

The transformation of the Union for the Mediterranean into an Energy Community

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Summary

This article focuses on the Union for the Mediterranean (UfM), which celebrated ten years of life last year. The article examines whether the UfM may evolve into an Energy Community in order to keep together its member states when developing projects in the energy sector, in which they don't have the same interests. To what extent can the UfM become a driver for peace, stability and prosperity in the region of the energy-rich Eastern Mediterranean? The article examines the multilateral and bilateral frameworks of cooperation in the Mediterranean basin. What is the institutional missing link that may unite these frameworks into a solid work platform? The Eastern Mediterranean Gas Forum is a recent Egyptian initiative, developed outside the multilateral framework of the UfM. This initiative questions the relevance of the multilateral institutions and the bilateral relations developed between the Mediterranean coastal countries.

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KEY WORDS: Barcelona Process, Union for the Mediterranean, Energy, European Union, External Relations

1. THE DEVELOPMENTS RELATED TO ENERGY IN THE EAST MEDITERRANEAN

Nowadays we are witnessing the increasing geo-economic significance of East Mediterranean, which constitutes a maritime energy competition crossroads. Large deposits of natural oil and gas are found at the bottom of the Levantine basin, which are estimated at 1.7 billion barrels of oil and 122 trillion cubic feet of gas. The marine area of South Crete and the Greek part of the Herodotus field have been considered of remarkable importance due to both their geological composition and the discovery of hydrocarbons.

These developments have resulted into a further complication of the relations of the countries involved.

Israel has historically been a net energy importer, but the recent findings of oil and gas reserves in its deep waters have led many experts to believe that it could turn into a net exporter, thanks

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to the Tamar and Leviathan deepwater fields, located in the Mediterranean Sea west of Haifa³, and the shale and tight oil formations, which are able to produce huge quantities of oil, competing the USA and China reserves⁴. Those new developments have led to export deals with neighbor countries, such as Jordan and Egypt, changing Israel's energy role and ensuring a promising future for the country⁵. Pursuant to Israel's Energy Ministry plan, the coal will be replaced by natural gas by 2030.

Egypt is the largest oil producer in Africa, outside the Organization of the Petroleum Exporting Countries (OPEC) and the third-largest natural gas producer on the continent, playing a vital role in international energy markets through its operation of the Suez Canal and the Suez-Mediterranean (SUMED) Pipeline. Its natural gas reserves are enough to cover its own needs and export a big amount of them. The production and export system is governed by State owned companies, the Egyptian General Petroleum Cooperation and the Egyptian Natural Gas Holding Company⁶. The largest proportion of Egyptian gas production comes from the offshore fields of the Conic Field. Much of the gas production is exported to Libya, Syria, Israel and Jordan, as well as to third countries. Exports are conducted in a small percentage through pipelines (e.g. Arab Gas Pipeline), but also in the form of Liquefied Natural Gas (LNG)⁷. Finally, after having concluded an Exclusive Economic Zone delimitation agreement with Cyprus, the Egyptian government has initiated negotiations with the Cypriot government in order to exploit the underwater hydrocarbon deposits located between their borders.

At the beginning of the last decade **Cyprus** began to seriously think about its involvement in hydrocarbon research, following Egypt's above-mentioned efforts. The prospection initiated by Cyprus was made through concessions to international oil companies, of which Shell secured a 42,000 sq km concession with a successful outcome. At the same time, seismic surveys carried out in the wider Marine Region of Cyprus gave important and positive evidence of the oil potential of the region south of the island. Major gas reserves were found in the Marine Region that lies off the coast of Israel (e.g. giant Tamar gas field, 90 km off Haifa). The above findings have given significant energy value to the marine region south of Cyprus. These discoveries have altered the country's energy and geopolitical profile. Cyprus has ratified the Convention on the New Law of the Sea (UNCLOS), and signed an agreement on the delimitation of its Exclusive Economic Zone (EEZ) with Egypt in February 2003 and with Lebanon in January 2007.

