



*"The Gas and Oil Conflict in the Eastern Mediterranean and Its Economic and Security Implications on the Region"*

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*Abstract*

The conflict over oil and gas resources in the Mediterranean Sea has become a highly contentious issue, exacerbating conflicts and disputes over interests. From longstanding maritime and oil disputes between Lebanon and Israel to the recent explosive conflict involving Turkey on one side and Greece and the Republic of Cyprus on the other, tensions have escalated. Turkey, in its pursuit of political expansion to reach the shores of Libya, has disregarded that the shores of Crete are Greek territory, leading to a third, more recent conflict between Turkey and Egypt—the two major states in the Eastern Mediterranean region. This escalation is due to the increasing population and industrial advancement of both nations, which require high energy consumption to fuel their industries.

✓ Keywords: conflict, gas, oil, economy, security, Eastern Mediterranean region

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## **1.Introduction:**

In recent years, the Eastern Mediterranean region has witnessed significant developments, accompanied by a rise in both regional and international competition. This growing interest is not merely driven by geopolitical motivations but is also intertwined with the increasing prominence of the geo-economic dimension on the agendas of regional and international actors. The discovery of substantial natural gas reserves in the Eastern Mediterranean, alongside the escalation of gas exploration activities in the region, has heightened regional competition for these resources. Rather than serving as a stabilizing factor in the Middle East, these newfound energy reserves have emerged as a potential threat to stability, contributing to the rekindling of conflicts such as the Turkish-Cypriot conflict and the Israeli-Lebanese dispute. Additionally, they have played a role in elevating tensions in Egyptian-Turkish relations.

Several indications point to the future of energy competition in the Eastern Mediterranean basin, as its initial contours begin to take shape. The ramifications of this competition have cast shadows over the rising tensions among the countries bordering this region, particularly Egypt, Greece, Cyprus, Israel, Turkey, and Lebanon. This competitive landscape increasingly reflects the map of new regional alliances in the Eastern Mediterranean and the struggle among regional powers for control over this massive oil wealth, which may surpass the production levels of both the Gulf and Russia combined.

In the backdrop of these alliances, competition may evolve to form the nucleus of a new conflict with geopolitical and strategic dimensions distinct from the past. This is especially relevant given the complexity surrounding the political and economic aspirations of these countries in their quest to attain the status of a regional energy hub in this vital area where maritime boundaries and energy interests intersect. Many regional and international actors have sought to influence the course of this intricate issue to safeguard their interests, particularly as it has become a key determinant regarding recently discovered gas fields.

Through this introduction, we can pose the central questions:

- ✓ To what extent has the significance, importance, and resources of the Eastern Mediterranean region contributed to the intensification of international conflicts in the area?
- ✓ What are the dimensions of the international conflict in the Eastern Mediterranean region?
- ✓ Have recent discoveries of oil and energy fields been a driving force behind the escalation of the conflict?
- ✓ In our study, we will delve into three important dimensions as follows:

- ✓ The geostrategic significance of the Eastern Mediterranean region.
- ✓ The geopolitical and economic dimensions of the conflict over gas and oil in the Eastern Mediterranean.
- ✓ The future of the conflict in the Eastern Mediterranean.

## **1. The Geostrategic Significance of the Eastern Mediterranean:**

**Anticipated Reserves:** One of the primary drivers behind regional and international interest in the Eastern Mediterranean region is the anticipated oil and gas reserves within it. According to estimates published by the U.S. Geological Survey in 2010, the region is believed to contain between 122 and 223 trillion cubic feet (3.5 to 6.3 trillion cubic meters) of gas, in addition to a potential 1.7 billion barrels of oil.

**Commercial Dimension:** In a commercial context, it's important to note that the feasibility of exploiting these reserves and subsequently marketing them holds greater significance than theoretical figures. The cost of extracting gas from beneath the sea and then exporting it, either through liquefaction requiring liquefaction plants and gas carriers or through extending pipelines under the Mediterranean waters, is a complex process. However, despite these obstacles, the estimates provided have been sufficient to arouse the interest of regional countries and global oil and gas companies.

