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**The address of His Excellency the Minister of Energy Sheikh Ahmad Al-Fahad Al-Ahmed Al-Sabah at the ceremony of laying the cornerstone of the petroleum (calcified) coal plant at the Petroleum Coal Industries Company (On behalf of His Highness the Prime Minister)**

**26 April 2006**

Gentlemen, Chairman and members of the petroleum coal industries,

Dear guests,

Over the past twelve years or more, the Supreme Petroleum Council, chaired by His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah enjoyed His Highness's support, during his tenure, the oil sector benefited from his wisdom which led to a huge and comprehensive qualitative leap in its concepts, strategic approaches and development projects. His Highness has launched a number of significant initiatives and enhanced the link and integration of the oil sector with various other economic activities, attached special concern to development, research and transfer of technology, as well as supporting the private sector in its oil production, marketing and services projects. Today, we are celebrating the laying of the cornerstone of the petroleum coal plant considering it the prime fruits of this qualitative leap, the kind attendance and sponsorship of His Highness the Prime Minister Sheikh Nasser Al-Mohammed Al-Ahmed Al-Sabah clearly reflects his resolve to follow up the process of updating and developing the oil sector in the production, refining, processing and marketing fields. Hence, reflecting his intent on the continuation of the development steps and more projects which control the integration between this sector and other economic activities on the one hand, and consolidate cooperation between the private and public sectors on the other.

Your Highness the Prime Minister,

Dear guests,

The global oil industry records, at this point in time, fast pace developments which exceeded the most optimistic forecasts. Hence, the petroleum administration in Kuwait has not taken an observer's seat concerning these developments, but has rather quickly followed up and proposed strategies and policies that ensure their absorption and conformity, and anticipate their impact so that Kuwait may maintain its leading position on the oil and petroleum productions map. I can confidently say that the strategy of the State of Kuwait is marked by aspirations, caution and emphasis on technical and economic considerations without neglecting the social objectives and, health and



environmental criteria. Amongst the most significant strategic goals is for the production of crude oil in Kuwait to reach more than 4 million barrels a day by 2020, expanding the refinery capacity in the country to almost 1.4 million barrels a day, focusing on the rapid development and increasing demand on the petrochemical industries, such as the olefins, aromatics and byproducts. At the same time, this strategy is concerned with updating the fleet of crude oil, LPG (liquefied petroleum gas) and petroleum products tankers, reaching a production of no less than 100 thousand barrels of equivalent oil daily by 2010 for the exploration and production activity outside Kuwait, in addition to investment in the refining and marketing activities in regions with increasing demand particularly in Asia. Perhaps the primary and most important of our oil strategies is to empower the Kuwaiti youth to assume full responsibility for this sector through the great interest continuously demonstrated in programs that develop and qualify Kuwaiti staff on various levels and in all specializations to become capable of carrying out all oil sector tasks and across the sector spectrums; administrative, technical, production, refining, processing, transport and marketing.

On the other hand, economic facts, relative advantage theories and economies of large scale confirm that petrochemical industries will remain the backbone of the industry and processing in Kuwait. Such industries are far reaching and highly diverse, while scientific research and technological development increase the number of its products and their competitiveness in the global markets everyday. In light of this fact, it is no longer admissible for the Kuwaiti oil and petrochemical industry to remain deprived from the expertise, funds and flexibility of the national private sector, and from the technologies and marketing channels of the foreign investor. It is no longer conceivable that the Kuwaiti private sector is kept away from the real industrial investment opportunities in the country. Thus cooperation with the private sector is among the most prominent principles of the new petroleum management in Kuwait, through the privatization of a number of activities and Kuwait Petroleum Corporation's companies, as well as involving the private sector in the oil sector operations and projects. This is in addition to increasing the dependence on the private sector for the contracting, engineering and auxiliary services works, and encouraging it to transfer the oil sector outputs to establish subsequent transformational industries. Therefore, we find that the private sector is currently contributing in the Equate Complex, through Bubyana Petrochemicals Co., its participation in the olefins, aromatics and styrene projects, through Al Qurain Petrochemicals Company, in addition to its acquisition of the oil mixing plant, and previously the chlorine salt plant. A great deal has been accomplished in transferring internal marketing to the private sector through Al Oula Fuel Inc. and Al Sour Fuel Company. According to the study conducted by Kuwait Petroleum Cooperation (KPC) last year, and as confirmed by the directives of the Supreme Petroleum Council, the private sector will be invited to participate in fields and projects in the oil sector including the filling of LPG cylinders, marine agencies, tankers, Kuwait Foreign Petroleum Exploration Company,



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Petrochemicals industry, the fourth refinery due to be established, in addition to the services provided by Kuwait Oil Company for its employees in Ahmadi City. As for the percentage and manner of the private sector participation, it shall differ from one project to another according to the specialization and needs of each project.

Your Highness the Prime Minister,

Dear guests,

In the framework of this strategy of private sector participation in the oil and petrochemical industry (the calcified coal plant which we lay the foundations for today remains distinguished, it is not an existing plant which opens its doors to private sector contribution, neither is it a mere transfer of ownership and management, but a concept and study which has fully transferred from KPC and KNPC to the national and foreign private sector. It is not established on the contract of building and utilizing the plant only, but is backed up by four other plants to supply associated steam to Ahmadi refinery, Transfer coal from Mina Adullah refinery, supply coal and gas as fuel. Therefore, it is the first petroleum project to be fully owned by the private sector. Its operations require a reciprocal and continuous exchange between this sector and various projects in the oil sector. I extend my felicitations to the petroleum coal industry company and all participating parties on winning the bid for this project through transparency and fair competition. I wish all those in charge every success in this bold step, and I take it upon myself to mention and remind them that the fruits they shall reap will in return require them to shoulder a multidimensional responsibility; a national dimension, reflected in embracing and qualifying national staff and rely on them and a political dimension reflected in establishing and proving the capability of the national private sector to successfully enter the private sector, and a professional dimension to stress the technological and marketing feasibility of the foreign partner. I am confident that those in charge of this pioneering project shall live up to this responsibility along with its three dimensions.

May Allah grant us all success in the service of Kuwait and assist us towards its prosperity.

Wassalamu Alaikum Wa Rahmatu Allahi Wa Barakatuh