

## **ENERGY AS A FOREIGN POLICY TOOL FOR GREECE**

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Greek foreign policy makers will function, at least for the near future, under the Damocles sword of the country's economic crisis. This imposes a number of constraints and limitations. In addition, as key organizations such as the EU and NATO are changing in an effort to adapt to new global and regional trends, Greece needs to find its own niche in the distribution of regional roles and convince its partners and allies of its own added value in common endeavours. A difficult task, indeed, for a country with limited resources but the alternative is strategic irrelevance in the wider region. The best option would probably be Greece's active participation to the shaping of the EU's new regional policies, without, however, ignoring the need for national initiatives or the further multilateralization of Greece's foreign policy.

While maintaining and even further emphasizing its European orientation, there is no reason why Greece cannot develop its relations with other major powers, including the US and Russia. Past tensions between Washington and Moscow made it difficult –and politically costly– for countries like Greece to cooperate with Russia on areas of common interest (like energy). The 'reset' in U.S.-Russian relations would probably allow Greece more leeway for energy cooperation with Russia.

Energy-related projects can be instrumental in Greece's effort to repair its image, re-acquire a leading regional role, increase its influence and accumulate 'diplomatic capital'. In this context, the Southern Gas Corridor can play an important role. Despite Greece's initial preference for ITGI (Interconnector Turkey Greece Italy), the Shah-Deniz consortium decided in favour of TAP (Trans Anatolian Pipeline). As a result, the Greek government has embraced the project and is expected to its best to facilitate its completion at the earliest possible time [and, of course, under the best possible conditions for Greek interests]. Otherwise, the final decision of Shah-Deniz will be in favour of either Nabucco or SEEP (South Eastern Europe Pipeline). To prevent such a development, an active diplomatic effort, on the basis of close coordination and cooperation between the Ministries of Foreign Affairs and Energy & Environment of Greece, Italy and Albania, as well as the TAP consortium, should proceed at full speed.

It should be mentioned that TAP will be crossing Albania before reaching its final destination (Italy), which raises some questions because of various outstanding issues between Greece and Albania which need to be resolved. Although it would be a mistake to underestimate bilateral problems, it would also be wrong to underestimate the common interests

and the potential for bilateral cooperation as Albania is, for a number of reasons, an important neighbour of Greece. The potential benefits of cooperation should also be understood and appreciated in Albania, as well.

In addition to the Southern Gas Corridor, Greece should try to enlarge its footprint in the energy map through other projects, including South Stream, Burgas-Alexandroupolis<sup>1</sup>, as well as the exploitation of potential oil and gas deposits in various parts of the country, notably in Western Greece and the maritime areas to the south and southeast of Crete. While Greece should continue and intensify its diplomatic efforts for the delimitation of its exclusive economic zone (EEZ) and other maritime zones with neighboring countries, this should not unduly delay efforts to exploit natural resources in the aforementioned areas. The purported interest of important regional and extra-regional powers should of course be taken into consideration in an effort to accelerate developments and to minimize the reactions of other regional powers.

The key factor here -and this goes well beyond the energy sector, but energy is currently the most tangible area of cooperation- is the strategic rapprochement between Greece, Cyprus and Israel. The relationship should be nurtured by all sides involved, who should try to build upon common interests, not common enemies. The latter would be a rather shaky ground for a strategic relationship. Athens and Nicosia should engage Tel-Aviv on a number of issue areas and proceed with enthusiasm, but also with caution as the whole region is undergoing a deep transformation and fluidity remains a key characteristic. The three countries are faced with a security equation that has a number of known variables but also multiple unknown ones. The regional security matrix involves a number of influential regional and extra-regional actors, with bilateral and multilateral relationships changing, shifting and evolving on an almost continuous basis, hence the need for caution and pragmatism.

To return to the energy sector, if technological and financial conditions allow, Greece could benefit through the construction of a pipeline to transport natural gas from the Israeli and Cypriot deposits in the Eastern Mediterranean through Greece to Western European markets. Such a pipeline project, as well as the alternative of building a Liquid Natural Gas (LNG) facility in Cyprus, would make an even larger contribution to European Energy security, especially if combined with prospective Greek hydrocarbons production. In a very difficult period for Greece, such energy projects provide an excellent opportunity for diplomatic and economic benefits.

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<sup>1</sup> As a result of the December 2011 decision by the Bulgarian government, the proposed Burgas-Alexandroupolis oil pipeline may not be constructed, although Russian sources claim that the project is only temporarily "frozen", a position Greece would obviously welcome.