

Power Play

Nonstate actor incidents and their effect
on bilateral relations

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Abstract

This essay follows my attempt to explain how power structures dictate a state's susceptibility to the actions of nonstate actors. Specifically, is there a way to determine if a onetime incident perpetrated by a nonstate actor can effectively reduce or increase bilateral relations between states? I hypothesized that I could effectively gauge the likelihood that political and economic activity between states would either suffer or flourish by comparing their bilateral relationship to the power a nonstate actor – like an nongovernmental organization or multinational corporation – can exert over one of the states. Under the complex interdependence theoretical framework of Robert O. Keohane and Joseph S. Nye's, I formulated a disciplined configurative case study to investigate two contemporary nonstate actor incidents. The first case focused on the Gaza Freedom Flotilla's ability to reduce bilateral relations between Turkey and Israel. The second case concerned Delek-Noble drilling operations in Cyprus' Block 12 and its effect on Greek and Israeli bilateral relations. I was able to determine that Turkey could ill afford the consequences of not severing political ties to Israel, although both states remain economically interdependent. Greece on the other hand, could not afford to miss the opportunity presented before it as bilateral relations with Israel rapidly developed.

Key words: bilateral relations, case study, complex interdependence, nonstate actor, sensitivity and vulnerability

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1 Introduction & Research Problem

On 31 May 2010 a flotilla of six vessels carrying people and humanitarian supplies – operated by the Free Gaza Movement and Foundation for Human Rights and Freedoms and Humanitarian Relief (IHH) – was boarded and taken over by Israeli Defense Force (IDF) personnel 72 nautical miles from land. Israeli forces had directed the flotilla to change course stating that the coast of Gaza was under a naval blockade. In the take-over, nine activists (including seven Turkish nationals) lost their lives and many others were wounded, resulting from the use of force during the operation (Palmer et al. 2011). Turkey has since demanded, but yet not received, a formal apology and compensation from Israel. As a result, bilateral relations between Turkey and Israel have deteriorated, creating a diplomatic vacuum between the two states.

In another incident sixteen months later in September of 2011, Turkish Prime Minister Recep Tayyip Erdoğan issued a stern warning along with a threat of military force against the Republic of Cyprus over Noble Energy's planned drilling of Block 12 in the Cypriot seabed (Kambas 2011). In response, Cyprus, Greece, and the European Union (EU) issued statements condemning the Turkish PM's threats as tensions rose throughout the region. Nevertheless, a few days later the Homer Ferrington rig took its place in Block 12 as Turkish, Israeli, Russian, British, and American naval vessels and planes watched from a distance while the rig was moved (Virtual Jerusalem 2011; Protothema 2011). The results of Delek Group and Noble Energy's continued exploration in Cypriot waters have paved the way for increased bilateral relations between Greece and Israel.

The incidents of May 2010 and September 2011 led to significant transformations of influence, alliances, and opposition within the Eastern Mediterranean. Consequently, the paradigm within the region shifted from strong Turkish-Israeli alliances to that of a Greek-Cypriot-Israeli axis of cooperation. What makes the above two scenarios particularly interesting is the speed and effectiveness in which both incidents led to significant political and economic policy changes between state actors. In less than two years, Turkey and Israel fell out of sorts while Greece, Cyprus, and Israel effectively increased cooperation and established common ground on a variety of issues.

I intend to examine the recent shift in Eastern Mediterranean political economy by conducting case studies of the above-mentioned incidents as they relate to changes in bilateral relations. Although the persuading role played by nonstate actors like nongovernmental organizations (NGOs) and multinational corporations (MNCs) has been the subject of numerous academic works, little research has been dedicated to identifying the dynamic between states that allow a NGO or MNC to influence bilateral relations through the occurrence of a

single action in time (or incident). Hence, I shall tackle this very issue by answering the following research question – *What are the power structures that allow a nongovernmental organization or multinational corporation to reduce or increase bilateral relations by virtue of a single incident?*

Recognizing that additional nonstate actors like intergovernmental organizations (IGOs) can influence outcomes and decision-making at the national level, I shall incorporate the applicable role that United Nations (UN), North Atlantic Treaty Organization (NATO), and EU forces play in each case. For instance, a verdict handed down by a UN Panel of Inquiry illustrated in the first case led to a second Turkish response. In this regard, it is important to demonstrate how the Panel's findings contributed to Turkey's decision-making process, as ignoring the UN's influence would be irresponsible. However, I argue that the UN Panel's findings took no part in the NGO's ability to illicit a first response by Turkey, months before the Panel was ever convened. Consequently, this is the dynamic I find most interesting – the conditions that allowed the NGO to create an incident that would eventually force Turkey into a diplomatic standoff with a close regional ally. This approach to handling nonstate actors that are neither NGOs nor MNCs works best, as I intend to spotlight NGO and MNC-driven stimulus on bilateral relations. Hence, IGOs and other intervening actors will be treated as peripheral elements – they are recognized when important and explained in relation to the NGO or MNC incident.

The essay follows an organized breakdown by chapter, section, and subsection. After the introduction to the research problem, the essay begins with my choice of theory and literature review in Chapter 2. Chapter 3 introduces the methodological framework and empirical data I chose to employ. The Gaza Freedom Flotilla case study begins in Chapter 4 and the Delek-Noble drilling of Block 12 case study in Chapter 5. Both case studies are further broken into sections that include a background, description of the incident, political and economic activity following the incident, and an analysis linking the incident with the outcomes. Chapter 6 concludes the essay. Finally, an Executive Summary is placed in Chapter 7.

2 Theory & Literature Review

While the soundness of bilateral treaties, economic agreements, and diplomatic relations remain at the ultimate behest of state-level political elites, a number of contributing factors influence their decision-making. This view, in keeping with neoliberal frameworks of analysis places greater value on nonstate actor-influence than traditional realist approaches to international relations (IR) theory.

2.1 Keohane, Nye, and complex interdependence

The mid-1970s saw the emergence of a new paradigm aimed at challenging the classical realist thinking of Hans J. Morgenthau¹ that dominated international relations theory since the 1950s. Later, it would serve as the main competitive theory to the neorealist views of Kenneth N. Waltz² throughout the 1980s. Developed by Robert O. Keohane and Joseph S. Nye, the concept of *complex interdependence* first emerged in their 1979 text entitled, *Power and Interdependence*. Complex interdependence merged grand realist approaches to IR theory with more liberal traditions – specifically, the impact of domestic and international society, interdependence, and international institutions (2012, p. xx). Three decades later, complex interdependence remains an effective model as Keohane and Nye most recently used it in the latest edition of *Power and Interdependence* to examine and explain the end of the Cold War, the attacks of September 11th, and the Financial Crisis of 2008.

2.1.1 Dependence and interdependence

Keohane and Nye define *dependence* as “a state of being determined or significantly affected by external forces” and define *interdependence* simply as “mutual dependence” (Ibid., p. 7). However, interdependence is only reached when transactions between parties produce costly effects. As interdependent relationships are by nature a give-and-take relationship between parties, one

¹ Hans J. Morgenthau authored *Politics Among Nations: The Struggle for Power and Peace* in 1948 and is credited with developing IR theory under a realist interpretation.

² Kenneth N. Waltz authored *Theory of International Politics* in 1979 and is credited with developing IR theory under a liberal interpretation.

must effectively analyze the costs (constraints), and the benefits (gains) associated with such a relationship. One way to do this is by focusing on “joint gains or joint losses”; however, this fails to illustrate the true dynamic of the relationship, as joint gains do not always mean equal gains for all parties (Ibid., p. 8).

Keeping in mind that conflict could arise from distributional inequality between states as each one strives to maximize gains and minimize losses, it is best to analyze the costs and benefits of interdependent relationships in terms of “relative gains and distributional issues” (Ibid., p.8). This is the *asymmetrical* quality associated with interdependence – less dependent actors can use interdependence as a source of bargaining power (described below). Finally, this is not always a zero-sum game as actors can agree to joint gains while preserving the status quo. However, if one side seeks to upset the status quo, it could come at the expense of the other and turn the game into a zero-sum situation (Ibid., p. 9).

2.1.2 Bridging the gap with complex interdependence

By putting a liberal spin on interdependence while maintaining a realist focus on power, complex interdependence sought to bridge the gap between liberalism and realism by embracing both concepts as complementary theories. Although complex interdependence was rooted in the realist concept of interdependence theory – which traditionally described the reciprocal effects among states or actors within states – it evolved into an ideal international system that would successfully dismiss three realist assumptions – states are the only significant actors; security is the dominant goal; and force is the dominant instrument (Ibid., p. xxvii).

Complex interdependence replaced the above realist assumptions with three *key elements* heavily influenced by liberal values – multiple channels of contact connect societies that are not state-dominated; an absence of hierarchy among issues; and an absence of military forces used towards government in regions where complex interdependence prevails (Ibid., p. 265).

2.1.3 The evolution of complex interdependence

Several scholars have built upon complex interdependence theory, which is now regarded as the basis of liberal and neoliberal IR theories. Over the years, political scientists have substantially advanced the key elements originally developed by Keohanne and Nye into the biggest challenger to neorealism as a way of understanding international relations. This evolved form of complex interdependence is commonly referred to as neoliberal institutionalism (Milner 2009, location 180). The paradigm constructed over thirty years ago in *Power and Interdependence* has proven empirically stout, as globalization – a heightened form of complex interdependence – has seen multifaceted connections form

between nonstate and nonstate actors, state and state actors, and nonstate and state actors all over the world.

Although competitive IR theories, neoliberal institutionalism and neorealism do share a common belief that states are critical and rational actors in world politics. However, neoliberal institutionalism places a greater value on the importance of nonstate actors to include the role of nongovernmental organizations and multinational corporations (Ibid., location 219). This theory is better suited to explain the complex interactions of nonstate and state actors in areas of global finance, international property rights, human rights, environmental issues, and the like (Ibid., locations 364-405).

2.2 Power

Power is important to understanding the nature of bilateral relationships and how that dynamic is influenced for two reasons. First, if complex interdependence dictates that multiple channels of contact societies are not state-dominated, one can assume that non-state actors like NGOs and MNCs are capable of using power to influence these societies existing within the state. It is then reasonable to assume that if the NGO or MNC can influence societies within the state, it can influence that state's relationship with another state. Second, power structures between states dictate the type of bilateral relationship states have. In keeping with the chosen theory, there needs to be a way of describing this relationship in terms of complex interdependence. For these reasons, it is prudent to find ways of defining and measuring power. In doing so, one can understand its use in two ways – a nonstate actor's influence on state decision-making and the power structures between states under complex interdependence.

2.2.1 Defining power

Power can be described as “the ability of an actor to get others to do something they otherwise would not do (and at an acceptable cost to the actor)” or an actor's “control over outcomes” (Keohane & Nye 2012, p. 10). This best defines a nonstate actor's ability to influence a state's decision-making. To understand the power structures between states under complex interdependence, power must be defined in terms of asymmetrical interdependence. In these terms, power refers to an actor's ability to exercise “control over resources, or the *potential* to affect outcomes [emphasis in original]” (Ibid., p. 10). This means that in a relationship, the least dependent actor possesses greater relative power because it usually has greater political resource. In other words, changes in the relationship are usually less costly for the actor that depends on the relationship the least.

2.2.2 Measuring power

Keohanne and Nye measure power using two dimensions – *sensitivity* and *vulnerability* (Ibid., p. 10). While either dimension can be social, political, or economic in nature, sensitivity pertains to the degree of responsiveness within a policy framework – how quickly does one actor’s changes effect *costly changes* upon another actor and to what degree? Sensitivity is measured by determining the costly effects of outsider-imposed changes on a particular society or government before policies are altered in order to adapt to the new situation.

Vulnerability pertains to the liability of an actor to suffer outsider-imposed costs even after policies have been changed to reflect new realities. Because policy change is usually slow in nature, vulnerability can only be measured by determining the costliness of making effective adjustments to new realities over a period of time (Ibid., p. 11) – does the actor have effective alternatives, ways of doing business differently, or the ability to absorb costly changes? By following Keohanne and Nye’s tradition of merging liberal values with realist concepts, I shall measure power in terms of sensitivity and vulnerability. Furthermore, this measurement can be applied to both uses of power – a nonstate actor’s influence on state decision-making and the power structures between states under complex interdependence.

Finally, it is also worth mentioning Keohanne and Nye’s take on hard power. Although they recognize the use of military force and economic coercion as examples of hard power (Ibid., pp. 16-17), Keohanne and Nye take special care in noting an important distinction. While military power almost certainly trumps economic power, the use of a military power brings with it higher costs; therefore, not all problems are subject to a military solution. It is the *relative costs* that dictate which means are most appropriate given a particular situation (Ibid., pp. 16-17).

2.2.3 Power structures

At this point is prudent to explain what I mean by *power structures*. Using Keohanne and Nye’s definition of power, I will define power structures between states as *the intensity of complex asymmetrical interdependence between states*. In other words, power structures refer to one state’s interdependence on another state and vice versa. The interdependence can be social, political, or economic in nature and is hardly ever equal for both states. This asymmetrical interdependence translates into power, as changes in the bilateral relationship are usually less costly for the state that depends on the relationship the least. Accordingly, it can be measured in terms of sensitivity and vulnerability.

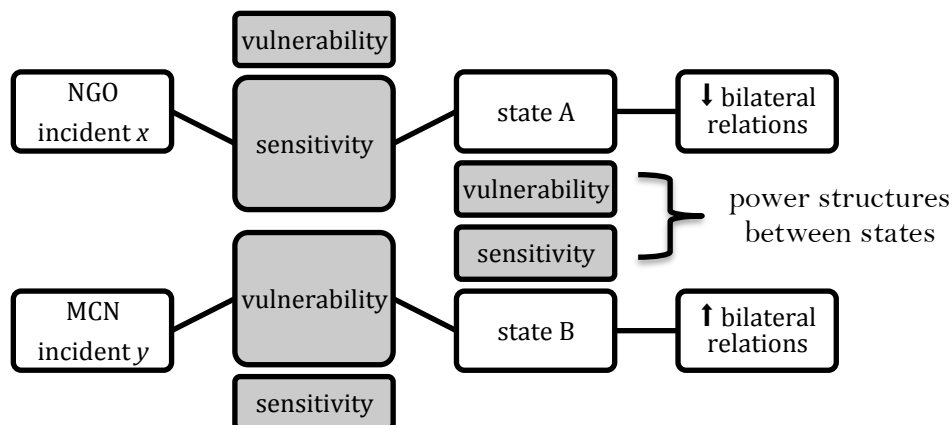
2.3 Hypothesis

Following Keohanne and Nye's complex interdependence theory and definition of power, I formulated two hypotheses in order to explain how the power structures between states can be affected by a NGO or MNC-created incident. Figure 3.1 offers a visual illustration of the each hypothesis.

