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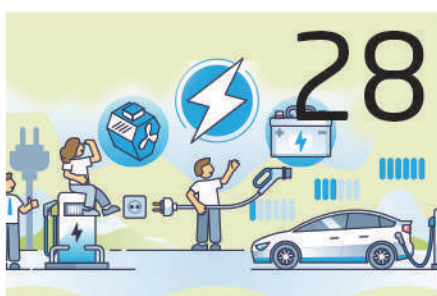


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# FROM THE Editor's desk...

## ENERGY UPDATE

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### Petroleum Crisis Impact on the Economy

Pakistan is currently facing a severe petroleum crisis triggered by the ongoing complex war involving Iran, Israel, and the US, which has disrupted global oil supplies and skyrocketed crude oil prices. As a country that imports more than 80-90% of its petroleum needs, Pakistan is extremely vulnerable to such external shocks. The situation has worsened due to tensions around the Strait of Hormuz, a critical route through which nearly one-fifth of the world's oil supply passes. As a result, Pakistan's oil import bill has increased sharply, with estimates suggesting that every \$5 rise in global oil prices adds nearly \$1 billion burden on the national economy. This has created serious pressure on foreign exchange reserves, widened the trade deficit, and weakened the value of the rupee.

The immediate impact of this petroleum crisis is visible in rising fuel prices across the country, which have increased by around 20% in recent weeks. This surge has triggered a chain reaction in the economy, leading to higher transportation costs, increased prices of essential goods, and overall inflation. The burden of this crisis is being felt most severely by the common people, especially the poor. Transport fares for buses, rickshaws, and delivery services have risen significantly, making daily commuting expensive for workers and students. At the same time, the cost of food and basic necessities has also increased because higher fuel prices raise the cost of production and transportation. For low-income households, this means reduced purchasing power, difficulty in managing household expenses, and a growing risk of falling below the poverty line.

The petroleum crisis is not just an economic issue but also a social one, as it is widening inequality and increasing financial stress among the population. If the situation continues for a longer period, Pakistan's economy may face serious challenges. In the short term, the government may manage the crisis through subsidies, borrowing, or support from international institutions, but in the medium to long term, prolonged high oil prices could lead to a balance of payments crisis, further currency depreciation, and even fuel shortages. Experts warn that if the conflict persists beyond six months, Pakistan may be forced to take emergency measures such as fuel rationing, increased taxes, or strict economic controls.

In this challenging situation, both the government and the public must adopt practical strategies to reduce the impact of the crisis. The government should focus on promoting renewable energy sources such as solar and wind power, improving public transport systems, and diversifying oil import sources to reduce dependence on a single region. At the same time, people should adopt energy-saving habits, use public transport or carpooling, and shift towards fuel-efficient or electric vehicles where possible. In the long run, Pakistan must invest in local energy production and develop a more sustainable and resilient economic system.

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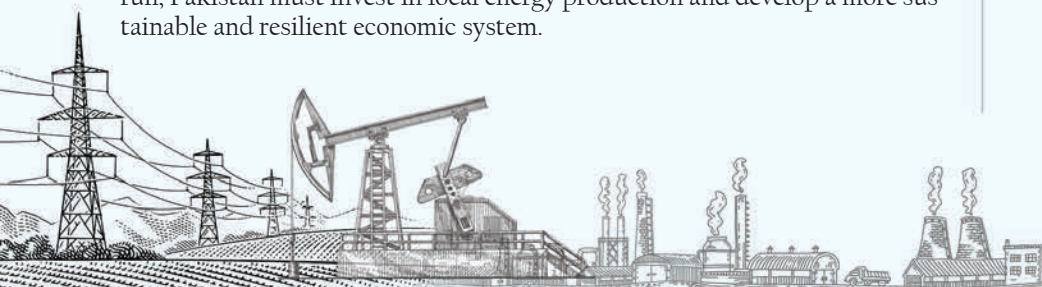
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# Pakistan's economy amid war, energy crisis

For long, Pakistan remained a country where relatively few well-endowed elite have remained immune from sharing national burden

## Farhan Bokhari

The writer is an Islamabad-based journalist who writes on political and economic affairs

The latest hit for Pakistani consumers came just this week, with a sharp increase in the domestic price of high-octane fuel used in luxury vehicles. This was ostensibly to force the relatively rich to bear a higher cost from the national burden, now overwhelming oil-importing countries worldwide.

Yet this latest measure again shows the government relying more on tokenism than on substantive action. Across Pakistan, many areas require urgent action to meet the mounting economic challenge posed by the Iran war.

For long, Pakistan has remained a country where the relatively few well-endowed elite have remained immune from sharing the national burden. It is hardly surprising that just about three per cent of Pakistan's population of 250 million are registered as tax filers, with even fewer contributing to this cause in any meaningful way.

Meanwhile, a history of largesse showered upon the rich and the mighty only reinforces a tragic trend: in daily life, Pakistan remains a country where privileges are showered upon the privileged few. This history is well illuminated by examples from the ruling elite over time, who head to prized overseas destinations for


medical treatment while similar-quality treatments are available in Pakistan.

In another relevant example, Pakistan's government provides institutions of higher learning, including many that remain neglected and in disrepair. Pakistan's educational system has visibly slid downwards over time, as the country's elite have ignored this area while sending their own children to high-profile educational destinations worldwide. Similar examples are found across sectors, reinforcing the powerful reality that Pakistan's well-endowed elite remains practically aloof from the rest of the country.

As the future of the war on Iran remains impossible to predict, Pakistan's ruling structure must decisively prepare for the worst. Though Pakistan remains afloat today, helped by an IMF loan, it is important to remember that Pakistan returned from the brink of default on its foreign debt repayments just a few years ago.

While today Pakistan remains solvent with the IMF's support, this, at best, cannot be the solution to a deeper challenge. In brief, Pakistan needs to rebuild confidence in its future, remain independently solvent through a significant improvement in its balance of payments, and last but not least, lift prospects for future economic growth.

For now, Pakistan remains trapped in a low-growth cycle, which at best matches the country's annual population growth. In other words, the size of Pakistan's economic pie is growing annually by the same margin as the growth of its population. Arguably, this



may be seen as a no-growth or marginal-growth cycle.

Going forward, Pakistan must undertake three interrelated reforms to prepare for the future. First, amidst the mounting global fallout from the war on Iran, it is important to force Pakistan's elite to tighten their belts as never before. For example, the luxuries showered on elected representatives in the past must be suspended immediately for Pakistan to enforce long-overdue expenditure cuts.

Furthermore, high-net-worth individuals across the country must be forced to meet their genuine tax obligations, rather than contribute only token amounts. In past years, other classes, such as visibly well-endowed traders, have successfully resisted budgetary measures to contribute more to the national tax collection.

As Pakistan faces one of the toughest moments in its history, no one can be allowed to avoid their tax obligations. This is essential to avoid placing future burden across the board, notably through further reliance on indirect taxes.

Second, as Pakistan faces a formidable war-related challenge, the country also faces another major challenge that must not be ignored. The powerful reality of climate change and its subsequent destruction was witnessed across Pakistan just last year, when unexpectedly powerful rainfall caused widespread destruction and human displacement across the country.

Even ahead of this year's cycle of expected rainfall, Pakistan's disaster management officials have already warned of a coming spell that could exceed last year's spell by at least 20 per cent. This requires the country to redouble its efforts for a fresh focus on the agricultural and forestry sectors, as it responds to the terrible consequences of climate change.

Beyond the climate-related challenge, targeting agriculture may be the quickest way to revive economic growth while addressing the growing food insecurity of recent years.

Finally, Pakistanis are known to be generous donors to causes within their own country. But harnessing this spirit for a greater cause requires urgent action to intensify the non-profit sector's work across Pakistan.

Together, the road to change must be embraced immediately as Pakistan tackles the fallout from a formidable global challenge.

# Combined crisis: danger is a steady squeeze on everyday life

## Rising oil prices dominate the headlines, but oil is only the first link in a longer chain

**Ziad Bashir**

The author is a business leader and policy advocate focused on export-led growth, employment generation and competitiveness in emerging economies

**W**hat we are seeing today is not a single crisis. It is a combination of pressures building simultaneously: energy, shipping, fertiliser, food, remittances and confidence. When these forces move together, the danger is not an immediate collapse. It is a slow, steady squeeze on everyday life. And in Pakistan, that squeeze is felt quickly.

It starts with oil but does not end there. Rising oil prices dominate the headlines. But oil is only the first link in a longer chain. If tensions disrupt flows through the Gulf, the impact spreads rapidly. Energy becomes more expensive. Shipping costs increase. Fertilizer supply tightens. Food production is affected with a delay. Inflation then follows – not suddenly, but gradually, creeping into everyday life. This is how global shocks move. First quietly, like small ripples, then all at once, like a tsunami.

For large economies, this may mean slower growth. For Pakistan, it means something more immediate a steady erosion of purchasing power. Food becomes more expensive. Transport costs rise. Utility bills remain high. Everyday goods quietly become smaller or more expensive. But incomes do not increase at the same pace. That gap creates pressure. And that pressure is already visible in the lives of ordinary households, where Pakistan is most vulnerable.

The country relies heavily on imported fuel and LNG. Fertiliser prices are tied to global gas markets. Many industries depend on imported raw materials. At the same time, most households already spend nearly all their income on basic needs, rent, utilities, food, education and healthcare. This leaves little to no disposable income for anything else.

In addition to this, millions of families depend on international remittances. This creates an additional risk. If Gulf economies slow down, remittance flows may weaken. For many households, these inflows are not extra income, they are the main source of survival. Any disruption here immediately affects consumption, savings and financial stability.

This is not a typical recession. It is a pressure test, especially for the bottom half of the economy. In times of uncertainty, the instinct is to act strongly: raise interest rates sharply; tighten conditions; try to control everything. But this situation is different. This is largely a supply-side

shock. Higher interest rates will not produce more oil, reduce shipping costs or increase fertiliser supply.

What they can do is slow down businesses, reduce employment and weaken demand further. Policy must remain responsible and measured. Businesses need time to adjust, not additional pressure.

This is not a moment for complicated policy. It is a moment for clear and focused action. The first priority is communication. People need clarity. When information is missing, uncertainty grows and uncertainty leads to panic. The second priority is targeted support. Pakistan already has strong systems like NADRA and BISP. These should be used to deliver direct assistance to the most vulnerable households rather than broad, expensive subsidies.

A third priority is managing the risk from remittances. If inflows weaken, the pressure on households and the broader economy can intensify quickly. One practical approach is for the government to temporarily borrow against expected remittance inflows over the next six months, based on historical trends. This can provide short-term liquidity, support currency stability and create fiscal space to protect vulnerable households during the shock.

At the same time, banks must play their role. They should proactively expand working capital lines to help businesses manage higher inventory holding costs and supply chain disruptions, ensuring companies can continue operating despite delays and uncertainty.

Quick, responsible action is critical. This is exactly how Pakistan navigated the Covid shock by taking timely, balanced decisions rather than delayed reactions.

Engagement with international partners is also essential. The IMF must be approached with clarity: this is not a routine economic cycle, but a black swan event driven by external geopolitical shocks.

There must be a mutual understanding on temporary flexibility in programme conditions, allowing space to protect vulnerable households, sustain industry and preserve jobs during this period.

At the same time, this moment should be used to make long-overdue structural corrections. Cutting wasteful expenditure must go hand in hand with accelerating the privatisation or restructuring of loss-making state-owned enterprises, while also exploring opportunities for debt reprofiling to ease immediate fiscal pressure.

It is also an opportunity to move faster on smart, forward-looking policies. For instance, an aggressive shift towards locally produced electric motorbikes, supported by a network of solar-powered charging stations, can reduce the fuel import bill, lower urban noise, and improve the environmental footprint, while creating local industry and

jobs. At the same time, businesses must be kept alive. Simple, temporary relief measures such as an annual rental freeze can help retail businesses survive and protect jobs. Food and fertiliser supply must also be secured early. Food crises do not begin in markets; they begin months earlier in fields. Delays now will show up later as higher food prices. Exports must be protected at all costs. They bring in foreign exchange, support employment, and provide stability in uncertain times.

Another area that requires immediate attention is contractual risk. With global supply chains under stress, Pakistan should be prepared for a rise in force majeure events, where companies or even governments are unable to fulfill contracts due to disruptions beyond their control. This can affect import and export agreements, shipping and logistics contracts, energy supply arrangements, and major infrastructure projects.

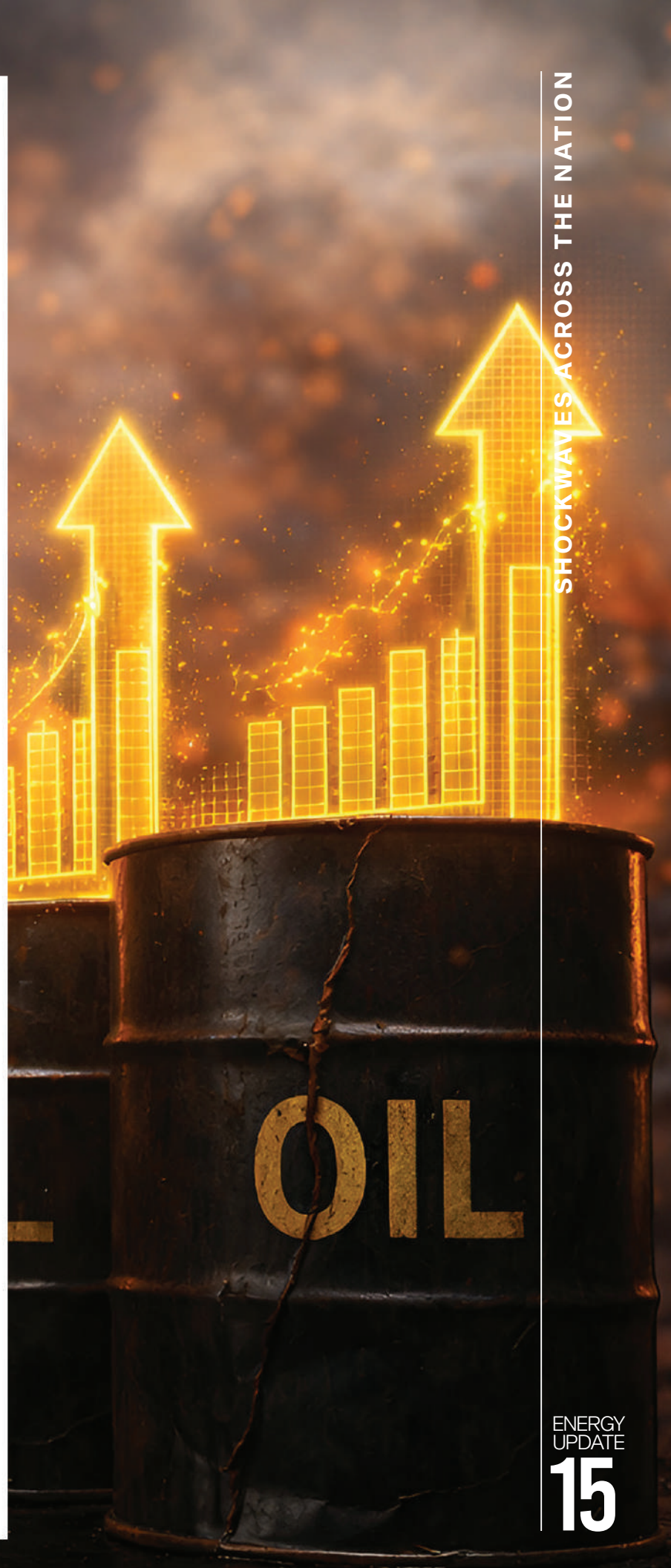
Early identification is critical. Both the government and private sector must begin mapping these risks now, reviewing contract exposure, and preparing legal and financial responses. If ignored, these disruptions can quickly turn into losses, disputes and long-term damage to business confidence.

