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Energy International Risk Assessment

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Letter From The Editor

During his recent visit to Greece, President Putin underlined the fact that "Russia is focused on the diversification of energy routes to increase the stability of supplies and by extend Europe's energy safety. Over the last two decades Russia has been a stable and safe supplier of natural gas to Greece".

EU Energy Commissioner Cañete in a visit to Sofia said that "Bulgaria has the potential to become a key player in gas system of all Europe.The (Bulgarian) hub will allow the opportunity for various gas links, including Russian".

Does this mean that Brussels and the USA admit that TAP, IGB and the LNG terminal in Alexandroupolis are not enough to secure the energy safety of Greece and the rest of Europe and that they are ready to accommodate the concept of the Poseidon project?

Greece, wisely, declares that it is open to all constructive proposals. But if this is true, what did President Putin mean when he said in Athens that "we don't expect Herculean exploits on the part of Greece…"?

We attempt to answer this question in this issue of EIRA, which can also be found on eiranews.com.

Yours Sincerely,

George Hatziioannou
Editor

Bulgaria Ups The Ante To Become Balkan Gas Hub

Bulgaria rushes forward to secure the status of the main Balkan gas hub. So far the regional energy games are played around gas from Azerbaijan, US LNG and/or the Eastern Mediterranean offshore fields.

However, these sources are limited in volumes, expensive to produce, especially from the Shah-Deniz-2 field, and to transport.

The ceremonial start of the TAP pipeline construction near the Greek city of Thessaloniki was an opportunity to remind everyone of the Bulgarian aspirations. That facility will be linked to the small Interconnector Greece-Bulgaria (IGB).

The interconnector project has huge political support, and a stable interest for reserving capacities (up to 4.3 bcm) but no firm commitment. Only 1 bcma for the Bulgarian "Bulgargas" from Azerbaijan's SOCAR is planned for deliveries through TAP, and yet these offers could be perceived as only 'more or less' granted. The sourcing and the pricing of remaining volumes are unclear. It might be in the form of LNG from a suggested regasification plant in Alexandroupolis (Greece). By the end of 2016, juridical, financial and technical parameters for that unit are expected to be sorted out.

"The building of an LNG terminal and of the Greece-Bulgaria Interconnector could provide to both countries competitive prices," said Temenuzka Petkova, the Bulgarian Minister of Energy.

The recent visit to Sofia of the Energy Commissioner, Miguel Arias Cañete, accompanied by the Director of the Internal Energy Market at DG Energy, Klaus-Dieter Borchardt was very important, from the Bulgarian perspective.

Prime Minister, Boiko Borisov, was waiting for the guests on pins and needles due to poor records of his country in the implementation of the EU energy policy and for not doing enough to bring IGB to fruition. Bulgaria has failed so far to provide full financing.

The visit was aimed to show the Brussel's support for efforts to diversify energy sources and implement EU-approved infrastructure projects.

Finally, everything went well. Mr. Cañete expressed the EU's political support for a Balkan gas hub: "Bulgaria has the potential to become a key player in the gas system of all of Europe."

He said that the project would give the opportunity for gas from diversified sources, including from Russia, and confirmed the continued financial support to the EU's priority projects such as the Interconnector Greece Bulgaria (IGB). The market test of the project is planned for June 2016, but investor's interest for booking capacity is far from being guaranteed. However, Mr. Cañete's statements assured that the project would go ahead despite lack of private interest.

Mr. Borissov reaffirmed his desire to do it, and flagged the interest in securing Russian supplies among others for his "Balkan gas hub".

They emphasized that Bulgaria and the EU's energy policies are aligned.

A specific point was made on Russian gas as an unavoidable source. Mr. Borissov stressed: "Everything we do is coordinated, well-known and it is appreciated. It is not aimed against Russia. It has to be known that if European rules are observed then everyone is welcome."

It all sounded a bit strange since Russia seems to be in no hurry to further local pipeline projects. On a visit to Budapest Russian Foreign Minister Sergey Lavrov said his country was looking for a new gas transportation project in the Balkans. He expressed hope the European Commission would be objective, and that solutions can be found to satisfy all parties.

