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# Forging Closer Energy Links in the East Mediterranean Against Regional Geopolitical Turmoil

*Tel Aviv, December 2, 2024*

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INSTITUTE OF ENERGY  
FOR SOUTH EAST EUROPE

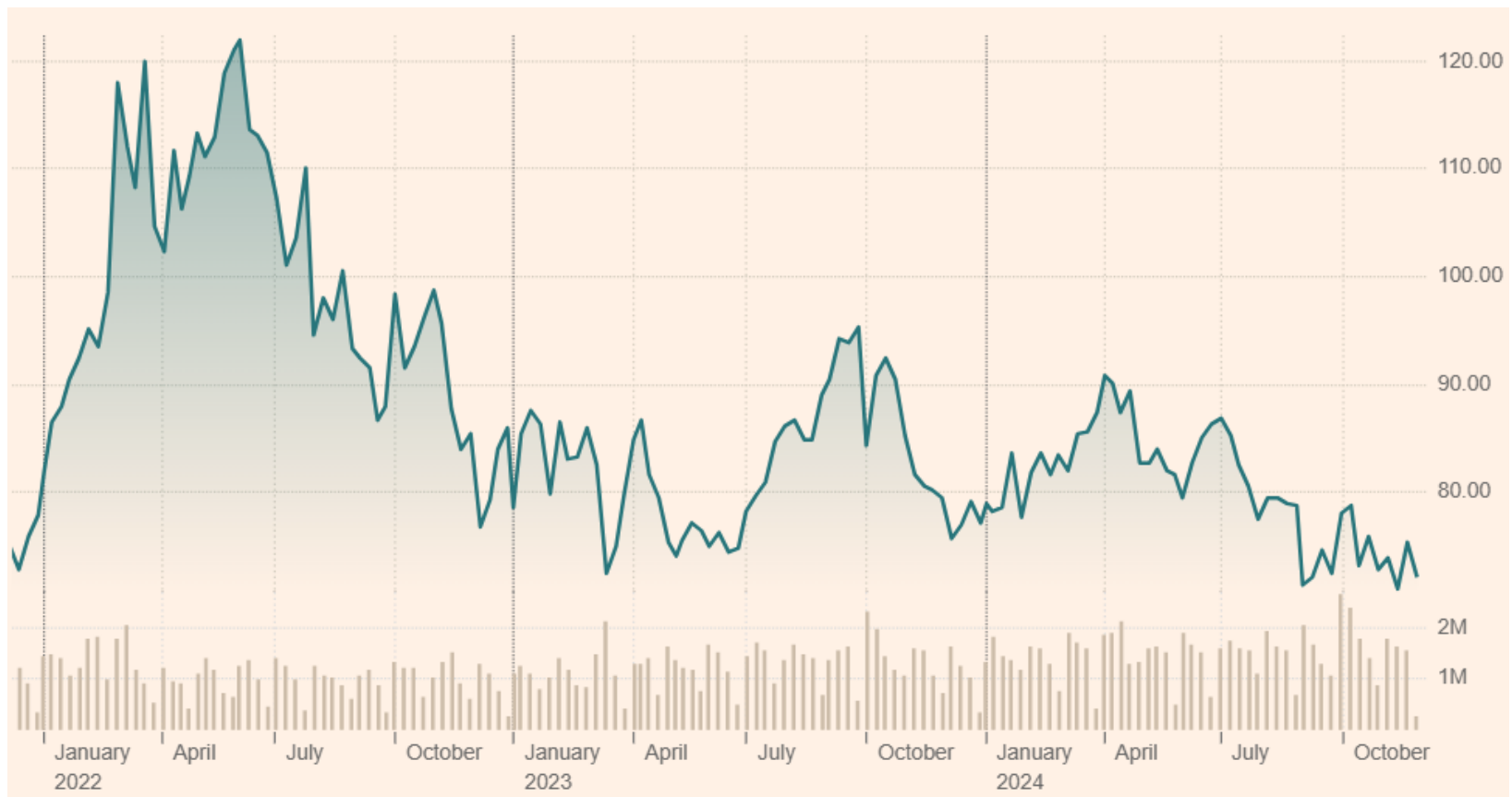


## The SE European and the East Mediterranean Region

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- ❑ Today, the broader region of South East Europe and the East Mediterranean is rocked by two major military conflicts, a situation unseen since the end of the 2nd World War.
- ❑ The impact on European energy markets was severe at the start of the Ukraine conflict (2022 and first half of 2023), while the Israel-Iran hostilities, following the Axis of Resistance onslaught against Israel, had relatively minor repercussions on oil and gas prices. In fact, in the 2nd half of 2024, Brent, the international benchmark, retreated, trading today in the zone of \$70-\$75 per barrel.
- ❑ In the case of oil, we notice an abundance of production and high international oil stocks, relevant to global oil demand, which has in fact been steadily rising over the last two years (no sign of demand contraction or destruction in spite of predictions to the opposite by the IEA).
- ❑ Although we have been getting mixed signals from the international commodity markets in response to the continuing geopolitical turmoil, the countries in the region, including Greece, Israel, Cyprus, are on high alert concerning their energy security.

