

Recent Natural Gas Discovery off Cyprus Tests Diplomacy

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Brief Analysis

A new gas field in the eastern Mediterranean will likely confirm the region's huge new energy potential but could lead to a diplomatic crisis between Cyprus and Turkey.

Within the next few days, the U.S. oil and gas exploration company Noble Energy is expected to make an announcement about the amount of natural gas it has found in a new offshore field south of the Mediterranean island state of Cyprus. The field is expected to be huge, though probably smaller than the nearby giant Leviathan gas field discovered in Israel's exclusive economic zone in 2010. But the discovery could increase tensions between Cyprus and Turkey: Ankara disputes ownership of the waters where the new field lies.

Offshore natural gas in the eastern Mediterranean has the potential to radically improve the economies of Cyprus, Israel, and Lebanon, as well as possibly Syria and Turkey. Egypt is already a significant producer of gas from fields off the Nile delta. Using principles enshrined in the United Nations Convention on the Law of the Sea (UNCLOS), neighboring countries can delineate maritime borders, creating within them "exclusive economic zones." Cyprus has such agreements with Egypt, Israel, and Lebanon.

Antagonism, however, is a possibility: Israel and Lebanon differ on the location of their offshore border, though the area in question is barely more than a sliver measuring a few hundred square miles. In the case of Cyprus and Turkey, the challenge is greater: Turkey does not recognize UNCLOS, partly because it refuses to accept almost total control by Athens of the Aegean Sea separating Turkey from Greece. The problem is further compounded by the existence of the Turkish Republic of Northern Cyprus (TRNC), which is not recognized internationally except by Ankara. Established in 1974 when Turkish troops occupied the north end of Cyprus to protect Turkish Cypriots during intercommunal conflict, TRNC has since been settled by thousands of Turkish citizens.

In September, the TRNC and Turkey signed an agreement giving Ankara exploration rights in what the TRNC regards as its offshore territory. A further agreement in November, between the TRNC and the state-owned Turkish

Petroleum Corporation (TPAO), covered licensing areas encompassing thousands of square miles of offshore territory that the Government of Cyprus regards as being its own EEZ. This includes the so-called Block 12, where the new gas field lies. A TPAO map <http://www.tpa.gov.tr/tp2/sub_en/sub_news.aspx?id=28> of the licensing limits the offshore rights of the Republic of Cyprus to merely twelve nautical miles of territorial waters.

This week, Cypriot foreign minister Erato Kozakou-Marcoullis has been visiting Washington in advance of the next round of UN-backed talks between Ankara and Nicosia to address the Cyprus problem, but the issue of natural gas discoveries is also on her agenda. During a December 20 speech at the Wilson Center, she lambasted Turkey, describing it as a "neighborhood bully" though it receives "unbridled support" in "some countries" and later naming Britain -- which last month hosted a state visit by Turkish president Abdullah Gul -- as one culprit.

Although the announcement of the new gas field will likely lead to rejoicing in Cyprus and delight in Israel -- which hopes to cooperate with the island on the export of natural gas -- Washington should immediately urge all parties to show military and diplomatic restraint. (Cypriot foreign minister Kozakou-Marcoullis had complained of Turkey sending a seismic vessel to Block 12, where the new gas field is located, and expressed anxiety at the activities of Turkish naval forces.)

Turkey and Israel have seemingly managed to lower the temperature of their own diplomatic squabbles in recent weeks, but in the longer term, renewed efforts should be made to settle the Cyprus problem. Unless this lingering dispute is resolved, Israel might judge it unsafe to proceed with proposals that gas from its Leviathan field be liquefied for export at a facility in Cyprus, which would also handle gas from the new field. The natural gas discovery should serve as an incentive to new diplomacy, however complicated.

Simon Henderson is the Baker fellow and director of the Gulf and Energy Policy Program at The Washington Institute. ♦

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