

## ESCALATION IN THE CYPRUS – TURKEY OIL-AND-GAS DISPUTE

### **Shaul Shay**

(Senior research fellow at the International Institute for Counter-Terrorism (ICT) at the Interdisciplinary Center Herzeliya (IDC) and former Deputy Head of Israel National Security Council)

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Publication date: 13 October 2019

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Tensions intensified in the East Mediterranean after Turkey sent an oil-and-gas drilling ship (Yavuz) escorted by Turkish warships to waters off southern Cyprus- an area already licensed by Cyprus to Italian and French energy companies.<sup>1</sup> The Yavuz is the second drillship that Turkey has dispatched to drill off Cyprus, joining the Fatih and other research vessels.

Turkish Energy Minister, Fatih Donmez , tweeted that the drilling ship Yavuz is on its way to a new well called Guzelyurt-1, but Donmez did not disclose the location of the well. The drilling operations will take place between October 19, 2019 and January 20, 2020.<sup>2</sup> The area is located some 80 kilometers off Cyprus' southwestern coast near the town of Paphos and fall within oil and gas exploration blocks which Cyprus has awarded to France's Total and Italy's Eni.<sup>3</sup>

Eni and Total currently hold licenses for seven of Cyprus' 13 blocks inside the island's economic zone. Other licensed companies include ExxonMobil and Texas-based Noble Energy along with partners Shell and Israel's Delek.<sup>4</sup>

The Cypriot government denounced the arrival of the Turkish drillship Yavuz as “utterly provocative and aggressive behavior,” in defiance of international calls to respect Cyprus's sovereign rights. It said the Turkish government is putting regional stability and security at risk.

The Cypriot government said that it would step up its legal and diplomatic fight, especially within the European Union.<sup>5</sup> The Cypriot government has issued international arrest warrants against top executives from energy companies assisting the Turkish drill ships.

Greece's foreign minister, Nikos Dendias said after talks with his Cypriot counterpart that Turkey's actions flout international law and aren't those of a modern, European country founded on the rule of law. He said top diplomats from European Union member states will decide on how to respond to Turkey's bid to drill for gas in waters where Cyprus has licensed European energy companies to conduct a hydrocarbons search.<sup>6</sup>

The US the European Union and Egypt had warned Turkey over its drilling for oil and gas in the waters off Cyprus.

### **The US response**

Greek Prime Minister Kyriakos Mitsotakis on October 5, 2019, told visiting US Secretary of State Mike Pompeo that Turkish moves south of the island in recent days were a 'flagrant violation' of Cyprus' sovereign rights. He urged the United States to use its influence to defuse tensions in the Eastern Mediterranean, where Cyprus and Turkey are locked in a dispute over gas offshore rights.<sup>7</sup>

US Secretary of State Mike Pompeo warned Turkey not to engage in drilling activity that is "illegal" and "unacceptable". He said the United States would work to help the parties involved find mutually agreeable solutions and that it was eager to extend its partnership with Greece on energy issues.<sup>8</sup>

In his remarks, Pompeo also said that the relationship between Greece and the United States "has truly never been stronger" and that he was very confident that Greece can be a pillar for stability in this region.

### **The response of the EU**

The EU has already imposed sanctions against Turkey for drilling in areas that fall within Cyprus' exclusive economic rights and the EU Foreign Affairs Council of 14 October 2019 will study the developments and any consequences, continuing on from its conclusions of 15 July 2019.

