

Press Statement

ERB commences Enforcing Fuel Marking

24th September 2018

Through the ongoing Fuel Marking programme, the Energy Regulation Board (ERB) has established that there has been rampant illegal fuel dumping and/or adulteration in Zambia which when curtailed could translate to about US\$81 million dollars in revenue to Government per annum.

Having sufficiently penetrated the market with the fuel marker since February 2018, the ERB is now embarking on enforcement action as a matter of urgency, particularly in the North to South corridor where the vice is most prevalent.

Results of baseline sampling and testing of the petroleum supply chain have revealed that the fuel marker has penetrated the market throughout the country to allow for enforcement to start. The key results of the sampling and testing were as follows:

- There is a high level of fiscal tax avoidance through dilution of domestic products with unmarked products and Kerosene;
- Fuel dilution/adulteration is prevalent along the North/South transit corridor (Livingstone to Copperbelt); and
- The incremental tax revenues that would result following successful enforcement of a sustained fuel marking programme in Zambia is estimated to be about USD 81 Million per year.

In view of these findings, the ERB shall not only take enforcement action but also conduct continuous impromptu sampling and testing of fuels at all filling stations, bulk fuel storage facilities belonging to the OMCs; in-country fuel tankers; and all other bulk storage and retail facilities for own consumption. That includes the mines and allied industries, construction; transport and logistics, commerce; and the agricultural sector.

Further, all those conducting illegal activities in the petroleum subsector are hereby warned that the ERB working with Zambia Revenue Authority (ZRA), Zambia

Environmental Management Agency (ZEMA), Drug Enforcement Commission (DEC) and the Zambia Police (ZP) will deal firmly with perpetrators. This is necessary to ensure that the quality of fuel in Zambia is guaranteed and that maximum revenue is realised from fuel sales in the country.

The ERB and the afore-mentioned Government Agencies will each effect the relevant enforcement actions in accordance with their respective mandates to root out this scourge.

Following promulgation of the Statutory Instrument: "Energy Regulation (Fuel Marking and Monitoring) Regulations, SI 69 of 2017", ERB commenced marking of fuel in Zambia for domestic consumption on 15th February 2018. Fuel Marking primarily seeks to curb dumping of transit fuel and/or smuggling and adulteration of fuel with cheaper products such as kerosene (paraffin).

In this regard, fuel uplifted for the domestic market from all Government Depots and selected Oil Marketing Company depots is marked with a biochemical substance in small quantities, which acts as a stamp or "finger print" in line with the SI 69.

Under the Fuel Marking SI the ERB enforcement action and penalties to be taken shall include the following:

- Suspension or revocation of the licence if found in possession of or selling, distributing, transporting non-conforming petroleum product; and
- Imposition of fines not exceeding one hundred thousand (100,000) penalty units (K30,000) or imprisonment (once convicted) for a period not exceeding two (02) years or to both.
- The Board shall suspend or revoke the licence of a licensee convicted of an offence

In this regard, stakeholders in the petroleum supply chain are urged to familiarise themselves with the provisions of the Energy Regulation (Fuel Marking and Monitoring) Regulations, SI 69 of 2017.

Should members of the public require clarifications, further information on Fuel Marking they may contact any of the ERB offices in Lusaka, Kitwe, Livingstone or Chinsali or call the ERB Toll Free line 8484.


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