**Since 2009, discoveries in the Eastern Mediterranean have reached approximately 2,100 billion cubic meters,** making the competition for gas fields in the region a strategic matter, especially when compared, for instance, to the European Union's gas consumption in 2017, which was around 410 billion cubic meters.

## **2. Gas Discovery and Shifting Waters in the Eastern Mediterranean:**

**2.1. Israeli Movement:** The waters of the Eastern Mediterranean began to shift with Israel's announcement of the discovery of the Tamar and Leviathan gas fields in 2009 and 2010, respectively. Following these discoveries, Israel entered into an agreement with the Greek Cypriot section of Cyprus to delineate their respective territorial

waters in 2010. Lebanon, in response, declared that Israel's delineation of regional waters constituted a violation of its territorial boundaries.

The Israeli-Greek Cypriot rapprochement further solidified in 2012, especially in light of strained Israeli-Turkish relations on one hand and the rise of the Muslim Brotherhood and President Morsi to power in Egypt on the other. Notably, in 2012, Netanyahu made a significant visit to Cyprus as the first Israeli Prime Minister to visit Nicosia.

Subsequently, the Greek Cypriot-Israeli rapprochement paved the way for strengthening Israeli-Greek relations. It is noteworthy that relations between the two countries continued to improve even after the election of Tsipras as the Prime Minister of Greece in 2015, who was elected representing the left-wing Syriza party. The Israeli-Greek-Cypriot rapprochement culminated in several trilateral meetings and summits since 2016.

The gas discoveries in the Eastern Mediterranean prompted Israel to seek export markets, leading it to explore options with neighboring countries such as Egypt and Jordan. Israel signed an agreement with Jordan for gas exports in 2012, with the export of Israeli gas to Jordan expected to begin in 2019. Israel also signed a gas export agreement with Egypt in 2018. However, these efforts have faced challenges, including Egypt's natural gas self-sufficiency and popular resistance in Jordan to purchasing natural gas from Israel.

Israel's inability to market the natural gas extracted in the region has led to efforts to access European markets. This can be achieved either through a gas pipeline passing through Turkey or by proposing the establishment of the EastMed pipeline to transport Eastern Mediterranean gas to European markets. In principle, the latter idea has received support from both the United States and the European Union, with several million dollars allocated for project studies.

However, these efforts face challenges. On one hand, there is ongoing tension in Turkish-Israeli relations. On the other hand, the practical implementation of the EastMed pipeline project is difficult, as it requires the construction of a gas pipeline under the Mediterranean, which is financially costly and commercially challenging. Especially considering that it took Israel around four years to extend a gas pipeline beneath the Mediterranean from the Tamar field to the shores of Haifa, a distance of 90 kilometers. It is expected that the length of the gas pipeline under the Mediterranean to reach Europe would exceed 2,100 kilometers.

### **Egypt's Entry into Regional Alliances:**

On the other side of the Mediterranean, Egypt entered the Eastern Mediterranean gas market and regional alliances towards the end of 2014 and the beginning of 2015. However, the most significant development for Egypt came in 2015 when the discovery of the Zohr gas field was announced. This field is considered the largest natural gas discovery in the Eastern Mediterranean and was made by an Italian exploration company. This discovery significantly bolstered Egypt's role in the natural gas market in the region, especially considering Egypt's ownership of two natural gas liquefaction terminals. It also provided new momentum to gas and oil exploration companies.

Prior to this discovery, there had been notable improvements in Egyptian-Greek-Cypriot and Greek-Cypriot relations since 2014, with several trilateral meetings held. Additionally, Egypt's relationship with Israel was restored shortly after the rise of President Sisi to power. Egypt's entry, under President Sisi's leadership, into the Israeli-Greek-Cypriot trilateral alliance played a crucial role in expanding regional alliances in the Eastern Mediterranean.

### **2.3. Turkey and Sailing Against the Current:**

On the northern side of the Eastern Mediterranean, Turkey found itself isolated within the context of these regional movements. This isolation stemmed from its

strained relations with Israel, deteriorating official ties with President Sisi's Egypt, its antagonistic stance toward Greek Cyprus, and the negative legacy of its relations with Greece. Despite the meeting held in 2016 between the Israeli Energy Minister and then Turkish Energy Minister Berat Albayrak, any rapprochement was temporary and did not affect Israel's rapprochement with other regional actors.

