

THE GREAT MEDITERRANEAN GAME

PREPARED BY
SERGIO BIANCHI



After a thousand years, the Mediterranean has returned to the center of geopolitics. What is happening in Mare Nostrum, as the Romans called it, is changing world geopolitics and will change the fate of the countries on the southern shore of Europe and of Europe itself, which does not seem to be fully aware of it yet.

It all began in the three “Byzantine capitals” of the modern era, Tel Aviv, Istanbul, and Rome. In fact, Israel, Turkey and Italy have a common trait that external observers often do not notice, obscured by the apparent aspects of modernity and the glamour of their nightlife, history, elegance of women and culinary art. In reality, behind their appearances, Tel Aviv, Istanbul, and Rome, like Byzantium in the passage between the Middle Ages and the Renaissance, are the capitals of three modern and refined religious worlds, the Jewish, Muslim and Catholic worlds, where everything that appears outside never corresponds to what it really is. The history of the Mediterranean and Europe resurfaced in these three worlds in 2009, when no one expected it, just as it happened when Byzantium, the second Rome, ended up in the hands of the Turks and became today’s Istanbul. The epicenter this time lies under the sea, at a depth of more than 2,000 meters. The architects of this dangerous renaissance of the Mediterranean are not prime ministers or generals, but two commercial societies rarely seen in the headlines: the Israeli-American Noble Energy and the Italian Eni.

THE NEW MEDITERRANEAN HUB OF EUROPEAN ENERGY POLICY

In January 2009, Noble Energy announced the discovery of the Tamar gas field in the southern part of the Israeli waters, the so-called NEMED basin (North East Mediterranean Deepwater), followed in December 2010 by that of the Leviathan gas field and then by many other fields of a smaller size. In December 2011, a joint venture operated by the same company made the first gas discovery in the Cypriot waters, named Aphrodite. Both discoveries contain “lean gas”, essentially almost pure methane of biogenic origin. In 2010, Leviathan was considered a basin with a great potential for hydrocarbons in clastic sequences, with approximately 35 trillion cubic feet of recoverable resources from existing fields.

However, in 2015 a new discovery changed the rule of the game. In that summer, the Italian ENI announced the discovery of Zohr, a well drilled at a water depth of approximately 1,500 m in the Egyptian Shorouk Block. The discovery well, Zohr 1, hit a 628 m continuous gross gas column, 430 m net pay and a potential gas in place volume of 30 TCF[1], according to preliminary estimations. In 2017, when Zohr entered into production, it had a potential to yield 850 billion cubic meters of gas and in June 2018, its potential was over 1.1 bcf[2], corresponding to 200,000 barrels of oil equivalent per day, with the company targeting a production plateau of 2.7 bcf by the end of 2019. Indeed, this giant well has changed the existing dogmas of the basin exploration as the reservoir is provided by Miocene and Cretaceous limestones, in a carbonate reef and lagoon build-up at the southern margin of a very large carbonate platform. Zohr undoubtedly opened up a new rule of the game in oil research in the Mediterranean waters. The ENI model assumed that the spread of this shallow water basin could have consequences for future exploration potential in a large part of the Mediterranean coastal areas. Indeed, the Zohr discovery told the international community that that the Mediterranean can provide great surprises when committed and competent geologists and geophysics decide to challenge new paradigms in exploration, making the best use of cutting-edge technology and developing new geological models.

[1] trillion cubic feet
[2] billion cubic feet per day

The success of the 'Zohr paradigm' was further confirmed in 2018 with the discovery of the 'Noor' oil basin, located approximately 50 km offshore in the Egyptian Eastern Mediterranean, in water depth ranging from 50 to 400 meters, and covering a total area of 739 km². This field is said to hold possible reserves of around 90 tcf, which is three times the size of the Zohr field.

Moreover, this research model expanded the area of research along Eastern waters, in front of the Turkish Cypriot, Lebanese and Syrian waters, the Libyan coasts westwards, and, partially, towards the European Mediterranean basin in the Adriatic coast.

