U.S. Policy and the Strategic Relationship of Greece, Cyprus, and Israel: Power Shifts in the Eastern Mediterranean

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EXECUTIVE SUMMARY

An important focus of Hudson Institute’s research over the past year and a half has been security in the Eastern Mediterranean and energy security in particular. The reason for this concentration is recent natural gas discoveries off Cyprus and Israel. Subjects of special attention include both Cyprus and Israel’s roles in the Eastern Mediterranean energy corridor; the potential for the Eastern Mediterranean’s energy trade with the E.U.; and the political, energy, and security cooperation between Cyprus, Israel, and Greece against the backdrop of Turkey’s embrace of Islamist and jihadist movements in the Middle East as well as other related developments since large natural gas deposits were discovered. Hudson Institute’s research has included two trips to Greece and Cyprus, and one trip to Israel, for meetings with senior policymakers of the countries.
The recent gas discoveries in the Mediterranean offshore of Cyprus and Israel, and the future deep offshore drilling from leading oil majors, such as TOTAL, ENI, and Noble Energy, reflect the dynamism and future growth of the hydrocarbon industry in the Eastern Mediterranean. Commercial arrangements that reduce the companies’ risk profile are optimal, but with a host of variables, a favorable commercial outcome cannot be realized without political stability.

The strategic relationship that has formed between Greece, Israel, and Cyprus since 2010 is a model for successful regional cooperation. Closer security relations with the three countries will allow the U.S. to better address today’s global challenges including the fight against terrorism, energy security, and the stability of the global commons that is increasingly at risk as security in the Eastern Mediterranean becomes more problematic. U.S. policymakers will benefit from thinking ahead and being able to project and shape change -- that’s what leadership is about. Their challenge is to imagine, articulate, and explain what U.S. policy will gain from supporting this new alliance in the Eastern Mediterranean.

The U.S.’s challenge is to be able to project force, assure energy security, and sustain the cohesiveness of the transatlantic alliance as the Western alliance faces new threats to its east and south. Hudson Institute believes that global security, prosperity and freedom require strong, engaged, and strategic American leadership at the heart of a vigorous network of allies. Stability on its southern inland sea flank requires the U.S. to reassume a leading role in the Mediterranean that it largely vacated at the end of the Cold War.

American allies and friends, Greece, Cyprus, and Israel, have established a strategic relationship that is a model for the new regional balance of power. The triangle provides the U.S. a democratic foundation for both the region and as NATO’s southeastern anchor.

Introduction

Venice sent Othello to Cyprus to defend it from a Turkish fleet. Upon arrival the great captain ordered his weapons offloaded and summoned the local Venetian commander. When, on May 21st, 2014, Joe Biden became the first U.S. Vice President to visit Cyprus since Lyndon Johnson in 1962, he declared that he had “come to primarily underscore the value the United States attaches to our growing cooperation with the Republic of Cyprus.” These are good words. However, they did not seize the opportunity to address actively the profound changes that have occurred over the past 52 years in the Eastern Mediterranean.

At the time of Lyndon Johnson’s visit, the Cold War had long since established the U.S.’s strategic involvement in the Eastern Mediterranean. U.S. leaders had quickly grasped the importance of the Mediterranean in containing Soviet expansionism and securing Western Europe. In 1947 Secretary of State Dean Acheson noted the danger that would result if littoral states, such as Greece, fell to communist forces: “Like apples in a barrel infected by one rotten one, the corruption of Greece would infect Iran and all to the east. It would also carry infection to Africa through Asia Minor and Egypt, and to Europe through Italy and France, already threatened by the strongest domestic Communist parties in Western Europe.”
Just two years before Johnson’s visit Cyprus had gained independence from Britain. At the hub of three continents, and made up of an overwhelming Greek-Cypriot majority and Turkish-Cypriot minority, the island found itself a focus of superpower competition as the U.S. and Soviet Union jockeyed for position in the inland sea on Europe’s southern flank. Changes in Europe and to its east after World War II forced America to construct a framework to resist Soviet expansion. As the Soviet Union sought to control the Balkan Peninsula, a civil war was fought in Greece between communists and loyalists. Simultaneously, on the other side of the Aegean, the Soviets, much like their tsarist predecessors, made territorial demands of Turkey, including the establishment of Soviet bases and control of the Dardanelles Straits. During the years immediately after World War II, Great Britain had supported Greece and Turkey economically and militarily. The British government informed Washington that it could no longer prop up both countries in their struggle against Soviet expansionism.

Britain’s retrenchment created a vacuum for American influence in the region. This placed Washington in direct competition with Moscow. In 1947, Dean Acheson predicted the communist shadow that would fall upon Europe and harm U.S. security. Acheson aimed at the isolationist Republicans who controlled the House. The Truman Doctrine, as it was termed, became a major part of the global struggle between democracy and communism that aligned both Greece and Turkey within the West’s security framework and propelled their eventual accession into NATO in 1952. “Only two great powers remained in the world...the United States and the Soviet Union. We had arrived at a situation unparalleled since ancient times. Not unlike the time of Rome and Carthage the polarization of power became a determinant.... For the United States to take steps to strengthen countries threatened with Soviet aggression or Communist subversion...was to protect the security of the United States—it was to protect freedom itself.”

In 1974, this structure almost came undone. The most serious threat to the new transatlantic alliance emerged when Turkey invaded Cyprus. Turkish forces began their invasion of the island and occupied its northern third. The invasion triggered a brief proxy war that placed NATO members Greece and Turkey at odds with one another. The event created a de facto partition of the island which continues today with an internationally recognized Greek-Cypriot government, the Republic of Cyprus, and a rump state, “the Turkish Republic of Northern Cyprus,” which only Turkey recognizes and has continued to prop up by subventions and 40,000 troops.

Vice President Biden’s May 2014 trip to Cyprus occurred on the 40th anniversary of this invasion. The timing was not propitious. Turkey has disavowed secularism and embraced Islamism under the rule of President Erdoğan and Prime Minister Davutoğlu. This shattered Ankara’s previous foreign policy doctrine of “no problems with neighbors.” Turkey continues its retreat from the West and its former position as a secular, dependable NATO ally. Today Turkey has deteriorating relations with all its neighbors, while U.S.-Turkish relations are now characterized more by mutual suspicion and acrimony than the common values or shared vision that are the glue of an effective alliance. Turkey’s embrace of Islamism and support of terrorist organizations threatens the security of NATO’s southeastern flank, its most vulnerable region. This profound shift in Turkish foreign policy has emerged as the Eastern Mediterranean undergoes simultaneous political, security, and energy changes.

Since 2009, robust natural gas reserves have been discovered offshore of both Cyprus and Israel. These discoveries reinforced political and security cooperation between the two nations and Greece as they seek to transform the region into an
integrated energy zone that can help wean Europe off Russian gas, and assist Egypt in recovering from dual energy and economic crises. As both Cyprus and Israel address the political and security challenges that they face from Turkey and IS, they are striving in parallel toward greater economic interconnectivity. Regional economic cooperation between Israel and Cyprus is becoming a guiding principle that anchors Israel economically to Europe and reintegrates Egypt in the west’s political and security structure.

The geographic position of Cyprus in the Eastern Mediterranean and its democratic politics offer the Obama Administration a strategic opportunity to reexamine Turkey’s occupation of the island and its impact on a range of security and energy policies that affect the future of U.S. influence in the region, America’s European allies, and the most visible expression of the bond that unites the Western democracies, NATO.

U.S. foreign policy has the opportunity to use the solidifying ties with Greece, Cyprus, and Israel to take advantage of the strategic relationship that the three countries have established. A fundamental change in the region’s order has created the opportunity for tripartite regional ties to advance Washington’s interest in blunting Turkish and jihadist influence in the region.

Turkey’s limited support for IS and Hamas, its restriction on the use of airbases that U.S. forces could use against IS, its leaders’ stated interest in a caliphate of their own, and the country’s steady movement away from a secular toward an Islamic fundamentalist standpoint toward regional hegemonic ambition. This threatens the U.S.’s longstanding interest in an equitable balance of power, moderate politics, and democratic governance in a part of the world whose borders are crumbling and where the prospect of nuclear proliferation is real.

The geometry of regional power is shifting even as the challenges the U.S. faces in the Mediterranean and its littoral states intensify. Building coalitions for common objectives is becoming more complicated, but it has never been more crucial to bolster stability in a region that is reverting to its historic violence. The coalition of like-minded states, outposts of democracy in a sea of Islamism and authoritarianism, offers moderate alternatives that advance the interests of the U.S. and its regional allies and friends. As our allies and foes look to the future, the question of whether the U.S. will resume its position as the stabilizing force it was during the Cold War is critical. The U.S. can send a positive message by restoring its preeminent military power alongside Greece, Israel, and Cyprus. This message would encourage peace and stability in the region.

**Israel-Turkey Relations**

Following the Cold War, and up until 2010, the division of Cyprus was, for U.S. foreign policy, largely forgotten. Good relations between Israel and Turkey underpinned regional security, and Cyprus was known more for its olive oil, than petroleum or natural gas. Following the *Mavi Marmara* incident, a provocation by the Erdoğan government aimed at creating discord between Israel and Turkey, relations between Jerusalem and Ankara cracked. They have never recovered. Anti-Israel policy is now established in Turkey, culminating in the recent anti-Semitic attacks by Erdoğan (an effort to obscure his country’s support of terror groups). A rapprochement between the two countries seems unlikely now that he will likely remain as Turkey’s president until 2023.
The security architecture that the U.S. helped establish in the Eastern Mediterranean has crumbled. This structure emphasized a three-way partnership: U.S.—Turkey—Israel. The triangle had its origin in the Cold War and gained further importance as a cornerstone of U.S. efforts to promote stability in the Eastern Mediterranean. At the height of the Arab-Israeli conflict, U.S. policymakers sought a predominantly Muslim country and NATO member that would maintain security ties with Israel.

But Turkish domestic politics over the last decade have brought to the fore civilian politicians such as President Erdoğan and Prime Minister Davutoğlu who are openly critical of a partnership with Israel. Erdoğan’s 2002 ascension as Turkish prime minister strained the strategy on which the U.S. depended between Turkey and Israel. The strategy shattered after the *Mavi Marmara* incident in 2010 when Turkish Islamists, with support of the Turkish state, illegally sought to break the Israeli blockade on Gaza, a blockade established to prevent weapons from reaching Hamas terrorists. Israeli commandos stormed the ship to prevent it from reaching Gaza and nine Turkish Islamists were killed; the relationship never recovered.

For almost five years after the *Mavi Marmara* incident President Erdoğan demanded that Israel meet three conditions in order to normalize Turkey’s bilateral relationship with its former ally:

(a) that the Israeli prime minister make a formal apology;
(b) that families of the victims be compensated; and
(c) that the blockade of Gaza be lifted.

The Israeli Prime Minister has apologized. This symbolic gesture had no substantive result. Israel’s war with Hamas in the summer of 2014 highlights once again the dangers that Hamas poses to the Jewish state, rendering any easing of the blockade unlikely. To the three conditions for normalizing relations with Israel, Turkey has now added a new one, specifically a permanent Israeli cease-fire with the terrorist organization, Hamas.

In the meantime Turkey has reoriented its strategic resources towards the East, emphasizing Sunni Muslim solidarity and engagement with the Middle East. Turkey has now become the home to the leaders of Hamas, a U.S. State Department-designated terrorist organization. Turkey withdrew its ambassador from Israel in 2010, and political relations remain at a nadir. In 2013, the Turkish national intelligence organization (MIT) was accused by David Ignatius of the *Washington Post* of sabotaging a clandestine operation by the Israeli Mossad against Iran in 2012. President Erdoğan’s vision of Turkey as an illiberal democracy based on majoritarianism, and his increasingly warm relations with Hamas and the Muslim Brotherhood, draws its strength in part from radical Islam and Turkey’s resuscitated wish to lead the old Ottoman hinterland of the Middle East, the Caucasus and the Balkans.

