

Oil Public Policy: Challenges and Possibilities -Economic Legal Study-

Author: Prof. Dr. / Borhan Eddine Hassan Al Khatib¹

PhD in Public Administration / Lebanese University

E-mail: borhankhatib@hotmail.com | <https://orcid.org/0009-0006-8488-5433>

Researcher/ Malak Abo Daya²

Master2 public administration and strategic planning _ Lebanese university

Email: angelad22abodaya@gmail.com | <https://orcid.org/0009-0008-3622-9401>

<https://doi.org/10.70758/elqarar/6.16.1>

Received : 12/3/2025

Accepted : 20/3/2025

Published : 15/4/2025

Cite this article as: Prof. Dr. Al Khatib, Borhan Eddine Hassan; Abo Daya ,Malak Mohammad; Oil Public Policy: Challenges and Possibilities -Economic Legal Study; ElQarar Journal for Peer-Reviewed Scientific Research, vol 6, issue 16, 2025, pp. 18-36. <https://doi.org/10.70758/elqarar/6.16.1>

Abstract

The Arab Gulf economy is balancing oil resources with global demand and adopting environmentally friendly policies. Despite challenges like volatile energy markets and environmental pressures, the region is implementing development policies to increase its oil sector's resilience. This study assesses public oil policies in the region and proposes recommendations for their development to ensure sustainability and economic prosperity. It highlights the legal and regulatory frameworks of the oil sector, particularly the adoption of the Saudi Arabian Vision 2030 and the Gulf Cooperation Council's development projects in sustainability and energy diversity. This allows for strategic partnerships between countries, including Lebanon.

Keywords: Oil Policy, Energy Diversity, Kingdom's Vision 2030 for Sustainable Development, Gulf Cooperation Council Visions.

Résumé

La percée reflète l'essence de l'économie du Golfe et ses relations internationales, malgré les changements mondiaux vers une énergie renouvelée. Ils cherchent à trouver un équilibre entre l'exploitation de leurs ressources pétrolières et la satisfaction de la demande mondiale, tout en adoptant des politiques respectueuses de l'environnement. Les États du Golfe sont confrontés à des défis cruciaux, notamment la volatilité des marchés de l'énergie et les pressions environnementales, et cherchent à mettre en œuvre des politiques de développement pour accroître la résilience de leur secteur pétrolier. Cette étude vise à évaluer les politiques pétrolières publiques de la région et proposer des recommandations pour leur développement afin d'assurer la durabilité et la prospérité économique. En soulignant les cadres juridiques et réglementaires du secteur pétrolier, notamment avec l'adoption par les pays du Conseil de coopération du Golfe et la Vision 2030 saoudienne de projets de développement de premier plan dans les domaines de la durabilité et de la diversité énergétique. Cela a permis à l'étude de recenser les défis en suspens qui entravent le développement de la politique pétrolière dans ce domaine vital, compte tenu des possibilités et des opportunités disponibles. Cela nous permet de tirer parti du leadership du Royaume dans le cadre de la Vision 2030 et de la vision du Conseil de coopération du Golfe pour renforcer les partenariats stratégiques dans ce domaine entre les pays de la région, y compris le Liban.

Mots-clés: Politique pétrolière, Diversité énergétique, Vision 2030 du Royaume pour le développement durable, Visions du Conseil de coopération du Golfe.

السياسة العامة للنفط: التحديات والآفاق - دراسة قانونية اقتصادية

عداد: أ.د. برهان الدين حسان الخطيب¹
دكتوراه في الإدارة العامة / الجامعة اللبنانية

E-mail: borhankhatib@hotmail.com | <https://orcid.org/0009-0006-8488-5433>

الباحثة / ملاك محمد أبو ديا²

ماجستير في التخطيط والإدارة العامة / الجامعة اللبنانية

Email:angelad22abodaya@gmail.com | <https://orcid.org/0009-0008-3622-9401>

<https://doi.org/10.70758/elqarar/6.16.2>

تاريخ النشر: 2025/4/15	تاريخ القبول: 2025/3/20	تاريخ الاستلام: 2025/3/12
------------------------	-------------------------	---------------------------

للاقتباس: الخطيب، برهان الدين حسان، أبو ديا، ملاك، السياسة العامة للنفط: التحديات والآفاق - دراسة قانونية اقتصادية، مجلة القرار للبحوث العلمية المحكمة، المجلد السادس، العدد 16، 2025، ص-ص 18-36. <https://doi.org/10.70758/elqarar/6.16.1>