H1: A NGO or MNC can effectively reduce political and economic ties between two states (bilateral relations) by virtue of a single incident if one state's sensitivity to the incident is greater than its vulnerability to the other state.

H2: A NGO or MNC can effectively increase political and economic ties between two states (bilateral relations) by virtue of a single incident if one state's sensitivity to the other state is less than its vulnerability to the incident.

Figure 2.1 State A's sensitivity to incident x is greater than its vulnerability to state B; therefore, bilateral relations are reduced. State B's sensitivity to state A is less than its vulnerability to incident y ; therefore bilateral relations are increased. The shaded cells represent dimensions of power.



3 Methodology & Empirical Material

The following chapter is aimed at discussing the research design and data used in the essay. As such, I offer a description and overview of my chosen methodology to include specific adoptions in the design and approach to the research problem. I justify my choice in design along with presenting the reader with pros and cons of the selected method choice.

3.1 Case study approach

I shall conduct analysis by way of case study methodology. Although case studies have sometimes been accused of exhibiting a nonscientific and noncumulative character, George and Bennett contend that an investigator can overcome such criticism by adhering to a few requirements during the process (2005, pp. 68-69). They call for – a clearly defined universe, i.e., class or subclass of events, to which the case falls into; a well-defined research objective; and variables of theoretical interest that provide policymakers a way to influence outcomes. Hence, to effectively formulate these requirements, George and Bennett list five tasks to be used in the design and implementation of systematic, theory-oriented research, thereby keeping the method framework structured and focused (Ibid., pp. 72-88).

3.1.1 Task 1 – Specify the research problem and research objective

As previously stated, I intend to identify the power structures that allow a nongovernmental organization or multinational corporation to reduce or increase bilateral relations by virtue of a single incident. Grounded in complex interdependence and neoliberal institutionalism theory, the research problem outlined in Chapter 2 is analyzed through two case studies following a before-after research design. As George and Bennett argue –

[A] controlled comparison can be achieved by dividing a single longitudinal case into two – the ‘before’ case and an ‘after’ case that follows a discontinuous change in an important variable. This may provide a control for many factors [...] helping to assess whether differences other than those in the main variable of interest might account for the differences in outcomes. (George & Bennett 2005, p. 81)

The main variable of interest in each case is that of the nonstate actor’s specific incident that served to either reduce or increase bilateral relations between the

states in question. This variable serves as the demarcation line, separating the before and after. In both cases, the *before* serves as the political and economic status quo and the *after* serves as the political and economic changes appearing after the incident took place. Of course, no case occurs within a vacuum, void of influence from external forces and contributing factors. Hence, it is very important to illustrate the context in which each case occurred. This is made relatively easier since both examples occurred within the same region, within a close timeframe of one another, and share common state actors. Because I focus on bilateral changes occurring after each incident, I shall ‘set the stage’ with a short narrative of the status quo (the before) that existed relative to the incident occurring. To examine the after, two cases were developed –

- C1: The NGO Free Gaza Movement and Foundation for Human Rights and Freedoms and Humanitarian Relief incident’s influence on reduced Turkish and Israeli bilateral relations.
- C2: The MNC Noble Energy incident’s influence on increased Greek and Israeli bilateral relation.

Each case study will begin with a detailed account of the nonstate actor incident (main variable of interest) followed by state reactions to the incident. Data collected will include – statements by political elites about the incident; UN and state documents about the incident; and media reports about the incident in question. Post-incident material will include statements, documents, and reports dated from May 2010 (date of first incident) to May 2012 (publish date of the essay). Once each incident along with state reactions is thoroughly recounted, each case study will initiate the process of determining how bilateral relations changed since the incident occurred. Material used in this process will include bilateral military agreements, joint military exercises, trade agreements, and statistical data pertaining to trade and energy. Once data is collected, the analysis portion begins, serving to answer the following questions – what were the political and economic outcomes of each incident and what were the power structures between states (measured by sensitivity and vulnerability) that allowed for the incident to reduce or increase bilateral relations? By answering these questions, I hope to achieve the overall research objective by swerving as a *disciplined configurative case study* used to explain two cases and exemplify the theory (Ibid., p. 75) discussed in Chapter 2. In both cases, complex interdependence and neoliberal intuitionism will identify power structures that are conducive to reducing or increasing bilateral relations by virtue of a single incident.

3.1.2 Task 2 – Develop a research strategy

The second task is to develop a research strategy through the specification of variables (Ibid., p. 79). For the purpose of analysis, the dependent variable in each case shall be designated by two outcomes –

Dv1: A specific incident occurred due to the actions of a nonstate actor that *reduced* political and economic ties between two states.

Dv2: A specific incident occurred due to the actions of a nonstate actor that *increased* political and economic ties between two states.

After using process-tracing to identify independent variables, this study turned to John Stuart Mill's method of difference that employs "the logic of elimination to exclude as a candidate cause (independent variable) for the variance in the outcome (dependent variable) any condition that is present in both cases." (Ibid., p. 156). Hence, the independent variables existing in both cases are identified as

Iv1: The incident caused at least one state to take action in response to the incident.

Iv2: The incident was perceived to significantly enhance or diminish the security (military, political, economic) of at least one state.

Iv3: The incident was successfully popularized within the national media of at least one state.

3.1.3 Task 3 – Case selection

The third task relates to case selection. Both selected cases provide compelling examples of nonstate actor-created incidents influencing bilateral relations. I shall identify the conditions necessary for a nonstate actor to either reduce or increase bilateral relations under the umbrella of complex interdependence and neoliberal institutionalism. In doing so, two cases are offered as empirical tests of the theories. One case features an incident initiated by two NGOs and the other case features an incident initiated by a MNC that was later joined by another MNC. Cases were selected as part of an ongoing study into paradigm shifts occurring within the Eastern Mediterranean, where some political alliances have waned and others matured. Indeed, this part of the world has been and is currently undergoing a significant personality adjustment.

Although both cases share many similarities – both are cases of a specific nonstate actor incident that altered political and economic ties between Eastern Mediterranean states and the State of Israel; both are contemporary, occurring within the past two years; and both situations continue to evolve – they differ in outcomes. In the first example, the Gaza Flotilla incident occurred due to the actions of two NGOs (Free Gaza Movement and Foundation for Human Rights and Freedoms and Humanitarian Relief) that reduced political and economic ties between the Republic of Turkey and the State of Israel. The second case shows how the actions of two MNCs (Delek Group Ltd. and Noble Energy Inc.) created an incident that increased political and economic ties between the Hellenic Republic and the State of Israel.

Some may criticize the nature of cases selected for this study, as NGOs and MNCs differ greatly in their technique, capability, creditability, and incentive to

generate change at the state level. However, critics must remember that my objective is *not* to compare the ways in which nonstate actors like NGOs and MNCs create change, rather to identify the optimal power structures allowing a nonstate actor to inflict change by virtue of a single incident. For this, the nonstate actor creating the incident is inconsequential as to the context in which the incident transpires. The unifying characteristic in both cases is that the incident *is not* state actor-imposed; however, reactions to the incident are indeed state actor-imposed and include military, political, and economic responses. The variance in political and economic outcomes from each incident (dependent variable) is what I seek to rationalize. *What were the power structures (measured by sensitivity and vulnerability) that allowed a NGO incident to reduced bilateral relations between Turkey and Israel while a MNC incident increased bilateral relations between Greece and Israel?* In both cases, clearly defined incidents serve as a contemporary examples of how a nonstate actor can influence bilateral relations, thereby contributing to the overall objective of the study by serving as a disciplined configurative case study used to exemplify complex interdependence and neoliberal intuitionism theory.

Following the complex interdependence model, it is assumed that both incidents occurred within an environment composed of multiple channels of contact connect societies outside of state control. Ergo, these multiple channels of contact dictated the asymmetrical interdependence between states within the timeframe referred to as the *before* or *status quo*. It is also assumed that both incidents somehow transformed the asymmetrical interdependence between states. This post-incident timeframe is referred to as the *after*. It is the environment in which bilateral relations radically shifted from one locus to another that I seek to identify. As the objective of this essay is to identify conditions leading to a reduction of or increase in bilateral relations, several questions will be addressed in the analysis portion of each case – exactly how did the incident upset the status quo? Were there relative gains? Did the costs of continued business become too great for one state? Did the costs of *not* doing business become an acceptable loss to one state? By answering these questions, one may begin to appreciate the conditions in which a nonstate actor can alter bilateral relations by virtue of a specific incident.

3.1.4 Task 4 – Assigning variance to variables

Task four concentrates on assigning a variance in both dependent and independent variables. For instance, when examining dependent variables it could be said that outcomes such as ‘reduced political and economic ties’ and ‘increased political and economic ties’ are “inadequate and unproductive” (Ibid., p. 85). Instead, explaining individual instances of reduced and increased political and economic ties between states will serve to supply a more “policy-relevant explanatory theory” (Ibid., p. 85). For purposes of analysis, bilateral relations will be defined or qualified as ‘reduced’ if the number of bilateral military and trade agreements *or* the amount of bilateral trade is lower post-incident relative

to its number or amount pre-incident. Conversely, bilateral relations will be defined or qualified as ‘increased’ if the number of bilateral military and trade agreements *or* the amount of bilateral trade is higher post-incident relative to its number or amount pre-incident.

3.1.5 Task 5 – Formulate data requirements and general questions

The last task used in the design and implementation of theory-oriented case studies pertains to the formulation of data requirements and general questions. Data collection for the essay will be driven by a complex interdependence and neoliberal intuitionism theory framework using a case study before-after research strategy. As such, standardized questions pertaining to the nonstate and state actors involved are used to compile data. Carefully structured questions will ensure equal comparisons of data, allowing for later case study comparisons. Systematic data gathering should be general in nature and applicable to any case study that uses the same theoretical framework.

I generated these questions and used them as a starting point in order to help sort out the relative data and compile answers to the research question. These questions are only preliminary, as process-tracing will inevitably generate more questions.

Incident questions –

Q1: What statements did political elites make in response to the incident?

Q2: What measures did states take in response to the incident?

Q3: What measures did states take in response to other states?

Post-incident (*after*) questions –

Q1: How many bilateral military agreements were suspended after the incident?

Q2: How many bilateral military agreements were executed after the incident?

Q3: How many bilateral trade agreements were suspended after the incident?

Q4: How many bilateral trade agreements were executed after the incident?

Q5: What is the difference in trade after the incident?

Q6: Who are the external energy suppliers and consumers?

Q7: Who are the potential external energy suppliers and consumers?

3.2 Process-tracing

This analysis will employ the use of process-tracing in order to identify causal mechanisms to provide a detailed, fundamental explanation linking the before (x) and the after (y) in each case. Elster argues that using process tracing will uncover the incremental correlation between x and y through steps $a, b, c, d \dots$ (as cited in George & Bennett 2005, p. 141). It is also important to remember

that when conducting a case study, the goal is “to do a ‘generalizing’ and not a ‘particularizing’ analysis” (Lipset, Trow, & Coleman as cited in Yin 2009, location 575). Hence, I shall explain decisions made by state and nonstate actors, why decisions were made, how decisions were implemented, and the results of decisions made (Schramm as cited in Yin 2009, location 612). This form of process-tracing is known as an *analytic explanation* (George & Bennett 2005, p. 210). Extensively different than a detailed narrative, analytic explanations use the chosen theory to rationalize historical events within a theoretical context and test the validity of the chosen hypothesis.

According to George and Bennett, process-tracing is advantageous because “[it] has the capacity for disproving claims that a single variable is necessary or sufficient for an outcome.” (2005, p. 220). In addition, case studies are less prone to measurement error, can serve to identify potential omitted variables via intensive study, and have disputed entire theories when a case has failed to explain a most-likely case. Case study process-tracing can help confirm or repudiate the causality of a main variable of interest while potentially identifying additional contributing causal mechanisms (Ibid., p. 220).

Some drawbacks of case study models include the potential of exhibiting selection bias or the over-generalization of results (Ibid., p. 80). However, the five tasks described above have been designed to minimize such an occurrence. Additional limitations include the problem of case selection (does the selected case correctly illustrate the theory?), the balance of scarcity and abundance within the study, and preserving theoretical validity while maintaining proper historical accuracy (Ibid., p. 22).

4 The Gaza Freedom Flotilla

4.1 Background

Gaza occupies an area of 360 square km and contains a population of 1.43 million of which, 70 percent are refugees and 54 percent are under the age of 18. Bolstering one of the highest unemployment rates in the world – 39 percent – the poverty rate is equally staggering. Consequently, the majority of the population relies on foreign aid. After a takeover by Hamas and Israel's restriction on goods entering over land, most businesses have closed, electricity is sporadic, and water and sanitation services have faltered. Israel's blockade was designed to weaken the ability of Hamas; however, its crippling effect has spilled over into the general population. Over the years, there have been multiple attempts to send ships into the Israeli-imposed naval blockade of Gaza. The attempts draw attention through publicity as nongovernmental organizations question the legality of the blockade (Palmer 2011, pp. 67, 69).

4.2 The incident

According to reports by the Turkish National Commission of Inquiry (Turkish Commission)³, the Israeli independent Public Commission (Turkel Commission)⁴, and the UN Secretary-General's Panel of Inquiry (Palmer Committee), the flotilla consisted of a convoy of six naval vessels – *Mavi Marmara* (Comoros); *Sfendoni* (Togo); *Challenger I* (USA); *Gazze I* (Turkey); *Eleftheri Mesogeio* (Greece); *Defne-Y* (Kiribati) – with three of the six departing from Turkish ports. Included in the convoy was the *Mavi Marmara*, leaving the Port of Antalya on 28 May 2010 with a crew of 29 and 546 passengers (Palmer 2011, pp. 15-16). Organized by the Free Gaza Movement and IHH, the vessels carried 10,000 tonnes of supplies and passengers from 40 different countries – a

³ A Turkish National Commission of Inquiry was established on 11 August 2010 to examine the Gaza Flotilla incident of 31 May 2010. It was composed of senior officials from the Board of Inspectors in the Office of the Prime Minister, the Ministry of Justice, the Ministry of Interior, the Ministry of Foreign Affairs and the Under-Secretariat for Maritime Affairs. It was also tasked with preparing a report for UN Secretary-General's Panel of Inquiry.

⁴ An independent Public Commission was appointed by the Israeli Government to Gaza Flotilla incident of 31 May 2010. It was headed by a former Supreme Court Justice, and consisted of three other members and two international observers. The report was submitted to the UN Secretary-General's Panel of Inquiry.

majority being from Turkey (Ibid., p. 45). Its stated intention as per the IHH was “to create an awareness amongst world public and international organizations on the inhumane and unjust embargo on Palestine and to contribute to end this embargo which clearly violates human rights and delivering humanitarian relief to the Palestinians.” (Turkish POC Response of 11 April 2011 as cited in Palmer 2011, p. 46). However, this particular aspect generates confusion as diplomatic understandings between Turkey and Israel cited in the Turkish Commission’s own report states that the flotilla would not force-breach the blockade (Palmer 2011, p. 17). Turkish authorities stressed the difficulties incurred by a democratic government attempting to limit a NGO from carrying out its intended purpose. The Turkish Commission report maintains that Turkish authorities asked Turkish convoy members to deliver supplies to Ashdod in Israel or to Al-Arish in Egypt, in an effort to avoid the blockade – and clashes with Israeli forces – all together. If measures were taken by the state to curtail the NGO’s activity, they would prove fruitless and possibly hypocritical to some extent, as the report from Ankara itself ended up condemning and invalidating the ‘illegal’ Israeli blockade of Gaza (Ibid., p. 15).

