

**ENERGY HUBS IN THE
EASTMED:**

**Qualifiers
and
Wannabees**

NEAR EAST REBRANDED AS EAST MED



ISRAEL

EGYPT

CYPRUS

GREECE

LEBANON

TURKEY

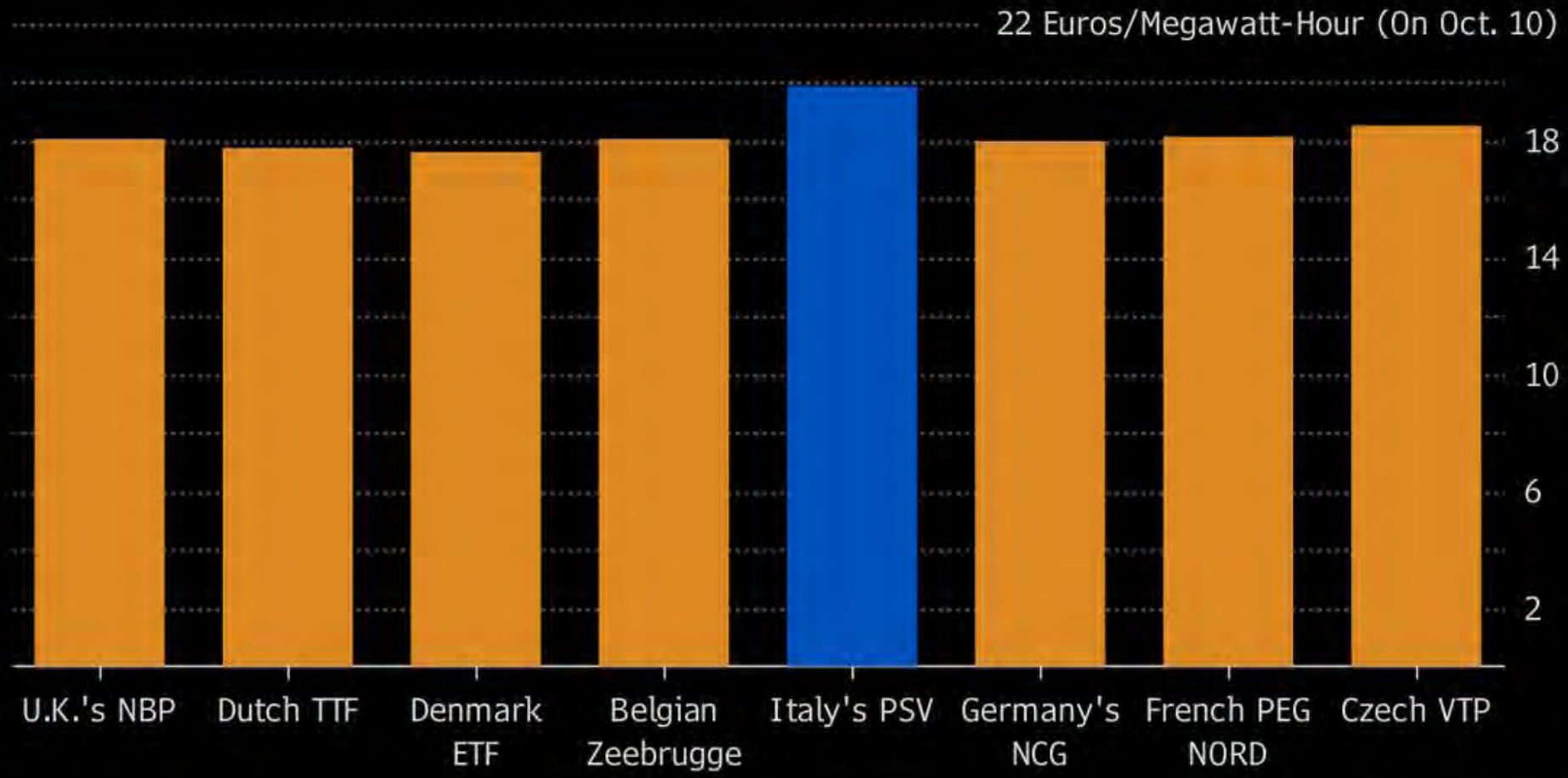
ITALY

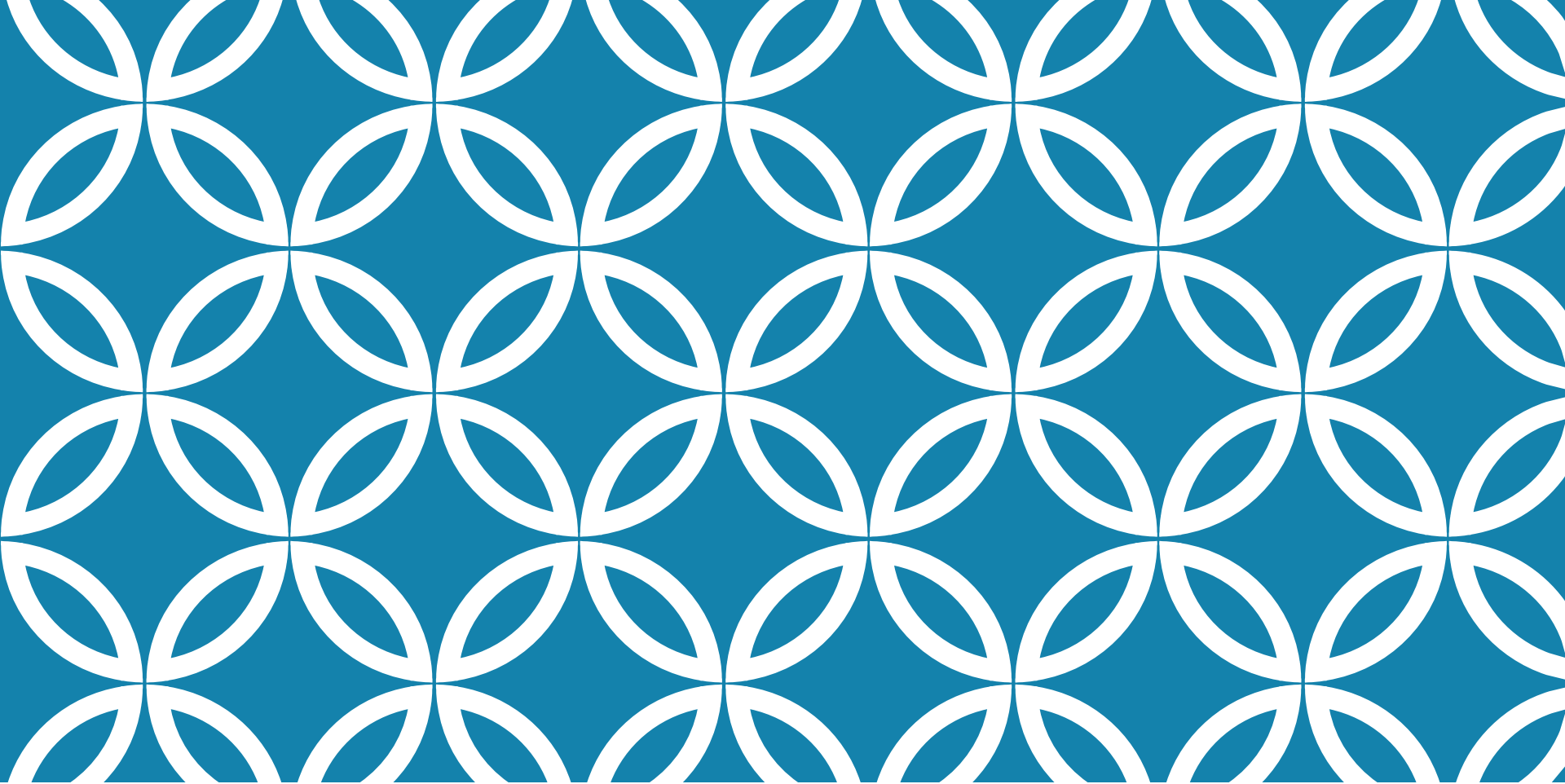
**EASTMED
2017 – AN
OVERVIEW**

EUROPEAN ENERGY HUBS PRICES (OCT. 10 2017)

Paying the Price

Italy's gas is often the most expensive of all Europe's major trading hubs





THE WANNABEES

Turkey
Egypt
Greece
Cyprus

THE COUNTRY LEADERS LEVEL...

