

THE ANALYSIS OF THE POLITICAL CONTEXT OF THE CYPRUS
HYDROCARBONS DEBATE IN RELATION TO CYPRUS PROBLEM

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

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IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

JANUARY 2016

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ABSTRACT

THE ANALYSIS OF THE POLITICAL CONTEXT OF THE CYPRUS HYDROCARBONS DEBATE IN RELATION TO CYPRUS PROBLEM

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January 2016, 346 pages

The discovery of new energy sources around Cyprus has created an interest in questioning the role of these resources; whether they will promote peace or exacerbate the existing tensions in the region. On that axis where energy and politics intersect, the Cyprus problem now holds a significant energy dimension which deserves to be explored carefully. With this understanding, this thesis is exploring Cyprus hydrocarbons issue by looking at energy related developments and related parties policies towards eastern Mediterranean on energy issues and the ways in which these policies are related to the Cyprus problem. The aim is to understand what the recent hydrocarbon related developments tell us about the geopolitics of energy in eastern Mediterranean and the dynamics of the Cyprus problem within that new geopolitical reality. This thesis maintains the significance of examining the contexts in which hydrocarbons debate emerge in Cyprus. It eventually argues that viewing the link between the Cyprus problem and the Cyprus hydrocarbons issue requires looking at sovereignty and territoriality dimensions of the conflict in Cyprus. The positions of Turkey, the RoC and TRNC, and the international community towards the oil and gas efforts around Cyprus reveal the predominance of these concepts in shaping the course of the energy developments in the region. In terms of whether the findings will exacerbate the existing conflict in Cyprus or will create the grounds for cooperation; this thesis noticed that analysed arguments and positions on Cyprus hydrocarbons debate almost completely overlap with related actors' existing conflictual positions.

Keywords: Cyprus Problem, Eastern Mediterranean Hydrocarbons, Energy Politics, Energy Geopolitics

ÖZ

KIBRIS HİDROKARBON TARTIŞMASININ KIBRIS PROBLEMİ İLE İLİŞKİLİ OLARAK POLİTİK BAĞLAMININ İNCELENMESİ

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Doktora Derecesi. Uluslararası İlişkiler Bölümü

Danışman: Prof. Dr. Oktay Tanrısever

Ocak 2016, 346 sayfa

Kıbrıs açıklarında yeni enerji kaynaklarının keşfedilmesi bu kaynakların bölgeye barış mı getireceği yoksa mevcut uyuşmazlıkları mı derinleştireceği noktasında rolünün sorgulanması açısından bir ilgi yaratmıştır. Kesin olan şudur ki, Kıbrıs sorunu, enerji ve politikanın kesiştiği ekseninde, incelenmeye değer bir hidrokarbon boyutu kazanmıştır. Bu anlayış çerçevesinde, bu tez Kıbrıs hidrokarbon meselesini bölgede enerji ile alakalı gelişmelere ve ilgili tarafların Doğu Akdeniz enerji konuları ile ilişkili politikalarına bakarak derinlemesine incelemektedir. Nihayetinde bu politikaların Kıbrıs Sorunu ile ilişkili yanları ortaya çıkarılmaya çalışılmaktadır. Buradaki amaç, son dönemlerdeki hidrokarbon gelişmelerinin, Doğu Akdeniz’de enerji jeopolitiği tartışmalarına yansımalarını anlamaktır. Kıbrıs sorunu dinamiklerinin bu yeni jeopolitik tartışmalar ışığında nasıl yoğrulduğuna ilişkin çıkarımlarda bulunmak bu anlamda son derece önemlidir. Bu tez hidrokarbon tartışmalarının ortaya çıktığı bağlamı incelemenin önemine vurgu yapmaktadır. Bu anlamda, Kıbrıs sorunu ile Kıbrıs hidrokarbonları arasındaki ilişkinin ortaya konabilmesi için Kıbrıs Sorunu’na ilişkin egemenlik tartışmalarına bakmakta fayda vardır. Türkiye, Kıbrıs Cumhuriyeti, KKTC ve uluslararası aktörlerin Kıbrıs açıklarındaki hidrokarbon arayışına ilişkin pozisyonları, bölgedeki enerji gelişmelerinin ne ölçüde egemenlik tartışmaları üzerinden ilerlediğini ortaya koymaktadır. Konuya hidrokarbon keşiflerinin çatışma mı yaratacağı yoksa işbirliğine mi iteceği bağlamında bakıldığı zaman, bu çalışma yukarıda belirtilen aktörlerin mesele ile ilgili pozisyonlarının daha ziyade mevcut uyuşmazlıklar üzerinden şekillendiğini ortaya koymaktadır.

Anahtar Kelimeler: Kıbrıs Sorunu, Doğu Akdeniz Hidrokarbonları, Enerji Polisiği, Enerji Jeopolitiği

To my husband & my parents

ACKNOWLEDGMENTS

The author wishes to express her deepest gratitude to her supervisor Prof. Dr. Oktay Tanrısever and rest of the committiee members for their guidance, advice, criticism, encouragements and insight throughout the research.

The author would also like to thank Ayla Gürel for her suggestions and comments.

TABLE OF CONTENTS

PLAGIARISM	iii
ABSTRACT	iv
ÖZ	v
DEDICATION	vi
ACKNOWLEDGMENTS	vii
TABLE OF CONTENTS	viii
LIST OF FIGURES	xiii
LIST OF MAPS	xiv
LIST OF ABBREVIATIONS	xv
CHAPTER	
1. INTRODUCTION	1
1.1 Introduction	1
1.2 Aims, Motives and Rationale of the Study	5
1.3 Statement of the Problem	8
1.4 Literature Review and the Focus of the Study	11
1.5 The Main Argument of the Thesis	27
1.6 Methodological Considerations.....	27
1.7 Structure of the Study.....	31
1.8 Conclusion.....	32
2. THEORETICAL BACKGROUND OF THE THESIS- ENERGY AND INTERNATIONAL RELATIONS THEORIES	33
2.1 Introduction	33
2.2 Energy and IR Theories- Realist Thought/ Classical Geopolitics.....	35
2.3 Energy and IR Theories- Neoliberal Institutionalism	44
2.4 Are Eastern Mediterranean hydrocarbons displaying the logic of interdependence or a competitive dynamic?	48
2.5 Conclusion.....	51

3. THE ECONOMIC SIGNIFICANCE OF THE HYDROCARBON DISCOVERIES IN CYPRUS AND IN BROADER EASTERN MEDITERRANEAN REGION	53
3.1 Introduction	53
3.2 Recent Explorations and Discoveries in the Eastern Mediterranean Region	55
3.2.1 Cyprus	55
3.2.2 Egypt	57
3.2.3 Israel	59
3.2.4 The Palestinian Authority	62
3.2.5 Lebanon	62
3.2.6 Syria	63
3.3 The Global Energy Outlook and the Economic Significance of Eastern Mediterranean Hydrocarbons within the World Energy Reserves	64
3.4 Conclusion	71
4. HISTORICAL BACKGROUND OF THE TERRITORIAL DISPUTE AND SHARING OF NATURAL RESOURCES BETWEEN TWO COMMUNITIES IN CYPRUS	75
4.1 Introduction	75
4.2 Historical Background of the Cyprus Problem	78
4.3 The Trajectory of the Inter communal Negotiations in Cyprus	88
4.4 How the issue of the management of natural resources is being discussed within the inter-communal negotiations in Cyprus	117
4.5 Conclusion	127
5. EXAMINING TURKEY'S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS	129
5.1 Introduction	129
5.2 Turkey's General Energy Strategy	129
5.3 The Evolution of the Notion of Energy Transit as an Important Aspect of Turkey's Geopolitical Arguments and Views	133
5.4 Significance of the Findings in Eastern Mediterranean for Turkey's Geopolitical Arguments towards the Region	140

5.5 Exploring the geopolitical significance of Cyprus Hydrocarbons for Turkey	143
5.5.1 The Issue of EEZ (Exclusive Economic Zone) in the eyes of Turkey: For Turkey, where do the borders of EEZ start and end in Eastern Mediterranean	146
5.5.2 Turkey's Contentions vis-à-vis the Exploration Activities of the Republic of Cyprus (RoC) in relation to the Cyprus Problem.....	156
5.6 Conclusion.....	170
6. EXAMINING THE REPUBLIC OF CYPRUS (RoC)'S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS.....	171
6.1 Introduction	171
6.2 Energy Policies of the Republic of Cyprus	172
6.2.1 Oil and Gas Efforts in Cyprus	176
6.3 The Emergence of the Notion of 'Regional Energy Hub' in case of Cyprus	186
6.4 Greek Cypriot View on the Development of the Natural Resources in and around Cyprus before a Political Settlement	209
6.5 Greek Cypriot View on the Joint Development of the Natural Resources in and around Cyprus with Turkish Cypriot Community before a Political Settlement.....	218
6.6 Greek Cypriot View on Discussing the Natural Gas within the Context of the UN-led Inter-communal Negotiations in Cyprus	224
6.7 Conclusion.....	224
7. EXAMINING THE <i>DE FACTO</i> TURKISH REPUBLIC OF NORTHERN CYPRUS (TRNC)'S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS	227
7.1 Introduction	227
7.2 Energy Policy of <i>De Facto</i> TRNC	228

7.3 <i>De Facto</i> TRNC as a more Pro-Active Actor; Scrutinizing the “Policy of Reciprocity” of <i>de facto</i> TRNC towards exploration activities of the RoC	230
7.4 Turkish Cypriot view on the development of the natural resources in and around Cyprus before a political settlement	237
7.5 Turkish Cypriot view on the joint development of the natural resources in and around Cyprus with Greek Cypriot Community before a political settlement	239
7.6 Turkish Cypriot view on discussing the natural gas within the context of inter-communal negotiations	245
7.7 Conclusion.....	247
8. VIEWING THE POSITION OF INTERNATIONAL COMMUNITY TOWARDS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS	249
8.1 Introduction	249
8.2 Greece’s Position.....	249
8.3 United Nation’s Position	257
8.3.1 The UN Secretariat.....	257
8.3.2 UN Security Council P5.....	261
8.4 European Union’s Position.....	270
8.5 Conclusion.....	273
9. CONCLUSION	275
9.1 Introduction	275
9.2 Discussion	275
9.3 Recommendations for Future Research	286
9.4 Limitation of the study	287
9.5 Conclusion.....	287
REFERENCES.....	292
LIST OF INTERVIEWS.....	320
APPENDICES	322
A. TURKEY’S AND ROC’S VISION OF EEZ IN THE EASTERN MEDITERRANEAN	322
B. JOINT DECLARATION	324

C. TURKISH SUMMARY	327
D. CURRICULUM VITAE	345
E. THESIS COPY PERMISSION FORM	346

LIST OF FIGURES

FIGURES

Figure 1	Oil and Gas Fields in the Eastern Mediterranean Region	53
Figure 2	Cyprus Hydrocarbon Blocks	56
Figure 3	Cyprus Proposed Pipelines	58
Figure 4	Prospective Gas Fields and Disputed Maritime Territory in Levant Basin	61
Figure 5	Exploration Blocks in and around Cyprus.....	180
Figure 6	Import Dependence on Natural Gas for Select EU Countries, 2012	205

LIST OF MAPS

MAPS

Map 1 The Republic of Cyprus EEZ delimitations and hydrocarbon research blocks, and Turkey's continental shelf claims	144
Map 2 The Turkish Cypriots' claimed hydrocarbon research blocks	145
Map 3 The initial Greek Cypriot concept for East Mediterranean EEZ delimitation.....	146
Map 4 Turkish EEZ maritime zone proclamations according to the equitable principles in the Eastern Mediterranean Sea	158

LIST OF ABBREVIATIONS

EU	European Union
SBAs	British Sovereign Base Areas
EEZ	Exclusive Economic Zone
IOCs	International Oil Companies
UN	United Nations
UNBZ	United Nations buffer zone
US	United States
Qcf	Quadrillion cubic feet
RoC	Republic of Cyprus
TRNC	Turkish Republic of Northern Cyprus
TFSC	Turkish Federated State of Cyprus
Tcf	Trillion cubic feet

CHAPTER 1

INTRODUCTION

1.1 Introduction

Cyprus has long been considered a conflict at the crossroads from various dimensions. Throughout its long history, it has attracted considerable attention as one of the most long-standing and protracted conflicts in international politics where there is a complex interplay of actors, factors and issues at the local, regional, European and international levels. Yet, within such a complexity, crucial moments can be identified in its historical evolution such as the failure of the United Nations (UN) sponsored Annan Plan in April 2004, and the entry into the European Union (EU) as a divided island in May 2004. Still, the relaunch of the peace process in spring 2008, and re-emphasise on a bi-communal and bi-zonal federation in 2014 with a Joint Declaration, indicate the continuation of the process in terms of UN-mediated negotiations based on bi-zonal, bi-communal solution in Cyprus. With the European Union (EU) accession as a divided island and recent discoveries of hydrocarbons in and around Cyprus, new incentives and opportunities have been introduced to the all parties to the conflict alongside the new tensions and lines of divisions both in Cyprus and in the broader eastern Mediterranean.

Cyprus problem has always intersected with the series of core questions concerning both the analysis of the conflict and the political relations in eastern Mediterranean. For example, the 1960 constitution of the Republic of Cyprus (RoC) and its trajectory has been substantially analysed as an example of early consociationalism to explore the complications of the concept.¹ The history of the intercommunal negotiations based on federalism, confederalism and power-sharing on the other hand reveal the interplay between claims to self-determination, sovereignty and territorial

¹ See Kyriakides, Stanley. (1968). *Cyprus: Constitutionalism and Crisis Government*. Philadelphia: University of Pennsylvania Press; and Polyviou, P., G. (1976). *Cyprus in Search of a Constitution: Constitutional Negotiations and Proposals 1960-1975*. Nicosia.

integrity.² On the other hand, identity, territory and political representation have been substantially addressed in constructivist and post-structuralist works.³ Since the island has a long history of UN peace-keeping and mediation, it is also a laboratory where central tensions between keeping the peace and extending the conflict can be illustrated, besides further questioning of the effectiveness and modalities of international mediation and negotiation.⁴ The connection between the European integration and peace has been another broadly discussed domain in conjunction to the conflict in Cyprus.⁵ It is possible to lengthen the list of examples and questions where studying the case of Cyprus provided rich empirical insights so far.

With the discoveries of natural resources in and around Cyprus in 2011, the conflict has been impelled to new crossroads, this time not to provide empirical material to substantiate research into particular theories and disciplines as reviewed above, but to provide us new insights to be translated into broader theoretical and conceptual terms. At the time being, the juncture we find ourselves with respect to Cyprus is an interesting moment in relation to eastern Mediterranean energy developments. There is an emerging Exclusive Economic Zone (EEZ) dispute between Turkey and the Republic of Cyprus (RoC). By tracing the positions related parties developed vis-à-vis the rising Cyprus hydrocarbons issue starting from the first announcement of Exclusive Economic Zone (EEZ) signing between the Republic of Cyprus (RoC) and Egypt in 2003, up until today, it is seen that the conflict now invites us to analyse

² See Chrysostomides, K. (2000). *The Republic of Cyprus. A Study in International Law*. Martinus Nijhoff Publishers, Leiden.

³ See Diez, T. (2002). Last Exit to Paradise? The European Union, the Cyprus Conflict and the Problematic 'Catalytic Effect'. In Thomas Diez (Ed.), *The European Union and the Cyprus Conflict: Modern Conflict, Postmodern Union* (pp. 139-162), Manchester University Press.

⁴ See Hannay, D. (2005). *Cyprus: The Search for a Solution*. London: I.B. Tauris; Mirbagheri, Farid. (1998). *Cyprus and International Peace-making*. Psychology Press; & Richmond, Oliver, P. (1998). *Mediating in Cyprus: The Cypriot Communities and the UN*. Psychology Press.

⁵ See Brewin, C. (2000). *Cyprus and the European Union*. Huntingdon: the Eothen Press; Tocci, N., (2004a) 'EU Intervention in Ethno-Political Conflicts: The Cases of Cyprus and Serbia-Montenegro' *European Foreign Affairs Review*, Vol, 9, pp. 551-573; Tocci, N., (2004b), *Conflict Resolution in the European Neighbourhood: the Role of the EU as a Framework and as an Actor*, EUI Working Paper, Florence; Tocci, N., (2004c), *EU Accession Dynamics and Conflict Resolution: Catalysing Peace or Consolidating Partition in Cyprus?* Ashgate, Aldershot; Tocci, N. (2007a). Congruence without strategy: explaining EU policies towards the Cyprus conflict. In Casarini, N. & Musu, C. (Ed.). *European foreign policy in an evolving international system : the road towards convergence* (pp. 128-144) Basingstoke, Palgrave Macmillan; Tocci, N., (2007b), *Greece, Cyprus and Turkey*. In Colin Hay and Anand Menon (Ed.), *European Politics* (pp. 117-132). OUP, Oxford; Tocci, N., (2007c), *The EU and Conflict Resolution: Promoting Peace in the Backyard*, Routledge, London.

the changing regional dynamics of the eastern Mediterranean, the rise of energy politics in the region and revisiting the main dynamics of the conflict in relation to this regional developments motivated by the energy security concerns and pipeline diplomacy.

The signature of the Agreement of the 17th February 2003 in Cairo for the Exclusive Economic Zone (EEZ) of Cyprus-Egypt was a historic moment for Cyprus, as it was the first delimitation agreement ever signed in the Mediterranean. Signatories were Ahmed Maher, Minister of Foreign Affairs of Egypt and Nicos A. Rolandis Minister of Commerce, Industry and Tourism, Cyprus. Nevertheless, it was also momentous in the sense that it immediately led many to concern whether this Agreement and the broader oil and gas efforts offshore Cyprus will eventually be a blessing or a curse for Cyprus and for its respective communities aiming to reach a political settlement for the protracted Cyprus conflict through inter-communal negotiations. Nicos Rolandis, a Republic of Cyprus (RoC)'s former Commerce Minister, former Foreign Minister, former Member of the Parliament and former president of the Liberal Party in Cyprus, said there are only thorns, not even a single rose for Nicos Anastasiades who has taken over a presidency of the Republic of Cyprus (RoC) in February 2013, as Anastasiades carries on his shoulders:

The occupation of 37% of our land by Turkey, since 1974.

The occupation of our economy by the Troika, since 2012.

The occupation of our seas by Turkey, since 2014⁶

The last remark above constitutes one of the main drives of this thesis, because it reveals the potential of oil and gas efforts in and around Cyprus in terms of deepening the existing tensions between Turkey and the Greek Cypriot leadership. In 1982, the Republic of Cyprus (RoC) proceeded with the delineation of the Exclusive Economic Zone (EEZ) of Cyprus. Since 1998, the Republic of Cyprus (RoC) commenced the oil and gas efforts offshore Cyprus immensely. The US Geological Survey's estimations play an important role in that as they projected that

⁶ Rolandis, N. (2014, October 31). Barbaros, rights, resolutions and sheer reality. Cyprus Mail. Retrieved August 22, 2015 from <http://cyprus-mail.com/2014/10/31/barbaros-rights-resolutions-and-sheer-reality/>

the Levant Basin contains 2% of the world reserves of gas and a smaller percentage of oil. Cyprus believed to have 0.5% of the world reserves of gas and 0.1%-0.2% of the world reserves of oil.⁷ The world reserves of gas are 6.25 quadrillion cubic feet (Qcf).⁸ The 0.5% share of Cyprus equals 31 trillion cubic feet (Tcf). The net value of the 31 trillion cubic feet (Tcf) is approximately \$150 billion.⁹ The world reserves of oil are 1.34 trillion barrels.¹⁰ So the 0.15% share of Cyprus equals approximately 2 billion barrels. The net value of the 2 billion barrels is \$200 billion.¹¹ Grand total of gas (\$150 billion) and oil (\$200 billion) is equal to \$350 billion.¹² Based on these figures and in case of the development of these resources, Cyprus might have a net value of \$210 billion which is approximately 15 times the value of the economy of Cyprus based on gross domestic product.¹³ It is seen that the likely economic significance of the oil and gas is by 15 times larger than the economy of Cyprus, including North and the South. This is the economic backdrop which renders the subject at hand an essential matter to be addressed within the context of the Cyprus problem. The global energy market and the political milieu in Cyprus and in the broader region are both decisive in terms of the prospects of the development of such a wealth in and around Cyprus and these remain to be seen. What is rather noticeable at the current stage is that energy considerations now occupy an important role in regional actors' geopolitical calculations. In other words, energy politics and the Exclusive Economic Zone (EEZ) disputes in the region are increasingly becoming more informative in terms of understanding the dynamics of the political relations between regional actors, notably Turkey, Cyprus, Israel and Egypt. This certainly has consequences upon the dynamics of the existing territorial disputes in the region including the Cyprus problem in an environment in which the Republic of Cyprus

⁷ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, *ibid*.

⁸ Oil and Gas Journal. (2008). Retrieved November 23, 2015 from <http://www.ogj.com/oil-exploration-and-development/reserves.html>

⁹ Based on \$5 per 1000 cf. See Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, *op.cit*.

¹⁰ Oil and Gas Journal, 2008, *op.cit*.

¹¹ Based on \$100 per barrel. See Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, *op.cit*.

¹² Approximately 40% of the total will be exploration and drilling costs and the rights of oil companies.

¹³ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, *ibid*.

(RoC) attempts to become an important regional energy hub. Taking into account Turkey's long-term ambitions of becoming a significant energy transit country and how this ideal is being used as a strategic asset to achieve strategic policy goals such as partnership with the United States (US); European Union (EU) membership; and rapprochement with Russia, it is seen that energy developments in the eastern Mediterranean are being viewed from a similar perspective by Turkey where it is believed that Turkey is the closest market for the eastern Mediterranean gas besides being the most feasible transit route for the exportation of that gas to Europe. All these can only be discussed after the resolution of the Cyprus problem, thus in the eyes of Turkey these issues are intrinsically linked to the essential debates lying at the heart of the reunification talks in Cyprus. Whereas for the Republic of Cyprus (RoC), Cyprus can develop its energy resources before, or in the absence of a negotiated settlement since energy cooperation with Turkey is not the only available option for the feasible development of the hydrocarbons in and around Cyprus. Besides that, the Republic of Cyprus (RoC) as an internationally recognized entity argues that it is their sovereign rights to explore and exploit their natural resource wealth. Turkish Republic of Northern Cyprus (TRNC) is also an important actor given their contentions vis-à-vis the oil and gas efforts of the Republic of Cyprus (RoC), arguing that Greek Cypriot leadership cannot act as the sole sovereign entity of the entire island thus cannot conclude agreements with third parties on the behalf of the Turkish Cypriot community without their involvement. It appears that, understanding in depth the recent energy related development in the region is essential to shed a light on both the dynamics of the Cyprus problem and the intersect of the energy and politics in the region in the aftermath of the hydrocarbons discoveries in and around Cyprus and in the broader region.

1.2 Aims, Motives and Rationale of the Study

The eastern Mediterranean is currently undergoing a multifaceted transformation. This transformation is closely related with conflict and post-conflict situations in the region. In an environment where the historical and intellectual influences are continuously shaping perceptions and actions in the region, the discovery of hydrocarbons adds another dimension to this already complex web of relations with a new puzzle in itself. In reference to a developing international norm, the process of

the management of natural resources across borders can be both a prospect for peaceful cooperation as long as equitable and sustainable means can be safeguarded. Nevertheless, the process of development of these resources can also generate new tensions, or reinforce pre-existing divisions amongst interested parties. The foremost aim of this thesis is to explore the manifestation of this paradox in case of Cyprus with the discovery of natural resources in and around island which is a *de facto* partitioned state since 1974.¹⁴ What is the physical significance of the discoveries in and around Cyprus within the global energy reserves? How has the discovery of hydrocarbons intermingled within the broader peace process in Cyprus? How has the endeavour of the development of hydrocarbons echo across the Cyprus's *de facto* partition boundary? Has it been possible so far to de-link hydrocarbons related conflictual issues from the protracted political conflict in Cyprus? What has been the role of the geopolitical calculations of the Greek Cypriot leadership and Turkey in terms of shaping their understanding of the political significance of the hydrocarbons? What has been the position of Turkish Republic of Northern Cyprus (TRNC) vis-à-vis this new reality emerged as a result of the increasing energy politics in the region? Accordingly, the main motivation of this study can be described as exploring the recent energy related developments in the region, particularly the ones which relates to Cyprus, to be able to answer those questions posed above. Thus, the aim is to examine the positions of Cypriot parties to the conflict, regional and international actors on Cypriot hydrocarbons issue. It is maintained that related parties positions and the way energy led the formation of new allingments in the aftermath of discoveries as seen in the newly emerging energy cooperation scheme in the region reflect to some extent the entrenched problem of sovereignty and territoriality in case of Cyprus. It can be argued that this can be an illuminative point of departure while exploring the reasons behind the unfolding of the Cyprus hydrocarbons issue as a reflection of classical sovereignty dispute between Turkish Cypriots and Greek Cypriots and Turkey and Greek Cypriots.

From a normative standpoint, there is a significant opportunity where a protracted territorial conflict exist for the development of meaningful cooperation between conflicting parties through an effective and equitable development of the existent

¹⁴ See Hocknell, P. R. (2001). *Boundaries of Cooperation, Cyprus, de facto Partition, and the Delimitation of Transboundary Resource Management*. Springer.

resources, but the process of development can also exacerbate pre-existing divisions among interested parties where the joint-management scheme of the resources before a political settlement can challenge the key feature of the international legal order based on the idea that the right of the control over activities rests on the sovereign within the borders of the state.¹⁵ Ambiguities in terms of the delineation of territorial sovereignties both onshore and offshore would serve to draw attention to the existing problems as it does in case of Cyprus.

The rationale of this thesis rests upon the argument that contextualizing and analysing how energy discoveries have intermingled with the political dynamics of the region cannot be done only by exploring legal issues such as Exclusive Economic Zone (EEZ) disputes and/or pure energy business in relation to global energy debates and the economic significance of eastern Mediterranean hydrocarbons but it require political insights related to the existing historical tensions in the region. Examining this intersection between energy, minerals and patterns of conflict and cooperation is one of the chief motives behind this thesis. The thesis accordingly attempts to problematize the process of development of Cyprus hydrocarbons and asks whether the resources can be considered as a unique opportunity for the improvement of peaceful cooperation through equitable and sustainable means or as elements which can create new tensions and reinforce pre-existing divisions amongst interested parties in Cyprus. Therefore the thesis considers the link between natural gas findings in and around Cyprus and the course of the endeavours of reaching a political settlement in Cyprus as important and moves on to explore how Cypriot parties to the conflict shape their key strategies vis-à-vis the hydrocarbon discoveries. By doing that the thesis aims to contribute to our understanding of how natural gas findings in the broader eastern Mediterranean Sea intervene into the already complex structure of the region, how energy is changing the patterns of relations in the region and the implications of these changes upon the existing political disputes, notably Cyprus Problem. Such an endeavour can be helpful in terms of reflecting upon the process in which hydrocarbons resources build up to become politically significant for related actors in the way they view regional geopolitical dynamics. For example, the debate between Turkey and the Republic of

¹⁵ See Hocknell, P., R., *ibid*, 2001, p.1.

Cyprus (RoC) concerning the Exclusive Economic Zone (EEZ) s and their boundaries appears to be one of the signs of the ways in which the discoveries operate across the existing protracted conflict in Cyprus. In relation to that, it is possible to talk about a new energy component of the Cyprus problem as a relatively new phenomenon. Israel, Cyprus and Greece have arrived to an agreement for the mutual recognition on their Exclusive Economic Zone (EEZ)s. Lebanon, Turkey and Turkish Republic of Northern Cyprus(TRNC) have challenged those agreements for both political and economic reasons. Clearly, the lack of political settlement in Cyprus, plus a lack of dialogue between Turkey and the RoC pose many difficulties for the development of the natural resource findings in and around Cyprus. This is why the energy discoveries in and around Cyprus have understandably stimulated an interest in terms of exploring how energy will influence the existing conflict where understanding the politics and economics in Cyprus and in relation to those, the Cyprus problem, can no longer be dismantled from the broader energy discoveries and the dynamics they have created. Thus, in its broadest terms, here the aim is to reflect these emerging debates and tensions triggered by hydrocarbon discoveries in and around Cyprus.

1.3 Statement of the Problem

There are numerous boundary and territorial disputes since many of the existing political boundaries are either inappropriately or imprecisely defined, where many land boundaries have no accurate details.¹⁶ Likewise, many Exclusive Economic Zones (EEZs) claimed by neighbouring coastal states overlap. This is to say that many existing territorial disputes which are dormant currently stem from the inappropriate or imprecise definitions of territorial boundaries, as it is in Cyprus.¹⁷ Nevertheless, under certain conditions and circumstances, inactive boundary and territorial disputes may be activated and evolve into more serious cross-border conflicts and wars. This understanding emphasizes the centrality of the energy related developments in eastern Mediterranean in the aftermath of the discoveries in relation to how the rise of energy politics in eastern Mediterranean interacts with the

¹⁶ See Guo, R. (2012). *Territorial Disputes and Conflict Management, The act of Avoiding War*. London: Routledge.

¹⁷ Guo, Rongxing, 2012, *ibid.* p. 38.

dynamics of the Cyprus problem. Therefore, it brings together the research done on the analysis of shifting geopolitical and energy security forces at work in the light of the energy discoveries in the region and the analyses of the dynamics of conflict and cooperation in Cyprus endowed with natural resources within that background.

There are various factors such as energy resource or in other words resource scarcity, domestic politics, and geopolitical forces which can intensify tensions in disputed territories. Qualitative and, when necessary, quantitative exploration of these underlying factors can be helpful in the context of Cyprus to see how energy related developments in the region have interacted with the conflict in the context of the island in the aftermath of 2011. So the main research problem of the present thesis can be stated as understanding what these factors are in the context of the Cyprus hydrocarbons issue. This is helpful in terms of placing almost half a century old Cyprus problem into a new context driven by the rise of energy politics in the region where Cyprus has become one of the key features of the broader eastern Mediterranean energy cooperation scheme. As mentioned above, since the beginning of 2000s, the RoC is pursuing an active hydrocarbons politics, followed by increased tit-for-tat policies pursued by Turkey towards the region. Accordingly, the research question and the sub-research questions appear to be as follows for this thesis.

Research Question:

What factors have been decisive in determining the positions/claims of the Turkey, the RoC and TRNC on the development of energy resources in and around Cyprus?

Sub-research Questions:

1. What is the economic significance of hydrocarbons discoveries in and around Cyprus?
2. In what ways the oil and gas efforts in and around Cyprus has influenced the inter-communal negotiations so far?
3. What is the position of Turkey vis-à-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities?

- a. How does Turkey address the exclusive economic zone issue in case of Cyprus?
 - b. How does Turkey view the energy issue in the context of the Cyprus settlement?
 - c. How does Turkey view the geopolitical significance of energy in eastern Mediterranean? In what ways this view feeds Turkey's overall position on the matter?
4. What is the position of the Republic of Cyprus (RoC) with regard to the hydrocarbons exploration and production in Cyprus?
 - a. How does the Greek Cypriot leadership views the contentions of Turkey over the RoC's proclaimed Exclusive Economic Zone?
 - b. How does Greek Cypriot leadership view the energy issue in the context of the Cyprus settlement?
 - c. How does Greek Cypriot leadership view the geopolitical significance of the discoveries in Cyprus and in broader region? In what ways this view feeds RoC's overall position on the matter?
5. What is the position of *de facto* Turkish Republic of Northern Cyprus (TRNC) vis-a-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities?
 - a. How does the TRNC view the RoC's proclaimed Exclusive Economic Zone (EEZ)?
 - b. How does TRNC view the energy issue in the context of the Cyprus settlement?
6. What has been the reaction of the international community towards the Republic of Cyprus (RoC)'s hydrocarbons exploration activities?

In qualitative research, the aim is not to test a hypothesis. Hypotheses or "theories" can actually "emerge" from the research itself as a result of research data and findings. While keeping this in mind, based on the main and sub-research questions posed above, the ***hypothesis*** of this research follows as below:

‘The sovereignty and the territoriality dimensions of the Cyprus problem, which have been exacerbated with the energy component in the recent years in eastern Mediterranean, have had a distinct causal impact on the way the positions/claims

have been formulated by the related actors vis-à-vis the development of energy resources in and around Cyprus.’

1.4 Literature Review and the Focus of the Study

Literature Review

In reference to its main research interest, this thesis aims to contribute to a scholarship on the link between energy discoveries in and around Cyprus and the Cyprus problem. In other words, it contributes to our understanding of the nexus between natural resources¹⁸ and territorial disputes in broader terms. At this point, it is meaningful to begin by reviewing the literature which aims to discuss the link between territorial claims and natural resources and then narrow down our interest to focus on how to conceptualize the issue in case of Cyprus. Territorial claims and natural resources have long been associated with each other. The value of Alsace-Lorraine for Germany and France, for instance, has been portrayed as its rich coal and iron ore deposits. Bolivia and Chile examples are also illustrative in terms of reflecting the role guano and nitrates played in the War of the Pacific. In Asia, the conflict over part of all of the Spratly Islands also points out the link between productive fishing grounds, potential oil deposits, and increased territorial claims associated with this wealth. These examples illustrate that, besides other significant factors which render certain territories more valuable, natural resources play a critical role in descriptions of many territorial conflicts. Despite of this, it is possible to stress the lack of scholarly studies on the impact of resources on the management or termination of territorial claims.¹⁹

A part of the literature on that addresses the domain of natural resources and conflicts related to increased territorial claims, both international and intra-state conflicts. Goertz and Diehl²⁰, Diehl²¹, Vasquez²², Hensel²³ are among those who

¹⁸ In case of Cyprus, the concern is high-value natural resources such as oil, and natural gas. See Lujala, Päivi, & Siri Aas Rustad. (2011). High-value Natural Resources: A Blessing or a Curse for Peace? Sustainable Development Law & Policy, 12, no. 1: 19-22, 56-57.

¹⁹ See Macaulay, C. & Hensel, P.,R. (2014). Natural Resources and Territorial Conflict. Paper presented at the Annual Meeting of the International Studies Association, Toronto, March 2014.

²⁰ Diehl, P. F., & Goertz, G. (1988). Territorial changes and militarized conflict. Journal of Conflict Resolution, 32(1), 103-122.

connect territorial issues with the concept of issue salience, starting from late 1980's. These studies aim to reveal that states are more likely to fight, and less likely to compromise, over territorial issues due to their perceived importance. Perceived importance of the territory can increase with the existence of energy resources or by less tangible perceptions of nationhood or ethnicity in this conception salience. The conflict tendency of territorial issues are examined at many times with the understanding that greater territorial salience increases the possibility of conflicts.²⁴ The tendency has been in general to analyse conflicts by looking at the influence of a particular issue area such as river or maritime claims on territoriality.²⁵ Within the literature in general over the broader topic of natural resources and conflict, the tendency is to highlight that natural resources can be the source of disputes, and they can also exacerbate pre-existing conflicts.

In case of Cyprus hydrocarbons and Cyprus problem, a literature written from the conflict resolution perspective is rather sparse. Since, the discoveries was made in 2011, it necessitates more time and empirical evidences to build on that knowledge. It is possible to study the related literature, for Cyprus case, in two main parts. A part

²¹ Diehl, P. F. (1992). What are they fighting for? The importance of issues in international conflict research. *Journal of Peace Research*, 333-344.

²² Vasquez, J. A. (1995). Why do neighbors fight? Proximity, interaction, or territoriality. *Journal of Peace Research*, 32(3), 277-293.

²³ Hensel, P. R. (1996). Charting a course to conflict: Territorial issues and interstate conflict, 1816-1992. *Conflict Management and Peace Science*, 15(1), 43-73.

²⁴ Vasquez, J. A. 1995, op.cit.; Hensel, P. R. 1996, op.cit.; Huth, P. K. (1996). Enduring rivalries and territorial disputes, 1950-1990. *Conflict Management and Peace Science*, 15(1), 7-41; Walter, B. F. (2003). Explaining the Intractability of Territorial Conflict. *International Studies Review*, 5(4), 137-153; Hensel, P. R., Mitchell, S. M., Sowers II, T. E., & Clayton, L. Thyne. (2008). Bones of Contention: Comparing Territorial, Maritime, and River Issues. *Journal of Conflict Resolution*, 52 (1), 117-143; Quackenbush, S. L. (2010). General deterrence and international conflict: Testing perfect deterrence theory. *International Interactions*, 36(1), 60-85.

²⁵ Kratochwil, F. V., Rohrllich, P., & Mahajan, H. (1985). *Peace and disputed sovereignty: Reflections on conflict over territory*. Lanham: University Press of America; Prescott, J. R. V. (1987). *Political frontiers and boundaries*. London: Allen & Unwin.; Gleick, P. H. (1993). Water and conflict: Fresh water resources and international security. *International Security*, 18(1), 79-112; Wolf, A. T. (1998). Conflict and cooperation along international waterways. *Water Policy*, 1(2), 251-265; Hensel, P. R., Mitchell, S. M., Sowers II, T. E., & Clayton, L. Thyne. (2008). Bones of Contention: Comparing Territorial, Maritime, and River Issues. *Journal of Conflict Resolution*, 52 (1), 117-143; Brochmann, M., & Hensel, P. R. (2009). Peaceful management of International River claims. *International Negotiation*, 14(2), 393-418; Colgan, J. D. (2010). Oil and Revolutionary Governments: Fuel for International Conflict. *International Organization*, 64(04), 661-694; Giordano, M. F., Giordano, M. A., & Wolf, A. T. (2005). International Resource Conflict and Mitigation. *Journal of Peace Research*, 42(1), 47-65; Humphreys, M. (2005). Natural Resources, Conflict, and Conflict Resolution: Uncovering the Mechanisms. *Journal of Conflict Resolution*, 49(4), 508-537.

of the literature is essentially examining the geological, technical, and economic dimensions of the matter, such as the quantities of the discoveries, seismic data, monetization, and export options, including the available and necessary infrastructure in the region for the development of the gas fields. While, another bunch of related literature, originating more within the discipline of International Relations, tends to ask whether the natural gas reserves off the coast of Cyprus can lead to greater conflict or bring the enduring conflict on the island to a peaceful settlement. These studies are informed either by classical Realist/Geopolitical or Liberal Institutional perspectives within the discipline of International Relations. In that endeavour, the concerns generally rose whether energy will be another factor further widening the crack between the Turkish and Greek Cypriots, and between Turkey and the RoC. Laying down the literature alongside these two lines can be helpful to view where this thesis can actually be located within the existing scholarship on energy, development of natural resources, territorial conflicts, and Cyprus.

i. *Literature which aims to explore the issue from more of a technical dimension*

Paltsev (et.al.) aims to examine the natural gas monetization pathways for Cyprus, and to investigate the economic implications of key technology and policy options for natural gas development in Cyprus. In their study, they argue that the discovery of natural gas resources in Cyprus has created opportunities for natural gas exports which can lead to a significant transformation of the island's energy system. While doing that they seek to provide an analysis of options for Cyprus natural gas resource development and exports. It is an important source which sheds a light on the strategic options for utilizing the Cypriot natural gas resource in general.²⁶

Giamouridis also describes the status of the Aphrodite discovery, and options for the development of the field and the possible export strategies for Cyprus. While putting together the logical process of defining field development and export options in Cyprus, he also addresses the complex issue of Cyprus' sovereign hydrocarbon

²⁶ Paltsev, S., F. O'Sullivan, N. Lee, A. Agarwal, M. Li, X. Li, & N. Fylaktos (2013). Natural Gas Monetization Pathways for Cyprus: Interim Report – Economics of Project Development Options. MIT Energy Initiative, Massachusetts Institute of Technology, Cambridge, MA.

ownership rights which is contested by Turkey. Within that backdrop, he discusses the advantages and disadvantages of future unitisation and joint development between Israel and Cyprus. Besides the issue of the monetisation of Cypriot hydrocarbon resource, he moreover exemplifies the more tangible aspects of the natural gas industry with the interlinking social and geopolitical considerations.²⁷

Shaffer²⁸ is another significant source which provides a detailed analysis of the regulatory frameworks that govern oil and gas offshore exploration in eastern Mediterranean and considers each of the potential future exploration activities in the region. The state of the electricity sector and how the new gas finds will affect electricity trends in the region is also discussed. She bases her analyses on the data of regional and global natural gas trends thus she provides helpful guidance for the assessment of the prospects for commercial development of the resources and their possible influence in numerous natural gas markets.

Henderson²⁹ in his work highlights the potential of becoming energy exporters for Israel and Cyprus. But he also points out the technical and diplomatic challenges for that. Finding additional significant gas fields is necessary and challenging in that sense. From a more technical perspective, Henderson³⁰ argues that a range of export options should be developed by pipeline, liquefied natural gas (LNG), and possibly as electricity. In diplomatic terms, he argues that cooperation between Israel and Cyprus is decisive in achieving successful exploitation for both countries.

ii. Literature which aims to address Cyprus and the geopolitics of energy in the region by discussing whether the natural gas can be an incentive for the settlement of the Cyprus problem

²⁷ Giamouridis, A. (2012). Offshore Discovery in the Republic of Cyprus Monetisation Prospects and Challenges. Oxford Institute for Energy Studies, NG 65.

²⁸ Shaffer, B. (2012). Energy Resources and Markets in the Eastern Mediterranean Region. Mediterranean Policy Programme, Eastern Mediterranean Energy Project, Policy Brief, June.

²⁹ Henderson, S. (2013). Natural Gas Export Options for Israel and Cyprus. The German Marshall Fund of the United States Paper Series.

³⁰ Henderson, S., 2013, *ibid*.

Economides highlights the implications of discoveries on the Israeli-Cypriot relations where he refers the alignment between two countries as a “marriage made in oil and gas heaven.”³¹ From a geostrategic perspective, Tsakiris³² argues that the discovery of Aphrodite, and more discoveries in the future, could offer a positive incentive for the resolution of the Cyprus problem. He explains his viewpoint with the argument that, as a result of natural gas discoveries, Republic of Cyprus (RoC) is now able to somewhat balance off Ankara’s geostrategic preponderance. In his view, this can also encourage the Turkish-Cypriots leadership to follow a more conciliatory approach in relation to the settlement of the Cyprus problem. In this perspective, as long as Turkey continues to have a geostrategic power over Cyprus, it will continue to have no incentive to reach a compromise. He also states that the Republic of Cyprus (RoC) does not want to endanger its sovereignty, legally recognize the *de facto* Turkish Republic of Northern Cyprus, or freeze its hydrocarbon development in the absence of a solution. Thus he explains the major Greek-Cypriot position with regards to Turkey and the Turkish-Cypriots as a zero-sum game approach.³³

Şahin³⁴ also discusses the nature of the emerging triangle between Turkey-Israel and the Republic of Cyprus (RoC), whether it will be a conflict or a profitable partnerships, thus an incentive for a solution in Cyprus, depending on how parties will approach the energy issue in the region. According to him, sharing or usage of resources may cause both conflicts, and at the same time in some cases it may unite opposing parties, as it is in case of Cyprus hydrocarbons. He explains his point by emphasising reciprocal dependency on resources as the main triggering mechanism for peace. Şahin³⁵ argues that, both Turkey-Israel relations and the peace talks in Cyprus are directly related to the energy resources in the Eastern Mediterranean

³¹ Economides, M. (December 10, 2013). Eastern Mediterranean Energy: The Next Game Energy Tribune, Retrieved August 20, 2014 from <http://www.energytribune.com/79879/eastern-med-energy-next-game#sthash.HCrEcGdl.dpbs>

³² Tsakiris, T. (2013, August 22). The Hydrocarbon Potential of the Republic of Cyprus and Nicosia’s Export Options. Journal of Energy Security. Retrieved February 11, 2014 from http://ensec.org/index.php?option=com_content&view=article&id=451:the-hydrocarbon-potential-of-the-republic-of-cyprus-and-nicosias-export-options&catid=137:issue-content&Itemid=422

³³ Tsakiris, T., 2013, *ibid*.

³⁴ Şahin, Y. (2014, March 28). Conflict or cooperation over eastern Mediterranean energy resources? Daily Sabah. Retrieved July 31, 2015 from <http://www.dailysabah.com/opinion/2014/03/28/conflict-or-cooperation-over-eastern-mediterranean-energy-resources>

³⁵ Şahin, Y., 2014, *ibid*.

where the re-establishment of relations between Turkey, Israel and RoC has been via natural gas, in his view.

Coats³⁶, Gürel and Mullen³⁷, Bryza³⁸, Tucek³⁹, and Zhukov⁴⁰ all investigate the diplomatic potential of Cyprus gas in their works. They tend to agree that the discovery of gas in the east Mediterranean has become an important factor in Cyprus reunification talks. Gürel and Mullen⁴¹ argue that to date the discovery of natural gas offshore Cyprus has increased tensions and made a solution tougher, by increasing tensions between the Greek Cypriots and Turkish Cypriots as well as between the Greek Cypriots and Turkey. Cyprus natural gas, in their perspective, has amplified the parties' differing positions on the question of sovereignty and rights to exploit natural resources in and around Cyprus before a political settlement. They argue that this is the main reason behind "tit for tat" diplomacy in the case of Cyprus hydrocarbons.

Bryza⁴² argues that, geopolitically speaking, natural gas discoveries will allow parties to achieve energy independence and strengthen their relations with each other. Thus, natural gas in his view holds the potential for creating historic diplomatic breakthroughs in the region, including Turkey and Greek Cypriots. He furthermore argues that an Israel-Turkey pipeline and an historic breakthrough on the Cyprus problem can be considered as two significant projects in tandem.

³⁶ Coats, C. (February 19, 2014). The Diplomatic Potential of Eastern Mediterranean Gas. *Forbes*, Retrieved September 4, 2014 from <http://www.forbes.com/sites/christophercoats/2014/02/19/the-diplomatic-potential-of-eastern-mediterranean-gas/>

³⁷ Gürel, A. & Mullen, F. (2014, April 10). Eastern Mediterranean gas: A new diplomatic opportunity? *Al Jazeera*. Retrieved September 4, 2014 from <http://www.aljazeera.com/indepth/opinion/2014/04/eastern-mediterranean-gas-new-d-201441073115698731.html>

³⁸ Bryza, M. J. (2014, January 11). 'Eastern Mediterranean Gas: Potential for Breakthroughs?,' *Hürriyet Daily News*.; See also Bryza, M. J. (2013). Eastern Mediterranean Natural Gas: Potential for Historic Breakthroughs among Israel, Turkey, and Cyprus. *Turkish Policy Quarterly*, Fall.

³⁹ Tucek, F. (2013, October 14). Eastern Mediterranean Gas: Muscles and Diplomacy. *E-International Relations*. Retrieved September 4, 2014 from <http://www.e-ir.info/2013/10/14/eastern-mediterranean-gas-muscles-and-diplomacy>

⁴⁰ Zhukov, Y. (2013, March 20). Trouble in the Eastern Mediterranean Sea: The Coming Dash for Gas. *Foreign Affairs*, Retrieved December 16, 2015 from <https://www.foreignaffairs.com/articles/cyprus/2013-03-20/trouble-eastern-mediterranean-sea>

⁴¹ Gürel and Mullen, 2014, op.cit.

⁴² Bryza, M., J, 2014, op.cit.

Tucek⁴³ views discoveries of natural gas in the eastern Mediterranean as a factor which have added, with its serious political and security implications, tension and instability into the already volatile structure of the region. He further maintains that the natural gas resources in eastern Mediterranean may open the ways for a greater regional cooperation, a greater dialogue, and strengthening of security, particularly the Israeli one. But without huge and sustaining effort of Israel and Turkey, he claims that tensions may increase.

Zhukov⁴⁴ also indicates that the competition over the rights to explore the resources in eastern Mediterranean is amplifying existing tensions over sovereignty and maritime borders. He argues that the region's future stability, including the settlement of the Cyprus problem, depends on a powerful outside party involvement to generate the necessary political will, military might, and strategic vision, such as the United States.

Günaydın⁴⁵ is also guided by the main dichotomy of cooperation or conflict while examining the energy and politics nexus in the region where she argues that gas discoveries in the South-Eastern Mediterranean is not globally significant but still enough to be a regional game changer, with a sizeable amount of gas surplus to be exported. She argues that when the main export route and potential customers are considered (Turkey, as the most feasible option both as a customer and a transport route, and Israel and Cyprus as the first two explorers); the discoveries may lead to a solution to the Cyprus conflict and reinstate diplomatic ties between Israel and Turkey. She also indicates that, energy resources can also lead to conflict depending on regional actors' decisions on whether they will decide to have interim agreements or a permanent settlement in Cyprus that could initiate regional energy cooperation in the Eastern Mediterranean. Günaydın⁴⁶ furthermore indicates that she expects to see a modest cooperation in the marketing of the resources in the most optimal way for all parties.

⁴³ Tucek, F., 2013, op.cit.

⁴⁴ Zhukov, Y., 2013, op.cit.

⁴⁵ Günaydın, E. B. (2014). Turkey's Potential Role in the Emerging South-Eastern Mediterranean Energy Corridor. Istituto Affari Internazionali Working Papers, 14.

⁴⁶ Günaydın, E., B., 2014, ibid.

Stocker⁴⁷, alternatively, argues that the discovery of oil and natural gas resources in the eastern Mediterranean Sea has the potential to intensify conflicts in the region due to lack of cooperation among regional actors. He also maintains that linking the energy dynamic to the existing regional conflicts is unlikely to help their resolution. In his view, the development of the hydrocarbon resources of the Mediterranean poses a serious challenge to the political, economic, and energy security of many states in the region. Stocker⁴⁸ mainly argues that international law and international institutions should be respected to avoid disputes over resources in the region.

Tagliapietra,⁴⁹ in a similar vein, examines the new regional developments (Egypt after the Arab Spring, Syrian civil war, the emergence of Turkey as a regional power, tensions between Israel and Gaza, and Cyprus problem) in the light of the natural gas findings in terms of market opportunities and geopolitical risks linked to newly discovered energy resources. In relation to Cyprus, Tagliapietra⁵⁰ argues that Turkey seems to be isolated on the issue of Cyprus hydrocarbons where the EU, the US and the Arab states in the region do not support Turkey's position in general.

Karagiannis⁵¹ also sheds a light on the shifting economic and security dynamics of the eastern Mediterranean as a result of significant gas discoveries near Cyprus and Israel. He argues that new regional patterns of amity and enmity can be observed in the region where Israel's newly emerging close relationship with Greece and Cyprus is fundamentally based on shared energy interests. For him, gas discoveries have also worsened relations between some of the regional actors such as the relations between Israel and Lebanon, and Turkey and Cyprus. Largely informed by realist perspective, he maintains that energy discoveries are more likely to exacerbate decades-old territorial disputes rather than creating bases for their resolution, including Cyprus

⁴⁷ Stocker, J. (2012). No EEZ Solution: The Politics of Oil and Gas in the Eastern Mediterranean. *Middle East Journal*, Volume 66, No. 4, Autumn.

⁴⁸ Stocker, J., 2012, *ibid*.

⁴⁹ Tagliapietra, S. (2013). Towards a new Eastern Mediterranean Energy Corridor? Natural Gas Developments between Market Opportunities and Geopolitical Risks. *Fondazione Eni Enrico Mattei*.

⁵⁰ Tagliapietra, S., 2013, *ibid*.

⁵¹ Karagiannis, E. (2014). The Emerging Gas Region of the Eastern Mediterranean. Paper presented at FLACSO-ISA Joint International Conference, Buenos Aires, Global and Regional Powers in a Changing World, July.

problem. He clearly retains that energy development now is a factor which determines interstate relations in the region.

Andoura and Koranyi⁵² likewise explore whether the findings in the east Mediterranean Sea will be a promise or peril for the countries surrounding the region by addressing the different challenges and opportunities on energy cooperation in the region. They argue that cooperation on political and security challenges, energy infrastructure development, the regulatory and legal framework, environmental concerns, and bilateral and regional structures are decisive for energy to play a positive role in the settlement of the Cyprus problem.

Onoufriou⁵³, in her work, analyses economic dimension of Cyprus hydrocarbons and argues that the discovery of natural gas offshore Cyprus is a momentous development for the island and the region, particularly in a time of financial and economic crisis, where discoveries can help the country to emerge from the economic crisis stronger. She maintains that energy discoveries offshore Cyprus is an opportunity to re-position Cyprus as an advanced economy, with appropriate policies.

Arbell (et.al.),⁵⁴ also highlight that Cyprus's offshore exploration is not just determined by economics and energy reserves, but the de facto partition of the island has substantial effects on Cyprus's hydrocarbon efforts in general. They speculate that natural gas will not join what men have divided in case of Cyprus.

Gürel (et.al.),⁵⁵ in their work, outline the positions of the related parties in Cyprus hydrocarbons, including examination of the available export options for Cypriot natural gas. Based on that they argue that, a range of scenarios for the resolution of

⁵² Andoura, S. & Koranyi, D., (Ed.). (2014, May). Energy in the Eastern Mediterranean: Promise or Peril? Egmont Paper. 65, Egmont Institute and the Atlantic Council, Introduction, pp. 3-9.

⁵³ Onoufriou, T. (2012). Cyprus – a Future Energy Hub? Mediterranean Policy Program Policy Brief, Eastern Mediterranean Energy Project, October.

⁵⁴ Arbell, D. (et. al.). (2013, December 20). Politics trump economics in the complex game of Eastern Mediterranean hydrocarbons. Brookings Institute, Retrieved December 10, 2015 from <http://www.brookings.edu/research/opinions/2013/12/20-politics-trump-economics-eastern-mediterranean-hydrocarbons>

⁵⁵ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. PCC REPORT 1.

the Cyprus problem and the influence of each of these diverse scenarios on how successfully the Greek Cypriots can develop natural gas offshore Cyprus can be drawn. The scenarios laid down by Gürel (et.al.),⁵⁶ range from the case of war and no hydrocarbons revenue to the case of solution to the Cyprus problem and highest possible hydrocarbons revenue. In relation to these scenarios, they argue that a scenario in which official negotiations to solve the Cyprus problem continues without a real progress is the most likely one. Thus, under this conditions they highlight that natural gas development efforts of the RoC is highly contingent upon outer forces, such as Israel's decision to export significant quantities of Israeli gas from an LNG facility located in Cyprus. They indicate that this scenario is also dubious due to Israel's security concerns. In their view, the most vulnerable scenario for the Greek Cypriots natural gas efforts would be energy cooperation between Israel and Turkey via a pipeline from Israel to Turkey.

Blank⁵⁷ also considers the relations between Turkey and Cyprus in the light of the energy discoveries and argues that new tension between Turkey and Cyprus circle around Cyprus and Israel's gas discoveries in the eastern Mediterranean Sea in 2010-11. He further maintains that the Cyprus issue reflected the limits of Turkish power despite the ambitious and aggressive rhetoric of Ankara. He argues that a compromise is necessary with Cyprus where Cyprus can be viewed as a signs of worsening trend in Turkey's relations with Russia. The dispute over Cyprus hydrocarbons thus reminds the intrinsic link between energy politics and security. Blank⁵⁸ argues that the energy issue shows the urgency of reaching a comprehensive settlement in Cyprus. Nopens⁵⁹ likewise views the link between energy politics and security as crucial where he argues that gas and oil discoveries should be well managed otherwise they could further destabilise the eastern Mediterranean region.

⁵⁶ Gürel, A., (et.al.), 2013, *ibid*.

⁵⁷ Blank, S. (2012). Turkey and Cyprus' Gas: More Troubles Ahead in 2012. *Turkey Analyst*, vol. 5 no. 1, 9 January.

⁵⁸ Blank, S., 2012, *ibid*.

⁵⁹ Nopens, P. (2013). Geopolitical Shifts in the Eastern Mediterranean. *EGMONT Royal Institute for International Relations*, No.43, February; see also Kutlay, M. (2011, September). Doğu Akdeniz'de Sertleşen Rekabet: Güney Kıbrıs Rum Kesimi-Türkiye Gerginliğinin Analizi. *USAK ANALİZ*, No: 13.

Roberts⁶⁰ also examines the link between Cyprus problem and hydrocarbons where he puts forward that the two main parties to the Cyprus problem, the Greek Cypriots and the Turkish Cypriots cannot simply agree to resolve their differences with the promise of hydrocarbon prospects. Roberts⁶¹ rather argues that energy issues can only be discussed within the context of the peace process in Cyprus.

Tanriverdi⁶² in a similar vein analyses Turkey's attitude in the case of east Mediterranean hydrocarbons in terms of possible negative and positive consequences for Turkey in the field of energy. The article scrutinizes Turkey's position and the motivations behind Turkey's stance in the East Mediterranean case, and argues that Turkey can gain more by adopting a more cooperative approach towards the region in case of Turkey-Israel-Cyprus relations. Instead of viewing the normalization of relations as a precondition for the energy cooperation in the region, he argues that an agreement on east Mediterranean hydrocarbons may open the path for normalization on the Cyprus issue. He maintains that energy can encourage dialogue among states and thus helps building confidence among conflicting parties.

Grigoriadis⁶³ in a similar fashion examines the potential impact of discoveries on existing regional disputes and power constellations, in eastern Mediterranean. Grigoriadis,⁶⁴ in his work, argues that the Cyprus problem, disagreements over the delineation of the Exclusive Economic Zone (EEZ) and Turkey's deteriorated relations with Israel have prevented regional cooperation. Therefore, he appears to be sceptical about the positive role of natural gas in terms of powering peace in the eastern Mediterranean. Çaşın⁶⁵ likewise portrays the Cyprus problem and the recognition of the Greek Cypriot Administration as the sole representative of the

⁶⁰ Roberts, John. (2013). Avenues for Cooperation Between Turkey, the EU and the US in Regard to Eastern Mediterranean Energy, US-Europe-Turkey Trialogue| Briefing Paper – December.

⁶¹ Roberts, John, 2013, *ibid*.

⁶² Tanriverdi, A. (2013). Eastern Mediterranean Natural Gas: Analyzing Turkey's Stance. *EJEPS*-6 (2).

⁶³ Grigoriadis, N. I. (2014). Energy Discoveries in the Eastern Mediterranean: Conflict or Cooperation?. *Middle East Policy*, 21 (3).

⁶⁴ Grigoriadis, N., I., 2014.

⁶⁵ Çaşın , M., H. (2015). A New Geopolitical Game in Mediterranean Hydrocarbons: Windows of Opportunities or New Challenges? *Journal of Caspian Affairs*, Vol. I, No. 1, Spring, pp. 47 – 72.

whole island as main challenges when it comes to define challenges and opportunities in case of eastern Mediterranean hydrocarbons.

According to Demiryol⁶⁶, the evidence so far indicates that energy resources have aggravated rather than pacified the tensions in Cyprus. According to Demiryol⁶⁷'s analysis, the discoveries and ongoing drilling efforts in declared EEZ of RoC, reloaded the existing disputes like the demarcation of maritime borders and also introduced new issues including the distribution of future gas revenues between the two communities. He also indicates that the discoveries created a deadlock which requires incentives to be coordinated by two communities. From that perspective, it is even possible to mention a gas-powered conflict in Cyprus. Two scenarios in which the issue would evolve are also suggested by Demiryol.⁶⁸ The first one is a grand consensus scenario, under which parties would prioritize the resolution of all political disputes both Cyprus problem and EEZ dispute with Turkey and so that energy cooperation can be achieved. The second one is a limited bargaining scenario, where actors would choose to proceed with resource development alongside the efforts on the settlement of political conflicts and expect the natural gas related developments to be an incentive for political settlement. The limitations for the latter are listed as “the domestic political costs of energy cooperation, volatile market conditions (discovery of additional gas reserves and the declining global energy prices), the availability of alternative markets and suppliers, as well as potentially disruptive regional geopolitical dynamics.”⁶⁹

The assumption underlying the hope generated with the discoveries have been the idea that the discovery of natural gas and the prospect of additional riches raise the opportunity costs of the present stalemate between the Turkish and Greek Cypriot administrations. Çalık also questions whether the natural gas can translate into a lifeline to peace in Cyprus and concludes that “the cost of forgoing collaborating

⁶⁶ Demiryol, T. (March, 2015), Natural Gas and the Cyprus Question. Research Turkey. Vol. IV, Issue 3, pp.80-92, Centre for Policy and Research on Turkey (ResearchTurkey), London

⁶⁷ Demiryol, 2015, *ibid.*

⁶⁸ Demiryol, 2015, *op.cit.*

⁶⁹ Demiryol, 2015, *op.cit.*

promises this time around to affect not only the Cypriots, but also the geopolitical giants with a stake in the region.”⁷⁰

Emerson⁷¹ also discusses the natural gas and Cyprus problem where he indicates that the RoC surrounded by economic crisis can overcome its economic problems with the opportunity to develop significant offshore gas resources. Nevertheless, he also addresses the problem of political tensions surrounding RoC’s Exclusive Economic Zone (EEZ) as an impediment to the actualization of the development plans. Emerson⁷² argues that Turkey’s contentions are more connected to the peace process for reunifying the island, rather than matters of international maritime law.

With regard to the issue, Aydın-Düzgit and Tocci⁷³ indicates that, so far the existing tensions between two communities have been exacerbated as a result of gas discoveries. They argue that this has been the case because the issue revealed the underlying sovereignty dispute between parties. Still, they believe that if a solution can be embedded within a context of the export options, economic prospects of gas can be a catalyst for conflict in Cyprus.

Shaffer⁷⁴ likewise questions the potential of discoveries both offshore Israel in 2009 and 2010 and offshore Cyprus in 2011 in terms of their potential contribution to regional cooperation and peace. In her analyses she indicates that due to the relatively low volumes, expecting these new natural gas resources to serve as a lever for conflict resolution or to produce far-reaching geopolitical effects cannot be plausible. With rather a more pessimistic tone, she indicates that the potential economic benefits are insufficient to overcome deep-rooted political conflicts, most notably in case of Cyprus.⁷⁵ In relation to the matter, Bryza⁷⁶ rather indicates the

⁷⁰ Çalık, A. (2014, May). The energy boom in Cyprus: pipeline to peace?, Retrieved from <https://www.opendemocracy.net/opensecurity/aydin-%C3%A7al%C4%B1k/energy-boom-in-cyprus-pipeline-to-peace>

⁷¹ Emerson, M. (2013). Fishing for Gas and More in Cypriot Waters. *Insight Turkey* , Vol. 15 / No 1, pp. 165- 181.

⁷² Emerson, M., 2013, *ibid.*

⁷³ Aydın-Düzgit, S., & Tocci, N. (2015). *Turkey and the European Union*. Palgrave Macmillan.

⁷⁴ Shaffer, B. (2014). Can New Energy Supplies Bring Peace? GMF Mediterranean Policy Programme, Eastern Mediterranean Energy Project, March.

⁷⁵ Shaffer, 2014, *ibid.*

Eastern Mediterranean is a region that is “emerging with its own strategic identity at the confluence of the Middle East, North Africa, and Eurasia” alongside the recent discoveries. He stressed the importance of discoveries as they could provide “Cyprus and Israel energy independence, catalyse new industries, generate significant export revenues, and foster diplomatic breakthroughs on the Cyprus Question and Turkey-Israel relations.”⁷⁷ He further stresses that if parties lack collaborative vision; same hydrocarbon could reinforce political divisions and weaken regional stability.⁷⁸

Murinson⁷⁹ also analyses the geopolitical outlook of the region from an energy security perspective and argues that energy security is an urgent strategic issue which unites Israel, Greece and Cyprus. He further argues that the recent energy discoveries in the Israeli and Cypriot Exclusive Economic Zones (EEZ) challenge Turkey’s claim as the central energy hub for Europe. This explains why Turkey is employing such an aggressive rhetoric as well as its navy to deter and harass Cypriot and Israeli exploration efforts. Murinson⁸⁰ maintains that increasing Turkish hostility towards Cyprus and Israel is a vibrant sign of its leadership, motivated by a neo-imperial syndrome.

Oğurlu,⁸¹ alike examines recent developments in the eastern Mediterranean, including dispute related to the drilling activities in the region where she argues that these activities turns the region into an area dominated by power politics. In her work, energy and the wider Cyprus problem is portrayed as external challenges with significant implications on the sovereign rights over the island’s resources and Turkey’s EU accession process. Oğurlu⁸² reads Turkey’s position with regard to the energy developments in the region as being motivated by geostrategic reasoning

⁷⁶ Bryza, M. J. (2013). Eastern Mediterranean Natural Gas: Potential for Historic Breakthroughs among Israel, Turkey, and Cyprus. *Turkish Policy Quarterly*, Fall.

⁷⁷ Bryza, M., 2013, *ibid.* p.35.

⁷⁸ Bryza, M., 2013, *ibid.*

⁷⁹ Murinson, A. (2012). Strategic Realignment and Energy Security in the Eastern Mediterranean. *BESA Center Perspectives Paper*, No. 159, January 9.

⁸⁰ Murinson, A., 2012, *ibid.*

⁸¹ Oğurlu, E. (2013). Turkey amidst the Shifting Geopolitics in the Eastern Mediterranean. *Rethink Paper*, 09/May.

⁸² Oğurlu, E., 2013, *ibid.*

coupled with economic rationale, where Turkey needs to diversify its energy supplies and at the same time to maintain its position as a transit country for European Union's oil and gas supplies. She argues that a gas export route connecting Israel, Cyprus and Greece with Europe will be perceived as a threat to Turkish ambitions of becoming a natural gas transit hub for Europe. Oğurlu⁸³ further discusses Turkey's goal of becoming a regional hub rather than remaining a simple bridge, where Turkey can translate energy hub role into further economic and foreign/security policy gains.

Focus of the study

As mentioned elsewhere, the island of Cyprus is struggling with a reality of a protracted conflict for almost half a century now. Hence, understanding the dispute over the exploration and the exploitation of the natural resources in and around Cyprus, their relationship to the larger political conflict and the prospects for cooperation and collaboration must be all provided by examining the historical background of the Cyprus problem and the course of the *de facto* partition of the island.⁸⁴ It can be argued that the gas discoveries and the prospects for the exploitation and exportation of the Cypriot natural gas have reflected the complexities of the interconnected problems in relation to intrinsic link between energy and geopolitics in its broadest sense. As seen above, a part of the studies that are laying down the emergence of new patterns of energy related conflicts in the eastern Mediterranean emphasizes energy as a zero-sum game by stressing the vitality of geopolitical alliances and dividing lines in terms of shaping the future outlook of the region. Counter views, as referred above, consider energy "as a critical issue that can be positively utilised within the framework of integrated markets and interdependence and as a positive-sum game."⁸⁵ Within the same context, energy is reflected as a potential game changer that can drive the reconciliation moves in

⁸³ Oğurlu, E., 2013, op.cit.

⁸⁴ For a similar examination of the historical analysis of the *de facto* partitioned Cyprus and the delimitation of transboundary resource management with a particular account of the water resource management in Cyprus see Hocknell, P., R., 2001, op.cit.

⁸⁵ See Proedrou, F. (2012). Re-conceptualising the Energy and Security Complex in the Eastern Mediterranean. The Cyprus Review (Vol. 24:2, Fall).

existing conflicts depending on the main actors' individual conceptualisation of the issues under inquiry.

Within the growing literature on the matter, this thesis argues that, worsening tensions in the region, or, alternatively, rendering energy a key stake of stabilisation and rapprochement remains to be seen. Yet, it is possible to observe the increasing significance of hydrocarbons at this stage by analysing the themes which inform the position of the related actors on the matter. Analysis of the political significance of hydrocarbons thus can be done by looking at both regional/ geopolitical themes and as well as more domestic matters/ themes which have emerged out of energy related developments in and around Cyprus. Here it is assumed that any position/claim put forward by the related actors in relation to the oil and gas development efforts in Cyprus have intrinsic geopolitical nature since they indicate politics influenced by geographical factors, such as natural resources. Oil and gas efforts thus appear increasingly predominant in Cypriot affairs where it reflects how geopolitical dynamics and Cyprus problem are shaping each other. Within that framework, the protracted conflict over the territorial control in Cyprus leads us to move away hydrocarbons geological setting to view them in a territorially-defined sovereignty context.⁸⁶

Here, this thesis suggests that, contested hydrocarbons policies and positions of related parties vis-à-vis the exploration and the exploitation of the hydrocarbons in Cyprus should be both located in the context of the domestic political struggle to reveal the tensions between Greek Cypriots and Turkish Cypriots and the geopolitical context to view rising maritime dispute between Turkey and the Republic of Cyprus (RoC) after 2011. This can be considered as a two level game where each level, both domestic and regional, interacts and influences each other. Therefore, to be able to understand the increased tensions over the development of hydrocarbons resources in the context of Cyprus and to relate this to the political conflict in Cyprus and to larger regional dynamics, it is necessary to look at the historical background of the Cyprus problem and to analyse the landmarks of the conflict. This can reveal that the protracted conflict in Cyprus has political and

⁸⁶ Hocknell, P.,R., 2001, op.cit., p. 17

territorial dimensions. Such a conceptualization can be helpful in terms of understanding the political significance of the resources discovered and how energy has increased to play a substantial role in related actors' geopolitical calculations. It is equally essential to understand that these geopolitical developments fundamentally influence the dynamics of the Cyprus problem in turn.

1.5 The Main Argument of the Thesis

The main argument of this thesis can be best explained as below:

In case of eastern Mediterranean hydrocarbons, it can be argued that, before their unproven economic benefit, these resources have foremost political significance for Cypriot parties of the conflict, regional and international actors where their development in general has impacts for sovereignty and fundamental law of the sea principles in the region.

Based on the main argument above, this thesis maintains that, notwithstanding the physical quantity and the economic prospects of the hydrocarbon discoveries in and around Cyprus, the positions/claims of the related actors' vis-à-vis the development of energy resources in and around Cyprus and the way parties have moulded energy within their geopolitical arguments so far reflect the critical role energy have come to occupy in Cypriot affairs, including the future outlook of the settlement in Cyprus and the potential track of relations between Cyprus and regional/ international actors.

1.6 Methodological Considerations

This part aims to highlight what the nature of the present academic work is in general about and what this might mean for anyone who explores the topic at hand. In relation to these two considerations, this thesis can be characterized as a qualitative research which is based on a single case study. It aims to explore in depth the process in which the oil and gas efforts of the Republic of Cyprus (RoC) has evolved into an intrinsic dynamic of the Cyprus problem by influencing related actors views vis-à-vis the region and their perception upon this new reality. In general, qualitative case study methods have been considered as important in IR research because they have

advantages in exploring complex phenomena.⁸⁷ For studying complex and relatively unstructured and infrequent phenomena, employing case study methods can prove invaluable insights.⁸⁸

Time-frame of the study

This study covers the energy related developments which took place in eastern Mediterranean region from February 2003 (the signing of the first EEZ Agreement between the RoC and Egypt), up until October 2015.

Notes on Data Collection

Secondary resources such as textbooks, magazine articles, histories, criticisms, commentaries are immensely used in this work. Supplementary to them, primary data collection was undertaken, mainly as a mixture of archive searches and interviews. Documents were sourced in Cyprus and Turkey, notably at the library and database resources of the Middle East Technical University, both campuses in Ankara, Turkey and in Kalkanlı, North Cyprus. For more historical data on the entire process of oil and gas development and discovery of natural gas in and around Cyprus, related books were reviewed. For more contemporary data, interviews were held with political elites on both sides of the island. Semi-structured interviews tailored according to the area of expertise of the interviewees and they formed the substantial part of the empirical data collected, in addition to secondary sources. The fieldwork is conducted in Cyprus for a two year time period both in the south and north from January 2013 to January 2015. University libraries and newspaper archives were searched and referenced. Through interviews and observations with key

⁸⁷ Elman, C. & Bennett, A. (2007). Case Study Methods in the International Relations Subfield. *Comparative Political Studies*, Volume 40, Number 2, February, pp. 170-195.

⁸⁸ Case study methods have been immensely applied in IR sub-fields. Some of them include the study of deterrence, coercive diplomacy, foreign policy decision making, crisis decision making, bureaucratic politics and organizational processes, the “democratic peace,” alliance behaviour, arms control, interactions between domestic and international politics, military intervention, economic sanctions, the causes of war, counterinsurgency warfare, environmental policy, military occupations, U.S.- Soviet relations, war termination, international institutions, military strategy, peacekeeping and conflict resolution, international trade, nuclear proliferation, transnational actors and movements, humanitarian intervention, terrorism, ethnic conflict and genocide, ideas, norms and foreign policy, and sovereignty. For further details see Elman, C. and Bennett, A. 2007, *ibid*.

actors/informants, the primary and the secondary sources of information were verified. As mentioned, in-depth and semi-structured interviews were conducted on both sides of the island.

In-depth Semi-structured Interviewing

Complementary to systematic documentary analysis, a largely qualitative method of data collection was chosen. To that end, interviews were conducted in a semi-structured fashion. Open-ended questions were asked to elicit the interviewee's personal specification/ interpretations of key issues with regard to the energy and in particular hydrocarbons related matters in relation to Cyprus, and their positions on them. At the beginning of the research, some of the interviews were conducted in an exploratory fashion to develop ideas, and to explore possible ways of gathering relevant data. Interviews were all conducted with political elites who were previously be a part of or are currently a part of decision-making processes in both sides. This choice has been helpful to formulate explanations for the course of the attempt of developing energy resources in and around Cyprus with significant repercussions for the region. In that sense, the research lays down how energy, politics and identity intersect to a great extent.

A 'purposeful' sampling⁸⁹ was employed as the interviewees' selection procedure. Those political elites who were considered to be as information rich cases were recruited until new research themes emerged. The interviewees were not homogeneous, but they constituted a cross-section of the different parties who were related to the hydrocarbons issue in Cyprus.

The principal research tool used was a semi-structured questionnaire or checklist, with the expectation that an informed dialogue would allow a joint construction of meanings, which may create a fuller and more nuanced response. Therefore, key informants and key actors (e.g., government elites) were chosen for interviews. Thus the questions were more formally structured to stimulate more specific information.

⁸⁹ Oliver, P. (2015). Purposive Sampling. Sage Research Methods, Retrieved from <https://srmo.sagepub.com/view/the-sage-dictionary-of-social-research-methods/n162.xml>.

Questions acted as the main guidance, yet space was left to record additional comments. Interviews were held in Turkish and English thus no translators were employed. With the consent of the interviewees, interviews were recorded and catalogued. Interviews were conducted in differing localities, and all of them are mentioned while providing the reference for the interviews alongside the thesis.

Notes on Data Analysis

Thematic Analysis⁹⁰ is employed in this thesis to discover patterns and developing themes with the help of both theory-driven codes, derived from the theoretical background and inductive codes, derived from the reading of the data and to develop some deeper appreciation of the content by identifying systematic patterns and interrelationships across themes. It was a process of grouping the data into themes that will help answer the research question(s). Some of the themes directly evolved from the research questions, whereas some of them naturally emerged from the data as the study was conducted. In accordance to that, main and sub-themes were revealed as follows:

Main Themes:

- i. A Dispute over delimitation zones in eastern Mediterranean
- ii. Economic prospects of the findings
- iii. Energy security concerns
- iv. Geopolitical concerns

Sub-Themes:

Regional Ones

- i. Easing EU's dependency on Russia
- ii. Becoming a regional energy hub
- iii. Forming regional alignments between Israel, Cyprus, Egypt, Greece, and Turkey based on energy developments in the region.

⁹⁰ Boyatzis, R.E. (1998) Transforming qualitative information: Thematic analysis and code development. Thousand Oaks, London, & New Delhi: SAGE Publications.

Domestic Ones

- i. Sovereign rights of the RoC to explore offshore Cyprus
- ii. Equal rights of the Turkish Cypriot community
- iii. The idea of discussing the issue within the context of the inter-communal negotiations
- iv. Common(TCs/ GCs) oil and gas efforts in Cyprus

1.7 Structure of the Study

This thesis begins with introducing the main argument of the research and methodological considerations in *Chapter 1* and then moves on to provide the theoretical background of the study in *Chapter 2*. Since this thesis primarily relates the Cyprus problem and the hydrocarbons findings in Cyprus and in the broader region, it commences with providing a background of the significance of the eastern Mediterranean hydrocarbons. The aim is to feed the increased curiosity about the amount of these resources and their economic significance within the world hydrocarbons reserves. *Chapter 3* therefore lays down the objective knowledge of findings made so far in the region. *Chapter 4* moves on to provide a historical background of the second main ingredient for this thesis, which is the conflict in Cyprus. In this chapter, the history of the Cyprus problem is written with the focus of energy and natural resources. Thus, the ways in which the conflict and the partition of the island have been always interlinked to the views and the course of the developments in relation to these matters are highlighted. In that sense, this chapter is quite different from a classical account of the history of the Cyprus problem, which can be found in various other sources. *Chapter 5* is also a unique one in the sense that, it aims to reveal the dynamics behind Turkey's position on the matter, by shedding a light on how Turkey attempts to safeguard its political interest in Cyprus as can be seen in related geopolitical debates blended with energy considerations [including Exclusive Economic Zone (EEZ) debate] as a new arena in the aftermath of the energy discoveries in and around Cyprus. The chapter at the same discusses the notion of energy transit as a constitutive aspect of Turkey's energy policies in general and argues that eastern Mediterranean natural gas is broadly viewed from that perspective by Turkey. *Chapter 6* complements the previous chapter by providing a similar account for the Republic of Cyprus (RoC) by demonstrating how

Greek Cypriot leadership safeguards their territorial and political interests via geopolitical arguments blended with new energy component. This is done by tracing the evolution of the rising notion of regional energy hub ideal as one of the constitutive aspect of RoC's policies towards the region and how this emerged as a contradictory geopolitical step towards Turkey's energy transit ambitions. To reveal the link between these arguments and the Cyprus problem, *Chapter 7* moves on to lay down the positions of TRNC (Turkish Republic of Northern Cyprus) who reacts to that more of a regional, geopolitical game occurring alongside the Cyprus problem. *Chapter 8*, in the last resort, highlights the position/reaction of the international community vis-a-vis the Cyprus hydrocarbons issue emerging as a geopolitical matter influencing domestic politics and the future of the Cyprus problem with international repercussions which deserves further attention. Following that, *Chapter 9* provides the concluding remarks. It is important to note that, Turkey, the RoC and the TRNC are the main actors analysed alongside the thesis. The rationale behind this type of structuring rests on the idea that, they are relatively more active claimants in eastern Mediterranean hydrocarbons in general.

1.8 Conclusion

This study does not offer a prescription for how hydrocarbons can be utilised for reconciliation in Cyprus. Rather it seeks to enrich the understanding of the complexities surrounding the Cyprus hydrocarbons issue in the hope that, in the long-term, this consideration might contribute to the settlement of the Cyprus problem. Regional and global energy debates appears increasingly prevalent in Cypriot affairs in the sense that eastern Mediterranean gas developments opens up new avenues and, as suggested at the beginning of this chapter, represents a potentially critical focus both for future cooperation and conflict in the region, particularly between Turkey and Cyprus. This study has only started to highlight this new energy dynamic for Cypriot affairs in a comprehensive fashion.

CHAPTER 2

THEORETICAL BACKGROUND OF THE THESIS- ENERGY AND INTERNATIONAL RELATIONS THEORIES

2.1 Introduction

International Relations theories in general aim to reveal key regularities and patterns of interaction within the domain of international politics while at the same time they illuminate the nature and the core structure of that interaction. It is possible to observe their normative dimension in the sense that they utter how international politics should be conducted and how the relations should be organized within that complex interaction. While doing that, each theory represents an alternative paradigm where their historical evolution is generally based on criticizing what they perceived as flaws of alternative paradigms. The way the theories of international relations understand the international anarchy and the way they approach notions of ‘conflict’ and ‘cooperation’ are quite related in theoretical sense. The question of the sources of discord and of war and the conditions of cooperation and peace in world politics have been the most basic question but at the same time the most puzzling one which determines the fault lines between diverse theories of international relations.

One of the most prominent traditions of thinking about international relations is political realism, a tradition which is deeply embedded in Western thought. A basic tenet of realism holds that states with the main goal of survival wants to increase their power to ensure survival and it is the self- help nature of anarchic environment which mitigates state behaviour since there is no world government. “Driven by an interest in survival, states are acutely sensitive to any erosion of their relative capabilities, which are the ultimate basis for their security and independence in an anarchical, self-help international context.”⁹¹ Realism’s logic of anarchy represents a conflictual understanding where cooperation among states is unreliable. Idealism

⁹¹ Joseph M. Grieco (1988). Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism. *International Organization*, 42, pp 485-507, p 498.

embraces the same view where states primarily seek their survival in an anarchic international system but states according to that standing point would promote social learning through certain institutions such as UN, and the same is possible through certain ideas like democracy and liberal capitalism. So it is mainly the understanding of international society which mitigates state behaviour and leads us to a more cooperative logic of anarchy.

Hence, there is a plethora of differing methodological, explanatory and normative theoretical approaches in IR theories today. It is interesting to observe that, although IR theories are quite broad in terms of providing ample amount of methodological, explanatory and normative theoretical approaches, there has been quite limited direct application of IR theories to explore the energy-related conflicts and modes of collaboration and competition within the domain of international politics.⁹² For instance, *International Security*, which is one of the principal journals in international relations and security studies, has published only eight articles linked to energy issues in its long history.⁹³ So far, energy related articles in popular journals like *Foreign Affairs*, *Foreign Policy*, *International Affairs* and *Washington Quarterly* rather remained as atheoretical, policy-oriented ones. Majority of the IR literature on energy-related issues attempt to explain the potential for conflict and cooperation within the domain of energy, and they are rather implicitly theoretical.⁹⁴ Theoretical assumptions in their main arguments and policy prescriptions are rather limited. Within that backdrop, it is important to note that “*geopolitical arguments* [emphasis added] have been more openly deployed in political debates, particularly in recent discussions of energy policies.”⁹⁵ It is possible to witness the same tendency when the issue at hand is the eastern Mediterranean energy developments and energy policy related analysis concerning the region.

⁹² Dannreuther, R. (September 8, 2010). *International Relations Theories: Energy, Minerals and Conflict*. Polinares working paper, No. 8.

⁹³ Dannreuther, Roland, 2010, *ibid*. (For these articles see Lieber, R. (1992). *Oil and Power after the Gulf War* *Oil and Power after the Gulf War*. *International Security*, Vol. 17, No. 1 (summer), pp. 155-176; & Paarlberg, R. (1978). *Food, Oil, and Coercive Resource Power*. *International Security*, Vol. 3, No. 2 (autumn), pp. 3-19.

⁹⁴ Dannreuther, Roland, 2010, *ibid*

⁹⁵ Albert, M., et.al. (2015). *Critical Geopolitics*. In Schieder, S. & Spindler, M. (Eds.). *Theories of IR*. New York: Routledge.

To be able to provide the background in terms of what informs this thesis theoretically, this chapter will move on to discuss the main tenets of realism and liberalism while explaining the dynamics of the emerging Cyprus hydrocarbons issue in particular and energy related developments taking place in conjunction to that in the broader region. The rationale behind this theoretical discussion is that at the core of the link between energy discoveries in and around Cyprus and Cyprus problem, there rests a rejuvenation of a conflict over power and territory between Turkey, Turkish Republic of Northern Cyprus (TRNC) and Republic of Cyprus (RoC). It is seen that political-geographical tensions are emerging out of these energy related debates. In the light of that, realist thought may provide helpful concepts to view the context in which energy driven geopolitical arguments and debates emerge in case of Cyprus hydrocarbons and how these in turn have influenced the recent outlook of the conflict in Cyprus. For instance, the Republic of Cyprus (RoC), based on energy discoveries, is increasingly becoming an important strategic partner for US as well as for Israel and Egypt and a future regional natural gas hub in eastern Mediterranean. In general, this chapter attempts to provide the theoretical background for further discussion on the development of natural resources in and around Cyprus under conditions of existing political disputes in the region, most notably the Cyprus problem.

2.2 Energy and IR Theories- Realist Thought/ Classical Geopolitics

Realism has been the dominant theory of international relations Since World War II. Regarding the main tenets of realism, certain propositions can be given to highlight the problem of cooperation within the intellectual boundaries of realist thinking. First of all, according to realist conceptualization of world affairs the major actors are states.⁹⁶ Another proposition implies that if states fail to protect their vital interests or have incompetent objectives and means, the international environment severely penalizes them.⁹⁷ Needless to restate the realist view of international anarchy where they view it as the principal force shaping the motives and actions of states.⁹⁸ States

⁹⁶ Morgenthau, "Politics among Nations," p. 10 cited in Joseph M. Grieco, 1988, op. cit., p. 488.

⁹⁷ Waltz, K. N. "Reflections on Theory of International Politics: A Response to My Critics," in Keohane, ed., "Neorealism and Its Critics," p. 331 cited in Joseph M. Grieco, 1988, op. cit., p. 488.

⁹⁸ Waltz, K., N. (1959). *Man, the State, and War: A Theoretical Analysis*. New York: Columbia University Press; Waltz, K., N. (1979). *Theory of International Politics* Reading. Mass.: Addison-

even when they have common interests fail to cooperate in a realist understanding because they are preoccupied with power and security in anarchy, thus more inclined towards conflict and competition.⁹⁹ From a realist perspective, the effect of international institutions regarding the prospects for cooperation is rather minimal.¹⁰⁰

Realist theory does not believe in the power of international institutions in terms of mitigating anarchy's constraining effects on inter-state cooperation. According to a realist point of view, it is the existence of international anarchy which increases competition and conflict among states and inhibits them to cooperate even at the times when they share common interests. Thus, realists' optimism regarding the prospects for international cooperation and capabilities of international institutions is rather low. International anarchy means the absence of a common inter-state government where there is no overarching authority to prevent others from using violence. Kenneth Waltz puts forward that, in anarchy, wars can occur "because there is nothing to prevent them," and therefore "in international politics force serves, not only as the *ultima ratio*, but indeed as the first and constant one."¹⁰¹ Hence there might be some ambitious and greedy states, but as Gilpin¹⁰² points out, the very existence of anarchy and the danger of war led all states to feel the fear and distrust at all the time. Main motivations behind states actions are those feelings. Deriving from its understanding of anarchy, realism maintains that *survival* is the core interest of states. Raymond Aron in a similar fashion holds that "politics, insofar as it concerns relations among states, seems to signify—in both ideal and objective terms—simply the survival of states confronting the potential threat created by the

Wesley; Hoffmann, S. (1965). *The State of War: Essays in the Theory and Practice of International Politics*. New York: Praeger; & Aron, R. (2003). *Peace and War, A Theory of International Relations*. Piscataway: Transaction Publishers.