Beyond oil and food, there are less visible disruptions now taking shape and they could make the situation worse. One of these is plastics. Modern life depends heavily on plastic materials, especially those made from oil and gas. When energy markets tighten, plastic supply becomes more expensive and uncertain. This affects everyday life in simple but important ways. Packaging for bottled water, beverages, and food becomes more expensive. FMCG companies struggle to source materials. Textile exporters using synthetic fibres face rising input costs. Retailers find it harder to maintain product availability.

The result is familiar: products become smaller, more expensive or disappear altogether. Inflation spreads quietly into daily consumption, the silent thief.

Another critical but often overlooked vulnerability is the disruption in the helium supply chain. It is not widely discussed, but it is essential for many advanced industries and much of the global supply comes from the Gulf. If supply is disrupted, the effects spread quietly but widely.

The shortage may not seem critical in daily life – until it is. When an MRI is not available when you need one, or a critical component of an IT system is delayed, causing essential mission-critical networks to shut down, the impact becomes very real. Policy-makers should remain cognizant of this risk and begin identifying alternatives and solutions before supplies reach critically low levels. This is how geopolitical supply chain disruption and crises function. They are not always dramatic, but they are deeply interconnected. At its core, this is about confidence. If people believe the system is stable, they adjust and learn to navigate. If they believe it is uncertain, they panic. And panic spreads faster than any policy response. Pakistan cannot control global events. It cannot control oil prices or geopolitical tensions. But it can control how it responds. ■



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# Conservation without metrics

Pakistan needs a multi-tiered fuel strategy; the current crisis demands more than reactive measures

**Dr Sardar Mohazzam**

The writer, an energy and climate change policy expert, is a former managing director of the National Energy Efficiency and Conservation Authority

The conflict involving Israel, the United States and Iran has begun to ripple through global energy markets, with fuel prices once again on an upward trajectory. For a country like Pakistan—already grappling with inflationary pressures and external account vulnerabilities—this presents a familiar but intensifying challenge. With no clear exit strategy in sight, sustained high oil prices in the coming weeks appear increasingly certain.

Against this backdrop, the government's recent push for energy conservation measures in the fuel sector is both timely and necessary. However, while intent is evident, clarity of execu-

tion remains elusive. Conservation, if not quantified, risks becoming a rhetorical exercise rather than a policy intervention.

A central question remains unanswered: what exactly is the fuel-saving target and how will success be measured? Without defined benchmarks and transparent monitoring mechanisms, even the most well-meaning policies struggle to deliver tangible results.

Recent directives from the prime minister tasking the Intelligence Bureau with monitoring fuel consumption of the public sector fleet signal seriousness at the highest level. Yet, the issue at hand is not one of information scarcity. On the contrary, fuel consumption within the government fleet is among the more traceable aspects of public expenditure.

Most government vehicles already use fuel cards issued by Pakistan State Oil. These systems generate detailed, real-time consumption data—monthly and annually—mapped against authorised limits. For vehicles outside this system, mandatory on-boarding onto PSO's fuel card network would immediately enhance transparency and control.

The real policy gap, therefore, lies not in monitoring capacity but in data-driven governance. Each government vehicle should have a clearly defined fuel entitlement, aligned with usage requirements and periodically reviewed. Deviations from these limits must trigger



scrutiny rather than discretionary oversight.

The National Energy Efficiency and Conservation Authority must assume a central role. As the country's mandated body for energy audits and efficiency oversight, the NEECA is best positioned to undertake technical analysis of fuel consumption patterns, identify inefficiencies and recommend corrective measures.

Ample work has been done in this regard as is evident from the National Energy Efficiency and Conservation Policy and Action Plan 2023-2030. The findings should inform enforcement actions led by the Intelligence Bureau, ensuring that oversight is both analytical and accountable.

However, institutional coordination alone is insufficient without a broad shift in policymaking culture. Too often, conservation measures in Pakistan are announced without clearly articulated outcomes. Targets remain vague, timelines undefined and impact assessments absent. This undermines both credibility and effectiveness of the exercise.

The current crisis demands more than reactive measures. It calls for scenario-based planning. What happens if oil prices rise by another 20 percent? How will this affect core inflation, transport costs and the already vulnerable segments of society living below the poverty line? What contingencies are in place to cushion these shocks?

Pakistan needs a multi-tiered fuel strategy — short-, medium- and long-term. In the short term, strict consumption controls and efficiency enforcement are essential. In the medium term, diversification of energy sources and demand management must take priority. Over the long term, structural reforms—ranging from public transport expansion to energy transition policies—are indispensable.

Fuel conservation is not merely an administrative exercise; it is an economic imperative. Without measurable goals, institutional clarity and a forward-looking strategy, it risks becoming a mere slogan.

At a time when every drop of imported fuel carries a heavy fiscal and social cost, Pakistan can ill afford ambiguity. The tools for effective monitoring exist. What is needed is the discipline to use them—and the vision to plan beyond the immediate crisis. ■

# China Presses Pakistan to Clear \$220m Dues of Energy Firm UEP

## EU Report

China has urged Pakistan to expedite the payment of \$220 million in outstanding dues owed to United Energy Pakistan (UEP), highlighting growing concerns over investor confidence in the energy sector.

Officials in the Petroleum Division said Pakistan's ambassador in Beijing sent an urgent communication emphasizing that the dues relate to gas supplied by UEP to Sui Southern Gas Company, which currently receives 260–270 MMcfd of gas. Due to liquidity constraints, UEP has reportedly begun laying off staff.

The Special Investment Facilitation Council has also called for immediate resolution, warning that delays could undermine foreign investor trust. However, SSGC maintains that it cannot settle payments until its own pending refunds from the Federal Board of Revenue—worth billions of rupees—are cleared.

UEP, a subsidiary of China's United Energy Group, has a significant footprint in Pakistan's energy landscape. It acquired BP Pakistan's assets in 2011 and later secured a \$5 billion credit line from China Development Bank. In 2018, the company expanded further by acquiring OMV's gas fields for \$192 million. ■





# Economics of rationing in the region

Pakistan will pass through higher prices, risk inflation and political backlash

## Dr Khalid Waleed

The writer has a doctorate in energy economics and serves as a research fellow at the Sustainable Development Policy Institute (SDPI)

**T**he current geopolitical crises, especially the disruption in the Strait of Hormuz, offer a clear, real-time case study of the economics of rationing. The strait ordinarily carries about one-fifth of global oil and LNG trade and the present disruption has pushed crude oil high, creating a supply shock.

In textbook economics, rationing occurs when prices fail to fully clear markets, either because demand exceeds supply or because governments restrict price adjustment in politically sensitive sectors such as energy and food. In such moments, allocation shifts into a hybrid regime: prices rise, yet scarcity is ultimately managed through queues, outages and administrative controls; the market begins the rationing and the state completes it.

The first and most visible channel is energy rationing. When a major chokepoint is disrupted, countries face a choice: let domestic prices rise to clear the market or suppress prices and ration consumption by non-price means. Sri Lanka has already moved into explicit rationing mode. The government has introduced a four-day work-

week, imposed fuel quotas, limited motorists to 15 litres per week and reduced operations across state institutions to conserve fuel. This is classical non-price rationing: the scarce commodity is no longer allocated purely by willingness to pay, but by administrative caps etc.

This matters because queues, blackouts and reduced workweeks are shadow prices. Economists would say that when governments stop money prices from fully adjusting, scarcity reappears elsewhere. People then 'pay' in time, foregone production, uncertainty and lost welfare. Rationing never abolishes cost. It merely changes the column in which the cost appears.

The second channel is refined-product rationing, which may be even more severe than crude oil rationing. Estimates and analysis suggest that the current war is hitting refined fuels harder than crude, because bottlenecks in transport, refining and physical cargo availability create sharper shortages in products such as diesel, jet fuel and other middle distillates.

That distinction is economically important. Modern economies do not run on crude in the abstract; they run on usable fuels. So even where crude benchmarks fluctuate, physical shortages of refined products can become the binding constraint, particularly for import-dependent Asian economies. In practical terms, a country may still be able to discuss oil prices while buses, farms, backup generators and freight operators are already discussing survival.

The third channel is industrial rationing. Once energy becomes scarce or expensive, governments and firms start prioritising uses. Essential services, defence, hospitals and public transport are protected first; energy-intensive manufacturing, commercial activity, and discretionary consumption get squeezed next. That is exactly how wartime and crisis economies behave. The economics here is not simply about scarcity but about ranking uses by political and social priority. In other words, crises convert the energy market into an implicit planning exercise. Whether officials admit it or not, they are making a shadow social welfare function: whose consumption matters more, whose can be cut, and whose losses are politically tolerable.

The fourth channel is food and fertiliser rationing through input markets. Reporting from the Guardian and broader supply-chain analyses note that African economies are especially vulnerable because they rely heavily on Gulf-linked imports of fertiliser and energy. Disruptions in fertiliser availability raise agricultural costs, threaten yields, and can feed directly into food inflation and food insecurity. Yara's chief executive has warned that a prolonged closure of Hormuz could be catastrophic for global food supplies. This is a classic second-round rationing effect: first, energy is rationed; then fertiliser becomes scarce; and finally, food access is rationed by income, subsidies, or outright shortages.

A fifth channel is shipping and logistical rationing. The International Maritime Organisation's chief has warned that naval escorts are not a durable guarantee of safe passage through Hormuz and that stranded ships face growing operational risk. When shipping routes become dangerous, freight capacity itself becomes a scarce asset. Economically, this means the crisis is not just raising the price of the commodity; it is also rationing the

transport service needed to deliver it. In such conditions, the allocation problem spreads from oil to tankers, from tankers to ports, and from ports to final consumers.

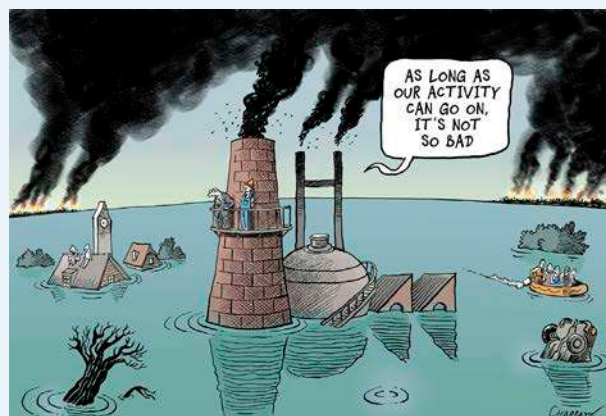
This is why the current episode also has a strong inflation-and-growth dimension. A short disruption is mostly an oil shock. Prolonged disruption becomes a broader stagflation shock, because high energy costs raise production costs across the economy while uncertainty depresses investment and demand. Analysts have already raised oil-price forecasts for 2026 and warned that millions of barrels per day of regional supply are effectively offline. Central banks then face an unpleasant choice: tighten policy to contain inflation and worsen growth or tolerate inflation and risk exchange-rate and expectations instability. Scarcity at the dock eventually turns into a debate in the monetary policy committee room.

There is also an important hierarchy in how rationing is distributed internationally. Larger economies with strategic reserves, stronger balance sheets, diversified suppliers, and geopolitical leverage have more room to smooth the shock. The IEA has already proposed releasing a record 400 million barrels from emergency reserves to stabilise markets. That provides some relief, but it is only a partial buffer so long as Middle Eastern flows remain blocked.

Smaller import-dependent economies do not enjoy the same luxury. They are more likely to ration through austerity measures, import compression, rolling blackouts, and emergency budgeting. Put differently, wealthy states can buy time; poorer states must buy pain.

For countries such as Pakistan, the economics of rationing is especially sharp. Pakistan is highly exposed to imported fuel prices and the oil rally was clouding the inflation outlook and influencing expectations around monetary policy. The government is confident that the fuel reserves are sufficient for roughly 27 days. Even if that cushion is accurate, the deeper issue is not only stock coverage, but what happens if elevated prices and disrupted product flows persist.

In that case, Pakistan would confront the familiar policy trilemma: pass through higher prices and risk inflation and political backlash; absorb them fiscally and worsen macro stress; or suppress prices and end up rationing by shortage, outages, and administrative prioritisation. None of these options is elegant. All of them are rationing by another name. There is also a window to negotiate with the IMF on how to utilise the petroleum levy for equitable rationing. ■



Energy Crisis:

# Pakistan's Moment of Reckoning Has Arrived

EVs can save from \$100/barrel oil shock; Every EV on road proves to be a vote for sovereignty

**AAH Soomro**

The writer is an independent economic analyst

Pakistan stands at a precarious and era-defining crossroads as certain oil benchmarks cross \$150-200/barrel threshold. Every sudden surge in global oil prices acts as a massive cardiac event for our fragile national economy surviving with IMF and friendly countries' debt rollovers.

With nearly 20% of our total import bill dedicated exclusively to petroleum products and over 80% of our fuel arriving via the highly volatile maritime choke point of the Strait of Hormuz, our energy security is effectively a hostage to geography. We are not helping the world through mediation between Iran and the US, we are saving our economy.

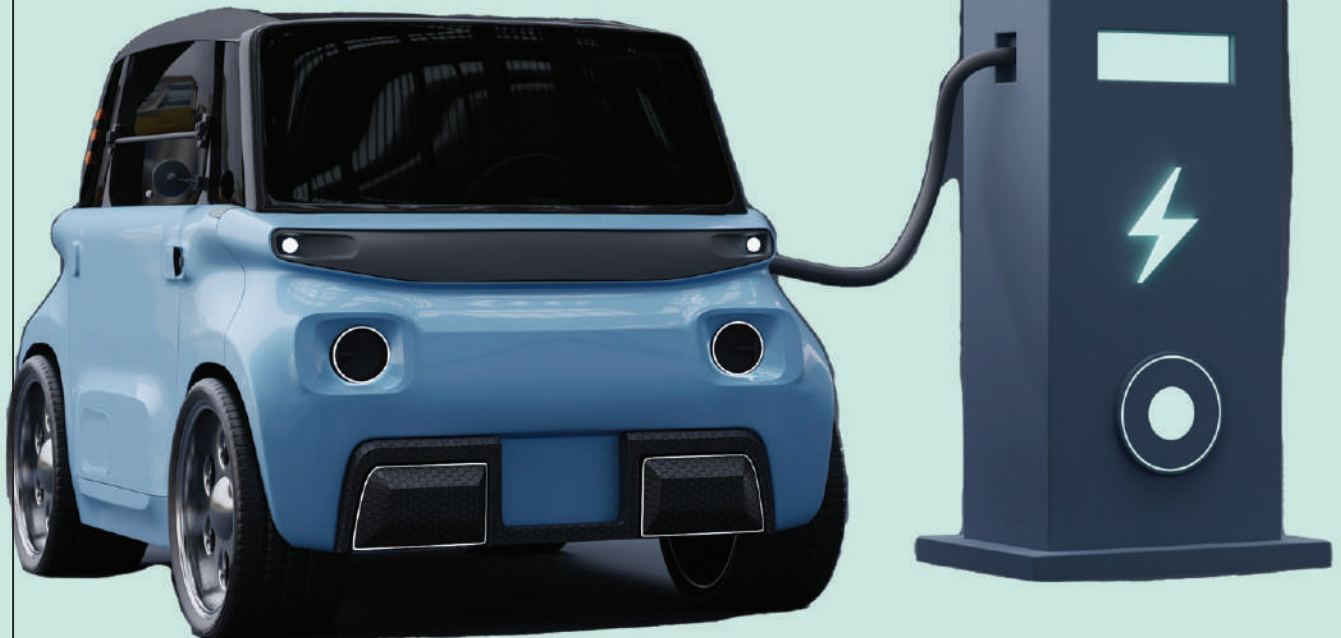
During the opening weeks of the 2026 regional conflict, the government was forced into a corner, injecting a staggering Rs68 billion in Price Differential Claims (PDC) to prevent a total economic collapse. For a nation operating under a stringent IMF Extend-

ed Fund Facility (EFF) and burdened by a mountain of external debt, such unbudgeted fiscal indiscipline is catastrophic.

