

## No agreement yet on purchase of crude oil from Russia: Petroleum Minister



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Federal Minister for Petroleum, Musadik Malik, has denied any agreement for the purchase of crude oil from Russia. Speaking to journalists in Islamabad, the petroleum minister stated that no agreement had been made with Russia for the purchase of crude oil. He explained that during the

last oil purchase, the plan was to procure it through a public sector company. Musadik Malik said, “We intended to provide oil to refineries at international market prices through a subsidy mechanism, but this plan was not fully implemented. After the first cargo, no further oil was requested from Russia by PRL (Pak-Arab Refinery Limited), and we currently have a surplus of LNG, so we are not importing any new cargo.” The minister clarified that while talks regarding the purchase of crude oil from Russia continue, there is no official agreement to import crude oil at the government level. “We will not be importing any new cargo beyond previous agreements,” he added. He also mentioned that Russia is interested in offshore oil and gas exploration. Musadik Malik further revealed that Pakistan has deferred five LNG cargos from Qatar and negotiations are ongoing to avoid importing five additional cargos from Qatar next year. He also mentioned that a framework for the de-regulation of petroleum product prices is being developed, which will allow for immediate benefits to the public through reduced prices. This de-regulation framework will be approved by the Prime Minister. The minister noted that the prices of LNG in the international market have decreased due to increased supply. Musadik Malik’s response was to the news where some media channels had claimed that Pakistan had reached an agreement with Russia for the purchase of crude oil, but he refuted these claims. Few days earlier, it was reported that Pakistan will hold discussions with Russia next week to deepen economic ties and invite

investment for financing infrastructure projects, including the three schemes that were earlier pitched for Chinese funding. The three-day-long discussions will be held at the platform of Pakistan-Russia Intergovernmental Commission (IGC) amid persistent challenges to find a legal way to avoid the international financial sanctions against Moscow for doing business with it.

Government sources said that there was heavy economic, commercial and trade agenda that both sides would take up to deepen ties. Meetings are taking place a week after the president of Belarus, an ally and friend of Moscow, visited Islamabad and signed a number of agreements and memoranda of understanding (MoUs). Sources said that during the preparatory meetings it emerged that Pakistan did not have a viable alternative plan to do business with Russia in the presence of US and European Union sanctions. However, India is doing business with Moscow despite the embargo. Pakistan's stated policy is that it is not part of any western or Asian bloc and wants to do business with all countries, except for India and Israel. Pakistan will discuss the possibility of establishing correspondent banking relationship with Moscow amid reluctance of local banks due to the fear of western sanctions. There will be discussion on a payment mechanism for the settlement of financial transactions. One of the options is to establish and maintain cooperation between Exim banks of both countries. Pakistan, which has received major Chinese investments for infrastructure projects worth around \$6.5 billion, is now pitching numerous

schemes for Russian investment. The government is planning to seek Russian financing for the Sukkur-Hyderabad Motorway (M-6) project, which is the only missing link between the Peshawar and Karachi motorway. China has built the Multan-Sukkur section under CPEC. It will also pitch the Gwadar-Hoshab-Awaran-Khuzdar Motorway (M-8) project for Russian investment. Earlier, the government tried to get Chinese funding for the project. Pakistan is seeking Russian money for upgrading the Quetta-Taftan railway line. It may ask for funding the Diamer-Bhasha Dam, which had earlier been offered to Saudi Arabia and China. Chiniot Dam and the Attaabad hydropower project are also listed for discussion. The energy sector has remained a priority between the two nations but no major breakthrough could be achieved in the past. Sources said that Pakistan would again seek to buy Russian crude oil and liquefied natural gas (LNG) at discounted prices. The issue of finalising the much-delayed Pak Stream Gas Pipeline (PSGP) project is part of the next week's agenda. Technical teams of both sides have remained engaged with each other to finalise the legal draft of a shareholders' agreement. The project has been hit by US sanctions. Islamabad also wants to pitch the project for upgrading Pakistan Refinery Limited and is seeking Russian investment in offshore oil and gas exploration.