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Geopolitics of gas and militarization
in the Eastern Mediterranean

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Abstract:

The discovery of massive gas reserves in the Eastern Mediterranean basin has substantially affected regional geopolitical relations. The quest for resources and the exploitation thereof is resulting in a significant increase of military activities in the area, thus creating an unstable scenario where the great powers' interests are bound to collide.

Keywords:

China, Cyprus, Egypt, Greece, Israel, Middle East, Russia, Turkey, United States, Eastern Mediterranean, Energy, Natural gas.

Introduction

When we talk about the Eastern Mediterranean, we refer to the part of this sea located to the east of the imaginary line that would roughly connect the southernmost point of Greece (Cape Matapan) with the current border between Libya and Egypt, encompassing the Aegean Sea, an access route to the Turkish Straits, which lead to the Black Sea, the Bosphorus and the Dardanelles, the islands of Crete and Cyprus and the Suez Canal (Figure 1).

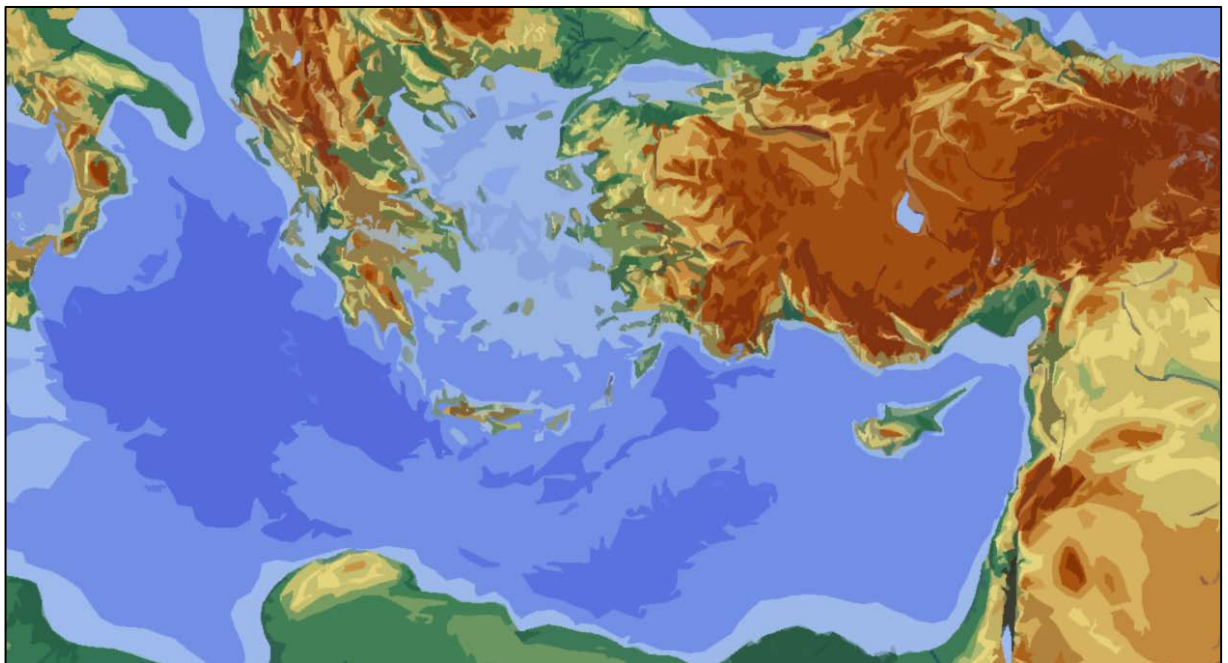


Figure 1: The Eastern Mediterranean

The strategic value of the eastern basin of the Mediterranean as a channel of communication has been recognized since ancient times. The opening of the Suez Canal in the 19th century only strengthened this value, attracting the colonial powers of the time that, in their quest to dominate the necessary connections between their colonies and respective metropolises, turned this maritime space and the surrounding territories into the scene of numerous conflicts.

Israel's 2009 discovery of vast gas fields in its Exclusive Economic Zone (EEZ), followed by other similar discoveries in the EEZs of Egypt and Cyprus, with potential discoveries in the patrimonial waters of Lebanon and Syria, have changed the power relations among the States in the region, introducing a new factor into the already complicated geopolitical equation of the eastern basin of the Mediterranean. It is true that these discoveries have presented opportunities for the countries involved to cooperate with one another, as we will discuss below, but said discoveries have also introduced an additional reason for conflict.

Stating the current instability of the coastal countries (Syria, Israel, Lebanon, Egypt) is simply pointing out the obvious. And without wanting to diminish the importance of these problems and the influence they have on the geopolitics of the region, the aim of this analysis is to highlight an (apparently latent) conflict that exceedingly conditions Turkey's relations with the rest of the Aegean states and in the Mediterranean, or the White Sea (*Akdeniz*, in Turkish), that had traditionally been under Ottoman rule. This is the issue that underlies the disputes over the distribution of the recently discovered natural resources.

Sovereign spaces: Territorial Waters, Exclusive Economic Zone and Airspace

The extent of the territorial waters and the EEZ of a State is determined by the United Nations Convention on the Law of the Sea¹ (UNCLOS), signed 10 December 1982 at Montego Bay, Jamaica. The widely accepted general rule defines the distance of the territorial waters over which a State has full sovereignty as 12 NM and its EEZ, over which sovereign rights are limited to the exploration, exploitation, conservation and management of natural resources, as a maximum of 200 NM².

¹ Available at http://www.un.org/depts/los/convention_agreements/texts/unclos/convemar_es.pdf (consulted December 2018).

² The Convention likewise defines the concept of **Continental Shelf** (CS), over which a coastal State also exercises rights on the natural resources thereof (Part VI). In the case at hand the EEZ and the CS are the same, such that the distinction is irrelevant in this case.

In turn, the Chicago Convention of 1944 defines sovereign airspace as the terrestrial atmosphere above the land under a State's full sovereignty, including its territorial waters. As said convention predates the UNCLOS, the definition of territorial waters used in the Chicago Convention is

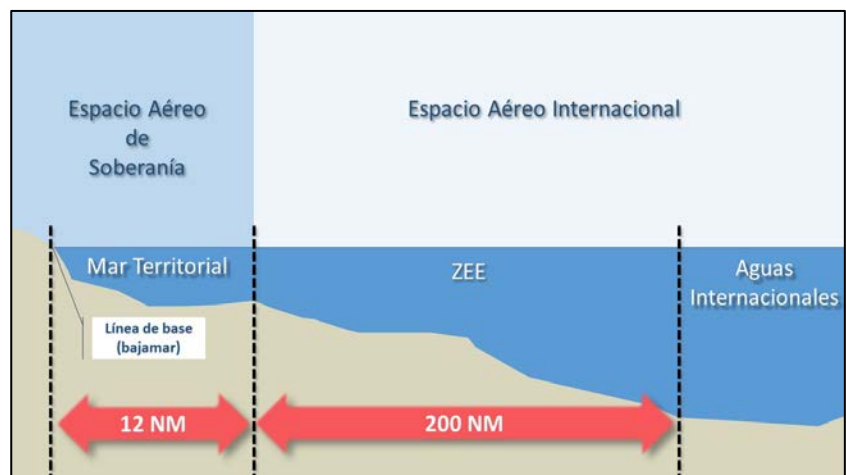


Figure 2: – Division of sovereign spaces according to the United Nations Convention on the Law of the Sea and the Chicago Convention

Source: Compiled by the author

imprecise but, customarily, International Law accepts the 12-NM limit on territorial waters established in the UNCLOS and not the EEZ (Figure 2).

However, the dimensions of the Mediterranean prevent the waters from being divided as established in the UNCLOS, such that the States must resolve this matter through bilateral agreements and negotiation. In the eastern basin of the Mediterranean, as defined above, there are two controversies arising from the distribution of these spaces. These controversies are interrelated but of different natures and should be handled separately: the distribution of territorial waters, airspace and EEZ in the Aegean Sea, a dispute that affects Greece and Turkey exclusively; and the delimitation of the respective EEZs in the Mediterranean to the east of the island of Crete, a problem that involves all the coastal States.

Aegean Sea

The Aegean Sea, the only access route to the Turkish Straits that in turn lead to the Black Sea, has been the scene of a permanent conflict of interests between Greece and Turkey since the end of World War I, when the Aegean Islands fell under Greek sovereignty³.

³ Article 13 of the Treaty of Lausanne, of 24 July 1923. Available at http://sam.baskent.edu.tr/belge/Lausanne_ENG.pdf (consulted December 2018). In reality, 3 of these islands (Bozcaada, Gökçeada and Tavşan Adası) remained under Turkish sovereignty, while the

Today, territorial sea has been defined through mutual agreement as extending 6 NM. Yet Greece claims airspace extending to 10 NM instead of the agreed 6 NM, a claim Turkey rejects. Thus exists an unusual case in International Law, in which a country intends to exercise sovereignty over airspace above waters currently international⁴. The majority of airspace violations reported by Greece take place in this area.

