

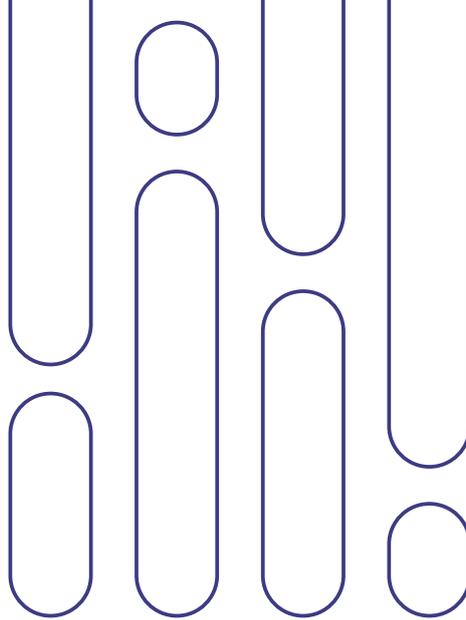
POSITION PAPER

Calculus of Lebanon- Israel Maritime Border Demarcation Agreement

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The issue of demarcating the southern maritime border between Lebanon and Israel has dominated the domestic scene in both countries. The governments of the two countries announced their approval of the [handwritten proposal brought forward](#) by US mediator Amos Hochstein two years after mediation efforts started. The three parties unanimously agreed to call the proposed agreement “historic.” However, the political implications of the agreement vary depending on the respective calculus of each party, though there are shared economic benefits: investing in oil and gas resources, which comes at an appropriate time against the backdrop of the global energy crisis.

Lebanon and Israel both declared that the US proposal met their demands. After deliberating with the Parliament speaker and prime minister, the [Lebanese presidency](#) reiterated that the final draft of the agreement is satisfactory for Lebanon, particularly because it meets Lebanese demands and preserves the country’s rights over its natural resources. Meanwhile, on October 12, 2022, [the Israeli cabinet for political and security affairs approved](#) the final draft agreement and referred it to the Knesset for debate. Within 14 days of the referral, the Israeli government should officially and finally approve the agreement.

The declaration of support for the US proposal by Beirut and Tel Aviv sparked debate in both countries’ political arenas. There is a split between supporters of the agreement who see it as a historic achievement serving security and economic interests and opponents who see it as a historic submission to the opposing party. This ongoing debate necessitates an examination of the circumstances surrounding the announcement, as well as the calculations of each party that led to the announcement, as well as the extent of profit and loss for each of the two parties. Fol-

lowing this, the report will shed light on Hezbollah's position on the demarcation agreement, as well as potential future scenarios.

The Border Demarcation Agreement in an Intermingling Political and Economic Landscape

There are a number of factors and challenges facing the demarcation agreement despite the announcement that the Lebanese and Israeli parties have agreed to the US proposal:

- **Lebanese economic malaise:** The Lebanese economy is in a severe economic crisis, with multiple factors and parties involved. The economy is in a state of full bankruptcy, and there is a severe electricity shortage. According to the World Bank, Lebanon's GDP fell by 10.5 percent in 2021, placing it among the world's most economically fragile countries. This year, inflation is expected to reach 120 percent, which has sparked widespread protests against government mismanagement and corruption. Given the deteriorating economic situation, the political leadership believes that signing the windfall border demarcation agreement is important for the country. This comes at a time when many people are looking to undersea resources to help Lebanon recover from its economic crisis.

- **Divergent political assessments:** The domestic political calculus of the three parties — Lebanon, Israel, and the United States — will play a key role in hastening the conclusion of the agreement that will end the Lebanese-Israeli dispute over border demarcation.