The **Greek** energy sector is still largely dependent on fossil fuels, most of which are imported. Most of its energy requirements are covered by petroleum products alone. These petroleum products are not only used in the transport sector, but they are also converted in relevant amounts into electricity. In particular, the non-interconnected Greek islands obtain their electricity primarily from inefficient and expensive diesel generators. Natural gas, which also has to be imported at a significant cost, plays a growing role in meeting energy requirements. A national target of a 20% RES share in gross final energy consumption by 2020 has been set. Its main suppliers are Russia, from which it imports natural gas through pipelines that reach the country through other Balkan countries, as well as Algeria from which it imports liquefied natural gas (LNG), which in turn reaches the de-liquefaction station of Revythoussa. Finally, it also imports

³ U.S. Energy Information Agency, "Country Analysis Brief: Israel".

⁴ David Caploe, "Israel May Hold the World's Third Largest Reserve of Shale Oil," Oil Price, 2011.

⁵ Ken Silverstein, "Israel's Natural Gas Finds Win the World's Notice," Forbes, 2013.

⁶ Independent Statistics and Analysis, U.S. Energy Information Administration, Country analysis brief: Egypt, 2018.

⁷ Georgios Chrysochou, *The Energy Security Dimension of Southeastern Mediterranean Sea: Geopolitical Rivalries and Prospects for Greece and Cyprus*, 2016.

natural gas through the Turkey-Greece interconnector pipeline, which operates since 2007, transporting Azeri gas through Turkey's territory to the Komotini terminal. The Trans-Adriatic Pipeline is crossing Northern Greece. Furthermore, many foreign business groups obtained concessions in the exploration and exploitation of hydrocarbons in Western and Southern Greece.

Turkey is a country that designated its Exclusive Economic Zone in the Black Sea in 1986 and has since used its natural gas fields in the wider region to meet its domestic energy needs. The most important field of this area is the one located in the Marmara Sea. The British Petroleum, Shell and the Turkish company TRAO are responsible for the exploration and exploitation of these deposits⁸. Due to the inadequacy to fulfill its internal energy needs, Ankara imports 600 bcf per year, primarily from Russia, using the Romania - Bulgaria - Turkey Pipeline and then through the Black Sea, using the Blue Stream pipeline. Turkey also imports 1 tcf of natural gas each year from the Azeri Shah Deniz deposit, which is located in the Caspian Sea and is connected to Turkey via the Baku - Tbilisi - Erzurum pipeline. Finally, Ankara imports 49bcf of Iranian gas via the Iran - Turkey Pipeline. In Turkey there are also liquefaction facilities for natural gas, with a capacity of 175 bcf per year, imported from Algeria and Nigeria.

The importance of Turkish energy corridor is growing day by day. The Greek-Turkish part of the Italy-Turkey-Greece Interconnector pipeline is completed in order to transfer gas from the Shah Deniz to the European market. Also, Turkey supports the proposals for the construction of the Trans - Anatolian Gas Pipeline (TANAP), together with the Trans - Adriatic Pipeline TAP and the South - East Europe Pipeline (SEEP), for the transportation of Azeri gas to the European market. The ultimate aim of this energy policy is to meet the domestic needs of Turkey's natural gas and to upgrade its role as the main gas transit country in the region⁹.

However, Turkey's negotiations with the EU are not advancing in a way to secure Turkish membership in a near future. In its report on EU enlargement policy published on 17 April 2018, the European Commission stated the following with regard to Turkey's accession to the EU: «Turkey has been significantly moving away from the European Union. Under the currently prevailing circumstances, no new chapters are considered for opening».

Major Infrastructure Projects

The creation of new infrastructure is the result of the discovery of new gas reserves in the region.

EastMed

The East Mediterranean Pipeline (East Med) is an ambitious project of 1,875 km, of which 1,385 km is in deep water in the Mediterranean, with an annual capacity of approximately 14 dkm. It intends to transfer natural gas starting from 2025, from various sources of Eastern Mediterranean to the Italian and European gas networks.

