Pakistan Oil & Gas Conference 2004
Hotel Marriot, Islamabad
Welcome address by Mr. A. Shahbaz

Excellency the Prime Minister of Pakistan Mir Zafarullah Khan Jamali
Honorable Minister for Petroleum & Natural Resources
Secretary Ministry of Petroleum & Natural Resources
Sponsors, Co-sponsors, distinguished delegates and guests
On behalf of PIP it is my proud privilege to welcome you to the Pakistan Oil and Gas Conference 2004. PIP has been in existence since 1965 as an independent body governed under the Companies Ordinance and has its members all the major public and private sector companies involved in the entire spectrum of the Oil and Gas Industry and over 700 individuals.

Recommendations of the Pakistan Oil & Gas Conference 2004

1. The Conference recognizes and appreciates that sound fiscal policies adopted and perused by the Government since late 1999 which has resulted in a stable macro economic environment and provides a sound foundation for future economic growth. We can reasonably expect a GDP growth of 6 % per annum in the medium term (next two to three years).

2. The Conference also recognizes and appreciates that the existing petroleum policies are investor friendly with continued emphasis on deregulation, restructuring and privatision but need to be reviewed periodically in the light of changes in international practices and markets. It is further suggested that these reviews be held in consultation with the industry and other stakeholders.

3. These policies, laid down earlier by the General Musharaf Government, have being vigorously implemented by the Ministry of Petroleum and Natural Resources. But there is need for other ministries, customs authorities and particularly, the provincial governments, to work in harmony with the Ministry of Petroleum and Natural Resources for the successful implementation of these policies. There should be greater emphasis on marketing a level playing field, promoting competition and transparent pricing policies.

4. The government should continued to provide a conducive and congenial business environment for the existing investors in the oil & gas sector, as they are the best ambassadors for attracting new investment in the country.

5. Government policies should be targeted to attract reputable companies with required resources in both the upstream and downstream sectors of the oil & gas industry to avoid fly-by-night operators.

6. The industry and government should jointly develop a long-term energy plan for the country as the future demand of energy is going to be robust and we can expect significant growth for gas, oil, electricity and coal. Present demand of 50 mtoe will double to 100 mtoe in 2015 providing considerable opportunities for investment.

7. Natural gas is the fuel of the future for Pakistan which is already providing 45 % of the energy requirements therefore greater effort for exploring and developing new

sources of supply, expansion and upgrading of the natural gas infrastructure is required along with facilities for import of the gas when required.

8. There should be in-depth analysis covering the strategic economic and financial aspects of the gas import pipeline projects but the existing and future investors in the upstream gas sector must be fully protected and encouraged.

9. Government should focus on improving the law & order situation particularly in oil & gas exploration and productions areas.

10. The privatization program for the oil & gas companies is proceeding well and the highly successful IPOs of OGDC and SSGC which have increased ordinary shareholders participation in these companies. It also reflects the robust strength of the companies in the oil and gas industry and PPL IPO should also be a success.

11. Transfer of ownerships from public to private will improve the performance and profitability of the public sector companies but credit must be given to the government for supporting good corporate governance, autonomous boards and freedom of operations in these public sector companies.

12. There is need to expand and improve the infrastructure and to optimize the supply chain to cater to the growing demand of oil in the future including increased storage cover and expansion of the pipeline network.

13. There is a need to study the implications of increased refinery capacity vis-à-vis imports to meet the future import requirements taking into account the strategic considerations.

14. The price formula for ex-refinery prices should be continued to provide comfort to the potential investors.

15. The already attained environmentally-friendly specifications for petroleum products should be maintained and no retrogressive steps should be taken.

16. Government should increase vigilance to prevent manufacture and sale of spurious and counterfeit petroleum products.

17. There is a need for increased focus on standards, including health, safety and environment across the entire spectrum of the industry and bring them up to international standards and government and OGRA support is necessary.

Because of time constraint I have been brief making elementary statements. However each one of these issues would need in depth analysis, evaluation and implementation by all the stake holders. We will be glad to provide information to the government on these issues.

Thank you for being with us.