

# Complete text of opening remarks by Minister of State (I/C) for Petroleum and Natural Gas, Shri Dharmendra Pradhan at India – OPEC Energy Dialogue at Vienna

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“Excellency and friends from OPEC, it is indeed a pleasure to meet you all here at OPEC headquarters.

- Just before joining you all in this Hall, I had a very good meeting with the Secretary General. We briefly discussed issues that concern both India and OPEC.

- I am happy that we are able to meet at regular intervals to share with each other our perspectives on the global hydrocarbon sector.

- I would like to take this opportunity to thank you all for the arrangements made for this 2nd India-OPEC Institutional Dialogue, just prior to the OPEC Ministerial scheduled two days later.

- I have brought a Group-7 of Indian Refiners. My delegation includes 7 Chief Executives from public and private sector, who head all 23 refineries in India processing 235 Million Metric Ton of crude annually or 4.7 Million Barrel per day capacity. They are important stakeholders, as they import 4 million barrel per day of crude and refine it and market it both in domestic and international markets.

Excellency and friends,

- The India-OPEC dialogue is an important mechanism for us. I would like to give you a general perspective about India’s energy landscape. My colleagues will make detailed presentations during the course of the day.

- Our Government is committed to provide clean and affordable fuel to all citizens of India. Lot of people still do not have ready access to quality energy, and we are expanding access of energy to the poor and excluded segment of the society.

- In the energy sector, the priorities of the government are:

- Energy access
- Energy efficiency
- Energy sustainability
- Energy security

- Towards achieving this, we have introduced several policies and reforms in the hydrocarbon sector. With the reforms and schemes the consumption of petroleum products is fast growing. We are also able to increase the penetration of fossil fuel in the country. With the shifting economic paradigm to the global East we plan to do much more.

- Under the leadership of Prime Minister Narendra Modi, India is having the most stable political situation with solid macroeconomics. We are largely insulated from global slowdown. We have inflation under control, our current account deficit and fiscal deficit are under control.

- Coming to the India-OPEC dialogue, it is crucial for us as we import about 86% of our crude, 70% of natural gas, 95% of cooking gas from the OPEC countries.

- We expect this dialogue mechanism to be a useful tool to convey our position to the OPEC member countries.

- During my last visit to Vienna for the 6th OPEC International Seminar in 2015, I had raised the issue of ‘Asian Dividend not Asian Premium’. The issue of Asian Premium still continues to exist. Our companies pay billions of dollars on this account. They still don't understand the rationale of this cross subsidisation of

tariff between West and the East.

- OPEC should treat Asian markets as Primary markets. It's strategy of incentivising Western markets in the past did not result in retaining those markets.

- I am fully aware that OPEC member countries are in the business of selling oil and not subsidising it. However, my purpose of raising this issue again today is to say that don't subsidise others at our expense. I urge the OPEC and through you also to Non-OPEC countries to purposefully consider this.

- The other issue I have been raising is that OPEC should work towards "Responsible Price" which would allow major consuming countries to provide energy to the common people. Higher prices would force them to go for alternate forms of energy which would be slowing down the demand of crude oil.

- The energy mix in India in last 3 years has changed with renewables coming in a big way and pricing of solar energy coming down to 4 cents per unit. There is huge pressure to shift focus to solar, wind, Electric Vehicles, Hybrid cars etc. Yesterday I saw video of Lockheed Martin developing Hybrid Aircrafts. We need to realise that the oil Industry is at a delicate cross road and higher crude prices will give a further push to renewables.

- I believe the purpose of setting up this Institutional Dialogue is to exactly serve this purpose, and to have a dialogue between OPEC as a producer and India as a consumer, to sensitise each other's concerns and to better understand our perspectives.

Excellency and Friends,

- I would like to inform that India is growing consistently at a rate above 7 % annually. The growth rate in the energy sector is over 7-8%, which is double the rate of many developed markets. With increasing demand and consumption, we are increasing imports and also our refining capacity.

- Today, our annual refining capacity is 235 MMT of which 194 MMT of products are consumed domestically, while the rest is exported. At the same time our energy consumption is expected to double in the next 15 years. We are in fact net exporters of Gasoline, Naptha, Jet fuel and Gas oil. We are in the process of increasing our refining capacity around 310 MMT by 2023. India is fast becoming a refinery hub.

- We are also investing about US\$ 80 billion in Petrochemicals in next 3-5 years.

- Excellency and friends,

- India has three important resources:

- i. Technology;

- ii. Human resources; and one which connects these two

- iii. Market, in fact one of the largest markets.

- This is supplemented by a strong, dynamic leadership of Prime Minister Modi.

- Technology has changed the very fundamentals of our industry. In India it has helped us to become more effective and efficient. We have been able to set up complex and efficient refineries and petrochemical complexes in India. These refineries can refine all kinds of crude from different parts of the world.

- Indian engineers today have mastered the technology in refining sector and have set up large and complex refineries with high efficiency. Last year our engineers built a state-of-the-art refinery in Paradip in the Eastern part of India. It is one of the most advanced refineries in India with a Nelson index of 14. It is our effort to continuously upgrade our personnel to meet global industry standards.

- Presently, India's per capita energy consumption is 0.55 tons of oil equivalent, which is far below the global average of 1.9 tons of oil equivalent. The energy consumption is expected to grow to almost double by 2035.

- All the three factors have placed India in a very unique position which makes us an important customer who cannot be neglected. There are similar customers in our part of the world, however, India is the only country where the demand will continue to rise for more than a decade.
- This is where the need for revisiting our engagement with OPEC is felt important.
- I would like to highlight that there is a vast resource base of non-conventional oil and gas to explore and develop. In fact, the revolution in shale technology in the USA is an important contributor to today's level of oil prices.
- I would like to also underline here the importance of market. In today's oversupplied market, it is important for producers to understand the perspective of consumers and demand centres and the changes that have taken place in these demand centres.
- As the security of supplies is an important factor for consumers, security of demand is equally important for producers.
- I understand that energy security is a full circle. We all know that 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. We are not just sellers and buyers, we are Energy Partners.
- Given the technological advances and scenarios that might develop and in order to benefit from the available global spread of energy resource base, we are engaged with several non-traditional producers and suppliers. Our Group of Seven Refiners, who are here today, are working out details of the strategy to buy cargos, including from the USA and Canada, which happens to be becoming very competitive.
- Our government is working to make India as a gas based economy. We are creating several gas based infrastructure in India, including adding of another 14,000 kms of gas pipelines to the existing 16,000 kms pipelines. We are building mega refineries, petrochemical complexes and LNG terminals.
- In this context, we are confident that the India-OPEC engagement will prove to be a very productive dialogue mechanism to grow together.

Thank you."

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