Keynote Address

by

H.E. Dr. Mohammed bin Saleh Al-Sada

Minister of Energy and Industry

at

the Brookings Doha Energy Forum 2014

Four Seasons Hotel – Doha

2 April, 2014 – 09:45 am

Your Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

I am honored to be back again at the Brookings Doha Energy Forum in its third year … and to be able to address this distinguished gathering.

I would like to seize this opportunity to express my sincere appreciation to the Brookings Doha Center for their kind invitation and for organizing this important event.

The Center's efforts are quite notable in engaging leading stakeholders from across a wide spectrum of domains for a discussion of key public policy issues, most importantly energy.

When we met last year, our discussions focused on the "Implications of the changing global gas market for the Middle East and Asia". That was an important theme, particularly with regards to the shifts and changes in the global natural gas markets brought about as a result of the "unconventional gas revolution".

Since then, a number of new challenges have emerged in the form of geopolitical developments impacting energy markets.

It is therefore quite befitting to focus this year's discussions on "*How Changes in Geopolitics, Political Economy, and Markets Alter the Energy Landscape*."

And let us not forget here, that this landscape is not static … but rather a very dynamic - and often a turbulent one - in which many producers and consumers have exchanged places, and during which a double digit price per barrel of oil is history.

I would like to begin from a major milestone in this changing landscape ... namely America's growing production of shale gas and crude oil. The US Energy Information Administration (EIA) says "this growth will reshape the U.S. energy economy", when crude oil production reaches 9.6 million barrels per day by the end of 2016, which is the historical high achieved back in 1970.

The EIA expects this tight crude oil production to level off and then slowly decline after 2020. On the other hand, it foresees that natural gas production will grow steadily, with a 56% increase between 2012 and 2040, when production reaches 37.6 trillion cubic feet.

Of course, this is all assuming that existing policies, laws, and regulations remain more-or-less unchanged throughout that period.

This energy boom seems to have moved northwards to Canada, which exports most of its oil resources to the United States, representing one-quarter of American crude oil imports.

However, Canada's LNG exports have seen quite a remarkable transition with plans aimed at the Pacific Rim markets.

Currently, there are a number of gas export projects in the western parts of Canada at various stages of permission and development. Their progress will depend on building the required infrastructure, lining up commercial arrangements, and meeting a number of viability challenges including project complexity and rising development costs.

Let us move further east to China, which sits on the world's largest shale reserves. In pursuit of a shale gas boom, China is actively engaged in building a capacity target of 230 billion cubic feet per year, as early as next year.

However, this energy hungry consumer will need to meet a number of important regulatory and technological challenges … but most importantly, it will have to find solutions to providing the huge amounts of water resources needed for hydraulic fracturing.

Also in this global production landscape is Australia, which has an estimated 819 trillion cubic feet of gas reserves; and which is moving forward with efforts to raise its existing LNG capacity within the next 3-4 years. In addition to 3 operating LNG developments, Australia has 7 new projects in various planning and implementation stages, costing more than 200 billion dollars.

These, Ladies and Gentlemen, were some perspectives of the main production-related elements that I thought needed to be highlighted, because of the impact they could have on changing the characteristics of the energy landscape.

However, looking at the world today, we see a different set of elements that are shuffling regional cards, and are increasing the size of the energy geopolitical footprint.

Geopolitical pressures over the situation in Ukraine have caused many energy concerns. But it is not clear yet when, and how hard this situation could affect energy markets. This is mainly due to the many variables of the possible impasse over Crimea.

In the meantime, Russia's European energy partners remain concerned, particularly that almost 20% of natural gas consumed in Europe flows through Ukraine.

But despite the fact that natural gas represented only 22% of Europe's total energy consumption in 2013, the question of energy security in the European Union remains high on the agenda of member states.

Ironically, Europe's strong energy and climate change policies seem to have taken the back seat for the time being, as coal imports rocketed by 23% in 2012. This striking upswing came as many European utilities shut down their modern gas-fired plants, and began burning cheaper coal instead.

While attention is focused on the developments in Ukraine, the eyes of the world remain on Iran in the hope of a new rapprochement with the west. Tensions and threats of an armed conflict raised concerns over the Straits of Hormuz, through which more than 17 million barrels of crude oil are shipped every day.

I believe that no single party has an interest in closing this strategic waterway, which was never closed throughout several decades of geo-political turmoil and three Gulf wars.

Any conflict that would hinder the free flow of energy supplies is an issue that concerns the entire world, which fully understands the ramifications of any action affecting trade routes.

In fact, such a unified international stand with regards to shipping lanes, was best demonstrated in dealing with Somali piracy in the Arabian Sea. It is a testament to International efforts and cooperation to see that hijackings have dropped down to virtually no successful attempts in 2013.

And, finally in this geopolitical snapshot, Ladies and Gentlemen, domestic politics continue to add pressures in Venezuela, one of the world's main oil producers. This has raised concerns over

the country's plans to start natural gas production from the Gulf of Venezuela, where more than 15 trillion cubic feet of gas have been discovered.

As we watch these geopolitical developments, one can not overlook the fact that worldwide energy consumption is expected to increase by about 50% between now and 2035. Almost 90% of such growth is expected to come from non-OECD countries, led by emerging economies like China and India.

Similarly, global LNG demand, which is growing at an average of about 5% per annum, is expected to almost double from around 240 million tonnes per annum in 2013, to 465 million tonnes by 2025.

This actively dynamic map of threats and opportunities, Ladies and Gentlemen, highlights some of the main geopolitical challenges influencing the global energy map.

It certainly is a constant reminder of the huge responsibilities which nations must shoulder in order to ensure development and well-being.

Albert Einstein once said "we can't solve problems by using the same kind of thinking we used when we created them".

This is absolutely true in dealing with today's geopolitical changes.

I believe there is a dire need for new and effective thinking to help reduce tensions, minimize geopolitical risks, mitigate threats to international trade routes, and maintain the stability of energy markets.

It is important in this respect that international dialogue and cooperation are extended to cover market developments, ensuring the security of both supply as well as demand.

In the State of Qatar, we have always been adopting and promoting a policy of peaceful resolution to differences and conflicts in this region, and across the globe.

Qatar has also proved to be a reliable source of energy, with a high ability to meet changing and dynamic market situations.

Our natural gas production in 2013 exceeded 7 trillion cubic feet. This includes 77 million tons of LNG exported to more than 25 countries around the world, pipeline gas exports to the UAE and Oman, and domestic consumption.

As the world's largest LNG supplier, representing a quarter of global LNG supplies, Qatar's prominent position in the global energy market is set to remain for years to come.

Today, the State of Qatar is well placed to meet the increasing demand for gas. And under the wise leadership and guidance of His Highness Sheikh Tamin bin Hamad Al-Thani, the Emir of the State of Qatar, we are also committed to continue meeting our obligations as a reliable energy producer, as a partner in development, and as an active player in ensuring market stability.

In conclusion, Ladies and Gentlemen, geopolitical threats will always be there … and so will our collective resolve and determination to mitigate their impact.

Thank you for your attention … and I wish you all a very successful event.