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WHITE PAPER
2025

The Fuel Price Lie

Unmasking the Truth Behind Government Fuel Pricing Narratives

Published on:
Sunday, July 27, 2025

Fake News Watchdog

Email: info@fakenewswatchdog.org | **Web:** www.fakenewswatchdog.org

About Us

Fake News Watchdog (FNW) is a global initiative dedicated to identifying, analyzing, and countering the spread of misinformation and disinformation in today's digital world. We stand at the forefront of the fight for truth, empowering individuals, media professionals, academic institutions, and civil society to navigate the increasingly complex information landscape with confidence and clarity.

Our Mission

Our mission is to detect and debunk false narratives, monitor disinformation trends, and strengthen public resilience through media literacy. Leveraging artificial intelligence, advanced fact-checking tools, and rigorous research methodologies, we work to uphold the principles of transparency, credibility, and informed public discourse.

Our Vision

We envision a world where access to accurate, verified information is a fundamental right, and where communities are equipped to question, verify, and challenge misleading content. A well-informed society is the cornerstone of democracy, and we are committed to fostering a culture where truth triumphs over manipulation.

What We Do

- **Fact-Checking Services**: Verifying claims circulating in media, politics, and public discourse.
- **Reputation Management**: Monitoring digital platforms for false or misleading content about our clients and delivering timely, evidence-based rebuttals to protect their public image and credibility.
- **Research & Trends Analysis**: Studying patterns in disinformation to inform public policy and education.
- **Educational Outreach**: Promoting media literacy through training, resources, and awareness campaigns.
- **Global Collaboration**: Partnering with international organizations, journalists, researchers, and digital rights advocates to build a united front against fake news.

A Message from Our Team

At Fake News Watchdog, our mission is rooted in the belief that truth is not just a principle but a cornerstone of a thriving society. In an age where disinformation spreads faster than ever, the responsibility to uphold integrity in information is one we share collectively.

This report serves as both a reflection of the challenges we face and a call to action. It dives deep into the anatomy of disinformation, examining its sources, impact, and the societal vulnerabilities it exploits. By bringing these incidents to light, we aim to empower individuals, institutions, and policymakers with the insights necessary to recognize, combat, and prevent the spread of falsehoods.

Our work is not possible without the contributions of vigilant fact-checkers, dedicated researchers, and the trust of those who believe in a better-informed world. Together, we can build an ecosystem where truth has the power to outpace lies, fostering trust and accountability in every corner of society.

We hope this report inspires meaningful dialogue and decisive action. Thank you for standing with us in this crucial fight against misinformation.

– The Fake News Watchdog Team

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Executive Summary

This white paper investigates Pakistan's fuel pricing mechanisms, exposing how successive governments have misrepresented the true factors driving petrol and diesel rates. While officials frequently blame international oil prices for domestic fuel hikes, this narrative masks the significant role of internal taxation, political expediency, and systemic opacity in price determination.

Fuel prices in Pakistan are heavily influenced by domestic factors—especially taxes like the Petroleum Levy (PL), which has surged to as much as PKR 103 per liter. Rather than transparently communicating the full price composition—including import cost, taxes, dealer margins, and currency depreciation—governments often announce flat rates without context, enabling unchecked fiscal exploitation.

Price increases are swift and often linked to short-term international price movements, while reductions are delayed or minimized. Technical jargon, like "import parity pricing" and "deregulation," is used to obscure facts rather than inform. In practice, deregulation remains fictional, as price bands and government controls persist.

Political manipulation is evident: fuel prices are frequently frozen or slashed before elections, only to spike afterward. IMF programs are often blamed for unpopular hikes, yet governments use fuel taxes to meet fiscal targets rather than implementing genuine structural reforms.

The lack of transparency, absence of parliamentary oversight, and misuse of the "national interest" rhetoric have eroded public trust. Ordinary citizens bear the burden of rising prices while elite privileges and non-developmental expenditures go untouched.

The paper calls for reforms, including publication of detailed price breakdowns, empowering OGRA with true autonomy, automatic and rules-based pricing mechanisms, and transparent use of petroleum levies. Only through such systemic changes can Pakistan move toward an equitable and accountable fuel pricing regime.

Introduction

Fuel prices in Pakistan are among the most politically and economically sensitive issues. Despite their far-reaching implications on inflation, transport, agriculture, and industrial production, successive governments have consistently misinformed the public – either intentionally or through omission about how fuel prices are set, why they fluctuate, and who actually benefits.

Government officials frequently justify price hikes by citing increases in international oil prices. While it's true that Pakistan is a net importer of fuel, this explanation omits a major factor: the extensive taxes and levies imposed on each liter of petrol and diesel. For instance, the Petroleum Levy (PL) alone can reach up to PKR 103 per liter, not to mention dealer margins, freight charges, and general sales tax (GST). These components significantly inflate the price, but are rarely mentioned in official statements.

Authorities often refer to a short-term increase in Brent crude prices to justify hikes, while ignoring prolonged periods of decline. This selective framing gives the impression that the government has no control over pricing when in reality, it does through tax policy and exchange rate management.

Price announcements are made without disclosing the cost composition. Citizens are told the final price, not the breakdown that includes base import cost, taxes, margins, and currency adjustment. This prevents informed public scrutiny. Fuel price hikes are implemented immediately, often overnight. Reductions, however, are delayed or minimized under bureaucratic pretexts, allowing the government to continue collecting inflated revenues.

Technical jargon like "import parity pricing," "benchmark alignment," and "fiscal consolidation" is commonly used to justify price movements. This language obscures rather than clarifies, discouraging public understanding. Prices are often frozen or reduced in the run-up to elections, only to be hiked dramatically post-election. This manipulation misleads voters and delays inevitable economic adjustments.

The public is routinely kept in the dark about the real dynamics of fuel pricing. Whether through selective data, delayed relief, or opaque processes, the misinformation perpetuated by the government undermines economic transparency and erodes public trust. A more transparent, accountable, and fair fuel pricing system is not just a fiscal necessity—but a democratic essential.

Methodology

This white paper employs a multidisciplinary and evidence-based approach to investigate Pakistan's fuel pricing mechanisms and the surrounding government narratives from 2000 to 2025. The methodology combines qualitative content analysis, quantitative data review, expert commentary, and historical policy tracking to ensure a comprehensive and credible examination.