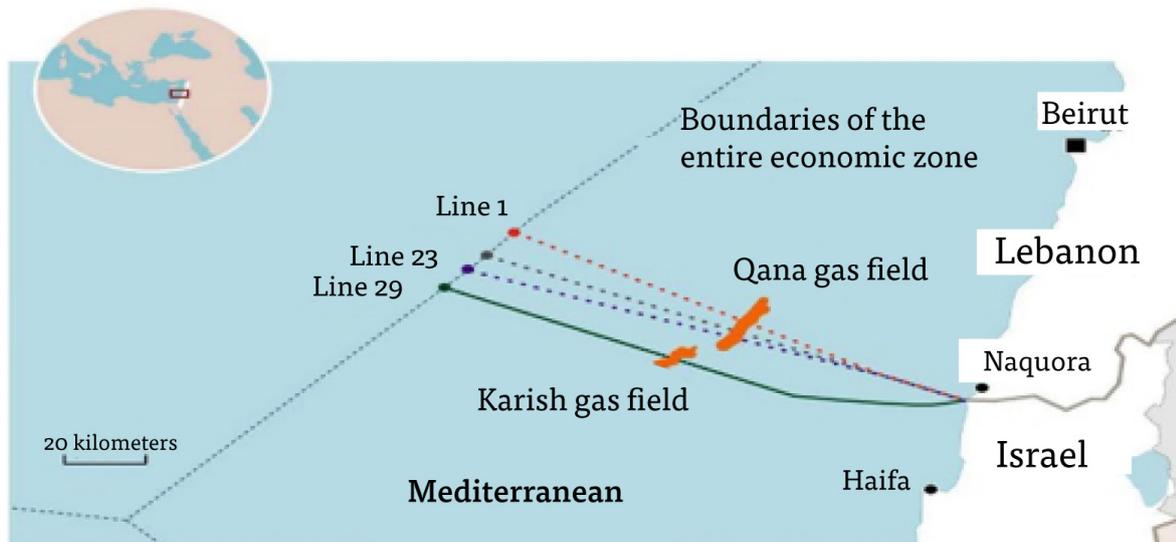
- For Lebanon: The economic crisis that it is experiencing is accompanied by a political crisis that has thwarted the for-

mation of a government for months. It is forecasted that Lebanon will face a presidential vacuum unless the Lebanese political parties reach an agreement that results in the election of a president to replace Michel Aoun, whose term expires on October 31, 2022. This impasse prevents the Lebanese state from taking measures to improve the country's economic and living conditions. As a result, all political factions in Lebanon, whether in opposition or in power, are hoping to take advantage of the maritime border demarcation agreement.

– For Israel: Tel Aviv is in a state of political disarray as a result of political tensions and domestic wrangling between the caretaker government camp led by Yair Lapid and the opposition camp led by Benjamin Netanyahu in the run-up to the November 1 Knesset election. As a result, each party seeks to insert the issue of the maritime border demarcation into the debate and to exploit it for their own respective electoral benefit.

– For the United States: Washington's active efforts at hastening the conclusion of an agreement between the two disputants and France's intervention as a mediator is governed by considerations not only related to internal domestic calculations in Beirut and Tel Aviv. From the domestic angle, there is a fear that a presidential vacuum in Lebanon will thwart the conclusion of the demarcation agreement in the coming months on the one hand, whereas on the other, there is concern that the outcome of Israel's election may also thwart the demarcation agreement and affect Tel Aviv's standoff with Moscow over the Ukrainian crisis and the related economic and political files.

Map 1: The Disputed Maritime Border Between Lebanon and Israel



Line 1: The line Israel referred to the UN

Hof line: The line proposed by the US via its ambassador Fredrick Hof to resolve the dispute

Line 23: The line Lebanon referred to the UN

Line 29: The line proposed by Lebanon after it considered Line 23 to be inaccurate and claimed its right to a bigger area.

Source: Al Hurra.

- Deep-seated maritime tensions:** Maritime disputes between Israel and Lebanon are among the outstanding issues between the two countries, especially since the discovery of natural gas in the Eastern Mediterranean in 2009. These discoveries sparked competition among the region's countries, prompting them to step up efforts to find natural gas to maximize profits. At this point, signs of disagreement between the two countries emerged, reflected in the maps of both countries frequently changing multiple times prior to talks. Since 2011, Lebanon has officially demanded the delineation of the maritime border from Line 23, which guarantees Lebanon an additional 860 square kilometers of territorial waters. However, the Lebanese government later renewed its request for

an additional 1,430 square kilometers of territorial waters by moving the borderline south to Line 29.

