

TMA concerned at 'exorbitant' hike in gas tariffs

KARACHI: Syed Usman Ali, Senior Vice Chairman of the Towel Manufacturers Association of Pakistan (TMA) has expressed deep concern over the exorbitant increase in gas tariffs for export-oriented and general industries.

He strongly appealed to the Prime Minister and his cabinet to reject the ECC's decision of such a significant hike and urged them to set gas tariffs at a level that is sustainable and manageable. This, he emphasised, would ensure the continuous operation of industry in Pakistan.

He said: "We are already paying high gas tariffs in the region; therefore, the export-oriented sector is unable to absorb the hike in gas prices.

The biggest victim of the gas tariff-enhance decision would be the SMEs sector because they do not have sufficient resources and they also work on marginal profit. It will be very difficult for this sector to continue their manufacturing activities.

Gas tariff for export-oriented industries has been raised by 86 % to Rs2,050 per MMBtu, while for general industries, it has been enhanced by 117 % to Rs2,600 per MMBtu. If the gas companies also include the blended cost of RLNG, then the gas tariff will further increase for the export-oriented units, as well as, general industries. This would result in a substantial reduction in Pakistan's exports as it would make our products uncompetitive in global market.

He termed the hike in gas tariffs as **"the last nail in the coffin"** of export-oriented and general industries in the country.

Our beloved country would not be able to bear the shock of gas price hike and industry may close down, resulting in a sharp decline in exports and local production, which is absolutely not a positive sign for the national economy.

He further said that it is impossible for the industry to carry on production activities with such exorbitant gas tariffs. Hence, it is imperative for policymakers to fully grasp the seriousness of the situation and reject the ECC's decision in order to safeguard the industry and prevent the economy from descending into deeper crises, potentially reaching a point of no return.

He said that the government should charge gas tariff according to its cost; it is beyond the understanding of the business community why they are burdened with other front-loading charges such as cross-subsidy, unaccounted for gas (UFG), pilferages, and line losses.

Syed Usman Ali emphasised that export-oriented industries face a huge challenge in passing on the burden of the gas tariff hike from Rs1,150 to Rs2,050 to international buyers of Pakistani goods.

Such a substantial increase would deter international buyers from considering our costly products, leading them to swiftly shift their preferences to regional competitors offering similar products at significantly lower prices. Consequently, this portends a grim scenario where Pakistani exporters risk being displaced from the international export market.

He expressed concerns that the alarming situation caused by the increase in energy tariffs could undermine various government initiatives aimed at attracting investment and fostering industrialisation.

Hence, the government should revisit their decision of gas tariff hike; otherwise, our exports will further decline that are already in the declining trend. It should be realised by the economic managers that there is no option but to increase the country's exports for a respectful survival in this world.—PR