

Conflict Resolution in the Mediterranean: Energy as a Potential Game-Changer

Editors

Ahmet Sözen, Nimrod Goren, Camille Limon



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Introduction

Ahmet Sözen, Nimrod Goren, Camille Limon



Over the last two decades, the Mediterranean has become an important region. Many scholars, policymakers and analysts have mostly referred to this region from a nexus of security, geopolitics and traditional energy politics. With the war in Ukraine, the relevance of this whole region has increased along the same line. The Mediterranean today is home to some of the most enduring conflicts in the world. New energy resources are being discovered in disputed areas in an environment of intense geopolitical competition over regional leadership and energy routes within and beyond the region.

This policy study addresses a selected number of important conflicts in the Mediterranean, which include an energy component and in which progress towards resolution can trigger broader cooperation and inclusivity in the region. It includes four chapters: an overview of energy-related conflicts and conflict resolution initiatives in the Mediterranean; the Cyprus conflict; the Israeli-Lebanese maritime border agreement; and the mounting tensions between Algeria, Morocco and their immediate European neighbours. Each of the four chapters was written utilising a conceptual angle that combines the new energy perspective and diplomacy. The chapters suggest new conflict resolution mechanisms, include policy recommendations, and can serve to enrich the public debate on Mediterranean diplomacy.

In chapter 1, Hesham Youssef addresses how the energy dimension affects several conflicts in the Mediterranean – Cyprus, Greece-Türkiye, Israel-Lebanon, and the Western Sahara. He examines how countries are cooperating, competing or strategising in response to their adversaries, how energy might intensify ongoing conflicts, and whether energy can be leveraged to reduce tensions, advance cooperation, and promote peacemaking in the region. Youssef asserts that even if energy agreements – similar to the one between Israel and Lebanon – are reached, they will not be a panacea for these conflicts. However, they can contribute to deescalating tensions and can be built on to advance the prospects of peace. For Youssef, time is of the essence, and the international community should play an active role in this regard.

In chapter 2, Michael Harari and Ahmet Sözen argue that the Israeli-Lebanese relationship has been shaped by unique developments and long-standing disputes. The recent maritime border agreement, effectively brokered by United States (US) mediator Amos Hochstein, has been reached in the context of an unprecedented economic crisis in Lebanon, renewed elections in Israel, and a European push for regional gas in view of the war in Ukraine. The indirect negotiations have been conducted between rival countries, and the pragmatic deal that was struck did not include normalisation but rather focused on energy alone. Israel and Lebanon moved from being two enemies with a disputed maritime border to two neighbouring countries whose national interests converged. They both benefited from a window of opportunity for natural resources, in which local energy resources acted as a catalyst for an ad-hoc and

win-win problem solving process. This chapter highlights the lessons learned from this process and proposes recommendations and ways forward for both countries and others in the region.

In chapter 3, Ahmet Sözen describes conflict resolution initiatives – led by the United Nations (UN) and others – which had been tried in Cyprus with the aim of reaching a comprehensive solution to the conflict on the island. Unfortunately, these initiatives have not yet yielded a breakthrough. Though the discovery of the hydrocarbon resources around Cyprus has brought a new dimension to the Cyprus issue, it has not been creatively utilised so far. In this chapter, Sözen looks at the Cyprus issue from a fresh perspective that combines the energy issue with novel conflict resolution and diplomatic mechanisms. He calls upon policymakers from both sides of the conflict to engage with each other even without recognition, and specifically take the cooperation on the energy issue to the core of future negotiations as it became paramount in the post-Ukraine crisis.

In chapter 4, Intissar Fakir argues that the geopolitics of the Western Mediterranean are increasingly being shaped by the relationship between Algeria and Morocco, as neighbours and competitors. The zero-sum approach that has driven Algerian-Moroccan relations has increasingly impacted Europe's own engagement in the area, and has frustrated efforts to balance them. While Morocco has long been a valuable ally in the Mediterranean, recent scandals have increased European Union (EU) frustrations. For Algeria, the European demand for energy security is reshaping the EU's appetite and parameters for engagement with it. The desire to keep Algeria's relationship with Russia as limited as possible is also bound to feature in this calculus. Other than preparing for further outbursts of tension and their potentially disruptive effects in the Western Mediterranean, Europe should focus on advancing conflict mitigation measures by supporting more opportunities for unofficial exchange and communication and continuing to push Western Saharan negotiations forward in a meaningful way. Investing in the youth of both countries could also help reshape perceptions in a more positive light.

In conclusion, energy – mostly natural gas – can play a game-changing role in the Mediterranean, especially in the wake of the energy crises created by the war in Ukraine. New conflict resolution initiatives in the region should take energy into account, and include novel ways of solving existing conflicts. In that regard, the Israel-Lebanon maritime border deal stands as a genuine inspiration for many conflicts in the broader Mediterranean region.

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Chapter 1

The Future of Conflicts and Energy in the Mediterranean

Hesham Youssef



A. Introduction

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The oil and gas windfalls have heightened tensions around possible discoveries in contested areas and are intensified further by long-running geopolitical rivalries.

For millennia, the Mediterranean has been a cradle of civilisations – a basin of cultural, political and economic interactions. It has also been a crucible of unyielding conflicts among myriad political forces. Situated at the crossroads between Africa, Asia and Europe, the Mediterranean remains of great geostrategic significance, connecting the East to the West through the Suez Canal and the Strait of Gibraltar. Today, it is home to some of the most enduring conflicts in the world, including the Israeli-Palestinian conflict, the Cypriot question, the tensions between Greece and Türkiye, the conflict in the Western Sahara, and more recent conflicts and disputes in Syria, Libya, Tunisia and Lebanon. Mercifully, the kaleidoscope of escalation between Türkiye, on the one hand, and Israel, Egypt, Saudi Arabia and the United Arab Emirates (UAE), on the other, are on the decline.

Alongside these enduring tensions, new energy resources are being discovered in the Mediterranean¹ at a time of contested claims over Exclusive Economic Zones (EEZs) and intense competition over energy routes within and beyond the region. These discoveries are critical since most Mediterranean countries are dependent on external hydrocarbon resources. The oil and gas potential of the region is estimated to be around 5 billion barrels and 13.5 trillion cubic metres, respectively – valued at approximately \$500 billion at current prices – with resources discovered so far constituting a small portion of the estimated potential. Algeria has the highest reserves amongst the Mediterranean countries followed by Egypt, Libya, Syria and Israel. These projected windfalls have heightened tensions around possible discoveries in contested areas and are intensified further by long-running geopolitical rivalries. Made worse, parties in many of these conflicts perceive their disputes as zero-sum games with outcomes significantly impacting the balance of power within and beyond the Mediterranean. The countries with substantial energy exports and strategic export routes will possess greater power and influence resulting in a high-stakes geopolitical game with real potential for spiralling into military confrontations.

The fierce geopolitical rivalry over power and influence as protracted conflicts became linked with new tensions surrounding maritime boundaries and energy discoveries created a vicious cycle of two mutually reinforcing conflict dynamics feeding into one another. This pattern is further complicated by seven evolving trends: (1) the war in Ukraine is heightening tensions associated with energy and energy routes; (2) Mediterranean countries are mostly adopting positions on energy issues based on their conflict-associated interests and their political alliances; (3) most governments are adopting unrealistic maximalist positions; (4) several countries are competing in what they perceive as a zero-sum game to become a leading power in the basin; (5) several conflicts have become more inextricably linked; (6) countries from the basin are soliciting support from their

¹ The discoveries of the Israeli Tamar and Leviathan fields in 2009 and 2010, the world's largest deep-sea natural gas discoveries in that period, attracted international attention to the Mediterranean. This was followed by the discoveries of the Cypriot Aphrodite field in 2011 and the Egyptian Zohr field in 2015, leading to further international attention.

allies beyond the region, leading to involvement from the US, the EU, the North Atlantic Treaty Organization (NATO), and the Arab Gulf taking sides and affecting the dynamics of the conflicts; and (7) almost all the conflicts and critical aspects thereof currently lack a negotiating platform to resolve them.

This chapter will address these intersecting trends, and how the energy dimension affects several conflicts in the Mediterranean – the Cypriot question, Greece-Türkiye, Israel-Lebanon, and the Western Sahara. It will consider how countries are cooperating, competing or strategising in response to their adversaries, how energy may intensify ongoing conflicts, and whether maritime border/energy negotiations can be leveraged to reduce tensions, advance cooperation, and promote peacemaking in the basin. If agreements similar to the one between Lebanon and Israel are reached, they will not constitute a panacea for these conflicts. However, they can contribute to de-escalating tensions and can be built on to advance the prospects of peace.

B. The Cypriot question, the Turkish-Greek conflict, and the situation in Libya

The conflicts between Türkiye and Greece, the Cypriot question, and the situation in Libya have become a central arena in the Mediterranean basin's power struggle, demonstrating the mutually reinforcing nature of political/energy disputes.

Türkiye lies at the heart of the three conflicts. President Erdoğan's aggressive diplomacy² has spurred several countries to seek to isolate him.

- With Egypt, Erdoğan, in the context of his policy of supporting Islamic political forces in the region in general, provided strong support for the Muslim Brotherhood following the 2011 revolution and was quite critical of President Sisi after the late President Morsi was deposed in 2013.
- Erdoğan launched attacks on Saudi Crown Prince Mohammed bin Salman after the killing of Saudi journalist Jamal Khashoggi in Istanbul.
- He was on a collision course with the UAE because Türkiye supported Islamist political forces since the Arab revolutions began in 2010.
- Türkiye also had recurring tensions with Israel, withdrawing its ambassador in 2010 after Israeli commandos attacked a Turkish aid flotilla that aimed at breaking Israel's blockade on Gaza. Tensions also spiked in 2018, following deadly Israeli-Palestinian confrontations in Gaza after the march of return clashes.

2 The failed coup against Erdoğan in July 2016 and what he rightly considered a lack of support from the US and other NATO allies cemented his resolve to assert Türkiye's role as an influential regional power.

These Turkish policies resulted in an alliance of these countries that were supported by deeper partnerships with Greece, Cyprus and France.

In implementing its strategy to enhance its influence in the region, Türkiye took several steps that exacerbated tensions and had significant implications in the East Mediterranean, Libya and the Horn of Africa:

- Türkiye signed a maritime agreement with the Turkish Cypriots in 2011.
- It signed two agreements with Libya's former Government of National Accord (GNA), one regarding the Delimitation of Maritime Jurisdiction Areas in the Mediterranean, and the second on Security and Military Cooperation leading to significant escalation.
- It signed an agreement with Qatar and deployed around 3,000 Turkish troops there in 2014, amidst the conflict between Qatar and Saudi Arabia, the UAE, Bahrain and Egypt.
- It opened a military training facility in Somalia in September 2017.
- It was reported that Türkiye reached an agreement with Sudan in 2018 to lease and construct a dual-use civilian and naval facility in the Suakin port on the Red Sea. While Egypt, Saudi Arabia and the UAE have raised deep concerns that Türkiye is expanding its military foothold in the Red Sea, Ankara has denied any military dimension to Türkiye's presence in this arena.

The current phase of the Cypriot question can be traced to the aftermath of the 1974 Turkish invasion of Northern Cyprus. Further north, the enmity between Türkiye and Greece has endured for many decades. Relations fluctuated and are now at an extremely low point over apparent Greek militarisation of islands close to Turkish shores, maritime boundaries, the Cypriot question, Libya, and immigration³. They have recently come close to a military confrontation.

On the energy front, both Greece and Cyprus claim that Türkiye is illegally performing exploration and drilling activities within their respective unilaterally declared EEZs and blame Türkiye for the escalation of tensions. Cyprus argues that it legitimately represents the whole island and has a sovereign right to explore and develop its natural resources and that the Turkish Cypriots have no authority to issue licences. Cyprus further argues that all Cypriots will benefit from energy revenues if Türkiye recognises its sovereign right over the island's energy resources. Cyprus has raised objections with the UN and the EU over Türkiye's activities in Cypriot waters. As for Greece, it argues that the Greek islands are entitled to claim an EEZ.

³ Türkiye regularly accuses Greece of pushing back migrants entering the country by land and sea. Türkiye's coast-guard frequently shares videos of such pushbacks. Greece accuses Türkiye, which hosts the largest number of refugees in the world, of pushing forward migrants to put pressure on the EU (Fraser, 2022).



Türkiye argues that Greece is using its sovereignty over the islands located a few kilometres south of the Turkish coast to claim huge areas of the East Mediterranean within its EEZ and confine Türkiye to the Bay of Iskenderun. It in turn objects to the EEZ claims of both Greece and Cyprus, arguing that they are trying to exclude Türkiye and Turkish Cypriots from reaping the benefits of their oil and gas resources. Turkish Cypriots argue that they should have a say in managing the island's resources. Policies that reflect the maximalist positions taken by different parties.

Türkiye's growing isolation, coupled with pressure on the Libyan Government of National Accord (GNA) from General Haftar's military campaign, led Türkiye and the GNA to sign a maritime boundary agreement and a military cooperation memorandum of understanding (MoU). The maritime agreement allowed Türkiye to claim its EEZ as it relates to Libya, largely ignoring Greek, Cypriot and Egyptian maritime claims towards Türkiye and Libya. The agreement was immediately dismissed by the three countries and is not recognised by the US and the EU. Furthermore, Turkish military support helped the GNA forces push Haftar's forces back to Sirte, provoking Egypt's President Sisi to declare Sirte as a red line in June 2020, implying that crossing it would trigger an Egyptian intervention. An intense international effort produced a ceasefire and a demilitarised buffer zone around Sirte in October 2020. The fragile ceasefire has mostly been maintained, and negotiations to hold Libyan elections have started, but later stalled with tensions persisting and progress remains elusive.

In the energy arena, Türkiye has pressed its claims through a three-pronged approach: (1) Türkiye has carried out exploration activities in contested areas with Greece and Cyprus, including areas where the Turkish Cypriots have licensed the Turkish Petroleum Corporation to work. In October 2020, Türkiye sent a seismic vessel accompanied by naval vessels to areas contested with Greece, a move vehemently opposed and called illegal by Greece. It also sent exploration ships escorted by naval vessels into Cypriot waters; (2) by way of gunboat diplomacy, Türkiye prevented other countries from exploring contested areas. In February 2018, the Turkish navy forced the withdrawal of an Eni drill ship before it could reach its destination in Cypriot waters; (3) Türkiye is opposing the construction of gas pipelines from most of its rivals producing gas to Europe relying on the maritime boundaries agreed with Libya's GNA as most will need to pass through its EEZ delineated in this agreement.

Türkiye's rivals have been unyielding, taking multiple steps to counter Erdoğan's approach:

1. Politically, France and Egypt have deepened their partnership and opposed Turkish policies, including its role in Libya. They have been supported by Saudi Arabia and the UAE that have advanced cooperation with Greece, Cyprus and Israel (in the case of the UAE). The Saudi and Emirati attitudes have not

changed significantly despite the recent rapprochement between the two countries and Türkiye. Furthermore, support was solicited beyond the region. France and Italy placed the EU and Türkiye's already complicated relationship on an adversarial track. The EU repeatedly called on Türkiye to halt exploration activities and de-escalate tension, a position echoed by the US⁴ and others.

