

Greece & the Trans-Adriatic Pipeline (TAP): Between National Aspirations & Geopolitical “Power” Games



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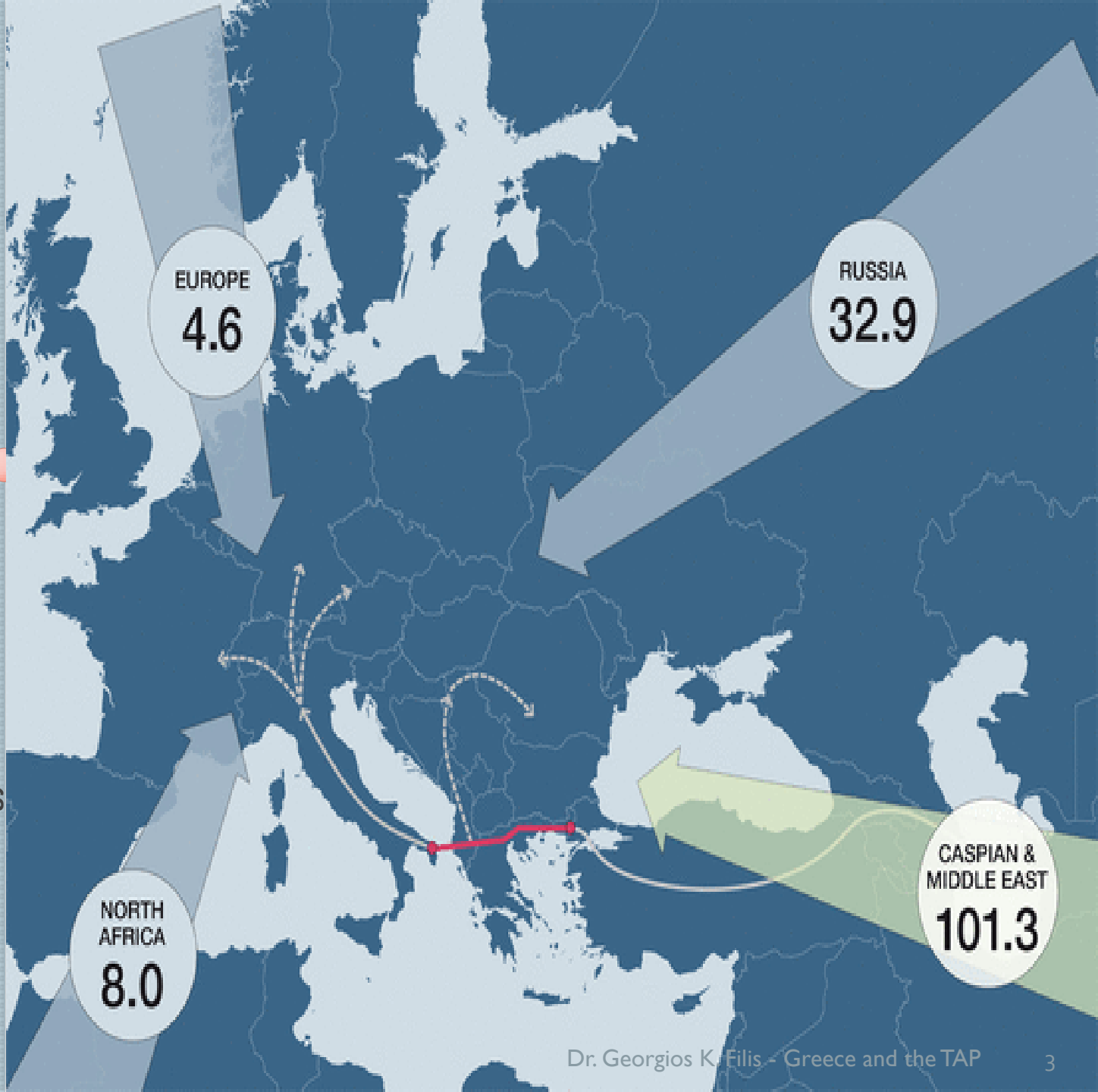
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GREECE & THE TAP: NATIONAL ASPIRATIONS

