



2ND INDIA – AFRICA HYDROCARBONS CONFERENCE
DECEMBER 7-8, 2009, NEW DELHI

Inaugural Address by Shri S. Sundareshan, Additional Secretary Ministry of Petroleum & Natural Gas, Government of India

On behalf of the Ministry of Petroleum and Natural Gas of the Government of India, I extend a very warm welcome to all of you to the 2nd India-Africa Conference on Hydrocarbons,

The first India-Africa Hydrocarbons Conference was held in November 2007 and was a great success, with participation from 25 countries in Africa. The interactions between Indian Oil and gas sector representatives and their African counterparts at the first India-Africa Hydrocarbons Conference facilitated Hydrocarbons cooperation agreements between India and the various African Countries, cooperation in the area of Research and Development and technology transfer increased trade of crude oil and petroleum and training in India of technical and managerial personnel of the African oil industry.

Since we met last, I would like to place on record the remarkable achievements made in the upstream and downstream sectors in the recent past. For a geographical region thought to be devoid of any significant hydrocarbons potential, the production of Natural Gas in the Krishna Godavari basin has come as a shot in the arm for the country. With production from the KG-D6 fields set to touch of 80mmscmd in the coming months, the country's domestic production of Natural Gas will get doubled. The commencement of crude oil production from the Mangala fields in Rajasthan in August 2009 is another happy development in India's upstream sector. At its peak annual production, the field will contribute about 25% of the country's domestic oil production and will help reduce India's crude oil import bill by about 8% at the current prices.

In my view, India's downstream sector has witnessed a silent revolution in the past decade, which has gone largely unnoticed. Today, the world's largest single refining complex is not in the United States or the Middle East but in the Indian state of Gujarat at Jamnagar. With an investment-friendly pricing policy in place, the country's installed refining capacity has gone up from 62 MMT to 178 MMT in 2009. Presently, three new grassroot refineries are under construction at Bathinda, Bina and Paradip with a combined capacity of 30 MMTPA, which are expected to be commissioned by the end of March 2012. Apart from these, the ongoing capacity expansion programmes in different public sector refineries are projected to contribute another 25 MMTPA capacity by the year 2012. Thus, the refining capacity in 2012 is projected to be 233 MMTPA against the projected demand of around 148 MMTPA.

Over the last 5 years, India has emerged on the global map as a major refining hub and has turned into a net exporter of petroleum products. Export of petroleum products during

2008-09 contributed earnings of \$26.2 billion, making finished petroleum products the highest foreign exchange earner for the country, in the 'merchandise' category. These positive developments at home encourage us to resolutely pursue our goals in the oil and gas sector.

Projections show that by mid century there will be 9 billion people on the planet. IEA has forecast world primary energy demand growing by 1.6% per year through 2030, requiring an investment of one trillion dollars per year till 2030. Providing access to energy at affordable prices and in an environmentally sustainable manner is the major challenge that policy planners and governments face today.

Africa is turning out to be one of the most lucrative energy destinations for investment for Indian oil and gas companies owing to its huge oil and gas reserves. Africa has 9.5% of the World's oil and gas the region is starved of energy owing to inadequate and poor infrastructure etc. While some countries of Africa like Nigeria suffer from electricity shortages, 56% of the natural gas produced in Africa continues to be exported. So Africa needs to address the issue of energy poverty and Indian oil and gas companies are keen to offer its services to develop its energy resources for the good of its people.

We wish to explore more opportunities for equity investment in your country. With out proven expertise in refining, consultancy, training, infrastructural developments etc, we perceive potential for mutually beneficial business tie-ups between India and African countries.

India is giving high priority to African countries in the Hydrocarbon Sector at present.

OVL has made their significant presence in many of the African countries in the upstream sector and also a number of social schemes in Africa.

GAIL started investment in Africa in 2004 by investing around USD 22mn in three companies in the business of city gas distribution & CNG in Egypt.

India has keen to partner the African nations by offering its expertise for the development of Oil & Gas sector. At the same time we look up to Africa to meet India's energy needs through export of LNG and other petroleum products since Africa is emerging as one of the important destination in the Oil production.

Imports of LNG in India are rising to meet the growing gas demand by various sector of the economy. Africa exports around 62 bcm of LNG. India can be a stable and long term market for Africa's LNG. Africa's gas reserves could be utilized for setting up gas based downstream industries like petrochemical, power and fertilizers plants.

Excellencies, I strongly believe that this Conference will help to create better understanding of the capabilities of African countries in the field of oil and gas and, in the process, build even stronger, mutually beneficial and enduring partnership of the strategic dimension between Africa and India. This Conference offers an opportunity to all stakeholders in the hydrocarbons sector to interact closely and discuss potential long-term tie-ups in the form of equity investments, joint ventures, cross-country investments, technology transfer, supply of equipment, consultancy services etc with major oil companies like ONGC, IOCL, BPCI, HPCL, GAIL, EIL and Petronet LNG.

Wishing a great success and positive results, I thank all of you.