

Welcoming Speech

His Excellency Sheikh Ahmed Al-Abdullah Al-Ahmed Al-Sabah

Minister of Oil and Minister of Information

4th Asian Ministerial Energy Roundtable

Excellencies, Distinguished Guests, Ladies and Gentlemen,

It is indeed an honor and a privilege to welcome you today to the 4th Asian Ministerial Energy Roundtable, wishing you all a pleasant stay in the State of Kuwait and hoping that this meeting would achieve its goals in reinforcing the cooperation and interdependence among Asian countries. I would also like to extend my gratitude to the government of Korea for co-hosting this meeting.

In the face of such an unprecedented catastrophe in Japan, let me first express my deepest sympathies to the victims of the earthquake and Tsunami. We all share an overwhelming sense of loss, and hope that Japan will overcome this tragedy and recover soon. To show our solidarity with Japan, the State of Kuwait upon the guidance of His Highness the Emir, Sheikh Sabah Al-Ahmad Al-Sabah, the Cabinet Ministers have decided to contribute 5 million barrels of crude or by products to Japan.

Excellencies,

Two months ago, the IEF charter was signed by 86 countries, making a milestone in the history of dialogue between producers and consumers, which also celebrated its 20th anniversary this year.

Today, our meeting is taking place amid rising concerns about energy security and safety with the unrest in some Middle Eastern

oil producers, and the Fukushima tragedy. We need to speak frankly about how to deal with these concerns.

Excellencies,

These events may be transient but mark a clear indication for effective and more comprehensive producers- consumers' collaboration as we are facing significant uncertainties and change ahead in the energy markets associated with recent developments.

This roundtable comes at the right time to address these changes. Previous producer - consumer meetings emphasized the importance of cooperation to achieve stability of energy markets and provide sufficient oil supplies. We have been successful through JODI exercise, and the joint program between IEA, OPEC & IEF. However, more is needed to enhance our future vision of the energy scene.

Excellencies,

Since the beginning of 2011, prices have exceeded \$100 per barrel, highest over two years. The increase in oil prices is due to the loss of large volume of sweet crude from the market, expansionary monetary policy, a weak dollar, fear of spread of political unrest of other producers, and resilient demand in South-East Asia. However, oil traders are driving prices higher and amplifying price signals. Speculative activity has made a record, with net length in Nymex crude reaching an all time high.

Yet, the market, on the other hand, is well balanced and there is no shortage of supply. The shortfall from Libya has been largely compensated as OPEC moved quickly to ensure adequate supplies to the market.

The situation in 2011 is quite different from 2008 due to availability of surplus capacity in crude oil production and refining capacity as well as the high inventories.

The volatility of prices poses a significant dilemma. Despite the upside in demand for oil in the developing world, inflationary pressures could stifle this. At these high price levels, spending on oil imports could represent a significant economic burden for many import-dependent countries.

However, we are looking for prices that are decided by market fundamentals, sufficiently high to provide an incentive for the incremental barrel to be developed and supplied. Equally, sustainable oil prices should not rise to levels so high as to impair global economic growth.

Excellencies,

Energy demand will continue to increase as economies expand, world population grows and living conditions across the world will

improve. In the future, developing countries will account for most of the demand increase. Over two-thirds of growth in developing countries will come from Asia.

Fossil fuels remain dominant in the energy mix. Oil use, however, grows at the slowest rate of all fuel types. Fears of a nuclear disaster in the wake of a devastating earthquake and tsunami in Japan will certainly have its impact on future plans for Nuclear power.

Natural gas has become a fuel of choice, mainly because of its abundance, clean-burning nature and increasing cost-competitiveness with other options, such as coal.

Excellencies,

With the oil spill in the Gulf of Mexico and the Fukushima nuclear power plant disaster, energy safety has moved to the forefront of the challenges facing the energy industry.

In particular the Fukushima catastrophe has dictated re-evaluation of various degrees, ranging from more stringent safety standards to heightened political and public resistance to the use of nuclear energy altogether. This has a lot of relevance to our region where many countries plan to either use nuclear power or expand its use for power generation.

Energy efficiency is largely recognized as the most cost effective means to meet growing energy demands whilst contributing to climate change mitigation and economic growth. The energy industry ability to provide clean, affordable and secure energy to growing populations and economies is always complicated by the interplay of a number of different factors, most of which are hard to predict accurately.

Some energy consumers have achieved a very high level of energy efficiency while others specially west Asian producers suffer from

wasteful patterns of consumption. We would urge the need for more collaborative efforts and initiatives on energy efficiency.

Excellencies,

Until renewable technologies reach the required stage of development to meet the growing demand reliably and affordably, it is essential to find a transitional solution that uses the world's remaining fuel resources efficiently and cleanly.

Therefore, the world requires OPEC countries to secure sufficient oil supplies to international markets, which OPEC has always been committed to.

Excellencies,

The State of Kuwait is committed to fulfill its role in the international market, as a reliable producer by the expansion of crude production capacity to reach 4 million BPD by 2020, and refining capacity to 1.4 million BPD, adopting the highest

international environmental standards. Moreover, we are progressing with our two joint integrated ventures in China and Vietnam, using the latest technology that is environmentally friendly to produce clean products for the market. We also hope to obtain the approvals for the in-house projects namely: clean fuel and new refinery.

In the summer of 2008, the State of Kuwait began production of approximately 175 million standard cubic feet per day of non associated natural gas, plans to rise to 1 billion standard cubic feet per day by 2016.

Excellencies,

The producer-consumer dialogue has been one of the most positive trends in the energy scene. The Ministerial Roundtable meetings are a key element in the regional energy dialogue.

These meetings focus on energy issues of special interest to the Asian countries. They allow us to exchange experiences in the

field of energy efficiency, expanding joint ventures between our national oil companies, development of alternative and renewable sources of energy as well as developing qualified human resources.

Excellencies,

Our 4th roundtable meeting will continue on the path of our previous meetings and will hopefully come out with concrete results and recommendations.

Thank You for your attention