

AHEAD OF 'HOWDY, MODI!', INDIA STRUCK BIG-TICKET LNG DEAL

Relevant for: International Relations | Topic: India - USA

PM Narendra Modi at a meeting with CEOs from the energy sector in Houston. PTI

Petronet, an Indian liquefied natural gas (LNG) importer, has decided to invest \$2.5 billion in American company Tellurian Inc., in an agreement that will give India access to up to five million tonnes of LNG a year.

The MoU, an updated version of the one signed in February, was exchanged here by officials in the presence of Prime Minister Narendra Modi in his first engagement after landing here. Under the agreement, the finalised deal is due to be completed by March 31, 2020.

Symbolic value

"Increasing natural gas use will enable India to fuel its impressive economic growth to achieve Mr. Modi's goal of a \$5-trillion economy while contributing to a cleaner environment," said Tellurian Inc. president and CEO Meg Gentle in a statement after signing the new MoU.

Officials said that while the MoU still needed to be negotiated, the announcement had symbolic value at the start of the Prime Minister's visit to the U.S., showing India's intent to become a major energy buyer for American companies.

Ahead of Sunday's rally with U.S. President Donald Trump, the Prime Minister met heads of 17 energy companies to speak about the potential of the Indian market and listened to their views on the challenges of supplying oil and also investing in India.

According to a senior official, the companies were "appreciative" of India's purchases of U.S. oil and gas, which have more than doubled in the last year. They also pointed to certain systemic issues with the Indian market during the two-hour meet.

Among the issues raised by the businessmen, who included the top leadership of ExxonMobil, BP, Schlumberger, Cheniere, Total and other big energy companies, were problems with arbitration and the dispute resolution mechanism in India.

Some asked Mr. Modi to consider a unified Ministry for all energy issues instead of separate Ministries for Petroleum and Natural Gas, coal and renewable energy to streamline processes.

Upbeat on economy

"The CEOs lauded the government's efforts towards ease of doing business, steps taken towards deregulation in the [energy] sector ... and were upbeat on the Indian economy," External Affairs Ministry spokesperson Raveesh Kumar said.

Government officials said the massive investment from India in Tellurian's \$29 billion Driftwood project would "create 50,000 direct and indirect jobs" in the U.S., and would support manufacturing in 18 U.S. States.

However, senior officials who were present at the meeting refused to comment on how soon

India would be able to consume the amount of LNG the MoU insulated, in order to justify the investment.

In 2011, GAIL (India) Ltd., a stakeholder in Petronet, had already entered into a 20-year contract to buy 5.8 million tonnes a year of U.S. LNG, split between Dominion Energy and Cheniere Energy, but India has had to resell much of its American intake due to lower demand.

The announcement of the Tellurian MoU, which was reported by *The Hindu* on Friday, was anticipated as a “big-ticket” investment announcement during the Prime Minister’s U.S. visit.

Meanwhile, Commerce Ministry officials are still negotiating with the U.S. Trade Representative’s office in Washington in the hope of announcing a limited trade deal next week, which is expected to be announced after the bilateral meeting between Mr. Modi and Mr. Trump on Tuesday. Officials are discussing lifting of tariffs, and a possible restoration of export subsidies for India under the Generalised System of Preferences, which the Trump administration withdrew in June.

Subscribe before price increase to get unlimited access at just Rs.12 per week.

Already a subscriber? [Sign in](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Enjoy reading our articles without intrusion from advertisements.

A select list of articles that match your interests and tastes.

Move smoothly between articles as our pages load instantly.

A one-stop-shop for seeing the latest updates, and managing your preferences.

We brief you on the latest and most important developments, three times a day.

*Our Digital Subscription plans do not currently include the e-paper or Android, iPhone, iPad mobile applications and print. Our plans enhance your reading experience on the website.

Support The Hindu's new online experience with zero ads.

Already a user? [Sign In](#)

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com