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HOW-TO-GUIDE NOTE FOR THE WORLD BANK TECHNICAL ASSISTANCE TO BURUNDI FOR THE ADOPTION OF A SEMI-AUTOMATIC PRICING MECHANISM IN THE PETROLEUM SECTOR

Public Disclosure Authorized

May 19, 2009

Poverty Reduction and Economic Management 3
Country Department AFCE1
Africa Region

REPUBLIC OF BURUNDI

Government Fiscal Year

January 1–December 31

Currency Equivalents

Exchange Rate Effective as of February 15, 2009

Currency Unit	Burundi Franc
US$1.00	1174.40 FBu

Weights and Measures

Metric System

ABBREVIATION AND ACRONYMS

AfDB	African Development Bank
APR	PRSP Annual Progress Report
BINUB	United Nations Integrated Office in Burundi
BRB	Central Bank of Burundi (Banque de La République du Burundi)
CAS	Country Assistance Strategy
CNDD-FDD	National Council for the Defense of Democracy-Forces for the Defense of Democracy
CFAA	Country Financial Accountability Assessment

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TABLE OF CONTENTS

LIST OF ANNEXES

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HOW-TO-GUIDE REPORT FOR THE WORLD BANK TECHNICAL ASSISTANCE TO BURUNDI FOR THE ADOPTION OF A SEMI-AUTOMATIC PRICING MECHANISM IN THE PETROLEUM SECTOR

I. INTRODUCTION

1. In May 2008, the government of Burundi requested Bank assistance to review the situation of the petroleum market, and evaluate the existing pricing mechanism. Following three Bank missions, a draft report was prepared and submitted to the Burundian authorities. Both the Ministry of Commerce and the Ministry of Finance submitted comments on the draft report. The draft and the government's comments were discussed with a Bank economic mission in April 2009. The present note is focused on the petroleum pricing issue and takes into account the comments of the government and the conclusions of the discussions with the Bank mission in April. Following an analysis of the petroleum supply chain, the report presents the main conclusions and recommendations of the Bank's petroleum expert on the current pricing mechanism; summarizes the views of the authorities on recent changes in their management of domestic prices; and describes the new measures the government plans to take to consolidate the existing quasi-automatic price adjustment mechanism and to stabilize the market supply and the specific cost components. The report also discusses briefly how the social impact of price increases is already taken care of in the current pricing mechanism.

II. THE SUPPLY OF PETROLEUM PRODUCTS IN BURUNDI

2. The main problem is the length and complexity of the supply chain, as the distance between land-locked Burundi and the closest sea ports, is more than 1,000 km. The immediate consequences are: (i) the high cost of importing, storing and delivering petroleum products; and (ii) the country's vulnerability to external shocks and to inefficiencies in regional infrastructures, which have a strong impact on major cost components. However, the distance between Burundi and its sources of supply and the time it takes to bring petroleum products from ports in the Mediterranean Sea and the Arabic Gulf to Burundi, means that the government has time (about 45 days) to adjust local prices to changes in international market prices.

3. Recent developments have exacerbated Burundi's structural supply problems. World market prices about doubled between July 2007 and July 2008, when they reached $147/barrel, before falling to $36 by the end of December 2008, their lowest level since 2005. In addition the pricing mechanism used in Burundi did not help stabilize domestic prices. The pricing mechanism is based on a continuous dialogue between the government and private suppliers, first in the context of a *Commission Paritaire* and then through the work of the *Commission Permanente*, which includes representatives of the public and private sectors and the civil society. Experience has shown that it is difficult to reach a consensus on issues concerning the management of the sector and the price of local products. In addition, until recently, most of the cost components, including import duties, local taxes and operational margins, were based on ad valorem estimates, in proportion to other cost components. As a result changes in local market prices amplified the impact of changes in international prices, thus penalizing consumers when international prices increased and penalizing private sector suppliers and reducing government revenue when international prices were falling. These factors led to a major crisis

in November-December 2008 when several importers stopped importing and delivering petroleum products when sharp reductions in local prices affected the profitability of their operation.