The original pipeline proposal came in 2003 from co-owners of IGI Poseidon, Italian-French Edison S.A. and DEPA S.A. It is an imprint of Greek diplomacy in the energy sector, for a unified link between the flows of the new major discoveries of the Israeli resources (mainly Leviathan), together with the Cypriot stocks. An interconnection of all these Levantine flows,

⁸ Georgios Chrysochou, id., op. cit.

⁹ Miguel Eduardo Sánchez-Martín, Gonzalo Escribano Francés & Rafael de Arce Borda, Will Energy Save FDI Inflows to Turkey from the Cool Down of EU Accession Prospects? A Case Study of How Geo-political Alliances and Regional Networks Matter, 2015.

directed through Greek mainland, and the Poseidon submarine pipeline to the Ionian Sea, towards Italy / Europe.

The East Med project bypasses Turkey. It was the catalyst for the strengthening of the relations between Greece, Cyprus and Israel, building on to the Israeli need to find a safe passage for the exportation of Leviathan's rich reserves.

The Gas Forum

The project for the establishment of a gas forum was first announced in October 2018 at the summit of Egypt, Greece, and Cyprus in Crete. On January 14, 2019 the Egyptian Petroleum Minister, Tarek el-Molla, hosted the Energy Ministers of Cyprus, Greece, Israel, Italy, Jordan, and the Palestinian Authority to discuss the establishment of the Eastern Mediterranean Gas Forum (EMGF). This body, with headquarters in Cairo, will serve as the umbrella for cooperation and dialogue regarding the development of gas resources in the region. Turkey is the only country without oil and gas resources and one of the most important energy hubs in the world with several pipelines projects (SCP, TANAP and Turkish Stream) whose relevance could be mitigated by the aforementioned eastern Mediterranean consortium. As a result, after the discovery of Aphrodite fields in Cyprus, the option of a 2.200 km gas pipeline passing from Israel through Cyprus, Crete and Greece, bypassing Turkey is thought to be more suitable for the development of a Southern gas corridor, when compared to the sea pipeline of 500 km reaching Ceyhan, despite its higher cost.

Turkey's policy in Eastern Mediterranean is now to prevent any initiative, which will shrink its capacity to capitalize its geographical position as energy partner inside and outside the region. As a result, Turkey tries to gain time by blocking any solution for the development of new projects transporting the gas resources of Eastern Mediterranean to Europe bypassing the Turkish territory.

The situation described requires viable solutions to the aforementioned issues. The establishment of European and international institutions along with the existing legislative instruments and regulatory frames should provide clear answers to the complexities which have arisen.

Who can guarantee the transportation of natural gas from the Eastern Mediterranean to Europe? What measures can secure the uninterrupted flow of gas to the European markets? How can investors be encouraged to build the necessary energy infrastructure? To what extent can this infrastructure be functional? Are gas transactions affected by the different legal requirements of the jurisdictions involved? How important is the notion of unbundling in developing the required infrastructure (i.e., the separation of marketing and supply activities)?

The abovementioned Gas Forum is not being developed within the context of the UfM. Having in mind that Egypt is a co-founder of the UfM, isn't it difficult to understand why Egypt did not chose to launch the Gas Forum within the UfM? Could the UfM provide the appropriate legal basis for the development of the Gas Forum?

2. UFM: THE MULTILATERAL PROJECT-ORIENTED FRAMEWORK

In February 2007, in his campaign for presidential elections in France, Nicolas Sarkozy announced his vision for the Union of the Mediterranean¹⁰. In the beginning, the former French President intended to limit the membership to the coastal EU member states only. Germany opposed his plan, because it could not understand why all the other EU member states could not participate in an institution, when they would be requested to fund its activities. Finally, on 13-14 March 2008, the European Council approved the establishment of the Union for the Mediterranean, as a follow-up to the Barcelona Process, where all EU member states would participate.