These "emergency injections" do more than just strain the treasury; they fundamentally disrupt the structural benchmarks agreed upon with international lenders, who demand "full cost recovery" in the energy sector.

The structural inability of the Pakistani economy to absorb these shocks is rooted in its high debt-to-GDP ratio and a persistent lack of fiscal space. Every time the global Brent crude index ticks upward, the rupee faces a downward pressure through the "inflation parity" trap. When the government attempts to shield the public through subsidies, it effectively borrows more to pay for a consumable resource that yields no long-term asset value.

This cycle of "borrowing to burn" is precisely what the IMF seeks to dismantle. The 2026 crisis has proven that the traditional model of energy consumption is not just environmentally unsustainable; it is a mathematical impossibility for a developing



state. To break this, we must look at the quantitative data: Pakistanis consume 12 billion liters of petrol annually, with two-wheelers consuming 50% (six billion litres). Transitioning just 50% of this stock to EVs would save \$1.5-2 billion in foreign reserves annually.

### Delhi blueprint for economic sovereignty

To trigger this massive shift, we must adopt the aggressive posture of the Delhi EV Policy 2.0. Delhi did not rely on suggestions; they utilised the power of the law to change the market overnight by enacting a total ban on the registration of new petrol and CNG two-wheelers starting August 2026. They paired this “stick” with a powerful “carrot” – a direct cash incentive of Rs1 lakh (INR 30,000) for every e-bike and a 100% waiver on road tax. Delhi also pioneered a “Polluter-Pays” levy, adding a 0.5-rupee tax on every litre of petrol to fund these green incentives. This move creates a self-sustaining fiscal loop that doesn’t rely on external debt.

The financial logic for both the state and the citizen is undeniable. If we project petrol hitting Rs400 per litre and increasing by a conservative 10% annually, the Internal Rate of Return (IRR) for an e-bike switch exceeds 85%, with a payback period of just 11 months. For car owners, selling a \$15,000 petrol car for a \$30,000 EV/hybrid results in fuel savings of Rs40,000 monthly, creating a payback on the incremental cost within 3.5 years.

By utilising our underutilised Thar coal for charging at the new Neptra rate of Rs39/kWh, Pakistan can finally move from “imported inflation” to “indigenous growth.” The common man using a bike spends Rs8,000-10,000 per month (15-30% of monthly income) and four-wheelers spend Rs35,000-50,000 per month (10-25% of monthly income) on fuel only. Increasing fuel prices affects everything from food, grocery, labour costs, even the barber cites it as an excuse! If SBP were to give 5% interest cost for Rs10 million worth of house, clearing a 7-10% financing for 100,000 vehicles every year would cost less than two weeks’ worth of subsidy. At least, hybrid and EVs can have improved threshold of financing limit above Rs3 million to Rs7.5 million, downpayment decreased from 30% to 15% and tenure increased from three to six years.

Every electric vehicle on our roads is a vote for sovereignty and a blow against the “petrol poverty” that has defined our economy for decades. It is time for a policy pivot that blends economic pragmatism with national resilience. ■



## PSO Appoints Abdus Sami as Interim CEO

### EU Report

Karachi: Pakistan State Oil (PSO), the country’s largest oil marketing company (OMC), has appointed Abdus Sami as interim chief executive officer (CEO), effective March 31, 2026, the company announced in a notice to the Pakistan Stock Exchange (PSX). The management confirmed that Sami will continue to hold his current role as Chief Supply Chain Officer while serving as interim CEO, until a permanent appointment is made. The move follows the departure of Syed Taha, PSO’s former MD and CEO, who has been named CEO of Karachi’s sole power utility, K-Electric, succeeding Moonis Alvi. After Alvi’s resignation in February, Adeeb Ahmad had been serving as interim CEO at K-Electric. Abdus Sami brings over 24 years of experience in the energy sector, including executive management, field operations, and project management at both national and international levels. He previously served as Director of Commercial Distribution Operations at Tetra Tech - Oil & Gas and has extensive experience in government and publicly owned utilities in Pakistan and Nigeria. Sami holds an MBA from the Lahore University of Management Sciences (LUMS). ■

## K-E gets Syed Taha as CEO

### EU Report

K-Electric (KE) has appointed Syed Taha as its new chief executive officer (CEO), replacing interim head Adeeb Ahmad. In a letter to the Pakistan Stock Exchange (PSX), the company said the appointment will come into effect on April 15. It said that Taha holds an engineering degree and an MBA in finance from the Institute of Business Administration (IBA) Karachi.

He has been serving as the Managing Director and CEO of Pakistan State Oil (PSO) since February 2020. “Prior to joining PSO, he worked as an executive director in Oasis Energy, heading the program management office of Port Harcourt Electricity Distribution Company, Nigeria. “He has also worked previously as chief distribution officer of KE, as well as held several senior positions in different organisations,” the letter added. ■



# HUAWEI Fusionsolar

## Unites Communities Nationwide with “FusionSolar Iftar Recharge”

Huawei FusionSolar, in collaboration with its valued partners, successfully organized the "FusionSolar Iftar Recharge" initiative, bringing together communities across multiple regions to celebrate the spirit of unity and Ramazan. The event was thoughtfully arranged to cater to participants in Rahim Yar Khan, Peshawar, Islamabad, Lahore, Faisalabad, Multan, and Gujranwala.

This initiative served as a platform to strengthen relationships with partners and stakeholders while embracing the

cultural and spiritual significance of Iftar. Attendees experienced a welcoming environment that fostered connection, appreciation, and shared values.

Through FusionSolar Iftar Recharge, Huawei reaffirmed its commitment to engaging with regional communities and partners, highlighting the importance of collaboration, inclusivity, and mutual growth. The success of the event across diverse cities reflects the strong network and enduring partnerships that continue to drive Huawei FusionSolar forward.



# WINDPROOF Module

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n-type Fully-tempered One-stop Encapsulation Solution

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-  **Burst Resistance**
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-  **Lower Operating Temperature**
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Backbone Steel Frame

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Stronger than traditional aluminum frames

Pass **60m/s**  
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WWEA Annual Report 2025

# World added 169 Gigawatts wind capacity in 2025

## EU Report

The global wind energy sector achieved a historic breakthrough in 2025, but the latest findings from the World Wind Energy Association (WWEA) Annual Report 2025 also make one thing clear: while wind power is rising faster than ever, its future will depend on whether governments and communities are prepared to remove the political, regulatory and social barriers still holding it back.

According to the report, the world added 169 Gigawatts (GW) of new wind capacity in 2025 — a striking 35 per cent increase over 2024 — pushing total installed global capacity to 1,346 GW. Wind power now generates nearly 3,000 terawatt-hours (TWh) of electricity, meeting more than 11 per cent of global demand.

This makes 2025 one of the most significant years in the history of wind energy. It was not merely a year of growth, but a year in which wind power further established itself as a major pillar of the global energy transition. The record-breaking expansion was led overwhelmingly by China, which alone installed 130 GW of new wind power in 2025 — accounting for 77 per cent of the global market for new wind installations.

China ended the year with an installed wind capacity of 691.7 GW, representing more than half of the world's total wind power capacity. The scale of its expansion confirms that China is not just participating in the global shift to clean energy — it is shaping it.

The rest of the world added 38.7 GW in 2025 — slightly better than 2024, but still below 2023. This im-

balance suggests that while global wind power is growing rapidly, that growth remains too concentrated in a handful of countries. One of the most notable developments of 2025 was India's emergence as the second-largest market for new wind capacity, adding 6.3 GW and moving ahead of the United States, which installed 6.27 GW.

India's rise is especially important because it reflects stronger momentum in a major developing economy with enormous future energy needs. With total installed capacity now standing at 54.5 GW, India is expected to continue growing through repowering and future offshore wind development.

In Europe, the picture was mixed. Countries such as Germany, Turkey, France and Lithuania showed stronger



**WWEA**

World Wind Energy Association





United Kingdom and Spain — slowed down.

The report suggests that Europe remains committed to renewable energy in principle, but is increasingly facing policy inconsistencies and political pressure from fossil fuel and nuclear interests.

The United States, meanwhile, remains a highly important but politically uncertain market. While wind installations rose in 2025, WWEA warns that anti-wind policy decisions and regulatory instability in the US could disrupt investor confidence and

affect international supply chains.

In 2025, wind generated enough electricity to cover more than 11 per cent of global demand, making it one of the world's fastest-growing and most dependable large-scale energy sources. More than 30 countries now generate wind power at or above the global average. Twelve countries produce more than 20 per cent of their electricity from wind, while Denmark, Germany, the United Kingdom, the Netherlands, Ireland and Uruguay have all crossed the 30 per cent mark.

These examples demonstrate that a much larger global role for wind power is not theoretical — it is already happening.

As the world increasingly electrifies transport, heating, cooling and industrial systems, the demand for clean electricity will continue to grow. That places wind energy in a central position for the future.

Despite the record growth, WWEA makes it clear that the greatest barriers to faster wind deployment are not technological, but political, regulatory and social.

One of the most serious challenges remains the slow approval process for new wind projects. In many countries, obtaining permits can take more than five years, and in some cases even a decade. Such delays are becoming increasingly difficult to justify in a world facing climate pressures and rising energy insecurity.

One of the report's strongest insights is that the future of wind energy will depend not only on turbines and investment, but also on public trust. WWEA stresses that communities are far more likely to support wind projects when they are properly informed, consulted and given a fair share of the benefits.

Recognising this, WWEA launched its Community Engagement Guidelines during the 22nd World Wind Energy Conference in Shantou, China, in December 2025. The guidelines encourage stronger local participation, transparent communication and fair benefit-sharing. This is a critical point. Clean energy transitions are most durable when local people feel they are participants — not bystanders.

The report also identifies two major growth opportunities for the years ahead: repowering older turbines and training a skilled workforce. More than 400 GW of the world's installed wind capacity is already ten years old or more. Replacing these older machines with newer, more efficient turbines could potentially triple or quadruple the power output at existing sites. ■

progress, while several major markets — including the

# EVs, Hydrogen, and Regional Alliances Out-of-the-Box Solutions for Pakistan's Fuel Crisis

The country could redefine its diplomatic posture by becoming an active mediator or logistics partner in the regional energy dialogue. By pioneering regional cooperation, financial risk instruments, renewable energy integration, and EV ecosystems, Pakistan can transform a crisis into a strategic inflection point

**Mustafa Tahir**

Writer is Deputy Editor Energy Update

The ongoing war involving Iran and the United States, now extended more than a month, has entered into one of the most significant energy shocks in recent history. Global crude prices have surged above \$100 per barrel, reflecting unprecedented risk pricing as supply routes through the Strait of Hormuz remain threatened or

effectively blocked - a chokepoint that historically carries roughly 20% of global oil exports.

## How This Crisis Hit Pakistan

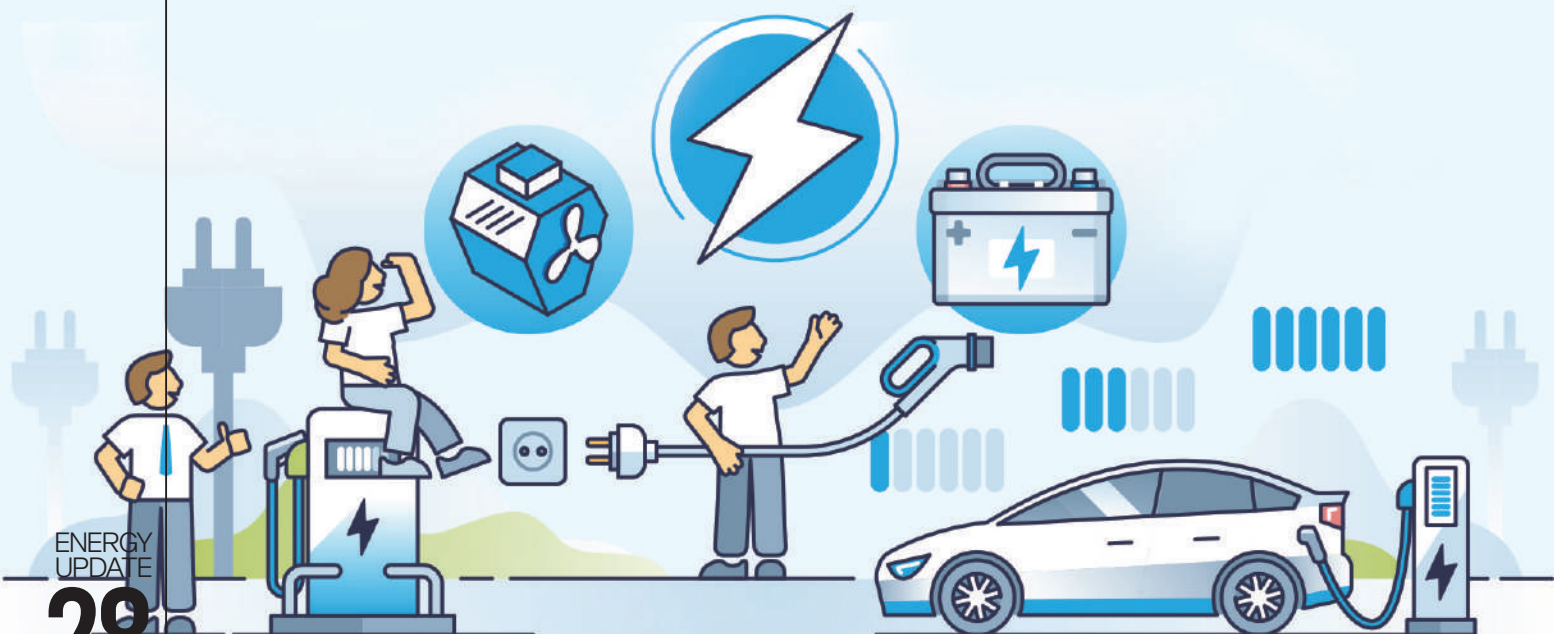
For Pakistan, a nation that depends on imported energy for nearly all of its petroleum consumption, the conflict has amplified existing vulnerabilities: Petrol and diesel costs have jumped sharply as global crude prices rise, driving inflation across transport, agriculture, and manufacturing sectors. Many analysts warn that this will widen Pakistan's fragile current account deficit and burden households with higher living costs.

**Energy Supply Disruptions:** Disruption to Gulf shipping routes has forced emergency policy responses. With petroleum imports forming nearly 20% of the country's import bill in recent years, any spike in prices immediately pressures foreign exchange reserves and worsens macroeconomic balances. This crisis is not only about prices — it has structural implications for Pakistan's economic resilience and energy security.

## Innovative Solutions Beyond the Ordinary

### 1. Strategic Geo-Energy Diplomacy

Pakistan could redefine its diplomatic posture by becoming an active mediator or logistics partner in the regional energy dialogue, aiming to keep oil lifelines open or secure alternative corridors. One emerging idea is positioning



Karachi and Gwadar as energy transit hubs linked via pipeline networks to Central and South Asia — reducing sole reliance on maritime chokepoints.

This would require high-level energy diplomacy and infrastructure financing partnerships with Turkiye, Russia, and China to establish overland crude oil and gas supply routes.

## 2. National Fuel-Sharing & Buffer Consortia

Rather than individual nations hoarding strategic reserves, Pakistan could lead the creation of a South Asian Energy Buffer Initiative — a shared reserve pool with Bangladesh, Sri Lanka, and Nepal. This would allow coordinated drawdowns when prices spike, collectively resisting panic pricing and speculation.

## 3. Fuel Market Risk Hedging & Sovereign Energy Funds

Traditional hedging is rare in Pakistani energy markets. The government could pioneer a sovereign oil hedging mechanism similar to large industrial economies — financial instruments that lock in future prices or derivatives tied to oil price movements. This would reduce sensitivity to short-term volatility instigated by geopolitical events.