Gazprom officials recently confirmed they see Bulgaria as a possible route for the Russian gas bound to go through the Black Sea to Greece and then to Southern Italy, along the planned Poseidon pipeline. But the EU Commission

is still not clear.

It is apparent that Moscow has no trust in Sofia and Brussels, and would seek guarantees for new pipeline projects in the region.

Ankara was the sole serious competitor for Sofia as the dispenser/operator/hub for Russian gas. However, having badly damaged relations with Russia, Turkey may bring back to life the Turkish Stream pipeline project only at a price, making certain concessions. This is hardly feasible as long as Recep Tayyip Erdoğan remains in the presidential residence.

The expert community is quite skeptical about the perspectives of Bulgaria and Turkey to become regional gas hubs and similarly about Russia's ambition to put on stream pipeline projects in the Balkans. They claim that additional volumes of Russian gas might come to the Balkan countries form the North should the Nord Stream-2 pipeline be pushed through by Germany. This is not a comfortable option because this gas will come at a higher price due to transportation fees but the only alternative would the reliance of South East Europe on imported LNG, which will also come with a sizeable price tag.

Greece Untaps TAP Wary Of The Gamble

The supposed to be solemn inauguration ceremony in Thessaloniki (Greece) of the Trans-Adriatic Pipeline (TAP) left a confusing aftertaste, fuelling suspicions that the level of uncertainty over the realization of the endeavour, which is reported to be well on track, is higher than occasionally revealed by its promoters.

The event in Thessaloniki was marked by a relatively high-level attendance listing among guests of honour the European Commission VP for the Energy Union M. Šefčovič, US Special Energy Envoy A. Hochstein, gas industry chief representatives. Yet, the conspicuous absence of several heads of states, who declined the invitation, marred the festivity and must have left the host, Greek PM A. Tsipras a bit perplexed over the actual anticipations of the promoters and interested parties that are involved in the implementation of this large-scale infrastructure project.

Maybe these doubts are misplaced. Maybe not. VP for the Energy Union Maroš Šefčovič, talking to Financial Times played up the TAP ceremony and reiterated the full support of the European Commission for the project. "If you look at the Southern Gas Corridor you are talking about true diversification" (...) "It's a new source, new supplier, new route and really new molecules of gas."

In an apparent reference to Russian pipeline gas that currently covers most of Greece's demand, the US Energy Envoy Hochstein emphasized the benefits of the new infrastructure: "TAP means more paths for new gas in areas exposed to aggressive energy monopolies." The logic is clear: TAP fits into Southern Gas Corridor like a glove, thus enhancing energy security of South East Europe.

Noteworthy, Greek PM A. Tsipras compensated for his initial opposition to TAP by applauding the progress made on this track as well as the positive momentum gained in the implementation of the Interconnector Greece-Bulgaria (IGB) and in furthering preparatory works on the new LNG Terminal in Alexandroupolis. The latter is earmarked for receiving and processing US LNG supplies due to be shipped by the American Cheniere, whose representative was present at the TAP ceremony.

However, A. Tsipras did not uphold the anti-Russian vitriol since he expected later that month (27-28 May) to host President Putin on a two-day visit to Athens to hold talks and finalize business deals on several dossiers, including energy. On the eve of the visit, Greek daily Kathimerini featured an op-ed by Putin where he defined Greece as an "important ally in Europe" and placed a distinctive emphasis on interaction in the energy field. Russia is "focused on the diversification of energy routes, which will increase the stability of supplies, and by extent Europe's energy safely (...) Over the last two decades Russia has been a stable and safe

supplier of natural gas to Greece," Putin wrote in his article for Kathimerini.

It seems Moscow was well aware of the futility to play the Greek card against the European Union. Russian President admitted in his traditional manner: "We don't expect Herculean exploits on the part of Greece and it's very unlikely that this country might be able to clean out the Augean stables of European bureaucracy."

Yet, the red carpet treatment of Putin in Athens amid the on-going EU sanctions against Russia would have been viewed as a gesture of defiance on the part of Tsipras and his team, if it were not for a new context. The originally left-wing SIRIZA government led by Alexis Tsipras has unwillingly accepted the stringent demands of the trilateral international lenders known as Troika. In May, this orderly retreat has produced sort of a compromise on restructuring Greece's debts when its €86bn bailout ends in 2018.

