TAL SHIAR DEFENSE INTELLIGENCE REPORT

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Israel Seeks Strategic and Economic Benefits From Gulf Oil Pipeline

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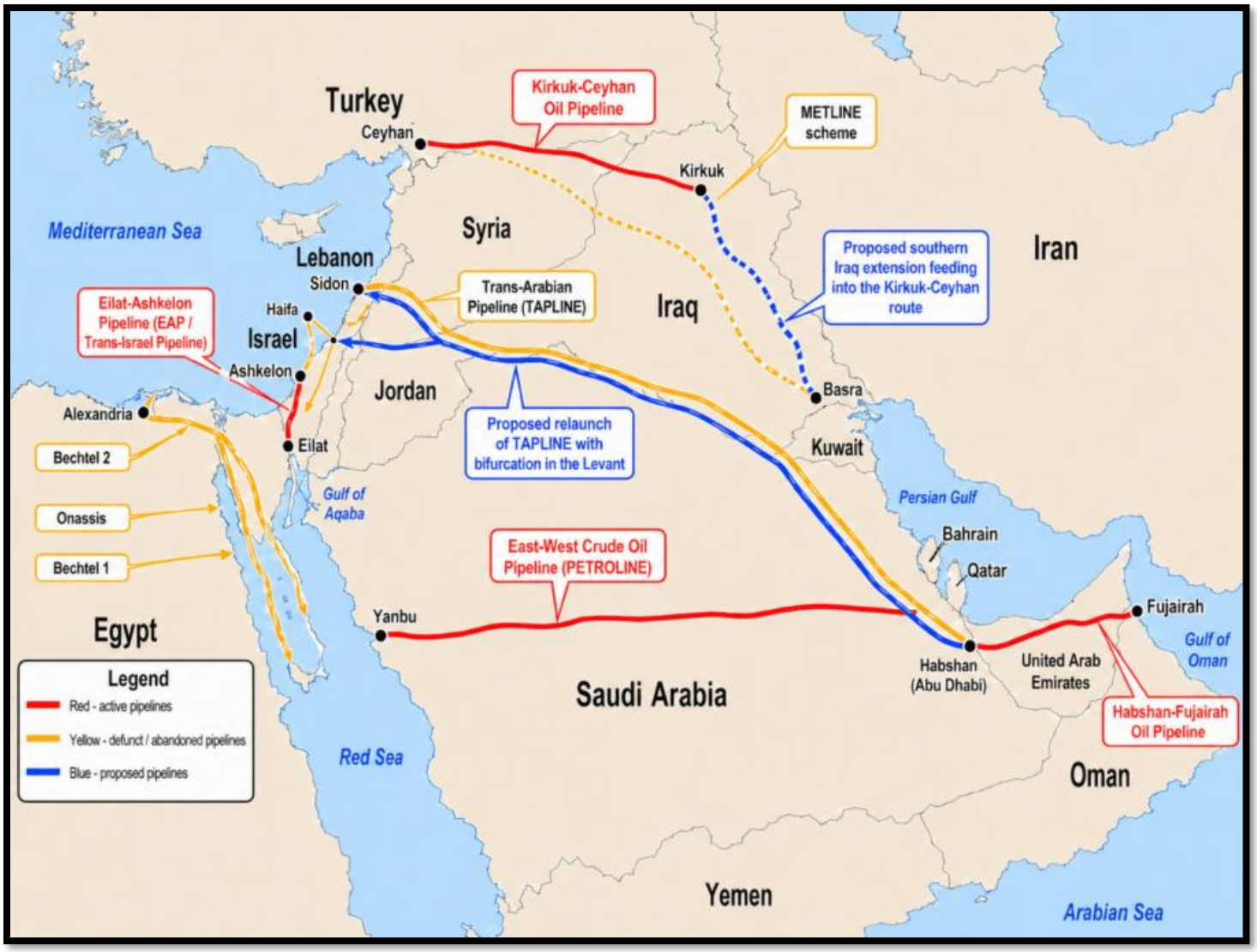
Israel's Energy Minister Eli Cohen has advanced a proposal for a 700-km oil pipeline from Saudi Arabia to Eilat that would leverage Israel's existing Trans-Israel (Eilat-Ashkelon) Pipeline to create a land corridor for Gulf crude exports to Europe. This would greatly diminish Iran's ability to weaponize the Strait of Hormuz—through which ~20% of global oil flows—and the Red Sea Houthi threat, while establishing Israel as an indispensable energy transit hub linking the Gulf to Mediterranean markets. If built, it would also give Israel an additional source of revenue that could reach hundreds of millions of dollars. This would be in addition to ancillary income from storage, blending, bunkering, and increased tanker traffic at Eilat and Ashkelon.

