

Mediterranean and the Geopolitics of Energy Security

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UNDER CONSTRUCTION

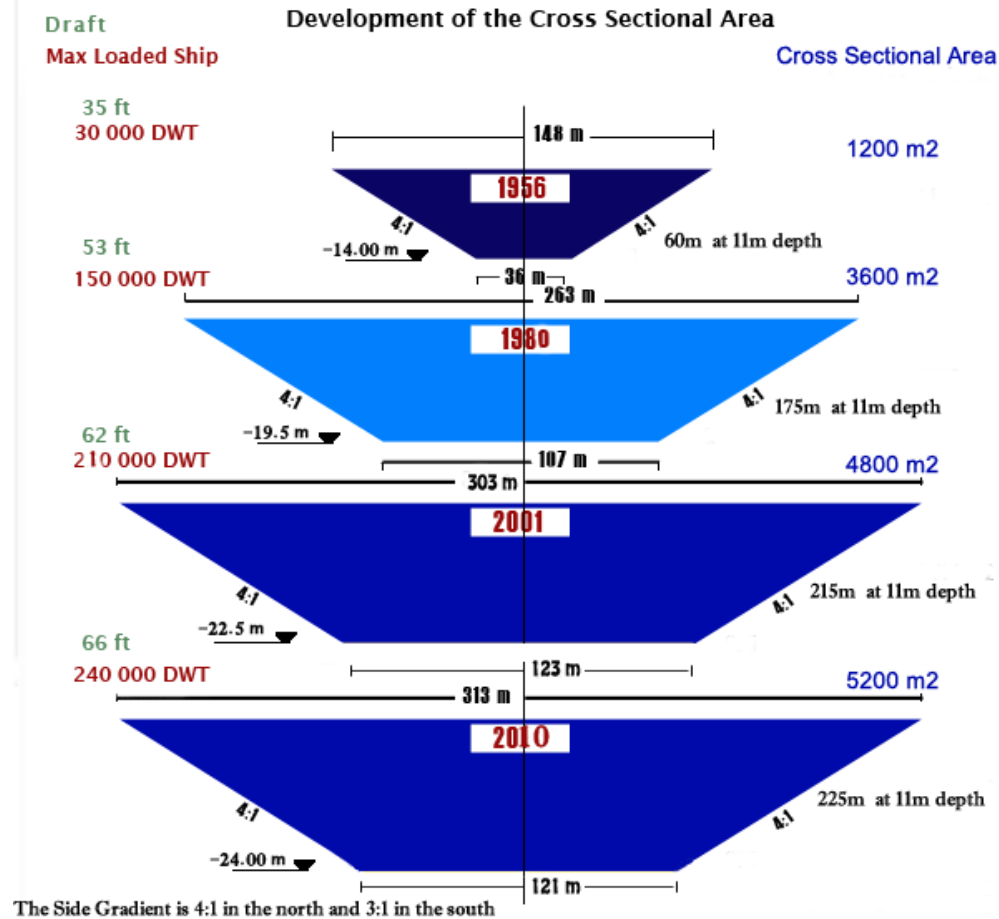
Mediterranean Theatre

- Mediterranean Sea:
- Adriatic Sea,
- Black Sea with Azov Sea,
- navigable rivers: Nile, Danube, Dnieper, Volga-Don System with
- Caspian Sea
- Suez Canal with infrastructure (SuMed oil pipeline, etc.)
- Bosphorus Straits
- Gibraltar
- Undersea infrastructure: HV cables, natural gas pipelines
- Legal arrangements and
- Military infrastructure and resources

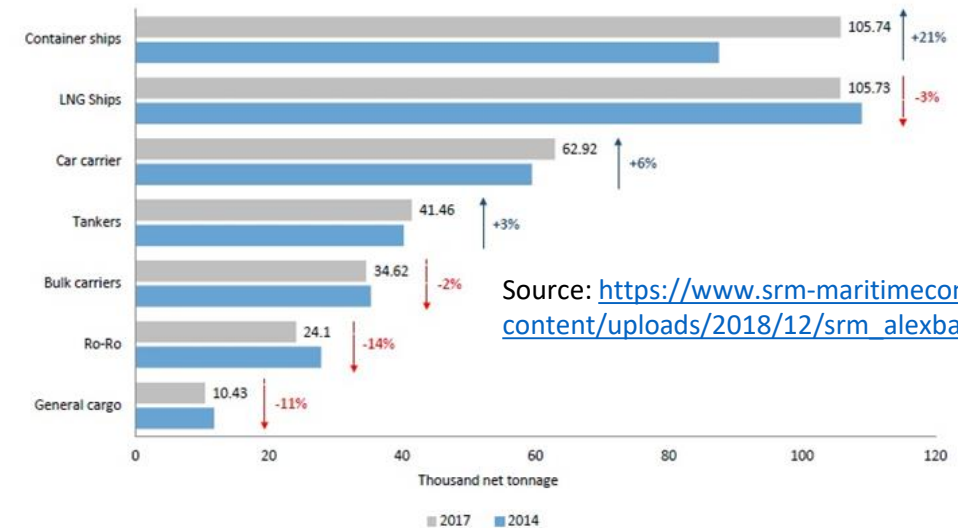
Highlights

- Wider and deeper Suez canal reshapes shipping and trade
- The Russian Federation emerges as major exporter of cereals and fertilizers
- There is significant Chinese involvement in investments, shipping and trade
- Disputes on Exclusive Economic Zones reshaping the scene
- Politically unstable shores but with minimal impacts to energy security
- Marginal role of coal and prime time for LNG
- Processing industries gaining massive economy of scale South and South-East from Suez
- No easy market access for indigenous resources: East-Med gas, Black Sea & Central Asia resources, Balkan Hydro Power, North Africa crude

Deeper, wider and more functional Suez Canal



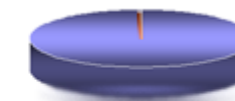
Average net ton by ship type. Comparison 2014-2017



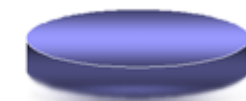
Source: https://www.srm-maritimeconomy.com/wp-content/uploads/2018/12/srm_alexbank_suez_2018.pdf



61.2 %
of the Tankers fleet



92.7 %
of the Bulk Carrier fleet



100 %
of the Container Ships &
Other Types

Source:

<https://www.suezcanal.gov.eg/English/About/SuezCanal/Pages/CanalCharacteristics.aspx>

Larger container ships, LNG tankers and car carriers are crossing through the Suez Canal with greater competitiveness of cargoes originating from carbon intensive Far East economies.



