The Energy Factor in Eastern Mediterranean Relations

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RÉSUMÉ

Cet article examine les perspectives pour les pays de la région de la Méditerranée orientale à coopérer dans le secteur de l'énergie, en particulier pour la ressource de gaz naturel, potentiellement lucrative. Il fait valoir que plusieurs facteurs semblent inhiber leur capacité à parvenir à des accords sur la coopération bilatérale ou multilatérale. L'article examine l'impact de l'histoire sur la capacité des pays de la région à travailler ensemble. Il examine aussi l'effet du développement inégal de l'exploration et de l'exploitation des ressources de gaz des pays de la région, sur leur capacité de coopérer, qui handicapent leur capacité à résoudre les querelles persistantes sur la délimitation de leurs zones économiques exclusives. L'article conclut que les pays de la région ne sont pas tout à fait prês à travailler en collaboration, malgré les avantages évidents de l'action collective.

ABSTRACT

This paper discusses the prospects for the countries of the Eastern Mediterranean region to cooperate in the energy sector, especially on the potentially lucrative natural gas resource. It argues that several factors seem to inhibit their ability to reach agreements on bilateral or multilateral cooperation. The paper considers the impact of history on the regional countries' ability to work together. It also examines the effect of the regional countries' uneven gas exploration and exploitation on the ability to cooperate, which handicap their capacity to resolve the lingering exclusive economic zone feuds. The paper concludes that the region's countries are not quite ready to wok in collaboration despite the obvious advantages of collective action.

1. From Transit Pipelines to Indigenous Hydrocarbon Resources: East Mediterranean Age of Gas Dawns

Largely deprived of natural resources, the countries of the eastern Mediterranean basin were previously content to have their seaports serve as

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terminals for Saudi and Iraqi oil pipelines. In 1934 the Iraq Petroleum Company (IPC) laid out oil pipelines to Haifa and Tripoli. It also constructed two oil refineries, one in Haifa in 1939 and another in Tripoli in 1940. Similarly, the Arab-American Oil Company (ARAMCO) initiated the construction of a Trans-Arabian Oil Pipeline (TAPLINE) to Haifa; however, the creation of the state of Israel in 1948, shifted the company's TAPLINE to Sidon in southern Lebanon, where oil transports started in 1950. Simultaneously, IPC sought to make up for the loss of its Haifa terminal by laying out an oil pipeline to Banias on Syria's Mediterranean coast, which became operational in 1951. Frequent oil transport disruptions thanks to political rivalry between Iraq and Syria, demands for higher transit fees, Arab-Israeli wars, and the inception of the age of super tankers eventually relegated the pipelines and the refineries to dereliction.

Following the beginning of the Iraq-Iran war in 1980 the Syrian regime, who chose to side with Iran against Iraq, closed down the Banias pipeline. In 1982, the Iraqi government collaborated with Turkey to construct an oil pipeline from Kirkuk to Ceyhan as a substitute for Banias. In 2013, the Kurdistan Regional Government (KRG) constructed a pipeline from the Taq Taq oil field to Faysh Khabur, on the Iraqi border with Turkey, where it was connected to the Kirkuk-Ceyhan pipeline that had been disused since the U.S. invasion of Iraq in 2003.

Preliminary offshore exploration in the eastern Mediterranean between 1977 and 2002 produced encouraging seismic data about the existence of significant natural gas reserves in the Levant basin that compromises the exclusive economic zones (EEZs) of Syria, Cyprus, Lebanon and Israel.[1] Subsequent exploratory studies in the Levant Basin, which is the focus of this paper, estimate that it contains a "mean probable undiscovered natural gas of 122 trillion cubic feet (tcf)." [2] This brings to the fore the great importance of cooperation among the countries of the Levant basin in jointly exploring and exploiting promising energy resources. This matter assumes priority in view of the fact that the region "...continues to discover and develop hydrocarbon resources, the pressure to increase its role as an important energy hub is likely to increase."[3] This paper argues that the ability of the countries of the eastern Mediterranean to cooperate on energy matters is constrained by their historical legacy, as well as their inability to resolve lingering political and territorial issues. In view of its stated objective, the paper seeks to demonstrate that these countries' failure to cooperate is largely determined by the uneven stages of their exploration and exploitation efforts, in addition to their inability to reach compromise solutions to the divisive EEZ issue.

