
AZERBAIJAN OFFERS PAKISTAN OPEN OIL CREDIT FACILITY

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Azerbaijan has offered Pakistan an open credit line of \$100 million for the purchase of petroleum products without any sovereign guarantees, an offer, though small, will help ease some pressure on Pakistans fast dwindling foreign currency reserves.

Pakistan is currently facing extensive pressure on its balance of payments and is going to negotiate a bailout package with the International Monetary Fund (IMF).

Gwadar will soon be the centre of global trade

At this point in time, the offer from Azerbaijan will be of some help for Pakistan, commented a senior government official while talking to The Express Tribune.

At present, Middle Eastern countries like Saudi Arabia, the United Arab Emirates (UAE) and Kuwait are major suppliers of oil to Pakistan. However, any deal with energy-rich Azerbaijan will lessen Pakistans excessive reliance on them.

Azerbaijan has nominated state-run Socar and Pakistan has designated Pakistan State Oil (PSO) for signing a commercial deal in this regard.

However, until now the proposal has been a victim of bureaucratic hurdles. The Petroleum Division is required to seek approval of the cabinet for waiving Public Procurement Regulatory Authority (PPRA) rules in order to pave the way for a government-to-government deal with Azerbaijan.

Energy ministries of both Pakistan and Azerbaijan had signed an inter-governmental agreement in February 2017, but documents of the deal turned into a shuttlecock between PSO offices in Karachi and the Petroleum Division in Islamabad due to bureaucratic hiccups.

As a result, the case could not be sent by the Petroleum Division to the cabinet for approval.

In addition to offering attractive commercial terms and oil supply without any interruption, the Azerbaijan company also presented PSO with a \$100 million open credit line for the purchase of petroleum products from its portfolio without any sovereign guarantees.

With the new government now in place, hopes were running high that the Petroleum Division,

working in cooperation with PSO, would be able to conclude negotiations with several foreign state-owned enterprises, the government official said.

PSO board of directors has cleared the draft of the proposed deal and has requested the government to waive PPRA rules for the import of petroleum products from Azerbaijan.

Pakistan has been relying mainly on tenders for oil import, but they are prone to inefficiency and high credit cost. Allocating a larger share to long-term bilateral contracts with state-owned companies will address these shortcomings and improve transparency in goods procurement.

Socars activities include exploration of oil and gas, production, processing and transportation of oil, natural gas and gas condensate as well as marketing of petroleum and petrochemical products in domestic and international markets.

It also operates a wide network of petrol stations in Ukraine, Romania, Georgia, Switzerland and Azerbaijan under its brand name.

Sanjrani urges parliaments to promote regional trade

Azerbaijans daily production of crude oil is approximately 860,000 barrels per day (bpd) and its annual gas production is approximately 29.4 billion cubic feet. This makes Socar a predominant player in its core region as well as an invaluable trade partner in the global market.

Socars global crude oil exports are channelled through the Baku-Tbilisi-Ceyhan pipeline. In 2016, 33.5 million tons of Socars crude was shipped to global buyers, partially through its own shipping fleet and partially through third-party shipping service providers.

<https://tribune.com.pk/story/1823734/2-azerbaijan-offers-pakistan-open-oil-credit-facility/>

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