Source: <https://www.marineinsight.com/know-more/top-10-worlds-largest-container-ships-in-2019/>



Source: <https://www.marineinsight.com/know-more/10-worlds-biggest-container-ships-2017/>



Source: <http://www.cmport.com/news-and-media/newsletters/201504/hawaii-highway>



Source: <http://maritime-connector.com/wiki/q-max/>



Source: <http://maritime-connector.com/wiki/q-max/>



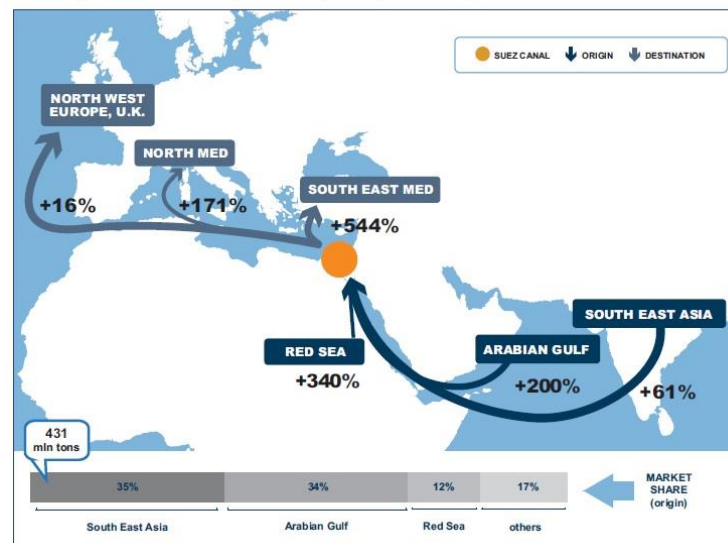
Source: <https://gcaptain.com/worlds-largest-pctc-hoegh-target-transits-expanded-panama-canal/>

Suez Canal Transport performance: still among three largest trade routes by throughput

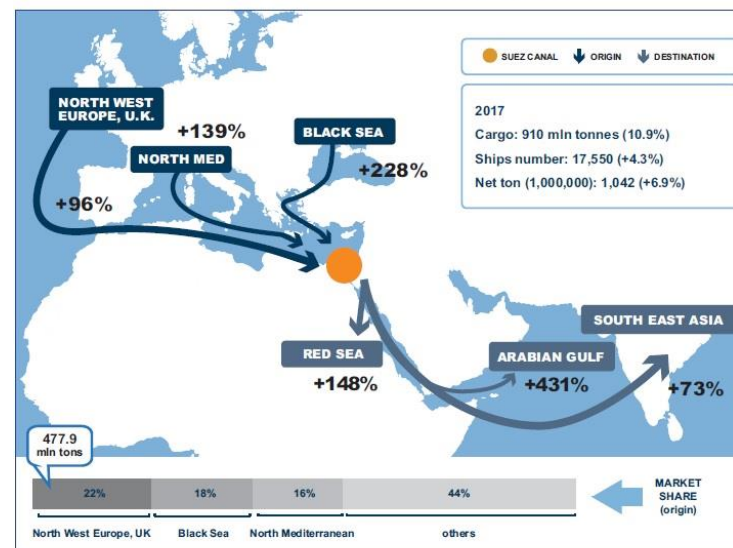
- Suez Canal commands about 9% of international LNG trade: down from about 18% some years ago.
- Qatari LNG to USA via Suez practically diminished.
- Container ships and LNG ships dominate throughput with 54% of total cargoes.

Source: https://www.srm-maritimeconomy.com/wp-content/uploads/2018/12/srm_alexbank_suez_2018.pdf

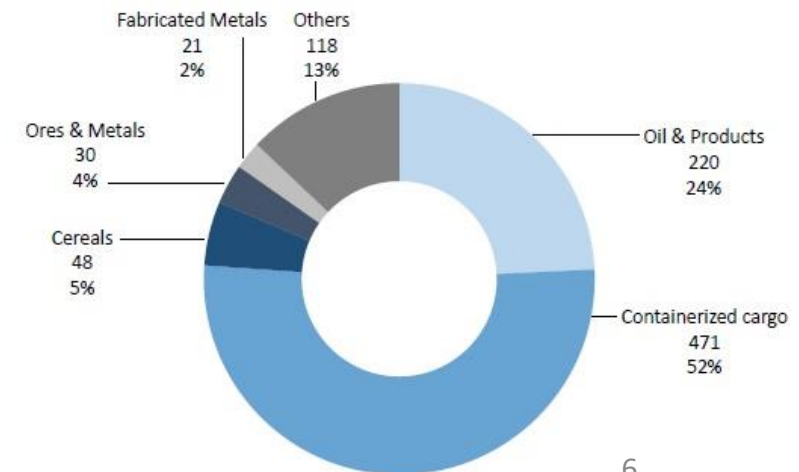
2001-2017 growth of Northbound cargo traffic through Suez by markets of origin and destination



2001-2017 growth of Southbound cargo traffic through Suez by markets of origin and destination