To bring closer the viewpoints between the two sides, the United States attempted to reach a breakthrough to curb tensions between the two sides. US mediation efforts have recently borne fruit, with both parties agreeing to Washington's proposal.

- **Global energy crisis:** The sudden shifts in the global energy market as a result of the Russian-Ukrainian war, as well as the ongoing international dispute over alternative energy routes (including oil, gas, and charcoal), particularly gas, are some of the factors leading to the resolution of the maritime border crisis between Lebanon and Israel. Today, the growing European demand for gas is prompting a reconsideration of alternative lines and the search for more stable and less expensive future supplies. This has increased the geopolitical significance of the Eastern Mediterranean region in the new global energy mix that has emerged since the Russian-Ukrainian war. Given the Eastern Mediterranean's geographical proximity to Europe, Israeli oil and gas in the Mediterranean, particularly the Karish gas field, this agreement represents a European-American solution to compensate for European gas supply shortages and a means of depriving Moscow of one of its pressure cards: the energy lever. This question, in particular, explains US efforts to conclude this deal, as well as the pressure it has put on all parties to speed up the talks and reduce any security tensions that could risk all European bets on Israeli gas in the context of the ongoing energy war. This factor also explains Israeli and US efforts in several regional meetings to find diverse solutions to supply Europe with gas, as well as the signing of a trilateral

memorandum of understanding between Egypt, Israel and the Europeans in mid-June.

- **The US need for urgent benefits:** The announcement of the maritime border demarcation agreement benefited the United States as the midterm elections approach. It also came amid strained relations between the United States and Saudi Arabia, despite Biden's attendance at the summit in Jeddah. The OPEC+ decision to reduce production by 2 million barrels per day from the beginning of November 2022 sparked a wave of outrage among some quarters in the United States. They accused Saudi Arabia of playing a role in influencing the US midterms by raising the cost of oil for US voters while lessening the burden on Moscow that has attacked Ukraine and is involved in a dispute with Washington and the Europeans. Despite the aforementioned developments, the success of the agreement will mark a significant turning point in the context of US strategy in the region, preventing the outbreak of a regional conflict that will throw its calculus into disarray and distract it from other international priorities. The agreement will also increase the chances of US diplomacy at a time when Washington needs to play a leadership role in the region once again amid the growing criticism it faces. The United States also wants an agreement since it does not want to leave the arena for competitors to intervene and play diplomatic roles, which could cause it to lose influence.

The US Proposal and Lebanese Reservations

The United States is attempting to act as a mediator between Lebanon and Israel to demarcate the maritime border, specifically regarding the matter of gas in each parties' respective

claims of water. US Ambassador to Lebanon Dorothy Shea presented a written proposal to the Lebanese presidency on the demarcation of the maritime border for the first time on October 1, 2022. The Lebanese presidency, however, did not reveal the nature of the proposal or what it contained. It rather stated that it would examine it. Later, the Lebanese presidency gave the US mediator notes on it. The situation remained ambiguous even when the agreement was announced. The Lebanese presidency stated that it responded to the majority of the contents, while the Israeli press stated that Lebanon retracted the majority of its comments on the US proposal before preparing the agreement's final version, which was discussed in both Beirut and Tel Aviv.

Regarding the interactions of the concerned parties in drafting the agreement, the following points can be concluded:

- **The demarcation is regarded as a strategic step and qualitative transformation:** The demarcation is deemed strategic and transformative. Some applauded the agreement, while others saw it as a submission to the opposing party. But it goes without saying that reaching an agreement on the demarcation draft between the Lebanese and Israeli sides is a win-win situation for Lebanon as well as for Israel and the United States in terms of timing and even benefits. The agreement comes amid a severe economic storm and a desperate Lebanese need to be saved from financial collapse, as well as amid assertions and hints from abroad about a potential breakthrough for Lebanon's economic, electricity, financial and security crises. This is what the US ambassador referred to in recent meetings with Lebanese officials, as well as during her tours and in her congratulatory statement. She

expressed optimism for Lebanon's future in this statement as the demarcation agreement reached an initial consensus among the concerned parties. However, there are some caveats to this agreement, including the following:

- The new agreement gives Lebanon control of the Qana gas field, which is located in the heart of the disputed region. However, according to the draft agreement's leaked details, it gives Israel a percentage of any future profits from this field, amounting to about 17 percent of the profits. Meanwhile, Israel controls the Karish gas field, which is located near the Israeli-controlled Tamar and Leviathan gas fields.