The *Mavi Marmara* and other vessels were in international waters 72 nautical miles from the coast when they first received communication from Israeli naval forces at 2230 on 30 May 2010. The convoy responded to identification and destination requests made while also declaring the number of passengers described as “unarmed civilians carrying only humanitarian aid not constituting any threat to Israel.” (Ibid., p. 18). The Israeli navy cautioned that Gaza was under a blockade and directed the flotilla to change course. However, this was met with defiance as the convoy asserted their right to continue because of its location in international waters. Multiple warnings – to include an “all necessary measures” (Ibid., p. 51) blockade enforcement warning – continued until 0200 on 31 May 2010 when Israeli naval forces began to shadow the convoy while terminating further communications with the vessels (Ibid., p. 19).

Reports from both Israel and Turkey are fairly consistent in describing the nature of boarding operations upon the *Mavi Marmara*. They maintain that several Israeli speedboats covered by helicopters moved alongside the *Mavi Marmara* with IDF commandos attempting to board the vessel at 0430. Shortly after, commandoes fast-roped from helicopters. They used stun and smoke grenades, paintballs, and beanbag rounds during the operation and at one point live fire was employed. This is where the reports diverge, as Israel and Turkey differ as to the sequence of events that led up to the live fire being utilized. The Turkish Commission asserts that live fire was used from both the speedboats and helicopters before any commandos had landed on the *Mavi Marmara*. In contrast, the Turkel Commission insists that IDF personnel were attacked and three commandos were captured as they landed from above. Consequently, the use of live fire was used in self-defense and in order to secure the vessel (Ibid., p. 55).

Video footage of the event shows commandos descending by fast-rope and passengers wearing gas masks, life or bulletproof vests, carrying metal bars, slingshots, chains and staves while photographs show bullet marks on the funnel

of the vessel. Firearms were taken from some of the commandos and although there is no concrete way of establishing who pulled the trigger, two IDF soldiers received gunshot wounds and seven others were injured (Ibid., pp. 56-57). The Palmer Committee concluded that the three commandos that were taken captive and moved below deck where indeed “mistreated and placed at risk” (Ibid., p. 58). Therefore, all commandos had to take responsibility for their own safety and safety of their fellow soldiers. By the Turkel Commission’s account, “308 live rounds, 87 bean bags and 264 paint ball rounds were discharged” as personnel switched between lethal and “less-lethal” tactics (Ibid., p. 58). All vessels were secure after 45 minutes and the deployment of 71 fully armed IDF commandos (Ibid., p. 58). When the smoke cleared, nine passengers on the *Mavi Marmara* were dead and several others seriously injured. Neither the Turkish nor the Turkel Commission disputes this fact; however, the conditions in which each passenger died are heavily contested. The Palmer Committee’s investigation revealed that – “Seven of the nine persons killed received multiple gunshot wounds to critical regions of the body [...] Five of those killed had bullet wounds indicating they had been shot from behind [...] Two people were killed by a single bullet wound [...] At least one of those killed [...] was shot at extremely close range.” (Ibid., p. 59). The Israeli point of contact on the Palmer Committee was unable to provide detailed information related to each death due to “chaotic circumstances of the situation” (Ibid., p. 58). Witness accounts in the Turkish Commission report state that some were killed by shots from above; however, not all witnesses concurred (Ibid., p. 60).

Before addressing state reactions, it is important to acknowledge the findings reached by the UN Secretary-General’s Panel of Inquiry. In retrospect, one could reason that the Palmer Committee’s rulings served to further reduce bilateral relations between Turkey and Israel; however, others have argued that the relations were predetermined to retrograde after the incident of 31 May 2010. If the Palmer Committee had concurred point-for-point with either the Turkish or Turkel Commission, would state reactions be any different than what actually materialized? In reality, the Palmer Committee’s findings were rather conventional – perhaps in an effort to assuage rising tensions in the region. As for its conclusions, misjudgment and liability was found to exist with both the NGO’s actions and Israeli military response as recommendations were given on how to avoid similar incidents in the future. With regard to rulings applicable to the incident between *Mavi Marmara* passengers and Israeli commandos, the following was offered –

117. Israel’s decision to board the vessels with such substantial force at a great distance from the blockade zone and with no final warning immediately prior to the boarding was excessive and unreasonable:
 - a. Non-violent options should have been used in the first instance. In particular, clear prior warning that the vessels were to be boarded and a demonstration of dissuading force should have been given to avoid the type of confrontation that occurred;

- b. The operation should have reassessed its options when the resistance to the initial boarding attempt became apparent so as to minimize casualties. (Palmer 2011, p. 54)
- 133. Israeli Defense Forces personnel faced significant, organized and violent resistance from a group of passengers when they boarded the *Mavi Marmara* requiring them to use force for their own protection. Three soldiers were captured, mistreated, and placed at risk by those passengers. Several others were wounded. (Ibid, pp. 60-61)
- 134. The loss of life and injuries resulting from the use of force by Israeli forces during the take-over of the *Mavi Marmara* was unacceptable. Nine passengers were killed and many others seriously wounded by Israeli forces. No satisfactory explanation has been provided to the Panel by Israel for any of the nine deaths. Forensic evidence showing that most of the deceased were shot multiple times, including in the back, or at close range has not been adequately accounted for in the material presented by Israel. (Ibid., p 61)
- 145. There was significant mistreatment of passengers by Israeli authorities after the take-over of the vessels had been completed through until their deportation. This included physical mistreatment, harassment and intimidation, unjustified confiscation of belongings and the denial of timely consular assistance. (Ibid, p. 66)

The Palmer Committee also questioned the nature and objectives of the flotilla NGO organizers, specifically, that of the IHH as the IHH owned two of the ships involved, one of them being the *Mavi Marmara*. IHH's perceived radical-Islamic orientation and affiliation with anti-Western terrorist organizations (to include Hamas) makes the NGO a particularly contentious one in the eyes of Israel (Palmer 2011, pp. 29-30). Further bolstering this concern were statements by passengers who said that they would not obey decisions, heed warnings, or meet demands of governments in the region – meaning the Israeli government (Ibid., p. 46). IHH's motives were determined by the Palmer Committee to be a publicity stunt with the express goal of breaching the Gaza naval blockade and thus bringing attention to the blockade itself rather than actually delivering materials. Besides not having a port facility that could accommodate a vessel of the *Mavi Marmara's* size, the flotilla constantly rejected offers to unload the supplies at other ports and deliver the supplies to Gaza by land – this option was still available during the journey. The Palmer Committee also concluded that Hamas was directly responsible for the flotilla's reception in Gaza (Ibid., p. 47). Moreover, IHH's confirmed affiliation with the UN Economic and Social Council (ECOSOC) draws questions about the manner in which it conducted activity during the incident.

The Palmer Committee determined that the naval blockade was in fact legal and therefore Israel was justified in taking measures to enforcing it – a condition of maintaining a legal blockade. However, the steps taken by Israeli military personnel and the exacerbated jump to deadly force used raised “serious questions as to whether the enforcement was executed appropriately in the circumstances.” (Ibid., p. 52). Although the Palmer Committee concurred with assessments conveyed by the Turkel Commission that verbal warnings before and controlled actions during the operation may have indeed helped to avoid additional conflict and increased violence, a display of force before boarding the *Mavi Marmara* could have served to communicate military capability and

credibility. The absence of this ‘warning shot’ may have contributed to the violence, injury, and loss of life that did occur (Ibid., pp. 53-54).

4.3 State-level political response

4.3.1 Turkey

Immediately after the incident took place “Ankara withdrew its ambassador to Israel, suspended joint military exercises and barred Israeli military aircraft from Turkish airspace (Tuysuz 2011). These measures were not the extent of Turkish provocation towards Israel as following the release of the Palmer Committee report, Turkey took steps to further downgrade bilateral relations by canceling three sets of joint military exercises (Zacharia 2010), expelling the Israeli ambassador to Turkey (Knell 2011), suspending all military agreements, pledging to bring the Gaza blockade issue before the International Court of Justice (ICJ), and supporting Palestinian statehood at the UN General Assembly meeting of 20 September 2011. Although these measures did not take place until after the Palmer Committee report was released, some suspected they were predetermined to happen as a result of the Gaza Flotilla incident (Tuysuz 2011). Turkey also demanded that Israel formally apologize for actions taken in the Flotilla incident, reparation payments made to the families of passengers killed during the operation, and the suspension of the Gaza embargo. In a statement by Turkish Foreign Minister Ahmet Davutoğlu to *Hürriyet Daily News & Economic Review* he warned that, “Israelis have three options: They will either apologize or acknowledge an international impartial inquiry and its conclusion. Otherwise, our diplomatic ties will be cut off.” (Demirtaş 2010). Mr. Davutoğlu went on to describe a process in which Turkey would move to isolate Israel unless the before mentioned demands were met. Mr. Davutoğlu’s harsh criticism was merely a prelude to a persistent Turkish campaign of outspoken rhetoric fixated on Israel and its relations towards Gaza (Today's Zaman 2012), reminiscent of existing Arab world criticism persistent throughout the Eastern Mediterranean.

Table 4.1 Suspended military agreements and joint exercises between Turkey and Israel from May 2010 to May 2012

Name of Agreement or Exercise	Year Suspended	Parties involved
A: Agreement on strategic cooperation ⁵	2010, 2011	Turkey, Israel
A: Military Training agreement of 1996 ⁶	2010, 2011	Turkey, Israel
A: Intelligence ⁷	2010, 2011	Turkey, Israel
A: Armament agreement of 1996 ⁸	2010, 2011	Turkey, Israel
E: Reliant Mermaid ⁹	2010	Turkey, Israel, USA
E: Reliant Mermaid ¹⁰	2011	Turkey, Israel, USA
E: Anatolian Eagle Exercise ¹¹	2009	Turkey, Israel, NATO ¹²

4.3.2 Israel

When news of the Gaza Flotilla incident first broke, Jamal Elshayyal of Al Jazeera was reporting live from the deck of the *Mavi Marmara* during the waning minutes of the takeover as video footage of speedboats, IDF personnel, and wounded passengers were suddenly on display for the entire world (Al Jazeera English 2010). Needless to say, the twenty-four hour news networks were quick to react, rebroadcasting the footage and delivering preliminary reports of casualties. Almost immediately, the Israeli military released film taken from the helicopters during the operation. The black and white footage showed passengers descending upon IDF soldiers who had landed on deck of the vessel, passengers scuffling, throwing objects, and arming themselves with poles in an effort to ward off the boarding operation (Pitney 2010). The war of public opinion had begun as Israel immediately took a defensive stance on the matter, maintaining that IDF forces had no other choice than to use force – deadly force in some instance – in order to successfully control the vessel and maintain its naval blockade of Gaza.

While initially expressing regret for the loss of life aboard the *Mavi Marmara*, the State of Israel remained relatively impartial in regards to

⁵ (Nachmani 1998)

⁶ (Robins 1997)

⁷ (Nachmani 1998)

⁸ (Ibid.)

⁹ (Katz 2011)

¹⁰ (Ibid.)

¹¹ (Julian 2009)

¹² After Israel was excluded, Italian and the U.S. forces withdrew participation. The exercise was rescheduled and resumes annually without Israeli and U.S. participation.

diplomatic relations with Turkey. An independent Public Commission was appointed by the Israeli Government to investigate the operation and resulting loss of life. Turkey rescinded the proposal and pushed for an impartial UN inquiry instead. However, Israel rejected this proposal, with the office of Prime Minister Benjamin Netanyahu claiming “there was ‘no case in recent history’ where a democratic country’s army involved in the deaths of civilians in an overseas operation has been subjected to an international investigation” (Belfast Telegraph 2010). Nevertheless, the Palmer Committee was formed, asking for investigative submissions from both Turkey and Israel.

Following the Palmer Committee report and Turkey’s three-option ultimatum, Mr. Netanyahu responded by upholding an Israeli position that although the loss of life was regretful, Israel would neither formally apologize nor compensate those killed in the operation (Demirtaş 2010). He argued that Israel acted in self-defense and in accordance with international law. Turkey’s decision to withdraw its ambassador after the incident first occurred and to expel Israel’s ambassador after the Palmer Committee report was published was met with a general indifference on the part of Israel. As some have noted, the UN Secretary-General’s Panel of inquiry might have in the end served to validate the legitimacy of Israel’s highly contested naval blockade (Greenwood 2011).

4.4 State-level economic response

4.4.1 Military Trade

Contrary to popular belief, Turkey does not possess military superiority within the Eastern Mediterranean. Subsequently, the Turkish government is taking bold steps in an effort to change the status quo. In a presentation delivered during a 2011 European Rim Policy and Investment Council (ERPIC) roundtable discussion, Euthymius Petrou described the current dynamic prevailing amid Turkish and Israeli military trade –

Turkey and Israeli relationships are hampered because Turkey claims they gain too little and Israel gains too much. Turkey claims Israel is slow to fill [military equipment, my note] orders, this is not certain. What is certain is that Turkey has filled Israel’s defense industry. Israel will have to deal on the international market without Turkey as a client – Israel is the third major supplier of Turkish armed forces after the United States and Germany. The United States supports almost 30% of Turkish military equipment while Israel offers some 10%, which is quite considerable. In the process of becoming [militarily] independent, it seems that the Turks have also copied the Israeli [military, my note] industry. Just last week, I have seen a copy of the new weapon supposedly developed by Turkey. It’s an air to ground missile with a range of 180 km and named the SOM Cruise Missile [(Turkish: Stand-off Mühimmat Seyir Füzesi), my note]. It looks identical to the Israeli Popeye missile – the Turks have bought 46 Popeye missiles from Israel [...] it seems the Turks are trying to continue their way by copying Israeli systems so that they can support themselves from their own [domestically developed arsenal, my note]. (Petrou, 2011)

Mr. Petrou raises an interesting point. After taking delivery of 46 AGM-142A/Popeye-1 Air-to-Surface Missiles (ASM) in 2002 at a cost of \$90 million, Turkey also received 54 EL/M-2032 combat radars (2001-2003), 108 Harpy Anti-Radiation Missiles (2001-2004), 170 Sabra-3 tanks (2005-2010), 11 Heron Unarmed Aerial Vehicles (2007; 2010), 3 Aerostar Unarmed Aerial Vehicles (2008), 1 Searcher Unarmed Aerial Vehicle (2008), and is in the midst of a possible deal for 350 468 Navigator Armored Personnel Carriers due for delivery in 2012. Excluding the Popey ASMs, these orders total just under \$2 billion in military equipment (SIPRI n.d.). During this timeframe, Turkey did not export military equipment to Israel; however, it did export to other countries including but not limited to Malaysia, Iraq, United Arab Emirates, and Bahrain. Some its largest orders went to these states, totaling \$300 million in 2003, \$380 million in 2010, and a \$1.4 billion deal scheduled for delivery between 2013 and 2017. To date, the impending \$1.4 billion deal with Malaysia is Turkey's most profitable order, a stark contrast to past ventures. Could this be an indicator of Turkish ambitions in the global weapons market?

