

# Further oil and gas delays ‘likely’

## Citi Group predicts further Lebanon holdups despite new government

- **ECONOMICS & POLICY**

March 3, 2014 by [Thomas Schellen](#)



*Offshore drilling could help the Lebanese economy grow*

Despite the appointment of a new government last month, Citi Group’s research unit has commented cautiously on Lebanon’s outlook for oil and gas exploration. “Despite the formation of a government, we believe the prospects for the implementation of an oil and gas strategy remain low,” the group said in its latest Middle East Macro Monthly report published on Friday.

While the researchers emphasized that they see domestic oil and gas exploitation as a potential game-changer that could “spur a major transformation in the country’s economic fortunes,” they were skeptical that the already thrice delayed tendering process for offshore

exploration blocks would progress in the current political climate. “We believe it is likely to be delayed yet again,” the researchers wrote.

The researchers also said there was likely to be “great continuity” under the new government as the energy ministry had remained in the hands of Michel Aoun’s Change and Reform Bloc – with Arthur Nazarian replacing Gebran Bassil. They added that Bassil, now the foreign minister, would still retain “some responsibilities within the energy ministry.”

Despite noting this stable hold of authority in the energy ministry, the report shows no optimism on the potential for progress in the oil and gas tenders or for economic policy progress in general. It argues that the cabinet of new prime minister Tammam Salam is an “interim government in all but name” and would be preoccupied with two main tasks: first, keeping the country out of greater sectarian strife and second, management of the presidential succession and parliamentary elections. As such there is unlikely to be major steps forward in the oil and gas sector.