

Inauguration of Petredec LPG Terminal

PART I: OPENING PROTOCOL

Mr. Chris Stedman, of Petredec Ltd

Distinguished Guests

Ladies and Gentlemen

Good Evening

It is an honor and privilege for me to be amongst you this evening for the inauguration of a Petredec's Liquefied Petroleum Gas (LPG) Terminal in Mauritius, I am particularly pleased to be part of this huge event. I have been given to understand that this Terminal will be the largest of its kind in the World today. It is certainly a development of high significance as Mauritius, which does not produce a single drop of petroleum, will henceforth be firmly placed on the map of the LPG World.

Of more immediate pertinence to us in this country is the issue of security of supply of an essential commodity such as LPG. For the first time ever, we are allowing the maintenance on our land of commercial stocks that can be resorted to in case of emergency. These stocks will ensure market supply in lieu of actual national strategic reserves that large economies maintain as a matter of course.

But before coming to that, allow me to say a few words on the strategic importance of LPG in Mauritius. Since 2003, there has been an increase of about 40 percent in the consumption of LPG in Mauritius. Today gas has become an integral part of the daily life of Mauritians as it is used by almost 99 percent of our households. The LPG is not restricted to cooking and water heating in private homes and the Leisure Industry, but also for industrial purposes.

PART II: Petredec Ltd

Petredec Ltd, our supplier of LPG, is one of the world's largest independent LPG trading companies. It is presently enjoying a global success in trading of LPG with a supply which exceeds 10 million tons per year to customers across the five continents. Furthermore, we definitely have a sense of comfort - with Petredec Ltd, as besides being a trader in LPG; it is also an established ship owner with a large fleet of LPG vessels

Petredec Ltd is not new to Mauritius. Since 2003, it has been almost the recurrent supplier which was awarded the contract for the supply of LPG to the State Trading Corporation. During this period of 10 years, it has supplied quality LPG at fair prices following international competition.

The history of LPG supply from Petredec Ltd, in itself, shows its commitment for evolution and progress. From 2003 to 2006, the country was supplied LPG in small tankers of capacity ranging from 1500 to 2500 MT.

During that period, Mauritius was faced with frequent possibilities of out of stock situations because of unfavorable situations such as:

- Rough sea/Bad Weather and engine failure delaying arrival of shipments.
- Vessels not able to berth on scheduled date at port of Loading due to port congestion.
- Tankers not receiving necessary approval to berth. With the limited existing storage, it was not possible to wait for other tankers. Thus, STC had to choose between either, reject the tanker and run out of stock, or accept the tanker under protest. The choice was obvious.

This already difficult situation was worsened by the decrease in the existing LPG storage tanks. Some old storage facilities were scrapped, thus reducing the LPG storage capacity from 6350 metric tons to about 5700 metric tons while import of LPG was on the increasing trend.

With the inverse relationship between import of LPG and its storage capacity and without a change in the strategy of supply, Mauritius was heading towards really hard times in ensuring continuous supply of LPG.

Our country would have required an absolute urgent need for additional storage capacity, fortunately temporized by the advent of 'floating storage' organized by Petredec Ltd. Only then, STC was able to take some breathing space and was able to ensure a continuous supply of LPG to the country because the floating storage anchors in our territorial waters, eliminated risks of delays in arrival of tankers due to bad weather or engine failure at sea.

This act shows not only the willingness of this organization to supply Mauritius but also, it's ever readiness to stand by our side in times of need. The floating storage concept also enabled Petredec Ltd to develop other business opportunities in the Indian Ocean.

PART III: Mauritius – the Petroleum Hub

After the advent of the floating storage, there was an even greater surge of zeal and enthusiasm from Petredec Ltd to supply LPG to Mauritius as well as the Indian Ocean. This desire for progress has given birth to the construction of the 15,000 metric ton storage tanks.

Mauritius was identified as the strategic place to install LPG storage tanks. Despite our modest size of Mauritius, we happen to be the largest consumer of LPG in the Indian Ocean.

The quest of Petredec Ltd for the best spot to install their storage tanks -led to the construction of the state-of- the- art LPG Import/ Export Terminal in Mauritius. The 15,000 metric tons of LPG mounded storage is strategically situated for LPG trading in the Middle East and Africa, with excellent routes to Europe, the Far East and Oceania. On top of that, Mauritius has an impressive track record of business-friendliness, of political stability and of more than 3 decades of sustained economic growth.

Such a flagship project is in fact an important step towards our national objective of a Regional Petroleum Hub.

PART IV: Benefits of onshore LPG storage in Mauritius

Ladies and Gentlemen: On the event of such a premiere in Mauritius, I cannot help recalling the days when all too frequent cases of explosion of cookers and severe burn cases, were being reported. We suffered numerous casualties, caused by those kerosene cookers, commonly used to be known in Mauritius as “La lampe verte and Primus”. In 2001, the Government took firm steps to prevent such fatalities by introducing a safer and cleaner fuel which is LPG. The Government went further in that endeavor by subsidising LPG to render it accessible to all.

In the recent past, with the existing limited storage capacity for LPG, the State Trading Corporation was always on pins and needles while ensuring continuous timely supply of LPG in Mauritius as our storage capacity is very low compared to current needs.

Whilst now, the arrival of Petredec LPG terminal will contribute, to a large extent, in releasing the pressure faced in guaranteeing security of the yearly supply which is about 68,000 metric tons.

Having 15,000 Metric tons of LPG storage tanks on land in Mauritius would bring tremendous benefits to the country; I shall enumerate a few:

- This project, in itself, is a great source of Foreign Direct Investment;
- Mauritius will benefit from a safety stock in case of a force majeure, such as war or natural calamity in the supplying countries;
- We would not have to face the risk of being out of stock due to hijack of tankers by pirates;
- Any surge in demand can be met at short notice;
- growth in maritime traffic will represent additional revenue to the Port;
- The demand for bunkering and shipchandling will be increased as the small tankers supplying the regional market will need to replenish in Mauritius; and
- Last but not least, new job opportunities will be created.

For about ten years, Petredec Ltd has shown their commitment and willingness to ensure continuous supply of LPG in Mauritius. Now, with the construction of the 15,000 Metric tons tanks and the setting up of Petredec (Mauritius) Ltd, Petredec Ltd has once again shown their dedication to our country.

Mauritius needs big players like Petredec Ltd and such a project will no doubt attract other international players to invest in our country.

I seize this opportunity to wish Petredec (Mauritius) Ltd all the best in its inland operations as well as expansion of its regional ambitions. I would like to invite the expatriates to enjoy the Mauritian hospitality as our country is not only a great place to do business but to live as well.

Thank you.