

Union Finance Minister calls Petrotech a benchmark for technology exposition in this part of world

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Petrotech 2014 came to conclusion with an inspiring valedictory address by Union Finance Minister Mr. P Chidambaram at India Expo Centre, Greater Noida on January 15, 2014.

Calling theme of Petrotech 2014 ‘**Vision 2030: Emerging global energy basket-challenges and opportunities**’ as topical, Mr. Chidambaram said that he was sure that the conference had seen thought provoking discussions among the global hydrocarbon experts and the energy gurus.

“What you take away from the conferences such as Petrotech can be incorporated into shaping the future agenda of countries in more holistic and sustainable manner” he said.



Union Finance Minister P. Chidambaram speaking at the Valedictory session of Petrotech-2014

Congratulating the Ministry of Petroleum and Natural Gas and ONGC for organizing this event and making it a splendid success, Mr. Chidambaram said the fact, that such distinguished and geographically diverse fraternity came together, gives us confidence that there is widely shared sense of solidarity for the challenges that we face.

Mr. Chidambaram also elaborately spoke about diverse issues impacting global economy and role of energy security for emerging nations like India.

Speaking on the White Paper on energy prepared by McKinsey which he released at the valedictory, he said that it underscores the challenges if we continue business as usual and also gives us a glimpse of opportunities if we work hard towards energy security by 2030. *(For the transcript of his speech, scroll down)*



Dignitaries on the dais: (From Right) Mr Sudhir Vasudeva, CMD ONGC and Chairman Petrotech; Mr Vivek Rae, Secretary Petroleum; Mr P Chidambaram, Union Finance Minister; Dr M Veerappa Moily, Union Minister for Petroleum & Natural Gas; Mr R S Butola, Chairman IOCL; and Mr N K Verma, Director (E) ONGC

Earlier, Minister of Petroleum & Natural Gas, Dr. M. Veerappa Moily thanked the participants at the Conclave saying, "Our cup is full with rejoice and fulfillment."

Dr. Moily noted that this year's Conclave was the best till date and will serve as a benchmark for future conclaves. He further said: "PETROTECH-2014 has set a roadmap for 10th round of NELP. Blocks have been offered to the bidder and unlike earlier procedures, this time will not offer the blocks first and clear them later. This time we are committed for the development in these blocks and intend to do them in one go."

However, for Dr. Moily the highlighting event of this year's conference was the MoU that was signed with Mozambique. "They are anxious because they want to lend out a friendly hand."

He also spoke about talks with Sudan and Turkmenistan and promised that by "August 2017 gas will be at India's borders."

At the beginning of the Valedictory Session, Mr. Sudhir Vasudeva, Chairman, PETROTECH and CMD, ONGC delivered the welcome address. He thanked everyone and making the Conclave a success and observed that it has become a benchmark for growth in energy.

Mr. Vivek Rae, Secretary, Ministry of Petroleum & Natural Gas quoted celebrated author Daniel Yergin and said: "You can't really know how much oil you have until you start digging. It's time we start doing that."

Later Mr. R. S. Butola, Chairman, Indian Oil Corporation Limited accepted the flag for the 2016 Conclave that will be conducted by IOC.



Passing the Baton: Mr Sudhir Vasudeva, CMD ONGC passes on the Petrotech Flag to Mr R S Butola, Chairman IOCL for organizing the 2016 Petrotech Conclave

Towards the end, Mr. N. K. Verma, Director (Exploration) ONGC highlighted the salient points of the four-day Conclave.

Transcript of address of Mr. P Chidambaram:

I thank you for inviting me to deliver the valedictory address at the conclusion of Petrotech 2014. Petrotech 2014 the biennial international event organized by Indian hydrocarbon sector under the aegis of Ministry of Petroleum and Natural Gas has positioned itself well at the confluence, the rising currents of two developments. Firstly rise of India as an energy destination and secondly the pressing need of greater technological collaboration in the energy sector.

Petrotech has become a benchmark for technology exposition in this part of the world. I understand that its rising significance in the global oil and gas calendar has meant increasing participation over the years. As the technology changes rapidly it is imperative that such events deliberate what has been, what is, and what can be.

Petrotech plays a very crucial role in connecting energy strategists. This gathering has brought together Govt leaders, policy makers, entrepreneurs, corporate leaders and professionals across the world on a common platform to further advance their cooperation in the energy sector through dialogue and discussion on the issues that affect the energy industry.

The theme of Petrotech2014, 'Vision 20130: Emerging global energy basket-challenges and opportunities' was topical. The energy scene is changing radically and rapidly on account of host of factors including

development of breakout technology that has enabled monetizing new categories of hydrocarbon reserves that were hitherto not commercially viable. I understand that the plenary track of the Petrotech 2014 focused on the changing energy landscape. I am sure the last three days has seen thought provoking discussions among the global hydrocarbon experts and the energy gurus. What you take away from the conferences such as Petrotech can be incorporated into shaping the future agenda of countries in more holistic and sustainable manner. They will also determine the road map of growth of the oil and gas in the times that are both challenging and promising. The fact, that that such distinguished and geographically diverse fraternity came together, gives us confidence that there is widely shared sense of solidarity for the challenges that we face.

