

“Unfortunate fortunate Greece on the International Energy Scene”

Introductory by Prof. Giannis Maniatis at IENE’s Open Forum

on “Hydrocarbon Exploration and Exploitation in Greece and the Eastern Mediterranean”

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I am happy to be here because IENE is once again demonstrating its value as an advisor both to the Society of Citizens and to Business and the Government.

I had written down on a piece of paper 10 words with which I wanted to describe the strategy we followed on hydrocarbon exploration. Before arriving here, however, I heard the news and realised that Greece is, once again in a very difficult financial and international political position and relations with its international partners and I wrote down 10 reasons why those of us involved in the energy sector, must sometimes feel fortunate and others unfortunate; I hope being fortunate will, at the end, prevail.

The 1st reason for which we should feel fortunate is that we do not live in Venezuela where, with the state the national hydrocarbon company is in, mothers are using vouchers to buy milk for their children and I am happy that we do not live in the Soviet Union of Leningrad, as recently recalled by the competent government minister, but that in Russia we have a strategic energy partner and the city is now called St Petersburg. I am happy therefore because quaintness, fixations and make-belief cannot force reality to fit their plans.

The 2nd reason we are fortunate – unfortunates is because we have a government that believes it has the duty to destroy everything good it found. It obviously wants to destroy it because it believes that all politicians apart from them, are the Fifth Phalanx, German-loving, sell-outs, Merkel-ists. This dividing approach hides a tragic truth. The truth is that the king is naked. That the king has done absolutely nothing for five months but negotiate with itself in its party mirror. Some clearly believe that creating artificial enemies and a combative domestic climate is the solution for the lack of any sort of policy making.

The 3rd reason for which we are fortunate – unfortunates is that those responsible, believe that all previous governments have created an ‘energy banana republic’, an ‘energy protectorate’ and ‘energy pariah’. At the same time, however, in the presentations made by the very same members of the government to international partners, they claim to be proud and support the moves made, supported and introduced by those previously in charge. The TAP pipeline, the IGB, the EASTMED, the upgrading of the LNG units at Revithousa, and, the great challenge of hydrocarbon exploration in which we have made important advances over the last 3 years. Unluckily for them, reality does not adhere to their dangerous fixations.

There is a 4th reason for which we are fortunate – unfortunate. I keep hearing the expression that the country, for the first time, is following a so-called multilevel energy policy. I understand multilevel; presumably all previous policies were one-dimensional and I understand it because finally we are to receive 5 BN Euros from the Russian pipeline. A minor detail however is that the Kremlin itself has refuted this! The same multilevel foreign and interior energy policy resulted in the 10,000 electricity re-connections allegedly happening in the Attica Region to actually only amount to 98 (not thousands)!

A 5th reason for which we are fortunate – unfortunate is that we have a highly intelligent Minister for National Defence whom, with amazing diplomatic agility and tact, proposed to grant the

embarrassed US Assistant Secretary of State 30% of Greek hydrocarbons. I thought that the baddies had already given these to the IMF and that's why they had brought the IMF to Greece. I thought they had been sold off by the previous administration. It seems that in fact they weren't but this is now being taken care of by the current government. Moreover, irresponsible and reckless statements are scaring investors away despite their recent interest in investing in Greece. I am not talking only about ENEL whom had asked for the announcement of the tender of the 3 land plots but also other important companies that have purchased the data and wished to participate. Of course, however, when the country risk factor has sky-rocketed, no imperialist investors will be willing to invest in a country where none wants them.

The 6th reason for which we are fortunate – unfortunates is because we have a Finance Minister who is hard working and effective, maintaining a low profile without a trace of drama. Unfortunately he makes tragic mistakes because of oversights. The Varoufakis email sent following the agreement of 20th February when Greece stated it wanted an extension of the memorandum until the end of June, there is, for the first time, an explicit reference to hydrocarbon exploration in Greece. For the first time, in other words, the current government accounted to the Troika, about what it is planning to do with the offshore plot tender. Tragically dangerous foolishness, irresponsibility, immaturity and, I hope it was not intentional because as the former Secretary General for Energy Mr Mathioudakis who is present today and I know very well the Troika repeatedly asked for information on Hydrocarbon exploration and our repeated response was: "Everything we have to report is contained on the Press Releases, refer to them, we refuse to inform further."

I move on to the 7th reason for which we are fortunate – unfortunates. The EU's small and medium-sized businesses have tried, over recent years, against the energy market's big energy players – Germany, France, etc. – to join forces in order to defend their interests. This is how the Energy Union occurred. A Union that supports and will continue to support, in the name of community solidarity, the small and medium-sized countries because clearly larger countries do not need the European Union. Unity however among the forces of small and medium-sized countries works always in favour of their national interests. What a pity that today's government officials are negative even on this issue. Absolutely negative towards the community solidarity embodied within the European Union. They are absolutely negative to combating Energy Poverty which is also a strategic objective. They are opposed to Energy Saving which is also a strategic objective. They are opposed to the lifting of the energy isolation of mountainous and insular regions which is also a strategic objective. They are opposed to the end of the Union's dependency on third-country supplies.

