

**PAKISTAN ENERGY INDUSTRY**

# **THE CRACK IN THE BARREL**

**How a five-week war repriced  
Pakistan's fuel**

**Pakistan OMCs Review  
Special Edition, April 2026**

*Issued on 4 April 2026*

**The Case for Letting Go**  
Mountain Ventures view on  
Deregulation



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# OIL MARKETING COMPANIES IN PAKISTAN

## Foreword

The war that began on 28 February has, in five weeks, done more to reshape Pakistan's petroleum pricing architecture than a decade of incremental reform. Crude oil prices have surged past \$110 a barrel. Diesel's crack spread over crude, ordinarily a modest \$10, has blown out to \$150. The Strait of Hormuz, through which Pakistan sources roughly 80 per cent of its energy imports, is effectively closed. And on 3 April, the government announced the largest single-day fuel price adjustment in the country's history: petrol up 43 per cent, diesel up 55 per cent.

This special edition of the Pakistan OMCs Review is published ahead of our regular monthly report to capture a structural moment. The **pricing reset**, the fiscal pivot from **blanket subsidies to targeted relief**, the regulatory friction between OGRA and the industry, the **refinery windfall**, and the **renewed case for deregulation**, these are not incremental developments. They constitute a fundamental change in how Pakistan prices, taxes, subsidises, and sources its fuel.

Sales data for April will follow in the regular month-end edition. This report focuses on what changed, why it changed, and what it means, written close to the event, while the analytical edge is sharpest.

**Zeeshan Tayyeb & Zain Jaffery**  
**Mountain Ventures**  
**April 2026**



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# OIL MARKETING COMPANIES IN PAKISTAN

## WHAT HAPPENED

### Chronology of a crisis – 28 Feb to 4 Apr 2026

**28 February:** The United States and Israel launch joint strikes on Tehran and multiple Iranian cities, killing Supreme Leader Ayatollah Ali Khamenei and senior military commanders. Iran retaliates with strikes on Israel and US bases across the Gulf.

**2 March:** Iran announces restrictions on navigation through the Strait of Hormuz, warning it could target vessels transiting without coordination. Approximately 20 per cent of global oil and LNG supply passes through the Strait daily.

**6 March:** Pakistan announces its first war-time fuel price adjustment: petrol and diesel both raised by Rs 55/L (+20%). Petroleum Minister Ali Pervaiz Malik, Deputy PM Ishaq Dar, and Finance Minister Muhammad Aurangzeb address the nation jointly.

**7 March:** OGRA moves from fortnightly to weekly pricing, a structural shift that Mountain Ventures flagged in the March report as a deregulation signal. PDL on diesel cut from Rs 76 to Rs 55/L.

**9 March:** Government announces sweeping austerity measures: additional weekly holiday, reduction in ministerial fuel allocations, curbs on protocol vehicles.

**12 March:** Two Vitol naphtha cargoes trapped in the Gulf are set ablaze by Iran. One crew member killed. Ship insurance costs in the Gulf have risen sixfold since the war began.

**14 March:** PM Shehbaz rejects the first summary proposing a further price increase. Petrol and diesel prices held at Rs 321/L and Rs 336/L respectively. Price Differential Claims begin accumulating, the government is now subsidising every litre sold.

**21 March:** PM rejects a second summary. The PDC subsidy on diesel reaches Rs 176/L. Diesel's ex-refinery price (Rs 432/L) now exceeds its own pump price (Rs 336/L), the government is selling every litre underwater.



# OIL MARKETING COMPANIES IN PAKISTAN

**22 March:** PDL on HOBC raised by Rs 200/L to Rs 305/L, effectively pricing HOBC at ~Rs 600/L. Mountain Ventures projects volumes will fall below 5,000 MT/month, the product category is functionally dead.

**28 March:** PM rejects a third summary proposing petrol +Rs 95/L and diesel +Rs 203/L. Government absorbing Rs 56bn per week. Cumulative absorption since 1 March reaches Rs 129bn. Full pass-through would put petrol at Rs 544/L and diesel at Rs 790/L.

**31 March:** Oil industry unanimously rejects a committee proposal to delink the pricing formula from international markets. OGRA consultations meet wall of opposition from OMCs, who warn it would destroy supply chain viability. Russia announces halt to global oil shipments from 1 April. Second LNG terminal shuts down.

**1 April:** Finance Minister Aurangzeb chairs consultations with all four provincial CMs. Punjab and Sindh advocate full pass-through with targeted relief. Federal-provincial burden-sharing framework agreed on NFC pattern. Provinces to pool Rs 200bn over three months.

**3 April:** The reset. Petrol raised Rs 137/L to Rs 458/L (+43%). Diesel raised Rs 184/L to Rs 520/L (+55%). Blanket PDC subsidy withdrawn entirely. PDL on petrol raised to Rs 161/L (highest in history). PDL on diesel reduced to zero. Targeted subsidies announced: Rs 100/L for bikers (20L/month cap, 3 months), Rs 1,500/acre for farmers, Rs 70,000–100,000/month for transport vehicles. Brent trading at \$109/bbl; diesel crosses \$250/bbl.

**4 April:** Petrol PDL reduced by Rs 80/L. Intercity transport fares rise 25–30% nationally. Balochistan goods transport fares up 60%. Vegetables, flour, and rice up 20–40% within 24 hours. JI announces nationwide protests. NA session disrupted.