# ICE Brent Crude Oil Front Month (3 Years)



Sources: ICE, Financial Times

# ICE Brent Crude Oil Front Month (6 Months)



Sources: ICE, Financial Times

# Dutch TTF Natural Gas Futures (1 Year)



Source: ICE

# Dutch TTF Natural Gas Futures (3 Months)



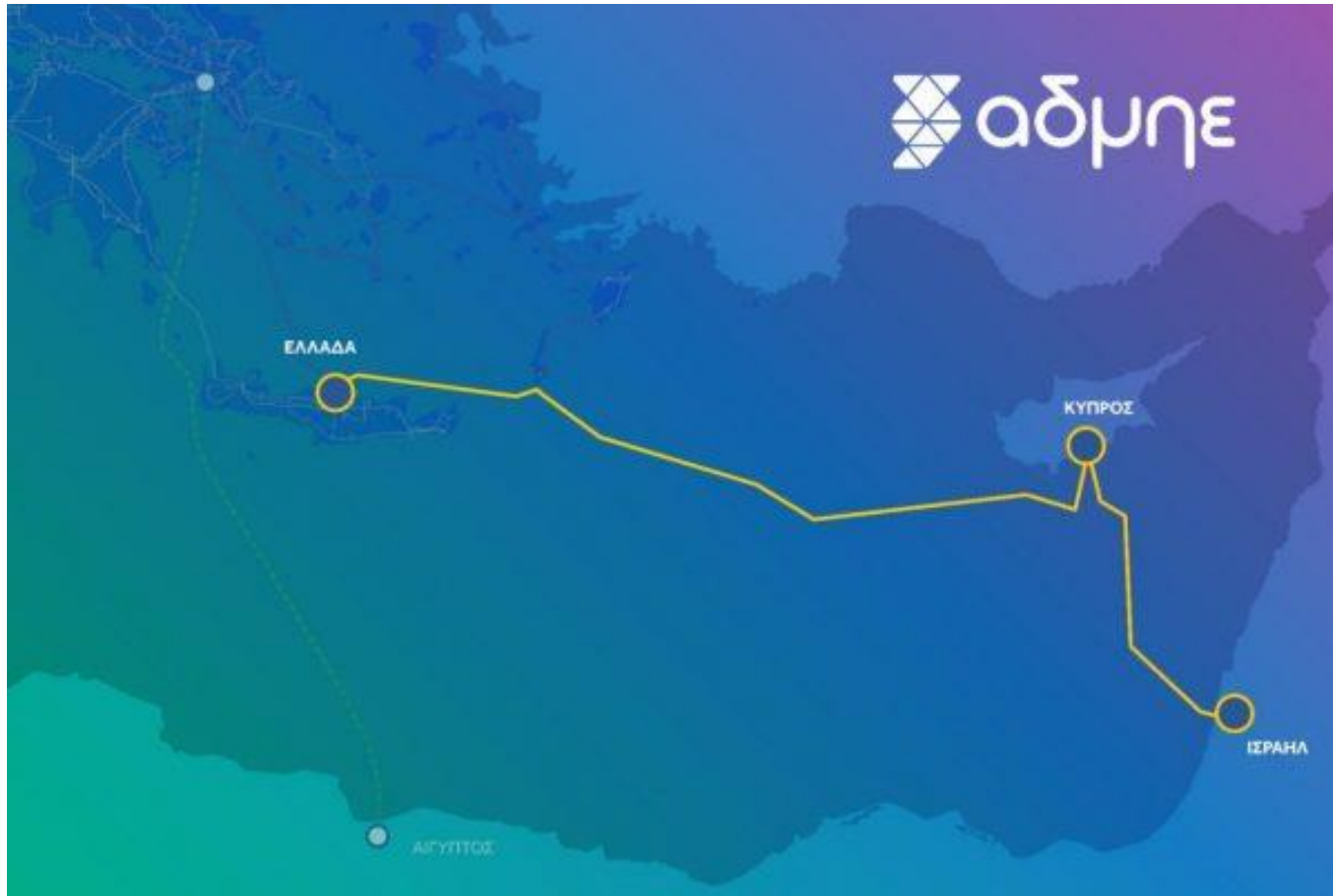
Source: ICE

## Regional Energy Cooperation

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- ❑ The impact on energy prices (oil, gas, electricity) and commodity market uncertainty so far has not deterred the countries in the region from their quest in forging closer energy links between them. With the strengthening of energy security topping their agendas.
- ❑ Closer energy cooperation between the countries of the East Mediterranean basin, especially between Greece, Israel, Cyprus and Egypt, has emerged over the last 5 years as a priority in energy policy for the countries concerned. Their efforts and aspirations towards common energy goals has culminated in the establishment of the East Mediterranean Gas Forum (EMGF), now including a larger group of countries and entities (Jordan, Italy, France, Palestinian Authority).
- ❑ The following are some examples of regional energy cooperation now developing between the countries of the region.

