CASA-1000: WB, USAID WITHDRAW FUNDING

ISLAMABAD: The Central Asia-South Asia-1000 (CASA-1000) is reportedly facing a delay of two years as the World Bank and USAID have withdrawn their funding after regime change in Afghanistan, well-informed sources in EAD told *Business Recorder*. Sharing the details, sources said, a meeting, to discuss the progress of CASA-1000 project, was held under the chairmanship of Secretary, Economic Affairs Division wherein all issues related to the project came under threadbare deliberation.

NTDC/CASA officials gave a presentation on the project, which covered the geographical spread and updated progress of the different sections of the project implemented in Tajikistan, Kyrgyzstan, Afghanistan and Pakistan. The project, after completion, would provide a transmission line to transmit electricity from Kyrgyzstan, across Tajikistan and Afghanistan to Pakistan. A study is also being conducted by M/s Hitachi to look into the option of flow of surplus energy from Pakistan to the Central Asian Republics in the winter season. Regarding progress, the forum was informed that with respect to Pakistan physical progress on converter station is 74.4% and transmission line is 67.3 %, highlighting the progress to be 7% ahead.

The meeting was informed that in Afghanistan, the project is at a halt due to withdrawal of funds/non-extension of grant amounting to $ 245 million, by the World Bank, after regime change in Afghanistan, causing delay in the completion of the project. The forum was further informed that USAID has also withdrawn its funding meant for meeting the expenses of CASA-1000 secretariat, which is another major setback for the project.

The meeting was informed that the different issues faced by the project including those of funding would be discussed in the JWG and then IGC for a viable and mutually agreed solution.

The progress regarding foundations for towers, installation of towers laying of transmission line and land acquisition were discussed in detail. The representative of NTDC noted that for 113 kms length of transmission line, a total of 376 towers are to be installed within the boundaries of Pakistan (Nowshera to Torkham border). Out of these 376 towers, foundations for 320 towers have been laid, whereas 300 towers have been erected.

The meeting was informed that the project is delayed by at least two years and discussions are underway with the World Bank for extension in the project period from March 2023 to December 2025. The loan component of IsDB also needs to be extended beyond June, 2023, for which a request is being made to IsDB. Similarly, request for additional financing of $ 7.5 million is also under process.

The Chief Engineer, CASA-1000 flagged the risk of payment of idle charges to the contractors employed by NTDC, if the project is not completed and tested timely due to the situation in Afghanistan. The forum was further informed that the World Bank had asked the other participating countries to work out a loan arrangement for Afghanistan to complete the work. He maintained that this option seems viable but may not be feasible for Afghanistan as it would be a shift from grant to loan. This issue would also be discussed in the upcoming meetings of JWG and IGC.

Chief Engineer CASA-1000 informed that a request has been made to the World Bank to either waive off the interest on the $185 million loan for Pakistan or convert it into a grant since the project delay is due to the situation in Afghanistan. He further stated that a revised PC-1 would be submitted for the approval of ECNEC once decisions are made in the JWG/1GC. Secretary EAD, while appreciating the efforts of all involved in the project, directed to make good preparations for the upcoming meetings of JWG and IGC. The issues related to the project in Afghanistan and those of funding which it was agreed must be properly raised in the relevant fora, so that the project is completed and Pakistan could reap the benefits of the project to the fullest. Representatives of the NTDC and Power Division were also directed for a comprehensive write-up on the project and its related issues.

RUSSIAN OIL AND GAS WILL START REACHING THIS YEAR: GOVT

LAHORE: Minister of State for Petroleum Division Dr Musadiq Masood Malik has said under the Pak-Russia agreement, oil and gas would start reaching Pakistan this year, which would help provide relief to people. Government would soon reduce the gas and electricity tariff for the common man and they would be paying reduced gas and electricity bills as compared to the rich man. While talking to media here at Lahore Press Club, he said that PDM government was standing with the poor man. The prices of food items and other essential items would start decreasing soon that would subsequently help reduce the hardships of the poor strata, he assured. He said that economic recovery was the first priority of the present government, the prices of commodities and other essential items would be reduced in the coming days. Malik said that after today, the price of gas would be different for the poor and the rich, the price of gas would be lower for the poor and different for the rich areas.

The gas tariff of 59 percent of the people of the country had been reduced, when a rich person used 10 units of gas, he would pay three times the money and the poor would get the same amount of gas for less than half that money. “We have also reduced the tariff for tea stall holder and if tea stall holder’s gas bill is Rs 800, the rich will have to pay the same gas bill at Rs 1800, while big hotels and tandoors (ovens) owners will also have to pay separate gas prices,” he disclosed.