Turkey voices energy ambitions at World Petroleum Congress



Turkish President Recep Tayyip Erdoğan at the 22nd World Petroleum Congress in Istanbul. [Website of the President of Turkey]

Comments Print f 3 in 6 g+ t e

NEWS 16.10.2017

Defense, energy high on agenda of Tsipras talks with Trump



Anastasiades: Cyprus Can Be the East Med Energy Hub



Egypt lays gas-hub foundations

President Sisi has signed into law new gas-sector regulations expanding the role of the private sector

Free access

Egypt | Natural gas | Israel | Turkey

Gerald Butt

THE POLICY DIMENSION



El Molla Chaired Energy Hub Meeting

Thursday, 29th December 2016



Cyprus can be a regional energy hub, says Energy Minister

CNA - Cyprus/NICOSIA 06/07/2014 13:06

"There is no doubt that Cyprus offers excellent advantages to become an energy hub and a bridge between the countries of the region," Lakkotrypis said, adding the US involvement was evident during the visit of US Vice President Joe Biden and their continued involvement as manifested in Mr Hochstein's interview. (CNA)

THEWORLDPOST

Published

Minister G. Stathakis: New Challenges In Energy For Greece

TEE
TECHNICAL
CHAMBER
OF GREECE



GREECE AS SOUTHEASTERN EUROPE & EAST MED ENERGY GAS HUB

SEPTEMBER 27, 2017 TCG HEADQUARTERS

10.00-11.00
OPENING &
WELCOME
ADDRESS

GEORGE STATHAKIS
Minister of Environment & Energy
GIORGOS N. STASINOS



European Commission > Miguel Arias Cañe > Announcements >
STATEMENT | 29 January 2018
JOINT PRESS STATEMENT: 'Turkey - EU High Level Energy Dialogue' Meeting

THE BUSINESS DIMENSION

ENI: Egypt can create energy hub with Cyprus and Israel

06.08.2016 09:00 Energy
SigmaLive



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ExxonMobil wants to see Cyprus a regional hub

JUNE 9TH, 2017 CNA NEWS SERVICE BUSINESS, CYPRUS, ENERGY 5 COMMENTS



TURKEY ECONOMY

Turkey can soon be regional energy hub: ex Shell chief

It is highly possible that Turkey could become an energy business hub like Singapore in the medium term, according to [Mark Moody-Stuart](#)

Editor / Internet · 16:30 September 07, 2016 · Yeni Şafak



Former President of Royal Dutch Shell, widely known as Shell, Mark Moody-Stuart said that Turkey can be a regional energy hub like the Southeast Asian state of Singapore in the near future.

prus, and even Libya with Bloomberg on ive economic zone



ExxonMobil's vision for Cyprus is to see the country becoming a regional energy hub to find sufficient deposits of natural gas to see the island turn into an energy hub, ExxonMobil Exploration Company President Stephen Greenlee said on Thursday.

The ExxonMobil president said the company had been active since signing a deal and has begun exploration.



Turkey's development aid rose to \$6.2B in 2016

"Turkey increased its official development assistance significantly in the past 10 years," says development minister

...AND THE EU DIMENSION

KEYWORDS TODAY:

NORTH KOREA NUCLEAR ATTACK CLIMATE CHANGE DONALD TRUMP EGG SCANDAL

EU Commission Backs Construction of Bulgaria's "Balkan" Gas Hub

Business » ENERGY | May 26, 2016, Thursday // 14:36 | Views: | Comments: 1



Bulgarian Prime Minister Boyko Borisov (R) and European Commissioner for Climate Action and Energy Miguel Arias Canete (L). Photo: BGNES

The **European Commission** backs the construction of **Bulgaria's** "Balkan" gas hub, which is projected to extract natural gas from the Black Sea.