Turkish opposition MP Ayken Kerdemir believes that president Erdoğan has cultivated Turkish anti-Semitism. “He is not only capitalizing on the existing sentiments. Erdoğan is fueling some of that anti-Israel and anti-Semitic feeling with his rhetoric, conspiracy theories, campaign slogans and actions.” According to Mr. Kerdemir, even after Erdoğan has left office, Turkey is likely to continue its current direction: “After Erdoğan and AKP are gone, even if [the opposition party] CHP comes to power, it will

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1 [http://www.washingtonpost.com/opinions/david-ignatius-turkey-blows-israels-cover-for-iranian-spy-ring/2013/10/16/7d9c1eb2-3686-11e3-be86-6aeaa439845b_story.html](http://www.washingtonpost.com/opinions/david-ignatius-turkey-blows-israels-cover-for-iranian-spy-ring/2013/10/16/7d9c1eb2-3686-11e3-be86-6aeaa439845b_story.html)
take us quite some time to mend inter-societal relations through dialogue, awareness raising, and sensitivity training.”

As Turkey has changed its focus from the West to the Middle East, Turkish and Israeli policy preferences have become increasingly at odds. Turkey’s once heralded foreign policy of “zero problems with neighbors,” in practice, is now “problems with all neighbors.” Israel, Cyprus, and even Egypt, have become obstacles to Turkish foreign policy. This has isolated Turkey from the region’s growing energy and security partnerships.

The divergence of Turkish and Israeli interests vis-à-vis the new military-backed government in Egypt, is also bringing Cairo closer to Tel Aviv, Nicosia, and Athens. The continued deterioration in Turkish-Egyptian relations after the fall of the Muslim Brotherhood’s leader Mohammad Morsi in 2013 is also demonstrated by the recall of the Turkish and Egyptian ambassadors from the respective capitals in late November 2013. This diplomatic imbroglio followed statements made by the former Turkish Prime Minister, Erdoğan, who noted on Turkish television that he “will never respect those who come to power through military coups.” Under Erdoğan’s leadership Turkey openly sided with the Egyptian Muslim Brotherhood and its continued struggle to restore Morsi to office. The new military-backed government in Cairo under Sisi accused Erdoğan of “attempting to influence public opinion against Egyptian interests, and supporting meetings of organizations that seek to create instability in the country.” Egyptian leadership noted that senior members of Morsi’s party have been meeting in Turkey for planning purposes since the removal of the Muslim Brotherhood in July 2013.

The deterioration of Turkey’s relations with Israel, and Egypt, created a vacuum, which both Nicosia and Athens sought to fill. Long lasting tension between Cyprus and Turkey due to the 40-year Turkish occupation has created ill will among both the Greek-Cypriot and Turkish-Cypriot communities toward settlers brought in by Ankara, as it has adversely affected Turkey’s ability to profit from the discovery of regional natural gas reserves. Turkey’s continued naval incursions within the Cypriot exclusive economic zone (EEZ), and the dispatch of the seismic vessel, Barbaros, within a block of the exclusive economic zone (EEZ) licensed to the Italian energy company ENI, have ruled out Turkey as a participant in the transit of natural gas from Cyprus and Israel. Similarly, Ankara’s policy has restricted its diplomatic and security options with democratic states in the region, as well as its long-term relations with the U.S. in the Eastern Mediterranean.

The late 19th/early 20th century distinguished English geographer and strategist, Halford J. Mackinder once remarked that, “A repellent personality performs a valuable social function in uniting his enemies.” When there is a regional order based on values, standards, and systems that no longer exist, a new one will arise. The collapse in relations between Israel and Turkey and Egypt and Turkey was sufficient to promote energy ties and military ties between Israel, Cyprus, Greece, and now potential energy and security cooperation with Egypt.

**Turkish Foreign Policy**

Ever since Prime Minister Erdoğan’s Justice and Development Party (AKP) came to power in 2002, its foreign policies have deviated from those of the U.S. and have adversely affected the interests of its own stalwart allies and those of the U.S. Turkey’s refusal to allow U.S. forces to pass through its territory during the 2003 invasion of Iraq
is the most notable example to date. This soured relations between Washington and Ankara. One senior, and frustrated, U.S. official at the time termed Turkish efforts to hold out for more aid—and perhaps access to oil from the Kirkuk region of Iraq—“extortion in the name of alliance.” Another said that despite a stream of aid from the United States, “the Turks seem to think that we’ll keep the bazaar open all night.” This was the beginning of the AKP’s divergence from the general objectives of NATO in which organization it remains.

The U.S. supported the rise of the secular and pre-AKP Turkey in the expectation that it would emerge as a model to other predominantly Muslim countries. Successful integration of Islam with democracy, free market advocacy, the maintenance of strategic relations with Israel, and an anchor for NATO, advanced U.S. interests in the region. These desiderata have not been realized and new U.S. strategy is now needed for Turkey in the second decade of the 21st century.

As Burak Bekdil, a columnist for Turkish paper Hurriyet, wrote:

When US President Barack Obama portrayed prospering Turkey, ruled by sweet Islamists, as ‘a great Islamic democracy’ in 2010, he was probably hoping that this strange democracy that comes with a religious prefix would serve a useful purpose: a glittering role model for the Arab countries that lagged behind even an Islamic democracy. Mr. Obama’s ‘mission: impossible’ has failed—probably for good.

Turkey has now completed the transition from model to antagonist. Questions that were once analyzed, such as how long would it take for Turkey to join the E.U., have been replaced by a debate over how long Turkey can avoid becoming a state-sponsor of terrorism due to its direct links to Sunni terrorist groups operating in Syria, Iraq, and the Gaza Strip.

What of Turkey’s E.U. aspirations? After months of increasingly authoritarian rule Turkey’s E.U. accession prospects seem bleak. According to the lead candidate of German Chancellor Angela Merkel’s Christian Democratic Union for European Parliament elections, David McAllister:

It’s not about whether Turkey is ready to join the EU. They’re not ready. It’s just as much about the ability of the EU to take them in. A country of this size would overburden the EU economically and politically. The Erdoğan Turkey of 2014 has moved further away from the standards of the European Union. The current assault on freedom of expression in no way conforms with European standards.

Nine years after starting E.U. discussion talks, Turkey has met only one of 35 areas of necessary reforms in legislative and policy moves required for membership. 2 Another German politician, Andreas Scheuer, a member of the Bundestag, said, “It is becoming clear that Erdoğan’s Turkey does not belong in Europe. A country in which the government threatens its critics and tramples democratic values cannot belong to Europe.” It seems now as though Erdoğan’s main concern is to consolidate power for the AKP, not promote the reform necessary to enter the largest democratic union in the world.3

Turkey’s foreign policy is built on revanchism, a hearkening back to Ottoman times supported by a large military establishment. The order it seeks is as rooted in colonialism as it is in the conflation of politics with religion. If the war against IS is to be

won American leadership offers the best hope. But while U.S. policy is increasingly uncertain Turkey is less dependable. An emboldened Turkey has begun to test America’s resolve.

Turkey’s unwillingness to permit the U.S. led coalition to use the NATO airbase at Incirlik to strike at the militants echoes a similar decision in 2003 to deny U.S. forces the ability to invade Iraq from a northern front. As the U.S. was formulating ground war plans for the Iraq War, the U.S. asked Turkey to allow American forces to traverse Turkish territory to invade Iraq from a northern route. Turkey demurred. The American 4th Infantry Division was denied access to Turkish territory, which resulted in abandoning a land attack from the north and increased casualties and wear on U.S. equipment. Turkey’s logic was that the $26 billion offered by the U.S. to allow a northern attack was not enough: it held out for $32 billion.

Since the deterioration in relations between the U.S. and AKP, Turkey has shown a proclivity to support rogue leaders. Erdoğan initially opposed the NATO intervention in Libya describing the idea as “absurd.” Only after France and Britain’s initial attacks on Libyan air defenses did Turkey back NATO’s plans to create a no-fly zone. Turkey’s hesitation during the Libya campaign highlighted NATO’s need to seek alternatives for protecting its increasingly threatened Eastern Mediterranean flank.

The Greek naval facility at Souda Bay, on the northwestern coast of Crete, hosted allied aircraft and European and American civilians who were escaping the Libyan battlefields. Strikes from the base decapitated the command and control capabilities of the Gaddafi regime.

It appears that lessons have been learned. Discussions between the U.S. and Greek governments for the installation of a UAV base at Souda Bay offer the possibility of leveraging the military relationship between the two countries and enhancing operations in Libya and points further east. The base possesses the potential to become a strategic fulcrum as the Middle East continues its descent into chaos and North Africa becomes a region of focus and strategic concern. An axiom of realpolitik is that capabilities are at the heart of strategy. Should the U.S. bolster its military presence at Souda Bay, America’s multidimensional capabilities will grow exponentially in strategic reach and agility—where they are especially needed, today and in the future.

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Turkey and the “Arab Spring”

Following the Libyan campaign, the “Arab Spring” presented the U.S. with a new challenge. Washington wanted closer relations with Turkey to promote democracy and security in the region, but Turkey acted against those very interests. Washington’s hope that Ankara might stabilize the Eastern Mediterranean as the U.S. sought to “pivot” to Asia has proved baseless. Turkey has supported America’s adversaries: the Muslim Brotherhood and other more militant groups, and it has welcomed Russian regional influence to reemerge at levels not seen since the end of the Cold War.

The Eastern Mediterranean has witnessed four years of turmoil since the beginning of the Arab Spring. A phenomenon that was initially heralded as the moment in history that would positively shape the Arab world has yet to bear digestible fruit. The new landscape was believed to address such pressing issues as burgeoning youth unemployment, trade imbalances, and democracy promotion while saving the vestiges of national spirit. Despite the promise, the revolutionary pendulum swung wildly. Secular authoritarian regimes were replaced with malignant and entrenched militant Islamist and jihadist groups vying for influence in the Hobbesian space left by deposed leaders.

Overthrowing the pro-American Mubarak regime in Egypt turned out to be easier than setting up a viable democratic government. Islamist groups quickly rose to power in that most populous and pivotal Arab state. The Muslim Brotherhood sought to eviscerate civil society by installing cadres of its members and/or supporters in positions of power. Morsi exercised power at the expense of the secular population’s desire for democracy. The Muslim Brotherhood seized on legitimate local grievances fueled by poverty, repression, and the mismanagement of economic policies and sought to consolidate power based on widening old fault-lines between Muslims and Christians and other religious minorities instead of addressing demands for better infrastructure and quality of life.

Erdoğan believed that the Muslim Brotherhood could strictly adhere to its radical Islamism and still remain in power in the Arab world’s most populated and influential state. Turkey shared the Muslim Brotherhood’s views and approved of the emergence of an arc of unity stretching from Ankara to Cairo under the banner of Sunni-Islamism, where religious minorities were perceived as threats, and Islamism would become an ideology that united the predominantly Sunni countries against the West.

On September 13, 2011, in Cairo, among an enthralled crowd waving both Turkish and Egyptian flags, then prime minister Erdoğan noted that a “Turkish-Egyptian alliance would form a force of 150 million people strong. We are substantially surrounding the Mediterranean.” The relationship began to bear fruit when members of the Muslim Brotherhood called for the abrogation of the peace agreement between Egypt and Israel, and of the exclusive economic zone agreement between Egypt and Cyprus. If ratified, these changes in Egyptian policy would have put a hold on Cyprus’ newly found oil and natural gas exploration and destabilized Israel’s immediate frontiers.

The Ankara-Cairo axis was short lived. In the summer of 2013, after millions poured into the streets of Egypt calling for the Muslim Brotherhood’s ouster, Egypt’s military removed its leader, Mohamed Morsi, and has labeled the Muslim Brotherhood a terrorist organization for inciting violence. The Muslim Brotherhood has gone underground and the chance remains that splinter groups will engage in terrorist activity against the new military regime. Egypt remains polarized and tense.
Russia and Egypt

In 1973, American influence in Egypt had reached a zenith. U.S. diplomacy brokered a ceasefire between Egypt, Syria, and Israel after the Yom Kippur War in 1973. The ensuing peace treaty between Israel and Egypt would become the pillar of U.S. force projection and stability in the region until the Arab Spring in 2011.

