



**REF: PPN/12/08**

**PUBLIC NOTICE ON PETROLEUM BUSINESS FOR SELECTED REGIONS IN THE COUNTRY FOR THE MONTH OF SEPTEMBER 2008**

Pursuant to EWURA Order No. 07-010 dated 8<sup>th</sup> October 2007, EWURA continues to publish Import Parity Prices for selected petroleum products. Accompanying the Indicative Import Parity Prices table is a list of pump prices from selected locations around the country as were in the first week of September 2008. Publication of indicative prices is not a new experience in the country. The Bank of Tanzania for example, periodically publishes indicative currency rates, but the actual exchange rates are determined by the market.

It should be noted that because the downstream petroleum sector is liberalised, EWURA does not set prices for petroleum products. EWURA believes that it is in the public interest to monitor and publish current prices in selected locations in its quest to assist the consuming public to make informed decisions regarding prices when purchasing petroleum products. This publication also provides general information on petroleum markets at local, regional as well as world levels.

**Table 1: Indicative Import Parity Prices (September 2008)**

Description	Rate	Petrol	Diesel	Kerosene
Average FOB Price	USD/MT	1,010.05	1,073.70	1,161.80
Average CIF Price to Dar es Salaam	USD/MT	1,059.51	1,123.25	1,189.03
Local Costs	USD/MT	49.08	47.59	50.07
Cost Ex Dar es Salaam Port	USD/MT	1,108.59	1,170.84	1,239.10
Cost Ex Dar es Salaam Port	TZS/Ltr	956.79	1,144.42	1,142.59
Government Taxes & Other Charges	TZS/Ltr	545.10	520.80	59.10
Distribution Margins	TZS/Ltr	83.32	83.00	75.92
Wholesale Prices	TZS/Ltr	1,585.21	1,748.22	1,277.61
Distribution Margin (30 km)	TZS/Ltr	10.00	10.00	10.00
<b>Indicative Prices Regional HQ Centres</b>				
<b>Region</b>				
Arusha	TZS/Ltr	1,690.93	1,853.94	1,383.33
Dar Es Salaam	TZS/Ltr	1,595.21	1,758.22	1,287.61
Dodoma	TZS/Ltr	1,664.30	1,827.31	1,356.70
Iringa	TZS/Ltr	1,680.21	1,843.22	1,372.61
Kagera	TZS/Ltr	1,852.21	2,015.22	1,544.61
Kigoma	TZS/Ltr	1,852.21	2,015.22	1,544.61

Kilimanjaro	TZS/Ltr	1,673.21	1,836.22	1,365.61
Lindi	TZS/Ltr	1,691.28	1,854.29	1,383.68
Mbeya	TZS/Ltr	1,698.21	1,861.22	1,390.61
Mara	TZS/Ltr	1,835.21	1,998.22	1,527.61
Manyara	TZS/Ltr	1,710.93	1,873.94	1,403.33
Morogoro	TZS/Ltr	1,633.21	1,796.22	1,325.61
Mwanza	TZS/Ltr	1,804.21	1,967.22	1,496.61
Mtwara	TZS/Ltr	1,675.21	1,838.22	1,367.61
Pwani	TZS/Ltr	1,625.21	1,788.22	1,317.61
Rukwa	TZS/Ltr	1,737.65	1,900.66	1,430.05
Ruvuma	TZS/Ltr	1,712.69	1,875.70	1,405.09
Singida	TZS/Ltr	1,682.45	1,845.46	1,374.85
Shinyanga	TZS/Ltr	1,726.58	1,889.59	1,418.98
Tabora	TZS/Ltr	1,726.63	1,889.64	1,419.03
Tanga	TZS/Ltr	1,664.30	1,827.31	1,356.70

