INFORMATION NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Recent developments concerning the exploration drilling in the EEZ of the Republic of Cyprus

- Information from the Cypriot delegation

Delegations will find attached the abovementioned information note.
Recent developments concerning the exploration drilling in the EEZ of the Republic of Cyprus

Briefing on Hydrocarbon Exploration in Cyprus
by the Minister of Commerce, Industry and Tourism

Cyprus has so far been an isolated energy system and has till recently been almost totally dependent on imports of oil which burden the current account balance, the level of CO2 emissions and very often the rate of inflation.

As part of its medium term planning and in response to EU wide policies to support sustainable development, Cyprus has planned and is implementing a National Action Plan for the gradual increase of the contribution of renewables to the energy balance, aiming at reaching a target of 13% by 2020. At the same time, it has started to plan and to act in the direction of introducing natural gas as a source of energy in the production of electricity and else wise.

In the meantime, Cyprus was confronted with a sudden energy crisis last summer, when an explosion near the main electricity power station (at Vassilikos) caused extensive damages to the station which was covering 60% of the total electricity production of the country. The event highlighted the difficulties arising as a result of Cyprus being an energy island.

Nevertheless, as a result of the coordinated efforts of all government services, competent authorities and of the dedicated efforts of the personnel of the Electricity Authority of Cyprus, sufficiency of electricity supply was restored within one month of the accident. Medium term plans include the restoration of full capacity in stages, initially by next summer and then within one more year.

On 18th September, Cyprus began exploration drilling in site 12, in its exclusive economic zone with reference to hydrocarbons. Noble Energy which is conducting the exploration drilling expects some first indications of the possible existence of hydrocarbon reserves by beginning-middle of December. To the extent that the first indications are positive, an appraisal process will follow to establish the composition and size of the reservoir. Prior to the exploration activity, an Environmental Impact Assessment was carried out on the basis of the relevant criteria of Annex III of Directive 85/337/EEC.
Furthermore the Republic of Cyprus is proceeding shortly to the 2nd round of licensing for exploration and production with reference to the other sites that have been delineated in the exclusive economic zone of Cyprus.

In the meantime, the Government is in the process of defining long term strategic planning in the area of hydrocarbons and hence of examining the next steps needed to be taken with reference to the way that reserves will be exploited once they are found.

The Republic of Cyprus ratified in 1988 the United Nations Convention on the Law of the Sea. A number of agreements have been signed between the Republic of Cyprus and its neighbouring countries. An agreement for the Delimitation of the Exclusive Economic Zone was signed between Cyprus and the Arab Republic of Egypt, based on the median-line principle and in accordance with the provisions of the UNCLOS ’82. Similar, agreements have been signed with Lebanon and the State of Israel. The Republic of Cyprus and the Arab Republic of Egypt have also signed a Framework Agreement concerning the development of cross-median line hydrocarbon resources.

To the extent that hydrocarbon reserves are identified in the exclusive economic zone of Cyprus, then new, wide and bright prospects open for both the current and future generations of Cypriots. At the same time, Cyprus will be in a position to contribute to the energy security of Europe through the provision of additional sources of energy and through its possible participation in new energy infrastructure linking Europe to sources of energy.

With regard to the benefits that will accrue once hydrocarbons are identified and exploited, I would like to reiterate the words of President Christofias that the Turkish Cypriots are citizens of the Republic of Cyprus and as such they can enjoy within the framework of a reunited homeland the benefits of any natural wealth that Cyprus has. The President furthermore indicated that the exploitation of any possible natural gas reserves in the exclusive economic zone of Cyprus can potentially motivate the attainment of a solution to the Cyprus problem soon, so that all the Cypriot people, Greek Cypriots and Turkish Cypriots, can benefit from any positive development.
The President furthermore added that Turkey has a lot to benefit from the solution of the Cyprus problem, since the solution will lead to the normalization of relations with Turkey, to cooperation between the two countries and to the conclusion of agreements between the two in various areas, including in the energy sector.

Turkey now has a golden opportunity to prove itself to be a true peacemaker in the area of the Eastern Mediterranean, by respecting the sovereignty rights of all EU member states, through both words and actions; and by truly contributing to the success of the peace process with reference to Cyprus through the encouragement of the Turkish Cypriot leadership to work for an agreed solution of the Cyprus problem that will be reunifying Cyprus on the basis of the commonly agreed basis of a bizonal, bicomunal Federation with political equality as this is defined in relevant UN resolutions.

A bright horizon of peace, cooperation and economic growth will then open for the area of the Eastern Mediterranean to the benefit not only of the countries and peoples of the area but also to the benefit of our wider European family.

In shaping the world of today and tomorrow through their decisions on energy issues, visionary leaders will aim at improving the prospects of both current and future generations in terms both of economic and social development and of sustainability and certainly in terms of establishing and strengthening peaceful and hence productive international relations.