No EEZ Solution: The Politics of Oil and Gas in the Eastern Mediterranean

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The discovery of oil and natural gas resources in the eastern Mediterranean Sea has the potential to exacerbate conflicts in the area. There are many possible ways to prevent this from happening, but each requires the states of the region to cooperate, which is unlikely for numerous reasons. This article reviews the various conflicts that have emerged or are emerging over this issue and suggests possible solutions.

Since the 1990s, the hydrocarbon resources of the eastern Mediterranean Sea have greatly increased in importance. Advances in seismic search and drilling technology, as well as rising energy prices, have led to massive exploration and significant finds of oil and especially natural gas. Recent discoveries have made clear that this region stands to become one of the world’s most important sources of natural gas over the next half-century. An oft-cited US Geological Survey report estimated that the area beneath this region’s ocean floor contains at least 122 trillion standard cubic feet (tscf) of natural gas.¹ These vast reserves will serve as a source of energy not just for residents of the region but potentially for those of Europe and other areas.

With these discoveries has come a significant rise in tensions between the countries in this area. Existing feuds, including the Turkish-Cypriot dispute and the Arab-Israeli conflict, have become more heated over the past few years. Previously warm Israeli-Turkish relations have cooled since 2009 amidst a series of crises in their bilateral relations. The inter-state relations in the region have been further complicated by the wave of revolutions that has swept across the Arab world since early 2011, overturning several governments. Although none of these issues was caused by the new discoveries, the resources present in this region have the potential to exacerbate these conflicts as countries argue over the ownership and distribution of the gas and oil, the value of which will certainly be in the hundreds of billions of dollars.

At least initially, few seemed to consider the oil and gas resources scattered across the area as a regional problem due to a combination of factors. New reserves have been found in several different geological areas in the Mediterranean, including the Nile Basin, the Levant Basin, and the Cyprus Basin, which means that countries are contesting many different sources of resources, rather than one giant oil and gas field. The lack of diplomatic relations between states such as Lebanon and Israel, and strained relations between pairs of countries such as Egypt-Israel, Turkey-Cyprus, and Greece-Turkey, have

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long kept this group of countries from acting as a single region. Thus, although there is an increasing tendency to write about the conflict from a broader regional perspective, many of the media reports on, and academic studies of, this issue have been written from a narrow, nationalist perspective or have focused on the needs of one country alone.2

This article argues that the increasing tensions in the Eastern Mediterranean are best understood as a part of a developing regional conflict over resources.3 Although wars in the Middle East have long been connected to the presence of natural resources, recent events represent a new development in this area. During the first decades of the Arab-Israeli conflict, oil and gas revenues from the Gulf states and North Africa funded militaries and militant groups throughout the region. On certain occasions, such as the 1991 Gulf War, the conflict concerned resources overtly, but in other cases it was only a contributing factor.4 These new oil and gas reserves have the potential to serve the former function. In other words, these resources may be the object of future conflicts, rather than simply a means to their continuation.

This article makes a contribution to the study of the issue by discussing the possibilities for both conflict and cooperation in the region, arguing that the evolution of the situation will reflect how countries balance their economic interests with the sensitive political issues that are upsetting the region’s inter-state relations. It first examines what can be seen as the two basic energy conflicts in the region: 1) the future of the region’s pipeline infrastructure to transfer natural gas, particularly between Egypt and Israel; and 2) a conflict over the borders of so-called “exclusive economic zones” of Cyprus, Turkey, Lebanon, Israel, Egypt, and an emerging Palestinian state. It then explores the key interests of each of the actors in the region and how these are likely to influence their courses of action. Finally, it will outline possible mechanisms for resolving these conflicts, arguing that outside mediators are likely to be essential if modi vivendi are to be found.

PIPELINE POLITICS: THE ISRAEL-EGYPT GAS DISPUTE

Egypt was the first country in the Eastern Mediterranean area to begin to extract significant amounts of natural gas from the waters off its coasts. Before the 1967 Arab-Israeli War, Egypt had begun some onshore and offshore production of hydrocarbons, primarily oil, near the Sinai Peninsula. During the war, Israel captured the Sinai, where it proceeded to extract oil and gas over the next fifteen years until it returned the territory to Egypt in 1982.5 By the end of this period, some three-quarters of Israeli petroleum needs were being met by oil from the Sinai Peninsula. To make up for the oil

supplies it had to return, Israeli negotiators obtained assurances from Egypt in the 1979 Israeli-Egyptian Peace Treaty that they would have a permanent right to bid on oil from the Sinai. This deal satisfied both the Egyptian need for export markets and the Israeli need for imports, establishing an energy relationship that remained important to both countries until very recently.