Minister of State said that a unit of gas in Saudi Arabia costs two dollars, while in Qatar it costs three dollars, and in Bahrain, power and fertilizer companies pay four dollars, while in Pakistan, gas was being given for 70 cents to the rich and now this would not happen. “We are striving to get one to two billion dollars from the IMF, while rich people are importing cars worth the same amount,” he cited. He said that the Prime Minister’s directive was to give as much new gas as possible to power sector, adding that one unit of electricity from LNG costs Rs 26, which was borne by the common man, and if the same gas was given to the industry, it would be Rs 60 per unit. He said that Imran Khan was sitting at his home and advising the children of the poor to be jailed. Imran Khan was true by saying that there were two Pakistanis, one for the poor and the other for the rich, he said, citing that the bread thief was being punished and there was no questioning of thief who stole diamonds and costly gifts, while the PML-N leadership was disqualified for not taking salary from his son. The PML-N leaders and workers had to endure great hardship and were imprisoned during PTI government, as Imran Khan had implicated his political opponents in false cases. Musadiq Malik said that there was a Pakistan in which a person who took 450 kanals of land from Malik Riaz was now roaming freely and the person who gave him the benefit of US $ 250 million assumed himself as the leader of this country. During his tenure, he mention, Imran Khan had benefited Arif Naqvi’s K-Electric Company by US $ 360 million, while the daughter was handcuffed and dragged to jail in front of her father in the dark of night.

There was a Pakistan where there were costly brand cars; on the other hand the child of the poor was dying of hunger. “Yes, two countries have been made in one country, Pakistan of the rich and Pakistan of the poor, now the country of the weak and the strong will be separated. The government is standing with the poor and old Pakistan,” he maintained. In response to a question, Minister of State Musadiq Malik said that Khawaja Muhammad Asif was his leader but Pakistan was not defaulting, the country defaulted when it could not pay the loan. He said that situations like Sri Lanka had not arisen in Pakistan yet and Khawaja Asif’s statement was being presented out of context. We are all with Shahid Khaqan Abbasi, he asserted. He said that since he assumed charge as minister, no new gas meters were installed because there was no gas, and they could not afford the gas available on that price. “The country has been ruined due to subsidies,” he observed. When asked, he said that the power breakdown report had come out but let it be approved by the cabinet. Musadiq Malik said that industrial growth was the future of Pakistan. Government will promote small scale industries for the youth coming out of colleges he maintained. Government will focus on small and medium sized industry for strengthen the economy. When asked about the abrupt increase of petrol prices, he said that the prices of petroleum products were related to international oil price and the fluctuations of the dollar, one had to pay the price of oil by buying dollars. If oil was sold at a lower price than the market, the country would default. When asked about Pakistan’s weak economy, he said that Imran Khan caused a loss of billions of rupees to the national treasury by buying oil at high prices from the international markets in the last days of his tenure and that raised the fear of the country defaulting. Any country that buys expensive oil and sells it at lower price will meet the fate like that of Sri Lanka he added.

IEA WARNS OF TIGHTER ENERGY SUPPLY NEXT WINTER

BERLIN: International Energy Agency (IEA) head Fatih Birol has warned of possible energy shortages next winter as relatively little new liquefied natural gas (LNG) is coming to the market while China’s consumption is set to rise this year. European governments made many correct decisions over the last year to ensure energy supply, such as building more LNG terminals to replace pipeline deliveries of Russian gas, Birol told Reuters on the sidelines of the annual Munich Security Conference on Saturday. But they also got lucky, he said, with a mild winter dampening demand while economic weakness in China led to the first drop in consumption there for 40 years. “For this winter it is right to say that we are off the hook. If there are no last minute surprises, we should get through...maybe with some bruises here and there,” said Birol. “But the question is...what happens next winter?”

An additional 23 billion cubic metres (bcm) of LNG is expected this year, Birol said, adding that even with only a small increase in economic output as pandemic restrictions ease, China would likely swallow 80% of the extra gas. “Even though we have enough LNG import terminals, there may not be enough gas to import and therefore it will not be easy this coming winter for Europe,” he said, noting this would likely push prices up again. “It is not right to be relaxed, it is not right now to celebrate”. Even with a renewed push to develop new gas fields, it would be years before they came online, he said.

