

Export-oriented textile industry, APTMA demands cut in gas tariff by 35-40pc

KARACHI: Zahid Mazhar, Chairman, All Pakistan Textile Mills Association (APTMA) Sindh-Balochistan Region has demanded Prime Minister Imran Khan and the Economic Managers of the government to reduce the indigenous gas tariff for the five export oriented sectors in line with major reduction in oil prices in the international market, to recover from the negative impact of Coronavirus (Covid-19) on the economy and exports.

Zahid Mazhar said that the wide spread of Covid-19 Pandemic has severely disrupted the global economy so large that some economists have suggested that it will be even worse than the great depression. In case of Pakistan due to slowing down of the growth momentum, the growth rate would be far below the target of 2.4 percent initially fixed for the current financial year, now expected to end up in negative growth of -1.5 percent.

To offset the devastating impact of Coronavirus on the economy, industry and international exports, the rate of natural gas for the industries, specially the export oriented industries including their gas power generation plants which may be part of the same concern or associated concerns incorporated separately, should be reduced by at least 35 to 40 percent as the cost of energy is the major component of the total cost of production.

The drastic fall in the international oil prices to around \$40 from the previous level of \$65 also justifies the reduction in gas prices, he said. In India the prices of gas have already been reduced drastically, he added.

He said Pakistan needs to capitalize on its best trait to grab the post Covid-19 opportunities and that opportunity is exports of textiles. Only textile can help us get out of the present crisis and bring massive foreign exchange and provide employment to match the targets of the Prime Minister. Pakistan's textile sector contributes 8.5 percent in GDP, employs 40 percent of the national labour force and contributes to almost 60 percent of total exports. Already in the international export arena the countries (especially competitors of Pakistan) are going out of way to grab lost markets and exploring new markets. Export oriented Countries are reducing utility (Power & Gas) rates to make their industries competitive and position themselves into the international markets, especially US and Europe.

Pakistan's textile exports are already facing the negative consequences of high energy tariffs relative to other competing countries. It is now or never situation for the textile industry to grab the market share, which cannot be achieved without the government intervention by reducing the cost of production.

Therefore the cost of natural gas which composes of a big chunk in the cost of production should be reduced with immediate effect in the best interest of the economy and the export oriented textile industry.