

ENERGY GEOPOLITICS IN THE EASTERN MEDITERRANEAN AND CYPRUS

DOĞU AKDENİZ'DE ENERJİ JEOPOLİTİĞİ VE KIBRIS

Serhat S. ÇUBUKÇUOĞLU

Marina Quays West, 3006, Dubai, P.O. Box: 29588, United Arab Emirates
serhat.cubukcuoglu@alumni.tufts.edu

ABSTRACT

This research looks at the motivation behind competing claims over maritime delimitation between littoral states of the Eastern Mediterranean concerning the island of Cyprus as a potential crisis spot. The objective is to assess the legal basis of these claims, their implications for security, trade and economic development in the region. On the geopolitical dimension, Russia's intervention in the Syrian Civil War and the attempt to monopolize energy supply routes to Europe has led consumers of the industrialized world finally to become serious about hydrocarbon alternatives. Viability of energy pipeline projects depends on the extent of EEZ delimitations in the region upon which the final status of Cyprus has a profound impact. Historical precedent on similar cases of dispute settlement highlights the necessity to take special geographical circumstances into account to find an equitable solution for all parties. Maritime delimitation between islands and adjacent coastal states should be based on an "equity" principle and take into consideration special circumstances, such as relative length of coastlines, distance from mainland, and freedom of access to high seas. Cyprus may be entitled to an EEZ, albeit in proportion with its size, location, population, and distance to mainland states in the Eastern Mediterranean. The width of the EEZ should be coextensive with its territorial waters on the west coast, due to the distorting effect of the island's position on maritime delimitation that would otherwise create an inequitable delimitation for Turkey. Rich reserves of recoverable natural gas resources in the Levant Basin, if translated into windfall profits, can be vital for all concerned parties that run large budget deficits and crave for energy independence. International law (UNCLOS) can contribute to peaceful settlement of

the EEZ delimitation dispute over Cyprus, although priority should be given to multiparty negotiations that involve Turkish and Greek Cypriots.

Keywords: Eastern Mediterranean, Exclusive Economic Zone, Maritime Delimitation

ÖZ

Bu çalışmada Doğu Akdeniz'e kıyısı olan devletler arasında potansiyel bir kriz bölgesi olan Kıbrıs Adası üzerindeki deniz yetki alanları sınırlandırılması anlaşmazlıklarını motive eden faktörler ve ilgili ülkelerin karşı talepleri incelenmiştir. Araştırmanın amacı bu taleplerin uluslararası hukuksal dayanaklarını incelemek, bölgedeki güvenlik, ticaret ve ekonomik kalkınma üzerindeki etkilerini değerlendirmektir. Jeopolitik bazda, Rusya'nın Suriye İç Savaşı'na doğrudan müdahil olması ve Avrupa'ya yönelik enerji arz koridorlarını tekelleştirme teşebbüsü, sanayileşmiş batılı ülkelerin hidrokarbon alternatifi arayışlarına ciddi biçimde ivme kazandırmalarına sebebiyet vermiştir. Enerji boru hattı projelerinin fizibilitesi bölgedeki MEB sınırlandırması ve dolaylı olarak Kıbrıs Adası'nın nihai statüsü ile doğrudan ilişkilidir. Bu gibi uyumsuzluk durumlarında tarihsel emsal tüm ilgili tarafları kapsayan hakkaniyetli bir çözüm için özel coğrafi durumları dikkate almak gerekliliğini vurgulamaktadır. Adalar ve komşu kıyı devletler arasındaki MEB sınırlandırması adil bir çözüm prensibine dayanmalı; karşılıklı kıyı şeritlerinin göreceli uzunluğu, anakaraya olan mesafe gibi özel durumları göz önünde bulundurmalı ve açık denizlere erişim hakkına engel teşkil etmeyecek biçimde düzenlenmelidir. Kıbrıs Adası ancak yüzölçümü, konumu, nüfusu ve Doğu Akdeniz'deki anakara devletlerine olan mesafesi nisbetinde bir MEB'e sahip olmalıdır. Aksi durumda coğrafi engel teşkil ederek Türkiye'ye karşı hakkaniyetsiz bir durum yaratması sebebiyle Kıbrıs Adası'nın batı

sahilleri boyunca uzanan MEB bölgesi karasuları ile örtüşük olmalıdır. Levant havzasındaki zengin doğalgaz rezervleri, işletilip kâra dönüştürüldüğü takdirde, yüksek bütçe açıkları ile mücadele eden ve enerji bağımsızlığını kazanmaya çalışan bütün ilgili ülkeler için hayati önem arzedecektir. Her ne kadar Deniz Hukuku (1982 tarihli BM III. Deniz Hukuku Sözleşmesi) Kıbrıs Adası'nın MEB sınırlandırmasının barışçı yollardan çözülmesine katkıda bulunabileceksede, öncelik Kıbrıslı Türk ve Rum toplumlarını kapsayan çok taraflı müzakere sürecine ve neticesinde ortaya çıkması muhtemel kapsamlı bir siyasi çözüme verilmelidir.

