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GAS AND FOREIGN POLICY : HOW ISRAEL IS LEVERAGING ENERGY TO STABILISE THE REGION AND ADVANCE GEOSTRATEGIC OBJECTIVES

EZRA FRIEDMAN

Ezra Friedman writes that the discovery of gas fields in the eastern Mediterranean has given Israel, long perceived as sidelined on the international stage, new avenues to pursue foreign policy objectives: to create energy self-sufficiency, enhance regional stability within the Eastern Mediterranean region, and normalise relations between Israel and its Arab neighbours.

The discovery of gas is transforming the geopolitics of the Eastern Mediterranean. Israel, long reliant on energy imports to meet national domestic energy consumption, is set to become not only energy self-sufficient but also an exporter, on a regional and – just maybe – international scale. This is changing Israel's relations with many of its Eastern Mediterranean neighbours, and providing clear opportunities for advancing geostrategic objectives.

Historically, Israel was seen as an energy starved, constantly in conflict with its oil-rich neighbours. Following the initial discovery of the 'gas giant' Tamar in 2009 by an American-Israeli consortium, the Jewish state has found several other 'gas giants' which contain tens of trillions cubic meters in proven natural gas reserves. While estimates vary, it is safe to say that Israel has tens of trillions of proven natural gas reserves within its Exclusive Economic Zone and potentially tens of trillions more that could be discovered.

Israel's solidification of the 'Tripartite Alliance' with Greece and Cyprus, in the face of increasingly aggressive policies by a revisionist Turkey, is becoming a stabilising fixture in the region. This is enhancing cooperation on a host of critical economic and security issues for Israel, while also providing Jerusalem with critical advocates within the European Union (EU). The formation and integration of the Eastern Mediterranean Gas Forum (EMGF) with Israel, Egypt, Cyprus, Greece, Jordan, and the Palestinian Authority (PA) is creating the necessary diplomatic space to facilitate a competitive and sustainable regional gas market. The EMGF is providing Israeli gas with export opportunities to its neighbours while increasing regional economic interdependence. Both of these

developments present Israel, a country long perceived as sidelined on the international stage, with several unique avenues to pursue foreign policy objectives in the Eastern Mediterranean region, Europe, and the broader Middle East.

It is essential to frame Israel's objectives within the context of 'energy diplomacy' in the Eastern Mediterranean basin. First, to leverage the discovery and subsequent development of natural gas to create energy self-sufficiency and increased economic opportunities in international energy markets. Second, in tandem, to enhance regional stability within the Eastern Mediterranean region through economic interdependence between regional states, thereby facilitating economic activity. Lastly, to normalise relations between Israel and its Arab neighbours.

The 'Tripartite Alliance'

The 'Tripartite Alliance' between Israel, Cyprus, and Greece is paying dividends for several Israeli foreign policy objectives. Since 2015, the three countries have steadily increased cooperation through several avenues. Since the discovery of the Tamar, Leviathan, and Aphrodite fields, found in 2009, 2010, and 2011 respectively, Israel, Greece, and Cyprus have conducted regular joint military drills in all three countries as well as advanced intelligence sharing and cyber security cooperation. All three states have deepened formal diplomatic ties, with the US playing a significant role in fostering formal and tri-lateral relations. Lastly, all three countries continue to closely coordinate energy cooperation, with the stated goal of establishing a permanent secretariat in Nicosia. These are noteworthy achievements for Israel, which is set to see long-term benefits in the creation of regional stability, security dividends and an enhanced regional standing.

However, what is driving Israel's foreign policy renaissance in the Eastern Mediterranean basin with its Greek-speaking allies is mutual security concerns as much as potential shared economic benefits. Turkey, a country whose foreign policy is characterised by revisionism under President Recep Tayyip Erdogan, is causing disputes between Ankara and many regional states. Turkish drillships, protected by the Turkish Navy, continue to violate the internationally recognised Cypriot Exclusive Economic Zone (EEZ), allegedly on behalf of the Turkish Republic of Northern Cyprus. Turkey has also been interfering in Israeli-controlled East Jerusalem, buying influence and attempting to assert itself within the Arab sector as the patron of Palestinian rights. These neo-Ottoman policies have been met with pushback within the region and internationally. Both the

EU and the US have supported Cyprus, alongside the vocal backing of Israel and Greece. The EU is contemplating placing sanctions on Turkey for both its violations of [Cypriot sovereignty](#) and [alleged war crimes](#) committed by Turkish-backed Syrian proxies in northern Syria.

This developing state of affairs between these three countries will strengthen Israel's clout within the region as the most significant driver of relations is the necessity of pragmatism and realpolitik. The US continued withdrawal from the region under President Donald Trump, combined with an increasingly aggressive Turkey, has left many US allies in the region feeling vulnerable. Turkey's litany of revisionist regional policies ranges from northern Syria to the Aegean Sea, and so the Eastern Mediterranean basin will continue to push Israel, Cyprus, and Greece closer together.