Natural Gas Reserves (in trillion cubic meters)
Source: BP World Energy Statistical Review 2012





Internal Parameter: Economic Gains /Advancements

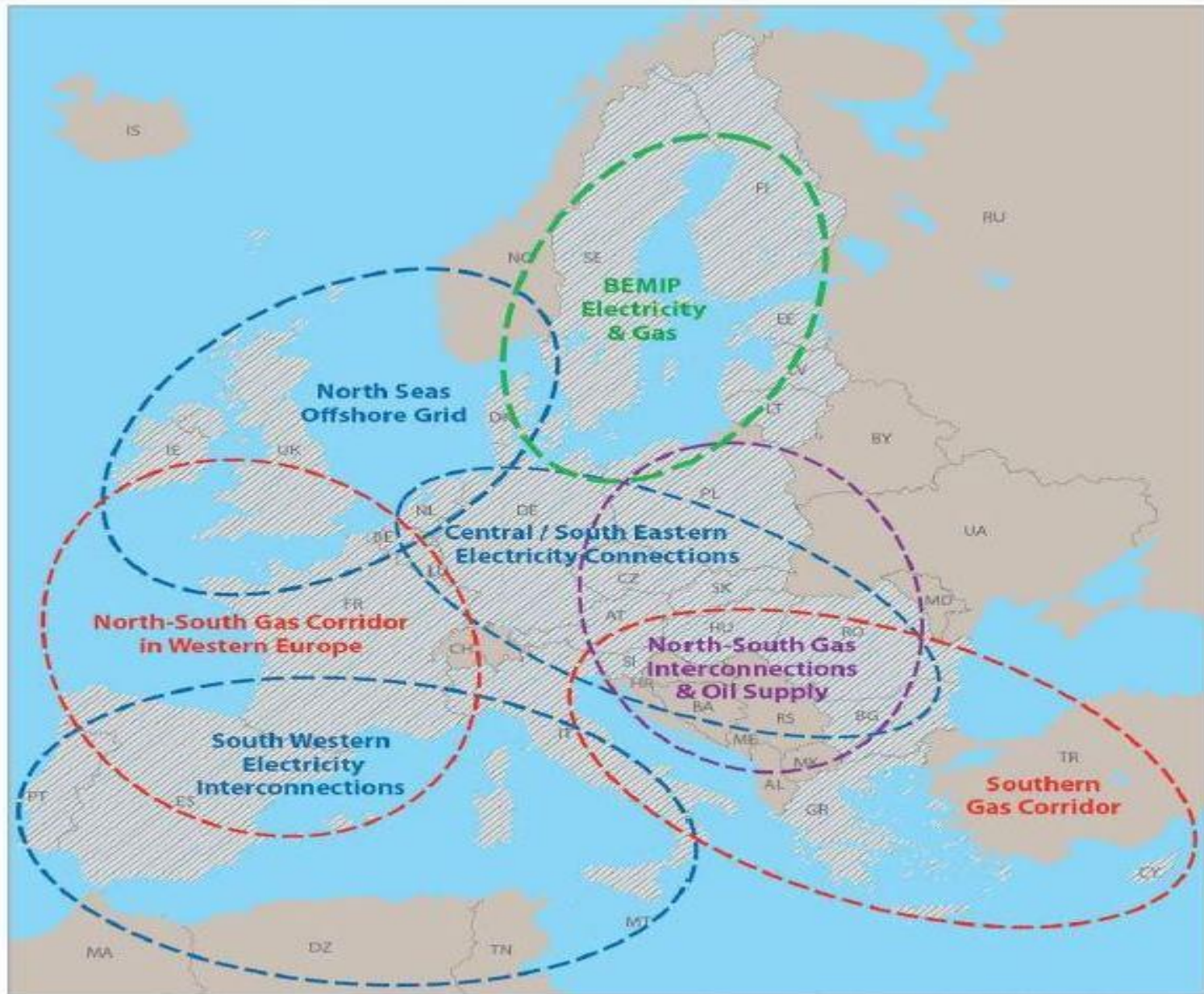
- **TAP project: An Actual Foreign Direct Investment for Greece**
 - EUR1,5b (\$2,04b) investment for the country
 - Creation of Jobs (especially in Northern Greece): 2,000-3,000 direct jobs & 10,000 indirect
 - EUR 450m (\$612m) added value to Greek economy
 - Materialization of the project was enabled due to the acquisition of a 66% share of DESFA (Greek National Gas System Operator) by SOCAR (June 2013)
 - Transit fees in the form of cash and withhold of the necessary volumes for satisfying internal demand – further diversifying its natural gas suppliers (establishes a reverse flow installation which will allow the supply of natural gas from Italy, in case of a necessity)
- **TAP project: A ‘Signal’ to the Market that Something has changed in the country**
 - Three leading international companies (Axpo, EON and Statoil), along with SOCAR, are entering the Greek market and demonstrate their confidence to the “restart” efforts of our country

