

# THE DAILY STAR

LEBANON

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## Cabinet finally forms Petroleum Administration committee

By Nafez Qawas

BEIRUT: After months of bickering over names, Cabinet Wednesday finally formed the long-awaited Petroleum Administration in a step seen as an attempt to embellish the image of the embattled government.

Cabinet, which dedicated its session to discussing proposed taxes to fund the controversial new salary scale for government employees, suddenly decided to adopt Energy and Water Minister Gebran Bassil's suggestion to approve the names of the Petroleum Administration although the issue had not been on the government's agenda.

The six-member committee will have full powers to negotiate with international oil companies and issue licenses for the winning firms to drill for gas off the Lebanese coast.

The committee will also regulate the oil and gas sector to encourage oil firms to invest in Lebanon.

Information Minister Walid Daouk told reporters after the end of the session that the six members consist of Walid Nasr, Naser Htayet, Wissam Shbat, Gaby Daaboul, Wissam al-Zahabi and Assem Abu Ibrahim.

Britain-based Spectrum, which was conducting a 3-D seismic survey off the coast, said the southern northern territorial waters had an estimated 25 trillion cubic feet of gas buried under the sea.

The company believes Lebanon has more gas and oil in the rest of the territorial waters which have not been surveyed yet.

Experts estimate the value of gas between \$40 billion and \$70 billion, stressing that gas exploration will need at least five years after the licenses have been issued to the winning firms.

Over 50 international oil companies have expressed interest in taking part in bidding.

Most of the firms had earlier expressed their frustration over the delay in naming members of the Petroleum Administration.

Sources said the head of the committee will be rotated periodically between the six members to appease the political parties backing them.

But Cabinet failed to endorse the package of proposed taxes to finance the wages of the civil servants, public school teachers and army and security forces personnel.

Central Bank Governor Riad Salameh told the ministers the proposed taxes would have a negative impact on the economy and the monetary system especially amid the delicate times Lebanon was passing through.

Salameh proposed raising the wages in increments over three to five years to ease the negative effects of the move, which has clearly angered the private sector and bankers.

However, the Union Coordination Committee, a group gathering school teachers and civil servants, called for a general strike in all public and private schools to press the government to endorse the higher wages and pass to draft to Parliament for approval.

Municipality workers in Beirut will also join the strike in Thursday.

It remains unclear whether all private schools will heed the calls for the strike although most school administrations have insisted that they will remain open Thursday.

The revised salary scale will cost the treasury between \$1.5 billion to \$2 billion a year and this figure will surely rise in the coming years if the employees of other public sectors enjoy the hefty wage increase.

A source close to the government told The Daily Star Cabinet was determined to pass all or most of the proposed taxes sooner or later.

But the source expressed serious doubt that Cabinet could secure a quorum in Parliament to discuss and approve the new taxes.

Daouk said that President Michael Sleiman had told the ministers that he was concerned the new taxes and wage hikes for government employees would reflect negatively on the ordinary citizens.

"For this reason this issue needs further study before making any commitment," the minister said.

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