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Abstract

Due to its strategic location, the eastern Mediterranean area is the main route for energy supplies to Western markets, through terrestrial pipelines and maritime transport. This ensures the flow of key hydrocarbon resources is of profound importance for both regional politics and economic stability. The eastern Mediterranean countries play an 'intermediate' role that maximizes both their geopolitical importance and economic profit. Especially given the rising energy demands in the EU, the role of these countries is becoming even more crucial in broader energy security issues. This paper analyzes the role that Greece intends to play in the energy scene previously provided. Greece is principally a transit country with the future operation of significant gas and oil pipelines crossing its territory. Simultaneously, Greek hydrocarbon production does not meet domestic demand, thus connecting inevitably Greece to the EU’s strategic plans for secure energy supply and transport. Furthermore, given the economic state of the country, EU’s contribution is demanding for the creation of a favourable and stable climate for energy investments, including infrastructures and transport networks. Finally, considering the existing Greek-Turkish conflict and the role of Turkey as energy hub in the broader area, this paper speculates whether energy policies provide new opportunities for a cooperation era or adds a new dimension to the existing conflicts.

Key words
Greek state, energy corridors, eastern Mediterranean, EU energy policy, Greek-Turkish conflicts.
INTRODUCTION

Strategically located between Europe, the Middle East, the Black Sea and the Caucasus, the eastern Mediterranean area represents the main route for the supply of energy resources to the Western markets, both through terrestrial pipelines and through maritime transport. The security of a safe and reliable flow of key hydrocarbon resources to Western markets is of profound importance for both political and economic stability in this region and, especially, to the importers of these resources.

Hence, the countries of the eastern Mediterranean play an “intermediate” role that straddles the maximization of profit, and at the same time, the maximization of their geopolitical significance in both the regional and international arena. Especially given the rising energy demand in the European Union (EU), the role of these eastern Mediterranean countries is becoming even more critical in broader energy security issues. Understanding how these eastern Mediterranean states will manage this “strategic” position both economically and politically is thus very significant.

This paper analyzes the case of the Greek state and the role it intends to play in the energy scene previously described. Greece is principally a transit country with the future operation of significant gas and oil pipelines crossing its territory. Simultaneously, Greece’s hydrocarbons production does not cover the domestic demand, thus connecting inevitably Greece to the European Union’s strategic plans for secure energy supply and transport. Besides taking into consideration the economic state of Greece, EU’s contribution is important for the creation of a favorable and stable climate for energy investments as far as infrastructures and transport networks are concerned.

In the first part, the paper will briefly present the key elements of the Greek energy sector and the related policies focusing on the following themes:

- The new challenges and objectives of the Greek energy policy, set by the Ministry of Environment, Energy and Climate change, take into consideration the state’s energy dependency from external suppliers and the environmental damages caused by the excessive exploitation of hydrocarbons;
- The launch of an interactive public dialogue on energy issues and the participation of civil society and private sector in the configuration of the state’s energy priorities.
Throughout an analytical presentation of the petrol and gas sectors, the paper intends to illustrate the main issues and handicaps of the Greek hydrocarbons’ market as well as its potential for development;

In the second part, the paper will study Greece’s external energy policy. First of all, Greek needs and visions regarding its external energy policy are directly associated with those of the European Union, especially in the area of infrastructure investments and the creation of a stable internal energy market. Being an energy importer and transporter, Greece influences the transport chain with destination to European markets, making its energy alliances a key factor for a reliable and secure hydrocarbons’ flow and transport. In particular, the paper will treat the energy-based close ties between Greece and Russia, the latter being the European Union’s greater hydrocarbons’ supplier, and the reciprocal advantages of these relations in the wider diplomatic scene. Special attention will be also given, to the energy aspects of the Euro-Mediterranean partnership and the launch of regional energy cooperative schemes, where Greece can play a dominant role. Finally, taking into consideration the existing conflict between Greece and Turkey and the role of the latter as energy hub in the broader area, this paper speculate whether energy policies provide new opportunities for a cooperation era between the two countries or they add new dimensions to the existing conflict.
PART I
Greece’s hydrocarbons supply and demand chain. New challenges call for new actions.

