

Pakistan signs \$10 bn gas pipeline agreement with Russia

ISLAMABAD: As a major sign of increasing economic cooperation, Pakistan and Russia on Wednesday signed an inter corporate agreement for the laying of more than 1,500 km offshore gas pipeline costing \$10 billion that would be transporting natural gas from the Russian gas company Gazprom's sources in the Middle East to Pakistan with possibility of extending it further to South Asian countries.

Mobin Saulat, Managing Director of Inter-State Gas Systems (ISGS), a state-owned company with the mandate to build gas pipelines and gas import projects, and Vitaly A Markelov of Russian Gazprom Gas Company signed this Inter Corporate Agreement (between companies) here.

Initially, the feasibility study of this \$10 billion offshore gas pipeline project would be carried out by Gazprom at its own expense. The pipeline would follow an integrated approach, including other ancillary projects such as Under Ground Gas storage, desalination and other power projects.

Pakistan will import some 500 million to one billion cubic feet of gas per day (MMCFD) from these Russian sources, which would be transported via sea link, the agreement stipulates. The pipeline construction is expected to be completed in three to four years.

Russia holds huge gas deposits in Bahrain, Qatar and other Middle Eastern countries and had offered Pakistan and India gas exports by laying the offshore pipeline that would be passing through Gwadar.

A Russian delegation headed by Vitaly A. Markelov, Deputy Chairman of the Management committee, PJSC, 'Gazprom' International, visited the Petroleum Division and held a meeting with Petroleum Minister Ghulam Sarwar Khan and other government officials.

According to a statement, federal Petroleum Minister Ghulam Sarwar Khan appreciated the expanding trajectory of bilateral relations between Russia and Pakistan. Khan welcomed Gazprom's interest in offshore gas pipeline project and termed it a manifestation of multifaceted cooperation between both countries.

The Russian side thanked their Pakistani counterparts for the facilitation being extended in preparing necessary groundwork for the project and renewed their commitment to deepening energy cooperation between both sectors. The Russian side invited the federal minister to visit Russia at mutually convenient dates, which the minister gladly accepted.

Pakistan's energy demand is multiplying under the China Pakistan Economic Corridor (CPEC) and industrialisation drive. It would meet its demands to a large extent through this project. Besides, it would place Pakistan on the world map as transit country for offshore gas pipelines.

It is worth mentioning that this project has been planned by the Russian government to capture the Pakistani market. Pakistan has been experiencing gas crisis, particularly in winter, for the past many

years as domestic production has declined with new additions being offset by depleting old deposits. In a bid to tackle the crisis, the PML-N government started liquefied natural gas (LNG) imports from Qatar under a 15-year agreement and brought supplies from other sources as well.

The ISGS is also working on the Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline. It has also been designated by Pakistan for executing the pipeline project along with Russia's energy giant Gazprom.

The under-construction CPEC is making the region more important for foreign investors. Special Economic Zones (SEZs) are being constructed under the CPEC to boost industrialisation in the country.

Russia has nominated Public Joint Stock Company, Gazprom, for implementation of the project. Pakistan's cabinet has permitted the company to conduct the feasibility study at its own cost and risk.

Separately, the ISGS is working on the \$10 billion Tapi gas pipeline, which will connect South and Central Asia. Construction work on the scheme in Pakistan is planned to start in March 2019. These projects are termed game changer for Pakistan.

Owing to a long-running tussle with Europe and the United States over the annexation of Ukrainian region of Crimea, Russia is looking for alternative markets and wants to capitalise on the increasing energy demand in South Asia.

Russia has been a huge gas exporter to the European Union (EU) countries and Turkey for long and despite US anger, Moscow has continued to provide gas to them. Moscow receives gas from Turkmenistan and then exports it to the EU states.

Israr Khan