Unlike other actors, Turkey entered the race for gas exploration in the Eastern Mediterranean relatively late. It launched its first exploration vessel, the "Fatih," at the end of 2018 and is currently expanding its gas exploration operations to the south. Turkey, driven by its desire to find new energy sources, has been expanding its exploration policies in the Eastern Mediterranean, asserting its rights to defend the interests of the Turkish Republic of Northern Cyprus as well.

### **3. The Eastern Mediterranean Gas Forum and the Establishment of Regional**

#### **Alliances:**

These regional movements and the alignment of regional players culminated in the formation of the Eastern Mediterranean Gas Forum in Cairo on January 19, 2019. Egypt, Israel, Greece, Greek Cyprus, Italy, Jordan, and the Palestinian Authority participated in establishing this forum. Representatives from the European Union, the United States, and the World Bank also attended the founding meeting, while Turkey, Lebanon, Syria, and Turkish Cyprus were excluded.

The forum gained further importance with the United States expressing its support and introducing a resolution in the Senate to back the forum. The proposed resolution suggests supporting the forum, lifting the arms embargo on Greek Cyprus, and increasing the influence of the forum's member states to limit Turkish and Russian influence in the Eastern Mediterranean. The U.S. resolution also demonstrates a desire to sanction Turkey due to its insistence on purchasing the S-400 missile defense system from Russia.

The establishment of the Eastern Mediterranean Gas Forum and the reshaping of regional alliances centered on the Eastern Mediterranean axis are sure to impact the security landscape in the region, especially with the United States entering the fray. The combination of geopolitical and geo-economic considerations in the calculations of regional and international actors will reshape the approaches of regional and international players in the Eastern Mediterranean region.

### **2.3. Geopolitical and Economic Dimensions of the Conflict over Oil and Gas in the Eastern Mediterranean:**

The conflict over oil and gas resources in the Mediterranean has escalated, contributing to disputes and disagreements among various stakeholders. From longstanding disputes between Lebanon and Israel over maritime borders to more recent conflicts involving Turkey, Greece, and the Republic of Cyprus, the region has become a focal point for competition over energy resources. Turkey, in its pursuit of political expansion towards the Libyan coast, ignored Greek claims to waters around Crete, further escalating tensions. This has led to a more recent and significant conflict between Turkey and Egypt, the two major regional players in the Eastern Mediterranean, considering their growing populations and industrial developments, both of which require substantial energy consumption.

Turkey serves as a crucial transit point for Russian oil and gas and for countries around the Caspian Sea looking to reach Europe. However, Turkey lacks significant petroleum reserves and needs to increase its annual oil imports due to the size and development of its industries. President Recep Tayyip Erdoğan seized the opportunity to explore oil in the Eastern Mediterranean to participate in the region's wealth.

Turkey's entry into the regional confrontation through the Libyan gateway directly contributed to escalating the conflict, taking it to a new level both politically and militarily. This prompted regional states to establish the "Eastern Mediterranean Gas

Forum" based in Cairo, including Egypt, Greece, Cyprus, Italy, Jordan, Palestine, and Israel, while Turkey was excluded for political and strategic reasons.

Economic and geopolitical factors played significant roles in the discovery of petroleum resources (oil and gas) across many producing nations. Geopolitical conflicts at times intensified into fierce competitions between international companies, and disputes occasionally extended to conflicts between states over favorable terms, involving major industrial nations.

#### **2.4. The Arab-Israeli Conflict and the Emerging Natural Gas Industry in the Eastern Mediterranean:**

These conflicts have persisted throughout the 20th century and have recently become a focal point in the nascent gas industry in the Eastern Mediterranean. The discovery of gas in Egyptian waters north of Alexandria and Port Said has encouraged countries and regions bordering the Eastern Mediterranean, including Palestine, Israel, Cyprus, Lebanon, Syria, and Turkey, to initiate seismic surveys in their exclusive economic zones (EEZs). These surveys aim to understand the geological formations of their maritime areas and explore the possibility of discovering oil and gas fields.