III. MAIN CONCLUSIONS AND RECOMMENDATIONS OF THE BANK'S PETROLEUM EXPERT ON THE PRICING MECHANISM

4. The Bank-financed petroleum expert reviewed the performance of the petroleum sector and the pricing mechanism and made a number of recommendations which are described in detail in Annex 1. They can be summarized as follows:

(a) Local prices should be adjusted automatically when international prices increase or decrease by at least 5 percent.

(b) Most of the local cost components should be stabilized at a given level to moderate the impact of changes in international prices on domestic prices.

(c) This measure should be applied to both operational margins and duties and taxes. Converting duties and taxes into *droits spécifiques* would improve forecasts of government revenue and would stabilize petroleum-related revenue when international prices collapse.

5. The report includes recommendations concerning specific cost components (Road Fund, local transport costs, and actual level of operational margins) which are listed in Annex I to the full report. The report also includes comments on other structural issues (competition, storage, quality and security standards) which have not been reviewed in depth during the missions of the Bank expert but could be examined by future missions if the government requests it.

IV. RECENT CHANGES IN THE MANAGEMENT OF DOMESTIC PETROLEUM PRICES

6. During its discussions with the Bank's economic mission in April, representatives of the ministry of Commerce described steps recently taken by the government to improve the management of domestic petroleum prices in case of major changes in international prices.

7. First they emphasized the high priority accorded by the government to the ongoing consultation process between the public sector, the private sector and the civil society in the context of the Commission Permanente created in 2008. Although the members of the Commission do not always agree on critical issues, the meetings of the Commission Permanente enable the government and the private sector to share information and to better understand the views and objectives of the other party.

8. In addition, the sharp variations in international prices in 2008 and the brief suspension of imports and deliveries in November-December led the government and the Commission Permanente to revise the basis for the determination of local petroleum prices.

(i) First the government and the Commission have decided that they will organize monthly reviews of international prices and revise local prices taking into account changes in international prices even if these changes are only minor. From July to November 2008, local prices were revised at least four times. This practice continued in 2009 and the most

recent adjustment in local prices dates back to April 7. Annex II compares the structure of local prices in October 2008 – when international prices had only begun to decline – and in April 2009 – when international prices were extremely low, as stated in more recent government ordinances. It should be noted that to ensure the transparency of the process, the Minister's decision is published and includes not only the new local price, but also the overall price structure and the cost and price of all the main cost components.

(ii) Another important change concerns the calculation of operational margins. Previously these margins were set in proportion to other costs. Now operational margins (for premium) have been stabilized at 71.67 FBu/liter for wholesale and 48.67 FBu/liter for retail sale. The principle of margin stabilization is not included in guidelines or any other official document but the government does not plan to deviate from that principle.

(iii) The government is also ready to consider another important measure, i.e. stabilizing the taxation of petroleum products by converting duties & *taxes de transaction* into *droits spécifiques*. Both the Finance and the Commerce Ministers support the measure. A draft law has been prepared to provide for that type of conversion. When the law has been approved by the Parliament, the Finance Ministry will determine the amount of these duties and taxes. The decision will take into account two considerations: (i) minimum impact on domestic prices; and (ii) duties and taxes should be at a level that will enable the government to reach the petroleum revenue target envisaged during preparation of the 2009 budget.

V. ADDITIONAL MEASURES THE GOVERNMENT ENVISAGES TO CONSOLIDATE THE EXISTING QUASI-AUTOMATIC PRICE ADJUSTMENT MECHANISM AND TO STABILIZE MARGINS AND OTHER COST COMPONENTS

9. Following discussions with the Bank economic mission, the government has decided to consider the following additional measures:

(i) An ordinance of the Minister of Commerce will formally establish and confirm the monthly (quasi-automatic) adjustment mechanism of domestic prices based on changes in international prices.