ملخص

يُجسد النفط جوهر إقتصاد دول الخليج العربي وعلاقتها الدولية، رغم التحوّلات العالمية نحو الطاقة المتجدّدة. تسعى هذه الدول إلى تحقيق التوازن بين إستغلال مواردها النفطية وتلبية الطلب العالمي، وبين تبني سياسات صديقة للبيئة. تواجه دول الخليج تحديات بالغة الأهمية، بما في ذلك تقلبات أسواق الطاقة والضغوط البيئية، وتسعى إلى تنفيذ سياسات تنموية لزيادة مرونة قطاعها النفطي. تهدف هذه الدراسة إلى تقييم السياسات النفطية العامة في المنطقة، وإقتراح توصيات لتطويرها بما يضمن الإستدامة والإزدهار الإقتصادي. وذلك من خلال تسليط الضوء على الأطر القانونية والتنظيمية لقطاع النفط، خاصة مع إعتداد دول مجلس التعاون الخليجي ورؤية المملكة العربية السعودية 2030 لمشاريع تنموية رائدة في مجال الإستدامة والتنوع الطاقوي. إن هذا مكن الدراسة من تعيين التحديات البارزة التي تقف أمام تطوير السياسة النفطية لهذا المجال الحيوي في ظلّ الإمكانيات والفرص المتوافرة. وهذا يتيح لنا الإستفادة من ريادة رؤية المملكة 2030 ورؤى مجلس التعاون الخليجي لتدعيم الشراكات الإستراتيجية في هذا المجال بين دول المنطقة بما فيها لبنان.

الكلمات المفتاحية: السياسة النفطية، التنوع الطاقوي، رؤية المملكة 2030 للتنمية المستدامة، رؤى مجلس التعاون الخليجي.

INTRODUCTION

Oil remains the cornerstone of the political economy and international relations of the Gulf Arab states, even as the world moves towards energy transition and Gulf states align with international efforts to transition to a low-carbon future, indeed adopting effective strategies in this direction. This is reflected in the most prominent findings of an Oxford Institute of Energy Studies study, which monitored a number of challenges that hinder the Arab Gulf States, considering the Kingdom of Saudi Arabia as a model for their study, in balancing their traditional form of oil sector with the economic dependence on it, with the transformation of the energy market.⁽¹⁾ This reality applies to most countries in the region, where oil is a major source of national income and significantly affects their foreign policies and international relations.

The Arab Gulf States face the common challenges of striking a balance between continuing to exploit their oil resources and meeting global demand on energy, and adopting environmentally friendly policies. This requires flexible and adaptable oil policies that take into account the volatility of energy markets and global geopolitical and economic changes. Similarly, the region's States are implementing development policies to increase the resilience of their oil sector, through improved efficiency and greater integration in the value chain, and to reduce the carbon footprint of oil production.

Economic studies suggest that oil policies are influenced by several structural factors, most notably low financial diversification and the difficulty of adjusting government spending, which makes maximizing oil revenues a key objective. However, these policies are not static, but adapt to changing circumstances and crises, such as volatile oil prices and global economic crises. In this context, the Saudi Crown Prince Mohammed bin Salman, Prime Minister, stressed the importance of keeping abreast of global transformations in the energy sector. The Kingdom seeks to strike a balance between continuing to exploit its petroleum resources and meeting global demands on energy. The Kingdom of Saudi Arabia's Vision 2030 for Sustainable Development is enabled by the achievement of robust energy diversity to spearhead oil leadership.⁽²⁾

Further, recognizing the importance of adapting to economic and geopolitical changes, oil policies are affected by short-term market volatility and economic shocks, while ensuring long-term demand sustainability requires strategic investments in advanced technologies and expanding energy sources.

This path is also reflected in the Gulf Cooperation Council's Vision 2030, which focuses on maximizing the value added of its hydrocarbon resources, while adhering to sustainable development goals. This balanced approach seeks to stabilize global energy markets while

(1) Hazem Al-Omda, Oil will remain the cornerstone of the Saudi economy even with the transformation of energy, *Attaqa*, 17/1/2021, article website, <https://attaqa.net%/2021/01/17/>

(2) Bader Al Jabal, Under the supervision of the Crown Prince... Saudi Arabia Achieves Vision 2030 Targets in Various Fields, *E-Newspaper*, 18/9/2024, article website, <https://sabq.org/saudi/ee5bm4hmgj>.

ensuring the continuation of the Arab Gulf States as a key player in this vital sector.

