

Flash: Lebanon fails once again to approve missing oil & gas decrees

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The newly-formed cabinet headed by Prime Minister Tammam Salam held its third meeting today, 02/04, and failed to approve two decrees that are essential to proceed with the first licensing round for offshore oil and gas exploration: a decree defining offshore blocks and their coordinates, and another one approving the model exploration and production agreement.

Instead, the cabinet decided to establish a ministerial commission to “reexamine and study” the decrees, which were drafted over a year ago. The commission is made up of: PM Tammam Salam (Sunni, affiliated to the March-14 coalition), Foreign Affairs Minister Gebran Bassil (Maronite, Free Patriotic Movement), Energy Minister Arthur Nazarian (Armenian Orthodox, Tashnag), Defense Minister Samir Mokbel (Greek Orthodox, close to President Michel Slaiman), Health Minister Wael Abou Faour (Druze, Progressive Socialist Party), Finance Minister Ali Hassan Khalil (Muslim Shiite, Amal Movement), Environment Minister Mohammad Machnouk (Muslim Sunni, close to PM Tammam Salam), and Minister of Public Works and Transport Ghazi Zeaiter (Muslim Shiite, Amal Movement).

Listing the sect and political affiliation of the members is not a coincidence from our part. If previous experience is any indication (i.e. Telecomm sector), lucrative sectors are only put on track in Lebanon once stakes have been granted to the prevailing political factions (and, therefore, sects), and the business community orbiting around them.

Despite considerable international support (including a two-day visit by U.S. Deputy Assistant Secretary of State for Energy Diplomacy Amos Hochstein’s on 31/03 and 01/04), the government preferred to stall. Delaying the tender is imminent. From a Lebanese perspective though, the decision to form a cross-party/sect commission, signals an intention to get things moving... even if at a Lebanese pace.

But, as we have said in a previous analysis, [the time factor remains essential for Lebanon](#).

Middle East Strategic Perspectives will provide further details and analysis in its upcoming oil & gas report (07/04).