(ii) The ordinance will also confirm the readiness of the government to stabilize operational margins.

(iii) The draft law converting customs duties and other taxes on petroleum products into *droits spécifiques* will be submitted to the Parliament.

(iv) The performance of the quasi-automatic adjustment system will be reviewed from time to time and the government does not exclude the possibility of adopting a fully automatic adjustment system at a later stage.

(v) The government, however, does not exclude the possibility of introducing changes in the present system if special force majeure considerations make it necessary.

10. The World Bank supports the new price adjustment mechanism and will help the government monitor changes in international prices in order to strengthen its position in the context of future discussions with suppliers and other professions.

VI. THE SOCIAL IMPACT OF PRICE INCREASES

11. In its comments on the petroleum report, the Ministry of Commerce criticized the lack of specific recommendations concerning the protection of vulnerable groups against the negative impact of sharp increases in the price of petroleum products. The World Bank understands the desire of the government to introduce a protection mechanism for the poor, and is ready to discuss that issue in the context of future work on the petroleum sector. However, the following points should also be taken into consideration:

(i) Poor households are not among those who are most affected by increases in the price of petroleum products.

(ii) The government however has already taken significant measures for the benefit of the poor, by reducing taxes and duties on diesel fuel and kerosene: diesel oil prices impact transport costs and kerosene is an important consumer good for poor households. Furthermore, wholesale and distribution margins are also lower for kerosene, which makes it more accessible to the poor.

(iii) Because of high capacity requirements to manage and monitor any specifically targeted, pro-poor pricing system, it would be very difficult to organize an efficient subsidization scheme for poor households within the petroleum sector.

(iv) A report prepared by an IMF mission suggested that the best way to deal with that issue was through the development of broad national poverty reduction programs. Both government strategies and Bank programs have that objective as they emphasize the fight against poverty.

(v) It is therefore recommended that the current system remains operational.

Annex 1: Recommendations of the Bank's Expert

1. The Government has recently take a series of legal and regulatory measures which give it the tools to better monitor the market and implement key measures it identified as urgent in the Report. These include:

- *Projet de loi portant révision du système de taxation des carburants.*
- *Ordonnance Ministérielle No 750/541 du 11 Mai 2009 Portant modalités de fixation mensuelle des Prix à la pompe de produits pétroliers.*

2. Considering that the proposed Development Policy Loan (DPL) clearly states that the related Prior Condition to be met by the Government will ensure that: "Government has put in place a mechanism for quasi-automatic adjustment of local prices to reflect in real time, price changes on international market. This has been confirmed by an Ordinance from Ministry of Commerce. Impact of change in international prices will be mitigated by stabilization of customs duties, taxes and operational margins. The Ministry of Finance has already tabled a draft Law converting duties & taxes de transaction into "*droits spécifiques"*. All these measures correspond to the Prior Actions the Government was expected to meet, before the ROC meeting of May 20, 2009 and can therefore be considered as met.

3. The issues to be closely monitored in the context of future development of financing operations include for petroleum: "Review of experience with quasi-automatic price adjustment mechanism and identification of other issues and measures necessary to improve the investment climate in petroleum sector and promote competition."

4. In the meantime, and in light of increasing petroleum prices on the international market, it is recommended to the Government:

- To start implementing the pricing formula, as presented in the World Bank report, as soon as the FOT price falls below or exceeds, the floor and ceiling benchmarks of +/- 5% variation. Prices will immediately affect all products in storage, within the borders of Burundi, at importer's as well as distributor's level.
- To start with the current level of taxes and custom duties as determined in the Ordinance mentioned above.
- To set importers margins for the year 2009 at their level indicated in the relevant Decree.
- To set distributors margins for the year 2009 at their level indicated in the relevant Decree
- Initiate the first meeting of the "*Commission Indépendante* " in charge of monthly monitoring and review of price changes on the international and on the domestic markets, and widely disseminate its proceedings on local electronic and print media.
- To permanently access by subscription, to the "Platt's Oil Gram Price Services", in order to monitor international Product Price Movements.
- Inform the public, the importers and the distributors that there will be an Annual Review of the performance of the Pricing Formula and an analysis of its parameter's behavior, to decide on any adjustments that future market situations may require, as stipulated in Article 3 of the "*Ordonnance Ministérielle* 750/541 of May 11, 2009 adopted by the Council of Ministers.