Suez Canal traffic by cargo type (million tons) in 2017

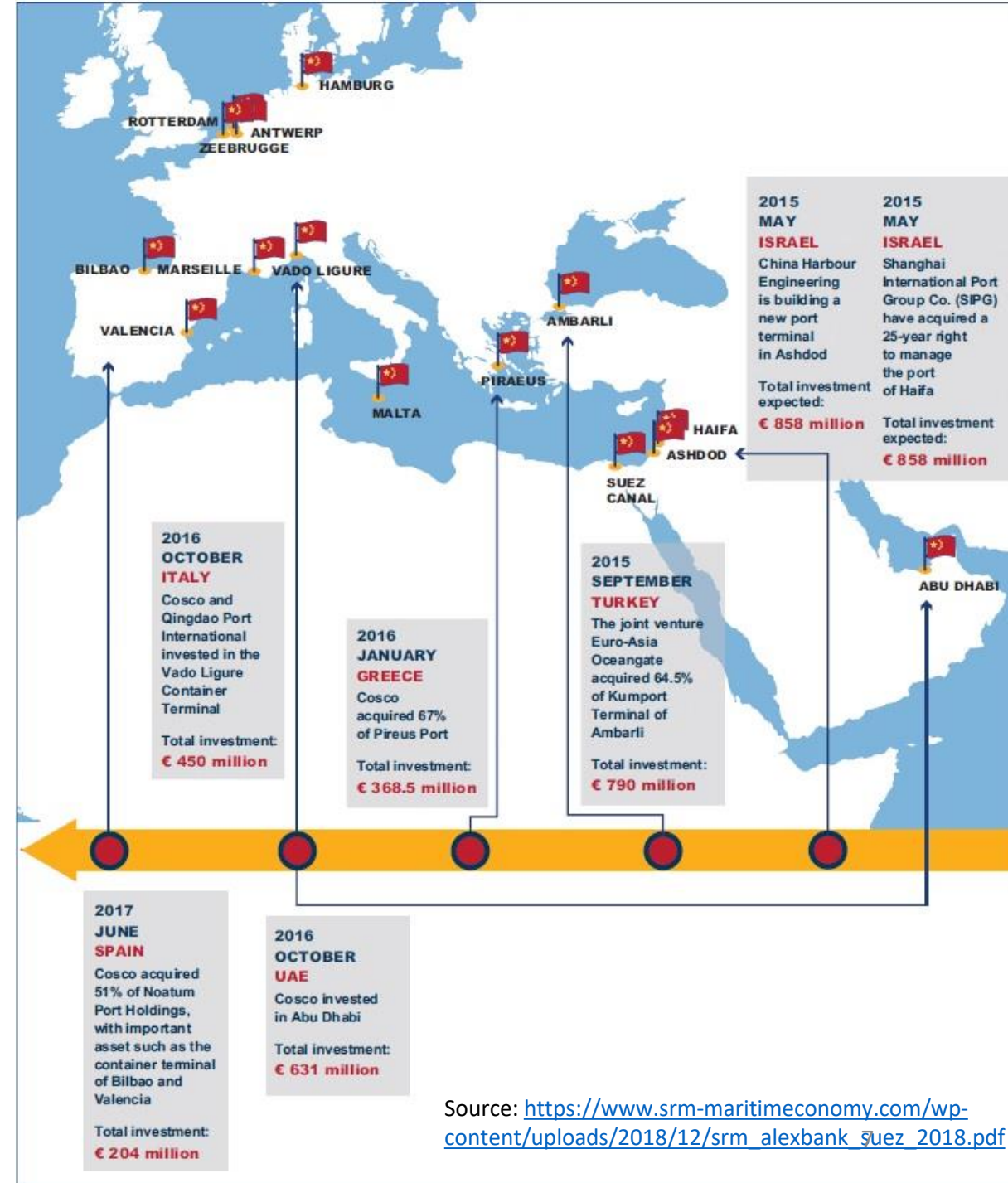


Chinese involvements:

Piraeus Port in Greece is not the largest Chinese investment into Ports in Mediterranean.

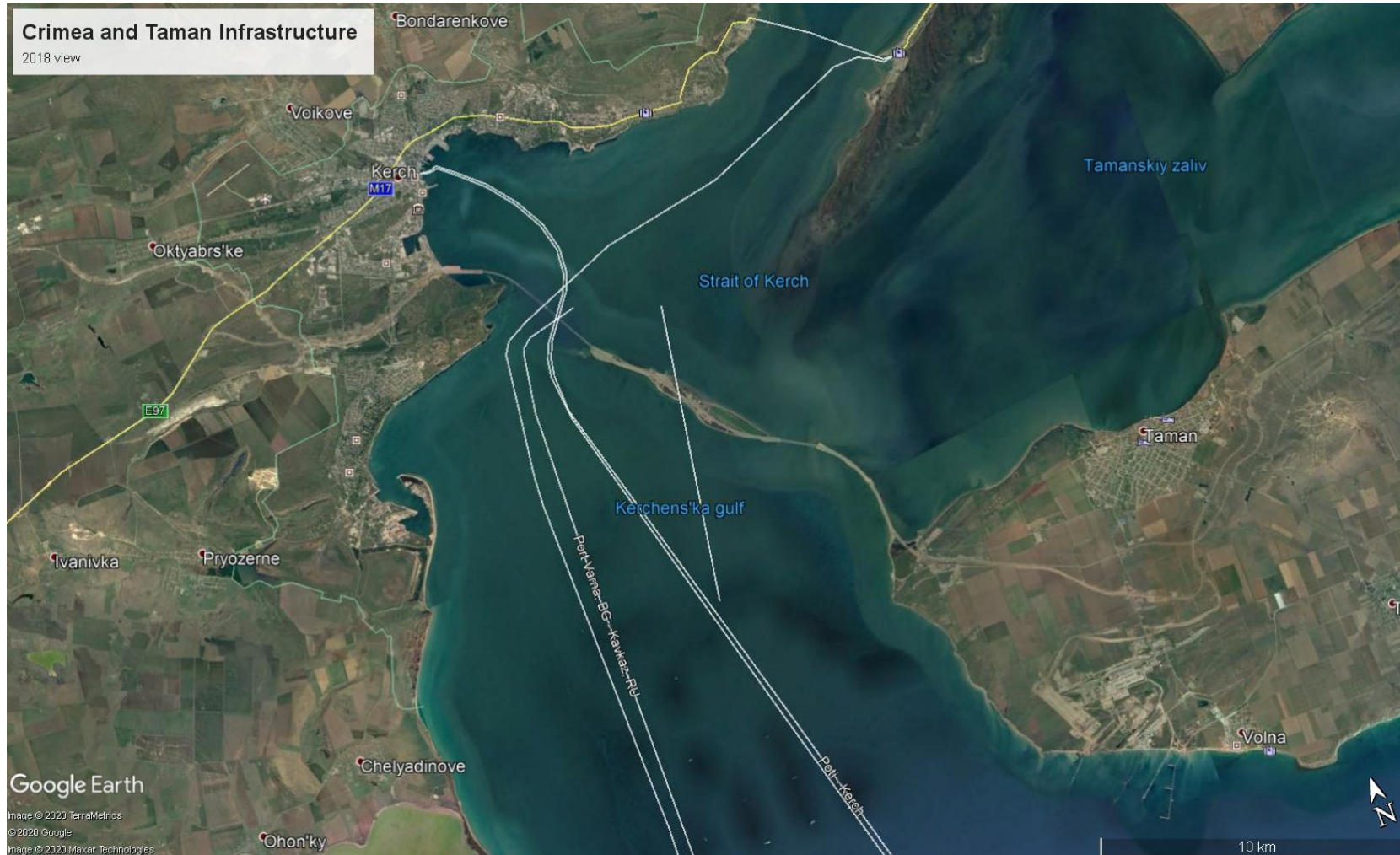
All major investments are directed to container ports