Since that time, the production of oil in the Sinai has decreased significantly, but natural gas discoveries have more than compensated for decline. Although the first offshore gas well in the Mediterranean was discovered in 1969, several decades passed before an extensive exploration campaign began in 1995. Technological developments, including IT equipment that can operate wells remotely and sub-sea wellheads for use in deep waters, were essential to the discovery and development of these new finds. Since this time, proven reserves grew from 12 tcf in 1992 to 77.3 tcf at the end of 2011.

As gas production exceeded domestic demand, Egypt again began to look for export markets. In November 1993, the Israeli and Egyptian energy ministers signed an agreement to lay a gas pipeline between the two countries. During this period, some international media dubbed the project the “Peace Pipeline,” but disagreements on price, Egyptian hesitations about long-term commitments, and regional political flare-ups resulted in negotiations that dragged on. In the meantime, Egypt searched elsewhere for opportunities to export its gas. By the late 1990s, plans had been made for an Arab Gas Pipeline (AGP), which would connect Egypt, Jordan, Syria, and Lebanon, in effect forming a giant semi-circle around Israel (Map 1). A 270 km pipeline from al-`Arish in Egypt to `Aqaba in Jordan was completed by 2004, followed by a 393 km pipeline from `Aqaba to northwest Jordan, which was then expanded to Syria and Lebanon. There have also been discussions about extending the pipeline to Cyprus and Turkey, though this remains in the planning stage. At the same time, after nearly a decade of negotiations, an agreement on an Israel-Egypt pipeline from al-`Arish in Egypt to Ashkelon in Israel was signed in June 2005. The pipeline started operations in 2008. Like the Arab Gas Pipeline, this one takes a looping path, in this case around the waters off the coast of the Gaza Strip.

12. In 2008, the Turkish government signed a memorandum of understanding to extend the AGP from Homs to Kilis in Turkey. A contract was signed with a Russian company for the construction of the pipeline, but it was never built. Stroytransgaz website, www.stroytransgaz.com/press-center/smi/bmi-industry-insights-/04092009.
As soon as the Egyptian revolution broke out in January 2011, the future of the al-‘Arish-Ashkelon pipeline was in doubt. Almost immediately, recriminations against the former regime, which planned the pipeline, began flooding in. President Husni Mubarak and several of his associates were charged with corruption and with selling gas to Israel at below-market prices. Amidst the political turmoil, a series of attacks on the pipeline — possibly by the Sinai’s Bedouin population, who have long accused the Egyptian state of neglect and discrimination — have crippled its operations at least 14 times.\textsuperscript{15} Gas supplies to Israel have been cut off since June 2011, while supplies to Jordan and Syria have also been interrupted at times. In April 2012, Egypt’s natural gas companies officially cancelled their natural gas supply deal with Israel. Israeli

diplomatic officials called the move a business dispute, but it is also a reflection of
the new reality of Egyptian-Israeli relations, in which such transactions will be much
more closely scrutinized. The accusations against the old regime culminated in the
June 2012 conviction of Sameh Fahmy, the former minister of petroleum, and Hussein
Salem, a partner in the East Mediterranean Gas Company, on charges of selling gas to
Israel at below-market prices.

For all its drama, the pipeline controversy may be the less important half of the
new conflict. Pipelines are ultimately only a means to an end — ensuring that countries
have adequate supplies of gas for their population as well as the means to export the gas
resources in order to receive the best possible prices. Israel is particularly determined to
ensure its domestic supply of oil and natural gas because it is surrounded by countries
with whom it lacks diplomatic relations, or with whom it feels that its relations are
undependable. Egypt, for its part, wants to have as many export markets as possible —
whether Israel, other Arab countries, and possibly Europe — via the extension of the
Arab Gas Pipeline. At least one of these issues — an insufficient supply of gas for some
countries — seems likely to soon become a memory, though its solution may produce
a bigger issue.

**STAKING CLAIMS: EXCLUSIVE ECONOMIC ZONES IN THE
MEDITERRANEAN**

More serious than the pipeline dispute is a new conflict over the rights to specific
gas reserves in the Eastern Mediterranean. The disputes have thus far focused on the
legal definition of so-called exclusive economic zones (EEZs). EEZs are maritime ar-
areas within which states claim certain rights, including the exclusive rights to exploit
mineral resources such as oil and gas beneath the ocean floor. These zones extend outward
from a country’s continental shelf, normally 12 miles from the coastline, out to a
certain range, usually 200 miles from the coast. They are defined in articles 55–75 of
the UN Convention on the Law of the Sea (UNCLOS), which went into force in 1994.
Although neither Israel nor Turkey has signed this agreement, such zones are firmly
established in international customary law. This means that the UNCLOS provisions
with regards to EEZs still effectively apply to these states.

