

## Meeting with the United Arab Emirates' Energy Minister, Suhail Mohamed Faraj al-Mazrouei

[On the occasion of the National Day of the **United Arab Emirates** (UAE), the country's authorities invited a number of journalists to Abu Dhabi at the end of November to meet with government ministers and political and economic officials – see our edition of 16 December 2012. The Minister of Energy was one of the senior figures who participated in this year's meetings, and **Arab Oil & Gas** (AOG) was represented at them by the present writer. The country has just celebrated the 42nd anniversary of its independence in 1971. This edition of **AOG** also contains a report on the UAE – see page 15].

Mr. **Suhail Mohamed Faraj al-Mazrouei**, who has been the United Arab Emirates' Minister of Energy since 12 March 2013, is remarkable for one particular feature – his youth. He was born on 1 July 1973 and is thus only 40 years old, which is unusually young for attaining such a position of responsibility in the Middle East (and elsewhere in most cases). The Minister draws on that as an argument for asserting that the UAE's highest authorities are prepared to put their trust in youth, of which he is only one example among others. Mr. al-Mazrouei is composed, speaks in very measured terms, and displays great assurance in dealing with the affairs for which he is responsible.

He has a classic educational background for someone in the energy sector, having studied petroleum engineering in the United States (obtaining a Bachelor's degree from the **University of Tulsa**, Oklahoma, in 1996). He then spent 10 years working for **Abu Dhabi National Oil Company** (ADNOC), which is obviously an unavoidable rite of passage in this industry in the UAE. He is specialized in upstream operations and ended his career with the national oil company as Director of Production and Engineering Facilities for offshore fields, which produced over 1 million barrels/day of crude. In 2004-2005 Mr. al-Mazrouei was seconded to the **Royal Dutch Shell** group, which helped give him an international vision through his participation in projects in the **Netherlands**, the **North Sea**, **Nigeria** and **Brunei**. In 2007 he joined **Mubadala Development Company**, another of Abu Dhabi's state-owned enterprises, where he was responsible for projects in **Bahrain** and **Oman**, but also **Kazakhstan**.

Mr. al-Mazrouei's current portfolio is wide-ranging, since it encompasses hydrocarbons, power, water and minerals, and he clearly intends to breathe a modern vision into these industries. The energy sector has to function efficiently, but it also has to contribute to the development of the UAE's economy and its management has to take account of the requirements of sustainable development. He is both modest and ambitious, pointing out that the UAE is a small country with great ambitions. He returned to this point several times in his remarks to the reporters and during the question-and-answer session that followed. He was not afraid to talk about a "*model*" for Arab countries and developing countries and to point out that his country was one of the most advanced in the area of hydrocarbons. He also stressed the important role played by the UAE in terms of its **cooperation with developing countries**, including in the energy sector in Africa and the Middle East.

Mr. al-Mazrouei was born in Dubai and he does not forget it. He pointed out in particular that many people were skeptical about this emirate's ability to diversify its economy to offset the programmed decline in its oil production. This is now one of the priorities of the UAE as a whole, although the federation does not face the same challenge in view of the abundance of its proven reserves. For several years, however, the country's leaders have decided to put the emphasis on a real diversification of energy sources with the launch of a **civil nuclear energy program**, the first in the Arab world, and the development of **renewable energies**, especially solar power. The Minister also spoke at length about these subjects, stressing the pioneering role played by the UAE, which is hard to dispute. A senior manager of a foreign oil company told **AOG** that he regarded the UAE as the Arab country most committed to solar energy, having developed a coherent and practical strategy for the long term.

Asked about the **2020 Universal Exhibition**, Mr. al-Mazrouei drew a partial link with the activities for which he is responsible, pointing out that the energy cooperation between the UAE and various African countries and the funds allocated to the funding of projects in these countries might have played a part in favor of Dubai when member states of the **International Exhibitions Bureau** met in Paris on 27 November.