This became clear after a meeting between Bulgarian Prime Minister Boyko Borisov and **EU** Commissioner for Climate Action and **Energy** Miguel Arias Canete during his visit to **Bulgaria** on Thursday and Friday.

DAILY SABAH ENERGY

CATEGORIES

Daily Sabah > Business > Energy

Turkey seen as natural hub for Mediterranean gas

DAILY SABAH WITH ANADOLU AGENCY

ISTANBUL

Published January 31, 2016



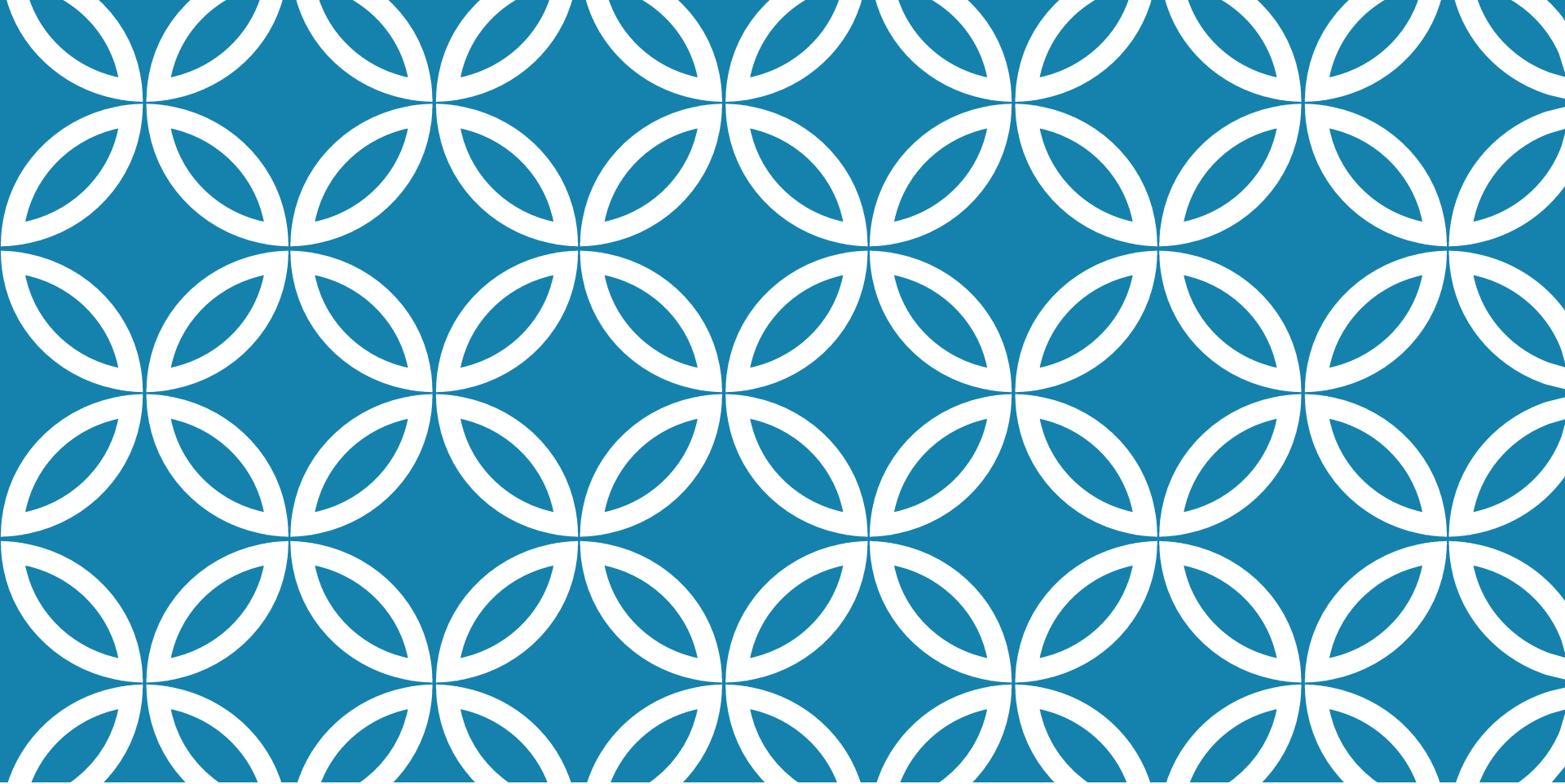
The Trans-Anatolian Natural Gas Pipeline (TANAP) will bring natural gas produced from Azerbaijan's Shah Deniz-2 gas field, and other areas of the Caspian Sea, primarily to Turkey, but also on to Europe.

