

INSS Insight No. 1022, February 13, 2018

**Could Natural Gas in the Mediterranean
Spark the Third Lebanese War?**

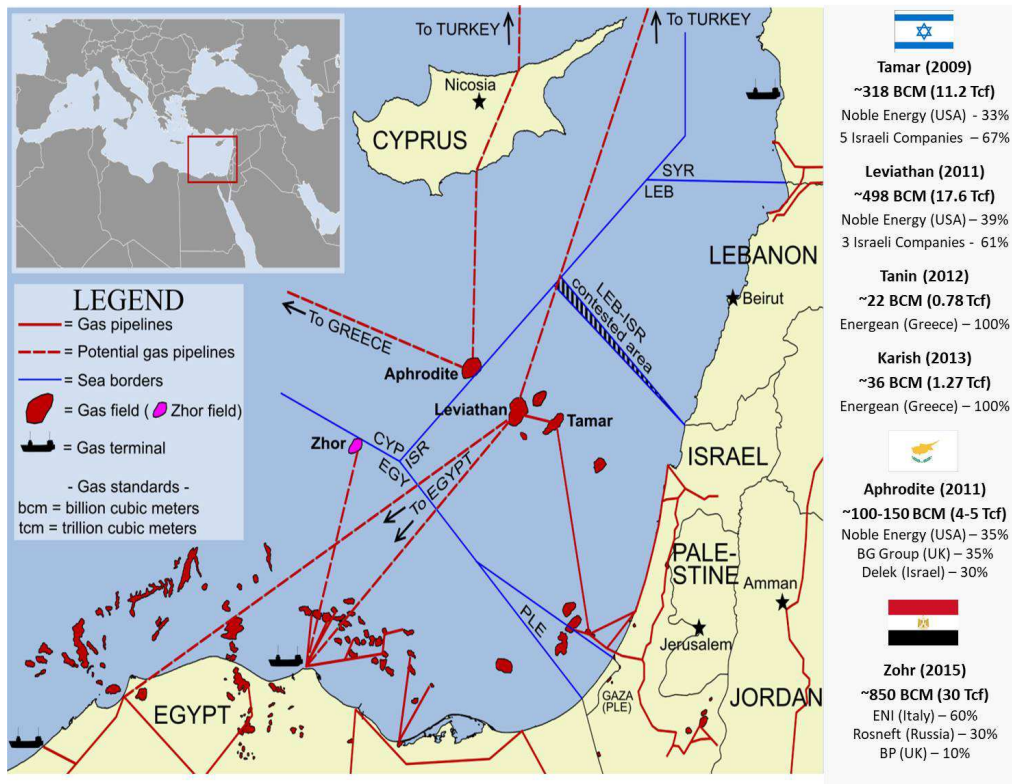
Oded Eran

Speaking about border issues between Israel and Lebanon at the Institute for National Security Studies (INSS) annual conference (January 31, 2018), Defense Minister Avigdor Liberman said that the Lebanese government had issued a tender for natural gas exploration in the Mediterranean, and that by all criteria Block 9, which was awarded to a number of well-known international companies, belonged to Israel. Liberman called Lebanon's move a provocation and a serious mistake. His words sparked a fiery response from Hezbollah leader Hassan Nasrallah, and the media in both Israel and Lebanon reported that the organization was threatening to attack Israel's drilling rigs in the Mediterranean.

Conflicts over maritime borders are not unique to Lebanon and Israel, and as in this case, many of them derive from competition over economic resources – whether fishing zones or oil and natural gas fields. The United Nations Convention on the Law of the Sea grants a state exclusive economic rights over an area stretching 200 nautical miles from its coast (Exclusive Economic Zone). Israel began drilling in its economic waters more than twenty years ago, and since 2003 natural gas has flowed from the sea into Israel. The big breakthrough in this area, and with it the eruption of the conflict, came in December 2010, when a consortium of companies announced the discovery of the gas in the Leviathan field. That same month Israel and Cyprus signed an agreement on delineation of the maritime border between them (since the distance between the two countries is less than 400 nautical miles), although in the summer of 2010 Lebanon had already rushed to register documents with the UN delimiting its maritime border with Israel. In June 2011 Lebanon again turned to the UN, expressing its opposition to the agreement between Israel and Cyprus "that violates [according to Lebanon] the sovereign and economic rights of Lebanon and could imperil international peace and security, particularly if one of these States [presumably referring to Israel and Cyprus] should decide unilaterally to exercise sovereign authority over the region that Lebanon considers an inalienable part of its exclusive economic zone." Israel replied on July 12, 2011, attaching the coordinates to delineate its maritime border with Lebanon. The gaps between the Lebanese and Israeli claims create a disputed area of 850 sq. km.

In late 2011, Israel, out of a willingness to compromise, began to look for diplomatic ways to resolve the developing dispute. In inter-ministerial consultations, the decision was taken not to grant new licenses for the area under dispute in order to facilitate a compromise solution. It was decided not to use UNIFIL as a channel for discussion between Israel and Lebanon, since the mandate of the Force does not refer to the maritime border, and Israel prefers to avoid UN mediation. The Israel interest in mediation led to several contacts by third parties, and ultimately American mediation was the preferred option.

In February 2012, State Department Deputy Special Envoy for Middle East Peace Frederic Hof, who was heavily involved in developments in Syria in the framework of the Arab Spring, undertook the task of mediation. Israel reiterated to him its willingness to resolve the dispute by reaching a compromise in direct talks with representatives of the Lebanese government. In April 2012, at separate meetings in London (in view of the Lebanese refusal to participate in a joint meeting), Hof submitted a proposed compromise involving division of the disputed area. On May 2, 2012, then-Minister of Foreign Affairs Avigdor Liberman approved the American proposal, even though it granted Lebanon a larger share of the area. To this day no official response from Lebanon has been received, although according to reports of US diplomats in contact with the Lebanese government, they discussed inter alia depositing the proposal with the UN. From this it appears that the proposal was acceptable to the Lebanese government.



