

CYPRUS: THE EURO-MED REGION'S ULTIMATE 'COUNTRY OF COMMON INTEREST' IS ABOUT TO HAVE ITS MOMENT



By Roudi Baroudi

Lebanon, Beirut – 07/01/2026

January 1 marked a watershed moment for Cyprus, the first day of a six-month stint in the rotating presidency of the European Union that will give the tiny island nation massive influence, not just over the current agenda, but also the future direction of the entire EU and the destiny of the Eastern Mediterranean region.

The real significance of the moment lay not in the position itself, though, nor even in the considerable (but temporary) increase of Nicosia's raw political power. In fact, this is not even the first time that Cyprus has held the presidency; that came in the second half of 2012.

Instead, what makes this time different is that a) the Cypriot leadership has laid out a highly ambitious agenda, one designed to generate recurring benefits for both the EU and its Mediterranean neighbors; b) regional circumstances cry out for precisely the kind of engagement that Nicosia envisions; and c) Cyprus today is far better-equipped to advance its politico-diplomatic goals than it was in 2012, not just because its economy and finances are in better shape, but also because it is now on the verge of becoming an oil and gas producer and exporter. If well-managed, this latter point figures to drive growth for decades to come, enabling historic investments in education, healthcare, transport, and other drivers of greater economic competitiveness and better living standards, not to mention greater ability to influence – and stabilize – the surrounding region.

None of this has happened overnight. Geography and history have situated Cyprus – both literally and figuratively – athwart what is both our planet's most long-lived maritime trade route and its most famous crossroads of different languages, cultures, faiths, and ethnicities. The island's copper and other resources have always had their own attractiveness, rising or falling in value depending on the period, but it was location – specifically its proximity to each of Asia, Africa, and Europe – that made Cyprus a strategic prize for millennia, and that same location gives it enormous potential today.

None of this has happened overnight. Geography and history have situated Cyprus – both literally and figuratively – athwart what is both our planet's most long-lived maritime trade route and its most famous crossroads of different languages, cultures, faiths, and ethnicities. The island's copper and other resources have always had their own attractiveness, rising or falling in value depending on the period, but it was location – specifically its proximity to each of Asia, Africa, and Europe – that made Cyprus a

strategic prize for millennia, and that same location gives it enormous potential today.

For decades, the centerpiece of this toolkit has been a foreign policy which seeks friendly relations with as many countries – especially neighboring ones – as possible. And it has worked. Both during and since the Cold War, for example, Nicosia has been able to maintain working relationships with governments on both sides of the East/West divide, and its search for neutrality has been equally assiduous on the Arab-Israeli front. By habitually staking out the middle ground, Cyprus has not only insulated itself against most external problems, but also steadily burnished its bona fides as a helpful player on the international stage.

All of this helped, but it was not enough. Try as Cyprus might to parlay its neutrality into tangible benefits at home and abroad, its economy remained fragile and unbalanced, distracting and undermining the freedom of action of successive governments. After its banks had to be rescued with EU bailout funds in 2012-2013, support began to grow for reforms that would prevent future meltdowns, restore the stability of the financial services industry, and rebuild its ability to finance private and public activities alike.

By the time President Nikos Christodoulides took office in early 2023, Cypriots of all persuasions were fed up with “business as usual”. Because he had run as an independent and attracted support from a broad cross-section of society, he had a strong mandate to make sweeping changes, and these have included an increase in the minimum wage, income tax cuts for working people, more effective financial regulation, and a far-reaching program for digital transformation. His administration also has run a tight fiscal ship, dramatically reducing public debt (from 115% of GDP in 2020 to a forecast 65% for 2025) and thereby making more credit available to the private sector. As a result, Cyprus’ sovereign rating was upgraded by all three of the major credit rating agencies in

2024, and as of this writing, two of them regard its outlook as positive, while the third views it as stable.

At the same time, Christodoulides' background as a professional diplomat has empowered him to focus closely and effectively on foreign policy, recognizing its capacity to help shield the island against exogenous shocks, shore up the stability required to pursue its domestic social and economic development goals, and restore regional stability in the aftermath of the war in Gaza. It is no surprise, therefore, that his government has been at the center of international efforts to assist Palestinian refugees affected by the conflict, making Cyprus the staging ground for a vital flow of relief supplies.

Earlier this year, Christodoulides also teamed up with his Lebanese counterpart, President Joseph Aoun, to make sure their respective negotiating teams finally concluded a long-awaited maritime boundary agreement. The MBA clearly defines who owns what on the seabed, making both countries' offshore hydrocarbon sectors more attractive, especially to the major oil and gas companies whose capabilities will be required to explore, develop, and extract the resources in question. Nicosia and Beirut are considering several other agreements as well, including ones that would expand cooperation in electricity and other fields, but the MBA was crucial because of the doubts it removed and the doors it opened.

All of these factors are steering the entire Eastern Mediterranean region to what can only be described as its "Cyprus moment": the day when this minuscule country finally rises to its full stature as an exemplar of effective governance at home and a voice for peace and prosperity abroad. By some measures, this moment has already arrived, but the first exports of Cypriot natural gas to the European mainland will leave no doubt, and those are currently planned for late 2027.

Some say that timeline will be difficult to meet, but the positive effects are already being felt, and historians looking back will rightly regard the precise start state as a footnote. The economy has responded well to treatment, growth is expected to average 3% for the next couple of years, and diversification is already under way, including a variety of technology-related businesses that are helping to reduce the island's traditional reliance on tourism and construction.

