

Summary: Offshore gas discoveries in the eastern Mediterranean could have a profound impact on the region's energy, economic, and geopolitical future. But despite the opportunities that these resources present, a number of maritime delimitation disputes complicate the exploration and development of the resources, especially against a background of long-standing regional disputes. The Republic of Cyprus, "the Turkish Republic of North Cyprus," Turkey, Israel, and Lebanon have all staked claims in the gas fields, some of which conflict. This situation has a negative impact on maritime security in the region. This paper examines the relationship between the exploration for and production of energy and maritime security in the Eastern Mediterranean.

Gas Discoveries in the Eastern Mediterranean: Implications for Regional Maritime Security

by Sarah Vogler and Eric V. Thompson

Overview

Large offshore gas discoveries in the eastern Mediterranean could have a profound impact on the region's energy, economic, and geopolitical future.¹ Despite the opportunities that these resources present, a number of maritime delimitation disputes complicate the exploration and development of the resources, especially against the background of long-standing regional disputes. These include the state of war between Lebanon and Israel, the conflict

between Israel and the Palestinians, the Cyprus question, and the strained relations between Turkey and Israel. The Republic of Cyprus, "the Turkish Republic of North Cyprus," Turkey, Israel, and Lebanon have all staked claims in the gas fields, some of which conflict with or raise legal objections from other parties. This situation has a negative impact on maritime security in the region. This paper examines the relationship between the exploration for and production of energy and maritime security in the Eastern Mediterranean.²

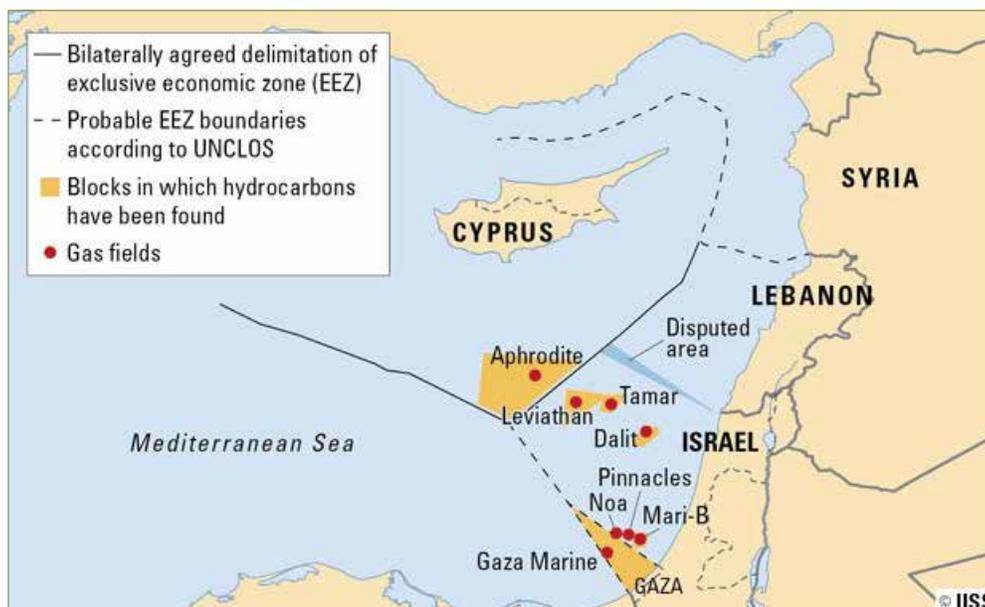
Navies in the Eastern Mediterranean, many of which are quite small with very limited offshore operational experience, are being increasingly tasked with securing their countries' offshore energy interests and patrolling their exclusive economic zones (EEZs). To address these new requirements, naval capabilities are being expanded through modernization programs, the acquisition of additional surface vessels and maritime patrol aircraft, and the installation of

¹ In a 2010 report, the U.S. Geological Survey (USGS) estimated that the Levant Basin has mean probable undiscovered oil resources of 1.7 billion barrels and, more significantly, mean probable undiscovered natural gas resources of 122 trillion cubic feet (tcf). The volumes of natural gas resources found in the eastern Mediterranean to date remain modest by global standards. Israel's natural gas reserves are: Tamar (10 tcf, 283 billion cubic meters – bcm, proved reserves), Leviathan (18-19 tcf, 510-540 bcm, estimated reserves), and a number of small fields, together totaling about 3 tcf (85 bcm, estimated). The volumes of Cyprus's natural gas discovered so far are 3-5 tcf (80-140 bcm, estimated). The Gaza Marine field (offshore of the Gaza strip) holds 1 tcf (30 bcm, estimated). The discoveries have prompted states with direct claims in the Levant Basin to define their maritime EEZs, seek bids from international companies to explore for and develop offshore deposits, and create the necessary legislative processes for their energy sectors. U.S. Geological Survey. "Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean." Fact Sheet 2010-2014, March 2010 and B. Shaffer, "Can New Energy Supplies Bring Peace?," The German Marshall Fund of the United States Eastern Mediterranean Energy Project Policy Brief, March 2014, <http://www.gmfus.org/archives/can-new-energy-supplies-bring-peace/>.

