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Energy wars in the Middle East

Michael Schwartz

26 February 2015

In energy terms, Israel is ever more desperate. Ahead lies the possibility of bigger gas wars with the devastation they are likely to bring.

How Gazan natural gas became the epicenter of an International power struggle

Guess what? Almost all the current wars, uprisings, and other conflicts in the Middle East are connected by a single thread, which is also a threat: these conflicts are part of an increasingly frenzied competition to find, extract, and market fossil fuels whose future consumption is guaranteed to lead to a set of cataclysmic environmental crises.

Amid the many fossil-fuelled conflicts in the region, one of them, packed with threats, large and small, has been largely overlooked, and Israel is at its epicenter. Its origins can be traced back to the early 1990s when Israeli and Palestinian leaders began sparring over rumored natural gas deposits in the Mediterranean Sea off the coast of Gaza. In the ensuing decades, it has grown into a many-fronted conflict involving several armies and three navies. In the process, it has already inflicted mindboggling misery on tens of thousands of Palestinians, and it threatens to add future layers of misery to the lives of people in Syria, Lebanon, and Cyprus. Eventually, it might even immiserate Israelis.

Resource wars are, of course, nothing new. Virtually the entire history of Western colonialism and post-World War II globalization has been animated by the effort to find and market the raw materials needed to build or maintain industrial capitalism. This includes Israel's expansion into, and appropriation of, Palestinian lands. But fossil fuels only moved to centre stage in the Israeli-Palestinian relationship in the 1990s, and that initially circumscribed conflict only spread to include Syria, Lebanon, Cyprus, Turkey, and Russia after 2010.

The poisonous history of Gazan natural gas

Back in 1993, when Israel and the Palestinian Authority (PA) signed the Oslo Accords that were supposed to end the Israeli occupation of Gaza and the West Bank and create a sovereign state, nobody was thinking much about Gaza's coastline. As a result, Israel agreed that the newly created PA would fully control its territorial waters, even though the Israeli navy was still patrolling the area. Rumoured natural gas deposits there mattered little to anyone, because prices were then so low and supplies so plentiful. No wonder that the Palestinians took their time recruiting British Gas (BG) -- a major player in the global natural gas sweepstakes -- to find out what was actually there. Only in 2000 did the two parties even sign a modest contract to develop those by-then confirmed fields.

BG promised to finance and manage their development, bear all the costs, and operate the resulting facilities in exchange for 90% of the revenues, an exploitative but typical "profit-sharing" agreement. With an already functioning natural gas industry, Egypt agreed to be the on-shore hub and transit point for the gas. The Palestinians were to receive 10% of the revenues (estimated at about a billion dollars in total) and were guaranteed access to enough gas to meet their needs.

Had this process moved a little faster, the contract might have been implemented as written. In 2000, however, with a rapidly expanding economy, meagre fossil fuels, and terrible relations with its oil-rich neighbours, Israel found itself facing a chronic energy shortage. Instead of attempting to answer its problem with an aggressive but feasible effort to develop renewable sources of energy, Prime Minister Ehud Barak initiated the era of Eastern Mediterranean fossil fuel conflicts. He brought Israel's naval control of Gazan coastal waters to bear and nixed the deal with BG. Instead, he demanded that Israel, not Egypt, receive the Gaza gas and that it also control all the revenues destined for the Palestinians -- to prevent the money from being used to "fund terror."

With this, the Oslo Accords were officially doomed. By declaring Palestinian control over gas revenues unacceptable, the Israeli government committed itself to not accepting even the most limited kind of Palestinian budgetary autonomy, let alone full sovereignty. Since no Palestinian government or organization would agree to this, a future filled with armed conflict was assured.

The Israeli veto led to the intervention of British Prime Minister Tony Blair, who sought to broker an agreement that would satisfy both the Israeli government and the Palestinian Authority. The result: a 2007 proposal that would have delivered the gas to Israel, not Egypt, at below-market prices, with the same 10% cut of the revenues eventually reaching the PA. However, those funds were first to be delivered to the Federal Reserve Bank in New York for future distribution, which was meant to guarantee that they would not be used for attacks on Israel.

This arrangement still did not satisfy the Israelis, who pointed to the recent victory of the militant Hamas party in Gaza elections as a deal-breaker. Though Hamas had agreed to let the Federal Reserve supervise all spending, the Israeli government, now led by Ehud Olmert, insisted that no "royalties be paid to the Palestinians." Instead, the Israelis would deliver the equivalent of those funds "in goods and services."

This offer the Palestinian government refused. Soon after, Olmert imposed a draconian blockade on Gaza, which Israel's defence minister termed a form of "'economic warfare' that would generate a political crisis, leading to a popular uprising against Hamas." With Egyptian cooperation, Israel then seized control of all commerce in and out of Gaza, severely limiting even food imports and eliminating its fishing industry. As Olmert advisor Dov Weisglass summed up this agenda, the Israeli government was putting the Palestinians "on a diet" (which, according to the Red Cross, soon produced "chronic malnutrition," especially among Gazan children).