The Founding Declaration, signed in Paris on 13 July 2008, provided for the establishment of a regional organization in Barcelona, marking the continuation of the Barcelona Process. All four pillars of the Euro-Mediterranean Partnership were adopted as the Union's actions for the Mediterranean, while the Union itself would be "complementary" to bilateral relations held between the EU and non-EU Mediterranean countries. This meant that if the Union ever developed into a free trade area, a customs union or a common market, this would have to be decided not within the multilateral framework of the UfM, but within the context of the EU's bilateral relations with the non-EU Mediterranean countries. The UfM would be independent from the EU enlargement policy and funded by the Southern Dimension of the European Neighborhood Policy Instrument (ENPI).

In view of the above, one might question the added value of the establishment of the UfM. We would be unfair if we concluded that the establishment of the UfM did not make a clear progress since the Barcelona Process was launched. It is the only forum which keeps together around the same table all the governments of the region. The Mediterranean partnership has evolved into an international organization that clearly upgrades the level of political dialogue between the EU and the Mediterranean countries. In addition, the new organization is geared to implement specific projects of common interest for which a list of six priority areas was agreed:

- (1) Combating pollution in the Mediterranean Sea.
- (2) Developing infrastructure projects for maritime and road transport.
- (3) Undertaking civil protection actions to face natural disasters.
- (4) Developing energy projects focusing on renewable energy.
- (5) Developing Higher Education and Research activities.
- (6) Encouraging Mediterranean entrepreneurship.

This was the original plan of President Sarkozy, who was inspired by the low policy project of Jean Monnet for the unification of Europe with the creation of the first European Coal and Steel Community (ECSC). The idea was correct, except that the ECSC was not only an actor as is the UfM today, but also a regulator. The UfM was not set up as a regulatory body but as a project-oriented organization. The regulation of trade and other relations between the two categories of partners was not the Union's business. To date, the UfM has created 54 projects worth a total of € 5.6 billion in the blue economy, infrastructure, youth employment, gender equality, etc. Two projects constitute its highlights: the EuroMed University situated in Fès, Morocco, and the desalination plant built in Gaza.

¹⁰ Panagiotis Glavinis, «The futile Union for the Mediterranean, Ten years after the establishment of the 'Union for the Mediterranean'», 5th INTERNATIONAL CONFERENCE "Poeessa" on AEGEAN: The Archipelago of Peace, p.9, 2018.

The Mediterranean region faces significant energy challenges today due to the increasing population with growing energy demands, the intensive industrialization and tourism growth that is also putting pressure on the energy resources, the average rise of temperature etc. Those challenges, if well addressed, can become business opportunities contributing to a sustainable energy transition. The region is rich in renewable energy sources, routing for low-carbon energy systems. There is also a potential to increase energy efficiency through the development of new technologies allowing energy saving and storage. Besides, developing gas and power transmission interconnections will lead to the progressive integration of energy markets in the region, representing an opportunity for countries to better face the challenge of energy security¹¹.

Within this context, the UfM coordinates the following policy dialogue platforms:

- The UfM Regional Electricity Market Platform (UfM REM Platform),
- The UfM Renewable Energy and Energy Efficiency Platform (UfM REEE Platform),
- The UfM Gas Platform.

These platforms are the only existing fora gathering all Euro-Mediterranean countries as well as key stakeholders, including financial institutions, regional organisations, industrial enterprises and energy experts. The UfM Energy Platforms hold an annual meeting devoted to the enhancement of synergies in the fields of renewable energies and energy efficiency, integration of electricity markets and gas in the Mediterranean region. Each platform develops its activities following specific Work Programmes including workshops, reports and studies, exchanging experiences and knowledge-sharing.

More specifically, the UfM REM Platform aims at integrating progressively the energy systems and markets in the Mediterranean region and, in particular, at the enhancement of electricity exchanges and interconnections, in order to achieve a secure, affordable and sustainable electricity supply for the benefit of citizens and economies in the Euro-Mediterranean region.

The UfM REEE Platform aims at promoting the progressive deployment of renewable energy and energy efficiency measures, in order to foster socio-economic development and sustainable energy transition.

Finally, the objective of the UfM Gas Platform is to establish a regional structured dialogue allowing the progressive development of a Euro-Mediterranean gas market, promoting security, transparency and predictability of both demand and supply in a way to balance the interest of producing and consuming countries.

