

Energy Transport Infrastructure Be Financed By International Financing Organizations Like World Bank : Jitin Prasada

Shri Jitin Prasada Calls Upon ASEM Members To Develop Clean, Renewable And New Energy Sources

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Shri Jitin Prasada, Minister of State for Petroleum & Natural Gas has suggested that energy transport infrastructure like oil & gas pipelines should be financed by the international organizations like World Bank. Addressing the opening session of First ASEM Ministerial Conference on Energy Security at Brussels today, Shri Prasada stressed that such initiative would be important in overcoming bilateral or regional complexities. He expressed hope that the ASEM participants will come up with new approaches and initiatives to address the rising energy anxiety so that a global energy architecture for common benefits could be re-worked.

The Minister also felt that ASEM members should actively pursue synergy in energy through development and utilization of clean, renewable and new energy sources where the developed members have advantageous in know-how, R&D, technology and capital while the developing members have strong market demands. He advocated cooperation on mutually beneficial business models based on market access and through technology transfer.

On the sideline of the conference, Shri Jitin Prasada had bilateral talks with Dr. Do Huu-hao, Vice Minister, Min. of Industry and Trade, Vietnam and Mr. P.D. Hazi Mohammad Bin Hazi Daud, Minister of Energy, Brunei regarding about the mutual interest in the field of exploration, oil and natural gas.

Following is the text of the speech by Shri Jitin Prasada during the opening session of the First ASEM Ministerial Conference on Energy Security at Brussels:

“I am delighted to be in this beautiful city of Brussels. At the outset, I would like to thank the European Commission for its most timely initiative in organizing this Conference. The issues relating to energy security are indeed most challenging, though we are confident that this august assembly would be able to come up with some concrete suggestions to the difficult task facing us.

For a developing country like India, the energy security task is gigantic. For example, India would need to sustain an economic growth rate of 8-10% over the next 25 years, in order to eradicate poverty and meet its human development needs. India is a hugely energy deficit country where half the population does not have access to commercial energy. Presently, we depend to the extent of 75% or more on imported crude oil. For us, energy security addresses not merely economic growth but also more basic human needs of sustenance and poverty eradication. Under these compulsions, any suggestion that a country like India is exerting

pressure on energy supplies and therefore on energy prices is not only misplaced but also misconstrued. We need energy to fight poverty. Needless to mention that India's energy consumption on per capita terms is amongst the lowest vis-à-vis other fellow developing countries, not to mention developed countries.

The issue looming before us is how, where from and at what cost can we fulfill our energy needs in a sustainable manner. The functioning of international oil and gas markets in a transparent manner is most important from India's point of view. Unfortunately, the global energy market is far from perfect and has in recent years been hugely susceptible to non-market considerations. No one can forget the rollercoaster ride of last year which took the prices to a skyrocketing high of \$ 147 per barrel. Such high prices were clearly unsustainable. The recent trend of rising oil prices is again threatening a renewed volatility, which is neither in interest of producing nor of consuming countries. Developing and emerging economies are particularly hard hit by this volatility, which adversely impacts on their developmental activities and national economic plans. We are confident that an appropriate regulatory mechanism will be put in place to check unhealthy speculative practices and bring about transparency to crude oil market.

It is a matter of satisfaction that energy concerns are now beginning to be addressed through important forums like ASEM. It is through such interactions that countries will be encouraged to develop a cooperative framework through greater dialogue and openness in the global energy market.

We, in India, support global initiatives that strengthen mutual energy security by promoting a truly open, competitive and globally integrated energy market and which ensure the long-term interest of both the producers and consumers. India is for revamping the architecture of the global energy by encouraging a participatory model based on diversification of energy sources, stability of energy supplies, security of energy transportation and creation of new energy infrastructure and its protection.

We strongly feel that the time is ripe for out-of-the-box solutions which can revitalize the global energy scenario. At the Jeddah Energy Meeting last year, we advocated adoption of a price band mechanism to obviate crude price volatility. We have also suggested that international organizations, like the World Bank, can facilitate financing of energy transport infrastructure, like oil and gas pipelines, to overcome bilateral or regional complexities. We have also proposed that suppliers and buyers should enter into long-term sale and purchase agreements not only for the purpose of supplies but also for prices to bring stability in oil prices. We are sure that ASEM participants together will come up with new approaches, initiatives and ideas that can address the rising energy anxiety so that we can rework out the global energy architecture for common benefit.

We are aware that ASEM members, especially EU members and East Asia countries, are among the most important consumers of traditional energy such as petroleum, whose overall consumption accounts for about two third of the world's total consumption. As the main energy consumption area in the world, the ASEM platform can help to provide a predictable and assured demand security to meet the oil suppliers' concerns, thus providing a long-term stable structure of energy production and consumption. Energy cooperation among ASEM

members will enhance energy consumer-producer dialogue and coordination, and restrain speculation, thus promoting long-term supply-demand equilibrium and price stability of energy.

We feel that ASEM members could actively pursue synergy in energy through development and utilization of clean, renewable and new energy sources where the developed members of ASEM have advantages in know-how, R&D, technology and capital, while developing members have strong market demand. Therefore, cooperation amongst ASEM members in these fields would have to be based on mutually beneficial business models which support market access through technology transfers and jointly pursuing commercially viable R&D.

Energy cooperation among us may also include sharing of best energy practices, promoting dialogue and communication between energy producer- and consumer-countries, promoting renewable energy, development of energy-saving industries and energy efficiency and exploring newer models of financing energy infrastructure and securing transnational transportation of energy.

Diversification of energy sources and of energy suppliers strengthens energy security. Renewable energy sources are the only truly sustainable sources of energy both in terms of their environmental impact and decreasing costs over the long term. The effective universalization of new and renewable sources of energy as 'collective goods' needs to be pursued with a mission through organizations like the International Renewable Energy Agency (IRENA)".