Based on this, oil policy is one of the most important tools used to manage hydrocarbon resources and guide them towards sustainable development and economic prosperity. In the Arab Gulf States, which are a major hub for global oil production thanks to their large reserves and evolving infrastructure, oil policy is central to the formulation of economic strategies that promote growth and meet global challenges. In Lebanon, although it is in the process of discovering oil and gas reserves, the formulation of an effective oil policy is a vital step for the development of the local economy and the alleviation of financial burdens. Thus, in the face of growing development projects and initiatives to achieve oil leadership, the region is accompanied by many constraints despite the opportunities offered by its important oil potential. In the face of these developments, vital questions arise about the possibilities of developing oil policy in this path, and how to maximize the opportunities available under the challenges to operationalize the goals of Gulf visions towards a more sustainable and prosperous society. To achieve this goal, we must draw recommendations and proposals from modernizing the oil sector in line with the aspirations of the Arab Gulf States to strengthen modernity and sustainability of this strategic sector.

I- The Importance of Study

1. Addresses the legal and regulatory frameworks governing the region's oil sector and assesses their effectiveness in achieving economic development goals.
2. Put forward recommendations and proposals for the development of general oil policies that ensure the sustainability of the sector and achieve the maximum economic benefit for the countries of the region through the operationalization of the Kingdom's Vision 2030 and the Vision 2030 of the Gulf Cooperation Council.
3. Strengthen regional and international cooperation in the field of energy, to ensure market stability and supply security.
4. Provide a comprehensive analysis of the challenges facing the Gulf region in its pursuit of oil spatiality, as well as the promising opportunities that can be exploited to achieve its objectives while achieving environmental sustainability.
5. Enriching the scientific library with research studies on petroleum policy and ways to develop this vital sector for the countries of the region.

II- Study Objectives

1. Lighting on public oil policy, assessing its effectiveness in achieving sustainable development goals and attracting investments.
2. Evaluate oil contracts by analyzing the types of oil contracts used in the Area, assess the rights and duties of the Contracting Parties, and make recommendations for improving these contracts to ensure a balance between the interests of the funds and companies.

3. Propose public oil policies that contribute to the development of the oil sector, diversify sources of income and promote sustainable development, taking into account the challenges and opportunities of global transformations.
4. Recommend mechanisms to operationalize strategic partnerships between the Arab Gulf States and Lebanon in the oil sector and strengthen regional and international cooperation in the field of energy.

III- Study Problem

Sustainability and leadership in the oil sector is a key strategic goal of GCC Vision 2030, especially as member countries' development aspirations to achieve sustainability for their economies grow as the international race for global influence doubles. Gulf Visions has generally included in its 2030 items several initiatives and projects that support the strengthening of strategic partnerships and the activation of scientific innovation in this regard. This study focuses on the effectiveness of oil policies in enabling the Arab Gulf States and Lebanon to achieve sustainable development of the oil sector in the light of global changes. The study's problem has several questions:

1. What are the importance of legal and regulatory frameworks in achieving the sustainability of the oil sector?
2. How effective are the Gulf Regulatory Institutions in managing the oil sector, and how can they be developed to enhance sustainability in this sector?
3. What are the most significant challenges facing the Arab Gulf States and Lebanon in developing the oil sector, and how can they be overcome by taking advantage of opportunities to ensure the sector's sustainability and achieve sustainable development?
4. What are the main recommendations and proposals for updating oil policy and achieving sustainability for the oil sector?

IV- Study Methodology

The following scientific curricula have been adopted to address the topic of the study on the study of petroleum public policy from an economic and legal perspective in the context of growing challenges, with a focus on the Gulf's endeavors to promote leadership in this sector in order to reach the desired outcomes:

1. Extrapolation approach: includes the collection and extrapolation of concepts related to the development of the legal and regulatory framework of the oil sector in the Arab Gulf States and Lebanon. This approach helps to understand the challenges and opportunities of modernizing the region's oil sector, enabling us to propose public oil policies that contribute to enhancing the sustainability of this sector.
2. Analytical approach: involves analyzing interpretations and data received through scien-

tific research and linking them to formulate conclusions based on precise scientific principles and criteria. Our study relied on the analytical approach to explain the realities of oil policies in the Gulf region as a whole in light of the accelerated pace of strategic transformations, focusing on understanding the interactive relationship between this transformation and the overall oil policy in the light of the GCC Vision 2030 and Vision 2030. as well as monitoring challenges and identifying opportunities that enhance energy diversity and stimulate environmental sustainability. With the aim of drawing the most prominent proposals from the pioneering of the policy of openness and economic diversification supported by Gulf visions in order to provide influential scientific recommendations capable of engineering targeted development strategies to enhance oil resilience while operationalizing strategic partnerships between Arab Gulf states and Lebanon in achieving economic sustainability.

Based on the above, the subject of the study will be dealt with in the following items in connection with the lighting of the legal and regulatory framework of the oil field in the Arab Gulf region and Lebanon. In addition, attention will be paid to the challenges and opportunities for sustainability of this sector. With a view to reaching effective proposals and recommendations on which to draw effective strategic policies aimed at the development of public oil policy while achieving robust diversity to reach the Gulf Coast globally in the achievement of a more sustainable, prosperous and coherent Arab society.

