

## **EUROPEAN ENERGY SECURITY, GEO-ECONOMIC COMPETITION AND STRATEGIC IMPERATIVES**

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It is widely argued that as a result of the 2008-2009 energy crisis between Russia and Ukraine, member-states of the European Union and European countries more generally, want to diversify their energy sources and ultimately reduce their dependency on Russia. In light of this, continental Europe emerges as an energy market in need, while potential alternative energy (natural gas or oil) producers and/or transporters acquire significant geopolitical, geo-economic, and strategic value. The existing energy pipeline projects that end up in Europe, coupled with other similar projects currently in progress and the newly-found natural gas reserves in the eastern Mediterranean – in the Israeli and Cypriot maritime Exclusive Economic Zones – and in the Black Sea, lead to the emergence of a new geo-economic competition of strategic significance. This competition for fulfilling Europe's energy needs has political extensions and implications for the actors involved. The most important actors taking part in this competition, at this juncture, are arguably Turkey – along with energy producers such as Azerbaijan – and Israel in cooperation with Cyprus and even Greece.

Apart from the proposed "Trans Adriatic" and "Nabucco West" pipeline projects that will transport natural gas to Europe from Azerbaijan and the Turkish-Bulgarian border respectively, an important newly proposed project is the "Trans-Anatolian Gas Pipeline" (TANAP), planned to finish by 2018. If materialized, the latter will transport natural gas from the second stage of the Azeri Shah Deniz gas field to Europe through Turkey, while it could also be connected with "Nabucco West".<sup>1</sup> This project seems to be particularly important for European countries as an alternative to the Russian energy dependence.<sup>2</sup> TANAP is said to be "one of the greatest steps in the energy history of Azerbaijan and Turkey as well as Europe", and rightfully so, as it places Turkey and Azerbaijan at the center of the geo-economic competition; it also improves the future energy security prospects of Europe.<sup>3</sup>

The new pipeline project proposals are not the only significant developments. In September, 2012, the first Turkish natural gas reserve was discovered on the western Black Sea coast (Istranca-1 field) by the state-run Turkish Petroleum Corporation (TPAO). Drillings are also being undertaken on four other fields in the Black Sea, albeit no other discoveries have been made yet.<sup>4</sup> The discovery of this natural gas reserve has important implications on two levels: (i) Turkey, which is heavily dependent on energy imports, can in the mid- or long-term replace a to great extent those imports with domestic energy production

thus benefiting economically; (ii) Turkey can become an exporter if the amount of the natural gas is significant enough, or if more natural gas reserves are discovered in the rest of the Black Sea drilling fields. The latter would also signify an important addition to Turkey's energy status, namely it would add the "producer" feature to the already pursued energy "hub" and "transit" ones.<sup>5</sup> Overall, the new Turkish natural gas reserve, depending on future developments, could give Turkey another advantage given its already upgraded regional energy role.

On the other hand, countries of the eastern Mediterranean such as Cyprus and Israel and to a lesser extent Greece have also entered the competition for Europe's energy security. After the discovery of the natural gas reserve in the Cypriot Exclusive Economic Zone, Block 12, the Republic of Cyprus (RoC) has acquired significant value in terms of the priorities of the EU's "Trans-European Energy Infrastructure", especially in light of the RoC's Presidency of the EU Council.<sup>6</sup> The RoC is already in the process of discussing and planning the construction of a Liquefied Natural Gas (LNG) terminal in Cyprus – expected in 2019 – for domestic supply and future export purposes, while it also cooperates closely with Israel for the future transportation of Israeli natural gas to Cyprus.<sup>7</sup> It is worth noting that "Noble Energy" is also planning to drill even deeper in the Cypriot Block 12 to determine whether oil exists as well. Greece also explores its energy potential having signed with Albania and Italy the agreement for the construction of the "Trans-Adriatic Pipeline". In the meantime, the first maritime oil explorations for Greece in the northern Aegean Sea are expected in 2014; the last estimated drillings until 2020.<sup>8</sup> Of course the prospects of energy cooperation in the eastern Mediterranean could be further boosted in the future if Lebanon is taken into account, having announced its readiness to start drillings in its EEZ.<sup>9</sup>

What is obvious is that the aforementioned actors are either playing or are destined to play in the near future an important role in Europe's energy security. Since the increasing possibility of a decreased Russian-supplied energy to Europe and the former's efforts for politico-economic influence over Ukraine, the diversification of Europe's energy supplies has become even more important.<sup>10</sup> Admittedly, at least in terms of the short-term energy needs of Europe and the EU states in particular, Turkey may be a more viable solution to the problem. As the Turkish Foreign Minister Davutoglu argued Turkey is a big, profitable and safe market and geographically proximate to European energy markets, provided that it already has the required infrastructure.<sup>11</sup> From that perspective Europe could benefit from Turkey, just like Turkey could benefit from Europe economically as well as politically in terms of its accession process toward the EU. However, not all EU member states favor a Turkish accession in the EU and they would prefer a closer cooperation with other member states when it comes to the matter of energy security and beyond. Cyprus and Greece, in cooperation with Israel, do provide this alternative within the framework of the EU, albeit not immediately. To be sure, European

countries or the EU may not have to limit their options of alternative energy suppliers to one since all actors could benefit equally. But the future of Europe's energy security and of the geo-economic competition that follows might not be that simple, as the relations between the interested parties as well as the regional geopolitics are particularly complicated and, more often than not, based on other individual (grand) strategic calculations and imperatives.