Data Collection:
Primary data was gathered from official government releases, public statements by key officials, budget documents, OGRA notifications, Ministry of Finance records, and IMF reports. Secondary sources included reputable news organizations, international economic databases (e.g., Brent crude indexes), and academic studies. Time-series data on international oil prices and domestic petrol rates were compiled to map historical trends and identify anomalies.

Content Analysis:
Statements by politicians, finance ministers, and prime ministers were systematically reviewed to identify recurring themes, justifications, and rhetorical strategies. Each statement was examined in the context of actual market data to test the validity of the claims. Political speeches, press briefings, and policy announcements were cross-verified against economic indicators and oil price movements.

Comparative Analysis:
Pakistan's pricing policies were compared to international fuel pricing frameworks, particularly in countries with similar economic profiles (e.g., India, Indonesia, Egypt). The goal was to highlight discrepancies in transparency, regulatory practices, and public accountability.

Fiscal Impact Assessment:
Trends in petroleum levy collection, tax rates, and fuel price adjustments were analyzed to evaluate the fiscal motives behind price manipulation. Revenue data was obtained from Pakistan's Ministry of Finance and corroborated by independent financial research institutions.

Expert Consultations and Media Review:
Insights from economists, energy analysts, and former government officials were considered to deepen contextual understanding. Additionally, a wide range of news articles and televised interviews from 2000–2025 were reviewed to capture the public narrative and policy evolution.

This blended methodology ensures that the report's findings are grounded in empirical evidence, contextually relevant, and resistant to political bias.

Historical Trends

International Market

Over time, domestic prices have not always aligned with international trends. In some cases, global prices dropped, but domestic rates stayed high or if decreased but not at the same level due to filling the fiscal gap and other revenue needs.

Brent crude oil is a major global benchmark for crude oil prices. Its price fluctuates based on global supply and demand, geopolitical events, economic growth, in the last twenty five years with fluctuations ranging from $18 to $145 per barrel, which make the policy makers very nervous.

Early 2000s (2000-2004): Prices were relatively stable, mostly ranging from **$20 to $40 per barrel**.

Mid-2000s (2005-2007): A steady increase began, pushing prices into the **$50-$90** range. Growing global demand, particularly from China and India, started to put upward pressure on prices.

Pre-Financial Crisis Peak (2008): Brent crude hit its all-time high (before 2022) in July 2008, reaching over **$145 per barrel**. This was driven by strong global demand and speculative trading.

Financial Crisis Crash (Late 2008 - Early 2009): The Global Financial Crisis caused a dramatic collapse in demand, sending prices plummeting to around **$40 per barrel** by early 2009.

Recovery and High Plateau (2010-Mid 2014): Prices recovered significantly and remained at a high plateau, mostly in the **$100-$120 per barrel** range. This period was influenced by supply disruptions because of Arab Spring protests across the Middle East, robust demand from emerging economies, and quantitative easing policies.

2014-2016 Oil Price Crash: A sharp decline began in late 2014 and continued through 2015 and early 2016. Prices fell from over $100 to as low as **under $30 per barrel** in early 2016. This was caused by a surge in US shale oil production and OPEC's decision not to cut output.

Gradual Recovery (2016-2018): Prices gradually recovered, reaching the **$70-$80 per barrel** range by 2018, supported by OPEC+ production cuts.

2019-Early 2020: Prices hovered in the **$60-$70** range, with some fluctuations.

COVID-19 Pandemic Crash (Early 2020): The pandemic and associated lockdowns led to an unprecedented collapse in demand. Brent fell dramatically, reaching lows around **$18-$20 per barrel** in April 2020.

Post-COVID Recovery (Mid-2020 - 2021): As economies reopened and demand recovered, prices steadily climbed, reaching the **$70-$80** range by late 2021.

Russia-Ukraine War Spike (2022): The invasion of Ukraine in February 2022 sent energy prices soaring. Brent crude briefly topped **$139 per barrel** in March 2022, reaching its highest level since 2008. Prices remained elevated for much of 2022, often above $100, before moderating towards the end of the year.

2023: Prices generally fluctuated in the **$70-$90 per barrel** range, influenced by OPEC+ cuts, global economic concerns, and geopolitical tensions.

2024: Prices have generally remained within the 2024 averaged **$75,** with peaks above **$90 per barrel** range, though fluctuations occur due to geopolitical events (e.g., Middle East tensions) and ongoing supply-demand dynamics from OPEC+ decisions and global economic performance.

Present Day (July 2025): As of mid-2025, Brent crude oil prices are typically reported currently **$69**, with forecasts in the **mid-$60s per barrel** range, subject to daily market movements influenced by global economic data, inventory levels, and geopolitical developments.

(Section Sources)[1]

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https://fred.stlouisfed.org/data/WCOILBRENTEU?utm
https://www.bls.gov/opub/mlr/2019/highcharts/data/morisi-fig8.stm?utm
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https://www.investing.com/commodities/brent-oil-historical-data?
https://www.reuters.com/business/energy/geopolitical-tensions-nudge-oil-outlook-higher-demand-concerns-persist-2025-06-30/

Domestic Fuel Price vs International Market

Year	International Price (USD/Barrel)	Pakistan Domestic Price (PKR/Litter)
2000	22.58	30.00
2001	19.35	32.50
2002	30.12	31.48
2003	30.30	35.00
2004	40.38	37.02
2005	58.34	40.00
2006	58.96	57.78
2007	93.68	60.00
2008	35.82	67.76
2009	77.91	65.00
2010	93.23	73.08
2011	108.09	80.00
2012	110.8	108.00
2013	109.95	110.00
2014	55.27	94.5
2015	37.28	73.76
2016	56.82	66.27
2017	66.73	77.47
2018	50.57	95.83
2019	67.77	113.99
2020	51.22	103.69
2021	77.24	140.82
2022	82.82	214.80
2023	77.69	331.38
2024	72.37	248.38
2025	69.5	272.15
	(Average Brent Year-Wise)	(Average Yearly Price of Petrol)

Early 2000s saw modest petrol prices (PKR 25–40/litre) reflecting relatively stable global crude and currency rates.

Mid‑2000s on, global oil shocks and exchange rate pressures drove sharp increases (~PKR 58 in 2006, up to PKR 66 in 2008). Following the global financial crisis, prices dipped slightly in 2009–10 before climbing again steadily.