However, the methods for determining the boundaries of EEZs are far from per-
fected. Most EEZs are defined in two different ways: 1) national legislation or govern-
ment decree, and 2) bilateral agreements with other countries. States often deposit lists
of the coordinates of these zones with the United Nations to establish a record of their
claims. To determine the boundaries between the EEZs of adjacent and nearby coun-
tries, there are a number of technical principles that can be used, with objective, scien-

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17. “Ex-minister, Mubarak Confidante Sentenced to 15 years in Egypt-Israel Gas Trial,” Ah-
ram Online, June 28, 2012, http://english.ahram.org.eg/NewsContent/1/64/46389/Egypt/Politics-/Ex
minister,-Mubarak-confidante-sentenced-to--years.aspx.
2010), p. 83.
tific-sounding names as “equidistance,” “equity,” and “proportionality.” However, in practice, these are often difficult to apply. This is particularly the case in enclosed seas such as the Mediterranean, whose area is so small that 200-mile zones from the coasts of any of the continental states would overlap with the zones of countries on the other side of the sea.

Until recently, the states of the Eastern Mediterranean had resisted determining the precise boundaries of their EEZs. This is in part because of concerns about their impact on fishing rights. Strict EEZ borders might lead some states to attempt to turn away the fishing boats of others, which would harm domestic fishing industries. There were also political reasons for not doing so. Turkey and Cyprus, for instance, wanted to prevent a conflict over the borders between their own zones, as well as over those of Greece. Now, the desire to establish claims to the new hydrocarbon resources has provided an incentive to many states to declare the coordinates of their EEZ boundaries.

Cyprus was the first country in the area to do so. As early as 2001, preliminary searches off the Cypriot coast began to suggest that its waters might contain significant gas and oil resources. Although the possibility of extracting any resources was still years off, Cyprus began negotiations with Egypt and other states over the borders of the countries’ EEZs as well as over possible joint cooperation in the extraction of resources. In 2003, Cyprus and Egypt signed an agreement on exclusive economic zones (Map 2). Cyprus began talks with other countries, as well. An agreement between Syria and Cyprus was discussed in 2001, but no agreement has been reached. Lebanon and Cyprus started negotiations as early as 2002. An agreement between the two countries was signed in 2007 but was not ratified at the time of this writing.

One reason for the Syrian and Lebanese delays in reaching agreements with Cyprus was the position of Turkey, which objected to these agreements. Since the 1974 conflict between Turkey and Cyprus, a Turkish enclave in the north of the island has claimed an independent status as the Turkish Republic of Northern Cyprus. Maintaining that it is acting on behalf of North Cyprus, Turkey has repeatedly contested Cyprus’ right to “unilaterally” declare an EEZ as well as to conclude agreements with Egypt and Lebanon. However, since in the case of the 2003 agreement with Egypt, the borders were far from the north — and perhaps also because Turkey wanted to maintain good relations with Europe amidst the possibility of its entry into the European Union — the Turkish reaction was limited. By 2007, Turkey’s EU accession was in question, while the borders being drawn were closer to North Cyprus. Turkey and North Cyprus there-

Therefore launched stronger objections to the Cypriot-Lebanese EEZ agreement. Turkish gunships even conducted maneuvers off of Cyprus, apparently in an attempt to warn against unilateral action. Since that time, Turkey has also signed an agreement with the Turkish Republic of North Cyprus delineating their respective continental shelves and has begun its own gas exploration in the region. Recently, Cyprus protested the Turkish explorations to the United Nations, claiming that some of the zones fell within the territory of its own EEZ.

Israel has also been successful in exploring for gas in the waters off its coast. In 1998, the country’s government contracted Noble Gas to search for gas. After several small successes close to Israeli shores, a consortium that included Noble Gas discovered the Tamar gas field in January 2009 and the Leviathan field in December 2010, with 8.4 and 16 tscf of reserves, respectively. Israel’s government also entered into negotiations with Cyprus over the boundaries of their mutual EEZs, reaching an agree-


ment on December 17, 2010 that declared Point 1 of the draft Lebanese-Cypriot agreement as the northernmost point of the Israeli-Cypriot zone (See Map 3). Just as it had in 2003 and 2007, Turkey opposed the Israeli-Cypriot negotiations, sending several letters of protest to the UN Secretary General.

The zone indicated is the Lebanese EEZ, according to the coordinates submitted to the UN as part of Marsum Raqam, Decree Number 6433, November 14, 2011. The outside lines represent Lebanon’s claimed EEZ borders with Syria, Cyprus, and “Palestine” (meaning Israel, which Lebanon does not officially recognize). The line connected to Point 1 is the border claimed by Israel.

