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Export industry in tatters as PTI govt takes big U-turn

ISLAMABAD: The government has taken a big U-turn as it has betrayed the export industry by refusing to provide the RLNG of 189 mmcfd to export industry at subsidized rate of $6.51 per MMBTU putting the industry in tatters.

Increasing the exports of the country by bringing down the cost of doing business was the corner of the economic policies of the incumbent government which is no more in place as Finance Division has refused to extend Rs44 billion subsidy against the provision of 189 mmcfd RLNG to export industry, a senior official at Finance Ministry told The News.

Adil Bashir, Chairman of All Pakistan Textile Mills Association (APTMA), Punjab, confirmed the development saying: "Under these circumstances we will be left with no option but to close down the industrial units in Punjab." He says that during the five year of PML-N government 100 textile units were closed down, but in just two months of PTI government, about 300 industrial units will be closed down.

According to the documents, the ECC meeting, held on September 17, slashed down the RLNG cost from $12.50 per MMBTU to $6.51 per MMBTU for the volume of 189 mmcfd to be supplied to export industry but now the government has refused to do so.

Keeping in view the ECC decision, Punjab textile industry utilised the required volume of RLNG as per decision of ECC but they got the bills with old price of Rs1650 per MMBTU.

The story does not end here as export industry has also been asked to pay $69 million (Rs9 billion) at price of Rs1650 per MMBTU till today (Friday) and Sui Northern to this effect has refused to extend the date. The industry in Sindh has been provided the gas bill at price of Rs600 per MMBTU, but in Punjab, contrary to ECC decision, the Sui Northern has issued bills at price of Rs1650 per MMBTU.

In the month of October, the production got increased owing to which the exports surged by 33 percent, but with new decision of the government that it will not provide the subsidy of Rs44 billion for the RLNG of 189 mmcfd to be provide to export industry has put the export industry in jeopardy which will result in massive tumbling in exports of the country. China has recently offered to double its import from Pakistan and then it will triple its import from Pakistan in later stages, but the government's decision will not help meet the challenge thrown by the Chinese government with the existing appalling state of affairs.

The official said: "Adviser to PM on Commerce and Trade Razzak Dawood is quite upset over the developments as he was upbeat to take advantage of the China's offer but given the situation, he may directly approach Prime Minister Imran Khan over the U-turn taken by the Finance Division."

Another official who deals with gas issues said that in the ECC decision, it was mentioned the Finance Division will carve out the strategy on how to extend the subsidy on RLNG. As per Finance Ministry's mechanism, the government will only provide the subsidy for RLNG that will be used for production processing of textile items and other industrial goods not for captive power plants. He said in Sindh province, the government has also decided not to provide the cheaper gas to captive power plants.

However, the textile industry says that in ECC meeting it was decided that government will provide subsidy of Rs44 billion annually against volume of 189 mmcfd RLNG and the industry used the same volume per day in the month of November.

And now bureaucracy in Finance Division says that ECC summary doesn't say that captive power plants will also be provided RLNG at subsidized rate of $6.5 per MMBTU, which the APTMA leadership says reality is otherwise. Now under the Finance Division mechanism, the government will issue the gas bills to industrial units at real price of RLNG which is at $13 per mmbtu (Rs1650 per MMBTU) and will adjust it in next month's billing by reimbursing to textile mills as per subsidy the additional amount which was collected earlier. However, industry is not subscribing the mechanism of finance division owing to which deadlock between government and industry continues to exist.

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