5. In order to support the proposed measures, the Government will also implement the following steps and actions, to ensure early buy-in by all stakeholders:

a) Consolidate several cost items into one, such as those pertaining to the cost of unloading and storing petroleum products at the SEP storage center, (storage fees, transfer fees and losses, etc), into

“SEP fees”. This will also apply to the Gitega storage as per the Ministerial Ordinance regulating all storage activities in the country.

b) Set custom duties at their current level in FBu/liter. In exceptional cases where world prices would excessively increase or decrease, these duties will be adjusted accordingly. By setting duties at a fixed level, the Government will be able to better predict and manage its custom’s financial resources, whilst importers will refrain from speculating on future price movements when clearing their imports through customs. This measure will therefore also contribute to mitigating fiscal fraud.

c) Eliminate the « taxe de service » for its lack of use and ensure that:

- The level of Storage depots transfer losses–which applies to all importers-, is reduced from 0.5% to 0.25%, in conformity with current industry norms.
- The « taxe de transaction de 17% » will be kept at this level until it is converted into a VAT, as per EAC current rules and regulations on petroleum products.
- The National Road Fund contribution will increase from 60 FBu à 80 FBu per liter. It will be consolidated into a single « Custom taxes and duties » line-item, along with the contribution to the Strategic Storage fees and Administrative fees, and will be applicable to all operators.
- Government Strategic Stock fees (*Frais de Stock du gouvernement*) seem too low and should be increased and integrated with the new line item: “storage and handling fees”. They should be implemented to all storage centers, existing or future centers or under construction.
- Local transport costs should be increased to reflect real price of fuels and current costs of transporting products in and around, the hinterland.
- Importers margin will be set at 80 FBu/liter.
- Distributors margin will be set at 48 FBu/liter
- Pump prices for all three products (Petrol, MPK and gasoil) will remain at the level set in the November 6, 2008 Ministerial Ordinance, but will include the one-time changes in fees and margins, as suggested above
- Should the average (bi-monthly or quarterly, as the GOB wishes) FOT price changes by + or – 5%, pump prices will be corrected accordingly, to reflect adjustments suggested above.

Price and parameters simulations should be undertaken rapidly, to test the proposed pricing formula and to set the Baseline which will serve as the starting price under the new Pricing Mechanism. Once this is satisfactorily tested and adopted by the Council of Ministers, it should be implemented immediately in 2009. Note that an example of this simulation is provided in Annex 4 below.