Greece's ratification of the UNCLOS in 1995⁵, with the clear intent to extend the borders of its territorial waters up to the 12 NM, provoked the reaction of Turkey, which is not a signatory to the Convention, declaring it *casus belli*⁶. As shown in Figure 3, a 12-NM extension would make the Aegean a *de facto* Greek sea, strangling Turkey, whose access to international waters would be drastically reduced. Furthermore, the positions of both parties on EEZ delimitation are difficult to align.

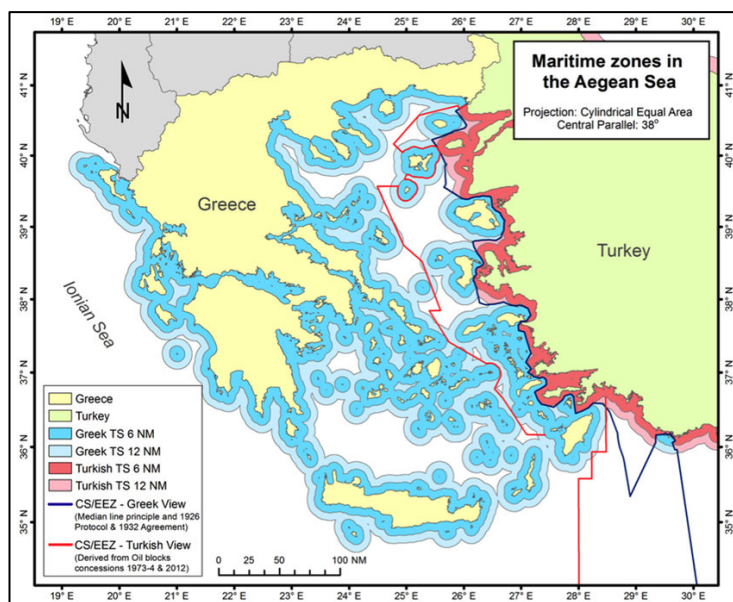


Figure 3: Delimitation of territorial waters and potential EEZs in the Aegean Sea.

Source: Research Gate (<https://www.researchgate.net/>)

Dodecanese, occupied by Italy during the Italo-Turkish War of 1911, remained under Italian control (Art. 15) until they became part of Greece in 1947, under the condition that they remain demilitarized (Paris Peace Treaties, 10 February 1947), available at <https://www.loc.gov/law/help/us-treaties/bevans/m-ust000004-0311.pdf> (consulted December 2018). In both cases the territorial sea was defined as extending 3 NM.

⁴ The details of the decisions made by each party that have led to this peculiar situation can be referenced in the official versions provided by the respective Ministries of Foreign Affairs: the official Turkish version at <http://www.mfa.gov.tr/background-note-on-aegean-disputes.en.mfa> and the official Greek version at <https://www.mfa.gr/en/issues-of-greek-turkish-relations/relevant-documents/territorial-sea-casus-belli.html> (consulted December 2018).

⁵ *Declarations and Statements* pursuant to Art. Of UNCLOS, accessible at http://www.un.org/Depts/los/convention_agreements/convention_declarations.htm (consulted December 2018)

⁶ Resolution by the Turkish National Assembly on 8 June 1995, granting the Turkish Government full and perpetual competence to declare war should Greece decide to extend its territorial waters over 6 NM.

This situation has led to numerous incidents and moments of tension, including armed clashes that have occasionally resulted in casualties. We are faced with a bilateral dispute in which other actors, especially Russia and the United States, have avoided direct involvement. Neither would benefit from changes to the *statu quo*, where Greece and Turkey mutually contain each other, preventing either country from excessively “nationalizing” access routes to the Black Sea. On the other hand, the fact that both are NATO member countries constitutes a powerful moderating factor. Isolated incidents are likely to occur, but it is unlikely that the dispute be allowed to turn into a large-scale conflict.

EEZs in the Mediterranean

Although not all coastal countries are signatories to the UNCLOS⁷, its principles serve as a guide for achieving potential agreements on the delimitation of the continental shelf. In this sense, the UNCLOS establishes (Art. 59) that any conflict “...should be resolved on the basis of equity and in the light of all the relevant circumstances...”. This prevents the default application of the equidistance principle, which would define the border of the respective EEZs as the equidistant intermediate line between their coasts, where other considerations must (or can) be taken into account, for example the respective shores, the shape thereof, etc., with there being relevant jurisprudence that affects the Mediterranean region⁸. Turkey advocates for the application of the equity principle, whereas Greece and Cyprus advocate for equidistant principle, resulting in two perspectives that are difficult to reconcile. A particularly sensitive issue in this dispute is the island of Kastellorizo, which located at less than a mile from the Turkish coast has been and still is the venue of numerous incidents (Figure 4).

⁷ Israel, Syria and Turkey are not.

⁸ Judgments by the International Court of Justice of 24 February 1982, a case regarding the continental shelf, Tunisia against the Libyan Arab Jamahiriya and of 3 June 1985, a case regarding the continental shelf, Libyan Arab Jamahiriya against Malta – Summaries of judgments, advisory opinions and orders by the International Court of Justice 1948-1991, p. 159 p. 198, respectively. In both cases the Court ruled against the principle of equidistance. Available at http://legal.un.org/icjsummaries/documents/spanish/st_leg_serf1.pdf (consulted December 2018).

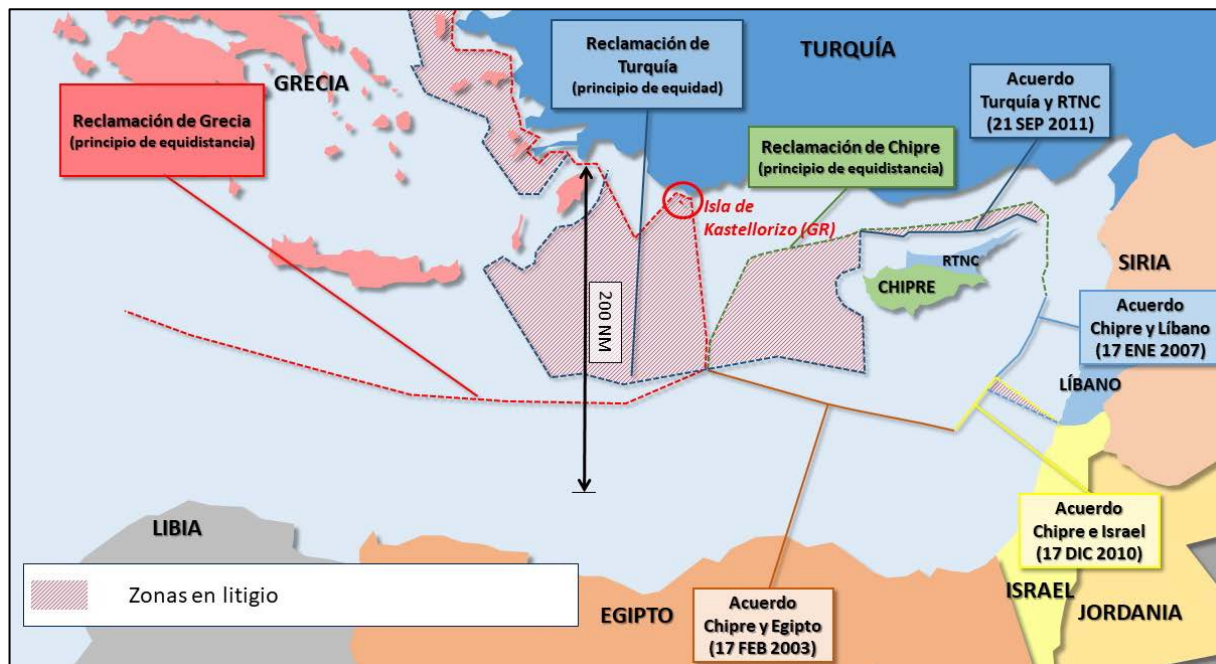


Figure 4: Claims and agreements regarding Exclusive Economic Zones (approximation)

Source: Ministry of Foreign Affairs of the Republic of Turkey - Compiled by the author.

Over the past decade, the possibility of discovering fossil fuels in seabeds, which we will address below, encouraged the pursuit of agreements on surveying and, where appropriate, exploiting resources. Thus, Cyprus, after proclaiming its EEZ in 2004⁹, has established bilateral agreements with Egypt (2003), Lebanon (2007) and Israel (2010), and moreover, Greece and Egypt are soon to follow suit¹⁰.

⁹ Act No. 64(I)/2004 and 97(I)/2014 on the Exclusive Economic Zone and Continental Shelf, available at [http://www.mfa.gov.cy/mfa/mfa2016.nsf/all/8D450A891DD09140C2258042004122E8/\\$file/THE%20EXCL%20USING%20ECONOMIC%20ZONE%20AND%20THE%20CONTINENTAL%20SHELF%20LAWS%20004%20AND%202014FINAL.pdf?openelement](http://www.mfa.gov.cy/mfa/mfa2016.nsf/all/8D450A891DD09140C2258042004122E8/$file/THE%20EXCL%20USING%20ECONOMIC%20ZONE%20AND%20THE%20CONTINENTAL%20SHELF%20LAWS%20004%20AND%202014FINAL.pdf?openelement) (consulted December 2018).