To be fair enough, the IMF and eurozone finance ministers did not disclose the amount and nature of Troika's promised concessions. Moreover, the final verdict was left to the discretion of national leaders of the Eurozone, thus keeping the sword still hanging over the head of the Tsipras' government.

It is more than evident that A. Tsipras is now "playing by the book" and abides by the EU directives coming out of Brussels. It does not mean that the tamed but still flamboyant young maverick is happy with having limited choices when it comes to securing supplies to his ever energy-hungry country. "Energy constitutes a key area of economic development for the region and Greece and our strategic aim is for Greece to become an energy hub," the Greek premier intoned. Yet, predictions of the Greek media that Russian leader's visit would bring about a breakthrough on the Poseidon project turned out to be far-fetched and unrealistic.

Just to remind: With some minor adjustment of the Interconnection Turkey-Greece-Italy (ITGI), Greece could source gas from Russia coming through an off-shore trunk pipeline laid on the bottom of the Black Sea (see. "If Poseidon sinks, will it please the Greek gods?", Volume 4, Issue 4, March 2016). As a strange coincidence, on the last day of Putin's stay in Athens his Energy Minister Alexander Novak said the natural gas pipeline planned to run from Russia across the Black Sea to Greece and Italy might pass through Bulgaria or Turkey.

No less surprising came the statement by EU Energy Commissioner M. A. Cañete on his visit to Sofia that within the framework of creating a gas hub in Bulgaria the EU would resign to the idea of mixing Russian and Caspian gas. "Bulgaria has the potential to become a key player in the gas system of all of Europe. (…) The hub will allow the opportunity for various gas links, including Russian."

This could be interpreted as a sign that the EU might eventually accommodate the concept of the Poseidon project. The reasons are most probably twofold. First of all, in spite of the modest gas demand growth in Europe, the depletion of domestic fields is accelerating and imports looks like the inevitable solution.

Second, the TAP/TANAP construction projects are facing scepticism of the investors amid a low-price environment. The timeline with return on investment (ROI) does not look good. The World Bank or the European Investment Bank that are considering loans to both pipelines have not yet come to a firm decision. Besides, there is a growing uneasiness among TANAP partners with the Azeri side jealous and suspecting that most of the loans would end up in the pockets of the Turkish BOTAŞ Petroleum Pipeline Corporation, and not state-owned and state-run Azerbaijan's SOCAR.

Since Caspian gas provided by SOCAR will feed TANAP and proceed through TAP, the current thickening uncertainties do not infuse confidence in the Tsipras' government that Southern Gas Corridor, now fully dependent on Azeri supplies, will meet the expectations. Athens is happy with TAP but is wary of it becoming a gamble.

Israel Unchains Leviathan Gas Field

Israel is speeding up in the race for leadership in developing gas projects in the Eastern Mediterranean.

After the discovery by Italian Eni of the Zohr offshore field near the Egyptian coast, the Israeli gas producers seemed to have lost the momentum. Indeed, the Zohr deposits are believed to be larger than those found in waters of the Jewish State. Zohr has also changed the economy of Israeli gas projects: Egypt will not be anymore the future main external market.

The situation was complicated by internal discussions about how to use discovered gas fields (the main are Leviathan, Tamar and Dalit), and under what conditions should concessions be granted?

The main problem was linked to the Leviathan field, the biggest of three, conceded to an Americano-Israeli consortium, Noble Energy and Delek Drilling. A Supreme Court, in March, invalidated as unconstitutional a governmental regulation guaranteeing the absence of any gas pricing changes for 10 years. The ruling was considered as investor unfriendly, making the situation unpredictable for business.

Finally, the Israeli Government found a solution to the delicate problem, satisfying the consortium of producers and the Court's ruling. In May, the Prime Minister Benjamin Netanyahu dropped the controversial point, simultaneously promising compensations to energy companies for possible regulation changes.

The Finance Minister, Yuval Steinitz, explained the move: "The new version gives future government space to judge whether to change policies in the field of natural gas, should this be required."