Lebanon has also begun to stake claims to potential offshore oil and gas resources. In June 2010, the speaker of the Lebanese parliament publically disputed Israeli claims about its gas discoveries, stating that the southern border of its EEZ was farther south than it had delineated in its agreement with Cyprus, and included portions of some of

the gas fields discovered by the consortium employed by Israel.\textsuperscript{34} Lebanon asked the United Nations to mediate the dispute in the context of the mission of the UN Interim Force in Lebanon (UNIFIL), but in early January 2011, the UN refused to do so, stating it was not part of UNIFIL’s mandate.\textsuperscript{35} In the summer of 2011, the Lebanese government claimed Point 23 (instead of Point 1) as the southern border of its EEZ with Israel (See Map 3).\textsuperscript{36} To many, this appeared to be a shift in the Lebanese position taken in the 2007 Lebanon-Cyprus agreement. However, not only was the 2007 Lebanon-Cyprus agreement never ratified, but it also contained a clause that stated that the southern border of the zone might be changed to take into account other zones.\textsuperscript{37} In August 2010, Lebanon passed a law regulating the oil and gas sector, setting the stage for the process of contracting international companies to begin explorations. As of summer 2012, however, no date had been set to begin requesting tenders for exploration.\textsuperscript{38}

Over the past two years, these disputes over EEZs have become increasingly militarized. The June 2010 Lebanese protest was accompanied by statements by Hizbullah officials that they would defend Lebanon’s resources, sparking fears of terrorist attacks on oil and gas targets at sea.\textsuperscript{39} Israeli officials followed with assertions that their country would use force to protect its exploration and drilling activities.\textsuperscript{40} In September 2011, both Cyprus and Greece signed security cooperation agreements with Israel, while Turkey suspended its military cooperation agreement with Israel over the latter’s refusal to apologize for the 2010 raid on the MV \textit{Mavi Marmara}.\textsuperscript{41} Soon thereafter, Israel allegedly sent warplanes to harass Turkish ships searching for gas, while Turkey responded by scrambling fighters.\textsuperscript{42}

Additional challenges to Israeli claims may also be on the horizon. Most importantly, a future state of Palestine has the potential to declare its own EEZ. Thus far, this issue has not been addressed in any of the agreements between Israel and the Palestinians. The 1994 Gaza-Jericho Agreement and the 1995 Interim Agreement on the West Bank and the Gaza Strip mandate a Palestinian zone for “fishing, recreation and economic activities,” also referred to as the Gaza Maritime Activity Zone, off the Gaza coast.\textsuperscript{43} The 1995 agreement also contains a provision that foreign vessels can enter into these zones up to 12 nautical miles from the coast, which sets a precedent for the


\textsuperscript{35} Durham University, International Boundary Research Unit, “UN Declares it is not responsible for Maritime Border Delimitation between Israel and Lebanon,” \textit{Boundary News}, January 5, 2011.

\textsuperscript{36} See, e.g., UNDOCS, 2082.11D 11.40050, Letter, Mansour to UN Secretary General, June 20, 2011. The Annexes (with lists of points) are printed in \textit{LOS} Vol. 73, p. 39.


\textsuperscript{40} See, e.g., “Verbal War over Gas Escalates between Lebanon, Israel;” “Former Israeli Navy Chief: Israel can defend its gas fields,” \textit{Globes} [Israel], September 4, 2011.


\textsuperscript{42} “Israeli Jets Fly Low over Turkish Gas Exploration Ship,” \textit{Jerusalem Post}, September 30, 2011.

\textsuperscript{43} This was referred to as Map #6 in the 1994 agreement and Map #8 in the 1995 one.
12-mile territorial sea, in accordance with the UNCLOS and law of the sea. However, this agreement was not intended to prejudice negotiations toward the final borders of a state of Palestine, including the location of the land border between the Gaza Strip and Israel and the angle of the maritime boundaries that extended from this point. The exact size and shape of a Palestinian EEZ thus remains to be determined.

At one point, the Palestinian Territories were set to have a budding natural gas industry. In 1999, British Gas signed a 25-year deal with the Palestinian Authority to explore the waters off the Gaza coast. The total gas reserves in Palestinian waters were estimated at 1.4 tscf. Two wells, Gaza Marine 1 and Gaza Marine 2, were drilled. However, in the aftermath of the Second Intifada, the 2006 Palestinian elections, and Hamas’ assumption of control of the Gaza Strip, Israel has blocked any development of these gas fields. As of 2007, British Gas, which had reportedly already invested about $50 million in exploration, was continuing to negotiate with Israel and Egypt about the possibility of exporting gas to those countries. The talks ended without success, and British Gas pulled out of the negotiations.

Although little has been said about this issue publicly, the Palestinian Authority seems to have intended to press for the negotiations on maritime borders as part of a final status agreement. According to a 2008 document in the “Palestine Papers,” a collection of leaked documents published by Al Jazeera, the Palestinian negotiators wanted to set sea boundaries as part of negotiations with Israeli authorities over territory, whereas the Israelis wanted to wait until the two sides agreed on maritime security arrangements, which presumably would occur after the negotiation of land borders. A 2009 briefing paper on borders for the Palestinian National Authority noted that its “Mediterranean maritime borders with Israel, Cyprus and Egypt” must “be agreed on equitable grounds as specified under” the UNCLOS. The Palestinian negotiators thus appear to have been intent on eventually settling this issue under international law, whether or not it had been discussed at length between the parties.

