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Panel 1: Opportunities in the Energy Sector

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U.S.-Saudi Business Opportunities Forum

U.S. Opportunities
In Saudi Arabia's Energy Sector

Good morning and welcome to the second day of the U.S.-Saudi Business Opportunities Forum.

My name is Mike Dolan, and I am a senior vice president at Exxon Mobil Corporation and a member of the ExxonMobil Management Committee.

During my time with ExxonMobil, I have had the privilege of living and working in Saudi Arabia. And I am proud to be a director of the U.S.-Saudi Business Council, which opens doors to U.S. businesses to work and invest in Saudi Arabia.

Since 2009, the Council has led more than a half-dozen major trade missions to the Kingdom ... hosted approximately a half-dozen receptions with Saudi officials in the United States sponsored exhibits at trade shows across the country ... and reached out to 39 U.S. states individually.

The vast majority of these efforts build bridges to new opportunities for small and medium-sized U.S. companies. Many of these successful efforts are in the energy sector. Other opportunities have been created for U.S. companies in the areas of infrastructure, IT, telecommunications, and medical technology.

To continue to strengthen these ties, today I have the pleasure of serving as moderator of this distinguished panel.

Over the next 90 minutes, we will discuss Saudi Arabia's energy sector ... its promising future ... and the many opportunities for U.S. businesses to invest in and partner in the Kingdom's industrial expansion.

This panel brings together accomplished business leaders to provide their insights on living and working in the Kingdom.

Our panelists are Peter Oosterveer, group president of oil and gas at Fluor Corporation ... Jeff Merrifield, senior vice president at The Shaw Group ... Munir Rafie, vice president of materials supply at Saudi Aramco ... and Paul Bonner, business director at Honeywell Process Solutions.

I will provide a more complete, individual introduction for each of these panelists before their formal remarks.

During these challenging economic times, our topic is an important one – not just for Saudi Arabia and the United States, but for the entire world economy. The U.S-Saudi relationship is a lynchpin of the global market for energy – and a frontier of great opportunity.

In 2008, Saudi Arabia attracted more than \$38 billion in foreign direct investment. The petrochemical and refining industry alone accounted for more than \$12 billion of that investment. Historically, the United States has been a leading investor. In 2008, the United States provided more than \$5 billion of the Kingdom's direct investment – including in the critical energy sector.

Energy is the lifeblood of economic growth, technological innovation, and national development. For both developed and developing economies, access to reliable and affordable energy is an irreplaceable building block for advancing standards of living and expanding economic opportunity.

In fact, by the year 2030, global energy demand is projected to grow by approximately 35 percent over 2005 levels. This enormous growth in demand will require the nations of the world to develop all economically viable sources of energy – including hydrocarbons, nuclear, and renewables.

To develop these sources, the International Energy Agency has estimated that the world's energy industry will need to invest some \$25 trillion in new energy technology and infrastructure by 2030.

As we look to the future, few nations in the world will play a more important role in meeting global energy demand than the Kingdom of Saudi Arabia.

For more than 60 years, the Kingdom has been a leader and a reliable supplier of energy to the world.

At ExxonMobil we are proud of our long relationship with Saudi Arabia. We have seen firsthand how the Kingdom's stable public policies and long-term vision have helped Saudi businesses and their international partners provide reliable and affordable energy – energy that has led to increased trade among nations, innovation in products, and expanded prosperity around the world.

We have also seen up close the extraordinary progress and industrial development within the Kingdom. Saudi Arabia's rapid economic growth and expanding energy sector are one of the most impressive national stories of our time.

Saudi Arabia's leaders saw this day coming – and the vision that put this economic expansion in motion continues to open new opportunities.

Thirty years ago, the Kingdom's leaders were already established in the development of natural resources and decided to develop the refining and petrochemical business and encourage other value-added businesses. They wisely sought to leverage the nation's advantaged access to hydrocarbons ... diversify their economy ... and create thousands of new jobs for the Saudi people.

To implement this vision, Saudi Arabia put in place public policies that encouraged international investment, joint ventures, advanced facilities, the transfer of new technologies and local investment. And over this entire time, the Kingdom's leadership has worked for economic and legal modernization to make Saudi Arabia an open and competitive market for international investors and suppliers of goods and services.

Combined with domestic investment, the benefits of these wise policies are impressive. In fact, the Kingdom's business models and public policies have also been emulated throughout the Middle East. For example, we project that within 10 years world trade in petrochemicals will double and the Middle East will be the source for 75 percent of world exports. Leading the Middle East, and thus leading the world, will be the Kingdom of Saudi Arabia.

ExxonMobil has been part of many of the Kingdom's development efforts.

We are proud of our world-class petrochemical joint ventures with Saudi Basic Industries Corporation in Yanbu and Jubail. We are also proud of our decades of work with Saudi Aramco - first in Dhahran and today in Yanbu with our world-class refining joint venture, SAMREF.

For American companies, such opportunities will only grow. Saudi Arabia is applying its proven vision and discipline to expand the energy sector even more.

In the years ahead, there will be increased need for investments and innovations. Our Energy Outlook projects that Saudi domestic energy demand will grow about 75 percent by 2030.

To meet that demand, the Arab Oil and Gas directory forecasts investments in major new energy projects – including \$90 billion for petrochemical projects ... \$90 billion for power generation ... \$88 billion for water desalination plants ... and \$50 billion for natural gas projects.

In refining alone, Saudi Arabia has plans to open three new refineries with total incremental capacity exceeding 1 million barrels per day.

The Kingdom is also preparing for the future by exploring solar and nuclear power. To execute this broad vision, Saudi Arabia is building five new industrial cities and a new rail system to serve the new projects. These general infrastructure outlays will total \$140 billion.

These opportunities will be attractive and profitable because Saudi Arabia is a competitive place to do business.

ExxonMobil has been working in the Kingdom for more than 60 years. We have learned that in pursuing business ventures and building effective policies, the leaders and people of Saudi Arabia are open to meaningful dialogue and to discussions.

They understand the importance of establishing a stable legal and regulatory framework for planning and executing complex energy projects. They also understand the importance of technology for ensuring safety, increasing efficiency, and gaining market leadership. And the nation understands the value of advanced education to provide the engineers, scientists, and technicians needed to be globally competitive.

At ExxonMobil, we appreciate the opportunity to work with the smart and gifted Saudi workforce. The joint ventures in which we participate employ more than 2,330 Saudi nationals, which is more than 93 percent of the workforce. Our ventures are Saudi managed and led, and they maximize local Saudi content in day-to-day operations as well as in new investments.

I look forward to hearing from the other panelists about their experiences in Saudi Arabia. For ExxonMobil, we see the business climate of Saudi Arabia as more than a place filled with opportunities for competitive excellence and shareholder return. We see a model for the world in how to meet the energy challenges of the future through innovation, discipline, and long-term cooperation.

Thank you.