



REPUBLIC OF ZAMBIA

MINISTRY OF MINES, ENERGY AND WATER DEVELOPMENT

**STATEMENT TO PARLIAMENT ON THE FUEL SUPPLY
SITUATION IN THE COUNTRY BY THE MINISTER OF
MINES, ENERGY AND WATER DEVELOPMENT
HONOURABLE CHRIS B. YALUMA, M.P., 26TH JUNE 2012**

JUNE 2012

MR. SPEAKER,

RECENTLY, OUR COUNTRY EXPERIENCED DISRUPTIONS IN FUEL SUPPLY. THESE DISRUPTIONS ARE JUST SLOWLY FADING AWAY. WHILE GOVERNMENT ACKNOWLEDGES THE CONTINUOUS INCREASE IN DEMAND FOR FUEL DUE TO THE EVER INCREASING VEHICLE POPULATION AND GROWTH OF THE ECONOMY, IT IS OUR RESOLVE TO ENSURE WE HAVE SUFFICIENT FUEL SUPPLY AT ALL TIMES.

MR. SPEAKER,

THE RECENT FUEL SHORTAGES EXPERIENCED IN THE COUNTRY WERE MAINLY DUE TO THE FOLLOWING REASONS:

- DUE TO LOGISTICAL CHALLENGES ARISING FROM CHANGES IN CRUDE FEEDSTOCK SUPPLIES, THE SHIP THAT WAS EXPECTED TO DOCK IN DAR-ES-SALAAM AROUND THE 1ST OF MAY ONLY ARRIVED ON 15TH MAY. THE 15-DAY DELAY IN ARRIVAL OF THIS SHIPMENT MEANT THAT ALL THE FUEL EXCESS STOCKS THAT HAD BEEN STORED WERE USED TO BRIDGE THIS TRANSITION.

GIVEN THAT CURRENTLY REFINERY PRODUCTION DOES NOT MEET NATIONAL DEMAND AND IS SUPPLEMENTED BY IMPORTS OF FINISHED PRODUCTS, THE EFFECT OF THIS DELAY PERSISTED UP TO THE CURRENT MONTH.

- WHEN THE LONG AWAITED SHIP ARRIVED, THE PIPELINE DEVELOPED SOME LEAKAGES ON SOME PORTIONS IN THE IRINGA AREA OF TANZANIA WHICH NECESSITED SUSPENSION OF PUMPING ON TWO OCCASIONS. THIS, TOGETHER WITH THE DELAYED ARRIVAL OF THE SHIP LED TO THE REFINERY NOT OPERATING FOR ABOUT 20 DAYS, HENCE AGGREVATING THE SITUATION.

MR. SPEAKER,

IN ORDER TO ADDRESS THIS SITUATION, IN THE SHORT TO MEDIUM TERM, GOVERNMENT HAS TAKEN THE FOLLOWING MEASURES:

- IMPORTATION OF 70 MILLION LITRES OF DIESEL AND 31 MILLION LITRES OF PETROL UP TO THE END OF AUGUST 2012;
- FURTHER IMPORTATION OF 60 MILLION LITRES OF DIESEL AND 35 MILLION LITRES OF PETROL TO COVER THE PERIOD OF INDENI REFINERY MAINTANCE SHUTDOWN IN SEPTEMBER.

IN ADDITION TO THE ABOVE MEASURES, EFFORTS ARE BEING MADE TO EXPEDITE THE ENGAGEMENT OF NEW SUPPLIERS FOR BOTH FINISHED PETROLEUM PRODUCTS AND CRUDE FEEDSTOCK. THE SUPPLY CONTRACT FOR FINISHED PRODUCTS WILL BE FOR ONE YEAR WHILE THAT FOR CRUDE FEEDSTOCK WILL BE FOR TWO YEARS.

