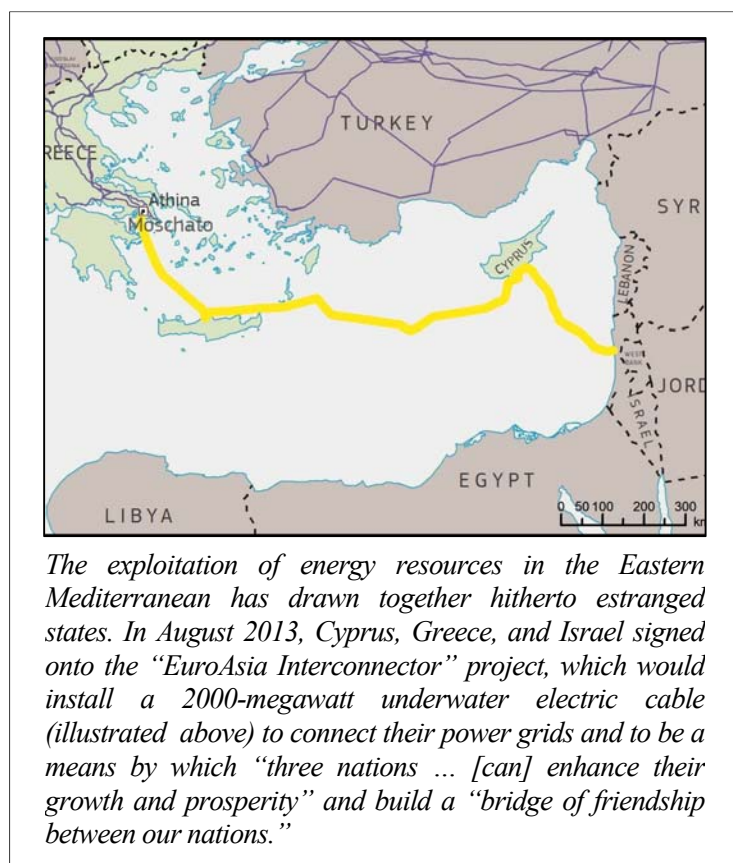


Shifting Eastern Mediterranean Alliances

by Emmanuel Karagiannis

The Eastern Mediterranean is changing fast with its estimated 122 trillion cubic feet (tcf) of natural gas reserves (the equivalent of 21 billion barrels of oil) already having an impact on regional patterns of amity and enmity.¹ With Israel and Cyprus well underway to becoming gas exporters, the problematic Israeli-Lebanese and Cypriot-Turkish relationships have been further strained. At the same time, energy cooperation has been the driving force behind the nascent Greek-Cypriot-Israeli partnership, manifested in rapidly growing defense and economic cooperation. Clearly, the development of energy resources and their transportation will have far-reaching geopolitical implications for the Eastern Mediterranean and its nations.



¹ “[Natural Gas Potential](#) Assessed in Eastern Mediterranean,” U.S. Geological Survey, Office of Communication, Reston, Va., Aug. 4, 2010.

The Strategic Significance of the Gas Reserves

Natural gas is the fastest growing source of energy in the world, currently accounting for 22 percent of total global energy consumption.² It is both affordable and more environmentally friendly than other commercially feasible options, resulting in an increasing demand even in an era of dropping oil prices. That demand seems likely to be met in large part by the newly discovered gas reserves of the Eastern Mediterranean.

Israel, for one, has the potential to become an important regional producer.³ Its Tamar field was confirmed to have estimated reserves of 9.7 tcf⁴ while its Leviathan gas



Israel has the potential to become an important regional producer of liquefied natural gas. Its Tamar field, with estimated reserves of 9.7 trillion cubic feet (tcf), came online in 2013 while its Leviathan gas field (above), with a potential of 16 tcf, is slated to be ready for production in 2017.

² “International Energy Outlook 2013,” Office of Communications, U.S. Energy Information Administration, Washington, D.C., July 25, 2013.