⁹⁹ See Aron, R., "Peace and War," 2003, *ibid*.

¹⁰⁰ Waltz, "Theory of International Politics," 1979, *op. cit.* pp. 115-16; see also Morgenthau, H. (2006). *Politics Among Nations: the struggle for power and peace*. Boston: McGraw-Hill Higher Education.

¹⁰¹ Waltz, K.N., 1959, "Man, State, and War," *op.cit.* p. 232; and Waltz, "Theory of International Politics," 1979, *op.cit.* p. 113 cited in Joseph M. Grieco, 1988, *op. cit.*, p 498.

¹⁰² Gilpin, R. (1986). *The Richness of the Tradition of Political Realism*. In Keohane, R. (Ed.). *Neorealism and Its Critics*. Columbia University Press, p. 304.

existence of other states."¹⁰³ Similarly, Gilpin maintains that the priority is one's security in the power struggle among groups.¹⁰⁴

From a realist point of view, states do always have concerns about cheating and relative achievements of gains. These are the very factors inhibiting states cooperation. Concerns related with cheating derive from the character of the states where they are positional instead of being atomistic. This decreases their willingness to cooperate in an anarchic state system. Another fear originates from the idea that from a cooperation partners will achieve relatively greater gains. As Waltz highlights, "...their increasingly powerful partners in the present could become all the more formidable foes at some point in the future."¹⁰⁵ For realists, both absolute and relative gains from cooperation are important insights where a partner's compliance in a joint arrangement is not enough. It is simply because the partner is achieving relatively greater gains from the cooperation.¹⁰⁶

A more clear reference to energy-related issues informed by realist thinking in IR can be found within the literature which aims to highlight the issue of transboundary resources. In the light of the above discussion, it is possible to say that in cases of the knowledge of scarce transboundary resources states will naturally react through the traditionally competitive and conflictual pursuit of state power.¹⁰⁷ In that sense, states, while pursuing power, desire to avoid or minimize dependency on other states, if that requires a decline in their relative power position.¹⁰⁸ Therefore the realist approach to international relations is rather unclear in terms of signifying how states will manage transboundary resource management problems since self-interested actors cannot cooperate in anarchic environment and with conflicting

¹⁰³ Raymond Aron, *International Relations: A Theory of Peace and War*, trans. Richard Howard and Annette Baker Fox (Garden City, N.J.: Doubleday, 1973) cited in Joseph M. Grieco, 1988, op. cit., p 498

¹⁰⁴ Robert Gilpin, "The Richness of the Tradition of Political Realism," 1986, op. cit. p. 305.

¹⁰⁵ Waltz, K.N., "Theory of International Politics," p. 105 cited in Joseph M. Grieco, 1988, op. cit., p 487.

¹⁰⁶ Joseph M. Grieco, 1988, op.cit. p. 487.

¹⁰⁷ Hocknell, P., R., 2001, op.cit. p. 37.

¹⁰⁸ Haas, P. (1990). *Saving the Mediterranean: The Politics of International Environmental Cooperation*. New York: Columbia University Press.

interests.¹⁰⁹ Realists take up a hierarchy of issues in world politics, all designated by this security dilemma. In this type of conceptualization, high politics of military security dominates the low politics of economic, social or environmental affairs. In the 1970s, neo-, or structural realists admitted the growing economic interdependencies. What they were aiming to find out was power in more material terms. This led them to recognize environmental power resources as state power where state was seen as the primary controller of the resources to an extent that state can determine any collective decisions affecting it. Or state, from the same perspective, designated to be powerful when it has enough capacity to affect individually the quality of transboundary resources.¹¹⁰

Neorealism has its unique theory of the structure of the system according to its own conceptualization of world affairs but a one which is very dominant as often equated with systemic IR theory. The international system in a neorealist thinking can be viewed as a set of elements (nation-states) that interact in an anarchic world.¹¹¹ The lack of binding legal structures led to distrust in agreements concerning trade, alliance commitments, or arms control. In this fashion, nation-states, act in a relatively uniform way and seek to maximize gains in security and, when possible, in power and wealth.¹¹² Previously it has been mentioned that the logic of anarchy is directly related with the conceptualization of cooperation. Three key features of Waltz's neorealist structuralism can be summarized in relation to his logic of anarchy as; individualism, materialism and neglect of international interaction.¹¹³ His reliance on the analogy to neoclassical micro-economic theory bestows him an idea of international system where states compete as in a market. "International-political systems, like economic markets, are individualist in origin, spontaneously generated and unintended."¹¹⁴ His materialism derives from the premise that structure of the

¹⁰⁹ See Hocknell, P., R., 2001, op.cit. p. 37.

¹¹⁰ Hocknell, P., R., 2001, op.cit. p. 37; and Haas, P.M. et al. (1993) "The effectiveness of international environmental institutions", in Haas, P.M. et al. (eds.) "Institutions for the Earth: Sources of Effective International Environmental Protection", MIT Press: London, pp.3-24.

¹¹¹ See Waltz, K. N., "Theory of International Politics," 1979, op. cit.

¹¹² Stephen J. Majeski and Shane Fricks. (1995). Conflict and Cooperation in International Relations. *The Journal of Conflict Resolution*, Vol. 39, No. 4 (December), pp. 622-645.

¹¹³ Wendt, A. (1999). *Social Theory of International Politics*. Cambridge University Press, pp.15-17.

¹¹⁴ Waltz, K. N., 1979, p. 91 cited in Wendt, A., 1999, *ibid.* p.16.

international system is the distribution of material capabilities under anarchy. Here it is important how we explain what the structure is made of. Is it shared ideas or mere material forces? Waltz's emphasis on the distribution of the material capabilities makes his theory materialist where he believes that the difference that ideas make is rather negligible. Material differences in polarity (number of major powers) are the only possible variation in the system structure. Thus, explaining structural change is problematic in neorealism because the only place to look for a change is the transitions from one polarity distribution to another. Another problem with his theory is his clear distinction between systemic and unit-level theorizing. The study of interaction between states or the actions of particular states are excluded from his systemic analysis. This leaves international interaction outside of the greater picture and accordingly excludes many possible explanations.

Within the neorealist school, there are differences in terms of how cooperation is explained. A part of the school puts forward that cooperation is more likely to occur in a condition of hegemonic stability, whereas there are also the ones who claim that limited cooperation is possible in the absence of hegemony.¹¹⁵ According to Haas, cooperation may occur when state survival is perceived to be less at stake.¹¹⁶ In more liberal neorealist camp, diversity of issues and actors alongside the increased prominence of transgovernmental relations are mentioned but with a particular emphasis on political power.¹¹⁷ According to that perspective, competitive behaviour is always at the centre of collective action.

It is seen that the structure of the international, decentralised political system is viewed from the prism of interstate relations by both realism and neorealism. Before moving on to the liberal approaches, it is also important to lay down the criticisms towards the realist approach, which are usually based on the questioning of which groups of actors it emphasises and which issues preoccupy it.¹¹⁸ First, the idea of the

¹¹⁵ Keohane, R. O. (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton University Press; & Gilpin, R. (1987). *The Political Economy of International Relations*. Princeton: Princeton University Press.

¹¹⁶ P. Haas (1990, p.38) cited in Hocknell, 2001, op.cit. p. 38.

¹¹⁷ See Keohane, R.O. & Nye, J.S. (1989). *Power and Interdependence* (2nd edn.). Harper Collins: New York.

¹¹⁸ Hocknell, 2001, op.cit. p. 39.

billiard ball model which assumes that states are rational actors with fixed interests and identities are viewed as problematic. This type of conceptualization omits the significance of domestic politics to a great extent.¹¹⁹ In parallel to that, it is seen that the analyses of domestic factors interfering into systemic theories of cooperation increased.¹²⁰ For Milner, three reasons can be given for that intrusion: “a deconstruction of intrastate politics is necessary to understand how cooperation has been legitimised, while an understanding of internal policy helps explain the strategies states use to realise their part of the cooperation...and domestic ratification of formal cooperative agreements is an integral part of the equation.”¹²¹ Another criticism puts forward that the realist approach fails to accommodate non-‘interstate’ conflict.¹²² What is criticized here is the idea of unitary nation state speaking and acting in the uniform national interest.¹²³ Still, it is also acknowledged that in political terms, the territorial state has been the major power container.¹²⁴ Cold-War time period was relatively stable in terms of borders, nevertheless for the Post-Cold War time period it is possible to mention a resurgence in national and regional territorialities. At this juncture, Cyprus is described as a conflict which has remained “between deadlocked war and permanent negotiations,” a conflict which managed to survive beyond the Cold War period.¹²⁵

Hence, states remain as the major actors but such kind of critical thinking provides us the grounds to accommodate other actors like ‘pseudo’ states. This leads us to another criticism of traditional realist approaches which criticised state’s preoccupation of security. Ecological, transboundary interdependencies are central to

¹¹⁸ See Keohane and Nye, 1989, op.cit.

¹¹⁹ See Putnam, R.D. (1988) Diplomacy and domestic politics: the logic of two-level games. *International Organization*, Vol. 42, No. 3, pp.427-460.

¹²⁰ See Jacobsen, J.K. (1996). Are all politics domestic? Perspectives on the integration of comparative politics and international relations theories. *Comparative Politics*, Vol. 29, No. 1, October, pp.93-115; & Gourevitch, P.A. (1996). Squaring the circle: the domestic sources of international cooperation. *International Organization*, Vol. 50, No. 2, spring, pp.349-373.

¹²¹ Milner, 1992, p. 493 cited in Hocknell, 2001,op.cit. p. 39.

¹²² See Ryan, S. (1995). *Ethnic Conflict and International Relations*. (2nd ed.). Dartmouth: Aldershot.

¹²³ For further criticism of state-cantered politics see Taylor, P. J. (1995) Beyond containers: internationality, inter-stateness, inter-territoriality. *Progress in Human Geography*, Vol. 19, No. 1, pp.1-15.

¹²⁴ P. J. Taylor, 1995, *ibid*.

¹²⁵ McGarry and O’Leary, 1993, p.2, cited in Hocknell, 2001,op.cit. p. 42.

that understanding where global environmental issues contest state sovereignty and security. Transboundary resource management problems can be viewed from that perspective. Tackling with such questions require states to cooperate even to a greater extent with each other.¹²⁶ At this point, there is a group of work which rightly point out the risk in merging environmental and resource management concerns with the concept of security.¹²⁷ Due to its state-centric connotation the term 'resource diplomacy', for instance, may lead to politicisation of a resource management problem and designate its solution as existential threat. As Hocknell mentions, this can limit the range of means available for the resolution of that conflict.¹²⁸ One can say that issues like resource exhaustion have provided states a motivation to avoid the territorial gap where they tend to develop greater mutual self-interest therefore power structures alone are not explanatory any longer for the explanation of collective action.¹²⁹

The majority of the literature of the energy politics adopts a realist and geopolitical theoretical approach in an implicit manner. The main assumptions of those works can be listed as follows:

- (i) Access to and control of natural resources, of which energy is the most critical, is a key ingredient of national power and

¹²⁶ See Alger, C. F. (1984-85). Bridging the micro and the macro in international relations research. *Alternatives*, 10 (Winter), 319-344; Young, O.R., (1991). Political leadership and regime formation: on the development of institutions in international society, *International Organization*, Vol. 45, No. 3, pp.281-308.; Deutsch, K., W. et al. (1969). *Political Community and the North Atlantic Area*, Greenwood Press: New York; & Deutsch, K., W. (Ed.). (1977). *Eco-social Systems and Eco-politics: A Reader on Human and Social Implications of Environmental Management in Developing Countries*, UNESCO: Paris.

¹²⁷ See Thomas, C. (1992). *The Environment and International Relations*. The Royal Institute of International Affairs: London; Dalby, S. (1992). Ecopolitical discourse: 'environmental security' and political geography. *Progress in Human Geography*, Vol. 16, No. 4, October, pp.503-522; Hurrell, A., & Kingsbury, B. (1992). The international politics of the environment: an introduction. In Hurrell, A., & Kingsbury, B. (Eds.). *The International Politics of the Environment: Actors, Interests, and Institutions*, (pp. 1-47). Clarendon Press: Oxford; Kakonen, J. (1994). *Green Security or Militarised Environment*. Dartmouth: Aldershot; Graeger, Grwger, N. (1996) 'Environmental security?', *Journal of Peace Research*, Vol. 33, No. 1, February, pp.109-116; Grundy-Warr, C. E. R., & Rajah, A. (1997). Security, resources and people in a borderlands environment: Myanmar-Thailand. In Blake, G. H. et al. (Eds.). *International Boundaries and Environmental Security: Frameworks for Regional Cooperation*, (pp.149-220). London: International Boundary Studies Series 1, Kluwer Law International

¹²⁸ Hocknell, 2001, op.cit.

¹²⁹ Hocknell, 2001, op.cit., p.44.

national interest; (ii) Energy resources are becoming scarcer and more insecure (drawing often from the 'peak oil' thesis and the 'resource curse' and 'resource wars' literature); (iii) States will increasingly compete for access and control over these resources; (iv) Conflict and war over these resources are increasingly likely, if not inevitable.¹³⁰

Klare¹³¹'s work is among the most popular ones in this tradition. In his various fundamentally realist writings, he stressed that: (i) With the end of Cold War and with the rise of new economic powers, the main focus of international relations have turned out to become accessing and maintaining control of valuable energy resources. This is the outcome of the shifts in the balance of power in the post-Cold War period. Within that framework, energy is the major source of conflict between US, China, Russia, EU, Japan, India...etc. (ii) Due to rising energy demand in Asia and the scenarios of "peak oil", natural resources are becoming ever more scarce. (iii) Much of the world's energy supply is located in Central Asia and Africa, which are populated with weak and fragile states with various disputes and conflicts due to political and religious radicalism. With oil wealth these states are becoming more powerful international actors, nevertheless they at the same time become more 'dissatisfied' with the existing West oriented capitalist system. There is an intrinsic link between resource wealth and the post 9/11 growth of radical Islam in that view. (iv) International conflict over oil and other natural resources is an increasingly important security problem.¹³²

¹³⁰ Dannreuther, Roland, 2010, op.cit. p. 3.

¹³¹ See Klare, M. (2001). *Resource Wars*. New York: Henry Holt and Company; Klare, M. (2002). *Global Petro-Politics: The Foreign Policy Implications of the Bush Administration's Energy Plan*. *Current History*, March, pp. 99-104; Klare, M. (2003). *For Oil and Empire? Rethinking War with Iraq*. *Current History*, March, pp. 129-35; Klare, M. (2004). *Blood and Oil: The Dangers and Consequences of America's Growing Dependency on Imported Petroleum*. New York: Metropolitan Books; Klare, M. (2008). *Rising Powers, Shrinking Planet: The New Geopolitics of Energy*. New York: Henry Holt and Company.

¹³² Dannreuther, Roland, 2010, op.cit. p. 3. For more Realist account of international politics and energy see Blank, S. (1995). *Energy, Economics and Security in Central Asia: Russia and its Rivals*. *Central Asian Survey*, 14 (3), pp. 373-406; Karasac, H. (2002). *Actors of the New 'Great Game.'* *Caspian Oil Politics*. *Journal of Southern Europe and the Balkans*, 4 (1); Rasizade, A. (2002). *The Specter of a New 'Great Game' in Central Asia.* *Foreign Service Journal*, November; Jafar, M. (2004). *Kazakhstan: Oil, Politics and the New 'Great Game.* In Shirin Akiner (Ed.), *The Caspian: Politics, Energy and Security*. London: Routledge Curzon; Morris, D. (2006). *The Chance to Go*

It is seen that realist analysis of energy politics within international relations has quite powerful arguments but still there are equally significant criticisms directed towards shortcomings of these theoretically-driven explanations. One of the main criticisms is that the realist-driven analysis of energy politics is overwhelmingly focusing on military dimensions of power.¹³³ Realism is also criticized because of being too state-centric. With regard to energy politics, criticisms are centred on the overwhelming focus on states and inter-state competition by realist-driven explanations of energy politics which excludes the role of transnational oil and mining companies and local and sub-national communities. According to that perspective, the interaction between the transnational/national/local is not presented by realists.¹³⁴

Realism is also criticized by being way too deterministic. The key assumptions such as scarce nature of the resources and inevitable inter-state conflict due to scarce natural resources are taken for granted by realist-inspired works. The role that technological innovation plays in relieving scarcity, and therefore the possibility of inter-state conflict are rarely discussed by realists. Similar to that, the role of international markets and regional and international institutions in handling and dispersing conflicts are also left outside in realist works. Prospects for more peaceful interaction are at most of the time remaining outside of realist considerations which are dominated by natural aggression or logic of the 'security dilemma'.¹³⁵ Thus, it is

Deep: U.S. Energy Interests in West Africa. *American Foreign Policy Interests*, Volume 28, Number 3, June, pp. 225-238; Taylor, I. (2006). China's oil diplomacy in Africa. *International Affairs*, Volume 82, Number 5, September, pp. 937-959(23); & Frynas, J. G. & Mauel, P. (2007). A New Scramble for African Oil? Historical, Political, and Business Perspectives. *African Affairs*, Vol. 106, Number 423, pp. 229-251.

¹³³ For an alternative view which stresses the influence of economic factors see Gilpin, R. (1976). *US Power and the Multinational Company: The political economy of foreign direct investment*. London: Macmillan; See also Strange, S., Stopford, J. & Henley, J., S. (1991). *Rival States, Rival Firms: Competition for world market shares*. Cambridge Studies in International Relations where Strange states that the power of states is driven by four dimensions of power - military, production, finance and ideas, not only by military considerations. Furthermore, Nye's soft power concept is also a powerful criticism towards realist view of power. In relation to that see Nye, Joseph S. (2004). *Soft Power: the means to success in world politics*. New York: Public Affairs.

¹³⁴ Dannreuther, Roland, 2010, op.cit.

¹³⁵ An alternative reading of anarchy is famously provided by social constructivism which puts forward that there can be differing ways in which states and international actors can decide to interact. In relation to that see Wendt, A. (1992). *Anarchy is what States Make of it: The Social Construction of Power Politics*. *International Organization*, 46, 2, Spring.

necessary at this point to look at liberal institutional school of thought for different explanations of collective action.

2.3 Energy and IR Theories- Neoliberal Institutionalism

It is true that there is a great deal of competition and conflict in international relations but there is also a significant amount of cooperation. Liberal institutionalism known as the major challenge to what realism offers in terms of explaining the political phenomena and the existence of cooperation. Liberal institutionalism developed in three consecutive presentations namely the functionalist integration theory in the 1940s and early 1950s, neo-functionalist regional integration theory in the 1950s and 1960s, and interdependence theory in the 1970s.¹³⁶ They all refused what realism proposes as its main tenets concerning the realist understanding of states and of world politics. Mitrany¹³⁷ with his functionalist approach to international cooperation claims that transboundary organisations replace the state as the mechanism for satisfying common needs. According to that perspective, for the issue areas which are less ideological and less dogmatic extending cooperative transactions would be more possible. Mitrany argues that: “the functional approach [...] would help the expansion of [...] positive and constructive common work [...] making frontier lines meaningless by overlaying them with a natural growth of common activities and common administrative goals.”¹³⁸ This can eventually lead to a ‘spill over’ effect where the issues of sovereignty become less salient. Neofunctionalism argues that “a process of ramification develops as successful collaboration by states in one particular technical area encourages expansion into other issue area, mostly within the domain of economic, social, scientific, or environmental issues.”¹³⁹ In relation to that E. Haas argues that cooperation results not from the unsolicited surrender to a common good, but from the convergence of separate perceptions of interests.¹⁴⁰

¹³⁶ Joseph, M. Grieco, 1988, op. cit. p. 486.

¹³⁷ Mitrany, 1966 cited in Hocknell, 2001, op.cit. p.45.

¹³⁸ Mitrany, 1966 quoted in Hocknell, 2001, ibid. p.45.

¹³⁹ Hocknell, 2001, ibid. p.45.

¹⁴⁰ Haas, E., 1964, cited in Hocknell, 2001, ibid. p.47. See also Groom, A.J.R. (1975). 'Functionalism and world society', In Groom, A.J.R. & Taylor, P.(Ed.) *Functionalism: Theory and Practice in International Relations* (pp.93-111). University of London Press Ltd: London; Samhat, N.H. (1997). *International regimes as political community*. *Millennium: Journal of International Studies*, Vol. 26, No. 2, pp.349-378.

Muzafer Sherif's conceptualization is also parallel to that understanding where he argues that goals are "compelling and highly appealing to members of two or more groups in conflict but which cannot be attained by the resources and energies of the groups separately."¹⁴¹

Liberal institutionalist conceptualisation of the problem of cooperation differs significantly from the realist and neorealist way of thinking. Earlier versions of liberal institutionalists assume that international institutions can help states to cooperate. Thus, there we have a "more hopeful prognosis for international cooperation and a more optimistic assessment of the capacity of institutions to help states achieve it."¹⁴² But the main criticism of realist pessimism on the possibility of cooperation in an anarchical society arrives with the neoliberal institutionalist explanations of Keohane on the core question of why states follow rules under certain conditions and not others. Following the earlier versions of it, during the early 1980s thus a new kind of liberal institutionalism appeared who accepted some of the main tenets of realism. Keohane's "After Hegemony" stands as an early work of this new understanding. For neoliberals the prospects for international cooperation are better than realism allows. This new approach agreed on the realist proposition that anarchy impedes the achievement of international cooperation, but firmly embraced its core liberal arguments at the same time. Although anarchy still remains as a barrier in front of the willingness of states to cooperate, promoting cooperation is still something possible with the great assistance of international institutions. This sort of optimism derives from their definition of anarchy as "the lack of common government in world politics."¹⁴³ Accordingly one major effect of international anarchy is that individuals or states believe that no agency is available to "enforce rules," or to "enact or enforce rules of behaviour," or to "force them to cooperate with each other."¹⁴⁴ This is the main reason why "cheating and deception are

¹⁴¹ Sherif, M. (1958). Superordinate goals in the reduction of intergroup conflict. *The American Journal of Sociology*, Vol. 63, No. 4, pp.349-356.

¹⁴² Joseph, M. Grieco, 1988, op. cit. p 486

¹⁴³ Axelrod and Keohane, "Achieving Cooperation," p. 226 cited in Joseph M. Grieco, 1988, op.cit., p. 496 ; see also Keohane, R. O. (1984). *After Hegemony: Cooperation and Discord in the World Political Economy*. Princeton University Press.

¹⁴⁴ See Axelrod and Keohane, "Achieving Cooperation," p. 226 cited in Joseph M. Grieco, 1988, op.cit., p. 496; Keohane, *After Hegemony*, op.cit. p. 7.

endemic" in international relations.¹⁴⁵ So states may cooperate but because of the lack of a central agency to enforce promises cheating as a major problem arises. Given this kind of conceptualisation neoliberal's proceed to find out how institutions can help states to overcome that particular problem.

Comprehension of the states as atomistic actors forms the bases of neoliberalist's claims about cooperation. Proposing states as atomistic actors suggests that states are willing to maximize their individual absolute gains and are unresponsive to the gains achieved by other actors.¹⁴⁶ Cheating is the greatest impediment to cooperation among rationally egoistic states but with the help of international institutions the problem can be solved. It is mainly because international institutions can help states overcome the barrier of cheating in front of the joint action. All those suggest that states have a sole goal in mixed-interest interactions which is the achievement of the greatest possible individual gain. That means states define their interests in individualistic terms. Keohane, for instance, centres his analysis of international cooperation on the assumption that states are basically atomistic actors. Deriving from the microeconomic theory states assumed to be rationalist egoists in an anarchical environment. In this context, rationality means that states possess "consistent, ordered preferences, and . . . calculate costs and benefits of alternative courses of action in order to maximize their utility in view of these preferences."¹⁴⁷ For him the major barrier in front of cooperation is cheating. But the definition of the utility maximization atomistically offers a solution to the problem of cheating to some extent. For Keohane, egoism "means that their [i.e., state] utility functions are independent of one another: they do not gain or lose utility simply because of the gains or losses of others."¹⁴⁸ After all, the compliance of partners in anarchy is the main problem regarding the prospects for cooperation. For neoliberals in mixed interest situations states mostly hold the fear of cheating. Probable worst case scenario for neoliberals is that after all states cheated they would find themselves in a worser situation compared to the one they could achieve if they had all cooperated.

¹⁴⁵ Axelrod and Keohane, "Achieving Cooperation," p. 226 cited in Joseph M. Grieco, 1988, op.cit. 496

¹⁴⁶ Joseph, M. Grieco, 1988, op. cit. p 486

¹⁴⁷ Keohane, *After Hegemony*, p. 27 cited in Joseph M. Grieco, 1988, op.cit., p. 496

¹⁴⁸ Keohane, *After Hegemony*, p. 27 cited in Joseph M. Grieco, 1988, op.cit., p. 496

At a one step further, the neoliberal theory relates advanced democracies with the prospects for the achievement and maintenance of political-economic cooperation. Advanced political democracies are the ones holding the broadest range of common political, military, and economic interests. Therefore, large absolute gains through joint action are more probable for them. This is against the realist specification of the relative gains problem for cooperation. So, when states have many common interests they fear less about the future conflicts and thus care less about the relative achievements of gains. Neoliberal theory embraces also the idea that the economic arrangements of advanced democracies are "nested" in larger political-strategic alliances. Nesting promotes compliance to the rules and conditions of any cooperative arrangements.¹⁴⁹ The liberal tradition in International Relations in that sense is a well-founded critique of the realist approach to international politics and geopolitics.

With regard to international energy politics, the liberal understanding informs two important sets of research area; the first one is the liberal pursuit to uncover the '*dark underbelly*' of the international energy industry; and the second one is more about liberal prescriptions of '*what needs to be done*' to create a more open and cooperative set of arrangements in the international energy industry. The '*Dark Underbelly*' argument is more about a number of the perceived embedded illiberal practices and perversions of the politics, economics and international relations of the international energy industry.¹⁵⁰ The literature on that mainly comprises the '*resource curse*' argument which also addresses the understanding of the '*Dutch disease*.'¹⁵¹ The phenomenon of '*rentier state*' and the consolidation of neo-patrimonial authoritarian regimes in resource-rich states are two other domains informed by liberal understanding of international energy industry. Another part of the literature deals with the '*resource wars*' which are perceived to be generated by the predation of natural resources. This is also related with the broader literature on the political

¹⁴⁹ See Keohane, *After Hegemony*, *op.cit.*; & Aggarwal. V. K. (1985). *Liberal Protection: The International Politics of Organized Textile Trade*. Berkeley: University of California Press.

¹⁵⁰ Dannreuther, Roland, 2010, *op.cit.*

¹⁵¹ The related literature aims to expose the poor developmental records of resource-rich developing states and while doing that it puts forward related variables that seems to contribute to this phenomenon such as the failure to develop other sectors of the economy.

economy of ‘new wars’.¹⁵² The literature on ‘what needs to be done’, on the other hand, aims to identify the liberal prescriptions which are necessary to overcome the negative effects of these illiberal practices and institutions within the domain of international energy industry. They are more of policy-driven recommendations informed by classical liberal prescriptions such as: the need for transparency to avoid the illiberal practices within the international energy realm; more international regulations to limit illicit trade and practices which are the main reasons behind many resource related conflict; the promotion of good governance; the promotion of regional and international energy regimes and institutions; and economic liberalisation of international energy market to minimize the pressure of geopolitical competition and the conflicts and wars that arise from that.¹⁵³

2.4 Are Eastern Mediterranean hydrocarbons displaying the logic of interdependence or a competitive dynamic?

In the context of Cyprus and the broader region, the issue of gas exploration is increasingly being viewed as a way of reasserting the countries’ sovereign rights. This has resulted with the nationalist rhetoric on the part of both political figures and the media. In that view, the one of the main obstacle in front of the logic of interdependency is the lack of political settlement in Cyprus where the populist politicians may present the question of exclusive economic zones in zero-sum terms. This type of conceptualization hinders the ways of following mutually beneficial interdependencies in the region and can be explained with the predominance of the existing patterns of enmity in the region as a stumbling block in front of regional energy cooperation scheme.¹⁵⁴ Still, in relation to the main concerns of this thesis, coming up with an accurate theoretical approach is difficult since it aims to deal with the issue of natural resource development under complex conditions of political conflict. Finding out which theoretical perspectives may be guiding is therefore

¹⁵² See Kaldor, M., Karl, T. L., & Said, Y. (2007). *Oil Wars*. London: Pluto Press; & Kandiyoti, R. (2007). *Pipelines: Flowing Oil and Crude Politics*. London: I.B. Tauris.

¹⁵³ Dannreuther, Roland, 2010, op.cit. p.5-9.

¹⁵⁴ Onar, N. F.(Author of the report), *New directions for Turkish Greek engagement in the Middle East and the Balkans*, Report based on the proceedings of a conference which took place in Istanbul on 27-29 September, 2011, organised by Bahçeşehir University and South East European Studies at Oxford (SEESOX), p.8

appearing as an equally complex and challenging task. In relation to that, it is seen that the matter is related with the problem of developing energy resources under conditions of political conflict in case of Cyprus. At this point, it can be argued that, this type of conceptualization appears to signify a dichotomy between whether politics will come before economics or vice versa.¹⁵⁵ Before moving on with Chapter 3, therefore it would be enlightening to consider the two most likely scenarios, for the track of the development of Cyprus hydrocarbons, which are informed by the theories discussed above.

Politics before Economics Pathway

The grand consensus scenario argues that that the conflicting parties must settle all political conflicts before they can proceed with the development of natural resources.¹⁵⁶ The main premise behind this assumption is that political stability is a precondition for economic cooperation. The assumption is that in cases which lack political stability, “it would be difficult to attract sufficient investment into the major energy projects or guarantee the security of critical energy infrastructure”¹⁵⁷. Politics before economics type of understanding thus requires actors to settle their legal and political disputes before they can realistically consider an energy partnership. This perspective stems from the argument that the regional conflicts need to be resolved before the gas can be developed. This model assumes that in cases of acute political conflicts, energy companies may hesitate to make multibillion-dollar investments. Considering the complicated nature of gas extraction, which entails capital-intensive infrastructure such as pipelines or liquefied natural gas facilities, one can argue that there would be ample threats such as sabotages.¹⁵⁸ The economics of the investment

¹⁵⁵ O’Sullivan ML. (2012). Israel’s Undersea Gas Bonanza May Spur Mideastern Strife. *Bloomberg*, Retrieved September 10, 2014 from <http://www.bloomberg.com/news/2012-05-21/israel-s-undersea-gas-bonanza-may-spur-mideastern-strife.html>, cited by Demiryol, T. (2015). op.cit. who discusses the same dichotomy by conceptualizing the development of natural resources under conditions of political conflicts via two main approaches indicated as ‘Politics before Economics Pathway’ and ‘A limited bargain/ “Agree to disagree”’.

¹⁵⁶ O’Sullivan ML, 2012, *ibid*; & Demiryol, T. (2015). op.cit.

¹⁵⁷ O’Sullivan, 2012, op.cit.

¹⁵⁸ The Arish-Ashkelon pipeline, carrying gas from Egypt to Israel, was attacked 10 times last year.

should be also considered within that framework. For example, in the context of Israel's and Jordan's domestic-energy markets exports northward and beyond to Europe may not be feasible as long as Lebanon and Turkey objected to Israel's plans.¹⁵⁹ Another line of discussion would be on the prospects of economical natural gas on conflict resolution. Nevertheless, agreeing on maritime (and land) borders, and negotiating a mechanism for the shared exploitation and commercialization of the gas may prove difficult in conflict settings as it is in Cyprus. Thus politics may triumph economics.

A limited bargain/ "Agree to disagree"

This can be viewed as an alternative scenario which "involves striking a limited bargain where disputing parties jointly undertake resource development instead of requiring that complex legal and political disputes be settled first."¹⁶⁰ This indicates that parties continue to pursue their legal claims and their political agendas but they at the same time temporarily set aside or freeze any unresolved issues and set up a basic regulatory framework for limited, targeted cooperation. This can be viewed as a framework in which sides agree on the necessary guidelines and guarantees under which resource exploration, development and monetization as well as revenue sharing would take place. In this scenario, the comprehensive resolution of the existing disputes remains pending until greater incentives for the final resolution can be generated from the economic cooperation. This at the same time requires disputing parties to switch to more cooperative political strategies.

This scenario therefore puts forward that disputing parties should prioritise resource development over the settlement of political issues. Some historical examples reveal that parties with outstanding political conflicts managed to cooperate. Thailand and Malaysia is a good example in those terms. In 1979, Thailand and Malaysia reached an agreement to exploit the natural resources of the Gulf of Thailand by postponing the settlement of their unresolved disputes over the delimitation of maritime

¹⁵⁹ O'Sullivan, 2012, op.cit.

¹⁶⁰ O'Sullivan ML, 2012, op.cit.; and Demiryol, T., 2015, op.cit.

borders.¹⁶¹ Another example can be given as Germany and the Soviet Union who in 1970's decided to put to one side their numerous disputes including unresolved border issues, to launch a long-lasting gas partnership.¹⁶² Proceeding without waiting for the complete resolution of the long-lasting conflicts can be considered as a less-obvious route to follow which at the same time involves more limited bargains but it can be also more realistic as it does not demand final resolution of complex territorial and political disputes. This route requires joint guidelines, pending final resolution of the big political issues. The 2003 Timor Sea Treaty between East Timor and Australia can be also considered as an example where parties set aside the settlement of boundaries for 50 years to create a platform for resource development under agreed terms.

2.5 Conclusion

This chapter attempted to provide a theoretical background of this thesis and, in accordance to that; it lays down the rationalistic approaches of International Relations theories which have addressed the nexus between energy and politics. There are important concepts which can be borrowed from realist thought while looking at the ways in which energy discoveries in Cyprus and in the broader region have influenced the regional political dynamics and, in particular, the outlook of the Cyprus problem. Investigating the historical geopolitical tensions between Turkey and the Republic of Cyprus (RoC) primarily due to Cyprus problem proves particularly productive while placing the emerging hydrocarbons related tensions which involve both foreign, energy and security policy dimensions of all related parties into a meaningful context. There is a rise of energy politics in the region. The new hydrocarbons dimension of the Cyprus problem is thus an important one to

¹⁶¹ O'Sullivan, 2012, op.cit.; Demiryol, T., op.cit. 2015; Thao NH. (1999). Joint Development in the Gulf of Thailand. IBRU Boundary and Security Bulletin, 79-88.

¹⁶² Stern, J. (2005). Gas pipeline co-operation between political adversaries: examples from Europe. *Chatham House*. Retrieved October 31, 2014 from <http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Energy,%20Environment%20and%20Development/jsjan05.pdf>

understand when the emerging tensions amplified with the recent discoveries are considered.

CHAPTER 3

THE ECONOMIC SIGNIFICANCE OF THE HYDROCARBON DISCOVERIES IN AND AROUND CYPRUS AND IN BROADER EASTERN MEDITERRANEAN REGION

3.1 Introduction

The Levant Basin is situated in the eastern region of the Mediterranean Sea between Cyprus and the Nile Delta marine cone in Egypt and it encompasses approximately 83,000 square kilometres (km²) of the eastern Mediterranean area. The Levant Basin Province overlaps the maritime areas of Israel, Gaza, Cyprus, Lebanon and Syria. Since 1999, the Levant Basin has been considered as an important place to look at in terms of the exploration and discoveries for oil and gas. Looking at the recent discoveries, it appears that Cyprus and Israel are the countries which hold the greatest promise in terms of natural gas reserves.¹⁶³ According to the U.S Energy Information Administration¹⁶⁴, the estimated recoverable reserves in the Levant Basin are more than 40 trillion cubic feet.



Figure 1. Reference: U.S. Energy Information Administration ¹⁶⁵

¹⁶³ U.S Energy Information Administration. Eastern Mediterranean natural gas exploration focused on the Levant Basin. Retrieved July 10, 2014 from <http://www.eia.gov/todayinenergy/detail.cfm?id=12611>

¹⁶⁴ U.S Energy Information Administration, *ibid*.

¹⁶⁵ U.S. Energy Information Administration. The figures of the recent natural gas discoveries in the Levant Basin, Retrieved November 23, 2015 from <https://www.eia.gov/todayinenergy/detail.cfm?id=12611>

U.S. Geological Survey figures are much more optimistic which indicates that the Levant Basin Province has ‘a mean of 1.7 billion barrels of recoverable oil and a mean of 122 trillion cubic feet or Tcf (equivalent to 3,455 billion cubic metres or bcm) of recoverable gas.’¹⁶⁶ The comparisons provided us by Gürel and Le Comu¹⁶⁷ as, “1.7 billion barrels of oil is equivalent to over 30 per cent of the proven oil reserves of Norway, an oil exporting country; and 122 Tcf of gas corresponds to about 8 per cent of the proven gas reserves of Russia, the largest in the world” can be helpful in terms of laying down the likely economic significance of the estimations. Considering that all EU countries hold 86.2 trillion cubic feet¹⁶⁸, it becomes even easier to understand the excitement the discoveries have created. It can be argued that the current proved and estimated reserves would alter the geopolitical land scape of the Eastern Mediterranean. Based on these figures, it can be said that the offshore natural gas discoveries in the Levant Basin carry the potential to considerably change energy supply dynamics in the region and they could substantially alter the outlook of natural gas exports in the upcoming decades. It is important to note that the region is well located for resource development when its proximity is considered to Europe and the Suez Canal.

The offshore oil and gas discoveries in the eastern Mediterranean commenced in the year 1997. In 1999, a small amount of discoveries took place offshore Israel. One year later in 2000, again a small amount of gas field was discovered offshore the Gaza Strip. A greater amount of natural gas discoveries offshore of Israel came into being in 2009 in Tamar and Dalit fields, and in 2010 in Leviathan field.¹⁶⁹ In December, 2011, Noble Energy this time announced that a considerable amount of natural gas discovered in Cyprus Block 12. The “Aphrodite Field” is located 1,700 meters below sea level with initial estimates of recoverable volumes in the 5–8 trillion cubic feet (Tcf) range. The results were suggesting high quality multiple

¹⁶⁶ U. S. Geological Survey. (2010). Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean. Retrieved July 10, 2014 from <http://pubs.usgs.gov/fs/2010/3014/pdf/FS10---3014.pdf>

¹⁶⁷ Gürel, A., & Cornu, L. L. (2013). Turkey and Eastern Mediterranean Hydrocarbons. Global Political Trends Center Publications, 4 (October).

¹⁶⁸ BP Statistical Review of World Energy, Retrieved May 21, 2015 from <http://www.bp.com/en/global/corporate/about-bp/energy-economics/statistical-review-of-world-energy.html>

¹⁶⁹ Shaffer, B. (2012). Energy Resources and Markets in the Eastern Mediterranean Region. op.cit.

Miocene sand intervals in Aphrodite. Only few months before the announcement of the discovery of natural gas in the Aphrodite well of Cyprus Block 12, in August 2011, the Texas-based firm had already announced their interest in developing Israel's offshore Mediterranean natural gas reserves. The companies' Chief Operating Officer Dave Stover stressed at that moment that as Noble Energy they were looking for ways to develop a regional LNG plant after finalizing the evaluation of the sites and their potential reserve. In that context Cyprus had been referred as "a potential opportunity for a hub for exporting" by Noble Energy CEO Charles Davidson.¹⁷⁰ In the light of these, this chapter aims to lay down the economic significance of the proved, estimated, and potential reserves offshore in the eastern Mediterranean basin, particularly in and around Cyprus to provide the most accurate framework for further analyses upon the political significance of the Eastern Mediterranean hydrocarbons.

3.2 Recent Explorations and Discoveries in the Eastern Mediterranean Region

3.2.1 Cyprus

The estimated amount of the natural gas discovery in Cyprus Block 12 is 5 trillion cubic feet (Tcf). Noble Energy announced that the discovery offshore Cyprus was the fifth consecutive natural gas field discovery for the company in the Eastern Mediterranean.¹⁷¹

¹⁷⁰ Noble Energy to Develop Mediterranean Gas. (2011, August 20). Natural Gas Europe. Retrieved November 23, 2015 from <http://www.naturalgaseurope.com/noble-cyprus-israel-mediterranean-gas>

¹⁷¹ Noble Energy. (2015). Recent Discoveries. Retrieved October 8, 2015 from <http://www.nobleenergyinc.com/exploration/recent-discoveries-130.html>

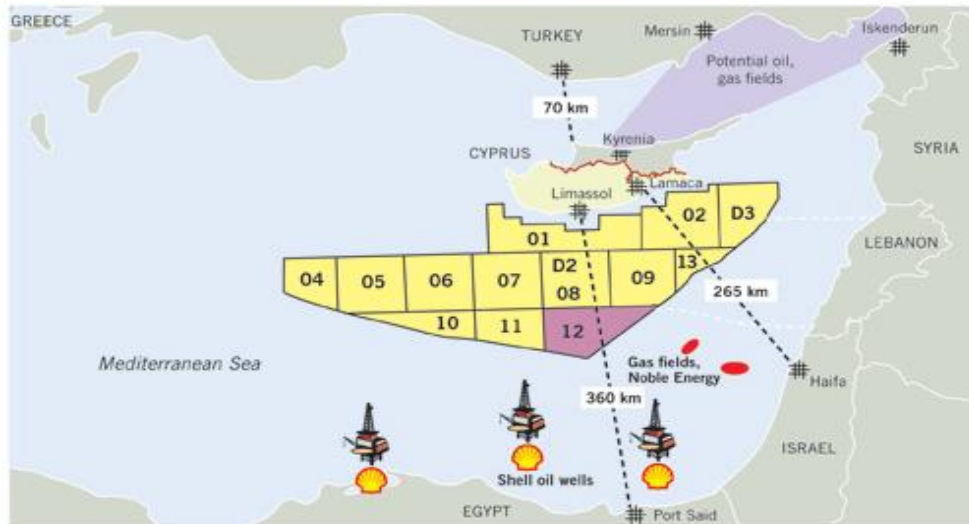


Figure 2. Reference: Pourbozorgi, A., and Çelik, T., 2014¹⁷²

As mentioned earlier, Cyprus is expected to hold 0.5% of the world reserves of gas and 0.1%-0.2% of the world reserves of oil.¹⁷³ The world reserves of gas are 6.25 quadrillion cubic feet.¹⁷⁴ The 0.5% share of Cyprus equals 31 trillion cubic feet (Tcf). The net value of the 31 Tcf is approximately \$150 billion (based on \$5 per 1000 cf).¹⁷⁵ The world reserves of oil are 1.34 trillion barrels.¹⁷⁶ So the 0.15% share of Cyprus equals approximately 2 billion barrels. The net value of the 2 billion barrels is \$200 billion (based on \$100 per barrel).¹⁷⁷ Grand total of gas (\$150 billion) and oil (\$200 billion) is equal to \$350 billion. Approximately 40% of the total will be exploration and drilling costs and the rights of oil companies. Thus Cyprus will have a net value of \$210 billion which is approximately 15 times the value of the economy of Cyprus based on gross domestic product.¹⁷⁸ Since, Chapter Six is particularly devoted to the detailed analysis of exploration activities and broader oil and gas efforts in and around Cyprus, this chapter will follow with further discoveries in broader region.

¹⁷² Pourbozorgi, A. & Çelik, T. (2014, March, 11). Pipeline, CNG top Cyprus gas export options. Oil and Gas Journal.

¹⁷³ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, op.cit.

¹⁷⁴ Oil and Gas Journal, 2008, op.cit.

¹⁷⁵ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, op.cit.

¹⁷⁶ Oil and Gas Journal, 2008, op.cit.

¹⁷⁷ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, op.cit.

¹⁷⁸ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, op.cit.

3.2.2 Egypt

Offshore Egypt is the first major discovery in the region. In 2003, Shell discovered 1.5 Tcf of natural gas in the North East Mediterranean (NEMED) block. That was in addition to Egypt's extensive reserves already being monetized onshore. The gas production offshore Egypt is a part of the Nile Delta Basin.¹⁷⁹ In terms of oil production, Egypt is the largest non-OPEC oil producer in Africa. Egypt is also the second-largest dry natural gas producer within the continent, right behind Algeria. Egypt also appears to be the major transit route for oil shipped from the Persian Gulf to Europe and the United States. These factors render Egypt as an important destination for oil and gas. With the operation of the Suez Canal and Suez-Mediterranean (SUMED) Pipeline, the country is also considered to be an influential actor in international energy markets.¹⁸⁰ For the oil and liquefied natural gas (LNG) shipments from the Persian Gulf to Europe and North America and from North Africa and countries along the Mediterranean Sea to Asia, the Suez Canal is an essential transit route. The SUMED Pipeline appears to be equally important because it is the only alternative route from the Red Sea to the Mediterranean Sea in case ships cannot sail across the Suez Canal. The consequences of the 2011 revolution have been severe for Egypt in economic terms. According to EIA's report¹⁸¹, the Egyptian General Petroleum Corporation (EGPC)¹⁸², finds it very difficult to repay its debt to foreign operators. As a result of that, foreign operators seem to act rather reluctant in continuing with their investments in existing and new oil and natural gas projects.¹⁸³

Zohr Field: Egypt's New Gas Discovery

In August, 2015, Italian energy company ENI announced the discovery of the "largest ever" offshore natural gas field in offshore Egypt. The discovery, made in

¹⁷⁹ Paltsev, S., F. O'Sullivan, N. Lee, A. Agarwal, M. Li, X. Li, & N. Fylaktos (2013). Natural Gas Monetization Pathways for Cyprus: Interim Report – Economics of Project Development Options. MIT Energy Initiative, Massachusetts Institute of Technology, Cambridge, MA.

¹⁸⁰ U.S Energy Information Administration (EIA). (2014, August 14). Country Analysis Brief, Egypt.

¹⁸¹ U.S Energy Information Administration (EIA), 2014, Egypt, *ibid.*

¹⁸² Egyptian General Petroleum Corporation (EGPC) is the country's national oil company.

¹⁸³ U.S Energy Information Administration (EIA), 2014, Egypt, *op.cit.*

Zohr field off the coast of the Egypt is estimated to hold a potential 30 trillion cubic feet(tcf) of natural gas.¹⁸⁴ ENI stated that, “Zohr is the largest gas discovery ever made in Egypt and in the Mediterranean Sea and could become one of the world’s largest natural gas finds.”¹⁸⁵ Besides being capable of ensuring Egypt’s domestic natural gas demand for decades, after its full development, the discovery has also being depicted as a potential ‘game changer’ for the region in the sense that it indicates the greater significance of eastern Mediterranean natural gas within the global natural gas reserves plus it signifies the necessity of a regional energy cooperation scheme to be able to pursue the “great potential” laying in the region in terms of energy production.

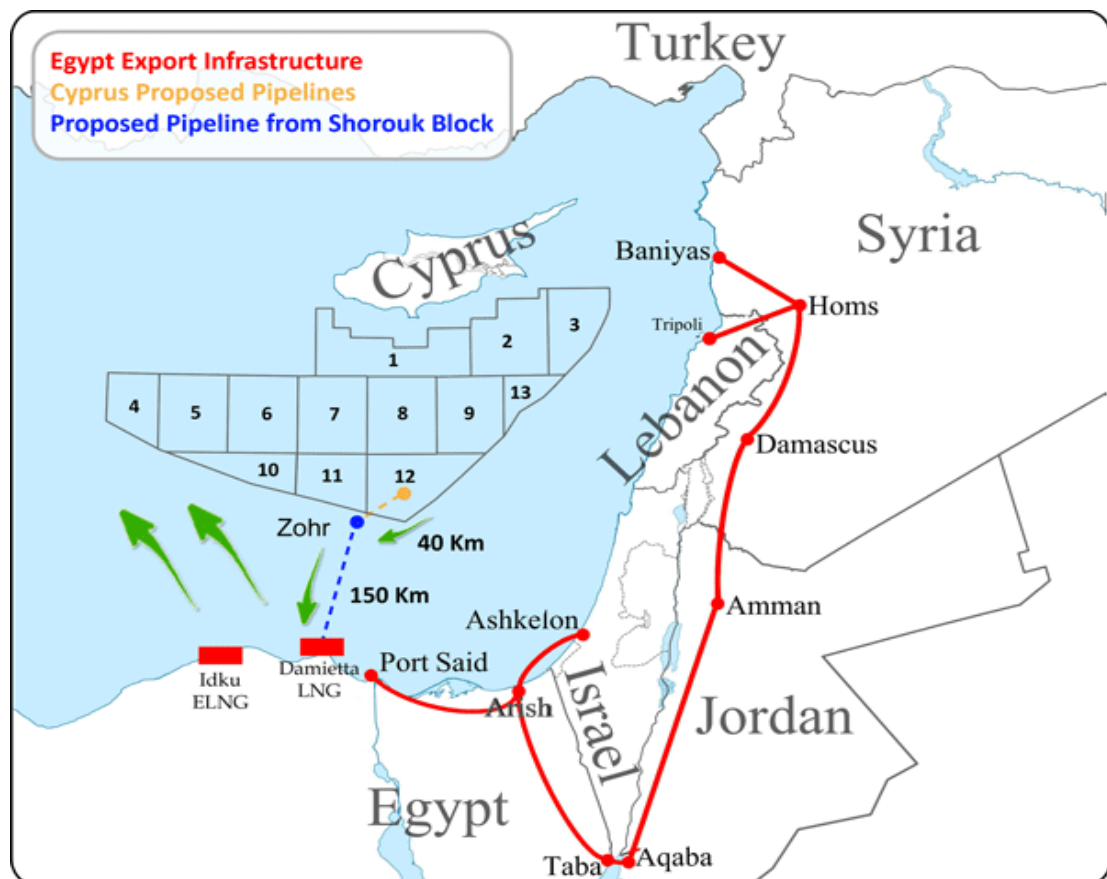


Figure 3. Reference: Gulf oil and gas¹⁸⁶

¹⁸⁴ ENI describes the discovery well located about 120 miles from the Egyptian coast, at a depth of 4,757 feet.

¹⁸⁵ Vast Reserves of Natural Gas Found Off the Coast of Egypt. (2015, August 30, 2015). New York Times, Retrieved December 16, 2015 from http://www.nytimes.com/2015/08/31/business/energy-environment/vast-reserves-of-natural-gas-found-off-the-coast-of-egypt.html?_r=0

¹⁸⁶ Amin, M. (2015, March). Zohr Gas Field: A New Game Changer in East Mediterranean. Retrieved from <http://www.gulfoilandgas.com/webpro1/main/mainnews.asp?id=46687>

According to Ghafar¹⁸⁷, once the field comes online it will be capable to satisfy the local demand in Egypt. Beyond that the discovery, as once the field comes online, will have direct consequences for Israeli gas export options with Egypt. The field may also have ramifications in terms of any potential natural gas deals with Cyprus and Turkey.¹⁸⁸ This is the context in which, it is depicted as a potential game changer for the regional natural gas deals. Still one needs to highlight that the main constraint is a lack of regional co-operation rather than a scarcity of oil and gas.

3.2.3 Israel

In January 2009, Noble Energy discovered the 9 Tcf “Tamar Field” offshore Israel. The next year, in October 2010, Noble this time discovered the 17 Tcf “Leviathan Field” which was the largest discovery in the region before Zohr Field. The “Leviathan Field” is located 36 km from Cyprus’s Aphrodite Field. There have been significant energy exploration activities in Israel’s offshore areas since 2000’s. The results have considerably altered the Israel’s energy sector’s outlook since then. The earlier estimations of the *Oil & Gas Journal* in 2000 with regard to the Israel’s natural gas, were amounting around 10 billion cubic feet (Bcf). As of January 2014, Israel’s proved reserves of oil was estimated to be 11.5 million barrels and proved reserves of natural gas at 10.1 trillion cubic feet (Tcf). With those figures, Israel is still not among the top-40 globally but the figures are more promising than they were in few years ago. Israel discovered the Mari-B field in 2000. The field provided for the first time a domestically-produced natural gas to Israel’s markets but in 2012 the amount of production dropped as it the field debilitated dramatically. It is important to note that for a decade the Mari-B field supplied 40% of Israel’s natural gas demand. The commercial production of natural gas only began in March 2013 with the Tamar field.¹⁸⁹ Israel is working on a floating LNG project “that will draw natural gas supply from the Tamar field (with estimated discoveries of 10 Tcf) and

¹⁸⁷ Ghafar, A., A. (2015, September 10). Egypt’s new gas discovery: Opportunities and challenges. Brookings Doha Center. Retrieved November 23, 2015 from <http://www.brookings.edu/research/opinions/2015/09/10-egypt-gas-discovery-abdelghafar>

¹⁸⁸ Adel Abdel Ghafar, 2015, *ibid*.

¹⁸⁹ See International Energy Agency. Country Analysis Note, Israel. Retrieved August 18, 2014 from <http://www.eia.gov/countries/country-data.cfm?fips=IS>

the nearby Dalit field and will produce approximately 3 million tons of LNG per year (144 billion cubic feet per year) as soon as 2017.”¹⁹⁰

The recent offshore discoveries at the Tamar Southwest exploration well and the Tamar Southwest field are quite promising since they may hold more than 500 billion cubic feet of natural gas. Still, to date, the most considerable discovery in offshore Israel is the Leviathan field. It is estimated that the field may hold 19 Tcf of recoverable natural gas in place. The date specified for the production at Leviathan is 2016.¹⁹¹ Although Israel has been an importer of natural gas,¹⁹² with the significant discoveries of the Tamar and Leviathan fields, this picture may change where Israel would become a significant exporter of natural gas in the upcoming years. This requires the development of pipelines and LNG infrastructure. Nevertheless the ways in which Israel will transport its natural gas to world market is still not accurate. According to International Energy Agency’s recent report¹⁹³, the Israeli government agreed in January 2014 to supply the Palestinian Authority with natural gas from Leviathan field when the production begins. Besides that, a natural gas sales agreement was also concluded between Noble Energy and two Jordanian companies in 2014 where Jordan will be supplied with the natural gas from the Tamar field. The exportation of natural gas from Tamar field to Jordan will begin in 2016.¹⁹⁴ It appears that Israel’s natural gas sector is steadily growing.

It is also important to note that Israel’s antitrust authority has some concerns about the share the Noble Energy and its partners, Delek Drilling and Avner Oil Exploration have in Israeli gas production. They produce nearly all of Israel’s gas from Tamar, the gas which is used to generate the considerable part of the country’s electric power. Leviathan is also being developed by Noble Energy and its partners Delek-Avner. A wealth estimated as more than 800 billion cubic meters of gas in Leviathan and Tamar is therefore creating the group’s dominant position over the

¹⁹⁰ International Energy Agency, 2014, Israel, *ibid*.

¹⁹¹ See International Energy Agency, 2014, Israel, *op.cit*.

¹⁹² In recent years Israel imported its natural gas through the Arish-Ashkelon pipeline from Egypt. Besides that a newly installed floating and regasification terminal also supplied Israel domestic demand.

¹⁹³ See International Energy Agency, Country Analysis Note, Israel, 2014, *op.cit*.

¹⁹⁴ See International Energy Agency, Country Analysis Note, Israel, 2014, *op.cit*.

two fields. In relation to that Israel's antitrust commissioner, David Gilo, said "the entry of Delek and Noble into Leviathan has created a situation in which these groups control all the gas reserves on the coast of the state of Israel."¹⁹⁵ These developments are important in terms of reflecting the possible further delays on Leviathan.



Figure 4. Reference: The Economist¹⁹⁶

¹⁹⁵ Israel's Oil & Gas Newsletter, Special Edition, Retrieved June 6, 2015 from www.export.gov/israel/.../eg_il_082039.pdf, p. 3

¹⁹⁶ Israel's and Palestine's gas and oil, Too optimistic? (2014, January 25). *The Economist*. Retrieved November 23, 2015 from <http://www.economist.com/news/middle-east-and-africa/21595039-obstacles-still-block-flow-oil-and-gas-eastern-mediterranean-too>

3.2.4 The Palestinian Authority

To date, there have not been any proved hydrocarbon reserves in the Palestinian Territories of the West Bank and Gaza Strip. Nevertheless, the discovery of the Gaza Marine field in the Mediterranean Sea in 2000 increases the hope for the presence of hydrocarbons there. It is important to note that those resources are still not commercially viable. The estimated amount of recoverable natural gas in the Gaza Marine field is 1.6 trillion cubic feet. In terms of the energy developments in offshore Gaza territory, it is argued that there may be additional energy resources, yet there lies a maritime delineation problematique between Israel, Gaza, and Egypt as an important limitation for the further explorations. According to U.S. Energy Information Administration¹⁹⁷, Israel's Noa natural gas field and the Gaza offshore area would be the parts of the same large structure.

The Palestinian Territories do not have domestic refining capabilities thus mainly import the required distillate fuel oil or liquefied petroleum gases. Currently, the Palestinian Territories do neither produce nor consume natural gas. Yet there is a signed natural gas supply agreement between the Palestinian Authority and the Egypt in 2012. Besides that, recently the Israeli government agreed to supply the Palestinian Authority with gas from its Leviathan field. The production will begin in 2016 or 2017 in the Leviathan field. The U.S. Energy Information Administration¹⁹⁸ reports views the exploration activities in the area including the maritime boundary between Israel and the Palestinian Territories as an indicator of the potential noteworthy quantities of hydrocarbons in the area.

3.2.5 Lebanon

Lebanon overwhelmingly relies on energy imports. The Arab Gas Pipeline transports natural gas from Egypt to Lebanon via Jordan and Syria however with frequent and persistent disruptions because of the volatile milieu of the region in general. In the presence of instabilities in Egypt and Syria, Lebanon imports energy

¹⁹⁷ EIA, Country Analysis, The Palestinian Territories, Retrieved August 18, 2014 from <http://www.eia.gov/countries/country-data.cfm?fips=PT>

¹⁹⁸ EIA, (August 15, 2013). Eastern Mediterranean Region, Retrieved May 21, 2015 from <http://www.eia.gov/beta/international/>

at most of the time through its Mediterranean ports. Therefore, the country looks forward to develop its own oil and natural gas resources soon. In order to do that, the government of Lebanon declared several times their desire to complete a pre-qualification bid for exploration in Lebanon's territorial waters. However partly due to the demarcation of the southern boundary of Lebanese territorial waters, the bids have been delayed many times. The dispute between Lebanon and Israel over their shared maritime boundary could be viewed as the main source of tension. It is seen that the dispute considerably hinders Lebanon's offshore development plans. According to Lebanon's government estimations, their offshore territory potentially holds 25 trillion cubic feet (Tcf) natural gas reserves. However there have not been any commercial discoveries as of August 2014.

3.2.6 Syria

Due to the conflict and the following imposition of sanctions by the United States and European Union, oil and natural gas production in Syria has dropped radically since March 2011. One could argue that any recovery in the short term does not seem plausible. Although the country holds the largest proved reserves of oil in the region, the oil sector of Syria has been damaged severely from the ongoing conflict. Syria owns the largest proved reserves of crude oil in the eastern Mediterranean countries but the production and exports of crude oil have fallen dramatically because of the conflict. Besides that supplying some of the refined products have become even more difficult. In January, 2014, Syria's averaged oil production was less than 25,000 bbl/d. The numbers were over 400,000 barrels per day (bbl/d) between 2008 and 2010.¹⁹⁹ In terms of the crude oil exports, since 2011, the figures have declined considerably.

The natural gas sector in Syria is in a slightly better situation. According to the estimations of the U.S. Energy Information Administration (EIA)²⁰⁰, the figures in Syria's dry natural gas production dropped to a level less than 200 billion cubic feet (Bcf) in 2013. There are also considerable damages to Syria's energy infrastructure

¹⁹⁹ EIA, Country Analysis, Syria, Retrieved August 18, 2014 from <http://www.eia.gov/countries/country-data.cfm?fips=SY>

²⁰⁰ EIA, Country Analysis, Syria, 2014, *ibid*.

which includes oil and natural gas pipelines and electricity transmission networks since March 2011. The exploration, development, production, and transport of the country's energy resources in the wake of the recent turmoil in Syria seem to be very difficult.

According to the *Oil & Gas Journal*²⁰¹ estimations in January 2013, Syria's proved reserves are at 2.5 billion barrels. Again according to the estimations of the *Oil & Gas Journal* in 2012, the proved natural gas reserves of Syria amounts 8.5 Tcf. It appears that Syria holds significant amount of conventional hydrocarbon resource.

3.3 The Global Energy Outlook and the Economic Significance of Eastern Mediterranean Hydrocarbons within the World Energy Reserves

It is important to acknowledge that any potential future natural gas production in the Eastern Mediterranean is directly related with the context of the broader global natural gas production, consumption, reserves, and resources. As mentioned elsewhere, the mean estimated recoverable resource base in the Levant Basin is 122 Tcf. In reference to the statistics of BP²⁰², the global proved reserves²⁰³ of natural gas are 6,600 Tcf. Russia's has 1,104 Tcf of proved natural gas reserves. Qatar's reserves are 872 Tcf, and Turkmenistan's reserves are 617 Tcf. Developments within the domain of shale gas are also significant in terms of understanding global energy outlook and the importance of Eastern Mediterranean Hydrocarbons. The recent estimate for technically recoverable resources of shale gas is 7,200 Tcf.²⁰⁴

According to BP²⁰⁵, global gas use in 2012 was 117 Tcf.²⁰⁶ It is possible to mention an increase in global natural gas demand and there are also many alternatives in

²⁰¹ Oil and Gas Journal, Retrieved May 21, 2015 from <http://www.ogj.com/past-issues.year=2013.html>

²⁰² BP Statistical Review of World Energy. (2014). June. Retrieved June 6, 2015 from bp.com/statisticalreview

²⁰³ Proved reserves of natural gas generally taken to be those quantities that geological and engineering information indicates with reasonable certainty can be recovered in the future from known reservoirs under existing economic and operating conditions.

²⁰⁴ U.S International Energy Agency. (2015, September 24). World Shale Resource Assessments. Retrieved November 23, 2015 from <http://www.eia.gov/analysis/studies/worldshalegas/>

²⁰⁵ BP Statistical Review of World Energy. (2013, June). Retrieved December 16, 2015 from bp.com/statisticalreview.

terms of gas suppliers. Platsev (et.al)²⁰⁷ argue that Eastern Mediterranean gas has potential mostly owing to its location and geopolitical considerations. The fact that eastern Mediterranean region stretches between major supply and demand centres together with the recent hydrocarbon discoveries turn the Eastern Mediterranean region into an important place of attraction for the energy import and export project proposals. Transforming the eastern Mediterranean into an energy transit hub is at the centre of those proposals. As mentioned, geographical location as well as the recent discoveries of hydrocarbons both triggers the proposals for building international oil and natural gas pipelines, LNG liquefaction plants, and petroleum terminals in the region. It is seen that besides being in between the major oil producers of the Middle East and major demand markets in Europe, the region is even more favourable now as a result of offshore natural gas discoveries. For the time being, there are number of active, inactive and proposed pipeline projects in the eastern Mediterranean. Egypt-Jordan-Syria- Lebanon (Arab Gas Pipeline) and Iraq-Syria (Ain Zalah-Sufayah-Suweidiya) are two active pipelines in the region. Egypt-Israel (el-Arish-Ashkelon), Iraq-Syria (SCOTLINE), Saudi Arabia-Jordan (Trans-Arabian Pipeline [Tapline]), and Syria-Lebanon (Gasyle 1) are the ones which are inactive for the moment. Azerbaijan-Turkey-Syria Pipeline is one of the proposed projects with the capacity of 100-300 MMcf/d. Nevertheless the infrastructure has not completed yet; and according to U.S EIA (Energy Information Administration)²⁰⁸ it is rather unlikely to see any progress of the project. Another proposed project is Cyprus-Greece pipeline with unknown capabilities. It is believed that such an export pipeline from Cyprus could link to European distribution network.

The Egypt-Palestinian Territories Pipeline is also one of the proposed projects with unknown capabilities aims to supply natural gas to Palestinian Territories generating facilities. Iran-Iraq-Syria Pipeline (Islamic Gas Pipeline) with a 110 MMcf/d

²⁰⁶ Total World consumption of natural gas in 2014 was 3393.0 billion cubic meters, according to BP Statistical Review of World Energy. (2015). June. Retrieved January 9, 2016 from bp.com/statisticalreview.

²⁰⁷ Platsev, S., et.al. 2013, op.cit.

²⁰⁸ U.S Energy Information Administration. (2013, August 15). Overview of oil and natural gas in the Eastern Mediterranean region. Retrieved October 8, 2014 from <http://www.eia.gov/countries/regions-topics.cfm?fips=EM>

capacity is another proposed pipeline project in the region. According to EIA²⁰⁹ the construction was going to be completed by 2013. Iraq-Jordan (Haditha- Aqaba), Iraq-Jordan (Zarqa spur line of Haditha-Aqaba pipeline), Iraq-Syria (Haditha-Banias), with two oil pipelines, one natural gas pipeline Syria-Lebanon (Homs-Tripoli) are the other proposed pipeline projects. One of the proposed pipelines is Israel-Turkey Natural Gas Pipeline with indefinite capacities. This has been proposed as an alternative to LNG exports, but still there is no project proposal mostly due to lack of political feasibility. There are two more projects which are delayed due to political instability of the region, namely the Syria-Turkey (Aleppo-Kilis) and Turkey-Israel (Ceyhan-Haifa) Pipelines. It is for sure that the viability and attractiveness of international pipeline projects in the region hugely depends on the regional issues. It can be argued that those issues need to be resolved in order to move from the discovery phase to the commercial production phase and finally to the exporting phase. In general, there is a hope that the discoveries in the eastern Mediterranean will satisfy internal demand and ultimately turn the region into an important energy hub.

On the behalf of Cyprus and Israel, there are proposals for the liquefied natural gas (LNG) liquefaction facilities in both Cyprus and Israel. Still pipelines are always on the agenda for both actors. The export options of Israel and Cyprus in the region are solely depending on the existing infrastructure and the future of investments in oil and gas infrastructure in the region. Although, Israel's potential as a gas exporter is promising nationally, it is not equally considerable in terms of the global energy market. The estimated amount of Israel's reserves which is 680 bcm (24.3 tcf) is less than 0.4 percent of the world's proven reserves of natural gas.²¹⁰ A similar comparison with the proven reserves of Iran (18 percent), Russia (17.6 percent), and Qatar (13.4 percent) also reveals the relatively less significant state of the Israel's reserves.²¹¹ It appears that Egypt, for instance, has noticeably more proven reserves

²⁰⁹ U.S Energy Information Administration, *Overview of oil and natural gas in the Eastern Mediterranean region*, 2013, ibid.

²¹⁰ U.S Energy Information Administration, *Overview of oil and natural gas in the Eastern Mediterranean region*, 2013, ibid.

²¹¹ See Henderson, S., *Natural Gas Export Options for Israel and Cyprus*, The German Marshall Fund of the United States, Mediterranean Paper Series, September 2013; and BP Statistical Review of World Energy , 2013, op.cit.

with 2 percent of the world total in general.²¹² It may be also helpful to look at the annual production figures. For 2013, Iran's annual production was 160 bcm, Russia's was 592 bcm, and Qatar's was 157 bcm.²¹³ In April 2013, Tamar has achieved the first production and the field reached full production capacity by the end of July 2013.²¹⁴ Thus, Israel requires pipelines or gas liquefaction installations which means suitable infrastructure to become a real gas exporter.²¹⁵ Nevertheless, it is important to stress that there are certain limitations in front of the RoC and Israel in terms of developing their oil and gas fields. Discovered reserves needs to be transformed into production capacity at first hand. It is important to mention that their main concern is commercializing the discoveries with a favourable rate of return. Only this can motivate the energy companies to handle an expensive exploration and field development. "The gas price the companies will receive in selling natural gas to the domestic market; the availability of export options and transport means; and stability in the countries' regulatory, fiscal, and gas policies, as well as in the overall political atmosphere"²¹⁶ are all central factors which determine at the end companies' sphere of action. According to Andoura and Koranyi²¹⁷, neither Israel nor the Republic of Cyprus has proved competency in all of those areas. The pace of extraction and transport of gas resources in the Eastern Mediterranean region will be decisive in that sense.

Looking at the global LNG market, it is seen that it is largely tightening in the recent decades. This can be considered as another limitation. This has differing implications on Asian, Latin American, and European LNG markets in general and, certainly, it has robust effects on the Southern Gas Corridor and a possible LNG trade in the Eastern Mediterranean region. In 2013, LNG deliveries were an

²¹² U.S Energy Information Administration, *Overview of oil and natural gas in the Eastern Mediterranean region*, 2013, op.cit.

²¹³ U.S Energy Information Administration, *Overview of oil and natural gas in the Eastern Mediterranean region*, 2013, op.cit.

²¹⁴ Solomon, S. & Ackerman, G. (2013, March 31). Israel Starts Tamar Gas Production, Bloomberg. Retrieved October 14, 2014 from <http://www.bloomberg.com/news/2013-03-30/israel-begins-gas-production-at-tamar-field-in-boost-to-economy.html>

²¹⁵ Even, S. & Eran, O., (2014). The Natural Gas Revolution in Israel. In Brom, S., & Kurz, A. (Ed.). Strategic Survey for Israel 2013-2014. Tel Aviv: Institute for National Security Studies, p.190.

²¹⁶ Andoura, S. & Koranyi, D., (Ed.). (2014, May). Energy in the Eastern Mediterranean: Promise or Peril?' op.cit. p.29

²¹⁷ Andoura S., and Koranyi D., 2014, op.cit.

estimated 240 million tonnes.²¹⁸ China, South Korea and Mexico yield the biggest rises in the demand growth which reveals the continuing growth in Asian and Latin American LNG markets. China has three new regasification terminals since 2013. China's energy market is therefore growing very rapidly and assertively at the same time. In 2013, it is seen that the spot LNG prices were higher than they were in 2012. The causes behind the tightening of the market would be given as the flat supply and growing Asian demand at the same time. In Europe, the gas demand remains unresponsive with net LNG imports of 35 million tonnes in 2013, far behind the Asian and Latin American markets in general.²¹⁹ According to Boncourt²²⁰, it is possible to say that LNG markets are not revealing encouraging signs for Europe. Europe, in general, has a substantial import capacity in terms of its LNG terminals. Nevertheless finding the gas and the price of the gas have always been problems faced against the dominance of Russian gas. The state of interconnections in Europe is important to address. Bringing the gas to the LNG import terminals in Europe is only the first step; it mainly requires to be followed by an adequate interconnections. Boncourt²²¹ suggests that smaller floating regasification or liquefaction capacity may increase the volumes in the market and decrease the prices for Europe. Shale gas developments in Europe are also capable to affect the outlook of the energy market in Europe to a significant degree. U.K., Denmark, and Poland are the ones who are developing their shale gas currently. At this point it is seen that the supplies from Cyprus, the broader east Mediterranean and from the Caspian can play an immense role for Europe to increase the import values substantially but the main question appears as how the Eastern Mediterranean gas will be delivered to Europe.

The liquefied natural gas is one of the export options but it requires some further assessments especially in technical terms. As mentioned, Cyprus is expecting to have further discoveries so that it may become possible to build an onshore LNG terminal in Cyprus. The envisioned LNG terminal would create the flexibility to export Cypriot gas to the international markets. Israel on the other hand is considering an

²¹⁸ BG Group, Global LNG Market Overview 2013-14. Retrieved October 29, 2007 from <http://www.bg-group.com/480/about-us/lng/global-lng-market-overview-2013-14/>

²¹⁹ BG Group, Global LNG Market Overview 2013-14, *ibid*.

²²⁰ Boncourt, M. (2014). New Geopolitics of Energy in Europe. Wilson Center's Global Europe Program, Annual Ahtisaari Symposium, May 5.

²²¹ Boncourt, Maite de, 2014, *ibid*.

export option through Egypt. It can be argued that the failure of the Nabucco Pipeline reveals the difficulties embedded in building pipelines. There are economic and political costs to pay for pipeline projects. Given the current political context, it is argued that exploring the economics of the LNG export pathway for Cyprus appears to be the most plausible one.²²² Paltsev (et. al)²²³ explain this with LNG being the export pathway closest to realization. Cypriot LNG can compete with other greenfield projects in economic terms based on the calculation that there will be a new demand for the Cypriot LNG. It is important to note that new much cheaper volumes cannot simply displace more expensive ones in the market due to the use of long-term supply contracts. Still, the assumption that the global gas demand will be 940 bcm (or 17%) higher in 2040 increases hopes.²²⁴ For sure the existing facilities and US import capacity will meet a part of this demand but it is important to note that new entrants will also fulfil that position. Cyprus can be considered within that category. Nevertheless, one should also stress the risks of a LNG development project as such, especially for small nations like Cyprus. For Cyprus, a necessary investment for an LNG project is on the same order of magnitude as the country's Gross Domestic Product (GDP). Still, employment opportunities, a potentially large revenue stream for the nation through taxes and royalty payments as well as dividends from entities in which the nation holds equity are considered as prospective gains for Cyprus.²²⁵ It is also important to note that there is always a price risk for the development of LNG industry. The future price for LNG is therefore particularly important.

It is essential to note that pipelines are still the dominant mode of transportation for natural gas. BP stresses that 68% of 36 Tcf of natural gas that was traded internationally in 2012 was through pipelines.²²⁶ Relatively lower upfront investment requirements in comparison to LNG and the fact that some destinations cannot be reached by sea with LNG tankers appears to be the main motivations behind

²²² Paltsev, S., et.al. 2013. op.cit.

²²³ Paltsev, S., F. (et.al.), 2013, op.cit.

²²⁴ International Energy Agency, (2014, 12 November). *World Energy Outlook 2014 Factsheet, How will global energy markets evolve to 2040?* Retrieved December 16, 2015 from <http://www.worldenergyoutlook.org/weo2014/> p.53

²²⁵ Paltsev, S., F., (et.al.), 2013, op.cit.

²²⁶ BP Statistical Review of World Energy June 2013, op.cit.

pipelines. With LNG deliveries, bring natural gas from regasification facilities to the customers still requires pipelines. For Cyprus the pipeline option will apparently be an offshore one. It appears that a 200-km line from the Aphrodite Field to Vasilikos is anticipated as a part of the onshore LNG plant project in Cyprus. Except floating CNG and LNG technologies, such an upstream pipeline is a necessity. The current estimate of natural gas in the Aphrodite Field only justifies one LNG train unless additional gas is discovered or secured from other countries. At this point it is important to mention once more that two pipeline options have been discussed so far for Cyprus, the pipeline to Greece and one to Turkey. Both aim to connect Cypriot gas to Europe and both have prospects and challenges of their own. The pipeline to Greece scenario anticipates to transport gas from Cyprus to Crete alongside the 700 km long pipeline and there to split the pipeline into two, one to Greece and one to Bulgaria.²²⁷ Pipeline connecting Cyprus with Turkey which will be even less than 100 km is the second pipeline export option which has been discussed. Nevertheless as this thesis generally aims to discuss there is a question of geopolitical feasibility with regard to the second pipeline project.²²⁸ The technical problem with the pipeline to Greece is the deep areas of the Mediterranean Sea. Substantial variations in sea depth along the way appear as an additional challenge with that regard. All these mean increased cost for the pipeline option. Another potential challenge is earthquakes. It should be noted that geologically speaking, one needs to stress that Cyprus and Greece lie in two different tectonic plates where seismic activities are more likely near the plates' border. This is a technical complication for the project.²²⁹

Compressed natural gas marine transport is considered to be another export option for Cypriot gas. A "floating pipeline," a CNG marine transport system has advantages for the Eastern Mediterranean market which involves a set of fragmented energy markets with relative proximity to each other. Island in the region are generally depending on oil imports for electricity production. Oil is expensive and less environmental friendly because of that it is known that Cyprus before

²²⁷ Paltsev, S., F. (et.al.), 2013, op.cit. p. 27.

²²⁸ Interview with Ayla Gürel, Senior Research Consultant, PRIO Cyprus Centre, 29th April 2015, Nicosia, Cyprus. See also Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.; & Tsakiris, T. (2013, August 22). The Hydrocarbon Potential of the Republic of Cyprus and Nicosia's Export Options. op.cit.

²²⁹ Paltsev, S., F. (et.al.), 2013, op.cit. p. 27.

discoveries in Aphrodite field was considered to be a potential customer for a CNG marine transport system.²³⁰ It should be stressed that this is an innovative approach to natural gas monetization and equally challenging one in terms of creating the best economic model.

Development of a gas-based “petrochemicals” industry has been also discussed among the possible options for Cyprus. The petrochemical industry uses petroleum and natural gas based feedstocks such as naphtha, LPG, gas oil to produce plastics, rubber and fiber raw materials and other intermediates. Packaging, electronics, automotive, construction, textile and agriculture are some of the sectors which consume these intermediates at the end.²³¹ These products may create alternative export options for Cyprus. There are additional key advantages of gas-based “petrochemicals” industry which deserve further attention. The industry is more labour intensive both in short and long-terms in compared to direct export options via LNG or pipeline. Paltsev (et. al)²³² indicate that Trinidad and Tobago may be considered as a case study with full of insights. Trinidad and Tobago decided to enhance its LNG industry with petrochemicals” industry with unemployment concerns in mind. It should be stressed that both LNG plant and “petrochemicals” industry are enormously capital-intensive enterprises. In that sense, managing these investments may be a difficult projection for Cyprus. Besides, dry nature of the gas in the Aphrodite Field may render the industry less attractive. Above all there would be strong competition with gas-rich countries in the Middle East who also have developed chemical production capacities in the recent years.²³³

3.4 Conclusion

In sum, for Israel, using Egypt’s unused LNG export terminals is one of the options. However this excludes Turkey considerably from the regional energy cooperation and does not require an urgent settlement of the Cyprus problem. Israel can also use

²³⁰ Paltsev, S., F. (et.al.), 2013, op.cit. p. 33

²³¹ See <http://www.petkim.com.tr/Sayfa/2/583/PETROCHEMICAL-WORLD.aspx> for further information on the petrochemical industry.

²³² Paltsev, S., F. (et.al.), 2013, op.cit.

²³³ Paltsev, S., F. (et.al.), 2013, op.cit.

Cyprus' planned LNG plants but for such a strategy to be actualized Cyprus needs to discover further amounts of natural gas in its proclaimed EEZ. It is important to note that Cyprus may also transfer gas from the Leviathan field for the LNG plants. Total and ENI are planning to drill six wells in Cyprus's proclaimed EEZ in total. Noble is also planning to have further drillings there. The LNG terminal project in Vassilikos requires additional discoveries. The additional amount which is required for the construction of the LNG terminal in Vassilikos is 4 Tcf, almost the amount discovered in the Aphrodite field of Cyprus's Block 12. A pipeline from the Leviathan to Turkey stands as another viable option for exporting the Eastern Mediterranean gas to Europe. Such a pipeline needs to cross Cyprus and thus it brings considerable political challenges such as the peaceful settlement of the Cyprus problem. A pipeline option to Greece is not a feasible option neither in financial nor in technical terms. A floating LNG option is also on the table but it is too expensive thus not feasible enough.

With regard to the monetisation prospects and challenges for the offshore discovery in the Republic of Cyprus, as mentioned, various options have been discussed by the RoC in terms of monetizing the offshore resources and securing a customer in that endeavour. Nevertheless, the estimated 4.54 Trillion Cubic Feet (Tcf) gas from the Aphrodite field is the only discovery so far. Such a modest quantity renders RoC's plan to build an onshore LNG terminal on its Vassilikos coast very difficult. Focusing on regional markets seems more plausible in the recent context, such as exporting the gas from the Aphrodite field to Egypt.²³⁴ Regardless of which export pathway the RoC will follow, it is evident that the discoveries open the way for lower domestic energy costs and considerable export revenues. Nevertheless, as Giamouridis²³⁵ stresses, beyond the economic and technical considerations, in terms of the monetization of the discoveries, the most challenging parts for the RoC appears as geopolitical complications and the history of inter-ethnic tension in Cyprus. The social and geopolitical considerations are interlinked in the given context and it appears that the more tangible aspect of the natural gas industry needs

²³⁴ Turkish Officials React to Cyprus, Greece and Egypt's Trilateral Agreement. (2015, May 14). Natural Gas Europe. Retrieved November 30, 2015 from <http://www.naturalgaseurope.com/turkish-officials-react-cyprus-greece-egypts-trilateral-agreement-23686>

²³⁵ Giamouridis, A. (2012). Offshore Discovery in the Republic of Cyprus Monetisation Prospects and Challenges. op.cit.

to be integrated into that reality. It should be mentioned that the longer-term domestic gas requirement in Cyprus will be lower than the 1.7 billion cubic meters per Annum (bcma) reference scenario for 2025.²³⁶ That indicates that a substantial amount of Cypriot natural gas will be monetized by reaching foreign markets.

It is seen that alongside the discovery of natural gas in the East Mediterranean, there has emerged the understanding that discoveries may help to overcome the existing geopolitical obstacles in the region, in theory, by providing the incentives to cooperate. Yet, in practice, it appears that such cooperation requires a more pragmatic perspective on the behalf of the politicians in the region. As Karbuz²³⁷ puts forward, political actors in the region mostly employ natural gas for the benefit of populism. It is important to note that actors may turn hydrocarbon discoveries into a main element of existing political problems. The main question appears as what may help all the sides to turn disagreements into potential areas of cooperation? In the view of Karbuz²³⁸, balanced but at the same time a pragmatic cooperative approach is required mostly on the Cyprus Problem. In the light of that, further chapters aim to lay down whether the discoveries and the broader process of oil and gas efforts in Cyprus are being perceived as a political leverage by respective communities to further their existing conflicting positions or an economic area which requires creative ways of cooperation beyond the boundaries of the protracted conflict in Cyprus. Both communities in Cyprus have created certain trains of thought resulted from the de facto partitioning of the island since 1974 and the creation of transboundary natural resources since then. Therefore, in order to understand how, why and in what ways the discoveries and the oil and gas efforts in Cyprus play a role in Cyprus peace process, de facto partitioned Cyprus must be situated “not only within the larger structures and processes of the political economy, but also within its specific historical, cultural and locational milieu”²³⁹. For that reason, next chapter analyses the state formation and change in Cyprus, with a

²³⁶ Giamouridis, Anastasios, 2012, *ibid.* p. 36-38

²³⁷ Ayat, K. (2014, August 7). East Med Gas: A Discussion with Dr. Sohbet Karbuz, Natural Gas Europe. Retrieved August 11, 2014 from <http://www.naturalgaseurope.com/east-med-hydrocarbon-potential-and-geopolitical-challenges>

²³⁸ Karbuz, Sohbet, 2014, *ibid.*

²³⁹ Hocknell, P.,R., 2001, *op.cit.* p.119.

territorial dimension as a central theme, to provide these historical, cultural and locational environment as a background to locate and analyse respective communities' positions vis-à-vis the discoveries and oil and gas efforts in Cyprus.

CHAPTER 4

HISTORICAL BACKGROUND OF THE TERRITORIAL DISPUTE AND SHARING OF NATURAL RESOURCES BETWEEN TWO COMMUNITIES IN CYPRUS

4.1 Introduction

This chapter aims to provide background information about the existing protracted conflict in Cyprus and to understand Cyprus Problem with its main tenets by considering a number of historical, structural and contingent factors which are described by Hitchens²⁴⁰ as:

the chronology of partition; the legacy of asymmetrical economic development between the two communities of the island; and, contingent factors of political interests and ideas which led to the establishment and subsequent undermining of the RoC's constitution and, ultimately, to its partition.

Examining Cyprus Problem from the prism of aforementioned factors may help to read the existing conflict from a different perspective where the complex policy and practice of energy resource management in Cyprus can be located in a broader historical spectrum in case of Cyprus. The partitioning process in Cyprus needs to be understood by examining the 'pre-partition' and 'active partitioning' stages where 'post-partition' stage will be the main theme of Chapters 5-6.²⁴¹ By examining the first two stages, this chapter particularly aims to provide a background to the politico-territorial problems of resource management in Cyprus. The boundary creation process in Cyprus needs to be analysed where, first, Nicosia was partitioned and the Turkish Cypriot community withdrew into territorially-distinct enclaves, and,

²⁴⁰ Hitchens, 1997 retrieved from Hocknell, 2001, op.cit. p. 119

²⁴¹ This type of sub-division of the partitioning process is employed by Minghi, J. V. (1976). A Paradigm for the Geographpy of Partition. Unpublished paper presented to 23rd International Geographical Congress, Moscow.

second, the island as a whole was separated territorially alongside the UNBZ.²⁴² In 1974, Cyprus was physically divided by the creation of a United Nations buffer zone (UNBZ) between cease-fire lines which designated the *de facto* partition of the island. The subsequently developed intercommunal relations were largely determined by the process of intercommunal and ‘high level’ negotiations undertaken recurrently, under the auspices of the UN since 1974. Post-1974 negotiations have always held critical dimensions in relation to the natural resource management. Most importantly, the constitutional and territorial character of a political settlement will be decisive in terms of determining the nature of the natural resource management in post-conflict Cyprus. In retrospective, in 1977, summit meetings held with the aim of finding a solution to the Cyprus problem, Rauf Denktaş²⁴³ and Archbishop Makarios²⁴⁴ agreed on the bases of future talks with the “Four Guidelines”. There both leaders anticipated a bicommunal, bizonal federal state as a political solution to the existing protracted conflict where each territory was decided to be determined by economic viability, productivity and existing property rights.²⁴⁵ Nothing substantial was achieved until May 1979, when Denktaş and Spyros Kyprianou²⁴⁶ agreed on what was named as ‘Ten-Point Agreement’. There, 1977 principles were reiterated once more. It is important to mention that territorial character of the envisioned future still remained rather blurry.²⁴⁷

It is seen that throughout the years, Greek Cypriot demands evolved from complete reunification to a bicommunal federation, with strong central powers including natural resources and public utilities management.²⁴⁸ It is possible to see that the demand of territorial concessions from the north with the removal of Turkish troops all interplay around the idea of three essential ‘freedoms’ contingent upon no internal borders understanding of the Greek Cypriot side. These three freedoms can be listed

²⁴² See Hocknell, 2001, op.cit. p. 119.

²⁴³ President of the self-declared Turkish Federated State of Cyprus (TFSC).

²⁴⁴ President of the internationally recognized Republic of Cyprus (RoC).

²⁴⁵ Hocknell, P., R., 2001, op.cit. p. 19.

²⁴⁶ After Makarios death, Kyprianou succeeded to the Republic of Cyprus (RoC)’s presidency.

²⁴⁷ For instance, in a mission report of June 1999, then UN Secretary -General Kofi Annan again addressed to territory as one of the four remaining issues for negotiations besides security, distribution of powers and property (UN S/1999/707, para. 8).

