Pakistan Textile Council (PTC)
Press Release
Islamabad, January 26, 2025

PTC Decries Gas Tariff Hike for Captive Power Plants as a Blow to Pakistan's Textile Exports and Exhibits Anti-export Bias:

The Pakistan Textile Council (PTC) expresses its grave concerns over the Economic Coordination Committee's (ECC) recent decision to increase the gas tariff for Captive Power Plants (CPPs) from Rs 3000 per MMBtu to Rs 3500 per MMBtu. This 16.7% hike comes as a severe blow to the textile sector, which is already grappling with mounting production costs and intense global competition.

The textile sector, being the backbone of Pakistan's exports, contributes over 60% of total exports and employs millions of workers directly and indirectly. A sharp increase in energy costs—specifically for CPPs, which provide a vital energy source for uninterrupted operations—will critically undermine the competitiveness of Pakistan's textile exports in global markets. Natural Gas Tariff being offered to Pakistan's textile (USD 13.78/ MMBtu) is already highest in the region and more than its direct competitors like India (USD 13.2/MMBtu), Bangladesh (USD 11.2/MMBtu), Vietnam (USD 12.9/MMBtu) and Sri Lanka (USD 11.2/MMBtu).

This decision reflects a clear anti-export bias in the government's policy framework, prioritizing fiscal revenue over the sustainability and growth of export-driven industries. By imposing an additional burden on the textile industry, the government risks reversing the hard-earned gains in export growth and jeopardizing its balance of payments position. With highest energy costs, highest cost of borrowing, highest energy cost, highest minimum wage and taxation competing international markets will become impossible for Textile and Apparel exporters of Pakistan

Fawad Anwar, Chairman of Pakistan Textile Council, commented on the decision:
"The ECC's decision to raise gas tariffs for Captive Power Plants is deeply disappointing and short-sighted. Energy costs account for a significant share of textile production expenses. Such an increase will render Pakistani textiles uncompetitive on the global stage, at a time when the country should be aggressively pursuing export-led growth to stabilize its economy. This move sends the wrong signal to the export sector, discouraging investment and threatening job security for millions of workers in the industry. We strongly urge the government to reconsider this decision and engage with stakeholders to devise policies that support, rather than hinder, export growth."

PTC emphasizes that the textile industry is not just an economic pillar but a crucial source of employment and development for the country. Policies that disproportionately burden this sector are counterproductive to achieving national economic stability.

PTC calls upon the government to adopt a balanced approach by withdrawing the gas tariff hike for CPPs, continuation of RLNG supply with ring-fenced prices, rationalized UFG, no cross subsidies and developing a coherent long-term industrial energy policy (power - petroleum - gas) considering global competitiveness factors.

For Media Inquiries:
Pakistan Textile Council (PTC)
Email: info@ptc.org.pk
Phone: +92-51-1234567