## 4. Leapfrogging to Renewables & Micro-Grid Networks

Long-term security hinges on reducing fossil fuel dependence. Pakistan has vast potential for solar, wind, and hydropower, but the integration strategy must be bolder: Distributed Renewable Power Plants — build

small-grid solar/wind hubs in remote and industrial zones to bypass national grid bottlenecks. Green Hydrogen Projects — leverage renewable surplus to produce hydrogen for industrial use, reducing petroleum demand in heavy sectors.

## 5. Electric Mobility with Local EV Manufacturing

EVs are not just about vehicles — they represent a systemic shift in how energy is consumed and priced. Pakistan should launch EV assembly & battery production zones with tax & tariff incentives to attract foreign and local investment. Make renewable-powered charging corridors between major cities to avoid grid load spikes. Offer dynamic pricing incentives where EV charging is cheaper at off-peak hours, helping balance grid loads. These measures serve multiple goals: lowering petroleum demand, mitigating inflation, reducing urban air pollution, and creating new industrial growth sectors.

## A New Energy Paradigm for Pakistan

The petroleum crisis sparked by the Iran-USA war has exposed deep structural vulnerabilities — but it also presents an opportunity for Pakistan to reimagine its energy future. By pioneering regional cooperation, financial risk instruments, renewable energy integration, and EV ecosystems, Pakistan can transform a crisis into a strategic inflection point.

The future of energy security will be defined not by how much oil a country imports, but how intelligently it prepares for volatility, diversifies pathways, and leverages technology to leap beyond the old energy order. ■

# PAKISTAN ECONOMIC OUTLOOK:

## JULY - FEBRUARY 2026

### Strengths:

- Pakistan posted half-year fiscal surplus of Rs. 542 bn (0.4% of GDP), against a 1.3% of GDP deficit in the same period last year, driven by lower interest costs and improved revenue growth.
- LSMI rose 5.8%, led by growth in automobiles, cement, electrical & transport equipment, furniture, and petroleum products.

### Challenges:

- External sector pressures intensified, with exports down by 7.3% and imports up by 8.2%, pushing the trade deficit to Rs. 25 bn (↑25.3%) and increasing pressure on the rupee and current account amid higher oil prices.
- FDI dropped by 33%, reflecting weak investor confidence and structural barriers that continue to limit long-term investment and growth.

### Outlook:

- Pakistan's economy remains highly exposed to regional geopolitical tensions, which contribute to sharp increases in petroleum prices and amplify risks to both external stability and domestic inflation

Economic Indicators	Time Period	Current Value	Prev. Year Value	%Change
<b>Macroeconomic Indicators</b>				
Current Account Balance (\$ Mn)	Jul-Feb FY26	(700.0)	479.0	-246.1%
Fiscal Balance (Rs. Bn)	Jul-Dec FY26	541.9	(1,537.9)	135.2%
FBR Revenues (Rs. Bn)	Jul-Jan FY26	7,176.9	6,497.4	10.5%
Tax to GDP (%)	Jul-Dec FY26	5.2%	5.3%	-1.9%
Total Debt & Liabilities (Rs. Bn)	Dec FY26	95,464	87,928	8.6%
KSE - 100 (Period End)	Feb FY26	168,062.2	113,251.7	48.4%
<b>Monetary Indicators</b>				
Inflation (Average, %)	Jul-Feb FY26	5.5	6.0	-8.2%
Policy Rate (Period End, %)	Feb FY26	10.5%	12.0%	-12.5%
Private Sector Credit (% of Total Credit)	Feb FY26	21.6%	21.2%	2.1%
<b>Trade &amp; Investment Indicators</b>				
Exports - Goods (\$ Mn)	Jul-Feb FY26	20,467.5	22,073.2	-7.3%
Imports - Goods (\$ Mn)	Jul-Feb FY26	45,569.2	42,110.1	8.2%
Net FDI Inflow (\$ Mn)	Jul-Feb FY26	1,194.9	1,793.4	-33.4%
LSMI (QIM)	Jul-Jan FY26	121.5	114.9	5.8%
<b>Foreign Exchange Indicators</b>				
Exchange Rate (Period Avg)	Jul-Feb FY26	281.2	278.4	1.0%
Remittances (\$ Mn)	Jul-Feb FY26	26,489.5	23,976.7	10.5%
Total FOREX Reserves (\$ Mn)	Feb FY26	21,433.9	15,397.3	39.2%
<b>Energy Sector Indicators</b>				
Petroleum Sales ('000 Litres)	Jul-Jan FY26	2,147,569	1,912,207	12.3%
Diesel Sales ('000 Litres)	Jul-Jan FY26	3,978,807	3,315,892	20.0%
Power Generations (GWh)	Jul-Feb FY26	84,192.6	81,738.0	3.0%

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29

ENERGY UPDATE

Sources: SBP, MOF, PBS, PSX, NEPRA

18th Annual CSR Summit and Awards-2026 (Karachi Chapter)

# Summit reinforces collective resolve for social uplift

## EU Report

The Karachi edition of the 18th Annual CSR Summit and Awards-2026 brought together an influential cross-section of policy-makers, corporate leaders, industrialists, social sector representatives, public service officials, and humanitarian institutions to renew a shared commitment to social responsibility, environmental stewardship and the uplift of Pakistan's most vulnerable communities.

Organised by the National Forum for Environment & Health (NFEH).

The Karachi edition carried that same spirit forward, but with a sharper focus on urban challenges, public-private partnerships, grassroots welfare, environmental sustainability, and the urgent need to ensure that the dividends of development reach those who remain excluded from quality healthcare, education, safety, shelter and livelihood opportunities.

Addressing the gathering as chief guest, Sindh Senior Minister for Local Government, Housing and Town Planning, Syed Nasir Hussain Shah, delivered one of the most consequential messages of the summit by reaffirming the Sindh government's commitment to strengthening support for genuine and committed charities and non-governmental organisations under its public-private partnership model.

He said that the provincial government intended to extend greater financial and institutional support to bona fide welfare organisations working to relieve the hardships of deprived communities and provide them access to basic rights and opportunities, including healthcare, education,



**Group Photo of 18th CSR Awards winners 2026 (Karachi Chapter) with Chief Guest Minister Local Government Sindh Syed Nasir Hussain Shah and Team NFEH**

vocational training and livelihoods.

Nasir Hussain Shah said that under the pro-people vision of Pakistan Peoples Party Chairman Bilawal Bhutto Zardari and Chief Minister Sindh Syed Murad Ali Shah, the provincial government remained fully committed to supporting sincere welfare institutions that were effectively sharing the burden of the state by reaching people who often fall through the cracks of conventional systems.

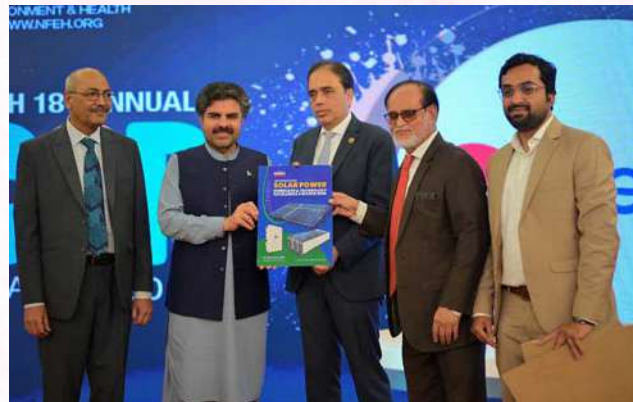
His speech also highlighted the success of Sindh's public-private partnership approach in the social sector. He referred to the government's support for institutions such as Sindh Institute of Urology and Transplantation (SIUT) and Indus Hospital & Health Network, noting that these partnerships had played a vital role in ensuring quality healthcare for countless deserving patients who could otherwise never afford life-saving treatment.

Nasir Hussain Shah praised the business, industrial and banking sectors for supporting welfare institutions under their CSR commitments, saying that their contributions had helped charities expand services to the poor and improve access to healthcare, schooling, skills development and livelihood support.





From L to R Syed Nasir Hussain Shah Minister Local Government Sindh, Sr. VP FPCCI Saquib Fayyaz Magoon, DIG traffic police Sindh Peer Muhammad Shah, President NFEH M. Naeem Qureshi, President SITE association Abdul Rehman Fudda, Secretary General NFEH Ruqiya Naeem, Muhammad Moosa CEO NJV school, CEO SSWMB Tariq Nizamani and Murad Ali Soni Chief CPK



Launching of 3rd Int'l Solar Power Conclave and Technology Excellence Awards 2026

The event also featured recognition awards for organisations and businesses that had demonstrated excellence in CSR. These honours were not merely celebratory; they reinforced the idea that responsible institutions must be acknowledged not only for profit and growth, but for how meaningfully they contribute to society and help repair its fractures. Speaking at the summit, Senior Vice-President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Saquib Fayyaz Magoon, paid tribute to Karachi's enduring culture of philanthropy and social service.

Among the most striking and socially relevant interventions at the summit came from DIG Traffic Karachi, Peer Muhammad Shah, who drew attention to the devastating human cost of road traffic accidents in Karachi.

He said the introduction of the electronic challan system through a network of technologically advanced surveillance cameras had significantly improved compliance with traffic rules and safety protocols in the city.

According to him, before the e-challan system was introduced, Karachi had been witnessing up to 90 road fatalities every month. With stricter enforcement and greater compliance, that number had now reportedly fallen to around 40 to 50 deaths per month.

He also linked traffic enforcement to environmental responsibility by noting that action was being taken against smoke-emitting and unfit vehicles, which contribute heavily to urban pollution. In a forward-looking suggestion, he urged the promotion of electric bikes as a practical step toward reducing vehicular emissions and improving environmental health in Karachi.

Dr Abdul Bari Khan, Founder and President of Indus Hospital & Health Network, expressed gratitude for the Sindh government's support in helping expand the institution's healthcare footprint across the province under the public-private partnership framework.

Murad Ali Soni, Chief of Community Policing Karachi (CPK), shared that CPK had installed a network of 2,000

high-tech surveillance cameras to help tackle the menace of street crime in Karachi.

Meanwhile, Managing Director of Sindh Solid Waste Management Board (SSWMB), Tariq Ali Nizamani, briefed participants on the World Bank-funded initiative to modernise and improve Karachi's urban waste disposal system.

Also addressing the gathering, President of SITE Association of Industries, Abdul Rehman Fudda, highlighted the humanitarian work of Al-Khidmat Foundation's Aghosh Homes, which provide shelter, care and educational support to orphaned and homeless children across Pakistan.

A particularly sobering intervention came from Muhammad Moosa, CEO of NJV School Management Board (NJVSMB), who said Pakistan could not achieve real and lasting progress unless it addressed the crisis of nearly 25 million out-of-school children.

In his remarks, NFEH President Muhammad Naeem Qureshi said the CSR Summit had, over the years, evolved into a common platform bringing together the government, corporate sector, charities, NGOs, public authorities and civil society for the larger goals of poverty alleviation, environmental protection, social uplift and sustainable development. He said NFEH had also been actively partnering with public and private institutions in tree plantation and environmental campaigns to increase green cover and promote sustainability in the country.

His message was reinforced by NFEH Secretary-General Ruqiya Naeem and Vice-President Nadeem Ashraf, who appreciated the high standards demonstrated by various companies and institutions in the domain of CSR. ■

# Powering the Promise: itel Energy's "Phygital" Revolution at Lahore Solar Expo 2026

## Diamond Sponsor Returns with a Vision

At the highly anticipated Lahore Solar Expo 2026, itel Energy returns as a proud Diamond Sponsor—not merely to showcase products, but to unveil a bold vision for Pakistan's energy future. From April 17 to 19 at the Expo Center Lahore, visitors to Hall 2 will experience a groundbreaking "Phygital" concept—merging cutting-edge engineering with lifestyle innovation.

## The Sparta Series: A Battle-Hardened Guardian

At the heart of itel Energy's exhibition is the much-anticipated Sparta Series, featuring the flagship IP66 6.6kW AI-powered hybrid inverter. Built for Pakistan's extreme climates, the Sparta Series introduces a Triple-Verified IP66 Shield, ensuring durability against dust, humidity, and temperatures from Skardu's -25°C peaks to Thar's 60°C ground heat. The Sparta 6.6kW inverter offers 140A high-current charging, enabling 16.7% faster battery recovery during frequent load-shedding cycles. Its 13.2kW PV over-allocation capacity allows users to run heavy appliances like air conditioners and water pumps while simultaneously charging batteries, even in hazy winter months. Backed by a 6+6 Year Promise—six years of full unit replacement followed by six years of dedicated service—itel Energy sets a new benchmark for after-sales reliability in Pakistan.

## Pakistan's First "Phygital Walk"

In a revolutionary move, itel Energy is introducing "The Phygital Walk," blending fashion and technology in a live showcase. The runway, titled "The Modern Nomad," features influencers dressed in futuristic techwear demonstrating portable energy solutions in real time. Live "Flash-Charge" performances illustrate the durability of LiFePO<sub>4</sub> technology and the Power Series' 10-year lifespan, proving that solar energy can be both functional and stylish.

## The Power Series: Energy on the Move

Targeting Gen Z and millennials, the Power Series offers portable solutions without compromising performance: PowerGo: 100W Type-C fast charging, five times faster than standard power banks, with photovoltaic replenishment. PowerGo Pro: AC/DC dual-mode for full-scenario freedom. PowerRover: 1000Wh silent powerhouse capable of running 99% of household appliances. PowerTank: Heavy-duty backup for T2 and T3 cities, running mini-fridges and fans during extended outages.



## SmartGo AI: The Future of Intelligent Energy

itel Energy's SmartGo AI system integrates weather forecasting with cloud scheduling, automatically adjusting battery usage based on predicted rainy or cloudy days. The One-Tap Smart Saving Mode optimizes Time-of-Use electricity costs, helping families reduce energy bills while ensuring uninterrupted power supply.

## Scaling for Commercial & Industrial Needs

Beyond residential solutions, itel Energy offers scalable C&I systems, including the IPX-51314SPT battery that connects in series or parallel to expand backup power up to 768kWh. The IP54 Series (1.6kW-12kW) remains a top choice for reliability, durability, and high-performance energy independence.

## Commitment Beyond the Expo

With over 40 service centers nationwide and a 48-hour fast replacement policy, itel Energy's Sparta Series and Phygital Walk demonstrate a commitment to innovation, reliability, and sustainability. At Lahore Solar Expo 2026, itel Energy is not just participating in Pakistan's energy transition—it is leading it. Power Up Pakistan.

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# Experts warn fuel crisis exposes structural risks

Transport sector remains central to the challenge, consuming around 80 per cent of Pakistan's petroleum products; We are in this situation because of a lack of long-term planning, says Dr Najeeb

**Jawwad Rizvi**

**G**eopolitical tensions in the Middle East have once again exposed the fragility of Pakistan's fuel-dependent economy, prompting calls from policy experts and industry leaders to accelerate the shift towards clean energy.

As tensions threaten the Strait of Hormuz, a key route for a significant share of global oil shipments, concerns are mounting over Pakistan's heavy reliance on imported petroleum, which analysts say is no longer sustainable.

The current crisis has already triggered a domestic ripple effect, with rising fuel prices and intensifying inflationary pressures. Beyond domestic costs, the economic fallout also risks affecting Pakistan's remittance inflows.

Dr Khaqan Najeeb, a former adviser to the Ministry of Finance, noted that nearly 55 per cent of the country's remittances, roughly \$22 billion, originate from the Gulf region. A prolonged conflict could limit overseas job opportunities while putting additional strain on the current account.

"We are in this situation because of a lack of long-term planning," Dr Najeeb said during a recent broadcast on Geo News, adding that recent price increases aimed at curbing demand have largely failed, instead raising trans-

port and food costs.

To manage the immediate pressures, he pointed to International Energy Agency (IEA) recommendations, including behavioural changes such as remote working, carpooling and speed management. However, he stressed that the government should move away from blanket fuel subsidies and instead provide targeted support to vulnerable groups.