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<sup>1</sup> Vladimir Socor, "Nabucco-West in Synergy with Trans-Anatolia Project", *Eurasia Daily Monitor*, Vol. 9, Issue 90, 11/05/2012, at [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Bsword%5D=8fd5893941d69d0be3f378576261ae3e&tx\\_ttnews%5Bany\\_of\\_the\\_words%5D=Nabucco&tx\\_ttnews%5Btt\\_news%5D=39364&tx\\_ttnews%5BbackPid%5D=7&cHash=54104e1706f041d35d5f514a5888c099](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Bsword%5D=8fd5893941d69d0be3f378576261ae3e&tx_ttnews%5Bany_of_the_words%5D=Nabucco&tx_ttnews%5Btt_news%5D=39364&tx_ttnews%5BbackPid%5D=7&cHash=54104e1706f041d35d5f514a5888c099) [Accessed, 16/10/2012].

<sup>2</sup> Tom Burgis, "Azerbaijan and Turkey to start gas pipeline", *Financial Times*, 18/09/2012, at <http://www.ft.com/cms/s/0/9ca8dbc2-0187-11e2-81ba-00144feabdc0.html#axzz29TUSWwUO> [Accessed, 16/10/2012].

<sup>3</sup> Ilgar Gurbanov, "Trans-Anatolian Gas Pipeline: Deal of the Century- 2", *Today's Zaman*, 16/06/2012, at <http://www.todayszaman.com/news-286675-trans-anatolian-gas-pipeline-deal-of-the-century--2.html> [Accessed, 16/10/2012].

<sup>4</sup> Today's Zaman, "Domestic natural gas reserve found on Turkey's Black Sea Coast", 16/09/2012, at [http://www.todayszaman.com/newsDetail\\_getNewsById.action?newsId=292522&fb\\_source=message#.UFXrk3inIzs.facebook](http://www.todayszaman.com/newsDetail_getNewsById.action?newsId=292522&fb_source=message#.UFXrk3inIzs.facebook) [Accessed, 16/10/2012].

<sup>5</sup> According to Socor "A hub country buys another country's gas, stores it and re-sells it as its own gas to third countries at a higher price. A transit country, however, provides transit service through pipelines on its territory for an agreed (cost-based) fee, enabling the producer country to enter into direct commercial relations with the customers for its gas." See, Vladimir Socor, "Wikileaks Perturb US-Azerbaijan Relations (Part One)", *Eurasia Daily Monitor*, Vol.7, Issue 217, 06/12/2010, at [http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=37249](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=37249) [Accessed, 16/10/2012].

<sup>6</sup> Financial Mirror, "CYPRUS to utilise new energy opportunities", 24/05/2012, at <http://www.financialmirror.com/news-details.php?nid=27539> [Accessed, 16/10/2012].

<sup>7</sup> The Cyprus Weekly, "Gas Deals", 14/09/2012, at <http://www.incyprus.com.cy/en-gb/Top-Stories-News/4342/30044/gas-deals> [Accessed 17/10/2012]; Fiona Mullen, "CYPRUS: Liquefied natural gas plant by 2019", *Financial Mirror*, 09/10/2012, at [http://www.financialmirror.com/news-details.php?nid=27698&fb\\_source=message](http://www.financialmirror.com/news-details.php?nid=27698&fb_source=message) [Accessed, 17/10/2012]; Sigmalive, "Δύο σενάρια για τη μεταφορά Φ.Α. από το Ισραήλ στην Κύπρο" [Two Scenarios for the transportation of Natural Gas from Israel to Cyprus], 03/09/2012, at <http://www.sigmalive.com/news/local/520339> [Accessed, 17/09/2012].

<sup>8</sup> Kathimerini, "ΕΛΠΕ: Μετά το 2014 θα ξεκινήσουν οι πρώτες έρευνες για ύπαρξη πετρελαίου στην Ελλάδα" [ELPE: After 2014 the initiation of the first explorations for oil in Greece], 12/10/2012, at [http://www.kathimerini.gr/4dcgi/w\\_articles\\_kathremote\\_1\\_12/10/2012\\_465808](http://www.kathimerini.gr/4dcgi/w_articles_kathremote_1_12/10/2012_465808) [Accessed, 17/10/2012].

<sup>9</sup> Al Arabiya News, "Lebanon ready to drill for offshore gas: minister", 25/09/2012, at <http://english.alarabiya.net/articles/2012/09/25/240068.html> [Accessed, 17/10/2012]

<sup>10</sup> Mikhail Krutikhin, "Monopoly Under Fire", *Natural Gas Europe*, 14/09/2012, at <http://www.naturalgaseurope.com/russia-gas-monopoly-under-fire> [Accessed, 17/10/2012]; Kateryna Choursina, "Russia Offers Cheaper Gas If Ukraine Joins Union, Interfax Says", *Bloomberg*, 09/10/2012, at

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<http://www.bloomberg.com/news/2012-10-09/russia-offers-cheaper-gas-if-ukraine-joins-union-interfax-says.html> [17/10/2012].

<sup>11</sup> ERT, “Νταβούτογλου: μονομερής ανακήρυξη ΑΟΖ στο Αιγαίο δεν ωφελεί κανέναν” [Davutoglu: The Unilateral EEZ Proclamation in the Aegean is in no one’s interest], 14/10/2012, at

<http://www.ert.gr/europe/item/23809-%CE%9Dtaboytogloy-monomerhs-anakhryxh-AOZ-sto-Aigaio-den-wfelei-kanenan> [Accessed, 17/10/2012].