

# Oil and gas as a catalog for peace

The science is still in progress, but it now seems clear that the Eastern Mediterranean Basin holds oil and gas deposits that are truly mammoth. While the precise amount and locations of the resources in question are far from assured, the current estimates suggest there is likely to be some \$170 billion worth of oil and almost \$2 trillion worth of gas.

For Lebanon, simply achieving energy self-sufficiency would be an unprecedented game-changer, slashing costs for households and businesses, freeing up the funds for improved social welfare and enabling the government to service its gargantuan debts. Now consider that even under the most conservative estimates of the deposits and of Lebanon's share thereof, developing the resources in question would enable the country to garner billions in annual export revenues for the next century or so.

Odds are that each of the principal entrants in this bonanza — Cyprus, Israel, Lebanon, Palestine, Syria, and the Turkish Republic of Northern Cyprus (TRNC) — also stand to reap dramatic fiscal benefits. For some, at least, it would be no exaggeration to describe the income from oil and/or gas exports as a form of national salvation.

Yes, there is that much at stake. The gas alone may be worth more than the annual gross domestic product of Canada, Russia, or India.

The problem, however, is the relations within and between these players present severe obstacles to the successful extraction, sale and delivery of whatever deposits there are down there. Turkey and Cyprus do not have diplomatic relations; Lebanon and Syria are still at war with Israel; Israel at least partially occupies parts of Palestine, Lebanon and Syria; Turkey has not officially defined their Exclusive Economic Zone (EEZ), and although Israel has made a claim to this effect, it does not have legal legitimacy because Israel is not signatory to the United Nations Convention on the Law of the Sea. Syria is also preoccupied with what is for all intents and purposes a civil war that threatens to bring down the government; Lebanon is so badly divided internally that civil war is a perennial threat; and for good measure Palestine and the TRNC are not even fully fledged nation-states.

## Who gets the rights?

The combined implications of these 'inconvenient' facts are that getting three or more of the various claimants to discuss — let alone agree on — anything is bound to be exceedingly difficult. If the result of this were simply a stalemate, it would be relatively easy to roll one's eyes, express regret at the time being lost, and wait for the proverbial air to clear. But a stalemate is not how the situation is shaping up. Israel and Cyprus have already reached a bilateral agreement that could prejudice the rights of both Lebanon — which has vowed to defend its interests — and the TRNC, which is strongly backed by Turkey. The Turks and the Israelis have repeatedly traded harsh words over this issue, and their air forces have reportedly played cat-and-mouse off the coast of the TRNC, even if only a few years ago they were holding joint military operations. Now Israel's navy has officially sought almost \$1 billion to acquire new warships and sophisticated missile-defense systems.

## No winner in war

There may be times when going to war seems necessary, but the gathering crisis described above is clearly not one of them. In fact, for each of the countries involved, the surest way to protect the national interest is to seek a compromise, however imperfect and/or temporary, that allows them to start collecting revenues in the shortest time possible. Even for Israel, the most powerful of the direct actors in military terms, defending the sensitive equipment required to exploit a disputed field might prove impossible, or too costly to be justified.

The potential for conflict here is clear, and if war does break out no one can claim they did not see it coming. The policies being followed by some of the major players may make the outcome all too predictable and even those not engaged in provocative actions or incendiary rhetoric will share some of the blame for not having done enough to stave off the impending — though not yet inevitable — clash(es). For both weak and strong alike, a peaceful solution is the

optimal solution. The absence of a viable deal will be a deterrent to investment and hinder the potential economic benefits for all parties. Prospective companies will impose higher costs for drilling and seek more favorable contract terms when operating in potential conflict zones.

There can be no real victors in such a conflict, only various degrees of losers. If cooler heads prevail with dialogue and diplomacy, however, there can be winners all around the Eastern Mediterranean. A negotiated solution will require yeoman efforts and (almost certainly) outside mediation, but the rewards will be more than worth it.

Provided all sides refrain from gestures or acts that might inflame the situation, there is plenty of scope to design and implement an agreement. The first priority, though, has to be a moratorium on unilateral acts that threaten to scuttle negotiations before they begin. Lebanon and Israel, for instance, share the obvious option of initially restricting exploration and extraction to areas that are in no way under dispute. Cyprus and the TRNC would have a harder time on this score, but the same goal — conflict prevention — could be accomplished by mutually agreed observers, escrow accounts, and/or other mechanisms to ensure equal rights, all with the understanding that economic agreements would not prejudice the terms of any eventual political reconciliation between the two sides, especially during the Cypriot six-months presidency of the European Union, which started in July.

Likewise, the logistical hurdles of conducting negotiations between countries that have no ties with one another are imposing but not impossible. Proximity talks or other forms of indirect discussions would allow the claimants to protect their interests without sacrificing principle or breaking ranks. Third parties like the EU or the UN could act as guarantors to inspire confidence, and the International Court of Justice could adjudicate disputes that were not resolved by arbitration.

For a part of the world so accustomed to wars both hot and cold, there is a chance just now to move away from — if not entirely outside of — the cycle of enmity. Although needs are greater for some than for others, all those in question stand to reap huge economic, social and political benefits by exchanging crippling energy costs for lucrative energy revenues. First, though, their respective governments have to get their priorities in order by asking one simple question: is it more important to provide for one's own or to deprive one's neighbors? The answer being obvious — it is time to rein in the rabble rousers and send out the diplomats.