

# Egypt prepares for return of Russian tourists

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Cairo

**E**gypt is hoping the resumption of direct flights between Russia and Egypt will see an influx of tourists in 2018 that will restore its beleaguered tourism sector.

Russian President Vladimir Putin signed a decree on January 4 for the resumption of flights between Moscow and Cairo. Russian Transport Minister Maxim Sokolov said direct commercial flights could resume in mid-February.

"The local tourism sector suffered greatly because of the flight suspension," said Mostafa Khalil, deputy head of the Egyptian Federation of Chambers of Tourism. "Tourist establishments have high hopes that the resumption of flights from Russia will help the sector recover."

Russia suspended flights to Egypt in November 2015 after one of its passenger planes was bombed over Sinai after take-off from Sharm el-Sheikh, resulting in the death of all 224 passengers and crew members on board.

The Russian flight suspension caused a huge loss to Egypt's tourism sector. Before 2015, approximately 3 million Russian tourists visited the country every year. The Russian decision encouraged Western governments, including the United Kingdom, Italy and Germany, to take similar moves, which exacerbated the situation.

Egyptian tourism revenues amounted to \$6.1 billion in 2015 but dropped to \$3.4 billion in 2016. Tourism revenues rose to \$7.2 billion last year with hopes that, with the resumption of flights from Russia, revenues will return to pre-2011 figures. Egypt's tourism revenues for 2010 – one year before the revolution that ousted long-standing President Hosni Mubarak, totalled \$12.5 billion.

In 2010, Egypt's tourism sector employed about 12% of the overall workforce. An estimated 14.7 million tourists, mostly from Europe, visited the country that year. The latest figures indicate that fewer than 6 million tourists visited Egypt during the first nine months of 2017 and 5.4 million visited the country throughout 2016.

The decrease in tourism revenues



Russians are coming. Tourists walk around pharaonic artefacts inside the Egyptian Museum in Cairo. (Reuters)

exposed major vulnerabilities in the Egyptian economy, particularly the cost of maintaining Egypt's museums and antiquities.

Putin allowed the resumption of flights to Egypt three weeks after Egyptian Civil Aviation Minister Sherif Fathi signed a protocol for cooperation on airport security with the Russians.

The protocol was signed after Egyptian authorities had spent months improving security at national airports. The Egyptian government said it revolutionised security systems inside airports to ensure that tourists visiting the country would be safe.

"Modern equipment was introduced for the first time at the airports to ensure that every inch is

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closely monitored," Khalil said.

With flights between Moscow and Cairo expected to resume in mid-February, there are hopes direct flights to Red Sea resorts such as Sharm el-Sheikh and Hurghada would follow in April.

There will initially be six flights between the Russian capital and the Egyptian capital every week. These flights should bring in enough tourists to perk up the local tourism sectors. Many hotels and tourist facilities have rehired workers laid off in the last two years.

Russian state media sought to promote Egypt following the decision, with RIA Novosti publishing photos of the under-construction Grand Egyptian Museum, which aims to be partially open this year.

Hotels and tour companies in Egypt were preparing for the return of Russian tourists by upgrading facilities and designing special programmes.

"Almost all the workers are back to work now, preparing for the return of the Russian tourists," said Hossam al-Shaer, a member of the Egyptian Federation of Chambers of Tourism and investor in several Red Sea

hotels. "The good thing about Russian tourists is that they come here all year-round."

The Egyptian Federation of Chambers of Tourism said it was expecting 3 million Russian tourists to visit Egypt by the end of 2018. Also, the resumption of flights from Russia to Egypt, the federation said, may encourage other countries to reconsider their flight suspensions to Egypt.

The prospect of the recovery of the tourism sector would reflect positively on the national economy, bring in much-needed foreign currencies and create jobs, economists said.

Egypt floated its currency almost a year ago to among other things prop up its foreign currency reserves, which were depleted by the loss of tourism revenues after 2015.

"This is why there are high hopes here that the return of activity to the tourism sector will change economic conditions to the better," said Rashad Abdo, an economics professor at Cairo University. "More tourists will mean more cash for the economy, more jobs for youth and more demand for commodities in the market."

# Lebanon begins offshore energy exploration

Jareer Elass

Washington

**T**he Lebanese cabinet has approved exploration deals for two offshore blocks with an international consortium. However, domestic political uncertainty and the maritime border dispute with Israel that has slowed development of Lebanese offshore natural resources could hinder Beirut's drive to find economic salvation through exploiting potential natural gas reserves.

The Lebanese cabinet approved two bids put forward by a consortium, led by French energy conglomerate Total and including Italian energy giant Eni and Russian independent gas producer Novatek, for offshore Blocks 4 and 9. The two areas were part of a suspended 2013 offshore licensing round that had included ten oil and gas blocks but was put on hold following the resignation of then Lebanese Prime Minister Najib Mikati and an ensuing political paralysis that resulted in a 29-month power vacuum.

A truncated licensing round focusing on five offshore blocks was given the go-ahead following the installation of Lebanon's government led by Prime Minister Saad Hariri in January 2017. Hariri has reportedly been a strong proponent of exploring Lebanon's offshore gas potential to

bolster the country's economy and ease chronic power outages.