- Internal parties on both sides criticized the agreement's terms. Political forces in Lebanon believe that the Lebanese government has relinquished the border point in Naqoura, and then to Line 29, which begins at the land point in Ras Naqoura and extends to the sea, cutting off the Karish field, which is fully under Israeli sovereignty. Lebanon accepted Line 23 with some reservations and conditions. The agreement necessitates the company carrying out the extraction operations to give Tel Aviv a portion of the gas revenues expected to be extracted from the southern portion of Line 23.

- Furthermore, the availability of gas resources in the field granted to Lebanon is still being explored. Extraction of gas for commercial purposes in Lebanon takes a long time due to logistical issues, whereas the Israeli pumping process from the Karish field started prior to the official announcement by the three parties on the demarcation draft.

- **Israel has made gains surpassing those of Lebanon:** Tel Aviv ensured calm and stability by signing this agreement, which was guided by both sides' economic interests. After it

began to explore the field granted to it prior to the official announcement, it prepared itself to enter the market of oil-producing countries and to act as one of the sources ready to supply Europe with gas. Indeed, Energean, an Israeli company, announced the start of pumping gas to the Karish field's floating production platform in early October. However, there is a divergence and escalation of internal divisions in Israel, as in Lebanon, over the terms of the agreement. While the current Israeli government appeared eager to quickly reach this agreement with Lebanon, right-wing opposition to the proposed draft agreement and attempts to prevent the formal agreement from being signed have escalated. For example:

- The opposition candidate in the Knesset elections, Benjamin Netanyahu, accused Yair Lapid's government of submitting to Hezbollah. He vowed not to follow through on the agreement if he forms a new right-wing government, putting additional pressure on the current government. Furthermore, Netanyahu criticized the United States for mediating the Israeli-Lebanese maritime dispute. He considered US mediation to be a form of meddling in Israel's election.
- The Israeli chief negotiator submitted his [resignation](#), a remarkable development which reflects the deep divisions within Israel over the proposed draft agreement. The Israeli Ministry of Energy confirmed Udi Adiri's resignation on October 3, 2022. The Israeli prime minister's office confirmed that the resignation was in protest over his position as chief negotiator being ignored and the mission being assigned to the head of the National Security Council, Eyal Hulata. According to some sources, the real reason for his resignation was his opposition to the agreement that was reached.

Hezbollah's Volte Face: From Opposition to Endorsement

In the midst of the celebrations, Hezbollah's position was supportive of the Lebanese government's participation in the negotiations and the signing of the agreement. In his speech, Hezbollah Secretary-General Hassan Nasrallah said, "We should be cautious because there are people who can change their minds at any time. The negotiations have been difficult and challenging... from the start, we have decided to stand with the state on the Lebanese demands. And I've always said that we want to eat grapes and extract oil. When Lebanese officials say something and the president announces the official position in support of the agreement, the resistance considers the mission accomplished — but we must remain vigilant until then."

Hezbollah's tacit approval of the agreement is a departure from its previous position when it embraced a tougher stance on demarcation negotiations. It had previously refused to concede Line 29. Hezbollah claimed that greater guarantees were needed and that Line 23 as a separating line for border demarcation between the two sides was insufficient. Hezbollah in recent months had threatened the deployment of military force to secure Lebanon's rights. This abrupt shift calls into question Hezbollah's newfound flexibility and approval for an agreement on maritime border demarcation, despite its previous obdurate stance on the matter.