FROM GAS TO GEOPOLITICS: THE NEW RACE TO GOLD

The discovery of these immense oil deposits can change the profile of Europe, guaranteeing an energetic independence that has never existed before and therefore, immense development for the countries involved. The economies of the southern European countries can be transformed by this research. Unfortunately, if oil brings wealth, as Arab history teaches us, it also brings wars and miseries, paradoxically, because around the gas there are always pirates, both local and international. And modern pirates are far more dangerous than ancient pirates because they have their own Island of Tortuga between Moscow and Washington. Oil discoveries have set complex geopolitics in motion, which had slept for hundreds of years at the base of the great Western civilisations, involving the entire area of the eastern Mediterranean (Cyprus, Israel, Lebanon, Syria, first of all) and North Africa (Egypt, Libya and Algeria, for now); soon the Adriatic areas could also question their energy and political future in relation to the environmental debates on subsidence, which so far have blocked ENI's research. The energy game, in short, has started complex geopolitical games.

ENI's discoveries have also opened up new spaces for oil research in the Mediterranean, and it was soon realised that the entire North African coast, including Libya and Syria, can contain vast hidden resources. A new gold rush has taken place. In addition to gas, the new gold rush has refuelled politics and the economy. In fact, energy wealth, as well as discoveries and extracts, must then be transported in order to be monetised, with massive investments in infrastructure, towards the very rich markets of continental Europe and Turkey, which today are the largest customers of Russia and northern countries, as well as Algeria. This has generated new alliances where the research capabilities of countries such as Italy have been married with the large investment funds of the Gulf and the US, and with the military capabilities necessary to protect the new deposits and enforce rights, which otherwise remain on paper and in the maritime maps deposited at the UN. Dangerous geopolitical asymmetries are emerging from this complex puzzle.



Fig. 1 Gas logistic to Europe

The mixture of gas and politics is explosive. Three blocks of interests have been formed, which could be united on a technical and business level, but which seem hopelessly divided over the political one.

The 'Quadrupartite Entente'. Indeed, as a result of the initial discoveries in the Leviathan basin, the Greek Cypriot administration signed the so-called Exclusive Economic Zone (EEZ) restriction agreements with Egypt in 2003, in 2007 with Lebanon and 2010 with Israel, in an attempt to secure a monopolistic exploitation of the new drillings and gas monetisation, excluding Turkey and other players, like Libya and Syria, where civil wars erupted. The Greek Cypriot administration unilaterally declared a total of 13 so-called parcels in the Eastern Mediterranean as its Exclusive Economic Zone (EEZ) and allowed international oil and drilling companies to operate in these areas, which are said to hold rich hydrocarbon reserves. In December 2017, Cyprus, Israel, Italy and Greece signed a memorandum of understanding "to explore the possibility of the construction of a natural gas pipeline linking Leviathan to European markets." In the same year, the European Commission (EC) declared the pipeline a project of common interest (PCI), meaning that the project can receive a host of benefits, including "accelerated planning and permit granting" and "lower administrative costs." In December 2018, at a meeting in Be'er Sheva (Israel), the leaders of Greece, Cyprus and Israel officially stated that they were ready to sign an intergovernmental agreement on the East Med pipeline project.

Egypt Key Role. Parallel to this "quadrupartite entente" a new alliance emerged from the cooperation with Egypt, after the Zohr discovery. This option consists in the supply to EU markets through Egypt's LNG terminals in Idku and Damietta (with huge LNG facilities, able to accept natural gas from different sources and Egypt itself). Initially, this plan included the construction of an underwater pipeline to export natural gas to Egypt from Israel and Cyprus through a tripartite strategy led by the US Noble Energy and its Israeli partner Delek, along with the Egyptian East Gas Company. The reason for this solution, which integrated Egypt into the 'quadrupartite entente' was that Egypt alone had not enough gas capacity to justify such a big investment.

However today, after the Noor discovery, Egypt has the full capacity to supply the EU markets without connections to Cyprus and Israel. The involvement of Egypt alongside Israel bought some key players from the Gulf into the new alliance, like Saudi Arabia and the UAE, who bought shares of the Nour North Sinai Concession partnership and provided funds to Egypt for its survival. In the aftermath of the coup led by as-Sisi against the first democratically elected president in the history of Egypt, Mohamed Morsi, the GCC[3] states supported the military dictator with more than \$92 billion.