Households and firms therefore need to continue efforts to reduce gas usage while renewable energy output needs to expand faster, he said. Klaus Mueller, head of the German network agency which regulates gas and electricity markets, in an interview with Deutschlandfunk on Sunday also said he could not exclude possible gas shortages next winter, especially as Germany would now have to fill storage facilities without Russian pipeline gas. “We can manage it but will have to really make a big effort,” he said, adding that it would be good not to let storage levels drop too far below the current 71.52%. In the interview, Birol also warned countries that had decided to phase out nuclear energy to reconsider if this was the best time to do so, saying the temporary extension of Germany’s last nuclear plants until April for example was a step in the right direction. “We need all energy sources to help us for the next winter,” he said.

R 20-2-2023

TARIFF PROTECTION LIKELY TO RAISE MS, HSD PRICES

KARACHI: Tariff protection incentive given to the local refineries could push up the price of motor gasoline (MS) and high-speed diesel (HSD) by Rs3/litre, indicated the summary of the **Petroleum Division** on the new refining policy.

The Petroleum Division summary on Pakistan Refining Policy 2023 has been prepared for the consideration of the Cabinet Committee on Energy, scheduled for next week. The copy of the summary available with The News said that by granting the incentive **tariff** protection (equivalent to incremental custom duty on MS and HSD at the rate of 10 percent and 25 percent respectively), the consumer price of both products would be raised by Rs3/litre; however, it could be minimised by optimal utilisation of white oil pipeline.

The official document stated that in October 1997, the government introduced Petroleum Policy 1997. It was amended in 2002, replacing the minimum 10 percent guaranteed rate of return for refineries with a tariff protection formula i.e deemed duty of 10 percent on HSD, 6 percent on SKO, LDO and JP-4. However, in 2008, the tariff protection was reduced to 7.5 percent on HSD only. “The tariff protection couldn’t attract investment in the sector in the form of new refinery or upgradation of existing refineries and requires to be improved,” the summary stated.

The summary said that the establishment of a new **refinery** requires considerable lead time and huge investment for which a policy along with attractive incentives needs to be in place. This, it pointed out was under process for finalisation, and would be placed before the Economic Coordination Committee of the cabinet. In case of existing refineries, necessary changes have been incorporated into the policy after deliberations with the refineries and government bodies. It said that indigenous and imported crude was refined by five refineries, which have been periodically upgraded to meet the fuel specifications.

However, the government has been asking the refineries to further upgrade their plants by producing Euro-V specification fuels and minimising production of furnace oil, which required capital investment of around $4 to $4.5 billion, the summary stated. It mentioned that the refineries have to arrange the funding from their own resources and borrowing from local lenders at commercial terms and have to improve their balance sheets to obtain funding.

According to the summary, local refineries need the government’s fiscal support in view of their last five year’s profit/loss position to improve the financial position for upgradation purpose. In case of no intervention, the summary stated, the local refining sector is at risk of collapse and shutdown and in such case, the domestic crude oil production of approximately 70,000 barrels per day would have to be exported. Whereas, the import of multiple petroleum products instead of a single product i.e crude oil, will further complicate the growing congestion at our ports. “Such a scenario might discourage investment in exploration of oil and gas sector apart from creating vulnerability in the supply chain of strategic fuels and placing an additional burden on our balance of payments,” it noted.

EMERGING OMCS CALL OUT OIL REGULATOR ON BIAS

KARACHI: Emerging oil marketing companies (OMCs) are working as per law and it is their constitutional right to do business in an equal opportunity environment provided by the Oil and Gas Regulatory Authority (OGRA). OGRA is the regulatory authority for all OMCs, and just not only for the four big OMCs. Therefore, it should provide a level playing field and stop discriminating against emerging OMCs, a representative of the emerging OMCs said in response to an article published in The News about their role in the petrol shortage. It should be noted that all emerging OMCs, as per their size, played a vital role in dealing with the current crisis by increasing the supply to their fuel pumps. They also constitute “vigilance committees” who monitored and ensured the supply of products from depot to pump hence maintaining the supply chain effectively.

Emerging OMCs also issued a helpline number for the public to inform about any shortage or lower supply of oil at any of their pump. This move was deeply appreciated by the general public and played a very positive role in smooth supply and availability of product at all fuel pumps.

OGRA and OCAC nexus with the help of four big OMCs has been aggressively working against emerging OMCs, the representative said, alleging that they were united in portraying a bad image of the emerging OMCs in the ministry, OGRA and every available forum to keep them out of business. They “intend to make a cartel of four OMCs with the help of OGRA,” the representative accused. OGRA should devise policies keeping in view all the industry stakeholders. However, it seems that OGRA was playing a partial role and formulated policies for the benefit of the four big OMCs

“The supply chain management controls of big companies are weak, due to which the product dispatched from depots does not reach its original destination, instead it goes to hoarders, who cause a shortage at pumps,” the representative of emerging OMCs said. To ensure equal opportunities and level playing field for all OMCs, the selection of OGRA chairman should not be from the four big OMCs, if so, the incumbent will always formulise policies to favour big companies and will work against the emerging OMCs, they said.

