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Why Israel Approved Development of the Gaza Marine Gas Field

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EXECUTIVE SUMMARY: In June 2023, Israel quietly approved the development of Gaza Marine, a small offshore gas field near Gaza that will benefit both the Palestinian Authority and Hamas in terms of revenue and energy independence. Why was the deal approved by the most right-wing Israeli government to date, and how does this relate to the Lebanon maritime border deal from October 2022?

The Gaza Marine gas field was discovered in the late 1990s and is estimated to contain 30BCM. In accordance with international law and a series of agreements made between Israel and the Palestinians in 1999, it belongs to the Palestinian Authority (PA), but it can't be developed without Israeli approval.

The field was left undeveloped for over 20 years. It was too small to attract private investment in such a risky political climate. When Hamas took control of Gaza in 2007, Israel didn't want revenue from the field to fall into its hands, so it blocked further progress.

New negotiations began over a year ago through Egypt, and a breakthrough occurred last week. Egypt wants to sponsor the project, and most of the gas will be sold to Egypt's energy sector (and perhaps also exported to Europe as LNG).

There are various reasons why Israel might have approved a deal that will most likely benefit Hamas. It is particularly surprising given the current right-wing government in Israel, which opposed a similar deal with Lebanon led by the previous government a year before.

One possibility is that the approval is meant to soften US discontent over Israel's recent decision to expand settlements. Both announcements were made the same week, so that could explain the timing. But the gas development deal was over a year in the making, so it's not a sufficient reason. A second possibility is that this is part of a larger Egyptian/Israeli effort to calm the political situation in Gaza between its warring factions (Hamas vs. Islamic Jihad). There's also a plan to build a new harbor in Egypt to bring more goods into Gaza and help its economy.

Although officially, only the PA in the West Bank will receive the gas revenue, there's no denying that Hamas will get some of it too. If that were not the case, it would not allow the field to be developed. Israel's approval might be a reward from Jerusalem to Hamas for helping it oppose Islamic Jihad militants during the last round of violence in Gaza in May 2023.

A third reason for Israel's approval could be incentives provided by other parties in the region. They may have conditioned impending political or economic agreements with Israel on concessions to the Palestinians like this one. Motivations could include a normalization deal with Saudi Arabia or an energy trade deal of some kind with Turkey.

Whatever the reason, there's no denying that this deal could not have happened without the precedent of the Lebanon maritime delimitation deal of October 2022. The similarities between the deals are clear. Both follow the concept of economic development as a tool for more peaceful relations (if not peace) - the "something to lose" doctrine. Both Lebanon and Gaza are in very bad economic shape, and gas development could help them recover. Both deals involve indirect negotiations between Israel and a hostile non-state militant organization that is acting behind the scenes and approving the deal (Hezbollah in Lebanon and Hamas in Gaza). Finally, both deals are using third-party countries to negotiate and serve as buffers to circumvent the "We don't talk to X" problem. In the Lebanese case it was the US and France (via its national energy company Total) that helped broker the deal; in Gaza it was Egypt (and likely the US as well).

It is impossible to predict how far Israel intends to go regarding the development of the Gaza Marine field, nor how the domestic political turmoil in Israel will allow the current government to offer concessions to Hamas. The biggest challenge for the Israeli government will be to explain to its right-wing voters why it approved a deal so similar to the one it opposed last year with Lebanon.

This deal is a necessary process that meets the interests of all parties in the region. The gas agreements Israel has managed to strike in the past decade with Lebanon, Egypt, Jordan, Cyprus, and now the Palestinians demonstrate regional stability to the international community. They are essential to attracting the private sector to invest in expensive cross-border infrastructure projects under Israel's leadership.

Whether the offshore gas deal in Gaza succeeds or not, it shows once again how the maritime arena allows for political flexibility and diplomatic creativity to create cooperation between rival parties that have difficulty reaching similar understandings on land. It seems that the lack of physical borders at sea, and its remoteness from the public eye, are key to finding possible solutions that could eventually extend onto land. Perhaps this model can work in other maritime arenas as well, such as offshore gas development between Cyprus and Turkey.

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