EU Energy Commissioner Miguel Arias Canete stressed Turkey's growing strategic role in the region, saying Eastern Mediterranean natural gas passing through Turkey will change the 'energy game'

European Commission > Miguel Arias Canete > Announcements >

STATEMENT | 29 January 2016

JOINT PRESS STATEMENT: 'Turkey - EU High Level Energy Dialogue' Meeting



THE 2017 QUALIFIERS

Egypt VS Turkey

WHAT IS AN ENERGY HUB?

- It is a trading platform for either physical or financial transactions (or both) that facilitates gas-trading activities.
- “And what a gas hub requires is a liberalized and a deregulated market where suppliers are free to import or produce energy and customers are free to choose their preferred supplier. But what’s essential for an energy hub to emerge is gas-on-gas competition.”
- Energy hubs are lucrative because of the financial benefits from trading activities, the creation of jobs due to the storage and transportation facilities, the geopolitical importance of countries having access to energy supplies and value adding downstream activities.

WHY DO WE NEED A HUB IN THE EASTMED

- EastMed region is in need of market mechanisms to trade gas in an efficient manner, as well as pricing schemas to determine spot rates. Currently, gas exchange is based on long-term bilateral agreements.
- The lack of established market conditions has deterred sector development and increased the dominance of certain players within the market.

Therefore, creating a regional natural gas trading hub can prove critical to sustaining benefits from the region's natural resources for all involved countries



Trump's Emotional Intelligence De

Op-ed by **Joseph S. Nye**

Project Syndicate

The Fed Shouldn't Expect People to Current Approach to the Economy

Op-ed by **Lawrence Summers**

The Washington Post

Erdogan's Delusions of Energy Grand Turkey Will Not Achieve "Energy Hub"

Commentary by **Constantinos Papalucas**

Hippo Reads

Multimedia:

"Obama vs. Duterte"

Nicholas Burns speaks on CNN's *New Day*. [Video, 5:48]

Why Turkey will not achieve 'energy hub' status: Erdogan's delusions of energy grandeur

SEPTEMBER 25, 2016, 3:56 PM |

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Constantinos Papalucas

Constantinos Papalucas, a recent associate with the Environment and Natural Resources Program (ENRP) at Harvard's Belfer Center for Science and ... [More]