Hezbollah's blessing of the agreement is linked to several internal, regional and international considerations, primarily the following:

- **An opportunity to score a point with the Lebanese people:** The agreement reflects a shift in Hezbollah's position, which has a veto over negotiations with Israel. This shift coincides with Hezbollah's recognition that the Lebanese economic and living landscape is in a disastrous state, and that addressing it is the top priority for the Lebanese people in general, as well as for Hezbollah's incubators. The Lebanese people blame it for the current deterioration in the country by remaining silent, covering up, supporting and allying with corrupt forces. Thus, calming the Lebanese front and emphasizing the Lebanese state's sole responsibility for demarcating its maritime border with Israel, as well as the prospective Lebanese economic recovery, is tantamount to scoring points in Lebanon's favor. This position also represents factional achievements because it allows Hezbollah to avoid criticism for attempting to prevent the extraction of Lebanon's natural resources during a period of economic hardship.
- **Displaying Iranian goodwill and sending messages:** The upcoming US Congress midterm elections has prompted all parties to think of ways to strengthen their respective positions. Perhaps this is the chief reason behind Tehran's display of goodwill and not attempting to obstruct the maritime border demarcation agreement for extracting oil and gas. Europe remains important to Iran. Tehran is using it to pressure the Biden administration to complete the nuclear deal. It is not ruled out that the current flexibility is part of a behind-the-scenes agreement between Iran, Israel and the United States and within the framework of the ongoing efforts to resurrect the nuclear deal (JCPOA). After the release of US detainees in Iran, this was an indication of a closed-door agreement

between both sides. There is speculation that Washington intends to unfreeze Iranian government bank accounts. Additionally, there is talk of the United States giving Iran permission to export more oil abroad.

- **Economy over the weapons equation:** Hezbollah may argue that its arsenal helped to achieve a remarkable feat for Lebanon: the demarcation of the dispute maritime border. However, the future economic gains expected from the agreement are risked by Hezbollah's weapons arsenal, as they could be deployed to threaten installations and production fields. As a result, Hezbollah's weapons arsenal may disappear from the equation in the coming period, in favor of an equation based on the economy and energy supplies.

Scenarios and Impediments

The following scenarios are likely to occur during the process of signing the final agreement:

- **First scenario:** This scenario envisions the possibility of Lebanon and Israel concluding and signing this agreement before the end of the current Lebanese presidency, which strongly favors its conclusion. It is based on Washington's pressure on Tel Aviv and Beirut in light of international support for the US proposal.

Additionally, the current debates in Tel Aviv have not resulted in a final position favoring or opposing the agreement's conclusion. However, if electoral surprises occur in the early November elections, Washington's backing of the agreement will prevent any future Israeli government from raising the issue and amending the agreement's terms. The deal will not be completely rescinded by a newly elected premier.

- **Second scenario:** In this scenario, the deal is obstructed and postponed until new leaders in both countries are elected. The aforementioned international and regional complexities effectively stymie progress toward signing a final agreement. Furthermore, the parties to the agreement are grappling with a short timeframe. Because of the lack of agreement on identifying a presidential successor as well as on government formation, Lebanon may be mired in an ongoing political vacuum. The same is true for Israel, which is embroiled in political squabbles between the government and the opposition.

In conclusion, it could be said that the agreement represents a need for all the concerned parties internally and externally. Internally, leaders in Beirut and Tel Aviv must achieve domestic goals as their terms are close to ending. In Lebanon, the government is attempting to mitigate the effects of the ongoing economic crisis. At the same time, there are caveats and impediments that could make the agreement's conclusion a more difficult task. There could be internal obstacles in Lebanon and Israel, or external obstacles such as the geopolitical upheavals that continue to grip the region. All of these obstacles could obstruct the possibility of establishing large-scale energy cooperation projects in the near future, further complicating the challenges facing the agreement.

Hezbollah's approval of the agreement with Israel reveals the party's realpolitik and preference of material interests over ideology. The demarcation process cannot be considered in isolation from the normalization process and the developments it implies for Lebanon's future relations with Israel. This normalization appears to take the form of cooperation, shared interests, economic and financial understandings and

an unavoidable participation in the oil and gas market of selling, purchasing, extracting, and exporting energy resources. However, this normalization requires a long-term peace agreement, because without guarantees, foreign companies will be unable to invest under this agreement. This agreement in of itself is a recognition of normalization with Israel and a pledge to maintain peace and security between the two countries — albeit through the United States acting as an intermediary.