Israel has already begun to grant gas concessions on the basis of a Palestinian zone that essentially builds off the 1994 map of the Gaza Marine Activity Zone, even though its boundaries are not the agreed maritime borders of a future Palestinian state. It is difficult to say exactly where these Israeli concession zones lie since their coordinates are not publicly available. However, judging by the information in Israeli government maps, the concessions may present problems in determining the borders between the Palestinian,

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44. See Geoffrey R. Watson, The Oslo Accords: International Law and the Israeli-Palestinian Peace Agreements (Oxford: Oxford University Press, 2000), pp. 152–153. In a footnote, Watson points out that international law provides for the future Palestinian state to have an exclusive economic zone, but he does not express an opinion about how its borders should be determined.

45. Interview by the author with former advisor to the PLO on border issues, October 21, 2011.


Egyptian, Israeli, and Cypriot EEZs. Let us say, for instance, that a future state of Palestine would have EEZ borders with Egypt, Cyprus, and Israel. In this case, the location of the agreed Egypt-Cyprus and Israel-Cyprus EEZ borders would be a relevant consideration in determining the Palestinian EEZ. The author has mapped two possible locations of the intersection between these two borders onto an Israeli map of concession zones (see Map 4). Point A is plotted in accordance with the coordinates system on the original map, while Point B represents what would seem to be a more logical location. In either case, a straight line drawn between this point and the easternmost point of the Gaza Marine Activity Zone would cut through numerous existing Israeli concession zones (see the sample lines drawn on Map 4). This is not to say that any of these points or lines will be the final borders, which must be negotiated. However, it does suggest that assigning gas concessions so close to disputed borders opens them to challenge.

Agreement amongst the various parties, as well as the revisions of some claims, will probably be required to resolve these issues. One question will be the relevance of Point 8a as a point of reference for a future Palestinian zone. The 2003 Egypt-Cyprus Agreement states that the geographic coordinates of points 1 and 8 could be reviewed or extended as necessary in light of future limitation of EEZs “with other concerned neighboring states.” Conceivably, this point might be moved as part of an agreement on the border zones with Israel and/or a future state of Palestine. If Egypt and the Palestinian negotiators agreed, this point could be moved westward, shifting the Palestinian zone toward Egypt’s waters. On the other hand, if principles of equidistance between Israel, Cyprus, and the Palestine areas were invoked, the point might well move eastward, cutting even further into the Israeli concessions. At the moment, there appears to be little discussion of these issues. In March 2011, Prime Minister Benyamin Netanyahu reportedly asked Palestinian president Mahmud ‘Abbas about negotiations toward an agreement on gas. It is unclear whether or not any negotiations were conducted, but there is no evidence that an agreement was reached.

In the meantime, Israel has begun extracting gas from this area, including from zones that may be subject to claims by Palestinians. Gas extraction at the Mari-B site has been ongoing for nearly seven years, though production is expected to decline

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52. The intersection is Point 8a of the Egypt-Cyprus agreement and Point 12 in the Israel-Cyprus EEZ. In Map 2, Point “8a” is labeled as Point 8. However, in the Egypt-Cyprus treaty, it is referred to as Point 8a. See LOSB Vol. 52, pp. 45–47.

53. The author was unable to obtain the coordinates of the borders of Zone 202 from the relevant Israeli authorities. Point B is deemed more “logical” because if Point A were the actual location of the Point 8a/Point 12, then the Israeli concession zones may extend into areas that could be claimed by Egypt, which is unlikely but not impossible.

54. See LOSB Vol. 52, p. 45.

55. There is no single set of principles for determining equidistance between the borders of three countries. Between two opposing countries, implementing the principle of equidistance means taking “the median line, every point of which is equidistant from the nearest points of the baselines from which the breadth of the territorial sea of each State is measured.” Convention on the Continental Shelf, April 29, 1958, 15 UST 471, 499 UNTS 311, http://untreaty.un.org/ilc/texts/instruments/english/conventions/8_1_1958_continental_shelf.pdf.

