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ΕΝΕΡΓΕΙΑΚΟ

ΣΥΜΠΟΣΙΟ



**Regional Energy Geopolitics in the
East Med & the Middle East**

5.12.2019

Presentation Outline

- 1. IR System**
- 2. The Pipeline battle**
- 3. East Med & Middle East regional energy geopolitics. Focus: US, Russia, EU, Greece, Turkey & Cyprus.**
- 4. Energy wars**
- 5. Conclusions & Takeaways**

IR System

- **Multipolar / Tripolar with hegemonic powers: US, Russia, China.**
- **Aspiring quasi-hegemons** in the Middle East and the East Med: Turkey, Iran, Israel.
- **Energy wars** are the new form of **geopolitical antagonism** in the post-Cold War era.
- **“Energy or oil wars”** have been an aspect of big power politics even prior to World War 1 (Yergin, 2009, 2012).
- The **new cold war** has an **energy dimension**.
- A subterranean but evident **global war** regarding natural **gas**, encompassing **American shale** and **Russian gas**, is going on.

The Pipeline battle (1)

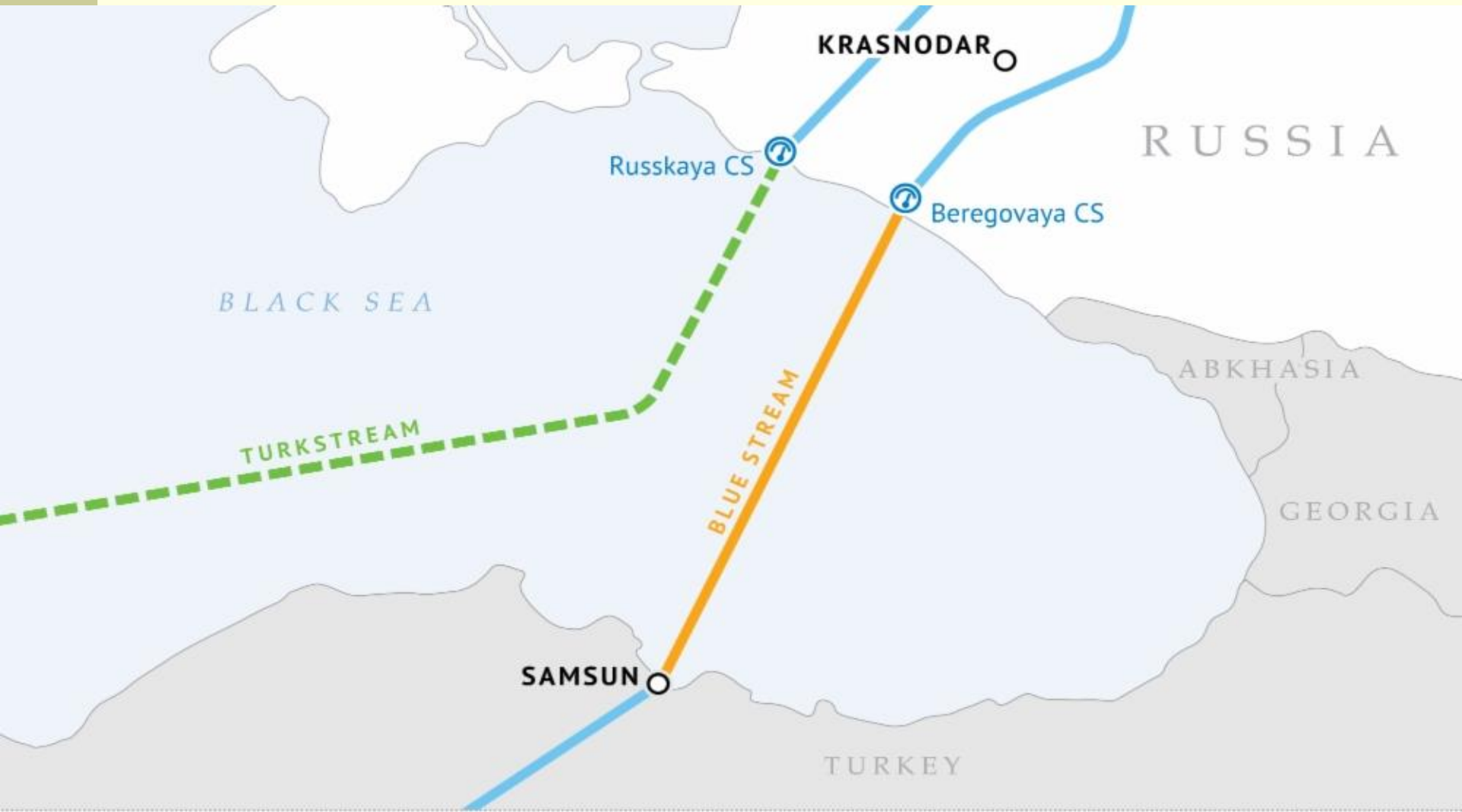
- The **New Great Game of geopolitical rivalry over energy routes** involves new **competing European and Russian Pipeline Projects & gas corridors to control gas flows.**
- These include the **TANAP-TAP, Nord Stream II & the Turkish Stream** (re-routing of the South Stream pipeline to Bulgaria), which **help Russia bypass Ukraine.**
- The New **Energy Great Game** has **extended** to the Middle East & the **East Med.**
- Pipelines have **economic** but also **geopolitical significance.**
- Pipelines entail **long-term, decades-long commitment.**




The Southern Gas Corridor: TANAP - TAP



TANAP (60 BCM/y planned capacity) is the central and longest section of the Southern Gas Corridor (SGC) connecting the giant Shah Deniz gas field in Azerbaijan to Europe via the South Caucasus Pipeline (SCP), TANAP & the Trans Adriatic Pipeline (TAP).

Turkey: Blue Stream & Turkish Stream



-  Gas pipelines in operation
-  Ongoing project
-  Compressor stations

The Pipeline battle (2)

- Every new pipeline **changes** the **market** and **regional geopolitics**.
- **Nord stream 2** in the North Sea & the **Turkish stream** in the Black Sea **enhance Russian predominance** in **gas supply** to Europe.
- The Turkish stream like the **TANAP-TAP via Turkey** are by definition **antagonistic** to the East Med Corridor (LNG or Pipeline).
- Evidently any **diversification away from Russia** will be translated into **European dependency on Turkey**.

