

Pakistan, Russia sign revised gas pipeline deal

ISLAMABAD: Pakistan and Russia have signed a revised deal for laying the Pakistan Stream Gas Pipeline, formerly known as the North South Gas Pipeline, with major shareholding for Islamabad.

The two sides on Wednesday agreed to rename the North South Gas Pipeline as the Pakistan Stream Gas Pipeline due to major shareholding for Pakistan.

They also agreed, in principle, to execute the project through a special purpose company, which would be incorporated in Pakistan.

Though Russia will have minority shareholding in the gas pipeline project, Pakistan will ensure maximum utilisation of Russian material, equipment and resources with the aim of enhancing technical and operational capacity of Pakistani companies and human resources through mutual working and training.

In the revised project structure, Pakistan will hold 74% shares whereas Russia will have 26% stake. Earlier, Russia had to build the pipeline on the build, own, operate and transfer (BOOT) model and transfer its ownership to Pakistan after 25 years.

Russia had also to make 85% of the required expenditure on the project whereas Pakistan had to spend 15% of the capital.

Now, in the revised model, Pakistan has money on account of gas infrastructure development cess (GIDC) and, therefore, it would contribute 74% of the capital and Russia will make 26% of the expenditure. However, Russia will provide all importable material for the pipeline.

Russia-Pakistan technical committee held its first meeting from November 16-18, 2020 in Islamabad on mutual cooperation for the development of gas pipeline project. Energy ministries of the two countries were present in the meeting.

Discussions were aimed at finalising broad contours and parameters of the project involving construction of a high pressure gas transmission pipeline from Port Qasim (Karachi) to Kasur (Punjab) for the transportation of re-gasified liquefied natural gas (RLNG) in order to meet gas shortage emanating from growing demand from industrial and domestic consumers.

The recent developments came after a decision of the Supreme Court of Pakistan in the matter of GIDC and availability of GIDC funds for project development.

The two countries signed a protocol relating to revised structure of the agreement with different conditions.