Anahtar Kelimeler: Doğu Akdeniz, Münhasır Ekonomik Bölge, Deniz Sınırlandırması

1. INTRODUCTION

In May 2015, leaders of the divided island of Cyprus resumed peace talks for re-unification under a federal government, visibly raising new hopes to catalyze a resolution to the decades-old dispute. Last year, unilateral pursuit first by Greek and then Turkish Cypriots for offshore natural gas in the Eastern Mediterranean Sea heightened competition over the delimitation of Exclusive Economic Zones (EEZs) and legal rights to exploit rich energy resources beneath the seabed. Notably, the proven combined reserves of recoverable hydrocarbons around Cyprus could meet the region's demand for the next one hundred years (IEA, 2013). Furthermore, on a geopolitical level, an underappreciated impact of the Arab uprisings that began in 2011 is the rising importance of natural gas and the power struggle over energy resources around the Fertile Crescent (Iran, Iraq, Syria, Lebanon, Israel, and Jordan). The politically motivated unrest in the region coincided with an economic slowdown in Europe, creating diverging push and pull dimensions to inter-regional relationships (Ulrichsen, 2012) and further complicating negotiations surrounding the Cyprus dispute. On top of this tectonic shift in energy geopolitics, Turkey, with a projected use of 70 bcm of natural gas per year by 2020 (Öğütçü, 2012), has sought to diversify its energy resources geographically, also furthering economic and foreign policy gains (Oğurlu, 2013). In December 2014, Turkish Prime Minister Ahmet Davutoğlu's visit to Athens that coincided with Cypriot natural gas exploration was therefore given special attention. Hopes were high that an interim agreement between Greece and Turkey to jointly search for and produce hydrocarbons could serve

as a confidence-building measure, providing a perception of ripeness to revive UN-led peace talks in Cyprus and leading to a regional benchmark in energy politics. Greek Prime Minister Alexis Tsipras' reciprocal visit to Ankara to meet his counterpart in November 2015 kept these hopes high.

As it turned out, however, resumption and progression of talks was easier said than done. Ensuing political and financial crisis in southeastern Europe on top of deep divisions between Greek and Turkish views of the problem and long-term interests render a quick and immediate solution unlikely. First, despite the momentum of the on-going peace talks, national pride is an important psychological factor that influences decisions of the Greek Cypriot polity. Greek Cypriots perceive a solution to be a reduction in power that could negatively impact their negotiating position around the recognition and sovereignty of Northern Cyprus. Secondly, Greece – together with Egypt and Israel – issued statements not long ago backing the Greek Cypriot position to continue to engage in natural gas extraction, production, and exporting activities without a negotiated settlement of the EEZ delimitation dispute with Turkish Cypriots. Turkey was therefore left with its next best alternative course of action: To conduct seismic research and hydrocarbon exploration activities on behalf of Northern Cyprus in seven EEZ areas that overlap with those demarcated by the Greek Cypriot government. However, since then, Turkey has ended the hydrocarbon research activity and withdrawn its seismic vessel as a political gesture prior to the re-launch of peace talks between the two communities in May 2015.

2. ENERGY GEOPOLITICS:

TURKEY'S EMERGENCE AS A HUB

These developments reveal not only that the dispute around Cyprus is inextricably linked to its geographical context, but also that energy-related conflict and diplomacy shapes the shifting power play of partnerships in the new global geopolitical environment surrounding the Middle East. Turkey has put itself on the map as an important player in energy geopolitics, acting first and foremost as a transit route between Central Asia, the Middle East, and Europe. A year ago, Russian President Vladimir Putin's announcement to drop the decade-old South Stream pipeline project in favor of Turkey, as its preferred partner, for an alternative route was perceived with joy in some circles. This positive climate hovering on tactical cooperation

in mega energy projects quickly shifted to a political crisis following Turkey's downing of a Russian warplane in November 2015. Nevertheless, revival of Turkey's EU membership prospect under the protective umbrella of the Euro-Atlantic defense bloc coincided with the momentum for a pivot to Israel as well as development of alliances with Qatar and Turkic states of Central Asia, underscoring Ankara's tactical maneuverability and keen interest to consolidate its influence as an economic hub in the Eastern Mediterranean. In case of normalization of relations with Israel, the 550km pipeline along the seabed would supply 10 bcm of natural gas to Turkey that imported 50 bcm of its demand from mainly Russia and Iran in 2014 (Natural Gas Europe, 2015). This is contingent upon a political break-through in Cyprus whose endorsement is a pre-requisite for the laying of an Israeli-Turkish pipeline on its EEZ.