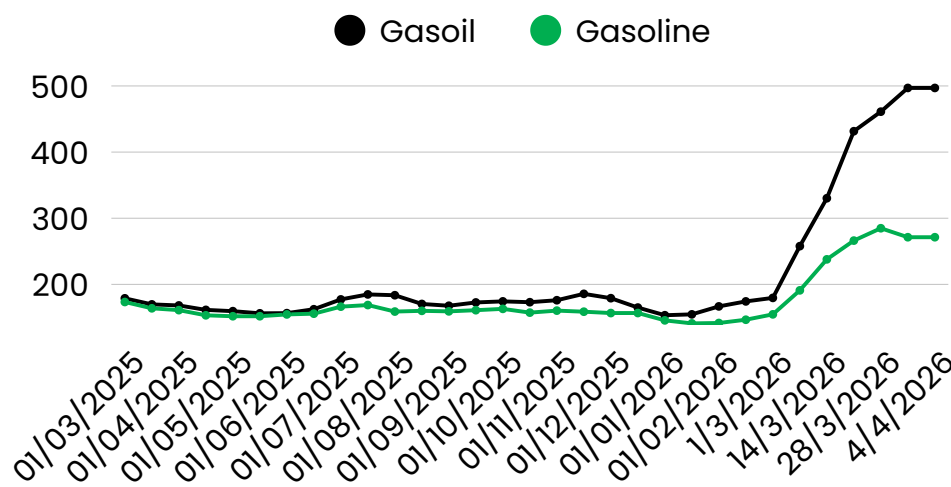


# OIL MARKETING COMPANIES IN PAKISTAN

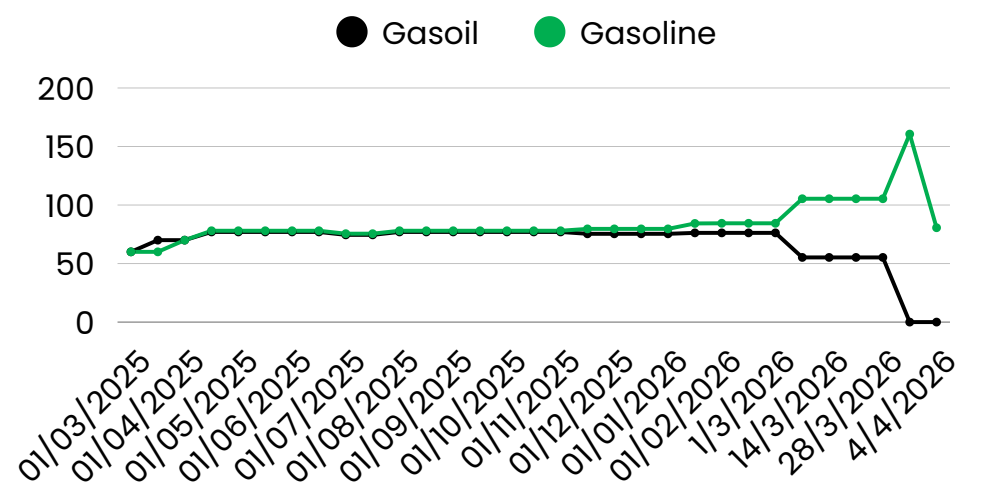
## 2. NUMBERS

The 3 April revision was not a simple price increase. It was a simultaneous reset of three levers, **international price pass-through**, **subsidy withdrawal**, and **levy restructuring**, executed in a single notification.

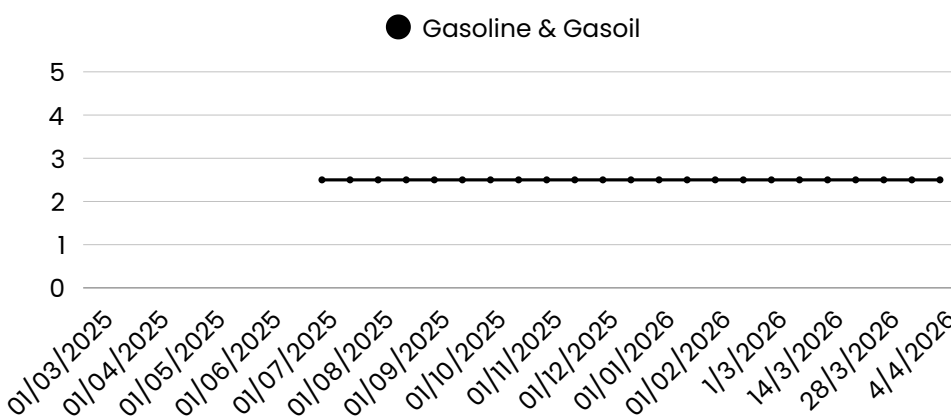
Ex-Refinery Prices (Rs/L)



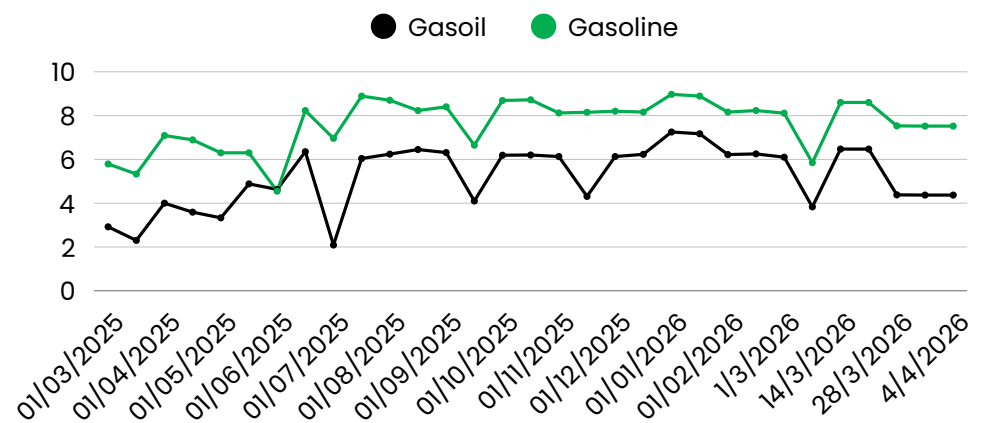
Petroleum. Dev. Levy (Rs/L)