² This paper is part of the German Marshall Fund's Mediterranean Policy Program: Eastern Mediterranean Energy Project; it draws on existing work in this program. For more information on the Eastern Mediterranean Energy Project, see <http://www.gmfus.org/forum/eastern-mediterranean-energy-project>.

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Figure-1: Gas discoveries in the Levant Basin, Eastern Mediterranean Sea



Included for illustrative purposes only. Source: IISS

networks of coastal radars. Naval and air forces designed to fight conventional wars are being assigned to take on roles traditionally associated with coast guards, such as patrolling territorial waters, monitoring commercial activities in EEZs, enforcing rules regarding licensing for offshore resource exploration and exploitation, providing point defense for critical national infrastructure, and preventing companies from operating under licenses issued by rival jurisdictions.

Israel and Lebanon

Israel

Israel's offshore energy resources have come on stream over the past decade.³ Israel's gas reserves should provide for its domestic energy needs for several decades and allow Israel to become a gas exporter, initially to neighboring countries.⁴ After analyzing various options, the government

³ For a detailed analysis of each country in the Levant Basin's prospective resource yields and the regulatory frameworks that govern oil and gas offshore exploration, see Brenda Shaffer, "Energy Resources and Markets in the Eastern Mediterranean Region," The German Marshall Fund of the United States: Eastern Mediterranean Energy Project Policy Brief, June 2012, <http://www.gmfus.org/archives/energy-resources-and-markets-in-the-eastern-mediterranean-region/>.

⁴ The Israeli government has decided that 40 percent of its gas reserves can be exported. Simon Henderson, "Natural Gas Export Options for Israel and Cyprus," Mediterranean Paper Series 2013, The German Marshall Fund of the United States, September 2013, <http://www.gmfus.org/publications/natural-gas-export-options-israel-and-cyprus>.

of Israel and the companies concerned now view domestic energy security and exports to immediate neighbors as top priorities. Domestic energy security is particularly important for Israel as its power generation has previously been heavily dependent on unstable, costly, and polluting imports of coal and diesel oil as well as natural gas.⁵ Israel regards the political stability of its immediate neighbors as essential for its own national security, especially in light of the presence of militant groups close to its borders on the Golan Heights and in the south of Lebanon. Access to reliable sources of energy is an important element in the overall stability of Egypt, Jordan, and the Palestinian

Authority. Accordingly, Israel includes potential exports to its neighbors in its own overall estimates of demand.⁶

The leading companies active in the natural gas fields offshore Israel, Noble and Delek, have concluded agreements with power producers and industrial companies in Jordan, Egypt, and the Palestinian territories. The Palestine Power Generation Company has signed an agreement to purchase \$1.2 billion worth of Israeli gas.⁷ In September 2014, the companies signed a letter of intent to supply Jordan's National Electric Power Company Ltd with 45 billion cubic meters (bcm) of gas from Leviathan over 15 years.⁸ In addition, the companies have signed a memorandum of understanding to export annually 7 bcm of natural gas from Israel's Tamar field to the liquefied natural gas (LNG) plant of the Spanish company Union Fenosa at

⁵ The Egypt-Israeli Arab pipeline became a target for militants after the 2011 overthrow of President Hosni Mubarak; it was attacked more than a dozen times in the year following his departure. "Blast hits Egypt gas pipeline," Al Jazeera, <http://www.aljazeera.com/news/middleeast/2012/07/20127226391171889.html>.

⁶ Brenda Shaffer, "Can New Energy Supplies Bring Peace?" GMF Policy Brief, March 2014.

⁷ Eran Azran, "Palestinians become first customer of Israel's Leviathan gas field," Haaretz, January 6, 2014, <http://www.haaretz.com/business/1.567216>.