4.4.2 Non-military trade

In the months following the events of 31 May 2010, non-military trade relations between Israel and Turkey did not only endure, they thrived. In a 30 April 2012 article in *Today's Zaman*, Emrah Usta makes the following assessment of bilateral trade between Turkey and Israel –

The foreign trade capacity with Israel in 2009 was realized as 2.5 billion dollars, by 2010 this number exceeded \$3 billion in the first 11-month period. [Other data] shows [...] a 26% growth for the year 2010. Israeli exports to Turkey increased by 22% to \$1,309 billion, while imports increased by 29% in Turkey, which amounted to U.S. \$1,799 billion. Iron and steel products, motor vehicles, mineral fuels and mineral oils and copper generate the most important export items of our exports, while in imports, mineral fuels, organic and inorganic chemical products and electrical machinery are the most imported items. On the other hand, certain food, construction, and human labor force work in Israel. Turkey-Israel free trade agreement, Commercial Economic Industrial Technical and Scientific Cooperation Treaty, the Treaty of Reciprocal Promotion and Protection of Investments and the Avoidance of Double Taxation Treaty, the Turkish-Israeli trade form the basis of a number of treaties. There are Turkish firms and corporations that invest in specific areas in Israel. Some of them, especially in construction of skyscrapers, power plants, water treatment plants, modern and formal housing, infrastructure facilities done by Yilmazlar Construction Group. Yilmazlar Construction Group is a Turkish company that has a serious reputation in Israel. (Usta 2012)

Annual data obtained by the Israeli Government's Central Bureau of Statistics (CBS)¹³ reinforces Mr. Usta's claim. The numbers compiled from CBS represent the USD value of annual imported and exported goods between Israel and Turkey. Approximately one hundred individually categorized items represent a

¹³ The CBS is an autonomous unit of Israeli Prime Ministers Office tasked with performing statistical activities and projects regarding the State. (2012)

vast array of commodities that includes but are not limited to – livestock, food items, minerals, oils, chemicals, pharmaceutical products, fertilizers, plastics, rubber, hides and skins, wood, paper, printing industry products, wool, cotton, man-made fibers, clothing, textiles, glass and glassware, precious stones and metals, jewelry and coins, iron, steel, copper, aluminum, zinc, tools, machinery, mechanical appliances, computer equipment, electronics, vehicles, aircraft and aircraft parts, photographic instruments, clocks, musical instruments, non-military arms, furniture, bedding, prefabricated buildings, toys, sports equipment, works of art, and antiques (The State of Israel Central Bureau of Statistics n.d.).

In order to gain an insight on bilateral non-military trade patterns over an extended period of time, the database was used to collect information over a two-year timeframe before and after the Gaza Flotilla incident. Unfortunately, 2012 annual statistics are not available at the time of my writing; nevertheless, one can still grasp the intended trend illustrated by the trade numbers without compromising the validity of the proposed argument. It was not worth limiting data to one-year pre and post-incident as the extra year gained in the post timeframe adds to the data's depth. As with Mr. Usta's findings, the chart below (Figure 4.1) shows no evidence of non-military trade weakening. In fact, the only dip in annual non-military trade between Israel and Turkey was in 2009, a full five months before the Gaza Flotilla ever set sail. Because this dip transpired before the incident, it has no relation to the subject and can therefore be ruled out as resulting from the incident. Yet another way to compare data is by breaking down annual figures into monthly trends concurrent with same two-year timeframe. This data is illustrated in Figure 4.2.

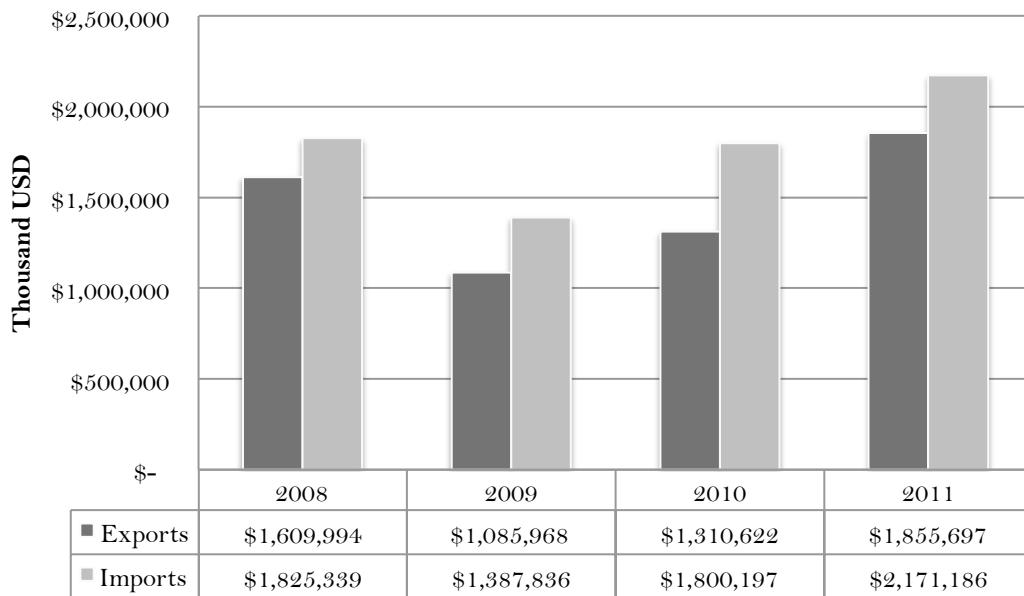
Looking at Figure 4.2, the Gaza Flotilla incident has been indicated on both exports and imports lines. From this, one can see a slight dip in Turkish imports in the months following the incident. Although this evidence could suggest a slight political backlash resulting in Turks exporting fewer commodities to Israel, there is no definite reason to believe it so. Considering the import trend continues in a general upward direction after September 2009, there is little evidence to suggest a significant backlash occurred in the non-military import market.

On the other hand, a look at Israeli exports to Turkey reveals a significant trade dip in the six months that followed. Although this evidence presents itself as an indicator of possible backlash leading to Turkey accepting fewer Israeli goods, one must observe export figures during the same January timeframe in 2009 and 2010. From 2009 to 2011, it seems that exports tend to take a dive in January. Therefore, it is reasonable to assume that this is a natural market phenomenon, impartial to the events of 31 May 2010. In both charts, one can plainly see that after a lull in 2009 trading, a general upward growth seems to have occurred. This pattern is consistent with other international trends¹⁴ as

¹⁴ European Union (27) annual trade data is used for comparative purposes to illustrate a dip in worldwide trade in 2009.

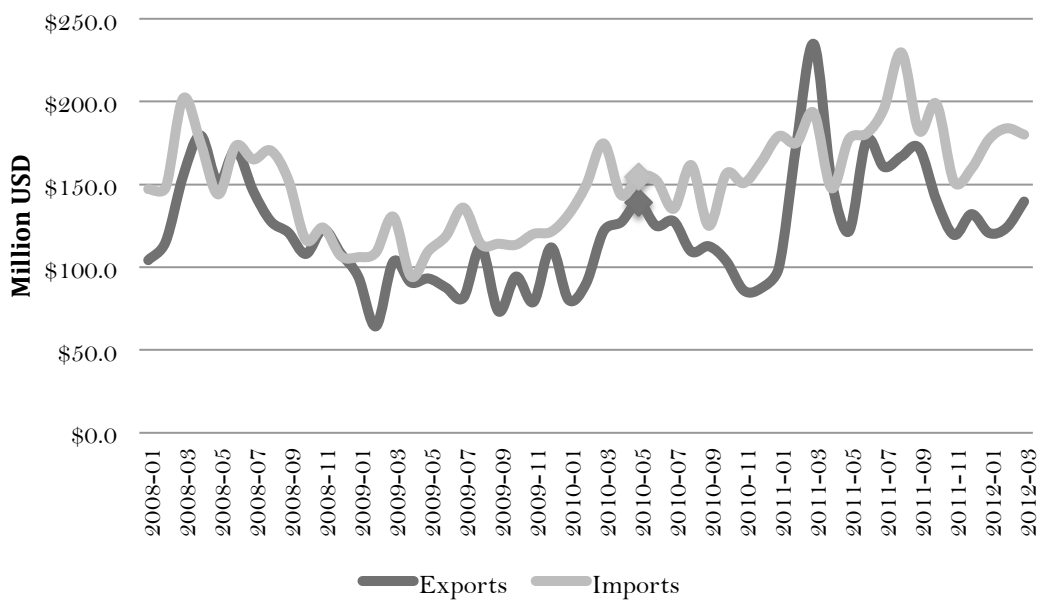
illustrated in Figure 4.3. In this chart, one can observe the same dip in 2009 trading only to be followed by an upward trend in 2010 and 2011.

Figure 4.1 Israel's total annual non-military trade with Turkey.



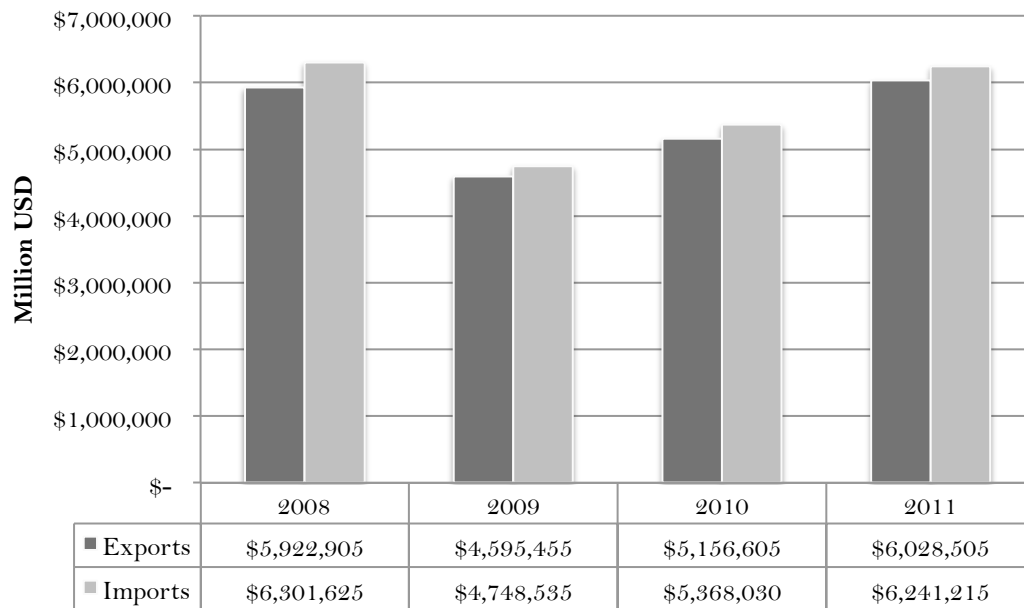
Source: The State of Israel Central Bureau of Statistics

Figure 4.2 Israel's total monthly non-military trade with Turkey. The Gaza Flotilla incident (May 2010) is indicated on the graph.



Source: The State of Israel Central Bureau of Statistics

Figure 4.3 European Union (27)'s total annual trade with world.



Source: The World Trade Organization

4.5 Analysis

On September 6, 2011, Prime Minister Recep Tayyip Erdoğan spoke about Turkey's future with Israel in alarming terms – “trade ties, military ties, regarding defence industry ties, we are completely suspending them.” (Al Jazeera English 2011b). His words sent shockwaves throughout the Eastern Mediterranean as the paradigm consisting of a significant Turkish-Israeli alliance was on the cusp of failure – even if Israel dismissed the PM's statements as inflammatory rhetoric. In the months following, several joint military exercises were suspended along with several military agreements that continue to remain in limbo. Immune from the PM's political posturing were the bilateral non-military trade and economic agreements between Turkey and Israel covering areas of free trade, protection of investments, avoidance of double taxation, and agreements on research and development (State of Israel Ministry of Industry, Trade & Labor n.d.). In fact, bilateral trade flourished quite well as billions of USD in annual imports and exports continued to flow, irrespective of the relatively cool relations on the political front. How was this so? Why was the future of a billion dollar defense trading partnership so easily cast aside? These questions can be resolved by returning to theoretical concepts of power using dimensions of sensitivity and vulnerability.

4.5.1 Turkey's sensitivity

In this case, the Free Gaza Movement and IHH NGOs were able to exert power by exploiting a politically sensitive issue when they challenged the Gaza naval blockade. A source of contention in Arab circles throughout the region, the Gaza blockade has become a hot button issue that causes much debate, hate, discontent, and tension between pro-Palestinian supporters and the State of Israel. Furthermore, the Egyptian Arab Spring has created a dearth in regional pro-Arab leadership, giving Turkey an opportunity to sell itself as *the* model state for pro-Islamic democracies. This has worked in Mr. Erdoğan's favor, as he does not share the secular views traditionally held by Kemalist (Petrou 2011).

As mentioned in section 2.2.2, sensitivity pertains to the degree of responsiveness within a policy framework – how quickly does one actor's changes effect *costly changes* upon another actor and to what degree? Turkey exhibited a high degree of political sensitivity to the costly changes imposed by the Free Gaza Movement and IHH. As soon as word of the Gaza Flotilla incident spread, Turkey had to respond quickly – all nine of the slain activists were Turks; the Flotilla's organizers had launched ships from Turkish ports; Turkish leadership had a history of opposing the blockade's very existence; someone within the Eastern Mediterranean had to stand up to Israeli 'aggression'.

The political sensitivity to the Gaza Flotilla incident was extremely high and almost unavoidable because the political costs of Turkey *not* 'putting Israel in its place'; not jumping at the chance to occupy a political vacuum left by a weakened Egypt; or not serving as a model for non-secular, pro-Islamic democracy ultimately outweighed the actual drawbacks of suspending military agreements with Israel.

4.5.2 Turkey's vulnerability

Turkey and Israel enjoyed a strong one-sided partnership in military trade – as Turkey accounts for ten percent of Israel's military exports while Israel imports no military equipment from Turkey. Perhaps this is why Turkey is trying to become militarily independent by copying and producing its own versions of military equipment (Petrou 2011). In any event, non-military trade between the two states is vastly more important to the Turkish economy. In 2010, Turkey delivered \$284 million worth of military equipment worldwide while exporting \$1.3 billion in non-military commodities to Israel alone (SIPRI arms transfers database n.d.; The State of Israel Central Bureau of Statistics n.d.). Clearly, the sum total of all Turkish military trade activity is not yet comparable to its non-military trade with Israel. As for military exercises, Turkey continues to conduct its own – without Israeli involvement – and its participation in NATO exercises has not wavered.