The transport sector remains central to the challenge, consuming around 80 per cent of Pakistan's petroleum products. Unlike other sectors that may contract during economic stress, transport demand has remained largely inelastic.

"Even during periods of economic stress, consumption patterns remain largely unchanged," said Danish Khaliq, vice president of sales and strategy at BYD. "This reflects a structural dependence on fossil fuels that has yet to align with the country's evolving energy mix."

Khaliq pointed to the rapid growth in rooftop solar adoption as a model for the mobility sector, arguing that New Energy Vehicles (NEVs) could help decouple transport from global oil price shocks by shifting demand



towards domestically generated renewable electricity.

“Moving transportation towards electricity powered by local renewable resources can protect Pakistan from global price shocks while improving energy security,” he said, adding that the transition requires consistent policy frameworks and investment incentives rather than short-term conservation measures introduced during crises.

At the provincial level, the Punjab government has already taken steps to promote electric mobility. An official from the Punjab Transport Department said initiatives to encourage electric vehicle (EV) adoption were launched prior to the current crisis. These measures form part of a broader push towards austerity and decarbonisation. Punjab is offering interest-free loans for e-taxis and has made it mandatory for new petrol stations to install EV charging units. The provincial government has also halted the purchase of new fuel-powered fleet vehicles and is deploying electric buses for public transport. In addition, partnerships with international firms are being pursued to establish

EV assembly plants in special economic zones (SEZs).

Dr Najeeb emphasised the importance of expanding such efforts, particularly in public transport. “Electric-powered transport is the way forward,” he said, advocating mass transit systems in major cities and citing China’s experience in scaling up electric vehicle adoption as a useful model.

Experts say managing fuel prices may offer only temporary relief, while long-term resilience will depend on a structural shift towards renewable energy and the electrification of transport. ■

## China Accelerates Race for Five-Minute EV Charging Technology



### EU Report

China’s leading electric vehicle (EV) manufacturers are rapidly advancing ultra-fast charging technologies capable of delivering hundreds of miles of driving range in just minutes, positioning the country at the forefront of global EV innovation.

One of the biggest consumer concerns around EV adoption has been long charging times compared to conventional petrol or diesel refueling. To address this, automakers have heavily invested in next-generation charging solutions over the past decade, with “ultra-fast charging” now emerging as a promising breakthrough.

The race intensified in 2022 when XPeng introduced its S4 ultra-fast supercharging system, enabling its G9 SUV to gain approximately 210 kilometers of range in just five minutes.

In March 2026, BYD made a major leap by unveiling its new “flash chargers,” capable of delivering up to 1.5 megawatts of power—nearly four times higher than the 350 kW systems commonly available in the United States. Tests indicate that BYD’s batteries can charge from 10% to 70% in just five minutes, and up to 97% within nine minutes, offering a driving range of nearly 600 miles in the time it takes to refuel a conventional vehicle. According to BYD CEO Wang Chuanfu, charging up to 97% is optimal, while the remaining energy can be recovered through regenerative braking.

A key factor behind BYD’s success is its vertically integrated manufacturing model, covering vehicle production, battery cells, and charging systems. The company has adopted lithium manganese iron phosphate (LMFP) batteries instead of traditional lithium iron phosphate (LFP), increasing energy density by around 5% while maintaining stability under high-power loads. To support ultra-fast charging, battery components—including electrodes, electrolytes, and separators—have been redesigned to withstand extreme power levels. This cutting-edge technology is expected to debut in April in Paris with the launch of BYD’s new Denza Z9GT model. The company also plans to install over 16,000 charging stations across China and nearly 2,000 in Europe by the end of the year. Each station will feature additional battery storage to reduce grid pressure during peak demand. However, despite promising laboratory results, real-world performance remains to be fully evaluated. Other Chinese players are also making significant strides. Zeekr has introduced an ultra-fast charger with liquid cooling, capable of delivering up to 1.2 megawatts per charging gun, although compatibility with different vehicle models is still being assessed. ■

# Hormuz closure could triple Pakistan's oil bill, push inflation to 15pc-17pc

## Abida Naurin

The writer is an Assistant Professor at the Pakistan Institute of Development Economics (PIDE)

**T**he mounting tension between the United States, Israel and Iran has cast serious doubts over the security of the Strait of Hormuz - a narrow yet important shipping route that serves as a passage of almost 20 percent of the world seaborne oil trade.

In the case of Pakistan, which is largely reliant on energy imported, any form of disruption can have grave effects.

Brent crude is already up to approximately USD 92 per barrel, representing a geopolitical war premium and not market fundamentals. Three months of disruption of tanker movement through Hormuz may result in prices rising to USD 120-150 per barrel in case the tension intensifies. Pakistan relies mainly on imported oil; more than 80-85 percent of which originates in the Gulf region (mainly in Saudi Arabia, the UAE and Kuwait) and the entire import flows through the Hormuz. Such a geographic concentration renders Pakistan very

vulnerable.

About 30 percent of the total imports of Pakistan are petroleum products. Empirical estimates indicate that an increment in global oil prices by USD 10 per barrel raises the annual oil import payments of Pakistan by USD 1.8-2 billion. A three-month Hormuz closure could triple Pakistan's monthly import bill to USD 3.5-4.5 billion and drive inflation from around 7 percent to 15-17 percent. Other shipping insurance and freight expenses may increase the trade deficit by an additional USD 120-160 million a year, straining foreign exchange reserves. (PIDE Policy Viewpoint: "World Oil Price Volatility, Middle East Geopolitics, and Pakistan's Inflation Dynamics" March 2026)

The historical events highlight the speed of oil shock transmission domestically. The surge of CPI in 2008, 2011 and 2022 was 14 percent-25 percent mainly through transport, energy and food prices. Domestic fuel prices have already increased by PKR 55 per liter, intensifying inflationary pressures. With Brent crude potentially going up to USD 100-110+, CPI could approach 15-18 percent.

Energy buffers in Pakistan are limited. The strategic petroleum reserves only cover 10-14 days of



consumption which leaves very little room to absorb shocks. In comparison, India has greater reserves and FX buffers of up to 65-70 days and Bangladesh benefits from more stable earnings. In Sri Lanka, the recent crisis demonstrates the risk of having weak external buffers with high levels of oil dependence.

Pakistan is looking to other options. Recent discussions with Saudi Arabia to ship oil through the Red Sea port of Yanbu may reduce Hormuz dependence, although longer routes increase freight and insurance expenses by 150-200 percent, extend the delivery time, and raise the logistical congestion.

Pakistan must adopt several measures in the short-run to protect its economy from potential energy shock. PSO needs to monitor the arrival of tankers, and stocks of more than 14 days must be maintained, with the activation of the Yanbu route on Saudi/UAE cargoes. In case the stocks drop to less than 10 days, the fuel rationing with odd-even vehicles regulations and 50-60 percent work-from-home regulations could be implemented. Temporary spot buying like India did with Russia, would save USD 1-1.5 billion and limit CPI effect to 8-10 percent.

Structural measures are required in the medium term. The strategic petroleum reserves would be

expanded to 60 days (approximately 20 million barrels) through Saudi plant worth 2 billion dollars. By hedging 20 percent of imports at USD 90/bbl using SGX/Dubai exchanges, PSO would save USD 800 million annually and reduce half of CPI pass-through. Temporary export bans on essential items may help save domestically available goods in times of panic.

Short-term policies may avoid immediate shock of supply, whereas medium-term policies create resilience, decrease volatility of oil markets dependence, and minimize pass-through of inflation. Pakistan is still a new entrant in stabilizing the economy with the help of IMF. Any abrupt oil shock can derail the recovery, increase the current account deficit, speed up inflation, and create even greater fiscal burdens so that policymakers have few means of offering specific subsidies.

The emerging Middle East volatility underscores the fact that energy security cannot be isolated as far as economic stability is concerned. Strengthening resilience against global oil volatility is no longer a long-term goal but an immediate policy priority. Timely coordinated policy measures can mitigate the impact, stabilize the economy, and transform vulnerability into an opportunity to enhance energy security. ■

# Hydro war crime

In May 2024, a BBC report carried satellite photos of bombed water tanks of Khan Younis where more than half of the 603 water facilities were affected

## Naseer Memon

The writer is senior adviser on Water Governance at the Sustainable Development Policy Institute

**W**ATER is as precious a commodity as oil for countries of the Middle East. In the absence of freshwater resources, the region relies heavily on expensive, desalinated water. During the current war in the Gulf, the protagonists have not only aimed projectiles at oil depots, they have also decimated two water purification plants. If more water plants are targeted, the fallout could be worse than the consequences of blasting oil stocks. Iran has claimed that the US attacked a freshwater desalination plant on Qeshm Island, disconnecting water supply to 30 villages. Bahrain has accused Iran of a drone attack, which has damaged a

water desalination plant. Iran has warned it will target water desalination units if its power plants are attacked. An alarmed EU has called for a moratorium on strikes against energy and water facilities during the war.

From Kuwait to the UAE, the Persian Gulf is dotted with over 400 desalination plants. Used by the inhabitants of sprawling, arid deserts, desalinated groundwater and seawater make up 90 per cent of the region's main water resources. The level of the region's reliance on desalinated water is evident from the fact that 42pc of the UAE's drinking water comes from desalination plants that daily produce an amount of over seven million cubic metres. Other Gulf countries also rely heavily on desalinated water — Kuwait, 92pc; Oman, 86pc; Qatar, 90pc; and Saudi Arabia, 70pc. The Gulf countries, with their growing economies and increasing population, are funneling more resources into water purification. Saudi Arabia plans to invest \$80 billion in desalination in the ongoing decade.



Saudi Arabia and Qatar have installed mega plants with desalination yielding over 200,000 cubic metres of water per day. In Qatar, the Umm al-Houl plant has a capacity of 894,000 cubic metres per day. The Jebel Ali plant in the UAE has a capacity of 2m cubic metres per day. These countries will have to continuously invest in these plants to meet the ever-increasing industrial, agricultural and domestic demand.

The UAE estimates an increase of 30pc in water requirement by 2030. The country has a deficit water budget as it receives less than 100 millimetres of annual rainfall and its groundwater recharge is less than 4pc of its annual consumption. It leaves the country with no choice but to desalinate seawater. The Gulf countries — where luxurious lifestyles result in reckless water consumption — spend huge sums of money to produce and subsidise expensive water purification processes. The daily per capita water consumption in the region is astonishingly extravagant, with 560 litres dwarfing the global average of 180. Saudi Arabia is the third largest per capita water consumer in the world after the US and Canada.

What exacerbates matters is that the Persian Gulf water is 25pc saltier than normal seawater. It makes desalination more expensive. Home to more than 70pc of the world's desalination plants, the region also releases exceptional amounts of brine, a concentrated liquid waste produced during desalination. About 70m cubic metres of brine are thus discharged into the Gulf, where evaporation rates are very high due to scorching temperatures.

Any aggression can endanger water in the ME. The Gulf countries are also engaged in regional

water trade. In 2018, Abu Dhabi imported around 47bn imperial gallons of desalinated water from Fujairah. At one stage, Qatar and Kuwait contemplated importing substantial amounts of water from Iran but the plan was abandoned after measuring the political sensitivity and vulnerability attached to such a move.

The high level of dependence on desalination plants adds another dimension to the regional conflict. Any aggression or even misdirected projectile can jeopardise this critical water infrastructure, resulting in catastrophic consequences. With the code of conduct during war being flagrantly violated — as seen in the targeting of schools and hospitals — water desalination plants too could fall prey to unscrupulous designs.

In 1991, when retreating from Kuwait, the Iraqi military destroyed desalination plants and dumped millions of gallons of oil into Gulf waters. Iraq was also accused of opening oil valves at the Kuwaiti Sea Island Terminal, creating a vast oil slick which extended to the Saudi coastline, imperilling desalination processes. In 1997, a barge grounded near Sharjah caused massive diesel spillage near a desalination plant, depriving Sharjah of water for a day.

In May 2024, a BBC report carried satellite photos of bombed water tanks of Khan Younis where more than half of the 603 water facilities were affected. The BBC also reported destruction of/damage to six wastewater treatment plants. Destroying drinking water sources is no less than a war crime. ■

## Another Gas Discovery in Sindh Brings Happies

Oil and Gas Development Company Limited (OGDCL), as Operator (95%), along with Government Holdings (Private) Limited (GHPL) (5%



carried interest), has discovered gas from Sahito-1 exploratory well in Khewari Exploration License, located in District Khairpur, Sindh Province.

Based on wireline logs interpretation results, the sands of Lower Goru Formation (Massive sand) were tested through DST and yielded 17.2 million standard cubic feet of gas per day (MMSCFD) through choke size 32/64" at wellhead flowing pressure (WHFP) of 3390 pounds per square inch (psi).

Sahito-1 was spudded on December 24, 2025, as an exploratory well. The well was drilled down to a total depth of 3870m TVD in the Sembar Formation as an exploratory effort by using OGDCL's in-house expertise. The discovery represents a major milestone, and this development is anticipated to play a vital role in reducing the national energy demand-supply gap through indigenous resources, while also contributing to the enhancement of hydrocarbon reserves of OGDCL, Joint venture partner and the country.

The above information is submitted in compliance with Section 96 of the Securities Act, 2015, and Clause 5.6.1(a) of PSX Regulations, for dissemination among your members.



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# Iran war will have a profound impact on global energy markets

**Nikolay Kozhanov**

**T**he US-Israeli war on Iran will have a profound impact on the global energy markets. It has already sent the price of the benchmark Brent crude oil soaring to nearly \$120 per barrel, close to its highest point of \$147 recorded in July 2008. In 2022, after Russia's invasion of Ukraine, Brent crude also spiked, reaching \$139 per barrel in March, before stabilising at roughly pre-war rates the following year. The price of natural gas also registered a peak in 2022, and so it has this month, as a result of the attacks on Iran and the closure of the Strait of Hormuz.

Some may point to the energy shock of the Russia-Ukraine war and argue that the Iran war will follow the same pattern: a temporary shock and eventual market normalisation. But that is unlikely to be the case. Yes, oil and gas prices will eventually stabilise, but that would come at a much higher economic cost for the region and the world.

A chokepoint and no alternatives: The 2022 energy shock was primarily driven by the sanctions and price caps that European countries and the United States imposed on Russia. This pushed large volumes of oil into alternative trade routes and cut off most of the Russian pipeline gas supply to Europe. This resulted in the rerouting of oil and gas flows and the coordinated release of oil reserves to mitigate price spikes.

The war and the sanctions, however, did not change Russia's position in the global market: it remained one of the largest oil and gas producers. It continued to sell its hydrocarbons internationally, including to European countries, albeit through intermediaries.

By contrast, the 2026 US-Iran war has resulted in a physical chokepoint, taking offline part of the supply of oil and gas due to the closure of the Strait of Hormuz. Tanker traffic disruptions have forced Gulf producers to curtail output as they have run out of storage capacity.

In addition, Iranian strikes on gas and oil infrastructure have resulted in some damage and the shutdown of many facilities as a precaution. These infrastructure attacks

have amplified uncertainty, increasing risk premiums, and removing some production capacity from the market.

The International Energy Agency (IEA) assesses that the current episode is the largest supply disruption in the history of the global oil market, with flows through Hormuz collapsing from 20 million barrels per day to a trickle and Gulf production cuts of at least 10 million barrels per day.

In 2022, the release of 180 million barrels of oil helped manage the energy price shock as it somewhat alleviated fears of shortages. However, this month's decision by the IEA to release 400 million barrels of oil is unlikely to have the same effect because it is not addressing the root problem: the physical outage.

Furthermore, the effectiveness of the reserve release is constrained by logistics. Strategic petroleum reserves are predominantly located in the US, Europe, Japan, and

South Korea, where they are stored in inland facilities. Moving this oil to the areas most affected by shortages, namely Asian import markets and, to a lesser extent, Europe, requires time, shipping capacity, and secure maritime routes. In the current context, with the constrained tanker availability, simply releasing oil from storage does not guarantee its timely delivery to end users.