By **2012**, the petrol price broke the PKR 100/l barrier, influenced by global market volatility and rising local levies/taxes.

In **2014**, government interventions and moderating global prices brought the annual average down to PKR 94.5/L

2015–2017: Prices declined from around Rs 74 in Dec 2015 to Rs 66 in Dec 2016, then inched up to Rs 77 by end‑2017.

2018–2019: Large jumps—Rs 95.8 at end‑2018; Rs 114 at end‑2019.

2020: Slight drop amid global slowdown (COVID), ending at Rs 103.69

2021: Substantial rise to Rs 140.82 by year-end. Later, in Dec '21 there was actually a small reduction to that level.

2022: Sharpened rise, hitting roughly Rs 214.8 by Dec. In mid‑June 2022, prices hit ₹233.8 after another increase.

2023: Record weekly highs in September reaching **Rs 331.38**, driven by currency devaluation and international oil price spiked.

Late 2024: Price cooled off to approximately Rs 248 in Nov. 2024.

2025 (Jan–Jun): Stayed in the mid‑Rs250s range: Rs 254.63 to Rs 255.63. Then on **July 1, 2025**, price raised to **Rs 266.79** per litre and later 272.15 per litre as per the most recent government notification by OGRA.

Section Sources[2]

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https://awampk.com/petrol-price-in-pakistan/
https://www.reddit.com/r/worldnews/comments/10oe5nx/amid_economic_turmoil_pakistan_hikes_up_fuel/
https://blog.rabtmarketing.com/petrol-prices-in-pakistans-history
https://pakistanarchive.com/government-raises-petrol-price-by-rs-8-36-per-litre-from-july-1-2025/

The Politics of Petrol

Government Narratives on Fuel Price in Pakistan (2000–2025)

This section of the white paper discusses how in previous years, successive governments narrate the reasons behind the fuel price adjustment.

2025

May 28, 2025 – Former Finance Minister Saleem Mandviwalla
*"Senator warns of no relief in new budget, calls it a **'standard-type'**."*
Source: Pakistan Today – Profit

April 16, 2025 – Former Finance Minister Miftah Ismail
"In these two months, the government has raised taxes by Rs34 billion per month instead of giving the benefit to the people. The government promised the IMF that it will not reduce petrol prices and keep increasing taxes."
Source: Business Recorder (Ex-finance minister Miftah Ismail slams govt for 'mini-budget' through fuel levy hikes - Business & Finance - Business Recorder)

April 15, 2025 – Prime Minister Shehbaz Sharif
"The government decided not to pass on the benefit of lower fuel prices in the international market to people. Savings will be used to heal the nation's wounds."

"Funds would also be used to construct M-6 and M-9 motorways from Sukkur to Hyderabad and Hyderabad to Karachi."
Source: The News International (No change in fuel prices, savings to be used to 'heal nation's wounds': PM)

February 20, 2025 – Petroleum Minister Musadik Malik
"The government is moving towards deregulating fuel prices, allowing Oil Marketing Companies (OMCs) to sell oil at competitive rates, potentially even lower than OGRA's determined rates."
Source: Business Recorder (Musadik Malik unveils govt's strategy for energy independence through innovation - Business & Finance - Business Recorder)

2024

December 12, 2024 – Finance Minister Muhammad Aurangzeb
"Gas, power tariff hikes under IMF fuel inflation, Minister, acknowledged that increases in utility prices (including gas, which is a fuel) under the IMF program contributed significantly to inflation. This broader statement on energy costs indirectly reflects the government's policy on passing on costs to consumers, including fuel."
Source: Dawn.com (https://www.dawn.com/news/1878236)

June 13, 2024 – Finance Minister Muhammad Aurangzeb
"In a post-budget press conference, Muhammad Aurangzeb addressed the reasoning behind the fuel price increase outlined in the 2024 Budget. He assured that the increase would be gradual and would consider global prices to minimize the burden on citizens."
Source: The Express Tribune (https://www.youtube.com/watch?v=hxMzE46Ju5c)

February 1, 2024 – Caretaker Finance Ministry Shamshad Akhtar
"The Government of Pakistan has decided to bring changes in the current prices of petroleum products during the fortnight starting from 1st February 2024, the hike comes in the backdrop of ongoing tensions in the Middle East amid Israel's war on Gaza and Houthi attacks on shipping vessels in the Red Sea. "
Source: Arab News (https://www.arabnews.pk/node/2451881/pakistan)

2023

September 16, 2023 – Finance Ministry (Ishaq Dar)
"Caretaker Government announced Rs26 petrol and Rs17 diesel hike amid double-digit inflation and historic rate over Rs330."
Source: Business Standard

August 1, 2023 – Finance Minister Ishaq Dar
"Fuel prices have increased sharply in global markets… we had to adjust local rates."
"The increase driven by national interest and commitments with IMF."
Source: India Today

March 20, 2023 – State Minister Musadik Malik
"The government would implement a scheme where the affluent would pay Rs100 more per liter for petrol… to subsidize petrol for low-income segments."
Called the Rs. 30 petrol hike “a difficult decision… to save the country from bankruptcy.”
Source: Geo.TV

2022

June 16, 2022 – Prime Minister Shehbaz Sharif
"The government is left with no choice but to raise the prices due to IMF deal that PTI govt signed."
Source: Arab News

June 16, 2022 – Finance Minister Miftah Ismail
"Hike was inevitable due to global market… facing a loss of Rs24 per litre on petrol."
Source: Business Recorder

June 2022 – Economist Haroon Sharif
"IMF and Pakistan agree on simple solutions by increasing fuel prices… no expenditure cuts."
Source: Dawn

June 3, 2022 – Finance Minister Miftah Ismail
"Pakistan raises petrol price by 40% in one week… stirring public anger."
Source: Gulf News

May 28, 2022 – Prime Minister Shehbaz Sharif
"The move to increase fuel prices was necessary to avoid Pakistan from facing bankruptcy."
Source: The News International

May 26, 2022 – Finance Minister Miftah Ismail
"Govt announces increase in petrol price by Rs30… 'We are all owners of our country'."
Source: Arab News

February 2022 – Prime Minister Imran Khan
"We have decided not to increase till the next budget," though hinted at possible hikes due to global tensions.
Source: Business Recorder