Interesting alignment with the Russian Federation interests



Source: https://www.srm-maritimeconomy.com/wp-content/uploads/2018/12/srm_alexbank_suez_2018.pdf

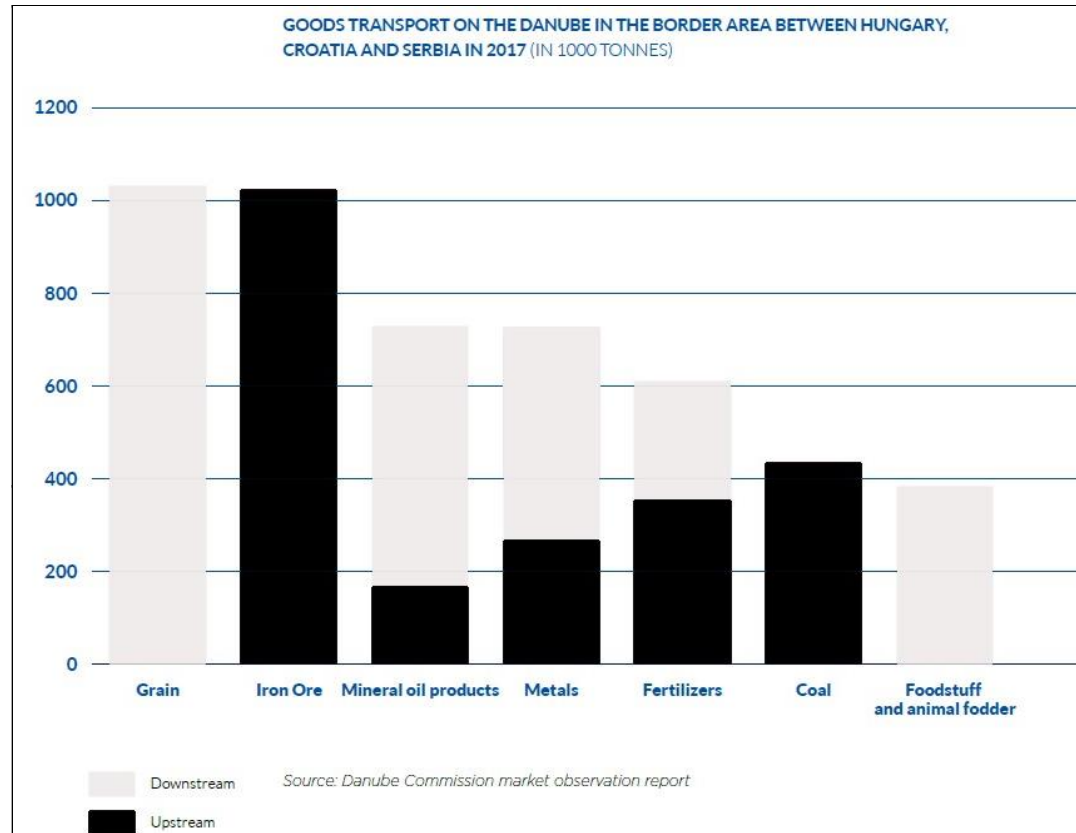
Large port emerging at Taman peninsula in the Russian Federation



The Russian Federation emerges as the largest exporter of cereals and fertilizers in the World. With the new port in the Black Sea, it is able to command the market.

Black Sea remains among largest markets for cereals, fertilizers, timber, oil and oil products as well as some chemicals.

Paradox of Danube River Transport



Source: adapted from: <https://www.inland-navigation-market.org/en/rapports/2018/q2/2-freight-traffic-on-inland-waterways-2/>

Danube River catchment area is effectively fenced from cereals, oil & oil products and fertilizer markets in Black Sea and wider Mediterranean. Events at Suez Canal and Mediterranean Sea are barely reflected in Danube macro-region.

Indigenous lignite still dominates South Eastern Europe power generation augmenting devastating effects of fuel wood use, deforestation and air pollution.

