LEBANON

WHAT HAPPENED IN SEPTEMBER?
Parliament failed to elect President Michel Aoun’s replacement; his term ends on 31 October. Cabinet formation remained stalled. Street clashes and bank heists underscored growing insecurity and the deepening economic crisis. Lebanon and Israel came closer to a maritime border deal.

WHY DOES IT MATTER?
Absent compromise on Aoun’s replacement, a presidential vacuum could ensue. Failure to form a cabinet has already stymied economic reform. Further delay could aggravate economic hardship. Resolving the maritime dispute could defuse a flashpoint between Israel and Hizbollah.

AUGUST TRENDS
Prime Minister Najib Mikati and President Aoun restarted consultations on forming a cabinet after a weeks-long pause, but without a breakthrough. Meanwhile, the economic crisis deepened. Hopes rose of a U.S.-mediated deal to resolve a long-running maritime dispute with Israel.

WHAT TO WATCH
Parliament must elect a new president before 31 October to avert a constitutional crisis. The continuing failure to form a new cabinet means crucial economic reforms remain unimplemented, raising the prospect of popular unrest.

Maritime border deal came within reach
U.S. mediator Amos Hochstein on 9 September met Lebanese leaders to discuss Israel’s response to the proposal in which Lebanon renounces claims to the Karish gas field in return for exclusive rights to the unexplored Qana prospect. Hochstein welcomed “very good progress”.

After the drilling company Energean announced it was ready to resume work “within weeks”, Hizbollah on 17 September warned again that Israel’s exploitation of Karish before border negotiations conclude is a “red line”.

WHAT HAPPENED IN SEPTEMBER?
Parliament failed to elect president amid cabinet deadlock
Parliament on 29 September held the first round of presidential elections but failed to elect a new leader. With cabinet formation talks between Aoun and Mikati stalled, the country faces the prospect of a lengthy period with no new president or cabinet, which will further erode capacity for reforms.

Insecurity flared amid worsening economic crisis
In the North governorate’s capital, Tripoli, street clashes over robberies and personal disputes led to multiple deaths and injuries. In another sign of insecurity, bank depositors 13-16 September held up seven banks countrywide in order to access their own funds trapped inside illiquid banks.

Meanwhile, the struggling Central Bank on 12 September scrapped its last remaining fuel subsidies, triggering further price hikes. The Lebanese lira weakened to an all-time low of 39,000 to $1 one week later.

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A maritime deal has been reached but is subject to domestic approval processes. If the deal fails to hold, Hizbollah could take aggressive steps to deter any resumption of Israeli-sponsored gas exploration at the Karish field.