The Jerusalem Institute for Strategy and Security

The Leviathan-Cairo Accord: Anchoring Western Interests in the Eastern Mediterranean

The Israeli–Egyptian gas agreement transforms energy cooperation into a strategic instrument—strengthening regional interdependence, supporting European diversification, and reinforcing Israel's role as a provider of stability within the Western strategic architecture

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Executive Summary

The December 2025 approval of a $34.7 billion natural gas agreement between Israel and Egypt represents a major inflection point in the strategic configuration of the Eastern Mediterranean. By committing approximately 130 billion cubic meters (bcm) of Israeli natural gas to the Egyptian market through 2040, Israel has operationalized a doctrine of energy-based strategic integration. This paper argues that the agreement significantly reinforces Israel's position as a regional anchor of stability and enhances its value as a geopolitical asset for both the United States and the European Union (EU).

In an era marked by global energy fragmentation, supply-chain vulnerability, and revisionist challenges, Israel is no longer merely a consumer of Western security guarantees. It is emerging as a provider of strategic public goods: energy reliability, regional stabilization, and diversification options for Western partners.

The Strategic Context: Energy as National Power

The Leviathan-Cairo Accord is not simply a commercial achievement; it constitutes a strategic asset with direct national-security implications. Despite heightened regional volatility in recent years, the structural imperatives of energy security have driven Egypt and Israel toward a level of integration that would have seemed unlikely only a decade ago.

For Egypt, the agreement addresses a mounting structural challenge: declining domestic output from the Zohr field, rising electricity demand, and recurring pressure

on public finances linked to energy imports. Israeli pipeline gas offers predictability and affordability at a scale sufficient to support Egypt's economic and social stability.

For Israel, the agreement advances several core strategic objectives:

1. **Durable Interdependence**

   By embedding long-term energy cooperation into critical infrastructure and national planning, the agreement increases the political and economic costs of disruption for both parties. This interdependence strengthens the practical foundations of peace and reinforces incentives for restraint during periods of tension.

2. **Infrastructure as Strategic Resilience**

   A central component of the agreement is the planned development of the *Nitzana* route pipeline, a 65-kilometer onshore corridor linking *Ramat Hovav* to the Egyptian border. This route provides redundancy, bypasses maritime chokepoints, and is designed to enable exports of up to 12 bcm annually, enhancing reliability under adverse conditions.

3. **Sustainable Security Financing**

   The projected flow of royalties and taxes, estimated at approximately $18 billion over the life of the agreement, will strengthen Israel's Sovereign Wealth Fund, contributing to long-term fiscal resilience and supporting Israel's qualitative military edge and high-technology defense ecosystem.

Israel as a Geopolitical Asset for the West

From the perspective of Washington and Brussels, the strategic value of the Leviathan-Cairo Accord lies in the consolidation of a cooperative, Western-aligned energy architecture in the Eastern Mediterranean. At a time when energy is increasingly used as an instrument of political pressure by revisionist powers, Israel offers a reliable supply anchored in regulatory transparency, political alignment, and American commercial involvement.

A Pillar for European Energy Resilience

Since Russia's invasion of Ukraine in 2022, the EU has undertaken an accelerated effort to diversify away from excessive dependence on Russian hydrocarbons. While emergency LNG imports have mitigated immediate risks, Europe's longer-term challenge remains the construction of a resilient, diversified energy portfolio that avoids overexposure to a small number of dominant suppliers.

Within this context, Israeli gas constitutes a strategically valuable, though not substitutive, source of supply. Through the East Mediterranean Gas Forum (EMGF), Israel contributes to a cooperative framework that links production, infrastructure, and export routes across the region.

The operational logic is straightforward: Israel supplies the gas; Egypt provides liquefaction capacity through its LNG facilities at *Idku* and *Damietta*. Israeli gas thus

becomes a feedstock for European diversification, enabling stable LNG exports to European terminals, including in Germany, Italy, and Greece.

This arrangement supports Europe's energy transition by providing base-load reliability, reducing exposure to spot-market volatility, and mitigating the political risks associated with energy scarcity.

Diversification Beyond Russian and Qatari Supply

Europe's diversification strategy has also increased reliance on Qatari LNG. While Qatar is a stable and capable supplier, excessive concentration creates structural leverage and contractual rigidity.

Israeli gas offers a complementary alternative:

- **Geographic proximity**, reducing transportation costs and exposure to maritime disruptions;
- **Pipeline-to-LNG flexibility via Egypt**, allowing volumes to be allocated between regional consumption and European export;
- **Political alignment** with the EU and the United States, limiting geopolitical risk;
- **Competitive pressure**, strengthening Europe's negotiating position vis-à-vis major exporters.

Israel does not replace Qatar, nor is it intended to. Its contribution lies in dilution rather than substitution, an established principle of energy security that enhances resilience through plurality.

