
Industry hits out at SSGC for seeking gas price rise

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The News reported that Mr Salim Parekh chairman of SITE Association of Industry has expressed concern over Sui Southern Gas Company's request to the Oil and Gas Regulatory Authority to increase gas prices by 26%.

In view of constantly rising oil prices in the international market, the SSGC has reportedly requested OGRA to increase gas prices by 9% from July 1st 2009 and a further 17% from January 1st 2010.

Mr Salim said that there was talk that the proposed increase would be adjusted with effect from July 1st 2009 in the bills to be issued in 2010. He said that gas prices were increased by 31% when international oil prices touched a record high of USD 147 per barrel in July 2008 and the government with that notified an additional 7% increase. The gas tariff prior to the notification was PKR 339.43 per MMBTU and the same was reduced by about 4%.

Mr Salim said that when OGRA gave a decision on May 15th 2009 it took into consideration expected revenue receipts of the gas company. He said on ERR basis there should be a further reduction of 10 per cent in the notified gas tariff of PKR 324.30 per MMBTU.

He criticized the SSGC for asking an increase of 26% in gas tariff. All this is being done with the consent of the government. It seems that the government is least concerned about the industries and wants to turn Pakistan into a consumer society. He added that the industry at the moment is facing a severe crisis and is struggling to survive. This can be easily gauged from exports which are going down, unemployment which is steeply rising, cost of doing business and cost of manufacturing which were at peak, closing down industries and flight of capital.

(Sourced from the News)

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