Map 4: Israeli Petroleum Concessions and Potential Palestinian EEZ Borders

Source: Lease, license, and permit data based on “Petroleum Rights,” State of Israel, Ministry of National Infrastructures, Oil and Gas Section, June 2011. Note: This map has been modified from the original. The author has added the point from the Egypt-Cyprus Agreement, the Gaza Maritime Activity Zone, and the farthest possible border lines. The location of these points on the map vis-à-vis the Israeli zones are approximate, since the coordinates for the Israeli concession zones are not publicly available.
Map 5: Gaza Maritime Zone and Major Nearby Gas Fields

Source: Israel Ministry of National Infrastructures map indicating the location of the gas drilling sites and approximate underground fields Marine 1, 2 and 3; Mari-B; and Noa. Note: the author has added the English translations.
Perhaps more importantly, in June 2012, Israel began to extract gas from the Noa field as part of a plan to tap up to 1.2 billion cubic meters. This field may well be located at least partially within the area of a potential Palestinian EEZ, or even under the territory covered by the Gaza Marine Zone itself. An undated Israeli map obtained by the author shows the Noa and Gaza Marine 3 zones contained within the same oval shape, drawn as a unified zone partially beneath the existing Gaza Maritime Activity Zone (see Map 5). This appears to suggest that they draw from the same source. In response to an email of inquiry, an Israeli official told the author that this map was “not an official Government of Israel map,” and that it was “outdated” and “does not represent the reality today.” Moreover, the ovals on this map are likely approximations. However, without knowing the exact coordinates of these fields, it is unclear where the actual gas lies, and thus who owns the rights to it.

COOPERATION OR CONFLICT? NATIONAL INTERESTS VS. SHARED INTERESTS IN EEZs

In determining their approach to these issues, countries have two basic options: to cooperate toward common ends, or to work independently and defensively. This is particularly so in the case of EEZs. Cooperation would mean working together to determine the EEZ boundaries and to reach solutions when the resources are split across these zones. The alternative is to continue on the same course toward conflict and dispute. In deciding on their approach, states are likely to consider both their economic and political interests.

The economic arguments for cooperation are strong. Although some might argue that energy conflicts are a zero-sum game, in which one state’s gain in terms of natural resources is another’s loss, cooperation would actually benefit all involved for several reasons. Conflict is expensive, requiring states to increase their expenditures on security, which would in turn raise the cost of extracting resources. Clashes over oil and gas could also inhibit fishing and commercial ship traffic, which would take a toll on these economic sectors. In addition, cooperation between states could reduce costs associated with extraction. In the case of gas extraction along the borders of EEZs, shared pipelines and other infrastructure could increase profits and make the extraction of gas in certain areas more feasible. For instance, Palestinian gas reserves could be extracted using either Israeli or Egyptian pipelines, which run nearby.

Environmental concerns also provide a strong argument for cooperation. Increased costs for security mean less money available for monitoring safety standards, which in turn heightens the risk of accidents. All states in the eastern Mediterranean

59. E-mail message to the author from a research assistant of the Israeli Embassy in Washington, DC, February 22, 2012.
60. Israel has already begun to increase its naval expenditures to protect its offshore gas activities. See “Israel Gas Fields Pose Naval Security Challenge,” AFP, July 18, 2012.
have signed the Barcelona Convention, which obligates them to take measures to prevent pollution in the Mediterranean Sea resulting from “exploration and exploitation of the continental shelf and the seabed and its subsoil” and to cooperate in doing so, whether directly or through regional organizations (Articles 7 and 11). This, in effect, means that they could be held responsible for pollution from oil spills, a possibility that has worried some in the region. The environmental risk is further compounded by the potential for military conflict. During the Israel-Lebanon War, Israeli planes struck a Lebanese power plant, spilling nearly 15,000 tons of oil into the Mediterranean in perhaps the worst environmental disaster in Lebanon’s history. Disputes over responsibility and liability for the damages continue to this day, and have arguably complicated clean-up efforts. Similar pollution could occur if a state or non-state force attacked drilling rigs or pipelines in the sea. This is a serious issue, as the 2010 Deepwater Horizon incident in the Gulf of Mexico — which released over four million barrels of oil into the ocean — suggests. Because the Mediterranean is a mostly enclosed sea, its waters recycle much less frequently than in the open ocean, meaning that any environmental damage could be greatly magnified.

In cases where resources straddle several EEZs, the simplest way to resolve conflicts is through resource-sharing agreements. Some states in the area have already begun to work toward such agreements. Cyprus and Egypt have signed (but not ratified) a framework agreement that requires the contracting companies of each state to reach an agreement for the joint development and exploitation of resources. After the agreement is concluded, it would again be submitted to parties for their approval. This procedure might also be available to countries that do not have diplomatic relations, such as Israel and Lebanon, which may not wish to engage in direct negotiations, since it will primarily be handled by the companies involved (although there remains the problem of how to come to an agreement on the use of this procedure). There are also other models for joint development, such as that used by Australia and East Timor in the Timor Sea Joint Development Area, which allows certain companies to develop the reserves, then splits the proceeds according to an agreed formula. Such a solution might be applicable to a Palestinian-Israeli dispute over gas, since it would allow resources to be shared without

65. For an overview of this issue, see Masahiro Miyoshi, The Joint Development of Offshore Oil and Gas in Relation to Maritime Boundary Delimitation, Maritime Briefing, Vol. 2, No. 5 (Durham, UK: International Boundaries Research Unit, 1999).
66. The agreement also provides a set of criteria for such agreements (e.g., geographical features, total amount of hydrocarbons, and the apportionment of reserves on each side of the median line). UNDOCS, A/CN.4/607/Add.1., “Shared natural resources: Comments and observations received from Governments,” June 17, 2009.
setting final boundaries. However, without knowing where the EEZ borders lie, it will be difficult to estimate how much of the resources belong to each party. This, in turn, may make it difficult to arrive at satisfactory agreements over the splitting of profits.

