

AWR Lloyd spoke at GEMINI 2019: International Conference & Exhibition

24th September 2019

Rajat Kapoor, Managing Director, AWR Lloyd was invited to be a guest speaker at the event GEMINI 2019: International Conference & Exhibition on Energy, Power, Coal, Oil & Gas, Electricity on 23-24 September, 2019 at Renaissance Mumbai Convention Centre Hotel Mumbai, India.



He delivered a presentation on 'India's Crude Oil Dynamics and the need for Innovation in Oil Storage Infrastructure'.

"The recent attacks on the Abqaiq oil facility in Saudi Arabia which suspended the production of 5.7 Mbbls (million barrels) of crude oil per day, 50% of Saudi's exports and 5% of the world's total requirement, laid bare the inconvenient truth which plagues India's energy supply chain – that India is ill prepared to deal with supply disruptions arising from conflicts in the oil-rich Middle East.

The country is exposed to upheavals in the Middle East as Saudi Arabia, Iraq, UAE and Kuwait together make up nearly 60% of India's crude import basket, with a bulk of this having to be shipped through the crucial supply route of the Strait of Hormuz. Any blockage of the Strait, partial or long drawn, would have a debilitating effect on an energy hungry country like India which is so dependent on imports. The country today imports nearly 85% of its crude requirements (up from 70% just 15 years back). A sustained increase in crude prices would severely impact the Indian economy. Back of the envelope calculations suggest that each one dollar per barrel increase in crude prices adds an additional \$1.6 billion to India's annual budget expenditure.

The state of continuous flux in global and Middle East geopolitics, with alliances constantly changing, and the increased security threat of terrorism and non-state actors in the region, make it all the more imperative for India to secure her oil supplies. The most logical path would be to adopt an aggressive policy of constructing SPR's (Strategic Petroleum

Reserves), both in country as well as looking at neutral and risk free geographies away from the conflict areas in the Gulf, but close to India's borders which can be tapped in the event of an emergency."