The energy dimension of USA FP in ME & East Med

- **Safeguard its commercial interests and wider business interests** in the East Med, the Middle East and the Gulf.
- Ensure the **energy security of the West.**
- **Diversify supply and reduce** the gas dependency ($\approx 40-45\%$) of European countries **on Russia.**
- **Promote sales of American shale gas to Europe.**
- Trump is a big promoter of **US LNG.**

The Trump Phenomenon

- America first. Increase of US exports. **Mercantilism & Protectionism** instead of liberal free trade.
- Protracted **trade war** between the U.S. & **China**.
- **IR** seen from the standpoint of **business** as an international bazaar to **make gains**.
- **'American energy dominance' doctrine** as a strategic & economic FP goal. Energy as statecraft.
- Favours the **growth** of **gas markets** abroad in order to **expand US gas exports** and influence.
- US foreign policy acting on **whim**. **Volatile**, erratic.
- **Trump succumbs** to **Ankara** demands due to Turkey's important geopolitical position.
- Trump sees **Turkey** as a **significant trade partner**.

The energy dimension of Russian geostrategic imperatives (1)

- Russia has achieved **military reform** & armed forces **modernization** but has a **stagnating economy**.
- Putin's geostrategic objectives go beyond even those of the Soviet Union. **Reinstitute Tzarist Russia**.
- **Preserve** its **hegemony** over the former **Soviet heartland** in all its facets: political, economic and military. **Prevent** other post-soviet states **joining NATO**.
- Safeguard **Russian gas near-monopoly** in **Europe**.
- **Russia's gas** exports constitute a **vital** part of **European energy supply**.
- **Energy revenues** constitute a substantial part of Russian export and budget revenues.
- These largely depend on **Gazprom's export earnings**.

The energy dimension of Russian geostrategic imperatives (2)

- Much of **Russia's power** comes from **established pipelines** used to transport **gas to Europe** cheaply.
- But now **Russia faces competition** from **new sources** of **gas** to Europe: the Caspian, US shale gas as LNG, the Middle East, the East Med.
- Moscow **views the above supplies as competitive** to its own.
- **Putin's goal in enticing Turkey** is to **weaken NATO's** southern flank by **exploiting US-TK disputes** on various fronts.
- **Russia intervened in Syria** in 2015 in favour of Assad to protect its own **dominance** in the **gas market**, through the **control** of future Middle East energy **supplies** and **routes**.

