


# CYPRIOI NATURAL GAS AND THE EASTERN MEDITERRANEAN: BETWEEN CRISIS AND COOPERATION

---

atural resources have long been the cause of both development and conflict. Of course, in resource-abundant countries natural resources have, more often than not, caused conflict rather than development. However, the same cannot be said for third countries, often colonial powers, which exploited such resources abroad for their own development. This is one of the reasons why natural resources have been often referred to as a “curse”; an additional reason is the implications that the existence of natural resources has for the management of the economy (e.g. high prices, low exports, etc.).<sup>1</sup>

Cyprus has itself effectively acquired the status of a resource-abundant country when recently, on what was called “an historic” day, the President of the Republic Demetris Christofias announced that the Block 12 of the Cypriot Exclusive Economic Zone (EEZ) “contained an estimated 5 to 8 trillion cubic feet (tcf) of natural gas”.<sup>2</sup> As “the second-largest hydrocarbon discovery in Europe in more than a decade”,<sup>3</sup> the Cypriot natural gas paves the way for not only local

but also regional development and cooperation. However, there is always the flip side of the coin and that is the international rivalry that may be triggered due to the alteration of the regional balance of power as a result of this and other developments. Below I briefly examine the features of the limited crisis surrounding the Cypriot natural gas and the Eastern Mediterranean more generally, as well as the features of a potential international cooperation at the regional and trans-regional level. The goal is to determine whether bilateral disputes could be bridged, given the political and geopolitical realities at hand, to the end of avoiding a crisis escalation in the Eastern Mediterranean.

## The Features of the Crisis

The drillings for the discovery of natural gas by the Republic of Cyprus in late September, 2011, came in the midst of greater regional instability as, for example, the Arab revolts were in progress, the Turkish-Israeli relations were in decline, and the Kurdish attacks in Turkey were increasing. Furthermore, the

long-standing Cyprus problem is an essential component of this crisis as Turkey, according to its Foreign Minister Ahmet Davutoglu, considers the internationally unrecognized (apart from Turkey) "Turkish Republic of Northern Cyprus" (TRNC) as "a state of whom...[it] is the protector", and adds that it "assume[s] an aggressive attitude if a country attempts to unilaterally use...[its] natural resources".<sup>4</sup> It is within this context that Turkey justified its threats for naval action against Cyprus, the initiation of gas explorations close to Cyprus' drilling area, as well as the delimitation of its continental shelf with TRNC.<sup>5</sup>

Turkey's actions had multiple implications. Among other things, the European Union (EU) called Turkey to refrain from threatening Cyprus, Russia sent submarines to patrol Cyprus waters, and Greece and Cyprus signed cooperation agreements with Israel.<sup>6</sup> The latter created an axis which deepened the crisis in Turkish-Israeli relations thus also adding to the changes in the regional balance of power.<sup>7</sup> Moreover, Cyprus' natural gas reserves, coupled with Israel's recently (2010) discovered natural gas,<sup>8</sup> could prove a very important alternative for the future energy security of the EU, and Europe more generally. That would in turn mean that Turkey's long-term geopolitical goal of becoming a regional power and energy hub between production and consumption (East and West) is threatened.<sup>9</sup> From that perspective it is no surprise that Turkey attempted to coerce the Republic of Cyprus to keep it from starting the drillings.

Further, the complexity of the regional geopolitical disputes extends to the matter of the delimitation of the EEZs between the states of the Eastern Mediterranean. Although Cyprus for example delimited its EEZ with Israel, it has not done so with Turkey or Greece, while Lebanon and Egypt have not yet ratified their bilateral agreements with Cyprus. Greece and Turkey, on the other hand, have been facing a long-standing dispute over the Aegean Sea, while Turkey – unlike other states of the region – has not ratified the Law of the Sea Treaty of 1982. Despite the fact that the question of maritime borders in the Eastern Mediterranean is not a new one, it acquires new significance due to the newfound energy resources and the ones that are to be found, most probably offshore Egypt, Greece, Lebanon, and Syria. In a sense, the problem has now become much more difficult to solve because the concerned states have much more to lose from any concessions; for example, the delimitation of the EEZs between Greece, Turkey, Cyprus, and Egypt is a particularly sensitive issue which illustrates this point well. In this light, and in light of the general regional instability and changing balance of power, an escalation of the crisis could only be avoided if a middle ground is found, a way of cooperation, which would perhaps have the Cypriot natural gas as its focal point.

