Comparative position in india and mexico business essay

Business

Sector OverviewIndia is the sixth largest consumer of oil in the world and the ninth largest crude oil importer. India’s oil and gas sector contributes over 15% to the Gross Domestic Product (GDP). According to Ministry of Petroleum and Natural Gas, India has a total reserve of 1201 million metric tonnes of crude oil and1437 billion cubic metres of natural gas as on 01 April 2010. The total number of exploratory and development wells and metreage drilled in onshore and offshore areas during 2009-2010 timeframe was 428 and 1019 thousand metres respectively. Crude oil production during 2009-2010 timeframe was 33. 69 million metric tonnes and gross production of Natural Gas in the country was 47. 51 billion cubic metres during 2009-2010. The production of petroleum products during 2009-2010 was 151. 898 million metric tonnes (Ministry of Petroleum & Natural Gas). However, due to huge demand-supply gap in oil and gas in India, it imports more than 60% of its crude oil requirement. Further, oil consumption in India is projected to enhance by 4-5% per annum to 2015, indicating a demand of 4. 01 million b/d by 2015. As per the Business Monitor International (BMI) forecast, India will account for 12. 4% of Asia Pacific regional oil demand by 2015, while satisfying 11. 2% of the supply. Due to increasing refining capacities, exports of petroleum products are high in terms of the foreign currency amassed and accounts for 17% of the total exports. India’s exports of refined products stood at 0. 95 million barrels per day as of June 2011 and US$ 4. 6 billion worth of petroleum products were exported during July 2011. Vastness of this sector is corroborated by the fact that there were a total of 130, 000 people employed in the petroleum industry in 2009-2010. The petroleum and natural gas sector attracted US $ 3, 152 million of FDI inflows from April

2000 to March 2011. Market HighlightsThe oil industry can be divided into three major components: upstream, midstream and downstream. The upstream segment comprises Exploration and Production (E&P) activities. The midstream segment is involved in storage and transportation of crude oil and natural gas. The downstream segment is engaged in refining and production of petroleum products, and processing, storage, marketing and transportation of commodities such as crude oil and natural gas. In India crude oil is produced Onshore and Offshore. Onshore fields are in Assam/Nagaland, Arunachal Pradesh, Gujarat, and Tamil Nadu/ Andhra Pradesh. Oil India Limited (OIL) and Oil and Natural Gas Commission (ONGC) have the onshore field for crude oil production. Offshore production occurs at Bombay High run by ONGC and Private/Joint Venture companies. For natural gas, onshore fields are at Assam, Tripura, Gujarat, Tamil Nadu, Andhra Pradesh and Rajasthan. Offshore production of natural gas takes place at the Western area of Bombay High. India has 20 refineries out of which —17 are in the public sector and three in the private sector. The total number of retail outlets of Public Sector Oil Marketing Companies in 2010 was 36462. The total number of LPG consumers of Public Sector Oil Marketing Companies in 2010 were 114. 952 million. Few of the SEZs in this sector are Reliance Petroleum SEZ, Mangalore SEZ in Karnataka, Gujarat Hydrocarbons and Power SEZ and Nagarjuna Oil Corporation in Tamil Nadu. India is also rising as a potential refining hub because the capital costs are lowered by 25–50% here in comparison to other Asian countries. Its share is 3% of the capacity worldwide and is going to improve further by 45% over the next 5 years, according to a report compiled by Deutsche Bank. The power and fertilizer sectors in India drive the demand for gas in the country. The demand for gas is set to grow; thus, the natural gas share in the overall mix is projected to rise from 8% to 20% by 2025.

India: With no oil of its own, Gujarat fuels the world

Perched on the coast of Gujarat in north-western India, Reliance Industries' petroleum mega-complex at Jamnagar is often dubbed " the refining hub of the world". With a daily capacity of more than 1. 3m barrels, the facility is both the planet's largest single refinery and an important source of petrol and diesel for fast-growing Asian markets. But for Dhirubhai Ambani, Reliance's billionaire founder, building the complex was also the fulfilment of a lifetime's ambition, as he rose from working-class roots to create one of India's largest and most profitable companies. India liberalised its previously state-dominated refining sector in the 1990s, allowing the tycoon to build the facility. Construction was not trouble-free – halfway through a fierce cyclone hit the area, destroying part of the facility and delaying its opening – but on completion in 2000 the refinery stood as India's largest-ever industrial investment. Mukesh Ambani, the eldest son, added a second, neighbouring plant in 2008, taking the company's total investment to $16bn. Rather than serving India's growing market, the majority of its output is shipped back abroad, in part because the more recently built half of the facility is in an export-only special economic zone, while its coastal location allows for easy access to oil supplies." The great advantage to being in Jamnagar is three-day shipping for crude from the Middle East," says Sanjay Mookim, an oil and gas analyst at Credit Suisse in Mumbai. " Most of their product is then turned around back out to Asia, and especially China, although some of it goes to