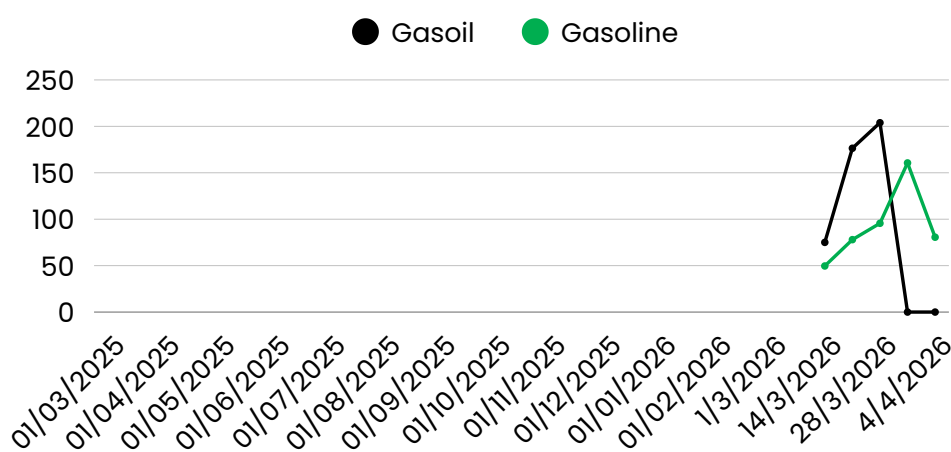
Climate Support Levy (Rs/L)



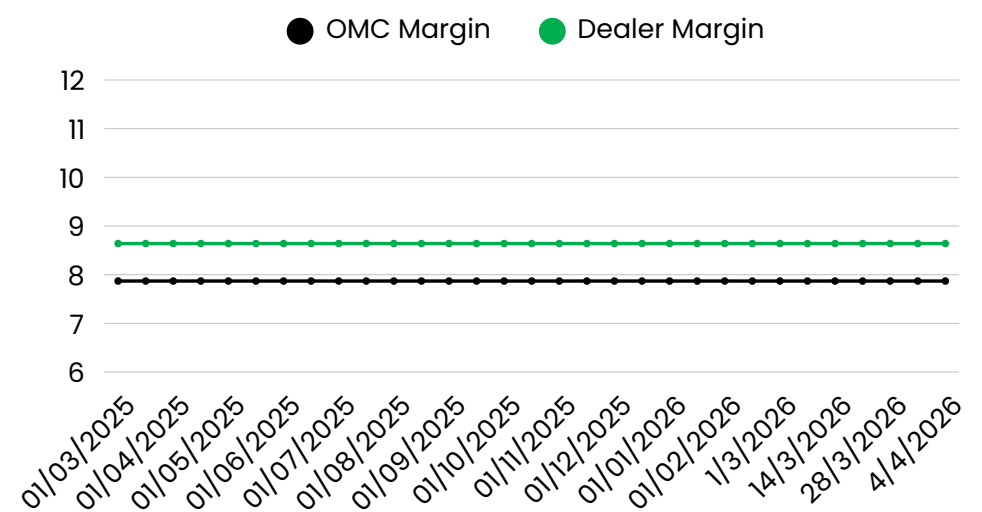
IFEM (Rs/L)



Price Differential Claim (PDC) (Deduction)



OMC & Dealer Margins



## OIL MARKETING COMPANIES IN PAKISTAN

# THE CRACK IN THE BARREL

## Why the barrel price alone no longer explains what Pakistan pays for fuel

Public commentary on Pakistan's fuel prices almost invariably begins and ends with the price of crude oil. When Brent moves, the assumption runs, petrol and diesel prices should move in proportion. This framing is dangerously incomplete. In reality, the crude barrel is only the starting point of a supply chain in which two additional layers, the crack spread and the import premium, now account for more of the consumer price than crude itself.

**From crude to product: the crack spread:** A refinery takes in crude oil and "cracks" it into usable products, petrol, diesel, jet fuel, fuel oil. The crack spread is the price difference between crude and the finished product. It reflects refinery economics: capacity utilisation, product-specific demand, inventory levels, and the physical availability of refining infrastructure. In normal markets, the petrol crack spread over Arabian Gulf crude runs at roughly \$5/bbl, and diesel at around \$10/bbl. These are modest additions, together they might add Rs 10–15/L to the landed cost. The historical average gross refining margin for Pakistani refineries over the five years to end-2024 was approximately \$8/bbl.