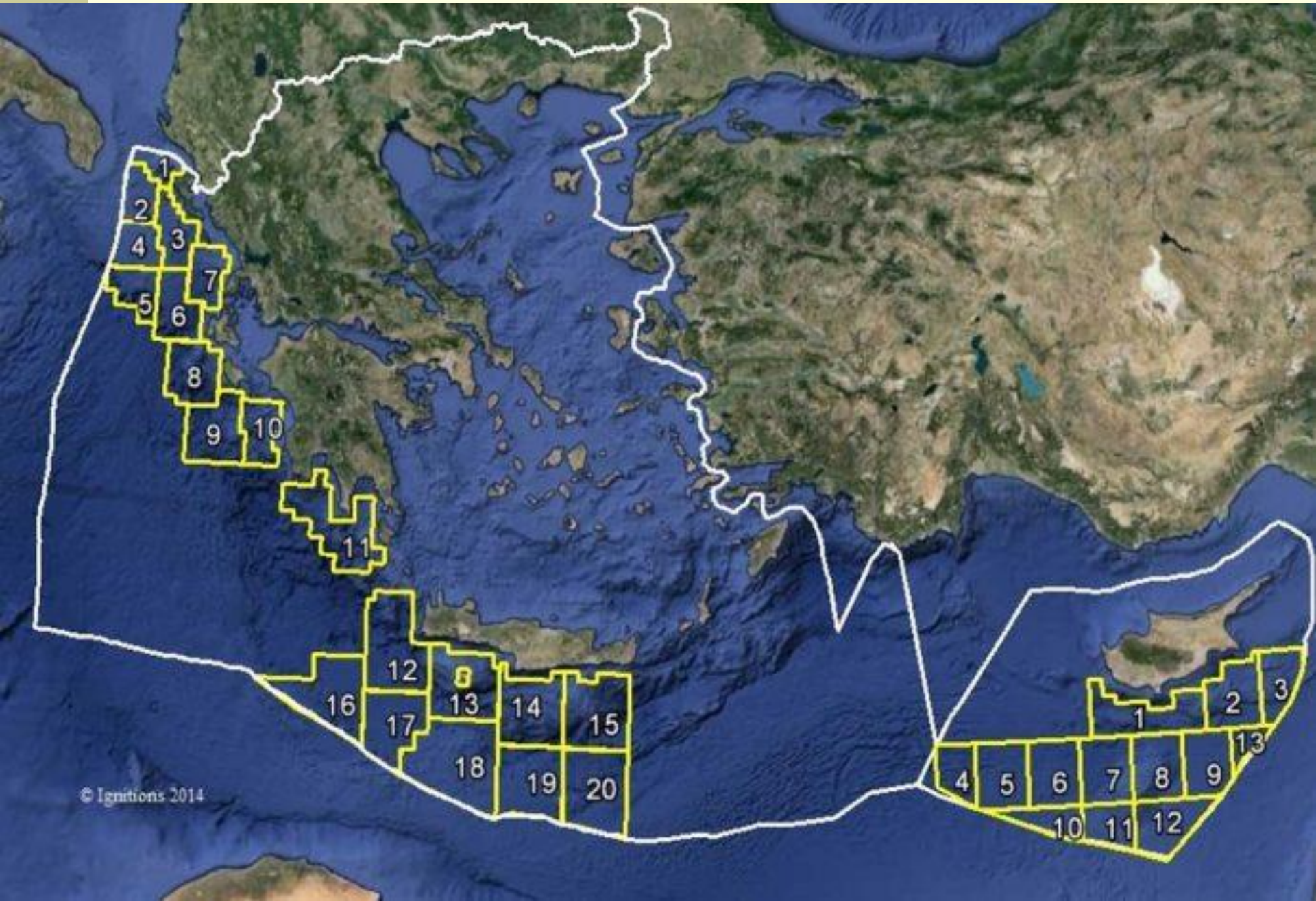
European Union Energy Objectives

- EU policy views **energy security** as a prerequisite for **economic security**.
- **Energy Union goals** emphasize **security of supply**, **diversification**, and a greener **energy mix**.
- Hence there is **strong EU backing for SGC** incl. **East Med gas** and **LNG Terminals to offset Russian supplies**.
- The **East Med** is seen as an **additional** and **credible supply route** incorporated in **EU planning**.
- There are >30 LNG Import Terminals across Europe.
- **LNG Demand** is forecast to **increase** due to move to greener fuel and RES.

Greece in a quandary

- Greece is in a **Thucydidean trap** set up by a **revisionist Turkey**.
- Turkey **disputes** the **Cyprus EEZ** & the **Greek EEZ** in the **Aegean & the Med**.
- Both Greece & Cyprus are victims of **hybrid war** and **asymmetric attack** by Turkey with immigrant flows and **illegal drilling** in the **Cyprus EEZ**.
- Ankara's systematic **military build-up** and its heavy investment in seismic survey vessels and drill ships leaves no doubt that, following the **invasion of Cyprus's EEZ**, the **turn of Greece** will be next.
- The Turks will **drill** most probably in the **EEZ** of **Kastellorizo**, that **unifies** the **Greek & Cypriot EEZ**. **Breaking up its continuity** is a primary objective.

The Unified EEZ of Cyprus & Greece (1)



The Unified EEZ of Cyprus & Greece (2)



**Exclusive Economic Zones of Greece and Neighboring Countries
Based upon the International Law of the Sea (UNCLOS)**

Mazis, 2011

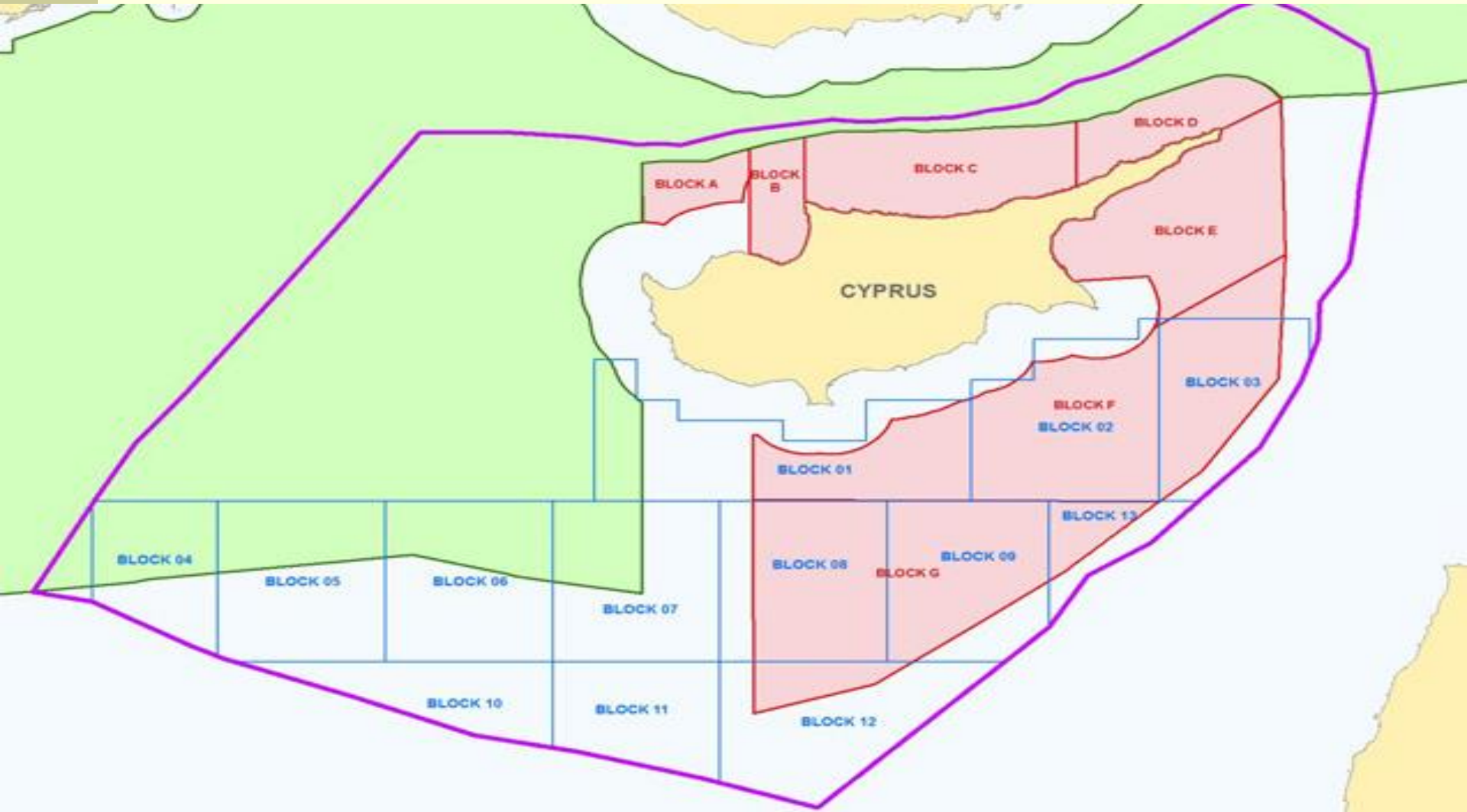
Potential role of Greece if the endgame is not lost to Turkey



Turkish revisionism

- Turkey aims to become at least a middle **Eurasiatic power** and join the **superpower league** in the longer term.
- “**Blue Motherland / Mavi Vatan**” policy.
- Turkey’s **revisionism** in the **Aegean, the East Med & the Middle East** has far wider implications than just the permanent **control** of Cyprus and the **grabbing** of the **Cypriot and Greek EEZs**.
- Erdogan’s **neo-ottoman vision** and ambition is to **lead the Arab and Islamic world**, challenging the interests of the countries involved.
- In fact, it entails the **encirclement** of all the **neighbouring countries**, including Greece, Israel, Egypt, Lebanon, Saudi Arabia, Jordan, Iraq and most notably Syria with severe **consequences** for their **national security**, as well as for the **peace, stability** and the welfare of the **region**.
- Turkey intends to **keep** the **Syrian and Iraqi Kurdistan** Northern provinces along its borders **under permanent suzerainty**.