Europe ETS price discouraged steam coal imports to Europe



Source: ICE Futures Europe, Wall Street Journal

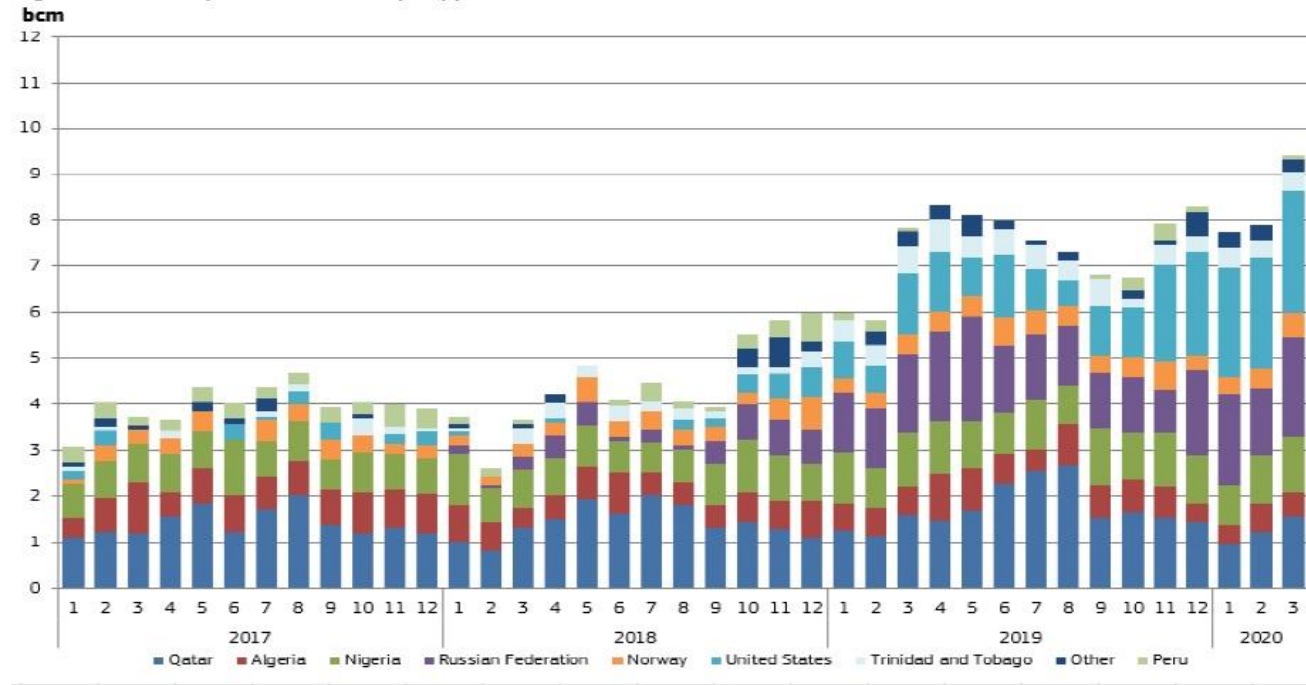
Sourced from: https://ieefa.org/wp-content/uploads/2019/09/South_Africa_Coal_Exports_Outlook_Sept-2019.pdf

Total net coal imports to Europe been only 6.6Mt in May 2019: the lowest figure since 2002.

Europe imported coal from Columbia, USA and Russia but Suez Canal still offers the price cap service and support to the European coal market.

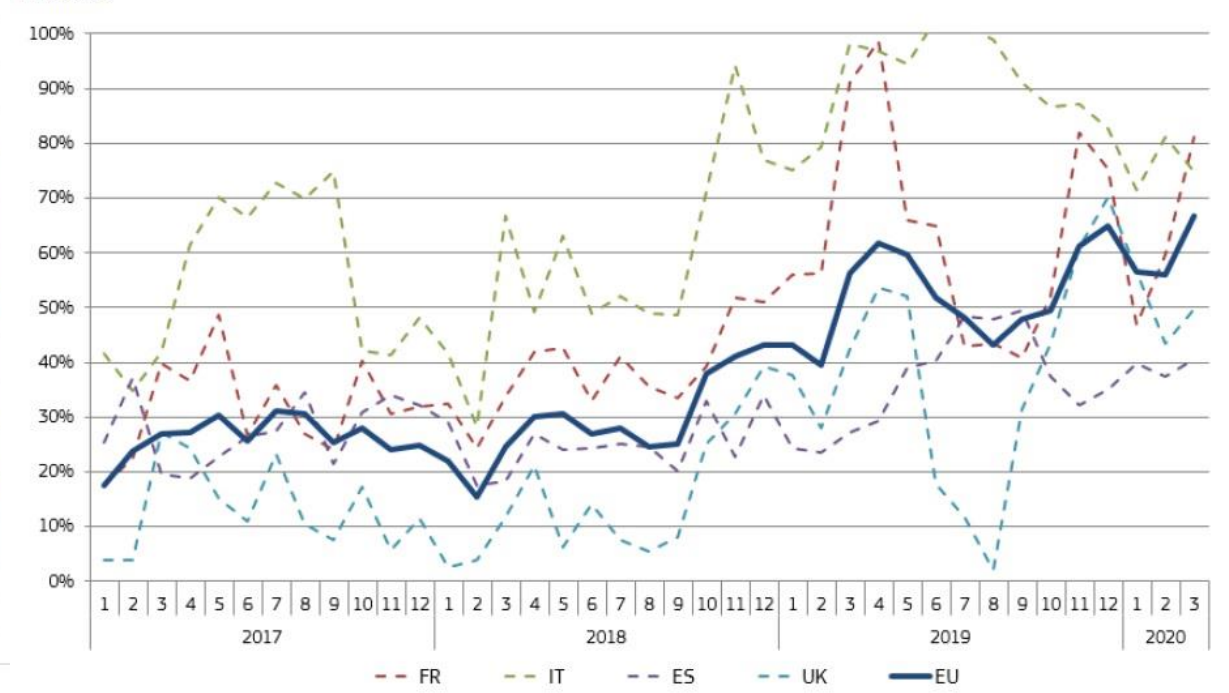
Import of LNG and utilization rate of LNG terminals in Europe are doubled from 2017

Figure 15 LNG imports to the EU by supplier



Source: Commission calculations based on tanker movements reported by Refinitiv
Imports coming from other EU Member States (re-exports) are excluded
"Other" includes Angola, Brazil, the Dominican Republic, Egypt, Equatorial Guinea, Oman, Singapore, the United Arab Emirates and Yemen

Figure 17 – Average monthly regasification terminal utilisation rates in the EU and in some significant LNG importer countries

