

LADIES AND GENTLEMEN

Welcome to Holland-Welcome to the World Gas Conference.

I presume you all know Gasunie and our gas infrastructure business and if not I'm sure you'll find an opportunity to talk to us and visit our stand.

So, this short talk is NOT a commercial, but it is about Good Commerce.

With the gradual unbundling of infrastructure management from the management of production , supply and trading, separate infrastructure and transport companies such as Gasunie have emerged all over Europe. They meet within Gas Infrastructure Europe (GIE) to align their views and to present them collectively. What are sound business principles for this group?

From our point of view, the Gas Infrastructure sector in Europe practices good commerce if we comply at least with the following key tasks

- give absolute priority to health, safety & environment (HSE)
- build on time what the market needs and is willing to pay for
- work effectively with an adequate return, which reflects the degree of competition and risk for the wide range of activities companies such as Gasunie is involved in
- work together pro-actively on projects to remove bottlenecks in cross-border gas transport.
- We also must facilitate the cross border transport booking process.

These are basic business goals which we at Gasunie wish to pursue.

But, we should not forget that gas infrastructure is a service business, bringing supplies to the market. This means that investment in building up reserves and production is where it all starts, and that gas transport routes must be defined on the basis of deals between producers and consumers.

Here we are confronted with perceptions of market power on the part of sellers and buyers and with politics which tend to aim for the greatest effect in the upcoming national elections.

This affects decisions on projects which have a much longer pay-out period .

In other words

- we plan for projects which should last 50 years
- when our international customer's behaviour is to some extent influenced by market cycles which may last five to ten years
- and we are even more heavily influenced by policy decisions which often have a shorter-term electoral objective.

This brings me to my final point. Europe's main gas infrastructure system is reliable and of a high technical standard. It was mostly designed by the technical departments of gas sales companies, to transport gas sold under long term deals.

We now see changes in supply, in demand and in company set-up which put the builders of infrastructure, especially when they are independent companies, in a new and perhaps more challenging position. When Europe competes for supply, and we believe this will be the case for quite some time to come, suppliers have choices to make. They naturally ask for efficient and accessible downstream markets. Here, Europe's gas infrastructure companies must step up to the plate.

Yes, that may imply more competition. I recognise that some owners of infrastructure assets are more enthusiastic about that than others. But, ladies and gentlemen, we have freely chosen to work in a long-term business which is of vital strategic interest to the international community.

Ignoring local and national interests is unwise, especially when it comes to purely local activity. But I submit to you that the realities of the energy market and its impact on the world economy on which we now all depend so visibly, no longer permit us to hang on to the concepts of national fortresses and national champions.

Competition brings innovation, brings a natural incentive to optimise our products and services, brings growth for those who do their job best. Yes, it can be painful- but it is always less painful than the results of its alternative.

That open approach , together with a more balanced holding of upstream and downstream interests by buyers and suppliers will create security of supply and security of demand. Arm wrestling can be a fun game to watch- but when those same arms should together build a roof under which we all have to live then its time to think about how long the game should last.

I wish you a great World Gas Conference!