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Simply unsustainable!

The EU's energy projects with Israel

The EU has made a strong commitment towards energy transition to renewable sources and has developed an ambitious strategy to meet Paris Agreement climate change targets. At the same time the EU has spent millions in the recent years on new gas infrastructure projects and billions of euros more are expected for 104 new gas projects included in the third list of Projects of Common Interest (PCI) published by the Commission. Natural gas is a fossil fuel composed of methane, which is 86 times more potent as a heat-trapping gas than CO2. With this massive investment, the EU is locking its dependence on fossil fuel for decades to come.

The two PCI's in this list that include Israel:

(1) deepen the EU's dependence on fossil fuels - putting into question the EU's ability to meet climate change targets;

(2) threaten the unique marine environment and incomes and lives connected to it;

(3) deepen the EU's complicity with Israeli violations of international law;
By connecting the EU electricity grid with the electricity grid of Israel (including the settlements!) with a bi-directional cable and/or by importing gas claimed by Israel through an offshore pipeline, the EU would (a) hook itself directly up with Israel's illegal annexation of the occupied Palestinian territory and its illegal settlements; (b) enable substantial revenues to be used in Israel's militarisation and *de facto* annexationist policies of the occupied Palestinian territory and appropriation and exploitation of its natural resources; (c) entangle itself with Israel's territorial offshore disputes.

(4) are economically questionable. Huge investments from the EU are required with Israeli gas prices being non competitive and prospects about Israel's capacity to effectively develop its gas resources in the near future being uncertain.

Recommendations

In line with its commitments to energy transition, environmental protection and its third state obligations, in particular the duty of non-recognition and non-assistance to an illegal situation created by Israel, the EU and the governments of Greece and Cyprus should:

1. **Withdraw the current tender for the Eurasia Interconnector, remove the project from the list of Projects of Common Interest and put the overall project on hold.**

2. **Cancel the feasibility study and remove the EastMed Gas Pipeline from the PCI list.**

3. **Warn European companies and investors of the legal, economic and security risks of involvement in Israel's gas projects**

4. **Reconsider EU investment in the natural gas projects included in the third PCI given their negative impact on climate change and human rights**

The idea of an Eastern Mediterranean as a gas hub to be promoted by the EU:

1) brings **grave environmental risks** to the Eastern Mediterranean: this marine area is a unique and delicate marine ecosystem, whose rich biological communities host rare species of deep-sea sponges, worms, molluscs and cold water corals – some of which are thousands of years old. Since the Mediterranean Sea is a closed sea, hydrocarbon pollution can cause damage on a grand scale. In the case of offshore hydrocarbon fields, pollution can result from drilling activities, from accidents during drilling, from offshore installations, or from construction of pipelines.
2) **deepens fossil fuel dependence** through direct import of gas or import of Israel's electricity by 97,3% produced from fossil fuels. Israel can only become an energy exporter if it develops the gas reserves in the Mediterranean it claims for itself. It is unacceptable that EU PCIs plan for the development of fossil fuel energy in a third country. Climate change has no borders.
3) Will **exasperate conflicts** not reduce them: the recent escalation between Israel and Lebanon being only one example. These conflicts can jeopardize the EU's large scale investments. Through the 'gas hub' the EU will get directly involved in the international conflicts in the region, not as a mediator but as directly affected and indirectly pressured to take the side of the only state in the region that consistently and systematically violates international law and UN resolutions.
4) Just as Russia, **Israel may leverage the EU's gas dependency for political aims**. There is a real threat Israel may be using energy dependency to pressure the EU or to retaliate in case the EU may take steps to comply with their international obligations not to aid or assist Israel in its violations of international law.

(1) The Eurasia Interconnector:

EuroAsia Interconnector is a leading EU Project of Common Interest (No. 3.10), connecting the national grids of Israel and the EU via Cyprus and Greece and allowing bi-directional transmission of electricity. In 2013 the governments of Israel, Greece and Cyprus signed an MoU for the construction of a 2,000 megawatt subsea electricity cable from Israel to continental Europe via Cyprus and Greece. A 3.5 billion euro tender was published for delivery of the project by 2021.

1) The Eurasia Interconnector connects Europe with Israeli human rights violations and the illegal settlements.