I am told that the 30 theme based technical sessions offered an opportunity for the scientists and technologists, especially young engineers, to deliberate on cutting edge technological developments. In addition the conference featured the digital paper presentation track that covered the entire gamut of the hydrocarbon sector addressing issues like demand management, development of talent pipeline, sustainability and local community development, carbon management and disaster management. The conference I am told also reviewed technological advancements in upstream, midstream, downstream, LNG, and unconventional hydrocarbons. I am confident that your participation in the technology track made it intellectually enriching for all participants.

Let me take this opportunity to congratulate the Ministry of Petroleum and Natural Gas and ONGC for organizing this event and making it a splendid success.

Excellences', ladies and Gentlemen, let me now share few thoughts with you on our energy and security concerns. After years of rapid growth the global economy hit a speed breaker and following the global financial crises of September 2008 quickly descended into what is now called the Great Recession. Recovery has been slow especially in Europe. The signals from other advanced industrial economies except US and Germany are mixed. Among the emerging economies there is still uncertainty and a sense of crisis. According to the world economic outlook, 2014 promises to be slightly better than 2013. Let us hope that going forward, there will be steady recovery. As the international economy recovers and regains its balance one thing is certain demand for oil will pick up. Whatever supply overhang is there will be quickly absorbed. The old dilemma will raise its head once again. Oil consuming countries will demand lower and stable prices; oil producing countries will demand high and assured prices. I recall the time in 2008 when crude oil prices touched USD 147 a barrel, if I may say so, virtually robbed every developing country of about 1-2 percent of its growth rate. Concern about energy security is therefore not a thing that we can claim has been put behind us for good. As long as oil market is defined by asymmetry between the demands of oil consumers and oil producers the concerns about the energy security will remain. And as long as these concerns remain, I am afraid that there will be volatility in global crude oil prices. Market unfairly and so called strategic deals will only further muddy the water by overvaluing or undervaluing the oil assets. I wonder that we can hope for a day when oil consumers and oil producers will read the same script. I may also point out that the global energy basket is changing radically on account of developments of the advance economies as well as the emerging economies. These changes could significantly impact as well as potentially alter conventional energy global trade routes and our understandings of what are energy destinations.

How does the situation that I described above effect India for the better or for the worse. India remains one of the fast growing large economies of the world in fact the second fastest. If you take the September 2008 global financial crisis as a watershed, in the years that followed we have grown at 8.6% in 2009-10, 9.3% in 2010-11, and 6.2 % in 2011-12 and the last number I am told is likely to be revised upward. It is true that there has been a slowdown in year 2012-13 and the current year. The slowdown reflects the worldwide trend. As the global economy recovers, as new measures take effect, I am confident, that Indian economy will also get back step by

step to the high growth path within three years.

Ladies and Gentlemen, we are acutely aware that the growth can be secured only with strong financial foundation. We are aware of the need to raise adequate resources, expand them wisely and remain within prudent fiscal limits. On more than one occasion I have reiterated our unflinching commitment to contain the fiscal deficit to 4.8% of the GDP in the current year and I do so again today. We will then reduce it by 0.6% every year until we reach the target of 3% in 2016-17. Our efforts to contain the current account deficit have yielded splendid results. Last year we faced a daunting number of USD 88 billion. For the total imports of USD 491 billion, the oil import alone amounted to 164 billion, needless to say that the developing country like India can't afford such a huge import bill or such a high level of CAD. Therefore we were constrained to take some hard measures including conservation measures and these measures have helped us contain the CAD. I am glad to be able to say that the CAD in the current year will be approximately USD 50 billion.

Any developing country that grows at a fast rate will need resources. Energy is a key resource and the hydrocarbon sector has become the focus of all policy planners in every large country. We need to discover and exploit our own energy resources, we also need to secure energy supplies from abroad. Given the size of our economy, our potential and our need, India has become one of the essential focal points for the oil and gas reserves in the Asia Pacific region. Consequently, India is also fast becoming an important player in the global arena. Initiatives taken by our oil companies in recent years have been quite impressive. Nevertheless, India will remain an energy deficit country for many more years. The McKinsey report that I released little while ago, underscores the challenges if we continue business as usual and also gives us a glimpse of opportunities if we work hard towards energy security by 2030.

Our energy deficit has affected us in many ways. 24147 MW of power capacity is stranded for lack of gas. Nearly 3.4 million tons of fertilizer can't be produced for lack of gas. Our foremost challenge is therefore to bridge the energy deficit and going forward to ensure our energy security.

To our friends gathered here from oil producing and gas producing countries let me say that India is a good long term bet as your partner for cooperation in the energy sector. However, let me hastened to add consumption is not the only story that we bring to the energy table, India is globally recognized state of the art refining center. Our refining capacity has increased from 62 MMTPA in 1998 to 215 MMTPA today. Beside, our energy companies have proven expertise over entire oil and gas value chain. We offer ourselves as a huge market for energy products and as investment and technology partner in the oil and gas sector. I am sure that many of you have already recognized these attributes of India and we look forward to working with countries and companies that acknowledge India's status and contribution. Ladies and Gentlemen, once again let me offer my congratulations to the Ministry of Petroleum and Natural Gas and ONGC. Let me offer all of you my felicitation and gratitude for the participation in this important conference. I hope you had pleasant stay in India and I wish all of you safe journey home and very best for the future.