

PM told why gas prices must rise

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ISLAMABAD: Top officials of the Petroleum Division on Tuesday explained to Prime Minister Imran Khan why it was essential for the government to hike natural gas prices.

Led by federal minister Ghulam Sarwar Khan, the officials said the proposed 180 percent hike in prices for domestic users and 30 percent for commercial buyers, recommended in June by the Oil and Gas Regulatory Authority, was necessary to avoid the financial collapse of the two public sector Sui gas companies. They were in crisis because the previous administration had not raised gas prices for four years.

The price hike was proposed at the first meeting of the Economic Coordination Committee (ECC) of the federal cabinet on August 29, but the decision was deferred. Following Tuesday's briefing, the proposed gas price increase would be submitted at the next meeting of the ECC for approval.

The officials also told the prime minister that gas worth Rs50 billion a year is being stolen. Imran asked them to submit a plan to stop the theft.

The Petroleum Division officials also informed the Prime Minister that Iran had earlier threatened to move the International Court of Arbitration against Pakistan for not laying down its section of the Iran-Pakistan pipeline.

They advised him that Iran was probably bluffing because, in the presence of unilateral US sanctions, Pakistan could not arrange funding for the pipeline. If Iran did proceed, Pakistan would declare force majeure and prepare its legal defence accordingly.

The Prime Minister was told that Tehran wants to send a delegation to Islamabad to discuss the future of the project. He was informed that both governments have agreed to review the gas sales purchase agreement signed in 2009.

Imran Khan was informed that the Turkmenistan-Afghanistan-Pakistan-Iran gas pipeline would be completed by 2020. Turkmenistan and Afghanistan have started building sections of the pipeline and the inauguration of construction work in Pakistan would start soon. Pakistan would receive 1.3 billion cubic feet of gas a day from the pipeline.