

16 December 2013 The Ministry of Commerce, Tourism & Labour wishes to advise that the Tonga Competent Authority (TCA) has approved the new petroleum prices for December 2013 – January 2014 to be effective from Monday 16th December 2013.

All petroleum consumers are notified that wholesale and retail prices for Petrol, Kerosene and Diesel will slightly increase in December 2013 – January 2014. The retail price for petrol has increased by 2.36 seniti per liter to a new price of \$2.79 seniti per liter. The retail price for kerosene has increased by 1.39 seniti per liter to a new price of \$2.31 seniti per liter. The retail price for diesel has increased by 1.28 seniti per liter to a new price of \$2.92 seniti per liter. Please note that all changes include consumption tax.

Petroleum prices for December 2013 – January 2014 is mainly determined by the movement of FOB prices in the Singapore market based on November 2013 average prices of the daily published Means of Platt's Singapore (MOPS) benchmark prices. The increase in prices of Petrol, Kerosene and Diesel for November-December 2013 is a result of the Tongan Pa'anga weakened against the US dollar, after appreciating over the last two months. The weakening Pa'anga has been unfavorable to local prices which would have otherwise remained unchanged.

On the outlook, crude prices remain close to USD110/bbl despite build-up of surplus production (Non- Opec) and prospect of recovery of Iranian output by March next year. OPEC members met last week and have decided to maintain production at current level for the next six months. Should Iran's production recover early next year, OPEC will have reduced output to maintain crude above USD100/bbl. With firm product demand heading into 2014 and start of Northern Hemisphere winter, local prices should remain around current levels unless crude falls sharply or the Pa'anga appreciates against the US Dollar.

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