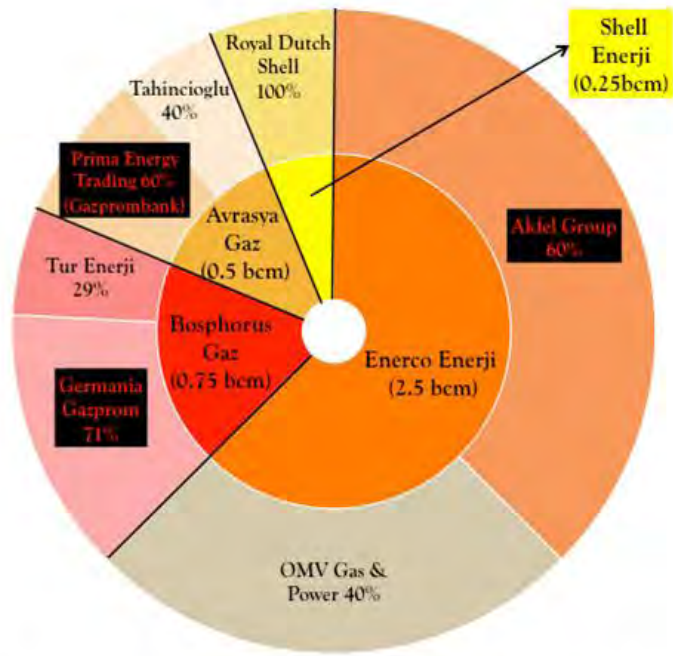


SO... WHY TURKEY CANNOT ACHIEVE ENERGY HUB STATUS:

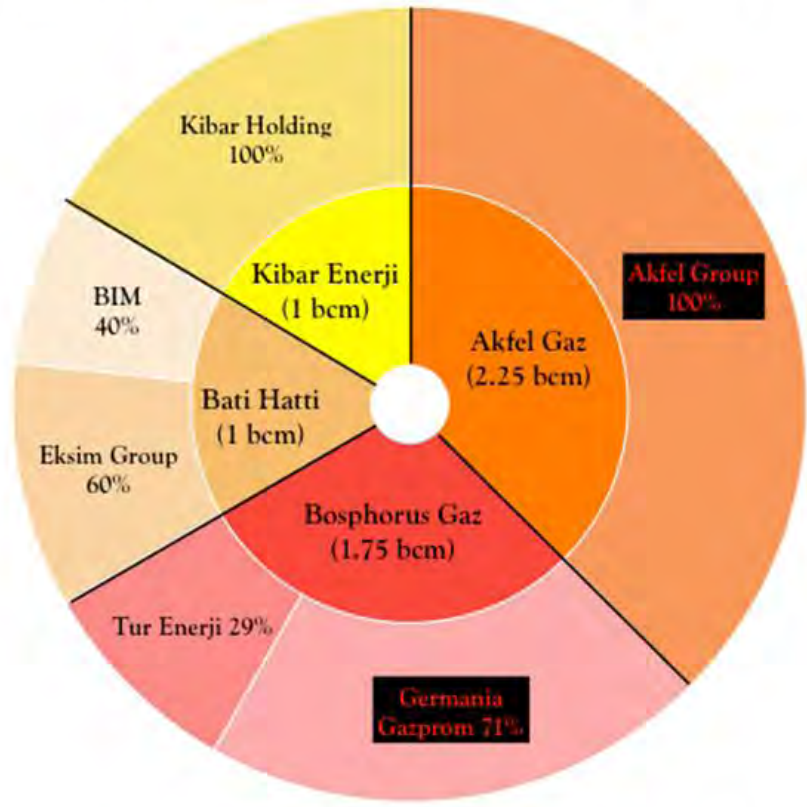
1. Turkey has a poorly regulated energy sector with its vertically integrated state-owned **BOTAŞ**, **dominating the entire natural gas sector**. It accounts for approximately 80% of natural gas imports, it builds and operates pipelines, and controls most of the wholesale market and exports of natural gas.
2. Without an essential market liberalization policy, with protectionism in the form of entity-specific state-sponsored subsidies **and institutional resistance to a cost-based pricing system, how can competitive markets be fostered and single hub pricing emerge?**
3. It remains highly doubtful whether Turkey has ever been committed to establishing a well-functioning legal and regulatory framework that could **eliminate or at least contain the lack of transparency** in the Turkish domestic market. Only such vital market reform can create the necessary deepening of its natural gas markets.

CIRCUMVENTING THE PURPOSE

Figure 1: Ownership of Companies Importing Natural Gas into Turkey⁴



Initial transfer of 4bcma (first wave)



Additional transfer of 6bcma via the Bulgarian border (second wave)

Inner circle: Companies received import contracts of Russian Gas from BOTAS.

Outer cycle: Company ownership – in black: Russian companies with or potential controlling interest.



