

Blog posts

Israel's War for Gaza's Gas

Exclusive November 2012, by Nafeez Mosaddeq Ahmed

“It is clear that without an overall military operation to uproot Hamas control of Gaza, no drilling work can take place without the consent of the radical Islamic movement.”

Moshe Ya'alon,
Israeli Deputy Prime Minister
and Minister of Strategic Affairs

Over the last decade, Israel has experienced a growing energy crisis. Between 2000 and 2010, Israel's power consumption has risen by [3.5 per cent](#) [<http://israelenergyportal.com/2012/11/06/the-iec-in-need-of-some-electric-shock-therapy/>] annually. With over 40 per cent of Israel's electricity dependent on natural gas, the country has struggled to keep up with rising demand as a stable source of gas is in short supply. As of April, [electricity prices](#) [<http://www.haaretz.com/business/electricity-rates-to-rise-9-in-april-1.420289>] rose by 9 per cent, as the state-owned Israeli Electricity Company (IEC) warned that “Israelis may soon face blackouts during this summer's heat” – which is exactly what happened.

The two major causes of the natural gas shortage were Egypt's repeated suspension of gas supplies to Israel due to attacks on the Sinai pipeline, and the near-depletion of Israel's offshore Tethys Sea gas fields. By late April, a trade deal that would have continued natural gas imports from Egypt into Israel [collapsed](#) [<http://www.jspace.com/news/articles/bibi-failed-deal-with-egypt-not-a-sign-of-bad-relations/8739>], sending the Israeli government [scrambling](#) [<http://www.jspace.com/news/articles/natural-gas-reserves-offer-relief-for-israel-s-energy-crisis/9632>] to find alternate energy sources to meet peak electricity demands. Without a significant boost in gas production, Israel faced the prospect of debilitating fuel price hikes which would undermine the economy.

By late June, Israel was tapping into the little known Noa gas reserve in the Mediterranean off the coast of Gaza. Previously, Israel had “refrained from ordering development of the Noa field, fearing that this would lead to diplomatic problems vis-à-vis the Palestinian Authority”, according to the Israeli business daily [Globes](#) [<http://www.globes.co.il/serveen/globes/docview.asp?did=1000653642&fid=1725>]. The Noa reserve, whose yield is about 1.2 billion cubic metres, “is partly under the jurisdiction of the Palestinian Authority in the economic zone of the Gaza Strip” – but Houston-based operator Noble Energy apparently “convinced” Israel's Ministry of National Infrastructures that their drilling would “not spill over into other parts of the reserve.”

But the Gaza Marine gas reserves – about 32km from Gaza's coastline – are unmistakably [within Gaza's territorial waters](http://articles.timesofindia.indiatimes.com/2009-01-05/india/27996715_1_israeli-blockade-gaza-coast-gaza-marine) [http://articles.timesofindia.indiatimes.com/2009-01-05/india/27996715_1_israeli-blockade-gaza-coast-gaza-marine] which extend to about 35km off the coast. Israeli negotiations with the Palestinian Authority (PA) over the gas reserves have [stalled](http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea) [http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea] for much of the last decade since their discovery in the late 1990s by the British Gas Group (BG Group). The main reason for the failure of negotiations was [Israel's demand](http://www.fmep.org/analysis/analysis/gazas-offshore-gas-field-development-blocked-by-israel) [http://www.fmep.org/analysis/analysis/gazas-offshore-gas-field-development-blocked-by-israel] that the gas should come ashore on its territory, and at below market price.

Estimated at a total of 1.4 trillion cubic feet, the market value of the reserves is about \$4 billion. On 8th November 1999, the late Yasser Arafat signed a 25-year deal on behalf of the PA, granting 60 per cent rights to BG Group, 30 per cent to Consolidated Contractors Company – a Palestinian private entity linked to Arafat's PA – and finally only 10 per cent to the PA's Palestine Investment Fund (PIF).

At first, BG Group signed a memorandum with Egypt to sell them Gaza's gas through an undersea pipeline in 2005. But the 'man of peace', former Prime Minister Tony Blair – official Middle East envoy of the [Quartet](http://en.wikipedia.org/wiki/Quartet_on_the_Middle_East) [http://en.wikipedia.org/wiki/Quartet_on_the_Middle_East] – intervened to pressure BG Group to instead [sell the gas](http://www.guardian.co.uk/politics/2011/sep/25/tony-blair-middle-east-deals) [http://www.guardian.co.uk/politics/2011/sep/25/tony-blair-middle-east-deals] to Israel.

