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Fear of ME situation: Govt keeps petroleum prices unchanged

ISLAMABAD: While keeping in view the Middle Eastern scenario and possible increase in oil prices in international market, Pakistan on Monday did not reduce the prices of petroleum products though the Oil and Gas Regulatory Authority (Ogra) recommended slashing prices up to 2.6 percent.

The Finance Ministry through a news statement announced that the government had decided to keep the POL prices unchanged for October 2019.

The government, while justifying its decision of not passing relief to the masses, said, "The decision to retain the September prices of petroleum products for October has been taken in view of the petroleum prices in the international market showing increasing trend from mid-September 2019 and the expectation that the prices might remain on the higher side in the month of November 2019."

It said that the government had decided to maintain the prices of petroleum products at the current level to offset expected increase in the prices for the month of November 2019. Since July 2019, Pakistan started receiving monthly oil supplies worth \$275 million from Saudi Arabia on deferred payment. Under this arrangement, Pakistan would get this oil facility to the tune of \$9.9 billion over next three years.

It is worth mentioning that on Sunday, the Saudi Arabia's crown prince warned that a military confrontation with Iran would collapse the global economy. He added he would prefer a political and peaceful solution to a military one.

He said that crude prices could spike to "unimaginably high numbers" in case of an armed conflict. The region represents around 30 percent of the world's energy supplies.

In international market, after the Kingdom's assurance that its crude output has not damaged and that it will not strike at Iran, pushed the oil prices down by more than 1 percent on Monday.

The Brent oil price in international market on September 30 was \$59.70 per barrel while on August 30 it was recorded at \$60.14 per barrel and on July 30, it was \$64 per barrel. Earlier, in April and June, it was hovering near \$72/barrel.

It is worth mentioning that Ogra suggested that prices of high speed diesel might be reduced by Rs3.23/litre (or 2.5 percent), petrol by Rs2.55/litre (or 2.3pc) and light diesel oil (LDO) by Rs2.41/litre (2.6pc), however for kerosene, Ogra recommended that its price should be increased by 1.19/litre (or 1.2pc) for October.

But after the government decision of not changing the prices, the price of petrol will remain at Rs113.24 per litre, diesel price Rs127.14 per litre and LDO which is mainly used for industrial purposes, its price will be at Rs91.89/litre. Kerosene price was also not changed and it would be sold at Rs99.57 per litre.