2. Militarily, when a Turkish and Greek warship collided in August 2020, it became clear that tensions may spiral into a military confrontation. Supporting Greece, France sent its fighter jets and dispatched its flagship Charles de Gaulle nuclear aircraft carrier to the area.
3. Economically, Cyprus, Egypt, Greece, Israel, Italy, Jordan and Palestine established the Eastern Mediterranean Gas Forum (EMGF), which France joined later⁵. The EU, the US, and the World Bank joined as observers. Türkiye was excluded from this new organisation. Furthermore, Israel, which was previously considering an Israel-Türkiye undersea gas pipeline, agreed to supply gas to Egypt's liquefied natural gas (LNG) plants for export following a similar move by Cyprus.

Germany mediated between Greece and Türkiye with US and EU support to defuse the rising tensions. While no breakthroughs were achieved, and Türkiye has called Germany's impartiality into question, Erdoğan, feeling diplomatically isolated and facing an economic crisis and the 2023 election, took steps with relative success to thaw Türkiye's strained relations with Israel, Egypt, the UAE and Saudi Arabia.

C. The Israeli-Lebanese maritime boundary

The Israeli-Lebanese conflict can be traced back to the 1948 Arab-Israeli war. Forces were separated through the armistice agreement signed in March 1949 along Lebanon's borders with Palestine, with Israel controlling territory far beyond that allocated to it under the UN Partition Plan. However, the armistice agreements signed at the time were not peace treaties that outlined final borders or ended the conflict. Lebanon was not a party to the 1967 Arab-Israeli war but absorbed a wave of Palestinian refugees because of the war. Since then, a series of wars and military clashes involving Israel, Lebanon, Syria, Palestine and various militias have taken place and the two countries remain in a state of war. However, despite the protracted nature of the Israel-Lebanon conflict, in recent years, the US has played a crucial mediating role, finally succeeding in brokering



4 US State Department Spokesperson Morgan Ortagus stated that: "The US remains deeply concerned by Türkiye's repeated attempts to conduct drilling operations... This provocative step raises tensions in the region... We urge Turkish authorities to halt these operations... We continue to believe the island's oil and gas resources should be equitably shared between both communities" (Ortagus, 2019).

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an agreement on Israel-Lebanon maritime boundaries in October 2022. One of the main achievements of this agreement is that it helped avoid a possible military confrontation. It was also a win-win agreement, and it has the potential to build confidence and open the door for possible progress towards Israeli-Lebanese peace.

Importantly, the Israel-Lebanon agreement will create new realities on the ground and represents a success story that can be replicated in other Mediterranean disputes. Even before the signing of the Israel-Lebanon agreement, Cyprus and Israel agreed to speedily resolve a long-running dispute on exploiting a gas reservoir that straddles their maritime boundaries. Press reports indicate that a formula was found for the demarcation of the Lebanese-Cypriot maritime boundaries and that Egypt may be near a deal with the Israelis and the Palestinians to revive the Gaza offshore gas field. The president of Lebanon called the Syrian president to dispatch a delegation to Syria to discuss their maritime boundaries, but the Syrians have yet to agree to a meeting. In a region plagued by conflict and diplomatic stagnation, maritime energy negotiations seem to offer a rare degree of optimism, though no certain progress is on the immediate horizon.

D. The Moroccan-Algerian dispute over the Western Sahara

The conflict in the Western Sahara started as an insurgency by the Polisario Front against Spanish colonial forces from 1973 to 1975. After Spain withdrew, the insurgency continued against Morocco between 1975 and 1991. In 1976, the Polisario declared the establishment of the Sahrawi Arab Democratic Republic, which gained very limited recognition and was not admitted to the UN. A ceasefire was reached in 1991 with most of the territory of the Western Sahara under Moroccan control. Since then, despite multiple peace initiatives, no breakthroughs were achieved. Algeria strongly supports the Polisario and the right of the Sahrawi people to self-determination. This has led to continuous tensions between Morocco and Algeria, almost destroying bilateral relations and rendering regional cooperation in the Maghreb virtually non-existent.

The most recent major development occurred in December 2020, when President Trump recognised Morocco's claim to Western Sahara in exchange for normalised relations between Morocco and Israel. Unsurprisingly, the Polisario and Algeria strongly opposed the new US policy. The situation was further complicated when Spain leaned closer to the position of Morocco regarding the resolution of this conflict, a shift that was welcomed by the EU as a step toward easing unrelated tensions between Morocco and Spain. However, this created tension between Spain and Algeria, which in response suspended its friendship treaty with Spain.



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With an energy crisis and rising gas prices resulting from the war in Ukraine, gas-producing Mediterranean countries are trying to find means to export gas, especially to Europe.

Despite withdrawing its ambassador from Spain, Algeria continued to honour its gas contract with Spain. When reports surfaced that Spain decided to supply gas to Morocco, Algeria warned Spain that it would terminate its gas exports to Spain if Madrid sold any Algerian gas to other countries. Spain's energy ministry confirmed it planned to ship gas to Morocco but stressed that none of that gas would be Algerian.

Important to note, the dispute in this conflict is not about maritime boundaries, but energy is being used by Algeria as a tool to exert pressure on different players to advance its interests including in the Western Sahara conflict.

E. Energy routes

It has not escaped the attention of Egypt and Türkiye that by becoming an integral component of an export route they acquire greater regional and international influence. Accordingly, both countries have declared their intentions to become regional energy hubs. Egypt's efforts centre on using its liquefaction capacity and leveraging its proximity to countries with limited export capacity and no pipelines to Europe (Israel, Cyprus, and perhaps Lebanon and Palestine in the future). In the case of Türkiye, it seeks to use its pipeline infrastructure to Europe and Asia.

Currently, with an energy crisis and rising gas prices resulting from the war in Ukraine, gas-producing Mediterranean countries are trying to find means to export gas, especially to Europe:

1. As mentioned, Türkiye and Israel have discussed the construction of a 500-km sub-sea pipeline to export Israeli gas to Türkiye's extensive pipeline network, including the \$40 billion pipeline which will carry gas from Azerbaijan to Europe and can be linked to the Israeli pipeline. Tensions between Türkiye and Israel led to the suspension of its consideration but with relations normalising, consultations resumed, and rising prices made it a cost-effective option to export Israeli gas to Europe. A major challenge, however, is that this pipeline would necessarily pass through the Cypriot EEZ and, with the continuing lack of resolution to the Cypriot question, its approval will be extremely difficult.
2. Russian President Putin recently raised with Erdoğan the possibility of diverting Russian gas from the damaged Nord Stream pipeline to Türkiye's gas network, helping Türkiye become a regional energy hub and central actor in the European economy. This is not a completely new concept, as this pipeline was used to send significant amounts of gas to Türkiye, Hungary and other European countries, though this proposal would take the trade route to a new height. Still, the geopolitical risk of deepening ties with Russia will be important for Türkiye to consider.



3. Recent reports indicated that Türkiye may participate in a trans-Saharan gas pipeline linking Nigeria to Libya to supply gas to Europe. This project would compete with Algerian and Moroccan plans with similar objectives.
4. An EastMed gas pipeline from Israel to Greece through Cyprus and Crete to export gas to Europe was under consideration⁶. Many experts argued that it is neither economically nor technically viable. After initial support, the US indicated that it will no longer support this project, leading Erdoğan, who strongly opposed this project since it bypasses Türkiye, to say that this proves that East Mediterranean gas could only be exported through Türkiye. However, it seems that Greece is eager to continue the project and it was announced that it will be completed by 2025.
5. Egypt and Greece also discussed the possibility of constructing a pipeline from Egypt to Crete which would face fewer technical challenges than the deep-water EastMed pipeline. Moreover, Egypt and Cyprus signed an agreement in September 2018 to construct a pipeline to be completed in 2024-2025, connecting Cyprus' gas field to Egypt. Lebanon may also consider using the Arab Gas Pipeline (AGP) to export its gas to Egypt if its field has enough gas to export.
6. In addition to the land pipeline that carries 5 billion cubic metres (bcm) of gas annually from Israel to Egypt, the parties agreed in 2021 to construct an offshore pipeline to connect Israel's Leviathan gas platform to Egyptian liquefaction facilities. There is also a plan to construct another land pipeline. Israel is expected to export an additional 2.5 to 3 bcm to Egypt through the AGP through Jordan in 2022. The amount could rise to 4 bcm in the future. Israel, Egypt, and the EU signed a deal in June 2022 to boost gas exports to Europe. This builds on a \$15 billion deal agreed upon in 2018 that allows Israel to export its gas to Egypt for liquefaction and export to Europe. Israel is expected to expand production and double its gas output to about 40 bcm annually.
7. Italy signed a major contract with Algeria in November 2021 to increase gas exports to Italy. It envisages increasing gas exports from 21 bcm in 2021 to 30 bcm in 2023. Italy aims to become an energy hub with pipelines feeding gas from Libya, Algeria and Azerbaijan (through Türkiye), as well as growing LNG imports from Egypt.

6 Two possible routes have been considered: one with 1,200 km offshore and 500 km onshore (connecting Greece and Italy), and the other with 1,550 km offshore and 20 km onshore (connecting Greece and Bulgaria).

F. Conclusions and policy recommendations

In terms of energy politics, 2022 has been one of the most dynamic years in recent memory. Looking ahead, several points should be stressed:

1. Time is of the essence

Mediterranean conflicts are likely to witness cycles of de-escalation and re-escalation. Concerted efforts are needed to stabilise the situation whether in relation to actions on the ground or to reduce tensions resulting from inflammatory public statements and exchanges. This was evident between Greece and Türkiye, Morocco and Algeria, Egypt and Türkiye, and Israel and Hezbollah in Lebanon, to name but a few examples. One round of escalation started after the Greek prime minister urged the US not to sell F-16 fighter jets to Türkiye, prompting Erdoğan to assert that, to him, the Greek leader no longer existed.

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Mediterranean countries and their partners should take advantage of the current momentum of the Israeli-Lebanese agreement to achieve progress in their conflicts.

Although a military confrontation in the Mediterranean may not be imminent, it should not be excluded as it is evident that the situation may escalate at a very high speed. This was a risk during the Israeli-Lebanese maritime boundaries negotiations and continues to be a risk between Greece and Cyprus, on the one hand, and Türkiye, on the other. Mediterranean countries and their partners should take advantage of the current momentum of the Israeli-Lebanese agreement to achieve progress in their conflicts.

Stabilisation efforts should focus on reaching agreements and not settle for transforming high-intensity conflicts into low-intensity ones. There is an urgency to deal with the conflicts in the Mediterranean as the situation will most likely become even more volatile either because of political tensions or the prospects of new energy discoveries.

2. Great power competition in the Mediterranean arena

The Mediterranean will likely become a tense arena for great power competition. The involvement of influential oil conglomerates will likely complicate matters further. Both factors will reduce the ability of Mediterranean actors to resolve many of their conflicts amongst themselves.

Russia has always had strategic interests in the Mediterranean and while the US has been reducing its footprint in the Middle East, Russia has been expanding its air and naval bases in Syria, advanced its military presence in Libya, and announced in November 2020 that it would construct a base in the Red Sea coast in Sudan. In September, Russia reportedly dispatched a nuclear submarine to the Mediterranean to deter NATO forces, and Russian aircrafts have tried

to intimidate their US counterparts in the region. Furthermore, as a result of developments in the war in Ukraine, Russia will seek to undermine Western interests in this theatre and draw a wedge between Western countries through investment, energy and tourism in Greece, Cyprus and Türkiye, and through advancing its influence in the southern Mediterranean shores as well as in the Sahel region.

As for China, its objective at this juncture is not to replace the West in many developing countries but to gradually restructure the world order that has been dominated by the US for decades to play a larger global role. In this context, the Mediterranean constitutes the Western end of the Belt and Road Initiative and is therefore a key component of China's global strategy. There is no doubt that China has taken advantage of the declining global role of the US to advance its strategic relations at both the bilateral⁷ and multilateral levels, such as the Forum on China-Africa Cooperation, the China-Arab States Cooperation Forum, and cooperation with the EU.

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There are no silver bullets to resolve Mediterranean conflicts.

China's strategic interest in the Mediterranean is not limited to ports on both shores of the Mediterranean but is complemented by the construction of railroads connecting, for instance, Wuhan in China to Lyon in France, Piraeus Port in Greece, and Budapest in Hungary to reduce shipping times and costs to offset rising production costs at home and make Chinese products more competitive in Europe. China's presence in the region has created opportunities but has also raised concerns about the long-term geopolitical consequences of China's influence acquired through infrastructure projects, trade and investment.

Both sides of the Mediterranean will have to reckon with great power competition in different ways. The US will exert pressure on both sides to limit their relations with China. Most developing countries in the region resisted taking sides in the war in Ukraine and will follow the same approach regarding tensions between the US and China. It is unlikely that they will align closely with China in any significant manner especially considering the recent aggressive Chinese policies pertaining to the debts of a few developing countries. Some may also aim to play the main powers against one another to extract the maximum possible concessions and benefits.

3. The role of third parties is indispensable

There are no silver bullets to resolve Mediterranean conflicts. Most will not be resolved anytime soon and are unlikely to advance without third-party involvement. The Israeli Lebanese agreement would not have been achieved without US mediation. The German mediation between Türkiye and Greece was significant, and the UN and other international or regional organisations could also play a constructive role.

⁷ China has become the largest source of imports for Egypt, Israel and Lebanon, and the second largest for Türkiye, Syria and Jordan (Habibi, 2022).

One of the main questions at this juncture is whether it is possible to follow the approach of the Israeli Lebanese agreement to separate the energy dimension in other conflicts. This is possible and has the potential to positively impact the entire Mediterranean. It was rightly argued, for instance, that the US should mediate the maritime disputes between Türkiye and both Greece and Cyprus, not seeking to resolve all areas of contention but focusing on specific areas where both parties stand to gain from reaching an agreement.⁸ The latter is perhaps somewhat easier than the former.

4. The need for confidence-building measures (CBMs), incentives and disincentives

CBMs are needed, and so are incentives and disincentives to put pressure on parties to moderate their maximalist positions. Türkiye's exploration activities, for example, are perceived by many regional and international players as illegal. This is bound to damage its relations with its neighbours and beyond, and the resultant pressure will limit its exploration activities, challenging the country's energy security and affecting its potential as an energy hub. The EU extended the sanctions imposed on Türkiye over its unauthorised drilling activities in the Eastern Mediterranean. US sanctions were imposed because Türkiye purchased the Russian S-400 air defence system,⁹ and the possibility of additional sanctions in the Mediterranean context should not be excluded. However, incentives should also be presented, including providing a reset for EU-Türkiye relations and advancing relations with the US. Furthermore, conducting consultations to identify steps required to allow Türkiye to join the EMGF may be a useful incentive especially since members are seriously considering transforming the Forum into an energy forum. The international community has a strong set of "carrots and sticks" to be deployed to stabilise the basin and spur progress wherever possible.

5. Several platforms need to be established

Türkiye has called for an Eastern Mediterranean Conference to resolve pending issues and outstanding conflicts. This was rejected by several countries due to lack of confidence and the fact that a conference will not be a panacea. Proposals for platforms from third parties are more likely to receive support. However, they should be preceded by intensive consultations and mutual

⁸ The Administration has congressional authorisation for mediating this dispute. The Eastern Mediterranean Security and Energy Partnership Act of 2019 states that "the President is authorised to appoint a special ambassadorial level envoy who shall be responsible for representing the United States in direct negotiations with the parties to the Cyprus dispute [...] As agreed by Greece and Türkiye, the special envoy shall also represent the United States in promoting mutual discussions between those countries concerning their differences on Aegean issues" (Foreign Relations Committee, 2019a).

