

LEBANON: POLITICAL DEADLOCK BLOCKING OFFSHORE TENDER BUT NOT BUSINESS PROSPECTING

While the political deadlock continues to present the greatest obstacle to Lebanon's oil and gas sector, with no tangible progress on the missing legislation required to proceed with the first licensing round, Lebanese officials, and the private sector, seem unaffected and continue to prospect for potential partners. A special attention is given to the Lebanese diaspora – large and influential in a number of resource-rich countries – and to identifying businesses ran by people with a Lebanese background, or employing Lebanese in top positions.

Foreign Affairs Minister, and former Energy Minister (with a continued interest in the Ministry), Gebran Bassil, kicked off a Latin American tour on February 20, including visits to Mexico, Venezuela, Cuba, Ecuador and Colombia, intended to reconnect with the Lebanese diaspora. Strengthening energy cooperation and promoting investments in the oil and gas sector featured high on the agenda.

In the past few weeks leading to the tour, we have noted an interest, among certain circles in Lebanon, for a Mexican involvement in the sector, leading to an increase in inquiries about the Lebanese oil and gas sector from the Mexican Ministry of Energy and Pemex. On February 24, Bassil met with Mexico's Energy Minister of Lebanese descent, Pedro Joaquín Coldwell. The two sides agreed to sign a Memorandum of Understanding on energy cooperation, to benefit from Mexico's experience in deep-water drilling. Bassil encouraged the Mexican side, particularly Pemex, to take interest in the Lebanese oil and gas sector. The Mexican company is not among the 46 companies that pre-qualified for the first licensing round. However, a second pre-qualification round is currently being considered, two years after the organization of the first round, to allow more companies to participate in the tender.

On the private sector front, and during his visit to Lebanon, the Secretary General of the Italian Ministry of Foreign Affairs Michele Valensise visited the Chamber of Commerce, Industry and Agriculture on March 10, accompanied by the Italian Ambassador, Giuseppe Morabito. Were present at the business meeting: the Minister of Economy, Alain Hakim, the Minister of State for Administrative Reform Nabil de Freige, the head of the CCIA, Mohammad Choucair, the president of Businessmed, the organization gathering sub-Mediterranean business Associations

Jacques Sarraf, the CEO of Future Pipe Industries Fouad Makhzoumi etc. Choucair, the host, outlined three focus areas for cooperation between Lebanese and Italian businesses: 1) developing Lebanese infrastructure; 2) exploitation of oil and gas resources and 3) post-war reconstruction in Syria. Note that Choucair, a businessman close to former PM Saad Hariri, is himself involved in establishing Apex Gas Limited, a Lebanese company with no previous petroleum activity registered in Hong Kong, aspiring to participate in the first licensing round.

The meeting was followed by a visit to Italy on March 16, comprising most of those present at the meeting in Beirut, giving special attention to investments in the oil and gas sector and highlighting the close business links between the Lebanese diaspora and Italian businesses. The Lebanese delegation held meetings with Giampiero Massolo, General Director of the Department for Intelligence and Security, the Association of Italian Banks, SIMEST, the Italian institution in charge of promoting investments by Italian companies abroad, the Association of Italian Entrepreneurs, the General Confederation of Italian Industry (Confindustria), SACE, the Italian export credit agency, the Italian Strategic Fund etc. Choucair, Sarraf and Makhzoumi also held a meeting with the Minister of Foreign Affairs, Paolo Gentiloni.