



RS 1,243/MMBTU SHOCK: NEW GAS TAX PUSHES EXPORT SECTOR TOWARD CONTRACTION AND THREATENS PAKISTAN'S \$60 BILLION EXPORT DREAM

Islamabad, February 18th, 2026: The Pakistan Textile Council (PTC) strongly opposes the Petroleum Division's decision of imposing a **Rs 1,243 per MMBtu levy on off-grid captive power plants for December 2025** under the Off-Grid (Captive Power Plants) Levy Act, 2025.

This is a policy-induced shock to Pakistan's productive economy. At a time when the country is striving under Uraan Pakistan to raise exports to **USD 60 billion**, the government has chosen to impose one of the highest gas levies in recent history on the very industries that generate foreign exchange, create employment, and sustain industrial growth. Within months, the levy has escalated from Rs 402 per MMBtu to Rs 1,243 per MMBtu — with a built-in increase to 20 percent.

The results are already visible as export-sector gas demand has collapsed, national linepack has breached danger thresholds, 300 MMCFD of domestic gas has been curtailed, LNG cargoes are being diverted and gas utilities are facing throughput shocks.

Chairman PTC, Mr. Fawad Anwar, stated:

“The the levy “over and above” OGRA's notified sale price. destroys tariff finality. If regulator-notified prices can be topped up at will through executive notification, then no energy price in Pakistan is final. Investors cannot hedge it. Industry cannot plan for it. Banks cannot finance against it. This creates sovereign overlay risk in an already fragile economy”.

The law taxes captive power plants “with or without co-generation,” meaning high-efficiency Combined Heat & Power (CHP) systems are punished exactly the same as inefficient setups. Globally, CHP is incentivized for reducing emissions and maximizing fuel utilization. In Pakistan, efficiency is being penalized. This is not energy reform. It is extraction dressed up as reform. The statute openly directs levy proceeds to reduce electricity tariffs for other consumer categories. This means export-oriented gas users are being forced to subsidize unrelated power-sector costs. Cost-causation is being replaced with incidence selection. Productive sectors are being taxed to shield consumptive sectors. No competitive export economy functions this way.

Chairman PTC, Mr. Fawad Anwar, also stated:

“This levy is economically irrational and strategically damaging. You cannot tax your exporters into competitiveness. If Pakistan is serious about a USD 60 billion export target, then policy must support productive sectors — not penalize them. The captive levy is a self-inflicted wound on the economy, and it must be urgently reconsidered.”

PTC's Clear Position

Restore regulator-led pricing without executive overlays, protect high-efficiency cogeneration, remove cross-subsidy from commodity pricing and align energy policy with export competitiveness and macroeconomic stability.