The tectonic shifts that have taken place in the region since then demonstrate how much American influence has ebbed. Current U.S. strategy points toward a retreat from influence in the Middle East based on the unspoken idea that a balance of terror between rival Sunnis and Shia factions can substitute for benign U.S. presence, or the remoter chance that nuclear status will provide Iran with the security to impose order from the Mediterranean to Central Asia.

The result of either alternative would be disastrous for the Middle East’s only democracy, Israel. It would also postpone the chance for moderate politics in the Middle East for generations. As part of this inchoate design for the region U.S. policy has vacated resolve in its relationship with Egypt under the Sisi administration that nudged Egypt into the West’s camp during the Cold War. The Obama Administration reacted haltingly to the popular call to remove the Muslim Brotherhood in favor of a new transitional government in Egypt. As a result the Egyptian military looked for more reliable partners for both financing and military hardware. Russia responded to these requests by sealing preliminary arms deals worth $3.5 billion in September 2014 and, united by a deep hostility towards Islamists, both leaders emphasized solidarity in the fight against extremism after a February 2015 state visit by President Putin to Egypt, his first visit to Egypt in ten years. Russia now has more influence in Egypt than at any time since the Cold War. America’s credibility as an ally to Egypt has been undermined. America has proved an inconstant friend to Egypt. Saudi Arabia has now become Cairo’s financier and Russia its arms depot.

The Egyptian military’s intervention had initially resulted in a cooling in U.S.-Egyptian military-to-military relations. Then in June 2014 the U.S.-Egypt relationship began to thaw when it was revealed that the Obama administration agreed to supply the Egyptian military with 10 Apache helicopters to support Cairo’s counterterrorism efforts

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in the Sinai and the release of half of the annual $1.3 billion in military aid to support “critical security efforts and continue to fund contracts for other goods and services.”

But there was a price for the “strategic patience” that the current U.S. administration advocated in its national security strategy published in early February 2015. Russia now has leverage in Egypt that is unprecedented, at least since the Soviet Union financed the Aswan Dam in the 1950s after the U.S. reneged on its promise to do so. Russia exploited the temporary vacuum that emerged when Washington hesitated following the removal of the Muslim Brotherhood. In November 2013, a high-level Russian delegation visited Cairo, a visit which anticipated the revitalization of Russian influence in Cairo. While the Russian foreign minister has made numerous trips to Cairo, in 2013 Sergei Shogyu, became the first Russian defense minister to visit Cairo since 1971. According to the official Egyptian news agency MENA, Sisi said the visit marked the continuation of “historic strategic relations” and the beginning of “a new era of constructive, fruitful cooperation on the military level.”

After a meeting with the Russian foreign minister, Egyptian defense minister, Nabil Fahmi proclaimed: “We want to give a new impetus to our relations and return them to the same high level that used to exist with the Soviet Union.” Planned joint military drills in 2015 between Russia and Egypt will be the first in decades.

**Turkey and IS**


In 1916, French and British colonial masters in the Middle East designed what came to be known as the Sykes-Picot agreement. It arose from the Ottoman Empire’s ashes. Apportioning national identities or titles to people who had lived under the caliphate gave birth to the Arab nation-state. Today, the lines, based upon European colonial ambitions that created nations and divided religious and tribal groups, have blurred. In Iraq and Syria, IS appears to have succeeded in redrawing them. The Syrian civil war and emergence of a host of jihadist groups has established a legacy which is

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dissolving the borders and identity of the Eastern Mediterranean, North Africa, and Middle East, so far with calamitous results.

There is a strong possibility that historians will compare the post-Arab Spring landscape in duration and influence to the Thirty Years War, a series of religious conflicts and deep ideological clashes between Protestants and Catholics which devastated 17th century central Europe and opened the way for a new order, out of the ashes of the Holy Roman Empire. It is far too early to detail the legacy of the Arab Spring. However, as of this writing, 9 million of Syria’s 25 million inhabitants have been displaced, over 200,000 slaughtered, and the situation in Syria has now been designated by the UN as the “worst man-made humanitarian crisis since the Second World War.”

The nation-states that Sykes-Picot drew in the Middle East have crumbled. Minorities, such as the Kurds, once marginalized, are now armed and seek the right of self-determination. Secular strongmen have been replaced with imams and other militant Islamic leaders whose visions and ideology for the region’s future come straight out of the 7th century. The potential for prolonged political-religious war and conflict within and across borders seems more likely than not. Strength of arms is likely to count for at least as much as diplomacy. Despite the hope of progressive political classes in the U.S. and Europe for their vision of the 21st century, containing the Islamist ideology and preventing its potential companion spread—eventually—of weapons of mass destruction will demand force as a leading element of a successful strategy.

The region may have fewer secular dictators, but their governance has been replaced with aspiring totalitarian Islamist powers that are reminiscent of the transition from collapsing empires to Communism in Russia after 1917 and the fascist states in the Europe of the 1930s before the Second World War. The U.S. did not engage the youth movements, women, minorities, and reformers who sparked the revolutions in Egypt and Syria. The U.S. supported the Islamists, such as the Muslim Brotherhood, who then seized the revolutions from within. The web of alliances the U.S. once maintained with the former leaders no longer exists. The region’s emerging shape places a premium on strategy that can contain what is already a conflagration stretching from the Mahgreb through the Levant into Central Asia. Freedom and democracy are now under constant duress as jihadist groups are entrenched and malignant.

The shape of the revolutions has now been defined by the agendas and actions of the jihadist groups. The picture is not propitious for U.S. interests. Libya, Egypt, Syria, Lebanon, Gaza, and Israel have become battlefields, continually engaged in or on the verge of impending conflict against both state and non-state actors. Anti-Americanism is rife. This has been illustrated by the attack on the U.S. consulate, and subsequent murder, of the U.S. ambassador to Libya; the breach of the U.S. Embassy in Cairo purportedly over an online video which mocked the Prophet Muhammad; meanwhile support for the U.S. is at an historic low in Turkey.

The successful elimination of Osama bin Laden fractured al Qaeda into various splinter factions which now control more territory than ever in the terrorist organization’s history. The factions morphed into a globe-spanning network that has metastasized in Libya, Iraq, Algeria, Lebanon, Syria, and even Egypt. In essence, the global jihadi threat is graver than ever. Iran continues to support both the Assad regime and Hezbollah by providing men and weapons, which has transformed Syria into a state of carnage. Iran’s nuclear program, despite a UN resolution calling for it to halt enrichment, has not slowed. A wave of heightened religious zealotry has bloomed at the same time as such remaining organs of secular civil society have been eviscerated. The region is well versed in the posturing and weakness of foreign sovereigns. The deliberate
retreat of American power has fanned jihadist ambitions. Arab “spring” turns out, at least for now, to be “Arab Winter,” and the Islamist awakening appears as a phenomenon with no end in sight.

U.S disengagement in the face of genocide in Syria and Iraq has cemented sectarian violence. IS, a new more violent and radical terrorist organization, has occupied territory larger than Jordan, spanning both Syria and Iraq. Christians and other minorities are being systematically persecuted and terrorized, with, as a February 2015 United Nations report described, thousands being beheaded, crucified, tortured, raped, and forced to abandon their ancestral homeland. The Kurdish Peshmerga, and a new coalition of the willing, might provide some respite for the region’s woes. But more likely, the Middle East is on the precipice of a dark future, beset by jihadists, and bereft of the institutions required for any modern democratic governance. Turkey’s government apparatus has been used to facilitate and provide an infrastructure for these movements, which has had the result of prolonging the suffering and bloodletting in the region.

During an October 2014 speech at Harvard, Vice President Biden implicitly charged Turkey with supporting jihadist factions in Syria and Iraq. The Turkish border has been open to jihadists moving to Syria and Iraq from around the globe throughout the war. According to Vice President Biden:

They [Turkey] poured hundreds of millions of dollars and thousands of tons of weapons into anyone who would fight against Assad. Except that the people who were being supplied were al-Nusra and al-Qaeda and the extremist elements of jihadis coming from other parts of the world. We could not convince our colleagues to stop supplying them.

Biden added, “President (Recep Tayyip) Erdoğan told me “You were right. We let too many people (including foreign fighters) through.”

While Turkey’s geography and NATO membership makes it a potential partner, actions and rhetoric by Turkish leaders signal hesitance to support the U.S.’s coalition. It is still not clear if Turkey will play a productive role in combating IS or in keeping the new Iraqi government from breaking down along sectarian lines. Thus, the U.S. has looked at alternative partners to help promote stability, including Gulf Cooperation Council (GCC) members.

But for now, Egypt, Greece, Israel, and even Cyprus are offering military bases in the war on IS. Cyprus has permitted the sovereign British airbase at Akrotiri to be used for both strikes and surveillance against IS militants. Furthermore, Allied forces fly sorties from the Andreas Papandreou airbase in Paphos to support operations against IS. According to Cypriot Defense minister Christoforos Fokaides, “Due to its geography, Cyprus is well placed to assist in the fight against international terrorism. But our role will be limited to the provision of facilities [at the Paphos airbase].” The operations from the airbase will be the first in the fight against IS launched from the sovereign territory of Cyprus. Cyprus is keen to demonstrate that it is a reliable ally in the war against IS and a geostrategic asset only 150 miles away from the Syrian coast.
These friendly states, as well as the Iraqi Kurds’ military forces, known as the Peshmerga, provide necessary ground forces in the war against IS. British strikes and surveillance operations against IS militants in 2014 from Akrotiri marked the first time since the British attacked Egypt in the 1950’s that the base has been utilized for forward operating strikes. The proximity of the bases to the Syrian and Iraqi battlefields is proving useful to the alliance in conducting strikes and surveillance.

The rise of militant Islamism is a major animus for solidifying the relationship between Greece, Israel, and Cyprus. IS now controls territory larger than the state of Jordan. Turkey is still in its decade-long transition from a NATO bulwark to a state sponsor of terror. Turkey’s support of IS, through the supply of weapons and freedom of movement of terrorists through its territory, has prolonged the bloodletting.

Turkey’s support for the jihadists has worried U.S. allies that the war in Iraq and Syria will spread across even more borders with the potential to affect Israel, Cyprus, Egypt, and Greece. IS has already made threats against both Israel and Cyprus, and entire cities in Libya have been taken over by IS with the result that Egypt and the UAE have struck the militants without advising the U.S.

Turkey’s miscalculation of its own influence within Egypt forced it to adjust by transforming conditions in its immediate periphery. Toppling Assad, Erdoğan’s erstwhile friend in Syria, has become Turkey’s immediate foreign policy objective. Turkey has stinted at nothing in providing support to Sunni extremist groups fighting the Alawite regime in Syria. Erdoğan’s gamble has yet to succeed. Turkish foreign policy assumed that supporting radical Sunni jihadist groups would topple Assad—quickly. The calculation recapitulates Ottoman policy toward former Arab subjects of the old Istanbul-based empire. Turkey’s policies have now resulted in over 800,000 Syrian refugees on Turkish territory, a myriad jihadist groups operating from Turkish soil. Ankara has unintentionally forged closer bonds between non-Islamist and non-Muslim countries in the region as Cyprus, Israel, Greece, and Egypt search for improved ties to safeguard their national interests.

7 http://www.parikiaki.com/2014/01/prime-minister-david-cameron-meets-president-anastasiades/ (Cypriot President Nicos Anastasiades with UK Prime Minister David Cameron)
To complicate matters, Greece, Cyprus, and Israel have pooled their military capabilities to thwart both state and non-state threats, but the U.S. has been sluggish, verging on passive in providing leadership to nourish this de facto democratic coalition. The Middle East’s current woes offer both risks and opportunities for the U.S. to engage and lead the Greece-Cyprus-Israel coalition toward its potential as the foundation of U.S. policy in the Eastern Mediterranean for both energy and security strategy.

**Eastern Mediterranean Energy Security**

Since 2010, the Eastern Mediterranean has witnessed simultaneous political, security, and energy changes and shifts. The “Arab Spring,” collapse in relations between Turkey and Israel, and robust natural gas findings off the coasts of Israel and Cyprus have upended the security architecture of the region, and redrawn the region’s hydrocarbon map. The discovery of approximately 40 trillion cubic feet (tcf) of natural gas offshore Israel and Cyprus is key to the reinvigoration of America’s interests in the region and, in strategic terms, another powerful demonstration that the global energy supply is not restricted to unstable regimes fundamentally hostile to the international order at which U.S. foreign policy aims.