Rerouting will also not help. Alternative pipeline routes that bypass the Strait of Hormuz in Saudi Arabia and Iraq provide only 3.5–5.5 million barrels per day of spare capacity.

The natural gas market faces a similar crisis. On a yearly basis, 112 billion cubic metres (bcm) of liquefied natural gas (LNG) or 20 percent of global LNG trade, normally passes through the Strait of Hormuz. This has now been cut off. ■

*Courtesy: Aljazeera.com*

# Successful test confirms gas flow of 26.5 million cubic feet per day

## EU Report

Oil and Gas Development Company Limited (OGDC), along with its joint venture partners in the TAL Block, has successfully appraised the existing discovered gas and condensate (in traces) from Lumshiwai Formation in the Bilitang-1- ST-1 Exploratory well, located in Kohat district of Khyber Pakhtunkhwa.

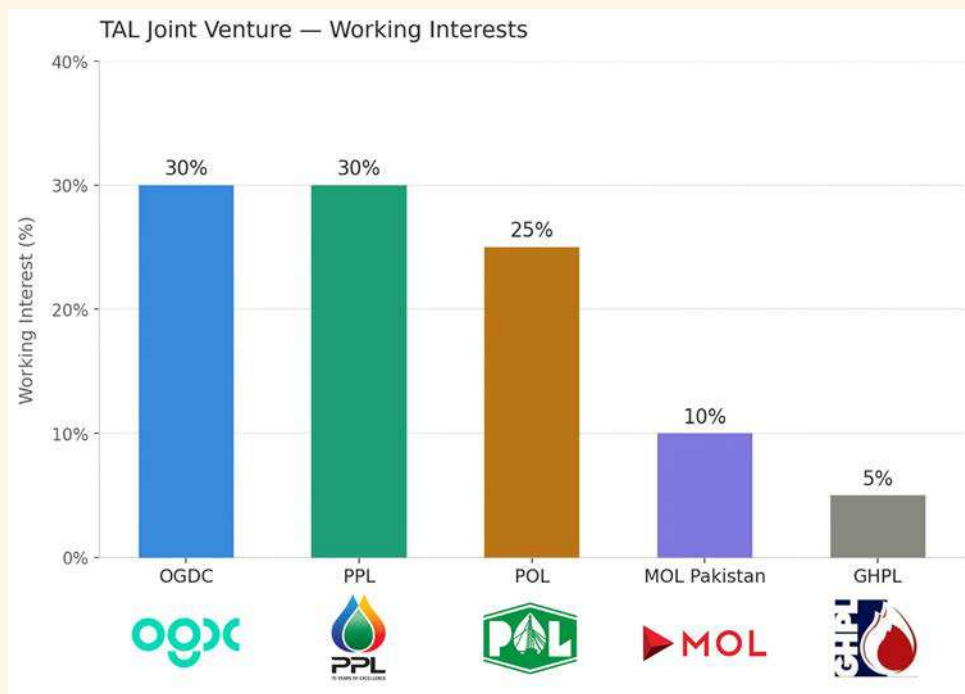
The TAL Joint Venture comprises OGDC with a 30% working interest, MOL Pakistan Oil & Gas Co. B.V. as the Operator with 10%, Pakistan Petroleum Limited (PPL) with 30%, Pakistan Oilfields Limited (POL) with 25%, and Government Holdings Private Limited (GHPL) with 5%.

The well was spudded on August 10, 2025, subsequently sidetracked to target better reservoir quality, and successfully drilled to a total depth of 4,004 meters True Vertical Depth (TVD). Based on the interpretation of LWD and wireline log data, the Lumshiwai Forma-

tion was successfully tested at a rate of around 26.5 million standard cubic feet per day (MMscfd) of gas at a 32/64" choke, with a wellhead flowing pressure (WHFP) of 4,214 pounds per square inch (psi).

This appraisal of the existing discovery has de-risked further ex-

ploration prospects in the TAL Block, leading to new upside opportunities. The discovery is also expected to contribute to strengthening Pakistan's energy security through indigenous resources, while adding to the hydrocarbon reserves base of the joint venture partners and the country. ■



# More reliance on renewables, domestic coal can meet future energy demand

**Dr Manzoor Ahmed**

The writer is currently serving as a trade arbitrator at WTO, Geneva

**T**here is understandable concern that ongoing tensions in the Middle East and the sharp rise in oil prices could once again transmit quickly into Pakistan's economy, fuelling inflation, eroding foreign exchange reserves, and creating broader macroeconomic stress.

Pakistan has faced similar shocks before, notably in 2008 and 2022, when Brent crude prices surged above \$120 per barrel, each time exposing the country's structural dependence on imported energy. While uncertainty remains high and much will depend on the duration of the current crisis, there is cautious optimism that changes in Pakistan's energy mix over the past decade may help cushion the impact, especially for electricity.

The main reason is the rapid expansion of solar energy, which now accounts for an estimated 20-25% of total electricity consumption when both grid-supplied and off-grid generation are included. According to independent energy analyst Alex Harrison of the Secure Energy Project, Pakistan's solar boom is acting as an

effective hedge against potential disruptions around the Strait of Hormuz. Increased solar adoption is estimated to have reduced oil and gas imports by about 40% between 2022 and 2024, generating savings of over \$12 billion by early 2026, with a further \$6.3 billion expected by year-end.

Another source of resilience is the sharp decline in imported fuel oil used for electricity generation, from nearly 35% a decade ago to less than 1% today. Much of this gap has been filled by regasified liquefied natural gas (RLNG), which now accounts for roughly 21% of generation. Although dependence on imported fuels remains significant, it has fallen by nearly 40%. As a result, the impact of rising oil prices is likely to be more contained than in previous episodes.

Hydropower has also expanded, with generation increasing from about 32,600 gigawatt hours (GWh) to nearly 40,000 GWh over the past decade. This progress could have been greater had projects such as Diamer-Bhasha and Dasu not faced delays and had the Neelum Jhelum project not encountered technical setbacks. The potential for further expansion remains considerable.

Another important development is the rise of domestic coal, particularly from Thar. Its share in grid electricity has grown from negligible levels to over 11%. Production capacity is currently being expanded in a





Pakistan's transport sector drives 80% of petroleum demand, costing \$19 billion annually in imports. With a new auto policy underway, a decisive shift to electric vehicles (EVs) is essential, not only to cut this import bill but also to curb urban air pollution. By adopting a hands-off approach through removing tariffs/non-tariff barriers and aligning petroleum prices with global markets, the government can let market forces drive the EV transition, just as it did with solar adoption.

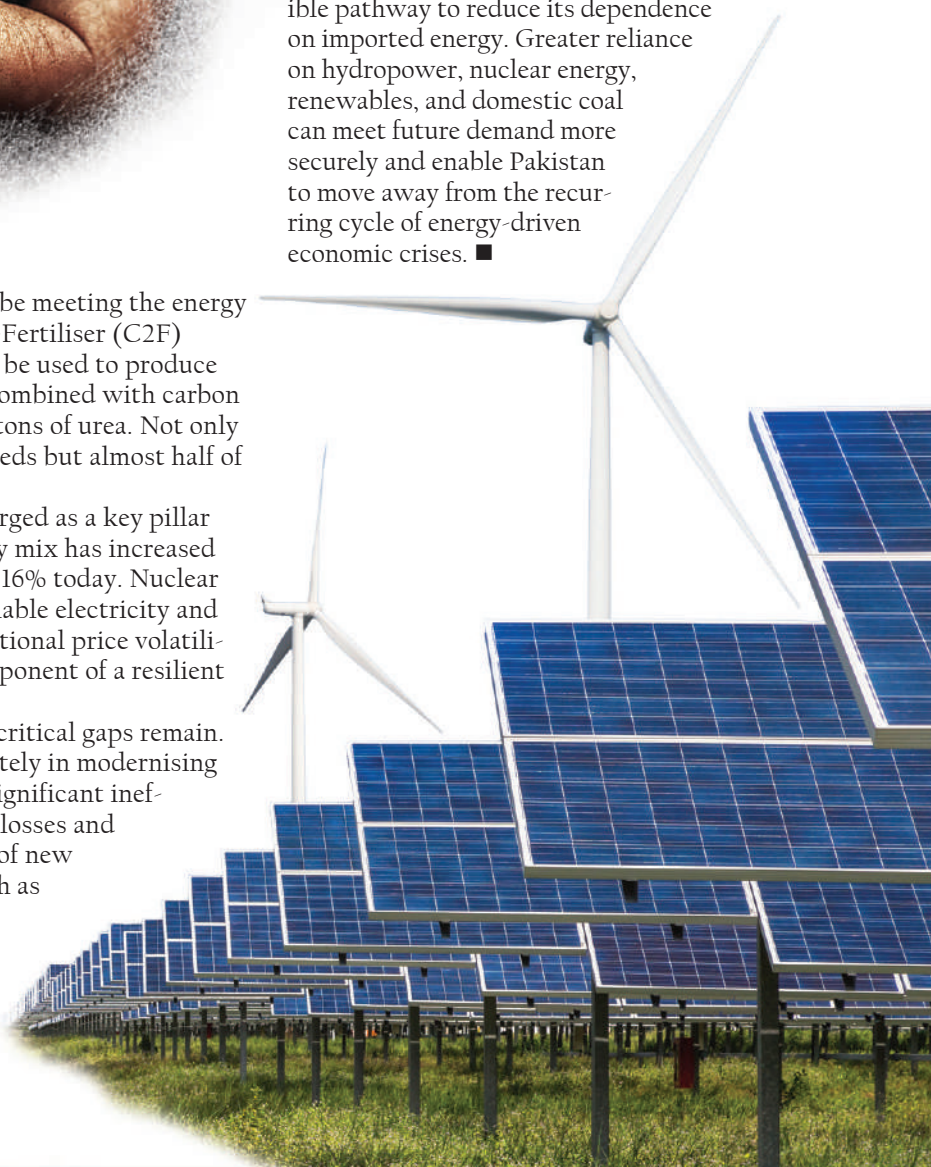
Energy conservation is another area where progress has been limited. Simple interventions can yield substantial gains. For example, retrofitting existing buildings with energy-efficient technologies or replacing inefficient electric appliances such as fans with energy-efficient models, a proposal under consideration for several years, could reduce electricity consumption by over 50%. At scale, such measures represent one of the fastest and most cost-effective ways to reduce demand and ease pressure on the energy system.

With consistent policies and targeted investments, Pakistan now has a credible pathway to reduce its dependence on imported energy. Greater reliance on hydropower, nuclear energy, renewables, and domestic coal can meet future demand more securely and enable Pakistan to move away from the recurring cycle of energy-driven economic crises. ■

planned manner. Not only will it be meeting the energy needs but also under the Coal-to-Fertiliser (C2F) initiative, Thar coal is planned to be used to produce ammonia, which would then be combined with carbon dioxide to produce over 700,000 tons of urea. Not only would it meet all the domestic needs but almost half of it is planned to be exported.

Nuclear energy has also emerged as a key pillar of stability. Its share in the energy mix has increased from less than 5% in 2015 to over 16% today. Nuclear plants provide consistent and reliable electricity and are largely insulated from international price volatility, making them an essential component of a resilient energy system.

Despite these gains, several critical gaps remain. Pakistan has not invested adequately in modernising its transmission infrastructure. Significant inefficiencies persist, leading to high losses and limiting the effective integration of new energy sources. Technologies such as high-voltage direct current systems offer a viable solution by enabling long-distance transmission with lower losses and costs, while improving integration of renewable and remote energy sources.



# Pakistan's energy challenge

Amid endless commentary and analysis fixated on battles over which Pakistan has little or no control, one strategic imperative towers above the rest: energy security

**Yousuf Nazar**

The writer is former head of Citigroup's emerging markets investments and author of 'The Gathering Storm'

**D**iversified and affordable sources of energy, both local and imported, represent a core national interest and an existential challenge for Pakistan. It cannot be a secondary national security concern. This must become a central pillar whenever we debate foreign policy or national defence. The path forward is clear: unleash targeted fiscal incentives for solar power now, net-metering adjustments notwithstanding. The payoff will be billions in reduced fuel imports, genuine energy independence, and a stronger hand in global affairs.

Pakistan's energy imports – primarily petroleum products, LNG and related fuels – run at approximately \$16–18 billion annually. With total liquid foreign-exchange reserves standing at \$21.70 billion as of March 13, 2026 (SBP-held: \$16.35 billion; commercial banks: \$5.35 billion), this single line item equals roughly three-quarters of our entire FX cushion. A \$10 jump in Brent crude alone adds \$1.8–2.0 billion to the annual burden. With Middle East tensions pushing prices toward \$100+, our monthly oil-import bill could surge to \$600 million. We are one geopolitical shock away from a reserves crisis.

In response to this escalating oil crisis, the government has acted swiftly, announcing emergency austerity measures. These include a four-day workweek for government employees, two-week school closures or shifts to online learning, widespread directives for work-from-home arrangements, a 50 per cent cut in fuel allowances for official vehicles (with 60 per cent of the government fleet temporarily grounded, exempting ambulances and public buses), cabinet members forgoing salaries and allowances for two months, a 25 per cent pay cut for lawmakers, a 20 per cent reduction in non-salary departmental expenditures, and an outright ban on the purchase of vehicles, air-conditioners, furniture and other non-essential items until June 2026. Public appeals urge citizens to embrace further conservation in daily life.

These steps are prudent and necessary to conserve fuel and ease immediate pressure on the exchequer. Yet they highlight the deeper structural vulnerability:

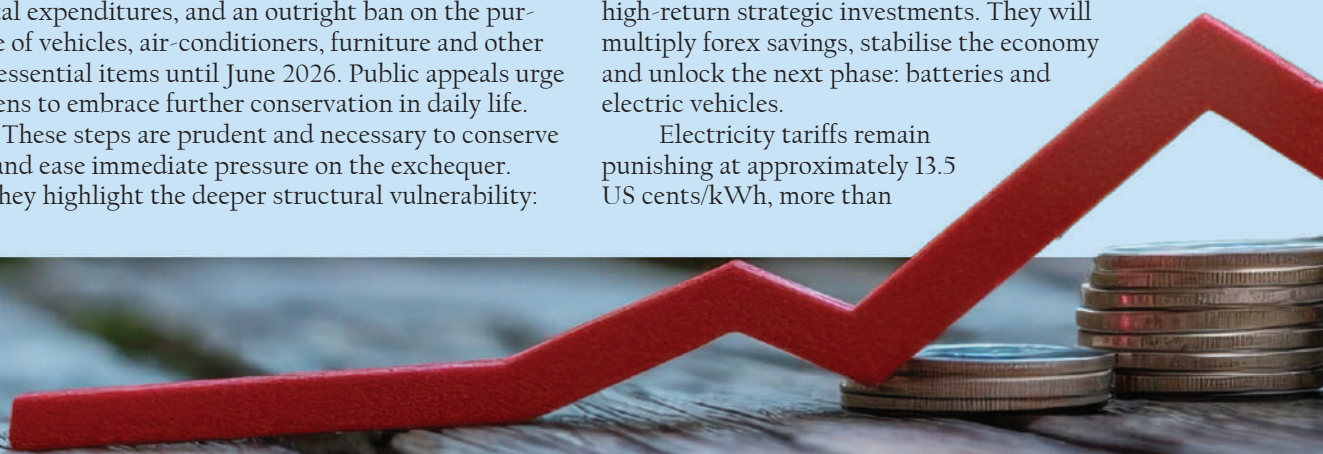
short-term belt-tightening can mitigate symptoms, but it cannot eliminate our chronic dependence on imported energy.