The energy reserves of the eastern Mediterranean do not exceed "…one percent of the world's total proven reserves of oil and natural gas… [and their] combined proved reserves —slightly more than 2.5 billion barrels—are far less than found in other nearby regions, such as Mediterranean North Africa (65 billion barrels)."[4] Nevertheless, the Levant Basin can provide for the entire natural gas needs of its countries, as well as part of the growing energy needs of Turkey, Europe and the Far East. Despite their domestic and interstate difficulties, these countries have no option except to find ways to overcome the burden of history. Even though as of the first months of 2013, Cyprus and Lebanon did not have significant proven reserves of natural gas "…successful offshore exploration in the Levant Basin over the past several years means that the level of reserves should soon change in Cyprus… Planned exploration in Lebanon could uncover recoverable quantities of… natural gas in the coming years."[5]

2. The Levant Basin Gas Fields

Proven gas reserves in the Levant Basin have been growing steadily over the past few years. In 2000, for example, "Israel held proved reserves of natural gas totaling just 10 billion cubic feet (bcf). As of January 2013, that total was 9.5 tcf, with recent offshore discoveries likely to boost that figure even higher."[6] Cyprus' Aphrodite field in Block 12, which was discovered in 2011 by Noble Energy is set at 7 tcf; Israel's Tamar field of 2009 has a 10 tcf production capacity, whereas its large Leviathan field, discovered in 2010, has 18 tcf gas reserves.[7] The latest discoveries in Israel's EEZ have eclipsed its Mari-B field's 1 tcf gas deposit, which began production in 2004, as well as Noa and Pinnacles fields whose total combined reserves do not exceed 1.2 tcf of gas.[8] "As of January 2014, natural gas resources discovered in Israel and the Republic of Cyprus amount to 1,100 bmc. And yet, the region remains one of the world's most underexplored or unexplored areas, despite having good prospects of natural gas—and, perhaps oil—reserves."[9]

Early offshore seismic studies estimate that the southern part alone of Lebanon's EEZ contains about 12 tcf of natural gas. Lebanon's gas reserves have not yet been sufficiently studied, although the government in Beirut believes there are at least 25 tcf in its offshore territory.[10] Recoverable gas from Gaza Marine, which was discovered in 2000 by British Gas Group (BG), has meager reserves of 1 tcf. Most of Syria's proven natural gas reserves, which are placed at 10.6 tcf are onshore in the eastern part of the country.[11] There is no word as of yet on its offshore gas reserves. There is little doubt that extensive exploration will reveal more exploitable gas resources. The geological structure of the Levant basin is similar across its EEZs. Interstate conflict, political turmoil and domestic violence have coalesced to prevent the region from realizing its lucrative energy potential.

3. Traumatic Past

The eastern Mediterranean region has had a tumultuous history. Its states formed fairly recently with Greece taking the lead. It wrested its independence from the Ottoman Empire in 1832 after an 11-year war of independence. Greek independence had not buried the hatchet with Turkey, the inheritor of the defunct Ottoman Empire. The Turkish war of independence (1919-1923) had widened the chasm between Greeks and Turks, especially in the Aegean Sea. Memories of hostilities affected the status of Cyprus that Britain administered from 1878 until it obtained its independence in 1960. It did not take long for the political and security situation in the bi-national state to implode. In November 1963, Cyprus' Turkish leaders rejected President Makarios' constitutional amendments to reallocate the share of the Greek and Turkish communities in running the machinery of the political system on a 70% to 30% respectively. Communal fighting ensued immediately and escalated in August 1964 when the Turkish air force participated in the fighting, especially in Kokkina. In July 1974, Greek Cypriot nationalists committed to Enosis (unity of Greece and Cyprus) staged a failed coup in collusion with the Greek military junta who took charge of Greece after the April 1967 coup d'etat. Ankara capitalized on this event to impose Taksim (the separation of the two communities in Cyprus) and invaded the island's northern part. The unilateral declaration of the internationally unrecognized Turkish Republic of Northern Cyprus (TRNC) took place in November 1983. Nevertheless, the Greek-controlled Republic of Cyprus (RoC) received de jure recognition by the international community, which included jurisdiction over the island's territorial waters and exclusive economic zone (EEZ).

