

Economy News

By: ICMA Research and Publications Department

Pakistan Assumes G-24 Chairmanship, Prioritizes Global Financial System Reforms

Pakistan has taken over the G-24 Chairmanship, with Finance Minister Senator Muhammad Aurangzeb outlining priorities to strengthen developing economies' representation in global financial institutions, improve access to affordable development financing, promote sustainable debt solutions and reform the international financial architecture. The agenda also focuses on climate challenges, investment mobilisation and enhancing developing countries' voice in the IMF and World Bank.

Auto Policy 2026–31 Raises Concerns Over Local Industry and Employment

Pakistan's proposed Auto and Auto Parts Policy 2026–31 has sparked concerns among 1,200 auto parts manufacturers over steep tariff reductions, subsidized vehicle imports and weak localization requirements. Although aimed at promoting exports, New Energy Vehicles (NEVs) and affordable automobiles, the proposed measures could undermine domestic manufacturing and investment. The draft reportedly proposes reducing Completely Built Unit (CBU) import duties to 15% by 2031, while easing tariffs on localized and non-localized parts. Industry representatives warn that these measures could threaten 300,000 direct and 1.8 million indirect jobs, discourage technology transfer and increase import dependence. The Pakistan Association of Automotive Parts & Accessories Manufacturers has recommended maintaining higher protective tariffs to safeguard local value addition and industrial competitiveness.

Government Directs Four SOEs to Resume LPG Imports, Plans Subsidies for Low-Income Consumers

The federal government has directed four state-owned enterprises (SOEs), including Pakistan State Oil and Pakistan LNG Limited, to resume liquefied petroleum gas (LPG) imports through government-to-government and business-to-business arrangements to address supply shortages and price manipulation. Petroleum Minister Ali Pervaiz Malik announced plans to provide subsidized LPG at PKR 300–350 per kg to Benazir Income Support Programme (BISP)-eligible households, financed through a proposed claw back mechanism. The initiative aims to increase competition, improve supply and curb excessive pricing, with prevailing market rates reaching PKR 700–800 per kg against the Oil and Gas Regulatory Authority's notified November price of around PKR 295 per kg. Separately, the government projected a PKR 0.56–3.94 per unit increase in the power purchase price for 2027, potentially raising electricity costs for consumers.

Pakistan Launches First Biomass Energy Demonstration Plant in Sindh

Pakistan's first biomass energy demonstration plant has become operational in Pinnah Reserved Forest, Sajawal, Sindh, under the United Nations Development Programme (UNDP)-implemented Promotion and Application of Sustainable Biomass Energy Technologies in Pakistan (PASBET) project. Funded by the Global Environment Facility (GEF), the five-year, US$3.5 million initiative aims to promote sustainable biomass energy, reduce greenhouse gas emissions and ease pressure on forest resources across four provinces. The plant will utilize forest and agricultural residues for pellet production, community nurseries and efficient cook-stoves, creating rural livelihood opportunities while supporting sustainable forest management. It is the first of four demonstration sites planned under the initiative.

Pakistan's Consumer Inflation Eases to 9.6% in October 2026

Pakistan's headline inflation, measured by the Consumer Price Index (CPI), declined to 9.6% year-on-year in October 2026, compared with 10.3% in September, marking a second consecutive monthly slowdown, according to the Pakistan Bureau of Statistics (PBS). The decline was primarily driven by easing perishable food prices, while urban and rural inflation fell to 9.8% and 9.5% respectively. However, prices increased by 1.1% month-on-month, reflecting continued cost pressures, particularly in electricity and transport, which rose by 8.50% and 30.39% respectively, on a monthly basis in urban areas. Average inflation during July–October FY2027 stood at 10.05% compared with 4.79% in the corresponding period last year. Core inflation also eased to 7.8% in urban and 7.1% in rural areas.

OGRA Reduces Petrol and Diesel Prices for November 2026

OGRA has reduced petrol prices by PKR 5.45 per litre to PKR 369.06 and High-Speed Diesel (HSD) by PKR 3.68 to PKR 391.52 per litre, effective November 4, 2026. The reductions reflect declining international benchmark prices and changes in petroleum product crack spreads, premiums and incidental costs. The government has also introduced a 30-day pricing mechanism under which oil refineries will absorb a cumulative PKR 15 billion petroleum levy impact, enabling additional relief at the consumer end. Petroleum and climate support levies, along with dealer and oil marketing company margins, remain unchanged at PKR 80 and PKR 5 per litre, respectively, for both fuels.