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MEDITERRANEAN ENERGY PERSPECTIVES

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The Mediterranean Energy Perspectives (MEP) 2008 is the first issue of an annual publication whose aim is to bring to light an alternative, nongovernmental view of how energy demand might evolve in the Mediterranean countries. *MEP 2008* provides an in-depth analysis of and projections for 24 Mediterranean countries and aggregates.

The Mediterranean region accounts for over 9% of World Energy Demand. By 2030, this share will be unchanged but most of the increase in demand in the region will stem from the South Mediterranean countries.

The future of the Mediterranean region will remain fossil fuelled with nearly 80% of the energy demand covered by fossil fuels at horizon 2030. Most of oil and gas production does and will originate from South Mediterranean countries especially Algeria, Libya and Egypt. By 2030, the Mediterranean oil production will remain above 6 mbd; while gas production will have doubled compared to 2007.

The energy dependence of the region as a whole is set to increase. By 2030, gas dependence will account for 28% and oil dependence for 39%. Overall, by 2030, more than a third of the fossil fuels consumed in the region will have to be imported. Import dependence will also increase substantially within countries of the Mediterranean, notably for North Mediterranean countries, enhancing the need, on both shores of the Mediterranean, for trade infrastructure development for gas.

Continuing business-as-usual policies will not result in a desirable energy future for the Mediterranean region unless tremendous efforts are devoted to improving energy efficiency and diversifying the energy supply mix, including the large deployment of renewables. Such a strategy will also help mitigate the effects of climate change in the region.

Solar and wind potential throughout the region and mainly in South Mediterranean countries is huge and as yet untapped. The development of renewables in the region is expected to be outstanding.

Over two-thirds of new power generation capacity will have to be added in the South Mediterranean (around 254 GW). In 2030 total electricity generation in the Mediterranean will likely be based on thermal generation, with gas accounting for the largest part of the power generation mix. All countries believe that developing



cross-border interconnections is a positive way to reinforce system reliability and to optimize installed capacity by trading energy with win-win contracts.

Although the Mediterranean region is not one of the leading CO₂ emitters, it is particularly vulnerable to climate change and is likely to be more and more exposed to extreme events. Thus, huge mitigation efforts are needed in the region. Currently, the North Mediterranean countries are responsible for two-thirds of CO₂ emissions in the Mediterranean region. Over time, however, this situation is expected to change, with the North and the South producing equal shares of CO₂ emissions. This change will stem from the combined effects of climate change legislation in the North Mediterranean countries and economic development in the South Mediterranean countries coupled with significant fossil fuel exploitation.

Carbon Intensity is expected to fall by one-quarter in the Mediterranean as a whole between 1990 and 2030. It will record a 36% decrease in the North Mediterranean countries. In 2030 carbon intensity in the South East Mediterranean countries will be almost twice that in the North Mediterranean countries, and in the South West Mediterranean countries it will be three times higher.

Cooperation is therefore paramount in every field. The recent launch of the Union for the Mediterranean represents a key step toward greater cooperation between both shores of the Mediterranean.

The *MEP 2008* also provides two in-depth country reviews for Algeria and Turkey presenting in detail the expected future development in energy production and demand through to 2030. These two in-depth reviews reveal that Algeria will remain one of the top gas exporters in the world and one of the few main gas suppliers to Europe over the next decades, and an emerging regional and global energy player Turkey's energy future will remain fossil based despite nuclear energy and impressive growth in renewables.

The Observatoire Méditerranéen de l'Energie (OME) is a unique association of 35 leading energy companies that operate in the Mediterranean Basin. It represents a gathering of energy operators from both the North and the South, from both producing and consuming countries and from both emerging and industrialized countries.

MEP compiles and presents the extensive work of the OME. This edition of MEP is based on an exclusive in-house model.

In 1995, the OME took the initiative, with the CEO's of major energy companies, to send a declaration to the European Union, which made sure that energy was taken into account in the Barcelona Process. Since then, the Barcelona Process has laid the groundwork for greater dialogue and cooperation among the Mediterranean Countries on a series of important issues.