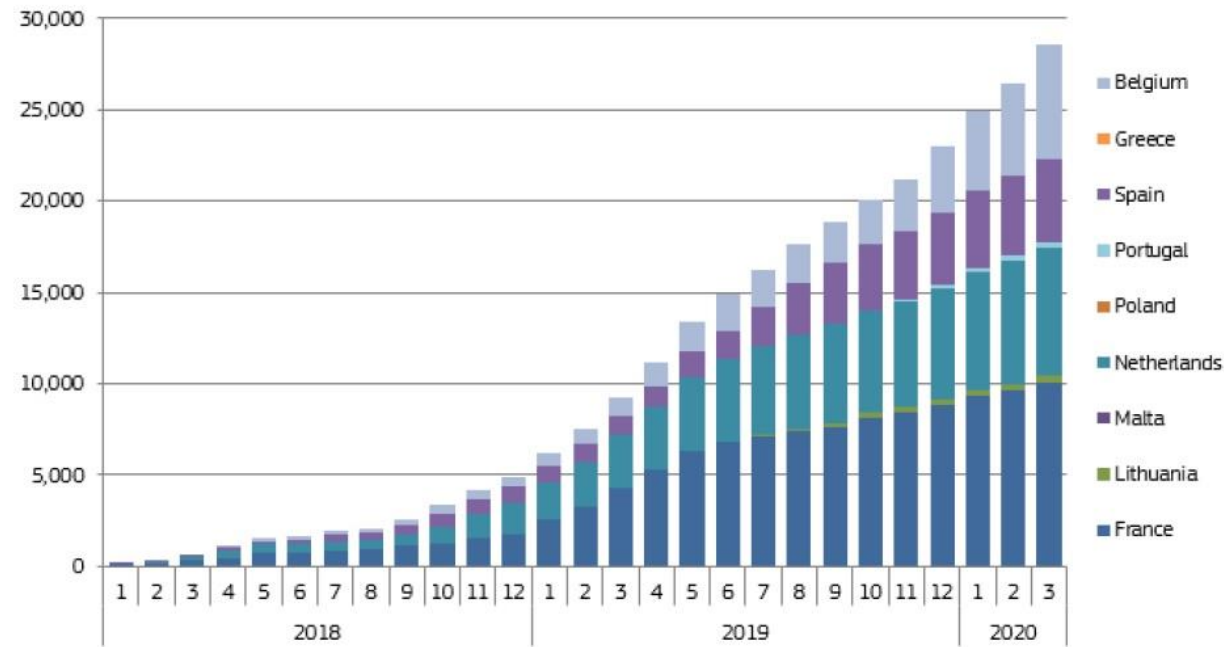


Source: Commission calculations for LNG imports based on tanker movements reported by Refinitiv. Regasification capacities are based on data from International Group of Liquefied Natural Gas Importers (GIINGL) and Gas Infrastructures Europe (GIE)

Source: https://ec.europa.eu/energy/sites/ener/files/quarterly_report_on_european_gas_markets_q1_2020.pdf

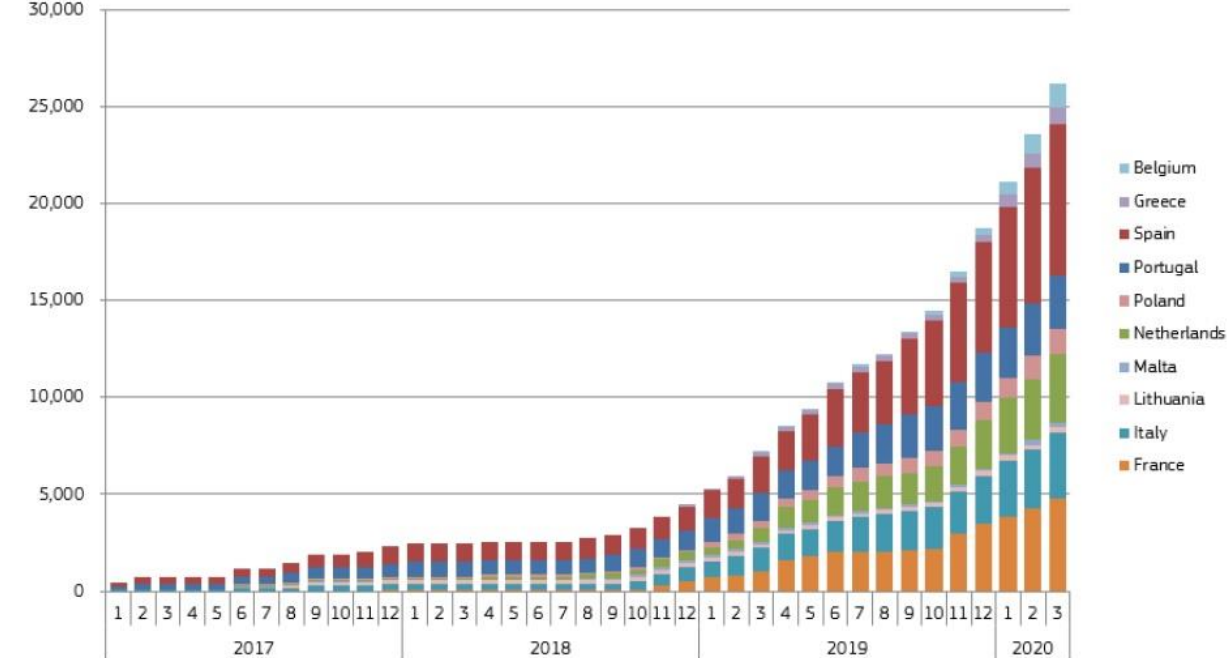
Both American and Russian LNG are taking advantage over pipeline gas

