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Geopolitical Shifts in the Eastern Mediterranean

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Three major geopolitical events are putting the stability of the Eastern Mediterranean at risk. Most of the region is in a deep monetary and economic crisis. The Arab Spring is causing turmoil in the Levant and the Maghreb. Gas and oil discoveries, if not well managed, could further destabilise the region. At the same time, Russia and Turkey are staging a comeback. In the face of these challenges, the EU approaches the Greek sovereign debt crisis nearly exclusively from a financial and economic viewpoint. This brief argues that the EU has to develop a comprehensive strategy for the region, complementing its existing multilateral regional framework with bilateral agreements in order to secure its interests in the Eastern Mediterranean.

AN EU WITHOUT AN OVERARCHING STRATEGY FOR THE EASTERN MEDITERRANEAN

Usually, European analysts approach the Greek sovereign debt crisis in a one-dimensional manner. They consider the continuation of Greece's EU-membership exclusively in the context of its ability to address its debt crisis. They do not take into account the geostrategic importance of Greece in three crucial

geopolitical events that are destabilising the Eastern Mediterranean. Firstly, most of the region is already in a deep monetary and economic crisis. Secondly, the Arab Spring is causing chaos in the Middle East and the Maghreb; Egypt, Syria and Libya are in turmoil and their new end states are far from certain. Thirdly, gas and oil discoveries, if not properly managed, could further destabilise the region. Furthermore, the Arab-Israeli conflict is showing no signs of abating while the Iranian nuclear crisis is destabilising not only the whole region, but is also causing confrontation between leading out of area players.

In addition, major powers are competing for a redistribution of power in the Eastern Mediterranean. The United States, and in its wake Israel, has been the key player for 60 years. The EU as such is not acting as a major player, but members such as the United Kingdom and France have been involved in the area for decades, if not centuries. Moreover, EU members Greece and Cyprus are part of the region. Russia, on the other hand, is attempting a comeback, having abandoned the Mediterranean two decades ago after the implosion of the Soviet Union. Turkey is also staging a return as an independent player after nearly a century since the fall of the Ottoman Empire.

Other major and regional powers approach these events in a comparatively comprehensive way. Conversely, just like the EU lacks a grand strategy, it does not have an overarching strategy or an effective political project for the Eastern Mediterranean. Kristina Kausch puts it bluntly: “[...] *any holistic Euro-Mediterranean integration policy needs to start from shared political ambitions. But over the past decade EU-Med policies have been littering the region with technocratic institutional structures and instruments with insufficient political backing for their lofty mandates.*”¹ Both the Barcelona Process and the Union for the Mediterranean were set up in an attempt to create a framework for institutionalised Euro-Mediterranean multilateralism, avoiding politically sensitive issues. In due course, institutional structures would generate a political framework for cooperation.² However, Euro-Mediterranean multilateralism never got off the ground. The heterogeneity of the region, the unresolved Arab-Israeli conflict and the transformation by the West of the Arab world into a matter almost exclusively of security after 9/11, prevented it from getting off to a good start.

More worryingly, the European Union is in retreat in the Eastern Mediterranean. The economic crisis in the EU has undermined its position and the appeal of the European model. If Greece and Cyprus were to leave the Eurozone, even if they would remain EU members, this would be perceived as the EU disengaging from the Eastern Mediterranean. Moreover, Turkey has all but given up its ambition for EU membership. Finally, the Arab Spring renders it harder for European countries to promote their brand of secularism across the region.