In 2010, the U.S. Geological Survey estimated that hydrocarbon resources in the Eastern Mediterranean (Levant and Nile Delta Basins) could be as much as 3.4 billion barrels of oil and 345 tcf of natural gas. U.S.-based Noble Energy has discovered a robust find of approximately 40 tcf of natural gas within the exclusive economic zones of Israel and Cyprus, or about 35 and 5 tcf respectively. Tamar was discovered in 2009, Leviathan in 2010, and Aphrodite in 2011. In 2013, Europe, as a whole, consumed 19 tcf. The government of Cyprus estimates that its entire exclusive economic zone holds 60 tcf of natural gas. If this is realized, not only would Cyprus transform itself into Europe’s largest single source of energy, but in aggregate, Cyprus and Israel’s combined reserves would be the 15th largest gas reserves in the world.

In July 2014, the Delek Group, Israel’s major energy company, revised upward the estimate for the Leviathan gas field deposit. “The low estimate has increased 11% (from 14.89 tcf to 16.58 tcf); the best estimate increased 16% (from 18.91 tcf to 21.93 tcf);
while the high estimate increased 10% (from 24.14 tcf to 26.52 tcf).”\textsuperscript{8} The field’s discoveries have been timely as Russia challenges U.S. allies in the E.U. with the most significant threat to the continent’s energy security since the Second World War. The Eastern Mediterranean’s reserves offer European consumers alternative energy supplies at a time when the E.U.’s dependence on Russia raises pointedly the question of E.U. energy security.

Alternative routes and sources of energy for the E.U. have proved to be the single most important element in the energy security margin of the continent. Former European Energy Commissioner, Gunther Oettinger, stated that developing new energy pipelines in a pan-European dimension was pivotal to diversifying Europe’s routes and source of energy. “Gas will play an increasingly important role in the energy mix, for heating and electricity in Europe and in developing economies in the Mediterranean. Only one third of the gas production in Europe is sourced from within the Union and it is forecasted that this internal supply will be exhausted over the next twenty years. It is our interest to diversify supply, sources, partners, and routes, and that is why the Southern Corridor is an important part of our strategy.”\textsuperscript{9} The invasion of Ukraine has thrust energy security back onto the political agenda, spurring governments to focus anew on ensuring new corridors are developed.

As Russia and Ukraine head towards their third gas crisis since 2006, European and American interests have aligned. European competitiveness has been calibrated along only one axis — energy. Diversifying away from routes and energy supplies from unstable producers and transit countries will lessen Russian political leverage over U.S. allies in NATO and Europe, some of which depend on Russia for 100% of their natural gas imports.

Cyprus, Israel, and Greece offer Europe two new and competitive energy corridors and reserves, which are largely removed from the Middle East’s politico-theological turmoil, as well as direct Russian influence. Israel and Cyprus have the potential to supply Europe with roughly the equivalent of what Azerbaijan is likely to supply Europe beginning in 2019, or approximately 10-25 billion cubic meters annually (bcm). These new reserves could constitute approximately 20 billion to 50 billion cubic meters annually (bcm). This would amount to approximately 5-10% of Europe’s future gas demand. Russia would remain the dominant supplier. But increasing liquidity could pressure Russia’s ability to negotiate the contract terms it offers European utilities. This can be leveraged to benefit spot prices for Europe and eventually replace the oil-indexed long-term contracts.

\textsuperscript{8} \url{http://ir.delek-group.com/phoenix.zhtml?c=160695&p=irol-newsArticle&ID=1946956&highlight=}
\textsuperscript{9} \url{http://www.maltatoday.com.mt/news/national/41082/eu_energy_ministers_agree_to_establisheuromediterranean_platform#.U-rfEmK9KK3}
According to the International Energy Agency (IEA), European gas demand is projected to rise by 20 percent by 2035. The continent will have to safeguard its supply in the face of rising Asian demand and potential disruptions from Russia and North Africa, two out of three of Europe’s primary energy sources. New sources of liquefied natural gas (LNG), or pipelined natural gas, from Cyprus and Israel to Europe can play a stabilizing role amid the unpredictability of Russian state-owned Gazprom’s geopolitical calculations and dominance in Europe’s gas market. In 2013, Russia obtained an unprecedented 30% of Europe’s gas market share, 161.5 billion cubic meters (bcm). A 16% increase from 2012 when Gazprom exported 138 billion cubic meters (bcm). The increase in market share is directly linked to decreasing energy supplies from Norway, North Africa, and Qatar. Gazprom’s previous record high to Europe, including Turkey, was 159 billion cubic meters (bcm) in 2008. Declining production in the North Sea resulted in Norwegian supplies to Europe falling 5% in 2013, for a total of 102.5 billion cubic meters (bcm), down by 4.9 billion cubic meters (bcm) from 2012. Russia supplied approximately 30% more gas to Europe in 2013 than Norway, Europe’s second largest supplier. The risk of long-term dependence is compounded by the E.U.’s depleting domestic reserves.

Declining indigenous European gas production is largely the result of depleting reserves in the North Sea. Currently the largest gas field in Europe, the giant Groningen natural gas field, was initially drilled in 1952. “Despite its age, still today, more than 50% of all the natural gas reserves produced in Europe come from Dutch territory. Groningen has been a major source of income for Amsterdam while supplying the Netherlands and other European countries with clean energy. Estimates suggest the field has about 720 billion cubic meters (bcm) of natural gas remaining after producing roughly 2,000 billion cubic meters (bcm) over its 50-year life.” In February 2014, the Dutch government announced that it would reduce output from the field by 25%. The

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Netherlands will cut gas output from the giant field to a meager 42.5 billion cubic meters (bcm) in 2014 and 2015, and a further reduction to 40 billion cubic meters (bcm) for 2016. In 2013, Groningen produced 53.8 billion cubic meters (bcm). Europe’s energy problems are likely to strain relations with the U.S. as questions about Russian ambitions in Ukraine sharpen, and perhaps, broaden. German Chancellor Angela Merkel’s public difference with Senate Armed Services Committee chairman John McCain at the 2015 Munich Security Conference is a good example of the tensions between the U.S. and Europe over supplying arms to Ukraine.14

A common and vigorous American and European response to the Russian invasion of Ukraine has not emerged. Leaders of major European states have generally avoided categorical statements, tending to preserve flexibility and alternate options for collective punishment towards Russia, which challenges a stable world order. On March 10th, Poland’s former prime minister noted that he would ask Chancellor Angela Merkel to work to reduce German and European dependence on Russian gas to avert potential aggressive steps by Russia in the future.

Germany’s dependence on Russian gas may effectively decrease Europe’s sovereignty. I have no doubts about that. Increasingly more expensive energy in Europe due to exorbitant climate and environmental ambitions may also mean greater dependence in Russian energy sources... Hence, I will talk to Merkel primarily about how Germany is able to correct some economic actions so that dependence on Russian gas doesn’t paralyze Europe when it needs a decisive stance. The question of Ukraine is a question of EU’s future, EU’s safety, and a correction of EU’s energy policy. We will not be able to efficiently fend off potential aggressive steps by Russia in the future, if so many European countries are dependent on Russian gas deliveries or wade into such dependence.15

There is an old African proverb: “if you want to go fast, go alone. If you want to go far, go together.” Cyprus and Israel’s energy production and development can be characterized in part as the only two western-oriented democracies in the region who can advance their shared economic and security interests, while simultaneously promoting Europe’s primary national concern, energy security diversification. The overlapping gas finds creates an impetus for the two countries to jointly develop and, at the very least, cooperate on the safe development and commercialization of their respective fields, Leviathan and Aphrodite.

Both Israel and Cyprus hold the only autonomous, and western, energy reserves that are beyond Gazprom’s control or depend on the fate of the Suez Canal or its southern approaches at the Bab el-Mandeb Strait. When Israeli and Cypriot energy comes online by the turn of the next decade, European utilities and companies will gain access to more competitively priced gas from the Eastern Mediterranean. The energy reserves from both countries will provide Europe with the diversification of route and supply it seeks. Greece has the potential to become the primary transit state of this energy to Europe due to the infrastructure that will be in place once the Trans Adriatic Pipeline (TAP) is complete in 2019 and interconnector capacities expand.

15 http://www.reuters.com/article/2014/03/10/poland-germany-ukraine- idUSL6NoM71JA20140310
Europe, since the Cold War, has been dominated by huge Soviet-era pipelines running east-to-west, from Russia’s robust gas fields through Ukraine and to Western Europe, with various branches that supply the Balkans and Eastern Europe. Greece’s role as the primary European transit state for the Caspian’s hydrocarbons breaks the “East-West” pattern by creating new supply routes that run North-to-South as well as East-to-West as a result of the planned Trans Adriatic Pipeline (TAP) pipeline, and the gas Interconnector Greece-Bulgaria (IGB).

In the summer of 2013, the European Commission decided upon an alternative route and source of energy to the European market that circumvents Russia. The so-called “Southern Energy Corridor” is an assortment of pipeline projects which will channel natural gas from the Caspian Sea, and potentially the Eastern Mediterranean, to the E.U. for the first time. After the Trans Adriatic Pipeline (TAP) was selected over the once-favored Nabucco West project, Elin Suleymanov, Azerbaijan’s Ambassador to the U.S., said of the project:

I think what we finally have is a decision how to extend the southern gas corridor, which is a priority project for the European Union and for Europe as a whole. The decision to go with the Trans-Adriatic Pipeline came as, I think, as no surprise, because apparently, according to the Shah Deniz Consortium, it makes great economic sense, and this is a project which will bring finally Azerbaijani gas from the Shah Deniz Field to European consumers, and specifically to E.U., to Greece and Italy. Now that decision by itself does not mean that other countries along the route will be devoid of Azerbaijani gas. So even now, we are talking about interconnectors, possibly in the future to Bulgaria, possibly to Romania and other nations, which will accommodate greater amounts and volumes of Azerbaijani gas coming in. In general, what we have, though, is truly a major contribution from Caspian region to energy security of Europe. It’s a long-awaited decision.

On December 23, 2013, the Shah Deniz Consortium made a final investment decision (FID) to develop Shah Deniz phase II, the commercial project that will channel gas from the Caspian Sea to the European market through Greece. Bob Dudley, Group Chief Executive of BP, said: “Very few projects have the ability to change the energy map of an entire region. Shah Deniz II and the Southern Corridor pipelines will not only change the energy map, but will give customers in Europe direct access to the gas

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16 http://www.tap-ag.com/the-pipeline
17 http://en.trend.az/capital/energy/2169371.html
resources of the Caspian for the first time.” European buyers signed up for 25-year gas supply contracts. “This decision to open the Southern Gas Corridor is a real breakthrough. Through its further enlargement, the corridor will have the potential to meet up to 20% of the EU’s gas needs in the long term,” said former EU Energy Commissioner Gunther Oettinger.\textsuperscript{18}

The Trans Adriatic Pipeline (TAP) will begin in Azerbaijan and transit Georgia, Turkey, Greece, Albania, and eventually make landfall in Italy. The pipeline project provides multiple opportunities for further transport of Caspian natural gas, and Eastern Mediterranean gas, to some of the largest European markets such as Germany, France, the UK, Switzerland, and Austria, as well as the Balkans and Eastern Europe through numerous interconnectors. The Trans Adriatic Pipeline (TAP) pipeline will have an initial capacity of 10 billion cubic meters annually (bcm), and is scalable to 25 billion cubic meters annually (bcm).\textsuperscript{19} The Shah Deniz project has thus far been divided into two stages. Stage one has been pumping gas since 2006 with an annual production capacity of 10 bcm. After 2025, a third development stage is underway to reach an output of 25 billion cubic meters annually (bcm). Shah Deniz consortium partners have already agreed on seismic works and exploratory drilling for the third stage of the Shah Deniz project, according to SOCAR.\textsuperscript{20}

The Azeri Energy Minister Natig Aliyev, commented on the Final Investment Decision for Shah Deniz II in December 2013. He noted that the Trans Adriatic Pipeline (TAP) project’s true strategic importance is not the initial gas that will flow to Europe, but the long-term scalability of the pipeline into a much larger regional energy network.