External Parameter: Foreign Policy Ramifications / Potentials

- **Greece reaffirms its geopolitical importance and political credibility by decisively contributing to the Energy Security strategy of the EU**
 - Greece for the **first time** enters the world energy map as a crucial **transit country** with the potential to become a **regional hub**
 - Greece with its political decision on the matter facilitates the **materialization of the European South Gas Corridor** which allows for the **first time** the transportation of Caspian natural gas **directly to Europe** bypassing Russia and the Middle East (enables the *European Connector Facility*: no “energy islands” in the EU by 2015 i.e. IGB)
- **Greece strengthens its bargaining position in a regional level [focused area: the water axis *Black Sea-Straits-Aegean-Eastern Mediterranean (BSSAEM)*] regarding issues of national interest**
 - Albania (issues of EEZ, Greek Minority) / Turkey (the whole spectrum of bilateral relations) / Italy (Closer cooperation for joint action within the EU)
- **Greece elevates its mediation capabilities in the broader region**
 - Close relations with Armenia / Azerbaijan close relations with Turkey / Historical bonds with Russia
- **Model example of a cross-cultural cooperation**



SOUTH GAS CORRIDOR: GEOPOLITICAL 'POWER' GAMES



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- Gas
- Electricity
- Electricity and gas
- Oil and gas



South Gas Corridor: What it is...

- **TAP is the corner stone for the materialization of the South Gas Corridor** which is an **ambitious complex project** consisting of the cooperation of **three pipeline systems: South Caucasus Pipeline – TANAP (Trans-Anatolian Pipeline) – TAP (Trans-Adriatic Pipeline)** [length: 3,500 km]
- It complies with the **EU major energy strategy** (*Green Papers, Europe 2050 etc*) regarding the diversification and the security of supplies for the European market focusing on the development of **multiple sources of supply and transit route options** and is in accord with the **Third Energy Package** framework which calls for the “*Structural separation between transmission activities and production/supply activities of vertically integrated companies (unbundling)*”
- It proves its **importance due to actual and current geopolitical rifts** in the broader region defined as the “water axis BSSAEM) which affects directly European Energy Security (i.e. Ukraine, Arab Spring, Iraq, Iran, Syrian Civil War)
- **Above all, its rather modest initial capacity (10bcm/y to 20bcm/y) constitutes a GOOD STARTING POINT for further development.**



South Gas Corridor: What it is NOT...

- Irrespectively of the crisis the **European demand is over 500bcm/y** and the TAP project will not carry more than 10-20bcm/y thus,
 - This amount **represents a 2 to 5%** of the European energy needs
 - It an **important development**, a **strong signal** towards European energy emancipation from Russia **BUT it is not a definite and breakthrough development towards that direction**
- It is **important for Azerbaijan**, since
 - it provides it with an **independent export route** of its natural gas towards Europe, while its investments initiatives (Greece, Italy, Turkey) signals its willingness to **form a comprehensive strategy beyond its borders**
 - Baku's decisions, due to their modest and not maximalist stance at this point **are not harming Russian vital interests** something which reduces the possibility of a strong reaction
- **Overall, it is a good start BUT it does not solve the problem of European overdependence on few suppliers**



South Gas Corridor: What it Might Become...