¹⁰ Greek president: EEZ delimitation to be agreed among Egypt, Greece, Cyprus, Egypt Today, 2 May 2018, available at <http://www.egypttoday.com/Article/2/49158/Greek-president-EEZ-delimitation-to-be-agreed-among-Egypt-Greece> (consulted December 2018) and Greece and Egypt moving closer to EEZ agreement, Ekathimerini.com, 11 October 2018, available at <http://www.ekathimerini.com/233496/article/ekathimerini/news/greece-and-egypt-moving-closer-to-eez-agreement> (consulted December 2018).

These agreements are not without controversy, however. Notably, Lebanon and Israel contest a strip in their border zone that is very likely to contain fossil fuels. As Israel is not a signatory to the UNCLOS, the procedures envisaged in the Convention for resolving this type of dispute do not apply here, such that third-party mediation has been chosen, namely that of the United States. To date the United States has not yet been able to align their positions. At present Lebanon supports involving the UN in a trilateral forum, such forum not having yet been established¹¹. There are no signs that this matter will be resolved swiftly.

In any case, Turkey, which does not make claims to the south of the island of Cyprus but does in the southwestern region, does not recognize Cyprus' self-declared EEZ or any of the bilateral agreements. Furthermore, Turkey conditions any agreement regarding the continental shelf on the resolution of the conflict with Cyprus that has divided the island in two States since 1974: to the south, the Republic of Cyprus, internationally recognized and a member of the EU; and the Turkish Republic of Northern Cyprus (TRNC), recognized exclusively by Turkey, which has some 40,000 soldiers deployed there, and home to the Turkish Cypriot population. The argument offered to support this position is the equitable distribution of the natural resources contained in the EEZ between the conflicting communities. In this sense, the distribution of the wealth found in the island's EEZ has become a key element that conditions the resolution of this conflict¹².

¹¹ *The maritime border dispute between Lebanon and Israel explained*, Middle East Strategic Perspectives, March 2018, available at <https://www.mesp.me/2018/03/05/maritime-border-dispute-lebanon-israel-explained/>, (consulted January 2019).

¹² For more information on the Cyprus conflict, see PALACIÁN DE INZA, Blanca – *Chipre en la encrucijada*, Documento informativo 38/2011, October 2011, Instituto Español de Estudios Estratégicos, available at http://www.ieee.es/en/Galerias/fichero/docs_informativos/2011/DIEEEI38-2011ChipreEncrucijadaBPI.pdf (consulted January 2019).

The energy factor

The discoveries of large natural gas fields are an additional factor in the already complicated geopolitical relations in the eastern basin of the Mediterranean. Estimates made in 2010¹³ determined that the area could contain more than 3.5 TCM¹⁴ of natural gas, an amount equal to the proven gas reserves in Australia, the world's second greatest exporter of Liquid Natural Gas (LNG) in 2017¹⁵ (Figure 5).

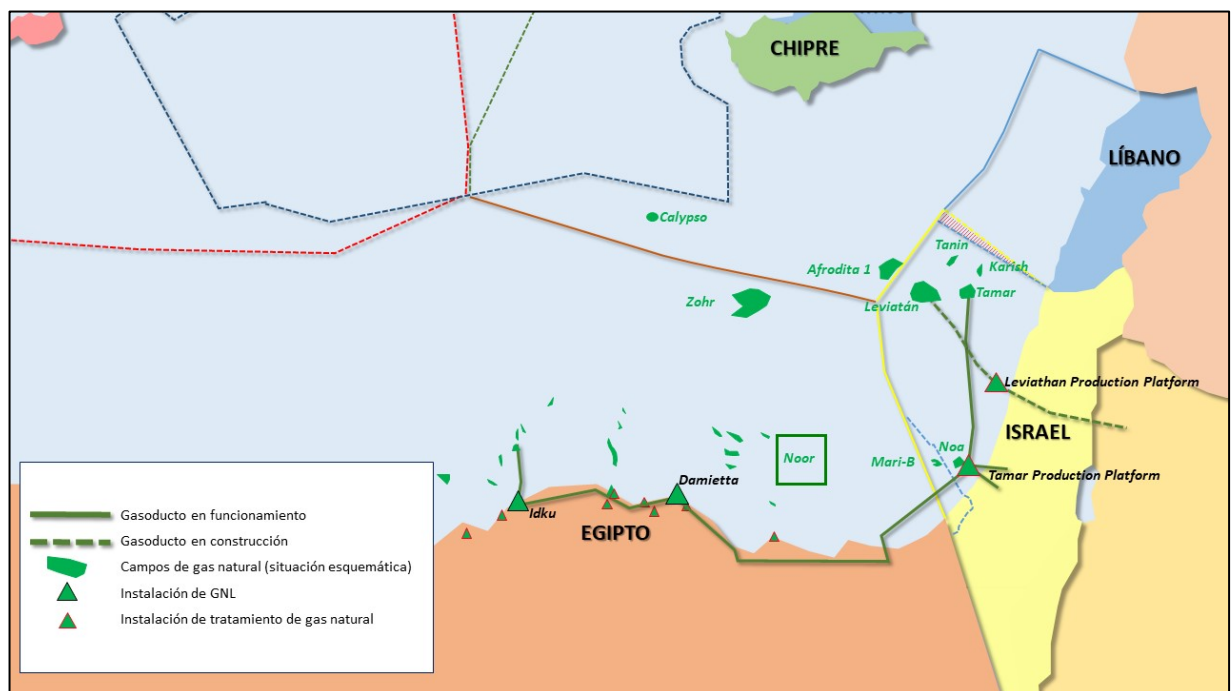


Figure 5: Schematic map of major fields

Source: Compiled by the author.

As we can see in Table 1, production at these fields has only just begun, where Egypt and Israel are the only countries that have managed to do so in a cost-effective manner.

¹³ *Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean* – United States Geological Survey (USGS), available at <https://pubs.usgs.gov/fs/2010/3014/pdf/FS10-3014.pdf> (consulted December 2018).

¹⁴ Unless otherwise stated, the measurement units used throughout this paper are American: 1 TCM = 1 trillion m³ (10¹² m³); 1 BCM = 1 billion m³ (10⁹ m³).

¹⁵ *BP Statistical Review of World Energy, 67th Edition – June 2018*. Furthermore, the area would hold 1.7 billion barrels of oil, but the possible exploitation thereof is still far off.

Table 1 – Major gas fields in the Eastern Mediterranean

País	Consumo anual en 2017 (BCM)	Yacimientos	Reservas estimadas (BCM)	Capacidad de Producción (BCM / año)	Operadores
Egipto	56 (1)	Zohr	849 (2)	20,6 (2)	ENI (Italia) 60 % Rosneft (Rusia) 30 % BP (Reino Unido) 10 %
		Noor	En exploración (3)	-	ENI (Italia) 40% BP (Reino Unido) 25% Mubdala Petr. (Abu Dahbi) 20 % Tharwa Petroleum (Egipto) 15%
Israel	9,9 (1)	Tamar	318 (4)	9,3 (5)	Delek Drilling (Israel) 22 % Noble Energy (E.E. U.U.) 25 % Isramco (Israel) 28,75 % Tamar Petroleum (Israel) 16,75 % Dor Gas (Israel) 4 % Everest (Nepal) 3,5%
		Leviatán	605 (4)	Delek Drilling pretende iniciar la producción en 2019 (21 BCM/año) (4)	Noble Energy (E.E. U.U.) 39,66 % Ratio (Israel) 15 % Delek Drilling (Israel) 45,34 %
		Karish /Tanin	60 (6)	Podría dar comienzo en el primer trimestre de 2021 (6)	Energiean Oil & Gas (UK) 100%
Líbano	Sin datos	-	En exploración		Asignados bloques 4 y 9. En licitación bloques 1, 5, 8 y 10. (6)
Chipre	Sin datos	Afrodita	129	Aún no se ha desarrollado ningún proyecto para explotación	Delek Drilling (Israel) 30 % Noble Energy (E.E. U.U.) 35 % British Gas (UK) 35 %
		Calypso 1	En evaluación		Descubierto por ENI en febrero de 2018.

(1) Fuente: *BP Statistical Review of World Energy, 67th Edition – June 2018*.
(2) Fuente: EnergyEgypt (<https://energyegypt.net>). Estimación de posible capacidad de producción basada en datos diarios (sep 2018) anualizados.
(3) Algunas fuentes citan unas potenciales reservas de hasta 2 500 BCM.
(4) Fuente: Delek Drilling Co. (<https://www.delekdrilling.co.il>).
(5) Fuente: Ministerio de Energía de Israel. Datos de producción del año 2016.
(6) Fuente: Energiean Oil & Gas (<https://www.energean.com/operations/israel/karish/>)
(7) Fuente: *Lebanese Petroleum Administration* (<https://www.lpa.gov.lb/index.php>).