I. The legal and Regulatory Framework of the Oil Sector

Environmental sustainability is a key pillar for sustainable development, going beyond the mere preservation of natural resources to include a promising and sustainable future for future generations. The importance of environmental sustainability is reflected in its ability to balance economic, social and environmental dimensions, ensuring long-term growth and prosperity. The world, and the Arab Gulf region in particular, is moving towards adopting strategies and initiatives aimed at achieving environmental sustainability through sustainable practices across sectors. In this context, His Royal Highness Prince Mohammed bin Salman bin Abdul-Aziz Al Saud, Crown Prince of the Prime Minister, highlighted at the Climate Summit the Kingdom's tireless efforts to preserve the environment and climate and strive to achieve zero neutrality by 2060, through government initiatives and projects that represent a clear road map for the Kingdom to reduce carbon emissions.

a. Legal frameworks in the oil sector

Regulatory decrees play a key role in regulating the oil sector, setting out detailed proce-

dures for the management of the sector, including licenses, petroleum rules and the division of maritime areas. In this context, Lebanese law focuses on the monetary ownership of petroleum resources and requires the prior qualification of companies wishing to obtain petroleum rights.

The Arab Gulf's global importance lies in its vast oil reserves, necessitating comprehensive legal frameworks for sustainable and effective exploitation of this wealth.⁽¹⁾ Saudi Arabia regulates the oil sector through several basic laws and decrees, including the minerals system (Royal Decree No. 21, 1392E) establishing the legal framework for natural resources and Aramco's system (Royal Decree No. 8, 1409H) and organization of the Supreme Council for Petroleum and Minerals Affairs (Royal Ordinance No. 212, 1420H) and the Saudi hydrocarbon system (Royal Decree No. 37 and Council of Ministers' Decree No. 178, 2017). Pursuant to Vision 2030, the Saudi Crown Prince Mohammed bin Salman bin Abdul-Aziz Al Saud, Prime Minister, stresses the importance of organizing this sector and the Kingdom's efforts to diversify its economy while moving towards a green economy.⁽²⁾

In Kuwait, the oil sector is regulated through the Kuwaiti Petroleum Corporation under the Kuwaiti Oil Law. In the United Arab Emirates, national oil companies in each emirate are responsible for the management of the oil sector. ADNOC is a prominent model for these companies. Oil operations in each emirate are subject to their own local oil laws, in parallel with federal laws regulating certain aspects of this vital sector. Bahrain Oil Company (BABCO) also manages the oil sector in the Kingdom of Bahrain, based on the Bahraini Oil Law.

However, due to the recent discovery of petroleum resources in Lebanon, Lebanon's legal framework for this sector is still evolving compared to the legal frameworks in the Arab Gulf States, which have long experience in managing the oil sector, effective regulatory institutions, modern legislation and rigorous strategic plans for managing petroleum resources. Gulf states share common aspects in regulating the oil sector, such as focusing on the role of national companies, implementing production sharing systems, attention to the environment and safety, and petrochemical development. Oil operations in the Arab Gulf

(1) Tariq Radwan, **Oil Civilization: Arab Gulf History and Modern Customs**, Hala Publishing and Distribution, 2017, p.p. 112-114.

(2) Mohammed bin Salman: We have achieved many achievements in the goals of "Vision 2030, Sharq Aawsat, 28/4/2021, article website, <https://aawsat.com/home/article/>

are subject to international laws and decrees, such as the OPEC Conventions and the Law of the Sea. Similarly, Lebanon adheres to international laws and decrees relating to oil, being a party to the United Nations Convention on the Law of the Sea, which binds it to its provisions in maritime areas, although it is not a member of OPEC, but is influenced by its decisions on global price of oil. Based on its central position in regulating the region's oil sector, the legal framework contributes to the sustainable exploitation of resources, attracting investments and protecting national interests.

b. Analysis of oil contracts: types, rights and duties of contracting parties

Oil contracts are a key pillar of the oil and gas industry, regulating the relationship between resource-owning and exploration and production companies, and diversifying to suit different parties' objectives and interests. Petroleum sharing contracts are the most prominent of these contracts, enabling productive loans to exploit their resources efficiently and achieve economic, technological and strategic gains. These contracts are in response to foreign companies' willingness to cooperate with rich, lean diols, as happened in the 1950s when Eni, an Italian company, entered into contracts with productive diols, granting it the right to ownership of crude and profits, and damaging nationalization companies to work in a stable climate after the end of the franchise system.⁽¹⁾

Oil contracts are a vital economic tool for managing the hydrocarbon wealth in the Arab Gulf region, characterized by the concentration of the world's largest oil reserves, making them a key element in determining the dynamics of global energy markets and their impact on the international economy.⁽²⁾

The importance of these contracts is reflected in their regulation of capital flows and revenue resulting from the exploitation of these strategic resources. In Saudi Arabia, Aramco's franchise system, the world's largest oil producer with 10 million barrels per day (bpd), about 10% of global production, is a model for regulating oil extraction and export, with oil revenues of about \$ 52.22 billion at the last quarter of the year 2024.