Despite all these considerations, cooperation would carry a heavy political price for many of the region’s governments. In the case of Egypt, for instance, internal politics are likely to determine the future of the oil and gas pipeline. Now that Egypt has decided to cancel its contract with Israel, a new one would be required to resume operations. But the political turmoil will make it difficult to conclude such an agreement, and Israeli extractions of gas may reduce the need for outside sources of gas. In any case, even if a new contract were signed, it is likely that Israel will end up paying a higher price for the gas it buys.68

Turkey and Cyprus’ mutual animosity may prevent any agreement over EEZs, but there are possible solutions. For instance, Cyprus and the Turkish enclave of Northern Cyprus could reach some sort of agreement on the use of oil and gas revenues. These could be put into a development fund that would become available for use once the parties had reached an agreement over their differences. Whether or not Cyprus would be open to any such compromise remains to be seen. If the Cypriot government feels that it has strong backing from Greece and other European countries, as well as Israel, it may feel that it has little incentive to cooperate.

The Lebanese-Israeli war of words has received a significant amount of media attention, but it is far from hopeless. The Lebanese government wishes to resolve the issue without any direct negotiations with Israel, whose existence it does not recognize. While this bodes ill for negotiations, the dispute may yet be resolvable. The disputed area between the two countries is in fact relatively small. The Lebanese government is highly unlikely to resort to military force to set the border. Whether or not Hizbullah would attack the Israeli drilling sites is another question, but given that Israel would likely respond to provocations at sea the same way that they would to an incident at the border — with military force — Hizbullah also has a strong incentive to refrain from this. Like the other states, the Israeli government also has domestic political obstacles to cooperation. Many within Israel would regard compromise on energy issues as succumbing to threats from terrorists, particularly in the case of the dispute with Lebanon.

A negotiated solution regarding the Palestinian-Israeli EEZ border seems less likely. In some ways, this is the most pressing of all the EEZ disputes, since Israel has now begun to extract natural gas from the Noa gas field, which may well be exhausted before an agreement is reached. However, this is complicated by the many other unresolved issues between the two parties, which have yet to agree on a land border, much less a maritime one. Moreover, as discussed above, the location of a Palestinian EEZ could require Egypt’s involvement. For this reason, it might be better to have a trilateral negotiation involving Egypt, Israel, and the Palestinian authorities. However, Egypt is preoccupied with its own troubled domestic politics and seems unlikely to be able to play a significant role in these issues.

Thus, the outlook for cooperation on bilateral agreements appears to be poor. Even if many of the parties would benefit economically from cooperating, political factors will likely prevent this from happening. Yet this issue seems to call for cooperation

as soon as possible. As countries begin extracting more gas, negotiations will be more difficult. Once the resources have been extracted, they will be gone for good. For this reason, the states and other parties in the region might consider exploring alternatives to direct, bilateral negotiations.

**ALTERNATIVES TO DIRECT NEGOTIATION: MECHANISMS FOR RESOLVING THE DISPUTES**

Short of direct, bilateral negotiations, there are a number of possible ways for states to resolve the conflicts over EEZs, including regional agreements, international legal mechanisms, and third-party mediators. The first of these, a regional process of negotiations that could deal with all of these energy issues at once, seems somewhat utopian. Some have suggested that the Barcelona Convention might be an ideal framework to work out the issue of EEZs. This agreement is certainly laudable, since its organizers managed to convince a variety of disputing parties to agree to a broad set of common principles. However, the Convention was primarily designed to deal with pollution rather than political and economic issues associated with EEZs. Any such effort is highly likely to fail.

International law provides a variety of mechanisms for resolving such disputes. In Article 74, the UNCLOS mandates that states party to the convention should determine their borders in an agreement on the basis of international law. If this is not accomplished within a “reasonable period of time,” Part XV lists four mechanisms for resolving such disputes: the International Tribunal for the Law of the Sea, the International Court of Justice, arbitration by a special arbiter, or arbitration by a panel of experts approved by the states party to the convention. These mechanisms are also available to states that are not UNCLOS members, even states that do not recognize each other, such as Lebanon and Israel.