²⁴⁸ See Hocknell, P., R., 2001, op.cit. p. 20.

as: freedom of movement over the whole island; freedom of settlement and the right of refugees to return to their pre-1974 property; and, the freedom to own property in the north.²⁴⁹ In contrast to the Greek Cypriot negotiators, the Turkish Cypriot side envisioned a bi-regional, decentralised federation, in which resource management would be devolved to the federal states with political equality in its main institutions.²⁵⁰ Later on with the ‘Turkish Federated State of Cyprus’ (TFSC, in 1976) and then with the ‘Turkish Republic of Northern Cyprus’ (TRNC, 1983) the Turkish Cypriot territorial base evolved into different forms. It is hardly possible to identify the latter stages of the inter-communal negotiations as fruitful.²⁵¹ Therefore, United Nations Buffer Zone (UNBZ) functions as a border partitioning Cyprus into two separate functioning territorial entities, both claiming sovereign statehood. Republic of Cyprus (RoC) is claiming the sovereign statehood for the whole island, where *de facto* Turkish Republic of Northern Cyprus (TRNC) only for the northern territory which is 3,354 km² in size.²⁵² United Nations Buffer Zone (UNBZ) is in technical terms a ‘line of cease-fire’.²⁵³ As King²⁵⁴ puts forward, the question remains as how this border will function within this divide.

Negotiations between two communities in Cyprus are continuing with the aim of finding a satisfactory and durable solution. Reaching an UN-backed solution based on a bi-zonal and bi-communal federation has been the main theme of the negotiations in Cyprus. Rising nationalism and growing distinct ethnic identities led to the ‘active partitioning’ of the island, where, the development of territorialities (by the two communities, their motherlands, and other international parties) in Cyprus were to have major implications for policies consequently adopted towards managing

²⁴⁹ See Sözen, A. (2007). The Cyprus Negotiations and the Basic Parameters: From the 1963 Inter-communal Negotiations to the Annan Plan, paper presented at the conference “The Cyprus Conflict: Looking Ahead,” in Eastern Mediterranean University (Famagusta, North Cyprus, 7-8May 2007).

²⁵⁰ See Hocknell, P., R., 2001, op.cit. p. 20.

²⁵¹ For the timeline of the inter-communal negotiations in Cyprus see http://news.bbc.co.uk/2/hi/europe/country_profiles/1021835.stm

²⁵² See Hocknell, P., R., 2001, op.cit. p. 20.

²⁵³ See United Nations Security Council. (1999, June 29). (UNSC) Resolution 1251.

²⁵⁴ King, R. (1998). The Mediterranean: Europe’s Rio Grande. In Anderson, M. & Bort, E. (Ed.) The Frontiers of Europe (pp. 109-134). Pinter: London.

natural resources in the aftermath of the partition.²⁵⁵ This chapter argues that oil and gas efforts in Cyprus can be viewed within that framework.

4.2 Historical Background of the Cyprus Problem

This chapter uses a standard narrative approach to lay down the causes and consequences of the partitioning process in Cyprus until 1974. It is believed that this process has a certain impact on the natural resources what became transboundary after the partitioning of the island. Political, economic and social developments from the mid-1950s engendered diverse ethnonationalist forces, where between the years 1960 and 1974, finding an acceptable method of power-sharing between two violently-divergent communities of the island within a unitary state had been the main endeavour of the international community vis-à-vis Cyprus. Nevertheless, in 1974, a policy of state partition turned out to become the reality on the ground both in political and military terms.

Pre-1960: The seeds of intercommunal partition

Cyprus lies at the crossroads between East and West, therefore has a significant geostrategic position. As a result of its strategic location the island was conquered and ruled by many civilisations throughout history, namely the Assyrians, Egyptians, Persians, Romans, Arabs, Knights Templar, Lusignans, Venetians, Ottomans and the British.²⁵⁶ It can be said that the development of political, socio-economic and cultural character of Cyprus had shaped particular by three foreign powers: Greeks, Ottoman Turks and the British Empire.²⁵⁷ The Ottoman Empire ruled the island between 1571 and 1878 and during these years the Greek Orthodox faith was reinstated and the Archbishop was recognized as the leader of the Greek Orthodox community in Cyprus. Accordingly, under the *millet* system of the Ottomans, the

²⁵⁵ See Hocknell, 2001, op.cit. p. 119.

²⁵⁶ See Durrell, L. (1952). *Bitter Lemons*. Faber & Faber.; Hill, G. (1952). *History of Cyprus*. Cambridge University Press.; Holland, R. F. (1998). *Britain and the Revolt in Cyprus*. Oxford: Clarendon Press.; Markides, D. (2000). *The Issue of Separate Municipalities and the Birth of the New Republic: Cyprus*. University of Minnesota Press.

²⁵⁷ See Cranwshaw, N. (1978). *The Cyprus Revolt: An Account of the Struggle for Union with Greece*, Boston : G. Allen & Unwin.; Jennings, R., (1993). *Christians and Muslims in Ottoman Cyprus and the Mediterranean World, 1571-1640*. New York University Press.

Greek Orthodox community achieved the right to administer its own affairs. Thus, the Ottoman rule was characterized relatively more peaceful time period for Cyprus.²⁵⁸ In 1821, Greek nationalism which can be seen as the outcome of the Greek War of Independence in 1821 influenced the Greek Orthodox community living in Cyprus and resulted with the revival of Hellenistic *megali* idea and later on the Greek Cypriot demand for *enosis*²⁵⁹. In 1878, the administration of the island presumed by Britain but Cyprus remained de jure part of the Ottoman Empire until 1914 (World War I). In 1914, the island was annexed to Britain and in 1925 it was declared to be the part of the Crown Colony. The numbers of mixed intercommunal villages were 346 in 1891 out of 702 villages, however; by 1960 only 114 out of 623 villages contained both communities.²⁶⁰ Within this demographic framework, it can be argued that the British colonial rule served further to differentiate two communities. From the early 1920's, the educational system was separated. Only few intercommunal marriages occurred, where, the socio-economic life was not also integrated.²⁶¹ It can be stressed that the first roots of partition in Cyprus can be found at the British colonial administration which was formed alongside the ethnic lines.²⁶² The multicommunal Legislative Council which was formed in 1882, and reconstituted in 1925, could not really address the lack of trust between two communities, either.²⁶³ The Greek Orthodox Church played a significant role in

²⁵⁸ See Vural, Y. (1998). Ethnic Politicisation and Interethnic Relations in Cyprus under British Rule. Paper presented at the Second International Congress on Cyprus Studies; 24-27 November, 1998, Eastern Mediterranean University, Gazimağusa.

²⁵⁹ The term *enosis* means union with Greece.

²⁶⁰ Patrick, R. (1976) Political Geography and the Cyprus Conflict, 1963-1971, University of Waterloo Press: Ontario.p.8; Rizvi, G. (1993). Ethnic conflict and political accommodation in plural societies: Cyprus and other cases. The Journal of Commonwealth and Comparative Politics, Vol. 31, No. 1, March, pp.57-83. p. 61.

²⁶¹ See Kyrris, C.P. (1976). Symbiotic elements in the history of the two communities of Cyprus. Geographical Chronicles, Bulletin of the Cyprus Geographical Association, Vol. 5, No. 9-10, January-December, pp.127-166.; Kyrris, C.P. (1977). Peaceful Co-existence in Cyprus Under British Rule (1878-1959). PIO: Nicosia (south).; Loizos, P. (1976). Cyprus, Report No. 30, Minority Rights Group: London.; Salih, H.I. (1978). Cyprus: The Impact of Diverse Nationalism on a State. The University of Alabama Press, Alabama.; Denktash, R., R. (1986). UN Speeches on Cyprus. PIO: Nicosia (north); and Denktash, R., R. (1988). The Cyprus Triangle. K. Rustem and Brothers: London.

²⁶² See Hocknell, 2001, op.cit. p. 121; see also Hill, H. L. (1972). A History of Cyprus, Vol. IV: The Ottoman Province, The British Colony, 1571-1948. Cambridge: Cambridge University Press.; & Coufoudakis, V. (1976). The dynamics of political partition and division in multiethnic and multireligious societies: the case of Cyprus. In Coufoudakis, V. (Ed.) Essays on the Cyprus Conflict: In memory of Stephen G. Xydis (pp.27-49). Pella: New York.

²⁶³ Stavrinides, Z. (1976). The Cyprus Conflict: National Identity and Statehood. Stavrinides Press: Nicosia (south). p. 24.

terms of instigating the civil unrest among Greek Cypriot nationalist. After a while, the ones among the Greek Cypriot community who were under great influence of the idea of enosis started rioting against the British presence in Cyprus.²⁶⁴ The burning of the British Governor's House in 1931 can be seen within that context. For enosis, in 1950, the Greek Orthodox Church organised a plebiscite and on 1 April 1955, EOKA, was founded as the Greek Cypriot terrorist organisation in Cyprus.²⁶⁵ The aim was to advance *enosis* through armed struggle. The Greek Cypriot armed attacks were initially against the British but later on they were also directed toward Turkish Cypriots, co-inhabitants of Cyprus. As a counterforce, the idea of taksim (partition) was advanced by Turkish Cypriots nationalists.²⁶⁶ The relations between two communities therefore have started to deteriorate starting from that time period.²⁶⁷ In 1957, the Turkish Cypriot councillors left *en masse* the largest municipal council²⁶⁸ and it was suggested by Küçük²⁶⁹ that the partitioning of the island and the connection of Turkish Cypriot land with the Anatolian mainland was a natural necessity. In 1955, TMT, acting as a counterfoil to EOKA, was also formed and in four years as a result of the intensification of the intercommunal clashes, 509 people had been killed in Cyprus.²⁷⁰ In 1956, Radcliffe suggested self-determination of both communities, reflecting the idea of segregation to a great extent with the north-south line.²⁷¹ In 1958, Macmillan Plan which was classified as 'pre-partition' by the Colonial Office suggested dual nationality and power-sharing among two communities.²⁷² This formed the background of the constitutional settlement in 1960.

²⁶⁴ Markides, Kyriacos C. (1977). *The Rise and Fall of the Cyprus Republic*. New Haven: Yale University Press.; Michael, M., S. (2011). *Resolving the Cyprus conflict: Negotiating history*. Palgrave Macmillan.

²⁶⁵ See Cranwshaw N, 1978, op.cit.

²⁶⁶ Vural, Y., 1998, op.cit.

²⁶⁷ Vural, Y., 1998, op.cit.

²⁶⁸ Hocknell, 2001, op.cit. p. 122.

²⁶⁹ Küçük, F. (1957). *The Cyprus Question: A Permanent Solution*, Halkın Sesi: Nicosia. p. 18.

²⁷⁰ Patrick, R., 1976, op.cit. p.7.

²⁷¹ Melamid, 1960, p. 118 retrieved from Hocknell, 2001, op.cit., p. 123.

²⁷² Hocknell, 2001, ibid. p. 123

The 1960 Constitutional Settlement

In 1959, the London and Zurich agreements were signed by Turkey, Greece and Britain, and the Republic of Cyprus was established in 1960 as a bi-communal state compromising the Turkish Cypriots and Greek Cypriots. While Cyprus gained its independence, Britain reserved two military bases in Cyprus. The political equality of two communities was the main foundation of the 1960 Republic of Cyprus. Communal affairs reside on respective communities where the Republic of Cyprus (RoC) became a member of the United Nations and maintained one legal personality at the international arena. The Constitution was to be guaranteed by Greece, Turkey and Britain. Article 1 of the Draft Treaty of Guarantee stated that:

The Republic of Cyprus undertakes to ensure the maintenance of its independence, territorial integrity and security, as well as respect for its Constitution. It undertakes not to participate, in whole or in part, in any political or economic union with any State whatsoever. It accordingly declares prohibited any activity likely to promote, directly or indirectly, either union with any other State or partition of the Island.²⁷³

According to Hocknell²⁷⁴, the treaty was a *fait accompli*, to restraint both enosis and taksim. The constitution was bicomunal in terms of acknowledging two communities ethnic origin, language, culture and religion, and that understanding was institutionalized in government offices.²⁷⁵ A Greek Cypriot President and a Turkish Cypriot Vice-President shared executive power, both vested with the power of the final veto over the legislation and decisions of the House of Representatives and of the cabinet on foreign affairs, defence and internal security.²⁷⁶ The ratio within public service among Greek Cypriots and Turkish Cypriots was to be 70:30.²⁷⁷ Two

²⁷³ Republic of Cyprus (RoC), Draft Treaty of Guarantee, 1960. p.86.

²⁷⁴ Hocknell, 2001, op.cit. p. 123

²⁷⁵ Stavrinides, 1976, op.cit. p.13.

²⁷⁶ Hocknell, 2001, op.cit. p. 126.

²⁷⁷ Hocknell, 2001, op.cit. p. 126.

ethnic groups elected the Representatives of the House, which was divided into two communal chambers, separately. The composition of the lower courts in the judicial system again was to be determined by communal membership, where at the Supreme Court, there was to be a Greek Cypriot representative, a Turkish Cypriot representative and a 'neutral' judge, who cannot be a citizen of Greece, Turkey or Britain.²⁷⁸ Stavrinides²⁷⁹ rightly pointed out that, two communities were seen as "the two sharers of power, resources and wealth of the State" in 1960 Constitution. It is important to note that other citizens were only given three months to choose the community to which they were belong to.²⁸⁰

1960-1974

With the 1960 Treaty and independence, Cypriot society was territorially well defined in compared to previous terms. The RoC was a new Cypriot "nation-state", with the Makarios being President and Dr. Fazıl Küçük Vice-President of the RoC. There was a minimal third-party involvement in the implementation of the Constitution but there occurred in a short while problem related with the implementation of the constitutional right of the Turkish Cypriot community in terms of fulfilling 30% of the public service posts. The justification behind that was the shortage of qualified Turkish Cypriots, and the inconsistency between the specified ratio and the general population ratio in Cyprus which was 80:20.²⁸¹ As a result, there occurred deadlocks in legislative bodies. Also five separated municipalities in Nicosia, Limassol, Famagusta, Larnaca and Paphos received their de jure recognition on the bases of territorial separation.²⁸² It is seen that ethnic and political cleavages and the nationalist sentiments of both communities immobilized the state apparatus to a great extent. The problem was also internationalised at that time period when two communities demanded support from Greece and Turkey.

²⁷⁸ Hocknell, 2001, op.cit. p. 126.

²⁷⁹ Stravinides, 1976, op.cit. p.13.

²⁸⁰ Those other citizens of Cyprus were Maronites, Armenians, and Lebanese. They were %2 of the population at that time.

²⁸¹ Hocknell, 2001, ibid. p. 127.

²⁸² Kyriakides, S., 1968, op.cit. p. 111.

In 1963, Makarios proposed amendments to the Constitution, known as the Thirteen Points, an act which signalled the end of the 1960 partnership because the amendments were aiming to degrade the rights of Turkish Cypriots as co-founders of the Republic where it was proposed to unify town councils and abolish the 70:30 ratio of Greek and Turkish Cypriots in the public services.²⁸³ Durrell²⁸⁴ described Cyprus of the time as a *terra nullius*, a political instead of an administrative 'orphan'. In the face of the proposed amendments, Küçük call for the transformation of the bicomunal state or partition. Turkey also at the time officially rejected the amendments.²⁸⁵ The disagreements between two communities in power sharing resulted with 1963 inter-communal clashes in Cyprus. The physical separation of two communities had started to take place at that time period when Turkish Cypriots were forced to live in enclaves. In Nicosia, the Turkish Cypriot representatives in the government, House of Representatives, civil service, police and army left their positions and created a Turkish quarter. This can be considered as the beginning of the *de facto* Greek Cypriot government bodies.²⁸⁶ The inter-communal conflict accelerated even more in Cyprus and the UN Security Council accordingly adopted the Resolution 186 on 4 March 1964. The related Resolution called for the creation of a UN Peace Keeping Force in Cyprus (UNFICYP). Subsequently, the Turkish Cypriot community formed a General Committee that functioned until 27 December 1967 which was followed with the establishment of the Provisional Cyprus Turkish Administration. On 21 December 1971, the Provisional Cyprus Turkish Administration was renamed as the Cyprus Turkish Administration. On 15 July 1974, the Greek military junta, in cooperation with EOKA, had a *coup d'état* with the aim of achieving *enosis*. The *coup d'état* was an overt threat to the sovereignty of the Island thus Turkey militarily intervened on 20 July 1974 under Article IV of the Treaty of Guarantee of 1960. The *Voluntary Exchange of Populations* agreed on 2 August 1975 in Vienna and as a result of that the Turkish Cypriot community was transferred to the north of the island whereas the Greek Cypriot community was transferred to the south, where all transfers took place with the assistance of the UN. On 15 November 1983, Turkish Republic of Northern Cyprus (TRNC) was declared

²⁸³ Hocknell, 2001, *ibid.* p. 128.

²⁸⁴ Durrell, L., 1957, *op.cit.* p. 204.

²⁸⁵ Cranshaw, N. (1978). *op.cit.* p. 366.

²⁸⁶ Hocknell, 2001, *ibid.* p. 129.

by the Turkish Cypriot community while the founding parliament of the TRNC unanimously passed the Declaration of Independence where it is stated that the Turkish Cypriot side “firmly adhered to the view that the two peoples of Cyprus were destined to co-exist side by side and could and should find a peaceful, just and durable solution through negotiations on the basis of equality”.²⁸⁷

It is important to indicate that between the years 1960 and 1974, the local balance of power in Cyprus was more in favour of the majority of the population, which was the Greek Cypriot community controlling 90% of the island’s territory.²⁸⁸ In economic terms, in 1960, the average per capita income of a Turkish Cypriot was around 20% below that of a Greek Cypriot, and between the years 1961-1971, the Turkish Cypriot’s mean per capita income dropped to half that of Greek Cypriot’s mean per capita income.²⁸⁹ In the mid-1960, there were vast economic embargoes as the RoC reasoned that materials and merchandise could easily be used for armed efforts. In 1964, it was reported that 55,000 Turkish Cypriots were relying on food and medical supplies from Turkey.²⁹⁰ New roads, electricity supply lines and water distribution networks built by the RoC bypassed Turkish Cypriot enclaves, with the claim that such facilities were not provided in villages which did not pay their taxes and that District Officers were also prevented to get access to those villages.²⁹¹ It was reported by UN that, by September 1974, 4,000 Turkish Cypriots were left without their income from their government posts.²⁹²

Guaranteed water supplies were also ended for Turkish Cypriot enclaves at that time period. It is possible to say that for the Turkish Cypriot economy, agriculture became

²⁸⁷ Turkish Ministry of Foreign Affairs. Cyprus Negotiations Process, Cyprus Negotiations, 2008 Negotiations Process, Retrieved January 23, 2015 from <http://mfa.gov.ct.tr/cyprus-negotiation-process/cyprus-negotiations/2008-negotiation-process/>

²⁸⁸ See Joseph, J.S. (1985). Cyprus: Ethnic Conflict and International Concern. American University Studies, Peter Lang: Berne.

²⁸⁹ Patrick, 1976, op.cit. p. 15; and King, R. & Ladbury, S. (1982). The cultural reconstruction of political reality: Greek and Turkish Cyprus since 1974. Anthropological Quarterly, Vol. 55, pp.1-16. p. 4.

²⁹⁰ Cranshaw, 1978, op.cit. p. 367.

²⁹¹ Attalides, M. A. (1979). Cyprus: Nationalism and International Politics. Edinburgh: Q Press; Drury, M., P. (1981). The political geography of Cyprus. In Clarke, J.I. & Bowen-Jones, H. (Ed.). Change and Development in the Middle East (pp.287-304). Methuen: London.

²⁹² United Nations Security Council. (1964). Report UN S/5950, PARA.190.

the hardest hit sector, despite of UNFICYP's efforts in terms of escorting farmers to their fields.²⁹³ It was also reported by UNFICYP that in 1966, land abandoned by Turkish Cypriots leased to the Greek Cypriots, while the government imposed up to 50% taxes on Turkish Cypriot' grain produced in Turkish enclaves.²⁹⁴ Surrounded by such an economic and political environment, Turkish Cypriot business community did not have private investment either. As Hocknell²⁹⁵ pointed out, that was the beginning of the period in which both communities pursued different goals and created boundaries both physically and psychologically. Compared to the pre-1960 time period when two communities were mutually dependent on each other in economic terms, it is possible to indicate an erosion at the degree of cohesion starting from 1964. According to observers, economic blockage of the enclaves led Turkish Cypriots to insist more on a separatist solution,²⁹⁶ while for Greek Cypriots the main problem was foreign interventions which threaten the symmetry of the communities' culture.²⁹⁷

Territorial Partition and the Creation of Transboundary Resources

It is important to examine more the spatial signs of the process of partition in Cyprus to be able to contextualize the broader process of the creation of the transboundary resources. In the light of that, four distinct stages can be defined in the RoC's territorial partition: 1950-1960; 1963-1964; 1964-1974; and 1974.

1950-1960

It is possible to say that the RoC's sovereign control was never fully independent and thus never fully synonyms with the island of Cyprus, since there has been boundaries delimiting the RoC from British Sovereign Base Areas (SBAs)-Dhekelia SBA and

²⁹³ See Hocknell, 2001, op.cit. p. 133; Grundy-Warr, C. E. R. (1984). *A Geographical Study of the United Nations Peacekeeping Forces in Cyprus, 1964-1984*, (Unpublished M.A dissertation). University of Durham, UK.; Harbottle, M. (1991). *Peacekeeping and Peacebuilding Along Borders: A Framework for Lasting Peace*. (Unpublished paper from conference organised by The Centre for International Peacebuilding), The Natural History Museum, London, UK.

²⁹⁴ See Hocknell, 2001, op.cit. p. 133

²⁹⁵ See Hocknell, 2001, op.cit. p. 133

²⁹⁶ Hocknell, 2001; Cranshaw, op.cit. 1978.

²⁹⁷ Kyrris, C.P. (1976). *Symbiotic elements in the history of the two communities of Cyprus*. op.cit. ; Kyrris, C.P. (1977). *Peaceful Co-existence in Cyprus under British Rule*. op.cit.

Akrotiri SBA.²⁹⁸ In 1960, the limits of the land boundary and the territorial sea boundary were delimited as international boundaries within the 1960 Treaty of Establishment, while the territorial land boundary was clearly delimited and demarcated; the territorial sea boundary was less well defined.²⁹⁹ This reflects the general characteristic of maritime jurisdiction in the Eastern Mediterranean. According to Blake³⁰⁰, there are at least 46 potential maritime boundaries in the Mediterranean.³⁰¹

1963-1964

The physical separation of the Turkish Cypriot and Greek Cypriot quarters of the Old City of Nicosia is older than the 'green line', the one which can be traced back to the intercommunal troubles of 1955-59. During that time period, a proto-boundary had developed in Nicosia.³⁰² The barricades were formed after the killing of two Turkish Cypriots on 21 December 1963, and later on 24 December, a nominal cease-fire was agreed.³⁰³ On 28 December, Clerides and Georghadis representing Greek Cypriot community, and Denktas and Örek representing the Turkish Cypriot community, with Greek, Turkish and British officials also presented at the meeting agreed on the formation of a Joint Political Committee to oversee the formation of a peace force and the establishment of a 'neutral zone.'³⁰⁴ The cease-fire line than demarcated by using oil drums painted green. Thus, the green line legitimized the physical separation of two communities.

1964-1974

From 1964, a part of Nicosia was *de facto* territorially separated. Social and economic movements were more or less organized by local agreements where inter-

²⁹⁸ See Hocknell, 2001, op.cit. p.137

²⁹⁹ See Hocknell, 2001, op.cit. p.137

³⁰⁰ Blake, G.H., et al. (Ed.). (1977). *International Boundaries and Environmental Security: Frameworks for Regional Cooperation*. Kluwer Law International: London. p.77

³⁰¹ See Appendix 1 for differing maps of EEZ in the Eastern Mediterranean.

³⁰² Harbottle, M. (1970). *The Impartial Soldier*. Oxford: Oxford University Press. p. 63

³⁰³ Hocknell, 2001, op.cit. p.140

³⁰⁴ Hocknell, 2001, op.cit. p.140-141.

communal boundaries resembled ‘frontier zones’ depending on “local patterns of ethnic settlement, land ownership, communication, transportation, and intercommunal hostility”.³⁰⁵ Within these years the formal recognition of the enclaves ‘territory was impossible in practice, but it was possible to control a fluidity of territorial control at the local scale.’³⁰⁶ It is seen that enclaves turned out to become the ‘geographical stepping stones’ to the Turkish Cypriot autonomy and eventual *de facto* statehood.³⁰⁷

1974 and the Creation of Transboundary Resources

The year 1974 is significant in the sense that it indicates the initial creation of the buffer zone. It is argued that the time a territory is under pre-existing sovereignty is a critical factor in assessing the development of a state towards partition.³⁰⁸ It can be argued that, in 1959, at the Zurich and London, the partition of the island was institutionalized, and the division of Cyprus’s developmental resources along communal lines was to begin in December 1963 and had been effected in practice by August 1974.³⁰⁹ Thus partition had developed from concept, to plan, to policy in Cyprus.³¹⁰ It can be said that the 1960 Constitution treated the ethnic groups as homogenous, self-contained political entities while allocating out their responsibilities. This was in conflict with the majority-minority view of the Greek Cypriot leadership and with the Turkish Cypriot view of political equality. Because of these, the constitution was regarded as a legacy of intercommunal strife at certain points.³¹¹ There left no room for the pre-existing ethnic particularities after 1960. One can argue that intercommunal differences between two communities which were based on religious and cultural terms evolved into nationalistic outlook and defined itself in a *de facto* geographical partition. By 1974, both communities were making

³⁰⁵ Patrick, 1976, op.cit. p. 87-88.

³⁰⁶ Hocknell, 2001, op.cit. p.147.

³⁰⁷ See King, R. (1980). Cyprus since 1974: Economic and Demographic Change. Unpublished paper presented at the Fifth Mediterranean Conference, Bar-Ilan University, Tel Aviv.; and King, R. (1980). Land consolidation in Cyprus. Geography, Vol. 65, No. 4, pp.320-324.

³⁰⁸ Hocknell, 2001, op.cit. ; Minghi, J., V. (1976).op.cit.; and Waterman, S. (1987). Partitioned states. Political Geography Quarterly, Vol. 6, No. 2, April, pp.151-170.

³⁰⁹ Coufoudakis, 1976 cited in Hocknell, 2001,op.cit. p. 154.

³¹⁰ Hocknell, 2001, op.cit. p.154.

³¹¹ Cranshaw, 1978, op.cit.

their own nationalist, material and cultural interests. These led to weak intercommunal linkages and to some extent de-legitimize cooperation on matters which have social, economic and geographical significance for respective communities. Drury³¹² once pointed out that “the conventional physical resources of Cyprus have been innocent as have been its inhabitants in influencing its fate” in terms of intercommunal linkages and cooperation. Contrary to that for Hocknell³¹³, Cyprus’s resources, many of which had become transboundary, are not that innocent in that regard, as following chapters aim to demonstrate with the hydrocarbons case in Cyprus. Beforehand, it is necessary to look at the trajectory of the intercommunal negotiations in Cyprus to lay down in what context the exploration and licensing efforts of the RoC have intermingled with the efforts of finding a durable solution to the protracted conflict in Cyprus.

4.3 The Trajectory of the Inter communal Negotiations in Cyprus

Greece and Turkey are both very important actors for the Cyprus Conflict. Considering the post- World War II conditions in both countries, one would say that it was the context which dragged them into this long protracted conflict. Heavily damaged post-War Greece was pulled by Greek Cypriot patriotic rhetoric. This is mainly because Greek Cypriots were hoping to internationalize their goal of enosis which was the part of the greater “Megalo Idea”. Megalo Idea is known as the political ideology of the Greek Nationalism. “After gaining independence in the 1820s, Greece pursued an irredentist Pan-Hellenic policy which aimed at unifying all Greeks and resurrecting the Byzantine Empire.”³¹⁴ Post-War Turkey, on the other hand, was considering the Cold War context at that moment and try to act accordingly where letting Greek control in proximity of its southern ports was considered as something which Turkey should prevent immediately. At home, with the rising nationalism and a populist Democrat Party leadership Turkey found it plausible to demand Cyprus again. In the face of the enosis as a serious threat later on, Turkey accepted the idea of partition. Subsequently, Turkey and Greece reached

³¹² Drury, 1981, op.cit. p. 291 cited in Hocknell, 2001, op.cit. p. 158

³¹³ Hocknell, 2001, op.cit. p. 158

³¹⁴ Karaosmanoğlu, A., L. (2000). The Evolution of the National Security Culture and the Military in Turkey. *Journal of International Affairs*, Fall, 54,1

a compromise in 1959 for a bi-communal independent state in Cyprus. However this did not really help to overcome the nationalist concepts and objectives strongly diffused within both communities. This resulted in EOKA and TMT, clandestine organizations respectively in Greek and Turkish communities. Their demands were simple. On the Greek side the goal was enosis, whereas the Turkish Cypriots demanded partition. Those demands were both derived from the classical understanding of nation state ideologies and they were extremely dangerous in case of Cyprus where two distinct ethnic communities exist. Those two distinct ideologies led to the inter-communal clashes of 1963-64, Greek led coup and Turkish military intervention of 1974. Since then the de facto partition of the island has been the reality of the region.

Within the context of the post-Second World War, the Cyprus Problem would be considered as a disagreement in terms of power sharing with the end of the British colonial administration in the island. At that point in time, conflicting ideologies such as Enosis and Taksim turned out to dominate the agendas of Greek Cypriots and Turkish Cypriots respectively. Enosis would be best defined as Greek Nationalism essentially in the form of union with Greece. Thus, it is one of the defining concepts of the Cyprus Conflict. Enosis had become the leading political ideology especially within Greek Cypriot middle class and bourgeoisie.³¹⁵ Taksim, on the contrary, was the ideology among Turkish Cypriots who supported the notion of partitioning the island. The Turkish Cypriot Community was essentially against the entire idea of being united with Greece and accordingly reacted whenever they perceived as necessary. The idea of Taksim would be considered as such a reaction against rising Greek nationalism. Hence, the rise of two conflictual nationalisms led to a political confrontation on the island between two communities.

At this point, it is necessary to mention that a distinct sense of identity was not yet that prominent within the Turkish Cypriot Community at that moment. Nevertheless, a share of the Turkish Cypriot Community was larger in the British administrative apparatus of the island because of their ruling class orientations throughout the Ottoman period. This contributed to the consolidation of distinct identities on the

³¹⁵ Pericleous, C. (2012). Cyprus: A Last Window of Opportunity? Natural Gas Revives Solution Dynamic. *Insight Turkey*, Vol. 14/ No. 1/2012, pp. 93-108.

island.³¹⁶ It was in the course of the events where Turkish Cypriots started to realize that a change in the status of the island seemed inevitable and they demanded Cyprus' return to its previous master. This is mainly because, at the time of the rise of the Greek nationalism, the memories of the Ottoman rule were still in effect. The ideas of Young Turk nationalism were also prominent. These are the roots of the Turkish identity on the island. In a surely manner those ideals started to disseminate from the elite to the grassroots level.³¹⁷ Political tensions deriving from the diffusion of conflictual nationalisms within two communities resulted with their physical separation. In fact, it was their ideas which were clashing regarding the future of the island. Their visions were far away from accommodating the two distinct ethnic identities of Cyprus under the roof of a civic state where an equal or equitable power sharing structure would be possible.³¹⁸

The role of the international community within the history of the Cyprus Problem cannot be underestimated. Thus, besides what GCs and TCs envisioned for the future of the island, it is necessary to mention what was the vision of the international community on the matter. Different from Enosis or Taksim, they were supporting a single state formation where both communities would live together under the roof of the same state and accordingly share power.³¹⁹ In line of this, London and Zurich Agreements signed in 1959. Establishment of an independent "Republic of Cyprus" was agreed there and it officially established on August 16, 1960. There the aim was to protect the rights of both TCs and GCs. In the newly established Republic of Cyprus, the executive power was consisting of both Greek Cypriots and Turkish Cypriots, where the President was a Greek Cypriot to be elected by the Greek Cypriot community and Vice President was a Turkish Cypriot to be elected by Turkish Cypriot community. On the matters related to foreign policy, defence and security both of them were holding a veto power. There were ten members of the cabinet which was consisted of seven Greek Cypriots and three Turkish Cypriots. In

³¹⁶ Pericleous, C., 2012, *ibid*.

³¹⁷ Pericleous, C., 2012, *op.cit*.

³¹⁸ Pericleous, C., 2012, *op.cit*.

³¹⁹ Şenay, F. & Ekinici, M. U. (June 2014). The Last Chance for a United Cyprus: Negotiations for a Federal Solution. SETAV, No: 7. Retrieved from http://file.setav.org/Files/Pdf/20140627183801_the-last-chance-for-a-united-cyprus-pdf.pdf

terms of the parliamentary decisions, some of the Turkish Cypriot representatives' votes were required.

It is important to note that London and Zurich Agreements at the same time granted Britain, Greece and Turkey the right of guarantorship through an additional agreement "Treaty of Guarantee" signed in 1960 alongside the two aforementioned agreements. Establishing an independent Cyprus under their control was the main demand of Greek-Cypriot nationalists and this was achieved with the Zurich-London Accords in July 1960, however the idea of union with Greece was still a further objective to realize. It could be argued that one of the main deficits of these accords is that they substantially lack the voice of Greek and Turkish Cypriots any hardly involved any political consensus besides the legal structure.³²⁰ In the absence of political consensus between the two communities, the Zurich and London Accords was doomed to collapse inevitably sooner or later. Thomas Ehrlich³²¹ also suggests that Cypriots did not demonstrate enough will for the successful implementation of the legal structure proposed by the Zurich and London Accords. Still he also holds that "if the crisis is to be permanently resolved, substantial cohesive pressures must be brought to bear from outside the Island, for they will not develop within it. There must be some new force that will alter the prescription and approach of all participants."³²² The years from 1960 to 1974, were significantly dominated by clashes between Greek Cypriots and Turkish Cypriots in Cyprus and evidently lacked any internal or external forces to resolve the crisis. Greek Cypriots were about 80 percent of the population, whereas Turkish Cypriots were only about 18 per-cents. As rightly pointed out by Camp³²³, one should underline the fact that although Greek Cypriots were a dominant majority on Cyprus, from a different perspective Turks were and still are a dominant majority in the wider eastern Mediterranean region. Both sides were holding reasonable and legitimate narratives for feeling threatened from each other. As it is already mentioned earlier, the absence

³²⁰ See Glen D. Camp, (1980). Greek-Turkish Conflict over Cyprus. *Political Science Quarterly*, Vol. 95, No. 1 (Spring), pp. 43-70.; see also Evriviades, M., L. (1976). *The Problem of Cyprus*. *Current History*, 70, January: 19. p. 15.

³²¹ Thomas, E. (1966). *Cyprus, the Warlike Isle: Origins and Elements of the Current Crisis*. *Stanford Law Review*, 18 (May 1966): 1089.

³²² Thomas, E. (1966). *ibid.*, cited in Camp, G. D. (1980), *op.cit.* p. 46-47.

³²³ Camp, G.D. (1980). *op.cit.*; See also Stern, L., (1977). *The Wrong Horse: The Politics of Intervention and the Failure of American Diplomacy*. New York: Times Books.

of consensus has always being the central problem in Cyprus Problem. Finding the acceptable polity for both GCs and TCs is the main difficulty. With regard to the Republic of Cyprus and years from 1960 to 1963, it is interesting to note that, to some extent Makarios III, first president of the Republic of Cyprus, was unsuccessful in terms of separating church and state, thus equally “unable to resolve the dilemma of serving Greek Cypriots as religious ethnarch while serving all Cypriots as secular president.”³²⁴

Taking a closer look to the Cypriot Constitution of 1960, it is possible to find out what was the main problem for President Makarios. According to the constitution the president had to be Greek where the vice-president had to be Turkish. Each ethnic group was granted the right to separately elect those leaders. At the same time, both president and vice-president were holding a veto card over substantial matters such as foreign affairs, defence and security matters. In elective and appointive offices the representation was identified by ratio: the army was 60:40, the civil and security services 70:30. In terms of passage of legislation, separate communal majorities were essential. Communal chambers were also separated from each other thus assured their independence in education, religion, cultural affairs, personal status, and community taxes. Apart from the "immutable" provisions of the Constitution, which were not subjected to any amendments under any conditions, the rest of the provisions were required separate two-thirds majorities for amendments.³²⁵ Although there are different views on the matter³²⁶, it is possible to argue that, as a body politics, it was very difficult for the 1960 Constitution to survive longer than it did. Miller³²⁷ contends that, as a minority Turkish Cypriots were not feeling the required trust towards the Greek Cypriots thus they insisted on specific and rigid provisions. It

³²⁴Camp, G.,D. (1980). op.cit.,p. 43.

³²⁵ Camp, G., D. (1980). op.cit., p.48-49

³²⁶See Kranidiotis, N. (1975). *The Cyprus Problem: The Proposed Solutions and the Concept of the Independent and Sovereign State*. Athens- C. Mihalas S.A. Press.; and Coufoudakis. V. (1975). *U.S. Foreign Policy and the Cyprus Question: A Case Study in Cold War Diplomacy*. In Couloumbis, T., A. & Hicks, S., M. *U.S. Foreign Policy toward Greece and Cyprus, The Clash Principle and Pragmatism*. Procs – Conf . Centre for Mediterranean Studies and the American Hellenic Institute, who strongly oppose the 1960 Constitution; for the scholars who support the constitution see Karpas, K., H. (1967). *Solution in Cyprus: Federation*. In *The Cyprus Dilemma: Options for Peace*, Institute for Mediterranean Affairs , New York: Institute for Mediterranean Affairs; & Miller, L., B. (1968). *Cyprus: The Law and Politics of Civil Strife*, Center for International Affairs, Harvard University, no. 19, Cambridge, June.

³²⁷ Miller, 1968, *ibid*.

is possible to argue that the lack of trust was stemming from the history of the island and rendered the continuation of the constitution even more difficult.

On 30 November 1963, Makarios proposed the "Suggested Measures to Facilitate the Smooth Functioning of the State and Remove Certain Causes of Inter-Communal Friction," famously known as his thirteen points. His proposal rejected very immediately by the Turkish Cypriots and led to communal violence afterwards. Basically the proposed amendments would have eradicated the rights of the Turkish Cypriots since they were intending 'the abolition of majorities in both Greek and Turkish sides of the legislatures, the abolition of separate judicial systems for the two groups, the elimination of separate city governments in the five major towns, and the elimination of the veto power of the Turkish-Cypriot vice-president.'³²⁸ In January 1964, it became even clearer that Makarios intended to abolish the accords. This was a substantial 'unilateral act of abrogation'³²⁹ instead of renegotiation which led to intercommunal fighting in Cyprus.

On 16 November 1967, Turkish National Assembly authorised the government to intervene in Cyprus and a day later Turkish Prime Minister Süleyman Demirel sent an ultimatum to Greece consisting the following points:

The withdrawal of all Greek forces stationed in Cyprus since 1964 except those which were provided for in the 1959 London-Zurich agreements; the recall of Greek general Grivas; the disbandment of the National Guard; the disengagement in areas of conflict; compensation for losses suffered by Turkish Cypriot's; the removal of pressure from the Turkish Community by ensuring freedom of movement;

³²⁸ Camp, 1980, op.cit. p. 50. See also Webb, K. & Groom, A., J., R. (2009). Settlements in Unended Conflicts: The Case of Cyprus. *The Cyprus Review*, Vol. 21: 1, Spring.; for the text of Makarios's "Thirteen Points," see *The Journal Cyprus To-Day* 1, no. 6 (Nicosia, November-December 1963): 1-8. See also Ertekun, N., Münir. (1977). *Inter-Communal Talks and the Cyprus Problem*. Nicosia: Turkish Federated State of Cyprus.; see also Kranidiotis, N. (1975). *The Cyprus Problem: The Proposed Solutions and the Concept of the Independent and Sovereign State*. op.cit.

³²⁹ Karpat, "Solution in Cyprus: Federation," 1967, cited in Camp, 1980, op.cit. p. 50.

and the enlargement of UN forces in Cyprus; the formation of local Turkish governing bodies in the Turkish enclaves.³³⁰

Mainly with the U.S's involvement, an agreement consenting to Turkish demands was signed between Greece and Turkey and communicated to Nicosia by Washington. According to Miller³³¹, the 1967 crisis occurred because Makarios directed police patrols towards Ayios Theodoros and Kohphinou. Those were two Turkish-Cypriot villages at a time. Miller³³² also highlighted that more than thirty Turkish Cypriots died as a result. After all, 8,000 to 12,000 mainland Greek troops left the island. In terms of the Greek Cypriot policy at that time, it is interesting to note that although they were quite passionate in union with Greece in general, from time to time this policy was leaning through irrelevance towards rejection. It is known that Greece, in 1915, was offered the island as payment for joining the Allies and the Greek king rejected this offer. It is possible to say that Greece at that moment both support and oppose union. For sure, General Grivas's EOKA and EOKA-B policy was there clearly to actualize the union with Greece. With regard to Makarios, one could notice a policy supporting an independent Cyprus, but at the same time he was seem to be uncertain on Enosis. At the time, both Turks and Turkish Cypriots desired either partition or a form a bi-zonal federal system.³³³ This type of a bi-communal federation demand for the time-period of 1965-1974 on the behalf of Turkey is also mentioned in Sözen's³³⁴ timeline where he draws attention to the different official Turkish foreign policies towards the Cyprus Problem.

Years between 1963 and 1967 could be best perceived in the light of the high interest of the external powers; notably the US and the UK in the dispute emerged in Cyprus. This has many things to do with the Cold War mentality where both Turkey and Greece were NATO allies. Without a doubt, for both the US and the UK, a dispute in Cyprus was as a threat towards the Cold War power balances because it would

³³⁰ Uslu, Nasuh. (2003). *The Cyprus Question as an Issue of Turkish Foreign Policy and Turkish – American Relations 1959-2003*. Nova Science Publishers. p. 99.

³³¹ Miller, 1968, op.cit.

³³² Miller, 1968, op.cit.

³³³ Camp, 1980, op.cit.

³³⁴ Sözen, A. (2007). *The Cyprus Negotiations and the Basic Parameters: From the 1963 Inter-communal Negotiations to the Annan Plan*. op.cit.

deteriorate the relations between Turkey and Greece. The US and the UK certainly tried to avoid any armed conflict between Turkey and Greece. US President Lyndon Johnson attempt in 1963 when a crisis broke out between the Greek Cypriots and Turkish Cypriots could be viewed in that respect.³³⁵

London Conference in January 1964 which was sponsored by the UK would be also given as an example to the external endeavour to mediate the dispute erupted between two communities in 1960s. In 1964, the UK and the US also tried to create a NATO force in Cyprus only to fail to attract any support in their peacekeeping plan particularly as a result of great Greek-Cypriot rejection of the proposal. This would be seen as another failed effort in the same manner.³³⁶ The perception that the crisis in Cyprus would likely to threaten the international peace and security was increasingly becoming more prominent among the external powers. Hence, on 4th March, 1964, in its 1102nd meeting, the UN adopted unanimously the creation of a UN peace-keeping force in Cyprus (UNFICYP).³³⁷ In search of a solution, in the summer of 1964, the Acheson Plan was proposed which was named after the US mediator, Dean Acheson proposal in 1964. The plan was the reflection of the increasing involvement of the US in the Cyprus crisis. Dean Acheson was suggesting the union of Cyprus with Greece where Turkey, in return, would enjoy certain concessions like having the Greek island of Kasstellorizon and a military base on Cyprus. As Hakkı³³⁸ says, the plan was “too radical” to be accepted for any of the parties and turned out to be a futile one like the previous proposals. The UN Galo Plaza Report of 1965 followed the Dean Acheson proposal. The report was suggesting that parties should accept the independent and sovereign Cyprus while equally rejecting the *enosis* and *taksim*. The report was also criticizing the 1960 Constitution. It was pointing out the necessity of direct talks between two communities in Cyprus. Archbishop Makarios acknowledged the proposal as basis for the further negotiations but with the fear of being excluded from the talks, Turkey

³³⁵ Sözen, A., 2007, op.cit.

³³⁶ Sözen, A., 2007, op.cit. ; see also Ker-Lindsay, J. (2004). Britain and the Cyprus Crisis, 1963-1964. *Peleus: Studien zur Archäologie und Geschichte Griechenlands und Zyperns* (27). Bibliopolis, Mannheim und Möhnesee, Germany, pp. 53-66. p. 53-66.

³³⁷ See UN Security Council, 186(1964), Resolution of 4 March 1964, [S/5575].

³³⁸ Hakkı, M., Metin. (Ed.). (2007). *The Cyprus Issue: The Documentary History, 1878-2006*. I&B Tauris. p. 129.

and Greece rejected it. For Turkey, the report's criticism on the 1960 Constitution was also not acceptable.³³⁹ Both the level of violence between two communities on the island and the relations between Greece and Turkey were getting more and more deteriorated towards the end of 1965. In 1967, Greece and Turkey held direct talks on the matter of Cyprus but the situation was noticeably threatening the future of the Western alliance thus could not be left merely to the hands of Greeks and Turks. It could be argued that it was mainly due to that reason why the U.S President Johnson's envoy Cyrus Vance carried out a shuttle diplomacy between Greece, Turkey and Cyprus to find a solution to the increasing inter-communal violence on the island.

Amidst the rising tensions between two communities in Cyprus, as Sözen³⁴⁰ rightly pointed out, the mediation efforts between 1963 and 1967 were not revolutionary but they substantially prevented a major war between Greece and Turkey. It could be argued that within the Cold War context, prevention of any direct confrontation between Turkey and Greece in fact was the main objective of the external powers regardless of what two communities were demanding for their own future in Cyprus. It is important to note that, to some extent, Greek Cypriots and Turkish Cypriots excluded from the talks held between Turkey and Greece under the mediation of great powers, the US and the UK during this time period.

In endless search for a settlement, two communities started the inter-communal talks in the year 1968 with Glafkos Clerides on the behalf of Greek Cypriot community and Rauf Denktaş on the behalf of Turkish Cypriot community as negotiators. Negotiations continued intermittently until the Greek coup of 15 July 1974. Clerides and Denktaş were aiming to solve "the constitutional problem on the basis of an independent and integral republic"³⁴¹ through a dialogue but as many important researchers³⁴² on Cyprus dispute agree on, there was a major problem inherited in the talks which could be best described as lack of political willingness required for

³³⁹ See Hampson, F., O. (1996). *Nurturing Peace: Why Peace Settlements Succeed or Fail*. US Institute of Peace Press. p. 37.

³⁴⁰ Sözen, A., 2007, op.cit., p. 2-4

³⁴¹ Sözen, A., 2007, op.cit., p. 2-4

³⁴² See Sözen, A., 2007, op.cit.; and Glen D. Camp, (1980). *Greek-Turkish Conflict over Cyprus*. op.cit.

cooperation on substantial matters. This was the missing ingredient and one could argue that it is still the one. Thus the talks failed without even discussing some other important matters for the future integrity of the Republic of Cyprus such as the Treaty of Alliance and Guarantee. It is possible to mention few more very important factors behind the failure of the inter-communal talks between the years 1968 and 1974. One of them was the intentions of both sides which could be considered as unsupportive for drawing a common future under the 1960 Constitution. It appears that Turkish Cypriots were trying to uphold a regional autonomy in their enclaves whereas Greek Cypriots were looking for ways to uphold the overall control of the government and enjoy a unitary state eventually. Sides were also lacking similar approaches towards the negotiations as it is now. Turkish Cypriots were looking for a more comprehensive approach whereas Greek Cypriots were supporting more of a "piecemeal" approach. It is important to note that none of these factors were mutually exclusive from each other but on the contrary they could all explain the sources of the lack of political willingness among both communities which led to a failure of talks in the end.

The first attempt of peace-making after the Greek coup and the Turkish military operation in Cyprus was the Geneva talks between the guarantor powers. They gathered with the call of the UN Security Council Resolution 353³⁴³ with the aim of reinstating peace in Cyprus. The first round of the Geneva Talks held on 25-30 July, 1974. UN Security Council Resolution 353 was asking Britain, Greece, and Turkey to restore peace and the constitutional government in Cyprus. In the first round of the talks in Geneva the British, Greek and Turkish foreign ministers-Callaghan, Mavros and Güneş agreed on:

not to extend the areas already controlled by each sides until that moment, to establish a security zone which only UNFICYP could enter, to the evacuation of all Turkish Cypriot enclaves occupied by the Greek Cypriots and to the exchange of or release of hostages, and to acknowledge two

³⁴³ United Nations Security Council. (1974). Resolution 353(1974) of 20 July 1974, Retrieved August 5, 2014 from <http://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Cyprus%20SRES%20353.pdf>

separate administrations in Cyprus, those of Greek Cypriots and Turkish Cypriots.³⁴⁴

In the second round of the Geneva Talks which took place on 8-14 August 1974, Greece, Turkey, Britain and the UN decided on a drawing of a demarcation line separating two belligerent parties from each other. Greek Cypriots, Turkish Cypriots and Turkey all put forward differing settlement plans on the table however the main faultline between Greece and Greek Cypriots on the one hand and the Turkey and Turkish Cypriots on the other was the huge question mark whether the 1960 Constitution could be viewed as basis of the future negotiations or not.³⁴⁵ Greece and Greek Cypriots were regarding the document as a valid point of reference for the negotiations while Turkey and Turkish Cypriots were arguing that it was totally unviable legal document. The Geneva talks collapsed eventually and led to the second military operation of Turkey in Cyprus on 14 August 1974.

In the aftermath of the Geneva Talks, in February 1975, a *Turkish Federated State of Cyprus* was established by the Turkish Cypriots. As a result, UN Security Council Resolution 367³⁴⁶ called for further talks. Accordingly, five rounds of negotiations known as Vienna Talks began in April 1975 and lasted until February 1976. It is important to note that the division of the island into two ethnic communities Turks in the North and Greeks in the South was the most significant outcome of the Vienna Talks.

After the failure of the Vienna Talks, Makarios and Denktas met on 27 January 1977 at the UN headquarters in Nicosia and in their following meeting on 12 February 1977 they reached a four-point Agreement which formed the basis of the upcoming negotiations between two communities:

³⁴⁴ Farid, Mirbagheri, 1998, op.cit., p.89

³⁴⁵ Farid, Mirbagheri, 1998, op.cit.

³⁴⁶ United Nations Security Council. (1975). Resolution 367(1975) of 12 March 1975. Retrieved August 5, 2014 from [http://www.mfa.gov.cy/mfa/mfa2006.nsf/All/3ECF9FB564F54DB5C22571B50036816E/\\$file/Resolution%20367%20_1975_.pdf?OpenElement](http://www.mfa.gov.cy/mfa/mfa2006.nsf/All/3ECF9FB564F54DB5C22571B50036816E/$file/Resolution%20367%20_1975_.pdf?OpenElement)

- (1) We are seeking an independent, Non-Aligned bicommunal Federal Republic
- (2) The territory under the administration of each community should be discussed in the light of economic viability or productivity and land ownership.
- (3) Questions of principle, like freedom of movement, freedom of settlement, the right of property and other specific matters, are open for discussion, taking into consideration the fundamental basis of a bicommunal federal system and certain practical difficulties which may arise for the Turkish Cypriot community.
- (4) The powers and functions of the central federal government will be such as to safeguard the unity of the country, having regard to the bicommunal character of the state.³⁴⁷

When Makarios died in 1977, Kyprianou had succeeded him as a new President. Two leaders commenced the negotiations chaired by the UN Secretary General Kurt Waldheim in May 1979 and on 19 May despite of their well-known state of rigidity they reached on a ten-point Agreement reads as follows:

1. It was agreed to resume the inter-communal talks on 15 June 1979.
2. The basis for the talks will be the Makarios - Denktaş guidelines of 12 February 1977 and the UN resolution relevant to the Cyprus question.
3. There should be respect for human rights and fundamental freedoms of all citizens of the Republic.
4. The talks will deal with all territorial and constitutional aspects.
5. Priority will be given to reaching agreement on the settlement of Varosha under UN auspices simultaneously with the beginning of the consideration by the interlocutors of the

³⁴⁷ Farid, Mirbagheri, 1998, op.cit. p. 91-92.

constitutional and territorial aspects of a comprehensive settlement. After agreement on Varosa has been reached it will be implemented without awaiting the outcome of the discussion on other aspects of the Cyprus problem.

6. It was agreed to abstain from any action, which might jeopardize the outcome of the talks, and special importance will be given to initial practical measures by both sides to promote good will, mutual confidence and the return to normal conditions.

7. The demilitarization of the Republic of Cyprus is envisaged, and matters relating thereto will be discussed.

8. The independence, sovereignty, territorial integrity and non-alignment of the Republic should be adequately guaranteed against union in whole or in part with any other country and against any form of partition or secession.

9. The intercommunal talks will be carried out in a continuing and sustained manner, avoiding any delay.

10. The intercommunal talks will take place in Nicosia.³⁴⁸

In those days, the ten-point Agreement was almost a breakthrough however its parameters were not fulfilled thus the Agreement did not proved to be as substantial as it was hoped by many. Still it formed the basis for the future negotiations.

The inter-communal dialogue in Cyprus restarted again in November 1981 when the UN Secretary General Kurt Waldheim produced an evaluation paper, named as the Interim Agreement. For the Greek Cypriots the paper could be viewed as the basis for the future negotiations whereas Turkish Cypriots regarded the paper as a framework for the future talks. In the year 1983, another deadlock arose in terms of the talks because of the attitude of the President Kyprianou. He declared that he no longer want to continue the face-to-face talks with Denktaş as this would have meant recognition of him as an equal partner. The unwillingness of Kyprianou to admit

³⁴⁸ Ahmet, Sözen, 2007, op.cit. p. 6.

Denktaş as an equal partner turned out to be the alleged reason of the declaration of the “Turkish Republic of Northern Cyprus” (TRNC) on 15 November, 1983.

Following the declaration of “Turkish Republic of Northern Cyprus” (TRNC) in 1983, proximity or indirect talks were conducted by the UN representatives. That was to discuss important matters such as the “constitutional arrangements, withdrawal of foreign troops, and the status of international treaties and guarantees.”³⁴⁹ The UN Secretary General Perez de Cuellar at that time formulated a comprehensive approach, based on the 1977 and 1979 Summit Agreements for the further negotiations between two communities. For this time period, it is possible to mention a shift in the UN approach towards the negotiations where the UN representatives started to favour a more comprehensive solution.³⁵⁰ The UN Secretary General Perez de Cuellar presented his *Draft Framework Agreement* in 1984 and the draft was accepted by Turkey and the Turkish Cypriot community immediately. The draft called for:³⁵¹

1. Federal Republic would include two provinces or federated States and would comprise the Greek Cypriot and Turkish Cypriot community the members of whom would be citizens of the Federal republic.
2. The official language of the Federal Republic would be Greek and Turkish.
3. The Federal Republic would have a neutral flag and anthem to be agreed.
4. Powers and functions of the Federal Republic would be delineated.
5. The legislature of the Federal republic would be composed of two chambers: a lower chamber with a 70-30 Greek Cypriot and Turkish Cypriot representation and an upper chamber with a 50-50 representation.

³⁴⁹ See Migdalovitz, C. (2003). Cyprus: Status of U.N. Negotiations. *CRS Issue Brief for Congress*, Retrieved August 6, 2014 from <http://fas.org/sgp/crs/mideast/IB89140.pdf>

³⁵⁰ See Ahmet, Sözen, 2007, op.cit.

³⁵¹ Tamkoç, M. (1988). The Turkish Cypriot State: The Embodiment of the Right of Self Determination. London: K. Rüstem & Brother cited in Ahmet, Sözen, 2007, op.cit. p. 7

6. The system of government of the Federal Republic would be a presidential system.
7. The President, being of Greek Cypriot, and Vice-President, being of Turkish Cypriot origin, would symbolize the unity of the country and the equal political status of the two communities. They would separately or conjointly, have the right to veto any law or administrative decision.
8. The Council of Ministers would be composed of Greek Cypriot and Turkish Cypriot ministers on a 7 to 3 ratio.
9. The constitutional Court of the Federal Republic would be composed of one Greek, one Turkish, and one non-Cypriot voting member.

Although, Kyprianou and Denktas were seemed to be supportive of the Draft Framework Agreement, the UN effort failed when Kyprianou deemed the draft as unacceptable after his visit to Athens. Accordingly he rejected the draft agreement and his move led to the reconsolidation of the agreement by the Secretary General Perez de Cuellar in April 1985. However this time, Denktas rejected the draft on the basis that it was favouring more of Greek Cypriot standpoint. Even though, Perez de Cuellar produced a new Draft Framework Agreement to both Greek Cypriots and Turkish Cypriots in March 1986 to be able to continue the inter-communal talks, again the draft faced with the rejection of the Kyprianou. Denktas accepted the final draft but for Kyprianou it included unacceptable provisions. Following the failure of the UN Draft Framework exercise, the Greek Cypriots suggested to have an international conference or a new summit to regenerate the inter-communal negotiations.

In February 1988, Vassiliou succeeded Kyprianou as the next Greek Cypriot President. It is seen that both of the leaders- Cypriot President Vassiliou and Denktash- toughened their positions in this time period leading the Secretary General Perez de Cuellar to propose separate meetings. In June 1989, Perez de Cuellar revealed draft ideas for an agreement between two communities but failed to produce

any results. On 13 May, 1990, Security Council Resolution 649³⁵² stated once more the Secretary General's role in inter-communal negotiations as of making suggestions for both parties. In terms of the constitutional and territorial aspects of the solution, the same resolution stated the federal solution to be bicommunal and bizonal. Denktaş at this time period started to assert that each party possesses sovereignty. The understanding of separate sovereignties was not in line of UN resolutions and the 1977 and 1979 Summits. Hence, Perez de Cuellar called for an international meeting in 1991 also failed due to the lack of common ground among parties.

The acceptance of the 'lack of trust' between two communities by the external powers dominated the 1992 negotiations. It is possible to see such a belief in the Secretary General's November 19, 1992 report to the Security Council³⁵³:

It appears from the recent joint meetings that there is a deep crisis of confidence between two sides. It is difficult to envisage any successful outcome to the talks for as long as this situation prevails. There can be no doubt but that the prospects for progress would be greatly enhanced if a number of confidence building measures were adopted by each side. The purpose of such measures, taken in good faith by each side, would be to advance the goal of the forthcoming joint meetings - that is to conclude an overall agreement on the basis of the entire set of ideas endorsed by the Security Council.

Accordingly, in November 1992, a series of "Confidence Building Measures" (CBMs) were produced by the UN Secretary General including³⁵⁴:

³⁵² United Nations Security Council. (1990). Resolution 649 (1990) of 12 March 1990 Retrieved August 6, 2015 from <http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Cyprus%20SRES%20649.pdf>

³⁵³ Sec. General S/24830. 1992 cited in Ahmet, Sözen, 2007, op.cit.

³⁵⁴ Sec. General S/26026. 1993 cited in Ahmet, Sözen, 2007, op.cit., p.12.

1. Expert cooperation on the short-term and long-term water problem in Cyprus, in particular increasing the water supplies.
2. Expert cooperation on education, in particular to promote inter-communal harmony and friendship.
3. Joint cultural and sport events, including the joint use of the Çetinkaya field in the Buffer Zone near the Ledra Palace Hotel.
4. Meeting of political party leaders of both sides.
5. Journalists of both sides may cross the lines by only showing their press ID cards issued by the United Nations. Open joint journalist meeting room at the Ledra Palace Hotel.
6. Meeting of the Chambers of Commerce and Industry of both sides to identify and develop joint commercial projects.
7. International assistance benefits the two communities in an equitable manner.
8. Expert cooperation in areas such as health and environment.
9. Cooperative arrangements on electricity taking into account the electric generator in the north coming on stream soon.
10. Inter-communal cooperation in Pyla, including the free movements of goods in the same manner as agreed in Varosha.
11. Cooperation between Representatives of the Greek Cypriot and Turkish Cypriot communities of Nicosia-controlled buffer zone where the two sides are in close proximity to each other.
12. Varosha (opening of the fenced section of Varosha under UN administration for bilateral contact and commerce, a kind of free zone in which both sides could trade goods and services).

13. Nicosia Airport (opening of the airport under UN administration for civilian passenger and cargo traffic).

14. Cooperation with UNFICYP in extending the unmanning agreement of 1989 to cover all areas of the United Nations-controlled buffer zone where the two sides are in close proximity to each other.

15. Representatives of the two communities will meet periodically to propose additional confidence building measures for implementation by both sides.

The idea behind the CBMs was to contribute to an overall agreement by helping the two communities to build trust. Nevertheless, negotiations on CBMs proved to be unsuccessful and could not generate the envisioned outcomes.

For the following time period, from 1994 up until 1999, it is possible to mention a stalemate. The opening of the EU accession negotiations with the Greek Cypriot Republic of Cyprus further complicated the overall peace process.

In the year 1999, to overcome the stalemate caused by both the Turkish Cypriot preconditions plus the opening of the EU accession negotiations with the Greek Cypriot community, the UNSC proposed to have proximity talks. Proximity talks would be identified as a process where, instead of negotiating with each other, sides suggest and deliberate on their own positions with a third-party mediator, such as UN. On December 1999, Clerides and Denktaş restarted the proximity talks with Annan and his Special Advisor, Alvaro de Soto. It is important to note that with the Resolution 1283 (1999), at this time period, the UN confirmed “all its relevant resolutions on Cyprus.”³⁵⁵ Opening of direct negotiations or reaching a settlement would be considered as the main objective of such talks but in case of Cyprus, in the years 1999 and 2000, they rather proved to be a futile process of ‘procedural wrangling’, ‘verbal gymnastics’ and ‘shadow boxing’ as stated by the Report of the

³⁵⁵United Nations Security Council. (1999). Resolution 1283 (1999), S/RES/1283 (1999), 15 December 1999. Retrieved August 7, 2014 from <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N99/391/69/PDF/N9939169.pdf?OpenElement>

Secretary-General on his mission of good offices in Cyprus in 2003.³⁵⁶ In December 2000, Denktaş unilaterally abandoned the proximity talks arguing that on the issue of status, internationally recognized Republic of Cyprus was more advantaged than the Turkish Cypriots.³⁵⁷ As a result, the peace process once more could not generate any meaningful progress.

It is seen that, since the 1960s, negotiations have been held to reach a comprehensive settlement in the Cyprus Conflict but they proved to be unsuccessful. Turkish Cypriots unilateral declaration of their independence in 1983 could not legitimize their stand point in front of the international law. Turkey is equally struggling to legitimize the existence of TRNC, as well as the necessity of the 1974 military operation in Cyprus. The cornerstone of the Turkish Cypriots and Turkey's position in the years 2000 and 2001 was the argument that the accession of Cyprus to the European Union was illegal. This was on the basis that Turkey was not a member of the European Union and the status of the Turkish Cypriots was problematic within the overall Cyprus-EU picture. In 2001, two leaders decided to have face-to-face talks on the Cyprus Problem without any give-and- take bargaining. The good personal relationship between Clerides and Denktaş was a noticeable element during the talks but their approaches towards the negotiations were quite different from each other. Hence, the two leaders could not be able to reach agreement until this time but there was a pressing EU enlargement agenda to follow and this led the UN to propose to the Greek Cypriots, Turkish Cypriots and the guarantors a "Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem" on 11 November 2002. The Secretary General Kofi Annan himself defined his famously known proposal, the Annan Plan, as follows³⁵⁸:

This proposal was constructed in such a manner that the two leaders could sign a two page .Comprehensive Settlement of the Cyprus Problem., the essence of which was that they would commit themselves to finalizing negotiations, with

³⁵⁶ United Nations Security Council. (2003). Report of the Secretary-General on his mission of good offices in Cyprus, S/2003/398. Retrieved August 7, 2014 from http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2003/398, p. 6.

³⁵⁷ United Nations Security Council, *ibid.* p. 6.

³⁵⁸ United Nations Security Council, *ibid.* p. 10.

United Nations assistance, on the basis of the substantive parts of the plan by 28 February 2003, and submit the plan to separate simultaneous referenda for approval on 30 March 2003. This would have allowed a new state of affairs to come into being and a reunited Cyprus to sign the Treaty of Accession to the European Union on 16 April 2003.

Without any doubt, the Annan Plan, could be viewed as the most comprehensive solution plan proposed for the solution of the Cyprus Problem thus far. As underlined by Sözen³⁵⁹, the principles agreed upon by the two sides in the 1977 and 1979 high-level summits, the Cuellar's Draft Framework Agreement and the fundamental principles of the Ghali's Set of Ideas were all the core reference points of the Annan Plan. Revised five times before the referendum in 2004, the Annan Plan was envisioning a "United Cyprus Republic." According to the Annan Plan the federation was to be "composed of Greek Cypriot and Turkish Cypriot constituent states and responsible to a presidential council and a bicameral parliament (Senate/Chamber of Deputies)." ³⁶⁰ The 50% of the senators in the Senate would be Turkish Cypriots where the minimum Turkish Cypriot members of the Chamber would be 25%. Although the plan was not the best one, it was ideal by suggesting a legislative model which safeguards that none of the two communities could take over the state affairs without guarantying the support of the senates of the other community. Matters of international affairs, the EU and the state integrity were to be handled at the federal where all remaining legislative powers were in the responsibility of the constituent states. In case of any impasse, the composition of the Supreme Court- comprising of both Cypriot and non-Cypriot members- was designed in a way to generate solutions. Rights of return and property issues were also important aspects of the proposal where a delicate balance was required on the matter of national identities. Along with the plan, 29% of the island would be

³⁵⁹ Sözen, A. 2007, op.cit.

³⁶⁰ Asmussen, J. (2004). Cyprus after the Failure of the Annan Plan, ECMI Brief # 11, European Centre for Minority Issues (ECMI). p. 4.

Turkish Cypriot territory. In terms of the number of the Greek Cypriots allowed to reside in the North, the percentage was 18% for nineteen years.³⁶¹

Turkish Cypriots openly accept those provisions and called for a federal model reunifying Cyprus in 2004 by voting yes to the Annan Plan. They clearly demanded a solution in line with the UN plan and hoped to be a legal part of the EU. Thus, in April 2004, Turkish Cypriot Community voted 65 per cent yes to the Annan Plan. The Greek Cypriots said No to the UN proposed solution with a 76 per cent. In terms of the failure of the Annan Plan in South part of the island, political leadership and the Church played an influential role. Besides that for Greek Cypriot society some provisions of the plan intensified the fear of the unknown for their future. Long timeframe for the withdrawal of the Turkish military forces was one of those unacceptable provisions for the Greek Cypriots. In addition to that, they found the return of the territory and properties very gradual and slow. In contrast to that, they were expecting a faster mechanism to legitimize the power sharing with the Turkish Cypriots in the envisioned political structure.³⁶²

At this point, Alexis Heraclides³⁶³ mentions six factors behind the Greek Cypriot vote:

- (a) insecurity due to Turkey and its occupying force, (b) reluctance to share power with the Turkish Cypriots, (c) unwillingness to accept political equality with the Turkish Cypriots given their percentage (18 percent) of the total population, (d) mistrust regarding the Turkish Cypriots, (e) economic cost, and last but not least (f) Papadopoulos's seemingly compelling argument that the Republic of Cyprus once in the EU would be in a far better negotiating position to clinch a more advantageous deal.

³⁶¹ Jan Asmussen, 2004, *ibid.* p. 4.

³⁶² Pericleous, Chrysostomos, 2012, *op.cit.*

³⁶³ Heraclides, A. (2011). The Cyprus Gordian Knot: An Intractable Ethnic Conflict. *Nationalism and Ethnic Politics*, 17 (2), 117-139.

Although it failed, with the Annan Plan some positive changes occurred in the Cyprus policy of Turkey. It is known that, for Turkey, Cyprus has long been an important foreign policy issue. There has been always a support for the Turkish Cypriots on the side of Turkey, where the issue has been regarded as a national interest almost at all the time, by all sides in Turkish political spectrum.³⁶⁴ At the beginning, the lack of security of the Turkish Cypriots and the Greek Cypriots desire of the revision of the 1960 political settlement led Turkey to securitize its foreign policy towards Cyprus. Whereas at the time of the Annan Plan, the AKP government of Turkey regarded Cyprus particularly in one respect; as an obstacle to closer relations with the EU and shift its approach in terms of the Cyprus issue. It can be argued that, the AKP government really attempted to solve the Cyprus problem prior to the Annan Plan period in 2004 (for instance, its attempts at the December 2002 EU summit). In terms of the international community's perspective towards Turkey, one could say that Turkey has always been understood as the party who put stumbling blocks on front of the peace negotiations. Annan Plan reenergized the Cyprus peace process but it is important to note that besides the UN Failure of resolving the Cyprus Problem in 2004, the EU also failed to reward the Turkish Cypriot Community for their enthusiasm and cooperation for the Annan Plan. It is also important to mention that the Attachment 13 of the Annan Plan clearly mentions that natural resources falls within the domain of federal law in United Cyprus.³⁶⁵

Without any doubt, the Annan Plan was a missed opportunity for the reunification of the island. As it has already mentioned, the failure was the outcome of the Greek Cypriot votes in favour of No in the referendum. On the behalf of the Turkish Cypriot community, the EU accession of the RoC without the resolution of the Cyprus issue was a great source of disappointment. Besides that, in the aftermath of the referendum, despite of their cooperative attitude towards finding a solution on the bases of the Annan Plan, Turkish Cypriot community continued to suffer from the international isolations on a large scale. The European Union admits that the

³⁶⁴ See Kaliber, A. (2005). Securing the Ground Through Securitized 'Foreign' Policy: The Cyprus Case. *Security Dialogue*, 36:319.; Robins, P. (2007). Turkish foreign policy since 2002: between a 'post-Islamist' government and a Kemalist state. *International Affairs*, 83: 2, p.297-298.

³⁶⁵ Annan Plan (2004, March 31). *The Comprehensive Settlement of the Cyprus Problem, The Text of the Annan Plan*, Retrieved May 21, 2015 from http://www.hri.org/docs/annan/Annan_Plan_Text.html

European Commission holds specific responsibilities with regard to Cyprus where they need to boost the Turkish Cypriot community's economic development for the future reunification of the island. "Aid Programme for the Turkish Cypriot Community"³⁶⁶ mainly aims to meet this responsibility. Nevertheless, the success of the aid programme in terms of preserving the peace momentum among the Turkish Cypriot community is a highly debatable matter due to the difficulties with regard to the implementation of the programme. Above and beyond, EU's aid programme cannot be sufficient to compensate losses of the Turkish Cypriot community stemming from the international embargos. The EU accession of the RoC as a de facto divided island further complicated the Turkey's accession negotiations with the EU. Signing of the Ankara Protocol was a source of pressure for Turkey since this would imply the recognition of the Republic of Cyprus. Hence, in relation to that, Turkey issued a declaration and stated that the signing of the Ankara Protocol did not mean any form of recognition of the RoC.³⁶⁷ Eight out of the total 35 negotiation chapters are suspended for Turkey as a result of the Turkey's decline in terms of opening of its ports and airports to the RoC. It is important to note that in total negotiation chapters are blocked now.

Taken together, the position of Turkey with regard to the Cyprus issue remained the same in the aftermath of the EU accession of the Republic of Cyprus but it is possible to argue that in the post-2004 period Turkey relieved from the pressure the international community exerted on him for being more supportive for a comprehensive settlement in Cyprus. Yet it is important to note that, on the behalf of the Turkish Cypriot community the euphoria for a peaceful settlement of the protracted Cyprus conflict faded away with overwhelming negative votes of Greek Cypriots. It was the prospects for a solution which disappeared. That was in fact the evaporation of the "European solution" among both communities as a political image. In 2008 elections, as a reaction towards Tasos Papadopoulos who was the president of the Republic of Cyprus during the Annan Plan period, AKEL General Secretary Dimitris Christofias elected as the new president. The result of the 2008 presidential election perceived among many to be such an important moment for the

³⁶⁶ See European Commission, *Aid Programme for the Turkish Cypriot Community*, Retrieved from http://ec.europa.eu/enlargement/tenders/aid-programme-tcc/index_en.htm

³⁶⁷ See Furkan Şenay and Mehmet Uğur Ekinci. (2014). op.cit.

entire peace process. That was the first time the traditional left of AKEL succeeded in the South. At the same time, in north of the island leftist Mehmet Ali Talat was in office as the counterpart of Christofias. Many hoped that a result oriented dialogue would be sustained between two leaders who internalized the Left's pragmatist political culture.³⁶⁸ Their commitment to a reunified federal Cyprus was widely known among both communities. This mainly raised the hopes among the supporters of peace. During the 2004 referendum, DISY leader Nicos Anastasiades supported a solution based on Annan Plan and in the aftermath of the 2008 elections, he kept supporting Dimitris Christofias. Indeed, the political climate was quite optimistic in the aftermath of the Christofias' election.

After 2004, the year when the Greek Cypriots voted "no" the UN Comprehensive Settlement Plan (Annan Plan), the efforts towards finding a settlement to the Cyprus problem stalled for a period of four years. On 8 July 2006, the then Turkish Cypriot Leader Mehmet Ali Talat and the then Greek Cypriot Leader Tassos Papadopoulos met and they agreed on an initiative. There, both communities expressed their sole commitment to a comprehensive settlement based on a bi-communal, bi-zonal federation with political equality. They also expressed their desire for the establishment of working groups to discuss the main issues of the Cyprus problem as well as technical committees that would deal with practical issues to render the daily life in Cyprus easier. The full-fledged negotiations nevertheless could not take place until the election of Demetris Christofias as the new Greek Cypriot Leader in February 2008. With his election, the full-fledged negotiations began and accordingly the 21 March Agreement was announced by two leaders which put forward the decision of leaders to establish number of working groups and technical committees. The aim was to create bases for full-fledged negotiations with the help of their work. On 16 April 2008, the establishment of six working groups on the chapters of Governance and Power Sharing, Economic Matters, European Union Matters, Property, Territorial Adjustment, Security and Guarantees as well as seven technical committees on Environment, Health, Crisis Management, Economic and Commercial Matters, Crime and Criminal Matters, Humanitarian Matters and

³⁶⁸ Pericleous, Chrysostomos, 2012, op.cit.

Cultural Heritage was announced.³⁶⁹ On 3 April 2008, the Lokmacı /Ledra Street crossing point opened for reciprocal crossings across the Green Line in Lefkoşa/Nicosia, a development perceived as positive in conjunction with the initiation of dialogue between two Leaders. On 23 May 2008, the two Leaders again reaffirmed their commitment to a bi-zonal, bi-communal federation with political equality. They also confirmed their commitment to a partnership in terms of having a Federal Government with a single international personality where a Turkish Cypriot Constituent State and a Greek Cypriot Constituent State will enjoy equal status.

On 1 July 2008, this time, the two Leaders, agreed on single sovereignty and single citizenship in the envisioned federal Cyprus. They decided to discuss the further details with regard to the implementation of single sovereignty and single citizenship understanding during the full-fledged negotiations. Based on the works of the working groups and technical committees, the Leaders decided to commence full-fledged negotiations on 3 September 2008. The leaders also declared that the agreed solution would be put to separate simultaneous referenda at the end. At the end of this process, the reports of the areas of convergence and divergence were submitted to the Leaders and the full-fledged negotiations resumed on 3 September 2008 accordingly. Alexander Downer, the then UN Secretary General's Special Adviser on Cyprus participated to the negotiations as well. At the initial phase, two communities drafted joint papers on issues relating to Governance and Power Sharing, European Union Matters and Economic Matters. 30 joint papers accordingly were produced related to these chapters, pointing out the areas of convergence. On the issues of Property, Territorial Adjustment and Security and Guarantees no papers were produced because of divergences of the two communities. In the following phase of the negotiations, on 10 September 2009, the Leaders considered several basic issues of divergence this time and as a result of that a joint paper was produced on the Property chapter. Later, two rounds of intensified negotiations took place in January 2010. A month later, in February 2010, the UN Secretary General Ban Ki-moon visited Cyprus to have separate meetings with the Leaders and to have a joint meeting under his auspices. At the end of his visit, the UN Secretary General

³⁶⁹ Turkish Ministry of Foreign Affairs. Cyprus Negotiations Process, Cyprus Negotiations, 2008 Negotiations Process, op.cit.

emphasized that more intensified efforts were needed for a settlement.³⁷⁰ Talat and Christofias met for the last time during the TRNC Presidential elections and they announced on 30 March 2010 that they will inform their communities separately about the developments. Dr. Derviş Eroğlu won the TRNC Presidential elections held on 18 April 2010 and subsequently sent a letter to the UN Secretary General Ban Ki-moon where he stated that he was ready to continue negotiations and adhere to the previously agreed convergences. Consequently, the first meeting took place between Eroğlu and Christofias on 26 May 2010. Upon the invitation of the UN Secretary General, the two Leaders had five tripartite meetings first one in New York on 18 November 2010, the second and third meetings in Geneva on 26 January 2011 and 7 July 2011 respectively, the fourth in Greentree, New York on 30-31 October 2011 and the fifth again in Greentree, New York on 23-24 January 2012.³⁷¹ The meeting which took place in New York dedicated more on the main chapters of the Cyprus Problem where the Leaders agreed on increasing their contacts in the following days to produce a practical plan focusing on how the difficulties on the areas of divergence would be resolved. The fourth tripartite meeting held in Greentree on 1 November 2011 had been more promising where the sides managed to have significant progress. There the Leaders agreed that they had to spend more time and effort to settle the Cyprus problem. Nevertheless the process hindered with the Greek Cypriot side's assumption of the rotating Presidency of the EU on 1 July 2012. Arbitration, mediation, a timetable and a high-level meeting with the participation of the two sides and the Guarantor powers (Turkey, Greece and the United Kingdom) were the elements which the Greek Cypriot leadership continued to oppose during that time period. Presidential elections in the South also led to a stagnation of the finalization of the negotiation process in Cyprus. In February 2013, DISI Leader Nikos Anastasiades was elected as the Greek Cypriot Leader in the South. It is important to note that Anastasiades has never made an overt commitment in terms of following the convergences achieved during the full-fledged negotiations during 2008-2012. Still, in April 2013, the UN distributed the two sides a 77-page document which includes the related convergences. These convergences are still the bases of the ongoing negotiations by the time.

³⁷⁰ Turkish Ministry of Foreign Affairs, Cyprus Negotiations Process, 2008, *ibid.*

³⁷¹ Turkish Ministry of Foreign Affairs, Cyprus Negotiations Process, 2008, *op.cit.*

On February 11, 2014, the long-awaited “Joint Declaration” was released by the two Cypriot communities. The comprehensive settlement negotiations, which were suspended for more than two years thus commenced with the declaration in February 2014. With this declaration, both communities highlighted once more that they find status quo unacceptable. Apart from such a strong emphasis, they also expressed their willingness to revive result-oriented, structured negotiations with the objective of reaching a settlement based on a bi-communal and bi-zonal federation in the United Cyprus. The envisioned united Cyprus is stated to be a member of the UN and of the EU and shall have a single, international legal personality and a single sovereignty. A single sovereignty as such ensues equally from Greek Cypriots and Turkish Cypriots. According to the final version of the declaration agreed between the two leaders, all citizens of the United Cyprus shall also be citizens of either the Greek Cypriot constituent state or the Turkish-Cypriot constituent state. They also agreed to put an effort on the matter of the implementation of the confidence building measures. One of the most significant aspects of the declaration could be viewed as the idea of having separate simultaneous referenda when the two leaders agree on a comprehensive settlement. The declaration set the framework for the negotiations and the United Cyprus as a bi-zonal, bi-communal federation. As a further step, with the signing of the declaration, cross-talks were carried out by Turkish Cypriot community’s Chief Negotiator Kudret Özersay visit to Athens and Greek Cypriot community’s Chief Negotiator Andreas Mavroiannis visit to Ankara. The in-depth and extensive negotiations, resumed after the joint declaration, evolved around six main topics as follows:

Power sharing: The fundamentals on which the federal government shall be built;

EU Membership: The adaptation of the north to EU standards; how the sides shall have a share in the administration;

Economy: To determine joint economic policies;

Properties: Adaptation of the property regime with the EU *acquis communautaire* and settling property disputes originated during the Turkish intervention 1974;

Land: Lands in the Turkish side that shall be left to their former Greek owners;

Guarantorship: Whether or not the guarantorship rights of Turkey, Greece and Britain shall be rearranged.³⁷²

After the completion of a screening process in March 2014, the parties continued with the “substantial negotiations” phase. The issues of property and public administration were the two proposals put forward by the Turkish side, where the Greek side put forward a proposal related to the federal powers. It is important to note that the main goal of the substantial negotiations is to draft a comprehensive agreement with concrete proposals. It is the completion of this phase which would lead the way to the “give and take” process. The return of Varosha has been one of the key matters of the current negotiations. The European Parliament Foreign Affairs Council views the matter within the framework of confidence building measures and calls Turkey to back off its troops out of Cyprus and leave Varosha to the United Nations.³⁷³ The US Ambassador to the RoC John Koenig also stated that the matter of returning Varosha to Greek Cypriots could be viewed as a huge step towards a settlement in Cyprus.³⁷⁴ Nevertheless, for Turkish Cypriot community, the talk of Varosha carries the risk of detracting the attention from a comprehensive settlement thus would diminish the efforts for a possible reunification thus believes that the matter should be handled within the context of a comprehensive settlement.

It is now largely accepted by both parties that the status-quo in Cyprus is not favourable for them. The current situation is not acceptable for the Turkish Cypriots

³⁷²Furkan Şenay and Mehmet Uğur Ekinci, 2014, *op.cit.*, p. 13-14.

³⁷³ Levent, M. (2014, March 7). Maraş Bütünlüklü Çözümün Parçası mı, Güven Yaratıcı Önlem mi? [Is Varosha a Part of the Comprehensive Solution or a Confidence Building Measure]. *Afrika Gazetesi*.

³⁷⁴ Christou, J. (2014, March 27). Return of Varosha could be ‘game-changer’ says US ambassador. *Cyprus Mail*.

largely because of the international isolation they are suffering from. Although Greek Cypriots seem to be pleased with their international recognition, the fact that they lack the control over the north of the island where they have considerable amount of Greek Cypriot properties is a great source of concern for them. Besides that the fact that Turkey refuses to recognize Greek Cypriot Administration in the South as a legitimate government creates further problems for the RoC such as the opening up of the Turkish ports to the Greek Cypriot vessels. In the absence of resolution of the Cyprus Problem, Turkey also continuously finds himself in an awkward position in its EU Membership bid where the normalization of the relations with the RoC turns out to be a precondition for Turkey. As a result, ongoing Cyprus Problem is enormously hampering Turkey's EU accession. In general, the progress towards a comprehensive and durable settlement in Cyprus is not satisfactory for none of the parties in the recent phase of talks. January 2014, Security Council Report on Cyprus highlights the same insufficiency where the resolution 2114 (2013) adopted by the UN Security Council, calls both sides to "put their efforts behind further work on reaching convergences on core issues".³⁷⁵ With regard to the joint statement, Turkish Republic Foreign Minister Ahmet Davutoğlu said: "Now it is time for building a construction on these parameters. Columns and walls should be built gradually on this statement and a peaceful Cyprus should be reconstructed."

Negotiations interrupted in October 2014, after a NAVTEX was issued by the Turkish government announcing its plans to carry out exploration activities in Cyprus' Exclusive Economic Zone. In May 2015, the UN-led peace talks have resumed in Cyprus with the Greek Cypriot President Nicos Anastasiades and the newly elected Turkish Cypriot President Mustafa Akinci. The energy is still not a part of the negotiations in Cyprus.

³⁷⁵ Cited in UN Security Council. (2014, January). Report. Monthly Forecast on Cyprus, Retrieved July 24, 2014 from http://www.securitycouncilreport.org/monthly-forecast/2014-01/cyprus_3.php?print=true

4.4 How the Issue of the Management of Natural Resources is Being Discussed within the Context of Inter-Communal Negotiations in Cyprus

Even though, technically, energy is not a part of the negotiations in Cyprus, the natural gas discovery has been vastly considered to be the most significant topic of the Cyprus peace talks since the first day of the Noble's announcement of Aphrodite, Block 12.³⁷⁶ Within that framework, the diplomatic promise of the newly discovered gas offshore Cyprus received a considerable attention.³⁷⁷ Nevertheless, the link between the natural gas discoveries in and around Cyprus and the peace talks is not overt and at the same time cannot be taken for granted. Finding out the new elements which were introduced by the hydrocarbons dimension into the inter-communal negotiation process is a difficult task which is directly related with further questions such as at what stages the hydrocarbon discoveries in Cyprus have ignited the negotiations in general or have influenced the atmosphere of peace talks in Cyprus. As discussed above, the inter-communal negotiations for a comprehensive settlement of the Cyprus problem under the auspices of the UN are continuing for almost fifty years in Cyprus. As it is seen none of the rounds of negotiations in the past could lead to a settlement of the problem. In September 2013, the then Turkish Prime Minister Recep Tayyip Erdoğan told United Nations Secretary General Ban Ki-moon, "Let's solve this problem of 50 years, start negotiations and conclude them in three months."³⁷⁸ Behind such a great motivation, one could argue that there lies the energy dimension, quite different from the previous terms. The negotiations resumed with the mediation of the UN Good Offices in February 2014, had this new natural resource component in itself, not as an agenda item within the negotiations but as a

³⁷⁶ See Anadolu Agency. (2014). Gas discoveries to boost Cyprus talks, says US official. Retrieved from <http://www.aa.com.tr/en/economy/354908--gas-discoveries-to-boost-cyprus-talks-says-us-official>; Gas discovery could help 'Cyprus standoff'; the president of the Turkish Republic of Northern Cyprus said natural gas discovery could help the Cyprus peace talks. (2014, 20 June). World Bulletin. Retrieved August 4, 2014 from <http://www.worldbulletin.net/cyprus/139266/gas-discovery-could-help-cyprus-standoff>; Natural Gas Reserves may Unite Separated People of Cyprus. (June 29, 2014). Daily Sabah, Retrieved August 4, 2014 from <http://www.dailysabah.com/energy/2014/06/30/natural-gas-reserves-may-unite-separated-people-of-cyprus>; Çalık, A. (2014). The energy boom in Cyprus: pipeline to peace? op.cit.