The Greek energy sector is characterized, in overall, by the presence of limited domestic resources resulting in almost complete dependence on external energy resources. Hydrocarbons are the Greece’s main energy source with oil products to represent the lion’s share, followed by gas that for the time being represents only a small fraction, despite its rapid growth over the past years.

The presentation of relevant statistical data that follows supports the above statements:

Greece’s external energy dependency rate reached 71.9% of its gross consumption in 2008. Russian Federation, Saudi Arabia and Iran are the country’s main oil suppliers, while Russian Federation represents the most important source of natural gas.

<table>
<thead>
<tr>
<th>EU Member State</th>
<th>Gross energy consumption1</th>
<th>Net imports2</th>
<th>Energy Dependency3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cyprus</td>
<td>2.6</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>Malta</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>3</td>
<td>Luxembourg</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>4</td>
<td>Ireland</td>
<td>15.5</td>
<td>14.2</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>186.1</td>
<td>164.6</td>
</tr>
<tr>
<td>6</td>
<td>Portugal</td>
<td>25.3</td>
<td>21.6</td>
</tr>
<tr>
<td>7</td>
<td>Spain</td>
<td>143.9</td>
<td>123.8</td>
</tr>
<tr>
<td>8</td>
<td>Belgium</td>
<td>60.4</td>
<td>53.5</td>
</tr>
<tr>
<td>9</td>
<td>Austria</td>
<td>34.1</td>
<td>24.9</td>
</tr>
<tr>
<td>10</td>
<td>Greece</td>
<td>31.5</td>
<td>24.9</td>
</tr>
<tr>
<td>11</td>
<td>Latvia</td>
<td>4.6</td>
<td>3.2</td>
</tr>
<tr>
<td>12</td>
<td>Lithuania</td>
<td>8.4</td>
<td>5.5</td>
</tr>
<tr>
<td>13</td>
<td>Slovakia</td>
<td>18.8</td>
<td>12</td>
</tr>
<tr>
<td>14</td>
<td>Hungary</td>
<td>27.8</td>
<td>17.3</td>
</tr>
</tbody>
</table>

1 Gross energy consumption in Million tonnes oil equivalent (Mtoe). Defined as primary production plus imports, less exports.
2 Net imports means imports minus exports
3 Imports divided by gross consumption
Greek authorities place energy policies high in their agenda, because of their effect on country’s dependency on external sources, the environmental deterioration caused by the extensive use of hydrocarbons and the need for the development of the renewable energy sector. These interrelated issues require a methodological approach. The establishment of a separate Ministry of Environment, Energy and Climate by the current socialist government, as of October 2009, could eventually become the right instrument for the implementation of an integrated energy policy. According to the Ministerial declarations, the leading objective of country’s energy policy is, as expected, to guarantee a secure flow of energy resources and to efficiently manage these resources in order to meet domestic demand, under the most favorable conditions for both the market and the end-consumers. The second objective is to establish energy stocks, alliances and alternative channels in order to meet the needs of the domestic energy market during the times of energy crisis and thus to protect consumers via the application of stabilizing mechanisms. Finally, energy policies should promote the sustainable development of the energy sector, in respect to the environmental protection.

