India’s gas pipeline efforts – an analysis of the problems that have prevented success

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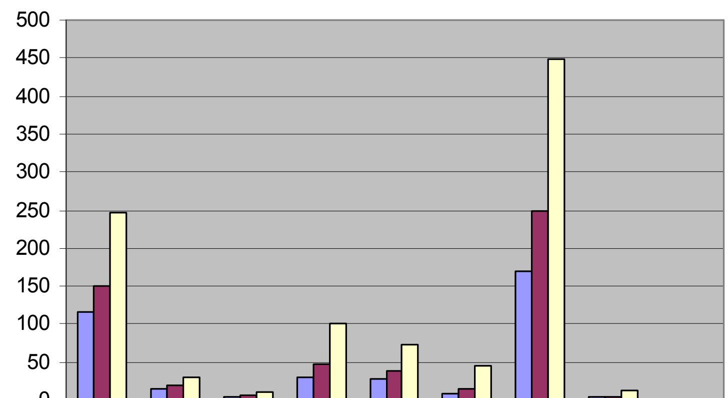
Today's presentation

- India's energy needs
- India's pipeline diplomacy (IPI, TAPI and MBI)
- Where the pipeline negotiations are at today
- The problems that have frustrated the development of the pipelines (international and domestic)
- The future policy options

India’s projected energy needs – regional comparisons



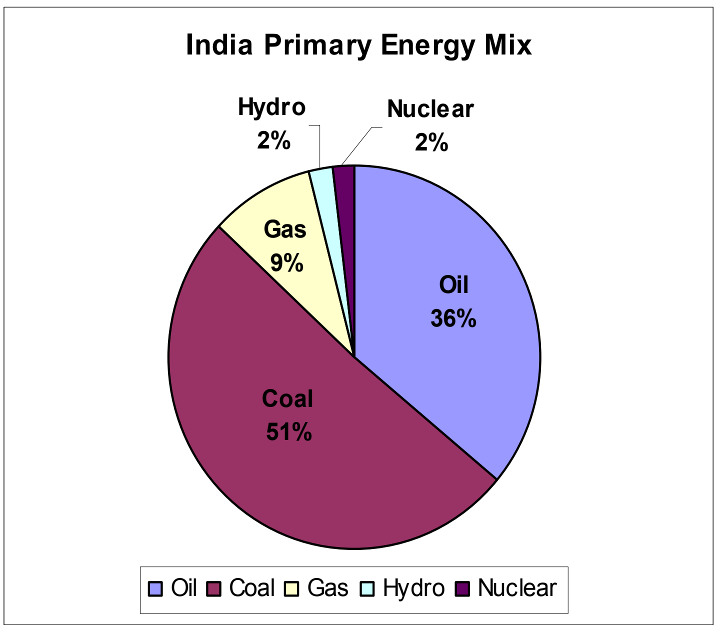
	Oil IN	Oil PK	Oil BD	Gas IN	Gas PK	Gas BD	Coal IN	Coal PK	Coal BD
2003-04	116	15.2	3.71	29.74	27.29	8.29	169.9	3.3	0
2010	150.2	19.72	5.7	47.19	39.21	15.51	248.7	4.71	0.5
2020	246.9	30.94	11.6	101.88	72.75	44.03	447.6	13.9	0.9

