THE EUROPEAN GEOPOLITICAL FORUM

EGF Forum View:

Considering Greece as an Alternative Energy Corridor

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Greece Vs Turkey

Over the last decade, two energy rings have been forming in the Balkan/Caspian oil and gas pipeline/energy supply route context, first in Turkey and then in Greece. As a result, both countries have been elevated to the role of strategic energy corridor territories, linking the energy-rich Caspian region with Europe. Both Turkey and Greece exhibit vast potential in connecting Caspian supply sources with Western markets, both independently of one another as well as in unison. Taking this into account, the EU and the US in particular have endorsed policies which have privileged Turkey as the main interconnector between Europe and the Caspian in the scramble for European energy security. However, Ankara's current geopolitical reorientation towards Russia (with whom it has developed a pragmatic, yet strong energy partnership) and the Middle East, along with the several security-political shortcomings that undermine the stability of the Turkish energy grid, might lead toward a rethinking of Western energy policy toward the alternative, emergent Greek (energy) ring.

Putting the faith in Turkey as a factor in the West's energy security

In spite of their lack of indigenous supplies of both oil and gas, Turkey and Greece have become pivotal for the energy security of the European Union (EU) due to their strategic positioning at the very juncture of the European and Asian continents. Turkey's elevation to such a role, the "gate keeper of European energy supplies" as some commentators refer to it", has been widely documented in expert circles. Turkey's Ceyhan oil terminal increasingly found itself as a focal point for oil supply routes connecting Caspian deposits with Europe from 1999 onwards, when the US Congress promoted the Silk Road Strategy Act, which aimed to foster an East-West corridor that would gradually deprive Russia of its centrality in the regional energy transportation network and instead convey such a role to Turkey, a member of the NATO alliance and the key US ally in Eurasia. Within this framework the American Clinton administration endorsed the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which was accompanied by the Samsun-Ceyhan oil pipeline connecting the Black Sea to the Mediterranean and the Kirkuk-Ceyhan oil pipeline connecting Northern Iraq likewise with the Mediterranean. The Brussels-EU adopted a similar position on the gas side, by launching projects such as the NABUCCO gas pipeline which similarly bypasses Russia, crossing through Turkish territory instead.

The Turkish energy ring nonetheless presents a number of shortcomings in the form of security-political risks that undermine EU security of supply. During the 1990s, plans for the construction of the BTC line were suspended due to the escalation of the conflict between the Kurdish-separatist insurgent group, the PKK, and the Turkish Armed Forces. Construction of the pipeline was resumed only after the capture of the leader of the PKK, Abdullah Ocalan, in Kenya in February 1999. In 1997, the PKK attacked a small pipeline operated by the international oil company (IOC), Mobil, while the BTC itself was attacked on the eve of Russia's August 2008 war in Georgia, leading to a suspension of the energy flow for 14 days (and revenue loss of US$20 million). Such raids on Turkey's vital and high cost energy infrastructure thus imply that oil and gas pipelines crossing Turkey remain under threat of terrorism/armed provocation and thus may lead to the disruption of West-bound energy supplies.

Such risks only become amplified further when taking into account the current state of the political dialogue between Turkey and the EU at the institutional and inter-governmental levels. Turkey's support for the EU's NABUCCO gas pipeline remains biased by the problematic nature of the negotiations for Turkey's EU accession. The Inter-Governmental Agreements (IGAs) for NABUCCO have been subject to delay and are under further threat from the bilateral Turkish-

Cypriot disputes. The transit tariffs that the Turkish national gas pipeline operator, BOTAS, sought to impose on gas volumes being channeled through NABUCCO provides further evidence of how difficult an energy supply partner Turkey is becoming for the EU, alluding to the challenges that lie ahead for European energy decision makers in their efforts to integrate the Turkish energy network into the European fold.