The EU and the US

The emergence of this 'Tripartite Alliance,' which is openly supported by the EU and US, will likely serve additional Israeli foreign policy objectives.

On the economic front, the EU, which imports over 55 per cent of its energy needs, mostly in the form of liquefied natural gas, is a geographically attractive and large market for Israeli energy exports. The EU is overly reliant on [Russia](#) to meet its energy needs, which will only be exacerbated by the creation of the Nord Stream 2 Pipeline. Coupled with the [decline](#) in domestic production from North Sea fields, the EU is in pressing need of additional gas supplies as part of its [2014 Energy Diversification Strategy](#). The inclusion of Israel directly into the EU power grid through the [EuroAsia Interconnector](#) by 2022 via Cyprus and Greece may play an essential strategic role in allowing the future export of gas reserves held by Cyprus and Israel to fulfill European energy requirements. This is already beginning to bear fruit with the [signing](#) of a Memorandum of Understanding between Israel Natural Gas Lines (INGL) and IGI Poseidon, a joint venture between Greek and Italian energy companies, DEPA and Edison. Together INGL and IGI have formed a joint team to explore the feasibility of constructing the '[East Med Pipeline](#)' – an undersea pipeline that would allow for Eastern Mediterranean gas exports to Europe via Cyprus, Greece and Italy. Given these developments, the [construction](#) of what would be the world's longest undersea pipeline is seemingly more feasible.

On the political front, Jerusalem has had increasingly tricky relations with Brussels under Prime Minister Benjamin Netanyahu, with both sides strongly

disagreeing on how best to resolve the Israeli-Palestinian conflict. With the convergence of security, political, and economic interests between Jerusalem, Athens, and Nicosia, Israel is already crafting [strong](#) relationships with states who will likely act as advocates on its behalf.

The US has become a strong [supporter](#) of the Tripartite Alliance as a vehicle for a [revised](#) Eastern Mediterranean security architecture. Washington has enthusiastically embraced the Alliance as strategically significant as the US contends with an increasing Russian presence in Syria and intense Chinese investment in the Eastern Mediterranean, which represents the western border of the [Belt Road Initiative](#) (BRI). Under this global economic plan, in which China is reinvigorating land and sea routes of the ancient silk road with a modern twist, Beijing is actively buying tenders that will allow it to control crucial port, railroad and other major infrastructure in the region. This is seen as a threat to traditional US dominance of the region, something Washington wishes to buttress against.

The three states are Western-style democracies, close partners of the US on a range of security issues, and share a vision of a US-led global order. Given Turkish foreign policy in the region, including its increasingly close relationship with Russia, the US is turning to other partners to facilitate its foreign policy objectives in the region. The US Senate is currently considering bipartisan legislation in the form of the '[Eastern Mediterranean Security and Energy Partnership Act of 2019](#).' The bill would allow the US to fully support the trilateral partnership through energy and defence cooperation initiatives – including by lifting the embargo on arms transfers to Cyprus. Greece already sees dividends from this approach with a revised mutual defence cooperation agreement recently signed with the US.

The Eastern Mediterranean Gas Forum

While the 'Tripartite Alliance' is an essential development for Israel, it is not the only crucial structural change transforming the geopolitics of the Eastern Mediterranean basin. The EMGF is fast [becoming](#) the regional diplomatic platform by which past enmities between states are discarded in favour of mutually beneficial economic interests. The forum, based in Cairo, was formally [founded](#) in January 2019. Israel's inclusion as a founding member is in of itself a substantial diplomatic win for the Jewish state. It is the first time Israel is a member of a regional forum that includes Arab states. This is part of a growing trend seen recently in the Gulf, whereby Israel's once secret ties with Oman, the UAE, Bahrain and Saudi Arabia are increasingly made public. Through this

ongoing process, Israel's existence is given legitimacy within the Arab World. The inclusion of the PA, also as a founding member within the EMGF, injects increased legitimacy to Israel's inclusion within the regional forum. Within the EMGF, realpolitik is the lingua franca as participating states pursue regional level policies that facilitate a competitive regional energy marketplace while setting aside ideological, religious and political hostilities.

Israel, Egypt, and Jordan

The forum provides increased credibility to pre-existing gas deals between Israel and Egypt and Israel and Jordan, respectively.

