PRESS RELEASE

SRM (INTESA SANPAOLO) AND ESL@ENERGYCENTER (POLITECNICO DI TORINO): Presentation of the 'MED & ITALIAN ENERGY REPORT'

The Report focuses on the impacts of geopolitical phenomena on energy contexts, with a focus on natural gas supplies and the potential role of renewables in the Euro-Mediterranean dialogue.
The new 'ENEMED-Plat' was also launched, an interactive tool enabling analysis and research on energy issues.

- **The weight of renewables in the EU is increasing, and the energy mix is changing.** Coal use has dropped from 32% in 2000 to around 12%, while the share of natural gas has increased from 12% to 17%. Renewable energy sources dominate, rising from 15% to 45%.

- **However, the EU remains overly dependent on energy imports (58.3%),** compared to China's dependence of 20% and the total energy self-sufficiency of the United States. This factor, more than in the past, will be crucial in the dynamics of global competitiveness.

- **Strengthening the energy dialogue between Europe and North Africa is essential**, especially to produce renewables and green hydrogen. It has been calculated that, considering electricity generation from photovoltaics, **less than 1% of the surface area of the southern coastal countries would be enough** to generate enough electricity not only to meet their future electricity demand but also to produce surplus electricity that could be exported to the other two shores. Italy's role as a "bridge" is pivotal.

- **The Trump presidency will have significant impacts.** There will be a push to sell more oil and gas to Europe, accelerating the trend already underway in LNG exports. Over recent years, the United States has increased its liquefied natural gas (LNG) exports to Europe, from 27% in 2021 to 41% in 2022, reaching 48% of the total LNG imported by the EU in the early months of 2024.

- **The straits of Hormuz, Malacca, and Suez play a critical role as strategic energy chokepoints.** The Strait of Hormuz handles 34% of global crude oil trade, 14.3% of refined products, 25.6% of gas, and 18% of liquefied natural gas (LNG). The Strait of Malacca facilitates 33.5% of crude oil trade, approximately 13% of refined products, 15.1% of gas, and 17% of LNG. Meanwhile, the Suez Canal accounts for 5% of total oil trade (including crude and refined), 2.2% of gas, and 1.2% of LNG. In the future, these volumes could increase significantly, particularly as stability returns and normalization occurs in the Middle East.

- **Tensions in the Red Sea area** have affected gas supplies, forcing rerouting and significantly lengthening supply chains. The average duration of voyages for gas tankers from Qatar reached 39.7 days in April 2024, up from 18.5 days in 2023. The Israel-Hamas truce finally opens up avenues for a gradual recovery of traffic through the Red Sea.

- **The Russia-Ukraine** war has led to a strengthening of intra-Mediterranean trade in fossil fuels, with Algeria gradually replacing Russian gas flows and quickly becoming Italy's primary gas supplier. Gas imports from Algeria via the Transmed pipeline increased from 29.5% of Italy's total in 2021 to 38% in 2023. Meanwhile, the share of Russian supplies dropped sharply, falling from 39.4% in 2021 to just 4.2% in 2023.

- **Italy is becoming less dependent** on external energy sources, with its energy dependence level improving slightly from 77% to 74%. This year, the country achieved a storage level of 98.5%, exceeding the European average and ensuring resilience against potential supply risks.

- **Renewable energy remains a key driver for progress.** According to the latest data from 2024, 41.2% of Italy's electricity demand was met by renewable sources—the highest level ever recorded.

- **Strategic ports and shipping are crucial for the global energy economy. In** addition to their role as hubs for fossil commodities, ports are also becoming key locations for the green transition and for fostering the "energy bridge" between Europe and North Africa. It's important to note that large renewable energy projects, particularly solar and offshore wind, are increasingly being developed in ports.

- **The fundamental challenge of alternative fuels** lies in the ability of a port to accommodate ships powered by fuels like methanol, LNG, ammonia, and others. This capacity will be a significant competitive factor. In fact, 52.6% of the shipbuilding orderbook will be able to use alternative fuels or propulsion systems.

- **Italian ports are at the forefront of energy.** The energy sector accounts for 35% of the total cargo handled by Italian ports. They are already facing, and will increasingly lead, an energy revolution. The new challenge is to become hubs for the energy transition, committing to making their operations more eco-friendly. The Green model is advancing, with investments and new challenges for our infrastructure.

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Brussels, January 28, 2025 – The sixth **MED & Italian Energy Report** was presented today at the European Parliament. This research work, titled "The energy transition in the Mediterranean between sustainability and security: a dynamic think-tanking approach," was created with the support of the **Compagnia di San Paolo Foundation** and is the result of the scientific synergy between SRM (Research Centre connected to the Intesa Sanpaolo Group) and the **ESL@energycenter Lab of the Politecnico di Torino**, as well as the collaboration with the **Matching Energies Foundation**.

The event was sponsored by **European MEPs Elena Donazzan and Giorgio Gori** and was organized in collaboration with the **European Regulatory and Public Affairs** structure of **Intesa Sanpaolo**, based in Brussels.

This edition of the Report analyses **the impact of geopolitical tensions** in the Red Sea on the **supplies of crude oil and LNG** in the Mediterranean. It examines the importance of the southern shore of the Mediterranean for natural gas supplies, especially after the onset of the Russia-Ukraine conflict. A section is dedicated to the potential role of **renewable energy** sources in fostering green energy dialogue in the Mediterranean region.

The Report also includes a focus on **ports and shipping**, analysing their relevance in the maritime energy trade of the Mediterranean. It identifies the most important terminals and the main chokepoints involved in the supply of energy commodities.

To carry out the analyses in this edition of the Report, SRM and ESL@energycenter of the Politecnico di Torino implemented an **interactive platform called the ENEMED Platform**. Using algorithms and access to various data sources, it enables research and analysis, providing updated information on energy flows in the Euro-Mediterranean area, and also allows for customising data visualisations.

Following the introduction by the two European MPs and **Francesca Passamonti**, Head of European Regulatory and Public Affairs at Intesa Sanpaolo, the introductory addresses were given by **Marco Gilli**, President of the Fondazione Compagnia di San Paolo, and **Elena Baralis**, Vice-Rector of the Politecnico di Torino.

The research work was presented by **Massimo Deandreis**, General Director of SRM, and **Ettore Bompard**, Scientific Director of ESL@energycenter Lab at the Politecnico di Torino, followed by a simulation and demonstration of the new **ENEMED Platform**.

The event continued with a debate moderated by **Ana Rovzar**, Founder and CEO of Polygon AR. The debate focused on the results illustrated in the Report and included distinguished representatives from Italian and European institutions, international trade associations, and representatives from the energy industry and energy-related infrastructure.

For further information

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