Your Excellencies, Ladies and Gentlemen,

Good Afternoon…

Today, we are meeting at a time of confusion and uncertainty in the world oil market. In recent days, oil prices have reached record highs as markets responded to geopolitical tensions and natural disasters. Events in recent months have been dramatic – continuing instability in North Africa, the tsunami in Japan and ongoing economic uncertainty worldwide.

Markets always get nervous and volatile when faced with geo-political uncertainty, especially when this uncertainty is linked to events in the Middle East. It is therefore a good time for Asian producers and consumers to meet. Together, we need to evaluate the facts rather than perceived shortages.

Let me start on a positive note, and focus on one area in which there is a degree of certainty. In the business of buying and selling crude oil and natural gas, there is an issue that comes even before price is considered which the commercial relationship between consumers and producers is. We should remember that the so-called spot business, in which cargoes change hands often between anonymous traders, represents a relatively small proportion of the oil market.

By far the largest proportion of oil, and almost all the natural gas that changes hands, is sold within the framework of long term commercial relationships that, in many cases go back decades.

We have to accept that the current situation is untenable. It is clear that oil exports from Libya have been adversely affected by the continuing turmoil there. Libya's production has been above 1.6 million barrels per day but this has now fallen, according to various sources, to little more than 300,000 barrels per day.

It is therefore fair to assume that the shortfall in Libyan production is around 1.3 million barrels per day.

However, as usual in such cases, producers with spare capacity have stepped in. According to OPEC, there has been a sizeable increase in production from some member countries. Secondary sources confirm that in March, despite the fall in Libyan production, combined OPEC output fell by just 30,000 barrels per day. In response to the stricken Fukushima nuclear reactors, Abu Dhabi Gas Company has already responded with increased cargoes of LNG.

It is clear that countries with spare capacity – including the UAE – have compensated the shortfall in production and made additional supplies of oil and LNG available. And it is not just OPEC countries that are providing the market with extra crude. In 2011, non-OPEC supply is expected to grow by 500,000 barrels per day.

As I pointed out last week at a conference in Paris, international oil markets are choosing to ignore market fundamentals, preferring on the worst-case scenario, leading to an increase in oil prices. International oil markets should pay more attention to real supply, rather than imaginary shortages.

One important measure that is helping bridge the gap between reality and perception is data transparency. The Joint Oil Data Initiative is clearly of benefit to both producers and consumers and it is clear that we all need to work together to ensure that JODI succeeds.

Ladies and Gentlemen,

Hydrocarbon resource holders prefer stable prices to high prices. We are facing multi-billion dollar investments that require many years to amortize. Consequently, $120 a barrel oil does not interest us in the short term, if it undermines long term economic growth, and leads to collapse in demand and prices in future years.

Our successes in keeping markets well supplied are due to our long term investments to ensure that we have the spare capacity to deal with such contingencies.

OPEC member countries commitment to continued heavy investments remains unchanged. Many states are working on plans to increase long term sustainable capacity, requiring investments of billions of dollars. Hydrocarbon producers like the UAE will continue to invest in new capacity, aimed at keeping markets well supplied.

The global energy market needs to focus on the fundamental truths that oil and gas supplies are plentiful, rather than unfounded fears that oil is going to run out in the near future.

Thank you.