Egypt, with the commercial exploitation of Zohr having begun and the potential discovery at the Noor field being reported by some sources¹⁶, is glimpsing the real possibility of becoming a net exporter of gas again in 2020¹⁷. And the same can be said about Israel, which is already marketing the gas from Tamar, if expectations regarding the start of operations at Leviathan are met during 2019¹⁸ (Figure 6).

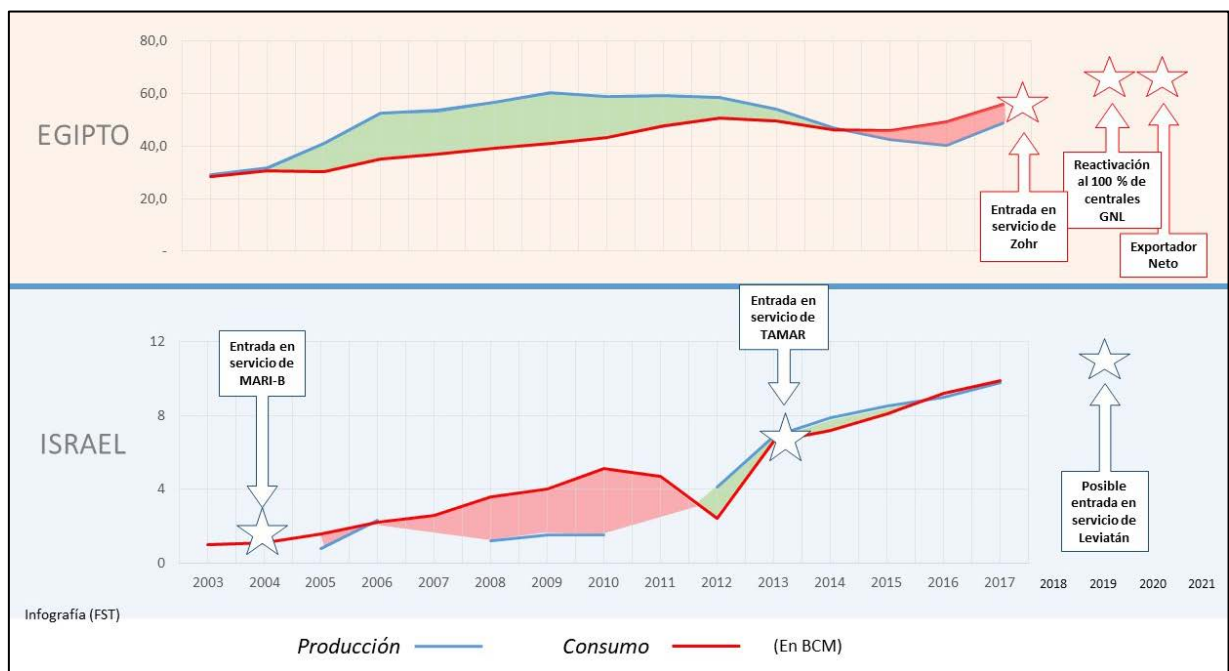


Figure 6: Comparison of gas production and consumption Source: *BP Statistical Review of World Energy*, June 2018 and *CIA World Factbook* – Compiled by the author.

¹⁶ MCDONALD, Scott B. - *Here's How Egypt Could Become a Major Gas Exporter* – The National Interest (2018) available at <https://nationalinterest.org/feature/heres-how-egypt-could-become-major-gas-exporter-27056> (consulted January 2019).

¹⁷ After having developed its energy sector during the 2000s, Egypt became a net exporter of gas until 2015, when increased domestic demand caused imports to exceed exports.

¹⁸ Delek Drilling intends to begin commercial exploitation in 2019, reaching a production capacity of 21 BCM per annum. (www.delekdrilling.co.il) (consulted January 2019).

The 2011 discovery of the field known as Aphrodite in waters claimed by Cyprus was a boost of optimism for its Government, engulfed in a severe economic and financial crisis. Aphrodite was thought to be capable of not only meeting domestic demand¹⁹, but of making Cyprus a net exporter. But reality has forced expectations to be lowered. Located at a depth of more than 5,000 m, the exploitation thereof is a considerable technological challenge, increasing the expected production costs to levels that put the profitability of doing so into question. Moreover, certain studies indicate that Aphrodite could extend into the EEZ of Israel, granting such country a certain decision-making capacity regarding the exploitation thereof, complicating Aphrodite's future. Only one additional discovery in its surroundings could justify the major investments required²⁰. In this respect, in February 2018 the Italian company Eni announced the discovery of a field, Calypso 1, at a depth of around 2,000 m that could hold between 170 and 230 BCM²¹.

Export possibilities

All these countries aspire to become net exporters of gas, with Europe²² being one of their priority targets. But to do this, in addition to the gas reserves themselves, they need the infrastructure for transporting the gas, and Egypt is currently the only country so equipped. Egypt has two operational natural gas liquefaction stations that can be used to

¹⁹ In reality, domestic consumption in Cyprus has thus far been non-existent. The discoveries of gas have incentivized the Government to establish plans for the gasification of its electric sector, until now dependent on oil, such that while the exploitation options for Aphrodite materialize, they have begun the procedure to build an import LNG terminal (Floating Storage and Regasification Unit- FSRU) that could come into operation in November 2020. See *Cyprus issues tender for LNG terminal* – LNG World News, available at <https://www.lngworldnews.com/cyprus-issues-tender-for-lng-terminal/> (consulted January 2019).

²⁰ BACONI, Tareq – *Pipelines and pipedreams: how the EU can support a regional gas hub in the Eastern Mediterranean* – European Council on Foreign Relations, April 2017. Available at https://www.ecfr.eu/publications/summary/pipelines_and_pipedreams_how_the_eu_can_support_a_regional_gas_hub_in_7276 (consulted November 2018).

²¹ *ENI announces a gas discovery offshore Cyprus*, Nota de prensa de Eni available at https://www.eni.com/en_IT/media/2018/02/eni-announces-a-gas-discovery-offshore-cyprus?lnkfrm=asknow (consulted January 2019).

²² Europe consumes 531 BCM per annum: 531 BCM: *BP Statistical Review of World Energy, June 2018*.

export LNG to Europe²³: Idku, with a processing capacity of 10 BCM per annum²⁴ and Damietta, with a nominal capacity of 7.56 BCM per annum²⁵. Built in the 2000s, both had practically become obsolete since 2011, when the Government was forced to redirect exports to satisfy the growing domestic demand. The discovery of Zohr and the beginning of the exploitation thereof has given these terminals new life, with both having resumed operations and with the announcement that they could be working at full capacity by the end of 2019²⁶.

For the other countries, cooperation on this matter is key. Since 2016, Israel, Cyprus and Greece have established a trilateral forum that considers “the energy sector, and in particular natural gas and renewable energy, as a solid foundation for cooperation in the Eastern Mediterranean basin”²⁷. This forum’s main project²⁸, which Italy has joined and is backed by the EU²⁹, is the Eastern Mediterranean (EastMed) pipeline (Figure 7). The pipeline has a capacity of 20 BCM per annum and its purpose is to connect the Leviathan field to the island of Crete, to transport gas from this island to the Greek mainland and, through the Poseidon pipeline, to Italy. But this option’s days may be numbered. In addition to having to use part of the EEZ Turkey claims, the enormous technical difficulties in terms of construction (it would be the deepest and longest underwater pipeline in the world) entail a cost of at least \$7bn, which some experts think will reach \$10bn³⁰. These

²³ In fact, they already are: according to *BP Statistical Review of World Energy 2018*, Egypt exported 0.3 BCM of LNG to Europe in 2017. As we can see, far below the capacity of its LNG terminals.

²⁴ Arab Republic of Egypt Ministry of Petroleum, available at <http://www.petroleum.gov.eg/en/ProjectsandActivities/StrategicProjects/Pages/Idku.aspx> (consulted December 2018).

²⁵ 25% owned by Unión Fenosa - available at <https://www.unionfenosagas.com/es/Negocio/Licuefaccion> (consulted December 2018).

²⁶ *Egypt completes return to LNG exporting nation status*, Energy Egypt, 15 September 2018, available at <https://energyegypt.net/egypt-completes-return-to-lng-exporting-nation-status/> (consulted December 2018).

²⁷ *Cyprus – Israel – Greece Trilateral Summit Declaration*, Nicosia, 28 January 2016.

²⁸ In the energy sector this forum also promotes the EuroAsia Interconnector project, which aims to connect the electric networks of these countries with those of the EU.

²⁹ The EU has classified it as a Project of Common Interest (PCI), providing €100M in funding for the feasibility studies.

³⁰ ELLINAS, Charles - *EastMed gas pipeline increasingly doubtful* – CyprusMail Online 8, 2 December 2018, available at <https://cyprus-mail.com/2018/12/02/eastmed-gas-pipeline-increasingly-doubtful/> (consulted December 2018).

costs will undoubtedly translate into higher prices of the gas eventually provided, which brings the pipeline's viability into question³¹.

