

Keynote Address

by

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Excellencies

Ladies and Gentlemen

First of all I would like to extend my thanks and appreciations to the organizers of this Eighth International Oil Summit for providing me the opportunity to be here today and share with you ideas and views that are equally important for both the producers and consumers of crude oil and other forms of energy.

I am confident that our deliberations today will lead to a better understanding of the challenges that we are all facing and will result in valuable recommendations towards achieving our common goal of a stable and healthy energy market.

Ladies and Gentlemen

We are passing through a transitional phase where the world economies are adjusting to a new level of oil price. The world has witnessed cheap oil from the late 1990s until few years ago. It is now evident that this cheap oil did not help anyone in the long run. Investments were reduced, conservation measures were relaxed, and the realities of long supply chains were forgotten. That kind of approach to energy management could not be sustained. Now we are passing through a correction stage.

The unstable oil situation coupled with new environmental demands has created challenges for all of us. Our goals are common. We are all striving for a stable oil market, a market that is sustainable. However, our responsibilities are different.

Let me take this occasion to summarize the main features of our energy objectives and strategy in Qatar.

The main objective is to achieve a stable and sustainable energy market. I mean here a market which can satisfy the world's energy requirements for the foreseeable future; a market that would have enough spare capacity to respond to varying energy demands; a market that would support environmental developments; and last but not least a market that is self-sustaining by virtue of a price level that encourages investment in new energy facilities.

To achieve our mission of stable and sustainable energy market, we currently implementing important projects aiming at increasing our crude oil production capacity from approximately 800,000 barrels per day to 1.0 million barrels per day by 2010. We have faced several challenges, and just to mention one, the multifold increase in investment costs due to overheated construction market. However, we are steadfast in our mission to implement the infrastructure and production facilities required to build as much spare capacity as it is economically feasible.

As the holder of the world's third largest natural gas reserves we are committed to fulfilling our obligations towards the world as we are promoting the supply and use of gas. We believe that increasing the proportion of gas in the world's energy mix will alleviate

environmental concerns and play a key role in meeting the energy demand of the various regions. For this purpose we have invested in large scale LNG, GTL and pipeline gas projects. Aside from the high construction costs, we are faced with many other challenges; least of them is the need for developing downstream supply chains that are either inadequate or not existing. In the current decade we will increase our gas production by several folds to more than 4 million barrels per day of equivalent oil by 2010.

We are also investing in energy intensive refineries and petrochemical industries. The petrochemical plants feed on the less moveable energy streams to produce energy intensive products. We are building refineries that will be able to provide a wide variety of products for the local market as well as for export.

It is estimated that investments in the oil and gas sector in Qatar will exceed 75 billion dollars during the next five years.

Furthermore, and in order to expand and enhance our role in the world energy market we established Qatar Petroleum International (QPI) which will make considerable contribution by investing and operating oil, gas and other energy related projects outside Qatar.

In addition, we are applying the rules dictated by the UN and other world bodies to encourage conservation measures addressed to confront climate change and promote sustainable development. This includes applying the best available technologies, employing the latest energy conservation techniques, controlling harmful emissions, and operating industries in Qatar in an environmentally responsible manner.

However, we believe that the efforts of the producing countries are not enough to achieve the goals of stable and sustainable energy markets. The consuming countries need to complement with their own efforts.

In particular the advanced countries have the responsibility to invest in downstream supply chains, such as refineries and receiving terminals. They should encourage conservation of energy and promote environmental responsibilities. The consuming countries should also not put constraints such as high taxes on fossil fuels or subsidies to promote alternative energy supplies that are not economically viable. They should take into account the security of energy demand of the oil producing countries. Last of all, the geopolitical situations in various parts of the world,

which put constraints on the flow of energy, should be addressed.

Ladies and Gentlemen

I believe there is enough oil and gas to last for many decades. The instability which we have faced in the past is because of not recognizing the linkages in the energy markets. The right correction steps are being taken by the producers and consumers in the last few years, and if the current performance continues we should be able to achieve a stable and sustainable energy market.

Thank you for your attention and have a nice day.