



# **PRESS STATEMENT BY MRS F. MWANGALA ZALOUMIS, CHAIRPERSON, ENERGY REGULATION BOARD, ON THE ADJUSTMENT OF WHOLESALE PRICES OF PETROLEUM PRODUCTS**

**12<sup>TH</sup> JANUARY 2006**

## **1.0 INTRODUCTION**

AS THE PUBLIC IS FULLY AWARE, WHOLESALE PRICES OF PETROLEUM PRODUCTS ARE ANNOUNCED EVERY SECOND WEDNESDAY OF EACH MONTH.

YOU WILL RECALL THAT AT THE LAST ANNOUNCEMENT, MADE ON 14<sup>TH</sup> DECEMBER 2005, PRICES WERE ADJUSTED DOWNWARDS DUE TO REDUCTIONS IN INTERNATIONAL OIL PRICES AND THE APPRECIATION OF THE KWACHA DURING THE MONTH OF NOVEMBER 2005.

THE PRICES WE ARE ANNOUNCING TODAY ARE BASED ON DECEMBER 2005 MOVEMENTS IN BOTH INTERNATIONAL OIL PRICES AND THE EXCHANGE RATE OF THE KWACHA TO THE US DOLLAR.

## **2.0 INTERNATIONAL OIL PRICE TRENDS IN DECEMBER 2005**

DURING THE MONTH OF DECEMBER 2005, INTERNATIONAL OIL PRICES INCREASED TO VARYING DEGREES AS FOLLOWS:

- **PETROL** WENT UP BY 8.19% FROM 56.25 US\$ DOLLARS PER BARREL TO 50.86 US\$ DOLLARS PER BARREL;
- **DIESEL** INCREASED BY 8.23% FROM 58.20 US\$ DOLLARS PER BARREL TO 62.99 US\$ DOLLARS PER BARREL;
- **KEROSENE** INCREASED SUBSTANTIALLY BY 11.14% FROM 60.96 US\$ DOLLARS PER BARREL TO 67.75 US\$ DOLLARS PER BARREL.

### 3.0 EXCHANGE RATE

THERE WAS A MARKED APPRECIATION OF THE KWACHA DURING DECEMBER 2005. THE AVERAGE RATE FOR THE MONTH APPRECIATED BY 14.8% FROM K4,049/US\$ TO K3,449/US\$. THE APPRECIATION OF THE KWACHA HAS THEREFORE, HELPED TO CUSHION THE IMPACT OF THE INCREASE IN INTERNATIONAL OIL PRICES.

### 4.0 IMPACT ON DOMESTIC PRICES

THE COMBINED EFFECT OF CHANGES IN INTERNATIONAL OIL PRICES AND MOVEMENTS IN THE EXCHANGE RATE IS AS FOLLOWS:

- **DIESEL:** THERE WILL BE A **REDUCTION** OF 7.0% IN THE WHOLESALE PRICE OF DIESEL.
- **PETROL:** THERE WILL BE A **REDUCTION** OF 6.0% IN THE WHOLESALE PRICE.
- **KEROSENE:** THERE WILL BE A **REDUCTION** OF 4.0% IN THE WHOLESAL PRICE.
- **JET FUEL:** THE WHOLESALE PRICE OF JET FUEL WILL ALSO **REDUCE** BY 4.0%.

THEREFORE, WITH EFFECT FROM MIDNIGHT OF JANUARY 12, 2006, DOMESTIC WHOLESALE PRICES FOR PETROLEUM PRODUCTS WILL BE AS FOLLOWS:

## JANUARY 2006 WHOLESAL E PRICES

PRODUCT	OLD PRICE IN KWACHA PER LITRE	NEW PRICE IN KWACHA PER LITRE	REDUCTION (KWACHA PER LITRE )
PREMIUM	2,073	1,943	130
DIESEL	2,357	2,193	164
KEROSENE	2,227	2,135	92
JET A-1	2,071	1,982	89

### 4.1 LEADED AND UNLEADED PETROL

WE WOULD LIKE TO INFORM THE PUBLIC THAT IN ARRIVING AT THE WHOLESAL E PRICE OF PETROL INDICATED ABOVE, THE ERB HAS BENCHMARKED THIS PRICE TO THAT OF UNLEADED PETROL. **THIS MEANS THAT THE PRICE OF BOTH UNLEADED PETROL AND LEADED PETROL WILL BE THE SAME FROM NOW ON.** THIS MOVE IS EXPECTED TO ENCOURAGE MORE MOTORISTS TO USE UNLEADED PETROL WHICH IS A SAFER PRODUCT FROM BOTH A HEALTH AND ENVIRONMENTAL PERSPECTIVE.

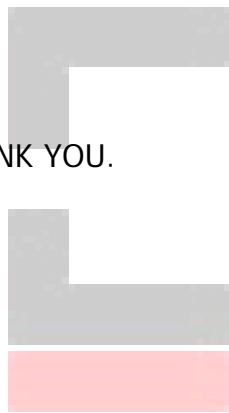
### 4.2 EXPECTED PUMP PRICES

FOLLOWING THE CHANGES IN WHOLESAL E PRICES SHOWN ABOVE, AVERAGE PUMP PRICES IN LUSAKA ARE EXPECTED TO CHANGE AS FOLLOWS:

PRODUCT	OLD PRICE IN ZMK PER LITRE	NEW PRICE IN ZMK PER LITRE	REDUCTION (ZMK PER LITRE)
PREMIUM	4,954	4,619	335
DIESEL	4,658	4,316	342
KEROSENE	3,389	3,205	184

WE WISH TO REITERATE THAT THE PROJECTED RETAIL PRICES ARE MERELY A GUIDE TO CONSUMERS SINCE THE PRICES ARE SUBJECT TO MARKET COMPETITION.

THANK YOU.



ENERGY  
REGULATION  
BOARD