The disintegration of the Ottoman Empire in 1918 brought Syria and Lebanon under French mandatory rule (1920-1946), whereas the British mandate of Palestine lasted from 1920 until 1948, when the state of Israel came into existence. The creation of independent states in Syria, Lebanon and Israel brought stability neither to them, nor to neighboring countries. Israel has been locked in a state of enmity with its Arab neighbors, including those with whom it signed peace treaties. In Syria, arbitrary rule and regime despotism will put eventually the country into an open-ended civil war that has been raging since March 2011. The introduction of confessional politics into Lebanese politics did not ensure balanced representation. Since independence, Lebanon endured two civil wars, one in 1958 and another during the 1975-1999. The Ta'if Agreemet of September 1999 aimed at restructuring the Lebanese political system and ensuring fair sectarian representation. Plagued by endemic foreign intervention and the prevalence of clientelism prevented the Lebanese from reaching terms on smoothly running national political affairs. Public-sector stagnation and political immobilism have become the order of the day in Lebanon.

4. Failure to Cooperate

Were it not for the notable exception of Israeli-Cypriot relations, the countries of the Levant Basin seem impervious to cooperation. Part of the problem may have to do with the fact that none of the countries of the Levant Basin has begun to develop its gas export infrastructure. It has been noted that the countries of the Levant Basin are confronted with " a host of trans-boundary problems in terms of getting its output to market, exacerbated by the different stages of development in the region."[12] One would say there is no longer a reason for the Israelis to complain "about how Moses led his people through the desert for 40 years to reach the one place in the region with no oil."[13] One of the major gas-related issues Israel is confronting has to do with the difficulties it is encountering in finding regional partners to cooperate with. In 2001 Ariel Sharon stressed that "...Israel would never buy gas from Palestine... and in 2003 he vetoed a deal that would enable British Gas to supply Israel with natural gas from the Gaza wells."[14]

Israel has been unwilling to cooperate with the Palestinian Authority on the utilization of gas off Gaza shore. Hamas' control of Gaza in June 2007 had further complicated the already thorny issue of getting the two sides to work together. There are reasons to assert that Israel "...has been obstructive to the PA's own natural gas exploitation opportunities. Gas was discovered by British BG Group in waters that would comprise Gaza's EEZ. However, political difficulties made it impossible to tap and transport the gas – not only is the PA not a member of the UN Convention on the Law of the Sea (UNCLOS) and hence has not declared its EEZ."[15] Israel occupied the Gaza Strip between 1967-2005 and continues to control its airspace and territorial waters. Palestinians reject Israel's negotiations and describe them as rude thievery in broad daylight. They often compare them to 'a modern-day Balfour Declaration.'"[16]

There is no question that both Turkey and Israel understand the need for both of them to cooperate on energy matters, but they have not yet been able to overcome the obstacles, which involve other thorny issues (Cyprus and the 2010 Mavi Marmara incident). Both Israeli and Turkish officials have articulated the importance of laying out an Israel-Turkey pipeline for promoting mutual economic and political interests. Israeli policy seeks to improve its economic relations with Ankara, without ignoring the necessity for developing parallel deals with Nicosia. Therefore, the perceived need for a pipeline to Turkey serves as a step that "...fits in with Israel's strategy of exploring regional markets first before venturing further afield and is one of the most cost-effective export options for the Leviathan field mooted by the Israeli government and the Leviathan partners."[17] The Israeli view is that such a pipeline gives it access to the largest growing market in the region, as well as the possibility of securing a share of the European market. Israel interest in the Turkish pipeline does not deflect its attention from the opportunities provided by LNG exports to Europe and East Asia. Because Israel is having difficulty convincing its strong environmentalist lobby about the merits of building an LNG plant on its coast, the "Greek Cypriots' planned LNG terminal is a practical way around this problem given the short distance between Israel's offshore fields and its newfound friendship with the Greek Cypriots."[18]