Most importantly, the buzz generated by offshore hydrocarbons has attracted the attention of international investors, and they like what they see: in addition to its prime location and increasingly sophisticated workforce, Cyprus also offers some of the EU's most favorable tax conditions, strong investment protections, and a common law legal system modeled on the United Kingdom's, making it more familiar and easier to use for many outsiders. The result? Over the past few years, hundreds of companies have relocated to Cyprus, including some 270 in 2024 alone, adding at least 10,000 new jobs to the island's economy.

When gas production starts adding extra motive force to the economy, even more opportunities will open up. The advent of domestic energy production will not only spur employment both directly and indirectly, but also reduce the country's need for expensive energy imports, and put downward pressure on domestic energy prices across the board, imparting a key competitive advantage on the entire economy. If all goes according to plan, this would be just the beginning, because while the savings and security enabled by production will be significant, the really lucrative next step will be exports, and Western Europe – the world's hungriest energy market – is right next door.

As luck would have it, one of the island's first commercially operational undersea gas fields figures to be Cronos, which lies within easy distance of existing Egyptian infrastructure, meaning its production can be easily piped to the Egyptian

processing facility at Damietta and then delivered to European customers by LNG carrier. Nicosia's plan is for this flow to begin in 2027, but again, that is just the beginning: Cyprus also expects the nearby Aphrodite field to be a major money spinner, and the plan there is to install a Floating Production Storage and Offloading Unit directly above the deposit. This would enable both dry gas shipments for use in Egypt and further production of LNG for export further afield.

In the longer term, other streams are under consideration as well, including undersea pipelines to Greece, Italy, and/or (one day) even Turkey, and possibly a fully fledged liquefaction plant onshore that would be far and away the largest infrastructure project in Cypriot history. The investments being made and planned now are expected to fundamentally alter the path of Cyprus' economic and social development. What is more, if and when the time comes, the same infrastructure could also be used to help neighbors like Lebanon and Syria, both of whose coasts are less than 100 nautical miles away, to get their own gas to market. That could be crucial in enabling both of those countries to start recovering and rebuilding after decades of stagnation, and like Cyprus itself, the EU at large has a vested interest in seeing peace and prosperity spread across the Levant.

These and other factors give Cyprus' strategy a level of importance that goes beyond the purely national. Gas exports to Europe also will help increase the EU's energy independence, for example, further reducing continuing dependence on Russian energy supplies, and strengthening Europe's position in any negotiations over the situation in Ukraine. An LNG plant also would make affordable primary energy supplies available to several African countries, enabling them to pursue the electrification strategies they need to modernize their own economies. Again, Europe has countless reasons to want a stabler, happier Africa on its doorstep, beginning with the fact that this would

automatically reduce the flow of undocumented migrants making their way across the Med.

The Cypriot approach is nothing less than inspiring, especially since it springs from the very same wells of good will, good governance, and good sense that inspired the Barcelona Declaration more than 30 years ago. The EU envisioned by Barcelona, a strong and cohesive bloc closely integrated with vibrant neighborhoods in the MENA region, has been long-delayed by the collapse of what was then a promising Israeli-Palestinian peace process, and some countries have largely given up on that dream.

Clearly, Cyprus is not one of those countries. Instead, it has wagered on cooperation, weaving good governance and sensible diplomacy into a bold and hopeful venture.

No longer is Cyprus just a sunny little island filled with charming holiday homes and ringed with the Mediterranean's cleanest beaches; now it is also going to be a regional energy hub, a magnet for international investment, a docking mechanism to help its non-EU neighbors access European markets, and a catalyst for EU dialogue and engagement with Africa and Asia. In short, the country has refashioned itself into the ultimate "project of common interest" – a venture that serves so many useful purposes, both inside and outside the bloc, that it verily demands support from Brussels.

The before and after contrast is increasingly striking. Once a fragile neophyte dependent on handouts from Brussels, today's Cyprus has transformed itself into the very model of a Euro-Mediterranean country envisioned by the Barcelona process: a hopeful, peaceful, and universally useful land whose success promises only more opportunities for its friends and neighbors.

Cyprus: The Euro-Med region's ultimate 'country of common interest' is about to have its moment

LEBTALKS INTERVIEW: INTERNATIONAL ENERGY EXPERT ROUDI BAROUDI APPLAUDS 'HISTORIC' LEBANON-CYPRUS DEAL, DISMISSES 'BASELESS' CRITICISMS FROM NEIGHBORS



Following criticism of the Lebanon-Cyprus Maritime Boundary Agreement (MBA) by the governments of Israel and Turkiye, LebTalks spoke with energy and policy expert Roudi Baroudi,

who has authored several books and studies on sea borders in the Eastern Mediterranean. Baroudi praised the pact as “full of positives” for the interests of both parties and stressed the words of Lebanese President Joseph Aoun, who pledged after signing the MBA that “this agreement targets no one and excludes no one.”

LebTalks: How significant is the signing of the maritime boundary agreement between Lebanon and Cyprus?

RB: The official signing of the Lebanon-Cyprus deal is a major achievement, one that confers important advantages on both parties. This process was delayed for a very long time for no good reason, so President Joseph Aoun and the government deserve congratulations for having seized the initiative, and for having seen the job through to completion. So do Cypriot President Nikos Christodoulides and his team, because they did the same thing. What made this historic agreement possible – after an impasse lasting almost two decades – was that Lebanon finally had a president who both understood the need for an MBA and made achieving it a top priority.

LebTalks: What does Lebanon gain by signing this deal?

RB: The agreement, which was reached by the negotiating teams in September, provides several benefits for both countries in the short, medium, and long terms.

