



The Leviathan Natural Gas Field Could Be a Game-Changer for Israel-EU Relations

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BESA Center Perspectives Paper No. 1,411, January 19, 2020

EXECUTIVE SUMMARY: The vast Leviathan natural gas field off the Haifa coast could be a game-changer for Israel's relations with the EU. Europe is currently dependent on Russian natural gas. A reliable and price-competitive natural gas alternative in the Mediterranean could diminish Moscow's ability to use energy supplies as a political weapon against Europe.

[Leviathan](#), the largest natural gas field ever discovered, is located in the Mediterranean Sea off the coast of Israel. It is deep in the Levantine Basin, an area rich in hydrocarbons. The field is roughly 130 kilometers west of Haifa and 1,500 meters deep.

Leviathan is [estimated to hold](#) over 21 trillion cubic feet of natural gas—enough to fill Israeli power-generation needs for the next 40 years while still leaving ample supply for export.

Leviathan could prove to be a game-changer for Israel's relations with the EU.

[Israel's proven gas](#) reserves are estimated at some 455 billion cubic meters (bcm), while the Eastern Mediterranean has about 2,100 bcm of gas in total. The EU's consumption of gas in 2017 was 410 bcm, meaning Israel's reserves are enough to supply the EU.

Israel's gas production is anticipated to exceed demand by 80% in 2020 thanks to production from Leviathan 1A. This will enable Israel to become a gas exporter in the Eastern Mediterranean. (The Karish field, which has recoverable reserves of 1.7 tcf [60 bcm], is also under development and is expected to start supplying the domestic market in 2021.)

Israeli natural gas offers the EU a rare opportunity to loosen Russia's energy chokehold on parts of Europe. Moscow wields access to energy supplies as a political weapon. The Levantine basin offers the EU an alternative: a reliable and price-competitive source of liquefied natural gas.

In January 2019, Israel, Egypt, and Cyprus announced the creation of the Eastern Mediterranean Gas Forum, which aims to build a 1,200-mile pipeline connecting the abundant hydrocarbon reserves of the Levantine basin with Europe via Cyprus and Crete. The European Commission has contributed nearly \$39 million to the project, which is forecast [to be completed](#) in seven years.

The transformation of the eastern Mediterranean into an energy hub could have major global geopolitical implications.

After a meeting in Tel Aviv with the energy ministers of Israel, Cyprus, Greece, and Italy, European Climate and Energy Commissioner [Miguel Arias Canete](#) said the pipeline would help the EU limit its reliance on the Nord Stream pipeline via Russia. This development concerns Moscow, of course, because the Russian economy is heavily dependent on the export of natural resources such as oil and natural gas. Russia holds 54% of the world's total reserves of gas, 46% of its coal, 14% of its uranium, and 13% of its oil. It [provides 37% of Europe's gas supplies](#) via its oil and gas giant Gazprom. Europe's energy dependence has paid off handsomely for Russia.

[Russia's contract](#) to use Ukrainian pipelines to ship natural gas to Europe expired on December 31, 2019. The last time the contract was up for negotiation, Russia stopped gas shipments for 13 days in the dead of winter. The result was freezing temperatures in homes from Sofia to Rome. If no contract is reached and Ukraine ceases to be a transit state, Europe may not immediately suffer a shortage, but prices will spike.

Ten years ago, Israel depended on Egyptian natural gas. Today, Israel exports natural gas to both Egypt and Jordan. [Export agreements to Jordan and Egypt](#) have already been concluded for Leviathan Phase 1A gas. Israel will export 106 bcf (3 bcm) natural gas per year to Jordan starting in 2020 through a 65-kilometer pipeline. Israel will need access to additional markets, however, if it is to export large quantities of natural gas. A burgeoning energy relationship with the EU is very much in Jerusalem's interest.

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