



**PRESS STATEMENT ON PETROLEUM PRICING IN ZAMBIA AND FURTHER  
ADJUSTMENT IN PUMP PRICES BY BOARD CHAIRMAN OF THE ENERGY  
REGULATION BOARD, PASTOR GEOFF MWAPE ON SUNDAY, 7<sup>TH</sup> DECEMBER,  
2014**

**ERB EXECUTIVE DIRECTOR, MS. LANGIWE LUNGU  
LADIES AND GENTLEMEN**

GOOD MORNING AND WELCOME TO THIS MEDIA BRIEFING.

APRIL AND NOVEMBER PRICE ADJUSTMENTS

IN APRIL 2014, ERB EFFECTED A CHANGE TO THE PUMP PRICES BASED ON CARGO PROCURED IN FEBRUARY 2014. THE EXCHANGE RATE THEN HAD REACHED K5.90 PER US\$ DOLLAR.

THIS WAS ABOVE THE 2.5% TRIGGER AND CONSEQUENTLY PRICES WERE ADJUSTED UPWARD AS FOLLOWS:

**National uniform pump prices based on April 2014 price adjustment**

<b>Product</b>	<b>Kwacha/Litre</b>			<b>% change</b>
	<b>Current</b>	<b>New</b>	<b>Absolute variance</b>	
<b>Petrol</b>	9.91	10.63	0.72	7.22
<b>Diesel</b>	9.20	10.01	0.81	8.75
<b>Kerosene</b>	6.83	7.48	0.65	9.54

ON 28<sup>TH</sup> NOVEMBER 2014, THE ERB EFFECTED A PRICE REDUCTION IN PETROLEUM PRODUCTS BASED ON THE CARGO THAT WAS PROCURED IN AUGUST 2014.

THIS PRICE ADJUSTMENT WAS BASED ON FEEDSTOCK THAT WAS PROCURED IN AUGUST 2014 JUST BEFORE INTERNATIONAL OIL PRICES STARTED TO FALL

SIGNIFICANTLY. THIS MEANS THAT BETWEEN THE APRIL AND NOVEMBER ADJUSTMENT, THE EXCHANGE RATE DEPRECIATED BY 8% WHILE THE UNIT PRICE BETWEEN MARCH AND AUGUST MOVED ONLY MARGINALLY DOWNWARDS. NOTABLY, SOON AFTER PROCUREMENT OF THE FEED STOCK IN AUGUST, INTERNATIONAL OIL PRICES FELL SIGNIFICANTLY. HOWEVER, THE BENEFIT OF THE FALL WAS NOT IMMEDIATE AS THE PROCUREMENT HAD ALREADY BEEN DONE. WITH THE HIGH, THOUGH, STABLE EXCHANGE RATE, AND THE SLIGHT FALL IN OIL PRICES, BETWEEN MARCH AND AUGUST 2014, A MARGINAL REDUCTION WAS THEREFORE EFFECTED AS FOLLOWS:

Product	National uniform pump prices k/litre			% change
	Current	New	Absolute variance	
<b>Petrol</b>	10.63	10.38	(0.25)	(2.35)
<b>Diesel</b>	10.01	9.73	(0.28)	(2.80)
<b>Kerosene</b>	7.48	7.21	(0.27)	(3.61)

#### LATEST CARGO PROCUREMENT AND PRICE IMPLICATIONS

THE GOVERNMENT PROCURED FEEDSTOCK IN SEPTEMBER WHEN THE INTERNATIONAL OIL PRICES HAD CONTINUED TO FALL. THIS FEEDSTOCK DOCKED ON 1<sup>ST</sup> DECEMBER 2014. THE EXCHANGE RATE ASSOCIATED WITH THIS CARGO IS K6.40 PER US DOLLAR. THE COST OF THIS LATEST PROCUREMENT HAS FALLEN BY A SIGNIFICANT MARGIN WHICH HAS TRIGGERED A PRICE REVIEW. CONSEQUENTLY, THE FOLLOWING PRICE ADJUSTMENTS HAVE BEEN DETERMINED BY THE ERB:

#### **Proposed National Uniform Pump Prices**

Product	National uniform pump prices k/litre			% Change
	Current	New	Absolute variance	
<b>Petrol</b>	10.38	9.89	(0.49)	(4.72)
<b>Diesel</b>	9.73	9.19	(0.54)	(5.55)
<b>Kerosene</b>	7.21	6.77	(0.44)	(6.10)

The new prices are effective on midnight Monday 8th December 2014.

## **CONCLUSION**

- i. ERB HAS A PIVOTAL AND CRITICAL MANDATE TO ENSURE THAT IT DETERMINES PETROLEUM PRICES THAT GUARANTEE FULL COST RECOVERY FOR GOVERNMENT AS THE PROCURING AGENT; AND ALL PLAYERS ON THE UPSTREAM AND DOWNSTREAM.
- ii. EQUALLY, TAZAMA; INDENI, NDOLA FUEL TERMINAL; OMCS; TRANSPORTERS AND DEALERS MUST OPERATE WITHIN A PUMP PRICE FRAMEWORK THAT ALLOWS THEM TO OPERATE VIABLY WITH REASONABLE RETURN ON CAPITAL EMPLOYED. THIS WILL ENSURE THE DESIRED SECURITY OF SUPPLY OF PETROLEUM PRODUCTS.

GOVERNMENT IS HOPEFUL THAT IF THE FALLING TREND IN INTERNATIONAL OIL PRICES IS ASSISTED WITH A STABLE OR APPRECIATING KWACHA, THEN THE NATION IS SET FOR MORE DOWNWARD PRICE ADJUSTMENTS.

LASTLY, THE NEXT PRICE REVIEW WILL BE DONE AFTER THE LATEST CARGO IS FULLY EXHAUSTED. IT IS OUR HOPE THAT THE NEXT PROCUREMENT WILL BE DONE WHEN INTERNATIONAL PRICES ARE STILL LOW.

AS I END THIS BRIEF, IT IS MY SINCERE HOPE THAT ERB HAS PROVIDED A DISCOURSE ON PETROLEUM PRICING IN ZAMBIA AND PUT THE CURRENT AND FUTURE PRICE ADJUSTMENTS IN THE RIGHT PERSPECTIVE.

GOD BLESS YOU AND THANK YOU