⁹ The Eastern Mediterranean Security and Partnership Act, which passed the Foreign Relations Committee of the US Senate in 2019, required a US committee to report on Türkiye's drilling activities in the Eastern Mediterranean. Türkiye was not mentioned by name, however, the Act provided for the reporting to the US of any hindrance to Cyprus' drilling within its EEZ and any "illegal activities" in the Eastern Mediterranean (Foreign Relations Committee, 2019b).

implementation of CBMs, including steps to de-escalate tensions. For example, Greece and Türkiye agreed in October 2020 to establish a NATO supported de-confliction mechanism, an approach that decreases the risk of accidents or incidents occurring between the two sides. In some conflicts, if conditions are not ripe for official negotiations, track 1.5 or track 2 efforts, with a strong role for third parties, can fill the mediation vacuum.

6. International law remains vital

Even though international law is open to interpretation regarding maritime border delimitations¹⁰, including in relation to the status of islands¹¹ – a major issue in Mediterranean conflicts – it should not be side-lined. Countries can be persuaded to resort to the International Court of Justice or any agreed legal procedure if a negotiated compromise cannot be reached.

7. Do no harm

External powers must ensure their policies will not inadvertently result in further escalation. For example, Ukraine still relies on Soviet-type artillery, weapons and ammunition. At one point, it was running dangerously low on these supplies and even began conserving shells in the field last summer. Eastern European countries sent Ukraine all the Soviet-type weapons they could without risking their own defences and because of the extended US weapons embargo on Cyprus, it possesses a vast stockpile of Soviet-type weaponry. In recent months, the US lifted the embargo and requested Cyprus to send weapons to Ukraine, which it is considering on the condition that transferred weapons would be adequately replaced as it wants to ensure it is prepared in case of a military confrontation with Türkiye over Northern Cyprus. The problem is that Erdoğan said that he would reinforce Türkiye's military presence on the island if the US were to start arming Cyprus, which would risk reigniting an arms race and further exacerbate tensions.

8. Address links to issues beyond energy: Climate change

Undoubtedly, there are additional challenges that exporters and transit countries must overcome. The EU's 2050 net-zero target, for example, limits the expected commercial lifetime of any new pipeline to deliver gas to Europe. After all, it is

¹⁰ According to the UN Convention on the Law of the Sea (UNCLOS), maritime boundaries should be drawn upon an agreement between the respective coastal states based on the principle of an equitable solution. This is difficult to agree on in the case of the Turkish-Greek dispute as one coastal state's island is in very close proximity to the other state's mainland. Türkiye has the longest coastline in the Eastern Mediterranean, which is an important factor in maritime border delimitation, and it argues that an equitable solution can be achieved by drawing a median line between the two countries and giving little or no effect to the islands that are very close to its mainland. However, Greece claims that islands have the right to claim EEZs just like the mainland; thus, an equitable solution entails drawing a median line between the Greek islands and the Turkish mainland (Erdoğan, 2021).

¹¹ Case law provides various precedents that give little or no effect to islands while delineating maritime boundaries between coastal states especially when a coastal state's islands are very close to another state's mainland substantially narrowing its EEZ (Erdoğan, 2021).

the energy companies that decide on gas infrastructure investments and must weigh different alternatives.

The EU and the Mediterranean countries need to advance an environmentally sustainable long-term vision that takes into account climate change, the growing demand for energy in emerging economies, and the potential transition to renewable energy. This requires a coordinated energy policy that focuses on achieving energy security and the development interests of all countries concerned. These countries must move towards a more cooperative paradigm to achieve win-win formulas that allow a balanced approach to energy routes that are efficient, balanced, and contain an acceptable division of labour through dialogue. This will not be achieved in the current environment of conflict and mistrust, and therefore progress towards conflict resolution – even in a staged manner – may be the way forward in the current chaotic international and regional environment.

The situation in the Mediterranean is complicated, tense and volatile. However, the Israel Lebanon maritime agreement created positive momentum and represents a precedent that can be replicated and built on to advance cooperation and promote peacemaking in this crucial region for international peace and security.

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Chapter 2

Lebanon and Israel: Natural Resources and Security Interests as Catalysts for Conflict Resolution

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* This chapter has been written following consultations and interviews with Lebanese experts. Their perspectives on the issue are included in this chapter. We would like to thank them, together with our colleagues Dr. Nimrod Goren and Dr. Ehud Eiran, for their insights.

A. Introduction

In October 2022, mediation by American diplomat Amos Hochstein was successfully concluded by the signing of an agreement solving a decade-long maritime border dispute between two enemy countries, Israel and Lebanon. Lebanese officials announced victory, satisfied that Lebanon was able to obtain all that it demanded. They announced to the public that Lebanon was going to join the oil-producing countries. In Israel, then-Prime Minister Yair Lapid called this agreement a historic moment, and why not? After all, this deal between two enemy countries managed to focus on one item among many and solve it.

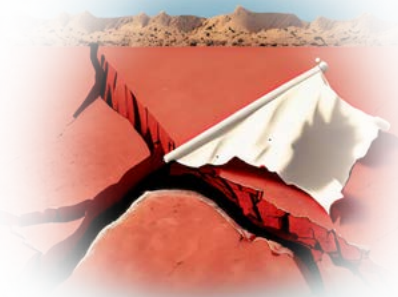
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The window of opportunity for the relevant actors could be exploited to promote bilateral or multilateral cooperation in a way that serves their national interests.

The oil and gas discoveries offshore the Eastern Mediterranean in the last decade created, in many respects, a new energy-economic-political reality in the region, establishing the Eastern Mediterranean as a distinct subregion within the international arena. Generally, the potential for natural resources often evokes dormant or existing disagreements, and sometimes triggers the deepening of those conflicts, or even an escalation. However, at the same time, this potential serves to illuminate the window of opportunity for the relevant actors, which could be exploited to promote bilateral or multilateral cooperation in a way that serves their national interests. The developments in the Eastern Mediterranean in recent years accelerated these two ways of action. They accelerated processes of cooperation, which led to a rather impressive regional architecture among a series of players, namely the EMGF, which recognised the window of opportunity that opened before them. At the same time, existing conflicts, which are naturally based on wider and deeper disputes, had escalated, and energy deepened the gap instead of helping the relevant players to be more pragmatic and constructive.

B. Lebanon and Israel: Two enemy countries with no outlook for peace

In the year 2000, Israel withdrew from Southern Lebanon after more than 18 years of occupation. A painful chapter was closed but it did not end the decade-long animosity between the countries. They remained enemies and even went to war in 2006, which lasted 33 days. Lebanon considered the withdrawal in 2000 to be partial and not comprehensive because the Israeli forces did not leave the Shebaa farms, an area of 25 square kilometres. According to Israel, that land was occupied from the Syrians and, therefore, is not part of Lebanese territories. However, after months of dispute over this issue, the UN announced the full withdrawal of Israeli forces from Lebanese land, which was refused by Lebanon and is still an unresolved issue. Over the years, both countries had rounds of discussions facilitated by the United Nations Intern Forces in Lebanon (UNIFIL) to solve the land border dispute between them; however, the Shebaa ownership is one complex issue that was blocking the final agreement. Still today there are approximately 13 points of disagreement along the land border.



Besides the Shebaa farms controversy, the other main border point dispute is that of Ras Al Naqoura, which is the overlapping border between the land and the sea between Lebanon and Israel, and the issue came to the frontlines after 2011 when Lebanon and Israel entered into another dispute, this time on the maritime border.

The Israeli-Lebanese conflict has additional, more unique characteristics. The relationship between the two countries is part of the wider Arab-Israeli conflict in the region. Over the years, there have indeed been significant developments in this context – the peace agreements between Israel and Egypt and Jordan and even a process (albeit faltering) between Israel and the Palestinians – but this has all passed over the Israeli-Lebanese level. There are many diverse reasons for this, which lie in the unique situation of Lebanon. The country is subject to an internal political crisis due to its complex demographic-ethnic fabric the long-standing involvement of multiple external actors in the Lebanese arena, which meant Lebanon was unable to take control of its foreign policies and delegated to foreign countries, mainly Syria, between 1990 and 2005, which was negotiating with Israel on its behalf. The establishment and strengthening of a non-state actor in the country, which holds considerable military power, such as Hezbollah, obviously added further complications.

It is extremely important to clarify the resulting narratives that have been established over the years on the Israeli side in relation to Lebanon. These focused on four main points: (1) Lebanon will be the last country to reach a peace agreement with Israel; (2) Lebanon is in reality a "failed state". The political discourse from the Israeli point of view takes place (not directly of course) with the Lebanese Government, but in practice a variety of actors, internal and external, dictate an almost impossible agenda in the country; (3) an Israeli-Lebanese military conflict, in fact against Hezbollah, is inevitable, and is a question of when and not if; (4) trauma prevails in Israeli society, which stems from the (many) years in which it operated and controlled part of the country, until the unilateral withdrawal in 2000.

On the Lebanese side, the narratives in relation to Israel focused on four aspects: (1) through the resistance of Hezbollah, Lebanon managed to force Israel to withdraw, a major Arab victory against the "unbeatable" Israeli army, and because of that perception Hezbollah was able to gain popularity for years until 2007-2008, when it started imposing its political agenda in the country; (2) Lebanon supports the Palestinian cause, and it wants to see an end to the issue of refugees – since 1948, Lebanon has hosted thousands of Palestinian refugees – who were often exploited in internal or regional political rivalries; (3) Lebanon considers Israel as the number one enemy and, since the control of Hezbollah, that idea of the enemy that we do not recognise was crystallised by Hezbollah and its allies to the point of not even allowing discussion of making peace if conditions are ripe; (4) any agreement with Israel, such as the maritime agreement, could not be achieved if there was no consent from Hezbollah.

C. Lebanon and Israel: Two enemy countries with natural resources and a disputed border

In the last two decades, the Eastern Mediterranean countries intensified their efforts to develop their hydrocarbon sectors after promising studies conducted mainly by the US geological survey of potential resources hidden in the deep waters of the region. That required the countries to identify their EEZ to delimit their offshore blocks that will be offered to international oil companies to start exploration.

In January 2007, Lebanon and Cyprus concluded an agreement to delimit their EEZs. Cyprus ratified the agreement, Lebanon did not. Three years later, in December 2010, based on the agreement made between Lebanon and Cyprus, Israel signed its own EEZ delimitation agreement with Cyprus. And in 2011 Israel submitted its proposed northern maritime boundary to the UN (commonly known as Line 1). Lebanon refused the Cypriot-Israeli agreement because the tripoint between the three countries was not agreed upon by all parties as stipulated in its article 1.e of the Lebanon and Cyprus agreement: “Taking into consideration article 74 of the UN Convention on the Law of the Sea of 10th of December, 1982, the geographical coordinates of points (1) and (6) could be reviewed and/or extended and duly revised as necessary in light of future delimitation of the Exclusive Economic Zone with other concerned neighboring States and in accordance with an agreement to be reached in this matter by the neighboring States concerned”. The agreement signed between Cyprus and Israel states in article 1.e: “Taking into consideration the principles of customary international law relating to the delimitation of the Exclusive Economic Zone between States, the geographical coordinates of points 1 or 12 could be reviewed and/or modified as necessary in light of future agreement regarding the delimitation of the Exclusive Economic Zone to be reached by the three States concerned with respect to each of the said points”. All three countries accepted the fact that the tripoint will be revised, but the disputed maritime zone still became the major issue between Lebanon and Israel. Lebanon based its argument on a provision in an agreement that it never ratified. In addition, and more importantly, Lebanon revised its maritime borders between 2007 and 2010. In 2011, following the Cypriot-Israeli agreement, Lebanon sent its new coordinates to the UN to be registered as the official borders. Israel disregarded all Lebanon claims and the 860 square kilometres disputed maritime border came to exist.

The US has been the most active mediator trying to solve this dispute between Lebanon and Israel. In 2011, Fredrick Hof, the US Special Middle East Peace Envoy, proposed a temporary solution to both countries that granted two thirds of the 860 square kilometres to Lebanon and two thirds to Israel. The Lebanese Government of that time, very divided politically, was unable to decide to accept or refuse and, after the prime minister resigned and his caretaker government

was paralysed, no one was able to take action. Later, Amos Hochstein, Special Envoy and Coordinator for International Energy Affairs and the Bureau of Energy Resources (ENR) at the US Department of State, proposed a more favourable deal for Lebanon (around 620 square kilometres). Lebanon at that time was stuck in its own political crisis that lasted from 2013 to 2016 and was unable to strike any deal with the Americans or with the Israelis. In 2018-2019, David Satterfield, Acting Assistant Secretary of State for Near Eastern Affairs, engaged in a shuttle diplomacy to solve the maritime dispute. Lebanon proposed parameters to agree upon before entering into negotiations with the Israelis.

The proposal included the following: (1) linking sea-land borders negotiations; (2) the US to play the role of the facilitator; (3) an active role of the UN and negotiations due to happen under its umbrella; (4) Israel to agree that no agreement is reached if all points were not solved; and (5) written guarantee from Israel that it accepts these conditions. Israel did not agree on points 4 and 5 and wanted to add a six-month timeframe that was refused by the Lebanese authorities. Israel would have loved to solve all disputed issues, including the land border, but linking it categorically to the maritime dispute was seen as destructive and might complicate the negotiations. Later, the Israeli authorities were preoccupied with the second parliamentary elections in September 2019. The shuttle diplomacy was dead.

Israel has been active since the late 1990s in activities related to exploration and exploitation of its offshore resources. Between 1999 and 2004, the Israel Planning Administration outlined legal policies and plans for offshore exploration. Small-scale production began in 2004, but explorations in 2009 and 2010 by Noble Energy and the Delek Group revealed two major fields – Tamar and Leviathan – that transformed Israel’s energy outlook from energy importer to potential energy exporter. This development impacted both Israel’s domestic and regional energy policies. It also incentivised Israel to delineate its maritime boundaries, notably with Cyprus, so as to maximise future offshore exploration. It also secured export agreements with Egypt and Jordan. These processes benefited Israel diplomatically, enabling it to be among the deciding voices in the Eastern Mediterranean’s new regional architecture.

Lebanon has a brief history of attempting to find oil and gas onshore, which was combined since the 1990s with offshore activities. Geological mapping first started in 1926 under the French mandate, and seven onshore wells were drilled between 1947 and 1967, but no discoveries were made. During the Lebanese Civil War from 1975 to 1990, there were no exploration attempts or any kind of plan to develop this sector. In 1993, the Lebanese Government resumed its activities related to oil and gas and it commissioned an international company Geco-Prakla to conduct a 2D Seismic Survey offshore Lebanon on the coast of Tripoli in the north. However, there were no further attempts due to the complicated political situation in the country and the control of the Syrian regime. Activities

in offshore Lebanon became more frequent starting in 2000, and the Lebanese Government took the strategic decision to invest in the seismic surveys and asked international companies, mainly the British company Spectrum and the Norwegian company Petroleum Geo-Services (PGS), to conduct 2D and 3D surveys along the Lebanese EEZ, a surface of 22,700 square kilometres. Based on these surveys, the Lebanese Petroleum Administration (LPA) recommended dividing the Lebanese EEZ into 10 blocks with surfaces ranging between 1,201 square kilometres and 2,374 square kilometres.

