

3rd India-Africa Hydrocarbons Conference
9th December, 2011 at The Grand, New Delhi

Inaugural Address by Shri S. Jaipal Reddy

Shri Pranab Mukherjee, Hon'ble Finance Minister

H.E. Ms. Irene Nafuna Muloni, Minister of Energy & Mineral Development,
Government of the Republic of Uganda

Excellencies, Oil Ministers, High Commissioners and Ambassadors from African
countries,

Shri G.C. Chaturvedi, Secretary, Petroleum & Natural Gas

Shri Mariwala, President, Federation of Indian Chambers of Commerce and Industry

Captains of the Oil and Gas Industry,

Distinguished Delegates,

Ladies and Gentlemen

It is always a pleasure to be amongst friends from Africa. India acknowledges the role played by Africa in shaping the destiny of a young Indian lawyer called Mohandas Karamchand Gandhi, who eventually went on to become the Father of our Nation. India and Africa, both having emerged from the yoke of colonial rule are faced with the same development challenges and issues, and there is much that they can learn from each other. Thanks to our shared historical experiences, there is an instant emotional connect between India and Africa and we find ourselves on the same wavelength, espousing the same causes and issues at different international fora.

As we meet today, I would like to recall Pt. Jawaharlal Nehru's prophetic words at the Asia-Africa, Conference held at Bandung, Indonesia in 1954: "We have met here because of an irrepressible urge amongst the people of Asia and Africa. We have met because mighty forces are at work in these great continents, moving millions of people, creating in their minds urges and passions and desires for a change in their condition. We are determined not to fail. We are determined, in this new phase of Asia and Africa, to make good. "

It is on this solid foundation of socio-cultural affinity and political goodwill that India and Africa can build new structures of mutually-beneficial economic cooperation. Any long-lasting relationship has to be based on mutuality of interests and

interdependency. It is my belief that Africa as a hydrocarbon-rich continent, at the threshold of rapid economic growth, can partner India, in our collective quest for energy security and economic development of our respective regions and peoples.

It is with this vision that we have sought to institutionalize the India-Africa Hydrocarbons Conference as a mechanism that facilitates the meeting of oil Ministers, policy makers, administrators and industry leaders at regular intervals, and provides a comprehensive platform for deliberations and consultations aimed at boosting trade and investment between India and Africa, in the oil & gas sector.

India is the world's 4th largest oil importer after USA, China and Japan. With a 1.2 billion population and an economy that has consistently grown at 8% or more annually, India's energy needs are rising fast. Thanks to the accelerated employment generation schemes in India's rural areas, a huge market is opening up in the country. It is this steadily expanding domestic market that has insulated India from the adverse effect of the global economic recession and is a guarantee of India's rapid economic growth.

During the next five years, India's demand for liquid petroleum products is projected to grow at a CAGR of 4.7% while the demand for gas is expected to grow at a CAGR of 14%. Presently, natural gas accounts for around 10% of India's primary energy basket as against the world average of 24%. Since natural gas is a more versatile fuel besides being environmentally benign, the Government has embarked on a path of increasing the use of this fuel in the country's energy basket.

India is increasing its current RLNG regasification capacity from the current 13 million tons per annum to well over 30 million tons, by 2015. To carry gas across the length and breadth of India, 8,000 kms of gas pipelines are being laid while another 5,000 kms are under the bidding process. All these are pointers to the attractiveness of India as a stable gas market with an assured demand.

While on the one hand, we have the exponential rise in India's energy demand, on the other we have Africa emerging as the latest and most promising entrant to the world's oil and gas producers' club. At the end of 2010, Africa accounted for proved oil reserves of 132 billion barrels, i.e., 9.5% of the world's proved oil reserves. In oil production, Africa accounted for 478 million tons per annum which was about 12% of the world's total oil production. India, on the other hand, accounted for 4% of the world's consumption. The complementarity of the two regions is too obvious to be missed.

