, particularly under the current state of our economy. On the other hand, we are waiting with **cautious optimism** for the findings of the Norwegian team, currently carrying out seismic surveys on the Ionian Sea and the south of Crete.

It is a fact, that no matter how much we save energy, apply rules for energy efficiency, use coal, look to renewables, and shift to a lower carbon economy, it is inevitable that: a higher proportion of our gas will have to come from abroad and that we will need new supplies and new routes.

According to some experts, 16 BCM could be exported from the Leviathan by 2020. Add to this the 10 BCM which has been pledged from the 2nd phase of Shah Deniz, - as well as the potential of Turkmenistan - and Europe seems to be on track to fulfill its objective to diversify the sources and routes of its gas supplies.

Yet, the development and monetization of these resources is no longer a Cypriot or a Greek issue. It has become an issue of European importance and will become increasingly so, as these resources are interconnected with Europe in the form of LNG exports, gas pipelines and high voltage electricity cables like the Euro-Asian Interconnector.

Greece and Cyprus need to take the initiative in building a real strong and committed EU coalition that will support and protect its EU member states in this neighborhood, in their road to becoming major gas and, even, oil exporters not only because it is its legal and moral obligation to do so, but also in order to have guaranteed EU produced secure energy supply.

The existence of gas is one big issue! The success to deliver supplies to our markets and consumers is another, totally separate issue!

On the one hand, geographically speaking, we know that Europe is blessed, as it is situated relatively close to the new sources of gas and oil.

Inevitably, the essential question is: Will it be markets which decide, or will geopolitics determine how supplies reach our markets – and indeed which markets? The projects under consideration, illustrate how geopolitics cramp our possibilities.

If peace had been achieved in the Middle East, economic and commercial sense would have Israel build a pipeline to its

neighbors, Jordan, Syria, Lebanon and Egypt. Another economically sensible option would be to pipe the gas, via Cyprus, to Turkey. But politics obliges us to forget such options which are currently clearly unthinkable.

Therefore, there arises a last question “Will the new hydrocarbon discoveries turn out to be a factor for stability or instability? Will the existence of energy resources act as an incentive for cooperation or as an excuse for more conflicts?”

I am an Optimist.. and, having retired from active politics I am a business man, again. Therefore in my opinion, hydrocarbons can change the geopolitics of regions dominated by disputes. I believe that finding and exploiting hydrocarbons should work as a catalyst to achieve solutions, not the other way round...

By working together, these sources will provide the countries concerned, our countries, a big opportunity for economic prosperity and regional cooperation.

For Europe, the promised supplies will significantly enhance its energy security. So, to everybody I say... wake up and smell the gas, wake up and smell the oil!