³ Brenda Shaffer, “[Israel—New Natural Gas Producer in the Mediterranean](#),” *Energy Policy*, Sept. 2011, pp. 5379-87.

⁴ *Haaretz* (Tel Aviv), [Aug. 13, 2009](#).

field has the potential of producing up to 16 tcf.⁵ Meanwhile, in November 2011, U.S.-based Noble Energy announced a major gas discovery south of Cyprus: The Aphrodite field was estimated to contain 7 tcf.⁶ In February 2013, a seismic survey south of Crete indicated that rich hydrocarbon resources may soon be found in Greek waters.⁷ Most recently, the Italian company Eni announced the discovery of a huge gas field off the coast of Egypt.⁸

For reasons of geographical proximity, these Mediterranean energy resources concern first and foremost the European Union—the world’s third largest energy consumer behind China and the United States.⁹ While oil is still the dominant fuel, accounting for 33.8 percent of total EU energy consumption, natural gas comes in second at 23.4 percent.¹⁰ The Eastern Mediterranean gas reserves have three distinct advantages for European governments (and companies) and are thus viewed by them as a strategic priority. First, due to their smaller sizes and populations, the needs of Israel and Cyprus are relatively low and most of their gas could be exported. Second, Eastern Mediterranean gas could partly cover Europe’s energy needs and thereby decrease its dependence on an increasingly volatile Russia. Finally, since both Israel

⁵ “Israel and its natural resources: What a gas!” *The Economist*, Nov. 11, 2010.

⁶ *Cyprus Mail* (Nicosia), [Oct. 4, 2013](#).

⁷ *Kathimerini* (Neo Faliro, Gr.), [Feb. 27, 2013](#).

⁸ *BBC News*, [Aug. 20, 2015](#).

⁹ “[Total Energy Consumption, 2014](#),” *Global Energy Statistical Yearbook 2015*, Enerdata, Grenoble, accessed Jan. 15, 2016.

¹⁰ *EU Energy Market in 2014* (Luxemburg: Publication House of the European Union, The European Commission, 2014), p. 6.

and Cyprus lack the capital and the offshore drilling technology to develop gas reserves on their own, foreign energy companies have identified them as investment opportunities that could generate significant financial returns.

As the Middle East implodes, security of energy supply has become an important policy objective for the EU. Indeed, there is a consensus among European governments that new initiatives are needed to address energy challenges. The EU is already directly involved to some extent in Eastern Mediterranean energy affairs because Greece and Cyprus are member states while Turkey is a candidate for membership and has a customs union with the EU. Although the governments of the EU and Israel are often at odds politically, economic relations between Jerusalem and Brussels are close and multifaceted.

The development of Israeli and Cypriot gas fields could help strengthen Europe's energy security. Currently, European countries import liquefied natural gas (LNG) from politically unstable countries such as Nigeria and Algeria. But the Eastern Mediterranean could serve as a third gas "corridor" for Europe, alongside Russian gas and the southeast European pipelines for Azeri gas. The Italian Eni company, the British Premier Oil, and the Dutch Oranje-Nassau Energie have clearly shown interest by bidding in the second round of licensing for natural gas exploration in the Cypriot exclusive economic zone (EEZ),¹¹ a sea zone prescribed by the United

The U.S. administration views Eastern Mediterranean gas as an alternative source for its European allies who depend heavily on Russian supplies.

Nations over which a state has special rights.

Given the prominence of the Middle East for U.S. energy policy, it is hardly surprising that the gas finds in Israel and

Cyprus have drawn Washington's attention as well. Although the U.S. is likely to become the largest gas producer in the world as a result of increased use of shale gas, the administration views Eastern Mediterranean gas as an alternative source for its European allies who depend heavily on Russian supplies.¹² Within the private sector, the American company, Noble Energy, has played a leading role in the exploration process; it has a 40 percent stake in the Leviathan fields, a 36 percent stake in Tamar, and a 70 percent stake in Aphrodite.