The new equidistance line between the two states, defined according to the rules and guidelines of the United Nations Convention on the Law of the Sea (UNCLOS), provides a fair and largely uniform boundary between the two brotherly countries’ maritime zones. Most of the new turning points used to draw the line have moved in Lebanon’s favor compared to the earlier negotiation in 2011, giving it an extra 10,200 meters on its western front while Cyprus received 2,760 meters.

Crucially, the MBA wipes away all overlapping claims caused by previous uncertainty over the precise location of the border.

Accordingly, this eliminates 108 km² of (map attached) Lebanese offshore blocks that were actually in Cypriot waters, as well as 14 km² of Cypriot blocks which were also on the wrong side of the line.

Apart from removing a key risk for would-be investors, the agreement also contributes to stability and security by providing clarity and thereby enabling easier cooperation, not just bilateral, but also, potentially, involving other states as well. It really is full of positives for both Lebanon and Cyprus, and therefore for the region as a whole.

LebTalks: What should Lebanon do to follow up on this agreement?

RB: To make the most of this clearer playing field, the logical next step is for Lebanon and Cyprus to immediately start drafting a joint development agreement, which would allow them to have a smooth partnership in place for any hydrocarbon reserves which are found to straddle their maritime boundary.

Perhaps the most important feature of the Lebanon-Cyprus MBA is that it provides a clear and stable starting point, putting Lebanon in ideal position to finish defining its maritime zones. The new line means that Lebanon's existing maritime boundary arrangements with Israel, signed in 2022, should be tweaked a little, but it also makes it easier to do that – and to negotiate a similar agreement in the north with Syria when that country's new leadership is ready to do so.



LebTalks: What about the objections voiced by Israel and Turkiye?

RB: With all due respect, these claims and complaints are completely baseless. As President Aoun has stressed from the very day it was signed, this accord targets no one, excludes no one, challenges no one else's borders, and undermines no one else's interests. I know there has been some negative commentary from both Israel and Turkiye, but there really is nothing here for anyone to be upset about. The line agreed to by Lebanon and Cyprus, which Turkiye has claimed is 'unfair' to residents of the self-styled 'Turkish Republic of Northern Cyprus', is literally several kilometers away from any waters claimed by the TRNC. Beirut and Nicosia were very careful to make sure of this.

As for the Israelis, the only material change relating to the Lebanon-Cyprus line is that it pushes the Israel-Cyprus line in Cyprus' favor. But that's not Lebanon's fault. Or Cyprus' or anyone else's. It's just a fact of new mapping technologies, which today are far more precise and more accurate than those used when the Israel-Cyprus line was drawn

in their 2011 treaty.

On that subject, I would also note for all stakeholders in the East Med that while Lebanon and Cyprus are the region's only full-fledged members of UNCLOS, all states are subject to its rules and precedents, which have become part of Customary International Law. Since the Lebanon-Cyprus deal adheres strictly to those rules and the science behind them, the criticisms haven't got a legal leg to stand on. This is especially true with regard to Israel, whose own treaty with Cyprus was negotiated on the basis of the very same laws, rules, and science.

I have to assume that a lot of this is posturing, that both Israel and Turkiye will settle down once they've had more time to analyze the deal and see that, far from damaging them in any way, it could help all concerned by contributing to regional stability and economic growth. And again, I would go back to Aoun's words on signing day, when he declared that "this agreement should be a foundation for wider regional cooperation, replacing the language of violence, war, and ambitions of domination with stability and prosperity."

اتفاقية ترسيم الحدود البحريّة مع قبرص



ليس صحيحاً أن لبنان تخلّى
عن حقوقه بالترسيم البحري
مع قبرص ولم يخسر أي
مساحات من حدوده البحريّة

■
رودي بارودي
خبير النفط الدولي

https://euromenaenergy.com/wp-content/uploads/2025/11/WhatsApp-Video-2025-11-05-at-21.02.16_2f318946.mp4

**بارودي يهنئ باتفاق الترسيم
ويدعو لتعاون لبناني - قبرصي
في الحقول البحريّة**



قال الخبير في شؤون الطاقة رودي بارودي في مقابلة حصرية مع LebTalks: إن اتفاقية الحدود البحرية بين لبنان وقبرص خطوةٌ رائعةٌ وضروريةٌ وتعطينا الأمل، لأنها لا تقتصر على تحديد أساس للتعاون بين الفريقين، بل تسهم أيضاً في تقليل المخاطر عليهمَا. وتُظهر للمنطقة والعالم مدى فاعلية الحوار والدبلوماسية.

ولفت بارودي إلى أن "هذه الخطوة تُتوج مساراً تأخر بلا داعٍ لما يقارب العقدين أذ كان مجمّداً منذ العام 2007، ما يجعل الإنجاز أكثر قيمة، معتبراً أن رئيس الحكومة نواف سلام وفريقه قاماً بدورهم من خلال دعم الاتفاق، لكن الفضل في تحريك الملف من الجانب اللبناني يعود بالدرجة الأولى إلى الرئيس عون، ولذلك يُعتبر هذا إنجازاً شخصياً له، وينطبق الأمر ذاته على الرئيس القبرصي نيكوس خريستودوليديس، فهذه محطة تاريخية للبلدين معاً".