Although Lebanon began its inaugural offshore licensing round in October, the response from exploration firms has been tepid. Of the more than 50 companies that the Lebanese government qualified to bid, only the Total-led group submitted proposals for two of the five blocks tendered.

While the current poor investment climate, compared to stronger energy prices in 2013, may partially explain the lack of potential explorers' enthusiasm, other factors, including the Lebanese political crisis, may have been in play.

Lebanon imports 90% of the fuel it requires to meet power generation needs – primarily fuel oil, which is an inefficient source material to produce electricity. Lebanon briefly imported Egyptian gas through Syria via the Arab Gas Pipeline but those imports dried up in 2012 because of strife in Egypt and Syria.

What oil and gas potential exists in Lebanon's waters is unclear because no exploratory drilling has been conducted to determine the scope of any proven oil and gas reserves. A seismic survey by British company Spectrum Offshore suggested that the country's deep-water gas reserves could amount to 80 trillion cubic feet (Tcf). A survey by French firm Beicip Franlab estimated 440 million-675 million barrels of oil reserves could lie beneath Lebanon's

waters.

However, Gebran Bassil – then the energy and water minister and now foreign affairs minister – in October 2013 suggested much more robust offshore reserve estimates of 95.9 Tcf of gas and up to 865 million barrels of oil potentially available in Lebanese waters.

A US Geological Survey assessment in 2010 estimated that the Levantine Basin, consisting of 83,000 sq. km including waters outside Lebanon's jurisdiction in the easternmost portion of the Mediterranean, contains 122 Tcf of recoverable gas and 1.7 billion barrels of recoverable oil.

Major gas field discoveries in the eastern Mediterranean since 2009 – the Leviathan and Tamar fields in Israeli waters near the disputed maritime border with Lebanon, Cyprus's Aphrodite field and Egypt's massive Zohr field – have motivated Beirut to press ahead with its offshore exploration efforts.

In awarding the two blocks to the Total-ENI-Novatek consortium, Lebanon risks exacerbating the long-running maritime border dispute with Israel. The neighbours have

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been in contention over a region that covers more than 775 sq. km in the Levantine Basin.

The southern perimeter of Block 9 borders the line separating Lebanon and Israel's exclusive economic zones and the two countries disagree over precisely where that line should fall. Israel said it would seek arbitration should Lebanon commit to drilling in the disputed area.

Although Israel did not authorise renewing the licence for the Israeli Alon D block that borders Block 9 on its northern edge when it expired in March 2016, the Israeli Energy Ministry reversed course last August and returned the acreage to the original licence holders, Israeli firm Delek Group and Texas-based Noble Energy, giving the two firms a 32-month extension. This timing was suspect as Beirut was gearing up for re-launching its inaugural offshore tender, which included Block 9 and two other blocks in the disputed area.

Once the Total-led consortium signs exploration and production-sharing agreements (EPAs) for Blocks 4 and 9 with the Lebanese government, drilling in the two blocks could start next year. Under the EPA terms, the consortium can explore for oil and gas over a 5-year period, which can be extended up to ten years with cabinet approval.

Jareer Elass reports from Washington on energy issues for The Arab Weekly.

## Briefs

### Rising Yemen currency sparks hope of relief

A sharp rise in the currency of war-torn Yemen, following a \$2 billion Saudi bailout, sparked hope of relief for millions at risk of famine and reliant on imported food.

The Yemen conflict has claimed more than 9,200 lives since Saudi Arabia and its allies intervened to help the government fight rebels in 2015, pushing Yemen's frail economy to the brink of collapse.

The government has been unable to pay salaries for more than a year and the rial has more than halved in value against the dollar, leaving Yemenis unable to afford food staples and bottled water.

Agence France-Presse

### 26 companies allowed to bid for oil, gas blocks in Iraqi border areas

The Iraqi Oil Ministry said 26 companies qualified to bid for oil and gas blocks in border areas. Five companies qualified recently to take part in the bidding round, alongside 21 previously selected, the ministry said in a statement.

In November, Iraq invited foreign companies to bid for contracts to explore and develop oil and natural gas reserves in nine new blocks as the OPEC country seeks to boost its output capacity.

Reuters

### Hundreds of Sudanese protest hike in bread prices

Hundreds of people took to the streets in Khartoum to protest rising bread prices after the government's devaluation of the currency.

Video footage showed police chasing and beating protesters with batons to disperse a January 16 march in the Sudanese capital.

Sudan has seen protests in recent weeks in response to the government's decision to slash bread subsidies and devalue the currency, reforms designed to overhaul the country's battered economy.

The Associated Press

### Turkey reveals route for new canal to ease Bosphorus shipping

Turkey announced the route for a planned canal that would reduce shipping traffic on the Bosphorus Strait and transform the European half of Istanbul into an island.

Work on the 45km Kanal Istanbul, linking the Black Sea and the Sea of Marmara west of the Bosphorus, is to begin this year, Transport Minister Ahmet Arslan said, adding it formed part of Turkey's most expensive construction project.

The Bosphorus is one of the world's busiest waterways with 42,000 vessels passing through in 2016, compared with 16,800 that transited the Suez Canal the same year.

Reuters