⁸ Sara Toth Stub and Sarah Kent, "Israel Plans to Sell Natural Gas to Jordan," *The Wall Street Journal*, September 3, 2014, <http://online.wsj.com/articles/israel-plans-to-sell-natural-gas-to-jordan-1409750217>.

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Damietta, Egypt. The Leviathan partners are in advanced talks with British Gas (BG) to export 7 bcm annually to their LNG plant in Idku, Egypt. The Tamar partners are also in advanced talks with Dolphinus to supply gas to Egypt using the pipeline owned by the East Mediterranean Gas Company (EMG), which formerly transported gas to Israel from Egypt.⁹ Implementation of these plans depends on a number of factors including resolution of legal claims linked to the discontinuation of previous Egyptian exports to Israel as well as the outcome of anti-trust action in Israel against several of the companies concerned.

Israel faces challenges in completing the delimitation of its EEZ and defending its energy infrastructure. While Israel has delineated its EEZ with Cyprus, it has yet to do so with Lebanon, a country with which it is in a state of war.¹⁰ Moreover, Israel and Lebanon have competing claims to approximately 330 square miles where their claimed EEZs overlap, an area that is potentially rich in hydrocarbon resources.¹¹ Efforts at third-party facilitation to find a solution have so far failed. Threats by Lebanese Hezbollah against Israel's offshore energy infrastructure pose a serious security risk.¹² Gas deposits have also been discovered off the coast of the Gaza Strip, but the government of Israel and the Palestinian Authority have opposed their development, in light of Hamas rule in Gaza.¹³

Israel has been adapting its maritime strategy to protect offshore assets from possible attack by state and non-state actors.¹⁴ Israel's navy has traditionally been the smallest branch of the Israeli Defense Forces and its mission has

focused in recent years on the protection of the Israeli coastline from infiltration by terrorists and smugglers, monitoring Hezbollah capabilities in Lebanon, and enforcing the maritime blockade of the Gaza Strip. The Israeli Navy is increasingly being called upon to protect distant offshore infrastructure and to deter potentially threatening naval forces. Israel has increased funding for its Navy to procure patrol and fast-attack vessels. In mid-2012, the Israeli Ministry of Defense allocated \$800 million to the Navy for the procurement of four new corvettes¹⁵ and in June 2013, the *Saar S-72* fast-attack vessel was added to the fleet. The *Saar S-72* can be configured to cover a range of maritime missions, including surface strikes, maritime interdiction, offshore patrol, search and rescue, and pollution containment.¹⁶

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Israel is increasingly concerned about the threat a transfer of advanced weapons from Iran to Syria or to Hezbollah could pose to Israel's expanding offshore infrastructure. An Iranian-made version of the Chinese C-802 damaged the Israeli corvette INS *Hanit* during the 2006 Lebanon war. In response to this threat, Israel has announced that it will equip its offshore gas rigs and *Saar* 5 missile boats with the Barak-8 missile to protect against Syrian Yakhont missiles, or similar systems.¹⁷ As the search for gas and oil continues, the Israeli Navy is likely to expand its force structure further to protect energy infrastructure and patrol Israel's

15 Jane's Sentinel Security Assessment-Eastern Mediterranean, "Procurement: Israel," page 21.

16 Ibid.

17 The Yakhont is a Russian-made version of the C-802 missile. It is a medium-range missile with anti-ship capabilities and was sold to Syria. "The Yakhont missile can strike naval vessels at a distance up to 300 kilometers and is equipped with a warhead containing 200 kilograms of explosives." Source: Israel Defense, "Barak-8 Missiles to Defend Gas Production Rigs at Sea," www.israeldefense.com, June 9, 2013, <http://www.israeldefense.com/?CategoryID=426&ArticleID=2181>; and Lilakh Shoval, "Israeli Navy Begins installment of New Defense System Against Russia's Yakhont Anti-Ship Missile," Israel Hayom via Open Source Center, July 28, 2013. PLN2013072843509393.

9 "Delek, Noble in talks to supply gas to Egyptian market," *Globes*, November 27, 2014, <http://www.globes.co.il/en/article-delek-noble-in-talks-for-huge-egyptian-gas-deal-1000989505>.

10 The Israeli EEZ as demarcated with Cyprus extends 130 miles from the Israeli coast; the Tamar and Leviathan gas fields are located 50 and 80 miles from the coast, respectively. Robbie Sabel, "Gas Fields in Contested Seas," *The Jerusalem Post*, January 19, 2012, <http://www.jpost.com/Opinion/Op-Ed-Contributors/Gas-fields-in-contested-seas>.

