<u>World Ports & Trade Summit - 28th March 2011</u>

Your Excellencies, Ladies and Gentlemen,

Good Afternoon.

It's a pleasure to be here at this important event, one that highlight's Abu Dhabi's growing importance as a port and a regional trade centre.

Today, we are meeting at a time of uncertainty in the world oil market which is having a major impact on trade and I will talk about that shortly.

Let me start by talking a bit about ADNATCO-NGSCO, the shipping arm of the ADNOC Group of Companies. Abu Dhabi's growing role as a regional trade hub is reflected in the growing importance attached to shipping by the ADNOC Group. For many years, the Group's strategic focus was on the production of oil, gas, refined petroleum products and petrochemicals. Today, owning and operating its own ships is also an equally important priority.

Over two years ago, ADNOC decided that it was important to extend its energy transport to the entire hydrocarbon value chain and embarked on a major new shipbuilding program. A total of fifteen vessels were ordered from shipyards in South Korea ranging from mid-sized oil tankers to bulk carriers. Last week, we took delivery of our sixth vessel and will continue to grow over the coming months into a major regional shipping company with a total fleet of 30 ships including LNG carriers, bulk cargo, chemical products and Ro-Ro vessels.

This is a long term strategic decision taken by the ADNOC Group that is not affected by the shipping market's normal business cycles. I would like to stress that all our vessels have been gainfully employed from the day they were delivered. Indeed, in several cases, the vessels did not sail west to Abu Dhabi from the shipyards but east to pick up their first cargoes.

Our growth will not stop with these fifteen new vessels. The ADNOC Group of Companies has decided to continue its policy of growing its fully-owned shipping capacity and in the process providing an important commercial and strategic capability for the benefit of the Group as a whole. We are looking at a wide range of shipping options that could include VLCCs, LPG and Chemical carriers, and container ships. As ADNOC moves down the hydrocarbon value chain, producing more petrochemicals, more LPG and more sulphur, it makes sense that the Group should have the capacity to take these products to global markets, retaining more value for the ADNOC Group.

Growing our domestic shipping capability has significant knock-on effects for the United Arab Emirates. As our fleet increases, so does employment of UAE nationals – both onshore and at sea – with an important economic benefit for the country as a whole.

Ladies and Gentlemen,

Allow me to make some points about the international oil market and its effect on shipping, trade and the global economy.

It is the nature of markets to get nervous and volatile when faced with geo-political uncertainty, especially when this uncertainty is linked to events in the Arab world. Certainly, recent events in North Africa have impacted oil markets, leading to surging oil prices.

Oil exports from Libya have been adversely affected by ongoing turmoil there. However, as usual in such cases, other OPEC members have stepped in. According to the OPEC, there has been a sizeable increase in production from Saudi Arabia, Angola, Venezuela, Kuwait and the UAE. It is clear that countries with spare capacity – including the UAE - have made this available to international oil companies requiring extra volumes for their refining needs. Non-OPEC countries are also providing the market with extra crude and in 2011 their supply is expected to grow by 500,000 barrels per day.

Indeed, the effective withdrawal of over 1 million barrels a day from the global oil market has been an important test. Are refiners scrambling for cargoes? Has there been a dramatic draw-down in stocks? The answer in both cases is no and that is clear evidence that even without Libya there is plenty of oil in the market. And fortunately, there are no reports of significant damage to Libya's oil infrastructure. Once the present troubles are over, we can expect a quick resumption of oil exports.

International oil markets are choosing to ignore such market fundamentals, preferring to bet on worst-case scenarios leading to a worrying increase in oil prices.

I stress the word worrying, because the world economy is still fragile but with clear signs of resuming growth. The latest data from the OPEC suggests that world economic growth remains robust and continuing improvements have led to improved growth expectations for 2011. The world economy is now set to grow by 4%. The main reason for this is healthy growth in developing countries. China's growth forecast has been increased from 8.8% to 9.0% and India from 8.0% to 8.1%. OECD countries are expected to grow by 2.3%, with the US at 2.9% and both the Euro-zone and Japan at 1.5%.

We need to feed this growth with continued supplies of oil and gas. And accepting that the global economy needs fuel that is reasonably priced, OPEC Members are committed to achieving this in terms of the necessary volumes of crude oil but there is little we can do in terms of price, which is set in international markets. However, by keeping markets well supplied, we are making a significant contribution to ensuring that the global economic recovery does not go into reverse. But it also important that International oil markets should focus on real supply rather than imagined shortages.

Finally, allow me to conclude with some words on an issue that is having a profound impact on international trade. Piracy in the Indian Ocean is a scourge that needs to be ended. The issue is not whether we should arm our ships or sail in convoy. The real issue is one of a failed state in Somalia. The international community needs to get to grips with the root cause of piracy and to work with Somali stakeholders to ensure that a strong government arises able to promote security and economic growth to provide a sustainable livelihood and future for the people of Somalia and regions such as Somaliland.

Thank you.