

Russia preparing to develop Gaza gas field

Posted January 24, 2014 Author: As-Safir (Lebanon)

In a significant political and economic development, Palestinian President Mahmoud Abbas met Jan. 23 with Russian President Vladimir Putin. The meeting came as a prerequisite to officially sign an investment agreement aiming to develop the Gaza offshore gas field in the Mediterranean Sea. It is only logical to assume that this step will raise the ire of Israel. The latter does not appreciate the role Russia plays in the region, especially since Israel has never come to an agreement with Russia.

AFP reported that there were talks of investing \$1 billion to develop the Palestinian gas field. It is known that the two fields explored offshore of Gaza in the Mediterranean are called Gaza Marine 1 and 2. In 1999, the Palestinian Authority granted the British Gas Group the exclusive rights to explore gas. In 2000, the company announced that it discovered gas and was seeking to develop the field in partnership with Consolidated Contractors Company and the Palestinian Authority. However, the eruption of the second Palestinian intifada, in addition to Ariel Sharon ([<http://www.al-monitor.com/pulse/business/2014/01/russia-palestine-offshore-gas-field-gaza.html#>](http://www.al-</p></div><div data-bbox=)

monitor.com/pulse/originals/2014/01/gaza-ariel-sharon-hamas-palestine-israel.html) assuming the premiership of the Israeli government and his refusal of funding the Palestinian Authority through gas revenues, has impeded the finding of markets to produce and subsequently develop this field. Back then, the Israeli government sought to buy gas from Egypt to avoid buying gas from the Palestinian field.

Ever since that time and until recently, the British Gas Group, in addition to the British and US governments and the former quartet envoy to Palestine Tony Blair, have attempted in vain to find solutions to the issue of the gas field. When the split between Hamas and Fatah occurred in 2007, and dealing with the Gaza government became prohibited, the Palestinian Authority in Ramallah was no longer powerful. This would then increase the frustration of the British Gas Group, leading the company to stop its communications aiming to sell gas and to shut down its offices in Israel a year after that.

However, three months ago, the *Financial Times* mentioned that Israeli Prime Minister Benjamin Netanyahu (<http://www.al-monitor.com/pulse/originals/2014/01/netanyahu-kerry-document-principles-negotiations-palestine.html>) had granted his approval to develop the field. The newspaper noted that Netanyahu had given the green light to the development of the field hoping to create joint economic interests between Israel and the Palestinian Authority. At the time, Israeli sources noted that Netanyahu has probably started to believe that Gaza Marine constitutes a source of natural gas,

which compensates for the loss of Egyptian gas. These fields would help avoid a gas crisis (<http://www.al-monitor.com/pulse/originals/2014/01/solar-energy-gaza-electricity-outages.html>), before the Leviathan gas field begins to produce gas in 2017, at the earliest. Some economic experts noted progress in the stance of Netanyahu, which is attributed to his desire not to place the Israeli economy under the mercy of Tamar-Leviathan partners, especially that the driving force behind them are the American Noble Energy and the Israeli Delek.

The official Russian news agency Itar-Tass noted that the Russian energy giant Gazprom wishes to produce 30 billion cubic meters of natural gas as part of its process to invest the field. It also worth mentioning that the Russian engineering company Technopromexport is studying the feasibility of investing in the process of oil exploration in a small land field located near the city of Ramallah. AFP, however, explained that the progress of communications — in terms of the two deals — is not yet clear, as well as the launching of the work.

It is important to note that according to economic estimations, the reserve of Marine Gaza can hold up to 30 billion cubic meters of gas, noting that its development will need three to four years and will cost around a billion dollars. The revenues of this field are estimated at \$6 to \$7 billion a year, throughout many years. A part of the said revenues will be given to the Palestinian Authority in the form of taxes and fees. This is supposed to render the authority independent from donor countries.

Abbas announced in Moscow that he is dealing with Russia as a major power, which has to play a key role in the Middle East. He added, "We are happy to see that Russia is an active and influential power on the international arena." Abbas told Itar-Tass, "We would like to see Russia playing a leading role in the Middle East, since it is a major power."

This issue prompts the following question: Is this development related to the fact that the deadline of US-brokered negotiations is imminent? It is only normal for the Palestinian Authority not be satisfied with the US stance, which constantly refuses any pressure exerted on Israel to implement international resolutions. Could Russia, however, enter the area of Israeli economic influence, without coming to an agreement with the government of Netanyahu?

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