وعن أهمية هذه المعاهدة، أوضح بارودي أن "تسوية الحدود البحرية أمر بالغ الأهمية في الوقت الراهن، لأنها تفتح الباب أمام فرص جديدة، فالاتفاق يجعل لبنان أكثر جاذبية للشركاء الدوليين الكبار الذين يحتاج إليهم لتطوير قطاع النفط والغاز البحري الناشئ. وإذا تمكّن هذا القطاع من أن يحقق جزء بسيطٍ من إمكاناته، فإن الفوائد ستصل إلى كل الاقتصاد اللبناني تقريرياً، ما يجعل من هذا الاتفاق سبباً للاحتفال الوطني. والأمر نفسه ينطبق على قبرص".

و هنّأ بارودي الحكومة اللبنانية على قرار منح حقوق الاستكشاف في البلوك البحري رقم 8 إلى ائتلاف دولي قوي وذو سمعة ممتازة يضم

شركات توتال، إينرجي الفرنسية وإنسي الإيطالية وقطر للطاقة القطرية، لافتاً إلى أن هذين القرارين يمهّدان الطريق أمام مستقبل يصبح فيه لبنان دولة منتجة ومصدّرة للغاز، ما يوفّر رحمةً غير مسبوق لاقتصاد في أمس الحاجة إلى كل دعم.

لكن بارودي حذّر من أن الطريق لا يزال طويلاً أمام التنفيذ الفعلي، قائلاً: "الخطوة الأهم الآن هي المتابعة فعلى الحكومة أن تُنفذ سلسلة من الإصلاحات المطلوبة منها، وأن تستثمر في بناء القدرات، وتُبقي على الكفاءات والخبرات لإدارة الموارد البحرية وصونها كما أن لبنان يحتاج إلى اتفاق لترسيم الحدود البحرية والبرية مع سوريا، وتحديد نقطة ثالثية على ذلك الجانب بين لبنان وقبرص وسوريا، وهناك مؤشرات إيجابية مع الحكومة السورية الجديدة".

وتابع بارودي قائلاً إن على بيروت أيضاً أن تضع خطة واضحة لتطوير قطاع النفط والغاز البحري: و"أغتنم هذه المناسبة لأقترح أن تبادر الحكومة اللبنانيّة فوراً إلى دعوة نظيرتها القبرصية للتفاوض حول اتفاق تطوير مشترك، ينظم تقاسم أي موارد نفطية أو غازية مشتركة تقع على جانبي الحدود البحريّة، فإنّ إبرام اتفاق بهذا الخصوص سيجعل قطاعي الطاقة البحريين في كلا البلدين أكثر جاذبية للمستثمرين". وختم بارودي بحماسة قائلاً: "هذه هي الأبواب التي فُتحت أمامنا بفضل اتفاق ترسيم الحدود البحري . لذا، مرة أخرى، نتقدّم بالشكر والتهنئة إلى الرئيس عون والرئيس خريستودوليدس على حكمتهما في السعي وراء هذا الاتفاق، وشجاعتهما في المثابرة حتى النهاية".

Baroudi congratulates
Lebanese government on
boundary deal with Cyprus



The decision of the Council of Ministers to approve Lebanon's maritime boundary agreement (MBA) with Cyprus is a genuine tour de force, a feather in the cap for President Joseph Aoun and his government.

This step caps a process that was unnecessarily delayed for almost two decades, but that only makes this achievement more gratifying.

Having settled maritime boundaries is crucial right now because of the opportunities it opens up. The agreement makes Lebanon much more attractive to the major international partners it needs to develop its nascent offshore oil and gas sector. If and when that sector reaches even a small fraction of its potential, the benefits should flow to virtually every corner of the Lebanese economy, so everyone in the country should really celebrate this.

As if to punctuate the moment, the Council of Ministers also awarded the rights to a key offshore area, Block 8, to a reputable international consortium consisting of France's TotalEnergies, Italy's ENI, and Qatar's QatarEnergy.

Together, these moves help to pave the road toward a future in

which Lebanon becomes an energy producer and exporter, adding unprecedented momentum to an economy that desperately needs it.

These are both major milestones, and the government – along with President Joseph Aoun, whose own leadership on the border deal was crucial to initiating the negotiations – deserves plenty of credit.

The important part now is the follow-up. The government still needs to implement a long list of reforms, invest in capacity building, and retain competent personnel and managers to steward and safeguard the country's offshore resources. It also will need to do its homework on how best to nurture that offshore business.

There is so much to be done – but so much to be claimed by doing it! Getting the MBL with Cyprus finalized was at the top of the list, and resolving Block 8 was not far down, so the government deserves congratulations for both.

And since I mentioned nurturing, I also take this opportunity to propose that the Lebanese government immediately invite its Cypriot counterpart to negotiate another crucial deal: a joint development agreement, or JDA, which would govern the sharing of any oil and/or gas resources which straddle their border at sea. Setting up a JDA now would not only prevent possible delays in the future – it also would make both countries' offshore energy sectors even more attractive to investors.

بارودي: استجرار الكهرباء

والغاز من قبرص ينبع مصادر الطاقة ويحميها من أي تداعيات جيوبول سياسية

ARTISTIC MAP ILLUSTRATION OF CYPRUS BLOCK 6 GAS & ELECTRICITY PLAY



تبعد العلاقات اللبنانية القبرصية في حال تطور سريع وقد فتح هذا الباب رئيس الجمهورية العماد جوزاف عون فلاقى استجابة ورغبة عارمة لدى نظيره القبرصي كريستو دوليديس تجاه تطوير العلاقة بين البلدين الجارين وما لفت أن الرئيس القبرصي هو الذي بادر وطرح على الرئيس عون استئجار الكهرباء من قبرص إلى لبنان وقد تلقف رئيس الجمهورية اللبنانية هذه المبادرة وطلب من وزير الطاقة جو صدي متابعة الموضوع.