In Kuwait, oil operations are also managed through the concession system through the Kuwaiti Petroleum Corporation, which has reserves of 101.5 billion barrels, ensuring sta-

(1) Ernest E. Smith, **International Petroleum Transactions**, Rocky Mountain Mineral Law Foundation, 2018, p.59.

(2) K. Talus, **Global energy law and policy**, Oxford University Press, 2024, pp.32-41.

ble revenue streams for the Kuwaiti economy. In the United Arab Emirates, a system of co-production contracts has been adopted, allowing cooperation with international companies such as Total and ExxonMobil. The UAE's production stood at about 2.94 million barrels per day in 2024, and the UAE is investing \$150 billion in renewable energy and oil projects by 2030, reversing the trend towards diversification. In Qatar, the co-production system is used to develop gas fields, such as North Field, the world's largest gas field, and Qatar produces 77 million tons of liquefied gas annually, making it a major player in the global gas market. In Iraq, service contracts are used with companies such as BP and Shell, which guarantee Iraq's ownership of productive oil, enabling it to control its oil revenues. Under these contractual regimes, the specificity of oil contracts is reflected in the balance between the exploitation of hydrocarbon resources and the economic sustainability of Gulf countries, as well as their significant impact on global energy markets.

However, seeking to explore its marine petroleum resources, Lebanon faces the challenge of identifying the optimal contract to achieve a balance between attracting investments and ensuring fair returns, with a potential tendency to adopt co-production contracts to distribute risks. To ensure the success of these contracts, it is important that they contain clear clauses of the parties' rights and duties, including the quota for administration, supervision, environmental protection and technology transfer. In addition, a stable investment environment should be created and procedures facilitated. Companies should abide by laws, protect the environment, transfer expertise and train national cadres. Thus, it is obvious that factors influencing the oil industry, such as precautions, economic and political conditions and market conditions, should be taken into account, with flexibility to adapt to changes.

c. Assessment of the role of regulatory institutions in the management of the oil sector

Organizational institutions are a critical element in the management of the oil sector, contributing effectively to the optimal balance between exploiting petroleum resources and ensuring economic and environmental sustainability. H.E. Prince Abdul-Aziz bin Salman, Minister of Power of Saudi Arabia, reiterated the positive expectations of the oil market next year, noting that OPEC +'s decision to postpone production increases is based on a careful analysis of the underlying factors affecting the market, reflecting a cautious economic approach aimed at ensuring price stability and maximizing revenues for countries

in the region. ⁽¹⁾ Accordingly, it is important to evaluate these institutions according to the following:⁽²⁾

1. Market Regulation and Investment Promotion: The Arab Gulf States rely on an integrated economic strategy for the development of the oil sector by developing legal and regulatory frameworks that attract foreign investments and that ensure efficient regulation of exploration, production and export operations. The Emirates Energy Strategy 2050 is a vivid example of this effort, opening up diverse investment prospects in the energy sector. In this way, massive Saudi investments in oil and gas projects, which have exceeded \$100 billion over the past decade, are contributing to increased production and improved infrastructure, driving sustained economic growth in the region.

2. Improving Efficiency and Sustainability: The Arab Gulf States adopt a comprehensive economic approach to enhance efficiency and sustainability in the oil sector through the application of global quality standards such as ISO 9001, which contributes to improving the efficiency of operations and reducing waste, thereby increasing revenues and reducing costs. In Qatar, the application of KPIs has increased productivity by 15% in some oil companies. In Saudi Arabia, the application of quality management systems at Aramco has reduced waste by 10% and increased operational efficiency by 12% in 2023. In the United Arab Emirates, ADNOC reduced operating costs by 8% and increased productivity by 10% in 2023 thanks to the application of ISO 9001 standards in the Sultanate of Oman, the application of quality standards increased production efficiency by 10% and reduced waste by 7% in some Omani companies.

