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The Eastern Mediterranean Gas Forum (EMGF): Shifting the Regional Balance of Power from Land to Sea

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The recent creation of the Eastern Mediterranean Gas Forum, EMGF (HQ: Cairo) marks the need for a new set of US national security assumptions and calculations, away from longstanding air and ground contingencies in the Persian Gulf to another energy-rich, tension-laden region, namely the Eastern Mediterranean. Stretching from the Aegean Sea to the Suez Canal, this potential conflict zone is characterized by various maritime and naval configurations and burgeoning oil and gas assets.¹

Background

For the purposes of this brief, the Eastern Mediterranean or Levantine Sea covers an irregular rectangular maritime acreage of roughly 900km / 650miles (E-W) by 650km/ 400miles (N-S) with Syria, Lebanon, Israel, and the Palestinian Authority (PA/Gaza) as the eastern boundary, Turkey the north, Egypt the south, and 27° longitude Izmir, Turkey - Marsa Matruh, Egypt as the western boundary. Cyprus is in the Northeast quadrant. The Suez Canal, which connects the Mediterranean and Red Seas, is one of the world's vital waterways and of immense commercial and military significance. According to the US Geological Survey, two major oil and gas basins [are found in](#) the sub-sea resource area, the Levantine and Nile River, each with approximately 1.7 billion barrels of recoverable oil and 122 Tcf, 223 Tcf of gas respectively. If realized, the oil supplies [would meet regional demand](#) for roughly 20 years at current levels of consumption, while natural gas could meet current demand almost indefinitely. Depth can exceed 2,000 meters in some locations.

Apart from the naval and air assets of the Eastern Med littoral states, major foreign naval and air facilities include: Incirlik Turkey (US, Air); Tartus, Syria (Russia, Naval); Khmeimim, Syria (Russia, Air); and Akrotiri, Cyprus (UK, Air). The closest US naval facilities are located in Sigonella and Naples, Italy.

Major international firms investing or developing offshore oil and gas fields and related infrastructure include: ExxonMobil, US (Cyprus); Nobel Energy, US (Israel); Eni, Italy (Cyprus, Lebanon, Egypt); Shell, Dutch-UK. (Egypt), BP, UK (Egypt); Korea Gas Corp (Cyprus); Total, France (Lebanon); Novatek, Russia (Lebanon); Energean, Greece (Israel); and Chornomornaftogaz / TBD, Russia (Syria).

Emerging Regional Energy Hubs (Transit/Processing)

There are two large regional energy markets and hubs for movement and processing of natural gas

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and petroleum products. Egypt with a population of 99 million has major natural gas processing plants at Idku and Damietta on either side of the Nile along the Mediterranean coast. Signed or pending agreements with Israel and Cyprus can provide additional feedstock volumes. Egypt's geographical position, including the Suez Canal, provides it the flexibility to transport gas via tanker or pipe to consumers in the immediate vicinity as well as to Europe and Asia.

Turkey also has a large domestic market of 80 million people, with several large-volume oil and gas pipelines from Russia, Iran, Azerbaijan, and Iraq serving Turkish and European consumers. The newly built \$3.5 billion, 215,000 b/d STAR refinery on the Aegean Coast provides Turkey with petroleum products export capacity to markets along the Black, Aegean, and Mediterranean coastlines.

Natural Gas and a New Regional Bloc

On 14 January 2019, with support from the US Department of Energy, seven Mediterranean countries formally established the EMGF: Egypt, Israel, Cyprus, Jordan, Italy, Greece, and the Palestinian Authority. According to its founding [statement](#), "The organization aims to create a regional gas market that serves the interests of its members by ensuring supply and demand, optimizing resource development, rationalizing the cost of infrastructure, offering competitive prices and improving trade relations."

The size of those fields has led to investment and commercial calculations that 10 percent or more of Europe's gas market could be supplied with gas coming from offshore Israeli, Egyptian, and Cypriot production. (By comparison, Russian gas accounts for 36 percent of the market). These calculations, in turn have led to a number of ambitious project proposals that have clear geopolitical, and military/security implications:

1. EastMed, an estimated \$7 billion, 2000 km gas pipeline from Israel to Greece and then to customers in Italy;
2. Egypt as a gas processing hub with liquefied natural gas (LNG) export terminals built for customers in Europe and Asia via the Suez Canal;
3. The Eastern Mediterranean Gas Company (EMG) coastal gas pipeline from Israel to Egypt's Sinai coast;
4. Turkish-Israeli discussions in 2016 to build a Haifa to Ceyhan underwater gas pipeline.

