**Jesuit Centre for Theological Reflection**

**Fuel Pump Price Pump Reduction Insignificant**

The Jesuit Centre for Theological Reflection has dismissed the recent fuel pump price reductions in the country as being insignificant and too marginal. Whereas the price of crude oil on the international market has dropped significantly around 27 Percent during the last half of the year on account of oversupply originating from international stock build-up from the steady increase in’ fuel self – sufficiency of US as the highest international consumer.

It is without dispute that fuel is an essential factor in the cost of doing business in Zambia yet the slump in crude oil prices on the international market is not being translated into real and meaningful reductions on the local market. Government and the Energy regulation Board (ERB) must be taken to task to account for the marginal pump price reduction averaging little under 10 percent. The Energy Regulation Board has reviewed fuel pump prices downwards by K0.49, K0.54 and K0.44 for petrol, diesel and kerosene respectively. Accordingly, the revised prices averaging K9.89 for diesel from K10.38 and Petrol from K9.19 to K9.73; while kerosene prices have slumped to K6.77 from K7.21.

Further, we beseech the government to make public the feedstock procurement contract to bring to light the terms and duration of this contract and the attendant provisions regarding pricing mechanisms. Whereas other countries in the sub region are on their third and fourth reduction Zambia is on its second reduction after the initial November fuel pump price. While we are alive to the economic reality that prices of commodities tend to be sticky in the short-run we are nevertheless convinced that the large margins of the slump in crude oil on the international market must translate into some meaningful relief to local consumers despite the fact that Zambia imports feedstock as opposed to pure crude oil. Therefore, it is our expectation as the Jesuit Centre for Theological Reflection that crude oil price reductions on the international market will translate into real and meaningful reductions in the pump price of fuel which will invariably lead to price reductions in the cost of essential basic commodities. As things stand we are convinced that fuel pricing mechanisms in Zambia are distorted and rife with unnecessary opportunity costs stemming from many fuel taxes. How else do we account for the lack of a pragmatic and meaningful transmission effects of crude oil reductions to consumers and ordinary citizens alike? Further, it is our expectation that the crude oil price reductions will arrest the marginal depreciation of the kwacha and stifle some inflationary pressure.

In conclusion therefore, we appeal for some relief to the cost of doing business in Zambia emanating from cost reductions in productive inputs as they relate to industrial fuels on account of fuel pump reductions with the sincere hope for cost reductions in essential basic needs commodities.

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