Turkey's vulnerability to suspended military agreements with Israel was relatively low compared to Turkey political sensitivity to the incident. There is

good reason to believe that this was indeed a calculated response on Turkey's part as non-military trade was not targeted for suspension. Non-military trade is more vital to Turkey's welfare than military trade or military exercises. When faced with a dilemma of what to suspend – Turkey had at least give the impression it was standing up to Israel – it opted for the less vulnerable category of military trade and military exercises.

4.5.3 The Gaza Freedom Flotilla's effect on bilateral relations

Self-inflicted wounds resulting from reduced bilateral relations with Israel were acceptable to Turkish leadership because Turkey had effective ways of doing business differently. Turkey was able to absorb costly changes because non-military trade (the larger and more important market) was wisely not suspended. The same can be said about Turkey's ability to conduct and participate in military exercise. Israel's absence has not hindered Turkey from conducting exercises with other states and NATO.

When looking at the events that transpired in the early hours of 31 May 2010, one can trace a chain reaction that started with two NGOs launching an operation aimed at creating awareness about an embargo directed at the people of Palestine. This led to Turkey admonishing Israel and Israel maintaining its stance on the matter. Following the release of a UN Panel report on the incident, Turkey gave Israel an ultimatum. When Israel refused, the ultimatum was put into place. What currently exists is a state of reduced bilateral relations between the Republic of Turkey and the State of Israel. The Free Gaza Movement and IHH were able to reduce political and economic ties between Turkey and Israel by virtue of a single incident because Turkey's political sensitivity to the incident was greater than its vulnerability to Israel. One thing is certain, suspending high profile symbols of hard power like military agreements tend to grab headlines, create tension, and overemphasize the importance of traditional definitions of power.

5 Delek-Noble drilling Block 12

5.1 Background

The local energy sector in the Republic of Cyprus has a high dependence on imported energy in the form of oil; a growing energy demand; a low use of renewable energies; and because of its geographical location, difficulty connecting with European energy networks. A member of the EU, Cyprus is obligated under EU Directive 2009/119/EC to reduce its air pollution and also has similar obligations under the Kyoto Protocol. Cyprus is currently dependent on heavy fuel oil (HFO) for its energy needs. However, this must change, as under its EU obligations Cyprus is required to switch to cleaner alternatives.

For years, policy makers planned to construct a liquefied natural gas (LNG) re-gas terminal at the Vasilikos Power Plant with the hopes of becoming a regional hub for importing, storing, and transferring LNG onto European markets. However, this policy is currently being rethought as substantial natural gas findings off the coast of Israel and within Cypriot waters has changed the energy dynamic. Importing, storing, and transferring LNG is less favorable to direct natural gas importation on a few hundred kilometers offshore.

In an effort to liberalize its energy markets, exploit its hydrocarbon reserves, and develop its infrastructure as a regional hub, the Republic of Cyprus has implemented an Energy Policy, Gas Policy, and secured delimitation agreements with its exclusive economic zone (EEZ) neighbors.

5.1.1 Hydrocarbon licenses

The Republic of Cyprus offers three types of hydrocarbon licenses in accordance with *The Hydrocarbons Law* and *The Hydrocarbons Regulations* (2010a; 2010b). They are prospecting, exploration, and exploitation.

- Prospecting License – *Prospecting* is defined as the attempt to locate hydrocarbons, and/or to evaluate the hydrocarbon potential by any appropriate method other than drilling. It can be granted for a limited period not exceeding 1 year.
- Exploration License – *Exploration* is defined as the exploration for the discovery of hydrocarbon deposits by any appropriate method, including drilling. An Exploration license is granted for an initial period not exceeding 3 years, and can be renewed for up to two terms, each term not exceeding 2 years provided that the licensee has fulfilled all their

obligations with respect to the current exploration term. Upon each renewal of the term of the exploration period, the licensee relinquishes at least 25 percent of the initial surface of the licensed area.

- Exploitation License – *Exploitation* is defined as the development and production of hydrocarbons, or any treatment in order to make them marketable, and the storage and the transportation of the hydrocarbons, and their by-products to the loading installations for further disposal. The definition does not include refining. The term of the exploitation license is maximum 25 years, and it may be renewed for a maximum of 10 years, subject to the provisions of the contract. A Hydrocarbon Exploitation License, with respect to a commercial discovery during exploration, is granted after the approval of a Development and Production Plan.

5.1.2 Seismic surveys

In 2006, the Norwegian-based Petroleum Geo-Services (PGS) signed an exclusive Multi-Client 2D and 3D offshore seismic survey agreement with the Cypriot Ministry of Commerce, Industry and Tourism. It included a 6,770 km line of 2D seismic data covering an area of approximately 51,000 km² within Cyprus's EEZ (Kassinis 2009). This was followed in 2007 with the first 3D seismic surveys conducted offshore between Cyprus and Lebanon. Direct hydrocarbon indicators associated with the large anticlines were apparent, and indicate that several petroleum systems were active in the area.

5.1.3 2007 Licensing Round

The bidding round was officially opened on 15 February 2007, and closed on the 16 August 2007 with 11 of 13 blocks offered. Three groups entered bids on three separate Blocks (06, 11, and 12). Included in the bidding was Noble Energy, Inc., a Huston-based company. Noble placed a bid on Block 12 and an Exploration License was granted on 24 October 2008 for an initial three-year term (Ibid.).

In January 2009, Noble confirmed its discovery of huge natural gas deposits (an estimated 5-7 tcf) off the coast of Israel in the Tamar gas field. Eighteen months later, one of the world's largest gas finds was once again discovered off the coast of Israel in the Leviathan gas field (Bronner 2010). Partners in the Leviathan licenses were Noble Energy Inc. and Israeli-owned Delek Group Ltd. (Steinblatt 2010). Together, Delek and Noble hold several licenses for offshore hydrocarbon drilling in Israeli waters. This partnership extended into Cypriot waters and Block 12. Accordingly, Cyprus and Israel agreed to strengthen mutual cooperation.

5.1.4 Cyprus and Israel sign EEZ Delimitation Agreement

On 17 December 2010 Cyprus and Israel strengthen mutual cooperation by recognizing the importance of the delimitation of the EEZ for purposes of mutual development. The Treaty determines the delimitation of the EEZ between the two countries by the median line, which is defined by twelve points according to the annexed list of geographical coordinates. Taking into consideration article 74 of the United Nations Convention on the Law of the Sea (UNCLOS), the Treaty provides a possible reviewing or extension of the geographical coordinates in the light of future delimitation of the EEZ with other neighboring states. It also stipulates cooperation to reach an agreement on joint development and exploitation of natural resources, including hydrocarbons reservoirs, extending from the EEZ of one state to the EEZ of another state (2010).

Map 5.1 The Republic of Cyprus' Exclusive Economic Zone. Block 12 is shaded.



Source: PETEX 2010

5.1.5 Turkey protests Cypriot plans for drilling

Turkey reacted strongly toward Cypriot exploration measures and continuously blocked Cyprus' efforts to join the Organization for Economic Cooperation and Development (OECD), an essential pre-requisite for the state's planned accession to the Paris-based International Energy Agency (IEA) (Ministry of Foreign Affairs of the Republic of Cyprus 2010).

In 2007 Turkey submitted a letter to UN Secretary-General Ban Ki-moon protesting the offshore bidding round in February of that year. Turkey claims that the Greek Cypriot administration does not represent the entire island and should therefore not have move ahead with its plans for exploration. Despite this, Cyprus received a full backing from of the UN. Cyprus reaffirmed its stance on the matter as Foreign Minister Erato Kozakou-Marcoullia announced, “Cyprus had launched its exploration plans in line with the United Nations Convention on the Law of the Sea (UNCLOS) and that it would go ahead with those plans.” (Saoulli 2011).

5.2 The incident

In the aftermath of the Gaza Flotilla incident, mounting levels of anxiety dominated bilateral relationships in the Eastern Mediterranean. In September 2011, Turkish Prime Minister Recep Tayyip Erdoğan announced that Ankara was ready to deploy its navy in a dispute over the Israeli sea blockade of Gaza. He included Cyprus under the same sweeping warning due to Turkish protests over the validity of Noble’s planned drilling of Block 12 and Cyprus’ possible cooperation with Israel (Kambas 2011). Ankara had repeatedly questioned Cyprus’ rights to newly discovered offshore reserves and Israel’s participation in the project only added fuel to the fire. On more than one occasion, Turkey threatened to attack Cyprus if drilling in Block 12 commenced as scheduled (Barkat 2011).

The Republic of Cyprus, Hellenic Republic, and European Union all issued statements condemning Mr. Erdoğan’s threats. EU energy commissioner Günther Oettinger warned that such action could hamper, “good neighbourly relations and the peaceful settlement of border disputes.” (Pawlak 2011). Greece stood committed to Cyprus’ security and warned Turkey that any attack on Cyprus would be considered an attack on Greece (Papapostolou 2011). Cypriot President Demetris Christofias condemned the Turkish PM’s threats and announced plans to exercise Cyprus’ sovereign rights by drilling as scheduled (Kambas 2011), noting that all Cypriot EEZ actions stem from international law and UNCLOS (Evrpidou 2011). Shortly after, Turkey’s ambassador to the EU asked member states to urge the Cypriot government to “see reason” and not “raise the stakes” (Rettman 2011). The ambassador referenced the use of Turkish warships that would be used to deter Noble’s planned drilling and in the same statement, conveyed Turkey’s intention to provide naval escorts to any subsequent Gaza-bound flotillas (Ibid.).

Noble’s Homer Ferrington rig took its place in Block 12 on 18 September 2011. Turkish navy ships and planes watched from a distance as the rig was moved, making sure not to violate Cyprus’ territorial waters or air space. Israeli missile ships and drones kept watch, tracking the rig’s movements and Turkish surveillance (Virtual Jerusalem 2011). Elsewhere, Seventeen Turkish warships moved between the Greek islands of Rhodes and Kastelorizo (Evrpidou 2011b).

Foreign Minister Ahmet Davutoğlu announced that Turkey and the Turkish Republic of Northern Cyprus (TRNC) would retaliate by signing a continental shelf delimitation accord, paving the way for their own exploration (Hürriyet Daily News 2011). He assured that a Turkish military escort would bolster any Turkish exploration. The accord was signed on 21 September 2011 (Psyllides 2011). On the same day, Ankara sent a corvette, a frigate, and eight F-16s into the region with the aircraft entering Nicosia's flight information region (FIR). The exercise lasted two hours and afterwards aircraft and vessels departed. The closest distance to Noble Energy's rig was 50 nautical miles (Defence Greece 2011c).

On 26 September 2011, the Turkish research ship, Koca Piri Reis began conducting seismic surveys 50 miles offshore between Limassol and Paphos, adjacent to Cyprus' block 12 and escorted by the Turkish frigate *Giresun* and corvette *Bartın* (Defence Greece 2011e). Turkey stated that it would stop exploration activities only if the Republic of Cyprus also agreed to halt activity. Cyprus refused to stop and instead announced that resources would be shared with both communities, regardless of progress made in unification efforts. U.S., Russian, and British warships were also present in the Eastern Mediterranean, with the USS Monterey sailing approximately 100 miles from the drilling platform (Protothema 2011). On 27 September 2011, UN Secretary General Ban Ki-moon backed the view that natural resources of Cyprus belong to both Turkish and Greek Cypriot communities (Today's Zaman 2011).

5.3 Strategic alliances form in 2011 and 2012

The year 2011 and beginning of 2012 saw a flood of military agreements coupled with joint military exercises between Greece and Israel and military agreements between Cyprus and Israel. In the two years since Noble Energy first took interest in Cyprus' EEZ, military relations have intensified in the Eastern Mediterranean as Greece, Cyprus, and Israel conducted numerous naval and air exercises. Greek Defense Minister, Dimitris Avramopoulos describes the newfound cooperation between the Hellenic Republic and the State of Israel as "a strategic alliance" (World Tribune 2011).

Escalating Turkish-Israeli tension coupled with the prospect of Cypriot hydrocarbon exploitation has proven favorable for Greek-Israeli relations. In August 2010, Prime Minister Benjamin Netanyahu visited Greece – the first Israeli Prime Minister to do so – with the goal of developing new forms of cooperation on defense and security issues (Fisher-Ilan 2010). Accordingly, Hellenic and Israeli Air Force personnel completed a series of joint military exercises just two months later. Such actions are certain to lessen Israeli-Turkish military and economic interdependency as Greece fills the void left in the wake of the Turkish-Israeli fallout. While reduced bilateral relations with Turkey have created an enemy-of-my-enemy-is-my-friend-type atmosphere between Greece and Israel, Delek-Noble's ventures in Cypriot hydrocarbon

discoveries have expedited the process of complex interdependence between the two.

5.3.1 Noble Dina in 2011 and 2012

In April 2011, Greece participated in the anti-submarine warfare exercise *Noble Dina* with ships from the Israel Navy and U.S. Navy's Sixth Fleet. The exercise began in Sudan, move through the south of Crete, into the Eastern Mediterranean and finally ended near Israel. The exercise involved a navy Frigate, a helicopter, a submarine, and support aircraft. Israel's Commander of the Navy, Vice Admiral Eliezer Marum and his Greek counterpart, Vice Admiral D. Elefsinioti confirmed the exercise during talks at the Greek Ministry of National Defense (Strategy Report 2011).

The second Noble Dian exercises in 2012 simulated a "possible conflict with forces that resemble the Turkish navy and were scheduled to begin in Greek waters near the Turkish coast, continue near Cyprus and end in the port of Haifa." (Fisher 2012). The route incorporated regions south of Kastelorizo, a key area of dispute in Turkish, Cypriot, and Greek EEZ-related affairs (Defence Greece 2012). The exercises overseen by the U.S. Navy's Sixth Fleet also "simulated air-to-air combat and anti-submarine warfare" (Fisher 2012). Greece provided a Frigate, submarine, and F-16 fighter aircraft during the exercise (Defence Greece 2012).

5.3.2 Enemy targets exercise

On July 24, 2011, Greek and Israeli naval forces conducted two large-scale joint exercises outside of the Cyclades islands. One exercise was aimed at "hostile surface targets" while the other focused on search and rescue operations. It was the first example of a major exercise between Greek and Israeli forces specifically tasked with jointly attacking enemy surface vessels. Greek ships included the *Themistocles*, a F466 Frigate and the *Grigoropoulos*, and a P70 *Roussen*-class Fast Attack Craft. Israel provided the *Eilat*, a FFG-501 VLO design Corvette and the *Hherev*, a support vessel. The first scenario simulated preventing an attack on friendly vessels and counterattacking with surface-to-surface missiles. The second search and rescue component focused on rescuing the crew of the allied ship. During the exercise, allied ships were considered to be Greek and Israeli (Defence Greece, 2011a).

