

# THE DAILY STAR

LEBANON

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## Lebanon ranks seventh for oil, gas investment

BEIRUT: Lebanon ranked seventh in Middle East and North Africa in terms of attractiveness for upstream oil and gas investment, according to a recent report by the Fraser Institute, a public policy research organization.

In its sixth annual edition of the “2012 Global Petroleum Survey,” which assesses 147 jurisdictions for attractiveness and barriers to investments in the oil industry, the Canada-based institute put Lebanon in 71st place on a global scale, with a score of 45.61.

The survey assesses barriers to investment in the petroleum industry in terms of tax rates, the cost of regulatory schemes, environmental regulations, the interpretation and administration of regulations governing the petroleum industry and security threats. The lower a jurisdiction scores, the more attractive it is to investors

Lebanon is set to soon finalize appointments at the Petroleum Administration – a body that oversees the sector – after which the first licensing round for oil and gas exploration off the country’s coast will take place.

Twenty percent of interviewed executives and managers deemed the country’s political stability a “mild deterrent to investment” in the petroleum industry, while more than 30 percent considered instability to be a “strong deterrent.”

Back in August 2011, Parliament passed a law setting Lebanon’s maritime boundary and Exclusive Economic Zone. Parliament subsequently submitted a maritime map to the United Nations, which conflicts significantly to one proposed by Israel.

Lebanon argues that its map falls in line with an armistice drawn up in 1949, an agreement which is not contested by Israel.

The disputed zone is roughly 854-square-kilometers wide, and energy reserves there could generate billions of dollars.

At average prices for 2012, the energy deposits in the Levant Basin were recently estimated by experts to hold oil worth \$170 billion and gas worth \$1.9 trillion.

Besides instability, Lebanon’s regulatory climate, environmental regulations, cost of regulatory compliance and trade barriers were regarded by executives and managers as “mild deterrents to investment.”

Lebanon ranked better than Bahrain, which came in eighth place regionally and 78th globally with

a score of 49.71.

The survey said regional political stalemate has crippled investment activity in Bahrain's petroleum industry.

Qatar ranked first regionally and 32nd globally, with a score of 25.42, followed by the United Arab Emirates, Oman, Israel, Kuwait, Lebanon, Bahrain, Jordan, Yemen, Syria, Iraq and Iran.

Globally, the United States topped the list of attractive countries for oil and gas investments with seven states ranking among the top 10 most favorable jurisdictions for investment.

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