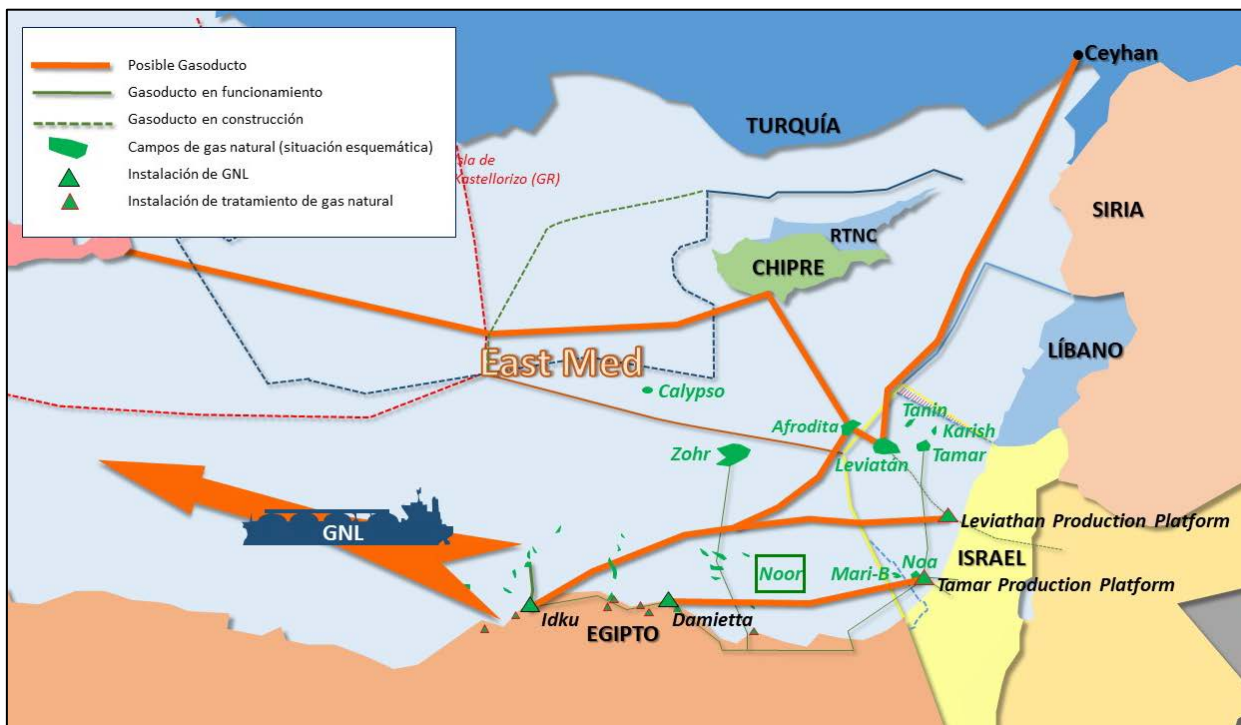


Figure 7: Main export options (Schematic)

Source: Ministry of Energy of Israel/Delek Drilling – Compiled by the author.

While the EastMed starts to take shape or definitively fades into oblivion, Israel is considering other options. Egyptian LNG terminals would be used as a second export route. Recently Delek Drilling established an export contract to supply Egypt with a total of 32 BCM from Tamar and another 32 BCM from Leviathan, both for domestic consumption and for re-export, over a period of approximately 12 years, until 2030³². A second contract with Jordan includes the export of another 45 BCM from Leviathan to be

³¹ Some experts have placed the final price of gas provided by this route at 2.5 times the price of Russian gas. YAKIS, Yasar - Turkey should not be left out of the scramble for Mediterranean gas, Ahval, 30 November 2018, available at <https://ahvalnews.com/turkey-cyprus/turkey-should-not-be-left-out-scramble-mediterranean-gas> (consulted January 2019).

³² Statement from the Delek Group: SIGNING OF AGREEMENTS FOR EXPORT OF NATURAL GAS TO EGYPT, 20 February 2018, available at <https://ir.delek-group.com/news-releases/news-release-details/signing-agreements-export-natural-gas-egypt> (consulted January 2019).

supplied over approximately 15 years³³. Of Israel's current proven reserves, the Government has reserved 500 BCM for domestic consumption until 2042, freeing up the remainder for export³⁴. For now the EastMed pipeline and the Egyptian route are the only options under consideration, where the construction of LNG processing plants is not being considered.

Even so, Israel would still retain an enormous capacity for gas available for export. This may lead the country to seriously consider a third course of action: the construction of a pipeline connecting its fields to Ceyhan, in Turkey, where the gas can be rerouted to Europe. Discussions on the matter have previously been held³⁵ and even today it continues to be one of the issues that lingers on in the constantly strained relations between Turkey and Israel. It goes without saying that Turkey would highly approve of this option, which would strengthen its aspirations of becoming the regional energy hub. However, it faces the complication of having to use the Cypriot continental shelf, which requires complicated negotiations.

As stated earlier, Cyprus is still far from starting the exploitation of Aphrodite for commercial purposes. In spite of this it is attempting to establish a second axle of cooperation with Egypt to build a pipeline that would allow gas to be supplied from Aphrodite to the Egyptian LNG plants, to be subsequently exported to Europe³⁶. However, this option raises more than a few questions and furthermore requires renegotiations with the awarded companies (see Table 1) regarding the distribution of the possible profits from selling the gas, in view of the increased costs derived from the aforesaid technical difficulties.

³³ TAYSEER, Mohammad y BENMELEH, Yaacov, *Jordan Pipeline for Israeli Gas Set for Completion by End of 2019*, Bloomberg, 4 July 2018, available at <https://www.bloomberg.com/news/articles/2018-07-04/jordan-pipeline-for-israeli-gas-set-for-completion-by-end-2019> (consulted December 2018).

³⁴ Decision by the Israeli Government, 6 January 2019, Ministry of Energy of Israel, available at <http://www.energy-sea.gov.il/English-Site/Pages/Regulation/Policy.aspx#p1> (consulted January 2019).

³⁵ DEMIRTAS, Serkan – *Is an Israel-Cyprus-Turkey pipeline possible?* – Daily News, 15 October 2016, available at <http://www.hurriyetdailynews.com/opinion/serkan-demirtas/is-an-israel-cyprus-turkey-pipeline-possible--104989> (consulted January 2019).

³⁶ GEORGIU, Georgios y FETEHA, Ahmed, *Cyprus Pipeline Deal with Egypt brings Gas a Step closer to Europe*, Bloomberg, 19 September 2018, available at <https://www.bloomberg.com/news/articles/2018-09-19/cyprus-pipeline-deal-with-egypt-brings-gas-step-closer-to-europe> (consulted January 2019).

Where do the great powers stand?

The development of this enormous potential has not gone unnoticed by the United States or Russia, whose interests as major global fossil fuel producers are directly affected. The United States faces conflicting interests: on one hand, those of the LNG industry, which has acquired strategic importance and whose exports, approximately 15% of which were to Europe in 2017³⁷, are already a substantial part of the US GDP³⁸; and on the other hand, those of major corporations like ExxonMobil, one of the largest companies in the United States³⁹, and Noble Energy, both of which already have a presence in the region. This is in addition to having declared a strategic interest in the development of the Israeli energy industry⁴⁰. Therefore, although *a priori* the United States should be inclined to support initiatives like EastMed, their strategic decisions will be affected by the possible impact that the development of alternative supply sources to Europe might have on its domestic industry.

Russia tried to enter the Israeli energy market through the State-owned company Gazprom, especially after the discovery of Leviathan, but in the end it was not awarded a tender, despite having submitted the most economically advantageous bid⁴¹. There is no doubt that the evolution of this industry directly affects Russia's options for exporting to Europe, such that either it gets a share in the profits, and it currently does not, or it will do whatever it can to try to hinder the development thereof.

³⁷ BP Statistical Review of World Energy, 67th Edition – June 2018.

³⁸ The export of LNG could create up to 452,000 jobs and contribute \$73bn to the American GDP until 2040 - *Impact of LNG Exports on the U.S. economy: a brief update* – API Energy, available at <https://www.api.org/news-policy-and-issues/lng-exports/impact-of-lng-exports-on-the-us-economy> (consulted January 2019).

³⁹ According to Forbes, ExxonMobil is ranked 4th in America in size and 9th in market value: *America's Largest Public Companies, 2018 ranking*, available at <https://www.forbes.com/top-public-companies/list/#tab:overall> (consulted January 2019).

⁴⁰ U.S.-Israel Strategic Partnership Act of 2014, cited by RATNER, Michael – *Natural Gas Discoveries in the Eastern Mediterranean* – Congressional Research Service, 15 August 2016, available at <https://fas.org/sqp/crs/mideast/R44591.pdf> (consulted December 2018).

⁴¹ BARKAT, Amiram – *Gazprom bids highest for Leviathan Partnership* – GLOBES, Israel's Business Arena, 16 October 2012, available at <https://en.globes.co.il/en/article-1000790600> (consulted January 2019).

Surveying continues

The recent discoveries have served as an incentive to continue surveying, such that the possible beneficiaries have proceeded to divide their respective EEZs in exploration blocks (Figure 8), which they have offered to various companies through bids.

