



ECC defers gas tariff rise amid Sindh protest

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ISLAMABAD: Amid Pakistan Muslim League-Nawaz's criticism and Sindh's opposition, the government on Monday stepped back from a [gas price increase](#) until a fresh cross-subsidy mechanism is in place and allowed subsidised import of 100,000 tonnes of urea to ensure price stability in the coming Rabi season.

The two politically sensitive economic issues were discussed in detail at a meeting of the Economic Coordination Committee (ECC) of the Cabinet presided over by Finance Minister Asad Umar.

Before the meeting, Sindh Chief Minister Syed Murad Ali Shah called Mr Umar to convey reservations of his government over the gas price increase, informed sources told Dawn. Mr Shah is reported to have told the federal minister that a decision on gas price adjustment was outside the ECC's jurisdiction and should be considered, if need be, at the level of Council of Common Interests (CCI) as required under the Constitution.

He said it would be unfair that the price of natural gas to be paid by the provinces was set by the Centre or any of its forums having no provincial representation. He also reported that Sindh's position on the subject was already on the record of the CCI since the tenure of the previous government. The provincial government would be left with no option but to approach the court with a constitutional petition.

Allows subsidised import of 100,000 tonnes of urea to ensure price stability in Rabi season

The issue came up for discussion at the ECC meeting where the representatives of the petroleum division could not justify why the question of CCI and provincial objections that were part of the record in the previous government were absent from the summary seeking gas price increase.

The meeting also discussed the rationale behind 186 per cent increase proposed for the poorest domestic slab of 100 and 300 cubic metres per month and 30pc for all other consumer categories when such a pattern was never part of the gas pricing in the past. There were some suspicions over the proposal and the meeting felt the need for adjustments in proposed rates.

This also coincided with strong criticism from the opposition PML-N whose president Shahbaz Sharif claimed credit for a gas price freeze over the past four years and accused the new government of double standards.

Therefore, the government decided as part of its new strategy to build public opinion against the N-League's narrative and weakness of its economic policies but without holding formal news conference to avoid difficult questions from media men. Instead, in a recorded message, Information Minister Fawad Chaudhry said the ECC deferred once again a decision on gas price increase to work out a mechanism for rearrangement of subsidy with approval of the prime minister.

He said the ECC reviewed prevailing economic situation, including the proposed increase in gas and electricity rates necessitated after the departure of PML-N government. The detailed position would be presented before parliament by the finance minister, he said.

Mr Chaudhry said the ECC kept pending the decision on proposed gas price increase for the time being and instead decided to work out and debate a subsidy mechanism in a manner that the poorest of the poor were not overburdened but rich people contributed to the deficit. He said the revised subsidy mechanism would be presented to the prime minister for a final decision on gas price increase.

He claimed that gas companies had no deficit when the PML-N took over in 2013 but in five years the "experienced team" left behind annual deficit of Rs156 billion for the two gas companies. He said the previous government should explain the situation, but claimed that theft of everything increased over the past five years and the gas sector was no exception.

The minister said the ECC decided to import 100,000 tonnes of fertiliser for the Rabi season and provide Rs960 per bag subsidy to the farmers. He said the prevailing market price of urea was around Rs1,615 per 50-kg bag but imported commodity would cost Rs2,575 per bag. The government would provide Rs960 per bag subsidy, he said.

Informed sources said the import of 100,000 tonnes of urea would cost about Rs2bn subsidy even though the commodity would be imported most probably from Saudi Arabia under deferred payment credit. Another Rs3bn subsidy would accrue on account of domestic production by Pak-Arab and Agritech.

Mr Chaudhry said arrangements have also been made to provide gas to domestic fertiliser plants to ensure that fertiliser requirements of the farmer community are fulfilled. He said farmers were the crucial part of Prime Minister Imran Khan's economic policy and the government would not take any decision adversely affecting them. Therefore, despite tough financial position the government would not put an additional burden of imported product on farmers.

The information minister said the ECC also asked all the provincial governments to launch a crackdown against a mammoth increase in the price of liquefied petroleum gas (LPG) to end sufferings of the poor people. He said the piped gas was available to only a 40pc population while remaining 60pc still relied on LPG and firewood. He said the LPG price had increased by 70pc over the last few weeks and the government would make sure a mechanism for the LPG price stability.

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