Nicosia has been trying to sway the U.S. about the suitability of Cyprus in developing the regional natural gas infrastructure and as a bridge that can bring the countries of the Eastern Mediterranean to work together in collaborative efforts. As part of this ambitious endeavor, Cypriot Minister of Energy Yiorgos Lakkotrypis travelled to Washington, where he met with congressmen and Department of State representatives in a bid to enlist their support for making Cyprus a regional energy hub The RoC sees itself "...as an important location to help diversify Europe's energy mix and lessen reliance on producers like Russia and Mideast suppliers."[19] Cyprus needs to convince Israel who has more proven gas reserves than its own to transform its interest in cooperation into concrete measures that leads to the development of the Vasslikos LNG terminal. "Israel certainly has more discovered natural gas resources than Cyprus. The estimated gas in Israel's "Leviathan field is around four times larger than the estimates to date for Cyprus' Block 12."[20] Serious hurdles still prevent the concretization of the RoC's gas hub ambition. This has to do primarily with the fact that "...to date, Aphrodite, is currently insufficient to justify a major export-oriented project. And Lebanon has yet to even implement its current offshore block award program."[21]

There are seemingly convincing reasons why the RoC believes the proposed Vassilikos LNG facility is feasible:

> *First, LNG can be sold to Asia, where demand is expected to grow much faster than in Europe. Second, LNG, together with the Vitol oil terminal that is currently under construction and due to be completed in July 2014, will bolster the RoC's position as a regional hub, which has related benefits for security. A likely third reason is that Greek Cypriots are probably very wary of depending solely on a route via Turkey for their most promising export.... The grand plan is that this plant would process not only Cyprus gas but also potentially gas from Israel and Lebanon, thus 'making it possible to create a world class LNG hub at Vasilikos*.[22]

Unless it finds more gas in its EEZ, it will be difficult for Cyprus to make the case for building the expensive LNG plant at Vassilikos. If not, the Israelis will most probably go ahead with pumping their gas via "...a subsea pipeline across or around Cyprus, or whether it might opt for an LNG facility."[23]

Cyprus cannot plan its oil strategy on processing Lebanon's natural gas potential in its LNG facility. Lebanese politicians have daunting domestic problems to resolve on sharing the spoils of their gas finds before they can make promises to the RoC. Since an LNG facility is suitable for shipping gas to distant markets, such as those in the Asia/Pacific region, there is a strong need for making long-term export commitments, especially because of the high cost of facility construction, including "…shipping, and regasification facilities, and to provide some kind of link to ensure that developers can profit from any subsequent, more-general increase in energy prices."[24] Cypriot officials attach paramount significance to constructing the LNG facility. In fact, this issue has assumed national dimensions and Cypriots equate between the fruition of this ambitious goal and the attainment of the country's economic development. "Even if there are a few Greek-Cypriot politicians who would be ready to discuss a 'Turkish' pipeline as a parallel option to the Vasilikos LNG terminal, no one would be ready to drop Vassilikos in favor of a pipeline option, especially if it would end up to Turkey."[25]

In making the case for the Vassilikos facility, RoC officials argue that the proposed Leviathan-Ceyhan Pipeline (LCP) creates for Israel an imbalanced trade relationship with Turkey. Even "…if Turkey consumes by 2020 up to 8 billion cubic meters (bcm) annually of Israeli gas [equal to 43% of Israel's entire export potential], it would be dependent on Tel Aviv for merely 13.79 percent of its projected demand, estimated by BP at 58 bcm/y."[26] Should it be possible to transit Israeli gas through Turkey's National Gas Transmission System (NGTS) all the way to its border with Bulgaria, there is no pipeline available to carry the Israeli gas to Austria's distribution station in Baumgarten.[27] In view of the Cypriot argument about the impracticality of the Turkish pipeline option, a Cypriot LNG plant "…ensures a higher level [than the LCP] of demand security from the exporter's point of view."[28]