For the realization of the aforementioned aims and goals, the Greek state initiated specific policies and measures in line with the international and European cooperative frameworks, agreements and protocols. These facts require the adjustment and the harmonization of the Greek energy market and related policies with the contemporary perceptions and requirements of the regional and international energy sector. As far as the issue of external
energy dependency is concerned, Greece, not possessing energy autonomy, recognizes the paramount importance of good relations with supplier countries. Ensuring the access to energy resources with favorable terms is the primary objective for the energy-dependent countries, like Greece. Hence, the establishment of national energy policies is inevitably correlated with the external relations in the same field. At the same time, Greece is trying to counterbalance its energy dependency with its transportation potential in becoming a main transit route. The international, energy–based, relations of the Greece is an issue that will be discussed in the second part of this research paper. In the current part, the paper will be dealing with the modernization of the Greek energy sector that aims at the creation of a new equilibrium between petroleum and gas consumption and the promotion of renewable energy sources. Additionally, it aims at the liberalization of the internal energy market and the convergence of the Greek and European legal framework. The most important step towards this direction was the establishment of the Energy Regulatory Authority in 1999. It is an independent administrative authority and the main advisory and recommendatory body for energy related issues. Instituted as a result of the convergence process of the Greek legislation with the EU Directive 96/92 and appointed with the task of modernizing the energy markets in Greece, RAE stands neither as an auditing nor as a legal authority. Its purpose is to facilitate the free and fair competition in the energy market through the recommendation and monitoring of prices, of market operation and licensing and through establishing an information and assistance point for both consumers and investors. The purpose of the RAE is to ensure the achievement of the long-term strategic objectives of energy policy as well, while promoting the public interest. Such objectives are the security of the country’s energy supply, the development of, environmentally friendly, renewable energy forms, the effective use and supply of energy resources from all consumers and the creation of adequate energy infrastructure. The integration of these major energy policy issues in the market along with the service of the public interest is perhaps the most difficult task of RAE.

Another important step towards the modernization of the energy sector is the active participation of the civil society in an open dialogue dealing with the new challenges of the energy policies. A part from the environmentally oriented NGOs, a wide range of institutes and public sources is launched in order to facilitate the valid information of the public on energy issues and to promote the dialogue among the relative public

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4 By the Greek law 2773/22-12-99, as amended by Article 5 of Law 2837/2000.
institutions, the energy companies and the investors as well as the consumers. We present below the two most important ones:

1. IENE: Institute for Energy for Southeast Europe

Official website: http://www.iene.gr/

Founded in July 2003, The Institute of Energy for Southeast Europe (IENE) is a nonprofit organization, based in Athens, formed by a group of independent scientists and managers engaged in scientific and professional energy issues. The principal objective of IENE is to become a forum where energy issues can be discussed, analyzed, synthesized and presented to the scientific-technological community, social, and economic institutions and the government. The Institute hopes to offer the appropriate platform to discuss and debate the issues of energy and environment that currently employ the international community through publications and electronic media (web sites) but also through events (debates, seminars, conferences).

The vision of IENE is to provide an independent, credible and established scientific standing body for analysis, design and layout positions around the rational production, transfer and use of energy in Greece and Southeastern Europe to the benefit of socio-economic development and environment in the region. In particular, among the main objectives of energy policy are energy security, economic development while protecting the environment and the competitiveness of energy systems. The Institute aims to play an important role in informing and shaping of Greek and international public opinion on energy, environment and sustainable development.

2. Energia.gr:

Official website: http://www.energia.gr/default.asp

Energia.gr is the main Greek portal on energy and environmental issues. It hosts important information, articles, in depth analysis and opinions on issues related to public and private energy, sector. It offers statistical data about energy markets in European and across the globe, as well as a business directory of all enterprises operating in the Greek energy market.
i. The Greek petroleum sector

REFINING- PETROLEUM PRODUCTS-POWER GENERATION

It has been already mentioned, that Greece’s energy needs are mostly satisfied by petrol (64%). Domestic oil production is limited and therefore Greece needs to import large amounts of oil and relevant products mostly from Russian Federation, Saudi Arabia and Iran. “Hellenic Petroleum Group” is the leading Greek energy company and one of the most profitable Groups of the energy sector in Southeast Europe.

Refining is the core of the Group’s business operations, accounting for the biggest part of its assets and investments. In Greece the group owns and operates three refineries (Aspropirgos, Elefsina in Attiki and one Thessaloniki in Northern Greece) that comprise 76% of the country’s total refining capacity. Apart from that, the Group holds since 1999 via its affiliated company EL.P.ET. BALKANIKI, the majority shares in OKTA AD SKOPJE, which operates the only refinery in FYROM. The capacity of the OKTA refinery is 2.5 million tons.