TN 19-2-2023

BURDEN ON NATIONAL EXCHEQUER: GOVT ADVISED TO SELL LOSS-MAKING SOES TO BUSINESSMEN

ISLAMABAD: Ahsan Zafar Bakhtawari, President, Islamabad Chamber of Commerce and Industry (ICCI) has said that the government is spending billions of rupees every year to bailout the loss-making State Owned Entities (SOEs) including PIA, Pakistan Steel, Pakistan Railways and Discos, which showed that these entities are a big burden on the national exchequer and stressed that the government should privatise these entities to big businessmen of the country that would reduce government expenditure, improve the performance of these organisations and enable the country to decrease its debt. He said this while addressing as chief guest at a dinner reception hosted by Zahid Rafiq, Secretary General, Islamabad Estate Agents Association. Ahsan Zafar Bakhtawari said that there are many reputed businessmen in the country who have the financial capacity and capability to turn the loss-making SOEs into profit generating organisations and emphasised that the government should handover these SOEs to them on the condition that they would pay off all the debts of the country within 10 years and after that these SOEs should be transferred to their name. He said that deregulation and privatisation of banking and telecom sectors have made significant improvement in their performance and these two sectors are paying billions of rupees in taxes to the government. He said that the best option of transforming loss-making SOEs into profit-generating entities is privatisation.

Zafar Bakhtawari, former president ICCI speaking on the occasion, said that rising debt servicing obligations are consuming a major share of our total revenue due to which the country is unable to spend more on development and public welfare projects. He said that Pakistan cannot achieve sustainable economic development without controlling the rising debt burden. He stressed that the government should make policies to control debt and reduce non-development expenditures. He called upon the business community to work hard to promote trade and exports in order to improve the economy.

Sardar Yasir Ilyas Khan, former president ICCI said that running business entities is the job of the government. Therefore, he stressed that the government should focus on improving the regulatory framework for commercial organisation and reduce its footprint in the business field by handing over the loss-making organisations to the private sector.

Sardar Tahir President, Zahid Rafiq Secretary General Islamabad Estate Agents Association and others also spoke on the occasion and emphasised that the government should adopt austerity measures and reduce all unnecessary expenditure to overcome fiscal and current account deficits.

R 20-2-2023

SC CALLS TO OVERHAUL COMPENSATION MECHANISM FOR LAND

ISLAMABAD: The Supreme Court has emphasised the need to overhaul mechanisms of compensation paid for the land acquired for official business.

The court said granting a lesser value will be against the fundamental rights to life, dignity and the right to own property. This was observed by a three-judge bench which rejected the appeals filed by the government and the Military Estate Officer against a Lahore High Court (LHC) order to increase compensation for the land acquired to expand the Pakistan Ordnance Factory in Wah. The bench included Chief Justice Umar Ata Bandial, Justice Syed Mansoor Ali Shah and Justice Ayesha A. Malik.

The judgement, authored by Justice Malik called for legislation to calculate the potential compensation for the acquired land according to the best market value instead of leaving it to the whims of the land acquisition collector. “The right to own property being a fundamental right is inclusive of the right to possession, right of control and the right to derive income from the property,” the judgement added. “The exception to this fundamental right as per Article 24 is compulsory acquisition for public purpose, which means that the State can acquire private property for public purpose under the authority of law, which provides for compensation and either fixes the compensation or provides for a mechanism to fix compensation.”

The court observed that the government had made no efforts to devise a scheme to calculate the potential value of land over the years. This should be a priority for the government as acquisition cannot be at the expense of the financial loss to landowners, Justice Malik observed. She said there was no justification to continue with archaic concepts to assess a land’s value. To evaluate the compensation, the land acquisition collector must consider several aspects, the judge added.

These included the location of the land and its physical attributes such as accessibility, attributes related to land use, which includes residential, commercial and industrial use; the availability of utilities such as water, gas, electricity, phone connectivity and the price of land in the vicinity. “[The] factors such as potential for economic growth, urbanisation, infrastructure development, adds value to the land.”

The case

In its verdict on June 18, 2019, the Rawalpindi Bench of the LHC ordered the military estate to increase the compensation to Rs30,000 per kanal along with a 15 per cent necessary acquisition charges and compound interest. The issue was over the acquisition of land in three villages of the Attock district Attock — Burhan, Jallo and Islamgarh.

Dawn 19-2-2023