India’s population growth

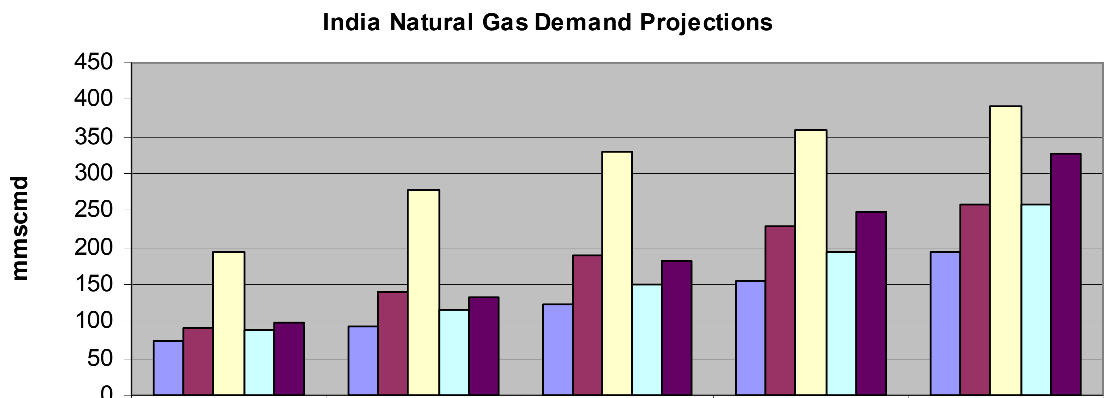
India’s growing population expected to reach

1180 million by 2010
1362 million by 2020
1573 million by 2030
(over 50% increase in less than 30 yrs.)
7-8% economic growth is expected

India's energy mix



India Gas Demand Projections



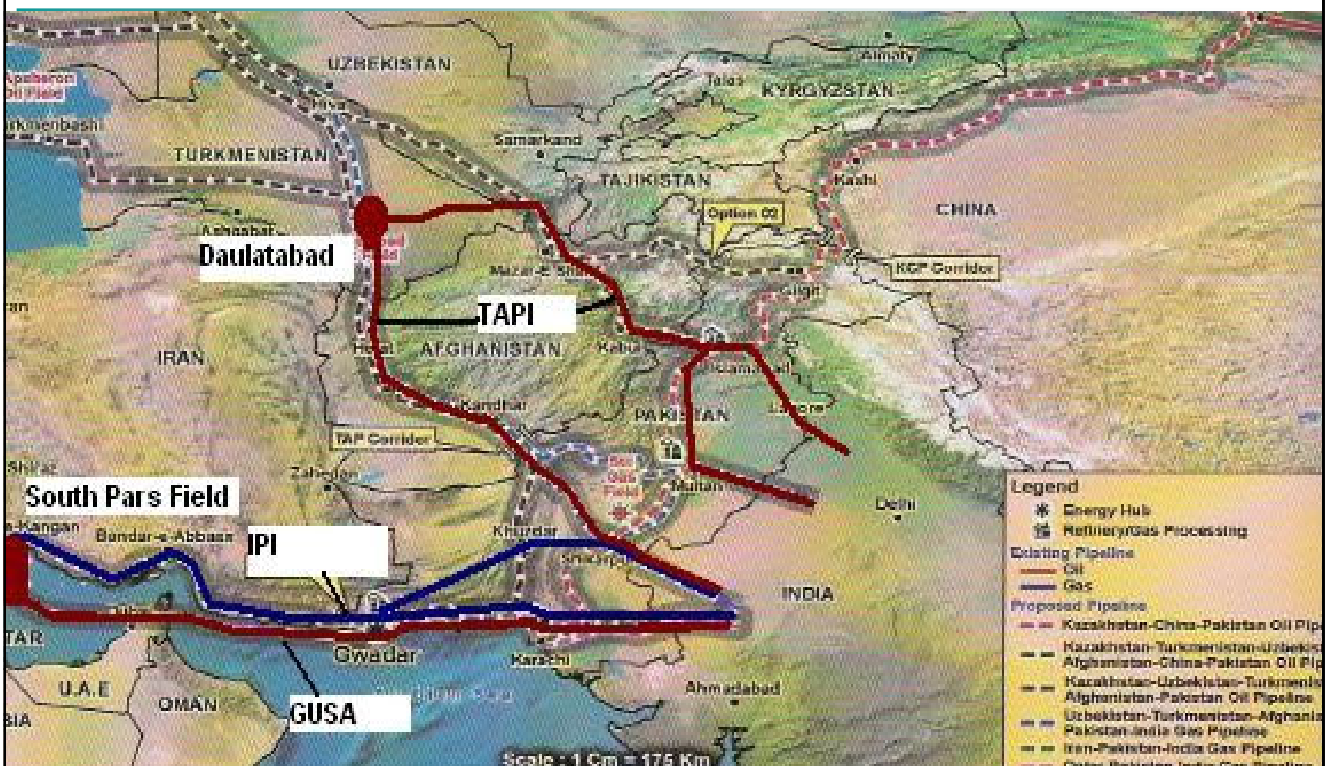
Year	2005	2010	2015	2020	2025
EIA	74	93	124	155	195
IEA	91	140	189	228	259
IHV	195	277	329	358	391
IV	89	115	149	194	258
PED	98	134	183	249	328

