

CRITICAL CHOICES IN EAST MED'S ENERGY SECTOR

IENE 12th SEE Dialogue

9 December 2020

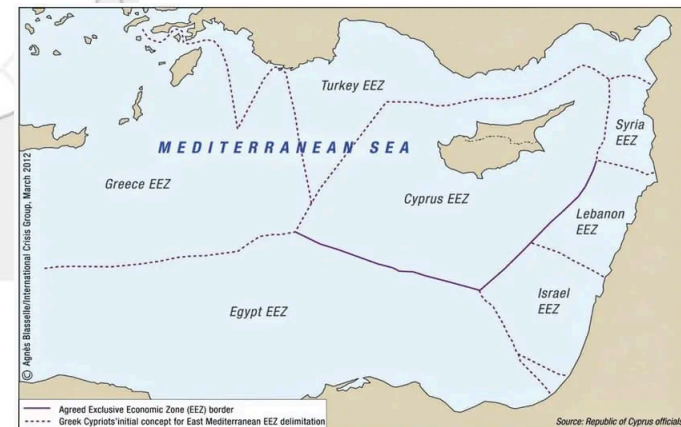
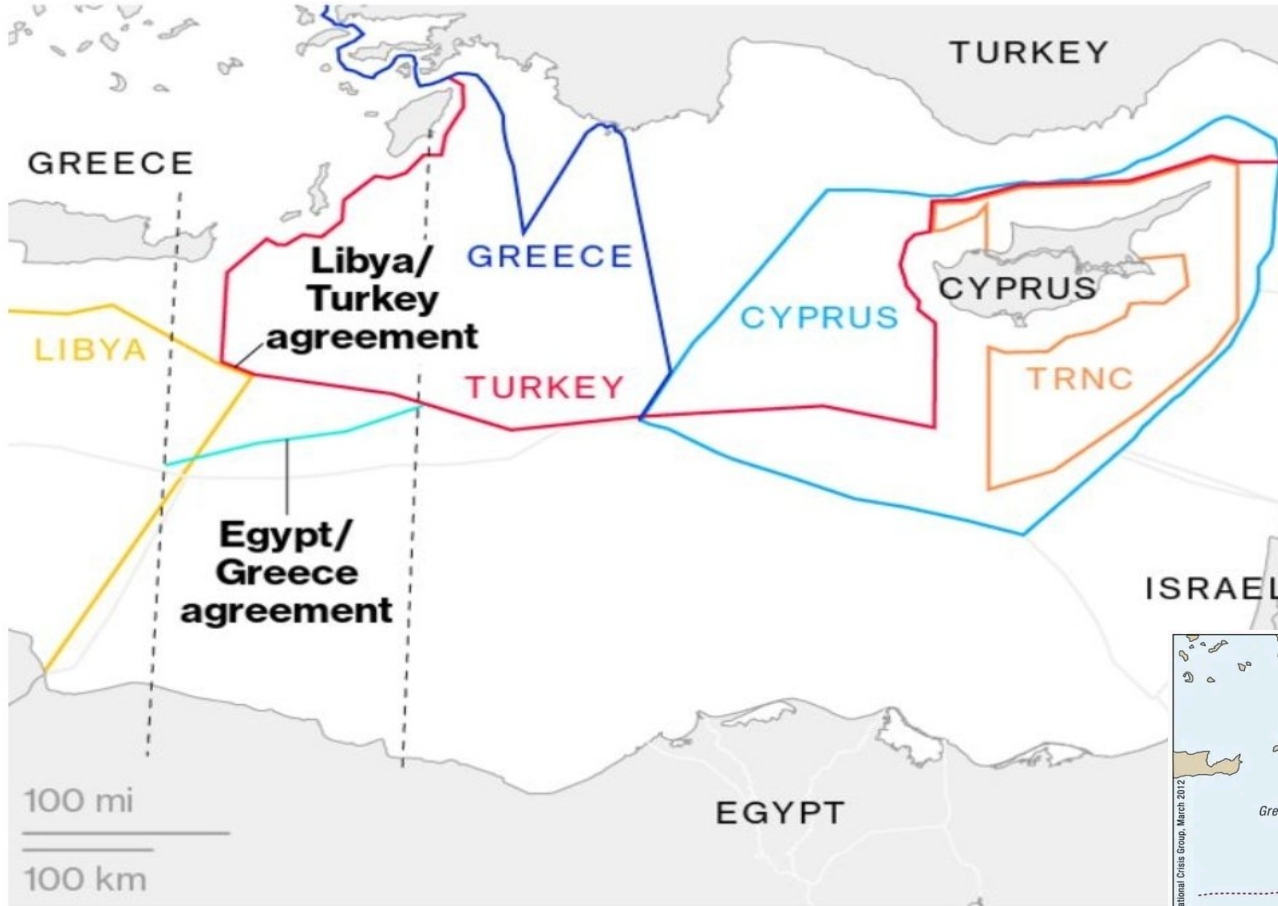
Dr Charles Ellinas – Senior Fellow Atlantic Council, CEO eCNHC

