

## PRESS RELEASE

All Pakistan Textile Mills Association (APTMA) issued the following Press Release

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### **BALANCE OF PAYMENTS CRISIS TO WORSEN**

*ISLAMABAD, 3<sup>rd</sup> JUNE 2022* – Textiles is the only sector that continues to grow and bring foreign exchange to the country, gearing up to close at \$20 billion in June 2022 compared to \$15.4 billion in June 2021. The sector has charted a remarkable performance in the past year. However, despite this progress, the gas/RLNG supply to the Punjab textile sector, which was at only 25% of required volumes (50% of August to November actual consumption), was shut down two days prior with the guarantee that supply would be restored on the morning of Friday 3<sup>rd</sup> June 2022. However, it has now been stated that the gas/RLNG supply will not be restored for an indefinite period.

The tragedy is that even with a 59% increase of textile exports in May 2022 (\$1.69 billion) over May 2021 (\$1.06 billion), exports are not being given their due importance. **Gas/RLNG is being continuously supplied to non-export industries – ceramics, glassware, steel etc. and not the export sector, against all economic rationale.** The government's decision to halt the supply of gas/RLNG to exporters is highly illogical as it is a critical input to textiles, the single largest contributor to Pakistan's exports and the mainstay of Pakistan's economic future. The sector has sizeable investments in state-of-the-art machinery and high efficiency generation, with over USD \$5 billion worth of investments for expansion and modernization made in the last 1.5 years. The potential losses thus accruing to the shutdown of gas/RLNG supply are phenomenal. On the contrary, the industry can bring substantial economic benefit from enhanced exports if the stable and consistent supply of gas/RLNG is guaranteed. New plants and expansions completed since November 2021 are still awaiting gas/power supply.

APTMA strongly urges the government to restore the priority of export industry and to recognize the immense losses and damage to Pakistan's economic future this will cause. A loss in production will lead to a further loss of exports and the need for billions of dollars in additional loans, which are already hard to come by. Due to poor quality grid electricity and non-supply of gas/RLNG, mills are operating at less than 75% capacity, which if continued will incur a loss of \$250-400 million in exports each month. This has occurred previously and the losses were not and can never be recovered. Furthermore, most mills at present cannot fulfill the energy needs for power or gas/RLNG alone and require both to function. It is important to stress upon the fact that captives' gas/RLNG usage is not consumptive but economic, that is, it leads to sustained production, with benefits of employment generation and enhanced exports.

The textile sector requires unwavering support to maintain export-led economic growth, so the sustained provision of energy will have long-term benefits for the country at large. Pakistan cannot afford to have an inefficient export-oriented sector, and the gas/RLNG supply and priority must be restored with immediate effect so that exports and economic growth are able to continue on an upward trajectory.

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*Forwarded for favor of publication in your esteemed newspaper / transmission.*

**ABDUL RAHIM NASIR**  
Chairman APTMA