- The Interconnector is explicitly defined as 'multi-directional' and 'bi-directional transmission of electricity', connecting the European and the Israeli electricity grids.
- The Israeli electricity grid does not separate between the pre-67 borders and the parts of the electricity grid built as part of the illegal settlement project. Hence, the EU is directly linking itself up with Israel's illegal settlements and recognizing and sustaining this illegal situation.
- Any flow of EU electricity to the Israeli grid - which includes the settlements - in the bi-directional transmission' would clearly contravene international law and EU directives.

2) Importing Israeli energy creates more dependency on gas based fossil fuels.

- In 2015, the EU produced 25.3% of is energy from Renewable Energy Sources (RES). By 2016, Israel produced 2.6% of energy from RES. Gas exploration being Israel's biggest energy project, no increase in RES in Israeli energy production is foreseeable. This energy import will severely reduce the percentage of RES in the EU energy consumption.

3) Building the Eurasia Interconnector does not secure the EU's energy supplies.

- Israel's energy export capacity depends on its gas production but it is all but clear whether and when Israel will actually start producing surplus gas energy. (See below.)
- As the project itself states, it is unprecedented: it will be the deepest and the longest undersea cable in the world This implies ongoing risks for malfunctioning that can lead to interruption of energy supply and ecological hazards.
- International conflicts in the region, may additionally put risks to the supply of energy through the Interconnector cable.

4) The Eurasia Interconnector does not offer 'significant economic benefits'

- According to experts, the EuroAsia Interconnector electricity project does not have a market in Greece and cannot be utilized by Greece to end Crete's energy isolation, which costs around 400 million euros per year.
- Israeli experts state that Israeli gas energy is not competitive with the EU's current supplies.
- Israel can only export gas if and when this Leviathan fields are going on the grid. This timelines is highly uncertain.

2) The EastMed pipeline

The Eastern Mediterranean Natural Gas Pipeline is part of Project of Common Interest 7.3.1. It aims to build a 2,000 kilometers pipeline at an estimated at over US$6 billion by 2025. The EU has allocated 34.5 million for planning and feasibility study. The project owners are IGI Poseidon, a joint venture between Greece's natural gas firm DEPA and Italian energy group Edison. JP Morgan and HSBC are among the private investors.
At the end of 2017 Italy, Greece, Cyprus and Israel signed a Memorandum of Understanding towards the construction of the gas pipeline.

1) The EastMed pipeline would directly foment the fossil fuel production:

- Experts highlight that the exploration of Israel's main gas reserves, the Leviathan fields, is only possible if additional buyers are found. The EastMed pipeline is enabling an environmentally highly risky gas exploration.

2) Would not significantly reduce EU gas dependency from Russia:

- The EastMed pipeline is designed to transport 10 Bcm/y from the Israeli and Cypriot gas reserves into Greece. In comparison, the EU imports some 200 bcm per year from Russia. Israel's total gas reserves amount to 983 bcm.

3) Would bring inestimable environmental risks to the Mediterranean Sea:

- The construction of the pipeline at 3.3 km depth is technically difficult and the impact on the seabed, its unique fauna and flora is not foreseeable.
- The volcanic activity in the seabed that would threaten the stability of the pipeline.
- The undersea route, which reaches a depth of 3.3 kilometers, makes any damage to the pipeline very hard to repair.

4) Is economically unsound:

- Average gas price in Europe is $5.50-6 per Btu, while for EastMed gas to be developed, prices would have to reach $8 per Btu. In order to justify the at least US$5.7 billion expense for the pipeline, EastMed gas prices should be $2-3 per Btu lower than current EU prices.
- Israeli experts hold the MedEast pipeline "whether directly or via Turkey, is overambitious at current natural gas prices".
- Israeli gas export capacity in the near future is unsure. The Tamar fields are used for domestic consumption and exploration rights (not obligation) of the Leviathan fields have gone to an Indian and a Greek bidder, both with insufficient technical experience.
- Recent Cypriot discoveries of a large gas deposit put doubts on plans for the pipeline with Israel. Cyprus is said to be considering a pipeline to Egypt. Likewise Israel has now signed a massive $15 billion gas deal with Egypt, bringing closer the prospect of Egypt becoming a regional hub for gas exports to Europe given its advanced gas liquefying infrastructure.