وفي هذا السياق أثني خبير الطاقة الدولي بارودي على مبادرة الرئيس القبرصي واللبناني، مؤكّداً وجوب الترحيب بأي خطوة من هذا النوع باعتبارها نقطة انطلاق مهمّة لتأمين الكهرباء للبنانيين وحل أزمة القطاع المستفلحة جزئياً منذ عقود وأن هذه الخطوة تأتي بعد الإعلان عن استئناف مفاوضات ترسيم الحدود البحريّة بين البلدين. كما أثني بارودي على الدور الذي يلعبه الرئيس عون في ملف الطاقة ككل واعتباره أولوية لما فيه من فائدة على الاقتصاد وتعزيز القدرات الاجتماعيّة للمواطنين اللبنانيين.

ولفت بارودي إلى أن هذه الخطوة ستتيح تزويد لبنان ما بين 150 و300 ميغاواط وفق مراحل متعددة ولا سيما بعد عام أو عامين على الأكثر عندما تبدأ قبرص بإنتاج الكهرباء من الغاز المستخرج من & ENI حقولها البحريّة خاصة حقل كرونوس الذي يديره كل من شركتي TOTAL ENERGIES ما يعزز تنوع مصادر الطاقة وبأسعار مقبولة لا سيما وأن الحقل المعنى في قبرص لا يبعد عن حقل زهر المصري سوى ٦٠ كلم ما يعني أن كلفة الإستخراج ستكون مماثلة لتلك المعتمدة في الحقل المصري وهي كلفة رخيصة نوعاً ما.

ولفت بارودي إلى وجود محطتين رئيسيتين لإنتاج الكهرباء في قبرص، بين ليماسول Vassiliko وفوس، إحداها بين لارنكا وليماسول، والأخرى في وبافوس، بقدرة إجمالية تقارب 1600 ميغاواط من دون الكهرباء المنتجة من الطاقة الشمسيّة وبالتالي يمكن للبنان الاستفادة من هذه الطاقة بكلفة يتم التوافق عليها موضحاً أن الكلفة ستكون أقل بكثير من كلفة الكهرباء المنتجة في لبنان عندما تبدأ قبرص العام المقبل باستخدام الغاز المستخرج من حقولها البحريّة لإنتاج الكهرباء ولا سيما البلوك رقم 6.

بارودي طالب الحكومة اللبنانيّة بالإسراع بوضع الأطر الإصلاحية والتنظيمية للقطاع بشأن استجرار الكهرباء من قبرص وبإعداد دراسة جدوى اقتصاديّة تأخذ في الاعتبار كلفة الاستجرار ولفت أن محطة هي المحطة التي تصدر الغاز في 2026، على أن يواصل Vassiliko لبنان مساعيه لربط شبكته بالشبكة السوريّة للحصول على دعم إضافي كهربائي عن طريق محطة دير نبوح، بما في ذلك محطة الكسارة في منطقة البقاع.

Economic development in an age of great-power competition



Now that the United States has introduced a new set of import tariffs on Chinese goods, the world's two largest economies appear to be on the brink of open economic warfare – and developing countries are in danger of getting caught in the crossfire. Beyond the risk that they could face sanctions or other trade restrictions if one superpower perceives them to be helping the other, Sino-American trade tensions are eroding the value of many of these economies' comparative advantages, such as cheap labour and land. Coping with these challenges will require skillful economic statecraft.

Comparative and competitive advantages are dynamic by nature; they can be acquired or lost over time. As Harvard's Michael Porter put it in 1990, "National prosperity is created, not inherited. It does not grow out of a country's natural endowments, its labour pool, its interest rates, or its

currency's value, as classical economics insists." Rather, an economy's competitiveness "depends on the capacity of its industry to innovate and upgrade."

As a growing number of governments pursue industrial policies – from short-term protective measures, like tariffs, to more forward-looking initiatives, such as targeted subsidies and deep structural reforms – the capacity to innovate and upgrade depends significantly on the state's ability to work with the market to boost competitiveness. This poses a challenge for advanced economies no less than it does for developing countries.

Consider Europe, which was forced to rethink its prevailing business model – selling high-quality engineering products – after Russia's full-scale invasion of Ukraine in 2022. As supply chains were disrupted, and energy costs and inflation soared, Europe's reliance on others for critical goods, including inputs for its own manufacturing, became an enormous economic liability. Add to that China's growing dominance in electric vehicles, and Europe finds itself increasingly anxious about its future competitiveness.

To be sure, many European economies remain highly competitive: Europe dominates the top 20 of the International Institute for Management Development's 2023 World Competitiveness Rankings, with Denmark, Ireland, and Switzerland leading the pack. But Europe's larger economies have been sliding in the rankings. Germany dropped seven spots between 2022 and 2023, to 22nd place, and France fell five spots, to 33rd.

One problem, pointed out in a report from the McKinsey Global Institute, is that while Europe leads in sustainability and inclusivity, per capita GDP (at purchasing power parity) is lagging. In 2022, it was 27% lower than in the United States, with about half that difference attributable to cultural norms – Europeans work fewer hours per capita over their lifetimes – and the other half resulting from differences in productivity

levels. Boosting productivity is now a central concern of European policymakers and will have to be addressed partly through the development of high-tech industries.

This approach has certainly worked for the US, which spends 3.5% of its GDP on research and development – a smaller share than South Korea (4.9%) and Israel (5.6%), but significantly larger than China (2.4%) and the European Union (2.2%). All of these economies are devoting considerable attention to dual-use R&D in strategic areas like artificial intelligence, green tech, and quantum computing. What stands out about the US is that, while the government is providing funding and incentives, not least through the 2022 Inflation Reduction Act, it is the private sector that is driving plans to invest \$400-500 billion in R&D over the next decade.