# Great Sea Interconnector



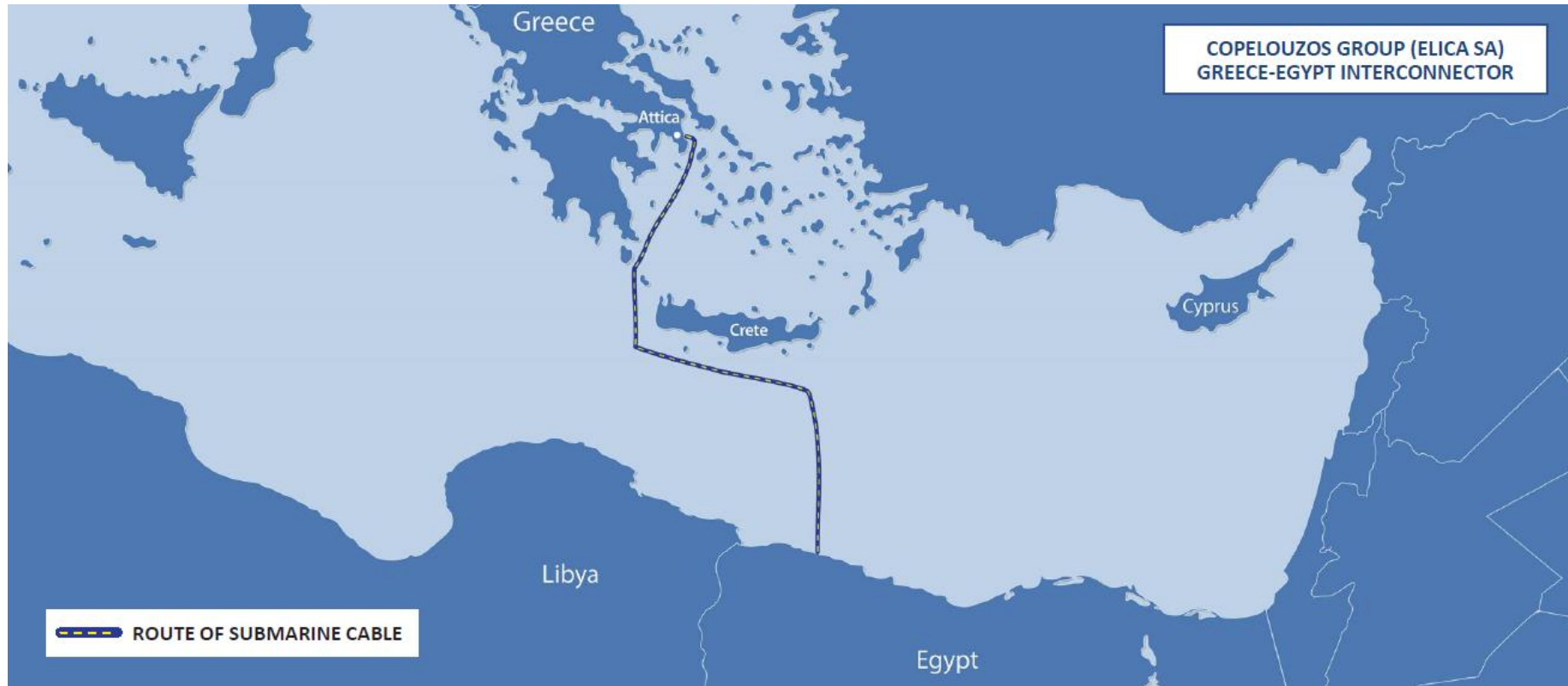
Source: IPTO



# East Med Gas Pipeline

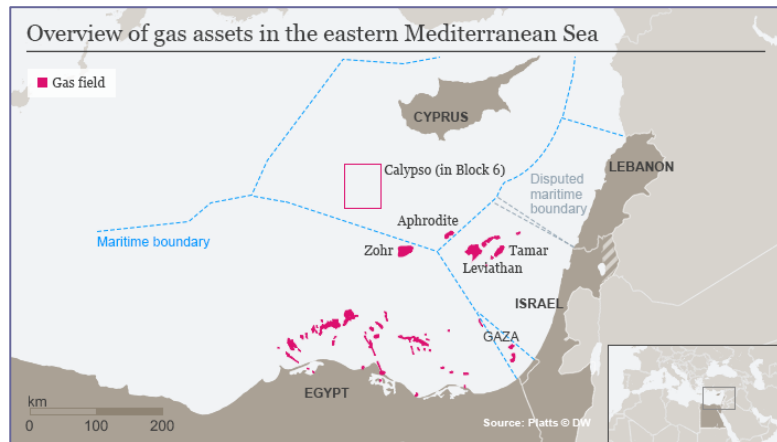