“Hellenic Petroleum Group” is also active in downstream retailing of petroleum products through subsidiaries both in Greece (EKO A.B.E.E.) and abroad: Cyprus, FYROM, Georgia, Bulgaria, Serbia, Montenegro and Albania, while regarding the production and the trading of petrochemicals/chemicals, the Group is the sole producer in Greece.

In the area of power production and trading, the Group’s activities mainly focus on the production of electricity and its cross-border trading. In particular, since 2005 the Group’s 100% owned subsidiary T-POWER has been the first, independent power producer in Greece with a total established capacity of 395MW, using combined cycle natural gas technology and with a maximum production capacity of 3,300,000MWh. The total investment for this unit amounted to about €250m. “Hellenic Petroleum Group” entered into a strategic alliance with Italy’s EDISON, in order to create one of Greece’s leading power producers ELPEDISON. The recently formed 50/50 joint venture, aims a power generation portfolio of 1,500-2,000MW, out of which a 390MW CCGT plant is already in operation and a new 420MW CCGT plant is expected to start its operation in 2010.

With regard to the Group’s shareholders status as it is shown in the table below, the Greek state is the second main shareholder followed by Paneuropean Oil and Industrial Holdings SA, which is based in Luxembourg, Paneuropean Oil and Industrial Holdings SA operate as a subsidiary of Latsis Group of Greece. The remaining 25.5% free float is split between institutional (16.7%) and private (8.8%) investors.
Main shareholders (>5%)

<table>
<thead>
<tr>
<th>(as of 31 December 2009)</th>
<th>Number of shares</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greek State</td>
<td>108,430,304</td>
<td>35.48%</td>
</tr>
<tr>
<td>Paneuropean Oil and Industrial Holdings S.A.</td>
<td>119,310,177</td>
<td>39.04%</td>
</tr>
<tr>
<td>Free float</td>
<td>77,894,704</td>
<td>25.49%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>305,635,185</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Table 2

“Motor Oil Hellas” is the second major oil refining company of the Greek energy market and it is considered to be one of the greatest contributors to the domestic economy as well as a key market player in the broader region. | The shareholders of “Motor Oil Hellas” come exclusively from the private sector and the company is listed several Athens Stock Exchange indexes (ATHEX COMPOSITE, FTSE/ATHEX 20, FTSE/ATHEX INTERNATIONAL). Furthermore, the Company is a constituent of the MSCI SMALL CAP INDEX. Apart from fuels, “Motor Oil Hellas” is the only lubricants producer and packager in Greece.

MINING & PETROL EXPLOITATION

“Aegean Energy”

Aegean Energy is an international upstream oil & gas Exploration & Production company with a focus on the Mediterranean and North African Basin.

The company in Greece produces hydrocarbons through a system of three offshore oil platforms, one gas platform and a comprehensive onshore plant which offers storage, offshore loading, de-sulphurisation and power generation capabilities.

In December 2007 it acquired a 95% of the “Kavala Oil Company” which under concession law 2779/1999 is the sole operator of the country’s oil and gas facilities. Greek upstream oil and gas assets have been in production since 1977 in the area of Kavala in North Eastern Greece and its total oil production has exceeded 110 million barrels. The entire production is

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5 All the data presented in this part of the paper has been retrieved by the official website of Hellenic Petroleum group: [http://www.hellenic-petroleum.gr/online/index.aspx](http://www.hellenic-petroleum.gr/online/index.aspx)

6 Official website of the company, source of the presented data: [http://www.moh.gr/resources/](http://www.moh.gr/resources/)

sold through an off take contract to “Hellenic Petroleum Group”. Aegean Energy exploits two new fields: Prinos North and Epsilon through two drilling extended reach wells, one being the longest well ever drilled in Greece, after having obtained the concession rights for exploration in the area by the Greek Ministry of Development. In addition the Greek Ministry of Development recently approved the transfer of the 70% of its share in the Sea of Thrace concession license, including the respective rights and obligations for the exploration areas East and West of Thassos Island.