In 2017, the Lebanese Government concluded the first licensing round. Fewer companies than expected participated in the bid round, with only one consortium, consisting of three companies, France's Total S.A, Italy's Eni International BV and Russia's Novatek, submitted bids. The consortium submitted a bid for Block 4, and a bid for Block 9. The first two Exploration and Production Agreements (EPAs) were signed on 9 February 2018, between the Minister of Energy and Water and the consortium of Total, Eni and Novatek, which were granted the rights to explore in Block 4 (North of Beirut) and Block 9 (South of Beirut on the border with Israel). In both blocks Total was the operator with a 40 percent interest, while the two non-operators, Eni and Novatek, had a 40 percent and a 20 percent interest, respectively.

On 29 January 2023, Qatar Energy CEO, alongside TotalEnergies and ENI CEOs, signed the agreement that allowed for Qatar Energy to acquire three percent of Block 9 in Lebanon. The signing ceremony in Beirut was attended by the Minister of Energy in Lebanon and the Prime Minister of Lebanon.

The President of TotalEnergies, the main operator, announced that the drilling in Block 9 will happen in Q3, 2023, and will take up to three to four months. Hopefully, by the beginning of 2024, the companies will come back to announce good news.

Lebanon is yet to become a producer, even though the president of the country on many occasions announced that Lebanon is an oil country and entered the oil producing club. The first exploratory well in Block 4 was drilled in March-April 2020. The result was a dry well but with the potential of finding gas in the area. The consortium did not announce any additional exploration activities in Block 4 or Block 9 after 2020.

But, since 2020, the country has changed dramatically. The decades-long mismanagement and state capture by the political class led people on the streets to call for reforms, a change of political regime, human rights and basic services. The authorities took advantage of demonstrations on the streets, closed the banks for weeks and announced drastic financial measures, such as dollar withdrawal caps missing on Eurobond payments, which had led among many other factors to the devaluation of the lira and a hike in food and petrol

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But time is of the essence,
and energy transition is here
to stay.

prices never seen in the country since the end of the Civil War. The World Bank ranked Lebanon with its multiple crises (political, social, economic and financial) in the top three crises since the mid-19th century. Amidst these severe crises hitting the country and the inability of the government controlled by the political parties responsible for the collapse of the country's economy to undertake any serious reforms, and with the Beirut blast that was qualified as one of the largest non-nuclear blasts in history, the authorities saw the saviour in the oil and gas sector. They wanted to bypass painful reforms that would undermine their power, so they shifted the discourse in the country to the potentials of the oil and gas sector and how rich the country is and the need to remove all the obstacles to bring benefits to the population.

With no discoveries, it is hard to say when the revenues will flow to the national coffers because we do not know when there will be commercial quantities discovered and when the development and production plans along with the marketing and infrastructure plans will be approved. We do not know what kind of plans will be required, so we cannot predict when the infrastructure will be ready. According to the Offshore Petroleum Resources Law, all revenues from the oil and gas sector should be put in a sovereign wealth fund (SWF), and currently there are three proposed laws for the SWF in parliament. But the officials are betting hard on this sector.

There is no national dialogue to decide what to do with the gas or the revenues from the gas. Everyone has their own views. Some want to use the revenues to pay the country's debts, others want to export the gas, and some want to use it for the local market, electricity and industry.

Whatever the destination for the gas or the revenues, these are long-term plans but the Lebanese might not have that long to wait. In addition, all options on the table, from paying debts to exporting or using locally, pose many challenges that are beyond the scope of this paper, but it is hard to think that the oil and gas sector will save the economy or the country. Only deep institutional political and financial reforms and a well thought-out and executed oil and gas strategy can sustain economic recovery. But time is of the essence, and energy transition is here to stay.

D. Catalysts for resolving the maritime border dispute

It is essential to analyse the substantial meanings of the maritime agreement between the two countries precisely due to these narratives and contexts, from the Israeli and Lebanese sides. The dispute over the maritime border between the two countries has been pondered for a long time. Indirect negotiations, with the involvement of a third party, mainly the US and with some assistance from the UN, have been going on for the last 20 years, but did not lead to an agreement. The current success is rooted in unique circumstances, which led to a meeting of Israeli-Lebanese interests, and, as mentioned, resulted in the signing of the agreement. These circumstances concern two main developments, which in an intriguing way were perceived by both parties as potentially serving their various interests:

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The political circumstances on both sides dictated a tight schedule, which largely forced a quick decision-making process.

1. **An unprecedented economic and political crisis in Lebanon.** Beyond the public outcry that broke out, it threatened the vital interests of the ruling elite, and of all the prominent players in the country, including Hezbollah. In a fascinating way, the stabilisation of the Lebanese arena is seen in Israel as essential and serving Israeli interests, which are related to its national security. In Lebanon, this was seen as a lifeline for all the political actors, even though the expected economic profits, assuming that gas is indeed found in the depths of the sea, will bear fruit only in the advanced timeframe. The positive economic message, which stems from merely reaching the agreement, is seen as serving the interests of all players.
2. **The war in Ukraine and the energy crisis in the Western world.** The Russian invasion of Ukraine, and the Western effort to greatly reduce energy dependence on Russia, exacerbated the energy crisis in Europe. The latter is trying to diversify its energy sources, which has increased the attractiveness of the East Med and its energy potential for the West. Even if gas quantities do not amount to a game-changer and are only manifested in the coming years, the settlement of the conflict between the two countries is perceived as serving American and Western interests and, as mentioned, "meets" the Israeli and Lebanese interests as well.

These circumstances, which were exacerbated through the maturity of the Israeli Karish gas field to a commercial stage and the beginning of its production, raised the level of tension between the two countries, aggravated belligerent rhetoric, and eventually helped both sides "climb down the tree", in a way that, as mentioned, served mutual interests.



Karish is seen in Israel as clearly within its EEZ and as a non-negotiable issue, especially at the present stage, but also throughout the negotiation process. In a way, the fact that the agreement "solved" the Karish field and enabled its development smoothly helped highlight the benefits of the agreement, albeit for the short term (for Karish).

The political circumstances on both sides dictated a tight schedule, which largely forced a quick decision-making process. In Lebanon, it was at the end of the president's term, who managed to take advantage of the unique circumstances as described above for a cohesive and unified Lebanese position. In Israel, it was the elections that took place the day after the end of the Lebanese president's mandate. Although the issue did slip into the election campaign in Israel, the outgoing government correctly recognised the unique meeting of interests and managed to complete the complex negotiations and approve the agreement.

The survival instinct of the political class in Lebanon pushed it to use winning cards to stay relevant internationally, to complicate any possible actions that the international community might take against officials and political figures in the country. To escape US sanctions and European actions, the Lebanese authorities came forward and announced that they were willing to negotiate a maritime deal with Israel. The Lebanese authorities considered that negotiating with the Israelis under the eyes of the Americans would help in two ways: (1) the US will continue talking to the political establishment because it will deliver on something that the US is keen on; (2) the political establishment will score "good points" with the US that in return will facilitate investments in the country, which will remove the pressure from the political class and move on to business as usual mode. That was the thinking early on when the negotiations started in October 2020; however, after the Ukraine-Russia war, the natural resource factor was re-emphasised and pushed the Lebanese to more pragmatism. Israel was constantly in favour of US mediation. It was (and still is) seen as the best effective mediator if direct negotiations (always the preferable path) are not possible.

It was clear from the beginning that US mediation was the most favourable path for both sides, even though the Lebanese were complaining of the US's bias towards Israel. That was mainly Lebanon's position because it did not want to use other legal mechanisms that could be understood as Lebanon recognising the State of Israel. The other mechanisms to solve the disputed maritime borders are: (1) arbitration; (2) the International Tribunal for the Law of the Sea (ITLOS); and (3) the International Court of Justice (ICJ). Anyway, there would be consent from both sides on any of these mechanisms.

The incentives from the Lebanese side were clear, and the US was ready to jump on the occasion. The first part of the mediation from October 2020 to October 2021 under the mediation of Ambassador John Desrocher could be

qualified as a position setting phase. The Lebanese negotiating team presented its maximalist claim, refusing to start with the decade-long accepted disputed area of 860 kilometres. It founded its new claim on international maritime laws using methodologies accepted internationally and by the UNCLOS based on the three-level approach: (1) equidistant line; (2) special circumstances; and (3) disproportionate impact. The mediator and the Israeli negotiators refused Lebanese claims. For several technical rounds the blockage was clear, and there was no progress. The second part from October 2021 to October 2022 under the mediation of Amos Hochstein could be qualified as the pragmatism phase, where Lebanon decided to move away from claims based on international law to a more pragmatic approach: it does not matter where the line is, what matters is how to benefit from oil and gas. This was a game-changer and altered the dynamics of the negotiations. The mediator used that pragmatism to propose solutions that were qualified as equitable and win-win. Lebanon wanted a deal that will guarantee investments and activities in its gas sector mainly in Block 9; Israel wanted a deal that will mainly guarantee its security. These different incentives made it easier for the mediator to find a solution. Lebanon was given what it wanted by guaranteeing that Total will resume its activities in Block 9, “discover Qana” and, if found, it would be exploited in the name of Lebanon alone. Israel got its security buffer zone near the shores of the border.

The role of the companies involved, mainly Total from the Lebanese side and Energean from the Israeli side, played a major role in securing the deal. Total was willing to enter into a deal with the Israeli Government in the case of discovery in Block 9 that expands into the Israeli EEZ, and it was ready to negotiate a financial deal with it; at the same time, Energean, which insisted on going forward with its plans for the Karish field without delays, pressured the Israeli Government to take action.

E. Lessons learned from the maritime border agreement

There was an overlap in timing: the Lebanese president wanted a deal before he left office at the end of October 2022, while the Israelis were under pressure from Energean, which wanted to start production by the end of October, and the US used it to seal a deal. The deal was signed on 27 October 2022, two years after the launch of negotiations on 14 October 2020.

So what can be learned from the Israeli-Lebanese agreement and to what extent does it provide insights or lessons for the Eastern Mediterranean and other conflicts within it? Beyond the unique circumstances, as described above, whose pivotal importance for the diplomatic success is clear in this case, it is appropriate to emphasise three relevant and interesting points:

1. **Energy potential as a catalyst for conflict resolution.** The Israeli-Lebanese case illustrated how the potential for energy resources, although combined with an acute economic crisis, can encourage a pragmatic and ultimately constructive thought process. This kind of tangible and real potential is absent in other conflicts in the region, especially in the Turkish-Greek conflict. In Cypriot economic waters, a significant potential was indeed discovered but, in many respects, this is an "existential" conflict, as it is perceived at least by some of the relevant parties.
2. **Mediation.** The US, which for many years led, and mediated, the indirect negotiations between Lebanon and Israel, was perceived by both sides, each in its own unique way, as an effective and preferable mediator, and in fact the only one capable of bringing results. The player who is capable of being perceived by the parties concerned as efficient, effective and capable of delivering in many cases plays a very significant and even critical role. No less important is the meeting point, if it exists, between the interests of the parties and the broker (and, as mentioned, it is not necessary to be a "fair" or honest broker).
3. **Crisis as an opportunity.** This is, in a way, maybe a philosophical question. However, circumstances that are perceived, even if only by some of the players, as critical, and as requiring an accelerated or concrete timetable, can be a positive trigger for creative and complex diplomacy. It goes without saying that such circumstances must be examined in a given case and under given circumstances.

F. Conclusions and policy recommendations

1. Energy dialogue and reforms

A national dialogue on energy in Lebanon is a must. There should be a unifying policy on the direction to take when it comes to oil and gas and renewable energy sources. This dialogue should include government, parliament, unions and civil society organizations (CSOs) to discuss the role of energy in the economic recovery of the country.

The Lebanese authorities should embark on the reforms related to the energy sector and to the management of the finances in the country and broadly work on the structural reforms needed from the independence of the judiciary to rebuilding the institutional capacities in order to enable a well-governed resources sector that could bring benefits to the citizens.

A gradual approach vis-à-vis Lebanon is essential. Stabilising the country is in Israel's interest, but without public or direct involvement in this process.



2. Regional stability and cooperation

Israel-Lebanon relations are extremely complicated because of the many domestic and mainly external actors involved. It is extremely important to follow closely the developments in the country in order to identify similar issues, or disputes, that may come to the forefront and be ripe for solution.

Israel has proved to be able to appreciate the very unique circumstances in Lebanon and adopted a flexible policy in solving the maritime dispute with its neighbour. It should draw relevant lessons and adopt a sophisticated approach vis-à-vis other disputes in the region, such as the Palestinian Gaza Marine field, for which the Israel-Lebanon maritime deal could act as a positive precedent. Natural resources were the driving force for a resolution to the border issue between Lebanon and Israel. It did not solve the whole problem but one item, moving away from the package deals approach. This approach could be an incentive for Cyprus, Türkiye, Greece and others in the region to delink issues and target one issue at a time.

The regional architecture built in recent years in the Eastern Mediterranean has played an instrumental role in this regard. It has been proved that it could also serve as a constructive tool for bilateral disputes, and especially for actors such as Israel and Lebanon with their "recognition issue". It may be duplicated to other conflicts in the region.

The Israel-Lebanon maritime deal could pave the way towards regional stability and cooperation. The diplomatic success can be leveraged to resolve other conflicting maritime border claims and reach similar transactional compromises in other regional conflicts, related or not to the exploitation of natural gas resources.

Besides, the constructive mediation context in which the deal has been reached could be capitalised on to discuss mutually beneficial solutions to pending issues. It could also pave the way to new mediation paths. For example, there is a visible and constructive role that France could play in the implementation phase of possible discoveries in the Qana field and maybe beyond, especially if there is no discovery. This in itself will require sophisticated diplomacy.

Despite initial opposition to the deal, Netanyahu's criticism about it is no longer voiced. The deal responds to Israel security concerns, prevents short-term escalating tensions, and positively impacts Israel's stance as an energy actor with the exploitation of Karish and exports to Europe. This is useful for Israel to strengthen its regional and international partnerships in the energy sector and beyond, and positively impacts future discussions. It positively impacts Israel's visibility as a cooperative partner that agrees to indirect mediation, implements deals and respects engagements, despite governmental changes.

3. Engagement of private companies

The engagement of private companies is playing a crucial role in the exploitation and developments of energy resources. They were critical to the success of the Israel-Lebanon maritime deal and acted as key brokers. The 29 January ceremony in Beirut with the presence of the CEOs of three major gas producers was seen as a victory for the political class, and it was perceived as the direct impact of the maritime deal. Therefore, for the Lebanese political class that negotiated the deal and made it happen, they accomplished what they wanted through the deal, at least in the short term. The hydrocarbons activities were relaunched, and the political class secured itself as still able to deliver on what matters for the US, which is the security of Israel, and, therefore, they were saved from any possible sanction or delegitimising efforts.

Stability and economic growth are two sides of the same coin. Beyond the essential expertise and technology that they provide, such companies can foster regional cooperation through cross-border trade. They can attract investment, promote innovation, and support emerging industries and local businesses. They can contribute to the economic growth and energy security of the region.