Under the new agreed terms and conditions, by the end of 2016 Noble Energy will make the FID, so the product may come to the market as soon as 2019. The cost of the project is estimated at $5-6 billion.

Meanwhile, the developers have also chosen a cheaper technological solution for Leviathan. Leviathan is designed as a fixed platform producing 742 billion cubic feet of gas per year, with subsea pipes to the Israeli coast. The previous plan was relying on a floating production, storage and offloading vessel.

What may be the final export destination of the produced volumes? Obviously, it will not be Egypt. So far there is information that Israel and Jordan are conducting talks, and the Hashemite kingdom may be the main export destination for Israeli natural gas.

The two countries were discussing gas exports perspectives for more than a decade. The potential deal had been estimated at about $15 billion. The Israeli governmental decision changed the framework of the export project. The Jordanian parliament has authorized previously banned Israeli investments in national infrastructure projects.

There are also media speculation about the Turkish and the European market as a destination for Israeli gas. However, the volumes of Leviathan production, even combined with other major Israeli fields, will be not big enough to economically justify the building of underwater pipelines. The search and marketing of extra gas to feed into the offshore seabed pipeline would be a tough task. Could it be purchase of LNG cargoes, or tapping on the Egyptian gas production? Possible, but the question of sufficient volumes will still be hanging.

Anyway, Israeli LNG will not be a game changer in the region but will give the country the much desired energy independence for decades to come. The production from the Tamar field already covers 40% of Israeli power generation.

In Zohr They Trust - Egypt Bets On Local Alliances And China

In Zohr they trust

Egypt bets on local alliances and China

Finally, fortune brought some good news for the citizens of Egypt. The country in North-East Africa, considered as an integral part of the Middle East in the geopolitical sense, heir to one of the powerful ancient civilizational birthplaces, remains ravaged by the collapse of the Arab Spring's hopes pinned on 'traditional values' and slowly recovering from a through mismanagement during the brief but devastating Muslim Brotherhood's governance.

For the last six months, at least, the exploration prospect of the Zohr IX, one of the largest natural gas fields discovered in the Eastern Mediterranean by Italian energy major Eni, raised expectations of Cairo's government and boosted confidence of Abdel Fattah Saeed Hussein Khalil el-Sisi commonly known as Sisi, the sixth and incumbent President of Egypt.

Stakes are high for General Sisi whom his fellow countrymen and countrywomen would take to task should he fail to deliver. For this particular reason, the military ruling elite tries to earn a reputation of "economic innovators" and competent managers.

Ambitions riding high

Despite serving as a purveyor of pipeline gas to Israel for a long time, Egypt is a net importer of energy, including this hydrocarbon.

The Oil Ministry sounded somewhat cheerful announcing that an additional floating storage and regasification unit (FSRU), planned to be leased by June 2017, would allow Egypt to convert liquefied natural gas (LNG) back to its gaseous state and used for power generation during summer. It would drive the total volume of imports to 2 billion cubic feet per day. At present, imports stand at around 1-1.1 billion cubic feet per day of LNG.

The price tag is huge if compared to the budget: $795 million per month is spent on purchasing energy, with one third of it being natural gas. This dependence would be abandoned once Egypt ramps up domestic production. Counting on the 850 bcm of proven reserves in the Zohr IX field, and the on-going upgrade of 12 other natural gas fields, the government is optimistically projecting a 30% surge in the overall natural gas production by 2019, assuming the output volumes would vary from 5.5 to 6.0 billion cubic feet per day.

Forged alliances resemble paper tigers

The Cairo government is well aware that the political turbulences all through the Arab Spring with Tahrir Square public protests, either in support or against the rule of the advocates of political Islam, and culminating in the ejection of President Morsi by the military clan, did not endear foreign investors to Egypt. The investment climate is far from favourable and keeps the established Western financial institutions at bay and reluctant to make risky moves.

The first-track of Egyptian diplomacy amount to attempts to win back the trust of old and new stakeholders in the reactivation of the energy sector, but it has limited success. The second-track is focused on forging regional alliances to pool resources, money and know-how, and end up sharing the fruits of joint endeavours.

