GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:174
ANSWERED ON:08.03.2001
INTERNATIONAL PRICE FLUCTUATIONS IN OIL
IQBAL AHMED SARADGI

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India has called for a new world petroleum economic order to provide energy security and insulate developing countries from `violent` international price fluctuations;

(b) if so, whether India has underlined the needs for all developing oil-importing countries to engage the oil exporting countries at the political level to ensure reasonable prices;

(c) if so, the other suggestions made by India to these oil importing countries; and

(d) the extent to which India`s views have been considered?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 174 FOR 8.3.20 REGARDING INTERNATIONAL PRICE FLUCTUATION IN OIL.

(a) to (c): At the International Energy Forum meeting of oil producing and consuming countries held at Riyadh, Saudi Arabia from November 17-19, 2000, India made a suggestion to the effect that oil exporting countries should consider giving concessions to the developing countries in the form of discounts, deferred payments, soft credits etc. The suggestion was well taken and the need to give special consideration to developing countries was appreciated. The matter was also taken up in the bilateral meetings also with the oil exporting countries, including Saudi Arabia, Iran, Kuwait, UAE, Indonesia, Algeria, Nigeria and Qatar. Each of these countries, during the bilateral discussions was appreciative of the concerns of India and the developing countries and assured that they would ponder upon the suggestion at their own level and collectively. Subsequently, on 14th December, 2000, a proposal was sent to the OPEC member countries containing the following:-

(i) Extension of credit period to 90 days by the oil exporting company instead of the normal period of 30 days;

(ii) A price discount of 20% of the incremental price beyond an accepted crude price, say $ 25 per barrel; and

(iii) Deferred payment facility at LIBOR for a period of three years for incremental amounts due to price increases beyond an agreed level, say $ 28 per barrel.

(d): In response to the Indian proposal, Indonesia and Qatar have responded that India`s proposal may be considered at the next meeting of the Organisation of Petroleum Exporting Countries (OPEC) scheduled to be held in Vienna in mid-March, 2001.