11 For more information about the maritime boundary dispute between Israel and Lebanon and for a legal analysis of the delimitation disputes in the Eastern Mediterranean, see Tullio Scovazzi, "Maritime Boundaries in the Eastern Mediterranean," The German Marshall Fund of the United States, Mediterranean Paper Series, June 2012, <http://www.gmfus.org/archives/maritime-boundaries-in-the-eastern-mediterranean-sea/>.

12 Ariel Cohen, "Behind the Israeli-Lebanese gas row," *The Wall Street Journal*, July 26, 2011, <http://online.wsj.com/article/SB1000142405311190359110457646770696928708.html>.

13 For additional information on potential resources off the Gaza Strip, see Simon Henderson, "Natural Gas in the Palestinian Authority: The Potential of the Gaza Marine Offshore Field," The German Marshall Fund of the United States: Eastern Mediterranean Energy Project Policy Brief, March 2014, <http://www.gmfus.org/archives/natural-gas-in-the-palestinian-authority/>.

14 The primary mission of the Israeli Navy has traditionally been the protection of the Israeli coastline. A robust coastal defense capability and maritime interdiction ability has also been necessitated by the maritime blockade of the Gaza strip.

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EEZ.¹⁸ In October 2013, it was announced that Israel will purchase three Super Dvora-class Mark III fast patrol craft, bringing the Israel Navy's fleet of fast attack ships to 13.¹⁹ Investments in maritime patrol aircraft, point defense systems for oil and gas platforms, and a wider array of sensors may follow. Many countries have given infrastructure protection and EEZ enforcement responsibilities to coast guards or infrastructure protection police. Israel may follow suit or keep these missions within its Navy.

Lebanon

In June 2013, Lebanon's caretaker energy minister, Gebran Bassil, announced that the country's EEZ could contain at least 30 tcf, and possibly up to 80 tcf, of natural gas, based on seismic surveys.²⁰ Subsequent estimates have suggested a number closer to 25 tcf, itself a substantial volume. With a struggling economy, large debt burden, and limited national budget, Lebanon would profit from a reliable and affordable energy supply. However, political instability, sectarian blockages to decision-making, the lack of modern trade and investment regulations, and the effects of the Syrian conflict call into question the country's ability to attract the necessary investment for exploration and development of its energy resources.

In August 2014, the Lebanese government delayed (for the fifth time) the first auction of oil and natural gas licenses in its EEZ until 2015 because of political gridlock over decrees needed to start the bidding process. The auction was first scheduled for November 4, 2013, but was then delayed to December 10, 2013; January 10, 2014; April 10, 2014; and to August 14, 2014. The Lebanese government, since passing legislation to spur offshore gas exploration in August 2010, has failed to ratify two decrees related to the delineation of the offshore blocks and the approval of the model Exploration and Production Agreement (EPA). In light of the armed conflict in Syria as well as domestic political instability, the ministerial committee in charge of reviewing the draft decrees does not meet on a regular basis and is struggling to find a consensus. Experts have warned that some international companies were re-evaluating their

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initial interest in investing in Lebanon's potential industry due to these delays.²¹

The United Nations Interim Forces in Lebanon-Maritime Task Force (UNIFIL-MTF) has partnered with the recently reconstituted Lebanese Navy to patrol Lebanon's EEZ under the expansion of the UNIFIL mandate following the 2006 war. In 2012, Lebanese Naval Commander Admiral Nazih Baroudi laid out the LAF Navy's (LAFN) objectives over the next ten years, which include increasing the LAFN's maritime domain awareness, expanding the LAFN's ability to patrol the country's EEZ for future oil and gas platform protection, and taking over tasks currently conducted by UNIFIL-MTF.²² In 2013, Baroudi outlined a five-year plan to give the LAFN the capacity to operate independently of UNIFIL-MTF; acquiring new vessels and equipment was the first step. Baroudi put the cost of the five-year plan at \$450 million, which the LAFN hopes to receive from "the government, [its] allies, and donations."²³

The unresolved dispute with Israel over the approximately 330 square miles of overlapping EEZ claims complicates matters for the Lebanese government and increases the risk of conflicts at sea as the LAFN's capabilities expand. Both Lebanon and Israel filed their respective maritime border claims with the United Nations, although Israel has resisted deferring to the UN to settle the dispute. Given the absence of a peace agreement between the two countries, there is

18 Shoshanna Solomon, "Israel's Deepest Well Targets 1.5 Billion Barrels of Oil," *Bloomberg*, July 18, 2012.

19 "Israeli navy orders three new warships to protect gas fields," *UPI* online, October 1, 2013, <http://www.yalibnan.com/wp-content/uploads/2013/02/Lebanon-offshore-oil-gas-basin.jpg>.