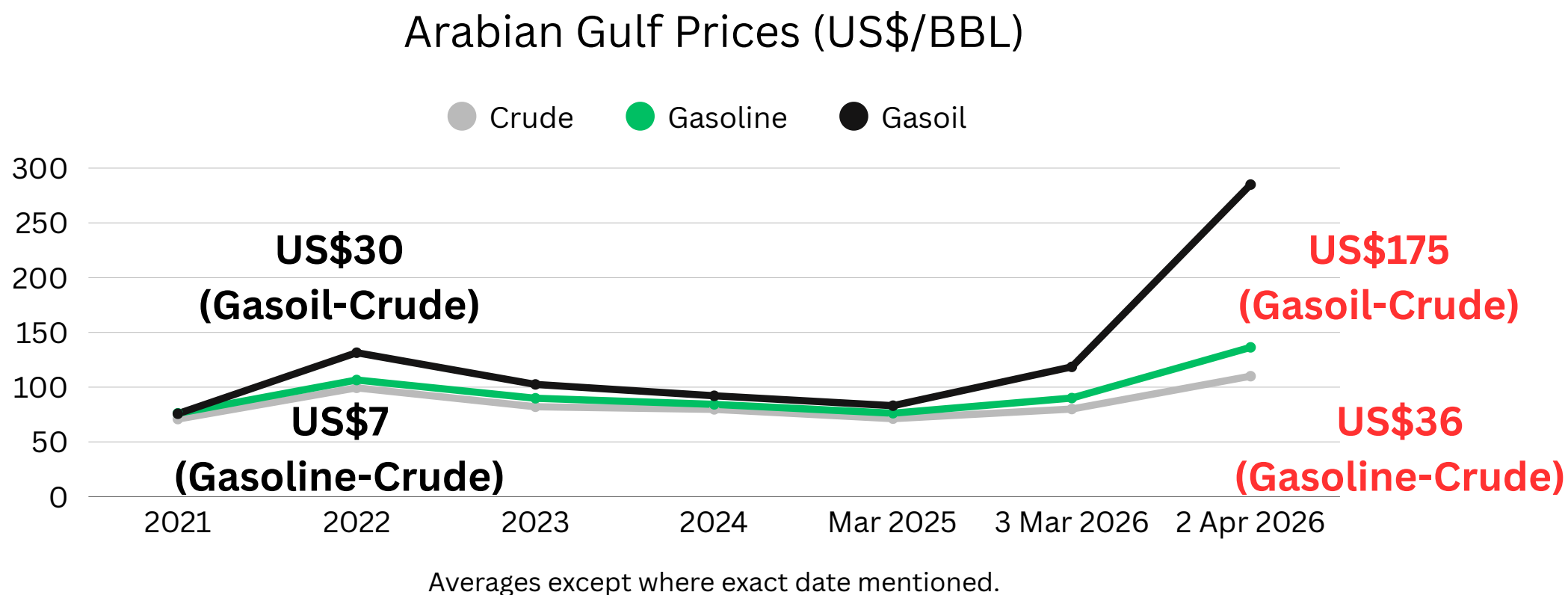
The Iran war has upended this arithmetic. **Gulf refinery infrastructure has been struck and damaged.** Asian refiners, in China, Singapore, South Korea, and Japan, have cut throughput sharply as Gulf crude feedstock has been physically blocked at Hormuz. The Morningstar estimate is that **9–11 million barrels per day of refined product supply has been removed from the global market**, far exceeding anything offset by crude reserve releases or pipeline diversions. The result is a refined product market under a degree of stress that **makes the 2022 Ukraine crisis look mild.** Crude has buffers: strategic reserves, pipeline rerouting, Saudi spare capacity. Refined products have none.

As of early April, the petrol crack spread has blown out to more than \$35/bbl, six times normal. The diesel crack spread has exceeded \$170/bbl, about fifteen times normal. This single variable now accounts for the majority of the price increase Pakistan has experienced since the war began.



## OIL MARKETING COMPANIES IN PAKISTAN

# Why spreads need to be understood



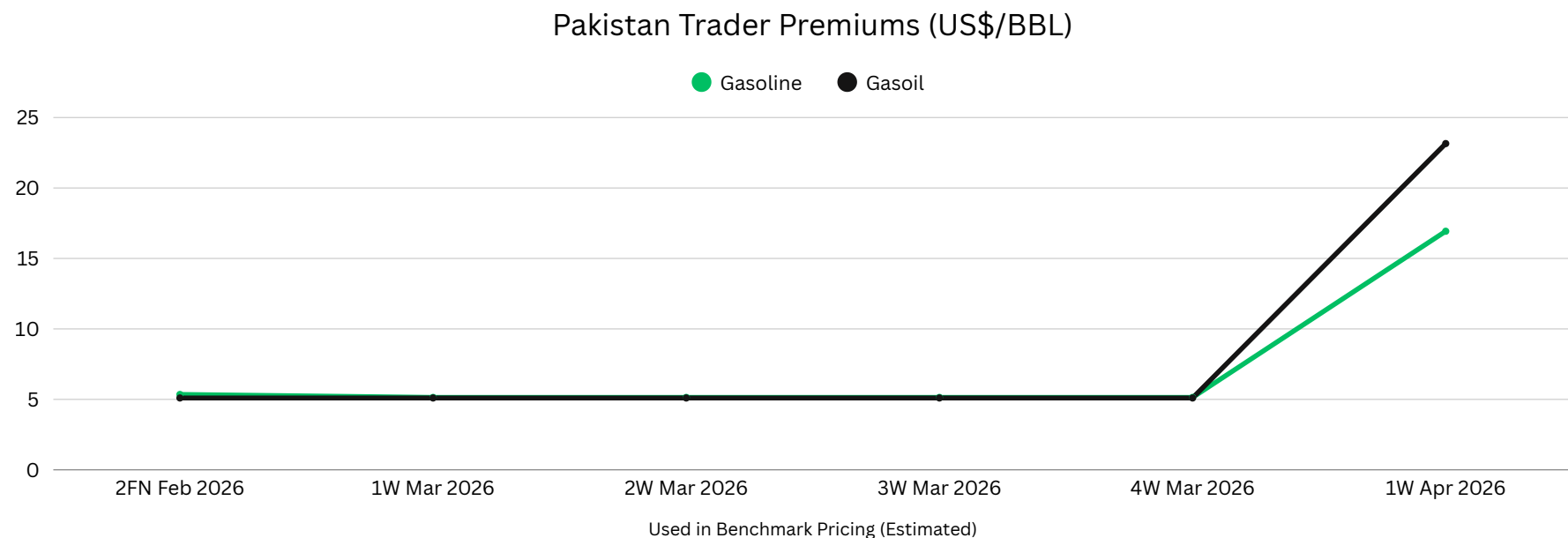
For policy and public understanding. The government's decision to zero out the petroleum levy on diesel while raising it to Rs 161/L on petrol is a direct consequence of this spread divergence. Diesel's landed cost has left no fiscal room whatsoever, even at zero levy, the pump price is Rs 520/L. Petrol, by contrast, still has space between its product cost and the consumer's willingness to pay, which the government has filled with the highest PDL in Pakistan's history.

