



## TOURISM

### 34 Bouncing back

Optimism for Greece's key tourism sector in the year ahead blossoms as the first cruise ship sails into Piraeus and the country slowly regains its global reputation for being a secure, competitive destination. Mina Agnos, co-founder of US-based luxury travel company Travelive which specialises in private tours of Greece, Italy, Turkey and Egypt, sees positive signs from the United States  
 By *Helen Iatrou*

## REAL ESTATE

### 36 Shopping for a deal

Although Greece's shopping centres are doing a little better than high street stores, investors remain wary about putting money into new retail developments, at least until consumer spending returns to normal as the severe economic crisis has hit the real estate retail sector hard  
 By *Dimitris Kontogiannis*

## BOOKS

### 40 Recipes of love – and lessons of history

A cookbook by Marika Mitsotaki the late wife of former prime minister Constantine Mitsotakis, blends traditional Cretan recipes with elements of Greece's recent political history

## INTERVIEWS

### 16 Investment opportunities do exist

Reuben Jeffery III, CEO of Rockefeller & Co and a former US under secretary of state for economic, business and agricultural affairs, talks about the European debt crisis, investment opportunities and challenges facing the eurozone  
 By *Antonis D. Papagiannidis*

### 26 Greece's potential energy future

Dr. Theodoros Tsakiris, head of The Hellenic Foundation for European and Foreign Policy's Energy & Geopolitics Programme, explains why it's too early to get excited about Greece's possible gas reserves  
 By *Vanessa Alexakis*

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*The January-February-March issue of Business File went to press on January 24, 2013. Our next issue of will be out at the end of April, 2013*



# Greece's potential energy future

*Dr. Theodoros Tsakiris, head of the Hellenic Foundation for European and Foreign Policy's Energy & Geopolitics Programme, explains why it's too early to get excited about Greece's possible gas reserves*

**N**atural gas reserves under the sea south of Crete could be so rich that they may have an estimated value of up to 427 billion euros, according to a Deutsche Bank report released at the end of last year, which based the data on the recent gas finding in the region and the proximity to Cypriot and Israeli reserves. What do you think of this estimate and about the timetable for the confirmation of such reserves; would it take eight to 10 years to confirm, all things considered?

This and other reports are pre-drilling, pre-seismic scenario-based analysis whose results cannot constitute the basis of serious policy-making. These are comparative studies which have scientific merit but the issues discussed, such as Greece's future oil and gas policy or the determination of its Exclusive Economic Zone, cannot be based on such scenario-structured analysis. These have to be based on something more solid, such as doing the seismic studies, and then the two drillings necessary to confirm the existence of a hydrocarbon discovery.

**When will we have a clearer idea on the reserves in the region? When could drilling take place, at the earliest?**

The area is huge, 220,000 square kilometres,

## To sum up

According to a Deutsche Bank report, Greece may be harbouring huge energy reserves south of Crete, which could make even its mammoth debt sustainable and establish the country as a serious energy player in the region. However, energy experts say it is still too early to verify these estimates without drilling first, and there is a 10-year horizon until these can be confirmed. *Business File's Vanessa Alexakis* spoke to Dr. Theodoros Tsakiris, the head of The Hellenic Foundation for European and Foreign Policy's (ELIAMEP) Energy & Geopolitics Programme and senior analyst at the Middle East Economic Survey, about the country's energy potential and the ramifications for Greece and the area.

which is almost double the size of the country. I expect that by early to mid 2014 the early tenders should be out and these would have six months' duration. So, the potential tender holder would have the exploration and pro-

**'I strongly disagree with those who are using hydrocarbon estimates in order to push the Exclusive Economic Zone issue'**

duction license by the end of 2014 to early 2015, which is most likely in terms of when someone would have the actual licence to drill.

The contractor would hold the permit for three to five years within which he has to do the first drilling. I expect that 2017-2018 would be the most likely time for drilling, and if the exploratory drilling is successful you proceed with an appraisal drilling to confirm the initial finds and identify the optimal targets of hydrocarbon pockets within the field from where you expect to produce oil and gas. If the appraisal drilling is successful, then you can call it a discovery, and then you can go to the bank to get the long-term loans necessary to finance a deep-offshore production operation. So, by the end of this decade, by 2019-2020, we would know the exact reserves of discoveries.

**Does Greece need an Exclusive Economic Zone (EEZ) at this point?**



# 2011 South East OIL & GAS CONGRESS



Hold your horses: Dr. Theodoros Tsakiris, head of the Hellenic Foundation for European and Foreign Policy's Energy & Geopolitics Programme, says it's too early to get excited about Greece's possible gas reserves and that we may have to wait until the end of the decade before we can find out more exact reserves of any oil and gas discoveries

No, we don't need an Exclusive Economic Zone for development. You can give drilling rights without the need for an EEZ, as far as the existing area is considered in the Libyan and Ionian seas. It would be good to have it; it would provide more holistic assurance for Greece, and we would need it to connect with the Cypriot EEZ. But, as I said, that's different from the case of the south of Crete and the Ionian Sea. There, we have a de facto EEZ which is, so far, being respected by European companies and states. This area corresponds with the existing economic continental shelf of Greece.

**Should Greece declare an EEZ soon anyhow, as some are saying, in order to speed up paperwork and any legal issues?**

I strongly disagree with those who are using hydrocarbon estimates in order to push the EEZ issue! No one will support you in Europe, in such a high-risk strategy without having first confirmed reserves that are exploitable by companies that would, in turn, ask their governments to support such a move, especially if they are state-owned companies.

**How will these findings, if true, change the energy map of Europe?**

This is too early, too speculative to say. The average worldwide mean in terms of the pos-

sibility of having successful exploratory drilling is 20 to 25 per cent for deep off-shore areas. Moreover these areas have never been seismically surveyed in a systematic way. So, it's really too early.

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**'You can give drilling rights without the need for an Exclusive Economic Zone, as far as the existing area is considered in the Libyan and Ionian seas'**

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Greece, Cyprus and Israeli officials have been looking into ways to cooperate and are examining their interconnection through an underwater electricity cable. Separately, according to reports, a Mediterranean natural gas pipeline is also under consideration, which would carry gas from reserves in Israel and Cyprus through Crete to the rest of Europe. What is the feasibility and benefits of such projects in your opinion, compared to other options, such as liquefied natural gas (LNG)?

There is no serious consideration being given by Cyprus and Israel as regards a gas pipeline over an LNG terminal, because the technology is not yet available for such a pioneering pipeline and because LNG offers exporters access to a wider variety of markets like those in Asia.

LNG export options are more likely and are the only [options] that are being seriously considered by Cyprus and Israel.

An electricity cable to interconnect the three countries is more feasible. It would only cost about two billion euros, and there is an existing formal cooperation agreement on the potential electricity interconnector, between Greece's Public Power Corporation (DEI), Cyprus' Quantum Energy and Israel's Electricity Corp. A detailed pre-feasibility study of the project should be in its final stages, if not already completed.

**When will we know more about the oil reserves in the three blocks of Katakolon, the Patraikos Gulf and Ioannina? What is the status there?**

The tender process has been delayed compared to the original timetable. The tender closed in March 2012 and the winner(s) should have been selected within a period of six months. Let's hope that we know who the contractors are before March 2013. **bf**