The situation in Greece is particularly worrisome for the EU. The geopolitical consequences of a Grexit would be just as profound as the financial and economic ramifications.³ Greece lies on the geostrategic crossroad between the Black Sea and the

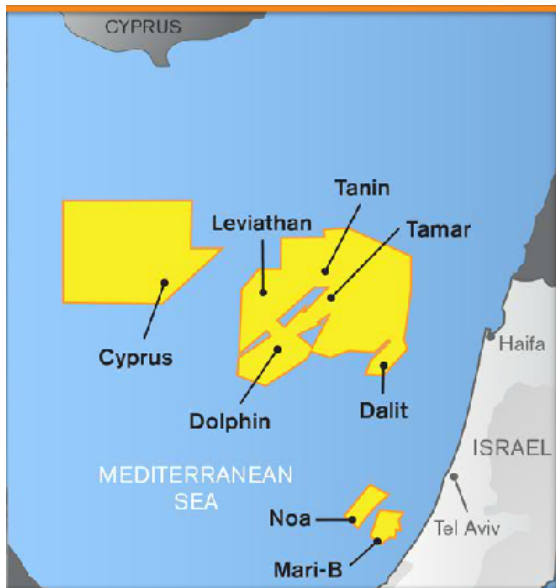
Mediterranean, and between Europe and the Middle East. Greece is poised to become a significant transit route for gas and oil from Russia, the Caspian and the newly discovered energy sources in the Eastern Mediterranean. Furthermore, together with Cyprus, Greece is the most south-easterly outpost of the EU in a region of considerable instability.

However, the EU remains the largest economy in the world, and it would be imprudent to write off Europe’s influence in its neighbourhood. Yet the “*EU’s unipolar moment of the 1990’s has come to an end*”.⁴ The time the EU could invite others to join its set of rules in exchange of a privileged institutionalised relationship applicable to an entire region belongs to the past. Therefore, relationships will have to be negotiated more often on a bilateral than on a regional basis, complementing multilateral frameworks.

The Eastern Mediterranean undoubtedly has to remain a key interest for the EU. It is a highly unstable region where its interests intersect with those of several major powers, namely the United States, Russia and Turkey. Furthermore, the recently discovered hydrocarbon resources in the Eastern Mediterranean could free Europe from overdependence on Russian gas.

With respect to Turkey, the positions taken up by the EU expressing unconditional solidarity with Israel and Cyprus regarding the Exclusive Economic Zones around Cyprus will impede any rapid settlement of the issue of exploiting hydrocarbon resources in the area.⁵ The alliance between the EU and Turkey in the Eastern Mediterranean, which survived for the last six decades, is seriously being put to the test. In fact, a realignment of alliances is taking place. Nicosia and Tel Aviv intend to cooperate closely in exploring and exporting gas, and in the safety of the gas rigs. Greece, Cyprus, Israel and the United States have enhanced military collaboration. From the 26th

FIGURE 1: GAS FIELDS IN THE EASTERN MEDITERRANEAN



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of March to the 5th of April 2012, a military exercise *Noble Dina* took place in the Eastern Mediterranean involving the navies and air forces of the United States, Greece and Israel. The scenarios included repelling enemy attacks on offshore rigs. They took place as Greece, Cyprus and Israel signed an energy agreement. Since 2010, Greece and Israel have strengthened their defence cooperation after Turkey downgraded diplomatic relations following the raid on the Gaza flotilla in May 2010. In September 2011, both countries signed a defence agreement, upgrading their defence and military collaboration.

With regard to Russia, the EU should take the necessary measures to provide more energy independence. Therefore, it should be actively involved in assuring that the energy deposits in the Eastern Mediterranean are managed in such a way as to supplement a *Third Energy Corridor* while avoiding tensions with Turkey.

In this not particularly promising context, Greece and Cyprus, are indispensable from a geopolitical point of view to maintain and

further develop the EU's position in the area. Greece has been instrumental, if not always forthcoming, for the EU and NATO in several foreign policy areas such as relations with Turkey, the Cyprus problem, the Balkans and the Black Sea, and in key issues such as energy security and immigration. Furthermore, Greece has always had close relations with the Arab world and the Levant.⁶ However, the sovereign debt crisis has struck a serious blow to Greece's standing in its neighbourhood and within the EU. Not only has Greece lost influence in these areas, but it is also turning more nationalistic.⁷ It would, therefore, be imprudent to assume that these economic woes will compel Greece to become more flexible in any of these matters.