Annex 2: Customs Duties and Pump Prices May 2005–November 2008

		GASOLINE		DIESEL OIL		PETROLEUM	
STRUCTURE	DATE	CD	PUMP PRICE	CD	PUMP PRICE	CD	PUMP PRICE
Ministerial Order No. 750/442	May 12,2005	287.48	1100.00	322.90	1150.00	287.69	1100.00
Ministerial Order No. 750/0007	January 4,2006	381.48	1200.00	413.70	1250.00	381.69	1250.00
Ministerial Order No. 750/428	May 12,2005	195.24	1200.00	234.05	1250.00	385.88	1250.00
Ministerial Order No. 750/547	June 1,2006	374.55	1300.00	394.55	1320.00	377.30	1320.00
Ministerial Order No. 750/1142	November 24,2006	394.01	1250.00	394.01	1250.00	413.40	1250.00
Ministerial Order No. 750/358	April 11,2007	400.08	1250.00	400.08	1250.00	351.74	1200.00
Ministerial Order No. 750/420	April 29,2007	401.40	1300.00	401.40	1300.00	316.33	1300.00
Ministerial Order No. 750/599	June 15,2007	335.18	1400.00	365.47	1400.00	285.47	1300.00
Ministerial Order No. 750/708	July 9,2007	335.18	1400.00	365.27	1400.00	286.47	1300.00
Ministerial Order No. 750/10141	December 11,2007	404.80	1600.00	401.31	1600.00	347.23	1580.00
Ministerial Order No. 750/362	April 2,2008	507.50	1860.00	420.00	1820.00	383.90	1730.00
Ministerial Order No. 750/722	July 10,2008	599.70	2030.00	125.97	1950.00	160.13	1920.00
Ministerial Order No. 750/876	August 25,2008	603.39	1990.00	172.30	1770.00	170.34	1740.00
Ministerial Order No. 750/1055	October 10,2008	602.50	1930.00	165.55	1640.00	169.18	1600.00
Ministerial Order No. 750/1165	November 6,2008	606.04	1700.00	297.33	1500.00	191.03	1400.00

Annex 3: Comparison of Petroleum products prices October 10, 2008 – April 07, 2009

	October 10, 2008			April 7, 2009		
Items of the price structure	**Premium Gasoline**	**Gasoil**	**PKK**	**Premium Gasoline**	**Gasoil**	**PKK**
FOT ($/L)	0,80011	0,91111	0,88061	0,485	0,475	0,482
Transport ($/L)	0,160	0,170	0,170	0,160	0,170	0,170
C&F ($/L)	**0,96011**	**1,08111**	**1,05081**	**0,645**	**0,645**	**0,652**
Exchange rate (FBu/$EU)	1.206,2520	1.206,2520	1.206,2520	1.244,433	1.244,433	1.244,433
Cost & Transport (F.Bu)	1.158,13	1.304,09	1.267,54	802,66	802,66	811,37
Insurance	5,79	6,52	6,34	4,01	4,01	4,06
CIF Bujumbura	**1.163,93**	**1.310,61**	**1.273,88**	**806,67**	**806,67**	**815,43**
Unloading SEP	2,00	2,00	2,00	2,00	2,00	2,00
SEP handling fees	8,00	8,00	8,00	8,00	8,00	8,00
Transport losses	3,47	3,91	3,80	2,41	2,41	2,43
Bank charges	22,28	25,09	24,39	15,44	15,44	15,61
Custom duties	238,82	35,67	159,00	161,33	96,80	97,85
Administrative fees				4,03	4,03	4,08
Total Cost	**1.438,50**	**1.385,28**	**1.471,07**	**999,89**	**935,36**	**945,40**
Storage loss allowance	7,10	6,93	7,36	5,00	4,68	4,73
Transaction Tax	270,88	0,30	1,13	164,56	153,59	155,26
National Road Fund	60,00	60,00		80,00	80,00	
Strategic Stock Fund	32,88	39,58	9,05	130,00	208,46	3,22
Government Stock Fund	0,21	0,21	0,21	0,21	0,21	0,21
Wholesale margin	71,67	70,10	66,00	71,67	70,10	66,00
Wholesale Price	**1.881,33**	**1.562,40**	**1.554,81**	**1.451,33**	**1.452,40**	**1.174,81**
Transport cost from Gitega-to Bujumbura		30,00				
Retail margin	48,67	47,60	45,19	48,67	47,60	45,19
Pump Price	**1.930,00**	**1.640,00**	**1.600,00**	**1.500,00**	**1.500,00**	**1.220,00**

The above table includes adjusting domestic prices to reflect in real time, international price movements as well as:

- Reduction of taxes and duties on gasoil and PKK (Domestic kerosene)
- Increased contribution to the Strategic Stocks Funding to compensate for the initial decrease in ad valorem taxes and duties and pave the way for their switch into specific, more stable taxes and
- Importers and distributors margins have been stabilized.