As a report by the Boston Consulting Group notes, R&D is part of a “virtuous cycle of innovation” that sustains America’s technological leadership. For example, the US claims 46% of the global market for semiconductor design. Thanks to its advanced technologies, the US semiconductor industry has a gross profit margin of 59%, which is 11 percentage points higher than competitors. In 2020, US semiconductor revenues reached \$208 billion – twice the revenues of the second-leading country.

But not just anyone can emulate America’s high-tech success, which is partly a function of its large and dynamic capital market. In 2022, the total market capitalization of the US stock market was 2.5 times higher than that of Europe. As a share of GDP, total market value in the US exceeded 158% in 2022, lower than Taiwan (195% of GDP), but higher than every other economy, including China (65.4%), Japan (126%), Germany (45.5%), and India (103.7%).

With its deep capital markets, the US is well-positioned to

generate funding for high-risk R&D and, more importantly, reward and retain talent. Other economies – including China, the EU, Japan, and most developing countries – cannot compete on this front, not least because their banking systems remain far more risk-averse.

Recognizing America's comparative advantages in high-tech sectors, China focused on building prowess in mid-tech areas of engineering and operational production and distribution, which opened the way to comprehensive competition at scale. Since 2014, China has led the world in exports of high-technology goods, accounting for more than 30% of the global market share. Since 2000, it has tripled its share of gross value added.

For developing countries, this means that it will be very difficult to compete in mid-tech industries, not just the high-tech sectors that the advanced economies (and, increasingly, China) dominate. Add to that their limited capacity to finance investment and their dependence on access to global or regional markets to achieve economies of scale, and economic statecraft becomes all the more challenging.

Some priorities are clear. To achieve technological upgrading, countries must invest as much as possible in digital infrastructure and education, as well as projects related to the United Nations Sustainable Development Goals. To cope with rising protectionism among major economies, they will most likely also increase support for domestic “champions,” even if it means perpetuating market fragmentation.

Overall, however, we will probably see a lot more experimentation in development strategies in the coming years. Developing countries will just have to hope that the US and China come to some sort of grand bargain before their competition escalates into conflict.

Andrew Sheng is a distinguished fellow at the Asia Global

Institute at the University of Hong Kong.

Xiao Geng, Chairman of the Hong Kong Institution for International Finance, is a professor and Director of the Institute of Policy and Practice at the Shenzhen Finance Institute at The Chinese University of Hong Kong, Shenzhen.

No trash goes to waste on recycling Greek islands



By Sebastien Malo/ Tilos

Before the tiny Greek island of Tilos became a big name in recycling, taverna owner Aristoteles Chatzifountas knew that whenever he threw his restaurant's trash into a municipal bin down the street it would end up in the local landfill.

The garbage site had become a growing blight on the island of now 500 inhabitants, off Greece's south coast, since ships started bringing over packaged goods from neighbouring islands

in 1960.

Six decades later, in December last year, the island launched a major campaign to fix its pollution problem. Now it recycles up to 86% of its rubbish, a record high in Greece, according to authorities, and the landfill is shut.

Chatzifountas said it took only a month to get used to separating his trash into three bins – one for organic matter; the other for paper, plastic, aluminium and glass; and the third for everything else.

“The closing of the landfill was the right solution,” he told the Thomson Reuters Foundation. “We need a permanent and more ecological answer.”

Tilos’ triumph over trash puts it ahead in an inter-island race of sorts, as Greece plays catch-up to meet stringent recycling goals set by the European Union (EU) and as institutions, companies and governments around the world adopt zero-waste policies in efforts to curb greenhouse gas emissions.

“We know how to win races,” said Tilos’ deputy mayor Spyros Aliferis. “But it’s not a sprint. This is the first step (and) it’s not easy.”

The island’s performance contrasts with that of Greece at large. In 2019, the country recycled and composted only a fifth of its municipal waste, placing it 24th among 27 countries ranked by the EU’s statistics office.

That’s a far cry from EU targets to recycle or prepare for reuse 55% of municipal waste by weight by 2025 and 65% by 2035.

Greece has taken some steps against throwaway culture, such as making stores charge customers for single-use plastic bags.

Still, “we are quite backward when it comes to recycling and reusing here,” said Dimitrios Komilis, a professor of solid waste management at the Democritus University of Thrace, in northern Greece.

Recycling can lower planet-warming emissions by reducing the need to manufacture new products with raw materials, whose extraction is carbon-heavy, Komilis added.

Getting rid of landfills can also slow the release of methane, another potent greenhouse gas produced when organic materials like food and vegetation are buried in landfills and rot in low-oxygen conditions.

And green groups note that zero-waste schemes can generate more jobs than landfill disposal or incineration as collecting, sorting and recycling trash is more labour-intensive.

But reaching zero waste isn't as simple as following Tilos' lead – each region or city generates and handles rubbish differently, said researcher Dominik Noll, who works on sustainable island transitions at Vienna's Institute of Social Ecology.

"Technical solutions can be up-scaled, but socioeconomic and sociocultural contexts are always different," he said.

"Every project or programme needs to pay attention to these contexts in order to implement solutions for waste reduction and treatment."

Tilos has built a reputation as a testing ground for Greece's green ambitions, becoming the first Greek island to ban hunting in 1993 and, in 2018, becoming one of the first islands in the Mediterranean to run mainly on wind and solar power.

