



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

FRIDAY, 12<sup>th</sup> MAY 2006

**1.0 INTRODUCTION**

EACH MONTH THE ENERGY REGULATION BOARD REVIEWS WHOLESALE PRICES OF PETROLEUM PRODUCTS.

THE PRICES WE ARE ANNOUNCING TODAY ARE BASED ON MOVEMENTS IN BOTH INTERNATIONAL OIL PRICES AND THE EXCHANGE RATE OF THE KWACHA TO THE US DOLLAR IN APRIL 2006.

**2.0 INTERNATIONAL OIL PRICE TRENDS IN APRIL 2006**

OVERALL, THERE WAS A MARKED RISE IN INTERNATIONAL OIL PRICES IN THE MONTH OF APRIL 2006. IN THE THIRD WEEK OF APRIL 2006 FOR INSTANCE, PRICES ROSE SHARPLY, SURPASSING RECORDS SET AFTER HURRICANE KATRINA. OIL PRICES HIT NEW ALL-TIME HIGHS OF AROUND **US\$ 74 PER BARREL** AS THE INDUSTRY STRUGGLED TO COPE WITH RISING DEMAND.

FACTORS CAUSING THIS UNRELENTING ESCALATION IN PRICES INCLUDED:

1. USA GASOLINE STOCKS FELL BY 9.8 MILLION BARRELS (APPROXIMATELY 1.3 MILLION TONNES) BY THE SECOND WEEK PUSHING CRUDE PRODUCT PRICES TO A RECORD HIGH OF US\$ 74.22 PER BARREL ON 20<sup>TH</sup> APRIL 2006.

2. PERSISTENT POLITICAL TENSIONS IN IRAN AND NIGERIA CONTINUE TO RAISE UNCERTAINTIES IN THE SUPPLY MARKET FURTHER PUSHING PRICES UPWARD. CHAD HAD ALSO THREATENED TO SHUT OFF ITS 160,000 BARRELS PER DAY CRUDE OIL PRODUCTION BY THE END OF APRIL FOLLOWING A DISPUTE WITH THE WORLD BANK.
  
3. STRONG DEMAND IN COUNTRIES SUCH AS CHINA PUSHED JET FUEL AND KEROSENE PRICES UP BY ALMOST US\$10 PER BARREL IN THE LAST TWO WEEKS OF APRIL 2006.

AS A RESULT OF ALL THE ABOVE, INTERNATIONAL OIL PRICES IN THE MONTH OF APRIL 2006 INCREASED ON AVERAGE, AS FOLLOWS:

- **PETROL INCREASED BY 17.62% FROM 69.32 US DOLLARS PER BARREL TO 81.54 US DOLLARS PER BARREL;**
- **DIESEL INCREASED BY 12.48% FROM 72.67 US DOLLARS PER BARREL TO 81.74 US DOLLARS PER BARREL;**
  
- **KEROSENE INCREASED BY 12.14% FROM 74.85 US DOLLARS PER BARREL TO 83.93 US DOLLARS PER BARREL.**

### **3.0 EXCHANGE RATE**

THE AVERAGE RATE OF THE KWACHA TO THE US DOLLAR REMAINED STABLE AND APPRECIATED BY 2.73 % FROM K3, 316 PER US DOLLAR TO K3, 226 PER US DOLLAR DURING THE MONTH OF APRIL 2006.

#### 4.0 IMPACT ON DOMESTIC PRICES

THE COMBINED EFFECT OF THESE CHANGES IN INTERNATIONAL OIL PRICES AND MOVEMENT IN THE EXCHANGE RATE ON THE WHOLESALE PRICES IS AS FOLLOWS:

- **PETROL:** THE WHOLESALE PRICE OF PETROL HAS **GONE UP** BY **10.77%** FROM **K 2,077 PER LITRE** TO **K 2,301 PER LITRE**.
- **DIESEL:** DIESEL WHOLESALE PRICES HAVE ALSO **RISEN** BY **6.90%** FROM **K2, 188 PER LITRE** TO **K2, 339 PER LITRE**.
- **KEROSENE:** THE WHOLESALE PRICE OF KEROSENE HAS ALSO **INCREASED BY 7.68%** FROM **K2, 231 PER LITRE** TO **K2,402 PER LITRE**.
- **JET FUEL:** THERE IS A **7.95%** INCREASE IN THE WHOLESALE PRICE OF JET FUEL FROM **K2, 069 PER LITRE** TO **K2, 234 PER LITRE**.

**THESE PRICES WILL COME INTO EFFECT FROM MIDNIGHT OF 12<sup>TH</sup> MAY 2006.**

#### 5.0 EXPECTED PUMP PRICES

THE ENERGY REGULATION BOARD DOES NOT SET PUMP PRICES. OIL MARKETING COMPANIES ARE EXPECTED TO COMPETE SINCE THEY HAVE DIFFERENT COST STRUCTURES. HOWEVER, TO ENSURE THAT THE CONSUMER IS NOT OVERPRICED, THE ERB CARRIES OUT REGULAR MONITORING OF PUMP PRICES.

THE INDICATIVE PUMP PRICES FOR LUSAKA FOR THE MONTH OF MAY ARE AS FOLLOWS:

1. PETROL PUMP PRICES WILL INCREASE BY **8.21%** FROM **K5,000 PER LITRE TO K5,410 PER LITRE;**
2. THE PRICE OF DIESEL WILL INCREASE BY **4.97%** FROM **K4,403 PER LITRE TO K4,622 PER LITRE;** AND
3. THE PRICE OF KEROSENE WILL ALSO GO UP BY **4.72%** FROM **K3, 439 PER LITRE TO K3, 601 PER LITRE.**

NOTE THAT THE PERCENTAGE INCREASES AT THE PUMP ARE LOWER THAN THE INCREASES ON THE WORLD MARKETS.



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THANK YOU