Illegal Turkish Claims on Cyprus EEZ

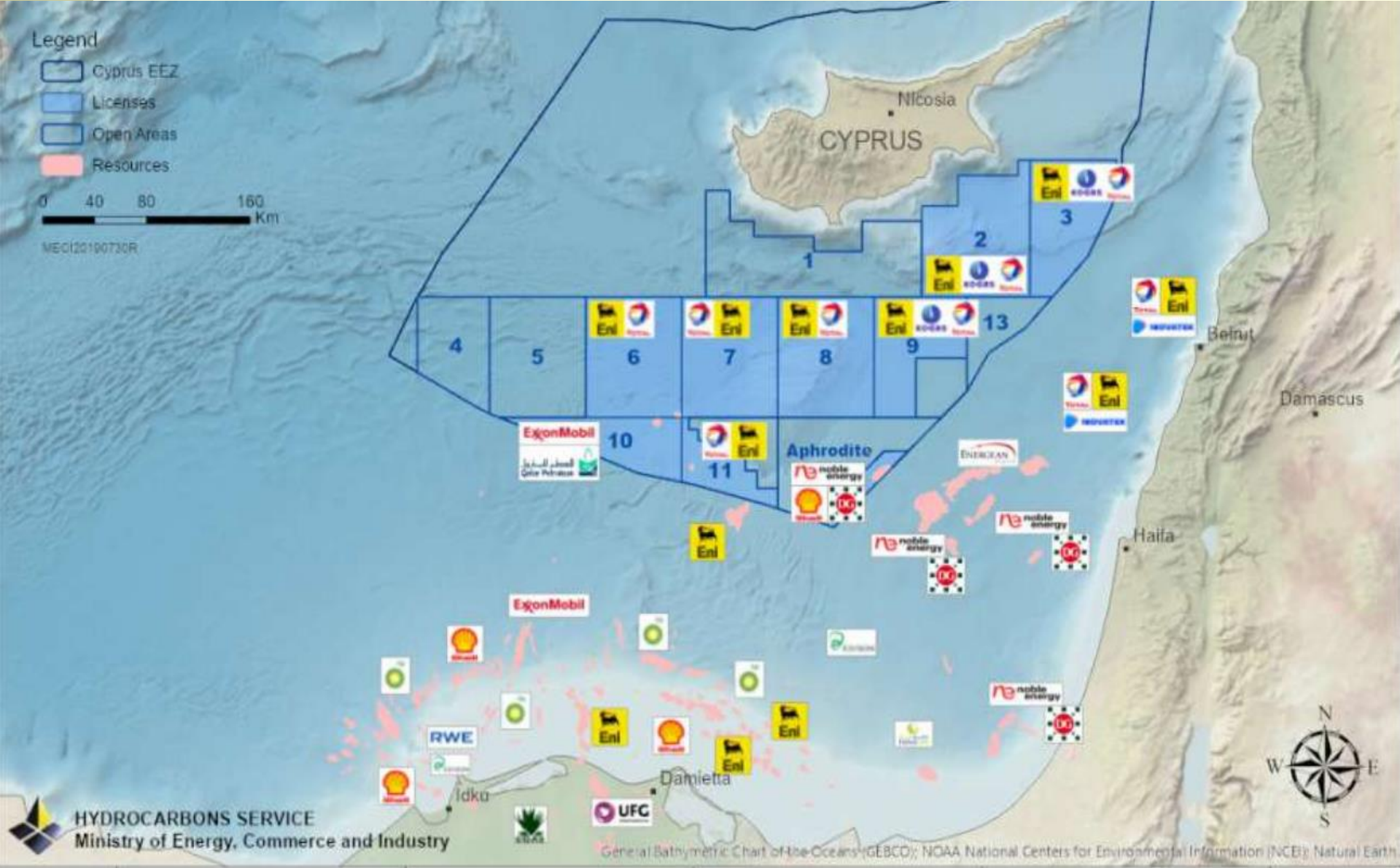


- Blue line: EEZ and continental shelf of Republic of Cyprus.
- Green: Turkish claims on East Med continental shelf.
- Red: Blocks illegally claimed by the 'TRNC'.

