

4th IEF-IGU Ministerial Gas Forum

**Natural Gas:
A view from Saudi Arabia**

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Excellencies, distinguished guest, ladies and gentlemen. Hola amigos. I would like to thank the Mexican Secretary of Energy, His Excellency Mr Coldwell, and the Mexican government, for hosting this important event, and for inviting me to speak. Also, my thanks to the IEF and IGU.

Today, I will cover three points. First, I will give you an outline of Saudi Arabia's resources and explain how we are utilizing it. Second, I will talk about our policy objectives going forward. And lastly, I will touch upon the future of the energy world more broadly.

Ladies and gentlemen. Today, Saudi Arabia is among the world's leading petrochemical producers. Alongside our large reserves of crude oil are vast reserves of associated and non-associated gas. Our conservative estimate is that Saudi Arabia possesses around 300 trillion standard cubic feet of conventional gas reserves. We are also developing unconventional gas resources across the Kingdom.

There was a time when the night skies of the eastern province of Saudi Arabia were lit up by the flaring of this gas. No more. Today, in addition to gas facilities already built, we are developing several more major gas facilities, both onshore and offshore. Within the next decade, Saudi Arabia will more than double its gas production.

We are using these gas reserves to power an historic transformation. Gas is helping meet Saudi Arabia's own rising energy demand, and is the preferred fuel for power generation and water desalination. It is fueling new industries and creating new jobs, particularly in terms of downstream industrial clusters.

We are also using gas to help further develop our mineral industry around the Kingdom, where we are already strong and see great potential for future growth. So natural gas is a fundamental part of Saudi Arabia's longer-term development and prosperity.

Ladies and gentlemen. This brings me to my second point: Saudi Arabia's future gas policy. In simple terms, Saudi Arabia currently has no plans to export its gas or get into the LNG business, not least due to our domestic energy requirements.

This policy does not mean that we are not interested in the future direction of the industry. As producers and users of gas, we have great interest in technological and scientific developments. We will continue to invest in research initiatives in the Kingdom and in partnership with international companies, universities and other research entities.

But our interest goes beyond science and research. It is clear that different forms of energy are becoming more closely integrated than ever before. Integrated in terms of prices and in terms of the movement of resources around the world. So we must all, producers and consumers of all forms of energy, continue to talk and work together to ensure the smooth operation of energy markets and the wider industry.

Energy helps alleviate poverty, creates opportunities and helps raise living standards. It is incumbent upon all of us to ensure the benefits of energy are shared fairly around the world.

Ladies and gentlemen. My last point here today concerns a wider view on the state of the energy industry and the place of gas within it.

As I noted, the world of energy is becoming ever more complex, with greater supplies, increasing global demand, periodic disruptions and continual technological innovation. Yet for all the complications, in essence, the world of energy is quite simple. It's a question of supply and demand. As the global population increases and economic prosperity rises, demand for power grows. And so anything that adds to global economic prosperity and improves the chances of people around the world is to be welcomed.

Saudi Arabia retains a preeminent position in terms of crude oil reserves and exports, and this will not change in the foreseeable future. The world will continue to be powered by crude oil for many decades to come. But other sources of energy are also playing a greater role, including gas, and we welcome these developments.

Ladies and gentlemen. If I have learned anything from my long career in the energy business it is that it's always better to discuss issues in a collaborative way. In this regard, the IEF fulfills an important role now, and into the future.

Going forward, I believe the prospects for the global energy industry are bright. I hope everyone here, and companies which are represented, can continue to make a positive difference to the lives of millions of people around the world.

Secretary Coldwell, ladies and gentlemen. I would like to conclude by making a brief comment on the international oil market and Saudi oil policy, both of which have been subject to a great deal of wild and inaccurate conjecture in recent weeks. Saudi oil policy has remained constant for the past few decades, and it has not changed today.

First, Saudi Arabia does not set the oil price. The market sets the price. We do our best, with other producers, to ensure price stability for the interests of producers, consumers and the industry at large.

Saudi Aramco prices oil according to sound marketing procedures. No more, no less. These take into account a host of scientific and practical factors, including the state of the market, refinery margins and long term relationships with customers. Talk of a price war is a sign of misunderstanding – deliberate or otherwise – and has no basis in reality. We do not seek to politicize oil, nor do we collude against anybody. For us, it is a question of supply and demand. It is purely business.

We want stable oil markets and steady prices, because this is good for producers, consumers and investors, and also helps long-term global economic growth, especially developing nations.

It is therefore vital that OPEC and non-OPEC nations, producers and consumers, continue their dialogue. The IEF has been effective in the past at bringing nations together, and I'm sure it will continue in this important function going forward.

Gracias.