³⁷⁷ Israeli gas holds diplomatic promise. (2014, April 14). Reuters. Retrieved September 4, 2014 from <http://www.stuff.co.nz/world/middle-east/9941084/Israeli-gas-holds-diplomatic-promise>

³⁷⁸ Nayır, M. (2014, February 24). Energy Issue at the Centre of Cyprus Negotiations. Daily Sabah, Retrieved August 14, 2014 from <http://www.dailysabah.com/politics/2014/02/25/energy-issue-at-center-of-cyprus-negotiations>

much vibrant key for a broader regional energy cooperation scheme which may prove viable and available export options for the Aphrodite field which holds 4, 5 Tcf of proved natural gas. With such a consideration in mind, the island's natural gas reserves cannot be detached from the peace process in Cyprus.

As mentioned, the energy has never been the core issues of the negotiations. Today, it is still not one of the topics under consideration like the burdensome issue of property ownership. Nevertheless the energy dimension can be viewed as an influential factor which is beyond technical aspects of negotiations in Cyprus, capable to drive the future of the peace process both in positive and as well as negative directions. In addition to natural gas, the water project which anticipates the transfer of water from Turkey to TRNC can also play a role in peace process, nonetheless it is a minor topic compared to the impact the natural gas discoveries would make on the peace talks. Still, it remains as a question whether the new energy dimension of the peace process in Cyprus is capable to bring a change to the fore. In other words, the extent to which the energy resources in the Eastern Mediterranean and particularly in Cyprus can be regarded as a game-changer for the peace talks in Cyprus needs to be carefully explored. To be able to move beyond suppositions, it is necessary to look at when and in what context the energy issue was discussed throughout the negotiations so far. In relation to that, it is seen that within the inter-communal negotiations in Cyprus, the energy matter was discussed at number of times and it is possible to observe that parties tried to contextualize the matter alongside their existing standpoints on the Cyprus Problem. By Turkish Cypriot Community, the energy matter was highlighted at several times with a particular emphasis on number of factors. First of all, the Turkish Cypriot Community perceived energy as a matter which needs to be discussed alongside the already existing chapters within the negotiations. In that manner, the issue was raised twice up until the current stage. Firstly, within the negotiations, the energy matter was examined in relation to the question of who will have the authority of the natural resources in an envisioned federal solution which is the sole model mentioned in the February 2014 Joint Declaration.

The funds for natural resources, the relations with the European Union and foreign relations will be within the federal competences in the envisioned federal Cyprus. In

relation to that it is seen that natural resources was discussed within the context of the federal Cyprus. At the negotiation table, there has been a prevalent perspective that licensing and the profit related with the agreements signed with the energy companies in terms of exploration and exportation of the existing natural resources will be transferred to the federal budget in case of a settlement. The former Turkish Cypriot chief negotiator, Özersay³⁷⁹ mentioned that the day by day developments within the related blocks, such as Aphrodite, was not discussed in detail during his office mainly because they were regarded as issues related with natural resources where a convergence is already being achieved therefore they do not require further deliberation. Özersay further stressed that in case of a settlement; it is agreed by both communities that there will be a revenue sharing from the federal budget until two constitutive states converge economically. Therefore in order to facilitate such a convergence, a greater budget will be allocated to the Turkish constituent state. In relation to that, it is foreseen that the revenue from exportation of the natural resources will be transferred to the Turkish Cypriot community through the federal budget itself. This understanding draws the contour of how the matter was discussed within the negotiations context so far.

Another context in which natural resources was discussed was the one related with the international treaties parties signed separately with international actors. So far, Turkish Cypriot leadership signed treaties with Azerbaijani, Kirgizstan, and mostly with Turkey. Nevertheless Republic of Cyprus (RoC) signed treaties with China, USA, France, Japan, and EU. To determine how all those international agreements will be transferred to the new federal structure, a committee was established and a roadmap was drawn to put forward which of those will continue to be binding. In general those agreements will be binding as long as they will fit within the new context of a future settlement. Nevertheless, the international agreements signed by the RoC which addresses the sovereignty matters and concludes decisions which will be permanently binding such as EEZ and delimitation agreements are problematic and may not fit within the new context of a future settlement. According to Özersay³⁸⁰, this is highly challenging since they essentially excludes the Turkish

³⁷⁹ Interview with Kudret Özersay, Former Chief Negotiator, 19 September 2014, Thursday, Turkish Republic of Cyprus Presidency Palace, the Office of the Chief Negotiator, Nicosia.

³⁸⁰ Interview with Kudret Özersay, 2014, *ibid*.

Cypriot community's rights and interests where these agreements permanently set decisions on the behalf of Turkish Cypriot community upon their future without their consideration. These agreements mainly create a *fait accompli*³⁸¹ where it will not be able to consider them again in case of a settlement. In principle, this points is a considerable problem for the Turkish Cypriot community where they simply lack their own input in terms of the delimitation agreements, and exploration, exploitation and exportation of the natural resources in and around Cyprus. The contentions put forward by the Turkish Cypriot side pointed out the absence of Turkish Cypriot community within the overall picture. This was stressed by the Turkish Cypriot leadership within the negotiations in relation to the activities and developments took place within the domain of Cyprus hydrocarbons. The Turkish Cypriot side concerns that a treaty may be signed which favour Egypt but equally fails to account the interests of Turkish Cypriot community. Such international agreements that Turkish Cypriot Community has no saying on, involve the permanent arrangement of rights belong equally to the both communities. This creates a condition which cannot be reversed in the future. The EEZ agreements are signalling a permanent status for both communities. One could say that providing England sovereign bases is a similar case. Therefore, the Turkish Cypriot side criticised the signing of EEZ agreements with third parties by the RoC and raised their concerns at the negotiation table several times.

The suggestion of Turkish Cypriot sides for the establishment of a committee was another framework in which the hydrocarbon as an issue was discussed within the negotiations. There are already technical committees specialized on different issues ranging from intelligence sharing, health, fire and environment. Turkish Cypriot leadership suggested an establishment of a similar technical committee on the hydrocarbons. In relation to that, Turkish Cypriot leadership proposed the further discussion of a revenue sharing through technical committees nevertheless this was rejected by the Greek Cypriot side.

Above, it is possible to find out the contexts in which the natural gas as an issue was explicitly discussed within the past rounds of negotiations. Another way to explore

³⁸¹ *Fait accompli* means a thing accomplished and presumably irreversible.

the energy dimension of peace process in Cyprus is less direct. Questioning the ways in which the negotiations would be affected from the existing *fait accompli* which has been created as a result of the signing of the EEZ agreements with third parties by RoC can provide further insights. The signing of the EEZ agreements may affect the negotiations indirectly. Negotiations are normally technical exercises but they hugely got affected from the political context they interplay within. The prevalent understanding that the RoC can benefit from the existing resources regardless of a comprehensive settlement unlinks the exploration and the exportation of the natural resources from the inter-communal negotiation processes. This has created an atmosphere where Turkish Cypriot side grasps the hydrocarbons issue as an issue area which strengthens Greek Cypriot hand in the overall peace process. Highlighting of alternatives such as exploitation and exportation of the existing natural resources unilaterally before a comprehensive settlement in Cyprus by Greek Cypriot side systematically aims to unlink the peace process from the development of the gas reserves offshore Cyprus. This situation is creating a negative political context in general. Reciprocal steps taken by Turkey and Turkish Cypriot leadership such as the NAVTEX announcements at the end of 2014 and at the beginning of 2015 even led to the halting of the negotiations. Therefore, based on the evaluation of the time period 2011-2015, it is seen that, in political terms, the energy dimension complicated the peace process in the context of Cyprus and it appeared as a challenge rather than an incentive.

According to Özersay³⁸², seemingly the Greek Cypriot leadership perceives the gas as a new leverage point but the scale of the leverage at their hand is less obvious which makes timing existential. When the amount of the gas will be clearer, the contours of the negotiations with the energy companies will change substantially and a more accurate export plan will be developed. As mentioned elsewhere, the greater involvement of important energy companies means enhanced relations between RoC and Israel in long terms in terms of their energy cooperation. The reactions of Turkey and Turkish Cypriot community leadership towards these developments have been adopting reciprocal steps. It is important to indicate that the amount of the natural gas in and around Cyprus is still unknown therefore the scale of the leverage the

³⁸² Interview with Kudret Özersay, 2014, op.cit.

Greek Cypriot side has is equally unknown for the present time period. According to Özersay³⁸³, the uncertainty surrounding the natural gas developments offshore Cyprus can be viewed as a factor which is resulted with less dynamic negotiation process, even halting of the negotiations at certain stages.³⁸⁴ Besides, there is also an expectation on the behalf of Greek Cypriot leadership as Turkey will support a solution more. Energy is not the only issue which led the RoC to employ a wait and see policy. The contours of the strategic partnership which they have with the USA are also not clear. They also want to see the extent to which this partnership may help them. Another argument of Özersay³⁸⁵ is that because of the economic problems the RoC struggled with, they do not prefer to negotiate a deal at such a delicate time when they are not powerful enough to put forward their own interests.

Hydrocarbons would both lead to further cooperation or increase the existing political tensions in Cyprus and in the broader region. It depends on which path the political actors will choice to follow. One way or other, hydrocarbons have created a different perspective which brings different calculations back into the agendas of political actors. It is apparent that natural gas perspective necessitates a different mind-set, a one which prioritizes cooperation above all if one seeks to benefit from the findings in economic terms. This type of mind-set begs for different perspectives towards the Cyprus Problem. Establishing and maintaining cooperative relations between Turkey, Cyprus and other neighbours on the eastern Mediterranean coasts is very important and the extent of the regional cooperation will determine the future of the existing political problems and tensions such as the Cyprus problem. Hydrocarbon discoveries in Cyprus would turn out to be an obstacle if leaders prefer to use it as an instrument to strengthen their previous tough positions with regard to the settlement of the Cyprus problem. From a more pragmatic point of view, hydrocarbon discoveries provides an important area to cooperate thus it is an important incentive for the settlement but as Karbuz³⁸⁶ says, “If you want to go fast, go alone. If you want to go far, go together.” Parties would cooperate and resolve the

³⁸³ Interview with Kudret Özersay, 2014, op.cit.

³⁸⁴ The Greek Cypriot side left the negotiation table because of the NAVTEX announcements of Turkey in October 2014.

³⁸⁵ Interview with Kudret Özersay, 2014, op.cit.

³⁸⁶ Ayat, K. (2014, August 7). East Med Gas: A Discussion with Dr. Sohbet Karbuz, op.cit.

Cyprus problem which is one of the most significant prerequisites for a Cyprus-Israeli-Turkey energy cooperation or try to go alone but not too far in constituting an alternative source of energy to Europe. Nevertheless, it is possible to observe that energy has not been directly a part of the inter-communal negotiations in Cyprus so far. It rather appeared as a fault line, an issue area in which sovereignty rhetoric has been sustained and strengthened by both parties.

With the consideration of the possible export options, coupling with the economic crisis in the South of the island, in 2013, as an unexpected statement, even the head of the Greek Cypriot Orthodox Church Archbishop Chrysostomos II expressed his support for the option of exporting Cypriot gas via Turkey for the national interest of Cyprus.³⁸⁷ When Nicos Anastasiades was elected as the president of the Republic of Cyprus in February 2014, he also made supportive statements with regard to the future energy cooperation with Turkey. He believed that this option would become a triggering force in resolving the Cyprus problem and also in strengthening the stability of the region.³⁸⁸ The positive attitude of Anastasiades towards a bi-zonal and bi-communal settlement and a regional energy cooperation involving Turkey created a positive atmosphere in the last few years with regard to the resolution of the Cyprus problem. Nevertheless, RoC has continued unilateral natural gas exploration activities in its proclaimed EEZ.

With regard to the role of energy in peace talks, in May 2014, Turkish Cyprus' chief negotiator Kudret Özersay stated that, "we are against the idea of talks just for talks. We don't want to be the prisoners of that. We don't know what will be the next stage, there isn't a roadmap that we have agreed on,"³⁸⁹ while at the same time underlining his concerns with regard to the role of the Cypriot natural gas in the inter-communal negotiations. According to Özersay, hydrocarbons turned out to be an obstacle for the peace talks and increased the tensions between two parties. For Özersay, "The fact that one community - one of the co-owners - is treated as if they were eligible to

³⁸⁷ See Sayarı, S. (2013, January 28). Doğalgazımızı Türkiye satsın [Let Turkey to Sell our Natural Gas]. ntvmsnbc.com.

³⁸⁸ See. Hürriyet, (2014, February 18). Kıbrıs'tan Türkiye'ye boru hattı sürprizi. Hurriyet. Retrieved 8 March, 2015 from <http://www.hurriyet.com.tr/>

³⁸⁹ Pennetier, M. (2014, May 28). Prudent on talks, Turkish Cypriots say gas find could be obstacle. Reuters, Retrieved August 4, 2014 from <http://www.reuters.com/article/2014/05/28/us-cyprus-talks-idUSKBN0E81Q420140528>

do whatever they want about hydrocarbons without getting the consent of the other, it cannot help the Cyprus problem, on the contrary it could only be an obstacle."³⁹⁰ According to Gürel, "when we look at the whole picture, there has always been dissidence in Cyprus, the exploration of energy resources exacerbates present divergence." ³⁹¹

The stance of international community is also decisive while searching for the link between hydrocarbon discoveries and the peace process in Cyprus. According to Cypriot President Nicos Anastasiades the natural gas discoveries in offshore Cyprus could encourage the international community to resolve the Cyprus problem and at the same time could decrease the EU's dependency on Russian energy. "There is a lot of interest by international players and Europe. I hope that at some point we could be in a position to make a relevant announcement but it's premature to say anything for certain," said Anastasiades.³⁹² Smith also argues that there is a "confluence of events"³⁹³ in Cyprus which has created the conditions for peaceful settlement. The financial crisis raises the pressure on Greek Cypriots. This discovery of vast amount of natural resources in and around Cyprus coincided with the financial meltdown of the internationally recognised; Greek Cypriot administered Republic of Cyprus (RoC). Nevertheless, Özersay argues that, although the international community admits that the Turkish Cypriots are co-owners of the resources, "there is a serious anomaly and abnormality in the region about the hydrocarbon resources." He highlights the "main source of the problem" as the fact that the important conclusions on hydrocarbons are being drawn without the "consent of Turkish Cypriots" and this is treated as normal by the same international community who seems to respect the rights of the Turkish Cypriot community on resources.³⁹⁴ For Özersay, international community should strive for a solution in Cyprus before the hydrocarbon resources

³⁹⁰ Pennetier, M. (2014). *ibid.*

³⁹¹ Natural Gas Reserves may Unite Separated People of Cyprus. (June 29, 2014). Daily Sabah, op.cit.

³⁹² Kambas, M. (2014, April 11). Cyprus talks energized by natural gas find: president. Daily Star. Retrieved August 4, 2014 from <http://www.dailystar.com.lb/Business/International/2014/Apr-11/252949-cyprus-talks-energized-by-natural-gas-find-president.ashx#axzz39RbcHNII>

³⁹³ Helena S. (2014, February 10). High stakes as Greeks and Turks revive Cyprus peace talks. The Guardian, Retrieved 6 August, 2014 from <http://www.theguardian.com>

³⁹⁴ Cyprus's hydrocarbon issue could challenge "stability". (2014, June 12). World Bulletin. Retrieved August 6, 2014 from <http://www.worldbulletin.net/haber/138842/cypruss-hydrocarbon-issue-could-challenge-stability>

in and around Cyprus are grown into a capital and transported to international markets without achieving any cooperation between Turkish Cypriots and Greek Cypriots. In a milieu where “the current stability creates a safe area for the international community to continue and maintain their existing policies,”³⁹⁵ it would be naïve to expect the international community to create incentives for a resolution.

It is important to remind that in the summer of 2011 when an explosion in Zygi resulted in a fire in Vassilikou power station and led to an electricity shortage in many business and homes in the South of the island, Turkish Cypriot and Greek Cypriot authorities managed to cooperate in the electricity realm in the absence of trust, recognition or a comprehensive political settlement. As Hocknell³⁹⁶ observed, in post-partition Cyprus there existed a number of islands of cooperation over transboundary resource management, which reveals that under certain politico-geographical conditions, the Cyprus conflict has not been unchanging and intractable as it is portrayed.

With regard to the link between gas discoveries and inter-communal negotiations, Sartori,³⁹⁷ observes that the discovery of hydrocarbons have incited progress in talks since any Israeli gas pipeline would have to travel across Cyprus to reach Turkey. According to another observation made in the same place, energy related developments in the region renders the resolution of the Cyprus problem necessary mostly within the framework of a regional energy cooperation schemes where feasible export options appears to be limited. Kaymak³⁹⁸, on the other hand, notes that since the summer of 2011, the hydrocarbons matter has rather complicated the inter-communal negotiations at the formal level due to unilateral moves, continued in tit for tat fashion. For him, this indicates the necessity of incorporating hydrocarbons into the negotiations framework.

³⁹⁵ Kudret Özersay cited in Çalık, A. (2014). The energy boom in Cyprus: pipeline to peace? op.cit.

³⁹⁶ Hocknell, P., R., 2001, op.cit.

³⁹⁷ Cited in Israeli gas holds diplomatic promise. (2014, April 14). op.cit.

³⁹⁸ Kaymak, E. (2012, January). Wealth Sharing and Geopolitical Strategies: Excluding Hydrocarbons from the Cyprus Negotiations. In Faustmann, H., Gürel, A., & Reichberg, Gregory M. (Ed.). Cyprus Offshore Hydrocarbons, Regional Politics and Wealth Distribution, Friedrich Ebert Stiftung and PRIO Cyprus Centre, PCC Report.

It is interesting to notice that, oil and gas efforts of the RoC proved to be of more consequence in compared to EU accession of RoC in 2004 as a *de facto* partitioned island in terms of increasing the momentum of unilateral moves. It is also important to note that, so far the continuation of the Cyprus problems has been described as one of the main barriers to progress in the disputes over Aegean islands between Greece and Turkey. Kaymak³⁹⁹ maintains that the reverse can also be argued now when the hydrocarbons dimension of the inter-communal talks in Cyprus is considered. One could say that an Aegean-based rationale is affecting the course of the extraction of hydrocarbons in the Mediterranean. The reason behind that could be viewed as Turkey's commitment in terms of not ratifying UNCLOS. There is a lack of progress and diplomatic urgency in the emerging tensions regarding Cyprus's EEZs and this eventually influences the negotiation process in Cyprus. Although, the existence of significant resources and emerging strategic alliances in the region would lead to greater tensions, the hydrocarbons issue has been deliberately excluded from inter-communal negotiations at a time when it can be conceptualized and utilised as a mutually enhancing opportunity to create a sense of urgency for the settlement.

Another important point to consider in relation to hydrocarbon dimension of the inter-communal negotiations in Cyprus is the normalization of relations between Turkey and *de facto* partitioned Cyprus. Beyond the normalization of the relations between Greek Cypriot and Turkish Cypriot community, the hydrocarbons issue within the framework of the delimitation of the continental shelf followed by EEZ negotiations will continue to be a thorny issue between reunified Cyprus and Turkey. Turkey's physical intervention to challenge Cyprus's extraction of natural gas in the aftermath of the signing of EEZ agreement between Cyprus and Israel is an indicative of future problems which may arise due to lack of normalization between related parties. It should be (re)emphasized that, it is due to mutual exclusivity of territorial claims why hydrocarbons exploitation increased as a critical matter of sovereignty for the related parties with significant implications for the negotiation process. In relation to that, Kaymak⁴⁰⁰ argues that "ironically, the extent to which the Greek Cypriots successfully exploit natural gas reserves may be inversely related to

³⁹⁹ Kaymak, Erol, 2012, *ibid.*

⁴⁰⁰ Kaymak, Erol, 2012, *op.cit.*

the chances of reaching a settlement with the Turkish Cypriots.” This is because the hydrocarbons issue has raised the stakes and altered views regarding the TRNC. It is seen that *de facto* TRNC aims to become an internationally recognized actor who at the same time has a viable economy. It is possible to see that Turkish infrastructural investments in the *de facto* TRNC have increased in that regard, for example the water pipeline project which aims to supply Turkish fresh water to Cyprus, the venture known as the Northern Cyprus Water Supply Project.⁴⁰¹

4.5 Conclusion

One could say that the discovery of the hydrocarbon reserves in Cyprus has created big dreams and high hopes with regard to the settlement of the Cyprus problem in the last few years. Arguably, energy dimension was regarded by many as the sole motivation for the negotiations in Cyprus. It is conceived that, the gas reserves in the east Mediterranean might provide the chance for better Turkey-EU relations and a settlement of the Cyprus problem with the motivation of post-settlement gas cooperation. The RoC president, Nicos Anastasiades, linked natural gas and a Cyprus settlement in an interview, while Turkey's energy minister, Taner Yildiz, also stated that a settlement could lead to cooperation on energy projects in eastern Mediterranean.⁴⁰² Nevertheless, as discussed above, the inter-communal negotiations have been always complex in the context of Cyprus. Viewing hydrocarbons and an agreement on EEZs basically as triggering factors for a settlement in Cyprus would be considered as an oversimplified reading of the Cyprus hydrocarbons issue as it is not that easy to discern the utility in having a settlement to accelerate an agreement on EEZs on its own. As Kaymak⁴⁰³ reminds, “a settlement can never be a clear break from the past.” There are other significant variables at work, such as the Turkish Cypriot endeavour to include Turkey-TRNC agreements within the framework of a settlement. Thus the assumption that a settlement to the Cyprus problem will comprehensively open the floor to get over all EEZ related crisis in and around

⁴⁰¹ Turkey wraps up landmark project for Cyprus water pipeline. (August 7, 2015) Daily Sabah, Retrieved October 10, 2015 from <http://www.dailysabah.com/nation/2015/08/08/turkey-wraps-up-landmark-project-for-cyprus-water-pipeline>

⁴⁰² Gürel, A. & Mullen, F. (2014, April 10). Eastern Mediterranean gas: A new diplomatic opportunity? op.cit.

⁴⁰³ Kaymak, Erol, 2012, op.cit. p. 22.

Cyprus is a restrictive one, since it prevents us to notice the broader regional geopolitical dynamics at play. In relation to that, rest of the chapters aim to provide a more comprehensive picture by exploring both domestic and regional themes related to the matter at hand.

CHAPTER 5

EXAMINING TURKEY’S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS

5.1 Introduction

This chapter aims to scrutinize Turkey’s view of the political significance of eastern Mediterranean hydrocarbons, with particular reference to its position towards the exploration activities of the RoC offshore Cyprus. Accordingly, this chapter will first examine Turkey’s general energy strategy, then the chapter will explore the evolution of the notion of energy transit as a constitutive aspect of Turkey’s energy policies towards the region, later it will move on to examine the significance of the findings in eastern Mediterranean for Turkey within that context. After doing that, the chapter will finally engage with Turkey’s reaction towards the developments, exploration and the exploitation of natural resources in and around Cyprus. In this chapter it is argued that, Turkey’s claims and arguments vis-à-vis the Cypriot hydrocarbons stems both from its position on Cyprus problem and as well as its concerns with regard to the new energy-related alliance formation in the region.

5.2 Turkey’s General Energy Strategy

Turkey geographically located in neighbourhood which holds three quarters of the world’s proven oil and gas resources. Europe, the United States and East Asian countries they all enormously depend on Russian, Caspian, and Middle Eastern oil and natural gas. Turkey primarily aspires to enjoy its geographic location in a newly set energy agenda which involves new pipelines in a blend of new regional relations and as well as massive investments.⁴⁰⁴ Statistics shows that “approximately 3.7 percent of the world’s daily oil consumption transits the Turkish Bosphorus and

⁴⁰⁴ See Bilgin, M., (2010). Energy and Turkey’s Foreign Policy: State Strategy, Regional Cooperation and Private Sector Involvement. Turkish Policy Quarterly, Volume 9, Number 2, Summer.

Dardanelles straits.”⁴⁰⁵ In this kind of energy setting, Turkey wants to become a key transit country and energy hub in the region. At the domestic level, there are related concerns such as ensuring diversified, reliable, and cost-effective supplies and liberalization of the energy market. These interlinked aspects of energy security altogether constitute the cornerstones of Turkey’s general energy strategy. Energy is at the same time an important component of Turkish foreign policy towards the Eastern Mediterranean region.⁴⁰⁶ Regional cooperation in the energy sector is essential for Turkey for a greater engagement. The AKP government wants to transform Turkey into an important regional player thus in its general energy strategy identifies Turkey’s regional interests, policies, and alliances in according to that perspective.

One of the most noteworthy aspects of Turkey’s Energy Profile and Strategy is its emphasis on Turkey’s rapidly growing economy thus its growing demand in all segments of the energy sector. Whereas Turkey’s domestic energy resources are limited. This creates, for Turkey, the dependency on energy imports, especially oil and gas. In Turkey’s General Energy Strategy, it is mentioned that domestic resources are adequate to meet only around 26 % of the total energy demand. For the rest, Turkey is dependent on imports.⁴⁰⁷

For the realization of its own energy security, Turkey has determined four objectives;

- Diversifying its energy supply routes and source countries,
- increasing the share of renewable and include the nuclear in its energy mix,
- taking significant steps to increase energy efficiency,
- contributing to Europe’s energy security.⁴⁰⁸

⁴⁰⁵ Vessel Traffic Statistics in the Istanbul Straits 2003-2007, confidential report, Ministry of Transportation, General Directorate of Coastal Security, cited in Babalı, T. (2009). Turkey at the Energy Crossroads Turkey, Present and Past. *Middle East Quarterly Spring*, pp. 25-33. p.27.

⁴⁰⁶ See Babalı, T. (2010). Regional Energy Equations and Turkish Foreign Policy: The Middle East and the CIS. *Insight Turkey* 12 (3), 147-168.

⁴⁰⁷ Turkey Minister of Foreign Affairs, *Turkey’s Energy Strategy*. Retrieved November 24, 2015 from <http://www.mfa.gov.tr/turkeys-energy-strategy.en.mfa>

⁴⁰⁸ Turkey’s Energy Strategy, *ibid.*

Turkey's energy strategy is considered to be multi-dimensional because it has multiple objectives such as diversifying energy supply sources and routes along with energy basket. In addition to those, Turkey is also liberalizing its energy market in line with EU acquis to become an EU member. On the other hand, Turkey has signed an intergovernmental agreement with the Russian Federation for the construction and operation of a nuclear power plant at the Akkuyu site.⁴⁰⁹

It is known that more than 70% of the world's proven oil and gas reserves are located quite close to Turkey. Accordingly, very often Turkey is stressing its role as a reliable transit partner where it characterizes itself as a natural energy bridge between the source countries, the Middle East and the Caspian basin, and consumer markets notably Europe. A greater picture as "an uninterrupted and reliable flow of the Greater Caspian and the Middle East hydrocarbon resources to Turkey and to Europe via the Turkish territory"⁴¹⁰ is what Turkey is aspiring to achieve. In terms of the oil pipelines, the main component of the East-West Energy Corridor is the ***Baku-Tbilisi-Ceyhan (BTC) pipeline***. This pipeline extends from the Azeri-Chirag- Guneshli (ACG) field through Azerbaijan and Georgia to a terminal at Ceyhan on the Mediterranean coast of Turkey, bypassing the Black Sea and the Turkish Straits.⁴¹¹ It is important to mention that around 3.7% of the world's daily oil consumption is shipped through the Turkish Straits. This mainly demonstrates the urgency of having an alternative oil export options that by-pass the Straits in case of any accidents that might occur but as well as the role of Turkey as a transit country. In terms of the natural gas pipelines Turkey has an important component of the *East-West Energy Corridor*, known as the Baku-Tbilisi-Erzurum (BTE) Natural Gas Pipeline which has become operational as of 3 July 2007. On the other hand, *Southern Gas Corridor* projects passing through the Turkish territory are also highly encouraged by Turkey, because they are mainly perceived as vital elements of Europe's energy diversification endeavours.

⁴⁰⁹ Turkey's Energy Strategy, *ibid.*

⁴¹⁰ Turkey's Energy Strategy, *op.cit.* p.4.

⁴¹¹ Turkey's Energy Strategy, *op.cit.*

As Oğurlu⁴¹² rightly pointed out, Turkey essentially relates its geographical position to its geopolitical role and would like to strengthen the latter with the former. This seems to be a good way to become a greater actor in the Eastern Mediterranean but one should keep in mind that Turkey's 'ability to manoeuvre among the various countries of the area and act as a bridge between the Middle East and the West'⁴¹³ would be limited. Turkey is aware of those limitations, thus acts particularly sensitive to the developments posing the risk of harming its current status in the Eastern Mediterranean. Considering the developments related with the Arab Spring and the Syrian Conflict in terms of the instability of the region, it is not difficult to understand Turkey's more alert approach towards the region. In fact, proclamation of an exclusive economic zone (EEZ) under the provisions of Law 64/2004⁴¹⁴ by the former president of Republic of Cyprus, Tassos Papadopoulos was one the hard times for Turkey. Without any doubt, on the side of Turkey this necessitated a sensitive response when one considers the relation between the Greek-Turkish dispute and the overall continental shelf argument. Within such a political context, Turkey's technical capacity, and its capabilities regarding the organization of the gas market and the security of the infrastructure are some of these issues which need to be highlighted carefully.

For Turkey to become an important natural gas energy hub, the transportation of the natural gas by pipelines from producers to consumers via Turkey is a significant matter. Eastern Mediterranean gas can be seen therefore significant for Turkey in that regard when a pipeline passing through Turkey are considered for the exportation of the gas from eastern Mediterranean countries to European consumers. It is important to note that gas trade has different characteristics in terms of its quality when compared to the oil trade because the transportation of the gas requires considerable infrastructure investments. Besides high cost investments like pipelines and liquefaction (LNG) facilities, gas business also requires storage facilities to manage

⁴¹² Oğurlu, E., 2013, op.cit.

⁴¹³ Oğurlu, E., 2013, op.cit. p.12.

⁴¹⁴ Kariotis, T., C. (2011). Hydrocarbons and the Law of the Sea in the Eastern Mediterranean: Implications for Cyprus, Greece, and Turkey. *Mediterranean Quarterly*, 22:2. p. 45

fluctuations in seasonal demand levels and unforeseen risks.⁴¹⁵ In Turkey, the substantial majority of the natural gas trade took place via pipelines. Turkey already has pipelines connecting the country with Russia, Azerbaijan and Iran. Via Turkey-Greece interconnector (TYE), the natural gas flow is sustained in both directions between Turkey and Greece. Nevertheless, Turkey has a limited storage capacity. In 2013, although Turkey consumed 45, 9 billion m³ of gas in a year, the amount that was stored was only 2, 67 billion m³.⁴¹⁶ In terms of the dynamics of the natural gas market, the process of liberalization of the natural gas market needs to be speed up in Turkey.

The issue related with Turkey becoming an energy hub, which once more uttered during the negotiations on Turkish Stream with Russia, will continue to be discussed in the near future. The improvement of its technical capacity in accordance to its goals, the reorganization of its market, and the implementation of an integrated security policies by Turkey will help the country to boost its regional prominence to a great extent⁴¹⁷ but what is more critical to view is the evolution of the ideal of becoming an energy transit country for Turkey, particularly with regard to the eastern Mediterranean hydrocarbons as an issue area in which the political context is highly challenging mostly due to Cyprus problem and tensions with Israel.

5.3 The Evolution of the Notion of Energy Transit as an Important Aspect of Turkey's Geopolitical Arguments and Views

Starting from the 2000s, the belief that Turkey should pursue an active policy in its energy politics concerning East-West corridor has been increasingly addressed as a strategic goal. In Turkish political elite' discourses and in 2015-2019 Strategic Plan of the Ministry of Energy and Natural Resource, it is possible to find out Turkey being depicted as an energy transit country and at the same time as a natural gas energy hub.⁴¹⁸ It is an important issue for Turkey to become an energy hub since

⁴¹⁵ Özütem, H., Selim. & Öztürk, C., Nur. (2015). Doğal Gazda Transit Ülkeden Merkez (HUB) Ülkeye, Türkiye'nin Yapması Gerekenler [From Transit Country to Energy Hub in Natural Gas, Things Turkey Should Do]. *Energy, Analyst*, September 2015/55.

⁴¹⁶ Özütem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, *ibid*.

⁴¹⁷ Özütem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, *op.cit*.

⁴¹⁸ Özütem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, *op.cit*.

Turkey is 98% dependent on imports in natural gas where the natural gas consumption in last five years rose from 32, 1 billion m³/year to 48, 7 billion m³/year.⁴¹⁹ Turkey's ambitions with regard to the Southern Gas Corridor strategy, which already includes TANAP (Trans- Anatolian Natural Gas Pipeline Project), can be viewed from that perspective. Once the connection will be materialized between TANAP and Southern Caucasus and TAP (Trans-Adriatic), natural gas from Azerbaijan's Shah Sea-2 will be transported to Turkey via Georgia. The objective is to transport 10 billion cubic meters/year of the first phase transportation which has the overall capacity of 16 billion cubic meters in total to Italy via Greece and Albania.⁴²⁰ Within the Southern Gas Corridor project, it is also envisioned to connect the interconnector between Greece and Bulgaria to the Southern Gas Corridor so that Bulgaria and other Eastern European countries can benefit from Azeri gas. The project feeds Turkey's transit country ambitions since, as one of the stages within the implementation of Southern Gas Corridor project, in 2018, 6 billion cubic meters of natural gas is expected to be exported to Turkey, and in addition to that, in 2019, 10 billion cubic meters of natural gas is anticipated to be exported to Europe.⁴²¹ The ultimate volume of the natural gas which is projected to be transported via TANAP is 31 billion m³ /year, starting from 2026. With TAP, 20 billion m³/year of natural gas is anticipated to be transported to Europe via Turkish border.⁴²² In terms of interconnectors, with the completion of Turkey-Greece-Italy connection, it will be possible to transport 12 billion m³/year of natural gas to Italy. Including this one, the total amount of natural gas which will be transported to Europe via Turkey will be around 30-50 billion m³/year.⁴²³

It is seen that, Turkey's energy transit ambitions are more related with European Union energy security concerns. Therefore, EU's energy security perspective and the role Turkey could play within that framework need to be studied carefully to discover the increasing significance of energy related considerations in Turkey's geopolitical

⁴¹⁹ Özertem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, op.cit.

⁴²⁰ Özertem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, op.cit.

⁴²¹ Özertem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, op.cit.

⁴²² Özertem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, op.cit.

⁴²³ Özertem, Hasan, Selim and Öztürk, Cemre, Nur, 2015, op.cit.

ambitions of becoming a bridge between East and West which overlaps with the energy transit ideal.

Turkey and European Union Energy Security

Turkey plays an important role in terms of the EU's energy security through the Southern Corridor Project. For Europe, accessing more diversified natural gas resources while maintaining significant import volumes from reliable suppliers is the main concern.⁴²⁴ The European Union's policy goal is to find new sources. On the one hand, the Caspian and the Middle East are known to be the major natural gas-rich regions. On the other hand, Europe is a major natural gas-consuming region. Turkey's strategic geographical location where it stands at the middle of the Middle East and Europe makes the energy as an important element of the overall cooperation scheme between the EU and Turkey. Therefore it is seen that the EU-Turkey energy relations have focused on natural gas at most. As Tagliapietra⁴²⁵ points out Turkey's position has created a vision on which Turkey would become an essential transit country for the natural gas exportation from Azerbaijan, Turkmenistan, Iraq and Iran to Europe. The endeavours for the establishment of the Southern Corridor and the identified projects of common interest can be best viewed within that perspective. At this point Turkey enters into the overall energy picture. The Southern Corridor aims to transfer the energy from the Caspian region and beyond to the European market. The development of energy infrastructure is crucial for the actualization of such a project but it hugely rests on the access to sufficient export volumes. European Commission expects 10 bcm/y of Azerbaijani natural gas transported to the European market through the southern Gas Corridor by 2020.⁴²⁶ It is also believed that such a new pipeline connection will provide a link with the Middle East at the same time. Envisioned infrastructure in Turkey would be able to accommodate up to 25 bcm/y for the European market. It is also believed that other countries such as Turkmenistan, Iraq and Iran could also enter into the picture and contribute to the

⁴²⁴ European Commission. (2014). In-depth study of European Energy Security, Staff Working Document Brussels, 2.7.2014 SWD(2014) 330 final/3. p.15-16

⁴²⁵ See Tagliapietra, S. (2014). The EU-Turkey Energy Relations after the 2014 Ukrainian Crisis. Enhancing the Partnership in a Rapidly Changing Environment. Fondazione Eni Enrico Mattei and Istanbul Policy Centre, 75.

⁴²⁶ European Commission. (2014). In-depth study of European Energy Security. op.cit. p.15-16.

enlargement of the Southern Gas Corridor depending on their political atmosphere. Turkey's strategic advantage cannot be underestimated in this area. As Tekin and Williams⁴²⁷ indicate, Turkey plays an important role for the Union where "Turkey can provide an alternative East-West energy transportation route at a reasonable cost." It appears that the Union aims to build an efficient energy infrastructure. This is to promote better interconnectedness between its member countries and external suppliers to contribute its energy strategy. The Nord Stream pipeline, South Gas Corridor projects, gas and electricity interconnection projects across Europe were all came into being in the above context with the purpose of increasing overall energy security of the Union.

As discussed above, in the face of supply shocks, the EU member states recognize the necessity of strengthening the resilience of the European gas infrastructure and integrating their system further. In accordance to that several policy measures have been proposed to augment the trans-European energy infrastructure. Cross-border interconnectors and gas storage in addition to LNG projects have been the most important parts of those projects. One of the projects is the 'North-South gas interconnections in Western Europe.' The main objective of this project is to launch or boost interconnections between the UK and Ireland, France and Belgium, France and Luxembourg, Germany and Austria, as well as Italy and Malta. Another project namely the 'North-South gas interconnections in Central Eastern and South Eastern Europe' intends to connect gas infrastructure between Slovakia and Hungary; Slovenia, Italy, and Austria; and the Czech Republic and Poland, and increase reverse flow capacities in south-eastern Europe, particularly between Bulgaria, Romania, and Greece. The 'Baltic Energy Market Interconnection Plan in Gas', on the other hand, is expected to connect the Baltic countries with the rest of the EU. Last but not least, the 'Southern Gas Corridor' launches a direct linking between gas-producing countries in the Caspian region (e.g., Azerbaijan and Turkmenistan), the Middle East (e.g., Iraq) and EU Member States, via Turkey.⁴²⁸ The fate of the Southern Gas Corridor Project at the present time is seen as imprecise. There are

⁴²⁷ Tekin, A. & Williams, Paul, A. (2009). Turkey and EU Energy Security: The Pipeline Connection. *East European Quarterly*, XLII, Vol. 4, January. p.419.

⁴²⁸ Goldthau, A. (2013). *The Politics of Natural Gas Development in the European Union*. Harvard University's Belfer Center and Rice University's Baker Institute Center for Energy Studies, October.

huge hopes in relation to the ‘Southern Gas Corridor Project’ however according to Goldthau⁴²⁹ the Southern Corridor is not likely to develop into a chief channel for gas imports as the disintegration of the Nabucco pipeline project also reveals. It is therefore important to explore the capacity and the probability of the Southern Gas Corridor project since it is to a certain extent related with the exportation of Eastern Mediterranean Gas to the European market in the upcoming decades.

The main purpose behind such an aspiring initiative is to increase the energy supply security of the EU. Particularly because the envisioned corridor bypasses the Russian soil, it is capable to diversify the EU’s supplier and transit countries. Nabucco was one of the most significant projects succeeded in terms of getting a particular support from the European Commission among various projects uttered within the Southern Corridor framework. Nabucco pipeline was to run from Turkey to the Austria, via Bulgaria, Romania, and Hungary. It was envisioned to be 3,893km long. Nevertheless, as mentioned, the project has disintegrated and has considerably slowed down the efficient development of the overall Southern Gas Corridor at the same time. As mentioned by Sartori⁴³⁰, “the diverging, and sometimes conflicting, interests of individual EU member states, the geopolitical challenges of the Caspian basin, and the commercial constraints on Nabucco” led the project to disintegrate. The Interconnector Turkey-Greece-Italy (ITGI), and the Trans-Adriatic Pipeline (TAP) also competed with Nabucco to become the Southern Gas Corridor of the EU. It appears that all of the projects were equally committed to access the Caspian gas.

It was towards the end of the 1990s, when the European Commission acknowledged the possible role the Caspian and Central Asia would play in terms of diversifying energy supply of Europe. At that time, the EU made an effort to develop stable energy relations with the region through the Interstate Oil and Gas Transport to Europe (INOGATE) programme, propelled in 1997, and the 2004 Baku Initiative. With these projects, objectives were to increase the number of source countries; to integrate the EU’s and supplier countries’ energy markets; and to build new transport

⁴²⁹ Goldthau, Andreas, 2013, *ibid*.

⁴³⁰ Sartori, Nicolò. (2012). The European Commission’s Policy towards the Southern Gas Corridor: Between National Interests and Economic Fundamentals. *IAI WORKING PAPERS*, 12 | 01 – January. p.1.

infrastructures.⁴³¹ With further political, diplomatic and financial supports, Nabucco pipeline project increasingly turned out to be the EU's leading energy project at the beginning of 2000s. With the Decision No 1364/2006/EC¹⁶ the Natural Gas route 3 (NG.3.) was established in 2006 to connect the EU to the Caspian Sea and Middle East countries. In 2009, the European Commission assigned a special coordinator with the aim of creating a more transparent legal framework for the Nabucco project and further assisting new investments within the same framework. The main question was still guaranteeing additional natural gas supplies for Nabucco and one could say that the Commission put an extra effort to ensure this. For this purpose, the Commission signed the first of a series of Memorandums of Understanding (MoU) with Kazakhstan in November 2006. The Commission also got the promise of 10 bcm of natural gas from gas-rich Turkmenistan during the same time period. One could say that those were solid achievements for the Union's energy diplomacy. Signing of a MoU on Strategic Partnership in Energy with Iraq followed those developments and widened the EU energy diplomacy even further. The Commission also signed a MoU with Uzbekistan in the area of energy cooperation in 2011. It is seen that the EC put a great effort to promote Nabucco during that moment which was the only anticipated pipeline that could transport more than the 10 bcm of gas supplies. Because of intractable commercial and financial barriers Nabucco failed to be actualized.

Yet the Southern Gas Corridor has never been limited with the disintegrated Nabucco project. As mentioned, TANAP and TAP have been two other initiatives within the same framework. Considering those difficulties in relation to Nabucco, Azerbaijan entirely redesigned Southern Gas Corridor in 2011 in a way to conceptualize its own infrastructure project which is known as the Trans-Anatolian Pipeline (TANAP). The idea is to direct the Shah Deniz Phase II natural gas flows in the future to Turkey. As mentioned earlier, TANAP is designed to be 2,000 km-long natural gas pipeline with a capacity of 16 bcm/year. By 2018, the pipeline will supply 6 bcm/year to Turkey and by 2019 it will supply 10 bcm/year to Europe. It is important to note that TANAP is a bilateral project between Azerbaijan and Turkey.

⁴³¹ Sartori, Nicolò, 2012, *ibid.*

The project is particularly important for Azerbaijan because the Azeri state is looking forward to bring natural gas from Shah Deniz field to Europe. TANAP has been an important component of the Southern Gas Corridor race since the first day of its announcement and led the Nabucco consortium to reconceptualise the project as Nabucco West. Nabucco West was a more manageable proposal compared to the original Nabucco. Although the project supported by the EU, it turned out to be unsuccessful at the end because in June 2013 another project named as the Trans Adriatic Pipeline (TAP) designated by the Shah Deniz consortium to provide a linkage between TANAP and the European market.⁴³² TAP has been envisioned to be an 800 km-long natural gas pipeline with an initial capacity of 10 bcm/year. By the year 2019, it is expected that TAP will bring TANAP natural gas from the Turkish-Greek border to Italy through Albania and the Adriatic Sea.⁴³³

In fact, the Southern Gas Corridor Project which was once a multilateral and large-scale project grounded on a diverse natural gas supply sources, now evolved into a bilateral and medium-scale project holding a single supply source, Azerbaijan. Some aspects of this new outlook of the Southern Gas Corridor are sources of concern both for the EU and Turkey. For instance, volumes and supply sources are quite different from the earlier conceptualizations. Besides that, the legal framework is also clearly different between Nabucco and TANAP. The former was solely under EU law whereas the latter one will be more regulated by Azerbaijan who has a 68 percent stake in the project and Turkey to some extent who has not adopted the EU energy *acquis* on its legislation yet. Referring to Nabucco, Tagliapietra indicates that;

The intergovernmental agreement signed by the five transit countries in 2009 provided a legal framework for 50 years, confirming that 50 percent of the pipeline's capacity was to be reserved for the shareholders of the project and the remaining 50 percent was to be offered to third-party shippers on the basis of a regulatory transit regime under EU law.⁴³⁴

⁴³² See Simone Tagliapietra, 2014, op.cit. p. 5-7.

⁴³³ See Simone Tagliapietra, 2014, op.cit.

⁴³⁴ Simone Tagliapietra, 2014, op.cit. p.6.

As mentioned, the situation with TANAP is quite different. It is seen that Turkey's energy relations with the Union is highly linked with the Southern Gas Corridor project. They both cooperated for many years for the actualization of the Nabucco and with the failure of the project Turkey quickly get involved into another project with Azerbaijan to realize the Southern Gas Corridor. One could say that the fall of Nabucco and the development of TANAP have generated a divergence in the ways in which Turkey and the EU view the Southern Gas Corridor in relation to their wider energy relations. According to Levoyannis and Labrèche⁴³⁵ the EU will eventually depend on natural gas and oil because of German's insistence on phasing out nuclear energy by 2022. This is one of the main reasons why exporting energy from the Mediterranean will gain even more importance for the Union in the upcoming years. This is to have for greater energy diversity and security in Europe. Nevertheless, in the Eastern Mediterranean having energy trade and transport hugely depends on easing the regional tensions.

5.4 Significance of the Findings in Eastern Mediterranean for Turkey's Geopolitical Arguments towards the Region

When its energy policies and strategies towards the eastern Mediterranean are considered, it is seen that Turkey plays an important role in terms of shaping the hydrocarbons related developments in the region. Careful consideration of the region would prevail that Turkey is the largest economy and at the same time the largest domestic market for the eastern Mediterranean hydrocarbons. As discussed above, Turkey is at the same time aspires to become the main energy transit country for the transportation of the Caspian and Middle Eastern gas to Europe with the Southern Gas Corridor project. Therefore, the transportation of eastern Mediterranean gas to European markets can be facilitated by Turkey. It is seen that, being a part of the eastern Mediterranean energy cooperation scheme through connecting eastern Mediterranean gas to the broader Southern Gas Corridor project can strengthen Turkey's ambitions to play a greater energy role in the region. Yet, Turkey has

⁴³⁵ Levoyannis, C. & Labrèche, M. (2013, December 13). New gas discoveries in southern periphery may transform European energy landscape. Energy Post. Retrieved June 16, 2015 from <http://www.energypost.eu/new-gas-discoveries-europes-southern-periphery-may-transform-european-energy-landscape/>

political problems with countries in the region with the largest proven (Egypt and Israel) and potential gas reserves (Cyprus). Cyprus problem and the Gaza Freedom Flotilla incident in 2010 deteriorate the relations between Turkey and Cyprus and Israel, respectively.

Emerging energy cooperation between the RoC and Israel further strained the relations between Turkey and Israel. Turkey now has a clear strategic focus in eastern Mediterranean as declared by Yıldız⁴³⁶ in 2011. Turkey desires to have a strategic weight in the regional affairs including energy cooperation. The signing of an exploration agreement for blocks off of Antalya with Shell in 2011 is a sign of this shifting strategic focus for Turkey from explorations in the Black Sea and Caspian region towards new avenues.⁴³⁷ Behind this strategic shift lays Turkey's ambitions of becoming a viable transit country for export of gas from eastern Mediterranean to Europe. One should note that, Turkey has long been interested in energy cooperation in the region. Its decision to participate in the Arab Gas Pipeline (AGP) project is an indicative of Turkey's endeavour to become a part of energy cooperation scheme in eastern Mediterranean. The Arab Gas Pipeline (AGP) was originally planned to continue passing north of Homs up into Turkey. From there, it can be transported into Europe via Southern Gas Corridor transport routes. The major players of this Western approved pipeline include Saudi Arabia and Qatar, among other Gulf nations.⁴³⁸ The pipeline was projected in 2001 and its four phases were completed and put into operation, respectively, in 2003 (from Al Arish in Egypt to Aqaba in Jordan), in 2006 (from Aqaba to Amman and then to El Rehab in Jordan), in 2008 (from El Rehab in Jordan to Homs in Syria), and in 2009 (from Homs in Syria to Tripoli in Lebanon).⁴³⁹ In 2009, the construction of the link between Syrian to Kilis commenced yet was never finalized and AGP's Turkey pillar has been cancelled due to civil war in Syria.⁴⁴⁰ The Med Stream pipeline project is another

⁴³⁶ Hürriyet Daily News, (2011, November 17). Turkey, Shell to sign Med oil drilling deal. Hurriyet, Retrieved 11 October, 2015 from <http://www.hurriyetdailynews.com/>

⁴³⁷ Hürriyet Daily News, (2011, November 17). Turkey, Shell to sign Med oil drilling deal. *ibid*.

⁴³⁸ Robinson, J. (2013, August 27). Why Syria? An Examination Of The Iran-Iraq-Syria Pipeline. Ftmdaily, Retrieved November 11, 2015 from <http://ftmdaily.com/what-jerry-thinks/whysyria/>

⁴³⁹ Ayla Gurel and Laura Le Cornu. (2013). *op.cit*.

⁴⁴⁰ Ayla Gurel and Laura Le Cornu. (2013). *op.cit*. See also U.S.EIA. (2013, February). Syria, Overview. Retrieved September 12, 2015 from <http://www.eia.gov/countries/cab.cfm?fips=SY>

regional project which included Turkey, yet it is at the same time another halted energy initiative for the region. In 2006, Turkey and Israel agreed to start the feasibility studies on the construction of the Mediterranean Pipeline Project (Medstream) that would consist of five pipelines that would carry water, natural gas, oil, electricity and fibre optics from Ceyhan in Turkey to Ashkelon in Israel.⁴⁴¹ The anticipated project was to connect the Mediterranean Pipeline via an on land oil and gas pipeline through Israel to Eilat at the Red Sea coast. The plan was to carry supplies from Eilat by tanker ships to India and broader Asian markets.⁴⁴² Despite of the attractiveness on the project where India was also interested in participating in this cheaper and quicker transit route, the project failed to progress particularly after 2009, a time period when Turkish Israeli relations started to deteriorate.

It is seen that the interest of Turkey in the region increased since 2010 following the energy discoveries and energy related developments mostly evolved around Cyprus and Israel. As Gürel and Le Cornu⁴⁴³ point out, Turkey as a country who is quite concerned about its energy security immediately interested in proven and potential natural gas reserves in the region. As mentioned, Turkey's main interest derives from its idea of promoting a pipeline carrying Israeli and Cypriot gas to Turkey for export to European markets. The idea is to connect such a pipeline with Trans Anatolian Pipeline (TANAP) and Trans Adriatic Pipeline (TAP) route. Such a project is definitely capable to strengthen Turkey's energy transit country ambitions and increase its presence in the region. Hence, the political context does not allow Turkey and the RoC to cooperate on such critical energy issues. Although, Israel also seems interested, again there are serious problems on the feasibility of the project due to deteriorated relations between Turkey and Israel. Strengthening of the relations between the RoC and Israel 2010 onwards is one of the factors which have influenced Turkish-Israeli relations since Turkey contends RoC's offshore exploration and exploitation activities mainly due to Cyprus problem. To better understand the significance of eastern Mediterranean gas for Turkey, the political

⁴⁴¹ Hürriyet Daily News, (2015, October 12). Turkey-Israel agree to start works on pipeline project. Retrieved 12 October, 2015 from <http://www.hurriyet.com.tr/>; see also Haaretz, (2006, December 15). Turkey, Israel agree on pipeline linking Black Sea and Red Sea. Haaretz, Retrieved 12 October, 2015 from <http://www.haaretz.com/>

⁴⁴² Ayla Gurel and Laura Le Cornu, 2013, op.cit.

⁴⁴³ Ayla Gurel and Laura Le Cornu, 2013, op.cit.

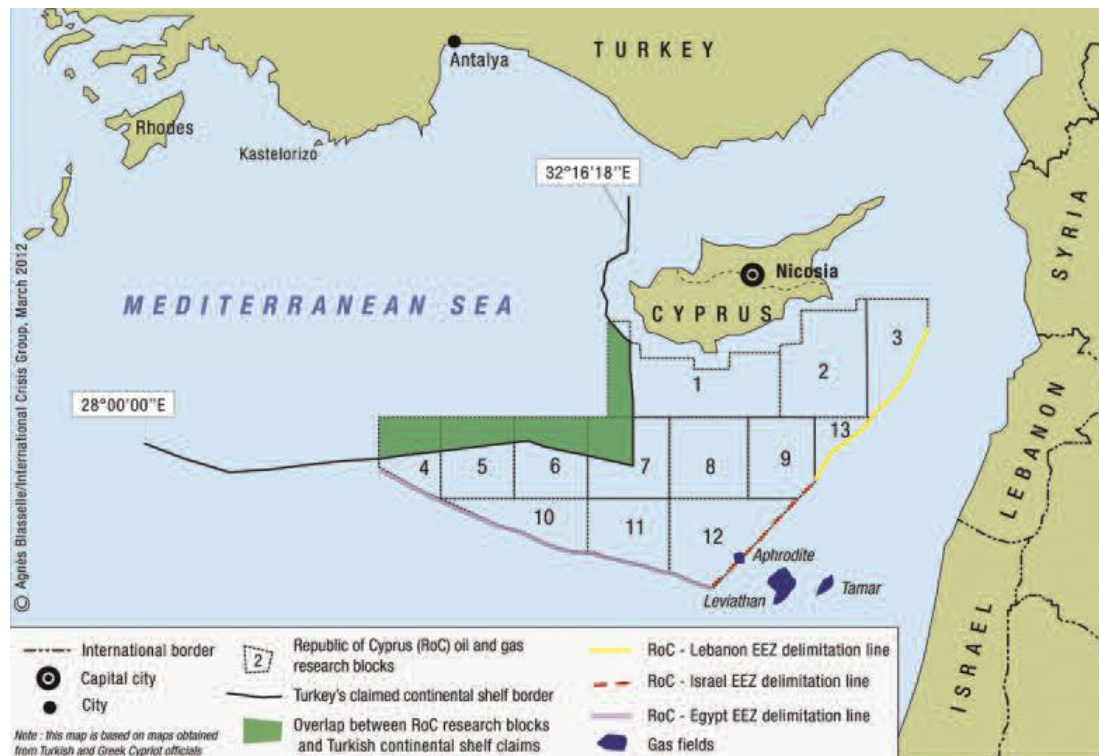
context where the energy and politics intersect should be carefully examined. It is in this context in which the following part attempts to highlight Turkey's reaction towards the energy related developments in the eastern Mediterranean, with a particular reference to Turkey's contentions in relation to the declared Exclusive Economic Zone of the RoC and the signing of the delimitation agreements in the region.

5.5 Exploring the geopolitical significance of Cyprus Hydrocarbons for Turkey

Turkey in general opposes the Republic of Cyprus's (RoC) right to sign maritime delimitation agreements with coastal states of the Mediterranean Sea, from the time when the RoC signed a delimitation agreement with Egypt in 2003. Turkey's disagreements stem from two basic arguments: the Greek Cypriot-led government of Cyprus does not represent the Turkish Cypriot community while the island is *de facto* partitioned; and there is an overlap between some areas claimed by Greek Cypriots with the Turkish continental shelf. As a result, in 2007, Turkey also opposed the RoC's declaration of licensing blocks and the launching of an international tender for three-year oil and gas exploration licences in eleven of these blocks in its declared exclusive economic zone (EEZ). In the following year, Turkey sent its warships to the southern coast of the island over blocks marked for exploration.⁴⁴⁴

Turkey also called RoC to end its calls for an international tender. Although RoC did not consider Turkey's warnings and licensed Noble Energy to explore for hydrocarbons in the southernmost 'Block 12' inside its declared EEZ, it is important to note that Block 12 does not overlap with the area contested by Turkey.

⁴⁴⁴ Republic of Cyprus (RoC) Press and Information Office. (2008, November 25). Turkish Foreign Ministry over the oil exploration by the RoC, Turkish Press and other Media. No.226/08. Retrieved from <http://www.moi.gov.cy/moi/pio/pio.nsf/All/9E1DF3FD4D697DE0C225750C00411419?OpenDocument&highlight=226/08>. Similar occurrences took place at other times, including during June-July 2013. See Italian vessels was harassed by Turkish navy off Paphos. (2013, July 31). Cyprus Mail.



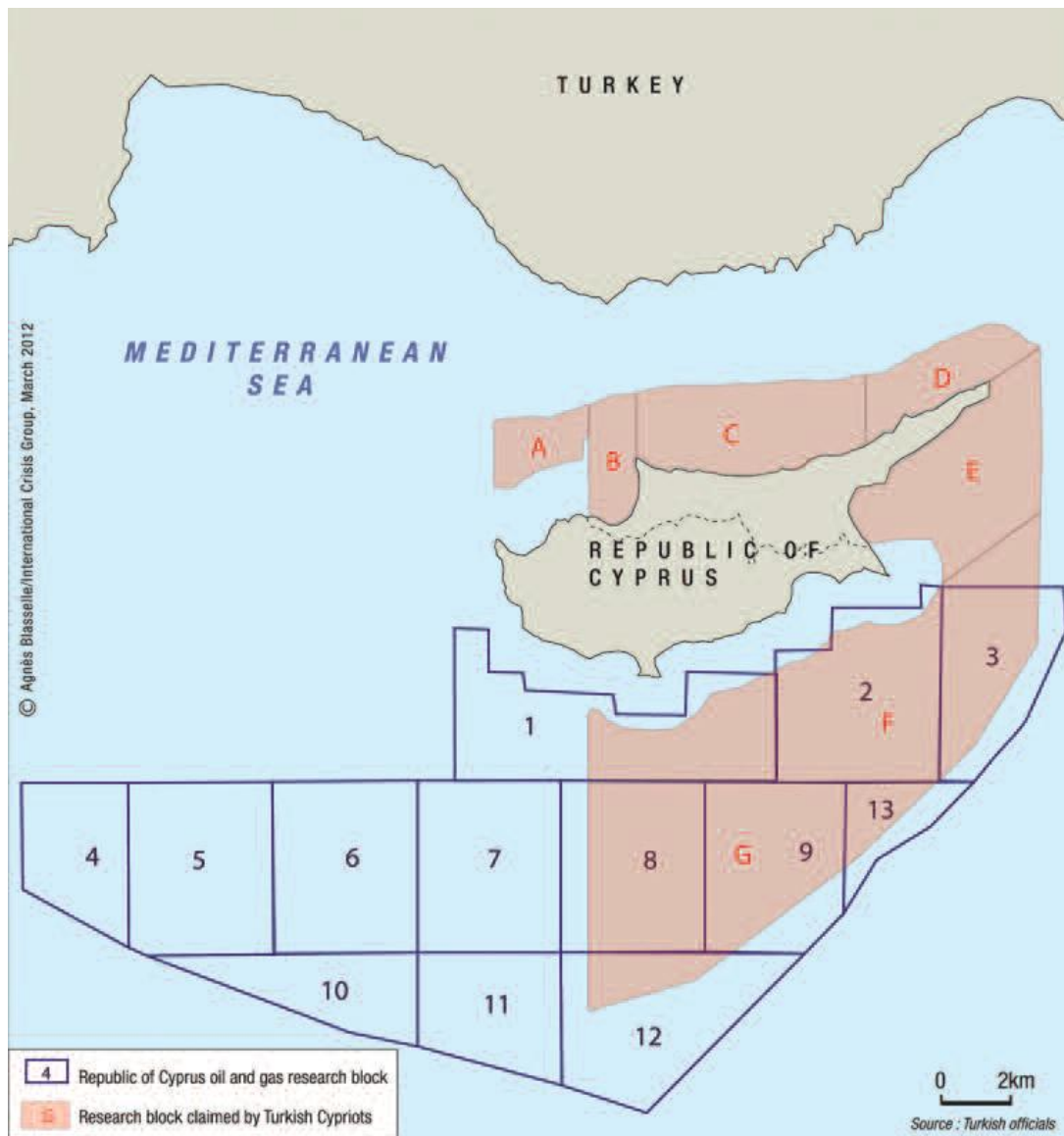
Map 1: The Republic of Cyprus EEZ delimitations and hydrocarbon research blocks, and Turkey's continental shelf claims⁴⁴⁵

In the following years, tensions gradually increased between Turkey and the RoC due to continuation of the exploratory drilling activities by the RoC in its declared EEZ and developed into a tit-for-tat strategy where Turkey also signed an agreement with the Turkish Cypriots for the delimitation of their respective continental shelves. During the same time period, Turkish Cypriot leadership decided to allow oil and gas exploration by the Turkish state oil company (TPAO) onshore and offshore Cyprus.⁴⁴⁶

TPAO also signed a 'Petroleum Services and Production Sharing Contract' for these areas with the Turkish Cypriot authorities, in 2011.

⁴⁴⁵ Source: Akyel Collinsworth, D. (2012). Eastern Mediterranean Gas and Turkey's Position. In Faustmann, H., Gürel, A. & Reichberg, G., M. (Ed.). Cyprus Offshore Hydrocarbons, Regional Politics and Wealth Distribution (pp.23-29) Friedrich Ebert Stiftung and PRIO Cyprus Centre, PCC Report 1/2012.

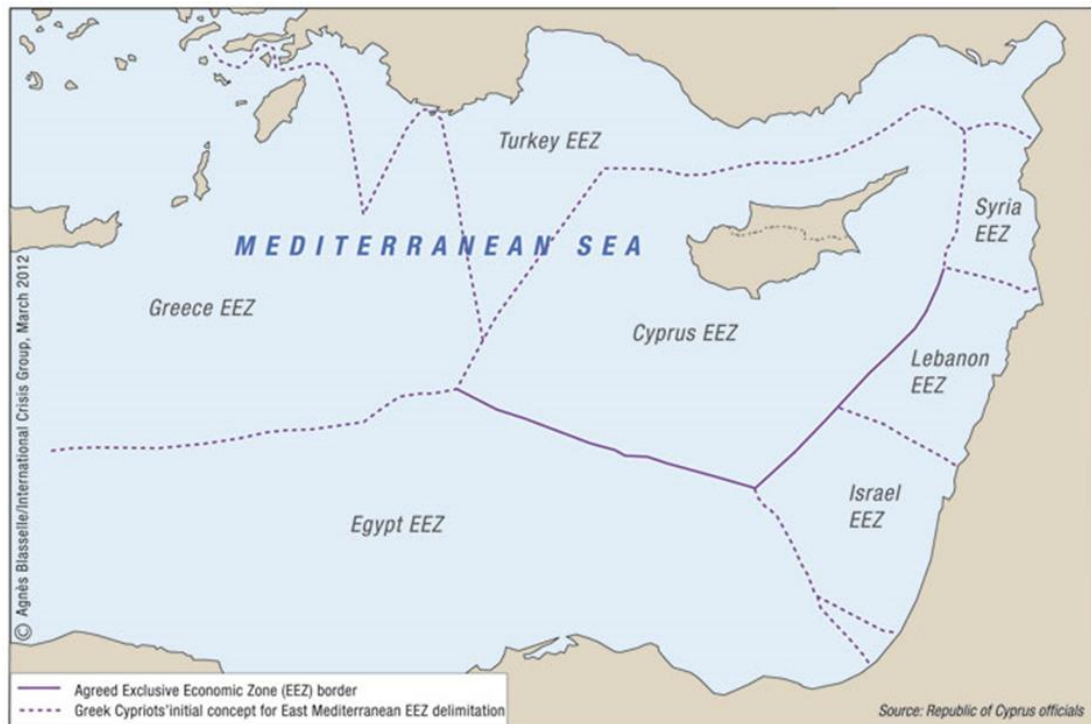
⁴⁴⁶ Akyel Collinsworth, D., 2012, *ibid*.



Map 2: The Turkish Cypriots' claimed hydrocarbon research blocks⁴⁴⁷

Turkey reacted again when the RoC announced its second international tender for hydrocarbon exploration in February 2012.

⁴⁴⁷ Source: Akyel Collinsworth, D., 2012, op.cit.



Map 3: The initial Greek Cypriot concept for East Mediterranean EEZ delimitation⁴⁴⁸

Like other actors, Turkey claims to have strong legal arguments in reference to its position vis-à-vis the issue. The following part aims to highlight Turkey's legal arguments in the light of the EEZ regime and the broader exclusive economic zone debate in the Eastern Mediterranean Sea.

5.5.1 The Issue of EEZ (Exclusive Economic Zone) in the eyes of Turkey: For Turkey, where do the borders of EEZ start and end in Eastern Mediterranean

The Background of the EEZ Regime

The 1982 UN Convention on the Law of the Sea (UNCLOS) was an important step for the international law.⁴⁴⁹ It stood as a constitution for the oceans with its 320 articles and 9 annexes and managed to cover various contentious issues remained

⁴⁴⁸ Source: Akyel Collinworth, D., 2012, op.cit.

⁴⁴⁹ United Nations Division for Ocean Affairs and Law of the Sea. (1982). United Nations Convention on the Law of the Sea, adopted 10 December 1982, UNTS 1833. (entered into force 16 November 1994). Retrieved December 16, 2015 from http://www.un.org/depts/los/convention_agreements/convention_overview_convention.htm

unsettled in the previous conferences. A nine-year negotiation process involve more than 140 States, six non-independent States, eight national liberation movements, twelve specialized agencies, nineteen intergovernmental organizations, a number of quasi-autonomous units of the UN, and a host of non-governmental organizations.⁴⁵⁰ On December 1982, 119 countries signed the Convention. Altogether 165 parties are part of the Convention. The Exclusive Economic Zone (EEZ) was a momentous invention of UNCLOS. It is important to note that the negotiations at the UNCLOS were dominated by the old dichotomy between coastal States and the major maritime powers. As it is rightly pointed out by Beckman and Davenport,⁴⁵¹ on the one hand, the consensus reached at the UNCLOS in fact echoes a balance between legal doctrine and political realities. Nevertheless, on the other hand, the EEZ regime still hold many vague points which inhibits it to effectively address the issues it intended to address or the new issues arising on the horizon. The intention at the conference was to construct a normative framework for the regulation of maritime spaces, and as well as to allow for a degree of flexibility to be able to consider emerging issues. UNCLOS is therefore a pertinent and comprehensive framework for activities in the EEZ but can be questioned in terms of its effectiveness which ultimately depends on its implementation, application and interpretation by States.⁴⁵²

The historical roots of the EEZ can be traced back to the trend of coastal States after 1945 to proclaim rights and jurisdiction over an increasing area of seabed. They were motivated by the belief that large quantities of natural resources were available there.⁴⁵³ Subsequently, the concept of the Exclusive Fishing Zone (EFZ) developed in parallel with continental shelf claims of many Latin American States and African States. Later on, the broader territorial seas and fishing zones were claimed by these

⁴⁵⁰ See Beckman, R., & Davenport, T. (2012). The EEZ Regime: Reflections after 30 Years, Paper presented at the the Law of the Sea Institute, UC Berkeley–Korea Institute of Ocean Science and Technology Conference, held in Seoul, Korea, May. p.3; For the negotiating history of the UNCLOS, see Koh, T. & Jayakumar, S. (1985). The Negotiating Process of the Third United Nations Conference on the Law of the Sea. In Nordquist, M. United Nations Convention on the Law of the Sea 1982: A Commentary (pp.29 – 68). Volume I, (United States).

⁴⁵¹ See Beckman, R., and Davenport, T., 2012, *ibid*.

⁴⁵² See Beckman, R., and Davenport, T., 2012, *op.cit*.

⁴⁵³ See Rothwell, D., R. & Stephens, T. (2010). The International Law of the Sea. Hart Publishing.

States, where Latin American States accordingly claimed a “patrimonial sea” of up to 200 nm.⁴⁵⁴

Consequently, Kenya set forth the concept of the EEZ to the Asian-African Legal Consultative Committee in 1971 and to the UN Sea-Bed Committee in 1972.⁴⁵⁵ With the belief that they would have greater saying over their economic resources, the concept initially supported by most of the developing States. During the Third UN Conference in 1973, France, Japan, United Kingdom, the United States and the USSR formed a special interest group of “the Great Maritime Powers” with the ideal of safeguarding their freedom of shipping and navigation.⁴⁵⁶ In general they attempted to control the embryonic legal regime governing the oceans. At the First and Second Conferences of the Law of the Sea, the efforts proved fruitless in terms of defining the limit of territorial seas and recognizing the concept of archipelagic waters suggested by the Philippines and Indonesia.⁴⁵⁷ At the Third Conference, however, the maritime powers agreed to recognize a coastal State’s claims in terms of prolonging the rights and jurisdiction in waters off their coasts.⁴⁵⁸ Preserving that the access to the seas and freedom to use the seas would be maintained, the maritime powers decided that the breadth of the territorial sea could extend from 3 nm to 12 nm. Article 17(UNCLOS) related to the right of innocent passage reads that “Subject to this Convention, ships of all States, whether coastal or land-locked, enjoy the right of innocent passage through the territorial sea.”⁴⁵⁹ The archipelagic States’s sovereign rights were also recognized within their archipelagic waters.

In terms of an exclusive fishing zone or EEZ, the maritime powers agreed the rights of the coastal States to the natural resources in the waters in a zone adjacent to their coast.⁴⁶⁰ This new zone was not under the sovereignty of the coastal State where the

⁴⁵⁴ See Donald R Rothwell and Tim Stephens, 2010, *ibid*.

⁴⁵⁵ See Beckman, R., and Davenport, T., 2012, *op.cit*.

⁴⁵⁶ See Koh and Jayakumar, 1985, *op.cit*. p. 79 – 80.

⁴⁵⁷ See Beckman, R., and Davenport, T., 2012, *op.cit*.

⁴⁵⁸ See Nelson, D., M. (2006). Reflections on the 1982 Convention on the Law of the Sea. In David Freestone, Richard Barnes and David Ong (Ed.) *The Law of the Sea: Progress and Prospects*. OUP, Oxford. .

⁴⁵⁹ See Part II of UNCLOS, *op.cit*. p. 30

⁴⁶⁰ See Satya Nandan. *The Exclusive Economic Zone: A Historical Perspective*. FAO Website. Retrieved December 24, 2015 from <http://www.fao.org/docrep/s5280T/s5280t0p.htm>

freedoms of the high seas were also preserved in this new zone. It is interesting to note that the distance of 200 nm as the maximum breadth for the EEZ had solely pragmatic reasons as it was the most extensive claim to that time.⁴⁶¹ The nature of the EEZ regime was critical because about ninety per cent of fish stocks, eighty-seven per cent of the world's oil and gas deposits and about ten per cent of polymetallic nodules were estimated to be in the 200 nm EEZs which was estimated to encircle about thirty-six per cent of the total area of the sea.⁴⁶²

Moreover, the EEZ zone also encompassed the majority of the world's shipping routes. It is also important to mention that determining the nature of the EEZ regime was difficult because the coastal States, mainly the Latin American States, sought to make the zone subject to the sovereignty of coastal States, with the provision that other States had the right to exercise rights and freedoms within the EEZ zone. This type of understanding referred to the idea that "the EEZ would have a residual territorial sea character such that any activity not falling within the clearly defined rights of non-coastal States would come under the jurisdiction of the coastal State."⁴⁶³ Nevertheless, the maritime powers desired to see this new zone as a part of the high seas, provided that coastal States had the sovereign right to explore and exploit the natural resources in their EEZs. In that sense, "any activity not falling within the clearly defined rights of the coastal State would be governed by the principles governing the high seas, that is freedom of use for all States, with regulation by flag States."⁴⁶⁴ This debate indicated the significance of the matter at hand and the possible implications this new zone might have. At the end of the day, a *sui generis* legal regime was created which rejected both options.

Accordingly, it is important to understand the key elements of this *sui generis* EEZ regime in general. Article 55 is the key provision in UNCLOS on the EEZ regime. The Article indicates the specific legal regime of the exclusive economic zone as follows,

⁴⁶¹ See Beckman, R., and Davenport, T., 2012, op.cit.

⁴⁶² See Churchill and Lowe, 1999, op.cit. p. 162.

⁴⁶³ See Beckman, R., and Davenport, T., 2012, op.cit. p. 6

⁴⁶⁴ See Beckman, R., and Davenport, T., 2012, op.cit. p. 6

The exclusive economic zone is an area beyond and adjacent to the territorial sea, subject to the specific legal regime established in this Part, under which the rights and jurisdiction of the coastal State and the rights and freedoms of other States are governed by the relevant provisions of this Convention.⁴⁶⁵

It is seen that the EEZ regime is not under the sovereignty of the coastal State, but also not a part of the high seas. This is why it is considered to be a *sui generis* regime.

The rights, jurisdiction and obligations of coastal states in the EEZ are defined in the Part V of UNCLOS with Article 56 being the key provision on the matter. The Article provides that the coastal State has “sovereign rights” to explore and exploit the natural resources in the EEZ besides other rights such as “conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds.”⁴⁶⁶ From a legal viewpoint, “sovereign rights” suggests coastal States rights are exclusive, rather than being preferential.⁴⁶⁷ In other words, “the coastal State did not have sovereignty over the EEZ but had all other rights necessary for and connected with the exploration and exploitation of its natural resources.”⁴⁶⁸ In relation to that it is important to note that, sovereign rights over three main resources are given to the coastal States in the EEZ regime, (1) non-living resources on the seabed, subsoil and superjacent waters, (2) living resources of the seabed, subsoil and superjacent waters and (3) other economic activities related to the economic exploitation and exploration of the zone.⁴⁶⁹

⁴⁶⁵ United Nations Convention on the Law of the Sea, p.43

⁴⁶⁶ United Nations Convention on the Law of the Sea, p. 43.

⁴⁶⁷ See Beckman, R., and Davenport, T., 2012, op.cit.

⁴⁶⁸ See Beckman, R., and Davenport, T., 2012, op.cit. p.7.

⁴⁶⁹ See United Nations Convention on the Law of the Sea, Article 56 (1) (a).

The Article 58 of UNCLOS sets forward the rights and duties of other States in the EEZ. Fishing was one of the four high seas freedoms mentioned in the 1958 High Seas Convention and with the UNCLOS, it comes within the jurisdiction of the coastal State. Navigation, overflight and laying of submarine cables and pipelines which are the other three freedoms, are all recognized in the EEZ with greater limitations in compared to the high sea freedoms. In Article 58, it is stated that,

In the exclusive economic zone, all States, whether coastal or land-locked, enjoy, subject to the relevant provisions of this Convention, the freedoms referred to in article 87 of navigation and overflight and of the laying of submarine cables and pipelines, and other internationally lawful uses of the sea related to these freedoms, such as those associated with the operation of ships, aircraft and submarine cables and pipelines, and compatible with the other provisions of this Convention.

It is interesting to note that, according to Galdorisi and Kaufman, the phrase beginning with “other internationally lawful uses of the sea” does not specifically refer to military activities or survey activities, nonetheless the naval powers preserve that the language was anticipated to safeguard that traditional freedoms of the seas in article 87 were preserved in the EEZ.⁴⁷⁰

When the Paragraph 3 of article 58 considered it is seen that it provides that other States have duties when exercising their rights and performing their duties under this Convention in the exclusive economic zone where the article follows as, “States shall have due regard to the rights and duties of the coastal State and shall comply with the laws and regulations adopted by the coastal State in accordance with the provisions of this Convention and other rules of international law in so far as they are not incompatible with this Part.”⁴⁷¹ The coastal State’s rights to the natural resources and

⁴⁷⁰Galdorisi, G., V. & Kaufman, A. Military Activities in the Exclusive Economic Zone: Preventing Uncertainty and Defusing Conflict,” *California Western International Law Journal* 32 (2001-2002): 253 – 302, 272 cited in Beckman, R., and Davenport, T., 2012, op.cit.; it is impornat to note that the vagueness of the language has been the source of dispute between China and the United States.

⁴⁷¹ See United Nations Convention on the Law of the Sea, Article 58 (3).

other economic activities needs to be regarded by other States in the EEZ. This can be also interpreted as other States do not have to regard the security interests of the coastal State in its EEZ. The laws and regulations adopted by the coastal State that are in accordance with the provisions of the Convention and other rules of international law should also be regarded by other States. In cases coastal State adopts laws and regulations on issues which do not fall under the jurisdiction of UNCLOS, other States do not need to comply with such laws and regulations.

The jurisdiction of the coastal State in the EEZ is therefore limited to the jurisdiction as provided in the Convention relating to economic activities, marine scientific research and protection and preservation of the marine environment. Based on Article 58(2), with regard to all other issue, the rules on the high seas are applicable. Article 58(2) specifies that Articles 88 to 115 and other pertinent rules of international law apply to the exclusive economic zone as long as they are compatible with Part V of UNCLOS on the EEZ.⁴⁷²

It is also important to look at Article 59 which addresses residual rights, in other words, unattributed rights and jurisdiction in the EEZ. The related Article reads as the “*Basis for the resolution of conflicts regarding the attribution of rights and jurisdiction in the exclusive economic zone.*”⁴⁷³ There are some cases where UNCLOS does not attribute rights or jurisdictions to the coastal State or any other States within the zone and a conflict arises because the interests of the coastal State and other States conflict with each other. Under such circumstances, the conflict between related parties should be resolved by taking into account the equity principle and all other related circumstances such as the “respective importance of the interests involved to the parties as well as to the international community as a whole.”⁴⁷⁴ According to Beckman and Davenport⁴⁷⁵, there are number of points which should be highlighted about Article 59. First of all, Article 59 recognises that there may be

⁴⁷² See Beckman, R., and Davenport, T., 2012, op.cit.; the provisions on high seas include Article 92 on the exclusive jurisdiction of the flag State, Article 94 on the duties of flag States, Article 95 on the immunity of warships, Article 97 on collisions, Article 98 on the duty to render assistance, and Articles 100 to 107 on piracy.

⁴⁷³ See United Nations Convention on the Law of the Sea, Article 59.

⁴⁷⁴ See United Nations Convention on the Law of the Sea, Article 59.

⁴⁷⁵ See Beckman, R., and Davenport, T., 2012, op.cit.

rights or jurisdiction in the EEZ attributed to neither the coastal State or other States in the EEZ. Another important point is that this provision strengthens the *sui generis* nature of the EEZ regime. The last point is related with the procedures for resolution of the conflict. The Article does not refer to any specific procedure for that. In Part XV, it has been suggested that procedure for conflict resolution includes negotiations and recourse to the dispute settlement procedures.⁴⁷⁶ In terms of the due regard obligation, other than the Fisheries Jurisdiction Case, there has been no jurisprudence on what this obligation entails.

UNCLOS also entails certain provisions for a comprehensive dispute settlement framework in Part XV as mentioned above. There are correspondingly specific provisions with regard to the EEZ in Part XV. Article 297(1) provides that disputes concerning the interpretation or application of this Convention with regard to the exercise by a coastal State of its sovereign rights or jurisdiction provided for in this Convention shall be subject to the procedures provided for in section 2 in the cases where it is suspected that the coastal State has acted in violation of the provisions of the Convention with regard to the freedoms and rights of other States in the EEZ as set out in article 58(1) and where it is suspected that another State, when exercising its rights under article 58(1) has acted in violation of the Convention or in violation of laws and regulations adopted by a coastal State in conformity with the Convention.⁴⁷⁷ As also expressed by Beckman and Davenport,⁴⁷⁸ it is essential to indicate that UNCLOS can be questioned on the bases of its effectiveness as a regime for the regulation of the oceans.

Within this normative framework, certain disputes arise in terms of EEZ delimitations as it is in the Eastern Mediterranean in the recent context. On 21 September 2011, Turkey established a delimitation agreement with the “Turkish Republic of Northern Cyprus” (“TRNC”) and accordingly submitted a *note verbale* to the Secretary-General of the United Nations indicating the geographical coordinates of its continental shelf in the Eastern Mediterranean. The Turkish government ratified the agreement on 29 June 2012. Hence, Turkey pursued the

⁴⁷⁶ See Beckman, R., and Davenport, T., 2012, op.cit.

⁴⁷⁷ See United Nations Convention on the Law of the Sea, Article 297(1).

⁴⁷⁸ See Beckman, R., and Davenport, T., 2012, op.cit.

publication of the agreed coordinates in the Law of the Sea Bulletin (LSB). Turkey is not a signatory of the UN Law of the Sea Convention ('LOSC'), but it acted in accordance with article 84(2) LOSC and published charts or lists of geographical coordinates concerning continental shelf delimitation. However, the website of the Department of Oceans and the Law of the Sea (DOALOS) did not list the submission of Turkey as an official deposit. With regard to the Turkish approach on the regime of the islands, one could argue that the delimitation agreement lays down Turkey's enduring position on the law of the sea where there is only the consideration of the continental shelf and not any dealing of the delineation of an exclusive economic zone (EEZ). Turkey argues that "islands in certain regions (implying the Aegean Sea) should not be entitled to claim maritime zones of their own other than territorial sea or should have reduced capacity to generate such zones."⁴⁷⁹ Accordingly, Turkey chooses not to delimit an EEZ with the TRNC. Turkey has the same position with regard to the dispute with Greece over the sovereignty of the maritime space of the Aegean Sea. Turkey argues that the Aegean islands are situated on the continental shelf of Anatolia (Turkey) therefore these islands do not have a continental shelf of their own. It is necessary to note that this matter was a considerable source of dispute between the Turkish and Greek delegations during the Third United Nations Conference on the Law of the Sea ('UNCLOS III'). Ultimately, based on article 121(2) LOSC, the Conference acknowledged the rights of islands to generate maritime zones. From a legal viewpoint, the Article 121 LOSC reflects customary law (ICJ, *Nicaragua v Colombia* (2012), para 139) and, for that reason, also relates to non-states parties.⁴⁸⁰ Turkey because of the LOSC's provisions on the regime of islands voted against of it. It is important to underline that with regard to the maritime delimitation, the maritime space an island can claim is determined specifically for each and every circumstances.⁴⁸¹ In other words, islands may not always be granted the rights conferred to them by article 121 LOSC with regard to

⁴⁷⁹ Ioannidis, N. (2014, May 26). The Continental Shelf Delimitation Agreement Between Turkey and "TRNC", EJIL:Talk!, Retrieved June 21, 2015 from <http://www.ejiltalk.org/the-continental-shelf-delimitation-agreement-between-turkey-and-trnc/>

⁴⁸⁰ Ioannidis, N., 2014, *ibid*.

⁴⁸¹ For example *Anglo-French Arbitration* 1977, *Tunisia v Libya* 1982, *Black Sea Case* 2009, *Bangladesh/Myanmar* 2012.

their maritime boundary delimitations. From a legal viewpoint, each case is unique and should be explored according to that understanding.

The introduction of the EEZ concept and the predominance of the “distance criterion” of maritime delimitation over the “geological” one have been two important provisions that weaken the Turkish argument over the Greek islands in the Aegean. According to the distance criterion, the breadth of the maritime space provided to a state should be calculated in relation to a fixed distance measured from the coast. Notwithstanding of the distance from its coastline, the geological criterion, on the contrary, would authorization a state to claim the sea waters lying over the “natural prolongation” of its territory. The *Nicaragua v Colombia* case (2012) can be given as an example where the ICJ rejected the argument that one state’s islands cannot have their own continental shelf for the reason that they are located on another state’s continental shelf.

Turkey claims that islands should not have the capacity to claim extended maritime zones when facing a bigger coastline. Therefore, Cyprus has lesser influence in terms of maritime delimitation than the longer Turkish coastline. Turkey and TRNC delimited their continental shelves in accordance with equitable principles instead of the median line/special circumstances method. The “equitable principles” method was considered in the 1969 Continental Shelf cases, and puts forward that all relevant factors should be considered in order to reach an equitable result.⁴⁸² The difficulty with regard to the “equitable principles” method is that there is no further guidance which stipulates how such an equitable share would be achieved. Therefore, this method is considered as vogue at many times. It is seen that the LOSC could not overcome the vagueness surrounding the law of maritime delimitation but instead it tried to find a balance between the two methods and their main assertions through articles 74 and 83.⁴⁸³ It is possible to put forward that, the integration of the two methods has been a growing trend.⁴⁸⁴

⁴⁸² See Ioannidis, N., 2014, op.cit.

⁴⁸³ United Nations Convention on the Law of the Sea, p.52

⁴⁸⁴ Examples are *Anglo-French Continental Shelf Arbitration* (para 148), *Jan Mayen case* (para 56), *Qatar v Bahrain case* (para 231), *International Tribunal on the Law of the Sea (ITLOS)* and *Bangladesh/Myanmar case* (para 238).

It is seen that, in the light of the discovery of new oil and gas resources, whether the law of the sea must be viewed as a tool for resolving disagreements on maritime affairs or not remains to be seen for the Eastern Mediterranean region. In reference to the basic understanding of the EEZ regime mentioned above, the following part accordingly elaborate more on the claims of Turkey in relation to the EEZ in eastern Mediterranean, as well as its contentions vis-à-vis the oil and gas efforts of the RoC.

5.5.2 Turkey's Contentions vis-à-vis the Exploration Activities of the RoC in relation to the Cyprus Problem

The exclusive economic zone debates in the eastern Mediterranean Sea for Turkey

In an area where international cooperation and compromise is needed, delimitation and proclamations have always been controversial issues for the states bordering the Eastern Mediterranean Sea. One of the reasons is the exceptional geographical characteristics of the Sea. The existence of long-term conflicts surrounding the Sea is another challenge in the same respect. Those boundary conflicts extend beyond their territorial borders and transform into conflicts over maritime delimitations in the Mediterranean Sea. According to Öztürk and Başeren⁴⁸⁵, all states will eventually reach an agreement on the proclamations of the delimitation of the Exclusive Economic Zone in the Eastern Mediterranean Sea but what is more critical is to be able to reach that agreement on “equitable and reasonable principals and solutions”.