Why none of these platforms was used for the development of the Gas Forum?

3. THE BILATERAL FRAMEWORK

When it comes to energy trade agreements the governance system is not single, but multi-layered, which leads to less legal cohesiveness and as a result global energy insecurity¹². One of the main weaknesses of the energy governance system is the absence of a single international institution focused on global energy supervision, as well as the lack of a single multilateral agreement overarching any other legal text relevant to energy in a comprehensive manner. On the contrary, there is a blend of cases of State-to-State cooperation when it comes to global

¹¹ <https://ufmsecretariat.org/ufm-energy-platforms/>

¹² Rafael Leal-Arcas, Costantino Grasso, Juan Alemany Rios, Multilateral, Regional and Bilateral Trade Governance, RELP, 2015, p. 62.

energy economy. EU for example¹³ is cooperating with energy-rich countries through bilateral trade agreements¹⁴.

EU is 54% energy dependent on the outside world for two main reasons¹⁵. First the exponential growth of oil consumption¹⁶, and second the secular decline in Europe's ability to mine coal at competitive prices¹⁷. To achieve the reduction of its energy supply vulnerability, the EU should manage not to rely on imported energy and to improve not only its energy efficiency mechanisms but also its renewable energy production system¹⁸. Furthermore, when it comes to energy that is imported, the sources have to be diversified in order to remain independent. Last but not least, the EU should invest in the enhancement of the integration, flexibility and liberalization of its energy market so as the inter-State energy trade and transportation is achieved at a reasonable price.

Since the aforementioned targets are not met, the EU is entering into Partnership and Cooperation Agreements (PCA) with third countries. The latter provide the general framework for the development of bilateral economic relations and the legal basis for the delivery of development assistance to their contracting parties, in order to actually achieve those agreements' objectives. These agreements, however, do not alter tariffs in the trade relations of the contracting parties. A third series of more sophisticated commercial agreements in relation to PCAs are the so-called Deep and Comprehensive Agreements (DCA), which now replace PCAs when they expire. These agreements provide for the progressive reduction and elimination of tariffs in bilateral trade relations. The DCAs also aim to establish a Free Trade Area (FTA). In fact, the DCAs are mixed agreements, which in addition to a FTA extend the parties' cooperation to sectors other than trade, such as in the fields of economy, security, rule of law, human rights, energy, environment etc. Basically, however, a DCA is a FTA, which may evolve into a more integrated form of trade cooperation within a Customs Union. In the Customs Union, the Parties eliminate tariffs in their trade of goods and, moreover, adopt a common external tariff in relation to third country exporters wishing to import their products into a Customs Union.

STATE	TYPE OF AGREEMENT	PROVISIONS ON ENERGY	PROVISIONS ON LAWS' APPROXIMATION
EGYPT	Association Agreement	Article 53 Energy The priority areas of co-operation shall be: <ul style="list-style-type: none">• the promotion of renewable energies;	Article 48 Approximation of laws The Parties shall use their best endeavors to approximate their

¹³ Svein S. Andersen, Andreas Goldthau and Nick Sitter, «Energy Union Europe's New Liberal Mercantilism?», International Political Economy Series, 2017.

¹⁴ Rafael Leal-Arcas, A. Filis, "The fragmented governance of the global energy economy: a legal institutional analysis", The Journal of World Energy Law & Business, Vol.6, Issue 4,2013 p.1-58.

¹⁵ M. Rostowska, "Energising TTIP: A Step towards Better EU Energy Security" "PISM Bulletin, No 57(652), 2014, p.1.

¹⁶ James Frederic Dewhurst, John O. Coppock, Europe's needs and resources, VI, Trends and Prospects in Eighteen Countries, p. 562, 2013.

¹⁷ Radulescu Irina Gabriela, Renewable Energy Strategies: Where European Union Headed?, Annals of the „Constantin Brâncuși" University of Târgu Jiu, Economy Series, - Information society and sustainable development , Special Issue/2015.

