

ECC defers decision on power tariff hike till by-elections

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ISLAMABAD: The Economic Coordination Committee (ECC) of the cabinet has deferred the decision on increasing electricity tariff owing to coming by-elections and allowed export of one million tonnes of sugar and increase in tobacco cess.

It also approved payment of one-month salary to Pakistan Steel Mills employees.

The decisions were taken at a meeting of the ECC presided over by Finance Minister Asad Umar on Tuesday.

The ECC constituted a committee on issues relating to K-Electric and asked the law division to examine if agreements relating to LNG (liquefied natural gas) terminals could be revisited.

On a proposal moved by the commerce division, the ECC approved export of one million tonnes of surplus sugar without any freight or financial support to millers or exporters. The committee decided that only those sugar mill owners would be allowed to export the commodity who had cleared arrears to farmers for all crops up to 2017-18.

Moreover, an inter-ministerial committee will hold fortnightly meetings to review sugar stock, export and price situation. The decision was taken on the recommendations of a committee, headed by Prime Minister's Adviser on Commerce, Textile and Industries Abdul Razzak Dawood, in view of the looming crushing season.

The committee observed that there would be a sugar glut in about a month and both the industry and farmers would suffer financially and consequently put pressure on commercial banks. It is expected that most of the surplus stocks could be exported to bordering Afghanistan without subsidy owing to prevailing peace in the region.

The committee had estimated that total surplus sugar by the end of current season would be 1.962 million tonnes. After accounting for strategic reserves of 866,000 tonnes for two months, there will be a net surplus of 1.096m tonnes of sugar, which should be disposed of as early as possible to ensure smooth and timely operations in next season beginning Nov 1.

Power tariff As expected, the ECC delayed an increase in electricity tariff for the time being. 'Electricity rates are not being increased for the time being. These would remain unchanged,' Information Minister Fawad Chaudhry said at a news conference after the ECC meeting.

Power tariff increase has been delayed after the ruling party's candidates for byelections due on Oct 14 complained to Prime Minister Imran Khan last week that 'back-to-back unpopular decisions' by the government within 45 days in office could cost them dearly in by-polls.

The Pakistan Tehreek-i-Insaf candidates are reported to have told the prime minister that an average 35 per cent increase in gas rates had increased the cost of daily-use items from flour to roti (bread) and cement, though the notification had not been issued yet. The ECC had approved up to 143pc increase for some higher categories of domestic consumers.

It was against this background that the minutes of the meeting that had approved increase in gas rates which was jointly announced by the ministers for information and petroleum on Sept 17 were not delivered to the Oil and Gas Regulatory Authority until Monday (Oct 1) for issuing a notification. The sources said the government decision not to increase the prices of petroleum products was also mainly because of the same reason.

In consideration of a proposal submitted by the Ministry of Privatisation, the ECC approved disbursement of Rs375m on account of net salary for PSM employees for August.

On another proposal of the Ministry of Commerce, the ECC accorded approval to revision of rates of tobacco cess for 2018-19 as determined by the Pakistan Tobacco Board. Prices of various types of tobacco are fixed and cess rates revised every year.

K-Electric sale The ECC directed the authorities concerned to immediately set up a special committee comprising representatives of the finance department, power division, Auditor General of Pakistan, petroleum ministry and Federal Board of Revenue to address various issues relating to transfer of K-Electric shares from Abraaj Capital to Shanghai Electric.

On Sept 3, the ECC had directed the privatisation division to deliberate upon the issues relating to the sale of K-Electric in consultation with the petroleum and power divisions because of huge liabilities payable to the National Transmission and Dispatch Company and Sui Southern Gas Company.

To further facilitate resolution of various issues, formation of the special committee has been ordered now.

The meeting was given a detailed briefing by the petroleum ministry on LNG terminals. The committee directed the Ministry of Law to examine the legal agreements relating to the terminals to see whether the government could revisit the terms and conditions mentioned in the accords.

The ECC took notice of a sudden hike in cement price by about Rs100 per bag after the announcement of gas price increase and directed the adviser on industries to hold a meeting with representatives of the industry, apprise the committee of the causes of the price increase and suggest possible remedies.

The ECC also approved a proposal of the Ministry of Defence Production for a sovereign guarantee to back the export of JF-17 Thunder aircraft by the Pakistan Aeronautical Complex, Kamra.

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