Speaking in the Cypriot capital of Nicosia, Britain's minister of state for Europe, Christopher Pincher, said that any oil wealth discovered should benefit Cypriots. "I made it very clear that Great Britain deplores any drilling in waters close to Cyprus but supports Cyprus's right to extract oils in its exclusive economic zone."<sup>9</sup>

The French Minister for Europe and Foreign Affairs has discussed the situation with his Cypriot counterpart. He told his counterpart that France fully stands alongside Cyprus. France criticized Turkey's "unfriendly move" in Cypriot waters. In a statement it said that: "The arrival of a new Turkish drilling ship in the Cypriot exclusive economic zone (EEZ) is a breach of the sovereignty of the Republic of Cyprus and of international law. This is an unfriendly move which could increase tensions in the eastern Mediterranean".<sup>10</sup>

In July 2019, European Union foreign ministers have approved initial sanctions against Turkey over its drilling for gas in waters where EU member Cyprus has exclusive economic rights. They agreed to call off high-level political meetings, suspend negotiations on an aviation deal and reduce EU accession funding earmarked for Turkey.

The ministers said in a statement that in light of Turkey's "continued and new illegal drilling activities," they were suspending talks on an air transport agreement and would call on the European Investment Bank to "review" its lending to the country. The EU also cut 145.8 million euros (\$164 million) in pre-accession financial funds allocated for 2020.<sup>11</sup>

The ministers also warned that the EU's executive branch was working on additional "targeted measures" to penalize Turkey and invited the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending.<sup>12</sup>

The European Investment Bank (EIB) will not do any new lending in Turkey linked to the government until at least the end of the year (2019) while it carries out a strategy review. The move is part of an EU decision to punish Turkey over what it calls "illegal" drilling for oil and gas off Cyprus in the eastern Mediterranean.<sup>13</sup>

The EIB, which is Turkey's biggest single lender, has spent between €0.4 billion (\$446 million) and €2.2 billion (\$2.45 billion) a year in the country over the past three years, while nothing has been invested so far in 2019.

The Turkish foreign ministry said the EU's moves "will not affect in the slightest our country's determination to continue hydrocarbon activities in the Eastern Mediterranean". The ministry said that the bloc's failure to mention Turkish Cypriots in its decisions "showed how biased and partisan the EU is on the subject of Cyprus".<sup>14</sup>

### **The "tripartite summit's" response**

The leaders of Egypt, Cyprus and Greece met in Cairo on October 8, 2019, for the seventh tripartite cooperation summit between the three countries. The leaders of Egypt, Cyprus and Greece took aim at Turkey for what they described as its "unilateral" and "provocative" measures over offshore drilling in disputed waters near Cyprus, which has intensified tensions with the three countries.<sup>15</sup>

During a press conference following a tripartite summit in Cairo, Egyptian President Abdel-Fattah El-Sisi condemned the "unilateral practices that would destabilize the entire region and harm the interests of [its] countries," without mentioning Turkey by name.<sup>16</sup>

Cypriot President Nicos Anastasiades slammed Ankara's "unilateral" and "unacceptable" acts and "blatant infringement" on his country's sovereign rights and international laws in this regard by drilling in areas claimed by Nicosia. He vowed to take all "available diplomatic measures" to put a stop to Turkey's violations, which he said are jeopardizing stability and security in the region.<sup>17</sup>

The prime minister of Greece, which is a close ally with Cyprus, also criticized Turkey's actions as "illegitimate" and "provocative."<sup>18</sup>

The three leaders also expressed their "deep concern" against the "illegal and illegitimate operation" military operation that Turkey announced it was leading in Syrian territories and strongly condemned any Turkish attempts to undermine the territorial integrity of Syria.<sup>19</sup>

In January 2019, Eastern Mediterranean countries meeting in Cairo, including the three which issued the statement, agreed to set up a forum to create a regional gas market, cut infrastructure costs and offer competitive prices, part of efforts to transform the region into a major energy hub.<sup>20</sup>

### **The military relations between Cyprus – Egypt and Greece**

Egypt's Minister of Defense and Military Production Mohamed Zaki arrived to Cyprus on September 11, 2019, for two-day official visit. During the visit, Zaki held meetings with the Cypriot president, defense minister and parliament speaker. The meetings touched on means of boosting Egypt-Cyprus cooperation, particularly in the military field.<sup>21</sup>