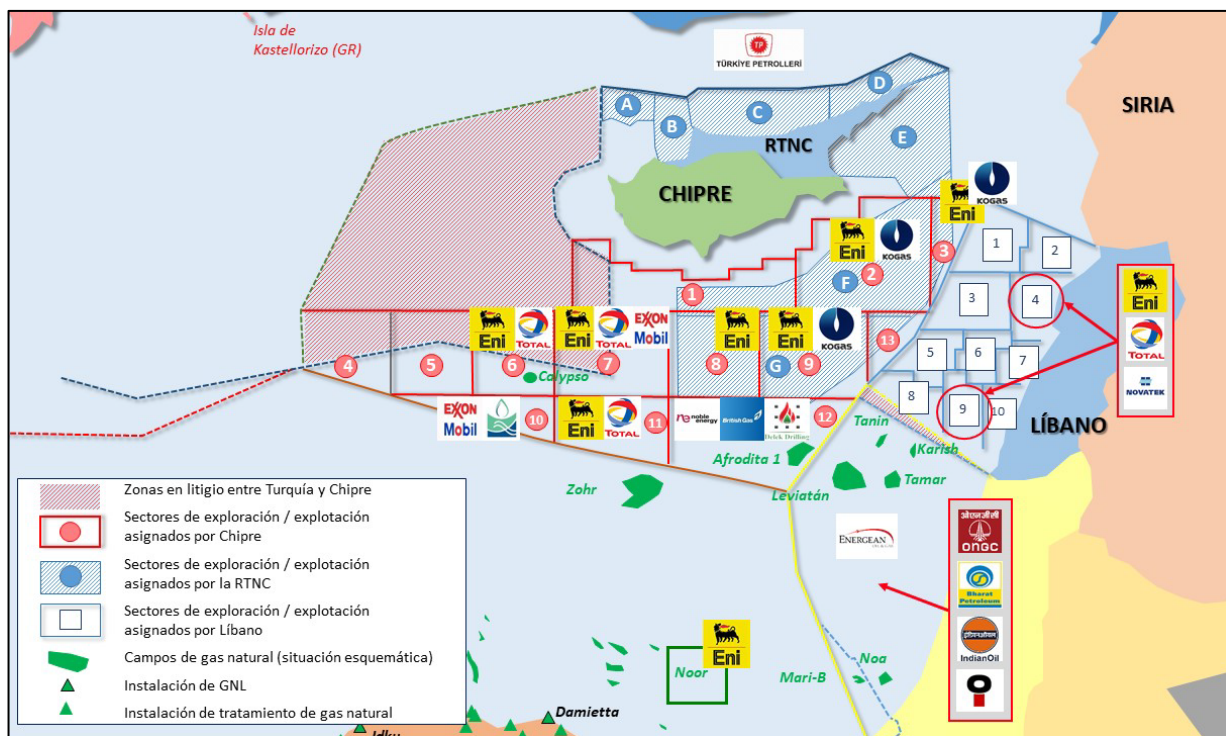


Figure 8: Assignment of exploration and exploitation blocks

Sources: Ministry of Foreign Affairs of the Republic of Turkey, Ministry of Foreign Affairs of the Republic of Cyprus, Lebanese Petroleum Administration, Ministry of Energy of Israel - Compiled by the author

In general, exploration activities carried out by Egypt, Israel and Lebanon are not problematic, with the exception of the aforementioned sector disputed by Israel and Lebanon. In 2018, the Lebanese Government assigned the exploration of blocks 4 and 9 of its EEZ to the consortium formed by the Russian company Novatek, the Italian company Eni and the French company Total. New bids have been announced that correspond to blocks 1, 5, 8 and 10, which must be settled by the end of 2019⁴². Of all the bids, those corresponding to blocks 8 and 9 are especially controversial, for they contain a substantial part of the area disputed by Israel. Israel, in turn, has established 69 zones measuring up to 400 km² each, 24 of which were offered in a first bid round in

⁴² *Lebanese Petroleum Administration*, accessible at <https://www.lpa.gov.lb/> (consulted January 2019).

2016⁴³, and another 19 were offered in a second bid round in November 2018⁴⁴. The company Energean Oil & Gas, headquartered in London, has started surveying the Israeli field Karish, provoking a strong reaction from Lebanon, which believes the gas field probably extends into its continental shelf⁴⁵. The controversy regarding the delimitation of the EEZs is not likely to be resolved soon, such that these activities entail a great potential for conflict.

However the greatest potential for conflict lies in the waters of Cyprus, the Government of which has gradually assigned the more promising exploration blocks to European companies (Total, Eni and British Gas⁴⁶), American companies (ExxonMobil and Noble Energy) and other non-Western companies: the Korean company KOGAS, Qatar Petroleum and the Israeli company Delek Drilling.

As stated earlier, the TRNC, whose claims are supported by Turkey, believes that the resources cannot be distributed or used unilaterally by the Greek-Cypriot community, such that the economic activity in the EEZ must be suspended until the underlying conflict that divides the island is resolved. With this criterion, and faced with what Cyprus considers to be a *fait accompli* policy, the TRNC has established 7 zones, having negotiated the start of exploration activities with the Turkish petroleum corporation TPAO⁴⁷. At present the activities have been limited to the northern and northeastern areas of the TRNC, avoiding blocks F and G, which overlap the EEZ established by Cyprus.

Particularly divisive are the assignments of blocks 1, 4, 5, 6, and 7, which fall within the EEZ claimed by Turkey. In particular, block 6, which includes the Calypso field, has already been the scene of clashes. In February 2018, the drilling vessel *Saipem 12000*,

⁴³ Awarded to the Greek company Energean Oil & Gas and a consortium formed by the Indian companies ONGC Videsh, Bharat Petro Resources, Indian Oil and Oil of India.

⁴⁴ *The Israeli Energy Minister Announces Israel's 2nd Offshore Bid Round*, press release from the Ministry of Energy of Israel, 4 November 2018, available at <https://www.gov.il/en/Departments/news/bidround2> (consulted January 2019).

⁴⁵ *Israeli Escalation Coincides with Lebanon's Oil Drilling Preparations*, ASHARQ – AL AWSAT, 7 October 2018, available at <https://aawsat.com/english/home/article/1418996/israeli-escalation-coincides-lebanon%E2%80%99s-oil-drilling-preparations> (consulted January 2019).

⁴⁶ In 2016 British Gas was purchased acquired by Royal Dutch Shell.

⁴⁷ Turkish Petroleum Company, <http://www.tpao.gov.tr/?mod=projeler&contID=92> (consulted December 2018).

belonging to the company Eni, was intercepted in this area by the Turkish Navy. Consequently, in spite of protests from Cyprus which were seconded by the EU, in the end the company was forced to suspend drilling⁴⁸. Even still, Eni and Total have announced their intention to drill in block 7, a sensitive area⁴⁹. The United States has not intervened in these disputes, but their intervention cannot be ruled out if any American company finds itself in similar circumstances⁵⁰.

Cyprus' claims have generally been supported by regional governments (Israel, Egypt and Greece), and Italy and, more broadly, the EU and the United States. In turn, Turkey feels that if it tolerates the *fait accompli* policy it will lose the historic opportunity to access what it considers to be its share of the natural resources⁵¹. Going forward and as long as surveying continues in the disputed areas, Turkey is expected to react vehemently, with the use of military force being an option in desperate situations. And by all means, the support for the TRNC's claims is unconditional, serving as a guarantee for the rights of a Turkish-Cypriot community that resents its exclusion from the profits deriving from the exploitation of these resources.

The Mediterranean shatterbelt

In the 1960s, the American geographer Saul Bernard Cohen defined the concept of a shatterbelt in his book "Geography and Politics in a World Divided" as a "strategically located region that is occupied by a number of conflicting states and is caught between the conflicting interests of adjoining Great Powers"⁵². He identified the Middle East as one such region. Although this is specifically a Cold War concept and primarily refers to land,

⁴⁸ Report: Eni moving drillship to Morocco after Turkish navy 'threatens force' in Cyprus, Offshore Energy Today.com, 23 February 2018, available at <https://www.offshoreenergytoday.com/report-eni-moving-drillship-to-morocco-after-turkish-navy-threatens-force-in-cyprus/>, (consulted January 2019).

⁴⁹ Total and Eni apply to explore gas block seven, CyprusMail Online, 26 November 2018, available at <https://cyprus-mail.com/2018/11/26/total-and-eni-apply-to-explore-gas-block-seven/> (consulted December 2018).

⁵⁰ In November and December 2018 ExxonMobil drilled in block 10, an area unclaimed by Turkey or TRNC.

⁵¹ The daily newspaper *Yeni Şafak*, which has a close relationship with the Turkish Government, reported expert opinions in July 2018 that assured that the Eastern Mediterranean would cover Turkey's gas needs for 572 years. The estimate seems somewhat optimistic, even if gas continues to be the primary source of energy in 500 years.

