



### PAKISTAN-EU: INCREASING COOPERATION IN ENERGY SECTOR

By  
**Shahroo Malik**  
*Research Associate*

Edited by  
**Najam Rafique**

February 21, 2018

*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



**Pakistan and European Union have recently agreed to enhance cooperation in the energy sector to increase energy efficiency and conservation. Pakistan enjoys cordial and long standing bilateral ties with the European Union and after attaining the GSP plus status; cooperation in the energy sector would further boost Pakistan-EU relations.**

The understanding was reached in a meeting between Federal Minister for Power Division Awais Ahmed Khan Leghari and EU Ambassador Jean-Francois Cautain earlier in February 2018.<sup>1</sup> The power division has decided to send a high-level delegation comprising government officials and private-sector experts to the EU for participation in a workshop with European experts and professionals. It was agreed that the European Investment Bank would be invited to the workshop in order to explore different options relating to financing energy projects in Pakistan.<sup>2</sup> The envoy said that the European Investment Bank is keenly observing the fast growing power sector of Pakistan and would be considering assisting Pakistan in running solar powered tubewells in Baluchistan province.<sup>3</sup> The EU is already working on numerous renewable energy projects in Pakistan, especially in Khyber-Pakhtunkhwa.

<sup>1</sup> "Pakistan, EU to cooperate in energy conservation," *The Express Tribune*, February 1, 2018, <https://tribune.com.pk/story/1623317/2-pakistan-eu-cooperate-energy-conservation/>.

<sup>2</sup> "EU to assist Pakistan in energy conservation," *The News*, February 01, 2018, <https://www.thenews.com.pk/print/275688-eu-to-assist-pakistan-in-energy-conservation>.

<sup>3</sup> "Pakistan, EU to cooperate...", *The Express Tribune*, February 1, 2018.

Leghari stated that after bridging the demand and supply gap, it is pertinent that Pakistani consumers should be made aware about efficient use of electricity and energy conservation. "The awareness will not only save money for the consumers, but will also help in efficient utilization of the existing generation capacity as the saving of one megawatt is far better than the generation of one megawatt," he said.<sup>4</sup>

The minister also invited the European Investment Bank and other potential assistance partners in EU to take part in the government's plan to run 30,000 tubewells on solar energy in Baluchistan and in the establishment of Pakistan's first renewable energy institute whose aim would be to conduct research, explore existing potential and propose policy measures for government's consideration.<sup>5</sup> The envoy agreed to the minister's suggestion that both the EU embassy and Power Division should appoint focal persons to enhance interaction on matters relating to energy cooperation between the two sides.<sup>6</sup>

Despite the fact that Pakistan has recently invested in various energy projects, it is still facing power shortages. The energy shortfall has seriously affected Pakistan's industrial and agricultural sector in the last decade. Moreover, the recent climatic changes have resulted in decrease in the quantity of water in rivers and streams, which is greatly affecting the power generation capacity of hydel power plants. The latest report by Asian Development Bank has pointed out that over the last 50 years, the annual mean temperature in Pakistan has risen by 0.5°C.<sup>7</sup> It further adds that in the coming years, this rise could be as high as 3°C, causing extreme climate changes leading to heat or cold waves, droughts and floods.<sup>8</sup> Expected heat waves and long summer seasons will further increase electricity demand, while droughts and floods can have serious repercussions on the agriculture sector which employs nearly half of Pakistan's labor force, in the days to come. For a country like Pakistan that heavily depends on agricultural sector not just for consumption but also as a source of raw materials for the industrial sector and export items, serious steps need to be taken in order to ensure economic growth and sustainable development. Thus, investing in more renewable energy projects will not only help in reducing carbon emissions, but will also prepare Pakistan to easily tackle climate change impacts and its energy needs accordingly.

---

<sup>4</sup> Ibid.

<sup>5</sup> "EU to assist Pakistan in energy conservation," *The News*, February 01, 2018, <https://www.thenews.com.pk/print/275688-eu-to-assist-pakistan-in-energy-conservation>.

<sup>6</sup> Ibid.

<sup>7</sup> Khaleeq Kiani, "ADB climate change report paints apocalyptic scenario for Pakistan," *Dawn*, 07 February, 2018, <https://www.dawn.com/news/1387809>.

<sup>8</sup> Ibid.

In 2016, Pakistan's National Assembly and Senate passed National Energy Efficiency and Conservation Act which provides a legal framework for the establishment of institutions and enunciation of mechanisms and procedures so as to provide for effective conservation and efficient use of energy in all sectors of the economy. However, substantial work needs to be done in this area. As it is expected that energy demand will rise in the future due to climate change impacts and increasing population, hence, it is pertinent that Pakistan should take appropriate measures in advance. It is reported that 15-20% power losses can be reduced through energy conservation and proper monitoring. Pakistan, being rich in natural resources also has the potential of generating 2.9 million MW through solar and 340,000 MW through wind power.<sup>9</sup> Hence, such initiatives and partnerships with EU will equip Pakistani officials to look for ways in which energy conservation and efficiency can be improved and encourage them to switch to more eco-friendly, renewable energy sources rather than relying on costly and traditional sources such as imported fuel, hydel and coal. Furthermore, Pakistan needs to explore ways in which it can adapt its energy sector to climate change and global warming challenges for which such partnerships, as with the EU, can be very fruitful.

---

<sup>9</sup> Alternate Energy Development Board. February 08, 2018. <http://www.aedb.org/>.