2021

November 3, 2021 – Prime Minister Imran Khan
"This deficit is adding to loans… so we will have to increase the price of petrol a bit."
Source: Geo.TV

October 17, 2021 – Federal Minister Fawad Chaudhry
"If there was a global price hike, the rates would be readjusted in Pakistan… global and local prices trend together."
Source: The Express Tribune

October 16, 2021 – Interior Minister Sheikh Rasheed
"Since the international prices are increasing, we also have to move up the rates."
Source: Geo.TV

October 1, 2021 – Finance Minister Shaukat Tarin
"Petrol prices in Pakistan are still cheap compared to the rest of the world."
Source: Dawn

July 17, 2021 – Energy Minister Hammad Azhar
"We have shifted some burden, due to increase of prices in the international market."
Source: Geo.TV

2020

October 15, 2020 – Prime Minister Imran Khan
"The government announced the decrease in fuel prices across Pakistan."
Source: Such.TV

July 31, 2020 – Advisor Abdul Hafeez Shaikh
"Govt increases petrol price by Rs3.86, diesel by Rs5… due to rising global market trend."
Source: Press release via Finance Division

April 30, 2020 – Prime Minister Imran Khan
"Massive cut in petrol by Rs15/litre and diesel by Rs27.15/litre following a dip in global oil prices due to the coronavirus-induced lockdowns."
Source: The Express Tribune

2019

April 1, 2019 – Prime Minister Imran Khan
"Pakistan's government has hiked fuel prices by up to 6.45 percent, as the country continues to face widening fiscal and current account deficits amid spiralling inflation due to which subsidies were cut."
Source: Al Jazeera (Pakistan hikes fuel prices amid spiralling inflation | Business and Economy | Al Jazeera), WION (https://www.youtube.com/watch?v=fBAAw5XgS3k)

March 1, 2019 – Finance Minister Asad Umar
"The government … increased the prices of petroleum products by up to Rs 4.75 per litre for the month of March to pass on the impact of higher international prices to consumers." This decision was "announced by the Ministry of Finance."
Source: Dawn (https://www.dawn.com/news/1473278?utm_)

2018

July 23, 2018 – Commerce Minister Misbah-ur-Rehman
"We had two options… we chose to increase… as international crude prices are increasing globally."
Source: PakWheels.com

May 31, 2018 – Finance Minister Miftah Ismail
"Since our government ends today, and new prices of petrol, diesel and kerosene oil go in

effect from tomorrow, therefore, on Ministry of Finance's recommendation the PM has decided to leave their prices unchanged till June 7, so that the incoming government can decide new price."

Source: The Express Tribune (https://tribune.com.pk/story/1711068/budget-2018-19-ismail-unveils-new-relief-measures-windup-speech)

January 22, 2018 – Minister of State for Finance Rana Mohammad Afzal Khan

"Minister shared the commitment of the present government to provide maximum relief to the people and reducing energy costs for industries to mitigate the burden of rising prices and improve competitiveness."

Source: Business Recorder (Press Release via Ministry of Finance — Jan 22, 2018)

2017

June 30, 2017 – Finance Minister Ishaq Dar

Government *"has absorbed a considerable impact of price increases since April 2016 and has suffered considerable loss of revenue."*

Source: Dawn (https://www.dawn.com/news/1480370)

2016

2016 – Prime Minister Nawaz Sharif

"The government is committed to passing on the benefits of international price reductions to consumers while also ensuring the country's fiscal stability."

Source: Ministry of Finance press releases

2016 – Finance Minister Ishaq Dar

"The government continued its policy of adjusting prices based on international trends and fiscal considerations."

Source: Ministry of Finance monthly statements

2015

August 3, 2015 – Finance Minister Ishaq Dar

"We have outlined the financial adjustments, like changes in GST and petroleum levy to manage this subsidy."

Source: Official statement issued from Minister office

July 1, 2015 – Prime Minister Nawaz Sharif

"Oil prices will remain unchanged during July… The government will provide a Rs 2.5 billion subsidy to absorb the difference, aiming to help the general public during Ramadan."

Source:: PTV Official announcement

2014

October 31, 2014 – Prime Minister Nawaz Sharif

Announced petrol price reduction of Rs 9.43 per litre, stating government was *"drastically reducing petroleum prices despite … sit-ins and protests"* that had *"caused huge losses to the national economy."*

Source: Dawn.com

October 31, 2014 – Finance Minister Ishaq Dar

"Outlined the financial adjustments, like changes in GST and petroleum levy, to manage this subsidy."

Source: Finance Ministry communiqué

2013

July 2013 – Finance Minister Ishaq Dar

In the National Assembly: *"By passing the impact of international oil prices to consumers, while also trying to manage the fiscal space for any potential relief."*

Source: Parliamentary record

June 2013 – Prime Minister Nawaz Sharif

Shortly after taking office, announced *"significant increase in petroleum product prices, to reduce the burden of subsidies and tackle the fiscal deficit."*

Source: Government statement

March 2, 2013 – Prime Minister Raja Pervaiz Ashraf

"Ordered authorities to withdraw recent increases in petroleum prices" following protests.

Source: Dawn (dawn.com/news/789779), Al Jazeera (https://www.aljazeera.com/economy/2019/4/1/pakistan-hikes-fuel-prices-amid-spiralling-inflation?utm), Reuters (https://www.reuters.com/markets/commodities/pakistan-freeze-petrol-electricity-prices-despite-global-rise-pm-khan-2022-02-28/?utm)

2012

October 4, 2012 – Prime Minister Raja Pervaiz Ashraf

"Inflation and other price indices have remained in single digit. The government was monitoring prices, including fuel, as part of overall economic management."

Source: Press statement

July 7, 2012 – Prime Minister Raja Pervaiz Ashraf

"Political stability … our focus is on energy availability and cost, it would be our 'utmost endeavour to rid the people of the torture of unscheduled load-shedding in the minimum possible time."

Source: Dawn.com

2011

June 30, 2011 – Prime Minister Yousaf Raza Gilani

"Approved a 15% domestic and 18–96% industrial natural gas tariff increase, to rationalize energy pricing."

