

INTERNATIONAL  
**THE NEWS**

## **Chinese firm to invest over \$4 bn in Thar coal to generate 900MW**

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Tuesday, September 20, 2011

A Chinese firm will invest over four billion dollars in Thar coal to generate 900 megawatts of power by the year 2014.

An MoU for coalmining and power generation project in Block I of Thar coalfield was signed between the government of Sindh and a Chinese firm, M/s Global Mining Company (GMC), at the Chief Minister's House here on Monday.

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

The Chief Minister of Sindh, Syed Qaim Ali Shah, appreciated the planned investment in the megaproject and said that the government would provide all possible help to the Chinese company for the power project.

He said that Sindh had huge reserves of coal out of which 175 billion tones were in Thar.

The governments of Pakistan and Sindh had assigned top priority to develop coalmining, coal-based power generation and other uses of coal by offering very attractive fiscal incentives, protections and guarantees to the investors in the coal sector.

These projects were seen as vital for the country's energy security, besides having the potential to turn the economy of the country around.

He said that it was really encouraging for them that the feasibility study would be completed in the next six months and the project would be completed within three years.

He said given their economic compulsion, they would be interested to see the project completed on time.

Zubair Motiwala, chairman of Sindh Board of Investment, said that the government of Sindh had initiated the process of international competitive bidding for allocation of various blocks of Thar coalfield in December 2010, and after detailed deliberations and due diligence, the Thar Coal and Energy Board had allocated Block I of Thar Coalfields having an area of 122 sq. km to the Global Mining Company of China.

The GMC intended to develop coalmine of five million tones per annum initially and power generation of 900 MW to be scaled up to 2,100 MW with an initial investment of US\$3 billion.

They were also willing to invest US\$1.5billion in key infrastructure projects.

Liyang Liu, CEO of Sino-Sindh Resources, a local subsidiary of Global Mining Company, said that the GMC would complete the feasibility study within six months, and the ground breaking ceremony of Mine Construction would be held in the first week of April 2012.

Production of coal would start within three years and power generation of 900 MW was expected by 2014.

The GMC consortium proposes to invest approximately US\$4.5 billion up to 2016, and another US\$4 billion would be invested to reach the target of producing 10,000 MW by year 2020.

The GMC further intends to invest in construction of key infrastructure such as transmission line, water conduit and effluent treatment system with an estimated cost of US\$1.5 billion.

Later answering questions by the media, Liyang Liu said that they were keenly interested in the energy sector because Pakistan's investment policy was conducive. Besides, there was a huge market given the energy crisis in the country.

He said the Chinese firms were also investing because the two countries enjoyed cordial relations.

Zubair Motiwala said due to energy crisis, there was no expansion in industries and jobs were not being created.

He said a 400-kilometer road had been constructed and 29 desalination plants installed besides a residential enclave constructed there as part of providing infrastructure to the investors.

He said Pakistan was importing around six million tones of coal and they were trying to replace it with Sindh coal.

Motiwala said around 3000-4000 mw power was being generated through furnace oil and relevant study revealed that these plants could be converted into coal.

He admitted that one Chinese firm had withdrawn from its investment in Thar coal due to security problems recently.

The Secretary of Coal Department, Mohammad Younus Dagha, pointed out that Block II had been given to Engro, which had completed its feasibility study for generating 1200mw.

Another block had been allotted to Oracle Mining which had also completed its feasibility study. Today, the third energy project was being launched by the Chinese firm.

He said they were also engaged in talks with another foreign firm for signing a fourth MoU for utilization of Thar coal reserves for energy purposes.