Figure 19 – Cumulative monthly LNG imports from Russia in the EU
mcm



Source: Commission calculations based on tanker movements reported by Refinitiv

Figure 18 Cumulative monthly LNG imports from the US in the EU
mcm



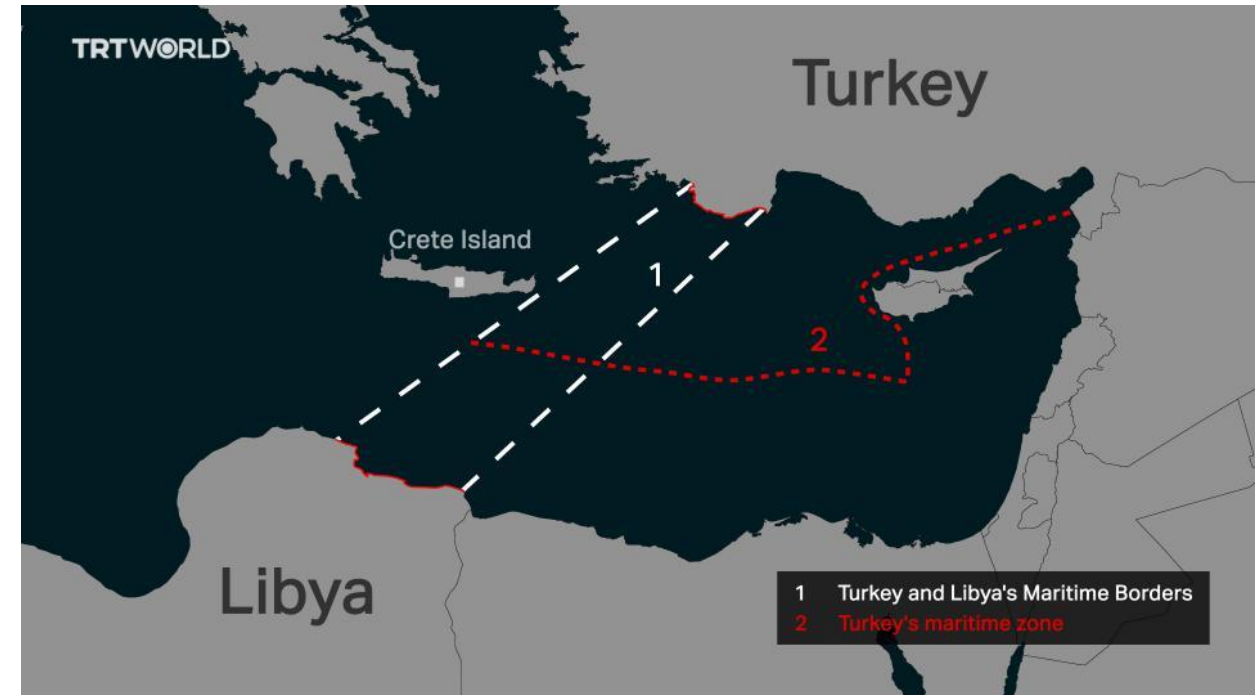
Source: Commission calculations based on tanker movements reported by Refinitiv

Source: https://ec.europa.eu/energy/sites/ener/files/quarterly_report_on_european_gas_markets_q1_2020.pdf

Undersea pipelines still popular in political arena



Source: <https://voelkerrechtsblog.org/ukraine-v-russia-passage-through-kerch-strait-and-the-sea-of-azov/>

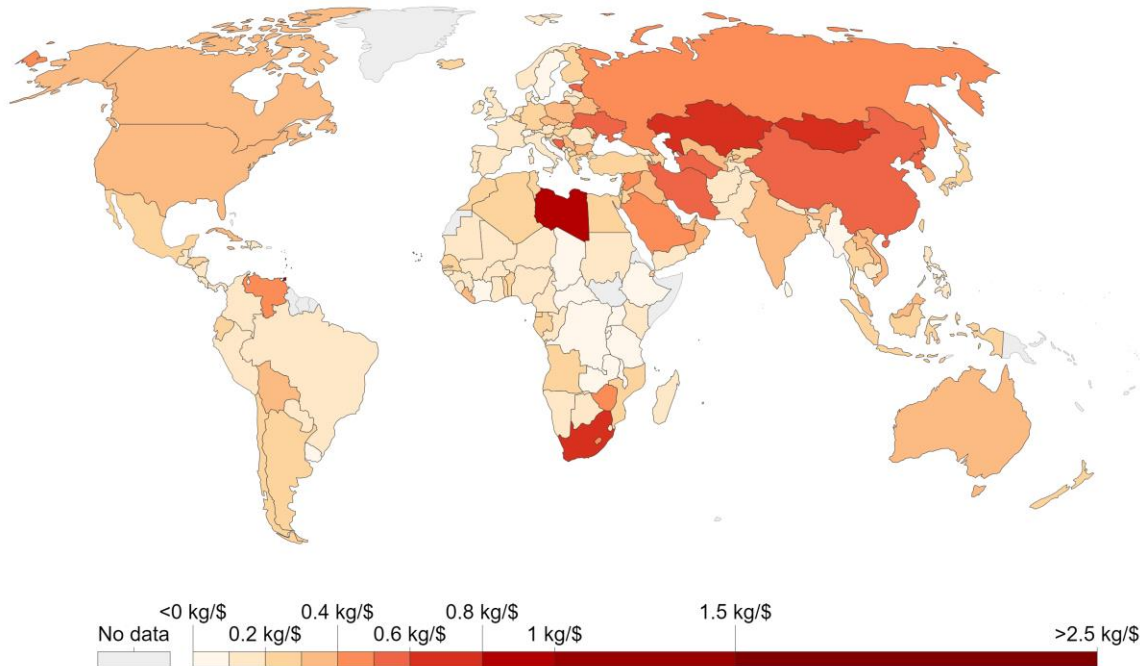


Source: <https://www.trtworld.com/turkey/ankara-turkey-libya-deal-in-complete-accordance-with-international-law-31910>

EU carbon border tax may reshape trading patterns

Carbon emission intensity of economies, 2016

Carbon dioxide (CO₂) intensity of economies measured in kilograms of CO₂ per unit of GDP (measured in international-\$ in 2011 prices).