Natural gas is the most important pillar of Turkey's demand for energy and as the world's energy supply and demand maps are being redrawn, Turkey emerges both as a major conduit and a heavy importer. Since Turkey is Gazprom's (the Russian state-owned monopoly) second largest export destination after Germany, access to alternative sources of energy in the Eastern Mediterranean would decrease its excessive dependence on a friend-turned-foe at a time of heightened tensions. Since safe access to high seas and the underlying resources of the seabed are of key significance to sustain its formidable economic growth, Turkey tries to reap the lion's share of natural gas trade in order to become a regional powerhouse, energy supplier, and transit hub. From this perspective, alternative gas pipelines are very disconcerting for Russia as it is a matter of national interest for them. In essence, Russia *is* Gazprom, because the gas giant is the single largest contributor to Russian GDP (Treat, 2008). As evident in the dispute over Ukraine, Machiavellian leadership in Russia exercises power by playing the energy card strategically; therefore a fast-growing country as Turkey should eye Russian interests while advocating for alternative gas pipelines over the Eastern Mediterranean to fuel its economy.

3. POSITIONS OF PARTIES TO THE CONFLICT

For Cyprus, the viability and security of international pipeline projects, if they ever come to fruition, depend on a just and equitable resolution of the EEZ

delimitation dispute in the Eastern Mediterranean. The Greek Cypriot position is essentially based on the claim that the maritime delimitation between mainland Turkey and Cyprus must be done exclusively by the adoption of the equidistance principle irrespective of any "special circumstances" (Bederman, 2010) that may exist. According to this view, Cyprus has sovereign right to exercise jurisdiction over its 200-mile wide EEZ around the entire island as per Article 121:2 of the UN Convention on Law of the Sea (UNCLOS, 1982). Greek Cypriot EEZ overlaps the area Turkey claims as its EEZ in five of the thirteen offshore research blocks in the Mediterranean Sea. In addition, Greece would like to see Cypriot, Israeli, and possible Egyptian natural gas exported via LNG terminals or pipelines across the seabed to mainland Greece, then linked with Greek natural gas to the south of Crete and the Ionian Sea, ultimately becoming the energy transit hub for Europe. This is by and large contingent upon Greek and Greek Cypriot EEZs having a common maritime boundary. According to Greece, Turkey is the only potential rival actor that can impede such a project, because consent of the coastal state with jurisdiction over the EEZ is required for the delineation of the course for laying pipelines on the continental shelf (Treves, 2007).

Turkey, on the other hand, is a non-signatory to UNCLOS and does not recognize Greek Cypriot EEZ delimitation agreements with Egypt, Lebanon, and Israel. Ankara claims that as a de-facto divided island, the "Republic of Cyprus" cannot represent the interests of Northern Cyprus unless the island is reunified with a single EEZ. Ankara's position is based on the equity principle that calls for the consideration of "special circumstances" (Bederman, 2010) to respect proportionality and non-encroachment rules, as Turkey's coastal length much longer than that of Cyprus. Due to conflicting claims by Greek and Turkish Cypriot communities on maritime delimitation within the wider context of bi-communal talks and reconciliation on the island, Turkey holds the view that the exploitation of natural resources should be deferred until a comprehensive solution to the Cyprus problem is reached. Israel, on the other hand, calls on Cyprus and Turkey to settle their differences and agree on a roadmap to choose the most commercially viable option to deliver Eastern Mediterranean gas to demand centers of Europe. Accordingly, delimitation should be done on geometrically objective basis by mutual agreement between adjacent states, which, in the

mean time, should refrain from imposing maritime boundaries unilaterally as per UN Charter I, Article 2 (UN, 2016).

Amidst this tug-of-war over EEZ rights in the region, Egypt as a littoral state plays a key role in the prospect for resolution of the dispute. The outcome of a Cypriot-Egyptian-Greek agreement would be loss of control over 19.400 km² of sea area for Egypt, which is more than twice the size of Cyprus, compared to what it would be should Egypt sign a bilateral EEZ agreement with Turkey instead. On the north-south axis, Turkey and Egypt have a potential to realize the longest adjacent EEZs. If Cyprus, as a populated island with economic activity, is given full influence in maritime delimitation as per Article 121 of UNCLOS, it may encroach upon the area delineated by Turkey and have a common border with Greece on the east-west axis. This would be illicit in the interests of equity for Turkey and Egypt, because the general direction of coastlines in the semi-closed Mediterranean Sea is on the east-west axis (Başeren, 2010). Maritime delimitation between opposite coastal states should be done on the north-south axis by priority to prevent encroachment into EEZs of third parties. It would, furthermore, be an unfounded attempt to redraw the map as though Greek islands of Kastellorizo, Rhodes, Karpathos and Crete constitute a contiguous national frontier facing eastward. Each and every island should be accorded treatment based to its own unique circumstances, since Greece is not an "archipelagic state"¹ and may not be entitled to draw straight baselines joining the outermost points of the outermost islands (UNCLOS, 1982).