With a scattered government in Lebanon and unstable democracy in Israel, convening a cross-sector and cross-level business forum composed of the private companies, official and non-official representatives, CSOs, business community representatives, investors, experts and technicians involved could provide some necessary prospects on the potential benefits from peace and investments in the area. The capacity to liaise with a broad range of actors from different sectors could secure popular support, provide expertise on various related issues, mobilise business support and attract investors.

Such a forum, if appropriately supported by multilateral entities, can also create a conducive environment for indirect pragmatic talks and could be envisaged as a complementary process to governmental reforms and technical developments. A forum of this composition could influence structural changes through a collective discussion on proactive opportunities that could be created following the Israel-Lebanon maritime deal. In the meantime, the Lebanese population is hoping that these activities and the interest from the international oil companies and the countries that back them means a possible solution and a way to get out of the misery they are living in. But expectations should be carefully considered.

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Chapter 3

Cyprus: Leveraging the Energy Factor to Support Peacemaking

Ahmet Sözen



A. Introduction

The Cyprus conflict, a good example of a protracted situation, has been occupying the agenda of the international community since the 1950s. The UN has been the main third party working to advance conflict resolution on the island, in addition to the United Kingdom (UK) and the US, the former being the colonial power during 1925-1960 and the latter the superpower and the main ally of the three guarantor powers who played a crucial role in the establishment of the 1960 Republic of Cyprus (RoC), namely Greece, Türkiye and the UK.

Since the 1963 constitutional crisis and the eruption of the ethnic clashes between the Greek Cypriots and Turkish Cypriots, which led to the stationing of the United Nations Peacekeeping Force in Cyprus (UNFICYP) in 1964, many important initiatives to solve the Cyprus conflict had been tried. Unfortunately, there has been no breakthrough yet. In recent years, the discovery of natural gas around Cyprus has brought a new dimension to the Cyprus conflict, which has not been creatively and positively utilised and, instead, has even fuelled tensions further. In this chapter, I look at the Cyprus conflict from a fresh perspective that combines the energy issue with novel conflict resolution and diplomatic mechanisms and propose policy recommendations for breaking the deadlock in Cyprus to relevant stakeholders.

B. Background of the conflict

Cyprus was conquered by the Ottoman Turks in 1571, regarded as the ancestors of the Turkish Cypriots on the island, while the current Greek Cypriot people mostly trace their history to the Byzantine. In 1871, the Ottomans rented the island to the UK in return for support in its war against the Russian Empire. The UK unilaterally annexed the island when the Ottomans entered the First World War in alliance with Germany. After the establishment of Türkiye, the inheritor of the Ottoman Empire that signed the Treaty of Lausanne, Cyprus became a British Crown Colony until 1960. In 1960, the British withdrew from Cyprus while keeping two sovereign bases (Akrotiri and Dhekelia) and also becoming a guarantor of the (semi-)independent RoC along with the two motherlands – Greece and Türkiye. The three guarantors had the responsibility to guarantee the independence, security, territorial integrity, and constitutional order of the RoC. They also retain the right to unilaterally intervene in case one or more of these four provisions are violated – for the purpose of restoring them.

The RoC was established as a bi-communal state where the functions of the state were divided between the Greek Cypriot and Turkish Cypriot communities in all three branches: executive, legislative and judiciary. For example, while the president would be a Greek Cypriot, elected by the Greek Cypriot community, the vice-president would be a Turkish Cypriot elected by the Turkish Cypriot



community, each one having veto power on important decisions. The cabinet, the unicameral parliament, as well as public services, had been filled with 70 percent Greek Cypriots and 30 percent Turkish Cypriots, based on the 7:3 ratio inscribed in the Constitution.

This arrangement – a kind of functional federation – where the competencies of the state were shared by the two communities – one bigger (Greek Cypriot community) and one smaller (Turkish Cypriot Community) – had never been acknowledged and accepted by the Greek Cypriot leadership and political elite. Hence, in November 1963, the Archbishop and the President of the Republic Makarios proposed 13 changes to the constitution in his perspective to make the non-functional Constitution workable, which was nothing but to strip the Turkish Cypriot community of all its veto rights and reduce it to a simple minority in a Greek Cypriot dominated republic. At Christmas 1963, this constitutional crisis resulted in the eruption of ethnic clashes between the Greek Cypriots and Turkish Cypriots. The result of these clashes was the expulsion of the Turkish Cypriots from all branches of the RoC where the republic effectively became a de facto Greek Cypriot Republic. In March 1964, the UN Security Council decided to establish a peacekeeping force in Cyprus in order to stop the bloodshed in the ethnic clashes (UN SC Resolution 186).

Since 1964, the UN has had two missions in Cyprus: peacekeeping and peacemaking. Inter-communal peace negotiations between the Greek Cypriot and Turkish Cypriot communities started in 1968 under the aegis of the UN.

After the Greek coup d'état and the successive Turkish military operations in 1974, the island had been physically divided into two geographical zones: a Greek Cypriot-dominated south (known as the continuation of the 1960 RoC, which was originally a bi-communal state) and a Turkish-dominated north (the Turkish Republic of Northern Cyprus, 1983, only recognised by Türkiye). Since the two High-level Agreements (1977 and 1979) between the leaders of the Greek and Turkish Cypriot communities, dozens of UN-led as well as non-UN-led conflict resolution initiatives had been tried in Cyprus with the main aim of reaching a comprehensive solution to the conflict, based on the establishment of a federal state that would be bi-communal (with regard to the constitutional aspects) and bi-zonal (with regard to the territorial aspects).

The 1993 UN's Ghali Set of Ideas provided a 100-paragraph draft framework agreement: the run-up to the Annan Plan, which produced the first and last completed comprehensive solution plan for Cyprus drafted by the UN and put to simultaneous and separate referendums in 2004; and the Switzerland five-partite meetings (Geneva January 2017, Mont Pelerin January-February 2017, and Crans-Montana June-July 2017), the so-called International Cyprus conference. These have been the most important attempts/milestones in trying to establish a federal state in Cyprus based on the 1977 and 1979 High-Level Agreements. However, all of these initiatives have failed to produce a breakthrough in Cyprus.

The discovery of hydrocarbons in the Eastern Mediterranean in the last two decades became an added component of the existing conflicts in the region, despite initial hopes that it would serve as an incentive for cooperation and conflict resolution. Of course, Cyprus is not an exception in this regard.

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The discovery of hydrocarbons in the Eastern Mediterranean added a new layer of clash to the already existing complex, multi-layered Cyprus conflict.

C. Energy dimension

The discovery of hydrocarbons in the Eastern Mediterranean and, more specifically, offshore Cyprus, in a way added a new layer of clash to the already existing complex, multi-layered Cyprus conflict, rather than being a game-changer and facilitating the solution of the existing conflicts. According to Hayriye Kahveci Özgür (2017), these discoveries have led to the “hydrocarbonising” of the Cyprus Problem.

The discovery of hydrocarbons in the Eastern Mediterranean started with Israel’s Noa field (1999) and Mari-B (2000) and continued with several others, most notably Tamar (2009) and Leviathan (2010). The Israeli discoveries initially motivated the (Greek Cypriot) RoC leadership to engage with the hydrocarbon issues. On the one hand, the RoC got engaged in seismological studies around Cyprus starting in the early 2000s and, on the other, was involved heavily in drafting EEZ delimitation agreements with Egypt (2003), Lebanon (2007, though not yet ratified) and Israel (2010). In 2007, the RoC defined 13 exploration blocks within what it declared as its EEZ and issued its first Exploration Licensing Round. A year after signing the Israeli-Cyprus delineation agreement, US firm Noble Energy started its exploratory drilling in Block 12. Three days after Noble’s drilling, as retaliation, the Turkish Cypriot side (the Turkish Republic of Northern Cyprus, TRNC) and Türkiye signed a continental shelf delimitation agreement. This was followed by an exploration licence granting agreement between the TRNC and the TPAO (Turkish Petroleum). Piri Reis (Turkish seismographic ship) accompanied by Turkish naval ships started a seismic study in northern offshore Cyprus.

In December 2011, Noble Energy announced the discovery of the Aphrodite gas field, which was close to the Israeli Leviathan field. This discovery motivated the RoC to launch its Second Exploration Licensing Round in 2012. Türkiye declared that it would not let companies involved in the licensing to operate in Türkiye and stopped Italian ENI operations in Türkiye in 2013. Meanwhile, on the diplomatic front, in September 2012 the Turkish Cypriot leader Derviş Eroğlu sent a four-point proposal to the UN Secretary General to be communicated to the Greek Cypriot side on the hydrocarbons issue. The proposal called for the postponement of all exploration activities until a solution to the Cyprus problem is reached. In case the postponement was not possible, the Turkish Cypriot side proposed that a bi-communal committee of Greek Cypriots and Turkish Cypriots should be established in order to deal with all the exploration issues where the revenue of any discovered gas field would not be spent on militarisation but solely on the reconstruction of peace in the island.



The Turkish Cypriot proposal was rejected outright by the Greek Cypriot leader, President Anastasiades. According to the Greek Cypriot leadership, it is the sovereign right of the RoC government to conduct any activities related to hydrocarbon discoveries and exploitation, and he refused to include this issue as a basis of negotiation in the official UN-led inter-communal negotiations with the Turkish Cypriot leader. Since then, there has been no flexibility on the Greek Cypriot side to discuss the hydrocarbon issue with the Turkish Cypriot side. Instead, the Greek Cypriot side – together with motherland Greece – followed the dictum that “the enemy of my enemy is my friend” and tried to form an anti-Türkiye bloc in the region which includes Türkiye’s new antagonists, Israel, Egypt and the UAE. Türkiye’s relations with Israel became sour after the Mavi Marmara flotilla crisis (2010), with Egypt after the Egyptian army chief General Abdel Fattah al-Sisi’s military coup (2013), and finally with the UAE after the attempted coup in Türkiye where the AKP government blamed the UAE for financially supporting the putsch.

Since then, crises and tensions have increased between the RoC and the Turkish side offshore Cyprus. In 2016, the RoC had the Third Exploration Licensing Round. Following the discovery of Aphrodite (2011), the next discovery was made by the ENI-Total consortium at the Onesiphoros prospect in Block 11 in 2017. The discovery of the gas field Calypso in Block 6 by the ENI came in late 2017. Finally, in 2019 Exxon-Mobil and Qatar Petroleum consortium discovered the Glaucus gas field in Block 10.

Türkiye opposed these developments on two fronts: (1) the RoC claimed EEZ clashes with its maritime boundary; and (2) the Greek-Cypriot dominated RoC ignores the Turkish-Cypriot community in all decision processes involving hydrocarbons. Based on these, Türkiye responded to the Greek Cypriot steps with a mixed set of actions. The Turkish government reiterated its support for the 2012 Turkish Cypriot proposal for the establishment of a bi-communal committee on the hydrocarbon issue. All this time Türkiye continued rejecting the 2003 Egypt-Cyprus EEZ delineation agreement, sent its navy to the region to prevent ENI from drilling in 2018 and signed a Memorandum of Understanding with the Government of National Accord (GNA) of Libya in 2019 to delineate the maritime boundaries between the two countries, directly challenging the 2003 agreement. In addition, over the years Türkiye purchased its own exploration and drilling ships, all carrying the names of Ottoman sultans – Yavuz, Fatih, Kanuni, and most recently Abdülhamid Han – and sent them to the region and the Black Sea for natural gas explorations.

Meanwhile, cooperation between the RoC, Greece, Egypt and Israel finally led to the establishment of the EMGF informally first in 2019 and then legally in March 2021, which also included France, Italy, Jordan and Palestine. The EMGF left Türkiye – one of the biggest countries, with the longest shores in the Eastern Mediterranean – outside the new organization.



Discovery of new natural resources can be used as game-changers in solving the existing problems.

Starting in 2019, the Council of Europe adopted decisions where Türkiye's drilling activities in the Eastern Mediterranean have been criticised and called on Türkiye to act in the spirit of good neighbourliness and respect the sovereignty of the RoC. Most recently, in October 2022, Türkiye and the GNA of Libya signed a deal on joint energy explorations in the region.

It is clear from the developments catalogued above that all the bilateral EEZ and maritime-related agreements in the Eastern Mediterranean have not solved the maritime boundaries of the littoral states but rather made them – at least for some countries – more problematic. There is clearly a need for a comprehensive multi-lateral effort/mechanism in order to mitigate the demands of the littoral states on their respective maritime boundaries. This is definitely essential if one wants to change the formula that discovery of new natural resources makes the existing problems more acute to a reverse formula that discovery of new natural resources can be used as game-changers in solving the existing problems. Do we have a defining moment, a new window of opportunity to do this in the aftermath of the blatant invasion of Ukraine by Russia, and with the precedent set by the Israel-Lebanon agreement?

D. Conflict resolution and diplomatic initiatives during the post-Annan Plan

1. Christofias-Talat “Cypriot-owned and Cypriot-led” talks (2008-2010)

During the end of the referendums (2004) until the new Greek Cypriot presidential elections, there were almost no meaningful negotiations due to the intransigence of the Greek Cypriot leader Tassos Papadopoulos, despite the presence of a pro-solution Turkish Cypriot leader Mehmet Ali Talat supported by the majority of the Turkish Cypriots and the then pro-solution, pro-EU Turkish leadership under Recep Tayyip Erdoğan. After the election of the Greek Cypriot communist leader Demetris Christofias as president in February 2008, a new opportunity emerged for the resumption of the formal inter-communal peace negotiations. Both left-wing and pro-federation leaders, Christofias and Talat, decided to quickly establish six working groups and seven technical committees¹² in April 2008.

The inter-communal peace negotiations in Cyprus were divided into six folders: (1) governance and power-sharing; (2) economic matters; (3) EU matters; (4) property; (5) territory; and (6) security and guarantees. These were the working groups established in order to prepare the groundwork as to where the positions of the two Cypriot sides were – their areas of agreement and disagreement –

¹² Seven technical committees were established in order to solve the day-to-day problems of the Greek and Turkish Cypriots. These committees were: (1) crime and criminal matters; (2) economic and commercial matters; (3) cultural heritage; (4) crisis management; (5) humanitarian matters; (6) health matters; and (7) environment.

on the Cyprus peace negotiations and assist the two leaders in the leaders-led negotiations. During 2008-2010 the two leaders met dozens of times and tried to accumulate the areas of convergences/agreements by tackling the areas of disagreement on the six negotiation issues. They managed to reach substantive convergences in governance and power-sharing, economic matters, EU matters, and property issues. Security and guarantees were the only dossier where the two sides made the least progress as it also required the involvement of the three guarantors (Greece, Türkiye and the UK) in the later stage. There was also a tacit understanding that the territory – essentially the future map of a united Cyprus showing the administrative line between the two constituent states – would be left to the end of the process after the two sides reach substantive progress on the other dossiers.



Christofias-Talat negotiations came to be described as a Cypriot-owned and Cypriot-led negotiation process. This Cypriot characteristic was endorsed by the two leaders and used to fend off any criticism that could come from the nationalists of the two sides who might have described the whole negotiations as foreign interventions – similar to what they did for the Annan Plan. Furthermore, the six negotiation dossiers also continued to form the structure of all the negotiations until almost the collapse of the talks in Crans-Montana (2017).