One informed British source told journalist Arthur Neslen in Tel Aviv at the time: “The UK and US, who are the major players in this deal, see it as a possible tool to improve relations between the PA and Israel. It is part of the [bargaining baggage](http://www.guardian.co.uk/commentisfree/2007/jul/26/gazaagasforblair) [http://www.guardian.co.uk/commentisfree/2007/jul/26/gazaagasforblair].” The gas would be piped directly onshore to Ashkelon in Israel, but “up to three-quarters of the \$4bn of revenue raised might not even end up in Palestinian hands at all.” The “preferred option” of the US and UK is that the gas revenues would be held in “an international bank account over which Abbas would hold sway” – effectively circumventing Hamas-controlled Gaza.

One of the first things Hamas did after winning elections was to reject the PA's agreement with BG Group as “[an act of theft](http://www.counterpunch.org/2007/07/27/gaza-was-a-gas-for-blair/) [http://www.counterpunch.org/2007/07/27/gaza-was-a-gas-for-blair/]”, before demanding a renegotiation of the agreed percentages to reflect its inclusion.

Operation Cast Lead

http://www.alternet.org/story/118039/is_the_gaza_catastrophe_really_about_natural_resources?page=0%2C5&paging=off launched in December 2008 was directly, though not exclusively, motivated by Israel's [concerns about the Blair-brokered gas deal](http://articles.timesofindia.indiatimes.com/2009-01-05/india/27996715_1_israeli-blockade-gaza-coast-gaza-marine) [http://articles.timesofindia.indiatimes.com/2009-01-05/india/27996715_1_israeli-blockade-gaza-coast-gaza-marine]. Upon assessing the prospects for accessing Gaza's gas,

Deputy Prime Minister Moshe Ya'alon – also Minister of Strategic Affairs and a former IDF Chief of Staff – advocated a year before Operation Cast Lead that the gas deal “threaten’s Israel national security” as long as Hamas remains in power. “With Gaza currently a radical Islamic stronghold, and the West Bank in danger of becoming the next one, Israel’s funneling a billion dollars into local or international bank accounts on behalf of the Palestinian Authority would be tantamount to Israel’s bankrolling terror against itself”, Ya’alon wrote for the [Jerusalem Center for Public Affairs \[http://jcpa.org/article/does-the-prospective-purchase-of-british-gas-from-gaza-threaten-israel%E2%80%99s-national-security/\]](http://jcpa.org/article/does-the-prospective-purchase-of-british-gas-from-gaza-threaten-israel%E2%80%99s-national-security/). “It is clear that without an overall military operation to uproot Hamas control of Gaza, no drilling work can take place without the consent of the radical Islamic movement.”

So why Operation Pillar of Defence, and why now? On 23rd September, Israel and the PA announced the [renewal of negotiations \[http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea\]](http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea) over development of Gaza’s gas fields. But Hamas, still in control of Gaza, stood in the way of these negotiations. Both the PA and Tony Blair “hope to have control of the marine area and levy its own fees and taxes” in partnership with Israel, reported [Offshore-technology \[http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea\]](http://www.offshore-technology.com/features/featurepalestine-offshore-gas-projects-mediterranean-sea).

Exactly a week before Israel’s assassination of Ahmed Jabari, the head of Hamas’ military wing, Israel’s [ongoing energy crisis \[http://www.reuters.com/article/2012/11/07/israelelectric-bonds-idAFL5E8M7BY820121107\]](http://www.reuters.com/article/2012/11/07/israelelectric-bonds-idAFL5E8M7BY820121107) was in full swing, with the “cash-strapped Israel Electric Corp” – suffering from a short-fall of 1.5 billion shekels – planning to sell a total of 3 billion shekels of government-backed bonds as early as December.

Then on 12th November, the PA announced that the Palestinians would formally seek admission to the UN General Assembly as [a non-member observer state \[http://www.startribune.com/world/178682391.html?refer=y\]](http://www.startribune.com/world/178682391.html?refer=y) on the 29th. If granted, the status would add weight to the Palestinian [bid for statehood \[http://www.bbc.co.uk/news/world-middle-east-13701636\]](http://www.bbc.co.uk/news/world-middle-east-13701636) encompassing the West Bank, Gaza and east Jerusalem – pre-1967 territorial lines which would formally impinge on Israel’s ambitions to *de facto* control and unilaterally exploit Gaza’s largely untapped gas resources.

Simultaneously, Israel faced another complication from Hamas. Israeli peace negotiator [Gershon Bashkin \[http://www.thedailybeast.com/articles/2012/11/15/assassinating-the-chance-for-calm.html\]](http://www.thedailybeast.com/articles/2012/11/15/assassinating-the-chance-for-calm.html) reports that a proposal he drafted for a long-term ceasefire agreement between Israel and Hamas was on the verge of being accepted by senior Hamas officials, including Ahmed Jabari. On the morning of the 14th – just two days after the PA’s announcement concerning its UN bid – a revised version was being assessed by Jabari and was due to be sent to Israel. Hours later, Jabari was assassinated on Netanyahu’s orders. “Senior officials in Israel knew about [Jabari’s] contacts with Hamas and Egyptian intelligence aimed at formulating the permanent truce, but nevertheless approved the assassination”, Bashkin told

[Ha'aretz \[http://www.haaretz.com/news/diplomacy-defense/israeli-peace-activist-hamas-leader-jabari-killed-amid-talks-on-long-term-truce.premium-1.478085\]](http://www.haaretz.com/news/diplomacy-defense/israeli-peace-activist-hamas-leader-jabari-killed-amid-talks-on-long-term-truce.premium-1.478085).