Diplomacy must also deliver tangible benefits. Pakistan should actively seek a permanent waiver from US sanctions to import oil and gas from Iran. This would convert existing unofficial daily flows of 31,000 to 38,000 barrels of petroleum products, mostly diesel, through well-established smuggling routes into fully legal, scaled-up official channels that could reach 100,000 barrels per day within a year, including new crude supply deals. The upside in the gas sector is even more transformative: Iran holds some of the world's largest reserves and the pipeline infrastructure on the Iranian side stands ready for rapid extension into Pakistan. Such a move would diversify supply sources, reduce exposure to volatile global markets and turn high-level diplomacy into concrete economic relief.

A remarkable, citizen-driven solar revolution has already delivered a cumulative shield of \$12 billion since 2020 and is on track to save another \$6.3 billion in FY2026 alone. By early 2026, the country has imported 45–51.5 GW of panels, with 32–34 GW installed. Solar now supplies up to 25 per cent of daytime grid electricity in major cities, cutting oil-and-gas imports by nearly 40 per cent between 2022 and 2024. Lifetime savings from current capacity could exceed \$100–180 billion.

Recent policy shifts – a 10 per cent GST on panels in the FY2025–26 budget (down from an initial 18 per cent proposal) and the February 2026 transition from net metering to net billing (with buyback rates now at the National Average Energy Purchase Price of around Rs10–11/kWh against retail tariffs of Rs37–55/kWh) – have introduced uncertainty and slowed momentum. These steps, taken amid broader revenue-mobilisation efforts, address legitimate concerns over utility revenues and daytime grid oversupply. But they must not become a pretext to throttle the boom. Full duty-free imports of solar panels and accelerated depreciation allowances for limited companies are not giveaways; they are high-return strategic investments. They will multiply forex savings, stabilise the economy and unlock the next phase: batteries and electric vehicles.

Electricity tariffs remain punishing at approximately 13.5 US cents/kWh, more than



double those in India or the US, driving record off-grid adoption. Without bolder action, the fuel-import bill could climb towards \$18–20 billion this year. Restoring duty-free status would slash upfront system costs by 10–18 per cent (or more for complete installations), compressing already attractive 2–4 year paybacks to under two years for households, SMEs and farmers. Accelerated depreciation would let companies rapidly write off solar assets against taxable income, turbocharging corporate and industrial uptake, which accounts for 26–30 per cent of national demand. These sectors are already pivoting to captive solar to hedge against tariffs and outages.

Pre-tax exemptions fueled the 17 GW surge in imports in 2024. Reversing recent duties would reignite that momentum, generate thousands of jobs, reduce 17–20 per cent transmission losses and ease the Rs2.5–2.8 trillion annual capacity-payment burden on idle thermal plants. Net billing is a reasonable grid adjustment, but taxing solar to protect utility revenues risks accelerating deeper off-grid migration and larger macroeconomic losses. With electricity demand growing 3–4 per cent annually towards 126–128 TWh this year, suppressing adoption would only deepen our vulnerability to volatile imports. Fiscal tools worked spectacularly before; they will work again, delivering structural forex savings that dwarf any short-term revenue dip – even as the government pursues wider austerity.

Solar's daytime strength becomes a liability at night, unless paired with storage. Battery imports reached 1.25 GWh in 2024 and are projected to hit 8.75 GWh by 2030. The New Energy Vehicle Policy 2025–2030 targets 30 per cent EV sales by 2030 (scaling to 90 per cent by 2040 and 100 per cent by 2060), potentially cutting petroleum use by 15–20 per cent and saving up to \$2 billion annually by 2030. Local production, such as the BYD plant in Karachi, set to start mid-2026, offers a ready platform – yet both batteries and EVs need policy oxygen to scale.

To accelerate battery adoption, policymakers

should zero-rate GST and customs duties on lithium-ion and sodium-ion systems, treating them identically to solar panels. They should extend accelerated depreciation and introduce investment tax credits of 30–40 per cent in the first year for residential, commercial, and industrial battery energy storage systems. Hybrid solar-plus-storage solutions should also be mandated for new industrial incentives and agricultural tubewells, building on the solar-tubewell boom that has already trimmed agricultural demand.

For EVs and charging infrastructure, the government should layer capital subsidies or low-interest loans on top of the existing 45 per cent discount on electricity tariffs for certified charging stations, with priority for solar-integrated setups. Every new or renovated petrol station operated by PSO and private players must install at least four to six fast chargers powered by on-site solar-plus-storage, with a national target of 3,000–6,000 stations by 2030 achieved through public-private partnerships and CPEC funding.

Sales tax and registration fees for EVs – especially the two- and three-wheelers that dominate our roads – should be waived, while operational rebates tied to verified renewable charging are introduced. National charging protocols must be standardised, real-time availability apps integrated and highway corridors prioritised with stations spaced every 105 kilometres. Local manufacturing through technology transfer and mandatory battery recycling will keep costs down and create green jobs.

These measures reinforce one another: solar-generated, battery-stored power cuts EV operating costs by 30–40 per cent versus petrol, displacing millions of tonnes of oil equivalent while decarbonising transport – the largest petroleum consumer, accounting for 80 per cent of total use.

Energy security cannot be an afterthought in our foreign or defence conversations. Delay – and we mortgage our future to foreign oil suppliers while reserves bleed. Act decisively – duty-free panels, accelerated depreciation, battery and EV incentives, mandated solar-powered charging and a permanent sanctions waiver for Iranian imports – and we secure diversified, affordable energy for generations. The data are unequivocal. The challenge is existential. Our strategic interests demand nothing less. ■



# War in an age of climate crisis

When missiles strike oil refineries, the damage does not end with the explosion. It travels through the atmosphere, settles on glaciers and eventually reaches dinner tables hundreds of miles away

## Zainab Naeem

The writer is an environmental scientist and leads the ecological sustainability and circular economy programme at the Sustainable Development Policy Institute (SDPI), Islamabad. She is also a member of the Punjab Climate Change Committee

**I**n a warming world, the pollution of war can no longer remain invisible. Yet, the interconnectedness between war and environmental destruction represents a growing blind spot in global foreign policy. Bombed refineries, burning oil tankers and contaminated seas are not mere collateral damage; they are environmental shocks that drive global warming, contaminate the ecosystems and put human life at risk long beyond the battlefield.

These days, people track wildfire maps, glacier retreat and daily air-quality alerts on their phones, while scientists warn that the world remains dangerously far from the pathway required to limit

warming to 1.5 degree Celsius. At the same time, modern warfare continues to target energy infrastructure whose destruction releases huge quantities of pollutants into the atmosphere.

When oil refineries are bombarded or fuel depots explode, the resulting fires transform the sky into a vast chemical reactor where gases and pollutants interact with sunlight and atmospheric moisture. What initially appears to be a localised military strike can therefore evolve into a regional environmental disturbance with consequences that extend even after the ceasefire is achieved. These impacts are then experienced by countries that did not initiate the war or participate but are left to absorb part of its ecological burden.

The Iran-US war illustrates how quickly such ecological disruptions can occur, as reports from Tehran indicated episodes of darkened rainfall after several oil refineries were struck during aerial bombardments, releasing thick clouds of smoke into the atmosphere. Burning petroleum infrastructure releases sulphur dioxide, nitrogen oxides, volatile organic compounds, black carbon and hazardous hydrocarbons such as benzene, each of which follows a different pathway through the environment. Some contribute to acid rainfall, some intensify photochemical smog, some worsen respiratory exposure and some warm the atmosphere directly. Black carbon is especially alarming because it absorbs solar radiation efficiently, heats surrounding air masses and, once deposited on snow or ice, reduces surface reflectivity, thereby accelerating the melting of glaciers.

This is not something new in the Gulf region. During the Gulf War of 1991, almost 600 oil wells were burnt, producing one of the most dramatic wartime pollution events in modern history. The cases of acid rain were recorded throughout the Gulf region. The extent of the environmental harm triggered by this led the United Nations Environment Programme (UNEP) to later observe that there is a need for greater legal protection of the environment in the context of armed conflict. But decades later, the world is yet to have a governance system that can address such destruction with an accountability framework.

Let's look at one of the recent incidents, the Russia-Ukraine war; as per the Ukraine Carbon Calculator analysis, the climate impact of the first two years of the war in Ukraine indicated emissions on a scale roughly comparable to the annual emissions of France, a comparison that should have jolted climate diplomacy into action but did not.

For instance, in Pakistan, a country among the most vulnerable to climate change, the US-Iran war should not merely be a theoretical or geopolitical concern; pollution arising from conflict next door needs to matter. As warned by the Pakistan Meteorological Department, western disturbances move across Iran, Afghanistan and into Pakistan and when major smoke clouds rise high enough, they can be carried eastward with regional wind circulation. For a country whose river systems, agriculture and hydrological future are

tied to these mountains, that is not an incidental side effect; rather, it is an emerging security concern.

But the threat does not end here. The Strait of Hormuz is one of the most strategically sensitive and heavily trafficked energy chokepoints in the world and any attack on oil tankers or related maritime infrastructure raises the risk of spills that can spread through interconnected Gulf and Arabian Sea waters. The chemicals and associated heavy metals can settle into marine sediments, enter coastal ecosystems and begin moving through the food web. So, fish and other marine organisms bioaccumulate toxic substances over time and migratory pathways mean contamination does not necessarily remain confined to the immediate spill zone.

The species moving into the Arabian Sea can carry part of that toxic burden into wider regional fisheries, creating not only ecological degradation but also potential food safety and public health concerns for coastal populations, including consumers far from the original site of conflict.

Here, the economic afterlife of war becomes an issue that cannot be ignored. Destruction of oil infrastructure increases shipping risks, destroys fisheries, harms marine life, strains coastal livelihoods and imposes public health expenditures whose effects take years to manifest, not days. Deposition into the atmosphere also affects soil conditions and hampers agricultural productivity. Also, the air pollution increases the pressure on health systems. Tourism, trade and maritime confidence are undermined by polluted coasts and unpredictable sea routes. These are not short-term disruptions; they are long-term ecological and economic disasters.

Yet the global climate governance remains shockingly ill-equipped to address this emergency. Even the Paris Agreement, celebrated as the cornerstone of global climate diplomacy, remains silent on pollution produced by armed conflict and warfare. The national climate inventories also focus overwhelmingly on peacetime sectors such as power, transport, waste, industry and agriculture, while conflict-related emissions remain undercounted, inconsistently reported or omitted altogether. If the climate regime ignores the pollution burden of modern war, then global accounting itself becomes questionable. Pollution does not recognise national borders, and even as part of reparations, no compensation is offered to countries that bear the impact of war-related ecological disasters.

For Pakistan, these challenges highlight the need to expand its role within regional climate diplomacy. The country has increasingly played a diplomatic role, encouraging restraint and dialogue amid regional tensions between Iran and the US. Therefore, this diplomatic engagement provides an opportunity to broaden the conversation by raising the environmental consequences of warfare within international forums and posing the uncomfortable yet important question to the world: who will account for the environmental damage of war that lasts long after the missiles fall silent? ■

# Time to step up corporate social spending



Karachi requires a strong foundation of corporate citizenship; no nation can remain secure if its elite disengages itself from public life or retreats into private comfort; crushing debts have spread misery in the world's poor and lower

**Jawaid Bokhari**

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**K**arachi requires a strong foundation of corporate citizenship to balance the needs of shareholders with those of the community and the environment in the surrounding area. Practices elsewhere show that this could help attract consumers, promote brands, and enhance company loyalty, creating more successful businesses.

To quote Dave Massaron, General Motors Vice-President of infrastructure and corporate citizenship, "General Motors and Detroit's DNA are interwoven. The two things just go together." He further told CNN that, "The city is on an upward trajectory for the first time in my lifetime."



During the last US financial crisis, Detroit's reliance on the auto industry and on taxes had badly hurt the city, as free-trade agreements, automation, and incentives from southern states sent jobs away.

Economic literature shows that social spending and social protection are essential strategies for promoting inclusive and sustainable development, especially in developing countries like Pakistan, where poverty, inequality, and vulnerability are prevalent. That 762,499 professionals, skilled and unskilled persons left the country for work in 2025, says a Business Recorder editorial, "is perhaps the most telling statistic in a largely grim economic snapshot". None of the sectors where remittances are coming in are labour-absorbing, says a political economist.

No nation can remain secure if its elite disengages itself from public life or retreats into private comfort. Pakistan has approximately 40 million households with a national average monthly household income of Rs82,000, says Dr Farrukh Saleem, whereas the minimum survival threshold is Rs105,000. The average Pakistani household is Rs23,000 short every month, and that's before education, healthcare or savings are even considered.

A talk on the 'Future Expectations of the Elite of Karachi' by Commander Karachi Vice Admiral Mohammad Faisal Abbasi was organised recently by the English Speaking Union of Pakistan. Vice Admiral Abbasi said those with means, education and access must contribute decisively to improve civic life in the city. This includes sustained engagement in education, healthcare, environmental management, urban planning and social welfare.

He said, "I see remarkable human capital, extraordinary entrepreneurial energy and unmasked strategic importance in Karachi. I also see persistent challenges, governance gaps, infrastructure stress and social inequality. No nation can remain secure if its elite disengages itself from public life or retreats into private comfort." A globalised city must be led by its citizens who care deeply about its trajectory and are prepared to invest in its recovery and advancement.

Corporate citizenship is an effective way to nurture social protection. JPMorgan, which had a long-standing relationship with Detroit, has become a model for corporate investment in underserved communities. Its investment in the city, surpassing \$2bn, has helped tens of thousands of Detroiters get apprenticeships or jobs, led to the preservation of thousands of affordable housing units and provided aid to countless small businesses.

Rocket Community Fund, in partnership with the city, helps delinquent homeowners pay off their property tax dues. Since 2020, the programme has prevented over 12,000 homes from being foreclosed upon. In recent years, Pakistan has made significant efforts to improve the coverage and effectiveness of social spending, but the country still faces many challenges in

this area.

Focused on education, health, and social protection, the Benazir Income Support Programme (BISP), analysts say, social spending remains low by regional standards, often falling below 1pc of GDP for social protection, despite IMF-mandated increases. Recent data shows a 7.5pc decline in social protection spending to Rs144.9bn (July–Nov FY26). BISP is the primary safety net, with a target to reach 10.2m families by the end of FY26.

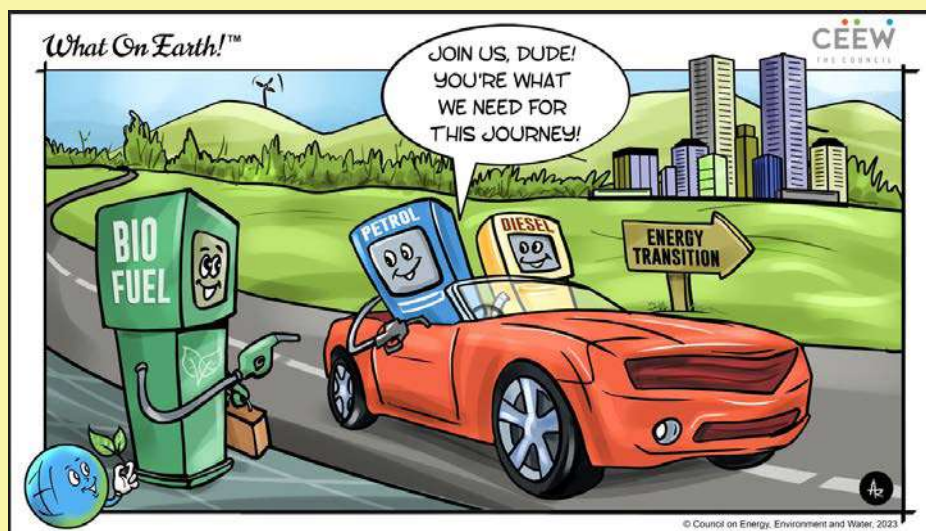
That said, key challenges, according to researchers, include limited coverage, low education spending and reliance on foreign-funded projects. Provincial governments are responsible for most social sector spending, but they often underutilise resources, creating a gap in service delivery. There is limited capacity to measure, plan, and monitor social needs and spending.