Cyprus' defense minister said that Cyprus and Egypt are exchanging information to bolster security around an offshore search for natural gas as part of enhanced defense ties. The Cypriot minister said defense ties are also being upgraded between Cyprus, Egypt and Greece as through joint military exercises and personnel exchanges.<sup>22</sup>

### **Egypt, Greece, Cyprus Conducted Joint Military Exercise ("Medusa 8")**

Armed forces from Egypt, Greece and Cyprus conducted from 13 to 19 April 2019 a joint naval and aerial exercise in Egypt's territorial waters in the Mediterranean. The exercise aimed to boost military cooperation between the three countries "in the framework of the annual plan for joint exercises by the [Egyptian] Armed Forces to promote and support military cooperation with brotherly and friendly countries," said a statement by the Egyptian Armed Forces.

The "Medusa 8" exercise took place a month after Turkey held its biggest naval exercise in the eastern part of the Mediterranean and during a time of increased tension in the Aegean and the eastern Mediterranean.

### **Israel, Cyprus and Greece partnership**

Israel's envoy to Cyprus expressed backing for Cyprus after Turkey moved a gas drilling rig into Cypriot waters. "Friends should stick with each other," Ambassador Sammy Revel tweeted.<sup>23</sup>

In July 2019, Israel's Foreign Ministry spokesman, Emmanuel Nahshon, tweeted that Jerusalem fully backs Cyprus in asserting its territorial rights. "Israel follows with serious concern recent steps taken by Turkey in the waters off Cyprus's northeast coast and reiterates its full support and solidarity with Cyprus in exercising its sovereign rights in its maritime areas and its opposition to any attempt to violate these rights," Nachshon wrote.<sup>24</sup>

Israel, Cyprus and Greece have forged an energy-based partnership that has steadily grown following the discovery of gas deposits in the eastern Mediterranean. In 2018, the countries agreed on building a pipeline to carry natural gas from the eastern Mediterranean to Europe. The proposed pipeline would allow Israel and Cyprus to export their recently discovered offshore reserves to Italy and eventually to the rest of Europe. Greece, which would act as a conduit for the gas to the continent, could also use the pipeline to convey any hydrocarbons potentially found in its own waters.<sup>25</sup>

Israel and Turkey, once close allies, have had increasingly strained relations following an Israeli raid on a Gaza-bound boat (the Marmara) in which nine Turkish activists were killed. Turkish

President Recep Tayyip Erdogan is a staunch supporter of the Muslim Brotherhood and the Palestinians terror group Hamas and launches frequent verbal attacks on the Israel.<sup>26</sup>

## Summary

Tensions intensified in the East Mediterranean after Turkey sent an oil-and-gas drilling ship (Yavuz) escorted by Turkish warships to waters off southern Cyprus. Turkey has already drilled in waters to the east and west of Cyprus, triggering strong protests from Nicosia and the European Union. The last move marks the first time Turkey and Cyprus, which have competing claims in the eastern Mediterranean, will be looking for hydrocarbons in the same exploration block.

Turkey says some of the areas where Cyprus is exploring are either on its own continental shelf, or in zones where Turkish Cypriots have equal rights over any finds with Greek Cypriots. Nicosia rejects the claim, saying that assertion is not only inconsistent with international law, but that Turkey would not accept any international dispute settlement mechanism where its claims could be put to the test.

The role of gas is growing in the global economy and Cyprus' EEZ attracts huge interest of energy companies due to its significant gas deposits. Turkey and the internationally recognized Cypriot government have overlapping claims of jurisdiction over areas around Cyprus.

Turkey's objective is to share with the Republic of Cyprus the latter's huge hydrocarbons deposits and to control regional energy routes. President Recep Tayyip Erdogan is furious that Turkey has been excluded from the Cairo-based East Mediterranean Gas Forum to cooperate on energy projects.