3. Risk Management and Stability: The Arab Gulf States are based on an effective economic vision to manage risks and enhance stability in the oil sector, especially with the application of sophisticated systems such as the COSO framework, which contributes to reducing oil leakage incidents and financial losses. In Saudi Arabia, the application of these regulations reduced oil spills by 20% in 2023. In the UAE, ADNOC's advanced risk management systems reduced work accidents by 15% and reduced carbon emissions by 10% in 2023. In Kuwait, Kuwait Petroleum Corporation's environmental risk reduction systems led to a 12% reduction in accidents affecting the environment. These measures

(1) Saudi Energy Minister: The oil market in 2025 will be better than expected, Asharq, 6/12/2024, article website, <https://asharqbusiness.com/power/>

(2) David L. Goldwyn, The Future of Energy in the Gulf: Diversification and Sustainability, Routledge, 2024, pp.31-42.

contribute to reducing environmental and financial risks, thereby stabilizing the Gulf oil sector.

4. Revenue distribution and development: The sector's Gulf economic plans are based on two main pillars, including risk management and revenue distribution. In the area of risk management, sophisticated systems such as the COSO Framework are implemented to reduce oil leakage incidents and financial losses, which has been demonstrated by reducing leakage incidents by 20% in Saudi Arabia in 2023, reducing work accidents by 15% and carbon emissions by 10% in the UAE in 2023, decreasing environmental accidents by 12% in Kuwait, and reducing material losses by 9% in Amman. In the field of distribution of revenues, much of it is directed towards financing infrastructure projects and developing vital sectors, such as Qatar allocating 20% of its revenues to education, Oman directing 17% of its revenues to develop non-oil sectors, and Kuwait allocating 13% of its revenues to develop infrastructure and service projects. BSC balanced performance appraisal systems are in place to ensure a balance between financial, social and environmental objectives, as is Bahrain's 10% improvement in overall performance.

II. Oil Public Policy: Challenges and Opportunities

Since the discovery of oil in the 1930s, Arab Gulf states have undergone a dramatic economic transformation, becoming one of the world's largest producers and exporters of oil, resulting in huge financial flows that contributed to the growth of their economies. However, these tables have faced enormous challenges, both internationally and locally. In this context, the Gulf Cooperation Council stressed the need to adopt public oil policies aimed at stabilizing oil markets, diversifying sources of income and promoting sustainable development.⁽¹⁾ The GCC also noted that GCC countries face significant constraints in achieving these goals, but stressed its commitment to working together to meet these challenges and achieve sustainable economic development while taking advantage of available opportunities.

a. The challenges of the oil sector

Global oiliness is accompanied by radical transformations and growing challenges, which require productive and consuming economies to reassess their economic strategies. From price fluctuations that threaten the stability of financial markets and government budgets, to increasing pressures to shift towards renewable sources of energy that require diversification of sources of income, the region's polar sector, in particular, faces complex challenges. In turn, they have been elaborated as follows:⁽²⁾

1. Global market challenges: Arab Gulf states face severe economic constraints at the global market level, with their economies heavily dependent on oil revenues, making them vulnerable to price fluctuations that adversely affect government budgets and development plans, such as in 2020 during the COVID-19 pandemic. In parallel, the global shift towards renewable energy is another challenge, requiring diversification of economies and massive investments in solar power, comfort and green hydrogen. Geopolitical tensions in the region further complicate the situation by affecting supply and price stability, which requires flexible oil policies.

2. Domestic Economic Development: Arab Gulf States are exposed to overlapping eco-

(1) Frederick F. Anscombe, *The Oil Kingdoms: A New History of the Gulf*, Harvard University Press, 2023, p.p.44-47.

(2) David L. Goldwyn, *Energy Transition in the Gulf: Challenges and Opportunities*, Atlantic Council, Washington, 2023, pp.30-45.

conomic challenges that require a comprehensive strategic vision. On the one hand, the challenge of diversifying economies away from oil dependence is emerging, as they seek to develop promising sectors such as industry, tourism and technology, and attract the investments needed to achieve this transformation. On the other hand, the creation of sustainable employment opportunities for citizens in non-oil sectors is a pivotal challenge, requiring the development of effective policies to localize jobs and develop local skills, ensuring effective participation of the national labour force in the labour market.