Constraining Revisionist Ambitions in the Mediterranean

The agreement also has broader geopolitical implications. Russia has sought to leverage its military and political footprint in Syria and Libya to influence Mediterranean energy routes, while Turkey's "Blue Homeland" doctrine challenges established maritime boundaries involving Greece, Cyprus, and Israel.

By reinforcing the Israel-Egypt-Greece-Cyprus axis and embedding it within Western-aligned commercial structures, the agreement limits the scope for unilateral coercion. Importantly, the substantial involvement of Chevron in the Leviathan field aligns U.S. commercial interests with the security of Eastern Mediterranean energy infrastructure, reinforcing the strategic rationale for sustained American engagement in the region.

Stabilizing the Regional "Pragmatic Camp"

For the United States, Egypt's stability remains a core strategic interest. Energy shortfalls translate into fiscal strain, industrial stagnation, and heightened social risk, conditions that create openings for external influence by Russia or China.

By contributing to Egypt's energy security, Israel indirectly supports U.S. objectives within the CENTCOM area of responsibility. This stabilization effect is achieved without increased American military or financial commitments, underscoring the value of market-based regional cooperation.

Interdependence as Strategic Deterrence

A notable outcome of the agreement is its deterrent effect through mutual dependence. While the 1979 peace treaty has endured for decades, it has often lacked deep economic integration. The gas agreement adds a material layer to bilateral relations, increasing the cost of policy rupture or escalation for both sides.

This is not energy coercion in the Russian sense. Rather, it is a stabilizing mechanism rooted in shared interests, bureaucratic incentives, and long-term planning horizon, factors that tend to moderate behavior within complex state systems.

Policy Implications: The Gaza-Egypt-Turkey Dynamics, and Israel's Energy Security

It is also necessary to address the potential implications of the agreement for Egyptian and Turkish policy in the Gaza context. Although the Egyptian leadership has publicly stated that there is no linkage between the gas agreement and Egypt's political positions vis-à-vis Israel and the Gaza conflict, in practice it is difficult to fully separate long-term energy interests from broader strategic considerations. Deep interdependence in a critical sector such as energy does not eliminate political disagreements, but it tends to encourage more cautious behavior and strengthen incentives for Egypt to maintain a stabilizing and mediating role rather than an escalatory one.

In this context, it is notable that the agreement has also been viewed as facilitating renewed high-level political engagement, including the possibility of a meeting between President el-Sisi and Prime Minister Netanyahu, a development with regional significance, particularly given Egypt's efforts to limit Turkish and Qatari influence in the Gaza arena. With regard to Turkey, the strengthening of the Israel-Egypt-Greece-Cyprus axis through energy integration further deepens Ankara's relative isolation in the Eastern Mediterranean and constrains its ability to leverage the Gaza issue as a vector for regional strategic penetration.

Finally, concerns that the agreement could undermine Israel's ability to meet its own future gas needs warrant careful consideration. In this respect, it is important to note that the agreed export volumes are based on conservative projections of domestic demand, proven reserves, and planned expansion phases of the Leviathan field. Moreover, a substantial portion of the gas is intended for domestic consumption in Egypt for electricity generation and industrial use, while only the remaining volumes, subject to market conditions, are designated for liquefaction and export to Europe. The agreement therefore does not come at the expense of Israel's energy security; rather, it reinforces it by creating strong economic incentives for upstream investment, production expansion, and the long-term resilience of Israel's gas sector.

Policy Recommendations

To fully capitalize on the strategic potential of the Leviathan–Cairo Accord, Israel should:

1. **Prioritize completion of the Nitzana route** by designating it a National Infrastructure Priority and ensuring operational readiness by 2028.

2. **Institutionalize energy dialogue with the EU** through a strategic memorandum recognizing Eastern Mediterranean gas as a component of Europe's diversification framework, potentially including long-term offtake commitments.

3. **Advance Leviathan expansion (Phases 1B and 2)** by providing regulatory certainty to facilitate a Final Investment Decision, enabling output to reach approximately 21 bcm annually.

4. **Leverage the agreement as a regional model**, using it as a foundation for future energy cooperation frameworks with additional partners, including in areas such as grid resilience, LNG trading mechanisms, and—over the longer term—hydrogen standards.

Conclusion

The Leviathan–Cairo Accord demonstrates that economic strength, technological capability, and strategic foresight form the most durable foundations of regional stability. Israel has moved beyond the pursuit of acceptance toward a position of structural relevance—one in which its resources contribute directly to the stability of its neighbors and the resilience of its Western partners.

By anchoring energy cooperation in the Eastern Mediterranean, Israel has reinforced its role as a cornerstone of the Western strategic architecture. For Europe and the United States, the implication is clear: a secure, energy-exporting Israel is not merely a regional preference but a strategic asset of growing global significance.