Taking the natural gas issue beyond technical aspects Endy Zemenides, the executive director of the Hellenic American Leadership Council called for the formation of an energy triangle by Cyprus, Israel and Greece to usher in "… the first Western, democratically controlled source of energy in the Middle East….an arc of democracies that will serve as a bulwark against [regional] instability."[29] Cyprus' determination to develop its gas sector has become an overriding fueled by the "…promotion of the national cause against Turkey [and] the way out of the economic crisis…"[30] Greek Cypriot officials are completely opposed to engaging their Turkish counterparts in bilateral talks. For them, the legitimate jurisdiction of the RoC over its EEZ is nonnegotiable. They believe that Turkey is trying to put "…the unrecognized TRNC [on a par] with the internationally recognized legitimate state, the RoC."[31] Nicosia's decision to exclude the island's Turkish community from gas exploration in its

EEZ has upset Ankara who would like to see an agreement between the two communities on revenue sharing.[32] Nicosia accepts the principle of revenue sharing, although it adamantly refuses to recognize the de jure existence of the Turkish Republic of Northern Cyprus (TRNC). This has driven Ankara to opt for retaliatory measures, including signing a continental shelf delimitation agreement with TRNC "...whose president, Dervis Eroglu, described as a precautionary measure to make our Greek counterparts to desist."[33]

Despite the official standoff between Lebanon and Israel regarding the delineation of the latter's EEZ, there are reasons to assume that Lebanon's primary problem is domestic and has to do with the country's conflict-ridden sectarian mosaic. According to former Lebanese Minister of Energy Gebran Bassil, "...Israel has no interest in encroaching on Lebanese reservoirs... But there are local interests that would like to see work in the energy sector delayed further..."[34] The ability of Lebanon to tap its natural gas potential depending on its ability to overcome the "...long-stalled offshore bid licensing round."[35] Due to the confessional nature of Lebanese politics, which requires the inclusion of the country's major sects in legislation, it became necessary to establish a petroleum administration. It took two years of difficult bargaining to finally agree on the structure and members of the Lebanese Petroleum Administration (LPA).

Companies interested in bidding hoped that the Lebanese cabinet would approve the necessary decrees that determine the number of blocks and sort out revenue sharing issues in plenty of time for them to submit their bids by August 14, 2014.[36] This did not happen and the bidding deadline was delayed for a third time. Oil companies seemed perplexed by the unnecessary and inexplicable delays, and bemused by the strict "...financial stipulations set out by the Lebanese government... [that] may dissuade oil companies to drill for gas."[37] It has been aptly noted that:

> *The tax regime proposed by Lebanon, which includes the imposition of taxes on profits—is exorbitant in view of the existing dangers. Sounds like trying to sell the fish before catching it. Instead of assuring the oil market about the political dangers, the Lebanese scared everybody*.[38]

The Israeli government was taken aback by the Egyptian unexpected decision in 2012 to abrogate its natural gas export agreements that provided Israel with 40% of its total supply needs.[39] In view of the increasing political and security instability in the Eastern Mediterranean and the deterioration of its close ties with Turkey since the Justice and Development Party (JDP) rose to the helm of power after its first landslide victory in the 2002 general elections. Untoward developments related to insecurity and attendant unpredictability "...have precipitated a buildup of naval forces in the Levant basin from a number of state actors wanting to get in on the action."[40] Cutthroat diplomacy appears to have convinced the countries of the region to invest more funds in developing their navies. For example, Israel is currently in "...the process of creating the most technologically advanced fleet in the eastern Mediterranean."[41] Not missing an opportunity to contribute the already tense regional environment, then Turkish Prime Minister Recep Tayyip Erdogan in 2011 warned Israel that it "...cannot do whatever it wants in the Eastern Mediterranean. They will see what our decisions will be on this subject. Our navy attack ships can be there at any moment."[42]