# Greece-Egypt Electricity Interconnector (GREGY)

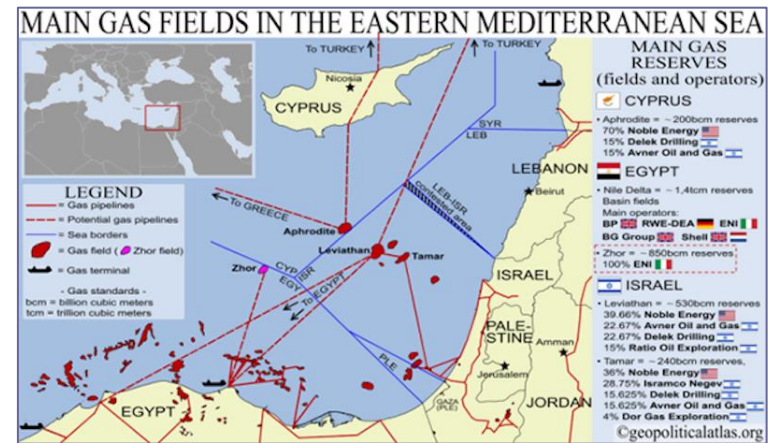


Source: ELICA Group

# E&P activity in the East Med

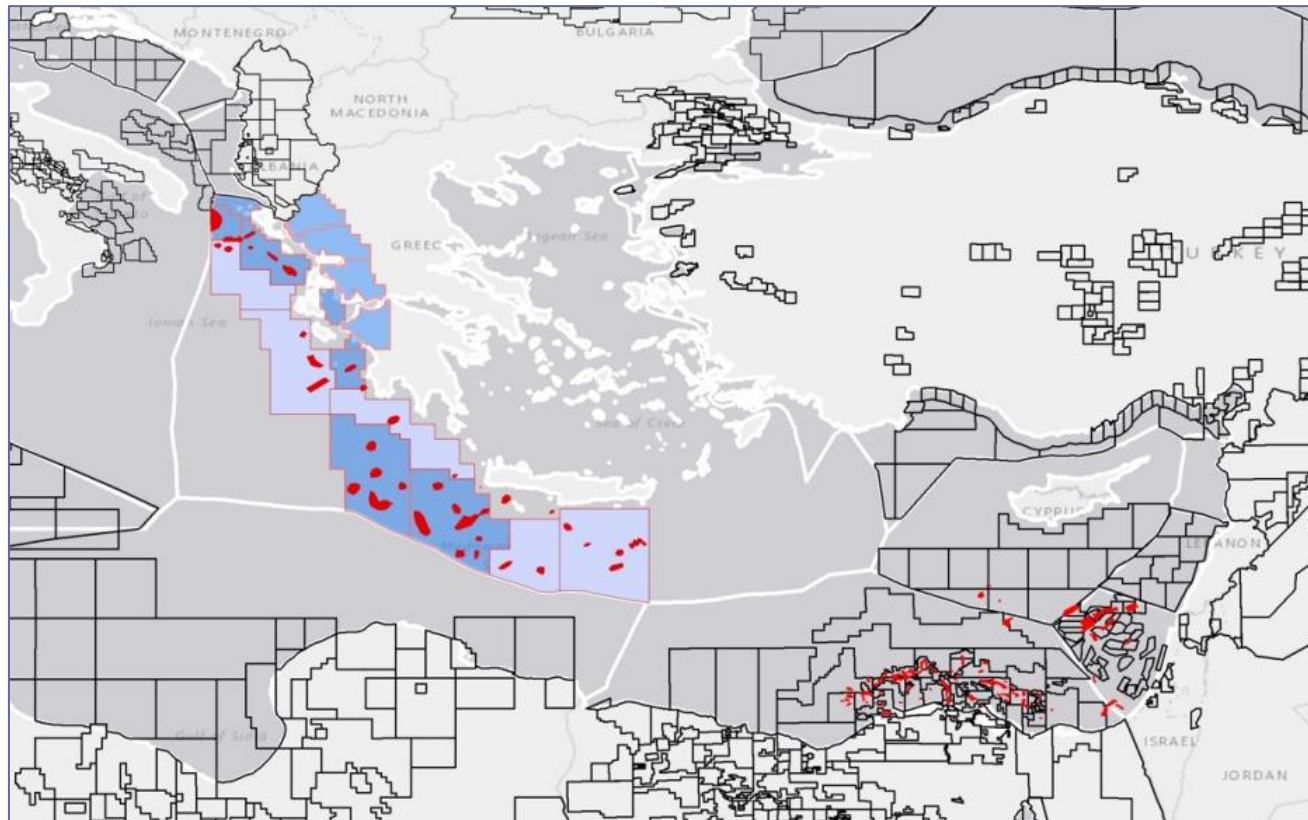


