

Ladies and Gentlemen: before I begin I would like to express my sincere gratitude towards the organizer for holding this seminar.

First I would like to indicate that all my colleagues' speaking in this seminar from the Arab countries involved in the Arab Gas pipeline are going to lecture based on years of experience and learning in dealing with Natural Gas markets, as for me I find myself speaking based on expectations and dreams of arrival of Natural Gas in Lebanon.

Lebanon is a charter member in the Arab Gas Company which was agreed upon its establishment in 2003 with Syria, Egypt and Jordan.

This company formed the seed that produced the Arab Gas pipeline project, this pipeline, which is almost completed, connects the Natural Gas sources in Egypt to north Lebanon through Jordan and Syria.

But before I tell you about the expected advantages of the arrival of Natural Gas to Lebanon through this pipeline, we must acknowledge that from one side this project might be considered as a successful model of Arab economic coordination, and from the other side it meets the need of the countries and markets for Natural Gas as an alternative to liquid petroleum products. This pipeline is not only a route for transporting Natural Gas from Egypt to Europe but it is also part of an international network of Gas transportation in multiple directions, especially after being connected with other producing countries, like Iraq. This network will create a more secure market for importing countries.

Ladies and Gentlemen:

Unlike other countries in the region Lebanon does not have any energy resources of its own. Today we import all of our petroleum products. This has an extremely high financial and economic cost, especially after the recent massive increases in oil prices.

Therefore we have an urgent need to import Natural Gas as a cheaper, cleaner and more efficient energy solution. This will be used in a first stage to produce electrical power. Due to the financial subsidy of electricity production by the government this power costs the Lebanese treasury large amounts of money every year, and is responsible for the biggest part of the Lebanese budget deficit.

The Arab Gas Pipeline will allow Lebanon, which currently has a capacity of around 1400 Megawatts of electricity by burning Turbine Diesel Fuel and Residual Fuel Oil, to begin switching progressively to Natural Gas for part of its electricity needs.

Lebanon has completed constructing a 32km 24inch gas pipeline that connects the 450 megawatt Deir Ammar power station to the Arab Gas Pipeline at the Lebanese-Syrian border. Lebanon has signed a memorandum of understanding with Egypt to

import 0.6 BCM of Natural Gas per year and an agreement for additional quantities is to be reached in the coming years. As a result, we expect imports of Natural Gas to begin in the coming months.

Producing electricity from Natural Gas in Deir Ammar power station will save hundreds of millions of American Dollars for the Lebanese Treasury, money which is desperately needed by the Lebanese economy today.

Other than the economic gain let us not forget the environmental benefits, Lebanon is a country known for its beautiful nature and a clean environment is an obsession for its people.

The Lebanese Oil Installations in the Ministry of Energy and Water built and owns the Lebanese section of the pipeline and will operate and maintain it. Since Lebanon has never before experienced the operation or maintenance of pipeline and Gas stations, the Euro-Arab Mashreq Gas Market Project has come at the best time for us. It has provided and still provides support by training and seminars, and it has opened the door to information and knowledge exchange with several countries with reputable experience in pipeline management.

And here I must express my deep and sincere gratitude to the European Commission, and confirm again as I already confirmed to the Commissioner Ms Benita Ferraro Waldner, the need for continuous support of this project in the coming phase that will see the streaming of the first cubic meters of Natural Gas to Lebanon through the Arab Gas pipeline.