

OIL AND GAS REGULATORY AUTHORITY

TARIQ CHAMBERS, CIVIC CENTER, ISLAMABAD. TEL:9221716-18, FAX:9221714

PRESS RELEASE

Islamabad, July 20, 2008: The Oil and Gas Regulatory Authority (OGRA) has announced new maximum ex-depot prices of petroleum products effective July 21, 2008, as follows:

Product	Existing	Revised
Motor Spirit	75.69	86.66
HOBC	88.85	96.08
Kerosene Oil	49.73	58.37
Light Diesel Oil	49.05	56.50

According to the OGRA spokesman, the Government has been constrained to take this difficult decision in view of a record surge during the last fortnight in international oil prices. The Government has however passed on the same only partially. The spokesman added that during last financial year, the Government had paid Rs.165 Billion as subsidy on the petroleum products and will continue to provide the same to the extent possible in the interest of common man. In spite of this increase in prices, there still is subsidy of Rs. 33.93 per liter on kerosene oil, Rs. 29.40 per liter on Light Diesel Oil and Rs. 35.42 per liter on High Speed Diesel.

The spokesman further said that the petroleum prices in the international market more than doubled during last two years while in Pakistan prices have not been raised to that extent. Petrol price has been increased by 50 percent, kerosene oil by 66 percent, and diesel by 67 percent. To be able to ensure supplies, the spokesman added, the consumers will have to share the unforeseen burden with the Government

The price determination is carried out by OGRA in accordance with the formula prescribed by the Federal Government. It requires that the price be based on average Arab Gulf prices for the last fortnight for Naphtha, Diesel, Kerosene and HSFO, to which Inland Freight Equalization Margin (IFEM) is added, which reflects estimated transportation cost of the products to the 29 depots in the country, for the purpose of price equalization. Government levies viz. Petroleum development levy and sales tax are added, to arrive at the notified prices.

Detailed computations for the above prices, based on the Federal Government formula, are placed at the OGRA website (www.ogra.org.pk).