Just for the record: On August 8, 2014, Cyprus, Greece and Israel signed an energy accord to attract private investment (actually it was related to power generation). Then, scanning the process retrospectively, on December 9, 2015, Egypt, Cyprus and Greece signed a joint statement in Athens pledging to use hydrocarbons as a facilitator of peace "through the adherence of countries in the region to the established principles of international law."

Tapping on the natural gas riches offshore in the Eastern Mediterranean (East Med) looks like a safer bet. Placing into the equation the summarized abundance of the recent finds backs the assumption. Apart from 850 bcm of Egypt's Zohr, Israel can complement it with 450-600 bcm of its Leviathan field, and Cyprus might augment stakes with the Aphrodite field, home to 200-300 bcm.

The beginning of this year was marked by another symbolic accord:

In late January, Israeli Prime Minister Benjamin Netanyahu, President of the Republic of Cyprus, Nicos Anastasiades, and Greek Prime Minister Alexis Tsipras have thrown their weight behind the concept of EastMed, which stipulates the construction of an offshore pipeline to ship natural gas from fields in the East Med countries via the island of Crete to mainland Greece and further on to Italy.

On the diplomatic side, it looks convincing and promising, but on the practical and business side, it sounds like a lot of noise with nothing significant. What really counts is the current absence of interest on the part of the European investors to undertake commitments with vague ROI prospects in a region plagued with inherent instability exacerbated by the political extremism, adventurous foreign polices, spread of terrorist activities, including the ominous phenomenon of the Islamic State's drive to restore the Caliphate.

Then, there is the challenge for Europe posed by the incessant in-flow of non-accommodative and non-adaptable migrants often with radical beliefs from the convulsing MENA region.

This is why foreign investor enthusiasm simply dries out. Hamlet's words would be perfectly applicable in this case: "And enterprises of great pith and moment, With this regard, their currents turn awry, And lose the name of action."

Extra-regional actors: enters the dragon

The mega project to expand the Suez Canal, inaugurated in August 2015, represents the lynchpin of General Sisi's intention to prop up his legitimacy and gain popularity with the impoverished strata.

When finalized, with the additional 35 km, the expanded Canal would guarantee a faster 2-way traffic for merchant ships, oil and LNG tankers by cutting waiting times from 11 hours to 3 hours, and reducing the delivery timeline from Gulf emirates to seaports in the U.K., for instance, by 10 days (to just a fortnight). Since the Suez Canal currently secures 19% of the global maritime trade, which amounts to 240,000 tons of goods shipped through it, the upgrade would enable the government in Cairo to double the profits that would go up from $5 billion to $13 billion by 2023.

The key detail in the imminent success story is that Suez Canal upgrade is undertaken jointly by Egypt and China. Just like similar endeavours: New Capital Project, the Electricity Finance and Insurance Agreement signed by Sinasure and the Egyptian side.

It is complemented by the Piraeus Port Project in Greece invested by COSCO, that organically fits into the comprehensive "One Belt, One Road" policy pursued by Beijing with the overarching goal of establishing a friendly logistical chain all across the trade interaction route between China and Europe.

By setting up last year the much-lauded Asia Infrastructure Investment Bank (AIIB), which has seen Germany, France, Italy and the U.K. join in despite displeasure shown by the United States, China has entered into direct contest with Western credit institutions like the World Bank and the IMF. The AIIB can boast of a definite competitive edge in luring the emerging markets and developing economies that are notorious for an urgent and bad want of loaned money: There are no political strings attached, it is purely for and about business.

Egypt is a textbook example of a country seeking money loans. Here enters the dragon. It has been reported that by January 2016 China has landed with 82 overseas acquisitions to the sum of $73 billion, with plenty of this money channelled into the energy sector.

Preliminary forecasts claim that natural gas to be pumped from Zohr field would be earmarked for the domestic market. Cairo will definitely prioritize meeting local demand of the growing population and hopefully of the economy freeing itself from the grips of a prolonged stagnation. However, some small volumes could be offered for sale. It might become more relevant should new discoveries follow, and the gas portfolio would bulge.

Under this scenario, Chinese business, having earned a reputation of a trustworthy partner, would be the first to benefit from its present well-paid loyalty to Egypt, which is devoid of any hidden agenda and with no inclination of a regime-change.

