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Deepening energy ties: India looks to store oil in US reserves

Countries begin collaboration on strategic petroleum reserves

PRESS TRUST OF INDIA
New Delhi, July 17

INDIA IS IN advanced talks to store its crude oil in US strategic petroleum reserves as an insurance against any supply disruption or price spikes, petroleum minister Dharmendra Pradhan said on Friday.

He said the two nations have signed a memorandum of understanding (MoU) to being cooperation on strategic petroleum reserves.

"We are also in an advanced stage of discussions for storing crude oil US strategic petroleum reserves to increase India's strategic oil stockpile," he told reporters after co-chairing the second India-US Strategic Energy Partnership Ministerial with US secretary of energy Dan Brouillette.

The US has 714 million barrels of oil storage capacity in its strategic petroleum reserve (SPR), the world's largest supply of emergency crude oil.

In comparison, India stores 5.33 million tonne (about 38 million barrels) crude oil in underground storages at three locations on the east and west coast, hardly enough to meet its 9.5 days needs.


Petroleum minister Dharmendra Pradhan (L); US energy secretary Dan Brouillette

International Energy Agency (IEA) prescribes its members to have at least 90 days of stock in the strategic reserves.

India has been looking to expand the storage capacity and is also exploring the possibility of hiring storage in the US to stock some oil that can be used in times of extreme price volatility or supply disruption.

"We are beginning to collaborate on strategic petroleum reserves as well and that is an important element of energy security," Brouillette said. "We are collaborating on renewable energy, nuclear energy, energy efficiency in buildings, appliances, and industrial sector."

Stating that the two nations are also looking at cooperation in hydrogen, he said, "It is a partnership between two great nations...when it comes to relations between the United States and India, economically and energy-wise, best is yet to come".

He said US oil supplies to India have jumped ten-fold to 2,50,000 barrels per day (bpd) between 2017 and 2019.

"Between 2017 and last year, US crude oil exports to India rose by nearly 10-folds to almost 2,50,000 barrels per day. Between March 2016 and May of this year, 68 LNG shipments of over 234 billion cubic feet were exported to India. India is now the single largest importer of US oil in the world," he informed.

The US is India's sixth-largest oil supplier. India began importing crude oil from the US in 2017 as it looked to diversify its import basket beyond the OPEC nations. It bought 1.9 million tonnes (38,000 bpd) of crude oil from the US in 2017-18 and another 6.2 million tonnes (1,24,000 bpd) in 2018-19.

Assembler of iPhones plans first plant in India

DEBBY WU & SARITHA RAI
Taipei/Bengaluru, July 17

APPLE'S ASSEMBLY PARTNER Pegatron is making preparations for its first plant in India, adding to a large influx of foreign tech investments in the country this year.

In June, the government set out a \$6.6-billion plan to woo the world's top smartphone manufacturers, offering financial incentives and ready-to-use manufacturing clusters.

Pegatron is now setting up a local subsidiary and joining fellow Taiwanese electronics assemblers Foxconn and Wistron, who have already been making some iPhone handsets in southern India.

With a number of factories in China, Pegatron is the second-largest iPhone assembler and depends on Apple for more than half of its business. Like its peers, it will set up in south India, according to a person familiar with its plans who asked not to be named.

Foxconn, also known as Hon Hai, and Wistron are looking to expand their operations in the country, and Pegatron's entry can be seen as a defensive move to protect its share of budget iPhone manufacturing, according to Matthew Kanterman of Bloomberg Intelligence.

India has seen a surge of inward investment in recent weeks, with Google, Facebook and others pouring close to \$20 billion into Jio Platforms, billionaire Mukesh Ambani's mobile internet venture. Google has committed to spending \$10 billion over the next five to seven years to hasten India's digital transition and Amazon has said it intends to export \$10 billion of made-in-India goods by 2025. When Jeff Bezos visited the country in January, he said "The 21st century is going to be the Indian century."

—BLOOMBERG

Coal India sees 'uncertain' situation in July-September

PRESS TRUST OF INDIA
New Delhi, July 17

COAL INDIA (CIL), which is already reeling under pandemic stress causing adverse impact on demand and supply of dry fuel, on Friday said the situation will remain uncertain in the July-September period as some states are resorting to fresh lockdowns.

The state-owned miner produced 18.05 million tonne (MT) coal from July 1 to July 16 against 19.61 MT produced in the same period last year. Coal production in some of the major mines is still affected due to high coal stock and less offtake. Pithead stock of CIL as on July 16 is 72.88 MT compared with 33.17 MT during the last year same period, it said.

However, with concentrated efforts, a growth of 16.7% was registered in overburden (OB) removal during July 1 to July 16 compared with the same period last year.

Due to continuing lockdown and various guidelines issued by central and state governments, normalcy has not been restored yet, affecting coal production and despatch, Coal India said in a filing to the BSE.

CIL produced 51.32 MT of coal from March 15 to March 31.

In view of the fast-spreading coronavirus, the government had announced a nationwide lockdown from March 25, which was further extended in phases.

Despatch of coal was adversely affected in the last week of March resulting into mounting coal stock at pithead. Coal stock as on March 31 was 74.629 MT, compared with 54.155 MT on March 31, 2019.

Restriction imposed on movement of vehicles badly affected supply of explosives in the mines.

Further, disruption in movement affected availability of manpower, spares parts for heavy earth moving machinery (HEMM) which impacted the production at the mines, it said.

Coal India had produced 121.01 MT of coal during April 1-June 30, compared with 136.94 MT during the same period last year.

The continued lockdown during this period (April 1-June 30) had an adverse impact on coal dispatch from CIL.

With decrease in power demand by about 30% and shut down of many industries in non-power sector due to lockdown, the offtake of CIL decreased to 120.62 MT compared with 153.49 MT during the same period last year.

Pithead stock on May 31 reached up to 78.093 MT during this period (April 1-June 30), it said, adding that the stock at power plants also remained high during this period. Supply of explosives was affected due to restriction in inter-state movement.

Contractual as well as departmental production during this period (April 1-June 30) was affected due to shortage of manpower due to restriction in movement.

CIL introduces exclusive auction for coal importers

COAL INDIA (CIL) on Friday said it has introduced a new category of spot e-auction for importers only and aimed at replacing 150 million tonne of the fuel sourced from abroad with domestic supply.

The coal procured under the "special spot e-auction scheme 2020 for import substitution" will be for use within the country.

The miner said the new programme is in addition to its existing four categories of e-auctions.

—PTI