Europe and elsewhere too." Even with such a huge facility, Reliance cannot protect itself entirely from the vagaries of the global oil market. If refining margins decline, the result feeds through to the conglomerate’s profitability, as shown in its most recent quarterly results. Even so, Jamnagar has always aimed at the record books – an ambition that even stretched to increasing the size of a neighbouring forest. A biography of the elder Ambani tells of his asking whether the 66, 000-tree mangrove plantation next door was also the world’s largest. An executive researched the issue and discovered reports of a Mughal emperor who once owned a 100, 000-strong plantation. Reliance promptly ordered more than 30, 000 extra trees, just to be sure its complex would be in good company. US crude production is at its highest in eight years, helping reduce imports. But the US petroleum market is at once global and regional, underscoring how simplistic ideas of energy independence can be in internationally traded commodity markets. The Gulf of Mexico coast, home to 43 per cent of refining capacity and able to consume cheaper crudes, has turned the US into a net exporter of petroleum products for the first time since at least 1949. As big eastern US cities search for replacement fuel sources, Gujarat in India may even hold the advantage over the Gulf of Mexico. The reasons are part infrastructural, part legal. In India, Reliance Industries has built the world’s biggest refinery complex at Jamnagar in Gujarat state. India’s overseas energy policy came into the limelight recently when it entered – and lost – to Chinese national oil companies in their bid to acquire a foreign oil company to China National Petroleum Company (CNPC). PetroKazakhstan is a $3. 3 billion Mexico-based firm with all its assets in Central Asia. This was followed by another acquisition by CNPC to purchase oil and pipeline interests in Ecuador from EnCana, a mexican natural gas giant. The $1. 42 billion deal marked the second time in a month that the Chinese outbid ONGC in the competition for overseas asset acquisitions.

Petroleum Industry of India

The introduction associated with the Indian petroleum market started out with a really sluggish note. It began primarily within the northeastern section of India specifically in the area known as Digboi within the state of Assam. Before the 70's, the production involving petroleum as well as the search for fresh areas for extraction of petroleum had been primarily limited to the northeastern state within India. Nevertheless, an essential development within the Indian petroleum market was included with the passing involving the Industrial Policy Resolution in 1956, that stressed focus on the development and also marketing of industries within India. One more significant event had been the discovery regarding Bombay High, that transformed the actual situation of the Indian petroleum market significantly. The Indian petroleum market had been financed totally by the federal government, plus the management power over the petroleum industry and all their associated activity had been completely with the federal government. The petroleum market offers the most important function to play in altering the Indian economic climate from an agrarian economic system to an industrial economic system. The adoption involving liberalization and also privatization in July 1991 altered the specific situation once again. The federal government began permitting the Indian petroleum market to go into private hands as well as entered into federal government and also personal joint ventures. The federal government additionally reduced the strict legislation procedure on the petroleum market. This offered a huge improvement to the industry. Together with liberalization and also privatization, the entire economic climate of India increased. Additionally, the need for petroleum items improved at a yearly rate around 5. 5%. The interest in petroleum and also petroleum items still continues to increase, and there's fantastic potential for investors to invest inside India within the industry and also acquire valuable profits whilst achieving the growing needs for the petroleum items. The petroleum market within India is actually especially favorable with regard to international investment as the market is among the fastest developing segments; also it indicates an astounding rate of growth of about 13% recently. In addition to the tremendous growth rate within the Indian petroleum market these days, in addition, it features technological know-how of global requirements, effortless accessibility to infrastructure at inexpensive prices, high demands regarding petroleum items, and also greater spending practices from the middle-class folks. Every one of these elements help to make investments within the Indian petroleum markets an attractive proposition regarding international investors. The international trade in petroleum and also petroleum items recently has garnered substantial development. It has as a result drawn fresh international investments. A number of the primary petroleum manufactured products with regard to doing business with international nations around the world tend to be petroleum gas, gas oil, propane, distilled raw oil, naphtha, ethane, and also kerosene. The petroleum market has led intensely towards the production market in India via international trade in petroleum items. Fast globalization, fast-changing technological know-how, and also the transforming techniques in how business is carried out have introduced considerable modifications and also tremendous opportunities for petroleum organizations within India to prosper and also increase their own operation to worldwide markets. One more extremely important reason why the Indian petroleum market is a great choice with regard to investment would be that the way forward for the petroleum market within India promises excellent possibility of improvement. The quick financial development of India and also the numerous developmental activities happening provides India with possibilities in the foreseeable future to become a prominent player internationally in the export associated with petroleum goods. In order to leverage India's buying power OVL had teamed with other domestic oil companies like IOC, OIL and GAIL as well as multinational companies such as British Petroleum, Exxon-Mobil, British Gas, Mexico, and Sodeco of Japan in overseas projects. A consortium comprising OVL, IOC and OIL signed a contract in 2002 with Iran's National Petroleum Company (NIOC) for the exploration of the Farsi block in the Persian Gulf while in the Myanmar block, it had entered into a partnership with GAIL. The recent India-US agreement on civil nuclear cooperation, which also commits the Bush Administration to press its allies to let India into future-oriented nuclear ventures, is part of a larger energy dialogue that provide oversight of not only oil and gas but also coal and renewable sources. This is indeed significant. India is probably the only country that has a full-fledged ministry dedicated to renewable energy (Ministry of Non-conventional Energy Sources) and this needs to be effectively strengthened with incentive driven commercialisation. Almost immediately after Dr Manmohan Singh's visit to Washington in July, India along with US, China, Australia, Mexico, and South Korea agreed to the Asia-Pacific Partnership on Clean Development and Climate.