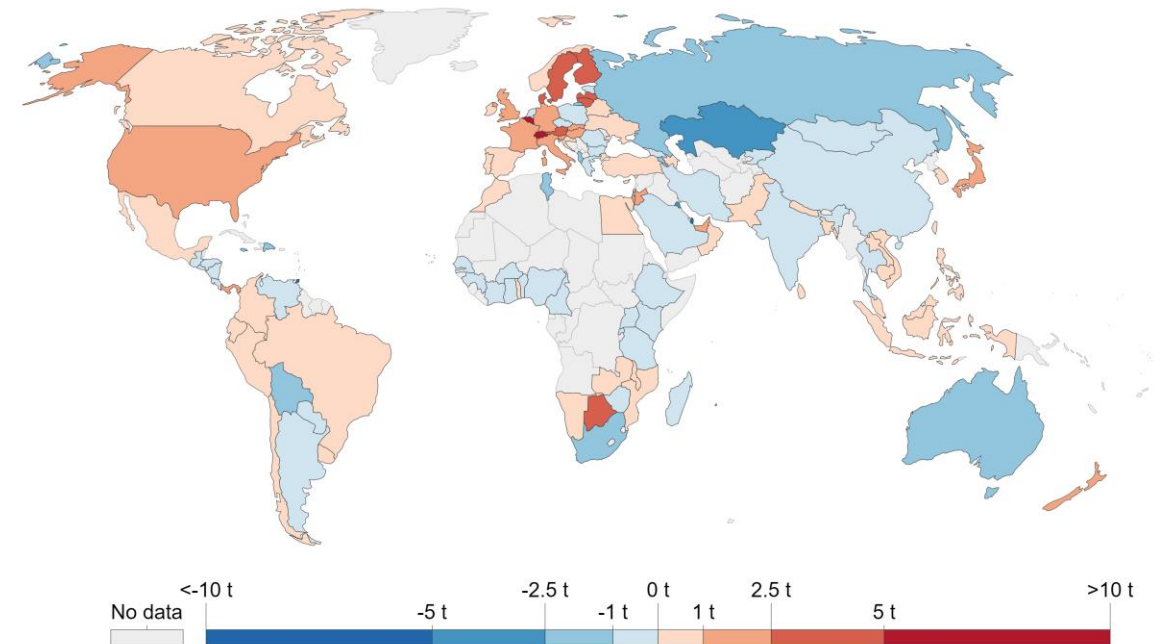


Source: Our World in Data based on Global Carbon Project; CDIAC; and Maddison Project Database
OurWorldInData.org/co2-and-other-greenhouse-gas-emissions/ • CC BY

Our World
in Data

Imported or exported CO₂ emissions per capita, 2016

CO₂ emissions embedded in trade, measured as the net import-export balance in tonnes of CO₂ per capita. Positive values (red) show net importers of CO₂ (i.e. '1 tonne' means a country net imported 1 tonne of CO₂ per capita). Negative values (blue) show net exporters of CO₂.

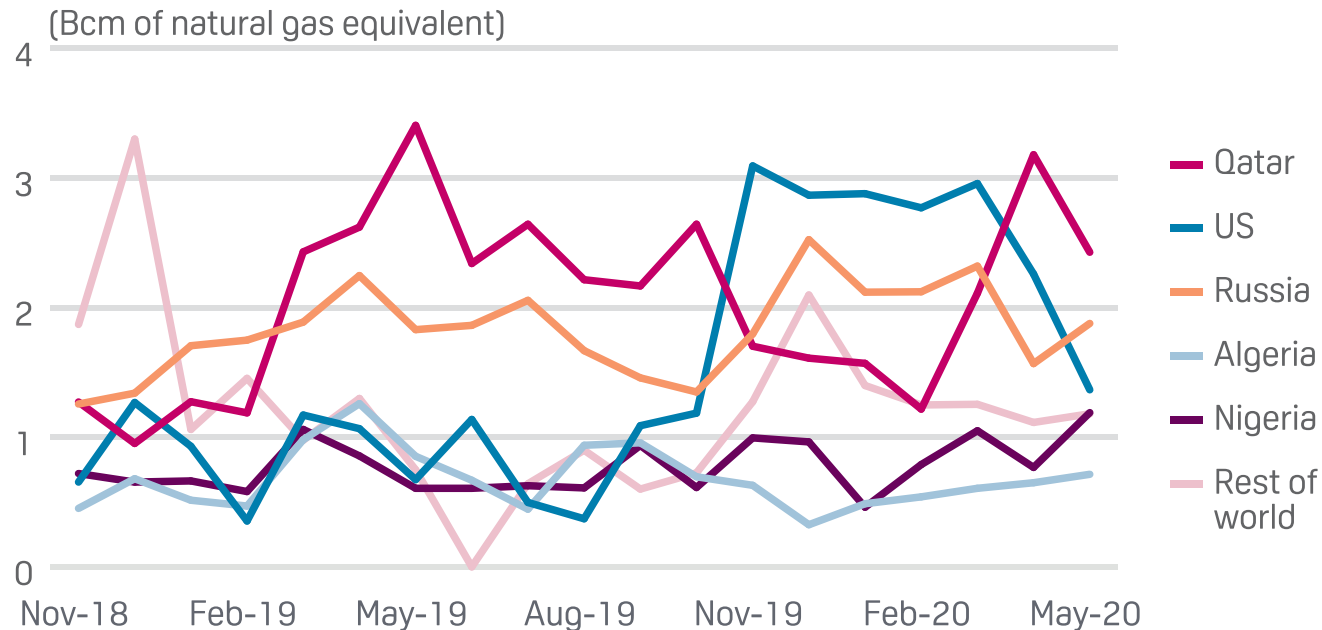


Source: OWID based on Global Carbon Project (2018) and UN Population (2017)
OurWorldInData.org/co2-and-other-greenhouse-gas-emissions • CC BY

Our World
in Data

Looking forward to new suppliers and additional supplies, market remains responsive to price signals and resilient to political crises and conflicts

US LNG EXPORTS TO EUROPE IN SHARP DECLINE, QATAR REMAINS MARKET LEADER



Note: Exports to France, Spain, Italy, Belgium, The United Kingdom and Netherlands.
Source: S&P Global Platts

Source: <https://www.spglobal.com/platts/en/market-insights/latest-news/natural-gas/052820-us-lng-exports-to-europe-already-crumbing-ahead-of-cancellations>