While the political and commercial viability of such projects remains to be determined, the prolific energy resources of the region are rapidly emerging as the primary and overriding consideration in crafting a new regional balance of power configuration.

In this context, it is critical to note that three other Eastern Med countries (Lebanon, Syria, and Turkey) are not members of the EMGF, although they can apply to join. Taken together these three countries form a contiguous 1300 km 'northern tier' coastline of the Eastern Med, each with its own Exclusive Economic Zone (EEZ) stipulating offshore exploration and production rights.² As a consequence, rather than the EMGF being a vehicle where neighboring countries cooperate on undersea hydrocarbon exploration and extraction leading to progress on other contentious issues, due to the gaps in membership coupled with the rush to fully exploit those resources, the existence of the EMGF may result in increased tensions, disputes, and armed conflict. Excepting Italy, the nine other counties of this potential zone of conflict (Egypt, Turkey, Greece, Syria, Lebanon, Cyprus, Israel, Jordan, and the PA/Gaza-Hamas) are enmeshed in a bewildering array of formal alliances, trade agreements and friendship pacts, that includes NATO, the EU, the Arab League, the US, Russia, and Iran. In addition, the promise of massive revenue flow from oil and gas deposits has exacerbated longstanding bilateral animosities and rivalries, such as: Turkey-Egypt, Turkey-Greece, Turkey-Israel, Lebanon-Israel, and PA/Gaza (Hamas)-Israel. Taken together, this complex web of overlapping and competing energy claims and fluctuating national security priorities of each country represents a geopolitical tinder box that US military and national security planners may wish to address in greater detail and scope.

The Northern Tier and the Shift in Balance of Power

Though Lebanon and Israel have conflicting claims on offshore acreage, which the US is mediating, and with Syria emerging from a brutal civil war, it is Turkey that is literally drawing the contours of a new balance of power equation, from both a military and an energy-driven economic perspective.

For ten days, from 27 February to 8 March 2019, the Turkish Blue Motherland naval and air live-fire exercise deployed over a hundred warships in the Black, Aegean and Eastern Mediterranean Seas, including 13 frigates, six corvettes, seven submarines, and seven mine hunter vessels. Originally announced early in 2018 as a much smaller exercise, Blue Motherland was meant to send a number of signals to Cyprus, Greece and Israel, and to the EMGF.

As Turkish Foreign Minister Mevlut Cavusoglu put it at the start of the war games, "Nothing at all can be done in the Mediterranean without Turkey. We will not allow that" [unilateral Greek Cypriot energy exploration]. He [declared](#) that Turkey would shortly have two exploration ships drilling for oil and gas near Cypriot waters. Three weeks later, on 20 March, US Secretary of State Mike Pompeo directed the following [remarks](#) to Cypriot President Nicos Anastasiades and Greek Prime Minister Alexis Tsipras as they met with Prime Minister Netanyahu in Jerusalem,

I'm looking forward to our discussion. Prime Minister Tsipras, President Anastasiades, you don't know but about a week ago I spoke in Houston, Texas, to a big group of energy leaders from all around the world, talking about opportunities and projects just like this, about how energy connects up with our security interests in America and how the opportunities to create energy in places that we hadn't had it before and transport it and create the infrastructure in places that we've not had it before is an enormous benefit.

The pointed statements of the Turkish Foreign Minister and the US Secretary of State is an explicit recognition of the new energy-driven Eastern Med geopolitical seascape that pivots on the divided island of Cyprus, and Turkish claims over its territorial waters and offshore oil and gas leases.

Flashpoint and Tinderbox

Currently, Nicosia has designated 13 blocks for offshore oil and gas exploration and production, one of which is being explored by ExxonMobil. Turkey and the self-declared, Turkish-recognized Turkish Republic of Northern Cyprus (TRNC) have laid claims to several of these blocks. In February 2018, ships of the Turkish Navy [threatened](#) to sink and then chased off an Eni drilling vessel that had been exploring in the Cyprus EEZ.

Although Cyprus has indicated that both Greek and Turkish Cypriots would be treated equitably in benefits derived from its oil and gas resources, Ankara has made it clear that no such agreement could be expected until an overall domestic settlement is reached between Greek and Turkish Cypriots.³ As a consequence, the viability of the proposed EastMed pipeline, which would have to pass through Cypriot territorial waters to reach Greece from Israel is undermined. Without Turkish consent, and given Turkey's Blue Motherland show of force, risk-averse investors and international contractors would be loath to commit to a project that already faces serious market, engineering, and cost considerations.