The forum has facilitated the renewal of Israeli-Egyptian cooperation in the energy sector, which had halted following a 2012 dispute. Egypt had claimed that Israel was in arrears of payments. In reality, Egyptian gas reserves were running low from its land-based fields, which, coupled with a considerable increase in domestic demand and fluctuations in international gas prices, necessitated a change of policy in Cairo. The discovery of gas is a generational opportunity for [Egypt](#) and Israel, providing both can sustain [ongoing success](#) in overcoming regulatory challenges and transportation costs. The [current](#) Israeli-Egyptian gas deal will account for 85 billion cubic meters of Israeli gas exports worth 19.5\$ billion to Egypt via the 90-kilometer subsea pipeline from Ashkelon to El-Arish. The EMGF has not only provided for the strengthening of Egyptian-Israeli bilateral relations but is facilitating significant joint development of gas between Israel and other members. The export of Israeli and Cypriot gas to pre-existing Egyptian refinery facilitates for liquefaction is critical for cost-cutting measures. The [Cypriot](#) and Israeli gas is earmarked to be split between domestic consumption on the Egyptian market and re-export to Europe. This economic interdependence plays an essential role in making the new liquefied natural gas viable for export.

Israel is also set to begin exporting gas to Jordan in 2020 in a deal worth 10\$ billion. This is despite intense [domestic protests](#) and [legal challenges](#) within the Hashemite Kingdom. While relations between Israel and Jordan are currently at a historic low, Amman cannot afford to push things with Jerusalem too far, despite the recent 'Island of Peace' dispute. With the Kingdom's reliance on Israeli water (and future gas) exports at competitive prices, the monarchy is unlikely to take steps that would create an existential crisis for the current system of governance. While formal agreements with Israel may be unpopular amongst the Jordanian public, [security cooperation](#) and increasing [economic collabora-](#)

[tion](#) continues to remain a staple of Israeli-Jordanian bi-lateral relations.

Potential Obstacles for Israel

There are several potential obstacles to Israel's continued development of natural gas within its EEZ. Most are security-based, emanating from non-state actors which Israel considers to be terrorist organisations on Israel's northern and southern borders. Gaza-based Hamas, the Islamic State (IS) branch in Sinai and Iran-backed Hezbollah based in Lebanon, are all formidable foes that warrant a combination of containment and deterrence strategies to keep in check. Israel also faces one major diplomatic obstacle with the ongoing maritime boundary dispute with Lebanon. All three major security obstacles present Israel with opportunities to strengthen existing regional relationships through security cooperation. The maritime dispute with Lebanon presents Israel with a unique opportunity to resolve a long-standing dispute with its northern neighbour.

Hamas, Hezbollah, and IS all present dangerous, albeit different, threats to Israel's gas operations. It is necessary to contain these threats, ensuring the smooth extraction, refinement and transport of gas to the market. Presently, Israel is upgrading its naval capabilities and increasing its deterrence capabilities. This includes the [acquisition](#) of four German-made Sa'ar 6 next-generation Corvette's between 2019-2024 and the expansion of the Navy. Additionally, Israel is increasingly conducting a variety of different exercises and drills, including [simulated attacks](#) on its gas facilities at sea. The international exercise '[Mighty Waves](#)' was held in August with 10 countries, including NATO members France, Greece, and the US. Israel has also been [covertly](#) engaged in the Egyptian anti-insurgency campaign against IS in Sinai for several years. Israel's high level of security cooperation with its Eastern Mediterranean partners will likely lead to increased stability, as Greek, Egyptian, Cypriot and Israeli military assets [continue](#) to improve interoperability.

Israel and Lebanon: a unique diplomatic opportunity

Israel's long-running maritime dispute with Lebanon is also a potential diplomatic opportunity. US-brokered negotiations, which has thus far made [good progress](#), may lead to positive outcomes. While talks could be derailed by the order of Tehran or through accidental escalation between Lebanese-based Hezbollah and Israel, this has yet to occur, despite [recent](#) tensions. Both Israel and Lebanon have a vested interest in finding an amicable solution. A demarcated border would allow both countries to explore potential gas reserves with

surety. This is especially critical for Lebanon, which is in the midst of severe political and economic [crises](#). It would also increase regional stability as both sides would loathe to risk their expensive energy infrastructure. Hezbollah is currently under pressure from intense street protests calling for political and [economic](#) reform in Lebanon. The large amounts of natural gas estimated to be within Lebanon's EEZ presents an economic lifeline that the country cannot afford to miss. The resolution of the maritime border dispute offers a unique diplomatic opportunity for Israel. The alternative, a country in crisis looking for distractions from domestic ill's, could present a severe and intense threat to its energy aspirations.

Conclusion

The formation of the Eastern Mediterranean into a coherent region is presenting Israel with several unique opportunities to further its foreign policy objectives. Israel is successfully leveraging the development of natural gas to create not only energy self-sufficiency but also economic opportunities within the region. This will likely lead to future gas sales to Europe, either via Egypt or through a potential EastMed Pipeline in the next decade. The EMGF is providing a unique opportunity to deepen the cooperation of member states via the exploitation of available energy infrastructure and sustainable exploitation of gas reserves – it has the potential to become a fantastic success. If Jerusalem continues to play a critical role in both enhancing regional security, strengthening diplomatic ties, and increasing economic interdependence with regional states, Israel may yet become both a significant as well as openly integrated member of the Eastern Mediterranean region.