For its "Just Go Zero" project, the island teamed up with Polygreen, a Piraeus-based network of companies promoting a circular economy, which aims to design waste and pollution out of supply chains.

Several times a week, Polygreen sends a dozen or so local workers door-to-door collecting household and business waste, which they then sort manually.

Antonis Mavropoulos, a consultant who designed Polygreen's operation, said the "secret" to successful recycling is to maximise the waste's market value.

"The more you separate, the more valuable the materials are," he said, explaining that waste collected in Tilos is sold to recycling companies in Athens.

On a June morning, workers bustled around the floor of

Polygreen's recycling facility, perched next to the defunct landfill in Tilos' arid mountains.

They swiftly separated a colourful assortment of garbage into 25 streams – from used vegetable oil, destined to become biodiesel, to cigarette butts, which are taken apart to be composted or turned into materials like sound insulation.

Organic waste is composted. But some trash, like medical masks or used napkins, cannot be recycled, so Polygreen shreds it, to be turned into solid recovered fuel for the cement industry on the mainland.

More than 100 tonnes of municipal solid waste – the equivalent weight of nearly 15 large African elephants – have been sorted so far, said project manager Daphne Mantziou.

Setting up the project cost less than € 250,000 (\$254,550) – and, according to Polygreen figures, running it does not exceed the combined cost of a regular municipal waste-management operation and the new tax of €20 per tonne of landfilled waste that Greece introduced in January.

More than ten Greek municipalities and some small countries have expressed interest in duplicating the project, said company spokesperson Elli Panagiotopoulou, who declined to give details.

Replicating Tilos' success on a larger scale could prove tricky, said Noll, the sustainability researcher.

Big cities may have the money and infrastructure to efficiently handle their waste, but enlisting key officials and millions of households is a tougher undertaking, he said.

"It's simply easier to engage with people on a more personal level in a smaller-sized municipality," said Noll.

When the island of Paros, about 200km northwest of Tilos, decided to clean up its act, it took on a city-sized challenge, said Zana Kontomanoli, who leads the Clean Blue Paros initiative run by Common Seas, a UK-based social enterprise.

The island's population of about 12,000 swells during the tourist season when hundreds of thousands of visitors drive a 5,000% spike in waste, including 4.5mn plastic bottles

annually, said Kontomanoli.

In response, Common Seas launched an island-wide campaign in 2019 to curb the consumption of bottled water, one of a number of its anti-plastic pollution projects.

Using street banners and on-screen messages on ferries, the idea was to dispel the common but mistaken belief that the local water is non-potable.

The share of visitors who think they can't drink the island's tap water has since dropped from 100% to 33%, said Kontomanoli.

"If we can avoid those plastic bottles coming to the island altogether, we feel it's a better solution" than recycling them, she said.

Another anti-waste group thinking big is the nonprofit DAFNI Network of Sustainable Greek Islands, which has been sending workers in electric vehicles to collect trash for recycling and reuse on Kythnos island since last summer.

Project manager Despina Bakogianni said this was once billed as "the largest technological innovation project ever implemented on a Greek island" – but the race to zero waste is now heating up, and already there are more ambitious plans in the works.

Those include CircularGreece, a new €16mn initiative DAFNI joined along with five Greek islands and several mainland areas, such as Athens, all aiming to reuse and recycle more and boost renewable energy use.

"That will be the biggest circular economy project in Greece," said Bakogianni. – Thomson Reuters Foundation

بارودي يؤكد صوابية طلب لبنان

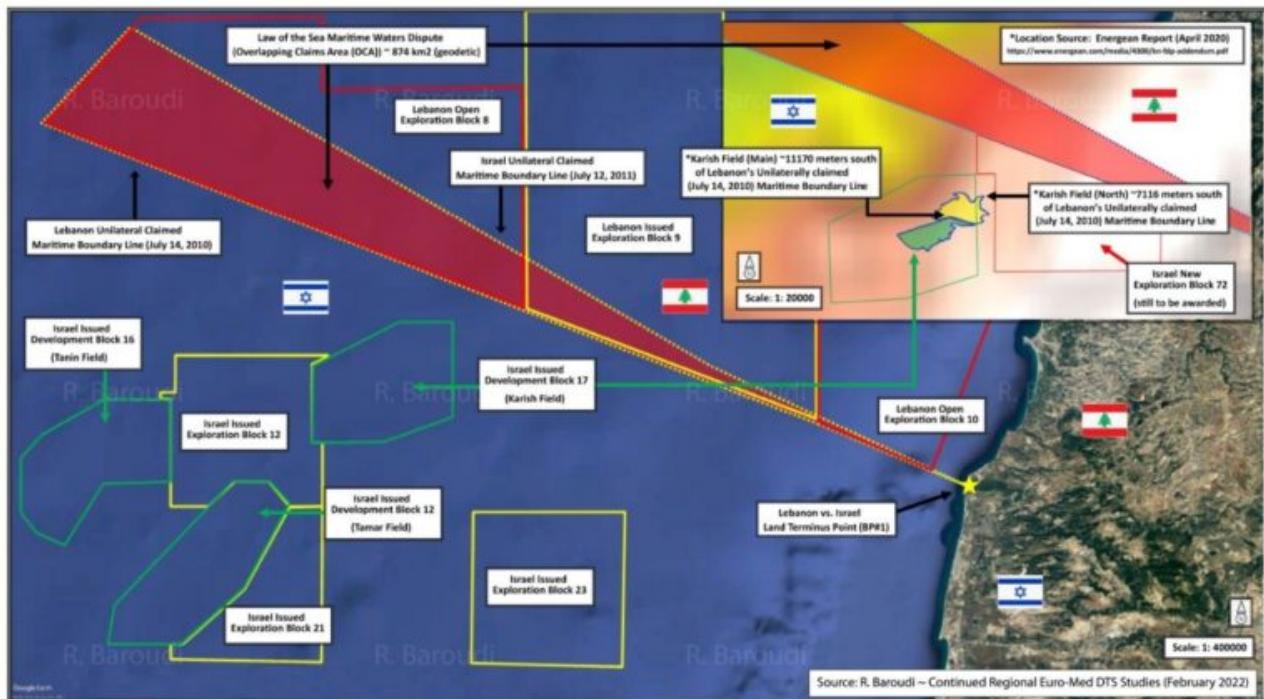
الخاص بالمحاولات والمفاوضات على الحدود البحرية



