



ECONOMY

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The Ministers signed the agreement at the Presidential Palace.
(Photo: P.I.O. Photographic Department)

Cyprus and Egypt sign agreement on subsea pipeline

The Republic of Cyprus and the Arab Republic of Egypt signed on 19 September 2018 an inter-governmental agreement (IGA) concerning a direct submarine natural gas pipeline for the transport of natural gas from Cyprus to Egypt.

The agreement was signed at the Presidential Palace in Nicosia by the Minister of Energy, Commerce, Industry and Tourism of the Republic of Cyprus Mr Yiorgos Lakkotrypīs and the Minister of Petroleum of the Arab Republic of Egypt Mr Tarek El Molla, in the presence of the Head of the International Relations and Enlargement Unit, of the Directorate-General for Energy of the European Commission, Mrs Anne-Charlotte Bournoville.

During his remarks at the signing ceremony, Minister Lakkotrypīs stressed that: "Today's signing is an important milestone, not only for Cyprus but also the entire Eastern Mediterranean region. It constitutes, for Cyprus, another crucial step towards its goal to efficiently exploit the underwater wealth in its Exclusive Economic Zone (EEZ), and specifically gas from "Aphrodite", for the benefit of all Cypriots. In addition, it reinforces the joint efforts by the countries in the Eastern Mediterranean to establish the synergies required for attracting the multibillion infrastructure investments for hydrocarbons production and transport."

Moreover, he pointed out that the agreement is "the first of its kind in our shared region, reaffirming once more the close traditional ties between Cyprus and

Egypt, and establishing, in the most formal way, our two nations' strategic partnership in the energy sector. Crucially, both the Agreement and the planned pipeline it concerns, have the full support and backing of the EU. After all, we are essentially talking about a European pipeline, intended to transport Cypriot natural gas to Egypt for re-export to Europe in the form of liquefied natural gas (LNG)."

Minister Lakkotrypīs further explained that "the Agreement itself aims to promote the transport of natural gas from Cyprus to Egypt by safeguarding the secure and timely development, construction and operation of a direct submarine pipeline across our respective EEZs."

Concluding, Mr. Lakkotrypīs highlighted that "once built, we are confident that the direct submarine natural gas pipeline crossing the Cypriot and Egyptian EEZs, will be beneficial to all parties involved. Ultimately, through re-exports of "Aphrodite" gas in the form of LNG, the pipeline will allow for the transport of the first molecules of East Med gas to the EU, thus contributing to the Union's much sought-after security of supply and diversification of sources and routes."

In his own remarks, the Minister of Petroleum of the Arab Republic of Egypt Mr Tarek El Molla characterized the agreement as a significant achievement, noting that the cooperation in the gas sector between the two countries will further deepen the excellent relations between Egypt and Cyprus.

Mr El Molla also pointed out that the signing of the agreement is a positive step toward monetization of gas discoveries in Cyprus' fields, as well as encouraging further exploration activities in the region. Moreover, he noted that the tripartite summit between Egypt, Greece and Cyprus, where the leaders discussed the development of hydrocarbon reserves in the Eastern Mediterranean and mutually beneficial energy projects, encouraging private sector's initiatives of energy infrastructure projects, is important for the energy security of the region.

The Egyptian Minister also stressed that the energy potential of the Mediterranean basin can

act as a catalyst for further cooperation in the region, commenting that energy is a win-win opportunity for the new political partnerships, the integration of the markets and the guarantee of stability and growth in the region.

In her own remarks, the European Commission's Representative Anne-Charlotte Bournoville hailed the agreement as a major concrete step in the efforts made to find common solutions for bringing the region's significant gas resources to the market. Mrs Bournoville also stressed that Eastern Mediterranean gas provides huge opportunities for all the countries in the region, not only to strengthen their energy security but also to reinforce their economies and to develop strong regional cooperation links.

She further added that the EU strongly supports the development of the region as a gas hub and a future gas supplier to the EU, pointing out that "we highly value gas supplies from the region as a major alternative source and route which can make a valuable contribution to our EU diversification policy".

Moreover, she pointed out that Europe is a very attractive market for Eastern Mediterranean gas and that "this combined with the geographic proximity and the magnitude of resources in the region makes us ideal partners in working together to bring forward the very significant investment that will be needed to tap the huge resources of the Eastern Mediterranean."

She further mentioned that the EU is also supporting the EastMed gas pipeline for which an IGA between Cyprus, Greece, Italy and Israel is in preparation, pointing out that the project itself has been labelled a project of common interest by the EU and receives financial support for the studies.

Concluding, Mrs Bournoville reaffirmed the EU's strong commitment to continue playing the role of facilitator and providing political support, diplomacy, technical support and financing for the development of Eastern Mediterranean gas, "for the mutual benefit of our people and economies."