¹⁸ Bram Delvaux, Alice Guimaraes-Purokoski "Vertical Divisions of Competences between the European Community and its Member States in the Energy Field- Some remarks on the Evolution of Community Energy Law and Policy,2008.

		<ul style="list-style-type: none"> • the promotion of energy-saving and energy efficiency; • applied research into data bank networks in the economic and social sectors, linking Community and Egyptian operators in particular; • Support for the modernization and development of energy networks and for their linking to European Community networks. 	<p>respective laws in order to facilitate the implementation of this Agreement</p>
ALGERIA	Association Agreement	<p>Article 61 Energy The aims of the cooperation in the energy and the mining shall be:</p> <p>a) Institutional, legislative and regulatory upgrading to ensure that activities are regulated and investment promoted.</p> <p>b) Technical and technological upgrading to prepare energy and mining companies for the requirements of the market economy competition</p> <p>c) The development of partnerships between European and Algerian companies in the activities of exploration, production, processing, distribution and services in the energy and mining sector.</p> <p>The priority areas of cooperation in this respect shall be:</p> <ul style="list-style-type: none"> - Adaption of the institutional, legislative and regulatory framework of activities in the energy and mining sectors to market economy rules by means of technical, administrative and regulatory assistance - Support for efforts to restructure public enterprises in the energy and mining sector - building partnership in the areas of - oil and gas exploration, production and processing - electricity production - distribution of petroleum products - production of equipment and services used in the production of energy products 	<p>Article 56 Approximation of laws Cooperation shall be aimed to helping Algeria to bring it legislation closer to that of the Community in the areas covered by the agreement.</p>

		<ul style="list-style-type: none"> - developing and transforming the potential of mining - development of oil, gas and electricity distribution, - support for the modernization and development of energy networks and for they linking to European Community networks - the setting up of databases on the mining and energy sectors - the support and promotion of private investment in energy and mining activities - the environment, the development of renewable energies and energy efficiency - the promotion of technology transfers in the energy and mining sector 	
JORDAN	Association Agreement	<p>Article 74 Energy The priority areas of cooperation will be:</p> <ul style="list-style-type: none"> -the promotion of renewable energies and indigenous energy sources - the promotion of energy-saving and energy efficiency - Applied research into databank networks in the economic and social sectors, linking Community and Jordanian -support for the modernization and development of energy networks and for their link-up to Community Cooperation will also focus on facilitating transit of gas, oil and electricity. 	<p>Article 69 Approximation of laws The Parties shall use their best endeavors to approximate their respective laws in order to facilitate the implementation of this Agreement</p>
ISRAEL	Association Agreement	<p>Article 51 Energy</p> <ol style="list-style-type: none"> 1. The Parties consider that global warming and the depletion of fossil fuel sources are a serious threat to mankind. The Parties shall therefore cooperate with a view to developing sources of renewable energy, to ensure the use of fuels with the purpose of limiting pollution of the environment and promoting energy conservation. 2. The Parties shall endeavor to encourage operations designed to 	<p>Article 55 Approximation of laws The Parties shall use their best endeavors to approximate their respective laws in order to facilitate the implementation of this Agreement.</p>

		favor regional cooperation on matters such as transit of gas, oil and electricity.	
LEBANON	Association Agreement (signed on 2002, entered into force 2006)	Article 54 Energy Cooperation shall focus: a) Promotion of renewable energy b) Promotion of energy saving and energy efficiency c) applied research relating to networks of databases linking the two parties ‘ economic and social operators d) Supporting modernization and development of energy networks and the interconnection of such networks with Community networks.	Article 49 Approximation of Legislation The Parties shall use their best endeavors to approximate their respective laws in order to facilitate the implementation of this Agreement.
PALESTINE	Interim Association Agreement	Article 48 Energy The objective of cooperation on energy will be to help the West Bank and Gaza Strip acquire the technologies and infrastructures essential to its development, particularly with a view to facilitating links between its economy and that of the Community. The priority areas of cooperation will be: — the promotion of renewable energies, — the promotion of energy-saving and energy efficiency, — support to operations designed to facilitate the transit of gas, oil and electricity, and applied research into data bank networks in the economic and social sectors linking Community^ and Palestinian operators in particular, and — support for the modernization and development of energy networks and for their link up to European Community networks.	Article 41 Approximation of laws The objective of cooperation will be to approximate Palestinian Council legislation to that of the Community, in the areas covered by the Agreement.
TUNISIA	Association Agreement (1998) (No data are available on the text of the agreement)		