The Arab-Israeli conflict was the first geopolitical dispute related to Eastern Mediterranean gas. In 1999, the Palestinian Authority granted a contract for exploration and production in the Gaza offshore area to "British Gas" and its partners, including "Union Fenosa," based in Athens, and owned by Palestinian interests and the Palestinian Investment Fund. In 2000, "British Gas" discovered the "Gaza Marine" field, which holds limited gas reserves estimated at around 1.4 trillion cubic feet. However, despite two decades passing, this Palestinian offshore field remains undeveloped due to ongoing Israeli refusal to allow its development. "Royal Dutch Shell" recently acquired the assets of "British Gas," including the "Gaza Marine" field. However, Shell has chosen not to develop and produce from the field and has



offered its stake in "Gaza Marine" for sale. The two Palestinian partners, Union Fenosa and the Palestinian Investment Fund, are working to find an oil company to work with them in the field and explore appropriate ways to exploit its gas resources.

## **2.5. The Turkish-Egyptian Conflict and Ankara's Expansion Efforts:**

The third conflict involves the two major states in the Eastern Mediterranean region, Turkey and Egypt. This is due to the high population and industrial advancement of both countries, which necessitate a high energy consumption to fuel their industries.

Turkey serves as a crucial transit point for Russian oil and gas as well as for countries bordering the Caspian Sea looking to export to Europe. However, Turkey lacks substantial petroleum reserves and depends on increasing its annual oil imports due to the scale and growth of its industries.

President Recep Tayyip Erdoğan has pursued a policy with dual objectives: expanding influence in neighboring regions and supporting Islamic movements. He seized the opportunity presented by oil exploration in the Eastern Mediterranean to tap into the region's resources. Despite his support for the Muslim Brotherhood, Erdoğan has allowed the export of hundreds of thousands of barrels of oil daily from the Kurdistan Regional Government's oil fields in Iraq through the Turkish port of Ceyhan to the Israeli port of Ashkelon.

The second dimension of this conflict relates to the problem of not delineating maritime boundaries for exclusive economic zones (EEZs) between neighboring countries before the focus on petroleum wealth. This is due to the possibility of overlapping areas in close proximity to each other. In addition to the Arab-Israeli conflict, Lebanon and Cyprus reached an agreement in 2007 to establish the median line between them. However, the southern and northern endpoints of this line have not been determined. To determine the southern endpoint would require a tripartite meeting between Cyprus, Lebanon, and Israel. However, as Lebanon is in a state of

war with Israel, such a meeting cannot take place. Regarding the northern endpoint, Syria refuses to negotiate the maritime boundaries with Lebanon, and therefore, the northern endpoint between Lebanon, Syria, and Cyprus remains undefined.

At the same time, Egypt needs to exert continuous efforts to discover new petroleum reserves to meet the growing annual oil consumption, especially since its oil reserves remain relatively limited. Moreover, there is an annual focus on increasing natural gas reserves, which have grown recently, notably following the discovery of the massive "Zohr" gas field by the Italian company Eni in 2015. Zohr is considered the largest gas field in the Mediterranean.

Given Egypt's rising domestic gas consumption, with around 85% of its electricity generation currently relying on gas, as well as its efforts to maximize the utilization of its gas infrastructure, international gas pipelines, and gas liquefaction facilities for export, Egypt is motivated to increase annual discoveries in search of new gas fields. This includes ongoing exploration and production efforts in the western Mediterranean areas near Libyan waters, which could be negatively affected by the Turkish-Libyan maritime boundary agreement.

The Future of the Conflict in the Eastern Mediterranean:

Most assessments concur on the difficulty of making a definitive prediction about the security situation in the Eastern Mediterranean. Given the current state of security fluidity in the region and the fact that most situations remain unstable, it is challenging to rely on the prospects of stability, which appear less likely than the possibility of further conflicts, at least in the short term. There are three scenarios that the Eastern Mediterranean conflict could evolve into:

Scenario of Forming and Building Multilateral Relations: This scenario involves a formula of stability and cooperation between some powers in contrast to opposing powers due to conflicting interests. Advocates of this approach prefer not to label these interrelations as absolute alliances but rather as multilateral relations,

particularly because there are strategic challenges associated with building alliances, including a lack of complete alignment on many issues.