East Med gas

- **EEZ disputes - negotiations**
- **Global gas/LNG markets oversupplied – prices low**
- **Europe does not need East Med gas**
- **Drilling may be delayed until 2022 or after**
- **East Med gas is expensive to produce**
- **Difficult to secure sales in global gas markets**
- **The future is local and regional energy markets**
- **Gas to be used as base-load, unlocking renewables**
- **The EU should support regional energy projects**

Disputed Waters

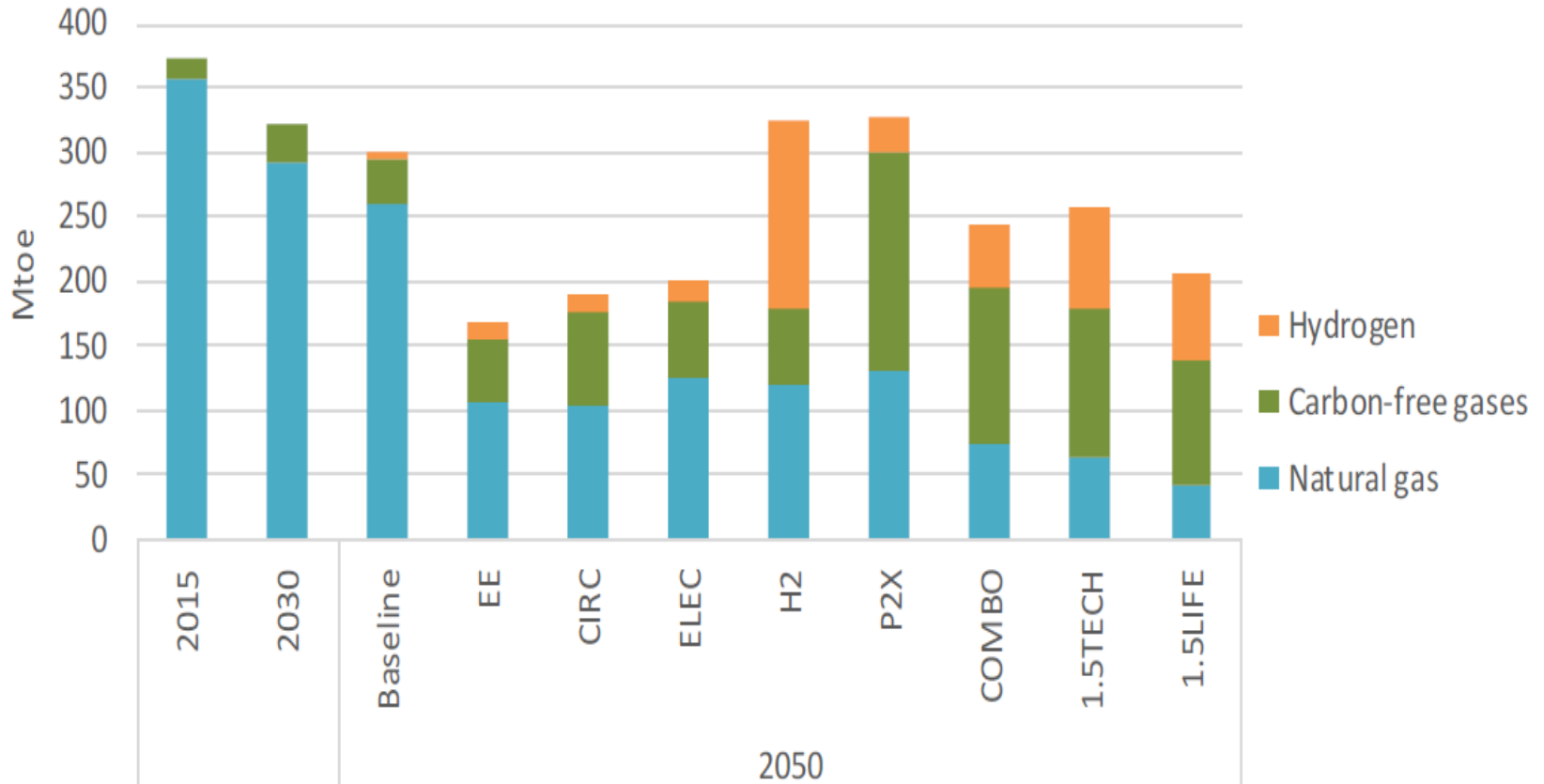
Competing claims over the Eastern Mediterranean