The Minister showed considerable equanimity concerning the “*threat*” that the development of **unconventional hydrocarbons**, especially shale oil and gas, could pose for the UAE. In his view, these sources complement conventional hydrocarbons rather than competing with them, and the case of the **United States** is very specific. The U.S. would certainly become self-sufficient in natural gas, and possibly in oil, said Mr. al-Mazrouei, but “*will it be able to supply China and India? I doubt it*” (on this subject, see our report on the IEA’s *World Energy Outlook 2013* in AOG, 16 November 2013). Within **OPEC**, some countries will be affected by this “*revolution*”, but probably not the Gulf states for which **Asia** is the principal market. Moreover, the UAE intends to consolidate its energy relations with Asian countries, including investing directly in the region. Mr. al-Mazrouei pointed out that the UAE had production interests in the Gulf of Thailand and was helping other Asian countries with their exploration programs. The UAE had a special relationship with them and did not simply sell them oil, he added.

Asked by **AOG** about the **oil export pipeline running to Fujairah**, the Minister indicated that its throughput would reach full capacity when the need arose. It gave the country additional export capacity and was not a substitute for existing capacity, he said. It was a new export route that would be used in a variable fashion depending on circumstances. In reply to another question from **AOG** about the **Emirates LNG** project, which entails the installation of an LNG regasification terminal at Fujairah and is being promoted by **International Petroleum Investment Company** and **Mubadala Petroleum**, Mr. al-Mazrouei explained that the UAE needed more natural gas. There was domestic production, gas imports from **Qatar** through the intermediary of **Dolphin Energy** and also imports from Dubai, and in the future there would be the Emirates LNG terminal. With this panoply of sources, said the Minister, the country would obtain all the gas needed for its economy.

On the delicate issue of the renewal of the concession of **Abu Dhabi Company for Onshore Oil Operations** (Adco), a subsidiary of ADNOC that produces around **1.6 million barrels/day** of crude, Mr. al-Mazrouei pointed out that this was a historic decision that would commit the next generation. The matter has been submitted to Abu Dhabi’s **Supreme Petroleum Council** (SPE). The Minister naturally remained very circumspect, pointing out that the renewal process – the current concession expires in January – was characterized by transparency and fairness. The government had confidence in its historic partners, he said [namely **BP**, **ExxonMobil**, **Partex**, **Royal Dutch Shell** and **Total**, which have a 40% interest between them, while ADNOC has a controlling 60% interest. It is already known that Partex will not be a member of the future consortium]. Questioned by **AOG** about press reports that a higher rate of return had been promised to the future shareholders, the Minister replied that he could not comment on that, since the existing foreign shareholders were in competition with other oil companies that were keen to be part of the future consortium. In view of this competition, the die is not cast.

Without raising his voice one iota, Mr. al-Mazrouei had some harsh words to say when asked about the behavior of some when it came to the use of water, an eminently rare resource in this part of the world. He spoke about “*irresponsible consumption*” and referred to a major challenge for the country, for the Middle East in general and for the whole world. Governments did not like their citizens paying too much for essential goods and services, he said, but a reasonable balance had to be found. In answer to a question from **AOG**, the Minister was nevertheless very cautious on the related and central issue of **energy prices**. The UAE was in the process of looking at the question of subsidies, but it was a long process, he said. Whether it was water, electricity or energy in general, Mr. al-Mazrouei stressed the

need to make the whole of society aware of the issues and to implement technologies that reduce the consumption, improve the management and permit the recovery of these resources. He is also banking on the new generation behaving more responsibly.

All this is useful and necessary, but it will obviously be necessary to go further and faster, and the Minister is probably very aware of that. It remains to be seen whether he will be willing and able to move this politically and socially delicate issue significantly forward.

Francis Perrin

#### **The diverse responsibilities of the UAE's Energy Minister**

In addition to his duties as Minister of Energy, Mr. Suhail Mohamed Faraj al-Mazrouei occupies the following positions:

- Chairman of the board of the **Federal Electricity and Water Authority**.
- Chairman of the board of **Mubadala Petroleum Company**.
- Chairman of the board of **Emirates Liquefied Gas Company**.
- Member of the Higher Advisory Committee of the **Supreme Petroleum Council**.
- Member of the board of **Petroleum Development Company**.
- Member of the board of **Dolphin Energy Company**.
- Member of the audit committee of **Abu Dhabi National Oil Company**.