**Table 2: Random Survey of Pump Prices in Selected Locations  
(TZS/Ltr) Week 1 September 2008**

REGION	PETROL	DIESEL	KEROSENE
<b>DAR-ES-SALAAM</b>			
New Oryx Kimara Service Station	1,690.00	1,960.00	1,430.00
Total Tabata Service Station	1,675.00	1,980.00	1,400.00
Kobil Nelson Mandela Road Service Station	1,750.00	1,980.00	N/A
Oilcom Kurasini Service Station	1,700.00	1,980.00	1,480.00
BP Mwenge Service Station	1,790.00	2,025.00	N/A
<b>ARUSHA</b>			
BP Arusha Central Service Station	1,885.00	2,120.00	N/A
Oryx Clock Tower Arusha Service Station	1,818.00	2,135.00	1,575.00
Engen Makumira Service Station	1,700.00	1,960.00	1,550.00
<b>RUVUMA</b>			
Sheckland Filling Station - Mbinga	2,000.00	2,200.00	1,700.00
Jabir Petroleum (T) Ltd - Tunduru	2,000.00	2,200.00	N/A
Kisumapai Filling Station	1,950.00	2,150.00	1,700.00
<b>KIGOMA</b>			
Fuel Master Filling Station	1,900.00	2,100.00	1,700.00
GBP Kigoma Filling Station	2,000.00	2,200.00	1,700.00
World Oil Kigoma Filling Station	1,850.00	2,000.00	1,630.00
<b>KAGERA</b>			
Biharamulo Service Station	1,900.00	2,200.00	1,600.00

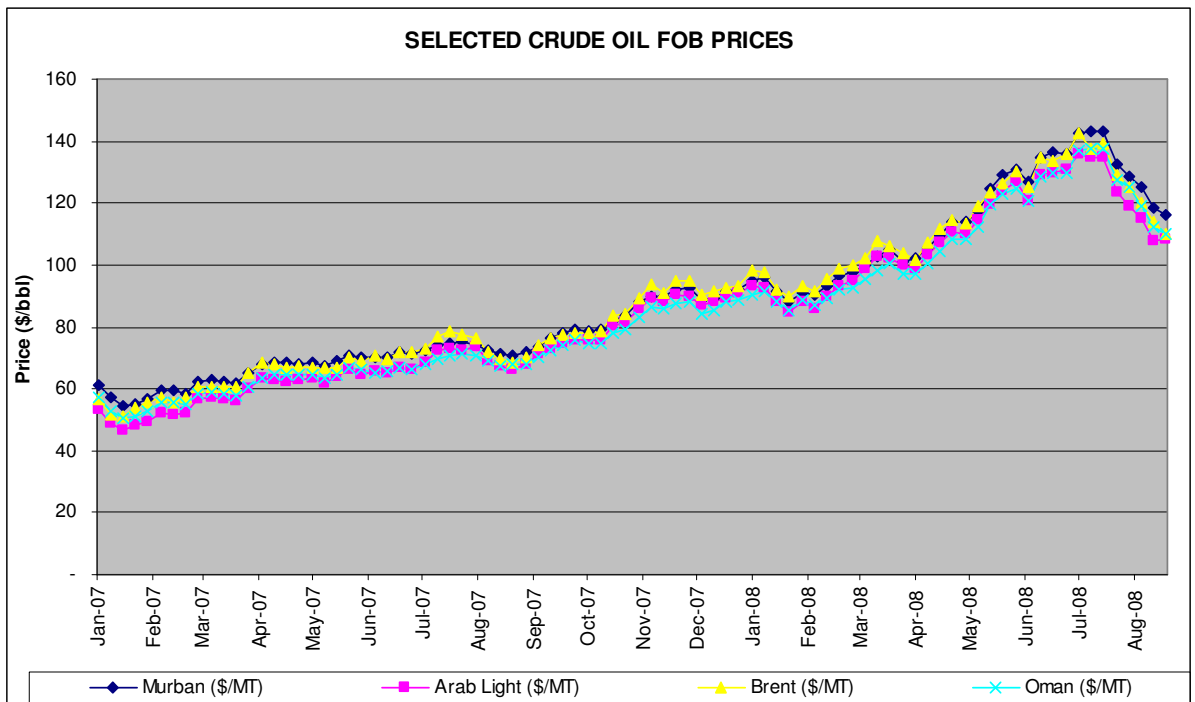
Grand Total Service Station	1,880.00	2,160.00	1,650.00
Uganda Road Petrol Station	1,880.00	2,150.00	1,650.00
<b>IRINGA</b>			
Natoil Mafinga Filling Station	1,820.00	2,070.00	1,600.00
Jambek Filling Station	1,750.00	2,100.00	1,550.00
<b>MWANZA</b>			
Oryx Pamba Road Service Station	1,780.00	2,100.00	1,570.00
Mitesh Kenyatta Service Station	1,770.00	2,060.00	1,570.00
GBP Nyamagana Service Station	1,770.00	2,060.00	1,570.00

## NOTES ON PETROLEUM BUSINESS

### World Market

- 1.0 Since reaching record highs in the first half of July 2008, crude oil prices have fallen sharply by more than \$31/bbl by the second week of August 2008. This is a result of reduced geopolitical tensions in some producing countries among other factors. The strengthening of the US dollar against major currencies has also reduced the incentive to invest into commodities including oil as a hedge against currency movement and inflation. Given these trends, risks to the outlook for world oil market appear to be on the downside.
  