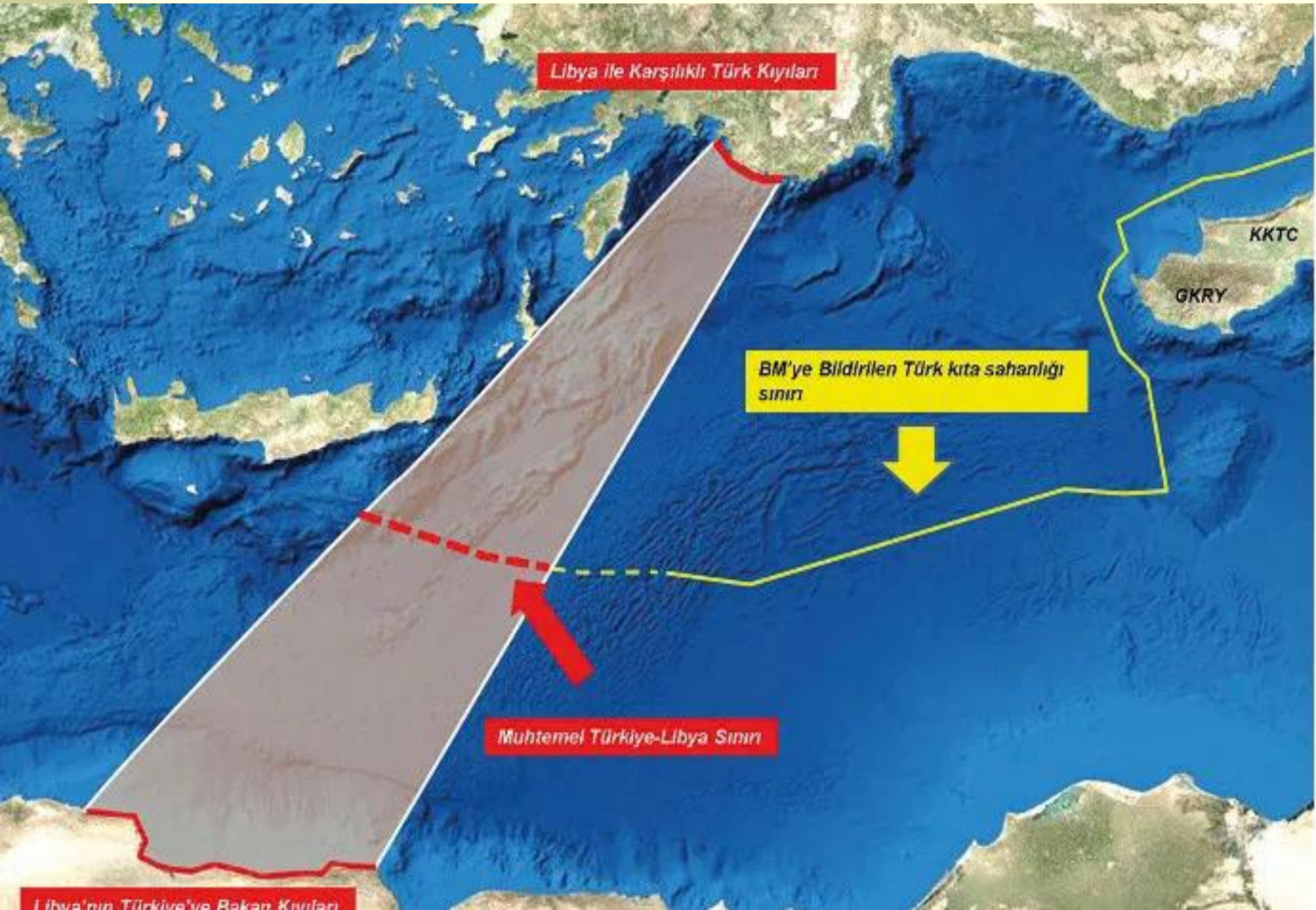
Turkish dispute of the RoC EEZ: Cyprus stance

- Since 1974, Turkey has been producing **illegal maps** claiming **half** the **Aegean** & with 'TRNC' as much as **69%** of the **Cyprus EEZ**.
- Turkey grants 25% of the **Cyprus EEZ** to Israel, Lebanon & Egypt and **leaves** only **6%**, mostly in the RoC **southern territorial waters**, in **violation** of **UNCLOS Convention** in force since 1994.
- **UNCLOS** is **Customary Law** & hence **binding** on non-signatories like Turkey .
- On 29.7.19 the government of Cyprus granted a **licence** for offshore **Block 7** to **Total & ENI** with a share of 50% each.
- **Total** was also granted a **shareholding licence** in Blocks 2, 3, 8 & 9 already licensed to ENI and Kogas (2, 3 and 9). Total received a share of 20% in Blocks 2 & 9, 30% in Block 3 and 40% in Block 8.
- However, **economic diplomacy** is not sufficient. **Oil majors alone and the states behind them cannot protect Cyprus.**

