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# Can Gas Ease Eastern Mediterranean Tension?

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When the offshore potential of the Eastern Mediterranean first hit the headlines in 2009, the benefits were thought to be endless. With trillions of cubic feet now within reach of just a couple of regional actors, billions stood to be made and for some, energy independence was within reach. According to the U.S. Geological Survey, the Levant Basin, which is shared by Israel, Cyprus, Syria, Lebanon and the Gaza Strip is home to an estimated 123 trillion cubic feet of natural gas, as well as oil reserves.



*English: Beautiful reflection of sunlight on the eastern Mediterranean Sea. No borders or conflict visible from space... just breath-taking beauty like this view of the island of Cyprus (Photo credit: Wikipedia)*



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In the years since, enthusiasm has waned as age-old disputes over territory and access have clouded the waters, making a clean path towards meeting local demand and supporting a viable export market all the more elusive.

However, a handful in the region are now looking past the tension and towards what they see as an added bonus of the energy bonanza – natural gas as a political unifier.

An early example of this approach was seen in The Republic of Cyprus's defense of their offshore activities in the face of Turkish pressure. With Ankara promising swift action if Cyprus continued to push for exploration without

their involvement, some officials in Nicosia suggested that gas revenue could help ease the country's economic woes and even encourage reconciliation talks with the island's Turkish-held north. Offshore gas wasn't a source of division, they reasoned – it was the path to reuniting the island after 38 years of division. This past summer, Israel's offshore progress was said to have been behind a U.S.-led push to repair frayed diplomatic ties with Turkey.

This past week, the healing power of Eastern Mediterranean gas arose again with chatter that Israel might work in support of reconciliation talks between Ankara and Nicosia. The reasoning, according to a UPI report ([http://www.upi.com/Business\\_News/Energy-Resources/2013/09/25/Israel-sees-Turkey-Cyprus-settlement-as-key-to-gas-exports/UPI-14461380138601/?spt=hs&or=er](http://www.upi.com/Business_News/Energy-Resources/2013/09/25/Israel-sees-Turkey-Cyprus-settlement-as-key-to-gas-exports/UPI-14461380138601/?spt=hs&or=er)), was that by bringing the two countries together, Israel could ensure a reliable, long-term export option for the country's estimated 25-30 trillion cubic feet of accessible gas.

For Israel, export options are the motivating factor behind a push for reconciliation. After announcing that they would set aside about 40 percent of their offshore output earlier this year – the rest going to domestic demand – Israel now needs to figure out the best way to get it out of the region. They need a solution that does this safely, cleanly and in a way that justifies the sizable production costs they will face over the next couple of years.

With the encouragement of Cypriot leaders, there has been some talk about the construction of a Liquefied Natural Gas plant on Cyprus, though the \$10 billion estimated price tag makes it a difficult idea to sell all by itself. Meanwhile, efforts to ease tension with Ankara have opened the possibility of exporting gas by way of a Turkish-bound, subsea pipeline. However, despite the U.S. push to calm relations between the two countries in recent months, pressure is still high – a situation that is unlikely to change any time soon, according to George Pamboridis, a Nicosia-based attorney and author of the book, *Hydrocarbons of the Republic of Cyprus*.

“Both Israel and Turkey know that their relations will never be as it used to be,” Pamboridis said last week, placing the blame for ongoing tension at the feet of Prime Minister Recep Tayyip Erdoğan.

Still, Pamboridis did allow that natural gas has and will continue to play a role reframing the relationship between Turkey and the Republic of Cyprus.

“Turkey realized suddenly that gas elevated Cyprus' place on the global stage,” Pamboridis noted. “Turkey is realizing that the more gas is produced, the more integral Cyprus will become to the western frontier.”



Despite this new energy standing, Cyprus does still suffer a significant handicap in the form of a battered economy in desperate need of restructuring, making it especially difficult to attract needed financing. Further, others have pointed out that it is far too early to consider using Cyprus’s energy potential as a political tool.

Michael Leigh, a senior advisor at the German Marshall Fund, noted that a lot needs to happen before Cypriot gas is put on the table.

“Commercial viability comes first,” Leigh said last week.

According to Cypriot media reports, initial results from the country’s first official appraisal of the hydrocarbon potential – within its Exclusive Economic Zone – are expected to be released in the first week of October.

It’s against this backdrop that both governments have taken steps towards rekindling talks (<http://www.financialmirror.com/news-details.php?nid=31104>), possibly as early as next month.

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