### The Features of Cooperation

If the Cypriot natural gas were to play a role in regional cooperation then the first problem that needs to be addressed is the Cyprus problem. A proper solution could of course take time and there are only too many aspects that the two sides need to consider. At the same time the problem is clearly bi-communal as much as it is an international one. Moreover, the Cyprus problem has been a serious obstacle in Turkey's EU accession process. Therefore, for the sake of the two communities, the two



countries, and also the greater region, perhaps there are certain mutual concessions that both the Republic of Cyprus and Turkey could make in order to overcome the deadlock, even before a full solution to the problem is reached.

In that respect it would be interesting to see for example the Republic of Cyprus accepting a direct trade arrangement between the Turkish-Cypriots and the EU while on the other hand Turkey recognizing the Republic of Cyprus. Such a development would have a chain reaction of positive effects both for the future of the resolution of the Cyprus problem and, of course, for Turkey's EU accession process. In that case there could also be found a certain model for managing the Cypriot natural gas; one that would be beneficiary for both the communities of Cyprus, and Turkey as well. Nevertheless, such a scenario is rather ambitious and not very likely given the complex political realities in both Turkey and Cyprus.

Unsurprisingly, yet unfortunately, any cooperation plans or initiatives, at least for the time being, are primarily shaped by the dynamics of the pre-existing disputes that caused the crisis, and not by the willingness to bridge any differences for common benefit. Indeed, Greece, Israel, and Cyprus seem to be cooperating closely with long-term potentials for the exploitation of their natural resources. On the other hand, Turkey could not afford to remain indifferent. Interestingly, Popovici estimates that due to the increasing energy needs and the broader geopolitical realities Turkey "will be motivated to be involved in these developments, both as a potential customer, and – perhaps – as a transit country".<sup>10</sup> It is maybe true that Turkey's cooperation with Israel would probably be more feasible than with Cyprus; yet, in order for that to happen there has to be a significant improvement in the relations between Ankara and Tel Aviv. Furthermore, it is worth mentioning that the Turkish Energy Minister Taner Yildiz stated that Turkey "will not allow Israel to export natural gas to Europe through Turkish territory".<sup>11</sup> In terms of Turkey's stance on Israel, it seems that, at least for now, a rapprochement is rather unlikely firstly because that would upset the Arab world, and secondly because

the demand for Israel's apology about the Gaza flotilla insistent has become a matter of principle.<sup>12</sup>

### Looking Ahead: From Crisis to Cooperation?

It is evident that the current geopolitical conditions in the Eastern Mediterranean do not favor cooperation among actors with pre-existing differences. To say that the situation will pass from crisis to cooperation is at least naively ambitious. The domestic political particularities and complexities of each country, as well as the rest of their foreign relations, hinder real regional and trans-regional cooperation. What is more, geopolitical rivalries, like the one between Turkey and Greece over the Aegean, have acquired a new dimension due to the possibilities that the natural findings open.

**It is maybe true that Turkey's cooperation with Israel would probably be more feasible than with Cyprus; yet, in order for that to happen there has to be a significant improvement in the relations between Ankara and Tel Aviv.**

Overall, as seen, it would be very difficult for natural gas to bridge any bilateral disputes in the Eastern Mediterranean. Before something like that could be achieved, other fundamental – mostly long-standing – political problems have to be resolved. Cyprus is a key example to understanding this reality. The island's geopolitical and geostrategic location has been a subject of interest for decades. Provided a peaceful and crisis-free region, as well as a resolved Cyprus problem, Cyprus could have well been the ideal energy hub, bridging the energy needs of the Middle East, North Africa, and Europe, in cooperation of course with other countries like Turkey, Greece, Israel, and Egypt.

Despite all the unfavorable conditions and geopolitical complications, the regional developments are rapid and no one knows what the future holds; after all, the greater region of the Middle East has a long history of unpredictability. Having said that, the

countries of the Eastern Mediterranean should keep in mind the various benefits that would stem from their cooperation, and that they are there for them to exploit, once they decide that resolving their problems is in everyone's best interest.

#### Notes:

\* **Zenonas Tziarras** is a PhD Candidate in Politics & International Studies at the University of Warwick, UK, and a Junior Research Scholar at Strategy International, Greece.