Turkey, with 1577 km long coastline in the Mediterranean Sea, has been one of the surrounding countries who substantively contend the de facto EEZ proclamations within the Eastern Mediterranean Sea based on the argument that these proclamations are damaging vital economic interests of the country in the eastern Mediterranean Sea by limiting fishing rights in the high seas. Furthermore, the mineral and oil resources in the high seas are also important sources of concern for

⁴⁸⁵ See Öztürk, B. & Başeren, S., H. (2008). The exclusive economic zone debates in the Eastern Mediterranean Sea and fisheries. J. Black Sea/Mediterranean Environment, Vol.14: 77-83. p.77; Başeren, S. (2002). Doğu Akdeniz Kıta Sahaneliği Uyuşmazlığı Üzerine Bir Değerlendirme. Tüdev Yayınları, 12. 104-117.; Başeren, S. H. (2010). Dispute Over Eastern Mediterranean Maritime Jurisdiction Areas. İstanbul: Türk Deniz Araştırmaları Vakfı.; Marsit, M., M. (2001). Current problems in the Mediterranean Sea. In Öztürk, B. & Algan, N.(Ed.). Problems of the Regional Seas (pp: 303-304). Turkish Marine Research Foundation. İstanbul. Turkey.

Turkey. Preventing the marine pollution, invasive species, monitoring of the impacts of the climate change to the marine biodiversity, cetaceans protection, establishing high sea marine protected areas, Illegal, Unreported, Unregulated Fishing (IUU), etc. are also issue areas in which Turkey has already took important steps in the eastern Mediterranean.⁴⁸⁶

It is important to mention that the Mediterranean, which is about 4000 km from Gibraltar to Syria, is viewed as closed sea, having connections with wider seas from all sides. The Atlantic Ocean is meeting with the Mediterranean Sea via the strait of Gibraltar and the Red Sea via the Suez Canal, where the Black Sea via the Turkish Straits Sytem (İstanbul and Çanakkle Straits). The average depth of the area of the Mediterranean Sea is 1470 m.⁴⁸⁷ There are two major basins in the Eastern Mediterranean Sea: the Levant (connecting with the Aegean Sea in the North) and the Ionian Sea (connecting with the Adriatic Sea). Turkey has a long Mediterranean Sea coastline.

Öztürk and Başeren⁴⁸⁸ explain the peculiar position of the Mediterranean Sea for the maritime delimitations with the existence of several islands mostly in Aegean and Adriatic Seas, and with the historical gulfs like Gabes, where it is not possible to reach 200 miles from one part to another. As mentioned above, the EEZ delimitation thus is a controversial issue for the Mediterranean Sea.⁴⁸⁹ In that respect, one of the recent debates is the one between Turkey and the RoC in the wake of the signing of several delimitation agreements between RoC and some of the countries surrounding the Eastern Mediterranean Sea. For instance, the one which was signed between Egypt and RoC is highly contentious for Turkey. According to Öztürk and Başeren⁴⁹⁰ the “Exclusive Economic Zone (EEZ) delimitation between Egypt and Southern

⁴⁸⁶ Öztürk, B., and Başeren, S., H., 2008, *ibid.* p.77.

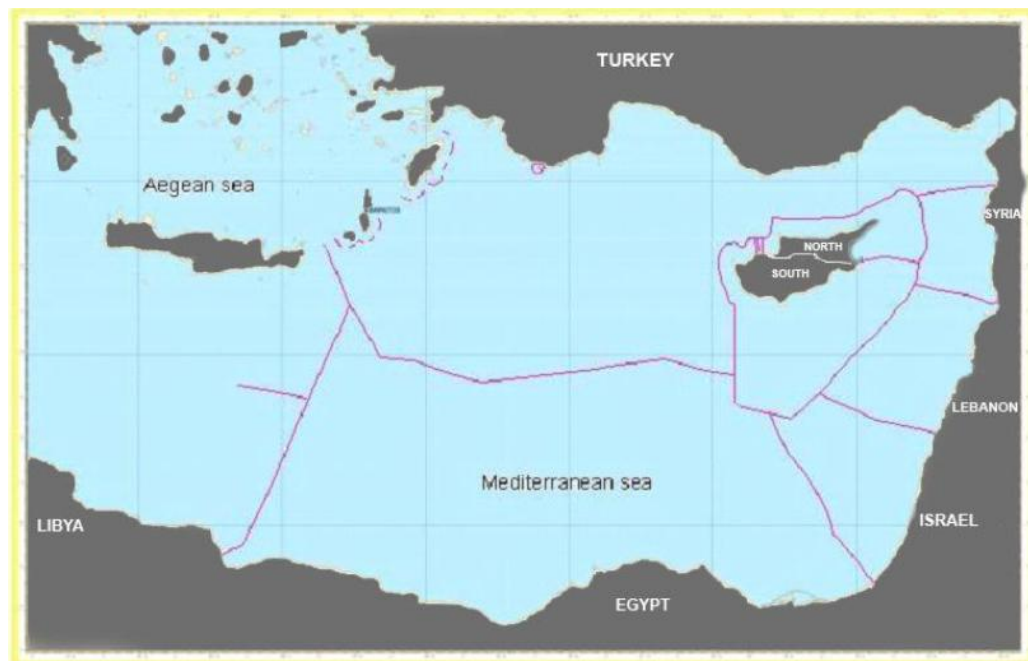
⁴⁸⁷ See Miller, A., R. & Stanley, R., J. (1965). Volumetric T-S diagrams for the Mediterranean Sea. *Rapp. P. V. Reun. Comm. Int. Explor. Sci. Mer.* 18(3): 755-759.

⁴⁸⁸ Öztürk, B., and Başeren, S., H., 2008, *op.cit.* p.79.

⁴⁸⁹ For the further discussion of the EEZ delimitation in the Mediterranean Sea see Lulic, M., & Vio, I.(2001). The Adriatic Sea and UNCLOS: The Croatian maritime code and legal regime of its Exclusive Economic Zone. In Öztürk, B. & Algan, N. (Ed.). *Problems of the Regional Seas 2001: Proceedings of the International Symposium on the Problems of Regional Seas* (pp.76-85). Istanbul: TUDAV.

⁴⁹⁰ Öztürk, B., and Başeren, S., H., 2008, *op.cit.* p.79.

Cyprus has been signed without considering other nations interests in the eastern Mediterranean Sea.” Turkey does not view the delimitation as equitable and fair. It is generally argued that the agreement has severe impacts to the Turkish fishing fleet in the sense that Turkey who has big and strong fishing fleet and long coastline is being restricted to a narrow area as a result of the aforementioned agreement.⁴⁹¹ “Turkey will have to dedicate special attention for the highly migratory fish stocks which will occur within its territorial waters and adjacent areas with the status of either the high seas or future EEZ of other Mediterranean countries which may proclaim them (Syria, Lebanon, Turkey, Egypt, Northern and Southern Cyprus, Israel and others).”⁴⁹²



Map 4. Turkish EEZ maritime zone proclamations according to the equitable principles in the Eastern Mediterranean Sea, Source: Öztürk, B., and Başeren, S., H., 2008, *ibid.* p.77

For Turkey, the protection of the marine environment, conservation and management of the marine resources of the significant part of the Mediterranean Sea can only be done by proclaiming an EEZ there. For Marine pollution, Turkey will be able to implement Marpol/73-78⁴⁹³ which is excessively critical for the eastern

⁴⁹¹ Öztürk, B., and Başeren, S., H., 2008, *op.cit.* p.79.

⁴⁹² Öztürk, B., and Başeren, S., H., 2008, *op.cit.* p.79.

⁴⁹³ MARPOL Annex VI, “Regulations for the Prevention of Air Pollution from Ships”, was adopted by the 1997 Conference of the Parties to the MARPOL Convention.

Mediterranean Sea as being the main route for the oil traffic. Lack of port receiving facilities appears to be one of the most important factors behind ship-originated pollution in the region. The mitigation of illegal discharges from the ships in the eastern basin mostly in high seas areas is also critical and requires cooperation under the REMPEC⁴⁹⁴. Marine scientific research between other Mediterranean countries, the management of the bioresources⁴⁹⁵, oil spill monitoring in entire Levantine Sea, biological invasion and tropicalisation of the eastern Mediterranean Sea are important issues which requires further regional cooperation in the region. Beyond these areas, potential mineral and oil resource and then ways in which they will be shared appears to be the most critical matter. According to Öztürk and Başeren⁴⁹⁶ one should expect political conflicts and debates with regard to all those matters mentioned above as long as cooperation and consensus cannot be achieved between the nations surrounding the eastern Mediterranean Sea.

Turkey claims that the Greek Cypriot side does not have the right to handle unilateral hydrocarbons related activities without Turkish Cypriot side involvement. Therefore, Turkey disputes the EEZ delimitation agreements signed between the RoC and third countries. Beyond the Cyprus Problem, Turkey contends the EEZ of RoC on the basis of its own claims to the part of the continental shelf in the same area. Turkey argues that it has overlapping blocks with Cyprus' EEZ namely the blocks 1, 4, 6, and 7. In relation to that, in 2004, Turkey submitted a note verbale to the Secretary General of the United Nations. There, Turkey states the geographical coordinates of its continental shelf in the Eastern Mediterranean as established in the agreement signed between Turkey and TRNC. Turkey fundamentally claims that it has

⁴⁹⁴ “The Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea (REMPEC) assists the Mediterranean coastal States in ratifying, transposing, implementing and enforcing international maritime conventions related to the prevention of, preparedness for and response to marine pollution from ships.” For further information see <http://www.rempec.org/>, accessed on 4 July 2015.

⁴⁹⁵ Here, it is referred to the management of the migratory fish quotas, stocks assessment of the pelagic and migratory stocks, Total allowable catch and their maximum sustainable yield based on scientific research.

⁴⁹⁶ Öztürk, B., and Başeren, S., H., 2008, op.cit.

“legitimate and legal rights existing in the Eastern Mediterranean particularly to the west of longitude 32° 16’ 18”E which have been registered to the UN.”⁴⁹⁷

Turkey’s position on the matter reflects the argument that islands facing longer coastal fronts should have diminished rights in terms of generating maritime zones. Therefore Turkey does not recognize the rights of the Republic of Cyprus to a continental shelf and in relation to that RoC’s capacity to claim an EEZ around the island cannot be recognized either. Turkey argues that TRNC is eligible to claim equal rights with regard to the natural resources of the island as the Greek Cypriot side. Hence, based on this understanding, Turkey and TRNC together granted oil concessions to TPAO (the Turkish national petroleum company) and Turkey concluded a continental shelf delimitation agreement with TRNC. It is in the same framework in which Turkey issued a NAVTEX.

Turkey, in principal, responds to the Greek Cypriots policy in the Eastern Mediterranean what they deemed as adventurous. Concluding maritime delimitation agreements and conducting oil/gas exploration and issuing permits for such activities around the Island cannot be done solely by the RoC because in the eyes of Turkey the RoC does not represent the rights of the Turkish Cypriot people. Therefore, Turkey claims that the Greek Cypriot Administration does not represent the Turkish Cypriots and Cyprus as a whole. It appears that Turkey mainly contends the actions of the Greek Cypriot Administration in terms of negotiating, concluding international agreements and adopting laws regarding the exploitation of natural resources on behalf of the island as a whole which also includes Turkish Cypriot people who actually claim to have their own administration in the North. It is within this framework which Turkey considers the unilateral actions taken by the RoC on the matter as a threat to the Turkish Cypriots’ existing and inherent equal rights over the natural resources of the island and the sea areas of the Island of Cyprus.⁴⁹⁸

⁴⁹⁷ Republic of Turkey Ministry of Foreign Affairs. Greek Cypriot’s Unilateral Activities in The Eastern Mediterranean. Retrieved May 24, 2015 from http://www.mfa.gov.tr/greek-cypriot_s-unilateral-activities-in-the-eastern-mediterranean.en.mfa

⁴⁹⁸ Republic of Turkey Ministry of Foreign Affairs , “Greek Cypriot’s Unilateral Activities in The Eastern Mediterranean,” *ibid.*

Given the context mentioned above, Turkey clearly expresses her political position in favour of considering the hydrocarbons issue as a part of the comprehensive settlement in Cyprus based on the idea that the Island's natural resources belong to both communities namely the Turkish and Greek Cypriots therefore both communities should benefit from the resources surrounding the island. It has been also stressed by Turkey that a similar understanding prevailed in the UN Comprehensive Settlement Plan of 2004. This issue had been left to the decision of joint parliament of the new partnership government in the Annan Plan so the same should be done in the eyes of Turkey.

Turkey has considered the hydrocarbons issue as an important part of the ongoing settlement negotiations based on the idea that the unilateral activities have created a negative atmosphere between two communities from the early stages of the unilateral activities of RoC.⁴⁹⁹ Beyond the Turkish Cypriot rights, Turkey has also considered her own maritime jurisdiction areas in the Mediterranean in the west of the Island as challenged by the RoC. As mentioned earlier, Turkey claims to have legitimate and legal rights existing in the Eastern Mediterranean particularly to the west of longitude 32° 16' 18"E which have been registered to the UN. Based on that, Turkey aims to protect its own rights in its maritime jurisdiction areas.⁵⁰⁰

Turkey from the very beginning, argues that that "the delineation of continental shelf as well as the exclusive economic zone in a semi-enclosed sea like the Eastern Mediterranean could only be possible through arrangements to be made among all the countries concerned and by observing the rights and interests of all the parties."⁵⁰¹ Therefore, Turkey does not recognize the exclusive economic zone agreement between the Greek Cypriot Authorities and Egypt, which was signed on 17 February 2003. Similar to that, an agreement between Lebanon and the Greek

⁴⁹⁹ Republic of Turkey Ministry of Foreign Affairs , "Greek Cypriot's Unilateral Activities in The Eastern Mediterranean," op.cit.

⁵⁰⁰ Republic of Turkey Ministry of Foreign Affairs, op.cit.

⁵⁰¹ Republic of Turkey Ministry of Foreign Affairs, Administration of Southern Cyprus to sign bilateral agreements concerning maritime jurisdiction areas with the countries in the Eastern Mediterranean. Retrieved September 16, 2014 from http://www.mfa.gov.tr/_p_30-january-2007_-press-release-regarding-the-efforts-of-the-greek-cypriot-administration-of-southern-cyprus-to-sign-bilateral-agreements-concerning-maritime-jurisdiction-areas-with-the-countries-in-the-eastern-mediterranean_br___p_.en.mfa

Cypriot side was equally disputed by Turkey. Turkey aims to draw our attention to the legal and political aspects of the subject matter by addressing the adoption of a law in the Greek Cypriot Parliament to regulate exploration of maritime oil fields around the Island of Cyprus. This has to be disputed according to Turkey mainly because “the TRNC also has rights and authority over the maritime areas around the Island of Cyprus.”⁵⁰²

For Turkey, adopted legislations or concluded agreements by the Greek Cypriot Authorities have no effect. In that sense, Turkey evokes that it has legitimate and legal rights and interests in the Eastern Mediterranean Sea.⁵⁰³ Turkey clearly states that parts of the maritime areas that are subject of bilateral agreements concluded by the Greek Cypriot Authorities with the Arab Republic of Egypt in 2003 are related with Turkey’s stated rights and interests in the same area. Consequently, the licenses for oil and gas exploration which are provided by the Greek Cypriot Authorities in their declared EEZ are considered to be invalid by Turkey. In 2007, Turkey accordingly called the international community “to take into account the sensitivity of the situation as well as the will of the Turkish Cypriots, the other constituent people of the Island, and expect them to refrain from any endeavour that might negatively affect the settlement process of the Cyprus issue and to act accordingly.”

504

In December 2010, Turkish Ministry of Foreign Affairs issued an official press release to point out the Turkish reservations with regard to the Exclusive Economic Zone (EEZ) Delimitation Agreement signed between Greek Cypriot Administration and Israel on 17 December 2010.⁵⁰⁵ There, the bilateral agreement between the Greek Cypriot

⁵⁰² Republic of Turkey Ministry of Foreign Affairs, “Administration of Southern Cyprus to sign bilateral agreements concerning maritime jurisdiction areas with the countries in the Eastern Mediterranean,” *ibid.*

⁵⁰³ Republic of Turkey Ministry of Foreign Affairs, “Administration of Southern Cyprus to sign bilateral agreements concerning maritime jurisdiction areas with the countries in the Eastern Mediterranean,” *op.cit.*

⁵⁰⁴ Republic of Turkey Ministry of Foreign Affairs, “Administration of Southern Cyprus to sign bilateral agreements concerning maritime jurisdiction areas with the countries in the Eastern Mediterranean,” *op.cit.*

⁵⁰⁵ Republic of Turkey Ministry of Foreign Affairs, (2010, December 21), Press Release Regarding the Exclusive Economic Zone (EEZ) Delimitation Agreement Signed Between Greek Cypriot Administration and Israel. No: 288, Retrieved September 16, 2014 from http://www.mfa.gov.tr/no_-288_-21-december-2010_-press-release-regarding-the-exclusive-economic-zone-_eez_-delimitation-agreement--signed-between-greek-cypriot-administration-and-israel.en.mfa

Administration and the Eastern Mediterranean coastal states with regard to the maritime jurisdiction areas in the Eastern Mediterranean Sea are portrayed as the sources of major concern for Turkey. Prior to the signing of the bilateral agreement for the delimitation of the maritime jurisdiction areas between Israel and Greek Cypriot Administration, Turkey had diplomatic proceedings with Israel to explain how such an agreement might undermine the existing and inherent rights and interests of Turkish Cypriot community and how it might hamper the ongoing settlement negotiations in Cyprus. It is seen that Turkey directly relates the EEZ issue with the negotiations process in broader terms. By looking the related press release of Turkish MFA, it is also possible to see that Turkey also warned Israel at that time in terms of possible undesirable repercussions of signing a bilateral agreement with Greek Cypriot side before a solution in terms of threatening peace and stability in the Eastern Mediterranean. The views and position of Turkey in that sense were extensively and clearly expressed to Israel even before a day of the signing of the aforementioned agreement. On 16 December 2010, Undersecretary Ambassador Sinirlioğlu called the Ambassador of Israel in Ankara to the Ministry and clarified Turkey's position. It is important to note that Turkey engaged into extensive diplomatic endeavour with regard to the EEZ issue in the Eastern Mediterranean Sea. For Turkey, signing of agreements between the Greek Cypriot Authority and the Eastern Mediterranean coastal states are unfortunate developments for the regional peace and stability. It is necessary to note that Turkey does not have any particular claim with regard to the maritime areas delimited between RoC and Israel.⁵⁰⁶ It is clearly stated by Turkey that the reason behind Turkey's diplomatic efforts with regard to the matter is Turkey's approach which views the issue within the context of the Cyprus problem.⁵⁰⁷ Turkey links maritime delimitation agreements with sovereignty issue therefore forms a direct linkage between them and the ongoing comprehensive settlement negotiations in Cyprus. Turkish Cypriot rights are under threat in that view. Subsequently, Turkey interprets the agreements as untimely and dishonest regarding the settlement process. The Greek Cypriot Administration does not represent in law or in fact the Turkish Cypriots and Cyprus as a whole therefore with regard to the maritime areas of the

⁵⁰⁶ Republic of Turkey Ministry of Foreign Affairs, No: 288, 21 December 2010, Press Release Regarding the Exclusive Economic Zone (EEZ) Delimitation Agreement Signed Between Greek Cypriot Administration and Israel, *ibid.*

⁵⁰⁷ Republic of Turkey Ministry of Foreign Affairs, No: 288, 21 December 2010, Press Release Regarding the Exclusive Economic Zone (EEZ) Delimitation Agreement Signed Between Greek Cypriot Administration and Israel, *op.cit.*

Island where Turkish Cypriots have also rights and jurisdiction, the Greek Cypriot side cannot sign any agreement. Such agreements are “null and void”⁵⁰⁸ in the eyes of Turkey. Turkey argues that Greek Cypriots’ unilateral activities may have a destructive impact on the comprehensive settlement negotiations in Cyprus and accordingly calls international community to not to support the Greek Cypriot hydrocarbons related activities.

When the Greek Cypriot Administration (GCA) called for a new international tender for off-shore hydrocarbon exploration and exploitation within its declared exclusive economic zone, Turkish Ministry of Foreign Affairs (MFA) immediately issued a press release regarding what they view as a unilateral step which was further considered as “irresponsible and provocative, taken by the Greek Cypriots despite all warnings.”⁵⁰⁹ Turkey here reinstated its position and highlighted the Turkish Cypriots’ equal and inherent rights hampered by activities aiming at unilaterally establishing maritime jurisdiction areas, granting off-shore licenses to international oil companies and conducting off-shore hydrocarbon exploration and exploitation. International community again was invited by Turkey to acknowledge the issue also from the Turkish Cypriot and Turkish perspective. Turkey reminded once more that negotiations might be negatively influenced from these developments and this might lead to the escalation of tension in the region. It is understood that, Turkey perceived the Greek Cypriot Administration (GCA) call for a new international tender as a move which aimed to block UN negotiations at a critical and determining juncture for a solution again by disregarding the equal rights and legitimate interests of the Turkish Cypriots.

Moreover, the certain sections of some of the concession blocks (1st, 4th, 5th, 6th and 7th blocks) geographically described in the aforementioned tender overlapped with Turkey’s continental shelf claims in the Eastern Mediterranean. At

⁵⁰⁸ Republic of Turkey Ministry of Foreign Affairs, No: 288, 21 December 2010, Press Release Regarding the Exclusive Economic Zone (EEZ) Delimitation Agreement Signed Between Greek Cypriot Administration and Israel, *op.cit.*

⁵⁰⁹ Republic of Turkey Ministry of Foreign Affairs. (2012, February 15). Press Release Regarding the Second International Tender for Off-Shore Hydrocarbon Exploration Called by the Greek Cypriot Administration (GCA), No: 43, Retrieved June 20, 2015 from http://www.mfa.gov.tr/no_-43_-15-february-2012_-second-international-tender-for-off_shore-hydrocarbon-exploration-called-by-the-greek-cypriot-administration-_gca_.en.mfa

that point Turkey clearly stressed that they “will not allow under any circumstances foreign oil companies to conduct unauthorized oil/natural gas exploration and exploitation activities in these overlapping areas and will take all necessary measures to protect its rights and interests in the maritime areas falling within its continental shelf.”⁵¹⁰ In the same press release Turkey also argued that the concession blocks identified in the tender by the Greek Cypriot Authority also overlap with the with the Turkish Cypriot’s concession blocs granted to the Turkish Petroleum Company (TPAO) by the TRNC on 22 September 2011. Turkey at this point again clearly stated that this situation itself would lead to an undesirable tension in the region because it would end up with a confrontation between international companies interested in bidding for the tender and the TRNC and TPAO. It was put forward that, “Turkey, in such eventuality, acting upon its responsibilities as a motherland and a guarantor power, will give every support to the TRNC to prevent possible violations of Turkish Cypriot concession blocks and thus to protect their rights and interests in maritime areas.”⁵¹¹

It is necessary to note once more that, in the eyes of Turkey, the blocks are disputed areas with regard to their ownership. This is the main justification behind the argument that the issue should be discussed afterwards of a comprehensive settlement or sides should meet solely on this matter under the auspices of the UN Secretary General. This is a necessary step in order to create the milieu to determine together the future course of off-shore hydrocarbon exploration and exploitation activities in and around Cyprus. Turkey's Foreign Ministry once more reminded that in case unilateral activities of the Greek Cypriot side continue, Turkish Cypriot consequent measures in response to these activities would lead to an escalation of tension in the region. It is seen that Turkey had a concrete expectation from the international community in terms of acknowledging the will of the other constituent people of Cyprus, namely the Turkish Cypriots, and not to hamper the

⁵¹⁰ Republic of Turkey Ministry of Foreign Affairs, No: 43, 15 February 2012, Press Release Regarding the Second International Tender for Off-Shore Hydrocarbon Exploration Called by the Greek Cypriot Administration (GCA), op.cit.

⁵¹¹ Republic of Turkey Ministry of Foreign Affairs, No: 43, 15 February 2012, Press Release Regarding the Second International Tender for Off-Shore Hydrocarbon Exploration Called by the Greek Cypriot Administration (GCA), op.cit.

ongoing peace process by conducting hydrocarbon exploration activities in the disputed EEZ of Cyprus.

When 15 international companies/consortiums bid for the second round of international tender for off-shore hydrocarbon exploration and exploitation opened by the Greek Cypriot Administration (GCA), Turkish Ministry of Foreign Affairs issued a press release on 18 May 2012 to condemn the companies participated in the tender despite of Turkish warnings with regard to the Turkish Cypriot rights over the natural resources located on the whole continental shelf of Cyprus.⁵¹² It is again reinstated that “unilateral steps contrary to this approach will only lead to tension. Turkey will continue to take all measures to protect the Turkish Cypriots’ rights and interests.”⁵¹³ It is also stated that Turkey will not allow any activity to take place within the areas which overlap with Turkey’s continental shelf in the Mediterranean Sea. As was already declared before, any activity of international oil companies in these areas which are disputed mainly due to the Cyprus issue will definitely lead to new problems in the eyes of Turkey. Turkish official position therefore overtly emphasised that: “in case these companies enter into cooperation with the GCA in the field of natural gas, ignoring the rights of the Turkish Cypriots, this will lead to a tension in the region and the responsibility will rest upon these companies.”⁵¹⁴ As was already stated before, by declaring in the same press release that “those companies cooperating with GCA will in no way be allowed to take part in Turkey’s future energy projects,”⁵¹⁵ Turkey consistently tried to deter the related energy companies within that time period.

⁵¹² See Republic of Turkey Ministry of Foreign Affairs. (2012, May 18). Press Release Regarding the International Tender for Off-shore Hydrocarbon Exploration and Exploitation Opened by the Greek Cypriot Administration, No: 140, Retrieved June 21, 2015 from http://www.mfa.gov.tr/no_-140_-18-may-2012_-press-release-regarding-the-international-tender-for-off_shore-hydrocarbon-exploration-and-exploitation-opened-by-the-greek-cypriot-administration.en.mfa

⁵¹³ See Republic of Turkey Ministry of Foreign Affairs, No: 140, 18 May 2012, Press Release Regarding the International Tender for Off-shore Hydrocarbon Exploration and Exploitation Opened by the Greek Cypriot Administration, *ibid*.

⁵¹⁴ See Republic of Turkey Ministry of Foreign Affairs, No: 140, 18 May 2012, Press Release Regarding the International Tender for Off-shore Hydrocarbon Exploration and Exploitation Opened by the Greek Cypriot Administration, *op.cit*.

⁵¹⁵ See Republic of Turkey Ministry of Foreign Affairs, No: 140, 18 May 2012, Press Release Regarding the International Tender for Off-shore Hydrocarbon Exploration and Exploitation Opened by the Greek Cypriot Administration, *op.cit*.

Another Turkish warning of a possible “new crisis” in the eastern Mediterranean came when the Greek Cypriot side offered to proceed with plans to collateralize future gas revenues as part of a national investment fund to be able to delay a default. With regard to the Greek Cypriot side offer of the natural resources of the island as collateral for a solidarity investment fund Turkey again warned that such a proposal ignores the inherent rights of the Turkish Cypriots and “is a dangerous manifestation of the illusion of being the sole owner of the Island, which may lead to a new crisis in the region.”⁵¹⁶ Turkey viewed these developments as another unilateral attempt of the Greek Cypriot side in terms of creating another *fait accompli*. In this context, Turkey recalled its view for Cyprus and the Eastern Mediterranean “as one of joint prosperity, stability and security.”⁵¹⁷ Both economic and political problems require a peaceful atmosphere to be solved, nevertheless in the eyes of Turkey; unilateral Greek Cypriot acts consistently disregard the political reality that there are two founding peoples of the Island. Referring to the natural resource discoveries explicitly as an opportunity, Turkey stated that with a spirit of joint prosperity and security, a lasting settlement is possible in Cyprus.⁵¹⁸

For Turkey, any position which may result with the Turkish Cypriots becoming a minority in Cyprus is unacceptable. Here, in relation to that, Turkey states that the preferences of the two peoples of the island needs to be respected, nevertheless in order to establish a new partnership Greek Cypriot side needs to stop its unilateral activities regarding the natural resources, otherwise a two state solution may appear as a new agenda for negotiations due to the lack of partnership sentiments within the recent ones. Thus, for Turkey, there is a single route to follow to exploit the natural resources of the island before any settlement. An agreement along the lines of the proposals made by the Turkish Cypriot side in 2011 and in 2012 is needed to be able to commence the exploitation of the natural resources in and around Cyprus. Such an agreement under the auspices of the UN Secretary-General will naturally involve an

⁵¹⁶ Republic of Turkey Ministry of Foreign Affairs. (2013, March 23). Statement Regarding the Claims of the GCASC on Hydrocarbon Resources in the Eastern Mediterranean. No: 83. Retrieved June 21, 2015 from http://www.mfa.gov.tr/no_-83_-23-march-2013_-statement-regarding-the-claims-of-the-gcasc-on-hydrocarbon-resources-in-the-eastern-mediterranean.en.mfa

⁵¹⁷ Republic of Turkey Ministry of Foreign Affairs, No: 83, 23 March 2013, Statement Regarding the Claims of the GCASC on Hydrocarbon Resources in the Eastern Mediterranean, *ibid*.

⁵¹⁸ Republic of Turkey Ministry of Foreign Affairs, No: 83, 23 March 2013, Statement Regarding the Claims of the GCASC on Hydrocarbon Resources in the Eastern Mediterranean, *op.cit*.

input from the Turkish Cypriot side in relation to the natural resources of the island.⁵¹⁹ It is also stressed by Turkey that, under such circumstances, Turkey and the Turkish Cypriots can work in consent with Greece and the Greek Cypriots.

When the Greek Cypriot side started its second drilling activity to verify hydrocarbon resources within its declared Exclusive Economic Zone in the Block 12, Turkey strongly opposed the developments which it perceived again as “irresponsible, provocative and unilateral steps of the GCA, acting as if it is the sole owner of the Island, which violates the inherent rights of the Turkish Cypriots over the natural resources as the co-owner of the Island.”⁵²⁰ Turkey overtly linked at this point the postponing of a solution in Cyprus to the Greek Cypriot side unilateral drilling activities. In relation to that, Turkish Ministry of Foreign Affairs states; “we can no longer allow the Cyprus issue to procrastinate which has already lasted for 50 years.”⁵²¹ In this respect, Turkey indicated that they would provide the required support for the achievement of seismic researches and ensuing with drilling phase within the license areas granted to the Turkish Petroleum Corporation (TPAO) by the TRNC in the south of the Island.⁵²²

In the press release issued on 4 October 2014 by the Turkish Ministry of Foreign Affairs, Turkey again in a similar manner condemned the initiation of a new drilling activity by the Greek Cypriot side in the block 9 on the bases that the inherent constitutive power of the two peoples, their political equality and co-ownership of the Island are not respected. It is stated by Turkey that the new drilling activity in the offshore Cyprus is against the spirit of the joint statement made on 11 February 2014 by both sides. Repeatedly, Turkey stressed that the TRNC will always be supported in conducting seismic research activities, acquiring a drilling platform and dispatching it to an area to be determined. These are seen as necessary steps by

⁵¹⁹ Republic of Turkey Ministry of Foreign Affairs, No: 83, 23 March 2013, Statement Regarding the Claims of the GCASC on Hydrocarbon Resources in the Eastern Mediterranean , op.cit.

⁵²⁰ Republic of Turkey Ministry of Foreign Affairs. (2013, June 14). Press Release Regarding the Second Drilling Activity of the Greek Cypriots, No: 170. Retrieved June 22, 2015 from http://www.mfa.gov.tr/no_-170_-14-june-2013_-press-release-regarding-the-second-drilling-activity-of-the-greek-cypriots.en.mfa

⁵²¹ Republic of Turkey Ministry of Foreign Affairs, No: 170, 14 June 2013, Press Release Regarding the Second Drilling Activity of the Greek Cypriots, op.cit.

⁵²² Republic of Turkey Ministry of Foreign Affairs, No: 170, 14 June 2013, Press Release Regarding the Second Drilling Activity of the Greek Cypriots, op.cit.

Turkey to protect Turkish Cypriot's inherent rights over the natural resources in and around Cyprus.⁵²³

On 7 October, 2014, the Greek Cypriot side decided not to participate in the UN backed negotiation process in Cyprus when Turkey directed a seismic ship to explore for natural gas in an area claimed by RoC under the UN Convention on the Law of the Sea. Turkey in parallel to that indicated that this development was not sincere and could hamper the environment required for a political solution and cooperation in Cyprus.⁵²⁴ According to Turkey, the halting of the negotiations in October 2014 was directly related with the unilateral initiatives of the Greek Cypriot Administration of Southern Cyprus (GCA) with respect to the hydrocarbon resources in the Eastern Mediterranean and the increased tensions as a result of that.⁵²⁵

It is important to note that for Turkey's President Recep Tayyip Erdogan, Turkey needs to be viewed as the key country to ship natural resources to international energy markets owning its critical geographical position in the centre of East-West and North-South energy corridors. Within this framework Turkey must be seen as a catalyst for regional cooperation in the energy sector.⁵²⁶ Erdogan says:

The natural resources surrounding Cyprus will hold a strong role in the Eastern Mediterranean energy map, as well as our energy diplomacy approach. Turkey will not give any compromise on energy policy on TRNC and the island's energy resources. The energy resources will be the property

⁵²³ Republic of Turkey Ministry of Foreign Affairs. (2014, October 4). Press Release Regarding Drilling Activity of the Greek Cypriots, No: 311. Retrieved June 22, 2015 from http://www.mfa.gov.tr/no_-311_-04-october-2014_-press-release-regarding-drilling-activity-of-the-greek-cypriots.en.mfa

⁵²⁴ Republic of Turkey Ministry of Foreign Affairs. (2014, October 4). *ibid.*

⁵²⁵ Republic of Turkey Ministry of Foreign Affairs. (2014, October 14). Statement of the Spokesman of the Ministry of Foreign Affairs Tanju Bilgiç in response to a Question on the Statement of Mr. Herman Van Rompuy, President of the European Council, regarding the Greek Cypriot Administration's Suspension of Negotiations, Retrieved June 22, 2015 from available at: http://www.mfa.gov.tr/qa_34_-14-october-2014_-statement-of-the-spokesman-of-the-ministry-of-foreign-affairs-tanju-bilgiç-in-response-to-a-question.en.mfa

⁵²⁶ Tinas, M. (2015, May 26). Erdogan Opposes Compromise on Turkey's Position on Gas Resources in Cyprus. Natural Gas Europe. Retrieved June 3, 2015 from <http://www.naturalgaseurope.com/turkey-position-cyprus-gas-resources-23881>

of both sides of the island, not only Greek Cypriots. Within this context, Turkey will be the key country to ship these resources to international markets.⁵²⁷

It is also essential at this point to indicate what may weaken the Turkish position. The political backing of International Oil Companies (IOCs) that has been offered to Cyprus is the key, because it indicates the support of international community to some extent to the RoC position and, as a result of that, Turkish opposition can be neutralised and eroded in the future. Economic considerations have played a considerable role so far in terms of the support RoC received from the International Oil Companies (IOCs) but as Giamouridis⁵²⁸ indicates there might be some geopolitical calculations as well. Consequently, it is seen that the relations between Turkey and the Greek Cypriot side have not been undergone any political normalization yet.

5.6 Conclusion

In sum, Turkey's position with regard to the hydrocarbons discoveries can be summarized as below:

- (i) The two peoples of the Island should benefit together from the off-shore natural resources of the island.
- (ii) These natural resources should be explored and exploited upon the common will and consent of the two sides since the Republic of Cyprus does not represent the Turkish Cypriots and lacks authority to negotiate with third parties with that regard.
- (iii) The EEZ delimitations of the Republic of Cyprus to its west and southwest are incorrect and intrude on the Turkish continental shelf. The rights of the Turkish Cypriot community are violated.⁵²⁹

⁵²⁷ Cited in Tinas, Murat, 2015, *ibid*.

⁵²⁸ Giamouridis, Anastasios, 2012, *op.cit.*, p.32-33

⁵²⁹ Giamouridis, Anastasios, *op.cit.*, 2012, p.29

CHAPTER 6

EXAMINING THE REPUBLIC OF CYPRUS (RoC)'S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS

6.1 Introduction

This chapter engages with the Republic of Cyprus's energy outlook; its oil and gas efforts in terms of where have exploration activities started and where they are today; RoC's goal of becoming an energy centre in eastern Mediterranean; and how Greek Cypriot leadership view the energy matter within the framework of inter-communal negotiations in Cyprus. By looking at RoC's energy related policies or in other words geopolitical actions towards the region, the chapter examines how RoC's position is informed by its greater geopolitical argument of being the sole sovereign entity of the island who at the same time acts "as a direct link of the region[eastern Mediterranean] with the EU."⁵³⁰ This chapter illustrates that the notion of an energy hub overlapped with and reframed the traditional image of RoC as "an actor for regional cooperation and a vehicle for regional dialogue"⁵³¹ who "meet its obligations not only in terms of international law but also vis-à-vis the EU."⁵³² To put that into perspective, this chapter argues that the notion of energy now occupies an essential role in RoC's geopolitical calculations and it has been promoted by Greek Cypriot leadership as a strategic asset to achieve political goals ranging from strategic partnership with the US, Israel and Egypt. Within this perspective, Cyprus is viewed as an actor who can contribute toward greater energy security for Europe. The chapter concludes with the argument that energy is being viewed as a tool by Greek Cypriot leadership to respond the "emerging geopolitical configurations in the

⁵³⁰ Anastasiades, N. (January 16, 2014). The True Story about the Geopolitical Role of Cyprus: David or Goliath? Speech delivered at London School of Economics and Political Science, Retrieved October 18, 2015 from <http://www.lse.ac.uk/publicEvents/pdf/20140116NicosAnastasiadesTranscript.pdf>

⁵³¹ Nicos Anastasiades, President of the Republic of Cyprus, 2014, *ibid.*

⁵³² Nicos Anastasiades, President of the Republic of Cyprus, 2014, *ibid.*

post-Cold War era which impel Turkey to develop a broader strategic outlook on Cyprus.”⁵³³

6.2 Energy Policies of the Republic of Cyprus (RoC)

The Republic of Cyprus (RoC), as being the third largest island in the Mediterranean Sea, considers itself having a strategically important position at the crossroad of big international energy routes. Besides, the Republic of Cyprus (RoC) is also considered to be an important hub for business activities taking place in the region and therefore a bridge between Europe and the Middle East. With the discovery of hydrocarbon reserves in the country’s Exclusive Economic Zone (EEZ), the Republic of Cyprus (RoC)’s energy profile has perceived more important in strategic terms as Cyprus can also become an energy hub in the Eastern Mediterranean now. It is true that with the discoveries, Cyprus has managed to attract international interest to some extent. It is believed that in following years, oil and gas sector will be the most profitable one which will attract greater foreign investment in Cyprus.⁵³⁴

The energy policy of the Republic of Cyprus (RoC) as a member state is fully harmonized with the energy policy of the European Union. The cornerstones of the Republic of Cyprus (RoC)’s energy policy can be identified as “safeguarding of a healthy competition in the market, the security of the supply of energy and the fulfilment of the energy demands of the country, with the least possible burden on the national economy and the environment.”⁵³⁵ For the implementation of the policy as stated above, the Republic of Cyprus (RoC) aims to liberalize the electricity market by ending the monopoly of the Electricity Authority of Cyprus (EAC) on the generation and supply of electricity through a 35% market to allow a free competition. The next measure is the liberalization of the oil sector again by “eliminating the pricing control system and the cross-subsidization between the different oil products and the adjustment of the prices on the basis of the market

⁵³³ Kaliber, A. (2009). Regionalism in Turkey’s security lexicon. In Diez, T. and Tocci, N. (Ed.) Cyprus, a conflict at the crossroads (pp. 105-124). Manchester University Press. p.120.

⁵³⁴ See Energy and Environment, Gas production and exports on the horizon, (updated) March 2014, <http://www.cyprusprofile.com/en/sectors/energy-and-environment> accessed on 20 August, 2014.

⁵³⁵ Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, Available at: http://www.mcit.gov.cy/mcit/mcit.nsf/dmlenergyservice_en/dmlenergyservice_en?OpenDocument, accessed on 3 July 2015.

events and the excise duty in force.”⁵³⁶ The Republic of Cyprus (RoC) also considers the establishment and operation of a strategic oil stock terminal as significant as the previous measures mentioned above. “The implementation of development programmes related to the use of energy conservation, technologies, utilization of ingenious renewable energy sources (RES) and the protection of the environment from industrial pollution”⁵³⁷ is also viewed as significant in that respect. In conjunction with these measures, the Republic of Cyprus (RoC) also aims to encourage more environmental friendly oil products and other sources of energy, such as natural gas.⁵³⁸ Local energy markets and the gasification prospects for the Cypriot natural gas have been discussed overwhelmingly in the aftermath of the discoveries in the Republic of Cyprus (RoC)’s Exclusive Economic Zone (EEZ). Paltsev⁵³⁹ stresses that irrespective of the extent of domestic gas substitution, Cyprus will have enough resources for exportation. This is mainly because Cyprus has a small energy consumption profile relative to the size of the Aphrodite Field. Oil may be substituted with natural gas in the following years.⁵⁴⁰ There are few possibilities for Cyprus to consider in that respect. One of the conditions is that Cyprus gasifies its entire economy and no new discoveries are made. In that case, there will be still considerable exporting options for Cyprus.⁵⁴¹

Cyprus has been overwhelmingly dependent on oil as it is the only fuel available for power generation and other stationary use. Domestic oil products consumption in recent years has been just above 2 million tonnes/year.⁵⁴² In case gas can be supplied from local fields, gasification may turn out to become rational for Cyprus. The state-owned monopoly Electricity Authority of Cyprus (EAC) is the larger user of oil products in Cyprus. Electricity Authority of Cyprus (EAC) relies on Heavy Fuel Oil and gasoil for power generation. In Cyprus, “installed power generation capacity

⁵³⁶ Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, *ibid*.

⁵³⁷ Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, *op.cit*.

⁵³⁸ Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, *op.cit*.

⁵³⁹ Paltsev, S., et.al. 2013, *op.cit.*,

⁵⁴⁰ Paltsev, 2013, *op.cit.* stresses that power generation is the most readily convertible sector in the context of Cyprus.

⁵⁴¹ See Paltsev, 2013, *op.cit.*, p. 12, Figure 5, for consideration of the number of years it would take Cyprus to deplete its estimated gas reserves, with and without exporting.

⁵⁴² Giamouridis, Anastasios, 2012, *op.cit*.

increased 46% between 2000 and 2010, and by as much as 211% between 1990 and 2010; from 471 Megawatt (MW) to 1465 Megawatt (MW).”⁵⁴³ Electricity production, on the other hand, increased by 57% between 2000 and 2010 and almost 170% between 1990 and 2010.⁵⁴⁴ Renewables also exist in Cyprus; nevertheless their production was still below 1.5% in 2010.⁵⁴⁵ The local cement industry is also using Heavy Fuel Oil (HFO). In that respect, it is important to note that, there are some regulatory restrictions on environmental grounds in terms of its usage for the commercial and other sectors.⁵⁴⁶ For the other industrial/commercial and heating needs gasoil is used. Approximately 150,000 tonnes of gasoil were used in 2010, where motor diesel accounted for another 330,000 tonnes in the same year. Liquefied Petroleum Gas (LPG) was also used 50,000 tonnes for industrial/commercial and heating needs in 2010 and Light Fuel Oil (LFO) was used 30,000 tonnes for the same purposes in the same year.⁵⁴⁷

As mentioned above, energy has been always one of the most significant sectors of the economy in the Republic of Cyprus (RoC). It is seen that achieving energy independence and providing secure and high-quality energy have been two cornerstones of Cypriot energy policy, in both the electricity and petrol sectors.⁵⁴⁸ It is possible to stress that the Republic of Cyprus (RoC)’s “energy sector is characterized by a high dependence on imported energy sources, the intense use of oil in the energy balance, the rapid growth of energy demand, the difficulties of interconnection with European energy networks and the low degree of exploitation of renewable energy sources (RES).”⁵⁴⁹ It can be argued that in the energy history of Cyprus, discovery of natural gas reserves in Block 12 in December 2011 is the most significant development. It is important to mention that the Cyprus Energy Regulatory Authority (CERA) is the sole regulator for the electricity and (emerging)

⁵⁴³ Giamouridis, Anastasios, 2012, op.cit. p.6.

⁵⁴⁴ Giamouridis, Anastasios, 2012, op.cit., p.6.

⁵⁴⁵ Giamouridis, Anastasios, 2012, op.cit., p.6.

⁵⁴⁶ Giamouridis, 2012, Anastasios, op.cit., p.6.

⁵⁴⁷ Giamouridis, 2012, Anastasios, op.cit., p.7.

⁵⁴⁸ P.A.Pilavachi, N.G.Kalampalikas, M.K.Kakouris, E.Kakaras, D.Giannakopoulos. The energy policy of the Republic of Cyprus. *Energy* 34 (2009) 547–554, p. 552.

⁵⁴⁹ Pilavachi, P. A., N.G.Kalampalikas, M.K.Kakouris, E.Kakaras, & D.Giannakopoulos. (2009). The energy policy of the Republic of Cyprus. *ibid.*

gas market in Cyprus.⁵⁵⁰ Cyprus Energy Regulatory Authority (CERA) was established by the Law on Regulating the Electricity Market of 2003⁵⁵¹ which was enacted for the purpose of harmonisation of Cyprus law with the EU Directive 96/92/EC which relates common rules for the internal market in electricity.⁵⁵² Cyprus Energy Regulatory Authority (CERA) aimed to liberalise the electricity market and make sure that electricity prices determined by the Electricity Authority of Cyprus (EAC) reflect the actual costs of the services provided with a reasonable profit.⁵⁵³ In addition to that, Cyprus Energy Regulatory Authority (CERA) being independent of any other public or private body is also the body who is responsible for regulating the Cyprus gas market.⁵⁵⁴ It is the body who needs to ensure that the whole energy market in Cyprus works on the basis of competition. Transparency, high-quality services, and the protection of the interests of consumers are listed as its main objectives. Cyprus Energy Regulatory Authority (CERA) is also responsible to protect competition.⁵⁵⁵

In terms of natural gas, the Natural Gas Market Law is structured along similar lines with electricity. With regard to Article 8 of the Natural Gas Market Law 2004, Cyprus Energy Regulatory Authority (CERA) may issue licence for:

- (i) building and/or operating natural gas facilities and/or storage facilities and/or pipeline networks, pipelines and associated equipment; (ii) discharging any of the functions of the owner of natural gas facilities and/or storage facilities and/or pipeline networks, pipelines and associated

⁵⁵⁰ Damianos, M. & Theodorou, E. (June 4, 2015). Cyprus. In Schwartz, D., L. (Ed.) The Energy Regulation and Markets Review, Edition 4, June 2015.

⁵⁵¹ The Law on Regulating the Electricity Market of 2003 later amended as the Electricity Market Law, see Damianos, M. and Theodorou, E., 2015, *ibid*.

⁵⁵² Damianos, M. and Theodorou, E., 2015, *ibid*.

⁵⁵³ Damianos, M. and Theodorou, E., 2015, *op.cit*.

⁵⁵⁴ This is by virtue of the Law Regulating the Natural Gas Market of 2004 (as amended) (the Natural Gas Market Law), which transposes EU Directive 2003/55/EC (now repealed and replaced by EU Directive 2009/73/EC) concerning common rules for the internal market in natural gas into Cyprus law, see Damianos, M. and Theodorou, E., 2015, *op.cit*.

⁵⁵⁵ It should be noted that the highest authority in Cyprus in relation to the protection of competition is the Commission for the Protection of Competition (the Commission), thus Cyprus Energy Regulatory Authority (CERA)'s actions must be aligned with the competition law provisions and with the practice of the Commission, for further details see Damianos, M. and Theodorou, E., 2015, *op.cit*.

equipment; (iii) discharging any of the functions of the network operator; (iv) supplying natural gas to, among others, wholesale customers; (v) supplying natural gas to eligible customers; (vi) supplying natural gas to non-eligible customers; (vii) discharging any of the functions of the operator of the natural gas importation/storage/transmission/distribution; and (viii) discharging any of the functions of the owner of the natural gas importation/storage/transmission/distribution network.⁵⁵⁶

In order to have a closer look at the emerging natural gas market in Cyprus, it is also important to indicate the role of the Natural Gas Public Company (NGPC). The Natural Gas Public Company (NGPC) is controlled by state and it is the body responsible for the import, storage, distribution, transmission, supply, and trading of natural gas, as well as the management of the distribution and supply system of natural gas in Cyprus. It is seen that the discovery of natural gas in the EEZ of the Republic of Cyprus (ROC) is one of the most significant developments for Cyprus's energy profile. Discoveries certainly affect the Republic of Cyprus (ROC)'s energy policy. The gas market in the Republic of Cyprus (ROC), once it really evolves, will be a monopoly of the Natural Gas Public Company (NGPC).

Above analysis provide us the chance to reflect on the Republic of Cyprus (ROC)'s energy policies and the early dynamics of the emerging natural gas market in the island. The following part aims to highlight the historical trajectory of the oil and gas effort in Cyprus, so that the political significance of the recent findings for the Republic of Cyprus (ROC) would be grasped in retrospective.

6.2.1 Oil and gas efforts in Cyprus

Before 1960

The history of licensed prospecting for oil and natural gas had been relatively short and interrupted in Cyprus, particularly when compared to metallic ores and industrial

⁵⁵⁶ Damianos, M. and Theodorou, E., 2015, op.cit. p.85.

raw materials. Before 1960, the independence, Iraq Petroleum Company and the Forest Oil Company had systemic hydrocarbons exploratory work.⁵⁵⁷ Petroleum Development (Cyprus), Limited, which was a subsidiary of Iraq Petroleum Company, had investigations between 1938 and 1949.⁵⁵⁸ Surveys took place at the southern half of the island- the Akrotiri Peninsula, Cape Greco, Ayios Theodoros, Ayios Thomas, and Ayia Marina without any significant drillings.⁵⁵⁹ In 1957, the Forest Oil Company obtained a licence for oil prospecting throughout the majority of the island and its territorial waters, except the area held by Prospectors Limited at Moni.⁵⁶⁰ The company mapped the sedimentary rocks located northeast of the Troodos, and reinterpret the Iraq petroleum Company's geophysical results. The company's licence was renewed in 1962 for further five years (extendable for another 12 years) with an oil mining lease in case petroleum could be found in commercial quantities.⁵⁶¹ The licence covered an area of 3,000 sq. miles that extended into the RoC's territorial waters.⁵⁶²

1960-2000

In January 1969, it was reported that the Ina of Zagreb would begin oil prospecting operations in Cyprus⁵⁶³ and three boreholes were sunk by Ina for oil exploration: one located 3 km south of Nicosia, one at Lefkoniko, and one at Vatili.⁵⁶⁴ In addition to that, Yugoslav State Company Naftaplin began drilling offshore on Forest Oil leases. It was also reported that Oxoco also acquired an offshore exploration licence for over 1 million acres.⁵⁶⁵ In 1973, the RoC had declared six oil prospecting licenses of a total area of 847.5 sq. miles, both on and offshore, without declaring their locations

⁵⁵⁷ Hocknell, 2001, op.cit. p.255.

⁵⁵⁸ Bear, 1963, p. 168 cited in Hocknell, 2001, op.cit. p.255.

⁵⁵⁹ Hocknell, 2001, op.cit. p.255.

⁵⁶⁰ Hocknell, 2001, op.cit. p.255.

⁵⁶¹ Hocknell, 2001, op.cit. p.256.

⁵⁶² Bear, 1963, p.35 and 169 cited in Hocknell, 2001, op.cit. p.256.

⁵⁶³ Hocknell, 2001, op.cit. p.256.

⁵⁶⁴ Interview, Director of the Geological Survey Department, Republic of Cyprus, Nicosia, 29/11/96, held by Peter R. Hocknell, cited in Hocknell, 2001, op.cit. p.256.

⁵⁶⁵ Langford, 1993, p. 853 cited in Hocknell, 2001, op.cit. p.256.

publicly.⁵⁶⁶ By the end of 1974, five of the six licences had been withdrawn, thus by 1977, only 1.2 sq. miles was being prospected, all of them located onshore.⁵⁶⁷

During 1980s, the prospecting issue was raised at several times in the RoC House of Representatives and in the national media. Between the years 1983 and 1984, AKEL's spokesman quoted expert reports which were indicating that there were oil deposits in Cyprus's offshore area, especially off Limassol, and possibly on mainland territory.⁵⁶⁸ There was an interest for these resources to be exploited exclusively by RoC.⁵⁶⁹ In May 1987, two vessels of the Soviet Academy of Science began a geological survey in the RoC's southern territorial waters.⁵⁷⁰ It was reported that Greek Cypriot scientists were also a part of the survey.⁵⁷¹ At that moment, a senior Russian official stressed that they had "more an interest on the crust and its composition rather than oil exploration," while indicating that in case they found an indicator of fuel they "wouldn't exactly avoid it."⁵⁷² In January 1988, it came into light that, in March of the previous year, the Soviet Ambassador to Cyprus had indicated that Soviet satellite examination provided evidence of the likely existence of offshore oil and gas deposits south of Limassol.⁵⁷³ Later in April 1989, further geological surveys carried out by another team from the Soviet Academy of Science, again by stating that the explorations did not related with the possibility of oil deposits offshore Cyprus.⁵⁷⁴

In November 1986, a new legislation was announced to be drafted by the Greek Cypriot legal experts. That was an important development in terms of opening the way for oil exploration in Cyprus.⁵⁷⁵ It was reported that up to five oil companies

⁵⁶⁶ Hocknell, 2001, op.cit. p.256.

⁵⁶⁷ Hocknell, 2001, op.cit. p.256.

⁵⁶⁸ The Cyprus Weekly, 30/12/83-6/1/84, cited in Hocknell, 2001, op.cit. p.256. Please note that the chief of the communist party AKEL was Ezekias Papaioannou at that time period.

⁵⁶⁹ See The Cyprus Weekly, 21-27/12/84. cited in Hocknell, 2001, op.cit. p.256.

⁵⁷⁰ Hocknell, 2001, op.cit. p.256.

⁵⁷¹ The Cyprus Weekly, 1-7/5/87. cited in Hocknell, 2001, op.cit. p.256.

⁵⁷² The Cyprus Weekly, 8-14/5/87 cited in Hocknell, 2001, op.cit. p.256.

⁵⁷³ The Cyprus Weekly, 8-14/1/88 cited in Hocknell, 2001, op.cit. p.257.

⁵⁷⁴ The Cyprus Weekly, 14-20/4/89. cited in Hocknell, 2001, op.cit. p.256.

⁵⁷⁵ Hocknell, 2001, op.cit. p.257.

have shown an interest, and Limassol, Larnaca, and Paphos were particularly highlighted.⁵⁷⁶ In January 1988, it was reported that, in the face of the interest of oil companies, the RoC intended to draft a legislation to govern oil exploration.⁵⁷⁷ In February 1991, the Ministry of Commerce and Industry were supposed to have drawn up regulations in consultation with the RoC Attorney General's office in response to foreign interest in Cyprus's southern waters.⁵⁷⁸ In 1996, the former Director of the Geological Survey Department, RoC stated that, the exploration activities were carried out by RoC government with the concern that this might encourage further Turkish/ Turkish Cypriot territorial claims-either diplomatically or militarily.⁵⁷⁹

In the northern part of the island, in 1974, the Turkish government announced its investments in the northern part of the island where the Turkish Mineral Research and Exploration Institute prepared to explore for minerals and oil, stating that if such research yielded favourable results the Turkish Oil Corporation would make the necessary investments for exploratory drilling in Cyprus.⁵⁸⁰ According to the former Director of the Geological Survey Department⁵⁸¹, RoC, an unspecified British scientific team conducted a research in the Eastern Mediterranean in 1973 and provided evidences of the geophysical structures favourable for oil in the northern Cyprus/ southern Turkey region. In *de facto* TRNC Country Report, the area between Famagusta and Morphou Bay was recognised as being promising.⁵⁸²

⁵⁷⁶ The Cyprus Weekly, 14-20/11/86 cited in Hocknell, 2001, op.cit. p.257.

⁵⁷⁷ The Cyprus Weekly, 8-14/1/88 cited in Hocknell, 2001, op.cit. p.257.

⁵⁷⁸ The Cyprus Weekly, 15-21/2/91 cited in Hocknell, 2001, op.cit. p.257.

⁵⁷⁹ Interview, Director of the Geological Survey Department, RoC, Nicosia(south), 29/11/96 held by Peter R. Hocknell, cited in Hocknell, 2001, op.cit. p.257.

⁵⁸⁰ Ankara, 1/8/74 (BBC SWB ME/4668);The Cyprus Mail,4/8/74. cited in Hocknell, 2001, op.cit. p.257.

⁵⁸¹ Interview, Director of the Geological Survey Department, RoC, Nicosia(south), 29/11/96 held by Peter R. Hocknell, cited in Hocknell, 2001,op.cit. p.257.

⁵⁸² TRNC Country Report, 1994, p.172 cited in Hocknell, 2001,op.cit. p.258.

Both sides appeared to be unclear in terms of the accurate geological picture⁵⁸³, nevertheless RoC did not hesitate to enter the prospecting business and as one of the first steps, the government signed exclusive economic zone (EEZ) delimitation agreements with Egypt in 2003. Later on in 2007, the EEZ agreement was signed with Lebanon and in 2010 with Israel. As a result of these agreements, RoC acquired the outer limits of a 51 square km exploration area to search for oil and gas in the southern part of the island. The exploration area in the exclusive economic zone (EEZ) of Cyprus is divided into 13 blocks. The first international licensing round offshore Cyprus officially opened in Nicosia, Cyprus in February 2007 where there were only two bids at the earlier stages. According to the established legal framework, there are three license-types for the Cyprus's EEZ: Hydrocarbon Prospecting License (1 year); Hydrocarbon Exploration License (3+2+2 years); and Hydrocarbon Exploitation License (25+10 years).⁵⁸⁴

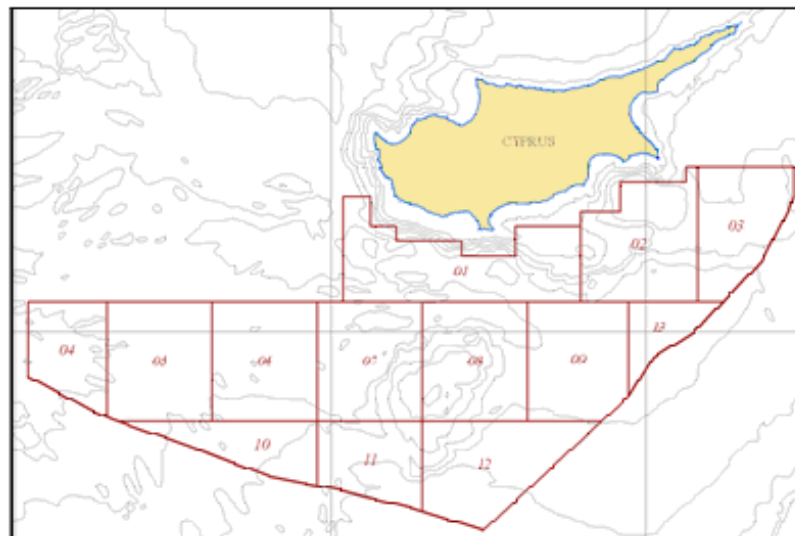


Figure 5: Cyprus exploration blocks

Source: Cyprus Ministry of Commerce, Industry and Tourism website - Hydrocarbon Exploration Section

⁵⁸³ See Bastianelli, F. (1982). Border delimitation in the Mediterranean Sea. *Lo Spettatore Internazionale*, 17. 319-338. p. 326 for the pessimistic perspective over the hydrocarbon potential of the island; for seismic characterization of the offshore Cyprus see Lie, Øystein & Trayfoot, M. (2008). *Seismic Characterization of the First 3D Surveys Offshore Cyprus and Lebanon*. from oral presentation at AAPG International Conference and Exhibition, Cape Town, South Africa. October 26-29, 2008

⁵⁸⁴ Kyriakides & Xenofontos Oil and Gas Legal Experts. (Online) Available at: <http://www.oilandgaslawyers.eu/>, accessed on 16.10.15.

The exploration blocks are, on average, approximately 4000 km² and span an area from the Herodotus Basin in the west to the Levantine Basin in the east. Block 1, and the northern parts of blocks 2 and 3 are closest to the island and cover the Cyprus Arc and its deformation front. Blocks 4, 5, 6, and 10 are situated in the Herodotus Basin. Blocks 7 and 8 and the western part of block 11 cover the Eratosthenes Continental Block and the west Eratosthenes Basin and finally the southern parts of blocks 2, 3, and 11, together with blocks 9, 12, and 13 cover the Levantine Basin.⁵⁸⁵

In 2008, Noble Energy was awarded Block 12 for a three year exploration license and following further seismic surveys the energy company was authorized by the RoC to execute the first exploratory drilling in Block 12 offshore Cyprus.

On 20 September 2011 Noble Energy began exploration drilling in the Aphrodite field located at the exploratory drilling block 12 and in three months announced the discovery of an estimated 5 To 8 Tcf (142 To 227 bcm) of natural gas (with ‘estimated gross mean resources of 7 Tcf [198 bcm]’).⁵⁸⁶ The second international exploration licencing round was announced in February 2012 by the RoC. ENI-KOGAS, which is an Italian-South Korean consortium, signed an agreement for exploration licences for offshore gas with the RoC in January 2013 for the three areas off the east Mediterranean island, Blocks 2, 3 and 9. The RoC also issued exploration licence for Total for blocks 10 and 11.

In October 2013, the results of the A-2 appraisal well drilled on the Block 12 was announced by Noble Energy as 5 Tcf (142 bcm) of natural gas. Noble Energy shares the working interest of Block 12 with Delek Drilling and Avner Oil Exploration, and the BG Group.⁵⁸⁷ Noble holds a 35 percent working interest, BG Group holds 35 percent and Delek Drilling and Avner Oil Exploration each have 15 percent. According to the recent figures, it appears that Aphrodite holds between 3.6 Tcf to 6

⁵⁸⁵For related information see Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, Hydrocarbon Exploration, Legal and Regulatory Framework. Retrieved from <http://www.mcit.gov.cy/mcit/mcit.nsf/All/A6D222B09D72E659C2257441002EE9BE?OpenDocument>

⁵⁸⁶ Noble Energy. (2015). Recent Discoveries. op.cit.

⁵⁸⁷ BG Group bought shares in November 2015.

Tcf of natural gas.⁵⁸⁸ It is important to highlight that the results are lower than the initial estimates which was 7 Tcf. Regarding the lower estimates compared to the 2011 announcements, Noble Energy's Senior Vice President Keith Elliott noted,

Results from the Cyprus A-2 well have confirmed substantial recoverable natural gas resources and high reservoir deliverability. While the A-2 location has successfully defined the northern area of the discovery, we anticipate additional appraisal activities are necessary to further refine the ultimate recoverable resources and optimize field development planning. In the meantime, we continue to identify and advance multiple development options. In addition to the Cyprus A discovery, we are also encouraged about the further exploration potential in Block 12.⁵⁸⁹

The RoC aims to use the discoveries both for its own use and for becoming a significant exporter of gas, mainly supplying the European Union gas demand in the upcoming decades.

Earlier it was reported that, the construction of a liquefied natural gas terminal should start by early 2016 in Cyprus, with an estimated four years to complete the LNG export terminal and three years, meanwhile, to build offshore installations and subsea pipelines.⁵⁹⁰ At the same place, Charles Ellinas was reported to say that, "we should be in a position to deliver gas (domestically) by the end of 2018 and start selling LNG (abroad) in 2019."⁵⁹¹ Within the framework of what was described as a highly commercial project, for many in Cyprus, Europe was perceived to be down

⁵⁸⁸ Noble Energy. (2013, October 3). Noble Energy Announces Appraisal Drilling and Flow Test Results Offshore Republic of Cyprus, Retrieved November 11, 2014 from <http://investors.nobleenergyinc.com/releasedetail.cfm?ReleaseID=794694>

⁵⁸⁹ Noble Energy, Noble Energy Announces Appraisal Drilling and Flow Test Results Offshore Republic of Cyprus, 2013, *ibid*.

⁵⁹⁰ Kambas, M. (2013, January 31). Interview-Cyprus pins hopes on gas exports as plans LNG terminal. Reuters, Retrieved August 24, 2015 from <http://uk.reuters.com/article/2013/01/31/cyprus-gas-idUKL5N0B08EH20130131>

⁵⁹¹ Kambas, M., 2013, *ibid*.

the road for exportation. Gürel and Le Comu⁵⁹² highlighted that “based on a 25-year typical supply period,” Cypriot discoveries “would be enough to meet around 1.4 % of the EU’s annual needs.” Although the discoveries so far show that the LNG project is not commercially viable, Asian markets are also attractive for the RoC as long as the liquefied natural gas (LNG) facility would be actualized in Vassilikos on the island’s southern coast.

Seemingly, in longer run, Cyprus needs to hold further exploration in its own blocks and possibly processes gas from other Leviathan offshore fields to make such a facility feasible. So far Noble Energy, Delek Drilling and Avner Oil Exploration, Total, ENI and Kogas all showed interest in investing in the planned LNG Terminal where in the overall region, the initial volumes were expected to be 2 billion cubic feet a day (bn cfd).⁵⁹³ Discoveries offshore Cyprus is considered to be a part of a broader dynamic in the Eastern Mediterranean Sea which is an active region for offshore oil and gas exploration. Only to remind the previously stated figures in Chapter 3, according to US Geological Survey⁵⁹⁴, the Levant Basin held 122 Tcf of potentially recoverable natural gas. The Aphrodite Field is a part of the Levant Basin. Again as previously stated, the Nile Delta Basin’s potential is considered to be 223 Tcf.⁵⁹⁵ Yiorgos Lakkotrypīs, RoC’s Energy Minister, said that the RoC aims to develop a capacity to supply the gas demand at home, export its gas to the places with close proximity such as Egypt and Jordan, and sign agreements with large service firms such as Schlumberger and Halliburton in the upcoming decades.⁵⁹⁶

⁵⁹² Gürel, A., & Cornu, L. L. (2013). op.cit.

⁵⁹³ Oil and Energy Trends. (2013). FOCUS: Mediterranean gas: full of eastern promise? 38: 3–6. doi: 10.1111/oet.12061.

⁵⁹⁴ U.S. Geological Survey. (2010, March). Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province, Eastern Mediterranean. World Petroleum Resources Project.

⁵⁹⁵ U.S. Geological Survey, March 2010, *ibid*.

⁵⁹⁶ Lakkotrypīs, Y. (2015, March 26). 2030 EU Energy Security: The Role of the M. East Region. Conference Report, Atlantic Council. Retrieved October 18, 2015 from <http://www.atlanticcouncil.org/en/news/transcripts/transcript-energy-developments-in-cyprus-and-the-eastern-mediterranean>

Development of Block 12 Aphrodite

Moving from exploration to exploitation in Block 12 Aphrodite has been another important issue to be explored in relation to the economic significance of the oil and gas efforts in Cyprus. In June 2015, following a statement made by the Delek Group to the Tel Aviv Stock Exchange, the commerciality of the Aphrodite gas fields was announced in a Cyprus government press release after it has become a matter of concern for a long time.⁵⁹⁷ In relation to that RoC's Energy Ministry stressed that,

the declaration of commerciality confirms the existence of substantial recoverable natural gas reserves in exploration block 12 of Cyprus' EEZ. It constitutes a significant milestone to Cyprus' transition from the hydrocarbons exploration phase to that of exploitation. It is another important step towards the monetization of the country's indigenous natural gas reserves, both for domestic electricity generation and other uses, as well as exports via direct subsea pipelines to neighbouring countries with which the Republic of Cyprus maintains excellent bilateral relations.⁵⁹⁸

This can be considered as an important process in the sense that it initiated the process of the development of the natural resources in Cyprus.

Company's development priorities

In case of energy companies, it can be said that the priority is to develop the field and build the necessary production facilities in Cyprus where profitability is ensured. It has stated that the use of a floating production, storage and offloading vessel (FPSO) and sales to regional markets are the Noble's priorities. It was reported that Noble is

⁵⁹⁷ Aphrodite field declared commercial: Minister of Energy. (2015, June 8). SigmaLive. Retrieved August 24, 2015 from <http://www.sigmalive.com/en/news/energy/130573/aphrodite-field-declared-commercial-minister-of-energy#sthash.Tyiqow4K.dpuf>

⁵⁹⁸ Cited in SigmaLive, 2015, *ibid*.

considering leaving transportation of the gas to the final destination to the buyers in terms of the provision of necessary facilities.⁵⁹⁹

Development priorities of the Republic of Cyprus(RoC)

The onshore LNG terminal project had been for a long time remained as the first item at the agenda of the government in Cyprus. The choice was reported to be related with the factors such as maximising economic benefit, considering the environmental impact and ensuring gas supply to Cyprus consumers at competitive prices. Nevertheless, at the beginning of 2015, a change of priority regarding export strategy in Cyprus appeared. Exporting Cypriot gas to neighbouring Egypt and using Egypt's unused export terminals to access far-reaching markets and gas sales to Egypt and Jordan were reported to be options on the behalf of the government.⁶⁰⁰ It was also reported that Minister Lakkotrypis stressed a Gulf interest to finance the pipeline that would carry the gas from the Aphrodite field offshore Cyprus to Egypt.⁶⁰¹ It is the quantity of gas discovered in offshore Cyprus so far which determines these policies. It can be argued that the modest quantities of gas led the LNG option to be marginalized in compared to technically more feasible and more commercial Egypt option. It should be also stressed that the negotiations between Cyprus and Egypt became more structured when news consistently emerged that the future of the Leviathan is under threat as the Israel Antitrust Authority- *the independent government enforcement agency tasked with regulating mergers and preventing cartels from dominating Israel's economy*- ruled that Delek Drilling, Noble Energy and Ratio Oil Exploration were operating as a cartel that limited competition in the natural gas market.⁶⁰² Another train of thought with regard to the

⁵⁹⁹ Ellinas, C. (2015, June 14). Development of block 12 Aphrodite, In-cyprus. Retrieved June 27, 2015 from <http://www.cyprusgasnews.com/archives/8485/development-of-block-12-aphrodite/>

⁶⁰⁰ Ayat, K. (2015, March 16). Cyprus' Onshore LNG terminal May Be Off the Agenda. Natural Gas Europe. Retrieved August 25, 2015 from <http://www.naturalgaseurope.com/cyprus-onshore-lng-terminal-may-be-off-the-agenda-22692>

⁶⁰¹ Karen, A., 'Cyprus' Onshore LNG terminal May Be off the Agenda, 2015, op.cit.

⁶⁰² Trilnick, I. (2013, March 6). Antitrust Authority Head David Gilo Faces Tough Decision on Leviathan Natural Gas Field. Haaretz, Retrieved August 25, 2015 from <http://www.haaretz.com/business/antitrust-authority-head-david-gilo-faces-tough-decision-on-leviathan-natural-gas-field.premium-1.507699>; see also Reed, J. (2014, December 23). Leviathan gas field targeted by Israeli regulator. The Financial Times, Retrieved August 25, 2015 from <http://www.ft.com/intl/cms/s/0/40474f4a-8aaf-11e4-8e24-00144feabdc0.html#axzz3joxRCwfb>

RoC's development plans vis-à-vis Block 12 Aphrodite was described by Koranyi⁶⁰³ as "Cyprus' master plan to initiate a regional dialogue around the optimal way to develop and monetise the offshore riches in the Eastern Mediterranean, " which may involve regional actors including the Egyptians, the Israelis, the Lebanese and even perhaps the Turks. The last point leads us to question the linkage between the development of Block 12 and the existing political landscape in Cyprus.

6.3 The Emergence of the Notion of 'Regional Energy Hub' in case of Cyprus

"Cyprus is an island in the northeast corner of the Mediterranean. It sits there like an aircraft carrier and dominates between east-west, as well as between north-south. Every empire from the Egyptians to the British which has sought to dominate the Middle East has had to control Cyprus, and they all have."⁶⁰⁴ There seems no better definition to put forward the relationship between geography and the political history of Cyprus. The island has always attracted great powers interests throughout its history. The establishment of the Republic of Cyprus (RoC) in 1960 can be regarded as the first attempt in that sense for the development of an independent foreign policy. The Republic of Cyprus (RoC) acquired its statehood and its status vis-à-vis the United Nations Charter in 1960. Nevertheless, in the eyes of Greek Cypriot leadership, the fact that the Republic of Cyprus (RoC) has three nations as "guarantor powers" did not allow Cyprus at any time to hold its true autonomy.⁶⁰⁵ Besides that, due to inter-communal ethnic conflict between Turkish Cypriots and Greek Cypriots and *de facto* partition of the island in 1974, the statehood of the Republic of Cyprus (RoC) has been contested by Turkey and Turkish Cypriot community on many bases.⁶⁰⁶ It can be argued that, due to that reason, the Republic of Cyprus (RoC)'s ambitions as an actor are shaped around the endeavour of being regarded as the sole representative of the entire island who at the same time can decide autonomously on its own as an independent one. This can be regarded as one of the reasons why

⁶⁰³ Cited in Ayat. K., 'Cyprus' Onshore LNG terminal May Be off the Agenda', 2015, op.cit.

⁶⁰⁴ Ambassador Thomas D. Boyatt cited in Mavroyiannis, A., D. (2014). The Geopolitical Role of Cyprus in the Wider Context of the European Union. *The Mediterranean Quarterly*, 25:1.

⁶⁰⁵ Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, *ibid.*, p.55

⁶⁰⁶ See Chapter 4 of this thesis for detailed examination of the background of the Cyprus Problem and *de facto* partition of the island.

Greek Cypriot leadership considered the accession of the Republic of Cyprus to the European Union in 2004 as a historic moment. For the first time in the history, the Cypriot people (except Turkish Cypriot people) were believed to make a decision on their own to become a part of the European Union that is “a family of nations, a union of values and interests with global significance.”⁶⁰⁷ It was also believed that Cyprus’s EU accession has substantially altered the regional context in which Cyprus finds itself in.

A new southern corridor was assumed to be created between the European Union and the Middle East with the accession of Cyprus. Cyprus in that sense assumes to create a new Mediterranean dimension for the European Union and it is within that framework in which the attitude of Israel, Cyprus, and Greece is being perceived by Cyprus as a geopolitical continuum that has effectively reopened new prospects for the EU. According to Mavroyiannis,⁶⁰⁸ Cyprus’s foreign policy has been in a process of “articulation and maturation” since the EU accession and now it is again in a process of reorganization to contribute even more to the Common Foreign and Security Policy of the EU. One could argue that it is the role of Cyprus in the energy security of the Union in which Cyprus is assuming such a new position for itself. At this point, it is important to define the key pillars of the Cyprus’s foreign policy to grasp even better the political significance of the hydrocarbons in Republic of Cyprus (RoC)’s geopolitical calculations. Cyprus’s contribution to the stability of the region; the way Cyprus can contribute to the European integration and the significance of Cyprus for the Security and Defence Policy of the EU are being uttered to a great extent for the last few decades.⁶⁰⁹ The role Cyprus can play in terms of enhancing EU’s energy security is a new one which has been added next to these items in the recent years. Stability in the Middle East and North Africa has been

⁶⁰⁷ Mavroyiannis, A., D., “The Geopolitical Role of Cyprus in the Wider Context of the European Union”, 2014, op.cit. p.55.

⁶⁰⁸ Mavroyiannis, A., D., “The Geopolitical Role of Cyprus in the Wider Context of the European Union”, 2014, op.cit. p.56.

⁶⁰⁹ See Anastasiades, N. (January 16, 2014). The True Story about the Geopolitical Role of Cyprus: David or Goliath? op.cit.; Lakkotrypīs, Y. (2015, March 26). 2030 EU Energy Security: The Role of the M. East Region.op.cit.; and Kozakou-Marcoullis, E. (2012, May 10). New Challenges and Prospects in the Eastern Mediterranean: The Cyprus Perspective. Speech delivered at Paasikivi Society Think Tank, Helsinki. Retrieved October 18, 2015 from [http://www.mfa.gov.cy/mfa/embassies/embassy_stockholm.nsf/C9D6248F7F554078C1257A45002F3C9A/\\$file/Address%20by%20the%20Minister%20of%20Foreign%20Affairs%20Dr%20Erato%20Kozakou-Marcoullis%20in%20Helsinki%2010%205%202012.pdf](http://www.mfa.gov.cy/mfa/embassies/embassy_stockholm.nsf/C9D6248F7F554078C1257A45002F3C9A/$file/Address%20by%20the%20Minister%20of%20Foreign%20Affairs%20Dr%20Erato%20Kozakou-Marcoullis%20in%20Helsinki%2010%205%202012.pdf)

always problematic for the EU and the international community. Cyprus is located within that turbulent region, thus developments within the region directly influence Cyprus. Being a member of the Western security system as a member of the EU, it is assumed that Cyprus has this catalytic role to play for the regions' stability, peace, security and economic development. After the EU accession, Cyprus believed to become an easternmost outpost of the EU, a small island-state at the middle of the eastern Mediterranean who can promote European values and objectives within the region.⁶¹⁰ It can be argued that Cyprus perceives itself as an important actor who can contribute to the strengthening of the southern dimension of the European Neighbourhood Policy as an actor who also imagines a Union for the Mediterranean, a union in which economic, political and social domains of cooperation can be created within a multicultural environment in the Mediterranean.

Besides the EU, the Republic of Cyprus (RoC) aims to get a significant place within the eastern Mediterranean also in the eyes of the United States. Commenting on his visit to Cyprus in May 2014, US Vice President Joe Biden said "I wanted to come to primarily underscore the value the United States attaches to our growing cooperation with the Republic of Cyprus. This relationship is now a genuine strategic partnership and it holds even greater promise."⁶¹¹ Cyprus now believes that it is seen as a stable partner by the US together with Israel and Greece. This is highly related with the idea that Cyprus now plays an obvious role in European energy diversification as a regional energy hub. The Republic of Cyprus (RoC) clearly views itself in a totally different position with the discovery of natural resources regardless of the amount of its proven and estimated reserves. It can be argued that the Republic of Cyprus (RoC) regards hydrocarbons as an issue which constitutes a real potential for a significant shift of paradigm in the way the US perceives the strategic position of the island. The emerging strategic alliance between Israel and Cyprus is also viewed from the same perspective. The flourishing cooperation between two countries principally stems

⁶¹⁰ Cyprus's involvement during the 2006 crisis in Lebanon; the 1983 attack on US Marines in Beirut; and the country's involvement in a number of Arab-Israeli reconciliation initiatives are cited as examples in which Cyprus played an important role for the peace and stability of the region.

⁶¹¹ Peace is always possible, Cyprus solution long past due, says Biden. (2014, May 21), Cyprus Mail. Retrieved October 18, 2015 from <http://cyprus-mail.com/2014/05/21/biden-arrives-in-cyprus/>

from the exploration and exploitation of natural resources and it is regarded as “a natural alliance, based on commonalities of values and interests.”⁶¹²

As mentioned, with the discovery of natural resources in and around Cyprus, the Republic of Cyprus (RoC) perceived its own role as enhanced with regard to the energy security of the EU. Energy security has been a great concern for the EU for a long time. In relation to that, the Union aims to secure alternative supply corridors. Hydrocarbons discoveries in and around Cyprus came at a time when the Union aspires to integrate its internal market and overcome the isolation of all member states through European energy networks. The Republic of Cyprus (RoC)’s geopolitical role is accordingly shaped around the rhetoric that “recent hydrocarbon discoveries in Cyprus's exclusive economic zone (EEZ) are transforming the island into an important pillar for the implementation of this European policy.”⁶¹³ There is a widespread idea among the Greek Cypriot political elites that Cyprus's role within the global energy system and European energy markets has transformed with the discoveries where they overwhelmingly stress the prospects for Cyprus to become an energy hub in the region. President of the Republic of Cyprus (RoC), Nicos Anastasiades, in one of his speeches stressed that “Cyprus should be developed into an energy centre that helps to reduce other dependencies.”⁶¹⁴ Republic of Cyprus (RoC)’s Minister of Agriculture, Natural Resources and Environment, Nicos Kouyialis in a similar manner put forward that “the Cypriot natural gas is essentially the European Union natural gas.”⁶¹⁵ It is seen that the Republic of Cyprus (RoC) aims to become a regional energy hub by developing a liquefied natural gas (LNG) terminal in Cyprus. The Republic of Cyprus (RoC)’s Energy Minister Yiorgos Lakkotrypis highlighted that the “completion of this project is an important step

⁶¹² Mavroyiannis, A., D., “The Geopolitical Role of Cyprus in the Wider Context of the European Union”, 2014, op.cit., p.57.

⁶¹³ Mavroyiannis, A., D., “The Geopolitical Role of Cyprus in the Wider Context of the European Union”, 2014, op.cit. p.57.

⁶¹⁴ Anastasiades, Nicos, President of the Republic of Cyprus cited in Does Cyprus Hold The Key To Europe's Energy Woes? (2014, May 14). Forbes. Retrieved October 19, 2015 from <http://www.forbes.com/sites/christophercoats/2014/05/14/does-cyprus-hold-the-key-to-europes-energy-woes/>

⁶¹⁵ Cypriot Minister of Agriculture, Natural Resources and Environment Nicos Kouyialis cited in Forbes, 2014, ibid.

towards the realisation of our energy strategy, with the ultimate objective the establishment of Cyprus as a regional energy hub."⁶¹⁶

Mavroyiannis⁶¹⁷, who is currently the chief negotiator of the Greek Cypriot community within the inter-communal negotiations, points out that Cyprus can be seen as an alternative supply route but also as a potential energy hub in the eastern Mediterranean and in relation to that the Republic of Cyprus (RoC) has built its energy policy around three strategic goals:

(i) to shield the geostrategic, geopolitical, and geoeconomical role of the country; (ii) to contribute to enhancing the security of Europe's energy supply through the creation of a third corridor; (iii) and to diversify Cyprus's energy mix by integrating natural gas and renewable energy resources in its energy system, so that the island may gradually become energy self-sufficient.⁶¹⁸

It appears that in Republic of Cyprus (RoC)'s view, a regional infrastructure project could be a game changer. This point requires further elaboration to see how Republic of Cyprus (RoC) positions itself within the broader regional energy driven game. In Cyprus's view, discussions evolving around the potential of the eastern Mediterranean in terms of contributing EU energy security of supply at the same time prove to open up a new domain for a dialogue both within EU countries and between regional countries in eastern Mediterranean. It can be argued that Cyprus views itself as an actor who can facilitate such a dialogue in the region. Lakkotrypis's words with regard to the energy developments in Cyprus and the broader region reflects such a perspective.

⁶¹⁶ Energy Minister Yiorgos Lakkotrypis cited in Kambas, M. (2013, June 26). UPDATE 2-Cyprus aims to be region energy hub with LNG terminal. Reuters. Retrieved October 19, 2015 from <http://www.reuters.com/article/2013/06/26/cyprus-lng-terminal-idUSL5N0F20N920130626>

⁶¹⁷ Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, op.cit.

⁶¹⁸ Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, op.cit. p.59-60

We feel – we were in Rome last November in an EU conference on energy, and it was very interesting to see all of the countries – all of the countries sitting on the same table discussing the potential of the Mediterranean, and more particularly of the Eastern Mediterranean, to become a player to contributing EU energy security of supply, to potentially resolve the differences that have existed for decades. And what we see as an opportunity here? An opportunity for elevating the conversation.⁶¹⁹

Discussions upon the likely energy infrastructure in the eastern Mediterranean, including LNG plant in Cyprus is viewed by Cyprus as a part of a broader grand master plan encompassing countries in the region such as Israel, Egypt, and Jordan.

Now, we are – we are in an advanced stage today, Cyprus and Israel, discussing infrastructure, subsea infrastructure, with Egypt, with Jordan. Now, there is a clear need for a grand master plan – a grand master plan that would involve all of the countries sitting together and looking how would it look like in the next 10, 15 years with – when potentially most of these differences would be resolved, because the conversation itself could be a catalyst for this resolution.⁶²⁰

It is important to elaborate more on Cyprus's emphasis of a grand master plan because it reflects the way Cyprus conceptualizes the new geopolitics of the region and how they perceive their role within that context. It is believed that energy is the essence of such a grand master plan and it can trigger the Union to view the Mediterranean, particularly the eastern Mediterranean, from a different, more holistic

⁶¹⁹ Lakkotrypris, Y. (2015, March 9). Energy Developments in Cyprus and the Eastern Mediterranean. Atlantic Council, Retrieved October 20, 2015 from <http://www.atlanticcouncil.org/en/news/transcripts/transcript-energy-developments-in-cyprus-and-the-eastern-mediterranean>

⁶²⁰ Lakkotrypris, Yiorgos, “Energy Developments in Cyprus and the Eastern Mediterranean,” 2015, *ibid.*

perspective as a new energy supply source. Clearly, within that new perspective, Cyprus desires to play a significant role.

...how the EU views and should be viewing the Eastern Mediterranean as a whole as a new energy supply source and route, and to assist us in the design, in the financing, in the implementation of the infrastructures in order to be able to transport the gas to the European Union. You've got today, in Leviathan, 20 TCF – 20 trillion cubic feet – out of which 50 percent is available for export and could be feeding easily seven to 10 BCM a year to the European Union. It just needs to find its way to the markets.⁶²¹

Cyprus aims to contribute to diversifying European energy supply sources by providing a flexible hub that can link the Mediterranean natural gas and transport them to European and global markets. The Republic of Cyprus (RoC), in relation to its proclaimed EEZ, argues that Turkey's claims cannot be sustained by international law where "Turkish threats are undermining regional stability and seek to harm the efforts to unlock the region's energy potential."⁶²² It is seen that, the Republic of Cyprus (RoC) aims to pursue its energy policy "for the benefit of its people and of the EU."⁶²³

Republic of Cyprus (RoC)'s energy perspectives believed to give additional incentive to the dynamics of a political settlement. It is assumed that to be able to fully benefit from these resources, a prospective settlement of the Cyprus question is a real necessity. Nevertheless a stronger emphasis is being made on hydrocarbons additional value "as a natural bridge offers an alternative, predictable route to the wider region and creates an opportunity for a secure southern energy corridor"⁶²⁴ for

⁶²¹ Lakkotrypris, Yiorgos, "Energy Developments in Cyprus and the Eastern Mediterranean," 2015, *ibid.*

⁶²² Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, *op.cit.*, p.60.

⁶²³ Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, *op.cit.*, p.60.

⁶²⁴ Mavroyiannis, A., D., "The Geopolitical Role of Cyprus in the Wider Context of the European Union", 2014, *op.cit.*, p.62.

the European Union. Cyprus is believed to “serve as a business platform for the Middle East and its proximity allows for the implementation of European policies vis-à-vis the south-eastern neighbourhood. It offers the possibility for its soil to be used for military, humanitarian, and other operations”⁶²⁵ at the same time. Cyprus geographically is on the world's largest sea transport routes and it has such a close proximity to a conflict area such as the Middle East. These are two most important elements of its geopolitical significance and they can be regarded as the main reasons why it is believed to offer the possibility for its soil to be used for various operations.