- 2.0 Weekly averages for the four major crudes traded in this part of the world (Brent, Arabian Light, Oman and Murban crude oils) are as shown in the following table and graph.

**Graph 1.0: Crude Oil Prices Trend in the World Market, January 07 to August 2008**



**Table 3.0: Crude Oil Prices in the World Market (June – August 2008)**

	<b>Murban (\$/MT)</b>	<b>Arab Light (\$/MT)</b>	<b>Brent (\$/MT)</b>	<b>Oman (\$/MT)</b>
Jun 06, 2008	126.63	120.79	125.47	120.45
Jun 13, 2008	134.47	129.05	134.87	128.29
Jun 20, 2008	136.36	129.66	133.85	129.93
Jun 27, 2008	136.07	130.90	135.98	129.84
Jul 04, 2008	142.68	136.02	142.45	136.72
Jul 11, 2008	143.33	134.55	137.81	137.45
Jul 18, 2008	143.40	134.50	139.34	137.35
Jul 25, 2008	132.57	123.70	129.16	127.56
Aug 01, 2008	128.62	118.99	125.29	125.46
Aug 08, 2008	125.12	114.95	120.15	118.74
Aug 15, 2008	118.39	107.94	114.01	112.35
Aug 22, 2008	116.09	108.36	110.10	110.22

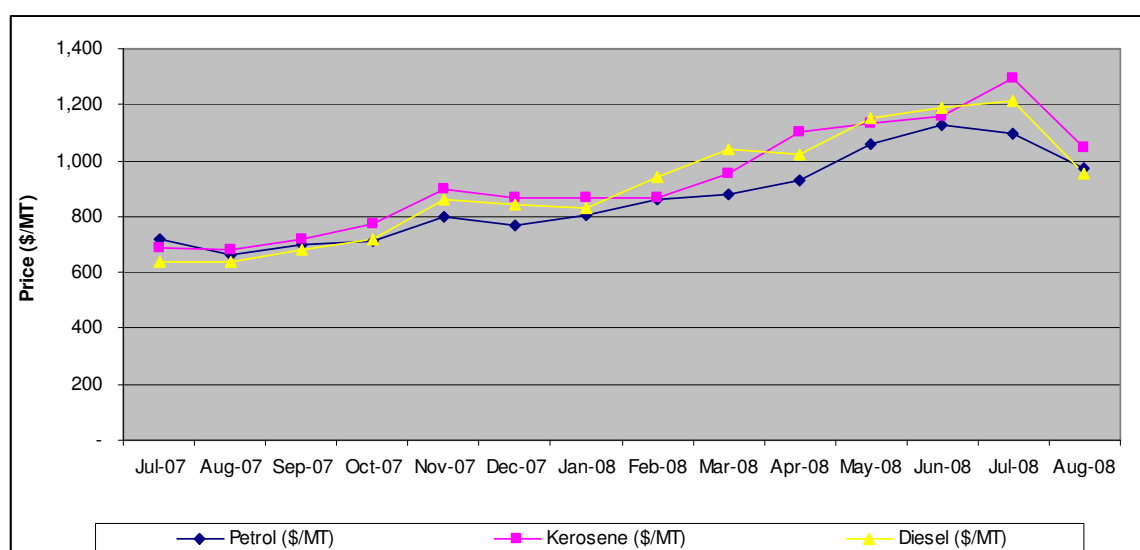
**3.0** The decrease in the crude oil prices, comparing months of July 2008 and August 2008 averaged 13.96%. Percentage decrease for the four reported crude oil types were as follows: Brent 14.43%, Arabian Light 14.85%, Murban 13.13% and Oman crude 13.41%. The actual weekly averages and graphical comparison can be seen in **Table 3.0** and **Graph 1.0**.

**4.0** During the month of August 2008, the average FOB petroleum products prices for the three major products were: super \$971.36/MT, Diesel \$951.72/MT and Kerosene \$1,047.89/MT. Monthly averages for the three major petroleum products are shown in **Table 4.0** and **Graph 2.0**. As it can be seen in Table 4.0, the FOB prices decreased during the month of August. Percentage drop in the prices in July 2008 and August 2008 were as follows: Petrol 11.18%, Diesel 21.72% and Kerosene 18.87%.