The crack spread is **not a conspiracy**. It is the market's expression of a physical shortage of refined products in a world where refining capacity has been destroyed, shipping routes have been closed, and inventory buffers have been depleted. **Until Gulf refining infrastructure is restored**, Hormuz is reopened, or alternative supply routes are established, **spreads will remain structurally elevated**. The barrel price of crude will tell you very little about what Pakistanis pay at the pump. But for those watching Pakistan's refining sector, the same dislocation that punishes the consumer is delivering the **strongest earnings cycle in the refining industry's history**.



## OIL MARKETING COMPANIES IN PAKISTAN

# Product to Port: the import premium



Once a product is priced at the refinery gate, it must be shipped to Pakistan. The import premium covers **freight, insurance, trader margin, and delivery risk**. In Pakistan's pricing formula, this is the premium paid by PSO on its cargoes, benchmarked against Mean of Platts Arabian Gulf (MOPAG). In normal times, petrol premiums run at around \$5/bbl.

Currently, petrol premiums have risen to approximately \$10/bbl and diesel premiums to \$23/bbl. The drivers are straightforward: **ship insurance in the Gulf has increased sixfold since the war began**. Two Vitol naphtha cargoes were set ablaze by Iran on 12 March. Freight rates have surged as vessels reroute away from the Strait. Traders who previously moved product freely through Hormuz now face uncertainty over whether cargoes they have bought and hedged will arrive at all. Vitol and Trafigura have each secured \$3 billion in additional credit facilities just to manage their margin exposure.



# The windfall for Pakistani refineries

There is, however, one domestic constituency for whom the spread blowout is unambiguously positive: Pakistan's refineries. Local refiners purchase crude oil, not finished products, and sell petrol, diesel, and other outputs at prices that reflect global product benchmarks. When the crack spread widens, the gap between their input cost and their output price expands mechanically. Their earnings are directly linked to gross refining margins (GRMs).

The trajectory has been striking. GRMs for Pakistani refineries had fallen to a low of \$4.5/bbl in April 2025. By November 2025, even before the war, they had recovered to \$13.3/bbl, a near two-year high driven by Russian sanctions tightening global diesel supply. With the diesel crack spread now at \$170/bbl and petrol at \$35/bbl, the **current GRM environment is likely the strongest in Pakistan's refining history**, comfortably exceeding the previous peak of \$27/bbl recorded in July 2022 during the Ukraine crisis.

The benefits are not evenly distributed. Refineries with the highest share of diesel in their product slate are best positioned. The strategic implication is clear. Every litre refined domestically from crude avoids the punitive import premium and leverages the crack spread locally rather than paying it to a foreign refinery. Furnace oil remains a drag, trading at a \$16/bbl discount to Arab Light and sold at a loss into export markets, but the diesel and petrol margins more than compensate. **The war has, ironically, made the strongest commercial case in years for domestic refining capacity.**



## OIL MARKETING COMPANIES IN PAKISTAN

# THE STRAIT & THE SUPPLY CHAIN

The Strait of Hormuz carries approximately one-fifth of global oil supply and a comparable share of liquefied natural gas. On 2 March, three days after the war began, Iran announced restrictions on navigation through the waterway, warning it could target vessels transiting without coordination. For Pakistan — which sources roughly 80 per cent of its crude and product imports from Oman and Dubai, this was not a theoretical risk. It was an immediate operational crisis.

The early weeks exposed the fragility of the supply chain. Two Vitol naphtha cargoes trapped inside the Gulf were set ablaze by Iran on 12 March, killing one crew member. Oil infrastructure at the UAE port of Fujairah, where Vitol owns a refinery and storage facilities, has been struck multiple times by Iranian attacks. Ship insurance costs in the Gulf have risen sixfold since the war began, reset weekly, with no ceiling in sight. Vitol had more than ten cargoes stuck in the Gulf when the war started. Trafigura had ten ships inside the Gulf. Both have since secured \$3 billion in additional credit facilities simply to manage margin exposure. Gunvor secured \$1.5 billion.

Pakistan's supply lines have held, a significant operational achievement by the Petroleum Ministry and the OMC sector. Deputy PM Ishaq Dar confirmed that Iran permitted 20 oil cargoes to reach Pakistan. The Cabinet Committee to Monitor Petrol Prices reported in late March that diesel stocks provided 23–24 days of cover and crude stocks approximately 11 days, with additional cargoes in transit.

But **supply continuity** and **supply cost** are **different conversations**. **The price Pakistan is paying for that continuity**, in crack spreads, premiums, freight, and insurance — is embedded in every litre sold at Rs 458 and Rs 520. The Strait may not be fully closed to Pakistani cargoes, but the **cost of transiting** it has **fundamentally repriced the country's energy import bill**.



# OIL MARKETING COMPANIES IN PAKISTAN

## PIPELINE ALTERNATIVES

The war has revived a question that Gulf policymakers had deferred for decades: can the region's oil and gas exports survive without Hormuz?

The answer, for now, belongs almost entirely to Saudi Arabia. The kingdom's 1,200-kilometre East-West pipeline, built in the 1980s during the Iran-Iraq tanker war, is now carrying approximately 7 million barrels per day to the Red Sea port of Yanbu, bypassing Hormuz entirely. Saudi Arabia has been the only Gulf state to maintain a steady flow of exports since the war began. Aramco CEO Amin Nasser has confirmed it as the kingdom's primary export route. A senior Gulf energy executive described it to the Financial Times as looking, in hindsight, "**like a genius masterstroke.**"

The UAE's Habshan-Fujairah pipeline provides a second, more modest bypass, 360 kilometres, carrying up to 1.7 million barrels per day to the Gulf of Oman coast, supported by 42 million barrels of underground storage at Fujairah. But Fujairah itself has come under repeated Iranian attack, limiting the route's perceived security advantage.

Beyond these two existing lines, everything else is aspirational. The Iraq-Turkey pipeline (Kirkuk-Ceyhan, 970 km) and the Haditha-Aqaba route (Iraq-Jordan, 1,154 km) are proposals that have repeatedly stalled on cost and political complexity. Estimates run at \$5 billion for a new East-West-scale pipeline and \$15–20 billion for multi-country routes. The US-backed IMEC corridor, India through the Gulf to Europe, potentially terminating at Haifa or Egyptian ports,— is being discussed again, but remains conceptual.