Furthermore, we are considering expanding this corridor, which is why we involved several countries in the December signing. Our desire is to have a very strong, large-scale Southern Corridor. I think this is just the beginning because a lot of resources will be added to existing production. In the past, we were very interested in Kazakhstan oil coming across the Caspian Sea to Azerbaijan and being delivered to the Mediterranean. We very much believe that when the Kashagan field in Kazakhstan is fully implemented, production levels will be very high. We are glad because Kazakhstan promised that in the first stage it would produce 23 million tons per year and would grow in the second stage to upward of 50 million tons. In that case, some portion of this crude oil will be exported through Azerbaijan to markets in the west. Turkmenistan has tremendous gas reserves, as Yolotan is the biggest gas field in the world. There are talks about adding Iranian and Iraqi gas reserves to this corridor.\textsuperscript{21}

The Trans Adriatic Pipeline (TAP) pipeline does not solve Europe’s energy vulnerability. The 10 billion cubic meters annually (bcm) which will be shipped initially from 2019, represents just 2 percent of the 462 billion cubic meters (bcm) the E.U. consumed in 2013. Gazprom, Russia’s state-controlled gas exporter, sells 15 times that amount to Europe and is still expected to remain Europe’s single largest source. The project’s initial small volume is not an issue. The project is an exercise in diversifying both the routes and source of energy to U.S. allies, which depend on four dominant routes for their energy (Norway, Russia, North Africa, and Qatar).

Greece’s role, as the principal transit state for both the southern corridor gas and Eastern Mediterranean gas, opens two new competitive and independent corridors of

\textsuperscript{19} http://en.trend.az/capital/energy/2262328.html
\textsuperscript{20} http://www.rigzone.com/news/oil_gas/a/132070/Azerbaijan_Planning_Third_Stage_Of-Shah_Deniz_Project_After_2025
\textsuperscript{21} http://www.azernews.az/oil_and_gas/66198.html
energy to the E.U. Greece’s geostrategic location between the energy rich Middle East and Eastern Mediterranean, North Africa, and Caspian; this situation, along with the lines of communication and sea lanes that transit through its waters, have transformed Greece into the region’s premier hub between the east and west. The Gas Interconnector Greece-Bulgaria (IGB) will have an initial flow capacity of 3 billion cubic meters annually (bcma) from 2017, and 5 billion cubic meters annually (bcma) once the pipeline is expanded by 2020. Greece is in discussions with the Algerian state owned company Sonatrach to increase liquefied natural gas (LNG) deliveries to Greece, and eventually to ship gas to the Bulgarian and Romanian markets, in exchange for a decrease in liquefied natural gas (LNG) price for Greece.  

Through the planned Gas Interconnector Greece-Bulgaria (IGB), 1 billion cubic meters annually (bcma) of Azeri gas will be sold to Bulgaria under long-term contracts. The Bulgarian prime minister has also noted that Bulgaria is interested in receiving Israeli and Cypriot gas via Greece. Officials in Sofia believe that a pipeline linking Israel, Cyprus and Greece will make supplying Bulgaria, “easy.” Other Balkan countries will benefit as well.

The Ionian-Adriatic Pipeline, which will form a spur from Albania’s section of the Trans Adriatic Pipeline (TAP), will bring gas to Montenegro, Bosnia, and Croatia. Another important feature of the pipeline project is the gas sales contracts that western companies, BP and its consortium, have signed with European buyers. This underscores European hopes of delinking the indexation of gas to oil pricing—which today favors Gazprom. Spot pricing and European gas trading hubs provide better prices. According to Massimo di Odoardo, an analyst at the energy consultancy Wood Mackenzie, “This means that there will be pressure on Gazprom to introduce more of an element of hub-based indexation to its contracts.” The result will be downward pressure on prices and will exert pressure to Russian revenues. Oil and gas exports make up 70% of Russia’s $515 billion annual exports, and 52% of the federal budget, according to the U.S. Energy Information Administration.

The Trans Adriatic Pipeline (TAP) project will lessen energy dependence on Russia, but this can be expedited by the rapid enhancement of reverse flow capacities, increased gas storage capacity, and developing gas in the Eastern Mediterranean. Israel, Cyprus, and Greece’s strengthening of their collective energy security and collaboration in exploiting their energy reserves will help significantly in decreasing dependence on Russia.

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23 [http://m.novinite.com/articles/160653/Israeli+Gas+%27Could+Be+Delivered+to+Bulgaria%27+via+Greece](http://m.novinite.com/articles/160653/Israeli+Gas+%27Could+Be+Delivered+to+Bulgaria%27+via+Greece)
East-Mediterranean Pipeline

In 2014, the Greek, Israeli, Cypriot, Bulgarian, and Italian governments announced their support for the "East Med Pipeline," which would be an undersea link from Israel to Cyprus and Cyprus to Greece and Italy. The former Israeli Ambassador to Greece, Aryeh Mekel stated:

We’ve told the Greek government on the highest level that we would be happy to make Greece a hub for this gas that will continue to Europe; it can be brought here by pipeline or by liquefying it and bringing it by tanker; we also want Cyprus to be involved in this because they also found gas and we believe that these three countries, Israel, Greece, and Cyprus, if we work together and use our power like in the area of natural gas, we could become together a regional power that will be able to stand up to other regional powers.\(^\text{23}\)

Most likely Turkey would oppose this pipeline regarding it as a threat to its goal of becoming a regional energy hub into Europe. While the option would be more expensive, the Israelis and Cypriots have asked for the EU to help finance the construction costs. According to Israeli Energy Minister Silvan Shalom:

It’s good for them, it’s good for us. They (EU) will have a reliable source, we will have good relations with them. We can provide the gas, and the best way they can have it and I believe at the cheapest price.\(^\text{26}\)

Essentially, the proposal envisions pooling proven Israeli and Cypriot gas finds as an alternative source of natural gas for Europe. The East-Mediterranean pipeline project would be approximately 1700km long from the new discoveries of natural gas in the East Mediterranean region up to the connection with the Poseidon Pipeline. The project comprises the following sections:

- approx. 150km offshore pipeline from the Levantine Basin to Cyprus;
- approx. 650km offshore pipeline from Cyprus to Crete;
- approx. 400km offshore pipeline from Crete to Peloponnesus;
- approx. 500km onshore pipeline on the Greek territory up to the connection with Poseidon pipeline in the Thesprotia region.

The proposed East-Med Corridor would have a capacity of up to 15 billion cubic meters annually (bcma) and would link Israel, Cyprus, Greece, and Italy, approximately the same amount of gas that Azerbaijan expects to send to Europe by the turn of the decade.

The U.S. has a major part in nurturing this relationship. The EU and the U.S. account for the largest bilateral trade and investment relationship in the world. Europe is America’s partner on global issues from Afghanistan to Libya to the Middle East, from human rights to free trade.

America advances its interests in a vibrant independent European economy by encouraging the development of a balanced and diverse energy strategy with multiple energy sources and with multiple routes to market. This furthers competitive, efficient markets and the best prices for consumers while strengthening political relations rooted in energy and mutually beneficial commercial deals. The political will to limit Russian dominance is higher than ever, and gas from Cyprus and Israel can be leveraged to promote new and competitive corridors to the EU. Egypt’s new government has cast its lot with the West and has begun the transition from an Islamist dictatorship to a potential natural gas importer and exporter for both Cypriot and Israeli natural gas to Europe. Egypt’s existing LNG plants also hold the potential to facilitate the exploitation of Cypriot, Greek, and Israeli natural gas. Multiple routes to market will reinforce political cohesion between Egypt, Israel, and the EU.

Egypt: The Wild Card?

On November 9, 2014, the leaders of Greece, Cyprus, and Egypt met in Cairo. The three leaders discussed their interest in boosting energy cooperation. All three countries warned Turkey to remove its seismic vessel Barbaros and warships from the Cypriot exclusive economic zone (EEZ). Egypt, facing its worst power crisis in decades due to long term inefficiencies in the gas sector, is desperate for gas and is discussing solutions with Israel and Cyprus to import gas. Egypt has been unable to clinch attractive import deals with Russia and Algeria in liquefied natural gas (LNG) because it currently lacks the necessary re-gasification technology.

The emerging alliance with Greece and Cyprus fits Egypt's interests well. Its relations with Turkey quickly soured last year after Sisi toppled President Mohamed Morsi of the Muslim Brotherhood, an Islamist movement supported by Turkey’s

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government. After the November 9 meeting, the Greek, Israeli, and Cypriot governments hosted political consultations in Athens on November 12 that followed the first government-to-government meeting the Greeks and Israelis hosted in October 2013. The Greek and Israeli governments discussed hosting the second government-to-government meeting in 2015 to mark the 25th year since establishing relations. The prime ministers of both countries, as well as eight ministers, had participated in the first Israel-Greece government-to-government meeting. Ten agreements were signed in a variety of fields from public security to tourism and culture. Aryeh Mekel, Israel’s ambassador to Greece at the time said that the government-to-government meeting “constitutes the peak in the new and upgraded relations between Israel and Greece that began some three years ago.” The new government in Egypt is working closely with Greece, Cyprus, and Israel on such issues as security and energy.

Greece, Israel, and Cyprus’ improving relationship with the new Egyptian government offers a moderating alternative to the upheaval that has beset the region. As the Arab world’s most populous, influential, and important state, Egypt’s entry into the new realignment of power in the Eastern Mediterranean, as both an energy importer and exporter and bulwark against fundamentalism and Islamism, advances regional and U.S. interests in stability.

There is a sharpening rivalry between the western democracies—represented by Greece, Cyprus, and Israel—and Turkey. If the U.S. is to retain its status as a great power, it must be able to shape the international agenda. The modus operandi of the future of the Eastern Mediterranean is accommodation between the four countries, and potentially Egypt. At the same time the ideology and ambitions of such other states and groups as Turkey and IS will present hegemonic challenges that cannot be ignored. Making predictions is a notoriously risky enterprise. But the world—or at least the Mediterranean portion of it—is returning to balance of power calculations that are as old as the ancient Athenians’ responses to Persia’s invasions.

The U.S. is fortunate that Greece, Cyprus, Egypt, and Israel are cooperating. Control over the transit corridors for oil and gas from the Eastern Mediterranean is becoming very important. This is a model for successful cross-regional cooperation and can be the basis for creating stability and the good relations on which depend energy cooperation and security in an increasingly dangerous Eastern Mediterranean.
Had Turkey not embraced Islamism it would have been an ideal transport and energy hub for the Eastern Mediterranean’s unfolding energy discoveries—for both the Turkish and European markets. For the foreseeable future, however, this is not possible; Turkish-Israeli relations are at a nadir. The Turkish prime minister and president continue to support the forcible division of Cyprus in the form of a two state solution; and the Turkish navy’s armed incursions within the Cypriot exclusive economic zone (EEZ) underscore Turkish leaders’ preference for force as a means to settle Cyprus’s division as well as their view of energy reserves in zero-sum terms. Turkey’s toleration, if not support, of Islamic terror groups raises questions regarding its credibility as a trustworthy ally.

The prospect for energy cooperation between Israel and Turkey in the short term is bleak. During the war against Gaza, Erdoğan was extremely critical of Israel and it is quite difficult to envision an improvement in relations in the near future. Turkey’s recent militarization of the dispute with Cyprus may have rendered impossible any pipeline from the Eastern Mediterranean to Turkey for the long-term. Turkish actions in the seas around Cyprus have caused peace talks to collapse. The official Cypriot stance that no pipeline from the Eastern Mediterranean will pass through the Cypriot exclusive economic zone (EEZ) without a solution to the division of the island, has all but eliminated Turkey as a market for the foreseeable future.
Turkish Violations in the Cypriot EEZ

On Thursday, October 2, 2014 U.S. Vice President Joe Biden noted Turkish President Erdoğan’s “desire to have ‘no Turkish soldiers remaining in Cyprus” and viewed a settlement to Cyprus’s current division as favorable for Turkish interests. On the next day, October 3, Turkey issued a Navigational Telex, or NAVTEX, according to which Turkey has since sent the seismographic vessel Barbaros to explore areas in the Cypriot exclusive economic zone (EEZ) in block 9. This action is the most serious provocation since the exclusive economic zone (EEZ) was established off Cyprus and exploration for hydrocarbons began, despite numerous Turkish naval incursions. Prior to the NAVTEX (seen in red), the Eastern Mediterranean was tense following Turkey’s deployment of two warships to the south of Cyprus. Ankara has since announced that its navy will continue to monitor the activities of Italian firm ENI’s drillship in block 9. ENI already has exploration rights in block 9 of Cyprus’s exclusive economic zone (EEZ). The risk of escalation and accident in this prolonged confrontation multiplies with time.