Turkey Gas Transit and Trading Hub Reverse Trade Mission

October 21 - November 1, 2017

“The U.S. Trade and Development Agency is hosting the Turkey Gas Transit and Trading Hub Reverse Trade Mission. The event will bring senior public and private-sector officials from Turkey's energy sector to the United States to learn about advanced U.S. technologies and solutions that can support Turkey's gas sector goals. Through a series of site visits, presentations, and a business briefing with U.S. industry, the delegates will be exposed to cutting-edge U.S. products, services, technologies, best practices, and regulations as they work to develop their own gas transit and trading hub infrastructure. The itinerary will feature the Henry Hub in Erath, LA – the primary natural gas trading hub in the U.S., as a means to share best practices with Turkey”.

ANY CHANGES IN 2017?

October 15, 2017, Daily Sabah

“Turkey's energy stock market, Energy Exchange Istanbul (EPIAŞ or EXİST), established in March 2015, **will begin trading natural gas by April 2018 on a new electronic platform.** The announcement came from the chairman of Turkey's Energy Market Regulatory Authority (EMRA).

Citing previous attempts to start a spot market in natural gas, Yılmaz indicated that **private companies operating in the natural gas industry lacked interest** and attempts remained limited.

“When the contracts of private natural gas companies with Turkey's Petroleum Pipeline Corporation (BOTAŞ) are due, I am sure the they will be highly interested in trading on the stock market,”

Currently, only 20% of Turkey's market is liberalized, while 80% is still controlled by BOTAŞ, which has contracts with private sector players.”

THE CASE OF EGYPT

- ❑ A regional viable option would be **to leverage Egypt's existing infrastructure**, with the additional supplementary facilities (Suez Canal, SUMED, LNG facilities in Damietta and Idku, two FSRUs, the Arab pipeline connecting Egypt to Jordan, Lebanon, and Syria, Alexandria and Suez Refining centers).
- ❑ **Egypt's government understands this potential.** It is, therefore, eager to promote the country as a regional Oil and Gas Hub under the recently announced **Modernization Program agenda.**
- ❑ The Ministry of Petroleum and Mineral Resources aims to overhaul the national oil and gas sector in order to enhance the country's capacities to **stand out in the regional market as the right and one-and-only option for such a hub.**