Nicos Anastasiades⁶²⁶ stresses his vision of the geopolitical role that Cyprus can embark on and the role of Cyprus in the international scene by emphasizing that power is not always measured in size and it is not always a privilege of the big. In his perspective, those states who are small in size like Cyprus can still assume important geopolitical role as long as they can realize economic, military, diplomatic means and natural resources. In his view, the basic elements of Cyprus’s geopolitical role in the region can be listed as Cyprus being,

an island state in Eastern Mediterranean at a crossing point between Europe, Asia and Africa; a Member State of the European Union at its south-eastern corner; a country affected so many times by its historically turbulent neighbourhood; a country recently blessed together with its neighbours with the discovery of hydrocarbons, and, sadly, the last divided EU Member-State.⁶²⁷

In this conceptualization, it is seen that the geopolitical role of Cyprus is viewed as a dynamic process where the discovery of hydrocarbons is regarded as an important element of the geopolitical role that Cyprus can undertake within the environment in which it operates. It is important to re-emphasize that Cyprus’s foreign policy orientations and objectives, including the tools of implementing them, are closely

⁶²⁵ Mavroyiannis, A., D., “The Geopolitical Role of Cyprus in the Wider Context of the European Union”, 2014, op.cit., p.62.

⁶²⁶ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.1.

⁶²⁷ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.1-2.

related with the geopolitical role that it can assume. In relation to that, Nicos Anastasiades⁶²⁸ stressed, in 2014, that his government is in a conscious reorientation of the foreign policy of Cyprus where he listed the new approached embraced by the Republic of Cyprus (RoC) as follows:

- (i) First and foremost, reaching a solution to the Cyprus problem, which would prove of immense benefit not only to Cypriots but also to regional stability; (ii) *Safeguarding the exploitation of our natural wealth and the consequential internal and regional economic and political benefits* [emphasis added]; (iii) Enhancing our participation in all EU pillars and policies, including becoming an integral part of the European Security System, and establishing a credible presence and cooperation with the European Union Member States; (iv) Actively contributing to building and promoting peace and security in our immediate region of Eastern Mediterranean; while at the same time deepening our bilateral relations with neighbouring countries of the region; (v) Upgrading our bilateral relations with the United States, UK and Israel, without negatively affecting the already deep-rooted relations with other countries such as Russia, China and those of the Arab world, so as to create a grid of alliances in support of our foreign policies and economic goals.

The Republic of Cyprus (RoC) also initiated a procedure to join NATO's Partnership for Peace Programme, a move which can be considered as a strategic shift in its foreign policy dogma. It can be argued that Cyprus, with the objective of joining the Euro-Atlantic security landscape, aims to enhance its strategic security role where it is also believed that "Cyprus will be able to contribute with particular added value to the common foreign and security policy of the EU and NATO by seizing the

⁶²⁸ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.2.

prospects given by its geographic position and the geopolitical role it can carry out.”⁶²⁹

The Republic of Cyprus (RoC) intends to adopt a constructive, predictable and non-conflicting regional role and it is understood that within the framework of this positive and stabilizing role in the eastern Mediterranean, a particular emphasis is made on development in the region which is taking place in the field of energy cooperation. Such cooperation necessitates that all countries in the region work together, bilaterally and regionally. Anastasiades hence argues that,

Cooperation in hydrocarbons development can have a positive spill over effect in the political relations between the Eastern Mediterranean countries, building the foundations for regional peace. After all, economic partnerships form an integral part of political synergies. This is all the more applicable in a region where stability has proven to be an expensive commodity.⁶³⁰

It appears that the Republic of Cyprus (RoC) envisions cooperation in the oil and natural gas sectors among countries surrounding the region. In that perspective, it is believed that cooperation in the energy sector can create common interests which can later be protected through bilateral and regional mechanisms. It is possible to argue that Greek Cypriot leadership, with the discoveries in and around Cyprus, developed its domestic energy policy within more regional framework. As put forward by Anastasiades⁶³¹, while formulating its energy policy, the Republic of Cyprus (RoC) seeks to “explore synergies; optimize resource development; create opportunities and remove challenges, if any, for potential investors, through interstate bilateral and regional cooperation.”

It is also important to indicate that the Greek Cypriot leadership attempts to portray the Exclusive Economic Zone Delimitation Agreements it has concluded with Egypt,

⁶²⁹ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.2.

⁶³⁰ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.2.

⁶³¹ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.2.

Israel and Lebanon as the sign of the establishment of the boundaries between the EU and the Middle East. Beyond their economic value, the Greek Cypriot leadership views the hydrocarbons as a source of cooperation where they seek a proactive role in that setting. In relation to that Anastasiades highlighted that, “on the regional level we aspire to bring interested stakeholders closer together through seeking opportunities not only for maritime boundary agreements and the joint development of potentially common hydrocarbons, but also for shared cooperation on other issues of mutual interest, such as economy and trade.”⁶³² It is seen that the Republic of Cyprus (RoC) aims to embrace the significant potential of becoming Eastern Mediterranean’s energy hub. “The transportation and liquefaction of gas produced by neighbouring countries in the LNG terminal of Cyprus would allow neighbouring countries to securely export gas to the EU and Asian markets.”⁶³³ From a political perspective, it is repeatedly emphasized that the endeavour of constructing a Cypriot LNG terminal can be a hub for regional energy cooperation but at the same time it can turn out to become “a vehicle for regional dialogue between the countries of the Eastern Mediterranean and at the same time serve as a direct link of the region with the EU.”⁶³⁴ It is repeatedly uttered by the political authorities in the RoC that energy in the eastern Mediterranean should not be a zero sum game but a vision shared by all neighbouring countries.

In relation to the above discussion, it is important to highlight the vision of the Republic of Cyprus (RoC) clearly. The political significance of the presence of hydrocarbon resources in the eastern Mediterranean, in the view of Greek Cypriot leadership, is their potential to render Cyprus as an important country who can contribute toward greater energy security for Europe. It is argued that “the identity and means of Cyprus...offer the potential to our EU partners to use Cyprus as a facilitator, linking them to our partners in our immediate neighbourhood, and possibly beyond, in advancing towards greater energy security and broader economic security and stability.”⁶³⁵ It is, indeed, very important to be able to achieve peace and stability in the eastern Mediterranean. Resolution of the Cyprus problem and the

⁶³² Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.4.

⁶³³ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.4.

⁶³⁴ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.4.

⁶³⁵ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.4.

normalization of relations between Turkey and Greek Cypriot leadership appear in that sense essential. The significance and the consequential benefits of a solution cannot be disregarded in the light of the recent energy related developments. It is essential to note that, Greek Cypriots view the political settlement as necessary for the normalization of the relations with Turkey- including full respect to their efforts to explore and exploit resources in their proclaimed Exclusive Economic Zone-; but not enough in the transformation of the region and resolution of the long-standing complex problems which can be regarded as differences between Turkey and the RoC in the region. What Anastasiades⁶³⁶ stressed to some extent indicates the irreconcilable nature of relations between Turkey and the RoC in the way they perceive the dynamics of the region and their position and role within that geopolitical setting:

In parallel, a re-united Cyprus, fully respecting the fundamental freedoms and human rights of all its citizens, will also prove of great value to the development of the EU – Turkey relations, including its security dimension. And *despite our different geostrategic aspirations* [emphasis added], the combination of the above-mentioned benefits would help both countries *fulfil their geographical destiny and geopolitical role* [emphasis added], to the mutual benefit for: the people of Cyprus; our neighbourhood; the EU and, evidently, the international community.

It is also seen that meeting its obligations in terms of international law and vis-à-vis the EU has been the cornerstone of the Republic of Cyprus (RoC)'s rhetoric on its foreign policy and its assumed geopolitical role. Cyprus's geopolitical role is being conceptualized as a facilitator of a more stable, more prosperous and more reconciliatory future in the region in which Cyprus is an inexorable part of it. One should stress that the extent of cooperation with Turkey will be decisive in terms of the creation of the logic of common ground and mutual benefit in the region, as envisioned by Republic of Cyprus (RoC). According to Anastasiades,⁶³⁷ from now

⁶³⁶ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.5.

⁶³⁷ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit.p.5

on, the Cypriot society is witnessing to “a paradigm shift that calls for readjustment and evolution.” One of the main reasons behind such a paradigmatic shift is the financial and economic crisis Cyprus has been experiencing. In that sense, it is essential to indicate once more that the development of significant natural gas deposits in Cyprus’ exclusive economic zone is perceived as an important asset to overcome the crisis in Cyprus. It is put forward that “Cypriots were able to grasp the opportunity presented to them in the maritime zones of Cyprus and in the seas of our neighbouring countries”⁶³⁸ despite of difficulties related with Cyprus problem and EEZ dispute with Turkey and Cyprus is looking to become an oil and gas hub as highlighted by the Republic of Cyprus (RoC)’s Energy Minister Yiorgos Lakkotrypis⁶³⁹ under difficult geopolitical conditions of the region. Vice President of the United States, Joe Biden⁶⁴⁰ in his visit to Cyprus also stressed that “Cyprus is poised to become a key player ... transforming the eastern Mediterranean into a new global hub for natural gas”.

It is possible to argue that there is a widespread belief that the gas deposits in and around Cyprus can offer an alternative energy corridor leading to increased energy security of the EU at most. In relation to that, the Republic of Cyprus(RoC)’s Energy Minister Yiorgos Lakkotrypis⁶⁴¹ puts forward that such a vision certainly has at its centre the shipping industry and the ability of any Cyprus based operation to service the broader Eastern Mediterranean region, thus it requires adequate means. “Our excellent longstanding relations with Israel, Lebanon and Egypt, the President of Cyprus determination to solve the Cyprus problem, along with our efforts to attract a strategic investor to develop further our port facilities, are essential ingredients for the realization of this goal” Lakkotrypis⁶⁴² said in the same place.

⁶³⁸ Nicos Anastasiades, President of the Republic of Cyprus, 2014, op.cit. p.5.

⁶³⁹ Energy Minister Yiorgos Lakkotrypis cited in Cyprus looks to become an oil and gas hub (2015, September 16). SigmaLive, Retrieved November 16, 2015 from <http://www.sigmalive.com/en/news/energy/135220/cyprus-looks-to-become-an-oil-and-gas-hub#sthash.bdZ9nGCo.dpuf>

⁶⁴⁰ Biden cited in Cyprus May Become Global Natural-Gas Hub: Joe Biden. (2014, May 22). NDTV. Retrieved October 16, 2015 from <http://www.ndtv.com/world-news/cyprus-may-become-global-natural-gas-hub-joe-biden-563417>

⁶⁴¹ The Republic of Cyprus (RoC)’s Energy Minister Yiorgos Lakkotrypis cited in Cyprus May Become Global Natural-Gas Hub: Joe Biden. (2014, May 22). *ibid*.

⁶⁴² The Republic of Cyprus (RoC)’s Energy Minister Yiorgos Lakkotrypis cited in SigmaLive, “Cyprus looks to become an oil and gas hub”, 2015, *ibid*.

Given the recent discoveries in Egypt, Israel, and Cyprus, the region is fast becoming a potential exporter of natural gas. As mentioned earlier, Cyprus believes that its strategic location close to the European market and the Suez Canal could turn the Eastern Mediterranean into a potential future gas supplier to Europe and Asia, thus the geopolitics of the region is currently in a state of transformation. In the case of Cyprus, the oil and gas sector in terms of shipping and trading business is also affected by geopolitics in the eastern Mediterranean. Newly discovered hydrocarbon resources generate the need for new routes to be explored, and for the reassessment of existing ones.

Once Cyprus is considered, it is seen that the geopolitical changes do influence to a great extent Cyprus's shipping industry, particularly the one that operates within the boundaries of the Eastern Mediterranean. "The politics of the region require a strict adherence to security – not to mention that freedom of navigation, including the unrestricted access to ports and terminals, onshore or offshore, is a must" Lakkotrypis⁶⁴³ underlined. According to Lakkotrypis⁶⁴⁴, regional cooperation is a key for the prosperity of all the countries and peoples in the region. In the same place he noted that through regional cooperation "we can maximize the benefits for energy exporters and importers, ensure security of supply and demand and create a stable and peaceful environment in the Eastern Mediterranean."⁶⁴⁵ Moreover, it is possible to find out the same emphasis on the link between energy cooperation and regional stability in his words which reads as "cooperation in the hydrocarbons sector can feed into the political relations between the Eastern Mediterranean countries, building the foundations for regional stability and peace."⁶⁴⁶ Bilateral cooperation through the conclusion of delimitation and unitization agreements between countries sharing maritime boundaries is seen as essential for a genuine regional cooperation given the recent framework. Energy partnerships is regarded as fundamental by the Greek Cypriot leadership where they are seen as tools to ease tensions and freeze or

⁶⁴³ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *ibid*.

⁶⁴⁴ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *ibid*.

⁶⁴⁵ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *op.cit*.

⁶⁴⁶ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *op.cit*.

even resolve political conflicts in the region. The logic behind such a conceptualization is explained as the idea that countries will need to have channels of communication between them at a political level, so that they can engage in a cooperative scheme in the energy sector.

It appears that Cyprus's energy policy objectives are along the lines of the EU's Energy Union strategy, which has identified the Mediterranean as a strategic priority. Lakkotrypis⁶⁴⁷ states that "in fact, the EU has set the objective of boosting the energy partnership with the Southern and Eastern Mediterranean countries – inter alia by exploring the potential for more gas imports from the Mediterranean and the development of a Mediterranean gas hub – as an option for reducing EU dependency on particular fuels, energy suppliers and routes" thus he underlines the idea that Eastern Mediterranean corridor can play a role in the EU's energy security where Cyprus is perceived to be an important part of this broader geopolitical setting. It is argued that the latest discoveries of hydrocarbons in the Eastern Mediterranean will play a substantial role in terms of the geopolitical structure of the region's shipping routes and investments, especially with regard to the offshore supply sector. The Republic of Cyprus (RoC) also aims to "be able to act promptly to the new shipping demands that will be created by this offshore activity and in order to be prepared to put in place the appropriate services to assist the new shipping sector that gradually springs up, making sure that it also grows quickly and sustainably."⁶⁴⁸ It is seen that Cyprus has high ambitions with regard to the eastern Mediterranean hydrocarbons potential and its own role within that geopolitical setting. This led us in the following section to question the potential of eastern Mediterranean gas corridor in more details.

The potential Eastern Mediterranean Gas Corridor- Are natural resources in and around Cyprus really the new key to European Energy Security?

As mentioned above, rapid developments in East Mediterranean in terms of the gas discoveries particularly in Egypt's Zohr field; Israeli fields Tamar and Leviathan;

⁶⁴⁷ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *ibid*.

⁶⁴⁸ The Republic of Cyprus's Energy Ministry Lakkotrypis cited SigmaLive, "Cyprus looks to become and oil and gas hub", 2015, *ibid*.

and the Cypriot field Aphrodite has led many to excite about the energy geopolitics of the region. Besides the discussions on the economic prosperity the discoveries may bring, they have provoked many questions with regard to the European energy security dimension of the matter. It is believed that the discoveries will strengthen the European energy security and will help the Union to create a more integrated and flexible natural gas market. Within a context where Cyprus has already decided to export its natural gas in the upcoming years there arise some considerable questions in relation to the future outlook of the energy cooperation as well as the energy infrastructure in the region. Within the overall picture, one may ask whether there is any concern with regard to the settlement of the Cyprus Problem prior to supplying natural gas market, particularly the European gas market with the Cypriot natural gas. Is it likely for Turkey to take place in Cyprus's efforts in diversifying the European Union's natural gas routes and resources? This will certainly require a greater dialogue between Turkey and Cyprus along with Israel. From a more optimistic point of view, it is assumed that such a dialogue would in turn contribute positively to the settlement of the Cyprus Problem. Although one can argue that political normalization is a precondition for energy cooperation in the region, it is also useful to explore the basis of the rising rhetoric on the settlement of the Cyprus Problem through regional energy cooperation in the Eastern Mediterranean by taking into account various dimensions of the matter. Will the Eastern Mediterranean gas reach Europe in time to effectively strengthen its energy security? What are the numbers and quantities to be explored and produced and how do the quantities translate in terms of EU consumption? What are the commercial challenges and opportunities in the region and the regulatory developments supporting the development of this sector? The following part aims to address these questions within the European energy security framework and the likely role of the Eastern Mediterranean hydrocarbons within the given context. By doing so following parts again intend to address the increased curiosity about the significance of the findings in the region in the recent years and at the same time to provide a reality check for Cyprus's geopolitical role in terms of becoming a regional energy hub before moving with the Greek Cypriot's overall position with regard to the Cyprus hydrocarbons issue in general.

European Energy Security- The problem of dependency on Russia

In 2009, nearly 80% of EU's natural gas imports came from Russia, Norway and Algeria. Nearly 60% of EU crude oil imports in the same year were originating from almost the same three countries namely Russia, Norway and Libya. When the hard coal imports are considered again nearly 80% of them are coming from Russia, Colombia, South Africa and the United States. It appears that Europe is overwhelmingly depending on energy imports from a limited number of suppliers. At an age where energy security can be considered as a public concern, formulating effective long-term energy policies appears to be one of the priorities of the major consuming countries. Considering the delicate relationship between the growing demand and the available supplies, it is not difficult to understand the important factors behind the increased energy prices across Europe. Energy is the core of the European Union. The European Economic Community, the 1951 European Coal and Steel Community (ECSC) and the 1957 European Atomic Energy Community (Euratom) altogether shaped what later turned out to be the European Union. Today it is seen that the European Union's member states are exceedingly depending on few numbers of energy sources and producing regions therefore becoming more exposed to the increased energy prices. Eventually energy turned out to be one of the most significant foreign policy agenda of the Union. The difficulty the Union's member states experienced in the winter of 2006 as a result of the Russo-Ukrainian gas dispute when Russia's Gazprom monopoly froze natural gas supplies to Ukraine and further West, revealed the overwhelming reliance of many EU member states and candidate countries on Russian gas. At that time, the gas disruptions led the EU's external relations commissioner, Betina Ferraro-Waldner, termed the dispute as an 'eye opener'.⁶⁴⁹ According to Cohen⁶⁵⁰, Russia is following a comprehensive strategy in a way to intensify Europe's political and economic dependence on Russian energy at a time when oil and gas are the economic lifeblood of Europe. As a result, European countries are trying to adopt a more coordinated energy policy approach. This indicates that energy is a shared issue among the Union's member

⁶⁴⁹ Tekin, A. & Williams, Paul, A. (2009). Turkey and EU Energy Security: The Pipeline Connection. op.cit. p. 419.

⁶⁵⁰ Cohen, A. (2007). Europe's Strategic Dependence on Russian Energy, Backgrounder, The Heritage Foundation, No. 2083, November 5.

states. Vatansever⁶⁵¹ argues that the real vulnerabilities with regard to the EU's energy security are how Russia prices the gas it sells to Europe where Russia does not follow a transparent pricing policy and Russia's overall pipeline diplomacy. Vatansever⁶⁵² observes that:

You still see substantial differences from one country to another in Europe. For instance, Hungary's getting a lot better deal than its neighbors – this is something that can't be explained by market principles, and it's pretty much a known fact that Moscow is basically rewarding countries with cheaper gas that are following pro-Moscow foreign policy, and sometimes punishing others who are not following that policy.

In relation to that, energy security appears as the one of the key objectives of the EU's foreign and security policy. There are various challenges that the EU should tackle with in the upcoming years namely the advent of the competitive internal market, environmental/climate change, and security of supply. Nevertheless, the Union will rely more on imports in the future. For instance, it appears that the EU's member states will import around 80% of their natural gas needs in 2030.⁶⁵³ This indicates the rising role of LNG in the Union. As Houshialsadat⁶⁵⁴ also highlighted for the European Union, energy security could be increasingly viewed as the security of gas supply. Diversification of gas suppliers therefore appears as one of the most essential aspects of the energy security of the EU member states.

⁶⁵¹ Vatansever cited in Leifheit, D. (2015, October 19). Energy as the New Security Factor and the Big Three. Natural Gas Europe, Retrieved October 25, 2015 from <http://www.naturalgaseurope.com/energy-as-the-new-security-factor-and-the-big-three-25876>

⁶⁵² Vatansever cited in Leifheit, Drew, "Energy as the New Security Factor and the Big Three", Natural Gas Europe, 2015, *ibid*.

⁶⁵³ BP Statistical Review of World Energy. (2012, June). Retrieved December 16, 2015 from bp.com/statisticalreview.; see also European Commission (2013). A 2030 framework for climate and energy policies, Green Paper, Brussels, 27.3.2013 COM(2013) 169 final.

⁶⁵⁴ Houshialsadat, S. M. (2013). The role of the Persian Gulf's natural gas reserves for the European Union's energy security. Retrieved 9 September, 2014 from Durham E-Theses Online: <http://etheses.dur.ac.uk/7751/>

Number of factors would be given both internal and external ones which influence the Union's energy security substantially. It is seen that the energy prices are gradually rising within the Union, while the European energy production is lessening to a certain extent. Concerns are also enclosed around the Union's ability to meet future energy demand with its highly fragmented internal energy market. Externally, the Union is right to have certain concerns with regard to the possible future effects of the emerging economies namely the China and India on its natural gas market. Political instability in energy-producing regions and some transit states is also a considerable source of anxiety for the EU. For the European Union, there is also the threat of terrorist strikes against energy infrastructure which would cause disruption of gas supply. Nonetheless above all, it could be argued that for the Union, the main source of concern is Russia's attitude in terms of using its energy power as a political leverage.⁶⁵⁵

Being the world's largest import market, Europe plays an important role within the world natural gas market. Figures are revealing that, in 2011, European Union Member States gas market was 448 billion cubic meters (bcm) where the same figure for the US market was 690 bcm for a comparison.⁶⁵⁶ In 2011, Europe's natural gas production was 168 bcm⁶⁵⁷ but one can mention a consistent decline in those figures where in 2012 the indigenous production was only 159 bcm.⁶⁵⁸ Still, indigenous production had been the major source of gas for Europe by making up 33% of the total supplies in 2012.⁶⁵⁹ It appears that the figures lessened by %7 compared to 2011. The low demand and ongoing decline in the mature production basins would be given as the main reasons behind this decline in indigenous production in Europe. Altogether those make Russia the major external source of supply with 23%. Norway with 22% and Algeria with 9% followed Russia in supplying pipeline gas and liquidated natural gas (LNG) to Europe in 2012. It is important to mention that Qatar

⁶⁵⁵ Houshialsadat, S. M. (2013) The role of the Persian Gulf's natural gas reserves for the European Union's energy security , *ibid*.

⁶⁵⁶ Goldthau, A. (2013). The Politics of Natural Gas Development in the European Union. *op.cit*. p.6

⁶⁵⁷ Eurogas, Statistical Report. (2012). Retrieved October 16, 2015 from http://www.eurogas.org/uploads/media/Statistics_2012_21.11.12.pdf

⁶⁵⁸ Eurogas Statistical Report. (2013), Retrieved October 16, 2015 from http://www.eurogas.org/uploads/media/Eurogas_Statistical_Report_2013.pdf , p.6.

⁶⁵⁹ Eurogas Statistical Report 2013,*ibid*., p.6.

is the Europe's major LNG provider. As a consequence of the above figures, "Europe's share of imports in European gas consumption has grown from 48.9 percent in 2000 to 62.4 percent in 2010."⁶⁶⁰ It appears that Russia is enjoying a dominant position in Western and Eastern European countries since the early 1970s, the date when West Germany signed a long-term gas contracts with the USSR. As the following figure reveals, some Eastern European states are solely depending on Russian gas. It is this high dependency which has triggered a security concern in Europe. At this point, in relation to the dominant position of Russia, it is also important to indicate that EU-Russian gas relations have interdependent nature.⁶⁶¹

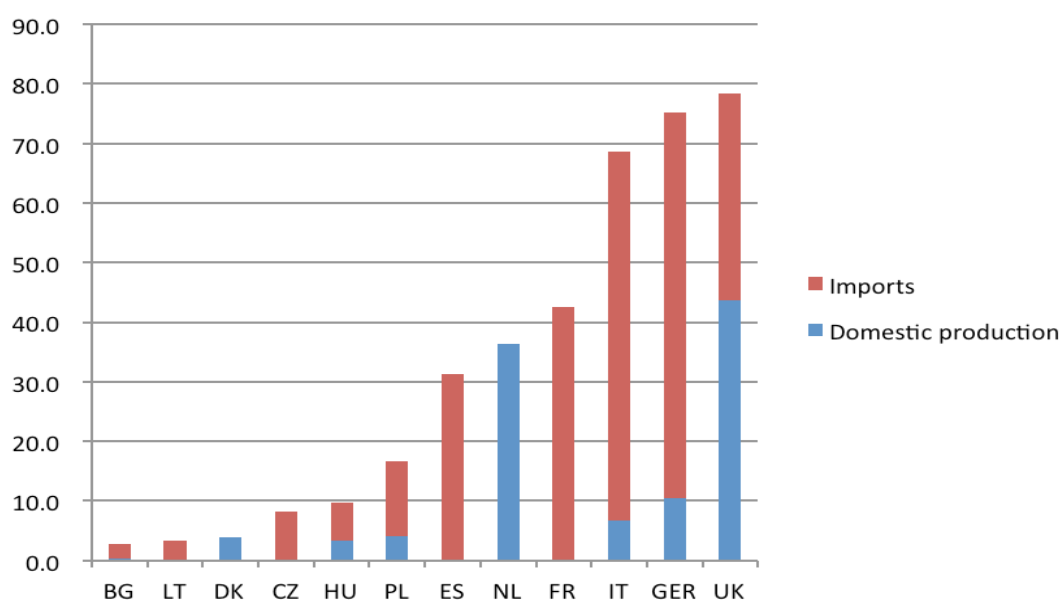


Figure 6. *Import Dependence on Natural Gas for Select EU Countries, 2012* Market size, bcm

Source: Goldthau⁶⁶²

As previously mentioned, the fragmented nature of the European market is central source of concern in Europe where the European gas market is demarcated by national borders and policies. According to Goldthau,⁶⁶³ these cause the European gas market to remain incomplete. In addition to those limitations, the point that the

⁶⁶⁰ Goldthau, Andreas, 2013, op.cit. p.6

⁶⁶¹ See Finon, Finon, Dominique & Catherine, Locatelli. (2008). Russian and European gas interdependence. Can market forces balance out geopolitics? *Energy Policy*. 36 (1):423-442.; Goldthau, Andreas. (2008). Resurgent Russia? Rethinking Energy Inc. Five myths about the 'energy superpower'. *Policy Review* 147 (February/ March):53-63.

⁶⁶² Goldthau, Andreas, 2013, op.cit. p.7

⁶⁶³ Goldthau, Andreas, 2013, op.cit. p.7-8

European gas market is under the control of binding utility companies where “many of which are state owned and come with longstanding bilateral ties to external suppliers”⁶⁶⁴ is also inhibiting the better functioning of the gas market in Europe. Stable and abundant supply of energy needs to be sustained for Europe. Short-term disruptions of gas supplies as it was in 2006 and 2009 winters would seriously damage the prosperity and security of the EU. It is a generally accepted view that there is an urgent need for a common European energy policy to fortify the EU's energy security in terms of gas supplies and to lessen the number of Member States that are solely dependent on Russia as a single supplier. It is seen that regions such as the Baltic and Eastern Europe are more exposed to those shocks because they are less integrated and connected. Europe requires strengthening its infrastructure and diversifying its suppliers otherwise external energy shocks will continue to affect the Union considerably in future.

The European Energy Security Strategy⁶⁶⁵ also calls for collective action for competitive, secure and sustainable energy. In the strategy, diversifying external supplies and related infrastructure is mentioned as one of the most significant issue areas where urgent measures need to be taken to respond to energy security concerns of the Union's member states. In the same strategy paper, it is clearly stated that security of supply pillar of the Union's energy policy is looking for an “uninterrupted access to energy sources at an affordable price.”⁶⁶⁶ The main pillars of the EU's energy security may be given as “the number and diversity of suppliers, transport modes, regulatory framework and supply points, and the commercial and political stability in the countries of origin.”⁶⁶⁷ In the light of the above discussion, one need to explore the significance of the hydrocarbons discovered in the eastern Mediterranean, including the findings in and around Cyprus, for the energy security of the EU.

⁶⁶⁴ Goldthau, Andreas, October 2013, op.cit. p.8

⁶⁶⁵ Communication from the Commission to the European Parliament and the Council, European Energy Security Strategy, Brussels, 28.5.2014, COM(2014) 330 final, p.3

⁶⁶⁶ Communication from the Commission to the European Parliament and the Council, ibid. p.3

⁶⁶⁷ Europa, *Treaty of Lisbon, Taking Europe into the 21st Century*. Retrieved from http://europa.eu/lisbon_treaty/glance/better_life/index_en.htm, p.3.

*Hydrocarbon Discoveries in and around Cyprus and the Southern Gas Corridor:
The New Geopolitics of European Energy?*

Considering the Ukrainian transit country role, the new geopolitics of European energy is becoming more complex in the light of the current crisis between Russia and Ukraine. The Ukrainian-crisis instigates the fear that Russia would cut-off the gas supplies at any time. It is important to note that Gazprom supplies the half of the Ukraine's gas demand and a third of Europe's imports, as mentioned. Ukraine is an important transit country for Europe. For instance, in 2013, 82 billion cubic meters (bcm) of Russian gas, went through Ukraine and stretched to Europe.⁶⁶⁸ According to Kalicki,⁶⁶⁹ the Russian dominance of energy system in Europe is not something new, it is an old geopolitics. For him, "certainly the further east in Europe you go, the more aware you are of that-- is a clearly important, not just economic factor, but strategic factor."⁶⁷⁰ Along the lines of Kalicki, Boncourt⁶⁷¹ also views the crisis in terms of security rather than energy and at the same time grasps the tremendous repercussions the crisis may have on European energy markets. As mentioned, the emergency of gas supply diversification for European member states is apparent but available political options need to be assessed carefully. According to Boncourt⁶⁷², Russian gas cannot be replaced in short-terms because there is no alternative to compete with Russian gas in terms of its volumes and costs. Karbuz⁶⁷³ also argues that Europe will always depend on Russia to satisfy its natural gas needs. Instead of a complete replacement, European companies may try to put a competitive pressure on Russia. One of the options may be U.S. Liquefied Natural Gas (LNG) import for some of the Eastern European member states. Nevertheless this cannot be considered as an immediate ease for Europe.

⁶⁶⁸ See Koranyi, D. (2014). Transatlantic energy security and the Ukraine-crisis: A blessing in disguise? NATO Review Magazine. Retrieved October 6, 2014 from <http://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/Transatlantic-energy-security-Ukraine-crisis/EN/index.htm>, p. 5.

⁶⁶⁹ Kalicki, Jan, from his speech at the panel on the New Geopolitics of Energy in Europe. Wilson Center's Global Europe Program, Annual Ahtisaari Symposium, May 5, 2014.

⁶⁷⁰ Kalicki, Jan, *ibid.* 2014

⁶⁷¹ Boncourt, Maite de. (2014). *op.cit.*

⁶⁷² Boncourt, Maite de. (2014). *op.cit.*

⁶⁷³ Karbuz, Sohbet, interview made by Ayat, K. (2014, August 7). East Med Gas: A Discussion with Dr. Sohbet Karbuz, *op.cit.*

Diversification of its supply sources and routes is what Europe can achieve in order to ease the Russian energy grip. At this point, the Eastern Mediterranean in general, and as Constantinos⁶⁷⁴ stresses, Cyprus with its hydrocarbon exploration in particular, have roles to play in the energy strategy of the Union. Although the quantities of the Eastern Mediterranean gas will possibly be quite minimal still “Israel and Cyprus can potentially supply Europe with more or less the equivalent of what Europe can get from Azerbaijan in the next decade through the southern corridor/ Tap and Tanap, but cheaper.”⁶⁷⁵ Accordingly, in order to help the boost of Europe’s energy security by diversifying Europe’s energy supply away from Russia, Israel, Cyprus, and Greece aim to come up with possible natural gas export options from their countries. It is noted by Leigh⁶⁷⁶ that these three have lobbied the European Commission to start necessary feasibility study for an undersea gas pipeline to bring Israeli and Cypriot gas to Europe via Greece.

At this point, it is important to highlight that the technical and commercial viability of a sub-sea Mediterranean pipeline is under question due to the deep water level between the offshore fields and Greece, as mentioned elsewhere. The major challenge for the project is the distance which is 1,200 kilometres. The possible price of the Eastern Mediterranean gas would also be expensive for European consumers due to the high costs of exploration, extraction, and transportation. According to Leigh⁶⁷⁷, the proven gas reserves discovered in Israel and Cyprus so far is not enough to render them major gas exporters but can only be a game-changer for their own economies. The extent to which Israel and Cyprus may attract the investment required to transport gas to Europe by pipeline or by ship as liquefied natural gas (LNG) remains to be a question mark at this stage. For some experts, an export plan which involves European market is nothing but a distraction from more realistic

⁶⁷⁴ Taliotis, C., (January 2012). Cyprus Hydrocarbon Opportunities - Positioning the island on the world energy map, B2B magazine. Retrieved August 20, 2014 from <http://www.pwc.com.cy/en/articles/2012/cyprus-hydrocarbon.jhtml>

⁶⁷⁵ Karbuz, Sohbet, interview made by Ayat, Karen, East Med Gas: A Discussion with Dr. Sohbet Karbuz, 2014, op.cit.

⁶⁷⁶ Leigh, M. (2014, December 2016). Eastern Mediterranean Gas Won’t Solve Europe’s Energy Dilemmas, GMFUS. Retrieved April 2, 2015 from <http://www.gmfus.org/blog/2014/12/16/eastern-mediterranean-gas-won%E2%80%99t-solve-europe%E2%80%99s-energy-dilemmas>

⁶⁷⁷ Leigh, M., Eastern Mediterranean Gas Won’t Solve Europe’s Energy Dilemmas, *ibid.* 2015.

export options for Eastern Mediterranean natural gas like Egypt and Jordan.⁶⁷⁸ Nonetheless, for Europe, Eastern Mediterranean gas means the possibility of putting a pressure on Russia in the upcoming years in terms of the contract terms. At the end, this hugely depends on the present and future energy infrastructure in the region. Indeed, there are certain technical difficulties in relation to the potential for eastern Mediterranean LNG trade with the European Union. Nevertheless, beyond that there are political limitations stemming from the Cyprus problem.

This part largely demonstrated that the Republic of Cyprus (RoC) has formulated a new geopolitical strategy following the hydrocarbons discoveries and ongoing exploration activities in the region. Above, it was underlined that their geopolitical role is vastly informed by the new discoveries of natural resources but at the same time it is in line with the old geopolitical tensions with Turkey. One can argue that the aspiration to become a regional energy hub is largely informed by the desire to be considered as an important regional actor. The EU's energy security also highlighted to broaden the discussion on the likely role the eastern Mediterranean gas can play in terms of enhancing the Union's energy security since the new geopolitical role of the Republic of Cyprus (RoC) largely embarked from the idea that eastern Mediterranean will be an important source of natural gas supply for Europe as a result of a regional energy cooperation where Cyprus will play the central role by becoming a regional energy hub within this new reality. In relation to that, the following part will move on to highlight more specifically the Greek Cypriot position vis-à-vis the Cyprus hydrocarbons issue. By doing that, it will be possible to see the link between the dynamics stemming from the geopolitical developments and the efforts of the Greek Cypriot political elites for developing the oil and gas fields in and around Cyprus.

6.4 Greek Cypriot View on the Development of the Natural Resources in and around Cyprus before a Political Settlement

The Greek Cypriot view on the development of the natural resources in and around Cyprus irrespective of a political settlement mainly stems from their claims based on the EU legislation and international law, including the UN Convention on the Law of

⁶⁷⁸ Leigh, M., Eastern Mediterranean Gas Won't Solve Europe's Energy Dilemmas, *ibid.* 2015

the Sea. To date, the quantity of discovered natural gas in case of Cyprus is relatively small in compared to international standards nevertheless as mentioned earlier the value is huge for a small country like Cyprus. On the behalf of Greek Cypriot political elites, the fear seems to rest on not the commercial value of the gas but their perceptions with regard to the intentions of Turkey. Nicos Rolandis⁶⁷⁹ for instance puts forward that Cyprus has “a dangerous neighbour, Turkey, which in the past has been consistent with almost all the threats she has catapulted against us [Greek Cypriot community, (emphasis added)].” In the eyes of Greek Cypriot community, Turkey has a lot of stake and a straightforward argument with regard to the rights of Turkish Cypriot community. There is a widespread understanding among Greek Cypriot political elites that Turkey consistently disregards Greek Cypriot sovereignty and rights as demonstrated by Barbaros and Turkey’s warships in the proclaimed EEZ of the Republic of Cyprus (RoC) from time to time. The way Turkey approaches the oil and gas efforts of the Republic of Cyprus (RoC) is perceived by Greek Cypriot leadership as clear incidences of the violation of the sovereignty of the Republic of Cyprus. It is possible to see the parallelism drawn by Greek Cypriot political elites between the 1974 and the hydrocarbons related tensions between Turkey and the Republic of Cyprus (RoC) since 2011. Turkey is continuously perceived to be an actor who meddles with the rights and the sovereignty of the Greek Cypriot community. Therefore, understanding the Republic of Cyprus (RoC)’s claims with regard to the development, exploration and the exploitation of the hydrocarbons in and around Cyprus requires us to consider the wider arguments of the Republic of Cyprus (RoC) in relation to the Cyprus problem.

Hence, the Republic of Cyprus (RoC)’s claims with regard to the explorations and discoveries in and around Cyprus stems from their overall position which is based on the understanding that the Republic of Cyprus (RoC) is the only existing subject of ‘international law’ on the island of Cyprus and therefore the Republic of Cyprus (RoC)’s government which was established in 1960 is the sole legitimate government on the entire island to date.⁶⁸⁰ The RoC generally based their arguments on

⁶⁷⁹ Rolandis, N. (2014, October 31). Barbaros, rights, resolutions and sheer reality. op.cit.

⁶⁸⁰ RoC’s sovereignty arguments are based on UN General Assembly Resolution 3212(XXIX), Question of Cyprus, 1st November 1974; Security Council Resolution 541 (83) and 550(84) on Cyprus; and EU Membership on 1 May 2004.

international law where they put forward that the act of declaring the ‘Turkish Republic of Northern Cyprus (TRNC)’ is ‘legally invalid’ in reference to the international law. In the eyes of the Greek Cypriot leadership this renders the Republic of Cyprus (RoC) the only legitimate state on the island of Cyprus. So the Government of the Republic of Cyprus (RoC) continues to exist and she exercises effective control over the southern part of the Green Line dividing up the island into two as North and South Cyprus. The Republic of Cyprus is a signatory to the United Nations Convention on the Law of the Sea (UNCLOS) of 1982 and based on Article 121 UNCLOS⁶⁸¹, she claims that she has the right to generate maritime zones regardless of the settlement in Cyprus. Following is the related part of Article 121 UNCLOS:

Except as provided for in paragraph 3, the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf of an island are determined in accordance with the provisions of this Convention applicable to other land territory.⁶⁸²

Accordingly, the Republic of Cyprus (RoC) has declared its Exclusive Economic Zone (EEZ) and concluded bilateral delimitation agreements with neighbouring States. The Republic of Cyprus (RoC) claims that steps taken by the Cyprus Government are all in accordance to UNCLOS provisions. In relation to that, the Republic of Cyprus (RoC) claims that the rights of hydrocarbons and any natural resources in Cyprus’ EEZ resides with Cyprus and the rights over resources situated offshore Cyprus are to be exercised in conjunction with the continental shelf rights under UNCLOS. In reference to Article 80 UNCLOS (in conjunction with Article 60 thereof), the RoC claims that she has the exclusive right to construct any artificial islands, installations and structures on its continental shelf, to authorise them and to regulate their construction, operation and use.

The Republic of Cyprus signed the delimitation agreement of the EEZ with Arab Republic of Egypt in Feb 2003 and ratified the delimitation of the EEZ with Arab

⁶⁸¹ United Nations Convention on the Law of the Sea, op.cit. p. 66

⁶⁸² United Nations Convention on the Law of the Sea, op.cit. p. 66

Republic of Egypt by Law in Mar 2003. The Framework Agreement regarding the development of cross-median line Hydrocarbon resources came into being in May 2006 and the Confidentiality Agreement was signed in May 2006. With Lebanon, the delimitation agreement of the EEZ signed in January 2007(not ratified). With Israel, the agreement took place in December 2010 and the Republic of Cyprus ratified the delimitation of the EEZ with Israel by Law in February 2011.⁶⁸³ In the Republic of Cyprus (RoC), the hydrocarbon exploration and exploitation activities are governed by the Hydrocarbon (Prospection, Exploration and Exploitation) Law of 2007 (No.4 (I)/2007) and the Hydrocarbon (Prospection, Exploration and Exploitation) Regulations of 2007 and 2009 (No.51/2007 and No.113/2009) and this legal framework applies to claimed territorial waters, the continental shelf and the Exclusive Economic Zone of the Republic of Cyprus (RoC).⁶⁸⁴ Since Cyprus is a full member of the European Union, the European Union Directive on the conditions for granting and using authorizations for the prospection, exploration and production of hydrocarbons (Directive 94/22/EC) and other applicable EU legislation also relates to oil and gas exploration and exploitation activities offshore Cyprus.

Kozakou-Marcoullis stresses that Cyprus since 1990s is systematically building up agreements with her neighbours in line with international law and the United Nations Convention on the Law of the Sea.⁶⁸⁵ It is seen that the legal framework of the exploratory drillings carried out in the EEZ of Cyprus has been substantially mentioned by the Republic of Cyprus (RoC) in line with her larger claims in general. As mentioned earlier, there is a widespread understanding among the Greek Cypriot political elites that the Cypriot hydrocarbons can enhance the energy security of Europe. In this context, Kozakou-Marcoullis⁶⁸⁶ stresses that the hydrocarbons reservoirs in the Exclusive Economic Zone (EEZ) and the continental shelf of the

⁶⁸³ Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, (Online) Available at: http://www.mcit.gov.cy/mcit/mcit.nsf/dmlindex_en/dmlindex_en?OpenDocument

⁶⁸⁴ Hydrocarbon Exploration, Legal and Regulatory Framework, Republic of Cyprus, Ministry of Energy, Commerce, Industry and Tourism, (Online) Available at: <http://www.mcit.gov.cy/mcit/mcit.nsf/All/A6D222B09D72E659C2257441002EE9BE?OpenDocument>

⁶⁸⁵ Kozakou-Marcoullis, E. (May 10, 2012). New Challenges and Prospects in the Eastern Mediterranean: The Cyprus Perspective.op.cit.

⁶⁸⁶ Interview of the Former Minister of Foreign Affairs of Republic of Cyprus, Dr Erato Kozakou-Marcoullis, to Qatar News Agency - 14/10/2012

Republic of Cyprus (RoC) are vital due to the European energy security needs where the exploitation of these resources has utmost importance. In relation to that, the Conclusions adopted by the General Affairs Council of the EU in December 2011 are referred as the legal bases for Cyprus's drilling activities. Accordingly, it is stressed that the document reaffirms "all the sovereign rights of EU Member States which include, inter alia, entering into bilateral agreements, and exploring and exploiting their natural resources in accordance with the EU legislation and international law, including the UN Convention on the Law of the Sea."⁶⁸⁷

With claims based on the EU legislation and international law, including the UN Convention on the Law of the Sea, the Republic of Cyprus (RoC) announced the 1st Licensing Round Offshore Cyprus in the 15th of February 2007. The 1st Licensing Round was for the grant of Hydrocarbon Exploration Licences and subsequent Hydrocarbon Exploitation Licences in eleven Exploration Blocks within the EEZ of the Republic of Cyprus (RoC). It should be noted that the Blocks 3 and 13 were not included in the 1st Licensing Round. The Exclusive Economic Zone of Cyprus is located south of the island and it covers an area of around 51,000 km². This area is divided into 13 Exploration Blocks. The MC2D-CYP2006 seismic data⁶⁸⁸ that were acquired by PGS (Petroleum Geo-Services) Geophysical in 2006 formed the bases for the 1st Licensing Round. According to the PGS, the Eastern Mediterranean region in general has significant unexplored hydrocarbon plays including the Cyprus Arc. Within this framework, the Noble Energy International Ltd has been granted the Exploration License for Block No 12 on the 24th of October 2008. In 2009, further 3D seismic survey was acquired. As a result of appraisal drillings in Block 12 in October 2013, Noble has confirmed natural gas reserves of 3.6 to 6 trillion cubic feet (Tcf), with a gross mean of 5 Tcf. In 2012, the Republic of Cyprus (RoC) announced the 2nd Licensing Round for hydrocarbon exploration licences and following hydrocarbon exploitation licences in respect of certain acreage in the Exclusive Economic Zone of Cyprus again in harmony with Article 3(2) (a) of Directive

⁶⁸⁷ Interview of the Former Minister of Foreign Affairs of Republic of Cyprus, Dr Erato Kozakou-Marcoullis, to Qatar News Agency - 14/10/2012

⁶⁸⁸ Visit http://www.pgs.com/Data_Library/Middle-East-and-Mediterranean/Cyprus/ (accessed on 23 May 2015) for further information.

94/22/EC of the European Parliament and of the Council of 30 May 1994.⁶⁸⁹ Companies which expressed interest in the 2nd licensing round offshore Cyprus concerning the authorization for hydrocarbons exploration varies from Canada to Israel. One of the issue areas concerning the hydrocarbon activities within the EEZ of the Republic of Cyprus has been the Strategic Environmental Assessment. Identifying, describing and evaluating the likely significant environmental effects of implementing hydrocarbon exploration and exploitation activities was discussed in accordance to the provisions of the Assessment of Impact on the Environment from Certain Plans and/or Programmes Law, which is harmonized with Directive 2001/42/EC.⁶⁹⁰ The Republic of Cyprus (RoC) claims that she can govern an Exclusive Economic Zone (EEZ) and exercise sovereignty within this based on The United Nations Conventions on the Law of the Sea (“UNCLOS”), the Declaration of the Exclusive Economic Zone Law 64(I) of 2004 and the Contiguous Zone Law 63(I) of 2004 as the relevant applicable legislative instruments. Hence, the RoC claims that its sovereign rights in its own continental shelf and the EEZ are violated by Turkey.

It is seen that, the Greek Cypriot position can be best described through sovereignty and international law dimensions. As a sovereign entity, RoC maintains that it has inalienable and non-negotiable rights to explore and exploit the natural resources in its EEZ which are not conditional on a political settlement in Cyprus. These rights therefore cannot be considered as part of the bicomunal negotiations with the Turkish Cypriot community.⁶⁹¹ Greek Cypriot leadership at this point accepts that Cyprus’s offshore natural resources also belong to Turkish Cypriot community, nevertheless it is also maintained that both communities can benefit from the wealth of the resources only within the framework of a solution.⁶⁹² Thus, it is possible to

⁶⁸⁹ Notice from the Government of the Republic of Cyprus concerning Directive 94/22/EC of the European Parliament and of the Council on the conditions for granting and using authorisations for the prospection, exploration and production of hydrocarbons (2012, February 2). Official Journal of the European Union, 38/24.

⁶⁹⁰ Kasinis, Solon, Offshore Cyprus Hydrocarbon Exploration Activities, Director of the Energy Service of the Ministry of Commerce and Industry, Republic of Cyprus. Retrieved from <http://www.ice.org.uk/nearyou/Europe/Cyprus/Offshore-Cyprus-Hydrocarbon-Exploration-Activities>

⁶⁹¹ Greek Cypriot view with regard to discussing the matter within the UN led negotiations will be elaborated in details in the Part 6.6 of this Chapter.

⁶⁹² Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

mention three dimensions for the Greek Cypriot position on hydrocarbons explorations, the rights of exploration, the distribution of revenues from hydrocarbons exploitation and whether any of these issues should be discussed within the context of the UN-facilitated negotiations in Cyprus.⁶⁹³ The former Minister of Foreign Affairs, Erato Kozakou-Marcoullis in relation to the position of Republic of Cyprus (RoC) said:

Throughout this period, as a member of the United Nations, we have steadfastly held on to positions of principle, insisting on the application and primacy of international law in the conduct of nations based on the UN Charter...For a country like Cyprus, which is not a party to any alliances and does not possess military strength, its only shield remains the scrupulous observance of international law.⁶⁹⁴

In parallel to that international law emphasis of the RoC position, it is important to highlight what the former Republic of Cyprus (RoC) President, Demetris Christofias, said in addressing the UN General Assembly on 22 September 2011:

In recent years, the Republic of Cyprus has started the process of exploration and potential extraction of hydrocarbons within its Exclusive Economic Zone. This was preceded by Agreements to delimit the Exclusive Economic Zone with neighbouring countries, always within the framework of international law, particularly the United Nations Convention on the Law of the Sea, which the Republic of Cyprus has ratified.⁶⁹⁵

⁶⁹³ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

⁶⁹⁴ Erato Kozakou-Marcoullis cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.p. 41

⁶⁹⁵ Demetris Christofias cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p.42

Christofias also stated that as the Republic of Cyprus (RoC) they “anticipate that this effort will contribute to the discovery of new energy resources, particularly for Europe, and of course for the shared benefit of our people, Greek Cypriots and Turkish Cypriots alike.”⁶⁹⁶

It is possible to stress that the revenue sharing is a less clear domain. “We believe that the possible discovery and extraction of hydrocarbons shall constitute yet another strong motive for Greek Cypriots and Turkish Cypriots to expedite a just, functional and viable solution to the Cyprus problem, so that both communities can enjoy the natural wealth of our country in conditions of peace, security and prosperity.”⁶⁹⁷ Demetris Christofias also reported as saying: “I wish to reassure our Turkish Cypriot compatriots that regardless of the circumstances, they will benefit from the possible discovery and extraction of hydrocarbons.”⁶⁹⁸ The former president also said, after a meeting in New York with Greek Foreign Minister Stavros Lambrinides, that “even if there is no political settlement to reunite the country—if Turkey does not show good will—and we do have an income from oil exploitation, we will use it for the common good of both communities.”⁶⁹⁹ Christofias also denounced the continental shelf agreement between Turkey and TRNC as an illegal act and a provocation.⁷⁰⁰ There Christofias referred to UN resolutions 541 and 550, adopted when the TRNC was declared in November 1983.

It is interesting to note that; there he also calls Turkey to contribute positively to a solution so that Turkish Cypriot community can also benefit from hydrocarbons reserves. “I can assure the Turkish Cypriots that they have nothing to lose, on the contrary they will gain a great deal, because all these issues relating to the exploitation of hydrocarbons will be handled by the central government in a federal

⁶⁹⁶ Demetris Christofias cited Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. op.cit. p. 42

⁶⁹⁷ Demetris Christofias cited Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. op.cit. p. 43

⁶⁹⁸ Demetris Christofias Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. op.cit. p. 43

⁶⁹⁹ Cyprus News Agency, Cyprus President - Greek FM - UN General Assembly, 11-09-22. Retrieved from <http://www.hri.org/news/cyprus/cna/2011/11-09-22.cna.html>

⁷⁰⁰ Cyprus News Agency, 2015, *ibid*.

Cyprus”⁷⁰¹ Christofias added. It is seen that he consistently put forward when the drilling activities began in Block 12 that Turkish Cypriot community will benefit from the resources. According to Gürel et.al.⁷⁰² this position might reflect pressure from the international community to lessen tensions by providing a positive incentive for a political settlement to the Turkish Cypriot community. It is important to note that because of the harsh criticism Christofias received backed home, since his remarks, there has been no talk of revenue sharing before a political settlement. In relation to that the then Minister of Commerce, Industry and Tourism, Praxoula Antoniadou-Kyriacou, said in January 2012: “I would like to reiterate the words of President Christofias that the Turkish Cypriots are citizens of the Republic of Cyprus and as such they can enjoy within the framework of a reunited homeland the benefits of any natural wealth that Cyprus has.”⁷⁰³ The next Commerce Minister, Sylikiotis, also stressed that it is “difficult to talk about sharing benefits before a solution.”⁷⁰⁴ It is important to refer to Christofias⁷⁰⁵ again and his speech at the General Assembly in September 2012 where he stressed that any discussion on the revenue sharing will unquestionably take place after a political settlement. It is seen that the Greek Cypriot accept that Turkish Cypriot community has to benefit from the hydrocarbons revenues after a political solution, but in the absence of a solution they cannot have any saying on how the Republic of Cyprus should exploit or manage its natural resources. Besides sovereignty issue, it appears that Greek Cypriot position also entails the idea that not discussing any aspect of hydrocarbons with Turkish Cypriots may create an encouragement for the Turkish Cypriot side to accept a solution. The rhetoric of Christofias as mentioned above suggests such an understanding.

⁷⁰¹ Cyprus News Agency, 2015, *ibid*.

⁷⁰² Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. *op.cit*. p. 44

⁷⁰³ Praxoula Antoniadou-Kyriacou Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. *op.cit*. p. 44

⁷⁰⁴ Neoklis Sylikiotis cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. *op.cit*. p. 44

⁷⁰⁵ Demetris Christofias cited Gürel, A., Mullen, F. & Tzimitras, H., (2013). *The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios*. *op.cit*. p.44

6.5 Greek Cypriot View on the Joint Development of the Natural Resources in and around Cyprus with Turkish Cypriot Community before a Political Settlement

Greek Cypriot view on the joint development of the natural resources in and around Cyprus with Turkish Cypriot community before a political settlement is largely shaped by the idea that there cannot be found any legal bases for such a bi-communal cooperation while the Cyprus problem persist. Greek Cypriot view with regard to that is principally moulded by how they perceived the issue of EEZ (Exclusive Economic Zone) and how they view the maritime zones dispute with Turkey in the aftermath of the hydrocarbon discoveries in and around Cyprus.

Greek Cypriot leadership in general argues that having a bi-communal commission working on the development of natural gas in and around Cyprus before a political settlement may put into question the Republic of Cyprus (RoC)'s sovereign right to claim and search for oil and gas in its' own EEZ(Exclusive Economic Zone). As mentioned, the immediate repercussion of hydrocarbon discoveries was a gradually rising gas dispute in the context of Cyprus where Ankara regarded the Greek Cypriot natural gas exploration efforts in the Mediterranean Sea as illegal. It was in this context in which the former Greek Defence Minister Panos Beglitis highlighted that Greece is always ready to cooperate in defence and security matters with Cyprus. Former Greek Cypriot Foreign Minister Erato Markulli also declared that United States, Europe, Israel and other countries, as well as transnational companies are involved in gas exploration efforts and Turkey should consider the involvement of international community as a sign of the acceptance of the sovereignty of the Republic of Cyprus (RoC).⁷⁰⁶ Thus, the sovereignty of the Republic of Cyprus appears as the most critical issue in the eyes of the Greek Cypriot leadership and anything which can threaten the sovereignty of the Republic of Cyprus (RoC) thus cannot be accepted by the Greek Cypriot leadership. It can be argued that creating interim decision-making mechanisms where an input can be sustained by both communities is viewed by the Greek Cypriot leadership as contradictory with their broader arguments in relation to the sovereignty claims of the Republic of Cyprus

⁷⁰⁶ The former Cypriot Foreign Minister Erato Kozakou-Marcoullis went to Israel in August 2011, to discuss the possibilities of cooperating in the energy field with Israel which could be seen as a move to send a necessary message to Turkey that they are not alone in the region.

(RoC). When in November 2011, the former President of Cyprus planned to visit Noble Energy's drilling rig 185 kilometres south of the island, Cyprus former government spokesman Stefanos Stefanou⁷⁰⁷ highlighted the "symbolic" meaning of this visit in relation to Cyprus's sovereign right to claim and search for oil and gas in its' own EEZ which is seen as disputed by Turkey. After his symbolic visit to the gas rig Homer Ferrington operated by Noble Energy in the Mediterranean Sea, Former President of Cyprus, Christofias⁷⁰⁸ said "my presence here underlines the sovereign rights of the Republic of Cyprus which we are determined to exercise." Directly referring to the link between the hydrocarbon discoveries and the Cyprus Problem, Christofias⁷⁰⁹ stated that gas findings, "...constitutes a challenge for Turkey to change its stance to solve the Cyprus problem the soonest possible and co-exploit the natural resources, in the framework of a bi-zonal, bi-communal federal Republic of Cyprus, a single state with a single sovereignty, a single citizenship and a single personality."

Within that framework, one could argue that the establishment of the channels for dialogue between two communities for the development of hydrocarbons field in and around Cyprus before a political settlement rather seem imaginary in the eyes of the Greek Cypriot leadership. The Republic of Cyprus(RoC)'s, Minister of Foreign Affairs Ioannis Kasoulides⁷¹⁰ in relation to that maintains that natural gas around the island belongs to all Cypriots thus revenues will be distributed to all Cypriots once the resources can be developed but a joint development before a solution is not an option which can be considered at this stage.

A joint development is not an option as expressed by Greek Cypriot leadership nevertheless there is a widespread belief that natural gas can be the main motivation

⁷⁰⁷ Stefanos Stefanou cited in Visit Likely to Flare Mediterranean Gas Dispute. (2011, November 18). *Natural Gas Europe*. Retrieved October 16, 2015 from <http://www.naturalgaseurope.com/visit-likely-to-flare-mediterranean-gas-dispute-3613>

⁷⁰⁸ Demetris Christofias cited in Christofias: Cyprus will Press on with Gas Exploration. (2011, November 22), *Natural Gas Europe*. Retrieved October 16, 2015 from <http://www.naturalgaseurope.com/christofias-cyprus-will-press-on-with-gas-exploration-3633>

⁷⁰⁹ Demetris Christofias cited in Natural Gas Europe, "Christofias: Cyprus will Press on with Gas Exploration," 2011, *ibid*.

⁷¹⁰ Interview held with the Republic of Cyprus (RoC), Minister of Foreign Affairs Ioannis Kasoulides, on 31st August 2015, Nicosia, Cyprus.

within the context of the negotiations in Cyprus. Kasoulides⁷¹¹ highlights that, with a settlement a pipeline can go from the EEZ of Cyprus to Turkey thus everyone in eastern Mediterranean can benefit from a settlement since this is the most feasible way to carry the eastern Mediterranean gas. Turkey can benefit both for its domestic consumption and as a transit country. Thus for all parties natural gas can be considered as a motivation even the main one within the context of the negotiations. It is argued in general that there is a good combination of all the factors for a solution in the light of the oil and gas discoveries in and around Cyprus. Therefore the Greek Cypriot view is shaped around the belief that negotiations may become more fruitful given the recent context. Yet for natural gas to play such a constructive role, a solution is a precondition since the Republic of Cyprus (RoC) is not recognized by Turkey.

It can be argued that there are important legal issues that entail to pass a pipeline through Cyprus to Turkey and without recognition it is impossible to overcome these legal barriers. On the other hand, the Republic of Cyprus (RoC) does not recognize *de facto* Turkish Republic of Northern Cyprus (TRNC). According to Kasoulides⁷¹² there are similar legal obstacles in relation to the idea of establishing a joint committee for the discussion of the matter before a solution where resolving the Cyprus problem appears to be easier than trying to overcome such legal obstacles. The idea of joint development of natural resources before a settlement, in his view, can further complicate the peace process in Cyprus which is already involving number of intrinsic matters pending to be resolved. It is seen that natural gas is considered in general as a parameter which can further complicate the peace process in Cyprus.

As mentioned above, a joint development of natural resources with Turkish Cypriot community before a political settlement is legally impossible in the eyes of the Greek Cypriot leadership and at the same time it is not desirable since such an initiative can only complicate the peace process in Cyprus. It is also interesting to note that, according to Kasoulides⁷¹³, there can be drawn a parallelism between the Republic of

⁷¹¹ Interview held with Kasoulides, 2015, *ibid*.

⁷¹² Interview held with Kasoulides, 2015, *op.cit*.

⁷¹³ Interview held with Kasoulides, 2015, *op.cit*.

Cyprus (RoC)'s EU membership negotiations process and the recent hydrocarbons issue. During the negotiations process for the EU membership, Turkish Cypriot leadership were opposing the idea for similar arguments that they were not included to the negotiations. Yet, now Cyprus is a member of the European Union "with the hard work of the Greek Cypriot leadership and once the reunification takes place all Cypriots including Turkish Cypriot community will benefit from the EU membership."⁷¹⁴ The process of the development of natural gas in and around Cyprus is a similar case in the eyes of the Greek Cypriot leadership where Greek Cypriot's cannot afford to delay the discovery of natural gas and once the solution can be achieved all parties including Turkey can benefit from the natural gas. It is argued that the Republic of Cyprus (RoC) has to avoid any time consuming acts in terms of the exploration, exploitation and exportation of natural gas. Thus it is easier to settle the Cyprus problem and benefit from the gas instead of trying to set a joint committee which will raise many further questions such as who the community will depend, what are the legal bases of such a committee, by which laws it will be governed. It will thus take much longer time to set a committee than resolving the Cyprus problem, it is believed. "We do not have to think of any strategies in terms of how a revenue sharing might be discussed with Turkish Cypriot community in case of a lack of a solution because the solution is almost already achieved."⁷¹⁵ With regard to this view, one could argue that there is a general view among Greek Cypriot political elites that once everything else will be agreed, the issue related to the development of natural resources and revenue sharing will be also discussed.

In relation to the joint development of natural resources in and around Cyprus before a comprehensive solution, there are also counter arguments which puts forward that the possibility of utilizing the oil and gas for a solution in Cyprus has been always promising in relation to the economic prospects of the hydrocarbons and since the wealth of hydrocarbons in case of Cyprus is tremendous, it would be irrational not to consider it while resolving the Cyprus problem. The main rationale behind that argument is that a national issue cannot be resolved without taking into account a

⁷¹⁴ Interview held with Kasoulides, 2015, op.cit.

⁷¹⁵ Interview held with Kasoulides, 2015, op.cit.

wealth of such a magnitude.⁷¹⁶ For natural gas to play a catalyst role, a way needs to be found to be able to discuss the matter even before a solution. Nicos Rolandis⁷¹⁷ proposes the idea of ‘disclaimer’⁷¹⁸ in that framework in which the matter can be discussed alongside the inter-communal negotiations and in which the natural gas can be utilized as a catalyst for a solution in Cyprus. Signing of a disclaimer, which is a legal and political document, by both communities would create a platform where whatever they agree on this particular issue would not affect other issues which may come up later on political and other subjects within the scope of the Cyprus problem. The idea behind preparing a disclaimer is that it can de-link the hydrocarbons issue from the future arrangement in Cyprus. Yet, it is seen that such a proposal was not accepted by the Greek Cypriot leadership up to date.

Nicos Rolandis⁷¹⁹ also suggests a hydrocarbons fund to be created where a percentage of the revenue which will be agreed by both communities will be allocated for the Turkish Cypriot community. This revenue might be kept until a solution or assuming that a solution can be postponed due to various reasons still the share of the Turkish Cypriot community might be provided to them after a commonly determined time period even in case of a lack of a solution. It is important to indicate that, in this formulation, even in case of a lack of a solution Turkish Cypriot community can benefit from the resources after a number of years. That was the rationale Rolandis⁷²⁰ put forward while commencing the negotiations with Egypt in 1998 for the delimitation of the Exclusive Economic Zone (EEZ). Nevertheless he also stresses that there were different views with regard to the rights of Turkish Cypriot community and revenue sharing among the Greek Cypriot political elites from the onset. Many argued that if a revenue sharing mechanism is created before a solution, natural gas may cease to be an incentive for a solution on the behalf of the Turkish Cypriot community. Rolandis⁷²¹ argues the contrary

⁷¹⁶ Interview held with Nicos Rolandis, the Republic of Cyprus (RoC) Former Minister of Foreign Affairs and Former Minister of Commerce, Industry and Tourism, on 4th September 2015, Nicosia, Cyprus.

⁷¹⁷ Interview held with Rolandis, 2015, *ibid*.

⁷¹⁸ Disclaimer is described here as a particular ad- hoc case.

⁷¹⁹ Interview held with Rolandis, 2015, *op.cit*.

⁷²⁰ Interview held with Rolandis, 2015, *op.cit*.

⁷²¹ Interview held with Rolandis, 2015, *op.cit*.

because he envisions that by mentioning that revenues can be shared even before a solution may create incentives for both sides because revenues plus a solution mean even greater amount of revenues which will be in benefit of all parties. That was his proposal back to the beginning of 2000's during his office of Minister of Commerce, Industry and Tourism. Mehmet Ali Talat was the President of the Turkish Republic of Northern (TRNC) Cyprus at that time period. Rolandis⁷²² highlighted that Mehmet Ali Talat told him the possibility of bringing Rolandis's disclaimer proposal to Ankara in case a widespread support can be sustained on the behalf of the Greek Cypriot leadership. Nevertheless Tasos Papadopoulos, former President of the Republic of Cyprus (RoC) between the years 2003-2008, did not agree the idea of having a disclaimer on the issue of hydrocarbons. Demetris Christofias, who won the 2008 Cypriot presidential elections, was more inclined to do something along these lines. He made a statement at the UN General Assembly along these lines but many Greek Cypriot politicians attack his ideas and he ceased to stress these ideas after all. It is seen that the idea that the wealth is tremendous and it belongs to the people of Cyprus thus it has to be arranged in a way that it shall be used as a catalyst for a solution fails to resonate as such among the Greek Cypriot political elites.

Although it can be argued that the natural gas is a cardinal issue when it comes to Cyprus problem and without addressing it, Cyprus problem cannot be resolved, it is possible to observe that the oil and gas issue in among Greek Cypriot political elites left there, and it is not being discussed in a way to utilize it as a catalyst for a solution. Including the matter into the talks and discussing it within the framework of economic parameters would provide the opportunity for a solution on the federal bases resting on a good arrangement between two communities.⁷²³ Unilateral attempts of the Republic of Cyprus (RoC) in terms of developing the hydrocarbons resources resulted with the presence of the Turkish seismic vessel Barbaros Hayreddin Paşa in the proclaimed Exclusive Economic Zone (EEZ) of the Republic of Cyprus (RoC) while drilling activities continued created a real deadlock according to Rolandis⁷²⁴ with regard to the inter-communal talks where Nicos Anastasiades suspended the reunification talks between the two sides by accusing Turkey of trying

⁷²² Interview held with Rolandis, 2015, op.cit.

⁷²³ Interview held with Rolandis, 2015, op.cit.

⁷²⁴ Interview held with Rolandis, 2015, op.cit.

to undermine Republic of Cyprus's sovereign offshore gas exploration rights, by deploying its ships in the area where the companies authorized by the internationally recognized Cypriot government were drilling for natural gas.⁷²⁵

6.6 Greek Cypriot View on Discussing the Natural Gas within the Context of the UN-led Inter-communal Negotiations in Cyprus

The Greek Cypriot view on discussing the natural gas within the context of the UN-led inter-communal negotiations in Cyprus, as discussed above, stems from their larger sovereignty claims. As a sovereign entity, the Republic of Cyprus (RoC) claims that her inalienable and non-negotiable rights to explore and exploit the natural resources in its own Exclusive Economic Zone (EEZ) cannot be conditional on a political settlement in Cyprus. These rights therefore cannot be considered as part of the bicomunal negotiations with the Turkish Cypriot community. The Greek Cypriot leadership rejects from the onset the possibility of discussing the hydrocarbons and future revenue sharing or joint management of exploration or future exploitation within the UN context thus these issues could not be discussed within the inter-communal negotiations to date. In relation to that the government spokesman, Stephanos Stephanou, said on 28 September 2011, 'exploration and exploitation of our natural resources constitutes a sovereign right of the Republic of Cyprus [. . .] our sovereign right is not negotiable. This is clear'.⁷²⁶

6.7 Conclusion

Cyprus has recently been embodied with the intensified prominence of energy politics in a globalizing world. It is at the centre of controversy regarding the potential Cypriot-Israeli energy partnership which draws our attention to the tensions that have emerged recently between Turkey and Israel on one hand, and the United States on the other. It is possible to talk about the increased prominence of Cyprus since Cyprus has managed to bring together strong players to the energy game.

⁷²⁵ See Cyprus president: No peace talks with Turkish vessels in our waters. (2015, January 6). *Offshore Energy Today*. Retrieved from <http://www.offshoreenergytoday.com/cyprus-president-no-peace-talks-with-turkish-vessels-in-our-waters/>, accessed on 29.10.15.

⁷²⁶ Cyprus News Agency, Spokesman Cyprus -Drilling Rights, 11-09-28. Retrieved from http://www.hri.org/news/cyprus/cna/2011/11-09-28_1.cna.html

Energy discoveries are adding value and geopolitical significance to the Eastern Mediterranean and Cyprus in particular. Nevertheless, without political normalization in the context of Cyprus, the region cannot be stable thus it may not be plausible to assume that there will be responsible and credible partners in the region. The main obstacle is the attitudes of parties to the conflict. In their narratives they have a tendency to demonize one other. Factors which led to that can be listed as:

- (i) The role of ignorance and lack of empathy between the two communities.
- (ii) Predominant perception of sovereignty among both communities within the exclusive and binary logics, rather than inclusive and overlapping one.
- (iii) The lack of perception of Turkey as a responsible, predictable regional player.

Within that framework, Republic of Cyprus (RoC) sees the hydrocarbon discoveries as a strategically important geopolitical asset which may provide Cyprus the power to alter the balance of power in the region and at the same time increase its strategic significance in the eyes of the regional actors.

Clearly new patterns of cooperation are occurring in the Eastern Mediterranean, the ones triggered by the energy discoveries at large. At this point, Cyprus' foreign policy with regard to the exploration and the exploitation of natural resources in and around Cyprus was examined in relation to these wider geopolitical shifts in the region. It is believed that the existence of the energy resources strengthen Cyprus's hand in geopolitical terms. It is discussed that energy is a strategic issue for Cyprus, in an era where the interregional supply is growing in conjunction with the developments taking place within the domain of liquefied natural gas (LNG). Cyprus, as a member of the European Union, is situated in an increasingly volatile region. Therefore the importance of the geographic location of Cyprus addressed to grasp the security dimension of the hydrocarbon discoveries in and around Cyprus for the Republic of Cyprus (RoC) and above all to understand what kind of challenges and opportunities at the same time the new energy discoveries may create for the Republic of Cyprus (RoC). The political significance of the hydrocarbons for Greek Cypriot leadership has been discussed by highlighting both domestic and

regional dimensions of its position but it is equally important to look at factors informing Turkish Cypriot position within a similar framework.

CHAPTER 7

EXAMINING THE DE FACTO TURKISH REPUBLIC OF NORTHERN CYPRUS (TRNC)'S POSITION VIS-À-VIS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS

7.1 Introduction

The Turkish Cypriot position vis-à-vis the exploration activities of the Republic of Cyprus (RoC) can be viewed through number of interrelated dimensions. One of them is related with the objections evolving around the *faits accompli*⁷²⁷ argument. Hence, one of the dimensions of the Turkish Cypriot position is shaped around the argument that both communities have legitimate rights over these natural resources. Another dimension of the Turkish Cypriot position is related with their desire to indicate the dilemmas inherited within the main tenets of international law with regard to the legal and political status of Turkish Cypriot community through the hydrocarbons issue. The Turkish Cypriot desire to discuss both revenue sharing and issuance of exploration licenses to international oil/gas companies and all related procedures with regard to conducting offshore exploration activities in the declared EEZ of the island within the context of the UN sponsor negotiations before, or in the absence of, a solution can be viewed as another dimension of Turkish Cypriot position. In September 2011, Turkey and *de facto* Turkish Republic of Northern Cyprus (TRNC) signed a continental shelf agreement as a reaction to the Republic of Cyprus (RoC)'s activities with regard to the delimitation of the maritime jurisdiction areas in the Eastern Mediterranean since 2003 as the sole government of the whole island. As mentioned in the previous chapter, the Republic of Cyprus (RoC) issued exploration licenses to international oil/gas companies and called them and conducted offshore exploration activities in the declared Exclusive Economic Zone (EEZ) of Cyprus. Turkish Cypriot side, from the outset, views the developments within the declared Exclusive Economic Zone (EEZ) of the Republic of Cyprus

⁷²⁷ The term “faits accompli” can be explained as making a situation that is irreversible and other people have to live with. See Law Dictionary, (Online) Available at: <http://thelawdictionary.org/fait-accompl/>

(RoC) as unilateral and as developments which create *fait accompli* for the future political arrangements. Turkish Cypriot side views these developments as contrary to the spirit of comprehensive settlement negotiations under UN auspices since Turkish Cypriot leadership argues that the Turkish Cypriot community has equal rights with the Greek Cypriot community in terms of deciding upon the future of the oil and gas efforts in and around Cyprus. At the same time, in the eyes of Turkish Cypriots, unilateral Greek Cypriot oil and gas efforts escalate the tension in the region, thus have negatively influenced the political environment surrounding the peace process.

7.2 Energy Policy of *De Facto* TRNC

In a region where energy considerations are increasingly occupying such a substantial role, it is seen that the energy policy is rather a neglected issue in *de facto* Turkish Republic of Northern Cyprus (TRNC). It is possible to consider this domain even as non-existent. There are various reasons behind that. To be able to shed a light on these, it is better to develop a retrospective perspective where it is seen that electricity power supply has become one of the major transboundary resource created with the establishment of the United Nations Buffer Zone (UNBZ). Island-wide speaking, in 1952 Cyprus' first thermal power station was commissioned at Dhekelia. Later in 1966, the second one had been built at Moni, near Limassol. By 1974, both power stations were producing a total generating capacity of 204 Megawatts (MW) to cater for av. maximum consumption of 174 MW island-wide.⁷²⁸ After 1963, generally the government-controlled Electricity Authority of Cyprus (AHK) continued to supply the enclaves but Turkish Cypriots had problems in terms of sustaining uninterrupted supplies to a degree that UNFICYP involved in negotiating continued supplies for the Turkish Cypriot community. After 1974, with the physical partition of the island, however, there occurred a considerable amount of disruption to electric power lines. The problem was that both power stations were based in the South of the island, under the control of Electricity Authority of Cyprus (AHK). In North, following 1974, Turkey declared its immediate plans to establish a 50MW power plant in Kyrenia.⁷²⁹ After all, the first major power station was commissioned

⁷²⁸ Hocknell, P. R., 2001, op.cit., p. 185.

⁷²⁹ Hocknell, P. R., 2001, op.cit., p. 186.

in 1981 at Dikmen and operated until 1991 when it ceased production. The power supplies of the North had been too fragile; therefore the Turkish Cypriot electricity authority (KIB-TEK) began to build the new power station at Teknikik (Trapeza) in 1990. This was a valuable Turkey-TRNC 'technical cooperation' agreement. It is seen that an electricity distribution network connected the whole island, crossing the UNBZ between 1974 and 1981. North Cyprus within that time period received all of its electricity from the South. There were repeated power cuts in the North during, and beyond 1974, where these power cuts grew by the late 1980s. At that time, the cuts were interpreted by the Turkish Cypriot community as attempts of Greek Cypriots to prevent the further development and strengthening of the North. Turkish Cypriot dependency on the South for electricity continued for some twenty years.

At the current stage, it is seen that Teknecik power plant in North is primarily dependent on wholly important fuel oil. More recently, due to high costs of fuel oil and oil and gas development taking place in and around Cyprus, there is an interest in switching to natural gas.⁷³⁰ There are also discussions on being interconnected to Turkey's energy system with undersea cables. Yet, these discussions are rather among academia and professionals. It is observed that, there is no competent body in TRNC to formulate and put forward energy policies informed by energy profile of TRNC and regional/global energy trends. In relation to that, the Turkish Cypriot position vis-à-vis the oil and gas developments in Cyprus has been formulated in a reactional manner motivated by sovereignty concerns and mostly deliberated within the corridors of the Foreign Ministry of Turkish Republic of North Cyprus and the Presidency of Turkish Republic of North Cyprus as will be discussed in the following parts, in details.

⁷³⁰ From the discussion made during Union of the Chamber of Cyprus Turkish Engineers and Architects, Chamber of Electrical Engineers, Energy Workshop, 2015, Nicosia, North Cyprus.

7.3 *De Facto* TRNC as a more Pro-Active Actor: Scrutinizing the “Policy of Reciprocity” of *de facto* TRNC towards exploration activities of the Republic of Cyprus (RoC)

The rationale behind the Turkish Cypriot policy of taking reciprocal steps vis-à-vis continued unilateral drilling activities of the Republic of Cyprus (RoC) is to reveal the contradictory nature of the ongoing drilling activities without any Turkish Cypriot input. One of the “convergences” reached between the two sides at the negotiations is the convergence which states that after a solution the island’s natural wealth would come under the authority of the federal government. According to Özersay, as long as the Greek Cypriot leadership continues to act unilaterally regarding the hydrocarbons issue, the aforementioned convergence has no meaning because the agreements have repercussions which influence the sovereign rights and political will of the Turkish Cypriots. Özersay⁷³¹ stressed that as a result of the refusal of a bicommunal committee on hydrocarbons, Turkish Cypriot leadership formulate a policy which can be the substitute of this. Turkey used to have a more confrontational policy at the beginning. Nevertheless, Turkish Cypriot leadership proposed a different roadmap which can be characterized as less confrontational. By doing that, Turkish Cypriot leadership managed to formulate an affective position and convinced Turkey to adopt the same. According to Özersay⁷³², Turkish Cypriot leadership has shaped the hydrocarbons policy on their own and the policy has turned out to be the policy of Turkey as well. Turkish Cypriot position here shaped by the idea that the issue needs to be explained to the RoC from reverse where they will find themselves in the same position with Turkish Cypriot community. Turkish Cypriot leadership also announced licensing blocks and thus has created overlapping licensing zones around Cyprus. As a policy strategy, Turkish Cypriot leadership also engages in further research and drilling and by doing that wishes to show the anomaly in unilateral acts of RoC which simply excludes the Turkish Cypriot community within the overall process. Turkish Cypriot community does not have a platform for further exploration but a licence has been given to TPAO as mentioned earlier and when the required capacity for exploration will be achieved together as

⁷³¹ Interview with Kudret Özersay, 2014, op.cit.

⁷³² Interview with Kudret Özersay, 2014, op.cit.

Turkey and Turkish Cypriot community, exploration activities will commence to reveal the anomaly to the RoC and wider international community. Therefore, instead of remaining with protests and warnings which indicated that unilateral actions of the RoC should stop, the Turkish Cypriot leadership with the backing of Turkey developed an innovative policy based on the ‘principle of reciprocity’. In relation to that, the Turkish Cypriot policy of taking ‘similar reciprocal steps of equal significance’ came into being in such an atmosphere where the Turkish Cypriot standpoint has almost no prominence in the eyes of the international community. Turkish Cypriot leadership believes that defending the rights of the Turkish Cypriot community can only be possible by taking similar reciprocal steps which may attract an international attention and reflect the disputed nature of the issue at hand. It appears that the Turkish Cypriot approach to the matter shifted from protests and warning to an actual action based on the ‘principle of reciprocity’.

Turkish Cypriot community put forward number of proposals so far on the hydrocarbons issue which indicates either the mutual suspension by both communities or a cooperation including the issue of revenue sharing.⁷³³ It appears that the refusal of the Turkish Cypriot proposals by the Greek Cypriot leadership is the main motivation behind the desire on the behalf of the Turkish Cypriot side to act unilaterally and sign agreements and start hydrocarbon exploration in the maritime areas of Cyprus as a whole. Consequently, the Turkish Cypriot position is hugely shaped by the above-mentioned action-oriented policy which holds a clear message for the Greek Cypriot leadership as ‘I will do as you are doing. If you try to use force to prevent me, then I will respond—with Turkey’s help—as necessary in legitimate self-defence.’⁷³⁴

As explained above, Turkish Cypriots in collaboration with Turkey aims to reinstate the political balance with the policy of taking the ‘reciprocal steps of equal significance’ in response to Greek Cypriot unilateral actions offshore Cyprus. It is in the context of restoring the political balance, *de facto* Turkish Republic of Northern Cyprus (TRNC) and Turkey signed an agreement delimiting the continental shelf

⁷³³ It is important to note that the Greek Cypriot leadership refused all of these proposals to date.

⁷³⁴ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 50

between Cyprus's northern coast and Turkey. It is within the same context in which the Turkish national oil company TPAO is being granted hydrocarbons exploration licences for sea areas in the north, east, and south of Cyprus by the *de facto* Turkish Republic of Northern Cyprus (TRNC). As reflected in those steps the Turkish Cypriot leadership claims equal rights concerning maritime jurisdiction and hydrocarbon exploration with the Greek Cypriots, regardless of a comprehensive settlement.

The rationale behind the issuance of NavTex (Navigational Telex) by Turkey in relation to the reciprocal steps taken by de facto Turkish Republic of Northern Cyprus (TRNC)

As a reaction towards the Republic of Cyprus (RoC)'s decision to commence exploratory drilling activities in the eastern Mediterranean, Turkish Cypriot leadership sent Piri Reis, the seismic survey vessel to the Eastern Mediterranean waters and later the seismic research ship Barbaros Hayrettin Paşa. The consecutive NavTex (Navigational Telex) issued by Turkey for the periods of October 20-December 30, 2014 and of January 6-April 6, 2015. Olgun⁷³⁵ stresses that all these have been effective (de facto) situations which are accepted as normal conditions by the United Nations. It is possible to see "NAVTEX announcements" as a singular particular tactic which is adopted by the Turkish Cypriot leadership in relation to the policy of taking the 'reciprocal steps of equal significance. It is important to note that as long as the Republic of Cyprus (RoC) continues their unilateral hydrocarbon exploration and drilling activities, the Turkish Cypriot leadership may decide to continue to respond to that with reciprocal steps. Except such periods, the Turkish Cypriot community is declared to be ready for the continuation of negotiations. In the view of Turkish Cypriot political elites, this tactic aims to play a deterrent role in general. For instance, according to Olgun⁷³⁶, international community understands the Turkish Cypriot position on that and therefore their responses towards the

⁷³⁵ Interview held with Ergün Olgun, Former Chief Negotiator, 11.02.2015, Turkish Republic of Northern Cyprus, Presidency Palace, Chief Negotiator Office, Nicosia, North Cyprus; See also Göksedef, E. (2015, April 21). Ergün Olgun: Barbaros Gemisi Çözüm İçin Pozitif Rol Oynadı. *Röportaj Gazetesi*, Retrieved December 10, 2015 from <http://www.roportajgazetesi.com/ergun-olgun-roportaji-c1776.html>

⁷³⁶ Interview held with Ergün Olgun, 2015, *ibid*.

issuance of NAVTEX and the existence of the Turkish seismic vessel “Barbaros” at the Exclusive Economic Zone (EEZ) of the Republic of Cyprus are rather weak. The Turkish Cypriot political elites also believe that the UN Reports have utmost importance at this point. Olgun⁷³⁷ also stresses that in UN’s 2004 Report, the stress was on the notion that the existing embargos on the Turkish Cypriot community could not be continued. At this juncture, the UN mentioned this once more and did not blame Turkish Cypriot community in its reports. According to Olgun⁷³⁸, this indicates a mutually hurting stalemate which may trigger a settlement in Cyprus. He also indicates that the international community is willing to see natural gas as a catalyst of the Cyprus Problem.⁷³⁹

With regard to the issue, Nami⁷⁴⁰ argues that, the unilateral exploration and licensing rounds of the Republic of Cyprus (RoC) resulted with a tactical zero-sum game and the Turkish Cypriot leadership unescapably responded to that with reciprocal steps. Hence, Nami⁷⁴¹ also highlights that, reciprocal steps play a peculiar role and it has a symbolic meaning in the sense that it remains the sole tactical measure taken by the Turkish Cypriot community against the unilateral acts of the Republic of Cyprus (RoC). It is possible to argue that reciprocal steps are seen by the Turkish Cypriot leadership as occurrences which may inhibit the Greek Cypriot leadership to demand more at the negotiation table and to forget the disputed nature of the island and waters surrounding the island. It is seen that with the Barbaros seismic vessel and NAVTEX formulation the Turkish Cypriot leadership aims to protect the rights of Turkish Cypriot community within the context of the oil and gas developments.

In March 2015, the former Foreign Minister of Turkish Republic of Northern Cyprus (TRNC), Özdil Nami stressed in a conference that,

⁷³⁷ Interview held with Ergün Olgun, 2015, op.cit.

⁷³⁸ Interview held with Ergün Olgun, 2015, op.cit.

⁷³⁹ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁴⁰ Interview held with Özdil Nami, [Turkish Cypriot Community Chief Negotiator], TRNC Former Minister of Foreign Affairs, 10.02.2015, Turkish Republic of Northern Cyprus, Ministry of Foreign Affairs, Nicosia, North Cyprus.

⁷⁴¹ Interview held with Özdil Nami, 2015, ibid.

We as the Turkish Cypriots have been aware of this potential, as well as the role these hydrocarbon resources can play in bringing peace and prosperity to our troubled region through new interdependencies. Our policy vis-à-vis the energy potential of the Eastern Mediterranean has been reflective of this vision: Through letters to the United Nation as early as the year 2007 and many official statements and interviews afterwards, we have repeatedly called for an end to traditional power games and unilateral action and urged all parties to act in an inclusive manner.⁷⁴²

Gürel⁷⁴³ highlights that the sovereignty and the hydrocarbons issues are related with each other to a great extent therefore the Turkish Cypriot proposal which calls for a bi-communal cooperation on hydrocarbons despite of a negotiated settlement is perceived by the Greek Cypriots as a move aimed at strengthening the Turkish Cypriot hand at the negotiation table. The Republic of Cyprus (RoC) therefore feels threatened and perceives the Turkish Cypriot side position as an effort which aims to contest the sovereignty of the Republic of Cyprus (RoC). Departing from such a perspective, the Greek Cypriot side considers the Turkish Cypriot proposal as the one which intends to consider the unrecognized Turkish Republic of Northern Cyprus (TRNC) with the legitimate, internationally recognized Republic of Cyprus (RoC) as equals. For Turkish Cypriots, the Greek Cypriot position aims to strength the idea that the Republic of Cyprus (RoC) is a sovereign independent state with or without a settlement therefore there is nothing problematic about the unilateral hydrocarbons activities offshore Cyprus without the Turkish Cypriot involvement. It is also stressed by Özersay⁷⁴⁴ that the explorations and discoveries have regenerated a sovereignty dispute, a dispute which can be considered as the prolongation of the

⁷⁴² Nami, Özdil. (2015, March 9). The Cyprus Problem and Hydrocarbon Resources: Challenges and Opportunities. Conference speech at the Brussels Press Club Europe. Retrieved June 26, 2015 from <http://mfa.gov.ct.tr/minister-of-foreign-affairs-ozdil-nami-gives-a-conference-titled-the-cyprus-problem-and-hydrocarbon-resources-challenges-and-opportunities-at-the-brussels-press-club-europe/>

⁷⁴³ Gürel, A. (2013). Cyprus Gas and Regional Energy Cooperation. Economist 9th Cyprus Summit, Nicosia, 25 November.