1. Sachs, D. J. and Warner, M. A., "Natural Resources and Economic Development: The Curse of Natural Resources", *European Economic Review*, Vol. 45, 2001, pp.827, 827-838.
2. Tomich, Z. J., "'An historic day for Cyprus'", *Cyprus Mail*, 29 December 2011, at <http://www.cyprus-mail.com/gas/historic-day-cyprus/20111229> [Accessed 06/02/2012].
3. Tomich, Z. J., "Cyprus' Bright Energy Future", *Cyprus Mail*, 28 January 2012, at <http://www.cyprus-mail.com/cyprus/cyprus-bright-energy-future/20120128> [Accessed 06/02/2012].
4. Editorial, "US supports revenue-sharing agreement in Cyprus for natural gas", *Today's Zaman*, at [http://www.todayzaman.com/newsDetail\\_getNewsById.action?newsId=258364](http://www.todayzaman.com/newsDetail_getNewsById.action?newsId=258364) [Accessed 06/02/2012].
5. Barber, C., "Turkey threatens naval action over Cyprus drilling", *Famagusta Gazette*, 06 September 2011, at <http://famagusta-gazette.com/turkey-threatens-naval-action-over-cyprus-drilling-p12883-69.htm> [Accessed 06/02/2012]; Burch, J., "UPDATE 2-Turkish ship explores near Cypriot gas rig-official ", *Reuters*, 27 September 2011, at <http://www.reuters.com/article/2011/09/27/turkey-cyprus-exploration-idUSL5E7KR2O620110927> [Accessed 07/02/2012]; Editorial, "US supports revenue-sharing agreement in Cyprus for natural gas".
6. Pawlak, J., "EU tells Turkey not to threaten Cyprus", *Reuters*, 09 September 2011, at <http://uk.reuters.com/article/2011/09/09/eu-turkey-idUKLDE7880CI20110909> [Accessed 06/02/2011]; Fenwick, S., "Russia sends Nuclear Subs to Patrol Cyprus Waters – Report", *CyprusNewsReport.Com*, 25/08/2011, at <http://www.cyprusnewsreport.com/?q=node/4540> [Accessed 06/02/2012]; Editorial, "Greece, Israel sign pact on security cooperation", *JTA*, 05 September 2011, at <http://www.jta.org/news/article/2011/09/05/3089230/greece-israel-sign-security-cooperation-agreement> [Accessed 06/02/2012]; Editorial, "Cyprus and Israel sign agreements and memorandum", *Famagusta Gazette*, 03 November 2011, at <http://famagusta-gazette.com/cyprus-and-israel-sign-agreements-and-memorandum-p13401-69.htm> [Accessed 06/02/2012].
7. Apart from the changing Turkish-Israeli relations, the regional balance of power is also affected by the withdrawal of the American troops from Iraq, as well as by domestic changes and developments in post-"Arab Spring" countries like Egypt and Syria.
8. Noble Energy, "Noble Energy Announces Significant Discovery at Leviathan Offshore Israel", *Noble Energy Inc.*, 29 December 2010, at <http://investors.nobleenergyinc.com/releasedetail.cfm?ReleaseID=539152> [Accessed 06/02/2012].
9. Popovici, V., "The Levantine Basin: A Mediterranean Hydrocarbon Saga Begins for Greece, Turkey, Cyprus and Israel", *Balkananalysis.com*, 13 January 2012, at <http://www.balkananalysis.com/energy-sector/2012/01/13/the-levantine-basin-a-mediterranean-hydrocarbon-saga-begins-for-greece-turkey-cyprus-and-israel/> [Accessed 07/02/2012].
10. Popovici, V., "The Levantine Basin: A Mediterranean Hydrocarbon Saga Begins for Greece, Turkey, Cyprus and Israel".
11. Editorial, "Israel needs Turkey for gas transit", *PressTV*, 05 November 2011, at <http://www.presstv.ir/detail/208450.html> [Accessed 07/02/2012].
12. Editorial, "Thousands commemorate anniversary of Gaza flotilla incident", *Today's Zaman*, 31 May 2011, at <http://www.todayzaman.com/news-245702-thousands-commemorate-anniversary-of-gaza-flotilla-incident.html> [Accessed 07/02/2012].