Annex 4: Changes in the petroleum product prices – A simulation exercise

1. By way of example, a simulation of these changes for the three products is attached hereto. In order to "smooth out" the largest variations over a month, this exercise will be repeated when all the Platts quotations for December 2008 are available at the beginning of January, in order to make a suitable recommendation to the Government in early 2009.

Details of the methodology used to analyze the pricing structure

2. This is why 10 meetings have been held since the evaluation mission of July 2008, whether directly at the Bank's offices in Bujumbura or indirectly by videoconference with the Bank specialist and his colleagues in Washington. This "training" should be supplemented by a four-day working visit (financed by the World Bank's PAGE Project) to their counterparts in Tanzania and Rwanda, to get on-site progress updates on these two countries, which have totally deregulated their domestic petroleum markets and which are either supplied by the same import chain or are as landlocked as Burundi.

3. It must also be pointed out that during the videoconference meeting on October 31, 2008, it was decided that the Director-General of SEP should be invited to shed some light on the differences between the storage charges and the transfer fees paid by importers to SEP and the extent to which they are recognized by the State within the pricing structure. Two representatives from the Gitega Petroleum Facility, which is an entry point for cargo arriving from Tanzania, and who participated in this meeting, legally represented Interpetrol, which is registered as an importing company and a distributor. It must be pointed out that the combination of three functions, namely importing, storage, and distribution, is incompatible with the spirit and letter of the law, as stipulated in Decree No. 100/110 of June 25, 2008. A review should therefore be conducted on the need to treat the storage link in the supply chain as a central and vital element for the security of supplies. This function must therefore be separated from those pertaining to importation upstream and distribution downstream, which creates conflict of interest situations and a *de facto* monopoly, both of which are contrary to the law.

4. This participatory effort on the part of the Committee has helped minimize to some extent the distrust that existed between the economic operators and the Government. It felt, wrongly or rightly, that the importers and distributors "inflated" their figures somewhat, and without access to economic information that the latter had for their activities, it would have maintained a margin of safety for the figures presented to it. The operators also felt, wrongly or rightly, aggrieved by the Government's reservations about the veracity of the figures and costs they presented, and complained constantly in writing to the Government to denounce its approach and its refusal to take into account their real costs, which according to them reflected the reality in the market that they had to face. This in fact helped perpetuate a virtually permanent conflictive relationship between the State and the operators, which only began to improve somewhat with the participation of all actors in the work of the Committee, where information and working documents were made available to all, therefore becoming easily verifiable and acceptable.

5. This was especially the case for the cost price of products on the international reference market, published by the Platts Oilgram publication, a reputable organization, and the related freight charges. These "quotations" that provide a daily reflection of typical transactions on all the world's markets were traditionally provided by importers to the other members of the Committee who did not have access to them. Importers who are subscribers use them to place their orders on the international

market, but it is still difficult for non-subscribers to gain access to them. Being by definition external to the product delivery system within the country, they have in the past fuelled this justifiable distrust on the part of the Government, which could not verify their content and fairness, because these figures changed on a daily basis, especially during periods of high volatility. This led to unending negotiations on these parameters which are easily verifiable, and this is what has been done by the Bank through these targeted verifications that were shared with the members of the Committee in the learning and participatory process that has characterized all the meetings.

6. While this effort paid off during the months of price increases on the international market without there being any shortage, this stability collapsed with the price adjustment of November 6, 2008, which led to the crisis that lasted until December 10, 2008.

