

# 40,000 Factories at Risk of Closing in Pakistan's Commercial Capital Amid Fuel Crisis

By [Zero Hedge](#)

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*Pakistan faces [potential economic collapse](#) as inflation jumps and widespread civil unrest could be nearing. The latest sign the South Asian country is spiraling into the abyss is rising electricity costs that threaten to close tens of thousands of businesses.*

[Bloomberg](#) reports that as many as 40,000 factories in Karachi, the country's commercial capital, are being slapped with high power costs that make operating near impossible.

Rising power costs are so severe that nine business groups in Karachi told the government that an immediate plan needs to be formulated to lower power costs or face economic disaster.

Any shuttering of factories and mass layoffs could trigger social unrest in the commercial capital, home to more than 16 million people.

Discontent among businesses and households is already soaring with an [official inflation rate of over 13.37%](#) (double the official CPI to get a more accurate picture of true price inflation), the 2nd fastest-rising rate in Asia.

On top of high power costs, Karachi's power utility — K-Electric Ltd. — warned customers of widespread power cuts for the first time in over a decade if power generation continues to struggle because of high fuel costs and supply shortages.

“These current conditions are severely hindering KE's ability to procure fuel, causing a permanent curtailment of power generation” that translates to as much as 10 hours of planned blackouts for some parts of the city, said Sadia Dada, a spokesperson for K-Electric.

Pakistan is also a nuclear power — political elites may stoke a conflict with neighboring India to distract public anger from domestic financial pain.

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