

**Fourth Asian Ministerial Round Table
Sustainable Growth and Energy Interdependence**

Remarks by

**H.E. Ali I. Al-Naimi
Minister of Petroleum and Mineral Resources
Kingdom of Saudi Arabia**

**April 18, 2011
Kuwait City, Kuwait**

Your Excellencies, Distinguished Guests, Ladies and Gentlemen: good morning.

I would like first to extend my sincere gratitude to His Excellency Sheikh Ahmad Al-Abdullah Al-Ahmad Al-Sabah, Minister of Oil and Minister of Information, and the State of Kuwait for inviting me to participate in the Fourth Asian Ministerial Round Table. I would also like to express my appreciation to the Government of the Republic of Korea for co-hosting this important gathering. And I want to take a moment to convey our condolences and sympathies to our friends from Japan. Although the damage and disruption from last month's earthquake and tsunami have been extensive, the entire world has been struck by the determination, the discipline and the resilience of the Japanese people, and I am confident they will emerge from this disaster with renewed vigor and confidence.

Ladies and gentlemen, recent months have shown us once again that the economic fortunes and misfortunes of the various parts of Asia are closely intertwined—and indeed, interdependent. Our nations therefore have a common interest in promoting mutually beneficial relationships that provide a framework for greater prosperity across the region. Nowhere is that more important than in the realm of energy, which fuels development and progress and serves as the vital lifeblood of our

modern way of life. Furthermore, in a world of growing interdependency the security of energy supply and energy demand alike depends heavily on how nations manage their relations with one another. Therefore I believe this Roundtable offers us a welcome platform for frank and constructive dialogue to strengthen regional and international cooperation, to achieve a stable and sustainable energy market, and to put in place the conditions necessary for continued economic and social prosperity.

Ladies and gentlemen, the global economy is in better shape than when we met two years ago, with international trade starting to recover, financial institutions again supplying needed capital, investors reentering the marketplace, and consumer confidence rising. Yet the recovery remains patchy. In many countries, unemployment remains at unacceptable levels, and some nations are struggling with outsize national deficits and concerns over the health of their financial systems. Some commentators have also been ringing alarm bells over the impact of the recent rise in oil prices, though swift and decisive actions by oil producing countries in Asia have helped to stem that trend.

Certainly Saudi Arabia's position in the world oil market is based on its commitment to maintaining spare capacity for the sake of price and market stability. The Kingdom's policy in this regard is clear and has

been consistent: moderation in all decisions that concern the global petroleum market. As stewards of the world's largest reserves of low cost oil and its largest producer and exporter of petroleum liquids, Saudi Arabia's financial and political stability has enabled the Kingdom to install and maintain the capacity to produce 12.5 million barrels of crude oil per day. This provides a cushion of roughly 3.5 million barrels per day over and above our current production levels, which are adjusted according to worldwide market conditions.

Of course the Asian region is an important one for the Kingdom in terms of its energy relationships, and over the decades the bonds which tie us to the region's markets have continued to strengthen and grow. Saudi Arabia and other Gulf producers have helped Asia's development by supplying much of the energy needed to fuel prosperity—and as Asia's economies have grown, so have our exports of petroleum to the region. Roughly two-thirds of the Kingdom's crude oil exports now go to Asia, and we are the largest single supplier to major markets like China, Japan, Korea, India and Taiwan. And given the scale of our reserves and production capacity, our continued investment in technology and talent as well as infrastructure, our clear and consistent energy policies, and our commitment to collaborative relationships with producers and consumers alike, we are determined to be Asia's petroleum supplier of choice for many decades to come. At the same time, the Saudi

petroleum industry looks to many nations across the region for a range of specialized services, high-tech equipment, and high-quality goods. Our energy relationships with your nations are indeed two-way streets, bringing benefits to all parties through trade, investment and collaboration.

My friends, as we acknowledged in our previous round tables, hydrocarbons will continue to be *the* major source fueling the world's economy for many decades, with petroleum accounting for much of that energy. We have also noted the importance of stability, predictability and sustainability in the oil markets, to ensure the sustainability of our global energy system—and indeed, for the global economy as a whole.

Let me now take a brief look at the Asian oil outlook.

For the Asia-Pacific region as a whole, petroleum demand will increase in the coming years and decades, as a result of both demographic growth and rising living standards in developing economies. In fact, emerging Asian markets and the region's oil and gas producers themselves will be the main drivers of this increase in petroleum consumption, while oil demand in developed nations will remain more or less flat.

However, since about two-thirds of the world's total proven reserves of conventional oil are found in western Asia, the region's oil and gas producers will be well-positioned to meet this increased regional demand. In addition, the production and export capacities of these suppliers are ensured by their sustained investments in both upstream and downstream projects, including those which help to maintain surplus system capacities.

When one looks at both the supply and demand sides of the equation, it is clear that the combination of growing energy demand and abundant supply potential will result in the enhancement of the already strong bonds of interdependence which exist between Asia's oil consuming and oil producing nations. In my view, that positive trend makes our discussions here—and at future sessions of the Asian Round Table—tremendously significant.

Ladies and gentlemen, allow me to end by reiterating that the Kingdom of Saudi Arabia is capable and remains committed to fulfill Asia's future need for oil, and by pledging that we will continue to build bonds of partnership and cooperation with all the countries of the continent based on mutually beneficial interdependence—as well as mutual respect.

Thank you for kind attention.