A few days after the violation of the Cypriot exclusive economic zone (EEZ), Israeli Foreign Minister Avigdor Lieberman visited Cyprus and expressed Israel’s support for that country’s right to develop its reserves. Lieberman pressed Turkey to remove both its seismic vessel and warships. Following this visit, the Greek and Israeli militaries conducted their largest ever exercises on Cyprus in a show of force, unity, and deterrence.

Commander of Turkish naval forces, Admiral Bülent Bostanoğlu, stated that he had been handed new rules of engagement in the event of “a situation” involving hydrocarbons in the Eastern Mediterranean. “We will move according to the rules of engagement that have been given us,” he said when asked how Turkey’s navy would react if it encountered a Greek or Israeli ship in the region.

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28 Cypriot High Commissioner, Euripides Evriviades (@eevriviades). “Red area in #Cyprus EEZ where #Turkey announced search 4 oil/gas. Clear violation int’l law; dynamiting talks #NAVTEX.” October 8, 2014, 10:55 a.m. Tweet.
Turkey as a Transit State

Turkey as a transit state for natural gas and oil is at risk. The chaos on its southern frontier is deepening and security threats are increasing as IS forces remain in the field. Syria and Iraq pose a diverse series of threats ranging from a flood of refugees to the radicalization of individuals to terrorism to the disruption of energy supplies.

Notwithstanding, Turkish authorities have recently signed agreements with both Qatar and Russia to increase supplies of gas which, added to those of Iran, Iraq, Azerbaijan, and Qatar, should provide a sufficient supply of energy. Turkey has not joined the West in implementing sanctions on Russia for invading Ukraine. Rather, it has signed a memorandum of understanding (MOU) with Russia to build a pipeline that would carry 63 billion cubic meters annually (bcm) to Turkey. This would circumvent Ukraine and Bulgaria, which recently decided not to permit the controversial “South Stream” pipeline to cross its territory. This gas deal will cement ties with Russia at a time when both the EU and U.S. seek to increase pressure on Russia. The Russian pipeline through Turkey will channel the same amount of gas as the “South Stream” pipeline, except that Turkey will consume 13-14 billion cubic meters (bcm) out of the 63 billion cubic meters (bcm), while the remaining approximately 50 billion cubic meters (bcm) will be delivered to European countries. This project competes with both energy reserves from the Eastern Mediterranean and the Caspian Sea as Europe seeks to diversify both routes and supplies of energy from its dominant source, Russia. Until recently oil and gas revenues provided 70% of Russia’s exports and 52% of its federal budget.

Egypt as a Market and Exporter for Eastern Mediterranean Gas

In 2012, the delivery of Egyptian gas via the short El Arish-Ashkelon marine pipeline, which once met 40% of Israel’s gas needs, ceased due to political tensions and sabotage attacks. At the time, Israel relied on imports for 70% of all its gas, of which 40% came from Egypt alone. In July 2013, the Muslim Brotherhood Egyptian leader Mohamed Morsi was removed from power. The following year Israel and Egypt were on the verge of signing an export agreement that would send Israeli gas to Egypt. The companies that would manage the giant 22 trillion cubic feet (tcf) Leviathan field offshore Israel, which holds more gas than Europe consumes in an entire year, have recently submitted a development plan which states that they expect to be online by 2017 or 2018. The first phase will emphasize regional pipelines to Jordan, the Palestinian Authority, and Egypt, while the second phase will focus predominantly on marketing the gas in liquefied natural gas (LNG) form. Israel is currently in negotiations with the operators of Egypt’s idle liquefied natural gas (LNG) plants at Idku and Damietta. “Right now, we see Leviathan Phase I being strongly supported by the regional markets that we’ve been developing here in the course of the last year,” said Chuck Davidson, who served as CEO of Noble Energy until October 2014. To diversify the export portfolio, Phase 2 has LNG as the preferred monetization method for Leviathan, Tamar, and Aphrodite primarily for the Asian and EU market. “We continue pre-FEED work on an FLNG project for Phase 2 of Leviathan. Our view is still that Cyprus would be based on an LNG solution,” according to Davidson.

Phase 1 of the proposed development plan for Leviathan would see a floating production, storage and offloading (FPSO) unit, with annual production of 16 billion

29 http://isn.ethz.ch/Digital-Library/Articles/Detail/?lng=en&id=165423
cubic meters annually (bcma); 60% higher than the Tamar field’s 10 billion cubic meters annually (bcma). The cost of developing the Leviathan field including the floating production, storage and offloading (FPSO) unit is likely to reach $6.5 billion. Pipelines will link the field to both regional and domestic grids. Apportioning 9.2 billion cubic meters annually (bcma) from Leviathan to Israel will leave approximately 7 billion cubic meters annually (bcma) for export to regional markets. This will allow export to only one principal market, if reserve estimates remain stable. Phase 1 of the development stage has ostensibly selected Egypt to be the principal market for the first stage of the development of the Leviathan field. Noble Energy is in negotiations with BG Group to ship 4 trillion cubic feet (tcf) of gas from the Leviathan field to the companies’ idle liquefied natural gas (LNG) plant at Idku as well as to the domestic Egyptian market.

In addition to supplying the Israeli market, the Leviathan partners can export 50% of the field’s gas (up to 75% if other fields export less and agree on exchange deal). Noble Energy is confident it can begin production from the Leviathan field by the end of 2017 or 2018. Even before Leviathan comes online, Noble Energy will raise output from its key current producer, the 10.6 trillion cubic feet (tcf) Tamar field, in both 2015 and 2016. The partners developing Leviathan and Tamar in the summer of 2014 initiated the first major long-term gas sales agreement to Egypt. In addition to the non-binding agreement stated above with BG Group, Noble Energy is in negotiations to send 2.5 trillion cubic feet (tcf) of gas to another idle LNG plant operated by Union Fenosa at Damietta.

The potential $60 billion sale is contingent upon Egyptian government approval. Under President Sisi, Egypt’s relations with Israel have improved. The two countries cooperated throughout the 2014 Gaza War.30 Egypt hosts two idle LNG plants, Damietta and Idku. Damietta has a production capacity of 5 million tons per year, mtpa or 6.8 billion cubic meters annually (bcma), while Idku produces 7.2 mtpa, or 9.8 bcm. The sum amounts to 12.2 mtpa, or 16.6 bcma; if delivered, the Tamar and Leviathan deals will have already fulfilled two-thirds of the two idle LNG plants’ productive capacity leaving room for additional natural gas that Cyprus could supply. (1 million tons of LNG = 1.36 billion cubic meters (bcm). The non-binding agreement would send as much as 2.5 trillion cubic feet (tcf) of gas from Tamar to Union Fenosa’s plant in Damietta, where exports halted in late 2012, and 4 trillion cubic feet (tcf) of gas from Leviathan to BG Group’s Idku plant where the last exports took place in late 2013. The companies are in a race to lock in sales contracts. In Australia alone, seven LNG projects should be online by 2017, which taken with the North American shale renaissance, have raised concerns about global oversupply and depressed prices. The companies that seek to develop Leviathan will need major regional customers to defray the estimated $6.5 billion investment that the Egyptian LNG plants need before they can operate at a profit.

The idled Egyptian liquefied natural gas (LNG) plants need natural gas. The companies that are developing Cyprus and Israel’s natural gas don’t have to wait for a liquefied natural gas (LNG) plant to be built. They already exist and are operational. The plants possess a customer base so delays caused by having to develop markets are not part of the picture. With Egypt facing its worst energy crunch in years, access to Israel’s Leviathan and Tamar fields, as well as Cyprus’ Aphrodite field, offer the best hope of restarting liquefied natural gas (LNG) exports from Union Fenosa’s and BG Group’s Egyptian plants, and ending their heavy financial losses. The Egyptian government is

unlikely to block these projects. They make economic sense and offer long-term benefits for Egypt, both by restoring investor trust and by freeing up more gas for domestic use.

As of this writing, gas production has been steadily declining in Egypt while consumption keeps rising. Exporting gas from Leviathan to BG Group’s LNG plant in Egypt is an economically viable option and crucial for the development of Leviathan within the planned schedule. If the option does not materialize, the field’s development will be postponed until the next decade. Together with the two prospective natural gas export projects to Egypt, the commercial project encourages cooperation between Israel, Cyprus, and the moderate Arab states led by Egypt.

And here again, politics intersects with energy and security. The U.S.-Egyptian relationship has been an important cornerstone of U.S. security in the Middle East. Egypt’s president not only backs the global campaign against IS extremists, but is leading his country towards an economic turnaround and strengthened regional relations. Since taking office, Sisi has cut energy subsidies in a bid to revitalize the economy, has continued a broad crackdown on the Muslim Brotherhood, and works closely with Cyprus, Greece, and Israel.

More than ever, energy security in the Eastern Mediterranean needs to be thought of not just in terms of the energy under the seabed but also in terms of protecting the entire chain through which hydrocarbons move from initial production to market. As the energy trade from the Eastern Mediterranean becomes more global, crosses more sea boundaries, and grows in scale on both land and water, the security of the supply chains is more urgent. Ensuring their safety requires increased collaboration among producers, consumers and allies. Critical choke points along the sea routes, particularly the Suez Canal and Eastern Mediterranean Sea, create particular vulnerabilities for the transport of oil and liquefied natural gas (LNG), whether from accidents, terrorist attacks, or military conflict. Turkey’s armed violation of Cyprus’s exclusive economic zone (EEZ) underscores the serious impact that security—or in this case, its lack—can have on energy production and eventual monetization.

Asserting control over Cyprus’ newly discovered natural gas fields would permit Turkey to regain a power position in direct competition with the U.S. for preeminence in the Eastern Mediterranean. Like the energy rich Caucasus and South East Asia during WWII, Cyprus, without a stabilizing presence by the U.S., will be the tinder box that adds tension to the region’s fault-lines between NATO and non-NATO, Turkey and Europe, and Christian and Muslim. The recent Turkish NAVTEX claims and warships in violation of Cyprus’ exclusive economic zone threaten regional destabilization and deserve serious consideration as a disqualifier for Turkey’s continued membership in NATO.

Regional Response: Military Cooperation Greece, Cyprus and Israel

“Si vis pacem, para bellum,” is a remark attributed to a late empire Roman author. It means: “If you want peace, prepare for war.” Israel, Cyprus, and Greece understand the caution and are acting accordingly. They have increased cooperative efforts in energy security defensive measures together with the U.S. Aristotle argues that matter will always move to fill a vacuum. The corollary in foreign affairs is slightly less ironclad but it works: self-interest pressures states to defend themselves as the former source of their security weakens.
Since 2010, Greece, Cyprus, and Israel have established new and strategic relations based on common security and energy interests. Protecting the massive quantities of natural gas that have been discovered in the exclusive economic zones (EEZ) of Cyprus and Israel is the glue of the three states’ increasingly solid bond. Each has signed a defense pact and exclusive economic zone agreements to safeguard their assets. The start of exploratory drilling in the Cypriot exclusive economic zone (EEZ) angered Turkish leaders. Saber rattling, air and naval exercises in the sea south of Cyprus, and illegal seismic surveys began and continue today. Turkey threatened that—following the Mavi Marmara incident of 2010—all flotillas to Gaza would be accompanied by a naval escort and that the Turkish navy would be much more active in the region.