5.3.3 Commander of Hellenic Air Force visits Israeli airbases

In August 2011, elements from the Israeli Air Force (IAF) and Hellenic Air Force (HAF) conducted exercise within their national borders. Afterward, General Constantinos Maniatis, Commander of the HAF, visited IAF airbases

Ramon and *Palmachim*. During his visit to Ramon Airbase, he and Major General Ido Nehushtan, Commander of the IAF, visited *Magic Touch*, an Israeli helicopter squadron where General Maniatis participated in an Apache helicopter ride. From there, the commanders visited Palmachim Airbase where the Commanders took part in UH-60 Blackhawk and Apache helicopter simulations, visited training squadrons that operate UAVs and helicopters, and joined the *Northern Cobra* squadron for a presentation aimed at training pilots on fighter helicopters (Efrat & Tocatly 2011).

5.3.4 Military Cooperation Program Greece – Israel 2011

On 4 September 2011, Defense Minister of Greece Panos Beglitis and his Israeli Defense Minister Ehud Barak signed a memorandum on military cooperation. A month later, pilots and technicians of the HAF and IAF conducted training exercise at Ovda Airbase, Israel under the *Military Cooperation Program Greece – Israel 2011* (RIA Novosti 2011).

5.3.5 IAF air superiority in Nicosia

On 25 to 28 October 2011, IAF aircraft conducted air superiority exercise over the southern part of Nicosia, Cyprus. Turkish F16s followed the IAF aircraft movements, but did not interfere with the exercise. A total of sixteen Israeli fighters and flying tankers participated in the maneuvers over Nicosia as six AH-64 Apache attack helicopters and two Sikorsky S-70s flew into Larnaca airport from Ramon Airbase, Israel for refueling and landing exercise. Joint exercises with a Cypriot Mil Mi-35 helicopter gunship were also part of the planned exercises (Defence Greece 2011b).

5.3.6 Cyprus-Israel search-and-rescue agreement

In February 2012, Cyprus and Israel signed a search-and-rescue agreement during a visit by Israeli PM Benjamin Netanyahu. Mr. Netanyahu insisted that the signing did not reflect any other military activity (L., 2012). The timing of the agreement came as Delek-Noble hydrocarbon exploration operations were underway in Block 12.

5.3.7 Agreement on common defense and classified information

In January 2012, Cyprus and Israel “signed two agreements on defense cooperation and the protection and exchange of classified information.” (Globes 2012). The signing came as Demetris Eliades, Cypriot Minister of Defense, visited his counterpart, Mr. Ehud Barak in Israel. In the meeting Mr. Barak

alluded to that Cyprus and Israel would have a year of strategic decisions. Mr. Elades proclaimed that Cyprus’ natural gas reserves had ushered in “a new chapter in relations between the two countries.” (Ibid.).

Table 5.1 Greece – Israel and Cyprus – Israel military agreements and joint exercises from May 2010 to May 2012

Name of Agreement or Exercise	Year Executed	Parties involved
E: Noble Dina	2011	Greece, Israel, USA
E: Enemy targets	2011	Greece, Israel
E: Ramon & Palmachim IAF Airbase simulation	2011	Greece, Israel
E: Joint exercise between HAF and IAF	2011	Greece, Israel
E: IAF air superiority over Nicosia	2011	Cyprus, Israel
A: Military Cooperation Program	2011	Greece, Israel
A: Search-and-rescue agreement	2012	Cyprus, Israel
A: Common defence & classified information	2012	Cyprus, Israel
E: Noble Dina	2012	Greece, Israel, USA

5.4 Addressing energy needs

5.4.1 Israel’s energy diversification draws Greece closer

In the two years since Noble Energy was awarded an Exploration License, a considerable increase in strategic cooperation in the form of military agreements and military exercises between Greece and Israel has taken place, creating a new dynamic within the Eastern Mediterranean. Some analysts believe that increased political cooperation between the two states will lead to enhanced economic growth. In an opinion piece offered on defensegreece.com, Vassilios Damiras, an American Counterterrorism and Defense Analyst, shares his views on the matter –

The last two years, the Israeli navy is developing strategic plans to protect its own EEZ, home to two large gas fields. The Leviathan field is located eighty miles off Haifa and contains sixteen trillion cubic feet of gas. The other field – known as Tamar – is situated 30 miles north of Leviathan and contains eight and a half trillion cubic feet of gas. Both fields are located near the border of the Greek and Cypriot EEZs [...] Furthermore, the Israeli Prime Minister Benjamin Netanyahu wants to improve relations with Greece in order to counterbalance the expansion of Turkey’s regional influence [...] Prime Minister George Papandreou [...] wants to attract Israeli investment to offset Athens’ severe economic problems since 2010; both prime ministers have exchanged state visits to further enhance Greek-Israeli relations. For the Israeli leadership good diplomatic

relations with Greece would offer greater strategic depth regarding the gas fields and EEZ exploration. As a member of the European Union (EU) Greece could also contribute to improving Israel's diplomatic, economic, and trade relations with the rest of Europe. On military issues the IDF will have the opportunity to train the Greek armed forces in symmetrical and asymmetrical warfare tactics and various counterintelligence and counterterrorism methods. Military cooperation with Israel may also lead to tangible benefits for the Greek economy and civilian industries. By adopting Israeli defense tactics and purchasing materiel, the Greek Armed Forces may also enhance their status within NATO. For example, Greece will have the opportunity to buy various missile systems and homeland security capabilities. In addition, the Israeli defense industry can upgrade and modernize ageing [sic] Greek defense systems. (Damiras 2011)

Mr. Damiras raises a valid point. Israel needed to diversify its energy sources in the wake of the Arab Spring. A major contributor to the Israeli energy market, Egypt's El-Arish - Ashkelon Pipeline is a 100 km submarine gas pipeline that it branches off from the Arab Gas Pipeline project in Egypt and connects it with Israel. In 2010, the pipeline supplied Israel with half of its natural gas consumption with the rest being supplied domestically (Shephard 2011).

The El-Arish terminal has been attacked four times since the uprising against President Hosni Mubarak in February 2011 (Sky News, 2011). The first attack took place on 5 February 2011. As a consequence, the gas to Israel was cut off for the period of 38 days. The second attack took place on 27 April 2011, halting gas exports to Israel once more. As a result, Israel's officials announced their intentions to cut the state's reliance on Egyptian natural gas and accelerate efforts to develop its own gas fields (Saleh & Bekker, 2011). A third attack took place on 4 July 2011 (Al Jazeera English 2011a), followed by a fourth attack eight days later. With Egyptian supplies halted, Israel's electricity price rose by twenty percent as the country shifted to diesel and other expensive fuels. Until the Tamar gas field is finished in 2013, Israel will have to rely on more traditional and expensive fuels like coal, heavy oil, and diesel (The National 2011). Israel is striving to diversify sources of energy by the introduction of natural gas as a primary option.

Exploitation of Tamar and Leviathan gas reserves affects Greek-Israeli bilateral relations in three ways. First, as Mr. Damiras points out, the Tamar and Leviathan gas fields are situated close to the Greek and Cypriot EEZs. This automatically becomes a relative issue to Greek strategic security. If the gas fields become political targets of unfriendly nations, groups, or nongovernmental organizations – as was the Gaza naval blockade – spillover into Greek territory would almost certainly occur. Second, exploration efforts are sure to increase if both states enjoy a healthy relationship. MNCs are less likely to place bids on contested territory, fearing that volatile conditions between states negatively affect profit margins. Last, Israel's Gas reserves are estimated at more than 25 tcf. Heavily dependent on energy imports despite efforts by local drilling companies, Israel had been looking at a number of options for energy supplies. The sheer size of Tamar and Leviathan bode well for Israel satisfying its energy requirements while exporting surplus energy to needy consumers. Surrounded by unfriendly states, Israel's options are limited. Close ties with Greece would give Israel access to needy EU energy markets needing sources outside of energy-giants like Gazprom.

5.4.2 Greece's energy diversification efforts

The local energy sector in Greece is currently characterized by a high dependence on imported energy, in the form of oil, a rapid growth in energy demand, and a low penetration and utilization of renewable energy sources. As a member of the EU, Greece is obligated under EU Directive 2009/119/EC to reduce its air pollution. Greece also has a similar obligation under the Kyoto Protocol. The Greek energy system is currently passing through a period of significant changes, with the liberalization of the energy markets, the introduction of natural gas and renewable energy sources, modern cogeneration systems, and other energy saving changes.

Greece's energy policy is based on a twofold strategy. The first part involves liberalizing the internal energy market that should allow for attracting investments and developing the energy sector. The second part is aimed at transforming Greece into an energy hub between East and West by focusing on liberalizing internal natural gas markets, developing renewable energy, introducing biofuels, and implanting efficiency measures. Creating new and upgrading external connections in electricity, natural gas, and oil sectors has served to enhance external energy policy (Stefanou, n.d.).

In 2005, Parliament passed law 3426/2005 for the acceleration of the electricity market liberalization process and law 3428/2005 for the liberalization of the natural gas market. This framework incorporates EU Directives 2003/54 and 2003/55 concerning the common rules for the internal markets of EU Member-States (Stefanou, n.d.). Two independent power stations were commissioned, producing and selling electricity in the wholesale market – a 147MW gas-fired plant in Viotia and a 390MW CCGT plant in Thessaloniki (Stefanou, n.d.).

Domestic production of natural gas is small, only 9 million cubic meters (mcm) in 2009. Demand for energy grew at an average rate of 9.4 percent annually between 2002 and 2008. This was primarily due to higher electricity demands that prompted the construction of new gas-fired power stations that in turn raised consumption (*Oil & Gas Security: Emergency Response of IEA Countries* 2010). Natural gas imports in 2009 were 3.6 billion cubic meters (bcm). Seventy-five percent of natural gas was supplied by pipeline and the remaining amount imported in the form of LNG.

Russia is Greece's primary importer since 1997; however, that amount has gradually decreased due to offsetting amounts from Algeria and Turkey that in 2009 totaled 22 percent and 20 percent, respectively (Ibid.). The Greek Public Gas Corporation (DEPA) has long-term contracts until 2016 with Russian *Gazexport*, Algerian *Sonatrach*, and Turkish *Botas* totaling 4.25 bcm annually. In May 2010, Greece signed a memorandum of understanding with Qatar for LNG imports. Greece plans to import LNG from Qatar and construct a EUR 3.5 billion LNG terminal in western Greece (Ibid.).

5.4.3 The European Union's energy diversification efforts

The European Union is extremely vulnerable to when it comes to energy dependency. The most important suppliers of crude oil and natural gas are Russia and Norway (see Table 5.2). This leaves the EU vulnerable to price and supply manipulation, especially in the case of Russia. With the majority of imported hydrocarbons coming from only two sources the EU must, as stated in the *European Commission's Communication on security of energy supply and international cooperation*, act quickly to "diversify gas and oil supply sources and routes." (European Commission 2011). Accordingly, the EU has proposed multiple gas routes. All options are being considered as alternate sources of energy. They include the *Nord Stream*, *South Stream*, *Nabucco Pipeline*, *Trans Adriatic Pipeline*, and the *Interconnection Turkey Greece Italy (ITGI) Pipeline*.

Nord Stream is a twin pipeline system running from Vyborg, Russia to Lubmin, Germany and crossing the Exclusive Economic Zones of Russia, Finland, Sweden, Denmark and Germany. The pipelines are built and operated by Nord Stream AG and serve as the most direct connection between Russian gas and EU energy markets. The Yuzhno-Russkoye gas field has more than 1,000 bcm of natural gas and could serve as a key source and reliable provider of European energy (The pipeline 2011). In August 2011, the first line of the Nord Stream Pipeline was connected to the Ostsee-Pipeline-Anbindungs-Leitung – Baltic Sea Pipeline Link (OPAL) natural gas pipeline. OPAL will have the capacity to transport 27.5 bcm per year of Russian natural gas to European markets and become operational in the fourth quarter of 2011 (Line 1 2011). Approximately 420 km of Line 2 has now been laid in the Baltic Sea as both the Castoro Sei and the Solitaire sections of the line are working.

Built by Gazprom (Russia) and Eni (Italy), the South Stream pipeline project will transport Russian natural gas across Europe, running under the Black Sea from the Russkaya compressor station on the Russian coast to the Bulgarian coast at Varna with a 900 km pipeline reaching a maximum water depth of 2,000 m. There are currently two different routes through Bulgaria being considered – northwest and southwest. A southwestern route will pass through Greece and the Ionian Sea to southern Italy (with a possible connection to the Turkey-Greece-Italy pipeline). A northwestern route will run to the northern region of Italy with an additional branch line to Austria. The pipeline is expected to carry around 63 bcm of gas a year and construction will take approximately three years. Waiting for approval from European Union competition and regulatory authorities, Serbian construction should start by 2012 (South Stream pipeline 2011).

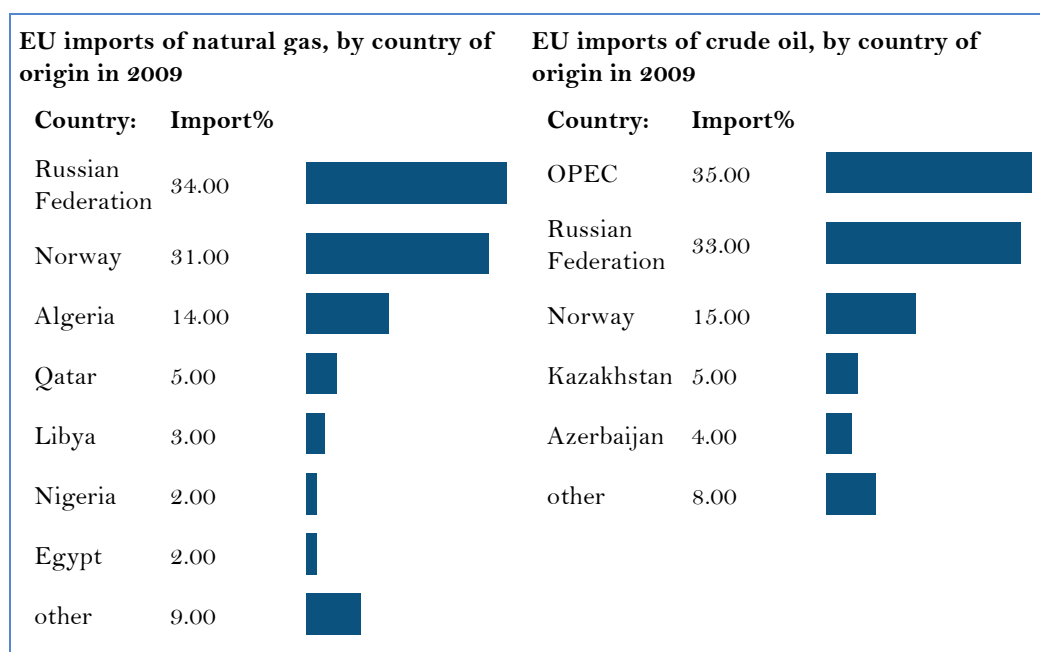
Stemming from the Eastern border of Turkey to Baumgarten, Austria via Bulgaria, Romania, and Hungary, the 3,900 km Nabucco pipeline's annual capacity will be 31 bcm and will connect fields in the Caspian region, Middle East, and Egypt to European consumer markets (The Project n.d.). There are six Nabucco shareholders – Bulgarian Energy Holding (Bulgaria), Botas (Turkey), MOL (Hungary), OMV (Austria), RWE (Germany), Transgaz (Romania). At full capacity, Nabucco will transport 1,550 bcm to Europe over

the next fifty years with construction starting in 2013 and first gas flows slated to start in 2017 (Facts & Figures, n.d.). In September 2011, The Council of the European Union approved a mandate giving the Commission power to negotiate an agreement for the legal framework with Azerbaijan and Turkmenistan (Nabucco 2011b). On 1 Oct 2011, Nabucco Gas Pipeline International submitted a comprehensive transportation proposal to the Shah Deniz II consortium (Nabucco 2011a).