Not surprisingly, these discoveries have attracted Moscow's interest as well due to a potential, adverse impact on its gas exports to European markets. Russian energy companies, which often act as the Kremlin's long-arm, are particularly active in the region. In February 2013, for example, Gazprom signed a 20-year deal with the Israeli Levant LNG Marketing Corporation to purchase liquefied natural gas exclusively from the Tamar field.¹³ Then in December 2013, the Russian company SoyuzNefteGas signed an agreement with the Assad regime to explore part of Syria's exclusive economic zone. One month later Putin signed an investment agreement with Palestinian leader Mahmoud Abbas to develop gas fields off the Gaza Strip.¹⁴

11 ["Second Licensing Round—Hydrocarbons Exploration,"](#) Ministry of Energy, Commerce, Industry and Tourism, Republic of Cyprus, Nicosia, accessed Dec. 29, 2015.

12 *Middle East Online* (London), [Aug. 6, 2013](#).

13 *RIA Novosti* (Moscow), [Feb. 26, 2013](#).

14 Ed Blanche, ["Enter the Bear,"](#) *The Middle East*, Mar. 2014, pp. 29-30.

Warming Israeli-Greek Relations

Energy considerations have a long history of influencing the course of relations between states, and the new gas discoveries are no exception to this rule, affecting Israel's relations with both Greece and Cyprus.

Greek-Israeli relations have been frosty for decades. The postwar Greek governments typically followed a pro-Arab foreign policy in order to protect the large Greek community in Egypt, secure Arab support on the Cyprus dispute in the United Nations, and maintain access to cheap Arab oil.¹⁵ While there was de facto recognition of the Jewish State in 1949, legal recognition



Despite past support for the Palestinians, newly-elected Greek prime minister Alexis Tsipras (left) of the left-wing SYRIZA party, here with Israeli prime minister Binyamin Netanyahu, has sought to strengthen ties with the Jewish state. Greece's location makes it a natural bridge between the energy-rich Eastern Mediterranean and energy-consuming Europe while Israel is now poised to become a major natural gas producer. Thus, Greece and Israel share significant energy interests.

¹⁵ John Sakkas, "Greece, Arab World and Israel: A Troubled Triangle in the Eastern Mediterranean," *Defensor Pacis* (Athens), Mar. 2007, pp. 95-104.

needed to wait until 1990 under the right-wing Mitsotakis government. But the formation of a Turkish-Israeli strategic partnership in the mid-1990s provoked a strong backlash with Athens reverting to its pro-Arab policy.¹⁶

This policy, too, has changed with the rise of Recep Tayyip Erdoğan and his Islamist Justice and Development Party (Adalet ve Kalkınma Partisi, AKP) in Turkey since the early 2000s. With Athens alarmed by Ankara's growing regional assertiveness, and Jerusalem disturbed by the new regime's fiercely anti-Israel approach, Greek-Israeli relations improved rapidly with the two countries signing a string of agreements in the fields of security, energy, trade, and tourism, and exchanging official visits at the ministerial, presidential, and prime-ministerial levels.¹⁷ In March 2012, the air-naval exercise Noble Dina, involving U.S., Israeli, and Greek forces, was conducted in the Aegean Sea while, a month later, a joint Greek-Israeli air exercise was held in central Greece. Most recently, Minister of Defense Panos Kammenos stated that "[Greek] defense planning should take into account friends and allies who seek defense cooperation in the region. And I clearly mean eastward toward Israel."¹⁸

Athens's new Israel policy has been largely unaffected by the frequent change of governments in recent years. The last three prime ministers before the current one—George Papandreou (2009-11), Loukas Papadimos (2011-12), and Antonis Samaras (2012-15)—all met with Israeli officials and concluded agreements, all the more striking given the political and ideological differences

¹⁶ Amikam Nachmani, *Turkey-Israel Strategic Partnership* (Raman Gan: The BESA Center for Strategic Studies, 1999), pp. 1-10.

