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PRESS RELEASE

Pakistan LNG Limited (PLL) advertised a tender on 28 November 2020, for procurement of two spot LNG cargoes to be delivered in February 2021. On 28 December 2020, bids were opened, the results were announced, and in accordance with the PPRA Rules, the award intimation was made 10 days later on 7 January 2021. The spot cargo in mid-February was awarded to SOCAR Trading UK Ltd.

The second spot cargo, in the last week of February 2021, was awarded to the lowest bidder as per PPRA Rules, who conveyed inability to deliver as per its bid. PLL approached the 2nd and 3rd lowest bidders within the bid validity period, all of whom regretted to deliver the cargo at the prices they had offered in their respective bids.

This bid default of the suppliers is associated with the recent supply shortages leading to high price volatility in the spot market coupled with extra buying in North Asia. There is news in the market about numerous global companies defaulting on their bids, or even contracts in some cases, given the supply shortages and extremely volatile prices. It is worth mentioning that the suppliers who have regretted to supply after bidding in the PLL tender include state-run entities and major international LNG traders. PLL is taking all measures available under law and PLL's tender process, including forfeiture of bid bonds, against the bidder(s) who failed to supply cargo as per their bids.

February being a low demand month, Pakistan has imported 7.75 cargoes in the month of February, on average, in the last four years. At this time, a total of 8 cargoes are secured. PLL is working with the respective users to reconfirm demand at the current prices and is exploring alternatives if demand for an additional cargo in February is reconfirmed. PLL had already advertised unused capacity in its terminal for February 2021 and private sector may bring in additional LNG, which would be additional.

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