



Tensions in the Eastern Mediterranean Focus on the Politics of Energy

Vincent L. Morelli

Section Research Manager

March 1, 2018

Cypriot (Greek and Turkish) interest in energy exploration in the Eastern Mediterranean began in 1998 after Noble Energy, a Texas-based energy company, discovered a large natural gas deposit in the Levant Basin. The location is in waters considered part of Israel's exclusive economic zone (EEZ) but bordering parts of the Republic of Cyprus's (RoC's) EEZ. In 2007, the RoC granted Noble Energy a license to explore for gas in an area identified as block 12, or the "Aphrodite" field within its EEZ. In 2011, Noble Energy [announced](#) the discovery of natural gas in block 12. Subsequently, the RoC held three more rounds of licensing for additional exploration in its other blocks (see **Figure 1**).

Although no Cypriot gas has yet been extracted and none is expected to be until perhaps 2020 or later, the RoC's strategy is to combine its gas reserves with those of Israel, and perhaps with that of a new discovery in Egyptian waters, to create a new Eastern Mediterranean energy supply market. Cyprus does not use gas as a domestic energy source, but the Greek Cypriots have examined the feasibility and cost of developing a pipeline terminal and liquefied natural gas facility in southern Cyprus for both domestic consumption and export. The European Union (EU) is financially supporting the construction of a [pipeline](#) connecting Israeli, Egyptian, and Cypriot gas deposits with Greece to bring additional gas to southern Europe as part of the EU's supply-diversification strategy. Others have suggested that a [pipeline connecting](#) Israeli and Cypriot gas to Turkey for transport to Europe would be more economical and less technologically challenging.

Many observers were initially hopeful that the [energy issue](#) would help propel Cyprus's long-stalled unification negotiations to a conclusion as both Greek and Turkish Cypriots realized the potential economic benefits to a unified island. However, the energy issue has become a sticking point in the negotiations. It resulted in a previous suspension of the talks and has contributed to tensions between Turkey and the Greek Cypriots.

Congressional Research Service

7-....

www.crs.gov

IN10864

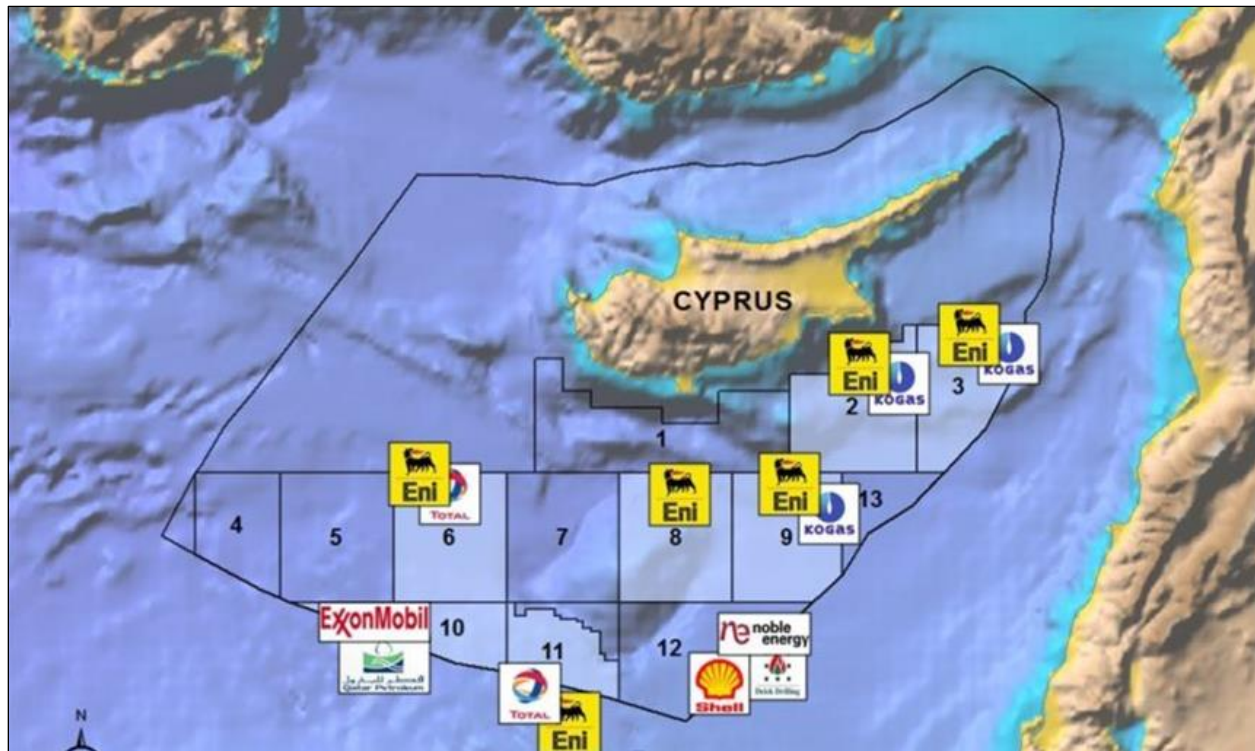
The [United States](#) and the EU have long supported the RoC's right to explore for energy in its EEZ, but both have stated their hope that the economic benefits of such exploration could eventually be shared by everyone on the island.