A year after the submission of the original American proposal, the new American mediator proposed additional ideas. While not clear whether they were his or the Lebanese government's, they completely distorted the original proposal. The guiding line for these ideas was the creation of a buffer zone between Israel and Lebanon outside the area claimed by Lebanon. Apart from the fact that this idea was completely unacceptable, it could also cause serious economic damage to both countries by preventing exploration and agreed exploitation of gas in the disputed area (pooling of exploration and development efforts in cross border areas is called "unitization").

In spite of the failure of US mediation, Israel continued to refrain from issuing tenders for the disputed area. However, in March 2013 the Lebanese Ministry of Energy published a map of the maritime economic zone divided into "blocks," jargon for areas that are the subject of tenders. The map showed that the Lebanese government completely ignored the Israeli position and the proposed American compromise, and that in three blocks, 8, 9, and 10, and particularly in block 9, there was clear penetration of the area claimed by Israel. After years of delays in approval of the tender process in Lebanon, largely due to the presidential and government crisis in the country, activity was now renewed.

On February 2, 2017, Israel complained to the UN about Lebanon's intention to grant licenses and declared its intention to defend its rights. It also expressed "openness to dialogue and cooperation with neighboring and relevant states regarding the delimitation of the northern limit of its territorial sea and exclusive economic zone." Following reports by the Lebanese Oil Authority, on December 21, 2017, Israel again complained to the UN Secretary General about the granting of licenses in Block 9 to a consortium comprising the French company Total, the Italian ENI, and the Russian Novatek, without Israel's consent, entirely contrary to Israel's position and its call for dialogue and cooperation. Israel also announced that it would not permit any non-consensual, unauthorized economic activity, and expressed its regret that the Lebanese government was ignoring its call for dialogue. Israel reminded all involved third parties, i.e., apart from Lebanon itself, that any activity "that would violate Israel's sovereign rights or otherwise involve them in non-consensual or unauthorized economic activity in this maritime area...would expose them to significant liability." On February 9, 2018, Total announced that it and its partners are aware of the conflict and therefore would not operate within 25 km of the disputed area.

On January 26, 2018, Lebanon replied with its own letter, which completely rejected all Israel's claims and announced: "The Republic of Lebanon will not hesitate to avail itself of its inherent right to self-defence if an armed attack occurs against the economic activities carried out in its maritime areas. It will not hesitate neither to take all appropriate measures against Israel or its private concessionaires, including Energean Oil

& Gas, should they decide to take advantage of their activities in the so-called Israeli blocks 13 and Alon D, where the Karish field is located, to exploit the natural resources of the Lebanese seabed by way of directional drilling." Energean, which is registered in Greece, won the Karish and Tanin drilling rights in late 2016, following a ruling by the Supreme Court regarding dilution of the holdings of Delek and Noble Energy.

In addition to the verbal escalation, the Lebanese turned to various institutions in France, including legal ones, hoping to conduct a public campaign to prove their case in the conflict with Israel. Lebanon had already contacted a former French president with a proposal for French mediation between Lebanon and Israel, but nothing was done. Acting Assistant of the US Secretary of State for Middle East Affairs David Satterfield recently visited Israel and Lebanon, in preparation for the visit by Secretary of State Rex Tillerson, and it was reported that he raised the subject of gas. The US effort was necessary due to the increasing harshness of the threats, particularly from the Lebanese side, and the danger of descending into armed conflict, where both winner and loser would pay a heavy price.

The charged situation highlights a number of issues. The first is the sense of power felt by Hezbollah, which played an important role in preserving the Assad regime and its recovery after it lost considerable territory to the various opposition forces. Although Hezbollah's intervention exacted a heavy price in human life, its position in Lebanon has not weakened, and the general elections in Lebanon in May 2018 will likely strengthen its political status. Iran's growing influence in the region following the nuclear deal (JCPOA) is also perceived as an achievement for Hezbollah, while Iran's gradually increasing foothold in Syria, which has made it a significant player in shaping that country's future, naturally impacts on its junior partner and proxy, Hezbollah. The strongly worded Lebanese letter of last month is reminiscent of the tone of threats adopted for many years by the Hezbollah leader Hassan Nasrallah on the subject of natural gas in the Mediterranean, but which had so far not accompanied the dialogue – albeit indirect – between Lebanon and Israel. Israel's decision to reinforce the border fence with Lebanon and in certain sections to build a wall (without changing the course of the Blue Line) was met with threatening language from the Lebanese government.

On the other hand, senior Israeli security personnel who have spoken recently about Syria and Lebanon, including at the INSS annual conference, have clarified that if there is another military campaign, Israel will exact a heavy price for all attempts to attack its civilian population, and it will not permit fighting to continue for several weeks, as happened in summer 2006.

The verbal exchanges, the violent rhetoric of the Lebanese government, and Lebanon's disregard for Israeli attempts to resolve the matter of the maritime border justify external involvement to prevent further deterioration. The security events between Israel and Syria of February 10, 2018 do not relate to the issue directly, but they will complicate efforts toward a compromise. While Israel would welcome American efforts to calm the situation, it is harder to predict the Lebanese reaction. Competition between rival political forces in Lebanon has always taken precedence over the national interest and caused much damage, including economic. Had the Lebanese government accepted the US compromise proposed in 2012, the Lebanese economy would have received a significant boost, and in turn would have benefited other regional economies. The American administration can minimize the risk of armed conflict by bringing Lebanon back to the idea of talking to Israel – even indirectly – about a fair compromise that would suit Lebanon.