

Poor law and order: Chinese company backs off from Thar coal project

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A Chinese company, which had earlier shown interest in investing in the Thar coal project, has now refused to make any investment in view of the deteriorating law and order situation in Karachi, sources said on Monday.

Meanwhile, the Sindh government on Monday signed a memorandum of understanding (MoU) with another Chinese company for coal extraction and setting up a power plant in Thar.

Sources said that China's King Hu was short-listed by the government in July to invest in Block VII of the Thar coalfield following an international competitive bidding process. The company had to extract coal and establish a power plant before setting up a chemical complex in Thar.

“Initially, the company was willing to invest \$3.5 billion. The investment was likely to reach \$19 billion, as the company agreed to establish a chemical complex. But it has now refused to proceed in view of the volatile security situation in Karachi,” one source said.

“The agreement was ready, but suddenly the company refused to invest, saying that banks and international financial institutions have refused to extend any loans in the wake of uncertain situation in Karachi,” the source added.

Commenting on the development, Sindh Board of Investment Chairman Zubair Motiwala said that the company had not refused, but only ‘suspended’ its programme temporarily.

“We are in close contact with the company because it will be a long-term and huge investment. I hope the company will agree to come and generate power from coal,” he said, adding that in addition to King Hu, the government had short-listed other companies, including Global Mining Group of China, Australasia Mining and Pakistan Petroleum.

Power generation project in Block I of the Thar coalfield

The Sindh government signed a memorandum of understanding (MoU) with China’s Global Mining Company (GMC) at the Chief Minister’s House on Monday for a coal-mining and power generation project in Block I of the Thar coalfield.

Coal and Energy Development Department Secretary Mohammad Younus Dagha and Liyang Liu, who is the chief executive officer of Sino-Sindh Resources, a local subsidiary of GMC, signed the MoU.

Speaking on the occasion, Motiwala said that the Sindh government initiated the process of international competitive bidding for the allocation of various blocks of the Thar coalfield in December 2010. “After due deliberations and diligence, the Thar Coal and Energy Board allocated Block I of the Thar coalfield, spread over 122 square kilometres, to GMC,” Motiwala said.

GMC intends to develop a mine producing five million tons of coal per annum initially with power generation of 900 megawatts (MW) to be scaled up to 2,100MW with an initial investment of \$3 billion. It is also willing to invest \$1.5 billion in key infrastructure projects.

In his speech, the CEO of Sino-Sindh Resources assured Sindh government representatives that GMC would complete the feasibility study within six months. He added that the ground-breaking ceremony of the mine construction project would be held in the first week of April.

He said that production of coal would start within three years, adding that power generation of 900MW would begin by 2014. He said that the GMC consortium would invest approximately \$4.5 billion up to 2016, adding that another \$4 billion would be

invested to meet the target of 10,000MW of power generation by 2020. Sindh Chief Minister Qaim Ali Shah said that the government would provide GMC with all possible help.