¹⁷ *The Washington Post*, Oct. 21, 2010.

¹⁸ *The Times of Israel* (Jerusalem), Feb. 11, 2015.

among them: Papandreou is a moderate, left-of-center politician; Papadimos is known as a liberal technocrat, and Samaras, a right-wing politician.

Greek-owned shipping could play an important role in transporting liquid gas to market.

In the wake of the economic crisis that has roiled domestic Greek politics and the austerity measures that the EU has sought to impose on Athens, Greeks took to the polls in January 2015 and brought to power the left-wing SYRIZA (Greek acronym of the Coalition of the Radical Left) party, in coalition with the small, right-wing party, the Independent Greeks. This caused considerable alarm in Jerusalem as many senior SYRIZA officials have strong pro-Palestinian sympathies: European Member of Parliament Sofia Sakorafa, for one, is a self-proclaimed friend of Hamas while Prime Minister Alexis Tsipras has participated in pro-Palestinian rallies. In late December 2015, the Greek parliament passed a non-binding resolution recommending recognition of “Palestine” as a state.

And yet, the SYRIZA-led government has not distanced itself from Jerusalem. Foreign Minister Nikos Kotzias identified Turkey as a source of threats¹⁹ while Minister of Defense Kammenos, leader of the Independent Greeks, harbors strong pro-U.S. and pro-Israeli views.²⁰ In late November 2015, Tsipras visited Israel and, yet again, on January 27, 2016, together with six members of his cabinet when they held a joint meeting with the Israeli government.²¹ So it seems likely that the Greek-Israeli partnership will continue.

Beyond common concerns about Turkey’s intentions, Athens and Jerusalem share significant energy interests. Both

countries want to implement the 1982 U.N. Convention of the Law of the Sea (UNCLOS) to facilitate the exploration and exploitation of the seabed;²² and both maintain that the Eastern Mediterranean could be unilaterally developed through its division into exclusive economic zones of 200 nautical miles. In contrast, Ankara has not signed on to UNCLOS and favors a settlement in the Aegean and the Eastern Mediterranean that would take perceived Turkish interests into greater account.

Moreover, Greece’s location makes it a natural bridge between the energy-rich Eastern Mediterranean, including Israeli fields, and energy-consuming Europe, and Greeks see the country as a hub for bringing Eastern Mediterranean gas to European markets. In March 2014, Athens announced an international tender for a feasibility study of the Eastern Mediterranean pipeline to carry Israeli and Cypriot gas to Europe via Crete and the mainland.²³ While the proposed pipeline would be rather expensive and pass through disputed waters, Russian intervention in the Crimea and eastern Ukraine has given new momentum to the project as the EU looks for alternative sources of natural gas.²⁴ The European Commission has included the proposed pipeline in its list of “Projects of Common Interests” that could receive financial support.²⁵

¹⁹ *Sigma Live* (Nicosia), [Nov. 30, 2015](#).

²⁰ *The Jerusalem Post*, July 19, 2015.

²¹ Israel Ministry of Foreign Affairs, “Israel and Greece hold Government-to-Government Consultation,” [Jan. 27, 2016](#).

²² [“Israel’s Candidature for IMO Council 2014-2015,”](#) Ministry of Foreign Affairs, Sept. 9, 2013.

²³ Reuters, Aug. 10, 2014.

²⁴ *New Europe* (Brussels), Mar. 11, 2014.

²⁵ “Projects of Common Interests,” The European Commission, Brussels, Oct. 14, 2013.

