

# ENERGY AND WATER UTILITIES REGULATORY AUTHORITY

## PRESS STATEMENT

### INCREASE IN FUEL PUMP PRICES

1. The Energy and Water Utilities Regulatory Authority (EWURA) is concerned that Oil Marketing Companies have hiked fuel pump prices beyond the expected increase following the 2007/08 budget measures. The Oil Marketing Companies have associated the increase to the tax measures announced in the 2007/08 Government Budget and subsequent rise of transportation costs;
2. An analysis carried out jointly by EWURA, Ministry of Finance, Ministry of Energy and Minerals, the Surface and Marine Transport Regulatory Authority (SUMATRA), and Tanzania Revenue Authority (TRA) revealed that:-
  - a) stocks of petroleum products that were recorded by TRA on 30<sup>th</sup> June, 2007 were enough to last for at least 15 days;
  - b) tax assessment on these stocks had already been done by TRA using the old tax rates.
3. It is therefore **WRONG AND INAPPROPRIATE** for Oil Marketing Companies to have raised fuel pump prices on the pretext of new tax measures announced by the Government in Parliament on 14<sup>th</sup> June, 2007. There is evidence that stocks currently trading in the market are those that were assessed for tax purposes before 1<sup>st</sup> July, 2007 using the old tax rates;
4. Oil marketing companies that have exploited the tax changes to hike fuel prices on old stocks are instructed to immediately revise the prices downwards.
5. Total tax increase on fuel, i.e. excise duty and fuel levy was Tshs. 124 per litre for petrol and Tshs. 122 per litre for diesel. With these increases and based on the prevailing pump prices before the Budget announcement, the new pump prices for petrol and diesel on **NEW** stocks are not expected to be above T.Shs. 1,400 per litre for petrol and T.Shs 1,365 for diesel.
6. Oil Marketing Companies are not prevented from adjusting prices to reflect changes in import prices and taxes. However, in this case there was no such justification. It is on this ground that EWURA is bound to issue this directive.
7. EWURA would like to emphasize that oil marketing companies importing petroleum products must ensure that there is competition in the petroleum

sector and that the consumer benefits from the competition in terms of quality and competitive price.

8. EWURA has a duty to protect the interest of consumers and shall continue to monitor and regulate the sector against market practices that contravene the country's laws and regulations.

**ISSUED BY: ENERGY AND WATER UTILITIES REGULATORY  
AUTHORITY**