Unfortunately, the Christofias-Talat negotiations ended without a breakthrough and became the victim of election cycles later. In 2010, Talat lost the election to nationalist Turkish Cypriot leader Derviş Eroğlu. Eroğlu and Talat and later Eroğlu and Nicos Anastasiades, who came to power in 2013, made very little progress on the peace negotiations. The financial crisis on the Greek Cypriot side (2012-2013) and the rise of tensions in offshore Cyprus due to hydrocarbon explorations played an important role in the lack of progress on the Cyprus talks.

2. Anastasiades-Akinci “Road to Switzerland, International Cyprus Conference” talks (2015-2017)

In April 2015, the left-wing progressive and pro-solution Mustafa Akinci was elected Turkish Cypriot president and the leader of the Turkish Cypriot community. He and the Greek Cypriot leader Nicos Anastasiades – known for his support for the Annan Plan in 2004 – as two Limassolite¹³ gentlemen came to be seen as the perfect duo to finally solve the Cyprus conflict.

Though the negotiation process was slow, nonetheless the two leaders made further progress in the negotiations during 2015-2016 and, especially with the push of the Turkish Cypriot leader Mustafa Akinci, carried the bi-communal negotiations to a five partite international conference where the three guarantor states were also included. The Switzerland five-partite meetings – the so-called

¹³ Both leaders, Anastasiades (born in 1946) and Akinci (born in 1947) are originally from the city of Limassol in Cyprus, which is known for being a port city with intensive international contact and where the inhabitants of Limassol came to be viewed as more liberal than the Cypriots in the rest of Cyprus.

International Cyprus conference – took place in January 2017 in Geneva, in January-February 2017 in Mont Pelerin, and finally in June-July 2017 in Crans-Montana.

In the final stage in Crans-Montana, the two Cypriot leaders were accompanied for almost 10 days by the Turkish and Greek Foreign Ministers, Mevlut Çavuşoğlu and Nikos Kocias respectively, and the UK Minister of State for Europe and the Americas Alan Duncan, in addition to the High Representative of the Union for Foreign Affairs and Security Policy Frederica Mogherini as an observer. In this high-level 10-day long conference, the UN Secretary General Antonio Guterres also joined the negotiations trying to iron out the last two sticking issues: (1) political equality of the two Cypriot communities in the governance and power-sharing dossier; and (2) troop size and right of intervention of the three guarantors in the security and guarantees dossier. Although Türkiye demonstrated a degree of flexibility on the rapid reduction of Turkish troops in Cyprus right after a solution and agreed to review the Treaty of Guarantee after a certain transitional period, the Greek Cypriot leader Anastasiades insisted on “zero-troops and zero-guarantees” as a precondition before he agreed on the political equality of the two Cypriot sides. Guterres tried to save the process from collapsing with a final push where he invited all the parties to dinner on 6 December.

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The gap between the two sides in terms of agreeing on common ground and a common vision is too big which prevents the resumption of formal peace negotiations.

The conference, which began on the evening of 6 July, lasted until the early hours of 7 July. During the conference, Akıncı suggested continuing it for a few days more by also including the prime ministers. He also said: "While we were making suggestions, they [the Greek Cypriots] had their luggage ready. Not ours, but their luggage was ready. I guess their flight time was also already decided" (Anadolu Agency, 2017).

It was very clear from the framework that Guterres presented to the two sides that the solution would be reached after mutual concessions from both sides. More precisely, the Turkish side was expected to show flexibility on the intervention right and troop size while the Greek Cypriot leadership was expected to accept political equality of the Turkish Cypriot community without any reservation. However, Anastasiades came to believe that he would not be able to get the majority of the Greek Cypriots to agree on this mutual compromise. Hence, as was the case in the earlier talks, “Anastasiades was suspected of inventing pretexts to stay away from the negotiating table” (Christou, 2022). Guterres announced the end of the international Cyprus conference and Anastasiades instead of negotiations focused on his election campaign, where he managed to be re-elected as President of the RoC in February 2018.¹⁴

The collapse of the talks in Crans-Montana was not a small bump on the road, but a watershed moment. The 2004 Annan Plan referendums, the Crans-Montana talks, as well as all the other attempts and failures by the two Cypriot leaders in between, created a sense of exhaustion and frustration on the Turkish side,

¹⁴ See this interesting interview to have a better understanding of the negotiations in Crans Montana: What really happened at the Crans Montana conference on Cyprus (2020).

and more precisely on Türkiye, which is also ready to realign its foreign policy in accordance with the new power configurations on both global and regional levels. As part of Türkiye's more assertive foreign policy posture, it started changing its policy – at least in discourse – on Cyprus. Instead of supporting formal Cyprus talks on the basis of a bi-zonal and bi-communal federation, Türkiye insists on the “sovereign equality and equal status of the two sides in Cyprus” as a precondition for the resumption of the formal peace negotiations. In line with this, Türkiye openly supported Ersin Tatar – a long-time “two-state solution” supporter during the 2020 presidential election in the TRNC. Now, President Tatar as the new leader of the Turkish Cypriot community is the fervent champion of this new policy.

After the election of the new Turkish Cypriot leader Ersin Tatar, the UN tried to see if the two Cypriot sides have a common vision and a mutually acceptable common basis for the resumption of formal inter-communal negotiations. Hence, the UN Chief Antonio Guterres brought the two sides together with the three guarantors in the so-called 5+1 informal meeting that took place during 27-29 April 2021 in Geneva. Another informal meeting, this time the UN Chief hosting the two Cypriot leaders in a luncheon, took place on 27 September 2021 in New York. In both informal meetings, it was clear that the gap between the two sides in terms of agreeing on common ground and a common vision is too big which prevents the resumption of formal peace negotiations.

E. Conclusions and policy recommendations¹⁵

During the last two decades, the Eastern Mediterranean has become an important, almost distinct, sub-region within the greater Euro-Mediterranean region. Scholars, statesmen and think-tankers have been mostly studying this region from an interconnection of security, geopolitics, and traditional energy politics. With the war on Ukraine, this importance has been multiplied. However, more recently a new perspective is envisioned for the region that emphasises the growing importance of renewable energy resources. Here, the idea is to transform the area into a region of cooperation and stability, as well as an extension of the EU's European Green Deal. An option is to develop the Euro-Mediterranean region to produce renewable energy in addition to hydrocarbons, finally transitioning into a complete green energy production.

It is clear that the Russian war and its attempt to invade Ukraine have accelerated the general transition to renewable energy on the global level. Europe and the US are looking for alternative sources of energy to replace the current Russian energy (natural gas and oil). One way to substitute Russian energy – in the short run – is to use natural gas and oil from other countries. The other way is to increase the proportion of renewable energy resources in the overall global market, at least in the medium and long run. Here, the Cyprus conflict is an

¹⁵ I would like to thank my colleagues, Dr. Hayriye Kahveci, Devrim Şahin and Serpil İşlek, for their valuable discussions and suggestions for this part.

important issue within the region that has the potential to be a key to unlocking other issues in the Eastern Mediterranean if it can be solved, or at least a more cooperative modus vivendi can be designed in Cyprus. In short, good news in Cyprus, similar to the deal between Israel and Lebanon in 2022, can spill over to or trigger other good news elsewhere in the region.

Although the current situation is not conducive to any meaningful initiative towards cooperation due to the programmed elections in the RoC (presidential elections in February 2023), in Türkiye (presidential and general elections in summer 2023), and in Greece (general elections in summer 2023), nonetheless one should be ready with concrete proposals in order to utilise the window of opportunity that the elections may create after the summer of 2023.

There are two broad veins that can be utilised for future cooperation and a probable comprehensive solution. The first is a general approach that can be termed ‘engagement without recognition’ or ‘overcoming the recognition paranoia’ and the second is more specific and can be dubbed as ‘bringing in the energy’.

1. Engagement without recognition

One important barrier facing cooperation of the two communities in Cyprus is the fear of the Greek Cypriot side to cause the upgrade of the status of the pseudo-state – what the Greek Cypriot side usually refers to as the TRNC. There is what the majority of the diplomatic community in Cyprus calls serious recognition paranoia of the Greek Cypriot leadership in potential cooperation with the Turkish Cypriot side. Hence, the Greek Cypriot leadership should be ready to engage with the relevant Turkish Cypriot authorities through creative mechanisms – sort of “engagement without recognition” similar to the example where the Greek Cypriot side purchased electricity from the Turkish Cypriot authorities after the explosion in Mari in 2011 when one third of the Greek Cypriot power plant was destroyed.

Engagement without recognition through creative diplomatic means, such as the US mediation in the Israel-Lebanon deal in 2022, can change the political climate to positive on the island. There are potential areas where the cooperation of the two Cypriot sides can not only create thousands of new jobs that would make the everyday lives of ordinary Cypriots but also spill over to other areas and trigger a comprehensive solution to the Cyprus conflict. In that sense, a package of confidence building areas (CBA) can greatly change the dynamics between the two communities and trigger a comprehensive solution:

- Opening the fenced area of Varosha to be handed to UN control as a free zone where the two communities can cooperate. Here, the persons, capital, goods and services will enter and exit the two sides freely. This will create thousands of new jobs that can positively change the lives of ordinary Cypriots and create a very positive cooperation atmosphere between the two communities.
- Direct flights for Turkish Cypriots via Ercan airport and linking the port of Varosha for direct trade of Turkish Cypriots with the EU would ease the isolation of the Turkish Cypriot community and, hence, improve the political atmosphere more conducive to cooperation.
- Cooperation of the two Cypriot sides on energy can actually be a game-changer and open new and novel venues of cooperation through spill-over effects in other areas.

2. Bringing in the energy

Energy and energy security, especially after the energy crisis caused by the Russian war on Ukraine, became paramount in world affairs. Although energy, more specifically the discovery of hydrocarbons offshore Cyprus, has so far played a negative role, it is also possible that it can play a positive role, as the recent deal between Israel and Lebanon brokered by the US mediation demonstrated. The maritime delineation and sharing of resources between Israel and Lebanon can be a source of inspiration for Cyprus. Here, the key is to include energy in both informal and formal Cyprus peace talks – sort of bringing in the energy into the mix.

Some concrete suggestions:

- *Aligning with the EU vision and policies.* Bringing in the energy through EU energy security not only in terms of oil and natural gas shortage stemming from the Ukrainian crisis but also in terms of greater interconnectivity and interdependence for a cleaner energy consumption. To this end, reigniting the energy highways, especially in terms of electricity and supporting the regional renewable potential is crucial. The success of such a dialogue requires a non-exclusionary dialogue since exclusionary policies proved to be unproductive so far in terms of the energy security of the region both as consumers and as suppliers.

The Israel-Lebanon deal proved to regional countries that if there is a will there is a way. Engagement without recognition not only can help bring in a new dynamism to Cyprus negotiations but can

also help create a new Eastern Mediterranean energy regime. The electricity purchases between Greek Cypriots and Turkish Cypriots have been working both ways over the years even during the tensest moments. This can be expanded as a model for regional cooperation without necessarily immediately leaving the regional power struggles and national agendas. International cooperation on vaccines during the COVID pandemic can also be used as an example for such dynamism since existing practices are not necessarily contributing to anyone's energy independence, security and supremacy in the region. While bringing in the energy there has to be a careful diplomatic manoeuvring to prevent energy issues from being haunted by the long-standing regional disputes. So depoliticising energy is essential.

- *Implementing a bi-communal renewable energy institution in Cyprus as a CBM.* The Eastern Mediterranean, a region rich in solar and wind energy, stands out in the intercontinental undersea electricity connection plans that the EU envisages establishing so that it can import renewable energy. However, any EU effort to realise these plans with a fait accompli by excluding the Turkish side, as happened in the development of the EastMed pipeline project, would lead to new tensions. Instead, there is a need for an inclusive negotiation process that would begin intense diplomacy between all relevant parties. In this context, implementing a bi-communal renewable energy institution in Cyprus as a CBM is of great importance in contributing to peace. Such an effort will ensure that not only the renewable energy sources produced in southern Cyprus but also the renewable energies produced in Northern Cyprus are connected to the planned undersea grid. In addition, this bi-communal institution can spill over to become a bi-communal energy institution and represent Cyprus in terms of both Greek Cypriot (GC) and Turkish Cypriot (TC) communities in a future all-stakeholders conference in the Eastern Mediterranean.
- *Enhanced involvement of the EU and the UN in the energy-related issues in Cyprus.* In an environment shaped by divisive claims and arguments on both sides of Cyprus, the gas and renewable energy debate can encourage mutually agreeable conditions. Here, the UN and the EU should have more active roles to decrease the tensions between the sides and foster cooperation. In particular, the EU should have a more proactive position. The EU can foster diplomacy channels on the basis of energy debate and adoption of renewable energy. Despite the fact of suspension of *acquis communautaire* in the north, the island of Cyprus is an official member of the Union as a whole. Therefore, EU regulations, adjustment policies and funding apply to Cyprus as a whole island. In this sense, the EU should work to promote clear, well-defined policies and projects to engage the parties in the negotiation process.



In order to stabilise the political conditions shaped by the nationalist narratives recently, the UN is needed to re-establish the reunification negotiation process. Rather than leaving the sides on their own, the UN should increase its presence to soften the political environment. The UN should initiate formation of bi-communal working groups on the domestic energy needs. It should be considered within the scope of ongoing bi-communal technical communities. This could help achieve some progress and resume the negotiation process after the failure of Crans-Montana talks in 2017.

In line with the sustainable energy and environmental plans of the EU and the UN, the need for de-carbonisation and promotion of more sustainable resources for energy production should be included/integrated into the infrastructural development as well as negotiation process. The daily lives of both communities, industrial production and business sectors are heavily dependent on effective and sustainable energy production/electricity use. The existing power plants use fossil fuels. Due to the rising oil prices, the energy authorities have the risk of fuel crises as well. In particular, the politically isolated Turkish Cypriot government and electricity authority are struggling with inability to maintain enough electricity for the rising demand. Particularly during the winter and summer seasons, the increased electricity use in daily lives of people causes inefficient supply of energy. As a result, the authorities apply rotational energy cuts every day in order to balance energy production and consumption. Hence, the focus on the domestic energy needs and the energy security/diversification for the EU can be a potential opportunity for progress in peace talks and mutual agreement in Cyprus. Despite development of energy needs, better planning and longer-term investments, current domestic and international factors in terms of socioeconomic interests play an important role in fostering cooperation and creating a relatively more stable political framework. In general, commercially and politically feasible projects and policies should be encouraged for exploitation of gas and development of energy transition.

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Chapter 4

The Western Mediterranean: Energy and Geopolitics

Intissar Fakir



A. Introduction

In recent years, the geopolitics of the Western Mediterranean have become much more dynamic, as changes in domestic realities, foreign policies and global shifts have all brought a new layer of complexity to the region. Understanding the interplay of Western Mediterranean dynamics, particularly those between its two key actors, Algeria and Morocco, can help identify tools to navigate bilateral relationships and regional ties.

As Algeria and Morocco feature prominently in this equation, it is important to understand each actor on their own but also how they relate to each other as competitors, with tensions between them having persisted and even increased in recent years. Therefore, grasping the landscape of Western Mediterranean tensions requires a closer look at these two actors: from the domestic backdrops to their foreign policy priorities, including the Western Sahara conflict, and the nuance of their regional ambitions and postures.

