

Beijing interested in joining Tapi pipeline project

ISLAMABAD: China is exploring building a spur from Pakistan's territory once the multi-country Turkmenistan-Afghanistan-Pakistan-India (Tapi) natural gas pipeline project begins operations, a Pakistani official said, with the financial close of the project's first phase expected next month.

Originating at the giant Galkynysh gas field in Turkmenistan, the \$9.6 billion Tapi pipeline involves the four countries' own energy companies, and would carry 33 billion cubic metres (bcm) of gas a year.

Turkmenistan is building Tapi to diversify its gas exports, which have mostly gone to China. But the project has suffered lengthy delays due to difficulties obtaining financing and the security risks of building a pipeline through war-torn Afghanistan.

Mobin Saulat, the chief executive officer of Pakistan's state-owned Inter State Gas Systems, told Reuters that Chinese officials have shown growing interest in building a spur from Pakistan and the line could act as an alternative to Beijing's plans to build a fourth China-Turkmenistan pipeline.

"With this channel, there is a possibility they don't have to do another line and they can off-take from this project which is passing through Pakistan," Saulat said.

A China-Turkmenistan line has to cross several Central Asian mountain ranges and Saulat said it would be cheaper and easier for China to build one from Pakistan's territory to cross the Karakoram range to its western border.

Facing more delays, Tapi countries have changed tack to attract financing and make progress in the past two years. The

project is now due to be done in two phases with the pipeline built without compressors in the first phase, which would cut gas volume but reduce prohibitive project costs.

Once gas starts flowing and the pipeline begins generating cash flow, financing would be raised for the second phase that would see 11 compressors installed along the 1,814 km (1,127 miles) pipeline.

“With the introduction of this phased approach, it has gained momentum with the Chinese,” said Saulat.

The financial close for the first phase is due by the end of September, he said, with the Asian Development Bank promising \$1-1.5bn and the Islamic Development Bank giving assurances of \$1bn in loans.