Excellencies, Africa finds pride of place in India's efforts to diversify its sources of oil import. From about 22 million tonnes per annum during 2004-05, the import of crude oil from the African continent has increased to more than 35.31 million tons during 2010-11. Today, as much as 21.5% of India's crude oil imports are from Africa. In the years ahead, we seek more crude oil and LNG from Africa.

Excellencies, we note with a degree of excitement that hydrocarbon discoveries are being announced in Egypt, Algeria, Libya, Tunisia, Uganda, Angola, Gabon, Ghana, Cameroon, Mozambique, Chad, Cote D' Ivoire, etc. Over the next 10 years, Western and Southern Africa are perceived to be the fastest growing regions for oil & gas. We note that there are more than 30 international oil companies and foreign NOCs operating in Africa today, to cash in on these opportunities.

Excellencies, acquiring equity oil & gas assets overseas is one of the important components of enhancing a country's energy security. Today, India's oil companies are present in around 24 countries. In Africa's upstream sector, India is present in Sudan, South Sudan, Libya, Nigeria, Gabon, Timor Leste, Egypt, Mozambique, while in the downstream sector, our companies are operating in Egypt, Kenya, Uganda, Tanzania and Mauritius.

Our companies are also interested in farm-in opportunities in producing blocks, especially in Libya, Algeria, Egypt and Nigeria. Our preferred approach would be to go in Joint Venture with Africa's National Oil Companies. Our companies such as GAIL, PLL and IOCL are interested in sourcing LNG on long-term basis from Africa; explore possibilities of equity participation in existing /proposed LNG liquefaction projects; business opportunities in gas processing and gas- based petrochemical projects in Africa; and farm-in opportunities in producing gas blocks for conversion to LNG and dispatch to India.

One of India's biggest success stories in the recent past has been the phenomenal growth in its refining capacity. From about 62 million tons per annum in 1998, it has grown to 194 million tons per annum currently, and this is projected to reach 238 million tons per annum, by 2013. Many of you may be surprised to learn that the world's largest integrated petroleum refining complex is located not in the Middle East or Houston but at Jamnagar, in the Indian State of Gujarat.

Today, India has emerged as the 5th largest refining country in the world, accounting for 4% of the world's refining capacity. During 2010-11, India exported 50 million tons of refined petroleum products. With our refining capacity increasing further, this figure is likely to touch about 70 million tons by 2014, making India one of the world's major exporters of petroleum products. With Africa's economic development picking up momentum and its energy demands rising, India is keen to become a dependable supplier of petroleum products to Africa.

In fact, with India importing increasing quantities of oil & gas from Africa and exporting back increasing quantities of refined petroleum products, the two regions can enter into a long-term and self-sustaining relationship, based on inter-dependence and reciprocity. India's refineries have already begun exporting petroleum products to markets in Africa, and it is expected that trade in this sector will blossom even further.

India has considerable expertise across the hydrocarbon value chain starting from the upstream to the downstream, from construction and operation of pipelines to marketing infrastructure and retail networks. Engineers India Limited and other companies in the sphere of design, engineering and project management consultancy, are keen to offer their expertise in areas of petroleum refineries, petrochemicals, oil & gas processing, laying of cross-country pipelines, setting up terminals and depots, LPG plants, etc. Engineers India Limited has implemented projects for the National Oil Companies of Algeria, Cameroon, Congo, Ethiopia, Ghana and Mauritius.

The thrust of India's approach to Africa is to build an enduring partnership for sustainable development, based on principles of equality, mutual respect and mutual benefit. As an instance, I would like to mention that our premier public sector oil companies - ONGC, IOCL and GAIL will be offering training to 450 technical personnel from Africa's oil and gas sector over the next three years, under the umbrella of the India-Africa Forum Grants in aid for Human Resource Development and Capacity Building.

We see the India-Africa Hydrocarbons Conference not as a one off event but as an integral part of an emerging India-Africa partnership in the hydrocarbon sector. I am sure our deliberations over the next two days, covering the technical sessions, G2G and B2B meetings will see not only a meeting of minds but also result in mutually-beneficial business deals. With these words, I have the privilege of announcing the 3rd India-Africa Hydrocarbons Conference open.

Thank you.