



Strategic Realignment and Energy Security in the Eastern Mediterranean

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EXECUTIVE SUMMARY: Since the cooling of relations with Ankara in 2010, Israel has sought alternative allies in the Mediterranean region, courting Greece and Cyprus. An economic and security partnership between the three non-Muslim countries in the eastern Mediterranean benefits all. The most urgent strategic issue that unites them, however, is their need for energy security. The recent discovery of substantial natural gas fields in the Israeli and Cypriot Exclusive Economic Zones (EEZ) challenge Turkey's claim as the central energy hub for Europe. Turkey is employing threatening rhetoric as well as its navy to deter and harass Cypriot and Israeli exploration efforts. Greece, Israel and Cyprus should increase their strategic cooperation in order to contain such Turkish hostility.

Introduction

The eastern Mediterranean is becoming the focus of a growing geopolitical tectonic shift. Today, Turkey, emboldened by the ouster of pro-Western leaders in the region, such as Egyptian President Mubarak, envisions itself as a revitalized master of the region once ruled by its Ottoman predecessors prior to the dissolution of the Empire. This predominantly Sunni regional bloc includes Egypt, Jordan and the Maghreb countries. As the fall of the Alawite regime in Syria seems imminent, Syria and Lebanon are likely to join the Turkey-inspired bloc.

Turkey's ruling AKP party has reoriented its foreign policy, moving away from Kemal Ataturk's ideal and founding principle of Turkey as a part of

Western civilization. Instead, it is forging strategic ties with its Arab neighbors and terrorist organizations like Hamas. The Mavi Marmara incident in May 2010 served as a pretext for the official demotion in diplomatic relations with Israel. Rather than being a cause for the dramatic breakdown of the strategic understanding between the two regional powers, it was a mere symptom of existing ill will.

This Turkish ambition is a logical extension of the “Strategic Depth” doctrine promulgated by Foreign Minister Ahmet Davutoglu who, since 2002, has served as chief foreign policy advisor to AKP leader and current Prime Minister Recep Tayyip Erdogan. In this vision, Turkey’s domination of the Mediterranean waters, including its sea routes and marine resources, plays an essential role.

Natural Gas: An Increasingly Critical Energy Source for Israel

Turkey’s enthusiastic flaunting of its Islamist credentials, especially in the context of the Arab Spring, has precipitated a freezing of the strategic partnership between Israel and Turkey. As a result, Israel has actively sought out new allies in the neighborhood, courting Greece and Cyprus.

One of the critical issues in the emerging balance of power is the growing importance of energy security in global affairs. Since the end of the Cold War, Turkey has promoted itself as the indispensable energy hub for Europe and Israel. A joint gas exploration between Israel and Cyprus has been met by hostility from Erdogan's government. The natural gas fields are situated in the Mediterranean Sea shelf of the Republic of Cyprus and their ownership is strongly contested by Turkey.

For Israel, gas is increasingly becoming an important fuel source for generating electricity. It currently relies on gas to meet around 36 percent of its electricity needs (compared to zero reliance in 2004). Energy forecasts evaluate that this could rise to around 70 percent by 2020, making gas imports from Egypt an increasingly important source of energy for Israeli firms and households. Egypt remains an important supplier of natural gas to Israel, although there have been significant interruptions in supply over the past six months. There are compelling reasons – economic and energy-security related – for Egypt and Israel to continue their energy trade. However, in the long-term, Israel must develop its domestic gas sources and move away from this unreliable provider. The outcome will also largely be influenced by the trajectory of the broader Israeli-Egyptian relationship. It seems unlikely that Egyptian popular opposition to exporting gas to Israel will wane, though a price hike could assuage some critics.

Since 2008, Egypt has supplied Israel with gas through a 100-kilometer undersea pipeline between El-Arish in the northern Sinai and a gas import facility in Ashkelon on Israel's Mediterranean coast. The pipeline is an artery of the larger Arab Gas Pipeline (AGP), which pumps Egyptian gas to Jordan, Syria and Lebanon. The pipeline has been blown up by militants in Sinai five times over the past six months, sending energy prices in Israel skyrocketing.

Prior to the pipeline explosions, Egyptian exports accounted for around 40 percent of Israel's gas consumption. In 2010, Egypt's Eastern Mediterranean Gas Company (EMG) supplied Israel's state-owned Israel Electric Corporation with around 2.5 bcm (billion cubic meters). Israel's domestic consumption that year was around 5.2 bcm. The remainder of Israel's gas comes from its offshore Mari-B field, which is expected to be depleted by 2013.

In recent years, Israel and Cyprus have increasingly sought independent sources of energy on their Mediterranean marine shelves. In December 2010, the governments of Israel and Cyprus signed an agreement which delineated the Exclusive Economic Zones (EEZ) of both countries. The clarification of the borderline is essential in protecting Israel's rights to oil and underwater gas reservoirs. In the last three years, Israel has made discoveries at the Tamar and Leviathan fields, which hold around 184 bcm and 453 bcm, respectively. After 2013, Israel will rely on production from these recently discovered gas fields.