Sources: Turkey's Ministry of Foreign Affairs; Anadolu Agency; Greek government; Flanders Marine Institute

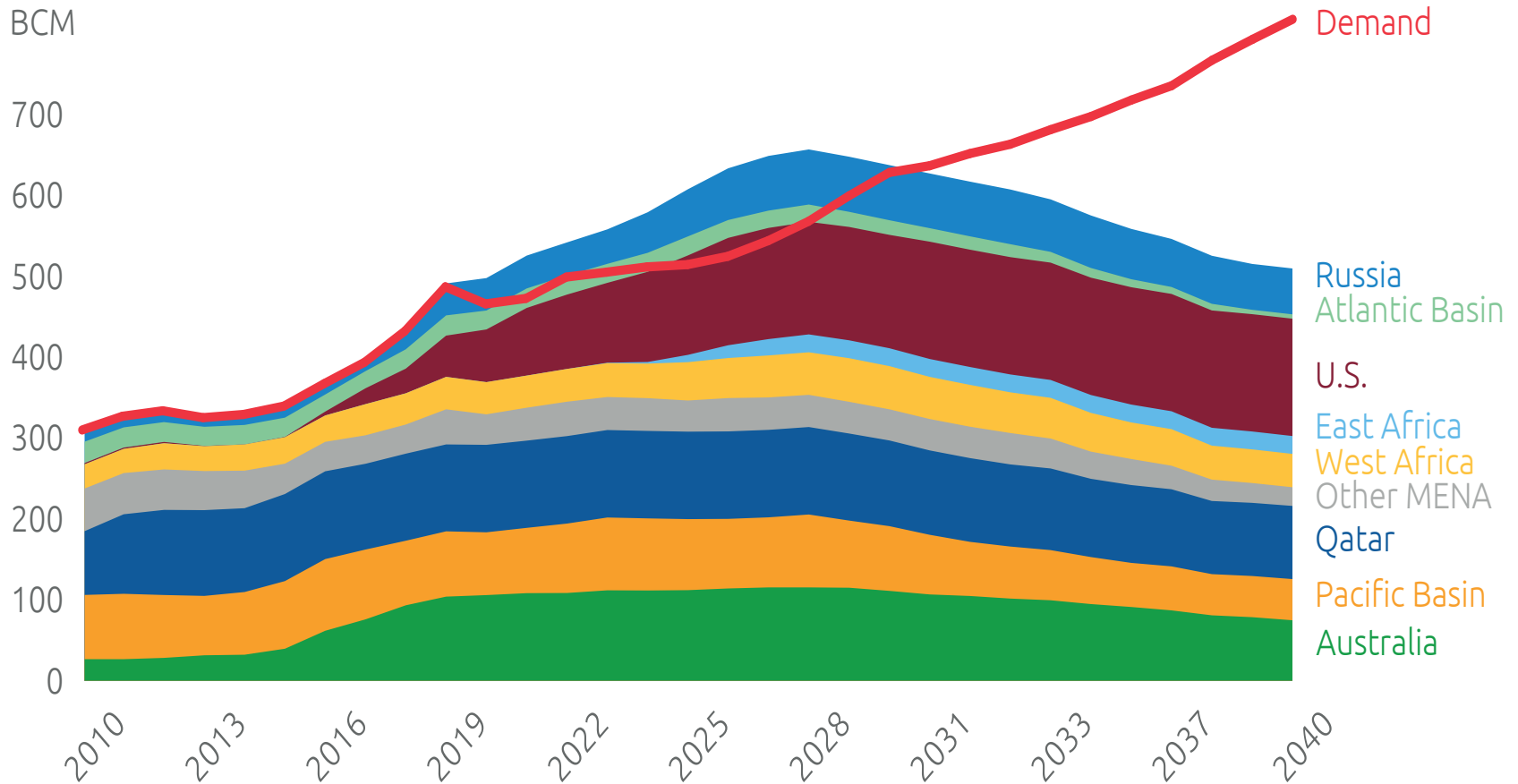
Note: Some Exclusive Economic Zones are disputed