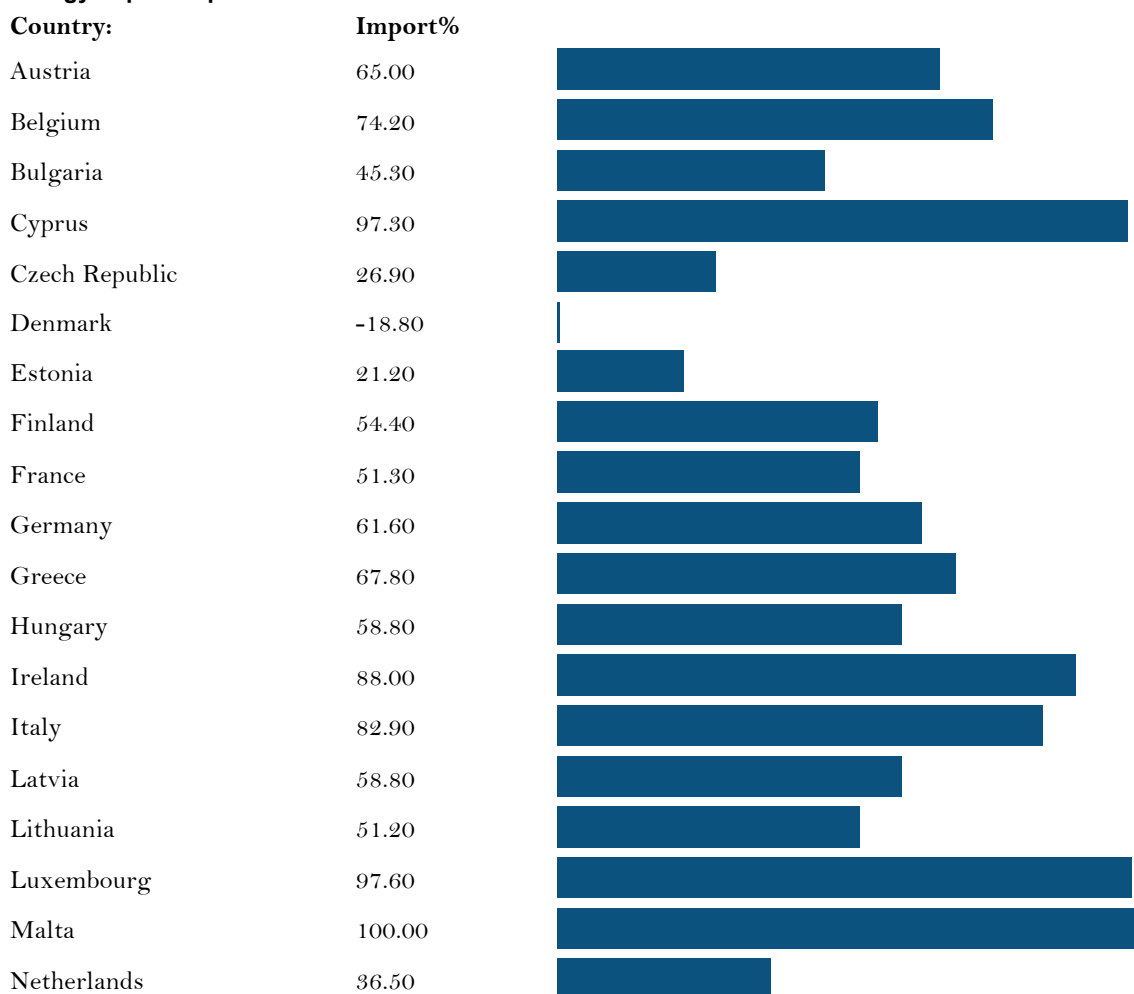
At 800 km, The Trans Adriatic Pipeline will transport gas via Greece and Albania, crossing the Adriatic Sea to Italy's southern Puglia region and further to Western Europe. With an initial capacity of 10 bcm per year, its transport capacity can be expanded to 20 bcm per year. A compressor stations near Thessaloniki, Greece and another one on the Albanian coast will be ensure gas transportation through the pipeline. A third compressor station will be installed later on the Greek-Albanian border to attain the maximum throughput of 20 bcm per year (Underground natural gas storage facility 2011).

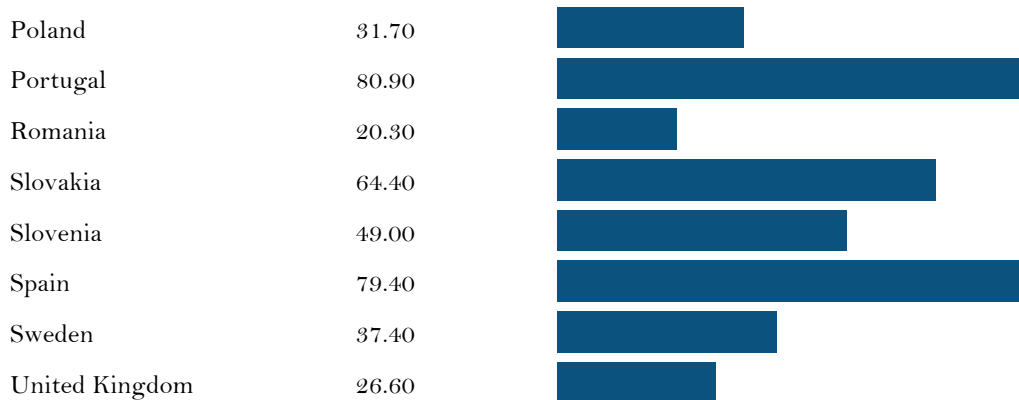
The Interconnection Turkey Greece Italy (ITGI) pipeline will supply natural gas from the Caspian Sea and the Middle East to Europe. It consists of three segments – an expansion of the Turkish national grid, a pipeline between Turkey and Greece (Interconnector Turkey Greece (ITG), and a pipeline between Greece and Italy (Interconnector Greece Italy (IGI). It will also include a bypass line between Greece and Bulgaria (Interconnector Greece Bulgaria (IGB), with a transmission capacity of 3 to 5 bcm of natural gas per annum. The ITC originates in Karacabey, Turkey and reaches Komotini, Greece via Alexandroupolis. The IGI will begin from the Thesprotia coast in Greece, making landfall in Otranto, Italy before ending at Komotini, Greece. The Greece Bulgaria bypass line will begin at Komotini in Greece and end at Stara Zagora in Bulgaria (ITGI Pipeline 2011).

Table 5.2 EU Natural gas and crude oil imports and dependence in 2009.



Energy import dependence of EU member states in 2009



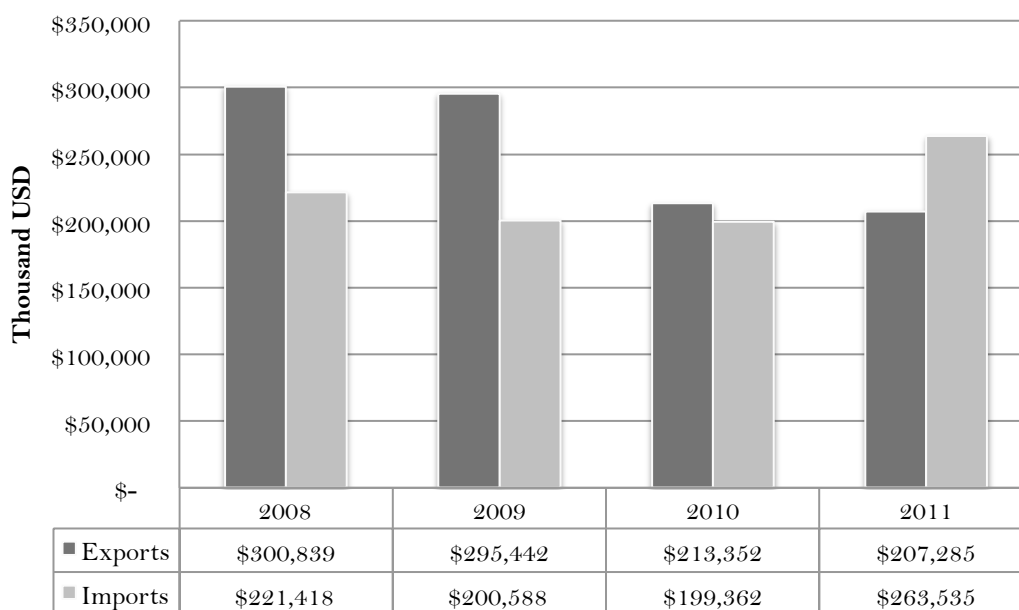


Source: Europe's Energy Portal

5.4.4 Strategic cooperation and economic spillover

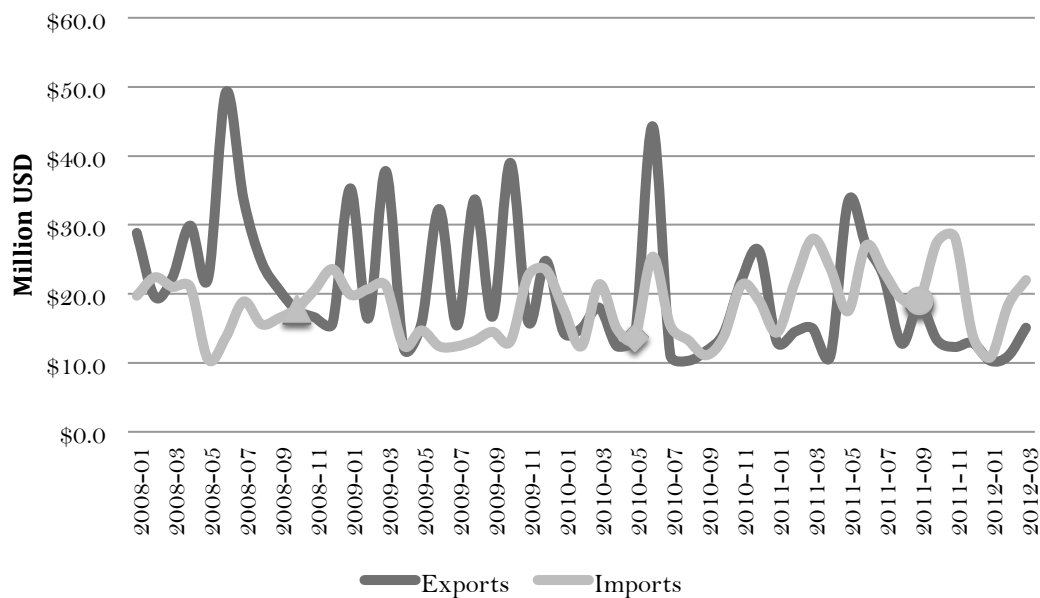
Immediately after Noble's Homer Ferrington rig took its place in Cypriot waters in September 2011 (see Figure 5.2), Israeli exports to Greece fell approximately \$6 million while non-military imports from Greece rose by \$8.5. If compared to figures from the same timeframe in 2010 and 2009 that saw both imports and exports rise considerably, no correlation can be drawn in matters of non-military trade. The same holds true for the months following the award of Noble's Exploration License (October 2008). These results are not particularly surpassing considering Greece's turbulent economy. It is interesting to note the large spikes in trade between Greece and Israel immediately after the Gaza Flotilla incident.

Figure 5.1 Israel's total annual non-military trade with Greece.



Source: The State of Israel Central Bureau of Statistics

Figure 5.2 Israel's total monthly non-military trade with Greece. Three events are indicated on the graph – the award of Noble's Exploration License (October 2008); the Gaza Flotilla incident (May 2010); and Noble's Homer Ferrington rig taking its position in Block 12 (September 2011).



Source: The State of Israel Central Bureau of Statistics

5.5 Analysis

5.5.1 Greece's sensitivity

Without an appreciable military of its own the Republic of Cyprus is vulnerable to aggression from regional foes. Although British forces still occupy two sovereign military bases in the south, Greece has always played the part of Cyprus' protector. This role became even more critical to the island's stability since gaining independence in 1960. It further intensified as a result of the 1974 Turkish invasion that stemmed from a Greek military junta. When Turkey tried to exert power over Cyprus via threats and provocations, Greece has acted as the counterbalance. This continues to strain relationships between Greece and Turkey, as the *Cyprus Problem* has yet to be resolved.

Greece and Israel have not traditionally shared close relations as Greece's support for the Palestinians and Israel's cooperation with Turkey never boded well for either state. However, since Turkey reduced bilateral relations with Israel, Greece has taken a quintessential 'enemy-of-my-enemy-is-my-friend' approach to relations with Israel. This lowered Greece's overall political sensitivity and provided ideal power structures between Greece and Israel that

allowed a single incident by a multinational corporation to increase bilateral relations.

In this case, Delek Group Ltd. and Noble Energy Inc. were able to exert power by exploiting an economic opportunity more valuable to Greece than Greece's political sensitivity to forming an alliance with Israel. Even if the Delek-Noble operation did not expressly aim to inflict some type of change in Greek and Israeli bilateral relations, their actions off the coast of Cyprus nonetheless set off a chain reaction leading to increased cooperation in areas of strategic (military) interests between the two states. In fact, Greece's sensitivity to the contentious drilling of Block 12 was almost non-existent as Israel – joined by the United Nations and European Union – all voiced opposition to Turkish aggression. Greece did not have to play the part of Cyprus' sole caretaker in order to deter Turkish aggression towards the Delek-Noble venture – it now had an ally in Israel and a common enemy in Turkey.

