



The Implications of Eastern Mediterranean Gas for Turkey

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Since the beginning of the year, the Eastern Mediterranean has undergone two important developments that will have significant geostrategic and energy-market implications—the discovery of the third-largest natural gas resources off the south coast of Cyprus by ExxonMobil, and the creation of a regional energy forum in Cairo in January. These developments confirm that energy issues will play a bigger role in the new regional dynamics and that several protagonists will be competing to exploit these newly discovered resources. Competition over their exploitation may create new conflicts in the region rather than facilitate the resolution of existing ones or cause more cooperation and prosperity.

For geopolitical reasons, Turkey is in a strong strategic position vis-à-vis energy markets and suppliers thanks to the ongoing TurkStream project with Russia, the Transanatolian Pipeline Project (TANAP) with Azerbaijan, and the East Anatolia gas-transmission line with Iran. In light of its location, Turkey also has the potential and ambition not only to secure its own energy demand, but also to position itself as an [energy hub for European markets](#).

There are major obstacles standing in the way of Turkey accomplishing this desirable position, however. First, it is an importer of gas and, as is the case with most of Europe, dependent on Russian imports. Moreover, energy demand is expected to increase in the long run. While TurkStream meets its gas demand for the time being, like many European countries Turkey is looking for ways to diversify its imports in order to reduce dependency on Russia. Although the share

of imported gas originating from Russia has decreased continuously over recent years, it is still more than **50 percent**. Moreover, **with around 17 percent, the second-largest share of Turkey's gas mix has been imported from Iran over the last years**. Turkey succeeded in being granted an **exemption from the United States' Iran sanctions, but this arrangement is only temporary**. It urgently needs to find other sources unless it wants to face Washington's ire over Iran again due to the nuclear-related secondary sanctions the United States imposed on the country, which cover gas imports. Therefore, if the government wishes for Turkey to become the region's main energy hub, it first and foremost needs to secure reliable and diverse sources of energy.

Taking these circumstances into account, **the discovery of large gas resources in the Eastern Mediterranean and the fact that pipelines via Turkey would be the most efficient path to Europe** should form a welcome opportunity for Turkey, Europe, and Eastern Mediterranean countries looking for gas markets alike. However, the unresolved Cyprus conflict and contentious relationships with countries in the region are important obstacles in this regard.

The Cyprus Conflict as Spoiler

The Turkish Republic of Northern Cyprus (which is recognized only by Turkey) and Turkey on one side and the internationally recognized EU member state Republic of Cyprus on the other side make competing claims over the extent of respective exclusive economic zones (EEZ) and thus the areas to exploit for natural resources.



Initially, some expressed hope that the prospect of several hundred billion of dollars in revenue from gas exploitation would cause both sides to seek a resolution to their long-running conflict. This could then enable Turkey and the EU to tackle many of the other issues in their relationship, such as updating the Customs Union. These hopes have not materialized, though. One major reason is that Turkey has not signed the United Nations Convention on the Law of the Sea and insists on a 200-mile EEZ from the Turkish shore for itself, while claiming the Republic of Cyprus only has the right to a 12-mile EEZ. It has even used its navy to deter foreign companies from drilling in disputed waters. Last year, Turkish warships chased an Italian drillship operating off Cyprus and Ankara tried to prevent ExxonMobil from drilling in its own block off the Cypriot coast at the end of last year.

The Republic of Cyprus is cooperating with Israel, Egypt, and Italy's Eni to exploit the newly discovered resources, leaving Turkey potentially marginalized. In 2018 Israel signed an agreement on exporting natural gas from its offshore fields of Tamar and Leviathan to Egypt, a first for the two countries, with exports due to start this year. Nevertheless, there are political and economic challenges for Cyprus in using these energy sources and exporting them. The stances of countries involved have hardened to the point where plans to bypass Turkey via a pipeline crossing southern Europe via Crete or transporting Cypriot gas to Egypt before exporting to as LNG to Europeans markets are emerging, despite the former being a much more expensive and time-consuming endeavor.

Given its location, Turkey is the most cost-efficient export route for an offshore pipeline that can carry these resources from the region to the Europe. Gas from the offshore fields could be transported via the Turkish city of Ceyhan to the TANAP pipeline, whose infrastructure for further transport through Turkey and to the EU is already in place. Nevertheless, Turkey's current conflictual relations with almost all the countries concerned by the resources—such as the Republic of Cyprus, Greece, Israel, and Egypt—appear likely to prevent it from playing this role and becoming the region's main energy hub.

Another development showing Turkey's marginalization in the region is the creation in January of a Gas Forum for the Eastern Mediterranean at a gathering in Cairo of leaders from the Republic of Cyprus, Greece, Israel, Egypt, Italy, Jordan, and the Palestinian territories. This is a potentially important step, formalizing the strengthening of energy links in the region, and it could stimulate the development of vital energy infrastructure. But the new body also has notable absentees—namely Turkey, Lebanon, and Syria. While it is too early to judge, if it succeeds in fostering the cooperation for establishing a regional gas market this will mean that the regional energy center of gravity will be moving toward Egypt.

Russia's role in these matters should also not be overlooked. Energy revenues are one of the few strengths of its economy and are key for its public finances, and therefore of high concern for Moscow. Limiting competition among gas suppliers and keeping prices high is in Russia's interest generally. As mentioned, it is the dominant source of oil and gas for Turkey and most of Europe, a position it can use to its advantage and will try hard to protect. Thanks to its involvement in the Syrian war and the resulting influence it has over the regime in Damascus, Russia must be taken into account as an actor in the Eastern Mediterranean. It benefits from disunity and lack of cooperation among the region's states as this reduces supply competition in the European gas market.

Energy: Source of Conflict or Cooperation?

The European Union sees energy sources in the Eastern Mediterranean as one alternative to Russian gas imports, but there is a long way to go for the region to become an energy hub. Even in an ideal scenario in terms of diversification of gas sources for the EU and Turkey, a notable degree of dependency on Russia would remain, simply due to scale. Even though the creation of the new energy forum and the increased exploration for resources are good signs, there are still many obstacles related to the extraction of the gas, its transport to the markets, infrastructure, and political

conflicts that could degenerate.

Cooperation in the field of energy between the EU and Turkey has been recognized as an important pillar of their relations. But it seems that political and geopolitical factors will constrain this as well as the role Turkey would like to assume as an energy hub.

Ultimately, the natural resources in the Eastern Mediterranean will have profound implications for the regional geopolitical and economic equilibrium. In a region already ravaged by several conflicts, new tensions over resources are bad news not only for the countries there, but also for the whole of Europe, from the point of view of energy security and security in general. Without a comprehensive and coordinated approach by the EU and the parties concerned, conflicts will continue to undermine all efforts to promote peace and economic development.

As with many other issues, if the United States and the EU manage to find a common position, they have a far greater chance of accomplishing their goals in the region. Therefore, they should play a more active role in the coming months to reduce the potential for new tensions over energy resources in the region. Competition for the exploitation of newly discovered resources off Cyprus may create new conflicts rather than make it easier to resolve existing ones.

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