The American oil and gas company Noble Energy has been leading these exploration and exploitation efforts in the Israeli and Cypriot EEZ since 2009. Shares in the US company are held by the Cyprus Energy Regulatory Authority, Cyprus' national energy company, and by Israel's Delek Drilling LP and Avner Oil Exploration LLP. The May 2011 *Oil and Investor Journal* described the Leviathan gas field in the Israeli EEZ as the largest natural gas find in the world over the last year. Noble Energy also discovered a gas field called Bloc 12 near the Cyprus littoral that might produce as much as 280 bcm.

Challenges by Turkey and Lebanon to Israeli Gas Discoveries

In September 2011, Prime Minister Erdogan said that Turkey "will take appropriate steps" and "prevent unilateral exploitation by Israel of natural resources of the eastern Mediterranean." In mid-September, Turkey sent three naval ships to "protect" the Norwegian boat hired by the Turkish government to conduct gas explorations in the territorial waters of the Republic of Cyprus.

Under Turkish pressure, the government in Nicosia agreed to share the future gas resources with its northern neighbor. On November 23, Turkish Energy Minister Taner Yildiz stated that Israeli and Cyprian gas and oil explorations in the eastern Mediterranean were illegal and called into question the agreed upon demarcation of the Exclusive Economic Zones between Israel and Cyprus. He demanded that an agreement be signed among all parties, including Turkey and the Turkish Republic of Northern Cyprus (TRNC), and that the resources be shared equally.

Lebanon has also indicated its antagonism to the newly discovered natural gas fields in the Israeli Exclusive Economic Zone. Beirut attempted to file an appeal to the UN regarding the current demarcation of the maritime boundaries between the two countries, which remain formally at war. The Lebanese authorities claim that at least part of the gas reserves is located in Lebanon's Exclusive Economic Zone. The Israeli side believes otherwise. According to an Israeli official statement, "...The border that Lebanon presented to the UN was much farther south than the one proposed by Israel. The proposed boundary is also contrary to the treaty which Lebanon concluded with Cyprus in 2007."

On December 21, 2011, Turkish warships demonstratively shelled the strip of water dividing the Israeli Leviathan and Cyprian Bloc 12 gas fields. Both of these exploration fields contain large amounts of natural resources vitally important to the energy security of these two small Mediterranean nations.

Cypriot and Israeli Responses

Turkey's recent hostile actions prompted a warning by Cypriot President Demetris Christofias to desist from such behavior in the future and the demand that Turkey discontinue the shelling by its warships. On December 23, Christofias said: "If Turkey does not change its gunboat diplomacy and stop playing the part of regional police officer, there will be consequences which, for sure, will not be good – either for the whole region or the Turkish people and first and foremost for Turkish Cypriots."

Cypriot Foreign Minister Erato Kozakou-Marcoullis, who visited Washington in the third week of December, conveyed her concerns about the Turkish provocations to US Secretary of State Hillary Clinton. Kozakou-Marcoullis left feeling encouraged to continue with the gas drilling and to ignore Turkish harassment.

In a speech at the Woodrow Wilson International Center for Scholars, Kozakou-Marcoullis called Turkey "the neighborhood bully," adding that a

Turkey "whose foreign minister once promoted a policy of 'zero problems' with its neighbors is now pursuing a policy of 'only problems.'" She added, "The tensions with Israel were just the beginning of a concerted effort by Ankara to delegitimize others in order to legitimize its actions."

In response to the Turkish naval demonstrations near the Israeli gas installations, Uzi Landau, Israel's Minister of Energy, stated that Israel "will continue to construct its gas platforms and will defend them." More importantly, Israeli authorities declared that for the safeguarding of its drilling platforms, they will use unmanned marine vehicles, equipped with night vision devices, radars and multiple launch rocket systems.

According to some Israeli military sources, the cancellation on December 22 of the \$90 million sale to the Turkish Air Force of Elbit's hi-tech surveillance system was timed to send a signal to Turkey to desist from its campaign of harassment in and around Israel's gas fields.

Conclusion

Turkey's recent international behavior is a clear indication that its leadership, motivated by a neo-imperial syndrome, is leading the country's foreign policy into perilous waters. The conflict over energy resources in the eastern Mediterranean only further exacerbates already strained Turkish-Israeli relations.

In view of increasing global competition for energy resources, Israel should accelerate the development of new gas fields in its Exclusive Economic Zone. As Israel plans to export its gas to Europe and, as has been recently disclosed, to its new strategic partner, India, Israel must demonstrate the legitimacy and security of its gas and marine installations. Therefore, Israel should pursue a diplomatic campaign to maintain its hold on its EEZ on par with other countries. Moreover, Israel should increase its naval presence in its EEZ in order to protect its access to its resources. Finally, Israel should enhance its cooperation with friendly countries in the eastern Mediterranean, such as Greece and Cyprus, in order to maintain energy security and construct pipelines for energy exports to Europe.

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