ANNEX:

(excerpt from: 'Fueling impunity: Israel's gas exports to Europe' by Palestinian BDS National Committee (BNC))

Israel's gas discoveries

In 1999 Israel made the first discoveries of natural gas in the Mediterranean, right off the coast of Gaza. After years of stalled negotiations with the Palestinian Authority over exploration of the deposits, the Israeli Ministry of National Infrastructure unilaterally ordered the development of the Noah gas field in 2011, located a merely 35 km off the coast of Gaza.

Statements by Israeli officials indicate just how these discoveries have factored in Israel's considerations for the enforcement of its illegal naval blockade of Gaza. It is estimated that Palestinian gas deposits under Israel's control are worth more than $4 billion.

Meanwhile Israel made large gas discoveries off the coast of Haifa, straddling Lebanese waters. While the Tamar field is already in production, destined for Israel's internal market in addition to contentious exports to Jordan, the larger Leviathan field is expected to come into production by the end of 2019, 75 percent of which destined for export. Noble Energy Inc. (US), Gazprom (Russia), ONGC Videsh (India), Union Gas Fenosa (Spain) and Royal Dutch Shell (UK-Netherlands) are among the international energy companies involved.

Israel has embarked in a diplomatic overdrive to find international customers and investors for the Leviathan field, considered the largest energy project in Israel's history, but with limited success. The possibility of legal challenges from the Palestinians and Lebanon, security concerns over flare ups of conflict, the huge cost for gas drilling in the Med, corruption in the Israeli government and competition from larger and cheaper gas discoveries in neighboring countries have held off investors and forced energy companies to reassess the extent of their engagement.

The Greece-Cyprus-Israel Energy Triangle

Given the bleak outlook for its gas sector Israel has turned to Europe for economic and political viability, and as a guarantor, for its gas export ambitions. The EU in turn has factored gas from the Eastern Mediterranean - a Southern Gas Corridor - in its energy security strategy.

Israel's approach for accessing the European gas market has been to forge an alliance with Cyprus and Greece, spanning economic, political and military cooperation. This has come at the expense of both countries' historic support for Palestinian rights. Israel hopes to benefit from EU subsidies and investment for its gas sector and ultimately, an export market that would give economic viability to its gas discoveries.

Illegal annexation, the crime of pillage, and EU's international obligations

Israel not only denies Palestinian access to gas reserves off the coast of Gaza but has also exploited these resources for its exclusive benefit while depriving Palestinians of revenues. All the while Gaza continues to suffer acute electricity shortages compounded by Israel's refusal to live up to its responsibilities as an Occupying Power.

Israel's appropriation and exploitation of the natural resources of the occupied Palestinian territory (OPT) for its own benefit, and for the benefit of illegal settlements, is a flagrant violation of international humanitarian law, amounts to the war crime of pillage, and is part and parcel of Israel's *de facto* policy of annexation of the OPT. The latter has been characterized by the International Court of Justice advisory opinion (2004) as a serious Israeli violation of the prohibition on the acquisition of territory by force and the right to self-determination of the Palestinian people.

The EU has a legal duty of non-recognition, including the duty to give no aid or assistance in the maintenance of the unlawful situation created by Israel in the OPT with these serious violations. EU purchases of Israeli gas would enable substantial revenues to be used in Israel's militarisation and *de facto* annexationist policies of the occupied Palestinian territory and appropriation and exploitation of its natural resources.

Israel's militarism and the threat of conflict

Lebanon has claimed since the discovery of the gas reserves that they are extending into their territorial waters - a conflict over exploration rights that has yet to be resolved. Recently, Israel has threatened Lebanon over its gas reserves. Israel has objected in particular to recent gas concessions granted to two European companies in Lebanon's Exclusive Economic Zone (EEZ).

On par with its verbal threats, Israel has stepped up militarisation of the seas, fueling a regional arms race in an already volatile region. On the other hand Hezbollah has vowed to make Israel's gas platforms a target should Israel attack the country.

EU gas purchases from Israel will foment conflict between Israel and Lebanon, which in turn threatens Europe's energy security arising from interruptions of supplies should war break out. Furthermore, EU public and private infrastructure investments associated with Israeli gas exports have high probability of loss-making due to the unstable and unpredictable security situation.