THE UNITED STATES, WINDING DOWN PERHAPS, BUT NOT LEAVING

The United States conceives the Mediterranean, not as a sea, but as "*a highway*" for the projection of US power "*deep into the heart of the land mass of Eurasia and Africa*".⁸ Through NATO and its alliance with Israel, the United States dominated the region during the Cold War and continues to do so today. The United States considers Turkey and Israel its most valuable allies in the Eastern Mediterranean. Hence, the tensions between Israel and Turkey are unwelcome. Furthermore, the United States has played a key role in decreasing Europe's dependence on Russian gas and considers the hydrocarbon resources in the region, among other things, as potentially contributing to this goal. It is deeply involved in the exploitation of gas and oil in the Eastern Mediterranean. The leading offshore drilling contractor is the Noble Corporation, an American company with substantial Israeli interests.

Much is being made of the so-called American *strategic pivot*, recognizing that the dominant issues of the 21st century will be decided in the Asia-Pacific. Some analysts see this as an American disengagement from the Mediterranean. Indeed, according to Secretary

of Defence Leon Panetta, the pivot strategy will rebalance American naval assets between the Pacific and the Atlantic from today's roughly 50/50 split to 60/40 by 2020.⁹ However, the strategic guidance issued by the Obama administration in January 2012, identifies "*the primary loci of these threats are South Asia and the Middle East*". It continues to state "*to support these objectives [in the Middle East], the United States will continue to place a premium on U.S. and allied military presence in – and support of – partner nations in and around this region*".¹⁰ Moreover, access to Central Asia remains important in American policy toward China. Therefore, it seems improbable that American interest in the region will be winding down in the near or medium future.

RUSSIA, BACK AFTER TWO DECADES

Since 1769, Russia has remained an active player in the Eastern Mediterranean except for short intervals due to external causes. After the American intervention in Lebanon in 1958, the Soviet Union deployed a forward Mediterranean Squadron of the Black Sea Fleet and obtained some naval facilities in Arab countries. Although it never was able to challenge the US 6th Fleet, during the Six-Day War and the Yom Kippur War, this presence signalled a strong Soviet commitment to their Arab allies. When the Soviet Navy had to abandon its bases in Egypt in 1977, the Syrian port of Tartus became the main Soviet support base in the Mediterranean. In 1991, the Mediterranean Squadron ceased to exist, but since 2007, the Russian Fleet again regularly sends small task forces into the Mediterranean. Tartus is the only remaining Russian naval facility outside the former Soviet Union. It only consists of one floating dock in working order and some other support facilities, most of them in disrepair. However, according to the Commander of the Russian Fleet Vice Admiral Viktor Chirkov, "the base is vital for us, it worked, and will continue to act".¹¹

Although Russia has been marginalised in the Mediterranean for the last two decades and its military presence is still negligible today, it is

staging a comeback. Russia's main goal is to recover its influence in a region that is rapidly gaining importance because of both its energy reserves and key strategic position. Russia is systematically pursuing a policy of economic and geostrategic penetration, in particular in Greece and Cyprus, and of containing Turkey's ascent. It is also making overtures to Egypt and Iraq, and continues supporting Syria and Iran. Finally, relations with Israel are improving, culminating in a deal with Gazprom in July 2012 on gas extraction.¹² In short, in the long run and in the broader region of the Middle East, Russia seems intent on changing the regional order, diminishing US predominance, limiting an increase of Turkey's and the EU's influence, and reclaiming its former status in a renewed geopolitical context.¹³

The Greek-Cypriot financial crisis and the growing energy interests in the Eastern Mediterranean are providing Russia with new opportunities to restore its influence. Therefore, the EU should be aware that approaching the Greek and Cypriot sovereign debt crisis exclusively in the light of financial criteria opens the door to Russia enhancing its influence in both these members of the Union. In 2011, Russia granted Cyprus a loan of €2.5 billion. In 2012, Nicosia requested a second loan that could amount to €5 billion. This financial support is not only aimed at securing the vast sums of money Russian oligarchs have deposited in Cypriot banks.¹⁴ It is also linked to demands for a key role in the development of Cyprus' prospective energy boom.

