

Kalbe Ali

Reko Diq, Karkay cases rulings being challenged: minister

ISLAMABAD: Minister for Power Omar Ayub Khan has clarified that the sole reason for introducing the GIDC (gas infrastructure development cess) ordinance was to reduce fertiliser prices after conducting forensic audit of five fertiliser companies.

Speaking at a press conference here on Monday, the minister said it was a cabinet decision to clear the issue after the forensic audit of these fertiliser companies and reach a settlement with them. "There was no other reason for the GIDC ordinance and as soon as finger pointing started at us we decided that the matter be settled in the Supreme Court because we are clean and have nothing to hide and we operate in a transparent manner," he added.

Answering a question, the minister said the amount to be recovered on account of GIDC would be utilised for development of gas infrastructure only.

He said the government was challenging the decision of an international court against Pakistan in Reko Diq and Karkay cases. "Pakistan does not want to lose another case at international arbitration and, therefore, an out-of-court settlement is essential to end business disputes with various entities," he added.

Omar Ayub says GIDC ordinance was meant to reduce fertiliser prices

"But criticism of the recent ECC [Economic Coordination Committee of the cabinet] decision in this regard was unwarranted," he said, adding: "Pakistan has already faced damages worth \$1.2 billion against Karkay and in Reko Diq case compensation amount against Pakistan is around \$6.2bn in international litigation though we are challenging it."

The minister said that nine other independent power producers (IPPs) had gone to the London Court of International Arbitration, winning Rs14bn against Pakistan, adding that if the country defaulted on these payments, national assets abroad could be confiscated. "It has happened with many countries and we do not want to see that situation with us; that is why we are going to file an appeal against the decisions," he added.

Omar Ayub said the government recently decided to settle a financial dispute of Rs1.2bn with Rousch (Pakistan) Power Limited and out-of-court settlement with the company was a sensible decision. He said the last government had imposed damages on Rousch and legal experts had warned that the decision would backfire.

"Had this company too opted for international litigation against Pakistan, the payment amount would have been higher and considering the ground realities it is not difficult to understand the outcome of litigation in this case too," he added.

However, the minister said there was confusion among certain segments, including the media, over the decision only because the present government was fair and transparent to announce the ECC decision.

“The root cause of all such problems is in the shadow decisions made by previous government, but a similar decision was made by the PML-N government in 2017 too, which went largely unnoticed,” he added.

Rousch Power, established under the 1994 power policy, is a 450MW combined cycle power plant situated in Khanewal district.

“We want to untangle the power sector and eradicate all hitches so that investors would have the confidence to invest in this sector,” the minister said, adding that out of 8,810 feeders in the country, only 130 were facing technical issues and there was no loadshedding or low voltage issue anywhere in the country.

“This year we are focused on enhancing and improving the distribution system in the country, including installation of smart meters to curb power theft,” he said.

The minister claimed that the power sector circular debt would be zero by December this year, adding that circular debt used to be Rs39bn every month in the past, but currently it was less than Rs10bn per month.

He said that currently there was no discussion on official weekly off on Saturdays, which was introduced in 2011 by the PPP-led government as a last resort to address the energy crisis. He added that it would be decided by the federal cabinet, but there were many other factors in taking such a decision, apart from the situation in the power sector.