Proposed Structure

ESTIMATED DSM MANDED COST FOR PETROLEUM PRODUCTS - Octobre 2008

Average Platt's Average:	**OCTOBRE + NOVEMBRE**				
		CONVERSION FACTORS	**0.736**	**0.859**	**0.786**
			MSP	**GO**	**IK**
DESCRIPTION		**UNIT**	**PRICE**	**PRICE**	**PRICE**
	Average Platt's FOB	USD/MT	526.09	535.11	627.04
Plus	Freight and Premiun	USD/MT	22.52	60.52	36.94
Plus	insurance (0,1 % C& F)	USD/MT	0.55	0.60	0.66
Sub- Total	**COST CIF DAR (A+B+C)**	**USD/MT**	**549.16**	**596.23**	**664.64**
	LOCAL COSTS PAYABLE TO OTHER AUTHORITIES				
	Wharfage 1,06 % of CIF + 20 % VAT	USD/MT	6.99	7.58	8.45
	Destination inspection 1,2 % of FOB	USD/MT	6.59	7.15	7.98
	SUMATRA USD 0,25 per MT	USD/MT	0.25	1.25	2.25
	TBS 0,20 % O of C&F	USD/MT	1.10	1.19	1.33
	TBS Application and Testing Fees*	USD/MT	0.37	0.37	0.37
	TIPER fees USD 0,15 per MT	USD/MT	0.15	0.15	0.15
	Transit loss (0,5 % GO, IK & 1 % MSP) CIF	USD/MT	5.49	5.96	6.65
	Demurrage (Estimate)	USD/MT	5.00	6.00	7.00
	Finance Cost (1,5 % CIF)	USD/MT	8.24	8.94	9.97
Sub- Total	**LOCAL COSTS**	**USD/MT**	**34.17**	**38.61**	**44.15**
Sub- Total	**Est. Landed Cost - Dar Es Salaam (CIF + LC)**	**USD/MT**	**583.33**	**634.83**	**708.79**
Sub- Total	**Est. Landed Cost - Dar Es Salaam / M3**		**429.33**	**545.32**	**557.11**
	KPC Charges + Losses		45.00	45.00	45.00
	Gros Margin		40.00	40.00	40.00
	Sale price		514.33	630.32	642.11
	Transport Eldoret / Kisumu A Buja/Gitega		160.00	170.00	170.00
	Landed Cost CIF Bujumbura		674.33	800.32	812.11
			Essence	Ago	Kerosene

Annex 5: Structure for Super Gasoline, Diesel Oil, and Petroleum Imported through El Doret and Dar-Es-Salaam to the Gitega Depot

Components of the structure	Super gasoline	Diesel oil	Petroleum
FOT (US$/l)	0.80011	0.91111	0.88081
Transport (US$/L)	0.160	0.170	0.170
C&F (US$/L)	0.96011	1.08111	1.05081
Exchange rate (FBu/US$)	1,206.2520	1,206.2520	1,206.2520
Cost and transport (in FBu)	1,158.13	1,304.09	1,267.54
Insurance	5.79	6.52	6.34
CIF Bujumbura	1,163.93	1,310.61	1,273.88
Unloading SEP	2.00	2.00	2.00
SEP fees	8.00	8.00	8.00
Transport leakage	3.47	3.91	3.80
Bank charges	22.28	25.09	24.39
Customs duties	238.82	35.67	159.00
Cost price	1,438.50	1,385.28	1,471.07
Warehouse leakage	7.19	6.93	7.36
Transaction fee	270.88	0.30	1.13
National Road Fund	60.00	60.00	-
Strategic Stock Fund	32.88	39.58	9.05
Government Stock Fee	0.21	0.21	0.21
Wholesale markup	71.67	70.10	66.00
Wholesale price	1,881.33	1,562.40	1,554.81
Transport Gitega-Bujumbura	-	30.00	-
Retail markup	48.67	47.60	45.19
Pump price	1,930.00	1,640.00	1,600.00

Done at Bujumbura, October 10, 2008

MINISTRY OF COMMERCE, INDUSTRY
AND TOURISM

/s/
Euphrasie Bigirimana

[STAMP]