5. Exploration and Exploitation Efforts

Israel has pioneered the other countries in the Levant Basin in exploring and exploiting gas. In April 2013, it embarked on exploiting the reserves of Tamar field, which has the capacity of fulfilling its domestic consumption for at least two decades.[43] Israel has plans to exploit the huge Leviathan field by 2017. Officials in Nicosia "aim to capitalize on the exploration success in Block 12 to pursue additional resources in Cypriot waters, and hope to discover between 30 and 40 tcf of additional natural gas.[44] In response, Turkish Petroleum (TP) launched an effort to drill for gas off the TRNC coast.[45] Lebanon's exploration is in its early stages of licensing and there are no indicators that it will get underway any time soon, whereas exploration in Syria is postponed pending the end of its civil war that appears to be protracted.

The government of Lebanon completed a pre-qualification bid for exploration in the country's territorial waters in April 2013. Fifty-two companies—including Chevron, Total, ExxonMobil, and Shell—applied for pre-qualification, and 46 of those had their applications accepted, but not much has happened since then.[46] Internal endemic divisions, and the scramble to win the biggest chuck of the hoped for gas dividends, have invited acerbic criticism from Lebanese commentators:

> *In order for Lebanon to defend its right to its natural resources, especially against Israel... it must at the very least respect its own plans and timetables... when approving the decrees on EPAs [Exploration and Production Agreements] and offshore blocks, and then granting concessions, exploration and drilling must begin in the southernmost part of the EEZ, because there are no sovereign issues in the north or the center.*[47]

Aside from the promise of additional natural gas finds, and despite the hitherto unresolved exploration and exploitation issues, the Eastern Mediterranean region has shale oil, which is still considered an unconventional energy source. There, shale oil resources "...have not developed to the same extent that they have elsewhere in the world."[48] Syria's oil shale resources approximate 50 billion tons, and Jordan's about 65 billion tons."[49] Israel's shale reserves are about the equivalent of 250 billion barrels."[50] Israel is already considering the large-scale development of its shale deposits that may place the country as a leading shale developer and utilizer after the U.S. and China.[51] New shale processing technologies are making the processing of shale oil cleaner and more efficient.

Israel has not shown a real interest in cooperating with the PA to explore the gas potential off Gaza's coast. "In September 2012, the Palestinian Authority and Israel discussed developing the offshore Gaza territory, although no firm agreements are in place."[52] The nonstate status of the PA serves as a disincentive for Israel to seriously negotiate gas matters, especially since Hamas continues to control the Gaza Strip.

6. The Exclusive Economic Zone (EEZ) Dilemma

Political analysts warn that the enormous problems in which the countries of the Eastern Mediterranean find themselves struggling to cope with make it exceptionally difficult to resolve. It seems their acrimonious historical memories stand in the way of compromising and reaching reasonable policy outcomes.[53]

In 2010, Lebanon supplied the U.N. Secretary-General with its "... geographical coordinates for the delimitization of [its]... EEZ. Obviously, these coordinates [based on the 1949 armistice line between Israel and Lebanon] do not coincide with those used in the agreement between Cyprus and Israel [based on the working Blue Line of 2000, following Israeli withdrawal from south Lebanon."[54] In supplying these coordinates, Lebanon filed a claim concerning a 250-square nautical mile area with Israel, and sought both U.N. and U.S. assistance in resolving the dispute. The two countries, who are officially in a state of war and do not exchange diplomatic missions, went to the extent of resorting to issuing belligerent statements. Thus, in July 2011 Israel Minister of National Infrastructure Uzi Landau threatened to resort to military action "...to protect not only the rule of law but the international maritime law."[55] A year later, Hizbullah chief Hasan Nasrallah warned to target Israel's gas facilities should it encroach on Lebanon's EEZ] and steal... [its] resources."[56]

A U.S. diplomat who sought to bridge the gap between Lebanon and Israel with regard to their EEZ dispute could not hide his frustration and disappointment at the seemingly insignificant EEZ dispute between the two countries:

> *There is nothing complex about the Lebanon-Israel case in terms of their coastline or the methodologies they used in assessing conflicting claims. Indeed, if they had had diplomatic relations this relatively minor disagreement would have either been long-since resolved or may not have arisen at all.*[57]

It recently transpired that Amos Hochstein, U.S. deputy assistant secretary for energy diplomacy worked out in April 2013 an undisclosed agreement between Lebanon and Israel regarding the establishment of a maritime security zone (MSL) as a buffer zone and observed that no energy related activity could take place without the consent of both governments.[58] Cyprus sought to use its good offices to resolve the standoff between the two countries, although its efforts to break the impasse made no headway. It has been claimed that Cypriot interest in resolving this dispute emanates from Nicosia's interest in involving Israel and Lebanon in its energy plans, especially the LNG facility.[59]

Since he had previously played down the matter, it might be difficult to rationalize former Lebanese energy minister Bassil's warning about the likelihood that Israel "...might steal Lebanon's share of [gas]."[60] Bassil, a Maronite Christian, was actually trying to create an atmosphere of urgency in Lebanon to convince Lebanese Shiites to yield to his preference for granting oil companies exploration licenses in blocks not contested with Israel, i.e., off the Maronite populated Lebanese coast.

In connection with his efforts to invite bidders for two blocks other than those off the southern Lebanese coast, which is opposed by Shiite leaders, Bassil sought to enlist the backing of the Lebanese president, the acting prime minister and the speaker of the parliament in order to convene cabinet and parliamentary sessions to approve his bidding plan. He reasoned that this would be "...the only way for Lebanon to safeguard its offshore resources and prevent them from being appropriated by others."[61] When his efforts failed to impress leaders of the Shiite and Sunni communities who respectively control the parliament and the cabinet, Bassil claimed that Israel might be involved in horizontal drilling to encroach on Lebanon's EEZ, but "...a geologist with PetroServe International noted that it would not make sense for a company to employ horizontal drilling to blindly move from one reserve in search for another."[62] Carole Nakhle, an energy economist at British Surrey Energy Economic Center, shrugs off Lebanese politicians' squabbling and procrastination to act. She says "...investors in the oil and gas sector are used to taking risk and companies take a long-term perspective.... But if I look at the maritime borders this can be a disincentive for investors in Lebanon."[63]

It is unlikely that gas finds in Israel's Aphrodite-2 well will create problems with the RoC. The two countries have already shown great capacity for cooperation amid realization that they need each other. Even if "...the Aphrodite-2 prove[s] to be part of the same structure as Cyprus' field [which may have over 3 tcf of technically recoverable resources]... the two countries should be able to negotiate a utilization agreement before production begins.[64] Whereas the EEZ delimitation between Israel and Lebanon is more of a domestic problem in the latter's political system, the RoC maritime travails lie with Turkey who never ceases to describe "...Nicosia's exploratory drilling as 'nothing but sabotage of the negotiation process between Turkish Cypriots and Greek Cypriots."[65]

7. Parting with the Past and Transcending the Present: The Logic of Collective Action

Russia's annexation of the Crimea and turmoil in Ukraine are prodding the EU to expedite the search for substitutes to Russian gas. The countries of the eastern Mediterranean have a unique opportunity to take advantage of their natural gas potential to bury the hatchet and usher in an era of collaborative work that can work in their best interest. Yiorgos Lakkotrypis, Cyprus' Energy Minister expressed his hope that the "...discoveries of hydrocarbons in the eastern Mediterranean are definitely now an incentive, and it could be a catalyst for peace for the region."[66] In a likewise tone, Yossi Abu, chief executive of Israeli Delek Drilling, posits that even though "...Leviathan is actually the reservoir that can potentially bring Israel to be totally independent from an energy perspective and also position... [it] as an exporter of natural gas rather than importer... [it] can use the new gas discoveries as a bridge to have a better relationship with our neighbors."[67]