20 David Lev, "Lebanon claims its own big offshore gas find," *Arutz Sheva*, June 2, 2013, <http://www.israelnationalnews.com/News/News.aspx/168544>.

21 Bassam Fattouh and Laura El-Katiri, "Lebanon: The Next Eastern Mediterranean Gas Producer?" The German Marshall Fund of the United States, February 2015, <http://www.gmfus.org/publications/lebanon-next-eastern-mediterranean-gas-producer>.

22 Admiral Nazih Baroudi, "The Commanders Respond: Lebanese Navy," *Proceedings*, March 2012 138/3/1,309, <http://www.usni.org/magazines/proceedings/2012-03/commanders-respond-lebanese-navy>.

23 Admiral Nazih Baroudi, "The Commanders Respond: Lebanese Navy," *Proceedings*, March 2013 139/3/1,321, <http://www.usni.org/magazines/proceedings/2013-03/commanders-respond-lebanese-navy>.

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no vehicle for formal bilateral diplomatic dialogue on the issue.²⁴

A relatively minor cross-border incident or attack could trigger a wider conflict between the two countries, as in the 2006 Lebanon war. Tensions rose in January 2015 when two Israeli soldiers and one Spanish UNIFIL soldier were killed after an anti-tank missile fired from Lebanon struck an Israel Defense Forces vehicle near the border and Israeli forces responded.

There are prospective hydrocarbon deposits close to the disputed maritime zone, and both governments have indicated that they would use military force to protect such resources. Israel and Lebanon are expanding their naval capabilities, heightening the risk of incidents at sea. As the LAFN takes on more responsibility for patrolling its EEZ from UNIFIL-MTF, a confrontation between Israeli naval forces and LAFN could occur. In any such confrontation, Hezbollah might launch its own offshore attack. Until now, however, no licenses have been issued for exploration in the disputed zone.

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Cyprus and Turkey

The volumes of natural gas discovered in the EEZ of the Republic of Cyprus so far are an estimated 3-5 tcf (80-140 bcm). Exploration is continuing and additional volumes may be discovered in the country's different offshore blocks. When gas comes on stream, probably around the end of the decade, it will provide the country with energy for the indefinite future and should consolidate its economic recovery.²⁵ However a number of geopolitical problems complicate Cyprus's ability to develop and receive benefits from these resources.

24 Arbitration attempts by the United States and the Republic of Cyprus have so far been unsuccessful.

25 Cyprus was forced to seek a financial bailout from the European Union in 2013 and is undergoing domestically unpopular economic reforms to meet the terms of the bailout. Cyprus also recently had to negotiate with Russia to restructure a €2.5 billion loan.

Turkey and the "Turkish Republic of Northern Cyprus" ("TRNC") challenge the authority of the internationally recognized government of Cyprus to make decisions regarding the exploration and development of resources in the island's EEZ.²⁶ The "TRNC" and the Turkish government argue that the Turkish Cypriots should benefit from any development of offshore resources. The government of the Republic of Cyprus accepts that both communities on the island should benefit from the hydrocarbon discoveries but the two sides do not agree on how this should be achieved.

Since 2011, a number of minor confrontations between Turkey and Cyprus have occurred in response to the exploration and development of hydrocarbon resources off the island's southern coast. Turkey has deployed warships to areas where international companies have conducted exploratory drilling and sent research vessels into the island's EEZ in a series of moves regarded by the government as provocations. In early 2014, the Turkish navy expelled a Norwegian vessel searching for hydrocarbons in Cyprus's EEZ, claiming it had entered an area under Turkey's jurisdiction.²⁷ Another incident occurred in October 2014, when Turkey dispatched two warships and started its own seismic surveys in areas overlapping Cyprus's EEZ. Israel and Cyprus launched joint military exercises nearby involving aerial maneuvers by Israeli Air Force fighter jets in Cypriot airspace and the use of Cypriot anti-aircraft equipment. Meanwhile, Russia conducted its own planned naval maneuvers to the east of Cyprus.