- In order for the SGC to play the role that was **initially designed for** it needs to:
 - **Increase its capacity** to at least 30bcm/y (to become a 'new' Nabucco)
 - Need to take under consideration **all possible proven, new and potential sources** of natural gas (Turkmenistan, Iraq [KRG], Eastern Mediterranean [Israel, Cyprus], Mashreq countries)
 - Provide **more route options**, at the lowest possible cost
 - **Interconnectors and pipeline projects** like (**IGB** and even **further to the north** – Romania, Hungary etc, **IAP** for the Western Balkans)
 - **LNG plants in Cyprus**, further facilities in **northern Greece & Croatia**
 - **Connection in the long run between Israel-Cyprus-Greece**: depending on the export dedication of Israel, the further exploration results in Cyprus and the launching of the Greek hydrocarbon program (Turkish participation on this project subjected to the viable and permanent resolution of the Cyprus issue)
- **The Grand Design for the SGC entails the development of a multi-sourced multi-supplied multi-route energy network that extends from the Caspian crosses South Europe and through Italy reaches markets even in the Western Europe**

SOUTH GAS CORRIDOR: THE 'GREAT GAME' BETWEEN US & RUSSIA

Strategy vs Tactics for the two powers in relation to EU energy security issue

	Strategy	Tactic
US	Create the South Gas Corridor: Since it is a major prerequisite for upsetting the energy relationship of Russia with the EU	<ul style="list-style-type: none"> • Forgone maximalist ambitions regarding a game-changing project (Nabucco etc) • Proceed with a modest project (TAP)
Russia	Allow a project regarding the South Gas Corridor which will not be in a position to threaten its dominant position in supplying the EU with natural gas	<ul style="list-style-type: none"> • Avert the most dangerous projects like the Nabucco / West-Nabucco • Accept the least harmful to its interests project (TAP)
Common Ground of the two powers	<p>1. <i>Short & Medium Run:</i> Both accept the initiation of the SGC under the scheme SCP-TANAP-TAP</p> <p>2. <i>Long Run:</i></p> <p>US will try to develop the SGC under the perception described previously “SCG: What it Might Become” (slide 9)</p> <p>Russia will try to keep the SGC as it is under the perceptions described previously “SCG: What it is” and “SCG: What it is NOT” (slide 7, 8 respectively)</p>	



