Given the strong growth potential in the gas sector in Pakistan, Canadian firms need to develop a relationship with local firms based on long-term commitment. The public- and private-sector oil and gas organizations are keen to collaborate with foreign firms on transfer of technology, licensing or partnership basis rather than procurement of equipment only. A local agent or partner must be taken into consideration in the promotion and development of innovative packages for project implementation.

The intent of the new petroleum policy seems to be the removal of government's intervention in private company operations more specifically for firms engaged in petroleum exploration, refining and marketing. This policy, if implemented and adhered to, will assist in increasing the production volumes of oil and gas. The high priority assigned to offshore oil and gas exploration is a welcome development, if seen in the context of declining trends in domestic oil production over the last two years. The success of the government to set up regulatory bodies and ensure an environment of free, transparent and impartial competition between private- and public-sector entities will go a long way in improving the sector capabilities.

Power and Energy

Opportunity

Pakistan is an energy deficient country where the current power generation capacity (hydel, thermal and nuclear) of approximately 11 000 Megawatt (MW) is not sufficient to meet future demands from industrial, commercial and domestic growth.

The Government of Pakistan (GOP) has embarked on a policy of encouraging the private sector to invest in private power generation. The thermal power policy, announced in March 1994, attracted over 30 serious proposals. Between mid-1994 and mid-1995, the GOP approved proposals totalling approximately 3000 MW for private sector thermal power generation. Several Canadian equipment and engineering firms are actively pursuing thermal power projects in Pakistan.

In May 1995, the GOP instituted incentive policies for private-sector investment in the hydel and power transmission sectors. These policies were viewed favourably by the private sector investors. These policies differ in their approach towards private-sector investment. The thermal power policy is based on power plants built on a BOO basis while hydel power plants have been offered to the private sector on a BOT basis. The change in the policy towards BOT projects implies that the investor is allowed to retain the project for a limited period of time and the financial and economic feasibilities for the projects are based on a 25-year period.

The hydel policy of 1995 has identified more than 18 hydel power sites that have potential for generating power ranging from 5 MW to 150 MW. The revised version of the power policy, which will include major provisions of the previous hydel policy, is expected to be announced in 1998.

The opening up of the thermal and hydel power generation and the high voltage transmission lines to the private sector offers future opportunities for Canadian power equipment and services firms, investors, engineering firms and power utilities.