When the Palestinians still refused to accept Israel's terms, the Olmert government decided to unilaterally extract the gas, something that, they believed, could only occur once Hamas had been displaced or disarmed. As former Israel Defense Forces commander and current Foreign Minister Moshe Ya'alon explained, "Hamas... has confirmed its capability to bomb Israel's strategic gas and electricity installations... It is clear that, without an overall military operation to uproot Hamas control of Gaza, no drilling work can take place without the consent of the radical Islamic movement."

Following this logic, Operation Cast Lead was launched in the winter of 2008. According to Deputy Defence Minister Matan Vilnai, it was intended to subject Gaza to a "shoah" (the Hebrew word for holocaust or disaster). Yoav Galant, the commanding general of the Operation, said that it was designed to "send Gaza decades into the past." As Israeli parliamentarian Tzachi Hanegbi explained, the specific military goal was "to topple the Hamas terror regime and take over all the areas from which rockets are fired on Israel."

Operation Cast Lead did indeed "send Gaza decades into the past." Amnesty International reported that the 22-day offensive killed 1,400 Palestinians, "including some 300 children and hundreds of other unarmed civilians, and large areas of Gaza had been razed to the ground, leaving many thousands homeless and the already dire economy in ruins." The only problem: Operation Cast Lead did not achieve its goal of "transferring the sovereignty of the gas fields to Israel."

More sources of gas equal more resource wars

In 2009, the newly elected government of Prime Minister Benjamin Netanyahu inherited the stalemate around Gaza's gas deposits and an Israeli energy crisis that only grew more severe when the Arab Spring in Egypt interrupted and then obliterated 40% of the country's gas supplies. Rising energy prices soon contributed to the largest protests involving Jewish Israelis in decades.

As it happened, however, the Netanyahu regime also inherited a potentially permanent solution to the problem. An immense field of recoverable natural gas was discovered in the Levantine Basin, a mainly offshore formation under the eastern Mediterranean. Israeli officials immediately asserted that "most" of the newly confirmed gas reserves lay "within Israeli territory." In doing so, they ignored contrary claims by Lebanon, Syria, Cyprus, and the Palestinians.

In some other world, this immense gas field might have been effectively exploited by the five claimants jointly, and a production plan might even have been put in place to ameliorate the environmental impact of releasing a future 130 trillion cubic feet of gas into the planet's atmosphere. However, as Pierre Terzian, editor of the oil industry journal *Petrostrategies*, observed, "All the elements of danger are there... This is a region where resorting to violent action is not something unusual."

In the three years that followed the discovery, Terzian's warning seemed ever more prescient. Lebanon became the first hot spot. In early 2011, the Israeli government announced the unilateral development of two fields, about 10% of that Levantine Basin gas, which lay in disputed offshore waters near the Israeli-Lebanese border. Lebanese Energy Minister Gebran Bassil immediately threatened a military confrontation, asserting that his country would "not allow Israel or any company working for Israeli interests to take any amount of our gas that is falling in our zone." Hezbollah, the most aggressive political faction in Lebanon, promised rocket attacks if "a single meter" of natural gas was extracted from the disputed fields.

Israel's Resource Minister accepted the challenge, asserting that "[t]hese areas are within the economic waters of Israel... We will not hesitate to use our force and strength to protect not only the rule of law but the international maritime law."

Oil industry journalist Terzian offered this analysis of the realities of the confrontation:

"In practical terms... nobody is going to invest with Lebanon in disputed waters. There are no Lebanese companies there capable of carrying out the drilling, and there is no military force that could protect them. But on the other side, things are different. You have Israeli companies that have the ability to operate in offshore areas, and they could take the risk under the protection of the Israeli military."

Sure enough, Israel continued its exploration and drilling in the two disputed fields, deploying drones to guard the facilities. Meanwhile, the Netanyahu government invested major resources in preparing for possible future military confrontations in the area. For one thing, with lavish US funding, it developed the "Iron Dome" anti-missile defence system designed in part to intercept Hezbollah and Hamas rockets aimed at Israeli energy facilities. It also expanded the Israeli navy, focusing on its ability to deter or repel threats to offshore energy facilities. Finally, starting in 2011 it launched airstrikes in Syria designed, according to US officials, "to prevent any transfer of advanced... anti-aircraft, surface-to-surface and shore-to-ship missiles" to Hezbollah.

Nonetheless, Hezbollah continued to stockpile rockets capable of demolishing Israeli facilities. And in 2013, Lebanon made a move of its own. It began negotiating with Russia. The goal was to get that country's gas firms to develop Lebanese offshore claims, while the formidable Russian navy would lend a hand with the "long-running territorial dispute with Israel."

By the beginning of 2015, a state of mutual deterrence appeared to be setting in. Although Israel had succeeded in bringing online the smaller of the two fields it set out to develop, drilling in the larger one was indefinitely stalled "in light of the security situation." US contractor Noble Energy, hired by the Israelis, was unwilling to invest the necessary \$6 billion dollars in facilities that would be vulnerable to Hezbollah attack, and potentially in the gun sights of the Russian navy. On the Lebanese side, despite an increased Russian naval presence in the region, no work had begun.