Opposition from Turkish Cypriots and Turkey

Turkish Cypriots and Turkey opposed the Greek Cypriots' right to conduct unilateral energy exploration off the island's coasts. Neither Turkey nor the Turkish Cypriots recognize the RoC, and both maintain that because the Greek Cypriots do not represent the whole island, they cannot conclude agreements, such as the delineation of an EEZ, or issue licenses for the exploration of natural resources without the Turkish Cypriots' concurrence or participation.

[Turkish Cypriots](#) have maintained that no decisions on the future use of any gas should progress until a comprehensive settlement of the island's division has been reached between the Greek and Turkish Cypriots, including guarantees that the exploration's economic benefits will be shared between the two communities. The Greek Cypriots, in turn, have insisted that all revenues derived from any resources would be jointly managed and shared with all Cypriots under a federal entity anticipated as part of a final settlement of the island's status. They support this assertion by referring to past "understandings" reached during the unification negotiations between previous Greek and Turkish Cypriot leaders.

Figure 1. Offshore Exploration Licenses: Republic of Cyprus



Source: Republic of Cyprus Ministry of Foreign Affairs.

Since 2007, Ankara [has warned](#) the Greek Cypriots that Turkey would not stand idly by and let gas exploration and exploitation go forward without the Turkish Cypriots' concurrence; Turkey also has periodically threatened to take strong action against the Greek Cypriots if they persisted. In 2011, the Turkish Cypriots and Turkey signed a [Continental Shelf Delimitation Agreement](#) declaring EEZs of their own. Effectively, this agreement claims that most of the EEZ claimed by the RoC also belongs to the Turkish Cypriots, including blocks 1, 2, and 3 as well as blocks 8, 9, 12, and 13 (see **Figure 1**). Ankara

itself has laid claim to parts of blocks 1, 4, 5, 6, and 7, asserting that the areas in question form part of Turkey's continental shelf. In 2016 and 2017, Turkey launched its own seismic studies for energy deposits off the coast of Cyprus. Furthermore, Turkey, in an apparent signal of its commitment to protect the Turkish Cypriots' rights, has regularly conducted naval exercises in international waters in and around the areas bordering Cypriot drilling sites.

Tensions Rise

In early January 2018, the Italian energy company ENI conducted exploratory drilling in block 6, reporting potentially significant deposits of gas. In early February 2018, as the ENI drilling vessel, *Saipem 12,000*, began traveling from block 6 to block 3 to conduct additional drilling, several Turkish warships appeared in the area (in international waters) and blocked the *Saipem* from moving. The RoC protested that Turkey's show of military force did not create an atmosphere for negotiation. The EU called for Ankara to show restraint. ENI, after several days, withdrew its drilling vessel from Cypriot waters. Turkey's action has raised the question of whether Ankara will take similar actions against future drilling operations, including those of Exxon-Mobil.

Increased tensions over the energy issue likely have placed the resumption of the currently suspended unification negotiations between Greek and Turkish Cypriots on indefinite hold. Some observers have questioned the timing of a Turkish Cypriot demand for joint decisionmaking on energy as a precondition for restarting the talks. Additionally, some believe that Turkey's naval actions to slow the RoC's energy development efforts are part of a strategy to force the Greek Cypriots to restart the talks under more favorable conditions for the Turkish Cypriots. Others contend that Turkey's actions are designed to illuminate what Ankara believes are Greek Cypriot intentions with regard to sharing power, authority, and wealth with the Turkish Cypriots. If Turkey's efforts are successful, Ankara may try to justify an abandonment of unification negotiations in favor of a [two-state solution](#).

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.