In response to the Turkish actions, President Nicos Anastasiades of the Republic of Cyprus (ROC) suspended his participation in talks with the leader of the Turkish Cypriot community, Derviş Eroğlu, aimed at reaching a comprehensive settlement of the problem of the division of the island. His government also announced that it would block the extension of Turkey's EU membership talks into new policy areas.²⁸

However, such tensions have not sparked serious incidents at sea until now. The government of the ROC has made its displeasure known but has not escalated the situation

26 See, inter alia, Michael Leigh, "Why is Turkey Increasing Tensions in the Eastern Mediterranean?" The German Marshall Fund of the United States, October 2014, <http://blog.gmfus.org/2014/10/10/why-is-turkey-increasing-tensions-in-the-eastern-mediterranean/>.

27 <http://cyprus-mail.com/2014/02/03/turkish-frigate-harasses-research-vessel-in-eez/>.

28 <http://cyprus-mail.com/2014/11/02/sabre-rattling-in-the-eastern-mediterranean/>.

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further. Cyprus has reasserted its authority to develop its EEZ and has tendered exploratory drilling rights to a number of international energy companies, including companies from the United States, Israel, France, South-Korea, and Italy. This situation, however, carries the risk of future intended or inadvertent incidents at sea. Faced with growing political and diplomatic pressure from Ankara, Cyprus has expanded its security relationship with Israel, reinforced its security relationship with Greece and Egypt, and plans to enlarge its National Guard's maritime unit to patrol the EEZ more effectively.²⁹ Cyprus and Israel have signed a memorandum of understanding regarding the sharing of intelligence and other forms of military cooperation.

Cyprus does not have a traditional navy; its naval capabilities are housed in the maritime sector of its National Guard, which functions as a coast guard. Since the discovery of hydrocarbon resources in the EEZ, the Cypriot Ministry of Defense has requested funds from the government to acquire two offshore patrol vessels (OPVs) from Israel that would give Cypriot maritime forces an anti-air, anti-submarine, and anti-ship warfare capability.³⁰

Risk for the Region

The actions taken by Eastern Mediterranean countries to develop and protect their newfound offshore energy interests have raised hopes among their populations but have also created a potentially unstable maritime security dynamic. Hydrocarbon discoveries have spurred the countries concerned to strengthen their offshore naval capabilities, while long standing disputes in the region continue. A possible terrorist or other military attack on offshore or onshore energy infrastructure would doubtless lead to retaliation. With persistent geopolitical tensions, the history of armed conflict in the region, and the recent increase in naval forces, a confrontation at sea could quickly escalate. Conflict resolution and conflict management remain, therefore, priorities for both the countries concerned and the international community.

29 "Greece Plans Military Exercises with Cyprus, Others," *Ekathimerini*, February 12, 2015.

30 There have recently been unconfirmed claims in the Cypriot press that the ROC is seeking to purchase two Israeli warships for its maritime forces, likely two Sa'ar 4 corvettes.

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Implications for Third Parties: Russia, the United States, and Europe

Russia

Russia, which has close relations with both Israel and Cyprus, seeks involvement in the development, transport and sale of Eastern Mediterranean gas but hitherto has not found an effective vehicle for its participation.³¹ Russia is Israel's largest supplier of crude oil and has recently increased agricultural imports from Israel. Russian President Vladimir Putin has stated that he regards Russian-speaking Israeli citizens as compatriots. Moody's Investors Service estimated that Russian companies and individuals had \$31 billion in assets in Cyprus in 2013.³² In 2011, Russia extended a loan of \$3.3 billion to the Republic of Cyprus and later announced that it would restructure the loan.³³ Despite differences over Iran and Syria, Russian economic cooperation has recently increased in a growing number of sectors with both Israel and Cyprus.

In February 2013, a subsidiary of Russia's Gazprom, Gazprom Marketing and Trading Switzerland, signed a 20-year agreement with Levant LNG Marketing Corporation to exclusively purchase liquefied natural gas from Israel's Tamar and Dalit fields.³⁴ In late 2013, Russian energy company SoyuzNefteGaz signed a joint development agreement with the regime of Bashar al Assad in

31 See, for example, *Famagusta Gazette*, February 12, 2015, on Cyprus-Russia economic cooperation meeting.

32 *Ibid.*

33 Olga Tanas, "Russia Agreed to Restructure Bailout Loan to Cyprus, Putin Says," *Bloomberg*, April 8, 2013, <http://www.bloomberg.com/news/2013-04-08/russia-agreed-to-restructure-bailout-loan-to-cyprus-putin-says.html>.

34 "Gazprom Marketing and Trading Switzerland AG Signs Heads of Agreement with Tamar Upstream Consortium," Gazprom Marketing and Trading Online, February 26, 2013, <http://www.gazprom-mt.com/WhatWeSay/News/Pages/GMT-Switzerland-signs-Heads-of-Agreements-with-Tamar-upstream-consortium.aspx>.