In its bid to reduce its heavy reliance on gas supplies from Russia, Turkey has become central to shifting EU's energy policy. In connection with the new energy thinking, the EU is developing a Southern Corridor alternative that "aims at supplying Europe with gas directly from the Caspian basin and the Middle East [bypassing Russia]."[68] It is widely believed that the Eastern Mediterranean is likely to become a source of gas feeding the Southern Corridor, provided it can be linked to the planned Trans-Anatolian Natural Gas Pipeline (TANAP).[69] Charles Ellinas, the executive president of the Cyprus National Hydrocarbons Company (KRETYK), has said that with a lot more gas expected to be found offshore Cyprus, the Eastern Mediterranean region could supply up to a third of the EU's additional gas needs, which are expected to reach 100 bcm by 2025."[70]

Gas alone is not a strong incentive to resolve the Cyprus problem, despite the fact that such a development would improve Turkey's relations with the European Union. The parties to the conflict have to understand that they need each other equally and avoid the other party to make more concessions. Any negotiations process that is not predicated on reciprocal respect, and placing oneself in the position of the other is bound to fail. It is only logical to propose that the discovery of natural gas in Cyprus' EEZ—even if more gas finds need to be made—is bound to expedite the peace process and convince the two parties to the conflict that the fruits of cooperation exceed ungainly polemical bickering. To be sure, the "...reasoning behind this question is that the commercial benefits of mutual cooperation on gas, as well as the geopolitical benefits of supporting the diversification of EU gas supplies, could constitute strong enough incentives for all parties to reach a settlement."[71]

There are indicators to suggest that this has not been the case yet. "Not only has unilateral exploration of natural gas... led to mutual tensions, it was arguably an underlying cause of the delay in the re-launch of the UN-sponsored inter-communal negotiations for a settlement of the Cyprus problem."[72] The RoC has been incapable of thinking on the gas issue with the TRNC except in terms of being the only internationally recognized government on the island. Therefore, it has "...the sovereign right to explore for natural resources in the Republic's EEZ."[73] The economic situation in both the RoC and TRNC is such that they can no longer afford to block each other. By 2010 TRNC debt to Turkey was estimated to exceed 80% of its GDP, whereas the debt/GDP ratio of the ROC is expected to peak at 126.2% in 2015.[74] Cyprus has still to recover from the 2013 banking crash that caused unprecedented socioeconomic woes and loss of trust in the country's financial institutions. One aspect that hinders reaching a gas for cash deal has to do with the realization that "...each side perceives the other side's need to be greater than its own and hence presumes that the other side has a greater need to solve the Cyprus problem..."[75] This type of wishful reasoning must be curtailed in the interest of the island at large.

The Lebanese are pinning their hopes "...on hydrocarbon revenues to turn around the country's weak economy, which has one of the highest rates of public debt to gross domestic product (GDP) in the world,"[76] although they have not shown a modicum of willingness to cooperate outside narrow sectarian and personal interests. The upheavals in the broader region do not create an atmosphere that encourages divided Lebanese politicians to come to terms with one another. The stabilization of the region is a sine qua non for bringing the Lebanese together since they often report to regional patrons before committing themselves to any policy proposal. The same thing can be said about the relationship between the Palestinians and the Israelis. The Palestinians—even if there were no territorial issues with the Israelis—simply cannot develop their own gas infrastructure on their own. "Palestinian gas consumption remains negligible, at 45 million cubic meters per year (0.0001 tcf)....exploring the gas could lead to Israeli-Palestinian cooperation.... They need each other for the efficient development of... offshore reserves."[77]

Ideology still stands in the face of regional cooperation in the energy sector. Sooner or later, the countries of the Eastern Mediterranean will realize that they need to put their differences aside. Realization may not be enough to get them to cooperate. What they seem to lack is the will to act. The proneness of the Lebanese to resolve their own domestic problems and cooperate among themselves remains debatable. Similarly, the enigma of Cyprus' Greek and Turkish communities' ability to overcome the burden of history has yet to be resolved. What is clear, however, is that, with or without a regional vision on energy cooperation, Israel will proceed with its ambitious energy plans either collectively or individually.

NOTES

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