

FICCI

SUMMIT REVIEW INDIA-AFRICA 2ND HYDROCARBONS CONFERENCE DECEMBER 7-8, 2009

Excellencies, Distinguished Delegates from Africa and India, Senior representatives from Government of India, Representatives from our co-organisers - FICCI, Colleagues, Ladies and Gentlemen:

I am happy to be with you at the concluding session of the two-day 2nd INDIA-AFRICA HYDROCARBONS CONFERENCE. This Conference has been the initiative of Ministry of Petroleum and Natural Gas and the Federation of Indian Chambers of Commerce and Industry, with valuable support of Ministry of External Affairs with an objective of bringing India and Africa closer in hydrocarbons sector so that both countries can create win-win situation for each other. I am confident that the deliberations of various sessions here would mark the beginning of a new chapter in cooperation and collaboration between India and African nations. That was exactly our purpose when we conceptualized this unique platform for policy and business interaction between two sides I trust that all of you have benefited from your participation.

Let me capture a few significant suggestions offered by our experts providing us a roadmap for future cooperation:

- India and African nations have enjoyed long historical and cultural ties. However, in view of present opportunities that exist for both sides in the hydrocarbon sector, the potential for mutual cooperation is significant.
- African countries are very important for India as they are home to 10% of global proved crude reserves and 8% of proved gas reserves and could be a great E&P destination for Indian companies for investment and joint ventures, vast market for project management services, cross border pipeline projects, future source of LNG and resource base for technical manpower in areas like pipeline engineering.
- On the other hand, India offers a great investment opportunity to African nations particularly for investments in the upstream sector, market for hydrocarbons as well as infrastructure development. India is also an evergreen source of trained human manpower for African nations to build local resource base for technical manpower especially in IT applications in hydrocarbons sector.

- India and Africa would form a south-south partnership with long-lasting cooperation opportunities in upstream, midstream and downstream business, Infrastructure, SMEs, R&D, SWAP markets, integrated projects, project management optimisation, IT services, energy economics etc.

I am pleased to share with you the brief outcome of the two-days conference:

- Delivering his inaugural address, Mr. S.M. Krishna, Hon'ble Union Minister for External Affairs called for establishment of a truly global and competitive energy market for long-term benefit for producers and consumers. He said that as the fastest growing democracy, India offered a mutually advantageous hand of partnership for the African hydrocarbon sector.
- Hon'ble Union Minister for Petroleum & Natural Gas, Mr. Murli Deora called for "Synergy in Energy" with African Nations. He said, India was a stable long-term and growing market for Africa's natural gas sector and was keen in participating in existing and upcoming LNG terminals in Africa.
- During his Special Address, H.E. Dr. Emmanuel Egbogah, Presidential Adviser on Energy Matters, Federal Republic of Nigeria invited Indian companies to operate in the Nigerian oil & gas sector. He shared that Nigeria was undertaking a comprehensive reform of its oil and gas sector which would provide opportunities for investment for Indian companies.
- H.E. Mr. Jose Gualter dos Remedios Incocencio, Hon'ble Vice Minister for Petroleum, Republic of Angola, emphasized that Angola offers a liberalized market, opportunities for investment, transportation and distribution of gas and engagement of people in new refinery projects. He also gave priority to local national partnership. This view has also been supported by other dignitaries at the Conference.
- H.E. Mr. Nkoghe Bekalen Julian, Hon'ble Minister for Mines, Petrol and Hydrocarbons. Republic of Gabon emphasized on development of Infrastructure for liquifaction of gas and petrochemical plants in Gabon. He showed that the Gabonese government had introduced a tax incentive policy in hydrocarbon and mining sector and invited Indian companies to build long-term India Gabon relation's. He also shared that Gabon is 3rd largest producer of Manganese and have reserves of several important minerals like Platinum, Potassium and Iron ore.
- H.E. Mr. Emmanuel Armah Kofi Buah, Deputy Minister of Energy, Republic of Ghana showcased opportunities for investment in four main Basins namely East, West, Central and Voltaian Basin. He observed that a lot of companies are actively exploring Ghana in West Basin. He also mentioned that the fiscal and legal framework, petroleum exploration

law, petroleum tax law are the pillars laid out for huge investment. Various investment opportunities that he shared are in the field of onshore support pipeline, real estate, construction etc. He said strong macroeconomic growth can be driven by investment and transparent regulatory environment.

- Mr. Benhammou Mohammed, Executive Director of International Activities, Sonatrach, People's Democratic Republic of Algeria said that Hydrocarbon Industry accounts for around 46% of GDP proceeds and hydrocarbon exports cover 98% of hard currency resources of the country. He said that Algeria is a major energy supplier to the world, follows as first in LNG, second in NGL and LPG, third in natural gas producer. He emphasized that Algeria was keen on building a top position in Atlantic Basin in upstream and downstream sector.
- Mr. Mahmoud Latif, Chairman, Egyptian Natural Gas Holding Company, Arab Republic of Egypt said that Egypt has vision to achieve the global objective to improve energy security, supply diversification and has developed infrastructure to create a regional energy hub. He pointed out Egypt has the capability to export more gas by pipelines and LNG. I am pleased to share that Egypt has invited Indian companies to invest particularly in the areas of geological surveys, E&P of oil and gas, hydropower generation and coal sector.
- Mr. Olu Ogunfowora, General Manager (BD), Oando Plc, Federal Republic of Nigeria highlighted the ongoing developments in downstream sector in Nigeria which offer huge opportunities for Indian downstream companies. He shared that they are looking forward to discuss and contemplate collaborations with Indian counterparts.
- In his presentation Dr. C.S. Jain, Executive Director-Chief, CEC-OG, Oil & Natural Gas Corporation Ltd said that large part of Basinal area have not been explored properly and still huge investment is required to develop small and medium size fields. He shared With the participants that OVL has as many as 40 projects in 13 countries ONGC is willing to collaborate in E&P. Gas business and infrastructure development and looking for partners In progress.
- Mr. N.M. Borah, CMD, Oil India Ltd. emphasized on accelerated E&P and fast track exploration to development stage. OIL is ready to leverage its strength in Seismic-API, IOR/EOR and its competitive edge in drilling in deeper horizon.
- Mr. Sarthak Behuria, Chairperson, Indian Oil Corporation Ltd. expressed his concern on project viability and emphasized on the importance of transportation, storage and marketing of LPG dealership and grow competence in strategic & operational areas.