EU - Gaseous fuels consumption to 2050



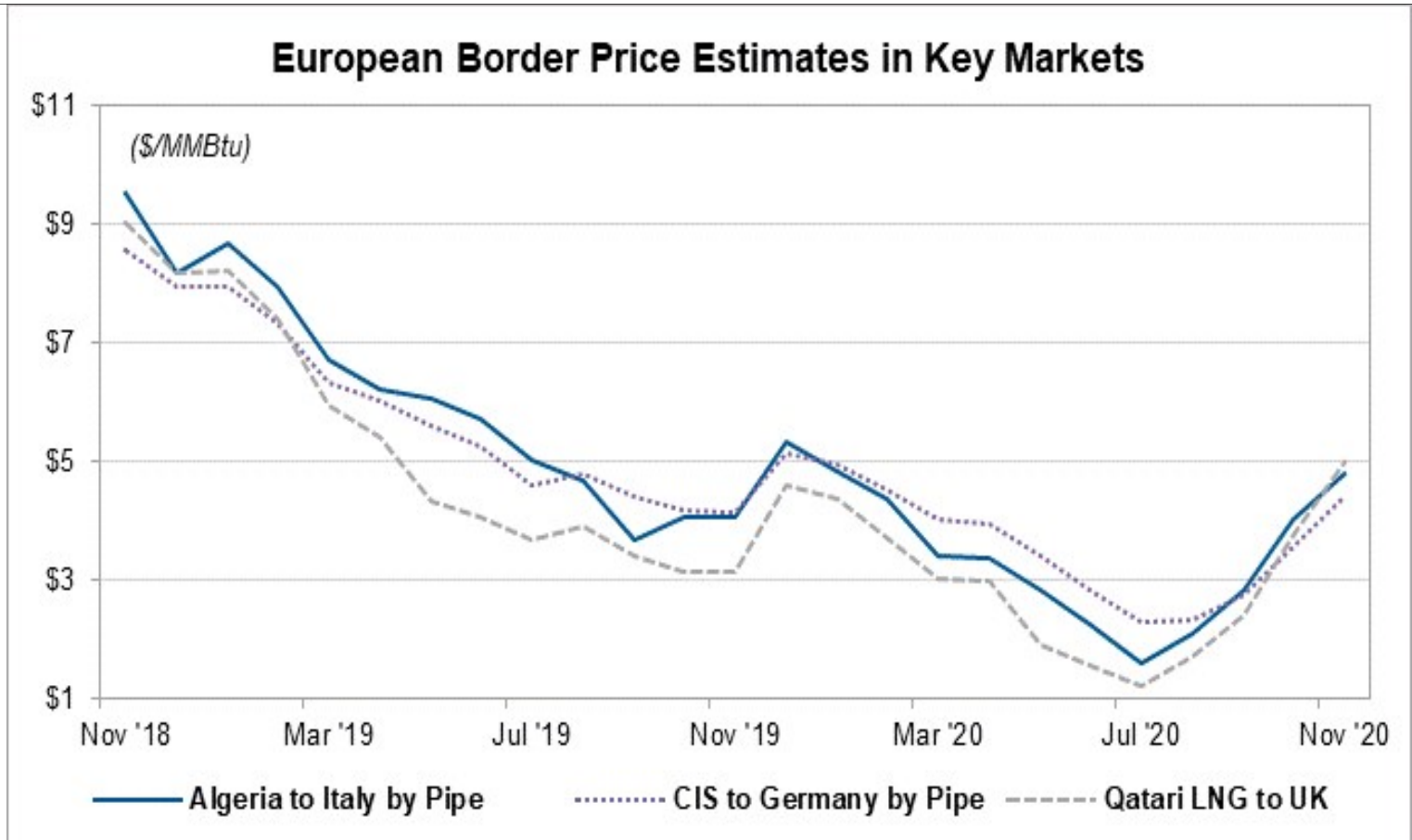
Source: https://ec.europa.eu/clima/policies/strategies/2050_en