Turkey has effectively created a new strategic reality based on naval and air assets that could soon be supplemented by its acquisition of Russia's potent S-400 anti-aircraft missile system. Should Turkey deploy the S-400 with its 380 km range in a manner to cover Cyprus and the surrounding airspace, it would deliver an anti-access and anti-denial (A2/AD) capability notice, particularly to the Greek and Israeli air forces.

The Cypriot flashpoint to the Eastern Med's tinder box has been triggered by the scramble to develop and control the energy riches of the Levantine Sea. The region is as much a harbinger of potential conflict amongst neighboring states, as are two other more well-known hydrocarbon jurisdictions: the South China Sea and Persian Gulf. As with those areas, where US forces have been brought to bear to maintain freedom of the seas and safe passage in international waters, it may be that the need for US naval deployments beyond joint exercises, training, and base visits requires reevaluation.

Scenarios

Such requirements necessitate detailed US pre-planning net assessments, particularly given the fluidity of the political, military, and market dynamics associated with this region. Within the scope of such considerations and current US commitments including the US Sixth Fleet area of responsibility, three core scenarios emerge, using the Probability Scale: Very Low, Low, Medium, High and Very High.

1. The Practical: Localized market with no export capacities. (Probability: Medium - High)

With Turkey's large consuming market closed, increased Russian gas exports to Germany via Nord

Stream 2 subsea pipeline, increasing US LNG exports to Europe, and daunting technical and financial costs of the EastMed pipeline, the most economically feasible option is for Israeli and Cypriot gas to be processed through Egypt, with any surplus shipped to neighboring Jordan and maybe to the PA. Without the participation of the Northern Tier (Turkey, Syria, and Lebanon) in the EMGF, Egypt would emerge as the low-cost hub for gas processing and shipping, with the possibility of LNG shipments to premium Asian markets rather than Europe.

In this case, tensions in the region would be reduced to the Turkish claims over parts of Cyprus' EEZ and possibly over smaller Greek islands in the eastern Aegean closest to Turkey. Escalation to localized armed conflict is a possibility and could range from Turkish seizure of Greek islands to enforced Turkish claims on Cypriot offshore assets, unless an equitable settlement on the Cyprus diplomatic front is negotiated.

2. The Aspirational: EGMF evolves into an integrated regional organization with export capacity to the European market. (Probability: Very Low - Low)

Key outside players (the EU, Russia, and the US) share mutual security interests that encourage and incentivize Turkey, Lebanon, and Syria to join the EMGF. For Turkey, in particular, its benefits would include easy and economical access to gas supplies for its large commercial and industrial markets and financial benefit from royalties derived by Eastern Med gas flowing through the overland Arab Gas Pipeline from Egypt, through Jordan and Syria, into Turkey. In addition, Turkey could avoid the unexpected adverse consequences of a military conflict with either Greece or Cyprus.

In this case, joint US-Russia diplomatic efforts combined with the reduction or elimination of Iranian regional influence allow for a more pragmatic regional view to emerge wherein the growth of local economies driven by access to cheap and abundant energy, forms the basis for additional commercial, diplomatic, and political interactions. Tensions and disputes are significantly reduced in favor of regional stability and economic development.

3. The Adversarial: Northern Tier of Gas producing states emerges to rival the EMGF. (Probability: Low to Medium)

The quadrumvirate of Turkey, the self-declared TNRC, Syria, and Lebanon has the geostrategic capacity to block subsea and overland pipes to Europe from the EGMF as well as induce a quantifiable climate of risk that effectively undermines large-scale investments in waters beyond the EEZ of the EMGF member states.

In this case, Cyprus' geographical proximity to the Northern Tier, along with sustained military and diplomatic pressure from Turkey, forces Nicosia to accede to Turkish demands on an overall Cypriot settlement, including the surrender of offshore oil and gas acreage to Turkey. This, in turn, provides Ankara sovereign jurisdiction over maritime territories bordering Israel with potential security implications.

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Notes:

¹ Author submitted draft for publication on 5 April 2019.

² An exclusive economic zone (EEZ) is a sea zone prescribed by the United Nations Convention on the Law of the Sea over which a state has special rights regarding the exploration and use of marine resources, including energy production from water and wind. It stretches from the baseline out to 200 nautical miles from its coast.

³ The Mediterranean island is divided between Greek and Turkish-Cypriot communities since a Turkish military intervention in 1974, following a Greek-inspired coup. The international community only recognizes the Greek-Cypriot administration. However, Ankara says the Greek-Cypriots must collaborate with the Turkish-Cypriot government in energy exploration after recent massive finds of natural gas in the island's territorial waters.



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