Morocco has historically been a closer ideological partner to Europe than Algeria, but the Kingdom's approach to the Western Saharan issue has been viewed as aggressive by key European allies, driving a wedge in old partnerships. Algeria has been a reliable energy exporter albeit a less friendly partner. It shares various priorities with Europe including security and trade ties (energy), but between Europe and Algeria there are divergences from the ideological to the practical in the realm of foreign policy, energy transition, and domestic priorities.

Algeria and Morocco's mutual perceptions and interaction in the Western Mediterranean sphere are driven by a hard zero-sum game approach and, more recently, a mutual refusal to foster goodwill. To this, Europe has responded in the past with efforts to balance these relationships, without weakening Morocco. As Algeria becomes a key source of European energy, that balance is harder to strike, and especially as the latter's access to Russian gas supplies has decreased. European efforts to isolate Russia following its aggression in Ukraine adds an interesting dimension to Europe's relationship with Algeria, since it is a long-time Russian partner in North Africa.

These trends merit a closer understanding, particularly as the engagement of international actors has evolved in recent years, and so too have domestic realities. For Europe, this confluence of geopolitical and internal dynamics is crucial to understand, especially as this key interlocutor is grappling with shifts in its own policies and priorities.

B. Long-standing rivalries and new realities

In recent months, Algeria's increasing focus on foreign affairs and frustration about changes in the Western Sahara conflict have precipitated unprecedented tensions between Algeria and Spain. However, this stands in contrast to growing European demand for Algerian gas. Furthermore, the animosity between Morocco and Algeria peaked in 2021, driven by the Western Sahara conflict, Morocco's budding relationship with Israel, and the perception in Algeria of Morocco's regional ambitions and aggressive foreign policy. But how did these tensions come about? To understand that, it is important to look at the evolution of the two country's foreign policy agendas over the past few years, in an increasingly multipolar world, and against charged domestic backdrops.

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C. Domestic impetus

In both Morocco and Algeria, domestic dynamics play a key role in shaping foreign policy. Morocco's post-2011 path featured a concoction of limited political reforms and halting economic development to keep the country stable as others in the region faced upheavals and transitions (Ottaway, 2012). The Moroccan monarchy and its tightly run foreign policy establishment had come to view this stability, and the regime's openness and even embrace of Western ideas of free trade, liberalisation and willingness to pursue reforms, as providing a powerful selling point internationally. Furthermore, in mid-2011, feeling secure in its domestic trajectory, Morocco became powerfully cognisant of the vacuum created by Libyan President Ghaddafi's unseating and eventual death. That vacuum became greater as Algeria's regime became increasingly domestically focused during the final years of former President Abdelaziz Bouteflika (Boukhars, 2013). The combined departure of Ghaddafi and the Algerian regime's preoccupation with domestic affairs left Morocco conscious of its potential and looking to use its assets to advance its foreign policy goals and exert influence on a regional level.

Algeria's domestic dynamics differed in the sense that the government did not face a major challenge in the form of 2011-related protests. Rather, an outbreak of protest did not come about until 2019. Prior to that, through the effective combination of incentives and crackdown, the government weathered calls for change. Two subsequent events eventually changed this. First was the gradual fall of oil prices as precipitated by the 2013 oil price downturn which limited the government's ability to spend on social policies that previously allowed the government to get away with its authoritarianism and political stagnation. This factor laid the ground for the second, the popular rejection of a fifth term for then President Bouteflika.

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In both Morocco and Algeria, domestic dynamics play a key role in shaping foreign policy.

President Bouteflika had been largely absent since a serious stroke in 2013 left him unable to walk and speak. Since then, debate concerning Algeria became focused on the need for a succession plan. Yet the president, who had amended the Constitution to allow himself a third and fourth term, pushed ahead with a planned fifth run in February 2012. This galvanised the population, finally bringing the unrest of 2011 to Algeria. Over the course of 2019, Algerians steadily and consistently protested Bouteflika's planned run (Boubekeur, 2019).

The Hirak movement of 2019 galvanised the population to not only reject a fifth presidential run but also turned into calls for a complete political overhaul (Boubekeur, 2020). The outcome of the Hirak movement was a reorganisation of the country's political figures without limiting the role of the military in domestic and foreign policy affairs. The transition brought Abdelmajid Tebboune, a known bureaucrat and politician, to the presidency. One of the most salient outcomes of the transition in Algeria is the extent to which the new leadership is now focused on rejuvenating the country's foreign engagement in a region marked by key changes, including the evolution of Morocco's engagement in the region, changes to the Western Sahara conflict and, more recently, the flow of global geopolitics into the Maghreb region.

D. Foreign policy postures

In the years of Algerian absence, Morocco was experiencing its own foreign policy evolution. In addition to the space ceded by Algeria and Libya, Morocco was internalising what it viewed as crucial regional restructurings that necessitated broadening its network of international partners. The perception within Morocco, and other countries, had been growing that the EU was increasingly frustrated that its engagement and spending in the Maghreb had not yet yielded the desired stability and prosperity, especially since 2011. The declared Asia-pivot of the Obama Administration compounded these concerns. And, finally, the emerging realisation that more international players are seeking a role in the Maghreb, whether that is China's ascendance through the belt and road initiative (BRI)-related investments and outreach or Russia's security role in Libya and the Sahel.

This drove Morocco to two key conclusions: the need for them to diversify their global partnerships and the need to take on their own leadership role, especially in an African context where it can forge more equal partnerships. To that end, Morocco set out trying to engage with China, Russia and India, and to open out to the rest of the African continent. In looking southward, Morocco wanted to merge two priorities: developing stronger economic ties that could pay dividends domestically; and gaining support on the Western Sahara conflict, an issue that is also at the heart of the monarchy's domestic legitimacy (Fakir, 2020). Morocco's African outreach picked up speed and intensity ahead of and during Morocco's return to the African Union (AU) in December 2016.



In re-joining the AU, Morocco now favoured engagement to shape the narrative about the Western Sahara conflict at the AU, while pursuing strong bilateral relationships including with nations that have a relationship with the Sahrawi Arab Democratic Republic (SADR). The results of this, over the course of six years, proved quite promising. Morocco managed to reverse recognition of the SADR among several nations in the AU. It also managed to secure recognition of its own sovereignty claims from several African nations. By 2020, 15 African states had established consulates in the territory, indicating their diplomatic support for Morocco.

Algeria came out of the 2020 transition looking to make up for lost time and build momentum. Once the country's transition was settled, Algeria's new leadership turned its attention to rejuvenating the country's foreign policy establishment and signalled a readiness to become more active and engaged regionally. This had an important domestic dimension. By shifting its attention to foreign policies, the leadership was signalling that the period of domestic transition was over, and that the country was ready to make up for lost momentum and time. It also provided an opportunity for the leadership, which was still facing much popular dissatisfaction over the limited nature of political change, to gain popularity at home for bringing Algeria back onto the regional and international stage.

In July 2021, President Tebboune appointed Mr Ramtane Lamamra Minister of Foreign Affairs. Lamamra is a veteran of African affairs and colloquially known as Mr Africa from his years as Commissioner for Peace and Security at the AU, and rejuvenated Algeria's diplomatic corps to ensure a more active presence and reflect a more engaging foreign policy approach regionally. Through its focus on the Western Sahara conflict, Algeria wants to position itself as the guardian of the Third Way. The Arab League Summit of 3 November hosted in Algiers showcased two important elements in this regard. First was the sort of diplomatic leadership role Algeria wants to play: a major diplomatic broker that favours political solutions to ongoing regional crises potentially including the Israeli-Palestine conflict, the Grand Ethiopian Renaissance Dam (GERD) dispute between Egypt and Ethiopia and, closer to home, the Mali conflict.

The second element of Algeria's perception of its own role is the extent to which it wants to breathe new life into issues that have been overlooked or issues that hold an important ideological stake for the country. During the Arab League summit, Algeria focused on the Palestinian issue and, prior to that, it hosted talks among Palestinian factions. Algeria also submitted a formal request to join the Brazil, Russia, India, China and South Africa (BRICS) group, wanting to draw attention to the issues it believes the world has unfairly moved on from.

E. Western Sahara and regional rivalry

The Algerian leadership's perspective and ideological focus shapes its position toward the Western Sahara conflict and continues to view it as Morocco's Achilles heel and the best way to curb the kingdom. Morocco's own approach to the Western Sahara has continued to evolve recently, even marking a major shift from rejecting engagement with any partner that does not support Morocco's position to one that prioritises engagement to secure bilateral recognitions while the international process remains stalled. Historically, the Western Sahara conflict has been an arena where the rivalry between Morocco and Algeria played out most powerfully. Even predating that, the neighbouring countries, despite much shared history, have been on separate political evolutionary paths and developed mistrust and suspicion over the course of decades of disputes including the Sand War in 1963 (Mohsen Finan, 2020).

In the 1960s, following both countries' independence, the Western Sahara territories remained under Spanish administration, and contestation over their outcome became a preoccupying issue for Morocco, Algeria, Mauritania, and the then nascent Polisario Front. Since the 1970s, Morocco and the Polisario Front have been locked into a territorial dispute over who can rightfully govern the Western Sahara. The issue is one of incomplete decolonisation, border demarcation, and a disagreement about what decolonisation meant for each of these two parties (Rousselier, 2014).

The UN has managed the conflict since its early days. The process has failed to provide a resolution but has succeeded in ending fighting through the ceasefire agreement of 1991, which the United Nations Mission for the Referendum in Western Sahara (MINURSO) was monitoring. Beyond the ceasefire, the UN process has been largely about finding common ground for negotiations – the Polisario wants to hold a referendum in the area to decide whether those concerned want autonomy or full integration with Morocco. Now, the main sticking point of the question of a referendum is who is entitled to vote. In 2007, Morocco came up, unilaterally, with what they viewed as a compromise solution to propose autonomy. In doing so, they took the referendum talk off the table. So now, when talking about the UN process, Morocco wants to see negotiation on autonomy while the Polisario and Algeria want to negotiate on the whole issue of referendum, opening the door to independence. This, Morocco rejects.

While negotiations stalled – and increasingly held little appeal for the Moroccan authorities that are already in de facto control of nearly 80 percent of the territory – the ceasefire held, rendering this a dormant conflict. This changed in November 2020 when the Polisario and Morocco reengaged in active fighting. Warning signs of the weakening ceasefire had existed before, particularly around the Guergarat strip of land that was under MINURSO control. In November



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Historically, the Western Sahara conflict has been an arena where the rivalry between Morocco and Algeria played out most powerfully.

2020, a caravan of trucks was held up due to Polisario protests in the area. The Moroccan army claimed to mobilise in order to disperse the protests. The Polisario Front had already been facing stronger calls from within to resume fighting as the international process had stalled. At the same time, Morocco was preparing for the breakthrough of US recognition on the Western Sahara front. This would solidify Morocco's gains made over the course of its “return to Africa”.

Over the course of its engagement on this issue, US policy has been to support the UN-led process. In practice this meant keeping the process alive without taking any steps that could weaken Morocco's hand. There have been very few exceptions to this approach overall. Morocco for its part has always sought to nudge the US closer through strong lobbying leveraging historical ties, strong security cooperation, and its long-time embrace of the US world view. The US approach changed at the end of the Trump Administration with its vigorous pursuit of Arab-Israeli normalisation (Zartman, 2020). In December 2020, the outgoing Trump Administration signed a deal with Morocco: Morocco's normalisation of ties with Israel for US recognition of Moroccan sovereignty over the Western Sahara.

US recognition immediately presented several issues (Bolton, 2020). Among those is the impact it had on the credibility of the UN process. There is now much less impetus for both Morocco and the Polisario to negotiate. For Morocco, why negotiate an international solution when the country can gain bilateral recognitions that cement its *de facto* status in the territory it controls? For the Polisario also, negotiating becomes less tenable as the group has weakened over the years and faced domestic pressures to resume fighting as the population grows more desperate in the absence of a final resolution. But in addition to the damage the Trump Administration's policy change did to the international process, US recognition also shifted the parameters of what support for Morocco meant. Based on this, Morocco set out to try and convince and even pressure key allies to also declare their own recognition of Moroccan sovereignty.

F. New paradigms in the Western Mediterranean

By early 2021, Algerian leadership was increasingly attuned to Morocco's actions. The Trump Administration's decision had raised Algeria's alarm, as did Morocco's normalisation with Israel. Building tension accumulated in the August 2021 decision to cut diplomatic ties with Morocco. The diplomatic break between Morocco and Algeria has pushed concerns about North African stability to the forefront regionally and among international partners (Fakir, 2021). Alleged Moroccan attacks on Polisario targets that have involved three Algerian casualties raised concerns about the possibility of an armed confrontation between Algeria and Morocco.

The spectre of instability has increased with the rising tension, even though there have been no signs that either country would pursue armed confrontation. Concerns remain due to the decisiveness of the break and the fact that, unlike previous moments of tension, no avenues of engagement or communication remain. The range of worsening scenarios is more likely to look like the border skirmishes that occurred between Algeria and Morocco in 1976, rather than a full out border conflict like the Sand War of 1963. Even a one-off skirmish or potentially another drone attack that goes awry would have such significant implications beyond the immediate stability and safety of the areas themselves, involving national economic interests and domestic stability, and would raise global alarm. Neither Morocco nor Algeria is willing to risk such potential for domestic instability and economic disruption, especially amid difficult global economic circumstances, or undermining global perceptions of their respective stability in a volatile region.

Current circumstances together with the insights of precedent and historical contexts, point toward a lower likelihood of active conflict. However, tension is likely to remain as high as it has been. This is particularly true given that Algeria has benefited from said tension in meaningful ways. It has been able to reclaim greater regional presence and influence, in part due to the pressure it has exerted on Morocco. This hard-nosed approach also plays domestically in helping divert public opinion away from domestic issues to questions of regional security. It also indicates a degree of vigilance and a desire to push back against an ambitious neighbour, especially in the aftermath of a renewed active conflict with the Polisario and considering normalisation with Israel. The latter is a particularly powerful incentive with the rise of a right-wing government that is expected to render the daily lives and plight of Palestinians more miserable.

Regionally, the tension has also allowed Algeria to make some diplomatic gains with previously neutral actors like Tunisia. Tunisia has in the past stayed neutral on issues related to the Western Sahara. However, the combination of Tunisia's own domestic circumstances and the regional pressures have allowed the current president to draw closer to Algeria on the issue. President Kais Saied shares an ideological affinity with Algeria's civilian and military leadership. His pan-Arabist rhetoric and affinity with revolutionary ideals have endeared him to Algerian President Tebboune. Practically, however, the Algerian Government has provided important financial support to the Tunisian Government in the form of budgetary support and fuel. These two factors have facilitated greater and more natural alignment with Algeria than previously. The rest of the neighbouring countries have sought to remain as neutral as possible. This neutrality or ability to balance both relationships has proven more difficult for key European allies.

G. Europe stuck between: Spain as a case in point

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This neutrality or ability to balance both relationships has proven more difficult for key European allies.