There is an 8th reason that we should feel fortunate – unfortunates and I would like to ask the IENE's researchers to concern themselves with this too. All of us involved in the geopolitical and energy sectors are very well aware that energy forms the hard core of every country's foreign policy. In Greece energy diplomacy, pipeline diplomacy, from the hard core of important national issues. Until recently, with almost religious reverence, we had managed to keep energy diplomacy outside national issues and not bring the issue into negotiations and discussions with any third party, especially partners and lenders, for a very simple reason. National issues span over long periods of time, decades; they demand responsibility that goes beyond the duration of office of any individual Minister and government. More importantly, you never put your national issues onto the negotiation table when, objectively, you are in a weak position. You bring up national issues when you are in a position of strength in order to succeed in the negotiation. Not use them when you are terrified or foolish, in order to cover your weaknesses in negotiations that relate to the temporary, we hope, financial distress and weakness of the country. A tragic, disastrous national mistake.

The 9th reason for which we are fortunate – unfortunates is because luckily the country, by following a policy of peace and regional cooperation, has exceptionally good relations with most neighbouring countries. I want to remind you of the great cooperation we have with Cyprus, the recent agreement with Israel, more recently with Egypt, the close ties that connect us securely with Russia, our largest natural gas supplier, with whom in 2014 we concluded the agreement for the supply of natural gas for a decade, our exceptionally good energy relations with Bulgaria for the IGB pipeline, our good relations with Turkey because of the Greek-Turkish pipeline and TAP, and, of course, the exceptionally good and creative relations with Azerbaijan.

Finally, the 10th reason for which we are entirely fortunate is our people. It has been a great joy and honour to have collaborated over recent times with energy professional because you are all outstanding. And because the good as well as the bad have a name, I am very happy today in this room, apart from all those of you who helped us formulate and apply our national Hydrocarbon strategy, there are people who were next to us from day 1 of this beautiful journey to Ithaca. They are Costas Mathioudakis, Sec. Gen. of the Ministry of Energy, Sofia Stamataki, University Professor and Head of E.D.E.Y., Alexandra Sdoukou the Ministry's Legal Advisor, Spiros Belas the department's heart and soul, and many others.

In closing I would like to read out the 10 words with which I planned to open and which define the national Hydrocarbon exploration strategy we followed:

1. **Hope:** For the first time the country, in the midst of the worst crisis since World War II, has hope. We maintained a low profile, we made critical decisions made possible by dozens of people; scientists, politicians and market players.
I must, at this point, note the particular contribution of the representatives of hydrocarbon workers with whom, since November 2009, we have been discussing the establishment of the National Hydrocarbon Resources Management company and highlight the fact that the person who gave me the green light to embark on this great adventure in January 2010 was the President of the Republic Mr Carolos Papoulias at the World Future Energy Summit in Abu Dhabi. Following a 2-hour briefing he gave the green light and told me: 'Move forward, we are together.' That's how this great journey began.
2. **E.E.Z.:** Greek legislation with article 156 of Law 4001/2011 finally reflects that which many people have been striving for. That when an EEZ is declared it will be with a middle line of equal distances. This was used by the Greek Ministry of Foreign Affairs against recent Turkish provocations in the South East Mediterranean. It was this article that formed the hard core of the Hellenic Republic's note verbale to the United Nations.
3. **Creation of a new market – employment:** For the first time and with the collaboration of Greek Universities that have instigated 4 Postgraduate Departments relating to Hydrocarbon exploration we are establishing a new market. We created this and we will not allow anyone to destroy it. Just like during the 1970s when Greece created the new market then called Tourism, in the 2010s we created and will continue to develop the Greek Mineral resources market.
4. **Complete Professionalism:** All declared timetables we adhered to with absolute punctuality. And as market professionals you are well aware of how important it is both for companies and those who watching, either with suspicion or with curiosity, a country at the start of a long journey how important it is for the people beginning to whisper something about Hydrocarbon exploration, to be consistent. Those of you who were involved in this initiative proved that you are professionals. Because you implemented all the timetables I announced following your advice.

5. **All at zero cost:** This effort, that in other countries cost many millions of Euros, cost the Hellenic Republic nothing (0) and this shows that if one takes advantage of a country's human resources one can have exceptionally positive results.
6. **Absolute Transparency:** The first 3 agreements were checked by the Supervisory Board and approved by the Greek Parliament. It is unthinkable for secret meetings and underhand actions to exist on energy matters. Anything signed by a Minister of any European country must be subjected to the agony of the country's Supervisory Board and National Parliament.
7. **Remarkable speed:** A miniscule detail: in order to convince the bureaucrats at the General Accounting Office that the stabilisation clause had to be handled in a specific way, we had to explain to them what it meant. It took us six (6) months to convince them to close the negotiation.
8. **Greece's geopolitical upgrading:** It goes without saying that the country is now a very important energy player in the SE Mediterranean and SE Europe.
9. **Stability – Continuity – Consistency:** When I handed over office to the current Minister of Reconstruction of Productivity I told him one thing: 'Bear in mind that the things you will need to handle in the energy sector are much larger than you, than any Minister and any Government because they are connected to the future of a nation, the future of the country and will be handled by dozens of Governments after us. Their management must have long-term consistency and continuity.' Unfortunately, he listened to none of it...
10. **Social Justice:** I am pleased because even with delay some are now accepting the Law on the Fund for the Social Solidarity of the Generations which they had, however, opposed in the Greek Parliament. This is the Law voted in at our initiative and follows the Norwegian model. Unfortunately they are already putting their hand in the kitty in order to cover current financial needs and this is unbelievable, because cross-generational cannibalism is unacceptable. Others are following behind us and it is them we must support.

Ladies and gentlemen,

I am glad I was given the opportunity for the first time, free from the responsibilities of a Minister and as an academic, to present my humble experience of what we experienced, to tell you that I am optimistic that things will improve. I hope that those responsible for the country will have a full understanding of their accountability towards the Greek people and the country's history.

Thank you very much.