**[Mining dynamics](https://www.dawn.com/news/1831376/mining-dynamics)**

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PAKISTAN and the Kingdom of Saudi Arabia stand at a pivotal crossroads, with both countries aiming to build their respective mineral economies. One seeks economic revival, while the other aims to diversify its fossil-based economy. One offers a wealth of resources, while the other brings expertise in upstream extraction of natural resources along with capital investment. The kingdom’s interest and potential investment in Pakistan could transform Pakistan’s mining landscape. With its Public Investment Fund valued at over $1 trillion, Saudi Arabia is ready to lead with part of this fund going towards what could be a mining renaissance.

Minerals such as copper are essential for lithium batteries and play a crucial role in energy transition and the development of the green economy. Globally, there is a recognised push to acquire more natural resources, in particular minerals, including copper, that are used in renewable energy systems. However, these minerals are often located in geopolitically unstable areas across the world, which highlights the fact that mining of these minerals could become a bottleneck in energy transition if carried out without proper strategic investment. This is where Pakistan’s copper-gold resources were able to attract the kingdom’s interest.

Mining has emerged as a key focus for the kingdom’s Public Investment Fund, which recognises this economic activity as one of its 13 focal areas of its investment strategy. KSA-Pakistan mutual benefits of mining collaboration are multifold and promise to elevate this country’s mining capabilities significantly.

Where to start this? The answer: Reko Diq, a copper-gold project located in the mineral-rich area of Balochistan, which is part of Tethyan Magmatic Arc. After numerous rounds of investment negotiations, the final phase of talks is now focusing on the project that revolves around specifics of the mining partnership, particularly the balance between financial stakes and share ratios. Pakistan is considering offering a considerable portion of its federal shares in Reko Diq against an investment of $1bn from the kingdom, a figure that is part of a broader $5bn investment strategy. While these negotiations remain speculative when it comes to the exact ratio of shares dilution by Pakistan government, the structure of the potential agreement is gradually becoming clear.

Collaborating with Saudi Arabia can yield dividends.

Barrick Gold, which holds a 50 per cent stake in the project, is not keen on slashing its share but recognises the benefits of involving Saudi Arabia. The primary pull for Barrick in welcoming this partnership lies in the enhanced security and stability that a major investor like the kingdom would bring to the project.

The government of Balochistan is also in favour of this international collaboration, but is not willing to dilute its own shareholding. If in a compromise, the kingdom acquires some of the federal shares currently held by OGDCL and PPL, it would redesign the whole stakes structure in the project. To mention again, the discussions about share distribution are ongoing, with no definitive agreement reached as yet.

Is this move fully calculated? Perhaps not. Is this a wise deal for Pakistan? Absolutely. The introduction of substantial Saudi capital into Pakistan’s mining sector could act as a catalyst for the realisation of this country’s minerals economy. The strategic long-term benefits and any potential geopolitical or economic pitfalls remain to be carefully assessed — not only the investment vs share dilution. If we run the numbers, selling a significant part of the federal shares for $1bn of proven copper resource may not make sense financial­­ly. However, it does make sense strategically. For the first time in recent history, both countries appear to be committing to building a bilateral relationship focused on economic promises — not just financial aid without commercial partnerships. This is a huge win for Pakistan.

Looking into the future, the interest of the Gulf states in Pakistan’s economic sectors is likely to grow, extending beyond mining to include other major initiatives like the privatisation of PIA, investments in agriculture and farming, and the information technology sector. This growing partnership could herald a transformative period for Pakistan’s economy, with the mining sector potentially at the forefront of this change.

The kingdom’s interest could either brighten Pakistan’s mining story or become another unfulfilled mega-dream. Much depends on strategic handling by our security establishment, which is directly managing Pakistan’s economic matters through the Special Investment Facilitation Council.

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