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The energy-synergy of India: Associations with Colombia, Guyana and Venezuela

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November 14, 2022
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The entrance of **Ecopetrol's** Castilla oil rig platform is seen in Castilla La Nueva, Colombia. (Photo: Reuters)

By Dr Aprajita Kashyap

India is the third-largest consumer and importer of oil worldwide and nearly 85 per cent of its oil demand is met through imports from abroad that includes nearly 10 per cent from Latin America and

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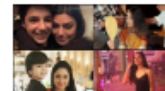
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Caribbean region (LAC). The trade with LAC had plunged to its lowest in 2020 due to the geopolitical situation (US sanction on Venezuela), natural decline in production, Covid-19 impact on drilling schedules and the fluctuating price scenario. From India's point, diversification is imperative in order to ensure its energy security given the contour of the political crisis emanating from the Russia-Ukraine conflict. For India, significant gains can be derived from change in energy mix through enhanced cooperation and increased energy integration between countries.

A quarter of LAC's primary energy is generated from renewables which is double the global average. Growing acceptance that climate change required the reduction of carbon emissions, has made renewable energies a priority. In 2021, Latin American members agreed to drive forward conversations on the future of hydrogen in the region. The advantages of hydrogen are reduction in costs, enhanced energy security resulting from mitigation of carbon emission and avoidance of fluctuations in supply. Clean hydrogen is a promising solution to decarbonise industry and provide a seasonal storage solution.

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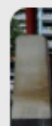
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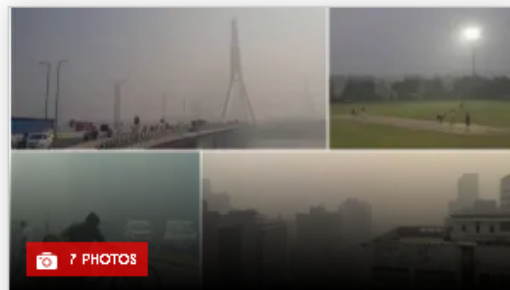
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In the world arena, with the growing energy demand in Asia, crude oil from Latin America is moving eastward into China and India. LAC

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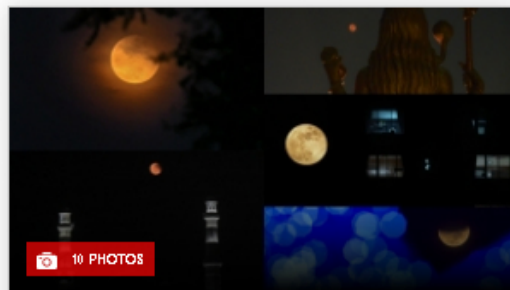
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with its surplus crude and opportunities for investment fits in perfectly within India's energy security strategy. Crude petroleum oil traded between India and Latin America has become central to India's energy security. With the US reducing its imports from LAC due to increased domestic production and increased reliance on imports from Canada, the Latin American crude exporters can make forays into India which seems inclined towards diversifying its resource base and reducing dependence on the Middle East. Mention must be made of the relevance of synergy with three countries- Colombia, Guyana and Venezuela.

Colombia, which produces more than 1 million barrels a day (60 percent of energy generated is hydro-electrical) and is relentlessly working towards the diversification of sources of energy can be India's clean partner in the energy sector. In September 2022, a Financial Express report stated that a delegation from **Ecopetrol SA.**, Colombia's national oil company and **Ecopetrol** have opened an office in Singapore to supply and to have closer links with Asia.

Besides, India has expressed interest in accessing Guyana's crude oil. Guyana's Minister of Natural Resources and India's Minister of Petroleum Hardeep Puri met in October 2022 on the sidelines of Abu Dhabi International Petroleum Exhibition and Conference (ADIPEC 2022) in the United Arab Emirates where they discussed areas of cooperation in the energy sector. Minister Puri underlined that "Indian companies will assist the Guyanese in training engineers for upstream and downstream sectors so that they can maximize production from their landmark discoveries".

Interestingly, Indian companies are importing significant volumes of petroleum coke, a by-product of oil upgrading and an alternative to coal, from Venezuela. Pet coke is inexpensive compared to coal whose prices have surged immensely. The high quality, large-scale production, low sulphur content and competitive price have made

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Venezuelan petcoke very attractive despite the downside that the cargo takes nearly 50 days to arrive in India. The Indian company [ONGC](#) Videsh Limited (OVL) and *Corporacion Venezolana del Petróleo* (subsidiary of *Petróleos de Venezuela S.A. PDVSA*) have a joint venture called “*Petrolera Indovenezolana SA*” for the production and exploration of oil at 40 percent and 60 percent stake holding respectively. The other major importers of oil from Venezuela are [Reliance Industries](#) Limited (RIL) and Essar (now Nayara).

The Indian Minister of Petroleum and Natural Gas Puri endorsed that discussions were underway with Guyana, Brazil and Colombia for joint investment and extra supplies of crude for Indian refiners. With the Ukraine- Russia crisis still looming large and leading to supply disruptions, India has been wanting to identify stable suppliers and the LAC region seems to be the South Asian country's saviour. LAC can be counted as a reliable long-term source of imports in the coming years because Venezuela will be able to raise exports once the political situation stabilises while Colombia and Guyana would manage a quantum jump in exports after the revival of the economy in the post-pandemic phase. The issues of distance and the high cost of freight could be resolved through technical brainstorming to take the synergistic relationship to an all-time high.

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