

International Relations Conference 2015

Link West: India and the Gulf

Session: “The Gulf Region in India’s Energy Security Landscape”

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Distinguished members in the audience, ladies & gentlemen.

First of all, I would like to compliment Symbiosis School of International Studies for organizing this international relations conference which focuses on India's linkages with the Gulf region.

The word **Symbiosis** means synergy between different groups of people. Symbiosis School of International Studies very well epitomizes Symbiosis going by the fact that it has been the education hub for students from 80 different countries.

I am happy to learn that Symbiosis School of International Studies is progressing well on the path to contributing to India's efforts of promoting good international relations.

India looks at the **Gulf region** as part of its **‘Extended Neighborhood’** with only the Arabian Sea separating the two landmasses. Historically, there has been trade, cultural and people to people contact with this region.

Hon'ble Prime Minister Shri Narendra Modi has put high emphasis on not just '**Looking East**' but also '**Linking West**'. This has set the direction to the shaping of a focussed '**Link West Policy**'.

The **strategic importance** of the countries of the Gulf combined with the **economic interdependence** and presence of a **vibrant Indian diaspora** in these countries have helped emergence of a very **unique relationship between India and the Gulf countries.**

India's **bilateral trade** with countries in Gulf region is substantial and growing rapidly. As a matter of fact, India's total trade with only the 6 GCC countries rose from US\$ 5.55 Billion in 2000-01 to US\$ 133.74 Billion in 2014-15, which signifies a phenomenal growth of 2300%.

In this region, **UAE** is India's largest trading partner while **Saudi Arabia** is the second largest trading partner.

The Gulf countries together supply **over 60%** of India's crude oil imports. Saudi Arabia has consistently been among India's largest oil suppliers. In 2014-15, India imported 35 Million Metric Tonnes crude oil from Saudi Arabia which signifies nearly 20% share of India's total crude oil imports. Iraq, Kuwait, Iran and UAE are the other major crude suppliers for India in the Gulf region.

The total **Petroleum Product import** from Gulf was of the order of 8 Million Metric Tonnes in 2014-15 with Qatar, UAE, Saudi Arabia & Kuwait being the major sources.

It is well known that **Qatar** presently is the single most important **source of LNG** for us. In 2014-15, Qatar supplied nearly 11 Million Metric Tonnes LNG to India, which translates into roughly 79% of India's total LNG imports.

Similarly, we source sizeable amount of **fertilizers** from this region from Oman.

Let us recall some well-known statistics on energy consumption. While the **world** consumes 12000 Million Tonnes of Oil Equivalent (MTOE) of energy resources, **India** consumes merely **4.4%** of the world total at 524.2 MTOE. By contrast, India's population is nearly **17.5%** of the world population.

If we look at **India's Energy Mix**, we find that Coal is 53%, Oil is 30%, Gas is 8% while the rest 9% is accounted for by Nuclear, Hydro & Renewables. Even though some progress is expected in the field of renewable energy generation in India, our dependence largely on fossil fuels is expected to continue.

While we have a stated policy to diversify our sources of energy import, our energy imports from the Gulf region would continue to remain high.

India is the nearest big market for their energy resources and Gulf countries are our nearest big and reliable source of energy. It is, therefore, that the Indian Government is working on building **comprehensive energy partnership** with key Gulf countries.

In line with the “**Link West Policy**”, the Government is steadily increasing its engagement with Gulf countries at the **Government-to-Government** level while also encouraging **Business-to-Business** interactions between Indian companies & the companies in the Gulf region.

We had the visits of Foreign Ministers of Oman, Bahrain, Iran & the UAE to India in the space of last one year or so. We also had a visit of the **Emir of Qatar** to India in March this year. During the course of his visit, we discussed avenues to step up our existing LNG tie-ups as well as Qatari investments in Indian oil & gas projects.

I was in **Saudi Arabia** in October last year where I met the Minister for Petroleum and Mineral Resources. We had wide-ranging discussions on the world, Asian and Indian oil markets, India's additional requirement for crude oil and LPG, investment opportunities, cooperation in Research & Development, and related global issues. We have invited Saudi companies including **ARAMCO** to participate and invest in

crude oil storage facilities and down-stream industries in India.

Most of you would be aware of the successful visit of PM Modi to UAE in August 2015 which has given a new impetus to India-UAE relations. The two countries have agreed to establish **UAE-India Infrastructure Investment Fund**, with the aim of reaching a target of USD 75 billion. We also want to

increase our bilateral trade with UAE by 60%
in the next 5 years.

The India-GCC Free Trade Agreement,
which is in under negotiation, could help
beginning of a new era of trade.

During last 17 months, I have held meetings with my counterparts from Saudi Arabia, Iran, Kuwait, Iraq, UAE & Qatar. I can speak with confidence and sincerity that India and Gulf are inseparable energy partners.

During the interactions, I keep stressing that we need to graduate from the present '**Buyer Seller**' relationship to a more vibrant **Energy Partnership**.

There is potential that India can receive big investment from the Gulf countries in Refinery, Petrochemical, Retail and Marketing, Exploration and Production and Strategic crude reserve. Indian public and private sector companies can similarly make big investment in E&P, Refinery and EPC services there.

In other words, we need to **diversify our energy cooperation** in entire value chain of oil and gas and **think of long term sustainable partnership**. In this context, we have made a case for doing away with the **Asian premium**, which is a higher price that we have been paying over the years in comparison to what the Americans and

Europeans pay. It is high time that big buyers like India get **Asian dividend**.

Approximately **6.5 million Indians** are working in only the GCC states namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates in different domains. These huge bulks of skilled and unskilled workforce from India are playing very significant role in the development of

the host countries, including in their oil & gas sector.

The **Indian diaspora** in the Gulf region also makes major contribution to India by way of remittances in their parent states which indirectly adds to the growth of Indian economy. They act like bridge-builders and economic connectors.

Moving beyond energy, there is immense **scope of co-operation with Gulf countries in several other fields** including real estate, engineering goods, transport equipments, IT solutions, pharmaceuticals & healthcare, education, banking & financial services, etc.

India as a big, vibrant market and PM Modi's strong and dynamic leadership have gained traction in International scenario leading to **emergence of India as a favoured investment destination.**

Emaar Properties, one of UAE's leading real estate companies, chose India for its investments in the Indian realty sector.

Few months back, **Blackrock** had organized the visit of a delegation of big investors to India which had a number of important investment funds of the Gulf region.

A number of Indian institutions of higher studies have opened **international campuses** in the UAE and other Gulf countries. I feel that more such initiatives would help both the bilateral trade relations as well as the large Indian diaspora spread across Gulf countries.

My ministry has also undertaken skill development initiatives relevant to the hydrocarbon sector. I believe that this would help Indian unskilled/semi-skilled workers in the Gulf to move up the employment ladder.

With these words, I would like to conclude my speech. I look forward to your views & comments on what more the Government needs to do in the Gulf region to improve our energy security. Thank you all.

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