	European Union and Morocco are in negotiations to conclude a Deep Comprehensive Free trade Agreement. The DCFTA will build on the existing Association Agreement
MOROCCO	Association Agreement (2000) (No data are available on the text of the agreement) European Union and Morocco are in negotiations to conclude a Deep Comprehensive Free trade Agreement. The DCFTA will build on the existing Association Agreement
TURKEY	Customs Union <ul style="list-style-type: none">• There are no special settings for the energy
SYRIA	Co – Operation Agreement <ul style="list-style-type: none">• There are no special settings for the energy
MAURITANIA	On 21 September 2018 Mauritania signed the Economic Partnership Agreement between West Africa and EU <ul style="list-style-type: none">• There are no special settings for the energy

The bilateral framework of the aforementioned agreements is inefficient to promote the effective approximation of laws, which will enable the creation and operation of common projects in the energy sector. This is why, in another geographic area, the EU established a specialized agency to this effect.

4. THE ENERGY COMMUNITY

Through the so-called «Athens Process», the EU promoted the creation of a European organization for the integration of the regional energy markets between the European countries and the third countries of Eastern Europe and the Caucasus neighboring the EU¹⁹. It is Energy Community, an international organization based in Vienna, established under an international treaty signed in Athens in October 2005, which came into force in 2006. The Energy Community should inspire the UfM and make a positive contribution to its orientation²⁰ in a way that the UfM won't just accomplish a project, but it will also regulate a sector of high importance for both the Mediterranean coasts. The key role of the Energy Community is the approximation of laws of its member states in a specific sector, which will enable the markets inside and outside the EU to operate in an integrated form. If enabled with regulatory competences, the UfM could indeed become the appropriate framework for the development of major energy infrastructure projects in the region.

The question still remains to what extent is the Energy Community the missing link of the UfM in order for this institution to keep together its member states when developing ambitious projects in the energy sector, in which not all of them have the same interests.

5. FINAL REMARKS

Having examined both the bilateral and the multilateral framework under which the effort for the integration of the wider Mediterranean energy policy is carried out, it is now time to produce some observations, suggestions and conclusions regarding the furthering of the cooperation

¹⁹ <https://www.energy-community.org/>

²⁰ Simone Tholens, An EU–South Mediterranean Energy Community: The Right Policy for the Right Region?, The International Spectator Italian Journal of International Affairs, 2014.

between the states so as to achieve the aforementioned goal, but also and most importantly the integration of non EU markets into the common EU energy market.

But why is it that the initiatives have only produced so limited results? Why is it that there are two multilateral work platforms for the same –admittedly small– geographical area? Why do we begin to notice signs of further fragmentation? What is the missing link that will unite the bilateral and the multilateral framework into a solid work platform? Should it be a new initiative or the further strengthening and expansion of the existing one?

To begin with, it is important to note that although the bilateral framework has indeed produced some results for the EU in terms of the integration –or better unitization– of non-EU neighboring energy markets, it is clear that it has only produced acceptable results when the utter aim of the counterpart was to eventually join the EU as a member State. Otherwise the PCAs have proven fragile, easy to manipulate if pressure is applied by external powers and prone to breaking down, with the most prominent case being the one of Ukraine. It is therefore imperative that the multilateral framework of the UfM be enhanced in order to produce efficient and systematic results towards this end. Thus, what is the missing link between transforming the wider Mediterranean area into a common energy market and attaching it to the EU? Is it the Union for the Mediterranean or a Mediterranean Energy Community?

From our point of view, the missing link in the Mediterranean institutional framework is definitely an Energy Community, being both a regional and a sectoral institution, bearing regulatory powers, in contrast to the UfM which is only a regional project-oriented institution with virtually no regulatory powers. Thus, all efforts should be focused on further strengthening and broadening the regulatory authorities of the UfM, building on the model of the Energy Community, should we want to achieve a common “Mediterranean market”, including a gas market.