Turkey views maintaining its presence as a regional player, with a role on the energy chessboard, as being of vital importance and it seeks a role not as an extra but as a real player that can gain the greatest possible benefits.

Turkey is highly isolated in the region due to its sour relations with nearly all the countries in the eastern Mediterranean (Greece, Cyprus, Egypt and Israel). The growing standoff between Turkey and Cyprus over exploiting energy resources in the eastern Mediterranean risks to turn the bilateral dispute into a regional and international conflict.

Any escalation between Turkey and the EU and United States could put more pressure on relations already strained on several fronts, including the purchase of Russian S - 400 missile defense and military operations against the Kurds in Syria.<sup>27</sup> The last steps of Turkey threatens to further isolate Ankara.

Recent developments off Cyprus are causing regional tension and the East Mediterranean countries are flexing their muscles. Turkey would continue drilling depending on its own military power, but would not attempt to stop the Greek Cypriots' drilling activity either. While the tension in the eastern Mediterranean is likely to persist, an armed confrontation between Turkey and Cyprus and its allies is unlikely.

## Notes:

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<sup>1</sup> Greek PM asks US's Pompeo for help to calm offshore tensions with Turkey, Arab news, October 5, 2019.

<sup>2</sup> Turkey Sends Drilling Ship to Disputed Block off Cyprus, Asharq al Awsat, October 3, 2019.

<sup>3</sup> Cyprus slams Turkey's latest gas drilling bid as 'severe escalation', dw.com, October 4, 2019.

<sup>4</sup> Israel backs Cyprus as Turkey moves gas drill into its waters, Times of Israel, October 7, 2019.

<sup>5</sup> Ibid.

<sup>6</sup> Greece: EU to decide response to Turkey's Cyprus drilling, wpxi.com, October 7, 2019.

<sup>7</sup> Greek PM asks US's Pompeo for help to calm offshore tensions with Turkey, Arab news, October 5, 2019.

<sup>8</sup> US Warns Turkey Over Offshore Drilling Near Cyprus, Asharq al Awsat, October 5, 2019.

<sup>9</sup> Cyprus slams Turkey's latest gas drilling bid as 'severe escalation', dw.com, October 4, 2019.

<sup>10</sup> Cyprus – Statement by the Ministry for Europe and Foreign Affairs Deputy Spokesperson, Paris, 5 October 2019, <https://uk.ambafrance.org/France-criticizes-Turkey-s-unfriendly-move-in-Cypriot-waters>

<sup>11</sup> EU slaps sanctions on Turkey over its 'illegal' gas drilling off Cyprus, Al Arabiya, July 16, 2019.

<sup>12</sup> Turkey says EU measures won't deter it from drilling off Cyprus, Al Jazeera, July 16, 2019.

<sup>13</sup> EIB to halt Turkey govt-linked lending till year-end, Reuters, July 24, 2019.

<sup>14</sup> Turkey says EU measures won't deter it from drilling off Cyprus, Al Jazeera, July 16, 2019.

<sup>15</sup> Cyprus, Greece, Egypt call on Turkey to end 'provocative' actions, Middle East monitor, October 8, 2019.

<sup>16</sup> Egypt, Cyprus, Greece slam Turkey over Eastern Mediterranean exploration, Ahram online, October 8, 2019.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

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<sup>20</sup> Cyprus, Greece, Egypt call on Turkey to end 'provocative' actions, Middle East monitor, October 8, 2019.

<sup>21</sup> Defense Minister returns home after official visit to Cyprus, Egypt's state information service, September 14, 2019.

<sup>22</sup> Energy security key in bolstered Cyprus-Egypt ties, says Cypriot defense minister, ekathimerini.com, September 11, 2019.

<sup>23</sup> Israel backs Cyprus as Turkey moves gas drill into its waters, Times of Israel, October 7, 2019.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.

<sup>27</sup> US deeply concerned by Turkey's intent to drill off Cyprus, Al Arabiya, May 6, 2019.