The New Libya-Turkish Alinement. The EEZ, unilaterally declared by Cyprus, clashed with the Turkish Republic of North Cyprus (TRNC), as the Greek Cypriot administration ignored the rights of the TRNC to a share of the island's resources. Turkey, as a guarantor nation to the TRNC and in support of its rights to East Mediterranean resources, proclaimed its own EEZ and, in November 2019, signed an agreement with Libya, while Turkish ships started conducting hydrocarbon exploration, using the drilling vessels Fatih and Yavuz, along with the country's two other seismic vessels.



Fig. 2 The Turkish Maritime Boundaries

As a consequence of this 'quadripartite entente' and the exclusion of Turkey from the 'gas cake', Turkey entered into the geopolitical game. Istanbul shuffled the cards of the new 'Big Game in the Mediterranean' with its military intervention in Libya, assisting the GNA against the UAE-supported militias of Heftar and, in November 2019, signing a maritime agreement with Libya which limits the two EEZ. The surprising Turkish move had three very serious consequences: firstly, it blocked any dream to build a pipeline via Greece without Turkish-Libyan permission; secondly, it provided Egypt with leverage against the maximalist behavior of Greece, Cyprus and Europe, supported by Israel and the US; and thirdly, it exposed the weakness of the Gulf Dwarfs in their attempt to colonise North Africa and de facto ousted the UAE from Libya. The EU, pushed by France and Germany as supporter of the 'quadripartite entente', didn't realize that Turkey had gained the profile of a real regional power, with military and political capabilities to intervene in several theaters in the Mediterranean, Africa, Near East and Central Asia.

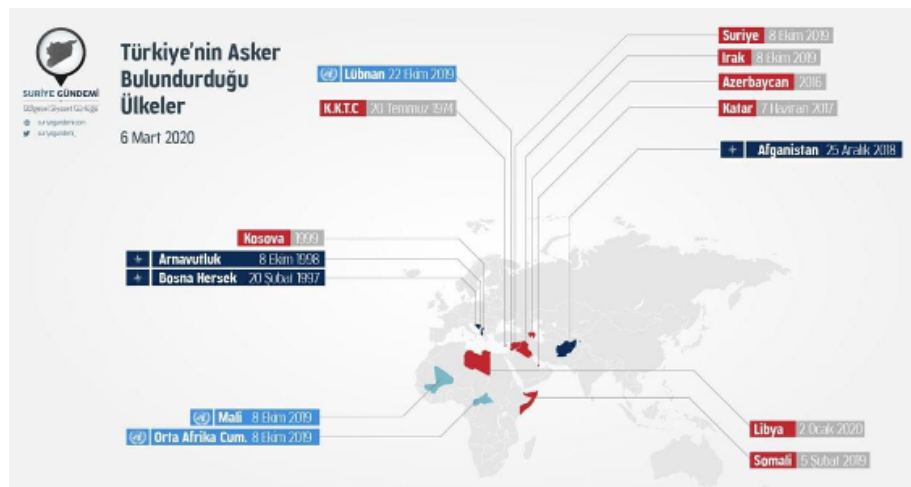


Fig. 3 Map of the Turkish Involvement in several theaters

As a consequence of this 'quadripartite entente' and the exclusion of Turkey from the 'gas cake', Turkey entered into the geopolitical game. Istanbul shuffled the cards of the new 'Big Game in the Mediterranean' with its military intervention in Libya, assisting the GNA against the UAE-supported militias of Heftar and, in November 2019, signing a maritime agreement with Libya which limits the two EEZ. The surprising Turkish move had three very serious consequences: firstly, it blocked any dream to build a pipeline via Greece without Turkish-Libyan permission; secondly, it provided Egypt with leverage against the maximalist behavior of Greece, Cyprus and Europe, supported by Israel and the US; and thirdly, it exposed the weakness of the Gulf Dwarfs in their attempt to colonise North Africa and de facto ousted the UAE from Libya. The EU, pushed by France and Germany as supporter of the 'quadripartite entente', didn't realize that Turkey had gained the profile of a real regional power, with military and political capabilities to intervene in several theaters in the Mediterranean, Africa, Near East and Central Asia.

