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Editors

Energy Economy, Finance and Geostrategy

 Springer

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Foreword

The utilization, exploitation and control of energy resources are topics of immense geostrategic importance to most industrialized nations. Energy resources and low electric prices are the key to economic development, growth and prosperity. Many of the modern political and military conflicts are in countries located close to the regions with hydrocarbon-based energy resources. Terrorism, extremism, proliferation of mass destruction weapons and political refugee waves have increased the threats and political tensions in these regions.

Major hydrocarbon resources discovered or about to be discovered under the sea in the Eastern part of the Mediterranean Sea have spurred political tensions, frictions and anxiety in an already volatile region. The discoveries have attracted the interest of large oil companies that have been investing heavily in the exploration and discovery of hydrocarbon reservoirs and their economic exploitation. The involved countries attempt to maximize their economic and political benefits through the formation of strategic alliances and partnerships. The southern energy corridor passing through Turkey is a viable alternative that could potentially benefit all countries involved. However, the exploitation of the hydrocarbon resources in Eastern Mediterranean Sea, to the fullest extent, requires overcoming and solving numerous political challenges and problems.

Climate change, the costs associated with CO₂ pollution emissions and phasing out nuclear power plants have made many countries, including the European Union (EU), to search for alternative energy sources, such as green and renewable energy. Specifically, the EU climate policy requires substantial decrease of fossil fuel consumption and production during the coming years. Research evidence, presented in this book, suggests that green energy projects are less profitable than non-green energy projects and, therefore, have a negative impact on firm values. Moreover, they are likely to result in volatile electricity prices. It appears that in the immediate future fossil fuel, coal and oil, gradually will be substituted mainly by natural gas, which is less harmful to the environment.

Other topics of great interest include the deregulation and liberalization of the natural gas and energy sectors aiming at greater efficiency in distribution and production and lower prices for the consumers. There are cases, however, where deregulation led to underinvestment and higher prices. The dynamic relationship among crude oil prices and prices of basic petrochemical byproducts, such as

naphtha, benzene, ethylene, propylene, acrylonitrile and vinyl chloride polymer, is quite an interesting issue for oil producing countries and petrochemical companies alike, as well as policymakers. Uncovering such relationships enables companies and countries to use petrochemical goods as hedging instruments against oil price falls. Last but not least, major oil and gas producers faced the challenges of declining consumption on the demand side; as consumers turned to alternative energies, energy efficiency improved, and non-Organization of Petroleum Exporting Countries (OPEC) oil supplies increased.

This book includes 12 well-written chapters interlinking energy economics, finance and geostrategy. The book covers in an informative and scientific manner many of the aforementioned topics and issues. I find the book quite interesting and relevant to scientist and policymakers interested in energy economics, finance and geostrategy.

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January 2018

Panayiotis Theodossiou

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