



Energy Security Dialogue

To what extent can India use trade and investment linkages to secure energy resources effectively?

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High growth rates along with the need for increased energy has placed the issue of energy security at the top of the policy agenda of the government and other stakeholders in India. As the reliance on imported energy grows¹, closer trade and investment linkages can be important strategy for an energy-secure future for India. Although energy security is an important issue for the country, its trade policy and strategies follow their own logic where energy security may not be a concern and hence it could be useful to explore the common spaces. Third in the series of dialogues undertaken as part of this project, the dialogue brought together a diverse group of policymakers, academicians, researchers, and policy analysts. After the TERI Presentations on the process and issue, Mr. Gautam Sen, Executive Director of ONGC gave a comprehensive account of the oil and gas reserves, exploration activities, overseas initiatives, and a prognosis for the sector.

The objective of the dialogue was to deliberate upon the following questions

- Can one or should one find common spaces between energy and trade?
- How do we address the political constraints to improved trade?
- How do we explore regional/bilateral complementarities: energy, trade, economic?
- How do we complement market led initiatives with state support?

Key takeaways

- Energy security needs to be understood from multiple perspectives. It was pointed out that the identification of energy as a strategic resource has implied that “doors [for trade and investment] are getting shut.”
- Energy security for a developing country like India could be seen as a South-South issue as a majority of the energy resources are found in the South. A pan-Asian regional trading arrangement can provide a solution for enhancing energy security. At the same time, energy efficiency can be improved with assistance from technologies from the North.
- West Asia received much attention at the discussion. An FTA with GCC is possible, keeping in view their energy subsidies. It was suggested, however, that

¹ It is likely to reach about 80 percent by the year 2031.

instead of going with the GCC, negotiating with individual countries particularly Saudi Arabia could be a better option.

- Regional cooperation in South Asia does not seem highly plausible given the geopolitical situation but countries should work towards establishing economic linkages to create stakes in mutual well-being and create possibilities for energy cooperation.
- The China factor was discussed vis-à-vis India's strategy to enhance energy security. It was suggested that it may be useful to cooperate with China to avoid scaling up the price of oil fields through competitive bidding.
- Energy is a strategic commodity and hence it cannot be left entirely to the market. Energy pricing in India is distorted, and domestic reforms need to be undertaken to reduce/remove such distortions.
- Pragmatic planning, and social and community investments, can provide leverage to energy deficient India. The long-term energy dividends would justify the payment of "political premiums."
- WTO negotiations in the areas of services, trade and environment, have implications for energy security. In the context of environmental goods and services at the WTO, the appropriateness of project-based approach was emphasised.
- It is important to develop an international mechanism to make new technologies available to developing countries. Dealing with IPR-related issues appropriately would be crucial for such technology transfer.