Low social spending and economic growth are mainly attributed by development economists to unsustainable debt burden in developed and lower-income countries. However, civic disorder begins when influential individuals believe that rules are optional, says Vice Admiral Abbasi, "Pakistan's progress depends on strong institutions, not personalities."

A report in The New York Times says, "For decades, crushing debts have spread misery in the world's poor and lower-income nations. Now record or near record debt in the richest countries such as the United States, Britain, France, Italy and Japan threatens to hamper growth and sow financial instability around the world.

"At home, it means countries must make interest payments with money that otherwise could have been used for healthcare, roads, public housing, technological advances or education. The hunger for more and more loans has also pushed up borrowing costs, gobbling a bigger share of taxpayers' money. It can also push up rates on business, consumer and car loans as well as mortgages and credit cards, and drive up inflation."

In the United States, The New York Times reported that interest payments have tripled over the past five years, reaching roughly \$1 trillion. They now eat up to 15pc of the US expenses. ■



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# Saving freshwater via re-lining

In the last 10 years, major canals were lined in Sindh, along with several branches and distributaries of the provincial irrigation network

## Mohammad Hussain Khan

The writer is a staff reporter and investigative journalist for Dawn based in Hyderabad

**T**he re-lining of Akram Wah, a left bank perennial canal of Kotri Barrage, turned out to be the final option to address water shortages in farmland falling in the canal's command area, especially in the tail-end reaches, saving freshwater due to seepage losses and above all enabling the call to carry its designed discharge, which it never carried since its construction in the 1950s.

The work is ongoing under the Sindh Water and Agriculture Transformation (SWAT) project of the World Bank and will be executed at a cost of \$320m. SWAT covers both the agriculture and water sectors as separate components as per project design. The procurement process will begin by next month, but lining of the canal will begin after the passage of the upcoming kharif season. Since water demand in the agriculture sector increases during the summer cropping season, lining works could not be undertaken.

The decision to re-line the canal was taken after the submission of the latest report by the Project Implementation Consultants (PICs) — the National Engineering Services Pakistan (NESPAK) and Associated

Consulting Engineers (ACE) in SWAT. The present work relating to the Akram Wah rehabilitation now involves a cost of Rs21 billion, according to the SWAT (water component) project director (PD), Jamal Mangan.

The PICs reviewed a previous feasibility report of Akram Wah's rehabilitation works, prepared under the Water Sector Improvement Project (WSIP). WSIP was executed by the Sindh Irrigation and Drainage Authority (Sida). "After going through the WSIP's feasibility report, the PICs have come up with findings that re-lining of Akram Wah should be kept intact between RD (reduced distance)-0 to RD-193 to save the canal's freshwater being lost through seepage in soil," said Mr Mangan.

Sida was created to ensure a participatory irrigation system, but a dual irrigation system continued to exist in Sindh through Sida and the irrigation department. A new law was being drafted to merge the 1879 Sindh Irrigation Act and the Sindh Water Management Ordinance 2002. The new legal instrument would disband Sida and rename the irrigation department the Sindh Water Resource Management Department after the law's passage in the Sindh Assembly.

The Akram Wah Canal has a designed discharge of 3,714 cusecs, though it can carry 4,100 cusecs in the Kharif season and 1,900 cusecs in the Rabi season. The canal has a to-

tal number of 382 RDs. Of them, around 193 RDs would be lined in the project.

According to General Manager (operations) Sida, Sajjad Soomro, the existing lining of Akram Wah showed clear signs of structural distress, including cracking of concrete slabs, panel displacement, and erosion of the canal bed and side slopes. These problems increase the risk of further deterioration and require frequent maintenance interventions. "Given the age of the canal lining and its present condition, simple repairs are no longer sufficient to address the underlying issues," Mr Mangan noted.

The Akram Wah was the only canal in Pakistan that was lined. The 481-mile-long canal feeds areas in the Tando Mohammad Khan and Badin districts. It also caters to the drinking water needs of Hyderabad city, which have also increased with each passing day due to population growth and industrial consumption.

In the last 10 years, major canals were lined in Sindh, along with several branches and distributaries of the provincial irrigation network. Among the main canals, the reaches of Sukkur Barrage's main Rohri canal were lined, and lately the barrage's Nara canal was lined at its head at Sukkur Barrage.

Since the canal never carried its designed discharge, farmers with agricultural land in the canal's command area always face water shortages, especially in the tail-end reaches. During the shortage period, the canal was supplemented by Sida via the New Phulleli canal, regulated by the Alipur regulator, to meet its water needs. The non-perennial New Phulleli canal was supplied with drinking water during the Rabi season by the Kotri barrage authorities. Unauthorised lifting of irrigation water, in addition to multiple direct outlets (DOs), was also reported at the Akram Wah canal. A DO at any canal is a source of irrigation water that gets water directly from the main canal; otherwise, such canals supply their downstream branches, distributaries, and minors through several regulators installed under the irrigation system.

Project officials, like PD, pointed out that around 270 cusecs of freshwater would be saved along the canal's stretch from RD-0 at the canal's head to RD-193, out of the canal's total RDs. A provision for drainage was also included in the relining of the canal to control water pressure uplift, which wasn't part of the earlier scheme when it was executed in the 50s. ■

# China's new ecological and environmental code

## China's consolidation of its environmental laws into a unified code represents a notable development

**Syed Mohammad Ali**

The writer holds a PhD from the University of Melbourne and is the author of *Development, Poverty and Power in Pakistan*, available from Routledge

Ongoing conflicts in Ukraine, the Middle East and various parts of Africa are placing significant pressure on an already stressed global environment. Yet global climate governance continues to face uncertainty. The United States is increasingly perceived as an inconsistent advocate for climate action, while many countries across both the global north and south struggle to fulfil their national environmental commitments.

Given this broader context, China's recent consolidation of its environmental laws into a unified Ecological and Environmental Code represents a notable development.

Adopted by the Chinese legislature during its annual session in early March, the new code will help integrate the country's numerous environmental regulations into a single legal framework. Harmonising rules on air and water protection, soil conservation, waste management and biodiversity makes sense to help create a more coherent system of ecological governance.

Domestically, the code certainly signals Beijing's intent to embed environmental protection more deeply within its legal and policy structures. Such efforts will advance China's dual carbon objectives to begin incrementally capping carbon dioxide emissions by 2030 to achieve carbon neutral-

ity before 2060.

Such domestic targets carry global implications, as China is both the world's largest emitter of greenhouse gases and a leading manufacturer of clean energy technologies, including solar panels, batteries and electric vehicles. Policies adopted in China thus have immediate effects on global emissions trajectories and energy markets.

However, the Ecological and Environmental Code primarily governs China's domestic environmental framework and does not include explicit provisions regulating Chinese companies' operations abroad or projects under the Belt and Road Initiative. Policy guidelines do exist to guide Chinese firms operating overseas to undertake greener development. These guidelines, however, are not legally binding, and implementation has been uneven, particularly given the variation in environmental standards across host countries within which Chinese forms operate.

For China to gain credibility as a global environmental leader, however, it will need to pay greater heed to ensuring implementation of key environmental practices and safeguards linked to BRI-related projects around the world. Chinese companies operating overseas must uphold environmental standards mandated at home.

Another critical challenge lies in the Chinese management of global supply chains of essential minerals needed for the clean energy transition. Technologies such as electric vehicles, solar panels and batteries depend heavily on materials like cobalt, lithium and rare earth elements, which are sourced from regions with weak environmental oversight. ■

# War Sends Shockwaves Through Pakistan's Fragile Economy

**Dr Abid Qaiyum Suleri**

The widening Middle East war was never going to remain a purely regional security crisis. Even so, few expected it to become so quickly the energy and economic shock it has become. Pakistan is especially exposed to that spillover. The Economist recently placed it among the countries most vulnerable to the resulting energy shock, alongside Jordan, Sri Lanka and Egypt.

Pakistan's ties to the region run well beyond energy, through remittances, labour markets, trade routes, strategic interests and public sentiment.

That is why the first shock in Pakistan was felt not only in markets but in emotions. Protests erupted against the US and Israeli attack on Iran, revealing how quickly a conflict abroad can stir passions at home. Thankfully, restraint prevailed, and the protests did not widen into something more dangerous.

Yet, public sentiment is only the most visible part of the story. The deeper and more enduring pressure is and will continue to be felt through the economy, beginning with energy. Pakistan remains heavily dependent on imported oil and LNG, with 88.9 percent of those supplies coming from the Middle East. That is why The Economist ranks it among the emerging markets most vulnerable to the present energy shock: the country combines high exposure with weak buffers. The Gulf remittances equal 5.57 percent of the GDP. Foreign exchange reserves covered only 2.8 months of imports even when oil was around \$60 a barrel. In such conditions, a rise in crude oil prices does not remain confined to commodity markets. It passes quickly into the current account, the rupee, fuel prices, power tariffs, industrial costs and inflation.

Pakistan has recovered a degree of macroeconomic stability over the past year, but stability supported by such thin cushions remains vulnerable to any prolonged energy shock.

Nor does Pakistan's exposure stop at what it imports. It also extends to the millions of Pakistanis whose work in the Gulf provides vital support to the economy back home. The region is not only the source of Pakistan's energy dependence. It is also a pillar of its external

financing. Saudi Arabia and the UAE together account for around 44 percent of remittance inflows. These transfers do far more than support household spending. They ease exchange-rate pressure, support domestic demand and help steady the external account.

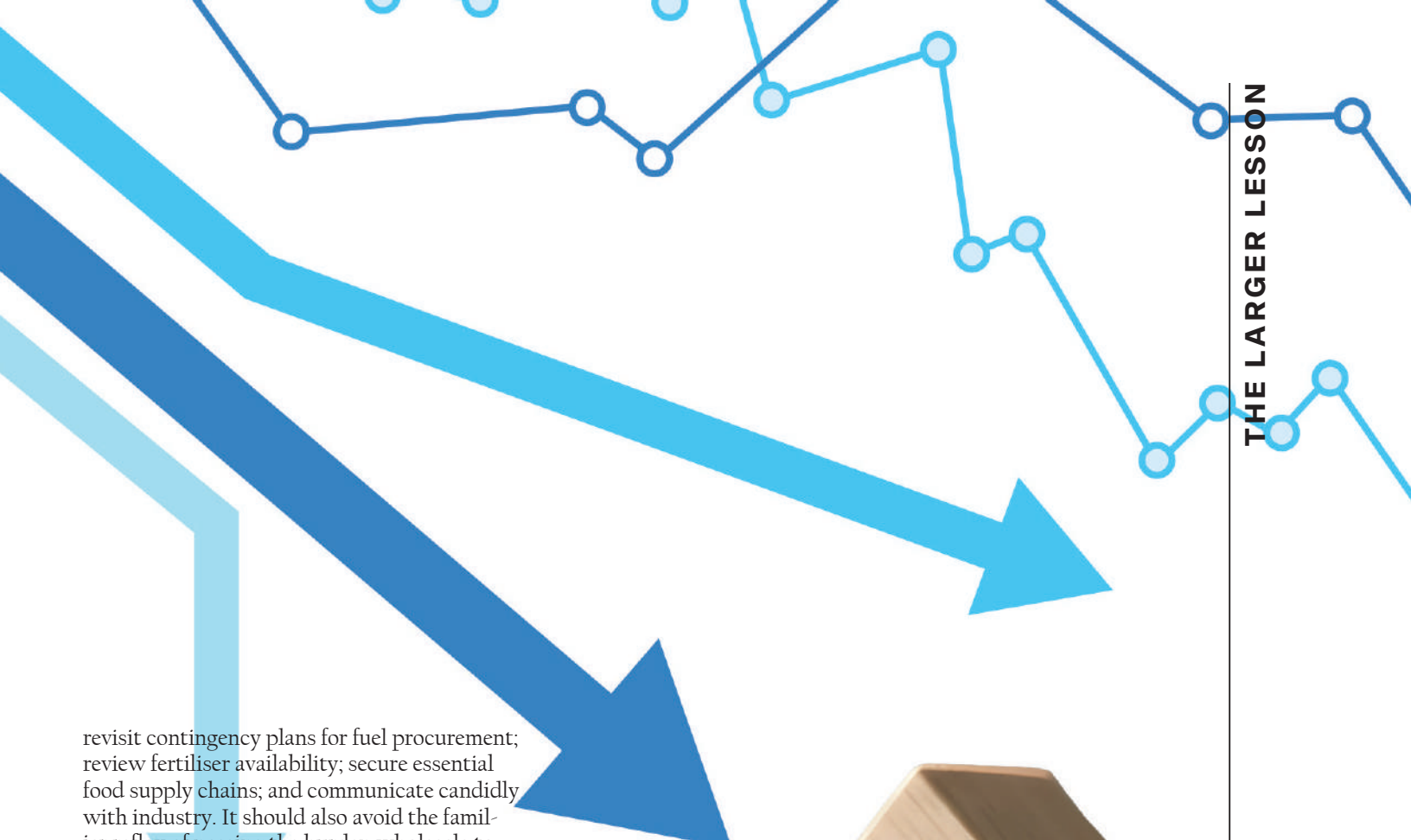
The war has already disrupted aviation, energy, tourism and multinational businesses in the region. As a result, it will weaken construction, logistics, retail and service sectors in the Gulf, slowing hiring and dampening workers' confidence even before layoffs happen. The effects will reach Pakistani households with a slight delay. Remittances may not fall abruptly, but without de-escalation, the pressure is likely to build.

The problem is not only that the world has become more unstable. It is that Pakistan remains too exposed to instability elsewhere. Much, then, depends on how long the war lasts. A short shock can sometimes be managed through inventories, administrative restraint and temporary fiscal adjustment. A prolonged conflict is different. It locks in higher oil and gas prices, keeps freight and insurance costs elevated and raises the likelihood that gas shortages or higher gas costs feed into urea fertiliser prices.

UN agencies have already warned that the war is creating conditions for a fresh food price shock across developing countries, as fertiliser shipments through the Gulf come under strain and urea prices rise. For Pakistan, that warning is immediate. An energy shock that begins with imported fuel does not end there. It soon passes into the cost of wheat, vegetables and transport. It also squeezes small industries, raises export costs and complicates monetary policy at a moment when the economy needs room to grow. The longer the conflict continues, the more likely it is that Pakistan's separate points of exposure begin to reinforce one another.

Oil and LNG markets are likely to remain nervous. Import financing may tighten. Shipping delays and higher freight charges may begin feeding into domestic prices with a lag. The government is so far managing the situation through austerity measures; energy conservation initiatives; and by rolling out the idea of smart lockdowns (although I have my reservations about online schooling. In my opinion, this will adversely impact educational outcomes. School education should be treated as an emergency service).

With all these measures, the government should also



revisit contingency plans for fuel procurement; review fertiliser availability; secure essential food supply chains; and communicate candidly with industry. It should also avoid the familiar reflex of passing the burden wholesale to lower- and middle-income households. They did not create this exposure, and they should not be asked to absorb it unaided.

Pakistan's response must proceed on two fronts. One, diplomatic: Islamabad's efforts to support de-escalation and mediation are widely acknowledged. By being part of the solution, it is attempting to achieve regional restraint and the uninterrupted movement of trade and energy supplies. The other, domestic: this crisis should be used to accelerate the reforms Pakistan has delayed for too long, on economic, energy and social protection fronts.

That, in the end, is the larger lesson. The problem is not only that the world has become more unstable. It is that Pakistan remains too exposed to instability elsewhere. The war has revealed the cost of treating resilience as an afterthought. Resilience is not a slogan. It is a practical economic strategy. For energy security, it means a stronger grid, more diversified energy sources, reduced dependence on imported fuel through adoption of renewable energy (read: solar), better storage, smarter transport and more efficient use of power.

### The larger lesson

These measures will not completely insulate Pakistan. But they will make it less vulnerable to shocks elsewhere and better able to respond with steadiness when the next crisis arrives.

The writer heads the Sustainable Development Policy Institute and is a member of the Asian Development Bank Institute's Advisory Board. His LinkedIn handle is Abidsulteri. ■



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