If Jerusalem and Nicosia decide to opt for liquefaction of their gas resources, then Greek-owned shipping could also play an important role in transporting liquid gas to the international market. During his visit to Israel in November 2015, Tsipras stated,

One of the main issues in our discussions today was [*sic*] the opportunities arising in the fields of energy in the Eastern Mediterranean ... We are examining ways to cooperate in research, drilling, and the transportation of gas from Israel to Europe.²⁶

While energy is not the sole factor contributing to the improvement of bilateral relations, it has certainly played a crucial role in the convergence of Greek and Israeli interests in the Eastern Mediterranean.

Jerusalem and Nicosia

The development and exploitation of Eastern Mediterranean energy resources have also given a boost to Israeli-Cypriot relations. Despite geographical proximity, the two countries have largely ignored each other for years. For most Israelis, Cyprus is either the site where Holocaust survivors were forcibly interned by the British (1946-49) as they sought refuge in mandatory Palestine or the closest place where couples unable or unwilling to contract a religious marriage in Israel are able to enter into a civil marriage.

For its part, Nicosia traditionally took a pro-Arab line in diplomatic settings that differed little from neighboring Greece; and just like in Greece, the AKP-induced chill in Turkish-



In December 2010, Nicosia signed an agreement with Jerusalem demarcating their maritime borders; Beirut then accused both states of violating its maritime rights. The following year, Hezbollah's secretary general, Hassan Nasrallah (above), threatened Israel with a strike against its energy infrastructure.

Israeli relations had a warming effect on Cypriot-Israeli relations. In March 2011, Israeli president Shimon Peres hosted his Cypriot counterpart, President Demetris Christofias, who reciprocated this hospitality in November. Both sides came to view each other as potential counterbalances to Turkey's presence in the Eastern Mediterranean. Cypriot defense minister Dimitris Iliadis signed an agreement on the "Mutual Protection of Confidential Information" in January 2012 with his Israeli counterpart, Ehud Barak,²⁷ and a month later, Netanyahu paid a visit to Nicosia, the first ever by an Israeli prime minister, to discuss energy and defense cooperation. According to press reports, the Cypriot navy is planning to buy two Israeli-manufactured hi-tech offshore patrol vessels in order to patrol its exclusive economic zone.²⁸

The energy dimension of the nascent Israeli-Cypriot relationship is particularly strong. Nicosia has announced plans to build a

²⁶ *Kathimerini*, Nov. 25, 2015.

²⁷ *Today's Zaman* (Istanbul), July 3, 2012.

²⁸ *Cyprus Mail*, Dec. 18, 2013.

liquefied natural gas plant in its Vassilikos industrial area to process its gas. Since the current gas finds are not large enough to make this multi-billion dollar project economically viable, Nicosia has suggested to Jerusalem that the two countries pool their gas reserves to form a single producing unit. In 2013, Minister of Energy Yiorgos Lakkotrypīs declared:

[W]e feel that through a close collaboration with Israel, we will be able to be a major player in the world energy market, something that might be too hard for each country to achieve individually.²⁹

The future of the Israeli-Cypriot partnership will also depend on the export route of the Israeli gas. Jerusalem has examined a number of options for the optimum utilization of its gas fields but probably prefers to export gas westward in order to improve its relations with European countries.³⁰ From the Israeli perspective, energy cooperation with Greece and Cyprus could build a new web of alliances with the EU that would help Jerusalem to break out of its increasing geopolitical isolation. The Netanyahu government even lobbied on behalf of Greece in Europe and the United States for an economy-recovery plan.³¹ In late March 2012, during an energy conference in Athens, then Israeli minister of energy Uzi Landau spoke of “an axis of Greece, Cyprus, and Israel and possibly more countries, which will offer an anchor of stability.”³² In August 2013, the three

countries signed an agreement to install a 2000-megawatt underwater electric cable to connect their power grids—the first of its kind to connect Europe and Asia.³³

Most recently, in December 2015, a series of trilateral consultations was held in Jerusalem in which a set of issues were taken up and discussed, with energy development topping the list. The parties agreed to further promote trilateral consultations and to meet on a regular basis, beginning with a meeting of their heads of state in Nicosia on January 28, 2016.³⁴

Lebanon, Cyprus, and Israel

While revenues from the sale of oil and gas can bring wealth and prosperity to societies, they also have the potential to upset regional balances of power. In the Eastern Mediterranean, where countries have been locked in conflicts over territory for decades, gas discoveries seem likely to increase the stakes. Contested ownership of gas resources has, in fact, destabilized already strained relations between Israel and Lebanon as well as between Turkey and Cyprus.