Spain's diplomatic troubles with both Morocco and Algeria are evidence of Europe's challenges in the Western Mediterranean. In March 2022, Algeria suspended diplomatic and trade ties with Spain following the Spanish Prime Minister slightly shifting the country's position on the Western Sahara. Previously, Spain had nursed a range of headaches in its relationship with Morocco, most of which were Western Sahara-related (Regragui, 2022). In April 2021, Morocco discovered that Spain admitted the Polisario leader and President of SADR, Ibrahim Ghali, for treatment. This discovery incensed Morocco who claimed to have been blindsided by Spain's decision, which the country had sought to keep quiet. In the spring of 2021, Morocco-Spain relations hit a new low. Morocco withdrew its ambassador to Spain and launched media attacks targeting the then Foreign Minister Arancha González, whom Morocco blamed, directly precipitating a crisis of confidence in her leadership.

The most impactful element of Morocco's response was using migration as a key point of leverage to pressure Spain (Garcés Mascareñas, 2021). Spain accused Moroccan border security of loosening controls, thus allowing a near total of 8,000 people, particularly minors, to cross into the Spanish towns of Ceuta and Melilla, causing a crisis on the other side of the border. Spanish security was overwhelmed by the arrivals, calling for Morocco to readmit them. The diplomatic crisis went on for months, as Spain laboured to find the right approach with a recalcitrant Morocco (Regragui, 2022). Nearly a year after the crisis, there was light at the end of the tunnel. The Spanish Prime Minister visited Morocco, vowing to restore and rebuild the relationship. A few weeks earlier, Morocco had announced that Spain supports Morocco's autonomy plan, within the framework of the UN process.

Morocco's reaction belies a disappointment that the US recognition of its annexation of the Western Sahara has not begotten more recognition from European allies. The particulars of this case, and Spain's own history as the former colonial power and administrator of the Western Sahara territory, gave Morocco the opportunity to further pressure its ally. This is the background against which it is important to understand Algeria's own reaction and response.

Spain's policy shift on the Western Sahara, going from supporting the UN process to supporting the UN process while also indicating favourability for Morocco's proposed autonomy solution, is at its core a symbolic shift that is meant to give the absolute minimum to Morocco. However, looked at from a different perspective, particularly that of the Polisario and Algeria, it is a historic shift that predisposes negotiations to a particular outcome: autonomy. It also signals to Algeria that there could be a domino effect of recognition of Moroccan



sovereignty among European partners. More importantly, it demonstrates that Moroccan pressure can succeed. This Algeria needed to push back against, leading to its own crisis with Spain.

Immediately after the news of Spain's shift, Algeria responded with its own wave of pressure. This included withdrawing its diplomatic corps from Madrid, pausing trade, and decreasing migratory cooperation and the exchange of security information. The one area of cooperation that has not been disturbed is gas sales to Spain. This is the result of two factors. Firstly, sales are often insulated from such vicissitudes through tightly binding contracts and regulations that Algeria would be reluctant to violate as it would affect its credibility and viability as a gas supplier to Europe. Secondly, the reality remains that, for Algeria, gas sales are still a matter of financial consideration and are not yet subject to geopolitical calculations.

H. Algeria: A geopolitical gas giant?

Until the Russian attack on Ukraine, Algeria was the third largest gas supplier to Europe, behind Russia and Norway. Connected to its main buyers, Spain and Italy, through the Medgaz pipeline and TransMed pipeline, Algeria's importance for European energy security has risen as Russian gas supplies dwindled. In October 2022, the EU Energy Commissioner Kadri Simons visited Algiers for discussions with Algerian Minister of Energy Mohammed Akrab. This followed the European Council President Charles Michel's visit to Algiers about a month prior to discuss a strategic partnership around energy. These visits are part of European efforts to present a united front to ensure dependable gas flows from Algeria. Italy, Spain and France all import Algerian gas to different degrees and each of these countries have sought to increase Algerian gas flows.

Italy managed to secure a series of commitments to its share of Algerian gas imports during Prime Minister Mario Draghi's visit to the country in July 2022. These deals were then solidified and expanded during the visit of Italy's new prime minister Georgia Meloni in the early days of 2023. Spain, in the wake of both diplomatic tension and the shuttering of the Maghreb Europe pipeline (GME) in November 2021, saw its shares of Algerian gas imports fall in 2022 by over 35 percent according to S&P Global data. With Algerian flow to Spain through GME halted, MedGas became the only pipeline exporting to Spain supplemented by LNG. But as Spain, Italy and others contemplate the future of their energy supplies from Algeria, some key challenges remain. First, the question of whether Algeria can increase its gas output further, enough to manage sustained increases in export remains a key question. While the share of Algerian gas exported to Europe increased from 10 to 12 percent, the total amount of Algerian gas exported to Europe decreased by 6 bcm in 2022 marking 44 bcm (Butt, 2023.) Algeria's gas industry is keen to draw investments

to boost production. This had taken a back seat in previous years as the nature of gas contracts prioritized shorter term engagement, as income from the energy sector diminished, and as more urgent national priorities overtook the national budget. The gas and oil industry had lagged in terms of investment in infrastructure as demand for renewable energy grew, and as Algeria's own business climate failed to show significant improvements in recent years.

During this moment of high energy demand, Algeria is looking to prioritize partnerships that promise higher investment rates in local infrastructure, while at the same time capitalizing on recent reforms to improve its investment outlook. Algeria has been able to replenish its coffers this year alone, with its income increasing by 4.7 percent compared to previous years (IMF, 2022). These funds allow the country some fiscal room to catch up on crucial investment--potentially addressing some of the neglected areas of development, including extractive industry infrastructure, and to buy the peace domestically. Furthermore, Algeria's domestic gas usage, the sale of which is heavily subsidized, has reached a 50 percent increase from 2008 to 2018 – and continues to take up significant capacity that is not exported (Oxford Energy, 2019).

While Algeria has provided a degree of relief to consumers like Italy, for the country to kick up its gas output to meet such demand, it requires the sort of investment in the industry that Europe is increasingly reluctant to make in non-renewable sources. At least it requires making investment in fossil fuels that counter its energy transition goals. Algeria has made lofty promises to Europe to increase levels of exports to the EU beyond what it was able to supply in 2022. In a recent wide-ranging interview with energy publication MEES, Sonatrach CEO Toufik Hakkar emphasized the 5 years \$40bn investment plan focused on bringing new reserves into production. Algeria is keen to regain ground on gas contract prioritizing partners that will undertake longer term commitments that support investment in local infrastructure and allow the company to speed up discoveries and productions. However, this sort of long-term investment in fossil fuel production runs counter to EU goals for clean energy production. While Europe's appetite to secure some of these immediate efforts to diversify away from Russian gas underpin Sonatrach's current vision and budding partnerships. Longer term divergences are likely to rise as Algeria lags in terms of investment in renewable energy. To develop it, the leadership needs to balance spending to meet the needs of extractive industry in addition to other social and political priorities. While Algeria has improved the investment climate somewhat, including increasing the ownership stake for foreign companies, these efforts are halting and tend to be deprioritized when the state does not need to make urgent compromises. Momentum around these initiatives dries up when there is little impetus to make changes with such income flowing in.

Algeria needs further reforms to its investment and business climate to allow it to draw and absorb more foreign direct investment (FDI). The business climate remains a significant impediment to investment and the engagement of foreign companies, hence few companies have been able or willing to invest and function in such a context. While the appetite for risk on the part of larger companies might be higher at this moment, this will not obscure the potential for issues down the road. Part of the reluctance for Algeria's leadership to take on such reforms is driven by the fear of their political and social implications and the extent to which Algeria views itself as a committed ideological and principle-driven actor. There is a tension in Algeria between long-held post-colonial nationalist tendencies and the realities of Algeria's current circumstances in the broader world. This is as much an impediment to reform and easing of state regulation as other practical concerns.

I. The future of Algeria: Russia vs Europe

Algeria's relationship with Russia fits in this context. The military partnership between Algeria and the Union of Soviet Socialist Republics (USSR) and Russia dates to the post-colonial era. Algerian military leadership trained with their Soviet and Russian counterparts; Algeria relies on Russian military hardware as well. What drives this relationship is not that Algeria views the world solely the way Russia does, or that Algeria supports the Russian worldview. In Russia, Algeria finds a major ally and arms supplier that neither lectures it on democracy nor one that requires a shift to its views or a compromise of its principles. A stronger relationship with the EU can potentially provide more benefits to Algeria, but the question remains as to whether this is the kind of benefits the Algerian regime is interested in. The military exercises that Algeria conducted in cooperation with Moscow on 17 November 2022, as Russia faced successive setbacks in its campaign in Ukraine, appeared to Europe to be an example of Algeria being out of touch and anti-Western, even though the country does not see eye to eye with Moscow on much of the latter's engagement in North Africa and the Sahel. Algeria has not been supportive of Russia's role in Libya, and even less so of the presence of Wagner Group mercenaries in Mali and potentially elsewhere in the Sahel. In a 29 December interview with the French daily *Le Figaro*, President Tebboune mused that the money Mali spends on the Wagner Group is best invested in the economy (Threard, 2022). But Algeria will continue its committed relationship with Russia with potentially one determining factor being the latter's reputation as supplier of military equipment and technology which has been undermined during the Ukraine war.

Ideologically, so long as the current ranks of the leadership stay dominant – and those who can drive a new ideological or perhaps more pragmatic engagement remain overpowered – the regime is not likely to be swayed. Rather, Europe will have to settle for limited and practical engagement where possible. France is a



key example of this sort of engagement that seeks to bypass ideological sticking points. President Macron has had to navigate a difficult period in the perennially fraught relationship. France has recently settled on the understanding that there are few arenas wherein it can engage.

In October, the French Prime Minister Elizabeth Borne took a large delegation to Algiers, following President Macron's own high-level visit to the country in August. France has been keen to heal divisions with Algeria to facilitate reform on several crucial issues: domestic narratives affecting French citizens of Algerian descent, economic cooperation that impacts them as well, and security cooperation that touches everything from domestic stability to the Sahel security situation. French leadership wants to bypass the historical grievances of Algeria – France has no appetite or political will to address those in a forthright manner – and has since chosen to engage with Algeria's younger, global-leaning entrepreneurial class to circumvent or paper over divisions with the leadership. The US is another interesting example of how to engage with Algeria. US diplomatic outreach is focused on public diplomacy. Language has been a major focus of US public diplomacy, as younger Algerian generations are interested in building English as a second language rather than French. This area, together with some promotion of common business interests, has featured prominently on the US diplomatic agenda. Another important aspect is the idea of standing witness to Algeria's cultural and social trends rather than focusing on political hectoring, or lecturing leadership either on democracy, reforms more generally, or domestic priorities, let alone foreign policy.

J. Conclusions and policy recommendations

1. Laying the ground for sustainable partnerships in the Western Mediterranean

A stable and prosperous outlook for the Western Mediterranean requires more attention from international partners, the willingness to tackle short term thorny issues that impede effective bilateral engagement, and clear reminders of the opportunity cost of their diplomatic feuds. European partners have a role to play in identifying opportunities of engagement with key partners, particularly Algeria as the country seeks to expand its foreign policy engagement. Bilateral engagement now should continue to favour practical issues, while also finding ways to advancing conflict mitigation measures and early warning mechanisms to manage potential outbursts of tension. Most European partners have been reluctant or unable to advance any sort of dialogue between Morocco and Algeria, yet the moment is ripe for opportunities especially outside official channels for engagement on multilateral issues. From Europe's perspective, a more unpredictable approach can help foster good will and promote stability in the region.

2. Lowering the tensions between Morocco and Algeria

In this area, the action Europe champions can be twofold. First, Europe can help support more opportunities for unofficial exchange and communication among civil society groups. This would be particularly important because, over the course of the diplomatic break between Morocco and Algeria, antagonistic public discourse and demonisation of the other has grown substantially. Furthermore, Europe can champion and promote trilateral Track two engagements, between Morocco, Algeria and Europe. The parameters of these engagements can focus on discussing the future of the Maghreb region with the acknowledgement that both Morocco and Algeria are likely to remain political and economic heavyweights there and need to find ways to ensure their competition does not risk engulfing the region in tensions or conflict. This is also a space where multilateral issues such as climate change, infrastructure, and global health require broad avenues for collaboration and engagement.

3. Pushing Western Sahara negotiations forward

In the meantime, the Western Sahara issue as it stands at the UN desperately needs momentum. The Special Envoy Steffan de Mistura is working to get Morocco, the Polisario and Algeria to the negotiation table. To do so, he needs international support and, more crucially, the willingness to cajole. The difficult reality of the UN process is that the parameters of success have shifted from finding a solution to keeping the process alive. This is particularly crucial given the break of the ceasefire agreement and the once again active nature of the conflict. While the Special Envoy is focused on resuming negotiations, international partners can focus on lowering the barriers to finding another ceasefire. The issue is inextricably linked to control of the buffer zone, internal pressure within the camps, and the broader regional geopolitical context within which Israel is now a strong military partner of Morocco. All of these elements will need to be put back on the table in pursuit of a ceasefire or at least a truce.

4. Investing in the younger generations

Finally, there is always ample space for engagement with Algeria's younger generations. That can be done through educational exchanges or tech and start up industry funding and support. There is ample to invest in strong engagement with youth, in Morocco and Algeria to help shape perceptions and strengthen avenues for dialogue and partnership. Beyond official discourses, initiatives that bring together youth around thematic issues from both countries not only provide opportunities to build capacity and leadership for years to come. It also facilitates a more positive outlook between Europe and younger Western Mediterranean populations, and amongst them as well.

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About Diplomeds



What is Diplomats?

Diplomats - The Council for Mediterranean Diplomacy is a policy group working to improve relations between countries in the Mediterranean, promote regional cooperation, increase inclusivity, resolve conflicts, and advance peace. Diplomats originates from the Mediterranean, acts for the Mediterranean, and is operated by Mediterraneans. It applies a modern outlook on diplomacy and integrates innovative concepts and tools, as well as emerging global agendas, while dealing with traditional diplomatic issues and striving for real-world policy impact.

Why is Diplomats Needed?

A variety of conflicts and tensions in the Mediterranean prevent the region from fulfilling its political, economic and societal potential. Shifting regional dynamics are presenting a changed environment and possibly new opportunities. Increased diplomatic engagement between regional actors should be enhanced and more wholly embraced. Traditional interventions and formal frameworks do not always adequately address the Mediterranean's diplomatic needs. A number of regional organizations acknowledge that they lack a conflict resolution mandate and are therefore limited in what they can contribute. Some also face an asymmetry of capabilities between sub-regions, which needs to be addressed. Diplomats can contribute to complementing the role and efforts of these organizations.

How Does Diplomats Work?

Diplomats operates via multi-national and task-driven policy support teams, and a growing network of Mediterranean affiliates, which seek to provide feasible solutions and foster change. Diplomats maps and monitors relevant diplomatic issues, and develops knowledge-based strategies that correlate with policy goals, institutional capacity, and prospects for success. Diplomats convenes and facilitates policy dialogues and back-channel talks, and offers consultancy, problem-solving and policy formulation services to governments, regional and multilateral institutions, and non-government organizations.

Who is Diplomats?

Diplomats is composed of value-driven and impact-oriented high-level Mediterranean professionals from the fields of diplomacy, conflict resolution, civil society, and regional cooperation. Diplomats strives to be inclusive in membership and collaborative in management. It currently includes around 40 affiliated experts from all parts of the Mediterranean region. These experts come from a variety of backgrounds and countries, and are also diverse in terms of age and gender. They have the capacity to make an impact, access stakeholders, deliver fresh and independent recommendations, and advance policy processes.