The company has been recently given permission by the Egyptian authorities for the exploitation of the East Magawish Block.
“Aegean Energy” Operations in Greece

“Aegean Energy” Operations in Egypt


ii. **The Greek Gas sector.**

Greek dependence from oil can be easily concluded by the above analysis and the data already presented. A number of factors drive Greece to reduce oil consumption while further expanding the use of natural gas. This development is expected to rationalize the current mix of the primary energy sources for Greece. The steady increase of oil prices, the volatility of oil markets, coupled with the extensive environmental deterioration and the scientists’ forecasts for a depletion oil reserves, presses the need for the replacement of oil as the main energy source. Natural gas appears to be the best alternative to oil, taking into consideration its potential uses in industry and the housing sector. Admittedly, the co-production of heating and electrical power is one of the most beneficial uses of the natural gas. As far as industry is concerned, the benefits of natural gas are several: energy efficiency, secure and uninterrupted supply due to connection with the gas network, reduced emissions of greenhouse gases, less storage capacity. The housing and private sector such as hotels, hospitals and households, enjoy lower prices in comparison to oil, cleaner and safer fuel use and less need maintenance of storage infrastructures and electric equipment.
Articulation of the Greek gas sector

The Greek gas network has been greatly expanded recently since a new equilibrium between oil and gas consumption is both a Greek and a European demand. The construction of the natural gas distribution network is one of the most important infrastructures of modern Greece; an energy project that can be compared in size only with the electrification of the country. The National System Natural Gas includes:

a) The main high pressure gas pipeline between the Greek – Bulgarian border and the area of Attica with total length of 512km;

b) sub-sectors with total length of 706 km that connect different parts of the country's main pipeline;

c) LNG facilities on the island of Revithoussa;

d) Additional facilities and infrastructure.

The Administrator of the National System of Natural Gas (DESFA) is an enterprise founded in 2007 after the legal separation of distribution and marketing activities of the Public Gas Corporation (DEPA SA), which firstly introduced natural gas to Greece, pursuant to Law of Greek state 3428/2005 for the liberalization of natural gas market.

Apart from operating, maintaining and developing the National System of Natural Gas, DESFA also:

- Revises and introduces, after the approval of the relevant public institutions (Energy Regulatory Authority, Ministry of Development) pricing policies and procedures regarding the distribution of natural gas to the wholesale distributors, which are responsible for the final distribution of natural gas to the end-consumers;
- Provides access to the National distribution network of Natural Gas to each one who wants to enter the market of gas distribution, by ensuring transparency, accountability and compliance with competition rules.

The members of Board, as well as the CEO of DESFA, are currently, and for a period for ten years, appointed by joint decision of the Ministers of Economy & Finance and Development, regardless the shareholding status of DEPA.

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8 Official web site of the company, source of the presented data: [http://www.desfa.gr/default.asp?pid=1&la=2](http://www.desfa.gr/default.asp?pid=1&la=2). Data have been retrieved also from a questionnaire addressed to the company.
DEPA has as key missions:

- To sell natural gas to large, mainly industrial consumers, with an annual consumption of over 10 million cubic meters;
- To sell natural gas to Gas Supply Corporations privately owned by 49%;
- To distribute natural gas to regions where Gas Supply Companies have not yet been established;
- To sell natural gas for transportation purposes

DEPA’s share capital amounts to 991.2 million€. Participating in this by 35% is the Hellenic Petroleum SA company and the remaining 65% belongs to the Greek State.

The Public Gas Corporation (DEPA) lies within the jurisdiction of the Ministry of Environment, Energy and Climate Change. The distribution of natural gas for household and industrial use is mainly operated by Gas Supply corporations, whose 51% of shares belong to DEPA. Currently, the natural gas distribution network covers only the areas of Attica, Thessalia and Thessaloniki resulting in a limited use of the fuel in the rest of Greece. The domestic and industrial users of natural gas profit from the more competitive prices in comparison to oil, as well as cleaner and safer infrastructures, which are expensive to be installed though.