The near-term reality is more prosaic: expanding existing Saudi and UAE infrastructure rather than building new cross-border systems. Kuwait, Bahrain, and Qatar have no bypass options at all, their exports would need to transit Saudi or Iraqi territory.

For Pakistan, the implication is direct. The country's sourcing is overwhelmingly Gulf-dependent, with approximately 80 per cent of imports originating from Oman and Dubai. Any structural diversification of Gulf export routes, to Yanbu, to Fujairah, or eventually to Red Sea and Mediterranean terminals, reshapes the freight, insurance, and premium calculations that now dominate Pakistan's landed fuel cost.



# OIL MARKETING COMPANIES IN PAKISTAN

## ENERGY TRADERS UNDER PRESSURE

The world's largest energy trading houses, the intermediaries through whom much of Pakistan's fuel supply ultimately flows, were themselves caught off guard by the speed and severity of the Hormuz disruption.

Vitol, the world's largest independent trader, has been the most exposed. It had more than ten cargoes inside the Gulf when the war began, two of which were set ablaze by Iran on 12 March. It has relocated staff from Bahrain, dealt with disruptions at Fujairah where it owns refinery and storage infrastructure, and absorbed losses on certain derivatives positions that compounded the physical disruption. Several junior derivatives traders recently departed the firm. Trafigura had ten ships inside the Gulf, all leased to other companies and not carrying its own commodities, but still nursed early losses alongside Mercuria, though some of these have since been reversed. Glencore had one vessel inside the Gulf.

Many traders had entered the conflict with short positions in energy markets that had long been seen as oversupplied. The assumption that Gulf supplies would keep flowing proved wrong within days. **The chaos left everyone unsure of their position**, as one trading executive described it to the Financial Times.

The financial response has been significant. Vitol and Trafigura have each secured additional \$3 billion credit facilities to cover margin exposure. Gunvor has secured \$1.5 billion. These are not trading profits, they are liquidity buffers against the possibility that cargoes already bought and hedged may never arrive.

Previous periods of high volatility, notably 2022 and 2023 following the Russian invasion of Ukraine, delivered bumper profits for all five major houses. The expectation is that 2026 will ultimately prove similarly profitable. But the current crisis is qualitatively different. The challenge is not price volatility alone, it is the physical uncertainty of whether product can be sourced, shipped, insured, and delivered at all.

For Pakistan, this matters because trader premiums are a direct input to the pricing formula. When Vitol, Trafigura, or their peers price risk into a cargo destined for Karachi, that cost lands in the PSO premium line of the OGRA notification. The \$23/bbl diesel premium Pakistan is currently paying, versus a normal \$5/bbl, is not profiteering. It is the market price of moving fuel through a war zone.



## OIL MARKETING COMPANIES IN PAKISTAN

# THE TARGETED SUBSIDY REGIME

The 3 April announcement marked Pakistan's formal pivot from blanket price absorption to targeted fiscal transfers, a structural shift the sector has debated for years but never implemented under pressure of this magnitude. The architecture is provincial. The Centre's fiscal space has been exhausted, approximately Rs 154 billion absorbed since the war began – and the IMF has made clear that further untargeted subsidies are incompatible with programme commitments. The burden now sits with the provinces, pooling an estimated Rs 200 billion over three months on the pattern of their NFC shares: Punjab Rs 100 billion, Sindh Rs 51–52 billion, KP Rs 15 billion, and Balochistan Rs 8–9 billion. The total fiscal impact of the targeted schemes is estimated at Rs 65–70 billion per month.

The schemes themselves are segment-specific. Motorcycle users receive Rs 100/L subsidy on petrol, capped at 20 litres per month for three months, the single largest beneficiary pool, covering an estimated 22 million bikers in Punjab alone and 6–7 million in Sindh. Small farmers receive Rs 1,500 per acre support, given the central priority of containing food inflation. Intercity public transport and cargo vehicles receive monthly lump-sum subsidies of Rs 70,000 to Rs 100,000, depending on vehicle category, with Balochistan goods transporters separately announcing a 60 per cent fare increase citing inadequacy.

The **delivery mechanisms vary by province** and reveal significant disparities in institutional readiness. Punjab has more than one million farmers on Kisan cards, digital access to goods transporters, and claims to be ready for immediate rollout. Sindh will use Hari cards and mobile apps, and had proposed layering BISP data into the system, Punjab declined, preferring its own datasets. KP had already announced its biker subsidy ahead of national coordination and is in implementation phase. Balochistan's preparedness is the weakest: registered vehicle data exists for only 6–7 districts, and unregistered vehicles and transporters, prevalent across much of the province, will be excluded entirely.

Three-wheelers and small cars, initially under consideration, have been dropped. The scheme is restricted to two-wheelers only.



# OIL MARKETING COMPANIES IN PAKISTAN

## IMF COMMITMENTS

The pricing reset did not happen in isolation. It was preceded by a conditional staff-level agreement with the IMF in which Pakistan made a series of commitments that collectively constrain the government's room for manoeuvre on fuel pricing for the foreseeable future.

The core undertaking is unambiguous: Pakistan has committed to pass on international oil price movements to consumers, with subsidies permitted only if offset by identified savings elsewhere in the budget. The government characterised the subsidy as "temporary", a framing the IMF accepted with pragmatic flexibility but no enthusiasm. The Fund's position, reiterated in its latest staff assessment, is that energy sector distortions must be corrected and structural reforms accelerated, and that the emphasis on maintaining a primary surplus and avoiding untargeted subsidies remains non-negotiable.

