

Coal project

THE keen interest being shown by a consortium of US-based investors in mining the large reserves of coal in Thar for electricity generation and liquid fuel and urea production offers a unique opportunity for Pakistan. The consortium of lignite mining giants is already in Islamabad discussing the proposition with the Board of Investment. The consortium is reported to have offered to invest a whopping \$10bn in the project to produce 6,000MW of coal-based power, and transfer modern, clean technology for gasification of coal and the production of liquid fuels and urea. In the first phase to be completed in three years, the consortium plans to produce 2,000MW of electricity and 20,000 barrels of liquid fuel. In the second phase, a urea plant will be set up and the production of synthetic gas started. By the time the project is completed, the total generation would rise to 6,000MW. Mining operations would eventually be producing over 100 million tons of coal per year to feed 80,000 barrels a day of direct coal-to-liq-

uids plant.

The offer has come at a time when the government is trying to grapple with growing gas and power shortages even as it raises prices in a bid to ration demand. The energy crunch facing the country has brought the economy to a grinding halt with local and foreign investors shifting to other destinations. We don't know as yet how serious the investors are but, if the project to be completed in three phases makes headway, the venture would go far in addressing the acute energy crisis that has been stalling economic growth and industrial expansion in the country for the last several years. It will help bring down power rates making electricity affordable for all consumers, as well as send a positive signal to other foreign investors, and kick-start industrialisation and job creation in the country. Nevertheless, it is advisable that if talks on the project make progress the agreement should be finalised in a transparent manner so that no future government or state institution can strike it down.