



Balochistan on foreign investors' radar screen

By Sabihuddin Ghausi

As the world prices of all minerals, metals, industrial raw materials and commodities go on rising, Balochistan has emerged as a bright spot on the international investors' radar screen. "We are not poor but the richest province in terms of resources," a beaming Mehfooz Ali Khan, the provincial finance secretary, told a post- budget conference on June 22.

"The provincial government should have its own petroleum and gas policy with a high level technical board to manage this area (mineral exploitation and investment) of vital interest", he said.

"The price of chrome from local mine in Muslim Bagh was Rs3,500 a ton in 1998. It is now quoted at Rs38,000 a ton", Ghulam Sabir Khan, President of the Balochistan Miners Association said. He said the prices of almost all minerals were on the rise and mining was attracting huge investment the world over.

"The 1995 Mineral Policy is outdated", Mr Tahir, a coal miner in Macch, said pleading for a new mining policy at the federal and provincial levels. Miners in Balochistan argue that provincial governments will have to play a key role in developing necessary facilities and enabling environment to attract investment for mineral exploitation.

While the Balochistan government was presenting its Rs71 billion budget for the year 2008-09 with a big deficit of Rs8.30 billion, it was also playing host to eight top diplomats from Europe and Asia eyeing investment potential in their province.

The diplomats were apparently lured by investment potential but their key question was about, "Balochistan government's jurisdiction on decision- making on investment, business operations, pricing, infrastructure and other allied matters".

"Their question was valid and relevant," Ahmad Buksh Lehri, the Additional Chief Secretary Development and Planning of Balochistan remarked at a meeting. He recalled an unfortunate incident in which a German investor who landed at Gwadar airport sometimes ago to make some initial enquiries, was forced to leave.

"The German was hauled up at the airport and the security officers wanted to know from him whether he had obtained a prior permission from the relevant authorities to visit Gwadar. The German said he was given a visa to visit all parts of Pakistan. His reply did not convince security officials and he was deported back to Karachi from where he flew back home. His company abandoned plans to take up any project.

While meeting with politicians and officials of the Balochistan government, one can notice a bitter feeling about their helplessness in taking vital decisions on economic progress of their province.

Because of excessive intervention from Islamabad, even at the micro level, Saindak project took more than 30 years to make a beginning. The much talked about fifth biggest copper deposit Rekodiq project took more than 15 years and has yet to take off.

Saindak and Rekodiq projects and their products-- copper, gold and silver-- will introduce Pakistan for the first time in the international metal market.

“We have a 25 per cent equity share in Rekodiq and in addition we will get two per cent royalty,” the Finance Secretary informed. He expects about \$1 billion income from the project out of which the provincial government’s annual share will be around Rs18-19 billion.

Enquiries revealed that the remaining 75 per cent shares of Rekodiq are with two companies--a Chilean company, Antoflagasto and a Canadian company, Barrings. Many are not happy over the arrangements which make their province’s share 25 per cent in investment of developing huge infrastructure for laying down of about 300-400 miles road for connecting the plant site in Chagai to Gwadur or may be to Pasni, construction of about 100 megawatt electric power plant, developing logistics for supplying fuel to electric generation plant and a host of ancillary facilities that would be needed for making this copper-gold plant work.

Quite a few politicians feel convinced that Balochistan will be made to share 25 per cent of big investment required for developing the infrastructure and ancillary facilities and the province will get pea nuts in return, while the two investor companies--Chilean and Canadian--will make big money. After 19 years of operation, the Rekodiq will be left with empty holes as all copper and gold will be extracted.

“The previous government promised on three occasions to provide detailed information about Rekodiq project to the assembly but never did it” Mr Aslam Bhotani, Speaker of Balochistan Assembly said. He was speaker in the last assembly also.

In November 2007, the federal government constituted a 14-member steering committee headed by federal minister for natural resources. The committee included four members from Balochistan but it never met. None of the Baloch politician or bureaucrat was ever taken into confidence on vital mineral projects at a time when there is a growing feeling among people of Balochistan that, “we are the owners of provincial resources and we should take decisions about their use”.

Ghulam Sabir Khan, President of Balochistan Miners Association in a telephonic conversation from Quetta on Thursday quoted a media report based on a reply given by government on the floor of the assembly. According to the government, 176 persons have been employed in Rekodiq of which 159 are from Chagai district where the project is

located. There are seven employees from Sindh, six from Punjab and four from NWFP. But there is no information on number of Balochs who might have gained experience in mining engineering, geological surveys, plant operators and in various technical fields or in management positions.

“A friendly co-ordination and exchange of information between federal government and provinces on vital matters is alright but intervention and that too to the extent it renders provincial authority redundant will be resisted,” a senior bureaucrat remarked.

“We have not been even paid land lease rent of all these projects for last several years”, the Balochistan Finance Secretary disclosed. He is preparing a Rs1.8 billion claim on this account on the federal government. Many say that late Nawab Akbar Khan Bugti’s tiff with the government centred around his demand for recovery of land lease rent and related issues. Eventually he lost his life.

In the midst these controversies, the mineral sector offers a hope for Balochistan’s prosperity and progress.

The province has remained the biggest coal producer for the last more than a century. It still produces about two million tons of coal that is mostly used by kiln operators from Punjab and NWFP. “Chamalong coal field has become operational and has provided 10,000 jobs,” the provincial finance secretary said. It will increase coal production to about 4.5 million to half a million tons a year.

Saindak has been commissioned under the management of a Chinese company and it generates a revenue of Rs200 million. In the next few weeks, a lead-zinc mine at Duddar will be commissioned. The province has 12.5 per cent equity in this project and will get a two per cent royalty.

Sui was commissioned way back in early fifties with a gas reserve of 8.6 trillion cubic feet. It is now fast depleting. Pakistan owes much of its industrial progress to Sui. Gas exploration work at Pir Koh, Loti, Uch and Dera Bugti are going on in full swing.

“Unfortunately in the past, neither did we train our manpower nor did we lure potential investors”, the finance secretary remarked. He also complained that the provinces’ rights were not safeguarded. But now the provincial governments, not only of Balochistan but others also want to have a greater role in development of mining, industry, agriculture and in the services sector.