Private & Confidential

Your Excellencies, Ladies and Gentlemen,

Good Morning to all of you and I thank you all for joining us today!

I would like to extend my deepest gratitude and appreciation to the hosts, the Government of Thailand and the co-host, the United Arab Emirates, for their warm and kind welcome, and their tremendous efforts in organizing and hosting this event.

Your Excellencies, Ladies & Gentlemen,

This venue is ideal to discuss challenges of mutual interest in an industry with high financial risks and rising costs. The oil industry is facing two major challenges. First of all the requirements of continuing downstream investments that are much needed to keep pace with rising products demand, stringent specifications and the changes in crude oil qualities. Secondly, the Global Oil and Gas Upstream investments have fallen in the last couple of years due to declining oil prices despite a modest recovery in 2017.

During the short to medium-term world GDP and economic growth is expected to grow moderately. Asia, a region of significant importance both globally and to us in Kuwait, is expected to contribute to a significant proportion of global economic growth and energy demand growth.

We expect global refining capacity will undergo additions of around 4.5 mn-bpd. Asia is expected to record the highest expansion of around 2.8 mn-bpd. On the supply side, global crude oil production is expected to increase by over 3.0 mn-bpd while Asian oil production is expected to witness a decrease of around 900 k-bpd in production.

We, as many may agree, believe that Asia will remain the largest oil consumer in the world. Kuwait strongly believes that the Asian market is promising and most rewarding. To demonstrate this, I would like to shed some light on Kuwait's investments and relationship with the Asian continent.

The majority of Kuwaiti hydrocarbons are exported to Asia and currently, Asia's share of Kuwaiti exports is around 85%. To meet this growing demand from Asia, Kuwait Petroleum Corporation has six operating offices scattered around Asia, some of which were established as far back as 1968. Currently, our offices are located in Japan, Singapore, Pakistan, India, China and South Korea.

Also, KPI, which is one of KPC's subsidiaries along with our strategic partners in Vietnam and Japan are in the final stages of operating the Nghi Son Refinery in Vietnam with a capacity of 200,000 barrels per day.

In South Korea, PIC, another subsidiary of KPC has acquired a 25% stake in a joint project with SK Gas. The project, SK Advance, was inaugurated in January this year to build a PDH plant.

We also have high-level talks with China on future energy cooperation.

Your Excellencies, Ladies & Gentlemen,

In the State of Kuwait, we believe that oil will still be an important element of the total energy mix in the future. Meeting the growing energy demand requires sustained investments. The State of Kuwait is committed to meet its role towards the demand growth in the Oil & Gas industry by maintaining its investments despite the sharp decrease in oil and gas prices. The total CAPEX expected to be invested in the next five years in Kuwait exceeds $120 billion.

Our expenditures come from our firm belief that Kuwait, and OPEC members, need to fulfill their role as a reliable suppliers for decades to come.

Our domestic upstream investments aim to increase Kuwait's crude oil production capacity up to four million barrels per day by 2020 and increase natural gas production capacity to one billion cubic feet per day by 2023.

In downstream, we are currently in the process of increasing Kuwait's domestic refining capacity. Al Zour refinery along with our Clean Fuel Project, intends to increase our domestic capacity to 1.4 min-bpd, in line with global specifications and standards. In addition, KPI and Oman Oil Company are in the final stages of discussions on building a refinery with a capacity of 230,000 barrels per day in the southern Duqm region of Oman.

As part of the company's interest in the petrochemical sector, KPC is embarking on preliminary engineering studies for the construction of olefins and aromatics production complex in Kuwait.

Your Excellencies, Ladies & Gentlemen,

Let me conclude my remarks by taking us back to the more immediate short-term reality of today's oil market. The market rebalancing is steadily underway as shown by the declining stock overhang and recent improvement in oil prices. OECD commercial stock overhang was 340 mn barrels in January 2017, and now stands at 159 mn barrels. This is underlined by our commitment to the Joint Declaration of Cooperation signed between OPEC and Non-OPEC countries on December 10, 2016 and reaffirms our commitment to restoring confidence and investment in the global oil market with the aim of promoting market security and stability.

Thank you for your attention.