IN TERMS OF THE CURRENT FEEDSTOCK SUPPLY STATUS IN THE COUNTRY; IN THE STORAGE TANKS, WE HAVE 13 DAYS OF CRUDE FEEDSTOCK WHILE A 90,000 METRIC TONNE SHIP IS CURRENTLY OFFLOADING IN DAR-ES-SALAAM. THIS MEANS THE COUNTRY HAS, AS OF TODAY, 2 MONTHS OF CRUDE FEEDSTOCK. IN ADDITION, FUEL QUANTITIES TO SUPPLEMENT DAILY REFINERY PRODUCTION ARE CONTINUOUSLY BEING IMPORTED. IT IS EXPECTED THAT FUEL STOCK LEVEL WILL START INCREASING IN JULY AS SUPPLY STABILISES THROUGHOUT THE COUNTRY AS BOTH OIL MARKETING COMPANIES AND FUEL CONSUMERS ADJUST TO THE NEW SUPPLY LEVELS.

MR. SPEAKER,

AS THE NATION IS AWARE, FUEL SUPPLY HAS STABILISED IN RECENT TIMES. WE INTEND TO BUILD UP ON THIS STABILITY BY CONTINUING WITH LONG TERM SUPPLY CONTRACTS AND PROACTIVE MEASURES TO FORESTALL ANY POSSIBLE DISRUPTIONS IN FUEL SUPPLY.

IN THE LONG TERM, WE ARE ASSESSING IMMEDIATE REQUIREMENTS FOR THE REFINERY AND PIPELINE WITH A VIEW TO IMPROVING THEIR CURRENT PERFORMANCE. FURTHER ASSESSMENTS INCLUDE POSSIBLE NEW INVESTMENTS BY THE PRIVATE SECTOR OR THROUGH PUBLIC PRIVATE PARTNERSHIPS. WHILE WE HAVE SEEN A LOT OF POSSIBLE INTEREST FROM POTENTIAL NEW ACTORS IN THE PETROLEUM SUB-

SECTOR, GOVERNMENT HAS TO ENSURE THAT SUCH ACTIVITIES WILL INDEED BENEFIT THE COUNTRY IN THE LONG RUN.

MR. SPEAKER,

AS THE NATION IS AWARE, ONE OF THE CRITICAL REQUIREMENTS FOR STABLE FUEL SUPPLY IS AVAILABILITY OF ADEQUATE STORAGE CAPACITY. WITHIN THE FIRST PHASE OF CONSTRUCTING NEW FUEL STORAGE DEPOTS IN THE PROVINCES, THE ONES IN LUSAKA AND MPIKA WILL BE COMMISSIONED THIS YEAR, FOLLOWED IN 2013 BY THOSE IN MONGU AND SOLWEZI; AND LATER ON THOSE IN CHOMA, MANSA, KAPIRI MPOSHI AND CHIPATA.

MR. SPEAKER,

ALLOW ME TO INFORM THE NATION THAT THE DONATION TO MALAWI BY THE ZAMBIAN GOVERNMENT WAS COMPLETED SUCCESSFULLY. THE ZAMBIAN GOVERNMENT SUPPLIED 1.9 MILLION LITERS OF DIESEL AND 961,400 LITRES OF PETROL. THIS CONSIGNMENT WAS INTENDED TO ASSIST THE MALAWIAN GOVERNMENT AT ITS TIME OF NEED DURING THE FUNERAL OF THE FORMER PRESIDENT.

MR. SPEAKER,

AS I CONCLUDE MY STATEMENT, ALLOW ME TO APOLOGISE TO ALL CONSUMERS FOR THE INCONVINENCE CAUSED DURING THE PERIOD WHEN WE TEMPORARILY EXPERIENCED DISRUPTIONS IN FUEL SUPPLY. I WISH TO ASSURE THE NATION THROUGH THIS AUGUST HOUSE THAT GOVERNMENT WILL ENSURE THAT THERE IS STABILITY IN FUEL SUPPLY AT ALL TIMES AS COHERENT CONTINGENCES HAVE BEEN PUT IN PLACE.

I THANK YOU MR. SPEAKER.