Indeed, Russia's energy policy is aimed at blocking any alternative to its control over Europe's gas supplies. This not only implies attempting to monopolise the infrastructure that delivers gas from the Caspian and Central Asia to Europe, but also obtaining a key role in the exploitation of energy resources of the Eastern Mediterranean.

Gazprom, Neguzneft and the Sintez Group are interested in participating in the privatisation of the Greek gas supplier DEPA and the natural gas transmission network operator DESFA.¹⁵ This would not only strengthen Russian influence in Greece. It would also give Russia a say in Greece's pipeline system that will transport gas from the Caspian and Central Asia to the Adriatic for further distribution to Italy and beyond. For that reason, Russia is contesting the EU's *Third Energy Package*, which would restrict Gazprom's control over European pipelines.

However, energy is not the only link between Russia and Greece. Western Europeans rarely acknowledge that the Russian-Greek connection goes far deeper than energy politics alone. Russia has traditionally been the custodian of Orthodox Christianity and has supported its co-religionists in their struggle for independence from the Ottoman Empire. After all, Russians consider Moscow the Third Rome since the fall of Constantinople, and Russia the continuation of Byzantine religion and culture.¹⁶

Enhancing its influence in Greece and Cyprus also strengthens Russia's position vis-à-vis Turkey. It not only makes it more difficult for Turkey to coerce Cyprus, it also undermines Turkey's plans to take part in the exploitation of Cypriot energy assets. Moreover, it strengthens Russia's bargaining position towards Turkey in their bilateral energy dealings threatening to undermine Turkey's ambition as an energy hub. Finally, Cyprus lies across the approaches to most of Turkey's Mediterranean ports, which should not only concern Turkey, but also the United States and even NATO as a whole.¹⁷

A final area of contention with Turkey is Russia's reluctance to act against the repression by Assad in Syria. Most analysts mention the arms trade and the naval base of Tartus as the main reasons for Russia's support for Assad. However, fear of popular revolt in Russia and nostalgia for its former status as a superpower

seem a more feasible explanation. Russia risks losing all its influence in Syria when the Assad regime collapses. Yet if Syria falls apart, Russia can hope to retain its influence in the Allawite entity strategically situated along the Mediterranean coastline.

TURKEY, BACK AS AN INDEPENDENT PLAYER

Turkey aims at being the leading Muslim power in the region. It occupies a unique geopolitical position, controlling the land bridges linking both the Caucasus and Europe with the Middle East. The Turkish Straits command the passage between the Black Sea and the Mediterranean. Politically it is the most advanced Muslim country with a lay democracy and offers an alternative model for Arab countries emerging from the upheaval of the Arab Spring.

During the Cold, War Turkey was a loyal and unconditional ally of the United States. America based its position in the Eastern Mediterranean on its alliance with Turkey and Israel. The legacy of the Ottoman Empire, its cooperation with Israel and its membership of NATO isolated Turkey from the Arab world.

After the end of the Cold War, Turkey's foreign policy became more independent. When the AKP came to power in 2002, Turkey began redefining its foreign policy in a more fundamental way, calling the new approach "*zero problems with neighbours*". The premise of this policy is that Turkey is one of the few countries with a "*central role*". Turkey has the potential to play a leading role in the Caucasus, the Middle East, the Balkans, the Black Sea, the Persian Gulf and the Mediterranean, due to its geographic position. In order to develop its full potential on the international scene, Turkey has first to resolve its internal and external problems. Domestically, it has to find a durable solution to the Kurdish problem. On the international scene, Turkey has to pursue a policy of

reconciliation with its traditional adversaries.

