

Roudi Baroudi Remarks to EU Arab World Summit Athens



Excellencies, ladies and gentlemen,

Let me start by saying that the amount of interest in this event is not just impressive, but also strongly encouraging. Large numbers of industry professionals, policy experts, and senior leaders from both the public and private sectors are in attendance or actively participating, and that should give us all cause for optimism.

I say this because like most sectors of the economy, the oil and gas business is constantly evolving in response to multiple influences, from new discoveries and technological breakthroughs to volatile markets and the ever-increasing impact of environmental concerns. In short, our industry is passing through a period of profound change on the global, regional, and even local levels, and change is a fickle phenomenon: it richly rewards those who are prepared to adapt, but it also tends to severely punish those who lack the necessary knowledge, vision, and determination.

When I see here in Athens, judging from both the quantity and

the quality of participation, tells me that the right people in Europe and the Arab region are right where they need to be.

Ladies and gentlemen,

The past few years have confirmed what many long suspected: the seabed beneath the Eastern Mediterranean contains multiple world-class deposits of natural gas, along with considerable amounts of crude for good measure. We don't yet know exactly how much is down there or how much of it can be recovered, only that the scale is nothing less than historic. The potential is so vast that the regional oil and gas play already has new horizons stretching from 2020 and 2030 to 2050 and even beyond.

If this resource is responsibly managed, the coming period will see several Arab and European countries become significant energy producers – including Greece, Cyprus, Palestine, Egypt and Lebanon, which just this week gained new hope with the election of a new president, breaking up a logjam that had lasted for two and half years. And let's not forget Egypt, where an existing gas sector has been re-energized by the discovery of Zohr, a massive new offshore field. This bounty has the capacity to transform entire economies and even entire societies by allowing unprecedented investments in education, healthcare, transportation, and other public services and infrastructure. Nearby consumer nations will also derive game-changing benefits, including lower costs, greater economic competitiveness, and vastly improved energy security.

Nowhere will this be more important than in the European Union, the world's largest energy market. The advent of a distinctively new flow trajectory – much of it from sources within the EU's own borders and/or subject to EU safety and environmental standards – would dramatically improve Europe's security of supply, put downward pressure on prices, reduce household energy costs, and breathe new life into energy-

intensive industries like electricity, manufacturing and transport. The precise timing of particular benefits will depend on developments in world markets and the maintenance of manageable geopolitical conditions, but the question is no longer one of "IF": all that remains to be seen is "WHEN". And that, my friends, depends largely on us – on how fully we recognize the opportunity, how swiftly we move to start the process, and how responsibly we carry it out.

According to the 2015 edition of BP's "Energy Outlook 2035", global energy consumption will increase by 37% over the next 19 years. With demand growing so much faster than production, prices will inevitably recover, so there is plenty of incentive for our region to make sure it's ready to take full advantage when the time comes.

It's important to note here that barring some highly unlikely circumstances, the Eastern Med will not replace Europe's current sources of natural gas. Russia has always honored its commitments to Europe, so there is every reason to expect that it will continue to be the Continent's number one supplier. Likewise, North African countries will continue to supplement that relationship with their own sizeable deliveries. Whether transported by pipelines or LNG carriers, East Mediterranean gas will also play a central supplementary role, but geography could make it a decisive one that serves the interests of all concerned, allowing both producer and consumer nations to rearrange existing flows in ways that offer more options at lower cost. In addition, routing some of the Eastern Med's gas through Turkey would only bolster that country's crucial role as the primary distribution and transit point for supplies entering Europe from as far away as Central Asia.

Perhaps most importantly, attaching appropriate priority to this project would allow plenty of cooperative development efforts, furthering the stability and integration that the EU has pursued since the Barcelona and Trieste declarations. It also would help to limit emissions associated with climate

change and other environmental concerns. This is essential to securing maximum long-term gains because these days, commercial viability is not enough: increasingly, consumers also demand social and political viability, and these can only be achieved through environmental sustainability.

On these scores, the EU is just what the doctor ordered. Europe enjoys some of the world's most stringent environmental protections, most demanding health and safety requirements, and most effective regulatory agencies. Passed through such a filter, Eastern Med gas would arrive in European and Arab homes and businesses as a safe, clean, and healthy fuel, helping to drive growth on both sides of the Mediterranean while demonstrating the power of cooperation to further shared goals and shared values. And once it starts tapping East Med gas, Europe will have more diverse supplies, fulfilling a key plank of its energy strategy by giving it the flexibility to cope with interruptions of any sort.

Ladies and gentlemen,

All of the ingredients are in place. The Eastern Med is endowed with enough natural wealth to improve the lives of hundreds of millions of people. After 21 years the Barcelona process still provides the docking mechanisms and other tools to develop this resource effectively and responsibly. And crucially, the recent bidding for Cyprus offshore blocks indicates that some of the world's leading IOCs and other major players are ready, willing, and able to invest in the necessary infrastructure.

All that's left is to get the job done in a timely fashion. For this we need the EU to continue its efforts, and those of the United States and the United Nations would also be helpful. Now is no time to be discouraged or distracted by the region's political divisions. On the contrary, these should only cause us to be more determined than ever to prove that people of good will can set aside their differences for the

sake of mutual advantage and capitalize on the East Med opportunity to become a central regional energy hub.

And what an advantage. Peace and stability in the field of energy would not only usher in a new era of prosperity, but also one of co-dependence that would deter aggression by radically increasing the costs. It would buy more time, too, to lay a foundation for a broader reconciliation among Euro-Med countries. For a very long time, some of these nations have been made enemies by history. Now, if we play our cards right, maybe they can be made friends by geology.