

India – UAE bilateral investments

Ministry of Petroleum & Natural Gas

India – UAE bilateral investments

Posted On: 13 FEB 2018 3:09PM by PIB Delhi

Opening statement of Minister of Petroleum & Natural gas Shri Dharmendra Pradhan at his media interaction here today.

“I want to share with you some historical milestones in the India-UAE oil and gas relations which were accomplished during the State Visit of Prime Minister Modi to the UAE during Feb 10-11.

Prime Minister Modi made a State Visit to UAE on Feb 10-11 at the invitation of the President of UAE, Sheikh Khalifa bin Zayed Al Nahyan. You are all aware that in the last two and half years since Prime Minister first went to UAE in August 2015 there has been huge intensification of India's engagement with UAE with four high level, Head of Government visits between the two countries.

UAE continues to be an important supplier of crude, LNG and LPG to Indian market. UAE is the 5th largest import source and accounts for about 6% of our total crude imports. UAE is also the 3rd largest source of LPG and POL.

As you are all aware, India is already the 3rd largest consumer of energy in the world. It is the 3rd largest importer of oil and 4th largest importer of gas. Propelled by an economy that will grow to more than five-times its current size by 2040, Indian energy demand is forecast by the International Energy Agency (IEA) to grow by more than any other country in the period to 2040 and account for one-third of total incremental growth. This also provides for an ideal setting for India and the UAE to strengthen its hydrocarbon engagement.

Two highlights of PM's visit were the signing of the Concession Agreement between an Indian Consortium and ADNOC for award of 10% stake in Lower Zakum Offshore oil field, and an Agreement between Indian Strategic Petroleum Reserves Ltd (ISPRL) and ADNOC to operationalize the filling up of a strategic petroleum reserve cavern in Mangalore.

Let me provide you some details of the significance of the two historic agreements signed.

The Concession Agreement awards 10% participating interest in Abu Dhabi's offshore Lower Zakum oil field to a consortium of Indian Public Sector companies which comprises ONGC Videsh, IOCL and BPRL. The Agreement, effective from March 9, 2018, was signed at the Royal Palace in Abu Dhabi on Feb 10, 2018 in the presence of Prime Minister Narendra Modi and His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi.

The offshore concession in favour of the Indian consortium has taken our bilateral engagement in the oil and gas sector to a golden phase which is in sync with the comprehensive strategic partnership between our two countries. India and the UAE have progressed from a buyer-seller relationship to an era of mutual investments in the oil and gas sector. This will be the first Indian upstream investment in a producing asset in the Gulf region and in the Middle East. The Agreement reflects the vision of Prime Minister towards strengthening hydrocarbon linkages with the UAE on a win-win basis.

From a current production of 400,000 barrels per day, the production will peak at 450,000 barrels per day by 2025. Indian share of oil will be 10%, i.e. about 2.24 MMTPA at peak production. Average share for India will be 1.75 MMTPA for next 40 years. Total cumulative share of the Indian consortium will be 70 MMT over the next 40 years.

The Concession Agreement will directly boost India's energy security. Indian share of 900,000 barrels of DAS Crude for March, 2018 and 1.2 million barrels for April, 2018 has already been offered by ADNOC. Participation will provide a valuable platform to Indian upstream companies to work alongside the international majors and thus expose them to the latest state-of-the-art technology and management practices.

The second significant Agreement was between the Indian Strategic Petroleum Reserves Ltd (ISPRL) and ADNOC to invest in the strategic crude oil storage facility in Mangalore. ADNOC will invest about \$ 400 million by way of storing crude in one ISPRL underground rock cavern in Mangalore of capacity 5.86 million barrels (0.81 MMT) Period of storage will be 3 years with automatic extension of 2+2 years.

UAE will be the first country which will participate in India's Strategic Petroleum Reserves Programme. It is befitting that a strategic partner like the UAE is also India's valued partner in the area of SPR.

The oil storage facility will help boost India's energy security, as well as enable ADNOC to efficiently and competitively meet market demand in India and across the fast developing south east Asian economies. The initial Oil Storage And Management Agreement was signed in January 2017, during the State Visit by H.H Sheikh Mohamed bin Zayed to India as Chief Guest at India's Republic Day celebrations.

Friends, with the Lower Zakhum acquisition, Indian oil and gas PSUs have investments in 27 countries. You will recall that Indian PSUs made a major acquisition in Russia in 2016. Indian PSUs - ONGC Videsh, IOCL, BPRL and Oil India Ltd jointly acquired 49.9% stake in Vankor oil field and 29.9% in Tassurakh at an investment of US\$ 5.5 billion. This gave India equity oil of 15 MMTOE, which is about 40% of our annual domestic production.

It is a commitment of the government to increase and diversify India's overseas upstream footprint and to boost India's energy security. In this regard, I have just shared with you some concrete recent efforts of the Government. "

PP/AD

(Release ID: 1520423) Visitor Counter : 0

Read this release in: [Tamil](#)

END

crackIAS.com