

Next govt to inaugurate work on \$10 billion TAPI gas pipeline

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ISLAMABAD: Pakistan Tehreek-e-Insaf (PTI)-led would be government would inaugurate construction work on \$10 billion Turkmenistan-Afghanistan-Pakistan and India (TAPI) gas pipeline project.

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construction work on TAPI in Turkmenistan and Afghanistan have already been performed, but it is still to be performed on Pakistani side. The PTI-led government would hold this ground breaking on this project on Pakistani side, official sources said.

This 1,800 kilometre pipeline project that is dubbed as 'peace pipeline project' will feed the three energy hungry countries, including Afghanistan, Pakistan and India for 30 years. This would transport up to 33 billion cubic metres (bcm) of natural gas per year from Turkmenistan to Afghanistan, Pakistan and India for three decades.

Of this supply, Pakistan and India would receive 42 per cent share each with 16 per cent going to Afghanistan. Turkmenistan economy that is heavily reliant on natural gas sale to Russia, China and Iran, but its supply to Russia and Iran was stopped due to price conflicts and payment disputes. In early 2016, Russia stopped its purchase due to price conflict and supply to Iran was also stopped in early 2017 due to payment dispute.

Currently, China is the major buyer of Turkmen gas. Turkmen gas travels through three pipelines via Uzbekistan and Kazakhstan to China. In 2013, China approved another new gas pipeline that was supposed to deliver 30 billion cubic metres (bcm) of gas annually to western China via Uzbekistan and Kirgizstan and Tajikistan. But this fourth pipeline was suspended in March 2017 due to dispute among member countries. TAPI remains a top priority to serve Turkmenistan's economic needs.

For years, Pakistan has been suffering from energy shortage that is still haunting its economy. Besides its exports, especially of textile sector, have plunged down sizably over the last several years.

Pakistan's domestic gas production is around four billion cubic feet per day (bcfd) while demand is six bcfd. With this fast depleting natural power source and increasing demand, bridging the demand-supply gap is a challenge. It is estimated that by 2025, the gas demand would reach up to eight bcfd.

Pakistan is currently importing LNG from Qatar and Italy and is in talks with different countries to sign government-to-government LNG supply deals. Despite LNG deals, Pakistan needs gas to provide to industry.

The targeted timeline of project implementation was year 2021, but, under an alternate plan, the participating countries would be able to complete the project in year 2020. The steering committee comprised of ministers of the four countries on TAPI pipeline project has approved a plan. Official said that government had proposed new plan to implement the project in shortest possible time. He said that the plan had already been approved by the steering committee.

Under the new plan, pipeline would be laid in first phase without installing compressors on pipeline. Turkmenistan will pump free flow of gas without compressors. The pipeline diameter size was 56 inch, and, therefore, one third gas flow would be possible in this process. Under this plan in one and half year, the flow of gas would start, official added.

Pipeline had been divided in nine lots and successful companies in bids would be asked to work on different lots to implement the project in shortest possible time.

Turkmenistan will contribute 85pc of the pipeline cost estimated at \$10 billion; whereas, Afghanistan, Pakistan and India will have a 5pc equity share each in investments. The cost is in addition to \$15 billion capital injection required for developing a gas field from where Turkmenistan will supply gas to the three countries.

The gas sale and purchase agreement has already been signed in 2012 to establish the pricing mechanism under which gas price at Turkmenistan's border will be around 20pc cheaper than the price of Brent crude oil.