بارودي يؤكد صوابية طلب لبنان الخاص بالمحاولات والمفاوضات على الحدود البحرية ويؤكد صوابية طلبه مستعيناً بقضايا مماثلة حصلت في السابق وتم البت بها من قبل محكمة العدل الدولية

ثروة "كاريش" بين 22 و25 مليار دولار

Lebanon vs. Israel: Karish Field Exploratory Drilling vs. Contested Waters



كَثُرَتْ في الفترة الأخيرة الخيارات المتاحة في نظر بعض المسؤولين في لبنان، لتأمين مصادر يتم عبرها تسديد أموال المودعين... فما أن طرِح إنشاء الصندوق السيادي، حتى ارتأى البعض اللجوء إلى رهن جزء من احتياطي الذهب... لكن ما لم يكن في الحسبان أن يقترح أحد هم استخدام أموال ثروة لبنان النفطية لتسديد الودائع ولتغطية كلفة الدين العام! علماً أن مفاوضات ترسيم الحدود البحريّة بين لبنان

وإسرائيل عالقة منذ أيار 2021، ولا تزال الصباية تلف هذا الملف محلياً ودولياً.

الخبير الدولي في مجال الطاقة رودي بارودي يعلّق، في حديث إلى موقع القوات اللبنانية الإلكتروني، على الفائدة المالية من حقول النفط التي يؤمن أن تشكّل الثروة النفطية للبنان، ليؤكد أنه "في حال حصول لبنان على جزء من حقل كاريش، فإن حصته لا تكفي لتغطية الدين العام اللبناني حتى وفق أسعار النفط والغاز المعتمدة حالياً"، ويقول "ربما قد تغطي حصّة لبنان من حقل كاريش أو غيره، جزءاً ضئيلاً فقط من الدين العام".

ويعتبر أنه "من غير المؤكد ما إذا كان لبنان سيتمكن من الحصول على الخط 23، من دون معالجة مجموعة من الأخطاء الجسيمة التي ارتكبَت عند البدء بوضع الخطوط من 1 إلى 23 قبل نحو 12 عاماً".

ويكشف بارودي عن أن حقل "كاريش" المكتشف العام 2013 يحتوي على 2.5 ترليون قدم مربّع من الغاز. وهذا الحقل تم اكتشافه من قبل الشركة الإسرائيليّة "ديليك" العام 2013 والتي باعته بدورها إلى "إينيرجييان".

ويقول، إذا تم احتساب الكمية على أساس أسعار الغاز والنفط الحالية، فإن المردود المتوقع من حقل "كاريش" يتراوح ما بين 22 و25 مليار دولار أمريكي. لكن لا يمكن تقدير مردود حقل "قانا" لأنه قد يكون ممتدًا إلى إسرائيل، كما أن حقل "كاريش" متداخل بين لبنان وإسرائيل.

ويُلفت إلى أن إسرائيل أبْرَزَ التحضيرات الازمة لبدء الإنتاج النفطي وذلك بعد أعوام عدة من الدراسات وعمليات الاستكشاف، فقد عاودت شركة "إينيرجييان" المطوية لحقل "كاريش" الحفر في الحقل ذاته بحثاً عن المزيد من الغاز والنفط، ويوضح أن إسرائيل تقوم حالياً بالحفر في محاذة الخط اللبناني التفاوضي "29" لتنقل "بعد ذلك إلى شمال "كاريش".

ويُذكَر في السياق بأن "لبنان أُعلن في رسالتَيه إلى الأمم المتحدة الأولى في 22 أيلول 2021 والثانية في 28 كانون الثاني 2022، أن حقل كاريش يقع في منطقة متنازع عليها... لكن على الرغم من ذلك، يتم التنقيب في المياه المتنازع عليها عموماً، ولا سيما في البلوك رقم "9" المُعطل حالياً إلى أن تُحَل قضية الترسيم بين لبنان وإسرائيل".

أما بالنسبة إلى الموقع الجغرافي لحقل "كاريش" المكون من جزءين: شمالي وجنوبي (الخريطة مرفقة)، يؤكد بارودي من خلال الدراسة التي أعدّها خلال السنوات الممتدة من العام 2011 إلى العام 2021، أن "حقل كاريش الشمالي يَبعد عن الخط المقترن من قبل لبنان في 14 تموز 2010 (الخط 23) حوالي 7 كلم و116 متراً، كما أن حقل كاريش الجنوبي يَبعد عن الخط نفسه، حوالي 11 كلم و170 متراً جنوباً، وذلك بحسب الخريطة المرفقة والتي تؤكد الموضع والبعد عن الحَقلين".

أما بالنسبة إلى البلوك الإسرائيلي الرقم "72" والمتدخل في حقل الأراضي اللبنانية، فهو ملائق بشكل مباشر للخط "23"، بحسب بارودي