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## PEPCO refuses to resume power supply to steel melters

Friday, 03 Jul, 2009

The News reported that following the technical fault at Mangla power generation unit the electricity supply to steel industry was suspended pushing up the prices of locally produced steel items.

It was learnt that the Pakistan Electric Power Company has refused to restore electricity supply to the steel melters till July 06th without any assurance that it would be restored even after that date.

After 3 days of technical fault at Mangla power generation unit, the price of locally produced steel items including iron bar, T-iron and angles has increased by PKR 7,000 per tonne and crossed the levels of PKR 51,000 per tonne from the previous rates of PKR 44,000 to PKR 45,000 per tonne. The prices of imported 40 grade steel items are in the range of PKR 58,000 to PKR 60,000.

Surge in the local prices has triggered panic buying in the wholesale market of steel products. The melters are anticipating further increase in the prices of locally produced steel products as the melting industry has closed widening the demand and supply gap.

Mr Asmat Perviaz former vice chairman of Pakistan Steel Re-rolling and Steel Melters Association said that the industry was already facing difficulties. Now the suspension of electricity has further added the woes of the industry. Over 400 re-rolling mills in Punjab have shut down after the Mangla technical fault, adding that a new wave of unemployment will come after the steel melting and re-rolling units shut down.

He informed that annual production of melting industry is over 3 million tonnes and re-rolling sector produces some 4.5 million tonnes of finished goods. He mentioned that there was a gap between the demand and supply of the locally produced steel billets. Power shutdowns would persist in summer affecting the production of iron bar, T-iron and angle iron. This supply gap would not be bridged in winter, as there is no expectation of increase in power generation in country. This will ultimately increase the prices of local steel products in coming days.

It was learnt that a meeting of the steel melters' representatives was held with MD PEPCO Tahir Bashart Cheema on Wednesday.

Sources privy to the meeting revealed that the melters informed the MD about the situation of the industry and requested him to restore electricity for at least one shift. However, the PEPCO chief turned down their request and said that restoring electricity supply to melters was not possible before July 6th.

The economy would slowdown when the supply to the steel industry stops. The construction industry, automobiles, auto parts and other allied industries linked with steel industry will also face production slowdown down.

(Sourced from the news.com)

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