- Mr Ashok Sinha, CMD, Bharat Petroleum Corporation Ltd. emphasized on Indian project management capabilities and tapping skilled and semi skilled Manpower and decrease time from project conception to production output.
- Mr. B.C. Tripathi, CMD, GAIL (India) Ltd. expressed interest in collaboration for pipeline project in Africa and offered its expertise in Gas infrastructure projects, gas processing and petrochemical business. He stressed on project management capabilities, construction projects, infrastructure, marketing and product development. He has offered equity participation in LPG supply and equity swap for degasification terminal.
- Mr. Alok Mathur, CEO-East Africa, Essar Energy Ltd. highlighted the challenges faced by the African refining sector and suggested investments in infrastructure facilities like captive power plants and to provide local manpower training. He also proposed investments in developing LPG infrastructure in East Africa.
- H.E. Barthelemy Kassa, Minister for Petroleum & Mineral Research, Republic of Benin said that Benin has enormous potential of hydrocarbons and has high quality of oil. Great research is being carried out in coastal sedimentary basins. In 2006, Benin has carried out a series of reforms and initiatives including fiscal and tax incentive code. In his address, he outlined specific blocks where Indian companies could participate. Hon'ble Minister also offered cooperation to Indian companies in signing contracts.
- H.E. Mohamed M Mohamud, Asst. Minister for Energy, Republic of Kenya shared that Kenya offers opportunities in the fields of infrastructure development particularly Jetty construction, updating refining technologies, upgradation and expansion of pipelines, additional storage facilities among others.
- H.E. Dr. Emmanuel Egbogah, Presidential Adviser on Energy Matters, Federal Republic of Nigeria shared that the Nigerian hydrocarbons sector has evolved its policy and regulatory framework. Three regulatory bodies one each for upstream, midstream and downstream have been constituted. A R&D centre for promoting capacity building in the hydrocarbons sector has been established. The Minister, however, identified two major challenges inadequate funding for oil sector development and need for development of gas infrastructure and invited Indian companies for forging Joint ventures for economic development of the country.
- H.E. Ms Angelina Jany Teny, Hon'ble Minister for Energy & Mining, Republic of Sudan shared that Sudan is probably the most underexplored country in comparison to its potential reserves of

hydrocarbons. Out of 22 blocks, 3 blocks still await exploration. In addition, the Minister reflected upon the opportunities for cooperation for HSE functions of the hydrocarbons sector.

- H.E. Mr. William Mganga Ngeleja, Hon'ble Minister for Energy & Minerals, United Republic of Tanzania enumerated the broad areas for cooperation in the oil sector. These included greenfield refinery construction, pipeline construction, storage reserves and bulk procurement of petroleum products. In the gas segment, the opportunities identified included setting up of gas-based power plants, fertilizer and cement units, coal-to-liquid technologies for methanol production, CNG/ PNG for domestic and transportation needs and export of natural gas. The Minister specifically invited Indian companies for exploration and development of oil & gas projects and for setting up of LNG terminals in PPP mode.
- H.E. Mr. Hilary Onok, Hon'ble Minister for Energy & minerals Development, Republic of Uganda shared that exploration activity is full swing and the country offers huge reserves of hydrocarbons. The country intends to develop medium to large refineries, implementing short to long term plans to develop its resources, development of power projects by private sector, EPC services etc. Uganda also offers lucrative investment incentives which include a 10-year tax holiday on import of tools and equipments for E&P operations.

Conclusion:

At the conclusion of the conference, I would like to list the opportunities of collaboration as follows:-

1. Investment by Indian Companies in E&P Opportunities in Africa. They should aggressively widely participate in the various rounds in African Countries which are rich in resources. The countries have evolved their own processes. Indian companies should in the first instance, develop expertise in understanding the African procedures and dealing with the African processes.
2. In several countries there are opportunities in investment in the downstream sector. There could be an opportunity for setting up small refineries. From the African side, there should be a system of providing downstream marketing rights.
3. There exists openings for upgradation of facilities by the Indian companies particularly in the project management. Indian companies should participate in such opportunities for petroleum infrastructure upgradation.
4. The Government of India would like to offer facilities for upgradation of human resources. This could be for students, executives and training for

trainers. This could be suited to the specific requirements of the countries. We welcome proposals in this regard.

5. There could be formation of joint ventures between India and African companies. This could be in the areas of E&P and downstream projects. Joint venture could also be formed for exploring specific assets and ventures. The African side should design this.

6. The service providing sector also offers significant opportunities. The African countries are welcome to let us know the areas of infrastructure development, services and any bundling of opportunities they would like in the oil & gas sector and Government of India would facilitate in activating the interest of the Indian companies.