- **Proposal specifics**: Cohen told Reuters a land route via Israel is optimal to free Gulf states from dependence on Iran or Houthis for oil exports—their primary revenue source. The new segment would run ~700 km from Saudi Arabia to Eilat; oil would then flow through the existing 254-km, 42-inch bidirectional Trans-Israel Pipeline to Ashkelon for loading onto tankers bound for Europe. Israel has proposed the concept to the United States.



- **Existing infrastructure readiness:** The Europe-Asia Pipeline Company (EAPC) operates the Trans-Israel Pipeline with design capacity of 400,000 bpd Eilat-to-Ashkelon (up to 1.2 million bpd reverse) and combined storage of 3.7 million cubic meters at both terminals. Saudi Arabia is simultaneously expanding its East-West (Petroline) pipeline to Yanbu on the Red Sea by up to 2 million bpd, creating a natural feeder for a future Israel link.

- **Strategic context:** The proposal revives ideas floated by PM Netanyahu during the 2026 Iran war, when Hormuz disruptions spiked oil prices and highlighted chokepoint vulnerabilities. Prior UAE-Israel MOUs on pipeline use (2020) were limited by environmental constraints at Eilat, but post-war urgency and Abraham Accords momentum have reopened the strategic window.



Map of current and proposed pipelines in the Middle East.

Potential Revenue Streams, Geopolitical Leverage, and Energy Hub Status

Successful realization of the pipeline would deliver dual financial returns through transit fees and port throughput, while strategically elevating Israel into a permanent regional energy corridor. This would lock in Gulf partnerships, diluting Iranian coercive power, and anchoring Western energy security interests to Israeli territory. By demonstrating itself as a reliable energy partner, additional Guld States would likely turn to Israel to build more pipelines to by choke points.

Financial gains: Transit fees historically range from ~$0.10–$1+ per barrel. At even 500,000–1 million bpd sustained throughput, annual revenues to EAPC/Israeli state could reach hundreds of millions of dollars, plus ancillary income from storage, blending, bunkering, and increased tanker traffic at Eilat and Ashkelon. Expanded utilization would also monetize underused infrastructure and create high-skill employment.

Strategic gains: Positions Israel as the indispensable land bridge for ~20% of global oil currently exposed to Hormuz, permanently reducing Iran's blackmail potential over Europe and Asia. Deepens de-

facto normalization and economic interdependence with Saudi Arabia and other Gulf states, advancing post-Abraham Accords architecture. Provides Europe an Iran-independent supply route, strengthening Israel's value proposition to Washington and Brussels as a reliable energy partner.

Broader multiplier effects: Complements Israel's growing natural gas exports (e.g., $35B Leviathan-Egypt deal) and potential multi-product corridors (oil, gas, hydrogen, power). Creates redundancy against Red Sea/Houthi threats and Suez disruptions. Over time, could evolve into a full multimodal energy and trade corridor, generating sustained geopolitical rent and hard-power leverage for Jerusalem.

Conclusion

The proposal is strategically sound and financially attractive for Israel, but realization hinges on Saudi political will for deeper normalization and infrastructure investment—neither of which is assured amid ongoing regional dynamics. If implemented, it would constitute a lasting structural defeat for Iranian chokepoint strategy and a major long-term upgrade to Israel's economic and strategic posture. Continued U.S. diplomatic support will be decisive.



Tal Shiar was founded by Nadeem Iqbal, a national security expert who served over 16 years as an intelligence officer for the Department of Defense from 2006-2022. His career began as a counter-insurgency analyst on the Afghanistan-Pakistan Task Force (2006–2013), followed by 9 years as a military analyst in the Syria Branch (2013–2022). He deployed five times in support of combat operations (3× Afghanistan, 2× Iraq), including two rotations with Special Operations Forces focused on counter-terrorism missions in the CENTCOM theater. Additional roles included rotations to CIA Headquarters as the military analyst for the DNI Middle East Task Force and served as the Syria Country Director for Office of Secretary of Defense Policy (OSDP). He was recognized with Joint Civilian Commendation/Achievement Medals, the NATO Medal(x3), the Secretary of Defense GWOT Medal, DoD Expeditionary Award and the OSD Excellence Award.