Although a delimitation agreement between Lebanon and Cyprus was signed in January 2007, the Lebanese parliament has refused to ratify it to date, and Hezbollah declared the agreement

null and void because the Lebanese side that signed it had its official capacity revoked ... The sea, like land, is a one hundred percent legitimate Lebanese right, and we

²⁹ *Hürriyet* (Istanbul), May 9, 2013.

³⁰ Simon Henderson, “[Natural Gas Export Options for Israel and Cyprus](#),” German Marshall Fund of the United States, Washington, D.C., Sept. 10, 2013.

³¹ *The Jerusalem Post*, [Mar. 6, 2011](#).

³² *Kathimerini*, [Mar. 28, 2012](#).

³³ *Cyprus Mail*, [Aug. 9, 2013](#).

³⁴ Joint Statement: Second Political Consultations at the level of Secretaries General of Israel, Greece and Cyprus MFA’s—17/12/2015, Ministry of Foreign Affairs, Nicosia.

shall defend it with all our strength.³⁵

When in December 2010, Nicosia signed an agreement with Jerusalem demarcating their maritime borders, Beirut accused both states of violating its maritime rights.³⁶ The following year, in a televised speech marking the fifth anniversary of Hezbollah's 2006 war with Israel, the group's secretary general, Hassan Nasrallah, threatened Israel with a strike against its energy infrastructure:

We warn Israel against extending its hands to this area and steal[ing] Lebanon's resources from



Turkey's strongman, Islamist Recep Tayyip Erdoğan (left), seen here at the World Economic Forum, Davos, in 2009, publicly berating Israel's then-president Shimon Peres for alleged Israeli misconduct, has managed to alienate—and alarm—Eastern Mediterranean neighbors with frequent outbursts and occasional saber-rattling. This has led Cyprus, Israel, and Greece, the area's potential energy producers and transporters, to seek closer ties that would have been inconceivable a decade ago.

Lebanese waters ... Whoever harms our future oil facilities in Lebanese territorial waters, its own facilities will be targeted.³⁷

These are not hollow threats. Hezbollah has the military capacity to attack Israel's offshore gas platforms should it choose to do so. The 2006 war revealed that its vast arsenal of missiles and rockets includes Chinese-manufactured C-802 anti-ship missiles (range 75 miles) and Zelzal-2 rockets (range 125-250 miles).³⁸ For its part, the Israeli navy is acquiring at least two 1,200-ton patrol-class vessels, along with additional unmanned aerial vehicles and missile-armed, remote-control gunboats.³⁹ In this way, Jerusalem seeks to deter possible raids from Lebanon. The protection and exploitation of gas reserves is thus seen by the Israeli leadership as a matter of national security.

Turkey, Cyprus, and Israel

The relationship between Turkey and Cyprus is yet another example of a long-standing conflict with few prospects of imminent resolution, and the AKP's rise to power has only exacerbated the situation.

In Erdoğan's increasingly paranoid worldview, the possible economic and diplomatic revival of Cyprus as a result of gas development poses a clear and present danger to Turkish national security. In September 2011, Ankara signed a continental shelf delimitation agreement with the "Turkish Republic of Northern Cyprus," and shortly afterward, the Turkish state oil company (TPAO) started its first drilling near the occupied Cypriot city of

³⁵ *Al-Akhbar* (Beirut), [Oct. 27, 2012](#).

³⁶ *YNet News* (Tel Aviv), [July 10, 2011](#).