⁷⁴⁴ Interview held with Kudret Özersay, 2014, op.cit.

already existing one. The discord the matter has created within the formal negotiation process can be viewed as the clear reflection of such an argument.

For the Turkish Cypriot community, there is a dilemma which can be characterized as the lack of status (recognition) and the prevalent uncertainty upon their future. This instigates a lack of hope among the Turkish Cypriot community to a great extent and determines their position. According to Özersay⁷⁴⁵, the Greek Cypriot leadership does not perceive the appropriate context for a comprehensive solution. It can be argued that the possibility of returning to the pre-1974 order is diminishing each and every day mostly in cultural terms. It is also evident that the agricultural lands in the Northern part of the island are also becoming more fertile with water projects. Özersay⁷⁴⁶ argues that the Turkish Cypriot community has the tendency to postpone the necessities of daily life as long as the negotiations continue. For him there are measures which can be taken before a settlement to create better life standards in the North. By doing this, Turkish Cypriot community may also develop an optimistic perspective. Still, negotiations are very important because it is the only platform where Turkish Cypriot community is visible. These need to be perceived as parallel processes to each other.

In a similar vein, Greek Cypriot position according to Olgun involves many paradoxes⁷⁴⁷ with regard to the matter of sovereignty. 1963 Doctrine of Necessity also entails a similar paradox. There is a dilemma at the heart of the Cyprus problem. The existing situation according to Olgun⁷⁴⁸ cannot be considered as normal whereas the Greek Cypriot Community is attempting to render this abnormal situation as something normal therefore they contribute to the continuation of the *status quo*. This can be explained as the source of the dilemma aforementioned. According to Olgun⁷⁴⁹, the existing government as the Republic of Cyprus (RoC) is a disputed one

⁷⁴⁵ Interview held with Kudret Özersay, 2014, op.cit.

⁷⁴⁶ Interview held with Kudret Özersay, 2014, op.cit.

⁷⁴⁷ See Kyriacou, K. (2015, January 5). Anastasiades still not returning to dialogue due to Turkish violations. Independent Balkan News Agency, Retrieved December 5, 2015 from <http://www.balkan.eu.com/anastasiades-returning-dialogue-due-turkish-violations/>; see also Appendix 2 for Joint Declaration signed between Anastasiades and Eroğlu on 11 February 2014.

⁷⁴⁸ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁴⁹ Interview held with Ergün Olgun, 2015, op.cit.

and therefore the issue of whether the international actors support the Republic of Cyprus (RoC)'s position or not is also doubtful. In terms of the international actors, this signifies a paradoxical position. It is seen that there are also some controversial points when the joint declaration is analysed. In this document the two sides are considered as equal. In reference to the Doctrine of Necessity, in 1963, the Greek Cypriot Community put forward the argument that the government could not function properly under the conditions which were the end result of the increased ethnic violence between two communities in Cyprus. Makarios's 13 Points which were, according to Olgun⁷⁵⁰, clearly unacceptable by the Turkish Cypriot Community were instrumentalised by the Greek Cypriot Community to put forward the Doctrine of Necessity at that moment. For Olgun⁷⁵¹, with the doctrine of the State of Necessity, Greek Cypriot leadership implicitly tried to actualize the ideology of ENOSIS (union with Greece). For him, the international actors deliberately gave this license to Makarios. In 1974, according to Olgun⁷⁵², Enosis was the main agenda of the Greek Cypriot leadership. After 1974, the Greek Cypriot position with regard to the Cyprus Problem took a new shape where they aimed for the perpetuation of the RoC. Olgun⁷⁵³ highlights that, this was the implicit rationale behind the overwhelming "No" vote at the Annan Plan Referendum in 2004. For Olgun⁷⁵⁴, it is interesting to see that right before the referendum, the Greek Cypriot President of the time, Tasos Papadapoulos stressed his feelings as he had inherited an independent state and he was not going to reduce it to a constituent state as it was suggested with the Annan Plan. Olgun⁷⁵⁵ argues that, the Cyprus hydrocarbons issue also holds a similar rationale for the Greek Cypriot leadership.

It is possible to observe that the energy matter has been a highly politicized issue in the eyes of Turkish Cypriot political elites. It can be argued that during the Christofias term⁷⁵⁶, the Turkish Cypriot community's position with regard to the

⁷⁵⁰ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵¹ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵² Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵³ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵⁴ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵⁵ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁵⁶ Demetris Christofias was the sixth President of the Republic of Cyprus (RoC) from 2008 to 2013.

energy matter was similar and it was understood and recognized to a certain degree⁷⁵⁷, therefore the negotiations continued. Nevertheless, with Anastasiades⁷⁵⁸, the Turkish Cypriot position which has been adopted since the first announcement of the discovery of the natural resources in the Cypriot waters could not be digested and led to the halting of the negotiations in Cyprus. According to Nami⁷⁵⁹, the Greek Cypriot leadership insists on their unilateral moves in the eastern Mediterranean at the expense of a solution. For him, the issue of the development of the hydrocarbons in and around Cyprus was a more containable issue area up until Anastasiades left the negotiation table because of the announcement of NAVTEX by Turkey. For Nami⁷⁶⁰, the Greek Cypriot leader Anastasiades was looking for a pretext to leave the negotiation table. In the light of that, it can be argued that the crisis which was stemmed from the NAVTEX announcement can be viewed as a symptom. It is noticeable that the hydrocarbons issue now reflects wider and deeper tensions and cleavages between two communities. The reciprocal steps were materialized with existence of Barbaros seismic vessel in the waters surrounding Cyprus. These policies overtly formulated by the Turkish Cypriot leadership and Turkey with the rationale to protect the rights of the Turkish Cypriot community. The following part continues to explore the Turkish Cypriot position in that regard and examines Turkish Cypriot view on the development of the natural resources offshore Cyprus before a political settlement.

7.4 Turkish Cypriot view on the development of the natural resources in and around Cyprus before a political settlement

Turkish Cypriot view on the development of the natural resources in and around Cyprus before a political settlement is shaped around the idea that this can be only done as long as Turkish Cypriot community is also involved into that process. This understanding stems from the Turkish Cypriot argument that both communities have legitimate rights over these natural resources. Turkish Cypriot side is emphasising that the comprehensive settlement perspective in Cyprus is actually being harmed as

⁷⁵⁷Interview held with Özdil Nami, 2015,op.cit.

⁷⁵⁸ Nicos Anastasiades is the President of the Republic of Cyprus (RoC) since 2013.

⁷⁵⁹ Interview held with Özdil Nami, 2015,op.cit.

⁷⁶⁰ Interview held with Özdil Nami, 2015,op.cit.

a result of unilateral oil and gas efforts of the Republic of Cyprus (RoC). It is in that view in which the Turkish Republic of Northern Cyprus (TRNC) declared claims over Block 12 (as well as over blocks 1, 2, 3, 8, 9 and 13 within Cyprus' EEZ). Turkish Cypriot side claims are in parallel with their objections which they hold with regard to the Greek Cypriot government of the RoC representing itself as the sole authority of the entire Island. It is seen that the Turkish Republic of Northern Cyprus (TRNC) clearly objects all of the Republic of Cyprus (RoC)'s actions vis-à-vis maritime zones. Their objections consist of concluding agreements with third countries for EEZ delimitation, joint development of cross-boundary resources, organizing international tenders to give licences for hydrocarbon prospecting and exploration, and authorizing exploration and drilling operations offshore Cyprus.⁷⁶¹ It should be noted that claims put forward by the Turkish Republic of Northern Cyprus (TRNC) is primarily informed by their view which sees the exercise of sovereign rights at the international level solely by the Republic of Cyprus (RoC) as acts which excludes the rights of Turkish Cypriot community. Turkish Cypriot community claims to possess those rights by virtue of their being the equal constituent communities of the 1960 Constitution of the Republic of Cyprus (RoC). Therefore, while the Cyprus Problem is still being negotiated under the auspices of UN, Turkish Cypriot leadership claims that the Greek Cypriot offshore drilling activities ignore the legitimate rights and interests of the Turkish Cypriots and thus they can be considered as unilateral acts on these grounds. It is again in the same context in which the Turkish Republic of Northern Cyprus (TRNC) stresses that this creates *fait accompli*⁷⁶² regarding the hydrocarbon resources which is actually equally belonging to all communities living on the island of Cyprus. The Turkish Cypriot side consistently claims that the bicomunal power-sharing structures of the Republic of Cyprus (RoC) is no longer presented therefore it is no longer possible to refer to a single authority on the island which can represent Cyprus as a whole in constitutional terms. Accordingly, the Turkish Cypriots assert that Cyprus offshore hydrocarbons activities cannot be handled unilaterally until a political settlement is reached. Only a competent bicomunal federal authority can take part in such initiatives in the eyes of the Turkish Cypriot leadership. This has been the main lines

⁷⁶¹ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

⁷⁶² See note 690 in page 201 for the definition of the term *fait accompli*.

of thought on the behalf of the Turkish Republic of Northern Cyprus with regard to the development of natural resources in and around Cyprus before a political settlement.

7.5 Turkish Cypriot view on the joint development of the natural resources in and around Cyprus with Greek Cypriot Community before a political settlement

Turkish Cypriot view on the joint development of the natural resources in and around Cyprus with Greek Cypriot Community before a political settlement is shaped by their broader argument with regard to the rights of Turkish Cypriot community based on 1960 Constitution. An establishment of a technical committee is the main proposal made by the Turkish Cypriot side thus far. Mehmet Ali Talat, the Turkish Cypriot Leader of the time, in 2007, sent a letter to the UN Security Council⁷⁶³ on the matter emphasizing the contentions of the Turkish Cypriot community in terms of the Greek Cypriot Administration acting and signing delimitation agreements on the behalf of Turkish Cypriot community. According to Gürel et al⁷⁶⁴, the position of the Turkish Cypriot community reflected in Talat's letter to the UN Security Council is in parallel with the previous contentions of the Turkish Cypriot leadership with some additional, original ideas. For instance, in Talat's letter the reference is being made to the Turkish Cypriot people rather than the TRNC which was persistently stressed beforehand by Denktaş as the formal embodiment of the Turkish Cypriot community. In reference to Talat's position, it can be argued that Turkish Cypriot community has rights what they derive from the 1960 Constitution as being one of the two "constitutional partners" of the 1960 RoC. This position reflects the argument that matters which will create *fait accompli* concerns Turkish Cypriot therefore such substantial matters should be decided with the consent of Turkish Cypriot people. Here, the stress is on the fact that prior to peaceful settlement of the Cyprus Problem, the Republic of Cyprus (RoC) cannot act as the sole administration

⁷⁶³ Letter signed by Mehmet Ali Talat as President and transmitted as 'Annex to the letter dated 2 February 2007 from the Permanent Representative of Turkey to the United Nations addressed to the Secretary-General', UN Doc. A/61/727-S/2007/54.

⁷⁶⁴ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

which represents the entire island including Turkish Cypriot community. Since 1974, the Turkish Cypriot community is represented by their elected representatives and has their administration in the North.

It is important to note that Talat's letter includes a warning in terms of the stability and security of the eastern Mediterranean region emphasising that the unilateral signing of delimitation agreements with third countries by the Republic of Cyprus (RoC) does not reflect the equality between two communities of the 1960 Republic of Cyprus which can also hinder the endeavours for a future comprehensive settlement. Regardless of Turkish Cypriot objections, the Republic of Cyprus (RoC) had first international tender for offshore hydrocarbon exploration in 2007 and 2008, and continue to negotiate a delimitation agreement with Israel in 2009 and 2010. Mehmet Ali Talat, for the second time in 2009 sent a letter to the UN again with a tone which emphasis the security and stability dimension of the unilateral activities of the Republic of Cyprus (RoC) with those words: activities 'are aimed at prejudging and violating the fundamental rights and interests of the Turkish Cypriot people'.⁷⁶⁵ Here in the same letter it is also mentioned that the issue of maritime jurisdiction areas of Cyprus was within the topics of the negotiations for a comprehensive settlement. For Talat, steps taken by the Republic of Cyprus (RoC) 'not only deepen the gap of confidence between the two sides but could also lead to an escalation of tension between them'.⁷⁶⁶

In relation to the joint development of the natural resources in and around Cyprus, on 29 September 2012, another proposal was introduced to the UN Secretary-General Ban Ki moon by the Turkish Cypriot leadership.⁷⁶⁷ The proposal indicates that "without prejudice to their legal and political positions on the Cyprus problem"⁷⁶⁸ it is an urgent matter for both communities to agree on a plan for the exploration and exploitation of the underwater hydrocarbon reserves around the island of Cyprus due

⁷⁶⁵ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. *op.cit.* p. 48

⁷⁶⁶ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. *op.cit.* p. 48

⁷⁶⁷ Inncity Press. (2012, September 29). Talking paper on the Hydrocarbon reserves around the island of Cyprus. Retrieved May 24, 2015 from <http://www.inncitypress.com/trnc1hydrobkm092912.pdf>

⁷⁶⁸ Inncity Press, (2012), *ibid.*

to the developments around the island and in the region. There, the hydrocarbons issue is proposed to be discussed within the framework of the confidence building measures so that it can contribute positively to a future comprehensive solution. The proposal reads as follows:

The Secretary General of the United Nations appoints a facilitator regarding the activities related to hydrocarbon resources off the coastlines of the island of Cyprus (both North and South). This person will chair a technical committee to be established for that purpose to which the two leaders will appoint their own representatives.

The mandate of the technical committee will be:

- a. Obtaining the written mutual consent of the two sides on the international treaties concluded and the licenses issued unilaterally by either side.
- b. Determining the shares of the two sides related to hydrocarbon resources off the coast of the island of Cyprus.

The total revenue in the context of the above will be kept in a special account governed by the relevant technical committee and will be used primarily for financing the implementation of the provisions of the comprehensive settlement. It will also be possible for the two sides to decide conjointly through the technical committee mentioned above on the use of this revenue for different purposes. Under no circumstances will this revenue be used for any kind of military purposes (e.g. purchase of weapons, etc.).⁷⁶⁹

In case of the acceptance of the above proposal by the Greek Cypriot side, the Turkish Cypriot side suggests via this talking paper to have the hydrocarbon resources transported through a pipeline which will pass through Turkey which is the most feasible and profitable one to the European and other possible markets. Here in the same document, it is also mentioned that the Turkish officials are also willing to

⁷⁶⁹ Inncity Press, (2012), op.cit.

cooperate on the matter as long as an agreement is reached between the two sides of the island. Here, it is also stressed by the Turkish Cypriot side that building an LNG plant or a pipeline via Greece has no economic feasibility and can benefit neither the two communities nor the potential consumers.⁷⁷⁰ The proposal was declined by the Greek Cypriot leadership, at that time period.

When the Republic of Cyprus (RoC)'s offshore drilling operations began; Turkish Cypriot leadership also stressed the problematic side of the issue as the acceptance of the Republic of Cyprus (RoC) as the sole representative of the island by the international community, including the European Union (EU). In that regard, it is possible to draw a parallelism between the EU accession of Cyprus in 2004 with the unilateral hydrocarbons exploration and drilling activities where both actions are deemed as legitimate in the eyes of the international community notwithstanding the missing Turkish Cypriot presence. According to Özersay⁷⁷¹, this is a fatal mistake which systematically renders the UN-led talks between two communities even harder due to the backing of the Greek Cypriot community in their unilateral actions. It is possible to observe that the representatives of the Turkish Cypriot community claim that rights and interests of the Turkish Cypriot community are systematically disregarded within the overall hydrocarbons issue. In relation to that Özersay stresses that, 'the Greek Cypriot side's defiant persistence to go ahead with oil and gas exploration activities serves only to reduce trust between the negotiating sides'.⁷⁷² Trust is an important variable in the sense that in separate and simultaneous referenda the will of both communities will be required for a comprehensive solution. With regard to the role of Turkish Cypriots, the former President of the Turkish Republic of Northern Cyprus (TRNC), Derviş Eroğlu said, "extraction, transportation and trade of the gas findings are the main antagonistic issues and Turkish Cypriots are partners to these resources in Cyprus offshores." Thus, the ongoing unilateral drilling activities may create a tense atmosphere and therefore eventually affect the level of trust between two communities and thus the

⁷⁷⁰ Innercity Press, (2012), op.cit. p.1-2

⁷⁷¹ Özersay cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 49.

⁷⁷² Özersay cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 49.

peacebuilding efforts in Cyprus. The issue of the Greek Cypriot side's maritime jurisdiction and hydrocarbon related activities for that reason holds the power to influence the very foundation of the new state of affairs which is anticipated in Cyprus as bi-zonal, bi-communal federation. This type of understanding reveals that the issue at hand is beyond economic and energy related concerns but it is a vital sovereignty issue for both communities which require therefore a careful consideration.

It should be noted that the Greek Cypriots refused to cooperate based on their argument that the Republic of Cyprus (RoC)'s internationally recognized sovereign right to explore in its own Exclusive Economic Zone (EEZ) cannot be considered as a matter of negotiation through a technical committee as proposed.⁷⁷³ Turkish Cypriot leadership views the attitude of the Republic of Cyprus (RoC) as an endeavour to avoid any cooperation with Turkish Cypriot side and Turkey to gain an upper hand at the negotiation process.⁷⁷⁴ This, according to Olgun⁷⁷⁵, resembles the strategy the Greek Cypriot leadership employed during the Annan Plan Referendum in 2004. It is possible to argue that by overwhelmingly emphasizing the sovereignty dimension of the matter, it appears that the Greek Cypriot leadership aims to put an emphasis on the idea that the Republic of Cyprus (RoC) is recognized as the single authority of the whole island, therefore they can proceed with the unilateral exploration activities in the Cypriot Exclusive Economic Zone (EEZ). It is seen that negotiating a solution under conditions in which the representatives of the Turkish Cypriot community and Turkey question the sovereign rights of the Republic of Cyprus (Roc) for the whole island is not acceptable for the Greek Cypriot leadership. According to Nami⁷⁷⁶, today the main issue is hydrocarbons whereas the recent tension is not something peculiar to the energy matter. It could have been another issue and according to him the opening of Varosha for instance may turn out to become a further dispute between the two communities as long as they lack the necessary incentives to solve the Cyprus Problem in general.

⁷⁷³ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. *op.cit.*

⁷⁷⁴ Interview held with Ergün Olgun, 2015, *op.cit.*

⁷⁷⁵ Interview held with Ergün Olgun, 2015, *op.cit.*

⁷⁷⁶ Interview held with Özdil Nami, 2015, *op.cit.*

It is seen that the Turkish Cypriot position with regard to their joint development proposals is again stemmed from their desire to reflect the dilemmas inherited within the main tenets of international law with regard to the legal and political status of Turkish Cypriot community through the hydrocarbons issue. By doing this, Turkish Cypriot community aims to attract the attention of the international community onto the paradoxes inherited in the Cyprus problem in broader terms. It is within the context of hydrocarbons related developments that the Turkish Cypriot side has asked the relevant actors and the international community to discourage the Greek Cypriots from their exploratory and drilling activities offshore Cyprus.

It is possible to notice that, since 2003, both at the bilateral and international levels, Turkish Cypriot side, in collaboration with Turkey, aims to highlight that the Greek Cypriot side oil/gas exploration activities are hampering the peace atmosphere in the island. These are considered as irresponsible and provocative unilateral step of the Republic of Cyprus (RoC) by the Turkish Cypriot leadership and by Turkey as mentioned earlier. Turkish Cypriot side aims to express that the hydrocarbons related developments took place at an important juncture when the UN negotiations have reached a critical and decisive stage. In the eyes of the Turkish Cypriot leadership, the Republic of Cyprus (RoC) disrespects the equal rights and interests of the Turkish Cypriots in principal. The same argument also points out that Greek Cypriot side are not willing to share a common future with the Turkish Cypriots under a federal roof and it can be extended to include the idea that Greek Cypriot community is not ready for a comprehensive solution in Cyprus. For Turkish Cypriot side, being able to explain these critical points to the international community has utmost importance. The issue constitutes an actual violation of the rights and the interests of the Turkish Cypriots and this should be seen and acknowledged by the international community in the eyes of Turkish Cypriot side. In this context, the tool the Turkish Cypriot side decided to use is to go ahead with series of concrete reciprocal steps, as mentioned earlier, in order to protect the legitimate rights of the Turkish Cypriots and reflect the disputed situation surrounding the drilling activities of the RoC in offshore Cyprus for the international community to see. An agreement on the delimitation of the continental shelf between Turkey and the Turkish Republic of Northern Cyprus (TRNC) is one of the examples of concrete steps which can be taken with the rationale of reciprocity. The agreement indicates an important step

since in their continental shelves coastal states exercise their sovereign rights to explore and exploit their natural resources on the seabed and subsoil. The agreement considers the legitimate, equal and inherent rights of the Turkish Cypriots over the whole continental shelf of the island of Cyprus where Turkish Cypriots' rights with regard to the entire continental shelf of the island are reserved.⁷⁷⁷ Issuance of permits to the Turkish Petroleum Corporation (TPAO) for oil/gas exploration around the maritime areas of the Island can be also viewed within the same context.

7.6 Turkish Cypriot View on Discussing the Natural Gas within the Context of Inter-Communal Negotiations

Turkish Cypriot view on discussing the natural gas within the context of inter-communal negotiations is based on their desire to discuss both revenue sharing and issuance of exploration licenses to international oil/gas companies and all related procedures with regard to conducting offshore exploration activities in the declared EEZ of the island within the context of the UN sponsor negotiations before, or in the absence of, a comprehensive solution. The preference of discussing the matter within the UN context can be viewed as one of the dimensions of Turkish Cypriot position vis-à-vis the hydrocarbon resources off the coast of Cyprus. As mentioned earlier, the officially stated position of the Turkish Cypriots is that unilateral drilling activities should immediately end or a provisional joint bicommunal body should be established so that both communities can decide together for the issues relating to future licensing rounds, offshore drilling activities and revenue sharing. As rightly pointed out by Gürel et al.⁷⁷⁸ the issue at hand is not about revenue sharing but sharing of sovereignty. It is possible to argue that this is the main driving force behind the position of Turkish Cypriot leadership at this point. This indicates the significance of being considered as equal for the Turkish Cypriot community. Thus, though it appears as a revenue sharing matter between two communities, one should

⁷⁷⁷ Republic of Turkey Ministry of Foreign Affairs. (2011, September 21). Statement by Prime Minister Erdogan following the signing of continental shelf delimitation agreement between Turkey and the Turkish Republic of Northern Cyprus New York, Retrieved June 19, 2015 from <http://www.mfa.gov.tr/statement-by-prime-minister-erdogan-following-the-signing-of-continental-shelf-delimitation-agreement-between-turkey-and-the-tur.en.mfa>

⁷⁷⁸ Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

carefully reflect the underlying political factors that inform the Turkish Cypriot position, namely the sovereignty dimension of the issue. It appears that Turkish Cypriots are concerned about the portrayal of Turkish Cypriot community in general as pleading for the wealth of the natural resources surrounding the island. Regardless of a political settlement, Turkish Cypriots desire to be recognized as equal with the Greek Cypriots in rights concerning maritime jurisdiction and hydrocarbon exploration and development offshore Cyprus. It should be noted that when the Republic of Cyprus (RoC) negotiated on the behalf of both communities with Egypt and Syria in the early 2000s for maritime delimitation and joint development of offshore hydrocarbons, Turkish Cypriot leadership opposed these initiatives based on same reasons. At that point, the President of the *de facto* Turkish Republic of Northern Cyprus (TRNC), Rauf Denktaş stressed the possible consequence of the unilateral initiatives of the Republic of Cyprus (RoC) by emphasizing that the *de facto* Turkish Republic of Northern Cyprus (TRNC) is the formal embodiment of the Turkish Cypriots and therefore there should be a cooperation between the Greek Cypriot administration and *de facto* Turkish Republic of Northern Cyprus (TRNC) on the matter, otherwise Turkish Republic of Northern Cyprus (TRNC) will require to defend the rights of the Turkish Cypriot community by less amicable means. Denktaş also stressed the security dimension of the issue by laying down the possibility of increasing tensions in the region in case related countries permit the Greek Cypriot administration to continue her unilateral moves which ignores the rights and presence of Turkish Cypriot community.⁷⁷⁹ Therefore, the Turkish Cypriot leadership, from the onset, has supported the idea of discussing the matter within the UN context. In the following years the Greek Cypriot administration continued to sign delimitation agreements and the *de facto* Turkish Republic of Northern Cyprus (TRNC) continued to deem the considered agreements as unacceptable. Hence, the *de facto* Turkish Republic of Northern Cyprus (TRNC) did not recognize any of the Exclusive Economic Zone (EEZ) delimitation agreement signed with the Greek Cypriot administration in the South.

It is seen that, the *de facto* Turkish Republic of Northern Cyprus (TRNC)'s officials have been consistently utilizing a similar rhetoric where they stress that the Republic

⁷⁷⁹ Rauf Denktaş cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 47

of Cyprus (RoC) cannot negotiate such significant matters with third parties on the behalf of Turkish Cypriot community. In the eyes of the Turkish Cypriot leadership, hydrocarbon related activities of the Republic of Cyprus (RoC) function to solidify the Greek Cypriot domination mainly because the maritime delimitation and licensing agreements signed by the Greek Cypriot community are directly affecting the sovereign rights and interests of the Turkish Cypriot community. Thus, the creation of a permanent situation concerning the future of the island concerns the Turkish Cypriot community to a great extent. For that reason, within the context of the negotiations, the sincerity of the Greek Cypriot leadership who acts to determine the future of the island on its own prior to a settlement is under question in the eyes of the Turkish Cypriot side. Olgun⁷⁸⁰ argues that the geopolitical role of the gas needs to be discussed within context of the inter-communal negotiations too. This is a critical factor which may render hydrocarbons as a catalyst for the resolution of the Cyprus Problem. Nami⁷⁸¹ also argues that, instead of being perceived as an area of cooperation, the issue of energy is considered to be an instrument for further power politics in the eyes of Greek Cypriot community. As it was in 2004 EU accession process of the RoC, the Greek Cypriot community aims to dismantle the energy issue from the wider peace negotiations. This obstructs the energy to play the catalyst role for the negotiations in Cyprus⁷⁸². In terms of the hydrocarbons issue, the same track is being followed by the Greek Cypriot community. This is creating a lack of cooperation in terms of Cyprus hydrocarbons issue. There is a commonly held belief among the Turkish Cypriot political elites that the energy issue is affecting the negotiations in a negative way contrary to the prior expectations that it would play a catalyst role for further understanding and cooperation between two communities.

7.7 Conclusion

In relation to the above discussion, one can argue that the existence of Cyprus hydrocarbons have created an important juncture within the framework of the Cyprus problem. It is seen that at this critical juncture the way two communities approach the energy issue differ to a great extent from each other. The Greek Cypriot

⁷⁸⁰ Interview held with Ergün Olgun, 2015, op.cit.

⁷⁸¹ Interview held with Özdil Nami, 2015, op.cit.

⁷⁸² Interview held with Özdil Nami, 2015, op.cit.

leadership sees the energy issue as a reflection of a sovereignty issue. In this formulization, if the Turkish Cypriot community wishes to demand their rights they need to recognize the sovereign rights of the Republic of Cyprus (RoC). Turkish Cypriot leadership on the other hand argues that the issue needs to be discussed within the context of inter-communal negotiations. In general, differing perspectives inhibit the possibility of energy to act as a triggering factor for further cooperation between two communities and at the same time to create necessary grounds for further energy cooperation among regional actors.

CHAPTER 8

VIEWING THE POSITION OF INTERNATIONAL COMMUNITY TOWARDS THE DEVELOPMENT, EXPLORATION AND THE EXPLOITATION OF NATURAL RESOURCES IN AND AROUND CYPRUS

8.1 Introduction

This chapter engages with how the international community reacted towards the Republic of Cyprus (RoC)'s efforts for the development, exploration and the exploitation of the hydrocarbon resources in and around Cyprus, particularly in the aftermath of the discoveries in 2011. The chapter accordingly examines the positions put forward by Greece, the United Nations, including the Security Council and the Secretariat separately, and the European Union (EU) based on how they view the Exclusive Economic Zone (EEZ) in the eastern Mediterranean. These actors are particularly chosen as they are viewed as important parties to the Cyprus problem and at the same time important actors who are capable to influence the geopolitical dynamics in the region. As a result, the chapter illustrates a strong credit given to the sovereign rights of the Republic of Cyprus (RoC) in terms of continuing its development activities irrespective of the inter-communal negotiations in Cyprus. The chapter in principal argues that the position of the international community is critical for the future political arrangement in Cyprus and at the same time for the course of the energy related developments in the broader region thus they deserve a closer scrutiny.

8.2 Greece's Position

In a note verbale dated 24 February 2005 addressed to the Secretary-General concerning Turkey's objections to the Agreement between the Republic of Cyprus (RoC) and Egypt on the delimitation of the Exclusive Economic Zone (EEZ) of 17 February 2003, Greece states that it does not agree with Turkey with regard to Turkey's claim that the delimitation of the exclusive economic zone or the continental shelf in Eastern Mediterranean, especially in the areas falling beyond the western parts of the longitude 32 12' 18", should be effected by agreement between

the related states at the region based on the principle of equity. Greece, as being one of these related states, argues that the delimitation of the continental shelf or the Exclusive Economic Zone (EEZ) between states with opposite coasts (both continental and insular) should take place in accordance with the pertinent rules of international law on the bases of the principle of equidistance/ median line. Greece views the delimitation agreement between the Republic of Cyprus (RoC) and Egypt within such a framework.⁷⁸³ It is important to note that Turkey and Greece are continuously trying to find common ground for the start of negotiations on the delimitation of the continental shelf in the Aegean Sea. In line with their original positions, Greece remains to object to Turkey's launch of a tender for offshore oil and gas exploration comprising part of the continental shelf off the Greek island of Castellorizo. Turkish position is based on the argument that the possible extension of Greek territorial waters requires to be considered as a threat of *casus belli*, as made in a Turkish Grand National Assembly resolution in 1995. It is seen that Greek position with regard to the eastern Mediterranean Exclusive Economic Zone (EEZ) dispute fundamentally stems from its own Exclusive Economic Zone (EEZ) disagreement with Turkey in the Aegean Sea; therefore it can be helpful at this stage to elaborate more on the controversial nature of the issue between Turkey and Greece to have greater insights about how Greece view the matter in the eastern Mediterranean.

The Aegean dispute can be summarized as a set of interrelated contested issues between Greece and Turkey over sovereignty and rights in the Aegean Sea which have had influenced Greek-Turkish relations since the 1970s. In 1987 and in 1996, two countries almost came close to the outbreak of military hostilities due to these set of conflictual issues. The delimitation/expansion of the Greek territorial waters from 6–12 nautical miles (nm), along with the delimitation and exploitation of the Continental Shelf (CS) is one of the contested issues between Greece and Turkey. It is important to note that there is a need of Exclusive Economic Zone (EEZ) delimitation between Greece and Turkey in the general context of the Exclusive Economic Zone (EEZ) delimitation in the eastern Mediterranean. In 1970's, two decisions of Turkey led Greece to strongly reacted. In November 1973, Turkish

⁷⁸³ United Nations Division for Ocean Affairs and The Law of the Sea Office of Legal Affairs, Law of the Sea Bulletin, No. 57, 2005, p.129

government allocated fuel research zones to the Turkish State Petroleum Company in the area located among the Greek islands of Lesbos, Skiros, Limnos and (west of) Samothrace.⁷⁸⁴ In July 1974, Turkey this time issued new permits extending this zone to the West and claimed a new narrow portion of the continental shelf located between the Greek island clusters of the Dodecanese and the Cyclades.⁷⁸⁵

It is important to note that both Turkey's and Greece's positions are of significant interest for the maritime delimitation law. With regard to the Continental Shelf issue Greece bases her position on the provisions of the UNCLOS. The United Nations Convention on the Law of the Sea (UNCLOS) provides for exclusive rights ipso facto and ab initio of a coastal state on its continental shelf which has a minimum breadth of 200 nm, provided the distance between opposing coasts allows for this.⁷⁸⁶ Greece ratified this Treaty in 1995 (Law 2321/1995). In accordance with the UNCLOS all islands have a right to territorial waters, a contiguous zone, an Exclusive Economic Zone and a Continental Shelf. These zones are determined in accordance with the general provisions of UNCLOS, as those are implemented in mainland regions.⁷⁸⁷ All Greek islands are entitled to a continental shelf according to the Law of the Sea because this is a customary law thus it is also binding for non-signatory states.⁷⁸⁸ It is seen that a Continental Shelf delimitation issue can only be raised between the coast of Greek islands across Turkey and the Turkish coast. In terms of the delimitation method, Greece has argued that the method must be based on international law, governed by the principle of equidistance/median line.⁷⁸⁹ Greece had the same delimitation principle before the ratification of the UNCLOS based on Article 6(1), (2) of the Continental Shelf Convention (CSC) of 1958⁷⁹⁰ which puts forward that:

⁷⁸⁴ Siousiouras, P. & Chrysochou, G. (2014). The Aegean Dispute in the Context of Contemporary Judicial Decisions on Maritime Delimitation. *Laws*, 3, 12–49.

⁷⁸⁵ Siousiouras, Petros and Chrysochou, Georgios, 2014, *ibid*.

⁷⁸⁶ United Nations Division for Ocean Affairs and Law of the Sea. (1982). *op.cit*.

⁷⁸⁷ United Nations Convention on the Law of the Sea (UNCLOS), *ibid*.

⁷⁸⁸ Siousiouras, Petros and Chrysochou, Georgios, 2014, *op.cit*. p. 14-15.

⁷⁸⁹ Siousiouras, Petros and Chrysochou, Georgios, 2014, *op.cit*. p. 14-15.

⁷⁹⁰ Siousiouras, Petros and Chrysochou, Georgios, 2014, *op.cit*. p. 14-15.

Where the same continental shelf is adjacent to the territories of *two or more* [emphasis added] States whose coasts are opposite each other, the boundary of the continental shelf appertaining to such States shall be determined by agreement between them. In the absence of agreement, and unless another boundary line is justified by special circumstances, the boundary is the median line, every point of which is equidistant from the nearest points of the baselines from which the breadth of the territorial sea of each State is measured. Where the same continental shelf is adjacent to the territories of *two* [emphasis added] adjacent States, the boundary of the continental shelf shall be determined by agreement between them. In the absence of agreement, and unless another boundary line is justified by special circumstances, the boundary shall be determined by application of the principle of equidistance from the nearest points of the baselines from which the breadth of the territorial sea of each State is measured.⁷⁹¹

Thus, according to Greece, each of the islands of the Aegean Sea has its continental shelf, and the frontiers with Turkey should be defined on the basis of the median line. This contradicts with Turkey's argument which puts forward that Greek islands do not have rights to exert jurisdiction on the continental shelf since they are located on the Turkish continental shelf. Turkey argues that the median line method cannot be applied there as the Aegean is a special case. The maritime issue has remained unsettled between Turkey and Greece and has been further intensified by arguments on territoriality. The Turkish positions on the issue can be summarized in two folds: The dispute concerns continental shelf areas beyond the 6 mile territorial sea in the Aegean; Turkey is ready for a dialogue with Greece for an equitable settlement of the problem.

⁷⁹¹ United Nations Treaty Collections. (1958, April 29). The Continental Shelf Convention (CSC). Article 6(2). Retrieved December 16, 2015 from https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XXI-4&chapter=21&lang=en

Based on the Bern Agreement on November 11, 1976 with Greece, Turkey holds the view that the two governments have assumed the obligation to refrain from any initiative or act concerning the Aegean Continental Shelf. Notwithstanding her denial of the ICJ jurisdiction in 1976, Turkey asserts to examine the solution of the ICJ, and puts forward that “*delimitation is to be affected by agreement in accordance with equitable principles and taking into account all relevant circumstances*”.⁷⁹² Thus, Turkey views the Aegean Sea as a semi-enclosed sea with many Greek islands located all around a small area. Turkey highlights that many of these islands are located very near the Turkish mainland, some just 3 miles off it. This is the main rationale behind Turkey’s position in terms of not attributing these islands continental shelf areas since this would create an inequitable result where the Turkey would not claim almost any continental shelf area of its own as a result. Turkey also argues that a balance was established with the Lausanne Peace Treaty between Turkey and Greece in the Aegean Sea. Granting continental shelf areas to the said Greek islands may disturb the balance of interest⁷⁹³ achieved earlier, in the eyes of Turkey. As mentioned at several other places, the concept of the Continental Shelf is related with the Exclusive Economic Zone (EEZ) since the latter refers to a littoral state’s control over fishery and other similar rights. Therefore, the Aegean dispute is more about a disagreement between two countries with regard to the degree that the Greek islands off the Turkish coast should be taken into account for determining the Greek and the Turkish Economic Zone.⁷⁹⁴ In relation to that, Turkey contents that the notion of the Continental Shelf entails that distances should be measured from the continental mainland. In that view, the sea-bed of the Aegean geographically forms a natural prolongation of the Anatolian land mass.⁷⁹⁵

It is possible to argue that debates vis-à-vis the delimitation of the Exclusive Economic Zone (EEZ) s in the Eastern Mediterranean are informed by these discussions on the Aegean islands. For Turkey, the delimitation in the eastern Mediterranean should be based on the principle of natural prolongation, which means the islands of the Eastern Aegean and especially the Dodecanesian small island of

⁷⁹² Siousiouras, Petros and Chrysochou, Georgios, 2014, op.cit. , p. 15.

⁷⁹³ In relevant circumstances such as security, navigational and commercial interests.

⁷⁹⁴ Siousiouras, Petros and Chrysochou, Georgios, 2014, op.cit.

⁷⁹⁵ Siousiouras, Petros and Chrysochou, Georgios, 2014, op.cit.

Kastelorizo cannot be awarded any the Exclusive Economic Zone (EEZ) effect or Continental Shelf effect. In contrast to Turkey, Greece puts forward that all islands must be considered on equal basis with regard to maritime economic zones. Greece, in that sense, claims to base her ideas on UNCLOS which provides that islands have the right to generate all the maritime zones recognized under international law regardless of their size, as long as they are not rocks.⁷⁹⁶ Islands thus have the capacity to generate their own maritime zones. Greece opposes Turkey's stance on the Aegean Sea who claims that there is a 'special circumstance' which necessitated special treatment in the Aegean Sea, different from the general regulations of the Law of the Sea. The median line between the Greek shores (Thessaly, Central Greece and Peloponnesus) and the Turkish shores is the ideal solution for Turkey.⁷⁹⁷ It is believed that Greece's claims would connect Greece's Exclusive Economic Zone (EEZ) to the Cypriot Exclusive Economic Zone (EEZ).

It is possible to argue that Greece's position vis-à-vis the Exclusive Economic Zone (EEZ) dispute in eastern Mediterranean is in parallel with its broader claims with regard to the Aegean Sea dispute with Turkey. Furthermore, Greece continuously argues that "Cyprus has the inalienable right to explore its Exclusive Economic Zone" for oil or gas reserves.⁷⁹⁸ Besides analysing Greece's position on the EEZ dispute between Turkey and the RoC from more of a legal perspective, it may also prove fruitful to look at Greece's broader role and position in the energy geopolitics of the eastern Mediterranean, since Greece is a pivotal actor both in the light of the Cyprus problem and the emerging energy cooperation scheme in the region.

Greece and the energy geopolitics of the eastern Mediterranean

The deteriorating of the relations between Turkey and Israel, particularly after Mavi Marmara incident in 2010 provided the geopolitical incentive for the advancement of a rapprochement between Greece and Israel. Greece has found itself in a multidimensional geostrategic alignment emerging in eastern Mediterranean. This

⁷⁹⁶ United Nations Convention on the Law of the Sea (UNCLOS), op.cit.

⁷⁹⁷ Sioussiouras, Petros and Chrysochou, Georgios, 2014, op.cit., p. 12–49.

⁷⁹⁸ Greek Ambassador to Cyprus, Vassilis Papaioannou, Cyprus News Agency: News in English, 11-09-28, (Online) Available at: http://www.hri.org/news/cyprus/cna/2011/11-09-28_1.cna.html

new alignment is primarily based on new energy discoveries offshore Cyprus and Israel. When the Cold War era and the early post-Cold War period considered, it can be seen that the relations between two states were rather stagnant despite of several diplomatic attempts by Israel to normalise relations with Greece. During the Cold-war era, Athens's refusal to fully normalise its relations rested on critical national security interests such as the protection of the Greek minority in Egypt and sustaining the diplomatic support of Arab states in the United Nations (UN) context in respect to the Cyprus Problem. The same diplomatic tone persevered in the early post- Cold War period between the two states. An idea of cooperation with Israel came into being towards the end of 1994 through a joint military cooperation agreement but never actualized due to traditional pro-Arab policy of Greece.⁷⁹⁹ It can be argued that the demise of the defence agreement with Greece led Turkish-Israeli relations to flourish and influence at the same time the balance of power between Greece and Turkey in the advantage of the latter. With the Erdogan's rise to power in 2003 in Turkey, the Turkish-Israeli relations have impelled into a new road, what can be referred as a gradual degradation. In June 2010, with Mavi Marmara incident the Turkish-Israeli alliance was shattered at the end. Within this backdrop, the Greek-Israeli rapprochement has begun in 2010-11.

The signing of the delimitation agreement between the RoC and Israel in 2010 (despite of Turkish objections) encouraged Greece to pursue even closer ties with Israel. Joint military exercises took place and a new bilateral military agreement was signed in 2011 between two states. These developments took place alongside Noble Energy's hydrocarbons exploration activities in Block 12, in Cyprus's EEZ. At the time, with respect to the energy discoveries and the role of Greece in the region, former Greek President Karolos Papoulias emphasised that,

The convergence of interests in the Eastern Mediterranean allow for the establishment of a strategic relation with the Republic of Cyprus considering that the discovery of significant underwater natural gas deposits and the transport of Israeli and Cypriot natural gas to Europe via Greece

⁷⁹⁹ Tsakiris, T. 2014. Greece and the Energy Geopolitics of the Eastern Mediterranean, LSE IDEAS Strategic Update 14.1. June.

change the geo-economics and geopolitical framework in the greater region.⁸⁰⁰

It is seen that, with the discoveries there has occurred a potential of strategic energy cooperation rest on a network of natural gas pipelines linking Israel, Cyprus and Greece. Thus, energy can be viewed as the foundation of the strategic rapprochement between Israel and Greece in the aftermath on 2010. In this new period, Greece has been referred as a part of the axis- as called by Israeli Minister Uzi Landau⁸⁰¹ - which is believed to bring stability to the region, alongside Israel and Cyprus.

In 2012, the professed axis started to take shape via two major energy initiatives in which Greece supposed to play an important role: The EuroAsia High Voltage Direct Current (HVDC) electricity cable and the South Eastern Mediterranean Energy Corridor.⁸⁰² Greece also became a part of a trilateral MoU on energy cooperation in August 2013.⁸⁰³ The MoU was regarded as a sign of common preference for the export of a part of Israeli and/or Cypriot natural gas to Europe via Greece. It is seen that, 'the discovery of new energy resources... and the opportunities for the diversification of sources and routes such discoveries bring with them', as stressed by Israel's former Energy Minister Silvan Shalom⁸⁰⁴, led Greece with Israel and Cyprus to jointly explore the optimal development options for the eastern Mediterranean natural gas.

Within new energy geopolitics of the region, Greece is viewed both as a potential consumer via LNG imports and at the same time as a potential transit country by facilitating the import and transit of Israeli and/or Cypriot natural gas via its own NGTS (National Gas Transportation System). It is important to note that, within the same context, Greece particularly supported the Trans-Mediterranean gas pipeline or IICG (Interconnector Israel-Cyprus-Greece), and more notably, the project has been included in the EU's list of Projects of Common Interest (PCI), despite of many technical challenges such as depth/distance (technical), commitment of gas resources (commercial), and geopolitical problems (political). One could say that initially there were high expectations with regard to the energy axis in the region but such a high

⁸⁰⁰ Cited in Tsakiris, T. 2014. *ibid.* p. 6.

⁸⁰¹ Cited in Tsakiris, T. 2014. *op.cit.* p. 7.

⁸⁰² Simone Tagliapietra, *Towards a New Eastern Mediterranean Energy Corridor?* *op.cit.* p.18.

⁸⁰³ Tsakiris, T. 2014. *op.cit.*

⁸⁰⁴ Cited in Tsakiris, T. 2014. *op.cit.* p. 9.

‘optimism’ has not been realised yet. Greece in recent years, in the face of energy related developments, enjoyed the balancing act which provided Athens the chance to capitalize on bilateral relations with Israel without causing damage to its ties with Arab states. It can be said that the context has been permissive with the deadlock in Israeli-Turkish relations. In case of a lack of a solution to the Cyprus Problem and persistence of the problems between Turkey and Egypt, Greece with IICG may grasp an important geopolitical role; particularly if additional volumes are made in Cyprus’s EEZ in the near future.

8.3. United Nation’s Position

It is important to differentiate the positions adopted by the UN Secretariat (the Secretary-General and his staff) and the UN Security Council (UNSC, the five permanent members, China, France, Russia, the UK and the US) vis-à-vis the exploration and drilling efforts of the Republic of Cyprus (RoC) and the Exclusive Economic Zone (EEZ) dispute between Turkey and the Republic of Cyprus (RoC) in eastern Mediterranean. Accordingly, the following parts aim to reflect the two positions under the general roof of the UN.

8.3.1 The UN Secretariat

The Secretary-General, Ban Ki-moon, noted from the onset that the natural resources belong to ‘all Cypriots’ where he also reminded the parties that they should avoid raising tensions in the region.⁸⁰⁵ For Lisa Bittenheim, The Special Representative of the Secretary-General (SRSG) on Cyprus, the issue is not directly related to the negotiations in Cyprus. She reinstated that “natural resources, if they are discovered, would be for the benefit of all Cypriots – Greek Cypriots and Turkish Cypriots – under the framework of a federal united Cyprus”.⁸⁰⁶ The United Nations, according to Bittenheim, is trying to discover the potential benefits that a federal Cyprus can bring to Cypriots and to the region and hydrocarbons should be viewed in such a

⁸⁰⁵ Report of the Secretary-General on the United Nations operation in Cyprus, S/2012/507, 29 June 2012.

⁸⁰⁶ Bittenheim, Lisa, The Special Representative of the Secretary-General (SRSG) on Cyprus, Remarks by SRSG Bittenheim following meeting of Cyprus Leaders , Release Date: 16 September 2011, Retrieved June 24i 2015 from http://www.uncyprustalks.org/nqcontent.cfm?a_id=4985&tt=graphic&lang=11

framework.⁸⁰⁷ With regard to the UN position and role, Alexander Downer, Special Adviser of the Secretary-General, has also clearly stated that, UN involvement can be discussed if both sides ask UN to play such a role, something which hasn't happened yet.⁸⁰⁸ In terms of the controversy over the hydrocarbons and the potential of that in derailing the peace process in Cyprus, Downer has put forward that the peace process in Cyprus should not be overwhelmed by the hydrocarbons issue otherwise the issue would harm the UN endeavours in terms of sticking to a timetable for the actual negotiations.⁸⁰⁹ "We don't want the controversy over hydrocarbons to derail these talks. If these talks are successful then the new united federal Cypriot government will have responsibility for resources issues; that is, natural resources" Downer said⁸¹⁰. As mentioned earlier, management of natural resources is already a convergence between the two sides where the revenue will flow to the federal government in Federal Cyprus. Subsequently, for Downer, it is important to acknowledge that the natural resources should be perceived as an important incentive by both communities and the prospects "underlines a simple point, that the stability of the region will be very much enhanced by an agreement here in these negotiations."⁸¹¹

It is seen that the UN secretariat hopes that with a solution, the much of the controversy over hydrocarbons will naturally disappear. Since the agreement which states that natural resources and water will be a federal responsibility has been already reached between parties, it is not that difficult to deal with the issue within the context of UN peace talks. The issue is clearly seen as contentious by the UN Secretariat at the present but on the other hand the UN Secretariats seems to be glad with the convergence on the management of natural resources in a united Cyprus and believes that with a comprehensive solution the present contentious nature will

⁸⁰⁷ Buttenheim, Lisa, The Special Representative of the Secretary-General (SRSG) on Cyprus, Remarks by SRSG Buttenheim following meeting of Cyprus Leaders , 2011, *ibid*.

⁸⁰⁸ Downer, Alexander, Special Adviser of the Secretary-General, Remarks by SASG Downer following meeting of Cyprus Leaders , Release Date: 27 September 2011. Retrieved June 24, 2015 from http://www.uncyprustalks.org/nqcontent.cfm?a_id=4998&tt=graphic&lang=11

⁸⁰⁹ Downer, Alexander, Special Adviser of the Secretary-General, Remarks by SASG Downer following meeting of Cyprus Leaders , 2011, *ibid*.

⁸¹⁰ Downer, Alexander, Special Adviser of the Secretary-General, Remarks by SASG Downer following meeting of Cyprus Leaders , 2011, *op.cit*.

⁸¹¹ Downer, Alexander, Special Adviser of the Secretary-General, Remarks by SASG Downer following meeting of Cyprus Leaders , 2011, *op.cit*.

eventually fade away. This is one of the main reasons why parties should view the issue as one of the pressing incentives for a solution. Within this framework, the issue is viewed as the one which holds great economic promises for both communities provided that a comprehensive solution can be reached.

It is seen that the UN good offices mission in Cyprus has been devoted to keep the issue away from the peace process so far. According to Gürel (et.al.),⁸¹² the UN secretariat position stems from UN's broader approach on disputes between member states on the boundary matters. The UN accepts all related objections from member states about boundary disputes, but remains neutral. As mentioned above, as long as parties do not request any help, the UN keep its distance from the matter. The issue concerns both member states, Turkey and the Republic of Cyprus (RoC), therefore neither the Secretary-General, nor the Secretary-General's Special Adviser (SASG) on Cyprus, prefer to comment on controversial issues such as the rights of the Republic of Cyprus (RoC) to explore oil and gas in its proclaimed Exclusive Economic Zone (EEZ). This standpoint has been followed by the UN since the beginning of the exploration and drilling activities offshore Cyprus. It is important to restate that, in September 2011, former Turkish Cypriot Leader, Derviş Eroğlu, put forward a proposal asking UN Secretary-General to mediate the issue.⁸¹³ Nevertheless, having only one side asking for facilitation is not sufficient as both sides should propose a similar mediating role from the UN Secretary-General.

It is also important to note that, Espen Barth Eide, U.N. Secretary General Ban Ki-moon's Special Adviser to Cyprus, in January 2015, mentioned that concerns regarding Cyprus have been growing. The source of concern according to him is the hydrocarbons issue and its possible repercussions on the peace process. "The hydrocarbon exploration off Cyprus must be kept away from negotiations" he said

⁸¹² Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit.

⁸¹³ Presidency of Turkish Republic of Northern Cyprus, 'Genel Sekreter, Hem Al-Ver Sürecine Başlama Zamanı Gelmiştir Deyişimizden, Hem De Böyle Bir Öneri Sunuşumuzdan Memnun Olmuştur,'[The General Secretary is pleased with our proposal of commencing 'the give and take process' and our emphasis on the necessity of the commencement of this process] Retrieved June 24, 2015 from <http://www.kktcb.org/content02.aspx?id=3&sayfa=48&content=1286&select>

otherwise the negotiations could not progress.⁸¹⁴ His remarks are important in terms of reflecting the broader UN position on the matter which aims to keep the issue away from the negotiations to avoid a negative atmosphere. In that sense, Eide in an interview made with him after the hydrocarbon exploration that led to the crisis in the negotiations said: "We think the hydrocarbon crisis is a serious issue, since it is a factor constantly blocking the progress of the negotiations and it prevents the continuity of the talks."⁸¹⁵ With regard to the earlier agreement on the natural resources being under the competency of federal Cyprus, he also stressed that "this situation is changing now. Some thoughts regarding whether Navtex should exist or not, prevails in the works investigating whether a mutual decision mechanism should be established or the Cyprus Republic should continue. The factor preventing our progress in negotiations is those differing opinions."⁸¹⁶ The urgency of finding a solution to the Cyprus Problem has been always stressed overwhelmingly by UN Secretariat and in line with that Eide has also highlighted that "the reason behind the hydrocarbon crisis in Cyprus is the lack of political stability and a suitable ground. There has been an ongoing problem for years. And we still try to solve this crisis with all our hopes. If the Cyprus issue is not resolved, we may be facing the evil face of hydrocarbons."⁸¹⁷ While preserving the impartial tone, in relation to hydrocarbons, Eide has also noted that "so paradoxically, it would be the easiest question at the negotiating table if it was there."⁸¹⁸ It is possible to argue that this may indicate the UN preference of addressing the issue before, or in the absence of, a solution to the Cyprus Problem. Accordingly Eide has said: "It is not up to me to decide whether it

⁸¹⁴ United Nations adviser to Cyprus: The hydrocarbon exploration off Cyprus must be kept away from negotiations. (16 January, 2015). Daily Sabah. Retrieved June 24, 2015 from <http://www.dailysabah.com/politics/2015/01/16/un-adviser-to-cyprus-strong-ties-between-ankara-and-cypriot-turks-favor-us>

⁸¹⁵ Daily Sabah, UN adviser to Cyprus: The hydrocarbon exploration off Cyprus must be kept away from negotiations , 2015, *ibid*.

⁸¹⁶ Daily Sabah, UN adviser to Cyprus: The hydrocarbon exploration off Cyprus must be kept away from negotiations , 2015, *ibid*.

⁸¹⁷ Daily Sabah, UN adviser to Cyprus: The hydrocarbon exploration off Cyprus must be kept away from negotiations , 2015, *ibid*.

⁸¹⁸ Hazou, E. (2014, November 28). Eide: There is agreement on hydrocarbons, Cyprus Mail, Retrieved January 28, 2015 from <http://cyprus-mail.com/2014/11/28/eide-there-is-agreement-on-hydrocarbons/>

shall be there or not, but it must be discussed at some stage... somewhere, sometime... in order to create a working federal republic.”⁸¹⁹

When negotiations interrupted because of the Navtex issued by Turkey in October 2014, Eide suggested a bridging proposal to get two sides back to the negotiation table again. His proposal was based on the idea of setting up a panel of experts from the two sides to discuss management of hydrocarbons and pollution, following a solution in the future. It is important to highlight that the proposal was not about management of hydrocarbons before a solution in Cyprus. The proposal was rejected by both communities. The rejection of his proposal led Eide, at that point, to stress that “hydrocarbons can either be a blessing or a curse. If unresolved, it can cause trouble and scare off investors”.⁸²⁰ It is important to note that, Eide also highlighted the inevitable link between the hydrocarbon reserves off the coast of Cyprus and the Cyprus negotiations.⁸²¹

In sum, the UN Secretariat is not involved in the Cyprus hydrocarbons issue mainly because, both communities should ask for a mediating role plus the UN fears that the issue would ‘derail’ the negotiations. As a result, it is possible to argue that, as long as the Greek Cypriot side will remain determined not to discuss the hydrocarbons issue within the UN context, the issue will not become an agenda item of the negotiating table.

8.3.2 UN Security Council P5

Issues related with Cyprus, in general, have been on the Council’s agenda and they have been particularly followed by France, Russia and the UK. By tradition, it is possible to argue that the UK is more supportive to the Turkish Cypriot side, where France and Russia tend to be more sensitive of the Greek Cypriot positions in terms of the Cyprus Problem. For instance, the UK believes that there should be a time

⁸¹⁹ Hazou, E., “Eide: There is agreement on hydrocarbons,” 2014, *ibid*.

⁸²⁰ Hazou, E., Eide: There is agreement on hydrocarbons, 2014, *op.cit*.

⁸²¹ Turkey Ministry of Foreign Affairs. (2015, January 2). Eide: “Hydrocarbons are related to negotiations and this connection cannot be disregarded. Retrieved January 22, 2015 from <http://mfa.gov.ct.tr/eide-hydrocarbons-are-related-to-negotiations-and-this-connection-cannot-be-disregarded/>

frame for the negotiations to pressure both sides whereas Russia argues that the Council should not impose anything including the modality of the negotiations on the parties.⁸²² To date, the UN Security Council has not produced a resolution on the Cyprus hydrocarbons issue in particular. Nevertheless, permanent members (P5) have commented on the issue individually, which reveals the significance of the matter for them. It is seen that all of the permanent members have supported the Republic of Cyprus (RoC)'s position and her rights to explore in her proclaimed Exclusive Economic Zone (EEZ). Even China who has a long established approach of not commenting on other countries' disputes commented on the matter.

Russia

Russia expressed a support for the Greek Cypriot position by underlining international law with regard to the matter. It is not possible to see any substantial mentioning of revenue-sharing on the behalf of Russia. On the hydrocarbons issue in Cyprus, the Russian Foreign Ministry spokesman, Alexander Lukashevich, mentioned,

With regard to the Republic of Cyprus's activities in its exclusive economic zone (EEZ), I would like to recall that in accordance with the 1982 UN Convention on the Law of the Sea, to which Cyprus is a party along with the other 162 states, a coastal state has sovereign rights in its EEZ for exploring, developing and preserving the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil (subparagraph 1(a) of Article 56 of the Convention). At the same time, sovereign rights for exploring and developing the resources of the continental shelf of a coastal state are exclusive (paragraph 2 of Article 77 of the Convention). [. . .] Thus, if the Cypriot side is planning to undertake mineral exploration and production activities within those areas of its EEZ that on the

⁸²² Security Council Report, January 2015 Monthly Forecast, Cyprus. Retrieved June 25, 2015 from http://www.securitycouncilreport.org/monthly-forecast/2015-01/cyprus_5.php?print=true

basis of international treaties are delimited with the opposite states, such activities are consistent with international law and the scope of sovereign rights available to the Republic of Cyprus in accordance with the UN Convention on the Law of the Sea.⁸²³

Besides being supportive, it is important to note that the Russian Gazprom and Rosneft did not display interest in Cyprus' hydrocarbons deposit offer to Russia. With regard to Cyprus' offshore gas deposit, Russian Prime Minister Dmitri Medvedev emphasized that "this question is not simple because, firstly, its cost is not very clear to me, and, secondly, we are aware of their problems with Turkey...this issue will prove to be very challenging for discussions."⁸²⁴ At the beginning of the 2015, Russia and Cyprus have signed a 2015-2017 cooperation program. The program incorporates naval cooperation between the Russian and Cypriot defence ministries and an intergovernmental agreement on military cooperation. A 2015-2018 program of bilateral cooperation in science, education and culture; and intergovernmental agreements on cooperation in countering illicit drug trafficking and terrorism were also signed between Russia and Cyprus. It is seen that the development does not explicitly indicate any cooperation scheme particularly devoted to the energy sphere between Russia and Cyprus.

The United States

United States (US) has a delicate position on the issue since the matter also concerns its own energy companies. Thus, remarks by the United States (US) reflect an endeavour on the behalf of the US to find out a balance between national and commercial interests. The US tries to protect its energy companies as well as expects revenues to be shared after a political settlement. Concerning the matter the US

⁸²³ Russian Foreign Ministry Spokesman Alexander Lukashevich Answers a Media Question Regarding the Republic of Cyprus's Pursuit of Mineral Exploration and Exploitation Activities in Its Exclusive Economic Zone, 1228-19-08-2011, 19 August 2011 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 56.

⁸²⁴ Russia not interested in Cyprus hydrocarbon deposit offer - Energy Ministry. (2013, March 22). Russia Beyond The Headlines. Retrieved June 25, 2015 from http://rbth.co.uk/news/2013/03/22/russia_not_interested_in_cyprus_hydrocarbon_deposit_offer_-_energy_minis_24134.html

Secretary of State, Hillary Rodham Clinton said, “And while we recognize the right of the Republic of Cyprus to explore for natural resources in its exclusive economic zone, including with the assistance of U.S. companies, we look forward to both sides benefiting from shared resources in the context of an overall agreement.”⁸²⁵ It is also important to mention the initial support of the US for the UN mediation, the proposal made by Turkish Cypriot side to be able to discuss the issue of revenue-sharing. Accordingly, the former US State Department spokeswoman, Victoria Nuland, said:

I would note that there has recently been a request for the UN to engage in some sort of mediation on a revenue-sharing agreement for natural gas developed off of Cyprus, and we understand that the UN is considering that request, and we would consider that it would be quite constructive if the two communities could begin to work on deescalating tensions in a way similar to that. [. . .] I think we’ve spoken to this many times. We want to see a peaceful settlement of this issue under UN mediation. We want to see the island’s resources shared between the communities. We are interested in this proposal for UN mediation of revenue-sharing. Overall, though, we would like to see a de-escalation of rhetoric and tension so that the UN process can move forward in a good environment.⁸²⁶

The US always reiterate that there cannot be any impositions on parties so UN mediation can only become viable in case both sides aspire to have it. The US seems to have some concerns with regard to the escalation of tensions in the region. It is important to understand how the US is actually viewing the energy dimension of the relations in the region. In relation to that, during a visit in Cyprus in July 2012, the former Assistant Secretary of European and Eurasian Affairs at the US State Department, Philip Gordon said:

⁸²⁵ Remarks at the 2011 Annual Conference on U.S.-Turkey Relations, 31 October 2011 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. *op.cit.* p. 57.

⁸²⁶ Daily Press Briefing, 9 September 2011 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. *op.cit.* p. 57.

I think it underscores even more the need for a comprehensive settlement that would entail sharing of the revenues that would come from this development, and it could really facilitate a settlement. It equally has the potential to be divisive and I was clear with those I spoke to about that as well. There are risks associated with energy finds as there have been in other parts of the world if there is a dispute as to who gets to benefit from that energy and from those resources. So we are strongly urging all of the parties involved, and that's the Republic of Cyprus, it's Turkey, it's Israel, it's everyone on this island, to work even harder to make the political agreements necessary so that everyone can benefit from the energy. This really is—as I say you could focus on or emphasize the risks, but I would prefer to look at it as a huge opportunity. First of all, there are still some questions about what will be found and how long it will take to reap the benefits, but there is in a sense a certain deadline to that process. I would just urge everyone to really think about that and see this as an opportunity for everyone to benefit from.⁸²⁷

Gordon also stressed that, “it is a pool of potential resources that could facilitate a settlement and make it easier and if you really want to have a positive vision for the future you can picture these resources being developed and even exported through a pipeline to Turkey”.⁸²⁸

Hochstein who heads the Bureau of Energy Resources at the US Department of State also emphasized the US support for Cyprus's right to explore for energy in its own waters in and also mentioned that Turkey needs to use diplomacy, rather than force,

⁸²⁷ Press Conference by Philip H. Gordon, Assistant Secretary, Bureau of European and Eurasian Affairs in Nicosia, Cyprus, cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p.57-58.

⁸²⁸ Gordon stresses US willingness to help get Cyprus talks process move forward. Apostolis Zoupaniotis, Cyprus News Agency, 28 September 2012 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p.58

in relation to the dispute over Cyprus hydrocarbons while adding "if everybody would look at what's in their interest, I think we would find there is far more common ground to reach" a breakthrough on the political impasse."⁸²⁹

In an interview, Amos J. Hochstein, Deputy Undersecretary for Energy Diplomacy at the U.S. State Department, also stressed that, "hydrocarbon reservoirs are not bounded by political boundaries, therefore it is important that the countries in the region need to work together to use these transboundary resources in a cooperative manner instead of fuelling confrontations."⁸³⁰

The United Kingdom

It is seen that the United Kingdom (UK) expresses its support and solidarity to the Republic of Cyprus (RoC)'s exercise of its sovereign rights under international law and argues that the United Nations Convention on the Law of the Sea bestows the Republic of Cyprus (RoC) the right to explore and exploit the natural resources in its Exclusive Economic Zone (EEZ).⁸³¹ The former Foreign Secretary, William Hague, during a visit of the Republic of Cyprus (RoC) Minister of Foreign Affairs, Erato Kozakou-Marcoullis, to London in November 2011 said UK support entirely and explicitly the rights of Cyprus to its Exclusive Economic Zone (EEZ).⁸³² Hague said,

So, we support that without any qualification and we want that to be well-known and understood in all countries. We support the right to develop such a zone and to enjoy the resources of it. We welcome the statement by President Christofias that measures will be taken to make sure that the

⁸²⁹ Tsiliopoulos, E. (2014, November 6). Cyprus hydrocarbons not part of peace talks. THE TOC (The Times of Change). Retrieved June 25, 2015 from <http://www.thetoc.gr/eng/news/article/cyprus-hydrocarbons-not-part-of-peace-talks>

⁸³⁰ Cited in Coats, C. (July 16, 2014). What Does The U.S. See In Cypriot Natural Gas? Forbes, Retrieved June 26, 2015 from <http://www.forbes.com/sites/christophercoats/2014/07/16/what-does-the-u-s-see-in-cypriot-natural-gas>, p. 1

⁸³¹ References to Cyprus in the Communiqué of the Commonwealth Heads of Government Meeting, 31 October 2011, cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 58.

⁸³² Statements by the Minister of Foreign Affairs Dr Erato Kozakou-Marcoullis and the British Foreign Secretary Mr William Hague, 9 November 2011 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 58.

proceeds of it can be shared by all Cypriots in the future. We think that this is the right way to approach the matter. And, of course, we will urge on any other countries concerned, a moderate and sensible course of action.⁸³³

Britain's Minister for Europe David Lidington in an interview also mentioned that the British government recognizes the right of the Republic of Cyprus (RoC) to develop potential hydrocarbon reserves in its exclusive economic zone.⁸³⁴ Lidington said, "we recognize the Exclusive Economic Zone (EEZ) of the Republic of Cyprus (RoC) and the right of the Republic of Cyprus (RoC) – and only of the Republic of Cyprus (RoC) – to develop whatever hydrocarbons there might be in those waters."⁸³⁵ In the same interview, he moved on and highlighted that UK has a consistent view on Cyprus hydrocarbons in the sense that they should be used for the benefit of all Cypriots. It is seen that the joint revenue sharing is viewed within the settlement framework where Lidington also noted that, "a settlement would enable everybody in Cyprus to benefit from the greater prosperity that would flow from the exploitation of hydrocarbon resources and the potential to develop Cyprus as an energy hub for the entire eastern Mediterranean region."⁸³⁶

It is also important to highlight how UK views a possibility of discussing the hydrocarbons issue within the framework of UN-led negotiations in Cyprus before, or lacking, a solution. Based on what Lidington stressed on the matter, it is seen that UK rather preferred to remain neutral and avoid prescribing how the parties should discuss the issue adding that "it's not our job to lay down how that should be achieved".⁸³⁷

⁸³³ Statements by the Minister of Foreign Affairs Dr Erato Kozakou-Marcoullis and the British Foreign Secretary Mr William Hague, 9 November 2011 cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 58.

⁸³⁴ Cited in UK Recognizes Cyprus' Right only to Develop Hydrocarbons in the EEZ. (2014, December 26). London Greek Radio, Retrieved June 26, 2015 from <http://www.lgr.co.uk/uk-recognises-cyprus-right-only-to-develop-hydrocarbons-in-the-eez/#sthash.qMPHFWI9.dpuf>, p.1

⁸³⁵ Cited in London Greek Radio, 2014, ibid.

⁸³⁶ Cited in London Greek Radio, 2014, op.cit.

⁸³⁷ Cited in London Greek Radio, 2014, op.cit.

At an event in April 2015, in relation to the dispute over Cyprus hydrocarbons issue, the UK Secretary of State for Foreign and Commonwealth Affairs Hon Philip Hammond expressed his concern in hydrocarbons influencing the peace process in Cyprus in a negative way with the following words,

The UN-led process, the [UN Secretary-General Special Adviser] Eide process had developed a momentum; we were very sorry that the dispute over hydrocarbons has caused a hiatus in it, but I hope we are now on the brink of resumption – and I hope and I am told by experts that there is sufficient momentum and sufficient points of agreement to give these talks a chance of success...If we can get that momentum going I can assure you that the international community will apply the maximum pressure on governments outside Cyprus to be supportive or at least not to interfere with that process going on. Also, the EU has a close working relationship with Turkey and will want to ensure that the UN-led process in Cyprus is able to run its course with good will on all sides.⁸³⁸

Moreover, the Foreign Secretary, in the same event, stressed that the British government “will continue to champion Cyprus’ right to exploit its economic zone around the island without interference from others.”⁸³⁹ In sum, the UK position can be summarized by their support on the behalf of the RoC in terms of their right to exploit the natural resources offshore Cyprus before, or in the absence of, a settlement in Cyprus. Yet, the UK also admits the rights of Turkish Cypriot community in terms of revenue sharing given the settlement of the Cyprus Problem.

France

France in October 2011 expressed that it followed the European Commission line with regard to the Cyprus exploration right as mentioned below.

⁸³⁸ Cited in UK backs Cyprus’ rights to search for hydrocarbons. (2015, April 13). *LGC News*. Retrieved June 26, 2015 from <http://www.lgcnews.com/uk-backs-cyprus-rights-to-search-for-hydrocarbons/>, p.1

⁸³⁹ Cited in LGC News, 2015, *ibid.* p.1

France shares the position set out, on 27 September last, by the European Commissioner, Stefan Füle, on the litigation concerning gas prospecting rights in the maritime zones of the Mediterranean: the Member States have the sovereign right to sign bilateral agreements with third-party countries, in line with Community acquis of the European Union and international law, including in particular the international convention on maritime law. Within the framework of international law, France, in common with the European Union, only recognises [the] Republic of Cyprus. Differences can only be settled by discussion. We disapprove any declaration or action going against this approach.⁸⁴⁰

Moreover, French Senator and Head of the France-Cyprus Friendship Group in the French Senator Didier Marie, during his visit to Cyprus in June 2015, stressed that the hydrocarbon discoveries is a very positive development where he also pointed out that it is essential to respect the delimitation of the Exclusive Economic Zones (EEZ) offshore Cyprus. Referring to the Navigational Telex or NAVTEX, issued by Turkey in October, 2014, Marie said, "these should not be violated as was the case recently."⁸⁴¹ Having mentioned the French position, it is also important to note that French company TOTAL owning the licenses of Block 10 and 11 in the Exclusive Economic Zones (EEZ) of Cyprus faced with some difficulties in terms of locating drilling target areas within the blocks 10 and 11 in Cyprus` Exclusive Economic Zone (EEZ) that TOTAL was licensed to explore. At the beginning of 2015, the Minister of Energy of the Republic of Cyprus (RoC) also confirmed that TOTAL may be re-examining its presence in exploratory searches offshore Cyprus.⁸⁴²

⁸⁴⁰ Cyprus - litigation concerning gas prospecting rights, France Diplomatie, 3 October 2011, cited in Gürel, A., Mullen, F. & Tzimitras, H., (2013). The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios. op.cit. p. 59.

⁸⁴¹ Cited in French Senator points to new window of opportunity for Cyprus. (2015, June 4). KP Daily News, Retrieved June 26, 2015 from http://www.kpdailynews.com/index.php/cat/35/news/4837/PageName/CYPRUS_LOCAL_NEWS, p.1

⁸⁴² Total Reconsidering Presence in Cyprus. (2015, January 22) Natural Gas Europe. Retrieved June 27, 2015 from <http://www.naturalgaseurope.com/total-cyprus-east-med-gas-difficulties>

China

China is a growing economy and in parallel to that its energy demand is also rising. Besides, Chinese government is also encouraging industry to move to cleaner gas from coal. Thus, China is seeking to access new gas sources around the world. China, in that sense, appears to be interested in playing a role in the development process of the Cyprus's natural gas reserves. H.E. Liu Xinsheng, Ambassador of China to Cyprus, on the discovery of natural gas offshore Cyprus stressed that the Chinese companies and the Chinese government are both very supportive of Cyprus' hydrocarbons exploration efforts and in the future there may be Cypriot-Chinese cooperation within the developing oil and gas industry in Cyprus.⁸⁴³ It was reported in the local media in Cyprus that China would invest in a liquefied natural gas (LNG) export terminal in the future, including potentially a floating LNG facility (FLNG).⁸⁴⁴ "There is very strong interest from China... in energy, in the whole value chain, upstream, downstream and midstream," Energy Minister George Lakkotrypis⁸⁴⁵ stressed.

8.4 European Union's Position

In December 2011, the European Council declared clearly that the Council support the Republic of Cyprus (RoC)'s right to explore in its own Exclusive Economic Zone (EEZ). Item 21 of the related Council conclusions on enlargement and stabilisation and association process reads as follows,

In line with the Negotiating Framework and previous European Council and Council conclusions, the Council underlines that Turkey needs to commit itself unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the

⁸⁴³ Cyprus Profile, H.E. Liu Xinsheng, Ambassador of China to Cyprus, Available at: <http://www.cyprusprofile.com/en/interviews/view/h.e.-liu-xinsheng>, accessed on 25 June 2015

⁸⁴⁴ China seeking role in hydrocarbons development. (February 19, 2014). Cyprus Mail. Retrieved August 6, 2015 from <http://cyprus-mail.com/2014/02/19/china-seeking-role-in-hydrocarbons-development/>

⁸⁴⁵ Energy Minister the Republic of Cyprus (RoC) George Lakkotrypis cited in Cyprus-Mail, "China seeking role in hydrocarbons development", 2014, *ibid*.

International Court of Justice. In this context, the Union expresses serious concern and urges the avoidance of any kind of threat or action directed against a Member State, or source of friction or actions, which could damage good neighbourly relations and the peaceful settlement of disputes. Furthermore, the EU stresses again all the sovereign rights of EU Member States which include, inter alia, entering into bilateral agreements, and to explore and exploit their natural resources in accordance with the EU acquis and international law, including the UN Convention on the Law of the Sea.⁸⁴⁶

The former European Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle, similarly highlighted the European Commission's support for the Republic of Cyprus (RoC)'s right to drill with the following words,

Moreover, as the Council has stressed on several occasions, our Member States have the sovereign right to conclude bilateral agreements with third countries, in accordance with the European Union acquis and international law, including the United Nations Convention on the Law of the Sea. Let me recall that under international law the European Union and its Member States only recognise the Republic of Cyprus on the island. The European Union has also repeatedly underlined the importance of progress in the normalisation of relations between Turkey and all European Union Member States, including the Republic of Cyprus.⁸⁴⁷

In the European Commission's 2014 Turkey Progress Report, Turkey is criticized by the Commission on the grounds that Turkey is not supporting the peace process in Cyprus, particularly because of challenging the Republic of Cyprus (RoC)'s right to exploit hydrocarbon resources in Cyprus' Exclusive Economic Zone (EEZ).

⁸⁴⁶ Council of the European Union, Council conclusions on enlargement and stabilisation and association process, 3132nd GENERAL AFFAIRS, Council meeting Brussels, 5 December 2011.

⁸⁴⁷ Füle, S. European Commissioner for Enlargement and European Neighbourhood Policy, Intervention on Turkey-Cyprus in the European Parliament, European Parliament Plenary Session Strasbourg, 27 September 2011.

Turkey continued to issue statements challenging the Republic of Cyprus' right to exploit hydrocarbon resources in Cyprus' Exclusive Economic Zone for the benefit of all Cypriots. Turkey is expected to actively support the negotiations towards a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the EU is founded. Turkey's commitment in concrete terms to such a comprehensive settlement remains crucial. Despite repeated calls by the Council and the Commission, Turkey has still not fulfilled its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the Association Agreement and has not removed all obstacles to the free movement of goods, including restrictions on direct transport links with Cyprus. There was no progress on normalising bilateral relations with the Republic of Cyprus.⁸⁴⁸

It is seen that, in the same progress report, the EU aims to highlight the sovereign rights of EU Member States in entering into bilateral agreements, and exploring and exploiting their natural resources in accordance with the EU *acquis* and international law, including the UN Convention on the Law of the Sea as already mentioned above. The sovereignty emphasis is important to underline at this point where the EU frames the issue as the one which involves a challenge to the sovereignty of Member States over their territorial sea and a call for a respect in that sense. "Turkey's commitment in concrete terms to such a comprehensive settlement remains crucial. Statements that are not conducive to creating a positive atmosphere in the context of the ongoing settlement talks should be avoided"⁸⁴⁹ announces the related report. It is also mentioned that "Greece and Cyprus made formal complaints about repeated and

⁸⁴⁸ The European Commission's 2014 Turkey Progress Report, COM(2014)700 final of 8.10.2014, p.5

⁸⁴⁹ The European Commission's 2014 Turkey Progress Report, *ibid.*, p.5

increased violations of their territorial waters and airspace by Turkey, including flights over Greek islands.”⁸⁵⁰

Within the context of the wider geopolitical developments and legal issues, Paragraph 24 of the Conclusions of the European Council held on 23 and 24 of October 2014 has made the following specific reference to the sailing of Barbaros in Cyprus’ EEZ:

The European Council expressed serious concern about the renewed tensions in the Eastern Mediterranean and urged Turkey to show restraint and to respect Cyprus’ sovereignty over its territorial sea and Cyprus’ sovereign rights in its exclusive economic zone. The European Council recalled the Declaration of the European Community and its Member States of 21 September 2005, including that the recognition of all Member States is a necessary component of the accession process. Under the current circumstances, the European Council considered it more important than ever to ensure a positive climate so that negotiations for a comprehensive Cyprus’ settlement can resume.⁸⁵¹

8.5 Conclusion

In general, the position of the international community can be summarized as being strongly behind the Republic of Cyprus (RoC) concerning the issue of the right to explore. Only Russia has stressed overtly that the revenues of the natural resources should be shared. Although the international community is not pushing the Greek Cypriot side to discuss the matter within the UN context, it appears as there are growing concerns with regard to the increasing tensions in the region due to the Cyprus hydrocarbons issue and the Exclusive Economic Zone (EEZ) dispute between Turkey and the Republic of Cyprus (RoC). This chapter argues that

⁸⁵⁰ The European Commission's 2014 Turkey Progress Report, op.cit., p.5

⁸⁵¹ Antoniou, A. A. (2015, March) Legal aspects of conflicting views on Cyprus’ Exclusive Economic Zone, , Retrieved June 27, 2015 from <http://www.antoniou.com.cy/cyprus-turkey-legal-conflict-unclos>

hydrocarbons in and around Cyprus may turn into an incentive only if international community and international companies refuse to finalize the exploitation and exportation of the natural resources by saying that the Cyprus problem should be resolved beforehand. It is possible to stress that international community is pursuing the continuation of the *status quo*. *Status quo* is sustaining stability both internally and externally in the eyes of the international community. Nevertheless, it is possible to argue that a more predictable stability is required. Considering the wider geopolitics of the region, it appears that in the post- Arab Spring period the security of Israel turns into an issue area which has an utmost importance for the US. In relation to that, US may also wish to create a structure in which the relations between Cyprus and Israel will be predictable and cooperative. Greek Cypriot leadership needs to take bold steps and acknowledge the necessity of power sharing with Turkish Cypriots through various modes of cooperation but only international actors can trigger such a process. If international actors fail to do so, due to lack of mutually hurting stalemate Turkish Cypriot community will be the one who will disadvantage at most.

CHAPTER 9

CONCLUSION

9.1 Introduction

This study was set out to explore the political significance of Cypriot hydrocarbons by analysing the positions of active claimants [Turkey, Republic of Cyprus (RoC) and Turkish Republic of Northern Cyprus (TRNC)] on Cyprus hydrocarbons issue. The study has identified that there is a newly emerging energy cooperation scheme in the region where active claimants as well as regional actors wish to take a part in it either as producers, consumers or a transit country. Within this regional backdrop, the ways in which the unresolved sovereignty question surrounding Cyprus impinges upon the Exclusive Economic Zone debate in eastern Mediterranean is explored in depth to lay down that hydrocarbons in contested waters can exacerbate the conflicting territorial claims. While the economic benefit of the eastern Mediterranean hydrocarbon resources are unproven yet, their foremost political significance can be seen by looking at how their exploration and revenue sharing/their development in general have repercussions for sovereignty and fundamental law of the sea principles. In relation to that, the study sought to reveal factors which have caused Cyprus hydrocarbon discoveries to evolve into a political debate involving sovereignty issue, particularly in case of Cyprus.

9.2 Discussion

With respect to the research questions, following the introduction and the theoretical discussion, in Chapter 3, this thesis attempted to answer what the economic significance of hydrocarbons discoveries in and around Cyprus is and how this is related to the broader discussion of the political debate in the Cyprus hydrocarbons context. In Chapter 4, the thesis followed by asking the ways in which the oil and gas efforts in and around Cyprus have influenced the inter-communal negotiations so far by contextualising the recent hydrocarbon developments within the history of Cyprus problem. The position of Turkey vis-à-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities was analysed in Chapter 5. The way Turkey

addresses the exclusive economic zone issue in case of Cyprus, how Ankara views the energy issue in the context of the settlement in Cyprus, and how Turkey views the geopolitical significance of discoveries in eastern Mediterranean were also examined. In Chapter 6, the position of the Republic of Cyprus (RoC) with regard to the hydrocarbons exploration and production in Cyprus was discussed in the light of how the RoC views the contentions of Turkey over the RoC's proclaimed Exclusive Economic Zone, how they view the energy issue in the context of the settlement in Cyprus, and how the RoC view the geopolitical significance of the discoveries in Cyprus and in broader region. Chapter 6 has also sought to know the extent to which the RoC's overall position on the Cyprus hydrocarbons issue, including their view with regard to the development of these resources prior to, or in the absence of a political settlement, and the export options for Cypriot natural gas is informed by broader geopolitical dynamics in the region. In Chapter 7, the position of Turkish Republic of Northern Cyprus (TRNC) vis-a-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities are examined, by looking at how the Turkish Cypriot leadership views the RoC's proclaimed Exclusive Economic Zone, and how they view the energy issue in the context of the settlement of the Cyprus problem. In Chapter 8, the reaction of the international community towards the Republic of Cyprus (RoC)'s hydrocarbons exploration activities are examined in details to be able to view the larger picture.

It is possible to refer to a conundrum in the east Mediterranean gas scene. The size of the potential natural gas reserves are unclear, future prices are unpredictable, and regional and global geopolitics are momentarily shifting. Given that backdrop, in economic terms, the estimated reserves are economically significant for Cyprus, yet as mentioned, the exact figures are not accurate yet. For broader eastern Mediterranean region, the discovered reserves and estimations can be small to be considered as a game-changer within the world natural gas reserves, but the way they can possibly contribute to the energy security and energy diversification of Europe and other regional actors render them particularly significant in terms of their potential contribution to the energy security of number of regional and global actors, such as the EU. Still, within all these unknowns and complexities, this thesis feeds the growing interest in contextualizing the political significance of the hydrocarbons in case of Cyprus and the broader region by discussing the value added to Cyprus's

geopolitical and economic importance with the discoveries. As discussed throughout this study, a great prominence has been attributed to these resources by the regional and international actors from the onset, despite of their unpredictable economic prospects. This implies their political significance and further explicates their strategic importance within the shifting dynamics of the region with the rising energy security concerns and pipeline diplomacy. French energy major Total case can be viewed as exploratory in that sense, where the RoC attributed a great prominence to the continuation of the presence of the company in the EEZ of RoC. Eventually Total decided to resume drilling plans and keep license there.

The ways in which the oil and gas efforts in and around Cyprus has influenced the inter-communal negotiations so far is another important dimension of the matter at hand. The discovery of the hydrocarbon reserves in Cyprus has been linked to the settlement of the Cyprus problem from the onset. Arguably, energy dimension was regarded as the primary motivation for the negotiations in Cyprus. It can be concluded that, it is very difficult to reveal a causal relationship between two but it is convincing enough to put forward that, the economic prospects of the gas reserves in case of their development might provide a motivation for the settlement of the Cyprus problem with the post-settlement gas cooperation prospects in mind. Nevertheless, the inter-communal negotiations have been always complex in the context of Cyprus. Viewing hydrocarbons and an agreement on EEZs as triggering factors for a settlement in Cyprus can be considered as an oversimplified reading of the Cyprus hydrocarbons issue. It is important to indicate that when the RoC's President Nicos Anastasiades refused to discuss the hydrocarbons issue as part of the inter-communal negotiations, in October 2014, Turkey had issued a NavTex and dispatched its seismic vessel Barbaros into Cyprus' EEZ. As a result, Anastasiades pull out of the peace talks by arguing that RoC's sovereignty was under constant threat. Turkey issued a new NavTex (navigational telex) reserving areas in the eastern Mediterranean from January 6 to April 6 2015(The NavTex included parts of Cyprus' exclusive economic zone as well). At the end of 2014, Anastasiades issue a statement acknowledging to incorporating the issue of hydrocarbons in the negotiations for a solution to the Cyprus problem and harshly criticised by the opposition parties for allowing the issue of hydrocarbons onto the negotiations' agenda. This reveals the sensitivity of the issue in relation to the inter-communal

negotiations where the Greek Cypriot leadership viewed Turkey's NavTex attempts as efforts to disrupt the development of Cypriot natural wealth which belongs to Cypriots and try to send out a message that Greek and Turkish Cypriots cannot solve the Cyprus problem themselves without considering Turkey's concerns and interests. Thus, although oil and gas efforts are not themselves a chapter within the negotiations, it was already practiced that, as a factor, they are capable to influence the inter-communal negotiations by provoking the sovereignty discussion surrounding the Cyprus problem.

With regard to the position of Turkey vis-à-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities, it can be argued that there are two main dimensions of Turkey's position vis-à-vis the Republic of Cyprus (RoC)'s hydrocarbons exploration activities and eastern Mediterranean natural gas in general. One of these dimensions is related with Turkey's concerns with regard to the new energy-related alliance formation in the region. Another dimension reflects concerns related with ongoing Cyprus problem and the territorial dispute including problems related with the delimitation of EEZ in the region. Here, it should be stressed that these two dimensions are not mutually exclusive from each other. The ambiguities surrounding the sovereignty of the island, extending the waters surrounding it is related with unresolved conflict in Cyprus. The outlook of the emerging energy based alignment between Israel, Cyprus and Egypt where Turkey has been excluded so far also reflects the same historical tensions between Turkey and the RoC in a similar vein. Accordingly, by looking at Turkey's general energy strategy, and exploring the evolution of the notion of energy transit as a constitutive aspect of Turkey's policies towards the region, it is possible to stress that the findings in eastern Mediterranean are significant for Turkey in political terms. The way Turkey views its own geopolitical role within the region and the unresolved territorial dispute in Cyprus have informed Turkey's policies towards the region in the aftermath of the discoveries. Thus, it is possible to view Turkey's claims and arguments vis-à-vis the Cypriot hydrocarbons within the framework of its broader geopolitical arguments as an energy transit country, where the notion of an energy corridor overlapped with and reframed the traditional image of Turkey as a significant regional actor in eastern Mediterranean.