EIA IEA IHV IV PED

Pipeline diplomacy - a wider pattern

- The Iran Pakistan India pipeline (IPI)
- The Turkmenistan Afghanistan Pakistan India pipeline (TAPI)
- The Myanmar (Bangladesh) India pipeline (MBI)

IPI and TAPI routes



Source: SSGCL Annual Report 2006, Pakistan. Edited by Author.

IPI - talks stalling

- Iran has proven reserves of about 971.2 trillion cubic feet, the second largest in the world after Russia.
- The IPI's source, the Pars field, contains 300 tcf with a current production capacity of 3.1 bcf/d.
- Indo-Pak Peace Process and need for regional stability
- A win-win situations: Economic viability and logistical feasibility

IPI today

In late April 2008, India and Pakistan held ministerial-level talks on both the IPI and the TAPI pipeline projects.

India's Minister for Petroleum and Natural Gas Murli Deora said that both pipelines are equally important to Indian energy interests.

Pakistan has signed with Iran since but India was not included.

TAPI - re-emergence of discussion

The 1,680 kilometres (1,040 mi) pipeline will run from the Dauletabad gas field to Afghanistan then from Herat to Kandahar, and then via Quetta and Multan in Pakistan to Fazilka, near the Indo-Pak border.

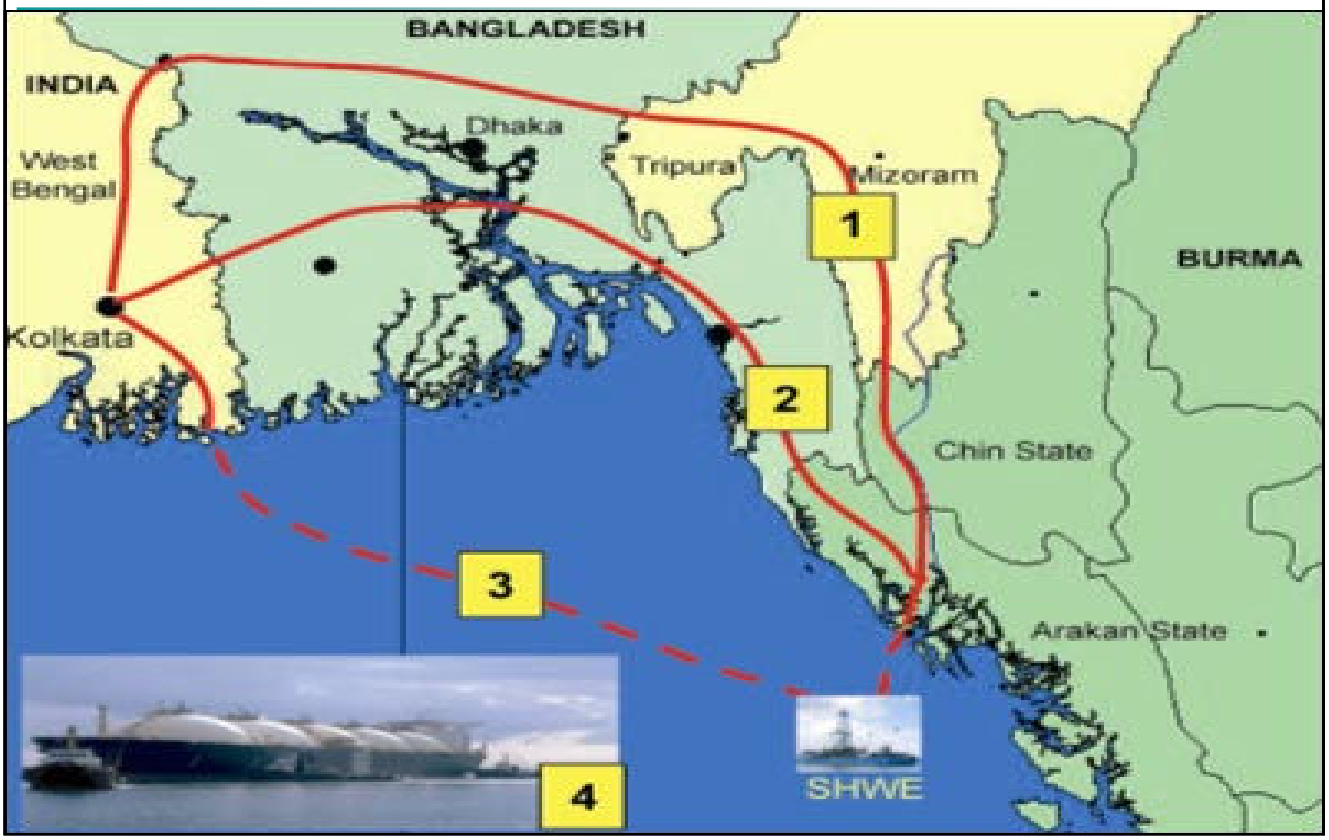
The cost is estimated at US$7.6 billion. Eleven high-level planning meetings have been held during the past seven years, with Asian Development Bank sponsorship and multilateral support.