For the moment, it would be premature to calculate how far China's ambitions would spread in the East Med. What is apparent is the adoration in Egypt of the godsend named Zohr. Yet, what is not evident is the actual profit from the newly found offshore wealth.

Pipeline Diplomacy in Asia: What is Cooking?

The Chinese project of putting together the Economic Belt of the Silk Road (EBSR) is one of the biggest geopolitical challenges of modern times. The ambitious idea is to create a network of guaranteed transportation corridors between China and Europe, engulfing transit regions into a unique macro-economic system.

China views it as a means to capitalize on its financial, industrial and human potential. Countries and regional associations along the way of the Silk Road have a stake in harmonizing their differences and achieve a synergic effect through pooling their resources. On the contrary, the United States perceive the Silk Road idea as a big challenge, since the planned trade transit corridors, especially on-shore, will be out of American reach and control.

These transit corridors stipulate new roads and railways with logistic infrastructure and production facilities, and also new oil and gas pipelines, badly needed across these regions.

However, in Central and South Asia, which are on the radar of the Economic Belt of the Silk Road, not only Chinese, but independent pipeline projects are at various stages of readiness. Reviewing these projects will assist in weighing their pros and the contras.

1.**The Economic corridor between China and Pakistan**, designed to link Western China and the Pakistani port of Gwadar. There are huge Chinese investments aimed to build on the Indian Ocean coast a modern port. It would serve three purposes: assure a short cut for Chinese exports to Europe, guarantee transportation of hydrocarbons from the Middle East to China by-passing US-controlled sea lanes and boost regional development in western China. The project is warmly welcomed by Islamabad but watched with suspicion by the US and India. New Delhi is worried about growing cooperation between China and Pakistan and troubled by the fact that a part of the projected way would pass through the contested Kashmir area.

2. **TAPI pipeline**, linking Turkmenistan, Afghanistan, Pakistan and India. In December 2015, construction works started near the Turkmen city of Mary. The most optimistic evaluation is that the construction works would take 3 years; the more realistic, formulated by the Indian Energy Ministry, previews a 7 year period.

Financial problems could be overcome. Saudi Arabia and the Islamic Development Bank arranged financial backing in order to place it in contrast with the competing Iranian projects.

The US is politically supporting TAPI, trying to eject Turkmenistan out of the Chinese sphere of influence: if Ashgabat attempts to withdraw from the project, the Americans will raise the issue of the catastrophic human rights records in this Central Asian country. The problem is that Turkmenistan has already sold most of its gas output to China and does not have significant additional volumes for exports.

Beijing might perceive these outside pressures as threatening its interests.

However, the major problem will remain the security environment in Afghanistan and Pakistan. US troops might be put in charge of the pipeline security, which would be a good pretext to stay in Afghanistan indefinitely.

3. **Pipeline Iran-Pakistan-India**. The idea was first formulated 20 years ago but, so far, remains in an embryonic state due to international sanctions against Iran. Mutual suspicions between the three countries should also be put on the record. The US is also trying to block Iran from the Indian market in order to secure it for American LNG cargoes, and the same policy is pursued by Qatar. On a practical side, the project could remain limited to a single line between Iran and Northern Pakistan, with a possible extension to Gwandar and even to China along the planned corridor. The project is also an evident competitor to TAPI.

4. **Pipeline Iran-Oman-India**. New Delhi regards this project as acceptable since it bears less geopolitical transit risks. Oman has a huge Shiite community, is very independent on the winds blowing in the Gulf monarchies, but nonetheless has good relations with Iran. Pakistan is excluded as a transit country from this project, so India and Iran can establish direct gas link. There are no big technological challenges and the project has good chances to be implemented. The only question is the timing of the development of the Iranian resource base in the post-sanctions era.

Pipeline projects in this part of the world are developing under close scrutiny of two big uninvolved players.

The US has inherited the regional Big Game played in the XIX century by the British Empire. America's playbook is focused on maintaining a situation when no regional or global player has a winning position to dominate over others.