**Table 4.0: World Market Refined Petroleum Products FOB Prices (Jun–Aug 08)**

<b>Period</b>	<b>Petrol (\$/MT)</b>	<b>Kerosene (\$/MT)</b>	<b>Diesel (\$/MT)</b>
Jul-07	719.99	685.60	636.12
Aug-07	664.39	680.91	639.36
Sep-07	698.50	715.51	679.00
Oct-07	710.40	774.89	720.54
Nov-07	801.58	900.18	863.22
Dec-07	769.93	867.23	844.30
Jan-08	803.09	868.23	827.89
Feb-08	859.14	868.29	940.36
Mar-08	881.64	955.72	1,041.65
Apr-08	929.63	1,105.00	1,020.11
May-08	1,057.32	1,134.09	1,150.75
Jun-08	1,128.65	1,156.83	1,189.14
Jul-08	1,093.67	1,291.68	1,215.78
Aug-08	971.36	1,047.89	951.72
<b>Average</b>	<b>863.52</b>	<b>932.29</b>	<b>908.57</b>

**Graph 2.0: World Market Refined Petroleum Products Prices Trend**



**Movement of Prices of Petroleum Products in the Local Market**

5.0 Between July 2008 and August 2008, petroleum pump prices decreased in the local market (Dar es Salaam) compared with the world market prices in the same period. This is the first time, in a very long time indeed, that, this economy has seen a reduction in prices of major commodities like petroleum products. However, the decrease level in the World market prices is greater than that of the pump prices in Dar es Salaam. This mismatch could be a result of the procurement and shipment process of petroleum products to Dar es Salaam which takes up to three weeks. Nevertheless, if the trend of having lower prices continues on the World market continues, a further decrease in the local pump prices should be expected.

The FOB component has the following percentage contribution to the pump prices for the three main products: Super 54.65%, Diesel 52.71%, Kerosene 77.88%. It will therefore be expected that, pump prices in the local market will decrease in the same proportions weighed in comparison to the decrease in the FOB prices. The expected percentage decreases are shown in **Table 5.0**.

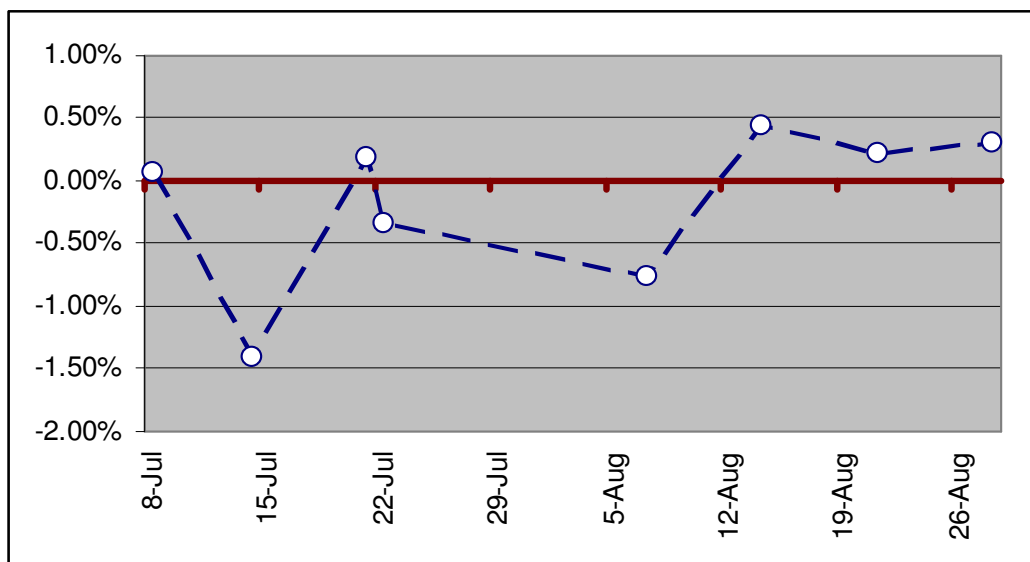
**Table 5.0: Comparison of Prices Change in the World Market vs. Local Market between Months of July and August 2008**

Product	Percentage Decrease (World Market)	Equivalent Expected Percentage Decrease (Local Market)	Percentage Decrease (Local Market) by 1st Week September
Petrol	11.18%	6.11%	0.97%
Kerosene	18.87%	14.70%	0.93%
Diesel	21.72%	11.45%	0.42%
Average	17.26%	10.75%	0.77%

6.0 Local petroleum prices are further impacted by the movement of the strength of the Tanzanian shilling compared to the US dollar. The Tanzanian shilling has strengthened against the US dollar by 1.41% in mid July and slightly depreciated in value in the third week of July (21 July) 2008 as shown in **graph 3.0** below.