³⁷ *The Daily Star* (Beirut), July 27, 2011.

³⁸ *BBC News*, Aug. 3, 2006.

³⁹ United Press International, May 23, 2013.

Famagusta. While Ankara has invited foreign companies to explore its Mediterranean coast for energy resources, only the Royal Dutch/Shell has thus far expressed interest.⁴⁰ In late October 2014, a Turkish research vessel entered the Cypriot EEZ to collect seismic data. Nicosia viewed this as a violation of its sovereign rights, since it had already licensed parts of its EEZ to foreign energy companies.⁴¹

The energy factor has also internationalized the “Cyprus Problem,” creating a new point of friction between Ankara and Jerusalem. The Turkish government did not anticipate the rapid improvement of Israeli-Cypriot relations and fears that the bilateral cooperation will not be limited to the energy sector. Even before this development, Erdoğan had threatened Jerusalem over its gas exploration initiatives, warning that while “Israel has begun to declare that it has the right to act in exclusive economic areas in the Mediterranean...[it] will not be owner of this right.”⁴² For its part Jerusalem has not remained passive, requesting Cypriot permission for the use of the Paphos air base by Israeli fighter jets.⁴³ In early November 2015, the two countries conducted the second Onisilos-Gideon military exercise in the western part of the island.

The internationalization of the “Cyprus Problem” extends well beyond the region. Chinese companies have already bid for gas exploration and liquefaction projects in the Eastern Mediterranean and are negotiating an

Israeli and Turkish officials have recently concluded secret talks about bilateral reconciliation.

agreement with the Cypriot government to purchase LNG by 2020. Consequently, Beijing has closely followed the Cyprus peace negotiations.⁴⁴

An Engine for Conflict Resolution?

The Eastern Mediterranean energy boom has helped warm traditionally chilly bilateral relationships between some countries while aggravating already strained relations with others. Can it also become an engine for promoting regional cooperation?

While the last few years have seen a great deal of saber-rattling out of Ankara, the likelihood of a military confrontation between Cyprus and Turkey, or Israel and Turkey, seems small. The construction and operation of energy infrastructure (e.g., pipelines, refineries, natural gas plants) is a costly business requiring political stability, and Ankara may not wish to undermine its role as an energy transit state. Indeed, Israeli and Turkish officials have recently concluded secret talks about bilateral reconciliation that covered, among other items, the laying of a natural gas pipeline between the two countries. This would allow Turkey to reduce its energy dependence on Russia (relations with which have worsened following the downing of a Russian fighter jet in November 2015) as well as to open up a new

⁴⁰ *Hürriyet*, [Nov. 23, 2011](#).

⁴¹ *The Guardian* (London), [Nov. 10, 2014](#).

⁴² Simon Henderson, “[Turkey’s Threat to Israel’s New Gas Riches](#),” *Policywatch*, no. 1844, The Washington Institute for Near East Policy, Washington, D.C., Sept. 13, 2011.

⁴³ *The Jerusalem Post*, [July 2, 2012](#).

⁴⁴ Li Guofu, “China: An Emerging Power in the Mediterranean,” in Daniela Huber, et al., eds., *The Mediterranean Region in a Multipolar World: Evolving Relations with Russia, China, India, Brazil*, (Washington, D.C.: The German Marshall Fund of the United States, 2013), pp. 11-9; “[Will Cyprus Become a New Investment Heaven for China?](#)” China Radio International (Beijing), Oct. 31, 2013; Chinese ambassador Liu Xincheng, interview, *Cyprus Mail*, Jan. 5, 2015.

market for Israel's natural gas projects off its coast.⁴⁵

In addition, Ankara has offered to build a "peace pipeline" to transport Cypriot gas to European markets via Turkish territory.⁴⁶ Nicosia has not rejected this plan provided there is a resolution to the "Cyprus problem," including the reunification of the island and the withdrawal of Turkish troops from the northern section. This bolsters the argument, advanced by the U.S. State Department among others, that gas profits could contribute to the island's unification as both Greek and Turkish Cypriots would have major additional incentives to accept a peace deal.⁴⁷ It is no coincidence that the special representative for regional energy cooperation for the newly-established State Department's Bureau of Energy Resources is based in the U.S. embassy in Nicosia.⁴⁸