5.5.2 Greece's vulnerability

With political sensitivity relatively non-existent, Greece's vulnerability to limited options served to bolster ties between the two states. As mentioned in section 5.4.2, Greece is currently pursuing measures to diversify its energy sources. Even more pertinent is the European Union's efforts in the same area. Like Greece, the EU (see section 5.4.3), needs to diversify in order to meet its energy needs while avoiding Russian price and supply manipulations. The opportunity and advantages of doing business with Israel – via Cypriot hydrocarbon exploitation or by importing Israeli hydrocarbon energy – are too critical to pass up. At this point in time, this option bodes well for all parties involved. Furthermore, Greece's economic woes mount exponentially as the European Central Bank (ECB) issues bailout upon bailout. The state must find ways of producing capital in order to feed its starving economy. Acting as Europe's energy hub is one way to accomplish this as Greece's long-term prosperity could rest upon a Greek-Cypriot-Israeli alliance. The economic spillover benefits of enhanced bilateral relations between Greece and Israel are quite substantial.

5.5.3 Delek-Noble drilling of Block 12's effect on bilateral relations

The cooperative venture undertaken by Delek-Noble in Cypriot waters has opened the door to enhanced cooperation between states. Cyprus expressed its interest in offshore hydrocarbon exploration with the opening of its 2007 Licensing Round. Shortly after, an Exploration License was awarded to American-owned Noble Energy, Inc. whose joint ventures with Delek off the coast of Israel brought yet another actor to the table. In late 2011, the Cypriot government approved Noble's 30 percent transfer of rights to Delek (Noble 2011). This was especially good news for Cyprus, an island that imports all its

oil and natural gas (see Table 5.2). The venture bolstered ties between the two as Cyprus gained a motivated MNC operating within its EEZ and Israel made a political ally in an otherwise contentious region and portal into European energy markets.

With the relationship between Israel and Turkey deteriorating, Israeli oil and gas companies have found it difficult to secure an outlet for their potential exports of natural gas. The possibility of establishing an LNG facility in Cyprus in order to export Israeli gas to the European markets would allow Israeli companies to overcome a potentially cumbersome regulatory process in Israel and benefiting from EU status when shipping into Europe. In March 2011, President Christofias met with the Israeli Prime minister, President, and Foreign Minister in order to discuss political and economic cooperation with an emphasis on exploitation of hydrocarbons and possible transportation of natural gas from the Leviathan reservoir to the EU via Cyprus. A potential Israel-Cyprus gas venture would provide substantial quantities of natural gas to Europe, which the Nabucco pipeline is unlikely to ever deliver.

Finally, the European sovereign debt crisis has tested the resolve of Eurozone leaders and prompted civil unrest in several countries, none more than Greece. As the Hellenic Republic's economy crumbles and fears of default wash over the entire Eurozone, civil unrest – in the form of general strikes and protest – grows substantially while governments implement austerity measures in order to secure rescue packages. Meanwhile, The Republic of Cyprus' ties to Greece and its banks has prompted its own austerity measures, aimed at dealing with debt-related issues before its economic woes rival that of Greece. The need for growth and prosperity is evident and recent hydrocarbon discoveries off Israel's coast and potential discoveries in Cyprus' Block 12 could shift the region's economic balance. A potential *hydrocarbon bailout* could usher in an era of Eastern Mediterranean prosperity as Greece, Cyprus, and Israel become EU energy providers.

6 Conclusion

The Eastern Mediterranean has undergone a substantial paradigm shift. Robust bilateral relationships between the Republic of Turkey and the State of Israel have faltered as fresh alliances between the Hellenic Republic, Republic of Cyprus, and Israel gather speed. One could assume that such an occurrence is merely one actor fulfilling the role of another. This view is too simplistic, as the complexities of international relations are seldom explained so easily. Accordingly, I turned to complex interdependence theory in an effort to understand what transpired over the last two years.

Following Keohanne and Nye's lead, I formulated two hypotheses to explain the reasons for sudden change. In doing so, I introduced concepts of asymmetrical interdependence, sensitivity, vulnerability, and power structures. Using a case study approach illustrated by George and Bennett, I developed a research strategy, selected cases, assigned variance to variables, and formulated data requirements and general questions. Finally, I employed process-tracing in the form of an analytic explanation. From there I began my essay by looking at the Gaza Freedom Flotilla's effect on bilateral relations between Turkey and Israel.

Since reducing bilateral relations, the asymmetric relationship between Turkey and Israel has changed. Finding other ways to do business in matters of military production and military operations allows Turkey to function less dependent of Israel, thereby giving the state more autonomy. Abandoning bilateral relations with a controversial Israeli state gives Turkey political clout, bolsters its standing in Arab world, and makes it a viable contender to Egypt's throne.

However, its autonomy seems limited to political gesturing and the suspension of military agreements, as Turkey remains heavily dependent on non-military trade with its former ally. High levels of integration between two of the regions largest markets and a consistently growing trend in non-military trade may not fair well for Turkey's political aspirations; however, it no doubt bodes well for its economy. After a short dip in 2009, this part of the Turkey-Israel relationship is stronger than ever, exceeding levels of trade in 2008.

The Gaza Flotilla incident sparked a sharp political reaction on the part of Turkey. The incident was directly responsible for reduced bilateral relations between the two states as Turkish leadership opted to take a stand where it was most noticeable - by suspending a realist symbol of hard power. Turkey could not afford the political costs of not taking action. In this regard, it was relatively more sensitive to the incident than vulnerable to the costs of not doing business. Because Turkey is now less interdependent on military trade and military

exercises, the bilateral power structures now side more in Turkey's favor, as its sensitivity and vulnerability to Israel becomes a diminished factor.

On the other hand, Greece now exhibits heightened levels of interdependence with Israel. Joint military exercises, new military agreements, and new energy opportunities have brought the countries closer together. Noble's activity in Block 12 directly impacted relations between Cyprus, Israel, and by proxy - Greece. Without a planned drilling announcement to spark tensions within the region, Greek leadership may have been reluctant to involve their state in the matter, considering the multitude of issues currently within its own borders. However, Greece was not alone in its deterrence efforts as Israel, UN, and EU all spoke out against Turkish aggression towards Noble's drilling. Of the three, Israel would be more prone to take action against Turkish provocation considering its interests in the Delek-Noble venture. The asymmetric relationship Greece once had with Israel is now replaced with a more complex interdependent relationship that may spillover into mutual economic prosperity. As time passes and levels of sensitivity and vulnerability increase, so will the complex interdependence between the two. However, this process – unlike the nonstate actor incident that forced the two states into mutual strategic cooperation – is a bit slower to materialize.

7 Executive Summary

On 31 May 2010 a flotilla of six vessels carrying people and humanitarian supplies – operated by the Free Gaza Movement and Foundation for Human Rights and Freedoms and Humanitarian Relief (IHH) – was boarded and taken over by Israeli Defense Force (IDF) personnel 72 nautical miles from land. Israeli forces had directed the flotilla to change course stating that the coast of Gaza was under a naval blockade. In the take-over, nine activists (including seven Turkish nationals) lost their lives and many others wounded, resulting from the use of force during the operation. Turkey has since demanded, but yet not received, a formal apology and compensation from Israel. As a result, bilateral relations between Turkey and Israel have deteriorated, creating a diplomatic vacuum between the two states.

In another incident sixteen months later in September of 2011, Turkish Prime Minister Recep Tayyip Erdoğan issued a stern warning along with a threat of military force against the Republic of Cyprus over Delek Group and Noble Energy's planned drilling of Block 12 in the Cypriot seabed. In response, Cyprus, Greece, and the European Union (EU) issued statements condemning the Turkish PM's threats as tensions rose throughout the region. Nevertheless, a few days later the Homer Ferrington rig took its place in Block 12 as Turkish, Israeli, Russian, British, and American naval vessels and planes watched from a distance while the rig was moved. The results of Delek Group and Noble Energy's continued exploration in Cypriot waters have paved the way for increased bilateral relations between Greece and Israel.

The incidents of May 2010 and September 2011 led to significant transformations of influence, alliances, and opposition within the Eastern Mediterranean. Consequently, the paradigm within the region shifted from strong Turkish-Israeli alliances to that of a Greek-Cypriot-Israeli axis of cooperation. What makes the above two scenarios particularly interesting is the speed and effectiveness in which both incidents led to significant political and economic policy changes between state actors. In less than two years, Turkey and Israel fell out of sorts while Greece, Cyprus, and Israel effectively increased cooperation and established common ground on a variety of issues.

I examined the recent shift in Eastern Mediterranean political economy by conducting case studies of the above-mentioned incidents as they relate to changes in bilateral relations by answering the following research question – *What are the power structures that allow a nongovernmental organization or multinational corporation to reduce or increase bilateral relations by virtue of a single incident?*

For a theoretical explanation to the problem, I turned to Robert O. Keohane and Joseph S. Nye's complex interdependence theory. It merges grand realist

approaches to international relations theory with more liberal traditions. Following their example, I utilized concepts such as *dependence*, *interdependence*, *asymmetrical interdependence*, *sensitivity*, *vulnerability*, and constructed my own concept of *power structures*.

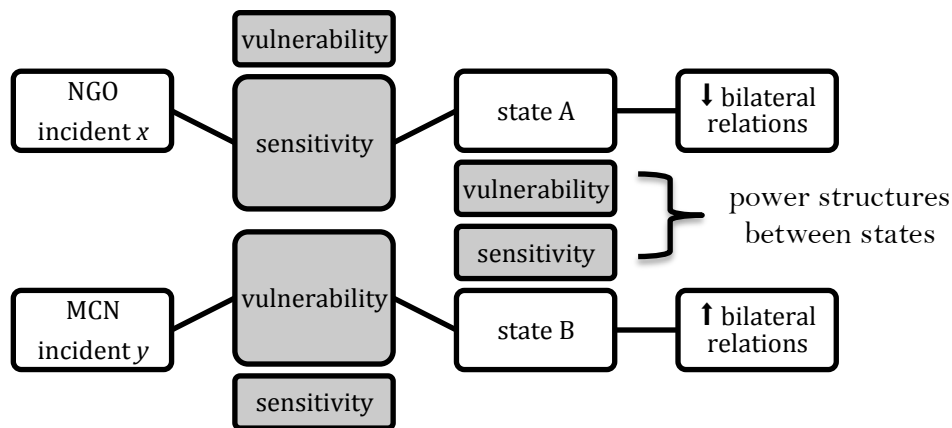
Following Keohanne and Nye's example, I decided to measure power using two dimensions – *sensitivity* and *vulnerability*. While either dimension can be social, political, or economic in nature, sensitivity pertains to the degree of responsiveness within a policy framework – how quickly does one actor's changes effect *costly changes* upon another actor and to what degree? Sensitivity is measured by determining the costly effects of outsider-imposed changes on a particular society or government before policies are altered in order to adapt to the new situation.

Vulnerability pertains to the liability of an actor to suffer outsider-imposed costs even after policies have been changed to reflect new realities. Because policy change is usually slow in nature, vulnerability can only be measured by determining the costliness of making effective adjustments to new realities over a period of time – does the actor have effective alternatives, ways of doing business differently, or the ability to absorb costly changes? Furthermore, this measurement can be applied to both uses of power – a nonstate actor's influence on state decision-making and the power structures between states under complex interdependence.

Using Keohanne and Nye's definition of power, I defined power structures as *the intensity of complex asymmetrical interdependence between states*. I concluded my theoretical approach by designing two hypotheses.

- H1: A NGO or MNC can effectively reduce political and economic ties between two states (bilateral relations) by virtue of a single incident if one state's sensitivity to the incident is greater than its vulnerability to the other state.
- H2: A NGO or MNC can effectively increase political and economic ties between two states (bilateral relations) by virtue of a single incident if one state's sensitivity to the other state is less than its vulnerability to the incident.

Figure 1 State A's sensitivity to incident x is greater than its vulnerability to state B; therefore, bilateral relations are reduced. State B's sensitivity to state A is less than its vulnerability to incident y ; therefore bilateral relations are increased. The shaded cells represent dimensions of power.



Each case study began with a detailed account of the nonstate actor incident (main variable of interest) followed by state reactions to the incident. Data collected included statements by political elites about the incident; UN and state documents about the incident; and media reports about the incident in question. Post-incident material included statements, documents, and reports dated from May 2010 (date of first incident) to May 2012 (publish date of the essay). I used process-tracing to identify causal mechanisms, providing a detailed, fundamental explanation linking the before (x) and the after (y) in each case.

In my analysis I found that the Free Gaza Movement and IHH NGOs were able to exert power by exploiting a politically sensitive issue when they challenged the Gaza naval blockade. A source of contention in Arab circles throughout the region, the Gaza blockade has become a hot button issue that causes much debate, hate, discontent, and tension between pro-Palestinian supporters and the State of Israel. Furthermore, the Egyptian Arab Spring has created a dearth in regional pro-Arab leadership, giving Turkey an opportunity to sell itself as *the* model state for pro-Islamic democracies.

Turkey exhibited a high degree of political sensitivity to the costly changes imposed by the Free Gaza Movement and IHH. As soon as word of the Gaza Flotilla incident spread, Turkey had to respond quickly – all nine of the slain activists were Turks; the Flotilla's organizers had launched ships from Turkish ports; Turkish leadership had a history of opposing the blockade's very existence; someone within the Eastern Mediterranean had to stand up to Israeli 'aggression'.

The political sensitivity to the Gaza Flotilla incident was extremely high and almost unavoidable because the political costs of Turkey *not* 'putting Israel in its

place'; not jumping at the chance to occupy a political vacuum left by a weakened Egypt; or not serving as a model for non-secular, pro-Islamic democracy ultimately outweighed the actual drawbacks of suspending military agreements with Israel.

Delek Group Ltd. and Noble Energy Inc. were able to exert power by exploiting an economic opportunity more valuable to Greece than Greece's political sensitivity to forming an alliance with Israel. Even if the Delek-Noble operation did not expressly aim to inflict some type of change in Greek and Israeli bilateral relations, their actions off the coast of Cyprus nonetheless set off a chain reaction leading to increased cooperation in areas of strategic (military) interests between the two states. In fact, Greece's sensitivity to the contentious drilling of Block 12 was almost non-existent as Israel – joined by the United Nations and European Union – all voiced opposition to Turkish aggression. Greece did not have to play the part of Cyprus' sole caretaker in order to deter Turkish aggression towards the Delek-Noble venture – it now had an ally in Israel and a common enemy in Turkey

Greece now exhibits heightened levels of interdependence with Israel. Joint military exercises, new military agreements, and new energy opportunities have brought the countries closer together. Noble's activity in Block 12 directly impacted relations between Cyprus, Israel, and by proxy - Greece. Without a planned drilling announcement to spark tensions within the region, Greek leadership may have been reluctant to involve their state in the matter, considering the multitude of issues currently within its own borders. The asymmetric relationship Greece once had with Israel is now replaced with a more complex interdependent relationship that may spillover into mutual economic prosperity.

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