3. Sustainability and governance: The oil sector presents enormous environmental challenges, such as greenhouse gas emissions and air and water pollution, which require Arab Gulf States to adopt stringent environmental policies and apply clean technologies to reduce the environmental impacts of oil production, which has emerged in Gulf States' initiatives to reduce carbon emissions and invest in energy projects. On the other hand, efficient and transparent management of the oil sector requires the adoption of rational governance practices, enhanced transparency and accountability in the management of the oil sector, as demonstrated in the Gulf States' efforts to enhance transparency in the decades of leap and anti-corruption.

b. Opportunities for the development of the oil sector

The region has a strategic turn that opens up broad prospects for the development of the oil sector, embracing an integrated path to environmental sustainability, based on innovation, partnership and shared responsibility. This reflects the Gulf Cooperation Council's ambitions to develop the oil sector, diversify the economy and enhance environmental awareness by supporting the Gulf Cooperation Council to launch 2030 development economic visions that encourage investment in energy projects. It seeks to overcome obstacles and provide an investment-attractive environment with the following opportunities: ⁽¹⁾

1. Investing in advanced technologies: Adopting artificial intelligence technologies and robots in exploration, production and refining processes is a golden opportunity to enhance operational efficiency, reduce costs and increase productivity. These technologies can improve the accuracy of exploration and reduce the risks associated with production processes, increasing revenues and reducing waste. In addition, investing in carbon capture

(1)IBID, pp. 48-52.

and storage technologies can contribute to reducing carbon emissions and improving the sector's environmental performance, enhancing the position of Gulf States in the global energy market, which is becoming increasingly sustainable.

2. Petrochemical Industries Development: Petrochemical industries development is a strategic opportunity to diversify Gulf economies and reduce dependence on crude oil exports. These industries can add value to petroleum resources and create new jobs, contributing to sustainable economic development. From the economic side, developing these industries leverages the growing demand for petrochemical products in global markets, boosting exports and increasing revenues. In this way, Gulf States can take advantage of their unique geographical location and abundance of raw materials to become a regional and global center for the petrochemical industry.

3. Strengthening regional and international cooperation: it can contribute to stabilizing oil markets and ensuring energy security. Gulf States can also cooperate to coordinate oil policies and share experiences and technology, thus enhancing their position in the global energy market. Moreover, collaborating with OTCs contributes to balancing global markets and enhancing energy security, creating a stable and attractive investment environment.

CONCLUSION

The region's oil sector faces multiple challenges and opportunities that require a comprehensive strategic economic approach. As global geopolitical and economic volatility accelerates, the modernization of public oil policies becomes an urgent need to ensure the sector's sustainability and the increasing economic benefits of countries. From this point of view, the economic and legal constraints facing Lebanon's oil sector and the region require the development of comprehensive oil policies, beyond legal and regulatory formulations, to include an integrated strategic vision. These policies need to focus on achieving a balance between attracting foreign investment and meeting companies' needs, and ensuring the rights of the economy and achieving sustainable development. This requires the formulation of prior understandings on the uses of oil revenues, the identification of distribution mechanisms, the establishment of an effective sovereign fund, the identification of growth and expansion rates, as well as the development of licensing policies, tax provisions and models of exploration, production and transparency agreements. In the face of this reality, it is important to make various proposals that we wish the actors in the region's governments and public departments, including strategic policy experts and engineers, and research centers to adopt in order to achieve the sustainable and inclusive development of the oil sector in the light of the digital development we are witnessing through the activation of investment in this sector and the development of national competencies.

As a result, we are raising the following recommendations:

a. At the Legislative and Regulatory level:

1. Modernize petroleum legislation to balance economy and investor interests, establishing transparent regulations for exploration, production, and export operations, and defining rights and obligations.
2. Implement a comprehensive legal framework to improve transparency and governance in the oil sector, ensuring transparency, good governance, and accountability mechanisms.
3. Creating comprehensive laws for resolving currency and oil sector investor disputes, including alternative dispute resolution methods like arbitration, mediation, and negotiation, offers multiple options for disputing parties.
4. Petroleum legislation should include strict environmental protection provisions, enforce international standards, reduce pollution, promote propellant technologies, and establish effective oversight mechanisms, with appropriate penalties for offenders.
5. Incorporate strict environmental protection provisions in petroleum legislation and ensuring companies adhere to international standards. It advocates for the use of propellant technologies, the "polluter pays" principle, effective oversight mechanisms, and appropriate penalties for offenders in the oil sector.

b. At the Equipment's level

1. A comprehensive modernization of petroleum infrastructure, including the development of ports, pipelines and refineries, to keep abreast of global demand and achieve sustainability. In addition, it is important to invest in and adopt advanced technologies, such as artificial intelligence and carbon capture, to enhance efficiency and preserve the environment.
2. Build modern storage warehouses to store oils, gas and petroleum products to ensure stable supplies and meet local and international demands. These warehouses should also be equipped with state-of-the-art technologies to ensure safety and security.
3. Developing industrial areas around production and refining areas to provide logistical services for the oil and gas sector, including electricity, water, telecommunications, maintenance and transport services.
4. Strengthening land, sea and air transport networks to facilitate the movement of materials and equipment needed for the oil and gas sector. This includes building new roads and bridges, upgrading ports and airports, and providing modern transportation.