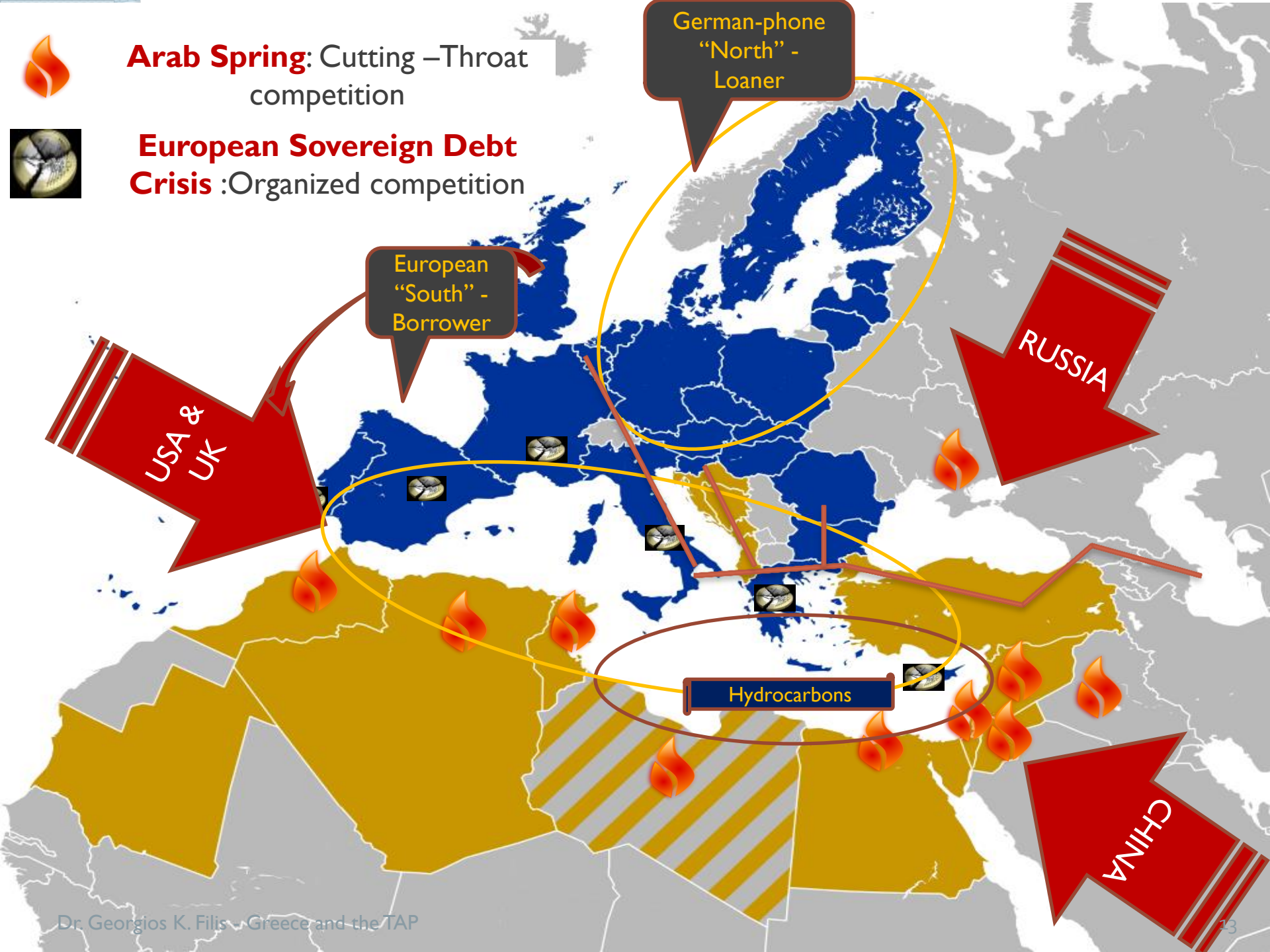
1. **Trans-Adriatic Pipeline and Greece, National Aspirations:** TAP project is an **actual Foreign Direct Investment** for Greece, in a period that we need this kind of initiatives which brings multiple economic and social benefits to our country. Moreover, this project could be interpreted by the global markets as **a clear signal that Greece is entering the path of sustainable development**
2. **Trans-Adriatic Pipeline and Greece, Foreign Policy Ramifications:** Our country reaffirms its **geopolitical importance and political credibility** by decisively contributing to the Energy Security strategy of the EU. It **strengthens its bargaining position** in a regional level (focused area: the *water axis Black Sea-Straits-Aegean-Eastern Mediterranean*) regarding issues of national interest, it **elevates its mediation capabilities** in the broader region and finally it provides an exemplary model of a **cross-cultural cooperation**
3. **Regarding the actual potentials and constrains of the South Gas Corridor it could be argued that:**
 - TAP's rather modest initial capacity (10bcm/y to 20bcm/y) constitutes **a good starting point** for further development
 - However, TAP and the current status of the South Gas Corridor **does not solve the problem** of European overdependence on few suppliers
 - The **Grand Design for the South Gas Corridor**, which might give a viable solution to **the problem** entails the development of a *multi-sourced, multi-supplied, multi-route energy network* that extends from the Caspian region, crosses South Europe and through Italy (perceived as a transit-country) reaches markets even in the Western Europe
 - Regarding the **US and Russian priorities in relation to the actual and potential development of the South Gas Corridor** it could be asserted that within a complex geopolitical game with **strategic priorities and tactical moves** in the:
 - *Short & Medium Run:* **Both accept** the initiation of the South Gas Corridor under the **scheme SCP-TANAP-TAP**
 - *Long-Run:* **The interests diverge** so any further development and change of the nature of the South Gas Corridor will become **a major field of contest** between the dominant global geopolitical actors



Arab Spring: Cutting –Throat competition



European Sovereign Debt Crisis: Organized competition





**THANK YOU FOR YOUR
ATTENTION!**
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