EGYPT'S MODERNIZATION PROGRAM – 5 YEARS PLAN

EGYPT'S OIL&GAS SECTOR MODERNIZATION PROGRAM

1. Investment Attraction
2. Restructuring
3. People Agenda
4. Downstream
5. Upstream
6. Regional Oil&Gas Hub

MINISTRY'S OIL&GAS STRATEGIC PILLARS and ACTION AREAS

ENERGY SECURITY

- Boost energy supply
- Diversify energy supply
- Manage energy demand

FINANCIAL SUSTAINABILITY

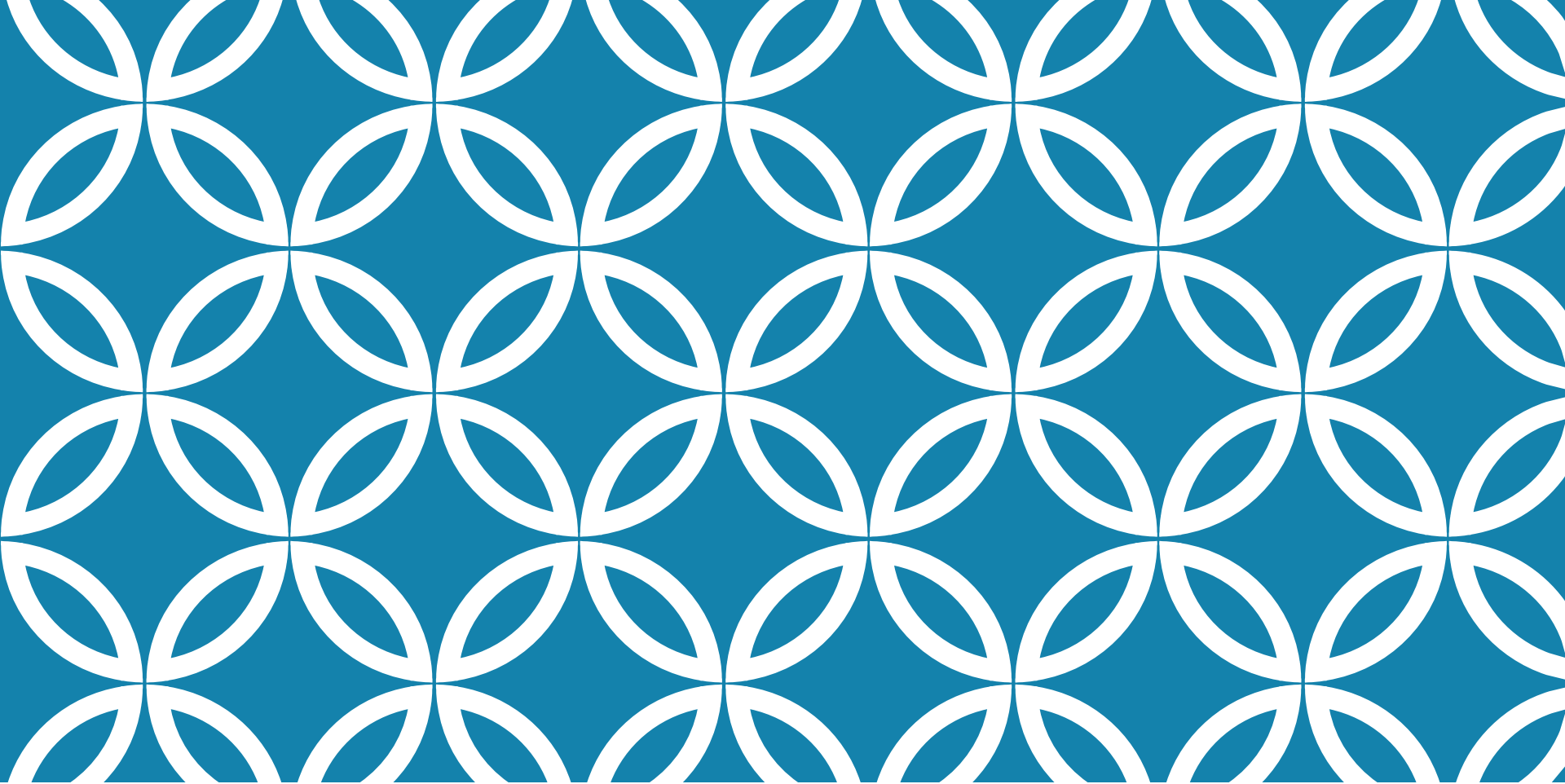
- Address historic debts
- Reform energy subsidies
- Address internal debts
-

SECTOR GOVERNANCE

- Improve sector governance
- Boost private sector investment

SO WHY EGYPT?

- ✓ Location: YES (but not enough as Eng. El Molla says)
- ✓ Infrastructure in place (+ expanding facilities) i.e. less CAPEX needed and thus the final price can compete other natural gas exporters
- ✓ Petroleum products and LPG included
- ✓ Electricity Trading (Siemens plan + nuclear underway)
- ✓ Concurrent activities by several ministries to accomplish the 5-years target
- ✓ Egypt is advanced comparing to neighboring “frontier countries” in terms of its human resources and technical expertise”



**CYPRUS: EUROPE'S ENERGY
GATE** |

CYPRUS IN THE EASTMED

- ❖ There is an imperative need of a Grand Midstream plan that will connect and interconnect the countries to craft the necessary inter-dependencies (assuming that all players are rational).
- ❖ If the interests of the rational players are vested successfully and fairly, any asymmetry should be dealt with effectively. If, however, each country decides to pursue a 'zero-sum' approach then **the EastMed will not reach its full potential and would be under-performing compared to other emerging hubs such as Singapore or other European hubs.**
- ❖ Cyprus has a great role to play in the EastMed and should not limit itself to a producer or merely a transit country. It should maintain a regional outlook.

THE KEYSTONE OF THE ARCH