The US is supporting TAPI against China and, partially, against Russia. Washington is worried that Pakistan is leaning away from the US toward China. If the idea to build a huge transportation hub in Gwandar is realized, American efforts to create an anti-Chinese coalition in Asia and their control of the Malacca Street will be not enough to block Chinese imports delivered along the sea and land routes.

Iran also remains a strategic foe for the US. Despite the solution of the Iranian nuclear program, the US will continue to contain the ayatollahs and to derail their energy projects.

As to India, Washington is interested in the huge and speedily developing market and would like to reserve it solely for its own hydrocarbon exports, preventing easy access for competitors.

From the geopolitical perspective, the US perceives India in an anti-Chinese equation. For that reason, Americans will try to rupture between New Delhi and Beijing wherever they can, especially within the framework of BRICS and the Shanghai Cooperation Organization (SCO).

Russia faced with western sanctions is playing the "Oriental card" but is wary not to become excessively dependent on the goodwill of China. Yet, Moscow has also stepped into the game with Rostech company ready to launch construction of a gas pipeline from Karachi to Lahore, in Pakistan; Russian companies are also starting to sell LNG to India or pipeline gas through swap deals with Iran.

The main challenge for Russia is not only the US but also the Chinese hegemonic ambitions. These dangers could be mitigated through cooperation mechanisms within SCO, BRICS and also between EBSR and EEU. But the process was only kick-started with an open end.at the e.

All in all, the current assortment of gas transportation projects either on the table or in the initial stage of design illustrate the intense pipeline diplomacy in Asia when geopolitical consideration often outweigh business rationale.

If Trump Wins, What Looms For US LNG For Europe?

All along most of the 2016 U.S. election trail the issues of energy policy have been conspicuously omitted by the frontrunners, instigating certain uneasiness among the industry actors, investors, trading intermediaries, stockbrokers, insurance agents and shippers. At last, the silence has been broken, partially.

Energy topped the agenda of a public rally and discourse in Bismark, North Dakota, bringing some relief to the interested parties noted for their divergent views on tapping the offshore oil deposits, widening the application of the fracking technologies, and above all, earmarking shale gas either for exports or for the domestic market.

The shades and twists of the U.S. energy policy in the time span of the next four years constitute a vital issue for the European Union. Any new accent or twist that U.S. export priorities might acquire make a lot of difference, in particular for the countries of Southeast Europe now being encouraged to place their bets and money on the steady if not necessarily cheap American LNG cargoes.

Finally, it was the Republican standard bearer, the flamboyant maverick who flies around the country on board his personal airplane – nicknamed "Trump Force One" – with 24-karat-gold bathroom fixtures who has thrown his hat into the ring, which was basically shied by all other contenders from both camps vying for residence in the White House.

As a starter, it is worth to point out that Donald Trump sounded like a classical *laissez-faire* guru who is preaching non-interference and even withdrawal of the government from the economy, abandoning the current regulatory zeal of the Democrats, and leaving the show to be run by business itself. "Energy independence is my policy, and I would say that is what we all want", Trump said. He called on the federal government "to get out of the way" of the energy industry.

It meant, among other things, that the *enfant terrible* of the Republican weird panopticon, the abrasive iconoclast, whom Mitt Romney, the failed nominee from 2012, accused of "absurd third grade theatrics», opposes the Democrat's craving to shut down or at least curtail to the minimum coal production.

It remains unknown whether or not Trump, if elected President of the U.S.A., would support the shipment of cheap American coal to Europe. Yet, there is a high probability he would do it to meet the expectations of a plethora of energy actors that are making hefty profits on the renaissance of dirty power generation on the other side of the Atlantic. If so, Europe must sigh with relief: it is assured of steady supplies of heavy-polluting substances for years to come.

Unsurprisingly, Trump positioned himself as a friend of hydraulic fracturing (fracking), the root cause of the "shale boom" that brought the much-sought sustainability of the energy sector and its acquisition of a remarkable export potential. Quote: "Through modern technology, we found out that we (the United States) are sitting on energy like no one would believe." Quite expectedly, he used the opportunity to lambast his opponents from the other party:

"Hillary is going to ban fracking, Bernie is going to ban fracking... you do that you are going to be back in the Middle East begging for oil again," Trump said. "That's not going to happen, not with me."