The Greek LNG sector is under expansion via greater imports. Currently LNG imports natural Gas in liquid form from Algeria, and then re-gasifies it. The Greek ports could serve as re-gasification terminals but the relatively high infrastructure costs as well as the lack of international pipeline connections between Greece and its neighbors are holding back the development of this market⁹.  

PART II
The “pipeline diplomacy”. The regional energy security and the role of the Greek state.

Map 1: Existing and proposed gas pipelines\textsuperscript{10}

\textsuperscript{10} Map source: Spiros Paleoyannis “The Fourth Corridor Gas Pipelines: Perspectives, Uncertainties and Implications” IE\textit{NE Working papers no 10, July 2009, www.ie\textit{ne.gr}
Map 2: Existing and proposed oil pipelines

In red: the pipelines proposed by Russia; 
In brown: the pipelines proposed by Turkey; 
In green: the pipelines proposed by Iran.

The current energy dependence of the European Union on non-EU suppliers persists and it is expected to further increase in the years to come as it is still uncertain whether the development of the renewable energy sources can counterbalance the use of fossil fuels. The use of natural gas, in comparison to oil, will certainly grow but this development would increase EU gas dependence on external suppliers.

A heated debate has been developed around the formulation of a common EU external energy policy in order for the Union to achieve, firstly, its internal energy goals, meaning increasing energy efficiency and ensuring competitiveness in the internal energy market, and, mainly, to secure safe and continuous energy supply from the key energy providers. In particular, a common EU energy policy is required to diversify the energy transportation routes and suppliers, in order to ensure an uninterrupted supply of gas to EU. Hence, both supplier and transit countries are of vital importance for the EU’s energy interests.

Greece, as an EU-member state, faces the same energy challenges. As it has been argued in the first part of the paper, the Greek energy policies are continuously aligning with EU priorities in the same field.

On the other hand, Greece is an energy transit country and, as I mentioned before, transit countries play a key role in the energy transport chain. Since a common external EU energy policy does not exist, as of yet, the member states maintain total control of their energy policy making. Therefore, the member-states maintain direct relations and individual deals with energy exporting countries, discouraging in this way the formulation of a common EU “voice” regarding diversification of supply and transportation security. Energy transit countries, such as Greece, could eventually take advantage of this situation and apart from gaining advantageous deals (in terms of supply volume and pricing) with suppliers, they will also try to boost their geopolitical significance in the regional and international arena. Greece considers energy cooperation with Russia as a part of broader spectrum of diplomatic cooperation, including the Greek–Turkish dispute and Cyprus issue. Energy initiatives were frequently followed by declarations regarding the historical relationship between the two countries based on the Orthodox Church and the good commercial links. However, Russia’s diplomatic influence on Cyprus dispute as well as other Greek-Turkish disputes remains limited in comparison to USA. In general, Russia has to face its own serious internal conflicts instead of intervening in third parties conflicts. Russia due to the frequent conflicts with its immediate neighbors puts EU gas supply at risk.

However, the absence of a common energy policy from the EU, gives Russia the opportunity to maintain its energy distribution network, slow down the pipeline projects of the EU and thus to remain the leading gas supplier for the EU market. The Greek gas network being part of the Russian gas distribution network; the 75% of the Greek gas needs are covered by Russian imports. As a consequence, Greece is considered to be a Russian supporter, within EU’s dialogue on energy roots diversification but it cannot highly influence or form relative policies. Some could argue that the existing pipelines status–quo, favorable to Russia’s gas supply monopoly, is in favor of Greek energy interests. Nevertheless, the dependence on a sole transport route could risk Greece’s gas supply as it has already happened during the Ukraine–Russian conflict in 2009. Moreover, being the last edge of pipeline’s branch rather