Source: The Dawn Newspaper

March 3, 2011 – Finance Minister Hafeez Shaikh
"International oil prices started climbing following turbulence …" and subsequent hike was halved "due to immense difficulties the people were bound to face."
Source: TheExpressTribune(tribune.com.pk/story/127432), Dawn (https://www.dawn.com/news/610396/president-hints-at-reducing-petroleum-prices)

January 7, 2011 – Prime Minister Yousaf Raza Gilani
"Reversal of a 9% petrol & kerosene price hike due to opposition pressure."
Source: The Express Tribune ((tribune.com.pk/)

2010

March 15, 2010 – Finance Minister Naveed Qamar
Signaled petrol prices were likely to be deregulated.
Source: Dawn.com

2009

November 8, 2009 – Finance Minister Shaukat Tarin
"Noted that effective December 1, 2009, petrol prices increased by over 7% to Rs66/litre."
Source: Dawn.com

January 2009 – Prime Minister Yousaf Raza Gilani
"Announced reduction in HSD prices" and "ex-depot prices of petrol … cut by Rs 4 per litre."
Source: Dawn.com

2008

September 20, 2008 – Finance Minister Naveed Qamar
"Announced elimination of fuel subsidies as part of broader economic reforms to support

macroeconomic stability and narrow fiscal/current-account deficits.”

Source: Dawn.com

May 1, 2008 – Finance Minister Ishaq Dar

“Petroleum prices may increase by Rs 20 to meet international prices.”

Source: TwoCircles.net

March 18, 2008 – Adviser Salman Shah

Warned that “immediate relief for people … may cause economic instability.”

Source: [Dawn.com]

2007

January 16, 2007 – Prime Minister Shaukat Aziz

“Slashed petrol and diesel prices by 6.93% and 2.66% respectively … as international crude prices declined by over 35%.”

Source: Dawn

2006

December 11, 2006 – **Prime Minister Shaukat Aziz**

“Absorbed maximum impact of international price hike through adjustment/reduction of PDL and cross-subsidisation.”

Source: Business Recorder

July 23, 2006 – Prime Minister Shaukat Aziz

Directed the Petroleum Ministry to *“ensure sustainable supply of oil at subsidized rates”.*

Source: (Business Recorder)

2005

September 1, 2005 – Prime Minister Shaukat Aziz

“Petrol prices hike by Rs 3.67/L and diesel by Rs 2.85/L … Government had already absorbed Rs 65 billion in subsidy …”

Source: Dawn

2004

July 15, 2004 – Prime Minister Chaudhry Shujaat Hussain

"Announced an increase in fuel prices, citing global oil price hikes."

Source: Dawn

August 1, 2004 – Prime Minister Chaudhry Shujaat Hussain

"Announced a temporary freeze on fuel price increases to stabilize the market."

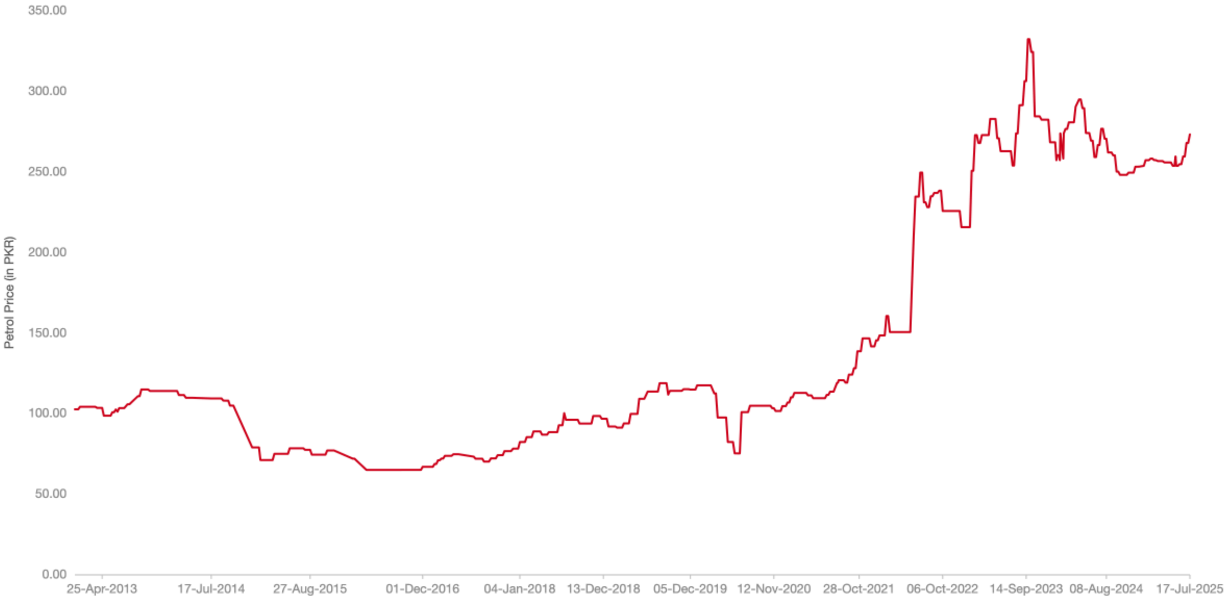
Source: The News International

2002 - 2004

Prime Minister Mir Zafarullah Khan Jamali took office on November 23, 2002 and remained till June 26, 2004 when he resigned. While in office there were four occasions where he decided to increase or decrease the fuel prices. Upon assuming office, PM Jamali announced an increase in fuel prices to align with global oil price trends and to manage the fiscal deficit. In response to a global oil crisis, due to the Iraq war, PM Jamali's team announced (in March 2003) another increase in fuel prices, emphasizing the need for economic stability. A few months later in July 2003, he announced a temporary decrease in fuel prices to provide relief to the public amidst rising inflation and economic challenges. Towards the end of his tenure, PM Jamali in January 2004 announced a slight increase in fuel prices, citing ongoing global oil price volatility. (**Multiple sources**)

Pakistan Patrol Prices - 2013 to 2025

FNW



Source: https://portal.karandaaz.com.pk/dataset/petrol-avg/1388

The Unspoken Truth of Government Narratives on Fuel Price

Over the last 25 years, successive governments in Pakistan have repeatedly justified fuel price increases by citing global market volatility, fiscal constraints, and international obligations, particularly with the International Monetary Fund (IMF). From Prime Ministers to Finance Ministers, nearly every public official involved in economic policymaking has, at some point, pointed fingers at global crude oil prices or "inherited economic conditions" to defend their fuel price policies.

