Excellences’ Ministers,

Distinguished Participants, Guests, Ladies and Gentlemen,

Good Morning

It is indeed an honor to be here in India, participating in this timely industry event.

I would like to extend my profound thanks to the government of India for hosting this event, and for the IEF-IGU for organizing it.

The oil and gas industry is re-adjusting to an environment where lower oil prices prevails and great competition from other industries.

Despite the uncertainties and challenges facing the energy sector, we all agree that our main objective must focus on providing a stable and sustainable energy future for the next generations.
Global gas demand is forecast to increase on average by 2.1% p.a., from around 60 million barrels of oil equivalent per day in 2014 to almost 102 million barrels of oil equivalent in 2040.

This represents the largest increase among all energy sources.

Excellences,

LNG supplies’ growth is more than demand growth, leading to major shifts in global natural gas trade patterns.

The increase in supply have put downward pressure on LNG and natural gas prices, to be their lowest levels since 2009.

Spot gas prices across the globe will remain under pressure.

We have seen the start of the LNG exports from the US at prices indexed to Henry Hub.

The crude oil price will have the most impact on LNG prices, since two thirds is sold at prices linked to crude oil.
Oil indexation dominates LNG pricing in Asia with JCC (Japanese Crude Cocktail), the index used in majority of medium and long-term contracts.

Spot LNG prices in Asia remains under pressure, as supply increase with levels around $ 6 per million BTU or lower.

Hence, the share of spot coverage in overall commitments continue to increase for importers.

The slowdown in Asian gas demand has intensified, prompting a decline in the region's LNG imports.

As imports from Japan and South Korea the world's top two LNG buyers decline, the rebalancing of global markets will depend on the rate of expansion in China, India, and other countries in developing Asia.

Nuclear power is the main driver behind the decline in Japan and Korea LNG demand for power.

**Weaker than expected demand in Asia** is leaving several large LNG buyers in the region over contracted.
This should help accelerate a transition towards more flexible contractual structures.

As producers reduce investments to re-focus more on cost reductions and budget savings, such efforts may be too late for global gas markets to re-balance during this decade, but could sow the seeds for tighter markets into the next decade.

There has been considerable change in the LNG business over the last decade.

Reducing both capital and operating costs will be a major challenge, which could drive to invest in receiving terminals in partnerships with byers.

 Buyers and sellers will have to work together to develop contracts that recognize the changes that are taking place in gas markets around the world.

Pricing, volume and destination flexibility and shorter contracts durations will be high on the agenda for buyers.
Let me turn to the Kuwaiti Oil Industry’s strategy that would enable us to compete effectively and be more flexible in the uncertain environment.

Competitively priced LNG provides an opportunity to reduce power generation fuel cost by replacing higher valued hydrocarbons with a relatively cheaper and environmentally friendlier fuel for the power stations.

Natural gas improves the efficiency and reduces emissions.

Since 2009, Kuwait has taken the initiative among the GCC countries in importing liquefied natural gas (LNG).

Kuwait has recognized the importance of LNG to cover the shortage in gas in Kuwait especially during summer season from economic and environment point of views.

Kuwait consumes approximately one billion standard cubic feet per day of natural gas, of which 60% is consumed by the refining and petrochemical
sector while the remaining 40% is consumed by the power generation sector.

Summer is Kuwait's peak period of electricity consumption, as soaring temperatures lead to an increase in the usage of air conditioning.

Kuwait is among the countries where power consumption per capita is relatively high.

It is expected that demand for power will be more than doubled from the current level.

This is mainly due to population growth and expanding local industries.

KPC’s strategy for meeting the expected energy demand growth is to focus on increasing the domestic gas production in order to meet the demand growth.

Our plan to meet such high demand is to develop newly discovered, deep and naturally fractured reservoir.

Currently our non-associated gas production is only 130 MSCF/D.
The future challenge is great in term of both volume and complexity of the reservoirs.

In fact, beginning with 2009, KPC has imported LNG, re-gasified and injected into the fuel gas network for power generation during the peak summer months.

This operation is a pioneer in the Middle East and deserves to be a success story that came about by the virtue of teamwork that among the whole team responsible for LNG imports and KPC and subsidiaries.

Meeting power demand is a priority to us, and hence it requires dedicated efforts to get the optimum fuel supply in terms of both environmental and economic aspects among them.

**In conclusion,** Natural Gas will play a leading role in the future, and provides an opportunity to enhance cooperation especially in this region, and the world at large.

**Thank you for your attention.**