The fiscal offsets Pakistan has presented to justify the subsidy period are already stretched. Rs 27 billion was identified from fuel allowance reductions and a 20 per cent cut in non-salary expenditure. Rs 100 billion was diverted from the federal development budget. A further Rs 200 billion is being negotiated from the provinces. The Prime Minister's Austerity Fund has been established as an additional buffer. But these are finite measures against an open-ended crisis, the IMF has been told as much.

In return, the Fund imposed a new structural benchmark: the BISP quarterly stipend must increase by 35 per cent to Rs 19,500 from January 2027, partially offsetting the impact of higher energy costs on the lowest-income households. Pakistan has also committed to raise interest rates if annual inflation breaches the 7.5 per cent target range, a threshold that March's 7.3 per cent CPI reading is already approaching. Transport costs led the inflation surge, rising 12.5 per cent year-on-year in March, while housing and utilities climbed to 11.5 per cent.

The IMF has shown reluctance to accept flexibility on petroleum levy adjustments, viewing levies as a key revenue stream and a core programme commitment. Pakistan's request to restructure the levy, which it ultimately did unilaterally on 3-4 April, tested this boundary directly. Whether the Fund endorses the PDL swap in the upcoming review will be a defining signal.



# OIL MARKETING COMPANIES IN PAKISTAN

## OGRA vs INDUSTRY

The PDC documentation directive. OGRA now requires OMCs to submit scanned copies of sales invoices, reconciled with summary statements, verified by both CEO/CFO sign-off and external auditors. The industry's objection is **not to transparency but to practicality**: audit firms evaluate systems and financial statements, not thousands of individual invoices. Several firms may refuse to comply on the grounds that the requirements fall outside conventional audit scope. With PDC claims running into billions, any bottleneck in the verification process translates directly into liquidity stress across the supply chain.

Separately, OGRA is considering deducting 10 per cent of admissible PDC claims at the point of initial disbursement, releasing the withheld amount only after reconciliation of sales tax returns and computerised payment receipts with the FBR within a two-month window. OCAC warned that this would impose an additional Rs 7.4 billion liquidity burden on an industry already operating in a fixed-margin, cash-constrained environment. The council cautioned that any disruption in fuel supply, if it occurs, would stem from structural financial constraints rather than operational inefficiency.

The mobile device mandate. OGRA has directed OMCs to procure and deploy 24,000 mobile devices, two per pump across approximately 12,000 outlets, to run the quota-based digital subsidy app. The estimated cost is Rs 36,000 per unit, borne entirely by OMCs and their retailers. OMAP, the association representing smaller players, and famous for complaining, has formally objected, arguing that the directive mandates a specific brand and model from a single vendor, violating principles of competitive neutrality and fair procurement. Most retail outlets, OMAP notes, already possess adequate Android and iOS smartphones capable of running the application. The association has urged OGRA to suspend the vendor-specific requirement, review the directive in its totality, and initiate structured stakeholder consultation.

Taken together, the three directives paint a picture of a regulator pursuing compliance and control objectives, each individually defensible, without adequate regard for the cumulative financial and operational burden on an industry that is, at this precise moment, the government's principal instrument for maintaining fuel supply continuity.



# OIL MARKETING COMPANIES IN PAKISTAN

## IMPACT ON THE STREET

The transmission was instant. Within hours of the 3 April notification, intercity bus and goods transport fares rose 25–30 per cent nationally. All Pakistan Bus Terminals Owners Association, termed the government's transport subsidy insufficient. In Balochistan, goods transport fares rose 60 per cent, announced by the provincial truckers' association as unavoidable.

The second-order effects followed within twenty-four hours. Freight charges on construction materials rose up to 40 per cent, pushing up the delivered cost of cement, crushed stone, and aggregate across Punjab. Vegetables, flour, rice, and other daily-use commodities rose 20–40 per cent in open markets. A shopper in Lahore reported paying nearly 40 per cent more for vegetables on Friday compared with Thursday, a single-day pass-through that reflects how thin the margins are in Pakistan's food distribution chain.

Demand destruction was visible immediately. Several petrol pumps in Lahore reported their worst sales day on record. Traffic volumes dropped noticeably on major arteries, Canal Road, Ferozepur Road, Maulana Shaukat Ali Road. A pump worker in Johar Town described it as the worst day he had seen since he started working.

The Lahore Chamber of Commerce and Industry warned that higher production costs would reduce competitiveness in export markets at precisely the moment Pakistan needs to boost exports to stabilise the economy.

The numbers are contested. The comparisons are imperfect. But the public sentiment is not: this is the sharpest single-day deterioration in fuel affordability most Pakistanis have ever experienced.



## OIL MARKETING COMPANIES IN PAKISTAN

# THE CASE FOR LETTING GO

## Mountain Ventures View

In five weeks, the government has moved from fortnightly pricing to weekly pricing to a price freeze to a Rs 129 billion blanket subsidy to a Rs 137/L overnight hike, the largest single-day adjustment in Pakistan's petroleum history. It has restructured the petroleum levy twice, zeroed out diesel PDL while nearly doubling petrol PDL, launched an app-based quota system, mandated 24,000 mobile devices at industry expense, and floated then withdrawn a proposal to delink pricing from international markets entirely.

**This is not price management. This is improvisation under fire.**

**Every intervention has created a new distortion.** The price freeze encouraged hoarding. The abrupt hike handed windfall inventory gains to dealers. The PDC mechanism left OMCs financing Rs 205/L on diesel while awaiting reimbursement. And the cross-subsidisation of diesel through petrol taxation sends distorted demand signals to both consumers and the supply chain.

**A deregulated market would not have produced this sequence. Prices would have adjusted incrementally, painful, but distributed over time rather than concentrated in a single explosive revision. No Rs 154 billion fiscal hole. No political theatre. No overnight shock.**

The 3 April targeted subsidy package, bikers, farmers, transporters, is precisely the mechanism that makes deregulation viable. **Deregulate the headline price. Let it float. Protect vulnerable segments through direct fiscal transfers.** Punjab and Sindh advocated exactly this during pre-hike consultations. The IMF has been pushing it for years. The operational architecture, Kisan cards, Hari cards, BISP data, the mobile app, now exists in embryonic form.