A closer examination of these official statements reveals a pattern of misleading narratives, political manipulation, and systemic opacity. This paper aims to rebut many of these claims, distinguishing between genuine economic realities and rhetorical justifications used to shield poor governance and policy failure.

Exhibit: Petroleum Levy Revenue

Year	Average Petroleum Levy (PKR / Litre)	Revenue from Petroleum Levy (PKR in Millions)
FY21	20.3	424,654
FY22	5.2	127,529
FY23	35.4	579,910
FY24	58.0	1,019,223
9MFY25	64.5	833,847

Source: MOF, AHL Research

The petroleum levy has emerged as a significant revenue source for the Government of Pakistan, with a notable upward trend in both the average levy per litre and total revenue over recent years. After a sharp decline in FY22, where the average levy dropped to PKR 5.2 per litre and revenue fell to PKR 127.5 billion, the government gradually increased the levy, reaching PKR 64.5 per litre in the first nine months of FY25. Consequently, revenue surged to PKR 1.02 trillion in FY24 and PKR 833.8 billion in just 9MFY 2024-25, indicating a strong reliance on petroleum levy collections to support fiscal needs.

I. Blaming Global Oil Prices While Hiding Domestic Tax Burden

One of the most common reasons cited for raising fuel prices has been the increase in international crude oil prices. While this justification may hold in certain periods—such as during the 2008 financial crisis, the Russia-Ukraine war (2022), and Middle Eastern tensions (2024)—it is frequently exaggerated or inconsistently applied.

For example, when global prices dropped in 2020 due to COVID-19, Prime Minister Imran Khan announced significant price reductions (April 30, 2020). However, these reductions were not proportionate to the scale of the global decline, which saw Brent crude fall below $20 per barrel. Instead of passing the full benefit to consumers, the government pocketed a large portion through increased Petroleum Levy (PL) and General Sales Tax (GST) to meet IMF revenue targets.

Authorities often refer to a short-term increase in Brent crude prices to justify hikes, while ignoring prolonged periods of decline. This selective framing gives the impression that the government has no control over pricing when in reality, it does through tax policy and exchange rate management.

II. IMF Commitments, An Easy Scapegoat

In the post-2019 era, particularly under Finance Ministers Miftah Ismail and Ishaq Dar, the IMF has been a frequent scapegoat for fuel price hikes. The public was repeatedly told, as in June 2022, that the price increase was “inevitable” to fulfill IMF conditions. While it is true that the IMF pushed for revenue generation through reduced subsidies and higher levies, the government had discretion in how and when to implement these changes.

Instead of reforming the tax structure, improving public sector efficiency, or curbing elite privileges, the government chose the politically easy route, shifting the burden to ordinary citizens via fuel price hikes.

In **April 2025**, former Finance Minister Miftah Ismail exposed the truth, the government promised the IMF that it would not pass on any global price relief to the public. Prime Minister Shehbaz Sharif even admitted (April 2025) that the "savings" from lower international prices would be diverted to infrastructure projects such as the M6 and M9 motorways. Infrastructure is important, but this decision raises serious ethical and fiscal transparency concerns, using hidden fuel taxation to fund capital projects without parliamentary debate or public disclosure.

III. The Fiction of Deregulation

Several ministers, including Petroleum Minister Musadik Malik (February 2025), claimed the government is “moving toward deregulation.” However, real deregulation does not exist in Pakistan’s fuel sector. The fortnightly price revision exercise, done under the cover of OGRA’s recommendations, is little more than a political ritual. There is no independent disclosure of the price determination formula, no transparency in freight margins, and no audit of taxation layers embedded in the pump price.

Oil Marketing Companies (OMCs) are supposedly allowed to compete on price, in practice they function within a narrow, government-set price band. The illusion of deregulation has become a tool for the state to deflect responsibility while continuing to exercise control through invisible levers.

Fuel prices are quoted in US dollars, but paid for in Pakistani rupees. A depreciating rupee therefore increases the landed cost of fuel. This critical detail is rarely communicated to the public, and the government deflects accountability for currency mismanagement. In 2021–22, the rupee depreciated by nearly 30%, making oil more expensive domestically even as global prices remained stable.

IV. Political Expediency vs. Consumer Welfare

Many statements reflect blatant political opportunism. For instance:

In **July 2015**, PM Nawaz Sharif announced a price freeze during Ramadan with a Rs2.5 billion subsidy, clearly timed for political goodwill.

In **February 2022**, PM Imran Khan declared a fuel price freeze until the next budget, even though his government had previously agreed to IMF-mandated hikes.

In **March 2013**, PM Raja Pervez Ashraf reversed price hikes due to protests, revealing the purely reactionary nature of decision-making.

In all these instances, fuel pricing became a tool of political maneuvering rather than a function of market logic or economic policy. This ad-hoc approach undermines investor confidence, destabilizes fiscal planning, and perpetuates public distrust.

V. The Missing Transparency

Despite OGRA's stated mandate to ensure transparency and protect consumer interest, the actual pricing mechanism remains opaque. Section 21 of the OGRA Ordinance allows price recommendations "based on policy guidelines of the federal government," which effectively makes OGRA a rubber stamp rather than a regulator.

Successive governments have refused to publish the complete fuel pricing formula, including components such as inland freight equalization margin (IFEM), dealer and oil marketing companies margins, petroleum levy, GST, exchange rate assumptions, etc.

The failure to disclose this data makes it impossible for independent experts, parliamentarians, or the media to verify the legitimacy of price hikes.

VI. Misuse of "National Interest" Rhetoric

Repeated references to the “national interest” are designed to suppress dissent. Finance Minister Ishaq Dar (August 2023) and PM Shehbaz Sharif (2022) both invoked "saving Pakistan from bankruptcy" as a justification. While Pakistan's balance of payments crisis is real, placing the burden entirely on fuel consumers is not equitable policy.

Why is "national interest" only cited when taxing ordinary citizens through indirect levies? Why is it not used to curb tax evasion by the elite, reduce subsidies to loss-making enterprises, or cut non-development expenditures? True national interest demands shared sacrifice, not targeted exploitation.

VII. Acknowledging the Valid Claims

Not all government statements are without merit. The following instances are factually grounded and reflect genuine economic pressures:

Global Crisis (2008) – The global spike in oil prices justified corresponding increases in local rates.