TAPI today

In April 2008, Pakistan, India and Afghanistan signed a framework agreement to buy natural gas from Turkmenistan.

India discussed the pipeline project in September 2008 during meetings External Affairs Minister S M Krishna had with Turkmenistan President Gurbanguly Berdimuhamedow, Deputy Prime Minister in-charge of Oil and Gas Baymyrat Hojamuhammedow and Foreign Minister Rasit Meredow in Istanbul.

Myanmar-Bangladesh-India routes



MBI – failed?

- According to MOGE Myanmar's recoverable natural gas resources are around 51 (tcf) .
- As of 2005 India was planning to build a pipeline to bring the Myanmar gas to Eastern India.
- India is involved in A1, A3, L2 and a couple of deep sea blocks.

MBI today

Today the deal lies shelved although the press is still talking about a potential pipeline through Mizoram linked to the Kaladan multimodal transport project.

It will in essence depend on the amount of gas available from the Essar Oil's stakes in Myanmar's offshore block A-2 and onshore block L. Essar hopes to start production by 2013

What has frustrated the pipeline development

Foreign Policy issues

- The role of the US
- Neighbours (China, Bangladesh, Pakistan)
- Central Asia and Iran

Domestic issues

FP: the role of the US

- Nuclear deal changed relations between India and the US
- Pressure not to buy gas from Iran (has frustrated relations with Iran and stalled IPI)
- US favours TAPI gas for India. Links in with Afghan reconstruction effort.

FP – Relations with the neighbours

Conflicting scenarios as relations with neighbours had been expected to improve through pipeline diplomacy but have also been at the heart of the frustrations to get the pipelines going:

- Pakistan
- Bangladesh
- China

FP – relations with central Asia and Iran

- Iran – relations frustrated by nuclear deal
- Afghanistan – India’s involvement in reconstruction
- Turkmenistan – the issue with Russia

Domestic constraints

- Lack of vision and lack of long term planning
- Ministerial disagreements
- Domestic opposition

The future

- Develop a strategy which matches a long term vision (20 years+) linking economic and political drivers with regard to relations in the region and across the globe. Domestic ambivalence and the focus on winning the next elections will always mean that India will lose out to China. Energy security policy has to be at the heart of this.
- Different ministries need to work together with the same goals and visions. The PMO cannot be the only place where strategic decisions are made and pushed through.
- There needs to be a long term understanding about what to do about China. It is not enough that everyone tends to shrug and say that the Chinese are better organized, were there earlier and have more resources to throw around. An Indian counter agenda needs to be built.