⁵² COHEN, Saul B. - *Geografía y Política en un Mundo Dividido*, Ediciones Ejército, Madrid 1980, p. 136.

we can observe what we can consider a veritable physical and permanent occupation in the eastern basin of the Mediterranean, which is thus fully included in the shatterbelt of the Middle East. The need to project military power in this area is one of the first consequences of this situation and the coastal countries have found themselves forced to develop the capacity to portray such, if they did not already have the ability to do so, especially through navies and air forces.

A cursory comparison of the defense budgets of these four countries (Figure 9) provides us with a first impression of the power relations. Without considering Cyprus, Syria and Lebanon, which barely have more than some old obsolete patrol vessels, the Turkish Navy is without a doubt the most powerful of all the navies in the region. Its navy is immersed in an ambitious program aimed at modernizing same and expanding its capacities that includes the technical development of its naval industry in order to decrease foreign dependence in this matter (2033 vision⁵³). Soon, possibly in 2021, it will expand its inventory with an amphibious ship-aircraft carrier similar to the *Juan Carlos I* of the Spanish Navy⁵⁴, which will provide the Turkey Navy with the regionally unparalleled ability to project force.

⁵³ GURCAN, Mettin - *Turkish navy outlines 2033 vision*, Al Monitor, 21 May 2015.

⁵⁴ An "LHD" (Landing Helicopter Dock) as per NATO terminology. It is being built by the local shipyard Sedef in collaboration with the Spanish company Navantia.

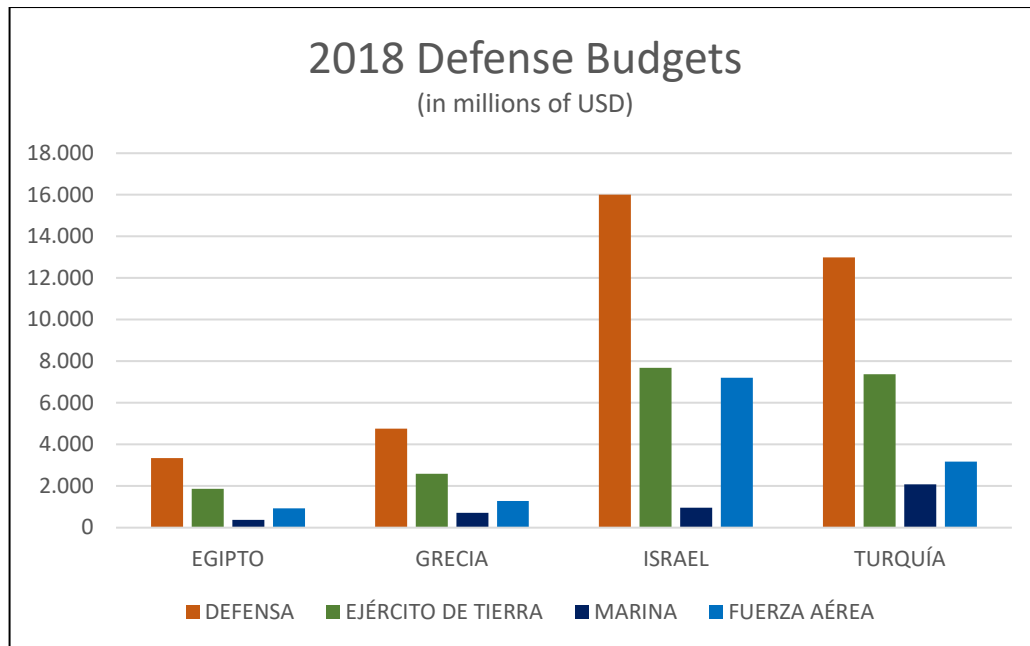


Figure 9: Comparison of Defense budgets

Source: IHS Jane's – Compiled by the author.

Traditionally limited to coastal defense missions, in recent years the Israeli Navy has increased its abilities to face threats due to the new strategic environment, where the possibility of attacks on its energy facilities by Hezbollah from Lebanon or Hamas from the Gaza Strip cannot be ruled out. The programs to acquire 4 Sa'ar-6 corvettes and 4 *Dolphin*-class submarines⁵⁵, both manufactured in Germany, intend to make the Israeli Navy a relevant actor in these waters.

In IHS Jane's opinion, Greece has a well-equipped navy that has a superb reputation. In spite of this, the number of naval units clearly places it after the Turkish Navy, which is Greece's direct competition both in the Aegean Sea and the Mediterranean. Greece's economic crisis currently rules out any possibility of reversing this situation.

Egypt has also taken steps in the last five years to increase the capacities of a navy that has been traditionally relegated to the background by attempting to establish two independent fleets capable of operating on the Red Sea and on the Mediterranean, based

⁵⁵ IHS Jane's. The first of the four submarines is expected to be delivered before 2020. In 2020 the Israeli Navy expects to sign a second contract for the acquisition of 3 additional submarines before 2030.

on two *Mistral*-class LHDs provided by France in 2016, which were joined by some Russian vessels⁵⁶, French frigates⁵⁷ and 4 German submarines⁵⁸.

Although air forces are more balanced, Israel's stands out as the most capable of the region, not so much for the number of combat aircrafts available but for its technological level and its pilots' high level of training⁵⁹. The Turkish Air Force is significant, with ample combat experience. In the near future its inventory may include 100 F-35 fighters⁶⁰, some of which could be the variant F-35B, capable of vertical landings and short takeoffs, that could operate from their LHD.

France and the United Kingdom, which have major companies operating in the area, have "pre-positioned" forces: France through the permanent deployment of naval units in the Eastern Mediterranean ready to intervene in its "areas of interest"⁶¹, and the United Kingdom through two military bases called "sovereign bases"⁶², reminiscent of times past.

This scene of growing militarization is where the great powers' interests meet. The United States, which is known to have a powerful military apparatus in the region, has prioritized the containment of China and Russia among its strategic objectives⁶³, and although decisions like the surprising withdrawal from Syria make assessing the American strategy for the region more difficult, everything indicates that President Trump, like his predecessor Obama, is not enthusiastic about maintaining, not to mention increasing, a large deployment of the military in the Mediterranean and the Middle East at a time when

⁵⁶ Tarantul-class missile boat.

⁵⁷ France delivered the first *Aquitaine*-class frigate in 2015. The number of additional frigates that Egypt could acquire is unknown.

⁵⁸ TRAN, Pierre, *French Naval Group and Germany's ThyssenKrupp square off in Egyptian warship deal*, Defense News, 12 September 2018, available at <https://www.defensenews.com/naval/2018/09/12/french-naval-group-and-germanys-thyssenkrupp-square-off-in-egyptian-warship-deal/> (consulted January 2019).

⁵⁹ IHS Jane's.

⁶⁰ Fifth-generation jet fighter, a Lockheed Martin project involving Australia, Canada, Denmark, Holland, Italy, Norway and Turkey, where Turkey's participation is currently being contested because of the acquisition of the Russian S-400 anti-aircraft defense system.

⁶¹ *Marine Nationale, Opérations permanentes*, available at <https://www.defense.gouv.fr/marine/missions3/operations-permanentes/operations-permanentes> (consulted January 2019).

⁶² *The UK in Cyprus – The Importance of the Sovereign Bases of Akrotiri and Dhekelia*, UK Defence Journal, 16 June 2018, available at <https://ukdefencejournal.org.uk/the-uk-in-cyprus-the-importance-of-the-sovereign-bases-of-akrotiri-and-dhekelia/> (consulted January 2019).

⁶³ *National Security Strategy of the United States of America, December 2017*, p. 2. Available at <http://nssarchive.us/wp-content/uploads/2017/12/2017.pdf> (consulted January 2019).

its strategic priorities can demand resources in other areas of the world. Despite this, the involvement of major American corporations in the energy sector or the safeguarding of Israeli interests, as we have seen, can impact its strategic positioning.

At present, Russia's interest in the energy issue is more attempting to control competition in providing gas to Europe by pipeline than obtaining direct profits⁶⁴. The limited real opportunities for developing export options have allowed Russia to keep a low profile, but this can change if any of the possibilities materializes, in which case greater Russian involvement can be expected. To that end it has conveniently positioned itself in the region. Russia has been able to assert its role as a great power thanks to the Syrian conflict, where it has established a substantial military presence with A2/AD capacities⁶⁵ that allow it to project power over the accesses to the Suez Canal and the Black Sea (Figure 10). In October 2016 there were rumors in the Russian media regarding the establishment of a Russian military base in Egypt⁶⁶. Although the information was subsequently discredited, the possibility cannot be ruled out that the two countries have held conversations to that effect at some point in time or that they may do so in the future. The strategic advantage that a base in Egypt would provide for completing its A2/AD structure is obvious.

⁶⁴ Despite this, state-owned companies like Rosneft and Novatek already participate in exploration and exploitation activities regarding energy resources in Egypt and Lebanon, respectively.

⁶⁵ Anti-Access / Area Denial, an operational concept through which an attempt is made to prevent an adversary from accessing a given region and to limit their freedom of action therein. This concept normally includes anti-aircraft, anti-ship and other offensive theater weapons, like ballistic missiles, intelligent weapons, etc.

