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Lahore: Transportation cost of goods including coal and other raw materials for different industries has witnessed a sharp increase recently by goods carriers. According to sources, the carriers' association has increased charges by thousands of rupees besides limiting the load volume per vehicle as per instructions of the concerned authorities.

The rise in transportation charges has been announced by All Pakistan Combined Goods Transport and Transporters Welfare Association. The new charges are effective from April 14 2013. The transportation union in Karachi has become so strong that it has been virtually dictating terms. Rates are fixed daily by the union for trucks loading from Karachi/Port Qasim for upcountry and from factory to Karachi and Karachi port. In fact, the union representatives are now even going to the respective factories to ensure increase in freight rates for movement from factories in the north to Karachi port.

Sources said that this increase in transportation cost will impact heavily on different commodities, especially cement which suffers the double impact both in terms of inward transportation of raw material and coal from ports to upcountry and transportation of finished products to ports for exports and local markets for domestic consumption. Cement industry in Pakistan is using imported coal as its fuel and due to axle load implementation, freight cost for transportation of coal has been increased ranging from Rs900 per ton to Rs1,400 per ton depending upon the supplies to factories upcountry. The sudden cost surge will increase the cost to cement producers which they will ultimately pass on to the retail market to share the burden.

On the other hand, the supply of cement to local market (south zone) as well as for export, freight cost has been increased ranging from Rs300 per ton to Rs600 per ton depending upon location of the unit. Furthermore, the load limit restricts producers not to carry more than 50 ton of raw material and finished products from April 14 and onwards. Many industries not only receive supplies of raw, packaging material through goods carrier but they use truck for dispatching their branded bags to retail markets as well as exporting countries as well.

How can a big decision like having weight restrictions on highways be taken so suddenly without any planning? Naturally to keep the wheels of industry running we would require twice the number of trucks and freight rates will be doubled increasing the cost of inputs which will have an overall increase of all finished goods. Has anybody even thought of the consequences?

In view of the foregoing, the sources in the industry were requesting the concerned authorities to postpone the implementation of axle load limit so that its launch could be planned properly by increasing the number of vehicles.

Courtesy: The Nation