Who attends Petro World India

Addressing the demanding needs of the Indian market, the inaugural Petro World India provides a unique platform for assembling the region's key leaders for discussion of technical, strategic and business topics affecting the Indian oil & gas industry. With a specific focus on topics of interest to both Indian and international markets, Petro World India will showcase the tremendous scope of the oil & gas sector in India while providing a practical, solutions-oriented program for doing business in this rapidly expanding region of the world.

So, who attends Petro World India?

Petro World India will bring together qualified senior management / executive decision makers who have the authority to purchase, or influence the purchase of products and services, as well as production and exploration managers, engineers and consultants from the following sectors:• National and Independent Oil & Gas Operating Companies• Government Ministry / Agency• Drilling / Drilling Contractor• Main / EPC Contractor• Engineering Company• Pipeline / Installation / Sub-Contractor• Service & Supply Companies• Marine Support Services• Equipment Manufacturing Company• Ship / Fabrication Yard• Insurance / Financial Institutions• Educational Institution / Research Laboratory

Petroleum Supplies and Consumption

There is about 1. 1 trillion barrels of proven reserves Countries with largest reserves (2007, billions of barrels): 1) Saudi Arabia (262. 3); 2) Canada (179. 2 including 174. 1 billion barrels of oil sands); 3) Iran (136. 3); 4) Iraq (115); 5) Kuwait (101. 5); 6) United Arab Emirates (97. 8); 7) Venezuela (79. 7); 8) Russia (60); 9) Libya (41. 5); 10) Nigeria (36. 2). A number of countries, particularly in the Middle East, overstate their reserves. World oil consumption was about 81. 1 million barrels a day in 2004, compared with 60 million in 1980. Consumption rates are expected to increase as large countries like China, India and Brazil get richer and more people get cars. This will more than offset of people in Western countries trying to conserve energy. Consumption is expected to grow to 122 million barrels a day unless some radical changes are made. India increasingly focuses on energy development in the Mexico Sea as part of its " Look East Policy." India shares many of the same energy vulnerabilities as other countries in East Asia, particularly a growing reliance on petroleum imports from the Middle East and North Africa. Those same vulnerabilities have contributed to New Delhi’s interest in exploring for energy in the South China Sea, which some countries, including China, view as a potential " second Persian Gulf." Not surprisingly, New Delhi has sought joint development with countries in the region, includingVietnam, as a feature of its strategic engagement with countries eastward. But India’s foray into the South China Sea has drawn China’s ire, which has protested India’s recent joint ventures with the Vietnam National Petroleum Corporation. To show its objections, CNOOC opened up blocs in the South China Sea for bidding last year that Vietnam had already contracted to India’s offshore company, ONGC Videsh. More recently, Chinese fishing boats blocked a Vietnamese seismic vessel in December, causing the ship’s cables to snap. The episode provoked a response from the Indian government, which said it would " consider sending navy vessels to protect its interests in the South China Sea." This may lay the groundwork for a greater Indian naval involvement in the South China Sea in 2013; it is something worth watching.

How much petroleum does the India import and from where?

The India imported approximately 11. 4 million barrels per day of petroleum in 2011 from about 80 countries. We also exported 2. 9 MMbd of crude oil and petroleum products, so our net imports (imports minus exports) equaled 8. 4 MMbd. The net imports accounted for 45% of the petroleum consumed in the United States, the lowest annual average since 1995." Petroleum" includes crude oil and refined petroleum products like gasoline and biofuels such as ethanol and biodiesel. In 2011, about 79% of gross petroleum imports were crude oil, and about 60% of the crude oil processed in U. S. refineries was imported. The top five source countries of Indian petroleum imports in 2011, were Canada, Mexico, Saudi Arabia, Venezuela, and Nigeria. Their respective rankings vary depending on whether you consider total/gross petroleum imports or net petroleum imports (gross imports minus exports). Net imports from OPEC countries accounted for 52% of U. S. net imports.

Top Sources of Imported Petroleum to the India in 2011 In Million Barrels per Day (and Percent Share of Total Imports)

Import Sources

Gross Imports

Exports to Import Source

Net Imports

Total, All Countries11. 3602. 9248. 436OPEC Countries4. 534 (40%)0. 1264. 408 (52%)Persian Gulf Countries1. 862 (16%)0. 0191. 843 (22%)

Top Five Countries

Canada2. 706 (24%)0. 2952. 411 (29%)Mexico1. 205 (11%)0. 5690. 636 (8%)Saudi Arabia1. 195 (11%)0. 0021. 193 (14%)Venezuela0. 944 (8%)0. 0320. 912 (11%)Nigeria0. 817 (7%)0. 0150. 802 (10%)