In any case, it would be a serious omission not to point out the various peculiarities of the Mediterranean and especially the East Mediterranean region, an area where not one but two regional superpowers exist, none of which is a member state in the EU. These two regional superpowers –Turkey and Israel– have fundamentally conflicting interests, which further impeditment the dialogue and process of integration.

On the one hand, Turkey is a full NATO member state and still in accession talks with the EU. Turkey bears an observer status in the Energy Community and is a full member of the Union for the Mediterranean.

On the other hand, Israel is only a NATO partner, not in EU accession talks²¹, not an Energy Community member, but a member in the Union for the Mediterranean.

Turkey has established its place in the East Mediterranean as a major energy transit country, whereas Israel is trying to become more involved in the energy market, especially lately with the discovery of at least one major gas field in the Levantine basin and with the announcement of the ambitious EastMed pipeline, a project included by the EU in its third Projects of Common Interest list, since it will develop as a joint project with Greece and Cyprus. This is a very risky project since the pipeline will have to be constructed in very deep waters –deeper than any other offshore pipeline in the world–, which skyrockets the costs, but also the security of the construction and as a consequence it is currently being promoted only by the three interested

²¹ Although very recently and for the first time since their initiation, the EU Parliament has called for a halt to the EU – Turkey accession talks.

states, with minimal interest from investors. What remains to be seen is how far the states will go in terms of incentives in order to see the project realized, what incentives they are prepared to grant to the potential investors and how deep into their pockets will they reach for the materialization of the endeavor. The sole purpose of this project starting from Israel continuing to Cyprus and then Greece, with the purpose to connect in the main Greek gas network and further into the EU, is to virtually bypass Turkey. The project would be definitely more viable and safe if it was connected in the already existing Turkish network in Ceyhan.

Lastly, we can find a common pattern between these two countries when it comes to long unresolved issues such as the Turkish occupation of Northern Cyprus and the Israeli occupation of the West Bank, which if solved would significantly change the entire picture of the Mediterranean as a whole, but most importantly would facilitate the integration of the wider Mediterranean energy market.

To that end, we can only underline the fact that the recent gas discoveries in the Levantine basin, especially in Cyprus and Israel, have caused negative reactions by Turkey, with regular seismic surveys being conducted in the area in order for Turkey to assert its power and secure its interests.

On the other hand, the EastMed pipeline project, has given the chance to traditional and historic power in the area, Egypt, to undertake an initiative in order to exploit its own natural resources in an efficient manner, but also to reassert its influence in the Middle East. The newly announced EastMed Gas Forum is the manifestation of the aforementioned effort, but also of the coalition between Egypt and Israel in order to bypass Turkey for the supply of energy to the EU.

In addition, it is clear that the UfM is not the forum of choice for Egypt, even though Egypt was the first co-presiding member with France since Algeria, another major gas producing and exporting EU partner, is already far ahead in terms of its cooperation with the EU.

Therefore, the traditional Arab competition in the area still exists, also including the religious component since Turkey, although not an Arab State, is the only Muslim country in accession talks with the EU.

The EastMed Gas Forum will lead to a further fragmentation in the wider Mediterranean area, producing an even smaller region, the East Mediterranean, where two regional superpowers are in direct conflict of interest.

It is clear that the energy situation in the Mediterranean is a complex one, both in terms of geopolitics but also actual interests. The way forward is definitely tricky, however if proper steps are taken in order to ensure a coordinated dialogue, processes and proper regulatory framework, within the already existing but strengthened platform of the UfM equipped with Energy Community's competences, the results will be less theoretical and more practical.

However in order to reach the goal of a common Mediterranean energy market, one will necessarily need to align the interests of the two aforementioned regional superpowers, firstly by solving long standing issues, secondly by not excluding or bypassing from any matters pertaining to the work platform and lastly by encouraging their active participation in an enhanced UfM.