



ECONOMIC RELEASE





Axle Load Reduction will Cost Rs450 bn in Freight Costs Monthly: Employers' Federation of Pakistan

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The chairman of the Economic Council of Employers' Federation of Pakistan (EFP-EC), Mr. Ismail Suttar, endorsed the government's decision to put a halt on the limitation of axle load on the registered 310,000 truckers and 20,000 tankers in Pakistan.

EFP is a non-profit entity advocating for employers and manufacturers in Pakistan. Mr. Suttar claims that putting a weight limit can easily skyrocket monthly freight cost to an estimated Rs. 450 billion.

According to Mr. Suttar, given the current industry's optimal capacity to produce a mere 9000-10,000 units per annum, it will take 20-25 years or USD 12.5 billion of import to meet the additional fleet demand.

The estimates from Economic Council suggest that if the additional freight cost is injected into the input cost, then sales in the cement industry are likely to fall from 42 million tons to 20 million tons. This can significantly affect development of key infrastructural projects by decelerating by slowing it down. The



Council also cautioned that in case agri-businesses are also hit, the subsequent cut down of fertilizer supply could lead Pakistan into famine and perhaps, even civil unrest.

Mr. Suttar said that if the Rs176 billion Public Sector Development Program (PSDP) budget for national highway is to truly bear fruit, then a comprehensive framework must be drafted. While referring to the latest edition of Economic Survey, he pointed out that 93 percent freight on the 263,415 km network of inland transport in Pakistan is conducted on roads and 65 percent of these vehicles are single or double-axle Bedford Trucks.

He proposed that instead of curtailing axle load, which could exacerbate level of unemployment, the revenue generated through various kickbacks and commissions should be directed towards building better road infrastructure through collaboration with international expertise.

It is believed that the government imposed the Axle Regime due to safety concerns as well as concerns regarding damage to road infrastructure. - PR

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