The goal is to allow Turkey to conduct an independent foreign policy. The turning point came when Ankara refused to let the United States make use of its territory for the invasion of Iraq in 2003, demonstrating to Washington that Turkey's unconditional support could not be taken for granted anymore. This was not a turn towards Islam and away from NATO. For instance, Turkey is determined to play a significant role in NATO's missile defence, and it requested Patriot air defence batteries from NATO allies on its territory against a potential Syrian SCUD-threat.

Nonetheless, "*zero problems with neighbours*" has not delivered the expected results. Turkey's relations with Israel, Syria, Russia, Greece, Cyprus, and Iran have all taken a turn for the worse. "*Zero problems with neighbours*", although the result of a geopolitical analysis, was originally supposed to be based primarily on soft power. Meanwhile, however, Turkey's economic power has increased significantly. Moreover, now that instability in the region is on the rise and other players are just as openly pursuing their national interests, Turkey is resorting to more traditional power politics.¹⁸

Tensions between Turkey and Israel have been rising since 2008. Turkey invested significant diplomatic capital in mediating between Israel and Syria after the AKP came to power. Turkish Prime Minister Erdoğan felt personally stabbed in the back when Israel mounted an offensive against Gaza in December 2008, on the eve of the start of Turkish brokered direct peace talks between Syria and Israel.¹⁹ From that point, relations with Israel deteriorated, culminating in Israel's refusal to apologise for the attack on an international flotilla heading for Gaza and killing nine Turkish citizens. Turkey downgraded diplomatic relations with Israel and put military cooperation on hold. Turkey now supports Palestine becoming an

independent state and committed itself to guarantee freedom of navigation in the Eastern Mediterranean.²⁰ The discovery of energy fields in the area will not simplify relations between the two countries.

Initially, distancing itself from Israel heightened Turkey's standing in the Arab world. Nevertheless, Turkey reacted cautiously to the Arab Spring. It supported the ouster of Mubarak in Egypt, but in Libya Turkey hesitated at first because of its economic ties and of the 25,000 Turks living there. Still, Turkey sees the Arab Spring as an opportunity to enhance its influence in the region on the strength of the so-called *Turkish Model*. To the protesters, the Turkish moderate Islamic democracy allowing for religious expression in politics, could serve as an example. However, President Morsi's diplomatic success as the main architect of the cease-fire deal in Gaza in November 2012 reveals that Egypt is not willing to give up its aspiration to be the main Islamic power in the Eastern Mediterranean to Turkey.²¹

In Syria, Turkey initially tried to engage with President Assad. Before the Arab Spring, Turkey considered Syria its closest ally in the Arab world, especially since Iraq pursues increasingly pro-Shia policies under the influence of Iran. Tensions increased when refugees began pouring into Turkey and Syria brought down a Turkish reconnaissance aircraft in July 2012. Now, Turkey considers the Assad regime a liability and is the principal channel of support to the rebels. The civil war in Syria shattered Turkey's "*zero problems with neighbours*" policy as fighting is increasingly spilling over and highlighting the power struggle between Sunni and Shiite. Finally, instability in Syria and a weak central government in Iraq have a direct impact on the Kurdish problem in Turkey.

With Russia, energy dominates relations. Turkey is doing everything in its power to