Palestinians look at a drilling operation launched 27 September, 2000 to tap a gas field off the coast of Gaza

Meanwhile, in Syria, where violence was rife and the country in a state of armed collapse, another kind of stalemate went into effect. The regime of Bashar al-Assad, facing a ferocious threat from various groups of jihadists, survived in part by negotiating massive military support from Russia in exchange for a 25-year contract to develop Syria's claims to that Levantine gas field. Included in the deal was a major expansion of the Russian naval base at the port city of Tartus, ensuring a far larger Russian naval presence in the Levantine Basin.

While the presence of the Russians apparently deterred the Israelis from attempting to develop any Syrian-claimed gas deposits, there was no Russian presence in Syria proper. So Israel contracted with the US-based Genie Energy Corporation to locate and develop oil fields in the Golan Heights, Syrian territory occupied by the Israelis since 1967. Facing a potential violation of international law, the Netanyahu government invoked, as the basis for its acts, an Israeli court ruling that the exploitation of natural resources in occupied territories was legal. At the same time, to prepare for the inevitable battle with whichever faction or factions emerged triumphant from the Syrian civil war, it began shoring up the Israeli military presence in the Golan Heights.

And then there was Cyprus, the only Levantine claimant not at war with Israel. Greek Cypriots had long been in chronic conflict with Turkish Cypriots, so it was hardly surprising that the Levantine natural gas discovery triggered three years of deadlocked negotiations on the island over what to do. In 2014, the Greek Cypriots signed an exploration contract with Noble Energy, Israel's chief contractor. The Turkish Cypriots trumped this move by signing a contract with Turkey to explore all Cypriot claims "as far as Egyptian waters." Emulating Israel and Russia, the Turkish government promptly moved three navy vessels into the area to physically block any intervention by other claimants.

As a result, four years of manoeuvring around the newly discovered Levantine Basin deposits have produced little energy, but brought new and powerful claimants into the mix, launched a significant military build-up in the region, and heightened tensions immeasurably.

Gaza again - and again

Remember the Iron Dome system, developed in part to stop Hezbollah rockets aimed at Israel's northern gas fields? Over time, it was put in place near the border with Gaza to stop Hamas rockets, and was tested during Operation Returning Echo, the fourth Israeli military attempt to bring Hamas to heel and eliminate any Palestinian "capability to bomb Israel's strategic gas and electricity installations."

Launched in March 2012, it replicated on a reduced scale the devastation of Operation Cast Lead, while the Iron Dome achieved a 90% "kill rate" against Hamas rockets. Even this, however, while a useful adjunct to the vast shelter system built to protect Israeli civilians, was not enough to ensure the protection of the country's exposed oil facilities. Even one direct hit there could damage or demolish such fragile and flammable structures.

The failure of Operation Returning Echo to settle anything triggered another round of negotiations, which once again stalled over the Palestinian rejection of Israel's demand to control all fuel and revenues destined for Gaza and the West Bank. The new Palestinian Unity government then followed the lead of the Lebanese, Syrians, and Turkish Cypriots, and in late 2013 signed an "exploration concession" with Gazprom, the huge Russian natural gas company. As with Lebanon and Syria, the Russian Navy loomed as a potential deterrent to Israeli interference.

Meanwhile, in 2013, a new round of energy blackouts caused "chaos" across Israel, triggering a draconian 47% increase in electricity prices. In response, the Netanyahu government considered a proposal to begin extracting domestic shale oil, but the potential contamination of water resources caused a backlash movement that frustrated this effort. In a country filled with start-up high-tech firms, the exploitation of renewable energy sources was still not being given serious attention. Instead, the government once again turned to Gaza.

With Gazprom's move to develop the Palestinian-claimed gas deposits on the horizon, the Israelis launched their fifth military effort to force Palestinian acquiescence, Operation Protective Edge. It had two major hydrocarbon-related goals: to deter Palestinian-Russian plans and to finally eliminate the Gazan rocket systems. The first goal was apparently met when Gazprom postponed (perhaps permanently) its development deal. The second, however, failed when the two-pronged land and air attack -- despite unprecedented devastation in Gaza -- failed to destroy Hamas's rocket stockpiles or its tunnel-based assembly system; nor did the Iron Dome achieve the sort of near-perfect interception rate needed to protect proposed energy installations.

There is no Denouement

After 25 years and five failed Israeli military efforts, Gaza's natural gas is still underwater and, after four years, the same can be said for almost all of the Levantine gas. But things are not the same. In energy terms, Israel is ever more desperate, even as it has been building up its military, including its navy, in significant ways. The other claimants have, in turn, found larger and more powerful partners to help reinforce their economic and military claims. All of this undoubtedly means that the first quarter-century of crisis over eastern Mediterranean natural gas has been nothing but prelude. Ahead lies the possibility of bigger gas wars with the devastation they are likely to bring.

- See more at: <http://www.middleeasteye.net/essays/energy-wars-middle-east-1247456052#sthash.VEVQHqG8.dpuf>