

Distinguished Journalists and members of the Press / Electronic Media

Mr James Rockall, Managing Director, WLPGA

Ladies & Gentlemen

I extend a very warm welcome to you all for the first-ever interaction between the Press / electronic media and the World LP Gas Association- an international organization headquartered at Paris and representing the interests of the global LPG industry. I also extend a warm welcome to Mr James Rockall- the Managing Director of the WLPGA. The purpose of this conference is to apprise you all of the activities being undertaken by the WLPGA in meeting the challenges posed by the fast-changing market dynamics in the international LPG industry and the possible synergies that the Indian LPG industry could have with the WLPGA in meeting these challenges.

Ever since the WLPGA was established in 1987 in Dublin, it has been strengthening its membership base year on year and today, with 175 members spread across more than 90 countries, it has become the authoritative voice of the global LP Gas industry. The vision of the WLPGA - to promote the use of LPG globally to foster a cleaner, healthier and more prosperous world – is extremely significant today, with the focus of the policy makers on a cleaner environment. The endorsement of this vision by the LPG stakeholders globally is demonstrated by the whole-hearted support that the members of the WLPGA have been giving to the activities of the WLPGA.

The global LPG consumption has been rising steadily during the last decade and has risen to 233 Million Tonnes during 2007, registering an impressive growth of appx 31% over a 10-year period. It is important to note that the Asia-Pacific region is the largest consuming region, accounting for one-third of the global consumption. The Asian LPG market also dominates the global LPG consumption volumes in various sectors, like:

- China being the largest consumer in the domestic segment,
- South Korea being the highest Autogas consumer and
- Japan the largest Industrial consumer of LPG.

The Indian LPG market, at more than 11 Million Tonnes annual consumption, is the fourth largest market globally, after the US, China and Japan. Indian Oil Corporation, the largest commercial enterprise in India and a Fortune 500 company ranked 116 during 2008, is also the second largest marketer of LPG globally, after SHV Gas. Hence, I consider my election as President of the WLPGA, a sign of recognition and respect that the Indian LP Gas industry in general and IOC in particular command in the eyes of the global LP Gas industry. It is indeed a matter of pride and honor for me to be elected as the President of the prestigious World LP Gas Association and it shall be my endeavor to steer this apex organization in meeting the aspirations of the global LPG stakeholders.

During the past few months, the global LPG industry has gone through difficult and testing times, largely due to the three main issues that have been confronting

every LPG stakeholder globally. Needless to mention, these issues also offer numerous business opportunities, which the industry can exploit with the help of focused and synergized efforts:

a) The first issue is the increasing thrust of the policy makers on **Climate Change**, considering the Global Warming issues, the consequent energy basket available and how LPG finds itself positioned in this energy basket acceptable to the policy makers.

Given the acceptance that global warming is real and having an impact on the planet, there is an opportunity for efficient, low carbon fuels such as LPG to grow. Mr James Rockall shall apprise you of the significant efforts made by the WLPGA in this regard.

b) The second issue relates to highly volatile prices of crude oil and LPG, and the ability of LP Gas to sustain and grow against the competing alternative fuels. High LPG prices during 2008, driven by an underlying increase in crude prices, necessitate an increasing need to differentiate our product. A possible solution could be adopting equipment technologies and suitable fuels for a particular end-use application that compliment each other for maximizing the energy output. A recent study conducted by the WLPGA on **“Energy efficiency”** is a step in this direction.

c) The third issue is concerned with the need of the global LPG industry to **innovate, optimize on operating costs** and reduce stock losses, thereby increase margins, adopt new evolving technologies and find new applications for LPG-

I see this as an issue, the solution for which lies with the industry itself, through renewed thrust / investment on research and innovation.

These challenges along with the numerous opportunities they present, also indicate the relevance of the Indian LPG companies becoming members of WLPGA and thus keeping themselves aligned with the latest market trends, technological developments and operating practices prevailing in the LPG industry. The benefits that accrue to the members of the WLPGA include:

- a) The WLPGA unites the broad interests of the worldwide LPG industry into one strong, independent organization, thereby providing opportunities for Worldwide networking**
- b) The WLPGA represents all sectors of the LPG industry and thus provides plentiful opportunities for business development between members in both mature and developing LPG markets**
- c) The World LP Gas Forum is the premier global conference & exhibition on LP Gas, attended every year by LPG companies from all over the world. It offers a platform where the industry communicates on global LP Gas developments and issues concerning the industry as well as external agencies.**
- d) As an apex international trade association, WLPGA provides response to members' queries regarding fuel specifications, standards, LPG equipments, regulations, safety rules, model taxation policies, new businesses / technologies etc.**

- e) The WLPGA membership also brings direct access to intergovernmental organizations. The WLPGA has been granted Special Consultative Status with the UNESCO in 1989 and has since developed partnerships with major international institutions including the World Bank, the UN and the IEA.

LPG Issues in India

I would now like to touch upon a few issues pertinent to the Indian LPG market where the local industry could work closely with the WLPGA.

1. Notwithstanding the fact that India, at 11 million tons per annum, is the fourth largest consumer of LP Gas globally, there is further scope to increase the LPG business in the country. With vast population in the rural areas still not able to access a clean fuel like LPG, the emphasis of the LPG marketers will be to penetrate rural India in order to bring LPG to the doorsteps of the rural masses. This will achieve dual purposes:
 - a) improve the quality of life of the women, particularly their health issues, through providing smoke-free cooking fuel in the form of LPG
 - b) reduce the GHG emissions and thus combat climate change by replacing the highly polluting cooking fuels like biomass / wood etc
2. You are also aware that the use of LPG as an industrial fuel in India is hardly 4% of the annual LPG consumption. While the global average for Industrial use is almost 12%, the share of LPG consumption as industrial fuel for countries like China and Japan is as high as 24% and 29% respectively. Given the excellent properties of LPG as fuel for industrial use resulting in optimum energy efficiency as compared to other fuels – Mr James Rockall shall apprise you the relevant

details on this aspect also- there is an immediate need and huge scope for expanding the LPG business in the industrial fuel sector in India.

3. Lastly, but not the least, we see significant scope in the Auto LPG market in India. Geographically, India is a huge country and there is a need to set up sufficient number of Auto LPG Dispensing Stations to instill confidence amongst the vehicle owners regarding the fuel's easy availability. The vehicle manufacturers in India, notably Maruti, TATA Motors, Hyundai, Bajaj etc have also recognized the economic and environmental benefits of Autogas and have started manufacturing Autogas-driven vehicles as OEMs.

Ladies and Gentlemen, I would now like to introduce to you Mr James Rockall – the Managing Director of the World LP Gas Association. A Chemical engineer and a Management graduate by qualification, James has been successfully leading the WLPGA for the last five years and has been instrumental in shaping this apex organization into a globally accepted face of the international LP Gas industry.....