become a true energy hub for supplying gas and oil to Europe from diversified sources, using its geographic position between multiple energy suppliers and the European market. The EU's Southern Corridor includes several projects on Turkish soil. Turkey already plays a vital role in the Baku-Tbilisi-Ceyhan pipeline, in Nabucco and South Stream, but it also hopes to play an essential part in supplying Caspian gas via the Trans-Anatolian pipeline.²² In addition, Turkey wants to get involved in transporting gas and oil from Iraq, Azerbaijan's Shah Deniz-II field, Turkmenistan and the newly discovered gas fields in the Eastern Mediterranean. Turkey signed a gas deal with Azerbaijan in October 2011, not only providing gas for its domestic market, but also sending gas to Europe through its pipelines, reducing Europe's dependence on South Stream. These alternative pipelines bypassing Russia will not only cause Gazprom to lose substantial revenues, but also diminish Russia's economic and political leverage on Europe. Russian ambition to dominate the European gas market is taking it on a collision course with Turkey. This is already apparent in Cyprus where Russia supports Nicosia against Ankara's moves to block Cyprus' exploration of offshore gas fields. However, energy is not the only area of tension between Moscow and Ankara. The Caucasus, where Russia is trying to stage a comeback in Georgia and Azerbaijan, where Turkey has direct interests, could well become a future area of conflict. Relations with an Armenia protected by Russia remain tense. Turkey's willingness to play a key role in NATO's Missile Defence is another cause of disagreement. Turkey and Russia are also at loggerheads over Syria, especially now that Turkey is directly involved because of the spill over of the conflict.

Relations with Greece and Cyprus reached a new low when Turkey insisted on participating in the exploitation of gas off the coast of Cyprus. The new US sponsored alliance between Greece, Cyprus and Israel does not bode well for Turkey.

Nor was "*zero problems with neighbours*" able to improve relations with Iran. Turkey's diplomatic initiatives with regard to Iran have not met with success. In the spring of 2010, Turkey and Brazil attempted to broker a nuclear fuel-swap, resulting in the Teheran Declaration. However, the United States, France and Russia rejected it, embarrassing Turkey diplomatically.

Notwithstanding these setbacks, Turkey is a beacon of stability among Islamic countries in the region. However, it will also have to revitalise the policy of "*zero problems with neighbours*"; good relations with Israel need to be re-established and a solution found to unblock the Cyprus question.

CONCLUSIONS

Political reluctance to launch grand new strategies is on the rise in the EU, due to the economic crisis.

The EU continues to analyse the events in the Eastern Mediterranean almost exclusively from an economic and financial viewpoint. Outside of these issues, Europe seems only to be roused by challenges that threaten the immediate social and economic fabric of the Union, such as migration. The geopolitical importance of the region hardly plays any role, preventing the EU to develop a comprehensive strategy.

Yet the Eastern Mediterranean remains of paramount interest to the EU. On the positive side, it *promises* to reduce energy dependence on Russia. On the worrying side, the outcomes of the Arab Spring and the economic and financial crisis are far from certain, and could result in the EU's southern flank mired in instability for a protracted period.

Therefore, it is paramount that the EU develops a comprehensive strategy, with positive and proactive action addressing economic issues, energy interests and the Arab

Spring.

An economically viable exploitation of recently discovered hydrocarbon deposits in the Eastern Mediterranean requires progress in solving three protracted conflicts, namely the Middle East peace process, the Cypriot question and the Greek-Turkish rivalry. The EU needs to find a delicate balance between preserving its relationship with Israel, supporting Greece and Cyprus without alienating Turkey, and containing Russian influence in the Eastern Mediterranean. Failure to make substantial progress in these problem areas will not only jeopardise fully exploiting the energy deposits, but will also heighten the risk of international conflict.

Moreover, Turkey's refusal to talk to the Cypriot EU Presidency in the second half of

2012 and the accession talks that remain stalled are illustrative of the strained relationship between the EU and Turkey. In view of Turkey's growing exasperation with its exclusion from the EU, its rise as a regional power, and its role as an energy hub, the relationship between the EU and Turkey needs to be redefined.

Lastly, the EU's existing multilateral institutions in the Mediterranean should not be marginalised, but they should be complemented with a more flexible approach, based on shared interests. This implies that the EU should accept the Arab countries as equal partners, with whom it does not only enter into agreements in a multilateral framework, but is also prepared to conclude substantial bilateral agreements.

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