On average, the shilling appreciated by 0.37% in the month of July 2008 and depreciated slightly by 0.05% in the month of August 2008.

**Graph 3.0: Percentage change in exchange rates between TZS and USD on selected dates**



### Regional Prices

7.0 The situation in neighbouring countries is similar to that of Tanzania. Pump prices in some neighbouring and SADC countries have decreased in almost the same proportions as those in Tanzania. The following Table indicates pump prices in August 2008 in some neighbouring countries. It may be noted that pump prices in South Africa, Namibia and Mozambique are lower than those in Tanzania, probably because their purchases are made in bulk through term tenders.

**Table 6.0: Petroleum Prices - Tanzania and Neighboring Countries - August 2008**

PRODUCT	KENYA (NRB) (USD/LT)	TANZANIA (DSM) (USD/LT)	UGANDA (KLA) (USD/LT)	NAMIBIA (WDH) (USD/LT)	RSA (JBG) (USD/LT)
Petrol	1.46	1.46	1.66	1.18	1.15
Diesel	1.41	1.66	1.62	1.39	1.26
Kerosene		1.22		1.45	1.03

### General Notes

8.0 Although there is an average of about 17% decrease in petroleum prices in the World market, if the prices during the months of July 2008 and August 2008 are compared, it is evident that the prices are still high and the trend is not yet stable. The cold season will soon start in most countries that are major consumers of petroleum products; this will result in increased need for heating hence increased demand for petroleum products that may push petroleum prices higher.

- 9.0 EWURA recommends that the following measures should be continuously taken by countries like Tanzania that are “price takers” so as to protect their economies and customers. All stakeholders including consumers of petroleum products in the country have a role to play in an effort to cut down the living costs. The measures include:
- 9.1 Resorting to efficient procurement of petroleum products, in the short term by purchasing of petroleum products from petrol stations with minimum prices. This will increase competition in the local market;
  - 9.2 Embarking on a gradual reduction in the use of imported petroleum products through switching to the usage of natural gas to propel motor vehicles;
  - 9.3 Substitution of heavy fuel with gas to generate electricity;
  - 9.4 Using Compressed Natural Gas (CNG) to replace Heavy Fuel Oil (HFO) for industrial use. To date, up to 19 industries in Dar es salaam use natural gas in industrial production;
  - 9.5 Substituting usage of kerosene with Liquefied Petroleum Gas (LPG) at the individual household level;
  - 9.6 Sharing transport whenever there is a possibility to do so; and
  - 9.7 As a long term measure, purchasing vehicles with smaller engine capacities. This measure is being resorted to in some countries in Asia and Europe whereby car makers are coming up with lighter but more efficient vehicles.
  - 9.8 Banks are also encouraged to start car loan/hire purchase schemes that will enable people wishing to purchase cars to buy new ones instead of used ones as is mostly the case at the moment. Such arrangements will enable them to pay for car purchases over long periods hence increasing affordability levels of prospective motorists. New cars generally use less fuel per kilometre and this arrangement is likely to translate into savings in fuel and repair costs. Many countries within the region have well functioning lending schemes of this kind.
- 10.0 EWURA will continue publishing information on petroleum products’ prices. It will also periodically be making public statements about the quality of products sold in various locations and about EWURA’s continuing efforts to sample, test and penalize regulated suppliers who sell products that do not conform to the Government’s legally established standards. This is because it is an offence to handle or sell adulterated petroleum products. As a result of these efforts, motorists are increasingly getting value for money for purchasing products of better quality than was the case before.
- 11.0 EWURA hereby reminds all petrol stations operators to publish on clearly visible bill boards, prices charged for petroleum products. The bill boards should be located in clearly visible places in front of petrol stations and should clearly show prices charged, discounts offered and any trade incentives or promotions on offer.

*Note: Definitions of the various terms used in the notice can be seen in our earlier publications that are available on our website, [www.ewura.go.tz](http://www.ewura.go.tz).*

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Haruna Masebu  
**DIRECTOR GENERAL**  
**EWURA**