In addition to avoiding the political complications of bilateral agreements, there are several advantages to using such international mechanisms. The issues involved require specialized expertise that the states of the region may not possess. It also prevents the possibility that the maritime borders will become tied up with other issues between the disputants. For these reasons, even friendly states have often called on international mediation to resolve such disputes. For instance, in 1984, United States and Canada requested that an International Court of Justice chamber draw a maritime boundary in the Gulf of Maine. The ICJ has also played a role in mediating territorial disputes in the Middle East. In 2001, the ICJ brokered an agreement between Bahrain and Qatar over the Hawar Islands, which was accepted by both sides and furthered regional cooperation. Countries in the Eastern Mediterranean region could benefit from paying attention to these cases.

However, international mechanisms do not offer a clear-cut solution to the con-

cerns of the region’s governments. Israel has traditionally viewed with suspicion efforts to resolve disputes with neighboring countries and the Palestinian population through international mechanisms. Israeli officials may also consider that an international court, which is likely to employ such concepts as “equity” in determining the EEZ line, would give the Palestinians a larger zone than they might be able to obtain in bilateral negotiations. On the other hand, Israel has used international tribunals to resolve similar disputes in the past, such as that over its boundary with Egypt in the Red Sea, when both countries agreed to mediation by a five-judge panel of international arbiters. Other parties in the region have also been skeptical of international justice. For instance, many within Lebanon have expressed skepticism about the value of international institutions due to their dissatisfaction with the Special Tribunal for Lebanon. However, since time is of the essence, the use of such a body might be better than nothing.

In addition to these international legal mechanisms, third-party mediators such as the United Nations, the United States, and the European Union can informally try to help resolve the disputes. In fact, some such efforts are already underway. As mentioned above, Lebanon had asked the United Nations to mediate its dispute with Israel, but its request was put within the framework of the UN mission that watched over the land border between the two countries. The UN concluded that the sea boundary was not included in UNIFIL mandate. However, if both parties were willing to accept the UN as a mediator, this situation would be different.

The United States certainly has an interest in helping the parties resolve these disputes amicably. The US Sixth Fleet regularly patrols the area in which these explorations are taking place and could be drawn into any fighting. Moreover, Noble Gas, an American company, is heavily involved in the search for gas on behalf of Israel, which means that American ships and crew could be harmed in confrontations or terrorist attacks. US officials would do well to take a neutral position while trying to separate this issue as much as possible from the question of Palestinian statehood, Turkish demands for apologies over the MV Mavi Marmara, and other issues. The US might consider urging the parties to accept arbitration. After all, the State Department under the Reagan Administration was one of the key actors that helped to convince Egypt and Israel to use international mediation to resolve their dispute over their maritime boundaries near Taba. In fact, the State Department sent negotiator Frederic Hof to mediate the dispute between Lebanon and Israel in 2011. However, his mission does not appear to have achieved any obvious results.

The European Union and its member states are also well positioned to mediate these issues. These countries stand to lose even more than the Americans in any conflict, which could damage their commercial interests and even risk polluting their southern coastlines should a major environmental catastrophe occur. However, Europe’s influence over the parties is limited. Cyprus joined the EU in 2004, meaning it may have more influence over EU policy than the EU states have over it. With Turkish accession to the EU in doubt (not to mention the future of the Union itself amidst the

74. The author is grateful to Amr Yossef for this insight.
recent financial crisis), the Europeans have lost the biggest carrot that they could dangle before Turkey. Still, Europe should not be counted out altogether.

**CONCLUSIONS**

As has been discussed in this article, the development of the hydrocarbon resources of the Mediterranean poses a serious challenge to the security of the eastern Mediterranean region. The disputes over resources seem to be fueling regional tensions and have the potential to spark actual armed conflict. As more states begin to extract resources, there is a threat of a genuine regional conflict over natural gas that could be disastrous for all involved. The recent *Deepwater Horizon* oil spill should serve as a sobering reminder of the stakes at hand.

Any sustainable solution to the gas and oil situation needs to be an inclusive one. The conflict concerns the political, economic, and energy security of many states in the region. Viewing the situation through a narrow prism of just one state’s interests is not only reductive, but dangerous. Satisfying the legitimate interests of all parties in the region is important, not simply as a matter of states’ rights, but because the establishment of some degree of cooperation is essential to ensuring that the extraction of these resources takes place in a manner that is both economically viable and safe.

There are many ways to reach such a solution, but what is most important is to have lasting agreements. Although these would ideally be reached bilaterally, for the reasons discussed above, this is unlikely to happen. If existing regional conflicts were not resolved before the discovery of these resources, linking the energy dynamic to those issues is unlikely to help. States should thus be open to creative solutions, and to international involvement when necessary. International law and international institutions exist for a reason — to help prevent conflict and maintain peaceful relations between states. If the situation is properly managed, these resources will be a boon to all involved, meeting domestic energy needs and funding development efforts. States should not let existing conflicts prevent this.