ITALY AT THE HEART OF THE NEW MEDITERRANEAN GEOPOLITICS

Italy has always kept a low profile in the conflict. In Libya, Italy is present as an honest broker between the parties in the fight, although the country has always supported the positioning of the GNA[4]. At the same time, Italy is positioned in a strategic context in Libya, where it manages the essential hub of Mellitha, with its pipeline on Gela. Indeed, another way for the North African gas to reach Europe is represented by the Greenstream pipeline connecting Libya with Italy. It is a 32-inch pipe, with a length of 540 km, running from Mellitha, Libya, to Gela, Italy, in waters exceeding 1,100 m. depth. As of yet, this pipeline is fully disconnected from the other Egyptian projects. Italy is a member of the EU and NATO, but also a primary supplier of marine research technologies, as ENI has shown in the areas of Zohr and an-Noor, which have helped to change the balance of Mare Nostrum. Therefore, it has strategic exploration licenses, only partially exploited, and it is a primary partner of strategic companies for the exploitation of research, being present in all corporate joints for the monetisation of gas. In addition, Italy has very advanced military capabilities, which fit perfectly within the NATO operating scheme, as opposed to those military supplies of other competitors, on which Egypt has hitherto been based and which are not interoperable with the NATO equipment.

The Italian military agreements that are under way with Egypt, which tend to give rise to a new maritime force in the Mediterranean, which Cairo has been absent from since the time of Muhammad Ali, in the Ottoman era, clearly indicate that Rome is focusing on a Turkish-Egyptian alliance in the hope of hitting two birds with one stone: to maintain its influence on Tripoli, on the one hand, and to build an energy hub in or around Egypt, which puts Rome at the heart of future European energy policy, using fossil fuels, maritime research and military technologies as a serious soft power factor to stabilise the Mediterranean. It is therefore clear that Italy's geopolitical positioning and maritime contiguity with Libya and Egypt makes the peninsula a natural platform for maritime routes and trade of all kinds.

Today, Libya is playing the true Mediterranean game, because two of the three major regional powers in the area, Turkey and Egypt, will exercise their capacity for political, military and natural resource influence, with the third, Italy, strategically positioned between both, as well as towards Libya, Europe and NATO. For Turkey, East Libya is the exchange card to break the alliance between Greece, Israel and Egypt and to enter the great game of continental energy supplies, which would reopen the doors of Europe. As the biggest energy consumer in the region, Ankara's annual energy bill exceeds \$41 billion. According to the recently released figures by the Turkish Energy Market Regulatory Authority (EMRA), Ankara's LNG[5] imports from Egypt increased last March by almost 100 percent compared to the same month of the last.

Finally, as we know from the experience gained in the Iraqi Kurdistan, where Agenfor has operated in the forefront in past years, Italy and Turkey complement each other well in post-war reconstruction policies and stabilisation initiatives with gendarmerie forces (Carabinieri) gas.

Therefore, the picture seems very advantageous at the moment, although some aspects are difficult to predict. The biggest obstacle is the basic philosophy of the Egyptian regime, which was born as a military response to the processes of democratisation of Arab springs and in the blood and lost freedom of thousands of political opponents massacred in the streets or incarcerated. Erdogan's Turkey, on the other hand, like the Libya of as-Sarraj, was born as a civilian response to the military dictatorships and both, Ankara and Tripoli, paid a high price of blood to the American-Saudi attempt to organise military coups. As-Sisi knows that it represents a minority in Egypt and that the Muslim Brotherhood - which today has its heart in Istanbul - is behind the Turkish-Libyan agreement and will play an important role in the future Libya. This shadow, together with the struggle between NATO and Russia for the bases on the southern flank of the Atlantic Alliance, are the two great obstacles to the Italian plan to stabilise the Mediterranean through the tools of 'soft power'.



GOT ANY QUESTIONS?

DON'T BE SHY! E-MAIL US AT
COMMUNICATION@AGENFORMEDIA.COM