Not to alienate the "green" voters, Trump praised the renewables, notably solar power but added a few dissonance remarks, saying windmills in California are "killing hundreds and hundreds of eagles. Plus it is very, very expensive and doesn't work without a subsidy."

Going back to fracking, it is noteworthy that Trump's counsellors must have briefed him properly. He showed awareness that under the present oil low-price environment new drilling has almost come to a halt, while marginal shale gas companies struggle to survive, and even bigger fish like Chesapeake Energy Corporation are looking shaky having to settle royalty lawsuits and sell assets to keep afloat. Trump probably had this background in his mind when he pledged to the responsive audience in North Dakota to endorse policies assisting the price for WTI to climb back to $50 per barrel.

It was rather predictable. Robert Rapier, a chemical engineer with 20 years of international engineering experience in the energy business, the author of *Power Plays: Energy Options in the Age of Peak Oil*, noted the difference of the two parties on these issues.

"Democrats and Republicans tend to advocate very different energy policies. Republicans are friendlier to the oil and gas industry, while Democrats generally lean toward renewables. We saw this play out in the spending bill adopted at the end of 2015, when Republicans won an end to the crude oil export ban in exchange for an extension of tax credits for wind and solar power," Mr. Rapier wrote recently in the Energy Post.

Basically, the energy aspect of Trump's "America First" motivation amounts to total energy independence, which has already liberated U.S. foreign policy of the necessity to be sensitive to the whims and ambitions of the Kingdom of Saudi Arabia. Trump wants to revitalise domestic energy sector for it to contribute to a steadfast revenues' flow to the federal budget thus cutting deficit and providing jobs.

Given Trump's focus on bringing home all of it, like bringing the bacon home and "bringing boys back home by Christmas", and also repatriating production facilities and investment, it is all too probable that the extravagant billionaire, who challenges certain segments of the U.S. establishment, would be all too eager to push up oil prices to make it once again expedient to drill for shale and raise the margin of profit for domestic energy producers.

It is highly likely that President Trump would not stop short of taking a hard-line approach toward OPEC and Saudi Arabia and the rest of it. He would be a hard-nosed ruler ready to rough any of the adversaries or vocal opponents who might come in the way of the new American Dream, rebranded by Trump to "America First" – it has a worrisome prospect that under certain circumstances Europe would find itself on the receiving end.

The diminished dependence on imported oil (cut by almost 70%) has made Trump gloat gleefully at the perspective of achieving full energy independence. As Gary Hart correctly intoned in his article on the ABO - About Oil portal, "Just a few short years ago the United States could not have undertaken nuclear negotiations leading to the lifting of economic sanctions against Iran for fear of alienating the Kingdom of Saudi Arabia, upon which we have been so dependent for oil supplies." Trump is the one who would capitalize on partially parting with the uncomfortable donor of desert oil.

In sum, the stance taken on energy issues by the winner of the Republican primaries is more or less clear. Some sticking points remain like Trump's claim that oil price slump is a totally "self-inflicted" problem and he is resolute to deal with it through his policy of "complete American energy independence."

In fact, it sounds rather confusing. It does not provide any hint what tools and methods would be applied by the possible new US President to push up domestic oil prices if he has advocated the federal government "to get out of the way" of the energy sector.

But, supposedly, the US administration under Donald Trump somehow manages to seduce oil prices to grow, say, up to $50 per barrel or more, which will make prospecting, drilling and production of shale oil and gas once again a most profitable enterprise. It might fit well into the concept "America First" but might not bode well with the unarticulated slogan "Europe First".

Here is the list of simple questions that have no answers so far: How exactly would it translate into the end price of US LNG shipped to end-consumers in Europe? How will it be reflected in the final bills? For instance, will the Greek clients "on the receiving end", that is at the LNG Terminal in Alexandroupolis be happy with what they get?

Trump has not assured a resident's permit at the White House but he has already secured a place in contemporary American politics, having influenced the political agenda, including the intellectual discourse and also down-to-earth debates on energy issues. The controversies and vagueness of some of his pledges makes it a must for the Europeans to keep a close watch on the "America First" guy.

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