Furthermore, while Turkey's seemingly stalled EU accession process will hardly put an end to Turkey's historically established trajectory of Westernisation, a number of analysts are suggesting that Turkey's traditional Western allies (including Israel and the US) should view Ankara's vastly improved relations with Iran and its Arab neighbours (particularly Syria) with caution. While the West strongly supported Turkey as a pro-Western energy pole circumventing Russia during the 1990s, Ankara's presently increasing sense of geopolitical like-mindedness with a number of (less pro-Western) Middle Eastern states, together with its current sense of energy interdependence with Russia, may lead to lesser levels of enthusiasm (for Turkey as an energy pole) in Washington, Brussels or the European national capitals.

Greece as an alternative energy pole: a rising factor in EU energy security

Taking into account the aforementioned security risks, political uncertainty and geopolitical reorientation surrounding Turkey, is it not time for Western decision makers to reconsider their endorsement of the Turkish energy ring as a "hangover from the 1990s", and instead focus their energies on neighouring Greece ?

With so much to risk in relation to security of the European energy supply, recent developments in Greece make it a suitable candidate to take over from the responsibility accorded to Turkey by the West during the 1990s. Greece is already at the core of a number of salient energy supply projects including the gas Interconnector Turkey-Greece (ITG), the IGI-Poseidon underwater gas pipeline linking Greece to Italy, as well as the Thessaloniki-Skopje and the Burgas-Alexandroupolis oil pipelines. The agreements for the latter were signed in 2007 by the key project stakeholders – Moscow, Sofia and Athens – following Russia's appreciation of Greece's capacity to act as an alternative interconnector between the Black Sea and the Mediterranean that would bypass the crowded Turkish Straits. The potential for Greece to act as a substitute for Turkey in the wider energy security context, taking into account the aforementioned risks relating to Ankara's continued efforts in likewise playing such a role, should therefore not be underestimated.

That being said, the size of the Greek energy market remains small in comparison to Turkey and Greece's energy infrastructure is far less extensive in scope for facilitation of regional energy transit and distribution. A politically endorsed investment campaign, however, aimed at enlarging and strengthening the developing Greek energy grid, similar to the initiatives that drove the Turkish energy ring during the 1990s, could provide the answer and result in the creation of a domestic, EU based energy pole that would go some way towards easing the Union's energy security concerns. In spite of the problems Greece has experienced with the fallout of the global financial crisis, Greece remains the most stable country in the Southern Balkans, and is therefore the candidate most suitable for the concentration and management of the developing Balkan pipeline node. A concentrated political-investment campaign aiming at enlarging the liquefied natural gas (LNG) terminals in Bulgaria, as well as multiplying the number of oil and gas pipelines between Bulgaria-Greece-Italy would turn Greece into an effective, alternative energy pole, no less capable that the services provided by Turkey.

Recently discovered Cypriot oil deposits and EU energy security

A reorientation of EU and US energy investment from the Turkish ring to Greece would not only enhance the reliability of European security of supply, but would create a further interconnector (link) between Greece and the recently discovered oil deposits in another neighbouring EU member state, namely Cyprus. Combining the energy potential of these two Hellenic EU countries, from the energy transmission and extraction perspectives, would likewise have the potential of lessening current dependence levels on the Caspian and further secure an alternative energy ring in the event of disruption/enhanced supply risks vis a vis Turkey.

The existence of large oil deposits in Cypriot waters has recently been confirmed by the exploration activity launched in Cyprus in 2007, which has already attracted the interest of IOCs including BP and ExxonMobil. According to the conservative estimates, Cypriot waters hold the equivalent of four billion barrels of oil, while more optimistic views suggest up to eight billion. These volumes would not be a substitute for the billions of proven barrels located in the Caspian, but could be sufficient in order to open a reliable new supply channel. Cyprus's emerging oil economic zone could be merged with the pipeline distribution network that Greece is gradually developing. Nonetheless, in order to reap greater benefits from these domestic energy resources, the EU needs to first adopt a stronger position in the dispute for the recognition of the Cypriot territorial waters. The oil exploration activities launched by Cyprus have been contested by Ankara, which claims maritime rights over the offshore zones where the oil fields are located. The lingering legal disputes over the offshore zones, which are fueled by the complex legal status of the Mediterranean Sea, if left ongoing, risk freezing any opportunity for economic exploitation of the area and threaten to jeopardize any future investment plan.

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