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13 It should be mentioned that Russia is a prime military equipment supplier for Greece.
14 Russia has supported the Cyprus rejection of the Annan Peace Plan in 2004.
15 Mark Leonard & Nicu Popescu, A Power Audit of EU-Russia Relations, European Council on Foreign Affairs Policy Paper, available on-line at:
than placed at the heart of the network, Greece’s supply depends on the uninterrupted passage from numerous countries before reaching the Greek territory\textsuperscript{16}. The Greek policy for energy security should therefore be double oriented; firstly, the state would work for the continuation, as well as the qualitative and quantitative development, of the already existing cooperation with Russia. On the other hand Greece should enhance the EU’s efforts towards supply diversification in order to reduce its dependence on Russia\textsuperscript{17}.

The Greece-Italy Interconnector, part of the broader Turkey-Greece-Italy gas pipeline project, aims at bringing Azeri gas to the Greek and the Italian market. It is a project that enjoys EU’s support, which asked for the completion of the project before the end of 2012. This project enhances Greece’s geopolitical significance in gas distribution to EU market; it creates cooperation opportunities with Turkey and meets the goal of energy sources diversification.

In regard to the oil sector, Greek imports policy is more balanced. However, Greece is heavily depended on its Middle Eastern providers. The Burgas–Alexandroupoli pipeline is an oil pipeline that will be used to transport Russian and Caspian oil from the Bulgarian Black Sea port of Burgas to the Greek Aegean port of Alexandroupolis.

Proposed by 1994 by Greek and Russian companies, an inter-governmental agreement for the construction of the pipeline between the three countries was signed in Athens on 2007. The project is offering an alternative route for Russian oil which bypasses Bosporus and Dardanelles. Both Greece and Bulgaria strive for the geopolitical enhancement of the broader area and this pipeline gives them a great opportunity to become key- bypass states of energy routes towards Europe and other western markets. However, the realization of the project is facing various obstacles; the new Bulgarian government expressed its serious concerns about the appropriateness and profitability of the pipeline. At the same time the new Russian –Turkish agreement for the participation of the first in the Samsun –Ceyhan pipeline, for the transportation of Kazakh oil, seems to overshadow the Burgas – Alexandroupolis pipeline. Statements from all parties involved are in favor of the two projects as their role could be complementary and not competitive.

Greece’s concerns focus on the Russian –Turkish relationship and the increasing geopolitical significance of the latter in the energy arena of the region, as well as the energy cooperation triangle amongst the EU, Russia and Turkey that could be potentially formed. \textit{All three}


\textsuperscript{17} Ibid
parties depend on each other and cooperation in a trilateral format could be beneficial for all. Turkey can play a significant intermediate role in the EU-Russian energy relations framework, because of the relatively secure transit path it offers for Russian energy sources and at the same time an alternative route for the transportation of non-Russian fossil fuels resources. A well-balanced relationship between EU and Russia could give the opportunity to Turkey to increase its geopolitical impact in the broader area of Caucasus and Middle East and to use the “energy card” in the context of its EU candidacy. While these conditions could undermine Greece’s importance on eastern-Mediterranean transit route, they could also work as potential cooperation driver between Greece and Turkey.

The maritime transport of fossil fuels is a sector that could enhance the energy cooperative schemes between the two countries, given the EU’s interest in boosting maritime transportation and exploitation of hydrocarbons through the harmonization of its energy and maritime policies and in the context of the Euro-Mediterranean Partnership. Eastern Mediterranean is placed at the heart of the EU’s energy and maritime interests; Aegean Sea presents a main transition path but also a potential reserve of fossil and renewable energy sources (especially wind parks). However, the Turkish claims on Greek coastal zone and the continental self, jeopardize peace and stability in the wider area and they do not facilitate joint energy and exploitation activities, which could positively contribute towards peace and stability. The engagement of private actors in the energy sector, promoted by the Euro-Mediterranean partnership, can create direct and strong linkages among national economies. Environmental concerns, caused by the sea-born pollution, would reinforce the civil societies’ links. Though, this type of relations still remains a “low-politics” type.

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