

Energy options in the East Med

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With 2025 coming to a close, announcements for new energy developments and projects in Cyprus and the East Med have been coming in thick-and-fast. An underlying, common, factor behind many of these is a US strategy to establish energy dominance over a wide region that includes southeastern Europe and the Mediterranean that aims to bring any dependence on Russian energy to an end, replaced by US energy, and stop Chinese influence in the region.

US politics is no longer traditional. It is driven by transactional considerations and access to or even possession of resources, as witnessed by recent actions in Venezuela and Greenland.

These developments broadly follow five main strands:

- American strategy for the region
- Energy interconnectivity
- Settlement of maritime disputes
- Egypt's insatiable thirst for natural gas and energy
- Geopolitical positioning

Even though there is frequent reference to European energy needs, the unfortunate fact is that European interest and influence in the region is largely lacking. Inexorably, Europe is playing second fiddle to the US. Under President Trump, the US has become quite assertive in imposing its transactional energy policies -look at Venezuela and likely Greenland- driven by both geopolitical goals and commercial interests in energy security and dominance.

American strategy for the region

The epitome of this policy culminated at the P-TEC high level summit that took place in Athens between 6-7 November, attended by three senior ministers from President Trump's Administration, energy ministers from 25 countries across Europe, US super-majors ExxonMobil and Chevron and the US International Development Finance Corporation and the US Export-Import Bank.

The US is promoting two energy corridors:

- A north-south corridor from Ukraine to Israel, placing Greece at the centre of it

- An east-west corridor from the Caspian to Europe, placing Turkey at the centre of it.

As well as the expansion of ExxonMobil and Chevron exploration and production in the region.

This strategy is led on the ground by specially chosen US Ambassadors to Greece, Cyprus, Israel and Turkey, allies of President Trump, and close advisors.

Many of the projects announced recently fall under this strand and fit the broader objective of American energy dominance.

Energy interconnectivity

This includes a number of projects announced recently to improve natural gas interconnectivity between Greece, Bulgaria, Romania, Moldova and Ukraine, based on LNG through Greece and Caspian gas.

It also includes electrical interconnectivity through projects such as GSI, to connect Cyprus and Israel through Greece to Europe, and GREGY, to connect Egypt and Greece to Europe.

The recently announced Lebanon-Cyprus interconnection forms part of this, but has a long way to go.

Energy interconnectivity also includes the IMEC corridor that, even though its main purpose is economic and commercial, an important element of it is energy. GSI is likely to form part of IMEC, something that would strengthen the project geopolitically.

Settlement of maritime disputes

Achieving the American energy strategy for the region requires resolution of the key problems affecting this part of the world, including maritime disputes.

Mitsotakis' call on 17 October to convene a meeting/forum, inviting Turkey, Egypt, Cyprus and Libya to meet and address disputes over maritime zones and related issues, is part of this.

So is the signing of the EEZ delineation agreement between Cyprus and Lebanon, that reinforces the application of UNCLOS in the region and paves the way to renew exploration offshore Lebanon.

Progress is unlikely to be achieved regionally without US intervention.

The US message is: “We don’t want to see any party interfere with the mutually-beneficial expansion of energy infrastructure.”

Egypt’s insatiable thirst for natural gas and energy

Egypt is the biggest country in the region, highly dependent on natural gas for its energy and petrochemicals production. Demand for gas has been increasing by about 1%-2% per year, in line with its population growth. But faltering gas production from Zohr and Egypt’s lack of new, major, discoveries have left the country increasingly dependent on gas imports mainly from Israel and LNG. Egypt’s needs are so great, it can absorb all free-for-export gas in the region.

Israel and Egypt signed a deal in August that effectively would double Israeli gas exports to the country, using Leviathan gas. But regional geopolitics and concern about potential impact on Israeli electricity prices, led to Israel to temporarily freezing the project, but it has now been approved.

The need for diversification forced Egypt to rely more on expensive LNG imports. Not only the country became the biggest LNG importer this year, but it has finalized a \$4billion contract to import US LNG in 2026.

Cyprus is coming to the rescue. Development of the 2.5tcf Cronos gasfield is well progressed, with exports destined to reach Egypt early 2028. Aphrodite could follow by 2031, provided FID is achieved by next year. Resolution of the Aphrodite-Ishai dispute makes this easier.

Egypt has been taking measures to increase domestic gas production. It has just announced \$5.7billion investments to drill 480 new wells by 2030, to reverse production declines.

In November, Eni announced plans to invest \$8billion over the next 5-years to increase gas production in the country. In the same vein, ExxonMobil and Chevron have acquired additional acreage adjacent to their existing blocks offshore Egypt.

Geopolitical positioning

The challenging politics of the region, from Gaza, to Israel, Lebanon, Syria and Libya, continue to dominate, but in this article, I concentrate on energy-related issues.

The US is quietly working towards reunification of Libya and is actively involved in the rehabilitation of Syria.

The revival of the 3+1 at the P-TEC summit is a prominent example of geopolitical positioning in the region. With the participation of the US, its purpose is to push for regional energy connectivity and security and reduction of reliance on “malign actors.”

Can East Med supply gas to Europe?

With most of these developments at early stages, energy is expected to continue playing a major role next year around the East Med and the wider region.

But the bottom line is that the East Med can consume most of the gas it produces, with little exports to Europe – less than 2-3% of EU’s current gas consumption.

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