With Israel facing a race for independence from the PA, and a permanent truce with Hamas, the prospects of fully exploiting Gaza's gas resources looked slim – unless Israel could change the political and security facts on the ground through brute force. The strike on Jabari appears to have been designed precisely to provoke a response from Hamas that would justify such military action.

Indeed, Hamas has its uses. Ya'alon's fellow Deputy Prime Minister Silvan Shalom once criticised Shimon Peres in a high-level Cabinet meeting back in 2001, for advocating "negotiations" with Arafat. "Between Hamas and Arafat, I prefer Hamas", said Shalom, explaining that Arafat is a "terrorist in a diplomat's suit, while Hamas can be hit unmercifully... there won't be any international protests." (*Ha'aretz*, 4/12/2001)

By unleashing Hamas' rage this November, Israel was able to justify an offensive designed at least in part to begin engineering conditions conducive to its control of Gaza's offshore gas reserves. But this is just the beginning – many analysts note that Israel is preparing the ground for a [wider military assault against Iran \[http://m.theglobeandmail.com/commentary/gaza-is-testing-the-limits-of-irans-mideast-ambitions/article5518938/?service=mobile\]](http://m.theglobeandmail.com/commentary/gaza-is-testing-the-limits-of-irans-mideast-ambitions/article5518938/?service=mobile). The tentative ceasefire announced on the 21st is, therefore, highly tenuous. If the ceasefire is breached, a [military ground operation \[http://www.stratfor.com/analysis/cease-fire-announced-israel-gaza-conflict\]](http://www.stratfor.com/analysis/cease-fire-announced-israel-gaza-conflict) is still on the cards.

With over 140 dead in Gaza, compared to five in Israel, Operation Pillar of Defence has vindicated those in Palestine who think violence against Israel is [the only option \[http://www.huffingtonpost.co.uk/2012/11/21/israel-gaza-ceasefire-fragile_n_2172876.html?ncid=edlinkusaolp00000003\]](http://www.huffingtonpost.co.uk/2012/11/21/israel-gaza-ceasefire-fragile_n_2172876.html?ncid=edlinkusaolp00000003) left.

But then again, perhaps that's the idea.

8 comments on « [Israel's War for Gaza's Gas](#) »

Moshe Diane :

24 April @10h06
Israel's War for Gaza's Gas
 You're a bit of a racist.

Darren :

11 July @23h15
Israel's War for Gaza's Gas
 First–israel has no need for Gaza's gas. You conveniently forgot that Israel has reserves in Leviathan reservoir (which is one of 4 known reservoirs) that are sufficient for more than 15 years of national consumption.
 Second–your thesis is as conspirative as Dan's brown books.
 Third–this skirmish was not an outcome of Israeli provocation, but the result of three Israeli teens that were

murderd a week ago.

And last– get you're facts straight first, disclose your hidden agenda, and be loyal to the truth. Your article is at the level of a first year college student. God only knows who is the editor who approved it.darren

#

12 July @15h13

Israel's War for Gaza's Gas

Whatever Israel wants it takes. The state itself what created by theft, that are covered by lies and misinformation.

#

19 July @10h17

Israel's War for Gaza's Gas

Kvetch and the world Kvetches with you Israel.

pedro :

20 July @09h54

Israel's War for Gaza's Gas

Very interesting light shone on some of the geostrategic motivations of the current bombings and invasion of Gaza.

Jessica :

21 July @00h00

Israel's War for Gaza's Gas

It also falls neatly into line with conservative American plans to discredit their own President. Israel invades Iran, the president is forced to pick sides and pressured to support Israel. US–Iran peace talks collapse, Obama looks ineffective, and religious zealots (American and Israeli) win.

_ It always amazes me that Israelis can be in bed with the same American Fundamentalists who despise them. And Netanyahu in particular, he allows his racism and greed to drive him to ever less humane actions.

_ How ironic that a Jewish leader would choose the path of genocide.

JimSanity :

22 July @00h47

Israel's War for Gaza's Gas

This sounds about right!

No winners here...

#

28 July @14h21

Israel's War for Gaza's Gas

The concept of Israel is now seen as a bad joke.a group of Jewish converts from Kazakhstan who emigrated to Europe yearning for a religious home land supposedly given to them by a diety thousands of years ago. The whole story makes Lewis Carroll's Alice in wonderland positively lame by comparison!!!! The tragedy is that we

live in the 21st century and this sort of bunkum is taken seriously. I see no hope for the world.

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