When the way Turkey addresses the exclusive economic zone issue in case of Cyprus is considered in details it is seen that Turkey does not recognize the rights of the Republic of Cyprus (RoC) to a continental shelf and in relation to that the capacity of the Republic of Cyprus (RoC) to claim an Exclusive Economic Zone (EEZ) around the island. It can be concluded that, Turkey's position on the matter which reflects the argument that islands facing longer coastal fronts should have diminished rights in terms of generating maritime zones is a difficult one to base on international law. The way Turkey views the energy issue in the context of the Cyprus settlement is clear one which states that the blocks are disputed areas with regard to their ownership. Thus the issue should be discussed afterwards of a comprehensive settlement or sides should meet solely on this matter under the auspices of the UN Secretary General. Turkey argues that the milieu to determine together the future course of off-shore hydrocarbon exploration and exploitation activities in and around Cyprus should be created immediately. Otherwise, Greek Cypriot oil and gas development efforts will remain as unilateral and will lead to further tensions in the region. Turkey, in relation to these views, had concrete expectation from the international community in terms of acknowledging the will and the rights of Turkish Cypriot community as one of the constituent people of Cyprus, and not to let the Greek Cypriot leadership to hamper the ongoing peace process by conducting hydrocarbon exploration activities in the disputed EEZ of Cyprus. It can be considered that Turkey's stance on the matter is conclusive in terms of protecting the rights of the Turkish Cypriot rights but at the same time its own geopolitical interests vis-à-vis the region.

It is possible to say that, as a strategic goal, Turkey pursues an active policy in its energy politics concerning East-West corridor. The country is being depicted as an energy transit country and at the same time as a natural gas energy hub. It is possible to view Turkey's ambitions with regard to the Southern Gas Corridor strategy, which already includes TANAP (Trans- Anatolian Natural Gas Pipeline Project), from that perspective. Turkey intends to play a significant role in terms of the EU's energy security through the Southern Corridor Project. Its strategic geographical location where it stands at the middle of the Middle East and Europe makes the energy an important element of the overall cooperation scheme between the EU and Turkey. Beyond that, within the context of post-Cold War energy geopolitics, Turkey has

found itself at a critical position in terms of supply and demand routes for oil and gas. That has been the backdrop in which Turkey has been perceived as being evolved as an energy hub. That has been related, at the same time, with its own expectations as to its place in the region and in global political arena and its involvement in Europe. The country aspires to become the main energy transit country for the transportation of the Caspian and Middle Eastern gas to Europe with the Southern Gas Corridor project. Being at the same time the largest domestic market for the eastern Mediterranean hydrocarbons, Turkey desires to facilitate the transportation of eastern Mediterranean gas to European markets thus to become a part of the eastern Mediterranean energy cooperation scheme through connecting eastern Mediterranean gas to the broader Southern Gas Corridor project. This can sustain Turkey's ambitions to play a greater energy role in the region. The signing of an exploration agreement for blocks off of Antalya with Shell in 2011 can be seen as a sign of this shifting strategic focus for Turkey from explorations in the Black Sea and Caspian region towards new avenues in eastern Mediterranean.

With regard to the position of the Republic of Cyprus (RoC) on the matter, it is seen that the RoC views the hydrocarbon discoveries as a strategically important geopolitical asset which may provide Cyprus the power to alter the balance of power in the region and at the same time increase its strategic significance in the eyes of the regional actors. In parallel to that, the political significance of hydrocarbons is perceived in terms of their capacity in increasing the strategic significance of Cyprus. The way Greek Cypriot leadership views the contentions of Turkey over the RoC's proclaimed Exclusive Economic Zone is related with the claim of statehood. The RoC argues that the natural resources in and around Cyprus can be developed irrespective of a political settlement in Cyprus. This claim is principally based on the EU legislation and international law, including the UN Convention on the Law of the Sea. In that perspective, Turkey's contentions are viewed by the RoC as Turkey's attempts to consistently disregard RoC's sovereignty and Greek Cypriot rights. It is argued that this type of understanding was demonstrated by Barbaros and Turkey's warships in the proclaimed EEZ of the Republic of Cyprus (RoC) from time to time. The way Turkey reacts to the oil and gas efforts of the Republic of Cyprus (RoC) is perceived by Greek Cypriot leadership as clear incidences of the violation of the sovereignty of the Republic of Cyprus (RoC). A parallelism is also drawn by Greek

Cypriot political elites between the 1974 and the hydrocarbons related tensions between Turkey and the Republic of Cyprus (RoC) since 2011. It can be argued that the Republic of Cyprus (RoC)'s assertions with regard to the explorations are based on their overall position vis-à-vis the Cyprus problem. In this conceptualization, the Republic of Cyprus (RoC) is the only existing subject of 'international law' on the island of Cyprus.

Thus, the way Greek Cypriot leadership view the energy issue in the context of the Cyprus settlement can be best described through their emphasis on international law. As a sovereign entity, the Republic of Cyprus (RoC) preserves that it has inalienable and non-negotiable rights to explore and exploit the natural resources in its EEZ. These rights cannot be conditional on a political settlement in Cyprus therefore they cannot be considered as part of the bicommunal negotiations with the Turkish Cypriot community. It should be stressed that the Greek Cypriot leadership accepts the rights of Turkish Cypriot community, nevertheless it is also maintained that both communities can benefit from the wealth of the resources only within the framework of a solution. Greek Cypriots view on the joint development of the natural resources in and around Cyprus with Turkish Cypriot community before a political settlement is also based on the argument that finding any legal bases for such a bi-communal cooperation while the Cyprus problem persist is implausible.

The RoC views the hydrocarbons as geopolitical significant because Israel-Cyprus alignment, for instance, came into being in the context of energy cooperation scheme in the region at the expense of Turkey. The oil and gas efforts of the Republic of Cyprus (RoC) thus have evolved in a direction which substantiates the goal of becoming an energy centre in eastern Mediterranean as an influential actor. By looking at the RoC's energy related initiatives and geopolitical actions towards the region, it can be argued that the RoC's position vis-à-vis the development of resources in Cyprus is informed by its greater geopolitical argument of acting "as a direct link of the region [eastern Mediterranean] with the EU."⁸⁵² It is possible to argue that the notion of an energy hub in case of Cyprus overlapped with the ambition of the RoC as "an actor for regional cooperation and a vehicle for regional

⁸⁵² Nicos Anastasiades, President of the Republic of Cyprus, "The True Story about the Geopolitical Role of Cyprus: David or Goliath?" 2014, op.cit.

dialogue”⁸⁵³ who “meet its obligations not only in terms of international law but also vis-à-vis the EU.”⁸⁵⁴ To put that into perspective, it can be maintained that the notion of energy now occupies an essential role in the RoC’s geopolitical role and it has been promoted by the country as a strategic asset to achieve political goals ranging from strategic partnership with the US, Israel and Egypt. It is within this perspective in which Cyprus is viewed as an actor who can contribute toward greater energy security for Europe. It can be concluded that energy is being viewed as a strategic tool by the RoC to respond the emerging geopolitical configurations in the post-Cold War era which drive Turkey to substantiate a broader strategic outlook on Cyprus.

The way the TRNC views the RoC’s proclaimed Exclusive Economic Zone (EEZ) is shaped around the argument that both communities have legitimate rights over these natural resources. The Turkish Cypriot position aims to stress dilemmas inherited within the main tenets of international law with regard to the legal and political status of Turkish Cypriot community through the hydrocarbons issue. In accordance to that, in September 2011, Turkey and *de facto* Turkish Republic of Northern Cyprus (TRNC) signed a continental shelf agreement as a reaction to the Republic of Cyprus (RoC)’s activities with regard to the delimitation of the maritime jurisdiction areas in the Eastern Mediterranean as the sole government of the whole island. Against the Republic of Cyprus (RoC)’s issuance of exploration licenses to international oil/gas companies and offshore exploration activities in the proclaimed Exclusive Economic Zone (EEZ) of Cyprus, the TRNC, from the outset, argues that these acts were unilateral and they have created *fait accompli* for the future political arrangements for both communities. In the eyes of Turkish Cypriots, these developments were contrary to the spirit of comprehensive settlement negotiations under UN auspices. The TRNC reinstates that the Turkish Cypriot community has equal rights with the Greek Cypriot community in terms of deciding upon the future of the oil and gas efforts in and around Cyprus. Besides these, unilateral Greek Cypriot oil and gas efforts are viewed as factors which escalate tensions in the region. In accordance to that, the Turkish Cypriots argue that the natural gas issue should be discussed within

⁸⁵³ Nicos Anastasiades, President of the Republic of Cyprus, “The True Story about the Geopolitical Role of Cyprus: David or Goliath?” 2014, op.cit.

⁸⁵⁴ Nicos Anastasiades, President of the Republic of Cyprus, “The True Story about the Geopolitical Role of Cyprus: David or Goliath?” 2014, op.cit.

the context of inter-communal negotiations before, or in the absence of, a comprehensive solution, including the discussion of the issues such as revenue sharing and issuance of exploration licenses to international oil/gas companies and all related procedures with regard to conducting offshore exploration activities in the declared EEZ of the island. The officially stated position of the Turkish Cypriot leadership is that unilateral drilling activities should immediately end or a provisional joint bicommunal body should be established so that both communities can decide together for the issues relating to future licensing rounds, offshore drilling activities and revenue sharing.

In the context of Republic of Cyprus (RoC)'s efforts for the development, exploration and the exploitation of the hydrocarbon resources in and around Cyprus, it is equally critical to examine the positions put forward by Greece, the United Nations, including the Security Council and the Secretariat separately, and the European Union (EU). Their position is mainly informed by how they view the Exclusive Economic Zone (EEZ) in the eastern Mediterranean. On the behalf of these actors, it is possible to observe a strong acknowledgment of the sovereign rights of the Republic of Cyprus (RoC) in terms of continuing its oil and gas development activities. It can be argued that the position of the international community is critical for the future political arrangement in Cyprus and at the same time for the course of the energy related developments in the broader region. It is also possible to observe that, although the international community is not pushing the Greek Cypriot side to discuss the matter within the UN context, it appears as there are growing concerns with regard to the increasing tensions in the region due to the Cyprus hydrocarbons issue and the Exclusive Economic Zone (EEZ) dispute between Turkey and the Republic of Cyprus (RoC). It is necessary to put forward that, hydrocarbons in and around Cyprus may turn into an incentive for cooperation only if international community and international companies refuse to finalize the exploitation and exportation of the natural resources by saying that the Cyprus problem should be resolved beforehand. It is possible to stress that international community is pursuing the continuation of the status quo where stability is sustained both internally and externally in the eyes of the international community. Nevertheless, it is possible to argue that, the existing stability is no longer predictable enough in the face of the increased contestation of geopolitical views held by Turkey

and the RoC vis-à-vis the region. A more predictable stability is required. Considering the wider geopolitics of the region, it appears that in the post- Arab Spring period, the security of Israel has turned into an issue area which has an utmost importance for the US. In relation to that, US may also wish to create a structure in which the relations between Cyprus and Israel will be predictable and cooperative. Greek Cypriot leadership needs to take bold steps and acknowledge the necessity of power sharing with Turkish Cypriots through various modes of cooperation and only international actors can trigger such a process. If international actors fail to do so, due to lack of mutually hurting stalemate Turkish Cypriot community will be the one who will disadvantage at most.

It is also important to note that, besides the EU's energy diversification concerns, on the behalf of European Union, the legal framework of oil and gas in Cyprus is also used as a context in which the EU framework can be utilized as an instrument/leverage to keep the RoC engaged to the Union against the increased Russian influence in the southern part of the island.

It is seen that, the Cyprus hydrocarbons issue is a highly complex one which involves number of regional and international actors besides parties of the conflict in Cyprus. There are both political and legal issues which are equally significant. The issue is a multifaceted one which is a moving target in itself. The size of the potential natural gas reserves, the future gas prices, and regional geopolitics are remain to be seen, nevertheless strategic allingments between regional actors such as Israel-Cyprus, and the unfolding of the issue reminds us the virtue and the necessity of questioning what power is in the context of political problems persisting in the eastern Mediterranean for half a century now. In this vein, this thesis is not considering the discoveries of natural resources in and around Cyprus in 2011 as an empirical material to substantiate research into particular theories and disciplines, but it aims to provide us new insights to be translated into broader theoretical and conceptual terms. The research findings of this study may influence further understanding in the subject of how to conceptualize the energy dimension in relation to the Cyprus problem and regional political dynamics. In that regard, this work has contributed to existing understanding of concepts that has been investigated by the project (Cyprus Problem, Eastern Mediterranean Hydrocarbons, Energy Politics, and Critical Geopolitics) via

the classical dichotomy of politics vs. economics or in other words realist thought vs. liberal institutionalism. It can be argued that through the realist/ classical geopolitical insights which provide the concept of power at foremost, it becomes possible to theorize and conceptualize the significance of the sovereignty and territoriality dimensions of the Cyprus hydrocarbons issue as a reflection of geostrategic calculations. Considerations of economic efficiency which may result from energy cooperation may remain insufficient in this case since although Turkey seems to be the most feasible export route, the biggest economy in the region and the most likely consumer of eastern Mediterranean natural gas; due to political obstacles any cooperation remains elusive. Although, there are number of emerging triangles in the region (e.g. Cyprus-Israel-Egypt, Cyprus-Israel-Greece), Turkey has remained outside of the larger cooperation scheme up to date.

With regard to the policy relevance of key findings from this study, it can be said that, issues which have been raised within the context of Cyprus hydrocarbons and the way they have evolved into a political debate both indicate that energy now occupies a substantial role in RoC's geopolitical role of becoming a regional energy hub in the upcoming years and playing a key role for European energy security in general. This mainly overlaps with the RoC's broader endeavour of becoming an important regional actor, with an upper hand within the context of the settlement of the Cyprus problem. Turkey, likewise, perceives the significance of hydrocarbons in a broader geopolitical context where Turkey can provide both a market, and a transit route for the eastern Mediterranean gas, including findings from Aphrodite. By conceptualizing the issue within such a framework, Turkey again aims to remind its critical role for the eastern Mediterranean energy cooperation scheme. By contextualizing parties positions within a historical and a political context, this thesis can be a helpful guidance for policy-makers who aim to gain a deeper understanding of the issue at hand from its various dimensions. This type of understanding can be helpful while formulating their energy, foreign and security policies towards the region, at this critical juncture where the inter-communal negotiations are continuing by the time being. Particularly Turkish Cypriot policy-makers can find this study helpful to grasp the significance of the energy dimension and the possible repercussions of the decisions being made within the process of the development of oil and gas fields offshore Cyprus. This study acknowledges that in case of further

discoveries in and around Cyprus, the outlook of the issue may change dramatically. It is in this context in which this study attempts to provide insights to be translated later into sound policy decisions informed by most recent developments in the energy field. The findings are also significant for the future outlook of the conflict in Cyprus.

9.3 Recommendations for Future Research

It is considerably worthwhile to investigate more in the near future how Turkey-Russian political relations will influence Turkey's search for alternative gas supplies, including the East-Med natural gas to diminish its dependence on Russia and the possibility of Israel and Cyprus to jointly supply gas to Turkey. This will again require tracking the political settlement process in Cyprus to see how territorial disputes and problem of the delimitation of the EEZ in eastern Mediterranean will influence the future energy projects in the region. Further, more detailed analysis of Turkish-Israeli relations is also decisive for exploring the possibility of a gas trade between two. Exploring the ways in which energy cooperation will evolve between Egypt, Cyprus and Greece is also worthwhile to investigate in the near future. The ways in which eastern Mediterranean gas may help European actors to realise the European energy project marked by 'Security of Gas Supply Regulation,' 'Strategy for Heating and Cooling,' and 'Strategy for Liquefied Natural Gas & Storage' can be another domain to investigate. Examining the cooperation between Cyprus and its neighbouring countries, and the Cyprus's role in furthering the dialogue between the EU and the Eastern Mediterranean countries is also an important domain to shed a light on.

As a related but at the same time alternative research area, exploring the effect of natural resource findings in cases of already existing conflicts by looking at the case of Cyprus can be also enlightening. The natural resource findings in areas of existing conflicts can be analysed and compared with the case of Cyprus. Comparative views of areas where conflicts exist, like Sudan, and South China Sea can be studied where Cyprus can be used as the main case study. In the light of that, the lack of cooperation within the realm of protracted conflicts which inhibit actors to see the benefits they may have by cooperating on substantial matters can be highlighted. A

further research may put forward an argument of what factors in cases of already existing conflicts does not allow the actors to see the prospects which the resource discoveries may bring for a greater cooperation.

9.4 Limitation of the study

The study encountered a number of limitations, deserve to be considered here. First of all, studying the transformation of Cyprus with the energy discoveries to get some insights about the region in the context of the global energy dynamics had been a huge challenge by itself. Since this is a very new topic, the literature on that is quite limited. Besides that, the issue at hand had been highly complex which required the in-depth understanding of the theoretical nuances to seize the social, economic, political, and ideological processes operate across the case of Cyprus. Another limitation which can be mentioned here has been the lack of interest and knowledge on the issue among political elites, particularly Turkish Cypriot ones. Throughout the research, it was also interesting to observe euphoria among academia and policy-makers in Cyprus after Nobel's discovery in Aphrodite in 2011. Many conferences, panels and seminars followed that initial excitement, and they all contributed to this work in many substantial ways. Nevertheless, after the Italian-South Korean ENI-KOGAS consortium has failed in its two attempts to discover natural gas in Cyprus' offshore gas fields, all the excitement faded away. France's Total also failed in an exploratory drilling in 2014 to discover natural gas offshore Cyprus. These failures led to a decrease in the number of conferences organized in the island which turned out to become a limitation for the field work.

9.5 Conclusion

Oil and gas discoveries in the recent years, has been an important component of shifting geopolitical roles of regional actors in eastern Mediterranean, most notably Turkey, the RoC, Israel and Egypt. Energy geopolitics of the region has been influential in term of shaping these actors policies towards the region, greater than the past terms. Cyprus, with its ongoing political problem, found itself at the middle of these regional developments. Half a century old Cyprus problem, this time became an obstacle for the development of natural resources and triggered an old, well-

known political debate rejuvenated in the context of Cyprus hydrocarbons issue. These developments motivated us to look at the energy geopolitics of the region in retrospective.

Looking from an energy policies perspective, in the post-Cold War context, Turkey asserts a role as the central energy hub for Europe. For Turkey energy has been a strategic foreign policy tool since the end of the Cold War. One of the conclusions can be that, the RoC made an effort to balance Turkey's ambitious self-proclaimed role in the eastern Mediterranean Region in the post-Cold War era through its unilateral hydrocarbon exploration activities in and around Cyprus. In line with this, one can say that in the eyes of RoC, the hydrocarbon discoveries in their Exclusive Economic Zone (EEZ) and in the wider region may challenge Turkey's role as the central energy hub for Europe. It is believed by RoC that such a restructuring can eventually alter parties' long-term positions with regard to the Cyprus Problem. Another conclusion is related with disputes surrounding the sovereignty and statehood terms in the case of Cyprus. It can be argued that proclaiming EEZ with regional actors and handling hydrocarbon exploration activities strengthen the statehood claim of the RoC and eventually deepen the existing sovereignty dispute between Turkey and the RoC. This triggered a more aggressive policy on the behalf of Turkey towards the exploration activities continuing in the RoC's EEZ.

Developments, on the other hand, influenced the relations between Turkey and TRNC with insights which can be drawn into important conclusions. One can say that there is almost a total convergence between the positions held by Turkey and the TRNC on the matter. This indicates, to some extent, marginalization of Turkish Cypriot community within the overall hydrocarbons issue in Cyprus. The RoC contends about having a joint committee to discuss the fate of the energy resources in Cyprus with the Turkish Cypriot community. By preferring not to discuss such an important matter during the negotiations with the Turkish Cypriot community before the settlement, the RoC relegated Turkish Cypriots' views and interests in general. In case of a lack of a solution to the Cyprus problem, such a position may lead TRNC to remain as a mere observer in the face of regional energy developments. Besides, due to continued unrecognition and lack of capabilities at the same time, on such substantial regional matters, TRNC may continue to cooperate even closer with

Turkey in the upcoming years. Thus the hydrocarbons issue may turn out to become the most decisive issue area which determines the extent of the involvement of Turkey in Cypriot matters in the near future.

Are Eastern Mediterranean hydrocarbons and energy politics displaying the logic of interdependence or a competitive dynamic? It can be concluded that, for the RoC the issue of gas exploration is being viewed as a way of reasserting the country's sovereign rights. This has resulted with the extreme nationalist rhetoric on the part of political elites. In that view, one of the main obstacles in front of the logic of interdependency is the existing historical tensions where the populist politicians may present the question of exclusive economic zones in zero-sum terms. This type of conceptualization hinders the ways of following mutually beneficial interdependencies in the region and can be explained with the predominance of the existing patterns of enmity in the region as a stumbling block in front of regional energy cooperation scheme in the near future. In a scenario in which economics determine energy patterns, the existing tensions can be flattening to some extent. In case of Cyprus, it is possible to argue that mechanisms to include Turkish Cypriot community within the energy negotiations with third parties and a more concrete revenue sharing scheme regardless of a political settlement can be most immediate measures to flatten the tensions surrounding the issue.

The Republic of Cyprus (RoC) may continue to avoid envisioning of any future regional energy cooperation with Turkey given the Cyprus problem but in case Greek Cypriot community agrees to create a mechanism where Turkish Cypriot community will be a part of the ongoing oil and gas development efforts before, or in the absence of a settlement, this would enhance the relations between Turkey and the Greek Cypriot leadership too. This may create platforms for trust-building between two communities and can be considered as a positive step for the Turkish Cypriot community since such an interim common platform may abolish the *fait accompli* status with regard to the natural resources of the island which belongs to both communities. Turkish Cypriot position, legal and political status and their visibility would enhance in such a context. Negotiations may continue alongside such a jointly established energy committee. Interim solution as such may not on its own help to reverse completely the adverse trend between parties but at least it can sustain the

status quo and does not render energy as the variable which consistently negatively influence the peace process in Cyprus. In this context, energy related decisions needs to be based on economic considerations to create a positive impact on the political milieu. In that sense, the lack of trust between parties appears to be the main problem.

In case of lack of a political settlement in Cyprus, the status of Republic of Cyprus (RoC) as gas exporter may enhance its sovereignty despite of the disputed nature of the Cyprus's declared Exclusive Economic Zone (EEZ). This would increase tensions between Turkey and the RoC as well as between Turkish Cypriots and Greek Cypriots, with negative repercussions for the peace process in Cyprus. At this point, it is critical for the international community to commit itself to maintain stability, and peaceful exploitation of the resources in the region by addressing the concerns of all parties. Concrete proposals for the inclusion of Turkish Cypriot community into the energy-related initiatives before, or in the absence of a solution, can be helpful to view the Cyprus problem from the prism of economic benefits of an energy-rich, bi-zonal, bi-communal federation.

The political status of Cyprus, delimitation of Exclusive Economic Zone (EEZ) s among Cyprus, Greece and Turkey, and development in terms of the relations between Greece and Turkey with regard to the Aegean are all necessary for regional energy cooperation in the future. Energy in this context appears to be a game-changer for the region in political terms. Geopolitically, achieving energy independence and strengthening relations with neighbouring countries would create historic diplomatic breakthroughs in the region. Export routes for the eastern Mediterranean natural gas will be decisive in that sense. In particular, Israel's preference in terms of export options will be conclusive.

It is seen that, the political significance of the hydrocarbons in and around Cyprus have already gone beyond the magnitude of the discoveries themselves. For hydrocarbons in and around Cyprus, it has been more of an issue of contending views held by Cypriot parties of the conflict, regional and international actors in terms of the future outlook of the conflict and cooperation in the region and their role

within this new geopolitical reality which has gained an important energy component with the discoveries.

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Mehmet Ali Talat, Former President of the Turkish Republic of Northern Cyprus, 29th January 2015, Nicosia, Cyprus.

Birikim Özgür, Member of the Parliament, Turkish Republic of Northern Cyprus, 30th January 2015, Nicosia, Cyprus.

Özdil Nami, Former Ministry of Foreign Affairs, Turkish Republic of Northern Cyprus, (current Chief Negotiator for Turkish Cypriot Community), 10th February 2015, Nicosia, Cyprus.

Ergün Olgun, Former Chief Negotiator for Turkish Cypriot Community, 11th February 2015, Nicosia, Cyprus.

Fikri Toros, the President of the Turkish Cypriot Chamber of Commerce, 1st April 2015, Nicosia, Cyprus.

Ayla Gürel, Senior Research Consultant, PRIO Cyprus Centre, 29th April 2015, Nicosia, Cyprus.

Harry Tzimitras, Director. PRIO Cyprus Centre, 29th April 2015, Nicosia, Cyprus.

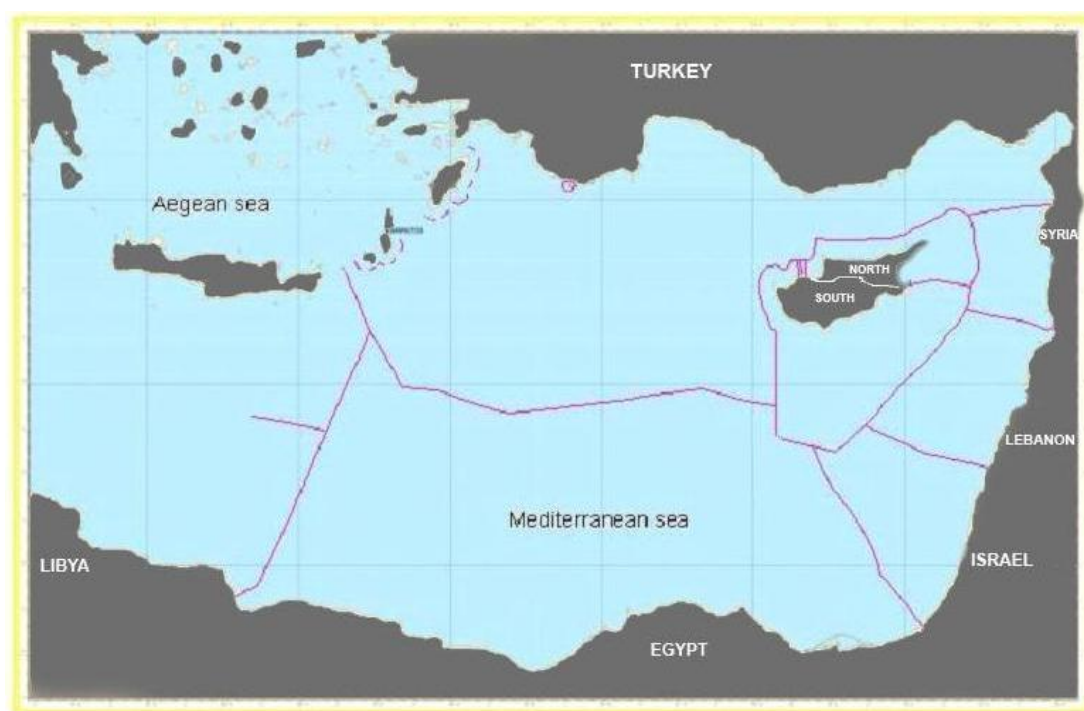
Ioannis Kasoulidis, Ministry of Foreign Affairs, Republic of Cyprus, 31st August 2015, Nicosia, Cyprus.

Nicos A. Rolandis, Former Minister of Foreign Affairs and Former Minister of Commerce, Industry and Tourism, Republic of Cyprus, 4th September 2015, Nicosia, Cyprus.

Charles Ellinas, Former Executive President of the Cyprus National Hydrocarbons Company (CNHC), 9th September 2015, Nicosia, Cyprus.

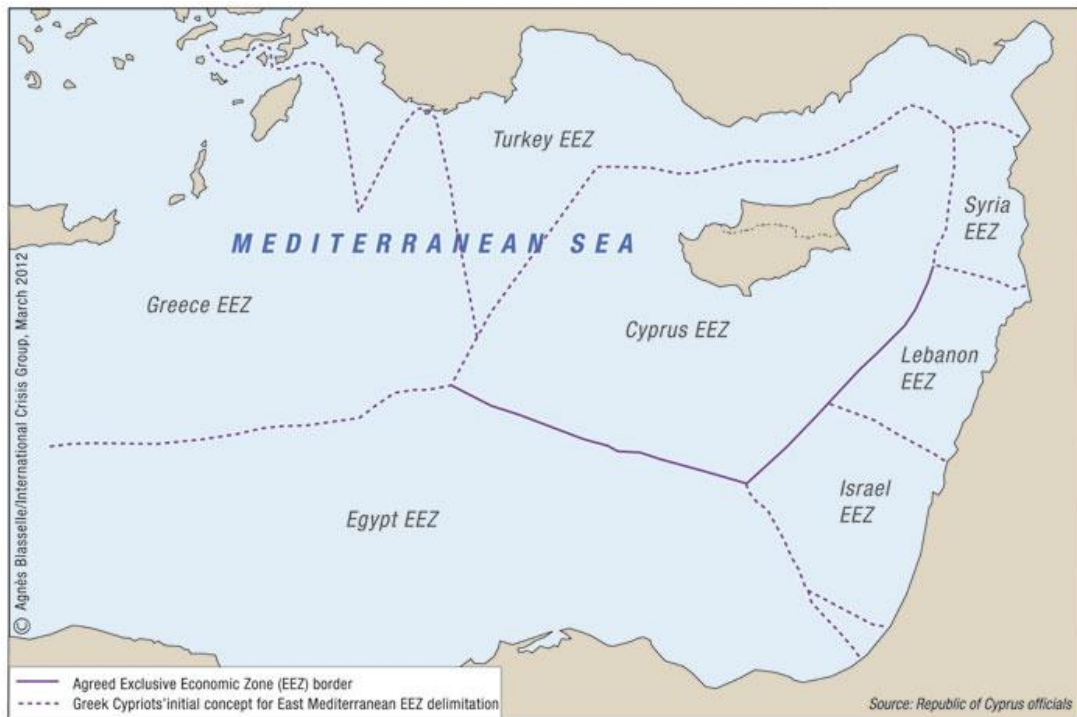
APPENDICES

Appendix A: Turkey's and RoC's vision of EEZ in the Eastern Mediterranean



Turkey's vision of EEZ in the Eastern Mediterranean⁸⁵⁵

⁸⁵⁵ Source: Ozturk Bayram, H. Bazeran, H. Sertac, 'The Exclusive Economic Zone in the Eastern Mediterranean Sea and Fisheries', J. Black SeaMediterranean Environment, Vol. 14 pp.77-83 (2008)



The RoC's vision of EEZ in the Eastern Mediterranean⁸⁵⁶

⁸⁵⁶ (Online) Available at: <http://blog.crisisgroup.org/europe-central-asia/2013/03/22/can-gas-save-cyprus-the-long-term-cost-of-frozen-conflicts/> accessed on 29.8.2015, accessed on 24.11.2015.

Appendix B: Joint Declaration

*Anastasiades – Eroğlu Joint Declaration (11 February 2014)*⁸⁵⁷

1. The status quo is unacceptable and its prolongation will have negative consequences for the Greek Cypriots and Turkish Cypriots. The leaders affirmed that a settlement would have a positive impact on the entire region, while first and foremost benefiting Turkish Cypriots and Greek Cypriots, respecting democratic principles, human rights and fundamental freedoms, as well as each other`s distinct identity and integrity and ensuring their common future in a united Cyprus within the European Union.
2. The leaders expressed their determination to resume structured negotiations in a results-oriented manner. All unresolved core issues will be on the table, and will be discussed interdependently. The leaders will aim to reach a settlement as soon as possible, and hold separate simultaneous referenda thereafter.
3. The settlement will be based on a bi-communal, bi-zonal federation with political equality, as set out in the relevant Security Council Resolutions and the High Level Agreements. The united Cyprus, as a member of the United Nations and of the European Union, shall have a single international legal personality and a single sovereignty, which is defined as the sovereignty which is enjoyed by all member States of the United Nations under the UN Charter and which emanates equally from Greek Cypriots and Turkish Cypriots. There will be a single united Cyprus citizenship, regulated by federal law. All citizens of the united Cyprus shall also be citizens of either the Greek-Cypriot constituent state or the Turkish-Cypriot constituent state. This status shall be internal and shall complement, and not substitute in any way, the united Cyprus citizenship. The powers of the federal government,

⁸⁵⁷ Cyprus-Mail, “Joint Declaration: final version as agreed between the two leaders,” February 11th, 2014, (Online) Available at: <http://cyprus-mail.com/2014/02/11/joint-declaration-final-version-as-agreed-between-the-two-leaders/>, accessed on 25.11.2015.

and like matters that are clearly incidental to its specified powers, will be assigned by the constitution. The Federal constitution will also provide for the residual powers to be exercised by the constituent states. The constituent states will exercise fully and irrevocably all their powers, free from encroachment by the federal government. The federal laws will not encroach upon constituent state laws, within the constituent states' area of competences, and the constituent states' laws will not encroach upon the federal laws within the federal government's competences. Any dispute in respect thereof will be adjudicated finally by the Federal Supreme Court. Neither side may claim authority or jurisdiction over the other.

4. The united Cyprus federation shall result from the settlement following the settlement's approval by separate simultaneous referenda. The Federal constitution shall prescribe that the united Cyprus federation shall be composed of two constituent states of equal status. The bi-zonal, bicommunal nature of the federation and the principles upon which the EU is founded will be safeguarded and respected throughout the island. The Federal constitution shall be the supreme law of the land and will be binding on all the federation's authorities and on the constituent states. Union in whole or in part with any other country or any form of partition or secession or any other unilateral change to the state of affairs will be prohibited.
5. The negotiations are based on the principle that nothing is agreed until everything is agreed.
6. The appointed representatives are fully empowered to discuss any issue at any time and should enjoy parallel access to all stakeholders and interested parties in the process, as needed. The leaders of the two communities will meet as often as needed. They retain the ultimate decision making power. Only an agreement freely reached by the leaders may be put to separate simultaneous referenda. Any kind of arbitration is excluded.
7. The sides will seek to create a positive atmosphere to ensure the talks succeed. They commit to avoiding blame games or other negative public

comments on the negotiations. They also commit to efforts to implement confidence building measures that will provide a dynamic impetus to the prospect for a united Cyprus.

Appendix C: TÜRKÇE ÖZET

İÇİNDEKİLER

1.1 Giriş Bölümü

1.2 Çalışmanın Amacı, Temel Motivasyonu ve Mantığı

1.3 Problem Cümlesi

1.4 Literatür Taraması ve Çalışmanın Odak Noktası

1.5 Tezin Temel Argümanı

1.6 Metodolojik Değerlendirmeler

1.7 Tezin Yapısı

1.8 Tartışma ve Sonuç Bölümleri

1.9 Gelecekteki Çalışmalar için Öneriler ve Çalışmanın Sınırlılıkları

1.1 Giriş Bölümü

Kıbrıs açıklarında yeni enerji kaynaklarının keşfedilmesi, bu kaynakların bölgeye barış mı getireceği yoksa mevcut uyuşmazlıkları mı derinleştireceği noktasında rolünün sorgulanması açısından bir ilgi yaratmıştır. Kesin olan şudur ki, Kıbrıs sorunu, enerji ve politikanın kesiştiği ekseninde, incelenmeye değer bir hidrokarbon boyutu kazanmıştır. Bu anlayış çerçevesinde, bu tez, Kıbrıs hidrokarbon meselesini, bölgede enerji ile alakalı gelişmelere ve ilgili tarafların doğu Akdeniz enerji konuları ile ilişkili politikalarına bakarak, derinlemesine incelemektedir. Nihayetinde bu politikaların Kıbrıs Sorunu ile ilişkili yanları ortaya çıkarılmaya çalışılmaktadır. Buradaki amaç, son dönemlerdeki hidrokarbon gelişmelerinin, Doğu Akdeniz’de enerji jeopolitiği tartışmalarına yansımalarını anlamaktır. Kıbrıs sorunu dinamiklerinin bu yeni jeopolitik tartışmalar ışığında nasıl yoğunluğuna ilişkin çıkarımlarda bulunmak bu anlamda son derece önemlidir. Çalışma, bu anlamda, hidrokarbon tartışmalarının ortaya çıktığı bağlamı incelemenin önemine vurgu yapmaktadır. Bu bağlamda, Kıbrıs sorunu ile Kıbrıs hidrokarbonları arasındaki ilişkinin ortaya konabilmesi için Kıbrıs Sorunu’na ilişkin egemenlik tartışmalarına bakmakta fayda vardır. Türkiye, Kıbrıs Cumhuriyeti, KKTC ve uluslararası aktörlerin, Kıbrıs açıklarındaki hidrokarbon yataklarının geliştirilmesine ilişkin pozisyonları, bölgedeki enerji gelişmelerinin, egemenlik tartışmaları üzerinden

ilerlediğini ortaya koymaktadır. Konuya, hidrokarbon keşiflerinin çatışma mı yaratacağı, yoksa aktörleri işbirliğine mi iteceği bağlamında bakıldığı zaman, bu çalışma, yukarıda belirtilen aktörlerin mesele ile ilgili pozisyonlarının daha ziyade mevcut uyuşmazlıklar üzerinden şekillendiğini ortaya koymaktadır.

Kıbrıs oldukça uzun bir zamandır birçok farklı konunun kesiştiği, sonuca bağlanması güç bir uyuşmazlık görüntüsü çizmektedir. Söz konusu uyuşmazlık, uzun tarihi boyunca, uluslararası politika nezninde çetrefilli yapısı nedeniyle kayda değer miktarda ilgi toplamayı başarmıştır. Bu anlamda, yerel, bölgesel ve uluslararası düzeylerde birçok farklı aktörün, faktörün ve konunun Kıbrıs problemi özelinde kesiştikleri söylenebilir. Ne var ki, tüm bu güçlüğün içerisinde, uyuşmazlığın tarihsel evinimi göz önünde bulundurulduğu zaman, son derece önemli dönemeçlerin söz konusu olduğu görülmektedir. Örneğin, Nisan 2004'te BM tarafından finanse edilmiş olan Annan Planı'nın çöküşü, Mayıs 2004'te adanın bölünmüş bir şekilde AB'ye girişi gibi. Yine de, 2008 senesinin baharında barış süreci yeniden başlamış, 2014'te adada iki toplumlu, iki bölgeli federasyon isteği taraflarca yinelenmiştir. Geline aşamada BM nezninde iki toplumlu müzakerelerin devam etmektedir. Kıbrıs'ın AB üyeliği ve son dönemlerde adanın açıklarında keşfedilen hidrokarbon rezervleri, adadaki uyuşmazlığın kaderi açısından yeni dönüm noktalarına işaret etmektedir. Bu bağlamda, hem Kıbrıs, hem de doğu Akdeniz açısından, yeni denebilecek gelişmeler ışığında birtakım fırsatlardan bahsedilebileceği gibi, yeni uyumazlıklar ve gerginliklerden de söz etmek mümkündür.

Kıbrıs problemi hem uyuşmazlığın analizi anlamında, hem de doğu Akdeniz'deki politik ilişkiler açısından birtakım temel meselelerle, her daim yakından ilişkili olmuştur. Örneğin, 1960 anayasası ile kurulmuş olan Kıbrıs Cumhuriyeti ve bu cumhuriyetin gelişimi erken dönem eş toplumsalcılık kavramının analizi açısından çokça ele alınmıştır.⁸⁵⁸ Federal, konfederal ve güç paylaşımı ilkeleri çerçevesinde ilerleyen iki toplumlu müzakerelerin tarihi ise kendi kendini yönetebilme, egemenlik ve toprak bütünlüğü kavramlarının birbirlerini nasıl etkilediklerini gözler önüne

⁸⁵⁸ See Kyriakides, Stanley. (1968). *Cyprus: Constitutionalism and Crisis Government*. Philadelphia: University of Pennsylvania Press; and Polyviou, P., G. (1976). *Cyprus in Search of a Constitution: Constitutional Negotiations and Proposals 1960-1975*. Nicosia.

sermektedir.⁸⁵⁹ Öte yandan, Kıbrıs özelinde kimlik, toprak ve politik temsiliyet yapılandırmacı ve post-yapısalcı yaklaşımlarca büyük ölçüde analiz edilmiştir.⁸⁶⁰ Ada, biryandan da, BM barış gücünün varlığı neticesinde barışın muhafaza edilmesiyle, uyuşmazlığın uzatılması anlamında deyimi yerindeyse bir labaratuvara dönüşmüştür. Bunların yanısıra, Kıbrıs problemi, uluslararası arabuluculuk ve müzakere tekniklerinin etkinliklerinin sorgulanabileceği bir durum olmuştur.⁸⁶¹ Avrupa entegrasyonu ile barışın inşası arasındaki ilişki ise Kıbrıs problem özelinde bir diğer sıkça analiz edilen konu haline gelmiştir.⁸⁶² Bu anlamda, Kıbrıs'taki uyuşmazlığın zengin empiric bakış açıları sunduğu örneklerin ve çalışmaların listesini uzatmak mümkündür.

Yukarıda da bahsi geçtiği üzere, 2011 senesinde Kıbrıs açıklarında hidrokarbon yataklarının keşfi ile, uyuşmazlık yeni bir dönemece girmiştir. Kıbrıs, bulunduğu bu dönemeçte bu defa, yukarıda belirtilmiş olan belli başlı teorelerin test edilebileceği zengin empirik materyaller sunmak yerine, daha geniş teorik ve kavramsal terimlerin ortaya atılabileceği, yeni anlayışları bize vadetmektedir. İçinde bulunduğumuz bu zaman diliminde, Kıbrıs'ın geleceği ile doğu Akdeniz enerji gelişmeleri açısından, oldukça ilginç bir noktada durduğumuzu söylemek mümkündür. Bu çerçevede, son dönemlerde Türkiye ile Kıbrıs Cumhuriyeti arasında giderek alevlenen bir Münhasır Ekonomik Bölge tartışması gündeme gelmiştir. İlişkili tarafların, Mısır ile Kıbrıs Cumhuriyeti arasında 2003 senesinde imzalanan

⁸⁵⁹ See Chrysostomides, K. (2000). *The Republic of Cyprus. A Study in International Law*. Martinus Nijhoff Publishers, Leiden.

⁸⁶⁰ See Diez, T. (2002). *Last Exit to Paradise? The European Union, the Cyprus Conflict and the Problematic 'Catalytic Effect'*. In Thomas Diez (Ed.), *The European Union and the Cyprus Conflict: Modern Conflict, Postmodern Union* (pp. 139-162), Manchester University Press.

⁸⁶¹ See Hannay, D. (2005). *Cyprus: The Search for a Solution*. London: I.B. Tauris; Mirbagheri, Farid. (1998). *Cyprus and International Peace-making*. Psychology Press; & Richmond, Oliver, P. (1998). *Mediating in Cyprus: The Cypriot Communities and the UN*. Psychology Press.

⁸⁶² See Brewin, C. (2000). *Cyprus and the European Union*. Huntingdon: the Eothen Press; Tocci, N., (2004a) 'EU Intervention in Ethno-Political Conflicts: The Cases of Cyprus and Serbia-Montenegro' *European Foreign Affairs Review*, Vol, 9, pp. 551-573; Tocci, N., (2004b), *Conflict Resolution in the European Neighbourhood: the Role of the EU as a Framework and as an Actor*, EUI Working Paper, Florence; Tocci, N., (2004c), *EU Accession Dynamics and Conflict Resolution: Catalysing Peace or Consolidating Partition in Cyprus?* Ashgate, Aldershot; Tocci, N. (2007a). *Congruence without strategy: explaining EU policies towards the Cyprus conflict*. In Casarini, N. & Musu, C. (Ed.). *European foreign policy in an evolving international system : the road towards convergence* (pp. 128-144) Basingstoke, Palgrave Macmillan; Tocci, N., (2007b), *Greece, Cyprus and Turkey*. In Colin Hay and Anand Menon (Ed.), *European Politics* (pp. 117-132). OUP, Oxford; Tocci, N., (2007c), *The EU and Conflict Resolution: Promoting Peace in the Backyard*, Routledge, London.

Münhasır Ekonomik Bölge anlaşmasından başlayarak, Kıbrıs hidrokarbon meselesine dair pozisyonlarının analizini yapmak, değişmekte olan bölge dinamiklerini ve bölgede enerji politikalarının giderek artan önemini gözler önüne sermektedir. Bu bağlamda, Kıbrıs'taki uyuşmazlığın temel dinamiklerinin bölgedeki yeni enerji gelişmeleri ışığında yeniden gözden geçirilmesi gerekmektedir.

Kıbrıs ile Mısır arasında, 17 Şubat 2003'te, Kahire'de imzalanan Münhasır Ekonomik Bölge Anlaşması, Akdeniz'de imzalanmış olan ilk Münhasır Ekonomik Bölge anlaşması olmasıyla, Kıbrıs açısından tarihi bir ana işaret etmiştir. Bu anlaşma neticesinde, bu tarz yakınlaşmaların ve hidrokarbon arama faaliyetlerinin Kıbrıs için bir lanet mi, yoksa bir nimet mi olacağı sorusu büyük ölçüde gündeme taşınmıştır. Hiç şüphesiz ki, hidrokarbon arama faaliyetleri, Kıbrıs'taki uyuşmazlığın taraflarının arasındaki sorunları derinleştirebilecek potansiyele sahiptir. Bilinmektedir ki, 1998 senesinden bu yana Kıbrıs Cumhuriyeti, Kıbrıs açıklarında petrol ve Doğal gaz arama faaliyetlerini devam ettirmektedir. Yapılan jeolojik araştırmaların hiç şüphesiz ki bu aramalardaki rolü büyüktür. Bu araştırmalara göre, Doğu Akdeniz havzasında dünya gaz rezervlerinin %2'sinin bulunduğu düşünülmektedir. Kıbrıs'ın ise dünya gaz rezervlerinin %0.5'ine sahip olduğuna inanılmaktadır.⁸⁶³ Bu rakam Kıbrıs açıklarında yaklaşık 150 milyar dolar değerinde, 31 trilyon kübik feet(Tcf) doğal gaza işaret etmektedir.⁸⁶⁴ Bu anlamda, konunun Kıbrıs Problemi bağlamında ele alınmasının önemi açıktır. Küresel enerji marketi ve Kıbrıs ile, içinde bulunduğu bölgenin politik atmosferi, bu zenginliğin nasıl geliştirileceğine dair muhakak ki belirleyici olacaktırlar. Şuan için dikkat çekici olan nokta enerji tartışmalarının bölge aktörlerinin doğu Akdeniz'e yönelik jeopolitik yaklaşımları üzerinde yarattığı etkidir. Bir başka deyişle, enerji politikaları ve bölgede alevlenen Münhasır Ekonomik bölge tartışmaları, bölge aktörlerinin birbirleriyle olan politik ilişkilerine ışık tutmaktadırlar, özellikle de Türkiye, Kıbrıs, İsrail ve Mısır söz konusu olduğu zaman.

Bölgedeki uyuşmazlıkların bu gelişmelerden nasıl etkileneceği ise bir diğer merak konusudur. Kıbrıs Cumhuriyeti'nin bölgesel enerji merkezi olma isteği açıkça

⁸⁶³ Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, ibid.

⁸⁶⁴ Based on \$5 per 1000 cf. See Rolandis, Nicos, 'Barbaros, rights, resolutions and sheer reality', 2014, op.cit.

görülmektedir. Şüphesiz ki, bu durumun Kıbrıs problemi üzerinde önemli etkileri olacaktır. Türkiye'nin transit ülke olma hedefleri düşünüldüğü zaman, görülmektedir ki Türkiye için de doğu Akdeniz hidrokarbonları stratejik öneme sahiptir. Şöyle ki, Türkiye hem en yakın pazar konumdadır, hem de çıkarılması planlanan gazın Avrupa'ya Türkiye üzerinden boru hattı ile gönderilmesi en makul yol olarak görülmektedir. Tüm bunlar ancak Kıbrıs problemi çözüldüğü zaman konuşulabilecek konulardır, bu nedenle Türkiye'nin gözünde hidrokarbon meselesi özünde Kıbrıs'taki barış süreci ile yakından ilişkilidir. Kıbrıs Cumhuriyeti için ise, Kıbrıs açıklarındaki rezervler Kıbrıs'ta çözümden bağımsız bir şekilde ele alınmalı, bu şekilde değerlendirilmelidir, zira söz konusu enerji kaynaklarının geliştirilmesi için Türkiye ile bir enerji işbirliği olmazsa olmaz değildir. Bunun yanı sıra, Kıbrıs Cumhuriyeti'ne göre Kıbrıs açıklarındaki doğal kaynakların geliştirilmesi bir egemenlik hakkı olduğundan, bu anlamda karşılaştıkları herhangi bir kısıtlama egemenlik haklarının çiğnenmesi olarak yorumlanmaktadır. Kuzey Kıbrıs Türk Cumhuriyeti ise tüm bu tartışmaların önemli bir parçası olarak karşımıza çıkmaktadır. Kıbrıslı Türklere göre, Kıbrıslı Rumların adanın tek egemeni olarak harekete etmeleri, bölgesel ve uluslararası aktörlerle, Kıbrıslı Türklerin dahil olmadığı platformlarda anlaşmalar imzalamaları yanlıştır. Zira, bu anlaşmalar çerçevesinde, Kıbrıslı Türklerin geleceği de belirlenmektedir. Ortaya çıkan tabloda görülmektedir ki son dönemlerde yaşanan bölgesel enerji gelişmeleri anlaşılmadan, Kıbrıs probleminin içinde bulunduğu yeni dönemece ışık tutmamız neredeyse imkansızdır. Sözü edilen bu dönemeç denebilir ki hidrokarbon keşiflerinin ertesinde bölgede enerji ile politikanın kesiştiği noktanın ta kendisidir.

1.2 Çalışmanın Amacı, Temel Motivasyonu ve Mantiğı

Bu çalışmanın temel amacı Kıbrıs açıklarında keşfedilen enerji kaynaklarının uyuşmazlık ile nasıl bir etkileşim içerisinde olduğunu anlamaktır. Bu anlamda, hidrokarbon keşiflerinin politik önemine vurgu yapılmıştır. Çalışmanın temel motivasyonu ise, bölgede son dönemlerde yaşanan enerji ile ilgili gelişmeleri Kıbrıs özelinde anlamlandırmaktır. Çalışmanın mantığı, yaşanan gelişmelerin yalnızca Münhasır Ekonomik Bölge ile alakalı hukuki boyut veya benzer şekilde yalnızca ekonomik boyut ile sınırlı olmadığıdır. Tezin genelinde, mevcut tarihsel uyuşmazlıkların içlerinde barındırdıkları dinamiklerin derinlemesine incelenmesi

gerektiđi argümanı üzerinde durulmaktadır. Bunun için ise enerji ile çatışma/işbirliği arasındaki ilişkinin incelenmesi gerektiđi öne sürölmektedir.

1.3 Problem Cümlesi

Bu çalışmanın problem cümlesi şu şekilde ifade edilebilir:

Türkiye'in, Kıbrıs Cumhuriyeti'nin ve Kuzey Kıbrıs Türk Cumhuriyeti'nin, Kıbrıs hidrokarbon meselesine dair pozisyon ve iddialarının belirlenmesinde hangi faktörler belirleyici olmuştur?

Alt Problem Cümleleri:

1. Kıbrıs açıklarındaki hidrokarbon keşiflerinin ekonomik değeri nedir?
2. Kıbrıs açıklarında petrol ve doğal gaz arama faaliyetleri, Kıbrıs'ta iki toplumlu müzakereleri, bu zamana kadar nasıl etkilemiştir?
3. Türkiye'nin, Kıbrıs Cumhuriyeti'nin hidrokarbon arama faaliyetlerine yönelik pozisyonu ne olmuştur?
 - a. Türkiye, Kıbrıs özelinde Münhasır Ekonomik Bölge tartışmasına nasıl yaklaşmıştır?
 - b. Türkiye, meseleye Kıbrıs'ta çözüm bağlamında nasıl yaklaşmaktadır?
 - c. Türkiye'ye göre, doğu Akdeniz özelinde enerji jeopolitiğinin önemi nedir? Bu yaklaşım, Türkiye'nin konuya dair genel duruşunu nasıl etkilemiştir?
4. Kıbrıs Cumhuriyeti'nin Kıbrıs açıklarında hidrokarbon aranması ve geliştirilmesine yönelik pozisyonu nedir?
 - a. Kıbrıs Cumhuriyeti, Türkiye'nin doğu Akdeniz'de Münhasır Ekonomik Bölge yaklaşımını nasıl değerlendirmektedir?
 - b. Kıbrıs Cumhuriyeti, Kıbrıs probleminin çözölməsi bağlamında konuya nasıl yaklaşmaktadır?
 - c. Kıbrıs Cumhuriyeti, keşiflere nasıl bir jeopolitik önem atfetmiştir? Bu yaklaşımları, konuya dair genel duruşlarını nasıl etkilemektedir?

5. Kuzey Kıbrıs Türk Cumhuriyeti (KKTC)'nin, Kıbrıs Cumhuriyeti'nin adanın açıklarında hidrokarbon geliştirme faaliyetleri yürütmesi karşısındaki pozisyonu ne olmuştur?
 - a. KKTC, Kıbrıs Cumhuriyeti'nin Münhasır Ekonomik Bölge ilanı karşısında nasıl tepki vermiştir?
 - b. KKTC, Kıbrıs probleminin çözülmesi bağlamında konuya nasıl yaklaşmaktadır?
6. Uluslararası aktörlerin, Kıbrıs Cumhuriyeti'nin adanın açıklarında hidrokarbon geliştirme faaliyetleri yürütmesi karşısındaki pozisyonları ne olmuştur?

Bu anlamda, tezin hipotez cümlesi aşağıdaki gibidir.

Kıbrıs problemi'nin, son dönem enerji gelişmeleri ışığında daha da önem kazanan egemenlik boyutu, ilgili aktörlerin, konuya dair pozisyon ve iddialarının belirlenmesinde belirleyici bir etkiye sahiptir.

1.4 Literatür Taraması ve Çalışmanın Odak Noktası

Literatür Taraması

Bu tez, en genel anlamıyla doğal kaynaklar ve toprak uyumsuzlukları literatürüne katkı sağlamaktadır.⁸⁶⁵ Bu anlamda, toprak ve egemenlik iddiaları ile doğal kaynakların kesiştiği literature bakmamız, Kıbrıs özelinde konunun nasıl kavramsal bir çerçeveye oturtulabileceğini bize göstermesi açısından anlamlı olacaktır.⁸⁶⁶ Bu

⁸⁶⁵ In case of Cyprus, the concern is high-value natural resources such as oil, and natural gas. See Lujala, Päivi, & Siri Aas Rustad. (2011). High-value Natural Resources: A Blessing or a Curse for Peace? Sustainable Development Law &Policy, 12, no. 1: 19-22, 56-57.

⁸⁶⁶ See Macaulay, C. & Hensel, P.,R. (2014). Natural Resources and Territorial Conflict. Paper presented at the Annual Meeting of the International Studies Association, Toronto, March 2014. See also Diehl, P. F., & Goertz, G. (1988). Territorial changes and militarized conflict. Journal of Conflict Resolution, 32(1), 103-122; Diehl, P. F. (1992). What are they fighting for? The importance of issues in international conflict research. Journal of Peace Research, 333-344; Vasquez, J. A. (1995). Why do neighbors fight? Proximity, interaction, or territoriality. Journal of Peace Research, 32(3), 277-293; Hensel, P. R. (1996). Charting a course to conflict: Territorial issues and interstate conflict, 1816-1992. Conflict Management and Peace Science, 15(1), 43-73; Huth, P. K. (1996). Enduring rivalries and territorial disputes, 1950-1990. Conflict Management and Peace Science, 15(1), 7-41; Walter, B. F. (2003). Explaining the Intractability of Territorial Conflict. International Studies Review, 5(4), 137-153; Hensel, P. R., Mitchell, S. M., Sowers II, T. E., & Clayton, L. Thyne. (2008). Bones of

literatür içerisindeki genel eğilim, doğal kaynakların daha ziyade mevcut uyuşmazlıkları derinleştirdiği yönündedir. Kıbrıs özeline bakıldığında zaman, konunun henüz çok yeni olmasıyla da alakalı, uyuşmazlık perspektifinden yola çıkılarak yapılmış olan çalışmaların oldukça az olduğu görülmektedir.

Bu bağlamda, Kıbrıs ile ilgili literatür iki ana başlık altında incelenebilir. Literatürün bir kısmı konuyu jeolojik, teknik ve ekonomik yönleriyle incelemektedir. Rezervlerin miktarı, yapılan sismik araştırmalar, rezervlerin paraya dönüştürülmesi ve ithalatı gibi konular bu grup içerisinde yer almaktadır.⁸⁶⁷ Literatürün bir diğer kısmı ise, daha ziyade Uluslararası İlişkiler teoremlerinden beslenmekte ve kaynakların sorun mu yaratacağı, yoksa işbirliğine mi yol açacağı noktasında analizlerde bulunmaktadır.⁸⁶⁸

Contention: Comparing Territorial, Maritime, and River Issues. *Journal of Conflict Resolution*, 52 (1), 117-143; Quackenbush, S. L. (2010). General deterrence and international conflict: Testing perfect deterrence theory. *International Interactions*, 36(1), 60-85. Kratochwil, F. V., Rohlich, P., & Mahajan, H. (1985). *Peace and disputed sovereignty: Reflections on conflict over territory*. Lanham: University Press of America; Prescott, J. R. V. (1987). *Political frontiers and boundaries*. London: Allen & Unwin.; Gleick, P. H. (1993). *Water and conflict: Fresh water resources and international security*. *International Security*, 18(1), 79–112; Wolf, A. T. (1998). Conflict and cooperation along international waterways. *Water Policy*, 1(2), 251-265; Brochmann, M., & Hensel, P. R. (2009). Peaceful management of International River claims. *International Negotiation*, 14(2), 393–418; Colgan, J. D. (2010). Oil and Revolutionary Governments: Fuel for International Conflict. *International Organization*, 64(04), 661-694; Giordano, M. F., Giordano, M. A., & Wolf, A. T. (2005). International Resource Conflict and Mitigation. *Journal of Peace Research*, 42(1), 47-65; Humphreys, M. (2005). Natural Resources, Conflict, and Conflict Resolution: Uncovering the Mechanisms. *Journal of Conflict Resolution*, 49(4), 508-537.

⁸⁶⁷ Paltsev, S., F. O’Sullivan, N. Lee, A. Agarwal, M. Li, X. Li, & N. Fylaktos (2013). *Natural Gas Monetization Pathways for Cyprus: Interim Report – Economics of Project Development Options*. MIT Energy Initiative, Massachusetts Institute of Technology, Cambridge, MA; Giamouridis, A. (2012). *Offshore Discovery in the Republic of Cyprus Monetisation Prospects and Challenges*. Oxford Institute for Energy Studies, NG 65; Shaffer, B. (2012). *Energy Resources and Markets in the Eastern Mediterranean Region*. Mediterranean Policy Programme, Eastern Mediterranean Energy Project, Policy Brief, June; Henderson, S. (2013). *Natural Gas Export Options for Israel and Cyprus*. The German Marshall Fund of the United States Paper Series.

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Çalışmanın Odak Noktası

Kıbrıs açıklarındaki doğal gaz keşifleri ve sonrasında ortaya çıkan tartışmalar, doğu Akdeniz’de son dönemlerde, enerji ile jeopolitiğin ne denli iç içe geçtiğini gözler önüne sermektedir. Yukarıda da görüldüğü üzere, literatürün bir kısmı enerji kaynaklarını bir uyuşmazlık sebebi olarak ele alırken, diğer bir kısmı ise işbirliği nedeni olarak görmektedir. Bu çalışma bölgede ilişkilerin giderek kötüleşmesine veya tam tersine dair bir çıkarımda bulunmak yerine, hidrokarbonların giderek artmakta olan politik önemine vurgu yapmakla yetinmektedir. Bunu da, ilgili aktörlerin pozisyonlarını şekillendirdiklerine inanılan bir takım temaları inceleyerek yapmaktadır. Bu anlamda, Kıbrıs hidrokarbonlarının politik öneminin bölgesel/jeopolitik ve daha yerel temalar üzerinden incelenebileceği ortaya konmaktadır. Tez, bu yönü ile, Kıbrıs problemi ile bölgesel jeopolitik dinamiklerin birbirlerini nasıl şekillendirdiklerini gözler önüne sermektedir.

1.5 Tezin Temel Argümanı

Bu çalışmanın temel argümanı aşağıdaki gibi ifade edilebilir.

Doğu Akdeniz’de son dönemlerde keşfedilen hidrokarbon yatakları, ekonomik değerlerinden ziyade, bölgedeki egemenlik sorunsalı üzerindeki etkileri ve deniz hukuku bağlamında yarattıkları tartışmalar ışığında, daha çok politik önem taşımaktadırlar.

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1.6 Metodolojik Değerlendirmeler

Bu tez nitel bir çalışma olup, tek bir vaka üzerinden incelemede bulunmaktadır. Uluslararası İlişkiler çalışmaları bağlamında nitel çalışmalar, bir durumu derinlemesine inceleme şansı tanıdıklarından oldukça kıymetli bulunmaktadır.⁸⁶⁹

Çalışmanın Kapsadığı Zaman Aralığı

Bu tez doğu Akdeniz’de, Şubat 2003’ten(Kıbrıs ile Mısır arasında imzalanan Münhasır Ekonomik Bölge Anlaşmasından itibaren) Ekim 2015’e kadar meydana gelen enerji ile alakalı gelişmeleri incelemektedir.

Veri Toplama Süreci Üzerine Notlar

Bu çalışmada ikincil kaynakların yanı sıra, arşivler taranmış ve yarı yapılandırılmış mülakatlar yapılmıştır. Ocak 2013-Ocak 2015 arasında, Kıbrıs’ta saha çalışması yürütülmüştür.

Veri Analizi Üzerine Notlar

Bu tezde karmaşık konular arasındaki ilişkileri ortaya koyabilmek adına tematik analiz yöntemi kullanılmıştır.⁸⁷⁰ Temaların bazıları, doğrudan tezin ana sorunsalından beslenirken, bazıları da saha çalışması sırasında, çalışmanın ilerleyen aşamalarında oluşmuştur. Buna bağlı olarak, ana ve alt temalar aşağıdaki gibi belirlenmiştir.

Ana Temalar:

1. Doğu Akdeniz’de Münhasır Ekonomik Bölge belirlenmesi sorunsalı
2. Keşiflerin ekonomik değeri
3. Enerji güvenliği endişeleri

⁸⁶⁹ Elman, C. & Bennett, A. (2007). Case Study Methods in the International Relations Subfield. Comparative Political Studies, Volume 40, Number 2, February, pp. 170-195.

⁸⁷⁰ Boyatzis, R.E. (1998) Transforming qualitative information: Thematic analysis and code development. Thousand Oaks, London, & New Delhi: SAGE Publications.

4. Jeopolitik endişeler

Alt-Temalar:

Bölgesel Olanlar

1. AB'nin Rusya'ya olan enerji bağımlılığının azaltılması
2. Bölgesel Enerji Hub'ı olma arzusu
3. İsrail, Kıbrıs, Mısır, Yunanistan ve Türkiye arasında enerjiye dayalı bölgesel işbirliği

Yerel Olanlar

1. Kıbrıs Cumhuriyeti'nin adanın açıklarında gaz arama çalışmaları yapabilecek tek egemen güç olup, olmadığı tartışması
2. Kıbrıslı Türklerin eşit hakları tartışması
3. Konunun iki toplumlu müzakereler ışığında tartışılıp, tartışamayacağı sorunsalı
4. Kıbrıslı Türklerle, Kıbrıslı Rumların, adanın açıklarında ortak gaz arama faaliyetleri yürütüp, yürütemeyecekleri tartışması

1.7 Tezin Yapısı

Bu çalışma, Bölüm 1 ile, tezin ana argümanını ve metodolojik yaklaşımını ortaya koymaktadır. Ardından, Bölüm 2 ile, teorik çerçeve yansıtılmaya çalışılmıştır. Bölüm 3'te bu zamana kadar yapılmış olan keşiflerin miktarından ve ekonomik değerlerinden bahsedilmiştir. Bölüm 4, Kıbrıs problemine ilişkin tarihsel bir bakış açısını bizlere sunmaktadır. Bu bölümde, Kıbrıs tarihi, enerji ve doğal kaynakların paylaşımı konularına atıflar yapılarak ele alınmış olduğundan, klasik bir Kıbrıs tarihi anlatımından oldukça farklıdır. Bölüm 5'te, Türkiye'nin konuya dair pozisyonuna yer verilmiştir. Bu bölümde, keşiflerin ertesinde, Türkiye'nin, Kıbrıs ve bölgeye ilişkin çıkarlarını koruma gayretinin ardından yatan sebepler incelenmiştir. Türkiye'nin enerji transit ülke olma isteği ile son dönemde yaşanan gelişmelerin, Türkiye'nin bölgeye yönelik enerji politikalarını nasıl şekillendirdiğine yönelik

analizlere bu bölümde yer verilmiştir. Bölüm 6’da, bir önceki bölümle benzer bir yaklaşımla, Kıbrıs Cumhuriyeti’nin pozisyonu incelenmiştir. Bu bağlamda, Kıbrıs Cumhuriyeti’nin bölgesel enerji hub’ı olma isteği ile, Türkiye’nin enerji transit ülke olma arzusunun, şuana kadar birbirlerini desteklemeyen iki kavram şeklinde gelişmekte oldukları noktasına özellikle vurgu yapılmıştır. Önceki bölümlerle ilişkili olarak, Bölüm 7’de, KKTC’nin pozisyonuna yer verilmiştir. Burada, KKTC’nin hidrokarbon meselesinde, önceki meselelere kıyasla daha pro-aktif bir yol izlediği vurgusu yapılmıştır. Bölüm 8, uluslararası aktörlerin konuya bakış açısına ışık tutmayı amaçlamıştır. Bölüm 9 ise, tezin sonuç kısmını oluşturmaktadır.

Burada belirtilmesi gereken çok önemli bir nokta vardır. Türkiye, Kıbrıs Cumhuriyeti ve KKTC’nin temel anlamda üç ayrı bölümde incelenmesinin sebebi, bu aktörlerin, her birinin, Kıbrıs problemi’nin bir tarafı olmanın yanı sıra, aktif olarak doğu Akdeniz’de Münhasır Ekonomik Bölge hakkına sahip olduklarını iddia ediyor oluşlarına alakalıdır.

1.8 Tartışma ve Sonuç Bölümleri

Görülmektedir ki, Kıbrıs ve doğu Akdeniz hidrokarbon yataklarının ekonomik değeri henüz bir netlik kazanmamıştır, ancak politik öneminden bahsetmek mümkündür. Petrol ve doğal gaz arama faaliyetleri, buradan sağlanacak gelirin paylaşımı ve bu kaynakların nasıl geliştirilecekleri noktalarında egemenlik kavramının tartışmalı bir biçimde ön plana çıktığı görülmektedir. Kıbrıs açıklarındaki enerji kaynakları, kısa bir süre içerisinde egemenlik ve toprak kavramlarının alevli bir şekilde tartışıldığı politik bir meseleye dönüşmüştür. Tezin genelinde tartışıldığı üzere, konunun daha en başından, ekonomik değerlerinin belirsizliğine rağmen, bu kaynaklara uluslararası aktörlerce büyük önem atfedilmiştir. Bu durum, kaynakların stratejik önemini göstermektedir. Kıbrıs Cumhuriyeti’nin, TOTAL enerji şirketinin Kıbrıs açıklarında varlığına devam etmesi için göstermiş olduğu çaba, kaynakların ekonomik olmaktan çok, stratejik açıdan önemli olduklarına dair bir örnek teşkil edebilir.

Kaynakların iki toplumlu müzakerelere nasıl eklemelendiğine bakacak olursak, benzer bir çıkarımı yapabileceğimizi yine görebiliriz. Konu daha en başından Kıbrıs’ta

politik bir çözüm ile ilişkilendirilmiştir. Hatta, 2014 senesinde, belli bir aradan sonra müzakerelerin başlamasında yegane motivasyon aracı oldukları dahi söylenmiş, tartışılmıştır. Elbette ki, Kıbrıs'ta çözüm ile hidrokarbonların geliştirilmesi arasında bir sebep-sonuç ilişkisi aramak doğru olmayacaktır. Ne var ki, bu kaynaklardan elde edilebilecek ekonomik gelir çözümü büyük ölçüde finanse edebilir, bu anlamda bir katalizör görevi görebilir. Vurgulanması gereken bir diğer önemli nokta, konunun müzakerelerin bir başlığı olmadığıdır. Ancak, Türkiye devam etmekte olan sondaj çalışmalarına bir tepki olarak Nisan 2015'te bölgede NavTex ilan ettiği zaman, Kıbrıs Rum tarafı egemenliklerinin sorgulandığı gerekçesiyle müzakere masasından çekilmiş, müzakereler askıya alınmıştır. Bu durum, konunun bir başlık olmamasına rağmen, müzakereler ve Kıbrıs'ın geleceği açısından ne denli hassas olduğunu gözler önüne sermektedir.

Türkiye açısından bakıldığında zaman görülmektedir ki, Türkiye stratejik bir hedef olarak Doğu-Batı enerji koridoruna zaten büyük önem vermektedir. Türkiye'nin bu bağlamda Güney Gaz Koridoru'na bakış açısı da aynı şekilde stratejik bir perspektiften beslenmektedir. Türkiye bu proje ile AB'nin enerji güvenliğinin sağlanmasında büyük bir rol oynamayı arzulamaktadır. Enerji işbirliği bu anlamda AB ile Türkiye arasındaki ilişkinin temel yapı taşlarından bir tanesidir. Bunun da ötesinde, soğuk savaş sonrası enerji jeopolitiğine bakıldığında zaman, görülmektedir ki Türkiye kendisine petrol ve doğal gazın taşındığı rotalar açısından önemli bir yer bulmuştur. Türkiye bu anlamda, bölgedeki konumu ve AB neznindeki yeri açısından kendine bir pay biçmiştir. Türkiye aynı zamanda çok büyük bir pazardır. Doğu Akdeniz gazının Türkiye üzerinden Avrupa'ya pazarlanması ekonomik açıdan en karlı proje olarak karşımıza çıkmaktadır. Bu anlamda, Türkiye bölgede şekillenmekte olan enerji işbirliği şemasının içerisinde kendisine bir yer bulmayı ümit etmektedir. 2011 senesinde, Antalya açıkları için Shell ile imzalanan arama anlaşması, Türkiye'nin stratejik odağının bir anlamda Kara Deniz ve Hazar'dan, doğu Akdeniz'e kaydığını göstermektedir.

Önceden de belirtilmiş olduğu gibi, kaynaklar Kıbrıs Cumhuriyeti açısından da stratejik bir öneme sahiptir. Söz konusu kaynaklar sayesinde, Kıbrıs bölgede söz sahibi olabilir, özellikle de bölgesel aktörlerin gözünde stratejik önemini artırabilir. Buna paralel olarak, Kıbrıs Cumhuriyeti, Türkiye'nin konuya dair ortaya koymuş

olduğu argümanları egemenliğine bir saldırı olarak görmektedir. Bu nedenle, Kıbrıs Cumhuriyeti'nin en önemli argümanlarından bir tanesi, kaynakların çözümden bağımsız bir şekilde geliştirilebileceği ile ilişkilidir. Bu iddia, AB yasaları ve başta BM Deniz Hukuku olmak üzere uluslararası hukuk zeminine oturtulmuştur. Kıbrıs Cumhuriyetine göre, Kıbrıslı Rumların egemenlik haklarına, bu anlamda saygı duyulmalıdır. Görülmektedir ki, Kıbrıslı Rumların konuya ilişkin pozisyonları esasında, Kıbrıs problemine ilişkin yaklaşımlarından beslenmektedir. Bu kavramsallaştırmada, Kıbrıs Cumhuriyeti adanın tek egemen hakimi olarak ortaya konmaktadır. Bu anlamda, Kıbrıs Cumhuriyeti'nin pozisyonuna dair en önemli unsurun uluslararası hukuk olduğu söylenebilir. Bu yaklaşımla, adanın açıklarında petrol ve doğal gaz arama faaliyetleri Kıbrıs'ta bir çözüme endekslenmemeli, müzakere edilebilir bir zemine çekilmemelidir. Kıbrıs Cumhuriyeti tarafından net şekilde ortaya konan bir başka nokta ise, Kıbrıslı Türklerin hakları ile ilgilidir. Kıbrıs Cumhuriyeti tarafından, Kıbrıslı Türklerin haklarının ancak bir çözüm kapsamında kendilerine iade edileceği belirtilmektedir. Benzer şekilde, çözüm öncesinde konunun iki toplumlu bir zeminde tartışılmasının hukuki açıdan imkansız olduğu belirtilmektedir. Kıbrıs Cumhuriyeti için hidrokarbonlar jeopolitik bir öneme de sahiptirler. Son dönemlerde hız kazanan İsrail-Kıbrıs yakınlaşmasının zemininde enerji işbirliği yatmaktadır. Üzerinde durulması gereken nokta ise, Türkiye'nin bu bölgesel enerji işbirliği resminin dışında kalmış olmasıdır. Kısacası, Kıbrıs Cumhuriyeti için, petrol ve doğal gaz, bir politik problem ile uzun zamandır boğuşan adanın kaderinin değişmesi, ve bölgedeki öneminin artması anlamına gelmektedir.

KKTC'nin bu anlamda ortaya koyduğu argüman, her iki toplumun da bu kaynaklarda hakkı olduğu yönündedir. Kıbrıslı Türkler bir anlamda uluslararası hukuk temelinde konunun tartışılması neticesinde oluşan bir takım ikilemlere işaret etmeyi amaçlamaktadırlar. KKTC tarafından, Kıbrıs Türk toplumunun hukuki ve siyasi haklarının göz önünde bulundurulması gerekliliği hemen hemen her zeminde ifade edilmektedir. Buna bağlı olarak, Eylül 2011'de, Türkiye ve KKTC, Kıbrıs Cumhuriyeti'nin yürütmekte olduğu Münhasır Ekonomik Bölge belirleme çabaları karşısında, bir kıta sahanlığı anlaşması imzalamışlardır. Kıbrıs Cumhuriyeti'nin Münhasır Ekonomik Bölge Belirlemesi ve lisanslara çıkması bir anlamda, Kıbrıslı Türklerin olmadığı zeminlerde adanın kaderini belirlemektedir. Kıbrıslı Türklerin gözünde, yaşanan tüm bu gelişmeler adada kapsamlı çözüm ruhuna aykırıdır. KKTC,

en az Kıbrıslı Rumlar kadar, Kıbrıslı Türklerin de adanın kaynaklarından faydalanma hakları olduğunu ve bu haklarının da bir çözüme endekslenmesinin doğru olmadığını vurgulamaktadır. Hiç şüphesiz ki, adanın açıklarında halihazırda keşfedilen ve keşfedilmesi beklenen petrol ve doğal gazın geliştirilmesine ilişkin konuların, iki toplum tarafından kararlaştırılması elzemdir. Bunların yanısıra, tek yanlı olduğuna inanılan, Kıbrıs Cumhuriyeti petrol ve doğal gaz arama faaliyetleri zaman zaman bölgedeki gerginliği de tırmandırmaktadır. Buna bağlı olarak, Kıbrıslı Türkler doğal kaynaklar konusunun mutlak surette müzakere masasında konuşulması gerektiği görüşündedirler. Hiç şüphesiz ki, konunun müzakere masasına taşınması, gerginliğin tırmandığı noktalarda diyalogun açık olabileceği bir kanalın varlığı anlamına gelebileceğinden faydalı olabilir. Kapsamlı bir çözümün olmadığı bir durumda nasıl bir yol takip edileceği de son derece önemlidir. Geçici bir ortak komite vasıtasıyla konunun tartışılması bu anlamda oldukça faydalı olacaktır.

Sonuç olarak, son yıllarda doğu Akdeniz’de keşfedilen petrol ve doğal gaz yatakları, değişmekte olan bölge jeopolitiğine yeni bir dinamik katmıştır. Söz konusu keşifler, özellikle de Türkiye, İsrail, Mısır ve Kıbrıs açısından son derece önemlidir. Enerji jeopolitiği, geçmişte hiç olmadığı ölçüde bölge aktörlerinin gündemine oturmuş, ilişkilerinin hangi doğrultuda şekilleneceğine yol göstermiştir. Kıbrıs, beraberinde uzunca bir süredir taşıyor olduğu politik problem ile kendisini bu çetrefilli dönemecin ortasında bulmuştur. Neredeyse yarım asırlık Kıbrıs problemi, bu sefer bölgedeki enerji kaynaklarının en ekonomik şekilde geliştirilmesi önünde bir engel teşkil eder vaziyete gelmiştir. Bu eski problem, Kıbrıs hidrokarbon meselesi olarak adeta yeniden vücut bulmuştur denebilir. Görülmektedir ki, Kıbrıs hidrokarbonlarının politik önemi çoktan henüz tam anlamıyla net olmayan fiziki varlıklarının çok ötesine geçmiştir. Kıbrıs hidrokarbonları açısından konu daha ziyade, bölgede uyuşmazlığın ve işbirliğinin gelecekteki görüntüsüne dair ortaya konan farklı, kimi zaman birbirleriyle çelişen görüşler zemininde ilerlemektedir. Hiç kuşkusuz, Kıbrıs’ta uyuşmazlığın tarafları, bölgesel ve uluslararası aktörler kendilerini bu yeni doğu Akdeniz enerji jeopolitiği gerçekliği içerisinde bulmuşlardır. Bu yeni gerçeklik içerisindeki rol ve çıkarlarını nasıl belirleyecekleri ise, doğal kaynakların bölge adına bir lanet mi yoksa bir armağan mı olduğu noktasında bize ilerleyen dönemlerde hiç şüphesiz ki ışıktır tutacaktır.

1.9 Gelecekteki Çalışmalar için Öneriler ve Çalışmanın Sınırlılıkları

Yinelemek gerekirse, bu tez fiziki miktarları ve ekonomik değerleri yanısıra, genel anlamda doğu Akdeniz’de, özelde Kıbrıs açıklarında keşfedilen petrol ve doğal gaz yataklarının politik öneminin çok daha önde olduğuna vurgu yapmayı amaçlamıştır. Bu doğrultuda, Türkiye, Kıbrıs Cumhuriyeti ve KKTC’de çalışmalar yürütmüştür. Enerjinin bu aktörlerin birbirleriyle olan ilişkilerini nasıl şekillendirdiği, Kıbrıs problemine nasıl etki ettiği anlaşılmaya çalışılmıştır. Bu bağlamda, önümüzdeki dönemlerde, Türkiye Rusya ilişkilerinin politik anlamda nasıl ilerleyeceğine bakmak oldukça önemlidir. Bu ilişkilerin, Türkiye’nin doğu Akdeniz gazı da dahil olmak üzere, alternative gaz arama çalışmalarını nasıl etkileyeceğinin gözlemlenmesi gerekmektedir. Türkiye bu anlamda enerji güvenliğini sağlamak açısından Rusya’ya olan bağımlılığını azaltmalıdır. Bu açıdan, Kıbrıs ve İsrail açıklarındaki gazın Türkiye’nin enerji güvenliğine olası katkısı ilerleyen çalışmalarda incelenebilir. Bu tarz bir inceleme, Kıbrıs probleminin gelecekteki görüntüsü ile yakından ilişkili olduğundan, bölgedeki politik problemlerin Türkiye’nin enerji güvenliğine etkisi araştırılabilir. Doğu Akdeniz’de Münhasır Ekonomik Bölge tartışmalarının bu bağlamda nasıl ilerleyeceği bir diğer son derece kıymetli çalışma alanıdır. Bölgede gelecekte şekillenecek olan enerji işbirliği yine aynı bağlamda ele alınmalı, Kıbrıs problemine olası yansımaları anlaşılmaya çalışılmalıdır. Bunların yanı sıra, Türkiye’nin bölgede gelecekte şekillenecek olan enerji işbirliği içerisindeki rolünün anlaşılması adına birtakım çalışmalar yapılmalıdır. Bu bağlamda, Türkiye-İsrail ilişkileri yakından takip edilmeli ve iki ülkenin enerji işbirliği yapma ihtimallerinin incelenmesi, engeller varsa bunların neler olduğunun dikkatlice ortaya konması faydalı olacaktır. Kıbrıs, Mısır ve Yunanistan arasındaki enerji işbirliğinin nasıl ilerleyeceği ise bir diğer önemli çalışma alanıdır ve giderek daha da önemli hale gelecektir. Doğu Akdeniz doğal gazının, Avrupa enerji projeleri bağlamındaki rolü de incelenmesi son derece faydalı olacak bir alandır. Kıbrıs’ın komşu ülkeler ile enerji üzerinden kurabileceği diyalog ve Avrupa ile doğu Akdeniz ülkeleri arasındaki diyalogun bu anlamda daha da güçlenmesine sunacağı katkı, incelenmeye değer bir başka çalışma konusudur.

İlişkili ancak bir anlamda alternatif bir çalışma alanı olarak doğal kaynakların hali hazırda var olan uyuşmazlıklar üzerindeki etkisine Kıbrıs örneği üzerinden bakmak

da bir o kadar önemlidir. Yalnızca Kıbrıs özelinden ilerlemek yerine benzer durumlar bulunup, karşılaştırmalı çalışmalar da yapılabilir. Uyuşmazlıkların var olduğu Sudan, Güney Çin Denizi gibi örnekler Kıbrıs ile karşılaştırılarak, toprak ve egemenlik sorunu olan yerlerde bu ilişki ağına bir de ekonomik değeri oldukça yüksek olan doğal kaynaklar, bu kaynakların geliştirilmesi ve de elde edilen gelirin hakkaniyet ilkesi temelinde bölüştürülmesi eklenince ortaya çıkan tablo incelenebilir. Bu durum, özellikle de tarihten gelen uyuşmazlıkların olduğu bölgelerde oldukça kritik olduğundan, bu alanda yapılacak karşılaştırmalı çalışmalar bize ışık tutacaktır. Bu tarz durumların yaşandığı bölgelerde, aktörlerin neden işbirliğine yanaşmadıkları derinlemesine incelenmelidir.

Bu çalışma yürütüldüğü sırada bir takım sınırlılıklarla karşılaşmıştır. Bu sınırlılıkların burada ele alınmaları, gelecekte benzer konularda çalışacak araştırmacılara ışık tutabilmek açısından önemli görülmektedir. Öncelikle, Kıbrıs'ın enerji kaynaklarının keşfi ile nasıl bir değişim ve dönüşüm içerisine girdiğine bakmak, ve de bunu küresel enerji gelişmeleri ışığında bölgeyi anlamak adına yapmaya çalışmak, metodolojik olarak oldukça güç olmuştur. Konu oldukça yeni olduğundan, literatür taraması göreceli olarak güç olmuştur. Bunun yanı sıra, ele alınan konu oldukça karmaşık ve çok boyutlu olduğundan, teorik nüansların iyi anlaşılması, çalışmanın zorlayıcı taraflarından biri olmuştur. Bununla ilişkili olarak ele alınan durum sosyal, ekonomik, politik ve de ideolojik süreçlerin etkili olduğu bir konu olduğundan, tüm bu boyutların anlamlı bir bütün olarak ele alınması önemli görülmüştür ve de zorlayıcı olmuştur. Bir diğer önemli sınırlılık, konuya vakıf kişilerin azlığı olmuştur. Bu durum özellikle de Kıbrıslı Türk politik elitleri arasında gözlemlenmiş, çalışmanın zenginleşmesi açısından bir sınırlılık getirmiştir. 2011 senesinde keşiflerin hemen ardından, genel anlamda adada bir heyecanın hakim oluşu, çalışmaya başlarda katkı sağlamıştır. Zira başlardaki ilgi ve alaka, adanın her iki tarafında da düzenlenen panel, konferans, seminer, vb. etkinliklerin bu heyecan ile birlikte doğru orantılı olarak artmasına olanak sağlamıştır. Tüm bu etkinlikler bu çalışmaya önemli katkılar sağlamışlardır. Ancak, İtalyan-Güney Kore enerji grubu Eni-Kogas'ın yapmış olduğu doğal gaz aramalarında iki sefer üst üste başarısız olması tüm bu heyecanın yok olmasına sebep olmuş, bununla birlikte düzenlenen etkinliklerin sayısı da azalmıştır. Fransız enerji şirketi Total'in Kıbrıs'tan çekilmeyi düşünmesi ise oluşan bu atmosferi körüklemiştir. Yukarıda da belirtildiği şekilde,

bunlar saha çalışması sırasında politik aktörlerin konuya dair ilgisizlikleri gibi bazı sınırlılıklara yol açmıştır.

Appendix D: CURRICULUM VITAE

PERSONAL INFORMATION

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EDUCATION

Degree	Institution	Year of Graduation
MS	University of Bath, UK International Politics	2009
BS	METU Sociology	2008
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WORK EXPERIENCE

Year	Place	Enrollment
2012- Present	Eastern Mediterranean University Department of Political Science and International Relations	Senior Instructor

FOREIGN LANGUAGES

Advanced English, Fluent Turkish

HOBBIES

Reading ,

Appendix E: THESIS COPY PERMISSION FORM

ENSTİTÜ

Fen Bilimleri Enstitüsü ☐

Sosyal Bilimler Enstitüsü ☒

Uygulamalı Matematik Enstitüsü ☐

Enformatik Enstitüsü ☐

Deniz Bilimleri Enstitüsü ☐

YAZARIN

Soyadı : Eminel

Adı : Emine

Bölümü : Uluslararası İlişkiler

TEZİN ADI (İngilizce) : The Analysis of the Political Context of the Cyprus Hydrocarbons Debate in Relations to Cyprus Problem

TEZİN TÜRÜ : Yüksek Lisans ☐ Doktora ☒

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