COVID-19 (2020) – Government passed some benefit of falling prices to consumers.

Russia-Ukraine War (2022) – Disruption of global supply chains and sanctions on Russia led to genuine upward pressure on oil prices.

Middle East Tensions (2024) – Houthi attacks on Red Sea shipping and Israel-Gaza conflict did impact regional oil transportation costs.

These instances demonstrate that not every price hike is unjustified, but they also underscore the need for a transparent and rules-based mechanism that can differentiate between genuine adjustments and politically motivated actions.

The Impact of Fuel Prices on Inflation and Deflation

Oil is a fundamental economic input, and fluctuations in its price significantly influence inflation—the general rate at which prices for goods and services rise across an economy. As a primary component in both manufacturing and services, fuel costs affect inflation both directly and indirectly by altering the cost structure of production and transportation.

Pakistan, being heavily reliant on imported petroleum products, is particularly susceptible to global oil price volatility. Historical trends demonstrate that geopolitical tensions, supply chain disruptions, and the economic ascent of energy-consuming giants can rapidly escalate fuel prices, triggering inflationary pressure within domestic markets.

An increase in fuel prices invariably fuels inflation. Inflation represents the erosion of purchasing power, where a sustained rise in the cost of goods and services diminishes the value of money. It is commonly measured through the annual percentage increase in the average cost of a selected basket of goods and services. Higher inflation indicates rapidly rising prices, whereas lower inflation suggests more modest increases.

Conversely, deflation occurs when prices decline, leading to an increase in the purchasing power of money. Logically, a fall in fuel prices should reduce production, transportation, and service delivery costs. However, in practice, this correlation is rarely observed in Pakistan. Rather than passing these cost savings on to consumers, governments, producers, and service providers often treat them as revenue-enhancing opportunities.

For instance, instead of lowering prices during periods of falling global oil rates, the government frequently increases petroleum levies or reduces fuel subsidies to manage fiscal deficits. Similarly, electricity tariffs, transportation fares, and the prices of manufactured goods seldom decrease in line with falling input costs. The benefits of lower fuel prices are absorbed at institutional and corporate levels, leaving consumers with no tangible relief.

This asymmetric pricing behavior distorts the natural economic cycle and erodes public trust. It also highlights the urgent need for transparent pricing mechanisms and regulatory accountability to ensure that the economic benefits of deflationary trends are fairly transmitted to end-users.

Is IMF Culprit Or Savior?

When the government announces that "We are protecting the public interest by fulfilling our international fiscal commitments." It means that the government is imposing more taxes to achieve the revenue targets as per the IMF demand. The general populace, the incumbent government, and the International Monetary Fund (IMF), each stakeholder articulates conflicting and distinct rationale for the prevailing fiscal strategies, often fueling contentious public debate.

From the public's vantage point, the conditionalities imposed by the IMF are frequently perceived as onerous, counterproductive, and even draconian. Citizens, already grappling with soaring inflation and eroding purchasing power, contend that stringent financial controls and the expansion of the tax net disproportionately burden the common person. They argue that such policies, rather than fostering genuine economic growth, primarily exacerbate hardship, leading to a further decline in living standards. The imposition of a broad spectrum of taxes, including regressive levies, is often viewed as an unjustified extraction from an already struggling populace, offering little tangible relief or improvement in public services.

Similarly, the government's assessment of these interventions is markedly different. For the state, the IMF program constitutes an indispensable lifeline, crucial for averting sovereign default and stabilizing a precarious macroeconomic landscape. Officials frequently articulate that these measures, though challenging, are unavoidable exigencies necessary to restore fiscal discipline and rebuild international confidence. They emphasize that prudent financial management and a rationalized tax framework, encompassing a diversified revenue base, are not merely external dictates but fundamental prerequisites for sustainable economic recovery. Expanding the tax net and enforcing stricter financial controls are presented as vital steps towards broadening the contributor base, essential for meeting the nation's import-dependent energy needs without perpetually straining foreign exchange reserves.

The International Monetary Fund, in its pronouncements, frames its prescriptions as the sole viable pathway to extricate Pakistan from its recurring cycles of fiscal distress. Their perspective underscores the imperative of addressing deep-seated structural imbalances through rigorous fiscal consolidation and the implementation of a comprehensive and equitable taxation system. The Fund posits that such reforms are designed to foster long-term economic resilience, attract sustainable foreign investment, and ultimately safeguard citizens' interests by establishing a more predictable and robust financial environment. While acknowledging immediate socio-economic implications, the IMF maintains these reforms are fundamentally about shared responsibility and creating a sustainable foundation for future prosperity, mitigating vulnerability to external shocks, particularly those related to its substantial energy import bill.

Pakistan is currently in the first phase of a 37-month Extended Fund Facility (EFF) program with the International Monetary Fund (IMF), approved on September 25, 2024. This is Pakistan's 24th IMF program, with a total value of approximately US$7 billion. The first disbursement of about US$1 billion was made immediately following the approval. The program is subject to periodic reviews, with the first review having taken place in early 2025, and further tranches of funding are contingent on Pakistan meeting the IMF's conditions, such as securing debt rollovers and implementing tax reforms.

Struggling economies across Asia, Europe, Africa, and South America often turn to the International Monetary Fund (IMF) to bridge their monetary deficits. While IMF programs are presented as lifelines, they frequently impose stringent austerity measures that burden already fragile nations. Nobel laureate Joseph Stiglitz once remarked, "The IMF has done more damage to developing countries than any other force in history, through its ill-conceived programs." These conditions, often including subsidy cuts, tax hikes, and wage freezes, ignite public unrest, leaving governments trapped between popular resistance and IMF mandates.

Economist Ha-Joon Chang notes, "The IMF's insistence on fiscal discipline, liberalization, and privatization has often led to economic stagnation rather than recovery." The populace, bearing the brunt of these harsh reforms, turns against their own governments, accusing them of selling sovereignty for survival. Meanwhile, the governments themselves, desperate to secure continued funding, are unable to fully comply with popular demands or IMF expectations.