This optimism is rooted in the long-held, liberal view of international relations positing that economic benefits resulting from energy transportation can help resolve political conflicts. Yet if history offers any guide, an economic boom attending hydrocarbons exports can just as often lead to ethnocentrism and economic nationalism as to goodwill and shared prosperity. The production of large quantities of oil and natural gas in the North Sea, for example, has strengthened Scottish nationalism and may eventually lead to Scotland's secession from the United Kingdom. Likewise, the Clinton administration's promotion of a "peace pipeline" to carry Azerbaijani oil through the

U.S. and European interests will be well served by the emergence of the Eastern Mediterranean as a gas-exporting region.

contested area of Nagorno-Karabakh and Armenia to the Turkish market failed because Armenia did not wish to make the necessary

territorial concessions to Azerbaijan.⁴⁹ Then again, in 2004, Georgian leader Mikheil Saakashvili floated the construction of a Russian-Georgian oil pipeline through the breakaway republic of Abkhazia to facilitate a solution to the Georgian-Abkhazian conflict, only to be rebuffed by both Russia and Abkhazia.⁵⁰ The proposed Iran-Pakistan-India gas pipeline had the same fate in 2009 when the Indian government announced its decision not to participate in the project for security reasons.⁵¹

Evidently, such pipelines have failed to materialize because states were neither willing to surrender territory nor comfortable depending on hostile neighbors in return for possible economic benefits. Those who envisage the prospect of a "peace pipeline" positively affecting the current negotiations between Greek and Turkish Cypriots for the resolution of the "Cyprus Problem" may find themselves seriously disappointed.

Conclusion

The new substantial gas discoveries in the Eastern Mediterranean are rapidly transforming regional orientations. Energy interests have brought Israel closer than ever diplomatically to Cyprus and Greece and have played an important role in the apparent

⁴⁵ *The Wall Street Journal*, Dec. 18, 2015.

⁴⁶ *Hürriyet*, [May 27, 2013](#).

⁴⁷ *Sigma Live*, July 24, 2015; *Ethnos* (Athens), Mar. 29, 2012.

⁴⁸ *Cyprus Mail*, Feb. 9, 2012.

⁴⁹ John J. Maresca, "A Peace Pipeline to End the Nagorno-Karabakh Conflict," *Caspian Crossroads*, Winter 1995, pp. 17-8.

⁵⁰ George Anjaparidze and Cory Welt, "[A Georgian-Russian Pipeline: For Peace or Profit?](#)" *Eurasianet* (New York), Mar. 8, 2004.

⁵¹ *The Hindu* (Chennai, Madras), [Nov. 25, 2013](#).

thaw in Israeli-Turkish relations. At the same time, energy has generated new tensions between producing countries and countries that feel excluded from the regional natural gas development opportunities. Relations between Turkey and Cyprus as well as between Israel and Lebanon, poor at best, have come under further strain.

Undoubtedly, U.S. and European interests will be well served by the emergence of the Eastern Mediterranean as a gas-exporting region. However, this will only be possible if there is a resolution to the ownership issue that can accelerate the pace of private investment in the regional gas industry.⁵²

Without a region-wide legal agreement, energy companies may not be able to secure the necessary funding to develop and implement gas projects. Washington, which enjoys good relations with all Eastern Mediterranean

countries, could act as a broker in hosting multilateral regional talks to defuse tensions and promote mutual understanding between countries in the region.

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⁵² James Stocker, "No EEZ Solution: The Politics of Oil and Gas in the Eastern Mediterranean," *Middle East Journal*, Autumn 2012, pp. 579-97.