Oil Majors in Cyprus Blocks after Total joined ENI



Turkey's 'Blue Homeland' policy is like Hitler's Lebensraum

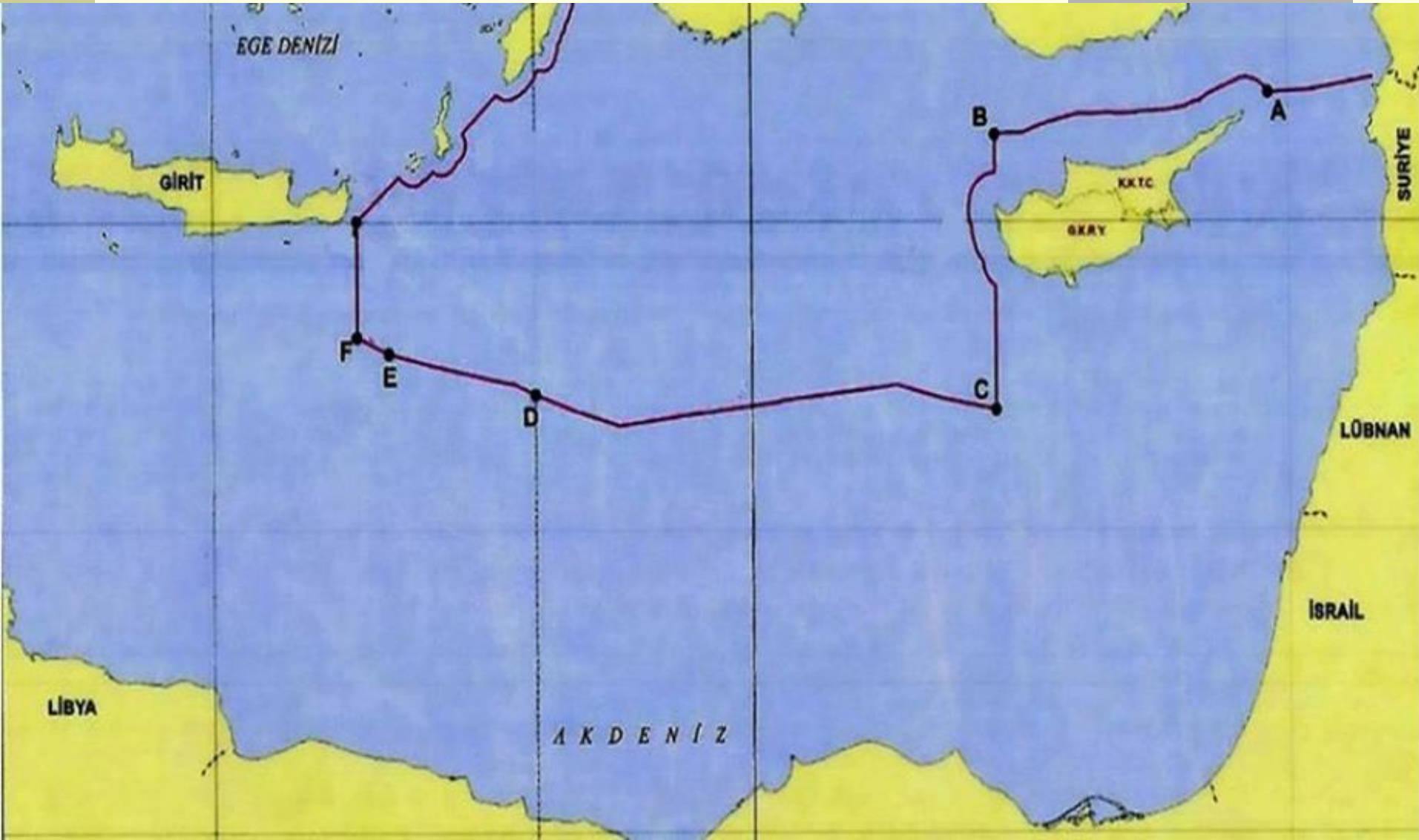


Turkey's Illegal Maritime Lebensraum Claims:

A-B: "Turkey & 'TRNC' 'continental shelf delimitation agreement', 21.9.2011".

C-D-E: "Median Line Egypt-Turkey", according to Ankara.

E-F: "Turkey & Libya MoU on a 'maritime demarcation agreement', 27.11.2019"



Turkey's energy goals

- Turkey **consumes** around 50 BCM of gas, half of it from **Russia**.
- Turkey's goal is **strategic control of energy supplies to Europe** and other markets from Russia, the Caspian region, the ME & the East Med **by becoming** a major **energy transit & trading hub**.
- As a **hub**, Turkey would gain **transit fees**, other energy-generated **revenues** and **geopolitical leverage**.
- Ankara wants much more than simply to “**enter the East Med energy equation**”: Turkey attempts to **determine** its solution.
- In fact, Turkey does **not** seek **win-win outcomes** in what it views as a **zero-sum energy game**.
- Ankara essentially seeks a **monopoly position** for the **transport of East Med, Middle East and Caspian oil & gas**.
- TK aims to become an **indispensable oil & gas pipeline transit hub supplier** for Europe by **merging the “4th & 5th Corridors”**.

USA - Turkey - Russian relations



- Erdogan extracts maximal benefits from his Anatolian **bazaar** via his **pendulum** policy.
- Putin's **S-400** surface-to-air missile system sale to Turkey and the inability of the USA to stop it **highlight** the **capacity** of **Russia** to extend its **will** and **influence**.
- The **de facto axis** V **Russia, Turkey, Iran** and **captive Syria** perforce **opposes America's interests** in the area.
- The **Turkish stream** (31.5 BCM/y maximal planned capacity) **joins & couples Ankara's energy hub ambition** with **Moscow's aim to protect** its gas market **share** in Europe.
- This is why **Putin supports Erdogan** all the way by **exploiting divisions** between the US and the EU.