Turkey seeks to engage its gas partners in the Eastern Mediterranean in dialogue by exerting pressure through sending drilling ships accompanied by warships off the coast of Cyprus and some Greek islands in reconnaissance missions. Consequently, Turkey may not intend to engage in a losing military battle with its neighbors but may be using these confrontations to improve negotiation conditions with regional countries and become a part of and a partner in this project.

Scenario of Accord: This scenario assumes the possibility of regional countries agreeing on delineating maritime boundaries in accordance with international law and the United Nations Convention on the Law of the Sea. This could be achieved through the positive roles of the European Union, the United Nations, U.S. mediation, or international arbitration. Furthermore, Erdogan's announcement about the discovery of a massive gas field in the Black Sea containing 320 billion cubic meters of gas might slightly change the dynamics in the Eastern Mediterranean. This would reassure Ankara that it has natural resources far from the Eastern Mediterranean region, potentially reducing its hostile policies. However, verifying the accuracy of this discovery, made by the Turkish national oil company TPAO, is challenging.

Turkey has faced numerous regional and international pressures recently, but this assumption faces many challenges due to Turkey's policy of bypassing any laws.

Scenario of Escalation and Military Confrontation: The Eastern Mediterranean has become a new battleground for several international and regional parties due to gas fields. This scenario assumes the possibility of escalation, ranging from economic and political sanctions to military skirmishes, and potentially direct military confrontation between some Mediterranean countries. One of the most significant potential conflicts could occur between Turkey and Greece on one side and Lebanon and Israel on the other. Previously, colonial competition for oil was mainly limited to major powers, but now, in a market-driven economy, global companies with wealth

rivaling that of countries are also players in the competition. These companies stand behind countries seeking influence and control, adding complexity to the conflict.

What further exacerbates the conflict in the Eastern Mediterranean is that it's not solely responsible for the tense relations among regional countries. It is fueled by historical roots of conflict, such as the Arab-Israeli conflict in the case of Lebanon and Israel, as well as the Cyprus issue present in the case of Turkey and Greece. The Egyptian-Turkish dispute over Turkey's support for political Islamist groups that threaten Egyptian national security also plays a role. Therefore, underlying political differences are fundamentally contributing to increasing the intensity of conflicts.

Additionally, the heightened military indicators, the presence of American and Russian military bases (Tartus and Hmeimim), Egyptian armament, frequent military maneuvers among regional countries, ongoing Turkish provocations in Cypriot waters, and the corresponding French responses all contribute to the escalation in the region.

Summary: The discoveries of gas fields, such as Israel's Tamar and Leviathan fields in 2009 and 2010, followed by Egypt's discovery of the Zohr field in 2015, have garnered regional and international attention. These discoveries have intensified regional competition and led to the formation of the Eastern Mediterranean Gas Forum, an attempt to structure regional alignments in the Eastern Mediterranean. The exploration activities in the Eastern Mediterranean and the potential for further reserves have prompted coastal states and international exploration companies to expand their gas exploration activities in the region. These geo-economic efforts take on geopolitical significance in the context of regional alignments dominating the area, compounded by the intractable issues of the Palestinian and Cypriot conflicts.

In parallel with increased U.S. interest in the region and growing Russian attempts to assert their presence, with Syria and Lebanon absent from the equation, Israel appears as the most dynamic actor, particularly in the geopolitical dimension. Egypt seems better positioned to play an economic role in the gas conflict in the Eastern

Mediterranean, as current circumstances suggest that the most realistic path for exploiting Eastern Mediterranean gas discoveries involves relying on Egyptian infrastructure for natural gas liquefaction and then exporting it to European markets. Turkey, which has not yet had the fortune of discovering any gas reserves off its coasts or off Turkish Cyprus, appears isolated in the northern part of the Eastern Mediterranean basin.

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