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**TEXT OF THE SPEECH OF FINANCE MINISTER AT 3<sup>RD</sup> INDIA-AFRICA  
HYDROCARBONS CONFERENCE**

New Delhi: Agrahayana 18, 1933  
December 09, 2011

**Following is the text of the speech of Union Finance Minister, Shri Pranab Mukherjee delivered here today at the 3<sup>rd</sup> India-Africa Hydrocarbons Conference:**

“I am very happy to be with you all at this third India-Africa Hydrocarbons Conference. It is an honour for us to receive the dignitaries from the African countries. I thank you for coming here and taking this opportunity to reinforce our mutual commitment to further deepen the cooperation between India and Africa, particularly in the vital energy sector.

Africa has always had a special place in our hearts. India’s links with Africa are civilizational. They are anchored in centuries of trade across the Indian Ocean, in the shared struggle against the yoke of colonialism, in our endeavour of post-colonial nation-building, and in our common quest to unshackle our people from the bondage of poverty, disease, hunger, illiteracy and apartheid.

Today, as Africa emerges into a new era of rapid economic development, we watch in admiration and fascination the multifarious developments taking place in the continent. India’s vision of the 21st century sees a dynamic role for Africa as an emerging growth pole of the world. Our approach to cooperation with Africa is consultative, responsive and based on Africa’s own assessments of its needs. We are confident that in the days to come, India and Africa will continue to work together and contribute to making the world a better place to live in.

We meet in difficult times. The world economy, just as it was beginning to show some signs of recovery, is facing renewed uncertainty. The likelihood of another global economic slowdown appears to be a real possibility. The civil strife in the Middle-Eastern countries has also

contributed to uncertainty and specifically to stickiness in international oil prices. The US has suffered an unprecedented debt-rating downgrade.

It is experiencing slow growth and high unemployment. The sovereign debt crisis in Europe continues unabated. The emerging market economies which were contributing significantly to world growth and rebalancing of the global economy are facing problems of inflation and some loss of momentum in growth. Business sentiments are down. Food inflation and high fuel costs, in times of weak global growth and outlook, are taking a heavy toll in economies like ours.

In such a situation, it would not be prudent to treat hydrocarbon assets as a zero-sum game or see them through the antiquated producer-vs.-consumer prism. We, the producers and consumers, must together look to forge a truly global, integrated, open and competitive energy market for our mutual benefit. It is with this perspective that India seeks to build long-term partnerships with oil-rich African countries to address our energy security needs.

Today, India has emerged as the world's fourth largest oil importer, behind USA, China and Japan. With a population of 1.2 billion and a USD 1.8 trillion economy, growing at 8 per cent or more in the recent past, India's energy needs are growing exponentially. India seeks new partnerships with oil and gas-producing countries of the world. I mention the word 'partnership' to underline a relationship of mutual respect and mutual benefit. At the end of 2010, Africa accounted for proven oil reserves of 132 billion barrels, and an oil production of 478 million tons per annum, which was about 12 per cent of the world's total oil production. The beneficial synergy that can be created between Africa and India need not be over-emphasised. The India-Africa Hydrocarbon Conference is a forum to take forward our partnership in the energy sector.

We have been trying to diversify our sources of oil and gas imports so as to reduce our dependence on any particular region of the world. As a result the import of crude oil from the African continent has increased from about 22 million tonnes per annum during 2004-05 to more than 35 million tons during 2010-11. Today, more than one-fifth of India's crude oil imports are from Africa, with the major suppliers being Nigeria, Angola, Algeria, Egypt, Cameroon Equatorial Guinea and Sudan.

India's refining capacity, at 194 million tonnes per annum is set to increase to 238 million tonnes by 2013. This means that we need about 40 million tonnes of additional crude per annum. Similarly, our Government's emphasis on increasing the share of Natural Gas in the country's energy basket from the present 10 per cent to about 20 per cent makes it necessary

to look for increasing our LNG imports. To meet this growing demand for crude oil and gas in India, Africa will play a major role in the coming years.

For enhancing our energy security, India is interested in acquiring equity in oil and gas assets overseas. Today, India's oil companies are present in around 24 countries including in Egypt, Kenya, Uganda, Tanzania and Mauritius. The total overseas investment by our public sector oil undertakings is about USD 13 billion which includes two pipeline projects in Sudan and Myanmar.

Just as we seek investment-friendly policies in Africa, we too have taken several steps to attract international investment in India's oil and gas sector. The New Exploration Licensing Policy launched in the year 1997-98 has seen investments of 14.2 billion dollars and has resulted in 87 oil and gas discoveries. Three blocks are already in production. This new policy offers all the necessary ingredients of a favourable investment climate, macro-economic and fiscal stability, transparency and the rule of law, contract stability, minimal policy-induced uncertainties and a stable legal and regulatory framework. Moreover 100 per cent Foreign Direct Investment is allowed in exploration, marketing infrastructure for petroleum and natural gas, pipelines for petroleum products and natural gas, LNG re-gasification infrastructure, petroleum refining, subject to the Government's regulatory framework. We have just completed the 9th round of bidding under this policy framework covering a sedimentary area of about 88,000 sq km, which saw participation by 37 companies including 8 foreign ones.

One of the crucial questions that confront all resource-rich countries is how natural endowments can be best utilized to build a diversified economy, ensuring economic and social development. Since the relentless quest for new energy sources is expected to continue all around the world, including in Africa, it must be ensured that such exploitation takes place in an equitable and environmentally sustainable manner.

In the case of hydrocarbon sector, which has a direct bearing on economic growth, investment in human resources and technology is an important area that demands attention. In that context, India would be happy to be in the forefront to share its experience and expertise with its African partners. We could assist in covering the entire supply chain of the hydrocarbon sector, from exploration to refining and on to distribution, transportation and storage. It is vital that over a period of time, investment in the hydrocarbon sector should directly assist in the capacity building of a trained and skilled work force capable of efficient operations of the assets.

It is my firm belief that India and Africa are poised for a long-term partnership in the hydrocarbon sector based on mutuality of interests. In the days to come, we will witness growing investments by Indian companies

in Africa and vice versa. It is for us as policy planners, administrators and captains of industry to collaborate in this great enterprise to create the right conditions for the growth in the investments and trade between India and Africa. I am confident that the deliberations over the next two days will prepare the stage for realizing our common objectives and our future vision.”

**SS/GN**