Source: [www.themanews.com](http://www.themanews.com)



Source: NATO Association of Canada

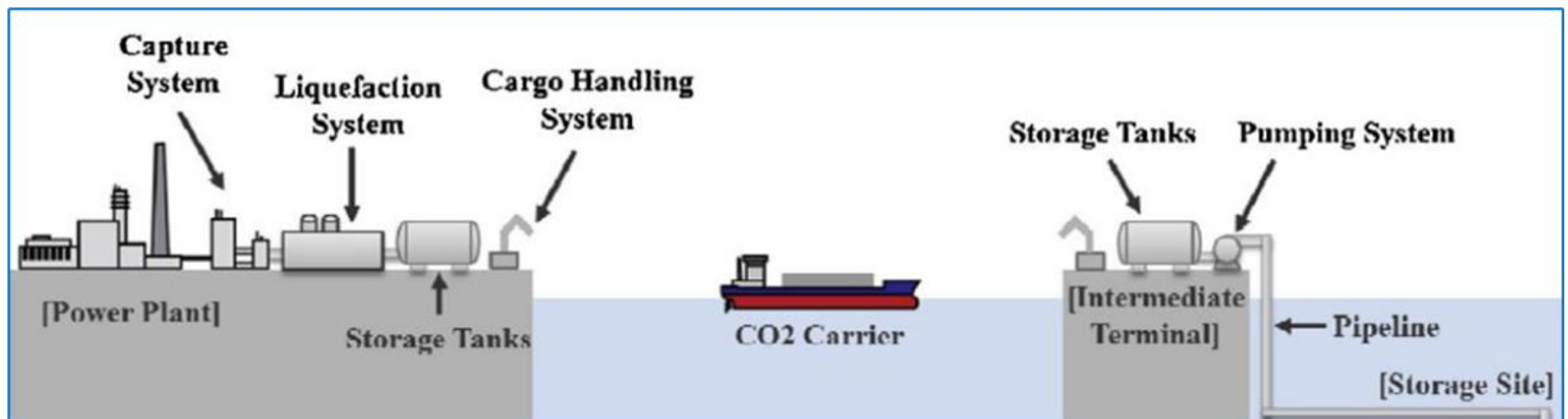
# Hydrocarbon fields and leads in the East Med