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Syria to explore for resources and establish energy development projects in Syria's EEZ. The 25-year agreement signaled Russia's commitment to protecting its interests in Syria, and extends approximately \$90 million to the cash-strapped regime.

However it will be difficult for Russia to give practical effect to its interest in the region's energy resources. The production of LNG from the Tamar and Dalit fields is no more than a theoretical possibility, unlikely to be realized in the foreseeable future. Violent conflict and state failure in Syria rule out any early move to develop its offshore resources. Until now, Russian companies have not won licenses for exploration and production offshore Cyprus. EU sanctions, following Russia's annexation of Crimea and continued support for separatist rebels in eastern Ukraine further limit the possibilities.

However, Russia has recently established a persistent naval presence in the Eastern Mediterranean for the first time since the Soviet era. The naval task force consists of approximately 16 ships and 3 marine helicopters, and at times has included Russia's one aircraft carrier, the *Admiral Kuznetsov*.³⁵ Russian officials claim that this presence is to contribute to the fight against terrorism and piracy in the region.³⁶ Russia has used its navy to evacuate Russian citizens from Syria amid the violence there. But the increase in Russian naval presence in the Eastern Mediterranean comes at a time when the West's relations with Russia are at their most tense since the end of the Cold War.

The United States

The discovery of hydrocarbon deposits in the Levant Basin has strategic implications for the United States. U.S. companies, notably Noble Energy, play a key role in exploration and production. The United States has an interest in the energy security, and overall security, of Israel, Jordan, and Egypt, with which it has close relations. This interest has become more acute with the spillover from the conflict in Syria and Iraq. Jordan, like Lebanon, is vulnerable to this conflict, the outpouring of refugees, and the activities of terrorist groups. Energy cooperation between Israel and the Palestinian Authority could underpin future efforts to revive the Middle East Peace Process.

35 Alexei Anishchuk, "Russia announces permanent naval presence in the Mediterranean sea," *Reuters*, June 6, 2013, <http://www.reuters.com/article/2013/06/06/us-russia-navy-mediterranean-idUSBRE95515120130606>.

36 *Ibid.*

The increase in Russian naval presence in the Eastern Mediterranean comes at a time when the West's relations with Russia are at their most tense since the end of the Cold War.

Washington supports plans for the export of Israeli gas to Egypt and Jordan, in the hope that this will help consolidate their bilateral relations. Egypt became a major supplier of gas to Israel after the Camp David Accords giving both countries an incentive to prevent military conflict along their frontier. Following the disruption and subsequent cancellation of Egyptian gas exports to Israel, the prospect of reverse flows of gas from Israel to Egypt could reinforce their political relations, provided remaining obstacles are overcome.

The United States has recently played a major role in revitalizing negotiations between the leaders of the Greek Cypriot and Turkish Cypriot communities with a view to finding a comprehensive settlement of the problem of the division of the island. U.S. officials hope that energy can provide an incentive to make progress in these talks and also encourage reconciliation between Israel and Turkey. Russian support for the Assad government in Syria, its naval presence in the Eastern Mediterranean, and diplomatic activism in the region provide a further focus for U.S. attention.

Offshore exploration and production also create a new set of security risks. The growth of offshore energy infrastructure in the Eastern Mediterranean and the expansion of Israeli naval activities in the area mean that there are additional targets for Israel's enemies. The risk of tensions or even outright conflict at sea will grow whether as a result of a conflict with Hezbollah, retaliation by Syrian forces for some future Israeli airstrike against targets in Syria, an unintended escalation of a minor contretemps with Turkish maritime forces, or a show of force in the Cyprus EEZ near Israel's Leviathan field. U.S. naval vessels regularly operate close to these areas. Given the United States' commitment

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to the defense of Israel, there may be cases in which U.S. forces find themselves near to one of these flashpoints, or even a deliberate or inadvertent target of attack.

Competition for energy resources in the Eastern Mediterranean also complicates U.S. relations with its NATO ally Turkey and Washington's efforts to promote Turkish-Israeli reconciliation and security cooperation. Maritime conflict between Israel and Turkey has disrupted cooperation between Washington's two major partners in the region. The *Mavi Marmara* incident in 2010, when Israeli forces boarded a flotilla of ships headed from Turkey to Gaza — with considerable loss of life — led to a nearly complete breakdown of relations between the two countries. Ambassadors were recalled, trade — including sales of military equipment — was disrupted, and Turkey refused to continue participating in the U.S.-Turkey-Israel trilateral Reliant Mermaid series of naval exercises.