Thus, the three democracies in the Eastern Mediterranean are cooperating to deter Turkey. Ioannis Kassoulides, the Cypriot Foreign Minister, stated in May 2014 that, “In Cyprus, Israel recognizes a steadfast, stable, and predictable partner, one that is democratic, moderate and discreet—a reliable partner through thick and thin.” Preceding this comment, in May 2013 Shimon Peres, President of Israel noted to his Cypriot colleague, President Nicos Anastasiades:

Cyprus is an important and strategic partner for Israel. We are committed to working together because we have not only historic ties, but the same culture and values. We also have a common blessing; in our sea God blessed us with energy. It is a duty to see how we can secure one another, to see how we may contribute to you and you to us. It is much better to have a neighbor close to you than a brother far away. I do believe that we have not just a neighbor and you do not just have a neighbor, but a brother as well. We have to work together to bring peace, stability, and prosperity. 31

The U.S. is working with Greece, Cyprus, and Israel to meet challenges, and promote prosperity. Building coalitions for common objectives is consistent with the region’s darkening prospects for stability. Thus far the U.S., Greece, Cyprus, and Israel have begun to assemble a security framework for the Eastern Mediterranean’s sea-lanes. This is needed to assure the safe extraction, liquefaction (if needed), and transshipment of energy from source to markets, when gas does eventually come online.

31 http://mfa.gov.il/MFA/PressRoom/2013/Pages/Peres-meets-Cypriot-President-Anastasiades.aspx
32 http://www.defence-point.gr/news/?p=42132
The major U.S. naval exercise in the Eastern Mediterranean since 2011 has been “Noble Dina.” Naval forces of the U.S., Greece, and Israel participate. According to the U.S. Navy, “Noble Dina is a combined exercise designed to increase interoperability by developing individual and collective maritime proficiencies of participating nations, as well as promoting friendship, mutual understanding, and cooperation.” In 2014, the U.S. Sixth Fleet participated with two Arleigh Burke-class guided-missile destroyers: USS Donald Cook (DDG 75) and USS Ramage (DDG 61), Military Sealift Command fleet replenishment oiler USNS John Lenthall (T-AO-189) and P-3 aircraft from Patrol Squadron 9. “Noble Dina was a great opportunity for us to work with two extremely important allies in the Eastern Mediterranean, said Commander Scott Jones, commanding officer of USS Donald Cook. “Not only did this exercise allow us to enhance the interoperability between our navies, but it also reaffirmed our ties as maritime Nations and demonstrates our resolve and commitment to stability in the region.” Exercises included surface, air defense, anti-submarine, and mine-swept channel exercises, as well as astern refueling and underway replenishment.

U.S. defense policy had increased its emphasis on humanitarian assistance and disaster relief missions under before 2010. However, a resurgent Russia and Turkey, as well as the continuing upheavals that followed in the wake of the Arab spring suggest that the shift in emphasis may have been premature. The U.S. began a fundamental review of its strategy by aligning with Greece and Israel rapidly since 2011 and with Cyprus in 2014.

In 2014, for the first time, the Cypriots were invited to participate in search and rescue exercises (SAR) with the U.S., Greek, and Israeli navies. In February 2014, the Cypriot Defense Minister, Fotis Fotiou, affirmed Cyprus’ continued commitment to cooperate with the U.S. on security and defense. The minister noted on board the guided missile destroyer USS Ramage, “I would like to take this opportunity to confirm that Cyprus and the U.S. enjoy a very close relationship in terms of security matters. It is evident from the presence of warships from the U.S., France, and England that Cyprus’ geo-strategic role in such matters is of great importance.” Addressing remarks to an incident where a Turkish frigate confronted a Norwegian seismic ship exploring—legally—in Cypriot waters, Minister Fotiou said, “We are sending the clear message to Ankara that we will not be intimidated by such threats. The presence of USS Ramage and vessels from other countries in Cyprus shows the international community’s commitment towards creating an umbrella of security with regards to energy matters.”

On April 10th, 2014, the U.S. Sixth Fleet, along with the navies of Cyprus, Israel, and Greece conducted a large-scale multinational Search and Rescue (SAR) exercise, titled “NEMESIS 2014.” The purpose of the exercise was for planning, preparation and execution of a multinational joint search and rescue (SAR). The exercise was designed to promote readiness for effective response in SAR missions and other humanitarian missions in the Eastern Mediterranean.

The four navies also coordinated to deter maritime threats associated with platform attacks, which may emerge from both state and non-state actors. The exercise scenario also involved repelling terrorist attacks on ships and oilrigs. Associated institutions included, the United States (U.S) (NAVEUR/PRCC), Israel (RCC Haifa), and:

Greece (EKSED Piraeus), along with the Cyprus JRCC. Turkey’s Deputy Prime Minister and State Minister, Bülent Arınc, promised Turkey would respond to the trilateral alliance that has emerged between the three countries. “If the Greek Cypriot administration continues to explore for petrol in the sea by forming some alliances [referring to the currently developing Greek-Cypriot-Israel cooperation], Turkey will absolutely retaliate. Everyone must know that we will not hesitate to use our capabilities.”

The West’s answer is still in its formative stages and could benefit from greater U.S. engagement. But progress there is. In Noble Dina 2014, the Israeli navy participated with a Dolphin-class submarine, a Sa’ar-5 Corvette-class ship, two Sa’ar 4.5 missile boats and the Snapir Unit (composed of small, fast, lethal patrol boats). These exercises followed many others between the Greek and Israeli militaries. In 2013, the U.S., Greek, Israeli, and Italian air forces conducted the largest ever multinational air drills in Israel’s history named “Blue Flag.” The licensing of blocks within Cyprus’ exclusive economic zone (EEZ) for the Italian energy company ENI to explore is likely responsible for Italy’s decision to join the exercise, and the signing of defense pact agreements with Cyprus and for joining the 2013 “Blue Flag” exercise in Israel.

From November 24-28th, 2013, the U.S., Israeli, Greek, and Italian air forces conducted the largest multinational air warfare training exercise in Israel’s history. “Its objectives were to improve operational capabilities and combat effectiveness of the participating nations, and to foster combined relations, cultural understanding, and combat experience. “It was an outstanding experience for the more than 170-person U.S. Air Force team,” said Lt. Col. John Orchard, the 492nd Fighter Squadron commander, Royal Air Force Lakenheath, England, and the Air Force Blue Flag commander.

The exercise included seven combat squadrons from the Israeli air force and one squadron each from the U.S., Greek, and Italian air forces for a total of 60 aircraft. Observers from Cyprus attended. “The exercise involves the simulation of a joint flight of a task force, flying and probing together.” The pilots practiced attacking enemy bases, as

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37 http://file.prio.no/publication_files/Cyprus/Report%202013-1%20Hydrocarbons.pdf
well as tactics to combat anti-aircraft measures against shoulder-to-air missiles and radar.

Recent air force and naval drills between the U.S., Greece, Israel, and Cyprus improve collective security as they add to deterrence ability. The increasing security cooperation between Athens and Jerusalem supports this. Greece expects to gain from Israel’s expertise in Special Forces and tactical air operations, as Israel benefits from Greece’s naval experience, as well as the air space that Greece has made available for Israeli pilots’ training. There are other examples of useful military coordination.

On the Greek island of Crete is based a Russian-made S-300 surface-to-air missile system that Cyprus purchased in the mid-1990s and was subsequently transferred to Greece. The S-300 is a highly effective air defense system that the Russian government, after much delay, may be on the verge of selling to Iran.\(^39\) Greek and Israeli joint exercises in the skies above Crete have given Israeli pilots valuable training against a system they may encounter in operations against Iran’s nuclear facilities which are more likely than ever to be defended by the Russian air defense system. The 1400km distance between Israel and Crete is equal to the distance that separates Israel from Iran’s Natanz nuclear enrichment facility. With over 100 tactical planes and tankers, cooperation between the two nations’ air forces has allowed Israeli pilots to engage in bombing drills and the aerial refueling needed for a distance strike.

What is to Be Done?

Looking ahead, it is important to identify the political, economic, and military factors that could positively shape the U.S.-Greece-Cyprus-Israel relationship. Vice President Biden would have advanced effective regional cooperation by raising the possibility of Cyprus’s membership in NATO, lifting the embargo on weapons that the Cypriots can purchase to defend itself its littoral areas, or increasing U.S.-Cyprus military-to-military cooperation. The Obama administration’s silence on these and other issues that would acknowledge the expanding shared strategic interests of the U.S. and Cyprus indicates that the current U.S. administration has been slow to realize the large changes that have derailed Turkey’s progress toward moderate, secular governance.

This development ends, at least in the foreseeable future, the hope that Turkey will emerge as the first country in history successfully to combine Islamism and democracy, while maintaining strategic relations with the world’s Jewish State. Instead, Ankara uses authoritarian tactics to crush widespread dissent. Rather than seeking to build up independent institutions such as the courts, the media, and police—elements of the government and civil society that check state power in mature democracies—Turkey has undermined them by installing cadres of Prime Minister Erdoğan’s AKP party supporters.

Their zeal alarms Turkey’s secular population. It has alarmed the region’s democracies, Greece, Israel, and Cyprus, into pooling their military capabilities to deter potential Turkish security threats. Turkey’s continued military occupation of northern Cyprus now threatens regional peace and Europe’s energy security. President Erdoğan’s governing style continues to perplex policy makers. But there is no doubt that it has

harmed the region’s security. Thus a reconsideration of how best to respond to Turkey’s large and continued military presence on the island is required.

U.S. energy policy and deterrence in the Eastern Mediterranean will benefit from understanding that conditions have changed markedly since the Cold War or even before March 2014. The invasion of Ukraine and continued instability in North Africa underline European energy vulnerabilities and have elevated Cyprus and as an alternative source of, and route for energy to Europe. In 2013, the Russian state-owned company, Gazprom, obtained an unprecedented 30% of the European market share due to the depletion of indigenous European production, continued instability in North Africa, and Qatar’s decision to ship liquefied natural gas (LNG) to the premium Asian markets. Europe’s dependence on Russian gas has divided U.S. and European policy over how best to respond to Russia’s ongoing aggression in Ukraine.

According to the former European Commissioner for Energy Gunther Oettinger, no large-scale economic measures such as sanctions should be directed against Russia. "It would be wrong to question the economic ties that have been built over decades with Russia. They are important for the economy and jobs in Europe and Russia." Poland’s former Prime Minister, Donald Tusk, noted that “Germany’s dependence on Russian gas may effectively decrease Europe’s sovereignty. I have no doubts about that. We will not be able to effectively fend off potential aggressive steps by Russia in the future, if so many European countries are dependent on Russian gas deliveries or wade into such dependence.”

On the future of the large hydrocarbon discoveries off Cyprus’s coast, Vice President Biden was resolute in defending Cyprus’ rights to explore and drill for oil and gas within its exclusive economic zone (EEZ). He called on Turkey to refrain from interfering. However, gas is not of any value, geopolitically, or in an economic sense, without a market. The absence of the American government’s declared support for Cyprus as an energy hub that can eventually pool some Israeli energy reserves at its prospective land based liquefied natural gas (LNG) facility on the southern coast of the island demonstrates Washington’s failure to understand that the region has changed and will continue to do so. The current U.S. administration’s position that piping Cypriot hydrocarbons to Turkey is an effective way to settle the island’s division hopes that economics will trump political, ethnic, and national sentiment. History has little justification for such hope. Washington should support Cyprus as an energy hub in word and in tax incentives for American companies to invest in LNG facilities on Cyprus.

Russian belligerence belies the notion that “peace pipelines” can be constructed to improve relations between neighbors. As energy vulnerability increases in Europe, does it make sense for the U.S. to pressure Cyprus and Israel into dependence on Turkey as the sole transit point for western energy reserves to Europe? Relations between Turkey and Europe and Israel have not been this low since the time of the Ottoman Empire. If Turkey’s secular minority and western-oriented opposition were able to retake the country from the Islamists, then a pipeline might be feasible. However, as Turkey continues abandoning the Kemalist enterprise and discards the remnants of the secular republic on which modern Turkey was founded, reversion to the ambition and intolerance of the old Empire is most likely. Turkey’s future as a transit route for energy is subject to its rulers’ political calculation just as Russia’s leaders have used energy as a political lever in Europe. Is this risk one that either Europe or America should accept? Should our allies offer Turkey the ability to cut Cypriot and Israeli gas deliveries to Europe from the region’s only democratic states? The U.S. should lead its alliance
partners to exclude Turkey from NATO and insist upon the restoration of such democratic traditions as freedom of the press as a condition for re-inclusion.