Safe access to high seas and the underlying economic resources of the seabed are of key significance for Turkey's health and well-being. The Mediterranean Sea is host to 1/3 of world's maritime transport (Yaycı, 2012) and is a vital route for Turkey's foreign trade. 20.7% of Turkey's coastline is on the Mediterranean Sea and is 832 miles in length (Türk Deniz Kuvvetleri, 2016). The segment between Marmaris and Antalya that is opposite to the west coast of Cyprus is 656 miles, which is more than even the total coastline of Cyprus – 402 miles – including the Turkish part in the north (Başeren, 2010). By comparison, the western coast of Cyprus is only 32 miles long. In Libya-Malta case, the International Court of Justice adjusted the median line by 18 miles to the north against Malta in accor-

dance with equitable principles of proportionality to reflect the lengths of the relevant parts of each state's coastlines (ICJ, 1985). In doing so, nor did it take into account arguments about oil reserves and economic disparity. Given the more than twenty times difference in coastal length between Cyprus and Turkey, it would be a gross act of negligence to overlook equitable rights and to let the "equidistance" line be the rule that governs EEZ delimitation. Moreover, maritime delimitation between Cyprus and Egypt, Israel, Lebanon must be adjusted to establish a proportionate distribution of EEZ areas and to prevent loss of over 30.000 km² of sea area to Cyprus (Yaycı, 2012).

4. STRATEGIC ANALYSIS

In an escalating contest for power and strategic influence in the Eastern Mediterranean, undeniably, an impasse between Turkey and Cyprus over EEZs would be a "lose-lose" outcome not only for both countries, but also for the entire region, the U.S, and Europe. It would increase regional political risk and decrease affordability of potential pipeline projects. Standalone production and storage in an LNG liquefaction facility in Southern Cyprus would have insufficient capacity to economize on gas volumes in the Levantine basin, and would have lower net returns than a pipeline through Turkey to Europe. Furthermore, a multi-billion-dollar investment proposal to build an Israel-Cyprus-Greece pipeline would be too expensive due to market off-take risk and price-risk in project financing, let alone the enormous engineering challenge to build a deep-water gas transport pipeline over 1200 km of distance.

As a key actor, Turkey should realign its strategy and pursue value-creating maritime negotiations with all littoral states in the region. Polemic discourse, demagoguery, and stereotyping toward key stakeholders will only lessen the chances of reaching a resolution. Since sovereign rights for researching and developing the underwater resources belong to the entire island of Cyprus, not exclusively to Greek or Turkish Cypriots, Turkey should continue to foster a constructive dialogue whereby parties are able to invent options for mutual gains more easily and dismiss the assumption of a fixed pie. If Turkey can be part of a brokered peace deal in Cyprus, this would strengthen the EU-NATO partnership, decrease political risk, and

¹ Archipelagic State means a State constituted wholly by one or more archipelagos and may include other islands (UNCLOS, 1982)

increase the affordability of a Cypriot-Turkish pipeline project that could be linked with the “Southern Corridor” from Azerbaijan to Europe, bypassing Russia. Turkey’s core interest is not in controlling a particular sea area, but to diversify its energy supplies, fuel its expanding economy, have safe access to marine fisheries, and ensure security of Turkish Cypriots.

5. CONCLUSIONS

International pipeline projects over the Eastern Mediterranean compete to gain feasibility and security appraisals in finding the most cost-effective energy supply route to consumer markets of Europe. This situation has underscored Cyprus’ crucial strategic position and heightened its importance within a power struggle between the US, EU, Turkey, and Russia to control energy supply routes from east to west. While Cyprus, Greece, Israel, and Egypt have committed to increase efforts to mark out their maritime zones, the tendency in Ankara has been to downplay such maneuvers on the assumption that “what states do matters a lot more than what they say” and that multilateral negotiations may anyhow take a certain period of time before a conclusive agreement may be reached. In light of the new political context, it is crucial for Turkey to change this bilateral negotiation geometry and address the complex, multipartite nature of the maritime dispute, utilizing overall patterns of deference and influence. While Russia emerges as a potential spoiler that has the power, incentive and the interest to undermine an agreement over Cyprus, time will tell if parties to the conflict can avoid brinkmanship during the negotiation process and reach a consensus to ensure maximum utilization of opportunities for offshore gas exploitation in the Eastern Mediterranean.

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