This tension often spirals into political instability, economic paralysis, and social discontent. Renowned economist Jeffrey Sachs critiqued IMF strategies by stating, "They put countries through the wringer with policies that are often counterproductive." Many financial experts see IMF programs not as support mechanisms, but as traps. They argue that instead of healing economies, these packages can tighten external control, erode local industries, and perpetuate debt dependency. In essence, while the IMF promises financial rescue, its conditions may deepen the wounds of ailing economies, leaving nations in a cycle of crisis and control.

In Indonesia (1997–1998), IMF forced closure of banks and subsidy cuts during the Asian Financial Crisis, riots, protests, and economic collapse ensued. President Suharto was ousted after 31 years in power, its non-democratic regime changed under mass pressure.

In Zambia (1990s–2000s), IMF-led privatization and austerity deepened poverty, popular resistance led to ousting of Kenneth Kaunda (1991), though democratically but the economic discontent persisted, causing repeated leadership change.

Argentina (2001), IMF-backed austerity led to massive protests, President Fernando de la Rúa resigned and fled by helicopter. The economy collapsed; poverty soared by this non-democratic shift, chaos followed with five presidents in two weeks.

Bolivia (2003), IMF-backed gas export plan led to the "Gas War.", Protests turned violent; President Sánchez de Lozada resigned and fled to the U.S. Collapse of political order triggered by anti-IMF sentiment.

Greece (2010–2015), IMF and EU bailout conditions imposed severe austerity. massive protests, strikes, riots; deep recession. Political upheaval but remained democratic with lasting economic trauma.

Egypt (2016–2019), IMF-mandated fuel and food subsidy cuts triggered price shocks. Protests emerged despite repression, the regime used emergency powers to suppress dissent, Egypt was still struggling to come out of this situation despite full western support.

Jordan (2018), IMF-driven tax reforms triggered protests and national strikes. The king had to intervene to prevent collapse, sacrifice PM Hani Mulki, to forced resign.

Tunisia (2018–2021), Austerity and unemployment triggered street protests. In 2021, following IMF-linked unrest, President Kais Saied suspended parliament, calling it an emergency—widely seen as a constitutional coup.

Ecuador (2019), IMF deal prompted fuel subsidy removal, followed by violent protests by indigenous groups and unions. The government fled capital Quito temporarily. IMF deal renegotiated under duress to restore order.

Sudan (2019), on IMF instruction, fuel and bread subsidy cuts, worsened hardship. Massive protests ousted Omar al-Bashir (30-year rule). The country is still under civil war.

Sri Lanka (2022), Debt crisis and IMF negotiations created hyperinflation and fuel shortages. Protesters stormed the presidential palace; President Gotabaya Rajapaksa fled the country. Power shifted, though within a constitutional framework under emergency.

Successive governments have endeavored to meet IMF requirements, particularly revenue targets, often resorting to short-term measures like imposing taxes and cutting subsidies. While these align with IMF objectives, they have largely failed to implement structural economic reforms, such as reducing government control over wealth and business or curbing non-developmental expenditure, which remain challenging tasks.

How Exchange Rates Drive Pakistan's Energy Crisis

For a country like Pakistan, which is heavily reliant on fuel imports to meet its energy demands, exchange rates play a pivotal role in shaping the economic landscape. Since most international energy transactions are denominated in US dollars, the cost of fuel imports is directly linked to the strength or weakness of the Pakistani Rupee.

When the State Bank of Pakistan (SBP) purchases US dollars from the local market to settle international oil payments, the increased demand for foreign currency exerts downward pressure on the Rupee. A weaker Rupee, in turn, raises the local currency cost of each imported barrel of oil. This not only inflates fuel prices but also contributes significantly to broader inflation across the economy.

Fuel and oil products are not available for immediate consumption upon payment—they often involve delayed deliveries scheduled months in advance. This introduces an additional layer of uncertainty known as foreign exchange risk, which refers to potential financial losses caused by fluctuations in currency value during the interim period between contract and delivery.

To manage these risks, governments like Pakistan strive to maintain adequate foreign exchange reserves to ensure the timely payment of import bills. However, when foreign currency reserves fall short, the SBP may be forced to devalue the

Rupee, making imports even more expensive. This cycle perpetuates inflation, reduces purchasing power, and deepens the energy crisis.

While Pakistan officially follows a market-determined or floating exchange rate regime, in practice, the SBP and the Ministry of Finance actively intervene to stabilize the currency. These interventions often involve buying or selling government securities, adjusting interest rates, or directly injecting or withdrawing dollars from the market to manage volatility.

According to a report published by Dawn on February 6, 2025, the SBP purchased $3.8 billion in foreign exchange over the past year to repay external debt and shore up reserves. Such interventions, while sometimes necessary, also underscore the country's structural dependency on external financing and the fragility of its monetary policy framework. The Rupee’s value not only determines the affordability of fuel imports but also serves as a barometer for inflationary pressures and economic stability.

A Legacy of Mistrust

The public's skepticism toward government statements on fuel prices is not irrational—it is earned. The state has failed to institutionalize fuel pricing, using it as a political lever rather than a macroeconomic instrument. A rules-based, transparent system is not just desirable, it is indispensable for fiscal credibility, investor confidence, and citizen welfare.

It is time to move beyond blame games and empty rhetoric. The people of Pakistan deserve honesty, consistency, and fairness in how one of their most essential commodities is priced.

Pakistan's fuel pricing lacks the clarity and predictability seen in other nations. In India, fuel prices are revised daily based on market rates, and while there is still some political influence, the process is largely automated. In France and Italy, prices are market-driven, with transparent tax structures and weekly disclosures. In Thailand, price controls exist but are targeted and transparent, especially through a dedicated Oil Fund.

Pakistan stands out for its lack of formal pricing policy, absence of regulatory independence, and deliberate obfuscation of facts. This is not a technical failure, it is a political choice.

The Way Forward: What Must Be Done

To restore public trust and economic rationality in fuel pricing, the following steps are essential:

- Publish the complete pricing formula used every fortnight, including all tax and margin components.
- Empower OGRA to function independently, free from political interference.
- Introduce automatic pricing mechanisms, indexed to global prices and exchange rates.
- Launch parliamentary oversight of fuel pricing decisions.
- Reform the Petroleum Levy Act to ensure that levy collection is used transparently, not as a slush fund for deficit financing and should be part of tax collection of every province.
- Cap volatility with a price stabilization fund, and not through ad hoc price control, but through fiscal prudence and planning.