Maritime conflict between Israel and Turkey has disrupted cooperation between Washington's two major partners in the region.

The periodic presence of Turkish warships in waters off Cyprus in an effort to discourage the ROC from developing the offshore gas fields heightens the security concerns of Israel's emerging partner in Nicosia and may put Israeli and Turkish naval forces in close proximity at a time when relations between Tel Aviv and Ankara remain volatile. Efforts to promote a gas pipeline between Israel and Turkey, as a commercial proposition and as a means to advance political reconciliation, are unlikely to succeed in the short term. Political tensions following the 2014 Gaza war and investors' doubts as to the project's commercial viability are among the obstacles that would first need to be overcome.

The European Union

The European Union is involved in the Eastern Mediterranean for a number of reasons. Cyprus and Greece are member states. Turkey is a candidate for EU membership.

Syria, Lebanon, Jordan, Israel, the Palestinian Authority, and Egypt have association agreements with the EU. The EU is the principal sponsor of a number of multilateral initiatives covering the region. The EU is a member of the quartet supporting the faltering Middle East Peace Process. The persistence of the Cyprus problem implies that Turkish military forces are present on the territory of an EU member state. Hopes have been expressed that energy from the Eastern Mediterranean could eventually be transported to Europe by gas pipeline or through undersea electricity cables, though the technical and financial viability of such schemes is doubtful.³⁷

The development of Mediterranean gas resources, if wisely managed, could provide a boost to the economies of Cyprus and Greece, two of the most vulnerable eurozone countries. Greece is currently conducting exploration in the Aegean and the Libyan Sea. The Ukraine crisis has increased European interest in the Eastern Mediterranean as a possible future alternative source of energy. However uncertainty over investment in the necessary infrastructure (pipelines or LNG), production delays, increased production of gas elsewhere, and volatility in international energy markets make it unlikely that the Eastern Mediterranean will supply gas to Europe within the foreseeable future.

The security risks mentioned in the previous section are also of concern to the European Union. Turkey's incursions into the Cyprus EEZ to protest against exploratory drilling there have created a new obstacle to Turkey's difficult EU membership talks. If Turkey can dispel skepticism regarding its intentions, rebuild its diplomatic relationship with Israel, and deescalate its militarization of the dispute over the ROC's energy policies, it may improve its chances of eventually becoming an energy corridor for the flow of gas from the Eastern Mediterranean to Europe.

Overall, the EU has a direct interest in the political, economic, energy and strategic stability of the Eastern Mediterranean Sea, which directly adjoins its own territory. It, therefore, seeks to encourage the development of the region's new energy resources in ways that will benefit

³⁷ Anastasios Giamouridis, "Natural Gas in Cyprus: Choosing the Right Option," The German Marshall Fund of the United States, September 23, 2013, <http://www.gmfus.org/publications/natural-gas-cyprus-choosing-right-option>.

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all the peoples concerned and to prevent these resources becoming a new source of tension.³⁸

Conclusion

The energy discoveries in the Eastern Mediterranean are game changers for Israel and Cyprus in terms of energy security and, to some degree, security in general. They may also reinforce conflict resolution efforts in the Middle East and in Cyprus. They have implications for the energy security of Egypt, Jordan, and the Palestinian Authority through potential gas imports from Israel. Such imports could also consolidate the stability of the regimes in Egypt and Jordan at a particularly difficult time by easing a major source of public discontent and strengthening their economies. At the same time, conflict over ownership of the resources can exacerbate existing tensions between Turkey and Cyprus and between Israel and Lebanon. Second order effects of these tensions provide new risks for regional stability.

These discoveries have also created new potential targets both onshore and offshore, a problem that is of particular concern to Israel. There is now an enhanced naval presence in the region both from the coastal states and third countries, including Russia. Increased naval activity both enhances protection of energy infrastructure and augments the risk of incidents at sea, with the potential for escalation. This might draw in U.S. naval vessels because of their proximity to the zone. These risks should not be exaggerated and do not compare with those inherent in other theaters of conflict in the Middle East. Nonetheless they deserve constant attention in Europe and the United States if these new resources are to contribute to regional stability and not become an additional source of conflict.

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38 Michael Koehler, "Gas Discoveries in the Eastern Mediterranean: Implications for the European Union," The German Marshall Fund of the United States, October 26, 2012, <http://www.gmfus.org/publications/gas-discoveries-eastern-mediterranean-implications-european-union>.