The strongest argument for doing it now is that the crisis makes the case self-evident. **No government can credibly claim to manage petroleum prices when diesel's landed cost has tripled in five weeks.** The pretence of control in these conditions is not protection, it is delay, followed by a larger shock.

**The political window may not stay open long.**



# OIL MARKETING COMPANIES IN PAKISTAN

## Data Table

<b>Diesel</b>	<b>16-Feb-26</b>	<b>01-Mar-26</b>	<b>07-Mar-26</b>	<b>14-Mar-26</b>	<b>21-Mar-26</b>	<b>28-Mar-26</b>	<b>03-Apr-26</b>	<b>04-Apr-26</b>
International Price, Premium, Others	157.68	163.22	234.35	300.17	392.15	419.19	451.79	451.79
Customs Duty (Estimated)	15.77	16.32	23.43	30.02	39.22	41.92	45.18	45.18
FX Adjustments	0.78	-	-	-	0.18	-	-	-
<b>Ex-Refinery Price</b>	<b>174.23</b>	<b>179.54</b>	<b>257.78</b>	<b>330.19</b>	<b>431.55</b>	<b>461.11</b>	<b>496.97</b>	<b>496.97</b>
Petroleum Development Levy	76.21	76.21	55.24	55.24	55.24	55.24	-	-
Price Differential Claim	-	-	-	(75.05)	(176.41)	(203.88)	-	-
Climate Support Levy	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
IFEM / Freight	6.25	6.10	3.83	6.47	6.47	4.38	4.37	4.37
OMC Margin	7.87	7.87	7.87	7.87	7.87	7.87	7.87	7.87
Dealer Margin	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64
<b>Ex Depot Price</b>	<b>275.70</b>	<b>280.86</b>	<b>335.86</b>	<b>335.86</b>	<b>335.86</b>	<b>335.86</b>	<b>520.35</b>	<b>520.35</b>

<b>Petrol</b>	<b>16-Feb-26</b>	<b>01-Mar-26</b>	<b>07-Mar-26</b>	<b>14-Mar-26</b>	<b>21-Mar-26</b>	<b>28-Mar-26</b>	<b>03-Apr-26</b>	<b>04-Apr-26</b>
International Price, Premium, Others	132.84	139.55	173.58	216.20	241.97	258.67	246.38	246.38
Customs Duty (Estimated)	13.28	13.95	17.36	21.62	24.20	25.87	24.64	24.64
FX Adjustments	0.41	1.15	-	-	-	0.31	0.25	0.25
<b>Ex-Refinery Price</b>	<b>146.53</b>	<b>154.65</b>	<b>190.94</b>	<b>237.82</b>	<b>266.17</b>	<b>284.85</b>	<b>271.27</b>	<b>271.27</b>
Petroleum Development Levy	84.40	84.40	105.37	105.37	105.37	105.37	160.61	80.61
Price Differential Claim	-	-	-	(49.63)	(77.98)	(95.59)	-	-
Climate Support Levy	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
IFEM / Freight	8.23	8.11	5.85	8.60	8.60	7.53	7.52	7.52
OMC Margin	7.87	7.87	7.87	7.87	7.87	7.87	7.87	7.87
Dealer Margin	8.64	8.64	8.64	8.64	8.64	8.64	8.64	8.64
<b>Ex Depot Price</b>	<b>258.17</b>	<b>266.17</b>	<b>321.17</b>	<b>321.17</b>	<b>321.17</b>	<b>321.17</b>	<b>458.41</b>	<b>378.41</b>



# OIL MARKETING COMPANIES IN PAKISTAN

## DATA SOURCES & ACKNOWLEDGEMENTS

This special edition draws on the following data sources and publications:

Pricing & Regulatory Data OGRA pricing notifications; **Petroleum Division press releases**; **PSO import premium data**; MOPAG (Mean of **Platts** Arabian Gulf) benchmarks

Industry & Market Data **OCAC**; **Arif Habib Limited** research reports; **Pakistan Bureau of Statistics** (CPI, March 2026)

### International Sources

**U.S. Energy Information Administration**, **International Energy Agency**; **Morningstar**; **CME Group**; **GlobalPetrolPrices.com**; **Financial Times**; **Reuters**; **Bloomberg**

### Government & Institutional

**IMF** Staff-Level Agreement and Memorandum of Economic and Financial Policies; **Finance Division** statements; **Provincial government announcements** (Punjab, Sindh, KP, Balochistan)

### Media

Dawn; The Express Tribune; Business Recorder; Profit by Pakistan Today; The News/Geo; Arab News Pakistan; ProPakistani; Gulf Today; Associated Press; Washington Times

Mountain Ventures acknowledges the work of journalists and analysts whose reporting has informed this edition.



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## MORE INFORMATION?

### MOUNTAIN VENTURES

*Mountain Ventures is an investment and advisory practice with offices in Dubai, Lahore, and London, founded by experienced partners with deep expertise in oil & gas, energy transition, and technology. The firm has executed landmark transactions in Pakistan's downstream sector and operates across three divisions: Energy (oil marketing, EV charging, renewables), Technology (AI, blockchain, computer vision), and Advisory (M&A, corporate finance, strategy). Mountain Ventures combines hands-on execution experience with global partnerships, bridging the gap between policy, capital, and technology to help clients and investors capture opportunities in high-growth markets.*

### CONTACT

*For additional information beyond this overview, including company-specific analysis, market data, or tailored strategic guidance, please contact us using the details below.*

**Zeeshan Tayyeb**  
**Partner**

zt@mvglobal.net  
+971 50 702 7696  
+44 776 675 7696

**Zain Jaffery**  
**Partner**

zj@mvglobal.net  
+971 50 434 3677  
+92 322 402 0020

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