⁶⁶ KRUTAKOV, Leonid, *The Possible Russian Military Base in Egypt and Global Oil Market Redistribution*, SOUTH FRONT, 13 October 2016, available at <https://southfront.org/the-possible-russian-military-base-in-egypt-and-global-oil-market-redistribution/> (consulted December 2018).

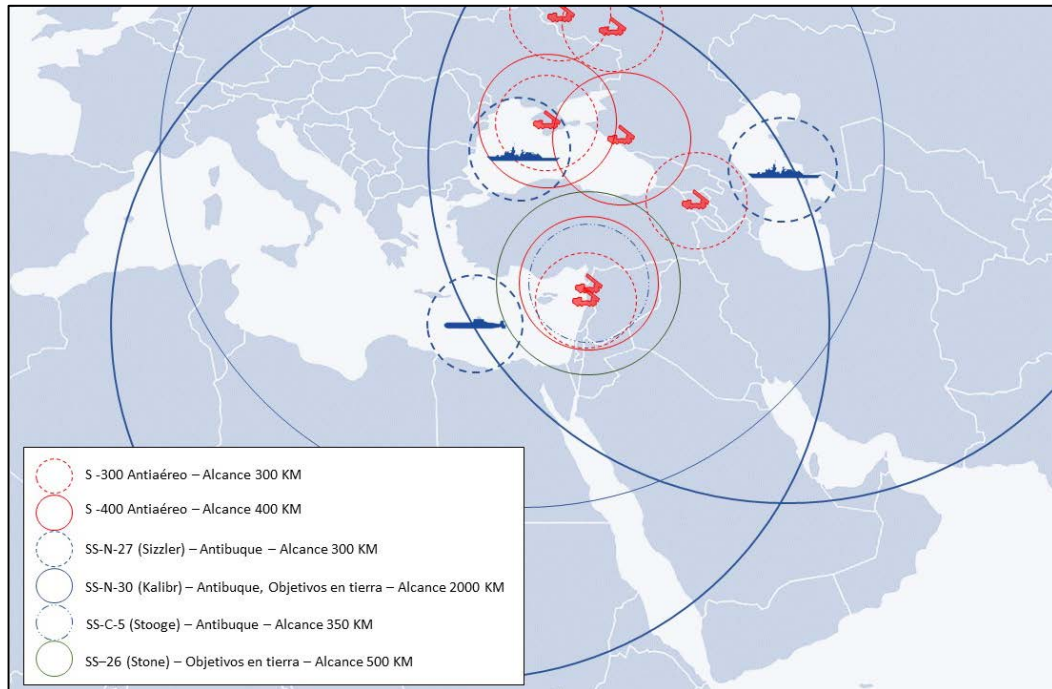


Figure 10: Russian A2/AD capabilities in the Eastern Mediterranean

Source: CSIS, Missile Defense Project – Compiled by the author.

China's presence can also be felt in this part of the world, although in this case for the time being it is not military in nature. Its "Belt and Road Initiative" uses regional land and sea routes and is in the process of establishing a dense network of investments and commercial relationships for strategic purposes that are viewed with suspicion by the West. Chinese companies already control the Port of Kumpport, the third most important port in Turkey located near Istanbul⁶⁷, Piraeus Port, in Greece⁶⁸ and in 2018 took charge of the management of Port Haifa in Israel⁶⁹, while at the same time China Harbour Engineering is expanding the Port of Ashdod, the largest commercial port in this

⁶⁷ Chinese consortium buys into Turkish port with USD 940 million investment, press release from Invest in Turkey, 28 September 2015, available at <http://www.invest.gov.tr/en-US/infocenter/news/Pages/280915-cosco-pacific-buys-turkish-kumpport.aspx> (consulted January 2019).

⁶⁸ GEORGIPOULOS, Georg - *China's Cosco acquires 51 pct stake in Greece's Piraeus Port*, Reuters, 10 August 2016, available at <https://www.reuters.com/article/greece-privatisation-port-idUSL8N1AR252> (consulted January 2019).

⁶⁹ HAREL, Amos - *Israel Is Giving China the Keys to Its Largest Port – and the U.S. Navy May Abandon Israel*, Haaretz, 17 September 2018, available at <https://www.haaretz.com/us-news/.premium-israel-is-giving-china-the-keys-to-its-largest-port-and-the-u-s-navy-may-abandon-israel-1.6470527> (consulted January 2019).

country⁷⁰. Also in Israel, investments in other infrastructures and in high technology have special value, which make up, according to Benjamin Netanyahu, a third of all investments in the sector⁷¹. China has been Egypt's primary commercial partner since 2012, having spectacularly increased direct investment in the country and having committed \$20bn for the financing of the mega-project of constructing the new administrative capital in El Cairo⁷². With respect to Turkey, although direct investment has been scarce (\$115m in 2017), it has already become the top exporter in the world and Istanbul hosted the Belt & Road Industrial Commercial Alliance summit in October 2018⁷³.

All of this gives China tremendous leverage, which is observed with unease from the other side of the Atlantic. Until now, apart from its navy's sporadic port calls, the Chinese military power has been virtually absent in the Eastern Mediterranean. But sooner or later, China could feel the need to provide security to its increasingly dense network of interests, such that its naval presence in the Mediterranean could become common. China is already constructing a naval base in Djibouti, where it can easily project the blue-water naval force that it is currently honing, for which it already has two aircraft carriers in its inventory, with a third and possibly even a fourth under construction. This would force the United States to maintain a considerable number of military resources in the area, resources that consequently will not be available to strengthen its military presence in the Sea of China.

Conclusion

Old disputes over the distribution of sovereign spaces are the root cause for endemic instability in the Eastern Mediterranean that the discovery of fossil fuels has only exacerbated. In reality, we are already witnessing a multilateral conflict in which the

⁷⁰ REUTERS, *China Harbour Engineering subsidiary to build new port at Ashdod in Israel*, 23 June 2014, available at <https://www.reuters.com/article/shipping-israel-idUSL6N0P45AD20140623> (consulted January 2019).

⁷¹ ABRAMS, Elliott – *What's behind Israel's growing ties with China?* – Council on Foreign Relations, 21 June 2018.

⁷² WOOD, Davis – *Egypt Loves China's Deep Pockets* – Foreign Policy, 28 August 2018.

⁷³ GURSEL, Kadr – *Will China buy Turkey on the cheap?* – Al-Monitor, 8 December 2018.

military footprint is still reduced, but that is likely to grow in intensity, considering that none of the reasons behind the conflict seem likely to be solved in the short- or medium-term.

In the Aegean Sea, the Atlantic Alliance has a moderating effect that is expected to continue to effectively contain the scale of occasional incidents that will probably continue to take place between Greece and Turkey. However the large fossil fuel fields in the Eastern Mediterranean create additional tension that complicates the resolution of the conflict that has divided the island of Cyprus since the 70s and the disputes over the EEZ delimitation.

Despite being in its initial stages, the exploitation of the fields has facilitated the establishment of two large strategic alignments: a first alignment that includes Greece, Cyprus, Israel and Egypt, which cooperate to find ways to capitalize on their potential resources; and a second alignment between Turkey and the TRNC, where the second is not internationally recognized. The EU, with direct interests in the gas supply from this area, and the United States, have initially supported the claims of the first group of countries, leaving Turkey and the TRNC on their own.

The lack of progress in safeguarding their interests and what they consider to be the fair distribution of resources may be a powerful incentive for Turkey to consider the use of force among its strategic options, in view of the fact that it has naval forces that are distinctly superior to those of their regional competitors. The increasing pace of the surveys in disputed areas and, above all, the beginning of the commercial exploitation of the resources, will increase the likelihood of clashes, of shows of force that can always degenerate into uncontrolled situations. When dealing with energy, major companies are normally who take the initiative, and in most cases, governments trail in the wake of events. And this can lead to the undesirable situation in which the Western Governments, in particular Italy, France, the United Kingdom and the United States, find themselves forced to intervene by involving their military forces.

Syria and Lebanon, for a variety of reasons, have been left out of this race for resources. But the controversy between Lebanon and Israel over the delimitation of their EEZs has already proven its potential for conflict. Barring successful third-party mediation, more incidents are likely to occur due to this issue.

The fact that Russia's energy companies are state-owned gives it a greater ability to adopt geopolitical decisions, even at the expense of purely commercial interests. Russia's primary interests in this area of the world concern its security, such that it has conveniently positioned its military power in Syria. However, maintaining its status as a dominant gas exporter to Europe is no secondary concern. As options for commercializing gas from the Mediterranean to Europe take shape, Russia will see the need to increase its involvement by using all the national power resources to stop such commercialization, a task that could probably count on Turkey's cooperation.

Growing commercial interests of China will require greater security, which will probably translate into an increased military presence in the Mediterranean, which can become a new scenario of conflict among the great powers.

For Cohen, shatterbelts provide numerous opportunities for global powers' mutual containment. And that is exactly what we are beginning to observe. The Eastern Mediterranean is becoming a bustling place where the military forces of the Mediterranean basin countries meet those of the great powers of the 21st century: the United States, Russia, and China. Fossil fuels are notably heating up the Mediterranean, but this time greenhouse gas emissions are not to blame.

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