Energy wars: where there's oil, there's fire

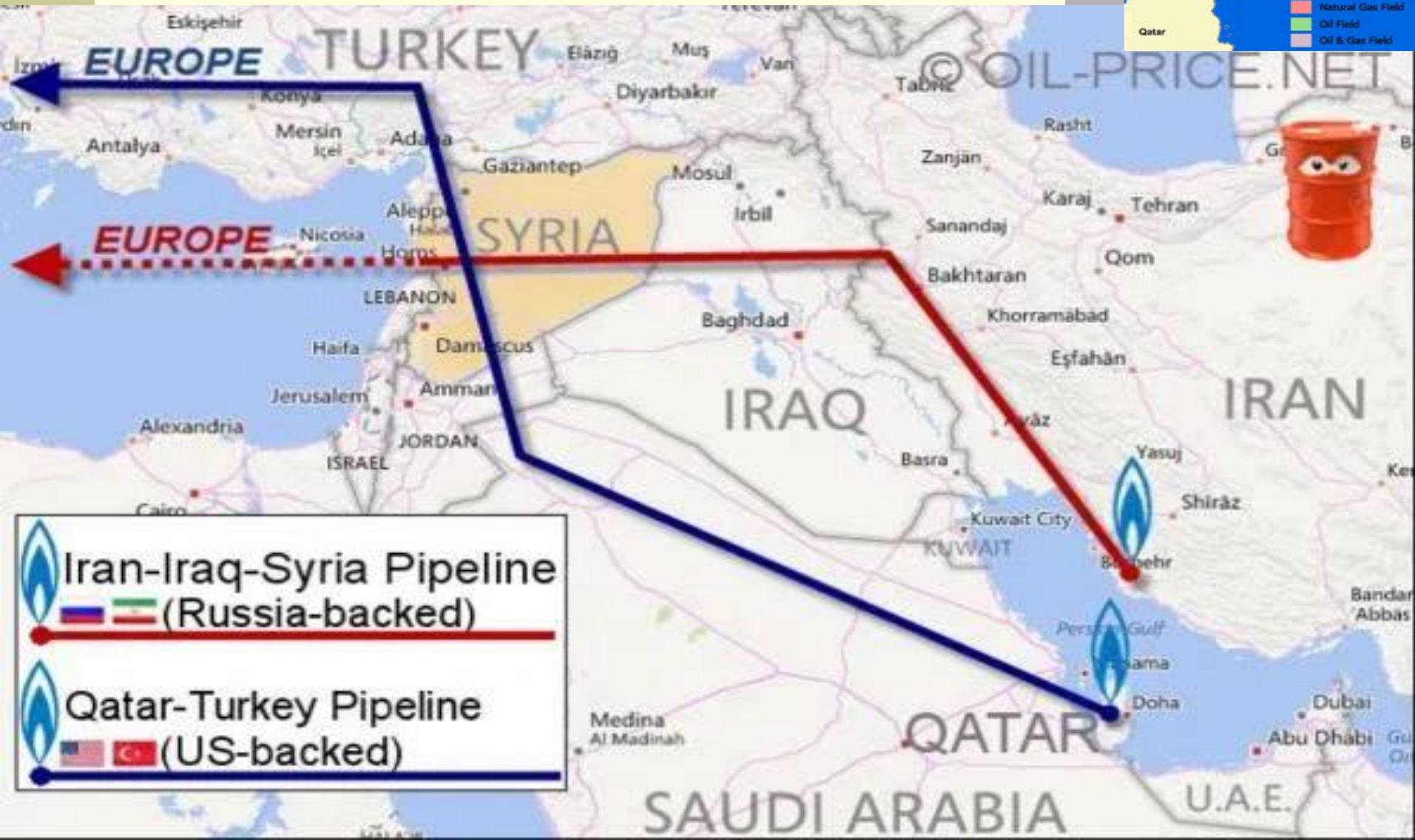


- **Oil & Gas** is part of Middle East geopolitics.
- The Middle East has a **distinct geopolitical logic**, with **local** and **external powers** locked in an **eternally shifting energy great game**.
- **Regime changes to control oil and gas reserves.**
- Toppling of **Saddam Hussein** in the March 2003 Iraq invasion.
- Ousting of **Qaddafi** in Libya in March 2011 (R2P).
- War of **Syria** started as **civilian** unrest in March 2011 and **escalated** to an ongoing multi-sided conflict.
- **Syria** has no big oil reserves but **sits on energy routes**.
- **Syria** & the ME have been a theatre of **superpower** conflict & **antagonism** dating back to the **1916** secret **Sykes-Picot Agreement** dividing the Arab lands of the Ottoman Empire⁶ in the Middle East into **spheres of influence** V Britain & France.

Sykes-Picot or Asia Minor Agreement, (May 1916)



Competing pipelines proposed by Iran & Qatar via Syria



Strait of Hormuz: Energy passageway & chokepoint



The energy game geoeconomic agendas

The Syrian energy war: The 2 New Proposed Pipelines (1)

- Before the civil war, **two competing pipelines** were put forward by **Qatar & Iran** aimed to transport gas to Europe **via Syria**.
- The **South Pars/North Dome gas field** in the **Persian Gulf** is the largest natural gas field in the world (1,800 tcf). **Qatar** owns about **two-thirds** of the resource and **Iran 1/3**.
- **Qatar's plans, supported by Turkey**, were first put forward in August **2009** and involved building a pipeline from the Persian Gulf **via Saudi Arabia, Jordan, Syria and Turkey**.
- **Qatar sought new routes for its dynamic LNG industry** as the world's largest LNG supplier.

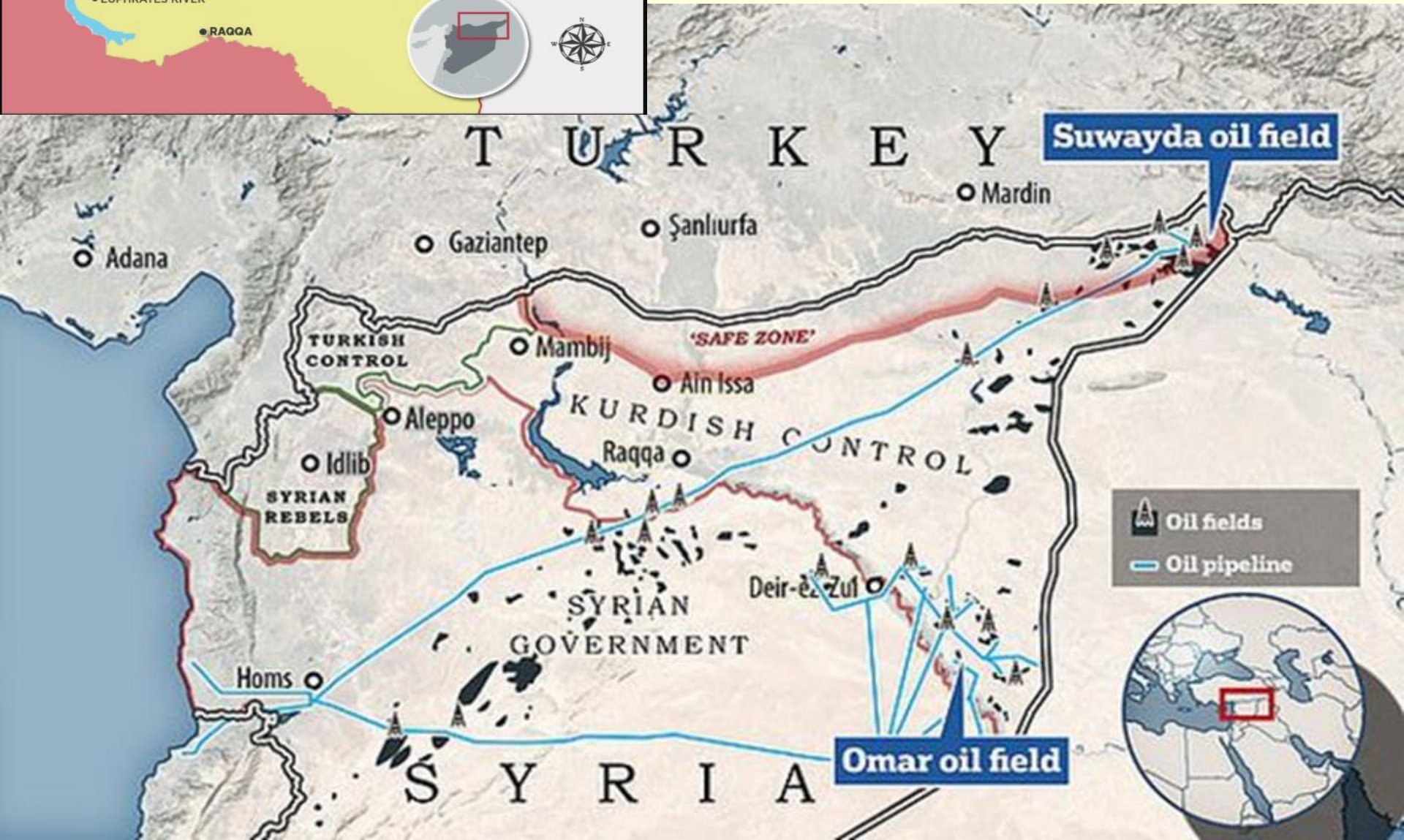
The Syrian energy war: The 2 New Proposed Pipelines (2)

