



# Petroleum Minister co chairs India OPEC Institutional Dialogue at Vienna

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## **Shri Pradhan emphasised on 'Asian Dividend rather than paying Asian Premium'**

**Stressed on work towards "Responsible Pricing" by OPEC; important for India for socio-economic and developmental reasons**

**The production cut is an attempt to arrest slide in prices; But there is chance of under investment and consumer's needs not being met in long run**

The Minister of State (I/C) for Petroleum and Natural Gas, Shri Dharmendra Pradhan visited Vienna, Austria to co-chair the 2<sup>nd</sup> India-OPEC Institutional Dialogue at the OPEC headquarters. The meeting took place two days prior to the OPEC Ministerial meeting that is scheduled from 25<sup>th</sup> May.

Shri Pradhan held a one-to-one meeting with the Secretary General of OPEC Mr Mohammad Sanusi Barkindo. Later he discussed bilateral issues of interest at a delegation level dialogue. Shri Pradhan highlighted the importance of India - OPEC engagement and discussed on the effects of the production cut of 1.8 mbpd by OPEC and non-OPEC countries on the global oil market volatility.

The Minister said that India had been and continued to be a reliable customer of OPEC countries, the only big economy where the demand for crude oil continues to rise each year. About 86% of India's import of crude oil, 70% of natural gas, 95% of LPG are from OPEC countries. Shri Pradhan also informed about the increasing refining capacity of India and future expansion plans. He also briefed OPEC about the expanding petrochemical sector in India.

In this context, Shri Pradhan underlined the importance of market and reiterated the need to intensify bilateral dialogue to change the nature of engagement from a buyer-seller relationship to an Energy Partnership. He added that in today's oversupplied market, it was important for producers to understand the perspective of consumers and the demand centers and the changes that have taken place in these demand centres. He stressed on the fact that while the security of supplies was important for consuming countries, the security of demand was equally important for producers. In this context, he emphasised the importance of a purposeful and improved dialogue among producer and consumer countries, particularly benefitting India as a fast growing market.

Shri Pradhan reiterated that as a large import destination there should be no 'Asian Premium' on the crude supplied to India and Asian buyers. He highlighted that India provided timely payments and honored all its contractual commitments and demanded due acknowledgment through discount in prices for large volumes that India imports. He added that for a long time OPEC subsidised western buyers at the cost of Asian buyers. Given the importance of Asian market for OPEC, particularly fast growing Indian market which stood by OPEC as a reliable and continued customer, Shri Pradhan emphasised on 'Asian Dividend rather than paying Asian Premium'.

The Minister also stressed that the OPEC should work towards "Responsible Pricing" which is important for India for socio-economic and developmental reasons. It would allow India to provide energy to the common and marginalised people who have been deprived of access to energy so far. Higher crude prices would retard growth rate which will result in slowing down the demand of crude oil.

The Minister highlighted that the Energy Mix in India is undergoing major changes with renewables coming in a big way and pricing of solar energy coming down to 4 cents per unit. There is also a shift in focus to solar, wind, biomass, Electric Vehicles, Hybrid cars etc. He emphasised that the oil Industry is at a delicate cross road and higher crude prices will give a further push to renewables.

On the proposed plan of continued production cut by OPEC and non-OPEC countries, Shri Pradhan said that energy security was a full circle. He said that while the production cut is an attempt to arrest the slide in prices, however, it also has an inherent chance of under investment and consumer's needs not being met in the long run, which is not in the interest of a balanced and healthy global oil and gas market.

The Minister was accompanied by Secretary for Petroleum and Natural Gas, Indian Ambassador in Vienna and CEOs of seven large refiners of India, both from public and private sector including IOCL, HPCL, BPCL, MRPL, HREL, Reliance and Essar. The CEOs also emphasised their points of view during the OPEC meeting.

This was the first time that both public sector and private refiners from India came together to present their common issues, concerns and demands before the OPEC.

Shri Pradhan thanked the Secretary General for hosting the meeting. It was agreed that India will host the next meeting during 2018.



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