Source: HEREMA SA (2017)

## CCUS Applications in the East Mediterranean

- ❑ The development of alternative Carbon Storage facilities, as part of the CCUS value chain, could become another area of cooperation between the countries in the East Med region.



Source: IENE

## Energy Security Dynamics

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- ❑ Notwithstanding regional cooperation, the energy security dynamics of the Eastern Mediterranean are multifaceted, encompassing four (4) key interconnected elements: hydrocarbon discoveries and consequent energy links, geopolitical rivalries, emerging security imperatives and heightened interest by external powers.
- ❑ In view of latest developments, especially after the audacious Hamas attack against Israel on October 7, 2023 and the ensuing hostilities over a wide front, fuelled by Iran's proxies, the other countries in the region have had to recalibrate their strategic calculations, with energy security considerations at rhetoric forefront.
- ❑ At the same time, the geopolitical scene has grown even more complicated with Turkey's pitting against Israel as the Axis of Resistance attacks deepened. In this context, we should note that the current energy collaborations, now taking hold up at regional level, are pivotal in shaping the energy security architecture, while at the same time serving as a counterbalance to Turkey's regional aspirations and relentless power projection.

## Energy Security Dynamics

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- ❑ A common theme, which resonates lately in energy policy in the East Mediterranean, including Turkey, as exemplified in latest statements by political leaders, is to aim towards energy self-sufficiency, in line with the general trend in pursuing strategic autonomy.
- ❑ However, with the exception of Israel, all East Mediterranean countries are heavily dependent on energy imports, with their energy dependency at new heights (Greece at 80%, Cyprus at 92%, Turkey at 67%). On the other hand, Egypt, over the last years, has managed to sharply reduce its energy dependence as this amounted roughly to 13.6% in 2023.
- ❑ The only country so far to have actually taken concrete steps towards energy self-sufficiency and is on the road of realising it is Israel. This is reflected in gas prices, which are one third of prevailing EU prices at TTF - the European benchmark - which helps shape affordable electricity prices at home and make Israeli industrial products more competitive globally.

## A New Regional Energy Map

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- ❑ As the endgame in the Ukraine conflict is approaching, we shall witness higher geopolitical turmoil which is likely to impact energy market dynamics and give rise (temporarily) to high energy prices.
- ❑ The same could hold true to a large extent to an anticipated Iran-Israel endgame although here the impact on energy markets could be more subdued.
- ❑ As geostrategic priorities of the East Mediterranean countries change in response to the new reality in the field, so does the energy map of the region.
- ❑ Although so far emphasis has been placed on the South Corridor (see map), very soon we shall see the emergence of a new East Med energy corridor, the map of which is presently drawn and I will be happy to share it with you in our next get together.



# An Expanded South Gas Corridor




**Note:** The TANAP, TAP, IGB and Turk Stream have been completed, while BRUA is still under construction. The IAP, the IGI Poseidon in connection with East Med pipeline and the Vertical Corridor and the IGNM are still in the study phase. Blue Stream and Trans Balkan are existing pipelines. 17

Source: IENE study "SE Europe Energy Outlook 2021/2022", Athens, 2022



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The background of the slide is a dark blue image of a globe showing city lights at night. Overlaid on the globe is a complex network of glowing blue lines that represent energy transmission paths or a global communication network. The lines are curved and interconnected, creating a sense of dynamic energy flow.

*Thank you  
for your attention!*

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