- Qatar hoped a **pipeline via Syria** would provide **cheaper access to Europe** but Syrian President **Assad** refused to give permission for the pipeline.
- In **2011** a preliminary **accord** was signed among **Syria, Iran & Iraq** for the “**Islamic gas pipeline**”.
- **Iran**, suffering from **US economic sanctions** and the constant threat of the American **5th fleet**, based in Bahrain **proposed a rival plan** for a pipeline to Europe **via Iraq and Syria** and exit to the Mediterranean Sea.
- The pipeline would enable **Iran to export oil** even if the **Strait of Hormuz** in the Persian Gulf were **closed**.
- **Exit to the Mediterranean** holds the **potential** of underwater pipelines connecting the Middle East with North Africa and Southern Europe together.
- **Iran's plan** had **Russia's support** because of antagonism with the **US** which has an **air base** (Al Udeid) in **Qatar**. ³⁰

The Syrian energy war: The 2 New Proposed Pipelines (3)

- Failed pipeline bidder **Qatar** is believed to have **funded anti-Assad rebel groups** by \$3 billion between 2011 & 2013 and so did S. Arabia.
- The **Iran-Iraq-Syria gas pipeline** was an economic threat to **Saudi Arabia** and the Persian Gulf oil sheikdoms, which became the main **financiers** of the **Syrian revolt**.
- **Iran sales** could **cut** further into the energy market share of S. Arabia.
- In contrast, the **favored** pipeline bidder, **Iran helped Assad** by running the Syrian army, offering weapons & even troops.
- Hence, the **competing pipeline** was contrary to the economic interests of **Turkey**, which **supported** the Syrian **revolt**.
- As a **transit hub**, **Turkey** would benefit from **fees**, other energy-generated revenues & **geopolitical leverage**.
- **Turkey** was strongly **opposed to Assad** and **financed opposition** & rebel groups, incl. ISIS.

Syria's Oil Fields and Turkish occupation zone



Conclusions - Takeaways (1)

- **Energy security** implies **economic** and **national security**.
- **New Cold War antagonism** between the **US & Russia** with a strong **energy dimension**.
- **Foreign policies** spearheading the effort to **secure** fossil fuels and **pipeline routes** is part of the bigger picture.
- **Turkey** and **Russia** have **exploited** fully the **US** withdrawal from Syria and the power **vacuum** created.
- **Russia** came out **stronger** from the **US fiasco** in Syria.
- The **US lost trust, credibility** and influence.
- Despite **common interests** in the East Med & Middle East, the **US & EU** do not have a **common approach**.
- **Assad secured** his position and a **role** in post-war Syria.
- The **Syrian Kurds lost** their **autonomy**.

Conclusions - Takeaways (2)

- **Turkey** is established as a **regional power**.
- **Greece** is trying but is **practically, militarily absent ...**
- **Cyprus does its best** with the means at its disposal.
- **Ankara pursues transit monopoly** of Middle East Caspian & East Med hydrocarbons & **hub status**.
- **Turkey** seeks full **geopolitical control** of **Cyprus** and partial **energy supply control** of **Europe**.
- **Stop the RoC E&P Program?** Answer by **Shakespeare's King Lear: Nothing will come of nothing. No geopolitical/geoeconomic leverage.**

Conclusions - Takeaways (3)

- A **demarcation** of the Cyprus-Turkey EEZ after a ‘**federal solution**’ with a Turkish veto will leave the new **satellite state** with **31%** of its current **EEZ**, of which **6%** to the Greek-Cypriots.
- A **pipeline via Turkey** will **complete Turkish suzerainty** and **hegemony** over Cyprus.
- It should only be **considered on preconditions** of **no Turkish guarantees, no troops** and a fair **workable Constitution**, not **tyranny of the minority**.
- **Cyprus** and **Greece** must **overcome the Turkish challenge**.
- **Greece** must do its utmost to reconstitute the **balance of power** and **exit** from the **Thucydidean trap** of an aggressive Turkey.

Conclusions - Takeaways (4)

- **Greece and Cyprus** should **conclude** without delay a **demarcation agreement** of their respective EEZs to **pre-empt Turkish moves** to **grab** the **EEZ of Crete & Rhodes** with an **accord** with one of the disputed regimes in **Libya**.
- **Greece** should also **delineate** its **EEZ** boundaries with **Egypt** & choose the right horse to back in **Libya** with the same aim.
- **The East Med can emerge as a Regional Gas Hub.**
- **The East Med can help Europe diversify its sources and reinforce its energy supply and transit security.**
- **Economies of scale** can be **attained** via the **EMGF** agreeing on a **Grand Midstream (Infrastructure) Plan** of regional cooperation to **exploit inter-dependencies, complementarity & connectivity** in the **energy value chain** among neighboring countries.

Conclusions - Takeaways (5)

- Competitively priced **LNG** will claim a much **larger share** of the **European, regional & world gas market**.
- The onshore **LNG Plant** at Vassilikos remains the **best option for Cyprus**: It is a **game-changer**.
- It will turn **Cyprus** into a **Regional Energy Service Center** & in time a **Gas Trading Hub**.
- The new **energy great game** is **unfolding** and **actors** are **jockeying for position** on the **geopolitical chessboard** to **gain advantage** upon the opponents.
- A **shared vision** and **regional cooperation** is part of a **win-win solution** in the **East Med & Middle East**.

END

Thanks for

your

attention

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