Fortunately for America and Europe, more politically suitable export options to Europe from Cyprus and even Israel exist than the pipeline route to Turkey. The western democracies have an opportunity to mitigate risk by promoting further energy cooperation between Cyprus and Israel for the construction of the proposed liquified natural gas (LNG) facility at Vassilikos. This would have the capacity to accommodate some of the reserves in Israel’s giant Leviathan gas field, while permitting the operators, and the state of Israel, to diversify their export portfolio—primarily Egypt and Greece. The construction of this facility could also leverage Cyprus’ strong ties with Lebanon to help resolve the maritime dispute between Israel and Lebanon by inviting Lebanon to export its gas to this facility. This would transform the Eastern Mediterranean into an integrated energy zone. Gas can then be exported from this facility to Turkey’s regasification terminals if Turkey removes its troops from the island, reunifies Cyprus and repairs relations with Israel. A pipeline to Turkey can be constructed when political circumstances permit, not before.

The removal of all Turkish troops from the north of the island, and the return of the city of Famagusta to its previous Greek-Cypriot owners, and energy cooperation between Cyprus and Turkey, would settle old scores peaceably. This would encourage commercial agreements between the Cypriot government and Turkish oil companies to invest in Cyprus’ exclusive economic zone. But, so long as Turkish troops occupy the north of the island, while Ankara procures advanced amphibious assault ships that can land thousands more Turkish troops on the island, the growing political risk characterizes the region’s supply of energy. Cyprus has no military to speak of. Turkish military provocation will increase tension in the region and risks incidents with unknowable result.

During Vice President Biden’s May 2014 trip, the Cypriot government suggested a package of confidence-building measures, such as the return to Cypriot control of the port town of Famagusta. The Vice President proposed that the U.S. fund a team of international experts to develop a master plan for the reconstruction of the Famagusta area of Cyprus, which has been fenced off for decades. The plan included studies to upgrade the city’s strategic port. The opening of the port would encourage Greek- and Turkish-Cypriot cooperation. It would open Turkish ports and airports to Cypriot traffic, and Cyprus would ease Turkey’s EU veto it currently holds. Turkey rejected the Vice President’s proposals. The U.S. should increase pressure on Turkey to accept the Obama administration’s proposals.

A good start to encouraging Turkey to remove its troops would be to support Cyprus’ Partnership for Peace (PfP) membership, which, as with other recent new NATO members, would precede Nicosia’s eventual accession into NATO. The Vice President might have had a greater measure of success had this possibility been offered as a real one. Supporting Cyprus’ Partnership for Peace (PfP) and NATO prospects would generate political goodwill, fortify NATO’s southeastern flank, and help convince Turkey to improve relations with her Cypriot neighbors. The U.S. should actively support and work towards Cyprus’s inclusion in the Partnership for Peace.

Since 1999, 12 new countries have joined NATO via its Open Door policy. New members have expanded democracy, prosperity, and collective security for North America, Europe, and the globe. According to Secretary of State John Kerry, “The United States joins our Allies in reaffirming that NATO’s door remains open to any European country in a position to undertake the commitments and obligations of membership, and
that can contribute to security in the Euro-Atlantic area. Our challenge today is to work toward a Europe that is whole, free, and at peace—and to use the power of the planet’s strongest alliance to promote peace and security for people all over the world.”

The interest in security that America and Europe share reaches from Western Europe’s anxiety over its future fuel supplies, to the need to protect NATO’s new members against reemerging Russian aggression, to instability in the Eastern Mediterranean where there is no sign that either the upheavals in North Africa or Turkey’s drift into Islamism will soon end. The current Cypriot administration is the most pro-American and western in the country’s modern history. Their plea for greater security is based on facts.

Cyprus for the first time has formally asked to be accepted into NATO’s Partnership for Peace. It would advance America’s interest in maintaining influence in the region, weaning Europe away from its dependence on Russian energy, and securing NATO’s southeastern flank for the U.S. to support Cyprus’ accession into Partnership for Peace (PfP) and eventually NATO. The U.S. has the opportunity to leverage strong ties with Cyprus. Washington can support Cyprus’s legitimate desire for a democratic, peaceful, and prosperous future within both western political and security institutions by assisting the Cypriot people’s democratically expressed desire to cast their lot with the West. The U.S. can marshal a full package of measures to support Cyprus. These include expanding military exercises and supporting Cyprus’ bid to join the Partnership for Peace (PfP), reversing the U.S.’s 40 year-old and outdated ban on exporting weapons to the legitimate government of Cyprus.

The U.S. maintains a weapons embargo against Cyprus, a legacy of the conflict that divided Greek and Turkish Cypriots four decades ago. Other states/non-state actors to which the U.S. embargoes weapons sales include Iran, North Korea, Syria, China, and the terrorist group, Hezbollah. Cyprus is a member of the E.U., a flourishing democracy with a multi-party system, a fully functioning national legislature, and an independent judiciary. Responsibility for its defense rests chiefly with Greece’s military. The major facility for storing natural gas and, perhaps, in the future, liquefying it for shipment to buyers, is located on Cyprus’ south coast. At a minimum the U.S. arms embargo should be lifted to allow the sale of patrol boats to protect the natural gas facility that may be constructed at Vassilikos from possible terrorist attack by sea: the Syrian and Lebanese coasts are fewer than a hundred miles to the east. Patrol boats could not possibly threaten Turkish Cypriots. A dozen patrol craft could do nothing against Turkey’s navy which has over 100 combat vessels that include frigates, submarines, missile boats, corvettes, and amphibious ships. The U.S. embargo is a vestige. It should be vacated, or at a minimum altered, to allow the sale of military equipment for which there is a real and legitimate need.

Cyprus should be invited to join the Partnership for Peace (PfP), NATO’s gateway, which has promoted cooperation and trust that precede joining NATO as a full member. A significant threat to NATO today comes from the southeast. A democratic ally in the most exposed quadrant of Europe adds measurable security to the alliance.

Turkey is indeed likely to oppose the accession of Cyprus to Partnership for Peace (PfP). Turkey has countered Cyprus’s accession to a number of international organizations, and indeed, as a member of NATO, routinely vetoes E.U.-NATO cooperation because Cyprus is a member of the E.U., a fact which complicates military cooperation between the E.U. and NATO. This latter creates an incentive for other E.U.

40 M.state.gov/md224228.htm
member countries and for the U.S. to overcome Turkish opposition to Cyprus’ Partnership for Peace (PfP) participation. This would remove obstacles to full E.U. -NATO cooperation.

The U.S. would benefit by hosting a productive, substantive quadrilateral strategic dialogue. The U.S. hosts these on numerous occasions with both the Japanese and South Koreans, most recently on April 7th, 2014. The meeting between officials from the U.S., Greece, Cyprus, and Israel would perform useful service by agreeing on additional areas of cooperation between the four countries in commerce, security, and energy. Economic cooperation would strengthen business, trade, and investment ties between Washington and Nicosia and promote growth and trade. American energy company, Noble Energy, is already benefiting from these opportunities. Military and diplomatic engagement, information-sharing exercises, and networks that create working-level cooperation between governments and their militaries are an investment in preventing regional crises.

Finally, the U.S. would add to the Mediterranean’s security by enlarging its Sixth Fleet teeth. The U.S. Mediterranean fleet has few ships today, a single command ship based in Italy, and a few ballistic missile destroyers based in Spain. A renascent Sixth Fleet would help check Russia’s increasing naval presence in the Eastern Mediterranean and offer the leadership to forge a redoubtable naval coalition with Cyprus, Israel, and Greece. The U.S. should also invite Egypt to participate in the annual “Noble Dina” naval exercise along with the Greek and Israeli navies. It would help reverse dissolving American influence in a region of strategic value to the U.S. and Europe, the turmoil of the Arab world, Turkey’s disappearance as a reliable NATO ally, and the possibility of Iran’s accession as a nuclear power. It needs an aircraft carrier and robust Marine forces which could, respectively, project power from the northeastern Mediterranean littoral south to the Maghreb, in other words, along the region’s steadily increasing arc of friction. The U.S. has been conducting naval exercises with Israel and Greece in recent years, and is granted port usage by Cyprus. This helps nourish the emerging strategic relationship between the three Mediterranean states, but the arms embargo on Cyprus prevents further military-to-military interoperability. The strategic triangle between Israel, Greece, and Cyprus permits the U.S. to focus on its long-term strategy in the region. The U.S. has largely surrendered the initiative and diplomatic overtures to Iran and Russia. This fails to demonstrate the leadership that stability in the region requires. Bolstering naval exercises with both Israel and Greece will facilitate their roles as net contributors to the provision of the region’s welfare and security.

Conclusion

Since the end of World War II, the U.S. has been the one country which possessed the political, economic, and military power to influence the region and international order generally in accordance with its values and interests. America’s military power, diplomatic authority, and will shaped and organized the defense of the noncommunist world throughout the Cold War. Current U.S. foreign policy, by contrast, is in a state of sporadic retreat. After landing at the Larnaca airport in May 2014, the Vice President observed that, the “relationship (between the U.S. and Cyprus) is now a genuine, strategic partnership, and it holds even greater promise.” His words were good.

41 http://m.state.gov/md224505.htm
Implementing a genuine strategic partnership requires a robust, effective, and sustained presence.

During the Cold War, the U.S. achieved this presence through NATO which sustained U.S. efforts to manage alliances and shape the security environment. The Vice President’s message would carry additional weight if the administration’s action paralleled its words—as in the recommendations noted above.

In the second half of the 1940s the U.S. faced a new challenge in the Eastern Mediterranean in the form of communism. Europe is once again confronted with two old powers, Russia and Turkey, whose ambitions look to the east, in Ukraine, and to the south, in the question of the future of new natural gas discoveries near Cyprus and Israel. Effective U.S. engagement and policy will again have to shape important outcomes.

Cooperation between the U.S., Greece, Israel, Cyprus, and Egypt can result in a large addition to the global supply of liquefied natural gas (LNG) that involves not only Cyprus and Israel, but perhaps Lebanon in the future. After the findings off Cyprus and Israel, the Eastern Mediterranean has turned into a new frontier for gas development. With new resources coming online in Africa, the U.S., and Australia, it is to Cyprus and Israel’s benefit to lock in long-term contracts with consumer. A real alternative is to run the risk of being relegated to a secondary position as supplemental suppliers in what may become a glutted market. Success in re-starting the above-mentioned Egyptian liquefied natural gas (LNG) plant would be a positive start to bring gas from the Leviathan field to market while its natural gas can still command competitive prices.

Significant advances in regional cooperation have coincided with political volatility in Turkey and the Levant. Conditions in the region remain unstable and the weakness of Cyprus’ military suggests that the security of its gas and oil exports is uncertain so long as current Turkish policy remains in place. Escalation of existing tension will increase the difficulty of attracting additional capital to the Eastern Mediterranean at a time when gas production in some mature areas, such as the North Sea and the Netherlands in Europe is in steep decline.

Still, by the turn of the next decade, Israel and Cyprus can become potent new sources in the global gas market. The U.S. Sixth Fleet can help promote confidence, and the stability needed to facilitate investment and promote the growth of the countries’ energy markets that is currently underway.

Just as oil is of critical importance to the balance of power in the Middle East, natural gas is in the Eastern Mediterranean. As President Truman fashioned U.S. strategy to prevent the Persian Gulf and its oil from falling under the control of a hostile power, the U.S. should approach Greece, Cyprus’, Egypt’s and Israel’s energy similarly. An attack on Cyprus or Israel imperils at least regional and most likely, global energy security. It should be regarded as a danger to American values, and vital interests. The energy security of the Mediterranean has become a global issue. The U.S., Israel, Egypt and Europe’s assurance that these reserves are protected and remain an autonomous and free flowing energy source will support the West’s need to shift it reliance on energy to friendly states.
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