c. At the Economic Level

1. Diversify income sources by diversifying their economies away from excessive reliance on oil, by investing in promising sectors such as petrochemical industries, renewable energy and technology. This requires implementing the Kingdom of Saudi Arabia's Vision 2030 and the vision of the Gulf Cooperation Council 2030 to develop these sectors, provide incentives to investors, and develop the necessary infrastructure.
2. Rational management of oil revenues by adopting transparent and effective mechanisms for managing and distributing petroleum revenues to ensure that they make the most of them. This includes establishing sovereign funds to manage oil surpluses, and channeling a portion of revenue towards sustainable development projects.
3. Attracting foreign investments based on creating an attractive investment environment for foreign companies. This includes adopting flexible and transparent laws and legislation, providing sophisticated infrastructure, and enhancing transparency and governance.

d. At the level of Human Resources

1. Investing in education and training through the establishment of educational institutions specializing in oil and gas engineering, oil project management and renewable energy technologies. These institutions should be equipped with state-of-the-art technology and laboratories, and provide high-quality educational programs that meet the needs of the labour market.
2. Develop specialized training programs for workers and technicians in the oil and gas

sector to upgrade their skills and abilities in line with the requirements of the times. It is important that these programs include training in state-of-the-art techniques and practitioners in exploration, production, refining and marketing.

3. Encourage scientific research and development in the field of petroleum technologies to promote innovation and develop new solutions to the challenges facing the sector. This includes the establishment of specialized research centers and the provision of scholarships to researchers and students.

4. Develop policies to localize jobs, qualify national cadres, provide specialized training programs for leaders, and promote a culture of safety.

e. At the Level of Operationalizing Strategic Partnerships

1. The establishment of a joint Gulf Investment Fund to finance oil and gas projects in Lebanon to provide funding for the development of this vital sector. This fund must be open to private sector engagement to attract foreign and local investments. As well as managing the Fund transparently and efficiently, to ensure maximum benefit from investments.

2. Develop a regional pipeline network connecting Lebanon to the Arab Gulf States to facilitate the transport of oil and gas between these diols. This network must be designed to the highest international standards to ensure the safety and efficiency of transport operations. It is important that this network is managed by a regional joint venture in order to make the most of this infrastructure.

3. Establishment of a regional oil and gas training and rehabilitation center to develop national competencies in Lebanon and the Arab Gulf States. This center offers specialized training programs in all aspects of the oil and gas industry to meet the needs of the labor market. The Center also cooperates with specialized universities and international institutes to benefit from the world's experience in this field.

4. Enhance cooperation in the field of scientific research and development between Lebanon and the Arab Gulf States by sharing experiences in the field of petroleum policies, to take advantage of best practices in this field. Not to mention organizing joint workshops and symposiums to discuss petroleum issues of mutual interest, to exchange views and ideas. The establishment of a regional petroleum information database to facilitate access to and exchange of information.

REFERENCES

1. Bader Al Jabal, Under the supervision of the Crown Prince... Saudi Arabia Achieves Vision 2030 Targets in Various Fields, E-Newspaper, 18/9/2024, article website, <https://sabq.org/saudi/ee5bm4hmgj>
2. David L. Goldwyn, The Future of Energy in the Gulf: Diversification and Sustainability, Routledge, 2024, pp.31-42.
3. David L. Goldwyn, Energy Transition in the Gulf: Challenges and Opportunities, Atlantic Council, Washington, 2023, pp.30-45.
4. Hazem Al-Omda, Oil will remain the cornerstone of the Saudi economy even with the transformation of energy, Attaqa, 17/1/2021, article website, النفط سيظل حجر الزاوية في الاقتصاد السعودي حتى مع تحوّل الطاقة - الطاقة
5. Ernest E. Smith, International Petroleum Transactions, Rocky Mountain Mineral Law Foundation, 2018, p.59.
6. Frederick F. Anscombe, The Oil Kingdoms: A New History of the Gulf, Harvard University Press, 2023, p.p.44-47.
7. Mohammed bin Salman: We have achieved many achievements in the goals of “Vision 2030, Sharq Aawsat, 28/4/2021, article website, بإشراف ولي العهد.. المملكة تحقق مستهدفات رؤية 2030 في شتى المجالات
8. K. Talus, Global energy law and policy, Oxford University Press, 2024, pp.32-41.
9. Saudi Energy Minister: The oil market in 2025 will be better than expected, Asharq, 6/12/2024, article website, وزير الطاقة السعودي: سوق النفط في 2025 ستكون أفضل من المتوقع | اقتصاد الشرق مع بلومبرغ.
10. Tariq Radwan, Oil Civilization: Arab Gulf History and Modern Customs, Hala Publishing and Distribution, 2017, p.p. 112-114.