



## **Israel Should Avoid Turkey, Include Cyprus in Gas Export Projects**

**by Ariel Ben Solomon**

BESA Center Perspectives Paper No. 370, October 7, 2016

**EXECUTIVE SUMMARY:** Israel should rule out building a natural gas pipeline to Islamist Turkey because of the political risk involved. It should instead consider using LNG technology for export through Cyprus. Although this would be expensive, it would be a less risky and more durable option over the long term. This should be in addition to exporting to Jordan and possibly to Egypt.

As Israel begins closing deals for its natural gas, it should avoid linking itself to any expensive long-term pipeline deal with Turkey at the expense of allies Cyprus, Greece, or even Egypt.

Notwithstanding the recent easing of tensions between the two countries, Israel cannot trust Turkish President Recep Tayyip Erdoğan's Islamist regime as a linchpin in its natural gas export strategy.

A crisis could erupt at any moment that might cause Erdoğan, an erratic anti-Semite, to stop the gas from flowing, essentially holding Israel hostage. The trigger could be a new war with Hamas-ruled Gaza, which is allied with Turkey, or a general escalation in violence with the Palestinians, or any of a host of other unexpected incidents. The deterioration of the already cool relationship is only a matter of time.

The recent improvement in ties between Israel and Turkey must be viewed within the context of the poor relations Ankara had with Russia and other

states at the time, and should not be viewed as reflecting any real change in Erdoğan's attitude toward Israel.

Turkey experienced a crisis in its relations with Russia after Turkey's air force downed a Russian fighter jet near its border with Syria last November. The crisis had Turkey scrambling, as it depends on Russia for over half its gas needs and over 12% of its oil. Turkey also has tense relations with the US and the EU, as well as with various Arab states that oppose its support for Islamists in their countries.

The subsequent rapprochement between Turkey and Russia changes the picture, and will give Erdoğan a freer hand to dispose of the Israel relationship as he sees fit. In addition, there are various other countries from which Turkey can receive gas, including Russia and Iran. Turkey would therefore have leverage in any gas deal with Israel.

The proposed gas pipeline to Turkey would cost around US\$5 billion and take seven to eight years to build. Other options for gas export are Egypt and Greece.

Though Cairo is friendly with Jerusalem, Egypt suffers from political instability and terrorism. Even without those issues, Egypt is not an ideal option, because it has its own gas reserves and will not need Israel's gas in the long run. And while Greece could be part of a plan to export to Europe, this would involve Cyprus as a way-station.

On September 26, investors in Israel's large Leviathan natural gas field closed a \$10 billion deal to export gas to Jordan, though production is still a few years away. A pipeline between the two countries is under construction.

However, the deal with Jordan still leaves much gas to be sold elsewhere.

This leaves what appears to be the safer but more expensive option of developing a liquefied natural gas (LNG) terminal in Cyprus. LNG technology converts natural gas to liquid to make transport easier.

Israel would be wise to focus its long-term gas strategy on Cyprus. The Aphrodite gas field south of the Cyprus coast and Israel's nearby Leviathan gas field could turn Cyprus into a hub for further export of gas to Europe and Asia. An LNG facility would need to be built on a coastline, and it has been estimated that building one in Cyprus would cost upwards of \$20 billion.

Asked about the possibility of Israel's building its own LNG facility in Eilat or anywhere else on the Israeli coast, an industry source in Israel dealing with LNG told the author that this will not happen because environmentalists and their political supporters would block it. The opportunity to use LNG thus appears to be narrowed down to using the existing facility in Egypt, building a new one in Cyprus, or creating a floating one at sea.

"Cyprus is the safest bet," the source said. "It is stable for the long term and if Lebanon finds gas, it could be transported by pipeline to Cyprus."

The other idea under discussion is a gas pipeline that would go from Israel to Cyprus and then on to Greece, but some experts see this as unrealistic. A report in the Israeli business newspaper *Globes* stated in April that while officials from the three countries have discussed this option, it would require at least 1,100 kilometers of pipeline, some of which would pass through depths of 3,000 meters, making it a complex and expensive option.

Another industry insider, questioned about the chances of building an LNG facility in Cyprus, responded that it depends on politics and on the building up of feed gas and customers. He added that there is also "a price issue, and if the math works and politics isn't an obstacle, then a project gets financing."

Some still see Egypt as a viable option. George Papadopoulos, a foreign policy advisor to US presidential candidate Donald Trump, says that Egypt "faces its worst power crisis in decades due to long-term inefficiencies in the gas sector and is desperate for imported gas until its own legacy production ramps back up." Egypt is weighing importing gas from Israel and Cyprus.

"The Israeli Leviathan and Tamar gas fields, along with the Egyptian Zohr and Cypriot Aphrodite, have the potential to be the linchpins that transform the region into an integrated energy zone," he said.

Accordingly, a strategic relationship between Greece, Cyprus, Israel, and Egypt could involve energy cooperation around a prospective Cyprus hub. These countries are all ideologically opposed to Islamist Turkey's agenda, and Greece and Cyprus have their own historical reasons for preferring cooperation with Israel over Turkey.

*Ariel Ben Solomon is a freelance writer on the Middle East and a PhD Candidate in Middle East Studies at Bar-Ilan University. He is former Middle East correspondent for The Jerusalem Post.*