Global LNG supply-demand outlook Post-Covid-19

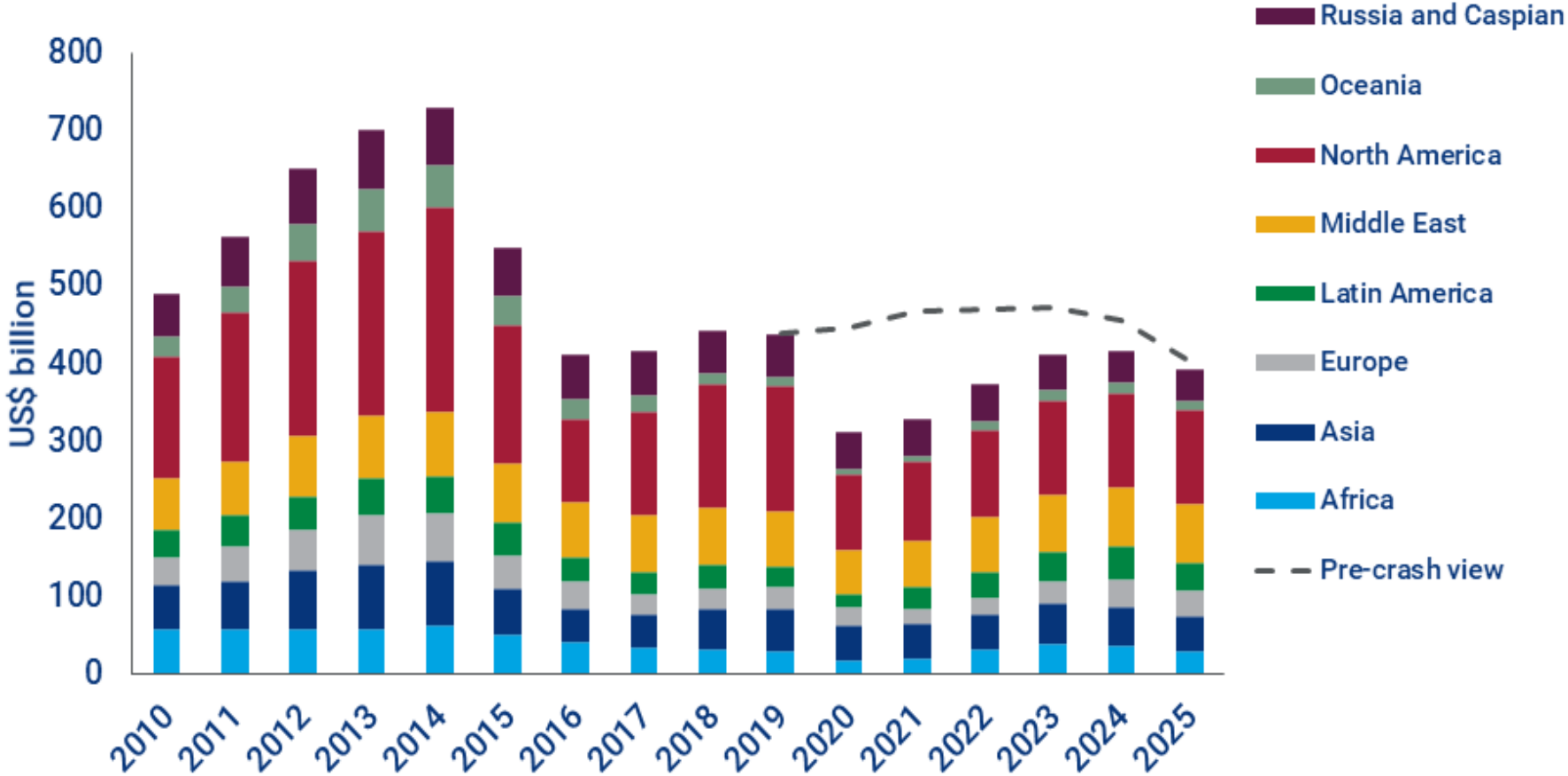


Source: BloombergNEF.

European gas prices



Global upstream spending to 2025, versus pre-crisis forecast



Future of East Med energy sector

Post-Covid-19, East Med should unlock a regional future. It should

- **Take a more realistic view of the future of East Med gas**
- **Greece and Turkey can give the lead in rapprochement. Post-Covid-19 both countries must lift their economies. They can do this only by eliminating conflict through negotiations**
- **Such a development could also help Cyprus concentrate on solving Cyprob, decoupled from unrealistic energy aspirations**

Regional energy future

- **For East Med gas the future is local and regional energy markets**
- **The EU should divert its support to the development of regional energy projects that utilize the gas resources of the region and make better use of its vast renewable energy potential.**
- **East Med countries should use their gas regionally, as base-load to support development of renewable energy at large scale.**